



Annual COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2024



City of Sugar Land, Texas

Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2024



Issued by:
Finance Department

Michael W. Goodrum, City Manager
Jennifer May, Deputy City Manager
Robert Valenzuela, Assistant City Manager
Jing Xiao, Director of Finance

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Introductory Section





CITY OF SUGAR LAND

February 18, 2025

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, 2024.

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, 2024. 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 the implementation of Council policy and all day-to-day operations of the City.

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

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

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

LOCAL ECONOMY

Houston-The Woodlands-Sugar Land Region is the nation's fifth most populous metro builds on innovation and tops national growth charts. As an innovative hub for number of growing industries, City of Sugar Land offers a small-town vibe with big-city amenities and access to global markets.

The City of Sugar Land has a long history of recognition as a leader in financial stewardship, with strategies specifically tailored to the community and designed to maximize both the conservative nature of the City's finances and to offset the residential tax burden. Over the last few years, the City has implemented policies and strategies to ensure that it is financially strong and resilient.

The City continues to experience strong economic growth. FY 2024 sales tax performance exceeded the adopted budget by 8.5% and it was 5.2% higher than the revenue collected in FY 2023. The total \$69.9 million sales tax revenue included \$67.8 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 2024 adopted property tax rate is \$0.35/\$100. With the large and stable tax base, the \$69.4 million collected property tax revenue in FY 2024 is 98% of adopted budget and it represented approximately 9% increase from the property tax collected in FY 2023.

The Houston-Woodlands-Sugar Land Metropolitan annual CPI increase for the 12 months ended October 2024 was 2.1 percent (data only available for even numbered months); which declined from the 3.0% in October 2023 and the 10.2% peak seen in June 2022. Even though the CPI had shown significant decrease, it was still above the Federal Reserve's target of 2 percent and the interest rate remained high in FY 2024. The average monthly federal funds effective rate was 5.31% during the 12 months in FY 2024; which was the highest in more than a decade. The City received \$20.8 million in interest revenue in the fiscal year that is \$5.2 million higher than the interest revenue in FY 2023.

LONG-TERM FINANCIAL PLANNING AND RELEVANT FINANCIAL POLICIES

With a focus on conservative, resilient and responsible stewardship efforts to balance both operational and financial stability, the adopted budget ensures continued financial strength and resiliency by meeting all fund balance requirements. Sales tax revenues have shown strong increases throughout of FY 2024, part of this overperformance is related to the high rate of inflation over the last few years. The Consumer Price Index (CPI) has been declining since late 2022; staff monitors various economic index closely and has developed the upcoming year's budget for tax revenues and other revenue sources conservatively, yet with forwarding views.

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.

The City annually adopts a one-year budget and a five-year capital improvement program (first year appropriated in the budget) through its fiscally constrained long-range forecast. The budget

implements strategies, both financial and operational, identified through strategic and long-range forecasts to meet existing challenges and to effectively plan for future needs. Decisions are not based solely on current conditions but on the long-term welfare of the community.

Priorities for FY24 included investments in our championship workforce, public safety, infrastructure, and continued implementation of voter approved G.O. Bonds that address community priorities such as drainage, mobility and public safety to help us meet our community's needs now and into the future. We must seek to stay relevant and preserve the quality of life in Sugar Land for our residents. The FY24 adopted budget provided for future success and ensures continued financial strength and resiliency through a long-range financial plan that meets all fund balance and bond coverage requirements.

The FY24 adopted budget totals \$353 million. Of the total, \$291 million is for operating funds and \$62 million is for capital projects that includes the projects from the voter approved GO Bond Program. The Five-Year CIP totals \$289 million, including \$62 million in projects funded in FY24. It is important to understand that only the first year of the CIP is included for funding in the annual budget, while the remaining years are included for planning purposes only and will change from one year to the next based on the best information available at the time.

GO Bond projects include \$11 million in public safety and public facilities and an additional \$11.9 million in projects to be funded through the issuance of Certificates of Obligation to supplement 2019 GO bond projects where costs of construction have surpassed available GO bond funding and to address specific priorities that need to be funded ahead of the next GO bond cycle.

Although the 60 percent groundwater reduction mandate has been delayed until 2027, projects identified in the Integrated Water Resource Plan adopted in 2017 are reflected in CIP, with planned infrastructure investment needed to meet these requirements and maintain the utility infrastructure. Utility projects total \$35.38 million in FY24, with \$6.97 million in water, \$27.45 million in wastewater and \$0.96 million in surface water projects.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

The FY24 budget focused on conservative, resilient and responsible stewardship efforts to balance both operational and financial stability, including additional funding for protecting the city's highest priorities from economic uncertainties. The City has carried out the Trailblazing vision of creating a life better than our employees, residents, and businesses can even imagine. Staff has taken great strides in continuing to focus on alignment of City Council's strategic outcomes that include:

1. Finance: Strong & Viable - Sugar Land is recognized as a leader in financial management, providing our taxpayers with exceptional value, confidence, and transparency.
2. Community: Safe & Secure - Sugar Land is a safe community that enhances the quality of life for residents and visitors.
3. Economy: Thriving & Vibrant - Sugar Land is focused on re-invigorating this entrepreneurial spirit to keep us moving forward.
4. Culture: Dynamic & Fun - Sugar Land delivers a broad range of destination venues, facilities, and businesses that offer entertainment and activities for residents and visitors.
5. Government: Respected & Influential - Sugar Land is respected for having strong relationships with our community and at all levels of government.
6. Transportation: Connected & Convenient - Sugar Land takes a multifaceted approach by innovating mobility to connect people, places, and the future.
7. Infrastructure: Sustainable & Resilient - Sugar Land continues to maintain and develop comprehensive, sustainable, and resilient infrastructure that adapts to a dynamic environment.
8. People: Welcoming & Engaged: Sugar Land builds relationships within our community through big, bold visions and engagement efforts that help us understand how we can better care for our neighbors.

These areas reflect community needs that help continue to propel us forward. As a result of this continued focus on these eight outcome areas, staff continue to support our four "All-in" initiatives. These initiatives are wide-scale projects that involve efforts across every department to aid in their success. The four All-in initiatives are:

1. **Commercial & Residential Redevelopment:** To achieve our future goals, we must intentionally strive for an aspirational future, considering market demands and demographic trends. Our city's prominence and desirability hinge on our ability to adapt and respond to these shifts.
2. **Data-Driven Decision Making (What Works Cities Certification):** We're investing in city-wide innovation efforts to advance our organization's ability to maximize every resource and be even more accountable for making the most strategic, data-driven decisions.
3. **Prioritizing Future Capital Investments:** The City of Sugar Land has previously held three bond elections – in 1999, 2013, and 2019. Additionally, as the 2019 bond projects are near completion, it is time to outline the next potential capital projects in our community – based on public engagement efforts such as the citizen satisfaction survey and recommendations from existing master plans and asset management programs.
4. **Trailblazing Organizational Culture:** Our employees are the foundation of our success in providing services to our community. The City of Sugar Land has always prided itself in being an employer of choice. In order to continue being a place where people want to come to work, we have made great strides to ensure that our employees have a life better than they could have imagined so that they can provide the best services possible to our community. As a result of that, this priority encompasses many efforts aimed at challenging the status quo and finding new ways to serve our employees.

As a result of carrying out our organizational vision and continuously striving for alignment we have been able to accomplish many things in FY24. We achieved Silver Status of the What Works Cities Certification in less than a year. The City received \$28 million in state funding through 2023 HB-1 for river erosion protection for the Riverstone area and \$4.066 million in Community Development Block Grant - Mitigation federal funding for river erosion protection for the US 59 and Memorial Park areas along the Brazos River. We also received \$3.8 million in federal grant funding for the Gannoway Lake Trails project. \$1 million was received from Congresswoman Fletcher's office to aid in the continued investment of our public safety training center. We've reinvested in our training and development programs for our employees, and we hosted the inaugural Honeyland festival that has increased our presence as a destination site.

Sugar Land continues to be a forward-thinking City and continuously reimagining how we can provide exceptional value to our community

FY24 Hurricane Beryl, And Other Major Grants

On July 8, 2024 Hurricane Beryl made landfall near Matagorda, Tx and the eye of the storm passed over Sugar Land. The storm brought extensive rain and high winds that caused damage throughout the city including significant amounts of vegetation and fencing. The city's contractor collected 187,311 cubic yards of vegetation from the storm in 3,749 loads picked up throughout the City in a 60 day period after the storm.

The city spent \$3.4 million of American Rescue Plan Act funds allocated towards projects in FY24, with a total of \$10.77 million spent to date and \$353,000 remaining to be spent on facilities and traffic improvements. Funds must be obligated by December 31, 2024, and spent by December 31, 2025.

The City has 8 tax abatement agreements for tax year 2023 resulting in abatement of \$87.4 million in improvements and personal property value. Abatement of property taxes allow the City to incentivize corporate investment in the City that may otherwise not occur, and since abatements are for a limited period, once the abatement period ends, all investments are taxable and benefit the City.

VISION, STRATEGIC OUTCOMES AND PRIORITIES

Sugar Land has always been a trailblazing city, fearlessly forging new paths and surpassing expectations while delivering top-tier services to our residents, employees, and businesses. In an effort to pursue the continuous innovative push forward, the City has developed its 2024 City Manager's Strategic Plan. This plan serves as a guide for aligning our actions and budget with our long-term goals and vision for the City. The overall goal is to ensure the decisions being made today are being driven by the intentional strategies we have outlined to set us for success over the next 25+ years. Additionally, we know the complexities of the challenges and opportunities we are facing. We approach our highest priorities as one team – and we firmly believe our outcomes will be exponentially more impactful by ensuring that, together, we are “All – In”.

All-In Initiatives: The top and most important priorities for the organization and the future of the community. These initiatives are dynamic, broad and significant in scale. The complexity of these initiatives often benefits from a balance of quick pilot projects with continued study and analysis – and requires active participation of all departments. To further emphasize how critical this work is to the long-term success of the City and how much better the outcomes will be with broad organizational support; the City's leadership team is accountable as a whole for “All-In” initiatives.

Two-Year Action Plan: Linked to the Governing Body's Strategic Outcome Areas, the Two-Year Action Plan (2YAP) includes the organization's internal Focus Area Objectives & Guiding Statements – along with our annual work plan of “All-In” Initiatives and “Leadership-Championed” Projects. The City's two-year action plan is adopted by the City Council and outlines key objectives and strategies that link the vision of the City Council to how we are “All-In” on dreaming big and differently – with a first-team mindset on a daily basis.

Strategic Outcome Areas: The areas and success statements outlined by the Governing Body to set strategic direction for the next three to five years in order to achieve the community's longer-term vision for the future. In FY 2024 the City continued its focus on the eight strategic outcome areas that were identified by Council in 2021 and reaffirmed in 2023 in order to reflect community priorities. These outcome areas set the foundation for every initiative we embark on because they are the end goals we strive to achieve.

BLAZE Values: To achieve these Strategic Outcomes, we have identified and committed to the five values:

- **Bold:** encourage each other to be bold in our ideas, decisions, and actions. We embrace innovation and take responsible risks to drive progress
- **Loyal:** be loyal to each other, the City and our Mission and Vision. We support each other to foster a cohesive and collaborative work environment. We celebrate our successes and address the challenges facing us, together.
- **Adaptable:** be resilient because we adapt to changing landscapes and market dynamics. We are flexible and understand the need for work-life balance. We embrace new technologies and evolving trends.
- **Zealous:** be committed to excellence in all endeavors. We encourage each other to strive for the highest standards of public service, quality and performance. We hold ourselves, and each other, accountable for our words and actions.
- **Empowered:** be empowered with the necessary resources, opportunities, and responsibilities to excel in our roles.

Organizational priorities have been identified and grouped into two areas.

Top priorities	High priorities
<ul style="list-style-type: none"> • Identify & Define Innovative, Creative, Out-of-the-Box Funding Sources 	<ul style="list-style-type: none"> • Animal Care
<ul style="list-style-type: none"> • Public Safety Staffing, Equipment & Morale 	<ul style="list-style-type: none"> • Develop & Support Small Businesses
<ul style="list-style-type: none"> • Residential Reinvestment 	<ul style="list-style-type: none"> • Tract 5 & Imperial Development
<ul style="list-style-type: none"> • Commercial Redevelopment Strategies 	<ul style="list-style-type: none"> • Funding to Address Brazos River Erosion
<ul style="list-style-type: none"> ○ Activity Centers Implementation 	<ul style="list-style-type: none"> • Drainage • Subsidence & Future Surface Water Conversion

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, 2023. This was the 41st year that the City has achieved this prestigious award. To be awarded a Certificate, a government unit must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the period October 1, 2023- September 30, 2024. This was the 28th consecutive year the City received the budget award. To qualify for the Distinguished Budget Presentation Award, the budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

ACKNOWLEDGEMENTS

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

Respectfully submitted,



Michael W. Goodrum
 City Manager

**City of Sugar Land, Texas
Principal Officials as of September, 30, 2024**

<u>City Officials</u>	<u>Elective Position</u>	<u>Expires</u>
Joe R. Zimmerman	Mayor	2025
William Ferguson	Council Member - At Large Position One	2025
Jennifer J. Lane	Council Member - At Large Position Two	2025
Suzanne Whatley	Council Member - District One	2027
Naushad Kermally	Council Member - District Two	2027
Stewart Jacobson	Council Member - District Three	2027
Carol K. McCutcheon	Council Member - District Four	2027

<u>Key Staff</u>	<u>Position</u>
Michael W. Goodrum	City Manager
Jennifer May	Deputy City Manager
Jim Callaway	Assistant City Manager
Robert Valenzuela	Assistant City Manager
Scott Butler	Assistant City Manager
Brian Butscher	Public Works & ENS/Executive Director
Elizabeth Huff	Economic Development/Executive Director
Dawn Steph	Executive Director
Meredith Riede	City Attorney/Executive Director
Mark Poland	Chief of Police/Executive Director
Doug Boeker	Fire Chief
Jennifer Brown	Director of Special Projects
Jing Xiao	Director of Finance
Open	Controller
Linda Mendenhall	City Clerk

City of Sugar Land, Texas
Executive Team Organizational Chart as of September 30, 2024

City of Sugar Land Organizational Chart



City Manager, Mike Goodrum

- Legal Department
 - City Secretary
- Police
 - Office of Emergency Management
 - Public Safety Dispatch
- Strategic and Government Affairs



Jennifer May
Deputy City Manager

- Fire-EMS
- People & Culture
(Human Resources)
- Public Works and
Neighborhood Services
- Sugar Land Regional
Airport
- Utilities



Scott Butler
Assistant City Manager

- Budget
- Customer Experience
- Data & Innovation
- Information Technology,
Data & Security



Jim Callaway
Assistant City Manager

- Community Planning &
Redevelopment
- Economic Development
- Planning & Development
Services



Robert Valenzuela
Assistant City Manager

- Animal Services
- Communications &
Community Engagement
- Engineering
- Finance
- Municipal Court
- Parks & Recreation



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, 2023

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, 2024, 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, 2024, 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.

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 18, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
February 18, 2025



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, 2024.

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 \$819.6 million (*net position*). Of this amount, \$120.7 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 \$226.7 million, an increase of \$13.0 million over the prior year. Approximately 24% of this total amount, \$54.1 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 \$33.1 million for fiscal year 2024. As of September 30, 2024, the General Fund's unassigned fund balance was \$54.2 million.
- The City's total long-term debt increased by \$2.1 million due to the issuance of new debt.

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

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

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

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

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

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

- Sugar Land Development Corporation

Fund Financial Statements

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

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

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

The City maintains 17 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 14 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 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 \$819.6 million at the close of the most recent fiscal year.

By far the largest portion of the City's net position, 77.8% or \$637.3 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, 2024. 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	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 317,937	\$ 276,227	\$ 172,230	\$ 159,900	\$ 490,167	\$ 436,127
Capital assets	610,878	583,343	407,564	394,695	1,018,443	978,038
Total assets	928,815	859,570	579,794	554,595	1,508,610	1,414,165
Deferred outflows	19,013	28,165	4,269	5,676	23,283	33,841
Total deferred outflows of resources	19,013	28,165	4,269	5,676	23,283	33,841
Long-term liabilities outstanding	364,925	372,337	244,457	240,240	609,382	612,577
Other liabilities	49,859	18,840	15,232	9,644	65,091	28,484
Total liabilities	414,784	391,177	259,689	249,884	674,473	641,061
Deferred inflows	37,415	38,695	418	415	37,834	39,110
Total deferred inflows of resources	37,415	38,695	418	415	37,834	39,110
Net position:						
Net investment in capital assets	402,755	373,732	234,539	220,712	637,294	594,444
Restricted	52,776	42,074	8,768	8,239	61,543	50,313
Unrestricted	40,099	42,056	80,650	81,022	120,749	123,078
Total net position	\$ 495,630	\$ 457,862	\$ 323,957	\$ 309,973	\$ 819,586	\$ 767,835

An additional portion of the City's net position, 7.5% or \$61.5 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of 14.7% or \$120.7 million, may be used to meet the government's ongoing obligations to citizens and creditors.

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

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

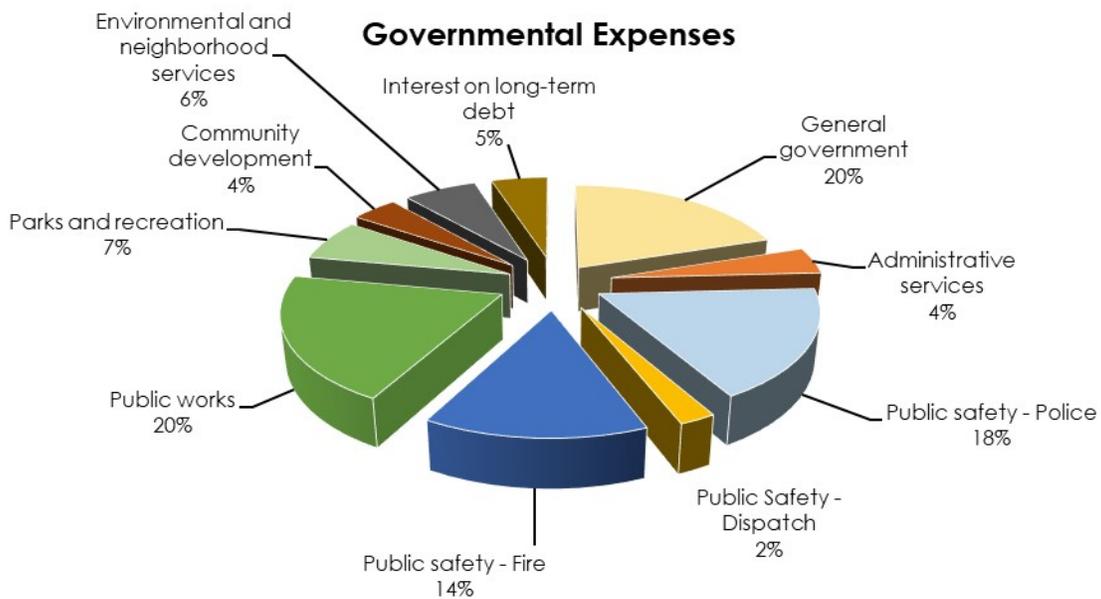
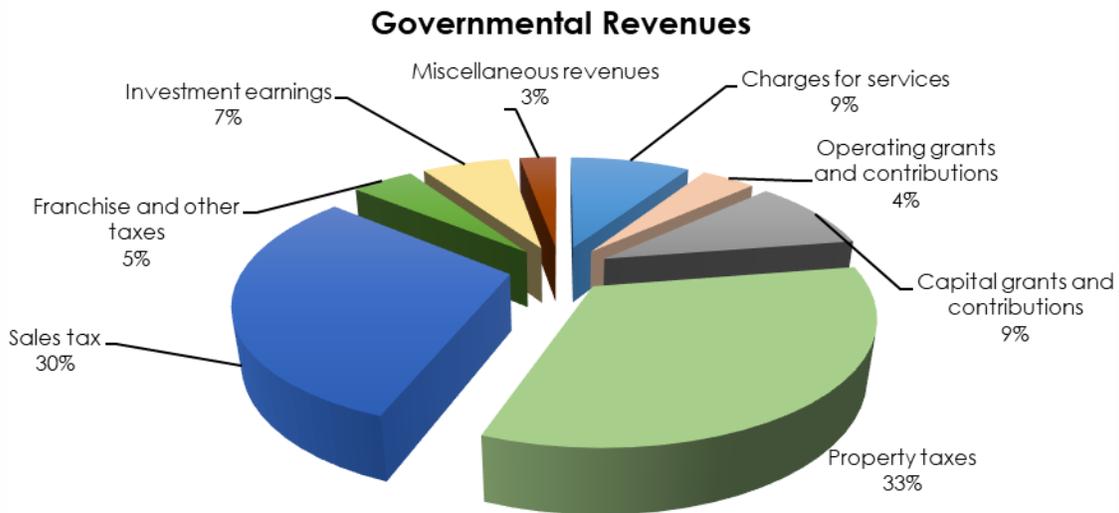
	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 18,277	\$ 16,794	\$ 104,648	\$ 107,563	\$ 122,925	\$ 124,357
Operating grants and contributions	8,194	7,728	100	50	8,294	7,778
Capital grants and contributions	19,103	7,578	8,803	6,068	27,906	13,646
General revenues:						
Property taxes	67,282	62,088	-	-	67,282	62,088
Sales tax	61,807	58,842	-	-	61,807	58,842
Franchise and other taxes	9,433	9,143	-	-	9,433	9,143
Investment earnings	13,243	9,220	8,323	6,074	21,566	15,294
Miscellaneous revenues	5,567	9,195	2,178	2,051	7,744	11,246
Total revenues	202,906	180,588	124,052	121,806	326,957	302,394
Expenses:						
General government	33,735	34,128	-	-	33,735	34,128
Administrative services	7,090	7,129	-	-	7,090	7,129
Public safety - Police	29,561	29,553	-	-	29,561	29,553
Public Safety - Dispatch	3,887	3,412	-	-	3,887	3,412
Public safety - Fire	23,545	20,851	-	-	23,545	20,851
Public works	33,645	30,734	-	-	33,645	30,734
Parks and recreation	11,053	9,002	-	-	11,053	9,002
Community development	6,914	6,075	-	-	6,914	6,075
Environmental and neighborhood services	10,930	10,315	-	-	10,930	10,315
Interest on long-term debt	8,445	8,848	-	-	8,445	8,848
Utility	-	-	65,911	62,481	65,911	62,481
Regional airport	-	-	23,870	24,306	23,870	24,306
Solid waste and stormwater	-	-	16,617	10,437	16,617	10,437
Total expenses	168,808	160,047	106,398	97,224	275,206	257,271
Increase (decrease) in net position before transfers	34,098	20,541	17,654	24,582	51,751	45,123
Transfers	3,670	3,620	(3,670)	(3,620)	-	-
Change in net position	37,768	24,161	13,984	20,962	51,751	45,123
Net position - beginning	457,862	433,701	309,973	289,011	767,835	722,712
Net position - ending	\$ 495,630	\$ 457,862	\$ 323,957	\$ 309,973	\$ 819,586	\$ 767,835

The City's net position increased by approximately \$51.8 million in the fiscal year ended September 30, 2024, of which \$37.8 million is attributable to governmental activities and \$14.0 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:

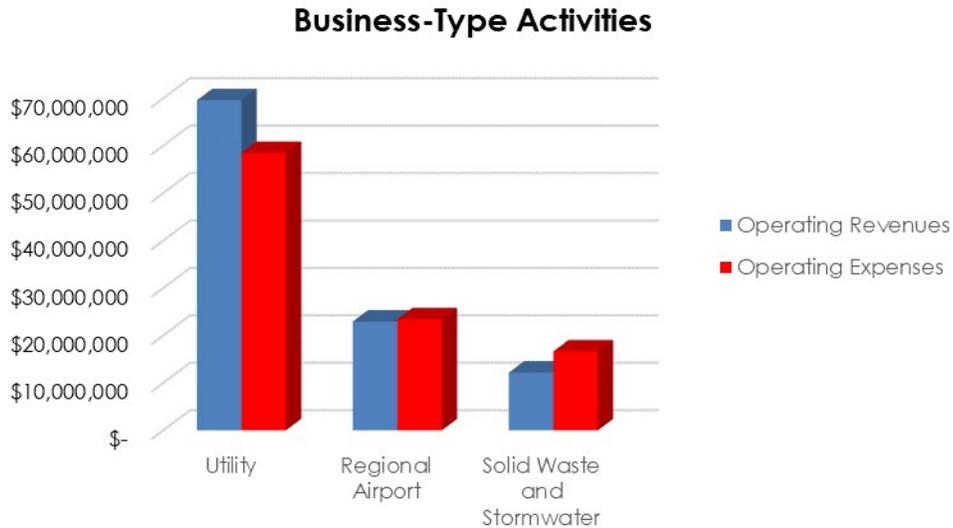
- Increased sales tax revenues as a result of economic recovery as well as increased property tax revenues driven by increased property values.
- Increased capital grants and contributions associated with land contribution to the City
- Investment earnings increased due to positive market conditions as compared to the previous fiscal year.
- Increased expenditures driven primarily by increases in cost of employee compensation and benefits, including growth in workforce and merit increases.



