

CITY OF MISSOURI CITY

2021

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2021



*We are committed to providing
an enhanced level of
Service,
Professionalism,
Innovation,
Respect,
Integrity and
Teamwork.*



City of Missouri City, Texas
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2021

Officials Issuing Report:

Bill Atkinson
Interim City Manager

Allena Portis
Director of Financial Services

City of Missouri City, Texas
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2021
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Introductory Section

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City of Missouri City

**1522 Texas Parkway
Missouri City, Texas 77489**

**Phone: 281.403.8500
www.missouricitytx.gov**

March 17, 2022

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Missouri City, Texas:

We are pleased to submit to you the Annual Comprehensive Financial Report for the City of Missouri City, Texas, prepared in accordance with accounting principles generally accepted in the United States of America for the fiscal year ended September 30, 2021. This report is published to provide the City Council, City staff, our citizens, our bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosure, rests with the City. We believe the data, as presented, is accurate in all material respects, and that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its government-wide financial statements and its various funds. Further, all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

This report consists of management's representations concerning the finances of the City of Missouri City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Missouri City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Missouri City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Missouri City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Missouri City's financial statements have been audited by Weaver and Tidwell, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Missouri City for the fiscal year ended September 30, 2021, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluation of the overall financial statement presentation. The independent audit concluded, based on the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City of Missouri City's financial statements for the fiscal year ended September 30, 2021 and are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The City of Missouri City was incorporated on March 12, 1956. Missouri City encompasses an area over 30 square miles and is located approximately 20 miles southwest of downtown Houston, in northeast Fort Bend County. A small portion of the City extends into the southwestern section of Harris County, where its boundaries adjoin the City of Houston. Approximately 10 percent of the City's population resides in Harris County. A number of toll roads and highway expansions, including Highway 90A, Texas State Highway 6, and the Fort Bend Tollway, allow for more improved travel times throughout the region. According to the most recent Retail Strategies Report, the City of Missouri City's population is estimated at 80,311 and is expected to grow to 85,034 by 2025.

The City of Missouri City is a home rule charter city, with a Council - Manager form of government. The Council consists of a Mayor, four District Council members and two Council Members elected at-large. The Mayor and Council members serve staggered three year terms with four district council members being elected in one year and the Mayor and two at-large being elected in the subsequent year. All policy and legislative decision are the responsibility of the Council. The charter delegates administrative duties to the Council appointed City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for hiring and managing City staff, excluding the Council appointed positions of City Secretary and City Attorney.

The City of Missouri City provides a full range of municipal services including police and fire protection; municipal court; community planning and development; parks, recreational activities and culture events; street maintenance; and other general public works activities. In addition to the general activities, the City Council exercises control over certain Wastewater and Water Utilities, and therefore, they have been included as an integral part of the City's financial statements.

The annual budget serves as the foundation for the City's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The level of budgetary control is established at the departmental level in the general fund and fund level in all other funds. The City Manager is authorized to transfer any unencumbered appropriated balance or portion thereof between specific classifications of expenditures within a department. By Ordinance, the City Council may authorize the transfer of any unencumbered appropriated balance or portion thereof from one fund or department to another.

The City is empowered by State statute to levy a property tax on real property located within its boundaries. In accordance with the implementation of the Texas Property Tax Code, the Fort Bend County Central Appraisal District and Harris County Appraisal District provide appraisals of property located within the City. The Fort Bend County Tax Office serves as the tax collector-assessor collecting property taxes and assessments on behalf of the City. The City exempts \$15,000 of the assessed value of resident homesteads within the city of persons 65 years of age or older and \$10,000 of the assessed value of residence homesteads of persons, married or unmarried, including those living alone, who are under a disability for purposes of payment of disability insurance benefits under federal old-age, survivors and disability insurance or its successor from all ad valorem taxes levied by the city.

Component Units

Component units are evaluated to determine whether they should be reported in the City's financial report. A component unit is considered part of the City's reporting entity in instances where the City is financially accountable for the entity or where the relationship between the City and the entity is such that exclusion would cause the City's financial statements to be misleading or incomplete.

The City has included the following blended component units within its financial statements:

- Missouri City Development Authority
- Tax Increment Reinvestment Zone 1
- Tax Increment Reinvestment Zone 2
- Tax Increment Reinvestment Zone 3
- Tax Increment Reinvestment Zone 4
- Public Improvement District 2
- Public Improvement District 4
- Missouri City Recreation and Leisure Local Government Corporation

In June 2000, the Missouri City Council approved the creation of a Development Authority for the City that is responsible for management of all Public Improvement Districts (PIDs) and Tax Increment Reinvestment Zones (TIRZs) created by the City.

In FY 2009, the City of Missouri City established the Missouri City Recreation and Leisure Local Government Corporation (LGC) to act on behalf of the City of Missouri City, in acquiring, improving, maintaining, or operating public parks and other public recreational facilities within the City of Missouri City, including, without limitation, golf courses, tennis centers, recreational centers, sports complexes, hikes and bike trails, and nature preserves. The LGC was established as an Enterprise Fund providing golf and restaurant services to the general public.

Excluded from the reporting entity of the City are various special districts established under state law and operating under related regulations for the purpose of providing residential and commercial water, sewer, storm, drainage, and flood control services.

ECONOMIC CONDITION AND OUTLOOK

The City of Missouri City is a growing community with an estimated 2021 population of 80,311 and a 2021 taxable assessed valuation of \$8,011,693,609.

The City's location in the Houston metropolitan region provides residents with many diverse employment opportunities. The majority of Missouri City's residents in the workforce commute to a job somewhere else in the region. Fort Bend County has experienced economic stability with its labor force with a force of 400,723 at September 30, 2021, an increase of 1.6% from the prior year.

Although, the COVID-19 pandemic negatively impacted employment statistics in FY 2020, the unemployment rate for Missouri City as of September 30, 2021 was 5.9%, an improvement from 9.7% in the previous year. The U.S. and Texas unemployment rates for September 30, 2021 were 4.7% and 5.2% respectively. The median household income for 2019 was \$87,915, a decrease from the 2018 median of \$90,976. Despite reductions in household income, the Missouri City community remains resilient, and the median income is expected to grow to \$98,867 by 2023.

Construction is strong and is reflective of robust residential development activity as seen in the consistent increase of the number of plans reviewed.

The total number of building permits issued in FY 2021 was 4,678. The value of permits issued for FY 2021 exceeded \$456 million.

Property assessed valuations increased again with the 2020 tax year (FY 2021), an increase of 8.1% in Missouri City over the prior year. The City continued with assessed valuation increases in the 2021 tax year (FY 2022) of 9.4%.

Missouri City is the gateway to Fort Bend County, which is one of the fastest growing counties in the USA. As a result of our location, available land, pro-business climate, access to infrastructure and thriving master planned communities, the City continues to experience tremendous success and growth. Recently completed economic development projects include:

- Best Buy - 600,000 SF Regional distribution center
- Comcast - 36,000 SF Regional service center
- NatureBest - 63,000 SF food processing and distribution center
- Phillips Edison - Redevelopment project \$600,000 of updates and facade improvements
- Ridge Development - 500,000 SF new speculative warehouse and distribution
- Warren Alloy - Second expansion 200,000 SF manufacturing distribution space
- Amazon- a new one million SF Amazon Fulfillment Center

These projects are harbingers of things to come. At present there is more than 3,000,000 SF of new commercial space planned and under way along US 90A and Beltway 8 in Missouri City. Development is expanding along the Fort Bend Toll Road including the construction of Fort Bend Town Center II, a 272,000 SF retail power center anchored by a Cinemark theater; and Fort Bend Town Center III, a 200,000 SF mixed-use commercial development that will include a METRO park & ride garage and two multi-family developments. Additionally, housing statistics are busy all across the community and new capital investments are being made in redevelopment areas.

LONG-TERM FINANCIAL PLANNING

The City of Missouri City has consistently planned its budgets with an eye to the long-term needs of the City. The established long-range policies regarding financial management are to retain the sound financial condition of the City, strive to retain the best possible bond rating, and provide future generations with the ability to borrow capital for purchase or construction of facilities, capital equipment, and infrastructure without severe financial burden.

In FY 2021, the City increased its General Fund Reserves to approximately 61%, which exceeds the required fund balance policy of 20 - 30%. City staff remained fiscally conservative in order to work together to rebuild our fund balance after a reduction in FY 2018. The reduction was due to the absorption of an additional three months as the City changed its fiscal year from a June 30 to September 30 year-end. Maintaining a sufficient fund balance assists the city mitigate unanticipated negative revenue impacts; address emergencies and cash flow needs; and ensure a bond rating that will decrease interest cost on debt issuances.

Forecast model

During FY 2021, the City updated our five-year forecast model. The process began with an analysis of the City's historical General Fund actuals and budget data. Line-item detail was organized into categories representing the City's major revenues and expenses. Growth rates were applied to the categories to project revenues and expenses for future years.

The financial forecast model serves as a strategic and financial tool that will:



Capital Improvement Program

The City continues to develop a five-year plan for major capital expenditures that matches available resources and satisfies the City tax rate stabilization objective. It is prepared and updated by the City Engineer annually and adopted by the City Council to plan for the capital improvements related to the City's water, wastewater, surface water, streets, drainage, parks, and facilities infrastructure.

FINANCIAL POLICIES

The City has adopted a formal set of financial policies that give the administration the direction and guidance needed to manage the City's finances in a prudent manner. Included in the policies are direction on accounting, financial and management reporting, debt, capital financing, cash management, investments, fixed assets capitalization and asset valuation.

In January 2021, the Council approved a revision to the comprehensive financial policy. The revision included the addition of the following sections:

- Use of Financial Consultants
- Budget and Long Range Financial Planning
- Revenue including the use of donations and restricted funds
- Procurement/Delegated Authority
- Five-Year Capital improvement Plan

Existing sections, including cash management, investments, and debt policy were updated to reflect current and best practices.

MAJOR INITIATIVES

In FY 2021, the City focused on several major initiatives which public safety, water and wastewater services, and city-wide energy efficiency. A sampling of projects are listed below:

Fire Station #6

This project includes the design and construction of a fire station to serve the Lake Olympia area towards the Fort Bend Toll Road. The addition of the fire station will reduce the response times in the area in line with national standards. It also helps meet the growing needs of the community and i helps maintain the highest possible ISO rating of 1 for public protection rating.

Surface Water Treatment Plant

As part of the City's master planned expansion process for the surface water treatment plant, it was determined that current and projected production rates, along with demands have made it necessary to expand the plant from 10 MGD to 20 MGD to meet future development consumption needs and the mandates from the Fort Bend Subsidence District.

Mustang Bayou Water Wastewater Treatment Plant Rehabilitation and Expansion

This project will meet the mandate from TCEQ to maintain capacity to treat sewage. The existing plant is 30-plus years old and is in need of rehabilitation. In addition, rapid growth in the service area is requiring expansion from 0.95 to 1.6 MGD. The design was initiated in FY 2019. The expanded plant is scheduled to be commissioned by July 2022.

STRATEGIC PLAN

During FY 2021, the City continued the process of refreshing the five-year strategic plan developed in 2014. The plan serves as a guide to prioritize initiatives, resources, goals and department operations. Through this plan, the Mayor and Council set forth the following goals:

1. Create a great place to live: safe, beautiful and active;
2. Maintain a financially sound City government: effective/quality services and infrastructure;
3. Grow business investments in Missouri City: more businesses, more jobs;
4. Develop a High Performance City team: working together, producing results; and
5. Have quality development throughout buildout: active centers, neighborhoods, housing and mobility.

Despite the pandemic, the City was able to accomplish several initiatives within City Council priority areas during FY 2021. A sample of related accomplishments were as follows:

Economic Development and Redevelopment

- Facilitated planning and development of 3,000,000 SF of commercial space in and around US 90A and Beltway 8
- Facilitated redevelopment of Glenn Lakes Professional Building
- Completed market assessment for redevelopment area
- Completed Grant Park Center incentive agreement
- Provided timely and in some cases expedited review of developmental projects to support major economic development initiatives such as the Amazon Fulfillment Center.

Infrastructure

- Completed expansion of the Regional Surface Water Treatment Plant from the original 10 Million Gallon per Day (MGD) capacity to 20 MGD, to meet growth and regulatory mandates.
- Completed update on Watershed Drainage Master Plan with a focus on emergency preparedness. This plan will assist first responders in better responding to "what-if" type flooding scenarios.
- On target to complete all improvements identified in the FY 21 Pavement Management and Maintenance (PMMP) and Sidewalk Rehabilitation Program.
- Completed new, comprehensive Parks and Recreation Master Plan that provides recommendations for provision of facilities, programs and services, parkland acquisition and development, maintenance and operations, and administration & management.

Fire Department

- Began the construction phase of Fire Station #6
- Took delivery of two new replacement apparatus Engine and Tower
- Implemented a new physical abilities test to utilize in the recruitment and hiring of new firefighters to ensure a diverse cross-section of new firefighters

Employees

- Completed the Gallagher Salary Study and implemented a 3.5% salary increase
- Implemented Civil Service for public safety
- Enhanced and improved the mobile workforce to respond to the COVID19 forced stay at home culture. New laptops were acquired with additional technology and licenses to support remote meetings and ensure day to day functions for the city was uninterrupted.
- Implemented and deployed PPP solution including thermal scanners and cleanse portals to ensure the return of employees from the COVID environment is controlled and monitored as required and recommended by the CDC.
- Created COVID19 Personnel Procedures
- Increased EAP sessions from 3 to 8 free sessions per issue
- Implemented ALEX, an employee advocate informational tool, designed to help assist employees with city benefits.

Beautification

- Beautification of Texas Parkway/Cartwright Corridors including monuments, readers signs and landscaping
- The City's Veteran Memorial project was completed.
- Achieved Scenic City Platinum status, the highest program recognition, for a 2nd consecutive period.

Partnerships

- Supported a multidisciplinary effort to acquire certain real property for a major roadway project
- Successfully negotiated and levered funding from the Texas general Land Office (GLO) and Fort Bend County to support Drainage and Mobility Infrastructure initiatives.
- Partnered with Fort Bend County to reforest medians along Thomas Taylor Parkway. The project includes 26 Live Oak Trees with a value of \$26,000. The project was completed with no cost to the city.

In addition to the accomplishments presented above the City continues to be an award winning community. The City was named no. 13 in the Best Cities to Live in Texas, by online organization Chamber of Commerce; ranked no. 17 on the list of Greenest Cities in Texas by Just Energy, a multinational energy and gas company with its U.S. headquarters based in Houston; ranked no. 5 among safest municipalities with a population of 50,000 or more by the Home Security Advisor; and was one of only three fort bend county municipalities to be featured by the online security resource, Alarms.org, the official site of the National Council for Home Safety and Security, ranking no. 34 in a list of 154 Texas cities .

OTHER INFORMATION

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The City of Missouri City for its annual comprehensive financial report for the fiscal year ended September 30, 2020. This was the 39th consecutive year that the City has achieved this prestigious award.

In order to be awarded, the government unit must publish an easily readable and efficiently organized comprehensive annual financial report in which the contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The GFOA award is valid for a one year period.

The City of Missouri City received the GFOA's Distinguished Budget Presentation Award for its annual budget document that was adopted and published for FY 2021. To qualify for the distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device. This was the 33rd consecutive year that the City has received this award.

Acknowledgements

The preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service of the Financial Services Department's Accounting & Treasury Divisions. I want to express my appreciation to the team and entire Financial Services Department for their contributions, dedication and hard work during the year which contributed to the preparation of the report. Appreciation is also expressed to the staff of Weaver and Tidwell, LLP, who made this presentation possible.

I would like to thank the Mayor, Members of the City Council, the City Manager and Department Heads for their interest and support in planning and conducting the financial operations of the City in a responsible and prudent manner.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Missouri City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Financial Services, 1522 Texas Parkway, Missouri City, TX 77489, phone 281-403-8500, email address Allena.Portis@missouricitytx.gov.

Respectfully Submitted,

DocuSigned by:

95EF27EF63DD422...
Charles Jackson
CEO/City Manager


Allena J. Portis
Director of Financial Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Missouri City
Texas**

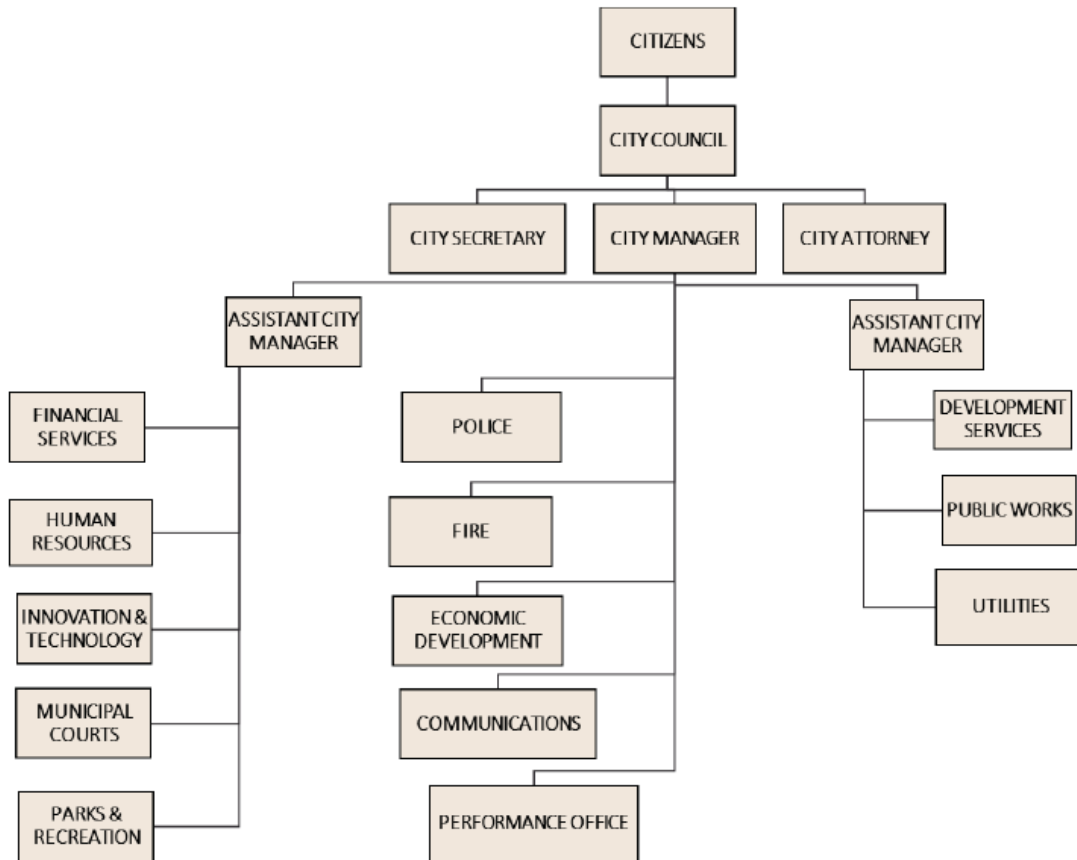
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

City of Missouri City, Texas
Organizational Chart
September 30, 2021



City of Missouri City, Texas
Principal Officials
September 30, 2021



Pictured from left to right – Floyd Emery, Jeffrey L. Boney, Lynn Clouser, Robin J. Elackatt, Anthony G. Maroulis, Vashaundra Edwards, Cheryl Sterling



City of Missouri City, Texas
Principal Officials
September 30, 2021

| Appointed Officials | Position |
|----------------------------|----------------------|
| Bill Atkinson | Interim City Manager |
| Maria Jackson | City Secretary |
| E. Joyce Iyamu | City Attorney |

| Executive Managers | Position |
|---------------------------|--|
| Bill Atkinson | Assistant City Manager |
| Allena Portis | Director of Financial Services |
| Michael Berezin | Police Chief |
| Mario Partida | Fire Chief |
| Shashi Kumar | Director of Public Works |
| Jason Mangum | Director of Parks & Recreation |
| Jennifer Gomez | Director of Development Services |
| Martin Russell | Director of Human Resources/Organizational Development |
| Stacie Walker | Director of Communications |
| Sedrick Cole | Director of Technology and Innovation |
| Aubrey Nettles | Director of Economic Development |
| Brittany Rychlik | Director of Court Services |

Financial Section

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Independent Auditor's Report

The Honorable Mayor
and Members of the City Council of the
City of Missouri City, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Missouri City, Texas (the City), as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable Mayor
and Members of the City Council of the
City of Missouri City, Texas

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Missouri City, Texas, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Other Information

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

The Combining and Individual Fund Statements and Schedules 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 Combining and Individual Fund Statements and Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

The Honorable Mayor
and Members of the City Council of the
City of Missouri City, Texas

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the City's 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.

