

ANNUAL

# COMPREHENSIVE FINANCIAL REPORT

YEAR ENDING IN SEPTEMBER 30, 2025





# City of Sugar Land, Texas

Annual Comprehensive Financial Report  
For the Fiscal Year Ended September 30, 2025



Issued by:  
Finance Department

Michael W. Goodrum, City Manager  
Jing Xiao, Director of Finance

**City of Sugar Land, Texas**  
 Annual Comprehensive Financial Report  
 For the Fiscal Year Ended September 30, 2025  
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# Introductory Section





## CITY OF SUGAR LAND

February 17, 2026

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

Dear Mayor, Council Members, and Citizens:

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, 2025.

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, 2025. 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 four terms in a consecutive nine-year period. The City Manager is appointed by Council and is responsible for implementing Council policy and overseeing the 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, policy issues, and long-range planning. The Planning and Zoning Commission meets regularly. Other boards and commissions, including the PARCS Board (Parks, Art, Recreation, Culture & Streetscapes), Zoning Board of Adjustment, Building Standards Commission, and Animal Advisory Board, meet as needed. Specialized committees, such as the Charter Review Committee, are convened for specific purposes operate until a recommendation is formulated and presented to the City Council. This spirit of community involvement and collaboration is common among Sugar Land residents and is critical to the City's success.

The City of Sugar Land provides a full range of municipal services including public safety (Police, Fire/EMS and Dispatch); water and wastewater utilities; planning; community development & code enforcement; public improvements; repair and maintenance of infrastructures; residential solid waste and recycling; animal services; recreational and community activities; and general administrative and support services. In addition, the City owns and operates a general aviation airport and serves as its fixed-base operator (FBO). 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 it 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) meet the criteria of component units. The SL4B, TIRZ 1, TIRZ 3 and TIRZ 4 are presented as discretely presented component units. The SLDC is reported as a blended component unit within the City's special revenue funds.

The SLDC and the SL4B Corporations were created under the Texas Development Corporation Act of 1979 to promote, assist, and enhance economic and related development activities on behalf of the City. TIRZ 1, created in December 1998, TIRZ 3, created in December 2007, and TIRZ 4, created in December 2009 were created 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**

According to the Texas Economic Development Corporation, the Houston-The Woodlands-Sugar Land Region is the nation's seventh most populous metro builds. As an innovative hub for a number of growing industries, the City of Sugar Land offers a small-town vibe with big-city amenities and access to global markets.

The City has a long history of recognition as a leader in financial stewardship, with strategies specifically tailored to the community and designed to maintain conservative financial practices while offsetting the residential tax burden. Over past several years, the City has implemented policies and strategies to ensure that it is financially strong and resilient.

The City continues to experience strong economic growth. FY 2025 sales tax performance exceeded the adopted budget by 2.1% and was approximately 12% higher than the revenue collected in FY 2024. Total sales tax revenue of \$79.3 million included \$74.7 million recurring collections. The City's property tax rate continues to be one of the lowest in the state for cities over 60,000 population. The FY 2025 adopted property tax rate is \$0.35321 per \$100 of assessed valuation. With a large and stable tax base, the City collected \$76.9 million in property tax revenue in FY 2025, representing an increase of approximately 6% over property taxes collected in FY 2024.

The Houston-Woodlands-Sugar Land Metropolitan Consumer Price Index (CPI) at the end of August 2025 was 1.1 percent (data only available for even numbered months); down from 1.7% at the end of August 2024. Although CPI declined, inflation continued to affect the prices of taxable goods. The average monthly federal funds effective rate declined from a high of 5.31 in FY2024 to 4.22 at the end of FY2025. Despite this decrease, the City earned \$22.1 million in interest revenue during FY2025, which was \$1.3 million higher than in FY 2024. The increase in interest revenue was driven by higher average cash balances.

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

With a focus on conservative, resilient and responsible stewardship, the adopted budget balances operational needs with long-term financial stability and meets all fund balance requirements.

The City annually adopts a one-year operating budget and a five-year capital improvement program (CIP), with the first year appropriated in the annual budget. The budget implements financial and operational strategies identified through strategic planning and long-range forecasts to address current challenges and plan for future needs. Decisions made with consideration for the long-term welfare of the community, not solely current conditions.

FY25 priorities included investments in our championship workforce, public safety, infrastructure, and continued implementation of voter approved general obligation (GO) bond projects addressing community priorities such as drainage, mobility and public safety needs.

The FY25 adopted budget totaled \$454 million, including \$295 million for operating funds and \$159 million for capital projects (including the projects from the voter approved GO bond projects. The Five-Year CIP totaled \$723 million, with \$159 million for capital projects. Only the first year of the Five-Year CIP is funded through the annual budget; the remaining years are included for planning purposes only and are subject to change. GO bond projects include \$27.45 million in public safety, street and mobility improvements, and public facilities.

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 the CIP. Utility projects total \$81.57 million in FY25, with \$24.85 million in water, \$46.985 million in wastewater and \$9.735 million in surface water projects.

The City's Financial Management Policy Statements (FMPS) are the guiding principles of the City's financial management practices. The statements provide directions to City staff in managing the City's finances and include policies driven by state law, City Charter, and formally adopted policies and procedures.

## **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

Through continued alignment with the City's organizational vision, the City achieved significant accomplishments in FY25.

As part of our commitment to community-led redevelopment, the City of Sugar Land made meaningful progress in preserving and reimagining the Imperial Historic District—a defining part of our community's heritage. On June 18, the City completed the acquisition of the roughly 40- acre site, which includes the iconic Imperial Sugar Char House. Public ownership removes long-standing barriers to redevelopment and follows City Council's approval of up to \$50 million to advance this effort.

On May 13, 2025 City Council approved the concept plan and development agreement for Lake Pointe Green, a 53-acre redevelopment of the former Fluor campus into a walkable, park- focused residential community led by Houston-based Lovett Group. The concept plan incorporated feedback gathered during public meetings on April 23 and May 6. The City committed a total of \$24.3 million, including \$7 million in sales tax funds (reserved for economic development) for new parks, civic spaces, and the expansion of the Brooks Lake Trail. The remaining funds will support demolition and infrastructure improvements.

During FY25, City Council approved a partnership agreement for the City to serve as an official Host City Supporter for the FIFA World Cup 2026™ Houston. Through a \$2.5 million partnership with the Houston Host Committee, the City will participate in regional activations, community events, and legacy programming, placing Sugar Land on a global stage during a tournament expected to generate \$1.5 billion in regional economic impact. Since the announcement, the partnership has generated an estimated \$100,000 in earned media and 170 million unique visitors across our media outlets.

## VISION, STRATEGIC OUTCOMES AND PRIORITIES

To continue its innovative momentum, the City developed the 2025 City Manager's Strategic Plan covering the 2025-2027 period. The Strategic Action Plan process identified key focus areas, referred to as "All-In Initiatives," to guide City actions and budget alignment with long-term goals. These initiatives include:

- **Stimulating Economic Growth** - Stimulate new and innovative economic and business growth, that creates new startups and employment and contributes to the economic vitality of the city
- **Enhancing Suburban Community** - Support and enhance the safe, attractive, orientated suburban locations, that help celebrate cultural richness and provide recreational opportunities for all ages
- **Boosting Community Reputation** - Highlight current and new innovations that help promote the renewed strategic value proposition of the community
- **Encouraging Community Engagement** - Build strong community engagement and feedback mechanisms, with emphasis on orientated strategic discussions and exploration
- **Fostering Sensitive Redevelopment** - Actively foster redevelopment of key sites, so they enhance community amenities, and provide forward-thinking housing options

## 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, 2024. This marked the 42nd consecutive year the City has achieved this prestigious award. The Certificate is valid for a period of one year and the City believes the current ACFR continues to meet program requirements and will submit it to GFOA for consideration.

Additionally, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget for the period October 1, 2024- September 30, 2025. This was the 29th consecutive year the City received the award, recognizing the budget as a policy document, financial plan, operations guide, and a communications tool.

## 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, 2025**

<b><u>City Officials</u></b>	<b><u>Elective Position</u></b>	<b><u>Expires</u></b>
Carol McCutcheon	Mayor	2028
Jim Vonderhaar	Council Member - At Large Position One	2028
Robert Boettcher	Council Member - At Large Position Two	2028
Suzanne Whatley	Council Member - District One	2027
Sanjay Singhal	Council Member - District Two	2027
Stewart Jacobson	Council Member - District Three	2027
Rick Miller	Council Member - District Four	2027

<b><u>Key Staff</u></b>	<b><u>Position</u></b>
Michael W. Goodrum	City Manager
Brian Butscher	Assistant City Manager
Mark Poland	Assistant City Manager
Elizabeth Rosenbaum	Assistant City Manager
Jim Callaway	Assistant City Manager
Meredith Riede	City Attorney
Jing Xiao	Director of Finance
Elvia Garza	Controller
Linda Mendenhall	City Clerk

City of Sugar Land, Texas  
Executive Team Organizational Chart as of September 30, 2025

# City of Sugar Land Organizational Chart



**City Manager, Mike Goodrum**

- Legal Department
- City Secretary



**Brian Butscher**  
Assistant City Manager -  
Chief Operating Officer

- Budget
- Customer Experience
- Engineering
- Public Works
- Utilities
- Parks & Recreation
- Planning & Development  
Services



**Jim Callaway**  
Assistant City Manager

- Department of  
Redevelopment
- Economic Development



**Mark Poland**  
Assistant City Manager -  
Chief Public Safety Officer

- Animal Services
- Communications &  
Community Engagement
- Fire
- Police
  - Emergency  
Management
- Public Safety Dispatch
- Municipal Court



**Elizabeth Rosenbaum**  
Assistant City Manager  
- Chief Internal Services  
Officer

- Airport
- Finance
- Fleet Division
- Information Technology,  
Data & Security
- People & Culture (Human  
Resources)
- Strategic & Government  
Affairs
- Data & Innovation



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, 2024

*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, 2025, 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, 2025, 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, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Beginning net position has been restated as a result of the implementation of this statement. 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.

### ***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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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.

### **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 17, 2026, 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.

The Woodlands, Texas  
February 17, 2026



## 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, 2025.

### 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 \$864.3 million (*net position*). Of this amount, \$137.4 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 \$264.8 million, an increase of \$38.1 million over the prior year. Approximately 21% of this total amount, \$55.5 million, is *available for spending* at the government's discretion (*unassigned fund balance*).
- The City's Financial Management Policy requires the City to maintain the General Fund's unassigned fund balance equivalent to three months of recurring budgeted operating costs, which is approximately \$34.8 million for fiscal year 2025. As of September 30, 2025, the General Fund's unassigned fund balance was \$55.5 million.
- The City's total long-term debt increased by \$101 million due to the issuance of new debt, net payments on existing 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 18 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 15 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, stormwater compliance fees, 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, solid waste operations and stormwater compliance fees, 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. Data from the solid waste and stormwater funds, which are considered non-major funds, are combined into a single, aggregated presentation. All internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of the non-major enterprise funds and 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 by 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 \$864.3 million at the close of the most recent fiscal year.

By far the largest portion of the City's net position, 76.3% or \$659.5 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, 2025. 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	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 348,737	\$ 317,937	\$ 245,867	\$ 172,230	\$ 594,604	\$ 490,167
Capital assets	654,937	610,878	402,103	407,564	1,057,040	1,018,442
Total assets	1,003,674	928,815	647,970	579,794	1,651,644	1,508,610
Deferred outflows	17,137	19,013	3,884	4,269	21,021	23,282
Total deferred outflows of resources	17,137	19,013	3,884	4,269	21,021	23,282
Long-term liabilities outstanding	417,675	364,925	297,687	244,457	715,362	609,382
Other liabilities	46,328	49,859	9,611	15,232	55,939	65,091
Total liabilities	464,003	414,784	307,298	259,689	771,301	674,473
Deferred inflows	36,146	37,415	944	418	37,090	37,833
Total deferred inflows of resources	36,146	37,415	944	418	37,090	37,833
Net position:						
Net investment in capital assets	420,817	402,755	238,725	234,539	659,542	637,294
Restricted	58,156	52,776	9,196	8,768	67,352	61,544
Unrestricted	41,689	40,099	95,691	80,649	137,380	120,748
<b>Total net position</b>	<b>\$ 520,662</b>	<b>\$ 495,630</b>	<b>\$ 343,612</b>	<b>\$ 323,956</b>	<b>\$ 864,274</b>	<b>\$ 819,586</b>

An additional portion of the City's net position, 7.8% or \$67.4 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of 15.9% or \$137.4 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. 101, *Compensated Absences* in fiscal year 2025 resulting in a restatement which decreased net position by \$2,765,695 as of September 30, 2024. Because the restatement is the result of a change in accounting principle, the information for 2024 in the tables in the MD&A have not been restated in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62. See Note 1 V. for more information.

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

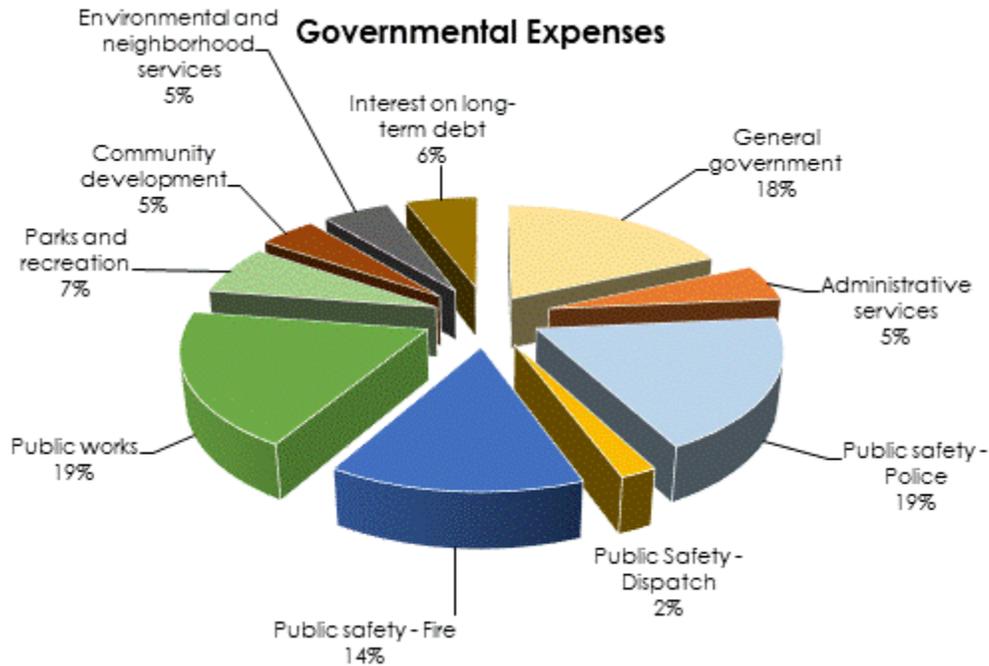
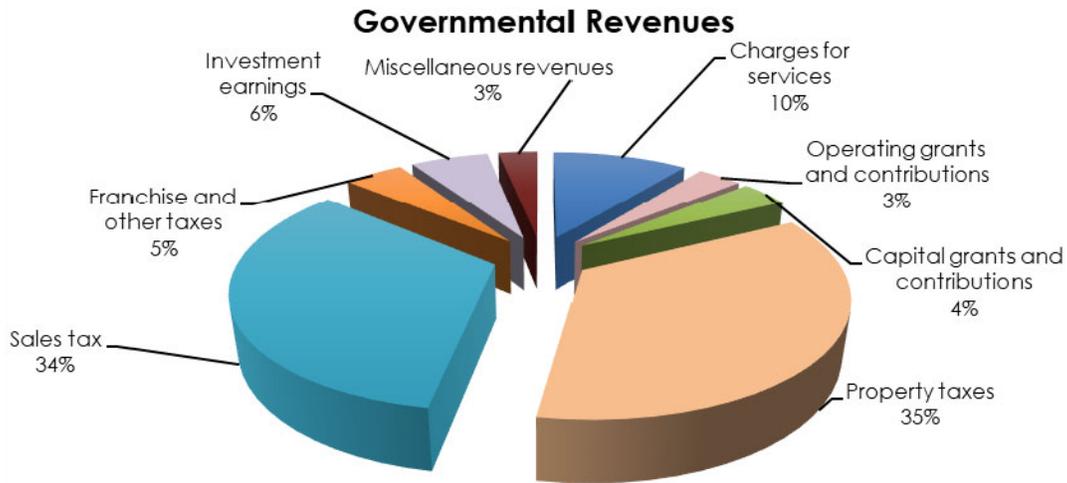
	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 21,540	\$ 18,277	\$ 115,021	\$ 104,648	\$ 136,561	\$ 122,925
Operating grants and contributions	7,141	8,194	145	100	7,286	8,294
Capital grants and contributions	7,658	19,103	2,149	8,803	9,807	27,906
General revenues:						
Property taxes	72,519	67,282	-	-	72,519	67,282
Sales tax	69,394	61,807	-	-	69,394	61,807
Franchise and other taxes	9,546	9,433	-	-	9,546	9,433
Investment earnings	12,590	13,243	8,007	8,323	20,597	21,566
Miscellaneous revenues	6,299	5,567	2,185	2,178	8,484	7,744
<b>Total revenues</b>	<b>206,687</b>	<b>202,906</b>	<b>127,507</b>	<b>124,052</b>	<b>334,194</b>	<b>326,957</b>
Expenses:						
General government	33,668	33,735	-	-	33,668	33,735
Administrative services	9,349	7,090	-	-	9,349	7,090
Public safety - Police	34,065	29,561	-	-	34,065	29,561
Public Safety - Dispatch	3,756	3,887	-	-	3,756	3,887
Public safety - Fire	25,959	23,545	-	-	25,959	23,545
Public works	34,544	33,645	-	-	34,544	33,645
Parks and recreation	12,693	11,053	-	-	12,693	11,053
Community development	8,356	6,914	-	-	8,356	6,914
Environmental and neighborhood services	9,737	10,930	-	-	9,737	10,930
Interest on long-term debt	10,476	8,445	-	-	10,476	8,445
Utility	-	-	68,435	65,911	68,435	65,911
Regional airport	-	-	24,091	23,870	24,091	23,870
Solid waste and stormwater	-	-	11,612	16,617	11,612	16,617
<b>Total expenses</b>	<b>182,603</b>	<b>168,808</b>	<b>104,138</b>	<b>106,398</b>	<b>286,741</b>	<b>275,206</b>
Increase (decrease) in net position before transfers	24,084	34,098	23,369	17,654	47,453	51,751
Transfers	3,276	3,620	(3,276)	(3,620)	-	-
Change in net position	27,360	37,768	20,093	13,984	47,453	51,751
Net position - beginning, as previously reported	495,630	457,862	323,957	309,973	819,587	767,835
Implementation of GASB Statement 101, <i>Compensated Absences</i>	(2,328)	-	(438)	-	(2,766)	-
Net position - beginning, as restated	493,302	457,862	323,519	309,973	816,821	767,835
<b>Net position - ending</b>	<b>\$ 520,662</b>	<b>\$ 495,630</b>	<b>\$ 343,612</b>	<b>\$ 323,957</b>	<b>\$ 864,274</b>	<b>\$ 819,587</b>

The City's net position increased by approximately \$47.5 million in the fiscal year ended September 30, 2025, of which \$27.4 million is attributable to governmental activities and \$20.1 million is attributable to business-type activities. The following pages provide a more detailed discussion of the contributing factors behind these increases affecting the governmental and business-type activities.

## Governmental Activities

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

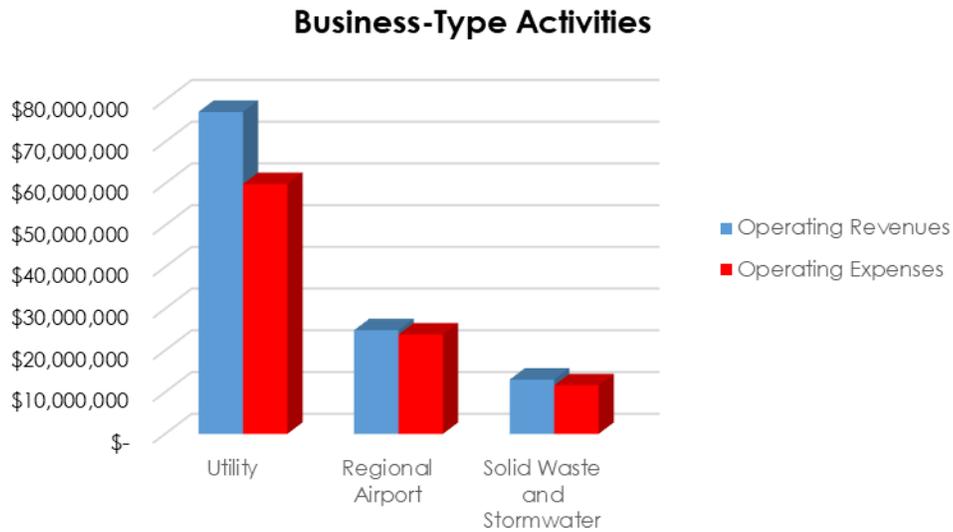
- Increased sales tax revenues as a result of economic recovery as well as increased property tax revenues driven by increased property values.
- Increased capital grants and contributions associated with land contribution to the City
- Investment earnings increased due to increased cash balances over last year.
- Increased expenditures driven primarily by increases in cost of employee compensation and benefits.



### Business-type Activities

Business-type activities increased the City's net position by \$20.1 million in 2025, approximately \$6 million more than 2024. Key elements of this increase are as follows:

- Increased charges for service.
- Decreased expenditures primarily due to nonrecurring transfers related to debris removal contracts in the prior year.



### 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 \$264.8 million, an increase of \$38.1 million over the prior year. Approximately 21% of this total amount, \$55.5 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 \$1.7 million, resulting in an ending fund balance of \$57.2 million at year end. The unassigned fund balance of \$55.5 million represents 39.9% of total fund expenditures. The increase in fund balance primarily results from increased property and sales tax revenues and intergovernmental revenue. The factors contributing to these changes are addressed in the discussion of the City's governmental activities on the previous page.

The Debt Service Fund has a total fund balance of \$16.9 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 \$2.2 million, due primarily to the increase in property tax revenues compared to the previous year. The factors contributing to these changes are addressed in the discussion of the City's governmental activities on the previous page.

The Capital Projects Fund has a total fund balance of \$147.7 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 \$30.5 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 \$76.2 million and the Airport Fund's unrestricted net position amounts to approximately \$14.0 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 \$9.0 million due primarily to increases in estimated sales tax revenues related to the strong economy in the area.

During the year there was a net increase between the original and final amended budget expenditure appropriations of \$7.3 million due to budgetary increases in personnel and facility repair and maintenance expenditures.

There were no significant differences between final amended expenditures and actual expenditures in fiscal year 2025. The review of the final amended budget versus the actual for the General Fund reflected a positive budget variance in the amount of \$8.2 million.

### Capital Assets and Debt Administration

#### Capital Assets

At the end of the current fiscal year 2025, the City's governmental activities and business-type activities had invested \$654.9 million and \$402.1 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents a net increase of \$44.1 million or 7.2% over the end of last fiscal year for governmental activities and a decrease of \$5.5 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	
	2025	2024	2025	2024	2025	2024
	Land and intangibles	\$ 156,482	\$ 127,413	\$ 36,154	\$ 36,160	\$ 192,636
Construction in progress	59,980	39,590	31,630	56,448	91,610	96,038
Infrastructure	244,328	251,413	313,627	294,628	557,955	546,041
Buildings and improvements	161,409	164,603	15,687	16,520	177,096	181,123
Equipment and furniture	21,838	21,870	4,615	3,808	26,453	25,678
Right-to-use leased equipment	5,676	837	-	-	5,676	837
Subscription assets	5,224	5,152	390	-	5,614	5,152
<b>Totals</b>	<b>\$ 654,937</b>	<b>\$ 610,878</b>	<b>\$ 402,103</b>	<b>\$ 407,564</b>	<b>\$ 1,057,040</b>	<b>\$ 1,018,442</b>

The overall increase in capital assets for governmental activities is due primarily to the continuation of construction in progress and the acquisition of land.

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 \$653.9 million. Of this amount, \$198.2 million was general obligation debt and \$222.3 million represents bonds secured solely by specified revenue sources (i.e. revenue bonds). Certificates of obligation account for \$191.2 million. The City's other long-term liabilities include its pension and other post employments benefits of \$39.9 million and compensated absences and other items of \$21.5 million.

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

Amounts in (000's)	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 131,420	\$ 119,673	\$ 66,775	\$ 70,342	\$ 198,195	\$ 190,015
Revenue bonds	31,575	33,975	190,750	136,995	222,325	170,970
Certificates of obligation	180,540	141,495	10,665	11,375	191,205	152,870
Premiums or discounts	20,818	19,451	21,385	19,411	42,203	38,862
<b>Total bonds payable, net</b>	<b>364,353</b>	<b>314,594</b>	<b>289,575</b>	<b>238,123</b>	<b>653,928</b>	<b>552,717</b>
Pension and other post employment benefits	34,698	38,481	5,214	5,435	39,912	43,916
Compensated absences and other	18,624	11,850	2,898	899	21,522	12,749
<b>Total</b>	<b>\$ 417,675</b>	<b>\$ 364,925</b>	<b>\$ 297,687</b>	<b>\$ 244,457</b>	<b>\$ 715,362</b>	<b>\$ 609,382</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 FY 2025 the City continues to experience strong economic growth. The City's General Fund total revenue was approximately 1.4% higher than the adopted budget and the overperformance was mainly contributed by the higher than anticipated sales tax revenue, licenses and permits, and charges for services. Sales tax revenue exceeded the FY 2025 adopted budget by 2.1% and it was 12% higher than the sales tax revenue in FY 2024. The August CIP declined to 1.1% at the end of August 2025 from the 1.7% in August 2024 (Houston-The Woodland-Sugar Land metropolitan area all items). Although CPI has declined, the high inflation in prior years continues to affect prices of taxable goods. The average monthly federal funds effective rate was 4.4% during the 12 months in the fiscal year.

With a focus on conservative, resilient and responsible stewardship efforts to balance both operational and financial stability, the adopted budget ensures continued financial strength and resiliency by meeting all fund balance requirements. The City's Financial Management Policy Statements (FMPS) are the guiding principles of the City's financial management practices. The statements provide directions to City staff in managing the City's finances. Some policy statements are driven by state law or City Charter, while others are formally documented through policies and procedures.

## **2025 Property Taxes**

Tax year 2025 is the fifth 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. Fortunately, there were no significant impacts to the City's property tax growth in the 88th legislative session, but the legislature continues to be a threat to the ability for this revenue to grow along with inflation.

The FY26 budget is funded by revenues based on the certified 2025 tax roll of \$21.3 billion. The city's tax rate continues to be one of the lowest in the state for cities over 100,000. The FY 2026 adopted tax rate is \$0.358827/100; which is a 1.6% increase from the prior year's tax rate of \$0.353210/100. Another tool available to the city to help limit the residential tax burden is the homestead exemption. The City maintained the 15% homestead exemption in FY 2026.

