



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED  
SEPTEMBER 30, 2020



# City of Sugar Land, Texas

Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2020



Issued by:  
Finance Department

Michael W. Goodrum, City Manager  
Jennifer Brown, Director of Finance  
Alka B. Shah, Controller



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# Introductory Section





## CITY OF SUGAR LAND

February 16, 2021

Honorable Mayor and Members of the City Council  
City of Sugar Land, Texas

Dear Mayor and Council Members,

State law requires that a complete set of audited financial statements be filed with the City Secretary within 180 days of the close of each fiscal year. This annual financial report is presented to fulfill that requirement for the fiscal year ended September 30, 2020.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Weaver and Tidwell, L.L.P., Certified Public Accountants, have issued an unmodified (or "clean") opinion on the City of Sugar Land's financial statements for the year ended September 30, 2020. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### **PROFILE OF THE GOVERNMENT**

The City of Sugar Land, incorporated in 1959, has adopted a Council-Manager form of government. The Council is comprised of a mayor and six council members. The Mayor and two Council members are elected at large, and the remaining four are elected by district. All elected officials serve two-year terms. No person can be elected to more than four consecutive regular two-year terms as mayor or council member. The City Manager is appointed by Council and is responsible for implementation of Council policy and all day-to-day operations of the City.

The Council appoints many residents who volunteer their expertise, experience, and time to serve on various boards and commissions. These boards and commissions make recommendations relative to special projects, issues, and planning for the future. The Planning and Zoning Commission meets on a regular basis. Other boards and commissions that meet as needed include the PARCS Board (Parks, Art, Recreation, Culture & Streetscapes), Zoning Board of Adjustment, Building Standards Commission, and Animal Advisory Board. Specialized committees such as the Charter Review Committee are convened for special projects and meet only for a specific purpose until a recommendation is formulated and presented to City Council. This community spirit and teamwork is common to the citizens of Sugar Land and critical to the City's success.

A full range of municipal services are provided by the City of Sugar Land including public safety (Police, Fire/EMS and Dispatch); water and wastewater utilities; planning; community development & code enforcement; public improvements; repair and maintenance of infrastructure; residential solid waste and recycling; animal services; recreational and community activities; and general administrative & support services. In addition, the City owns, operates, and serves as the fixed base operator of a general aviation airport. As an independent political subdivision of the State of Texas governed by an elected Mayor and Council, the City is considered a primary government. In accordance with

standards established by the Governmental Accounting Standards Board (GASB), the City reports all funds for which the City, as the primary government, is financially accountable. The Sugar Land Development Corporation (SLDC), the Sugar Land 4B Corporation (SL4B), Sugar Land Town Square Tax Increment Reinvestment Zone (TIRZ 1), Sugar Land Tax Increment Reinvestment Zone No. 3 (TIRZ 3) and Sugar Land Tax Increment Reinvestment Zone No. 4 (TIRZ 4) are considered to meet the criteria of component units. The SL4B, TIRZ 1, TIRZ 3 and TIRZ 4 have been included in the report as discretely presented component units. The SLDC has been included with the special revenue funds as it is treated as a blended component unit. The SLDC and the SL4B Corporations were created by the City under the Texas Development Corporation Act of 1979 for the purpose of promoting, assisting, and enhancing economic and related development activities on behalf of the City. TIRZ 1 was created in December 1998 and TIRZ 3 was created in December 2007 for the purposes of development and redevelopment in the Zone Areas. TIRZ 4 was created in December 2009 for the purposes of development and redevelopment in the Zone Area. The City participates in each Zone by contributing tax increments produced in the Zone to the Tax Increment Fund.

## **LOCAL ECONOMY**

The City of Sugar Land has a long history of recognition as a leader in financial stewardship, with strategies specifically tailored to the community and designed to maximize both the conservative nature of the City's finances and to offset the residential tax burden. Over the last few years, the City has implemented policies and strategies to ensure that it is financially strong and resilient. The reallocation of property taxes from debt service to operations & maintenance in FY20 helped to improve resiliency by reducing dependence on sales tax to fund ongoing operations.

Because of these practices, the City was in an excellent financial position as the country started to feel the effects of the novel coronavirus (COVID-19). Through March, when the pandemic became a national issue, sales tax revenues were above budget, providing additional financial buffer going into a period of uncertainty. The pandemic has affected the City in other ways as well- the travel industry was impacted by stay at home orders and limits on gatherings of groups- resulting in declines in hotel occupancy. As the national and local economy started to feel the impacts of the global pandemic, the City implemented immediate corrective actions to rein in spending until the impacts on the City's finances could be determined. The City's response was quick, evaluating economic scenarios and implementing corrective actions to manage spending within available revenue streams. These corrective actions played a key role in the City's ability to manage finances with positive results.

## **LONG-TERM FINANCIAL PLANNING AND RELEVANT FINANCIAL POLICIES**

The Financial Management Policy Statements (FMPS) establish and document a framework for fiscal decision-making and that ensure that financial resources are available to meet the present and future needs of its citizens and business community. The FMPS, along with the City's long range financial planning efforts, help to ensure prudent budgeting and fiscal health. Traditionally, Council meets in the spring with staff and management to identify priorities for the upcoming year's budget and to receive an update on the City's financial condition. Due to COVID-19, the spring retreat was delayed until June, but staff provided updates to City Council and utilized the FMPS for guidance in making recommendations on corrective actions and FY21 budget planning.

The City uses a tool-set to create value for the community; part of that tool-set includes the active and strategic management of the City finances. Initiatives include a conservative approach to sales tax budgeting and evaluation of opportunities that result in long term savings for the City and stability in funding for programs through times of economic uncertainty. This was seen last fall with the refunding of outstanding debt obligations for long term debt service savings, and conservative sales tax budgeting has benefitted the City through the COVID-19 pandemic and economic recession.

In years with high economic volatility, the importance of resiliency initiatives becomes more apparent as they allow the organization to withstand and maintain strength despite challenging economic conditions. These resiliency initiatives were affirmed and formalized in June 2020 through Council adoption of the FMPS and were designed to strengthen the financial position of the City by lessening

the impact of economic swings associated with sales tax - a major revenue stream for the City, but one that is highly volatile and difficult to forecast. While sales tax has not performed consistently due to the pandemic, the FMPS budgeting practices put the City in a much better position based on policy guidance. Revenues from audit adjustments, one-time payments or increases compared to the prior year are not included in budget estimates; these revenues are then available for one-time use in the following year's budget as they become part of the fund balance, or are available to help the City withstand economic downturns by boosting the available fund balance.

The difficulty in estimating revenue during an economic crisis and then building a budget in the middle of it, is determination of a set of assumptions for the economy that the budget is based on. Most of the data and information relative to the economic impacts of the COVID-19 pandemic runs on a natural delay of 60 to 90 days or more, depending on the revenue source. As COVID-19 asserted itself as a venerable foe this spring, City staff began to gather as much economic information as available and developed scenarios around several economic recovery models. Those models were then fine-tuned as more information became available. The main difference in the models were the depth and duration of the recession and the time to recovery.

The City annually adopts a one-year budget and a five-year capital improvement program (with year one appropriated in the annual budget) through its fiscally constrained long-range forecast. The budget implements strategies, both financial and operational, identified through the strategic and long-range forecast to meet existing challenges and to effectively plan for future needs. Decisions are not based solely on current conditions but on the long-term welfare of the community.

For the FY21 budget, being prepared during the height of the pandemic, the focus has been continuity of service levels and integrity of the City's finances to maintain financial stability and a structurally balanced budget and forecast. Priorities for capital funding focus on voter approved projects that address structural flooding. Uncertainty surrounding impacts to the City's revenues from economic downturn from COVID-19 closures - both the length and depth of the recession are highly uncertain. Additionally, impacts to the Houston economy related to the oil & gas downturn provide another layer of complexity for businesses who depend on the industry.

The City's management team has identified strategies to offset potential revenue declines that may continue into 2021, including deferral of major expenditures for six months allow assessment of economic recovery.

These strategies include:

- Conservative estimates for budgeted revenue
- Maximizing flexibility in finalizing the budget and tax rate, deferring major decisions until key information is available from the impacts of COVID-19 on the City's finances
- Continued restrictions on employee travel and training
- Reduced funding and phased implementation of major initiatives such as:
  - Infrastructure rehabilitation
  - Capital replacement for fleet and technology items
  - Employee merit increases at a reduced level of 1.5%
- Reallocation of resources to support areas where funding has been interrupted due to COVID-19
- Managing vacant positions to achieve salary savings until revenue streams stabilize at normal levels
- Revised implementation plan for GO Bond Projects approved by voters in November 2019

The FY21-25 CIP totals \$263.4 million, with \$27.7 million in projects approved for funding in FY21. In November 2019, voters approved \$90.76 million in General Obligation bond propositions for projects to address drainage, streets, public safety facilities and a new animal shelter. The FY21 CIP includes funding for the highest priority drainage projects to address structural flooding issues in the City, with an approximate ½ cent tax increase to fund them. The remaining projects are distributed over FY22-25 with the tax increases anticipated from FY21-24.

Capital projects for the water utilities enterprise fund are supported by revenues generated by the operations of the fund. The focus of the utility CIP is implementation of the Integrated Water Resources Plan (IWRP) and preparation for the 60% groundwater reduction mandate in 2025 from the Fort Bend Subsidence District. A utility rate study was completed in FY20 with recommendations for rates that will financially sustain the water utility. After many years of no increases in rates, and completion of the IWRP, the first phase of the study incorporates the five year CIP reflecting the 2025 mandated 60% reduction and its operating impacts. Phase I of the rate study recommended multi-year increases to water, wastewater and surface water rates.

## **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

The FY20 budget implemented strategies to ensure the City's continued success - and recognizing that the "Sugar Land Way" does not continue without City leadership and support from the public, the FY20 budget and CIP were designed to improve the City's financial resiliency and ability to anticipate and respond to new challenges and opportunities. Most of the additions to the budget were supported through a shift within the existing tax rate to the operating budget, recognizing future limitations on this ability. The FY20 budget also funded the final projects from the 2013 voter approved GO bonds for parks- completing the commitment made to residents with minimal tax impact, due to an increase in the homestead exemption to 12% which nearly offsets the impact of the tax increase for the projects and works to balance the tax burden between residential and commercial properties.

FY20 started with significant activity with refunding bond issues to refinance a large portion of the outstanding debt assumed in the 2017 annexation of nine MUDs. Many of the bonds were callable in 2020, and in October the City issued \$21.6 million in GO Improvement and Refunding bonds, refinancing \$13.6 million in outstanding debt for a savings of over \$1 million over the next seven years. The Sugar Land 4B Corporation also issued \$24.7 million in refunding bonds, netting \$5.4 million in debt service savings over 16 years. Refunding bonds benefit residents through lower annual debt service costs, which translates to less demand on property taxes and capacity to fund additional projects.

In November 2019, voters approved \$90.76 million in General Obligation bonds in four propositions:

- \$47.6 million for drainage
- \$26.3 million for public safety facilities
- \$10.26 million for street improvements and
- \$6.6 million for a new animal shelter

## **FINANCIAL MANAGEMENT AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence (Certificate) in Financial Reporting to the City of Sugar Land for its Comprehensive Annual Financial Report (CAFR) for the year ended September 30, 2019. This was the 36th year that the City has achieved this prestigious award. To be awarded a Certificate, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate is valid for a period of one year only. It is the City's belief that the current CAFR continues to meet the program's requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the period October 1, 2019- September 30, 2020. This was the 24th consecutive year the government received the budget award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

**ACKNOWLEDGEMENTS**

The preparation of this report could not have been accomplished without the efforts and dedicated services of the Finance Department staff. Appreciation is expressed to employees throughout the City for their commitment to our financial policies and procedures. We also thank the Mayor and members of the City Council for their continued support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Michael W. Goodrum

City Manager

**City of Sugar Land, Texas  
Principal Officials as of September, 30, 2020**

<b><u>City Officials</u></b>	<b><u>Elective Position</u></b>	<b><u>Expires</u></b>
Joe R. Zimmerman	Mayor	2022
Himesh Gandhi*	Council Member - At Large Position One	2020
Jennifer J. Lane	Council Member - At Large Position Two	2022
Steve R. Porter	Council Member - District One	2021
Naushad Kermally	Council Member - District Two	2021
Stewart Jacobson	Council Member - District Three	2021
Carol K. McCutcheon	Council Member - District Four	2021

\* William Ferguson was elected to a two-year term as Council Member - At Large Position One at the November 3, 2020 election.

<b><u>Key Staff</u></b>	<b><u>Position</u></b>
Michael Goodrum	City Manager
Doug Brinkley	Assistant City Manager
Jennifer May	Assistant City Manager
Chris Steubing	Assistant City Manager
Jennifer Brown	Director of Finance
Alka B. Shah	Controller
Thomas Harris III	City Secretary
Meredith Riede	City Attorney
Doug Boeker	Fire Chief
Eric C. Robins	Chief of Police

City of Sugar Land, Texas  
Executive Team Organizational Chart as of September 30, 2020

City of Sugar Land Organizational Chart



[City Manager Mike Goodrum](#)

- [Department of Innovation](#)
- Public Affairs
- Special Projects
- Legal



[Doug Brinkley](#)

Assistant City Manager  
Chief People & Culture Officer

- [City Secretary](#)
- [Emergency Management](#)
- [Fire](#)
- [Human Resources](#)
- [Police](#)
- Public Safety Dispatch



[Jennifer May](#)

Assistant City Manager  
Chief Finance & Strategy Officer

- [Economic Development](#)
- [Finance \(Budget, Accounting, Purchasing, Treasury & Municipal Court\)](#)
- [Intergovernmental Relations](#)
- [Planning and Development Services](#)
- Strategic Planning and Philanthropy
- [Sugar Land Regional Airport](#)



[Chris Steubing](#)

Assistant City Manager  
Chief Operating Officer

- [Engineering](#)
- [Environmental & Neighborhood Services](#)
- Information Technology
- [Parks and Recreation](#)
- [Public Works](#)



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Sugar Land  
Texas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Morill*

Executive Director/CEO

# Financial Section



## Independent Auditor's Report

The Honorable Mayor  
and Members of the City Council  
City of Sugar Land, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sugar Land, Texas (the "City") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity'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 entity'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.

The Honorable Mayor  
and Members of the City Council  
City of Sugar Land, Texas

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, 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 this 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.

#### **Supplementary and Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Other Supplementary Information section, and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statements and schedules included in the Other Supplementary Information section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The Honorable Mayor  
and Members of the City Council  
City of Sugar Land, Texas

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Houston, Texas  
February 10, 2021



## Management's Discussion and Analysis

The management of the City of Sugar Land offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020.

### Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$692.0 million (*net position*). Of this amount, \$62.2 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$100.3 million, an increase of \$14.3 million over the prior year. Approximately 38% of this total amount, \$38.5 million, is *available for spending* at the government's discretion (*unassigned fund balance*).
- The City's Financial Management Policy requires the City to maintain the General Fund's unassigned fund balance equivalent to three months of recurring budgeted operating costs, which is approximately \$21.46 million for fiscal year 2021. As of September 30, 2020, the General Fund's unassigned fund balance was \$38.5 million.
- The City's total long-term debt increased by \$0.8 million due to the issuance of new debt.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Refer to the table of contents for the location of each of the components discussed below.

### Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, administrative services, public safety, public works, parks and recreation, community development, and environmental and neighborhood services. The business-type activities of the City include utility system, including surface water operations, and solid waste operations as well as the operations of a regional airport facility.

The government-wide financial statements include not only the City itself (known as *the primary government*), but also legally separate entities for which the City is financially accountable. Financial information for these *discretely presented component units* is reported separately from the financial information presented for the primary government itself. The City's four discretely presented component units consist of the following:

- Sugar Land 4B Corporation (4B Corporation)
- Sugar Land Town Square Tax Increment Reinvestment Zone No. 1 (T1RZ 1)
- Sugar Land Reinvestment Zone No. 3 (TIRZ 3)
- Sugar Land Reinvestment Zone No. 4 (TIRZ 4)

The following component unit is a blended component unit, meaning its financial information is included with that of the primary government:

- Sugar Land Development Corporation

### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Debt Service, and Capital Projects funds, which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in the comprehensive annual financial report.

**Proprietary Funds** - The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its utility system, solid waste operations as well as the operations of a regional airport facility. The City uses *internal service funds* to report activities that provide supplies and services for the City's other programs and activities. The Employee Benefits Fund, Fleet Replacement Fund and High-Technology Replacement Fund are the City's internal service funds. Their purpose is to provide for the accumulation of money for employee benefits, as well as vehicle and equipment replacement used in City operations. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utility system, including the surface water treatment plant, and solid waste operations as well as the operations of the regional airport facility. The utility system and airport funds are considered to be major funds of the City. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the comprehensive annual financial report.

### **Combining Component Unit Financial Statements**

The City's four discretely presented component units shown in aggregate on the face of the government-wide financial statements have individual information presented in the form of combining statements immediately following the fund financial statements of the primary government.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. The City adopts an annual appropriated budget for its general, debt service and certain special revenue funds. Budgetary comparison schedules have been provided fund to demonstrate compliance with these budgets.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$692.0 million at the close of the most recent fiscal year.

By far the largest portion of the City's net position, 86.6% or \$599.6 million, reflects its net investment in capital assets (e.g., land, buildings, and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending as of September 30, 2020. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Sugar Land, Texas Net Position

Amounts in (000's)	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 118,363	\$ 104,824	\$ 89,978	\$ 89,076	\$ 208,341	\$ 193,900
Capital assets	613,616	620,532	417,897	431,213	1,031,513	1,051,745
Total assets	731,979	725,356	507,875	520,289	1,239,854	1,245,645
Deferred outflows	9,330	18,783	3,505	4,976	12,835	23,759
Total deferred outflows of resources	9,330	18,783	3,505	4,976	12,835	23,759
Long-term liabilities outstanding	317,593	329,313	214,706	218,336	532,299	547,649
Other liabilities	9,288	11,732	8,148	9,107	17,436	20,839
Total liabilities	326,881	341,045	222,854	227,443	549,735	568,488
Deferred inflows	9,681	2,467	1,245	342	10,926	2,809
Total deferred inflows of resources	9,681	2,467	1,245	342	10,926	2,809
Net position:						
Net investment in capital assets	365,400	359,391	234,213	237,564	599,613	596,955
Restricted	21,241	22,177	9,003	11,190	30,244	33,367
Unrestricted	18,105	19,059	44,065	48,726	62,170	67,785
<b>Total net position</b>	<b>\$ 404,746</b>	<b>\$ 400,627</b>	<b>\$ 287,281</b>	<b>\$ 297,480</b>	<b>\$ 692,027</b>	<b>\$ 698,107</b>

An additional portion of the City's net position, 4.4% or \$30.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of 9.0% or \$62.2 million, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**City of Sugar Land, Texas Change in Net Position**  
Amounts in (000's)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 15,334	\$ 18,884	\$ 70,658	\$ 69,286	\$ 85,992	\$ 88,170
Operating grants and contributions	2,920	2,438	174	58	3,094	2,496
Capital grants and contributions	10,132	4,622	2,991	3,222	13,123	7,844
<b>General revenues:</b>						
Property taxes	52,130	49,989	-	-	52,130	49,989
Sales tax	44,466	47,581	-	-	44,466	47,581
Franchise and other taxes	7,958	8,925	-	-	7,958	8,925
Investment earnings	1,473	2,617	1,001	2,331	2,474	4,948
Miscellaneous revenues	2,629	2,491	1,914	870	4,543	3,361
<b>Total revenues</b>	<b>137,042</b>	<b>137,547</b>	<b>76,738</b>	<b>75,767</b>	<b>213,780</b>	<b>213,314</b>
<b>Expenses:</b>						
General government	21,664	23,019	-	-	21,664	23,019
Administrative services	7,277	5,706	-	-	7,277	5,706
Public safety - Police	26,657	28,011	-	-	26,657	28,011
Public safety - Fire	17,330	15,098	-	-	17,330	15,098
Public safety - EMS	-	2,137	-	-	-	2,137
Public works	35,122	32,541	-	-	35,122	32,541
Parks and recreation	8,060	9,472	-	-	8,060	9,472
Community development	5,684	7,597	-	-	5,684	7,597
Environmental and neighborhood service	7,065	6,874	-	-	7,065	6,874
Interest on long-term debt	10,071	10,233	-	-	10,071	10,233
Utility	-	-	58,197	57,534	58,197	57,534
Regional airport	-	-	14,288	16,934	14,288	16,934
Solid waste management	-	-	8,445	8,201	8,445	8,201
<b>Total expenses</b>	<b>138,930</b>	<b>140,688</b>	<b>80,930</b>	<b>82,669</b>	<b>219,860</b>	<b>223,357</b>
Increase (decrease) in net position before transfers and extraordinary item	(1,888)	(3,141)	(4,192)	(6,902)	(6,080)	(10,043)
Transfers	6,007	6,179	(6,007)	(6,179)	-	-
Extraordinary item	-	(3,714)	-	-	-	(3,714)
<b>Change in net position</b>	<b>4,119</b>	<b>(676)</b>	<b>(10,199)</b>	<b>(13,081)</b>	<b>(6,080)</b>	<b>(13,757)</b>
Net position - beginning	400,627	401,303	297,480	310,561	698,107	711,864
<b>Net position - ending</b>	<b>\$ 404,746</b>	<b>\$ 400,627</b>	<b>\$ 287,281</b>	<b>\$ 297,480</b>	<b>\$ 692,027</b>	<b>\$ 698,107</b>

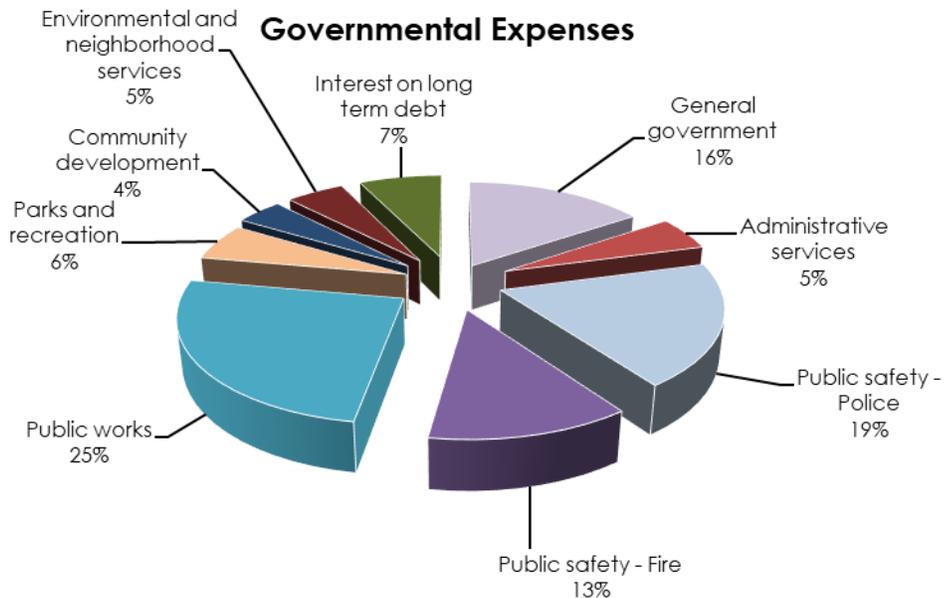
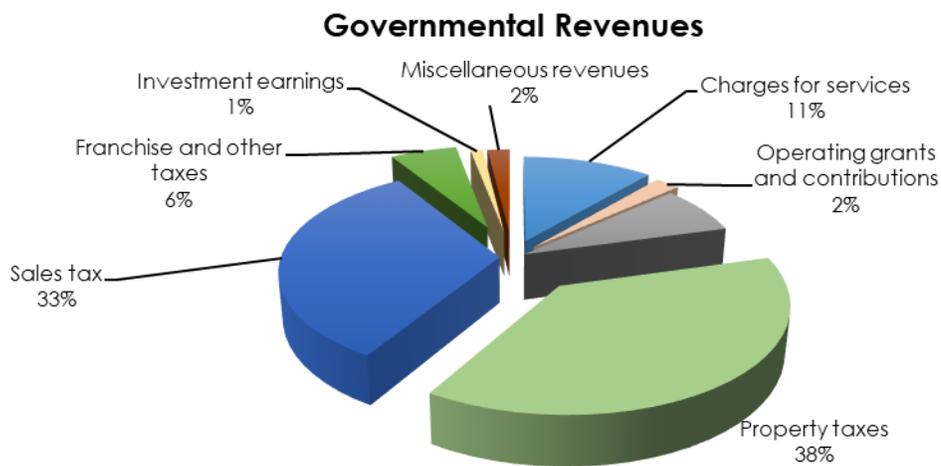
The City's net position decreased by approximately \$6.1 million in the fiscal year ended September 30, 2020. This was primarily the result of a decrease in business-type activities' net position.

In the fiscal year ended September 30, 2019, the City reported an *extraordinary item* representing a one-time write off of \$3.7 million of receivable balances of fines due to termination of the red light camera program.

## Governmental Activities

Governmental activities net position remained stable with changes in revenues and expenses between years as follows:

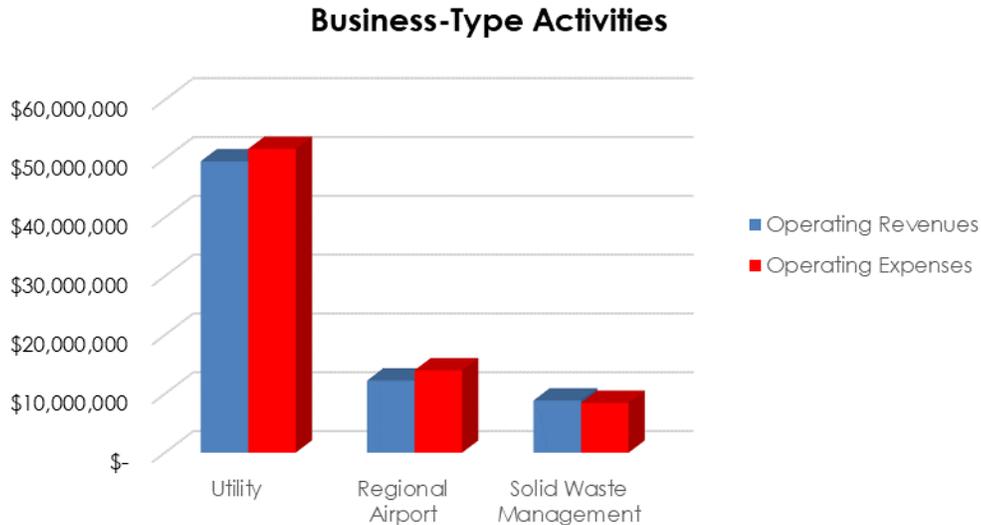
- The City had increases in capital grants and contributions due to the contribution of capital assets with a value of approximately \$5.6 million.
- The City had an extraordinary item recorded in the prior year related to the closing of certain funds, resulting in a write off of approximately \$3.7 million. There were no such items in the current year.
- Decreased sales tax revenues as a result of the economic downturn were offset by increased property tax revenues.
- Capital outlay increased as the City issued Certificates of Obligation to construct drainage improvements and continued work on voter approved park bond projects from bonds issued in prior fiscal year.



## Business-type Activities

Business-type activities decreased the City's net position by \$10.2 million. Key elements of this decrease are as follows:

- Decreased interest and investment revenue and decreased capital contributions.
- Increased cost of operations and preparation to meet the 60% groundwater reduction mandate.
- An increase in depreciation due to assets added to the system through recent annexations.
- Transfers out to governmental activities of \$6.0 million.



## Financial Analysis of the City's Funds

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the City's governmental funds is to provide information of near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements, in particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$100.3 million, an increase of \$14.3 million over the prior year. Approximately 38% of this total amount, \$38.5 million, is *available for spending* at the government's discretion (*unassigned fund balance*).

Fund balance in the General Fund decreased from the prior year by \$0.6 million, resulting in an ending fund balance of \$39.7 million at year end. The unassigned fund balance of \$38.5 million represents 41% of total fund expenditures. The decrease in fund balance results from budgeted expenditures in fiscal year 2020.

The Debt Service Fund has a total fund balance of \$7.9 million at year end, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the Debt Service Fund was \$1.0 million, due to expenditures for scheduled debt maturities and bond refunding.

The Capital Projects Fund has a total fund balance of \$38.2 million at year end, all of which is restricted or assigned for capital projects. The net increase in fund balance during the current year in the Capital Projects Fund was \$16.0 million, due primarily to the proceeds from issuance of bonds. Major expenditures include capital outlay related to construction projects including various improvements to streets, parks and facilities.

**Proprietary Funds** - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Utility Fund has unrestricted net position at fiscal year-end of \$37.1 million and the Airport Fund's unrestricted net position amounts to approximately \$4.4 million. Other factors concerning the finances of the City's Proprietary Funds have already been addressed in the discussion of the City's business-type activities.

### General Fund Budgetary Highlights

Budget estimates for revenues between the original and final amended budget changed by \$2.6 million due to economic impacts of COVID-19 on revenues such as sales tax and fines and forfeitures.

During the year there was a net decrease between the original and final amended budget expenditure appropriations of \$(1.7) million due to budgetary reductions implemented in response to the COVID-19 pandemic.

There were no significant differences between final amended expenditures and actual expenditures in fiscal year 2020. The review of the final amended budget versus the actual for the General Fund reflected a positive budget variance in the amount of \$5.6 million.

### Capital Assets and Debt Administration

#### Capital Assets

At the end of the current fiscal year 2020, the City's governmental activities and business-type activities had invested \$613.6 million and \$417.9 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents a net decrease of \$6.9 million or 1.1% over the end of last fiscal year for governmental activities and a decrease of \$13.3 million or 3.0% for business-type activities.

<i>Amounts in (000's)</i>	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land and intangibles	\$ 108,830	\$ 107,365	\$ 26,876	\$ 26,755	\$ 135,706	\$ 134,120
Construction in progress	20,589	19,452	13,835	11,525	34,424	30,977
Infrastructure	269,878	277,885	355,894	371,214	625,772	649,099
Buildings and improvements	191,451	194,205	17,796	17,946	209,247	212,151
Equipment and furniture	22,868	21,626	3,496	3,773	26,364	25,399
<b>Totals</b>	<b>\$ 613,616</b>	<b>\$ 620,533</b>	<b>\$ 417,897</b>	<b>\$ 431,213</b>	<b>\$ 1,031,513</b>	<b>\$ 1,051,746</b>

The overall decrease in capital assets for governmental activities and for the business-type activities is due to the \$53.0 million of depreciation expense.

Additional information on the City's capital assets can be found in Note 4 to the financial statements.

## Long-Term Debt

At the end of the current fiscal year, the City had net outstanding bonds payable of \$497.5 million. Of this amount, \$177.8 million was general obligation debt and \$148.8 million represents bonds secured solely by specified revenue sources (i.e. revenue bonds). Certificates of obligation and tax notes account for \$135.3 million and \$1.1 million, respectively. The City's other long-term liabilities include its pension and other post employments benefits of \$29.4 million and compensated absences and other items of \$5.4 million.

