



**ANNUAL**  
**COMPREHENSIVE**  
**FINANCIAL**  
**REPORT**

**FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2022**



# **City of Sugar Land, Texas**

Annual Comprehensive Financial Report  
For the Fiscal Year Ended September 30, 2022



Issued by:  
Finance Department

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



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# **Introductory Section**





## CITY OF SUGAR LAND

February 21, 2023

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, 2022.

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, 2022. 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 they should be read together.

### **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. Council members serve three-year terms, with a limit of three terms in a consecutive nine-year period. 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.

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. The City has received these funds and allocated them within the FY23 budget. As discussed with City Council, the funding was allocated to priority projects including public safety, sidewalks, facilities, and drainage. Specific projects may evolve over time subject to eligibility guidance as updated by the U.S. Treasury.

The annual CPI increase for the 12 months ended December 2022 is 6.5 percent, showing continued increased costs of many goods and services. Some months saw CPI increases nearing 9 percent year over year. Ongoing economic uncertainty looms as the Federal Reserve has raised interest rates consistently at each meeting from March 2022 through the January 2023 meeting- bringing the federal funds rate from 0.25 percent to 4.75 percent in less than a year. Once the Fed decided to do something to curb inflation, it raised interest rates aggressively, with 75 bp increases at four consecutive meetings from June – November 2022.

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

With a focus on conservative, resilient and responsible stewardship 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. Additionally, due to ongoing economic uncertainty, we have applied a discount to FY23 sales tax projections to hedge against any downside recessionary pressure. Staff will continue to monitor the economy and should conditions warrant; budget amendments will be recommended to Council to fund additional programs and services.

In years with high economic volatility, the importance of resiliency initiatives becomes even more important 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. Updated FMPS including additional measures to strengthen the City's finances were approved by Council in June 2022.

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.

Priorities for FY23 include investments in our championship workforce, public safety, infrastructure and continued implementation of voter-approved G.O. Bonds that address community priorities such as drainage, mobility and public safety to help us meet our community's needs now and into the future. We must seek to stay relevant and preserve the quality of life in Sugar Land for our residents. The proposed budget provides for future success and ensures continued financial strength and resiliency through a long-range financial plan that meets all fund balance and bond coverage requirements.

The FY23 adopted budget totals \$389.2 million. Of the total, \$282.8 million is for operating funds and issuance costs, and \$106.3 million is for capital projects, including the projects from the voter approved GO Bond Program. The Five-Year CIP totals \$293.8 million, with \$106.3 million in projects funded in FY23. 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 \$10.7 million in drainage, \$11.5 million in public safety and public facilities and \$4.5 million in streets. The CIP includes \$20.5 million in projects funded from Utility Revenue bonds, \$1 million funded from Sugar Land 4B Corporation and \$1 million from ARPA funds.

Although the 60 percent groundwater reduction mandate has been delayed until 2027, projects identified in the Integrated Water Resource Plan adopted in 2017 are reflected in CIP, with planned infrastructure investment needed to meet these requirements and maintain the utility infrastructure. Utility projects total \$25.9 million in FY23, with \$10.8 million in water, \$9.5 million in wastewater and \$0.3 million in surface water projects. Airport capital projects total \$1.3 million for the City's share of the runway reconstruction project.

## **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

The FY22 budget focused on balancing financial and operational stability, including additional funding for the City's highest priorities while protecting against continued economic uncertainties. Priorities for funding in the proposed budget included a base budget increase and limited restoration of department funding levels for public services. These focused on infrastructure rehabilitation and investments in the fleet and high-tech replacement funds. Funding was 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 a heightened focus on innovation.

Additionally, staff had 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. This budget amendment was brought to Council in June to fund additional needs and services in FY22.

Fiscal year 2022 took a conservative approach to sales tax due to slow initial economic recovery from the pandemic. However, sales tax collections began to grow significantly at the end of FY21 and have continued into FY22, with actuals coming in 20.5 percent above budget. The FY22 sales tax budget totaled \$52.4 million, of which \$39.2 million supports the general operating budget. Collections totaled \$63.1 million, with \$61 million recurring which is 16.5% higher than budgeted.

Fiscal Year 2022 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 and forfeitures, building permits and charges for services for some programs.

The Texas Water Development Board approved another 30-year zero-interest loan for a drainage project in FY22, the loan funds the \$27.5 million Oyster Creek Diversion Channel and Detention Facility Drainage Improvements project -- saving taxpayers \$15 million in interest costs over the life of the loan. This is the second interest-free loan the City has secured from TWDB; a third application was approved in January 2023 for more drainage improvements. These initiatives help foster a sustainable and resilient infrastructure, while also increasing debt capacity for capital projects.

Staff continues to do significant work on the Strategic Planning process. In the Fall of 2021, the executive team and City Council met to identify strategic priorities. Those discussions produced eight simple statements known as Council Strategic Outcomes, which are shown below. To stay relevant and preserve the quality of life for current and future residents, we've identified a vision for future success.

- Sugar Land is a leader in financial management, providing our taxpayers with exceptional value, confidence, and transparency. Our focus is on resiliency and adaptability, innovation, efficiency, and superior bond rating.
- Sugar Land is a safe community that enhances the quality of life for residents and visitors.
- Sugar Land is focused on re-invigorating entrepreneurial spirit to keep us moving forward. We recognize that the future starts now and are committed to engaging the community to re-imagine our city.
- Sugar Land delivers a broad range of destination venues, facilities, and businesses that offer entertainment and activities for residents and visitors.
- Sugar Land builds relationships within our community through engagement efforts.
- Sugar Land continues to maintain and develop comprehensive, sustainable, and resilient infrastructure that adapts to a dynamic environment.
- Sugar Land takes a multifaceted approach by innovating mobility to connect people, places and the future through sustained investment, regional partnerships, engagement, and technology.
- Sugar Land is respected for having strong relationships with our community and at all levels of government because we are transparent and deliver on our public commitments.

Staff developed a two-year action plan consisting of 14 All-In Initiatives to accomplish the strategic outcomes. They are called all-in because staff is all-in on a "First Team Mindset" that focuses on all-in initiatives intended to deliver City Council's vision. Each initiative has been designed to engage the entire organization at all levels and use the full resources of the City to accomplish amazing things.

There is tremendous alignment between what City Council identified as their highest priorities for the community and what staff had identified as areas the organization wanted to focus. These strategic outcomes provide the backbone for operational and financial planning for FY23 and beyond and prove that we continue to seek opportunities that break from the norm.

The City has 7 tax abatement agreements for tax year 2021. These companies comprise \$246 million in real and personal property values. They also provide \$30 million in inventory values not subject to tax abatement. In tax year 2021, the City abated \$130.3 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.

## **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, 2021. This was the 38th 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, 2021- September 30, 2022. This was the 26th 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, 2022**

<b><u>City Officials</u></b>	<b><u>Elective Position</u></b>	<b><u>Expires</u></b>
Joe R. Zimmerman	Mayor	2025
William Ferguson	Council Member - At Large Position One	2025
Jennifer J. Lane	Council Member - At Large Position Two	2025
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

<b><u>Key Staff</u></b>	<b><u>Position</u></b>
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
Scott Butler	Director of Budget & Strategy
Jennifer Brown	Director of Finance
Glenda Aragon	Deputy Finance Director
Thomas Harris III	City Secretary
Meredith Riede	City Attorney
Doug Boeker	Fire Chief

# City of Sugar Land, Texas

## Executive Team Organizational Chart as of September 30, 2022

### City of Sugar Land Organizational Chart



City Manager Mike Goodrum

- Department of Innovation
- Special Projects
- Legal



Jennifer May  
Deputy City Manager

- 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

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



Chris Steubing  
Assistant City Manager

- 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, 2021

*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 Audit of the Financial Statements

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2022, 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.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2022, the City implemented Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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.

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

### **Supplementary 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 statements and schedules included in the Other Supplementary Information 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.

### **Other Information Included in the Annual Comprehensive Financial Report**

Management is responsible for the other information included in the Annual Comprehensive Financial Report ("ACFR"). The other information comprises the Introductory and Statistical Sections, as listed in the table of contents, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2023, 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 solely 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 the effectiveness of 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 21, 2023



## 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, 2022.

### 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 \$722.7 million (*net position*). Of this amount, \$99.0 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 \$169.7 million, an increase of \$41.6 million over the prior year. Approximately 32% of this total amount, \$54.2 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 \$23.67 million for fiscal year 2023. As of September 30, 2022, the General Fund's unassigned fund balance was \$54.2 million.
- The City's total long-term debt increased by \$31.9 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 (TIRZ 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 15 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 12 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 \$722.7 million at the close of the most recent fiscal year.

By far the largest portion of the City's net position, 81.1% or \$585.8 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, 2022. 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	
	2022	2021	2022	2021	2022	2021
	Current and other assets	\$ 236,933	\$ 152,810	\$ 120,945	\$ 95,937	\$ 357,878
Capital assets	589,433	598,438	399,750	405,016	989,183	1,003,454
Total assets	826,366	751,248	520,695	500,953	1,347,061	1,252,201
Deferred outflows	10,565	9,514	3,260	3,230	13,825	12,744
Total deferred outflows of resources	10,565	9,514	3,260	3,230	13,825	12,744
Long-term liabilities outstanding	326,328	319,875	224,789	214,430	551,117	534,305
Other liabilities	21,702	15,380	7,579	8,717	29,281	24,097
Total liabilities	348,030	335,255	232,368	223,147	580,398	558,402
Deferred inflows	55,200	8,487	2,576	1,149	57,776	9,636
Total deferred inflows of resources	55,200	8,487	2,576	1,149	57,776	9,636
Net position:						
Net investment in capital assets	360,328	360,769	225,459	226,097	585,787	586,866
Restricted	28,212	22,705	9,705	8,391	37,917	31,096
Unrestricted	45,162	33,547	53,847	45,399	99,009	78,946
<b>Total net position</b>	<b>\$ 433,701</b>	<b>\$ 417,021</b>	<b>\$ 289,011</b>	<b>\$ 279,887</b>	<b>\$ 722,712</b>	<b>\$ 696,908</b>

An additional portion of the City's net position, 5.2% or \$37.9 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of 13.7% or \$99.0 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.

The City implemented GASB Statement No. 87, *Leases*, during the fiscal year ended September 30, 2022. The City's total assets increased by \$37.3 million due to recognition of lease receivables as of September 30, 2022, and deferred inflows of resources increased by \$37.2 representing the portion of the lease receivables that will be recognized as revenue in future periods, over the lease term.

**City of Sugar Land, Texas Change in Net Position**

*Amounts in (000's)*

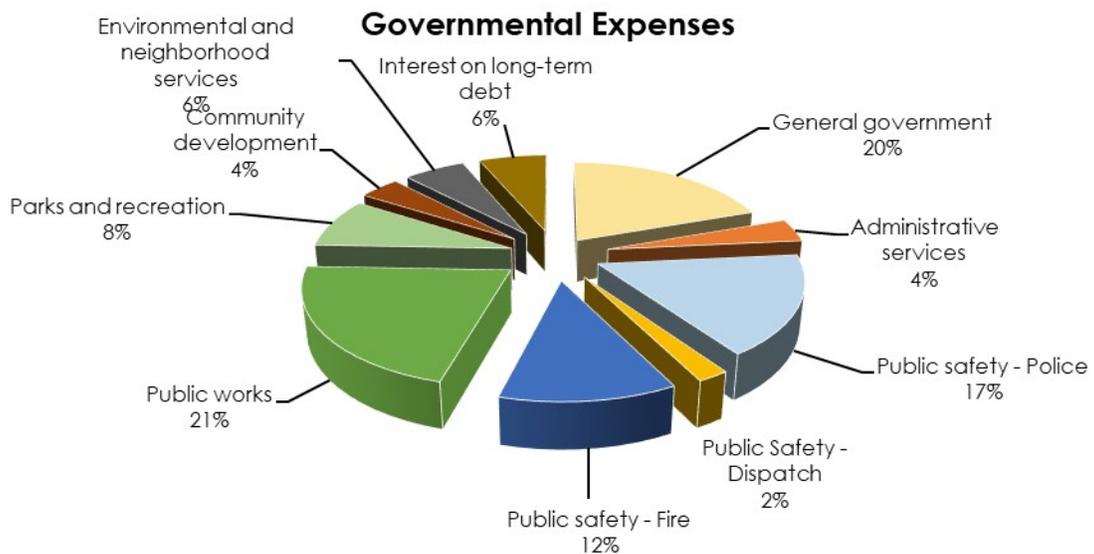
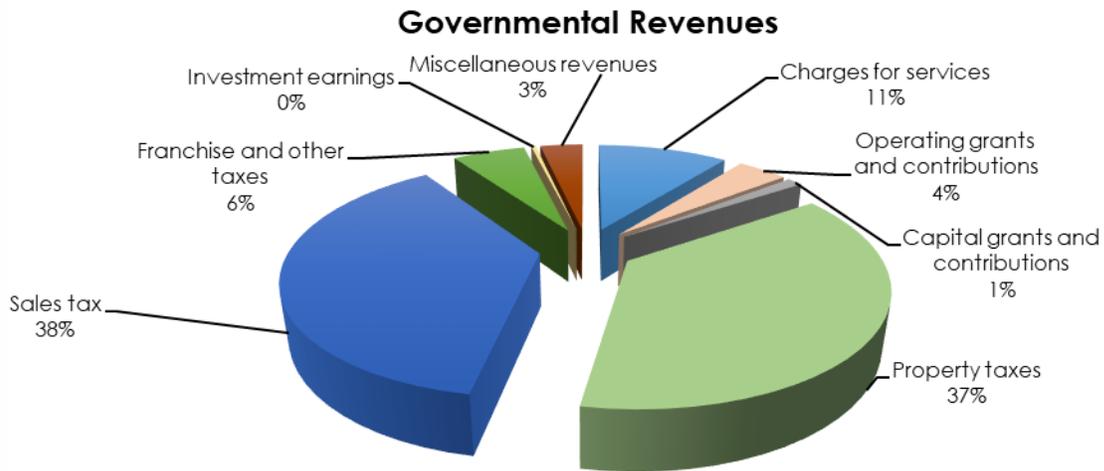
	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 15,585	\$ 14,174	\$ 98,043	\$ 76,204	\$ 113,628	\$ 90,378
Operating grants and contributions	5,931	9,275	198	231	6,129	9,506
Capital grants and contributions	1,807	1,729	4,190	3,040	5,997	4,769
<b>General revenues:</b>						
Property taxes	55,957	53,377	-	-	55,957	53,377
Sales tax	56,293	49,209	-	-	56,293	49,209
Franchise and other taxes	8,703	7,866	-	-	8,703	7,866
Investment earnings	(560)	30	(713)	83	(1,273)	113
Miscellaneous revenues	5,089	3,280	2,247	1,963	7,336	5,243
<b>Total revenues</b>	<b>148,805</b>	<b>138,940</b>	<b>103,965</b>	<b>81,521</b>	<b>252,770</b>	<b>220,461</b>
<b>Expenses:</b>						
General government	26,787	26,502	-	-	26,787	26,502
Administrative services	5,228	5,683	-	-	5,228	5,683
Public safety - Police	22,868	22,060	-	-	22,868	22,060
Public Safety - Dispatch	2,908	2,608	-	-	2,908	2,608
Public safety - Fire	16,081	16,701	-	-	16,081	16,701
Public works	29,174	28,236	-	-	29,174	28,236
Parks and recreation	11,341	9,785	-	-	11,341	9,785
Community development	5,247	5,358	-	-	5,247	5,358
Environmental and neighborhood service	7,951	6,846	-	-	7,951	6,846
Interest on long-term debt	8,738	8,804	-	-	8,738	8,804
Utility	-	-	57,454	56,674	57,454	56,674
Regional airport	-	-	24,398	16,831	24,398	16,831
Solid waste management	-	-	8,792	9,493	8,792	9,493
<b>Total expenses</b>	<b>136,323</b>	<b>132,583</b>	<b>90,644</b>	<b>82,998</b>	<b>226,966</b>	<b>215,581</b>
<b>Increase (decrease) in net position before transfers</b>	<b>12,483</b>	<b>6,357</b>	<b>13,321</b>	<b>(1,477)</b>	<b>25,804</b>	<b>4,881</b>
<b>Transfers</b>	<b>4,197</b>	<b>5,917</b>	<b>(4,197)</b>	<b>(5,917)</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>16,680</b>	<b>12,274</b>	<b>9,124</b>	<b>(7,394)</b>	<b>25,804</b>	<b>4,881</b>
<b>Net position - beginning</b>	<b>417,021</b>	<b>404,746</b>	<b>279,887</b>	<b>287,281</b>	<b>696,908</b>	<b>692,027</b>
<b>Net position - ending</b>	<b>\$ 433,701</b>	<b>\$ 417,021</b>	<b>\$ 289,011</b>	<b>\$ 279,887</b>	<b>\$ 722,712</b>	<b>\$ 696,908</b>

The City's net position increased by approximately \$25.8 million in the fiscal year ended September 30, 2022. 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:

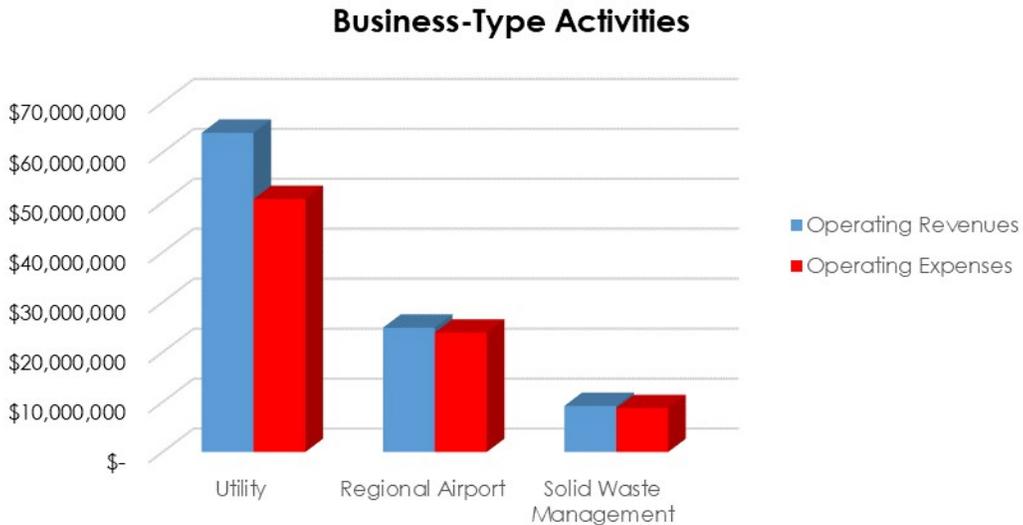
- The City had decreases in operating grants and contributions due to decreased Federal grant funding.
- Increased sales tax revenues as a result of economic recovery as well as increased property tax revenues driven by increased property values.
- Interest expense decreased due to lower overall interest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



## Business-type Activities

Business-type activities increased the City's net position by \$9.1 million. Key elements of this increase are as follows:

- Increased revenue from surface water fees in the Utility Fund.
- Increased revenues and cost of operations at the Regional Airport due to increased activity.
- Transfers out to governmental activities of \$4.2 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 \$169.7 million, an increase of \$41.6 million over the prior year. Approximately 32% of this total amount, \$54.2 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 \$7.3 million, resulting in an ending fund balance of \$56.4 million at year end. The unassigned fund balance of \$54.2 million represents 54% of total fund expenditures. The increase in fund balance results from increased property and sales taxes in fiscal year 2022.

The Debt Service Fund has a total fund balance of \$8.2 million at year end, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the Debt Service Fund was \$1.2 million, due to a decrease in expenditures for scheduled debt maturities compared to the previous year.

The Capital Projects Fund has a total fund balance of \$83.8 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 \$28.6 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 \$48.8 million and the Airport Fund's unrestricted net position amounts to approximately \$3.4 million. Other factors concerning the finances of the City's Proprietary Funds have already been addressed in the discussion of the City's business-type activities.

**General Fund Budgetary Highlights**

Budget estimates for revenues between the original and final amended budget changed by \$7.8 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 2022. The review of the final amended budget versus the actual for the General Fund reflected a positive budget variance in the amount of \$8.7 million.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of the current fiscal year 2022, the City's governmental activities and business-type activities had invested \$589.4 million and \$399.8 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents a net decrease of \$9.0 million or 1.5% over the end of last fiscal year for governmental activities and a decrease of \$5.3 million or 1.3% for business-type activities.

**City of Sugar Land, Texas Capital Assets (net of depreciation)**

Amounts in (000's)	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Land and intangibles	\$ 109,200	\$ 109,112	\$ 30,047	\$ 27,110	\$ 139,247	\$ 136,222
Construction in progress	25,261	19,930	24,586	17,284	49,848	37,214
Infrastructure	257,449	265,490	325,808	340,592	583,257	606,082
Buildings and improvements	178,144	183,622	16,083	16,933	194,227	200,555
Equipment and furniture	19,379	20,284	3,226	3,097	22,605	23,381
<b>Totals</b>	<u>\$ 589,433</u>	<u>\$ 598,438</u>	<u>\$ 399,750</u>	<u>\$ 405,016</u>	<u>\$ 989,184</u>	<u>\$ 1,003,454</u>

The overall decrease in capital assets for governmental activities and for the business-type activities is due to the \$48.7 million of depreciation expense for fiscal year 2022.

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 \$531.6 million. Of this amount, \$184.6 million was general obligation debt and \$158.7 million represents bonds secured solely by specified revenue sources (i.e. revenue bonds). Certificates of obligation account for \$149.1 million. The City's other long-term liabilities include its pension and other post employment benefits of \$13.9 million and compensated absences and other items of \$5.6 million.

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

Amounts in (000's)	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
	General obligation bonds	\$ 107,654	\$ 106,910	\$ 76,976	\$ 80,015	\$ 184,630
Revenue bonds	38,475	41,085	120,250	105,715	158,725	146,800
Certificates of obligation	142,995	122,045	6,140	6,470	149,135	128,515
Premiums or discounts	19,998	19,412	19,139	18,106	39,137	37,518
<b>Total bonds payable, net</b>	<b>309,122</b>	<b>289,452</b>	<b>222,505</b>	<b>210,306</b>	<b>531,627</b>	<b>499,758</b>
Pension and other post employment benefits	12,205	25,722	1,694	3,573	13,899	29,295
Compensated absences and other	5,001	4,701	590	551	5,591	5,252
<b>Total</b>	<b>\$ 326,328</b>	<b>\$ 319,875</b>	<b>\$ 224,789</b>	<b>\$ 214,430</b>	<b>\$ 551,117</b>	<b>\$ 534,305</b>

The most recent ratings on debt issues are as follows:

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

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

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

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

During FY22, the City benefitted significantly from increased sales tax receipts. Revenues are 20 percent above budget. Staff continues to evaluate the impact of inflation and other economic factors on sales tax revenues. For FY23, the proposed budget for revenue follows FMPS with a modification to discount the revenue by a small percentage in response to an uncertain economic outlook. Taking this approach is consistent with Sugar Land's overall financial goals and hedges our risk should a recession become a reality.