## **Fee and Rate Changes**

After four years of implementation from a 2021 rate study, the utility system is in the maintenance phase of the plan. The 2026 recommended increase for utility rates will result in an approximate 3% increase per month for residential customers. This new rate allows the utility system to keep up with the cost of inflation to avoid large increases in the future.

The 2025 rate for residential solid waste services is \$21.88 per household per month, and the rate will increase by 5% based on the cap on CPI increase under the contract. An additional \$1 will be charged per month per customer to prepare for emergency debris recovery, this will make the new rate \$23.97 per household per month effective January 1st, 2026.

In FY23 City Council adopted the Stormwater Compliance Fee to offset the cost of compliance with 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. There are no planned increases to the rate structure in FY26. Staff continues to monitor the costs and needs related to these mandates.

The FMPS contains guidance on evaluating user fees for an annual CPI adjustment and for calculation of new fees. Based on this guidance, staff evaluated fees based on the 5-year average CPI for 2025. The recommendation for increases is 3.7%. The fee and rate adjustments will be effective January 1st, 2026.

## **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 Jing Xiao, Director of Finance, 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, 2025

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 46,874,104	\$ 69,293,846	\$ 116,167,950	\$ 20,352,573
Investments	18,501,357	25,484,572	43,985,929	9,243,583
Receivables, net of allowance for uncollectibles	20,485,693	10,653,315	31,139,008	1,814,641
Lease receivable	28,873,701	12,840	28,886,541	1,353,262
Internal balances	(1,463,655)	1,463,655	-	-
Inventories	187,724	736,437	924,161	-
Prepaid items	182,533	96,788	279,321	19,972
Restricted cash and cash equivalents	209,734,682	136,121,383	345,856,065	2,092,278
Restricted investments	25,361,087	2,004,508	27,365,595	-
Capital assets:				
Capital assets not being depreciated/amortized	216,147,953	67,734,781	283,882,734	-
Capital assets being depreciated/amortized	438,788,840	334,368,583	773,157,423	-
<b>Total assets</b>	<b>1,003,674,019</b>	<b>647,970,708</b>	<b>1,651,644,727</b>	<b>34,876,309</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	547,457	1,567,184	2,114,641	47,402
Deferred outflows relating to pension activities	15,438,280	2,154,556	17,592,836	-
Deferred outflows relating to OPEB activities	1,152,141	162,949	1,315,090	-
<b>Total deferred outflows of resources</b>	<b>17,137,878</b>	<b>3,884,689</b>	<b>21,022,567</b>	<b>47,402</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	15,235,381	5,268,609	20,503,990	165,289
Accrued interest	1,343,748	1,082,404	2,426,152	76,132
Customer deposits	58,664	3,260,327	3,318,991	-
Unearned revenue	29,691,279	-	29,691,279	-
Noncurrent liabilities:				
Non-current liabilities due within one year	34,717,890	18,562,781	53,280,671	1,160,000
Due in more than one year	382,957,078	279,124,668	662,081,746	16,746,161
<b>Total liabilities</b>	<b>464,004,040</b>	<b>307,298,789</b>	<b>771,302,829</b>	<b>18,147,582</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on refunding	453,909	-	453,909	-
Deferred inflows relating to leases	29,389,697	10,551	29,400,248	1,331,153
Deferred inflows relating to pension activities	4,213,348	631,761	4,845,109	-
Deferred inflows relating to OPEB activities	2,089,050	302,152	2,391,202	-
<b>Total deferred inflows of resources</b>	<b>36,146,004</b>	<b>944,464</b>	<b>37,090,468</b>	<b>1,331,153</b>
<b>NET POSITION</b>				
Net investment in capital assets	420,817,102	238,724,567	659,541,669	-
Restricted for:				
Debt service	24,792,852	9,195,609	33,988,461	2,016,146
General government	32,734	-	32,734	-
Economic development activities	27,350,891	-	27,350,891	11,431,191
Public safety	1,554,257	-	1,554,257	-
Tourism and marketing	4,214,507	-	4,214,507	-
Environmental and neighborhood services	210,880	-	210,880	-
Unrestricted	41,688,630	95,691,968	137,380,598	1,997,639
<b>TOTAL NET POSITION</b>	<b>\$ 520,661,853</b>	<b>\$ 343,612,144</b>	<b>\$ 864,273,997</b>	<b>\$ 15,444,976</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, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental activities:				
General government	\$ 33,668,079	\$ 68,984	\$ 2,186,372	\$ 82,453
Administrative services	9,348,463	7,385,868	1,978,815	-
Public safety - Police	34,065,090	1,274,260	422,651	-
Public Safety - Dispatch	3,756,015	-	-	-
Public safety - Fire	25,958,848	6,172,543	210,314	-
Public works	34,543,661	124,952	2,196,457	6,047,870
Parks and recreation	12,693,109	701,828	118,876	1,527,738
Community development	8,355,913	5,000,557	-	-
Environmental and neighborhood services	9,737,456	811,399	27,989	-
Interest on long-term debt	10,476,254	-	-	-
Total governmental activities	182,602,888	21,540,391	7,141,474	7,658,061
Business-type activities:				
Utility	68,435,181	77,164,509	-	527,044
Regional airport	24,091,268	24,843,985	145,500	1,621,856
Solid waste and stormwater	11,612,387	13,012,511	-	-
Total business-type activities	104,138,836	115,021,005	145,500	2,148,900
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 286,741,724</b>	<b>\$ 136,561,396</b>	<b>\$ 7,286,974</b>	<b>\$ 9,806,961</b>
<b>COMPONENT UNITS</b>				
Sugar Land 4B Corporation	\$ 12,885,178	\$ -	\$ 71,414	\$ -
Sugar Land Town Square Tax Increment				
Reinvestment Zone No. 1	919,428	-	-	-
Sugar Land Reinvestment Zone No. 3	1,933,503	-	-	-
Sugar Land Reinvestment Zone No. 4	16,433	-	-	-
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 15,754,542</b>	<b>\$ -</b>	<b>\$ 71,414</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, as previously reported

Implementation of GASB Statement 101, *Compensated Absences*

Net position - beginning, as restated

**NET POSITION - ENDING**

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

**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>
\$ (31,330,270)		\$ (31,330,270)	
16,220		16,220	
(32,368,179)		(32,368,179)	
(3,756,015)		(3,756,015)	
(19,575,991)		(19,575,991)	
(26,174,382)		(26,174,382)	
(10,344,667)		(10,344,667)	
(3,355,356)		(3,355,356)	
(8,898,068)		(8,898,068)	
(10,476,254)		(10,476,254)	
<u>(146,262,962)</u>		<u>(146,262,962)</u>	
	\$ 9,256,372	\$ 9,256,372	
	2,520,073	2,520,073	
	1,400,124	1,400,124	
	<u>13,176,569</u>	<u>13,176,569</u>	
<u>\$ (146,262,962)</u>	<u>\$ 13,176,569</u>	<u>\$ (133,086,393)</u>	
			\$ (12,813,764)
			(919,428)
			(1,933,503)
			<u>(16,433)</u>
			<u>\$ (15,683,128)</u>
\$ 72,519,131	\$ -	\$ 72,519,131	\$ 4,369,985
69,393,687	-	69,393,687	9,915,872
9,545,614	-	9,545,614	-
12,589,833	8,007,285	20,597,118	1,532,837
6,298,771	2,185,356	8,484,127	88,313
3,276,121	(3,276,121)	-	-
<u>173,623,157</u>	<u>6,916,520</u>	<u>180,539,677</u>	<u>15,907,007</u>
27,360,195	20,093,089	47,453,284	223,879
495,629,796	323,956,612	819,586,408	15,221,097
(2,328,138)	(437,557)	(2,765,695)	-
<u>493,301,658</u>	<u>323,519,055</u>	<u>816,820,713</u>	<u>15,221,097</u>
<u>\$ 520,661,853</u>	<u>\$ 343,612,144</u>	<u>\$ 864,273,997</u>	<u>\$ 15,444,976</u>

**City of Sugar Land, Texas**

Balance Sheet – Governmental Funds

September 30, 2025

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 34,622,480	\$ 231,686
Investments	17,503,941	-
Receivables, net of allowance for uncollectibles	14,448,354	780,115
Lease receivable	129,994	28,743,707
Inventories	178,224	-
Prepaid items	132,985	-
Restricted cash and cash equivalents	46,837	7,693,731
Restricted investments	-	9,367,661
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 67,062,815</b>	<b>\$ 46,816,900</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 2,507,235	\$ 4,900
Accrued expenditures	3,933,617	-
Customer deposits	58,664	-
Unearned revenue	-	-
	<hr/>	<hr/>
Total liabilities	6,499,516	4,900
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Unavailable revenue	3,260,309	591,790
Deferred inflows relating to leases	124,840	29,264,857
	<hr/>	<hr/>
Total deferred inflows of resources	3,385,149	29,856,647
<b>FUND BALANCES</b>		
Nonspendable:		
Inventories	178,224	-
Prepaid items	132,985	-
Restricted for:		
General government	-	-
Debt service	-	16,955,353
Capital projects	-	-
Economic development activities	-	-
Public safety	-	-
Tourism and marketing	-	-
Environmental and neighborhood services	-	-
Committed	938,693	-
Assigned	477,845	-
Unassigned	55,450,403	-
	<hr/>	<hr/>
Total fund balances	57,178,150	16,955,353
	<hr/>	<hr/>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 67,062,815</b>	<b>\$ 46,816,900</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>
\$ 3,663,203	\$ 1,311,216	\$ 39,828,585
-	-	17,503,941
2,328,279	2,706,882	20,263,630
-	-	28,873,701
-	9,500	187,724
-	18,940	151,925
174,030,214	27,963,900	209,734,682
2,013,930	13,979,496	25,361,087
<b>\$ 182,035,626</b>	<b>\$ 45,989,934</b>	<b>\$ 341,905,275</b>
\$ 6,724,903	\$ 884,573	\$ 10,121,611
-	13,607	3,947,224
-	-	58,664
27,560,844	2,130,435	29,691,279
34,285,747	3,028,615	43,818,778
-	30,782	3,882,881
-	-	29,389,697
-	30,782	33,272,578
-	9,500	187,724
-	18,940	151,925
-	32,734	32,734
-	8,589,457	25,544,810
138,557,811	-	138,557,811
-	27,350,891	27,350,891
-	1,554,257	1,554,257
-	4,214,507	4,214,507
-	210,880	210,880
-	-	938,693
9,192,068	949,371	10,619,284
-	-	55,450,403
147,749,879	42,930,537	264,813,919
<b>\$ 182,035,626</b>	<b>\$ 45,989,934</b>	<b>\$ 341,905,275</b>



# City of Sugar Land, Texas

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2025

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$</b>	<b>264,813,919</b>																														
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>																																
<p>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 \$1,199,510,518 and the accumulated depreciation/amortization is \$552,949,943.</p>		646,560,575																														
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.</p>		3,882,881																														
<p>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.</p>																																
<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Deferred charge on refunding</td> <td style="text-align: right;">\$ 547,457</td> <td></td> </tr> <tr> <td>Deferred gain on refunding</td> <td style="text-align: right;">(453,909)</td> <td style="text-align: right; border-top: 1px solid black;">93,548</td> </tr> </table>	Deferred charge on refunding	\$ 547,457		Deferred gain on refunding	(453,909)	93,548																										
Deferred charge on refunding	\$ 547,457																															
Deferred gain on refunding	(453,909)	93,548																														
<p>Long-term liabilities that are not due and payable in the current period are not reported in the funds.</p>																																
<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Debt payable, at maturity</td> <td style="text-align: right;">\$ (343,535,001)</td> <td></td> </tr> <tr> <td>Accrued interest on the bonds</td> <td style="text-align: right;">(1,343,282)</td> <td></td> </tr> <tr> <td>Premium/discount on bonds payable</td> <td style="text-align: right;">(20,818,116)</td> <td></td> </tr> <tr> <td>Arbitrage rebate liability</td> <td style="text-align: right;">(1,699,864)</td> <td></td> </tr> <tr> <td>Compensated absences</td> <td style="text-align: right;">(10,069,602)</td> <td></td> </tr> <tr> <td>Sales tax obligation</td> <td style="text-align: right;">(64,131)</td> <td></td> </tr> <tr> <td>Leases</td> <td style="text-align: right;">(2,570,289)</td> <td></td> </tr> <tr> <td>Subscription liabilities</td> <td style="text-align: right;">(4,126,956)</td> <td></td> </tr> <tr> <td>Net pension liability</td> <td style="text-align: right;">(26,979,597)</td> <td></td> </tr> <tr> <td>Total OPEB liability</td> <td style="text-align: right;">(7,718,085)</td> <td style="text-align: right; border-top: 1px solid black;">(418,924,923)</td> </tr> </table>	Debt payable, at maturity	\$ (343,535,001)		Accrued interest on the bonds	(1,343,282)		Premium/discount on bonds payable	(20,818,116)		Arbitrage rebate liability	(1,699,864)		Compensated absences	(10,069,602)		Sales tax obligation	(64,131)		Leases	(2,570,289)		Subscription liabilities	(4,126,956)		Net pension liability	(26,979,597)		Total OPEB liability	(7,718,085)	(418,924,923)		
Debt payable, at maturity	\$ (343,535,001)																															
Accrued interest on the bonds	(1,343,282)																															
Premium/discount on bonds payable	(20,818,116)																															
Arbitrage rebate liability	(1,699,864)																															
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Sales tax obligation	(64,131)																															
Leases	(2,570,289)																															
Subscription liabilities	(4,126,956)																															
Net pension liability	(26,979,597)																															
Total OPEB liability	(7,718,085)	(418,924,923)																														
<p>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.</p>																																
<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Deferred outflows and deferred inflows - pension</td> <td style="text-align: right;">\$ 11,224,932</td> <td></td> </tr> <tr> <td>Deferred outflows and deferred inflows - OPEB</td> <td style="text-align: right;">(936,909)</td> <td style="text-align: right; border-top: 1px solid black;">10,288,023</td> </tr> </table>	Deferred outflows and deferred inflows - pension	\$ 11,224,932		Deferred outflows and deferred inflows - OPEB	(936,909)	10,288,023																										
Deferred outflows and deferred inflows - pension	\$ 11,224,932																															
Deferred outflows and deferred inflows - OPEB	(936,909)	10,288,023																														
<p>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.</p>		13,947,830																														
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b>520,661,853</b>																														

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

# City of Sugar Land, Texas

## Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended September 30, 2025

	<b>General Fund</b>	<b>Debt Service Fund</b>
<b>REVENUES</b>		
Property taxes	\$ 42,848,758	\$ 29,471,309
Sales tax	59,480,303	-
Franchise and other taxes	6,393,030	-
Licenses and permits	5,792,146	-
Fines and forfeitures	1,133,040	-
Charges for services	13,699,283	-
Investment earnings	2,693,234	908,216
Intergovernmental	2,253,710	-
Other	2,273,630	1,690,628
	<hr/>	<hr/>
Total revenues	136,567,134	32,070,153
<b>EXPENDITURES</b>		
Current:		
General government	31,418,670	-
Administrative services	6,039,187	2,255,378
Public safety - Police	32,783,346	-
Public safety - Dispatch	3,696,949	-
Public safety - Fire	26,021,856	-
Public works	12,677,054	-
Parks and recreation	7,009,514	-
Community development	7,290,805	-
Environmental and neighborhood services	9,192,836	-
Debt service:		
Principal	2,795,019	23,898,243
Interest and other charges	177,609	8,457,222
Bond issuance costs	-	43,650
Capital outlay	-	-
	<hr/>	<hr/>
Total expenditures	139,102,845	34,654,493
Excess (deficiency) of revenues over (under) expenditures	(2,535,711)	(2,584,340)
<b>OTHER FINANCING SOURCES (USES)</b>		
Bonds and certificates of obligation issued	-	-
Premium on debt issued	-	5,530
Leases - other financing source	2,437,520	-
Subscriptions - other financing source	1,901,261	-
Transfers in	309,000	5,010,163
Transfers out	(388,138)	(257,634)
	<hr/>	<hr/>
Total other financing sources (uses)	4,259,643	4,758,059
Net change in fund balances	1,723,932	2,173,719
Fund balances, beginning of year	55,454,218	14,781,634
	<hr/>	<hr/>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 57,178,150</b>	<b>\$ 16,955,353</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>
\$ -	\$ -	\$ 72,320,067
-	9,913,384	69,393,687
-	3,191,022	9,584,052
-	-	5,792,146
-	106,146	1,239,186
-	-	13,699,283
6,827,510	1,881,403	12,310,363
-	2,932,181	5,185,891
8,299,953	1,239,205	13,503,416
<hr/>	<hr/>	<hr/>
15,127,463	19,263,341	203,028,091
1,600	5,446,159	36,866,429
-	1,190,729	9,485,294
-	251,796	33,035,142
-	-	3,696,949
-	42,992	26,064,848
2,854,091	27,520	15,558,665
36,191	-	7,045,705
-	-	7,290,805
-	725,670	9,918,506
-	2,442,636	29,135,898
-	1,489,665	10,124,496
734,127	1,500	779,277
59,150,274	2,612,914	61,763,188
<hr/>	<hr/>	<hr/>
62,776,283	14,231,581	250,765,202
(47,648,820)	5,031,760	(47,737,111)
74,690,000	-	74,690,000
3,494,126	-	3,499,656
-	-	2,437,520
-	-	1,901,261
-	130,330	5,449,493
-	(1,527,600)	(2,173,372)
<hr/>	<hr/>	<hr/>
78,184,126	(1,397,270)	85,804,558
30,535,306	3,634,490	38,067,447
117,214,573	39,296,047	226,746,472
<hr/>	<hr/>	<hr/>
\$ 147,749,879	\$ 42,930,537	\$ 264,813,919



# 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, 2025

<b>NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 38,067,447</b>
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>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 or amortization expense for the period.</p>	
Depreciation/amortization expense	\$ (24,792,264)
Leases - other financing source	2,437,519
Subscriptions - other financing source	1,901,261
Capital outlay	<u>61,118,506</u>
	40,665,022
<p>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.</p>	
	2,274,309
<p>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.</p>	
	(11,100)
<p>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.</p>	
	883,389
<p>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.</p>	
Par value of debt issued	\$ (74,690,000)
Premium on debt issued	(3,499,656)
Leases	(2,437,520)
Subscription liabilities	(1,901,261)
Principal repayments	29,135,898
Repayment of obligation to state	<u>19,721</u>
	(53,372,818)
<p>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.</p>	
Amortization of bond premiums and deferred amounts on refunding	\$ 2,028,937
Change in accrued interest on long-term debt	83,800
Change in arbitrage	(1,699,864)
Compensated absences	(1,171,772)
Changes in pension liabilities and related deferred outflows and inflows of resources	(1,012,336)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>(638,100)</u>
	(2,409,335)
<p>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.</p>	
	<u>1,263,281</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 27,360,195</b>

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

**City of Sugar Land, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2025**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Major Funds</b>				<b>Activities</b>
	<b>Utility Fund</b>	<b>Airport Fund</b>	<b>Nonmajor Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 56,621,874	\$ 8,888,075	\$ 3,783,897	\$ 69,293,846	\$ 6,286,519
Cash with fiscal agent	-	-	-	-	759,000
Investments	18,744,332	6,740,240	-	25,484,572	997,416
Receivables, net of allowance for uncollectibles	8,290,585	834,148	1,528,582	10,653,315	222,063
Lease receivable	-	12,840	-	12,840	-
Inventories	541,889	194,548	-	736,437	-
Prepaid items	23,018	73,570	200	96,788	30,608
Restricted cash and cash equivalents	135,149,148	972,235	-	136,121,383	-
Restricted investments	2,004,508	-	-	2,004,508	-
Total current assets	221,375,354	17,715,656	5,312,679	244,403,689	8,295,606
Noncurrent assets:					
Capital assets					
Capital assets not being depreciated/amortized	43,427,868	24,306,913	-	67,734,781	-
Capital assets being depreciated/amortized	265,476,705	68,643,816	248,062	334,368,583	8,376,218
Total capital assets (net of accumulated depreciation)	308,904,573	92,950,729	248,062	402,103,364	8,376,218
Total noncurrent assets	308,904,573	92,950,729	248,062	402,103,364	8,376,218
Total assets	530,279,927	110,666,385	5,560,741	646,507,053	16,671,824
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	1,531,547	35,637	-	1,567,184	-
Deferred outflows relating to pension activities	1,395,385	648,081	111,090	2,154,556	-
Deferred outflows relating to OPEB activities	105,152	48,646	9,151	162,949	-
Total deferred outflows of resources	3,032,084	732,364	120,241	3,884,689	-
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued expenses	3,436,155	916,687	915,767	5,268,609	515,463
Accrued interest	1,024,668	57,736	-	1,082,404	466
Customer deposits	3,125,805	134,522	-	3,260,327	-
Claims and judgments	-	-	-	-	651,083
Noncurrent liabilities due within one year	17,194,439	1,295,453	72,889	18,562,781	46,037
Total current liabilities	24,781,067	2,404,398	988,656	28,174,121	1,213,049
Noncurrent liabilities:					
Due in more than one year	262,850,525	11,021,346	39,246	273,911,117	-
Net pension liability	2,677,683	1,195,649	246,417	4,119,749	47,290
Total OPEB liability	705,106	326,077	62,619	1,093,802	-
Total noncurrent liabilities	266,233,314	12,543,072	348,282	279,124,668	47,290
Total liabilities	291,014,381	14,947,470	1,336,938	307,298,789	1,260,339
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows relating to leases	-	10,551	-	10,551	-
Deferred inflows relating to pension activities	409,445	184,445	37,871	631,761	-
Deferred inflows relating to OPEB activities	195,573	89,489	17,090	302,152	-
Total deferred inflows of resources	605,018	284,485	54,961	944,464	-
<b>NET POSITION</b>					
Net investment in capital assets	157,244,404	81,232,101	248,062	238,724,567	8,376,218
Restricted:					
Debt service	8,286,290	909,319	-	9,195,609	-
Unrestricted	76,161,918	14,025,374	4,041,021	94,228,313	7,035,267
<b>TOTAL NET POSITION</b>	<b>\$ 241,692,612</b>	<b>\$ 96,166,794</b>	<b>\$ 4,289,083</b>	<b>\$ 342,148,489</b>	<b>\$ 15,411,485</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				1,463,655	
Net position of business-type activities				\$ 343,612,144	

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, 2025

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds				Activities
	Utility Fund	Airport Fund	Nonmajor Funds	Total	Internal Service Funds
<b>OPERATING REVENUES</b>					
Charges for services	\$ 77,164,509	\$ 24,843,985	\$ 13,012,511	\$ 115,021,005	\$ 20,078,597
Total operating revenues	77,164,509	24,843,985	13,012,511	115,021,005	20,078,597
<b>OPERATING EXPENSES</b>					
Personnel services	11,030,397	4,702,747	1,140,355	16,873,499	-
Supplies and materials	810,662	12,200,384	104,125	13,115,171	995,428
Contractual services	16,072,480	1,971,567	9,587,137	27,631,184	112,307
Repairs and maintenance	11,921,426	538,482	635,201	13,095,109	7,515
Other expenses	2,285,153	582,500	115,144	2,982,797	16,146,945
Depreciation	17,744,211	3,743,832	33,728	21,521,771	1,920,864
Total operating expenses	59,864,329	23,739,512	11,615,690	95,219,531	19,183,059
Operating income (loss)	17,300,180	1,104,473	1,396,821	19,801,474	895,538
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and investment revenue	7,253,179	613,144	140,962	8,007,285	279,470
Miscellaneous revenue	1,745,464	405,074	11,252	2,161,790	-
Intergovernmental	-	100,000	45,500	145,500	-
Gain (loss) on disposal of capital assets	16,428	7,138	-	23,566	221,703
Interest expense	(8,660,117)	(391,564)	-	(9,051,681)	(1,054)
Total nonoperating revenues (expenses)	354,954	733,792	197,714	1,286,460	500,119
Income (loss) before capital contributions and transfers	17,655,134	1,838,265	1,594,535	21,087,934	1,395,657
Capital contributions	527,044	1,621,856	-	2,148,900	-
Transfers in	34,531	565,442	-	599,973	-
Transfers out	(3,567,094)	-	(309,000)	(3,876,094)	-
Change in net position	14,649,615	4,025,563	1,285,535	19,960,713	1,395,657
Net position - beginning, as previously reported	227,323,461	92,265,113	3,036,759	322,625,333	14,015,828
Implementation of GASB Statement 101, Compensated Absences	(280,464)	(123,882)	(33,211)	(437,557)	-
Net position - beginning, as restated	227,042,997	92,141,231	3,003,548	322,187,776	14,015,828
<b>NET POSITION, ENDING</b>	<b>\$ 241,692,612</b>	<b>\$ 96,166,794</b>	<b>\$ 4,289,083</b>	<b>\$ 342,148,489</b>	<b>\$ 15,411,485</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				132,376	
Change in net position of business-type activities				<u>\$ 20,093,089</u>	

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, 2025**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Major Funds</b>				<b>Activities</b>
	<b>Utility Fund</b>	<b>Airport Fund</b>	<b>Nonmajor Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 78,327,636	\$ 24,524,630	\$ 12,938,167	\$ 115,790,433	\$ -
Receipts from interfund charges for services			-	-	19,911,963
Other receipts (disbursements)	1,745,464	405,074	11,252	2,161,790	-
Disbursed for personnel services	(10,621,527)	(4,565,076)	(1,077,741)	(16,264,344)	-
Disbursed for goods and services	(32,440,934)	(15,242,002)	(14,832,937)	(62,515,873)	(16,965,026)
Net cash provided (used) by operating activities	37,010,639	5,122,626	(2,961,259)	39,172,006	2,946,937
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers from other funds	34,531	565,442	-	599,973	-
Transfers to other funds	(3,567,094)	-	(309,000)	(3,876,094)	-
Operating grants and contributions	-	100,000	-	100,000	-
Net cash provided (used) by noncapital financing activities	(3,532,563)	665,442	(309,000)	(3,176,121)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from the sale of bonds	64,545,000	-	-	64,545,000	-
Interest payments on debt	(5,667,377)	(482,485)	-	(6,149,862)	(588)
Principal payments on debt	(13,683,666)	(1,483,095)	-	(15,166,761)	(47,991)
Acquisition and construction of capital assets	(12,953,825)	(369,319)	(124,930)	(13,448,074)	(2,971,835)
Proceeds from sale of capital assets	16,428	7,138	45,500	69,066	283,637
Net cash provided (used) by capital and related financing activities	32,256,560	(2,327,761)	(79,430)	29,849,369	(2,736,777)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Sale (purchase) of investments, net	7,745,866	(3,247,999)	-	4,497,867	247,999
Interest received	7,253,429	612,981	140,962	8,007,372	285,936
Net cash provided (used) by investing activities	14,999,295	(2,635,018)	140,962	12,505,239	533,935
Net increase (decrease) in cash and cash equivalents	80,733,931	825,289	(3,208,727)	78,350,493	744,095
Cash and cash equivalents, beginning balance	111,037,091	9,035,021	6,992,624	127,064,736	6,301,424
<b>CASH AND CASH EQUIVALENTS, ENDING BALANCE</b>	<b>\$ 191,771,022</b>	<b>\$ 9,860,310</b>	<b>\$ 3,783,897</b>	<b>\$ 205,415,229</b>	<b>\$ 7,045,519</b>
Unrestricted cash and equivalents	\$ 56,621,874	\$ 8,888,075	\$ 3,783,897	\$ 69,293,846	\$ 7,045,519
Restricted cash and equivalents	135,149,148	972,235	-	136,121,383	-
	<b>\$ 191,771,022</b>	<b>\$ 9,860,310</b>	<b>\$ 3,783,897</b>	<b>\$ 205,415,229</b>	<b>\$ 7,045,519</b>

