

A N N U A L C O M P R E H E N S I V E F I N A N C I A L R E P O R T

FISCAL YEAR ENDED
SEPTEMBER 30, 2021



City of Sugar Land, Texas

Annual Comprehensive Financial Report For the Fiscal Year Ended September 30, 2021



Issued by:
Finance Department

Michael W. Goodrum, City Manager
Jennifer May, Deputy City Manager, Chief Finance & Strategy Officer
Jennifer Brown, Director of Finance
Glenda Aragon, Deputy Finance Director
William Pena, Controller

City of Sugar Land, Texas
Annual Financial Report
For the Fiscal Year Ended September 30, 2021
Table of Contents

**Page
Number**

Introductory Section

Letter of Transmittal	1
Principal Officials	6
Organizational Chart	7
GFOA Certificate of Achievement	8

Financial Section

Independent Auditor's Report	11
Management's Discussion and Analysis	15

Basic Financial Statements

Government-Wide Financial Statements:	
Statement of Net Position	29
Statement of Activities	30
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	32
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	35
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	39
Statement of Net Position - Proprietary Funds	40
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds.....	41
Statement of Cash Flows - Proprietary Funds	42
Combining Statement of Net Position - Discretely Presented Component Units.....	44
Combining Statement of Activities - Discretely Presented Component Units	45
Notes to Financial Statements	47

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Major Fund - General Fund		93
Notes to Required Supplementary Budget Information		95
Schedule of Changes in the Net Pension Liability and Related Ratios - Texas Municipal Retirement System.....		96
Schedule of the City's Contributions - Texas Municipal Retirement System		98
Schedule of Changes in Total OPEB Liabilities and Related Ratios		100

City of Sugar Land, Texas
 Annual Financial Report
 For the Fiscal Year Ended September 30, 2021
 Table of Contents - Continued

**Page
Number**

Other Supplementary Information

Nonmajor Governmental Funds	
Combining Balance Sheet – Nonmajor Governmental Funds	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	106
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Major Fund – Debt Service Fund.....	108
Special Revenue Fund – Tourism Fund.....	109
Special Revenue Fund – Court Security Fund.....	110
Special Revenue Fund – Community Development Block Grant (CDBG) Fund	111
Special Revenue Fund – Court Technology Fund.....	112
Special Revenue Fund – Law Enforcement Grant Fund.....	113
Special Revenue Fund – Debt Reduction Funds.....	114
Special Revenue Fund – Sugar Land Development Corporation Fund.....	115
Special Revenue Fund – Enclave at River Park PID	116
Special Revenue Fund – Animal Shelter Donations.....	117
Special Revenue Fund – Public Education and Government Fund	118
Internal Service Funds	
Combining Statement of Net Position – Internal Service Funds.....	120
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds.....	121
Combining Statement of Cash Flows – Internal Service Funds.....	122
Discretely Presented Component Units Fund Based Financial Statements	
Balance Sheets – Governmental Funds.....	125
Statements of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	126

Statistical Section (Unaudited)

Net Position by Component	130
Changes in Net Position	132
Fund Balances of Governmental Funds	136
Changes in Fund Balances of Governmental Funds	138
Taxable Sales	140
Assessed Value and Estimated Actual Value of Taxable Property	142
Property Tax Rates - Direct and Overlapping Governments	144
Property Tax Levies and Collections	147
Principal Property Taxpayers	148
Ratios of General Bonded Debt Outstanding	149

City of Sugar Land, Texas
Annual Financial Report
For the Fiscal Year Ended September 30, 2021
Table of Contents - Continued

**Page
Number**

Statistical Section (Unaudited) – Continued

Ratios of Outstanding Debt by Type	150
Direct and Estimated Overlapping Governmental Activities Debt	153
Pledged Revenue Coverage	154
Demographic and Economic Statistics	155
Principal Employers	157
Full-time Equivalent City Government Employees by Function	158
Operating Indicators by Function	160
Capital Asset Statistics by Function	162



Introductory Section





CITY OF SUGAR LAND

February 15, 2022

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, 2021.

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, has issued an unmodified (or "clean") opinion on the City of Sugar Land's financial statements for the year ended September 30, 2021. 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 single-member district. In November 2020, voters approved an amendment to the City Charter, changing to three-year terms, with a limit of three terms in a consecutive nine-year period. District Council members elected in May 2021 serve the first three-year terms, with the at-large members transitioning to three-year terms in May 2022. 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 (FBO) 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.

Tax year 2021 is the second year for implementation of Senate Bill 2 from the 86th legislative session. This bill set limitations of 3.5% growth in operations and maintenance revenue from property taxes with mandatory elections if that rate is exceeded. The 87th legislature passed bills further restricting the City's ability to implement the disaster provisions provided for in Senate Bill 2 and these impacts are effective for tax year 2021. The 87th session also saw bills limiting the ability of cities to issue Certificates of Obligation for project financing.

In June 2021, the City was allocated \$11.1 million in Coronavirus State and Local Fiscal Recovery Funds from the American Rescue Plan Act passed by Congress in May 2021. The funds are available to assist local governments with revenue loss and are available to be utilized consistent with treasury guidance. The budget includes these funds as received in FY21 and FY22 but the funds are not appropriated in the budget, pending further discussion with City Council in the fall on the best use of the funds as allowable under U.S. Treasury guidance.

National economic impacts on the City's finances can be seen in continued low interest rates – which are a benefit when borrowing funds for capital projects, but the offsetting loss of interest income further restricts already limited resources. Additionally, inflationary pressures and supply chain issues have resulted in price escalation on construction projects and is also impacting cost and availability of supplies and components – particularly those that utilize technology.

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.

As we enter the second year of economic impacts from COVID-19 and related uncertainty, we are starting to see a return to normal and optimism for continued recovery. However, our approach to financial management continues to be conservative – though in a modified manner. With a focus on conservative, resilient and responsible finances, and efforts to balance operational and financial stability, the FY22 budget ensures continued financial strength and resiliency by meeting all fund

balance requirements, including the structural balance of the General Fund, and includes a start to restoration of the Sugar Land Way investments made in prior years that were cut due to the pandemic.

The importance of resiliency initiatives becomes more apparent in volatile years 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. These initiatives were tested in Fiscal Year 2021 and the conservative approach proved to be successful.

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 unusual patterns seen in sales tax as a direct impact of the COVID-19 pandemic have led to revenue estimates for sales tax that are more aggressive than policy direction – especially given the destination venues such as Smart Financial Centre at Sugar Land that resumed shows in the latter part of 2021, drawing visitors into the City, and resulting in significant direct and indirect revenue generation.

The City annually adopts a one-year budget and a five-year capital improvement program (first year appropriated in the 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.

The FY22 budget focus is on balancing financial and operational stability – in essence, providing additional funding for the City's highest priorities while also protecting against continued downside risk and economic uncertainty. Priorities for funding in the proposed budget include base budget increase and limited restoration of funding levels for services to departments to allow provision of services to the public – with restoration primarily focused on infrastructure rehabilitation and investments in the fleet and high-tech replacement funds. Additionally, funding is also included for community priorities such as supplemental sidewalk rehabilitation, mobility and traffic safety, and special events; citizen engagement and customer service enhancements; public safety training, equipment, facilities, and operations; and efforts to further turn the disruptions over the past two years into opportunities – including citywide “Better than Before” planning efforts and increased innovation.

Additionally, staff has internally outlined priorities for a mid-year budget amendment should recovery occur more quickly than is anticipated in the budget – recognizing that the proposed budget as presented does not fully meet the Sugar Land Way due to a multi-year delay and reset of recurring revenues due to the economic impacts of the pandemic.

The FY22 budget allows for the continuity of priority service levels and preserves the integrity of the City's finances to maintain stability and a structurally balanced budget and forecast, with an identified need to further increase recurring revenues by FY23 and planned discussions with the City Council this fall to discuss long-term service level priorities beyond those reflected in the FY22 budget and five-year forecast.

The FY22 adopted budget totals \$299.60 million. Of the total, \$240.50 million is for operating funds and issuance costs, and \$59.1 million is for capital projects, including the projects from the voter approved GO Bond Program. The Five-Year CIP totals \$259.08 million, with \$59.1 million in projects funded in FY22. It is important to understand that only the first year of the CIP is included for funding in the annual budget, while the remaining years are included for planning purposes only and will change from one year to the next based on the best information available at the time.

GO Bond projects include \$22.7 million in drainage, \$3.8 million in public safety and public facilities and \$3.46 million in streets. GO bond projects are funded with a one-cent increase in the 2021 tax rate. The

CIP includes \$23.9 million in projects funded from Utility Revenue bonds, \$2 million from Utility Revenues, \$1 million funded from Sugar Land 4B Corporation and \$1.8 million from CIP fund balance.

As the City prepares to meet the 60% groundwater reduction mandate in 2025, projects identified in the Integrated Water Resource Plan adopted in 2017 are reflected in CIP, with investment needed in infrastructure to meet these requirements and maintain the utility infrastructure. Utility projects total \$25.9 million in FY22, with \$15.844 million in water, \$10.02 million in wastewater and \$35,000 in surface water projects. Airport capital projects total \$441,565 for the City's share of the parallel taxiway relocation project.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Fiscal Year 2021 focused on continuity of base service levels and integrity of the City's finances to maintain financial stability and structural balance. Priorities for capital funding focused on voter approved projects to address structural flooding. The budget was surrounded by uncertainty from impacts to the City's revenues from economic downturn from COVID-19 closures – both the length and depth of the economic recession were highly uncertain as well as the impact on our City.

The budget included strategies to offset potential impacts into 2021, including deferral of major expenditures for six months allow assessment of the impacts from COVID-19 on the economy and the City's finances. Strategies included:

- Conservative estimates for budgeted revenue,
- Strategic reductions to operating expenditures,
- Reduced funding levels and delayed implementation of major initiatives,
- Reallocation of resources to support areas where funding has been interrupted due to COVID-19,
- Managing vacancies to achieve salary savings until revenue streams stabilize at normal levels, and
- A revised implementation plan for GO Bond Projects approved by voters in 2019.

Fiscal year 2021 took a conservative approach to budgeting sales tax revenue. Estimates were based on the FY20 recurring actuals net of a 30% reduction from the retail sector and a 50% reduction from the food & entertainment sector for the first six months of the year. This resulted in a conservative revenue estimate, as these two sectors make up 60% of the City's sales tax revenue. Revenues for the second half of the year were based on the FY20 budgeted revenues – which were FY19 recurring actuals. While this was a departure from policy direction, it was warranted due to the highly uncertain impact on this revenue of the pandemic. FY21 budgeted sales tax totaled \$44.6 million in recurring collections, of which \$33.3 million supports the general operating budget.

Fiscal Year 2021 also took a conservative approach for other revenues impacted by the economic closures and restrictions on gatherings – such as hotel occupancy taxes, mixed beverage taxes, fines & forfeitures, building permits and charges for services for some programs. Some revenues exceeded expectations while others have fallen short of expectations due to a slower return to normal in some industries. The City has 4 tax abatement agreements for tax year 2020. These companies comprise \$100.74 million in real and personal property values. They also provide \$8 million in inventory values not subject to tax abatement. In tax year 2020, the City abated \$88.7 million in improvements and personal property value. Abatement of property taxes allow the City to incentivize corporate investment in the City that may otherwise not occur, and since abatements are for a limited period, once the abatement period ends, all investments are taxable and benefit the City.

A 30-year zero-interest loan through the Texas Water Development Board closed in August 2021 – funding the \$16.5 million Chimneystone / Austin Park Drainage Improvements project and saving the City \$7.6 million in interest costs over the life of the loan. The City refunded several series of outstanding bonds in conjunction with the 2021 GO and Revenue Bond issuance, resulting in debt service savings to the City.

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 Annual Comprehensive Financial Report (ACFR) for the year ended September 30, 2020. This was the 37th year that the City has achieved this prestigious award. To be awarded a Certificate, a government must publish an easily readable and efficiently organized ACFR. 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 ACFR 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, 2020- September 30, 2021. This was the 25th consecutive year the government received the budget award. To qualify for the Distinguished Budget Presentation Award, the 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 City Council members 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, 2021**

<u>City Officials</u>	<u>Elective Position</u>	<u>Expires</u>
Joe R. Zimmerman	Mayor	2022
William Ferguson	Council Member - At Large Position One	2022
Jennifer J. Lane	Council Member - At Large Position Two	2022
Suzanne Whatley	Council Member - District One	2024
Naushad Kermally	Council Member - District Two	2024
Stewart Jacobson	Council Member - District Three	2024
Carol K. McCutcheon	Council Member - District Four	2024

<u>Key Staff</u>	<u>Position</u>
Michael Goodrum	City Manager
Jennifer May	Deputy City Manager
Doug Brinkley	Assistant City Manager
Chris Steubing	Assistant City Manager
Robert Valenzuela	Executive Director of Public & Neighborhood Services
Jennifer Brown	Director of Finance
Glenda Aragon	Deputy Finance Director
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, 2021

City of Sugar Land Organizational Chart



City Manager Mike Goodrum

- Department of Innovation
- Special Projects
- Legal



Jennifer May
Deputy City Manager
Chief Finance & Strategy Officer

- Budget & Strategy
- Economic Development
- Finance (Accounting, Purchasing, Treasury, Municipal Court)
- Planning & Development Services
- Public & Government Affairs (311, Communications & Community Engagement, Intergovernmental Relations)



Doug Brinkley
Assistant City Manager
Chief People & Culture Officer

- City Secretary
- Office of Emergency Management
- Fire
- Human Resources
- Police
- Public Safety Dispatch



Chris Steubing
Assistant City Manager
Chief Operating Officer

- Engineering
- Information Technology
- Parks & Recreation
- Sugar Land Regional Airport



Robert Valenzuela
Executive Director of Public & Neighborhood Services

- Environmental & Neighborhood Services
- Public Works



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Sugar Land
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

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, 2021, 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, 2021, 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 15, 2022, 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 15, 2022



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, 2021.

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 \$696.9 million (*net position*). Of this amount, \$78.9 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 \$128.0 million, an increase of \$27.7 million over the prior year. Approximately 38% of this total amount, \$48.2 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 \$24.5 million for fiscal year 2022. As of September 30, 2021, the General Fund's unassigned fund balance was \$48.2 million.
- The City's total long-term debt increased by \$2.3 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 16 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 13 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 annual comprehensive 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 annual comprehensive 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 \$696.9 million at the close of the most recent fiscal year.

By far the largest portion of the City's net position, 84.2% or \$586.9 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, 2021. 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	
	2021	2020	2021	2020	2021	2020
	Current and other assets	\$ 152,810	\$ 104,824	\$ 95,937	\$ 89,076	\$ 248,747
Capital assets	598,438	620,532	405,016	431,213	1,003,454	1,051,745
Total assets	751,248	725,356	500,953	520,289	1,252,201	1,245,645
Deferred outflows	9,514	18,783	3,230	4,976	12,744	23,759
Total deferred outflows of resources	9,514	18,783	3,230	4,976	12,744	23,759
Long-term liabilities outstanding	319,875	329,313	214,430	218,336	534,305	547,649
Other liabilities	15,380	11,732	8,717	9,107	24,097	20,839
Total liabilities	335,255	341,045	223,147	227,443	558,402	568,488
Deferred inflows	8,487	2,467	1,149	342	9,636	2,809
Total deferred inflows of resources	8,487	2,467	1,149	342	9,636	2,809
Net position:						
Net investment in capital assets	360,769	359,391	226,097	237,564	586,866	596,955
Restricted	22,705	22,177	8,391	11,190	31,096	33,367
Unrestricted	33,547	19,059	45,399	48,726	78,946	67,785
Total net position	\$ 417,021	\$ 400,627	\$ 279,887	\$ 297,480	\$ 696,908	\$ 698,107

An additional portion of the City's net position, 4.5% or \$31.1 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of 11.3% or \$78.9 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)

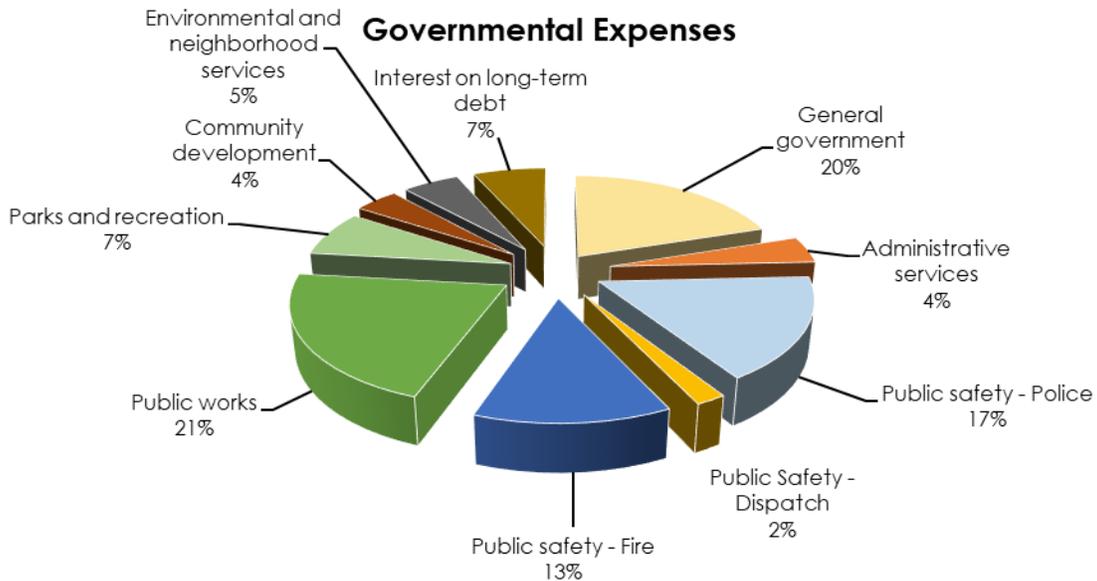
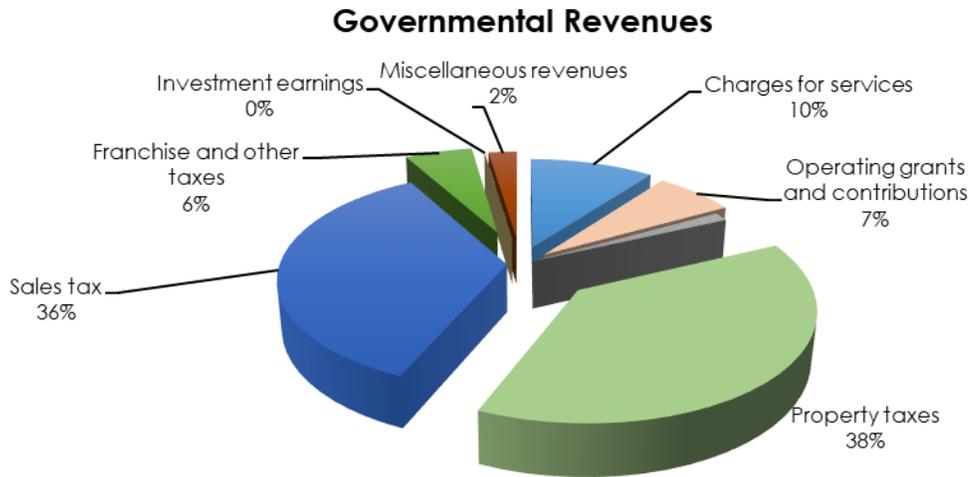
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 14,174	\$ 15,334	\$ 76,204	\$ 70,658	\$ 90,378	\$ 85,992
Operating grants and contributions	9,275	2,920	231	174	9,506	3,094
Capital grants and contributions	1,729	10,132	3,040	2,991	4,769	13,123
General revenues:						
Property taxes	53,377	52,130	-	-	53,377	52,130
Sales tax	49,209	44,466	-	-	49,209	44,466
Franchise and other taxes	7,866	7,958	-	-	7,866	7,958
Investment earnings	30	1,473	83	1,001	113	2,474
Miscellaneous revenues	3,280	2,629	1,963	1,914	5,243	4,543
Total revenues	138,940	137,042	81,521	76,738	220,461	213,780
Expenses:						
General government	26,502	21,664	-	-	26,502	21,664
Administrative services	5,683	7,277	-	-	5,683	7,277
Public safety - Police	22,060	26,657	-	-	22,060	26,657
Public Safety - Dispatch	2,608	-	-	-	2,608	-
Public safety - Fire	16,701	17,330	-	-	16,701	17,330
Public works	28,236	35,122	-	-	28,236	35,122
Parks and recreation	9,785	8,060	-	-	9,785	8,060
Community development	5,358	5,684	-	-	5,358	5,684
Environmental and neighborhood service	6,846	7,065	-	-	6,846	7,065
Interest on long-term debt	8,804	10,071	-	-	8,804	10,071
Utility	-	-	56,674	58,197	56,674	58,197
Regional airport	-	-	16,831	14,288	16,831	14,288
Solid waste management	-	-	9,493	8,445	9,493	8,445
Total expenses	132,583	138,930	82,998	80,930	215,581	219,860
Increase (decrease) in net position before transfers	6,357	(1,888)	(1,477)	(4,192)	4,881	(6,080)
Transfers	5,917	6,007	(5,917)	(6,007)	-	-
Change in net position	12,274	4,119	(7,394)	(10,199)	4,881	(6,080)
Net position - beginning	404,746	400,627	287,281	297,480	692,027	698,107
Net position - ending	\$ 417,021	\$ 404,746	\$ 279,887	\$ 287,281	\$ 696,908	\$ 692,027

The City's net position increased by approximately \$4.9 million in the fiscal year ended September 30, 2021. This was primarily the result of an increase in governmental activities' net position.