Business-type Activities

Business-type activities increased the City's net position by \$14.0 million. Key elements of this increase are as follows:

- Capital contributions recognized in the Airport Fund representing additions to City infrastructure and construction funded by TxDOT.
- Investment earnings increased due to positive market conditions as compared to the previous fiscal year.
- Increased expenditures driven primarily by increases in cost of employee compensation and benefits, including growth in workforce and merit increases.



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 \$226.75 million, an increase of \$13.0 million over the prior year. Approximately 24% of this total amount, \$54.2 million, is available for spending at the government's discretion (*unassigned fund balance*).

Fund balance in the General Fund decreased from the prior year by \$2.4 million, resulting in an ending fund balance of \$55.5 million at year end. The unassigned fund balance of \$54.2 million represents 40.9% of total fund expenditures. The decrease in fund balance primarily results from increased expenditures for subscription-based information technology arrangements (SBITAs) and payroll costs, offset by increased property and sales tax revenues and investment earnings. 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 \$14.8 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 \$3.8 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 \$117.2 million at year end, all of which is restricted or assigned for capital projects. The net increase in fund balance during the current year in the Capital Projects Fund was \$4.3 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 \$66.5 million and the Airport Fund's unrestricted net position amounts to approximately \$9.9 million. Other factors concerning the finances of the City's Proprietary Funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Budget estimates for revenues between the original and final amended budget changed by \$7.4 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 \$6.4 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 2024. The review of the final amended budget versus the actual for the General Fund reflected a positive budget variance in the amount of \$3.0 million.

Capital Assets and Debt Administration

Capital Assets

At the end of the current fiscal year 2024, the City's governmental activities and business-type activities had invested \$610.9 million and \$407.6 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents a net increase of \$27.5 million or 4.7% over the end of last fiscal year for governmental activities and an increase of \$12.9 million or 3.3% 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	
	2024	2023	2024	2023	2024	2023
Land and intangibles	\$ 127,413	\$ 112,883	\$ 36,160	\$ 30,471	\$ 163,573	\$ 143,354
Construction in progress	39,590	19,711	56,448	31,472	96,038	51,183
Infrastructure	251,413	258,909	294,628	311,864	546,041	570,773
Buildings and improvements	164,603	171,046	16,520	17,350	181,123	188,396
Equipment and furniture	21,870	20,276	3,808	3,538	25,678	23,814
Right-to-use leased equipment	837	-	-	-	837	-
Subscription assets	5,152	518	-	-	5,152	518
Totals	\$ 610,878	\$ 583,343	\$ 407,564	\$ 394,695	\$ 1,018,442	\$ 978,038

The overall increases in capital assets for governmental and business-type activities are 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 \$552.7 million. Of this amount, \$190.0 million was general obligation debt and \$171.0 million represents bonds secured solely by specified revenue sources (i.e. revenue bonds). Certificates of obligation account for \$152.9 million. The City's other long-term liabilities include its pension and other post employment benefits of \$43.9 million and compensated absences and other items of \$12.7 million.

City of Sugar Land, Texas Long-term Liabilities Outstanding

Amounts in (000's)	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
	General obligation bonds	\$ 119,673	\$ 124,181	\$ 70,342	\$ 73,749	\$ 190,015
Revenue bonds	33,975	36,270	136,995	127,395	170,970	163,665
Certificates of obligation	141,495	137,780	11,375	12,035	152,870	149,815
Premiums or discounts	19,451	19,639	19,411	19,530	38,862	39,169
Total bonds payable, net	314,594	317,870	238,123	232,709	552,717	550,579
Pension and other post employment benefits	38,481	48,418	5,435	6,854	43,916	55,272
Compensated absences and other	11,850	6,049	899	677	12,749	6,726
Total	\$ 364,925	\$ 372,337	\$ 244,457	\$ 240,240	\$ 609,382	\$ 612,577

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 2024 the City continues to experience strong economic growth. The City's General Fund total revenue was approximately 7% higher than the adopted budget and the overperformance was mainly contributed by the higher than anticipated sales tax revenue and interest revenue. Sales tax revenue exceeded the FY 2024 adopted budget by 9% and it was 5% higher than the sales tax revenue in FY 2023. The annual CPI declined to 2.1% at the end of October 2024 from the 3.0% in October 2023 (Houston-The Woodland-Sugar Land metropolitan area all items). Even though the CPI was shown significant decrease, it was still higher than the Federal Reserve's target of 2% and the interest rate remained high in FY 2024. The average monthly federal funds effective rate was 5.31% during the 12 months in the fiscal year and it was the highest in more than a decade.

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.

2024 Property Taxes

Tax year 2024 is the fourth 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 FY25 budget is funded by revenues based on the certified 2024 tax roll of \$21.2 billion. The city's tax rate continues to be one of the lowest in the state for cities over 60,000. The FY 2025 adopted tax rate is \$0.35321/100; which is a 0.9% increase from the prior year's tax rate of \$0.35/100. Another tool available to the city to help limit the residential tax burden is the homestead exemption. City maintained the 15% homestead exemption in FY 2025.

Fee and Rate Changes

After three years of implementation from a 2021 rate study, the utility system is in the maintenance phase of the plan. The 2025 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 2024 rate for residential solid waste services is \$20.84 per household per month and the rate will increase by 5% based on the cap on CPI increase under the contract. The new rate will be \$21.88 per household per month effective January 1st, 2025.

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 FY25. 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 12-month change in CPI for 2024. The recommendation for increases is 3.5%. The fee and rate adjustments will be effective January 1st, 2025.

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.

Basic Financial Statements



City of Sugar Land, Texas
Statement of Net Position
September 30, 2024

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 36,786,170	\$ 57,352,564	\$ 94,138,734	\$ 18,548,846
Investments	27,720,973	25,234,806	52,955,779	12,243,895
Receivables, net of allowance for uncollectibles	16,521,330	11,327,773	27,849,103	2,320,575
Lease receivable	34,628,245	38,229	34,666,474	1,409,983
Internal balances	(1,331,279)	1,331,279	-	-
Inventories	200,116	434,232	634,348	-
Prepaid items	468,254	46,525	514,779	28,465
Restricted cash and cash equivalents	164,490,958	69,712,172	234,203,130	2,004,426
Restricted investments	38,452,723	6,752,228	45,204,951	-
Capital assets:				
Capital assets not being depreciated/amortized	166,980,134	92,548,267	259,528,401	-
Capital assets being depreciated/amortized	443,898,071	315,016,117	758,914,188	8,594
Total assets	928,815,695	579,794,192	1,508,609,887	36,564,784
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	702,620	1,689,053	2,391,673	51,711
Deferred outflows relating to pension activities	17,150,711	2,416,042	19,566,753	-
Deferred outflows relating to OPEB activities	1,160,086	164,162	1,324,248	-
Total deferred outflows of resources	19,013,417	4,269,257	23,282,674	51,711
LIABILITIES				
Accounts payable and accrued expenses	16,362,345	11,012,226	27,374,571	478,620
Accrued interest	1,427,082	1,054,142	2,481,224	84,725
Customer deposits	63,991	3,165,591	3,229,582	-
Unearned revenue	32,005,508	-	32,005,508	-
Noncurrent liabilities:				
Non-current liabilities due within one year	28,866,327	15,616,307	44,482,634	1,385,925
Due in more than one year	336,058,823	228,840,236	564,899,059	18,049,239
Total liabilities	414,784,076	259,688,502	674,472,578	19,998,509
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding	505,059	15,717	520,776	-
Deferred inflows relating to leases	34,320,994	35,706	34,356,700	1,396,889
Deferred inflows relating to pension activities	1,108,215	157,612	1,265,827	-
Deferred inflows relating to OPEB activities	1,480,972	209,300	1,690,272	-
Total deferred inflows of resources	37,415,240	418,335	37,833,575	1,396,889
NET POSITION				
Net investment in capital assets	402,755,259	234,538,795	637,294,054	157
Restricted for:				
Debt service	21,415,869	8,767,840	30,183,709	1,919,701
General government	134,306	-	134,306	-
Economic development activities	26,592,622	-	26,592,622	9,453,692
Public safety	1,199,179	-	1,199,179	-
Tourism and marketing	3,243,412	-	3,243,412	-
Environmental and neighborhood services	190,195	-	190,195	-
Unrestricted	40,098,954	80,649,977	120,748,931	3,847,547
TOTAL NET POSITION	\$ 495,629,796	\$ 323,956,612	\$ 819,586,408	\$ 15,221,097

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, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 33,734,969	\$ 197,864	\$ 3,455,743	\$ -
Administrative services	7,090,377	7,432,642	3,980,018	-
Public safety - Police	29,561,309	1,001,456	245,673	-
Public Safety - Dispatch	3,887,384	-	-	-
Public safety - Fire	23,545,285	5,073,391	210,786	-
Public works	33,645,467	49,662	145,585	1,863,901
Parks and recreation	11,053,254	622,440	119,064	17,138,490
Community development	6,914,053	3,065,958	-	-
Environmental and neighborhood services	10,930,462	833,608	36,665	100,200
Interest on long-term debt	8,445,420	-	-	-
Total governmental activities	168,807,980	18,277,021	8,193,534	19,102,591
Business-type activities:				
Utility	65,910,454	69,578,621	-	1,438,373
Regional airport	23,870,480	22,913,330	100,000	7,364,885
Solid waste and stormwater	16,616,642	12,155,719	-	-
Total business-type activities	106,397,576	104,647,670	100,000	8,803,258
TOTAL PRIMARY GOVERNMENT	\$ 275,205,556	\$ 122,924,691	\$ 8,293,534	\$ 27,905,849
COMPONENT UNITS				
Sugar Land 4B Corporation	\$ 5,817,607	\$ -	\$ 162,748	\$ -
Sugar Land Town Square Tax Increment				
Reinvestment Zone No. 1	2,333,453	-	-	-
Sugar Land Reinvestment Zone No. 3	1,730,846	-	-	-
Sugar Land Reinvestment Zone No. 4	39,307	-	-	-
TOTAL COMPONENT UNITS	\$ 9,921,213	\$ -	\$ 162,748	\$ -

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

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

Net (Expense) Revenue and Changes in Net Position
Primary Government

Governmental Activities	Business-type Activities	Total	Component Units
\$ (30,081,362)		\$ (30,081,362)	
4,322,283		4,322,283	
(28,314,180)		(28,314,180)	
(3,887,384)		(3,887,384)	
(18,261,108)		(18,261,108)	
(31,586,319)		(31,586,319)	
6,826,740		6,826,740	
(3,848,095)		(3,848,095)	
(9,959,989)		(9,959,989)	
(8,445,420)		(8,445,420)	
<u>(123,234,834)</u>		<u>(123,234,834)</u>	
	\$ 5,106,540	\$ 5,106,540	
	6,507,735	6,507,735	
	<u>(4,460,923)</u>	<u>(4,460,923)</u>	
	7,153,352	7,153,352	
<u>\$ (123,234,834)</u>	<u>\$ 7,153,352</u>	<u>\$ (116,081,482)</u>	
			\$ (5,654,859)
			(2,333,453)
			(1,730,846)
			<u>(39,307)</u>
			<u>\$ (9,758,465)</u>
\$ 67,281,688	\$ -	\$ 67,281,688	\$ 5,404,383
61,807,247	-	61,807,247	8,832,095
9,433,255	-	9,433,255	-
13,243,466	8,322,634	21,566,100	1,803,919
5,566,580	2,177,603	7,744,183	122,411
3,669,925	<u>(3,669,925)</u>	-	-
<u>161,002,161</u>	<u>6,830,312</u>	<u>167,832,473</u>	<u>16,162,808</u>
37,767,327	13,983,664	51,750,991	6,404,343
457,862,469	309,972,948	767,835,417	8,816,754
<u>\$ 495,629,796</u>	<u>\$ 323,956,612</u>	<u>\$ 819,586,408</u>	<u>\$ 15,221,097</u>

City of Sugar Land, Texas

Balance Sheet – Governmental Funds

September 30, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash and cash equivalents	\$ 26,813,876	\$ -
Investments	26,219,420	-
Receivables, net of allowance for uncollectibles	12,952,488	696,485
Lease receivable	138,868	34,489,377
Inventories	190,026	-
Prepaid items	73,987	-
Restricted cash and cash equivalents	44,871	8,612,536
Restricted investments	-	5,990,581
	<hr/>	<hr/>
TOTAL ASSETS	\$ 66,433,536	\$ 49,788,979
LIABILITIES		
Accounts payable	\$ 4,619,745	\$ 279,570
Accrued expenditures	3,732,548	-
Customer deposits	63,991	-
Unearned revenue	-	-
	<hr/>	<hr/>
Total liabilities	8,416,284	279,570
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenue	2,428,215	541,600
Deferred inflows relating to leases	134,819	34,186,175
	<hr/>	<hr/>
Total deferred inflows of resources	2,563,034	34,727,775
FUND BALANCES		
Nonspendable:		
Inventories	190,026	-
Prepaid items	73,987	-
Restricted for:		
General government	-	-
Debt service	-	14,781,634
Capital projects	-	-
Economic development activities	-	-
Public safety	-	-
Tourism and marketing	-	-
Environmental and neighborhood services	-	-
Committed	721,196	-
Assigned	301,686	-
Unassigned	54,167,323	-
	<hr/>	<hr/>
Total fund balances	55,454,218	14,781,634
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
	\$ 66,433,536	\$ 49,788,979

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

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,358,962	\$ 1,311,908	\$ 30,484,746
249,672	-	26,469,092
169,629	2,647,299	16,465,901
-	-	34,628,245
-	10,090	200,116
-	42,962	116,949
137,104,017	18,729,534	164,490,958
11,276,110	21,186,032	38,452,723
<u>\$ 151,158,390</u>	<u>\$ 43,927,825</u>	<u>\$ 311,308,730</u>
\$ 5,943,817	\$ 585,956	\$ 11,429,088
-	10,635	3,743,183
-	-	63,991
28,000,000	4,005,508	32,005,508
<u>33,943,817</u>	<u>4,602,099</u>	<u>47,241,770</u>
-	29,679	2,999,494
-	-	34,320,994
<u>-</u>	<u>29,679</u>	<u>37,320,488</u>
-	10,090	200,116
-	42,962	116,949
-	134,306	134,306
-	7,519,717	22,301,351
112,243,326	-	112,243,326
-	26,592,622	26,592,622
-	1,199,179	1,199,179
-	3,243,412	3,243,412
-	190,195	190,195
-	-	721,196
4,971,247	363,564	5,636,497
-	-	54,167,323
<u>117,214,573</u>	<u>39,296,047</u>	<u>226,746,472</u>
<u>\$ 151,158,390</u>	<u>\$ 43,927,825</u>	<u>\$ 311,308,730</u>



City of Sugar Land, Texas

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2024

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 226,746,472

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position. The cost of the assets is \$1,131,302,637 and the accumulated depreciation/amortization is \$527,670,295. 603,632,342

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds. 2,999,494

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

Deferred charge on refunding	\$ 702,620	
Deferred gain on refunding	(505,059)	197,561

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

Debt payable, at maturity	\$ (295,143,244)	
Accrued interest on the bonds	(1,427,082)	
Premium/discount on bonds payable	(19,451,410)	
Compensated absences	(6,569,691)	
Sales tax obligation	(83,852)	
Leases	(744,665)	
Subscription liabilities	(4,451,455)	
Net pension liability	(30,784,825)	
Total OPEB liability	(7,696,008)	(366,352,232)

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

Deferred outflows and deferred inflows - pension	\$ 16,042,496	
Deferred outflows and deferred inflows - OPEB	(320,886)	15,721,610

The assets and liabilities of the internal service funds are not included in the governmental fund financial statements, but are included in the governmental activities of the Statement of Net Position. 12,684,549

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 495,629,796

City of Sugar Land, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended September 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund
REVENUES			
Property taxes	\$ 39,288,157	\$ 27,901,778	\$ -
Sales tax	52,977,640	-	-
Franchise and other taxes	6,309,595	-	-
Licenses and permits	3,881,170	-	-
Fines and forfeitures	1,211,710	-	-
Charges for services	13,195,030	-	-
Investment earnings	3,740,914	895,936	6,105,334
Intergovernmental	1,820,062	-	-
Other	1,869,998	2,479,666	1,961,288
	<hr/>	<hr/>	<hr/>
Total revenues	124,294,276	31,277,380	8,066,622
EXPENDITURES			
Current:			
General government	30,179,510	-	-
Administrative services	5,731,638	2,071,046	23,883
Public safety - Police	31,380,649	-	-
Public safety - Dispatch	3,573,475	-	-
Public safety - Fire	23,499,555	-	-
Public works	12,407,075	-	1,339,863
Parks and recreation	6,906,192	-	-
Community development	6,919,452	-	-
Environmental and neighborhood services	9,442,500	-	-
Debt service:			
Principal	2,280,285	22,317,806	-
Interest and other charges	53,536	8,240,588	-
Bond issuance costs	-	42,059	418,787
Capital outlay	-	-	26,282,688
	<hr/>	<hr/>	<hr/>
Total expenditures	132,373,867	32,671,499	28,065,221
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(8,079,591)	(1,394,119)	(19,998,599)
OTHER FINANCING SOURCES (USES)			
Bonds and certificates of obligation issued	-	-	21,525,000
Premium on debt issued	-	2,527	1,797,234
Leases - other financing source	986,758	-	-
Subscriptions - other financing source	6,040,064	-	-
Transfers in	309,000	5,425,208	1,000,000
Transfers out	(1,638,523)	(263,055)	(13,993)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	5,697,299	5,164,680	24,308,241
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(2,382,292)	3,770,561	4,309,642
Fund balances, beginning of year	57,836,510	11,011,073	112,904,931
	<hr/>	<hr/>	<hr/>
FUND BALANCES, END OF YEAR	<u>\$ 55,454,218</u>	<u>\$ 14,781,634</u>	<u>\$ 117,214,573</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 67,189,935
8,829,607	61,807,247
3,170,970	9,480,565
-	3,881,170
109,118	1,320,828
-	13,195,030
2,137,822	12,880,006
5,784,564	7,604,626
1,501,169	7,812,121
21,533,250	185,171,528
4,381,778	34,561,288
1,046,889	8,873,456
32,829	31,413,478
-	3,573,475
134,633	23,634,188
1,256,953	15,003,891
-	6,906,192
-	6,919,452
594,249	10,036,749
2,340,448	26,938,539
1,618,356	9,912,480
-	460,846
1,845,016	28,127,704
13,251,151	206,361,738
8,282,099	(21,190,210)
-	21,525,000
-	1,799,761
-	986,758
155,567	6,195,631
377,082	7,111,290
(1,525,794)	(3,441,365)
(993,145)	34,177,075
7,288,954	12,986,865
32,007,093	213,759,607
\$ 39,296,047	\$ 226,746,472



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, 2024

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 12,986,865
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation or amortization expense for the period.	
Depreciation/amortization expense	\$ (24,944,137)
Leases - other financing source	986,758
Subscriptions - other financing source	6,195,631
Capital outlay	<u>26,942,601</u>
	9,180,853
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.	
	17,358,663
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.	
	(64,594)
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.	
	(276,803)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds.	
Par value of debt issued	\$ (21,525,000)
Premium on debt issued	(1,799,761)
Leases	(986,758)
Subscription liabilities	(6,195,631)
Principal repayments	27,014,539
Repayment of obligation to state	<u>19,721</u>
	(3,472,890)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Amortization of bond premiums and deferred amounts on refunding	\$ 1,883,526
Change in accrued interest on long-term debt	27,580
Compensated absences	(1,039,751)
Changes in pension liabilities and related deferred outflows and inflows of resources	1,207,137
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>(578,959)</u>
	1,499,533
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.	
	<u>555,700</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 37,767,327</u>

City of Sugar Land, Texas
Statement of Net Position
Proprietary Funds
September 30, 2024

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds				Activities
	Utility Fund	Airport Fund	Nonmajor Funds	Total	Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 42,256,315	\$ 8,103,625	\$ 6,992,624	\$ 57,352,564	\$ 5,542,424
Cash with fiscal agent	-	-	-	-	759,000
Investments	21,742,728	3,492,078	-	25,234,806	1,251,881
Receivables, net of allowance for uncollectibles	9,369,513	504,022	1,454,238	11,327,773	55,429
Lease receivable	-	38,229	-	38,229	-
Inventories	267,701	166,531	-	434,232	-
Prepaid items	42,933	2,967	625	46,525	351,305
Restricted cash and cash equivalents	68,780,776	931,396	-	69,712,172	-
Restricted investments	6,752,228	-	-	6,752,228	-
Total current assets	149,212,194	13,238,848	8,447,487	170,898,529	7,960,039
Noncurrent assets:					
Capital assets					
Capital assets not being depreciated/amortized	41,182,448	51,365,819	-	92,548,267	-
Capital assets being depreciated/amortized	271,656,323	43,202,934	156,860	315,016,117	7,245,863
Total noncurrent assets	312,838,771	94,568,753	156,860	407,564,384	7,245,863
Total assets	462,050,965	107,807,601	8,604,347	578,462,913	15,205,902
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	1,641,865	47,188	-	1,689,053	-
Deferred outflows relating to pension activities	1,565,341	723,970	126,731	2,416,042	-
Deferred outflows relating to OPEB activities	105,940	48,998	9,224	164,162	-
Total deferred outflows of resources	3,313,146	820,156	135,955	4,269,257	-
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	4,765,668	908,290	5,338,268	11,012,226	609,830
Accrued interest	989,457	64,685	-	1,054,142	-
Customer deposits	3,041,606	123,985	-	3,165,591	-
Claims and judgments	-	-	-	-	580,244
Noncurrent liabilities due within one year	13,974,848	1,610,143	31,316	15,616,307	-
Total current liabilities	22,771,579	2,707,103	5,369,584	30,848,266	1,190,074
Noncurrent liabilities:					
Due in more than one year	211,519,390	11,869,888	16,862	223,406,140	-
Net pension liability	2,810,279	1,299,754	233,632	4,343,665	-
Total OPEB liability	702,915	325,099	62,417	1,090,431	-
Total noncurrent liabilities	215,032,584	13,494,741	312,911	228,840,236	-
Total liabilities	237,804,163	16,201,844	5,682,495	259,688,502	1,190,074
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on refunding	-	15,717	-	15,717	-
Deferred inflows relating to leases	-	35,706	-	35,706	-
Deferred inflows relating to pension activities	101,265	46,836	9,511	157,612	-
Deferred inflows relating to OPEB activities	135,222	62,541	11,537	209,300	-
Total deferred inflows of resources	236,487	160,800	21,048	418,335	-
NET POSITION					
Net investment in capital assets	152,964,225	81,417,710	156,860	234,538,795	7,245,863
Restricted:					
Debt service	7,907,799	860,041	-	8,767,840	-
Unrestricted	66,451,437	9,987,362	2,879,899	79,318,698	6,769,965
TOTAL NET POSITION	\$ 227,323,461	\$ 92,265,113	\$ 3,036,759	\$ 322,625,333	\$ 14,015,828
Reconciliation to the government-wide statement of net position:					
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time				1,331,279	
Net position of business-type activities				\$ 323,956,612	

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

City of Sugar Land, Texas
Statement of Revenues, Expenses, and Changes
in Net Position – Proprietary Funds
For the Fiscal Year Ended September 30, 2024

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds				Activities
	Utility Fund	Airport Fund	Nonmajor Funds	Total	Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 69,578,621	\$ 22,913,330	\$ 12,155,719	\$ 104,647,670	\$ 17,977,444
Total operating revenues	69,578,621	22,913,330	12,155,719	104,647,670	17,977,444
OPERATING EXPENSES					
Personnel services	9,002,038	4,073,988	830,780	13,906,806	58,393
Supplies and materials	864,312	13,200,270	92,903	14,157,485	1,112,689
Contractual services	15,515,856	2,222,787	14,900,492	32,639,135	158,604
Repairs and maintenance	12,005,720	460,327	647,558	13,113,605	1,271
Other expenses	2,102,097	469,893	112,064	2,684,054	15,109,317
Depreciation	18,963,354	2,979,135	32,421	21,974,910	1,675,778
Total operating expenses	58,453,377	23,406,400	16,616,218	98,475,995	18,116,052
Operating income (loss)	11,125,244	(493,070)	(4,460,499)	6,171,675	(138,608)
NONOPERATING REVENUES (EXPENSES)					
Interest and investment revenue	7,513,046	740,507	69,081	8,322,634	363,384
Miscellaneous revenue (expense)	1,770,933	329,697	(7,839)	2,092,791	-
Intergovernmental	-	100,000	-	100,000	-
Gain (loss) on disposal of capital assets	84,812	-	-	84,812	288,608
Interest expense	(7,438,860)	(440,405)	-	(7,879,265)	-
Total nonoperating revenues (expenses)	1,929,931	729,799	61,242	2,720,972	651,992
Income (loss) before capital contributions and transfers	13,055,175	236,729	(4,399,257)	8,892,647	513,384
Capital contributions	1,438,373	7,364,885	-	8,803,258	-
Transfers in	35,281	588,489	6,300,000	6,923,770	-
Transfers out	(10,284,695)	-	(309,000)	(10,593,695)	-
Change in net position	4,244,134	8,190,103	1,591,743	14,025,980	513,384
Net position, beginning	223,079,327	84,075,010	1,445,016	308,599,353	13,502,444
NET POSITION, ENDING	\$ 227,323,461	\$ 92,265,113	\$ 3,036,759	\$ 322,625,333	\$ 14,015,828
Reconciliation to the government-wide statement of activities:					
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				(42,316)	
Change in net position of business-type activities				<u>\$ 13,983,664</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, 2024