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

**City of Sugar Land, Texas**  
Statement of Cash Flows – Continued  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2025

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Major Funds</b>				<b>Activities</b>
	<b>Utility Fund</b>	<b>Airport Fund</b>	<b>Nonmajor Funds</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)	\$ 17,300,180	\$ 1,104,473	\$ 1,396,821	\$ 19,801,474	\$ 895,538
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:					
Depreciation and amortization	17,744,211	3,743,832	33,728	21,521,771	1,920,864
Other receipts (disbursements) for nonoperating revenue (expense)	1,745,464	405,074	11,252	2,161,790	-
Changes in assets, liabilities and related deferrals:					
(Increase) decrease in assets and deferred outflows:					
Receivables, net of allowance for uncollectibles	1,078,928	(330,126)	(74,344)	674,458	(166,634)
Lease receivable, net of related deferred inflow	-	234	-	234	-
Inventories	(274,188)	(28,017)	-	(302,205)	-
Prepaid items	19,915	(70,603)	425	(50,263)	320,697
Deferred outflows - net pension liability	169,956	75,889	15,641	261,486	-
Deferred outflows - OPEB	788	352	73	1,213	-
Increase (decrease) in liabilities and deferred inflows:					
Accounts payable and accrued expenses	(1,096,940)	149,551	(4,391,755)	(5,339,144)	(94,367)
Customer deposits	84,199	10,537	-	94,736	-
Claims and judgments	-	-	-	-	70,839
Net pension liability	(132,596)	(104,105)	12,785	(223,916)	-
OPEB liability	2,191	978	202	3,371	-
Deferred inflows - net pension liability	308,180	137,609	28,360	474,149	-
Deferred inflows - OPEB	60,351	26,948	5,553	92,852	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 37,010,639</b>	<b>\$ 5,122,626</b>	<b>\$ (2,961,259)</b>	<b>\$ 39,172,006</b>	<b>\$ 2,946,937</b>
<b>SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital asset purchases on account (accrued but not paid)	\$ 285,078	\$ -	\$ -	\$ 285,078	\$ -
Capital assets contributed to City	527,044	1,621,856	-	2,148,900	-
Capital assets acquisitions under subscriptions (SBITAs)	329,144	154,015	-	483,159	141,318

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, 2025

	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	\$ 8,908,054	\$ 65,155	\$ 58,117	\$ 11,321,247	\$ 20,352,573
Investments	9,243,583	-	-	-	9,243,583
Receivables, net of allowance for uncollectibles	1,764,235	-	30,277	20,129	1,814,641
Lease receivable	1,353,262	-	-	-	1,353,262
Prepaid items	19,972	-	-	-	19,972
Restricted cash and cash equivalents	2,092,278	-	-	-	2,092,278
Total assets	23,381,384	65,155	88,394	11,341,376	34,876,309
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	47,402	-	-	-	47,402
Total deferred outflows of resources	47,402	-	-	-	47,402
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued expenses	101,555	-	63,734	-	165,289
Accrued interest	76,132	-	-	-	76,132
Noncurrent liabilities due within one year	1,160,000	-	-	-	1,160,000
Total current liabilities	1,337,687	-	63,734	-	1,401,421
Noncurrent liabilities:					
Due in more than one year	16,746,161	-	-	-	16,746,161
Total noncurrent liabilities	16,746,161	-	-	-	16,746,161
Total liabilities	18,083,848	-	63,734	-	18,147,582
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows relating to leases	1,331,153	-	-	-	1,331,153
Total deferred inflows of resources	1,331,153	-	-	-	1,331,153
<b>NET POSITION</b>					
Restricted for:					
Debt service	2,016,146	-	-	-	2,016,146
Economic development activities	-	65,155	24,660	11,341,376	11,431,191
Unrestricted	1,997,639	-	-	-	1,997,639
<b>TOTAL NET POSITION</b>	<b>\$ 4,013,785</b>	<b>\$ 65,155</b>	<b>\$ 24,660</b>	<b>\$ 11,341,376</b>	<b>\$ 15,444,976</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, 2025

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	\$ 12,885,178	\$ 71,414	\$ (12,813,764)	\$ -	\$ -	\$ -	\$ (12,813,764)
Sugar Land Town Square Tax							
Increment Reinvestment Zone No. 1	919,428	-	-	(919,428)	-	-	(919,428)
Sugar Land Reinvestment Zone No. 3	1,933,503	-	-	-	(1,933,503)	-	(1,933,503)
Sugar Land Reinvestment Zone No. 4	16,433	-	-	-	-	(16,433)	(16,433)
	<u>\$ 15,754,542</u>	<u>\$ 71,414</u>	(12,813,764)	(919,428)	(1,933,503)	(16,433)	(15,683,128)
General revenues							
Taxes:							
Property taxes			-	963,875	1,950,617	1,455,493	4,369,985
Sales tax			9,915,872	-	-	-	9,915,872
Unrestricted investment earnings			1,055,959	17,716	6,258	452,904	1,532,837
Miscellaneous			88,313	-	-	-	88,313
Total general revenues			<u>11,060,144</u>	<u>981,591</u>	<u>1,956,875</u>	<u>1,908,397</u>	<u>15,907,007</u>
Change in net position			(1,753,620)	62,163	23,372	1,891,964	223,879
Net position, beginning			5,767,405	2,992	1,288	9,449,412	15,221,097
<b>NET POSITION, ENDING</b>			<u>\$ 4,013,785</u>	<u>\$ 65,155</u>	<u>\$ 24,660</u>	<u>\$ 11,341,376</u>	<u>\$ 15,444,976</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.

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.

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

### Notes to the Financial Statements

#### **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.

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.

## City of Sugar Land, Texas

### Notes to the Financial Statements

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.

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.

## City of Sugar Land, Texas

### Notes to the Financial Statements

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

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.

The *Stormwater Fund* is used to account for stormwater compliance activities and drainage related maintenance and operations previously funded in the General Fund. This fund is supported through a Storm Water Compliance Fee charged to residents, businesses, and establishments considered non-exempt by law or ordinance to this fee.

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.

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

As of September 30, 2025, the City had \$40.6 million of encumbrances expected to be honored upon performance by the vendor in the next year as follows:

General fund	\$ 1,221,163
Capital projects fund	13,853,137
Nonmajor governmental funds	2,799,462
Utility fund	20,881,453
Airport fund	1,352,344
Nonmajor enterprise funds	283,089
Discretely presented component unit	<u>213,488</u>
<b>Total encumbrances</b>	<b><u>\$ 40,604,136</u></b>

**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.

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

### Notes to the Financial Statements

#### **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.

#### **J. 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.

#### **K. 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.

#### **L. 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.

**City of Sugar Land, Texas**  
Notes to the 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.

**M. 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 \$100,000 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.

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

Right-to-use leased equipment and subscription assets are initially recognized at the present value of contractual payments expected to be made during the term of the lease or subscription agreement, plus any payments made to the vendor before commencement of the term and capitalizable implementation costs, less any incentives received from the vendor at or before the commencement of the term (if applicable). Right-to-use leased equipment and subscription assets are amortized using the straight-line method over the life of the associated contract.

## City of Sugar Land, Texas

### Notes to the Financial Statements

#### Leases

##### 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 \$100,000 or more. For leases not meeting these criteria, lease payments are recognized as outflows of resources based on the payment provisions of the contract.

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.

##### 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.

## City of Sugar Land, Texas

### Notes to the Financial Statements

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.

#### **N. Subscription-Based Information Technology Arrangements**

The City reports a subscription liability and an intangible right-to-use capital asset (known as the subscription asset) on the government-wide financial statements for a subscription-based information technology arrangement (SBITA). The City's policy is to recognize subscription liabilities with an initial, individual value of \$100,000 or more.

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

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

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA and any extensions that are deemed certain to be exercised. Subscription payments included in the measurement of the subscription liability are composed of fixed payments to the SBITA vendor.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liabilities.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term liabilities on the statement of net position.

#### **O. Compensated Absences**

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee benefit account) during or upon separation from employment. Based on the criteria listed, the following types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

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.

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

### Notes to the Financial Statements

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.

A liability for the estimated value of leave benefits that will be paid upon separation of service or used by employees as time off is included in the liability for compensated absences.

#### **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. Estimates**

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

#### **S. 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.

#### **T. Implementation of New Accounting Standards**

GASB Statement No. 101, Compensated Absences (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 was implemented in the City's fiscal year 2025 financial statements with a restatement of \$(2,328,138) to governmental activities and \$(437,557) to business-type activities net position.

## City of Sugar Land, Texas

### Notes to the Financial Statements

GASB Statement No. 102, *Certain Risk Disclosure* (GASB 102), improves financial reporting by providing users of financial statements with essential information regarding certain concentrations of constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this statement are effective for reporting period beginning after June 15, 2024, with earlier application encouraged. GASB 102 was implemented in the City's fiscal year 2025 financial statements with no impact to amounts or disclosures previously reported.

#### U. Recent Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 103 will be implemented in the City's fiscal year 2026 financial statements and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104), establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 104 will be implemented in the City's fiscal year 2026 financial statements and the impact has not yet been determined.

GASB Statement No. 105, *Subsequent Events* (GASB 105), improves financial reporting related to subsequent events by 1) clarifying the subsequent events time frame and the subsequent events that constitute recognized and non-recognized events and 2) specifies the information items that are required to be disclosed about subsequent events. The requirements of this statement are effective for reporting periods beginning after June 15, 2026, with earlier application encouraged. GASB 105 will be implemented in the City's fiscal year 2027 financial statements and the impact has not yet been determined.

#### 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.

## City of Sugar Land, Texas

### Notes to the Financial Statements

The Council has adopted a written investment policy regarding the investment of City funds as required by the PFI. The investments of the City are in compliance with the City's investment policy. The City's investment policy is more restrictive than the PFI 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, 2025, the City invested in a governmental security money market mutual fund (Wells Fargo Government Money Market Fund) as part of its investment and cash management strategy. This fund is utilized through daily sweeps of excess cash by the City's custodial bank into the custodial bank-sponsored short-term investment fund that is invested in short-term U.S. Government and Agency debt and repurchase agreements.

### Deposit and Investment Amounts

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

	Primary Government			Discretely Presented Component Units			Total
	Total	Restricted	Unrestricted	Total	Restricted	Unrestricted	
<b>Cash and cash equivalents:</b>							
Cash deposits	\$ 60,802,485			\$ -			\$ 60,802,485
Governmental mutual fund	79,675,383			11,805,110			91,480,493
Public funds investment pools:							
Texas CLASS	239,119,757			5,527,849			244,647,606
TexPool	23,419,630			1,725,897			25,145,527
TexSTAR	59,006,760			3,385,995			62,392,755
<b>Total</b>	<b>\$ 462,024,015</b>	<b>\$ 345,856,065</b>	<b>\$ 116,167,950</b>	<b>\$ 22,444,851</b>	<b>\$ 2,092,278</b>	<b>\$ 20,352,573</b>	<b>\$ 484,468,866</b>
<b>Investments:</b>							
Certificates of deposit	\$ 11,958,987			\$ 1,496,421			\$ 13,455,408
Government securities:							
U.S. Treasuries	2,000,336			-			2,000,336
FHLB	31,114,218			1,997,415			33,111,633
FHLMC	6,003,657			1,998,915			8,002,572
FNMA	5,254,102			750,283			6,004,385
FAMCA	9,000,938			3,000,549			12,001,487
FFCB	6,019,286			-			6,019,286
<b>Total</b>	<b>\$ 71,351,524</b>	<b>\$ 27,365,595</b>	<b>\$ 43,985,929</b>	<b>\$ 9,243,583</b>	<b>\$ -</b>	<b>\$ 9,243,583</b>	<b>\$ 80,595,107</b>
<b>Total cash, cash equivalents, and investments:</b>	<b>\$ 533,375,539</b>			<b>\$ 31,688,434</b>			<b>\$ 565,063,973</b>

The City's total cash deposits, including certificates of deposit at September 30, 2025, were entirely covered by collateralized securities held in the City's name or by federal deposit insurance.

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

Investments' fair value measurements are as follows at September 30, 2025:

Investments	Fair Value Measurements Using			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Certificates of deposit	\$ 13,455,408	\$ -	\$ 13,455,408	\$ -
Government securities:				
U.S. Treasuries	2,000,336	-	2,000,336	-
FHLB	33,111,633	-	33,111,633	-
FHLMC	8,002,572	-	8,002,572	-
FNMA	6,004,385	-	6,004,385	-
FAMCA	12,001,487	-	12,001,487	-
FFCB	6,019,286	-	6,019,286	-
<b>Total</b>	<b>\$ 80,595,107</b>	<b>\$ -</b>	<b>\$ 80,595,107</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.

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	\$ 20,539,694	\$ 1,537,476
Unrealized gain (loss) on temporary investments	57,424	(4,639)
<b>Total investment earnings</b>	<b>\$ 20,597,118</b>	<b>\$ 1,532,837</b>

**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.

## City of Sugar Land, Texas

### Notes to the Financial Statements

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	\$ 60,802,485	\$ -	1
Governmental mutual fund	79,675,383	11,805,110	1
Public funds investment pools:			
Texas CLASS	239,119,757	5,527,849	1
TexPool	23,419,630	1,725,897	1
TexSTAR	59,006,760	3,385,995	1
Certificates of deposit	11,958,987	1,496,421	332
Government securities:			
U.S. Treasuries	2,000,336	-	135
FHLB	31,114,218	1,997,415	888
FHLMC	6,003,657	1,998,915	866
FNMA	5,254,102	750,283	875
FAMCA	9,000,938	3,000,549	833
FFCB	6,019,286	-	662
<b>Total</b>	<b>\$ 533,375,539</b>	<b>\$ 31,688,434</b>	

### 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; 90% all pools
Authorized investment pools with Commercial Paper	25%
Bankers' acceptances	25%
No load money market mutual funds	50%
No load mutual funds	15%
Flexible repurchase agreements	50%

As of September 30, 2025, no investments in any single issuer comprised more than 10% of the City's total investments.

## City of Sugar Land, Texas

### Notes to the Financial Statements

#### **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 AAm 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), Federal National Mortgage Association (FNMA), Federal Agricultural Mortgage Corporation (FAMCA), 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 AAAm by Standard and Poor's, and the governmental money market mutual fund was rated AAAm 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, 2025, 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.

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.

## City of Sugar Land, Texas

### Notes to the Financial Statements

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.

#### Restricted Assets

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

Restricted Purpose	Cash and Cash Equivalents	Investments
Restricted for Capital Projects	\$ 125,849,636	\$ 2,004,508
Restricted for Debt Service	10,271,747	-
<b>Total</b>	<u>\$ 136,121,383</u>	<u>\$ 2,004,508</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, 2025, 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	\$ 1,553,440	\$ 591,790	\$ -	\$ 35,368	\$ 2,180,598	\$ -
Sales and other taxes	10,152,330	-	-	2,388,834	12,541,164	-
Fines and forfeitures	1,761,479	-	-	-	1,761,479	-
Interest	177,836	188,325	110,910	212,190	689,261	19,540
Other	3,074,520	-	-	70,490	3,145,010	203,319
Due from other governments	18,679	-	2,217,369	-	2,236,048	-
Less: allowance for uncollectibles	(2,289,930)	-	-	-	(2,289,930)	(796)
<b>Totals</b>	<b>\$ 14,448,354</b>	<b>\$ 780,115</b>	<b>\$ 2,328,279</b>	<b>\$ 2,706,882</b>	<b>\$ 20,263,630</b>	<b>\$ 222,063</b>

**Business-type Activities:**

	Utility Fund	Airport Fund	Nonmajor Enterprise Funds	Total
Customer accounts	\$ 8,060,328	\$ 179,869	\$ 1,379,252	\$ 9,619,449
Interest	358,157	88,547	12,809	459,513
Other	-	-	176,440	176,440
Due from other governments	-	569,052	-	569,052
Less: allowance for uncollectibles	(127,900)	(3,320)	(39,919)	(171,139)
<b>Totals</b>	<b>\$ 8,290,585</b>	<b>\$ 834,148</b>	<b>\$ 1,528,582</b>	<b>\$ 10,653,315</b>

**Component Units:**

	Sugar Land 4B Corporation	Sugar Land Town Square Tax Increment Reinvestment Zone No. 1	Sugar Land Reinvestment Zone No. 3	Sugar Land Reinvestment Zone No. 4	Total
Sales and other taxes	\$ 1,647,659	\$ -	\$ 30,169	\$ -	\$ 1,677,828
Interest	116,009	-	108	20,129	136,246
Other	567	-	-	-	567
<b>Totals</b>	<b>\$ 1,764,235</b>	<b>\$ -</b>	<b>\$ 30,277</b>	<b>\$ 20,129</b>	<b>\$ 1,814,641</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, 2025, follows:

<b>Governmental activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
Capital assets, not being depreciated/amortized:					
Land and improvements	\$ 122,626,879	\$ 28,750,746	\$ -	\$ -	\$ 151,377,625
Construction in progress	39,590,099	32,988,919	-	(12,599,427)	59,979,591
Intangibles	4,763,156	-	-	27,581	4,790,737
Total capital assets, not being depreciated/amortized	166,980,134	61,739,665	-	(12,571,846)	216,147,953
Depreciable/amortizable assets:					
Infrastructure	642,677,735	422,430	-	6,854,606	649,954,771
Buildings and improvements	263,237,777	-	-	4,479,363	267,717,140
Equipment and furniture	67,366,037	3,755,026	(2,789,364)	886,060	69,217,759
Intangibles	1,016,077	-	(13,854)	351,817	1,354,040
Right-to-use leased equipment	986,758	5,292,936	-	-	6,279,694
Subscription assets	6,967,866	2,042,579	-	-	9,010,445
Total depreciable/amortizable assets	982,252,250	11,512,971	(2,803,218)	12,571,846	1,003,533,849
Less accumulated depreciation/amortization for:					
Infrastructure	(391,264,500)	(14,362,413)	-	-	(405,626,913)
Buildings and improvements	(98,634,501)	(7,673,559)	-	-	(106,308,060)
Equipment and furniture	(45,496,376)	(4,600,052)	2,716,332	-	(47,380,096)
Intangibles	(993,175)	(61,269)	13,854	-	(1,040,590)
Right-to-use leased equipment	(150,206)	(452,811)	-	-	(603,017)
Subscription assets	(1,815,421)	(1,970,912)	-	-	(3,786,333)
Total accumulated depreciation/amortization	(538,354,179)	(29,121,016)	2,730,186	-	(564,745,009)
Total capital assets, being depreciated/amortized, net	443,898,071	(17,608,045)	(73,032)	12,571,846	438,788,840
<b>Governmental activities capital assets, net</b>	<b>\$ 610,878,205</b>	<b>\$ 44,131,620</b>	<b>\$ (73,032)</b>	<b>\$ -</b>	<b>\$ 654,936,793</b>
<b>Business-type activities:</b>					
Capital assets, not being depreciated/amortized:					
Land and improvements	\$ 32,138,441	\$ -	\$ -	\$ -	\$ 32,138,441
Construction in progress	56,448,851	13,891,672	-	(38,710,030)	31,630,493
Intangibles	3,960,975	4,872	-	-	3,965,847
Total capital assets, not being depreciated/amortized	92,548,267	13,896,544	-	(38,710,030)	67,734,781
Depreciable/amortizable assets:					
Infrastructure	674,488,573	505,484	-	38,406,296	713,400,353
Buildings and improvements	29,868,369	-	-	-	29,868,369
Equipment and furniture	12,123,441	1,178,239	(74,059)	303,734	13,531,355
Intangibles	1,058,745	16,688	-	-	1,075,433
Subscription assets	-	463,796	-	-	463,796
Total depreciable/amortizable assets	717,539,128	2,164,207	(74,059)	38,710,030	758,339,306
Less accumulated depreciation/amortization for:					
Infrastructure	(379,860,974)	(19,912,182)	-	-	(399,773,156)
Buildings and improvements	(13,348,830)	(832,512)	-	-	(14,181,342)
Equipment and furniture	(8,315,884)	(674,507)	74,059	-	(8,916,332)
Intangibles	(997,323)	(28,690)	-	-	(1,026,013)
Subscription assets	-	(73,880)	-	-	(73,880)
Total accumulated depreciation/amortization	(402,523,011)	(21,521,771)	74,059	-	(423,970,723)
Total depreciable/amortizable assets, net	315,016,117	(19,357,564)	-	38,710,030	334,368,583
<b>Business-type activities capital assets, net</b>	<b>\$ 407,564,384</b>	<b>\$ (5,461,020)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 402,103,364</b>

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

Depreciation/amortization was charged to programs as follows:

Governmental activities:	
General government	\$ 2,587,855
Administrative services	28,463
Public works	15,210,761
Parks and recreation	6,573,898
Environmental and neighborhood services	933,923
Community development	22,088
Public safety - Police	1,044,153
Public safety - Dispatch	59,066
Public safety - Fire	739,947
Depreciation charged in internal service funds	<u>1,920,862</u>
<b>Total governmental activities depreciation/amortization expense</b>	<b><u>\$ 29,121,016</u></b>
Business-type activities:	
Water and wastewater	\$ 17,744,211
Airport	3,743,832
Solid waste	4,940
Stormwater	<u>28,788</u>
<b>Total business-type activities depreciation/amortization expense</b>	<b><u>\$ 21,521,771</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, 2025. 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	\$ 1,088,247	\$ 909,078
Drainage Improvement	29,063,562	4,298,461
Municipal improvements	16,708,095	2,756,812
Park Improvement	1,336,031	865,025
Public Art	282,564	-
Street Improvement	9,790,216	5,348,803
Surface Water	1,715,043	762,517
Traffic Improvement	2,799,124	261,055
Water and Wastewater Improvements	<u>28,827,202</u>	<u>17,234,660</u>
<b>Totals</b>	<b><u>\$ 91,610,084</u></b>	<b><u>\$ 32,436,411</u></b>

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

A summary of changes in the component units' capital assets for the year ended September 30, 2025, follows:

<b>Sugar Land 4B Corporation</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Reclassifications / (Decreases)</b>	<b>Ending Balance</b>
Depreciable/amortizable assets:				
Subscription assets	\$ 17,187	\$ -	\$ (17,187)	\$ -
Total depreciable/amortizable assets	17,187	-	(17,187)	-
Less accumulated depreciation/amortization for:				
Subscription assets	(8,593)	-	8,593	-
Total accumulated depreciation/amortization	(8,593)	-	8,593	-
<b>Sugar Land 4B Corporation capital assets, net</b>	<b>\$ 8,594</b>	<b>\$ -</b>	<b>\$ (8,594)</b>	<b>\$ -</b>

**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.

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

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended September 30, 2025. 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 and other long-term liabilities 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	\$ 117,538,244	\$ 26,300,000	\$ (12,418,243)	\$ 131,420,001	\$ 12,155,000
Annexed utility district bonds	2,135,000	-	(2,135,000)	-	-
Certificates of obligation	141,495,000	48,390,000	(9,345,000)	180,540,000	10,635,000
Sales tax revenue bonds	33,975,000	-	(2,400,000)	31,575,000	1,590,000
Issuance premiums/discounts	19,451,410	3,499,656	(2,132,950)	20,818,116	-
<b>Total bonds payable, net</b>	<b>314,594,654</b>	<b>78,189,656</b>	<b>(28,431,193)</b>	<b>364,353,117</b>	<b>24,380,000</b>
<b>Other liabilities:</b>					
Obligation to State	83,852	-	(19,721)	64,131	19,721
Compensated absences*	8,897,829	1,171,773	-	10,069,602	6,554,469
Arbitrage	-	1,699,864	-	1,699,864	1,232,283
Lease liabilities	744,665	2,437,520	(611,896)	2,570,289	555,568
Subscription liabilities	4,451,455	2,042,580	(2,273,752)	4,220,283	1,975,849
Pension	30,784,825	40,006,928	(43,812,156)	26,979,597	-
OPEB	7,696,008	204,587	(182,510)	7,718,085	-
<b>Total governmental activities</b>	<b>\$ 367,253,288</b>	<b>\$ 125,752,908</b>	<b>\$ (75,331,228)</b>	<b>\$ 417,674,968</b>	<b>\$ 34,717,890</b>

\*Compensated absences are reported as a net change for the year as allowed under the provisions of GASB 101, paragraph 30. Beginning balance is restated for the implementation of GASB 101, *Compensated Absences*.