Conroe, Texas
March 17, 2022

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Management's Discussion and Analysis

As management of the City of Missouri City, we offer readers of the City of Missouri City's financial statements this narrative overview and analysis of the financial activities of the City of Missouri City for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal as noted in the table of contents of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Missouri City exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$210.7 million (net position). Of this amount, \$48.3 million is restricted for special purposes and (\$8.7) million (unrestricted net deficit) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$18.9 million as a result of operations.
- The City of Missouri City's total expenses were \$102.8 million. Program revenues of \$49.0 million reduced the net cost of the City's functions to be financed from the City's general revenues to \$53.7 million.

USING THE FINANCIAL SECTION OF THIS ANNUAL COMPREHENSIVE FINANCIAL REPORT

This Annual Comprehensive Financial Report consists of three sections: introductory, financial, and statistical. As the following chart shows, the financial section of this report has three components - *management's discussion and analysis* (this section), the *basic financial statements* and *required supplementary information*.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Missouri City's basic financial statements. The City's basic financial statements are comprised of 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 themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies.

The Statement of Net Position and the Statement of Activities, which are the government-wide financial statements, report information about the City as a whole and about its activities in a way that helps answer the question of whether the City is better off this year as compared to last year. These statements include all assets and liabilities and are presented on the accrual basis of accounting. All current year revenues and expenses are taken into account regardless of when the cash is received or paid.

The Statement of Net Position presents information on all of the City of Missouri City's assets, deferred outflows, liabilities and deferred inflows with the difference between the four reported as net position. Over time, deferred outflows, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City of Missouri 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 and sick 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, financial services, police, fire, public works, parks and recreation, and planning. The business-type activities of the City include regional wastewater treatment services for local municipal utility districts.

The government-wide financial statements include not only the City of Missouri City itself (known as the primary government), but also legally separate component units for which the City of Missouri City is financially accountable. These component units are the Missouri City Development Authority, Tax Increment Reinvestment Zones 1, 2 and 3, Public Improvement Districts 2 and 4 and the Missouri City Recreation and Leisure Local Government Corporation (LGC). All of these component units function for all practical purposes as departments of the City, almost entirely benefiting the City, and, therefore, have been included as an integral part ("blended") of the primary government.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more information about the City's most significant funds - not the City as a whole. The City has two types of funds:

Governmental Funds - Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's major programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statement that explains the relationship/differences between governmental funds and governmental activities.

The City maintains 22 individual governmental funds for financial reporting purposes. 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 fund, the debt service fund, the capital projects fund, and the TIRZ #3 (Sienna) Fund, all of which are considered to be major funds. Data from the other funds is provided in the column labeled "nonmajor governmental funds."

Proprietary Funds - Proprietary Funds include the City's four enterprise funds that are used to report the functions presented as business-type activities in the government-wide financial statements. Major proprietary funds are the Water and Wastewater Utility Fund and the Surface Water Utility Fund. Nonmajor Enterprise Funds are the Missouri City LGC, which operates under the Missouri City Recreation and Leisure Local Government Corporation (LGC) which is a public, non-profit corporation, and the Solid Waste Collections Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council approved an original General Fund operating budget of \$58.5 million. During FY 2021, budget amendments were approved by City Council resulting in a final operating budget of \$62.8 million. The budget amendments were primarily due to budgeted expenditures related to the Coronavirus Aid, Relief, and Economic Security Act (CARES), developer's agreement expense, the addition of three new positions, legal expense for the implementation of Civil Service, contribution to a park renovation, contracts for third party plan reviews and the employee's wellness program. The majority of the increase in the budgeted expenditures was offset by additional budgeted revenue and budget associated with the carry forward of FY 2020 encumbrances.

The final General Fund operating budget of \$62.8 million, was a 23% increase from the previous year due primarily to budgeted expenditures of \$6.2 million for CARES, the addition of five new positions and the salary and benefits associated with implementation of the 2019 compensation plan. The adopted property tax rate allocated \$0.45353 cents for maintenance and operations (M&O) and \$0.14451 cents for debt service (Interest & Sinking). Given the recent economic conditions, including the Coronavirus Pandemic, and their potential effect on the City's budget, it is of great importance to the City to continue the organizational strategies that have been in place for the last several years. The four main priorities are:

- (1) Retain existing property values
- (2) Increase commercial development
- (3) Create value added services
- (4) Develop an organization for optimum performance

The last three fiscal year budgets have shown improvements in the City's financial conditions, as Missouri City has been fortunate to have avoided many budget impacts that other governmental entities have experienced such as layoffs, furloughs or salary reductions, or the actual elimination of certain services or programs. During the pandemic, sales tax revenues actually increased due to residents shopping locally.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are noted in the table of contents of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's General Fund and TIRZ #3 (Sienna) Fund budget compliance, its progress in funding its obligation to provide pension benefits to its employees, and condition and maintenance data regarding certain portions of the City's infrastructure. Required supplementary information (RSI) and notes to RSI can be found beginning immediately after the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's overall financial position and operations for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$210.7 million at year end. The following table reflects the condensed Statement of Net Position.

A majority of the City's net position reflects its investment in capital assets (e.g., land, intangible assets - right of way, buildings, machinery, equipment and infrastructure) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. 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. Another major portion of the City's net position represents various restricted resources (23%) that are subject to specific external uses (impact fees, capital projects, debt service, parkland dedication, community development and other).

City of Missouri City, Texas's Combined Net Position

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--------------------------------------|----------------------------|-----------------------|-----------------------------|----------------------|-----------------------------|-----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Current and other assets | \$ 115,168,322 | \$ 94,669,658 | \$ 47,660,850 | \$ 40,568,768 | \$ 162,829,172 | \$ 135,238,426 |
| Capital assets | 203,966,208 | 197,003,741 | 105,979,799 | 101,255,031 | 309,946,007 | 298,258,772 |
| Total assets | 319,134,530 | 291,673,399 | 153,640,649 | 141,823,799 | 472,775,179 | 433,497,198 |
| Total deferred outflows of resources | 6,152,085 | 5,935,947 | 1,788,251 | 1,920,183 | 7,940,336 | 7,856,130 |
| Other liabilities | 13,393,994 | 6,319,455 | 7,349,508 | 5,713,405 | 20,743,502 | 12,032,860 |
| Long-term liabilities outstanding | 164,258,205 | 159,119,499 | 78,492,462 | 73,061,025 | 242,750,667 | 232,180,524 |
| Total liabilities | 177,652,199 | 165,438,954 | 85,841,970 | 78,774,430 | 263,494,169 | 244,213,384 |
| Total deferred inflows of resources | 6,545,889 | 5,388,169 | - | - | 6,545,889 | 5,388,169 |
| Net position: | | | | | | |
| Net investment in capital assets | 135,891,071 | 121,837,802 | 35,194,296 | 33,702,665 | 171,085,367 | 155,540,467 |
| Restricted | 42,349,848 | 37,172,960 | 5,948,552 | 3,360,738 | 48,298,400 | 40,533,698 |
| Unrestricted | (37,152,392) | (32,228,539) | 28,444,082 | 27,906,149 | (8,708,310) | (4,322,390) |
| Total net position | \$ 141,088,527 | \$ 126,782,223 | \$ 69,586,930 | \$ 64,969,552 | \$ 210,675,457 | \$ 191,751,775 |

Statement of Activities

The following table provides a summary of the City's changes in net position:

| City of Missouri City, Texas's Change in Net Position | | | | | | |
|---|----------------------------|-----------------------|-----------------------------|----------------------|-----------------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 11,667,097 | \$ 10,577,426 | \$ 26,790,048 | \$ 24,425,946 | \$ 38,457,145 | \$ 35,003,372 |
| Operating grants and contributions | 8,633,908 | 1,215,832 | - | - | 8,633,908 | 1,215,832 |
| Capital grants and contributions | - | 978,310 | 1,957,317 | 1,276,567 | 1,957,317 | 2,254,877 |
| General revenues: | | | | | | |
| Property taxes | 50,335,730 | 48,146,655 | - | - | 50,335,730 | 48,146,655 |
| Sales taxes | 12,403,392 | 10,752,684 | - | - | 12,403,392 | 10,752,684 |
| Franchise taxes | 6,773,972 | 6,242,215 | - | - | 6,773,972 | 6,242,215 |
| Hotel occupancy taxes | 308,824 | 212,219 | - | - | 308,824 | 212,219 |
| Investment earnings | 579,719 | 1,573,680 | 239,474 | 728,685 | 819,193 | 2,302,365 |
| Other revenues | 1,734,427 | 426,666 | 91,122 | 28,999 | 1,825,549 | 455,665 |
| Gain on sale of capital assets | 189,888 | 164,080 | - | - | 189,888 | 164,080 |
| Total revenues | 92,626,957 | 80,289,767 | 29,077,961 | 26,460,197 | 121,704,918 | 106,749,964 |
| Expenses: | | | | | | |
| General government | 18,868,597 | 12,760,796 | - | - | 18,868,597 | 12,760,796 |
| Financial services | 2,393,615 | 2,302,951 | - | - | 2,393,615 | 2,302,951 |
| Police | 14,201,456 | 16,013,319 | - | - | 14,201,456 | 16,013,319 |
| Fire | 10,296,787 | 11,200,392 | - | - | 10,296,787 | 11,200,392 |
| Public works | 16,239,625 | 15,310,375 | - | - | 16,239,625 | 15,310,375 |
| Parks and recreation | 5,457,810 | 5,010,634 | - | - | 5,457,810 | 5,010,634 |
| Planning | 6,669,651 | 4,819,909 | - | - | 6,669,651 | 4,819,909 |
| Interest on long-term debt | 4,364,188 | 3,889,497 | - | - | 4,364,188 | 3,889,497 |
| Water and wastewater utilities | - | - | 7,139,577 | 5,875,141 | 7,139,577 | 5,875,141 |
| Surface water treatment | - | - | 9,393,440 | 7,110,594 | 9,393,440 | 7,110,594 |
| Solid waste collections | - | - | 4,170,733 | 3,976,858 | 4,170,733 | 3,976,858 |
| Missouri City LGC | - | - | 3,585,757 | 3,611,141 | 3,585,757 | 3,611,141 |
| Total expenses | 78,491,729 | 71,307,873 | 24,289,507 | 20,573,734 | 102,781,236 | 91,881,607 |
| Increase (decrease) in net position before transfers | 14,135,228 | 8,981,894 | 4,788,454 | 5,886,463 | 18,923,682 | 14,868,357 |
| Transfers | 171,076 | 1,743,799 | (171,076) | (1,743,799) | - | - |
| Change in net position | 14,306,304 | 10,725,693 | 4,617,378 | 4,142,664 | 18,923,682 | 14,868,357 |
| Net position - beginning | 126,782,223 | 116,056,530 | 64,969,552 | 60,826,888 | 191,751,775 | 176,883,418 |
| Net position - ending | \$ 141,088,527 | \$ 126,782,223 | \$ 69,586,930 | \$ 64,969,552 | \$ 210,675,457 | \$ 191,751,775 |

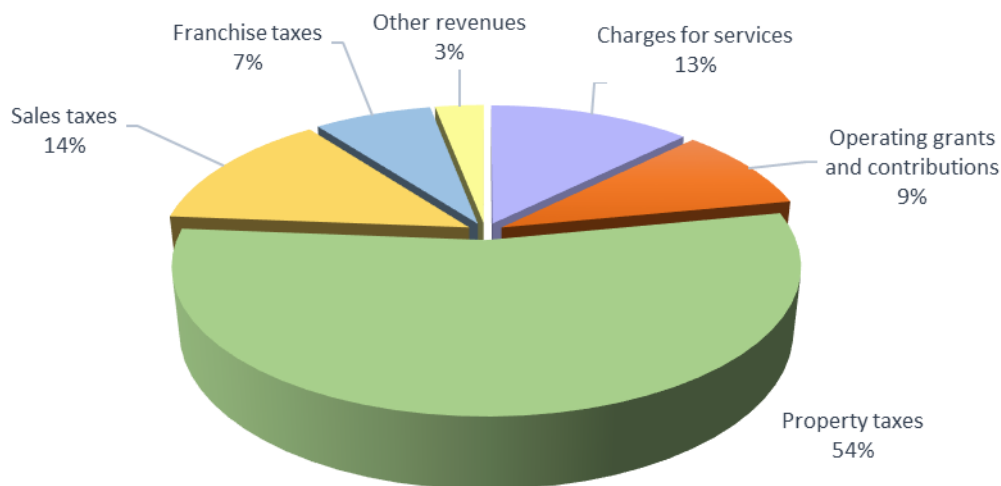
The government's total net position increased by \$18.9 million as a result of operations during the current fiscal year. Property taxes were 41% of total revenue, Charges for services were 32%, sales taxes were 10% operating grants and contributions were 7% and franchise taxes were 6%. The remaining revenue totaled 4% of total revenue. On the expense side, general government was 18%, public works was 16% of the total, while police and fire were 14% and 10%, respectively. Water and wastewater, surface water, solid waste collection and Missouri City LGC expenses were 24% of total expenses. The remaining expenses totaled 18% of total expenses.

GOVERNMENTAL ACTIVITIES

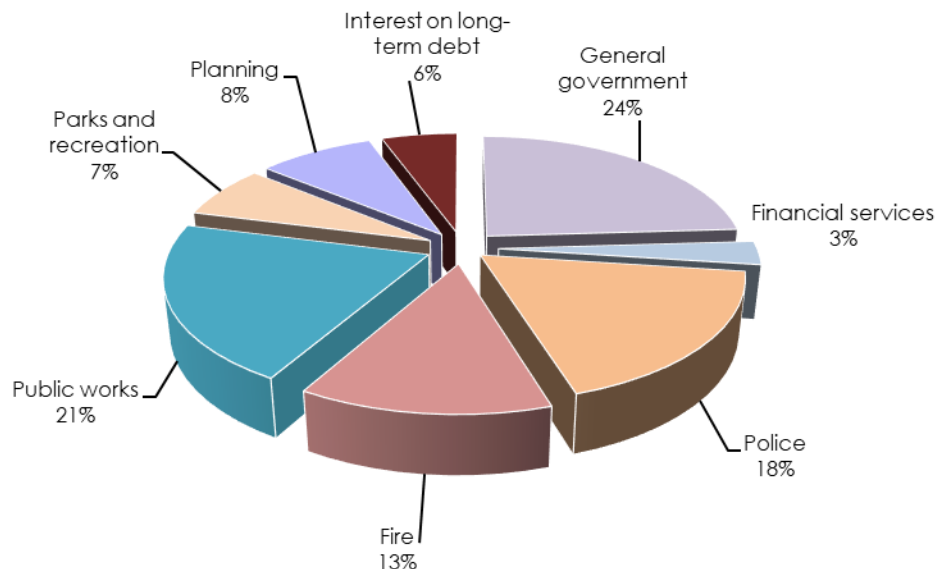
- Total governmental activities revenues exceeded total expenses by \$14.1 million. Transfers in of \$171 thousand from enterprise funds made the net increase in governmental activities net position of \$14.3 million.
- Revenues in the governmental activities increased in total by \$12.3 million largely due to the increase in property taxes as a result of an increase in assessed values and an increase in operating grants and contributions as a result of more intergovernmental revenue received.
- Total governmental activities expenses increased by \$7.2 million as a result of an increase in general government expenses such as contractual services, plan review expenses, developer agreement expenses, building repairs, sidewalk repairs, CARES expenditures and capital outlay expenditures including building and infrastructure improvements.

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.

Governmental Revenues



Governmental Expenses



BUSINESS-TYPE ACTIVITIES

Business-type activities represent: (1) Water and Wastewater Utilities for the operations of the Northeast Oyster Creek (NEOC) service area and the Mustang Bayou service area, (2) Surface Water Utilities as part of the Groundwater Reduction Plan (GRP), (3) Solid Waste Collection Fund, and the (4) the Missouri City Recreation and Leisure Local Government Corporation (Missouri City LGC).

- The Business-type Net Position increased by \$4.6 million during the current fiscal year.
- Business-type revenues and expenses increased by \$2.6 million and \$3.7 million respectively. Revenues increased primarily due to an increase in charges for services for impact fees. Expenses increased primarily due to an increase in expenses in the water and wastewater utility fund for wastewater capacity expenses and an increase in expenses in the surface water treatment fund for a \$ 2 million reimbursement to Sienna MUD #1 for the effluent reuse system agreement.

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.

The City's governmental funds reflect a combined fund balance of \$101.6 million at the end of the fiscal year. Of this amount, \$66.0 million is restricted for specific purposes, \$3 million is committed for specific purposes and \$30.7 million is unassigned and available for day-to-day operations of the City.

The general fund is the main operating fund of the City. At the end of the current fiscal year, the total general fund balance was \$35.5 million. As a measure of the general fund's liquidity, the City compares total fund balance to total fund expenditures and reoccurring transfers out. Total fund balance of the general fund represents 65.4% of total general fund expenditures for the fiscal year ended September 30, 2021. The fund balance of the City's General Fund increased \$8.5 million during the fiscal year ended September 30, 2021. Total general fund revenues and expenditures increased by \$8.4 million and \$2.8 million, respectively. The primary factor in the increase in revenue is the increase in intergovernmental revenues received. The primary factor in the increase in expenditures is the increase in general government.

The Debt Service Fund has a total fund balance of \$6.5 million, all of which is restricted for the payment of debt service. Total expenditures exceeded total revenues (excluding other financing sources and transfers) by \$32.7 thousand.

The Capital Projects Fund has a total fund balance of \$31.1 million, which is an increase of \$69.8 thousand from the prior year. This increase can be attributed primarily to the issuance of debt for capital projects.

The TIRZ #3 (Sienna) Fund has a total fund balance of \$5.9 million, which is an increase of \$674 thousand from the prior year. This increase can be attributed primarily to the increase in property tax revenues as a result of an increase in assessed values.

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

Total net positions of the Water and Wastewater Utility Fund and the Surface Water Utility Fund amounted to \$32.6 million and \$36.7 million, respectively. The Solid Waste Collections Fund and the Missouri City Recreation and Leisure Local Government Corporation (Missouri City LGC) had a net position of approximately \$246 thousand and \$73 thousand, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

CAPITAL ASSETS

The City of Missouri City's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to \$309.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, equipment and infrastructure.

City of Missouri City, Texas's Capital Assets (net of depreciation)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|----------------------------------|----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land and right of way | \$ 15,486,538 | \$ 15,486,538 | \$ 4,760,826 | \$ 4,760,826 | \$ 20,247,364 | \$ 20,247,364 |
| Constructions in progress | 4,582,319 | 650,586 | 24,450,522 | 19,242,967 | 29,032,841 | 19,893,553 |
| Buildings and improvements | 32,960,410 | 33,710,940 | 2,205,056 | 2,283,999 | 35,165,466 | 35,994,939 |
| Improvement other than buildings | 15,738,276 | 17,212,344 | 24,592 | 38,427 | 15,762,868 | 17,250,771 |
| Infrastructure | 125,783,387 | 120,348,931 | 74,354,919 | 74,635,467 | 200,138,306 | 194,984,398 |
| Machinery and equipment | 9,415,278 | 9,594,402 | 183,884 | 293,345 | 9,599,162 | 9,887,747 |
| Totals | \$ 203,966,208 | \$ 197,003,741 | \$ 105,979,799 | \$ 101,255,031 | \$ 309,946,007 | \$ 298,258,772 |

Construction in progress for the governmental activities (\$4.6 million) at year-end represents seven ongoing projects. These projects are sidewalk repairs for First Colony Trail, Park Maintenance Facility, Fire Station No. 3 Renovation, Fire Station No. 6 Building, Flood Gauge Installations, Cangelosi Detention and Willow Waterhole Drainage Improvement.