Governmental Activities

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

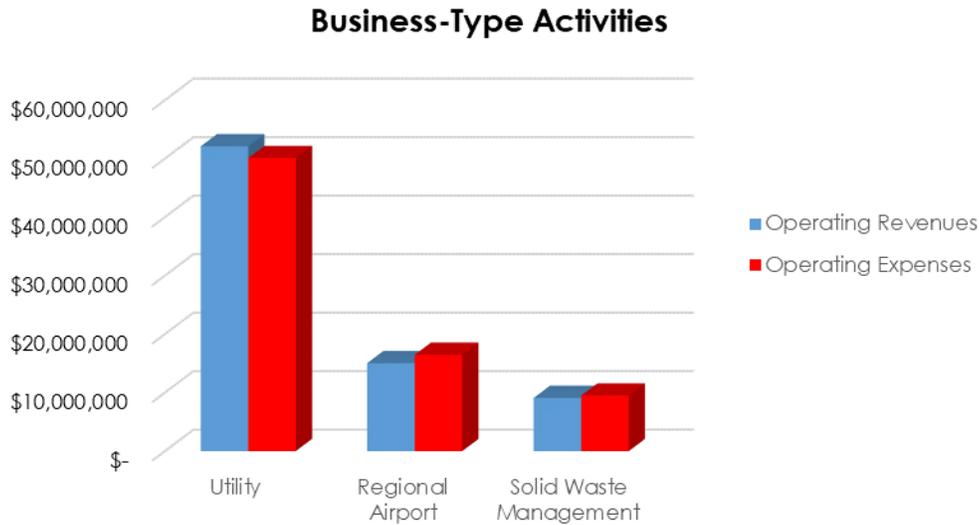
- The City had increases in operating grants and contributions due to increased Federal grant funding.
- Increased sales tax revenues as a result of economic recovery as well as increased property tax revenues driven by increased property values.
- Interest expense decreased due to lower overall interest rates on outstanding long-term obligations resulting from debt issuances and refunding transactions.



Business-type Activities

Business-type activities decreased the City's net position by \$7.4 million. Key elements of this decrease are as follows:

- Decreased interest and investment revenue.
- Increased revenues and cost of operations at the Regional Airport due to increased activity.
- Transfers out to governmental activities of \$5.9 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 \$128.0 million, an increase of \$27.7 million over the prior year. Approximately 38% of this total amount, \$48.2 million, is *available for spending* at the government's discretion (*unassigned fund balance*).

Fund balance in the General Fund increased from the prior year by \$9.4 million, resulting in an ending fund balance of \$49.1 million at year end. The unassigned fund balance of \$48.2 million represents 51% of total fund expenditures. The increase in fund balance results from increased property and sales taxes in fiscal year 2021.

The Debt Service Fund has a total fund balance of \$7.0 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 \$0.9 million, due to expenditures for scheduled debt maturities and bond refunding.

The Capital Projects Fund has a total fund balance of \$55.2 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 \$17.0 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 \$38.0 million and the Airport Fund's unrestricted net position amounts to approximately \$5.5 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 \$8.3 million due primarily to increases in estimated sales tax revenues related to economic recovery from the impacts of the COVID-19 pandemic.

During the year there was a net increase between the original and final amended budget expenditure appropriations of \$5.2 million due to budgetary increases in personnel and economic development expenditures.

There were no significant differences between final amended expenditures and actual expenditures in fiscal year 2021. The review of the final amended budget versus the actual for the General Fund reflected a positive budget variance in the amount of \$7.2 million.

Capital Assets and Debt Administration

Capital Assets

At the end of the current fiscal year 2021, the City's governmental activities and business-type activities had invested \$598.4 million and \$405.0 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents a net decrease of \$15.1 million or 2.5% over the end of last fiscal year for governmental activities and a decrease of \$12.9 million or 3.1% for business-type activities.

<i>Amounts in (000's)</i>	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land and intangibles	\$ 109,112	\$ 108,830	\$ 27,110	\$ 26,876	\$ 136,222	\$ 135,706
Construction in progress	19,930	20,589	17,284	13,835	37,214	34,424
Infrastructure	265,490	269,878	340,592	355,894	606,082	625,772
Buildings and improvements	183,622	191,451	16,933	17,796	200,555	209,247
Equipment and furniture	20,284	22,868	3,097	3,496	23,381	26,364
Totals	<u>\$ 598,438</u>	<u>\$ 613,616</u>	<u>\$ 405,016</u>	<u>\$ 417,897</u>	<u>\$ 1,003,454</u>	<u>\$ 1,031,513</u>

The overall decrease in capital assets for governmental activities and for the business-type activities is due to the \$48.9 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 \$499.8 million. Of this amount, \$186.9 million was general obligation debt and \$146.8 million represents bonds secured solely by specified revenue sources (i.e. revenue bonds). Certificates of obligation account for \$128.5 million. The City's other long-term liabilities include its pension and other post employment benefits of \$29.3 million and compensated absences and other items of \$5.3 million.

City of Sugar Land, Texas Long-term Liabilities Outstanding

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
	General obligation bonds	\$ 106,910	\$ 94,585	\$ 80,015	\$ 83,180	\$ 186,925
Revenue bonds	41,085	43,140	105,715	105,650	146,800	148,790
Certificates of obligation	122,045	128,480	6,470	6,785	128,515	135,265
Tax note	-	1,096	-	-	-	1,096
Premiums or discounts	19,412	19,610	18,106	14,925	37,518	34,535
Total bonds payable, net	289,452	286,911	210,306	210,540	499,758	497,451
Pension and other post employment benefits	25,722	25,838	3,573	3,588	29,295	29,426
Compensated absences and other	4,701	4,844	551	577	5,252	5,421
Total	\$ 319,875	\$ 317,593	\$ 214,430	\$ 214,705	\$ 534,305	\$ 532,298

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

As we enter the second year of economic impacts from COVID-19 and related uncertainty, we are starting to see a return to normal and optimism for continued recovery. However, our approach to financial management continues to be conservative – though in a modified manner. We have taken a more aggressive approach to revenue estimation while identifying expenditures in the budget that can be implemented later once conditions warrant. With a focus on conservative, resilient and responsible stewardship, and efforts to balance both operational and financial stability, the proposed budget ensures continued financial strength and resiliency by meeting all fund balance requirements, including the structural balance of the General Fund, and includes the first steps in beginning to restore the Sugar Land Way investments made in the FY20 budget that were cut due to the pandemic.

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. These initiatives were tested in Fiscal Year 2021 and the conservative approach proved to be successful.

For the FY22 budget, the focus is on balancing financial and operational stability – in essence, providing additional funding for the City’s highest priorities while also protecting against continued downside risk and economic uncertainty. Priorities for funding in the proposed budget include base budget increase and limited restoration of funding levels for services to departments to allow provision of services to the public – with restoration primarily focused on infrastructure rehabilitation and investments in the fleet and high-tech replacement funds. Additionally, funding is also included for community priorities such as supplemental sidewalk rehabilitation, mobility and traffic safety, and special events; citizen engagement and customer service enhancements; public safety training, equipment, facilities, and operations; and efforts to further turn the disruptions over the past two years into opportunities – including citywide “Better than Before” planning efforts and increased innovation.

Additionally, staff has internally outlined priorities for a mid-year budget amendment should recovery occur more quickly than is anticipated in the budget – recognizing that the proposed budget as presented does not fully meet the Sugar Land Way because of a multi-year delay and reset of recurring revenues due to the economic impacts of the pandemic.

Overall, the FY22 budget will allow for the continuity of priority service levels provided in FY21 and preserves the integrity of the City’s finances to maintain stability and a structurally balanced budget and forecast, with an identified need to further increase recurring revenues by FY23 and planned discussions with the City Council this fall to discuss long-term service level priorities beyond those reflected in the FY22 budget and five-year forecast.

In June 2021, the City was allocated \$11.1 million in Coronavirus State and Local Fiscal Recovery Funds from the American Rescue Plan Act passed by Congress in May 2021. The funds are available to assist local governments with revenue loss and are available to be utilized consistent with treasury guidance. The budget includes these funds as received in FY21 and FY22 but the funds are not appropriated in the budget, pending further discussion with City Council in the fall on the best use of the funds as allowable under U.S. Treasury guidance.

National economic impacts on the City’s finances can be seen in continued low interest rates – which are a benefit when borrowing funds for capital projects, but the offsetting loss of interest income further restricts already limited resources. Additionally, inflationary pressures and supply chain issues have resulted in price escalation on construction projects and is also impacting cost and availability of supplies and components – particularly those that utilize technology.

With a focus on the highest priority additions to the operating budget and a continued phased approach to implementing the GO bond program, the FY22 adopted budget totals \$299.60 million. Of the total, \$240.50 million is for operating funds and issuance costs, and \$59.1 million is for capital projects, including the projects from the voter approved GO Bond Program.

2021 Property Taxes

The FY22 budget is funded by revenues based on the certified 2021 tax roll of \$16.9 billion and the adopted tax rate of 34.65 cents per \$100 taxable value- one of the lowest in the state for cities over 60,000. The 2021 tax rate is an increase of one-cent from 2020 to fund the second phase of the 2019 voter-approved bond projects – with an emphasis on drainage and public safety. The City maintained a 12% homestead exemption for the 2021 tax year. The 2021 tax rate is the second year of changes in the truth in taxation process because 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. The 87th legislature passed bills further restricting the City's ability to implement the disaster provisions provided for in Senate Bill 2 and these impacts are effective for tax year 2021.

Fee and Rate Changes

A utility rate study was completed in FY21 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. The rate study recommended three years of \$10 monthly increases to water, wastewater, and surface water rates – followed by smaller annual maintenance rate increases. The rates for 2022 continue the prior year's recommendations, resulting 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 funds strategies identified through the IWRP for long-term water supply needs for the community.

The current rate for residential solid waste services is \$19.76 per household per month and will increase 1.25% based on CPI increases under the contract. The monthly rate of \$20.00 will take effect January 1, 2022.

The FMPS contains guidance on evaluating user fees for an annual CPI adjustment and for calculation of new fees. In FY22, an increase of 3% is incorporated into fees based on the 12-month change in CPI 2021. Fee and rate adjustments are effective January 1, 2022.

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 Glenda Aragon, Deputy Finance Director, 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.



Basic Financial Statements



City of Sugar Land, Texas

Statement of Net Position

September 30, 2021

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 44,418,570	\$ 32,139,683	\$ 76,558,253	\$ 12,065,307
Investments	12,908,456	13,739,823	26,648,279	2,245,073
Receivables, net of allowance for uncollectibles	13,887,543	7,559,584	21,447,127	1,250,924
Internal balances	(1,665,482)	1,665,482	-	-
Inventories	228,000	343,316	571,316	-
Prepaid items	73,143	19,202	92,345	2,107
Restricted cash and cash equivalents	79,966,984	40,470,117	120,437,101	2,441,010
Restricted investments	2,993,127	-	2,993,127	-
Capital assets:				
Capital assets not being depreciated	128,705,632	44,209,173	172,914,805	-
Capital assets being depreciated	469,732,517	360,806,843	830,539,360	-
Total assets	751,248,490	500,953,223	1,252,201,713	18,004,421
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	1,056,381	2,054,660	3,111,041	64,638
Deferred outflows relating to pension activities	7,100,535	984,955	8,085,490	-
Deferred outflows relating to OPEB activities	1,357,198	189,993	1,547,191	-
Total deferred outflows of resources	9,514,114	3,229,608	12,743,722	64,638
LIABILITIES				
Accounts payable and accrued expenses	8,310,616	4,740,538	13,051,154	55,940
Accrued interest	1,395,477	1,166,343	2,561,820	104,163
Customer deposits	104,650	2,801,472	2,906,122	-
Unearned revenue	5,568,856	8,700	5,577,556	-
Noncurrent liabilities:				
Non-current liabilities due within one year	21,697,721	10,675,000	32,372,721	1,842,488
Due in more than one year	298,177,595	203,754,945	501,932,540	22,430,934
Total liabilities	335,254,915	223,146,998	558,401,913	24,433,525
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding	658,512	62,868	721,380	-
Deferred inflows relating to pension activities	7,756,514	1,075,794	8,832,308	-
Deferred inflows relating to OPEB activities	71,623	9,950	81,573	-
Total deferred inflows of resources	8,486,649	1,148,612	9,635,261	-
NET POSITION				
Net investment in capital assets	360,768,866	226,096,942	586,865,808	-
Restricted for:				
Debt service	11,663,387	8,391,361	20,054,748	2,336,847
General government	118,223	-	118,223	-
Economic development activities	9,355,269	-	9,355,269	5,123,205
Public safety	244,574	-	244,574	-
Tourism and marketing	1,261,499	-	1,261,499	-
Environmental and neighborhood services	62,580	-	62,580	-
Unrestricted	33,546,642	45,398,918	78,945,560	(13,824,518)
TOTAL NET POSITION	\$ 417,021,040	\$ 279,887,221	\$ 696,908,261	\$ (6,364,466)

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, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 26,502,325	\$ 19,389	\$ 6,578,687	\$ 49,460
Administrative services	5,683,094	6,992,560	2,190,781	-
Public safety - Police	22,060,087	60,816	130,277	-
Public Safety - Dispatch	2,607,837	-	-	-
Public safety - Fire	16,700,504	3,434,502	26,860	-
Public works	28,235,914	79,997	256,449	1,327,869
Parks and recreation	9,785,044	203,927	49,282	348,175
Community development	5,358,357	3,015,571	-	-
Environmental and neighborhood services	6,845,976	367,265	43,160	3,790
Interest on long-term debt	8,804,328	-	-	-
Total governmental activities	132,583,466	14,174,027	9,275,496	1,729,294
Business-type activities:				
Utility	56,673,831	52,097,006	-	1,266,910
Regional airport	16,831,368	15,025,315	231,379	1,773,476
Solid waste management	9,493,324	9,081,812	-	-
Total business-type activities	82,998,523	76,204,133	231,379	3,040,386
TOTAL PRIMARY GOVERNMENT	\$ 215,581,989	\$ 90,378,160	\$ 9,506,875	\$ 4,769,680
COMPONENT UNITS				
Sugar Land 4B Corporation	\$ 5,341,530	\$ -	\$ 145,300	\$ -
Sugar Land Town Square Tax Increment				
Reinvestment Zone No. 1	1,953,382	-	-	-
Sugar Land Reinvestment Zone No. 3	1,164,152	-	-	-
Sugar Land Reinvestment Zone No. 4	11,528	-	-	-
TOTAL COMPONENT UNITS	\$ 8,470,592	\$ -	\$ 145,300	\$ -

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>
\$ (19,854,789)		\$ (19,854,789)	
3,500,247		3,500,247	
(21,868,994)		(21,868,994)	
(2,607,837)		(2,607,837)	
(13,239,142)		(13,239,142)	
(26,571,599)		(26,571,599)	
(9,183,660)		(9,183,660)	
(2,342,786)		(2,342,786)	
(6,431,761)		(6,431,761)	
(8,804,328)		(8,804,328)	
<u>(107,404,649)</u>		<u>(107,404,649)</u>	
	\$ (3,309,915)	\$ (3,309,915)	
	198,802	198,802	
	<u>(411,512)</u>	<u>(411,512)</u>	
	(3,522,625)	(3,522,625)	
<u>\$ (107,404,649)</u>	<u>\$ (3,522,625)</u>	<u>\$ (110,927,274)</u>	
			\$ (5,196,230)
			(1,953,382)
			(1,164,152)
			<u>(11,528)</u>
			<u>\$ (8,325,292)</u>
53,377,354	-	53,377,354	4,090,372
49,209,137	-	49,209,137	7,032,365
7,865,705	-	7,865,705	-
29,881	83,551	113,432	4,452
3,279,916	1,963,079	5,242,995	80,000
5,917,384	(5,917,384)	-	-
<u>119,679,377</u>	<u>(3,870,754)</u>	<u>115,808,623</u>	<u>11,207,189</u>
12,274,728	(7,393,379)	4,881,349	2,881,897
404,746,312	287,280,600	692,026,912	(9,246,363)
<u>\$ 417,021,040</u>	<u>\$ 279,887,221</u>	<u>\$ 696,908,261</u>	<u>\$ (6,364,466)</u>

City of Sugar Land, Texas
 Balance Sheet - Governmental Funds
 September 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 35,410,497	\$ -
Investments	10,662,344	-
Receivables, net of allowance for uncollectibles	10,945,660	346,742
Inventories	218,125	-
Prepaid items	38,014	-
Restricted cash and cash equivalents	40,819	6,988,643
Restricted investments	-	-
	<hr/>	<hr/>
TOTAL ASSETS	\$ 57,315,459	\$ 7,335,385
	<hr/>	<hr/>
LIABILITIES		
Accounts payable	\$ 3,106,379	\$ 3,338
Accrued expenditures	2,379,487	-
Customer deposits	104,650	-
Unearned revenue	10,695	-
	<hr/>	<hr/>
Total liabilities	5,601,211	3,338
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenue	2,654,864	343,970
	<hr/>	<hr/>
Total deferred inflows of resources	2,654,864	343,970
FUND BALANCES		
Nonspendable:		
Inventories	218,125	-
Prepaid items	38,014	-
Restricted for:		
General government	-	-
Debt service	-	6,988,077
Capital projects	-	-
Economic development activities	-	-
Public safety	-	-
Tourism and marketing	-	-
Environmental and neighborhood services	-	-
Committed	199,543	-
Assigned	450,554	-
Unassigned	48,153,148	-
	<hr/>	<hr/>
Total fund balances	49,059,384	6,988,077
	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 57,315,459	\$ 7,335,385
	<hr/>	<hr/>

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

<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 831,062	\$ 57,265	\$ 36,298,824
-	-	10,662,344
718,592	1,866,996	13,877,990
-	9,875	228,000
-	3,269	41,283
55,299,855	17,637,667	79,966,984
-	2,993,127	2,993,127
<u>\$ 56,849,509</u>	<u>\$ 22,568,199</u>	<u>\$ 144,068,552</u>
\$ 1,656,742	\$ 194,949	\$ 4,961,408
-	7,860	2,387,347
-	-	104,650
-	5,558,161	5,568,856
<u>1,656,742</u>	<u>5,760,970</u>	<u>13,022,261</u>
-	25,123	3,023,957
-	25,123	3,023,957
-	9,875	228,000
-	3,269	41,283
-	118,223	118,223
-	5,726,817	12,714,894
51,385,052	-	51,385,052
-	9,355,269	9,355,269
-	244,574	244,574
-	1,261,499	1,261,499
-	62,580	62,580
-	-	199,543
3,807,715	-	4,258,269
-	-	48,153,148
<u>55,192,767</u>	<u>16,782,106</u>	<u>128,022,334</u>
<u>\$ 56,849,509</u>	<u>\$ 22,568,199</u>	<u>\$ 144,068,552</u>



City of Sugar Land, Texas

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2021

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 128,022,334

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 \$1,049,204,055 and the accumulated depreciation is \$455,475,088. 593,729,047

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds. 3,023,957

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	\$ 1,056,381	
Deferred gain on refunding	(658,512)	397,869

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

Debt payable, at maturity	\$ (270,040,000)	
Accrued interest on the bonds	(1,395,477)	
Premium/discount on bonds payable	(19,412,204)	
Compensated absences	(4,557,572)	
Sales tax obligation	(143,015)	
Net pension liability	(18,149,449)	
Total OPEB liability	(7,573,076)	(321,270,793)

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	\$ (655,979)	
Deferred outflows and deferred inflows - OPEB	1,285,575	629,596

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. 12,489,030

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 417,021,040

City of Sugar Land, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended September 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
Property taxes	\$ 32,261,467	\$ 21,022,051
Sales tax	42,179,260	-
Franchise and other taxes	6,161,287	-
Licenses and permits	3,380,955	-
Fines and forfeitures	1,133,610	-
Charges for services	9,316,549	-
Investment earnings	-	4,038
Intergovernmental	7,732,744	-
Other	648,631	1,770,955
	<hr/>	<hr/>
Total revenues	102,814,503	22,797,044
EXPENDITURES		
Current:		
General government	19,641,039	-
Administrative services	4,494,775	1,676,038
Public safety - Police	22,216,304	-
Public Safety - Dispatch	2,607,837	-
Public safety - Fire	16,379,250	-
Public works	11,903,016	-
Parks and recreation	4,818,174	-
Community development	5,375,408	-
Environmental and neighborhood services	6,002,006	-
Debt service:		
Principal	-	20,829,611
Interest and other charges	-	8,379,952
Bond issuance costs	-	41,168
Capital outlay	-	-
	<hr/>	<hr/>
Total expenditures	93,437,809	30,926,769
	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	9,376,694	(8,129,725)
OTHER FINANCING SOURCES (USES)		
Bonds and certificates of obligation issued	-	-
Refunding bonds issued	-	1,260,000
Premium on debt issued	-	122,156
Payment to refunded bond escrow agent	-	(1,382,156)
Transfers in	300,000	7,319,344
Transfers out	(283,947)	(92,094)
	<hr/>	<hr/>
Total other financing sources (uses)	16,053	7,227,250
	<hr/>	<hr/>
Net change in fund balances	9,392,747	(902,475)
	<hr/>	<hr/>
Fund balances, beginning of year	39,666,637	7,890,552
	<hr/>	<hr/>
FUND BALANCES, END OF YEAR	\$ 49,059,384	\$ 6,988,077

