



PFLUGERVILLE

Community Development Corporation

FINANCIAL STATEMENTS

together with

REPORT OF INDEPENDENT AUDITORS

For the Year Ended September 30, 2014

PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Pflugerville
Community Development Corporation

We have audited the accompanying financial statements of the governmental activities and each major fund of the Pflugerville Community Development Corporation (the Corporation), component unit of the City of Pflugerville, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Pflugerville Community Development Corporation as of September 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Dennis Kinard & Co., PC
Certified Public Accountants

Abilene, Texas
February 27, 2015

GOVERNMENT-WIDE FINANCIAL STATEMENTS

PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION

Statement of Net Position

September 30, 2014

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 261,165
Sales tax receivable	522,657
Other receivables	2,107,858
Note receivable	6,794
Prepaid expenses	66,400
Investment in direct financing lease	22,011,529
Capital assets	
Land	6,596,182
Construction in progress	5,434,191
Leasehold improvements, net	214,137
Furniture and equipment, net	21,076
Total capital assets	<u>12,265,586</u>
Total assets	<u>37,241,989</u>
Liabilities	
Accounts payable	275,735
Security deposits	50,400
Noncurrent liabilities	
Due within one year	787,548
Due in more than one year	26,507,100
Total noncurrent liabilities	<u>27,294,648</u>
Total liabilities	<u>27,620,783</u>
Net Position	
Net investment in capital assets	8,183,774
Restricted for economic development	1,437,432
Total net position	<u>\$ 9,621,206</u>

The notes to the financial statements are an integral part of this statement.

PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION

Statement of Activities

For the Year Ended September 30, 2014

	Governmental Activities
General Revenues	
Sales tax revenue	\$ 2,851,537
Lease income	625,967
Loan origination fees and other reimbursements	1,025,000
Gain on sale of real property	<u>2,452,715</u>
Total general revenues	6,955,219
Expenses	
Community Development	
Promotion/marketing	329,162
Personnel costs	399,576
Projects	2,004,914
Community projects	404,056
Professional fees	34,333
Travel and meals	18,313
Rent	653,782
Conferences and training	9,775
Miscellaneous	32,016
Technology services	4,435
Depreciation	15,929
Telephone and utilities	9,613
Office supplies	22,134
Postage and printing	4,297
Repairs and maintenance	5,229
Equipment/vehicle rental	12,005
Dues and subscriptions	4,543
Real estate expenses	<u>212,523</u>
Total community development	4,176,635
Debt service	
Interest expense	771,450
Transfers to the City of Pflugerville for debt service	<u>643,979</u>
Total expenses	5,592,064
Capital contributions from City of Pflugerville	<u>5,000,000</u>
Change in net position	6,363,155
Net position at beginning of year	3,258,051
Net position at end of year	\$ <u><u>9,621,206</u></u>

The notes to the financial statements are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION

Balance Sheet
Governmental Funds
September 30, 2014

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 261,165
Sales tax receivable	522,657
Other receivables	2,107,858
Note receivable	6,794
Prepaid expenses	66,400
Investment in direct financing lease	22,011,529
Total assets	<u>\$ 24,976,403</u>
 Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 275,735
Security deposits	50,400
Total liabilities	<u>326,135</u>
 Deferred inflows of resources	
Unavailable revenue- direct financing lease	<u>22,011,529</u>
 Fund Balance	
Nonspendable for prepaid expenses	66,400
Restricted for economic development	2,572,339
Total fund balance	<u>2,638,739</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 24,976,403</u>

The notes to the financial statements are an integral part of this statement.

PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
September 30, 2014

Total Fund Balance - Governmental Funds	\$ 2,638,739
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	12,265,586
Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	(27,294,648)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred inflows of resources as revenue. The net effect of this is to increase net position.	<u>22,011,529</u>
Net Position of Governmental Activities	\$ <u><u>9,621,206</u></u>

The notes to the financial statements are an integral part of this statement.

PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended September 30, 2014

	<u>General Fund</u>
REVENUES	
Sales tax revenue	\$ 2,851,537
Lease income	625,967
Loan origination fees and other reimbursements	<u>1,025,000</u>
Total revenues	<u>4,502,504</u>
EXPENDITURES	
Community Development	
Projects	2,004,914
Promotion/marketing	329,162
Personnel costs	399,576
Community projects	404,056
Professional fees	34,333
Travel and meals	18,313
Rent	653,782
Conferences and training	9,775
Miscellaneous	32,016
Real estate expenses	212,523
Technology services	4,435
Telephone and utilities	9,613
Office supplies	22,134
Postage and printing	4,297
Repairs and maintenance	5,229
Equipment/vehicle rental	12,005
Dues and subscriptions	<u>4,543</u>
Total community development	4,160,706
Capital outlay	22,161,483
Debt service	
Principal	17,362,881
Interest expense	779,708
Transfers to the City of Pflugerville for debt service	<u>643,979</u>
Total expenditures	<u>45,108,757</u>
Excess (deficit) of revenues over expenditures	(40,606,253)
OTHER FINANCING SOURCES (USES)	
Proceeds from issuance of notes	37,484,529
Sale of real property	<u>5,302,438</u>
Total other financing sources (uses)	<u>42,786,967</u>
Change in fund balance	2,180,714
Fund balance at beginning of year	458,025
Fund balance at end of year	<u>\$ 2,638,739</u>

The notes to the financial statements are an integral part of this statement.

PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION
Reconciliation of the Statement of Revenues, Expenditures and Changes
In Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2014

Net Change in Fund Balance - Governmental Funds	\$ 2,180,714
Amounts reported for governmental activities in the statement of activities are different because:	
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of removing capital outlays is to increase net position.	22,161,483
The cost basis of capital assets sold during the year is not reflected in the governmental funds but is recorded in the government-wide financial statements. This results in a decrease in net position.	(2,849,723)
The Corporation received capital assets contributed by the City of Pflugerville. These capital contributions increase net position.	5,000,000
The issuance of notes payable is reported as other financing sources in the fund financial statements but is shown as increases in long-term debt in the government-wide financial statements.	(37,484,529)
Long-term debt principal payments are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.	17,362,881
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing the decrease in accrued interest payable. The net effect of the change is to increase net position.	8,258
Depreciation expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of the current year depreciation expense is to decrease net position.	<u>(15,929)</u>
Change in net position of governmental activities	<u>\$ 6,363,155</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Pflugerville Community Development Corporation (the Corporation) conform to generally accepted accounting principles as applicable to governmental entities. The following is a summary of the more significant policies:

Reporting Entity

The Board of Directors, a seven-member group, has governance responsibilities over all activities related to the Corporation's operations within the jurisdiction of the Corporation on behalf of the City of Pflugerville, Texas. The Board is appointed by Pflugerville City Council and has the exclusive power and duty to govern and oversee the management of the Corporation. The Corporation is included as a component unit in the reporting entity of the City of Pflugerville, Texas, as the Board is appointed and removed by the City Council.

The Corporation is a nonprofit corporation created under the Development Corporation Act of 1979 and is governed by Section 4B of Article 5190.6 of the Revised Civil Statutes of the State of Texas. The Corporation was organized for the purposes of promoting and developing commercial, industrial, and manufacturing enterprises and to promote and encourage employment and public welfare for and on behalf of the City of Pflugerville, Texas. The Corporation receives funding from a portion of the local city sales taxes and must comply with the requirements of those funding entities.

Government-wide Financial Statements

The statement of net position and the statement of activities include the financial activities of the overall government. Governmental activities generally are financed through sales taxes and sale of real estate.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Corporation's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Corporation does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Corporation's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Corporation has solely a general fund which accounts for all the Corporation's functions and revenues.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Corporation gives or receives value without directly receiving or giving equal value in exchange, include sales taxes, grants, entitlements, and donations. On an accrual basis, revenue from sales taxes is recognized in the fiscal year in which the underlying sales transaction occurred. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The governmental fund financial statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Corporation considers revenue to be available if collected within 60 days after year end. Sales tax revenues are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from issuance of long-term debt and sale of real property are reported as other financing sources.

Cash and Cash Equivalents

The Corporation considers all highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased. Accordingly, cash and cash equivalents include cash in demand accounts, savings accounts and money market accounts.

Investments

Investments are reported at fair value or amortized cost, which approximates fair value.

Sales Tax Receivable

Sales taxes collected by the State Comptroller are remitted to the City of Pflugerville one month after the sales tax returns are filed with the Comptroller. The City of Pflugerville then remits one-third of the sales tax to the Corporation. Tax collections are accrued in the year earned; i.e, in the year the sale occurred.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Corporation capitalizes assets over \$1,000 and with a useful life of more than twelve months.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	40
Furniture	5
Equipment	5
Leasehold Improvements	5

PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Fund Balance

The Corporation classifies governmental fund balance in accordance with Government Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

Nonspendable fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. At September 30, 2014, the Corporation had nonspendable fund balances for prepaid expenses.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At September 30, 2014, the Corporation's remaining fund balance is restricted for economic development.

Committed fund balance is established and modified by a resolution from the Corporation's Board and can be used only for the specific purposes determined by the Board's resolution. At September 30, 2014, the Corporation had no committed fund balance.

Assigned fund balance is intended to be used by the Corporation for specific purposes but does not meet the criteria to be classified as restricted or committed. The Corporation's Board has the authority to assign fund balance. At September 30, 2014, the Corporation had no assigned fund balances.