The construction in progress balance for the enterprise funds (\$24.5 million) consists primarily of projects for Mustang Bayou Wastewater & Surface Water Treatment Plant and Regional Water Treatment Plant Phase II.

Additional information on the City's capital assets can be found in Note 5, of this report.

LONG-TERM DEBT

At the end of the current fiscal year, the City had total long-term debt outstanding of \$203.4 million. Of this amount, \$115.7 million is general obligation debt, certificates of obligation is \$43.0 million, tax increment revenue bonds are \$2.5 million, contractual obligations of \$18.3 million and capital leases of \$3.8 million. Business-type activities debt is comprised of \$36.6 million in general obligation debt and \$33.6 million in certificates of obligation.

City of Missouri City, Texas's Long-term Liabilities Outstanding

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|----------------------------|----------------------------|-----------------------|-----------------------------|----------------------|-----------------------------|-----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| General obligation bonds | \$ 79,068,815 | \$ 82,734,774 | \$ 36,601,185 | \$ 38,840,226 | \$ 115,670,000 | \$ 121,575,000 |
| Certificates of obligation | 9,345,000 | 7,260,000 | 33,620,000 | 26,360,000 | 42,965,000 | 33,620,000 |
| Increment revenue bonds | 2,460,000 | 2,840,000 | - | - | 2,460,000 | 2,840,000 |
| Issuance premiums | 9,863,975 | 9,008,210 | 8,271,277 | 7,860,799 | 18,135,252 | 16,869,009 |
| Capital leases | 3,763,738 | 4,175,555 | - | - | 3,763,738 | 4,175,555 |
| Contractual obligations | 18,339,780 | 11,425,000 | - | - | 18,339,780 | 11,425,000 |
| Compensated absences | 2,099,266 | 2,800,996 | - | - | 2,099,266 | 2,800,996 |
| Total | \$ 124,940,574 | \$ 120,244,535 | \$ 78,492,462 | \$ 73,061,025 | \$ 203,433,036 | \$ 193,305,560 |

The City's total debt increased by \$10.1 million (5.2%) from the prior fiscal year. Key factor in this increase was the issuance of debt and contractual obligations offset by the payment of principal in the current fiscal year.

All general obligation debt and certificates of obligation are scheduled to be retired by 2040.

The City has earned an "AA" rating from Standard and Poor's, an "Aa2" rating from Moody's Investor Service, and an "AA" rating from Fitch Ratings.

More detailed information about the City's long-term liabilities is presented in Note 6 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate for Missouri City as of September 30, 2021 was 5.9%. The U.S. and Texas unemployment rates for September 30, 2021 were 4.7% and 5.1% respectively.

The City is expected to increase its population base over the next 3 years from 78,587 in 2020 to 85,034 by 2025 which is an 8.2% increase. Fort Bend County's population was 831,870 in 2020, and it is expected to grow to 960,690 by 2025, which is a 15.5% increase.

In the upcoming fiscal year of 2022, the City is expecting to maintain a fund balance of approximately 42%, of estimated recurring expenditures, which is above the City's fund balance policy parameters of 20%-30% of annual expenditures. The total General Fund budget for FY22 is \$69.1 million, with 36.3% of the spending being for police and fire services totaling \$25.1 million.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Missouri City'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 Allena Portis, Director of Financial Services, City Hall, 1522 Texas Parkway, Missouri City, TX 77489, telephone (281) 403-8500; or, for general City information, visit the City's website at www.missouricitytx.gov.

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Basic Financial Statements

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City of Missouri City, Texas

Statement of Net Position

September 30, 2021

| | Primary Government | | |
|---|---------------------------|--------------------------|---------------------------|
| | Governmental | Business-type | |
| | Activities | Activities | Total |
| ASSETS | | | |
| Cash and cash equivalents | \$ 48,119,725 | \$ 20,457,857 | \$ 68,577,582 |
| Restricted cash - customer deposits | - | 310,950 | 310,950 |
| Investments | 58,934,228 | 22,031,322 | 80,965,550 |
| Receivables, net of allowances | 7,156,803 | 5,407,700 | 12,564,503 |
| Internal balances | 700,342 | (700,342) | - |
| Inventories | 146,443 | 153,363 | 299,806 |
| Prepays | 110,781 | - | 110,781 |
| Capital assets: | | | |
| Nondepreciable capital assets | 20,068,857 | 29,211,348 | 49,280,205 |
| Depreciable capital assets, net | 183,897,351 | 76,768,451 | 260,665,802 |
| Total assets | 319,134,530 | 153,640,649 | 472,775,179 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred charge on refunding | 1,361,089 | 1,788,251 | 3,149,340 |
| Deferred outflows - pension | 2,510,396 | - | 2,510,396 |
| Deferred outflows - other postemployment benefits | 2,280,600 | - | 2,280,600 |
| Total deferred outflows of resources | 6,152,085 | 1,788,251 | 7,940,336 |
| LIABILITIES | | | |
| Accounts payable and current liabilities | 8,598,465 | 6,372,056 | 14,970,521 |
| Accrued interest payable | 1,338,623 | 885,140 | 2,223,763 |
| Unearned revenue | 3,456,906 | 92,312 | 3,549,218 |
| Noncurrent liabilities: | | | |
| Due within one year | 12,377,308 | 4,415,188 | 16,792,496 |
| Due in more than one year | | | |
| Long-term debt | 112,563,266 | 74,077,274 | 186,640,540 |
| Net pension liability | 29,114,153 | - | 29,114,153 |
| Other postemployment benefits liability | 10,203,478 | - | 10,203,478 |
| Total liabilities | 177,652,199 | 85,841,970 | 263,494,169 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred gain on refunding | 100,126 | - | 100,126 |
| Deferred inflows - pension | 5,870,054 | - | 5,870,054 |
| Deferred inflows - other postemployment benefits | 575,709 | - | 575,709 |
| Total deferred inflows of resources | 6,545,889 | - | 6,545,889 |
| NET POSITION | | | |
| Net investment in capital assets | 135,891,071 | 35,194,296 | 171,085,367 |
| Restricted for: | | | |
| Construction and rehabilitation | - | 3,233,884 | 3,233,884 |
| Grants | 1,438 | - | 1,438 |
| Law enforcement | 1,626,396 | - | 1,626,396 |
| Impact fees | 188,940 | 2,714,668 | 2,903,608 |
| Facilities construction | 1,431,779 | - | 1,431,779 |
| Debt service | 5,558,137 | - | 5,558,137 |
| Parkland dedication | 2,040,113 | - | 2,040,113 |
| Community development | 23,336,864 | - | 23,336,864 |
| Metro projects | 8,166,181 | - | 8,166,181 |
| Unrestricted | (37,152,392) | 28,444,082 | (8,708,310) |
| TOTAL NET POSITION | \$ 141,088,527 | \$ 69,586,930 | \$ 210,675,457 |

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

City of Missouri City, Texas

Statement of Activities

For the Fiscal Year Ended September 30, 2021

| Functions/Programs | Expenses | Program Revenues | | |
|--------------------------------------|----------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| PRIMARY GOVERNMENT | | | | |
| Governmental activities: | | | | |
| General government | \$ 18,868,597 | \$ 58,633 | \$ 4,339,277 | \$ - |
| Financial services | 2,393,615 | - | - | - |
| Police | 14,201,456 | 1,104,739 | 1,155,658 | - |
| Fire | 10,296,787 | 2,613,246 | 172,839 | - |
| Public works | 16,239,625 | 447,978 | 2,800,000 | - |
| Parks and recreation | 5,457,810 | 413,002 | - | - |
| Planning | 6,669,651 | 7,029,499 | 166,134 | - |
| Interest on long-term debt | 4,364,188 | - | - | - |
| | | | | |
| Total governmental activities | 78,491,729 | 11,667,097 | 8,633,908 | - |
| Business-type activities: | | | | |
| Water and wastewater utilities | 7,139,577 | 8,246,068 | - | 1,957,317 |
| Surface water treatment | 9,393,440 | 10,473,780 | - | - |
| Solid waste collections | 4,170,733 | 4,214,190 | - | - |
| Missouri City LGC | 3,585,757 | 3,856,010 | - | - |
| | | | | |
| Total business-type activities | 24,289,507 | 26,790,048 | - | 1,957,317 |
| TOTAL PRIMARY GOVERNMENT | | | | |
| | \$ 102,781,236 | \$ 38,457,145 | \$ 8,633,908 | \$ 1,957,317 |
| General revenues: | | | | |
| Property taxes | | | | |
| Sales taxes | | | | |
| Franchise taxes | | | | |
| Hotel occupancy taxes | | | | |
| Investment earnings | | | | |
| Other revenues | | | | |
| Gain on sale of capital assets | | | | |
| 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**

| Governmental Activities | Business-type Activities | Total |
|------------------------------------|-------------------------------------|-----------------------|
| \$ (14,470,687) | \$ - | \$ (14,470,687) |
| (2,393,615) | - | (2,393,615) |
| (11,941,059) | - | (11,941,059) |
| (7,510,702) | - | (7,510,702) |
| (12,991,647) | - | (12,991,647) |
| (5,044,808) | - | (5,044,808) |
| 525,982 | - | 525,982 |
| (4,364,188) | - | (4,364,188) |
| <u>(58,190,724)</u> | <u>-</u> | <u>(58,190,724)</u> |
| - | 3,063,808 | 3,063,808 |
| - | 1,080,340 | 1,080,340 |
| - | 43,457 | 43,457 |
| - | 270,253 | 270,253 |
| <u>-</u> | <u>4,457,858</u> | <u>4,457,858</u> |
| (58,190,724) | 4,457,858 | (53,732,866) |
| 50,335,730 | - | 50,335,730 |
| 12,403,392 | - | 12,403,392 |
| 6,773,972 | - | 6,773,972 |
| 308,824 | - | 308,824 |
| 579,719 | 239,474 | 819,193 |
| 1,734,427 | 91,122 | 1,825,549 |
| 189,888 | - | 189,888 |
| 171,076 | (171,076) | - |
| <u>72,497,028</u> | <u>159,520</u> | <u>72,656,548</u> |
| 14,306,304 | 4,617,378 | 18,923,682 |
| <u>126,782,223</u> | <u>64,969,552</u> | <u>191,751,775</u> |
| <u>\$ 141,088,527</u> | <u>\$ 69,586,930</u> | <u>\$ 210,675,457</u> |

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

| | General Fund | Debt Service Fund | Capital Projects Fund | TIRZ #3 (Sienna) Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|-----------------------|-----------------------|-----------------------------|--------------------------|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 10,837,470 | \$ 2,315,631 | \$ 23,463,469 | \$ 2,450,658 | \$ 9,052,497 | \$ 48,119,725 |
| Investments | 23,730,207 | 4,199,079 | 9,628,837 | 4,558,565 | 16,817,540 | 58,934,228 |
| Receivables, net of allowances | 5,483,022 | 382,050 | 1,002,055 | 1,714 | 287,962 | 7,156,803 |
| Due from other funds | 657,076 | - | - | - | - | 657,076 |
| Inventories | 146,443 | - | - | - | - | 146,443 |
| Prepays | 110,781 | - | - | - | - | 110,781 |
| Advances to other funds | 141,672 | - | - | - | - | 141,672 |
| TOTAL ASSETS | \$ 41,106,671 | \$ 6,896,760 | \$ 34,094,361 | \$ 7,010,937 | \$ 26,157,999 | \$ 115,266,728 |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 1,946,417 | \$ - | \$ 3,001,357 | \$ 1,138,803 | \$ 30,160 | \$ 6,116,737 |
| Salaries payable | 1,692,773 | - | - | - | 9,126 | 1,701,899 |
| Due to other funds | - | - | - | - | 98,406 | 98,406 |
| Due to others | 779,829 | - | - | - | - | 779,829 |
| Unearned revenue | 1,779 | - | - | - | 3,455,127 | 3,456,906 |
| Total liabilities | 4,420,798 | - | 3,001,357 | 1,138,803 | 3,592,819 | 12,153,777 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue | 1,150,945 | 350,832 | - | - | 2,162 | 1,503,939 |
| Total deferred inflows of resources | 1,150,945 | 350,832 | - | - | 2,162 | 1,503,939 |
| FUND BALANCES | | | | | | |
| Nonspendable: | | | | | | |
| Inventories | 146,443 | - | - | - | - | 146,443 |
| Prepays | 110,781 | - | - | - | - | 110,781 |
| Restricted for: | | | | | | |
| Grants | 1,438 | - | - | - | - | 1,438 |
| Law enforcement | - | - | - | - | 1,626,396 | 1,626,396 |
| Street improvement | - | - | 22,737,883 | - | - | 22,737,883 |
| Metro projects | - | - | 8,166,181 | - | - | 8,166,181 |
| Impact fees | - | - | 188,940 | - | - | 188,940 |
| Facilities construction | - | - | - | - | 1,431,779 | 1,431,779 |
| Debt service | - | 6,545,928 | - | - | - | 6,545,928 |
| Parkland dedication | - | - | - | - | 2,040,113 | 2,040,113 |
| Community development | - | - | - | 5,872,134 | 17,464,730 | 23,336,864 |
| Committed for: | | | | | | |
| Emergency reserve | 1,500,000 | - | - | - | - | 1,500,000 |
| Operating contingency reserve | 1,500,000 | - | - | - | - | 1,500,000 |
| Assigned for: | | | | | | |
| Purchases on Order | 1,581,292 | - | - | - | - | 1,581,292 |
| Unassigned | 30,694,974 | - | - | - | - | 30,694,974 |
| Total fund balances | 35,534,928 | 6,545,928 | 31,093,004 | 5,872,134 | 22,563,018 | 101,609,012 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 41,106,671 | \$ 6,896,760 | \$ 34,094,361 | \$ 7,010,937 | \$ 26,157,999 | \$ 115,266,728 |

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

City of Missouri City, Texas

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

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS

\$ 101,609,012

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 governmental funds.

| | | |
|---------------------------------|--------------------|-------------|
| Capital assets, nondepreciable | \$ 20,068,857 | |
| Capital assets, net depreciable | <u>183,897,351</u> | 203,966,208 |

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

1,503,939

Long-term liabilities and related deferred outflows and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported as liabilities or deferrals in the governmental funds.

| | | |
|---|------------------|----------------------|
| General obligation bonds | \$ (79,068,815) | |
| Certificates of obligation | (9,345,000) | |
| Increment revenue bonds | (2,460,000) | |
| Issuance premiums | (9,863,975) | |
| Capital leases | (3,763,738) | |
| Accrued interest | (1,338,623) | |
| Compensated absences | (2,099,266) | |
| Deferred amount on refunding | 1,361,089 | |
| Deferred gain on refunding | (100,126) | |
| Contractual obligation | (18,339,780) | |
| Net pension liability | (29,114,153) | |
| Deferred outflows - pension | 2,510,396 | |
| Deferred inflows - pension | (5,870,054) | |
| Other postemployment benefits liability | (10,203,478) | |
| Deferred outflows - other postemployment benefits | 2,280,600 | |
| Deferred inflows - other postemployment benefits | <u>(575,709)</u> | <u>(165,990,632)</u> |

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 141,088,527

City of Missouri City, Texas

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

| | General Fund | Debt Service Fund | Capital Projects Fund | TIRZ #3 (Sienna) Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------|-----------------------|-----------------------|-----------------------------|--------------------------|
| REVENUES | | | | | | |
| Property taxes and penalties | \$ 31,472,646 | \$ 10,043,243 | \$ - | \$ 2,879,914 | \$ 5,863,628 | \$ 50,259,431 |
| Other taxes | 12,403,392 | - | 5,271,297 | - | 308,824 | 17,983,513 |
| Licenses and permits | 4,649,242 | - | - | - | - | 4,649,242 |
| Fines and forfeitures | 692,406 | - | - | - | 60,985 | 753,391 |
| Franchise taxes | 3,837,378 | - | - | - | 190,085 | 4,027,463 |
| Intergovernmental revenues | 8,307,912 | - | 2,800,000 | - | 269,561 | 11,377,473 |
| Other revenue | 848,851 | - | 1,000,703 | - | 790,872 | 2,640,426 |
| Charges for services | 418,783 | - | - | - | 110,018 | 528,801 |
| Investment earnings | 226,048 | 68,023 | 112,535 | 39,408 | 133,705 | 579,719 |
| Total revenues | 62,856,658 | 10,111,266 | 9,184,535 | 2,919,322 | 7,727,678 | 92,799,459 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 15,730,135 | - | - | - | 2,456,667 | 18,186,802 |
| Financial services | 2,249,187 | - | - | - | - | 2,249,187 |
| Police | 13,246,819 | - | - | - | 438,215 | 13,685,034 |
| Fire | 9,197,057 | - | - | - | - | 9,197,057 |
| Public works | 7,618,621 | - | - | - | - | 7,618,621 |
| Parks and recreation | 3,328,397 | - | - | - | 190,843 | 3,519,240 |
| Planning | 1,564,816 | - | 4,996,209 | - | 168,003 | 6,729,028 |
| Capital outlay | - | - | 10,912,513 | 8,575,019 | - | 19,487,532 |
| Debt service: | | | | | | |
| Principal | 115,090 | 6,082,686 | - | 1,526,679 | 1,075,000 | 8,799,455 |
| Interest and fiscal charges | 13,540 | 4,061,319 | - | 624,706 | 632,877 | 5,332,442 |
| Bond issuance cost | - | - | 144,421 | - | - | 144,421 |
| Total expenditures | 53,063,662 | 10,144,005 | 16,053,143 | 10,726,404 | 4,961,605 | 94,948,819 |
| Excess (deficiency) of revenues over (under) expenditures | 9,792,996 | (32,739) | (6,868,608) | (7,807,082) | 2,766,073 | (2,149,360) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 1,740,961 | - | 2,594,000 | - | 2,445,973 | 6,780,934 |
| Contractual obligation | - | - | - | 8,575,019 | - | 8,575,019 |
| Issuance of refunding bonds | - | 4,920,000 | - | - | - | 4,920,000 |
| Issuance of bonds | - | - | 6,235,000 | - | - | 6,235,000 |
| Issuance of premium | - | 827,613 | 757,421 | - | - | 1,585,034 |
| Transfers out | (3,038,115) | - | (2,647,972) | (93,600) | (830,171) | (6,609,858) |
| Payments to refunded bond escrow agent | - | (5,747,613) | - | - | - | (5,747,613) |
| Total other financing sources (uses) | (1,297,154) | - | 6,938,449 | 8,481,419 | 1,615,802 | 15,738,516 |
| Net change in fund balances | 8,495,842 | (32,739) | 69,841 | 674,337 | 4,381,875 | 13,589,156 |
| Fund balances, beginning of year | 27,039,086 | 6,578,667 | 31,023,163 | 5,197,797 | 18,181,143 | 88,019,856 |
| FUND BALANCES, END OF YEAR | \$ 35,534,928 | \$ 6,545,928 | \$ 31,093,004 | \$ 5,872,134 | \$ 22,563,018 | \$ 101,609,012 |

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

City of Missouri City, Texas

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

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS

\$ 13,589,156

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | | |
|----------------------|---------------------|-----------|
| Capital outlay | \$ 21,268,147 | |
| Depreciation expense | <u>(14,287,089)</u> | 6,981,058 |

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is an increase (decrease) to net position. (18,591)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (167,655)

Issuance of bonds provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

| | | |
|--------------------|--------------------|--------------|
| Par value | \$ (11,155,000) | |
| (Premium) discount | <u>(1,585,034)</u> | (12,740,034) |

Payment to escrow agent to refund bonds 6,301,595

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 governmental funds. This adjustment reflects the change in:

| | | |
|---|---------------|----------------|
| Principal repayments | \$ 6,860,959 | |
| Amortization of bond premiums | 653,644 | |
| Capital lease repayments | 411,817 | |
| Accrued interest payable | 2,624 | |
| Compensated absences | 701,730 | |
| Amortization of deferred charge on refunding | (103,058) | |
| Amortization of deferred gain on refunding | 5,483 | |
| Net effect of contractual obligations | (6,914,780) | |
| Net pension liability | 1,083,967 | |
| Deferred outflows - pension | (474,901) | |
| Deferred inflows - pension | (1,173,861) | |
| Other postemployment benefits liability | (1,526,634) | |
| Deferred outflows - other postemployment benefits | 794,097 | |
| Deferred inflows - other postemployment benefits | <u>39,688</u> | <u>360,775</u> |