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

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 53,283,518
-	7,029,877	49,209,137
-	1,781,373	7,942,660
-	-	3,380,955
-	81,905	1,215,515
45,262	-	9,361,811
19,443	4,137	27,618
293,030	1,710,872	9,736,646
268,819	81,805	2,770,210
<hr/>	<hr/>	<hr/>
626,554	10,689,969	136,928,070
-	1,727,444	21,368,483
1,168,202	754,890	8,093,905
-	-	22,216,304
-	-	2,607,837
-	-	16,379,250
746,526	-	12,649,542
-	-	4,818,174
-	-	5,375,408
-	1,178	6,003,184
-	2,055,000	22,884,611
-	2,000,721	10,380,673
183,486	-	224,654
8,797,604	523,744	9,321,348
<hr/>	<hr/>	<hr/>
10,895,818	7,062,977	142,323,373
<hr/>	<hr/>	<hr/>
(10,269,264)	3,626,992	(5,395,303)
25,710,000	-	25,710,000
-	-	1,260,000
1,477,009	-	1,599,165
-	-	(1,382,156)
111,864	114,461	7,845,669
-	(1,552,244)	(1,928,285)
<hr/>	<hr/>	<hr/>
27,298,873	(1,437,783)	33,104,393
17,029,609	2,189,209	27,709,090
38,163,158	14,592,897	100,313,244
<hr/>	<hr/>	<hr/>
\$ 55,192,767	\$ 16,782,106	\$ 128,022,334



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, 2021

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 27,709,090

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	\$ (24,753,081)	
Capital outlay	9,069,358	(15,683,723)

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. 1,432,085

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the amount of the difference between the proceeds and gain or loss. (719,430)

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. 232,064

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	\$ (26,970,000)	
Premium on debt issued	(1,599,165)	
Principal repayments	22,848,840	
Payment to refunded bond escrow agent	1,382,156	
Repayment of obligation to state	19,721	(4,318,448)

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	\$ 1,662,141	
Change in accrued interest on long-term debt	161,229	
Compensated absences	124,192	
Changes in pension liabilities and related deferred outflows and inflows of resources	2,287,051	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(659,295)	3,575,318

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. 47,772

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 12,274,728

City of Sugar Land, Texas
Statement of Net Position
Proprietary Funds
September 30, 2021

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund		Activities
	Utility Fund	Airport Fund	Solid Waste Fund	Total	Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 27,272,465	\$ 4,867,218	\$ -	\$ 32,139,683	\$ 7,416,746
Cash with fiscal agent	-	-	-	-	703,000
Investments	11,744,656	1,995,167	-	13,739,823	2,246,112
Receivables, net of allowance for uncollectibles	6,114,342	279,832	1,165,410	7,559,584	9,553
Inventories	173,695	169,621	-	343,316	-
Prepaid items	18,057	510	635	19,202	31,860
Restricted cash and cash equivalents	39,628,213	841,904	-	40,470,117	-
Total current assets	84,951,428	8,154,252	1,166,045	94,271,725	10,407,271
Noncurrent assets:					
Capital assets					
Capital assets not being depreciated	16,652,032	27,557,141	-	44,209,173	-
Capital assets being depreciated	310,903,042	49,869,221	34,580	360,806,843	4,709,102
Total noncurrent assets	327,555,074	77,426,362	34,580	405,016,016	4,709,102
Total assets	412,506,502	85,580,614	1,200,625	499,287,741	15,116,373
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	1,972,819	81,841	-	2,054,660	-
Deferred outflows relating to pension activities	647,152	308,239	29,564	984,955	-
Deferred outflows relating to OPEB activities	125,986	58,105	5,902	189,993	-
Total deferred outflows of resources	2,745,957	448,185	35,466	3,229,608	-
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	3,462,038	440,779	837,721	4,740,538	476,610
Accrued interest	1,131,821	34,522	-	1,166,343	-
Customer deposits	2,688,035	113,437	-	2,801,472	-
Unearned revenue	-	8,700	-	8,700	-
Claims and judgments	-	-	-	-	485,251
Noncurrent liabilities due within one year	9,691,610	983,170	220	10,675,000	-
Total current liabilities	16,973,504	1,580,608	837,941	19,392,053	961,861
Noncurrent liabilities:					
Due in more than one year	191,019,844	9,149,555	13,379	200,182,778	-
Net pension liability	1,654,116	787,991	75,406	2,517,513	-
Total OPEB liability	695,710	326,829	32,115	1,054,654	-
Total noncurrent liabilities	193,369,670	10,264,375	120,900	203,754,945	-
Total liabilities	210,343,174	11,844,983	958,841	223,146,998	961,861
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on refunding	-	62,868	-	62,868	-
Deferred inflows relating to pension activities	706,913	336,843	32,038	1,075,794	-
Deferred inflows relating to OPEB activities	6,524	3,101	325	9,950	-
Total deferred inflows of resources	713,437	402,812	32,363	1,148,612	-
NET POSITION					
Net investment in capital assets	158,581,046	67,481,316	34,580	226,096,942	4,709,102
Restricted:					
Debt service	7,584,677	806,684	-	8,391,361	-
Unrestricted	38,030,125	5,493,004	210,307	43,733,436	9,445,410
TOTAL NET POSITION	\$204,195,848	\$ 73,781,004	\$ 244,887	\$278,221,739	\$ 14,154,512
Reconciliation to the government-wide statement of net position:					
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				1,665,482	
Net position of business-type activities				\$279,887,221	

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, 2021

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Total	Activities
	Utility Fund	Airport Fund	Solid Waste Fund		Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 52,097,006	\$ 15,025,315	\$ 9,081,812	\$ 76,204,133	\$ 15,885,073
Total operating revenues	52,097,006	15,025,315	9,081,812	76,204,133	15,885,073
OPERATING EXPENSES					
Personnel services	6,580,848	2,889,956	266,141	9,736,945	15,965
Supplies and materials	480,415	7,252,025	25,181	7,757,621	1,296,270
Contractual services	11,311,796	2,003,856	9,157,071	22,472,723	49,500
Repairs and maintenance	10,258,938	619,497	10,195	10,888,630	-
Other expenses	1,497,893	666,248	25,154	2,189,295	13,790,152
Depreciation	19,959,140	3,030,012	9,880	22,999,032	1,172,126
Total operating expenses	50,089,030	16,461,594	9,493,622	76,044,246	16,324,013
Operating income (loss)	2,007,976	(1,436,279)	(411,810)	159,887	(438,940)
NONOPERATING REVENUES (EXPENSES)					
Interest and investment revenue	83,307	191	53	83,551	2,263
Miscellaneous revenue	1,584,464	207,977	147,200	1,939,641	-
Intergovernmental	-	204,478	26,901	231,379	-
Gain (loss) on disposal of capital assets	23,438	-	-	23,438	338,425
Interest expense	(6,532,998)	(275,255)	-	(6,808,253)	-
Total nonoperating revenues (expenses)	(4,841,789)	137,391	174,154	(4,530,244)	340,688
Income (loss) before capital contributions and transf	(2,833,813)	(1,298,888)	(237,656)	(4,370,357)	(98,252)
Capital contributions	1,266,910	1,773,476	-	3,040,386	-
Transfers in	42,981	199,716	-	242,697	-
Transfers out	(5,860,081)	-	(300,000)	(6,160,081)	-
Change in net position	(7,384,003)	674,304	(537,656)	(7,247,355)	(98,252)
Net position, beginning	211,579,851	73,106,700	782,543	285,469,094	14,252,764
NET POSITION, ENDING	\$ 204,195,848	\$ 73,781,004	\$ 244,887	\$ 278,221,739	\$ 14,154,512
Reconciliation to the government-wide statement of activities:					
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				(146,024)	
Change in net position of business-type activities				\$ (7,393,379)	

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, 2021

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund		Activities
	Utility Fund	Airport Fund	Solid Waste Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 51,791,480	\$ 16,104,432	\$ 9,063,751	\$ 76,959,663	\$ -
Receipts from interfund charges for services			-	-	15,878,945
Disbursed for personnel services	(6,729,162)	(2,960,405)	(268,919)	(9,958,486)	(15,965)
Disbursed for goods and services	(23,257,296)	(10,662,277)	(9,142,428)	(43,062,001)	(14,413,131)
Net cash provided (used) by operating activities	21,805,022	2,481,750	(347,596)	23,939,176	1,449,849
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	42,981	199,716	-	242,697	-
Transfers to other funds	(5,860,081)	-	(300,000)	(6,160,081)	-
Other noncapital receipts	1,584,464	412,455	174,101	2,171,020	-
Net cash provided (used) by noncapital financing activities	(4,232,636)	612,171	(125,899)	(3,746,364)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the sale of bonds	11,754,681	-	-	11,754,681	-
Interest payments on debt	(7,635,737)	(387,215)	-	(8,022,952)	-
Principal payments on debt	(9,220,000)	(995,000)	-	(10,215,000)	-
Acquisition and construction of capital assets	(7,293,429)	-	-	(7,293,429)	(965,776)
Proceeds from sale of capital assets	23,438	215,446	-	238,884	338,425
Net cash used by capital and related financing activities	(12,371,047)	(1,166,769)	-	(13,537,816)	(627,351)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments, net	(2,671,624)	(990,951)	-	(3,662,575)	(1,998,216)
Interest received	83,307	191	53	83,551	3,320
Net cash provided (used) by investing activities	(2,588,317)	(990,760)	53	(3,579,024)	(1,994,896)
Net increase (decrease) in cash and cash equivalents	2,613,022	936,392	(473,442)	3,075,972	(1,172,398)
Cash and cash equivalents, beginning balance	64,287,656	4,772,730	473,442	69,533,828	9,292,144
CASH AND CASH EQUIVALENTS, ENDING BALANCE	\$ 66,900,678	\$ 5,709,122	\$ -	\$ 72,609,800	\$ 8,119,746
Unrestricted cash and equivalents	\$ 27,272,465	\$ 4,867,218	\$ -	\$ 32,139,683	\$ 8,119,746
Restricted cash and equivalents	39,628,213	841,904	-	40,470,117	-
	\$ 66,900,678	\$ 5,709,122	\$ -	\$ 72,609,800	\$ 8,119,746

City of Sugar Land, Texas
Statement of Cash Flows - Continued
Proprietary Funds
For the Fiscal Year Ended September 30, 2021

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund		Activities
	Utility Fund	Airport Fund	Solid Waste Fund	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 2,007,976	\$ (1,436,279)	\$ (411,810)	\$ 159,887	\$ (438,940)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:					
Depreciation and amortization	19,959,140	3,030,012	9,880	22,999,032	1,172,126
Changes in assets, liabilities and related deferrals:					
(Increase) decrease in assets and deferred outflows:					
Receivables, net of allowance for uncollectibles	(336,472)	1,075,216	(18,061)	720,683	(6,128)
Inventories	772	(80,699)	-	(79,927)	-
Prepaid items	(6,337)	(510)	(381)	(7,228)	296,226
Deferred outflows - net pension liability	22,103	10,499	1,105	33,707	-
Deferred outflows - OPEB	(55,274)	(26,256)	(2,763)	(84,293)	-
Increase (decrease) in liabilities and deferred inflows:					
Accounts payable and accrued expenses	297,311	(39,442)	80,191	338,060	452,309
Customer deposits	30,946	5,701	-	36,647	-
Unearned revenue	-	(1,800)	-	(1,800)	-
Claims and judgments	-	-	-	-	(25,744)
Net pension liability	(123,908)	(58,856)	(6,195)	(188,959)	-
OPEB liability	113,384	53,858	5,669	172,911	-
Deferred inflows - net pension liability	(106,582)	(50,626)	(5,329)	(162,537)	-
Deferred inflows - OPEB	1,963	932	98	2,993	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 21,805,022	\$ 2,481,750	\$ (347,596)	\$ 23,939,176	\$ 1,449,849
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital assets contributed to City	\$ 1,266,910	\$ 1,773,476	\$ -	\$ 3,040,386	

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

City of Sugar Land, Texas

Combining Statement of Net Position

Discretely Presented Component Units – Governmental Activities

September 30, 2021

	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
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 6,949,241	\$ 10,916	\$ 24,659	\$ 5,080,491	\$ 12,065,307
Investments	2,245,073	-	-	-	2,245,073
Receivables, net of allowance for uncollectibles	1,231,865	-	-	19,059	1,250,924
Prepaid items	2,107	-	-	-	2,107
Restricted cash and cash equivalents	2,441,010	-	-	-	2,441,010
Total assets	12,869,296	10,916	24,659	5,099,550	18,004,421
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	64,638	-	-	-	64,638
Total deferred outflows of resources	64,638	-	-	-	64,638
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	44,020	-	4,720	7,200	55,940
Accrued interest	104,163	-	-	-	104,163
Noncurrent liabilities due within one year	1,842,488	-	-	-	1,842,488
Total current liabilities	1,990,671	-	4,720	7,200	2,002,591
Noncurrent liabilities:					
Due in more than one year	22,430,934	-	-	-	22,430,934
Total noncurrent liabilities	22,430,934	-	-	-	22,430,934
Total liabilities	24,421,605	-	4,720	7,200	24,433,525
NET POSITION					
Restricted for:					
Debt service	2,336,847	-	-	-	2,336,847
Economic development activities	-	10,916	19,939	5,092,350	5,123,205
Unrestricted	(13,824,518)	-	-	-	(13,824,518)
TOTAL NET POSITION	\$ (11,487,671)	\$ 10,916	\$ 19,939	\$ 5,092,350	\$ (6,364,466)

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, 2021

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position				Totals
	Expenses	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	\$ 5,341,530	\$ 145,300	\$ (5,196,230)	\$ -	\$ -	\$ -	\$ (5,196,230)
Sugar Land Town Square Tax							
Increment Reinvestment Zone No. 1	1,953,382	-	-	(1,953,382)	-	-	(1,953,382)
Sugar Land Reinvestment Zone No. 3	1,164,152	-	-	-	(1,164,152)	-	(1,164,152)
Sugar Land Reinvestment Zone No. 4	11,528	-	-	-	-	(11,528)	(11,528)
	<u>\$ 8,470,592</u>	<u>\$ 145,300</u>	<u>(5,196,230)</u>	<u>(1,953,382)</u>	<u>(1,164,152)</u>	<u>(11,528)</u>	<u>(8,325,292)</u>
General revenues							
Taxes:							
Property taxes			-	1,864,411	1,164,961	1,061,000	4,090,372
Sales tax			7,032,365	-	-	-	7,032,365
Unrestricted investment earnings			2,284	42	6	2,120	4,452
Miscellaneous			80,000	-	-	-	80,000
Total general revenues			<u>7,114,649</u>	<u>1,864,453</u>	<u>1,164,967</u>	<u>1,063,120</u>	<u>11,207,189</u>
Change in net position			<u>1,918,419</u>	<u>(88,929)</u>	<u>815</u>	<u>1,051,592</u>	<u>2,881,897</u>
Net position, beginning			<u>(13,406,090)</u>	<u>99,845</u>	<u>19,124</u>	<u>4,040,758</u>	<u>(9,246,363)</u>
NET POSITION, ENDING			<u>\$ (11,487,671)</u>	<u>\$ 10,916</u>	<u>\$ 19,939</u>	<u>\$ 5,092,350</u>	<u>\$ (6,364,466)</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 three-year terms. The Mayor and council members can serve no more than three terms in any consecutive nine-year period.

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, 2021, outstanding purchase orders totaled \$17.97 million. These were the result of normal operations. Encumbrances are liquidated with existing resources, and City Council has committed approximately \$200 thousand and the City Manager has assigned approximately \$451 thousand in the General Fund to liquidate outstanding purchase orders as of September 30, 2021.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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.

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.

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.

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 \$11.5 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, 2021, 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	
Cash and cash equivalents:							
Cash deposits	\$ 17,140,372			\$ -			\$ 17,140,372
Governmental mutual fund	42,737,149			7,198,934			49,936,083
Public funds investment pools:							
Texas CLASS	96,243,975			6,780,507			103,024,482
TexPool	6,791,579			653			6,792,232
TexSTAR	34,082,279			526,223			34,608,502
Total	\$ 196,995,354	\$ 120,437,101	\$ 76,558,253	\$ 14,506,317	\$ 2,441,010	\$ 12,065,307	\$ 211,501,671
Investments:							
Certificates of deposit	\$ 3,443,403			\$ 497,391			\$ 3,940,794
Government securities:							
FHLB	20,722,898			1,248,349			21,971,247
FFCB	5,475,105			499,333			5,974,438
Total	\$ 29,641,406	\$ 2,993,127	\$ 26,648,279	\$ 2,245,073	\$ -	\$ 2,245,073	\$ 31,886,479
Total cash, cash equivalents, and investments:	\$ 226,636,760			\$ 16,751,390			\$ 243,388,150

The City's total cash deposits, including certificates of deposit at September 30, 2021 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, 2021:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Certificates of deposit	\$ 3,940,794	\$ -	\$ 3,940,794	\$ -
Government securities:				
FHLB	21,971,247	-	21,971,247	-
FFCB	5,974,438	-	5,974,438	-
Total	\$ 31,886,479	\$ -	\$ 31,886,479	\$ -

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	\$ 330,351	\$ 16,204
Unrealized gain (loss) on temporary investments	<u>(216,919)</u>	<u>(11,752)</u>
Total investment earnings	<u><u>\$ 113,432</u></u>	<u><u>\$ 4,452</u></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	\$ 17,140,372	\$ -	1
Governmental mutual fund	42,737,149	7,198,934	1
Public funds investment pools:			
Texas CLASS	96,243,975	6,780,507	1
TexPool	6,791,579	653	1
TexSTAR	34,082,279	526,223	1
Certificates of deposit	3,443,403	497,391	601
Government securities:			
FHLB	20,722,898	1,248,349	813
FFCB	<u>5,475,105</u>	<u>499,333</u>	961
Total	<u><u>\$ 226,636,760</u></u>	<u><u>\$ 16,751,390</u></u>	
Portfolio weighted average maturity in (days)	118	115	

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:

<u>Investment Type</u>	<u>Maximum Investment %</u>
Repurchase agreements	50%
Certificates of deposit	50%
U.S. Treasury securities	100%
Other U.S. Government securities	75%
Authorized investment pools	50% in one pool; 90% all pools
Bankers' acceptances	25%
No load money market mutual funds	50%
No load mutual funds	15%
Flexible repurchase agreements	50%

As of September 30, 2021, no investments in any single issuer comprised more than 10% 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 Banks (FHLB) and Federal Farm Credit Banks (FFCB) were all rated AA+ by Standard & Poor's and Aaa 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, 2021, 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	\$ 30,912,413	\$ -
Restricted for Debt Service	9,557,704	-
Total	\$ 40,470,117	\$ -

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, 2021, 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	\$ 996,612	\$ 343,970	\$ -	\$ 28,891	\$ 1,369,473	\$ -
Sales and other taxes	7,776,553	-	-	1,784,537	9,561,090	-
Fines and forfeitures	1,848,204	-	-	-	1,848,204	-
Interest	4,139	2,772	6	6,048	12,965	1,853
Other	2,086,855	-	250,000	47,520	2,384,375	7,850
Due from other governments	40,207	-	468,586	-	508,793	-
Less: allowance for uncollectibles	(1,806,910)	-	-	-	(1,806,910)	(150)
Totals	\$ 10,945,660	\$ 346,742	\$ 718,592	\$ 1,866,996	\$ 13,877,990	\$ 9,553

Business-type Activities:

	Utility Fund	Airport Fund	Solid Waste Fund	Total
Customer accounts	\$ 6,147,722	\$ 265,890	\$ 989,084	\$ 7,402,696
Interest	15,849	1,578	-	17,427
Other	-	13,364	190,099	203,463
Less: allowance for uncollectibles	(49,229)	(1,000)	(13,773)	(64,002)
Totals	\$ 6,114,342	\$ 279,832	\$ 1,165,410	\$ 7,559,584

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	\$ 1,228,941	\$ -	\$ -	\$ 19,047	\$ 1,247,988
Interest	2,924	-	-	12	2,936
Totals	\$ 1,231,865	\$ -	\$ -	\$ 19,059	\$ 1,250,924

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, 2021, follows:

Governmental activities:	Beginning Balance	Increases	Reclassifications / (Decreases)	Ending Balance
Capital assets, not being depreciated:				
Land and improvements	\$ 103,760,895	\$ 376,415	\$ -	\$ 104,137,310
Construction in progress	20,589,323	9,956,341	(10,615,567)	19,930,097
Intangibles	4,605,017	33,208	-	4,638,225
Total capital assets, not being depreciated	128,955,235	10,365,964	(10,615,567)	128,705,632
Depreciable assets:				
Infrastructure	604,675,582	10,335,330	(980,083)	614,030,829
Buildings and improvements	260,176,651	265,321	-	260,441,972
Equipment and furniture	59,708,041	1,116,174	(1,341,677)	59,482,538
Intangibles	1,016,077	-	-	1,016,077
Total depreciable assets	925,576,351	11,716,825	(2,321,760)	934,971,416
Less accumulated depreciation for:				
Infrastructure	(334,796,761)	(14,022,150)	277,690	(348,541,221)
Buildings and improvements	(68,725,359)	(8,094,136)	-	(76,819,495)
Equipment and furniture	(36,839,706)	(3,683,879)	1,324,636	(39,198,949)
Intangibles	(554,192)	(125,042)	-	(679,234)
Total accumulated depreciation	(440,916,018)	(25,925,207)	1,602,326	(465,238,899)
Total depreciable assets, net	484,660,333	(14,208,382)	(719,434)	469,732,517
Governmental activities capital assets, net	\$ 613,615,568	\$ (3,842,418)	\$ (11,335,001)	\$ 598,438,149
Business-type activities:	Beginning Balance	Increases	Reclassifications / (Decreases)	Ending Balance
Capital assets, not being depreciated:				
Land and improvements	\$ 23,621,976	\$ -	\$ -	\$ 23,621,976
Construction in progress	13,834,685	9,397,566	(5,948,087)	17,284,164
Intangibles	3,009,230	293,803	-	3,303,033
Total capital assets, not being depreciated	40,465,891	9,691,369	(5,948,087)	44,209,173
Depreciable assets:				
Infrastructure	650,240,652	6,360,092	(15,600)	656,585,144
Buildings and improvements	27,767,657	-	-	27,767,657
Equipment and furniture	10,304,860	14,995	(146,443)	10,173,412
Intangibles	1,019,012	-	-	1,019,012
Total depreciable assets	689,332,181	6,375,087	(162,043)	695,545,225
Less accumulated depreciation for:				
Infrastructure	(294,346,527)	(21,662,439)	15,600	(315,993,366)
Buildings and improvements	(9,971,746)	(862,670)	-	(10,834,416)
Equipment and furniture	(6,809,099)	(413,805)	146,443	(7,076,461)
Intangibles	(774,021)	(60,118)	-	(834,139)
Total accumulated depreciation	(311,901,393)	(22,999,032)	162,043	(334,738,382)
Total depreciable assets, net	377,430,788	(16,623,945)	-	360,806,843
Business-type activities capital assets, net	\$ 417,896,679	\$ (6,932,576)	\$ (5,948,087)	\$ 405,016,016