Tax year 2022 is the third year for implementation of Senate Bill 2 from the 86th legislative session. This bill set limitations of 3.5 percent growth in operations and maintenance revenue from property taxes with mandatory elections if this rate is exceeded. The 87th legislature passed bills further restricting the City's ability to implement the disaster provisions provided in Senate Bill 2 and these impacts are effective for tax year 2022. 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. The City has received these funds and allocated them within the FY23 budget. As discussed with Council, the funding was allocated to priority projects including public safety, sidewalks, facilities and drainage. Specific projects may evolve over time subject to eligibility guidance as updated by the U.S. Treasury.

With a focus on conservative, resilient and responsible stewardship 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. Additionally, due to ongoing economic uncertainty, staff applied a discount to FY23 sales tax projections to hedge against any downside recessionary pressure. Staff will continue to monitor the economy and should conditions warrant; budget amendments will be recommended to Council to fund additional programs and services.

In years with high economic volatility, the importance of resiliency initiatives becomes even more important 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. Updated FMPS including additional measures to strengthen the City's finances were approved by Council in June 2022.

Interest rates rose as the Federal Reserve raised their target rates consistently in the last half of the fiscal year. While this benefits the City in interest earnings, it resulted in unrealized losses due to market price adjustments of investments in the portfolio, as well as increased cost of borrowing funds. 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 FY23 adopted budget totals \$389.2 million. Of the total, \$282.8 million is for operating funds and issuance costs, and \$106.3 million is for capital projects, including the projects from the voter approved GO Bond Program.

## **2022 Property Taxes**

The FY23 budget is funded by revenues based on the certified 2022 tax roll of \$18.1 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 2022 tax rate is no change from the 2021 rate. The City increased the homestead exemption to 13% for the 2022 tax year. The 2022 tax rate is the third 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.

## **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. As planned, the proposed rates for 2023 would include the last phase of \$10 monthly increases (based on 10,000-gallons usage). Based on analysis, including the recent delay in the 2025 60 percent groundwater reduction mandate to 2027, the recommended rate increase is being reduced to approximately \$7 per month. This increase will ensure the financial sustainability of the fund, continue preparing for the groundwater reduction mandate, and funds strategies identified through the IWRP for long-term water supply needs for the community.

The 2022 rate for residential solid waste services is \$20.00 per household per month. Based on contract negotiations with Republic Services, the rate will decrease to \$19.85 on January 1, 2023.

In FY23 City Council adopted the Stormwater Compliance Fee to offset the cost of compliance with unfunded storm water mandates to reduce the discharge of pollutants into waters of the United States. The City's annual compliance efforts are a requirement of its Texas Pollutant Discharge Elimination System (TPDES) Permit. The fee will fund the City's current service levels and is effective January 1, 2023. The average resident will pay about \$3 per month or about \$36 per year.

The FMPS contains guidance on evaluating user fees for an annual CPI adjustment and for calculation of new fees. Based on this guidance, staff would evaluate fees based on the 12-month change in CPI 2022. With the high inflation during the fiscal year, the recommendation would be 7.8%. However, due to ongoing economic uncertainty staff recommended capping the increase at 5%. Fee and rate adjustments are effective January 1, 2023.

## **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, Interim 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](http://www.sugarlandtx.gov).



# **Basic Financial Statements**



**City of Sugar Land, Texas**  
Statement of Net Position  
September 30, 2022

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 30,740,847	\$ 10,994,394	\$ 41,735,241	\$ 12,666,662
Investments	31,650,085	40,797,118	72,447,203	4,301,425
Receivables, net of allowance for uncollectibles	16,531,435	8,540,039	25,071,474	1,413,310
Lease receivable	37,169,447	98,175	37,267,622	1,520,677
Internal balances	(1,293,521)	1,293,521	-	-
Inventories	241,775	495,378	737,153	-
Prepaid items	93,728	95,685	189,413	3,141
Restricted cash and cash equivalents	86,351,260	53,687,748	140,039,008	2,015,925
Restricted investments	35,447,860	4,942,578	40,390,438	-
Capital assets:				
Capital assets not being depreciated	134,245,519	54,508,249	188,753,768	-
Capital assets being depreciated	455,187,929	345,242,014	800,429,943	-
<b>Total assets</b>	<b>826,366,364</b>	<b>520,694,899</b>	<b>1,347,061,263</b>	<b>21,921,140</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	1,012,942	1,932,791	2,945,733	60,329
Deferred outflows relating to pension activities	8,221,823	1,140,760	9,362,583	-
Deferred outflows relating to OPEB activities	1,330,040	186,220	1,516,260	-
<b>Total deferred outflows of resources</b>	<b>10,564,805</b>	<b>3,259,771</b>	<b>13,824,576</b>	<b>60,329</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	8,817,399	3,592,137	12,409,536	265,630
Accrued interest	1,597,508	1,026,147	2,623,655	97,264
Customer deposits	84,746	2,953,325	3,038,071	-
Unearned revenue	11,202,458	6,900	11,209,358	-
Noncurrent liabilities:				
Non-current liabilities due within one year	22,877,915	11,986,806	34,864,721	1,262,488
Due in more than one year	303,450,156	212,802,432	516,252,588	21,025,369
<b>Total liabilities</b>	<b>348,030,182</b>	<b>232,367,747</b>	<b>580,397,929</b>	<b>22,650,751</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on refunding	607,361	47,151	654,512	-
Deferred inflows relating to leases	37,071,305	96,534	37,167,839	1,528,361
Deferred inflows relating to pension activities	17,062,364	2,368,862	19,431,226	-
Deferred inflows relating to OPEB activities	458,909	63,764	522,673	-
<b>Total deferred inflows of resources</b>	<b>55,199,939</b>	<b>2,576,311</b>	<b>57,776,250</b>	<b>1,528,361</b>
<b>NET POSITION</b>				
Net investment in capital assets	360,327,932	225,458,768	585,786,700	-
Restricted for:				
Debt service	13,002,180	9,704,598	22,706,778	1,918,661
General government	185,145	-	185,145	-
Economic development activities	12,662,854	-	12,662,854	6,188,982
Public safety	503,762	-	503,762	-
Tourism and marketing	1,714,474	-	1,714,474	-
Environmental and neighborhood services	143,092	-	143,092	-
Unrestricted	45,161,609	53,847,246	99,008,855	(10,305,286)
<b>TOTAL NET POSITION</b>	<b>\$ 433,701,048</b>	<b>\$ 289,010,612</b>	<b>\$ 722,711,660</b>	<b>\$ (2,197,643)</b>

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

**City of Sugar Land, Texas**  
Statement of Activities  
For the Fiscal Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental activities:				
General government	\$ 26,787,184	\$ 30,447	\$ 2,192,040	\$ -
Administrative services	5,228,139	7,365,195	2,026,881	-
Public safety - Police	22,868,120	781,726	79,627	-
Public Safety - Dispatch	2,907,956	-	-	-
Public safety - Fire	16,080,691	3,576,812	665,958	-
Public works	29,174,071	66,246	861,945	1,768,821
Parks and recreation	11,340,980	291,878	89,614	34,890
Community development	5,247,221	3,119,954	-	-
Environmental and neighborhood services	7,950,729	352,333	14,745	3,558
Interest on long-term debt	8,737,684	-	-	-
Total governmental activities	136,322,775	15,584,591	5,930,810	1,807,269
Business-type activities:				
Utility	57,453,880	63,913,593	-	924,760
Regional airport	24,397,948	24,901,563	198,000	3,265,045
Solid waste management	8,792,031	9,228,068	-	-
Total business-type activities	90,643,859	98,043,224	198,000	4,189,805
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 226,966,634</b>	<b>\$ 113,627,815</b>	<b>\$ 6,128,810</b>	<b>\$ 5,997,074</b>
<b>COMPONENT UNITS</b>				
Sugar Land 4B Corporation	\$ 5,064,211	\$ -	\$ 146,863	\$ -
Sugar Land Town Square Tax Increment Reinvestment Zone No. 1	1,771,560	-	-	-
Sugar Land Reinvestment Zone No. 3	1,306,607	-	-	-
Sugar Land Reinvestment Zone No. 4	147,173	-	-	-
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 8,289,551</b>	<b>\$ -</b>	<b>\$ 146,863</b>	<b>\$ -</b>

General revenues:  
Property taxes  
Sales tax  
Franchise and other taxes  
Investment earnings  
Miscellaneous revenues  
Transfers  
Total general revenues and transfers

Change in net position

Net position - beginning

**NET POSITION - ENDING**

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

**Primary Government**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (24,564,697)		\$ (24,564,697)	
4,163,937		4,163,937	
(22,006,767)		(22,006,767)	
(2,907,956)		(2,907,956)	
(11,837,921)		(11,837,921)	
(26,477,059)		(26,477,059)	
(10,924,598)		(10,924,598)	
(2,127,267)		(2,127,267)	
(7,580,093)		(7,580,093)	
(8,737,684)		(8,737,684)	
<u>(113,000,105)</u>		<u>(113,000,105)</u>	
	\$ 7,384,473	\$ 7,384,473	
	3,966,660	3,966,660	
	436,037	436,037	
	<u>11,787,170</u>	<u>11,787,170</u>	
<u>\$(113,000,105)</u>	<u>\$ 11,787,170</u>	<u>\$(101,212,935)</u>	
			\$ (4,917,348)
			(1,771,560)
			(1,306,607)
			<u>(147,173)</u>
			<u>\$ (8,142,688)</u>
\$ 55,957,225	\$ -	\$ 55,957,225	\$ 4,256,240
56,292,755	-	56,292,755	8,044,310
8,702,875	-	8,702,875	-
(559,598)	(713,158)	(1,272,756)	(82,115)
5,089,419	2,246,816	7,336,235	91,076
4,197,437	(4,197,437)	-	-
<u>129,680,113</u>	<u>(2,663,779)</u>	<u>127,016,334</u>	<u>12,309,511</u>
16,680,008	9,123,391	25,803,399	4,166,823
417,021,040	279,887,221	696,908,261	(6,364,466)
<u>\$ 433,701,048</u>	<u>\$ 289,010,612</u>	<u>\$ 722,711,660</u>	<u>\$ (2,197,643)</u>

# City of Sugar Land, Texas

## Balance Sheet - Governmental Funds

September 30, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 25,291,933	\$ -
Investments	27,313,533	-
Receivables, net of allowance for uncollectibles	12,589,174	443,029
Lease receivable	231	37,169,216
Inventories	233,029	-
Prepaid items	58,486	-
Restricted cash and cash equivalents	41,026	2,949,207
Restricted investments	-	5,088,558
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 65,527,412</b>	<b>\$ 45,650,010</b>
	<hr/>	<hr/>
<b>LIABILITIES</b>		
Accounts payable	\$ 3,438,469	\$ 1,625
Accrued expenditures	2,808,278	-
Customer deposits	84,746	-
Unearned revenue	348,758	-
	<hr/>	<hr/>
Total liabilities	6,680,251	1,625
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Unavailable revenue	2,459,734	382,392
Deferred inflows relating to leases	261	37,071,044
	<hr/>	<hr/>
Total deferred inflows of resources	2,459,995	37,453,436
<b>FUND BALANCES</b>		
Nonspendable:		
Inventories	233,029	-
Prepaid items	58,486	-
Restricted for:		
General government	-	-
Debt service	-	8,194,949
Capital projects	-	-
Economic development activities	-	-
Public safety	-	-
Tourism and marketing	-	-
Environmental and neighborhood services	-	-
Committed	778,023	-
Assigned	1,128,922	-
Unassigned	54,188,706	-
	<hr/>	<hr/>
Total fund balances	56,387,166	8,194,949
	<hr/>	<hr/>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 65,527,412</b>	<b>\$ 45,650,010</b>
	<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>
\$ 952,455	\$ 93,069	\$ 26,337,457
247,610	-	27,561,143
1,112,609	2,248,085	16,392,897
-	-	37,169,447
-	8,746	241,775
-	4,600	63,086
70,037,217	13,323,810	86,351,260
13,846,651	16,512,651	35,447,860
<u>\$ 86,196,542</u>	<u>\$ 32,190,961</u>	<u>\$ 229,564,925</u>
\$ 1,510,545	\$ 66,225	\$ 5,016,864
-	539	2,808,817
-	-	84,746
-	10,853,700	11,202,458
1,510,545	10,920,464	19,112,885
854,664	-	3,696,790
-	25,477	37,096,782
854,664	25,477	40,793,572
-	8,746	241,775
-	4,600	63,086
-	185,145	185,145
-	6,022,347	14,217,296
79,117,839	-	79,117,839
-	12,662,854	12,662,854
-	503,762	503,762
-	1,714,474	1,714,474
-	143,092	143,092
-	-	778,023
4,713,494	-	5,842,416
-	-	54,188,706
83,831,333	21,245,020	169,658,468
<u>\$ 86,196,542</u>	<u>\$ 32,190,961</u>	<u>\$ 229,564,925</u>



**City of Sugar Land, Texas**

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
September 30, 2022

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** \$ 169,658,468

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 \$1,063,886,961 and the accumulated depreciation is \$479,256,065. 584,630,896

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds. 3,722,267

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	\$ 1,012,942	
Deferred gain on refunding	(607,361)	405,581

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

Debt payable, at maturity	\$ (289,124,244)	
Accrued interest on the bonds	(1,597,508)	
Premium/discount on bonds payable	(19,997,755)	
Compensated absences	(4,878,226)	
Sales tax obligation	(123,294)	
Net pension liability	(4,453,730)	
Total OPEB liability	(7,750,822)	(327,925,579)

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	\$ (8,840,541)	
Deferred outflows and deferred inflows - OPEB	871,131	(7,969,410)

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. 11,178,825

**NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 433,701,048

# City of Sugar Land, Texas

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended September 30, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>REVENUES</b>		
Property taxes	\$ 33,743,852	\$ 22,076,936
Sales tax	48,250,933	-
Franchise and other taxes	6,240,654	-
Licenses and permits	3,470,579	-
Fines and forfeitures	1,195,861	-
Charges for services	11,041,160	-
Investment earnings	(429,125)	27,738
Intergovernmental	3,683,713	-
Other	1,231,838	2,153,487
	<hr/>	<hr/>
Total revenues	108,429,465	24,258,161
<b>EXPENDITURES</b>		
Current:		
General government	19,865,571	-
Administrative services	4,398,780	1,684,235
Public safety - Police	23,848,645	-
Public Safety - Dispatch	2,907,956	-
Public safety - Fire	17,739,029	-
Public works	13,472,544	-
Parks and recreation	5,662,215	-
Community development	5,526,198	-
Environmental and neighborhood services	7,208,678	-
Debt service:		
Principal	-	18,909,359
Interest and other charges	-	8,016,891
Bond issuance costs	-	37,675
Capital outlay	-	-
	<hr/>	<hr/>
Total expenditures	100,629,616	28,648,160
Excess (deficiency) of revenues over (under) expenditures	7,799,849	(4,389,999)
<b>OTHER FINANCING SOURCES (USES)</b>		
Bonds and certificates of obligation issued	-	-
Refunding bonds issued	-	-
Premium on debt issued	-	8,074
Payment to refunded bond escrow agent	-	-
Transfers in	300,000	5,737,014
Transfers out	(772,067)	(148,217)
	<hr/>	<hr/>
Total other financing sources (uses)	(472,067)	5,596,871
Net change in fund balances	7,327,782	1,206,872
Fund balances, beginning of year	49,059,384	6,988,077
	<hr/>	<hr/>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 56,387,166</b>	<b>\$ 8,194,949</b>

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

<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 55,820,788
-	8,041,822	56,292,755
-	2,528,113	8,768,767
-	-	3,470,579
-	103,890	1,299,751
-	-	11,041,160
157,286	(201,136)	(445,237)
79,241	1,750,980	5,513,934
696,483	276,409	4,358,217
<hr/>	<hr/>	<hr/>
933,010	12,500,078	146,120,714
-	1,716,184	21,581,755
301,809	728,004	7,112,828
-	23,996	23,872,641
-	-	2,907,956
-	-	17,739,029
823,293	-	14,295,837
-	-	5,662,215
-	-	5,526,198
-	7,383	7,216,061
-	2,140,000	21,049,359
-	1,798,582	9,815,473
276,029	165,703	479,407
13,707,032	166,593	13,873,625
<hr/>	<hr/>	<hr/>
15,108,163	6,746,445	151,132,384
(14,175,153)	5,753,633	(5,011,670)
40,615,000	-	40,615,000
-	4,880,000	4,880,000
1,738,719	670,296	2,417,089
-	(5,461,722)	(5,461,722)
460,000	169,544	6,666,558
-	(1,548,837)	(2,469,121)
<hr/>	<hr/>	<hr/>
42,813,719	(1,290,719)	46,647,804
28,638,566	4,462,914	41,636,134
55,192,767	16,782,106	128,022,334
<hr/>	<hr/>	<hr/>
\$ 83,831,333	\$ 21,245,020	\$ 169,658,468



## 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, 2022

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ 41,636,134

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 contrast, 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	\$ (24,613,290)	
Capital outlay	<u>13,824,752</u>	(10,788,538)

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. 1,724,519

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. (34,133)

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. 698,310

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	\$ (45,495,000)	
Premium on debt issued	(2,417,089)	
Principal repayments	20,937,636	
Payment to refunded bond escrow agent	5,461,722	
Repayment of obligation to state	<u>19,721</u>	(21,493,010)

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	\$ 1,850,649	
Change in accrued interest on long-term debt	(202,031)	
Compensated absences	(320,654)	
Changes in pension liabilities and related deferred outflows and inflows of resources	5,511,157	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>(592,190)</u>	6,246,931

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. (1,310,205)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 16,680,008

**City of Sugar Land, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2022**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Major Funds</b>		<b>Nonmajor Fund</b>	<b>Total</b>	<b>Activities</b>
	<b>Utility Fund</b>	<b>Airport Fund</b>	<b>Solid Waste Fund</b>		<b>Internal Service Funds</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 10,964,576	\$ -	\$ 29,818	\$ 10,994,394	\$ 3,700,390
Cash with fiscal agent	-	-	-	-	703,000
Investments	36,274,697	4,522,421	-	40,797,118	4,088,942
Receivables, net of allowance for uncollectibles	7,069,652	300,091	1,170,296	8,540,039	138,538
Lease receivable	-	98,175	-	98,175	-
Inventories	241,317	254,061	-	495,378	-
Prepaid items	39,067	55,619	999	95,685	30,642
Restricted cash and cash equivalents	52,842,247	845,501	-	53,687,748	-
Restricted investments	4,942,578	-	-	4,942,578	-
Total current assets	112,374,134	6,075,868	1,201,113	119,651,115	8,661,512
Noncurrent assets:					
Capital assets					
Capital assets not being depreciated	18,037,762	36,470,487	-	54,508,249	-
Capital assets being depreciated	298,334,371	46,882,943	24,700	345,242,014	4,802,552
Total noncurrent assets	316,372,133	83,353,430	24,700	399,750,263	4,802,552
Total assets	428,746,267	89,429,298	1,225,813	519,401,378	13,464,064
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	1,862,501	70,290	-	1,932,791	-
Deferred outflows relating to pension activities	749,319	356,769	34,672	1,140,760	-
Deferred outflows relating to OPEB activities	123,512	56,930	5,778	186,220	-
Total deferred outflows of resources	2,735,332	483,989	40,450	3,259,771	-
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued expenses	2,321,662	515,900	754,575	3,592,137	405,828
Accrued interest	983,643	42,504	-	1,026,147	-
Customer deposits	2,838,438	114,887	-	2,953,325	-
Unearned revenue	-	6,900	-	6,900	-
Claims and judgments	-	-	-	-	585,890
Noncurrent liabilities due within one year	10,956,356	1,030,253	197	11,986,806	-
Total current liabilities	17,100,099	1,710,444	754,772	19,565,315	991,718
Noncurrent liabilities:					
Due in more than one year	202,991,406	8,105,367	11,843	211,108,616	-
Net pension liability	406,215	195,238	13,011	614,464	-
Total OPEB liability	711,905	334,522	32,925	1,079,352	-
Total noncurrent liabilities	204,109,526	8,635,127	57,779	212,802,432	-
Total liabilities	221,209,625	10,345,571	812,551	232,367,747	991,718
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred gain on refunding	-	47,151	-	47,151	-
Deferred inflows relating to leases	-	96,534	-	96,534	-
Deferred inflows relating to pension activities	1,554,826	739,602	74,434	2,368,862	-
Deferred inflows relating to OPEB activities	41,812	19,863	2,089	63,764	-
Total deferred inflows of resources	1,596,638	903,150	76,523	2,576,311	-
<b>NET POSITION</b>					
Net investment in capital assets	150,985,345	74,448,723	24,700	225,458,768	4,802,552
Restricted:					
Debt service	8,901,601	802,997	-	9,704,598	-
Unrestricted	48,788,390	3,412,846	352,489	52,553,725	7,669,794
<b>TOTAL NET POSITION</b>	<b>\$208,675,336</b>	<b>\$ 78,664,566</b>	<b>\$ 377,189</b>	<b>\$287,717,091</b>	<b>\$ 12,472,346</b>
<b>Reconciliation to the government-wide statement of net position:</b>					
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time				1,293,521	
Net position of business-type activities				\$289,010,612	

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, 2022

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund		Activities
	Utility Fund	Airport Fund	Solid Waste Fund	Total	Internal Service Funds
<b>OPERATING REVENUES</b>					
Charges for services	\$ 63,913,593	\$ 24,901,563	\$ 9,228,068	\$ 98,043,224	\$ 15,919,126
Total operating revenues	63,913,593	24,901,563	9,228,068	98,043,224	15,919,126
<b>OPERATING EXPENSES</b>					
Personnel services	6,244,170	2,868,492	245,646	9,358,308	59,406
Supplies and materials	540,844	15,306,849	4,642	15,852,335	1,960,784
Contractual services	12,269,619	2,046,990	8,510,135	22,826,744	53,600
Repairs and maintenance	10,077,870	256,047	9,429	10,343,346	63,541
Other expenses	1,554,690	432,240	7,760	1,994,690	14,561,484
Depreciation	19,952,605	3,002,126	9,880	22,964,611	1,164,280
Total operating expenses	50,639,798	23,912,744	8,787,492	83,340,034	17,863,095
Operating income (loss)	13,273,795	988,819	440,576	14,703,190	(1,943,969)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and investment revenue	(579,444)	(134,770)	1,056	(713,158)	(114,361)
Miscellaneous revenue (expense)	1,765,215	542,386	(9,330)	2,298,271	-
Intergovernmental	-	198,000	-	198,000	-
Gain (loss) on disposal of capital assets	(51,455)	-	-	(51,455)	376,164
Interest expense	(6,615,206)	(316,658)	-	(6,931,864)	-
Total nonoperating revenues (expenses)	(5,480,890)	288,958	(8,274)	(5,200,206)	261,803
Income (loss) before capital contributions and transfers	7,792,905	1,277,777	432,302	9,502,984	(1,682,166)
Capital contributions	924,760	3,265,045	-	4,189,805	-
Transfers in	42,081	340,740	-	382,821	-
Transfers out	(4,280,258)	-	(300,000)	(4,580,258)	-
Change in net position	4,479,488	4,883,562	132,302	9,495,352	(1,682,166)
Net position, beginning	204,195,848	73,781,004	244,887	278,221,739	14,154,512
<b>NET POSITION, ENDING</b>	<b>\$ 208,675,336</b>	<b>\$ 78,664,566</b>	<b>\$ 377,189</b>	<b>\$ 287,717,091</b>	<b>\$ 12,472,346</b>
<b>Reconciliation to the government-wide statement of activities:</b>					
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				(371,961)	
Change in net position of business-type activities				\$ 9,123,391	