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major Funds				Internal Service Funds
	Utility Fund	Airport Fund	Nonmajor Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 70,910,398	\$ 22,744,295	\$ 12,232,238	\$ 105,886,931	\$ -
Receipts from interfund charges for services			-	-	17,993,713
Other receipts (disbursements)	1,770,933	329,697	(7,839)	2,092,791	-
Disbursed for personnel services	(9,059,473)	(4,100,550)	(836,525)	(13,996,548)	(58,393)
Disbursed for goods and services	(29,662,076)	(16,261,413)	(10,838,499)	(56,761,988)	(16,311,693)
Net cash provided by operating activities	33,959,782	2,712,029	549,375	37,221,186	1,623,627
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	35,281	651,560	6,300,000	6,986,841	-
Transfers to other funds	(10,284,695)	-	(309,000)	(10,593,695)	-
Operating grants and contributions	-	100,000	-	100,000	-
Net cash provided (used) by noncapital financing activities	(10,249,414)	751,560	5,991,000	(3,506,854)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the sale of bonds	20,462,642	-	-	20,462,642	-
Interest payments on debt	(8,699,432)	(550,834)	-	(9,250,266)	-
Principal payments on debt	(12,185,000)	(1,382,194)	-	(13,567,194)	-
Acquisition and construction of capital assets	(23,616,657)	(2,427,883)	-	(26,044,540)	(2,769,320)
Proceeds from sale of capital assets	88,148	-	-	88,148	321,636
Net cash provided (used) by capital and related financing activities	(23,950,299)	(4,360,911)	-	(28,311,210)	(2,447,684)
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale (purchase) of investments, net	20,759,851	3,005,999	-	23,765,850	1,256,000
Interest received	6,629,768	588,671	69,081	7,287,520	296,088
Net cash provided (used) by investing activities	27,389,619	3,594,670	69,081	31,053,370	1,552,088
Net increase in cash and cash equivalents	27,149,688	2,697,348	6,609,456	36,456,492	728,031
Cash and cash equivalents, beginning balance	83,887,403	6,337,673	383,168	90,608,244	5,573,393
CASH AND CASH EQUIVALENTS, ENDING BALANCE	\$ 111,037,091	\$ 9,035,021	\$ 6,992,624	\$ 127,064,736	\$ 6,301,424
Unrestricted cash and equivalents	\$ 42,256,315	\$ 8,103,625	\$ 6,992,624	\$ 57,352,564	\$ 6,301,424
Restricted cash and equivalents	68,780,776	931,396	-	69,712,172	-
	\$ 111,037,091	\$ 9,035,021	\$ 6,992,624	\$ 127,064,736	\$ 6,301,424

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, 2024

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds				Activities
	Utility Fund	Airport Fund	Nonmajor Funds	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 11,125,244	\$ (493,070)	\$ (4,460,499)	\$ 6,171,675	\$ (138,608)
Adjustments to reconcile operating income (loss) to cash provided by operating activities:					
Depreciation and amortization	18,963,354	2,979,135	32,421	21,974,910	1,675,778
Other receipts (disbursements) for nonoperating revenue (expense)	1,770,933	329,697	(7,839)	2,092,791	-
Changes in assets, liabilities and related deferrals:					
(Increase) decrease in assets and deferred outflows:					
Receivables, net of allowance for uncollectibles	1,239,171	(108,016)	76,519	1,207,674	16,269
Lease receivable, net of related deferred inflow	-	(63,384)	-	(63,384)	-
Inventories	(33,934)	131,569	-	97,635	-
Prepaid items	3,144	(1,646)	22,095	23,593	(320,989)
Deferred outflows - net pension liability	818,941	378,760	81,894	1,279,595	-
Deferred outflows - OPEB	3,553	1,643	355	5,551	-
Increase (decrease) in liabilities and deferred inflows:					
Accounts payable and accrued expenses	856,699	(38,059)	4,892,423	5,711,063	363,348
Customer deposits	92,606	2,365	-	94,971	-
Claims and judgments	-	-	-	-	27,829
Net pension liability	(981,374)	(453,885)	(98,138)	(1,533,397)	-
OPEB liability	72,859	33,698	7,287	113,844	-
Deferred inflows - net pension liability	52,065	24,080	5,206	81,351	-
Deferred inflows - OPEB	(23,479)	(10,858)	(2,349)	(36,686)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 33,959,782	\$ 2,712,029	\$ 549,375	\$ 37,221,186	\$ 1,623,627
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital assets contributed to City	\$ 1,438,373	\$ 7,364,885	\$ -	\$ 8,803,258	

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, 2024

	Sugar Land Town Square Tax Increment Reinvestment Zone No. 1	Sugar Land Reinvestment Zone No. 3	Sugar Land Reinvestment Zone No. 4	Total Component Units	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 9,078,534	\$ -	\$ 16,732	\$ 9,453,580	\$ 18,548,846
Investments	12,243,895	-	-	-	12,243,895
Receivables, net of allowance for uncollectibles	1,958,595	344,602	43	17,335	2,320,575
Lease receivable	1,409,983	-	-	-	1,409,983
Prepaid items	28,465	-	-	-	28,465
Restricted cash and cash equivalents	2,004,426	-	-	-	2,004,426
Total current assets	26,723,898	344,602	16,775	9,470,915	36,556,190
Noncurrent assets:					
Capital assets					
Capital assets being depreciated/amortized	8,594	-	-	-	8,594
Total capital assets (net of accumulated depreciation)	8,594	-	-	-	8,594
Total noncurrent assets	8,594	-	-	-	8,594
Total assets	26,732,492	344,602	16,775	9,470,915	36,564,784
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	51,711	-	-	-	51,711
Total deferred outflows of resources	51,711	-	-	-	51,711
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	100,020	341,610	15,487	21,503	478,620
Accrued interest	84,725	-	-	-	84,725
Noncurrent liabilities due within one year	1,385,925	-	-	-	1,385,925
Total current liabilities	1,570,670	341,610	15,487	21,503	1,949,270
Noncurrent liabilities:					
Due in more than one year	18,049,239	-	-	-	18,049,239
Total noncurrent liabilities	18,049,239	-	-	-	18,049,239
Total liabilities	19,619,909	341,610	15,487	21,503	19,998,509
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows relating to leases	1,396,889	-	-	-	1,396,889
Total deferred inflows of resources	1,396,889	-	-	-	1,396,889
NET POSITION					
Net investment in capital assets	157	-	-	-	157
Restricted for:					
Debt service	1,919,701	-	-	-	1,919,701
Economic development activities	-	2,992	1,288	9,449,412	9,453,692
Unrestricted	3,847,547	-	-	-	3,847,547
TOTAL NET POSITION	\$ 5,767,405	\$ 2,992	\$ 1,288	\$ 9,449,412	\$ 15,221,097

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, 2024

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position				Totals
		Operating Grants and Contributions	Sugar Land 4B Corporation	Sugar Land Town Square Tax Increment Reinvestment Zone No. 1	Sugar Land Reinvestment Zone No. 3	Sugar Land Reinvestment Zone No. 4	
Component Units							
Sugar Land 4B Corporation	\$ 5,817,607	\$ 162,748	\$ (5,654,859)	\$ -	\$ -	\$ -	\$ (5,654,859)
Sugar Land Town Square Tax Increment Reinvestment Zone No. 1	2,333,453	-	-	(2,333,453)	-	-	(2,333,453)
Sugar Land Reinvestment Zone No. 3	1,730,846	-	-	-	(1,730,846)	-	(1,730,846)
Sugar Land Reinvestment Zone No. 4	39,307	-	-	-	-	(39,307)	(39,307)
	<u>\$ 9,921,213</u>	<u>\$ 162,748</u>	<u>(5,654,859)</u>	<u>(2,333,453)</u>	<u>(1,730,846)</u>	<u>(39,307)</u>	<u>(9,758,465)</u>
General revenues							
Taxes:							
Property taxes			-	2,142,224	1,731,453	1,530,706	5,404,383
Sales tax			8,832,095	-	-	-	8,832,095
Unrestricted investment earnings			1,346,014	20,143	1,964	435,798	1,803,919
Miscellaneous			122,411	-	-	-	122,411
Total general revenues			<u>10,300,520</u>	<u>2,162,367</u>	<u>1,733,417</u>	<u>1,966,504</u>	<u>16,162,808</u>
Change in net position			<u>4,645,661</u>	<u>(171,086)</u>	<u>2,571</u>	<u>1,927,197</u>	<u>6,404,343</u>
Net position, beginning			<u>1,121,744</u>	<u>174,078</u>	<u>(1,283)</u>	<u>7,522,215</u>	<u>8,816,754</u>
NET POSITION, ENDING			<u>\$ 5,767,405</u>	<u>\$ 2,992</u>	<u>\$ 1,288</u>	<u>\$ 9,449,412</u>	<u>\$ 15,221,097</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.

As of September 30, 2024, outstanding purchase orders totaled \$43.78 million. These were the result of normal operations. Encumbrances are liquidated with existing resources, and City Council has committed approximately \$721 thousand, and the City Manager has assigned approximately \$302 thousand, in the General Fund to liquidate outstanding purchase orders as of September 30, 2024.

City of Sugar Land, Texas

Notes to the Financial Statements

G. Cash and Cash Equivalents

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

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

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

H. Investments

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

I. Receivables

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

J. Internal Balances

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

K. Inventories and Prepaid Items

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

City of Sugar Land, Texas

Notes to the Financial Statements

L. Restricted Assets

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

M. Deferred Outflows/Inflows of Resources

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

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

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

N. Capital Assets

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

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

City of Sugar Land, Texas
Notes to the Financial Statements

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

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

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.

O. 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 \$10,000 or more. For leases not meeting these criteria, lease payments are recognized as outflows of resources based on the payment provisions of the contract.

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

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

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

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

City of Sugar Land, Texas

Notes to the Financial Statements

Lessor

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

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

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

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

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

P. 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 \$10,000 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.

City of Sugar Land, Texas

Notes to the Financial Statements

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

Q. Compensated Absences

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

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

R. 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.

S. 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.

T. Estimates

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

U. 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.

V. Implementation of New Accounting Standards

GASB Statement No. 99, *Omnibus 2022* (GASB 99), enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB statements and 2) accounting

City of Sugar Land, Texas

Notes to the Financial Statements

and financial reporting for financial guarantees. Certain requirements of GASB 99, including requirements related to financial guarantees and the classification and reporting of derivative instruments, were effective for fiscal years beginning after June 15, 2023, and were implemented in the City's fiscal year 2024 financial statements. There was no impact to the City's financial statements upon implementation.

GASB Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100), enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of GASB 100 were effective for reporting periods beginning after June 15, 2023, and were implemented in the City's fiscal year 2024 financial statements. There was no impact to the City's financial statements upon implementation.

Note 2. Deposits (Cash) and Investments

Authorization for Deposits and Investments

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

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

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

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

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

City of Sugar Land, Texas
Notes to the Financial Statements

At September 30, 2024, the City invested in a governmental security money market mutual fund (Wells Fargo Government Money Market Fund) as part of its investment and cash management strategy. This fund is utilized through daily sweeps of excess cash by the City's custodial bank into the custodial bank-sponsored short-term investment fund that is invested in short-term U.S. Government and Agency debt and repurchase agreements.

Deposit and Investment Amounts

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

	Primary Government			Discretely Presented Component Units			Total
	Total	Restricted	Unrestricted	Total	Restricted	Unrestricted	
Cash and cash equivalents:							
Cash deposits	\$ 59,926,161			\$ -			\$ 59,926,161
Governmental mutual fund	89,382,434			8,050,842			97,433,276
Public funds investment pools:							
Texas CLASS	87,772,115			5,282,387			93,054,502
TexPool	34,796,700			3,979,937			38,776,637
TexSTAR	56,464,454			3,240,106			59,704,560
Total	\$ 328,341,864	\$ 234,203,130	\$ 94,138,734	\$ 20,553,272	\$ 2,004,426	\$ 18,548,846	\$ 348,895,136
Investments:							
Certificates of deposit	\$ 13,230,182			\$ 1,243,449			\$ 14,473,631
Government securities:							
U.S. Treasuries	2,005,391			-			2,005,391
FHLB	41,426,045			6,495,374			47,921,419
FHLMC	15,454,097			4,505,072			19,959,169
FNMA	8,009,269			-			8,009,269
FAMCA	6,027,185			-			6,027,185
FFCB	12,008,561			-			12,008,561
Total	\$ 98,160,730	\$ 45,204,951	\$ 52,955,779	\$ 12,243,895	\$ -	\$ 12,243,895	\$ 110,404,625
Total cash, cash equivalents, and investments:	\$ 426,502,594			\$ 32,797,167			\$ 459,299,761

The City's total cash deposits, including certificates of deposit at September 30, 2024, were entirely covered by collateralized securities held in the City's name or by federal deposit insurance.

Investments' fair value measurements are as follows at September 30, 2024:

Investments	Fair Value Measurements Using			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Certificates of deposit	\$ 14,473,631	\$ -	\$ 14,473,631	\$ -
Government securities:				
U.S. Treasuries	2,005,391	-	2,005,391	-
FHLB	47,921,419	-	47,921,419	-
FHLMC	19,959,169	-	19,959,169	-
FNMA	8,009,269	-	8,009,269	-
FAMCA	6,027,185	-	6,027,185	-
FFCB	12,008,561	-	12,008,561	-
Total	\$ 110,404,625	\$ -	\$ 110,404,625	\$ -

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

City of Sugar Land, Texas
Notes to the Financial Statements

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

	Primary Government	Discretely Presented Component Units
Interest income	\$ 19,177,037	\$ 1,596,766
Unrealized gain (loss) on temporary investments	2,389,063	207,153
Total investment earnings	\$ 21,566,100	\$ 1,803,919

Interest Rate Risk

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

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

	Primary Government	Discretely Presented Component Units	Weighted Average Maturity (days)
Cash deposits	\$ 59,926,161	\$ -	1
Governmental mutual fund	89,382,434	8,050,842	1
Public funds investment pools:			
Texas CLASS	87,772,115	5,282,387	1
TexPool	34,796,700	3,979,937	1
TexSTAR	56,464,454	3,240,106	1
Certificates of deposit	13,230,182	1,243,449	394
Government securities:			
U.S. Treasuries	2,005,391	-	479
FHLB	41,426,045	6,495,374	442
FHLMC	15,454,097	4,505,072	482
FNMA	8,009,269	-	735
FAMCA	6,027,185	-	213
FFCB	12,008,561	-	280
Total	\$ 426,502,594	\$ 32,797,167	

City of Sugar Land, Texas
 Notes to the Financial Statements

Concentration of Credit Risk

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

Investment Type	Maximum Investment %
Repurchase agreements	50%
Certificates of deposit	50%
U.S. Treasury securities	100%
Other U.S. Government securities	75%
Authorized investment pools	50% in one pool; 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, 2024, no investments in any single issuer comprised more than 10% of the City's total investments.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City's investment policy provides minimum required ratings for investment pools (AAA or 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, 2024, the City maintained balances in TexPool, TexSTAR and Texas CLASS local government investment pools. The investment pool balances are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk.

City of Sugar Land, Texas

Notes to the Financial Statements

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

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

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

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

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

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

City of Sugar Land, Texas
Notes to the Financial Statements

Restricted Assets

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

Restricted Purpose	Cash and Cash Equivalents	Investments
Restricted for Capital Projects	\$ 59,890,190	\$ 6,752,228
Restricted for Debt Service	9,821,982	-
Total	\$ 69,712,172	\$ 6,752,228

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, 2024, 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	\$ 1,340,394	\$ 541,600	\$ -	\$ 34,048	\$ 1,916,042	\$ -
Sales and other taxes	9,483,652	-	-	2,329,375	11,813,027	-
Fines and forfeitures	1,872,646	-	-	-	1,872,646	-
Interest	344,563	154,885	169,629	194,417	863,494	27,233
Other	2,584,135	-	-	89,459	2,673,594	28,815
Due from other governments	59,189	-	-	-	59,189	-
Less: allowance for uncollectibles	(2,732,091)	-	-	-	(2,732,091)	(619)
Totals	\$ 12,952,488	\$ 696,485	\$ 169,629	\$ 2,647,299	\$ 16,465,901	\$ 55,429

Business-type Activities:

	Utility Fund	Airport Fund	Nonmajor Enterprise Funds	Total
Customer accounts	\$ 8,992,969	\$ 416,605	\$ 1,361,384	\$ 10,770,958
Interest	481,380	77,154	5,605	564,139
Other	-	12,985	119,970	132,955
Less: allowance for uncollectibles	(104,836)	(2,722)	(32,721)	(140,279)
Totals	\$ 9,369,513	\$ 504,022	\$ 1,454,238	\$ 11,327,773

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	\$ 1,861,434	\$ -	\$ -	\$ -	\$ 1,861,434
Interest	97,161	-	43	17,335	114,539
Other	-	344,602	-	-	344,602
Totals	\$ 1,958,595	\$ 344,602	\$ 43	\$ 17,335	\$ 2,320,575

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, 2024, follows:

Governmental activities:	Beginning Balance	Increases	Reclassifications / (Decreases)	Ending Balance
Capital assets, not being depreciated/amortized:				
Land and improvements	\$ 108,019,364	\$ 14,607,515	\$ -	\$ 122,626,879
Construction in progress	19,710,637	27,526,390	(7,646,928)	39,590,099
Intangibles	4,763,156	-	-	4,763,156
Total capital assets, not being depreciated/amortized	132,493,157	42,133,905	(7,646,928)	166,980,134
Depreciable/amortizable assets:				
Infrastructure	635,733,353	2,358,971	4,585,411	642,677,735
Buildings and improvements	263,538,432	-	(300,655)	263,237,777
Equipment and furniture	62,658,870	4,289,032	418,135	67,366,037
Intangibles	1,016,077	-	-	1,016,077
Right-to-use leased equipment	-	986,758	-	986,758
Subscription assets	772,235	6,195,631	-	6,967,866
Total depreciable/amortizable assets	963,718,967	13,830,392	4,702,891	982,252,250
Less accumulated depreciation/amortization for:				
Infrastructure	(376,824,184)	(14,440,316)	-	(391,264,500)
Buildings and improvements	(92,492,878)	(7,711,303)	1,569,680	(98,634,501)
Equipment and furniture	(42,383,114)	(4,389,996)	1,276,734	(45,496,376)
Intangibles	(914,875)	(78,300)	-	(993,175)
Right-to-use leased equipment	-	(150,206)	-	(150,206)
Subscription assets	(254,304)	(1,561,117)	-	(1,815,421)
Total accumulated depreciation/amortization	(512,869,355)	(28,331,238)	2,846,414	(538,354,179)
Total capital assets, being depreciated/amortized, net	450,849,612	(14,500,846)	7,549,305	443,898,071
Governmental activities capital assets, net	\$ 583,342,769	\$ 27,633,059	\$ (97,623)	\$ 610,878,205
Business-type activities:				
Capital assets, not being depreciated/amortized:				
Land and improvements	\$ 26,468,199	\$ 5,670,242	\$ -	\$ 32,138,441
Construction in progress	31,472,381	26,862,011	(1,885,541)	56,448,851
Intangibles	3,891,620	69,355	-	3,960,975
Total capital assets, not being depreciated/amortized	61,832,200	32,601,608	(1,885,541)	92,548,267
Depreciable/amortizable assets:				
Infrastructure	671,243,246	1,359,786	1,885,541	674,488,573
Buildings and improvements	29,868,369	-	-	29,868,369
Equipment and furniture	11,486,363	886,406	(249,328)	12,123,441
Intangibles	1,058,745	-	-	1,058,745
Total depreciable/amortizable assets	713,656,723	2,246,192	1,636,213	717,539,128
Less accumulated depreciation/amortization for:				
Infrastructure	(359,379,484)	(20,481,490)	-	(379,860,974)
Buildings and improvements	(12,518,084)	(830,746)	-	(13,348,830)
Equipment and furniture	(7,948,533)	(613,341)	245,990	(8,315,884)
Intangibles	(947,990)	(49,333)	-	(997,323)
Total accumulated depreciation/amortization	(380,794,091)	(21,974,910)	245,990	(402,523,011)
Total depreciable/amortizable assets, net	332,862,632	(19,728,718)	1,882,203	315,016,117
Business-type activities capital assets, net	\$ 394,694,832	\$ 12,872,890	\$ (3,338)	\$ 407,564,384

City of Sugar Land, Texas
Notes to the Financial Statements

Depreciation was charged to programs as follows:

Governmental activities:	
General government	\$ 1,842,091
Administrative services	46,159
Public works	15,226,769
Parks and recreation	6,507,499
Environmental and neighborhood services	972,455
Community development	48,292
Public safety - Police	1,086,880
Public safety - Dispatch	27,820
Public safety - Fire	897,495
Depreciation charged in internal service funds	<u>1,675,778</u>
Total governmental activities depreciation expense	<u>\$ 28,331,238</u>
Business-type activities:	
Water and wastewater	\$ 18,963,354
Airport	2,979,135
Solid waste	9,880
Stormwater	<u>22,541</u>
Total business-type activities depreciation expense	<u>\$ 21,974,910</u>

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

The City has active construction projects as of September 30, 2024. 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	\$ 28,147,151	\$ 728,206
Drainage Improvement	17,101,056	13,108,067
Municipal improvements	10,770,854	5,533,622
Park Improvement	6,127,317	505,977
Public Art	49,722	-
Street Improvement	2,663,917	7,097,488
Surface Water	1,197,078	598,382
Traffic Improvement	2,877,236	1,664,075
Water and Wastewater Improvements	<u>27,104,619</u>	<u>8,911,718</u>
Totals	<u>\$ 96,038,950</u>	<u>\$ 38,147,535</u>

A summary of changes in the component units' capital assets for the year ended September 30, 2024, follows:

Sugar Land 4B Corporation	Beginning Balance	Increases	Reclassifications / (Decreases)	Ending Balance
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)
Sugar Land 4B Corporation capital assets, net	<u>\$ -</u>	<u>\$ 8,594</u>	<u>\$ -</u>	<u>\$ 8,594</u>

City of Sugar Land, Texas
Notes to the Financial Statements

Note 5. Long-Term Debt

A. Governmental Activity Debt

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

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended September 30, 2024. 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
Bonds payable:					
General obligation bonds	\$ 119,991,050	\$ 10,345,000	\$ (12,797,806)	\$ 117,538,244	\$ 11,548,243
Annexed utility district bonds	4,190,000	-	(2,055,000)	2,135,000	2,135,000
Certificates of obligation	137,780,000	11,180,000	(7,465,000)	141,495,000	8,120,000
Sales tax revenue bonds	36,270,000	-	(2,295,000)	33,975,000	1,115,000
Issuance premiums/discounts	19,639,185	1,799,761	(1,987,536)	19,451,410	-
Total bonds payable, net	317,870,235	23,324,761	(26,600,342)	314,594,654	22,918,243
Other liabilities:					
Obligation to State	103,573	-	(19,721)	83,852	19,721
Compensated absences	5,529,940	5,520,120	(4,480,369)	6,569,691	4,270,299
Lease liabilities	-	986,758	(242,093)	744,665	176,802
Subscription liabilities	415,465	6,195,631	(2,159,641)	4,451,455	1,481,262
Pension	41,518,599	32,651,075	(43,384,849)	30,784,825	-
OPEB	6,899,117	958,961	(162,070)	7,696,008	-
Total governmental activities	\$ 372,336,929	\$ 69,637,306	\$ (77,049,085)	\$ 364,925,150	\$ 28,866,327