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 14,306,304

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

| | Business-Type Activities - Enterprise Funds | | | |
|---|--|--|--|--|
| | Water and Wastewater Utilities | Surface Water Treatment | Nonmajor Enterprise Funds | Totals Enterprise Funds |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 11,029,124 | \$ 8,490,809 | \$ 937,924 | \$ 20,457,857 |
| Restricted cash - customer deposits | 310,950 | - | - | 310,950 |
| Investments | 10,379,256 | 11,567,448 | 84,618 | 22,031,322 |
| Receivables, net of allowances | 2,979,254 | 1,680,405 | 748,041 | 5,407,700 |
| Inventories | - | - | 153,363 | 153,363 |
| Total current assets | 24,698,584 | 21,738,662 | 1,923,946 | 48,361,192 |
| Noncurrent assets | | | | |
| Capital assets | | | | |
| Land and right of way | 532,013 | 4,228,813 | - | 4,760,826 |
| Constructions in progress | 3,373,443 | 21,077,079 | - | 24,450,522 |
| Buildings and improvements | 3,946,598 | - | - | 3,946,598 |
| Improvements other than buildings | 126,247 | - | 72,993 | 199,240 |
| Infrastructure | 26,419,665 | 62,928,561 | - | 89,348,226 |
| Equipment | 2,553,864 | 11,997 | 20,134 | 2,585,995 |
| Less accumulated depreciation | (8,712,846) | (10,540,232) | (58,530) | (19,311,608) |
| Total capital assets (net of accumulated depreciation) | 28,238,984 | 77,706,218 | 34,597 | 105,979,799 |
| Advances to other funds | 269,578 | - | - | 269,578 |
| Total noncurrent assets | 28,508,562 | 77,706,218 | 34,597 | 106,249,377 |
| Total assets | 53,207,146 | 99,444,880 | 1,958,543 | 154,610,569 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred charge on refunding | 277,364 | 1,510,887 | - | 1,788,251 |
| Total deferred outflows of resources | 277,364 | 1,510,887 | - | 1,788,251 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Accounts payable and other current liabilities | 4,584,227 | 419,124 | 1,351,820 | 6,355,171 |
| Accrued salaries payable | - | - | 16,885 | 16,885 |
| Accrued interest payable | 154,812 | 730,328 | - | 885,140 |
| Due to other funds | 522,889 | - | 35,781 | 558,670 |
| Unearned revenue | - | - | 92,312 | 92,312 |
| Bonds payable - current | 1,213,817 | 3,201,371 | - | 4,415,188 |
| Total current liabilities | 6,475,745 | 4,350,823 | 1,496,798 | 12,323,366 |
| Noncurrent liabilities | | | | |
| Bonds payable - noncurrent | 14,413,573 | 59,663,701 | - | 74,077,274 |
| Advances from other funds | - | 269,578 | 141,672 | 411,250 |
| Total noncurrent liabilities | 14,413,573 | 59,933,279 | 141,672 | 74,488,524 |
| Total liabilities | 20,889,318 | 64,284,102 | 1,638,470 | 86,811,890 |
| NET POSITION | | | | |
| Net investment in capital assets | 17,186,390 | 17,973,309 | 34,597 | 35,194,296 |
| Restricted for construction and rehabilitation | 3,233,884 | - | - | 3,233,884 |
| Restricted for impact fees | 2,714,668 | - | - | 2,714,668 |
| Unrestricted | 9,460,250 | 18,698,356 | 285,476 | 28,444,082 |
| TOTAL NET POSITION | \$ 32,595,192 | \$ 36,671,665 | \$ 320,073 | \$ 69,586,930 |

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

City of Missouri City, Texas

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds For the Fiscal Year Ended September 30, 2021

| | Business-Type Activities - Enterprise Funds | | | |
|---|--|--|--|--|
| | Water and Wastewater Utilities | Surface Water Treatment | Nonmajor Enterprise Funds | Totals Enterprise Funds |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 8,246,068 | \$ 10,473,780 | \$ 8,070,200 | \$ 26,790,048 |
| Miscellaneous | 91,122 | - | - | 91,122 |
| Total operating revenues | 8,337,190 | 10,473,780 | 8,070,200 | 26,881,170 |
| OPERATING EXPENSES | | | | |
| Personnel | - | - | 974,261 | 974,261 |
| Commodities | 73,510 | 2,548,275 | 720,190 | 3,341,975 |
| Repairs and maintenance | 582,921 | 230,959 | 135,645 | 949,525 |
| Contractual services | 5,316,361 | 3,132,092 | 4,240,992 | 12,689,445 |
| Other services | - | - | 1,671,915 | 1,671,915 |
| Depreciation | 665,135 | 1,255,437 | 13,383 | 1,933,955 |
| Total operating expenses | 6,637,927 | 7,166,763 | 7,756,386 | 21,561,076 |
| Operating income | 1,699,263 | 3,307,017 | 313,814 | 5,320,094 |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Investment earnings | 127,907 | 110,753 | 814 | 239,474 |
| Interest expense | (501,650) | (2,226,677) | (104) | (2,728,431) |
| Total non-operating revenues (expenses) | (373,743) | (2,115,924) | 710 | (2,488,957) |
| Income before contributions and transfers | 1,325,520 | 1,191,093 | 314,524 | 2,831,137 |
| CONTRIBUTIONS AND TRANSFERS | | | | |
| Capital contributions | 1,957,317 | - | - | 1,957,317 |
| Transfers in | 92,538 | 5,272,750 | 421,614 | 5,786,902 |
| Transfers out | (5,404,640) | (537,338) | (16,000) | (5,957,978) |
| Total contributions and transfers | (3,354,785) | 4,735,412 | 405,614 | 1,786,241 |
| Change in net position | (2,029,265) | 5,926,505 | 720,138 | 4,617,378 |
| Net position - beginning | 34,624,457 | 30,745,160 | (400,065) | 64,969,552 |
| NET POSITION, END OF YEAR | \$ 32,595,192 | \$ 36,671,665 | \$ 320,073 | \$ 69,586,930 |

City of Missouri City, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2021

| | Business-Type Activities - Enterprise Funds | | | Totals |
|--|--|--------------------------------|----------------------------------|-------------------------|
| | Water and Wastewater Utilities | Surface Water Treatment | Nonmajor Enterprise Funds | Enterprise Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers and users | \$ 8,379,825 | \$ 10,432,903 | \$ 7,887,743 | \$ 26,700,471 |
| Cash payments to suppliers | (3,766,088) | (6,861,834) | (6,462,348) | (17,090,270) |
| Cash payments to employees | - | - | (1,005,286) | (1,005,286) |
| Other cash receipts | 91,122 | - | - | 91,122 |
| Net cash provided by operating activities | 4,704,859 | 3,571,069 | 420,109 | 8,696,037 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfers from other funds | 92,538 | 5,272,750 | 421,614 | 5,786,902 |
| Transfers to other funds | (5,404,640) | (537,338) | (16,000) | (5,957,978) |
| Net cash provided (used) by noncapital financing activities | (5,312,102) | 4,735,412 | 405,614 | (171,076) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Capital contributions for future construction and rehabilitation | 1,957,317 | - | - | 1,957,317 |
| Acquisition and construction of capital assets | (4,356,437) | (2,282,152) | (20,134) | (6,658,723) |
| Proceeds from issuance of bonds | 8,803,214 | 818,632 | - | 9,621,846 |
| Principal paid on bonds | (1,102,331) | (2,956,146) | - | (4,058,477) |
| Interest paid | (438,036) | (2,241,839) | (104) | (2,679,979) |
| Net cash provided (used) by capital and related financing activities | 4,863,727 | (6,661,505) | (20,238) | (1,818,016) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Sales (purchases) of investments, net | 1,055,845 | 830,146 | (67,810) | 1,818,181 |
| Earnings on investments | 127,907 | 110,753 | 814 | 239,474 |
| Net cash provided (used) by investing activities | 1,183,752 | 940,899 | (66,996) | 2,057,655 |
| Net increase in cash and cash equivalents | 5,440,236 | 2,585,875 | 738,489 | 8,764,600 |
| Cash and cash equivalents, beginning balance | 5,899,838 | 5,904,934 | 199,435 | 12,004,207 |
| CASH AND CASH EQUIVALENTS, ENDING BALANCE | \$ 11,340,074 | \$ 8,490,809 | \$ 937,924 | \$ 20,768,807 |
| Unrestricted cash and cash equivalents | \$ 11,029,124 | \$ 8,490,809 | \$ 937,924 | \$ 20,457,857 |
| Restricted cash and cash equivalents | 310,950 | - | - | 310,950 |
| Total cash and cash equivalents | \$ 11,340,074 | \$ 8,490,809 | \$ 937,924 | \$ 20,768,807 |

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

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

| | Business-Type Activities - Enterprise Funds | | | Totals |
|--|--|--|--|-----------------------------|
| | Water and Wastewater Utilities | Surface Water Treatment | Nonmajor Enterprise Funds | Enterprise Funds |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Operating income | \$ 1,699,263 | \$ 3,307,017 | \$ 313,814 | \$ 5,320,094 |
| Adjustments to reconcile operating income to cash provided by operating activities: | | | | |
| Depreciation and amortization | 665,135 | 1,255,437 | 13,383 | 1,933,955 |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in assets: | | | | |
| Receivables, net of allowances | (389,132) | (40,877) | 254,980 | (175,029) |
| Inventories | - | - | (47,400) | (47,400) |
| Increase (decrease) in liabilities: | | | | |
| Accounts payable and other current liabilities | 2,206,704 | (950,508) | 353,794 | 1,609,990 |
| Accrued salaries payable | - | - | (31,025) | (31,025) |
| Due to other funds | 522,889 | - | (365,220) | 157,669 |
| Unearned revenue | - | - | 8,686 | 8,686 |
| Advances from other funds | - | - | (80,903) | (80,903) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 4,704,859 | \$ 3,571,069 | \$ 420,109 | \$ 8,696,037 |

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City of Missouri City, Texas

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The City of Missouri City, Texas, was incorporated March 12, 1956, and adopted the Home Rule Charter November 23, 1974, pursuant to the laws of the State of Texas. The City operates under a "Council-Manager" form of government and provides services authorized by its charter. Presently, these services include police and fire protection, drainage, building and code inspection, planning, zoning, engineering, street repair and maintenance, park maintenance, recreational activities for citizens, and general administrative services.

The financial statements of the City of Missouri City have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

A. Reporting Entity

The City is an independent political subdivision of the State of Texas, governed by an elected mayor and six-member council, and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity.

The basic financial statements for the City of Missouri City include all activities, organizations and functions for which the City is financially accountable. The criteria considered includes (1) whether the organization is part of the City's legal entity or (2) whether the City appoints the voting majority of the organization's governing body and either (a) the City is able to impose its will on the organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. In addition, an organization may be financially dependent on the City and also included in its reporting entity. Those criteria are based upon and are consistent with those set forth in the Codification of Governmental Accounting Standards, Section 2100, Defining the Financial Reporting Entity.

The Missouri City Development Authority and Tax Incremental Reinvestment Zones 1, 2 and 3, and Public Improvement Districts 2 and 4 have been included in the City's financial reporting. These legally separate entities are blended component units and are included as Special Revenue Funds of the City. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity. The City maintains all accounting records for the blended component units.

All the members of Missouri City's governing body (City Council) serve as board members of the Development Authority Board and both Public Improvement Districts. The City Council appoints the majority of the directors of the Tax Incremental Reinvestment Zones. The City Council appoints six of the nine board members for TIRZ 1, five of the seven board members for TIRZ 2 and seven of the eleven board members for TIRZ 3. All TIRZ boards are substantively the same as the City. Contributions to the TIRZs, in the form of incremental tax revenues, come from the City and participating agencies including Fort Bend County, Fort Bend Drainage District, Sienna Levee Improvement District, and WCID #2, whom can each appoint one board member to the TIRZ in which they participate.

City of Missouri City, Texas

Notes to the Financial Statements

Fort Bend Independent School District elected not to join the TIRZs. The boards of the zones/districts make recommendations to City Council regarding the administration of the zones/districts. The boards are not authorized to issue bonds, impose taxes or assess fees. The City approves the tax rate, and assumes obligation to finance deficits in the zones on a short-term basis until incremental improvements are made and the City Manager is authorized to hire consultants for the zones. The above-mentioned component units' services (providing infrastructure that will be owned by the City) almost exclusively benefit the City in that the development of these areas (economically depressed areas) increases the tax base, resulting in additional revenue to the City. Therefore, there is a financial benefit/burden relationship between the City and the blended component units. Separate financial statements are not issued for the above-mentioned blended component units.

The Missouri City Recreation and Leisure Local Government Corporation (LGC) is a nonmajor proprietary fund that is also a blended component unit that operates from user fees. Specifically, all the members of Missouri City's governing body (City Council) serve as board members of the LGC. There is a financial benefit/burden relationship between the City and the blended component unit.

The City developed a regional wastewater treatment master plan to achieve economies of scale by requiring utility districts and new developments to share wastewater treatment plants. The plant is contractually operated by the Quail Valley Municipal Utility.

Presently, the City has thirty-four (34) active municipal utility districts within City limits and extra-territorial jurisdiction providing water and sewer services. These districts are not considered a part of the City's legal entity since they are not fiscally dependent on the City, have taxing powers and set their own budgets.

B. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 or a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, deferred inflows, fund equity, revenues, and expenditure/expenses. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

City of Missouri City, Texas

Notes to the Financial Statements

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

The government reports the following major Governmental Funds:

General Fund

The General Fund is the government's primary operating fund. The General Fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues of the general fund are property taxes, sales and use taxes, franchise fees, permit fees, and fines and forfeitures. Expenditures are for general government, financial services, public safety, public works, park maintenance and recreation, planning and zoning, and engineering.

Debt Service Fund

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds, including certificates of obligation. The primary source of revenue for debt service is property taxes.

Capital Projects Fund

The Capital Projects Fund is used to account for the proceeds from the sale of general obligation bonds and certificates of obligation and expenditures of these proceeds for the acquisition of capital assets as designated in each bond issue. It also includes the proceeds of the one-half (1/2) of the one cent sales tax collected by the Harris County Metropolitan Transit Authority (METRO) within the City. The funds are to be used for transportation projects as defined by the agreement.

Tax Incremental Reinvestment Zone (TIRZ) #3 (Sienna) Fund

This fund is used to account for the TIRZ in the Sienna area of the City. The land within this TIRZ is prime for development and has been limited for years due to drainage problems. By forming the TIRZ, drainage problems can be addressed on a regional basis and quality growth can occur.

The government reports the following major Proprietary Funds:

Water and Wastewater Utilities Fund

The Water and Wastewater Utility Fund accounts for the provision of water and wastewater services to the citizens of the City of Missouri City who are not serviced by any municipal utility district (MUD). The two main areas included at this time in the Water and Wastewater Utilities Fund are Northeast Oyster Creek (NEOC) Service area and the Mustang Bayou (MB) Service area for both water and wastewater treatment, and wastewater treatment for Hightower High School. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, financing, debt service, billing and collection.

Surface Water Utility Fund

The Surface Water Utility Fund is used to account for the construction and operation of a surface water treatment plant to service the City (including fourteen municipal utility districts and other special water districts). The surface water treatment plant is an integral part of the area's Groundwater Reduction Plan. A plan entered into by these districts legally obligates each participant for the repayment of the construction debt.

City of Missouri City, Texas

Notes to the Financial Statements

C. Cash and Cash Equivalents

Cash and cash equivalents consist of amounts in a demand account, money market mutual fund, petty cash funds, Texas Local Government Investment Pool (TexPool), the Local Government Investment Cooperative (LOGIC), Texas CLASS and short-term investments with maturities of three months or less. TexPool, Texas CLASS and LOGIC are external investment pools established by interlocal contracts under state law. Cash and cash equivalents are recorded at fair value, except for certain investment pools. The investment pools operate within appropriate state laws and regulations and are reported at amortized cost or net asset value (approximates fair value).

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 investments. These pooled investments are reported in the combined balance sheet as investments 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 its respective share of pooled investments.

D. Investments

Investments consist of certificates of deposit, U.S. Government Agency Securities and Municipal Bonds. Investments, with the exception of certificates of deposit, are stated at fair value based on the hierarchy established by generally accepted accounting principles. The net increase or decrease in the fair value of investments is netted with investment earnings in local sources of revenue. Investments are generally held to maturity.

E. Receivables

The City records certain revenues billed to other governmental agencies, residents, and others on a monthly basis. Adjustments to revenue were made for uncollectible accounts as needed.

F. Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payables are, for the most part, eliminated from the government-wide statement of net position and are classified as "due from other funds" or "due to other funds" in the fund financial statements. Advances to other funds or advances from other funds are also eliminated from the government-wide statement of net position; however, they represent a receivable and payable that will not be paid back within the next year.

G. Inventory

Inventory, which consists of gasoline and parts for use in the City's vehicles and alcohol, food and merchandise for LGC, is stated at cost (weighted average method). Expenditures are recognized as the fuel and parts are used.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure items, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Infrastructure is not held to the \$5,000 limit; all infrastructure is

City of Missouri City, Texas
Notes to the Financial Statements

capitalized regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest expense in the City's enterprise fund was capitalized in the fiscal year.

Land, intangibles, and construction in progress are not depreciated. Property, plant, equipment and infrastructure assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

| <u>Asset Description</u> | <u>Estimated Useful Life</u> |
|-------------------------------------|------------------------------|
| Buildings and building improvements | 10 to 50 years |
| Improvements other than buildings | 5 to 20 years |
| Infrastructure | 10 to 65 years |
| Machinery and equipment | 4 to 25 years |

I. Compensated Absences

Compensated absences, which include unpaid vacation and other employee benefit amounts, are accumulated during employment. Amounts accumulated are paid to employees upon separation from City service. Employees earn vacation leave at the rate of fourteen days per year from one to five years and up to twenty days per year for service of fifteen years or more. Police and Fire employees, as defined under Section 142.010 of the Texas Local Government Code, receive fourteen days of vacation for less than one year of service and up to twenty days of vacation for fifteen years or more. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

The maximum vacation accrual an employee may maintain if a Fire department employee working 12 hour days is 384 hours. All other employees maximum vacation accrual is 256 hours. City employees receive eleven paid holidays per year. Regular full-time nonexempt employees required to work on a holidays may be paid or may elect to receive compensatory time off for the holiday. The maximum accrual an employee may maintain for holiday compensatory time is 132 hours. Overtime is earned at one and one-half times the regular rate of pay. Employees may be paid or receive compensatory time for overtime worked. The maximum compensatory time accrual a nonexempt employee may maintain for overtime worked is 80 hours.

J. Long-Term Obligations

The government-wide financial statements and proprietary fund type fund financial statements report long-term debt and other long-term obligations as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premiums or discounts.

The fund financial statements report bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources at par. Premiums (discounts) associated with the debt are reported as other financing sources (uses).

City of Missouri City, Texas

Notes to the Financial Statements

K. Net Position Flow Assumptions

Sometimes the government 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 government's policy to consider restricted — net position to have been depleted before unrestricted — net position is applied.

L. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

M. Fund Balance Policies

As of these financial statements, the City has adopted GASB Statement No.54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the City Charter, City Code, State or Federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by ordinances passed by City Council, the City's highest level of decision making authority; this includes the budget reserve account. Commitments may be modified or rescinded only through ordinances approved by City Council.

Assigned – Amounts that are intended to be used for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City's policy, amounts can be assigned by the City Manager.

Unassigned – All amounts not included in other classifications. The general fund is the only fund that reports a positive unassigned fund balance. However, in other governmental funds, if expenditures for specific purposes exceed restricted, committed or assigned fund balances, a negative assigned fund balance may be reported in that fund.

N. Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

City of Missouri City, Texas

Notes to the Financial Statements

A *deferred outflow of resources* is a consumption of a government's net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The City has three items that qualify for reporting in this category:

- Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences and differences between projected and actual investment earnings. The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. Differences in projected and actual earnings are amortized on a closed basis over a five year period. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred outflows of resources for other post-employment benefits (OPEB) – Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual actuarial experiences and changes in actuarial assumptions and other inputs. The deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. Differences in projected and actual earnings are amortized on a closed basis over a five year period. The deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the plan.