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, 2022**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Major Funds</b>		<b>Nonmajor Fund</b>		<b>Activities</b>
	<b>Utility Fund</b>	<b>Airport Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 63,108,686	\$ 24,879,313	\$ 9,223,182	\$ 97,211,181	\$ -
Receipts from interfund charges for services	-	-	-	-	15,790,141
Other receipts	1,765,215	542,386	-	2,307,601	-
Disbursed for personnel services	(6,692,368)	(3,081,386)	(268,055)	(10,041,809)	(59,406)
Disbursed for goods and services	(25,670,765)	(18,067,486)	(8,626,365)	(52,364,616)	(16,608,334)
Net cash provided (used) by operating activities	32,510,768	4,272,827	328,762	37,112,357	(877,599)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers from other funds	42,081	340,740	-	382,821	-
Transfers to other funds	(4,280,258)	-	(300,000)	(4,580,258)	-
Operating grants and contributions	-	198,000	-	198,000	-
Net cash provided (used) by noncapital financing activities	(4,238,177)	538,740	(300,000)	(3,999,437)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from the sale of bonds	24,182,247	-	-	24,182,247	-
Interest payments on debt	(7,915,271)	(379,772)	-	(8,295,043)	-
Principal payments on debt	(9,685,000)	(969,243)	-	(10,654,243)	-
Acquisition and construction of capital assets	6,534	-	-	6,534	(1,315,107)
Proceeds from sale of capital assets	(7,902,893)	(5,664,149)	-	(13,567,042)	433,541
Net cash used by capital and related financing activities	(1,314,383)	(7,013,164)	-	(8,327,547)	(881,566)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments, net	(30,722,040)	(2,725,623)	-	(33,447,663)	(2,000,000)
Interest received	669,977	63,599	1,056	734,632	42,809
Net cash provided (used) by investing activities	(30,052,063)	(2,662,024)	1,056	(32,713,031)	(1,957,191)
Net increase (decrease) in cash and cash equivalents	(3,093,855)	(4,863,621)	29,818	(7,927,658)	(3,716,356)
Cash and cash equivalents, beginning balance	66,900,678	5,709,122	-	72,609,800	8,119,746
<b>CASH AND CASH EQUIVALENTS, ENDING BALANCE</b>	<b>\$ 63,806,823</b>	<b>\$ 845,501</b>	<b>\$ 29,818</b>	<b>\$ 64,682,142</b>	<b>\$ 4,403,390</b>
Unrestricted cash and equivalents	\$ 10,964,576	\$ -	\$ 29,818	\$ 10,994,394	\$ 4,403,390
Restricted cash and equivalents	52,842,247	845,501	-	53,687,748	-
	<b>\$ 63,806,823</b>	<b>\$ 845,501</b>	<b>\$ 29,818</b>	<b>\$ 64,682,142</b>	<b>\$ 4,403,390</b>

**City of Sugar Land, Texas**  
Statement of Cash Flows - Continued  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2022

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Major Funds</b>		<b>Nonmajor Fund</b>		<b>Activities</b>
	<b>Utility Fund</b>	<b>Airport Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 13,273,795	\$ 988,819	\$ 440,576	\$ 14,703,190	\$ (1,943,969)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:					
Depreciation and amortization	19,952,605	3,002,126	9,880	22,964,611	1,164,280
Other receipts for nonoperating revenue	1,765,215	542,386	-	2,307,601	-
Changes in assets, liabilities and related deferrals:					
(Increase) decrease in assets and deferred outflows:					
Receivables, net of allowance for uncollectibles	(955,310)	(20,259)	(4,886)	(980,455)	(128,985)
Lease receivable, net of related deferred inflow	-	(1,641)	-	(1,641)	-
Inventories	(67,622)	(84,440)	-	(152,062)	-
Prepaid items	(21,010)	(55,109)	(364)	(76,483)	1,218
Deferred outflows - net pension liability	(102,167)	(48,530)	(5,108)	(155,805)	-
Deferred outflows - OPEB	2,474	1,175	124	3,773	-
Increase (decrease) in liabilities and deferred inflows:					
Accounts payable and accrued expenses	(1,139,110)	114,189	(94,035)	(1,118,956)	(70,782)
Customer deposits	150,403	1,450	-	151,853	-
Unearned revenue	-	(1,800)	-	(1,800)	-
Claims and judgments	-	-	-	-	100,639
Net pension liability	(1,247,901)	(592,753)	(62,395)	(1,903,049)	-
OPEB liability	16,195	7,693	810	24,698	-
Deferred inflows - net pension liability	847,913	402,759	42,396	1,293,068	-
Deferred inflows - OPEB	35,288	16,762	1,764	53,814	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 32,510,768</b>	<b>\$ 4,272,827</b>	<b>\$ 328,762</b>	<b>\$ 37,112,357</b>	<b>\$ (877,599)</b>
<b>SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital assets contributed to City	\$ 924,760	\$ 3,265,045	\$ -	\$ 4,189,805	

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, 2022

	Sugar Land 4B Corporation	Sugar Land Town Square Tax Increment Reinvestment Zone No. 1	Sugar Land Reinvestment Zone No. 3	Sugar Land Reinvestment Zone No. 4	Total Component Units
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 6,482,145	\$ 126,726	\$ 18,749	\$ 6,039,042	\$ 12,666,662
Investments	4,301,425	-	-	-	4,301,425
Receivables, net of allowance for uncollectibles	1,402,005	-	10,919	386	1,413,310
Lease receivable	1,520,677	-	-	-	1,520,677
Prepaid items	3,141	-	-	-	3,141
Restricted cash and cash equivalents	2,015,925	-	-	-	2,015,925
Total assets	15,725,318	126,726	29,668	6,039,428	21,921,140
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	60,329	-	-	-	60,329
Total deferred outflows of resources	60,329	-	-	-	60,329
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued expenses	258,790	-	6,840	-	265,630
Accrued interest	97,264	-	-	-	97,264
Noncurrent liabilities due within one year	1,262,488	-	-	-	1,262,488
Total current liabilities	1,618,542	-	6,840	-	1,625,382
Noncurrent liabilities:					
Due in more than one year	21,025,369	-	-	-	21,025,369
Total noncurrent liabilities	21,025,369	-	-	-	21,025,369
Total liabilities	22,643,911	-	6,840	-	22,650,751
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows relating to leases	1,528,361	-	-	-	1,528,361
Total deferred inflows of resources	1,528,361	-	-	-	1,528,361
<b>NET POSITION</b>					
Restricted for:					
Debt service	1,918,661	-	-	-	1,918,661
Economic development activities	-	126,726	22,828	6,039,428	6,188,982
Unrestricted	(10,305,286)	-	-	-	(10,305,286)
<b>TOTAL NET POSITION</b>	<b>\$ (8,386,625)</b>	<b>\$ 126,726</b>	<b>\$ 22,828</b>	<b>\$ 6,039,428</b>	<b>\$ (2,197,643)</b>

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, 2022

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	\$ 5,064,211	\$ 146,863	\$ (4,917,348)	\$ -	\$ -	\$ -	\$ (4,917,348)
Sugar Land Town Square Tax							
Increment Reinvestment Zone No. 1	1,771,560	-	-	(1,771,560)	-	-	(1,771,560)
Sugar Land Reinvestment Zone No. 3	1,306,607	-	-	-	(1,306,607)	-	(1,306,607)
Sugar Land Reinvestment Zone No. 4	147,173	-	-	-	-	(147,173)	(147,173)
	<u>\$ 8,289,551</u>	<u>\$ 146,863</u>	(4,917,348)	(1,771,560)	(1,306,607)	(147,173)	(8,142,688)
General revenues							
Taxes:							
Property taxes			-	1,885,721	1,309,331	1,061,188	4,256,240
Sales tax			8,044,310	-	-	-	8,044,310
Unrestricted investment earnings			(116,992)	1,649	165	33,063	(82,115)
Miscellaneous			91,076	-	-	-	91,076
Total general revenues			8,018,394	1,887,370	1,309,496	1,094,251	12,309,511
Change in net position			3,101,046	115,810	2,889	947,078	4,166,823
Net position, beginning			(11,487,671)	10,916	19,939	5,092,350	(6,364,466)
<b>NET POSITION, ENDING</b>			<u>\$ (8,386,625)</u>	<u>\$ 126,726</u>	<u>\$ 22,828</u>	<u>\$ 6,039,428</u>	<u>\$ (2,197,643)</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 revenues. 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, 2022, outstanding purchase orders totaled \$23.1 million. These were the result of normal operations. Encumbrances are liquidated with existing resources, and City Council has committed approximately \$778 thousand and the City Manager has assigned approximately \$1.13 million in the General Fund to liquidate outstanding purchase orders as of September 30, 2022.

## **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 assets 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 and proprietary fund statements 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 assets 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 five 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 and proprietary fund financial statements the City reports a deferred gain on refunding and deferred amounts related to pension and OPEB. The City reports deferred inflows related to leases in the governmental funds balance sheet, as well as the government-wide and proprietary fund financial statements

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. Deferred amounts related to leases represent future inflows of resources which will be recognized as revenue over the life of the lease term.

#### **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.

**R. Implementation of GASB Statement No. 87, Leases**

The City implemented GASB Statement No. 87, *Leases* ("GASB 87") during the fiscal year ended September 30, 2022. GASB 87 requires recognition of certain lease assets, liabilities, and deferred inflows of resources for leases that previously were classified as operating leases and were previously recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City implemented GASB 87 as of the beginning of the fiscal year, resulting in recognition of approximately \$40.3 million in lease receivables and deferred inflows of resources, related to leasing arrangements under which the City is the lessor, upon implementation. Implementation of GASB 87 had no impact on the City's accounting for leasing arrangements under which the City is a lessee, and had no impact on the net position or the change in net position previously reported prior to implementation.

**S. Leases – Accounting Policy**

Lessee

With the exception of short-term leases, when the City is a lessee in noncancellable lease arrangements the City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$10,000 or more. For leases not meeting these criteria, lease payments are recognized as outflows of resources based on the payment provisions of the contract. For the year ended September 30, 2022, the City's lessee arrangements did not meet these criteria and as such no lease assets or lease liabilities have been recognized as of September 30, 2022.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position. The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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

### Notes to the Financial Statements

#### Lessor

With the exception of short-term leases and certain regulated leases, when the City is a lessor in noncancellable lease arrangements the City recognizes a lease receivable and a deferred inflow of resources in the government-wide, proprietary fund, and governmental fund financial statements. For short-term leases and excluded regulated leases, lease revenues are recognized as inflows of resources based on the payment provisions of the contract. See Note 12 for details of the City's leasing arrangements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

#### **T. 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.

#### **U. Deficit Equity**

The Sugar Land 4B Corporation had a negative net position balance at year-end of approximately \$8.4 million. This deficit balance is caused by the 4B Corporation issuing bonds for economic development related construction projects and transferring the capital assets to the primary government while retaining the related debt. As further described in Note 5, the debt is expected to be retired with future dedicated sales tax revenues.

#### **V. 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.

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

### Notes to the Financial Statements

#### **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.

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, 2022, 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.

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

**Deposit and Investment Amounts**

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

	Primary Government			Discretely Presented Component Units			Total
	Total	Restricted	Unrestricted	Total	Restricted	Unrestricted	
<b>Cash and cash equivalents:</b>							
Cash deposits	\$ 44,304,596			\$ -			\$ 44,304,596
Governmental mutual fund	30,559,128			4,557,272			35,116,400
Public funds investment pools:							
Texas CLASS	43,734,436			4,767,665			48,502,101
TexPool	51,405,129			2,420,727			53,825,856
TexSTAR	11,770,960			2,936,923			14,707,883
<b>Total</b>	<b>\$ 181,774,249</b>	<b>\$ 140,039,008</b>	<b>\$ 41,735,241</b>	<b>\$ 14,682,587</b>	<b>\$ 2,015,925</b>	<b>\$ 12,666,662</b>	<b>\$ 196,456,836</b>
<b>Investments:</b>							
Certificates of deposit	\$ 4,526,192			\$ 713,512			\$ 5,239,704
Government securities:							
U.S. Treasuries	42,996,136			-			42,996,136
FHLB	49,276,333			2,103,127			51,379,460
FHLMC	10,354,893			1,484,786			11,839,679
FFCB	5,684,087			-			5,684,087
<b>Total</b>	<b>\$ 112,837,641</b>	<b>\$ 40,390,438</b>	<b>\$ 72,447,203</b>	<b>\$ 4,301,425</b>	<b>\$ -</b>	<b>\$ 4,301,425</b>	<b>\$ 117,139,066</b>
<b>Total cash, cash equivalents, and investments:</b>	<b>\$ 294,611,890</b>			<b>\$ 18,984,012</b>			<b>\$ 313,595,902</b>

The City's total cash deposits, including certificates of deposit at September 30, 2022 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, 2022:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Certificates of deposit	\$ 5,239,704	\$ -	\$ 5,239,704	\$ -
Government securities:				
U.S. Treasuries	42,996,136	-	42,996,136	-
FHLB	51,379,460	-	51,379,460	-
FHLMC	11,839,679	-	11,839,679	-
FFCB	5,684,087	-	5,684,087	-
<b>Total</b>	<b>\$ 117,139,066</b>	<b>\$ -</b>	<b>\$ 117,139,066</b>	<b>\$ -</b>

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.

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

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	\$ 1,621,251	\$ 109,534
Unrealized gain (loss) on temporary investments	<u>(2,894,007)</u>	<u>(191,649)</u>
<b>Total investment earnings</b>	<u><u>\$ (1,272,756)</u></u>	<u><u>\$ (82,115)</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	\$ 44,304,596	\$ -	1
Governmental mutual fund	30,559,128	4,557,272	1
Public funds investment pools:			
Texas CLASS	43,734,436	4,767,665	1
TexPool	51,405,129	2,420,727	1
TexSTAR	11,770,960	2,936,923	1
Certificates of deposit	4,526,192	713,512	541
Government securities:			
U.S. Treasuries	42,996,136	-	289
FHLB	49,276,333	2,103,127	718
FHLMC	10,354,893	1,484,786	928
FFCB	5,684,087	-	453
<b>Total</b>	<u><u>\$ 294,611,890</u></u>	<u><u>\$ 18,984,012</u></u>	

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

**Concentration of Credit Risk**

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

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

As of September 30, 2022, 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), Federal Home Loan Mortgage Corporation (FHLMC), 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, 2022, 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 HilltopSecurities 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:

<u>Restricted Purpose</u>	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Restricted for Capital Projects	\$ 42,957,003	\$ 4,942,578
Restricted for Debt Service	10,730,745	-
<b>Total</b>	<u>\$ 53,687,748</u>	<u>\$ 4,942,578</u>

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

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

**Note 3. Receivables**

**Property Taxes**

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

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

**Receivables - Detailed**

Receivables, other than leases receivable, are aggregated into a single accounts receivable (net of an allowance for estimated uncollectible accounts) line on the financial statements. See Note 12 for details of the City's leases receivable. Receivables at September 30, 2022, other than leases receivable, 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	\$ 1,109,388	\$ 382,392	\$ -	\$ 29,299	\$ 1,521,079	\$ -
Sales and other taxes	8,616,538	-	-	2,080,328	10,696,866	-
Fines and forfeitures	1,669,969	-	-	-	1,669,969	-
Interest	114,413	60,637	7,944	76,886	259,880	10,266
Other	1,936,826	-	250,000	61,572	2,248,398	128,422
Due from other governments	610,722	-	854,665	-	1,465,387	-
Less: allowance for uncollectibles	(1,468,682)	-	-	-	(1,468,682)	(150)
<b>Totals</b>	<b>\$ 12,589,174</b>	<b>\$ 443,029</b>	<b>\$ 1,112,609</b>	<b>\$ 2,248,085</b>	<b>\$ 16,392,897</b>	<b>\$ 138,538</b>

**Business-type Activities:**

	Utility Fund	Airport Fund	Solid Waste Fund	Total
Customer accounts	\$ 7,004,949	\$ 269,984	\$ 972,211	\$ 8,247,144
Interest	122,483	18,643	178	141,304
Other	-	12,964	212,766	225,730
Less: allowance for uncollectibles	(57,780)	(1,500)	(14,859)	(74,139)
<b>Totals</b>	<b>\$ 7,069,652</b>	<b>\$ 300,091</b>	<b>\$ 1,170,296</b>	<b>\$ 8,540,039</b>

**Component Units:**

	Sugar Land Town Square Tax Increment Reinvestment Corporation	Sugar Land Town Square Tax Increment Reinvestment Zone No. 1	Sugar Land Tax Increment Reinvestment Zone No. 3	Sugar Land Tax Increment Reinvestment Zone No. 4	Total
Sales and other taxes	\$ 1,365,739	\$ -	\$ -	\$ -	\$ 1,365,739
Interest	36,266	-	23	386	36,675
Other	-	-	10,896	-	10,896
<b>Totals</b>	<b>\$ 1,402,005</b>	<b>\$ -</b>	<b>\$ 10,919</b>	<b>\$ 386</b>	<b>\$ 1,413,310</b>

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

**Note 4. Capital Assets**

A summary of changes in the primary government's capital assets for the year ended September 30, 2022, follows:

<b>Governmental activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Reclassifications / (Decreases)</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land and improvements	\$ 104,137,310	\$ 83,588	\$ -	\$ 104,220,898
Construction in progress	19,930,097	14,088,637	(8,757,269)	25,261,465
Intangibles	4,638,225	124,931	-	4,763,156
Total capital assets, not being depreciated	128,705,632	14,297,156	(8,757,269)	134,245,519
Depreciable assets:				
Infrastructure	614,030,829	6,042,088	-	620,072,917
Buildings and improvements	260,441,972	2,485,434	(45,021)	262,882,385
Equipment and furniture	59,482,538	2,796,970	(1,655,106)	60,624,402
Intangibles	1,016,077	-	-	1,016,077
Total depreciable assets	934,971,416	11,324,492	(1,700,127)	944,595,781
Less accumulated depreciation for:				
Infrastructure	(348,541,221)	(14,082,782)	-	(362,624,003)
Buildings and improvements	(76,819,495)	(7,943,090)	23,928	(84,738,657)
Equipment and furniture	(39,198,949)	(3,630,661)	1,584,687	(41,244,923)
Intangibles	(679,234)	(121,035)	-	(800,269)
Total accumulated depreciation	(465,238,899)	(25,777,568)	1,608,615	(489,407,852)
Total depreciable assets, net	469,732,517	(14,453,076)	(91,512)	455,187,929
<b>Governmental activities capital assets, net</b>	<b>\$ 598,438,149</b>	<b>\$ (155,920)</b>	<b>\$ (8,848,781)</b>	<b>\$ 589,433,448</b>
<b>Business-type activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Reclassifications / (Decreases)</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land and improvements	\$ 23,621,976	\$ 2,846,223	\$ -	\$ 26,468,199
Construction in progress	17,284,164	14,083,473	(6,781,247)	24,586,390
Intangibles	3,303,033	150,627	-	3,453,660
Total capital assets, not being depreciated	44,209,173	17,080,323	(6,781,247)	54,508,249
Depreciable assets:				
Infrastructure	656,585,144	6,861,407	(108,731)	663,337,820
Buildings and improvements	27,767,657	-	-	27,767,657
Equipment and furniture	10,173,412	596,364	(14,390)	10,755,386
Intangibles	1,019,012	-	-	1,019,012
Total depreciable assets	695,545,225	7,457,771	(123,121)	702,879,875
Less accumulated depreciation for:				
Infrastructure	(315,993,366)	(21,587,208)	50,742	(337,529,832)
Buildings and improvements	(10,834,416)	(849,801)	-	(11,684,217)
Equipment and furniture	(7,076,461)	(467,484)	14,390	(7,529,555)
Intangibles	(834,139)	(60,118)	-	(894,257)
Total accumulated depreciation	(334,738,382)	(22,964,611)	65,132	(357,637,861)
Total depreciable assets, net	360,806,843	(15,506,840)	(57,989)	345,242,014
<b>Business-type activities capital assets, net</b>	<b>\$ 405,016,016</b>	<b>\$ 1,573,483</b>	<b>\$ (6,839,236)</b>	<b>\$ 399,750,263</b>

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

Depreciation was charged to programs as follows:

Governmental activities:	
General government	\$ 727,949
Administrative services	31,926
Public works	14,691,000
Parks and recreation	6,722,070
Environmental and neighborhood services	952,444
Community development	72,099
Public safety - Police	415,312
Public safety - Fire	1,000,488
Depreciation charged in internal service funds	<u>1,164,280</u>
<b>Total governmental activities depreciation expense</b>	<b><u>\$ 25,777,568</u></b>
Business-type activities:	
Water and wastewater	\$ 19,952,605
Airport	3,002,126
Solid waste	<u>9,880</u>
<b>Total business-type activities depreciation expense</b>	<b><u>\$ 22,964,611</u></b>

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

The City has active construction projects as of September 30, 2022. 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	\$ 13,251,821	\$ 53,726
Drainage improvement	14,972,933	4,806,782
Municipal improvement	5,219,030	2,526,418
Park improvement	1,494,743	1,457,674
Street improvement	2,281,360	839,777
Surface water	165,380	10,123
Traffic improvement	1,293,401	92,541
Water and wastewater improvement	<u>11,169,187</u>	<u>6,535,082</u>
<b>Totals</b>	<b><u>\$ 49,847,855</u></b>	<b><u>\$ 16,322,123</u></b>

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

**Note 5. Long-Term Debt**

**A. Governmental Activity Debt**

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

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended September 30, 2022. In general, the City uses the General and Debt Service funds to liquidate governmental long-term liabilities. Sales tax revenue bonds are serviced through sales tax revenues reported in the Sugar Land Development Corporation special revenue fund. Compensated absences, pension, and OPEB are typically liquidated by the General Fund.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Bonds payable:</b>					
General obligation bonds	\$100,020,000	\$ 13,115,000	\$ (11,045,756)	\$102,089,244	\$ 12,528,194
Annexed utility district bonds	6,890,000	-	(1,325,000)	5,565,000	1,375,000
Certificates of obligation	122,045,000	27,500,000	(6,550,000)	142,995,000	6,675,000
Sales tax revenue bonds	41,085,000	4,880,000	(7,490,000)	38,475,000	2,205,000
Issuance premiums/discounts	19,412,204	2,417,089	(1,831,538)	19,997,755	-
<b>Total bonds payable, net</b>	<b>289,452,204</b>	<b>47,912,089</b>	<b>(28,242,294)</b>	<b>309,121,999</b>	<b>22,783,194</b>
<b>Other liabilities:</b>					
Obligation to State	143,015	-	(19,721)	123,294	19,721
Compensated absences	4,557,572	5,192,169	(4,871,515)	4,878,226	75,000
Pension	18,149,449	28,701,619	(42,397,338)	4,453,730	-
OPEB	7,573,076	413,281	(235,535)	7,750,822	-
<b>Total governmental activities</b>	<b>\$319,875,316</b>	<b>\$ 82,219,158</b>	<b>\$ (75,766,403)</b>	<b>\$326,328,071</b>	<b>\$ 22,877,915</b>