City of Sugar Land, Texas
Notes to the Financial Statements

Depreciation was charged to programs as follows:

Governmental activities:	
General government	\$ 730,954
Administrative services	30,645
Public works	14,606,963
Parks and recreation	6,909,053
Environmental and neighborhood services	953,613
Community development	72,100
Public safety - Police	430,034
Public safety - Fire	1,019,719
Depreciation charged in internal service funds	<u>1,172,126</u>
Total governmental activities depreciation expense	<u>\$ 25,925,207</u>
Business-type activities:	
Water and wastewater	\$ 19,959,140
Airport	3,030,012
Solid waste	<u>9,880</u>
Total business-type activities depreciation expense	<u>\$ 22,999,032</u>

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, 2021. 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	\$ 7,184,698	\$ 61,928
Drainage improvement	7,153,327	4,541,434
Municipal improvement	3,589,841	1,735,224
Park improvement	3,047,434	439,361
Street improvement	4,894,796	575,698
Surface water	889,522	1,199,998
Traffic improvement	1,244,701	113,067
Water and wastewater improvement	<u>9,209,942</u>	<u>4,638,544</u>
Totals	<u>\$ 37,214,261</u>	<u>\$ 13,305,254</u>

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, 2021. 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
Bonds payable:					
General obligation bonds	\$ 85,825,000	\$ 26,970,000	\$ (12,775,000)	\$100,020,000	\$ 11,588,000
Annexed utility district bonds	8,760,000	-	(1,870,000)	6,890,000	1,325,000
Certificates of obligation	128,480,000	-	(6,435,000)	122,045,000	6,550,000
Sales tax revenue bonds	43,140,000	-	(2,055,000)	41,085,000	2,140,000
Tax note	1,095,996	-	(1,095,996)	-	-
Issuance premiums/discounts	19,609,788	1,599,165	(1,796,749)	19,412,204	-
Total bonds payable, net	286,910,784	28,569,165	(26,027,745)	289,452,204	21,603,000
Other liabilities:					
Obligation to State	162,736	-	(19,721)	143,015	19,721
Compensated absences	4,681,764	4,785,157	(4,909,349)	4,557,572	75,000
Pension	19,509,341	26,311,735	(27,671,627)	18,149,449	-
OPEB	6,328,680	1,401,682	(157,286)	7,573,076	-
Total governmental activities	\$317,593,305	\$ 61,067,739	\$ (58,785,728)	\$319,875,316	\$ 21,697,721

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, 2021, follows:

Description	Original Issue	Matures	Interest Rates (%)	Balance
General obligation bonds				
Series 2014 General obligation refunding bonds	\$ 21,565,000	2026	2.00-5.00	\$ 6,330,000
Series 2015 General obligation bonds	13,010,000	2035	2.125-4.00	10,055,000
Series 2015 General obligation refunding bonds	9,375,000	2028	2.00-5.00	7,360,000
Series 2016 General obligation refunding bonds	22,745,000	2029	4.00-5.00	17,245,000
Series 2016 General obligation bonds	7,570,000	2036	2.00-4.00	5,675,000
Series 2019 General obligation bonds	13,715,000	2030	3.00-5.00	10,305,000
Series 2019A General obligation refunding bonds	21,600,000	2029	3.00-5.00	16,080,000
Series 2021 General obligation refunding bonds	10,470,000	2041	2.00-5.00	10,470,000
Series 2021A General obligation bonds	16,500,000	2052	-	16,500,000
Total general obligation bonds				100,020,000
Certificates of obligation				
Series 2013 Tax and revenue certificates of obligation	24,440,000	2033	2.50-4.00	15,160,000
Series 2014 Tax and revenue certificates of obligation	9,980,000	2040	3.25-6.00	8,365,000
Series 2014A Tax and revenue certificates of obligation - taxable	27,130,000	2046	3.125-4.50	25,045,000
Series 2015 Tax and revenue certificates of obligation	15,005,000	2035	3.00-4.00	11,645,000
Series 2016 Tax and revenue certificates of obligation	19,190,000	2036	2.00-4.00	14,390,000
Series 2017 Tax and revenue certificates of obligation	19,060,000	2037	3.00-5.00	15,240,000
Series 2019 Tax and revenue certificates of obligation	20,760,000	2039	3.25-5.00	17,730,000
Series 2019A Tax and revenue certificates of obligation	15,025,000	2039	2.50-4.00	14,470,000
Total certificates of obligation				122,045,000
Sales tax revenue bonds				
Series 2013 Sales tax revenue bonds	7,200,000	2038	4.25-4.375	5,580,000
Series 2014 Sales tax revenue refunding bonds	7,375,000	2025	2.00-5.00	3,285,000
Series 2014 Sales tax revenue bonds	38,625,000	2040	3.75-6.75	32,220,000
Total sales tax revenue bonds				41,085,000
Annexed MUD bonds				
Fort Bend County MUD No. 109				
Series 2015 Unlimited Tax Refunding	4,960,000	2025	2.00-4.00	2,915,000
Fort Bend County MUD No. 117				
Series 2016 Unlimited Tax Refunding	7,645,000	2025	2.00-3.00	3,975,000
Total annexed MUD bonds				6,890,000
Total governmental activities bonds payable				\$ 270,040,000

City of Sugar Land, Texas
Notes to the Financial Statements

The annual requirements to amortize governmental activity general obligation bonds, certificates of obligation, and dissolved utility district bonds outstanding at September 31, 2021, are as follows:

Year Ending September 30,	Governmental Activities					
	General Obligation			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 11,588,000	\$ 3,273,349	\$ 14,861,349	\$ 6,550,000	\$ 4,527,386	\$ 11,077,386
2023	11,535,000	2,743,326	14,278,326	6,675,000	4,254,824	10,929,824
2024	10,682,000	2,247,676	12,929,676	6,505,000	3,980,186	10,485,186
2025	8,915,000	1,823,625	10,738,625	6,600,000	3,705,643	10,305,643
2026	8,205,000	1,466,759	9,671,759	6,695,000	3,429,277	10,124,277
2027	5,770,000	1,182,125	6,952,125	6,795,000	3,158,733	9,953,733
2028	5,840,000	950,525	6,790,525	6,885,000	2,895,525	9,780,525
2029	5,170,000	750,600	5,920,600	6,985,000	2,625,857	9,610,857
2030	4,595,000	583,325	5,178,325	6,910,000	2,358,258	9,268,258
2031	2,730,000	465,100	3,195,100	7,005,000	2,101,146	9,106,146
2032	2,660,000	388,375	3,048,375	7,110,000	1,848,712	8,958,712
2033	2,700,000	315,050	3,015,050	7,215,000	1,601,737	8,816,737
2034	2,745,000	242,594	2,987,594	6,100,000	1,380,071	7,480,071
2035	2,780,000	171,144	2,951,144	6,130,000	1,177,537	7,307,537
2036	1,930,000	116,450	2,046,450	5,205,000	986,005	6,191,005
2037	1,575,000	84,375	1,659,375	4,345,000	819,113	5,164,113
2038	1,590,000	57,400	1,647,400	3,490,000	679,718	4,169,718
2039	1,610,000	29,900	1,639,900	3,585,000	552,886	4,137,886
2040	950,000	12,000	962,000	1,780,000	450,950	2,230,950
2041	950,000	4,000	954,000	1,190,000	388,055	1,578,055
2042	550,000	-	550,000	1,240,000	335,810	1,575,810
2043	550,000	-	550,000	1,295,000	281,308	1,576,308
2044	550,000	-	550,000	1,350,000	224,440	1,574,440
2045	550,000	-	550,000	1,405,000	165,208	1,570,208
2046	550,000	-	550,000	1,465,000	102,038	1,567,038
2047	550,000	-	550,000	1,535,000	34,538	1,569,538
2048	550,000	-	550,000	-	-	-
2049	550,000	-	550,000	-	-	-
2050	550,000	-	550,000	-	-	-
2051	550,000	-	550,000	-	-	-
Totals	\$ 100,020,000	\$ 16,907,698	\$ 116,927,698	\$ 122,045,000	\$ 44,064,961	\$ 166,109,961

Year Ending September 30,	Governmental Activities		
	Annexed Utility District Bonds		
	Principal	Interest	Total
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
Totals	\$ 6,890,000	\$ 646,800	\$ 7,536,800

City of Sugar Land, Texas
Notes to the Financial Statements

The annual requirements to amortize governmental activity sales tax revenue bonds outstanding payable from sales tax receipts collected by the SLDC at September 30, 2021, are as follows:

Year Ending September 30,	Sugar Land Development Corporation Blended Component Unit		
	Sales Tax Revenue Bonds		
	Principal	Interest	Total
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
Totals	\$ 41,085,000	\$ 17,842,958	\$ 58,927,958

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.

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%. This tax note has been fully repaid as of September 30, 2021.

City of Sugar Land, Texas
Notes to the Financial Statements

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, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-type activities:					
Bonds payable:					
Water and wastewater revenue bonds	\$105,650,000	\$ 23,385,000	\$ (23,320,000)	\$105,715,000	\$ 7,285,000
General obligation bonds	83,180,000	2,055,000	(5,220,000)	80,015,000	3,050,000
Certificates of obligation	6,785,000	-	(315,000)	6,470,000	330,000
Issuance premiums/discounts	14,925,389	4,958,681	(1,777,572)	18,106,498	-
Total bonds payable, net	210,540,389	30,398,681	(30,632,572)	210,306,498	10,665,000
Other liabilities:					
Compensated absences	577,137	581,558	(607,415)	551,280	10,000
Pension	2,706,472	3,693,060	(3,882,019)	2,517,513	-
OPEB	881,743	196,736	(23,825)	1,054,654	-
Total business-type activities	\$214,705,741	\$ 34,870,035	\$ (35,145,831)	\$214,429,945	\$ 10,675,000

A summary of the terms of certificates of obligation and revenue bonds recorded in the enterprise funds as of September 30, 2021 follows:

Description	Original Issue	Matures	Interest Rates (%)	Balance
Utility Fund				
Series 2013 Water/sewer revenue bonds	\$ 15,765,000	2033	2.50-4.00	\$ 10,575,000
Series 2015 Water/sewer revenue refunding bonds	15,750,000	2035	3.00-5.00	11,355,000
Series 2016 Water/sewer revenue refunding bonds	31,710,000	2036	2.00-5.00	24,605,000
Series 2016 Certificates of obligation	1,620,000	2036	2.00-4.00	1,325,000
Series 2017 Water/sewer revenue bonds	19,780,000	2037	3.00-5.00	17,030,000
Series 2017 General obligation refunding bonds	78,195,000	2041	3.00-5.00	75,970,000
Series 2019 Water/sewer revenue bonds	13,660,000	2039	3.00-5.00	12,280,000
Series 2020 Water/sewer revenue bonds	6,835,000	2039	3.00-5.00	6,485,000
Series 2021 Water/sewer revenue refunding bonds	23,385,000	2041	2.00-5.00	23,385,000
Total Utility Fund				183,010,000
Airport Fund				
Series 2013 Certificates of obligation	\$ 730,000	2033	2.00-4.00	\$ 440,000
Series 2015 Certificates of obligation	1,670,000	2035	3.00-4.00	1,295,000
Series 2015 General obligation refunding bonds	2,820,000	2028	2.00-5.00	1,830,000
Series 2016 General obligation refunding bonds	225,000	2029	4.00-5.00	160,000
Series 2017 Certificates of obligation	2,055,000	2037	3.00-5.00	1,780,000
Series 2019A Certificates of obligation	1,690,000	2039	2.50-4.00	1,630,000
Series 2021 General obligation refunding bonds	2,055,000	2041	2.00-5.00	2,055,000
Total Airport Fund				9,190,000
Total business-type activities bonds payable				\$ 192,200,000

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, 2021, are as follows:

Year Ending September 30,	Business-Type Activities					
	General Obligation			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 3,050,000	\$ 3,329,483	\$ 6,379,483	\$ 330,000	\$ 219,560	\$ 549,560
2023	3,220,000	3,167,537	6,387,537	340,000	205,866	545,866
2024	3,405,000	3,001,787	6,406,787	345,000	191,741	536,741
2025	3,565,000	2,827,538	6,392,538	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	-	-	-
Totals	\$ 80,015,000	\$ 34,400,858	\$ 114,415,858	\$ 6,470,000	\$ 1,787,779	\$ 8,257,779

Year Ending September 30,	Business-Type Activities		
	Revenue Bonds		
	Principal	Interest	Total
2022	\$ 7,285,000	\$ 4,502,908	\$ 11,787,908
2023	7,315,000	4,058,326	11,373,326
2024	7,625,000	3,717,876	11,342,876
2025	7,960,000	3,386,326	11,346,326
2026	8,315,000	3,014,288	11,329,288
2027	8,335,000	2,611,863	10,946,863
2028	8,695,000	2,234,388	10,929,388
2029	7,875,000	1,845,976	9,720,976
2030	6,265,000	1,513,126	7,778,126
2031	6,285,000	1,270,076	7,555,076
2032	4,945,000	1,025,025	5,970,025
2033	5,105,000	853,000	5,958,000
2034	4,150,000	674,238	4,824,238
2035	4,255,000	530,944	4,785,944
2036	3,495,000	383,919	3,878,919
2037	3,125,000	258,631	3,383,631
2038	1,820,000	148,413	1,968,413
2039	1,875,000	87,638	1,962,638
2040	495,000	24,750	519,750
2041	495,000	14,850	509,850
Totals	\$ 105,715,000	\$ 32,156,561	\$ 137,871,561

City of Sugar Land, Texas
Notes to the Financial Statements

Utility Revenues Pledged

The City has pledged future waterworks and sewer system revenues, net of specified operating expenses, to repay \$105.7 million in waterworks and sewer system revenue bonds, of which \$23.4 million was issued during the current fiscal year and the remaining balance in prior fiscal years. Proceeds from the bonds provided financing for capital assets. The bonds are payable solely from the system net revenues and are payable through fiscal year 2041. Net revenues, as defined in the bond documents, for each year are expected to be at least equal to 1.1 times the principal and interest requirements of all outstanding previously issued bonds and additional bonds for the year. The total principal and interest remaining to be paid on the bonds at September 30, 2021 is \$137.9 million. Principal and interest paid during fiscal year 2021 were \$6.9 million and \$4.1 million, respectively.

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, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Component Unit:					
Bonds payable:					
Sales tax revenue bonds	\$ 24,270,000	\$ -	\$ (2,155,000)	\$ 22,115,000	\$ 1,840,000
Issuance premiums/discounts	2,289,234	-	(143,077)	2,146,157	-
Total bonds payable, net	26,559,234	-	(2,298,077)	24,261,157	1,840,000
Other liabilities:					
Obligation to State	14,753	-	(2,488)	12,265	2,488
Total component unit	\$ 26,573,987	\$ -	\$ (2,300,565)	\$ 24,273,422	\$ 1,842,488

A summary of the terms of the revenue bonds recorded as long-term liabilities in the Sugar Land 4B Corporation as of September 30, 2021 follows:

Description	Original Issue	Matures	Interest Rates (%)	Balance
Series 2019 Sales tax revenue refunding bonds	\$ 24,725,000	2036	3.00-5.00	\$ 22,115,000
Total component unit long-term debt				\$ 22,115,000

City of Sugar Land, Texas
Notes to the Financial Statements

The annual requirements to amortize component unit revenue bonds outstanding at September 30, 2021, are as follows:

Year Ending September 30,	Sugar Land 4B Corporation		
	Revenue Bonds		
	Principal	Interest	Total
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
Totals	\$ 22,115,000	\$ 6,109,300	\$ 28,224,300

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, 2021, there were no outstanding balances of defeased bonds.

On June 15, 2021 the City issued General Obligation (G.O.) Refunding and Improvement Bonds, Series 2021, in the par amount of \$12,525,000; and Waterworks & Sewer System Revenue and Refunding Bonds, Series 2021, in the par amount of \$23,385,000. All bonds closed on July 15, 2021.

The G.O. Refunding Bonds refunded \$3,610,000 par amount of G.O. Refunding Bonds, Series 2012A. 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 \$229,124 or 6.35% of the refunded bonds.

Proceeds from the G.O. bond issuance were used for refunding to achieve debt service savings described above and to pay the costs associated with issuance, and will be used for construction, renovation, and/or acquisition of: drainage improvements, streets, thoroughfares and intersections, and related infrastructure and equipment.

The Waterworks & Sewer System Refunding Bonds refunded \$16,390,000 par amount in total consisting of \$2,620,000 par amount of Waterworks & Sewer System Revenue and Refunding Bonds, Series 2012A; and \$13,770,000 par amount of Waterworks & Sewer System Revenue and 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 \$1,762,513 or 10.75% of the refunded bonds.

City of Sugar Land, Texas
Notes to the Financial Statements

Proceeds from the Waterworks & Sewer System bond issuance were used for refunding to achieve debt service savings described above and to pay the costs associated with issuance, and will be used for surface water and groundwater treatment plant expansion and conversion, lift station and collection system rehabilitation, well rehabilitation, and related system and infrastructure improvements and rehabilitation.

On July 20, 2021, City Council approved Ordinance No. 2240, authorizing the issuance of \$16,500,000 in General Obligation Bonds, Series 2021A. The bonds were issued as a private placement to provide funding for drainage improvements via a 30-year, zero-interest loan through the Texas Water Development Board’s Flood Infrastructure Fund. The loan closed on August 24, 2021.

Bonds Authorized and Unissued

The following is a schedule of authorized but unissued bonds at September 30, 2021:

	Date of Authorization	Amount Authorized	Issued to Date	Authorized but Unissued
GO Bond projects	11/5/2019	\$90,760,000	\$27,076,000	\$ 63,684,000

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 \$5.86 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 operating expenditures (approximately 25%). 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.

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.

City of Sugar Land, Texas
Notes to the Financial Statements

Fund balance restrictions in the governmental funds as of September 30, 2021 are as follows:

Restricted Fund Balance	Amount	Purpose
Debt Service Fund	<u>\$ 6,988,077</u>	Debt service activities
Capital Projects Fund	<u>\$ 51,385,052</u>	Construction and acquisition of capital assets
Nonmajor governmental funds	\$ 118,223	General government activities
	5,726,817	Debt service activities
	9,355,269	Economic development activities
	244,574	Public safety
	1,262,147	Tourism and marketing
	<u>62,580</u>	Environmental and neighborhood services
	<u>\$ 16,769,610</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	\$ 152,584	\$ 123,060
Administrative service	-	2,844
Public works	-	8,009
Parks and recreation	5,150	16,672
Community development	-	1,345
Environmental and neighborhood services	41,809	190,801
Public safety - Police	-	63,435
Public safety - Fire	-	44,388
	<u>\$ 199,543</u>	<u>\$ 450,554</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, 2021 is as follows:

Transfers In	Transfers Out	Amounts	Purpose
General Fund	Solid Waste Fund	\$ 300,000	Street rehabilitation projects from franchise fees
Capital Projects Fund	General Fund	111,864	Donations for Eagle statue at Sugar Land Memorial Park
Debt Service Fund	Tourism Fund	1,341,100	HOT transfer for Marriott Conf. Center, TIRZ#4 Plaza & Smart Financial Center debts
	Utility Fund	5,860,081	100% of water/wastewater debt on assumed MUD debt
	Enclave at River Park PID - Special Revenue Fund	<u>118,163</u>	PID debt service
		<u>7,319,344</u>	
Airport Fund	General Fund	90,341	Transfer of property taxes collected on Airport value
	Sugar Land Development Corporation	50,000	SLDC transfer to Airport for international marketing
	Debt Service Fund	<u>59,375</u>	Transfer of property taxes collected on Airport value
		<u>199,716</u>	
Animal Shelter Donations - Special Revenue Fund	General Fund	25,880	Transfer of previous year donations
Public Education & Government - Special Revenue Fund	General Fund	8,087	Transfer of previous year PEG funds
Enclave at River Park PID - Special Revenue	Debt Service Fund	32,719	City Contribution of 50% of property tax in PID
	General Fund	<u>47,775</u>	
		<u>80,494</u>	
Utility Fund	Enclave at River Park PID - Special Revenue Fund	<u>42,981</u>	PID debt service
	Totals	<u>\$ 8,088,366</u>	

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 895 plans in the defined benefit cash-balance pension plan administered by the TMRS. TMRS is a statewide public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

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 based on the sum of the employee’s contributions, with interest, and the City-financed monetary credits with interest. Members may choose to receive their retirement benefit in one of seven monthly benefit payments options. Members may also choose to receive a portion of their benefit as lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s total contributions 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.