A *deferred inflow of resources* is an acquisition of a government's net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The City has four items that qualify for reporting in this category:

- Deferred inflows of resources for refunding - Reported in the government-wide statement of net position, this deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes, municipal court, grants, charges for services, false alarms and lease payments arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows of resources for pension – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and changes in actuarial assumptions. These amounts will be amortized over a closed five year period.
- Deferred inflows of resources for other post-employment benefits (OPEB) – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the plan.

City of Missouri City, Texas

Notes to the Financial Statements

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Information regarding the City's net pension liability is obtained from TMRS through reports prepared for the City by the TMRS consulting actuary, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

P. Other Post-Employment Benefits.

The City offers two OPEB plans, a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF") administered by the Texas Municipal Retirement System (TMRS) and a single-employer defined benefit other post-employment benefits ("OPEB") plan, known as the Retiree Health Care Plan (the "Plan") administered by the City. Total OPEB liability, deferred outflows of resources and deferred inflows of resources related to total OPEB liability, and total OPEB expense have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms.

Information regarding the City's total OPEB liability for Retiree Health is obtained through reports prepared for the City by a consulting actuary, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Information regarding the City's total OPEB liability for Supplemental Death Benefit Fund (SDBF) is obtained from TMRS through reports prepared for the City by the TMRS consulting actuary, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Q. Program Revenues

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

R. Proprietary Funds Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and wastewater utilities fund, surface water utility fund, solid collections fund and the Missouri City LGC fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

City of Missouri City, Texas

Notes to the Financial Statements

S. Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, 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 the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

T. Restricted Assets

The Enterprise Funds have restricted certain cash for customer deposits. Because of certain bond covenants, the Enterprise Fund 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.

U. Encumbrances

Encumbrances for materials, other goods, and purchased services are documented by purchase orders or contracts. Encumbrances outstanding at year-end do not constitute expenditures or liabilities under GAAP. The City honors these commitments and records GAAP expenditures in the subsequent year as the transactions are completed.

Encumbrances are reported in the financial statements as restricted, committed, or assigned for specific purposes in the governmental funds. As of September 30, 2021, significant encumbrances included in governmental fund balances are as follows:

| | Encumbrances Included in | |
|---------------------------|--------------------------|---------------------|
| | Restricted | Assigned |
| | Fund Balance | Fund Balance |
| General fund | \$ - | \$ 1,581,292 |
| Capital projects fund | 11,803,997 | - |
| Nonmajor fund | 161,516 | - |
| Total encumbrances | \$ 11,965,513 | \$ 1,581,292 |

Note 2 - Deposits and Investments

The City's cash and investments are classified as cash and cash equivalents and investments. The cash and cash equivalents include cash on hand, deposits with financial institutions, short-term investments in external public funds investment pool accounts such as LOGIC, Texas CLASS and TexPool, and money market mutual funds. The investments, which have maturities at purchase date of greater than three months, consist mainly of U.S. government securities, municipal bonds, and certificates of deposit. For better management of cash, the City pools the cash, based on the City's needs, into deposits in the bank, in short-term investments with LOGIC, Texas CLASS and TexPool, or in longer term investments in U.S. Government securities. However, each fund's balance of cash and investments is maintained in the books of the City.

City of Missouri City, Texas

Notes to the Financial Statements

The City's deposits are maintained under the provisions of a depository contract as a cash concentration account for use by all City funds. All receipts of City funds are deposited into a money market mutual fund account, and the depository bank transfers funds to a separate demand deposit checking account as checks are posted. The City bids out excess funds as necessary and awards the bid to the institution or agency offering the highest interest rate. In compliance with section 2256.025 of the Public Funds Investment Act, brokers/dealers must complete a questionnaire, submit financial statements, and be approved by the Investment Committee before being accepted to bid on investments of excess City funds.

Investment Policy

The Council has adopted a written investment policy regarding the investment of its funds as defined by the Public Funds Investment Act (Chapter 2256 Texas Government Code). The investments of the City are in compliance with the Council's investment policies. It is the City's policy to restrict its investments to direct obligations of the U.S. Government, Money Market Mutual Funds registered with and regulated by the Securities Exchange Commission, fully collateralized certificates of deposit and other interest-bearing time and demand deposits, and other instruments and investments in public funds investment pools such as the Local Government Investment Cooperative (LOGIC), Texas CLASS and Texas Local Government Investment Pool (TexPool).

Under provisions of state and local statutes, the City's investment policies, and provisions of the City's depository contracts with the area financial institutions, the City is authorized to place available deposits and investments in the following:

1. Obligations, including letters of credit, of the United States or its Agencies and Instruments, including the Federal Home Loan Banks;
2. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;
3. Obligations of the State of Texas or its agencies and instrumentalities, and obligations of counties, cities, and other political subdivisions of this State rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
4. Fully insured or collateralized deposits at eligible depositories placed in compliance with this Policy and the Act;
5. Repurchase agreements structured in compliance with the Act. The term includes direct security repurchase agreements entered into by City and reverse repurchase agreements only obtained in connection with investment by City in an eligible investment pool or money market mutual fund. All City repurchase agreement transactions shall be governed in accordance with a written repurchase agreement;
6. Money market mutual funds registered with and regulated by the Securities & Exchange Commission; that fully invest dollar-for-dollar all City funds without sales commissions or loads; that are categorized as a "Treasury" or "Government" money market fund; and, whose investment objectives include seeking to maintain a stable net asset value of \$1.0000 per share. City may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market fund;

City of Missouri City, Texas
Notes to the Financial Statements

7. Eligible investment pools as defined by and in compliance with the Act, that have been authorized by the City Council, maintain a rating of a least AAA or AAAm, and whose investment philosophy and strategy seek to maintain a stable net asset value of \$1.00.

All significant legal and contractual provisions for investments were complied with during the year.

As of September 30, 2021, the City had the following cash and cash equivalents and investments.

| | Value | Weighted Average Maturity (Days) |
|---|----------------------|--|
| Cash and cash equivalents | | |
| Cash deposits | \$ 278,230 | - |
| Cash equivalents: | | |
| Money market mutual funds | 25,569,275 | - |
| TexPool external investment pool | 7,026,754 | 37 |
| TexasClass | 29,916,551 | 53 |
| LOGIC | 6,097,722 | 55 |
| Total Cash and Cash Equivalents | \$ 68,888,532 | |
| Investments | | |
| U.S. government agency bonds/notes: | | |
| Federal National Mortgage Association (FNMA) | \$ 1,681,945 | 5,469 |
| Federal Home Loan Mortgage Corp. (FHLMC) | 299,495 | 3,998 |
| Government National Mortgage Association (GNMA) | 9,727 | 285 |
| Municipal Bonds | 3,750,249 | 375 |
| Certificates of Deposit | 75,224,134 | 363 |
| Total Investments | \$ 80,965,550 | |
| Total portfolio | | 333 |

The U.S. government securities were purchased through a broker/dealer and held for safekeeping by the City's depository bank (independent agent), registered for the account of Missouri City. The City generally holds all investments to maturity date.

Custodial Credit Risk - Deposits

The risk that, in the event of bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities, to the extent the deposits exceed FDIC coverage. Uninsured financial institution deposits and repurchase agreement investments marketable security collateral must be maintained at a minimum 102% of deposit or investment value, plus any accrued interest.

The City's total cash deposits, including certificates of deposit at September 30, 2021 were entirely covered by collateralized securities held in the City's name or by federal deposit insurance.

The City has invested in a governmental money market mutual fund as part of its investment strategy. This investment is accomplished through daily sweeps of excess cash by the City's custodial bank into a bank sponsored program, short-term investment fund. This fund is a custodial bank-sponsored commingled fund that is invested in short-term U.S. government agency and treasury debt and repurchase agreements.

City of Missouri City, Texas

Notes to the Financial Statements

Texas CLASS

Texas CLASS was created in accordance with the requirements contained in section 2256.016 of the Public Funds Investment Act (PFIA). The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and UMB Bank, N.A. as Custodian.

Texas CLASS is an external investment pool measured at net asset value. The investment pool's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short term marketable securities. There are no unfunded commitments related to the investment pool. Texas CLASS has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. The Texas CLASS portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; AAA rated money market mutual funds; and commercial paper.

TexPool

TexPool is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Hermes, Inc. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA rated money market mutual funds.

The TexPool investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has a weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by a nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and no maximum transaction amounts. TexPool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects TexPool's liquidity.

Local Government Investment Cooperative (LOGIC)

LOGIC is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. (JPMIM), and managed by JPMIM, who provides custody and investment management.

LOGIC's investment objectives are to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The portfolio will maintain a dollar-weighted average maturity that does not exceed 60 days and seeks to maintain a net asset value of \$1.00 per share. LOGIC may invest in securities including: obligations of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; other obligations which are unconditionally guaranteed or insured by the U.S.; fully collateralized repurchase agreements with a defined termination date and unconditionally guaranteed or insured by the U.S. or its agencies and instrumentalities; SEC-registered money-market fund rated in the highest rating category by at least one nationally recognized statistical rating organization (NRSRO); and commercial paper as authorized under the Public Funds Investment Act. The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

City of Missouri City, Texas

Notes to the Financial Statements

Investments' Fair Value

The City's investments are carried at fair value based on quoted market prices at year-end, in accordance with U.S. generally accepted accounting principles. The City categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*, which provides a framework for measuring fair value and establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices within Level 1, that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Certain of the City's investments are not required to be measured at fair value; this includes its investment in TexPool which is measured at amortized cost, LOGIC, TexasCLASS, and Government Mutual Fund are measured at net asset value and is included in cash equivalents. Its investments in certificates of deposit are measured at cost. These instruments are exempt from categorization within the fair value hierarchy.

Investments' fair value measurements are as follows at September 30, 2021:

| Investments | Fair Value | Fair Value Measurements Using Other Observable Inputs (Level 2) |
|--|---------------------|--|
| | | |
| U.S. Government Agency Bonds/Notes: | | |
| Federal National Mortgage Associations (FNMA) | \$ 1,681,945 | \$ 1,681,945 |
| Federal Home Loan Mortgage Corp. (FHLMC) | 299,495 | 299,495 |
| Government National Mortgage Associations (GNMA) | 9,727 | 9,727 |
| Municipal Bonds | 3,750,249 | 3,750,249 |
| Total | \$ 5,741,416 | \$ 5,741,416 |

The U.S. government agency bonds/notes and municipal bonds included in Level 2 of the fair value hierarchy are valued using a market approach based on a matrix pricing technique, whereby valuation is determined in reference to benchmark prices and interest rates.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The City structures its investment portfolio so that securities mature to meet cash requirements for ongoing operations, and monitors interest rate risk using weighted average maturity analysis.

City of Missouri City, Texas

Notes to the Financial Statements

Credit Risk

The City's policy requires that investments are limited to only certain instruments that are authorized by the Public Funds Investment Act. Further specifications are that external investment pools must be rated no lower than "AAA" or an equivalent rating by at least one nationally recognized rating service, United States Treasury and agency investments are guaranteed (either express or implied) and backed by the full faith and credit of the United States or its respective agencies, and certificates of deposit are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or fully collateralized under an approved pledge agreement.

As of September 30, 2021, the City's investment in TexPool, Texas CLASS and LOGIC were rated "AAAm" by Standard & Poor's. The City's investments in U.S. agency bonds and notes were rated "AA+" and above by Standard & Poor's and its investment in Municipal Bonds was rated "A" and above by Standard & Poor's. The certificates of deposit are unrated.

Concentration of Credit Risk

The risk is the risk of loss attributed to the magnitude of a City's investment in a single issuer. The City's investment policy limits investments by security type and institution. With the exception of U.S. Treasury securities, government-sponsored enterprises (GSE's), interest-bearing checking accounts that are fully collateralized, and authorized local government pools, the City will diversify the entire portfolio to comply with the investment strategy. The investments in obligations of states, agencies, counties, cities, districts, and other political subdivisions as well as repurchase agreements (excluding bond fund) are limited to 50% of the portfolio balance each.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, 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. The City's investment policy requires that custody of securities is maintained at financial institutions, avoiding physical possession.

Note 3 - Property Taxes

Property taxes for each year are levied on approximately October 1 and are due upon receipt of the City's tax bill and become delinquent on February 1 of the following year. On January 1 of each year, a tax lien is attached to the property to secure the payment of all taxes, penalties, and interest. The lien exists in the favor of the State and each taxing unit. Appraised values are established by the Fort Bend Central Appraisal District (FBCAD) and Harris County Appraisal District (HCAD) through procedures established by the Texas Legislature. The County bills and collects property taxes on behalf of the City, and remits payment to the City on a frequent basis. The City bills its tax levies as soon as possible after certification of taxable values by the CAD, which is approximately October 1 as noted above. Additional tax bills are sent in February, May, and July (which includes a surcharge for legal costs associated with collection). In August, delinquent taxes are turned over to the City's delinquent tax attorneys for final collection or other disposition.

The City is permitted, by Article VIII, Section 9, of the State of Texas Constitution and the City Charter, to levy property taxes up to \$2.50 per \$100 of assessed valuation for general governmental services. Within the \$2.50 maximum levy, there is no legal limit upon the amount of property taxes, which can be levied for debt service. The property tax rates to finance general governmental services and debt service for the 2020 - 2021 fiscal year were \$0.4535 and \$0.1445 respectively, per \$100 of assessed valuation. The 2020 tax year assessed value and total tax levy as adjusted through September 30, 2021, were \$7,643,595,909 and \$45,732,035, respectively.

City of Missouri City, Texas
Notes to the Financial Statements

Note 4 - Receivables

Receivables as of year-end for the government's individual major and nonmajor funds, and proprietary funds, including the applicable allowances for uncollectible accounts, are as follows:

| | General Fund | Debt Service Fund | Capital Projects Fund | TIRZ #3 (Sienna) Fund | Nonmajor Governmental Funds | Governmental Activities |
|-----------------------------------|--------------------------------|-------------------------|---------------------------|--------------------------|-----------------------------|-------------------------|
| Receivables | | | | | | |
| Property taxes | \$ 1,088,763 | \$ 397,969 | \$ - | \$ - | \$ - | \$ 1,486,732 |
| Sales tax | 3,534,486 | - | - | - | - | 3,534,486 |
| Municipal court | 1,137,685 | - | - | - | 26,479 | 1,164,164 |
| Other | 274,641 | - | - | - | 138,000 | 412,641 |
| Due from other governments | 615,895 | - | 1,002,055 | 1,714 | 147,873 | 1,767,537 |
| Gross receivable | 6,651,470 | 397,969 | 1,002,055 | 1,714 | 312,352 | 8,365,560 |
| Less: Allowance for uncollectible | (1,168,448) | (15,919) | - | - | (24,390) | (1,208,757) |
| Net Receivables | \$ 5,483,022 | \$ 382,050 | \$ 1,002,055 | \$ 1,714 | \$ 287,962 | \$ 7,156,803 |
| | Water and Wastewater Utilities | Surface Water Treatment | Nonmajor Enterprise Funds | Business-Type Activities | | |
| Receivables | | | | | | |
| Other | \$ - | \$ - | \$ 748,041 | \$ 748,041 | | |
| Due from other governments (MUD) | 2,979,254 | 1,680,405 | - | 4,659,659 | | |
| Gross receivable | 2,979,254 | 1,680,405 | 748,041 | 5,407,700 | | |
| Net Receivables | \$ 2,979,254 | \$ 1,680,405 | \$ 748,041 | \$ 5,407,700 | | |

City of Missouri City, Texas
Notes to the Financial Statements

Note 5 - Capital Assets

The following is a summary of changes in capital assets for the year ended September 30, 2021:

| | Balance September 30, 2020 | Additions | Retirements and Transfers | Balance September 30, 2021 |
|---|-------------------------------|---------------------|------------------------------|-------------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 12,773,017 | \$ - | \$ - | \$ 12,773,017 |
| Intangibles - Right of Way | 2,713,521 | - | - | 2,713,521 |
| Construction in progress | 650,586 | 4,229,693 | (297,960) | 4,582,319 |
| Total capital assets, not being depreciated | 16,137,124 | 4,229,693 | (297,960) | 20,068,857 |
| Capital assets, being depreciated: | | | | |
| Buildings and building improvements | 47,148,779 | 99,917 | 88,678 | 47,337,374 |
| Improvements other than buildings | 36,933,039 | 1,437,822 | - | 38,370,861 |
| Infrastructure | 236,128,661 | 13,042,947 | 193,540 | 249,365,148 |
| Machinery and equipment | 24,286,342 | 2,457,768 | (1,714,062) | 25,030,048 |
| Total capital assets, being depreciated | 344,496,821 | 17,038,454 | (1,431,844) | 360,103,431 |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | (13,437,839) | (939,125) | - | (14,376,964) |
| Improvements other than buildings | (19,720,695) | (2,911,890) | - | (22,632,585) |
| Infrastructure | (115,779,730) | (7,802,031) | - | (123,581,761) |
| Machinery and equipment | (14,691,940) | (2,634,043) | 1,711,213 | (15,614,770) |
| Total accumulated depreciation | (163,630,204) | (14,287,089) | 1,711,213 | (176,206,080) |
| Total capital assets, being depreciated, net | 180,866,617 | 2,751,365 | 279,369 | 183,897,351 |
| Governmental activities capital assets, net | \$ 197,003,741 | \$ 6,981,058 | \$ (18,591) | \$ 203,966,208 |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 4,741,426 | \$ - | \$ - | \$ 4,741,426 |
| Intangibles - Right of Way | 19,400 | - | - | 19,400 |
| Construction in progress | 19,242,967 | 5,207,555 | - | 24,450,522 |
| Total capital assets, not being depreciated | 24,003,793 | 5,207,555 | - | 29,211,348 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 3,946,598 | - | - | 3,946,598 |
| Improvements other than buildings | 199,240 | - | - | 199,240 |
| Infrastructure | 87,917,192 | 1,431,034 | - | 89,348,226 |
| Equipment | 2,565,861 | 20,134 | - | 2,585,995 |
| Total capital assets being depreciated | 94,628,891 | 1,451,168 | - | 96,080,059 |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | (1,662,599) | (78,943) | - | (1,741,542) |
| Improvements other than buildings | (160,813) | (13,835) | - | (174,648) |
| Infrastructure | (13,281,725) | (1,711,582) | - | (14,993,307) |
| Machinery and equipment | (2,272,516) | (129,595) | - | (2,402,111) |
| Total accumulated depreciation | (17,377,653) | (1,933,955) | - | (19,311,608) |
| Total capital assets being depreciated, net | 77,251,238 | (482,787) | - | 76,768,451 |
| Business-type activities capital assets, net | \$ 101,255,031 | \$ 4,724,768 | \$ - | \$ 105,979,799 |

City of Missouri City, Texas
Notes to the Financial Statements

Depreciation expense for the year ended September 30, 2021 was distributed as follows:

| | |
|---------------------------------------|----------------------|
| Governmental activities: | |
| General government | \$ 911,107 |
| Financial services | 113,040 |
| Police | 518,810 |
| Fire | 995,205 |
| Public works | 9,640,047 |
| Parks and recreation | 2,079,705 |
| Planning | 29,175 |
| Total governmental activities | \$ 14,287,089 |
| Business-type activities: | |
| Water and wastewater | \$ 665,135 |
| Surface water | 1,255,437 |
| Missouri City LGC | 13,383 |
| Total business-type activities | \$ 1,933,955 |

Constructions in progress for the various projects and remaining commitments under these construction contracts as of September 30, 2021, are:

| | Approved Contract | Total in Progress | Remaining Commitment |
|--|----------------------|----------------------|-------------------------|
| Governmental activities | | | |
| Missouri City Fire Station #6 | \$ 6,212,715 | \$ 3,590,827 | \$ 2,621,888 |
| Willow Waterhole Drainage Improvement | 338,820 | 163,605 | 175,215 |
| Park Maintenance Facility | 328,129 | 212,213 | 115,916 |
| Flood Gauge Installations | 196,839 | 195,770 | 1,069 |
| Cangelosi Detention | 268,041 | 157,677 | 110,364 |
| Knight Road Extension Project | 7,544,731 | 1,386,832 | 6,157,899 |
| Veterans Memorial Park | 740,436 | 600,110 | 140,326 |
| Corridor Enhancements Monument Signs | 502,846 | 501,345 | 1,501 |
| Waterfall drive - reconstruction | 2,246,642 | 2,181,548 | 65,094 |
| Total government activities | \$ 18,379,199 | \$ 8,989,927 | \$ 9,389,272 |
| Business-type activities | | | |
| Mustang Bayou Service Area Water Treatment Expansion | \$ 8,387,976 | \$ 2,899,107 | \$ 5,488,869 |
| Total business-type activities | \$ 8,387,976 | \$ 2,899,107 | \$ 5,488,869 |

Note 6 - Long-Term Debt and Other Long-Term Obligations

The City issues general obligation bonds and certificates of obligation for the purpose of fulfilling its capital improvement programs. General obligation bonds and certificates of obligation 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. Generally these programs are classified in several broad areas: public safety, drainage, transportation, parks, facilities and utility construction.