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, 2025, follows:

Description	Original Issue	Matures	Interest Rates (%)	Balance
General obligation bonds				
Series 2014 General obligation refunding bonds	\$ 21,565,000	2026	2.00-5.00	\$ 480,000
Series 2015 General obligation bonds	13,010,000	2035	2.125-4.00	6,775,000
Series 2015 General obligation refunding bonds	9,375,000	2028	2.00-5.00	2,280,000
Series 2016 General obligation refunding bonds	22,745,000	2029	4.00-5.00	6,450,000
Series 2016 General obligation bonds	7,570,000	2036	2.00-4.00	4,155,000
Series 2019 General obligation bonds	13,715,000	2030	3.00-5.00	5,765,000
Series 2019A General obligation refunding bonds	21,600,000	2029	3.00-5.00	9,105,000
Series 2021 General obligation refunding bonds	10,470,000	2041	2.00-5.00	7,120,001
Series 2021A General obligation bonds*	16,500,000	2052	-	14,850,000
Series 2022 General obligation bonds	13,115,000	2042	5.00	10,835,000
Series 2022A General obligation bonds	27,790,000	2043	4.00-5.00	25,010,000
Series 2023 General obligation bonds - taxable*	2,640,000	2053	-	2,470,000
Series 2024 General obligation bonds	10,345,000	2044	4.00-6.00	9,825,000
Series 2025 General obligation bonds	26,300,000	2045	4.00-5.00%	26,300,000
				131,420,001
Total general obligation bonds				
Certificates of obligation				
Series 2013 Tax and revenue certificates of obligation	24,440,000	2033	2.50-4.00	8,575,000
Series 2014 Tax and revenue certificates of obligation	9,980,000	2040	3.25-6.00	7,105,000
Series 2014A Tax and revenue certificates of obligation - taxable	27,130	2046	3.125-4.50	22,605,000
Series 2015 Tax and revenue certificates of obligation	15,005,000	2035	3.00-4.00	8,910,000
Series 2016 Tax and revenue certificates of obligation	19,190,000	2036	2.00-4.00	10,550,000
Series 2017 Tax and revenue certificates of obligation	19,060,000	2037	3.00-5.00	11,420,000
Series 2019 Tax and revenue certificates of obligation	20,760,000	2039	3.25-5.00	13,305,000
Series 2019A Tax and revenue certificates of obligation	15,025,000	2039	2.50-4.00	12,020,000
Series 2022 Tax and revenue certificates of obligation - taxable*	27,500,000	2053	-	25,670,000
Series 2023A Tax and revenue certificates of obligation*	1,460,000	2053	-	1,370,000
Series 2024 Tax and revenue certificates of obligation	11,180,000	2044	4.00-6.00	10,620,000
Series 2025 Tax and revenue certificates of obligation	48,390,000	2045	4.00-5.00%	48,390,000
				180,540,000
Total certificates of obligation				
Sales tax revenue bonds				
Series 2014 Sales tax revenue bonds	38,265,000	2040	3.75-6.75	27,375,000
Series 2021 Sales tax revenue refunding bonds	4,880,000	2038	4.00	4,200,000
				31,575,000
Total sales tax revenue bonds				
<b>Total governmental activities bonds payable</b>				<b>\$ 343,535,001</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, 2025, 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
2026	\$ 12,155,000	\$ 5,046,043	\$ 17,201,043	\$ 10,635,000	\$ 6,233,441	\$ 16,868,441
2027	9,720,000	4,362,819	14,082,819	10,735,000	5,253,996	15,988,996
2028	9,790,000	3,932,769	13,722,769	10,825,000	4,869,788	15,694,788
2029	9,120,000	3,534,394	12,654,394	10,925,000	4,479,120	15,404,120
2030	8,545,000	3,168,669	11,713,669	10,850,000	4,090,521	14,940,521
2031	6,680,000	2,851,994	9,531,994	10,945,000	3,713,409	14,658,409
2032	6,610,000	2,576,819	9,186,819	11,055,000	3,338,975	14,393,975
2033	6,650,000	2,305,044	8,955,044	9,935,000	2,995,500	12,930,500
2034	6,685,000	2,034,413	8,719,413	10,045,000	2,677,334	12,722,334
2035	5,850,001	1,765,063	7,615,064	10,075,000	2,353,800	12,428,800
2036	5,875,000	1,521,994	7,396,994	9,150,000	2,041,268	11,191,268
2037	5,520,000	1,312,775	6,832,775	8,290,000	1,753,375	10,043,375
2038	5,535,000	1,110,363	6,645,363	7,435,000	1,492,980	8,927,980
2039	5,555,000	906,556	6,461,556	7,530,000	1,245,149	8,775,149
2040	4,895,000	717,188	5,612,188	5,725,000	1,034,313	6,759,313
2041	4,895,000	542,603	5,437,603	5,130,000	873,105	6,003,105
2042	4,490,000	367,975	4,857,975	5,180,000	718,010	5,898,010
2043	3,855,000	210,000	4,065,000	5,235,000	557,633	5,792,633
2044	2,470,000	99,063	2,569,063	5,290,000	391,981	5,681,981
2045	1,955,000	29,588	1,984,588	4,790,000	165,208	4,955,208
2046	640,000	-	640,000	2,435,000	102,038	2,537,038
2047	640,000	-	640,000	2,505,000	34,538	2,539,538
2048	640,000	-	640,000	970,000	-	970,000
2049	640,000	-	640,000	970,000	-	970,000
2050	640,000	-	640,000	970,000	-	970,000
2051	640,000	-	640,000	970,000	-	970,000
2052	640,000	-	640,000	970,000	-	970,000
2053	90,000	-	90,000	970,000	-	970,000
<b>Totals</b>	<b>\$ 131,420,001</b>	<b>\$ 38,396,132</b>	<b>\$ 169,816,133</b>	<b>\$ 180,540,000</b>	<b>\$ 50,415,482</b>	<b>\$ 230,955,482</b>

(1) Includes General Obligation Bonds, Series 2021A and Series 2023, issued as private placements via 30-year, zero-interest loans through the Texas Water Development Board's Flood Infrastructure Fund. The annual requirements of these private placements include principal payments of \$635,000 in fiscal years 2026 through 2035; \$640,000 in fiscal years 2036 through 2052; and \$90,000 in fiscal year 2053.

(2) Includes Certificates of Obligation, Series 2022 and Series 2023A, issued as private placements via 30-year, zero-interest loans through the Texas Water Development Board's Flood Infrastructure Fund. The annual requirements of these private placements include principal payments of \$960,000 in fiscal years 2026 through 2031; \$965,000 in fiscal years 2032 through 2043; and \$970,000 in fiscal years 2044 through 2053.

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

The annual requirements to amortize governmental activity sales tax revenue bonds outstanding payable from sales tax receipts collected by the SLDC at September 30, 2025, are as follows:

Year Ending September 30,	Sugar Land Development Corporation Blended Component Unit		
	Sales Tax Revenue Bonds		
	Principal	Interest	Total
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>\$ 31,575,000</b>	<b>\$ 10,820,970</b>	<b>\$ 42,395,970</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, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-type activities:					
Bonds payable:					
Water and wastewater revenue bonds	\$ 136,995,000	\$ 64,545,000	\$ (10,790,000)	\$ 190,750,000	\$ 13,300,000
General obligation bonds	70,341,757	-	(3,566,757)	66,775,000	3,180,000
Certificates of obligation	11,375,000	-	(710,000)	10,665,000	685,000
Issuance premiums/discounts	19,411,382	3,628,263	(1,654,626)	21,385,019	-
Total bonds payable, net	238,123,139	68,173,263	(16,721,383)	289,575,019	17,165,000
Other liabilities:					
Compensated absences*	1,336,865	404,453	-	1,741,318	1,131,858
Arbitrage	-	869,647	(75,878)	793,769	173,786
Subscription liabilities	-	463,797	(100,005)	363,792	92,137
Pension	4,343,665	7,148,527	(7,372,443)	4,119,749	-
OPEB	1,090,431	35,878	(32,507)	1,093,802	-
<b>Total business-type activities</b>	<b>\$ 244,894,100</b>	<b>\$ 77,095,565</b>	<b>\$ (24,302,216)</b>	<b>\$ 297,687,449</b>	<b>\$ 18,562,781</b>

\*Compensated absences are reported as a net change for the year as allowed under the provisions of GASB 101, paragraph 30. Beginning balance is restated for the implementation of GASB 101, *Compensated Absences*.

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

A summary of the terms of certificates of obligation and revenue bonds recorded in the enterprise funds as of September 30, 2025 follows:

Description	Original Issue	Matures	Interest Rates (%)	Balance
Utility Fund				
Series 2013 Water/sewer revenue bonds	\$ 15,765,000	2033	2.50-4.00	\$ 7,575,000
Series 2015 Water/sewer revenue refunding bonds	15,750,000	2035	3.00-5.00	7,800,000
Series 2016 Water/sewer revenue refunding bonds	31,710,000	2036	2.00-5.00	14,260,000
Series 2016 Certificates of obligation	1,620,000	2036	2.00-4.00	1,030,000
Series 2017 Water/sewer revenue bonds	19,780,000	2037	3.00-5.00	13,685,000
Series 2017 General obligation refunding bonds	78,195,000	2041	3.00-5.00	65,815,000
Series 2019 Water/sewer revenue bonds	13,660,000	2039	3.00-5.00	10,150,000
Series 2020 Water/sewer revenue bonds	6,835,000	2039	3.00-5.00	5,425,000
Series 2021 Water/sewer revenue refunding bonds	23,385,000	2041	2.00-5.00	16,635,000
Series 2022 Water/sewer revenue bonds	21,820,000	2042	4.00-5.00	18,535,000
Series 2022A Water/sewer revenue bonds	15,555,000	2043	4.375-6.00	13,995,000
Series 2024 Water/sewer revenue bonds	19,100,000	2044	4.00-5.00	18,145,000
Series 2025 Water/sewer revenue bonds	64,545,000	2055	5.00%	64,545,000
				257,595,000
Total Utility Fund				
Airport Fund				
Series 2013 Certificates of obligation	\$ 730,000	2033	2.00-4.00	\$ 245,000
Series 2015 Certificates of obligation	1,670,000	2035	3.00-4.00	990,000
Series 2015 General obligation refunding bonds	2,820,000	2028	2.00-5.00	880,000
Series 2016 General obligation refunding bonds	225,000	2029	4.00-5.00	80,000
Series 2017 Certificates of obligation	2,055,000	2037	3.00-5.00	1,445,000
Series 2019A Certificates of obligation	1,690,000	2039	2.50-4.00	1,350,000
Series 2021 General obligation refunding bonds	2,055,000	2041	2.00-5.00	-
Series 2023 Certificates of obligation	6,235,000	2043	4.00-5.00	5,605,000
				10,595,000
Total Airport Fund				
				\$ 268,190,000
<b>Total business-type activities bonds payable</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, 2025, are as follows:

Year Ending September 30,	Business-Type Activities					
	General Obligation			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 3,180,000	\$ 2,658,869	\$ 5,838,869	\$ 685,000	\$ 415,694	\$ 1,100,694
2027	3,340,000	2,495,869	5,835,869	700,000	384,982	1,084,982
2028	3,500,000	2,324,969	5,824,969	715,000	354,929	1,069,929
2029	3,355,000	2,153,794	5,508,794	725,000	324,407	1,049,407
2030	3,500,000	1,982,519	5,482,519	745,000	293,341	1,038,341
2031	3,670,000	1,803,269	5,473,269	750,000	262,761	1,012,761
2032	3,850,000	1,634,519	5,484,519	765,000	232,913	997,913
2033	4,010,000	1,477,319	5,487,319	740,000	203,197	943,197
2034	4,170,000	1,313,719	5,483,719	750,000	173,813	923,813
2035	4,340,000	1,143,519	5,483,519	770,000	144,672	914,672
2036	4,515,000	966,419	5,481,419	665,000	116,788	781,788
2037	4,705,000	782,019	5,487,019	565,000	91,959	656,959
2038	4,905,000	589,819	5,494,819	425,000	72,656	497,656
2039	5,080,000	412,344	5,492,344	425,000	57,309	482,309
2040	5,245,000	251,016	5,496,016	310,000	43,400	353,400
2041	5,410,000	84,531	5,494,531	310,000	31,000	341,000
2042	-	-	-	310,000	18,600	328,600
2043	-	-	-	310,000	6,200	316,200
<b>Totals</b>	<b>\$ 66,775,000</b>	<b>\$ 22,074,513</b>	<b>\$ 88,849,513</b>	<b>\$ 10,665,000</b>	<b>\$ 3,228,621</b>	<b>\$ 13,893,621</b>

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

Year Ending September 30,	Business-Type Activities		
	Revenue Bonds		
	Principal	Interest	Total
2026	\$ 13,300,000	\$ 9,179,081	\$ 22,479,081
2027	13,315,000	8,008,625	21,323,625
2028	13,675,000	7,374,350	21,049,350
2029	12,855,000	6,729,138	19,584,138
2030	11,245,000	6,147,288	17,392,288
2031	11,265,000	5,655,238	16,920,238
2032	9,925,000	5,161,188	15,086,188
2033	10,085,000	4,740,163	14,825,163
2034	9,130,000	4,312,400	13,442,400
2035	9,225,000	3,920,106	13,145,106
2036	8,465,000	3,524,581	11,989,581
2037	8,095,000	3,150,794	11,245,794
2038	6,790,000	2,802,975	9,592,975
2039	6,845,000	2,504,600	9,349,600
2040	5,465,000	2,213,663	7,678,663
2041	5,465,000	1,980,556	7,445,556
2042	4,970,000	1,741,306	6,711,306
2043	3,880,000	1,514,744	5,394,744
2044	3,105,000	1,331,781	4,436,781
2045	2,150,000	1,182,500	3,332,500
2046	2,150,000	1,075,000	3,225,000
2047	2,150,000	967,500	3,117,500
2048	2,150,000	860,000	3,010,000
2049	2,150,000	752,500	2,902,500
2050	2,150,000	645,000	2,795,000
2051	2,150,000	537,500	2,687,500
2052	2,150,000	430,000	2,580,000
2053	2,150,000	322,500	2,472,500
2054	2,150,000	215,000	2,365,000
2055	2,150,000	107,500	2,257,500
<b>Totals</b>	<b>\$ 190,750,000</b>	<b>\$ 89,087,577</b>	<b>\$ 279,837,577</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 \$190.8 million in waterworks and sewer system revenue bonds, of which \$64.5 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 2055. 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, 2025 is \$249.1 million. Principal and interest paid during fiscal year 2025 were \$10.8 million and \$5.9 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, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Component Unit:					
Bonds payable:					
Sales tax revenue bonds	\$ 17,705,000	\$ -	\$ (1,375,000)	\$ 16,330,000	\$ 1,160,000
Issuance premiums/discounts	1,716,926	-	(143,077)	1,573,849	-
Total bonds payable, net	19,421,926	-	(1,518,077)	17,903,849	1,160,000
Other liabilities:					
Obligation to State	4,801	-	(2,489)	2,312	-
Subscription liabilities	8,437	-	(8,437)	-	-
<b>Total component unit</b>	<b>\$ 19,435,164</b>	<b>\$ -</b>	<b>\$ (1,529,003)</b>	<b>\$ 17,906,161</b>	<b>\$ 1,160,000</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, 2025, follows:

Description	Original Issue	Matures	Interest Rates (%)	Balance
Series 2019 Sales tax revenue refunding bonds	\$ 24,725,000	2036	3.00-5.00	\$ 16,330,000
<b>Total component unit long-term debt</b>				<b>\$ 16,330,000</b>

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

The annual requirements to amortize component unit revenue bonds outstanding at September 30, 2025, are as follows:

Year Ending September 30,	Sugar Land 4B Corporation		
	Revenue Bonds		
	Principal	Interest	Total
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>\$ 16,330,000</b>	<b>\$ 3,208,275</b>	<b>\$ 19,538,275</b>

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

In 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, 2025, there were no outstanding balances of defeased bonds.

On June 1, 2025, the City issued General Obligation Bonds, Series 2025, in the par amount of \$26,300,000; and Waterworks & Sewer System Revenue Bonds, Series 2025, in the par amount of \$64,545,000. On May 1, 2025, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2025, in the par amount of \$48,390,000; The General Obligation bonds and Waterworks & Sewer System Revenue bonds closed on June 18, 2025. The Certificates of Obligation bonds closed on May 14, 2025.

Proceeds from the General Obligation bonds were used to pay the costs associated with issuances and will be used for the construction or acquisition of and/or improvements to the City's public safety facilities and the City's streets, traffic and related drainage; renovations or improvements to and/or equipment of the City's existing buildings; and the cost of professional services incurred in connection therewith.

Proceeds from the Certificates of Obligation issuances were used to pay the costs associated with issuances and will be used for the restoration of historic structures within the City's Imperial Historic District, the construction or acquisition of and/or improvements to the City's utility system, the construction or acquisition of and/or improvements to the City's streets and related drainage, and the cost of professional services incurred in connection therewith.

Proceeds from the Waterworks & Sewer System bond issuance were used to pay the costs associated with issuance, and will be used for water, wastewater and surface water improvements.

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

**Bonds Authorized and Unissued**

The following is a schedule of authorized but unissued bonds at September 30, 2025:

	Date of Authorization	Amount Authorized	Issued to Date	Authorized but Unissued
GO Bond projects	11/5/2019	\$ 6,600,000	\$ 2,050,000	\$ 4,550,000
GO Bond projects	11/5/2024	350,000,000	25,650,000	324,350,000

**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 \$3.568 million.

**F. Federal Arbitrage**

In accordance with the provisions of Section 148(f) of the Internal Revenue Code 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. For the fiscal year ended September 30, 2025, the City has recorded arbitrage liability of \$1,699,864 in the governmental activities and \$793,769 arbitrage liability in the business-type activities.

**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, 2025, are as follows:

Restricted Fund Balance	Amount	Purpose
Debt Service Fund	<u>\$ 16,955,353</u>	Debt service activities
Capital Projects Fund	<u>\$ 138,557,811</u>	Construction and acquisition of capital assets
Nonmajor governmental funds	\$ 32,734	General government activities
	8,589,457	Debt service activities
	27,350,891	Economic development activities
	1,554,257	Public safety
	4,214,507	Tourism and marketing
	<u>210,880</u>	Environmental and neighborhood services
	<u>\$ 41,952,726</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	\$ 662,939	\$ 138,117
Administrative service	-	-
Public works	250,948	7,460
Parks and recreation	20,243	64,248
Community development	-	14,849
Environmental and neighborhood services	4,563	165,763
Public safety - Police	-	40,192
Public safety - Fire	-	47,216
Capital Outlay	-	-
	<u>\$ 938,693</u>	<u>\$ 477,845</u>

The assigned fund balances reported in the Capital Projects Fund and nonmajor governmental funds are 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, 2025 is as follows:

Transfers In	Transfers Out	Amounts	Purpose
General Fund	Solid Waste Fund	\$ 309,000	Street rehabilitation projects from franchise fees
	Tourism Fund	685,175	HOT transfer for Marriott Conf. Center, TIRZ# 4 Plaza & Smart Financial Center debts
Debt Service Fund	Utility Fund	3,567,094	100% of water/wastewater debt on assumed MUD debt
	Enclave at River Park PID - Special Revenue Fund	98,788	PID debt service
	Sugar Land Development Corporation	659,106	Transfer to pay debt service
		<u>5,010,163</u>	
Airport Fund	General Fund	297,585	Transfer of property taxes collected on Airport value
	Sugar Land Development Corporation	50,000	SLDC transfer to Airport for international marketing
	Debt Service Fund	217,857	Transfer of property taxes collected on Airport value
		<u>565,442</u>	
Public Arts - Special Revenue Fund	General Fund	35,000	Transfer to fund Public Art projects
Enclave at River Park PID - Special Revenue Fund	Debt Service Fund	39,777	City Contribution of 50% of property tax in PID
	General Fund	55,553	
		<u>95,330</u>	
Utility Fund	Enclave at River Park PID - Special Revenue Fund	34,531	PID debt service
	<b>Totals</b>	<u>\$ 6,049,466</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 938 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.tMrs.com](http://www.tMrs.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	20 Years
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, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	381
Inactive employees entitled to but not yet receiving benefits	485
Active employees	892
	1,758

**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 14.59% and 15.01% in calendar years 2024 and 2025, respectively. For fiscal year 2025, the City made contributions of \$12,129,765, which were equal to the required contributions.

**Net Pension Liability**

The City's net pension liability was measured as of December 31, 2024, 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, 2024, 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 110% of the Public Safety table used for males and 100% 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are 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 MP-2021 to account for future mortality improvements subject to the 3% 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, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) 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 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 by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global equity	35%	7.1%
Core fixed income	6%	5.0%
Non-core fixed income	6%	6.8%
Hedge funds	5%	6.4%
Private equity	13%	8.5%
Private debt	13%	8.2%
Real estate	12%	6.7%
Infrastructure	6%	6.0%
Other public and private markets	4%	7.3%
<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 member 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 members. 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, 2023	\$ 363,673,652	\$ 328,545,162	\$ 35,128,490
Changes for the year:			
Service cost	14,624,233	-	14,624,233
Interest	24,572,639	-	24,572,639
Difference between expected and actual experience	8,045,497	-	8,045,497
Changes in assumptions	-	-	-
Employer contributions	-	11,697,782	(11,697,782)
Employee contributions	-	5,612,370	(5,612,370)
Net investment income	-	34,185,417	(34,185,417)
Benefit payments, including refunds of employee contributions	(13,893,348)	(13,893,348)	-
Administrative expense	-	(218,936)	218,936
Other changes	-	(5,120)	5,120
Net changes	33,349,021	37,378,165	(4,029,144)
<b>Balance at December 31, 2024</b>	<b>\$ 397,022,673</b>	<b>\$ 365,923,327</b>	<b>\$ 31,099,346</b>

**Sensitivity of the Net Pension Liability**

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

	1% Decrease to 5.75%	Current Single Discount Rate Assumption 6.75%	1% Increase to 7.75%
City's net pension liability	\$ 90,961,040	\$ 31,099,346	\$ (17,675,367)

**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, 2025, the City recognized pension expense of \$13,645,946.

At September 30, 2025, 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	\$ 8,852,907	\$ -
Changes in actuarial assumptions used	-	826,414
Differences between projected and actual investment earnings		4,018,695
Contributions subsequent to the measurement date	8,739,929	-
<b>Totals</b>	<b>\$ 17,592,836</b>	<b>\$ 4,845,109</b>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$8,739,929 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2025 (i.e., recognized in the City's fiscal year 2026 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
2026	\$ 2,480,657
2027	5,663,651
2028	(3,397,715)
2029	(738,795)
2030	-
<b>Totals</b>	<b>\$ 4,007,798</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 0.06% in calendar year 2024 and 0.06% in calendar year 2025. The City's contributions to the SDBF for fiscal year 2024 were \$48,877, 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, 2024. The actuarial valuation date for the SDBF was December 31, 2024, and the valuation for RHCP was performed as of December 31, 2023 and update procedures were performed to roll forward the total OPEB liability to December 31, 2024. The total OPEB liabilities reported in the City's September 30, 2025 financial statements were as follows:

SDBF	\$	1,945,682
RHCP		<u>6,866,205</u>
	\$	<u><u>8,811,887</u></u>

Membership in the plans as of the measurement date of December 31, 2024 was as follows:

	<u>SDBF</u>	<u>RHCP</u>
Inactive plan members or beneficiaries currently receiving benefits	298	13
Inactive plan members entitled to but not yet receiving benefits	171	-
Active employees	<u>892</u>	<u>867</u>
<b>Total plan members</b>	<u><u>1,361</u></u>	<u><u>880</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	3.60% to 11.85% including inflation
Discount rate	4.08% - based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

The actuarial assumptions used in the December 31, 2024, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

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 15 years.

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of 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 the most recent Scale MP-2021 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 the most recent Scale MP-2021 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
	<u>                    </u>	<u>                    </u>
Service cost	\$ 96,212	\$ 604,053
Interest	73,854	266,542
Changes in benefit terms	-	-
Difference between expected and actual experience	7,156	(998,082)
Changes in assumptions or other inputs	(118,424)	309,154
Benefit payments	<u>(48,106)</u>	<u>(166,911)</u>
 Net changes	 10,692	 14,756
 Total OPEB liability - beginning	 <u>1,934,990</u>	 <u>6,851,449</u>
 <b>Total OPEB liability - ending</b>	 <b><u>\$ 1,945,682</u></b>	 <b><u>\$ 6,866,205</u></b>

**Sensitivity Analysis**

The following presents the City's total OPEB liabilities calculated using the discount rate of 4.08%, as well as what the liabilities would be if they were calculated using a discount rate that is 1 percentage point lower (3.08%) or 1 percentage point higher (5.08%) than the current rate.

	1% Decrease to 3.08%	Current Discount Rate Assumption 4.08%	1% Increase to 5.08%
	<u>                    </u>	<u>                    </u>	<u>                    </u>
SDBF	\$ 2,365,759	\$ 1,945,682	\$ 1,623,372
RHCP	7,638,541	6,866,205	6,180,686

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
	<u>                    </u>	<u>                    </u>	<u>                    </u>
RHCP	\$ 5,951,662	\$ 6,866,205	\$ 7,969,379

**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, 2025, the City recognized OPEB expense of \$111,332 relating to the SDBF plan and OPEB expense of \$815,662 relating to the RHCP plan. Total OPEB expense for the two plans was \$926,994.

As of September 30, 2025, 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	\$ 43,582	\$ 50,100	\$ 179,915	\$ 1,213,447
Changes in assumptions and other inputs	275,031	678,317	668,756	449,338
Contributions subsequent to the measurement date	34,936	-	112,870	-
<b>Total</b>	<b>\$ 353,549</b>	<b>\$ 728,417</b>	<b>\$ 961,541</b>	<b>\$ 1,662,785</b>

Total OPEB deferred outflows: \$ 1,315,090  
Total OPEB deferred inflows: \$ 2,391,202

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, 2026.

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
2026	\$ (62,361)	\$ (54,931)
2027	(72,177)	(54,931)
2028	(120,509)	(73,059)
2029	(132,193)	(97,977)
2030	(14,323)	(116,174)
Thereafter	(8,241)	(417,042)
<b>Totals</b>	<b>\$ (409,804)</b>	<b>\$ (814,114)</b>

**Changes Since the Prior Actuarial Valuation**

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liabilities since the prior measurement period: the discount rate changed from 3.77% as of December 31, 2023 to 4.08% as of December 31, 2024. This change increased the total OPEB liabilities.

**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, 2025, were approximately \$5.5 million. Estimated payments for the year ending September 30, 2026 budget are \$7.0 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, 2025, 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, 2025, 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, 2025, 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	\$ 1,311,852	\$ 450,081	\$ 529,879	\$ 2,291,812
Other	35,134	-	3,896	39,030
	<u>\$ 1,346,986</u>	<u>\$ 450,081</u>	<u>\$ 533,775</u>	<u>\$ 2,330,842</u>
Component unit - Sugar Land 4b Corporation:				
Sugar Land Baseball, LLC	\$ 65,736	-	\$ 40,036	\$ 105,772

## **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, 2025, inflows of resources (revenues) from regulated leases were \$1,700,136.

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 \$22,454 in additional participation rent in the fiscal year ended September 30, 2025. The City received \$427,627 for its 20% share of parking revenue and \$0 in capital fund contributions from ATG in the fiscal year ended September 30, 2025.

#### **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 2025, 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
2026	\$ 641,210
2027	577,544
2028	574,964
2029	535,601
2030	507,006
2031-2035	2,380,305
2036-2040	2,115,834
2041-2045	1,077,386
2046-2050	725,055
2051-2052	42,492
	<u>\$ 9,177,397</u>

The City is a lessee in a noncancelable lease agreement for license-plate recognition cameras. The City recognizes lease liabilities for its payment obligations under lease contracts, which convey to the City the right to use property and/or equipment owned by another party. With certain exclusions, the present value of future minimum lease payments is recorded as lease liability in the government-wide financial statements. For the year ended September 30, 2025, outflows of resources from leases which are included in the measurement of the lease liability balance as of September 30, 2025, are as follows:

	Fixed Payments			Total Outflows of Resources
	Principal Component	Interest Component	Variable Payments	
Included in lease liability:				
Primary government:				
Equipment - cameras	\$ 611,896	\$ 33,668	\$ -	\$ 645,564

Principal and interest requirements to maturity as of September 30, 2025, are as follows:

Year	Principal	Interest	Total
2026	\$ 555,568	\$ 78,856	\$ 634,424
2027	572,175	62,250	634,425
2028	589,288	45,137	634,425
2029	131,174	27,500	158,674
2030	135,402	23,273	158,675
2031-2034	586,682	48,021	634,703
	<u>\$ 2,570,289</u>	<u>\$ 285,037</u>	<u>\$ 2,855,326</u>

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

**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
2026	\$ 2,870,426
2027	3,555,426
2028	310,426
2029	310,426
2030	310,426
2031	199,226
2032	189,000
<b>Totals</b>	<b>\$ 7,745,356</b>

**Litigation and Other Contingencies**

The City was involved in various lawsuits and arbitration proceedings at September 30, 2025. The City and its legal counsel believe that any amounts which the City might ultimately be required to pay will not exceed underlying insurance coverage.