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

City of Sugar Land, Texas
Notes to the Financial Statements

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	284
Inactive employees entitled to but not yet receiving benefits	330
Active employees	790
	1,404
	1,404

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 City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

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 14.60% and 14.43% in calendar years 2020 and 2021, respectively. For fiscal year 2021, the City made contributions of \$8,297,688, which were equal to the required contributions.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2020 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.

City of Sugar Land, Texas
Notes to the Financial Statements

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, 2109 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%
Total	100.0%	

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.

City of Sugar Land, Texas
Notes to the Financial Statements

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, 2019	\$ 272,626,429	\$ 250,410,616	\$ 22,215,813
Changes for the year:			
Service cost	10,345,462	-	10,345,462
Interest	18,475,352	-	18,475,352
Difference between expected and actual experience	1,056,187	-	1,056,187
Changes in assumptions	-	-	-
Employer contributions	-	8,464,705	(8,464,705)
Employee contributions	-	4,059,318	(4,059,318)
Net investment income	-	19,029,622	(19,029,622)
Benefit payments, including refunds of employee contributions	(8,180,493)	(8,180,493)	-
Administrative expense	-	(122,994)	122,994
Other changes	-	(4,799)	4,799
Net changes	<u>21,696,508</u>	<u>23,245,359</u>	<u>(1,548,851)</u>
Balance at December 31, 2020	<u><u>\$ 294,322,937</u></u>	<u><u>\$ 273,655,975</u></u>	<u><u>\$ 20,666,962</u></u>

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	\$ 66,480,348	\$ 20,666,962	\$ (16,625,921)

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.

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

For the year ended September 30, 2021, the City recognized pension expense of \$5,681,405.

At September 30, 2021, 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	\$ 1,589,235	\$ 1,557,411
Changes in actuarial assumptions used	455,340	151,017
Differences between projected and actual investment earnings	-	7,123,880
Contributions subsequent to the measurement date	6,040,915	-
Totals	\$ 8,085,490	\$ 8,832,308

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$6,040,915 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2021 (i.e. recognized in the City’s fiscal year 2022 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
2022	\$ (2,315,795)
2023	(20,889)
2024	(4,263,296)
2025	(327,110)
2026	139,357
Totals	\$ (6,787,733)

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 calendar year 2020 and 0.04% in calendar year 2021. The City's contributions to the SDBF for the year ended December 31, 2021 were \$18,291, 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, 2020. The actuarial valuation date for each plan was also December 31, 2020. The total OPEB liabilities reported in the City's September 30, 2021 financial statements were as follows:

SDBF	\$ 2,291,587
RHCP	<u>6,336,143</u>
	<u>\$ 8,627,730</u>

Membership in the plans as of the measurement date of December 31, 2020 was as follows:

	<u>SDBF</u>	<u>RHCP</u>
Inactive plan members or beneficiaries currently receiving benefits	211	8
Inactive plan members entitled to but not yet receiving benefits	106	-
Active employees	<u>790</u>	<u>761</u>
Total plan members	<u><u>1,107</u></u>	<u><u>769</u></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	2.00% - based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

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 7.00%, declining to an ultimate rate of 4.25% after 13 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	\$ 121,780	\$ 367,876
Interest	51,763	151,305
Changes in benefit terms	-	-
Difference between expected and actual experience	(39,215)	137,438
Changes in assumptions or other inputs	338,761	429,497
Benefit payments	(5,799)	(136,099)
Net changes	<u>467,290</u>	<u>950,017</u>
 Total OPEB liability - beginning	 <u>1,824,297</u>	 <u>5,386,126</u>
 Total OPEB liability - ending	 <u><u>\$ 2,291,587</u></u>	 <u><u>\$ 6,336,143</u></u>

Sensitivity Analysis

The following presents the City's total OPEB liabilities calculated using the discount rate of 2.00%, as well as what the liabilities would be if they were calculated using a discount rate that is 1 percentage point lower (1.00%) or 1 percentage point higher (3.00%) than the current rate.

	1% Decrease to 1.00%	Current Discount Rate Assumption 2.00%	1% Increase to 3.00%
SDBF	\$ 2,868,335	\$ 2,291,587	\$ 1,854,448
RHCP	6,950,207	6,336,143	5,769,811

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	\$ 5,540,799	\$ 6,336,143	\$ 7,289,264

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, 2021, the City recognized OPEB expense of \$251,093 relating to the SDBF plan and OPEB expense of \$636,411 relating to the RHCP plan. Total OPEB expense for the two plans was \$887,504.

As of September 30, 2021, 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	\$ -	\$ 78,898	\$ 266,301	\$ 2,675
Changes in assumptions and other inputs	517,917	-	669,027	-
Contributions subsequent to the measurement date	15,429	-	78,517	-
Total	<u>\$ 533,346</u>	<u>\$ 78,898</u>	<u>\$1,013,845</u>	<u>\$ 2,675</u>

Total OPEB deferred outflows: \$ 1,547,191
Total OPEB deferred inflows: \$ 81,573

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, 2022.

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
2022	\$ 77,550	\$ 117,230
2023	77,550	117,230
2024	77,550	117,230
2025	71,302	117,230
2026	67,677	117,230
Thereafter	67,390	346,503
Totals	<u>\$ 439,019</u>	<u>\$ 932,653</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, 2021, were approximately \$4.2 million. Estimated payments for the year ending September 30, 2022 budget are \$4.6 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 \$1,186,104 from the participating MUDs and Fort Bend County in the year ended September 30, 2021, 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 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. The 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. Additionally, the City is entitled to additional rent based on ticket sales and a 20% share of parking fees.

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 included reductions to rent and reserve contributions while the facility was closed due to COVID-19. Lease payments returned to normal in April 2021. To provide additional security, the City increased the reserve requirement to an amount equal to the final four years of debt service payments, and has a Letter of Credit on file for \$6.4 million with the City listed as beneficiary.

The City received \$0 in additional rent due to closure of the venue due to COVID-19. The City received \$40,819 for its 20% share of parking revenue and \$20,966.50 in capital fund contributions from ATG in the fiscal year ended September 30, 2021.

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) for participation in the Atlantic Baseball League, an independent minor league.

In April 2021, the lease was amended and SL Baseball, LLC assigned the 100% of the lease to Sugar Land Astros LLC. Sugar Land Astros LLC owns the "Sugar Land Space Cowboys" (formerly the "Sugar Land Skeeters"), a minor league baseball team and the AAA affiliate of the Houston Astros. The lease for Constellation Field has been extended through December 31, 2045.

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 through December 31, 2020.

Beginning on January 1, 2021 and continuing for lease years for the remainder of the term, SL Astros LLC shall pay to the City annually (in addition to base rent) participation rent equal to ten percent (10%) of all gross revenues from ticket sales, suite license sales and naming rights payments collected in a lease year in excess of \$3.8 million.

The City deposited \$1 million into the Capital Fund. The City, through the Sugar Land 4B Corporation agreed to contribute a total of \$10 million over a 5 year period for payment of approved capital expenses.

- 2021: \$2,500,000
- 2022: \$2,500,000
- 2023: \$1,000,000
- 2024: \$2,000,000
- 2025: \$2,000,000

In 2021, 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.

City of Sugar Land, Texas
Notes to the Financial Statements

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. The amounts currently committed are as follows:

Fiscal Year	Grant Commitments
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
Totals	\$ 2,566,808

Litigation and Other Contingencies

The City was involved in various lawsuits and arbitration proceedings at September 30, 2021. 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, 2021.

City of Sugar Land, Texas

Notes to the Financial Statements

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.

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 \$1,000,000 from GCWA with payment of \$250,000 in fiscal year 2021.

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, 2021, the City believed the amounts paid on Workers' Compensation would not change significantly from the amounts recorded.

City of Sugar Land, Texas

Notes to the Financial Statements

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 one known catastrophic claimant which was issued a "laser" deductible of \$500,000 each for the plan year.

Settled claims did not exceed insurance coverages in fiscal year 2021. Estimates of claims payable and of claims incurred, but not reported at September 30, 2021, 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, 2021. 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.

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. Tax abatements benefit the City as the abatements are temporary, and result in investment in the City that would otherwise not occur.

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.

City of Sugar Land, Texas

Notes to the Financial Statements

Currently, the City has 4 active tax abatement agreements under contract for tax year 2020. These companies comprise \$100.74 million in real and personal property values. They also provide \$8 million in inventory values not subject to tax abatement. In tax year 2020, the City abated \$88.7 million in improvements and personal property value, and the revenue received for real and personal property from these companies was \$299,885 for tax year 2020.

Note 16 – Subsequent Events

Subsequent to the end of the fiscal year, the Sugar Land Development Corporation issued the Series 2021 Sales Tax Revenue Refunding Bonds on November 2, 2021. The bonds refunded the Series 2013 Sales Tax Revenue Bonds for debt service savings. The sale closed on December 2, 2021 and resulted in net present value savings of \$608,264 or 11.37%.

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, 2021

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 32,598,194	\$ 32,375,378	\$ 32,261,467	\$ (113,911)
Sales tax	33,270,851	40,302,584	42,179,260	1,876,676
Franchise and other taxes	6,384,068	6,261,761	6,161,287	(100,474)
Licenses and permits	2,551,636	3,318,883	3,380,955	62,072
Fines and forfeitures	1,577,979	1,145,242	1,133,610	(11,632)
Charges for services	7,878,699	9,121,769	9,316,549	194,780
Investment earnings	450,200	150,010	-	(150,010)
Intergovernmental	9,586,365	9,977,534	7,732,744	(2,244,790)
Other	775,818	744,580	648,631	(95,949)
Total revenues	95,073,810	103,397,741	102,814,503	(583,238)
EXPENDITURES				
Current:				
General government	17,185,725	22,567,593	19,641,039	2,926,554
Administrative services	4,674,332	4,787,470	4,494,775	292,695
Public safety - Police	23,053,698	22,511,213	22,216,304	294,909
Public Safety - Dispatch	3,066,455	2,619,671	2,607,837	11,834
Public safety - Fire	17,214,556	16,526,089	16,379,250	146,839
Public works	12,992,896	13,329,733	11,903,016	1,426,717
Parks and recreation	5,169,992	5,247,547	4,818,174	429,373
Community development	5,629,100	6,053,528	5,375,408	678,120
Environmental and neighborhood services	6,420,625	7,012,320	6,002,006	1,010,314
Total expenditures	95,407,379	100,655,164	93,437,809	7,217,355
Excess (deficiency) of revenues over expenditures	(333,569)	2,742,577	9,376,694	6,634,117
OTHER FINANCING SOURCES (USES)				
Transfers in	1,800,000	300,000	300,000	-
Transfers out	(3,522,775)	(290,296)	(283,947)	(6,349)
Total other financing sources (uses)	(1,722,775)	9,704	16,053	(6,349)
Net change in fund balance	(2,056,344)	2,752,281	9,392,747	6,627,768
Fund balances, beginning of year	39,666,637	39,666,637	39,666,637	-
FUND BALANCE, END OF YEAR	\$ 37,610,293	\$ 42,418,918	\$ 49,059,384	\$ 6,627,768

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, 2021

Budgetary Compliance

The City of Sugar Land has complied with all material budget requirements for the year ended September 30, 2021.

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 Seven Measurement Years Ended December 31*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 10,345,462	\$ 9,691,514	\$ 9,388,573
Interest	18,475,352	17,163,025	15,982,991
Differences between expected and actual experience	1,056,187	(822,166)	(1,631,866)
Changes in assumptions	-	684,730	-
Benefit payments, including refunds of employee contributions	<u>(8,180,493)</u>	<u>(7,023,908)</u>	<u>(5,794,458)</u>
Net change in total pension liability	21,696,508	19,693,195	17,945,240
Total pension liability - beginning	<u>272,626,429</u>	<u>252,933,234</u>	<u>234,987,994</u>
TOTAL PENSION LIABILITY - ENDING (a)	<u><u>\$ 294,322,937</u></u>	<u><u>\$ 272,626,429</u></u>	<u><u>\$ 252,933,234</u></u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 8,464,705	\$ 7,950,423	\$ 7,856,693
Contributions - employee	4,059,318	3,765,424	3,634,956
Net investment income	19,029,622	32,960,678	(6,409,298)
Benefit payments, including refunds of employee contributions	(8,180,493)	(7,023,908)	(5,794,458)
Administrative expense	(122,994)	(186,022)	(123,770)
Other	<u>(4,799)</u>	<u>(5,589)</u>	<u>(6,466)</u>
Net change in plan fiduciary net position	23,245,359	37,461,006	(842,343)
Plan fiduciary net position - beginning	<u>250,410,616</u>	<u>212,949,610</u>	<u>213,791,953</u>
PLAN FIDUCIARY NET POSITION - ENDING (b)	<u><u>\$ 273,655,975</u></u>	<u><u>\$ 250,410,616</u></u>	<u><u>\$ 212,949,610</u></u>
NET PENSION LIABILITY - ENDING (a)-(b)	<u><u>\$ 20,666,962</u></u>	<u><u>\$ 22,215,813</u></u>	<u><u>\$ 39,983,624</u></u>
Plan fiduciary net position as a percentage of total pension liability	92.98%	91.85%	84.19%
Covered payroll	\$ 57,990,258	\$ 53,752,159	\$ 51,927,946
Net pension liability as a percentage of covered payroll	35.64%	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 - 2020</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, seven 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).

2017	2016	2015	2014
\$ 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)	-
(5,473,504)	(4,298,333)	(3,894,213)	(3,351,164)
17,923,352	19,907,226	17,914,269	14,370,850
217,064,642	197,157,416	179,243,147	164,872,297
<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)
(6,665)	(6,832)	(7,103)	(7,176)
30,715,229	16,931,944	6,122,653	13,888,186
183,076,724	166,144,780	160,022,127	146,133,941
<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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 7,182,639	\$ 6,731,282	\$ 6,051,096	\$ 5,646,329	\$ 5,577,309
<u>(7,182,639)</u>	<u>(6,731,282)</u>	<u>(6,051,096)</u>	<u>(5,646,329)</u>	<u>(5,577,309)</u>
<u>\$ -</u>				
\$ 48,031,610	\$ 43,906,341	\$ 39,133,715	\$ 36,193,853	\$ 35,535,263
15.0%	15.3%	15.5%	15.6%	15.7%

City of Sugar Land, Texas

Schedule of Changes in Total OPEB Liabilities

and Related Ratios

For the Last Four Measurement Years Ended December 31*

Supplemental Death Benefits Fund (SDBF)	2020	2019	2018	2017
TOTAL OPEB LIABILITY				
Service cost	\$ 121,780	\$ 80,628	\$ 88,278	\$ 75,080
Interest	51,763	53,760	48,529	45,918
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	(39,215)	(39,591)	(26,653)	-
Changes in assumptions	338,761	323,442	(118,129)	128,880
Benefit payments	(5,799)	(5,375)	(5,193)	(5,005)
Net change in total OPEB liability	467,290	412,864	(13,168)	244,873
Total OPEB liability - beginning	1,824,297	1,411,433	1,424,601	1,179,728
TOTAL OPEB LIABILITY - ENDING	\$ 2,291,587	\$ 1,824,297	\$ 1,411,433	\$ 1,424,601
Covered-employee payroll	\$ 57,990,258	\$ 53,752,159	\$ 51,927,946	\$ 50,053,408
Total OPEB liability as a percentage of covered-employee payroll	3.95%	3.39%	2.72%	2.85%

Retiree Health Care Plan (RHCP)	2020	2019	2018	2017
TOTAL OPEB LIABILITY				
Service cost	\$ 367,876	\$ 290,583	\$ 283,352	\$ 226,834
Interest	151,305	182,637	143,990	146,451
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	137,438	15,885	186,156	(4,427)
Changes in assumptions	429,497	169,233	42,490	194,701
Benefit payments	(136,099)	(99,515)	(74,311)	(96,770)
Net change in total OPEB liability	950,017	558,823	581,677	466,789
Total OPEB liability - beginning	5,386,126	4,827,303	4,245,626	3,778,837
TOTAL OPEB LIABILITY - ENDING	\$ 6,336,143	\$ 5,386,126	\$ 4,827,303	\$ 4,245,626
Covered-employee payroll	\$ 58,141,056	\$ 53,752,159	\$ 51,927,946	\$ 50,053,408
Total OPEB liability as a percentage of covered-employee payroll	10.90%	10.02%	9.30%	8.48%

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
2020	2.00%
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, four 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.

Animal Services Donations – This fund is used to account for donations received from residents, non-residents, and businesses throughout the year. These donations are used for shelter operations and maintenance.

Public, Education & Government (PEG) Fund – This fund is used to account for the receipts of the State Franchise Fee billed to customers for the purpose of funding capital expenditures associated with public, education and government programming for the City's PEG channel, SLTV16. These funds are restricted in their use and can only be used to purchase capital goods that support broadcast operations for the City.

American Rescue Plan Act (ARPA) Fund – This fund is used to account for funds allocated to the City from the federal government's American Rescue Plan Act, an economic stimulus bill providing funding in response to COVID-19 and its negative economic impacts.

City of Sugar Land, Texas
 Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2021

	Tourism Fund	Court Security Fund	Community Development Block Grant	Court Technology Fund	Law Enforcement Grant Fund	Debt Reduction Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 8,961	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables (net of allowance for uncollectibles)	528,001	-	-	-	1	35,322
Inventories	9,875	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Restricted cash and cash equivalents	742,499	854	-	22,616	238,264	1,001,439
Restricted investments	-	-	-	-	-	747,748
Total assets	\$ 1,289,336	\$ 854	\$ -	\$ 22,616	\$ 238,265	\$ 1,784,509
LIABILITIES						
Accounts payable	\$ 10,102	\$ -	\$ -	\$ -	\$ 65,465	\$ -
Accrued expenditures	7,860	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	17,962	-	-	-	65,465	-
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
FUND BALANCES						
Nonspendable:						
Inventories	9,875	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Restricted for:						
General government	-	-	-	-	-	-
Debt service	-	-	-	-	-	1,784,509
Economic development activities	-	-	-	-	-	-
Public safety	-	854	-	22,616	172,800	-
Tourism and marketing	1,261,499	-	-	-	-	-
Environmental and neighborhood services	-	-	-	-	-	-
Total fund balances	1,271,374	854	-	22,616	172,800	1,784,509
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,289,336	\$ 854	\$ -	\$ 22,616	\$ 238,265	\$ 1,784,509

Sugar Land Development Corporation Fund	Enclave at River Park PID	Truancy Prevention Fund	Jury Services	Animal Services Donations	Public Education and Government Fund	American Rescue Plan Act Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 47,357	\$ 947	\$ -	\$ -	\$ -	\$ 57,265
1,234,104	28,892	-	-	-	40,639	37	1,866,996
-	-	-	-	-	-	-	9,875
3,269	-	-	-	-	-	-	3,269
9,868,269	65,438	-	-	62,580	77,584	5,558,124	17,637,667
2,245,379	-	-	-	-	-	-	2,993,127
<u>\$ 13,351,021</u>	<u>\$ 94,330</u>	<u>\$ 47,357</u>	<u>\$ 947</u>	<u>\$ 62,580</u>	<u>\$ 118,223</u>	<u>\$ 5,558,161</u>	<u>\$ 22,568,199</u>
\$ 115,614	\$ 3,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,949
-	-	-	-	-	-	-	7,860
-	-	-	-	-	-	5,558,161	5,558,161
115,614	3,768	-	-	-	-	5,558,161	5,760,970
-	25,123	-	-	-	-	-	25,123
-	25,123	-	-	-	-	-	25,123
-	-	-	-	-	-	-	9,875
3,269	-	-	-	-	-	-	3,269
-	-	-	-	-	118,223	-	118,223
3,876,869	65,439	-	-	-	-	-	5,726,817
9,355,269	-	-	-	-	-	-	9,355,269
-	-	47,357	947	-	-	-	244,574
-	-	-	-	-	-	-	1,261,499
-	-	-	-	62,580	-	-	62,580
<u>13,235,407</u>	<u>65,439</u>	<u>47,357</u>	<u>947</u>	<u>62,580</u>	<u>118,223</u>	<u>-</u>	<u>16,782,106</u>
<u>\$ 13,351,021</u>	<u>\$ 94,330</u>	<u>\$ 47,357</u>	<u>\$ 947</u>	<u>\$ 62,580</u>	<u>\$ 118,223</u>	<u>\$ 5,558,161</u>	<u>\$ 22,568,199</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, 2021

	Tourism Fund	Court Security Fund	Community Development Block Grant	Court Technology Fund	Law Enforcement Grant Fund	Debt Reduction Funds
REVENUES						
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	1,503,816	-	-	-	-	-
Fines and forfeitures	-	29,467	-	26,310	-	-
Investment earnings	100	-	-	7	53	-
Intergovernmental	-	-	9,006	-	-	326,866
Other	24,727	-	-	-	19,203	-
Total revenues	1,528,643	29,467	9,006	26,317	19,256	326,866
EXPENDITURES						
Current:						
General government	438,402	-	-	-	-	-
Administrative services	-	43,420	-	17,819	-	-
Public safety - Police	-	-	-	-	-	-
Environmental and neighborhood services	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Capital outlay	-	-	9,006	-	393,965	-
Total expenditures	438,402	43,420	9,006	17,819	393,965	-
Excess (deficiency) of revenues over (under) expenditures	1,090,241	(13,953)	-	8,498	(374,709)	326,866
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(1,341,100)	-	-	-	-	-
Total other financing sources (uses)	(1,341,100)	-	-	-	-	-
Net change in fund balances	(250,859)	(13,953)	-	8,498	(374,709)	326,866
Fund balances, beginning of year	1,522,233	14,807	-	14,118	547,509	1,457,643
FUND BALANCES, END OF YEAR	\$ 1,271,374	\$ 854	\$ -	\$ 22,616	\$ 172,800	\$ 1,784,509