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

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

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

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

A summary of the terms of general obligation bonds and certificates of obligation, as of September 30, 2022, follows:

Description	Original Issue	Matures	Interest Rates (%)	Balance
<b>General obligation bonds</b>				
Series 2014 General obligation refunding bonds	\$ 21,565,000	2026	2.00-5.00	\$ 4,270,000
Series 2015 General obligation bonds	13,010,000	2035	2.125-4.00	9,490,000
Series 2015 General obligation refunding bonds	9,375,000	2028	2.00-5.00	5,965,000
Series 2016 General obligation refunding bonds	22,745,000	2029	4.00-5.00	14,680,000
Series 2016 General obligation bonds	7,570,000	2036	2.00-4.00	5,295,000
Series 2019 General obligation bonds	13,715,000	2030	3.00-5.00	9,085,000
Series 2019A General obligation refunding bonds	21,600,000	2029	3.00-5.00	14,115,000
Series 2021 General obligation refunding bonds	10,470,000	2041	2.00-5.00	9,574,244
Series 2021A General obligation bonds*	16,500,000	2052	-	16,500,000
Series 2022 General obligation bonds	13,115,000	2042	5.00	13,115,000
Total general obligation bonds				102,089,244
<b>Certificates of obligation</b>				
Series 2013 Tax and revenue certificates of obligation	24,440,000	2033	2.50-4.00	13,725,000
Series 2014 Tax and revenue certificates of obligation	9,980,000	2040	3.25-6.00	8,070,000
Series 2014A Tax and revenue certificates of obligation - taxable	27,130,000	2046	3.125-4.50	24,470,000
Series 2015 Tax and revenue certificates of obligation	15,005,000	2035	3.00-4.00	11,000,000
Series 2016 Tax and revenue certificates of obligation	19,190,000	2036	2.00-4.00	13,430,000
Series 2017 Tax and revenue certificates of obligation	19,060,000	2037	3.00-5.00	14,285,000
Series 2019 Tax and revenue certificates of obligation	20,760,000	2039	3.25-5.00	16,620,000
Series 2019A Tax and revenue certificates of obligation	15,025,000	2039	2.50-4.00	13,895,000
Series 2022 Tax and revenue certificates of obligation - taxable*	27,500,000	2053	-	27,500,000
Total certificates of obligation				142,995,000
<b>Sales tax revenue bonds</b>				
Series 2014 Sales tax revenue refunding bonds	7,375,000	2025	2.00-5.00	2,515,000
Series 2014 Sales tax revenue bonds	38,625,000	2040	3.75-6.75	31,080,000
Series 2021 Sales tax revenue refunding bonds	4,880,000	2038	4.00	4,880,000
Total sales tax revenue bonds				38,475,000
<b>Annexed MUD bonds</b>				
Fort Bend County MUD No. 109				
Series 2015 Unlimited Tax Refunding	4,960,000	2025	2.00-4.00	2,545,000
Fort Bend County MUD No. 117				
Series 2016 Unlimited Tax Refunding	7,645,000	2025	2.00-3.00	3,020,000
Total annexed MUD bonds				5,565,000
<b>Total governmental activities bonds payable</b>				<b>\$ 289,124,244</b>

\* Texas Water Development Board direct placements.

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

The annual requirements to amortize governmental activity general obligation bonds and certificates of obligation outstanding at September 30, 2022, are as follows:

Year Ending September 30,	Governmental Activities					
	General Obligation			Certificates of Obligation		
	Principal <sup>(1)</sup>	Interest	Total	Principal <sup>(2)</sup>	Interest	Total
2023	\$ 12,528,194	\$ 3,347,553	\$ 15,875,747	\$ 6,675,000	\$ 4,254,824	\$ 10,929,824
2024	11,322,807	2,837,501	14,160,308	7,420,000	3,980,186	11,400,186
2025	9,553,243	2,381,375	11,934,618	7,515,000	3,705,643	11,220,643
2026	8,845,000	1,992,509	10,837,509	7,610,000	3,429,277	11,039,277
2027	6,410,000	1,675,875	8,085,875	7,710,000	3,158,733	10,868,733
2028	6,480,000	1,412,275	7,892,275	7,800,000	2,895,525	10,695,525
2029	5,810,000	1,180,350	6,990,350	7,900,000	2,625,857	10,525,857
2030	5,235,000	981,075	6,216,075	7,825,000	2,358,258	10,183,258
2031	3,370,000	830,850	4,200,850	7,920,000	2,102,146	10,022,146
2032	3,300,000	722,125	4,022,125	8,025,000	1,848,712	9,873,712
2033	3,340,000	616,800	3,956,800	8,130,000	1,601,737	9,731,737
2034	3,380,000	512,469	3,892,469	7,015,000	1,380,071	8,395,071
2035	3,415,000	409,269	3,824,269	7,045,000	1,177,537	8,222,537
2036	2,565,000	322,825	2,887,825	6,120,000	986,005	7,106,005
2037	2,210,000	259,000	2,469,000	5,260,000	819,112	6,079,112
2038	2,225,000	200,275	2,425,275	4,405,000	679,717	5,084,717
2039	2,245,000	141,025	2,386,025	4,500,000	552,886	5,052,886
2040	1,585,000	91,375	1,676,375	2,695,000	450,950	3,145,950
2041	1,585,000	51,625	1,636,625	2,105,000	388,055	2,493,055
2042	1,185,000	15,875	1,200,875	2,155,000	335,810	2,490,810
2043	550,000	-	550,000	2,210,000	281,308	2,491,308
2044	550,000	-	550,000	2,270,000	224,440	2,494,440
2045	550,000	-	550,000	2,325,000	165,208	2,490,208
2046	550,000	-	550,000	2,385,000	102,038	2,487,038
2047	550,000	-	550,000	2,455,000	34,538	2,489,538
2048	550,000	-	550,000	920,000	-	920,000
2049	550,000	-	550,000	920,000	-	920,000
2050	550,000	-	550,000	920,000	-	920,000
2051	550,000	-	550,000	920,000	-	920,000
2052	550,000	-	550,000	920,000	-	920,000
2053	-	-	-	920,000	-	920,000
<b>Totals</b>	<b>\$ 102,089,244</b>	<b>\$ 19,982,026</b>	<b>\$122,071,270</b>	<b>\$ 142,995,000</b>	<b>\$ 39,538,573</b>	<b>\$182,533,573</b>

(1) Includes General Obligation Bonds, Series 2021A, issued as a private placement via a 30-year, zero-interest loan through the Texas Water Development Board's Flood Infrastructure Fund. The annual requirements include principal payments of \$550,000 in fiscal years 2023 through 2052.

(2) Includes Certificates of Obligation, Series 2022, issued as a private placement via a 30-year, zero-interest loan through the Texas Water Development Board's Flood Infrastructure Fund. The annual requirements include principal payments of \$915,000 in fiscal years 2024 through 2043, and \$920,000 in fiscal years 2044 through 2053.

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

The annual requirements to amortize governmental activity dissolved utility district bonds outstanding at September 30, 2022, are as follows:

Year Ending September 30,	Governmental Activities		
	Annexed Utility District Bonds		
	Principal	Interest	Total
2023	\$ 1,375,000	\$ 192,400	\$ 1,567,400
2024	2,055,000	147,200	2,202,200
2025	2,135,000	75,050	2,210,050
<b>Totals</b>	<b>\$ 5,565,000</b>	<b>\$ 414,650</b>	<b>\$ 5,979,650</b>

The annual requirements to amortize governmental activity sales tax revenue bonds outstanding payable from sales tax receipts collected by the SLDC at September 30, 2022, are as follows:

Year Ending September 30,	Sugar Land Development Corporation Blended Component Unit		
	Sales Tax Revenue Bonds		
	Principal	Interest	Total
2023	\$ 2,205,000	\$ 1,740,981	\$ 3,945,981
2024	2,295,000	1,617,531	3,912,531
2025	2,400,000	1,486,028	3,886,028
2026	1,590,000	1,377,219	2,967,219
2027	1,650,000	1,286,778	2,936,778
2028	1,715,000	1,192,806	2,907,806
2029	1,790,000	1,099,675	2,889,675
2030	1,860,000	1,007,425	2,867,425
2031	1,935,000	913,537	2,848,537
2032	2,015,000	817,863	2,832,863
2033	2,105,000	718,112	2,823,112
2034	2,190,000	625,668	2,815,668
2035	2,295,000	540,687	2,835,687
2036	2,410,000	449,000	2,859,000
2037	2,530,000	350,200	2,880,200
2038	2,660,000	246,400	2,906,400
2039	2,355,000	146,100	2,501,100
2040	2,475,000	49,500	2,524,500
<b>Totals</b>	<b>\$ 38,475,000</b>	<b>\$ 15,665,510</b>	<b>\$ 54,140,510</b>

**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.

**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, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-type activities:					
Bonds payable:					
Water and wastewater revenue bonds	\$105,715,000	\$ 21,820,000	\$ (7,285,000)	\$120,250,000	\$ 8,410,000
General obligation bonds	80,015,000	-	(3,039,244)	76,975,756	3,226,806
Certificates of obligation	6,470,000	-	(330,000)	6,140,000	340,000
Issuance premiums/discounts	18,106,498	2,362,247	(1,329,134)	19,139,611	-
<b>Total bonds payable, net</b>	<b>210,306,498</b>	<b>24,182,247</b>	<b>(11,983,378)</b>	<b>222,505,367</b>	<b>11,976,806</b>
Other liabilities:					
Compensated absences	551,280	659,212	(620,437)	590,055	10,000
Pension	2,517,513	3,819,035	(5,722,084)	614,464	-
OPEB	1,054,654	55,779	(31,081)	1,079,352	-
<b>Total business-type activities</b>	<b>\$214,429,945</b>	<b>\$ 28,716,273</b>	<b>\$ (18,356,980)</b>	<b>\$224,789,238</b>	<b>\$ 11,986,806</b>

A summary of the terms of certificates of obligation and revenue bonds recorded in the enterprise funds as of September 30, 2022 follows:

Description	Original Issue	Matures	Interest Rates (%)	Balance
Utility Fund				
Series 2013 Water/sewer revenue bonds	\$ 15,765,000	2033	2.50-4.00	\$ 9,860,000
Series 2015 Water/sewer revenue refunding bonds	15,750,000	2035	3.00-5.00	10,525,000
Series 2016 Water/sewer revenue refunding bonds	31,710,000	2036	2.00-5.00	22,195,000
Series 2016 Certificates of obligation	1,620,000	2036	2.00-4.00	1,255,000
Series 2017 Water/sewer revenue bonds	19,780,000	2037	3.00-5.00	16,255,000
Series 2017 General obligation refunding bonds	78,195,000	2041	3.00-5.00	73,640,000
Series 2019 Water/sewer revenue bonds	13,660,000	2039	3.00-5.00	11,770,000
Series 2020 Water/sewer revenue bonds	6,835,000	2039	3.00-5.00	6,240,000
Series 2021 Water/sewer revenue refunding bonds	23,385,000	2041	2.00-5.00	21,585,000
Series 2022 Water/sewer revenue bonds	21,820,000	2042	4.00-5.00	21,820,000
<b>Total Utility Fund</b>				<b>195,145,000</b>
Airport Fund				
Series 2013 Certificates of obligation	\$ 730,000	2033	2.00-4.00	\$ 395,000
Series 2015 Certificates of obligation	1,670,000	2035	3.00-4.00	1,225,000
Series 2015 General obligation refunding bonds	2,820,000	2028	2.00-5.00	1,610,000
Series 2016 General obligation refunding bonds	225,000	2029	4.00-5.00	140,000
Series 2017 Certificates of obligation	2,055,000	2037	3.00-5.00	1,700,000
Series 2019A Certificates of obligation	1,690,000	2039	2.50-4.00	1,565,000
Series 2021 General obligation refunding bonds	2,055,000	2041	2.00-5.00	1,585,756
<b>Total Airport Fund</b>				<b>8,220,756</b>
<b>Total business-type activities bonds payable</b>				<b>\$ 203,365,756</b>

**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, 2022, are as follows:

Year Ending September 30,	Business-Type Activities					
	General Obligation			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 3,226,806	\$ 3,166,786	\$ 6,393,592	\$ 340,000	\$ 205,866	\$ 545,866
2024	3,407,193	3,001,686	6,408,879	345,000	191,741	536,741
2025	3,566,757	2,827,438	6,394,195	360,000	177,116	537,116
2026	3,180,000	2,658,819	5,838,819	370,000	161,919	531,919
2027	3,340,000	2,495,869	5,835,869	385,000	146,957	531,957
2028	3,500,000	2,324,969	5,824,969	400,000	132,654	532,654
2029	3,355,000	2,153,794	5,508,794	410,000	117,882	527,882
2030	3,500,000	1,982,519	5,482,519	430,000	102,566	532,566
2031	3,670,000	1,803,269	5,473,269	440,000	87,611	527,611
2032	3,850,000	1,634,519	5,484,519	455,000	73,263	528,263
2033	4,010,000	1,477,319	5,487,319	465,000	59,047	524,047
2034	4,170,000	1,313,719	5,483,719	440,000	45,163	485,163
2035	4,340,000	1,143,519	5,483,519	460,000	31,522	491,522
2036	4,515,000	966,419	5,481,419	355,000	19,138	374,138
2037	4,705,000	782,019	5,487,019	255,000	9,809	264,809
2038	4,905,000	589,819	5,494,819	115,000	4,456	119,456
2039	5,080,000	412,344	5,492,344	115,000	1,509	116,509
2040	5,245,000	251,016	5,496,016	-	-	-
2041	5,410,000	84,531	5,494,531	-	-	-
<b>Totals</b>	<b>\$ 76,975,756</b>	<b>\$ 31,070,373</b>	<b>\$ 108,046,129</b>	<b>\$ 6,140,000</b>	<b>\$ 1,568,219</b>	<b>\$ 7,708,219</b>

Year Ending September 30,	Business-Type Activities		
	Revenue Bonds		
	Principal	Interest	Total
2023	\$ 8,410,000	\$ 5,041,192	\$ 13,451,192
2024	8,720,000	4,688,725	13,408,725
2025	9,055,000	4,302,425	13,357,425
2026	9,410,000	3,875,638	13,285,638
2027	9,425,000	3,418,463	12,843,463
2028	9,785,000	2,986,488	12,771,488
2029	8,965,000	2,543,575	11,508,575
2030	7,355,000	2,156,225	9,511,225
2031	7,375,000	1,858,675	9,233,675
2032	6,035,000	1,559,125	7,594,125
2033	6,195,000	1,332,600	7,527,600
2034	5,240,000	1,099,338	6,339,338
2035	5,345,000	901,544	6,246,544
2036	4,585,000	700,019	5,285,019
2037	4,215,000	520,231	4,735,231
2038	2,910,000	366,413	3,276,413
2039	2,965,000	262,038	3,227,038
2040	1,585,000	155,550	1,740,550
2041	1,585,000	102,050	1,687,050
2042	1,090,000	43,600	1,133,600
<b>Totals</b>	<b>\$ 120,250,000</b>	<b>\$ 37,913,914</b>	<b>\$ 158,163,914</b>

**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 \$120.3 million in waterworks and sewer system revenue bonds, of which \$21.8 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 2042. 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, 2022 is \$158.2 million. Principal and interest paid during fiscal year 2022 were \$7.3 million and \$4.5 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, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Component Unit:					
Bonds payable:					
Sales tax revenue bonds	\$ 22,115,000	\$ -	\$ (1,840,000)	\$ 20,275,000	\$ 1,260,000
Issuance premiums/discounts	2,146,157	-	(143,077)	2,003,080	-
Total bonds payable, net	24,261,157	-	(1,983,077)	22,278,080	1,260,000
Other liabilities:					
Obligation to State	12,265	-	(2,488)	9,777	2,488
<b>Total component unit</b>	<b>\$ 24,273,422</b>	<b>\$ -</b>	<b>\$ (1,985,565)</b>	<b>\$ 22,287,857</b>	<b>\$ 1,262,488</b>

A summary of the terms of the revenue bonds recorded as long-term liabilities in the Sugar Land 4B Corporation as of September 30, 2022 follows:

Description	Original Issue	Matures	Interest Rates (%)	Balance
Series 2019 Sales tax revenue refunding bonds	\$ 24,725,000	2036	3.00-5.00	\$ 20,275,000
<b>Total component unit long-term debt</b>				<b>\$ 20,275,000</b>

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

The annual requirements to amortize component unit revenue bonds outstanding at September 30, 2022, are as follows:

Year Ending September 30,	Sugar Land 4B Corporation		
	Revenue Bonds		
	Principal	Interest	Total
2023	\$ 1,260,000	\$ 752,900	\$ 2,012,900
2024	1,310,000	701,500	2,011,500
2025	1,375,000	640,925	2,015,925
2026	1,160,000	577,550	1,737,550
2027	1,230,000	517,800	1,747,800
2028	1,300,000	454,550	1,754,550
2029	1,365,000	394,750	1,759,750
2030	1,430,000	338,850	1,768,850
2031	1,490,000	280,450	1,770,450
2032	1,555,000	227,325	1,782,325
2033	1,610,000	179,850	1,789,850
2034	1,670,000	130,650	1,800,650
2035	1,730,000	79,650	1,809,650
2036	1,790,000	26,850	1,816,850
<b>Totals</b>	<b>\$ 20,275,000</b>	<b>\$ 5,303,600</b>	<b>\$ 25,578,600</b>

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

In current and prior years, the City legally defeased certain bonds and certificates of obligation by placing cash and/or proceeds of refunding bond issues in an irrevocable trust to provide for all future debt services payments on the refunded debt. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of September 30, 2022, there were no outstanding balances of defeased bonds.

On August 2, 2022 the City issued General Obligation Bonds, Series 2022, in the par amount of \$13,115,000; and Waterworks & Sewer System Revenue Bonds, Series 2022, in the par amount of \$21,820,000. The General Obligation and Waterworks & Sewer System Revenue bonds closed on August 30, 2022.

Proceeds from the General Obligation bond issuance were used to pay the costs associated with issuance, and will be used for construction, renovation, and/or acquisition of: drainage improvements, street rehabilitation, improvements to facilities, and related infrastructure and equipment.

Proceeds from the Waterworks & Sewer System bond issuance were used to pay the costs associated with issuance, and will be used for wastewater and groundwater treatment plant improvements and rehabilitation, lift station and collection system rehabilitation, well rehabilitation, and related system and infrastructure improvements and rehabilitation.

On August 16, 2022, City Council approved Ordinance No. 22-76, authorizing the issuance of \$27,500,000 in Combination Tax and Revenue Certificates of Obligation, Taxable Series 2022. The certificates of obligation were issued as a private placement to provide funding for stormwater improvements via a 30-year, zero-interest loan through the Texas Water Development Board's Flood Infrastructure Fund. The loan closed on September 20, 2022.

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

On November 2, 2021, the Sugar Land Development Corporation issued Sales Tax Revenue Refunding Bonds, Series 2021, in the par amount of \$4,880,000. The Sales Tax Revenue Refunding Bonds closed on December 2, 2021.

The Sales Tax Revenue Refunding Bonds refunded \$5,350,000 par amount of Sales Tax Revenue Bonds, Series 2013. The refunding transaction yielded a reduction in debt service payments of \$763,356, and an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$608,264 or 11.37% of the refunded bonds.

Proceeds from the Sales Tax Revenue Refunding Bonds bond issuance were used for refunding to achieve debt service savings described above and to pay the costs associated with issuance.

**Bonds Authorized and Unissued**

The following is a schedule of authorized but unissued bonds at September 30, 2022:

	<u>Date of Authorization</u>	<u>Amount Authorized</u>	<u>Issued to Date</u>	<u>Authorized but Unissued</u>
GO Bond projects	11/5/2019	\$ 90,760,000	\$ 41,740,000	\$ 49,020,000

**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 \$4.28 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, 2022 are as follows:

Restricted Fund Balance	Amount	Purpose
Debt Service Fund	<u>\$ 8,194,949</u>	Debt service activities
Capital Projects Fund	<u>\$ 79,117,839</u>	Construction and acquisition of capital assets
Nonmajor governmental funds	\$ 185,145	General government activities
	6,022,347	Debt service activities
	12,662,854	Economic development activities
	503,762	Public safety
	1,714,474	Tourism and marketing
	<u>143,092</u>	Environmental and neighborhood services
	<u>\$ 21,231,674</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	\$ 275,691	\$ 399,712
Administrative service	10,464	31,804
Public works	316,293	106,784
Parks and recreation	1,759	48,576
Community development	57,748	60,140
Environmental and neighborhood services	116,068	205,336
Public safety - Police	-	107,065
Public safety - Dispatch	-	185
Public safety - Fire	-	169,320
	<u>\$ 778,023</u>	<u>\$ 1,128,922</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, 2022 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	460,000	Funding for capital projects
Debt Service Fund	Tourism Fund	1,342,343	HOT transfer for Marriott Conf. Center, TIRZ#4 Plaza & Smart Financial Center debts
	Utility Fund	4,280,258	100% of water/wastewater debt on assumed MUD debt
	Enclave at River Park PID - Special Revenue Fund	114,413	PID debt service
		<u>5,737,014</u>	
Airport Fund	General Fund	175,242	Transfer of property taxes collected on Airport v alue
	Sugar Land Development Corporation	50,000	SLDC transfer to Airport for international marketing
	Debt Service Fund	115,498	Transfer of property taxes collected on Airport v alue
		<u>340,740</u>	
Animal Shelter Donations - Special Revenue Fund	General Fund	84,114	Transfer of previous year donations
Enclave at River Park PID - Special Revenue	Debt Service Fund	32,719	City Contribution of 50% of property tax in PID
	General Fund	52,711	
		<u>85,430</u>	
Utility Fund	Enclave at River Park PID - Special Revenue Fund	42,081	PID debt service
	<b>Totals</b>	<u>\$ 7,049,379</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 901 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](http://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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	320
Inactive employees entitled to but not yet receiving benefits	348
Active employees	793
	1,461
	1,461

**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 14.43% and 14.35% in calendar years 2021 and 2022, respectively. For fiscal year 2022, the City made contributions of \$8,652,840, which were equal to the required contributions.