### City of Sugar Land, Texas Long-term Liabilities Outstanding

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 94,585	\$ 99,275	\$ 83,180	\$ 83,890	\$ 177,765	\$ 183,165
Revenue bonds	43,140	45,120	105,650	105,695	148,790	150,815
Certificates of obligation	128,480	119,265	6,785	7,615	135,265	126,880
Tax note	1,096	2,181	-	-	1,096	2,181
Premiums or discounts	19,610	18,596	14,925	14,978	34,535	33,574
<b>Total bonds payable, net</b>	<b>286,911</b>	<b>284,437</b>	<b>210,540</b>	<b>212,178</b>	<b>497,451</b>	<b>496,615</b>
Pension and other post employment benefits	25,838	40,591	3,588	5,631	29,426	46,222
Compensated absences and other	4,844	4,285	577	527	5,421	4,812
<b>Total</b>	<b>\$ 317,593</b>	<b>\$ 329,313</b>	<b>\$ 214,705</b>	<b>\$ 218,336</b>	<b>\$ 532,298</b>	<b>\$ 547,649</b>

The most recent ratings on debt issues are as follows:

	Standard and Poor's	Fitch Investors Service
General obligation bonds	AAA	AAA
Revenue bonds	AA	AA

Both the Sugar Land Development Corporation (SLDC) and the Sugar Land 4B (SL4B) Corporation, component units of the City, have issued debt. SLDC bonds are rated "A1" and "A+" from Moody's and Standard & Poor's, respectively. SL4B bonds are rated "Aa3" and "A+" from Moody's and Standard & Poor's, respectively.

Additional information on the City's long-term debt can be found in Note 5 to the financial statements.

## Economic Factors and Next Year's Budgets and Rates

In years with high economic volatility, the importance of resiliency initiatives becomes more apparent as they allow the organization to withstand and maintain strength despite challenging economic conditions. These resiliency initiatives were affirmed and formalized in the June 2020 adoption of the Financial Management Policy Statements (FMPS), and were designed to strengthen the financial position of the City by lessening the impact of economic swings associated with sales tax - a major revenue stream for the City, but one that is highly volatile and difficult to forecast. One key assumption is a conservative estimate of sales tax revenue based on current recurring collections, with no growth assumed in the budget. Using this methodology in a normal year, actual sales tax should come in higher than budgeted, as the City regularly receives one time payments and audit adjustments which are not included in the budget. These revenues are then available for one-time use in the following year's budget as they become part of the fund balance, or are available to help the City withstand economic downturns by boosting the available fund balance.

The difficulty in estimating revenue during an economic crisis and then building a budget in the middle of it, is determination of a set of assumptions for the economy that the budget is based on. Most of the data and information relative to the economic impacts of the COVID-19 pandemic runs on a natural delay of 60 to 90 days or more, depending on the revenue source. As COVID-19 asserted itself in the spring, staff began to gather as much economic information as available and developed scenarios around several economic recovery models. Those models were then fine-tuned as more information became available. The main difference in the models were the depth and duration of the recession and the time to recovery. Ultimately, after input from the City Council at a June budget retreat (delayed 3 months due to COVID), the various financial scenarios evolved into the FY21 adopted budget.

The largest legislative impact to the City's FY21 budget is changes to the truth in taxation process from Senate Bill 2, which sets limitations of 3.5% growth in operations and maintenance revenue from property taxes with mandatory elections if that rate is exceeded. However, with the disaster declarations from COVID-19, City Council requested calculating the voter approval tax rate at 8% as allowed under the tax code. This action preserved flexibility in the City's finances and allowed Council members to consider the most information on the economic impacts before finalizing the budget and tax rate.

Over the last few years, the City has implemented policies and strategies to ensure that it is financially strong and resilient. The reallocation of property taxes to the operating budget in FY20 helped to improve resiliency by reducing dependence on sales tax to fund ongoing operations. These policies were implemented in the spring when anticipated reductions in revenues as a result of COVID-19 arose and corrective actions were immediately put in place to ensure the financial stability of the City. As the pandemic has impacted the economy, these corrective actions have played a key role in the City's ability to present a balanced budget for FY21. The budget was prepared with a focus on financial flexibility and long term sustainability, due to the high level of uncertainty in the economy.

With no significant additions to the operating budget and a phased approach to implementing the GO bond program, the FY21 adopted budget totals \$254.1 million. Of the total, \$226.2 million is for operating funds and issuance costs, and \$27.6 million is for capital projects, including the first projects from the voter approved GO Bond Program.

## **2020 Property Taxes**

The FY21 budget is funded by revenues based on the certified 2020 tax roll of \$16.6 billion and the adopted tax rate of 33.65 cents per \$100 taxable value- one of the lowest in the state for cities over 60,000. The approved 2020 tax rate is an increase of 0.45 cents from the 2019 tax rate with a reallocation from the debt component to operations & maintenance- to support continued service levels and offset revenues lost due to the pandemic. The City maintained a 12% homestead exemption for the 2020 tax year. The 2020 tax rate is the first year of changes in the truth in taxation process as a result of changes from the 86th state legislative session- limiting increases in the operating component of the tax rate to 3.5% compared to the prior year and requiring voter approval of a tax rate that exceeds the calculated voter approval tax rate.

## **Fee and Rate Changes**

A utility rate study was completed in FY20 with recommendations for increases to rates that will financially sustain the water utility. After many years of no increases in rates, and completion of the Integrated Water Resources Plan (IWRP), the first phase of the study incorporates the five year CIP reflecting the 2025 mandated 60% reduction and its operating impacts. Phase I of the rate study recommended multi-year increases to water, wastewater and surface water rates. The approved rates for 2021 result in an increase to a residential bill of \$10 per month for 10,000-gallons usage. The increases are necessary to ensure the financial sustainability of the fund, begin preparing for the upcoming 60% groundwater reduction mandate, and fund strategies identified through the IWRP for long-term water supply needs for the community. Phase II of the study will continue into FY21 with further refinement of the rate structure after policy discussion and direction relative to topics such as wastewater reuse, potential changes to the billing structure, use of GRP credits, cost recovery fees and others. Policy direction on these topics will influence future rate recommendations, however additional increases will be needed to recover the increasing cost of services and maintain bond coverage requirements expected by rating agencies.

Republic Services provides residential solid waste services within the City, excluding Greatwood, where solid waste services are provided by Best Trash until December 11, 2020. Beginning December 14, 2020, Republic Services will take over the delivery of services for Greatwood. The current rate for residential solid waste services is \$19.38 per household per month. The new monthly rate of \$19.76 will take effect January 1, 2021.

The FMPS contains guidance on evaluating user fees for an annual CPI adjustment and for calculation of new fees. In FY21, an increase of 1.5% is incorporated into fees based on the 12-month change in CPI for February 2020. Fee and rate adjustments are effective January 1, 2021.

## **Requests for Information**

This financial report is designed to provide a general overview of the City of Sugar Land's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to Alka B. Shah, Controller, City Hall, 2700 Town Center Boulevard North, Sugar Land, TX 77479, telephone (281) 275-2745 or for general information, visit the City's website at [www.sugarlandtx.gov](http://www.sugarlandtx.gov).



# Basic Financial Statements



# City of Sugar Land, Texas

## Statement of Net Position

September 30, 2020

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 43,063,574	\$ 33,754,410	\$ 76,817,984	\$ 13,436,363
Investments	6,003,634	9,574,553	15,578,187	504,825
Receivables, net of allowance for uncollectibles	11,974,341	8,280,267	20,254,608	1,013,105
Internal balances	(1,811,506)	1,811,506	-	-
Inventories	233,317	263,389	496,706	-
Prepaid items	365,979	11,974	377,953	1,639
Restricted cash and cash equivalents	56,764,961	35,779,418	92,544,379	2,441,009
Restricted investments	1,768,243	502,695	2,270,938	-
Capital assets:				
Capital assets not being depreciated	128,955,235	40,465,891	169,421,126	-
Capital assets being depreciated	484,660,333	377,430,788	862,091,121	-
<b>Total assets</b>	<b>731,978,111</b>	<b>507,874,891</b>	<b>1,239,853,002</b>	<b>17,396,941</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	1,236,680	2,380,183	3,616,863	68,947
Deferred outflows relating to pension activities	7,343,110	1,018,662	8,361,772	-
Deferred outflows relating to OPEB activities	750,559	105,700	856,259	-
<b>Total deferred outflows of resources</b>	<b>9,330,349</b>	<b>3,504,545</b>	<b>12,834,894</b>	<b>68,947</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	7,621,906	4,376,621	11,998,527	15,957
Accrued interest	1,556,706	995,861	2,552,567	122,307
Customer deposits	109,541	2,764,825	2,874,366	-
Unearned revenue	153	10,500	10,653	-
Noncurrent liabilities:				
Non-current liabilities due within one year	22,980,834	10,225,000	33,205,834	2,157,488
Due in more than one year	294,612,471	204,480,741	499,093,212	24,416,499
<b>Total liabilities</b>	<b>326,881,611</b>	<b>222,853,548</b>	<b>549,735,159</b>	<b>26,712,251</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on refunding	704,204	-	704,204	-
Deferred inflows relating to pension activities	8,926,248	1,238,331	10,164,579	-
Deferred inflows relating to OPEB activities	50,085	6,957	57,042	-
<b>Total deferred inflows of resources</b>	<b>9,680,537</b>	<b>1,245,288</b>	<b>10,925,825</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	365,400,418	234,212,949	599,613,367	-
Restricted for:				
Debt service	12,122,265	9,002,572	21,124,837	2,318,702
Economic development activities	7,006,144	-	7,006,144	4,159,727
Public safety	598,607	-	598,607	-
Tourism and marketing	1,513,830	-	1,513,830	-
Unrestricted	18,105,048	44,065,079	62,170,127	(15,724,792)
<b>TOTAL NET POSITION</b>	<b>\$ 404,746,312</b>	<b>\$ 287,280,600</b>	<b>\$ 692,026,912</b>	<b>\$ (9,246,363)</b>

The Notes to Financial Statements are an integral part of this statement.

**City of Sugar Land, Texas**  
Statement of Activities  
For the Fiscal Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental activities:				
General government	\$ 21,662,768	\$ 90,398	\$ 116,097	\$ -
Administrative services	7,277,456	7,444,922	1,998,837	-
Public safety - Police	26,657,068	188,182	436,983	-
Public safety - Fire	17,330,279	3,144,902	146,088	-
Public works	35,122,270	215,074	14,765	5,703,442
Parks and recreation	8,059,592	187,703	107,142	5,675
Community development	5,683,703	4,048,652	-	4,423,090
Environmental and neighborhood services	7,065,218	13,872	100,314	-
Interest on long-term debt	10,071,344	-	-	-
Total governmental activities	138,929,698	15,333,705	2,920,226	10,132,207
Business-type activities:				
Utility	58,197,111	49,529,990	-	1,729,327
Regional airport	14,288,142	12,256,798	174,204	1,262,018
Solid waste management	8,445,476	8,871,017	-	-
Total business-type activities	80,930,729	70,657,805	174,204	2,991,345
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 219,860,427</b>	<b>\$ 85,991,510</b>	<b>\$ 3,094,430</b>	<b>\$ 13,123,552</b>
<b>COMPONENT UNITS</b>				
Sugar Land 4B Corporation	\$ 4,233,888	\$ -	\$ 156,886	\$ -
Sugar Land Town Square Tax Increment				
Reinvestment Zone No. 1	1,738,151	-	-	-
Sugar Land Reinvestment Zone No. 3	985,258	-	-	-
Sugar Land Reinvestment Zone No. 4	25,808	-	-	-
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 6,983,105</b>	<b>\$ -</b>	<b>\$ 156,886</b>	<b>\$ -</b>

General revenues:  
Property taxes  
Sales tax  
Franchise and other taxes  
Investment earnings  
Miscellaneous revenues  
Transfers  
Total general revenues and transfers  
Change in net position  
Net position - beginning  
**NET POSITION - ENDING**

**Net (Expense) Revenue and Changes in Net Position**

**Primary Government**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
\$ (21,456,273)		\$ (21,456,273)	
2,166,303		2,166,303	
(26,031,903)		(26,031,903)	
(14,039,289)		(14,039,289)	
(29,188,989)		(29,188,989)	
(7,759,072)		(7,759,072)	
2,788,039		2,788,039	
(6,951,032)		(6,951,032)	
(10,071,344)		(10,071,344)	
<u>(110,543,560)</u>		<u>(110,543,560)</u>	
	\$ (6,937,794)	\$ (6,937,794)	
	(595,122)	(595,122)	
	425,541	425,541	
	<u>(7,107,375)</u>	<u>(7,107,375)</u>	
<u>\$ (110,543,560)</u>	<u>\$ (7,107,375)</u>	<u>\$ (117,650,935)</u>	
			\$ (4,077,002)
			(1,738,151)
			(985,258)
			<u>(25,808)</u>
			<u>\$ (6,826,219)</u>
52,129,954	-	52,129,954	3,691,791
44,465,725	-	44,465,725	6,352,246
7,957,981	-	7,957,981	-
1,472,845	1,001,393	2,474,238	247,101
2,628,940	1,913,729	4,542,669	80,000
6,007,096	(6,007,096)	-	-
<u>114,662,541</u>	<u>(3,091,974)</u>	<u>111,570,567</u>	<u>10,371,138</u>
4,118,981	(10,199,349)	(6,080,368)	3,544,919
<u>400,627,331</u>	<u>297,479,949</u>	<u>698,107,280</u>	<u>(12,791,282)</u>
<u>\$ 404,746,312</u>	<u>\$ 287,280,600</u>	<u>\$ 692,026,912</u>	<u>\$ (9,246,363)</u>

**City of Sugar Land, Texas**  
 Balance Sheet - Governmental Funds  
 September 30, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 31,704,090	\$ -
Investments	5,754,681	-
Receivables, net of allowance for uncollectibles	9,472,325	328,019
Inventories	224,914	-
Prepaid items	35,153	-
Restricted cash and cash equivalents	-	7,899,648
Restricted investments	-	-
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 47,191,163</b>	<b>\$ 8,227,667</b>
	<hr/>	<hr/>
<b>LIABILITIES</b>		
Accounts payable	\$ 2,918,921	\$ 11,869
Accrued expenditures	2,051,344	-
Customer deposits	109,541	-
Unearned revenue	153	-
	<hr/>	<hr/>
Total liabilities	5,079,959	11,869
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Unavailable revenue	2,444,567	325,246
	<hr/>	<hr/>
Total deferred inflows of resources	2,444,567	325,246
<b>FUND BALANCES</b>		
Nonspendable:		
Inventories	224,914	-
Prepaid items	35,153	-
Restricted for:		
Debt service	-	7,890,552
Capital projects	-	-
Economic development activities	-	-
Public safety	-	-
Tourism and marketing	-	-
Committed	582,853	-
Assigned	307,804	-
Unassigned	38,515,913	-
	<hr/>	<hr/>
Total fund balances	39,666,637	7,890,552
	<hr/>	<hr/>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 47,191,163</b>	<b>\$ 8,227,667</b>
	<hr/>	<hr/>

<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,036,207	\$ 31,133	\$ 33,771,430
-	-	5,754,681
676,276	1,494,296	11,970,916
-	8,403	233,317
-	2,740	37,893
36,867,718	11,997,595	56,764,961
502,695	1,265,548	1,768,243
<u>\$ 40,082,896</u>	<u>\$ 14,799,715</u>	<u>\$ 110,301,441</u>
\$ 1,919,738	\$ 174,130	\$ 5,024,658
-	10,608	2,061,952
-	-	109,541
-	-	153
1,919,738	184,738	7,196,304
-	22,080	2,791,893
-	22,080	2,791,893
-	8,403	233,317
-	2,740	37,893
-	5,463,173	13,353,725
34,341,116	-	34,341,116
-	7,006,144	7,006,144
-	598,607	598,607
-	1,513,830	1,513,830
-	-	582,853
3,822,042	-	4,129,846
-	-	38,515,913
38,163,158	14,592,897	100,313,244
<u>\$ 40,082,896</u>	<u>\$ 14,799,715</u>	<u>\$ 110,301,441</u>



# City of Sugar Land, Texas

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2020

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** \$ 100,313,244

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position. The cost of the assets is \$1,040,054,989 and the accumulated depreciation is \$431,354,873. 608,700,116

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds. 2,791,893

Deferred amounts on refunding are amortized over the shorter of the life of the refunded or refunding debt. These items are not reported in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.

Deferred charge on refunding	\$ 1,236,680	
Deferred gain on refunding	(704,204)	532,476

Long-term liabilities that are not due and payable in the current period are not reported in the funds.

Debt payable, at maturity	\$ (267,300,996)	
Accrued interest on the bonds	(1,550,563)	
Premium/discount on bonds payable	(19,609,788)	
Compensated absences	(4,687,907)	
Sales tax obligation	(162,736)	
Net pension liability	(19,509,341)	
Total OPEB liability	(6,328,680)	(319,150,011)

Deferred outflows and deferred inflows relating to pension and OPEB activities are amortized over the expected remaining service lives of all employees that are provided with pensions through the pension and OPEB plans. These items are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.

Deferred outflows and deferred inflows - pension	\$ (1,583,138)	
Deferred outflows and deferred inflows - OPEB	700,474	(882,664)

The assets and liabilities of the internal service funds are not included in the governmental fund financial statements, but are included in the governmental activities of the Statement of Net Position. 12,441,258

**NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 404,746,312

# City of Sugar Land, Texas

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended September 30, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>REVENUES</b>		
Property taxes	\$ 30,936,983	\$ 21,062,713
Sales tax	38,080,526	-
Franchise and other taxes	6,537,656	-
Licenses and permits	4,047,286	-
Fines and forfeitures	1,318,397	-
Charges for services	9,677,976	-
Investment earnings	505,561	103,381
Intergovernmental	1,210,193	-
Other	1,110,858	1,352,229
	<hr/>	<hr/>
Total revenues	93,425,436	22,518,323
<b>EXPENDITURES</b>		
Current:		
General government	18,143,194	-
Administrative services	4,396,287	1,706,424
Public safety - Police	25,747,243	-
Public safety - Fire	16,667,351	-
Public works	12,682,531	-
Parks and recreation	4,740,228	-
Community development	5,556,124	-
Environmental and neighborhood services	6,186,662	-
Debt service:		
Principal	-	19,969,254
Interest and other charges	-	8,935,002
Bond issuance costs	-	100,328
Capital outlay	-	-
	<hr/>	<hr/>
Total expenditures	94,119,620	30,711,008
Excess (deficiency) of revenues over (under) expenditures	(694,184)	(8,192,685)
<b>OTHER FINANCING SOURCES (USES)</b>		
Bonds and certificates of obligation issued	-	-
Refunding bonds issued	-	12,245,000
Premium on debt issued	-	1,067,235
Payment to refunded bond escrow agent	-	(13,312,235)
Transfers in	364,550	7,318,749
Transfers out	(305,208)	(82,751)
	<hr/>	<hr/>
Total other financing sources (uses)	59,342	7,235,998
Net change in fund balances	(634,842)	(956,687)
Fund balances, beginning of year	40,301,479	8,847,239
	<hr/>	<hr/>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 39,666,637</b>	<b>\$ 7,890,552</b>

The Notes to Financial Statements are an integral part of this statement.

<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 51,999,696
-	6,346,754	44,427,280
-	1,523,884	8,061,540
-	-	4,047,286
-	94,442	1,412,839
22,722	-	9,700,698
631,824	153,651	1,394,417
4,560,845	1,768,311	7,539,349
-	274,079	2,737,166
<hr/>	<hr/>	<hr/>
5,215,391	10,161,121	131,320,271
-	3,114,559	21,257,753
-	91,534	6,194,245
-	-	25,747,243
1,680	-	16,669,031
2,720,545	-	15,403,076
10,541	-	4,750,769
-	-	5,556,124
-	-	6,186,662
-	1,980,000	21,949,254
249,677	2,110,984	11,295,663
290,611	-	390,939
13,866,425	121,100	13,987,525
<hr/>	<hr/>	<hr/>
17,139,479	7,418,177	149,388,284
<hr/>	<hr/>	<hr/>
(11,924,088)	2,742,944	(18,068,013)
24,380,000	-	24,380,000
-	-	12,245,000
2,164,665	-	3,231,900
-	-	(13,312,235)
1,428,637	142,412	9,254,348
-	(3,042,448)	(3,430,407)
<hr/>	<hr/>	<hr/>
27,973,302	(2,900,036)	32,368,606
<hr/>	<hr/>	<hr/>
16,049,214	(157,092)	14,300,593
22,113,944	14,749,989	86,012,651
<hr/>	<hr/>	<hr/>
\$ 38,163,158	\$ 14,592,897	\$ 100,313,244



## City of Sugar Land, Texas

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended September 30, 2020

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ 14,300,593

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contracts, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Depreciation expense	\$ (27,248,891)	
Capital outlay	<u>14,316,731</u>	(12,932,160)

Donated infrastructure does not represent current assets, and therefore is not recognized as revenue in governmental fund financials. The total amount is, however, reflected in the Statement of Activities as program revenue. 5,617,093

Governmental funds do not recognize revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. (79,496)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds.

Par value of debt issued	\$ (36,625,000)	
Premium on debt issued	(3,231,900)	
Principal repayments	21,853,171	
Payment to refunded bond escrow agent	13,312,235	
Repayment of obligation to state	<u>56,526</u>	(4,634,968)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Amortization of bond premiums and deferred amounts on refunding	\$ 1,568,753	
Change in accrued interest on long-term debt	142,588	
Compensated absences	(616,887)	
Changes in pension liabilities and related deferred outflows and inflows of resources	(766,688)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>(496,472)</u>	(168,706)

Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net revenue (expense) of the internal service funds is reported with governmental activities. 2,016,625

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 4,118,981

City of Sugar Land, Texas  
Statement of Net Position  
Proprietary Funds  
September 30, 2020

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Total	Activities
	Utility Fund	Airport Fund	Solid Waste Fund		Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 29,347,917	\$ 3,933,051	\$ 473,442	\$ 33,754,410	\$ 8,704,144
Cash with fiscal agent	-	-	-	-	588,000
Investments	8,570,337	1,004,216	-	9,574,553	248,953
Receivables, net of allowance for uncollectibles	5,777,870	1,355,048	1,147,349	8,280,267	3,425
Inventories	174,467	88,922	-	263,389	-
Prepaid items	11,720	-	254	11,974	328,086
Restricted cash and cash equivalents	34,939,739	839,679	-	35,779,418	-
Restricted investments	502,695	-	-	502,695	-
Total current assets	79,324,745	7,220,916	1,621,045	88,166,706	9,872,608
Noncurrent assets:					
Capital assets					
Capital assets not being depreciated	13,774,575	26,691,316	-	40,465,891	-
Capital assets being depreciated	325,179,300	52,207,028	44,460	377,430,788	4,915,452
Total noncurrent assets	338,953,875	78,898,344	44,460	417,896,679	4,915,452
Total assets	418,278,620	86,119,260	1,665,505	506,063,385	14,788,060
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	2,176,990	203,193	-	2,380,183	-
Deferred outflows relating to pension activities	669,255	318,738	30,669	1,018,662	-
Deferred outflows relating to OPEB activities	70,712	31,849	3,139	105,700	-
Total deferred outflows of resources	2,916,957	553,780	33,808	3,504,545	-
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued expenses	3,150,800	467,718	758,103	4,376,621	24,301
Accrued interest	943,668	52,193	-	995,861	-
Customer deposits	2,657,089	107,736	-	2,764,825	-
Unearned revenue	-	10,500	-	10,500	-
Claims and judgments	-	-	-	-	510,995
Noncurrent liabilities due within one year	9,226,610	998,170	220	10,225,000	-
Total current liabilities	15,978,167	1,636,317	758,323	18,372,807	535,296
Noncurrent liabilities:					
Due in more than one year	190,459,153	10,420,567	12,806	200,892,526	-
Net pension liability	1,778,024	846,847	81,601	2,706,472	-
Total OPEB liability	582,326	272,971	26,446	881,743	-
Total noncurrent liabilities	192,819,503	11,540,385	120,853	204,480,741	-
Total liabilities	208,797,670	13,176,702	879,176	222,853,548	535,296
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows relating to pension activities	813,495	387,469	37,367	1,238,331	-
Deferred inflows relating to OPEB activities	4,561	2,169	227	6,957	-
Total deferred inflows of resources	818,056	389,638	37,594	1,245,288	-
<b>NET POSITION</b>					
Net investment in capital assets	166,304,480	67,864,009	44,460	234,212,949	4,915,452
Restricted:					
Debt service	8,213,620	788,952	-	9,002,572	-
Unrestricted	37,061,751	4,453,739	738,083	42,253,573	9,337,312
<b>TOTAL NET POSITION</b>	<b>\$211,579,851</b>	<b>\$ 73,106,700</b>	<b>\$ 782,543</b>	<b>\$285,469,094</b>	<b>\$ 14,252,764</b>
<b>Reconciliation to the government-wide statement of net position:</b>					
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time				1,811,506	
Net position of business-type activities				<u>\$287,280,600</u>	

The Notes to Financial Statements are an integral part of this statement.

**City of Sugar Land, Texas**  
**Statement of Revenues, Expenses, and Changes**  
**in Net Position - Proprietary Funds**  
**For the Fiscal Year Ended September 30, 2020**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Major Funds</b>		<b>Nonmajor Fund</b>	<b>Total</b>	<b>Activities</b>
	<b>Utility Fund</b>	<b>Airport Fund</b>	<b>Solid Waste Fund</b>		<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 49,529,990	\$ 12,256,798	\$ 8,871,017	\$ 70,657,805	\$ 16,375,840
Total operating revenues	49,529,990	12,256,798	8,871,017	70,657,805	16,375,840
<b>OPERATING EXPENSES</b>					
Personnel services	6,883,577	2,983,216	272,072	10,138,865	68,319
Supplies and materials	297,486	5,412,675	18,198	5,728,359	795,760
Contractual services	12,063,587	1,570,562	8,117,892	21,752,041	49,500
Repairs and maintenance	9,515,893	655,260	19,761	10,190,914	108,947
Other expenses	1,434,956	319,325	15,063	1,769,344	12,186,232
Depreciation	21,452,301	3,070,051	9,880	24,532,232	1,175,904
Total operating expenses	51,647,800	14,011,089	8,452,866	74,111,755	14,384,662
Operating income (loss)	(2,117,810)	(1,754,291)	418,151	(3,453,950)	1,991,178
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and investment revenue	915,562	82,816	3,015	1,001,393	78,428
Miscellaneous revenue	1,684,695	211,654	11,280	1,907,629	-
Intergovernmental	-	174,204	-	174,204	-
Gain (loss) on disposal of capital assets	6,100	(309)	-	5,791	66,839
Interest expense	(6,749,957)	(371,683)	-	(7,121,640)	-
Total nonoperating revenues (expenses)	(4,143,600)	96,682	14,295	(4,032,623)	145,267
Income (loss) before capital contributions and transfers	(6,261,410)	(1,657,609)	432,446	(7,486,573)	2,136,445
Capital contributions	1,729,327	1,262,018	-	2,991,345	-
Transfers in	43,881	191,560	-	235,441	183,155
Transfers out	(5,931,147)	(10,601)	(300,789)	(6,242,537)	-
Change in net position	(10,419,349)	(214,632)	131,657	(10,502,324)	2,319,600
Net position, beginning	221,999,200	73,321,332	650,886	295,971,418	11,933,164
<b>NET POSITION, ENDING</b>	<b>\$ 211,579,851</b>	<b>\$ 73,106,700</b>	<b>\$ 782,543</b>	<b>\$ 285,469,094</b>	<b>\$ 14,252,764</b>
<b>Reconciliation to the government-wide statement of activities:</b>					
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				302,975	
Change in net position of business-type activities				\$ (10,199,349)	

The Notes to Financial Statements are an integral part of this statement.

City of Sugar Land, Texas  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2020

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund		Activities
	Utility Fund	Airport Fund	Solid Waste Fund	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 49,158,689	\$ 10,901,309	\$ 8,755,025	\$ 68,815,023	\$ -
Receipts from interfund charges for services	-	-	-	-	16,848,907
Disbursed for personnel services	(6,765,212)	(2,929,401)	(262,174)	(9,956,787)	(68,319)
Disbursed for goods and services	(23,528,592)	(8,535,365)	(8,129,855)	(40,193,812)	(14,101,325)
Net cash provided (used) by operating activities	18,864,885	(563,457)	362,996	18,664,424	2,679,263
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers from other funds	5,643,881	436,154	-	6,080,035	183,155
Transfers to other funds	(5,931,147)	(10,601)	(300,789)	(6,242,537)	-
Other noncapital receipts	1,684,695	387,075	11,280	2,083,050	-
Net cash provided (used) by noncapital financing activities	1,397,429	812,628	(289,509)	1,920,548	183,155
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from the sale of bonds	7,706,247	1,824,551	-	9,530,798	-
Interest payments on debt	(7,589,041)	(438,696)	-	(8,027,737)	-
Principal payments on debt	(9,220,000)	(890,000)	-	(10,110,000)	-
Acquisition and construction of capital assets	(6,672,688)	(1,551,914)	-	(8,224,602)	(1,574,373)
Proceeds from sale of capital assets	6,100	-	-	6,100	66,839
Net cash used by capital and related financing activities	(15,769,382)	(1,056,059)	-	(16,825,441)	(1,507,534)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Sale of investments, net	23,115,950	3,151,346	-	26,267,296	3,753,907
Interest received	915,562	82,816	3,015	1,001,393	78,428
Net cash provided by investing activities	24,031,512	3,234,162	3,015	27,268,689	3,832,335
Net increase in cash and cash equivalents	28,524,444	2,427,274	76,502	31,028,220	5,187,219
Cash and cash equivalents, beginning balance	35,763,212	2,345,456	396,940	38,505,608	3,516,925
<b>CASH AND CASH EQUIVALENTS, ENDING BALANCE</b>	<b>\$ 64,287,656</b>	<b>\$ 4,772,730</b>	<b>\$ 473,442</b>	<b>\$ 69,533,828</b>	<b>\$ 8,704,144</b>
Unrestricted cash and equivalents	\$ 29,347,917	\$ 3,933,051	\$ 473,442	\$ 33,754,410	\$ 8,704,144
Restricted cash and equivalents	34,939,739	839,679	-	35,779,418	-
	<b>\$ 64,287,656</b>	<b>\$ 4,772,730</b>	<b>\$ 473,442</b>	<b>\$ 69,533,828</b>	<b>\$ 8,704,144</b>

**City of Sugar Land, Texas**  
**Statement of Cash Flows - Continued**  
**Proprietary Funds**  
**For the Fiscal Year Ended September 30, 2020**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Major Funds</b>		<b>Nonmajor Fund</b>		<b>Activities</b>
	<b>Utility Fund</b>	<b>Airport Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (2,117,810)	\$ (1,754,291)	\$ 418,151	\$ (3,453,950)	\$ 1,991,178
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:					
Depreciation and amortization	21,452,301	3,070,051	9,880	24,532,232	1,175,904
Changes in assets, liabilities and related deferrals:					
(Increase) decrease in assets and deferred outflows:					
Receivables, net of allowance for uncollectibles	(261,203)	(1,355,048)	(115,992)	(1,732,243)	473,067
Inventories	(19,074)	78,670	-	59,596	-
Prepaid items	(11,632)	-	1,059	(10,573)	(318,203)
Deferred outflows - net pension liability	892,795	425,270	41,081	1,359,146	-
Deferred outflows - OPEB	(28,739)	(11,857)	(1,212)	(41,808)	-
Increase (decrease) in liabilities and deferred inflows:					
Accounts payable and accrued expenses	(185,964)	(656,213)	44,637	(797,540)	(603,415)
Customer deposits	(110,098)	(441)	-	(110,539)	-
Claims and judgments	-	-	-	-	(39,268)
Net pension liability	(1,421,958)	(677,309)	(65,386)	(2,164,653)	-
OPEB liability	83,026	35,153	3,511	121,690	-
Deferred inflows - net pension liability	599,033	285,320	27,516	911,869	-
Deferred inflows - OPEB	(5,792)	(2,762)	(249)	(8,803)	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 18,864,885</b>	<b>\$ (563,457)</b>	<b>\$ 362,996</b>	<b>\$ 18,664,424</b>	<b>\$ 2,679,263</b>
<b>SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital assets contributed to City	\$ 1,729,327	\$ 1,262,018	\$ -	\$ 2,991,345	

# City of Sugar Land, Texas

## Combining Statement of Net Position

### Discretely Presented Component Units – Governmental Activities

September 30, 2020

	Sugar Land 4B Corporation	Sugar Land Town Square Tax Increment Reinvestment Zone No. 1	Sugar Land Reinvestment Zone No. 3	Sugar Land Reinvestment Zone No. 4	Total Component Units
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 9,276,642	\$ 99,843	\$ 19,124	\$ 4,040,754	\$ 13,436,363
Investments	504,825	-	-	-	504,825
Receivables, net of allowance for uncollectibles	1,013,099	2	-	4	1,013,105
Prepaid items	1,639	-	-	-	1,639
Restricted cash and cash equivalents	2,441,009	-	-	-	2,441,009
	<u>13,237,214</u>	<u>99,845</u>	<u>19,124</u>	<u>4,040,758</u>	<u>17,396,941</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	68,947	-	-	-	68,947
	<u>68,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,947</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued expenses	15,957	-	-	-	15,957
Accrued interest	122,307	-	-	-	122,307
Noncurrent liabilities due within one year	2,157,488	-	-	-	2,157,488
	<u>2,295,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,295,752</u>
Noncurrent liabilities:					
Due in more than one year	24,416,499	-	-	-	24,416,499
	<u>24,416,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,416,499</u>
Total liabilities	<u>26,712,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,712,251</u>
<b>NET POSITION</b>					
Restricted for:					
Debt service	2,318,702	-	-	-	2,318,702
Economic development activities	-	99,845	19,124	4,040,758	4,159,727
Unrestricted	(15,724,792)	-	-	-	(15,724,792)
<b>TOTAL NET POSITION</b>	<u>\$ (13,406,090)</u>	<u>\$ 99,845</u>	<u>\$ 19,124</u>	<u>\$ 4,040,758</u>	<u>\$ (9,246,363)</u>

The Notes to Financial Statements are an integral part of this statement.