Sugar Land Development Corporation Fund	Enclave at River Park PID	Truancy Prevention Fund	Jury Services	Animal Services Donations	Public Education and Government Fund	American Rescue Plan Act Fund	Total Nonmajor Governmental Funds
\$ 7,029,877	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,029,877
-	76,955	-	-	-	200,602	-	1,781,373
-	-	25,616	512	-	-	-	81,905
3,958	9	3	-	3	4	-	4,137
1,375,000	-	-	-	-	-	-	1,710,872
-	-	-	-	37,875	-	-	81,805
<u>8,408,835</u>	<u>76,964</u>	<u>25,619</u>	<u>512</u>	<u>37,878</u>	<u>200,606</u>	<u>-</u>	<u>10,689,969</u>
1,216,717	-	-	-	-	72,325	-	1,727,444
693,602	49	-	-	-	-	-	754,890
-	-	-	-	-	-	-	-
-	-	-	-	1,178	-	-	1,178
2,055,000	-	-	-	-	-	-	2,055,000
2,000,721	-	-	-	-	-	-	2,000,721
102,628	-	-	-	-	18,145	-	523,744
<u>6,068,668</u>	<u>49</u>	<u>-</u>	<u>-</u>	<u>1,178</u>	<u>90,470</u>	<u>-</u>	<u>7,062,977</u>
2,340,167	76,915	25,619	512	36,700	110,136	-	3,626,992
-	80,494	-	-	25,880	8,087	-	114,461
(50,000)	(161,144)	-	-	-	-	-	(1,552,244)
<u>(50,000)</u>	<u>(80,650)</u>	<u>-</u>	<u>-</u>	<u>25,880</u>	<u>8,087</u>	<u>-</u>	<u>(1,437,783)</u>
2,290,167	(3,735)	25,619	512	62,580	118,223	-	2,189,209
10,945,240	69,174	21,738	435	-	-	-	14,592,897
<u>\$ 13,235,407</u>	<u>\$ 65,439</u>	<u>\$ 47,357</u>	<u>\$ 947</u>	<u>\$ 62,580</u>	<u>\$ 118,223</u>	<u>\$ -</u>	<u>\$ 16,782,106</u>

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, 2021

With Comparative Actual Totals for the Year Ended September 30, 2020

	2021			2020
	Budget Final	Actual	Variance Positive (Negative)	
REVENUES				
Property taxes	\$ 21,139,308	\$ 21,022,051	\$ (117,257)	\$ 21,062,713
Investment earnings	20,250	4,038	(16,212)	103,381
Other	1,770,903	1,770,955	52	1,352,229
Total revenues	22,930,461	22,797,044	(133,417)	22,518,323
EXPENDITURES				
Current:				
Administrative services	1,777,268	1,676,038	101,230	1,706,424
Debt service:				
Principal	20,344,956	20,829,611	(484,655)	19,969,254
Interest and other charges	8,878,192	8,379,952	498,240	8,935,002
Bond issuance costs	25,758	41,168	(15,410)	100,328
Total expenditures	31,026,174	30,926,769	99,405	30,711,008
Excess (deficiency) of revenues over expenditures	(8,095,713)	(8,129,725)	(34,012)	(8,192,685)
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	2,298,682	1,260,000	(1,038,682)	12,245,000
Premium on debt issued	-	122,156	122,156	1,067,235
Payment to refunded bond escrow agent	(2,298,682)	(1,382,156)	916,526	(13,312,235)
Transfers in	7,319,344	7,319,344	-	7,318,749
Transfers out	(87,154)	(92,094)	4,940	(82,751)
Total other financing sources (uses)	7,232,190	7,227,250	4,940	7,235,998
Net change in fund balance	(863,523)	(902,475)	(29,072)	(956,687)
Fund balance, beginning of year	7,890,552	7,890,552	-	8,847,239
FUND BALANCE, END OF YEAR	\$ 7,027,029	\$ 6,988,077	\$ (29,072)	\$ 7,890,552

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, 2021

With Comparative Actual Totals for the Year Ended September 30, 2020

	2021		Variance Positive (Negative)	2020
	Budget Final	Actual		
REVENUES				
Franchise and other taxes	\$ 1,318,642	\$ 1,503,816	\$ 185,174	\$ 1,420,325
Investment earnings	120	100	(20)	13,059
Intergovernmental	-	-	-	82,252.00
Other	25,000	24,727	(273)	35,816
Total revenues	1,343,762	1,528,643	184,881	1,551,452
EXPENDITURES				
Current:				
General government	539,494	438,402	101,092	714,632
Total expenditures	539,494	438,402	101,092	714,632
Excess (deficiency) of revenues over expenditures	804,268	1,090,241	285,973	836,820
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	82,252
Transfers out	(1,341,100)	(1,341,100)	-	(1,351,140)
Total other financing sources (uses)	(1,341,100)	(1,341,100)	-	(1,268,888)
Net change in fund balance	(536,832)	(250,859)	285,973	(432,068)
Fund balance, beginning of year	1,522,233	1,522,233	-	1,954,301
FUND BALANCE, END OF YEAR	\$ 985,401	\$ 1,271,374	\$ 285,973	\$ 1,522,233

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, 2021

With Comparative Actual Totals for the Year Ended September 30, 2020

	2021			2020
	Budget Final	Actual	Variance Positive (Negative)	
REVENUES				
Fines and forfeitures	\$ 30,095	\$ 29,467	\$ (628)	\$ 35,693
Investment earnings	5	-	(5)	136
Total revenues	30,100	29,467	(633)	35,829
EXPENDITURES				
Current:				
Administrative services	40,636	43,420	(2,784)	39,725
Total expenditures	40,636	43,420	(2,784)	39,725
Net change in fund balance	(10,536)	(13,953)	(3,417)	(3,896)
Fund balance, beginning of year	14,807	14,807	-	18,703
FUND BALANCE, END OF YEAR	<u>\$ 4,271</u>	<u>\$ 854</u>	<u>\$ (3,417)</u>	<u>\$ 14,807</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, 2021

With Comparative Actual Totals for the Year Ended September 30, 2020

	2021			2020
	Budget Final	Actual	Variance Positive (Negative)	
REVENUES				
Intergovernmental	\$ 29,897	\$ 9,006	\$ (20,891)	\$ 172,978
Total revenues	29,897	9,006	(20,891)	172,978
EXPENDITURES				
Current:				
General government	20,622	-	20,622	172,978
Capital outlay	9,275	9,006	269	-
Total expenditures	29,897	9,006	20,891	172,978
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

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, 2021

With Comparative Actual Totals for the Year Ended September 30, 2020

	2021			2020
	Budget Final	Actual	Variance Positive (Negative)	
REVENUES				
Fines and forfeitures	\$ 26,102	\$ 26,310	\$ 208	\$ 36,576
Investment earnings	25	7	(18)	252
Total revenues	26,127	26,317	190	36,828
EXPENDITURES				
Current:				
Administrative services	34,138	17,819	16,319	49,020
Total expenditures	34,138	17,819	16,319	49,020
Net change in fund balance	(8,011)	8,498	16,509	(12,192)
Fund balance, beginning of year	14,118	14,118	-	26,310
FUND BALANCE, END OF YEAR	<u>\$ 6,107</u>	<u>\$ 22,616</u>	<u>\$ 16,509</u>	<u>\$ 14,118</u>

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, 2021

With Comparative Actual Totals for the Year Ended September 30, 2020

	2021			2020
	Budget Final	Actual	Variance Positive (Negative)	
REVENUES				
Investment earnings	60	53	(7)	2,617
Other	-	19,203	19,203	185,673
Total revenues	60	19,256	19,196	188,290
EXPENDITURES				
Current:				
Public safety - Police	23,996	-	23,996	-
Capital outlay	410,000	393,965	16,035	-
Total expenditures	433,996	393,965	40,031	-
Net change in fund balance	(433,936)	(374,709)	59,227	188,290
Fund balance, beginning of year	547,509	547,509	-	359,219
FUND BALANCE, END OF YEAR	\$ 113,573	\$ 172,800	\$ 59,227	\$ 547,509

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, 2021

With Comparative Actual Totals for the Year Ended September 30, 2020

	2021			2020
	Budget Final	Actual	Variance Positive (Negative)	
REVENUES				
Investment earnings	\$ 3,645	\$ -	\$ (3,645)	\$ 23,050
Intergovernmental	312,151	326,866	14,715	263,081
Total revenues	315,796	326,866	11,070	286,131
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	315,796	326,866	11,070	286,131
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	315,796	326,866	11,070	286,131
Fund balance, beginning of year	1,457,643	1,457,643	-	1,171,512
FUND BALANCE, END OF YEAR	<u>\$ 1,773,439</u>	<u>\$ 1,784,509</u>	<u>\$ 11,070</u>	<u>\$ 1,457,643</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, 2021

With Comparative Actual Totals for the Year Ended September 30, 2020

	2021			2020
	Budget Final	Actual	Variance Positive (Negative)	
REVENUES				
Sales tax	\$ 6,717,097	\$ 7,029,877	\$ 312,780	\$ 6,346,754
Investment earnings	25,000	3,958	(21,042)	113,811
Intergovernmental	1,375,000	1,375,000	-	1,250,000
Other	-	-	-	52,590
Total revenues	8,117,097	8,408,835	291,738	7,763,155
EXPENDITURES				
Current:				
General government	1,457,785	1,216,717	241,068	2,226,949
Administrative services	716,863	693,602	23,261	2,740
Debt service:				
Principal	2,055,000	2,055,000	-	1,980,000
Interest and other charges	2,001,771	2,000,721	1,050	2,110,984
Capital outlay	1,219,225	102,628	1,116,597	121,100
Total expenditures	7,450,644	6,068,668	1,381,976	6,441,773
Excess (deficiency) of revenues over expenditures	666,453	2,340,167	1,673,714	1,321,382
OTHER FINANCING SOURCES (USES)				
Transfers out	(50,000)	(50,000)	-	(1,525,889)
Total other financing sources (uses)	613,693	(50,000)	(663,693)	(1,525,889)
Net change in fund balance	1,280,146	2,290,167	1,010,021	(204,507)
Fund balance, beginning of year	10,945,240	10,945,240	-	11,149,747
FUND BALANCE, END OF YEAR	\$ 12,225,386	\$ 13,235,407	\$ 1,010,021	\$ 10,945,240

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, 2021

With Comparative Actual Totals for the Year Ended September 30, 2020

	2021			2020
	Budget Final	Actual	Variance Positive (Negative)	
REVENUES				
Franchise and other taxes	\$ 76,104	\$ 76,955	\$ 851	\$ 103,559
Investment earnings	10	9	(1)	726
Total revenues	76,114	76,964	850	104,285
EXPENDITURES				
Current:				
Administrative services	75	49	26	49
Total expenditures	75	49	26	49
Excess (deficiency) of revenues over expenditures	76,039	76,915	876	104,236
OTHER FINANCING SOURCES (USES)				
Transfers in	80,494	80,494	-	60,160
Transfers out	(161,144)	(161,144)	-	(165,419)
Total other financing sources (uses)	(80,650)	(80,650)	-	(105,259)
Net change in fund balance	(4,611)	(3,735)	876	(1,023)
Fund balance, beginning of year	69,174	69,174	-	70,197
FUND BALANCE, END OF YEAR	\$ 64,563	\$ 65,439	\$ 876	\$ 69,174

City of Sugar Land, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Animal Shelter Donations

For the Fiscal Year Ended September 30, 2021

With Comparative Actual Totals for the Year Ended September 30, 2020

	2021			2020
	Budget Final	Actual	Variance Positive (Negative)	
REVENUES				
Investment earnings	\$ -	\$ 3	\$ 3	\$ -
Other	50,000	37,875	(12,125)	-
Total revenues	50,000	37,878	(12,122)	-
EXPENDITURES				
Current:				
Environmental and neighborhood services	75,880	1,178	74,702	-
Total expenditures	75,880	1,178	74,702	-
Excess (deficiency) of revenues over expenditures	(25,880)	36,700	62,580	-
OTHER FINANCING SOURCES (USES)				
Transfers in	25,880	25,880	-	-
Total other financing sources (uses)	25,880	25,880	-	-
Net change in fund balance	-	62,580	62,580	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ 62,580	\$ 62,580	\$ -

City of Sugar Land, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Public Education and Government Fund

For the Fiscal Year Ended September 30, 2021

With Comparative Actual Totals for the Year Ended September 30, 2020

	2021		Variance Positive (Negative)	2020
	Budget Final	Actual		
REVENUES				
Franchise and other taxes	\$ 160,000	\$ 200,602	\$ 40,602	\$ -
Investment earnings	-	4	4	-
Total revenues	160,000	200,606	40,606	-
EXPENDITURES				
Current:				
General government	96,855	72,325	24,530	-
Capital outlay	18,145	18,145	-	-
Total expenditures	115,000	90,470	24,530	-
Excess (deficiency) of revenues over expenditures	45,000	110,136	65,136	-
OTHER FINANCING SOURCES (USES)				
Transfers in	8,087	8,087	-	-
Total other financing sources (uses)	8,087	8,087	-	-
Net change in fund balance	53,087	118,223	65,136	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ 53,087	\$ 118,223	\$ 65,136	\$ -

City of Sugar Land, Texas

Internal Service Funds

September 30, 2021

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, 2021

	<u>Employee Benefits Fund</u>	<u>Fleet Replacement Fund</u>	<u>High- Technology Replacement Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,833,447	\$ 2,824,926	\$ 2,758,373	\$ 7,416,746
Cash with fiscal agent	703,000	-	-	703,000
Investments	1,247,028	749,391	249,693	2,246,112
Receivables, net of allowance for uncollectibles	3,959	1,034	4,560	9,553
Prepaid items	31,860	-	-	31,860
	<u>3,819,294</u>	<u>3,575,351</u>	<u>3,012,626</u>	<u>10,407,271</u>
Noncurrent assets:				
Capital assets:				
Capital assets being depreciated	-	4,184,525	524,577	4,709,102
	<u>-</u>	<u>4,184,525</u>	<u>524,577</u>	<u>4,709,102</u>
Total noncurrent assets	<u>-</u>	<u>4,184,525</u>	<u>524,577</u>	<u>4,709,102</u>
Total assets	<u>3,819,294</u>	<u>7,759,876</u>	<u>3,537,203</u>	<u>15,116,373</u>
LIABILITIES				
Current liabilities:				
Accounts payable	155,989	5,441	315,180	476,610
Claims and judgments	485,251	-	-	485,251
	<u>641,240</u>	<u>5,441</u>	<u>315,180</u>	<u>961,861</u>
Total current liabilities	<u>641,240</u>	<u>5,441</u>	<u>315,180</u>	<u>961,861</u>
Total liabilities	<u>641,240</u>	<u>5,441</u>	<u>315,180</u>	<u>961,861</u>
NET POSITION				
Investment in capital assets	-	4,184,525	524,577	4,709,102
Unrestricted	3,178,054	3,569,910	2,697,446	9,445,410
	<u>3,178,054</u>	<u>3,569,910</u>	<u>2,697,446</u>	<u>9,445,410</u>
TOTAL NET POSITION	<u>\$ 3,178,054</u>	<u>\$ 7,754,435</u>	<u>\$ 3,222,023</u>	<u>\$ 14,154,512</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, 2021

	Employee Benefits Fund	Fleet Replacement Fund	High- Technology Replacement Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 14,481,659	\$ 731,636	\$ 671,778	\$ 15,885,073
Total operating revenues	14,481,659	731,636	671,778	15,885,073
OPERATING EXPENSES				
Personnel services	-	15,965	-	15,965
Supplies and materials	-	187,312	1,108,958	1,296,270
Contractual services	49,500	-	-	49,500
Insurance claims	13,790,152	-	-	13,790,152
Depreciation	-	916,272	255,854	1,172,126
Total operating expenses	13,839,652	1,119,549	1,364,812	16,324,013
Operating income (loss)	642,007	(387,913)	(693,034)	(438,940)
NONOPERATING REVENUES (EXPENSES)				
Interest and investment revenue	(1,057)	1,797	1,523	2,263
Gain (loss) on disposal of capital assets	-	322,081	16,344	338,425
Total nonoperating revenues (expenses)	(1,057)	323,878	17,867	340,688
Income (loss) before capital contributions and transfers	640,950	(64,035)	(675,167)	(98,252)
Transfers in	-	-	-	-
Change in net position	640,950	(64,035)	(675,167)	(98,252)
Net position, beginning of year	2,537,104	7,818,470	3,897,190	14,252,764
NET POSITION, END OF YEAR	\$ 3,178,054	\$ 7,754,435	\$ 3,222,023	\$ 14,154,512

City of Sugar Land, Texas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2021

	Employee Benefits Fund	Fleet Replacement Fund	High- Technology Replacement Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund charges for services	\$ 14,478,248	\$ 733,466	\$ 667,231	\$ 15,878,945
Disbursed for personnel services	-	(15,965)	-	(15,965)
Disbursed for goods and services	(13,433,056)	(182,247)	(797,828)	(14,413,131)
Net cash provided (used) by operating activities	1,045,192	535,254	(130,597)	1,449,849
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	(745,883)	(219,893)	(965,776)
Proceeds from sale of capital assets	-	322,081	16,344	338,425
Net cash used by capital and related financing activities	-	(423,802)	(203,549)	(627,351)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments, net	(1,248,085)	(500,438)	(249,693)	(1,998,216)
Interest received	-	1,797	1,523	3,320
Net cash used by investing activities	(1,248,085)	(498,641)	(248,170)	(1,994,896)
Net decrease in cash and cash equivalents	(202,893)	(387,189)	(582,316)	(1,172,398)
Cash and cash equivalents, beginning balance	2,739,340	3,212,115	3,340,689	9,292,144
CASH AND CASH EQUIVALENTS, ENDING BALANCE	\$ 2,536,447	\$ 2,824,926	\$ 2,758,373	\$ 8,119,746
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 642,007	\$ (387,913)	\$ (693,034)	\$ (438,940)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation and amortization	-	916,272	255,854	1,172,126
Changes in assets, liabilities and related deferrals:				
(Increase) decrease in assets and deferred outflows:				
Receivables, net of allowances	(3,411)	1,830	(4,547)	(6,128)
Prepaid items	296,226	-	-	296,226
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable	136,114	5,065	311,130	452,309
Claims and judgments	(25,744)	-	-	(25,744)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,045,192	\$ 535,254	\$ (130,597)	\$ 1,449,849

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



City of Sugar Land, Texas
 Discretely Presented Component Units
 Balance Sheets – Governmental Funds
 September 30, 2021

	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
ASSETS					
Cash and cash equivalents	\$ 6,949,241	\$ 10,916	\$ 24,659	\$ 5,080,491	\$ 12,065,307
Investments	2,245,073	-	-	-	2,245,073
Receivables, net of allowance for uncollectibles	1,231,865	-	-	19,059	1,250,924
Prepaid items	2,107	-	-	-	2,107
Restricted cash and cash equivalents	2,441,010	-	-	-	2,441,010
TOTAL ASSETS	\$ 12,869,296	\$ 10,916	\$ 24,659	\$ 5,099,550	\$ 18,004,421
LIABILITIES					
Accounts payable and accrued expenditures	\$ 44,020	\$ -	\$ 4,720	\$ 7,200	\$ 55,940
Total liabilities	44,020	-	4,720	7,200	55,940
FUND BALANCES					
Nonsependable:					
Prepaid items	2,107	-	-	-	2,107
Restricted for:					
Debt service	2,441,010	-	-	-	2,441,010
Economic development activities	10,382,159	10,916	19,939	5,092,350	15,505,364
Total fund balances	12,825,276	10,916	19,939	5,092,350	17,948,481
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,869,296	\$ 10,916	\$ 24,659	\$ 5,099,550	\$ 18,004,421
Reconciliation from fund balance to net position					
Fund balance	\$ 12,825,276	\$ 10,916	\$ 19,939	\$ 5,092,350	\$ 17,948,481
Plus deferred outflows of resources	64,638	-	-	-	64,638
Less long-term liabilities	(24,273,422)	-	-	-	(24,273,422)
Less interest payable	(104,163)	-	-	-	(104,163)
NET POSITION	\$ (11,487,671)	\$ 10,916	\$ 19,939	\$ 5,092,350	\$ (6,364,466)

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, 2021

	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
REVENUES					
Property taxes	\$ -	\$ 1,864,411	\$ 1,164,961	\$ 1,061,000	\$ 4,090,372
Sales tax	7,029,877	-	-	-	7,029,877
Investment earnings	2,284	42	6	2,120	4,452
Intergovernmental	145,300	-	-	-	145,300
Other	80,000	-	-	-	80,000
Total revenues	7,257,461	1,864,453	1,164,967	1,063,120	11,350,001
EXPENDITURES					
Current:					
General government	3,978,927	1,953,382	1,164,152	11,528	7,107,989
Debt service:					
Principal	2,155,000	-	-	-	2,155,000
Interest and other charges	866,376	-	-	-	866,376
Capital outlay	653,139	-	-	-	653,139
Total expenditures	7,653,442	1,953,382	1,164,152	11,528	10,782,504
Excess (deficiency) of revenues over (under) expenditures	(395,981)	(88,929)	815	1,051,592	567,497
Net change in fund balances	(395,981)	(88,929)	815	1,051,592	567,497
Fund balances, beginning of year	13,221,257	99,845	19,124	4,040,758	17,380,984
FUND BALANCES, END OF YEAR	\$ 12,825,276	\$ 10,916	\$ 19,939	\$ 5,092,350	\$ 17,948,481
Reconciliation from changes in fund balance to changes in net position					
Change in fund balance	\$ (395,981)	\$ (88,929)	\$ 815	\$ 1,051,592	\$ 567,497
Add principal payments	2,155,000	-	-	-	2,155,000
Add other changes in long-term assets and liabilities	159,400	-	-	-	159,400
CHANGES IN NET POSITION	\$ 1,918,419	\$ (88,929)	\$ 815	\$ 1,051,592	\$ 2,881,897