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, 2024, 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	\$ 1,290,000
Series 2015 General obligation bonds	13,010,000	2035	2.125-4.00	8,285,000
Series 2015 General obligation refunding bonds	9,375,000	2028	2.00-5.00	2,965,000
Series 2016 General obligation refunding bonds	22,745,000	2029	4.00-5.00	9,275,000
Series 2016 General obligation bonds	7,570,000	2036	2.00-4.00	4,535,000
Series 2019 General obligation bonds	13,715,000	2030	3.00-5.00	6,770,000
Series 2019A General obligation refunding bonds	21,600,000	2029	3.00-5.00	10,470,000
Series 2021 General obligation refunding bonds	10,470,000	2041	2.00-5.00	7,773,244
Series 2021A General obligation bonds*	16,500,000	2052	-	15,400,000
Series 2022 General obligation bonds	13,115,000	2042	5.00	11,475,000
Series 2022A General obligation bonds	27,790,000	2043	4.00-5.00	26,400,000
Series 2023 General obligation bonds - taxable*	2,640,000	2053	-	2,555,000
Series 2024 General obligation bonds	10,345,000	2044	4.00-6.00	10,345,000
Total general obligation bonds				117,538,244
Certificates of obligation				
Series 2013 Tax and revenue certificates of obligation	24,440,000	2033	2.50-4.00	11,025,000
Series 2014 Tax and revenue certificates of obligation	9,980,000	2040	3.25-6.00	7,440,000
Series 2014A Tax and revenue certificates of obligation - taxable	27,130	2046	3.125-4.50	23,250,000
Series 2015 Tax and revenue certificates of obligation	15,005,000	2035	3.00-4.00	9,635,000
Series 2016 Tax and revenue certificates of obligation	19,190,000	2036	2.00-4.00	11,510,000
Series 2017 Tax and revenue certificates of obligation	19,060,000	2037	3.00-5.00	12,375,000
Series 2019 Tax and revenue certificates of obligation	20,760,000	2039	3.25-5.00	14,410,000
Series 2019A Tax and revenue certificates of obligation	15,025,000	2039	2.50-4.00	12,670,000
Series 2022 Tax and revenue certificates of obligation - taxable*	27,500,000	2053	-	26,585,000
Series 2023A Tax and revenue certificates of obligation*	1,460,000	2053	-	1,415,000
Series 2024 Tax and revenue certificates of obligation	11,180,000	2044	4.00-6.00	11,180,000
Total certificates of obligation				141,495,000
Sales tax revenue bonds				
Series 2014 Sales tax revenue refunding bonds	7,375,000	2025	2.00-5.00	880,000
Series 2014 Sales tax revenue bonds	38,265,000	2040	3.75-6.75	28,660,000
Series 2021 Sales tax revenue refunding bonds	4,880,000	2038	4.00	4,435,000
Total sales tax revenue bonds				33,975,000
Annexed MUD bonds				
Fort Bend County MUD No. 109				
Series 2015 Unlimited Tax Refunding	4,960,000	2025	2.00-4.00	1,100,000
Fort Bend County MUD No. 117				
Series 2016 Unlimited Tax Refunding	7,645,000	2025	2.00-3.00	1,035,000
Total annexed MUD bonds				2,135,000
Total governmental activities bonds payable				\$ 295,143,244

* 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, 2024, are as follows:

Year Ending September 30,	Governmental Activities					
	General Obligation			Certificates of Obligation		
	Principal ⁽¹⁾	Interest	Total	Principal ⁽²⁾	Interest	Total
2025	\$ 11,548,243	\$ 4,126,514	\$ 15,674,757	\$ 8,120,000	\$ 3,705,643	\$ 11,825,643
2026	10,840,001	3,614,734	14,454,735	8,215,000	3,429,277	11,644,277
2027	8,405,000	3,197,400	11,602,400	8,315,000	3,158,733	11,473,733
2028	8,475,000	2,833,100	11,308,100	8,405,000	2,895,525	11,300,525
2029	7,805,000	2,500,475	10,305,475	8,505,000	2,625,857	11,130,857
2030	7,230,000	2,200,500	9,430,500	8,430,000	2,358,258	10,788,258
2031	5,365,000	1,949,575	7,314,575	8,525,000	2,102,146	10,627,146
2032	5,295,000	1,740,150	7,035,150	8,635,000	1,848,712	10,483,712
2033	5,335,000	1,534,125	6,869,125	8,740,000	1,601,737	10,341,737
2034	5,370,000	1,329,244	6,699,244	7,625,000	1,380,071	9,005,071
2035	5,405,000	1,125,644	6,530,644	7,655,000	1,177,537	8,832,537
2036	4,560,000	948,325	5,508,325	6,730,000	986,005	7,716,005
2037	4,205,000	804,856	5,009,856	5,870,000	819,112	6,689,112
2038	4,220,000	668,194	4,888,194	5,015,000	679,717	5,694,717
2039	4,240,000	530,138	4,770,138	5,110,000	552,886	5,662,886
2040	3,580,000	399,944	3,979,944	3,305,000	450,950	3,755,950
2041	3,580,000	278,781	3,858,781	2,710,000	388,055	3,098,055
2042	3,175,000	160,863	3,335,863	2,760,000	335,810	3,095,810
2043	2,540,000	62,063	2,602,063	2,815,000	281,308	3,096,308
2044	1,155,000	10,300	1,165,300	2,875,000	224,440	3,099,440
2045	640,000	-	640,000	2,375,000	165,208	2,540,208
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
Totals	\$ 117,538,244	\$ 30,014,925	\$ 147,553,169	\$ 141,495,000	\$ 31,303,563	\$ 172,798,563

(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 2025 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 2025 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 dissolved utility district bonds outstanding at September 30, 2024, are as follows:

Year Ending September 30,	Governmental Activities		
	Annexed Utility District Bonds		
	Principal	Interest	Total
2025	\$ 2,135,000	\$ 75,050	\$ 2,210,050
Totals	\$ 2,135,000	\$ 75,050	\$ 2,210,050

The annual requirements to amortize governmental activity sales tax revenue bonds outstanding payable from sales tax receipts collected by the SLDC at September 30, 2024, are as follows:

Year Ending September 30,	Sugar Land Development Corporation Blended Component Unit		
	Sales Tax Revenue Bonds		
	Principal	Interest	Total
2025	\$ 2,400,000	\$ 1,486,028	\$ 3,886,028
2026	1,590,000	1,377,219	2,967,219
2027	1,650,000	1,286,778	2,936,778
2028	1,715,000	1,192,806	2,907,806
2029	1,790,000	1,099,675	2,889,675
2030	1,860,000	1,007,425	2,867,425
2031	1,935,000	913,537	2,848,537
2032	2,015,000	817,863	2,832,863
2033	2,105,000	718,112	2,823,112
2034	2,190,000	625,668	2,815,668
2035	2,295,000	540,687	2,835,687
2036	2,410,000	449,000	2,859,000
2037	2,530,000	350,200	2,880,200
2038	2,660,000	246,400	2,906,400
2039	2,355,000	146,100	2,501,100
2040	2,475,000	49,500	2,524,500
Totals	\$ 33,975,000	\$ 12,306,998	\$ 46,281,998

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, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-type activities:					
Bonds payable:					
Water and wastewater revenue bonds	\$ 127,395,000	\$ 19,100,000	\$ (9,500,000)	\$ 136,995,000	\$ 10,790,000
General obligation bonds	73,748,950	-	(3,407,193)	70,341,757	3,566,757
Certificates of obligation	12,035,000	-	(660,000)	11,375,000	675,000
Issuance premiums/discounts	19,530,595	1,362,642	(1,481,855)	19,411,382	-
Total bonds payable, net	232,709,545	20,462,642	(15,049,048)	238,123,139	15,031,757
Other liabilities:					
Compensated absences	676,673	749,267	(526,632)	899,308	584,550
Pension	5,877,062	4,846,373	(6,379,770)	4,343,665	-
OPEB	976,587	146,431	(32,587)	1,090,431	-
Total business-type activities	\$ 240,239,867	\$ 26,204,713	\$ (21,988,037)	\$ 244,456,543	\$ 15,616,307

A summary of the terms of certificates of obligation and revenue bonds recorded in the enterprise funds as of September 30, 2024 follows:

Description	Original Issue	Matures	Interest Rates (%)	Balance
Utility Fund				
Series 2013 Water/sewer revenue bonds	\$ 15,765,000	2033	2.50-4.00	\$ 8,365,000
Series 2015 Water/sewer revenue refunding bonds	15,750,000	2035	3.00-5.00	8,740,000
Series 2016 Water/sewer revenue refunding bonds	31,710,000	2036	2.00-5.00	17,040,000
Series 2016 Certificates of obligation	1,620,000	2036	2.00-4.00	1,110,000
Series 2017 Water/sewer revenue bonds	19,780,000	2037	3.00-5.00	14,585,000
Series 2017 General obligation refunding bonds	78,195,000	2041	3.00-5.00	68,560,000
Series 2019 Water/sewer revenue bonds	13,660,000	2039	3.00-5.00	10,705,000
Series 2020 Water/sewer revenue bonds	6,835,000	2039	3.00-5.00	5,705,000
Series 2021 Water/sewer revenue refunding bonds	23,385,000	2041	2.00-5.00	18,350,000
Series 2022 Water/sewer revenue bonds	21,820,000	2042	4.00-5.00	19,630,000
Series 2022A Water/sewer revenue bonds	15,555,000	2043	4.375-6.00	14,775,000
Series 2024 Water/sewer revenue bonds	19,100,000	2044	4.00-5.00	19,100,000
Total Utility Fund				206,665,000
Airport Fund				
Series 2013 Certificates of obligation	\$ 730,000	2033	2.00-4.00	\$ 315,000
Series 2015 Certificates of obligation	1,670,000	2035	3.00-4.00	1,070,000
Series 2015 General obligation refunding bonds	2,820,000	2028	2.00-5.00	1,135,000
Series 2016 General obligation refunding bonds	225,000	2029	4.00-5.00	100,000
Series 2017 Certificates of obligation	2,055,000	2037	3.00-5.00	1,535,000
Series 2019A Certificates of obligation	1,690,000	2039	2.50-4.00	1,425,000
Series 2021 General obligation refunding bonds	2,055,000	2041	2.00-5.00	546,757
Series 2023 Certificates of obligation	6,235,000	2043	4.00-5.00	5,920,000
Total Airport Fund				12,046,757
Total business-type activities bonds payable				\$ 218,711,757

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, 2024, are as follows:

Year Ending September 30,	Business-Type Activities					
	General Obligation			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 3,566,757	\$ 2,827,538	\$ 6,394,295	\$ 675,000	\$ 446,641	\$ 1,121,641
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	775,000	203,197	978,197
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
Totals	\$ 70,341,757	\$ 24,902,051	\$ 95,243,808	\$ 11,375,000	\$ 3,675,262	\$ 15,050,262

Year Ending September 30,	Business-Type Activities		
	Revenue Bonds		
	Principal	Interest	Total
2025	\$ 10,790,000	\$ 5,999,490	\$ 16,789,490
2026	11,145,000	5,440,350	16,585,350
2027	11,160,000	4,888,625	16,048,625
2028	11,520,000	4,362,100	15,882,100
2029	10,700,000	3,824,638	14,524,638
2030	9,090,000	3,350,538	12,440,538
2031	9,110,000	2,966,238	12,076,238
2032	7,770,000	2,579,938	10,349,938
2033	7,925,000	2,266,663	10,191,663
2034	6,970,000	1,946,900	8,916,900
2035	7,075,000	1,662,606	8,737,606
2036	6,315,000	1,374,581	7,689,581
2037	5,945,000	1,108,294	7,053,294
2038	4,640,000	867,975	5,507,975
2039	4,695,000	677,100	5,372,100
2040	3,315,000	493,663	3,808,663
2041	3,315,000	368,056	3,683,056
2042	2,820,000	236,306	3,056,306
2043	1,730,000	117,244	1,847,244
2044	965,000	41,781	1,006,781
Totals	\$ 136,995,000	\$ 44,573,086	\$ 181,568,086

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 \$137.0 million in waterworks and sewer system revenue bonds, of which \$19.1 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 2044. 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, 2024 is \$181.6 million. Principal and interest paid during fiscal year 2024 were \$9.5 million and \$5.5 million, respectively.

C. Component Unit Long-Term Debt

The following is a summary of the long-term debt transactions of the Sugar Land 4B Corporation for the year ended September 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Component Unit:					
Bonds payable:					
Sales tax revenue bonds	\$ 19,015,000	\$ -	\$ (1,310,000)	\$ 17,705,000	\$ 1,375,000
Issuance premiums/discounts	1,860,003	-	(143,077)	1,716,926	-
Total bonds payable, net	20,875,003	-	(1,453,077)	19,421,926	1,375,000
Other liabilities:					
Obligation to State	7,289	-	(2,488)	4,801	2,488
Subscription liabilities	-	17,187	(8,750)	8,437	8,437
Total component unit	\$ 20,882,292	\$ 17,187	\$ (1,464,315)	\$ 19,435,164	\$ 1,385,925

A summary of the terms of the revenue bonds recorded as long-term liabilities in the Sugar Land 4B Corporation as of September 30, 2024, follows:

Description	Original Issue	Matures	Interest Rates (%)	Balance
Series 2019 Sales tax revenue refunding bonds	\$ 24,725,000	2036	3.00-5.00	\$ 17,705,000
Total component unit long-term debt				\$ 17,705,000

City of Sugar Land, Texas
Notes to the Financial Statements

The annual requirements to amortize component unit revenue bonds outstanding at September 30, 2024, are as follows:

Year Ending September 30,	Sugar Land 4B Corporation		
	Revenue Bonds		
	Principal	Interest	Total
2025	\$ 1,375,000	\$ 640,925	\$ 2,015,925
2026	1,160,000	577,550	1,737,550
2027	1,230,000	517,800	1,747,800
2028	1,300,000	454,550	1,754,550
2029	1,365,000	394,750	1,759,750
2030	1,430,000	338,850	1,768,850
2031	1,490,000	280,450	1,770,450
2032	1,555,000	227,325	1,782,325
2033	1,610,000	179,850	1,789,850
2034	1,670,000	130,650	1,800,650
2035	1,730,000	79,650	1,809,650
2036	1,790,000	26,850	1,816,850
Totals	\$ 17,705,000	\$ 3,849,200	\$ 21,554,200

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, 2024, there were no outstanding balances of defeased bonds.

On July 2, 2024, the City issued General Obligation Bonds, Series 2024, in the par amount of \$10,345,000; Combination Tax and Revenue Certificates of Obligation, Series 2024, in the par amount of \$11,180,000; and Waterworks & Sewer System Revenue Bonds, Series 2024, in the par amount of \$19,100,000. The General Obligation bonds, Certificates of Obligation, and Waterworks & Sewer System Revenue bonds closed on July 31, 2024.

Proceeds from the General Obligation bonds and Certificates of Obligation issuances 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 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.

Bonds Authorized and Unissued

The following is a schedule of authorized but unissued bonds at September 30, 2024:

	Date of Authorization	Amount Authorized	Issued to Date	Authorized but Unissued
GO Bond projects	11/5/2019	\$ 90,760,000	\$ 84,410,000	\$ 6,350,000

City of Sugar Land, Texas
Notes to the Financial Statements

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 \$3.985 million.

Note 6. Fund Balance

Minimum Fund Balance Policy

The Council has adopted a financial policy to maintain a minimum level of unassigned fund balance in the General Fund. The target level is set at three months of General Fund operating expenditures (approximately 25%). This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If the fund balance exceeds this amount, the amount in excess of policy requirements may be utilized to fund one-time expenditures in the next fiscal year's budget. If fund balance falls below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level. Generally, replenishment is to occur within a two-year period.

Restricted, Committed, and Assigned Fund Balance

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

City of Sugar Land, Texas
Notes to the Financial Statements

Fund balance restrictions in the governmental funds as of September 30, 2024, are as follows:

Restricted Fund Balance	Amount	Purpose
Debt Service Fund	<u>\$ 14,781,634</u>	Debt service activities
Capital Projects Fund	<u>\$ 112,243,326</u>	Construction and acquisition of capital assets
Nonmajor governmental funds	\$ 134,306	General government activities
	7,519,717	Debt service activities
	26,592,622	Economic development activities
	1,199,179	Public safety
	3,243,412	Tourism and marketing
	<u>190,195</u>	Environmental and neighborhood services
	<u>\$ 38,879,431</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	\$ 628,180	\$ 66,422
Public works	-	9,153
Parks and recreation	19,819	55,935
Community development	6,166	35,045
Environmental and neighborhood services	50,829	131,665
Public safety - Fire	<u>16,202</u>	<u>3,466</u>
	<u>\$ 721,196</u>	<u>\$ 301,686</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, 2024 is as follows:

Transfers In	Transfers Out	Amounts	Purpose
General Fund	Solid Waste Fund	\$ 309,000	Street rehabilitation projects from franchise fees
	Tourism Fund	1,338,225	HOT transfer for Marriott Conf. Center, TIRZ#4 Plaza & Smart Financial Center debts
Debt Service Fund	Utility Fund	3,984,695	100% of water/wastewater debt on assumed MUD debt
	Enclave at River Park PID - Special Revenue Fund	102,288	PID debt service
		<u>5,425,208</u>	
Airport Fund	General Fund	313,804	Transfer of property taxes collected on Airport value
	Sugar Land Development Corporation	50,000	SLDC transfer to Airport for international marketing
	Debt Service Fund	224,685	Transfer of property taxes collected on Airport value
		<u>588,489</u>	
Capital Projects Fund	General Fund	1,000,000	Transfer for Police Department building renovations
Public Arts - Special Revenue Fund	General Fund	272,300	Transfer to fund Public Art projects
	Capital Projects Fund	13,993	
		<u>286,293</u>	
Enclave at River Park PID - Special Revenue Fund	Debt Service Fund	38,370	City Contribution of 50% of property tax in PID
	General Fund	52,419	
		<u>90,789</u>	
Utility Fund	Enclave at River Park PID - Special Revenue Fund	35,281	PID debt service
Solid Waste Fund	Utility Fund	6,300,000	Transfer for payment of debris removal contracts
	Totals	<u>\$ 14,035,060</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 936 plans in the defined benefit cash-balance pension plan administered by the TMRS. TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

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

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

Employee deposit rate	7.00%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	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, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	361
Inactive employees entitled to but not yet receiving benefits	467
Active employees	859
	1,687
	1,687

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 14.36% and 14.59% in calendar years 2023 and 2024, respectively. For fiscal year 2024, the City made contributions of \$11,157,528, which were equal to the required contributions.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2023, 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, 2023 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 inflation

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%	6.7%
Core fixed income	6%	4.7%
Non-core fixed income	20%	8.0%
Other public and private markets	12%	8.0%
Real estate	12%	7.6%
Hedge funds	5%	6.4%
Private equity	10%	11.6%
Total	100%	

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, 2022	\$ 338,704,033	\$ 291,308,372	\$ 47,395,661
Changes for the year:			
Service cost	12,305,538	-	12,305,538
Interest	22,901,903	-	22,901,903
Difference between expected and actual experience	-	-	-
	2,213,420	-	2,213,420
Changes in assumptions	(1,312,540)	-	(1,312,540)
Employer contributions	-	9,960,443	(9,960,443)
Employee contributions	-	4,855,124	(4,855,124)
Net investment income	-	33,775,914	(33,775,914)
Benefit payments, including refunds of employee contributions	(11,138,702)	(11,138,702)	-
Administrative expense	-	(214,491)	214,491
Other changes	-	(1,498)	1,498
Net changes	24,969,619	37,236,790	(12,267,171)
Balance at December 31, 2023	\$ 363,673,652	\$ 328,545,162	\$ 35,128,490

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	\$ 89,460,705	\$ 35,128,490	\$ (9,210,963)

City of Sugar Land, Texas
Notes to the Financial Statements

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2024, the City recognized pension expense of \$9,722,391.

At September 30, 2024, 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	\$ 3,496,789	\$ 196,350
Changes in actuarial assumptions used	111,255	1,069,477
Differences between projected and actual investment earnings	7,642,888	-
Contributions subsequent to the measurement date	8,315,821	-
Totals	\$ 19,566,753	\$ 1,265,827

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$8,315,821 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2024 (i.e. recognized in the City's fiscal year 2025 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
2025	\$ 2,803,585
2026	3,270,056
2027	6,453,050
2028	(2,608,316)
2029	66,730
Totals	\$ 9,985,105

City of Sugar Land, Texas

Notes to the Financial Statements

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 2023 and 0.06% in calendar year 2024. The City's contributions to the SDBF for fiscal year 2024 were \$46,071, 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, 2023. The actuarial valuation date for the SDBF was December 31, 2023, and the valuation for RHCP was performed as of December 31, 2022 and update procedures were performed to roll forward the total OPEB liability to December 31, 2023. The total OPEB liabilities reported in the City's September 30, 2024 financial statements were as follows:

SDBF	\$	1,934,990
RHCP		6,851,449
		<u>8,786,439</u>
	\$	<u>8,786,439</u>

Membership in the plans as of the measurement date of December 31, 2023 was as follows:

	SDBF	RHCP
Inactive plan members or beneficiaries currently receiving benefits	278	15
Inactive plan members entitled to but not yet receiving benefits	161	-
Active employees	859	791
Total plan members	<u>1,298</u>	<u>806</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	3.77% - based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

The actuarial assumptions used in the December 31, 2023, 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
Service cost	\$ 76,303	\$ 501,906
Interest	69,856	256,877
Changes in benefit terms	-	-
Difference between expected and actual experience	22,369	5,364
Changes in assumptions or other inputs	100,592	72,125
Benefit payments	(41,620)	(153,037)
Net changes	227,500	683,235
Total OPEB liability - beginning	1,707,490	6,168,214
Total OPEB liability - ending	\$ 1,934,990	\$ 6,851,449

Sensitivity Analysis

The following presents the City's total OPEB liabilities calculated using the discount rate of 3.77%, as well as what the liabilities would be if they were calculated using a discount rate that is 1 percentage point lower (2.77%) or 1 percentage point higher (4.77%) than the current rate.

	1% Decrease to 2.77%	Current Discount Rate Assumption 3.77%	1% Increase to 4.77%
SDBF	\$ 2,359,336	\$ 1,934,990	\$ 1,609,483
RHCP	7,575,985	6,851,449	6,203,031

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

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
RHCP	\$ 5,907,883	\$ 6,851,449	\$ 7,994,260

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, 2024, the City recognized OPEB expense of \$110,842 relating to the SDBF plan and OPEB expense of \$775,513 relating to the RHCP plan. Total OPEB expense for the two plans was \$886,355.

As of September 30, 2024, 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	\$ 46,047	\$ 73,155	\$ 222,190	\$ 364,924
Changes in assumptions and other inputs	402,125	732,290	483,257	519,903
Contributions subsequent to the measurement date	34,198	-	136,431	-
Total	\$ 482,370	\$ 805,445	\$ 841,878	\$ 884,827

Total OPEB deferred outflows: \$ 1,324,248
Total OPEB deferred inflows: \$ 1,690,272

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, 2025.

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
2025	\$ (41,565)	\$ 16,730
2026	(45,190)	16,730
2027	(55,006)	16,730
2028	(103,338)	(1,398)
2029	(115,022)	(26,316)
Thereafter	2,848	(201,856)
Totals	\$ (357,273)	\$ (179,380)

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 4.05% as of December 31, 2022 to 3.77% as of December 31, 2023. 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, 2024, were approximately \$5.0 million. Estimated payments for the year ending September 30, 2025 budget are \$5.9 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 \$1.3 million from the participating MUDs and Fort Bend County in the year ended September 30, 2024, 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, 2024, 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, 2024, 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	\$ 1,531,296	\$ 485,799	\$ 633,973	\$ 2,651,068
Other	35,193	-	4,199	39,392
	<u>\$ 1,566,489</u>	<u>\$ 485,799</u>	<u>\$ 638,172</u>	<u>\$ 2,690,460</u>
Component unit - Sugar Land 4b Corporation:				
Sugar Land Baseball, LLC	\$ 65,736	-	\$ 41,659	\$ 107,395

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, 2024, inflows of resources (revenues) from regulated leases were \$1,550,038.

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 \$43,044 in additional participation rent in the fiscal year ended September 30, 2024. The City received \$442,755 for its 20% share of parking revenue and \$0 in capital fund contributions from ATG in the fiscal year ended September 30, 2024.

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 1st 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 2024, 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
2025	\$ 642,488
2026	641,210
2027	577,544
2028	574,964
2029	584,848
2030-2034	2,649,053
2035-2039	2,309,421
2040-2044	1,147,353
2045-2049	887,264
2050-2052	74,360
	<u>\$ 10,088,505</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, 2024, outflows of resources from leases which are included in the measurement of the lease liability balance as of September 30, 2024, are as follows:

	Fixed Payments		Variable Payments	Total Outflows of Resources
	Principal Component	Interest Component		
Included in lease liability:				
Primary government:				
Equipment - cameras	\$ 242,093	\$ 757	\$ -	\$ 242,850

Principal and interest requirements to maturity as of September 30, 2024, are as follows:

Year	Principal	Interest	Total
2025	\$ 176,802	\$ 25,698	\$ 202,500
2026	182,903	19,597	202,500
2027	189,215	13,285	202,500
2028	195,745	6,755	202,500
	<u>\$ 744,665</u>	<u>\$ 65,335</u>	<u>\$ 810,000</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
2025	\$ 2,529,226
2026	2,120,426
2027	1,855,426
2028	310,426
2029	310,426
2030	310,426
2031	199,226
2032	189,000
Totals	\$ 7,824,580

Litigation and Other Contingencies

The City was involved in various lawsuits and arbitration proceedings at September 30, 2024. 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, 2024.