**Net Pension Liability**

The City's net pension liability was measured as of December 31, 2021, 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, 2021 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. 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 public equity	35%	7.55%
Core fixed income	6%	2.00%
Non-core fixed income	20%	5.68%
Other public and private markets	12%	7.22%
Real estate	12%	6.85%
Hedge funds	5%	5.35%
Private equity	10%	10.00%
<b>Total</b>	<b>100%</b>	

#### 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, 2020	\$ 294,322,937	\$ 273,655,975	\$ 20,666,962
Changes for the year:			
Service cost	10,217,918	-	10,217,918
Interest	19,862,938	-	19,862,938
Difference between expected and actual experience	2,275,861	-	2,275,861
Changes in assumptions	-	-	-
Employer contributions	-	8,346,084	(8,346,084)
Employee contributions	-	4,048,693	(4,048,693)
Net investment income	-	35,724,644	(35,724,644)
Benefit payments, including refunds of employee contributions	(10,332,299)	(10,332,299)	-
Administrative expense	-	(165,067)	165,067
Other changes	-	1,131	(1,131)
Net changes	<u>22,024,418</u>	<u>37,623,186</u>	<u>(15,598,768)</u>
<b>Balance at December 31, 2021</b>	<u><u>\$ 316,347,355</u></u>	<u><u>\$ 311,279,161</u></u>	<u><u>\$ 5,068,194</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	\$ 53,855,425	\$ 5,068,194	\$ (34,656,075)

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

**Pension Plan Fiduciary Net Position**

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

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

For the year ended September 30, 2022, the City recognized pension expense of \$2,358,632.

At September 30, 2022, 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	\$ 2,691,532	\$ 1,086,211
Changes in actuarial assumptions used	340,645	-
Differences between projected and actual investment earnings	-	18,345,015
Contributions subsequent to the measurement date	6,330,406	-
<b>Totals</b>	<b>\$ 9,362,583</b>	<b>\$ 19,431,226</b>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$6,330,406 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2022 (i.e. recognized in the City's fiscal year 2023 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
2023	\$ (3,070,783)
2024	(7,313,190)
2025	(3,377,004)
2026	(2,910,533)
2027	272,461
<b>Totals</b>	<b>\$ (16,399,049)</b>

**Note 10. Other Postemployment Benefits Plans**

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

**Plan Descriptions**

TMRS Supplemental Death Benefits Fund (SDBF)

The City participates in the single-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 0.04% in calendar year 2021 and 0.04% in calendar year 2022. The City's contributions to the SDBF for fiscal year 2022 were \$24,084, which 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, 2021. The actuarial valuation date for the SDBF was December 31, 2021, and the valuation for RHCP was performed as of December 31, 2020 and update procedures were performed to roll forward the total OPEB liability to December 31, 2021. The total OPEB liabilities reported in the City's September 30, 2022 financial statements were as follows:

SDBF	\$ 2,478,593
RHCP	<u>6,351,581</u>
	<u>\$ 8,830,174</u>

Membership in the plans as of the measurement date of December 31, 2021 was as follows:

	<u>SDBF</u>	<u>RHCP</u>
Inactive plan members or beneficiaries currently receiving benefits	242	8
Inactive plan members entitled to but not yet receiving benefits	111	-
Active employees	<u>793</u>	<u>761</u>
<b>Total plan members</b>	<u><u>1,146</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	1.84% - based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

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	\$ 143,510	\$ 435,924
Interest	47,037	129,280
Changes in benefit terms	-	-
Difference between expected and actual experience	(63,422)	76,280
Changes in assumptions or other inputs	82,843	(445,815)
Benefit payments	(22,962)	(180,231)
<b>Net changes</b>	<b>187,006</b>	<b>15,438</b>
Total OPEB liability - beginning	2,291,587	6,336,143
<b>Total OPEB liability - ending</b>	<b>\$ 2,478,593</b>	<b>\$ 6,351,581</b>

**Sensitivity Analysis**

The following presents the City's total OPEB liabilities calculated using the discount rate of 1.84%, as well as what the liabilities would be if they were calculated using a discount rate that is 1 percentage point lower (0.84%) or 1 percentage point higher (2.84%) than the current rate.

	1% Decrease to 0.84%	Current Discount Rate Assumption 1.84%	1% Increase to 2.84%
SDBF	\$ 3,087,420	\$ 2,478,593	\$ 2,012,657
RHCP	6,933,205	6,351,581	5,814,676

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	\$ 5,532,715	\$ 6,351,581	\$ 7,334,052

**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, 2022, the City recognized OPEB expense of \$270,794 relating to the SDBF plan and OPEB expense of \$645,429 relating to the RHCP plan. Total OPEB expense for the two plans was \$916,223.

As of September 30, 2022, 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	\$ -	\$ 119,265	\$ 300,841	\$ 2,237
Changes in assumptions and other inputs	497,458	-	585,460	401,171
Contributions subsequent to the measurement date	17,646	-	114,855	-
<b>Total</b>	<b>\$ 515,104</b>	<b>\$ 119,265</b>	<b>\$ 1,001,156</b>	<b>\$ 403,408</b>

Total OPEB deferred outflows: \$ 1,516,260  
Total OPEB deferred inflows: \$ 522,673

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, 2023.

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
2023	\$ 80,247	\$ 80,225
2024	80,247	80,225
2025	73,999	80,225
2026	70,374	80,225
2027	60,558	80,225
Thereafter	12,768	81,768
<b>Totals</b>	<b>\$ 378,193</b>	<b>\$ 482,893</b>

**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, 2022, were approximately \$4.3 million. Estimated payments for the year ending September 30, 2023 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 \$1.2 million from the participating MUDs and Fort Bend County in the year ended September 30, 2022, in connection with these agreements.

**Note 12. Lease Agreements**

The City is a lessor in noncancelable lease agreements for certain facilities and properties. With certain exclusions, the present value of future minimum lease payments as of September 30, 2022, is recorded as lease receivable in the government-wide and fund financial statements. Inflows of resources from lease agreements which are included in the measurement of the lease receivable balance as of September 30, 2022, are as follows:

	Lease Revenue - Base	Lease Revenue - Variable	Interest Revenue	Total Inflows of Resources
Included in lease receivable:				
Primary government:				
Smart Financial Centre at Sugar Land	\$ 1,523,989	\$ 252,736	\$ 629,289	\$ 2,406,014
Other	27,440	-	190	27,630
	<u>\$ 1,551,429</u>	<u>\$ 252,736</u>	<u>\$ 629,479</u>	<u>\$ 2,433,644</u>
Component unit - Sugar Land 4b Corporation:				
Sugar Land Baseball, LLC	\$ 65,736	-	\$ 25,340	\$ 91,076

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

### Notes to the Financial Statements

For lease agreements which are included in the balance of lease receivable, lease revenue – base represents revenue recognized on a straight-line basis over the applicable term of the agreement. Variable payments above the base amount are not included in the measurement of the lease receivable.

The City is also a lessor under certain regulated leases, which are excluded from the measurement of the lease receivable balance. For the year ended September 30, 2022, inflows of resources (revenues) from regulated leases were \$1,715,491.

See below for further information regarding selected 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.

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 participation rent in the fiscal year ended September 30, 2022. The City received \$176,954 for its 20% share of parking revenue and \$75,782 in capital fund contributions from ATG in the fiscal year ended September 30, 2022.

#### **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.

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

### Notes to the Financial Statements

The base annual rent of \$80,000 is due to the City January 1<sup>st</sup> each lease year. 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 2022, the City received \$0 in addition to the base rent.

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

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

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

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

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

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

#### **Regulated Leases**

The City, through the Regional Airport, is a lessor in regulated leases for airport hangars, characterized as aeronautical agreements. The leased hangars are subject to preferential or exclusive use by the lease counterparties.

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

Expected future minimum payments under these agreements are as follows:

Year	Expected Minimum Payment
2023	\$ 565,488
2024	576,265
2025	558,992
2026	522,108
2027	465,841
2028-2032	2,410,436
2033-2037	2,192,597
2038-2042	2,083,689
2043-2047	1,870,264
2048-2052	556,278
	\$ 11,801,958

**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
2023	\$ 680,226
2024	370,226
2025	340,226
2026	340,226
2027	75,226
2028	30,226
2029	30,226
2030	30,226
<b>Totals</b>	<b>\$ 1,896,808</b>

**Litigation and Other Contingencies**

The City was involved in various lawsuits and arbitration proceedings at September 30, 2022. 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.

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

### Notes to the Financial Statements

#### **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, 2022.

#### **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 \$1,250,000 from GCWA with payment of \$250,000 in fiscal year 2022.

#### **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, 2022, the City believed the amounts paid on Workers' Compensation would not change significantly from the amounts recorded.

**Employee Benefits Fund**

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

The City has obtained excess loss insurance which limits the City's aggregate claims responsibility at 120% of expected claims and sets a deductible of \$175,000 annually for any individual, with the exception of one known catastrophic claimant which was issued a "laser" deductible of \$400,000 each for the plan year.

Settled claims did not exceed insurance coverages in fiscal year 2022. Estimates of claims payable and of claims incurred, but not reported at September 30, 2022, 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, 2022. 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.

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

### Notes to the Financial Statements

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

Currently, the City has 7 active tax abatement agreements under contract for tax year 2021. These companies comprise \$246 million in real and personal property values. They also provide \$30 million in inventory values not subject to tax abatement. In tax year 2021, the City abated \$130.3 million in improvements and personal property value, and the revenue received for real and personal property from these companies was \$392,072 for tax year 2021.

#### **Note 16. Subsequent Events**

Subsequent to the end of the fiscal year, the City issued several series of bonds. General Obligation Series 2022A in the par amount of \$27,790,000 and Water and Sewer System Revenue Bonds in the par amount of \$ 15,555,000 issued on November 15, 2022 and closed on December 15, 2022. On January 17, 2023 the City issued Certificates of Obligation Series 2023 in the par amount of \$6,235,000. The issue closed on February 15, 2023.



## **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, 2022

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 34,164,356	\$ 33,805,166	\$ 33,743,852	\$ (61,314)
Sales tax	39,273,423	46,209,078	48,250,933	2,041,855
Franchise and other taxes	6,274,495	6,144,476	6,240,654	96,178
Licenses and permits	3,628,653	3,374,035	3,470,579	96,544
Fines and forfeitures	1,590,504	1,178,901	1,195,861	16,960
Charges for services	11,194,444	11,081,113	11,041,160	(39,953)
Investment earnings	150,025	91,616	(429,125)	(520,741)
Intergovernmental	1,129,289	3,120,933	3,683,713	562,780
Other	743,322	917,493	1,231,838	314,345
Total revenues	98,148,511	105,922,811	108,429,465	2,506,654
<b>EXPENDITURES</b>				
Current:				
General government	20,121,681	24,676,238	19,865,571	4,810,667
Administrative services	5,339,419	4,496,150	4,398,780	97,370
Public safety - Police	24,681,559	24,252,938	23,848,645	404,293
Public Safety - Dispatch	2,969,139	2,966,815	2,907,956	58,859
Public safety - Fire	18,129,137	18,457,004	17,739,029	717,975
Public works	14,566,381	14,239,368	13,472,544	766,824
Parks and recreation	5,366,332	5,658,292	5,662,215	(3,923)
Community development	6,132,345	6,185,277	5,526,198	659,079
Environmental and neighborhood services	6,833,787	8,444,420	7,208,678	1,235,742
Total expenditures	104,139,780	109,376,502	100,629,616	8,746,886
Excess (deficiency) of revenues over expenditures	(5,991,269)	(3,453,691)	7,799,849	11,253,540
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	300,000	300,000	300,000	-
Transfers out	(151,550)	(945,835)	(772,067)	(173,768)
Total other financing sources (uses)	148,450	(645,835)	(472,067)	(173,768)
Net change in fund balance	(5,842,819)	(4,099,526)	7,327,782	11,079,772
Fund balances, beginning of year	49,059,384	49,059,384	49,059,384	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 43,216,565</b>	<b>\$ 44,959,858</b>	<b>\$ 56,387,166</b>	<b>\$ 11,079,772</b>

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



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

Notes to the Required Supplementary Information  
For the Fiscal Year Ended September 30, 2022

### **Budgetary Compliance**

The City of Sugar Land has complied with all material budget requirements for the year ended September 30, 2022.

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 Eight Measurement Years Ended December 31\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 10,217,918	\$ 10,345,462	\$ 9,691,514	\$ 9,388,573
Interest	19,862,938	18,475,352	17,163,025	15,982,991
Differences between expected and actual experience	2,275,861	1,056,187	(822,166)	(1,631,866)
Changes in assumptions	-	-	684,730	-
Benefit payments, including refunds of employee contributions	<u>(10,332,299)</u>	<u>(8,180,493)</u>	<u>(7,023,908)</u>	<u>(5,794,458)</u>
Net change in total pension liability	22,024,418	21,696,508	19,693,195	17,945,240
Total pension liability - beginning	<u>294,322,937</u>	<u>272,626,429</u>	<u>252,933,234</u>	<u>234,987,994</u>
<b>TOTAL PENSION LIABILITY - ENDING (a)</b>	<u>\$ 316,347,355</u>	<u>\$ 294,322,937</u>	<u>\$ 272,626,429</u>	<u>\$ 252,933,234</u>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - employer	\$ 8,346,084	\$ 8,464,705	\$ 7,950,423	\$ 7,856,693
Contributions - employee	4,048,693	4,059,318	3,765,424	3,634,956
Net investment income	35,724,644	19,029,622	32,960,678	(6,409,298)
Benefit payments, including refunds of employee contributions	(10,332,299)	(8,180,493)	(7,023,908)	(5,794,458)
Administrative expense	(165,067)	(122,994)	(186,022)	(123,770)
Other	<u>1,131</u>	<u>(4,799)</u>	<u>(5,589)</u>	<u>(6,466)</u>
Net change in plan fiduciary net position	37,623,186	23,245,359	37,461,006	(842,343)
Plan fiduciary net position - beginning	<u>273,655,975</u>	<u>250,410,616</u>	<u>212,949,610</u>	<u>213,791,953</u>
<b>PLAN FIDUCIARY NET POSITION - ENDING (b)</b>	<u>\$ 311,279,161</u>	<u>\$ 273,655,975</u>	<u>\$ 250,410,616</u>	<u>\$ 212,949,610</u>
<b>NET PENSION LIABILITY - ENDING (a)-(b)</b>	<u>\$ 5,068,194</u>	<u>\$ 20,666,962</u>	<u>\$ 22,215,813</u>	<u>\$ 39,983,624</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	98.40%	92.98%	91.85%	84.19%
<b>Covered payroll</b>	\$ 57,404,032	\$ 57,990,258	\$ 53,752,159	\$ 51,927,946
<b>Net pension liability as a percentage of covered payroll</b>	8.83%	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:

	<u>2014</u>	<u>2015 - 2021</u>
Measurement years:		
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, eight 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).

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

**City of Sugar Land, Texas**

Schedule of the City's Contributions  
Texas Municipal Retirement System  
For the Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 8,652,840	\$ 8,297,688	\$ 8,106,158	\$ 7,917,557	\$ 7,828,102
Contributions in relation to the actuarially determined contribution	<u>(8,652,840)</u>	<u>(8,297,688)</u>	<u>(8,106,158)</u>	<u>(7,917,557)</u>	<u>(7,828,102)</u>
<b>CONTRIBUTIONS DEFICIENCY (EXCESS)</b>	<u>\$ -</u>				
Covered payroll	\$ 60,208,808	\$ 57,320,934	\$ 55,364,242	\$ 53,277,303	\$ 51,481,994
Contributions as a percentage of covered payroll	14.4%	14.5%	14.6%	14.9%	15.2%

**Notes to Required Supplementary Information**

Valuation date Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24 years (longest amortization ladder)
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generation basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information: There were no benefit changes during the year.

<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
\$ 7,371,464	\$ 7,182,639	\$ 6,731,282	\$ 6,051,096	\$ 5,646,329
(7,371,464)	(7,182,639)	(6,731,282)	(6,051,096)	(5,646,329)
<u>\$ -</u>				
\$ 49,279,670	\$ 48,031,610	\$ 43,906,341	\$ 39,133,715	\$ 36,193,853
15.0%	15.0%	15.3%	15.5%	15.6%

# City of Sugar Land, Texas

## Schedule of Changes in Total OPEB Liabilities

### and Related Ratios

For the Last Five Measurement Years Ended December 31\*

Supplemental Death Benefits Fund (SDBF)	2021	2020	2019	2018	2017
<b>TOTAL OPEB LIABILITY</b>					
Service cost	\$ 143,510	\$ 121,780	\$ 80,628	\$ 88,278	\$ 75,080
Interest	47,037	51,763	53,760	48,529	45,918
Change of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(63,422)	(39,215)	(39,591)	(26,653)	-
Changes in assumptions	82,843	338,761	323,442	(118,129)	128,880
Benefit payments	(22,962)	(5,799)	(5,375)	(5,193)	(5,005)
Net change in total OPEB liability	187,006	467,290	412,864	(13,168)	244,873
Total OPEB liability - beginning	2,291,587	1,824,297	1,411,433	1,424,601	1,179,728
<b>TOTAL OPEB LIABILITY - ENDING</b>	<b>\$ 2,478,593</b>	<b>\$ 2,291,587</b>	<b>\$ 1,824,297</b>	<b>\$ 1,411,433</b>	<b>\$ 1,424,601</b>
<b>Covered-employee payroll</b>	<b>\$ 57,404,032</b>	<b>\$ 57,990,258</b>	<b>\$ 53,752,159</b>	<b>\$ 51,927,946</b>	<b>\$ 50,053,408</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>4.32%</b>	<b>3.95%</b>	<b>3.39%</b>	<b>2.72%</b>	<b>2.85%</b>

Retiree Health Care Plan (RHCP)	2021	2020	2019	2018	2017
<b>TOTAL OPEB LIABILITY</b>					
Service cost	\$ 435,924	\$ 367,876	\$ 290,583	\$ 283,352	\$ 226,834
Interest	129,280	151,305	182,637	143,990	146,451
Change of benefit terms	-	-	-	-	-
Difference between expected and actual experience	76,280	137,438	15,885	186,156	(4,427)
Changes in assumptions	(445,815)	429,497	169,233	42,490	194,701
Benefit payments	(180,231)	(136,099)	(99,515)	(74,311)	(96,770)
Net change in total OPEB liability	15,438	950,017	558,823	581,677	466,789
Total OPEB liability - beginning	6,336,143	5,386,126	4,827,303	4,245,626	3,778,837
<b>TOTAL OPEB LIABILITY - ENDING</b>	<b>\$ 6,351,581</b>	<b>\$ 6,336,143</b>	<b>\$ 5,386,126</b>	<b>\$ 4,827,303</b>	<b>\$ 4,245,626</b>
<b>Covered-employee payroll</b>	<b>\$ 57,993,537</b>	<b>\$ 58,141,056</b>	<b>\$ 53,752,159</b>	<b>\$ 51,927,946</b>	<b>\$ 50,053,408</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>10.95%</b>	<b>10.90%</b>	<b>10.02%</b>	<b>9.30%</b>	<b>8.48%</b>

#### Notes to Required Supplementary Information

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

Year	Discount Rate
2021	1.84%
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, five 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.

**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, 2022

	Tourism Fund	Court Security Fund	Court Technology Fund	Law Enforcement Grant Fund	Debt Reduction Funds
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 9,006	\$ -	\$ -	\$ -	\$ -
Receivables (net of allowance for uncollectibles)	689,267	16	45	568	45,894
Inventories	8,746	-	-	-	-
Prepaid items	-	-	-	-	-
Restricted cash and cash equivalents	562,110	9,603	30,813	378,534	1,456,754
Restricted investments	492,466	-	-	-	699,173
Total assets	<u>\$ 1,761,595</u>	<u>\$ 9,619</u>	<u>\$ 30,858</u>	<u>\$ 379,102</u>	<u>\$ 2,201,821</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 37,836	\$ -	\$ -	\$ -	\$ -
Accrued expenditures	539	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	38,375	-	-	-	-
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories	8,746	-	-	-	-
Prepaid items	-	-	-	-	-
Restricted for:					
General government	-	-	-	-	-
Debt service	-	-	-	-	2,201,821
Economic development activities	-	-	-	-	-
Public safety	-	9,619	30,858	379,102	-
Tourism and marketing	1,714,474	-	-	-	-
Environmental and neighborhood services	-	-	-	-	-
Total fund balances	<u>1,723,220</u>	<u>9,619</u>	<u>30,858</u>	<u>379,102</u>	<u>2,201,821</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 1,761,595</u>	<u>\$ 9,619</u>	<u>\$ 30,858</u>	<u>\$ 379,102</u>	<u>\$ 2,201,821</u>

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
\$ -	\$ -	\$ 82,415	\$ 1,648	\$ -	\$ -	\$ -	\$ 93,069
1,399,404	29,384	118	2	201	42,783	40,403	2,248,085
-	-	-	-	-	-	-	8,746
4,600	-	-	-	-	-	-	4,600
5,874,251	60,683	-	-	142,891	144,872	4,663,299	13,323,810
9,171,014	-	-	-	-	-	6,149,998	16,512,651
<u>\$ 16,449,269</u>	<u>\$ 90,067</u>	<u>\$ 82,533</u>	<u>\$ 1,650</u>	<u>\$ 143,092</u>	<u>\$ 187,655</u>	<u>\$ 10,853,700</u>	<u>\$ 32,190,961</u>
\$ 22,057	\$ 3,822	\$ -	\$ -	\$ -	\$ 2,510	\$ -	\$ 66,225
-	-	-	-	-	-	-	539
-	-	-	-	-	-	10,853,700	10,853,700
22,057	3,822	-	-	-	2,510	10,853,700	10,920,464
-	25,477	-	-	-	-	-	25,477
-	25,477	-	-	-	-	-	25,477
-	-	-	-	-	-	-	8,746
4,600	-	-	-	-	-	-	4,600
-	-	-	-	-	185,145	-	185,145
3,759,758	60,768	-	-	-	-	-	6,022,347
12,662,854	-	-	-	-	-	-	12,662,854
-	-	82,533	1,650	-	-	-	503,762
-	-	-	-	-	-	-	1,714,474
-	-	-	-	143,092	-	-	143,092
<u>16,427,212</u>	<u>60,768</u>	<u>82,533</u>	<u>1,650</u>	<u>143,092</u>	<u>185,145</u>	<u>-</u>	<u>21,245,020</u>
<u>\$ 16,449,269</u>	<u>\$ 90,067</u>	<u>\$ 82,533</u>	<u>\$ 1,650</u>	<u>\$ 143,092</u>	<u>\$ 187,655</u>	<u>\$ 10,853,700</u>	<u>\$ 32,190,961</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, 2022