Unassigned fund balance is the residual classification for the Corporation's general fund and includes all spendable amounts not contained in the other classifications.

The Corporation uses restricted amounts first when both restricted and unrestricted fund balances are available. Additionally, the Corporation would first use restricted, committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Corporation to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

Under Texas state law, the Corporation's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the Corporation's agent, bank approved pledged securities in an amount sufficient to protect Corporation funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Custodial credit risk – deposits. The Corporation's cash deposits at September 30, 2014, were entirely covered by FDIC insurance and pledged collateral held by the Corporation's agent bank, First Texas Bank, in the Corporation's name.

PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION

Notes to the Financial Statements

NOTE 2: DEPOSITS AND INVESTMENTS- continued

Investments

The Corporation's investment policy and the Public Funds Investment Act authorize the Corporation to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) Texas local government investment pools; (4) certificates of deposit issued by state and national banks domiciled in this state that are collateralized by Federal Deposit Insurance Corporation or other collateral pledged as security (5) and fully collateralized direct repurchase agreements not to exceed 90 days to stated maturity.

The Corporation currently invests only in money market accounts and thus is not significantly exposed to interest rate risk, credit risk and concentration of credit risk.

Interest Rate Risk. In accordance with its investment policy, the Corporation manages its exposure to declines in fair market values by limiting the maximum allowable stated maturity of any individual investment owned by the Corporation to twenty-four months. The maximum dollar-weighted maturity of local government investment pools may not exceed 60 days. Funds that are not designated for specific projects or purchases must be invested to mature within 12 months, unless the Board authorizes an investment with a longer maturity.

Credit Risk. State law limits investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014, for the Corporation was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balances</u>
Governmental activities				
Total capital assets, not being depreciated				
Land	\$ 9,444,441	\$ -	\$ 2,848,259	\$ 6,596,182
Construction in progress	525,570	4,908,621	-	5,434,191
Total capital assets, not being depreciated	<u>9,970,011</u>	<u>4,908,621</u>	<u>2,848,259</u>	<u>12,030,373</u>
Total capital assets, being depreciated				
Leasehold improvements	5,000	221,521	-	226,521
Furniture and equipment	50,347	19,812	26,939	43,220
Total capital assets, being depreciated	<u>55,347</u>	<u>241,333</u>	<u>26,939</u>	<u>269,741</u>
Less accumulated depreciation for:				
Leasehold improvements	4,500	7,884	-	12,384
Furniture and equipment	39,574	8,045	25,475	22,144
Total accumulated depreciation	<u>44,074</u>	<u>15,929</u>	<u>25,475</u>	<u>34,528</u>
Total capital assets being depreciated, net	<u>11,273</u>	<u>225,404</u>	<u>1,464</u>	<u>235,213</u>
Capital assets, net	<u>\$ 9,981,284</u>	<u>\$ 5,134,025</u>	<u>\$ 2,849,723</u>	<u>\$ 12,265,586</u>

PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION

Notes to the Financial Statements

NOTE 3: CAPITAL ASSETS - continued

Depreciation was charged to program activities as follows:

Community Development	\$ 15,929
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NOTE 4: LONG-TERM DEBT

The loan agreements with Citizens National Bank to purchase land were fully retired in 2014 when the notes were refinanced with First Star Bank. The new loan was obtained for \$7,173,000 at an interest rate of 4.75% and is payable in full on November 26, 2016. The loans are secured by a deed of trust on the land.

A loan was obtained from First Texas Bank to finance leasehold improvements for a sublessee. The loan was obtained for \$1,300,000 at an interest rate of 3.75% and matures on May 1, 2019. The loan is secured by an assignment of rent from two leases.

In December 2013, pursuant to its economic development authority under Chapter 380, the City loaned \$7 million of City funds to the PCDC. The loan was requested by PCDC in order to bridge a funding gap for the construction of a water and adventure park project being undertaken by PCDC (the "Water Park") to be operated by Hawaiian Parks Pflugerville, LLC ("Hawaiian Parks") so that construction could begin on the Water Park. PCDC closed a bank loan (the "PCDC Bank Loan") on February 21, 2014 to finance the construction of the Water Park, to be drawn down in installments up to \$23.5 million, and has used \$7 million of such loan to repay the City in full. The PCDC Bank Loan accrues interest at a fixed rate of 3.95% with monthly payments of principal and interest amortized over a 25 year period and a balloon maturity in 6 years. The PCDC Bank Loan is payable by PCDC from (i) rent payments to be received by PCDC from Hawaiian Parks as the operator of the Water Park which are to be made in an amount equal to debt service due on the PCDC Bank Loan and (ii) from PCDC's one-half cent Local Sales and Use Tax levied within the City. The City has entered into an agreement under Chapter 380 whereby the City will be obligated to make payments to the lender under the PCDC Bank Loan in the event that PCDC is unable to make payments when due under such loan. The City's obligation to make such payments to the lender under the PCDC Bank Loan is from any source lawfully available to the City other than from funds derived from ad valorem taxes and is subject to annual appropriation by the City.