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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>
Financial Trends – Schedules 1-4	130
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity – Schedules 5-9	140
These schedules contain information to help the reader assess the City's most significant local revenue sources: sales and property taxes.	
Debt Capacity – Schedules 10-13	149
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.	
Demographic and Economic Information – Schedules 14-15	155
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information – Schedules 16-18	158
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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018*</u>
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 360,769	\$ 365,400	\$ 359,391	\$ 358,639
Restricted	22,705	21,241	22,177	19,535
Unrestricted	33,547	18,105	19,059	23,129
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	<u>\$ 417,021</u>	<u>\$ 404,746</u>	<u>\$ 400,627</u>	<u>\$ 401,303</u>
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 226,097	\$ 234,213	\$ 237,564	\$ 252,642
Restricted	8,391	9,003	11,190	9,770
Unrestricted	45,399	44,065	48,726	48,149
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	<u>\$ 279,887</u>	<u>\$ 287,281</u>	<u>\$ 297,480</u>	<u>\$ 310,561</u>
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 586,866	\$ 599,613	\$ 596,955	\$ 611,281
Restricted	31,096	30,244	33,367	29,305
Unrestricted	78,946	62,170	67,785	71,278
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$ 696,908</u>	<u>\$ 692,027</u>	<u>\$ 698,107</u>	<u>\$ 711,864</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

2017	2016	2015	2014	2013	2012
\$ 340,298	\$ 304,720	\$ 268,582	\$ 282,719	\$ 280,082	\$ 255,293
21,152	24,902	51,879	28,311	20,305	18,863
23,084	37,413	24,026	37,503	32,551	27,698
<u>\$ 384,534</u>	<u>\$ 367,035</u>	<u>\$ 344,487</u>	<u>\$ 348,533</u>	<u>\$ 332,938</u>	<u>\$ 301,854</u>
\$ 228,369	\$ 225,650	\$ 224,544	\$ 229,356	\$ 231,676	\$ 240,741
9,116	8,549	27,736	26,945	8,068	7,926
45,383	47,766	22,722	16,718	23,675	9,848
<u>\$ 282,868</u>	<u>\$ 281,965</u>	<u>\$ 275,002</u>	<u>\$ 273,019</u>	<u>\$ 263,419</u>	<u>\$ 258,515</u>
\$ 568,667	\$ 530,370	\$ 493,126	\$ 512,075	\$ 511,758	\$ 496,034
30,268	33,451	79,615	55,256	28,373	26,789
68,467	85,179	46,748	54,221	56,226	37,546
<u>\$ 667,402</u>	<u>\$ 649,000</u>	<u>\$ 619,489</u>	<u>\$ 621,552</u>	<u>\$ 596,357</u>	<u>\$ 560,369</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018**</u>
EXPENSES				
Governmental activities:				
General government	\$ 26,502,325	\$ 21,662,768	\$ 23,018,595	\$ 19,825,982
Administrative services	5,683,094	7,277,456	5,705,656	5,877,451
Public safety - Police	22,060,087	26,657,068	28,010,543	26,691,650
Public Safety - Dispatch	2,607,837 ***	-	-	-
Public safety - Fire	16,700,504	17,330,279	15,098,092	14,516,604
Public safety - EMS	-	-	2,137,263	2,109,566
Public works	28,235,914	35,122,270	32,541,073	37,700,186
Parks and recreation	9,785,044	8,059,592	9,471,888	10,891,960
Community development	5,358,357	5,683,703	7,597,307	5,570,870
Environmental and neighborhood services	6,845,976	7,065,218	6,873,883	6,138,127
Interest on long-term debt	8,804,328	10,071,344	10,233,207	9,810,360
	<u>132,583,466</u>	<u>138,929,698</u>	<u>140,687,507</u>	<u>139,132,756</u>
Business-type activities:				
Utility	56,673,831	58,197,111	57,533,727	59,854,392
Regional airport	16,831,368	14,288,142	16,934,859	16,239,202
Solid waste management	9,493,324	8,445,476	8,200,994	7,980,124
	<u>82,998,523</u>	<u>80,930,729</u>	<u>82,669,580</u>	<u>84,073,718</u>
TOTAL EXPENSES	<u>\$ 215,581,989</u>	<u>\$ 219,860,427</u>	<u>\$ 223,357,087</u>	<u>\$ 223,206,474</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
Administrative services	6,992,560	7,444,922	8,933,444	7,532,287
Public safety - Fire	3,434,502	3,144,902	1,065,013	1,390,232
Public safety - EMS	-	-	1,864,409	1,634,675
Community development	3,015,571	4,048,652	3,589,181	3,388,539
Other	731,394	695,229	3,431,576	5,211,165
Operating grants and contributions	9,275,496	2,920,226	2,438,000	2,215,263
Capital grants and contributions	1,729,294	10,132,207	4,621,744	15,378,644
	<u>25,178,817</u>	<u>28,386,138</u>	<u>25,943,367</u>	<u>36,750,805</u>
Business-type activities:				
Charges for services:				
Utility	52,097,006	49,529,990	45,314,713	50,529,248
Regional airport	15,025,315	12,256,798	15,351,003	15,449,972
Solid waste management	9,081,812	8,871,017	8,620,756	7,974,887
Operating grants and contributions	231,379	174,204	58,221	195,438
Capital grants and contributions	3,040,386	2,991,345	3,221,729	11,538,729
	<u>79,475,898</u>	<u>73,823,354</u>	<u>72,566,422</u>	<u>85,688,274</u>
TOTAL PROGRAM REVENUES	<u>\$ 104,654,715</u>	<u>\$ 102,209,492</u>	<u>\$ 98,509,789</u>	<u>\$ 122,439,079</u>
NET (EXPENSE)/REVENUE				
Governmental activities	\$ (107,404,649)	\$ (110,543,560)	\$ (114,744,140)	\$ (102,381,951)
Business-type activities	<u>(3,522,625)</u>	<u>(7,107,375)</u>	<u>(10,103,158)</u>	<u>1,614,556</u>
TOTAL NET EXPENSE	<u>\$ (110,927,274)</u>	<u>\$ (117,650,935)</u>	<u>\$ (124,847,298)</u>	<u>\$ (100,767,395)</u>

	2017	2016	2015	2014	2013	2012
\$	23,393,933	\$ 18,591,072	\$ 12,886,353	\$ 15,675,644	\$ 13,087,580	\$ 11,463,677
	5,514,367	6,643,488	9,067,022	7,876,517	10,471,115	9,802,035
	26,137,845	22,979,425	21,128,023	19,541,680	18,333,422	18,354,251
	-	-	-	-	-	-
	14,196,831	14,195,523	13,164,239	12,045,062	10,838,009	10,898,603
	1,803,131	1,722,037	1,916,547	-	-	-
	27,074,624	22,827,677	30,122,770	24,894,769	23,481,443	22,311,568
	7,870,047	6,215,405	8,286,024	7,916,451	8,177,350	8,504,303
	5,563,555	5,484,522	5,672,387	5,188,471	4,667,336	4,855,764
	6,064,691	5,902,886	-	-	-	-
	9,393,095	9,778,640	10,243,695	5,910,083	5,066,337	5,908,721
	<u>127,012,119</u>	<u>114,340,675</u>	<u>112,487,060</u>	<u>99,048,677</u>	<u>94,122,592</u>	<u>92,098,922</u>
	46,153,991	46,517,275	44,002,542	34,946,846	46,589,564	28,574,352
	14,345,583	12,485,217	14,335,885	16,828,870	16,633,872	16,002,860
	6,196,978	5,926,813	5,625,859	5,147,195	5,067,548	5,087,731
	<u>66,696,552</u>	<u>64,929,305</u>	<u>63,964,286</u>	<u>56,922,911</u>	<u>68,290,984</u>	<u>49,664,943</u>
\$	<u>193,708,671</u>	<u>179,269,980</u>	<u>176,451,346</u>	<u>155,971,588</u>	<u>162,413,576</u>	<u>141,763,865</u>
	6,598,604	8,522,761	6,906,002	2,678,310	3,261,324	3,663,149
	3,139,758	2,833,491	2,369,089	2,233,714	2,229,152	2,102,494
	1,426,438	1,132,847	459,223	-	-	-
	3,061,505	3,242,529	3,494,806	3,033,205	2,817,871	2,376,127
	3,830,309	4,164,196	4,967,637	4,766,369	2,748,396	3,231,665
	1,824,906	1,740,054	2,831,268	936,559	1,517,342	1,566,549
	29,996,719	19,053,728	11,071,624	9,004,691	27,028,874	43,196,769
	<u>49,878,239</u>	<u>40,689,606</u>	<u>32,099,649</u>	<u>22,652,848</u>	<u>39,602,959</u>	<u>56,136,753</u>
	42,458,489	46,140,497	43,037,218	44,302,320	47,142,244	40,543,433
	13,539,743	11,830,391	13,747,794	16,939,277	16,576,205	15,675,468
	6,475,296	5,950,568	5,770,866	5,030,491	5,007,131	5,068,656
	50,000	50,000	131,567	73,199	65,091	84,271
	6,675,068	9,417,603	3,020,185	6,641,939	11,560,813	6,297,452
	<u>69,198,596</u>	<u>73,389,059</u>	<u>65,707,630</u>	<u>72,987,226</u>	<u>80,351,484</u>	<u>67,669,280</u>
\$	<u>119,076,835</u>	<u>114,078,665</u>	<u>97,807,279</u>	<u>95,640,074</u>	<u>119,954,443</u>	<u>123,806,033</u>
\$	(77,133,880)	\$ (73,651,069)	\$ (80,387,411)	\$ (76,395,829)	\$ (54,519,633)	\$ (35,962,169)
	2,502,044	8,459,754	1,743,344	16,064,315	12,060,500	18,004,337
\$	<u>(74,631,836)</u>	<u>(65,191,315)</u>	<u>(78,644,067)</u>	<u>(60,331,514)</u>	<u>(42,459,133)</u>	<u>(17,957,832)</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018**</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes:				
Property taxes	\$ 53,377,354	\$ 52,129,954	\$ 49,988,676	\$ 44,092,389
Sales tax	49,209,137	44,465,725	47,580,665	47,038,175
Franchise and other taxes	7,865,705	7,957,981	8,925,196	9,196,843
Investment earnings	29,881	1,472,845	2,616,889	1,106,332
Miscellaneous	3,279,916	2,628,940	(1,222,389)	2,642,416
Transfers	5,917,384	6,007,096	6,179,094	3,093,659
Total governmental activities	<u>119,679,377</u>	<u>114,662,541</u>	<u>114,068,131</u>	<u>107,169,814</u>
Business-type activities:				
Investment earnings	83,551	1,001,393	2,331,002	1,077,401
Miscellaneous	1,963,079	1,913,729	869,998	44,386
Transfers	(5,917,384)	(6,007,096)	(6,179,094)	(3,093,659)
Extraordinary item	-	-	-	(2,410,372)
Total business-type activities	<u>(3,870,754)</u>	<u>(3,091,974)</u>	<u>(2,978,094)</u>	<u>(4,382,244)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 115,808,623</u>	<u>\$ 111,570,567</u>	<u>\$ 111,090,037</u>	<u>\$ 102,787,570</u>
CHANGE IN NET POSITION				
Governmental activities	\$ 12,274,728	\$ 4,118,981	\$ (676,009)	\$ 4,787,863
Business-type activities	<u>(7,393,379)</u>	<u>(10,199,349)</u>	<u>(13,081,252)</u>	<u>(2,767,688)</u>
TOTAL NET REVENUE (EXPENSE)	<u>\$ 4,881,349</u>	<u>\$ (6,080,368)</u>	<u>\$ (13,757,261)</u>	<u>\$ 2,020,175</u>

* 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.

*** Starting in fiscal year 2021, Public safety - Dispatch is separated from Public safety - Police.

	2017	2016	2015	2014	2013	2012
\$	39,052,391	\$ 37,227,640	\$ 34,205,770	\$ 31,367,793	\$ 29,920,274	\$ 28,282,258
	41,330,120	45,967,293	45,320,979	43,453,673	39,790,138	38,239,215
	8,535,339	8,231,034	8,398,820	8,373,935	8,019,976	7,472,103
	826,905	1,089,499	1,062,965	240,913	236,117	250,959
	2,645,117	1,507,896	1,297,768	1,393,438	1,328,239	1,054,383
	2,243,212	2,176,006	(1,300,673)	7,161,781	7,287,990	7,245,571
	94,633,084	96,199,368	88,985,629	91,991,533	86,582,734	82,544,489
	561,113	599,435	531,396	117,683	218,645	429,350
	83,106	79,707	59,565	580,735	404,274	-
	(2,243,212)	(2,176,006)	1,300,673	(7,161,781)	(7,287,990)	(7,245,571)
	-	-	-	-	-	-
	(1,598,993)	(1,496,864)	1,891,634	(6,463,363)	(6,665,071)	(6,816,221)
\$	93,034,091	\$ 94,702,504	\$ 90,877,263	\$ 85,528,170	\$ 79,917,663	\$ 75,728,268
\$	17,499,204	\$ 22,548,299	\$ 8,598,218	\$ 15,595,704	\$ 32,063,101	\$ 46,582,320
	903,051	6,962,890	3,634,978	9,600,952	5,395,429	11,188,116
\$	18,402,255	\$ 29,511,189	\$ 12,233,196	\$ 25,196,656	\$ 37,458,530	\$ 57,770,436

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
GENERAL FUND				
Nonspendable:				
Inventories	\$ 218,125	\$ 224,914	\$ 250,126	\$ 217,019
Prepaid items	38,014	35,153	77,771	54,161
Committed	199,543	582,853	749,136	341,202
Assigned	450,554	307,804	314,423	409,335
Unassigned	48,153,148	38,515,913	38,910,023	34,043,167
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund	49,059,384	39,666,637	40,301,479	35,064,884
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable:				
Inventories	9,875	8,403	7,104	7,935
Prepaid items	3,269	2,740	12,359	7,036
Restricted:				
Debt service funds	12,714,894	13,353,725	14,133,339	9,242,690
Capital projects funds	51,385,052	34,341,116	22,113,944	8,700,056
General government	118,223	-	-	-
Economic development activities	9,355,269	7,006,144	7,098,197	9,608,501
Public safety	244,574	598,607	404,232	278,116
Tourism and marketing	1,261,499	1,513,830	1,941,997	1,786,346
Environmental and neighborhood services	62,580	-	-	-
Committed	-	-	-	2,997,650
Assigned	3,807,715	3,822,042	-	-
Unassigned	-	-	-	(3,184)
	<hr/>	<hr/>	<hr/>	<hr/>
Total all other governmental funds	78,962,950	60,646,607	45,711,172	32,625,146
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL GOVERNMENTAL FUNDS	\$ 128,022,334	\$ 100,313,244	\$ 86,012,651	\$ 67,690,030

Schedule 3

2017	2016	2015	2014	2013	2012
\$ 211,199	\$ 195,050	\$ 204,263	\$ 217,124	\$ 209,793	\$ 160,635
255,751	27,701	18,328	25,655	30,008	43,861
376,995	411,849	146,728	3,091,704	463,599	-
272,224	332,452	339,946	385,205	219,357	652,316
27,980,279	27,575,295	28,085,267	24,544,824	25,740,747	24,260,117
29,096,448	28,542,347	28,794,532	28,264,512	26,663,504	25,116,929
-	-	-	-	-	-
11,735	18,353	2,740	2,740	2,740	2,740
13,287,453	18,881,941	11,892,292	11,448,975	9,419,630	7,397,649
18,346,186	14,122,714	60,550,768	23,785,846	3,517,678	15,443,725
-	-	-	-	-	-
7,655,992	5,656,856	37,689,753	11,048,740	7,019,867	7,689,398
215,855	228,335	202,439	209,920	230,282	1,779,756
1,395,355	1,053,237	3,533,713	5,359,797	4,269,302	3,228,805
-	-	-	-	-	-
7,768,052	18,273,467	-	-	-	-
-	-	-	-	-	-
(26,513)	-	(17,434)	-	-	-
48,654,115	58,234,903	113,854,271	51,856,018	24,459,499	35,542,073
\$ 77,750,563	\$ 86,777,250	\$ 142,648,803	\$ 80,120,530	\$ 51,123,003	\$ 60,659,002

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
REVENUES				
Taxes				
General property	\$ 53,283,518	\$ 51,999,696	\$ 49,910,560	\$ 43,924,495
Sales and use taxes	49,209,137	44,427,280	47,349,948	46,807,458
Franchise taxes	7,942,660	8,061,540	9,063,027	9,196,843
Licenses and permits	3,380,955	4,047,286	3,585,270	3,392,020
Fines and forfeitures	1,215,515	1,412,839	3,598,926	4,681,871
Charges for services	9,361,811	9,700,698	9,856,589	9,803,954
Investment earnings	27,618	1,394,417	2,434,365	1,049,546
Intergovernmental	9,736,646	7,539,349	4,150,591	8,469,413
Other	2,770,210	2,737,166	3,434,202	3,742,667
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	136,928,070	131,320,271	133,383,478	131,068,267
EXPENDITURES				
General government	21,368,483	21,257,753	20,381,432	18,828,683
Administrative services	8,093,905	6,194,245	6,030,777	6,277,823
Public safety	41,203,391	42,416,274	41,803,434	41,773,376
Public works	12,649,542	15,403,076	13,102,921	17,704,168
Parks and recreation	4,818,174	4,750,769	5,010,592	5,960,126
Community development	5,375,408	5,556,124	5,337,472	5,269,134
Environmental and neighborhood services	6,003,184	6,186,662	5,826,617	5,143,190
Debt service:				
Principal	22,884,611	21,949,254	36,311,024	21,343,344
Interest and other charges	10,380,673	11,295,663	11,002,213	11,122,619
Bond issuance costs	224,654	390,939	374,909	-
Capital outlay	9,321,348	13,987,525	13,290,174	10,890,406
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	142,323,373	149,388,284	158,471,565	144,312,869
Excess (deficiency) of revenues over (under) expenditures	(5,395,303)	(18,068,013)	(25,088,087)	(13,244,602)
OTHER FINANCING SOURCES (USES)				
Certificates of obligation issued	-	15,025,000	20,760,000	-
General obligation bonds issued	26,970,000	9,355,000	-	-
Revenue bonds issued	-	-	-	-
Refunding bonds issued	-	12,245,000	13,715,000	-
Premium (discount) on debt issued	1,599,165	3,231,900	2,756,614	-
Payments to refunded bond escrow agent	(1,382,156)	(13,312,235)	-	-
Capital leases and other debt issued	-	-	-	840,000
Proceeds of the sale of capital assets	-	-	-	36,569
Transfers in	7,845,669	9,254,348	11,567,007	12,180,115
Transfers out	(1,928,285)	(3,430,407)	(5,387,913)	(9,872,615)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	33,104,393	32,368,606	43,410,708	3,184,069
NET CHANGE IN FUND BALANCE	\$ 27,709,090	\$ 14,300,593	\$ 18,322,621	\$ (10,060,533)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	24.96%	24.61%	21.50%	24.10%

Schedule 4

	2017	2016	2015	2014	2013	2012
\$	38,999,063	\$ 37,310,936	\$ 34,073,015	\$ 31,356,582	\$ 29,874,615	\$ 28,242,085
	41,829,998	45,821,869	44,975,136	43,008,054	39,344,519	40,111,821
	8,535,339	8,231,034	8,398,820	8,373,935	8,019,976	5,161,877
	3,052,646	3,242,529	3,494,806	3,033,205	2,817,871	2,332,393
	3,983,863	3,741,662	3,956,657	3,964,053	3,364,798	3,399,284
	11,668,937	11,732,687	9,792,915	4,477,416	3,649,563	3,182,908
	803,175	1,050,958	1,030,032	235,034	230,542	242,856
	21,608,448	4,295,673	4,853,727	14,014,873	4,477,965	29,941,993
	4,344,488	6,335,230	4,676,006	1,300,331	1,444,727	1,193,356
	<u>134,825,957</u>	<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>
	19,441,297	17,263,024	13,932,805	13,934,579	12,019,511	10,350,520
	6,807,905	7,167,251	9,221,555	7,743,921	7,708,191	6,665,760
	39,819,840	36,894,350	38,688,191	29,573,636	27,951,639	27,852,455
	15,014,862	12,004,180	17,764,680	13,947,304	14,456,178	15,280,951
	5,383,089	5,107,971	5,452,923	6,726,036	6,782,321	7,245,735
	5,163,724	5,155,978	5,583,223	4,917,761	4,592,647	4,781,203
	5,112,858	4,892,216	-	-	-	-
	16,149,483	14,565,041	13,339,382	12,216,112	12,529,510	13,643,295
	10,159,604	9,282,752	7,716,310	5,717,937	5,261,161	5,769,576
	355,510	629,239	2,012,869	322,504	-	-
	<u>51,470,423</u>	<u>89,073,807</u>	<u>55,311,453</u>	<u>21,672,372</u>	<u>15,262,218</u>	<u>38,821,615</u>
	<u>174,878,595</u>	<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>
	(40,052,638)	(80,273,231)	(53,772,277)	(7,008,679)	(13,338,800)	(16,602,537)
	19,060,000	19,190,000	52,115,000	24,440,000	-	-
	7,570,000	-	13,010,000	-	-	-
	-	-	38,265,000	7,200,000	-	-
	-	32,120,000	28,940,000	-	4,295,000	9,440,000
	2,045,464	6,464,472	11,469,874	201,566	491,941	806,260
	-	(36,935,787)	(32,902,683)	-	(4,758,878)	(10,328,482)
	107,275	1,350,000	3,510,000	-	-	-
	-	36,987	54,099	54,949	78,516	90,953
	11,854,100	20,089,727	12,979,491	13,794,353	16,183,645	13,518,223
	<u>(9,610,888)</u>	<u>(17,913,721)</u>	<u>(11,140,231)</u>	<u>(9,684,662)</u>	<u>(10,987,848)</u>	<u>(9,530,188)</u>
	<u>31,025,951</u>	<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>(9,026,687)</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>
	21.50%	21.20%	19.10%	19.10%	19.50%	21.40%

City of Sugar Land, Texas

Taxable Sales

Last Ten Calendar Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Retail trade	\$ 911,853,973	\$ 1,053,258,117	\$ 1,115,249,001	\$ 1,107,045,921
Accommodation/food services	286,618,583	351,678,694	348,338,861	333,828,851
Wholesale trade	107,656,657	109,199,784	107,641,860	91,137,977
Construction	25,459,871	33,256,075	37,280,176	22,812,465
Information	57,091,408	91,537,106	99,393,379	94,842,740
Professional/scientific/technical services	71,699,681	74,945,678	86,423,185	83,684,771
Arts/entertainment/recreation	34,688,578	57,619,224	56,504,179	51,106,601
Manufacturing	121,035,321	41,918,450	75,091,082	51,980,628
Other services (except public administration)	26,202,606	31,742,417	28,370,411	29,400,115
Admin/support/waste mgmt/remediation service	209,568,258	193,982,478	198,013,909	138,907,539
Real estate/rental leasing	11,002,119	13,193,376	30,098,567	61,691,905
Utilities	51,515,179	62,863,776	146,896,379	85,489,356
Management of companies /enterprises	1,759	710,751	255,496	1,142,959
Transportation/warehousing	55,971,085	53,309,028	8,774,930	3,125,489
Health care/social assistance	4,824,248	6,595,772	5,401,865	4,881,867
Finance/insurance	19,351,878	14,665,305	16,558,369	11,304,921
Education services	1,091,687	1,682,446	1,535,277	1,513,260
Mining/quarrying/oil and gas extraction	12,543,811	35,446,578	41,870,881	32,799,761
Public administration	8,249,479	8,087,339	7,845,421	5,763,562
Agriculture/forestry/fishing/hunting	-	-	1,131	-
Other taxes	-	-	13,333	-
TOTAL	<u>\$ 2,016,426,181</u>	<u>\$ 2,235,692,394</u>	<u>\$ 2,411,557,692</u>	<u>\$ 2,212,460,688</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%
TOTAL	2.00%

Source of information: Texas State Comptrollers Office.