# City of Sugar Land, Texas

## Combining Statement of Activities

### Discretely Presented Component Units – Governmental Activities

For the Fiscal Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Totals
		Operating Grants and Contributions	Sugar Land 4B Corporation	Sugar Land Town Square Tax Increment Reinvestment Zone No. 1	Sugar Land Reinvestment Zone No. 3	Sugar Land Reinvestment Zone No. 4	
Component Units							
Sugar Land 4B Corporation	\$ 4,233,888	\$ 156,886	\$ (4,077,002)	\$ -	\$ -	\$ -	\$ (4,077,002)
Sugar Land Town Square Tax							
Increment Reinvestment Zone No. 1	1,738,151	-	-	(1,738,151)	-	-	(1,738,151)
Sugar Land Reinvestment Zone No. 3	985,258	-	-	-	(985,258)	-	(985,258)
Sugar Land Reinvestment Zone No. 4	25,808	-	-	-	-	(25,808)	(25,808)
	<u>\$ 6,983,105</u>	<u>\$ 156,886</u>	<u>(4,077,002)</u>	<u>(1,738,151)</u>	<u>(985,258)</u>	<u>(25,808)</u>	<u>(6,826,219)</u>
General revenues							
Taxes:							
Property taxes			-	1,717,993	965,896	1,007,902	3,691,791
Sales tax			6,352,246	-	-	-	6,352,246
Unrestricted investment earnings			219,249	1,768	471	25,613	247,101
Miscellaneous			80,000	-	-	-	80,000
Total general revenues			<u>6,651,495</u>	<u>1,719,761</u>	<u>966,367</u>	<u>1,033,515</u>	<u>10,371,138</u>
Change in net position			<u>2,574,493</u>	<u>(18,390)</u>	<u>(18,891)</u>	<u>1,007,707</u>	<u>3,544,919</u>
Net position, beginning			<u>(15,980,583)</u>	<u>118,235</u>	<u>38,015</u>	<u>3,033,051</u>	<u>(12,791,282)</u>
<b>NET POSITION, ENDING</b>			<u>\$ (13,406,090)</u>	<u>\$ 99,845</u>	<u>\$ 19,124</u>	<u>\$ 4,040,758</u>	<u>\$ (9,246,363)</u>

The Notes to Financial Statements are an integral part of this statement.



## City of Sugar Land, Texas

### Notes to the Financial Statements

#### Note 1 - Summary of Significant Accounting Policies

The City of Sugar Land, Texas, (the "City") was incorporated in 1959 and adopted a "Home Rule Charter" in November 1980. The Charter, as amended, provides for a Council-Manager form of government. The City Council is composed of a mayor and six council members, two of which are elected at large and four of which are elected by District, each serving two-year terms. The Mayor and council members can serve no more than four consecutive regular two-year terms.

The Mayor presides at council meetings and is entitled to vote on all matters considered by council. All powers of the City are vested in the council. Such powers include: appointment of the City Manager, boards, and commissions; adoption of the budget; authorization of bond issues; and adoption of ordinances and resolutions as deemed necessary, desirable, and beneficial to the City.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles ("GAAP")). The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described below.

#### A. Financial Reporting Entity

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As a primary government, the City's activities are not considered a part of any other governmental or other type of reporting entity.

As required by GAAP, these financial statements have been prepared based on considerations regarding the potential for inclusion of component units, which are other legal entities or organizations that are financially accountable to the City. Blended component units, although legally separate entities, are, in substance, part of the government's operations, and as a result, data from these units are reported as funds of the City and are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize that they are both legally and substantively separate from the primary government.

The following component units are included in the City's reporting entity.

#### Blended Component Unit:

##### *Sugar Land Development Corporation*

The Sugar Land Development Corporation (the "Corporation") has been included in the reporting entity as a blended component unit. In 1993, the Corporation was created by the City under the Texas Development Corporation Act of 1979 for the purpose of promoting, assisting, and enhancing economic and development activities on behalf of the City. Effective October 1, 2005, the board of directors consists of members of the City Council. In the event of dissolution, net position of the Corporation shall be conveyed to the City. The Corporation is blended rather than discretely presented because the Corporation's governing body is the same as the City's and the management of the City has operational responsibility for the Corporation.

## City of Sugar Land, Texas

### Notes to the Financial Statements

#### Discretely Presented Component Units:

##### *Sugar Land 4B Corporation*

In 1995, the City of Sugar Land formed the Sugar Land 4B Corporation (the "4B Corporation"), which was created by voters approving an additional sales tax. State law allows the City to collect sales tax to assist in the promotion and development activities of the City. The board of directors of the 4B Corporation is appointed by and serves at the discretion of the City Council. City Council approval is required for annual budgets and bonded debt issuance. In the event of dissolution, net position of the 4B Corporation shall be conveyed to the City.

##### *Sugar Land Town Square Tax Increment Reinvestment Zone No. 1*

In 2000, the City of Sugar Land formed the Sugar Land Town Square Tax Increment Reinvestment Zone No. 1 ("TIRZ 1"), which was created under the authority of Tax Increment Financing Act, as codified as Chapter 311 of the Texas Tax Code. TIRZ 1 is a financing and management tool for the City in providing public facilities and infrastructure for a 32-acre multi-use development. The participants include Fort Bend County, First Colony LID #2 and the City at 100% of incremental value. The board of directors consists of nine members. Fort Bend County appoints one position, the State Senator appoints one position and the State Representative of the area included within the zone appoints one position. The remaining six members are appointed by City Council. City Council has the authority to approve or disapprove TIRZ 1 projects.

##### *Sugar Land Reinvestment Zone No. 3*

In 2007, the City of Sugar Land formed the Sugar Land Reinvestment Zone No. 3 ("TIRZ 3"), which was created under the provisions of Chapter 311 of the Texas Tax Code for the purposes of promoting development and redevelopment of a contiguous area within the City. TIRZ 3 is a financial tool with resources from property taxes to be utilized in providing public improvements in TIRZ 3. The City participates at 50% of increment over the 2007 base value plus 50% of sales taxes within the historic district. Fort Bend County General Fund participates at 50% based on an increment over the 2013 tax base. Fort Bend County Drainage District does not participate. The board of directors consists of five members of which the City Council appoints four members and Fort Bend County has the authority to appoint one member. City Council has the authority to approve or disapprove TIRZ 3 projects.

##### *Sugar Land Reinvestment Zone No. 4*

In 2009, the City of Sugar Land formed Reinvestment Zone No. 4 ("TIRZ 4") through Ordinance 1768 under the provisions of Chapter 311 of the Texas Tax Code. The purpose of TIRZ 4 is to use tax increment revenue to finance public improvements and facilities necessary to support the development of a high-quality mixed use center with retail, office and entertainment uses. The City participates at a rate of 50% of their ad valorem tax rate above the 2009 tax base over the 30 year life of TIRZ 4. Fort Bend County Municipal Utility District Nos. 138 and 139 have also agreed to contribute at a rate of 50% of the City's tax rate via participation agreements in 2011, while Fort Bend County Municipal Utility District No. 137 has yet to formalize a participation agreement. Participation agreements were formalized with Fort Bend County and the Fort Bend County Drainage District in January 2014 with a 2013 tax base. These agreements provide for 50% participation in years 2014 through 2029, 30% in years 2030 through 2034, and 20% in years 2035 through 2039; however, revenues were not captured until tax year 2014 (fiscal year 2015). The board of directors of TIRZ 4 consists of nine members, with four members appointed by the City, and one member appointed by each of the remaining taxing entities. Board members representing taxing entities that have yet to participate in TIRZ 4 have not been officially accepted as full recommending and voting members. The City Council has the final authority to approve or disapprove the TIRZ 4 Final Project Plan.

## City of Sugar Land, Texas

### Notes to the Financial Statements

Separately issued audited financial statements are not available for the discretely presented component units. Information on each of the discretely presented component units is included in separate combining statements within the basic financial statements of the City (following the basic financial statements for the funds). Unaudited financial statements may be obtained from the City's Finance Department.

#### **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the City as a whole. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this general rule are charges between the City's business-type and governmental funds and interfund loans. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

In the fund financial statements, the accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column in the government-wide financial statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds.

#### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements and all proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. With this measurement focus, all assets and deferred outflows of resources, and all liabilities and deferred inflows of resources, associated with the operations of these activities are included on the statements of net position.

## City of Sugar Land, Texas

### Notes to the Financial Statements

The governmental fund financial statements are presented on a current financial resources measurement focus and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include sales and use taxes, franchise taxes, charges for services and interest on temporary investments. Property tax levies and other receipts become measurable and available when cash is received by the government and are recognized as revenue at that time.

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile fund-based financial statements with the governmental activities column of the government-wide presentation.

The fund financial statements provide information about the City's funds, including its blended component unit. Separate statements are presented for each fund category—governmental and proprietary. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

*Governmental funds* are those funds through which most governmental functions are typically financed. The City reports the following major governmental funds:

The *General Fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, administrative services, public works, parks and recreation, community development, and public safety.

The *Debt Service Fund* is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The principal source of revenue for debt service is local property taxes.

The *Capital Projects Fund* is used to account for the expenditures of resources accumulated from the sale of bonds and related interest earnings for capital improvement projects.

The *Enterprise Funds* are a type of proprietary fund used to account for services which are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. The City reports the following major enterprise funds:

The *Utility Fund* is used to account for the City's water and wastewater services. The primary source of revenue is charges for services and the expenditures relate to operating expenses. This fund also accounts for activity related to the mandated groundwater reduction plan (GRP) and GRP revenues.

## City of Sugar Land, Texas

### Notes to the Financial Statements

The *Airport Fund* is used to account for the City's airport services. The primary source of revenue is charges for services and the expenditures relate to operating expenses.

In addition, the City reports the following nonmajor enterprise fund:

The *Solid Waste Fund* is used to account for the City's solid waste services. The primary source of revenue is charges for services and the expenditures relate to operating expenses.

In addition, the City reports the following fund types:

*Special revenue funds* are governmental funds used to account for the proceeds of specific revenue sources that are legally restricted or committed for expenditures for specific purposes. The City's special revenue funds are aggregated and reported as nonmajor funds.

*Internal Service Funds* are a type of proprietary fund used to account for the financing of goods or services provided by one department or program to other departments or programs of the City on a cost-reimbursement basis. These funds are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial activities of the internal service funds are presented in the governmental activities column when presented at the government-wide level. The costs of these services are allocated to the appropriate function/program (general government, public safety, public works, etc.) in the statement of activities. Goods and services provided by the internal service funds include employee health benefits, fleet replacement and high-technology replacement.

#### D. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

*Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

*Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

## City of Sugar Land, Texas

### Notes to the Financial Statements

#### E. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called fund balance. The City uses the following classifications to describe the relative spending constraints on the various categories of fund balance. These clearly-defined fund balance categories make the nature and extent of the constraints placed on the City's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

*Non-spendable fund balance* – amounts that are not in spendable form or are legally or contractually required to be maintained intact.

*Restricted fund balance* – amounts that are subject to external restrictions from creditors, grantors, contributors, or imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – amounts constrained for specific purposes as determined by the City itself, using its highest level of decision-making authority (i.e. City Council). To be reported as committed, amounts cannot be used for any other purposes unless the City takes the same highest level of action to remove or change the constraint. The City establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. City Council will approve obligations of funds, such as multi-year contracts, prior to the end of the fiscal year.

*Assigned fund balance* – amounts the City intends to use for a specific purpose that are neither restricted or committed and includes the remaining positive fund balance of all governmental funds except for the General Fund. Balances for encumbrances, other than those committed by City Council, fall into this category. Intent can be established by City Council or an official to which City Council has delegated this authority. City Council has by Resolution 14-24 authorized the City Manager to assign fund balance.

*Unassigned fund balance* – amounts that are available for any purpose. Positive amounts are reported only in the General Fund. Any other funds will report negative amounts only in the unassigned category.

When the City funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, the City will typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

#### F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances are reported as committed or assigned fund balances since they do not constitute expenditures or liabilities. Encumbrances outstanding at year-end are appropriately provided for in the subsequent year's budget.

As of September 30, 2020, outstanding purchase orders totaled \$17.6 million. These were the result of normal operations. Encumbrances are liquidated with existing resources, and City Council has committed approximately \$583 thousand and the City Manager has assigned approximately \$308 thousand in the General Fund to liquidate outstanding purchase orders as of September 30, 2020.

## **City of Sugar Land, Texas**

### Notes to the Financial Statements

#### **G. Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in privately managed public funds investment pools ("TexPool", "TexSTAR" and "Texas CLASS"), balances in a governmental money market mutual fund and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

The City pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments.

The City pools excess cash of the various individual funds to purchase these investments. These pooled investments are reported in the combined balance sheet as cash equivalents in each fund based on each fund's share of the pooled investments. Interest income is allocated to each respective individual fund, monthly, based on their respective share of investments in the pooled investments. The City's local government investment pools are recorded at amortized cost or net asset value.

#### **H. Investments**

Investments consist of United States (U.S.) Government and Agency securities and certificates of deposit. The City reports all investments at fair value. The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

#### **I. Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the Utility Fund are recognized at the end of each fiscal year on a pro rata basis, based on billings during the month following the close of the fiscal year.

#### **J. Internal Balances**

The effect of interfund activity has been removed from the financial statements, with the exception of amounts between governmental and business-type activities, which are presented as internal balances. Goods and services provided by the City's internal service funds are charged as direct costs to the enterprise funds that received those goods and services.

#### **K. Inventories and Prepaid Items**

Inventories of the General Fund and enterprise funds are valued at weighted average cost, except for airport fuel which is valued at market cost. Inventories for all funds consist of expendable supplies held for consumption, and the cost thereof is recorded as an expense/expenditure at the time the inventory items are issued (consumption method). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

## **City of Sugar Land, Texas**

### Notes to the Financial Statements

#### **L. Restricted Assets**

The enterprise funds have restricted certain cash and investments for customer deposits, reserve and emergency expenditures, and revenue bond debt service. Because of certain bond covenants, the City is required to maintain prescribed amounts of resources that can be used only to service outstanding debt. The proceeds from debt are restricted for use on capital projects. Additionally, the Sugar Land Development Corporation and the Sugar Land 4B Corporation have restricted certain cash and investments for revenue bond debt service, and because of certain bond covenants, they are required to maintain prescribed amounts of resources that can be used only to service outstanding debt.

#### **M. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position or fund balance that applies to a future reporting period and thus, will not be recognized as an outflow of resources (expense or expenditure) until that time. The City has three items that qualify for reporting in this category. These are the deferred charge on refunding reported in the government-wide statement of net position, and deferred amounts related to pension and OPEB.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future reporting period and thus, will not be recognized as an inflow of resources (revenue) until that time. The City has four items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues primarily from three sources: property taxes, fines, and EMS services. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the City reports a deferred gain on refunding and deferred amounts related to pension and OPEB.

Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate primarily to differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related charges, and will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided benefits through these plans.

#### **N. Capital Assets**

Capital assets, including tangible assets such as property, plant, and equipment as well as intangible assets, are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Infrastructure has been capitalized retroactively. Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements and are reported in the proprietary fund statements, but are recorded as expenditures when acquired in the governmental fund financial statements.

Capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are recorded at acquisition value at the date of donation. Capital assets acquired from Municipal Utility Districts ("MUDs") are recorded at the book value of the MUD at the date of dissolution. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' original estimated useful lives are charged to operations when incurred.

**City of Sugar Land, Texas**  
Notes to the Financial Statements

Land, construction in progress, and certain intangible assets are not depreciated. The other tangible and intangible capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

Asset Description	Estimated Useful Life
Vehicles	3 to 10 years
Office furniture and equipment	3 to 20 years
Machinery and equipment	6 to 15 years
Water and wastewater system	10 to 50 years
Airport facilities and improvements	20 to 45 years
Buildings, facilities and land improvements	15 to 45 years
Infrastructure	20 to 40 years

**O. Compensated Absences**

Employees earn vacation based on years of service with the City. Employees are paid unused vacation time to a maximum of 320 hours upon termination, depending on longevity, but may not otherwise elect to be paid in lieu of vacation. The maximum for Shift Firefighters is 448 hours.

Sick leave credit accrues at the rate of one day for each month of service. Full-time employees are, upon voluntary termination and in good standing or retirement, paid for unused sick leave to a maximum of 40 or 80 hours of such pay, depending on years of service. The General Fund has typically been used to liquidate governmental activity compensated absences in prior years.

**P. Pensions**

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its fiduciary net position in the Texas Municipal Retirement System ("TMRS") and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's total pension liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company.

**Q. Other Post-Employment Benefits**

The City provides its retirees the opportunity to maintain health insurance coverage by participating in the City's self-insurance plan. The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. The actual cost recorded in the governmental fund financial statements is the cost of the health benefits incurred on behalf of the retirees less the premiums collected from the retirees. Information regarding the City's total liability for this plan is obtained through a report prepared by Gabriel Roeder Smith & Company, the City's third-party actuary.

Additionally, the City participates in a defined benefit group-term life insurance plan, both for current and retired employees, administered by TMRS. The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company.

## City of Sugar Land, Texas

### Notes to the Financial Statements

#### R. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### S. Deficit Equity

The Sugar Land 4B Corporation had a negative net position balance at year-end of approximately \$13.4 million. This deficit balance is caused by the 4B Corporation issuing bonds for economic development related construction projects and transferring the capital assets to the primary government while retaining the related debt. As further described in Note 5, the debt is expected to be retired with future dedicated sales tax revenues.

#### T. Budgets

Annual appropriated budgets are adopted for the General Fund, certain special revenue funds, and the Debt Service Fund, on basis consistent with the modified accrual basis of accounting. Project-length budgets are utilized for the Capital Projects Fund.

### Note 2 - Deposits (Cash) and Investments

#### Authorization for Deposits and Investments

The Texas Public Funds Investment Act ("PFIA"), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the City.

In accordance with applicable statutes, the City has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the City incurs for banking services received. The City may place funds with the depository in interest and non-interest bearing accounts. State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent. City policy requires the collateralization level to be at least 102% of market value of principal and accrued interest.

The Council has adopted a written investment policy regarding the investment of City funds as required by the PFIA. The investments of the City are in compliance with the City's investment policy. The City's investment policy is more restrictive than the PFIA requires. It is the City's policy to restrict its direct investments to certain obligations of governmental entities or guaranteed by governmental entities, certificates of deposit, repurchase agreements, bankers' acceptances, no-load mutual funds, and eligible public funds investment pools. The maximum maturity allowed is three years from date of purchase.

The City's investment policy does not allow investments in commercial paper, collateralized mortgage obligations, floating rate investments or swaps, forwards, futures, options, foreign exchange, among other items.

**City of Sugar Land, Texas**  
Notes to the Financial Statements

The City's cash and investments are classified as: cash and cash equivalents, investments, restricted cash and cash equivalents, and restricted investments. The restricted cash and investments are assets restricted for specific use and include the same investment vehicles as the unrestricted categories. For better management of cash, the City pools the cash balances of its various funds, based on the City's needs, into either deposits in bank accounts, short-term investments with public funds investment pools or a governmental security money market mutual fund, or in longer-term investments in U.S. Government or Agency securities. However, each fund's balance of pooled cash and investments is maintained separately in the records of the City.

At September 30, 2020, the City invested in a governmental security money market mutual fund (Wells Fargo Government Money Market Fund) as part of its investment and cash management strategy. This fund is utilized through daily sweeps of excess cash by the City's custodial bank into the custodial bank-sponsored short-term investment fund that is invested in short-term U.S. Government and Agency debt and repurchase agreements.

**Deposit and Investment Amounts**

The following schedule details the City's cash and cash equivalents and investments at year-end:

	Primary Government			Discretely Presented Component Units			Total
	Total	Restricted	Unrestricted	Total	Restricted	Unrestricted	
<b>Cash and cash equivalents:</b>							
Cash deposits	\$ 596,150			\$ -			\$ 596,150
Governmental mutual fund	22,711,774			6,517,321			29,229,095
Public funds investment pools:							
Texas CLASS	72,147,615			8,775,531			80,923,146
TexPool	21,844,022			58,495			21,902,517
TexSTAR	52,062,802			526,025			52,588,827
<b>Total</b>	<b>\$ 169,362,363</b>	<b>\$ 92,544,379</b>	<b>\$ 76,817,984</b>	<b>\$ 15,877,372</b>	<b>\$ 2,441,009</b>	<b>\$ 13,436,363</b>	<b>\$ 185,239,735</b>
<b>Investments:</b>							
Certificates of deposit	\$ 3,736,230			\$ 504,825			\$ 4,241,055
Government securities:							
FHLMC	4,008,106			-			4,008,106
FFCB	8,095,154			-			8,095,154
FAMCA	2,009,635			-			2,009,635
<b>Total</b>	<b>\$ 17,849,125</b>	<b>\$ 2,270,938</b>	<b>\$ 15,578,187</b>	<b>\$ 504,825</b>	<b>\$ -</b>	<b>\$ 504,825</b>	<b>\$ 18,353,950</b>
<b>Total cash, cash equivalents, and investments:</b>	<b>\$ 187,211,488</b>			<b>\$ 16,382,197</b>			<b>\$ 203,593,685</b>

The City's total cash deposits, including certificates of deposit at September 30, 2020 were entirely covered by collateralized securities held in the City's name or by federal deposit insurance.

Investments' fair value measurements are as follows at September 30, 2020:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Certificates of deposit	\$ 4,241,055	\$ -	\$ 4,241,055	\$ -
Government securities:				
FHLMC	4,008,106	-	4,008,106	-
FFCB	8,095,154	-	8,095,154	-
FAMCA	2,009,635	-	2,009,635	-
<b>Total</b>	<b>\$ 18,353,950</b>	<b>\$ -</b>	<b>\$ 18,353,950</b>	<b>\$ -</b>

**City of Sugar Land, Texas**  
Notes to the Financial Statements

Fair value of certificates of deposit and government securities, classified as Level 2, is based on price data obtained from broker dealers and/or pricing vendors, including observed transactions such as last price traded when available, or valuations in reference to similar securities for which prices are available.

The amount of increase or decrease in the fair value of investments during the current year is included in the City’s investment income as follows:

	Primary Government	Discretely Presented Component Units
Interest income	\$ 2,541,775	\$ 243,612
Unrealized gain (loss) on temporary investments	<u>(67,537)</u>	<u>3,489</u>
<b>Total investment earnings</b>	<u>\$ 2,474,238</u>	<u>\$ 247,101</u>

**Interest Rate Risk**

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maximum maturity of securities to three years or 1,095 days. The settlement date is considered the date of purchase. The targeted maximum weighted average maturity allowed, based on the stated maturity date, for the portfolio is 548 days or 18 months. To the extent possible, the City attempts to match investments with anticipated cash flow requirements.

The City measures interest rate risk using the weighted average maturity method for the portfolio. The weighted average maturities at year-end are as follows:

	Primary Government	Discretely Presented Component Units	Weighted Average Maturity (days)
Cash deposits	\$ 596,150	\$ -	1
Governmental mutual fund	22,711,774	6,517,321	1
Public funds investment pools:			
Texas CLASS	72,147,615	8,775,531	1
TexPool	21,844,022	58,495	1
TexSTAR	52,062,802	526,025	1
Certificates of deposit	3,736,230	504,825	317
Government securities:			
FHLMC	4,008,106	-	408
FFCB	8,095,154	-	166
FAMCA	2,009,635	-	850
<b>Total</b>	<u>\$ 187,211,488</u>	<u>\$ 16,382,197</u>	
Portfolio weighted average maturity in (days)	32	11	

**City of Sugar Land, Texas**  
 Notes to the Financial Statements

**Concentration of Credit Risk**

The concentration of credit risk is the risk of loss that may be caused by the City's investment in a single issuer. The City's investment policy allows investments by type based on the following diversification requirements:

Investment Type	Maximum Investment %
Repurchase agreements	up to 50%
Certificates of deposit	up to 50%
U.S. Treasury securities	up to 100%
Other U.S. Government securities	up to 75%
Authorized investment pools	up to 75% total
Bankers' acceptances	up to 25%
No load money market mutual funds	up to 50%
No load mutual funds	up to 10%
Flexible repurchase agreements	up to 50%

As of September 30, 2020, no investments in any single issuer comprised more than 5% of the City's total investments.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City's investment policy provides minimum required ratings for investment pools (AAA or AA+ or no lower than investment grade by at least one nationally recognized rating service), no-load mutual funds (not less than AAA or its equivalent by at least one nationally recognized investment rating firm), and bankers' acceptances (not less than A-1 or P-1 or an equivalent by at least one nationally recognized credit rating agency). Investments with minimum required ratings do not qualify as authorized investments during the period the investment does not have the minimum rating.

Securities from Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Banks (FFCB), and Federal Agricultural Mortgage Corporation (FAMCA) were all rated AA+ by Standard & Poor's and AA+ by Moody's Investors Service. The public funds investment pools (Texas CLASS, TexPool, and TexSTAR) were rated AA+ by Standard and Poor's, and the governmental money market mutual fund was rated AA+ by Standard and Poor's. The certificates of deposit are not rated.

**Custodial Credit Risk – Investments**

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To limit its exposure, the City's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party custodian.

**Local Government Investment Pools**

As of September 30, 2020, the City maintained balances in TexPool, TexSTAR and Texas CLASS local government investment pools. The investment pool balances are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk.

## City of Sugar Land, Texas

### Notes to the Financial Statements

TexPool policies require that local government deposits be used to purchase investments authorized by the PFIA. TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (the "Trust Company") to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government Agency securities and placed through a primary government securities dealer.

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. TexPool uses amortized cost rather than fair value to report net position to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the City's investments in TexPool are stated at amortized cost, which approximates fair value.

TexSTAR is administered by First Southwest Asset Management, Inc. and JPMorgan Chase. TexSTAR is a local government investment cooperative created under the Interlocal Cooperation Act specifically tailored to meet state and local government investment objectives of preservation of principal, daily liquidity and competitive yield. The fund maintains a maturity of 60 days or less, with a maximum of 13 months for any individual security. The fund seeks to maintain a constant dollar objective and fulfills all requirements of Texas PFIA for local government investment pools.

TexSTAR is overseen by a five member governing board made up of three participants and one of each of the program's professional administrators. The responsibility of the board includes the ability to influence operations, designation of management, and accountability for fiscal matters. In addition, the pool has a Participant Advisory Board which provides input and feedback on the operations and direction of the program and Standard and Poor's reviews the pool on a weekly basis to ensure the pool's compliance with its rating requirements. TexSTAR uses amortized cost (which excludes unrealized gains and losses) rather than fair value to report net assets to compute share price. Accordingly, the City's investments in TexSTAR are stated at amortized cost, which approximates fair value.

Texas Cooperative Liquid Assets Securities System ("Texas CLASS"), is governed by a board of trustees, elected annually by its participants. Texas CLASS is a local government investment pool emphasizing safety, liquidity, convenience and competitive yield. Since 1996, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the PFIA. The City reports its investment in Texas CLASS at net asset value (NAV), which is the same as the value of the pool shares.

The local government investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

**City of Sugar Land, Texas**  
 Notes to the Financial Statements

**Restricted Assets**

The enterprise funds have restricted certain cash and cash equivalents and investments for debt service or capital projects. Because of certain bond covenants, the enterprise funds are required to maintain prescribed amounts of resources that can be used only to service outstanding debt. Some of the proceeds from debt or from funds received from acquisition of MUDs are restricted for use on capital projects. The amounts of the restricted cash and cash equivalents and investments and their respective purpose in the enterprise funds are as follows:

Restricted Purpose	Cash and Cash Equivalents	Investments
Restricted for Capital Projects	\$ 26,283,680	\$ -
Restricted for Debt Service	<u>9,495,738</u>	<u>502,695</u>
<b>Total</b>	<u>\$ 35,779,418</u>	<u>\$ 502,695</u>

The Sugar Land 4B Corporation has restricted certain cash and investments for revenue bond debt service. This is done to comply with certain bond covenants that require funds to be reserved and used only to service outstanding debt.

Restricted cash, cash equivalents and investments are also reported in governmental funds and are restricted for the specific purposes of those particular funds.

**Note 3 – Receivables**

**Property Taxes**

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The Central Appraisal District ("CAD") of Fort Bend County, Texas, establishes appraised values, and performs billing and collection of the City's tax levies. Taxes are levied by the City Council based on the appraised values and in accordance with the adopted budget.