**Federally Assisted Programs – Compliance Audits**

The City receives various grants, which are subject to audit by the respective agencies. Subsequent audits may disallow expenditures financed by government grants. It is the opinion of management that any disallowed expenditures, based on prior audit experience, will not be material in relation to the City's financial statements as of September 30, 2025.

**Brooks Lake Diversion Weir Agreement**

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

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

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

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

The City completed construction of the Brooks Lake Diversion Weir system to replace the existing Amil Gates in 2019, at an actual cost of \$4,241,402; GCWA's 50% portion is \$2,120,701. To date, the City has received \$1,800,540 from GCWA with payment of \$50,540 in fiscal year 2025.

**Note 14. Subscription Liabilities**

The City recognizes subscription liabilities for its payment obligations under subscription-based information technology arrangements (SBITAs), which convey to the City the right to use another party's information technology software. The City's SBITAs include enterprise software, cloud-based services and other software packages. With certain exclusions, the present value of future minimum subscription payments is recorded as a subscription liability in the government-wide financial statements.

For the year ended September 30, 2025, outflows of resources from SBITAs which are included in the measurement of the subscription liability balance as of September 30, 2025, are as follows:

	<u>Fixed Payments</u>			<u>Total Outflows of Resources</u>
	<u>Principal Component</u>	<u>Interest Component</u>	<u>Variable Payments</u>	
Included in subscription liability:				
Governmental activities :				
Software - subscriptions	<u>\$ 2,273,752</u>	<u>\$ 147,341</u>	<u>\$ -</u>	<u>\$ 2,421,093</u>
Business-type activities :				
Software - subscriptions	<u>\$ 100,005</u>	<u>\$ 1,284</u>	<u>\$ -</u>	<u>\$ 101,289</u>
Discretely presented component units:				
Software - subscriptions	<u>\$ 8,437</u>	<u>\$ 313</u>	<u>\$ -</u>	<u>\$ 8,750</u>

Governmental activities principal and interest requirements to maturity as of September 30, 2025, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,975,849	\$ 126,173	\$ 2,102,022
2027	1,442,529	67,487	1,510,016
2028	798,488	25,136	823,624
2029	<u>3,417</u>	<u>20</u>	<u>3,437</u>
	<u>\$ 4,220,283</u>	<u>\$ 218,816</u>	<u>\$ 4,439,099</u>

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

Business-type activities principal and interest requirements to maturity as of September 30, 2025, are as follows:

Year	Principal	Interest	Total
2026	\$ 92,137	\$ 10,019	\$ 102,156
2027	94,653	7,503	102,156
2028	97,238	4,918	102,156
2029	79,764	2,262	82,026
	<u>\$ 363,792</u>	<u>\$ 24,702</u>	<u>\$ 388,494</u>

**Note 15. 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, 2025, 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 2025. Estimates of claims payable and of claims incurred, but not reported at September 30, 2025, 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, 2025. Because actual claims liabilities depend on such complex factors as inflation, changes in legal requirements, and damage awards, the process used in computing claims liability is an estimate based on historical claims.

## City of Sugar Land, Texas

### Notes to the Financial Statements

#### Note 16. Tax Abatements

In May 2018, the Sugar Land City Council approved Resolution No. 18-16, as required by Chapter 312 of the Texas Tax Code, to strengthen minimum guidelines and criteria governing tax abatement agreements in the City of Sugar Land. The City has an ad valorem tax abatement program that abates property taxes on new value created as a result of the proposed project, with possible abatements available from the City, Fort Bend County, and as applicable, other taxing jurisdictions. Tax abatement guidelines were renewed in 2020. Tax abatements benefit the City as the abatements are temporary, and result in investment in the City that would otherwise not occur.

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

The City has 7 active tax abatement agreements under contract for tax year 2024. These companies comprise \$104.8 million in real and personal property values. They also provide \$12.5 million in inventory values not subject to tax abatement. In tax year 2024, the City abated \$76.9 million in improvements and personal property value, and the revenue received for real and personal property from these companies was \$314,716.01 for tax year 2024.

## **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, 2025

	Budget		Actual Amounts Budgetary Basis	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 43,003,149	\$ 42,748,820	\$ 42,848,758	\$ 99,938
Sales tax	52,637,756	58,282,574	59,480,303	1,197,729
Franchise and other taxes	6,422,000	6,397,593	6,393,030	(4,563)
Licenses and permits	3,919,000	5,472,915	5,792,146	319,231
Fines and forfeitures	1,241,000	1,090,500	1,133,040	42,540
Charges for services	12,731,939	13,312,639	13,699,283	386,644
Investment earnings	2,779,000	2,403,489	2,693,234	289,745
Intergovernmental	1,908,105	2,166,623	2,253,710	87,087
Other	1,156,000	2,884,027	2,272,574	(611,453)
<b>Total revenues</b>	<b>125,797,949</b>	<b>134,759,180</b>	<b>136,566,078</b>	<b>1,806,898</b>
<b>EXPENDITURES</b>				
Current:				
General government	27,912,487	32,331,084	30,052,517	2,278,567
Administrative services	6,581,915	6,882,427	6,039,187	843,240
Public safety - Police	32,977,651	33,589,388	32,783,346	806,042
Public safety - Dispatch	4,078,516	4,081,717	3,696,949	384,768
Public safety - Fire	24,982,892	25,661,567	26,021,856	(360,289)
Public works	12,567,705	12,571,258	12,677,054	(105,796)
Parks and recreation	7,296,361	7,690,510	7,009,514	680,996
Community development	8,072,240	8,317,249	7,290,805	1,026,444
Environmental and neighborhood services	9,422,638	10,063,517	9,192,836	870,681
<b>Total expenditures</b>	<b>133,892,405</b>	<b>141,188,717</b>	<b>134,764,064</b>	<b>6,424,653</b>
Excess (deficiency) of revenues over expenditures	(8,094,456)	(6,429,537)	1,802,014	8,231,551
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	309,000	309,000	309,000	-
Transfers out	(393,137)	(388,138)	(388,138)	-
<b>Total other financing sources (uses)</b>	<b>(84,137)</b>	<b>(79,138)</b>	<b>(79,138)</b>	<b>-</b>
<b>Net change in fund balance - budgetary basis</b>	<b>\$ (8,178,593)</b>	<b>\$ (6,508,675)</b>	<b>1,722,876</b>	<b>\$ 8,231,551</b>

### Reconciliation of Budgetary Basis Change in Fund Balance to Generally Accepted Accounting Principles (GAAP)

The City budgets for lease and subscription revenues and expenditures only to the extent expected to be collected or paid, respectively, rather than on the modified accrual basis. The differences are:

Leases - revenues	1,056
Leases - expenditures	(2,437,520)
Leases - other financing source	2,437,520
Subscriptions - expenditures	(1,901,261)
Subscriptions - other financing source	1,901,261
<b>Net modified accrual-basis adjustments</b>	<b>1,056</b>
<b>Net change in fund balance - GAAP basis</b>	<b>1,723,932</b>
<b>Fund balances, beginning of year - GAAP basis</b>	<b>55,454,218</b>
<b>FUND BALANCE, END OF YEAR - GAAP BASIS</b>	<b>\$ 57,178,150</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, 2025

### **Budgetary Compliance**

The City of Sugar Land has complied with all material budget requirements for the year ended September 30, 2025.

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, with the exception that the City budgets for lease and subscription revenues and expenditures only to the extent expected to be collected or paid, respectively, rather than on the modified accrual basis. 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.

The legal level of budgetary control is at the fund level. Expenditures may not legally exceed the total appropriations for each individual fund as adopted by the City Council, any increase in total fund appropriations requires City Council approval.

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 Ten Measurement Years Ended December 31

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>TOTAL PENSION LIABILITY</b>					
Service cost	\$ 14,624,233	\$ 12,305,538	\$ 10,887,959	\$ 10,217,918	\$ 10,345,462
Interest	24,572,639	22,901,903	21,371,086	19,862,938	18,475,352
Differences between expected and actual experience	8,045,497	2,213,420	462,948	2,275,861	1,056,187
Changes in assumptions	-	(1,312,540)	-	-	-
Benefit payments, including refunds of employee contributions	(13,893,348)	(11,138,702)	(10,365,315)	(10,332,299)	(8,180,493)
Net change in total pension liability	33,349,021	24,969,619	22,356,678	22,024,418	21,696,508
Total pension liability - beginning	363,673,652	338,704,033	316,347,355	294,322,937	272,626,429
<b>TOTAL PENSION LIABILITY - ENDING (a)</b>	<b>\$ 397,022,673</b>	<b>\$ 363,673,652</b>	<b>\$ 338,704,033</b>	<b>\$ 316,347,355</b>	<b>\$ 294,322,937</b>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions - employer	\$ 11,697,782	\$ 9,960,443	\$ 8,812,308	\$ 8,346,084	\$ 8,464,705
Contributions - employee	5,612,370	4,855,124	4,298,686	4,048,693	4,059,318
Net investment income	34,185,417	33,775,914	(22,754,475)	35,724,644	19,029,622
Benefit payments, including refunds of employee contributions	(13,893,348)	(11,138,702)	(10,365,315)	(10,332,299)	(8,180,493)
Administrative expense	(218,936)	(214,491)	(196,625)	(165,067)	(122,994)
Other	(5,120)	(1,498)	234,632	1,131	(4,799)
Net change in plan fiduciary net position	37,378,165	37,236,790	(19,970,789)	37,623,186	23,245,359
Plan fiduciary net position - beginning	328,545,162	291,308,372	311,279,161	273,655,975	250,410,616
<b>PLAN FIDUCIARY NET POSITION - ENDING (b)</b>	<b>\$ 365,923,327</b>	<b>\$ 328,545,162</b>	<b>\$ 291,308,372</b>	<b>\$ 311,279,161</b>	<b>\$ 273,655,975</b>
<b>NET PENSION LIABILITY - ENDING (a)-(b)</b>	<b>\$ 31,099,346</b>	<b>\$ 35,128,490</b>	<b>\$ 47,395,661</b>	<b>\$ 5,068,194</b>	<b>\$ 20,666,962</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	92.17%	90.34%	86.01%	98.40%	92.98%
<b>Covered payroll</b>	\$ 80,176,715	\$ 69,366,053	\$ 61,409,806	\$ 57,404,032	\$ 57,990,258
<b>Net pension liability as a percentage of covered payroll</b>	38.79%	50.64%	77.18%	8.83%	35.64%

#### Notes to Required Supplementary Information:

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

Measurement years:	<u>2015 - 2024</u>
Inflation	2.50%
Investment rate of return	6.75%
Discount rate	6.75%

\*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>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$ 9,691,514	\$ 9,388,573	\$ 9,074,683	\$ 8,454,923	\$ 8,049,539
17,163,025	15,982,991	14,773,403	13,448,410	12,692,457
(822,166)	(1,631,866)	(451,230)	2,302,226	3,187,321
684,730	-	-	-	(2,120,835)
(7,023,908)	(5,794,458)	(5,473,504)	(4,298,333)	(3,894,213)
19,693,195	17,945,240	17,923,352	19,907,226	17,914,269
252,933,234	234,987,994	217,064,642	197,157,416	179,243,147
<b>\$ 272,626,429</b>	<b>\$ 252,933,234</b>	<b>\$ 234,987,994</b>	<b>\$ 217,064,642</b>	<b>\$ 197,157,416</b>
\$ 7,950,423	\$ 7,856,693	\$ 7,432,931	\$ 6,863,791	\$ 6,787,295
3,765,424	3,634,956	3,503,739	3,266,250	3,144,351
32,960,678	(6,409,298)	25,390,226	11,233,878	236,145
(7,023,908)	(5,794,458)	(5,473,504)	(4,298,333)	(3,894,213)
(186,022)	(123,770)	(131,498)	(126,810)	(143,822)
(5,589)	(6,466)	(6,665)	(6,832)	(7,103)
37,461,006	(842,343)	30,715,229	16,931,944	6,122,653
212,949,610	213,791,953	183,076,724	166,144,780	160,022,127
<b>\$ 250,410,616</b>	<b>\$ 212,949,610</b>	<b>\$ 213,791,953</b>	<b>\$ 183,076,724</b>	<b>\$ 166,144,780</b>
<b>\$ 22,215,813</b>	<b>\$ 39,983,624</b>	<b>\$ 21,196,041</b>	<b>\$ 33,987,918</b>	<b>\$ 31,012,636</b>
91.85%	84.19%	90.98%	84.34%	84.27%
\$ 53,752,159	\$ 51,927,946	\$ 50,053,408	\$ 46,660,720	\$ 44,919,301
41.33%	77.00%	42.35%	72.84%	69.04%

**City of Sugar Land, Texas**

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contribution	\$ 12,129,765	\$ 11,157,528	\$ 9,615,627	\$ 8,652,840	\$ 8,297,688
Contributions in relation to the actuarially determined contribution	(12,129,765)	(11,157,528)	(9,615,627)	(8,652,840)	(8,297,688)
<b>CONTRIBUTIONS DEFICIENCY (EXCESS)</b>	<b>\$ -</b>				
Covered payroll	\$ 81,461,343	\$ 76,785,763	\$ 66,973,280	\$ 60,208,808	\$ 57,320,934
Contributions as a percentage of covered payroll	14.9%	14.5%	14.4%	14.4%	14.5%

**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	21 years (longest amortization ladder)
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.60% to 11.85% 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 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).  Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

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

<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
\$ 8,106,158	\$ 7,917,557	\$ 7,828,102	\$ 7,371,464	\$ 7,182,639
(8,106,158)	(7,917,557)	(7,828,102)	(7,371,464)	(7,182,639)
<u>\$ -</u>				
\$ 55,364,242	\$ 53,277,303	\$ 51,481,994	\$ 49,279,670	\$ 48,031,610
14.6%	14.9%	15.2%	15.0%	15.0%

# City of Sugar Land, Texas

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

### For the Last Seven Measurement Years Ended December 31\*

Supplemental Death Benefits Fund (SDBF)	2024	2023	2022	2021	2020	2019	2018	2017
<b>TOTAL OPEB LIABILITY</b>								
Service cost	\$ 96,212	\$ 76,303	\$ 153,525	\$ 143,510	\$ 121,780	\$ 80,628	\$ 88,278	\$ 75,080
Interest	73,854	69,856	46,793	47,037	51,763	53,760	48,529	45,918
Difference between expected and actual experience	7,156	22,369	37,472	(63,422)	(39,215)	(39,591)	(26,653)	-
Changes in assumptions	(118,424)	100,592	(984,329)	82,843	338,761	323,442	(118,129)	128,880
Benefit payments	(48,106)	(41,620)	(24,564)	(22,962)	(5,799)	(5,375)	(5,193)	(5,005)
Net change in total OPEB liability	10,692	227,500	(771,103)	187,006	467,290	412,864	(13,168)	244,873
Total OPEB liability - beginning	1,934,990	1,707,490	2,478,593	2,291,587	1,824,297	1,411,433	1,424,601	1,179,728
<b>TOTAL OPEB LIABILITY - ENDING</b>	<b>\$ 1,945,682</b>	<b>\$ 1,934,990</b>	<b>\$ 1,707,490</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>\$ 80,176,715</b>	<b>\$ 69,366,053</b>	<b>\$ 61,409,806</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>2.43%</b>	<b>2.79%</b>	<b>2.78%</b>	<b>4.32%</b>	<b>3.95%</b>	<b>3.39%</b>	<b>2.72%</b>	<b>2.85%</b>
<b>Retiree Health Care Plan (RHCP)</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>TOTAL OPEB LIABILITY</b>								
Service cost	\$ 604,053	\$ 501,906	\$ 572,455	\$ 435,924	\$ 367,876	\$ 290,583	\$ 283,352	\$ 226,834
Interest	266,542	256,877	120,641	129,280	151,305	182,637	143,990	146,451
Difference between expected and actual experience	(998,082)	5,364	(454,169)	76,280	137,438	15,885	186,156	(4,427)
Changes in assumptions	309,154	72,125	(259,862)	(445,815)	429,497	169,233	42,490	194,701
Benefit payments	(166,911)	(153,037)	(162,432)	(180,231)	(136,099)	(99,515)	(74,311)	(96,770)
Net change in total OPEB liability	14,756	683,235	(183,367)	15,438	950,017	558,823	581,677	466,789
Total OPEB liability - beginning	6,851,449	6,168,214	6,351,581	6,336,143	5,386,126	4,827,303	4,245,626	3,778,837
<b>TOTAL OPEB LIABILITY - ENDING</b>	<b>\$ 6,866,205</b>	<b>\$ 6,851,449</b>	<b>\$ 6,168,214</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>\$ 80,176,715</b>	<b>\$ 69,486,825</b>	<b>\$ 61,498,283</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>8.56%</b>	<b>9.86%</b>	<b>10.03%</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
2024	4.08%
2023	3.77%
2022	4.05%
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, seven 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 Shelter 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.

**Public Arts Fund** – This fund is utilized toward implementation of the Annual Public Art Work Plan (APAWP) and further establishing the City's current public art collection. The Sugar Land 4B Corporation annually contributes funding for public art projects.

**Opioid Litigation Fund** – This fund was established to account for litigation revenues received from the Texas Comptroller of Public Accounts and the Texas Opioid Abatement Fund Council that was codified by SB 1827 (87R). Eligible uses of the funds received from the Comptroller require uses that address opioid-related harms in the community.

**Eldridge 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; acquisition of property; and administration/operational expenses.

**City of Sugar Land, Texas**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2025**

	Tourism Fund	Court Security Fund	Court Technology Fund	Law Enforcement Grant Fund	Debt Reduction Funds	Sugar Land Development Corporation Fund	Enclave at River Park PID
<b>ASSETS</b>							
Cash and cash equivalents	\$ 10,282	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables (net of allowance for uncollectibles)	731,662	369	225	4,049	108,370	1,774,577	35,664
Inventories	9,500	-	-	-	-	-	-
Prepaid items	985	-	-	-	-	13,303	-
Restricted cash and cash equivalents	2,557,035	100,368	86,445	1,203,841	1,842,812	19,697,063	64,194
Restricted investments	992,763	-	-	-	2,489,035	9,249,325	-
<b>Total assets</b>	<b>\$ 4,302,227</b>	<b>\$ 100,737</b>	<b>\$ 86,670</b>	<b>\$ 1,207,890</b>	<b>\$ 4,440,217</b>	<b>\$ 30,734,268</b>	<b>\$ 99,858</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 63,628	\$ 6,648	\$ -	\$ -	\$ -	\$ 342,213	\$ 4,586
Accrued expenditures	13,607	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>77,235</b>	<b>6,648</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>342,213</b>	<b>4,586</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Unavailable revenue	-	-	-	-	-	-	30,782
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,782</b>
<b>FUND BALANCES</b>							
Nonspendable:							
Inventories	9,500	-	-	-	-	-	-
Prepaid items	985	-	-	-	-	13,303	-
Restricted for:							
General government	-	-	-	-	-	-	-
Debt service	-	-	-	-	4,440,217	3,997,050	64,490
Economic development activities	-	-	-	-	-	26,381,702	-
Public safety	-	94,089	86,670	1,207,890	-	-	-
Tourism and marketing	4,214,507	-	-	-	-	-	-
Environmental and neighborhood services	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>4,224,992</b>	<b>94,089</b>	<b>86,670</b>	<b>1,207,890</b>	<b>4,440,217</b>	<b>30,392,055</b>	<b>64,490</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 4,302,227</b>	<b>\$ 100,737</b>	<b>\$ 86,670</b>	<b>\$ 1,207,890</b>	<b>\$ 4,440,217</b>	<b>\$ 30,734,268</b>	<b>\$ 99,858</b>

Truancy Prevention Fund	Jury Services	Animal Shelter Donations	Public Education and Government Fund	American Rescue Plan Act Fund	Public Arts	Opioid Litigation	Eldridge PID	Total Nonmajor Governmental Funds
\$ 155,789	\$ 4,622	\$ -	\$ -	\$ -	\$ 1,006,696	\$ 46,421	\$ 87,406	\$ 1,311,216
524	15	742	38,677	8,148	3,398	168	294	2,706,882
-	-	-	-	-	-	-	-	9,500
-	-	-	-	-	4,652	-	-	18,940
-	-	217,963	-	2,194,179	-	-	-	27,963,900
-	-	-	-	1,248,373	-	-	-	13,979,496
<u>\$ 156,313</u>	<u>\$ 4,637</u>	<u>\$ 218,705</u>	<u>\$ 38,677</u>	<u>\$ 3,450,700</u>	<u>\$ 1,014,746</u>	<u>\$ 46,589</u>	<u>\$ 87,700</u>	<u>\$ 45,989,934</u>
\$ -	\$ -	\$ 7,825	\$ 5,943	\$ 370,894	\$ 40,905	\$ 41,931	\$ -	\$ 884,573
-	-	-	-	-	-	-	-	13,607
-	-	-	-	2,130,435	-	-	-	2,130,435
-	-	7,825	5,943	2,501,329	40,905	41,931	-	3,028,615
-	-	-	-	-	-	-	-	30,782
-	-	-	-	-	-	-	-	30,782
-	-	-	-	-	-	-	-	9,500
-	-	-	-	-	4,652	-	-	18,940
-	-	-	32,734	-	-	-	-	32,734
-	-	-	-	-	-	-	87,700	8,589,457
-	-	-	-	-	969,189	-	-	27,350,891
156,313	4,637	-	-	-	-	4,658	-	1,554,257
-	-	-	-	-	-	-	-	4,214,507
-	-	210,880	-	-	-	-	-	210,880
-	-	-	-	949,371	-	-	-	949,371
<u>156,313</u>	<u>4,637</u>	<u>210,880</u>	<u>32,734</u>	<u>949,371</u>	<u>973,841</u>	<u>4,658</u>	<u>87,700</u>	<u>42,930,537</u>
<u>\$ 156,313</u>	<u>\$ 4,637</u>	<u>\$ 218,705</u>	<u>\$ 38,677</u>	<u>\$ 3,450,700</u>	<u>\$ 1,014,746</u>	<u>\$ 46,589</u>	<u>\$ 87,700</u>	<u>\$ 45,989,934</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, 2025

	Tourism Fund	Court Security Fund	Court Technology Fund	Law Enforcement Grant Fund	Debt Reduction Funds	Sugar Land Development Corporation Fund	Enclave at River Park PID
<b>REVENUES</b>							
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,913,384	\$ -
Franchise and other taxes	2,998,501	-	-	-	-	-	38,438
Fines and forfeitures	-	37,274	30,935	-	-	-	-
Investment earnings	137,903	4,539	2,787	48,889	178,661	1,268,483	3,441
Intergovernmental	-	-	-	-	629,181	427,928	-
Other	34,075	-	-	312,453	-	18,290	-
<b>Total revenues</b>	<b>3,170,479</b>	<b>41,813</b>	<b>33,722</b>	<b>361,342</b>	<b>807,842</b>	<b>11,628,085</b>	<b>41,879</b>
<b>EXPENDITURES</b>							
Current:							
General government	1,489,361	-	-	-	-	3,335,095	-
Administrative services	-	36,211	2,083	-	-	1,144,445	-
Public safety - Police	-	-	-	-	-	-	-
Public safety - Fire	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Environmental and neighborhood services	-	-	-	-	-	-	-
Debt service:							
Principal	25,310	-	-	-	-	2,400,000	-
Interest and other charges	940	-	-	-	-	1,486,853	-
Bond issuance costs	-	-	-	-	-	1,500	-
Capital outlay	-	-	-	-	-	1,519,629	-
<b>Total expenditures</b>	<b>1,515,611</b>	<b>36,211</b>	<b>2,083</b>	<b>-</b>	<b>-</b>	<b>9,887,522</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	1,654,868	5,602	31,639	361,342	807,842	1,740,563	41,879
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	-	95,330
Transfers out	(685,175)	-	-	-	-	(709,106)	(133,319)
<b>Total other financing sources (uses)</b>	<b>(685,175)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(709,106)</b>	<b>(37,989)</b>
Net change in fund balances	969,693	5,602	31,639	361,342	807,842	1,031,457	3,890
Fund balances, beginning of year	3,255,299	88,487	55,031	846,548	3,632,375	29,360,598	60,600
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 4,224,992</b>	<b>\$ 94,089</b>	<b>\$ 86,670</b>	<b>\$ 1,207,890</b>	<b>\$ 4,440,217</b>	<b>\$ 30,392,055</b>	<b>\$ 64,490</b>

Truancy Prevention Fund	Jury Services	Animal Shelter Donations	Public Education and Government Fund	American Rescue Plan Act Fund	Public Arts	Opioid Litigation	Eldridge PID	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,913,384
-	-	-	154,083	-	-	-	-	3,191,022
37,033	904	-	-	-	-	-	-	106,146
6,636	170	8,812	1,119	170,625	44,214	2,834	2,290	1,881,403
-	-	-	-	1,875,072	-	-	-	2,932,181
-	-	27,989	-	415,183	250,000	95,805	85,410	1,239,205
43,669	1,074	36,801	155,202	2,460,880	294,214	98,639	87,700	19,263,341
45,151	-	-	232,213	227,676	116,663	-	-	5,446,159
-	-	-	-	7,990	-	-	-	1,190,729
-	-	-	-	172,250	-	79,546	-	251,796
-	-	-	-	-	-	42,992	-	42,992
-	-	-	-	27,520	-	-	-	27,520
-	-	16,116	-	709,554	-	-	-	725,670
-	-	-	-	-	-	17,326	-	2,442,636
-	-	-	-	-	-	1,872	-	1,489,665
-	-	-	-	-	-	-	-	1,500
-	-	-	24,561	730,083	338,641	-	-	2,612,914
45,151	-	16,116	256,774	1,875,073	455,304	141,736	-	14,231,581
(1,482)	1,074	20,685	(101,572)	585,807	(161,090)	(43,097)	87,700	5,031,760
-	-	-	-	-	35,000	-	-	130,330
-	-	-	-	-	-	-	-	(1,527,600)
-	-	-	-	-	35,000	-	-	(1,397,270)
(1,482)	1,074	20,685	(101,572)	585,807	(126,090)	(43,097)	87,700	3,634,490
157,795	3,563	190,195	134,306	363,564	1,099,931	47,755	-	39,296,047
\$ 156,313	\$ 4,637	\$ 210,880	\$ 32,734	\$ 949,371	\$ 973,841	\$ 4,658	\$ 87,700	\$ 42,930,537