Brooks Lake Diversion Weir Agreement

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

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

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

City of Sugar Land, Texas
Notes to the Financial Statements

The City completed construction of the Brooks Lake Diversion Weir system to replace the existing Amil Gates in 2019, at an actual cost of \$4,241,402; GCWA's 50% portion is \$2,120,701. To date, the City has received \$1,750,000 from GCWA with payment of \$250,000 in fiscal year 2024.

Arbitrage Rebate

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

Note 14. 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, 2024, outflows of resources from SBITAs which are included in the measurement of the subscription liability balance as of September 30, 2024, are as follows:

	Fixed Payments		Variable Payments	Total Outflows of Resources
	Principal Component	Interest Component		
Included in subscription liability:				
Primary government:				
Software - subscriptions	\$ 2,159,641	\$ 52,779	\$ -	\$ 2,212,420
Discretely presented component units:				
Software - subscriptions	\$ 8,750	\$ -	\$ -	\$ 8,750

Principal and interest requirements to maturity as of September 30, 2024, are as follows:

Year	Principal	Interest	Total
2025	\$ 1,481,262	\$ 141,878	\$ 1,623,140
2026	1,358,988	93,001	1,451,989
2027	809,299	50,683	859,982
2028	798,488	25,136	823,624
2029	3,418	20	3,438
	<u>\$ 4,451,455</u>	<u>\$ 310,718</u>	<u>\$ 4,762,173</u>

City of Sugar Land, Texas
Notes to the Financial Statements

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, 2024, 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 2024. Estimates of claims payable and of claims incurred, but not reported at September 30, 2024, 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, 2024. Because actual claims liabilities depend on such complex factors as inflation, changes in legal requirements, and damage awards, the process used in computing claims liability is an estimate based on historical claims.

Note 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.

City of Sugar Land, Texas

Notes to the Financial Statements

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

The City has 8 active tax abatement agreements under contract for tax year 2023. These companies comprise \$200 million in real and personal property values. They also provide \$28 million in inventory values not subject to tax abatement. In tax year 2023, the City abated \$87.4 million in improvements and personal property value, and the revenue received for real and personal property from these companies was \$394,773 for tax year 2023.

Required Supplementary Information



City of Sugar Land, Texas
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
Major Fund – General Fund
For the Fiscal Year Ended September 30, 2024

	Budget		Actual Amounts Budgetary Basis	Variance Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 39,928,632	\$ 39,938,859	\$ 39,288,157	\$ (650,702)
Sales tax	48,299,650	52,481,293	52,977,640	496,347
Franchise and other taxes	6,395,408	6,347,000	6,309,595	(37,405)
Licenses and permits	3,500,997	3,843,000	3,881,170	38,170
Fines and forfeitures	1,353,116	1,217,000	1,211,710	(5,290)
Charges for services	12,216,601	12,835,909	13,195,030	359,121
Investment earnings	1,685,513	2,723,213	3,740,914	1,017,701
Intergovernmental	1,304,086	1,817,183	1,820,062	2,879
Other	961,754	1,895,755	1,868,680	(27,075)
Total revenues	115,645,757	123,099,212	124,292,958	1,193,746
EXPENDITURES				
Current:				
General government	27,733,056	29,134,269	27,644,325	1,489,944
Administrative services	5,893,750	5,580,577	5,641,005	(60,428)
Public safety - Police	29,162,952	29,910,521	29,466,608	443,913
Public safety - Dispatch	3,180,457	3,459,300	3,420,333	38,967
Public safety - Fire	21,581,806	23,250,613	23,499,555	(248,942)
Public works	11,942,833	12,163,117	12,407,075	(243,958)
Parks and recreation	6,283,461	7,049,503	6,906,192	143,311
Community development	6,936,573	7,632,593	6,919,452	713,141
Environmental and neighborhood services	9,230,797	10,146,369	9,442,500	703,869
Debt service	-	-	-	-
Total expenditures	121,945,685	128,326,862	125,347,045	2,979,817
Excess (deficiency) of revenues over expenditures	(6,299,928)	(5,227,650)	(1,054,087)	4,173,563
OTHER FINANCING SOURCES (USES)				
Transfers in	309,000	309,000	309,000	-
Transfers out	(377,419)	(1,618,490)	(1,638,523)	20,033
Total other financing sources (uses)	(68,419)	(1,309,490)	(1,329,523)	20,033
Net change in fund balance - budgetary basis	(6,368,347)	(6,537,140)	(2,383,610)	4,193,596
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			1,318	
Leases - expenditures			(986,758)	
Leases - other financing source			986,758	
Subscriptions - expenditures			(6,040,064)	
Subscriptions - other financing source			6,040,064	
Net modified accrual-basis adjustments			1,318	
Net change in fund balance - GAAP basis			(2,382,292)	
Fund balances, beginning of year - GAAP basis			57,836,510	
FUND BALANCE, END OF YEAR - GAAP BASIS			\$ 55,454,218	

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, 2024

Budgetary Compliance

The City of Sugar Land has complied with all material budget requirements for the year ended September 30, 2024.

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.

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

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

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
TOTAL PENSION LIABILITY					
Service cost	\$ 12,305,538	\$ 10,887,959	\$ 10,217,918	\$ 10,345,462	\$ 9,691,514
Interest	22,901,903	21,371,086	19,862,938	18,475,352	17,163,025
Differences between expected and actual experience	2,213,420	462,948	2,275,861	1,056,187	(822,166)
Changes in assumptions	(1,312,540)	-	-	-	684,730
Benefit payments, including refunds of employee contributions	(11,138,702)	(10,365,315)	(10,332,299)	(8,180,493)	(7,023,908)
Net change in total pension liability	24,969,619	22,356,678	22,024,418	21,696,508	19,693,195
Total pension liability - beginning	338,704,033	316,347,355	294,322,937	272,626,429	252,933,234
TOTAL PENSION LIABILITY - ENDING (a)	<u>\$ 363,673,652</u>	<u>\$ 338,704,033</u>	<u>\$ 316,347,355</u>	<u>\$ 294,322,937</u>	<u>\$ 272,626,429</u>
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 9,960,443	\$ 8,812,308	\$ 8,346,084	\$ 8,464,705	\$ 7,950,423
Contributions - employee	4,855,124	4,298,686	4,048,693	4,059,318	3,765,424
Net investment income	33,775,914	(22,754,475)	35,724,644	19,029,622	32,960,678
Benefit payments, including refunds of employee contributions	(11,138,702)	(10,365,315)	(10,332,299)	(8,180,493)	(7,023,908)
Administrative expense	(214,491)	(196,625)	(165,067)	(122,994)	(186,022)
Other	(1,498)	234,632	1,131	(4,799)	(5,589)
Net change in plan fiduciary net position	37,236,790	(19,970,789)	37,623,186	23,245,359	37,461,006
Plan fiduciary net position - beginning	291,308,372	311,279,161	273,655,975	250,410,616	212,949,610
PLAN FIDUCIARY NET POSITION - ENDING (b)	<u>\$ 328,545,162</u>	<u>\$ 291,308,372</u>	<u>\$ 311,279,161</u>	<u>\$ 273,655,975</u>	<u>\$ 250,410,616</u>
NET PENSION LIABILITY - ENDING (a)-(b)	<u>\$ 35,128,490</u>	<u>\$ 47,395,661</u>	<u>\$ 5,068,194</u>	<u>\$ 20,666,962</u>	<u>\$ 22,215,813</u>
Plan fiduciary net position as a percentage of total pension liability	90.34%	86.01%	98.40%	92.98%	91.85%
Covered payroll	\$ 69,366,053	\$ 61,409,806	\$ 57,404,032	\$ 57,990,258	\$ 53,752,159
Net pension liability as a percentage of covered payroll	50.64%	77.18%	8.83%	35.64%	41.33%

Notes to Required Supplementary Information:

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

Measurement years:	<u>2014</u>	<u>2015 - 2023</u>
Inflation	3.00%	2.50%
Investment rate of return	7.00%	6.75%
Discount rate	7.00%	6.75%

*GASB Statement No. 68 requires that the information on this schedule correspond with the period covered as of the plan measurement date (December 31 of the prior year).

2018	2017	2016	2015	2014
\$ 9,388,573	\$ 9,074,683	\$ 8,454,923	\$ 8,049,539	\$ 6,851,489
15,982,991	14,773,403	13,448,410	12,692,457	11,663,572
(1,631,866)	(451,230)	2,302,226	3,187,321	(793,047)
-	-	-	(2,120,835)	-
(5,794,458)	(5,473,504)	(4,298,333)	(3,894,213)	(3,351,164)
17,945,240	17,923,352	19,907,226	17,914,269	14,370,850
234,987,994	217,064,642	197,157,416	179,243,147	164,872,297
<u>\$ 252,933,234</u>	<u>\$ 234,987,994</u>	<u>\$ 217,064,642</u>	<u>\$ 197,157,416</u>	<u>\$ 179,243,147</u>
\$ 7,856,693	\$ 7,432,931	\$ 6,863,791	\$ 6,787,295	\$ 6,171,200
3,634,956	3,503,739	3,266,250	3,144,351	2,801,455
(6,409,298)	25,390,226	11,233,878	236,145	8,361,151
(5,794,458)	(5,473,504)	(4,298,333)	(3,894,213)	(3,351,164)
(123,770)	(131,498)	(126,810)	(143,822)	(87,280)
(6,466)	(6,665)	(6,832)	(7,103)	(7,176)
(842,343)	30,715,229	16,931,944	6,122,653	13,888,186
213,791,953	183,076,724	166,144,780	160,022,127	146,133,941
<u>\$ 212,949,610</u>	<u>\$ 213,791,953</u>	<u>\$ 183,076,724</u>	<u>\$ 166,144,780</u>	<u>\$ 160,022,127</u>
<u>\$ 39,983,624</u>	<u>\$ 21,196,041</u>	<u>\$ 33,987,918</u>	<u>\$ 31,012,636</u>	<u>\$ 19,221,020</u>
84.19%	90.98%	84.34%	84.27%	89.28%
\$ 51,927,946	\$ 50,053,408	\$ 46,660,720	\$ 44,919,301	\$ 40,020,785
77.00%	42.35%	72.84%	69.04%	48.03%

City of Sugar Land, Texas

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 11,157,528	\$ 9,615,627	\$ 8,652,840	\$ 8,297,688	\$ 8,106,158
Contributions in relation to the actuarially determined contribution	<u>(11,157,528)</u>	<u>(9,615,627)</u>	<u>(8,652,840)</u>	<u>(8,297,688)</u>	<u>(8,106,158)</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 76,785,763	\$ 66,973,280	\$ 60,208,808	\$ 57,320,934	\$ 55,364,242
Contributions as a percentage of covered payroll	14.5%	14.4%	14.4%	14.5%	14.6%

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	22 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.

2019	2018	2017	2016	2015
\$ 7,917,557	\$ 7,828,102	\$ 7,371,464	\$ 7,182,639	\$ 6,731,282
(7,917,557)	(7,828,102)	(7,371,464)	(7,182,639)	(6,731,282)
<u>\$ -</u>				
\$ 53,277,303	\$ 51,481,994	\$ 49,279,670	\$ 48,031,610	\$ 43,906,341
14.9%	15.2%	15.0%	15.0%	15.3%

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)	2023	2022	2021	2020	2019	2018	2017
TOTAL OPEB LIABILITY							
Service cost	\$ 76,303	\$ 153,525	\$ 143,510	\$ 121,780	\$ 80,628	\$ 88,278	\$ 75,080
Interest	69,856	46,793	47,037	51,763	53,760	48,529	45,918
Change of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	22,369	37,472	(63,422)	(39,215)	(39,591)	(26,653)	-
Changes in assumptions	100,592	(984,329)	82,843	338,761	323,442	(118,129)	128,880
Benefit payments	(41,620)	(24,564)	(22,962)	(5,799)	(5,375)	(5,193)	(5,005)
Net change in total OPEB liability	227,500	(771,103)	187,006	467,290	412,864	(13,168)	244,873
Total OPEB liability - beginning	1,707,490	2,478,593	2,291,587	1,824,297	1,411,433	1,424,601	1,179,728
TOTAL OPEB LIABILITY - ENDING	\$ 1,934,990	\$ 1,707,490	\$ 2,478,593	\$ 2,291,587	\$ 1,824,297	\$ 1,411,433	\$ 1,424,601
Covered-employee payroll	\$ 69,366,053	\$ 61,409,806	\$ 57,404,032	\$ 57,990,258	\$ 53,752,159	\$ 51,927,946	\$ 50,053,408
Total OPEB liability as a percentage of covered-employee payroll	2.79%	2.78%	4.32%	3.95%	3.39%	2.72%	2.85%
Retiree Health Care Plan (RHCP)	2023	2022	2021	2020	2019	2018	2017
TOTAL OPEB LIABILITY							
Service cost	\$ 501,906	\$ 572,455	\$ 435,924	\$ 367,876	\$ 290,583	\$ 283,352	\$ 226,834
Interest	256,877	120,641	129,280	151,305	182,637	143,990	146,451
Change of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	5,364	(454,169)	76,280	137,438	15,885	186,156	(4,427)
Changes in assumptions	72,125	(259,862)	(445,815)	429,497	169,233	42,490	194,701
Benefit payments	(153,037)	(162,432)	(180,231)	(136,099)	(99,515)	(74,311)	(96,770)
Net change in total OPEB liability	683,235	(183,367)	15,438	950,017	558,823	581,677	466,789
Total OPEB liability - beginning	6,168,214	6,351,581	6,336,143	5,386,126	4,827,303	4,245,626	3,778,837
TOTAL OPEB LIABILITY - ENDING	\$ 6,851,449	\$ 6,168,214	\$ 6,351,581	\$ 6,336,143	\$ 5,386,126	\$ 4,827,303	\$ 4,245,626
Covered-employee payroll	\$ 69,486,825	\$ 61,498,283	\$ 57,993,537	\$ 58,141,056	\$ 53,752,159	\$ 51,927,946	\$ 50,053,408
Total OPEB liability as a percentage of covered-employee payroll	9.86%	10.03%	10.95%	10.90%	10.02%	9.30%	8.48%

Notes to Required Supplementary Information

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

Year	Discount Rate
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.

City of Sugar Land, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2024

	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
ASSETS							
Cash and cash equivalents	\$ 9,850	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables (net of allowance for uncollectibles)	821,138	350	216	3,494	74,532	1,662,964	34,391
Inventories	10,090	-	-	-	-	-	-
Prepaid items	1,797	-	-	-	-	37,378	-
Restricted cash and cash equivalents	1,192,837	88,137	54,815	843,054	2,315,216	12,828,037	60,257
Restricted investments	1,246,912	-	-	-	1,242,627	15,220,048	-
Total assets	\$ 3,282,624	\$ 88,487	\$ 55,031	\$ 846,548	\$ 3,632,375	\$ 29,748,427	\$ 94,648
LIABILITIES							
Accounts payable	\$ 16,690	\$ -	\$ -	\$ -	\$ -	\$ 387,829	\$ 4,369
Accrued expenditures	10,635	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	27,325	-	-	-	-	387,829	4,369
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenue	-	-	-	-	-	-	29,679
Total deferred inflows of resources	-	-	-	-	-	-	29,679
FUND BALANCES							
Nonspendable:							
Inventories	10,090	-	-	-	-	-	-
Prepaid items	1,797	-	-	-	-	37,378	-
Restricted for:							
General government	-	-	-	-	-	-	-
Debt service	-	-	-	-	3,632,375	3,826,742	60,600
Economic development activities	-	-	-	-	-	25,496,478	-
Public safety	-	88,487	55,031	846,548	-	-	-
Tourism and marketing	3,243,412	-	-	-	-	-	-
Environmental and neighborhood services	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Total fund balances	3,255,299	88,487	55,031	846,548	3,632,375	29,360,598	60,600
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,282,624	\$ 88,487	\$ 55,031	\$ 846,548	\$ 3,632,375	\$ 29,748,427	\$ 94,648

Truancy Prevention Fund	Jury Services	Animal Shelter Donations	Public Education and Government Fund	American Rescue Plan Act Fund	Public Arts	Opioid Litigation	Total Nonmajor Governmental Funds
\$ 157,155	\$ 3,549	\$ -	\$ -	\$ -	\$ 1,093,811	\$ 47,543	\$ 1,311,908
640	14	771	31,916	12,495	4,166	212	2,647,299
-	-	-	-	-	-	-	10,090
-	-	-	-	-	3,787	-	42,962
-	-	190,949	220,779	935,453	-	-	18,729,534
-	-	-	-	3,476,445	-	-	21,186,032
<u>\$ 157,795</u>	<u>\$ 3,563</u>	<u>\$ 191,720</u>	<u>\$ 252,695</u>	<u>\$ 4,424,393</u>	<u>\$ 1,101,764</u>	<u>\$ 47,755</u>	<u>\$ 43,927,825</u>
\$ -	\$ -	\$ 1,525	\$ 118,389	\$ 55,321	\$ 1,833	\$ -	\$ 585,956
-	-	-	-	-	-	-	10,635
-	-	-	-	4,005,508	-	-	4,005,508
-	-	1,525	118,389	4,060,829	1,833	-	4,602,099
-	-	-	-	-	-	-	29,679
-	-	-	-	-	-	-	29,679
-	-	-	-	-	-	-	10,090
-	-	-	-	-	3,787	-	42,962
-	-	-	134,306	-	-	-	134,306
-	-	-	-	-	-	-	7,519,717
-	-	-	-	-	1,096,144	-	26,592,622
157,795	3,563	-	-	-	-	47,755	1,199,179
-	-	-	-	-	-	-	3,243,412
-	-	190,195	-	-	-	-	190,195
-	-	-	-	363,564	-	-	363,564
<u>157,795</u>	<u>3,563</u>	<u>190,195</u>	<u>134,306</u>	<u>363,564</u>	<u>1,099,931</u>	<u>47,755</u>	<u>39,296,047</u>
<u>\$ 157,795</u>	<u>\$ 3,563</u>	<u>\$ 191,720</u>	<u>\$ 252,695</u>	<u>\$ 4,424,393</u>	<u>\$ 1,101,764</u>	<u>\$ 47,755</u>	<u>\$ 43,927,825</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, 2024

	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
REVENUES							
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,829,607	\$ -
Franchise and other taxes	2,988,608	-	-	-	-	-	47,310
Fines and forfeitures	-	38,416	31,996	-	-	-	-
Investment earnings	151,295	3,826	2,541	43,806	164,032	1,334,967	4,099
Intergovernmental	-	-	-	-	553,492	1,793,000	-
Other	34,690	-	-	405,662	-	47,209	-
Total revenues	3,174,593	42,242	34,537	449,468	717,524	12,004,783	51,409
EXPENDITURES							
Current:							
General government	1,067,499	-	-	-	-	2,364,029	-
Administrative services	-	10,388	25,556	-	-	1,010,945	-
Public safety - Police	-	-	-	32,829	-	-	-
Public safety - Fire	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Environmental and neighborhood services	-	-	-	-	-	-	-
Debt service:							
Principal	26,250	-	-	-	-	2,295,000	-
Interest and other charges	-	-	-	-	-	1,618,356	-
Capital outlay	-	-	-	23,680	-	280,169	-
Total expenditures	1,093,749	10,388	25,556	56,509	-	7,568,499	-
Excess (deficiency) of revenues over (under) expenditures	2,080,844	31,854	8,981	392,959	717,524	4,436,284	51,409
OTHER FINANCING SOURCES (USES)							
Subscriptions - other financing source	51,560	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	90,789
Transfers out	(1,338,225)	-	-	-	-	(50,000)	(137,569)
Total other financing sources (uses)	(1,286,665)	-	-	-	-	(50,000)	(46,780)
Net change in fund balances	794,179	31,854	8,981	392,959	717,524	4,386,284	4,629
Fund balances, beginning of year	2,461,120	56,633	46,050	453,589	2,914,851	24,974,314	55,971
FUND BALANCES, END OF YEAR	\$ 3,255,299	\$ 88,487	\$ 55,031	\$ 846,548	\$ 3,632,375	\$ 29,360,598	\$ 60,600

Truancy Prevention Fund	Jury Services	Animal Shelter Donations	Public Education and Government Fund	American Rescue Plan Act Fund	Public Arts	Opioid Litigation	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,829,607
-	-	-	135,052	-	-	-	3,170,970
37,947	759	-	-	-	-	-	109,118
7,770	160	9,444	15,696	363,564	32,043	4,579	2,137,822
-	-	-	-	3,438,072	-	-	5,784,564
-	-	36,665	-	-	957,305	19,638	1,501,169
45,717	919	46,109	150,748	3,801,636	989,348	24,217	21,533,250
19,127	-	-	256,016	343,813	331,294	-	4,381,778
-	-	-	-	-	-	-	1,046,889
-	-	-	-	-	-	-	32,829
-	-	-	-	-	-	134,633	134,633
-	-	-	-	1,256,953	-	-	1,256,953
-	-	29,903	-	564,346	-	-	594,249
-	-	-	-	-	-	19,198	2,340,448
-	-	-	-	-	-	-	1,618,356
-	-	-	143,407	1,272,960	94,900	29,900	1,845,016
19,127	-	29,903	399,423	3,438,072	426,194	183,731	13,251,151
26,590	919	16,206	(248,675)	363,564	563,154	(159,514)	8,282,099
-	-	-	-	-	-	104,007	155,567
-	-	-	-	-	286,293	-	377,082
-	-	-	-	-	-	-	(1,525,794)
-	-	-	-	-	286,293	104,007	(993,145)
26,590	919	16,206	(248,675)	363,564	849,447	(55,507)	7,288,954
131,205	2,644	173,989	382,981	-	250,484	103,262	32,007,093
\$ 157,795	\$ 3,563	\$ 190,195	\$ 134,306	\$ 363,564	\$ 1,099,931	\$ 47,755	\$ 39,296,047

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, 2024

With Comparative Actual Totals for the Year Ended September 30, 2023

	2024			2023
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
REVENUES				
Property taxes	\$ 27,914,021	\$ 27,901,778	\$ (12,243)	\$ 25,993,573
Investment earnings	669,700	895,936	226,236	520,005
Other	2,132,269	2,138,131	5,862	2,091,247
Total revenues	30,715,990	30,935,845	219,855	28,604,825
EXPENDITURES				
Current:				
Administrative services	2,284,210	2,071,046	213,164	1,975,312
Debt service:				
Principal	22,317,806	22,317,806	-	20,578,194
Interest and other charges	8,248,150	8,240,588	7,562	8,667,960
Bond issuance costs	49,000	42,059	6,941	21,425
Total expenditures	32,899,166	32,671,499	227,667	31,242,891
Excess (deficiency) of revenues over expenditures	(2,183,176)	(1,735,654)	447,522	(2,638,066)
OTHER FINANCING SOURCES (USES)				
Premium on debt issued	-	2,527	2,527	19,095
Transfers in	5,425,208	5,425,208	-	5,677,871
Transfers out	(258,370)	(263,055)	4,685	(242,776)
Total other financing sources (uses)	5,166,838	5,164,680	7,212	5,454,190
Net change in fund balance - budgetary basis	2,983,662	3,429,026	454,734	2,816,124

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	341,535
Net modified accrual-basis adjustments	341,535
Net change in fund balance - GAAP basis	3,770,561
Fund balance, beginning of year - GAAP basis	11,011,073
FUND BALANCE, END OF YEAR - GAAP BASIS	\$ 14,781,634

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, 2024

With Comparative Actual Totals for the Year Ended September 30, 2023

	2024			2023
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
REVENUES				
Franchise and other taxes	\$ 2,800,000	\$ 2,988,608	\$ 188,608	\$ 2,720,295
Investment earnings	95,000	151,295	56,295	65,920
Other	19,991	34,690	14,699	39,371
Total revenues	2,914,991	3,174,593	259,602	2,825,586
EXPENDITURES				
Current:				
General government	1,160,959	1,042,189	118,770	729,411
Capital outlay	-	-	-	14,197
Total expenditures	1,160,959	1,042,189	118,770	743,608
Excess (deficiency) of revenues over expenditures	1,754,032	2,132,404	378,372	2,081,978
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,338,225)	(1,338,225)	-	(1,344,078)
Total other financing sources (uses)	(1,338,225)	(1,338,225)	-	(1,344,078)
Net change in fund balance - budgetary basis	415,807	794,179	378,372	737,900

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	(51,560)
Subscriptions - other financing source	51,560
Net modified accrual-basis adjustments	-
Net change in fund balance - GAAP basis	794,179
Fund balance, beginning of year - GAAP basis	2,461,120
FUND BALANCE, END OF YEAR - GAAP BASIS	\$ 3,255,299