**City of Sugar Land, Texas**  
Notes to the Financial Statements

Receivables at September 30, 2020, consist of the following:

**Governmental Activities:**

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total	Internal Service Funds
Property taxes, including penalties and interest	\$ 909,825	\$ 325,246	\$ -	\$ 25,392	\$ 1,260,463	\$ -
Sales and other taxes	6,565,945	-	-	1,341,086	7,907,031	-
Fines and forfeitures	1,922,718	-	-	-	1,922,718	-
Interest	25,136	2,773	4,134	3,909	35,952	2,892
Other	1,533,526	-	250,000	36,136	1,819,662	707
Due from other governments	141,952	-	422,142	87,773	651,867	-
Less: allowance for uncollectibles	(1,626,777)	-	-	-	(1,626,777)	(174)
<b>Totals</b>	<b>\$ 9,472,325</b>	<b>\$ 328,019</b>	<b>\$ 676,276</b>	<b>\$ 1,494,296</b>	<b>\$ 11,970,916</b>	<b>\$ 3,425</b>

**Business-type Activities:**

	Utility Fund	Airport Fund	Solid Waste Fund	Total
Customer accounts	\$ 5,789,044	\$ 156,591	\$ 987,221	\$ 6,932,856
Interest	42,091	4,927	5	47,023
Other	-	12,980	172,566	185,546
Due from other governments	-	1,181,550	-	1,181,550
Less: allowance for uncollectibles	(53,265)	(1,000)	(12,443)	(66,708)
<b>Totals</b>	<b>\$ 5,777,870</b>	<b>\$ 1,355,048</b>	<b>\$ 1,147,349</b>	<b>\$ 8,280,267</b>

**Component Units:**

	Sugar Land 4B Corporation	Sugar Land Town Square Tax Increment Reinvestment Zone No. 1	Sugar Land Reinvestment Zone No. 3	Sugar Land Reinvestment Zone No. 4	Total
Sales and other taxes	\$ 1,011,328	\$ -	\$ -	\$ -	\$ 1,011,328
Interest	1,771	2	-	4	1,777
<b>Totals</b>	<b>\$ 1,013,099</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ 4</b>	<b>\$ 1,013,105</b>

**City of Sugar Land, Texas**  
Notes to the Financial Statements

**Note 4 - Capital Assets**

A summary of changes in the primary government's capital assets for the year ended September 30, 2020, follows:

<b>Governmental activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Reclassifications / (Decreases)</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land and improvements	\$ 102,483,696	\$ 1,277,199	\$ -	\$ 103,760,895
Construction in progress	19,451,881	14,421,050	(13,283,608)	20,589,323
Intangibles	4,579,975	25,042	-	4,605,017
Total capital assets, not being depreciated	126,515,552	15,723,291	(13,283,608)	128,955,235
Depreciable assets:				
Infrastructure	596,350,124	8,557,719	(232,261)	604,675,582
Buildings and improvements	254,806,157	5,370,494	-	260,176,651
Equipment and furniture	55,834,436	4,877,974	(1,004,369)	59,708,041
Intangibles	753,750	262,327	-	1,016,077
Total depreciable assets	907,744,467	19,068,514	(1,236,630)	925,576,351
Less accumulated depreciation for:				
Infrastructure	(318,465,270)	(16,563,752)	232,261	(334,796,761)
Buildings and improvements	(60,601,596)	(8,123,763)	-	(68,725,359)
Equipment and furniture	(34,208,086)	(3,635,989)	1,004,369	(36,839,706)
Intangibles	(452,901)	(101,291)	-	(554,192)
Total accumulated depreciation	(413,727,853)	(28,424,795)	1,236,630	(440,916,018)
Total depreciable assets, net	494,016,614	(9,356,281)	-	484,660,333
<b>Governmental activities capital assets, net</b>	<b>\$ 620,532,166</b>	<b>\$ 6,367,010</b>	<b>\$ (13,283,608)</b>	<b>\$ 613,615,568</b>
<b>Business-type activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Reclassifications / (Decreases)</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land and improvements	\$ 23,621,976	\$ -	\$ -	\$ 23,621,976
Construction in progress	11,525,379	9,314,658	(7,005,352)	13,834,685
Intangibles	2,785,936	223,294	-	3,009,230
Total capital assets, not being depreciated	37,933,291	9,537,952	(7,005,352)	40,465,891
Depreciable assets:				
Infrastructure	642,460,274	7,781,247	(869)	650,240,652
Buildings and improvements	27,037,520	730,137	-	27,767,657
Equipment and furniture	10,186,581	171,965	(53,686)	10,304,860
Intangibles	1,019,012	-	-	1,019,012
Total depreciable assets	680,703,387	8,683,349	(54,555)	689,332,181
Less accumulated depreciation for:				
Infrastructure	(271,246,072)	(23,101,015)	560	(294,346,527)
Buildings and improvements	(9,091,741)	(880,005)	-	(9,971,746)
Equipment and furniture	(6,413,473)	(449,311)	53,685	(6,809,099)
Intangibles	(672,120)	(101,901)	-	(774,021)
Total accumulated depreciation	(287,423,406)	(24,532,232)	54,245	(311,901,393)
Total depreciable assets, net	393,279,981	(15,848,883)	(310)	377,430,788
<b>Business-type activities capital assets, net</b>	<b>\$ 431,213,272</b>	<b>\$ (6,310,931)</b>	<b>\$ (7,005,662)</b>	<b>\$ 417,896,679</b>

**City of Sugar Land, Texas**  
Notes to the Financial Statements

Depreciation was charged to programs as follows:

Governmental activities:	
General government	\$ 684,277
Administrative services	1,110,693
Public works	19,946,700
Parks and recreation	2,993,980
Environmental and neighborhood services	973,029
Community development	72,516
Public safety - Police	448,006
Public safety - Fire	1,019,690
Depreciation charged in internal service funds	<u>1,175,904</u>
<b>Total governmental activities depreciation expense</b>	<b><u>\$ 28,424,795</u></b>
Business-type activities:	
Water and wastewater	\$ 21,452,301
Airport	3,070,051
Solid waste	<u>9,880</u>
<b>Total business-type activities depreciation expense</b>	<b><u>\$ 24,532,232</u></b>

For governmental activities, depreciation on facilities is included with the Public Works allocation shown above.

The City has active construction projects as of September 30, 2020. The projects include various improvements to streets, parks and facilities as well as airport and utility improvements. At year-end, the City's contractual commitments on projects were as follows:

Projects	Total in Progress	Remaining Commitment
Airport improvement	\$ 6,318,873	\$ 203,808
Drainage improvement	7,091,687	2,748,792
Municipal improvement	2,397,598	2,474,866
Park improvement	1,378,978	2,487,855
Street improvement	10,630,321	1,739,679
Surface water	663,470	330,542
Traffic improvement	820,529	286,373
Water and wastewater improvement	<u>5,122,552</u>	<u>3,890,102</u>
<b>Totals</b>	<b><u>\$ 34,424,008</u></b>	<b><u>\$ 14,162,017</u></b>

**City of Sugar Land, Texas**  
Notes to the Financial Statements

**Note 5 - Long-Term Debt**

**A. Governmental Activity Debt**

The City issues general obligation bonds and certificates of obligation and upon dissolution of MUDs, assumes unlimited tax and revenue obligations. The assumed obligations were used to acquire and construct major capital facilities. General obligation bonds, certificates of obligation, and assumed obligations from dissolved areas are for both governmental and business-type activities. The bonds are reported in the proprietary funds only if they are expected to be repaid from proprietary revenues. The general long-term bonds, certificates of obligation and assumed obligations are paid through the Debt Service Fund from tax revenues and transfers from the Utility Fund.

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended September 30, 2020. In general, the City uses the General and Debt Service funds to liquidate governmental long-term liabilities. Sales tax revenue bonds are serviced through sales tax revenues reported in the Sugar Land Development Corporation special revenue fund. Compensated absences, pension, and OPEB are typically liquidated by the General Fund.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Bonds payable:</b>					
General obligation bonds	\$ 74,270,000	\$ 21,600,000	\$ (10,045,000)	\$ 85,825,000	\$ 11,415,000
Annexed utility district bonds	25,005,000	-	(16,245,000)	8,760,000	1,870,000
Certificates of obligation	119,265,000	15,025,000	(5,810,000)	128,480,000	6,435,000
Sales tax revenue bonds	45,120,000	-	(1,980,000)	43,140,000	2,055,000
Tax note	2,181,402	-	(1,085,406)	1,095,996	1,095,996
Issuance premiums/discounts	18,596,408	3,231,900	(2,218,520)	19,609,788	15,117
<b>Total bonds payable, net</b>	<b>284,437,810</b>	<b>39,856,900</b>	<b>(37,383,926)</b>	<b>286,910,784</b>	<b>22,886,113</b>
<b>Other liabilities:</b>					
Obligation to State	219,262	-	(56,526)	162,736	19,721
Compensated absences	4,064,877	5,128,005	(4,511,118)	4,681,764	75,000
Pension	35,112,499	24,352,518	(39,955,676)	19,509,341	-
OPEB	5,478,683	979,996	(129,999)	6,328,680	-
<b>Total governmental activities</b>	<b>\$ 329,313,131</b>	<b>\$ 70,317,419</b>	<b>\$ (82,037,245)</b>	<b>\$ 317,593,305</b>	<b>\$ 22,980,834</b>

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

The full amount estimated to be required for debt service on general obligation debt is provided by:

1. the debt service portion of the tax levy;
2. interest earned in the Debt Service Fund; and
3. transfers from the Utility Fund and Tourism Fund. Transfers from the enterprise funds are approved at the discretion of City Council and are not intended to service a specific bond series.

**City of Sugar Land, Texas**  
Notes to the Financial Statements

A summary of the terms of general obligation bonds and certificates of obligation, as of September 30, 2020, follows:

Description	Original Issue	Matures	Interest Rates (%)	Balance
<b>General obligation bonds</b>				
Series 2012A General obligation refunding bonds	\$ 4,295,000	2025	2.00-4.00	\$ 1,755,000
Series 2014 General obligation refunding bonds	21,565,000	2026	2.00-5.00	8,315,000
Series 2015 General obligation bonds	13,010,000	2035	2.125-4.00	10,600,000
Series 2015 General obligation refunding bonds	9,375,000	2028	2.00-5.00	8,245,000
Series 2016 General obligation refunding bonds	22,745,000	2029	4.00-5.00	19,820,000
Series 2016 General obligation bonds	7,570,000	2036	2.00-4.00	6,055,000
Series 2019 General obligation bonds	13,715,000	2030	3.00-5.00	11,615,000
Series 2019A General obligation refunding bonds	21,600,000	2029	3.00-5.00	19,420,000
Total general obligation bonds				85,825,000
<b>Certificates of obligation</b>				
Series 2013 Tax and revenue certificates of obligation	24,440,000	2033	2.50-4.00	16,560,000
Series 2014 Tax and revenue certificates of obligation	9,980,000	2040	3.25-6.00	8,650,000
Series 2014A Tax and revenue certificates of obligation - taxable	27,130,000	2046	3.125-4.50	25,600,000
Series 2015 Tax and revenue certificates of obligation	15,005,000	2035	3.00-4.00	12,260,000
Series 2016 Tax and revenue certificates of obligation	19,190,000	2036	2.00-4.00	15,350,000
Series 2017 Tax and revenue certificates of obligation	19,060,000	2037	3.00-5.00	16,195,000
Series 2019 Tax and revenue certificates of obligation	20,760,000	2039	3.25-5.00	18,840,000
Series 2019A Tax and revenue certificates of obligation	15,025,000	2039	2.50-4.00	15,025,000
Total certificates of obligation				128,480,000
Series 2014 Tax Note	5,700,000	2021	1.810	1,095,996
<b>Sales tax revenue bonds</b>				
Series 2013 Sales tax revenue bonds	7,200,000	2038	4.25-4.375	5,800,000
Series 2014 Sales tax revenue refunding bonds	7,375,000	2025	2.00-5.00	4,025,000
Series 2014 Sales tax revenue bonds	38,625,000	2040	3.75-6.75	33,315,000
Total sales tax revenue bonds				43,140,000
<b>Annexed MUD bonds</b>				
Fort Bend County MUD No. 21				
Series 2012 Unlimited Tax Refunding	4,045,000	2021	2.00-3.00	410,000
Fort Bend County MUD No. 109				
Series 2015 Unlimited Tax Refunding	4,960,000	2025	2.00-4.00	3,240,000
Fort Bend County MUD No. 117				
Series 2016 Unlimited Tax Refunding	7,645,000	2025	2.00-3.00	4,900,000
Fort Bend County MUD No. 111				
Series 2009 Unlimited Tax Refunding	7,475,000	2021	4.00-4.50	210,000
Total annexed MUD bonds				8,760,000
<b>Total governmental activities bonds payable</b>				<b>\$ 267,300,996</b>

**City of Sugar Land, Texas**  
Notes to the Financial Statements

The annual requirements to amortize governmental activity general obligation bonds and certificates of obligation outstanding at September 30, 2020, are as follows:

Year Ending September 30,	Governmental Activities					
	General Obligation			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 11,415,000	\$ 3,326,794	\$ 14,741,794	\$ 6,435,000	\$ 4,793,999	\$ 11,228,999
2022	10,550,000	2,853,994	13,403,994	6,550,000	4,527,386	11,077,386
2023	10,485,000	2,405,569	12,890,569	6,675,000	4,254,824	10,929,824
2024	9,640,000	1,938,569	11,578,569	6,505,000	3,980,186	10,485,186
2025	7,855,000	1,542,244	9,397,244	6,600,000	3,705,643	10,305,643
2026	7,135,000	1,211,809	8,346,809	6,695,000	3,429,277	10,124,277
2027	4,700,000	953,175	5,653,175	6,795,000	3,158,733	9,953,733
2028	4,770,000	747,575	5,517,575	6,885,000	2,895,525	9,780,525
2029	4,100,000	573,650	4,673,650	6,985,000	2,625,857	9,610,857
2030	3,525,000	432,375	3,957,375	6,910,000	2,358,258	9,268,258
2031	1,665,000	340,025	2,005,025	7,005,000	2,101,146	9,106,146
2032	1,705,000	284,275	1,989,275	7,110,000	1,848,712	8,958,712
2033	1,750,000	227,050	1,977,050	7,215,000	1,601,737	8,816,737
2034	1,795,000	170,594	1,965,594	6,100,000	1,380,071	7,480,071
2035	1,830,000	115,144	1,945,144	6,130,000	1,177,537	7,307,537
2036	980,000	72,450	1,052,450	5,205,000	986,005	6,191,005
2037	625,000	48,375	673,375	4,345,000	819,113	5,164,113
2038	640,000	29,400	669,400	3,490,000	679,718	4,169,718
2039	660,000	9,900	669,900	3,585,000	552,886	4,137,886
2040	-	-	-	1,780,000	450,950	2,230,950
2041	-	-	-	1,190,000	388,055	1,578,055
2042	-	-	-	1,240,000	335,810	1,575,810
2043	-	-	-	1,295,000	281,308	1,576,308
2044	-	-	-	1,350,000	224,440	1,574,440
2045	-	-	-	1,405,000	165,208	1,570,208
2046	-	-	-	1,465,000	102,038	1,567,038
2047	-	-	-	1,535,000	34,538	1,569,538
<b>Totals</b>	<b>\$ 85,825,000</b>	<b>\$ 17,282,967</b>	<b>\$ 103,107,967</b>	<b>\$ 128,480,000</b>	<b>\$ 48,858,960</b>	<b>\$ 177,338,960</b>

**City of Sugar Land, Texas**  
Notes to the Financial Statements

The annual requirements to amortize governmental activity dissolved utility district bonds and the tax note outstanding at September 30, 2020, are as follows:

Year Ending September 30,	Governmental Activities					
	Annexed Utility District Bonds			Tax Note		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 1,870,000	\$ 270,750	\$ 2,140,750	\$ 1,095,996	\$ 14,859	\$ 1,110,855
2022	1,325,000	232,150	1,557,150	-	-	-
2023	1,375,000	192,400	1,567,400	-	-	-
2024	2,055,000	147,200	2,202,200	-	-	-
2025	2,135,000	75,050	2,210,050	-	-	-
<b>Totals</b>	<b>\$ 8,760,000</b>	<b>\$ 917,550</b>	<b>\$ 9,677,550</b>	<b>\$ 1,095,996</b>	<b>\$ 14,859</b>	<b>\$ 1,110,855</b>

The annual requirements to amortize governmental activity sales tax revenue bonds outstanding payable from sales tax receipts collected by the SLDC at September 30, 2020, are as follows:

Year Ending September 30,	Sugar Land Development Corporation Blended Component Unit		
	Sales Tax Revenue Bonds		
	Principal	Interest	Total
2021	\$ 2,055,000	\$ 1,998,721	\$ 4,053,721
2022	2,140,000	1,884,090	4,024,090
2023	2,225,000	1,768,821	3,993,821
2024	2,315,000	1,644,571	3,959,571
2025	2,420,000	1,512,268	3,932,268
2026	1,610,000	1,402,659	3,012,659
2027	1,675,000	1,311,318	2,986,318
2028	1,740,000	1,216,346	2,956,346
2029	1,815,000	1,122,215	2,937,215
2030	1,885,000	1,028,808	2,913,808
2031	1,965,000	933,456	2,898,456
2032	2,045,000	835,944	2,880,944
2033	2,135,000	734,106	2,869,106
2034	2,225,000	639,431	2,864,431
2035	2,330,000	552,075	2,882,075
2036	2,450,000	457,600	2,907,600
2037	2,575,000	355,478	2,930,478
2038	2,705,000	248,172	2,953,172
2039	2,355,000	146,100	2,501,100
2040	2,475,000	49,500	2,524,500
<b>Totals</b>	<b>\$ 43,140,000</b>	<b>\$ 19,841,679</b>	<b>\$ 62,981,679</b>

**City of Sugar Land, Texas**  
Notes to the Financial Statements

**Obligations to State - Refund of Sales Tax**

During the 1999 fiscal year, the Texas State Comptroller of Public Accounts notified the City of Sugar Land, the Sugar Land Development Corporation, and the Sugar Land 4B Corporation, that the State had remitted \$591,620 in sales tax receipts to the City which were not collected within the City. The State requested the amount be returned to the State. The City had allocated the sales tax to the Corporations in accordance with the proper sales tax rates. The City settled with the State to repay the State in annual installments of \$19,721 starting October 1, 1999, over a 30-year period without interest.

During the fiscal year 2017, the City was informed of an overpayment of sales tax in the amount of \$725,100 in error. At the City's request, the Comptroller's office agreed to deduct \$21,973 from March 2017 through October 2019 followed by one final payment of \$21,964. This obligation has been fully repaid as of September 30, 2020.

**Tax Note**

In October 2014, the City issued a \$5.7 million tax note to fund the purchase of ambulances and fire trucks. The note was issued for seven years at the rate of 1.81%.

**B. Business-type Activity Long Term Debt**

The following is a summary of changes in the City's total business-type long-term liabilities for the year ended September 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-type activities:					
Bonds payable:					
Water and wastewater revenue bonds	\$105,695,000	\$ 6,835,000	\$ (6,880,000)	\$105,650,000	\$ 6,930,000
General obligation bonds	83,890,000	-	(710,000)	83,180,000	2,970,000
Certificates of obligation	7,615,000	1,690,000	(2,520,000)	6,785,000	315,000
Issuance premiums/discounts	14,977,716	1,005,798	(1,058,125)	14,925,389	-
Total bonds payable, net	212,177,716	9,530,798	(11,168,125)	210,540,389	10,215,000
Other liabilities:					
Compensated absences	526,878	592,246	(541,987)	577,137	10,000
Pension	4,871,125	3,378,362	(5,543,015)	2,706,472	-
OPEB	760,053	136,172	(14,482)	881,743	-
<b>Total business-type activities</b>	<b>\$218,335,772</b>	<b>\$ 13,637,578</b>	<b>\$ (17,267,609)</b>	<b>\$214,705,741</b>	<b>\$ 10,225,000</b>

**City of Sugar Land, Texas**  
Notes to the Financial Statements

A summary of the terms of certificates of obligation and revenue bonds recorded in the enterprise funds as of September 30, 2020 follows:

Description	Original Issue	Matures	Interest Rates (%)	Balance
Utility Fund				
Series 2012 Water/sewer revenue bonds	\$ 21,925,000	2031	1.50-3.25	\$ 14,845,000
Series 2012A Water/sewer revenue refunding bonds	9,025,000	2030	2.00-4.00	3,195,000
Series 2013 Water/sewer revenue bonds	15,765,000	2033	2.50-4.00	11,275,000
Series 2015 Water/sewer revenue refunding bonds	15,750,000	2035	3.00-5.00	12,150,000
Series 2016 Water/sewer revenue refunding bonds	31,710,000	2036	2.00-5.00	26,920,000
Series 2016 Certificates of obligation	1,620,000	2036	2.00-4.00	1,390,000
Series 2017 Water/sewer revenue bonds	19,780,000	2037	3.00-5.00	17,770,000
Series 2017 General obligation refunding bonds	78,195,000	2041	3.00-5.00	78,195,000
Series 2019 Water/sewer revenue bonds	13,660,000	2039	3.00-5.00	12,775,000
Series 2020 Water/sewer revenue bonds	6,835,000	2039	3.00-5.00	<u>6,720,000</u>
Total Utility Fund				<u>185,235,000</u>
Airport Fund				
Series 2012A General obligation refunding bonds	\$ 5,610,000	2025	2.00-4.00	\$ 2,765,000
Series 2013 Certificates of obligation	730,000	2033	2.00-4.00	485,000
Series 2015 Certificates of obligation	1,670,000	2035	3.00-4.00	1,365,000
Series 2015 General obligation refunding bonds	2,820,000	2028	2.00-5.00	2,040,000
Series 2016 General obligation refunding bonds	225,000	2029	4.00-5.00	180,000
Series 2017 Certificates of obligation	2,055,000	2037	3.00-5.00	1,855,000
Series 2017 Certificates of obligation	1,690,000	2039	2.50-4.00	<u>1,690,000</u>
Total Airport Fund				<u>10,380,000</u>
<b>Total business-type activities bonds payable</b>				<u><u>\$ 195,615,000</u></u>

**City of Sugar Land, Texas**  
Notes to the Financial Statements

The annual requirements to amortize business-type activity revenue bonds, certificates of obligation, and general obligation bonds outstanding at September 30, 2020, are as follows:

Year Ending September 30,	Business-Type Activities					
	General Obligation			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 2,970,000	\$ 3,429,644	\$ 6,399,644	\$ 315,000	\$ 232,673	\$ 547,673
2022	3,105,000	3,308,869	6,413,869	330,000	219,560	549,560
2023	3,270,000	3,158,519	6,428,519	340,000	205,866	545,866
2024	3,445,000	2,996,344	6,441,344	345,000	191,741	536,741
2025	3,615,000	2,825,769	6,440,769	360,000	177,116	537,116
2026	3,180,000	2,658,869	5,838,869	370,000	161,919	531,919
2027	3,340,000	2,495,869	5,835,869	385,000	146,957	531,957
2028	3,500,000	2,324,969	5,824,969	400,000	132,654	532,654
2029	3,355,000	2,153,794	5,508,794	410,000	117,882	527,882
2030	3,500,000	1,982,519	5,482,519	430,000	102,566	532,566
2031	3,670,000	1,803,269	5,473,269	440,000	87,611	527,611
2032	3,850,000	1,634,519	5,484,519	455,000	73,263	528,263
2033	4,010,000	1,477,319	5,487,319	465,000	59,047	524,047
2034	4,170,000	1,313,719	5,483,719	440,000	45,163	485,163
2035	4,340,000	1,143,519	5,483,519	460,000	31,522	491,522
2036	4,515,000	966,419	5,481,419	355,000	19,138	374,138
2037	4,705,000	782,019	5,487,019	255,000	9,809	264,809
2038	4,905,000	589,819	5,494,819	115,000	4,456	119,456
2039	5,080,000	412,344	5,492,344	115,000	1,509	116,509
2040	5,245,000	251,016	5,496,016	-	-	-
2041	5,410,000	84,531	5,494,531	-	-	-
<b>Totals</b>	<b>\$ 83,180,000</b>	<b>\$ 37,793,658</b>	<b>\$ 120,973,658</b>	<b>\$ 6,785,000</b>	<b>\$ 2,020,452</b>	<b>\$ 8,805,452</b>

Year Ending September 30,	Business-Type Activities		
	Revenue Bonds		
	Principal	Interest	Total
2021	\$ 6,930,000	\$ 4,075,563	\$ 11,005,563
2022	7,195,000	3,822,063	11,017,063
2023	7,160,000	3,544,813	10,704,813
2024	7,465,000	3,238,163	10,703,163
2025	7,785,000	2,947,838	10,732,838
2026	8,125,000	2,612,750	10,737,750
2027	8,130,000	2,249,075	10,379,075
2028	8,475,000	1,912,300	10,387,300
2029	7,635,000	1,569,088	9,204,088
2030	6,000,000	1,283,638	7,283,638
2031	5,965,000	1,090,538	7,055,538
2032	4,445,000	890,625	5,335,625
2033	4,605,000	733,600	5,338,600
2034	3,650,000	569,838	4,219,838
2035	3,755,000	441,544	4,196,544
2036	2,995,000	309,519	3,304,519
2037	2,630,000	199,231	2,829,231
2038	1,325,000	103,863	1,428,863
2039	1,380,000	52,988	1,432,988
2040	-	-	-
2041	-	-	-
<b>Totals</b>	<b>\$ 105,650,000</b>	<b>\$ 31,647,037</b>	<b>\$ 137,297,037</b>

**City of Sugar Land, Texas**  
Notes to the Financial Statements

**C. Component Unit Long-Term Debt**

The following is a summary of the long-term debt transactions of the Sugar Land 4B Corporation for the year ended September 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Component Unit:					
Bonds payable:					
Sales tax revenue bonds	\$ 28,115,000	\$ 24,725,000	\$ (28,570,000)	\$ 24,270,000	\$ 2,155,000
Issuance premiums/discounts	(7,428)	2,432,310	(135,648)	2,289,234	-
Total bonds payable, net	28,107,572	27,157,310	(28,705,648)	26,559,234	2,155,000
Other liabilities:					
Obligations to state	21,884	-	(7,131)	14,753	2,488
<b>Total component unit</b>	<b>\$ 28,129,456</b>	<b>\$ 27,157,310</b>	<b>\$ (28,712,779)</b>	<b>\$ 26,573,987</b>	<b>\$ 2,157,488</b>

A summary of the terms of the revenue bonds recorded as long-term liabilities in the Sugar Land 4B Corporation as of September 30, 2020 follows:

Description	Original Issue	Matures	Interest Rates (%)	Balance
Series 2019 Sales tax revenue refunding bonds	\$ 24,725,000	2036	3.00-5.00	\$ 24,270,000
<b>Total component unit long-term debt</b>				<b>\$ 24,270,000</b>

**City of Sugar Land, Texas**  
Notes to the Financial Statements

The annual requirements to amortize component unit revenue bonds outstanding at September 30, 2020, are as follows:

Year Ending September 30,	Sugar Land 4B Corporation		
	Revenue Bonds		
	Principal	Interest	Total
2021	\$ 2,155,000	\$ 865,625	\$ 3,020,625
2022	1,840,000	805,700	2,645,700
2023	1,260,000	752,900	2,012,900
2024	1,310,000	701,500	2,011,500
2025	1,375,000	640,925	2,015,925
2026	1,160,000	577,550	1,737,550
2027	1,230,000	517,800	1,747,800
2028	1,300,000	454,550	1,754,550
2029	1,365,000	394,750	1,759,750
2030	1,430,000	338,850	1,768,850
2031	1,490,000	280,450	1,770,450
2032	1,555,000	227,325	1,782,325
2033	1,610,000	179,850	1,789,850
2034	1,670,000	130,650	1,800,650
2035	1,730,000	79,650	1,809,650
2036	1,790,000	26,850	1,816,850
<b>Totals</b>	<b>\$ 24,270,000</b>	<b>\$ 6,974,925</b>	<b>\$ 31,244,925</b>

**D. Debt Issuances and Prior Defeased Debt**

In current and prior years, the City legally defeased certain bonds and certificates of obligation by placing cash and/or proceeds of refunding bond issues in an irrevocable trust to provide for all future debt services payments on the refunded debt. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of September 30, 2020, there were no outstanding balances of defeased bonds.

On November 1, 2019 the City issued General Obligation (G.O.) Refunding and Improvement Bonds, Series 2019A, in the par amount of \$21,600,000; and Certification of Obligation (C.O.) Bonds, Series 2019A, in the amount of \$16,715,000. All bonds closed on November 14, 2019.

The G.O. Refunding Bonds refunded \$13,620,000 par amount in total consisting of \$460,000 par amount of Unlimited Tax Refunding Bonds, Series 2009; \$2,540,000 par amount of Unlimited Tax Refunding Bonds, Series 2011; \$5,885,000 par amount of Fort Bend County MUD No. 117, Series 2012; \$2,130,000 par amount of Fort Bend County MUD No. 106, Series 2012; \$2,305,000 par amount of Fort Bend County MUD No. 109, Series 2012; and \$300,000 par amount of G.O. Refunding Bonds, Series 2012. The refunding transaction yielded a reduction in debt service and an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$917,540 or 6.74% of the refunded bonds.

## **City of Sugar Land, Texas**

### Notes to the Financial Statements

Proceeds from the G.O. bond issuances were used for refunding to achieve debt service savings described above, and also for planned acquisition and construction of improvements to the City's parks and recreational facilities, and to pay the costs associated with issuance. Proceeds from the C.O. bond issuances will be used for construction, renovation, and/or acquisition of: street and traffic improvements, drainage and flood control improvements, public safety equipment and improvements to public safety facilities, renovation, improvements and equipment for City buildings, renovation, expansion, and improvement of City Airport facilities, and the cost of professional services to carry out such activities.

On April 30, 2020, the City issued \$6,835,000 of Waterworks & Sewer System Revenue Bonds Series 2020 for collection system rehabilitation, lift station rehabilitation, easement acquisition, wastewater plant rehabilitation, groundwater plant improvement, well rehabilitation, distribution and water storage tank rehabilitation and to pay the costs incurred in connection with the issuance of the bonds. All bonds closed on May 28, 2020.

On November 1, 2019 the Sugar Land 4B Corporation issued Sales Tax Revenue Refunding Bonds, Series 2019, in the par amount of \$24,725,000. All bonds closed on November 19, 2019.

The Sales Tax Revenue Refunding Bonds refunded \$26,230,000 par amount in total consisting of \$1,545,000 par amount of Sales Tax Revenue Bonds, Series 2005; \$1,595,000 par amount of Sales Tax Revenue Refunding Bonds, Series 2010 and \$23,090,000 par amount of Sales Tax Revenue Bonds, Series 2011. The refunding transaction yielded a reduction in debt service and an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$4,434,471 or 16.91% of the refunded bonds.

#### **E. Legal Compliance**

Long-term debt assumed by the City upon dissolution of MUDs in previous years has been recorded as part of the City's long-term debt. A portion of the assumed debt is related to assets recorded in the Utility Fund. Even though the debt is related to assets recorded in the Utility Fund, the debt is considered general obligation debt based on Texas law. The dissolved area debt will be retired with tax revenue and operating transfers from the Utility Fund. The transfers from the Utility Fund to the Debt Service Fund are not intended to service specific general obligation debt. During the year, at the discretion of City Council, the Utility Fund made a transfer to the Debt Service Fund as indicated in Note 7 of \$5.85 million.

#### **Note 6 - Fund Balance**

##### **Minimum Fund Balance Policy**

The Council has adopted a financial policy to maintain a minimum level of unassigned fund balance in the General Fund. The target level is set at three months of General Fund annual revenues (approximately 33.3%). This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If the fund balance exceeds this amount, the amount in excess of policy requirements may be utilized to fund one-time expenditures in the next fiscal year's budget. If fund balance falls below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level. Generally, replenishment is to occur within a two-year period.