**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, 2025

With Comparative Actual Totals for the Year Ended September 30, 2024

	2025			2024
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
<b>REVENUES</b>				
Property taxes	\$ 29,417,217	\$ 29,471,309	\$ 54,092	\$ 27,901,778
Investment earnings	775,400	908,216	132,816	895,936
Other	2,522,629	1,496,964	(1,025,665)	2,138,131
Total revenues	32,715,246	31,876,489	(838,757)	30,935,845
<b>EXPENDITURES</b>				
Current:				
Administrative services	2,355,578	2,255,378	100,200	2,071,046
Debt service:				
Principal	23,898,248	23,898,243	5	22,317,806
Interest and other charges	8,459,675	8,457,222	2,453	8,240,588
Bond issuance costs	71,150	43,650	27,500	42,059
Total expenditures	34,784,651	34,654,493	130,158	32,671,499
Excess (deficiency) of revenues over expenditures	(2,069,405)	(2,778,004)	(708,599)	(1,735,654)
<b>OTHER FINANCING SOURCES (USES)</b>				
Premium on debt issued	-	5,530	5,530	2,527
Transfers in	5,010,163	5,010,163	-	5,425,208
Transfers out	(257,634)	(257,634)	-	(263,055)
Total other financing sources (uses)	4,752,529	4,758,059	5,530	5,164,680
Net change in fund balance - budgetary basis	\$ 2,683,124	1,980,055	\$ (703,069)	\$ 3,429,026

**Reconciliation of Budgetary Basis Change in Fund Balance to Generally Accepted Accounting Principles (GAAP)**

The City budgets for lease revenues only to the extent expected to be collected, rather than on the modified accrual basis. The difference is:

Leases - revenues	193,664
Net modified accrual-basis adjustments	193,664
Net change in fund balance - GAAP basis	2,173,719
Fund balance, beginning of year - GAAP basis	14,781,634
<b>FUND BALANCE, END OF YEAR - GAAP BASIS</b>	<b>\$ 16,955,353</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, 2025

With Comparative Actual Totals for the Year Ended September 30, 2024

	<b>2025</b>			<b>2024</b>
	<b>Budget Final</b>	<b>Actual Budgetary Basis</b>	<b>Variance Positive (Negative)</b>	
<b>REVENUES</b>				
Franchise and other taxes	\$ 3,071,845	\$ 2,998,501	\$ (73,344)	\$ 2,988,608
Investment earnings	97,632	137,903	40,271	151,295
Other	22,231	34,075	11,844	34,690
Total revenues	3,191,708	3,170,479	(21,229)	3,174,593
<b>EXPENDITURES</b>				
Current:				
General government	1,938,040	1,489,361	448,679	1,042,189
Total expenditures	1,938,040	1,489,361	448,679	1,042,189
Excess (deficiency) of revenues over expenditures	1,253,668	1,681,118	427,450	2,132,404
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(685,175)	(685,175)	-	(1,338,225)
Total other financing sources (uses)	(685,175)	(685,175)	-	(1,338,225)
Net change in fund balance - budgetary basis	\$ 568,493	995,943	\$ 427,450	\$ 794,179

**Reconciliation of Budgetary Basis Change in Fund Balance to Generally Accepted Accounting Principles (GAAP)**

The City budgets for subscription expenditures only to the extent expected to be paid, rather than on the modified accrual basis. The differences are:

Subscriptions - expenditures	(26,250)
Net modified accrual-basis adjustments	(26,250)
Net change in fund balance - GAAP basis	969,693
Fund balance, beginning of year - GAAP basis	3,255,299
<b>FUND BALANCE, END OF YEAR - GAAP BASIS</b>	<b>\$ 4,224,992</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, 2025

With Comparative Actual Totals for the Year Ended September 30, 2024

	2025			2024
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
<b>REVENUES</b>				
Fines and forfeitures	\$ 36,500	\$ 37,274	\$ 774	\$ 38,416
Investment earnings	3,900	4,539	639	3,826
Total revenues	40,400	41,813	1,413	42,242
<b>EXPENDITURES</b>				
Current:				
Administrative services	37,500	36,211	1,289	10,388
Total expenditures	37,500	36,211	1,289	10,388
Net change in fund balance - budgetary basis	\$ 2,900	5,602	\$ 2,702	\$ 31,854

**Reconciliation of Budgetary Basis Change in Fund Balance to Generally Accepted Accounting Principles (GAAP)**

Net modified accrual-basis adjustments	-
Net change in fund balance - GAAP basis	5,602
Fund balance, beginning of year - GAAP basis	88,487
<b>FUND BALANCE, END OF YEAR - GAAP BASIS</b>	<b>\$ 94,089</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, 2025

With Comparative Actual Totals for the Year Ended September 30, 2024

	2025			2024
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
<b>REVENUES</b>				
Fines and forfeitures	\$ 30,000	\$ 30,935	\$ 935	\$ 31,996
Investment earnings	2,500	2,787	287	2,541
Total revenues	32,500	33,722	1,222	34,537
<b>EXPENDITURES</b>				
Current:				
Administrative services	17,250	2,083	15,167	25,556
Total expenditures	17,250	2,083	15,167	25,556
Net change in fund balance - budgetary basis	\$ 15,250	31,639	\$ 16,389	\$ 8,981
<b>Reconciliation of Budgetary Basis Change in Fund Balance to Generally Accepted Accounting Principles (GAAP)</b>				
Net modified accrual-basis adjustments		-		
Net change in fund balance - GAAP basis		31,639		
Fund balance, beginning of year - GAAP basis		55,031		
<b>FUND BALANCE, END OF YEAR - GAAP BASIS</b>		<b>\$ 86,670</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, 2025

With Comparative Actual Totals for the Year Ended September 30, 2024

	2025			2024
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
<b>REVENUES</b>				
Investment earnings	\$ 47,518	\$ 48,889	\$ 1,371	\$ 43,806
Other	309,664	312,453	2,789	405,662
Total revenues	357,182	361,342	4,160	449,468
<b>EXPENDITURES</b>				
Current:				
Public safety - Police	31,000	-	31,000	32,829
Capital outlay	-	-	-	23,680
Total expenditures	31,000	-	31,000	56,509
Net change in fund balance - budgetary basis	\$ 326,182	361,342	\$ 35,160	\$ 392,959

**Reconciliation of Budgetary Basis Change in Fund Balance to Generally Accepted Accounting Principles (GAAP)**

Net modified accrual-basis adjustments	-
Net change in fund balance - GAAP basis	361,342
Fund balance, beginning of year - GAAP basis	846,548
<b>FUND BALANCE, END OF YEAR - GAAP BASIS</b>	<b>\$ 1,207,890</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, 2025

With Comparative Actual Totals for the Year Ended September 30, 2024

	2025			2024
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
<b>REVENUES</b>				
Investment earnings	\$ 138,883	\$ 178,661	\$ 39,778	\$ 164,032
Intergovernmental	636,611	629,181	(7,430)	553,492
Total revenues	775,494	807,842	32,348	717,524
<b>EXPENDITURES</b>				
Total expenditures	-	-	-	-
Net change in fund balance - budgetary basis	\$ 775,494	807,842	\$ 32,348	\$ 717,524

**Reconciliation of Budgetary Basis Change in Fund Balance to Generally Accepted Accounting Principles (GAAP)**

Net modified accrual-basis adjustments	-
Net change in fund balance - GAAP basis	807,842
Fund balance, beginning of year - GAAP basis	3,632,375
<b>FUND BALANCE, END OF YEAR - GAAP BASIS</b>	<b>\$ 4,440,217</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, 2025

With Comparative Actual Totals for the Year Ended September 30, 2024

	2025			2024
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
<b>REVENUES</b>				
Sales tax	\$ 9,401,576	\$ 9,913,384	\$ 511,808	\$ 8,829,607
Investment earnings	1,100,000	1,268,483	168,483	1,334,967
Intergovernmental	1,036,879	427,928	(608,951)	1,793,000
Other	30,000	18,290	(11,710)	47,209
Total revenues	11,568,455	11,628,085	59,630	12,004,783
<b>EXPENDITURES</b>				
Current:				
General government	7,378,080	3,335,095	4,042,985	2,364,029
Administrative services	1,144,445	1,144,445	-	1,010,945
Debt service:				
Principal	2,400,000	2,400,000	-	2,295,000
Interest and other charges	1,489,088	1,486,853	2,235	1,618,356
Bond issuance costs	-	1,500	(1,500)	-
Capital outlay	5,935,992	1,519,629	4,416,363	280,169
Total expenditures	18,347,605	9,887,522	8,460,083	7,568,499
Excess (deficiency) of revenues over expenditures	(6,779,150)	1,740,563	8,519,713	4,436,284
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(709,106)	(709,106)	-	(50,000)
Total other financing sources (uses)	(709,106)	(709,106)	-	(50,000)
Net change in fund balance - budgetary basis	\$ (7,488,256)	1,031,457	\$ 8,519,713	\$ 4,386,284

**Reconciliation of Budgetary Basis Change in Fund Balance to Generally Accepted Accounting Principles (GAAP)**

Net modified accrual-basis adjustments	-
Net change in fund balance - GAAP basis	1,031,457
Fund balance, beginning of year - GAAP basis	29,360,598
<b>FUND BALANCE, END OF YEAR - GAAP BASIS</b>	<b>\$ 30,392,055</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, 2025

With Comparative Actual Totals for the Year Ended September 30, 2024

	2025			2024
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
<b>REVENUES</b>				
Franchise and other taxes	\$ 37,309	\$ 38,438	\$ 1,129	\$ 47,310
Investment earnings	3,163	3,441	278	4,099
Total revenues	40,472	41,879	1,407	51,409
<b>EXPENDITURES</b>				
Current:				
Administrative services	60	-	60	-
Total expenditures	60	-	60	-
Excess (deficiency) of revenues over expenditures	40,412	41,879	1,467	51,409
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	95,330	95,330	-	90,789
Transfers out	(133,319)	(133,319)	-	(137,569)
Total other financing sources (uses)	(37,989)	(37,989)	-	(46,780)
Net change in fund balance - budgetary basis	\$ 2,423	3,890	\$ 1,467	\$ 4,629
<b>Reconciliation of Budgetary Basis Change in Fund Balance to Generally Accepted Accounting Principles (GAAP)</b>				
Net modified accrual-basis adjustments		-		
Net change in fund balance - GAAP basis		3,890		
Fund balance, beginning of year - GAAP basis		60,600		
<b>FUND BALANCE, END OF YEAR - GAAP BASIS</b>		<u>\$ 64,490</u>		

**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, 2025

With Comparative Actual Totals for the Year Ended September 30, 2024

	2025			2024
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
<b>REVENUES</b>				
Fines and forfeitures	\$ 36,000	\$ 37,033	\$ 1,033	\$ 37,947
Investment earnings	6,500	6,636	136	7,770
Total revenues	42,500	43,669	1,169	45,717
<b>EXPENDITURES</b>				
Current:				
General government	46,296	45,151	1,145	19,127
Total expenditures	46,296	45,151	1,145	19,127
Net change in fund balance - budgetary basis	\$ (3,796)	(1,482)	\$ 2,314	\$ 26,590
<b>Reconciliation of Budgetary Basis Change in Fund Balance to Generally Accepted Accounting Principles (GAAP)</b>				
Net modified accrual-basis adjustments		-		
Net change in fund balance - GAAP basis		(1,482)		
Fund balance, beginning of year - GAAP basis		157,795		
<b>FUND BALANCE, END OF YEAR - GAAP BASIS</b>		<u>\$ 156,313</u>		

**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, 2025

With Comparative Actual Totals for the Year Ended September 30, 2024

	2025			2024
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
<b>REVENUES</b>				
Fines and forfeitures	\$ 740	\$ 904	\$ 164	\$ 759
Investment earnings	160	170	10	160
Total revenues	900	1,074	174	919
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance - budgetary basis	\$ 900	1,074	\$ 174	\$ 919
<b>Reconciliation of Budgetary Basis Change in Fund Balance to Generally Accepted Accounting Principles (GAAP)</b>				
Net modified accrual-basis adjustments		-		
Net change in fund balance - GAAP basis		1,074		
Fund balance, beginning of year - GAAP basis		3,563		
<b>FUND BALANCE, END OF YEAR - GAAP BASIS</b>		<u>\$ 4,637</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, 2025

With Comparative Actual Totals for the Year Ended September 30, 2024

	2025			2024
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
<b>REVENUES</b>				
Investment earnings	\$ 8,755	\$ 8,812	\$ 57	\$ 9,444
Other	23,687	27,989	4,302	36,665
Total revenues	32,442	36,801	4,359	46,109
<b>EXPENDITURES</b>				
Current:				
Environmental and neighborhood services	18,150	16,116	2,034	29,903
Total expenditures	18,150	16,116	2,034	29,903
Net change in fund balance - budgetary basis	\$ 14,292	20,685	\$ 6,393	\$ 16,206
<b>Reconciliation of Budgetary Basis Change in Fund Balance to Generally Accepted Accounting Principles (GAAP)</b>				
Net modified accrual-basis adjustments		-		
Net change in fund balance - GAAP basis		20,685		
Fund balance, beginning of year - GAAP basis		190,195		
<b>FUND BALANCE, END OF YEAR - GAAP BASIS</b>		<b>\$ 210,880</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, 2025

With Comparative Actual Totals for the Year Ended September 30, 2024

	2025			2024
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
<b>REVENUES</b>				
Franchise and other taxes	\$ 138,000	\$ 154,083	\$ 16,083	\$ 135,052
Investment earnings	3,500	1,119	(2,381)	15,696
Total revenues	141,500	155,202	13,702	150,748
<b>EXPENDITURES</b>				
Current:				
General government	233,760	232,213	1,547	256,016
Capital outlay	24,600	24,561	39	143,407
Total expenditures	258,360	256,774	1,586	399,423
Net change in fund balance - budgetary basis	\$ (116,860)	(101,572)	\$ 15,288	\$ (248,675)
<b>Reconciliation of Budgetary Basis Change in Fund Balance to Generally Accepted Accounting Principles (GAAP)</b>				
Net modified accrual-basis adjustments		-		
Net change in fund balance - GAAP basis		(101,572)		
Fund balance, beginning of year - GAAP basis		134,306		
<b>FUND BALANCE, END OF YEAR - GAAP BASIS</b>		<b>\$ 32,734</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, 2025

With Comparative Actual Totals for the Year Ended September 30, 2024

	2025			2024
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
<b>REVENUES</b>				
Investment earnings	\$ 143,076	\$ 170,625	\$ 27,549	\$ 363,564
Intergovernmental	-	1,875,072	1,875,072	3,438,072
Other	415,183	415,183	-	-
Total revenues	558,259	2,460,880	1,902,621	3,801,636
<b>EXPENDITURES</b>				
Current:				
General government	224,832	227,676	(2,844)	343,813
Administrative services	30,657	7,990	22,667	-
Public safety - Police	172,250	172,250	-	-
Public works	28,700	27,520	1,180	1,256,953
Environmental and neighborhood services	1,209,571	709,554	500,017	564,346
Capital outlay	2,624,015	730,083	1,893,932	1,272,960
Total expenditures	4,290,025	1,875,073	2,414,952	3,438,072
Net change in fund balance - budgetary basis	\$ (3,731,766)	585,807	\$ 4,317,573	\$ 363,564

**Reconciliation of Budgetary Basis Change in Fund Balance to Generally Accepted Accounting Principles (GAAP)**

Net modified accrual-basis adjustments	-
Net change in fund balance - GAAP basis	585,807
Fund balance, beginning of year - GAAP basis	363,564
<b>FUND BALANCE, END OF YEAR - GAAP BASIS</b>	<b>\$ 949,371</b>

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance – Budget and Actual

Nonmajor Special Revenue Fund – Public Arts Fund

For the Fiscal Year Ended September 30, 2025

With Comparative Actual Totals for the Year Ended September 30, 2024

	2025			2024
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
<b>REVENUES</b>				
Investment earnings	\$ 19,000	\$ 44,214	\$ 25,214	\$ 32,043
Other	250,000	250,000	-	957,305
Total revenues	269,000	294,214	25,214	989,348
<b>EXPENDITURES</b>				
Current:				
General government	314,314	116,663	197,651	331,294
Capital outlay	285,937	338,641	(52,704)	94,900
Total expenditures	600,251	455,304	144,947	426,194
Excess (deficiency) of revenues over expenditures	(331,251)	(161,090)	(119,733)	563,154
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	35,000	35,000	-	286,293
Total other financing sources (uses)	35,000	35,000	-	286,293
Net change in fund balance - budgetary basis	\$ (296,251)	(126,090)	\$ (119,733)	\$ 849,447
<b>Reconciliation of Budgetary Basis Change in Fund Balance to Generally Accepted Accounting Principles (GAAP)</b>				
Net modified accrual-basis adjustments		-		
Net change in fund balance - GAAP basis		(126,090)		
Fund balance, beginning of year - GAAP basis		1,099,931		
<b>FUND BALANCE, END OF YEAR - GAAP BASIS</b>		<b>\$ 973,841</b>		

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Opioid Litigation Fund

For the Fiscal Year Ended September 30, 2025

With Comparative Actual Totals for the Year Ended September 30, 2024

	2025			2024
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
<b>REVENUES</b>				
Investment earnings	\$ 1,964	\$ 2,834	\$ 870	\$ 4,579
Other	95,805	95,805	-	19,638
Total revenues	97,769	98,639	870	24,217
<b>EXPENDITURES</b>				
Current:				
Public safety - Police	82,351	79,546	2,805	-
Public safety - Fire	63,172	42,992	20,180	49,824
Capital outlay	-	-	-	29,900
Total expenditures	145,523	122,538	22,985	79,724
Net change in fund balance - budgetary basis	\$ (47,754)	(23,899)	\$ 23,855	\$ (55,507)

**Reconciliation of Budgetary Basis Change in Fund Balance to Generally Accepted Accounting Principles (GAAP)**

The City budgets for subscription expenditures only to the extent expected to be paid, rather than on the modified accrual basis. The differences are:

Subscriptions - expenditures	(19,198)
Net modified accrual-basis adjustments	(19,198)
Net change in fund balance - GAAP basis	(43,097)
Fund balance, beginning of year - GAAP basis	47,755
<b>FUND BALANCE, END OF YEAR - GAAP BASIS</b>	<b>\$ 4,658</b>

**City of Sugar Land, Texas**

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Eldridge PID

For the Fiscal Year Ended September 30, 2025

With Comparative Actual Totals for the Year Ended September 30, 2024

	2025			2024
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
<b>REVENUES</b>				
Investment earnings	\$ 2,427	\$ 2,290	\$ (137)	\$ -
Other	83,232	85,410	2,178	-
Total revenues	85,659	87,700	2,041	-
<b>EXPENDITURES</b>				
Current:				
Administrative services	100	-	100	-
Total expenditures	100	-	100	-
Net change in fund balance - budgetary basis	\$ 85,559	87,700	\$ 2,141	\$ -

**Reconciliation of Budgetary Basis Change in Fund Balance to Generally Accepted Accounting Principles (GAAP)**

The City budgets for subscription expenditures only to the extent expected to be paid, rather than on the modified accrual basis. The differences are:

Net modified accrual-basis adjustments	-
Net change in fund balance - GAAP basis	87,700
Fund balance, beginning of year - GAAP basis	-
<b>FUND BALANCE, END OF YEAR - GAAP BASIS</b>	<b>\$ 87,700</b>

**City of Sugar Land, Texas**

Nonmajor Enterprise Funds

September 30, 2025

**NONMAJOR ENTERPRISE FUNDS**

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.

The **Stormwater Fund** is used to account for stormwater compliance activities and drainage related maintenance and operations previously funded in the General Fund. This fund is supported through a Storm Water Compliance Fee charged to residents, businesses, and establishments considered non-exempt by law or ordinance to this fee.

**City of Sugar Land, Texas**  
Combining Statement of Net Position  
Nonmajor Enterprise Funds  
September 30, 2025

	<b>Solid Waste Fund</b>	<b>Stormwater Fund</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,561,733	\$ 1,222,164	\$ 3,783,897
Receivables, net of allowance for uncollectibles	1,291,884	236,698	1,528,582
Prepaid items	-	200	200
<b>Total current assets</b>	<b>3,853,617</b>	<b>1,459,062</b>	<b>5,312,679</b>
Noncurrent assets:			
Capital assets:			
Capital assets being depreciated	-	248,062	248,062
<b>Total noncurrent assets</b>	<b>-</b>	<b>248,062</b>	<b>248,062</b>
<b>Total assets</b>	<b>3,853,617</b>	<b>1,707,124</b>	<b>5,560,741</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows relating to pension activities	52,199	58,891	111,090
Deferred outflows relating to OPEB activities	3,942	5,209	9,151
<b>Total deferred outflows of resources</b>	<b>56,141</b>	<b>64,100</b>	<b>120,241</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	851,882	63,885	915,767
Noncurrent liabilities due within one year	32,239	40,650	72,889
<b>Total current liabilities</b>	<b>884,121</b>	<b>104,535</b>	<b>988,656</b>
Noncurrent liabilities:			
Due in more than one year	17,360	21,886	39,246
Net pension liability	102,434	143,983	246,417
Total OPEB liability	26,444	36,175	62,619
<b>Total noncurrent liabilities</b>	<b>146,238</b>	<b>202,044</b>	<b>348,282</b>
<b>Total liabilities</b>	<b>1,030,359</b>	<b>306,579</b>	<b>1,336,938</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows relating to pension activities	15,586	22,285	37,871
Deferred inflows relating to OPEB activities	7,378	9,712	17,090
<b>Total deferred inflows of resources</b>	<b>22,964</b>	<b>31,997</b>	<b>54,961</b>
<b>NET POSITION</b>			
Investment in capital assets	-	248,062	248,062
Unrestricted	2,856,435	1,184,586	4,041,021
<b>TOTAL NET POSITION</b>	<b>\$ 2,856,435</b>	<b>\$ 1,432,648</b>	<b>\$ 4,289,083</b>

**City of Sugar Land, Texas**

Combining Statement of Revenues, Expenses, and Changes  
in Net Position  
Nonmajor Enterprise Funds  
For the Fiscal Year Ended September 30, 2025

	<b>Solid Waste Fund</b>	<b>Stormwater Fund</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 10,887,780	\$ 2,124,731	\$ 13,012,511
Total operating revenues	10,887,780	2,124,731	13,012,511
<b>OPERATING EXPENSES</b>			
Personnel services	393,865	746,490	1,140,355
Supplies and materials	3,210	100,915	104,125
Contractual services	9,423,571	163,566	9,587,137
Repairs and maintenance	10,170	625,031	635,201
Other expenses	28,111	87,033	115,144
Depreciation	4,940	28,788	33,728
Total operating expenses	9,863,867	1,751,823	11,615,690
Operating income (loss)	1,023,913	372,908	1,396,821
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenue	95,488	45,474	140,962
Miscellaneous revenue	11,252	-	11,252
Intergovernmental revenue	45,500	-	45,500
Total nonoperating revenues (expenses)	152,240	45,474	197,714
Income (loss) before transfers	1,176,153	418,382	1,594,535
Transfers out	(309,000)	-	(309,000)
Change in net position	867,153	418,382	1,285,535
Net position, beginning of year, as previously reported	1,995,572	1,041,187	3,036,759
Implementation of GASB Statement 101, <i>Compensated Absences</i>	(6,290)	(26,921)	(33,211)
Net position, beginning, as restated	1,989,282	1,014,266	3,003,548
<b>NET POSITION, END OF YEAR</b>	<b>\$ 2,856,435</b>	<b>\$ 1,432,648</b>	<b>\$ 4,289,083</b>

**City of Sugar Land, Texas**  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Fiscal Year Ended September 30, 2025

	<b>Solid Waste Fund</b>	<b>Stormwater Fund</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from interfund charges for services	\$ 10,809,386	\$ 2,128,781	\$ 12,938,167
Other receipts (disbursements)	11,252	-	11,252
Disbursed for personnel services	(376,103)	(701,638)	(1,077,741)
Disbursed for goods and services	(13,814,696)	(1,018,241)	(14,832,937)
Net cash provided (used) by operating activities	(3,370,161)	408,902	(2,961,259)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(309,000)	-	(309,000)
Net cash provided (used) by noncapital financing activities	(309,000)	-	(309,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	-	(124,930)	(124,930)
Proceeds from sale of capital assets	45,500	-	45,500
Net cash provided (used) by capital and related financing activities	45,500	(124,930)	(79,430)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	95,488	45,474	140,962
Net cash provided by investing activities	95,488	45,474	140,962
Net increase (decrease) in cash and cash equivalents	(3,538,173)	329,446	(3,208,727)
Cash and cash equivalents, beginning balance	6,099,906	892,718	6,992,624
<b>CASH AND CASH EQUIVALENTS, ENDING BALANCE</b>	<b>\$ 2,561,733</b>	<b>\$ 1,222,164</b>	<b>\$ 3,783,897</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 1,023,913	\$ 372,908	\$ 1,396,821
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation and amortization	4,940	28,788	33,728
Other disbursements for nonoperating expense	11,252	-	11,252
Changes in assets, liabilities and related deferrals:			
(Increase) decrease in assets and deferred outflows:			
Receivables, net of allowances	(78,394)	4,050	(74,344)
Prepaid items	-	425	425
Deferred outflows - net pension liability	6,502	9,139	15,641
Deferred outflows - OPEB	30	43	73
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable and accrued expenses	(4,349,634)	(42,121)	(4,391,755)
Net pension liability	(2,951)	15,736	12,785
OPEB liability	84	118	202
Deferred inflows - net pension liability	11,789	16,571	28,360
Deferred inflows - OPEB	2,308	3,245	5,553
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (3,370,161)</b>	<b>\$ 408,902</b>	<b>\$ (2,961,259)</b>

## City of Sugar Land, Texas

Internal Service Funds

September 30, 2025

### 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, 2025

	<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	\$ 4,101,321	\$ 330,536	\$ 1,854,662	\$ 6,286,519
Cash with fiscal agent	759,000	-	-	759,000
Investments	498,814	-	498,602	997,416
Receivables, net of allowance for uncollectibles	207,118	58	14,887	222,063
Prepaid items	30,608	-	-	30,608
 Total current assets	 5,596,861	 330,594	 2,368,151	 8,295,606
Noncurrent assets:				
Capital assets:				
Capital assets being depreciated	-	7,782,557	593,661	8,376,218
 Total noncurrent assets	 -	 7,782,557	 593,661	 8,376,218
 Total assets	 5,596,861	 8,113,151	 2,961,812	 16,671,824
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	293,359	179,102	43,002	515,463
Claims and judgments	651,083	-	-	651,083
Accrued interest	-	-	466	466
Noncurrent liabilities due within one year	-	-	46,037	46,037
 Total current liabilities	 944,442	 179,102	 89,505	 1,213,049
Noncurrent liabilities:				
Subscription liability	-	-	47,290	47,290
 Total noncurrent liabilities	 -	 -	 47,290	 47,290
 Total liabilities	 944,442	 179,102	 136,795	 1,260,339
<b>NET POSITION</b>				
Investment in capital assets	-	7,782,557	593,661	8,376,218
Unrestricted	4,652,419	151,492	2,231,356	7,035,267
 <b>TOTAL NET POSITION</b>	 <b>\$ 4,652,419</b>	 <b>\$ 7,934,049</b>	 <b>\$ 2,825,017</b>	 <b>\$ 15,411,485</b>