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, 2024

With Comparative Actual Totals for the Year Ended September 30, 2023

	2024			2023
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
REVENUES				
Fines and forfeitures	\$ 34,500	\$ 38,416	\$ 3,916	\$ 45,412
Investment earnings	3,000	3,826	826	1,502
Total revenues	37,500	42,242	4,742	47,014
EXPENDITURES				
Current:				
Administrative services	28,000	10,388	17,612	-
Total expenditures	28,000	10,388	17,612	-
Net change in fund balance - budgetary basis	9,500	31,854	22,354	47,014

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	31,854
Fund balance, beginning of year - GAAP basis	56,633
FUND BALANCE, END OF YEAR - GAAP BASIS	\$ 88,487

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, 2024

With Comparative Actual Totals for the Year Ended September 30, 2023

	2024			2023
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
REVENUES				
Fines and forfeitures	\$ 28,500	\$ 31,996	\$ 3,496	\$ 38,300
Investment earnings	2,000	2,541	541	1,665
Total revenues	30,500	34,537	4,037	39,965
EXPENDITURES				
Current:				
Administrative services	20,255	25,556	(5,301)	24,773
Total expenditures	20,255	25,556	(5,301)	24,773
Net change in fund balance - budgetary basis	10,245	8,981	(1,264)	15,192
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		8,981		
Fund balance, beginning of year - GAAP basis		46,050		
FUND BALANCE, END OF YEAR - GAAP BASIS		<u>\$ 55,031</u>		

City of Sugar Land, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance – Budget and Actual

Nonmajor Special Revenue Fund – Law Enforcement Grant Fund

For the Fiscal Year Ended September 30, 2024

With Comparative Actual Totals for the Year Ended September 30, 2023

	2024			2023
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
REVENUES				
Investment earnings	\$ 44,979	\$ 43,806	\$ (1,173)	\$ 20,250
Other	405,599	405,662	63	177,304
Total revenues	450,578	449,468	(1,110)	197,554
EXPENDITURES				
Current:				
Public safety - Police	32,829	32,829	-	108,967
Capital outlay	23,680	23,680	-	14,100
Total expenditures	56,509	56,509	-	123,067
Net change in fund balance - budgetary basis	394,069	392,959	(1,110)	74,487
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		392,959		
Fund balance, beginning of year - GAAP basis		453,589		
FUND BALANCE, END OF YEAR - GAAP BASIS		<u>\$ 846,548</u>		

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, 2024

With Comparative Actual Totals for the Year Ended September 30, 2023

	2024			2023
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
REVENUES				
Investment earnings	\$ 103,345	\$ 164,032	\$ 60,687	\$ 96,023
Intergovernmental	650,601	553,492	(97,109)	617,007
Total revenues	753,946	717,524	(36,422)	713,030
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance - budgetary basis	753,946	717,524	(36,422)	713,030
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		717,524		
Fund balance, beginning of year - GAAP basis		2,914,851		
FUND BALANCE, END OF YEAR - GAAP BASIS		<u>\$ 3,632,375</u>		

City of Sugar Land, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance – Budget and Actual

Nonmajor Special Revenue Fund – Sugar Land Development Corporation Fund

For the Fiscal Year Ended September 30, 2024

With Comparative Actual Totals for the Year Ended September 30, 2023

	2024			2023
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
REVENUES				
Sales tax	\$ 8,746,882	\$ 8,829,607	\$ 82,725	\$ 8,405,963
Investment earnings	750,000	1,334,967	584,967	792,494
Intergovernmental	2,000,000	1,793,000	(207,000)	2,000,000
Other	43,044	47,209	4,165	4,818,710
Total revenues	11,539,926	12,004,783	464,857	16,017,167
EXPENDITURES				
Current:				
General government	2,799,608	2,364,029	435,579	2,489,910
Administrative services	874,097	1,010,945	(136,848)	870,790
Debt service:				
Principal	2,295,000	2,295,000	-	2,205,000
Interest and other charges	1,620,581	1,618,356	2,225	1,743,231
Capital outlay	3,326,162	280,169	3,045,993	111,134
Total expenditures	10,915,448	7,568,499	3,346,949	7,420,065
Excess (deficiency) of revenues over expenditures	624,478	4,436,284	3,811,806	8,597,102
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000,000	-	(2,000,000)	-
Transfers out	(50,000)	(50,000)	-	(50,000)
Total other financing sources (uses)	1,950,000	(50,000)	(2,000,000)	(50,000)
Net change in fund balance - budgetary basis	2,574,478	4,386,284	1,811,806	8,547,102
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		4,386,284		
Fund balance, beginning of year - GAAP basis		24,974,314		
FUND BALANCE, END OF YEAR - GAAP BASIS		\$ 29,360,598		

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, 2024

With Comparative Actual Totals for the Year Ended September 30, 2023

	2024			2023
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
REVENUES				
Franchise and other taxes	\$ 47,122	\$ 47,310	\$ 188	\$ 59,214
Investment earnings	4,035	4,099	64	3,584
Total revenues	51,157	51,409	252	62,798
EXPENDITURES				
Current:				
Administrative services	60	-	60	56
Total expenditures	60	-	60	56
Excess (deficiency) of revenues over expenditures	51,097	51,409	312	62,742
OTHER FINANCING SOURCES (USES)				
Transfers in	90,790	90,789	(1)	79,430
Transfers out	(137,569)	(137,569)	-	(146,969)
Total other financing sources (uses)	(46,779)	(46,780)	(1)	(67,539)
Net change in fund balance - budgetary basis	4,318	4,629	311	(4,797)
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		4,629		
Fund balance, beginning of year - GAAP basis		55,971		
FUND BALANCE, END OF YEAR - GAAP BASIS		<u>\$ 60,600</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, 2024

With Comparative Actual Totals for the Year Ended September 30, 2023

	2024			2023
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
REVENUES				
Fines and forfeitures	\$ 37,000	\$ 37,947	\$ 947	\$ 44,178
Investment earnings	7,000	7,770	770	4,494
Total revenues	44,000	45,717	1,717	48,672
EXPENDITURES				
Current:				
General government	17,688	19,127	(1,439)	-
Total expenditures	17,688	19,127	(1,439)	-
Net change in fund balance - budgetary basis	26,312	26,590	278	48,672

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	26,590
Fund balance, beginning of year - GAAP basis	131,205
FUND BALANCE, END OF YEAR - GAAP BASIS	\$ 157,795

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, 2024

With Comparative Actual Totals for the Year Ended September 30, 2023

	2024			2023
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
REVENUES				
Fines and forfeitures	\$ 700	\$ 759	\$ 59	\$ 904
Investment earnings	100	160	60	90
Total revenues	800	919	119	994
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance - budgetary basis	800	919	119	994

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	919
Fund balance, beginning of year - GAAP basis	2,644
FUND BALANCE, END OF YEAR - GAAP BASIS	\$ 3,563

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, 2024

With Comparative Actual Totals for the Year Ended September 30, 2023

	2024			2023
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
REVENUES				
Investment earnings	\$ 9,000	\$ 9,444	\$ 444	\$ 6,514
Other	35,000	36,665	1,665	34,787
Total revenues	44,000	46,109	2,109	41,301
EXPENDITURES				
Current:				
Environmental and neighborhood services	39,000	29,903	9,097	10,404
Total expenditures	39,000	29,903	9,097	10,404
Net change in fund balance - budgetary basis	5,000	16,206	11,206	30,897

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	16,206
Fund balance, beginning of year - GAAP basis	173,989
FUND BALANCE, END OF YEAR - GAAP BASIS	\$ 190,195

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, 2024

With Comparative Actual Totals for the Year Ended September 30, 2023

	2024			2023
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
REVENUES				
Franchise and other taxes	\$ 139,000	\$ 135,052	\$ (3,948)	\$ 156,599
Investment earnings	16,000	15,696	(304)	13,473
Other	-	-	-	37,080
Total revenues	155,000	150,748	(4,252)	207,152
EXPENDITURES				
Current:				
General government	233,347	256,016	(22,669)	169,908
Capital outlay	55,000	143,407	(88,407)	43,046
Total expenditures	288,347	399,423	(111,076)	212,954
Excess (deficiency) of revenues over expenditures	(133,347)	(248,675)	(115,328)	(5,802)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	203,638
Total other financing sources (uses)	-	-	-	203,638
Net change in fund balance - budgetary basis	(133,347)	(248,675)	(115,328)	197,836
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		(248,675)		
Fund balance, beginning of year - GAAP basis		382,981		
FUND BALANCE, END OF YEAR - GAAP BASIS		<u>\$ 134,306</u>		

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, 2024

With Comparative Actual Totals for the Year Ended September 30, 2023

	2024			2023
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
REVENUES				
Investment earnings	\$ 158,421	\$ 363,564	\$ 205,143	\$ -
Intergovernmental	-	3,438,072	3,438,072	3,815,665
Total revenues	158,421	3,801,636	3,643,215	3,815,665
EXPENDITURES				
Current:				
General government	408,259	343,813	64,446	77,451
Administrative services	-	-	-	49,830
Public safety - Police	172,250	-	172,250	549,535
Public safety - Dispatch	-	-	-	169,062
Public works	1,267,653	1,256,953	10,700	1,951,895
Environmental and neighborhood services	1,775,680	564,346	1,211,334	220,014
Capital outlay	3,689,071	1,272,960	2,416,111	797,878
Total expenditures	7,312,913	3,438,072	3,874,841	3,815,665
Net change in fund balance - budgetary basis	(7,154,492)	363,564	7,518,056	-
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		363,564		
Fund balance, beginning of year - GAAP basis		-		
FUND BALANCE, END OF YEAR - GAAP BASIS		<u>\$ 363,564</u>		

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, 2024

With Comparative Actual Totals for the Year Ended September 30, 2023

	2024			2023
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
REVENUES				
Investment earnings	\$ 17,000	\$ 32,043	\$ 15,043	\$ 6,935
Other	957,305	957,305	-	250,000
Total revenues	974,305	989,348	15,043	256,935
EXPENDITURES				
Current:				
General government	393,271	331,294	61,977	15,536
Capital outlay	1,047,502	94,900	952,602	217,752
Total expenditures	1,440,773	426,194	1,014,579	233,288
Excess (deficiency) of revenues over expenditures	(466,468)	563,154	(999,536)	23,647
OTHER FINANCING SOURCES (USES)				
Transfers in	286,293	286,293	-	226,837
Total other financing sources (uses)	286,293	286,293	-	226,837
Net change in fund balance - budgetary basis	(180,175)	849,447	(999,536)	250,484
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		849,447		
Fund balance, beginning of year - GAAP basis		250,484		
FUND BALANCE, END OF YEAR - GAAP BASIS		<u>\$ 1,099,931</u>		

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, 2024

With Comparative Actual Totals for the Year Ended September 30, 2023

	2024			2023
	Budget Final	Actual Budgetary Basis	Variance Positive (Negative)	
REVENUES				
Investment earnings	\$ 5,323	\$ 4,579	\$ (744)	\$ 2,317
Other	19,638	19,638	-	100,945
Total revenues	24,961	24,217	(744)	103,262
EXPENDITURES				
Current:				
Public safety - Police	50,533	-	50,533	-
Public safety - Fire	50,533	49,824	709	-
Capital outlay	-	29,900	(29,900)	-
Total expenditures	101,066	79,724	21,342	-
Excess (deficiency) of revenues over expenditures	(76,105)	(55,507)	20,598	103,262
Net change in fund balance - budgetary basis	(76,105)	(55,507)	20,598	103,262

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	(104,007)
Subscriptions - other financing source	104,007
Net modified accrual-basis adjustments	-
Net change in fund balance - GAAP basis	(55,507)
Fund balance, beginning of year - GAAP basis	103,262
FUND BALANCE, END OF YEAR - GAAP BASIS	\$ 47,755

City of Sugar Land, Texas

Nonmajor Enterprise Funds

September 30, 2024

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, 2024

	Solid Waste Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,099,906	\$ 892,718	\$ 6,992,624
Receivables, net of allowance for uncollectibles	1,213,490	240,748	1,454,238
Prepaid items	-	625	625
Total current assets	7,313,396	1,134,091	8,447,487
Noncurrent assets:			
Capital assets:			
Capital assets being depreciated	4,940	151,920	156,860
Total noncurrent assets	4,940	151,920	156,860
Total assets	7,318,336	1,286,011	8,604,347
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows relating to pension activities	58,701	68,030	126,731
Deferred outflows relating to OPEB activities	3,972	5,252	9,224
Total deferred outflows of resources	62,673	73,282	135,955
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	5,212,335	125,933	5,338,268
Noncurrent liabilities due within one year	21,119	10,197	31,316
Total current liabilities	5,233,454	136,130	5,369,584
Noncurrent liabilities:			
Due in more than one year	11,371	5,491	16,862
Net pension liability	105,385	128,247	233,632
Total OPEB liability	26,360	36,057	62,417
Total noncurrent liabilities	143,116	169,795	312,911
Total liabilities	5,376,570	305,925	5,682,495
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows relating to pension activities	3,797	5,714	9,511
Deferred inflows relating to OPEB activities	5,070	6,467	11,537
Total deferred inflows of resources	8,867	12,181	21,048
NET POSITION			
Investment in capital assets	4,940	151,920	156,860
Unrestricted	1,990,632	889,267	2,879,899
TOTAL NET POSITION	\$ 1,995,572	\$ 1,041,187	\$ 3,036,759

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, 2024

	Solid Waste Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for services	\$ 10,088,981	\$ 2,066,738	\$ 12,155,719
Total operating revenues	10,088,981	2,066,738	12,155,719
OPERATING EXPENSES			
Personnel services	346,309	484,471	830,780
Supplies and materials	6,078	86,825	92,903
Contractual services	14,667,648	232,844	14,900,492
Repairs and maintenance	9,975	637,583	647,558
Other expenses	37,184	74,880	112,064
Depreciation	9,880	22,541	32,421
Total operating expenses	15,077,074	1,539,144	16,616,218
Operating income (loss)	(4,988,093)	527,594	(4,460,499)
NONOPERATING REVENUES (EXPENSES)			
Interest and investment revenue	34,448	34,633	69,081
Miscellaneous revenue (expense)	(7,801)	(38)	(7,839)
Total nonoperating revenues (expenses)	26,647	34,595	61,242
Income (loss) before transfers	(4,961,446)	562,189	(4,399,257)
Transfers in	6,300,000	-	6,300,000
Transfers out	(309,000)	-	(309,000)
Change in net position	1,029,554	562,189	1,591,743
Net position, beginning of year	966,018	478,998	1,445,016
NET POSITION, END OF YEAR	\$ 1,995,572	\$ 1,041,187	\$ 3,036,759

City of Sugar Land, Texas
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended September 30, 2024

	Solid Waste Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund charges for services	\$ 10,175,797	\$ 2,056,441	\$ 12,232,238
Other receipts (disbursements)	(7,801)	(38)	(7,839)
Disbursed for personnel services	(348,464)	(488,061)	(836,525)
Disbursed for goods and services	(9,745,074)	(1,093,425)	(10,838,499)
Net cash provided by operating activities	74,458	474,917	549,375
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	6,300,000	-	6,300,000
Transfers to other funds	(309,000)	-	(309,000)
Net cash provided (used) by noncapital financing activities	5,991,000	-	5,991,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	-	-
Net cash used by capital and related financing activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	34,448	34,633	69,081
Net cash provided by investing activities	34,448	34,633	69,081
Net increase (decrease) in cash and cash equivalents	6,099,906	509,550	6,609,456
Cash and cash equivalents, beginning balance	-	383,168	383,168
CASH AND CASH EQUIVALENTS, ENDING BALANCE	\$ 6,099,906	\$ 892,718	\$ 6,992,624
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (4,988,093)	\$ 527,594	\$ (4,460,499)
Adjustments to reconcile operating income (loss) to cash provided by operating activities:			
Depreciation and amortization	9,880	22,541	32,421
Other disbursements for nonoperating expense	(7,801)	(38)	(7,839)
Changes in assets, liabilities and related deferrals:			
(Increase) decrease in assets and deferred outflows:			
Receivables, net of allowances	86,816	(10,297)	76,519
Prepaid items	-	22,095	22,095
Deferred outflows - net pension liability	30,710	51,184	81,894
Deferred outflows - OPEB	133	222	355
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable and accrued expenses	4,975,811	(83,388)	4,892,423
Net pension liability	(36,802)	(61,336)	(98,138)
OPEB liability	2,733	4,554	7,287
Deferred inflows - net pension liability	1,952	3,254	5,206
Deferred inflows - OPEB	(881)	(1,468)	(2,349)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 74,458	\$ 474,917	\$ 549,375

City of Sugar Land, Texas

Internal Service Funds

September 30, 2024

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, 2024

	Employee Benefits Fund	Fleet Replacement Fund	High- Technology Replacement Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,769,863	\$ 157,206	\$ 1,615,355	\$ 5,542,424
Cash with fiscal agent	759,000	-	-	759,000
Investments	253,027	248,519	750,335	1,251,881
Receivables, net of allowance for uncollectibles	39,893	6,149	9,387	55,429
Prepaid items	30,366	320,939	-	351,305
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	4,852,149	732,813	2,375,077	7,960,039
Noncurrent assets:				
Capital assets:				
Capital assets being depreciated	-	6,756,967	488,896	7,245,863
	<hr/>	<hr/>	<hr/>	<hr/>
Total noncurrent assets	-	6,756,967	488,896	7,245,863
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	4,852,149	7,489,780	2,863,973	15,205,902
LIABILITIES				
Current liabilities:				
Accounts payable	330,058	-	279,772	609,830
Claims and judgments	580,244	-	-	580,244
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	910,302	-	279,772	1,190,074
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	910,302	-	279,772	1,190,074
NET POSITION				
Investment in capital assets	-	6,756,967	488,896	7,245,863
Unrestricted	3,941,847	732,813	2,095,305	6,769,965
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL NET POSITION	<u>\$ 3,941,847</u>	<u>\$ 7,489,780</u>	<u>\$ 2,584,201</u>	<u>\$ 14,015,828</u>

City of Sugar Land, Texas

Combining Statement of Revenues, Expenses,
and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended September 30, 2024

	Employee Benefits Fund	Fleet Replacement Fund	High- Technology Replacement Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 15,534,413	\$ 1,383,051	\$ 1,059,980	\$ 17,977,444
Total operating revenues	15,534,413	1,383,051	1,059,980	17,977,444
OPERATING EXPENSES				
Personnel services	-	58,393	-	58,393
Supplies and materials	5,253	163,048	944,388	1,112,689
Contractual services	142,363	-	16,241	158,604
Repairs and maintenance	-	1,271	-	1,271
Insurance claims	15,109,317	-	-	15,109,317
Depreciation	-	1,470,047	205,731	1,675,778
Total operating expenses	15,256,933	1,692,759	1,166,360	18,116,052
Operating income (loss)	277,480	(309,708)	(106,380)	(138,608)
NONOPERATING REVENUES (EXPENSES)				
Interest and investment revenue	170,413	85,832	107,139	363,384
Gain (loss) on disposal of capital assets	-	287,998	610	288,608
Total nonoperating revenues (expenses)	170,413	373,830	107,749	651,992
Change in net position	447,893	64,122	1,369	513,384
Net position, beginning of year	3,493,954	7,425,658	2,582,832	13,502,444
NET POSITION, END OF YEAR	\$ 3,941,847	\$ 7,489,780	\$ 2,584,201	\$ 14,015,828

City of Sugar Land, Texas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2024

	Employee Benefits Fund	Fleet Replacement Fund	High- Technology Replacement Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund charges for services	\$ 15,528,734	\$ 1,400,395	\$ 1,064,584	\$ 17,993,713
Disbursed for personnel services	-	(58,393)	-	(58,393)
Disbursed for goods and services	(15,039,769)	(497,562)	(774,362)	(16,311,693)
Net cash provided by operating activities	488,965	844,440	290,222	1,623,627
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	(2,720,349)	(48,971)	(2,769,320)
Proceeds from sale of capital assets	-	321,026	610	321,636
Net cash used by capital and related financing activities	-	(2,399,323)	(48,361)	(2,447,684)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales (purchase) of investments, net	1,002,000	502,000	(248,000)	1,256,000
Interest received	145,491	59,661	90,936	296,088
Net cash provided (used) by investing activities	1,147,491	561,661	(157,064)	1,552,088
Net increase (decrease) in cash and cash equivalents	1,636,456	(993,222)	84,797	728,031
Cash and cash equivalents, beginning balance	2,892,407	1,150,428	1,530,558	5,573,393
CASH AND CASH EQUIVALENTS, ENDING BALANCE	\$ 4,528,863	\$ 157,206	\$ 1,615,355	\$ 6,301,424
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 277,480	\$ (309,708)	\$ (106,380)	\$ (138,608)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation and amortization	-	1,470,047	205,731	1,675,778
Changes in assets, liabilities and related deferrals:				
(Increase) decrease in assets and deferred outflows:				
Receivables, net of allowances	(5,679)	17,344	4,604	16,269
Prepaid items	(50)	(320,939)	-	(320,989)
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable	189,385	(12,304)	186,267	363,348
Claims and judgments	27,829	-	-	27,829
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 488,965	\$ 844,440	\$ 290,222	\$ 1,623,627

Discretely Presented Component Units Fund Based Financial Statements



City of Sugar Land, Texas
Discretely Presented Component Units
Balance Sheets – Governmental Funds
September 30, 2024

	Sugar Land Town Square Tax Increment Reinvestment Zone No. 1	Sugar Land Reinvestment Zone No. 3	Sugar Land Reinvestment Zone No. 4	Total Component Units	
ASSETS					
Cash and cash equivalents	\$ 9,078,534	\$ -	\$ 16,732	\$ 9,453,580	\$ 18,548,846
Investments	12,243,895	-	-	-	12,243,895
Receivables, net of allowance for uncollectibles	1,958,595	344,602	43	17,335	2,320,575
Lease receivable	1,409,983	-	-	-	1,409,983
Prepaid items	28,465	-	-	-	28,465
Restricted cash and cash equivalents	2,004,426	-	-	-	2,004,426
TOTAL ASSETS	\$ 26,723,898	\$ 344,602	\$ 16,775	\$ 9,470,915	\$ 36,556,190
LIABILITIES					
Accounts payable and accrued expenditures	\$ 100,020	\$ 341,610	\$ 15,487	\$ 21,503	\$ 478,620
Total liabilities	100,020	341,610	15,487	21,503	478,620
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows relating to leases	1,396,889	-	-	-	1,396,889
Total deferred inflows of resources	1,396,889	-	-	-	1,396,889
FUND BALANCES					
Nonspendable:					
Prepaid items	28,465	-	-	-	28,465
Restricted for:					
Debt service	2,004,426	-	-	-	2,004,426
Economic development activities	23,194,098	2,992	1,288	9,449,412	32,647,790
Unassigned	-	-	-	-	-
Total fund balances	25,226,989	2,992	1,288	9,449,412	34,680,681
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 26,723,898	\$ 344,602	\$ 16,775	\$ 9,470,915	\$ 36,556,190
Reconciliation from fund balance to net position					
Fund balance	\$ 25,226,989	\$ 2,992	\$ 1,288	\$ 9,449,412	\$ 34,680,681
Plus capital assets	8,594	-	-	-	8,594
Plus deferred outflows of resources	51,711	-	-	-	51,711
Less long-term liabilities	(19,435,164)	-	-	-	(19,435,164)
Less interest payable	(84,725)	-	-	-	(84,725)
NET POSITION	\$ 5,767,405	\$ 2,992	\$ 1,288	\$ 9,449,412	\$ 15,221,097

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, 2024

	Sugar Land 4B Corporation	Sugar Land Town Square Tax Increment Reinvestment Zone No. 1	Sugar Land Reinvestment Zone No. 3	Sugar Land Reinvestment Zone No. 4	Total Component Units
REVENUES					
Property taxes	\$ -	\$ 2,142,224	\$ 1,731,453	\$ 1,530,706	\$ 5,404,383
Sales tax	8,829,607	-	-	-	8,829,607
Investment earnings	1,346,014	20,143	1,964	435,798	1,803,919
Intergovernmental	162,748	-	-	-	162,748
Other	122,411	-	-	-	122,411
Total revenues	10,460,780	2,162,367	1,733,417	1,966,504	16,323,068
EXPENDITURES					
Current:					
General government	5,266,132	2,333,453	1,730,846	39,307	9,369,738
Debt service:					
Principal	1,318,750	-	-	-	1,318,750
Interest and other charges	703,325	-	-	-	703,325
Capital outlay	1,749	-	-	-	1,749
Total expenditures	7,289,956	2,333,453	1,730,846	39,307	11,393,562
Excess (deficiency) of revenues over (under) expenditures	3,170,824	(171,086)	2,571	1,927,197	4,929,506
OTHER FINANCING SOURCES (USES)					
Subscriptions - other financing source	17,187	-	-	-	17,187
Total other financing sources (uses)	17,187	-	-	-	17,187
Net change in fund balances	3,188,011	(171,086)	2,571	1,927,197	4,946,693
Fund balances, beginning of year	22,038,978	174,078	(1,283)	7,522,215	29,733,988
FUND BALANCES, END OF YEAR	\$ 25,226,989	\$ 2,992	\$ 1,288	\$ 9,449,412	\$ 34,680,681
Reconciliation from changes in fund balance to changes in net position					
Change in fund balance	\$ 3,188,011	\$ (171,086)	\$ 2,571	\$ 1,927,197	\$ 4,946,693
Add principal payments	1,318,750	-	-	-	1,318,750
Add other changes in long-term assets and liabilities	138,900	-	-	-	138,900
CHANGES IN NET POSITION	\$ 4,645,661	\$ (171,086)	\$ 2,571	\$ 1,927,197	\$ 6,404,343