**City of Sugar Land, Texas**  
Notes to the Financial Statements

**Restricted, Committed, and Assigned Fund Balance**

The City records fund balance restrictions at the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures.

Fund balance restrictions in the governmental funds as of September 30, 2020 are as follows:

Restricted Fund Balance	Amount	Purpose
Debt Service Fund	<u>\$ 7,890,552</u>	Debt service activities
Capital Projects Fund	<u>\$ 34,341,116</u>	Construction and acquisition of capital assets
Nonmajor governmental funds	\$ 5,463,173	Debt service activities
	7,006,144	Economic development activities
	598,607	Public safety
	<u>1,513,830</u>	Tourism and marketing
	<u>\$ 14,581,754</u>	

The committed and assigned fund balances reported in the General Fund are for various operating activities encumbered but not completed at year-end and have been approved by City Council and management respectively. The programs or functions for which these amounts have been committed or assigned are as follows:

Program or Function	Committed	Assigned
General government	\$ 135,429	\$ 173,377
Administrative service	35,850	8,037
Public works	190,720	4,295
Parks and recreation	-	31,869
Community development	173,167	18,280
Environmental and neighborhood services	36,879	55,041
Public safety - Police	-	10,412
Public safety - Fire	10,808	6,493
	<u>\$ 582,853</u>	<u>\$ 307,804</u>

The assigned fund balance reported in the Capital Projects Fund is for various capital projects.

**City of Sugar Land, Texas**  
Notes to the Financial Statements

**Note 7 - Interfund Transactions**

The composition of interfund transfers for the year ended September 30, 2020 is as follows:

Transfers In	Transfers Out	Amounts	Purpose
General Fund	Solid Waste Fund	\$ 300,000	Street rehabilitation projects from franchise fees
	Utility Fund	64,550	Asset management projects
		<u>364,550</u>	
Capital Projects Fund	Sugar Land Development Corporation	1,393,637	South Stadium Dr/University Blvd developer cost
	General Fund	35,000	DR1901 budget amendment
		<u>1,428,637</u>	
Employee Benefits Fund	Utility Fund	19,624	
	General Fund	151,239	
	Tourism Fund	902	Cover medical fund reserve increase
	Airport Fund	10,601	
	Solid Waste Fund	789	
		<u>183,155</u>	
Debt Service Fund	Tourism Fund	1,350,238	HOT transfer for Marriott Conf. Center, TIRZ#4 & Smart Financial Center debts
	Utility Fund	5,846,973	100% of water/wastewater debt on assumed MUD debt
	Enclave at River Park PID - Special Revenue Fund	121,538	PID debt service
		<u>7,318,749</u>	
Airport Fund	General Fund	84,019	Transfer of property taxes collected on Airport value
	Sugar Land Development Corporation	50,000	SLDC transfer to Airport for international marketing
	Debt Service Fund	57,541	Transfer of property taxes collected on Airport value
		<u>191,560</u>	
Enclave at River Park PID - Special Revenue	Debt Service Fund	25,210	
	General Fund	34,950	City Contribution of 50% of property tax in PID
		<u>60,160</u>	
Utility Fund	Enclave at River Park PID - Special Revenue Fund	43,881	PID reimbursement for debt service
Tourism Fund	Sugar Land Development Corporation	82,252	Transfer to cover economic development staff salaries
		<u>82,252</u>	
	<b>Totals</b>	<b><u>\$ 9,672,944</u></b>	

**Note 8 - Deferred Compensation Plan**

The City maintains for its employees a tax-deferred compensation plan meeting the requirements of Internal Revenue Code Section 457. The plan was established in the 1995 fiscal year by City Ordinance and Nationwide Retirement Solutions and SBC Retirement Corporation were the initial third-party administrators. In 2007, ICMA was appointed as an additional third-party administrator. The deferred compensation is not available to employees until termination, retirement, or death. However, while employed, deferred compensation may be available to employees in an unforeseen emergency or under certain loan provisions. The plan's trust arrangements are established to protect deferred compensation amounts of employees under the plan from any use other than intended under the plan (eventual payment to employees deferring the compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under plan provisions are disbursed bi-weekly by the City to selected third-party administrators. The third-party administrators handle all funds in the plan and make investment decisions and disburse funds to employees in accordance with plan provisions.

**Note 9 - Employee Retirement System**

*Texas Municipal Retirement System*

**Plan Description and Provisions**

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at [www.tmr.com](http://www.tmr.com).

All eligible employees of the City are required to participate in TMRS. The City does not participate in Social Security for TMRS-eligible employees.

**Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

On the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee's accumulated contributions.

**City of Sugar Land, Texas**  
Notes to the Financial Statements

A summary of plan provisions for the City is as follows:

Employee deposit rate	7.00%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	Any/20, 60/5
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating
Supplemental death benefit - active employees and retirees	Yes

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	257
Inactive employees entitled to but not yet receiving benefits	313
Active employees	<u>766</u>
	<u><u>1,336</u></u>

**Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the State law governing TMRS, the contribution rate for each City is determined annually by the consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.78% and 14.60% in calendar years 2019 and 2020, respectively. For fiscal year 2020, the City made contributions of \$8,106,158, which were equal to the required contributions.

**Net Pension Liability**

The City's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**City of Sugar Land, Texas**  
Notes to the Financial Statements

**Actuarial Assumptions**

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for annuity purchase rates is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuarial approach focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global equity	30.0%	5.30%
Core fixed income	10.0%	1.25%
Non-core fixed income	20.0%	4.14%
Real return	10.0%	3.85%
Real estate	10.0%	4.00%
Absolute return	10.0%	3.48%
Private equity	10.0%	7.75%
<b>Total</b>	<b>100%</b>	

**City of Sugar Land, Texas**  
Notes to the Financial Statements

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2018	\$ 252,933,234	\$ 212,949,610	\$ 39,983,624
Changes for the year:			
Service cost	9,691,514	-	9,691,514
Interest	17,163,025	-	17,163,025
Difference between expected and actual experience	(822,166)	-	(822,166)
Changes in assumptions	684,730	-	684,730
Employer contributions	-	7,950,423	(7,950,423)
Employee contributions	-	3,765,424	(3,765,424)
Net investment income	-	32,960,678	(32,960,678)
Benefit payments, including refunds of employee	(7,023,908)	(7,023,908)	-
Administrative expense	-	(186,022)	186,022
Other changes	-	(5,589)	5,589
Net changes	19,693,195	37,461,006	(17,767,811)
<b>Balance at December 31, 2019</b>	<b>\$ 272,626,429</b>	<b>\$ 250,410,616</b>	<b>\$ 22,215,813</b>

**Sensitivity of the Net Pension Liability**

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease to 5.75%	Current Single Discount Rate Assumption 6.75%	1% Increase to 7.75%
City's net pension liability	\$ 64,871,264	\$ 22,215,813	\$ (12,501,109)

**City of Sugar Land, Texas**  
Notes to the Financial Statements

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmr.com](http://www.tmr.com).

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2020, the City recognized pension expense of \$8,991,526.

At September 30, 2020, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,572,362	\$ 2,103,308
Changes in actuarial assumptions used	570,035	479,320
Differences between projected and actual investment earnings	-	7,581,951
Contributions subsequent to the measurement date	6,219,375	-
<b>Totals</b>	<b>\$ 8,361,772</b>	<b>\$ 10,164,579</b>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$6,219,375 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2020 (i.e. recognized in the City’s fiscal year 2021 financial statements). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in the City’s fiscal years as follows:

Year Ending September 30,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (2,063,152)
2022	(2,073,780)
2023	221,126
2024	(4,021,281)
2025	(85,095)
<b>Totals</b>	<b>\$ (8,022,182)</b>

**Note 10 - Other Postemployment Benefits Plans**

In addition to the pension plan discussed in Note 9, the City offers other postemployment benefits (OPEBs) through two plans: Texas Municipal Retirement System's Supplemental Death Benefits Fund, and the City's single-employer Retiree Health Care Plan.

**Plan Descriptions**

*TMRS Supplemental Death Benefits Fund (SDBF)*

The City participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an OPEB. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

The retiree portion of contribution rates to the SDBF for the City was 0.01% in both calendar years 2019 and 2020. The City's contributions to the SDBF for the year ended December 31, 2019 were \$5,536, and were equal to the required contributions.

*Retiree Health Care Plan (RHCP)*

The City's other defined benefit OPEB plan, City of Sugar Land Retiree Health Care Plan (RHCP), provides OPEB through an implicit healthcare premium for retirees for all permanent full-time employees of the City. RHCP is a single employer defined benefit OPEB plan administered by the City. At this time, no assets are accumulated in a trust to fund the future requirements of the RHCP.

RHCP provides access to post retirement employees by offering a "blended premium" structure, that is, the overall health care premiums for active employees and non-Medicare retirees, are stated in terms of a single "blended premium". The difference between the underlying retiree claims and the blended overall health care premium is referred to as an "implicit" subsidy. Because the underlying claims costs for a non-Medicare retiree are on average higher than the blended premium, there is a positive implicit subsidy for the non-Medicare retirees.

**City of Sugar Land, Texas**  
Notes to the Financial Statements

**Total OPEB Liability**

The City's total OPEB liability for each of its OPEB plans was measured as of December 31, 2019. The actuarial valuation date for the SDBF was December 31, 2019, and the valuation for RHCP was performed as of December 31, 2018 and update procedures were performed to roll forward the total OPEB liability to December 31, 2019. The total OPEB liabilities reported in the City's September 30, 2020 financial statements were as follows:

SDBF	\$ 1,824,297
RHCP	<u>5,386,126</u>
	<u>\$ 7,210,423</u>

Membership in the plans as of the measurement date of December 31, 2019 was as follows:

	<u>SDBF</u>	<u>RHCP</u>
Inactive plan members or beneficiaries currently receiving benefits	193	11
Inactive plan members entitled to but not yet receiving benefits	105	-
Active employees	<u>766</u>	<u>766</u>
<b>Total plan members</b>	<u>1,064</u>	<u>777</u>

**Actuarial Methods and Assumptions**

The total OPEB liabilities were determined using the following actuarial assumptions and other inputs.

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	2.75% - based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

The actuarial assumptions were developed primarily from an actuarial experience study of the four-year period from December 31, 2014 through December 31, 2018.

The retiree's share of benefit-related costs for the SDBF OPEB is assumed to be \$0, and the healthcare trend cost rate for the RHCP actuarial valuation is assumed at an initial rate of 7.20%, declining to an ultimate rate of 4.25% after 15 years.

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor. The Entry Age Normal actuarial cost method is used.

The OPEB plans are treated as unfunded plans because 1) the SDBF trust covers both actives and retirees and the assets are not segregated for these groups, and 2) the RHCP plan is a pay-as-you go plan.

**City of Sugar Land, Texas**  
Notes to the Financial Statements

**Changes in the Total OPEB Liability**

	SDBF	RHCP
Service cost	\$ 80,628	\$ 290,583
Interest	53,760	182,637
Changes in benefit terms	-	-
Difference between expected and actual experience	(39,591)	15,885
Changes in assumptions or other inputs	323,442	169,233
Benefit payments	(5,375)	(99,515)
Net changes	412,864	558,823
Total OPEB liability - beginning	1,411,433	4,827,303
<b>Total OPEB liability - ending</b>	<b>\$ 1,824,297</b>	<b>\$ 5,386,126</b>

**Sensitivity Analysis**

The following presents the City's total OPEB liabilities calculated using the discount rate of 2.75%, as well as what the liabilities would be if they were calculated using a discount rate that is 1 percentage point lower (1.75%) or 1 percentage point higher (3.75%) than the current rate.

	1% Decrease to 1.75%	Current Discount Rate Assumption 2.75%	1% Increase to 3.75%
SDBF	\$ 2,258,290	\$ 1,824,297	\$ 1,490,926
RHCP	\$ 5,892,047	\$ 5,386,126	\$ 4,918,618

The following presents the RHCP plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher. Note that the healthcare cost trend rate does not affect the total SDBF OPEB liability, therefore the sensitivity to the healthcare cost trend rate is not shown for SDBF.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
RHCP	\$ 4,696,549	\$ 5,386,126	\$ 6,210,888

**City of Sugar Land, Texas**  
Notes to the Financial Statements

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2020, the City recognized OPEB expense of \$170,507 relating to the SDBF plan and OPEB expense of \$533,678 relating to the RHCP plan. Total OPEB expense for the two plans was \$704,185.

As of September 30, 2020, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	SDBF		RHCP	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 53,929	\$ 162,964	\$ 3,113
Changes in assumptions and other inputs	270,952	-	323,097	-
Contributions subsequent to the measurement date	4,030	-	95,216	-
<b>Total</b>	<u>\$ 274,982</u>	<u>\$ 53,929</u>	<u>\$ 581,277</u>	<u>\$ 3,113</u>

Total OPEB deferred outflows: \$ 856,259  
Total OPEB deferred inflows: \$ 57,042

The amounts reported as deferred outflows of resources resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending September 30, 2021.

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense in the City's fiscal years as follows:

Year Ending September 30,	Net Deferred Outflows (Inflows) of Resources	
	SDBF	RHCP
2021	\$ 36,119	\$ 60,458
2022	36,119	60,458
2023	36,119	60,458
2024	36,119	60,458
2025	29,871	60,458
Thereafter	42,676	180,658
<b>Totals</b>	<u>\$ 217,023</u>	<u>\$ 482,948</u>

## City of Sugar Land, Texas

Notes to the Financial Statements

### Note 11 - Contracts with Special Districts

#### Agreements with Utility Districts

The City has entered into utility agreements with six Municipal Utility Districts (First Colony MUD No. 10, Fort Bend MUDs No. 136, 137, 138, 139 and Burney Road MUD) (the "Districts"), which are within the City's boundaries. The Districts are to acquire and construct water, wastewater, and drainage facilities to serve the area within the Districts and may issue bonds to finance such facilities. These utility agreements provide the following:

As water, wastewater and drainage facilities are acquired and constructed the Districts will transfer the facilities to the City, reserving a security interest therein for the purpose of securing performance of the City under the agreements. At such time as the bonds of the Districts are discharged, the Districts will release the security interest, and the City will own the improvements.

The water and wastewater rates charged by the City will be equal and uniform to those charged other similar users within the City, with all revenues belonging exclusively to the City.

The City has agreed to pay the Districts a tax rebate of the ad valorem taxes collected on land and improvements within the Districts. The rebates for the year ended September 30, 2020, were approximately \$4.1 million. Estimated payments for the year ending September 30, 2021 budget are \$4.5 million.

The City has entered into agreements with various MUDs, Fort Bend County and the City's extraterritorial jurisdiction (ETJ) to provide fire services within the developments of Tara and Riverstone subdivisions. The districts pay a fee for these services. In addition, Fort Bend County reimburses the City for calls made into the unincorporated areas of the County. The City estimates to have received \$1,139,781 from the participating MUDs and Fort Bend County in the year ended September 30, 2020, in connection with these agreements.

### Note 12 - Lease Agreements

#### Smart Financial Centre at Sugar Land

The Smart Financial Centre at Sugar Land reached substantial completion December 9, 2016 and the lease with ACE SL, LLC began December 14, 2016 under the terms of the first amendment to the development agreement and execution of lease agreement approved by City Council on October 28, 2014. The lease of the facility is for a term of 30 years from lease commencement date with lease payments due monthly in arrears. The lease agreement defines base rent, additional base rent, parking fees and participation rent and how each is calculated and when due to the City. ACE SL, LLC has provided City a letter of credit equal to the last three years' annual debt service requirements that will be reduced as additional base rent payments are set aside to build a three-year debt service reserve. ACE SL, LLC is responsible for all operations and maintenance of the Smart Financial Centre at Sugar Land during the term of the lease.

The lease payments are based on the following calculation: Base Rent: 1/12 of the annual debt service requirement for the Series 2014A Taxable Certificates of Obligation issued by the City to fund a portion of the project construction. Base rent is payable in arrears on the first day of the following month without demand. Rent payment resets each January 1 for the term of the lease. Beginning in the third year of the lease, and until a debt service reserve equal to the last three years debt service payments, the base rent increases to 125% of the annual debt service requirement. Under the lease agreement, the City is entitled to participation rent and a share of parking fees as well.

## **City of Sugar Land, Texas**

### Notes to the Financial Statements

In 2020, a second amendment to the lease was approved in response to provide relief caused by the COVID-19 pandemic and therefore the temporary closure of the venue for the remainder of 2020. The limited rental relief is fully offset through utilization of the existing reserve cash balance and includes (a) 50% reduction for April rent payment, (b) 100% reduction for up to 3 months (May-July rent payments), and (c) 20% 9-month reduction – i.e. waiver of reserve contribution only. In exchange for the rent relief, the City required the reserve requirement be increased to an amount equal to the final four years of rent (versus three).

The City received \$49,860 in participation rent during the fiscal year ended September 30, 2020.

#### **Sugar Land Baseball, LLC**

In 2010, the City of Sugar Land entered into a twenty-five year lease agreement with Sugar Land Baseball, LLC for the rental of the Constellation Field (baseball stadium). Sugar Land Baseball, LLC owns "Skeeters", a minor league baseball team. The base annual rent of \$80,000 is due to the City January 1st each lease year. In addition to the base rent, the City will receive participation rent equal to 40% of all gross revenues from ticket sales, suite license sales, and naming right payments, in excess of \$2.6 million. In 2020, the City received \$0 in addition to the base rent.

#### **Sugar Land Hotel Associates, L.P.**

In 2002, the Sugar Land Town Square Development Authority (the "Authority") entered into a ninety-nine year lease agreement with Sugar Land Hotel Associates, L.P. (the "Tenant") for the rental of the Sugar Land Conference Center and Parking Garage (the "Property"), owned by the Authority. The Tenant has the right to use the Property and has agreed to operate the Property in a "first class manner," as defined in the lease agreement, paying the Authority a base rent of \$1 per lease year, plus an incentive rent, as determined by the lease agreement, within 15 days after the Authority's receipt of an annual statement that presents the net cash flow and any net sale proceeds for the preceding lease year.

#### **Houston Museum of Natural Science**

In 2008, the City of Sugar Land entered into a fifty-year lease agreement with the Houston Museum of Natural Science for the improvement and lease of the 43,000 square foot Central State Farm Prison building and surrounding 5.5 acres of land for a rate of \$1 per year. The Museum may only use and occupy the leased premises to serve as a museum for public displays and uses typical of a museum of natural science. The lease outlines contributions by both the City and Museum for improvements of the building for use as a museum.

#### **Fort Bend Children's Discovery Center**

On March 27, 2020, the City assumed ownership of the Container Warehouse at Imperial and as part of the sale the lease with the Fort Bend Children's Discovery Center was transferred to the City. The agreement is for the lease of 12,000 square feet located on the first floor of the Container Warehouse building and a 3,000 square foot outside playground area. The lease agreement began in 2016 and runs for 99 years at the cost of \$1 per year.

### **Note 13 - Commitments and Contingencies**

#### **Economic Development Grant Commitments**

The Sugar Land Development Corporation has committed economic development grants or incentives to various companies in targeted industries to be paid in the future on the condition that certain agreed upon criteria are met.

**City of Sugar Land, Texas**  
Notes to the Financial Statements

The amounts currently committed are as follows:

Fiscal Year	Grant Commitments
2021	\$ 615,000
2022	680,226
2023	680,226
2024	370,226
2025	340,226
2026	340,226
2027	75,226
2028	30,226
2029	30,226
2030	20,000
<b>Totals</b>	<b>\$ 3,181,808</b>

**Litigation and Other Contingencies**

The City was involved in various lawsuits and arbitration proceedings at September 30, 2020. The City and its legal counsel believe that any amounts which the City might ultimately be required to pay will not exceed underlying insurance coverage.

**Federally Assisted Programs - Compliance Audits**

The City receives various grants, which are subject to audit by the respective agencies. Subsequent audits may disallow expenditures financed by government grants. It is the opinion of management that any disallowed expenditures, based on prior audit experience, will not be material in relation to the City's financial statements as of September 30, 2020.

**Brooks Lake Diversion Weir Agreement**

The City and Gulf Coast Water Authority (GCWA) both have water rights to rain water runoff in the Oyster Creek basin. A settlement agreement was approved in 2012 regarding use of this water by the City. One of the ancillary items to this settlement was the Amil Gates. The Amil Gates structure was constructed in the early 1970's as a flood control structure to operate in coordination with the dam system along Oyster Creek. The Amil Gates are hydraulically activated during high water events to maintain a maximum flood elevation in Oyster Creek.

The gates operate at a high efficiency as it relates to flooding but they naturally release flow due to the design and type of construction. The gates were never envisioned to be a watertight structure. Over the last decade, there have been concerns expressed by GCWA related to the condition of the Amil Gates and the water leakage that occurs when the gates are in a normally closed position. A cost sharing agreement was approved in July 2014 between the City and GCWA to address the leaking gates. Design work began in 2015 and was stopped due to probable construction costs exceeding available funding. Alternatives were then considered and a re-examination of the design approach was pursued in early 2016. A new design option with probable construction costs in line with available funds was agreed to between the City and GCWA.

In January 2017, GCWA's board of directors unanimously approved the agreement to pay 50% of the estimated project cost of \$4,387,990 over period of 10 years. GCWA will reimburse the City in the form of payments or in raw water credits.

## City of Sugar Land, Texas

### Notes to the Financial Statements

The City completed construction of the Brooks Lake Diversion Weir system to replace the existing Amil Gates in 2019, at an actual cost of \$4,241,402; GCWA's 50% portion is \$2,120,701. To date, the City has received \$750,000 from GCWA with payment of \$250,000 in fiscal year 2020.

#### Arbitrage Rebate

In accordance with the provisions of the Internal Revenue Code, sections 103, 103A, and 148, as amended, a governmental debt issuance must qualify and maintain tax-exempt status by satisfying certain arbitrage requirements contained in these provisions. As part of the requirements, certain amounts earned on the nonpurpose investment of debt issuance proceeds, in excess of the yield on an issue, earned as arbitrage, will be required to be paid to the U.S. Treasury. As part of this process, the City annually determines potential arbitrage liabilities on its debt issues, on component unit debt issues and on debt issues assumed by the City from various MUDs.

#### Note 14 - Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; airport operations, law enforcement operations, cyber security, pollution; injuries to employees; and natural disasters. The City's Risk Management Program manages these risks, which are covered by Liability, Property and Crime and Fidelity commercial insurance purchased from Texas Municipal League Intergovernmental Risk Pool ("TMLIRP"), and through commercial insurance carriers. The participation of the City in TMLIRP is for payment of premiums, insurance claims above the City's deductibles and loss control services. The City has various levels of deductibles for these coverages with the maximum deductible set at \$10,000. The City 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. The City also provides Workers' Compensation insurance on its employees and volunteers through TMLIRP. Workers' Compensation premiums are subject to change each year when audited by TMLIRP. As of September 30, 2020, the City believed the amounts paid on Workers' Compensation would not change significantly from the amounts recorded.

#### Employee Benefits Fund

Beginning January 1, 2012, the City started providing health benefits to its employees and dependents through a self-funded employee health benefit plan which is accounted for in the Employee Benefits Fund internal service fund. This fund is principally supported by contributions from the City and the employees. The City makes contributions to cover the majority of the premiums for employees, and the employees are required to make contributions to cover the remaining employee and dependent costs. The Employee Benefits Fund charges the City's General Fund and enterprise funds for the City's contributions. Payments of premiums and administrative fees are paid out of this fund. A third party administrator acting on behalf of the City processes health claim payments.

The City has obtained excess loss insurance which limits the City's aggregate claims responsibility at 120% of expected claims and sets a deductible of \$175,000 annually for any individual, with the exception of two known catastrophic claimants which were issued a "laser" deductible of \$500,000 each for the plan year.

Settled claims did not exceed insurance coverages in fiscal year 2020. Estimates of claims payable and of claims incurred, but not reported at September 30, 2020, are reflected as accrued expenses and claims and judgments of the Employee Benefits Fund. The liabilities include an amount for claims that have been incurred but were not reported until after September 30, 2020. Because actual claims liabilities depend on such complex factors as inflation, changes in legal requirements, and damage awards, the process used in computing claims liability is an estimate based on historical claims.

**City of Sugar Land, Texas**  
Notes to the Financial Statements

**Note 15 - Tax Abatements**

In May 2018, the Sugar Land City Council approved Resolution No. 18-16, as required by Chapter 312 of the Texas Tax Code, to strengthen minimum guidelines and criteria governing tax abatement agreements in the City of Sugar Land. The City has an ad valorem tax abatement program that abates property taxes on new value created as a result of the proposed project, with possible abatements available from the City, Fort Bend County, and, as applicable, other taxing jurisdictions. Tax abatement guidelines were renewed in 2020.

To be eligible to receive a tax abatement the guidelines stipulate that the company must add, at minimum, a value of \$4 million to the tax rolls, with the exact abatement percentage determined by a tiered structure related to the cumulative value of improvements and personal property. The City's maximum abatement duration is 10 years with abatement percentages ranging from 35% to 100%. To receive their abatement each year, companies must submit compliance documentation to the City as outlined in their respective tax abatement agreements. Compliance criteria may typically include, but are not limited to, the following requirements: minimum employee count, minimum average annual salary, minimum real, personal, and / or inventory value on tax roll, construction material / improvement receipts, minimum taxable sales, occupancy / lease requirements, and LEED certifications. Additionally, each company is required to submit their tax abatement application to the Fort Bend Central Appraisal District ("FBCAD") by April 30th of each year to receive their abatement. The FBCAD will apply the abatement after confirming with the City that no deductions need to occur, which would only happen if a company did not meet a certain requirement of their tax abatement agreement. Each agreement outlines how deductions will be calculated, if the noncompliance does not automatically result in a default for that year. The City typically includes a recapture clause in tax abatement agreements that requires the company to return all property taxes abated under the agreement with interest and penalties to the City should the City have to terminate the agreement due to noncompliance issues. The Office of Economic Development performs an annual assessment of the compliance performance for companies receiving tax abatements.

Currently, the City has 8 active tax abatement agreements under contract for tax year 2019. These companies comprise \$120 million in real and personal property values. They also provide \$15 million in inventory values not subject to tax abatement. In tax year 2019, the City abated \$94.7 million in improvements and personal property value, and the revenue received for real and personal property from these companies was \$214,672 for tax year 2019.

## **Required Supplementary Information**



# City of Sugar Land, Texas

## Schedule of Revenues, Expenditures, and Changes

### in Fund Balance – Budget and Actual

#### Major Fund - General Fund

For the Fiscal Year Ended September 30, 2020

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 30,946,472	\$ 31,056,122	\$ 30,936,983	\$ (119,139)
Sales tax	37,842,134	36,320,543	38,080,526	1,759,983
Franchise and other taxes	6,755,243	6,705,100	6,537,656	(167,444)
Licenses and permits	3,537,312	3,537,312	4,047,286	509,974
Fines and forfeitures	1,995,000	1,341,181	1,318,397	(22,784)
Charges for services	10,612,497	9,784,097	9,677,976	(106,121)
Investment earnings	590,100	590,250	505,561	(84,689)
Intergovernmental	897,547	1,098,069	1,210,193	112,124
Other	1,100,700	1,302,177	1,110,858	(191,319)
Total revenues	94,277,005	91,734,851	93,425,436	1,690,585
<b>EXPENDITURES</b>				
Current:				
General government	17,659,856	21,409,711	18,143,194	3,266,517
Administrative services	4,879,794	4,536,558	4,396,287	140,271
Public safety - Police	27,394,599	25,856,857	25,747,243	109,614
Public safety - Fire	17,494,377	17,107,215	16,667,351	439,864
Public works	14,496,404	13,534,318	12,682,531	851,787
Parks and recreation	5,269,242	4,967,075	4,740,228	226,847
Community development	6,131,587	5,865,456	5,556,124	309,332
Environmental and neighborhood services	6,653,026	6,498,185	6,186,662	311,523
Total expenditures	99,978,885	99,775,375	94,119,620	5,655,755
Excess (deficiency) of revenues over expenditures	(5,701,880)	(8,040,524)	(694,184)	7,346,340
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	350,000	364,550	364,550	-
Transfers out	(235,889)	(270,889)	(305,208)	34,319
Total other financing sources (uses)	114,111	93,661	59,342	34,319
Net change in fund balance	(5,587,769)	(7,946,863)	(634,842)	7,380,659
Fund balances, beginning of year	40,301,479	40,301,479	40,301,479	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 34,713,710</b>	<b>\$ 32,354,616</b>	<b>\$ 39,666,637</b>	<b>\$ 7,380,659</b>

The Notes to the Required Supplementary Information are an integral part of this schedule.



## City of Sugar Land, Texas

Notes to the Required Supplementary Information  
For the Fiscal Year Ended September 30, 2020

### Budgetary Compliance

The City of Sugar Land has complied with all material budget requirements for the year ended September 30, 2020.

Annual appropriated budgets are adopted for the General Fund, Special Revenue Funds and Debt Service Funds, using a budgetary basis of accounting consistent with the modified accrual basis of accounting, which is the basis used for financial reporting for these funds. All annual appropriations lapse at fiscal yearend. Project-length budgets are adopted for the Capital Project Fund. The City, for management control, approves a financial plan for the Enterprise and Internal Service Funds. City Council approves the annual budget for the component units included in the City's financial reporting entity, except Sugar Land Reinvestment Zone No. 1.

Expenditures may not legally exceed budgeted appropriations at the fund level. Expenditure requests that require an increase in total budgeted appropriation must be approved by City Council through a formal budget amendment. At any time in the fiscal year, the Council may make emergency appropriations to meet a pressing need for public expenditure in order to protect the public health, safety, or welfare. Management has the authority to transfer available funds allocated by the budget from one function/department or activity to another function or activity within the same department.

In cooperation with the department directors of the City and the Budget Officer, the City Manager prepares the annual budgets for the ensuing fiscal year, in a form and style as deemed desirable by the City Manager. The City Manager shall submit to the Council, for its review, consideration, and revision, both a letter describing the proposed new budget, as well as a balanced budget for the forthcoming fiscal year, not later than sixty (60) days prior to the end of the current fiscal year. The budget, as adopted, must set forth the appropriations for services, functions, and activities of the various City departments, and shall meet all fund requirements provided by law and required by bond covenants.

Amounts reported in the accompanying schedule represent the original budgeted amount plus all supplemental appropriations.