	Tourism Fund	Court Security Fund	Court Technology Fund	Law Enforcement Grant Fund	Debt Reduction Funds
<b>REVENUES</b>					
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	2,283,832	-	-	-	-
Fines and forfeitures	-	36,900	31,634	-	-
Investment earnings	1,199	53	198	2,465	(33,668)
Intergovernmental	-	-	-	-	450,980
Other	29,031	-	-	232,633	-
<b>Total revenues</b>	<b>2,314,062</b>	<b>36,953</b>	<b>31,832</b>	<b>235,098</b>	<b>417,312</b>
<b>EXPENDITURES</b>					
Current:					
General government	519,873	-	-	-	-
Administrative services	-	28,188	23,590	-	-
Public safety - Police	-	-	-	23,996	-
Environmental and neighborhood services	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Capital outlay	-	-	-	4,800	-
<b>Total expenditures</b>	<b>519,873</b>	<b>28,188</b>	<b>23,590</b>	<b>28,796</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	1,794,189	8,765	8,242	206,302	417,312
<b>OTHER FINANCING SOURCES (USES)</b>					
Refunding bonds issued	-	-	-	-	-
Premium on debt issued	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(1,342,343)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(1,342,343)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	451,846	8,765	8,242	206,302	417,312
Fund balances, beginning of year	1,271,374	854	22,616	172,800	1,784,509
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 1,723,220</b>	<b>\$ 9,619</b>	<b>\$ 30,858</b>	<b>\$ 379,102</b>	<b>\$ 2,201,821</b>

Sugar Land Development Corporation Fund	Enclave at River Park PID	Tuancy Prevention Fund	Jury Services	Animal Services Donations	Public Education and Government Fund	American Rescue Plan Act Fund	Total Nonmajor Governmental Funds
\$ 8,041,822	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,041,822
-	65,892	-	-	-	178,389	-	2,528,113
-	-	34,663	693	-	-	-	103,890
(173,912)	551	513	10	501	954	-	(201,136)
1,300,000	-	-	-	-	-	-	1,750,980
-	-	-	-	14,745	-	-	276,409
9,167,910	66,443	35,176	703	15,246	179,343	-	12,500,078
1,111,596	-	-	-	-	84,715	-	1,716,184
676,176	50	-	-	-	-	-	728,004
-	-	-	-	-	-	-	23,996
-	-	-	-	7,383	-	-	7,383
2,140,000	-	-	-	-	-	-	2,140,000
1,798,582	-	-	-	-	-	-	1,798,582
165,703	-	-	-	-	-	-	165,703
122,622	-	-	-	11,465	27,706	-	166,593
6,014,679	50	-	-	18,848	112,421	-	6,746,445
3,153,231	66,393	35,176	703	(3,602)	66,922	-	5,753,633
4,880,000	-	-	-	-	-	-	4,880,000
670,296	-	-	-	-	-	-	670,296
(5,461,722)	-	-	-	-	-	-	(5,461,722)
-	85,430	-	-	84,114	-	-	169,544
(50,000)	(156,494)	-	-	-	-	-	(1,548,837)
38,574	(71,064)	-	-	84,114	-	-	(1,290,719)
3,191,805	(4,671)	35,176	703	80,512	66,922	-	4,462,914
13,235,407	65,439	47,357	947	62,580	118,223	-	16,782,106
<u>\$ 16,427,212</u>	<u>\$ 60,768</u>	<u>\$ 82,533</u>	<u>\$ 1,650</u>	<u>\$ 143,092</u>	<u>\$ 185,145</u>	<u>\$ -</u>	<u>\$ 21,245,020</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, 2022

With Comparative Actual Totals for the Year Ended September 30, 2021

	2022			2021
	Budget Final	Actual	Variance Positive (Negative)	
<b>REVENUES</b>				
Property taxes	\$ 22,193,875	\$ 22,076,936	\$ (116,939)	\$ 21,022,051
Investment earnings	21,964	27,738	5,774	4,038
Other	2,005,153	2,153,487	148,334	1,770,955
Total revenues	24,220,992	24,258,161	37,169	22,797,044
<b>EXPENDITURES</b>				
Current:				
Administrative services	1,814,726	1,684,235	130,491	1,676,038
Debt service:				
Principal	18,909,359	18,909,359	-	20,829,611
Interest and other charges	8,026,078	8,016,891	9,187	8,379,952
Bond issuance costs	42,500	37,675	4,825	41,168
Total expenditures	28,792,663	28,648,160	144,503	30,926,769
Excess (deficiency) of revenues over expenditures	(4,571,671)	(4,389,999)	181,672	(8,129,725)
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	-	-	-	1,260,000
Premium on debt issued	-	8,074	8,074	122,156
Payment to refunded bond escrow agent	-	-	-	(1,382,156)
Transfers in	5,737,014	5,737,014	-	7,319,344
Transfers out	(141,195)	(148,217)	7,022	(92,094)
Total other financing sources (uses)	5,595,819	5,596,871	15,096	7,227,250
Net change in fund balance	1,024,148	1,206,872	196,768	(902,475)
Fund balance, beginning of year	6,988,077	6,988,077	-	7,890,552
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 8,012,225</b>	<b>\$ 8,194,949</b>	<b>\$ 196,768</b>	<b>\$ 6,988,077</b>

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Tourism Fund

For the Fiscal Year Ended September 30, 2022

With Comparative Actual Totals for the Year Ended September 30, 2021

	<b>2022</b>			<b>2021</b>
	<b>Budget Final</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	
<b>REVENUES</b>				
Franchise and other taxes	\$ 2,074,951	\$ 2,283,832	\$ 208,881	\$ 1,503,816
Investment earnings	250	1,199	949	100
Intergovernmental	-	-	-	-
Other	32,600	29,031	(3,569)	24,727
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	2,107,801	2,314,062	206,261	1,528,643
<b>EXPENDITURES</b>				
Current:				
General government	674,414	519,873	154,541	438,402
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	674,414	519,873	154,541	438,402
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	1,433,387	1,794,189	360,802	1,090,241
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,342,343)	(1,342,343)	-	(1,341,100)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(1,342,343)	(1,342,343)	-	(1,341,100)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	91,044	451,846	360,802	(250,859)
Fund balance, beginning of year	1,271,374	1,271,374	-	1,522,233
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,362,418</b>	<b>\$ 1,723,220</b>	<b>\$ 360,802</b>	<b>\$ 1,271,374</b>

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Court Security Fund

For the Fiscal Year Ended September 30, 2022

With Comparative Actual Totals for the Year Ended September 30, 2021

	<b>2022</b>			<b>2021</b>
	<b>Budget Final</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	
<b>REVENUES</b>				
Fines and forfeitures	\$ 34,527	\$ 36,900	\$ 2,373	\$ 29,467
Investment earnings	5	53	48	-
Total revenues	34,532	36,953	2,421	29,467
<b>EXPENDITURES</b>				
Current:				
Administrative services	32,732	28,188	4,544	43,420
Total expenditures	32,732	28,188	4,544	43,420
Net change in fund balance	1,800	8,765	6,965	(13,953)
Fund balance, beginning of year	854	854	-	14,807
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 2,654</b>	<b>\$ 9,619</b>	<b>\$ 6,965</b>	<b>\$ 854</b>

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Court Technology Fund

For the Fiscal Year Ended September 30, 2022

With Comparative Actual Totals for the Year Ended September 30, 2021

	<b>2022</b>			<b>2021</b>
	<b>Budget Final</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ 9,006
Total revenues	-	-	-	9,006
<b>EXPENDITURES</b>				
Current:				
General government	16,038	-	16,038	-
Capital outlay	269	-	269	9,006
Total expenditures	16,307	-	16,307	9,006
Net change in fund balance	(16,307)	-	16,307	-
Fund balance, beginning of year	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ (16,307)</b>	<b>\$ -</b>	<b>\$ 16,307</b>	<b>\$ -</b>

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Law Enforcement Grant Fund

For the Fiscal Year Ended September 30, 2022

With Comparative Actual Totals for the Year Ended September 30, 2021

	<b>2022</b>			<b>2021</b>
	<b>Budget Final</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	
<b>REVENUES</b>				
Fines and forfeitures	\$ 28,407	\$ 31,634	\$ 3,227	\$ 26,310
Investment earnings	10	198	188	7
Total revenues	28,417	31,832	3,415	26,317
<b>EXPENDITURES</b>				
Current:				
Administrative services	35,295	23,590	11,705	17,819
Total expenditures	35,295	23,590	11,705	17,819
Net change in fund balance	(6,878)	8,242	15,120	8,498
Fund balance, beginning of year	22,616	22,616	-	14,118
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 15,738</b>	<b>\$ 30,858</b>	<b>\$ 15,120</b>	<b>\$ 22,616</b>

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Debt Reduction Funds

For the Fiscal Year Ended September 30, 2022

With Comparative Actual Totals for the Year Ended September 30, 2021

	<b>2022</b>			<b>2021</b>
	<b>Budget Final</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	
<b>REVENUES</b>				
Investment earnings	\$ 80	\$ 2,465	\$ 2,385	\$ 53
Other	213,035	232,633	19,598	19,203
Total revenues	213,115	235,098	21,983	19,256
<b>EXPENDITURES</b>				
Current:				
Public safety - Police	23,996	23,996	-	-
Capital outlay	16,035	4,800	11,235	393,965
Total expenditures	40,031	28,796	11,235	393,965
Net change in fund balance	173,084	206,302	33,218	(374,709)
Fund balance, beginning of year	172,800	172,800	-	547,509
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 345,884</b>	<b>\$ 379,102</b>	<b>\$ 33,218</b>	<b>\$ 172,800</b>

**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, 2022

With Comparative Actual Totals for the Year Ended September 30, 2021

	<b>2022</b>			<b>2021</b>
	<b>Budget Final</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	
<b>REVENUES</b>				
Sales tax	\$ 7,701,513	\$ 8,041,822	\$ 340,309	\$ 7,029,877
Investment earnings	15,000	(173,912)	(188,912)	3,958
Intergovernmental	1,300,000	1,300,000	-	1,375,000
Total revenues	9,016,513	9,167,910	151,397	8,408,835
<b>EXPENDITURES</b>				
Current:				
General government	3,717,073	1,111,596	2,605,477	1,216,717
Administrative services	685,207	676,176	9,031	693,602
Debt service:				
Principal	2,140,000	2,140,000	-	2,055,000
Interest and other charges	1,887,140	1,798,582	88,558	2,000,721
Bond issuance costs	165,703	165,703	-	-
Capital outlay	716,736	122,622	594,114	102,628
Total expenditures	9,311,859	6,014,679	3,297,180	6,068,668
Excess (deficiency) of revenues over expenditures	(295,346)	3,153,231	3,448,577	2,340,167
<b>OTHER FINANCING SOURCES (USES)</b>				
Certificates of obligation issued	4,880,000	4,880,000	-	-
Premium on debt issued	670,296	670,296	-	-
Payment to refunded bond escrow agent	(5,461,720)	(5,461,722)	(2)	-
Transfers out	(50,000)	(50,000)	-	(50,000)
Total other financing sources (uses)	38,576	38,574	(2)	(50,000)
Net change in fund balance	(256,770)	3,191,805	3,448,575	2,290,167
Fund balance, beginning of year	13,235,407	13,235,407	-	10,945,240
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 12,978,637</b>	<b>\$ 16,427,212</b>	<b>\$ 3,448,575</b>	<b>\$ 13,235,407</b>

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Enclave at River Park PID

For the Fiscal Year Ended September 30, 2022

With Comparative Actual Totals for the Year Ended September 30, 2021

	2022			2021
	Budget Final	Actual	Variance Positive (Negative)	
<b>REVENUES</b>				
Franchise and other taxes	\$ 59,049	\$ 65,892	\$ 6,843	\$ 76,955
Investment earnings	10	551	541	9
Total revenues	59,059	66,443	7,384	76,964
<b>EXPENDITURES</b>				
Current:				
Administrative services	50	50	-	49
Total expenditures	50	50	-	49
Excess (deficiency) of revenues over expenditures	59,009	66,393	7,384	76,915
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	87,970	85,430	(2,540)	80,494
Transfers out	(156,494)	(156,494)	-	(161,144)
Total other financing sources (uses)	(68,524)	(71,064)	(2,540)	(80,650)
Net change in fund balance	(9,515)	(4,671)	4,844	(3,735)
Fund balance, beginning of year	65,439	65,439	-	69,174
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 55,924</b>	<b>\$ 60,768</b>	<b>\$ 4,844</b>	<b>\$ 65,439</b>

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Truancy Prevention Fund

For the Fiscal Year Ended September 30, 2022

With Comparative Actual Totals for the Year Ended September 30, 2021

	<b>2022</b>			<b>2021</b>
	<b>Budget Final</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	
<b>REVENUES</b>				
Fines and forfeitures	\$ 25,000	\$ 34,663	\$ 9,663	\$ 25,616
Investment earnings	10	513	503	3
Total revenues	25,010	35,176	10,166	25,619
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	25,010	35,176	10,166	25,619
Fund balance, beginning of year	47,357	47,357	-	21,738
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 72,367</b>	<b>\$ 82,533</b>	<b>\$ 10,166</b>	<b>\$ 47,357</b>

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Jury Services Fund

For the Fiscal Year Ended September 30, 2022

With Comparative Actual Totals for the Year Ended September 30, 2021

	2022			2021
	Budget Final	Actual	Variance Positive (Negative)	
<b>REVENUES</b>				
Fines and forfeitures	\$ 500	\$ 693	\$ 193	\$ 512
Investment earnings	-	10	10	-
Total revenues	500	703	203	512
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	500	703	203	512
Fund balance, beginning of year	947	947	-	435
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,447</u>	<u>\$ 1,650</u>	<u>\$ 203</u>	<u>\$ 947</u>

**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, 2022

With Comparative Actual Totals for the Year Ended September 30, 2021

	<b>2022</b>			<b>2021</b>
	<b>Budget Final</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	
<b>REVENUES</b>				
Investment earnings	\$ 41	\$ 501	\$ 460	\$ 3
Other	12,440	14,745	2,305	37,875
Total revenues	12,481	15,246	2,765	37,878
<b>EXPENDITURES</b>				
Current:				
Environmental and neighborhood services	12,155	7,383	4,772	1,178
Capital outlay	11,465	11,465	-	-
Total expenditures	23,620	18,848	4,772	1,178
Excess (deficiency) of revenues over expenditures	(11,139)	(3,602)	7,537	36,700
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	84,114	84,114	-	25,880
Total other financing sources (uses)	84,114	84,114	-	25,880
Net change in fund balance	72,975	80,512	7,537	62,580
Fund balance, beginning of year	62,580	62,580	-	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 135,555.00</b>	<b>\$ 143,092</b>	<b>\$ 7,537</b>	<b>\$ 62,580</b>

**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, 2022

With Comparative Actual Totals for the Year Ended September 30, 2021

	<b>2022</b>			<b>2021</b>
	<b>Budget Final</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	
<b>REVENUES</b>				
Franchise and other taxes	\$ 170,000	\$ 178,389	\$ 8,389	\$ 200,602
Investment earnings	-	954	954	4
Total revenues	170,000	179,343	9,343	200,606
<b>EXPENDITURES</b>				
Current:				
General government	291,859	84,715	207,144	72,325
Capital outlay	200,000	27,706	172,294	18,145
Total expenditures	491,859	112,421	379,438	90,470
Excess (deficiency) of revenues over expenditures	(321,859)	66,922	388,781	110,136
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	203,638	-	(203,638)	8,087
Total other financing sources (uses)	203,638	-	(203,638)	8,087
Net change in fund balance	(118,221)	66,922	185,143	118,223
Fund balance, beginning of year	118,223	118,223	-	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 2</b>	<b>\$ 185,145</b>	<b>\$ 185,143</b>	<b>\$ 118,223</b>

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – American Rescue Plan Act (ARPA) Fund

For the Fiscal Year Ended September 30, 2022

With Comparative Actual Totals for the Year Ended September 30, 2021

	2022			2021
	Budget Final	Actual	Variance Positive (Negative)	
<b>REVENUES</b>				
Investment earnings	\$ 500	\$ -	\$ (500)	\$ -
Intergovernmental	5,557,979	-	(5,557,979)	-
Total revenues	5,558,479	-	(5,558,479)	-
<b>EXPENDITURES</b>				
Current:				
Administrative services	350,000	-	350,000	-
Total expenditures	350,000	-	350,000	-
Net change in fund balance	5,208,479	-	(5,208,479)	-
Fund balance, beginning of year	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 5,208,479</b>	<b>\$ -</b>	<b>\$ (5,208,479)</b>	<b>\$ -</b>

## City of Sugar Land, Texas

Internal Service Funds

September 30, 2022

### 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, 2022

	<b>Employee Benefits Fund</b>	<b>Fleet Replacement Fund</b>	<b>High- Technology Replacement Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,591,353	\$ 1,411,765	\$ 697,272	\$ 3,700,390
Cash with fiscal agent	703,000	-	-	703,000
Investments	1,181,357	1,687,482	1,220,103	4,088,942
Receivables, net of allowance for uncollectibles	6,326	128,224	3,988	138,538
Prepaid items	30,642	-	-	30,642
	<u>3,512,678</u>	<u>3,227,471</u>	<u>1,921,363</u>	<u>8,661,512</u>
Total current assets				
Noncurrent assets:				
Capital assets:				
Capital assets being depreciated	-	4,398,082	404,470	4,802,552
	<u>-</u>	<u>4,398,082</u>	<u>404,470</u>	<u>4,802,552</u>
Total noncurrent assets	-	4,398,082	404,470	4,802,552
	<u>-</u>	<u>4,398,082</u>	<u>404,470</u>	<u>4,802,552</u>
Total assets	3,512,678	7,625,553	2,325,833	13,464,064
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	236,638	6,052	163,138	405,828
Claims and judgments	585,890	-	-	585,890
	<u>822,528</u>	<u>6,052</u>	<u>163,138</u>	<u>991,718</u>
Total current liabilities	822,528	6,052	163,138	991,718
	<u>822,528</u>	<u>6,052</u>	<u>163,138</u>	<u>991,718</u>
Total liabilities	822,528	6,052	163,138	991,718
<b>NET POSITION</b>				
Investment in capital assets	-	4,398,082	404,470	4,802,552
Unrestricted	2,690,150	3,221,419	1,758,225	7,669,794
	<u>2,690,150</u>	<u>3,221,419</u>	<u>1,758,225</u>	<u>7,669,794</u>
<b>TOTAL NET POSITION</b>	<u>\$ 2,690,150</u>	<u>\$ 7,619,501</u>	<u>\$ 2,162,695</u>	<u>\$ 12,472,346</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, 2022

	<b>Employee Benefits Fund</b>	<b>Fleet Replacement Fund</b>	<b>High- Technology Replacement Fund</b>	<b>Total Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 14,180,483	\$ 942,463	\$ 796,180	\$ 15,919,126
Total operating revenues	14,180,483	942,463	796,180	15,919,126
<b>OPERATING EXPENSES</b>				
Personnel services	-	59,406	-	59,406
Supplies and materials	1,088	380,434	1,579,262	1,960,784
Contractual services	49,500	-	4,100	53,600
Repairs and maintenance	-	-	63,541	63,541
Insurance claims	14,561,484	-	-	14,561,484
Depreciation	-	950,049	214,231	1,164,280
Total operating expenses	14,612,072	1,389,889	1,861,134	17,863,095
Operating income (loss)	(431,589)	(447,426)	(1,064,954)	(1,943,969)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and investment revenue	(56,315)	(43,780)	(14,266)	(114,361)
Gain (loss) on disposal of capital assets	-	356,272	19,892	376,164
Total nonoperating revenues (expenses)	(56,315)	312,492	5,626	261,803
Income (loss) before capital contributions and transfers	(487,904)	(134,934)	(1,059,328)	(1,682,166)
Transfers in	-	-	-	-
Change in net position	(487,904)	(134,934)	(1,059,328)	(1,682,166)
Net position, beginning of year	3,178,054	7,754,435	3,222,023	14,154,512
<b>NET POSITION, END OF YEAR</b>	<b>\$ 2,690,150</b>	<b>\$ 7,619,501</b>	<b>\$ 2,162,695</b>	<b>\$ 12,472,346</b>

**City of Sugar Land, Texas**  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended September 30, 2022

	<b>Employee Benefits Fund</b>	<b>Fleet Replacement Fund</b>	<b>High- Technology Replacement Fund</b>	<b>Total Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from interfund charges for services	\$ 14,178,116	\$ 815,273	\$ 796,752	\$ 15,790,141
Disbursed for personnel services	-	(59,406)	-	(59,406)
Disbursed for goods and services	(14,429,566)	(379,823)	(1,798,945)	(16,608,334)
Net cash provided (used) by operating activities	(251,450)	376,044	(1,002,193)	(877,599)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	-	(1,220,983)	(94,124)	(1,315,107)
Proceeds from sale of capital assets	-	413,649	19,892	433,541
Net cash used by capital and related financing activities	-	(807,334)	(74,232)	(881,566)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments, net	-	(1,000,000)	(1,000,000)	(2,000,000)
Interest received	9,356	18,129	15,324	42,809
Net cash provided (used) by investing activities	9,356	(981,871)	(984,676)	(1,957,191)
Net decrease in cash and cash equivalents	(242,094)	(1,413,161)	(2,061,101)	(3,716,356)
Cash and cash equivalents, beginning balance	2,536,447	2,824,926	2,758,373	8,119,746
<b>CASH AND CASH EQUIVALENTS, ENDING BALANCE</b>	<b>\$ 2,294,353</b>	<b>\$ 1,411,765</b>	<b>\$ 697,272</b>	<b>\$ 4,403,390</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (431,589)	\$ (447,426)	\$ (1,064,954)	\$ (1,943,969)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation and amortization	-	950,049	214,231	1,164,280
Changes in assets, liabilities and related deferrals:				
(Increase) decrease in assets and deferred outflows:				
Receivables, net of allowances	(2,367)	(127,190)	572	(128,985)
Prepaid items	1,218	-	-	1,218
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable	80,649	611	(152,042)	(70,782)
Claims and judgments	100,639	-	-	100,639
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (251,450)</b>	<b>\$ 376,044</b>	<b>\$ (1,002,193)</b>	<b>\$ (877,599)</b>

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



**City of Sugar Land, Texas**  
Discretely Presented Component Units  
Balance Sheets – Governmental Funds  
September 30, 2022