In November 2014, the first amendment to the PCDC Bank Loan was executed, increasing the loan by \$1.5 million to a total of \$25 million.

Long-term debt activity for the year ended September 30, 2014, was as follows:

<u>Notes payable:</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Citizens National Bank	\$ 7,173,000	\$ -	\$ (7,173,000)	\$ -	\$ -
First Star Bank	-	7,173,000	(3,091,188)	4,081,812	370,101
First Texas Bank	-	1,300,000	(98,693)	1,201,307	244,099
Capital One	-	22,011,529	-	22,011,529	173,348
City of Pflugerville	-	7,000,000	(7,000,000)	-	-
Total notes payable	<u>\$ 7,173,000</u>	<u>\$ 37,484,529</u>	<u>\$ (17,362,881)</u>	<u>\$ 27,294,648</u>	<u>\$ 787,548</u>

PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION

Notes to the Financial Statements

NOTE 4: LONG-TERM DEBT - continued

Debt service requirements for future years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 787,548	\$ 1,091,841	\$ 1,879,389
2016	1,175,447	1,054,065	2,229,512
2017	4,142,394	880,768	5,023,162
2018	851,282	822,050	1,673,332
2019	767,850	788,689	1,556,539
2020	19,570,127	337,702	19,907,829
	<u>\$ 27,294,648</u>	<u>\$ 4,975,115</u>	<u>\$ 32,269,763</u>

NOTE 5: RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Corporation's risk management program encompasses obtaining workers compensation and property and liability insurance through Texas Municipal League (TML) Intergovernmental Risk Pool, a public entity risk pool for the benefit of governmental units located within the state. TML Intergovernmental Risk Pool ("Pool") is considered a self-sustaining risk pool that provides coverage for its members. The Corporation's contributions to the Pool are limited to the amount of premiums as calculated at the beginning of each fund year. Premiums reflect the claims experience to date of the Corporation. The Pool's liability is limited to the coverage that the Corporation elects as stated in the Pool's Declarations of Coverage for that fund year. The Corporation has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years.

NOTE 6: CONTRACTUAL OBLIGATIONS

In November 2009, September 2012, and January 2014, the Corporation entered into agreements with the City of Pflugerville, Texas, to contribute its share of debt service payments to the City for certificates of obligation that the City issued on the Corporation's behalf. The Corporation's share of the 2009, 2013 and 2014 issues was determined to be \$2,750,000, \$4,600,000 and \$4,980,000, respectively, and was used for infrastructure improvements to land owned by the Corporation and street projects related to economic development.

Future payments under the agreements are as follows:

PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION

Notes to the Financial Statements

NOTE 6: CONTRACTUAL OBLIGATIONS - continued

<u>Fiscal Year</u>	<u>2009 issue</u>	<u>2013 issue</u>	<u>2014 issue</u>	<u>Total</u>
2015	\$ 185,901	\$ 242,206	\$ 362,581	\$ 790,688
2016	183,701	240,206	358,781	782,688
2017	186,201	238,206	359,981	784,388
2018	183,333	236,206	361,081	780,620
2019	185,251	233,206	360,081	778,538
2020-2024	917,281	1,021,031	1,807,256	3,745,568
2025-2029	916,190	2,248,231	1,808,156	4,972,577
2030-2034	917,050	2,088,531	1,445,125	4,450,706
2035	183,538			183,538
	\$ <u>3,858,446</u>	\$ <u>6,547,823</u>	\$ <u>6,863,042</u>	\$ <u>17,269,311</u>

NOTE 7: COMMITMENTS

The Corporation entered into various operating leases for office space, space for development projects, a copier and a vehicle. The office lease for the Corporation's office on Main Street calls for monthly payments of \$5,000 and ends in October 2015. The Corporation's main office has relocated under a sixty month lease beginning on January 1, 2014 with monthly payments of \$3,500. The Corporation is also leasing storage space for sixty monthly payments of \$3,800 ending on July 31, 2017. The Corporation is subleasing this property for other community development projects. The Corporation signed two leases with 130 Commerce Center for commercial space for sixty monthly payments of \$43,600 ending in August 2018. The Corporation is subleasing this commercial space as well in order to develop the property. The monthly copier lease payments are \$255 and ends in August 2016. The monthly vehicle lease payments are \$583 and ends in September 2017. Operating lease expense for the fiscal year ended September 30, 2014 was \$665,787. Future lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2015	\$ 680,856
2016	625,346
2017	609,613
2018	521,600
2019	10,500
	\$ <u>2,447,915</u>

The Corporation has entered into two subleases. Future lease payments to be received under these leases follow:

<u>Fiscal Year</u>	<u>Amount</u>
2015	\$ 716,700
2016	716,700
2017	716,700
2018	716,700
2019	500,225
	\$ <u>3,367,025</u>

PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION

Notes to the Financial Statements

NOTE 7: COMMITMENTS – continued

At September 30, 2014, the Corporation had \$2,588,252 in remaining commitments for various economic development performance agreements.