City of Missouri City, Texas
Notes to the Financial Statements

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2021, is as follows:

| | Balance September 30, 2020 | Additions | Reductions | Balance September 30, 2021 | Amounts Due Within One Year |
|--|-------------------------------|----------------------|----------------------|-------------------------------|-----------------------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 82,734,774 | \$ 8,620,000 | \$ 12,285,959 | \$ 79,068,815 | \$ 6,826,180 |
| Certificates of obligation | 7,260,000 | 2,535,000 | 450,000 | 9,345,000 | 530,000 |
| Increment revenue bonds | 2,840,000 | - | 380,000 | 2,460,000 | 385,000 |
| Plus: | | | | | |
| Issuance premiums | 9,008,210 | 1,585,034 | 729,269 | 9,863,975 | 653,644 |
| Total bonds payables | 101,842,984 | 12,740,034 | 13,845,228 | 100,737,790 | 8,394,824 |
| Capital leases | 4,175,555 | - | 411,817 | 3,763,738 | 447,468 |
| Contractual obligations | 11,425,000 | 8,575,019 | 1,660,239 | 18,339,780 | 1,435,750 |
| Compensated absences | 2,800,996 | 1,493,141 | 2,194,871 | 2,099,266 | 2,099,266 |
| Net pension liability | 30,198,120 | 13,945,632 | 15,029,599 | 29,114,153 | - |
| Other postemployment benefits liability | 8,676,844 | 1,745,599 | 218,965 | 10,203,478 | - |
| Total governmental activities | \$ 159,119,499 | \$ 38,499,425 | \$ 33,360,719 | \$ 164,258,205 | \$ 12,377,308 |
| Business-type activities: | | | | | |
| General obligation bonds | \$ 38,840,226 | \$ - | \$ 2,239,041 | \$ 36,601,185 | \$ 2,373,820 |
| Certificates of obligation | 26,360,000 | 8,645,000 | 1,385,000 | 33,620,000 | 1,475,000 |
| Plus: | | | | | |
| Issuance premiums | 7,860,799 | 976,846 | 566,368 | 8,271,277 | 566,368 |
| Total business-type activities | \$ 73,061,025 | \$ 9,621,846 | \$ 4,190,409 | \$ 78,492,462 | \$ 4,415,188 |

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.

Compensated absences generally are paid by the General Fund for the governmental activities. Net pension liability and other postemployment benefits liability are liquidated by the General Fund.

In February 2021, the City issued \$8,620,000 in General Obligation and Refunding Bonds, Series 2021 for drainage projects, public facilities projects and a fire station and to refund \$5,415,000 of General Obligation Bonds, Series 2010 and \$840,000 of General Obligation Bonds, Series 2012. The refunding resulted in a net present value saving of \$832,145 and a gross savings of \$863,975. The reacquisition price was less than the net carrying amount of the old debt by \$29,030. This amount is recorded as a deferred inflow and amortized over the life of the refunded debt.

City of Missouri City, Texas

Notes to the Financial Statements

The following is a summary of general obligation bonds, certificates of obligation, increment revenue bonds, and capital leases outstanding as of September 30, 2021:

| Series | Original Issue | Matures | Interest Rate (%) | Debt Outstanding |
|---|----------------|---------|-------------------|----------------------|
| Governmental activities: | | | | |
| General obligation bonds | | | | |
| Series 2013 refunding bonds | \$ 6,443,937 | 2026 | 2.00 - 4.00% | \$ 3,370,025 |
| Series 2014 permanent improvement bonds | 1,740,000 | 2033 | 3.125 - 3.75% | 1,220,000 |
| Series 2015 permanent improvement bonds | 8,600,000 | 2034 | 3.00 - 3.25% | 6,445,000 |
| Series 2016 permanent improvement bonds | 3,080,000 | 2035 | 3.00 - 3.25% | 2,390,000 |
| Series 2016 refunding bonds | 33,131,233 | 2038 | 2.00 - 5.00% | 25,118,790 |
| Series 2017 permanent improvement bonds | 14,445,000 | 2037 | 3.00 - 5.00% | 11,545,000 |
| Series 2018 permanent improvement bonds | 11,990,000 | 2038 | 2.00 - 5.00% | 10,260,000 |
| Series 2019 refunding bonds | 11,065,000 | 2039 | 3.00 - 5.00% | 10,210,000 |
| Series 2021 refunding bonds | 8,620,000 | 2040 | 4.00% | 8,510,000 |
| Total general obligation bonds | | | | 79,068,815 |
| Certificates of obligation | | | | |
| Series 2010A certificates of obligation | 6,235,000 | 2038 | 2.00 - 4.00 % | 5,195,000 |
| Series 2014 certificates of obligation | 990,000 | 2033 | 1.00 - 3.75% | 695,000 |
| Series 2018 certificates of obligation | 1,140,000 | 2038 | 4.00% | 1,015,000 |
| Series 2021 certificates of obligation | 2,535,000 | 2040 | 4.00% | 2,440,000 |
| Total certificates of obligation | | | | 9,345,000 |
| Increment revenue bonds | | | | |
| Series 2015 increment revenue refunding bonds | 4,600,000 | 2027 | 2.22% | 2,460,000 |
| Total increment contract revenue bonds | | | | 2,460,000 |
| Capital leases | | | | |
| 2013 Fire truck | 387,490 | 2023 | 3.13% | 87,334 |
| Lighting and HVAC equipment | 1,337,007 | 2031 | 2.46% | 1,253,584 |
| 2019 Fire truck | 2,239,086 | 2029 | 3.49% | 1,850,520 |
| IT equipment | 652,246 | 2027 | 2.65% | 572,300 |
| Total capital leases | | | | 3,763,738 |
| Total governmental activities | | | | \$ 94,637,553 |
| Business-type activities | | | | |
| General obligation bonds | | | | |
| Series 2013 refunding bonds | 2,286,063 | 2026 | 2.00 - 4.00 % | \$ 1,839,975 |
| Series 2014 permanent improvement refunding bonds | 440,556 | 2024 | 2.00 - 3.00% | 230,000 |
| Series 2016 refunding bonds | 39,533,766 | 2038 | 2.00 - 5.00 % | 34,531,210 |
| Total general obligation bonds | | | | 36,601,185 |
| Certificates of obligation | | | | |
| Series 2014A certificates of obligation | 4,995,000 | 2024 | 2.00 - 3.125% | 3,565,000 |
| Series 2016A certificates of obligation | 4,025,000 | 2036 | 2.00 - 3.00% | 3,200,000 |
| Series 2016 certificates of obligation | 2,475,000 | 2035 | 3.00% | 1,920,000 |
| Series 2018 certificates of obligation | 18,435,000 | 2038 | 4.00 - 5.00 % | 16,550,000 |
| Series 2021 certificates of obligation | 8,645,000 | 2040 | 4.00% | 8,385,000 |
| Total certificates of obligation | | | | 33,620,000 |
| Total business-type activities | | | | \$ 70,221,185 |

City of Missouri City, Texas
Notes to the Financial Statements

The annual requirements to amortize all general obligation bonds outstanding as of September 30, 2021, are as follows:

| Year Ending September 30, | Governmental Activities | | Business-type Activities | |
|------------------------------|-------------------------|----------------------|--------------------------|----------------------|
| | Principal | Interest | Principal | Interest |
| 2022 | \$ 6,826,180 | \$ 1,697,809 | \$ 2,373,820 | \$ 1,707,751 |
| 2023 | 7,050,946 | 3,091,617 | 2,499,054 | 1,597,501 |
| 2024 | 7,287,720 | 2,763,925 | 2,622,280 | 1,479,563 |
| 2025 | 6,958,628 | 2,429,494 | 2,646,372 | 1,353,831 |
| 2026 | 7,213,319 | 2,106,655 | 2,741,681 | 1,225,258 |
| 2027 - 2031 | 25,207,022 | 6,141,891 | 12,817,978 | 4,179,023 |
| 2032 - 2036 | 13,825,000 | 2,234,143 | 10,900,000 | 1,171,000 |
| 2037 - 2040 | 4,700,000 | 268,750 | - | - |
| Totals | \$ 79,068,815 | \$ 20,734,284 | \$ 36,601,185 | \$ 12,713,927 |

The annual requirements to amortize all certificates of obligation outstanding as of September 30, 2021, are as follows:

| Year Ending September 30, | Governmental Activities | | Business-type Activities | |
|------------------------------|-------------------------|---------------------|--------------------------|----------------------|
| | Principal | Interest | Principal | Interest |
| 2022 | \$ 530,000 | \$ 179,656 | \$ 1,475,000 | \$ 645,944 |
| 2023 | 550,000 | 338,900 | 1,535,000 | 1,233,939 |
| 2024 | 565,000 | 317,650 | 1,610,000 | 1,172,214 |
| 2025 | 585,000 | 295,738 | 1,675,000 | 1,107,439 |
| 2026 | 610,000 | 273,025 | 1,735,000 | 1,038,639 |
| 2027 - 2031 | 3,015,000 | 996,813 | 9,790,000 | 4,088,472 |
| 2032 - 2036 | 2,455,000 | 470,314 | 10,955,000 | 2,059,946 |
| 2037 - 2040 | 1,035,000 | 61,038 | 4,845,000 | 318,476 |
| Totals | \$ 9,345,000 | \$ 2,933,134 | \$ 33,620,000 | \$ 11,665,069 |

The annual requirements to amortize all increment revenue bonds outstanding as of September 30, 2021, are as follows:

| Year Ending September 30, | Governmental Activities | |
|------------------------------|-------------------------|-------------------|
| | Principal | Interest |
| 2022 | \$ 385,000 | \$ 54,612 |
| 2023 | 400,000 | 46,065 |
| 2024 | 405,000 | 37,185 |
| 2025 | 415,000 | 28,194 |
| 2026 | 425,000 | 18,981 |
| 2027 | 430,000 | 9,546 |
| Totals | \$ 2,460,000 | \$ 194,583 |

City of Missouri City, Texas

Notes to the Financial Statements

Included in the appropriate capital asset captions on the Statement of Net Position are the following amounts under capital lease as of September 30, 2021: approximately \$4,252,000 in machinery and equipment and \$1,223,000 of accumulated depreciation and approximately \$1,337,000 in building improvements and \$95,000 of accumulated depreciation. The annual requirements to amortize all capital leases outstanding as of September 30, 2021, are as follows:

| Year Ending September 30, | Governmental Activities | |
|------------------------------|-------------------------|-------------------|
| | Principal | Interest |
| 2022 | \$ 447,468 | \$ 112,275 |
| 2023 | 461,069 | 98,674 |
| 2024 | 429,365 | 84,650 |
| 2025 | 442,394 | 71,621 |
| 2026 | 455,828 | 58,189 |
| 2027-2031 | 1,527,614 | 104,758 |
| Totals | \$ 3,763,738 | \$ 530,167 |

The principal and interest on the general obligation bonds, certificates of obligation, increment revenue bonds, and capital leases are payable solely from property taxes levied on taxable property within the City. The City is in compliance with all significant limitations and restrictions contained in the various bond ordinances.

The annual requirements to amortize certain contractual obligations of the City to Sienna Plantation Management District (see Note 17) are as follows:

| Year Ending September 30, | Governmental Activities | |
|------------------------------|-------------------------|---------------------|
| | Principal | Interest |
| 2022 | \$ 1,435,750 | \$ 750,941 |
| 2023 | 1,027,519 | 527,000 |
| 2024 | 1,058,617 | 496,654 |
| 2025 | 1,104,496 | 465,079 |
| 2026 | 1,160,028 | 431,591 |
| 2027 - 2031 | 6,532,180 | 1,587,859 |
| 2032 - 2035 | 6,021,190 | 473,947 |
| Totals | \$ 18,339,780 | \$ 4,733,071 |

Federal Tax Compliance (Arbitrage) for Long-term Debt

In accordance with provisions of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), the City's long-term debt obligations must meet certain minimum criteria to be considered and continue to be considered "tax exempt." This "tax exempt" status means that interest income earned by purchasers of the City's long-term debt instruments is not subject to federal income taxes. Related Treasury Regulations promulgated under Section 148 of the Code generally provide that the determination of whether these obligations are tax exempt is made as of the date such obligations are issued based on a reasonable expectations regarding the use of the proceeds of the bonds issued. Long-term debt that does not meet and continue to meet the minimum criteria of Section 148 of the Code and the related Treasury Regulations described above are considered "arbitrage bonds" and are not considered "tax exempt" as described above.

City of Missouri City, Texas

Notes to the Financial Statements

The City has performed calculations required under section 148(f) of the Code and has no present liability nor has the City ever been required to make rebate payments for issued debt in past years.

The City is currently in compliance with yield restriction requirements and does not anticipate associated significant noncompliance issues. The City is continuing to proceed with reasonable diligence to expend any remaining unexpended debt issuance proceeds on qualifying projects or to retire related debt issues still outstanding.

Defeased Bonds

The City has defeased certain outstanding bonds by placing proceeds of new bonds in irrevocable escrow accounts to provide for all future debt service payments on the old bonds. Accordingly, the escrow accounts to provide for all future bonds are not included in the City's financial statements. At September 30, 2021, the City had no outstanding bonds considered defeased.

Note 7 – Operating Lease

The City is a lessee for police and IT equipment expiring January 2022 and September 2024, respectively. Rent expense for the year ended September 30, 2021 is \$245,354. Future lease payments are as follows:

| Year Ending September 30, | Annual Base Rent |
|------------------------------|---------------------|
| 2022 | \$ 248,572 |
| 2023 | 83,299 |
| 2024 | 86,792 |
| Total | \$ 418,663 |

Note 8 - Interfund Receivables, Payables and Transfers

The following is a summary of interfund balances as of September 30, 2021:

Amounts booked as due to/from are considered to be temporary loans and will be repaid during the following fiscal year.

| Due to Fund | Due From Fund | Purpose | Amount |
|--------------|--------------------------------|-----------------------------|-------------------|
| General fund | Water and wastewater utilities | Cash advances on operations | \$ 522,889 |
| General fund | Nonmajor enterprise fund | Cash advances on operations | 35,781 |
| General fund | Nonmajor governmental fund | Cash advances on operations | 98,406 |
| | | | \$ 657,076 |

City of Missouri City, Texas
Notes to the Financial Statements

The following is a summary of interfund advance balances as of September 30, 2021:

| <u>Advance from Fund</u> | <u>Advance to Fund</u> | <u>Purpose</u> | <u>Amount</u> |
|--------------------------------|--------------------------|-----------------------------|-------------------|
| General fund | Nonmajor enterprise fund | Cash advances on operations | \$ 141,672 |
| Water and wastewater utilities | Surface water treatment | Cash advances on operations | 269,578 |
| | | | <u>\$ 411,250</u> |

Amounts booked as advance to/from are considered to be long-term loans and will be not repaid during the following fiscal year.

For the year ended September 30, 2021, interfund transfers consisted of the following:

| <u>Transfers In Fund</u> | <u>Transfers Out Fund</u> | <u>Purpose</u> | <u>Amount</u> |
|-----------------------------------|-----------------------------------|---|----------------------|
| General fund | Capital projects fund | Cover costs of Mobility expenses for streets, drainage & traffic | \$ 800,000 |
| General fund | Nonmajor governmental fund | Cover operating expenses for radio tower | 40,011 |
| General fund | Nonmajor governmental fund | Cover administrative cost | 207,460 |
| General fund | Nonmajor governmental fund | Cover a portion of Assistant City Attorney salary | 27,200 |
| General fund | TIRZ #3 (Sienna) fund | Cover administrative cost | 73,600 |
| General fund | Water and wastewater utility fund | Cover administrative cost | 131,890 |
| General fund | Surface water treatment fund | Pay back debt | 444,800 |
| General fund | Nonmajor enterprise fund | Cover administrative cost for Front Desk Customer Service Support | 16,000 |
| Capital projects fund | General fund | Construction costs | 2,126,000 |
| Capital projects fund | Nonmajor governmental fund | Veteran Memorial Project | 415,000 |
| Capital projects fund | Nonmajor governmental fund | Construction of a splash pad, restroom and signage for Ridgeview Park | 53,000 |
| Nonmajor governmental fund | General fund | Reimbursement for non-capital expenditures | 484,800 |
| Nonmajor governmental fund | Capital projects fund | Park 8 Ninety developer reimbursement | 1,847,972 |
| Nonmajor governmental fund | Nonmajor governmental fund | Cover administrative cost | 80,000 |
| Nonmajor governmental fund | TIRZ #3 (Sienna) fund | Cover administrative cost | 20,000 |
| Nonmajor governmental fund | General fund | Pay distribution for Grants Coordinator | 13,201 |
| Water and wastewater utility fund | Surface water treatment fund | Transfer NEOC revenue | 92,538 |
| Surface water treatment fund | Water and wastewater utility fund | Cover capital expenses | 5,272,750 |
| Nonmajor enterprise fund | Nonmajor governmental fund | Management services | 7,500 |
| Nonmajor enterprise fund | General fund | Eliminate prior structural deficits | 414,114 |
| | | | <u>\$ 12,567,836</u> |

Transfers are used to move revenues from the fund with collection authorization to other funds that finance various programs in accordance with budgetary authorizations.

Note 9 - Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The plan's trust arrangements are established to protect deferred compensation amounts of employees under the plan from any other use 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 monthly by the City to a third-party administrator. The third-party administrator handles all funds in the plan and makes investment decisions and disburses funds to employees in accordance with plan provisions.

The fair value of plan assets held and administered by the plan's third-party administrator were \$17,425,624.

Note 10 - Pension Plan

A. Plan Description

The City of Missouri City participates as one of 895 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (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 Comprehensive Annual Financial Report (Annual Report) that can be obtained at tmrs.com.

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

B. 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. The retiring Member may select one of seven monthly benefit payments options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's contributions and interest.

The plan provisions are adopted by the City Council, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

| | |
|-----------------------------------|----------------|
| Employee deposit rate | 7.00% |
| Matching ratio (City to employee) | 2 to 1 |
| Years required for vesting | 5 |
| Updated service credit | 100% Transfers |
| Annuity increase (to retirees) | 70% of CPI |

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age.

City of Missouri City, Texas
Notes to the Financial Statements

Employees covered by benefit terms.

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

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 212 |
| Inactive employees entitled to but not yet receiving benefits | 212 |
| Active employees | 347 |
| Total | 771 |

C. 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 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 required contribution rates for the City were 8.86% and 8.92% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$2,535,722 which exceeded the required contributions by \$277,967 since the City contributed at the rate of 10%. The City's contributions exceeded the requirement rate in an attempt to reduce the unfunded pension liability.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|--|
| Inflation | 2.5% per year |
| Overall payroll growth | 2.75% per year |
| Investment rate of return | 6.75%, net of pension plan investment expense, including inflation |

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the City, rates are multiplied by an additional factor of 100%. 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 UMP to account for future mortality improvements subject to the floor.