	Sugar Land 4B Corporation	Sugar Land Town Square Tax Increment Reinvestment Zone No. 1	Sugar Land Reinvestment Zone No. 3	Sugar Land Reinvestment Zone No. 4	Total Component Units
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,482,145	\$ 126,726	\$ 18,749	\$ 6,039,042	\$ 12,666,662
Investments	4,301,425	-	-	-	4,301,425
Receivables, net of allowance for uncollectibles	1,402,005	-	10,919	386	1,413,310
Lease receivable	1,520,677	-	-	-	1,520,677
Prepaid items	3,141	-	-	-	3,141
Restricted cash and cash equivalents	2,015,925	-	-	-	2,015,925
<b>TOTAL ASSETS</b>	<b>\$ 15,725,318</b>	<b>\$ 126,726</b>	<b>\$ 29,668</b>	<b>\$ 6,039,428</b>	<b>\$ 21,921,140</b>
<b>LIABILITIES</b>					
Accounts payable and accrued expenditures	\$ 258,790	\$ -	\$ 6,840	\$ -	\$ 265,630
Total liabilities	258,790	-	6,840	-	265,630
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows relating to leases	1,528,361	-	-	-	1,528,361
Total deferred inflows of resources	1,528,361	-	-	-	1,528,361
<b>FUND BALANCES</b>					
Nonsependable:					
Prepaid items	3,141	-	-	-	3,141
Restricted for:					
Debt service	2,015,925	-	-	-	2,015,925
Economic development activities	11,919,101	126,726	22,828	6,039,428	18,108,083
Total fund balances	13,938,167	126,726	22,828	6,039,428	20,127,149
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 15,725,318</b>	<b>\$ 126,726</b>	<b>\$ 29,668</b>	<b>\$ 6,039,428</b>	<b>\$ 21,921,140</b>
Reconciliation from fund balance to net position					
Fund balance	\$ 13,938,167	\$ 126,726	\$ 22,828	\$ 6,039,428	\$ 20,127,149
Plus deferred outflows of resources	60,329	-	-	-	60,329
Less long-term liabilities	(22,287,857)	-	-	-	(22,287,857)
Less interest payable	(97,264)	-	-	-	(97,264)
<b>NET POSITION</b>	<b>\$ (8,386,625)</b>	<b>\$ 126,726</b>	<b>\$ 22,828</b>	<b>\$ 6,039,428</b>	<b>\$ (2,197,643)</b>

**City of Sugar Land, Texas**  
Discretely Presented Component Units  
Statements of Revenues, Expenditures, and  
Changes in Fund Balances – Governmental Funds  
For the Fiscal Year Ended September 30, 2022

	<b>Sugar Land 4B Corporation</b>	<b>Sugar Land Town Square Tax Increment Reinvestment Zone No. 1</b>	<b>Sugar Land Reinvestment Zone No. 3</b>	<b>Sugar Land Reinvestment Zone No. 4</b>	<b>Total Component Units</b>
<b>REVENUES</b>					
Property taxes	\$ -	\$ 1,885,721	\$ 1,309,331	\$ 1,061,188	\$ 4,256,240
Sales tax	8,041,822	-	-	-	8,041,822
Investment earnings	(116,992)	1,649	165	33,063	(82,115)
Intergovernmental	146,863	-	-	-	146,863
Other	91,076	-	-	-	91,076
<b>Total revenues</b>	<b>8,162,769</b>	<b>1,887,370</b>	<b>1,309,496</b>	<b>1,094,251</b>	<b>12,453,886</b>
<b>EXPENDITURES</b>					
Current:					
General government	4,147,744	1,771,560	1,306,607	147,173	7,373,084
Debt service:					
Principal	1,840,000	-	-	-	1,840,000
Interest and other charges	807,950	-	-	-	807,950
Capital outlay	254,184	-	-	-	254,184
<b>Total expenditures</b>	<b>7,049,878</b>	<b>1,771,560</b>	<b>1,306,607</b>	<b>147,173</b>	<b>10,275,218</b>
Excess (deficiency) of revenues over (under) expenditures	1,112,891	115,810	2,889	947,078	2,178,668
Net change in fund balances	1,112,891	115,810	2,889	947,078	2,178,668
Fund balances, beginning of year	12,825,276	10,916	19,939	5,092,350	17,948,481
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 13,938,167</b>	<b>\$ 126,726</b>	<b>\$ 22,828</b>	<b>\$ 6,039,428</b>	<b>\$ 20,127,149</b>
Reconciliation from changes in fund balance to changes in net position					
Change in fund balance	\$ 1,112,891	\$ 115,810	\$ 2,889	\$ 947,078	\$ 2,178,668
Add principal payments	1,840,000	-	-	-	1,840,000
Add other changes in long-term assets and liabilities	148,155	-	-	-	148,155
<b>CHANGES IN NET POSITION</b>	<b>\$ 3,101,046</b>	<b>\$ 115,810</b>	<b>\$ 2,889</b>	<b>\$ 947,078</b>	<b>\$ 4,166,823</b>

# **Statistical Section**



**Statistical Section**  
(Unaudited)

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

	<b><u>Page</u></b>
<b>Financial Trends – Schedules 1-4</b>	136
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity – Schedules 5-9</b>	146
These schedules contain information to help the reader assess the City's most significant local revenue sources: sales and property taxes.	
<b>Debt Capacity – Schedules 10-13</b>	155
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>Demographic and Economic Information – Schedules 14-15</b>	161
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information – Schedules 16-18</b>	164
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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 360,328	\$ 360,769	\$ 365,400	\$ 359,391
Restricted	28,212	22,705	21,241	22,177
Unrestricted	45,162	33,547	18,105	19,059
<b>TOTAL GOVERNMENTAL ACTIVITIES NET POSITION</b>	<u>\$ 433,701</u>	<u>\$ 417,021</u>	<u>\$ 404,746</u>	<u>\$ 400,627</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	\$ 225,459	\$ 226,097	\$ 234,213	\$ 237,564
Restricted	9,705	8,391	9,003	11,190
Unrestricted	53,847	45,399	44,065	48,726
<b>TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION</b>	<u>\$ 289,011</u>	<u>\$ 279,887</u>	<u>\$ 287,281</u>	<u>\$ 297,480</u>
<b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	\$ 585,787	\$ 586,866	\$ 599,613	\$ 596,955
Restricted	37,917	31,096	30,244	33,367
Unrestricted	99,009	78,946	62,170	67,785
<b>TOTAL PRIMARY GOVERNMENT NET POSITION</b>	<u>\$ 722,712</u>	<u>\$ 696,908</u>	<u>\$ 692,027</u>	<u>\$ 698,107</u>

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

## Schedule 1

<u>2018*</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 358,639	\$ 340,298	\$ 304,720	\$ 268,582	\$ 282,719	\$ 280,082
19,535	21,152	24,902	51,879	28,311	20,305
23,129	23,084	37,413	24,026	37,503	32,551
<u>\$ 401,303</u>	<u>\$ 384,534</u>	<u>\$ 367,035</u>	<u>\$ 344,487</u>	<u>\$ 348,533</u>	<u>\$ 332,938</u>
\$ 252,642	\$ 228,369	\$ 225,650	\$ 224,544	\$ 229,356	\$ 231,676
9,770	9,116	8,549	27,736	26,945	8,068
48,149	45,383	47,766	22,722	16,718	23,675
<u>\$ 310,561</u>	<u>\$ 282,868</u>	<u>\$ 281,965</u>	<u>\$ 275,002</u>	<u>\$ 273,019</u>	<u>\$ 263,419</u>
\$ 611,281	\$ 568,667	\$ 530,370	\$ 493,126	\$ 512,075	\$ 511,758
29,305	30,268	33,451	79,615	55,256	28,373
71,278	68,467	85,179	46,748	54,221	56,226
<u>\$ 711,864</u>	<u>\$ 667,402</u>	<u>\$ 649,000</u>	<u>\$ 619,489</u>	<u>\$ 621,552</u>	<u>\$ 596,357</u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 26,787,184	\$ 26,502,325	\$ 21,662,768	\$ 23,018,595
Administrative services	5,228,139	5,683,094	7,277,456	5,705,656
Public safety - Police	22,868,120	22,060,087	26,657,068	28,010,543
Public Safety - Dispatch	2,907,956	2,607,837 ***	-	-
Public safety - Fire	16,080,691	16,700,504	17,330,279	15,098,092
Public safety - EMS	-	-	-	* 2,137,263
Public works	29,174,071	28,235,914	35,122,270	32,541,073
Parks and recreation	11,340,980	9,785,044	8,059,592	9,471,888
Community development	5,247,221	5,358,357	5,683,703	7,597,307
Environmental and neighborhood services	7,950,729	6,845,976	7,065,218	6,873,883
Interest on long-term debt	8,737,684	8,804,328	10,071,344	10,233,207
	<u>136,322,775</u>	<u>132,583,466</u>	<u>138,929,698</u>	<u>140,687,507</u>
Business-type activities:				
Utility	57,453,880	56,673,831	58,197,111	57,533,727
Regional airport	24,397,948	16,831,368	14,288,142	16,934,859
Solid waste management	8,792,031	9,493,324	8,445,476	8,200,994
	<u>90,643,859</u>	<u>82,998,523</u>	<u>80,930,729</u>	<u>82,669,580</u>
<b>TOTAL EXPENSES</b>	<u>\$ 226,966,634</u>	<u>\$ 215,581,989</u>	<u>\$ 219,860,427</u>	<u>\$ 223,357,087</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services:				
Administrative services	7,365,195	6,992,560	7,444,922	8,933,444
Public safety - Fire	3,576,812	3,434,502	3,144,902	1,065,013
Public safety - EMS	-	-	-	* 1,864,409
Community development	3,119,954	3,015,571	4,048,652	3,589,181
Other	1,522,630	731,394	695,229	3,431,576
Operating grants and contributions	5,930,810	9,275,496	2,920,226	2,438,000
Capital grants and contributions	1,807,269	1,729,294	10,132,207	4,621,744
	<u>23,322,670</u>	<u>25,178,817</u>	<u>28,386,138</u>	<u>25,943,367</u>
Business-type activities:				
Charges for services:				
Utility	63,913,593	52,097,006	49,529,990	45,314,713
Regional airport	24,901,563	15,025,315	12,256,798	15,351,003
Solid waste management	9,228,068	9,081,812	8,871,017	8,620,756
Operating grants and contributions	198,000	231,379	174,204	58,221
Capital grants and contributions	4,189,805	3,040,386	2,991,345	3,221,729
	<u>102,431,029</u>	<u>79,475,898</u>	<u>73,823,354</u>	<u>72,566,422</u>
<b>TOTAL PROGRAM REVENUES</b>	<u>\$ 125,753,699</u>	<u>\$ 104,654,715</u>	<u>\$ 102,209,492</u>	<u>\$ 98,509,789</u>
<b>NET (EXPENSE)/REVENUE</b>				
Governmental activities	\$ (113,000,105)	\$ (107,404,649)	\$ (110,543,560)	\$ (114,744,140)
Business-type activities	11,787,170	(3,522,625)	(7,107,375)	(10,103,158)
<b>TOTAL NET EXPENSE</b>	<u>\$ (101,212,935)</u>	<u>\$ (110,927,274)</u>	<u>\$ (117,650,935)</u>	<u>\$ (124,847,298)</u>

	2018**	2017	2016	2015	2014	2013
\$	19,825,982	\$ 23,393,933	\$ 18,591,072	\$ 12,886,353	\$ 15,675,644	\$ 13,087,580
	5,877,451	5,514,367	6,643,488	9,067,022	7,876,517	10,471,115
	26,691,650	26,137,845	22,979,425	21,128,023	19,541,680	18,333,422
	-	-	-	-	-	-
	14,516,604	14,196,831	14,195,523	13,164,239	12,045,062	10,838,009
	2,109,566	1,803,131	1,722,037	1,916,547	-	-
	37,700,186	27,074,624	22,827,677	30,122,770	24,894,769	23,481,443
	10,891,960	7,870,047	6,215,405	8,286,024	7,916,451	8,177,350
	5,570,870	5,563,555	5,484,522	5,672,387	5,188,471	4,667,336
	6,138,127	6,064,691	5,902,886	-	-	-
	9,810,360	9,393,095	9,778,640	10,243,695	5,910,083	5,066,337
	<u>139,132,756</u>	<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>
	59,854,392	46,153,991	46,517,275	44,002,542	34,946,846	46,589,564
	16,239,202	14,345,583	12,485,217	14,335,885	16,828,870	16,633,872
	7,980,124	6,196,978	5,926,813	5,625,859	5,147,195	5,067,548
	<u>84,073,718</u>	<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>223,206,474</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>
	7,532,287	6,598,604	8,522,761	6,906,002	2,678,310	3,261,324
	1,390,232	3,139,758	2,833,491	2,369,089	2,233,714	2,229,152
	1,634,675	1,426,438	1,132,847	459,223	-	-
	3,388,539	3,061,505	3,242,529	3,494,806	3,033,205	2,817,871
	5,211,165	3,830,309	4,164,196	4,967,637	4,766,369	2,748,396
	2,215,263	1,824,906	1,740,054	2,831,268	936,559	1,517,342
	15,378,644	29,996,719	19,053,728	11,071,624	9,004,691	27,028,874
	<u>36,750,805</u>	<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>
	50,529,248	42,458,489	46,140,497	43,037,218	44,302,320	47,142,244
	15,449,972	13,539,743	11,830,391	13,747,794	16,939,277	16,576,205
	7,974,887	6,475,296	5,950,568	5,770,866	5,030,491	5,007,131
	195,438	50,000	50,000	131,567	73,199	65,091
	11,538,729	6,675,068	9,417,603	3,020,185	6,641,939	11,560,813
	<u>85,688,274</u>	<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>122,439,079</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>
\$	(102,381,951)	\$ (77,133,880)	\$ (73,651,069)	\$ (80,387,411)	\$ (76,395,829)	\$ (54,519,633)
	1,614,556	2,502,044	8,459,754	1,743,344	16,064,315	12,060,500
\$	<u>(100,767,395)</u>	<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>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 55,957,225	\$ 53,377,354	\$ 52,129,954	\$ 49,988,676
Sales tax	56,292,755	49,209,137	44,465,725	47,580,665
Franchise and other taxes	8,702,875	7,865,705	7,957,981	8,925,196
Investment earnings	(559,598)	29,881	1,472,845	2,616,889
Miscellaneous	5,089,419	3,279,916	2,628,940	(1,222,389)
Transfers	4,197,437	5,917,384	6,007,096	6,179,094
Total governmental activities	<u>129,680,113</u>	<u>119,679,377</u>	<u>114,662,541</u>	<u>114,068,131</u>
Business-type activities:				
Investment earnings	(713,158)	83,551	1,001,393	2,331,002
Miscellaneous	2,246,816	1,963,079	1,913,729	869,998
Transfers	(4,197,437)	(5,917,384)	(6,007,096)	(6,179,094)
Extraordinary item	-	-	-	-
Total business-type activities	<u>(2,663,779)</u>	<u>(3,870,754)</u>	<u>(3,091,974)</u>	<u>(2,978,094)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 127,016,334</u>	<u>\$ 115,808,623</u>	<u>\$ 111,570,567</u>	<u>\$ 111,090,037</u>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	\$ 16,680,008	\$ 12,274,728	\$ 4,118,981	\$ (676,009)
Business-type activities	9,123,391	(7,393,379)	(10,199,349)	(13,081,252)
<b>TOTAL NET REVENUE (EXPENSE)</b>	<u>\$ 25,803,399</u>	<u>\$ 4,881,349</u>	<u>\$ (6,080,368)</u>	<u>\$ (13,757,261)</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.

<u>2018**</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 44,092,389	\$ 39,052,391	\$ 37,227,640	\$ 34,205,770	\$ 31,367,793	\$ 29,920,274
47,038,175	41,330,120	45,967,293	45,320,979	43,453,673	39,790,138
9,196,843	8,535,339	8,231,034	8,398,820	8,373,935	8,019,976
1,106,332	826,905	1,089,499	1,062,965	240,913	236,117
2,642,416	2,645,117	1,507,896	1,297,768	1,393,438	1,328,239
3,093,659	2,243,212	2,176,006	(1,300,673)	7,161,781	7,287,990
<u>107,169,814</u>	<u>94,633,084</u>	<u>96,199,368</u>	<u>88,985,629</u>	<u>91,991,533</u>	<u>86,582,734</u>
1,077,401	561,113	599,435	531,396	117,683	218,645
44,386	83,106	79,707	59,565	580,735	404,274
(3,093,659)	(2,243,212)	(2,176,006)	1,300,673	(7,161,781)	(7,287,990)
(2,410,372)	-	-	-	-	-
<u>(4,382,244)</u>	<u>(1,598,993)</u>	<u>(1,496,864)</u>	<u>1,891,634</u>	<u>(6,463,363)</u>	<u>(6,665,071)</u>
<u>\$ 102,787,570</u>	<u>\$ 93,034,091</u>	<u>\$ 94,702,504</u>	<u>\$ 90,877,263</u>	<u>\$ 85,528,170</u>	<u>\$ 79,917,663</u>
\$ 4,787,863	\$ 17,499,204	\$ 22,548,299	\$ 8,598,218	\$ 15,595,704	\$ 32,063,101
(2,767,688)	903,051	6,962,890	3,634,978	9,600,952	5,395,429
<u>\$ 2,020,175</u>	<u>\$ 18,402,255</u>	<u>\$ 29,511,189</u>	<u>\$ 12,233,196</u>	<u>\$ 25,196,656</u>	<u>\$ 37,458,530</u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>GENERAL FUND</b>				
Nonspendable:				
Inventories	\$ 233,029	\$ 218,125	\$ 224,914	\$ 250,126
Prepaid items	58,486	38,014	35,153	77,771
Committed	778,023	199,543	582,853	749,136
Assigned	1,128,922	450,554	307,804	314,423
Unassigned	54,188,706	48,153,148	38,515,913	38,910,023
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund	56,387,166	49,059,384	39,666,637	40,301,479
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Nonspendable:				
Inventories	8,746	9,875	8,403	7,104
Prepaid items	4,600	3,269	2,740	12,359
Restricted:				
Debt service funds	14,217,296	12,714,894	13,353,725	14,133,339
Capital projects funds	79,117,839	51,385,052	34,341,116	22,113,944
General government	185,145	118,223	-	-
Economic development activities	12,662,854	9,355,269	7,006,144	7,098,197
Public safety	503,762	244,574	598,607	404,232
Tourism and marketing	1,714,474	1,261,499	1,513,830	1,941,997
Environmental and neighborhood services	143,092	62,580	-	-
Committed	-	-	-	-
Assigned	4,713,494	3,807,715	3,822,042	-
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total all other governmental funds	113,271,302	78,962,950	60,646,607	45,711,172
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 169,658,468</b>	<b>\$ 128,022,334</b>	<b>\$ 100,313,244</b>	<b>\$ 86,012,651</b>

## Schedule 3

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 217,019	\$ 211,199	\$ 195,050	\$ 204,263	\$ 217,124	\$ 209,793
54,161	255,751	27,701	18,328	25,655	30,008
341,202	376,995	411,849	146,728	3,091,704	463,599
409,335	272,224	332,452	339,946	385,205	219,357
<u>34,043,167</u>	<u>27,980,279</u>	<u>27,575,295</u>	<u>28,085,267</u>	<u>24,544,824</u>	<u>25,740,747</u>
35,064,884	29,096,448	28,542,347	28,794,532	28,264,512	26,663,504
7,935	-	-	-	-	-
7,036	11,735	18,353	2,740	2,740	2,740
9,242,690	13,287,453	18,881,941	11,892,292	11,448,975	9,419,630
8,700,056	18,346,186	14,122,714	60,550,768	23,785,846	3,517,678
-	-	-	-	-	-
9,608,501	7,655,992	5,656,856	37,689,753	11,048,740	7,019,867
278,116	215,855	228,335	202,439	209,920	230,282
1,786,346	1,395,355	1,053,237	3,533,713	5,359,797	4,269,302
-	-	-	-	-	-
2,997,650	7,768,052	18,273,467	-	-	-
-	-	-	-	-	-
<u>(3,184)</u>	<u>(26,513)</u>	<u>-</u>	<u>(17,434)</u>	<u>-</u>	<u>-</u>
<u>32,625,146</u>	<u>48,654,115</u>	<u>58,234,903</u>	<u>113,854,271</u>	<u>51,856,018</u>	<u>24,459,499</u>
<u>\$ 67,690,030</u>	<u>\$ 77,750,563</u>	<u>\$ 86,777,250</u>	<u>\$ 142,648,803</u>	<u>\$ 80,120,530</u>	<u>\$ 51,123,003</u>

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>REVENUES</b>				
Taxes				
General property	\$ 55,820,788	\$ 53,283,518	\$ 51,999,696	\$ 49,910,560
Sales and use taxes	56,292,755	49,209,137	44,427,280	47,349,948
Franchise taxes	8,768,767	7,942,660	8,061,540	9,063,027
Licenses and permits	3,470,579	3,380,955	4,047,286	3,585,270
Fines and forfeitures	1,299,751	1,215,515	1,412,839	3,598,926
Charges for services	11,041,160	9,361,811	9,700,698	9,856,589
Investment earnings	(445,237)	27,618	1,394,417	2,434,365
Intergovernmental	5,513,934	9,736,646	7,539,349	4,150,591
Other	4,358,217	2,770,210	2,737,166	3,434,202
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	146,120,714	136,928,070	131,320,271	133,383,478
<b>EXPENDITURES</b>				
General government	21,581,755	21,368,483	21,257,753	20,381,432
Administrative services	7,112,828	8,093,905	6,194,245	6,030,777
Public safety	44,519,626	41,203,391	42,416,274	41,803,434
Public works	14,295,837	12,649,542	15,403,076	13,102,921
Parks and recreation	5,662,215	4,818,174	4,750,769	5,010,592
Community development	5,526,198	5,375,408	5,556,124	5,337,472
Environmental and neighborhood services	7,216,061	6,003,184	6,186,662	5,826,617
Debt service:				
Principal	21,049,359	22,884,611	21,949,254	36,311,024
Interest and other charges	9,815,473	10,380,673	11,295,663	11,002,213
Bond issuance costs	479,407	224,654	390,939	374,909
Capital outlay	13,873,625	9,321,348	13,987,525	13,290,174
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	151,132,384	142,323,373	149,388,284	158,471,565
Excess (deficiency) of revenues over (under) expenditures	(5,011,670)	(5,395,303)	(18,068,013)	(25,088,087)
<b>OTHER FINANCING SOURCES (USES)</b>				
Certificates of obligation issued	27,500,000	-	15,025,000	20,760,000
General obligation bonds issued	13,115,000	26,970,000	9,355,000	-
Revenue bonds issued	4,880,000	-	-	-
Refunding bonds issued	-	-	12,245,000	13,715,000
Premium (discount) on debt issued	2,417,089	1,599,165	3,231,900	2,756,614
Payments to refunded bond escrow agent	(5,461,722)	(1,382,156)	(13,312,235)	-
Capital leases and other debt issued	-	-	-	-
Proceeds of the sale of capital assets	-	-	-	-
Transfers in	6,666,558	7,845,669	9,254,348	11,567,007
Transfers out	(2,469,121)	(1,928,285)	(3,430,407)	(5,387,913)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	46,647,804	33,104,393	32,368,606	43,410,708
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 41,636,134</b>	<b>\$ 27,709,090</b>	<b>\$ 14,300,593</b>	<b>\$ 18,322,621</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b>22.48%</b>	<b>24.96%</b>	<b>24.61%</b>	<b>21.50%</b>