NOTE 8: INVESTMENT IN DIRECT FINANCING LEASE

The Corporation has entered into a direct financing lease with Hawaiian Parks for land and improvements for the Water Park. See Note 4 for information on the related debt. The lease term is thirty (30) years, with two 10-year renewal options. The components of the net investment in direct financing lease are summarized as follows:

Total minimum lease payments to be received	\$ 34,673,440
Less: Interest earnings	<u>(12,661,911)</u>
Net investment in direct financing lease	<u>\$ 22,011,529</u>

The scheduled financing lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2015	\$ 1,036,845
2016	1,386,936
2017	1,386,936
2018	1,386,936
2019	1,386,936
Thereafter	28,088,851
Less: Interest	<u>(12,661,911)</u>
	<u>\$ 22,011,529</u>

NOTE 9: RELATED PARTIES

Executive Director, Floyd Akers, is currently serving as the Corporation's Attorney.

Board member Janice Heath is a senior vice president and branch manager of First Texas Bank, where the Corporation currently holds the majority of its deposits and also has a loan. The total deposits (cash and interest-bearing savings accounts included in temporary investments) held at First Texas Bank was \$408,996 at September 30, 2014. Loan outstanding with First Texas Bank is \$1,201,307 at September 30, 2014.

The part-time consulting accountant Amy Huff was an independent contractor for the Corporation through May 2014. Board member Janice Heath is the mother of the consulting accountant. Total payments made to the contractor were \$2,450 during the year ended September 30, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION

Statement of Revenues, Expenditures, and Changes in

Fund Balances - Budget and Actual - General Fund

Years Ended September 30, 2014

	Original and Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES			
Sales tax revenue	\$ 2,751,733	\$ 2,851,537	\$ 99,804
Lease income	863,497	625,967	(237,530)
Loan origination fees and other reimbursements	750,000	1,025,000	275,000
Total revenues	<u>4,365,230</u>	<u>4,502,504</u>	<u>137,274</u>
EXPENDITURES			
Community Development			
Projects	889,600	2,004,914	(1,115,314)
Promotion/marketing	330,300	329,162	1,138
Personnel costs	368,691	399,576	(30,885)
Community projects	380,000	404,056	(24,056)
Professional fees	25,000	34,333	(9,333)
Travel and meals	13,600	18,313	(4,713)
Rent	46,800	653,782	(606,982)
Conferences and training	8,000	9,775	(1,775)
Miscellaneous	12,525	32,016	(19,491)
Real estate expenses	15,700	212,523	(196,823)
Technology services	5,000	4,435	565
Telephone and utilities	6,500	9,613	(3,113)
Office supplies	7,500	22,134	(14,634)
Postage and printing	4,000	4,297	(297)
Repairs and maintenance	1,000	5,229	(4,229)
Equipment/vehicle rental	3,500	12,005	(8,505)
Dues and subscriptions	6,000	4,543	1,457
Total community development	<u>2,123,716</u>	<u>4,160,706</u>	<u>(2,036,990)</u>
Capital outlay	-	22,161,483	(22,161,483)
Debt service			
Principal	-	17,362,881	(17,362,881)
Interest	360,000	779,708	(419,708)
Transfers to the City of Pflugerville for debt service	375,889	643,979	(268,090)
Total expenditures	<u>2,859,605</u>	<u>45,108,757</u>	<u>(42,249,152)</u>
Excess (deficit) of revenues over expenditures	1,505,625	(40,606,253)	(42,111,878)
Other Financing Sources (Uses)			
Proceeds from issuance of notes	-	37,484,529	37,484,529
Sale of real property	2,997,000	5,302,438	2,305,438
Total other financing sources (uses)	<u>2,997,000</u>	<u>42,786,967</u>	<u>39,789,967</u>
Change in fund balance	4,502,625	2,180,714	(2,321,911)
Fund balance at beginning of year	458,025	458,025	-
Fund balance at end of year	<u>\$ 4,960,650</u>	<u>\$ 2,638,739</u>	<u>\$ (2,321,911)</u>

PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION

Notes to Required Supplemental Information

NOTE 1: BUDGETS

The Board adopts an “appropriated budget” on a basis consistent with generally accepted accounting principles. At a minimum, the Corporation is required to present the original budget and the final amended budgets for revenues and expenditures as compared to actual.