**City of Sugar Land, Texas**  
 Schedule of Changes in the Net Pension Liability  
 and Related Ratios  
 Texas Municipal Retirement System  
 For the Last Six Measurement Years Ended December 31\*

	<u>2019</u>	<u>2018</u>
<b>TOTAL PENSION LIABILITY</b>		
Service cost	\$ 9,691,514	\$ 9,388,573
Interest	17,163,025	15,982,991
Differences between expected and actual experience	(822,166)	(1,631,866)
Changes in assumptions	684,730	-
Benefit payments, including refunds of employee contributions	<u>(7,023,908)</u>	<u>(5,794,458)</u>
Net change in total pension liability	19,693,195	17,945,240
Total pension liability - beginning	<u>252,933,234</u>	<u>234,987,994</u>
<b>TOTAL PENSION LIABILITY - ENDING (a)</b>	<u>\$ 272,626,429</u>	<u>\$ 252,933,234</u>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - employer	\$ 7,950,423	\$ 7,856,693
Contributions - employee	3,765,424	3,634,956
Net investment income	32,960,678	(6,409,298)
Benefit payments, including refunds of employee contributions	(7,023,908)	(5,794,458)
Administrative expense	(186,022)	(123,770)
Other	<u>(5,589)</u>	<u>(6,466)</u>
Net change in plan fiduciary net position	37,461,006	(842,343)
Plan fiduciary net position - beginning	<u>212,949,610</u>	<u>213,791,953</u>
<b>PLAN FIDUCIARY NET POSITION - ENDING (b)</b>	<u>\$ 250,410,616</u>	<u>\$ 212,949,610</u>
<b>NET PENSION LIABILITY - ENDING (a)-(b)</b>	<u>\$ 22,215,813</u>	<u>\$ 39,983,624</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	91.85%	84.19%
<b>Covered payroll</b>	\$ 53,752,159	\$ 51,927,946
<b>Net pension liability as a percentage of covered payroll</b>	41.33%	77.00%

**Notes to Required Supplementary Information:**

The following actuarial assumptions affect trends in the amounts reported for the total pension liability:

Measurement years:	<u>2014</u>	<u>2015 - 2019</u>
Inflation	3.00%	2.50%
Investment rate of return	7.00%	6.75%
Discount rate	7.00%	6.75%

\*GASB Statement No. 68 requires 10 years of data; however, six years of data is presented as the data for the years prior to 2014 is not available. Additionally, GASB Statement No. 68 requires that the information on this schedule correspond with the period covered as of the plan measurement date (December 31 of the prior year).

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 9,074,683	\$ 8,454,923	\$ 8,049,539	\$ 6,851,489
14,773,403	13,448,410	12,692,457	11,663,572
(451,230)	2,302,226	3,187,321	(793,047)
-	-	(2,120,835)	-
<u>(5,473,504)</u>	<u>(4,298,333)</u>	<u>(3,894,213)</u>	<u>(3,351,164)</u>
17,923,352	19,907,226	17,914,269	14,370,850
<u>217,064,642</u>	<u>197,157,416</u>	<u>179,243,147</u>	<u>164,872,297</u>
<u>\$ 234,987,994</u>	<u>\$ 217,064,642</u>	<u>\$ 197,157,416</u>	<u>\$ 179,243,147</u>
\$ 7,432,931	\$ 6,863,791	\$ 6,787,295	\$ 6,171,200
3,503,739	3,266,250	3,144,351	2,801,455
25,390,226	11,233,878	236,145	8,361,151
(5,473,504)	(4,298,333)	(3,894,213)	(3,351,164)
(131,498)	(126,810)	(143,822)	(87,280)
<u>(6,665)</u>	<u>(6,832)</u>	<u>(7,103)</u>	<u>(7,176)</u>
30,715,229	16,931,944	6,122,653	13,888,186
<u>183,076,724</u>	<u>166,144,780</u>	<u>160,022,127</u>	<u>146,133,941</u>
<u>\$ 213,791,953</u>	<u>\$ 183,076,724</u>	<u>\$ 166,144,780</u>	<u>\$ 160,022,127</u>
<u>\$ 21,196,041</u>	<u>\$ 33,987,918</u>	<u>\$ 31,012,636</u>	<u>\$ 19,221,020</u>
90.98%	84.34%	84.27%	89.28%
\$ 50,053,408	\$ 46,660,720	\$ 44,919,301	\$ 40,020,785
42.35%	72.84%	69.04%	48.03%



<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 6,731,282	\$ 6,051,096	\$ 5,646,329	\$ 5,577,309	\$ 5,800,525
<u>(6,731,282)</u>	<u>(6,051,096)</u>	<u>(5,646,329)</u>	<u>(5,577,309)</u>	<u>(5,800,525)</u>
<u>\$ -</u>				
\$ 43,906,341	\$ 39,133,715	\$ 36,193,853	\$ 35,535,263	\$ 36,245,839
15.3%	15.5%	15.6%	15.7%	16.0%

# City of Sugar Land, Texas

## Schedule of Changes in Total OPEB Liabilities and Related Ratios

For the Last Three Measurement Years Ended December 31\*

Supplemental Death Benefits Fund (SDBF)	2019	2018	2017
<b>TOTAL OPEB LIABILITY</b>			
Service cost	\$ 80,628	\$ 88,278	\$ 75,080
Interest	53,760	48,529	45,918
Change of benefit terms	-	-	-
Difference between expected and actual experience	(39,591)	(26,653)	-
Changes in assumptions	323,442	(118,129)	128,880
Benefit payments	(5,375)	(5,193)	(5,005)
Net change in total OPEB liability	412,864	(13,168)	244,873
Total OPEB liability - beginning	1,411,433	1,424,601	1,179,728
<b>TOTAL OPEB LIABILITY - ENDING</b>	<b>\$ 1,824,297</b>	<b>\$ 1,411,433</b>	<b>\$ 1,424,601</b>
<b>Covered-employee payroll</b>	<b>\$ 53,752,159</b>	<b>\$ 51,927,946</b>	<b>\$ 50,053,408</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>3.39%</b>	<b>2.72%</b>	<b>2.85%</b>

Retiree Health Care Plan (RHCP)	2019	2018	2017
<b>TOTAL OPEB LIABILITY</b>			
Service cost	\$ 290,583	\$ 283,352	\$ 226,834
Interest	182,637	143,990	146,451
Change of benefit terms	-	-	-
Difference between expected and actual experience	15,885	186,156	(4,427)
Changes in assumptions	169,233	42,490	194,701
Benefit payments	(99,515)	(74,311)	(96,770)
Net change in total OPEB liability	558,823	581,677	466,789
Total OPEB liability - beginning	4,827,303	4,245,626	3,778,837
<b>TOTAL OPEB LIABILITY - ENDING</b>	<b>\$ 5,386,126</b>	<b>\$ 4,827,303</b>	<b>\$ 4,245,626</b>
<b>Covered-employee payroll</b>	<b>\$ 53,752,159</b>	<b>\$ 51,927,946</b>	<b>\$ 50,053,408</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>10.02%</b>	<b>9.30%</b>	<b>8.48%</b>

### Notes to Required Supplementary Information

Change of assumptions: Change of assumptions and other inputs include the effects of changes in the discount rate each period. The following are the discount rates used in each measurement period:

Year	Discount Rate
2019	2.75%
2018	3.71%
2017	3.31%

The City's OPEB plans are considered to be unfunded plans, as there are no assets accumulated in a trust to pay related benefits. Therefore plan fiduciary net position and related ratios are not reported in the accompanying schedules for the City's OPEB plans. There were no benefit changes during the periods presented.

\*GASB Statement No. 75 requires 10 years of data; however, three years of data is presented as the data for the years prior to 2017 is not available. Additionally, GASB Statement No. 75 requires that information on this schedule correspond with the period covered as of the plan measurement date (December 31 of the prior year).

## **Other Supplementary Information**



**NONMAJOR GOVERNMENTAL FUNDS**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed for expenditures for specific purposes.

**Tourism Fund** - This special revenue fund is used to account for revenues received from a room occupancy tax and expenditures for the promotion of tourism and the convention and hotel industry

**Court Security Fund** - This special revenue fund is used to account for the revenues and expenditures related to the fees from court fines used for Court Security as set up by State Statute.

**Community Development Block Grant Fund** - This special revenue fund is used to account for the block grant that the City can use to revitalize neighborhoods, expand affordable housing and economic opportunities, and/or improve community facilities and services, principally to benefit low and moderate income persons.

**Court Technology Fund** - This fund is used to account for revenues and expenditures related to fees from court fines used for Court Technology improvements as set up by State Statute.

**Law Enforcement Grant Fund** - This fund is used to account for grants and asset forfeitures. The proceeds are restricted for use by the Police Department.

**Debt Reduction Funds** - These funds are used to account for activities as a result of agreements with various Municipal Utility Districts in the City's ETJ's whereby the resources are to be accumulated in order to assist with debt retirements upon dissolution of such entities. These include Riverstone and Tara Plantation.

**Sugar Land Development Corporation Fund** - This fund is used to account for the promoting of economic and development activities on behalf of the City. The principal source of revenue for the Sugar Land Development Corporation Fund is sales taxes.

**Enclave at River Park PID** - This fund allows the City to levy and collect an assessment on property within the PID for reimbursement of expenses associated with improvement projects which include: water, wastewater, or drainage facility construction/improvements; street and sidewalk construction/improvements; park and recreation establishment/improvements; acquisition of property; and administration/operational expenses.

**Truancy Prevention Fund** - This fund is used to account for the finances and support of personnel and programs geared towards maximizing school attendance and limiting juvenile referrals to the court system, as set up by state statute from local court costs beginning January 1, 2020.

**Jury Services Fund** - This fund is used to fund juror reimbursements and otherwise finance jury services, as set up by state statute from local court costs beginning January 1, 2020.

**City of Sugar Land, Texas**  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 September 30, 2020

	Tourism Fund	Court Security Fund	Community Development Block Grant	Court Technology Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 8,960	\$ -	\$ -	\$ -
Receivables (net of allowance for uncollectibles)	331,415	-	87,773	1,347
Inventories	8,403	-	-	-
Prepaid items	-	-	-	-
Restricted cash and cash equivalents	1,196,003	16,038	-	12,771
Restricted investments	-	-	-	-
	<u>1,544,781</u>	<u>16,038</u>	<u>87,773</u>	<u>14,118</u>
Total assets	<u>\$ 1,544,781</u>	<u>\$ 16,038</u>	<u>\$ 87,773</u>	<u>\$ 14,118</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 13,171	\$ -	\$ 87,773	\$ -
Accrued expenditures	9,377	1,231	-	-
	<u>22,548</u>	<u>1,231</u>	<u>87,773</u>	<u>-</u>
Total liabilities	22,548	1,231	87,773	-
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	-	-	-	-
<b>FUND BALANCES</b>				
Nonspendable:				
Inventories	8,403	-	-	-
Prepaid items	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Economic development activities	-	-	-	-
Public safety	-	14,807	-	14,118
Tourism and Marketing	1,513,830	-	-	-
	<u>1,522,233</u>	<u>14,807</u>	<u>-</u>	<u>14,118</u>
Total fund balances	1,522,233	14,807	-	14,118
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 1,544,781</u>	<u>\$ 16,038</u>	<u>\$ 87,773</u>	<u>\$ 14,118</u>

Law Enforcement Grant Fund	Debt Reduction Funds	Sugal Land Development Corporation Fund	Enclave at River Park PID	Truancy Prevention Fund	Jury Services	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 21,738	\$ 435	\$ 31,133
4	33,479	1,014,885	25,393	-	-	1,494,296
-	-	-	-	-	-	8,403
-	-	2,740	-	-	-	2,740
547,505	1,166,751	8,989,354	69,173	-	-	11,997,595
-	257,413	1,008,135	-	-	-	1,265,548
<u>\$ 547,509</u>	<u>\$ 1,457,643</u>	<u>\$ 11,015,114</u>	<u>\$ 94,566</u>	<u>\$ 21,738</u>	<u>\$ 435</u>	<u>\$ 14,799,715</u>
\$ -	\$ -	\$ 69,874	\$ 3,312	\$ -	\$ -	\$ 174,130
-	-	-	-	-	-	10,608
-	-	69,874	3,312	-	-	184,738
-	-	-	22,080	-	-	22,080
-	-	-	22,080	-	-	22,080
-	-	-	-	-	-	8,403
-	-	2,740	-	-	-	2,740
-	1,457,643	3,936,356	69,174	-	-	5,463,173
-	-	7,006,144	-	-	-	7,006,144
547,509	-	-	-	21,738	435	598,607
-	-	-	-	-	-	1,513,830
<u>547,509</u>	<u>1,457,643</u>	<u>10,945,240</u>	<u>69,174</u>	<u>21,738</u>	<u>435</u>	<u>14,592,897</u>
<u>\$ 547,509</u>	<u>\$ 1,457,643</u>	<u>\$ 11,015,114</u>	<u>\$ 94,566</u>	<u>\$ 21,738</u>	<u>\$ 435</u>	<u>\$ 14,799,715</u>

**City of Sugar Land, Texas**

Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Fiscal Year Ended September 30, 2020

	Tourism Fund	Court Security Fund	Community Development Block Grant	Court Technology Fund
<b>REVENUES</b>				
Sales tax	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	1,420,325	-	-	-
Fines and forfeitures	-	35,693	-	36,576
Investment earnings	13,059	136	-	252
Intergovernmental	82,252	-	172,978	-
Other	35,816	-	-	-
<b>Total revenues</b>	<b>1,551,452</b>	<b>35,829</b>	<b>172,978</b>	<b>36,828</b>
<b>EXPENDITURES</b>				
Current:				
General government	714,632	-	172,978	-
Administrative services	-	39,725	-	49,020
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>714,632</b>	<b>39,725</b>	<b>172,978</b>	<b>49,020</b>
Excess (deficiency) of revenues over (under) expenditures	836,820	(3,896)	-	(12,192)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	82,252	-	-	-
Transfers out	(1,351,140)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(1,268,888)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(432,068)</b>	<b>(3,896)</b>	<b>-</b>	<b>(12,192)</b>
Fund balances, beginning of year	1,954,301	18,703	-	26,310
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 1,522,233</b>	<b>\$ 14,807</b>	<b>\$ -</b>	<b>\$ 14,118</b>

Law Enforcement Grant Fund	Debt Reduction Funds	Sugal Land Development Corporation Fund	Enclave at River Park PID	Truancy Prevention Fund	Jury Services	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 6,346,754	\$ -	\$ -	\$ -	\$ 6,346,754
-	-	-	103,559	-	-	1,523,884
-	-	-	-	21,738	435	94,442
2,617	23,050	113,811	726	-	-	153,651
-	263,081	1,250,000	-	-	-	1,768,311
185,673	-	52,590	-	-	-	274,079
188,290	286,131	7,763,155	104,285	21,738	435	10,161,121
-	-	2,226,949	-	-	-	3,114,559
-	-	2,740	49	-	-	91,534
-	-	1,980,000	-	-	-	1,980,000
-	-	2,110,984	-	-	-	2,110,984
-	-	121,100	-	-	-	121,100
-	-	6,441,773	49	-	-	7,418,177
188,290	286,131	1,321,382	104,236	21,738	435	2,742,944
-	-	-	60,160	-	-	142,412
-	-	(1,525,889)	(165,419)	-	-	(3,042,448)
-	-	(1,525,889)	(105,259)	-	-	(2,900,036)
188,290	286,131	(204,507)	(1,023)	21,738	435	(157,092)
359,219	1,171,512	11,149,747	70,197	-	-	14,749,989
\$ 547,509	\$ 1,457,643	\$ 10,945,240	\$ 69,174	\$ 21,738	\$ 435	\$ 14,592,897

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Major Fund – Debt Service Fund

For the Fiscal Year Ended September 30, 2020

With Comparative Actual Totals for the Year Ended September 30, 2019

	2020		Variance Positive (Negative)	2019
	Budget Final	Actual		
<b>REVENUES</b>				
Property taxes	\$ 20,977,825	\$ 21,062,713	\$ 84,888	\$ 21,353,784
Investment earnings	158,000	103,381	(54,619)	308,958
Other	1,352,466	1,352,229	(237)	1,868,689
Total revenues	22,488,291	22,518,323	30,032	23,531,431
<b>EXPENDITURES</b>				
Current:				
Administrative services	1,741,256	1,706,424	34,832	1,754,394
Debt service:				
Principal	19,969,254	19,969,254	-	34,411,024
Interest and other charges	8,885,805	8,935,002	(49,197)	8,784,592
Bond issuance costs	101,255	100,328	927	122,533
Total expenditures	30,697,570	30,711,008	(13,438)	45,072,543
Excess (deficiency) of revenues over expenditures	(8,209,279)	(8,192,685)	16,594	(21,541,112)
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	12,245,000	12,245,000	-	13,715,000
Premium on debt issued	1,067,235	1,067,235	-	1,215,416
Payment to refunded bond escrow agent	(13,312,235)	(13,312,235)	-	-
Transfers in	7,318,749	7,318,749	-	9,268,029
Transfers out	(82,502)	(82,751)	249	(73,806)
Total other financing sources (uses)	7,236,247	7,235,998	249	24,124,639
Net change in fund balance	(973,032)	(956,687)	16,843	2,583,527
Fund balance, beginning of year	8,847,239	8,847,239	-	6,263,712
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 7,874,207</b>	<b>\$ 7,890,552</b>	<b>\$ 16,843</b>	<b>\$ 8,847,239</b>

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Tourism Fund

For the Fiscal Year Ended September 30, 2020

With Comparative Actual Totals for the Year Ended September 30, 2019

	2020			2019
	Budget Final	Actual	Variance Positive (Negative)	
<b>REVENUES</b>				
Franchise and other taxes	\$ 1,655,922	\$ 1,420,325	\$ (235,597)	\$ 2,402,962
Investment earnings	20,920	13,059	(7,861)	37,333
Intergovernmental	88,485	82,252	(6,233)	-
Other	29,100	35,816	6,716	22,232
Total revenues	1,794,427	1,551,452	(242,975)	2,462,527
<b>EXPENDITURES</b>				
Current:				
General government	822,319	714,632	107,687	819,192
Total expenditures	822,319	714,632	107,687	819,192
Excess (deficiency) of revenues over expenditures	972,108	836,820	(135,288)	1,643,335
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	88,985	82,252	(6,733)	-
Transfers out	(1,351,140)	(1,351,140)	-	(1,483,315)
Total other financing sources (uses)	(1,262,155)	(1,268,888)	(6,733)	(1,483,315)
Net change in fund balance	(290,047)	(432,068)	(142,021)	160,020
Fund balance, beginning of year	1,954,301	1,954,301	-	1,794,281
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,664,254</b>	<b>\$ 1,522,233</b>	<b>\$ (142,021)</b>	<b>\$ 1,954,301</b>

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Court Security Fund

For the Fiscal Year Ended September 30, 2020

With Comparative Actual Totals for the Year Ended September 30, 2019

	2020			2019
	Budget Final	Actual	Variance Positive (Negative)	
<b>REVENUES</b>				
Fines and forfeitures	\$ 36,368	\$ 35,693	\$ (675)	\$ 37,536
Investment earnings	298	136	(162)	382
Total revenues	36,666	35,829	(837)	37,918
<b>EXPENDITURES</b>				
Current:				
Administrative services	40,500	39,725	775	38,975
Total expenditures	40,500	39,725	775	38,975
Net change in fund balance	(3,834)	(3,896)	(62)	(1,057)
Fund balance, beginning of year	18,703	18,703	-	19,760
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 14,869</u>	<u>\$ 14,807</u>	<u>\$ (62)</u>	<u>\$ 18,703</u>

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Community Development Block Grant

For the Fiscal Year Ended September 30, 2020

With Comparative Actual Totals for the Year Ended September 30, 2019

	2020			2019
	Budget Final	Actual	Variance Positive (Negative)	
<b>REVENUES</b>				
Intergovernmental	\$ 193,600	\$ 172,978	\$ (20,622)	\$ 201,069
Total revenues	193,600	172,978	(20,622)	201,069
<b>EXPENDITURES</b>				
Current:				
General government	193,600	172,978	20,622	201,069
Total expenditures	193,600	172,978	20,622	201,069
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Court Technology Fund

For the Fiscal Year Ended September 30, 2020

With Comparative Actual Totals for the Year Ended September 30, 2019

	2020			2019
	Budget Final	Actual	Variance Positive (Negative)	
<b>REVENUES</b>				
Fines and forfeitures	\$ 36,383	\$ 36,576	\$ 193	\$ 50,049
Investment earnings	275	252	(23)	854
Total revenues	36,658	36,828	170	50,903
<b>EXPENDITURES</b>				
Current:				
Administrative services	57,088	49,020	8,068	56,493
Total expenditures	57,088	49,020	8,068	56,493
Excess (deficiency) of revenues over expenditures	(20,430)	(12,192)	8,238	(5,590)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	6,469
Total other financing sources (uses)	-	-	-	6,469
Net change in fund balance	(20,430)	(12,192)	8,238	879
Fund balance, beginning of year	26,310	26,310	-	25,431
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 5,880</b>	<b>\$ 14,118</b>	<b>\$ 8,238</b>	<b>\$ 26,310</b>

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Law Enforcement Grant Fund

For the Fiscal Year Ended September 30, 2020

With Comparative Actual Totals for the Year Ended September 30, 2019

	2020			2019
	Budget Final	Actual	Variance Positive (Negative)	
<b>REVENUES</b>				
Investment earnings	3,695	2,617	(1,078)	5,615
Other	-	185,673	185,673	120,679
Total revenues	3,695	188,290	184,595	126,294
<b>EXPENDITURES</b>				
Total expenditures	-	-	-	-
Net change in fund balance	3,695	188,290	184,595	126,294
Fund balance, beginning of year	359,219	359,219	-	232,925
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 362,914</b>	<b>\$ 547,509</b>	<b>\$ 184,595</b>	<b>\$ 359,219</b>

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Debt Reduction Funds

For the Fiscal Year Ended September 30, 2020

With Comparative Actual Totals for the Year Ended September 30, 2019

	2020			2019
	Budget Final	Actual	Variance Positive (Negative)	
<b>REVENUES</b>				
Investment earnings	18,450	23,050	4,600	63,294
Intergovernmental	245,025	263,081	18,056	215,271
Total revenues	263,475	286,131	22,656	278,565
<b>EXPENDITURES</b>				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	263,475	286,131	22,656	278,565
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	-	(1,586,665)
Total other financing sources (uses)	-	-	-	(1,586,665)
Net change in fund balance	263,475	286,131	22,656	(1,308,100)
Fund balance, beginning of year	1,171,512	1,171,512	-	2,479,612
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,434,987</u>	<u>\$ 1,457,643</u>	<u>\$ 22,656</u>	<u>\$ 1,171,512</u>

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Sugar Land Development Corporation Fund

For the Fiscal Year Ended September 30, 2020

With Comparative Actual Totals for the Year Ended September 30, 2019

	2020			2019
	Budget Final	Actual	Variance Positive (Negative)	
<b>REVENUES</b>				
Sales tax	\$ 6,053,424	\$ 6,346,754	\$ 293,330	\$ 6,764,278
Investment earnings	124,096	113,811	(10,285)	262,406
Intergovernmental	1,250,000	1,250,000	-	1,150,000
Other	49,860	52,590	2,730	124,557
Total revenues	7,477,380	7,763,155	285,775	8,301,241
<b>EXPENDITURES</b>				
Current:				
General government	2,706,867	2,226,949	479,918	1,973,234
Administrative services	2,740	2,740	-	2,740
Debt service:				
Principal	1,980,000	1,980,000	-	1,900,000
Interest and other charges	2,111,234	2,110,984	250	2,212,621
Capital outlay	150,000	121,100	28,900	123,436
Total expenditures	6,950,841	6,441,773	509,068	6,212,031
Excess (deficiency) of revenues over expenditures	526,539	1,321,382	794,843	2,089,210
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,527,687)	(1,525,889)	(1,798)	(555,000)
Total other financing sources (uses)	(1,527,687)	(1,525,889)	(1,798)	(555,000)
Net change in fund balance	(1,001,148)	(204,507)	793,045	1,534,210
Fund balance, beginning of year	11,149,747	11,149,747	-	9,615,537
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 10,148,599</b>	<b>\$ 10,945,240</b>	<b>\$ 793,045</b>	<b>\$ 11,149,747</b>

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Enclave at River Park PID

For the Fiscal Year Ended September 30, 2020

With Comparative Actual Totals for the Year Ended September 30, 2019

	2020		Variance Positive (Negative)	2019
	Budget Final	Actual		
<b>REVENUES</b>				
Franchise and other taxes	\$ 103,004	\$ 103,559	\$ 555	\$ 137,831
Investment earnings	800	726	(74)	4,110
Total revenues	103,804	104,285	481	141,941
<b>EXPENDITURES</b>				
Current:				
Administrative services	50	49	1	495,998
Total expenditures	50	49	1	495,998
Excess (deficiency) of revenues over expenditures	103,754	104,236	482	(354,057)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	63,017	60,160	(2,857)	44,450
Transfers out	(165,419)	(165,419)	-	(119,562)
Total other financing sources (uses)	(102,402)	(105,259)	(2,857)	(75,112)
Net change in fund balance	1,352	(1,023)	(2,375)	(429,169)
Fund balance, beginning of year	70,197	70,197	-	499,366
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 71,549</b>	<b>\$ 69,174</b>	<b>\$ (2,375)</b>	<b>\$ 70,197</b>

## City of Sugar Land, Texas

Internal Service Funds

September 30, 2020

### INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

**Employee Benefits Fund** - This fund is used to account for all financial resources for employee benefits provided to employees except for workers' compensation and retirement.

**Fleet Replacement Fund** - This fund is used to account for all financial resources for vehicle and equipment replacement.

**High-Technology Replacement Fund** - This fund is used to account for all financial resources for electronic and radio equipment replacement.

**City of Sugar Land, Texas**  
Combining Statement of Net Position  
Internal Service Funds  
September 30, 2020

	<u>Employee Benefits Fund</u>	<u>Fleet Replacement Fund</u>	<u>High- Technology Replacement Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,151,340	\$ 3,212,115	\$ 3,340,689	\$ 8,704,144
Cash with fiscal agent	588,000	-	-	588,000
Investments	-	248,953	-	248,953
Receivables, net of allowance for uncollectibles	548	2,864	13	3,425
Prepaid items	328,086	-	-	328,086
	<u>3,067,974</u>	<u>3,463,932</u>	<u>3,340,702</u>	<u>9,872,608</u>
Total current assets				
Noncurrent assets:				
Capital assets:				
Capital assets being depreciated	-	4,354,914	560,538	4,915,452
	<u>-</u>	<u>4,354,914</u>	<u>560,538</u>	<u>4,915,452</u>
Total noncurrent assets				
	<u>-</u>	<u>4,354,914</u>	<u>560,538</u>	<u>4,915,452</u>
Total assets	3,067,974	7,818,846	3,901,240	14,788,060
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	19,875	376	4,050	24,301
Claims and judgments	510,995	-	-	510,995
	<u>530,870</u>	<u>376</u>	<u>4,050</u>	<u>535,296</u>
Total current liabilities				
	<u>530,870</u>	<u>376</u>	<u>4,050</u>	<u>535,296</u>
Total liabilities	530,870	376	4,050	535,296
<b>NET POSITION</b>				
Investment in capital assets	-	4,354,914	560,538	4,915,452
Unrestricted	2,537,104	3,463,556	3,336,652	9,337,312
	<u>2,537,104</u>	<u>3,463,556</u>	<u>3,336,652</u>	<u>9,337,312</u>
<b>TOTAL NET POSITION</b>	<u>\$ 2,537,104</u>	<u>\$ 7,818,470</u>	<u>\$ 3,897,190</u>	<u>\$ 14,252,764</u>

## City of Sugar Land, Texas

Combining Statement of Revenues, Expenses,  
and Changes in Net Position  
Internal Service Funds  
For the Fiscal Year Ended September 30, 2020

	Employee Benefits Fund	Fleet Replacement Fund	High- Technology Replacement Fund	Total Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 13,314,971	\$ 1,770,821	\$ 1,290,048	\$ 16,375,840
Total operating revenues	13,314,971	1,770,821	1,290,048	16,375,840
<b>OPERATING EXPENSES</b>				
Personnel services	-	68,319	-	68,319
Supplies and materials	2,644	269,446	523,670	795,760
Contractual services	49,500	-	-	49,500
Repairs and maintenance	-	1,324	107,623	108,947
Insurance claims	12,186,232	-	-	12,186,232
Depreciation	-	830,036	345,868	1,175,904
Total operating expenses	12,238,376	1,169,125	977,161	14,384,662
Operating income	1,076,595	601,696	312,887	1,991,178
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and investment revenue	5,187	40,966	32,275	78,428
Gain (loss) on disposal of capital assets	-	63,135	3,704	66,839
Total nonoperating revenues (expenses)	5,187	104,101	35,979	145,267
Income (loss) before capital contributions and transfers	1,081,782	705,797	348,866	2,136,445
Transfers in	183,155	-	-	183,155
Change in net position	1,264,937	705,797	348,866	2,319,600
Net position, beginning of year	1,272,167	7,112,673	3,548,324	11,933,164
<b>NET POSITION, END OF YEAR</b>	<b>\$ 2,537,104</b>	<b>\$ 7,818,470</b>	<b>\$ 3,897,190</b>	<b>\$ 14,252,764</b>

**City of Sugar Land, Texas**  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended September 30, 2020

	Employee Benefits Fund	Fleet Replacement Fund	High- Technology Replacement Fund	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from interfund charges for services	\$ 13,680,186	\$ 1,840,843	\$ 1,327,878	\$ 16,848,907
Disbursed for personnel services	-	(68,319)	-	(68,319)
Disbursed for goods and services	(12,664,459)	(297,661)	(1,139,205)	(14,101,325)
Net cash provided by operating activities	1,015,727	1,474,863	188,673	2,679,263
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	183,155	-	-	183,155
Net cash provided by noncapital financing activities	183,155	-	-	183,155
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	-	(1,574,373)	-	(1,574,373)
Proceeds from sale of capital assets	-	63,135	3,704	66,839
Net cash provided (used) by capital and related financing activities	-	(1,511,238)	3,704	(1,507,534)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sale of investments, net	-	1,753,318	2,000,589	3,753,907
Interest received	5,187	40,966	32,275	78,428
Net cash provided by investing activities	5,187	1,794,284	2,032,864	3,832,335
Net increase in cash and cash equivalents	1,204,069	1,757,909	2,225,241	5,187,219
Cash and cash equivalents, beginning balance	947,271	1,454,206	1,115,448	3,516,925
<b>CASH AND CASH EQUIVALENTS, ENDING BALANCE</b>	<b>\$ 2,151,340</b>	<b>\$ 3,212,115</b>	<b>\$ 3,340,689</b>	<b>\$ 8,704,144</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 1,076,595	\$ 601,696	\$ 312,887	\$ 1,991,178
Adjustments to reconcile operating income to cash provided by operating activities:				
Depreciation and amortization	-	830,036	345,868	1,175,904
Changes in assets, liabilities and related deferrals:				
(Increase) decrease in assets and deferred outflows:				
Receivables, net of allowances	365,215	70,022	37,830	473,067
Prepaid items	(318,203)	-	-	(318,203)
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable	(68,612)	(26,891)	(507,912)	(603,415)
Claims and judgments	(39,268)	-	-	(39,268)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 1,015,727</b>	<b>\$ 1,474,863</b>	<b>\$ 188,673</b>	<b>\$ 2,679,263</b>

**Discretely Presented Component Units  
Fund Based Financial Statements**



**City of Sugar Land, Texas**  
Discretely Presented Component Units  
Balance Sheets – Governmental Funds  
September 30, 2020