## Schedule 4

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$	43,924,495	\$ 38,999,063	\$ 37,310,936	\$ 34,073,015	\$ 31,356,582	\$ 29,874,615
	46,807,458	41,829,998	45,821,869	44,975,136	43,008,054	39,344,519
	9,196,843	8,535,339	8,231,034	8,398,820	8,373,935	8,019,976
	3,392,020	3,052,646	3,242,529	3,494,806	3,033,205	2,817,871
	4,681,871	3,983,863	3,741,662	3,956,657	3,964,053	3,364,798
	9,803,954	11,668,937	11,732,687	9,792,915	4,477,416	3,649,563
	1,049,546	803,175	1,050,958	1,030,032	235,034	230,542
	8,469,413	21,608,448	4,295,673	4,853,727	14,014,873	4,477,965
	3,742,667	4,344,488	6,335,230	4,676,006	1,300,331	1,444,727
	<u>131,068,267</u>	<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>
	18,828,683	19,441,297	17,263,024	13,932,805	13,934,579	12,019,511
	6,277,823	6,807,905	7,167,251	9,221,555	7,743,921	7,708,191
	41,773,376	39,819,840	36,894,350	38,688,191	29,573,636	27,951,639
	17,704,168	15,014,862	12,004,180	17,764,680	13,947,304	14,456,178
	5,960,126	5,383,089	5,107,971	5,452,923	6,726,036	6,782,321
	5,269,134	5,163,724	5,155,978	5,583,223	4,917,761	4,592,647
	5,143,190	5,112,858	4,892,216	-	-	-
	21,343,344	16,149,483	14,565,041	13,339,382	12,216,112	12,529,510
	11,122,619	10,159,604	9,282,752	7,716,310	5,717,937	5,261,161
	-	355,510	629,239	2,012,869	322,504	-
	10,890,406	51,470,423	89,073,807	55,311,453	21,672,372	15,262,218
	<u>144,312,869</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>
	(13,244,602)	(40,052,638)	(80,273,231)	(53,772,277)	(7,008,679)	(13,338,800)
	-	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
	-	2,045,464	6,464,472	11,469,874	201,566	491,941
	-	-	(36,935,787)	(32,902,683)	-	(4,758,878)
	840,000	107,275	1,350,000	3,510,000	-	-
	36,569	-	36,987	54,099	54,949	78,516
	12,180,115	11,854,100	20,089,727	12,979,491	13,794,353	16,183,645
	(9,872,615)	(9,610,888)	(17,913,721)	(11,140,231)	(9,684,662)	(10,987,848)
	<u>3,184,069</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>(10,060,533)</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>
	24.10%	21.50%	21.20%	19.10%	19.10%	19.50%

# City of Sugar Land, Texas

## Taxable Sales

### Last Ten Calendar Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Retail trade	\$ 1,146,811,980	\$ 911,853,973	\$ 1,053,258,117	\$ 1,115,249,001
Accommodation/food services	378,012,859	286,618,583	351,678,694	348,338,861
Wholesale trade	128,491,300	107,656,657	109,199,784	107,641,860
Construction	28,342,742	25,459,871	33,256,075	37,280,176
Information	81,370,349	57,091,408	91,537,106	99,393,379
Professional/scientific/technical services	81,131,371	71,699,681	74,945,678	86,423,185
Arts/entertainment/recreation	44,236,964	34,688,578	57,619,224	56,504,179
Manufacturing	134,059,973	121,035,321	41,918,450	75,091,082
Other services (except public administration)	32,933,440	26,202,606	31,742,417	28,370,411
Admin/support/waste mgmt/remediation service	240,033,798	209,568,258	193,982,478	198,013,909
Real estate/rental leasing	5,514,878	11,002,119	13,193,376	30,098,567
Utilities	38,946,649	51,515,179	62,863,776	146,896,379
Management of companies /enterprises	13,953	1,759	710,751	255,496
Transportation/warehousing	31,626,025	55,971,085	53,309,028	8,774,930
Health care/social assistance	4,750,676	4,824,248	6,595,772	5,401,865
Finance/insurance	22,621,483	19,351,878	14,665,305	16,558,369
Education services	1,487,627	1,091,687	1,682,446	1,535,277
Mining/quarrying/oil and gas extraction	13,590,090	12,543,811	35,446,578	41,870,881
Public administration	8,419,383	8,249,479	8,087,339	7,845,421
Agriculture/forestry/fishing/hunting	-	-	-	1,131
Other	-	-	-	13,333
<b>TOTAL</b>	<b>\$ 2,422,395,540</b>	<b>\$ 2,016,426,181</b>	<b>\$ 2,235,692,394</b>	<b>\$ 2,411,557,692</b>

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

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

Source of information: Texas State Comptrollers Office.

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

## Schedule 5

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 1,107,045,921	\$ 1,078,154,112	\$ 1,112,422,397	\$ 1,079,111,307	\$ 1,013,038,055	\$ 929,146,373
333,828,851	310,863,946	306,003,246	291,440,468	266,588,831	250,015,141
91,137,977	203,846,328	264,383,272	322,215,101	223,242,793	187,011,775
22,812,465	34,515,325	32,514,909	31,891,454	34,937,314	32,689,492
94,842,740	90,100,073	77,592,685	65,549,620	58,052,627	55,714,105
83,684,771	70,067,880	73,059,491	70,107,578	50,596,341	55,122,521
51,106,601	48,468,763	49,334,544	47,548,675	50,560,192	50,293,772
51,980,628	35,093,475	33,044,113	52,646,578	33,219,238	29,071,293
29,400,115	26,317,822	30,318,512	30,831,362	28,242,044	27,119,294
138,907,539	28,754,310	26,562,888	30,250,196	26,184,607	23,316,739
61,691,905	68,015,167	44,888,541	25,860,657	18,062,334	25,874,568
85,489,356	54,203,886	50,970,885	42,308,231	32,630,922	41,645,585
1,142,959	1,579,909	2,196,489	470,557	394,466	403,809
3,125,489	1,836,865	2,306,433	5,214,426	1,721,390	1,007,418
4,881,867	4,606,933	5,201,086	4,539,906	3,994,579	5,304,237
11,304,921	8,103,032	7,515,705	5,420,994	4,575,685	6,248,890
1,513,260	1,659,343	1,626,077	1,714,360	1,568,185	1,227,275
32,799,761	7,323,000	10,431,168	14,160,548	10,513,820	7,157,655
5,763,562	5,432,006	5,284,355	5,096,682	4,958,782	4,931,239
-	1,886	-	-	-	-
-	-	-	-	-	2,382
<u>\$ 2,212,460,688</u>	<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>

# 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
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
2022	2021	13,379,859,930	7,125,175,221	147,177,808	10,987,300

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

<b>Less Tax Exempt Real Property</b>	<b>Less Other Exemptions and Abatements</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
\$ 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%
1,490,373,622	2,275,209,316	16,897,617,321	0.34650	16,897,617,321	100.00%

# City of Sugar Land, Texas

## Property Tax Rates (A)

### Direct and Overlapping Governments (B)

#### Last Ten Fiscal Years

Fiscal Year Tax Year	2013 2012	2014 2013	2015 2014	2016 2015
<b>TAX RATES</b>				
City of Sugar Land				
Operating tax rate	\$ 0.17285	\$ 0.17285	\$ 0.17035	\$ 0.17035
Debt service tax rate	0.13610	0.13610	0.14560	0.14560
Total tax rate	\$ 0.30895	\$ 0.30895	\$ 0.31595	\$ 0.31595
Fort Bend County	\$ 0.48076	\$ 0.49976	\$ 0.49476	\$ 0.48600
Fort Bend ISD	1.34000	1.34000	1.34000	1.34000
Fort Bend LID 2	0.12900	0.12900	0.12000	0.11000
Fort Bend County MUD No. 21	0.24000	-	-	-
Fort Bend LID 7	0.19460	0.20500	0.23500	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	0.25000	0.25000
Burney Road MUD	0.26750	0.26000	0.26000	0.25500
First Colony MUD 10	0.49000	0.47000	0.41000	0.25000
Ft. Bend MUD 136	0.54000	0.54000	0.50000	0.43000
Ft. Bend MUD 137	0.54000	0.48000	0.43000	0.42000
Ft. Bend MUD 138	0.54000	0.48000	0.44500	0.43500
Ft. Bend MUD 139	0.54000	0.54000	0.44000	0.41000
Ft. Bend LID 17	0.65000	0.65000	0.63000	0.61000
Imperial Redevelopment District	-	1.10000	1.10000	1.10000
Ft. Bend LID 14	0.20500	0.20500	0.20000	0.19500
Ft. Bend LID 10	0.62000	0.62000	0.64300	0.64300
First Colony LID 1	0.19460	0.15500	0.15500	0.01520
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.fortbendcountytexas.gov/index.aspx>

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

Schedule 7

<b>2017 2016</b>	<b>2018 2017</b>	<b>2019 2018</b>	<b>2020 2019</b>	<b>2021 2020</b>	<b>2022 2021</b>
\$ 0.17035 0.14560	\$ 0.17921 0.13841	\$ 0.18131 0.13631	\$ 0.19705 0.13495	\$ 0.20305 0.13345	\$ 0.20885 0.13765
\$ 0.31595	\$ 0.31762	\$ 0.31762	\$ 0.33200	\$ 0.33650	\$ 0.34650
\$ 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 0.41000 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	\$ 0.45280 1.21010 0.14900 - 0.43000 - 0.02125 0.20000 0.22000 0.15000 0.42000 0.36000 0.32500 0.40000 0.54500 1.10000 0.11500 0.65640 0.15000 1.24200



**City of Sugar Land, Texas**  
Property Tax 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
2013	\$ 0.30895	\$ 29,941,217	\$ 29,998,455	99.6%	\$ (70,433)	\$ 29,928,022	100.0%
2014	0.30895	31,510,269	31,543,063	99.6%	(59,193)	31,483,870	99.9%
2015	0.31595	34,686,633	34,625,522	99.5%	22,801	34,648,323	99.9%
2016	0.31595	37,935,518	37,856,002	99.6%	50,288	37,906,290	99.9%
2017	0.31595	39,637,482	39,563,094	99.6%	36,150	39,599,244	99.9%
2018	0.31762	40,931,077	40,828,540	99.5%	35,901	40,864,441	99.8%
2019	0.31762	51,146,415	50,871,136	99.5%	197,012	51,068,148	99.8%
2020	0.33200	53,438,020	53,122,949	99.4%	174,385	53,297,334	99.7%
2021	0.33650	54,935,930	54,651,453	99.5%	111,263	54,762,716	99.7%
2022	0.34650	57,499,082	57,204,477	99.5%	-	57,204,477	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 2022 Tax Year 2021			Fiscal Year 2013 Tax Year 2012		
	Taxable Assessed Value	Rank	% of Total Assessed Valuation	Taxable Assessed Value	Rank	% of Total Assessed Valuation
LCFRE Sugar Land Town Square LLC	\$ 155,770,064	1	0.92%	\$ 45,646,230	8	0.47%
Amerisource Bergen Drug Corp.	102,896,110	2	0.61%	88,703,240	1	0.91%
First Colony Mall LLC	94,451,681	3	0.56%	81,300,000	3	0.84%
Lakepointe Assets, LLC	90,000,000	4	0.53%			
Market Town Center Owner LLC	74,664,692	5	0.44%			
Sugar Creek/EPG LLC & Sugar Creek TIC Investors LLC	71,014,830	6	0.42%			
Tramontina USA	70,105,510	7	0.41%	78,055,530	4	0.80%
Centerpoint Energy Electric	55,923,630	8	0.33%			
Memorial Hermann Hospital	54,036,137	9	0.32%			
API Realty LLC	52,945,640	10	0.31%	37,137,810	10	0.38%
Schlumberger Tech Corp-SPC & Well Services				84,985,930	2	0.88%
Fairfield Industries				70,695,120	5	0.73%
Weingarten Realty Investors & WRI/Post Oak Inc.				57,414,000	6	0.59%
Schlumberger Tech Corp-SPC				53,833,020	7	0.55%
Covington First Colony Acquisition LLC etal				38,170,000	9	0.39%
	821,808,294		4.86%	635,940,880		6.56%
Other taxpayers	16,075,809,027		95.14%	9,064,490,296		93.44%
<b>TOTAL ASSESSED VALUATION</b>	<b>\$ 16,897,617,321</b>		<b>100.0%</b>	<b>\$ 9,700,431,176</b>		<b>100.0%</b>

Source: Tax assessor/collector's records

Note: Assessed valuation is net of exemptions

**City of Sugar Land, Texas**

**Schedule 10**

Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>General Obligation Debt***</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Actual Taxable Value* of Property</b>	<b>Per Capita**</b>
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
2022	2021	357,187,326	8,194,949	348,992,377	2.1%	3,143

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)
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
2022	102,089,244	5,565,000	142,995,000	-	38,475,000	-	19,997,755

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)				
\$ 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
120,250,000	76,975,756	6,140,000	19,139,611	531,627,366	8.1%	3.1%	4,788



**City of Sugar Land, Texas**

Direct and Estimated Overlapping Governmental Activities Debt  
September 30, 2022

**Schedule 12**

Taxing Jurisdiction	Gross Debt	Overlapping	
		Estimated Percentage*	Amount
Burney Road MUD	\$ 4,810,000	100.00%	\$ 4,810,000
First Colony MUD No. 10	9,700,000	100.00%	9,700,000
First Colony LID	-	100.00%	-
Fort Bend County**	839,325,542	19.15%	160,730,841
Fort Bend Co Drainage District	24,530,000	19.15%	4,697,495
Fort Bend County LID No. 2	83,930,000	100.00%	83,930,000
Fort Bend County LID No. 7	109,755,000	100.00%	109,755,000
Fort Bend County LID No. 10	11,695,000	100.00%	11,695,000
Fort Bend County LID No. 11	24,810,000	100.00%	24,810,000
Fort Bend County LID No. 14	1,900,000	100.00%	1,900,000
Fort Bend County LID No. 17	56,915,000	100.00%	56,915,000
Fort Bend County MUD No. 116	16,585,000	0.35%	58,048
Fort Bend County MUD No. 136	5,720,000	100.00%	5,720,000
Fort Bend County MUD No. 137	17,090,000	100.00%	17,090,000
Fort Bend County MUD No. 138	29,410,000	100.00%	29,410,000
Fort Bend County MUD No. 139	10,885,000	100.00%	10,885,000
Fort Bend County WC&ID No. 2	103,560,000	0.40%	414,240
Fort Bend ISD	1,536,300,000	32.80%	503,906,400
Imperial Redevelopment District	52,805,000	100.00%	52,805,000
Lamar CISD	1,705,940,000	8.96%	152,852,224
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 1,242,084,248</b>
City of Sugar Land	309,121,999	100.00%	309,121,999
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>			<b>\$ 1,551,206,247</b>
Ratio of Direct and Overlapping Funded Debt to 2021 Taxable Assessed Valuation			9.18%
Per Capita Debt - Direct and Overlapping			\$ 13,972

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)	Net Revenue Available for Debt Service	Debt Service Requirements (C)			Times Coverage
				Principal	Interest	Total	
Utility/Surface Water - Waterworks and Sewer System Revenue Bonds							
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
2022	65,099,364	26,047,637	39,051,727	8,410,000	5,041,192	13,451,192	2.90
Airport - Combination Tax and Revenue Certificates of Obligation and General Obligation Refunding Bonds							
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
2022	25,309,179	20,910,618	4,398,561	1,026,806	314,784	1,341,590	3.28
Sugar Land Development Corporation - Sales Tax Revenue Bonds							
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
2022	7,867,910	-	7,867,910	2,205,000	1,740,981	3,945,981	1.99
Sugar Land 4B Corporation - Sales Tax Revenue Bonds							
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
2022	8,015,906	-	8,015,906	1,260,000	752,900	2,012,900	3.98

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**

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income<sup>1</sup> (\$000's)</b>	<b>Per Capita Income<sup>1</sup></b>	<b>Median Age<sup>2</sup></b>	<b>Educational Attainment<sup>1</sup>*</b>	<b>Unemployment Rate<sup>2</sup></b>
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%
2022	111,026 ***	6,587,617	59,334	41.7	63%	9.0%

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

\*\*\* Population adjusted in 2022 based on 2020 census results.



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

**Schedule 15**

Employer	2022			2013		
	Employees	Rank	Percentage of Total City Employment (A)	Employees	Rank	Percentage of Total City Employment (A)
Methodist Sugar Land Hospital	2,459	1	4%	1,400	4	3%
Schlumberger	2,118	2	3%	2,100	3	5%
Memorial Hermann Sugar Land	1,035	3	2%	450	8	1%
Fluor Enterprises, Inc.	925	4	1%	2,100	2	5%
ChampionX	800	5	1%			
Accredo Packaging, Inc	576	6	1%			
QuVa Pharma Inc	518	7	1%			
St. Luke's Hospital Sugar Land	500	8	1%	500	6	1%
HCSS	425	9	1%			
Applied Optoelectronics	357	10	1%			
Nalco Champion, an Ecolab Company				580	5	1%
Fort Bend ISD				7,903	1	20%
Baker Petrolite Corp.				450	7	1%
Tramontina USA, Inc.				380	9	1%
Fairfield Nodal				375	10	1%
<b>TOTALS</b>	<b>9,713</b>		<b>15%</b>	<b>16,238</b>		<b>40%</b>

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

(A) For 2022, estimated total employment was 66,275. For 2013, estimated total employment was 40,394

\*\*2018 Employer List is the latest data used for FY22 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>			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Governmental Activities:</b>				
General government	83.2	78.7	82.0	77.7
Administrative services	27.5	34.0	34.0	38.0
Public safety - Police	194.5	198.5	200.5	201.3
Public safety - Fire	107.0	108.0	109.0	109.0
**Public safety - EMS	-	3.0	13.0	13.0
*Public works	54.9	54.4	53.5	34.0
Parks and recreation	35.9	37.3	31.0	30.4
*Community development	56.0	54.1	61.0	50.1
Environment & Neighborhood Services				40.5
<b>Business-type activities:</b>				
Utility	59.5	66.0	67.5	71.5
Solid waste management	2.0	2.5	2.5	2.5
Regional Airport	42.0	42.0	41.0	44.0
<b>TOTALS</b>	<u>662.5</u>	<u>678.5</u>	<u>695.0</u>	<u>712.0</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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
95.2	93.20	93.35	100.20	105.35	103.35
39.0	40.50	39.50	40.50	36.50	38.50
230.5	230.50	229.60	231.60	232.60	232.60
109.0	110.00	111.00	117.00	131.00	122.00
20.0	20.00	20.00	16.00	-	9.00
35.5	43.50	43.00	61.00	61.00	61.50
35.1	35.05	38.80	38.80	38.80	38.80
49.3	51.25	49.25	52.40	52.25	52.25
40.5	43.50	44.50	48.00	48.00	48.00
85.5	87.50	85.00	89.00	89.00	88.50
2.5	3.50	3.50	3.50	3.50	3.50
46.0	46.00	47.00	50.00	50.00	50.00
<u>788.0</u>	<u>804.5</u>	<u>804.50</u>	<u>848.00</u>	<u>848.00</u>	<u>848.00</u>

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

<b>Function</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
City of Sugar Land				
Population	84,511	86,495	86,972	87,504
Square miles	35.1	35.2	35.2	36.5
Acres	22,475	22,500	22,500	23,341
Budgeted full time employees	662.5	678.5	-	-
Police				
Physical arrests	3,009	2,899	2,247 <sup>(1)</sup>	2,033
Traffic violations	21,577	20,534	19,364 <sup>(1)</sup>	17,117
Parking violations	469	377	313 <sup>(1)</sup>	446
Calls for service	155,718	123,450	70,136 <sup>(1)</sup>	73,546
Fire				
Number of calls answered	7,250	7,328	8,248	8,197
Parks and recreation				
Special events	18	18	20	18
Water				
New connections	186	186	194	207
Water main breaks	211	35 <sup>(2)</sup>	45	26
Annual rainfall (inches)	35.5	48.3	62.6	73.6
Average daily production (MG)	15.15	15.47	15.35	15.51
Sewer				
Average daily WW treatment (MG)	7.28	8.02	8.65	8.59
Community Development				
Building permits issued	7,362	7,271	6,798	6,973
Airport				
No. of fuel gallons sold	3,015,916	2,968,546	2,868,330	2,820,170
Fuel sales	\$ 14,616,206	\$ 14,934,003 <sup>(3)</sup>	\$ 11,551,592	\$ 9,636,133
Aircraft served	13,353	12,017 <sup>(4)</sup>	11,375 <sup>(4)</sup>	11,648

Source: Various City Departments.

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

(2) There is a correction on the number of water main breaks from 170 to 35 FY 2014.

(3) Correction on fuel sales for 2014

(4) Correction for 2014 and 2015 aircraft served from budget to actual

(5) Increase in special events in FY2021 is associated with post-COVID returns to in-person events as well as increased initiatives and focus on positive support of the City's culture.

## Schedule 17

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
87,730	117,386	118,023	118,118	118,755	111,026
36.5	42.9	42.9	43.0	43.0	43.0
23,341	27,425	27,424	27,405	27,402	27,402
804.5	804.5	848.0	848.0	848.0	848.0
1,951	2,279	1,848	955	1,181	1,047
15,433	15,740	13,740	10,299	7,728	16,222
440	560	527	258	202	403
72,597	84,468	77,195	61,752	72,615	73,936
8,867	9,464	9,587	13,209	10,663	11,503
12	7	9	7	30 <sup>(5)</sup>	28
210	200	175	183	96	34
42	33	27	43	22	83
92.9	47.4	66.0	40.1	56.8	24.9
15.99	19.56	20.02	19.43	19.60	21.66
8.49	10.75	10.88	10.43	11.33	10.12
6,683	7,850	8,585	8,057	8,811	8,873
3,064,106	3,203,339	3,237,334	2,694,627	3,268,007	4,206,527
\$ 11,187,372	\$ 13,048,560	\$ 13,050,412	\$ 9,754,412	\$ 12,343,690	\$ 22,071,680
11,510	12,274	13,207	11,624	13,008	14,908

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

<b>Function</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
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	500	500	537	537
Storm sewers (miles)	338	338	350	350
Traffic signals	81	85	85	85
Parks and recreation				
Parks	24	24	26	27
Community centers	6	6	6	6
Parks acreage				
Developed	562	571	571	924
Undeveloped	760	807	807	1484
Water				
Water wells	17	16	16	16
Water mains (miles)	431	441	452	465
Fire hydrants	4,000	4,050	4,134	4,296
Maximum daily demand (MG)				
Groundwater	29.89	29.97	25.84	31.00
Waste water				
Waste water treatment plants	2	2	2	2
Sanitary sewers (miles)	405	412	426	424
Max daily effluent flow (MG)	13.5	13.5	24.3	18.8

Source: Various City Departments.

Schedule 18

2017	2018	2019	2020	2021	2022
40	40	40	40	40	40
1	1	1	1	1	1
1	1	1	1	1	1
6	7	7	7	7	7
1	-	-	-	-	-
538	846	903	903	848	848
343	619	662	662	397	397
88	90	92	92	92	92
27	27	27	27	27	27
6	7	7	7	7	7
963	966	971	971	1174	1402
1261	1261	1261	1280	1280	1053
16	23	23	23	23	23
495	643	652	652	652	652
4,320	5,495	5,837	5,829	5,829	5,829
35.70	36.22	37.27	30.86	37.78	42.08
2	4	4	4	4	4
450	549	550	550	550	550
44.4	21.2	30.3	26.7	23.8	17.8