**PFLUGERVILLE COMMUNITY
DEVELOPMENT CORPORATION**

ADVISORY COMMENTS

Year Ended September 30, 2014

To the Board of Directors
Pflugerville Community Development Corporation:

In planning and performing our audit of the financial statements of Pflugerville Community Development Corporation (the Corporation) for the year ended September 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

However, during our audit we became aware of matters that are an opportunity for strengthening the accounting system. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. This letter does not affect our report dated February 27, 2015 on the financial statements of Pflugerville Community Development Corporation.

We have already discussed these with various Corporation personnel, and we will be pleased to discuss these in further detail at your convenience, to perform any additional study of this matter, or assist you in implementing the recommendation.

Davis Kinard & Co, PC
Certified Public Accountants

Abilene, Texas
February 27, 2015

Pflugerville Community Development Corporation
Advisory Comments
September 30, 2014

Current Year Comment

Bank Reconciliations

In reviewing the September 2014 bank reconciliation for the operating account, we noted several items of concern:

- Several items were listed as outstanding checks and outstanding deposits that did not appear to be valid reconciliation items. For example, some of the items listed as outstanding checks were checks that were intended to be voided but instead those checks were posted twice to the general ledger. Thus, cash was understated and expenses were overstated for these voided checks.
- Further, essentially all of the items listed as outstanding deposits do not represent true outstanding deposits and should be noted as cleared or investigated. Many items had a balance of zero, and several were items identified as interest earnings, which should be recorded as income, not listed as an outstanding deposit. There were several items totaling \$18,495 listed as outstanding deposits that resulted from journal entries posted in March/April 2014.
- Also of concern are two expense accounts entitled 'reconciliation discrepancies' totaling \$12,827. It is unclear what this represents but left unchecked, this pattern could represent a fraud risk.
- Finally, the book balance per the bank reconciliation does not agree with the book balance by \$9,023.

It is recommended that the Corporation investigate these items.

Status of Prior Year Comments

Capitalization Policy

Prior comment: We noted that the Corporation does not have a set policy for capitalization of fixed assets. Consequently, the treatment of property additions and repairs and maintenance is not consistent. The Corporation's records reflect a number of clearly immaterial items that have been capitalized in the past. The items require the same amount of recordkeeping by the Corporation regardless of the size of the transaction. We recommend that management establish a policy whereby all property purchases over an acceptable dollar value such as \$1,000 and having a useful life of two years or more are capitalized. Purchases costing less than the established amount or having a useful life of less than two years should be expensed, since the cost of maintaining depreciation records for such items would exceed the benefits. The Corporation should document the capitalization policy and communicate it to those who code property invoices to ensure the policy is consistently followed.

Status: The Board adopted a capitalization policy in February 2014 which addressed the above recommendation.

Recordkeeping of Capital Assets

Prior comment: We noted that the Corporation does not have a detailed subsidiary ledger for its capital assets. A detailed listing of capital assets is necessary in order to properly account for and record capital dispositions, sale of land and other transfers of capital assets, as well as to determine and account for depreciation. We also recommend that these detailed records account for infrastructure in more detail in order to accurately determine the amount of infrastructure contributed to the City or others when such transfers occur.

Status: There has been no change in status. We continue to recommend the above.

February 27, 2015

To the Board of Directors of the
Pflugerville Community Development Corporation:

We have audited the financial statements of the governmental activities and each major fund of the Pflugerville Community Development Corporation for the year ended September 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 8, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Corporation are described in the footnotes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Corporation's financial statements were:

The classification and calculation of investment in direct financing lease is a particularly sensitive, complex accounting estimate. Management's estimate is based on the principal outstanding on the Capital One loan since that is what the Hawaiian Falls Park lease payments will be based on. We evaluated the key factors and assumptions used to develop the calculation of investment in direct financing lease in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

Disclosure of related party transactions

Disclosures of long-term debt, contractual obligations and commitments.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered a couple of difficulties in performing and completing our audit. The contracted accountant continued to post entries to the trial balance after we began the audit, resulting in more audit work required to agree to the second trial balance given to us. Further, numerous significant journal entries were proposed as a result of our audit. In spite of the issues just mentioned, the PCDC Director of Business Retention & Expansion/ Operations was a pleasure to work with and responded expediently to our requests and questions.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. See the attached schedule for misstatements identified by our audit procedures that required adjustment to the financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 27, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Dan's Kinard & Co., PC