**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, 2025

	<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	\$ 16,787,799	\$ 2,096,818	\$ 1,193,980	\$ 20,078,597
Total operating revenues	16,787,799	2,096,818	1,193,980	20,078,597
<b>OPERATING EXPENSES</b>				
Supplies and materials	5,053	177,034	813,341	995,428
Contractual services	76,695	-	35,612	112,307
Repairs and maintenance	-	-	7,515	7,515
Insurance claims	16,146,945	-	-	16,146,945
Depreciation	-	1,715,902	204,962	1,920,864
Total operating expenses	16,228,693	1,892,936	1,061,430	19,183,059
Operating income (loss)	559,106	203,882	132,550	895,538
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and investment revenue	151,466	28,434	99,570	279,470
Gain (loss) on disposal of capital assets	-	211,953	9,750	221,703
Interest expense	-	-	(1,054)	(1,054)
Total nonoperating revenues (expenses)	151,466	240,387	108,266	500,119
Change in net position	710,572	444,269	240,816	1,395,657
Net position, beginning of year	3,941,847	7,489,780	2,584,201	14,015,828
<b>NET POSITION, END OF YEAR</b>	<b>\$ 4,652,419</b>	<b>\$ 7,934,049</b>	<b>\$ 2,825,017</b>	<b>\$ 15,411,485</b>

**City of Sugar Land, Texas**  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended September 30, 2025

	<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	\$ 16,620,574	\$ 2,102,909	\$ 1,188,480	\$ 19,911,963
Disbursed for goods and services	(16,194,795)	323,007	(1,093,238)	(16,965,026)
Net cash provided by operating activities	425,779	2,425,916	95,242	2,946,937
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Interest payments on debt	-	-	(588)	(588)
Principal on long-term debt	-	-	(47,991)	(47,991)
Acquisition and construction of capital assets	-	(2,803,426)	(168,409)	(2,971,835)
Proceeds from sale of capital assets	-	273,887	9,750	283,637
Net cash used by capital and related financing activities	-	(2,529,539)	(207,238)	(2,736,777)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sales (purchase) of investments, net	(248,000)	248,000	247,999	247,999
Interest received	153,679	28,953	103,304	285,936
Net cash provided (used) by investing activities	(94,321)	276,953	351,303	533,935
Net increase (decrease) in cash and cash equivalents	331,458	173,330	239,307	744,095
Cash and cash equivalents, beginning balance	4,528,863	157,206	1,615,355	6,301,424
<b>CASH AND CASH EQUIVALENTS, ENDING BALANCE</b>	<b>\$ 4,860,321</b>	<b>\$ 330,536</b>	<b>\$ 1,854,662</b>	<b>\$ 7,045,519</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 559,106	\$ 203,882	\$ 132,550	\$ 895,538
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation and amortization	-	1,715,902	204,962	1,920,864
Changes in assets, liabilities and related deferrals:				
(Increase) decrease in assets and deferred outflows:				
Receivables, net of allowances	(167,225)	6,091	(5,500)	(166,634)
Prepaid items	(242)	320,939	-	320,697
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable	(36,699)	179,102	(236,770)	(94,367)
Claims and judgments	70,839	-	-	70,839
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 425,779</b>	<b>\$ 2,425,916</b>	<b>\$ 95,242</b>	<b>\$ 2,946,937</b>
<b>SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital assets acquisitions under subscriptions (SBITAs)	\$ -	\$ -	\$ 141,318	\$ 141,318



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



**City of Sugar Land, Texas**  
Discretely Presented Component Units  
Balance Sheets – Governmental Funds  
September 30, 2025

	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	\$ 8,908,054	\$ 65,155	\$ 58,117	\$ 11,321,247	\$ 20,352,573
Investments	9,243,583	-	-	-	9,243,583
Receivables, net of allowance for uncollectibles	1,764,235	-	30,277	20,129	1,814,641
Lease receivable	1,353,262	-	-	-	1,353,262
Prepaid items	19,972	-	-	-	19,972
Restricted cash and cash equivalents	2,092,278	-	-	-	2,092,278
<b>TOTAL ASSETS</b>	<b>\$ 23,381,384</b>	<b>\$ 65,155</b>	<b>\$ 88,394</b>	<b>\$ 11,341,376</b>	<b>\$ 34,876,309</b>
<b>LIABILITIES</b>					
Accounts payable and accrued expenditures	\$ 101,555	\$ -	\$ 63,734	\$ -	\$ 165,289
Total liabilities	101,555	-	63,734	-	165,289
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows relating to leases	1,331,153	-	-	-	1,331,153
Total deferred inflows of resources	1,331,153	-	-	-	1,331,153
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	19,972	-	-	-	19,972
Restricted for:					
Debt service	2,092,278	-	-	-	2,092,278
Economic development activities	19,836,426	65,155	24,660	11,341,376	31,267,617
Total fund balances	21,948,676	65,155	24,660	11,341,376	33,379,867
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 23,381,384</b>	<b>\$ 65,155</b>	<b>\$ 88,394</b>	<b>\$ 11,341,376</b>	<b>\$ 34,876,309</b>
Reconciliation from fund balance to net position					
Fund balance	\$ 21,948,676	\$ 65,155	\$ 24,660	\$ 11,341,376	\$ 33,379,867
Plus deferred outflows of resources	47,402	-	-	-	47,402
Less long-term liabilities	(17,906,161)	-	-	-	(17,906,161)
Less interest payable	(76,132)	-	-	-	(76,132)
<b>NET POSITION</b>	<b>\$ 4,013,785</b>	<b>\$ 65,155</b>	<b>\$ 24,660</b>	<b>\$ 11,341,376</b>	<b>\$ 15,444,976</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, 2025

	Sugar Land 4B Corporation	Sugar Land Town Square Tax Increment Reinvestment Zone No. 1	Sugar Land Reinvestment Zone No. 3	Sugar Land Reinvestment Zone No. 4	Total Component Units
<b>REVENUES</b>					
Property taxes	\$ -	\$ 963,875	\$ 1,950,617	\$ 1,455,493	\$ 4,369,985
Sales tax	9,913,384	-	-	-	9,913,384
Investment earnings	1,055,959	17,716	6,258	452,904	1,532,837
Intergovernmental	71,414	-	-	-	71,414
Other	88,313	-	-	-	88,313
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	11,129,070	981,591	1,956,875	1,908,397	15,975,933
<b>EXPENDITURES</b>					
Current:					
General government	11,642,923	919,428	1,933,503	16,433	14,512,287
Debt service:					
Principal	1,383,437	-	-	-	1,383,437
Interest and other charges	641,738	-	-	-	641,738
Bond issuance costs	-	-	-	-	-
Capital outlay	739,285	-	-	-	739,285
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	14,407,383	919,428	1,933,503	16,433	17,276,747
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(3,278,313)	62,163	23,372	1,891,964	(1,300,814)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	25,226,989	2,992	1,288	9,449,412	34,680,681
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 21,948,676</b>	<b>\$ 65,155</b>	<b>\$ 24,660</b>	<b>\$ 11,341,376</b>	<b>\$ 33,379,867</b>
Reconciliation from changes in fund balance to changes in net position					
Change in fund balance	\$ (3,278,313)	\$ 62,163	\$ 23,372	\$ 1,891,964	\$ (1,300,814)
Add principal payments	1,383,437	-	-	-	1,383,437
Add other changes in long-term assets and liabilities	141,256	-	-	-	141,256
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>CHANGES IN NET POSITION</b>	<b>\$ (1,753,620)</b>	<b>\$ 62,163</b>	<b>\$ 23,372</b>	<b>\$ 1,891,964</b>	<b>\$ 223,879</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# **Statistical Section**



**Statistical Section**  
(Unaudited)

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

	<u>Page</u>
<b>Financial Trends – Schedules 1-4</b>	138
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>	148
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>	157
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>	163
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>	166
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 annual comprehensive 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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 420,817	\$ 402,755	\$ 373,732	\$ 360,328
Restricted	58,156	52,776	42,074	28,212
Unrestricted	41,689	40,099	42,056	45,162
<b>TOTAL GOVERNMENTAL ACTIVITIES NET POSITION</b>	<u>\$ 520,662</u>	<u>\$ 495,630</u>	<u>\$ 457,862</u>	<u>\$ 433,701</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	\$ 238,725	\$ 234,539	\$ 220,712	\$ 225,459
Restricted	9,196	8,768	8,239	9,705
Unrestricted	95,691	80,650	81,022	53,847
<b>TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION</b>	<u>\$ 343,612</u>	<u>\$ 323,957</u>	<u>\$ 309,973</u>	<u>\$ 289,011</u>
<b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	\$ 659,542	\$ 637,294	\$ 594,444	\$ 585,787
Restricted	67,352	61,543	50,313	37,917
Unrestricted	137,380	120,749	123,078	99,009
<b>TOTAL PRIMARY GOVERNMENT NET POSITION</b>	<u>\$ 864,274</u>	<u>\$ 819,586</u>	<u>\$ 767,835</u>	<u>\$ 722,712</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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018*</u>	<u>2017</u>	<u>2016</u>
\$ 360,769	\$ 365,400	\$ 359,391	\$ 358,639	\$ 340,298	\$ 304,720
22,705	21,241	22,177	19,535	21,152	24,902
33,547	18,105	19,059	23,129	23,084	37,413
<u>\$ 417,021</u>	<u>\$ 404,746</u>	<u>\$ 400,627</u>	<u>\$ 401,303</u>	<u>\$ 384,534</u>	<u>\$ 367,035</u>
\$ 226,097	\$ 234,213	\$ 237,564	\$ 252,642	\$ 228,369	\$ 225,650
8,391	9,003	11,190	9,770	9,116	8,549
45,399	44,065	48,726	48,149	45,383	47,766
<u>\$ 279,887</u>	<u>\$ 287,281</u>	<u>\$ 297,480</u>	<u>\$ 310,561</u>	<u>\$ 282,868</u>	<u>\$ 281,965</u>
\$ 586,866	\$ 599,613	\$ 596,955	\$ 611,281	\$ 568,667	\$ 530,370
31,096	30,244	33,367	29,305	30,268	33,451
78,946	62,170	67,785	71,278	68,467	85,179
<u>\$ 696,908</u>	<u>\$ 692,027</u>	<u>\$ 698,107</u>	<u>\$ 711,864</u>	<u>\$ 667,402</u>	<u>\$ 649,000</u>

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 33,668,079	\$ 33,734,969	\$ 34,127,922	\$ 26,787,184
Administrative services	9,348,463	7,090,377	7,128,798	5,228,139
Public safety - Police	34,065,090	29,561,309	29,553,021	22,868,120
Public safety - Dispatch	3,756,015	3,887,384	3,411,607	2,907,956
Public safety - Fire	25,958,848	23,545,285	20,850,555	16,080,691
Public safety - EMS	-	-	-	-
Public works	34,543,661	33,645,467	30,734,154	29,174,071
Parks and recreation	12,693,109	11,053,254	9,002,318	11,340,980
Community development	8,355,913	6,914,053	6,075,355	5,247,221
Environmental and neighborhood services	9,737,456	10,930,462	10,315,245	7,950,729
Interest on long-term debt	10,476,254	8,445,420	8,848,006	8,737,684
	<u>182,602,888</u>	<u>168,807,980</u>	<u>160,046,981</u>	<u>136,322,775</u>
Business-type activities:				
Utility	68,435,181	65,910,454	62,481,285	57,453,880
Regional airport	24,091,268	23,870,480	24,305,701	24,397,948
Solid waste and stormwater	11,612,387	16,616,642	10,437,119	8,792,031
	<u>104,138,836</u>	<u>106,397,576</u>	<u>97,224,105</u>	<u>90,643,859</u>
	<u>\$ 286,741,724</u>	<u>\$ 275,205,556</u>	<u>\$ 257,271,086</u>	<u>\$ 226,966,634</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services:				
Administrative services	7,385,868	7,432,642	7,096,551	7,365,195
Public safety - Fire	6,172,543	5,073,391	4,904,508	3,576,812
Public safety - EMS	-	-	-	-
Community development	5,000,557	3,065,958	2,644,518	3,119,954
Other	2,981,423	2,705,030	2,148,865	1,522,630
Operating grants and contributions	7,141,474	8,193,534	7,727,684	5,930,810
Capital grants and contributions	7,658,061	19,102,591	7,577,969	1,807,269
	<u>36,339,926</u>	<u>45,573,146</u>	<u>32,100,095</u>	<u>23,322,670</u>
Business-type activities:				
Charges for services:				
Utility	77,164,509	69,578,621	72,601,475	63,913,593
Regional airport	24,843,985	22,913,330	23,501,267	24,901,563
Solid waste and stormwater	13,012,511	12,155,719	11,459,839	9,228,068
Operating grants and contributions	145,500	100,000	50,000	198,000
Capital grants and contributions	2,148,900	8,803,258	6,068,449	4,189,805
	<u>117,315,405</u>	<u>113,550,928</u>	<u>113,681,030</u>	<u>102,431,029</u>
	<u>\$ 153,655,331</u>	<u>\$ 159,124,074</u>	<u>\$ 145,781,125</u>	<u>\$ 125,753,699</u>
<b>NET (EXPENSE)/REVENUE</b>				
Governmental activities	\$ (146,262,962)	\$ (123,234,834)	\$ (127,946,886)	\$ (113,000,105)
Business-type activities	13,176,569	7,153,352	16,456,925	11,787,170
	<u>\$ (133,086,393)</u>	<u>\$ (116,081,482)</u>	<u>\$ (111,489,961)</u>	<u>\$ (101,212,935)</u>

**Schedule 2**  
Page 1 of 2

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018**</u>	<u>2017</u>	<u>2016</u>
\$ 26,502,325	\$ 21,662,768	\$ 23,018,595	\$ 19,825,982	\$ 23,393,933	\$ 18,591,072
5,683,094	7,277,456	5,705,656	5,877,451	5,514,367	6,643,488
22,060,087	26,657,068	28,010,543	26,691,650	26,137,845	22,979,425
2,607,837 ***	-	-	-	-	-
16,700,504	17,330,279	15,098,092	14,516,604	14,196,831	14,195,523
-	- *	2,137,263	2,109,566	1,803,131	1,722,037
28,235,914	35,122,270	32,541,073	37,700,186	27,074,624	22,827,677
9,785,044	8,059,592	9,471,888	10,891,960	7,870,047	6,215,405
5,358,357	5,683,703	7,597,307	5,570,870	5,563,555	5,484,522
6,845,976	7,065,218	6,873,883	6,138,127	6,064,691	5,902,886
8,804,328	10,071,344	10,233,207	9,810,360	9,393,095	9,778,640
<u>132,583,466</u>	<u>138,929,698</u>	<u>140,687,507</u>	<u>139,132,756</u>	<u>127,012,119</u>	<u>114,340,675</u>
56,673,831	58,197,111	57,533,727	59,854,392	46,153,991	46,517,275
16,831,368	14,288,142	16,934,859	16,239,202	14,345,583	12,485,217
9,493,324	8,445,476	8,200,994	7,980,124	6,196,978	5,926,813
<u>82,998,523</u>	<u>80,930,729</u>	<u>82,669,580</u>	<u>84,073,718</u>	<u>66,696,552</u>	<u>64,929,305</u>
<u>\$ 215,581,989</u>	<u>\$ 219,860,427</u>	<u>\$ 223,357,087</u>	<u>\$ 223,206,474</u>	<u>\$ 193,708,671</u>	<u>\$ 179,269,980</u>
6,992,560	7,444,922	8,933,444	7,532,287	6,598,604	8,522,761
3,434,502	3,144,902	1,065,013	1,390,232	3,139,758	2,833,491
-	- *	1,864,409	1,634,675	1,426,438	1,132,847
3,015,571	4,048,652	3,589,181	3,388,539	3,061,505	3,242,529
731,394	695,229	3,431,576	5,211,165	3,830,309	4,164,196
9,275,496	2,920,226	2,438,000	2,215,263	1,824,906	1,740,054
1,729,294	10,132,207	4,621,744	15,378,644	29,996,719	19,053,728
<u>25,178,817</u>	<u>28,386,138</u>	<u>25,943,367</u>	<u>36,750,805</u>	<u>49,878,239</u>	<u>40,689,606</u>
52,097,006	49,529,990	45,314,713	50,529,248	42,458,489	46,140,497
15,025,315	12,256,798	15,351,003	15,449,972	13,539,743	11,830,391
9,081,812	8,871,017	8,620,756	7,974,887	6,475,296	5,950,568
231,379	174,204	58,221	195,438	50,000	50,000
3,040,386	2,991,345	3,221,729	11,538,729	6,675,068	9,417,603
<u>79,475,898</u>	<u>73,823,354</u>	<u>72,566,422</u>	<u>85,688,274</u>	<u>69,198,596</u>	<u>73,389,059</u>
<u>\$ 104,654,715</u>	<u>\$ 102,209,492</u>	<u>\$ 98,509,789</u>	<u>\$ 122,439,079</u>	<u>\$ 119,076,835</u>	<u>\$ 114,078,665</u>
\$ (107,404,649)	\$ (110,543,560)	\$ (114,744,140)	\$ (102,381,951)	\$ (77,133,880)	\$ (73,651,069)
(3,522,625)	(7,107,375)	(10,103,158)	1,614,556	2,502,044	8,459,754
<u>\$ (110,927,274)</u>	<u>\$ (117,650,935)</u>	<u>\$ (124,847,298)</u>	<u>\$ (100,767,395)</u>	<u>\$ (74,631,836)</u>	<u>\$ (65,191,315)</u>

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 72,519,131	\$ 67,281,688	\$ 62,087,727	\$ 55,957,225
Sales tax	69,393,687	61,807,247	58,841,739	56,292,755
Franchise and other taxes	9,545,614	9,433,255	9,143,214	8,702,875
Investment earnings	12,589,833	13,243,466	9,220,391	(559,598)
Miscellaneous	6,298,771	5,566,580	9,195,248	5,089,419
Transfers	3,276,121	3,669,925	3,619,988	4,197,437
Total governmental activities	<u>173,623,157</u>	<u>161,002,161</u>	<u>152,108,307</u>	<u>129,680,113</u>
Business-type activities:				
Investment earnings	8,007,285	8,322,634	6,074,101	(713,158)
Miscellaneous	2,185,356	2,177,603	2,051,298	2,246,816
Transfers	(3,276,121)	(3,669,925)	(3,619,988)	(4,197,437)
Extraordinary item	-	-	-	-
Total business-type activities	<u>6,916,520</u>	<u>6,830,312</u>	<u>4,505,411</u>	<u>(2,663,779)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 180,539,677</u>	<u>\$ 167,832,473</u>	<u>\$ 156,613,718</u>	<u>\$ 127,016,334</u>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	\$ 27,360,195	\$ 37,767,327	\$ 24,161,421	\$ 16,680,008
Business-type activities	<u>20,093,089</u>	<u>13,983,664</u>	<u>20,962,336</u>	<u>9,123,391</u>
<b>TOTAL NET REVENUE (EXPENSE)</b>	<u>\$ 47,453,284</u>	<u>\$ 51,750,991</u>	<u>\$ 45,123,757</u>	<u>\$ 25,803,399</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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018**</u>	<u>2017</u>	<u>2016</u>
\$ 53,377,354	\$ 52,129,954	\$ 49,988,676	\$ 44,092,389	\$ 39,052,391	\$ 37,227,640
49,209,137	44,465,725	47,580,665	47,038,175	41,330,120	45,967,293
7,865,705	7,957,981	8,925,196	9,196,843	8,535,339	8,231,034
29,881	1,472,845	2,616,889	1,106,332	826,905	1,089,499
3,279,916	2,628,940	(1,222,389)	2,642,416	2,645,117	1,507,896
5,917,384	6,007,096	6,179,094	3,093,659	2,243,212	2,176,006
<u>119,679,377</u>	<u>114,662,541</u>	<u>114,068,131</u>	<u>107,169,814</u>	<u>94,633,084</u>	<u>96,199,368</u>
83,551	1,001,393	2,331,002	1,077,401	561,113	599,435
1,963,079	1,913,729	869,998	44,386	83,106	79,707
(5,917,384)	(6,007,096)	(6,179,094)	(3,093,659)	(2,243,212)	(2,176,006)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,410,372)</u>	<u>-</u>	<u>-</u>
<u>(3,870,754)</u>	<u>(3,091,974)</u>	<u>(2,978,094)</u>	<u>(4,382,244)</u>	<u>(1,598,993)</u>	<u>(1,496,864)</u>
<u>\$ 115,808,623</u>	<u>\$ 111,570,567</u>	<u>\$ 111,090,037</u>	<u>\$ 102,787,570</u>	<u>\$ 93,034,091</u>	<u>\$ 94,702,504</u>
\$ 12,274,728	\$ 4,118,981	\$ (676,009)	\$ 4,787,863	\$ 17,499,204	\$ 22,548,299
(7,393,379)	(10,199,349)	(13,081,252)	(2,767,688)	903,051	6,962,890
<u>\$ 4,881,349</u>	<u>\$ (6,080,368)</u>	<u>\$ (13,757,261)</u>	<u>\$ 2,020,175</u>	<u>\$ 18,402,255</u>	<u>\$ 29,511,189</u>

# City of Sugar Land, Texas

## Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>GENERAL FUND</b>				
Nonspendable:				
Inventories	\$ 178,224	\$ 190,026	\$ 204,360	\$ 233,029
Prepaid items	132,985	73,987	73,485	58,486
Committed	938,693	721,196	1,770,816	778,023
Assigned	477,845	301,686	597,187	1,128,922
Unassigned	55,450,403	54,167,323	55,190,662	54,188,706
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund	57,178,150	55,454,218	57,836,510	56,387,166
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Nonspendable:				
Inventories	9,500	10,090	7,483	8,746
Prepaid items	18,940	42,962	19,143	4,600
Restricted:				
General government	32,734	134,306	382,981	185,145
Debt service funds	25,544,810	22,301,351	17,608,896	14,217,296
Capital projects funds	138,557,811	112,243,326	107,880,210	79,117,839
Economic development activities	27,350,891	26,591,622	21,582,722	12,662,854
Public safety	1,554,257	1,199,179	793,383	503,762
Tourism and marketing	4,214,507	3,243,412	2,452,369	1,714,474
Environmental and neighborhood services	210,880	190,195	171,189	143,092
Committed	-	-	-	-
Assigned	10,141,439	5,334,811	5,024,721	4,713,494
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total all other governmental funds	207,635,769	171,291,254	155,923,097	113,271,302
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 264,813,919</b>	<b>\$ 226,745,472</b>	<b>\$ 213,759,607</b>	<b>\$ 169,658,468</b>

### Schedule 3

<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
\$ 218,125	\$ 224,914	\$ 250,126	\$ 217,019	\$ 211,199	\$ 195,050
38,014	35,153	77,771	54,161	255,751	27,701
199,543	582,853	749,136	341,202	376,995	411,849
450,554	307,804	314,423	409,335	272,224	332,452
48,153,148	38,515,913	38,910,023	34,043,167	27,980,279	27,575,295
49,059,384	39,666,637	40,301,479	35,064,884	29,096,448	28,542,347
9,875	8,403	7,104	7,935	-	-
3,269	2,740	12,359	7,036	11,735	18,353
118,223	-	-	-	-	-
12,714,894	13,353,725	14,133,339	9,242,690	13,287,453	18,881,941
51,385,052	34,341,116	22,113,944	8,700,056	18,346,186	14,122,714
9,355,269	7,006,144	7,098,197	9,608,501	7,655,992	5,656,856
244,574	598,607	404,232	278,116	215,855	228,335
1,261,499	1,513,830	1,941,997	1,786,346	1,395,355	1,053,237
62,580	-	-	-	-	-
-	-	-	2,997,650	7,768,052	18,273,467
3,807,715	3,822,042	-	-	-	-
-	-	-	(3,184)	(26,513)	-
78,962,950	60,646,607	45,711,172	32,625,146	48,654,115	58,234,903
\$ 128,022,334	\$ 100,313,244	\$ 86,012,651	\$ 67,690,030	\$ 77,750,563	\$ 86,777,250

# City of Sugar Land, Texas

## Changes in Fund Balances of Governmental Funds

### Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>				
Taxes				
General property	\$ 72,320,067	\$ 67,189,935	\$ 61,784,415	\$ 55,820,788
Sales and use taxes	69,393,687	61,807,247	58,841,739	56,292,755
Franchise taxes	9,584,052	9,480,565	9,202,428	8,768,767
Licenses and permits	5,792,146	3,881,170	3,580,007	3,470,579
Fines and forfeitures	1,239,186	1,320,828	1,515,026	1,299,751
Charges for services	13,699,283	13,195,030	11,734,396	11,041,160
Investment earnings	12,310,363	12,880,006	8,902,311	(445,237)
Intergovernmental	5,185,891	7,604,626	8,000,595	5,513,934
Other	13,503,416	7,812,121	12,442,135	4,358,217
	<u>203,028,091</u>	<u>185,171,528</u>	<u>176,003,052</u>	<u>146,120,714</u>
<b>EXPENDITURES</b>				
General government	36,866,429	34,561,288	26,649,515	21,581,755
Administrative services	9,485,294	8,873,456	8,758,072	7,112,828
Public safety	62,796,939	58,621,141	52,026,270	44,519,626
Public works	15,558,665	15,003,891	15,953,847	14,295,837
Parks and recreation	7,045,705	6,906,192	6,059,289	5,662,215
Community development	7,290,805	6,919,452	5,760,963	5,526,198
Environmental and neighborhood services	9,918,506	10,036,749	9,206,418	7,216,061
Debt service:				
Principal	29,135,898	26,938,539	23,139,965	21,049,359
Interest and other charges	10,124,496	9,912,480	10,424,368	9,815,473
Bond issuance costs	779,277	460,846	369,406	479,407
Capital outlay	61,763,188	28,127,704	11,380,236	13,873,625
	<u>250,765,202</u>	<u>206,361,738</u>	<u>169,728,349</u>	<u>151,132,384</u>
Excess (deficiency) of revenues over (under) expenditures	(47,737,111)	(21,190,210)	6,274,703	(5,011,670)
<b>OTHER FINANCING SOURCES (USES)</b>				
Certificates of obligation issued	48,390,000	11,180,000	1,460,000	27,500,000
General obligation bonds issued	26,300,000	10,345,000	30,430,000	13,115,000
Revenue bonds issued	-	-	-	4,880,000
Refunding bonds issued	-	-	-	-
Premium (discount) on debt issued	3,499,656	1,799,761	1,544,212	2,417,089
Payments to refunded bond escrow agent	-	-	-	(5,461,722)
Leases and other debt issued	4,338,781	7,182,389	772,236	-
Proceeds of the sale of capital assets	-	-	-	-
Transfers in	5,449,493	7,111,290	6,487,776	6,666,558
Transfers out	(2,173,372)	(3,441,365)	(2,867,788)	(2,469,121)
	<u>85,804,558</u>	<u>34,177,075</u>	<u>37,826,436</u>	<u>46,647,804</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 38,067,447</u>	<u>\$ 12,986,865</u>	<u>\$ 44,101,139</u>	<u>\$ 41,636,134</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	20.70%	20.54%	21.29%	22.48%