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>
Financial Trends – Schedules 1-4	132
<p>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</p>	
Revenue Capacity – Schedules 5-9	142
<p>These schedules contain information to help the reader assess the City's most significant local revenue sources: sales and property taxes.</p>	
Debt Capacity – Schedules 10-13	151
<p>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.</p>	
Demographic and Economic Information – Schedules 14-15	157
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</p>	
Operating Information – Schedules 16-18	160
<p>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.</p>	

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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 402,755	\$ 373,732	\$ 360,328	\$ 360,769
Restricted	52,776	42,074	28,212	22,705
Unrestricted	40,099	42,056	45,162	33,547
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	<u>\$ 495,630</u>	<u>\$ 457,862</u>	<u>\$ 433,701</u>	<u>\$ 417,021</u>
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 234,539	\$ 220,712	\$ 225,459	\$ 226,097
Restricted	8,768	8,239	9,705	8,391
Unrestricted	80,650	81,022	53,847	45,399
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	<u>\$ 323,957</u>	<u>\$ 309,973</u>	<u>\$ 289,011</u>	<u>\$ 279,887</u>
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 637,294	\$ 594,444	\$ 585,787	\$ 586,866
Restricted	61,543	50,313	37,917	31,096
Unrestricted	120,749	123,078	99,009	78,946
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$ 819,586</u>	<u>\$ 767,835</u>	<u>\$ 722,712</u>	<u>\$ 696,908</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>2020</u>	<u>2019</u>	<u>2018*</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 365,400	\$ 359,391	\$ 358,639	\$ 340,298	\$ 304,720	\$ 268,582
21,241	22,177	19,535	21,152	24,902	51,879
18,105	19,059	23,129	23,084	37,413	24,026
<u>\$ 404,746</u>	<u>\$ 400,627</u>	<u>\$ 401,303</u>	<u>\$ 384,534</u>	<u>\$ 367,035</u>	<u>\$ 344,487</u>
\$ 234,213	\$ 237,564	\$ 252,642	\$ 228,369	\$ 225,650	\$ 224,544
9,003	11,190	9,770	9,116	8,549	27,736
44,065	48,726	48,149	45,383	47,766	22,722
<u>\$ 287,281</u>	<u>\$ 297,480</u>	<u>\$ 310,561</u>	<u>\$ 282,868</u>	<u>\$ 281,965</u>	<u>\$ 275,002</u>
\$ 599,613	\$ 596,955	\$ 611,281	\$ 568,667	\$ 530,370	\$ 493,126
30,244	33,367	29,305	30,268	33,451	79,615
62,170	67,785	71,278	68,467	85,179	46,748
<u>\$ 692,027</u>	<u>\$ 698,107</u>	<u>\$ 711,864</u>	<u>\$ 667,402</u>	<u>\$ 649,000</u>	<u>\$ 619,489</u>

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
EXPENSES				
Governmental activities:				
General government	\$ 33,734,969	\$ 34,127,922	\$ 26,787,184	\$ 26,502,325
Administrative services	7,090,377	7,128,798	5,228,139	5,683,094
Public safety - Police	29,561,309	29,553,021	22,868,120	22,060,087
Public safety - Dispatch	3,887,384	3,411,607	2,907,956	2,607,837 ***
Public safety - Fire	23,545,285	20,850,555	16,080,691	16,700,504
Public safety - EMS	-	-	-	-
Public works	33,645,467	30,734,154	29,174,071	28,235,914
Parks and recreation	11,053,254	9,002,318	11,340,980	9,785,044
Community development	6,914,053	6,075,355	5,247,221	5,358,357
Environmental and neighborhood services	10,930,462	10,315,245	7,950,729	6,845,976
Interest on long-term debt	8,445,420	8,848,006	8,737,684	8,804,328
Total governmental activities expenses	<u>168,807,980</u>	<u>160,046,981</u>	<u>136,322,775</u>	<u>132,583,466</u>
Business-type activities:				
Utility	65,910,454	62,481,285	57,453,880	56,673,831
Regional airport	23,870,480	24,305,701	24,397,948	16,831,368
Solid waste and stormwater	16,616,642	10,437,119	8,792,031	9,493,324
Total business-type activities expenses	<u>106,397,576</u>	<u>97,224,105</u>	<u>90,643,859</u>	<u>82,998,523</u>
TOTAL EXPENSES	<u>\$ 275,205,556</u>	<u>\$ 257,271,086</u>	<u>\$ 226,966,634</u>	<u>\$ 215,581,989</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
Administrative services	7,432,642	7,096,551	7,365,195	6,992,560
Public safety - Fire	5,073,391	4,904,508	3,576,812	3,434,502
Public safety - EMS	-	-	-	-
Community development	3,065,958	2,644,518	3,119,954	3,015,571
Other	2,705,030	2,148,865	1,522,630	731,394
Operating grants and contributions	8,193,534	7,727,684	5,930,810	9,275,496
Capital grants and contributions	19,102,591	7,577,969	1,807,269	1,729,294
Total governmental activities program revenues	<u>45,573,146</u>	<u>32,100,095</u>	<u>23,322,670</u>	<u>25,178,817</u>
Business-type activities:				
Charges for services:				
Utility	69,578,621	72,601,475	63,913,593	52,097,006
Regional airport	22,913,330	23,501,267	24,901,563	15,025,315
Solid waste and stormwater	12,155,719	11,459,839	9,228,068	9,081,812
Operating grants and contributions	100,000	50,000	198,000	231,379
Capital grants and contributions	8,803,258	6,068,449	4,189,805	3,040,386
Total business-type activities program revenues	<u>113,550,928</u>	<u>113,681,030</u>	<u>102,431,029</u>	<u>79,475,898</u>
TOTAL PROGRAM REVENUES	<u>\$ 159,124,074</u>	<u>\$ 145,781,125</u>	<u>\$ 125,753,699</u>	<u>\$ 104,654,715</u>
NET (EXPENSE)/REVENUE				
Governmental activities	\$ (123,234,834)	\$ (127,946,886)	\$ (113,000,105)	\$ (107,404,649)
Business-type activities	7,153,352	16,456,925	11,787,170	(3,522,625)
TOTAL NET EXPENSE	<u>\$ (116,081,482)</u>	<u>\$ (111,489,961)</u>	<u>\$ (101,212,935)</u>	<u>\$ (110,927,274)</u>

2020	2019	2018**	2017	2016	2015
\$ 21,662,768	\$ 23,018,595	\$ 19,825,982	\$ 23,393,933	\$ 18,591,072	\$ 12,886,353
7,277,456	5,705,656	5,877,451	5,514,367	6,643,488	9,067,022
26,657,068	28,010,543	26,691,650	26,137,845	22,979,425	21,128,023
-	-	-	-	-	-
17,330,279	15,098,092	14,516,604	14,196,831	14,195,523	13,164,239
- *	2,137,263	2,109,566	1,803,131	1,722,037	1,916,547
35,122,270	32,541,073	37,700,186	27,074,624	22,827,677	30,122,770
8,059,592	9,471,888	10,891,960	7,870,047	6,215,405	8,286,024
5,683,703	7,597,307	5,570,870	5,563,555	5,484,522	5,672,387
7,065,218	6,873,883	6,138,127	6,064,691	5,902,886	-
10,071,344	10,233,207	9,810,360	9,393,095	9,778,640	10,243,695
138,929,698	140,687,507	139,132,756	127,012,119	114,340,675	112,487,060
58,197,111	57,533,727	59,854,392	46,153,991	46,517,275	44,002,542
14,288,142	16,934,859	16,239,202	14,345,583	12,485,217	14,335,885
8,445,476	8,200,994	7,980,124	6,196,978	5,926,813	5,625,859
80,930,729	82,669,580	84,073,718	66,696,552	64,929,305	63,964,286
\$ 219,860,427	\$ 223,357,087	\$ 223,206,474	\$ 193,708,671	\$ 179,269,980	\$ 176,451,346
7,444,922	8,933,444	7,532,287	6,598,604	8,522,761	6,906,002
3,144,902	1,065,013	1,390,232	3,139,758	2,833,491	2,369,089
- *	1,864,409	1,634,675	1,426,438	1,132,847	459,223
4,048,652	3,589,181	3,388,539	3,061,505	3,242,529	3,494,806
695,229	3,431,576	5,211,165	3,830,309	4,164,196	4,967,637
2,920,226	2,438,000	2,215,263	1,824,906	1,740,054	2,831,268
10,132,207	4,621,744	15,378,644	29,996,719	19,053,728	11,071,624
28,386,138	25,943,367	36,750,805	49,878,239	40,689,606	32,099,649
49,529,990	45,314,713	50,529,248	42,458,489	46,140,497	43,037,218
12,256,798	15,351,003	15,449,972	13,539,743	11,830,391	13,747,794
8,871,017	8,620,756	7,974,887	6,475,296	5,950,568	5,770,866
174,204	58,221	195,438	50,000	50,000	131,567
2,991,345	3,221,729	11,538,729	6,675,068	9,417,603	3,020,185
73,823,354	72,566,422	85,688,274	69,198,596	73,389,059	65,707,630
\$ 102,209,492	\$ 98,509,789	\$ 122,439,079	\$ 119,076,835	\$ 114,078,665	\$ 97,807,279
\$ (110,543,560)	\$ (114,744,140)	\$ (102,381,951)	\$ (77,133,880)	\$ (73,651,069)	\$ (80,387,411)
(7,107,375)	(10,103,158)	1,614,556	2,502,044	8,459,754	1,743,344
\$ (117,650,935)	\$ (124,847,298)	\$ (100,767,395)	\$ (74,631,836)	\$ (65,191,315)	\$ (78,644,067)

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes:				
Property taxes	\$ 67,281,688	\$ 62,087,727	\$ 55,957,225	\$ 53,377,354
Sales tax	61,807,247	58,841,739	56,292,755	49,209,137
Franchise and other taxes	9,433,255	9,143,214	8,702,875	7,865,705
Investment earnings	13,243,466	9,220,391	(559,598)	29,881
Miscellaneous	5,566,580	9,195,248	5,089,419	3,279,916
Transfers	3,669,925	3,619,988	4,197,437	5,917,384
	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental activities	161,002,161	152,108,307	129,680,113	119,679,377
Business-type activities:				
Investment earnings	8,322,634	6,074,101	(713,158)	83,551
Miscellaneous	2,177,603	2,051,298	2,246,816	1,963,079
Transfers	(3,669,925)	(3,619,988)	(4,197,437)	(5,917,384)
Extraordinary item	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total business-type activities	6,830,312	4,505,411	(2,663,779)	(3,870,754)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL PRIMARY GOVERNMENT	\$ 167,832,473	\$ 156,613,718	\$ 127,016,334	\$ 115,808,623
CHANGE IN NET POSITION				
Governmental activities	\$ 37,767,327	\$ 24,161,421	\$ 16,680,008	\$ 12,274,728
Business-type activities	13,983,664	20,962,336	9,123,391	(7,393,379)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL NET REVENUE (EXPENSE)	\$ 51,750,991	\$ 45,123,757	\$ 25,803,399	\$ 4,881,349

* 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>2020</u>	<u>2019</u>	<u>2018**</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 52,129,954	\$ 49,988,676	\$ 44,092,389	\$ 39,052,391	\$ 37,227,640	\$ 34,205,770
44,465,725	47,580,665	47,038,175	41,330,120	45,967,293	45,320,979
7,957,981	8,925,196	9,196,843	8,535,339	8,231,034	8,398,820
1,472,845	2,616,889	1,106,332	826,905	1,089,499	1,062,965
2,628,940	(1,222,389)	2,642,416	2,645,117	1,507,896	1,297,768
6,007,096	6,179,094	3,093,659	2,243,212	2,176,006	(1,300,673)
114,662,541	114,068,131	107,169,814	94,633,084	96,199,368	88,985,629
1,001,393	2,331,002	1,077,401	561,113	599,435	531,396
1,913,729	869,998	44,386	83,106	79,707	59,565
(6,007,096)	(6,179,094)	(3,093,659)	(2,243,212)	(2,176,006)	1,300,673
-	-	(2,410,372)	-	-	-
(3,091,974)	(2,978,094)	(4,382,244)	(1,598,993)	(1,496,864)	1,891,634
<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>	<u>\$ 90,877,263</u>
\$ 4,118,981	\$ (676,009)	\$ 4,787,863	\$ 17,499,204	\$ 22,548,299	\$ 8,598,218
(10,199,349)	(13,081,252)	(2,767,688)	903,051	6,962,890	3,634,978
<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>	<u>\$ 12,233,196</u>

City of Sugar Land, Texas

Fund Balances of Governmental Funds Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
GENERAL FUND				
Nonspendable:				
Inventories	\$ 190,026	\$ 204,360	\$ 233,029	\$ 218,125
Prepaid items	73,987	73,485	58,486	38,014
Committed	721,196	1,770,816	778,023	199,543
Assigned	301,686	597,187	1,128,922	450,554
Unassigned	54,167,323	55,190,662	54,188,706	48,153,148
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund	55,454,218	57,836,510	56,387,166	49,059,384
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable:				
Inventories	10,090	7,483	8,746	9,875
Prepaid items	42,962	19,143	4,600	3,269
Restricted:				
General government	134,306	382,981	185,145	118,223
Debt service funds	22,301,351	17,608,896	14,217,296	12,714,894
Capital projects funds	112,243,326	107,880,210	79,117,839	51,385,052
Economic development activities	26,591,622	21,582,722	12,662,854	9,355,269
Public safety	1,199,179	793,383	503,762	244,574
Tourism and marketing	3,243,412	2,452,369	1,714,474	1,261,499
Environmental and neighborhood services	190,195	171,189	143,092	62,580
Committed	-	-	-	-
Assigned	5,334,811	5,024,721	4,713,494	3,807,715
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total all other governmental funds	171,291,254	155,923,097	113,271,302	78,962,950
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL GOVERNMENTAL FUNDS	\$ 226,745,472	\$ 213,759,607	\$ 169,658,468	\$ 128,022,334

Schedule 3

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 224,914	\$ 250,126	\$ 217,019	\$ 211,199	\$ 195,050	\$ 204,263
35,153	77,771	54,161	255,751	27,701	18,328
582,853	749,136	341,202	376,995	411,849	146,728
307,804	314,423	409,335	272,224	332,452	339,946
38,515,913	38,910,023	34,043,167	27,980,279	27,575,295	28,085,267
39,666,637	40,301,479	35,064,884	29,096,448	28,542,347	28,794,532
8,403	7,104	7,935	-	-	-
2,740	12,359	7,036	11,735	18,353	2,740
-	-	-	-	-	-
13,353,725	14,133,339	9,242,690	13,287,453	18,881,941	11,892,292
34,341,116	22,113,944	8,700,056	18,346,186	14,122,714	60,550,768
7,006,144	7,098,197	9,608,501	7,655,992	5,656,856	37,689,753
598,607	404,232	278,116	215,855	228,335	202,439
1,513,830	1,941,997	1,786,346	1,395,355	1,053,237	3,533,713
-	-	-	-	-	-
-	-	2,997,650	7,768,052	18,273,467	-
3,822,042	-	-	-	-	-
-	-	(3,184)	(26,513)	-	(17,434)
60,646,607	45,711,172	32,625,146	48,654,115	58,234,903	113,854,271
<u>\$ 100,313,244</u>	<u>\$ 86,012,651</u>	<u>\$ 67,690,030</u>	<u>\$ 77,750,563</u>	<u>\$ 86,777,250</u>	<u>\$ 142,648,803</u>

City of Sugar Land, Texas

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2024	2023	2022	2021
REVENUES				
Taxes				
General property	\$ 67,189,935	\$ 61,784,415	\$ 55,820,788	\$ 53,283,518
Sales and use taxes	61,807,247	58,841,739	56,292,755	49,209,137
Franchise taxes	9,480,565	9,202,428	8,768,767	7,942,660
Licenses and permits	3,881,170	3,580,007	3,470,579	3,380,955
Fines and forfeitures	1,320,828	1,515,026	1,299,751	1,215,515
Charges for services	13,195,030	11,734,396	11,041,160	9,361,811
Investment earnings	12,880,006	8,902,311	(445,237)	27,618
Intergovernmental	7,604,626	8,000,595	5,513,934	9,736,646
Other	7,812,121	12,442,135	4,358,217	2,770,210
Total revenues	185,171,528	176,003,052	146,120,714	136,928,070
EXPENDITURES				
General government	34,561,288	26,649,515	21,581,755	21,368,483
Administrative services	8,873,456	8,758,072	7,112,828	8,093,905
Public safety	58,621,141	52,026,270	44,519,626	41,203,391
Public works	15,003,891	15,953,847	14,295,837	12,649,542
Parks and recreation	6,906,192	6,059,289	5,662,215	4,818,174
Community development	6,919,452	5,760,963	5,526,198	5,375,408
Environmental and neighborhood services	10,036,749	9,206,418	7,216,061	6,003,184
Debt service:				
Principal	26,938,539	23,139,965	21,049,359	22,884,611
Interest and other charges	9,912,480	10,424,368	9,815,473	10,380,673
Bond issuance costs	460,846	369,406	479,407	224,654
Capital outlay	28,127,704	11,380,236	13,873,625	9,321,348
Total expenditures	206,361,738	169,728,349	151,132,384	142,323,373
Excess (deficiency) of revenues over (under) expenditures	(21,190,210)	6,274,703	(5,011,670)	(5,395,303)
OTHER FINANCING SOURCES (USES)				
Certificates of obligation issued	11,180,000	1,460,000	27,500,000	-
General obligation bonds issued	10,345,000	30,430,000	13,115,000	26,970,000
Revenue bonds issued	-	-	4,880,000	-
Refunding bonds issued	-	-	-	-
Premium (discount) on debt issued	1,799,761	1,544,212	2,417,089	1,599,165
Payments to refunded bond escrow agent	-	-	(5,461,722)	(1,382,156)
Leases and other debt issued	7,182,389	772,236	-	-
Proceeds of the sale of capital assets	-	-	-	-
Transfers in	7,111,290	6,487,776	6,666,558	7,845,669
Transfers out	(3,441,365)	(2,867,788)	(2,469,121)	(1,928,285)
Total other financing sources	34,177,075	37,826,436	46,647,804	33,104,393
NET CHANGE IN FUND BALANCE	\$ 12,986,865	\$ 44,101,139	\$ 41,636,134	\$ 27,709,090
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	20.54%	21.29%	22.48%	24.96%

Schedule 4

2020	2019	2018	2017	2016	2015
\$ 51,999,696	\$ 49,910,560	\$ 43,924,495	\$ 38,999,063	\$ 37,310,936	\$ 34,073,015
44,427,280	47,349,948	46,807,458	41,829,998	45,821,869	44,975,136
8,061,540	9,063,027	9,196,843	8,535,339	8,231,034	8,398,820
4,047,286	3,585,270	3,392,020	3,052,646	3,242,529	3,494,806
1,412,839	3,598,926	4,681,871	3,983,863	3,741,662	3,956,657
9,700,698	9,856,589	9,803,954	11,668,937	11,732,687	9,792,915
1,394,417	2,434,365	1,049,546	803,175	1,050,958	1,030,032
7,539,349	4,150,591	8,469,413	21,608,448	4,295,673	4,853,727
2,737,166	3,434,202	3,742,667	4,344,488	6,335,230	4,676,006
131,320,271	133,383,478	131,068,267	134,825,957	121,762,578	115,251,114
21,257,753	20,381,432	18,828,683	19,441,297	17,263,024	13,932,805
6,194,245	6,030,777	6,277,823	6,807,905	7,167,251	9,221,555
42,416,274	41,803,434	41,773,376	39,819,840	36,894,350	38,688,191
15,403,076	13,102,921	17,704,168	15,014,862	12,004,180	17,764,680
4,750,769	5,010,592	5,960,126	5,383,089	5,107,971	5,452,923
5,556,124	5,337,472	5,269,134	5,163,724	5,155,978	5,583,223
6,186,662	5,826,617	5,143,190	5,112,858	4,892,216	-
21,949,254	36,311,024	21,343,344	16,149,483	14,565,041	13,339,382
11,295,663	11,002,213	11,122,619	10,159,604	9,282,752	7,716,310
390,939	374,909	-	355,510	629,239	2,012,869
13,987,525	13,290,174	10,890,406	51,470,423	89,073,807	55,311,453
149,388,284	158,471,565	144,312,869	174,878,595	202,035,809	169,023,391
(18,068,013)	(25,088,087)	(13,244,602)	(40,052,638)	(80,273,231)	(53,772,277)
15,025,000	20,760,000	-	19,060,000	19,190,000	52,115,000
9,355,000	-	-	7,570,000	-	13,010,000
-	-	-	-	-	38,265,000
12,245,000	13,715,000	-	-	32,120,000	28,940,000
3,231,900	2,756,614	-	2,045,464	6,464,472	11,469,874
(13,312,235)	-	-	-	(36,935,787)	(32,902,683)
-	-	840,000	107,275	1,350,000	3,510,000
-	-	36,569	-	36,987	54,099
9,254,348	11,567,007	12,180,115	11,854,100	20,089,727	12,979,491
(3,430,407)	(5,387,913)	(9,872,615)	(9,610,888)	(17,913,721)	(11,140,231)
32,368,606	43,410,708	3,184,069	31,025,951	24,401,678	116,300,550
\$ 14,300,593	\$ 18,322,621	\$ (10,060,533)	\$ (9,026,687)	\$ (55,871,553)	\$ 62,528,273
24.61%	21.50%	24.10%	21.50%	21.20%	19.10%

City of Sugar Land, Texas

Taxable Sales

Last Ten Calendar Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Retail trade	\$ 1,158,172,749	\$ 1,168,396,939	\$ 1,146,811,980	\$ 911,853,973
Accommodation/food services	452,990,101	419,404,916	378,012,859	286,618,583
Wholesale trade	144,846,878	131,462,440	128,491,300	107,656,657
Construction	57,431,743	52,748,307	28,342,742	25,459,871
Information	45,587,014	46,156,736	81,370,349	57,091,408
Professional/scientific/technical services	89,136,124	84,774,379	81,131,371	71,699,681
Arts/entertainment/recreation	85,906,499	58,583,640	44,236,964	34,688,578
Manufacturing	143,622,223	258,532,803	134,059,973	121,035,321
Other services (except public administration)	42,689,151	39,393,129	32,933,440	26,202,606
Admin/support/waste mgmt/remediation service	272,519,770	260,192,759	240,033,798	209,568,258
Real estate/rental leasing	76,917,043	18,984,389	5,514,878	11,002,119
Utilities	901,744	2,070,238	38,946,649	51,515,179
Management of companies /enterprises	508,520	1,088,668	13,953	1,759
Transportation/warehousing	2,949,712	33,740,250	31,626,025	55,971,085
Health care/social assistance	6,088,273	5,459,551	4,750,676	4,824,248
Finance/insurance	18,007,983	16,339,263	22,621,483	19,351,878
Educational services	1,168,207	1,268,993	1,487,627	1,091,687
Mining/quarrying/oil and gas extraction	373,490	4,584,472	13,590,090	12,543,811
Public administration	8,436,992	8,481,843	8,419,383	8,249,479
Agriculture/forestry/fishing/hunting	11,154	20,153	-	-
Other	149,448	-	-	-
TOTAL	<u>\$ 2,608,414,818</u>	<u>\$ 2,611,683,868</u>	<u>\$ 2,422,395,540</u>	<u>\$ 2,016,426,181</u>

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

City of Sugar Land	1.50%
Sugar Land Development Corporation	0.25%
Sugar Land 4B Corporation	0.25%
TOTAL	2.00%

Source of information: Texas State Comptrollers Office.