Certified Public Accountants
Abilene, Texas

Client: 70298 - Pflugerville Community Development Corporation
Engagement: 70298 - Pflugerville Community Development Corporation
Trial Balance: TB
Workpaper: 3701 - Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
To remove old accounts payable balance incorrectly recorded in QuickBooks				
2000	A/P		287,727.00	
1110	Retained Earnings			287,727.00
Total			<u>287,727.00</u>	<u>287,727.00</u>
Adjusting Journal Entries JE # 2				
		6105		
To record 2013 audit adjustment never recorded				
1110	Retained Earnings		140.00	
1037	1st TX Bnk - CD 5			140.00
Total			<u>140.00</u>	<u>140.00</u>
Adjusting Journal Entries JE # 3				
		4605		
to record 2014 depreciation expense				
66701	Depreciation Expense		15,929.00	
1500	Accumulated Depreciation			15,929.00
Total			<u>15,929.00</u>	<u>15,929.00</u>
Adjusting Journal Entries JE # 4				
		5305.1		
To adjust loan balances to actual- reclass principal payments from interest expense				
2590	PCDC Land Loan Note		44,750.00	
50500	Banking: Land Loan First Star			44,750.00
Total			<u>44,750.00</u>	<u>44,750.00</u>
Adjusting Journal Entries JE # 5				
		3802		
To reclass appraisal to land sale expense				
40300	Land Sale Expenses		3,500.00	
50400	Banking: Land Note-Principal Note			3,500.00
Total			<u>3,500.00</u>	<u>3,500.00</u>
Adjusting Journal Entries JE # 6				
		5210		
To reverse 2013 payroll accrual				
2001	Accounts Payable Accrual		26,251.00	
11910	Office Supplies: Consumables			169.00
12000	City Contractual Services			683.00
12110	Personnel Costs: Executive			15,292.00
12120	Personnel Costs: Business			5,787.00
12130	Personnel Costs: Business			4,320.00
Total			<u>26,251.00</u>	<u>26,251.00</u>
Adjusting Journal Entries JE # 7				
		5210		
To record 2014 payroll accrual				
12000	City Contractual Services		863.00	
12110	Personnel Costs: Executive		15,844.00	
12115	Personnel Costs: Assistant		9,404.00	

Client: 70298 - Pflugerville Community Development Corporation
Engagement: 70298 - Pflugerville Community Development Corporation
Trial Balance: TB
Workpaper: 3701 - Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
12130	Personnel Costs: Business		4,449.00	
12140	Personnel Costs: Administrative		4,713.00	
2001	Accounts Payable Accrual			35,273.00
Total			<u>35,273.00</u>	<u>35,273.00</u>

Adjusting Journal Entries JE # 8 3802

To reclass October 2014 rent to prepaids

1251	Prepaid Rent/Sponsorship		4,800.00	
1251	Prepaid Rent/Sponsorship		18,000.00	
1251	Prepaid Rent/Sponsorship		43,600.00	
11310	Rent: Main Street			4,800.00
11340	Rent:130 CC Lease (TP)			43,600.00
20800	Marketing:Sponsorships			18,000.00
Total			<u>66,400.00</u>	<u>66,400.00</u>

Adjusting Journal Entries JE # 9

to adjust Capital One note payable and direct financing
lease receivable to actual amount

2580	HFalls		1,488,471.00	
1310	Due from HF (direct financing			1,488,471.00
Total			<u>1,488,471.00</u>	<u>1,488,471.00</u>

Adjusting Journal Entries JE # 10 5101

To reverse 2013 accounts payable

2001	Accounts Payable Accrual		157,983.00	
40300	Land Sale Expenses			24,480.00
42000	Phase 2			28,306.00
61200	Community Impact -			33,527.00
68000	Tracking Point			71,670.00
Total			<u>157,983.00</u>	<u>157,983.00</u>

Adjusting Journal Entries JE # 11 5105

To record 2014 accounts payable

1660	Construction-in-progress		214,475.00	
20500	Marketing: Advertising		27,500.00	
2001	Accounts Payable Accrual			241,975.00
Total			<u>241,975.00</u>	<u>241,975.00</u>

Adjusting Journal Entries JE # 12 4620.2

To adjust gain, expenses, A/R, and cost basis to actual
for Scannell sale

1201	Accounts Receivable		41,120.00	
1649	Anderson Lane Land		32,508.00	
40300	Land Sale Expenses		471,205.00	
8001	Gain on Sale of Land			544,833.00
Total			<u>544,833.00</u>	<u>544,833.00</u>