## Schedule 4

	2021	2020	2019	2018	2017	2016
\$	53,283,518	\$ 51,999,696	\$ 49,910,560	\$ 43,924,495	\$ 38,999,063	\$ 37,310,936
	49,209,137	44,427,280	47,349,948	46,807,458	41,829,998	45,821,869
	7,942,660	8,061,540	9,063,027	9,196,843	8,535,339	8,231,034
	3,380,955	4,047,286	3,585,270	3,392,020	3,052,646	3,242,529
	1,215,515	1,412,839	3,598,926	4,681,871	3,983,863	3,741,662
	9,361,811	9,700,698	9,856,589	9,803,954	11,668,937	11,732,687
	27,618	1,394,417	2,434,365	1,049,546	803,175	1,050,958
	9,736,646	7,539,349	4,150,591	8,469,413	21,608,448	4,295,673
	2,770,210	2,737,166	3,434,202	3,742,667	4,344,488	6,335,230
	<u>136,928,070</u>	<u>131,320,271</u>	<u>133,383,478</u>	<u>131,068,267</u>	<u>134,825,957</u>	<u>121,762,578</u>
	21,368,483	21,257,753	20,381,432	18,828,683	19,441,297	17,263,024
	8,093,905	6,194,245	6,030,777	6,277,823	6,807,905	7,167,251
	41,203,391	42,416,274	41,803,434	41,773,376	39,819,840	36,894,350
	12,649,542	15,403,076	13,102,921	17,704,168	15,014,862	12,004,180
	4,818,174	4,750,769	5,010,592	5,960,126	5,383,089	5,107,971
	5,375,408	5,556,124	5,337,472	5,269,134	5,163,724	5,155,978
	6,003,184	6,186,662	5,826,617	5,143,190	5,112,858	4,892,216
	22,884,611	21,949,254	36,311,024	21,343,344	16,149,483	14,565,041
	10,380,673	11,295,663	11,002,213	11,122,619	10,159,604	9,282,752
	224,654	390,939	374,909	-	355,510	629,239
	9,321,348	13,987,525	13,290,174	10,890,406	51,470,423	89,073,807
	<u>142,323,373</u>	<u>149,388,284</u>	<u>158,471,565</u>	<u>144,312,869</u>	<u>174,878,595</u>	<u>202,035,809</u>
	(5,395,303)	(18,068,013)	(25,088,087)	(13,244,602)	(40,052,638)	(80,273,231)
	-	15,025,000	20,760,000	-	19,060,000	19,190,000
	26,970,000	9,355,000	-	-	7,570,000	-
	-	-	-	-	-	-
	-	12,245,000	13,715,000	-	-	32,120,000
	1,599,165	3,231,900	2,756,614	-	2,045,464	6,464,472
	(1,382,156)	(13,312,235)	-	-	-	(36,935,787)
	-	-	-	840,000	107,275	1,350,000
	-	-	-	36,569	-	36,987
	7,845,669	9,254,348	11,567,007	12,180,115	11,854,100	20,089,727
	<u>(1,928,285)</u>	<u>(3,430,407)</u>	<u>(5,387,913)</u>	<u>(9,872,615)</u>	<u>(9,610,888)</u>	<u>(17,913,721)</u>
	<u>33,104,393</u>	<u>32,368,606</u>	<u>43,410,708</u>	<u>3,184,069</u>	<u>31,025,951</u>	<u>24,401,678</u>
\$	<u>27,709,090</u>	<u>\$ 14,300,593</u>	<u>\$ 18,322,621</u>	<u>\$ (10,060,533)</u>	<u>\$ (9,026,687)</u>	<u>\$ (55,871,553)</u>
	24.96%	24.61%	21.50%	24.10%	21.50%	21.20%

# City of Sugar Land, Texas

## Taxable Sales

### Last Ten Calendar Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Retail trade	\$ 1,163,098,374	\$ 1,158,172,749	\$ 1,168,396,939	\$ 1,146,811,980
Accommodation/food services	462,591,925	452,990,101	419,404,916	378,012,859
Wholesale trade	175,818,352	144,846,878	131,462,440	128,491,300
Construction	71,649,530	57,431,743	52,748,307	28,342,742
Information	37,644,576	45,587,014	46,156,736	81,370,349
Professional/scientific/technical services	95,540,277	89,136,124	84,774,379	81,131,371
Arts/entertainment/recreation	95,278,053	85,906,499	58,583,640	44,236,964
Manufacturing	58,511,331	143,622,223	258,532,803	134,059,973
Other services (except public administration)	41,301,461	42,689,151	39,393,129	32,933,440
Admin/support/waste mgmt/remediation service	268,467,399	272,519,770	260,192,759	240,033,798
Real estate/rental leasing	237,710,588	76,917,043	18,984,389	5,514,878
Utilities	4,358,369	901,744	2,070,238	38,946,649
Management of companies /enterprises	23,535	508,520	1,088,668	13,953
Transportation/warehousing	2,439,821	2,949,712	33,740,250	31,626,025
Health care/social assistance	7,131,214	6,088,273	5,459,551	4,750,676
Finance/insurance	21,560,515	18,007,983	16,339,263	22,621,483
Educational services	1,578,146	1,168,207	1,268,993	1,487,627
Mining/quarrying/oil and gas extraction	568,621	373,490	4,584,472	13,590,090
Public administration	8,848,161	8,436,992	8,481,843	8,419,383
Agriculture/forestry/fishing/hunting	-	11,154	20,153	-
Other	-	149,448	-	-
<b>TOTAL</b>	<b>\$ 2,754,120,248</b>	<b>\$ 2,608,414,818</b>	<b>\$ 2,611,683,868</b>	<b>\$ 2,422,395,540</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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 911,853,973	\$ 1,053,258,117	\$ 1,115,249,001	\$ 1,107,045,921	\$ 1,078,154,112	\$ 1,112,422,397
286,618,583	351,678,694	348,338,861	333,828,851	310,863,946	306,003,246
107,656,657	109,199,784	107,641,860	91,137,977	203,846,328	264,383,272
25,459,871	33,256,075	37,280,176	22,812,465	34,515,325	32,514,909
57,091,408	91,537,106	99,393,379	94,842,740	90,100,073	77,592,685
71,699,681	74,945,678	86,423,185	83,684,771	70,067,880	73,059,491
34,688,578	57,619,224	56,504,179	51,106,601	48,468,763	49,334,544
121,035,321	41,918,450	75,091,082	51,980,628	35,093,475	33,044,113
26,202,606	31,742,417	28,370,411	29,400,115	26,317,822	30,318,512
209,568,258	193,982,478	198,013,909	138,907,539	28,754,310	26,562,888
11,002,119	13,193,376	30,098,567	61,691,905	68,015,167	44,888,541
51,515,179	62,863,776	146,896,379	85,489,356	54,203,886	50,970,885
1,759	710,751	255,496	1,142,959	1,579,909	2,196,489
55,971,085	53,309,028	8,774,930	3,125,489	1,836,865	2,306,433
4,824,248	6,595,772	5,401,865	4,881,867	4,606,933	5,201,086
19,351,878	14,665,305	16,558,369	11,304,921	8,103,032	7,515,705
1,091,687	1,682,446	1,535,277	1,513,260	1,659,343	1,626,077
12,543,811	35,446,578	41,870,881	32,799,761	7,323,000	10,431,168
8,249,479	8,087,339	7,845,421	5,763,562	5,432,006	5,284,355
-	-	1,131	-	1,886	-
-	-	13,333	-	-	-
\$ 2,016,426,181	\$ 2,235,692,394	\$ 2,411,557,692	\$ 2,212,460,688	\$ 2,078,944,061	\$ 2,135,656,796

# 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
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
2023	2022	14,927,081,059	7,948,321,953	116,827,839	10,987,300
2024	2023	16,479,786,578	8,601,881,164	115,618,165	10,466,942
2025	2024	17,752,398,986	9,193,272,225	125,767,143	8,151,136

Source: Budget Department of the City.

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

Schedule 6

<u>Less Tax Exempt Real Property</u>	<u>Less Other Exemptions and Abatements</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 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%
1,627,719,675	2,583,160,525	18,792,337,951	0.34650	18,792,337,951	100.00%
1,800,037,176	2,583,160,525	20,824,555,148	0.35000	20,824,555,148	100.00%
2,225,985,576	3,233,143,080	21,620,460,834	0.35321	21,620,460,834	100.00%

# City of Sugar Land, Texas

## Property Tax Rates (A)

### Direct and Overlapping Governments (B)

#### Last Ten Fiscal Years

Fiscal Year Tax Year	2016 2015	2017 2016	2018 2017	2019 2018
<b>TAX RATES</b>				
City of Sugar Land				
Operating tax rate	\$ 0.17035	\$ 0.17035	\$ 0.17921	\$ 0.18131
Debt service tax rate	0.14560	0.14560	0.13841	0.13631
Total tax rate	\$ 0.31595	\$ 0.31595	\$ 0.31762	\$ 0.31762
Fort Bend County	\$ 0.48600	\$ 0.47400	\$ 0.46900	\$ 0.46400
Fort Bend ISD	1.34000	1.34000	1.32000	1.32000
Fort Bend LID 2	0.11000	0.10670	0.11100	0.14500
Fort Bend County MUD No. 21	-	-	-	-
Fort Bend LID 7	0.23500	0.22500	0.32000	0.32000
Eldridge Road MUD	-	-	-	-
Fort Bend WCID No. 2	0.18000	0.21250	0.21250	0.21250
First Colony LID No. 2	0.25000	0.20000	0.20000	0.20000
Burney Road MUD	0.25500	0.25000	0.23000	0.22000
First Colony MUD 10	0.25000	0.20000	0.19000	0.17000
Ft. Bend MUD 136	0.43000	0.42000	0.42000	0.42000
Ft. Bend MUD 137	0.42000	0.41500	0.41500	0.41000
Ft. Bend MUD 138	0.43500	0.41500	0.41500	0.40860
Ft. Bend MUD 139	0.41000	0.41000	0.41000	0.41000
Ft. Bend LID 17	0.61000	0.57000	0.57000	0.57000
Imperial Redevelopment District	1.10000	1.10000	1.10000	1.10000
Ft. Bend LID 14	0.19500	0.19500	0.19500	0.20950
Ft. Bend LID 10	0.64300	0.64300	0.69000	0.69000
First Colony LID 1	0.01520	0.15000	1.46200	1.46200
Lamar CISD	1.39000	1.39000	1.39000	1.39000

Source: CAD Website

(A) Tax rate per \$100 assessed valuation

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

<http://www.fortbendcountytx.gov/index.aspx>  
<http://www.fbcad.org/districtinfo/tax&exempt>

Schedule 7

<b>2020 2019</b>	<b>2021 2020</b>	<b>2022 2021</b>	<b>2023 2022</b>	<b>2024 2023</b>	<b>2025 2024</b>
\$ 0.19705 0.13495	\$ 0.20305 0.13345	\$ 0.20885 0.13765	\$ 0.20006 0.14644	\$ 0.20396 0.14604	\$ 0.20717 0.14604
<u>\$ 0.33200</u>	<u>\$ 0.33650</u>	<u>\$ 0.34650</u>	<u>\$ 0.34650</u>	<u>\$ 0.35000</u>	<u>\$ 0.35321</u>
\$ 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 - 0.21250 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	\$ 0.45120 1.21010 0.14000 - 0.43000 - 0.21250 0.18600 0.20000 0.15000 0.40000 0.33000 0.29000 0.36000 0.49500 1.10000 0.10800 0.61000 0.15000 1.24200	\$ 0.43890 1.13460 0.12500 - 0.39000 - 0.21250 0.17000 0.18876 0.13500 0.38000 0.30500 0.26000 0.32000 0.44000 1.07000 0.11444 0.57000 0.12000 1.14920	\$ 0.42200 0.98690 0.11800 - 0.32274 - 0.21250 0.16000 0.17500 0.12500 0.38000 0.23500 0.23000 0.29000 0.43000 1.00000 0.10600 0.53500 0.11000 1.14690



**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
2016	\$ 0.31595	\$ 37,935,518	\$ 37,856,002	99.8%	\$ 58,425	\$ 37,914,427	99.9%
2017	0.31595	39,637,482	39,563,094	99.8%	45,429	39,608,523	99.9%
2018	0.31762	40,931,077	40,828,540	99.7%	58,524	40,887,064	99.9%
2019	0.31762	51,146,415	50,871,136	99.5%	218,833	51,089,969	99.9%
2020	0.33200	53,438,020	53,122,949	99.4%	216,958	53,339,907	99.8%
2021	0.33650	54,935,930	54,651,453	99.5%	169,108	54,820,561	99.8%
2022	0.34650	57,499,082	57,204,477	99.5%	182,742	57,387,219	99.8%
2023	0.34650	64,583,430	64,061,833	99.2%	348,965	64,410,798	99.7%
2024	0.35000	70,255,699	69,826,620	99.4%	192,880	70,019,500	99.7%
2025	0.35321	74,998,185	74,507,840	99.3%	-	74,507,840	99.3%

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 2025			Fiscal Year 2016		
	Tax Year 2024		% of Total Assessed Valuation	Tax Year 2015		% of Total Assessed Valuation
	Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
First Colony Mall LLC	\$ 115,000,000	1	0.53%	\$ 79,153,240	7	0.7%
LCFRE Sugar Land Town Square LLC	109,558,075	2	0.51%	67,256,368	8	0.56%
Market Town Center Owner LLC	90,065,156	3	0.42%			
Bechtel Equipment Operations INC	86,652,090	4	0.40%			
Tusa HQ LLC	78,450,756	5	0.36%			
Centerpoint Energy Electric	77,613,411	6	0.36%			
Telfair Lofts Cedros LLC, et al	75,091,430	7	0.35%			
TPP 306 First Colony LLC	68,569,206	8	0.32%			
Amerisource Bergen Drug Corp.	65,697,580	9	0.30%	98,619,650	2	0.82%
API Realty LLC	65,572,348	10	0.30%			
Schlumberger Tech Corp-SPC				152,137,370	1	1.26%
Nalco Energy Services				94,731,210	3	0.79%
Tramontina USA Inc.				92,505,270	4	0.77%
Lakepointe Assets, LLC				89,467,110	5	0.74%
Fairfield Industries				87,673,520	6	0.73%
Sugar Creek/EPG LLC & Sugar Creek TIC Investors LLC				61,690,120	9	0.51%
Weingarten Realty Investors & WRI/Post Oak Inc.				56,307,990	10	0.47%
	832,270,052		3.85%	879,541,848		7.30%
Other taxpayers	20,788,190,782		96.15%	11,163,983,616		92.70%
<b>TOTAL ASSESSED VALUATION</b>	<b>\$ 21,620,460,834</b>		<b>100.0%</b>	<b>\$ 12,043,525,464</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>
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
2023	2022	371,233,582	11,011,073	360,222,509	1.9%	3,244
2024	2023	365,996,098	14,781,634	351,214,464	1.7%	3,163
2025	2024	413,688,103	16,955,353	396,732,750	1.8%	3,573

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	Sales Tax Revenue Bonds	Tax Note	Lease Liabilities	Subscription Liabilities	Arbitrage	Issuance Premiums (Discounts)
2016	\$ 82,065,000	\$ 2,325,000	\$ 104,245,202	\$ 50,655,000	\$ 3,964,881	\$ 260,170	\$ -	\$ -	\$ 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
2023	119,991,050	4,190,000	137,780,000	36,270,000	-	-	415,465	-	19,639,185
2024	117,538,244	2,135,000	141,495,000	33,975,000	-	744,665	4,451,455	-	19,451,409
2025	131,420,001	-	180,540,000	31,575,000	-	2,570,289	4,220,283	1,699,864	20,818,116

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	Subscription Liabilities	Arbitrage	Issuance Premiums/ (Discounts)				
\$ 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
127,395,000	73,748,950	12,035,000	-	-	19,530,595	550,995,245	8.7%	2.9%	4,963
136,995,000	70,341,756	11,375,000	-	-	19,411,382	557,913,911	8.8%	2.7%	5,025
190,750,000	66,775,000	10,665,000	363,792	793,769	21,385,019	663,576,133	9.6%	3.1%	5,977



**City of Sugar Land, Texas**

**Schedule 12**

Direct and Estimated Overlapping Governmental Activities Debt  
September 30, 2025

Taxing Jurisdiction	Gross Debt	Overlapping	
		Estimated Percentage*	Amount
Burney Road MUD	\$ 1,775,000	100.00%	\$ 1,775,000
First Colony MUD No. 10	6,850,000	100.00%	6,850,000
Fort Bend County**	1,235,264,389	16.48%	203,571,571
Fort Bend Co Drainage District	21,645,000	16.48%	3,567,096
Fort Bend County LID No. 2	80,160,000	100.00%	80,160,000
Fort Bend County LID No. 7	107,263,000	100.00%	107,263,000
Fort Bend County LID No. 10	9,095,000	100.00%	9,095,000
Fort Bend County LID No. 11	19,565,000	100.00%	19,565,000
Fort Bend County LID No. 14	1,758,000	100.00%	1,758,000
Fort Bend County LID No. 17	44,875,000	100.00%	44,875,000
Fort Bend County MUD No. 116	10,325,000	0.77%	79,503
Fort Bend County MUD No. 136	4,610,000	100.00%	4,610,000
Fort Bend County MUD No. 137	8,815,000	100.00%	8,815,000
Fort Bend County MUD No. 138	18,875,000	100.00%	18,875,000
Fort Bend County MUD No. 139	8,955,000	100.00%	8,955,000
Fort Bend County WC&ID No. 2	160,510,000	0.08%	128,408
Fort Bend ISD	1,836,730,000	29.28%	537,794,544
Imperial Redevelopment District	54,260,000	100.00%	54,260,000
Lamar CISD	3,058,595,000	7.16%	218,995,402
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 1,330,992,524</b>
City of Sugar Land	389,400,000	100.00%	389,400,000
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>			<b>\$ 1,720,392,524</b>
Ratio of Direct and Overlapping Funded Debt to 2024 Taxable Assessed Valuation			7.96%
Per Capita Debt - Direct and Overlapping			\$ 15,495

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							
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
2023	79,864,309	29,765,404	50,098,905	9,500,000	5,487,538	14,987,538	3.34
2024	78,862,600	34,550,428	44,312,172	10,790,000	5,999,490	16,789,490	2.64
2025	86,163,072	37,355,037	48,808,035	13,300,000	9,179,081	22,479,081	2.17
Airport - Combination Tax and Revenue Certificates of Obligation and General Obligation Refunding Bonds							
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
2023	24,323,661	20,878,488	3,445,173	1,382,194	550,834	1,933,028	1.78
2024	23,983,534	20,427,265	3,556,269	1,416,757	483,185	1,899,942	1.87
2025	25,862,203	19,995,680	5,866,523	900,000	427,519	1,327,519	4.42
Sugar Land Development Corporation - Sales Tax Revenue Bonds							
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
2023	14,017,167	-	14,017,167	2,295,000	1,617,531	3,912,531	3.58
2024	10,211,783	-	10,211,783	2,400,000	1,486,028	3,886,028	2.63
2025	11,200,157	-	11,200,157	2,400,000	2,853,164	5,253,164	2.13
Sugar Land 4B Corporation - Sales Tax Revenue Bonds							
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
2023	17,108,108	-	17,108,108	1,310,000	701,500	2,011,500	8.51
2024	10,298,032	-	10,298,032	1,375,000	640,925	2,015,925	5.11
2025	11,060,144	-	11,060,144	1,160,000	577,550	1,737,550	6.37

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<sup>1</sup> Attainment*</b>	<b>Unemployment Rate<sup>2</sup></b>
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%
2023	111,026	6,325,706	56,975	41.9	64%	3.8%
2024	111,026	6,325,706	62,465	43.9	65%	3.6%
2025	111,026	6,920,140	62,329	43.9	66%	3.6%

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	2025			2016		
	Employees	Rank	Percentage of Total City Employment (A)	Employees	Rank	Percentage of Total City Employment (A)
ChampionX Corp	1,000	1	1%			
Houston Methodist Sugar Land Hospital	1,000	2	1%			
Memorial Hermann Sugar Land Hospital	1,000	3	1%			
SLB	1,000	4	1%			
ABM Industries Inc.	500	5	1%			
Accredo Packaging, Inc	500	6	1%			
Applied Optoelectronics Inc.	250	7	0%			
Baker Hughes	250	8	0%			
CHI St. Luke's Health - Sugar Land Hospit	250	9	0%	390	10	1%
HCSS	250	10	0%			0%
Fluor Enterprises, Inc.				2,800	1	4%
Schlumberger				2,200	2	3%
Houston Methodist Sugar Land				1,900	3	3%
Nalco Champion, an Ecolab Company				744	4	1%
Tramontina USA, Inc.				740	5	1%
First Data Telecheck				500	6	1%
Memorial Hermann Sugar Land				497	7	1%
Noble Drilling Services, Inc.				477	8	1%
Baker Hughes				450	9	
<b>TOTALS</b>	<b>6,000</b>		<b>9%</b>	<b>10,698</b>		<b>17%</b>

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

(A) For 2025, estimated total employment was 69,847. For 2016, estimated total employment was 64,600

## City of Sugar Land, Texas

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

<b>Function</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Governmental Activities:</b>				
General government	77.70	95.20	93.20	93.35
Administrative services	38.00	39.00	40.50	39.50
Public safety - Police	201.30	230.50	230.50	229.60
Public safety - Fire	109.00	109.00	110.00	111.00
Public safety - EMS	13.00	20.00	20.00	20.00
Public works	34.00	35.50	43.50	43.00
Parks and recreation	30.37	35.05	35.05	38.80
Community development	50.08	49.25	51.25	49.25
Environment and neighborhood services	40.50	40.50	43.50	44.50
<b>Business-type activities:</b>				
Utility	71.50	85.50	87.50	85.00
Solid waste management	2.50	2.50	3.50	3.50
Regional Airport	44.00	46.00	46.00	47.00
<b>TOTALS</b>	<b>711.95</b>	<b>788.00</b>	<b>804.50</b>	<b>804.50</b>

Source: Budget Office

## Schedule 16

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
100.20	105.35	103.35	111.75	120.50	112.50
40.50	36.50	38.50	38.50	42.50	41.00
231.60	232.60	232.60	234.50	238.00	236.00
117.00	131.00	131.00	140.00	140.00	142.00
16.00	-	-	-	-	-
61.00	61.00	61.50	57.50	58.00	57.50
38.80	38.80	38.80	38.80	38.00	37.50
52.40	52.25	52.25	54.25	62.50	65.25
48.00	48.00	48.00	47.50	59.50	61.50
89.00	89.00	88.50	94.50	102.00	103.50
3.50	3.50	3.50	3.00	4.00	3.50
50.00	50.00	50.00	51.50	51.50	51.75
<u>848.00</u>	<u>848.00</u>	<u>848.00</u>	<u>871.80</u>	<u>916.50</u>	<u>912.00</u>

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

<b>Function</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
City of Sugar Land				
Population	87,504	87,730	117,386	118,023
Square miles	36.5	36.5	42.9	42.9
Acres	23,341	23,341	27,425	27,424
Budgeted full time employees	712.0	788.0	804.5	804.5
Police				
Physical arrests	2,033	1,951	2,279	1,848
Traffic violations	17,117	15,433	15,740	13,740
Parking violations	446	440	560	527
Calls for service	73,546	72,597	84,468	77,195
Fire				
Number of calls answered	8,197	8,867	9,464	9,587
Parks and recreation				
Special events	18	12	7	9
Water				
New connections	207	210	200	175
Water main breaks	26	42	33	27
Annual rainfall (inches)	73.6	92.9	47.4	66.0
Average daily production (MG)	15.51	15.99	19.56	20.02
Sewer				
Average daily WW treatment (MG)	8.59	8.49	10.75	10.88
Community Development				
Building permits issued	6,973	6,683	7,850	8,585
Airport				
No. of fuel gallons sold	2,820,170	3,064,106	3,203,339	3,237,334
Fuel sales	\$ 9,636,133	\$ 11,187,372	\$ 13,048,560	\$ 13,050,412
Aircraft served	11,648	11,510	12,274	13,207

Source: Various City Departments.

## Schedule 17

2020	2021	2022	2023	2024	2025
118,118	118,755	111,026	110,888	111,026	111,026
43.0	43.0	43.0	43.0	43.0	43.0
27,405	27,402	27,402	27,402	27,402	27,402
848.0	848.0	848.0	871.8	916.5	912.0
955	1,181	1,047	1,946	1,891	1,267
10,299	7,728	16,222	17,878	8,937	12,706
258	202	403	94	54	87
61,752	72,615	73,936	81,858	75,336	70,891
13,209	10,663	11,503	12,432	13,099	13,210
7	30	28	23	23	24
183	96	34	42	139	101
43	22	83	134	44	38
40.1	56.8	24.9	23.3	48.9	38.7
19.43	19.60	21.66	23.53	23.29	18.50
10.43	11.33	10.12	10.34	10.10	10.59
8,057	8,811	8,873	7,422	9,081	9,332
2,694,627	3,268,007	4,206,527	4,179,791	4,230,671	4,640,714
\$ 9,754,412	\$ 12,343,690	\$ 22,071,680	\$ 20,369,312	\$ 19,815,275	\$ 21,620,713
11,624	13,008	14,908	14,019	13,856	16,665

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

<b>Function</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</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	7	7
Stations operated through agreements with MUDs served in ETJ	1	1	-	-
Highways and streets				
Linear miles of sidewalks	537	538	846	903
Storm sewers (miles)	350	343	619	662
Traffic signals	85	88	90	92
Parks and recreation				
Parks	27	27	27	27
Community centers	6	6	7	7
Parks acreage				
Developed	924	963	966	971
Undeveloped	1484	1261	1261	1261
Water				
Water wells	16	16	23	23
Water mains (miles)	465	495	643	652
Fire hydrants	4,296	4,320	5,495	5,837
Maximum daily demand (MG)				
Groundwater	31.00	35.70	36.22	37.27
Waste water				
Waste water treatment plants	2	2	4	4
Sanitary sewers (miles)	424	450	549	550
Max daily effluent flow (MG)	18.8	44.4	21.2	30.3

Source: Various City Departments.

## Schedule 18

2020	2021	2022	2023	2024	2025
40	40	40	40	40	41
1	1	1	1	1	1
1	1	1	1	1	1
7	7	7	7	7	7
-	-	-	-	-	-
903	848	848	848	848	848
662	397	397	397	397	397
92	92	92	92	92	92
27	27	27	27	27	27
7	7	7	7	7	7
971	1174	1402	1402	1402	1404
1280	1280	1053	1179	1179	1177
23	23	23	23	23	23
652	652	652	652	651	652
5,829	5,829	5,829	5,829	5,871	5,834
30.86	37.78	42.08	47.06	40.63	37.42
4	4	4	4	4	4
550	550	550	550	564	504
26.7	23.8	17.8	19.9	23.7	16.4