City of Missouri City, Texas

Notes to the Financial Statements

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 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 in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, Gabriel Roeder Smith & Company (GRS) focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of 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 | 30.0% | 5.30% |
| Core fixed income | 10.0% | 1.25% |
| Non-core fixed income | 20.0% | 4.14% |
| Real return | 10.0% | 3.85% |
| Real estate | 10.0% | 4.00% |
| Absolute return | 10.0% | 3.48% |
| Private equity | 10.0% | 7.75% |
| Total | 100% | |

Discount Rate

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

City of Missouri City, Texas
Notes to the Financial Statements

Changes in Net Pension Liability

| | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balance at December 31, 2019 | \$ 143,010,221 | \$ 112,812,101 | \$ 30,198,120 |
| Changes for the year: | | | |
| Service cost | 4,273,767 | - | 4,273,767 |
| Interest (on the Total Pension Liability) | 9,614,293 | - | 9,614,293 |
| Difference between expected and actual experience | (2,282,397) | - | (2,282,397) |
| Change in assumptions | - | - | - |
| Contributions - employer | - | 2,450,016 | (2,450,016) |
| Contributions - employee | - | 1,739,324 | (1,739,324) |
| Net investment income | - | 8,557,862 | (8,557,862) |
| Benefit payments, including refunds of employee contributions | (5,426,264) | (5,426,264) | - |
| Administrative expense | - | (55,410) | 55,410 |
| Other | - | (2,162) | 2,162 |
| Net changes | 6,179,399 | 7,263,366 | (1,083,967) |
| Balance at December 31, 2020 | <u>\$ 149,189,620</u> | <u>\$ 120,075,467</u> | <u>\$ 29,114,153</u> |

Sensitivity of the net pension liability to changes in the discount rate

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 in Discount Rate (5.75%) | Discount Rate (6.75%) | 1% Increase in Discount Rate (7.75%) |
|--|--------------------------|--|
| \$ 52,223,911 | \$ 29,114,153 | \$ 10,394,905 |

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.

City of Missouri City, Texas
Notes to the Financial Statements

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

For the year ended September 30, 2021 the city recognized pension expense of \$3,064,512.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 207,866 | \$ 2,674,999 |
| Changes in actuarial assumptions | 451,524 | - |
| Difference between projected and actual investment earnings | - | 3,195,055 |
| Contributions subsequent to the measurement date | 1,851,006 | - |
| Totals | \$ 2,510,396 | \$ 5,870,054 |

\$1,851,006 is reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending December 31, | Net Deferred Outflows (Inflows) of Resources |
|-----------------------------|---|
| 2021 | \$ (1,711,973) |
| 2022 | (529,392) |
| 2023 | (2,413,549) |
| 2024 | (555,750) |
| Totals | \$ (5,210,664) |

Note 11 - Other Post-Employment Benefits

TMRS Supplemental Death Benefits Fund

Benefit Plan Description

The City also participates in the single-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (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. 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).

City of Missouri City, Texas
Notes to the Financial Statements

Benefits Provided

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). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$7,500.

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

| | |
|---|-------------------|
| Inactive employees currently receiving benefits | 148 |
| Inactive employees entitled to but not yet receiving benefits | 58 |
| Active employees | <u>347</u> |
| Total | <u><u>553</u></u> |

Contributions

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 0.14% and 0.15% in calendar years 2020 and 2021, respectively. The City’s contributions to the SDBF for the year ended September 30, 2021 were \$15,011, and were equal to the required contributions.

Discount Rate

The SDBF covers both active and retiree benefits with no segregation of assets and, therefore, doesn’t meet the definition of a trust under GASB Statement No. 75 (i.e., no assets are accumulated for OPEB), and as such, the SDBF is considered to be an unfunded OPEB plan. Under GASB Statement No. 75, the discount rate for an unfunded OPEB plan is based on an index of tax-exempt 20-year municipal bond rates rated as AA or higher. As of December 31, 2020, the discount rate used in the development of the Total OPEB Liability was 2.00%.

City of Missouri City, Texas
Notes to the Financial Statements

Actuarial Assumptions

The City's total OPEB liability was measured at December 31, 2020 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

| | |
|---|--|
| Inflation: | 2.50% |
| Salary Increases: | 3.50% to 11.50%, including inflation |
| Discount rate: | 2.00%. The discount rate was based on the Fidelity Index's "20- Year Municipal GO AA Index" rate as of December 31, 2020. |
| Retirees' share of benefit related costs: | \$0 |
| Administrative expenses: | All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68. |
| Mortality rates – service retirees: | 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. |
| Mortality rates – disabled retirees: | 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor. |

Other Information

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Changes in the Total OPEB Liability

| | |
|---|---------------------|
| Balance at December 31, 2019 | \$ 1,021,717 |
| Changes for the year: | |
| Service cost | 44,725 |
| Interest on Total OPEB Liability | 28,610 |
| Difference between expected and actual experience | (19,729) |
| Changes of assumptions or other inputs | 174,683 |
| Benefit payments | (7,454) |
| Net changes | 220,835 |
| Balance at December 31, 2020 | \$ 1,242,552 |

City of Missouri City, Texas
Notes to the Financial Statements

Sensitivity Analysis

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

| 1% Decrease in Discount Rate (1.00%) | Discount Rate (2.00%) | 1% Increase in Discount Rate (3.00%) |
|--|--------------------------|--|
| \$ 1,536,530 | \$ 1,242,552 | \$ 1,017,163 |

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$117,579.

As of September 30, 2021, the City reported deferred outflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 28,330 | \$ 74,870 |
| Changes in actuarial assumptions and other inputs | 301,523 | 36,355 |
| Contributions made subsequent to the measurement date | 13,203 | - |
| Totals | \$ 343,056 | \$ 111,225 |

\$13,203 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2022.

Amounts currently reported as deferred outflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

| Year Ending December 31, | Net deferred outflows (inflows) of resources |
|-----------------------------|--|
| 2021 | \$ 44,244 |
| 2022 | 44,244 |
| 2023 | 44,244 |
| 2024 | 36,681 |
| 2025 | 35,129 |
| Thereafter | 14,086 |
| Totals | \$ 218,628 |

City of Missouri City, Texas
Notes to the Financial Statements

Retiree Health Care Plan (RHCP)

Plan Description

The City's defined benefit OPEB plan, City of Missouri City 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.

Benefits provided

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.

Employees covered by benefit terms. At December 31, 2020, the following employees were covered by the benefit terms:

| | |
|------------------------------|------------|
| Retirees and beneficiaries | 40 |
| Inactive, nonretired members | - |
| Active members | <u>346</u> |
| | <u>386</u> |

Total OPEB Liability

The City's total OPEB liability of \$8,960,926 was measured as of December 31, 2020, and was determined by an actuarial valuation as of December 31, 2019. Update procedures were used to roll forward the total OPEB liability to December 31, 2020.

City of Missouri City, Texas
Notes to the Financial Statements

Actuarial assumptions and methods

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

| | |
|--------------------------|---|
| Actuarial Cost Method: | Individual Entry-Age |
| Discount Rate: | 2.00% as of December 31, 2020 |
| Inflation: | 2.50% |
| Salary Increases: | 3.50% to 11.50%, including inflation |
| Demographic Assumptions: | Based on the experience study covering the four year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS) |
| Mortality: | For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements. |
| Health Care Trend Rates: | Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years; Post-65: Initial rate of 5.50% declining to an ultimate rate of 4.15% after 14 years |
| Participation Rates: | 95% for retirees who are eligible for a City subsidy; 50% for retirees who are not eligible; 0% for employees who retire before the age of 50 |

Other Information:

Note: The discount rate changed from 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020.

Discount Rate

Because the RHCP is unfunded or pay-as-you go, the discount rate is based on the 20-year tax-exempt AA or higher municipal bond. For the purpose of this valuation, the municipal bond rate is 2.00% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The discount rate was 2.75% as of the prior measurement date.

City of Missouri City, Texas
Notes to the Financial Statements

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|---|----------------------------|
| Balance at December 31, 2019 | \$ 7,655,127 |
| Changes for the year: | |
| Service cost | 377,389 |
| Interest on total OPEB liability | 213,469 |
| Change of benefit terms | - |
| Difference between expected and actual experience | (29,148) |
| Change in assumptions | 906,723 |
| Benefit payments | (162,634) |
| Net changes | 1,305,799 |
| Balance at December 31, 2020 | \$ 8,960,926 |

Changes of assumptions reflect a change in the discount rate from 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the plan's total OPEB liability, calculated using a discount rate of 2.00%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

| 1% Decrease in Discount Rate (1.00 %) | Discount Rate (2.00 %) | 1% Increase in Discount Rate (3.00 %) |
|---|---------------------------|---|
| \$ 10,398,057 | \$ 8,960,926 | \$ 7,779,749 |

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the 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:

| 1% Decrease Healthcare Cost Trend Rate | Healthcare Cost Trend Rate | 1% Increase Healthcare Cost Trend Rate |
|--|-------------------------------|--|
| \$ 7,495,158 | \$ 8,960,926 | \$ 10,834,645 |

City of Missouri City, Texas
Notes to the Financial Statements

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$764,132.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 7,894 | \$ 212,975 |
| Changes in actuarial assumptions used | 1,776,936 | 251,509 |
| Contributions made subsequent to the measurement date | 152,714 | - |
| Totals | \$ 1,937,544 | \$ 464,484 |

\$152,714 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2022.

Amounts currently reported as deferred outflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

| Year Ending September 30, | Net deferred outflows (inflows) of resources |
|------------------------------|--|
| 2022 | \$ 173,274 |
| 2023 | 173,274 |
| 2024 | 173,274 |
| 2025 | 173,274 |
| 2026 | 173,274 |
| Thereafter | 453,976 |
| Totals | \$ 1,320,346 |

Combined Totals for Retiree Healthcare Plan and Supplemental Death Benefits Plan

The combined totals for the two OPEB plans are as follows:

| | Retiree Health Care Plan | SDBF | Total |
|-----------------------|--------------------------------|----------------|-----------------|
| OPEB liability | \$ (8,960,926) | \$ (1,242,552) | \$ (10,203,478) |
| Deferred inflows | (464,484) | (111,225) | (575,709) |
| Deferred outflows | 1,937,544 | 343,056 | 2,280,600 |
| OPEB expense (credit) | 764,132 | 117,579 | 881,711 |

City of Missouri City, Texas

Notes to the Financial Statements

Note 12 - 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; injuries to employees; and natural disasters. The City's risk management program mainly encompasses obtaining property and liability insurance through Texas Municipal League (TMLIRP), an Intergovernmental Risk-Pool and through commercial insurance carriers. The City purchases commercial general insurance through the Texas Municipal League, an unincorporated association of political subdivisions of the State of Texas.

This policy encompasses general liability, automobile liability, law enforcement liability, errors and omissions liability, property, automobile vehicle liability, and damages with limits of liability for each occurrence at \$3,000,000. 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 participation of the City in the TML-IRP is limited to payment of premiums.

Workers' Compensation

The City is a member of the Texas Municipal League (TML) Workers' Compensation Intergovernmental Risk Pool, an unincorporated association of political subdivisions of the State of Texas. The fund contracts with a third-party administrator for administration, investigation, and adjustment services in the handling of claims. Premiums are based on the estimated City payroll by risk factor and rates. The premiums are adjusted by the City's experience modifier. All loss contingencies, including claims incurred but not reported, if any, are recorded and accounted for by the TML Pool. The City's liability is limited to payment of premiums as assessed by TML.

The City pays unemployment insurance claims filed by former employees on an actual reimbursement basis. The Texas Workforce Commission determines individual claim eligibility and bills the City for each eligible claim made. The City contracts with a third party, TALX Employer Services L.L.C., to administer its unemployment insurance/compensation program.

Long-Term Disability

The City provides long-term disability coverage for all full-time employees through Dearborn Life Insurance Company. The City pays the entire amount of the premiums. After a 90-day waiting period, employees who become disabled through injury or sickness may receive 66-2/3 percent of basic monthly earnings, not to exceed maximum benefit less other income benefits.

Health/Dental/Life Insurance Plan

The City provides medical insurance, prescription card, dental, vision and life insurance programs for City employees. As of September 30, 2021, the City contracted with Blue Cross Blue Shield of Texas, which offers a H.S.A. high deductible medical plan and a P.P.O. medical plan for employees to choose from. The City also provides life insurance to employees in the amount of \$50,000 through Dearborn Life Insurance Company.

Note 13 - Commitments and Contingencies

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management that resolution of these matters will not have a material adverse effect on the financial condition of the City.

City of Missouri City, Texas

Notes to the Financial Statements

Sick Leave

Employees are credited with sick leave at the rate of one day per month with no maximum accumulation, one-half of which is set aside for major illness each year. Regular sick days may be used for ordinary sick days, caring for relatives, and doctor's appointments. Unused sick leave is credited to the major illness accumulation at the end of the year. Employees do not receive any pay or other compensation either for, or in lieu of, accrued sick leave time upon any type of employment termination except for retirement. Upon meeting retirement qualifications and retiring from the City, employees will be paid 25 percent of accumulated major illness sick leave exceeding sixty days up to a total of thirty days.

Note 14 - Park Land Dedication

The City enacted an ordinance requiring open space, park, and recreational areas, which is intended to assure that within residential developments of the City, there is sufficient land dedicated for open space and neighborhood parks. The City subsequently amended this ordinance providing for cash to be remitted in lieu of park land. Cash received shall be restricted to an area established by zone. Presently, the City has established thirteen zones. Cash received in the Park Land Dedication Fund by the City under this agreement must be expended within five years for the acquisition or development of a neighborhood park.

If not expended within the time frame established, the current owner of the property for which money was paid in lieu of land dedication shall be entitled to a refund providing a refund request is made within a one-year period. The activities of this program are accounted for in a special revenue fund.

Note 15 - Agreement with Gulf Coast Water Authority

In July of 1997, the City entered into an option agreement with Gulf Coast Water Authority (GCWA), a Texas conservation and reclamation district, to purchase surface water rights. The agreement allows the City the option to buy fifteen (15) million gallons per day of surface water from GCWA's canal system. Beginning in March 2009, the City exercised its option to purchase raw surface water and began paying for approximately 52,000 gallons a day to start the process of design for a surface water treatment plant. This water was utilized for a pilot test plant during the design phase of the project. This plant is the key facilitator for the Ground Water Reduction Plan (GRP) for the region. The City completed the design and construction of the Regional Water Treatment Plant in 2012 and began treating surface water.

In May of 2014, the City and GCWA revisited the agreement and entered into a new System Raw Water Availability Agreement that provides the City with a firm quantity of fifteen (15) million gallons per day of surface water from GCWA's canal system. This contract is a long-term contract and will be revisited in August 2027 when all of GCWA's contracts are renegotiated. The City has revised their agreement with GCWA for an additional ten (10) MGD of option water and an additional fifteen (15) MGD of contract water. This additional 10 MGD of option water and 15 MGD of contract water is estimated to cost the City/GRP annually approximately \$515,000 and \$1,400,000, respectively.

The City has paid \$1,882,289 for the purchase of raw water options for the fiscal year ended September 30, 2021. The City has paid GCWA \$14,505,351 cumulatively for water options through September 30, 2021.

Note 16 - Regional Wastewater Treatment Facilities

In March 1996, the City contracted with First Colony Municipal Utility District No. 9 (MUD 9) and Fort Bend County Municipal Utility District No. 42 (MUD 42) to construct a regional wastewater system to include a regional lift station, major transmission line, first phase of the Steep Bank Flat Bank Creek Wastewater Treatment Plant, and sludge processing. The project was completed and began operation in December 1999 with a treatment capacity of 1.5 million gallons per day (MGD), more than initially needed by MUDs 9 and 42. Between 2000 and 2010, the City signed regional wastewater facilities agreements with Fort Bend County MUDs No. 46, 115, 129 and 149 to utilize the temporary excess capacity in the Phase I plant, and to secure permanent capacity for these MUDs in future plant expansions. Construction of the Phase II plant expansion from 1.5 to 3.0 MGD began in 2009 and came on line in late 2010. This included a second aeration basin and clarifier, headworks improvements and ultraviolet disinfection system upgrades and expansion. Final cost shares are based on pro rata capacity allocations. The current discharge permit provides for future expansion of the plant to interim Phase III 4.5 MGD and final Phase up to 6.0 MGD phase. In June 2019, the City entered into an agreement with Sienna Regional Municipal District to accept at least 0.5 MGD of wastewater until a 1.5 MGD expansion could be completed. Sienna Regional MUD began partially diverting flow in October 2019 to the plant. Sienna Regional MUD is currently funding the expansion of the existing plant from 3.0 MGD to 4.5 MGD capacity at a cost of approximately \$13 Million dollars. Construction was authorized in January 2022 and upon completion/expansion, Sienna Regional MUD will be entitled to 1.5 MGD of plant capacity.

The City owns the plant and is responsible for its operation and maintenance. Under an agreement between the City and SiEnvironmental, this operations company performs the operation and maintenance activities. Each of the MUDs are billed monthly charges for their share of operations and maintenance expenses, which includes funding an operations and maintenance reserve.

MUDs 9, 42, 46, 115, 129, 149 and the City have agreed that each district shall initially have the right to deliver, subject to agreed terms and conditions, wastewater to the plant in the following capacities, and based on current plant capacity (3.0 MGD):

| District | Percent | Reserved Capacity (MGD) |
|---------------------------|---------------|-------------------------|
| First Colony MUD #9 | 35.0% | 1.0500 |
| Fort Bend County MUD #42 | 14.0% | 0.4200 |
| Fort Bend County MUD #115 | 8.8% | 0.2640 |
| Fort Bend County MUD #46 | 14.2% | 0.4250 |
| Fort Bend County MUD #129 | 14.6% | 0.4380 |
| Fort Bend County MUD #149 | 13.4% | 0.4030 |
| Totals | 100.0% | 3.0000 |

In March 2015 the City and MUDs 9, 42, 46, 115, 129 and 149, amended the agreements to clarify the obligations of the existing agreements regarding the Phase III expansion, to establish a protocol for the MUDs the opportunity to sell any excess capacity to a future participant and to allow MUDs 46, 115, 129 and 149 the ability to adjust their total requested capacity to equal 1.5 million gallons. The total assigned capacity will not exceed the permitted 3.0 MGD.

City of Missouri City, Texas

Notes to the Financial Statements

The City may provide funding, or per the agreements the City can request that the MUDs fund their prorata share, for the expansion of the facility when needed and reserves the option to utilize package plants in the interim, if necessary, to provide services to all areas. The districts will pay their share of the debt service for expansion or for regulatory upgrades. The maintenance and operation of the plant will be prorated among the MUDs utilizing their average equivalent connections for the year.

Mustang Bayou Service Area

The Mustang Bayou (MB) Water Supply and Wastewater Treatment (WWTP) Service Area includes Fort Bend Municipal Utility Districts No. 47 and 48 (which serve the Vicksburg and Olympia Estates neighborhoods and Hightower High School), Tax Increment Reinvestment Zone No. 2 and Public Improvement Districts No. 2, 3 and 4. The area is attracting major retail and residential development as a result of the Fort Bend Toll Road, which opened in August 2004, connecting Highway 6 with Beltway 8. In 2004, the City and Fort Bend MUDs 47 and 48 executed a regional wastewater treatment and water supply agreement to provide integrated utility services to the area. The wastewater portion of that agreement was updated in 2010 when regional wastewater treatment facilities agreements between the City and MUDs 47 and 48 were executed. Since the new agreements were executed the City has been providing regional water and wastewater service to MUDs 47 and 48 and retail service to the City service area.

The City and the Vicksburg Joint Powers (MUDs 47 and 48) collectively constructed new wastewater facilities for the expansion of the Vicksburg Wastewater Treatment Plant (WWTP), located on the west side of the Toll Road, just north of Trammel-Fresno Road. The City now owns and operates the Vicksburg WWTP, and has since renamed the plant the Mustang Bayou Regional WWTP. The City's Mustang Bayou Regional WWTP provides treatment for the entire service area, including MUDs 47 and 48. This expansion was completed in December of 2009, and plant ownership transfer was completed in March of 2010.

Fort Bend MUDs 47 and 48 own and operate a water well and plant located in the north side of the Mustang Service Area. The City owns and operates a water well and plant in the south side of the service area, south of Highway 6 and east of the Fort Bend Toll Road. The City well and plant has increased water supply and improved water pressure available for fire flows for new and existing development. Under the 2011 water agreements, the ownership of the MUDs' water well and plant was transferred to the City in January 2012, and the two plants and are permanently interconnected to jointly supply the entire service area.