Client: 70298 - Pflugerville Community Development Corporation
Engagement: 70298 - Pflugerville Community Development Corporation
Trial Balance: TB
Workpaper: 3701 - Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 13 4625.1				
To adjust gain, expenses, and cost basis to actual for Best Western sale				
1649	Anderson Lane Land		2,010.00	
40300	Land Sale Expenses		16,699.00	
8001	Gain on Sale of Land			18,709.00
Total			<u>18,709.00</u>	<u>18,709.00</u>
Adjusting Journal Entries JE # 14 4630.1				
To adjust gain, expenses, and cost basis to actual for Cortec Precision sale				
1649	Anderson Lane Land		7,723.00	
40300	Land Sale Expenses		84,625.00	
8001	Gain on Sale of Land			92,348.00
Total			<u>92,348.00</u>	<u>92,348.00</u>
Adjusting Journal Entries JE # 15 5315.1				
To record charges and interest paid during refinance of notes payable				
50300	Banking: Finance Charge		19,726.00	
50400	Banking: Land Note-Principal		31,174.00	
8001	Gain on Sale of Land			50,900.00
Total			<u>50,900.00</u>	<u>50,900.00</u>
Adjusting Journal Entries JE # 16 4635.1				
To adjust gain, expenses, and cost basis to actual for Thin-Nology sale				
40300	Land Sale Expenses		6,185.00	
8001	Gain on Sale of Land		43,957.00	
1649	Anderson Lane Land			50,142.00
Total			<u>50,142.00</u>	<u>50,142.00</u>
Adjusting Journal Entries JE # 17 3802				
To reclass earnest money deposits to land sale expense account to offset charge on HUD				
8001	Gain on Sale of Land		225,000.00	
40300	Land Sale Expenses			225,000.00
Total			<u>225,000.00</u>	<u>225,000.00</u>
Adjusting Journal Entries JE # 19 5305.1				
To adjust accrued interest payable to actual				
2150	Accrued Interest Payable		8,258.00	
50400	Banking: Land Note-Principal Note			8,258.00
Total			<u>8,258.00</u>	<u>8,258.00</u>
Adjusting Journal Entries JE # 20 4650.1				
To record contributed bond proceeds for Phase II project				
1660	Construction-in-progress		4,676,161.00	
42000	Phase 2			47,586.00
7065	Impact Way Bond Reimbursement			4,628,575.00
Total			<u>4,676,161.00</u>	<u>4,676,161.00</u>

Client: 70298 - Pflugerville Community Development Corporation
 Engagement: 70298 - Pflugerville Community Development Corporation
 Trial Balance: TB
 Workpaper: 3701 - Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 21 4645				
To record equipment acquisitions				
1400	Computer		15,143.00	
1410	Fixtures & Furniture		4,669.00	
11920	Office Supplies: Equipment			15,143.00
70700	Community Projects:PCDC Office Finish Out			4,669.00
Total			19,812.00	19,812.00
Adjusting Journal Entries JE # 22 7110				
To adjust sales tax receivable.				
1225	Sales Tax Receivable		79,346.00	
4000	Sales Tax Revenue			79,346.00
Total			79,346.00	79,346.00
Adjusting Journal Entries JE # 23 4605				
To record disposal of assets				
1500	Accumulated Depreciation		25,475.00	
40300	Land Sale Expenses		1,464.00	
1400	Computer			4,569.00
1410	Fixtures & Furniture			22,370.00
Total			26,939.00	26,939.00
Adjusting Journal Entries JE # 24 4105B				
to properly write off voided checks				
1010	1st TX Bnk - Bus. Chk'g		13,624.00	
11320	Rent: PCDC Office			3,500.00
30500	BR&E: BR&E Miscellaneous			554.00
50500	Banking: Land Loan First Star Bank Refinance			8,636.00
66900	Reconciliation Discrepancies			934.00
Total			13,624.00	13,624.00
Adjusting Journal Entries JE # 25 4655				
to capitalize part of wastewater line for Phase 2 (paid to Aday & Associates)				
1660	Construction-in-progress		17,985.00	
42000	Phase 2			17,985.00
Total			17,985.00	17,985.00
Adjusting Journal Entries JE # 26 4646				
to capitalize leasehold improvements for PCDC office buildout				
1420	Leasehold Improvements		221,521.00	
70700	Community Projects:PCDC Office Finish Out			221,521.00
Total			221,521.00	221,521.00
Adjusting Journal Entries JE # 27 7220				
to reclass Project Wave expenses to receivable from Hawaiian Falls for vendors that PCDC paid directly on				
1080	HF Holding Account		593,283.00	
69500	Project Wave			593,283.00
Total			593,283.00	593,283.00

Client: 70298 - Pflugerville Community Development Corporation
Engagement: 70298 - Pflugerville Community Development Corporation
Trial Balance: TB
Workpaper: 3701 - Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
<hr/>				
Adjusting Journal Entries JE # 28		9718.2		
to reclass Tracking Point's security deposit, as required by the sublease with PCDC				
7050	Tracking Point Sublease		50,400.00	
2160	Deposits payable			50,400.00
Total			<u>50,400.00</u>	<u>50,400.00</u>
<hr/>				
Adjusting Journal Entries JE # 29		7110		
to reclass Tracking Point rent to correct account				
4000	Sales Tax Revenue		9,325.00	
7060	Tracking Point Back Property			9,325.00
Total			<u>9,325.00</u>	<u>9,325.00</u>