	Sugar Land 4B Corporation	Sugar Land Town Square Tax Increment Reinvestment Zone No. 1	Sugar Land Reinvestment Zone No. 3	Sugar Land Reinvestment Zone No. 4	Total Component Units
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,276,642	\$ 99,843	\$ 19,124	\$ 4,040,754	\$ 13,436,363
Investments	504,825	-	-	-	504,825
Receivables, net of allowance for uncollectibles	1,013,099	2	-	4	1,013,105
Prepaid items	1,639	-	-	-	1,639
Restricted cash and cash equivalents	2,441,009	-	-	-	2,441,009
<b>TOTAL ASSETS</b>	<b>\$ 13,237,214</b>	<b>\$ 99,845</b>	<b>\$ 19,124</b>	<b>\$ 4,040,758</b>	<b>\$ 17,396,941</b>
<b>LIABILITIES</b>					
Accounts payable and accrued expenditures	\$ 15,957	\$ -	\$ -	\$ -	\$ 15,957
Total liabilities	15,957	-	-	-	15,957
<b>FUND BALANCES</b>					
Nonsependable:					
Prepaid items	1,639	-	-	-	1,639
Restricted for:					
Debt service	2,441,009	-	-	-	2,441,009
Economic development activities	10,778,609	99,845	19,124	4,040,758	14,938,336
Total fund balances	13,221,257	99,845	19,124	4,040,758	17,380,984
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 13,237,214</b>	<b>\$ 99,845</b>	<b>\$ 19,124</b>	<b>\$ 4,040,758</b>	<b>\$ 17,396,941</b>
Reconciliation from fund balance to net position					
Fund balance	\$ 13,221,257	\$ 99,845	\$ 19,124	\$ 4,040,758	\$ 17,380,984
Plus deferred outflows of resources	68,947	-	-	-	68,947
Less long-term liabilities	(26,573,987)	-	-	-	(26,573,987)
Less interest payable	(122,307)	-	-	-	(122,307)
<b>NET POSITION</b>	<b>\$ (13,406,090)</b>	<b>\$ 99,845</b>	<b>\$ 19,124</b>	<b>\$ 4,040,758</b>	<b>\$ (9,246,363)</b>

**City of Sugar Land, Texas**  
 Discretely Presented Component Units  
 Statements of Revenues, Expenditures, and  
 Changes in Fund Balances – Governmental Funds  
 For the Fiscal Year Ended September 30, 2020

	Sugar Land 4B Corporation	Sugar Land Town Square Tax Increment Reinvestment Zone No. 1	Sugar Land Reinvestment Zone No. 3	Sugar Land Reinvestment Zone No. 4	Total Component Units
<b>REVENUES</b>					
Property taxes	\$ -	\$ 1,717,993	\$ 965,896	\$ 1,007,902	\$ 3,691,791
Sales tax	6,346,754	-	-	-	6,346,754
Investment earnings	116,441	1,768	471	25,613	144,293
Intergovernmental	156,886	-	-	-	156,886
Other	80,000	-	-	-	80,000
<b>Total revenues</b>	<b>6,700,081</b>	<b>1,719,761</b>	<b>966,367</b>	<b>1,033,515</b>	<b>10,419,724</b>
<b>EXPENDITURES</b>					
Current:					
General government	2,428,610	1,738,151	985,258	25,808	5,177,827
Debt service:					
Principal	2,340,000	-	-	-	2,340,000
Interest and other charges	703,346	-	-	-	703,346
Bond issuance costs	434,358	-	-	-	434,358
Capital outlay	260,546	-	-	-	260,546
<b>Total expenditures</b>	<b>6,166,860</b>	<b>1,738,151</b>	<b>985,258</b>	<b>25,808</b>	<b>8,916,077</b>
Excess (deficiency) of revenues over (under) expenditures	533,221	(18,390)	(18,891)	1,007,707	1,503,647
<b>OTHER FINANCING SOURCES (USES)</b>					
Refunding bonds issued	24,725,000	-	-	-	24,725,000
Premium on debt issued	2,432,311	-	-	-	2,432,311
Payments to refunded bond escrow agent	(26,715,744)	-	-	-	(26,715,744)
<b>Total other financing sources (uses)</b>	<b>441,567</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>441,567</b>
<b>Net change in fund balances</b>	<b>974,788</b>	<b>(18,390)</b>	<b>(18,891)</b>	<b>1,007,707</b>	<b>1,945,214</b>
Fund balances, beginning of year	12,246,469	118,235	38,015	3,033,051	15,435,770
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 13,221,257</b>	<b>\$ 99,845</b>	<b>\$ 19,124</b>	<b>\$ 4,040,758</b>	<b>\$ 17,380,984</b>
Reconciliation from changes in fund balance to changes in net position					
Change in fund balance	\$ 974,788	\$ (18,390)	\$ (18,891)	\$ 1,007,707	\$ 1,945,214
Add principal payments	2,340,000	-	-	-	2,340,000
Add other changes in long-term assets and liabilities	(740,295)	-	-	-	(740,295)
<b>CHANGES IN NET POSITION</b>	<b>\$ 2,574,493</b>	<b>\$ (18,390)</b>	<b>\$ (18,891)</b>	<b>\$ 1,007,707</b>	<b>\$ 3,544,919</b>

# Statistical Section



**Statistical Section**  
(Unaudited)

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

	<u>Page</u>
<b>Financial Trends – Schedules 1-4</b>	128
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity – Schedules 5-9</b>	138
These schedules contain information to help the reader assess the City's most significant local revenue sources: sales and property taxes.	
<b>Debt Capacity – Schedules 10-13</b>	147
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>Demographic and Economic Information – Schedules 14-15</b>	153
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information – Schedules 16-18</b>	156
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of Sugar Land, Texas**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
*(Amounts in 000's – Accrual Basis of Accounting)*

	<u>2020</u>	<u>2019</u>	<u>2018*</u>	<u>2017</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 365,400	\$ 359,391	\$ 358,639	\$ 340,298
Restricted	21,241	22,177	19,535	21,152
Unrestricted	18,105	19,059	23,129	23,084
<b>TOTAL GOVERNMENTAL ACTIVITIES NET POSITION</b>	<u>\$ 404,746</u>	<u>\$ 400,627</u>	<u>\$ 401,303</u>	<u>\$ 384,534</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	\$ 234,213	\$ 237,564	\$ 252,642	\$ 228,369
Restricted	9,003	11,190	9,770	9,116
Unrestricted	44,065	48,726	48,149	45,383
<b>TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION</b>	<u>\$ 287,281</u>	<u>\$ 297,480</u>	<u>\$ 310,561</u>	<u>\$ 282,868</u>
<b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	\$ 599,613	\$ 596,955	\$ 611,281	\$ 568,667
Restricted	30,244	33,367	29,305	30,268
Unrestricted	62,170	67,785	71,278	68,467
<b>TOTAL PRIMARY GOVERNMENT NET POSITION</b>	<u>\$ 692,027</u>	<u>\$ 698,107</u>	<u>\$ 711,864</u>	<u>\$ 667,402</u>

\*In fiscal year 2018, the City annexed the neighborhoods of Greatwood and New Territory, and dissolved the associated Municipal Utility Districts effective December 12, 2017.

## Schedule 1

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 304,720	\$ 268,582	\$ 282,719	\$ 280,082	\$ 255,293	\$ 213,685
24,902	51,879	28,311	20,305	18,863	14,705
37,413	24,026	37,503	32,551	27,698	26,882
<u>\$ 367,035</u>	<u>\$ 344,487</u>	<u>\$ 348,533</u>	<u>\$ 332,938</u>	<u>\$ 301,854</u>	<u>\$ 255,272</u>
\$ 225,650	\$ 224,544	\$ 229,356	\$ 231,676	\$ 240,741	\$ 224,092
8,549	27,736	26,945	8,068	7,926	7,475
47,766	22,722	16,718	23,675	9,848	15,760
<u>\$ 281,965</u>	<u>\$ 275,002</u>	<u>\$ 273,019</u>	<u>\$ 263,419</u>	<u>\$ 258,515</u>	<u>\$ 247,327</u>
\$ 530,370	\$ 493,126	\$ 512,075	\$ 511,758	\$ 496,034	\$ 437,777
33,451	79,615	55,256	28,373	26,789	22,180
85,179	46,748	54,221	56,226	37,546	42,642
<u>\$ 649,000</u>	<u>\$ 619,489</u>	<u>\$ 621,552</u>	<u>\$ 596,357</u>	<u>\$ 560,369</u>	<u>\$ 502,599</u>

**City of Sugar Land, Texas**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
*(Accrual Basis of Accounting)*

	<u>2020</u>	<u>2019</u>	<u>2018**</u>	<u>2017</u>
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 21,662,768	\$ 23,018,595	\$ 19,825,982	\$ 23,393,933
Administrative services	7,277,456	5,705,656	5,877,451	5,514,367
Public safety - Police	26,657,068	28,010,543	26,691,650	26,137,845
Public safety - Fire	17,330,279	15,098,092	14,516,604	14,196,831
Public safety - EMS	-	2,137,263	2,109,566	1,803,131
Public works	35,122,270	32,541,073	37,700,186	27,074,624
Parks and recreation	8,059,592	9,471,888	10,891,960	7,870,047
Community development	5,683,703	7,597,307	5,570,870	5,563,555
Environmental and neighborhood services	7,065,218	6,873,883	6,138,127	6,064,691
Interest on long-term debt	10,071,344	10,233,207	9,810,360	9,393,095
	<u>138,929,698</u>	<u>140,687,507</u>	<u>139,132,756</u>	<u>127,012,119</u>
Business-type activities:				
Utility	58,197,111	57,533,727	59,854,392	46,153,991
Regional airport	14,288,142	16,934,859	16,239,202	14,345,583
Solid waste management	8,445,476	8,200,994	7,980,124	6,196,978
	<u>80,930,729</u>	<u>82,669,580</u>	<u>84,073,718</u>	<u>66,696,552</u>
<b>TOTAL EXPENSES</b>	<u>\$ 219,860,427</u>	<u>\$ 223,357,087</u>	<u>\$ 223,206,474</u>	<u>\$ 193,708,671</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services:				
Administrative services	7,444,922	8,933,444	7,532,287	6,598,604
Public safety - Fire	3,144,902	1,065,013	1,390,232	3,139,758
Public safety - EMS	-	1,864,409	1,634,675	1,426,438
Community development	4,048,652	3,589,181	3,388,539	3,061,505
Other	695,229	3,431,576	5,211,165	3,830,309
Operating grants and contributions	2,920,226	2,438,000	2,215,263	1,824,906
Capital grants and contributions	10,132,207	4,621,744	15,378,644	29,996,719
	<u>28,386,138</u>	<u>25,943,367</u>	<u>36,750,805</u>	<u>49,878,239</u>
Business-type activities:				
Charges for services:				
Utility	49,529,990	45,314,713	50,529,248	42,458,489
Regional airport	12,256,798	15,351,003	15,449,972	13,539,743
Solid waste management	8,871,017	8,620,756	7,974,887	6,475,296
Operating grants and contributions	174,204	58,221	195,438	50,000
Capital grants and contributions	2,991,345	3,221,729	11,538,729	6,675,068
	<u>73,823,354</u>	<u>72,566,422</u>	<u>85,688,274</u>	<u>69,198,596</u>
<b>TOTAL PROGRAM REVENUES</b>	<u>\$ 102,209,492</u>	<u>\$ 98,509,789</u>	<u>\$ 122,439,079</u>	<u>\$ 119,076,835</u>
<b>NET (EXPENSE)/REVENUE</b>				
Governmental activities	\$ (110,543,560)	\$ (114,744,140)	\$ (102,381,951)	\$ (77,133,880)
Business-type activities	(7,107,375)	(10,103,158)	1,614,556	2,502,044
<b>TOTAL NET EXPENSE</b>	<u>\$ (117,650,935)</u>	<u>\$ (124,847,298)</u>	<u>\$ (100,767,395)</u>	<u>\$ (74,631,836)</u>

	2016	2015	2014	2013	2012	2011
\$	18,591,072	\$ 12,886,353	\$ 15,675,644	\$ 13,087,580	\$ 11,463,677	\$ 11,969,433
	6,643,488	9,067,022	7,876,517	10,471,115	9,802,035	12,721,478
	22,979,425	21,128,023	19,541,680	18,333,422	18,354,251	18,095,251
	14,195,523	13,164,239	12,045,062	10,838,009	10,898,603	10,199,579
	1,722,037	1,916,547	-	-	-	-
	22,827,677	30,122,770	24,894,769	23,481,443	22,311,568	17,027,897
	6,215,405	8,286,024	7,916,451	8,177,350	8,504,303	7,264,499
	5,484,522	5,672,387	5,188,471	4,667,336	4,855,764	4,038,545
	5,902,886	-	-	-	-	-
	9,778,640	10,243,695	5,910,083	5,066,337	5,908,721	6,555,667
	114,340,675	112,487,060	99,048,677	94,122,592	92,098,922	87,872,349
	46,517,275	44,002,542	34,946,846	46,589,564	28,574,352	26,487,388
	12,485,217	14,335,885	16,828,870	16,633,872	16,002,860	14,874,179
	5,926,813	5,625,859	5,147,195	5,067,548	5,087,731	5,305,970
	64,929,305	63,964,286	56,922,911	68,290,984	49,664,943	46,667,537
\$	179,269,980	\$ 176,451,346	\$ 155,971,588	\$ 162,413,576	\$ 141,763,865	\$ 134,539,886
	8,522,761	6,906,002	2,678,310	3,261,324	3,663,149	3,916,555
	2,833,491	2,369,089	2,233,714	2,229,152	2,102,494	1,526,340
	1,132,847	459,223	-	-	-	-
	3,242,529	3,494,806	3,033,205	2,817,871	2,376,127	2,404,638
	4,164,196	4,967,637	4,766,369	2,748,396	3,231,665	3,534,161
	1,740,054	2,831,268	936,559	1,517,342	1,566,549	1,019,323
	19,053,728	11,071,624	9,004,691	27,028,874	43,196,769	42,497,257
	40,689,606	32,099,649	22,652,848	39,602,959	56,136,753	54,898,274
	46,140,497	43,037,218	44,302,320	47,142,244	40,543,433	35,625,109
	11,830,391	13,747,794	16,939,277	16,576,205	15,675,468	14,355,810
	5,950,568	5,770,866	5,030,491	5,007,131	5,068,656	5,264,072
	50,000	131,567	73,199	65,091	84,271	354,865
	9,417,603	3,020,185	6,641,939	11,560,813	6,297,452	8,193,030
	73,389,059	65,707,630	72,987,226	80,351,484	67,669,280	63,792,886
\$	114,078,665	\$ 97,807,279	\$ 95,640,074	\$ 119,954,443	\$ 123,806,033	\$ 118,691,160
\$	(73,651,069)	\$ (80,387,411)	\$ (76,395,829)	\$ (54,519,633)	\$ (35,962,169)	\$ (32,974,075)
	8,459,754	1,743,344	16,064,315	12,060,500	18,004,337	17,125,349
\$	(65,191,315)	\$ (78,644,067)	\$ (60,331,514)	\$ (42,459,133)	\$ (17,957,832)	\$ (15,848,726)

**City of Sugar Land, Texas**  
**Changes in Net Position - Continued**  
**Last Ten Fiscal Years**  
*(Accrual Basis of Accounting)*

	<u>2020</u>	<u>2019</u>	<u>2018**</u>	<u>2017</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 52,129,954	\$ 49,988,676	\$ 44,092,389	\$ 39,052,391
Sales tax	44,465,725	47,580,665	47,038,175	41,330,120
Franchise and other taxes	7,957,981	8,925,196	9,196,843	8,535,339
Investment earnings	1,472,845	2,616,889	1,106,332	826,905
Miscellaneous	2,628,940	(1,222,389)	2,642,416	2,645,117
Transfers	6,007,096	6,179,094	3,093,659	2,243,212
	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental activities	114,662,541	114,068,131	107,169,814	94,633,084
Business-type activities:				
Investment earnings	1,001,393	2,331,002	1,077,401	561,113
Miscellaneous	1,913,729	869,998	44,386	83,106
Transfers	(6,007,096)	(6,179,094)	(3,093,659)	(2,243,212)
Extraordinary item	-	-	(2,410,372)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total business-type activities	(3,091,974)	(2,978,094)	(4,382,244)	(1,598,993)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 111,570,567</b>	<b>\$ 111,090,037</b>	<b>\$ 102,787,570</b>	<b>\$ 93,034,091</b>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	\$ 4,118,981	\$ (676,009)	\$ 4,787,863	\$ 17,499,204
Business-type activities	(10,199,349)	(13,081,252)	(2,767,688)	903,051
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL NET EXPENSE</b>	<b>\$ (6,080,368)</b>	<b>\$ (13,757,261)</b>	<b>\$ 2,020,175</b>	<b>\$ 18,402,255</b>

\* Starting in fiscal year 2020, Public safety - EMS is combined with Public safety - Fire.

\*\* In fiscal year 2018, the City annexed the neighborhoods of Greatwood and New Territory, and dissolved the associated Municipal Utility Districts (MUDs) effective December 12, 2017. Operations for this fiscal year include the activity from the MUDs from the beginning of the fiscal year to the date of the annexation.

	2016	2015	2014	2013	2012	2011
\$	37,227,640	\$ 34,205,770	\$ 31,367,793	\$ 29,920,274	\$ 28,282,258	\$ 27,539,737
	45,967,293	45,320,979	43,453,673	39,790,138	38,239,215	35,086,830
	8,231,034	8,398,820	8,373,935	8,019,976	7,472,103	6,751,900
	1,089,499	1,062,965	240,913	236,117	250,959	360,902
	1,507,896	1,297,768	1,393,438	1,328,239	1,054,383	756,532
	2,176,006	(1,300,673)	7,161,781	7,287,990	7,245,571	5,718,716
	<u>96,199,368</u>	<u>88,985,629</u>	<u>91,991,533</u>	<u>86,582,734</u>	<u>82,544,489</u>	<u>76,214,617</u>
	599,435	531,396	117,683	218,645	429,350	263,593
	79,707	59,565	580,735	404,274	-	-
	(2,176,006)	1,300,673	(7,161,781)	(7,287,990)	(7,245,571)	(5,718,716)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(1,496,864)</u>	<u>1,891,634</u>	<u>(6,463,363)</u>	<u>(6,665,071)</u>	<u>(6,816,221)</u>	<u>(5,455,123)</u>
\$	<u>94,702,504</u>	<u>\$ 90,877,263</u>	<u>\$ 85,528,170</u>	<u>\$ 79,917,663</u>	<u>\$ 75,728,268</u>	<u>\$ 70,759,494</u>
\$	22,548,299	\$ 8,598,218	\$ 15,595,704	\$ 32,063,101	\$ 46,582,320	\$ 43,240,542
	6,962,890	3,634,978	9,600,952	5,395,429	11,188,116	11,670,226
\$	<u>29,511,189</u>	<u>\$ 12,233,196</u>	<u>\$ 25,196,656</u>	<u>\$ 37,458,530</u>	<u>\$ 57,770,436</u>	<u>\$ 54,910,768</u>

# City of Sugar Land, Texas

## Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>GENERAL FUND</b>				
Nonspendable:				
Inventories	\$ 224,914	\$ 250,126	\$ 217,019	\$ 211,199
Prepaid items	35,153	77,771	54,161	255,751
Committed	582,853	749,136	341,202	376,995
Assigned	307,804	314,423	409,335	272,224
Unassigned	<u>38,515,913</u>	<u>38,910,023</u>	<u>34,043,167</u>	<u>27,980,279</u>
 Total general fund	 39,666,637	 40,301,479	 35,064,884	 29,096,448
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Nonspendable:				
Inventories	8,403	7,104	7,935	-
Prepaid items	2,740	12,359	7,036	11,735
Restricted:				
Debt service funds	13,353,725	14,133,339	9,242,690	13,287,453
Capital projects funds	34,341,116	22,113,944	8,700,056	18,346,186
Economic development activities	7,006,144	7,098,197	9,608,501	7,655,992
Public safety	598,607	404,232	278,116	215,855
Tourism and marketing	1,513,830	1,941,997	1,786,346	1,395,355
Committed	-	-	2,997,650	7,768,052
Assigned	3,822,042	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(3,184)</u>	<u>(26,513)</u>
 Total all other governmental funds	 <u>60,646,607</u>	 <u>45,711,172</u>	 <u>32,625,146</u>	 <u>48,654,115</u>
 <b>TOTAL GOVERNMENTAL FUNDS</b>	 <u><u>\$ 100,313,244</u></u>	 <u><u>\$ 86,012,651</u></u>	 <u><u>\$ 67,690,030</u></u>	 <u><u>\$ 77,750,563</u></u>

## Schedule 3

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 195,050	\$ 204,263	\$ 217,124	\$ 209,793	\$ 160,635	\$ 169,208
27,701	18,328	25,655	30,008	43,861	49,727
411,849	146,728	3,091,704	463,599	-	-
332,452	339,946	385,205	219,357	652,316	638,523
<u>27,575,295</u>	<u>28,085,267</u>	<u>24,544,824</u>	<u>25,740,747</u>	<u>24,260,117</u>	<u>25,359,638</u>
28,542,347	28,794,532	28,264,512	26,663,504	25,116,929	26,217,096
-	-	-	-	-	-
18,353	2,740	2,740	2,740	2,740	9,740
18,881,941	11,892,292	11,448,975	9,419,630	7,397,649	7,602,464
14,122,714	60,550,768	23,785,846	3,517,678	15,443,725	30,931,980
5,656,856	37,689,753	11,048,740	7,019,867	7,689,398	4,333,696
228,335	202,439	209,920	230,282	1,779,756	1,488,292
1,053,237	3,533,713	5,359,797	4,269,302	3,228,805	2,681,505
18,273,467	-	-	-	-	-
-	-	-	-	-	-
-	(17,434)	-	-	-	-
<u>58,234,903</u>	<u>113,854,271</u>	<u>51,856,018</u>	<u>24,459,499</u>	<u>35,542,073</u>	<u>47,047,677</u>
<u>\$ 86,777,250</u>	<u>\$ 142,648,803</u>	<u>\$ 80,120,530</u>	<u>\$ 51,123,003</u>	<u>\$ 60,659,002</u>	<u>\$ 73,264,773</u>

**City of Sugar Land, Texas**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(Modified Accrual Basis of Accounting)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>				
Taxes				
General property	\$ 51,999,696	\$ 49,910,560	\$ 43,924,495	\$ 38,999,063
Sales and use taxes	44,427,280	47,349,948	46,807,458	41,829,998
Franchise taxes	8,061,540	9,063,027	9,196,843	8,535,339
Licenses and permits	4,047,286	3,585,270	3,392,020	3,052,646
Fines and forfeitures	1,412,839	3,598,926	4,681,871	3,983,863
Charges for services	9,700,698	9,856,589	9,803,954	11,668,937
Investment earnings	1,394,417	2,434,365	1,049,546	803,175
Intergovernmental	7,539,349	4,150,591	8,469,413	21,608,448
Other	2,737,166	3,434,202	3,742,667	4,344,488
	<u>131,320,271</u>	<u>133,383,478</u>	<u>131,068,267</u>	<u>134,825,957</u>
<b>EXPENDITURES</b>				
General government	21,257,753	20,381,432	18,828,683	19,441,297
Administrative services	6,194,245	6,030,777	6,277,823	6,807,905
Public safety	42,416,274	41,803,434	41,773,376	39,819,840
Public works	15,403,076	13,102,921	17,704,168	15,014,862
Parks and recreation	4,750,769	5,010,592	5,960,126	5,383,089
Community development	5,556,124	5,337,472	5,269,134	5,163,724
Environmental and neighborhood services	6,186,662	5,826,617	5,143,190	5,112,858
Debt service:				
Principal	21,949,254	36,311,024	21,343,344	16,149,483
Interest and other charges	11,295,663	11,002,213	11,122,619	10,159,604
Bond issuance costs	390,939	374,909	-	355,510
Capital outlay	13,987,525	13,290,174	10,890,406	51,470,423
	<u>149,388,284</u>	<u>158,471,565</u>	<u>144,312,869</u>	<u>174,878,595</u>
Excess (deficiency) of revenues over (under) expenditures	(18,068,013)	(25,088,087)	(13,244,602)	(40,052,638)
<b>OTHER FINANCING SOURCES (USES)</b>				
Certificates of obligation issued	15,025,000	20,760,000	-	19,060,000
General obligation bonds issued	9,355,000	-	-	7,570,000
Revenue bonds issued	-	-	-	-
Refunding bonds issued	12,245,000	13,715,000	-	-
Premium (discount) on debt issued	3,231,900	2,756,614	-	2,045,464
Payments to refunded bond escrow agent	(13,312,235)	-	-	-
Capital leases and other debt issued	-	-	840,000	107,275
Proceeds of the sale of capital assets	-	-	36,569	-
Transfers in	9,254,348	11,567,007	12,180,115	11,854,100
Transfers out	(3,430,407)	(5,387,913)	(9,872,615)	(9,610,888)
	<u>32,368,606</u>	<u>43,410,708</u>	<u>3,184,069</u>	<u>31,025,951</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 14,300,593</u>	<u>\$ 18,322,621</u>	<u>\$ (10,060,533)</u>	<u>\$ (9,026,687)</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>				
	24.61%	21.50%	24.10%	21.50%

Schedule 4

	2016	2015	2014	2013	2012	2011
\$	37,310,936	\$ 34,073,015	\$ 31,356,582	\$ 29,874,615	\$ 28,242,085	\$ 27,588,283
	45,821,869	44,975,136	43,008,054	39,344,519	40,111,821	36,857,302
	8,231,034	8,398,820	8,373,935	8,019,976	5,161,877	4,731,821
	3,242,529	3,494,806	3,033,205	2,817,871	2,332,393	2,371,944
	3,741,662	3,956,657	3,964,053	3,364,798	3,399,284	3,874,845
	11,732,687	9,792,915	4,477,416	3,649,563	3,182,908	3,399,457
	1,050,958	1,030,032	235,034	230,542	242,856	352,469
	4,295,673	4,853,727	14,014,873	4,477,965	29,941,993	30,102,390
	6,335,230	4,676,006	1,300,331	1,444,727	1,193,356	5,345,683
	<u>121,762,578</u>	<u>115,251,114</u>	<u>109,763,483</u>	<u>93,224,576</u>	<u>113,808,573</u>	<u>114,624,194</u>
	17,263,024	13,932,805	13,934,579	12,019,511	10,350,520	10,421,139
	7,167,251	9,221,555	7,743,921	7,708,191	6,665,760	10,728,359
	36,894,350	38,688,191	29,573,636	27,951,639	27,852,455	28,858,550
	12,004,180	17,764,680	13,947,304	14,456,178	15,280,951	10,092,059
	5,107,971	5,452,923	6,726,036	6,782,321	7,245,735	6,131,140
	5,155,978	5,583,223	4,917,761	4,592,647	4,781,203	3,965,737
	4,892,216	-	-	-	-	-
	14,565,041	13,339,382	12,216,112	12,529,510	13,643,295	14,744,007
	9,282,752	7,716,310	5,717,937	5,261,161	5,769,576	6,491,477
	629,239	2,012,869	322,504	-	-	-
	89,073,807	55,311,453	21,672,372	15,262,218	38,821,615	44,225,175
	<u>202,035,809</u>	<u>169,023,391</u>	<u>116,772,162</u>	<u>106,563,376</u>	<u>130,411,110</u>	<u>135,657,643</u>
	(80,273,231)	(53,772,277)	(7,008,679)	(13,338,800)	(16,602,537)	(21,033,449)
	19,190,000	52,115,000	24,440,000	-	-	-
	-	13,010,000	-	-	-	-
	-	38,265,000	7,200,000	-	-	-
	32,120,000	28,940,000	-	4,295,000	9,440,000	-
	6,464,472	11,469,874	201,566	491,941	806,260	-
	(36,935,787)	(32,902,683)	-	(4,758,878)	(10,328,482)	-
	1,350,000	3,510,000	-	-	-	-
	36,987	54,099	54,949	78,516	90,953	125,995
	20,089,727	12,979,491	13,794,353	16,183,645	13,518,223	17,193,975
	(17,913,721)	(11,140,231)	(9,684,662)	(10,987,848)	(9,530,188)	(13,139,219)
	<u>24,401,678</u>	<u>116,300,550</u>	<u>36,006,206</u>	<u>5,302,376</u>	<u>3,996,766</u>	<u>4,180,751</u>
\$	<u>(55,871,553)</u>	<u>\$ 62,528,273</u>	<u>\$ 28,997,527</u>	<u>\$ (8,036,424)</u>	<u>\$ (12,605,771)</u>	<u>\$ (16,852,698)</u>
	21.20%	19.10%	19.10%	19.50%	21.40%	23.90%

# City of Sugar Land, Texas

## Taxable Sales

### Last Ten Calendar Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Retail trade	1,053,258,117	\$ 1,115,249,001	\$ 1,107,045,921	\$ 1,078,154,112
Accommodation/food services	351,678,694	348,338,861	333,828,851	310,863,946
Wholesale trade	109,199,784	107,641,860	91,137,977	203,846,328
Construction	33,256,075	37,280,176	22,812,465	34,515,325
Information	91,537,106	99,393,379	94,842,740	90,100,073
Professional/scientific/technical services	74,945,678	86,423,185	83,684,771	70,067,880
Arts/entertainment/recreation	57,619,224	56,504,179	51,106,601	48,468,763
Manufacturing	41,918,450	75,091,082	51,980,628	35,093,475
Other services (except public administration)	31,742,417	28,370,411	29,400,115	26,317,822
Admin/support/waste mgmt/remediation service	193,982,478	198,013,909	138,907,539	28,754,310
Real estate/rental leasing	13,193,376	30,098,567	61,691,905	68,015,167
Utilities	62,863,776	146,896,379	85,489,356	54,203,886
Management of companies /enterprises	710,751	255,496	1,142,959	1,579,909
Transportation/warehousing	53,309,028	8,774,930	3,125,489	1,836,865
Health care/social assistance	6,595,772	5,401,865	4,881,867	4,606,933
Finance/insurance	14,665,305	16,558,369	11,304,921	8,103,032
Education services	1,682,446	1,535,277	1,513,260	1,659,343
Mining/quarrying/oil and gas extraction	35,446,578	41,870,881	32,799,761	7,323,000
Public administration	8,087,339	7,845,421	5,763,562	5,432,006
Agriculture/forestry/fishing/hunting	-	1,131	-	1,886
Other taxes	-	13,333	-	-
<b>TOTAL</b>	<u>\$ 2,235,692,394</u>	<u>\$ 2,411,557,692</u>	<u>\$ 2,212,460,688</u>	<u>\$ 2,078,944,061</u>

Sales tax rates for the past ten fiscal years were as follows:

City of Sugar Land	1.50%
Sugar Land Development Corporation	0.25%
Sugar Land 4B Corporation	0.25%
<b>TOTAL</b>	<b>2.00%</b>

Source of information: Texas State Comptrollers Office.