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

Schedule 5

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,053,258,117	\$ 1,115,249,001	\$ 1,107,045,921	\$ 1,078,154,112	\$ 1,112,422,397	\$ 1,079,111,307
351,678,694	348,338,861	333,828,851	310,863,946	306,003,246	291,440,468
109,199,784	107,641,860	91,137,977	203,846,328	264,383,272	322,215,101
33,256,075	37,280,176	22,812,465	34,515,325	32,514,909	31,891,454
91,537,106	99,393,379	94,842,740	90,100,073	77,592,685	65,549,620
74,945,678	86,423,185	83,684,771	70,067,880	73,059,491	70,107,578
57,619,224	56,504,179	51,106,601	48,468,763	49,334,544	47,548,675
41,918,450	75,091,082	51,980,628	35,093,475	33,044,113	52,646,578
31,742,417	28,370,411	29,400,115	26,317,822	30,318,512	30,831,362
193,982,478	198,013,909	138,907,539	28,754,310	26,562,888	30,250,196
13,193,376	30,098,567	61,691,905	68,015,167	44,888,541	25,860,657
62,863,776	146,896,379	85,489,356	54,203,886	50,970,885	42,308,231
710,751	255,496	1,142,959	1,579,909	2,196,489	470,557
53,309,028	8,774,930	3,125,489	1,836,865	2,306,433	5,214,426
6,595,772	5,401,865	4,881,867	4,606,933	5,201,086	4,539,906
14,665,305	16,558,369	11,304,921	8,103,032	7,515,705	5,420,994
1,682,446	1,535,277	1,513,260	1,659,343	1,626,077	1,714,360
35,446,578	41,870,881	32,799,761	7,323,000	10,431,168	14,160,548
8,087,339	7,845,421	5,763,562	5,432,006	5,284,355	5,096,682
-	1,131	-	1,886	-	-
-	13,333	-	-	-	-
<u>\$ 2,235,692,394</u>	<u>\$ 2,411,557,692</u>	<u>\$ 2,212,460,688</u>	<u>\$ 2,078,944,061</u>	<u>\$ 2,135,656,796</u>	<u>\$ 2,126,378,700</u>

City of Sugar Land, Texas

Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

Fiscal Year	Tax Year	Real Property		Personal Property	
		Residential Property	Commercial Property	Motor Vehicles	Other
2015	2014	\$ 7,848,719,852	\$ 4,902,444,421	\$ 40,119,210	\$ 10,982,250
2016	2015	8,753,398,998	5,250,244,090	13,465,326	10,934,610
2017	2016	9,356,751,552	5,577,510,842	61,980,101	10,933,960
2018	2017	9,629,528,349	5,821,685,395	100,439,699	11,030,700
2019	2018	12,913,825,342	6,086,844,258	133,597,965	10,513,100
2020	2019	12,947,717,832	6,456,464,118	147,202,108	10,399,650
2021	2020	13,107,708,385	6,888,627,953	133,494,082	10,925,407
2022	2021	13,379,859,930	7,125,175,221	147,177,808	10,987,300
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

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

Less Tax Exempt Real Property	Less Other Exemptions and Abatements	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$ 850,115,704	\$ 1,006,806,921	\$ 10,945,343,108	\$ 0.31595	\$ 10,945,343,108	100.00%
890,919,215	1,093,598,345	12,043,525,464	0.31595	12,043,525,464	100.00%
1,053,008,824	1,334,356,794	12,619,810,837	0.31595	12,619,810,837	100.00%
1,125,507,638	1,457,960,326	12,979,216,179	0.31762	12,979,216,179	100.00%
1,166,296,847	1,879,921,316	16,098,562,502	0.31762	16,098,562,502	100.00%
1,266,248,946	2,124,024,803	16,171,509,959	0.33200	16,171,509,959	100.00%
1,410,030,106	2,143,692,154	16,587,033,567	0.33650	16,587,033,567	100.00%
1,490,373,622	2,275,209,316	16,897,617,321	0.34650	16,897,617,321	100.00%
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%

City of Sugar Land, Texas

Property Tax Rates (A)

Direct and Overlapping Governments (B)

Last Ten Fiscal Years

Fiscal Year Tax Year	2015 2014	2016 2015	2017 2016	2018 2017
TAX RATES				
City of Sugar Land				
Operating tax rate	\$ 0.17035	\$ 0.17035	\$ 0.17035	\$ 0.17921
Debt service tax rate	0.14560	0.14560	0.14560	0.13841
Total tax rate	\$ 0.31595	\$ 0.31595	\$ 0.31595	\$ 0.31762
Fort Bend County	\$ 0.49476	\$ 0.48600	\$ 0.47400	\$ 0.46900
Fort Bend ISD	1.34000	1.34000	1.34000	1.32000
Fort Bend LID 2	0.12000	0.11000	0.10670	0.11100
Fort Bend County MUD No. 21	-	-	-	-
Fort Bend LID 7	0.23500	0.23500	0.22500	0.32000
Eldridge Road MUD	-	-	-	-
Fort Bend WCID No. 2	0.18000	0.18000	0.21250	0.21250
First Colony LID No. 2	0.25000	0.25000	0.20000	0.20000
Burney Road MUD	0.26000	0.25500	0.25000	0.23000
First Colony MUD 10	0.41000	0.25000	0.20000	0.19000
Ft. Bend MUD 136	0.50000	0.43000	0.42000	0.42000
Ft. Bend MUD 137	0.43000	0.42000	0.41500	0.41500
Ft. Bend MUD 138	0.44500	0.43500	0.41500	0.41500
Ft. Bend MUD 139	0.44000	0.41000	0.41000	0.41000
Ft. Bend LID 17	0.63000	0.61000	0.57000	0.57000
Imperial Redevelopment District	1.10000	1.10000	1.10000	1.10000
Ft. Bend LID 14	0.20000	0.19500	0.19500	0.19500
Ft. Bend LID 10	0.64300	0.64300	0.64300	0.69000
First Colony LID 1	0.15500	0.01520	0.15000	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.fortbendcountytexas.gov/index.aspx>

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

Schedule 7

2019 2018	2020 2019	2021 2020	2022 2021	2023 2022	2024 2023
\$ 0.18131 0.13631	\$ 0.19705 0.13495	\$ 0.20305 0.13345	\$ 0.20885 0.13765	\$ 0.20006 0.14644	\$ 0.20396 0.14604
\$ 0.31762	\$ 0.33200	\$ 0.33650	\$ 0.34650	\$ 0.34650	\$ 0.35000
\$ 0.46400 1.32000 0.14500 - 0.32000 - 0.21250 0.20000 0.22000 0.17000 0.42000 0.41000 0.40860 0.41000 0.57000 1.10000 0.20950 0.69000 1.46200 1.39000	\$ 0.46000 1.27000 0.14900 - 0.43000 - 0.21250 0.20000 0.22000 0.01600 0.42000 0.41000 0.41000 0.56000 1.10000 0.15000 0.69000 0.15000 1.32000	\$ 0.45321 1.24020 0.14900 - 0.43000 - 0.21250 0.20000 0.22000 0.01500 0.42000 0.37500 0.35000 0.40500 0.56000 1.10000 0.11850 0.68240 0.15000 1.26910	\$ 0.45280 1.21010 0.14900 - 0.43000 - 0.21250 0.20000 0.22000 0.15000 0.42000 0.36000 0.32500 0.40000 0.33000 0.29000 0.36000 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



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
2015	\$ 0.31595	\$ 34,686,633	\$34,625,522	99.6%	\$ 26,791	\$34,652,313	99.9%
2016	0.31595	37,935,518	37,856,002	99.5%	55,680	37,911,682	99.9%
2017	0.31595	39,637,482	39,563,094	99.6%	42,706	39,605,800	99.9%
2018	0.31762	40,931,077	40,828,540	99.6%	53,928	40,882,468	99.9%
2019	0.31762	51,146,415	50,871,136	99.5%	214,008	51,085,144	99.9%
2020	0.33200	53,438,020	53,122,949	99.5%	204,279	53,327,228	99.8%
2021	0.33650	54,935,930	54,651,453	99.5%	159,394	54,810,847	99.8%
2022	0.34650	57,499,082	57,204,477	99.5%	141,767	57,346,244	99.7%
2023	0.34650	64,583,430	64,061,833	99.2%	314,881	64,376,714	99.7%
2024	0.35000	70,255,699	69,826,620	99.4%	-	69,826,620	99.4%

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 2024			Fiscal Year 2015		
	Tax Year 2023			Tax Year 2014		
	Taxable Assessed Value	Rank	% of Total Assessed Valuation	Taxable Assessed Value	Rank	% of Total Assessed Valuation
LCFRE Sugar Land Town Square LLC	\$ 204,844,982	1	0.98%	\$ 44,815,338	9	0.4%
Lakepointe Assets, LLC	111,344,000	2	0.53%	88,847,240	2	0.81%
First Colony Mall LLC	106,997,860	3	0.51%	123,943,360	1	1.13%
Amerisource Bergen Drug Corp.	89,667,730	4	0.43%	80,982,960	4	0.74%
Market Town Center Owner LLC	83,475,500	5	0.40%			
API Realty LLC	76,160,150	6	0.37%			
Houston Sugar Creek LLC	75,160,280	7	0.36%	48,944,900	7	0.45%
Tramontina USA	71,785,732	8	0.34%			
Sugar Creek/EPG LLC & Sugar Creek TIC Investors LLC	69,061,940	9	0.33%			
Telfair Lofts Cedros LLC et al	67,650,000	10	0.32%			
Schlumberger Tech Corp-SPC & Well Services				81,000,000	3	0.74%
Fairfield Industries				48,691,456	8	0.44%
NNP=Telfair LLC				79,068,140	5	0.72%
Weingarten Realty Investors & WRI/Post Oak Inc.				53,618,170	6	0.49%
Schlumberger Tech Corp-SPC				42,845,980	10	0.39%
	956,148,174		4.59%	692,757,544		6.33%
Other taxpayers	19,868,406,974		95.41%	10,252,585,564		93.67%
TOTAL ASSESSED VALUATION	\$ 20,824,555,148		100.0%	\$ 10,945,343,108		100.0%

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

Fiscal Year	Tax Year	General Obligation Debt***	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value* of Property	Per Capita**
2015	2014	\$ 286,340,000	\$ 4,105,011	\$ 282,234,989	2.6%	\$ 3,245
2016	2015	289,765,000	4,639,682	285,125,318	2.4%	3,258
2017	2016	302,289,999	5,749,686	296,540,313	2.3%	3,380
2018	2017	312,025,000	6,263,712	305,761,288	2.4%	2,605
2019	2018	333,206,868	8,847,239	324,359,629	2.0%	2,748
2020	2019	337,108,071	7,890,552	329,217,519	2.0%	2,787
2021	2020	339,105,776	6,988,077	332,117,699	2.0%	2,797
2022	2021	357,187,326	8,194,949	348,992,377	2.1%	3,143
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

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	Issuance Premiums (Discounts)
2015	\$ 66,190,000	\$ 6,270,000	\$ 111,279,394	\$ 52,400,000	\$ 3,120,675	\$ 611,817	\$ -	\$ 12,054,362
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

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

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

Schedule 11

Revenue Bonds	Business-type Activities			Total Primary Government	Percentage of Personal Income*	Percentage of Actual Taxable Value of Property	Per Capita*
	General Obligation Bonds	Certificates of Obligation	Issuance Premiums/ (Discounts)				
\$ 92,980,000	\$ 5,080,000	\$ 97,520,606	\$ 2,278,431	\$ 449,785,285	10.8%	4.1%	\$ 5,172
91,355,000	7,660,000	93,469,798	7,756,729	460,559,713	11.3%	3.8%	5,263
105,220,000	7,030,000	93,322,398	8,228,825	485,309,506	11.1%	3.8%	5,532
98,510,000	84,580,000	10,035,000	15,488,679	493,797,943	8.3%	3.8%	4,207
105,695,000	83,890,000	7,615,000	14,977,716	496,615,526	8.6%	3.1%	4,208
105,650,000	83,180,000	6,785,000	14,925,389	497,451,173	8.3%	3.1%	4,211
105,715,000	80,015,000	6,470,000	18,106,498	499,758,703	8.0%	3.0%	4,208
120,250,000	76,975,756	6,140,000	19,139,611	531,627,366	8.1%	3.1%	4,788
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



City of Sugar Land, Texas

Schedule 12

Direct and Estimated Overlapping Governmental Activities Debt
September 30, 2024

Taxing Jurisdiction	Gross Debt	Overlapping	
		Estimated Percentage*	Amount
Burney Road MUD	\$ 2,820,000	100.00%	\$ 2,820,000
First Colony MUD No. 10	7,845,000	100.00%	7,845,000
Fort Bend County**	1,139,374,190	17.15%	195,402,674
Fort Bend Co Drainage District	22,655,000	17.15%	3,885,333
Fort Bend County LID No. 2	79,725,000	100.00%	79,725,000
Fort Bend County LID No. 7	112,237,000	100.00%	112,237,000
Fort Bend County LID No. 10	9,990,000	100.00%	9,990,000
Fort Bend County LID No. 11	21,370,000	100.00%	21,370,000
Fort Bend County LID No. 14	1,829,000	100.00%	1,829,000
Fort Bend County LID No. 17	48,935,000	100.00%	48,935,000
Fort Bend County MUD No. 116	12,100,000	0.77%	93,170
Fort Bend County MUD No. 136	4,980,000	100.00%	4,980,000
Fort Bend County MUD No. 137	12,055,000	100.00%	12,055,000
Fort Bend County MUD No. 138	22,905,000	100.00%	22,905,000
Fort Bend County MUD No. 139	9,615,000	100.00%	9,615,000
Fort Bend County WC&ID No. 2	131,520,000	0.08%	105,216
Fort Bend ISD	1,670,170,000	30.03%	501,552,051
Imperial Redevelopment District	56,615,000	100.00%	56,615,000
Lamar CISD	3,112,195,000	7.58%	235,904,381
TOTAL OVERLAPPING DEBT			\$ 1,327,863,824
City of Sugar Land	319,790,773	100.00%	319,790,773
TOTAL DIRECT AND OVERLAPPING DEBT			\$ 1,647,654,597
Ratio of Direct and Overlapping Funded Debt to 2023 Taxable Assessed Valuation			7.91%
Per Capita Debt - Direct and Overlapping			\$ 14,840

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							
2015	\$ 43,600,496	\$ 18,328,040	\$ 25,272,456	\$ 5,575,000	\$ 3,383,656	\$ 8,958,656	2.82
2016	46,769,917	18,788,100	27,981,817	5,915,000	3,424,344	9,339,344	3.00
2017	43,050,288	19,820,706	23,229,582	6,710,000	3,997,194	10,707,194	2.17
2018	50,858,241	25,895,388	24,962,853	6,075,000	3,764,669	9,839,669	2.54
2019	48,383,222	25,473,677	22,909,545	6,765,000	4,024,713	10,789,713	2.12
2020	52,130,247	25,389,919	26,740,328	6,930,000	4,075,630	11,005,630	2.43
2021	53,764,777	26,304,535	27,460,242	7,285,000	4,502,908	11,787,908	2.33
2022	65,099,364	26,047,637	39,051,727	8,410,000	5,041,192	13,451,192	2.90
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
Airport - Combination Tax and Revenue Certificates of Obligation and General Obligation Refunding Bonds							
2015	\$ 13,773,157	\$ 11,605,184	\$ 2,167,973	\$ 692,399	\$ 400,254	\$ 1,092,653	1.98
2016	11,884,935	9,844,254	2,040,681	757,399	365,604	1,123,003	1.82
2017	13,574,284	11,661,097	1,913,187	837,398	433,676	1,271,074	1.51
2018	15,561,819	13,592,408	1,969,411	860,000	398,623	1,258,623	1.56
2019	15,753,168	13,943,863	1,809,305	890,000	366,285	1,256,285	1.44
2020	12,551,268	10,941,038	1,610,230	995,000	387,323	1,382,323	1.16
2021	15,233,483	13,431,582	1,801,901	980,000	368,374	1,348,374	1.34
2022	25,309,179	20,910,618	4,398,561	1,026,806	314,784	1,341,590	3.28
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
Sugar Land Development Corporation - Sales Tax Revenue Bonds							
2015	\$ 6,591,808	\$ -	\$ 6,591,808	\$ 1,745,000	\$ 2,480,746	\$ 4,225,746	1.56
2016	6,679,523	-	6,679,523	1,790,000	2,395,290	4,185,290	1.60
2017	6,432,303	-	6,432,303	1,845,000	2,304,296	4,149,296	1.55
2018	7,126,296	-	7,126,296	1,900,000	2,210,621	4,110,621	1.73
2019	7,151,241	-	7,151,241	1,980,000	2,108,984	4,088,984	1.75
2020	6,513,155	-	6,513,155	2,055,000	1,998,721	4,053,721	1.61
2021	7,033,835	-	7,033,835	2,140,000	1,884,090	4,024,090	1.75
2022	7,867,910	-	7,867,910	2,205,000	1,740,981	3,945,981	1.99
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
Sugar Land 4B Corporation - Sales Tax Revenue Bonds							
2015	\$ 6,677,932	\$ -	\$ 6,677,932	\$ 1,840,000	\$ 1,522,638	\$ 3,362,638	1.99
2016	6,714,723	-	6,714,723	1,885,000	1,457,419	3,342,419	2.01
2017	6,137,600	-	6,137,600	1,960,000	1,388,781	3,348,781	1.83
2018	6,907,114	-	6,907,114	2,025,000	1,316,344	3,341,344	2.07
2019	7,093,918	-	7,093,918	2,115,000	1,239,175	3,354,175	2.11
2020	6,543,195	-	6,543,195	2,155,000	865,625	3,020,625	2.17
2021	7,112,161	-	7,112,161	1,840,000	805,700	2,645,700	2.69
2022	8,015,906	-	8,015,906	1,260,000	752,900	2,012,900	3.98
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

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

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

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

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

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

Schedule 14

Fiscal Year	Population	Personal Income¹ (\$000's)	Per Capita Income¹	Median Age²	Educational¹ Attainment*	Unemployment Rate²
2015	86,972	\$ 4,149,181	\$ 48,807	41.7	55%	4.6%
2016	87,504	4,086,683	48,117	41.8	54%	4.5%
2017	87,730	4,391,939	50,062	42.0	56%	3.9%
2018	117,386 **	5,937,149	50,578	41.2	58%	3.5%
2019	118,023	5,786,550	49,029	41.4	60%	3.7%
2020	118,118	6,012,561	50,903	41.6	61%	7.5%
2021	118,755	6,226,800	52,434	41.6	61%	5.9%
2022	111,026 ***	6,587,617	59,334	41.7	63%	9.0%
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%

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	2024			2015		
	Employees	Rank	Percentage of Total City Employment (A)	Employees	Rank	Percentage of Total City Employment (A)
Houston Methodist Sugar Land Hospital	2,459	1	4%	2,200	3	3%
Schlumberger	2,118	2	3%			
Bluebonnet Nutrition Corporation	1,500	3	2%			
Memorial Hermann Sugar Land Hospital	1,035	4	1%			
ABM Industries Inc.	812	5	1%			
ChampionX Corp	801	6	1%			
Accredo Packaging, Inc	576	7	1%			
QuVa Pharma Inc	518	8	1%			
CHI St. Luke's Health - Sugar Land Hospital	500	9	1%			
HCSS	429	10	1%	2,929	1	5%
Fort Bend ISD				2,800	2	4%
Fluor Enterprises, Inc.				1,900	4	3%
Houston Methodist Sugar Land				800	5	1%
United Healthcare				744	6	1%
Nalco Champion, an Ecolab Company				740	7	1%
Tramontina USA, Inc.				500	8	1%
First Data Telecheck				497	9	1%
Memorial Hermann Sugar Land				477	10	1%
Noble Drilling Services, Inc.						
TOTALS	10,748		16%	13,587		21%

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

(A) For 2024, estimated total employment was 69,302. For 2015, estimated total employment was 63,505

City of Sugar Land, Texas

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

Function	2015	2016	2017	2018
Governmental Activities:				
General government	82.00	77.70	95.20	93.20
Administrative services	34.00	38.00	39.00	40.50
Public safety - Police	200.50	201.30	230.50	230.50
Public safety - Fire	109.00	109.00	109.00	110.00
Public safety - EMS	13.00	13.00	20.00	20.00
Public works	53.50	34.00	35.50	43.50
Parks and recreation	31.00	30.37	35.05	35.05
Community development	61.00	50.08	49.25	51.25
Environment and neighborhood services	-	40.50	40.50	43.50
Business-type activities:				
Utility	67.50	71.50	85.50	87.50
Solid waste management	2.50	2.50	2.50	3.50
Regional Airport	41.00	44.00	46.00	46.00
TOTALS	695.00	711.95	788.00	804.50

Source: Budget Office

Schedule 16

2019	2020	2021	2022	2023	2024
93.35	100.20	105.35	103.35	111.75	120.50
39.50	40.50	36.50	38.50	38.50	42.50
229.60	231.60	232.60	232.60	234.50	238.00
111.00	117.00	131.00	131.00	140.00	140.00
20.00	16.00	-	-	-	-
43.00	61.00	61.00	61.50	57.50	58.00
38.80	38.80	38.80	38.80	38.80	38.00
49.25	52.40	52.25	52.25	54.25	62.50
44.50	48.00	48.00	48.00	47.50	59.50
85.00	89.00	89.00	88.50	94.50	102.00
3.50	3.50	3.50	3.50	3.00	4.00
47.00	50.00	50.00	50.00	51.50	51.50
804.50	848.00	848.00	848.00	871.80	916.50

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

Function	2015	2016	2017	2018
City of Sugar Land				
Population	86,972	87,504	87,730	117,386
Square miles	35.2	36.5	36.5	42.9
Acres	22,500	23,341	23,341	27,425
Budgeted full time employees	695.0	712.0	788.0	804.5
Police				
Physical arrests	2,247	2,033	1,951	2,279
Traffic violations	19,364	17,117	15,433	15,740
Parking violations	313	446	440	560
Calls for service	70,136	73,546	72,597	84,468
Fire				
Number of calls answered	8,248	8,197	8,867	9,464
Parks and recreation				
Special events	20	18	12	7
Water				
New connections	194	207	210	200
Water main breaks	45	26	42	33
Annual rainfall (inches)	62.6	73.6	92.9	47.4
Average daily production (MG)	15.35	15.51	15.99	19.56
Sewer				
Average daily WW treatment (MG)	8.65	8.59	8.49	10.75
Community Development				
Building permits issued	6,798	6,973	6,683	7,850
Airport				
No. of fuel gallons sold	2,868,330	2,820,170	3,064,106	3,203,339
Fuel sales	\$ 11,551,592	\$ 9,636,133	\$ 11,187,372	\$ 13,048,560
Aircraft served	11,375	11,648	11,510	12,274

Source: Various City Departments.

Schedule 17

2019	2020	2021	2022	2023	2024
118,023	118,118	118,755	111,026	110,888	111,026
42.9	43.0	43.0	43.0	43.0	43.0
27,424	27,405	27,402	27,402	27,402	27,402
804.5	848.0	848.0	848.0	871.8	916.5
1,848	955	1,181	1,047	1,946	1,891
13,740	10,299	7,728	16,222	17,878	8,937
527	258	202	403	94	54
77,195	61,752	72,615	73,936	81,858	75,336
9,587	13,209	10,663	11,503	12,432	13,099
9	7	30	28	23	23
175	183	96	34	42	139
27	43	22	83	134	44
66.0	40.1	56.8	24.9	23.3	48.9
20.02	19.43	19.60	21.66	23.53	23.29
10.88	10.43	11.33	10.12	10.34	10.10
8,585	8,057	8,811	8,873	7,422	9,081
3,237,334	2,694,627	3,268,007	4,206,527	4,179,791	4,230,671
\$ 13,050,412	\$ 9,754,412	\$ 12,343,690	\$ 22,071,680	\$ 20,369,312	\$ 19,815,275
13,207	11,624	13,008	14,908	14,019	13,856

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

Function	2015	2016	2017	2018
General government				
Municipal buildings	40	40	40	40
Conference center	1	1	1	1
Public safety				
Police Protection				
Stations	1	1	1	1
Fire Protection				
Stations within city limits	6	6	6	7
Stations operated through agreements with MUDs served in ETJ	1	1	1	-
Highways and streets				
Linear miles of sidewalks	537	537	538	846
Storm sewers (miles)	350	350	343	619
Traffic signals	85	85	88	90
Parks and recreation				
Parks	26	27	27	27
Community centers	6	6	6	7
Parks acreage				
Developed	571	924	963	966
Undeveloped	807	1484	1261	1261
Water				
Water wells	16	16	16	23
Water mains (miles)	452	465	495	643
Fire hydrants	4,134	4,296	4,320	5,495
Maximum daily demand (MG)				
Groundwater	25.84	31.00	35.70	36.22
Waste water				
Waste water treatment plants	2	2	2	4
Sanitary sewers (miles)	426	424	450	549
Max daily effluent flow (MG)	24.3	18.8	44.4	21.2

Source: Various City Departments.

Schedule 18

2019	2020	2021	2022	2023	2024
40	40	40	40	40	40
1	1	1	1	1	1
1	1	1	1	1	1
7	7	7	7	7	7
-	-	-	-	-	-
903	903	848	848	848	848
662	662	397	397	397	397
92	92	92	92	92	92
27	27	27	27	27	27
7	7	7	7	7	7
971	971	1174	1402	1402	1402
1261	1280	1280	1053	1179	1179
23	23	23	23	23	23
652	652	652	652	652	651
5,837	5,829	5,829	5,829	5,829	5,871
37.27	30.86	37.78	42.08	47.06	40.63
4	4	4	4	4	4
550	550	550	550	550	564
30.3	26.7	23.8	17.8	19.9	23.7