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

Schedule 5

2016	2015	2014	2013	2012	2011
\$ 1,078,154,112	\$ 1,112,422,397	\$ 1,079,111,307	\$ 1,013,038,055	\$ 929,146,373	\$ 867,111,564
310,863,946	306,003,246	291,440,468	266,588,831	250,015,141	218,501,058
203,846,328	264,383,272	322,215,101	223,242,793	187,011,775	187,615,472
34,515,325	32,514,909	31,891,454	34,937,314	32,689,492	19,921,962
90,100,073	77,592,685	65,549,620	58,052,627	55,714,105	55,552,360
70,067,880	73,059,491	70,107,578	50,596,341	55,122,521	56,990,807
48,468,763	49,334,544	47,548,675	50,560,192	50,293,772	42,862,934
35,093,475	33,044,113	52,646,578	33,219,238	29,071,293	20,258,143
26,317,822	30,318,512	30,831,362	28,242,044	27,119,294	25,601,706
28,754,310	26,562,888	30,250,196	26,184,607	23,316,739	23,205,438
68,015,167	44,888,541	25,860,657	18,062,334	25,874,568	27,704,045
54,203,886	50,970,885	42,308,231	32,630,922	41,645,585	58,554,971
1,579,909	2,196,489	470,557	394,466	403,809	616,716
1,836,865	2,306,433	5,214,426	1,721,390	1,007,418	1,154,717
4,606,933	5,201,086	4,539,906	3,994,579	5,304,237	3,974,677
8,103,032	7,515,705	5,420,994	4,575,685	6,248,890	4,640,404
1,659,343	1,626,077	1,714,360	1,568,185	1,227,275	991,469
7,323,000	10,431,168	14,160,548	10,513,820	7,157,655	29,244,015
5,432,006	5,284,355	5,096,682	4,958,782	4,931,239	5,243,483
1,886	-	-	-	-	2,706
-	-	-	-	2,382	26,574
<u>\$ 2,078,944,061</u>	<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>

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
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
2021	2020	13,107,708,385	6,888,627,953	133,494,082	10,925,407

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>
\$ 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%
1,410,030,106	2,143,692,154	16,587,033,567	0.33650	16,587,033,567	100.00%

City of Sugar Land, Texas
 Property Tax Rates (A)
 Direct and Overlapping Governments (B)
 Last Ten Fiscal Years

Fiscal Year Tax Year	2012 2011	2013 2012	2014 2013	2015 2014
TAX RATES				
City of Sugar Land				
Operating tax rate	\$ 0.16635	\$ 0.17285	\$ 0.17285	\$ 0.17035
Debt service tax rate	0.13610	0.13610	0.13610	0.14560
Total tax rate	\$ 0.30245	\$ 0.30895	\$ 0.30895	\$ 0.31595
Fort Bend County	\$ 0.49976	\$ 0.48076	\$ 0.49976	\$ 0.49476
Fort Bend ISD	1.34000	1.34000	1.34000	1.34000
Fort Bend LID 2	0.13400	0.12900	0.12900	0.12000
Fort Bend County MUD No. 21	0.26000	0.24000	-	-
Fort Bend LID 7	0.19460	0.19460	0.20500	0.23500
Eldridge Road MUD	-	-	-	-
Fort Bend WCID No. 2	0.18000	0.18000	0.18000	0.18000
First Colony LID No. 2	0.27500	0.27500	0.27500	0.25000
Burney Road MUD	0.26750	0.26750	0.26000	0.26000
First Colony MUD 10	0.49000	0.49000	0.47000	0.41000
Ft. Bend MUD 136	0.57000	0.54000	0.54000	0.50000
Ft. Bend MUD 137	0.57000	0.54000	0.48000	0.43000
Ft. Bend MUD 138	0.57000	0.54000	0.48000	0.44500
Ft. Bend MUD 139	0.57000	0.54000	0.54000	0.44000
Ft. Bend LID 17	0.63000	0.65000	0.65000	0.63000
Imperial Redevelopment District	-	-	1.10000	1.10000
Ft. Bend LID 14	0.20500	0.20500	0.20500	0.20000
Ft. Bend LID 10	0.47500	0.62000	0.62000	0.64300
First Colony LID 1	0.19460	0.19460	0.15500	0.15500
Lamar CISD	1.39000	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.fortbendcountytx.gov/index.aspx>
<http://www.fbcad.org/districtinfo/tax&exempt>

Schedule 7

<u>2016</u> <u>2015</u>	<u>2017</u> <u>2016</u>	<u>2018</u> <u>2017</u>	<u>2019</u> <u>2018</u>	<u>2020</u> <u>2019</u>	<u>2021</u> <u>2020</u>
\$ 0.17035 0.14560	\$ 0.17035 0.14560	\$ 0.17921 0.13841	\$ 0.18131 0.13631	\$ 0.19705 0.13495	\$ 0.13345 0.20305
<u>\$ 0.31595</u>	<u>\$ 0.31595</u>	<u>\$ 0.31762</u>	<u>\$ 0.31762</u>	<u>\$ 0.33200</u>	<u>\$ 0.33650</u>
\$ 0.48600 1.34000 0.11000 - 0.23500 - 0.18000 0.25000 0.25500 0.25000 0.43000 0.42000 0.43500 0.41000 0.61000 1.10000 0.19500 0.64300 0.01520 1.39000	\$ 0.47400 1.34000 0.10670 - 0.22500 - 0.21250 0.20000 0.25000 0.20000 0.42000 0.41500 0.41500 0.41000 0.57000 1.10000 0.19500 0.64300 0.15000 1.39000	\$ 0.46900 1.32000 0.11100 - 0.32000 - 0.21250 0.20000 0.23000 0.19000 0.42000 0.41500 0.41500 0.41000 0.57000 1.10000 0.19500 0.69000 1.46200 1.39000	\$ 0.46400 1.32000 0.14500 - 0.32000 - 0.21250 0.20000 0.22000 0.17000 0.42000 0.41000 0.40860 0.41000 0.57000 1.10000 0.20950 0.69000 1.46200 1.39000	\$ 0.46000 1.27000 0.14900 - 0.43000 - 0.21250 0.20000 0.22000 0.01600 0.42000 0.41000 0.41000 0.56000 1.10000 0.15000 0.69000 0.15000 1.32000	\$ 0.45321 1.24020 0.14900 - 0.43000 - 0.21250 0.20000 0.22000 0.01500 0.42000 0.37500 0.35000 0.40500 0.56000 1.10000 0.11850 0.68240 0.15000 1.26910



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
2012	\$ 0.30895	\$ 28,555,106	\$ 28,502,346	99.6%	\$ 37,492	\$ 28,539,838	99.9%
2013	0.30895	29,941,217	29,998,455	99.6%	(77,300)	29,921,155	99.9%
2014	0.31595	31,510,269	31,543,063	99.6%	(61,442)	31,481,621	99.9%
2015	0.31595	34,686,633	34,625,522	99.5%	20,319	34,645,841	99.9%
2016	0.31595	37,935,518	37,856,002	99.6%	47,985	37,903,987	99.9%
2017	0.31762	39,637,482	39,563,094	99.6%	33,825	39,596,919	99.9%
2018	0.31762	40,931,077	40,828,540	99.5%	29,581	40,858,121	99.8%
2019	0.31762	51,146,415	50,871,136	99.5%	182,173	51,053,309	99.8%
2020	0.33200	53,438,020	53,122,949	99.4%	135,310	53,258,259	99.7%
2021	0.33650	54,935,930	54,651,453	99.5%	-	54,651,453	99.5%

Source: Tax assessor/collector's records

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

Schedule 9

Taxpayer	Fiscal Year 2021 Tax Year 2020			Fiscal Year 2012 Tax Year 2011		
	Taxable Assessed Value	Rank	% of Total Assessed Valuation	Taxable Assessed Value	Rank	% of Total Assessed Valuation
LCFRE Sugar Land Town Square LLC	\$ 147,208,430	1	0.89%	\$		
First Colony Mall LLC	109,758,476	2	0.66%	94,024,230	1	1.04%
Lakepointe Assets, LLC	90,000,000	3	0.54%	74,000,000	3	0.82%
Amerisource Bergen Drug Corp.	86,733,500	4	0.52%	49,090,050	8	0.54%
Tramontina USA	84,533,760	5	0.51%	83,415,840	2	0.92%
Market Town Center Owner LLC	77,009,920	6	0.46%			
Sugar Creek/EPG LLC & Sugar Creek TIC Investors LLC	69,349,690	7	0.42%			
Schlumberger Tech Corp-SPC & Well Services	68,725,850	8	0.41%	41984980	9	0.47%
Houston Sugar Creek LLC	64,506,599	9	0.39%			
Welltower TCG Ridea Landlord LLC	53,496,582	10	0.32%			
Medistar Sugar Land Medical Center, Ltd				70,524,870	4	0.78%
Schlumberger Tech Corp-SPC				60,491,120	5	0.67%
Weingarten Realty Investors & WRI/Post Oak Inc.				55,977,250	6	0.62%
Fairfield Industries				49,520,800	7	0.55%
Covington First Colony Acquisition LLC etal				38,405,570	10	0.43%
	851,322,807		5.13%	617,434,710		6.84%
Other taxpayers	15,735,710,761		94.87%	8,411,323,484		93.16%
TOTAL ASSESSED VALUATION	\$ 16,587,033,568		100.0%	\$ 9,028,758,194		100.0%

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>
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
2021	2020	339,105,776	6,988,077	332,117,699	2.0%	2,797

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)
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
2021	100,020,000	6,890,000	122,045,000	-	41,085,000	-	19,412,205

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

Business-type Activities				Total Primary Government	Percentage of Personal Income*	Percentage of Actual Taxable Value of Property	Per Capita
Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Issuance Premiums/ (Discounts)				
\$ 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
105,715,000	80,015,000	6,470,000	18,106,498	499,758,703	8.0%	3.0%	4,208



City of Sugar Land, Texas

Schedule 12

Direct and Estimated Overlapping Governmental Activities Debt
September 30, 2021

Taxing Jurisdiction	Gross Debt	Overlapping	
		Estimated Percentage*	Amount
Burney Road MUD	\$ 5,765,000	100.00%	\$ 5,765,000
First Colony MUD No. 10	10,575,000	100.00%	10,575,000
First Colony LID	-	100.00%	-
Fort Bend County**	632,206,234	20.92%	132,257,544
Fort Bend Co Drainage District	25,405,000	20.92%	5,314,726
Fort Bend County LID No. 2	85,970,000	100.00%	85,970,000
Fort Bend County LID No. 7	90,970,000	100.00%	90,970,000
Fort Bend County LID No. 10	12,515,000	100.00%	12,515,000
Fort Bend County LID No. 11	24,830,000	100.00%	24,830,000
Fort Bend County LID No. 14	-	100.00%	-
Fort Bend County LID No. 17	60,825,000	100.00%	60,825,000
Fort Bend County MUD No. 116	19,680,000	0.36%	70,848
Fort Bend County MUD No. 136	5,980,000	100.00%	5,980,000
Fort Bend County MUD No. 137	20,995,000	100.00%	20,995,000
Fort Bend County MUD No. 138	31,565,000	100.00%	31,565,000
Fort Bend County MUD No. 139	11,490,000	100.00%	11,490,000
Fort Bend County WC&ID No. 2	89,990,000	0.09%	80,991
Fort Bend ISD	1,402,803,767	35.57%	498,977,300
Imperial Redevelopment District	42,620,000	100.00%	42,620,000
Lamar CISD	1,337,905,000	10.17%	136,064,939
TOTAL OVERLAPPING DEBT			\$ 1,176,866,348
City of Sugar Land	289,452,205	100.00%	289,452,205
TOTAL DIRECT AND OVERLAPPING DEBT			\$ 1,466,318,553
Ratio of Direct and Overlapping Funded Debt to 2020 Taxable Assessed Valuation			8.84%
Per Capita Debt - Direct and Overlapping			\$ 12,347

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.

Source-Tax Department records of the various governments and the financial advisor for the City.

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							
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
2021	53,764,777	26,304,535	27,460,242	7,285,000	4,502,908	11,787,908	2.33
Airport - Combination Tax and Revenue Certificates of Obligation and General Obligation Refunding Bonds							
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
2021	15,233,483	13,431,582	1,801,901	980,000	368,374	1,348,374	1.34
Sugar Land Development Corporation - Sales Tax Revenue Bonds							
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
2021	7,033,835	-	7,033,835	2,140,000	1,884,090	4,024,090	1.75
Sugar Land 4B Corporation - Sales Tax Revenue Bonds							
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
2021	7,112,161	-	7,112,161	1,840,000	805,700	2,645,700	2.69

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

Fiscal Year	Population	Personal Income¹ (\$000's)	Per Capita Income¹	Median Age²	Educational¹ Attainment*	Unemployment Rate²
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%
2021	118,755	6,226,800	52,434	41.6	61%	5.9%

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	2021			2012		
	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%
TOTALS	10,392		15%	16,238		40%

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

(A) For 2021, estimated total employment was 66,275. For 2012, estimated total employment was 40,394

**2018 Employer List is the latest data used for FY21 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>			
	2012	2013	2014	2015
Governmental Activities:				
General government	80.2	83.2	78.7	82.0
Administrative services	30.2	27.5	34.0	34.0
Public safety - Police	191.8	194.5	198.5	200.5
Public safety - Fire	107.0	107.0	108.0	109.0
**Public safety - EMS	-	-	3.0	13.0
*Public works	52.5	54.9	54.4	53.5
Parks and recreation	34.4	35.9	37.3	31.0
*Community development Environment & Neighborhood Services	55.0	56.0	54.1	61.0
Business-type activities:				
Utility	55.5	59.5	66.0	67.5
Solid waste management	2.0	2.0	2.5	2.5
Regional Airport	33.5	42.0	42.0	41.0
TOTALS	<u>642.1</u>	<u>662.5</u>	<u>678.5</u>	<u>695.0</u>

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
77.7	95.2	93.20	93.35	100.20	105.35
38.0	39.0	40.50	39.50	40.50	36.50
201.3	230.5	230.50	229.60	231.60	232.60
109.0	109.0	110.00	111.00	117.00	131.00
13.0	20.0	20.00	20.00	16.00	-
34.0	35.5	43.50	43.00	61.00	61.00
30.4	35.1	35.05	38.80	38.80	38.80
50.1	49.3	51.25	49.25	52.40	52.25
40.5	40.5	43.50	44.50	48.00	48.00
71.5	85.5	87.50	85.00	89.00	89.00
2.5	2.5	3.50	3.50	3.50	3.50
44.0	46.0	46.00	47.00	50.00	50.00
<u>712.0</u>	<u>788.0</u>	<u>804.5</u>	<u>804.50</u>	<u>848.00</u>	<u>848.00</u>

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

Function	2012	2013	2014	2015
City of Sugar Land				
Population	84,511	84,511	86,495	86,972
Square miles	33.5	35.1	35.2	35.2
Acres	21,516	22,475	22,500	22,500
Budgeted full time employees	642.0	662.5	678.5	-
Police				
Physical arrests	3,792	3,009	2,899	2,247 *
Traffic violations	24,157	21,577	20,534	19,364 *
Parking violations	652	469	377	313 *
Calls for service	151,967	155,718	123,450	70,136 *
Fire				
Number of calls answered	6,419	7,250	7,328	8,248
Parks and recreation				
Special events	18	18	18	20
Water				
New connections	432	186	186	194
Water main breaks	59	211	35 **	45
Annual rainfall (inches)	57.1	35.5	48.3	62.6
Average daily production (MG)	15.70	15.15	15.47	15.35
Sewer				
Average daily WW treatment (MG)	8.27	7.28	8.02	8.65
Community Development				
Building permits issued	7,583	7,362	7,271	6,798
Airport				
No. of fuel gallons sold	2,847,905	3,015,916	2,968,546	2,868,330
Fuel sales	\$ 13,876,503	\$ 14,616,206	\$ 14,934,003 ***	\$ 11,551,592
Aircraft served	18,843	13,353	12,017 ****	11,375 ****

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

2016	2017	2018	2019	2020	2021
87,504	2,018	2,019	2,020	2,021	118,755
36.5	36.5	42.9	42.9	43.0	43.0
23,341	23,341	27,425	27,424	27,405	27,402
712.0	788.0	804.5	804.5	848.0	848.0
2,033	1,951	2,279	1,848	955	1,181
17,117	15,433	15,740	13,740	10,299	7,728
446	440	560	527	258	202
73,546	72,597	84,468	77,195	61,752	72,615
8,197	8,867	9,464	9,587	13,209	10,663
18	12	7	9	7	30
207	210	200	175	183	96
26	42	33	27	43	22
73.6	92.9	47.4	66.0	40.1	56.8
15.51	15.99	19.56	20.02	19.43	19.60
8.59	8.49	10.75	10.88	10.43	11.33
6,973	6,683	7,850	8,585	8,057	8,811
2,820,170	3,064,106	3,203,339	3,237,334	2,694,627	3,268,007
\$ 9,636,133	\$ 11,187,372	\$ 13,048,560	\$ 13,050,412	\$ 9,754,412	\$ 12,343,690
11,648	11,510	12,274	13,207	11,624	13,008

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

Function	2012	2013	2014	2015
General government				
Municipal buildings	40	40	40	40
Conference center	1	1	1	1
Public safety				
Police Protection				
Stations	1	1	1	1
Fire Protection				
Stations within city limits	6	6	6	6
Stations operated through agreements with MUDs served in ETJ	1	1	1	1
Highways and streets				
Linear miles of sidewalks	450	500	500	537
Storm sewers (miles)	338	338	338	350
Traffic signals	79	81	85	85
Parks and recreation				
Parks	24	24	24	26
Community centers	6	6	6	6
Parks acreage				
Developed	562	562	571	571
Undeveloped	760	760	807	807
Water				
Water wells	17	17	16	16
Water mains (miles)	431	431	441	452
Fire hydrants	3,993	4,000	4,050	4,134
Maximum daily demand (MG)				
Groundwater	30.14	29.89	29.97	25.84
Waste water				
Waste water treatment plants	2	2	2	2
Sanitary sewers (miles)	405	405	412	426
Max daily effluent flow (MG)	13.5	13.5	13.5	24.3

Source: Various City Departments.

Schedule 18

2016	2017	2018	2019	2020	2021
40	40	40	40	40	40
1	1	1	1	1	1
1	1	1	1	1	1
6	6	7	7	7	7
1	1	-	-	-	-
537	538	846	903	903	848
350	343	619	662	662	397
85	88	90	92	92	92
27	27	27	27	27	27
6	6	7	7	7	7
924	963	966	971	971	1174
1484	1261	1261	1261	1280	1280
16	16	23	23	23	23
465	495	643	652	652	652
4,296	4,320	5495	5837	5829	5829
31.00	35.70	36.22	37.27	30.86	37.78
2	2	4	4	4	4
424	450	549	550	550	550
18.8	44.4	21.2	30.3	26.7	23.8