<https://mycpa.cpa.state.tx.us/allocation/HistSales.jsp>

## Schedule 5

2015	2014	2013	2012	2011	2010
\$ 1,112,422,397	\$ 1,079,111,307	\$ 1,013,038,055	\$ 929,146,373	\$ 867,111,564	\$ 820,003,254
306,003,246	291,440,468	266,588,831	250,015,141	218,501,058	201,788,407
264,383,272	322,215,101	223,242,793	187,011,775	187,615,472	178,624,633
32,514,909	31,891,454	34,937,314	32,689,492	19,921,962	25,341,501
77,592,685	65,549,620	58,052,627	55,714,105	55,552,360	42,562,635
73,059,491	70,107,578	50,596,341	55,122,521	56,990,807	50,418,078
49,334,544	47,548,675	50,560,192	50,293,772	42,862,934	39,319,467
33,044,113	52,646,578	33,219,238	29,071,293	20,258,143	18,700,212
30,318,512	30,831,362	28,242,044	27,119,294	25,601,706	25,115,775
26,562,888	30,250,196	26,184,607	23,316,739	23,205,438	19,456,520
44,888,541	25,860,657	18,062,334	25,874,568	27,704,045	28,589,598
50,970,885	42,308,231	32,630,922	41,645,585	58,554,971	31,999,808
2,196,489	470,557	394,466	403,809	616,716	60,298
2,306,433	5,214,426	1,721,390	1,007,418	1,154,717	958,673
5,201,086	4,539,906	3,994,579	5,304,237	3,974,677	3,180,679
7,515,705	5,420,994	4,575,685	6,248,890	4,640,404	1,690,868
1,626,077	1,714,360	1,568,185	1,227,275	991,469	884,432
10,431,168	14,160,548	10,513,820	7,157,655	29,244,015	235,249
5,284,355	5,096,682	4,958,782	4,931,239	5,243,483	2,506,111
-	-	-	-	2,706	-
-	-	-	2,382	26,574	37,492
<u>\$ 2,135,656,796</u>	<u>\$ 2,126,378,700</u>	<u>\$ 1,863,082,205</u>	<u>\$ 1,733,303,563</u>	<u>\$ 1,649,775,221</u>	<u>\$ 1,491,473,690</u>

# City of Sugar Land, Texas

## Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Tax Year	Real Property		Personal Property	
		Residential Property	Commercial Property	Motor Vehicles	Other
2011	2010	\$ 6,637,355,844	\$ 3,128,749,343	\$ 49,118,861	\$ 1,095,619,013
2012	2011	6,809,072,671	4,251,649,252	44,595,732	21,840,700
2013	2012	6,969,923,228	4,416,404,289	46,289,655	21,319,710
2014	2013	7,304,799,346	4,716,532,408	46,326,301	11,026,160
2015	2014	7,848,719,852	4,902,444,421	40,119,210	10,982,250
2016	2015	8,753,398,998	5,250,244,090	13,465,326	10,934,610
2017	2016	9,356,751,552	5,577,510,842	61,980,101	10,933,960
2018	2017	9,629,528,349	5,821,685,395	100,439,699	11,030,700
2019	2018	12,913,825,342	6,086,844,258	133,597,965	10,513,100
2020	2019	12,947,717,832	6,456,464,118	147,202,108	10,399,650

Source: Budget Department of the City.

Note: All properties are assessed at 100% of actual taxable value. Tax rates are per \$100 of assessed value.

Schedule 6

<u>Less Tax Exempt Real Property</u>	<u>Less Other Exemptions and Abatements</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 725,421,976	\$ 908,796,522	\$ 9,276,624,563	\$ 0.30000	\$ 9,276,624,563	100.00%
712,702,870	915,453,424	9,499,002,061	0.30245	9,499,002,061	100.00%
832,310,358	921,195,348	9,700,431,176	0.30895	9,700,431,176	100.00%
834,025,711	940,543,105	10,304,115,399	0.30895	10,304,115,399	100.00%
850,115,704	1,006,806,921	10,945,343,108	0.31595	10,945,343,108	100.00%
890,919,215	1,093,598,345	12,043,525,464	0.31595	12,043,525,464	100.00%
1,053,008,824	1,334,356,794	12,619,810,837	0.31595	12,619,810,837	100.00%
1,125,507,638	1,457,960,326	12,979,216,179	0.31762	12,979,216,179	100.00%
1,166,296,847	1,879,921,316	16,098,562,502	0.31762	16,098,562,502	100.00%
1,266,248,946	2,124,024,803	16,171,509,959	0.33200	16,171,509,959	100.00%

# City of Sugar Land, Texas

## Property Tax Rates (A)

### Direct and Overlapping Governments (B)

#### Last Ten Fiscal Years

Fiscal Year Tax Year	2011 2010	2012 2011	2013 2012	2014 2013
<b>TAX RATES</b>				
City of Sugar Land				
Operating tax rate	\$ 0.16500	\$ 0.16635	\$ 0.17285	\$ 0.17285
Debt service tax rate	0.13500	0.13610	0.13610	0.13610
Total tax rate	\$ 0.30000	\$ 0.30245	\$ 0.30895	\$ 0.30895
Fort Bend County	\$ 0.48556	\$ 0.49976	\$ 0.48076	\$ 0.49976
Fort Bend ISD	1.34000	1.34000	1.34000	1.34000
Fort Bend LID 2	0.13400	0.13400	0.12900	0.12900
Fort Bend County MUD No. 21	0.26000	0.26000	0.24000	-
Fort Bend LID 7	0.19460	0.19460	0.19460	0.20500
Eldridge Road MUD	0.08000	-	-	-
Fort Bend WCID No. 2	0.18000	0.18000	0.18000	0.18000
First Colony LID No. 2	0.27500	0.27500	0.27500	0.27500
Burney Road MUD	0.26750	0.26750	0.26750	0.26000
First Colony MUD 10	0.49000	0.49000	0.49000	0.47000
Ft. Bend MUD 136	0.57000	0.57000	0.54000	0.54000
Ft. Bend MUD 137	0.57000	0.57000	0.54000	0.48000
Ft. Bend MUD 138	0.57000	0.57000	0.54000	0.48000
Ft. Bend MUD 139	0.57000	0.57000	0.54000	0.54000
Ft. Bend LID 17	0.63000	0.63000	0.65000	0.65000
Imperial Redevelopment District	-	-	-	1.10000
Ft. Bend LID 14	0.20000	0.20500	0.20500	0.20500
Ft. Bend LID 10	0.47500	0.47500	0.62000	0.62000
First Colony LID 1	0.19460	0.19460	0.19460	0.15500
Lamar CISD	1.36455	1.39000	1.39000	1.39000

Source: CAD Website

(A) Tax rate per \$100 assessed valuation

(B) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners.

<http://www.fortbendcountytexas.gov/index.aspx>

<http://www.fbcad.org/districtinfo/tax&exempt>

Schedule 7

2015 2014	2016 2015	2017 2016	2018 2017	2019 2018	2020 2019
\$ 0.17035	\$ 0.17035	\$ 0.17035	\$ 0.17921	\$ 0.18131	\$ 0.19705
0.14560	0.14560	0.14560	0.13841	0.13631	0.13495
<u>\$ 0.31595</u>	<u>\$ 0.31595</u>	<u>\$ 0.31595</u>	<u>\$ 0.31762</u>	<u>\$ 0.31762</u>	<u>\$ 0.33200</u>
\$ 0.49476	\$ 0.48600	\$ 0.47400	\$ 0.46900	\$ 0.46400	\$ 0.46000
1.34000	1.34000	1.34000	1.32000	1.32000	1.27000
0.12000	0.11000	0.10670	0.11100	0.14500	0.14900
-	-	-	-	-	-
0.23500	0.23500	0.22500	0.32000	0.32000	0.43000
-	-	-	-	-	-
0.18000	0.18000	0.21250	0.21250	0.21250	0.21250
0.25000	0.25000	0.20000	0.20000	0.20000	0.20000
0.26000	0.25500	0.25000	0.23000	0.22000	0.22000
0.41000	0.25000	0.20000	0.19000	0.17000	0.01600
0.50000	0.43000	0.42000	0.42000	0.42000	0.42000
0.43000	0.42000	0.41500	0.41500	0.41000	0.41000
0.44500	0.43500	0.41500	0.41500	0.40860	0.41000
0.44000	0.41000	0.41000	0.41000	0.41000	0.41000
0.63000	0.61000	0.57000	0.57000	0.57000	0.56000
1.10000	1.10000	1.10000	1.10000	1.10000	1.10000
0.20000	0.19500	0.19500	0.19500	0.20950	0.15000
0.64300	0.64300	0.64300	0.69000	0.69000	0.69000
0.15500	0.01520	0.15000	1.46200	1.46200	0.15000
1.39000	1.39000	1.39000	1.39000	1.39000	1.32000



**City of Sugar Land, Texas**  
Property Levies and Collections  
Last Ten Fiscal Years

**Schedule 8**

Fiscal Year	Tax Rate	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 0.30245	\$ 27,792,898	\$ 27,743,159	99.7%	\$ 33,656	\$ 27,776,815	99.9%
2012	0.30895	28,555,106	28,502,346	99.6%	37,031	28,539,377	99.9%
2013	0.30895	29,941,217	29,998,455	99.6%	(71,502)	29,926,953	100.0%
2014	0.31595	31,510,269	31,543,063	99.6%	(57,413)	31,485,650	99.9%
2015	0.31595	34,686,633	34,625,522	99.5%	24,700	34,650,222	99.9%
2016	0.31595	37,935,518	37,856,002	99.6%	53,445	37,909,447	99.9%
2017	0.31762	39,637,482	39,563,094	99.6%	40,982	39,604,076	99.9%
2018	0.31762	40,931,077	40,828,540	99.5%	(7,875)	40,820,665	99.7%
2019	0.31762	51,146,415	50,871,136	99.5%	10,013	50,881,149	99.5%
2020	0.33200	53,438,020	53,122,949	99.4%	-	53,122,949	99.4%

**City of Sugar Land, Texas**  
Principal Property Tax Payers  
Current Year and Nine Years Ago

**Schedule 9**

Taxpayer	Fiscal Year 2020 Tax Year 2019			Fiscal Year 2011 Tax Year 2010		
	Taxable Assessed Value	Rank	% of Total Assessed Valuation	Taxable Assessed Value	Rank	% of Total Assessed Valuation
LCFRE Sugar Land Town Square LLC	\$ 129,882,616	1	0.80%	\$ 80,466,920	3	
Schlumberger Tech Corp-SPC & Well Services	116,419,590	2	0.72%	44,943,060	7	0.48%
Tramontina USA Inc.	90,430,340	3	0.56%	81,494,190	2	0.88%
Amerisource Bergen Drug Corp.	90,118,080	4	0.56%	74,000,000	4	0.80%
Lakepointe Assets, LLC	90,000,000	5	0.56%	97,210,240	1	1.05%
First Colony Mall LLC	87,966,537	6	0.54%			
Market Town Center Owner LLC	66,359,542	7	0.41%			
Sugar Creek/EPG LLC & Sugar Creek TIC Investors LLC	65,960,920	8	0.41%			
API Realty LLC	64,699,570	9	0.40%			
Houston Sugar Creek LLC	58,000,004	10	0.36%			
Medistar Sugar Land Medical Center, Ltd				62,174,530	5	0.67%
Sugar Land Telephone Co. (Alltel)				38,405,570	9	0.41%
Convington First Colony Acquisition LLC				42,709,960	8	0.46%
Weingarten Realty Investors & WRI/Post Oak Inc.				49,864,650	6	0.54%
NNP-Telfair LP				37,327,640	10	0.40%
	859,837,199		5.32%	608,596,760		6.55%
Other taxpayers	15,311,672,760		94.68%	8,680,349,289		93.45%
<b>TOTAL ASSESSED VALUATION</b>	<b>\$ 16,171,509,959</b>		<b>100.0%</b>	<b>\$ 9,288,946,049</b>		<b>100.0%</b>

Source: Tax assessor/collector's records

Note: Assessed valuation is net of exemptions

**City of Sugar Land, Texas**  
 Ratios of General Bonded Debt Outstanding  
 Last Ten Fiscal Years

**Schedule 10**

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>General Obligation Debt***</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value* of Property</u>	<u>Per Capita**</u>
2011	2010	\$ 248,415,000	\$ 5,226,158	\$ 243,188,842	2.6%	\$ 2,878
2012	2011	232,965,000	7,014,403	225,950,597	2.4%	2,674
2013	2012	218,415,000	4,069,685	214,345,315	2.2%	2,536
2014	2013	236,850,000	3,230,208	233,619,792	2.3%	2,701
2015	2014	286,340,000	4,105,011	282,234,989	2.6%	3,245
2016	2015	289,765,000	4,639,682	285,125,318	2.4%	3,258
2017	2016	302,289,999	5,749,686	296,540,313	2.3%	3,380
2018	2017	312,025,000	6,263,712	305,761,288	2.4%	2,605
2019	2018	333,206,868	8,847,239	324,359,629	2.0%	2,748
2020	2019	337,108,071	7,890,552	329,217,519	2.0%	2,787

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

\* See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

\*\* Population data can be found in the Schedule of Demographic and Economic Statistics.

\*\*\*Includes general obligation bonds and certificates of obligation of governmental activities and business-type activities, net of original issuance discounts and premiums.

**City of Sugar Land, Texas**  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Annexed MUD Debt	Certificates of Obligation	Capital Leases	Sales Tax Revenue Bonds	Tax Note	Issuance Premiums (Discounts)
2011	\$ 78,005,000	\$ 5,850,000	\$ 54,313,990	\$ 2,030,854	\$ 10,010,000	\$ -	\$ 1,333,100
2012	74,095,000	5,525,000	45,376,995	1,664,554	9,485,000	-	1,759,679
2013	67,090,000	5,190,000	40,879,596	1,287,784	8,935,000	-	1,847,338
2014	58,440,000	11,665,000	63,231,995	954,273	15,345,000	-	1,731,326
2015	66,190,000	6,270,000	111,279,394	611,817	52,400,000	3,120,675	12,054,362
2016	82,065,000	2,325,000	104,245,202	260,170	50,655,000	3,964,881	16,802,933
2017	82,095,000	1,785,000	118,057,601	-	48,865,000	3,193,169	17,512,513
2018	74,750,000	31,405,000	111,255,000	-	47,020,000	3,247,426	17,506,838
2019	74,270,000	25,005,000	119,265,000	-	45,120,000	2,181,402	18,596,408
2020	85,825,000	8,760,000	128,480,000	-	43,140,000	1,095,996	19,609,788

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

\* See the Schedule of Demographic and Economic Statistics for personal income and population data.

Schedule 11

Revenue Bonds	Business-type Activities			Total Primary Government	Percentage of Personal Income*	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Certificates of Obligation	Issuance Premiums/ (Discounts)				
\$ 62,225,000	\$ -	\$ 110,246,010	\$ 184,234	\$ 324,198,188	12.2%	3.5%	\$ 3,836
80,400,000	-	107,968,005	147,404	326,421,637	9.1%	3.4%	3,862
75,670,000	5,610,000	99,645,404	1,419,321	307,574,443	8.2%	3.2%	3,639
86,180,000	5,510,000	98,003,005	1,222,767	342,283,366	9.1%	3.3%	3,957
92,980,000	5,080,000	97,520,606	2,278,431	449,785,285	10.8%	4.1%	5,172
91,355,000	7,660,000	93,469,798	7,756,729	460,559,713	11.3%	3.8%	5,263
105,220,000	7,030,000	93,322,398	8,228,825	485,309,506	11.1%	3.8%	5,532
98,510,000	84,580,000	10,035,000	15,488,679	493,797,943	8.3%	3.8%	4,207
105,695,000	83,890,000	7,615,000	14,977,716	496,615,526	8.6%	3.1%	4,208
105,650,000	83,180,000	6,785,000	14,925,389	497,451,173	8.3%	3.1%	4,211



**City of Sugar Land, Texas**

**Schedule 12**

Direct and Estimated Overlapping Governmental Activities Debt  
September 30, 2020

Taxing Jurisdiction	Gross Debt	Overlapping	
		Estimated Percentage*	Amount
Burney Road MUD	\$ 6,705,000	100.00%	\$ 6,705,000
First Colony MUD No. 10	11,400,000	100.00%	11,400,000
Fort Bend County**	539,416,975	20.92%	112,846,031
Fort Bend County LID No. 2	71,400,000	100.00%	71,400,000
Fort Bend County LID No. 7	92,740,000	100.00%	92,740,000
Fort Bend County LID No. 10	11,205,000	100.00%	11,205,000
Fort Bend County LID No. 11	24,850,000	100.00%	24,850,000
Fort Bend County LID No. 14	860,000	100.00%	860,000
Fort Bend County LID No. 17	64,655,000	100.00%	64,655,000
Fort Bend County MUD No. 116	22,110,000	0.36%	79,596
Fort Bend County MUD No. 136	3,850,000	100.00%	3,850,000
Fort Bend County MUD No. 137	24,160,000	100.00%	24,160,000
Fort Bend County MUD No. 138	34,255,000	100.00%	34,255,000
Fort Bend County MUD No. 139	11,945,000	100.00%	11,945,000
Fort Bend County WC&ID No. 2	94,550,000	0.09%	85,095
Fort Bend ISD	1,297,633,767	35.57%	461,568,331
Imperial Redevelopment District	33,225,000	100.00%	33,225,000
Lamar CISD	1,138,945,000	10.17%	115,830,707
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 1,081,659,760</b>
City of Sugar Land	286,910,784	100.00%	286,910,784
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>			<b>\$ 1,368,570,544</b>
Ratio of Direct and Overlapping Funded Debt to 2019 Taxable Assessed Valuation			8.46%
Per Capita Debt - Direct and Overlapping			\$ 11,586

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

\* The "Estimated Percentage Overlapping" is determined by dividing the City's certified taxable value by the County and related other County entities certified taxable values.

\*\* Does not include the \$104,065,000 Fort Bend County, Texas Unlimited Tax and Subordinate Lien Toll Road Revenue Refunding Bonds, Series 2012.

**City of Sugar Land, Texas**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**

**Schedule 13**

Fiscal Year	Gross Revenue (A)	Total Operating Expenses (B)	Available for Debt Service	Debt Service Requirements (C)			Times Coverage
				Principal	Interest	Total	
Utility/Surface Water - Waterworks and Sewer System Revenue Bonds							
2011	\$ 35,879,212	\$ 14,481,658	\$ 21,397,554	\$ 3,750,000	\$ 2,518,210	\$ 6,268,210	3.41
2012	40,961,236	13,325,073	27,636,163	4,560,000	2,964,523	7,524,523	3.67
2013	47,760,631	15,615,041	32,145,590	4,680,000	2,727,394	7,407,394	4.34
2014	44,461,529	15,551,786	28,909,743	5,395,000	3,105,204	8,500,204	3.40
2015	43,600,496	18,328,040	25,272,456	5,575,000	3,383,656	8,958,656	2.82
2016	46,769,917	18,788,100	27,981,817	5,915,000	3,424,344	9,339,344	3.00
2017	43,050,288	19,820,706	23,229,582	6,710,000	3,997,194	10,707,194	2.17
2018	50,858,241	25,895,388	24,962,853	6,075,000	3,764,669	9,839,669	2.54
2019	48,383,222	25,473,677	22,909,545	6,765,000	4,024,713	10,789,713	2.12
2020	52,130,247	25,389,919	26,740,328	6,930,000	4,075,630	11,005,630	2.43
Airport - Combination Tax and Revenue Certificates of Obligation and General Obligation Refunding Bonds							
2011	\$ 14,365,263	\$ 12,421,540	\$ 1,943,723	\$ 533,005	\$ 484,240	\$ 1,017,245	1.91
2012	15,686,832	13,442,241	2,244,591	562,601	458,337	1,020,938	2.20
2013	16,580,724	13,971,288	2,609,436	617,399	584,625	1,202,024	2.17
2014	16,947,944	14,005,337	2,942,607	672,399	359,000	1,031,399	2.85
2015	13,773,157	11,605,184	2,167,973	692,399	400,254	1,092,653	1.98
2016	11,884,935	9,844,254	2,040,681	757,399	365,604	1,123,003	1.82
2017	13,574,284	11,661,097	1,913,187	837,398	433,676	1,271,074	1.51
2018	15,561,819	13,592,408	1,969,411	860,000	398,623	1,258,623	1.56
2019	15,753,168	13,943,863	1,809,305	890,000	366,285	1,256,285	1.44
2020	12,551,268	10,941,038	1,610,230	995,000	387,323	1,382,323	1.16
Sugar Land Development Corporation - Sales Tax Revenue Bonds							
2011	\$ 5,002,594	\$ -	\$ 5,002,594	\$ 525,000	\$ 433,249	\$ 958,249	5.22
2012	5,418,133	-	5,418,133	550,000	405,499	955,499	5.67
2013	5,635,748	-	5,635,748	575,000	382,655	957,655	5.88
2014	6,155,747	-	6,155,747	775,000	635,546	1,410,546	4.36
2015	6,591,808	-	6,591,808	1,745,000	2,480,746	4,225,746	1.56
2016	6,679,523	-	6,679,523	1,790,000	2,395,290	4,185,290	1.60
2017	6,432,303	-	6,432,303	1,845,000	2,304,296	4,149,296	1.55
2018	7,126,296	-	7,126,296	1,900,000	2,210,621	4,110,621	1.73
2019	7,151,241	-	7,151,241	1,980,000	2,108,984	4,088,984	1.75
2020	6,513,155	-	6,513,155	2,055,000	1,998,721	4,053,721	1.61
Sugar Land 4B Corporation - Sales Tax Revenue Bonds							
2011	\$ 5,020,642	\$ -	\$ 5,020,642	\$ 1,635,000	\$ 1,742,456	\$ 3,377,456	1.49
2012	5,470,437	-	5,470,437	1,660,000	1,691,606	3,351,606	1.63
2013	6,132,918	-	6,132,918	1,705,000	1,639,706	3,344,706	1.83
2014	6,442,616	-	6,442,616	1,780,000	1,583,844	3,363,844	1.92
2015	6,677,932	-	6,677,932	1,840,000	1,522,638	3,362,638	1.99
2016	6,714,723	-	6,714,723	1,885,000	1,457,419	3,342,419	2.01
2017	6,137,600	-	6,137,600	1,960,000	1,388,781	3,348,781	1.83
2018	6,907,114	-	6,907,114	2,025,000	1,316,344	3,341,344	2.07
2019	7,093,918	-	7,093,918	2,115,000	1,239,175	3,354,175	2.11
2020	6,543,195	-	6,543,195	2,155,000	865,625	3,020,625	2.17

Note: Pledged revenue, as defined in the revenue bond ordinance, for SLDC and SL4B sales tax revenue bonds are sales tax revenues and interest and earnings from investment of funds on deposit. Expenses are not netted with pledged revenues for the purpose of calculating times coverage.

A) Gross revenue, as defined in the revenue bond ordinances, includes operating and non-operating revenue and excludes capital contributions (grant revenue), and capital recovery fees.

B) Total expenses, as defined in the revenue bond ordinances, do not include amortization, depreciation, bond interest and fiscal charges or transfers to the general fund reclassified as operating expenses for external reporting purposes.

C) Debt service requirements are based on the expected debt service payments for the following fiscal year.

**City of Sugar Land, Texas**  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years

**Schedule 14**

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income<sup>1</sup> (\$000's)</u>	<u>Per Capita Income<sup>1</sup></u>	<u>Median Age<sup>2</sup></u>	<u>Educational Attainment<sup>1</sup>*</u>	<u>Unemployment Rate<sup>2</sup></u>
2011	84,511	\$ 2,659,858	\$ 41,683	40.5	54%	6.5%
2012	84,511	3,586,815	42,442	41.2	54%	4.5%
2013	84,511	3,737,330	44,223	40.7	54%	4.9%
2014	86,495	3,781,499	44,375	41.4	54%	3.9%
2015	86,972	4,149,181	48,807	41.7	55%	4.6%
2016	87,504	4,086,683	48,117	41.8	54%	4.5%
2017	87,730	4,391,939	50,062	42.0	56%	3.9%
2018	117,386 **	5,937,149	50,578	41.2	58%	3.5%
2019	118,023	5,786,550	49,029	41.4	60%	3.7%
2020	118,118	6,012,561	50,903	41.6	61%	7.5%

Source:

1 - U.S. Census; ESRI

2 - Texas Workforce Commission

Note: Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average.

\* Percent of population over the age of 25 with Bachelor or Graduate degrees

\*\* Annexation of Greatwood and New Territory



**City of Sugar Land, Texas**  
Principal Employers  
Current Year and Nine Years Ago

**Schedule 15**

Employer	2020			2011		
	Employees	Rank	Percentage of Total City Employment (A)	Employees	Rank	Percentage of Total City Employment (A)
Methodist Sugar Land Hospital	2,400	1	3.55%	1,400	4	3%
Fluor Enterprises, Inc.	1,980	2	2.92%	2,100	2	5%
Schlumberger	1,900	3	2.81%	2,100	3	5%
Nalco Champion, an Ecolab Company	1,216	4	1.80%	580	5	1%
Memorial Hermann Sugar Land	800	5	1.18%	450	8	1%
St. Luke's Hospital Sugar Land	473	6	0.70%	500	6	1%
Accredo Packaging	425	7	0.63%			
Baker Hughes	422	8	0.62%			
Applied Optoelectronics	396	9	0.58%			
AmerisourceBergen Drug Company	380	10	0.56%			
Fort Bend ISD				7,903	1	20%
Baker Petrolite Corp.				450	7	1%
Tramontina USA, Inc.				380	9	1%
Fairfield Nodal				375	10	1%
<b>TOTALS</b>	<b>10,392</b>		<b>15%</b>	<b>16,238</b>		<b>40%</b>

Source: Total employment estimates were obtained from the City's Economic Development Website

(A) For 2020, estimated total employment was 67,697. For 2011, estimated total employment was 40,394

\*\*2018 Employer List is the latest data used for FY20 as provided by Economic development

## City of Sugar Land, Texas

### Full-time Equivalent City Government Employees by Function Last Ten Fiscal Years

Function	<i>Full-time Equivalent Employees as of September 30,</i>			
	2011	2012	2013	2014
<b>Governmental Activities:</b>				
General government	80.2	80.2	83.2	78.7
Administrative services	30.2	30.2	27.5	34.0
Public safety - Police	191.8	191.8	194.5	198.5
Public safety - Fire	107.0	107.0	107.0	108.0
**Public safety - EMS				3.0
*Public works	52.5	52.5	54.9	54.4
Parks and recreation	34.4	34.4	35.9	37.3
*Community development	52.0	55.0	56.0	54.1
Environment & Neighborhood Services				
<b>Business-type activities:</b>				
Utility	55.5	55.5	59.5	66.0
Solid waste management	2.0	2.0	2.0	2.5
Regional Airport	33.5	33.5	42.0	42.0
<b>TOTALS</b>	<b>639.1</b>	<b>642.1</b>	<b>662.5</b>	<b>678.5</b>

Source: Budget Office

\* Few employees from Public Works and Community Development are transferred to a new program called Environment & Neighborhood Services

\*\* Three employees from Public Safety Fire are moved to Public Safety - EMS for 2014 & 2015

<i>Full-time Equivalent Employees as of September 30,</i>					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
82.0	77.7	95.2	93.20	93.35	100.20
34.0	38.0	39.0	40.50	39.50	40.50
200.5	201.3	230.5	230.50	229.60	231.60
109.0	109.0	109.0	110.00	111.00	117.00
13.0	13.0	20.0	20.00	20.00	16.00
53.5	34.0	35.5	43.50	43.00	61.00
31.0	30.4	35.1	35.05	38.80	38.80
61.0	50.1	49.3	51.25	49.25	52.40
	40.5	40.5	43.50	44.50	48.00
67.5	71.5	85.5	87.50	85.00	89.00
2.5	2.5	2.5	3.50	3.50	3.50
41.0	44.0	46.0	46.00	47.00	50.00
<u>695.0</u>	<u>712.0</u>	<u>788.0</u>	<u>804.50</u>	<u>804.50</u>	<u>848.00</u>

**City of Sugar Land, Texas**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
City of Sugar Land				
Population	84,511	84,511	84,511	86,495
Square miles	33.5	33.5	35.1	35.2
Acres	21,451	21,516	22,475	22,500
Budgeted full time employees	642.0	642.0	662.5	678.5
Police				
Physical arrests	3,914	3,792	3,009	2,899
Traffic violations	27,053	24,157	21,577	20,534
Parking violations	615	652	469	377
Calls for service	162,669	151,967	155,718	123,450
Fire				
Number of calls answered	6,293	6,419	7,250	7,328
Parks and recreation				
Special events	15	18	18	18
Water				
New connections	448	432	186	186
Water main breaks	357	59	211	35 **
Annual rainfall (inches)	17.2	57.1	35.5	48.3
Average daily production (MG)	18.01	15.70	15.15	15.47
Sewer				
Average daily WW treatment (MG)	7.71	8.27	7.28	8.02
Community Development				
Building permits issued	8,629	7,583	7,362	7,271
Airport				
No. of fuel gallons sold	2,714,881	2,847,905	3,015,916	2,968,546
Fuel sales	\$ 12,766,985	\$ 13,876,503	\$ 14,616,206	\$ 14,934,003 ***
Aircraft served	13,160	18,843	13,353	12,017 ****

Source: Various City Departments.

\* The Police calls for service had included out of service calls in prior years. A new tracking system implemented in FY 2015.

\*\* There is a correction on the number of water main breaks from 170 to 35 FY 2014.

\*\*\* Correction on fuel sales for 2014

\*\*\*\*Correction for 2013 and 2014 aircraft served from budget to actual

Schedule 17

2015	2016	2017	2018	2019	2020
86,972	87,504	87,730	117,386	118,023	118,118
35.2	36.5	36.5	42.9	42.9	43.0
22,500	23,341	23,341	27,425	27,424	27,405
695.0	712.0	788.0	804.5	804.5	848.0
2,247 *	2,033	1,951	2,279	1,848	955
19,364 *	17,117	15,433	15,740	13,740	10,299
313 *	446	440	560	527	258
70,136 *	73,546	72,597	84,468	77,195	61,752
8,248	8,197	8,867	9,464	9,587	13,209
20	18	12	7	9	7
194	207	210	200	175	183
45	26	42	33	27	43
62.6	73.6	92.9	47.4	66.0	40.1
15.35	15.51	15.99	19.56	20.02	19.43
8.65	8.59	8.49	10.75	10.88	10.43
6,798	6,973	6,683	7,850	8,585	8,057
2,868,330	2,820,170	3,064,106	3,203,339	3,237,334	2,694,627
\$ 11,551,592	\$ 9,636,133	\$ 11,187,372	\$ 13,048,560	\$ 13,050,412	\$ 9,754,412
11,375 ****	11,648	11,510	12,274	13,207	11,624

**City of Sugar Land, Texas**  
 Capital Assets Statistics by Function  
 Last Ten Fiscal Years

<b>Function</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
General government				
Municipal buildings	38	40	40	40
Conference center	1	1	1	1
Public safety				
Police Protection				
Stations	1	1	1	1
Fire Protection				
Stations within city limits	5	6	6	6
Stations operated through agreements with MUDs served in ETJ	1	1	1	1
Highways and streets				
Linear miles of sidewalks	432	450	500	500
Storm sewers (miles)	246	338	338	338
Traffic signals	78	79	81	85
Parks and recreation				
Parks	23	24	24	24
Community centers	6	6	6	6
Parks acreage				
Developed	562	562	562	571
Undeveloped	695	760	760	807
Water				
Water wells	17	17	17	16
Water mains (miles)	421	431	431	441
Fire hydrants	3,817	3,993	4,000	4,050
Maximum daily demand (MG)				
Groundwater	36.07	30.14	29.89	29.97
Waste water				
Waste water treatment plants	2	2	2	2
Sanitary sewers (miles)	395	405	405	412
Max daily effluent flow (MG)	13.5	13.5	13.5	13.5

Source: Various City Departments.

Schedule 18

2015	2016	2017	2018	2019	2020
40	40	40	40	40	40
1	1	1	1	1	1
1	1	1	1	1	1
6	6	6	7	7	7
1	1	1	-	-	-
537	537	538	846	903	903
350	350	343	619	662	662
85	85	88	90	92	92
26	27	27	27	27	27
6	6	6	7	7	7
571	924	963	966	971	971
807	1484	1261	1261	1261	1280
16	16	16	23	23	23
452	465	495	643	652	652
4,134	4,296	4,320	5,495	5,837	5,829
25.84	31.00	35.70	36.22	37.27	30.86
2	2	2	4	4	4
426	424	450	549	550	550
24.3	18.8	44.4	21.2	30.3	26.7