The City projected a need for a water/wastewater master plan, capital improvement plan and an impact fee study as the City and the utility districts (MUDs 47, 48 and Vicksburg Joint Powers) proceed with coordination on utility service issues in the Mustang Bayou Service Area. This study has been completed and has provided the technical and financial information for the City to properly administer and provide utility service in the area. Council adopted the impact fees in January 2015 for the Mustang Bayou Service Area. Due to projected growth and rehabilitation needs, the existing MB WWTP is being expanded from its rated 0.95 MGD capacity to 1.50 MGD at an estimated project cost of \$14 Million. MUD 47 and MUD 48 per existing agreements with the City are estimated to pay approximately \$3 Million towards this overall project cost. The rehabilitation and expansion is estimated to be completed by Fall 2022.

Note 17 - Development Agreements

Agreement with Sienna

In past years, it was the policy of City Council that before a reclamation district, water control improvement district or municipal utility district could be created, the landowners in the City's extra-territorial jurisdiction must petition for annexation into the City. As a result, the City approved the creation of several separate municipal districts in past years.

In 1995-96, the City began development of a regional water, sewer and storm drainage plan to determine future demands for water, sewer and storm drainage facilities for the entire City including these districts. With the City approximately one-third built, not including the City's extra-territorial jurisdiction, this was a good time to initiate the change. In conjunction with this, a Municipal Utility District Study was performed to assure that Regionalization versus separate MUDs was feasible.

As a result, the City determined to leave the existing districts in place at this time and review their Regionalization needs on an individual basis, when the need to sell new debt or expand the plant took place. For the rest of the City, the City is seeking Regionalization by requiring MUDs to go to a regionalized plant, and to develop contracts for Regionalization with existing MUDs. The Quail Valley Utility District is a good example of this Regionalization effort.

In other areas, Public Improvement Districts are being formed to take care of the water, sewer, drainage and other needed improvements.

In 1995-96, several developers of Sienna, a 10,800-acre master planned community in the City's extraterritorial jurisdiction approached the City Council to allow development by agreement. As a result, a development agreement was proposed allowing development to take place outside the City limits.

The developers in Sienna entered into the Sienna Joint Development Agreement with the City of Missouri City (the "City") dated February 19, 1996, as amended (collectively, the "Development Agreement"), which stipulates the City's regulatory authority over the development of Sienna. The Development Agreement establishes certain restrictions and commitments related to the development of Sienna, sets forth detailed design and construction standards, stipulates a formula for determining the time of annexation of land within Sienna by the City, and identifies and establishes a master plan for the development of Sienna. The provisions of the Development Agreement govern the development of all land within Sienna.

In the Development Agreement, the City agrees not to annex the property in any district before such time as (i) at least 90 percent of the developable acreage within such district has been developed with water, wastewater treatment, and drainage facilities; and (ii) the Developer has been reimbursed to the maximum extent permitted by the rules of the TCEQ or the City assumes any obligation for such reimbursement. The area is expected to add approximately 60,000 to the population of the City.

City of Missouri City, Texas

Notes to the Financial Statements

Contract with Sienna Regional Municipal Utility District (Master District)

The District, together with each conservation and reclamation district located within Sienna District, has contracted with Sienna Regional Municipal Utility District (the "Master District") to provide water supply and distribution, sewage collection and treatment services, major trunk storm sewer drain services, fire protection, and other services and facilities permitted by law for the entire Sienna development. The District has incurred, or incurs, the following expenditures with respect to this contract:

- the District's prorated share of the Master District's capital cost (connection charges) of which future costs will be capitalized by the District; and,
- monthly connection charges in an amount sufficient to meet the District's prorated share of the operational and maintenance costs of the central facilities, based on the relevant use of such facilities.

Fire Protection Agreements between City and Sienna MUDs

Fire Protection agreements have been entered into between the City and various Municipal Utility Districts as follows:

March 19, 2001 Sienna Regional Municipal Utility District
March 19, 2001 Sienna Municipal Utility District 2
March 19, 2001 Sienna Municipal Utility District 3
January 3, 2005 Sienna Municipal Utility District 4
January 3, 2005 Sienna Municipal Utility District 5
January 3, 2005 Sienna Municipal Utility District 6
January 3, 2005 Sienna Municipal Utility District 7
February 21, 2005 Sienna Municipal Utility District 10
February 21, 2005 Sienna Municipal Utility District 12

Each of these districts are outside the City's corporate limits, but within its extraterritorial jurisdiction. The agreements are to provide fire suppression and rescue services. The MUD districts agree to pay the City a monthly charge for each residential unit in the districts connected to the public water supply on or before the twentieth day of the preceding month. For non-residential properties, the districts agree to pay a monthly charge per 2,000 SF of building floor space.

Fire Station #5 Agreement with Sienna Regional Municipal Utility District

In March 2001, a Fire Protection Agreement between the City and the District required the District to design and construct Fire Station No. 5 ("Station 5") to service the entire Sienna Plantation area providing fire protection services performed by the City and received by the District. In September 2006, the First Supplement to Fire Protection Agreement (the "First Supplement") between the City and the District, was entered into, shifting the responsibility for the design and construction of Station 5 to the City. In March 2015, final negotiations were completed and the station opened in July 2015.

In providing Fire Protection Services to the Sienna Fire Service Area, the City shall be solely responsible for determining the standard of care for the operation and maintenance of its facilities and equipment and the training of its personnel. The City shall provide staff who meet minimum staff qualifications to perform the Fire Protection Services required by this Agreement. Neither the District nor the Internal Sienna MUDs assume any responsibility for the actions of the City staff in performing Fire Protection Services. The District will make no recommendations and is in no way responsible for the sufficiency or qualification of the City's staff. It is also understood and agreed that the City shall be the owner of Station 5 and all appurtenances, sites, rights-of-way, and easements, including all additions or improvements thereto.

City of Missouri City, Texas

Notes to the Financial Statements

Annually, the City will provide the District with an estimate of the Total Operating Costs upon presentation of the Fire Department's initial budget request submitted to the Financial Services Department and shall provide the final Total Operating Costs and Sienna Capital Costs calculations to the District within 10 business days of the City's adoption of its budget. The District shall review such data and provide any objections to the calculations within 10 business days. The City and the District shall work together to resolve any disagreement of the calculation of the Total Operating Costs and the Sienna Operating Costs. It is the intent of the Parties that Total Operating Costs shall include Capital Expenses; accordingly, Sienna Operating Costs shall include an allocation of Capital Expenses.

NewQuest Properties Economic 380 Agreement - Fort Bend Town Center

The Fort Bend Town Center is a commercial development located along both sides of the future extension of the Fort Bend Parkway south of State Highway 6. This particular property lacked major infrastructure needed for development. As an incentive to have it develop sooner rather than later, in 2006 the City executed an economic development agreement, reimbursing the developer for some of their cost incurred in developing the site. The estimated cost of the project at inception was \$6,679,450.

As part of this development, the developer, with the City's assistance was successful in working out an agreement to extend service lanes for the future Fort Bend Parkway south of its original terminus. Such an extension was critical component in encouraging the next phase of the parkway to Sienna Parkway to take place sooner and ultimately improve traffic circulation in the Sienna North area. As an added bonus, the Fort Bend Toll Road Authority agreed to reimburse the cost incurred for a portion of the extension, once bonds were sold.

Interest on the reimbursement is capped at two (2) years.

Reinvestment Zone Number Three Agreement – Sienna Management District (SMD)

The Tax Increment Reinvestment Zone #3 (the "Zone") established by the City in December of 2007, is located within the city limits near the intersection of State Highway 6 and Sienna Parkway. Created under state law, the Zone is to promote private economic development of an area by investing in public infrastructure such as public roadways, water distribution, wastewater collection and storm drainage facilities. The improvements will significantly enhance the value of all the taxable real property in the Zone and will be of general benefit to the City. All of the land within the zone lies wholly within the boundaries of the City.

The base taxable assessed value of real property within the TIRZ is established when the TIRZ is created. Incremental growth in the taxable assessed value of real property within the TIRZ is established when the TIRZ is created. Any incremental growth in the taxable assessed value of real property over the base is considered a "tax increment." Taxing jurisdictions within the Zone have the option of contributing all or portions of tax collections attributed to the tax increment to the City for use in financing the public infrastructure improvements. The City has entered into separate tax participation agreements with the Sienna Levee Improvement District, Houston Community College, Fort Bend Drainage District and Fort Bend County, Texas, which obligates these entities to contribute all or a portion of property taxes collected on the tax increment ("TIRZ Revenues") to the City.

The City of Missouri City, the Sienna Management District (the "District"), and the Missouri City Development Authority (the "MCDA"), entered into the Sienna Reinvestment Zone Development Plan Agreement (the "Agreement") to provide for the unified development of all land within the Zone and to establish rules for development, financing and operation of improvements. The Agreement defines two categories of projects: District Improvements and TIRZ Improvements. The District is responsible for the acquisition, design, financing and construction of all District Improvements and TIRZ Improvements.

City of Missouri City, Texas

Notes to the Financial Statements

The District Project budget for District TIRZ Improvements shall not exceed \$39 million, without the consent of the City. This includes new roadway construction (\$15.9 million), roadway and intersection improvements (\$8.55 million), a structured parking garage (\$6.75 million), decorative signage, landscaping, and enhancements (\$6 million), and zone administrative costs (\$1.8 million).

District Improvements are financed with bonds that the District is authorized to issue for any appropriate District purpose. Those bonds are payable from District collected property taxes and any other lawful revenue of the District. TIRZ Improvements are financed with TIRZ bonds which are payable from TIRZ revenues and District property taxes. As of September 30, 2021, the District has issued \$22,907,884 in Road Bonds and Unlimited Tax and Tax Increment Contract Revenue Road Bonds (TIRZ Bonds). The TIRZ Bonds are the obligations solely of SMD and not the City or TIRZ #3. The Bonds are secured by the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against taxable property in the District. In addition, the Bonds will be secured by the pledge of TIRZ revenues under the agreement described above, paid to the District from monies received by the City from tax increments resulting within TIRZ#3. These pledged revenues are anticipated to be sufficient to amortize the Bonds. The TIRZ Bonds year end amount outstanding is \$18.3 million, which is recognized as a contractual obligation in the City's financial statements.

On the first business day of each calendar quarter, the City pays the District from the TIRZ revenues the amount necessary (1) to pay debt service on District TIRZ Bonds and to (2) to pay the direct costs of the development and construction of District TIRZ Improvements that are not funded through the issuance of District debt. During the fiscal year ended September 30, 2021, the City paid the district a total of \$2,151,385. Under the terms of the agreement, the District receives a METRO sales tax which is a portion of the sales tax rebated to the City by the Metropolitan Transportation Authority of Harris County which is derived from sales tax revenue generated within the Zone. The reimbursements will be based on the increase in taxable value of real property within the Zone and 50% of the total amount of Metro Tax generated from the District. During the fiscal year ended September 30, 2021, the City paid the district \$272,967.

Trammel Crow Economic 380 Agreement – Park Eight 90

Located at the intersection of US90A and Beltway 8, Park Eight-Ninety is the newest business park being developed in Missouri City. The 129 acre development is being developed by Trammell Crow Development and will offer the opportunity for more than 1,700,000 sf of investment grade warehouse, distribution and manufacturing space. The project builds upon the strong relationship between Trammel Crow and the City and track record of success in developing the very successful Missouri City's Lakeview Business Park.

In continuation of the City's pro-business and development values the City entered into a chapter 380 development agreement with Trammel Crow. This performance based agreement provides the opportunity for Trammel Crow to be reimbursed for up to \$7,000,000 of qualifying infrastructure costs associated with the park. The reimbursements are based on the net growth in assessed value in the park not including abated or exempt property and are structured so that the City is ensured a positive return on investment.

Note 18 – Agreement with Harris County Metropolitan Transit Authority

The City entered into a Congestion Mitigation/Traffic Management Agreement with the Harris County Metropolitan Transit Authority (METRO) to address ongoing mobility needs through the further development of regional transportation systems. Under this agreement, METRO will make payments to the City to fund eligible transportation projects as defined in the agreement. The agreement is effective through December 31, 2025. These payments will generally be limited to one-half (1/2) of all METRO sales tax collections within the City during the agreement. These payments will be in addition to payments for previously approved METRO projects within the City. The City received approximately \$5.36 million pursuant to this agreement for eligible transportation projects in the fiscal year 2021.

Note 19 – Tax Abatements

The City grants tax abatement agreements under Chapter 380 of the Texas Local Government Code and the Property Redevelopment and Tax Abatement Act under Chapter 312 of the Texas Tax Code to provide incentives for economic development within the City limits. The agreements take two forms; ad valorem taxes and sales tax.

The currently active ad valorem tax agreements call for the abatement of a portion (40% to 85%) of property taxes that would normally be due on real and personal property of a specified development's assessed value. All of these agreements will call for the entity to construct and maintain certain buildings and improvements at specified levels. Some agreements will call for entities to produce and maintain a certain number of jobs for the length of the agreements. Failure of the entity to comply with the requirements will cause the entity to be subject to a claw back provision which typically includes the repayment of all abated ad valorem taxes plus interest at the Texas Tax Code delinquent tax rate. Total ad valorem taxes abated in the current fiscal year under these agreements were approximately \$977,000.

Of the currently active sales tax abatements agreements, one provides for 100% abatement of sales taxes generated by the entity in exchange for employing 210 employees and maintaining at least \$10 million in inventory. Failure of the entity to meet either commitment will invalidate the tax rebate for the year the requirement was not satisfied. Two provide for a 50% abatement of sales taxes generated by the projects upon the successful completion of the project with no claw back provisions. Total sales taxes abated for the current fiscal year under these agreements totaled approximately \$632,000.

Note 20 – Recent Accounting Pronouncements

GASB Statement 84, *Fiduciary Activities* ("GASB 84"), establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. GASB 84 was implemented by the City in 2021 and there was no impact on the City's financials.

GASB Statement 87, *Leases* ("GASB 87"), increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. GASB 87 will be implemented by the City in 2022 and the impact has not yet been determined.

City of Missouri City, Texas

Notes to the Financial Statements

GASB Statement 91, *Conduit Debt Obligations* ("GASB 91"), provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. GASB 91 will be implemented by the City in 2023 and the impact has not yet been determined.

GASB Statement No. 92, *Omnibus 2020* ("GASB 92"), addresses practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics including Leases (GASB 87) and postemployment benefits. This statement will become effective for the City in fiscal year 2022.

Note 21 – Subsequent Events

Issuance of Refunding Bonds

In April 2022, the City will issue \$18,760,000 of General Obligation Improvement and Refunding Bonds, Series 2022. The issuance will refund \$4,010,000 of the City's Series 2013 General Obligation Refunding bonds and \$4,915,000 of the City's Series 2010A Certificate of Obligation bonds. The Series 2022 bonds are set to mature in 2041. The purpose of issuing the bonds will be for refunding a portion of the City's outstanding obligations to achieve debt service savings and for drainage projects, public facilities projects, parks and street mobility, and to pay the cost of issuance associated with the sale of the bonds.

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Required Supplementary Information

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis) General Fund For the Fiscal Year Ended September 30, 2021

| | Budget | | | Variance |
|---|----------------------|----------------------|----------------------|------------------------|
| | Original | Final | Actual | Positive (Negative) |
| REVENUES | | | | |
| Property taxes and penalties | \$ 30,292,626 | \$ 31,339,626 | \$ 31,472,646 | \$ 133,020 |
| Other taxes | 9,811,750 | 12,688,639 | 12,403,392 | (285,247) |
| Licenses and permits | 3,249,938 | 4,685,649 | 4,649,242 | (36,407) |
| Fines and forfeitures | 718,600 | 718,600 | 692,406 | (26,194) |
| Franchise taxes | 3,850,000 | 3,993,110 | 3,837,378 | (155,732) |
| Intergovernmental revenues | 6,918,684 | 8,297,266 | 8,307,912 | 10,646 |
| Other revenue | 510,150 | 848,853 | 848,851 | (2) |
| Charges for services | 297,650 | 418,784 | 418,783 | (1) |
| Investment earnings | 220,162 | 220,162 | 226,048 | 5,886 |
| Total revenues | 55,869,560 | 63,210,689 | 62,856,658 | (354,031) |
| EXPENDITURES | | | | |
| City council | 126,128 | 126,128 | 86,594 | 39,534 |
| City manager | 1,557,727 | 1,557,997 | 1,627,515 | (69,518) |
| City secretary | 447,845 | 525,085 | 506,566 | 18,519 |
| Human resources/organizational development | 773,233 | 791,452 | 785,731 | 5,721 |
| Legal | 668,433 | 939,980 | 696,551 | 243,429 |
| Performance management office | - | 2,400 | 2,400 | - |
| Municipal court | 699,065 | 689,384 | 586,872 | 102,512 |
| Communications | 1,284,654 | 1,307,537 | 1,138,204 | 169,333 |
| Economic development | 2,288,944 | 2,288,944 | 168,181 | 2,120,763 |
| Innovation & technology | 4,912,453 | 5,052,522 | 4,535,117 | 517,405 |
| Non-divisional | 6,090,682 | 8,728,364 | 6,232,286 | 2,496,078 |
| Financial services | 2,354,938 | 2,386,305 | 2,254,233 | 132,072 |
| Police | 14,358,162 | 14,548,145 | 13,313,801 | 1,234,344 |
| Fire | 9,128,262 | 9,279,523 | 9,328,568 | (49,045) |
| Public works | 8,145,460 | 8,652,281 | 8,062,987 | 589,294 |
| Parks and recreation | 3,814,878 | 3,995,445 | 3,582,519 | 412,926 |
| Planning | 1,895,706 | 1,921,079 | 1,608,199 | 312,880 |
| Capital outlay | 78 | 78 | - | 78 |
| Debt service | | | | |
| Principal | - | - | 115,090 | (115,090) |
| Interest and fiscal charges | - | - | 13,540 | (13,540) |
| Total expenditures | 58,546,648 | 62,792,649 | 54,644,954 | 8,147,695 |
| Excess (deficiency) of revenues over expenditures | (2,677,088) | 418,040 | 8,211,704 | 7,793,664 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 3,728,951 | 3,728,951 | 1,740,961 | (1,987,990) |
| Transfers out | (3,801,191) | (5,066,105) | (3,038,115) | 2,027,990 |
| Total other financing sources (uses) | (72,240) | (1,337,154) | (1,297,154) | 40,000 |
| Net change in fund balance - budgetary basis | (2,749,328) | (919,114) | 6,914,550 | 7,833,664 |
| Net adjustments to reflect operations in accordance with Generally Accepted Accounting Principles (GAAP) | - | - | 1,581,292 | 1,581,292 |
| Net change in fund balance - GAAP basis | (2,749,328) | (919,114) | 8,495,842 | 9,414,956 |
| Fund balance, beginning of year | 27,039,086 | 27,039,086 | 27,039,086 | - |
| FUND BALANCE, END OF YEAR | \$ 24,289,758 | \$ 26,119,972 | \$ 35,534,928 | \$ 9,414,956 |

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

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual (Budgetary Basis)
TIRZ #3 (Sienna) Fund
For the Fiscal Year Ended September 30, 2021

| | Budget | | | Variance |
|--|---------------------|---------------------|---------------------|------------------------|
| | Original | Final | Actual | Positive (Negative) |
| REVENUES | | | | |
| Property taxes and penalties | \$ 2,810,466 | \$ 2,708,041 | \$ 2,879,914 | \$ 171,873 |
| Investment earnings | 41,405 | 41,405 | 39,408 | (1,997) |
| Total revenues | 2,851,871 | 2,749,446 | 2,919,322 | 169,876 |
| EXPENDITURES | | | | |
| Current | | | | |
| Planning | 30,306 | 613,106 | - | 613,106 |
| Capital outlay | - | 8,575,019 | 8,575,019 | - |
| Debt service | | | | |
| Principal | 470,000 | 905,000 | 1,526,679 | (621,679) |
| Interest and fiscal charges | 542,581 | 663,584 | 624,706 | 38,878 |
| Total expenditures | 1,042,887 | 10,756,709 | 10,726,404 | 30,305 |
| Excess (deficiency) of revenues over expenditures | 1,808,984 | (8,007,263) | (7,807,082) | 200,181 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Contractual obligation | - | 8,575,019 | 8,575,019 | - |
| Transfers out | (93,600) | (93,600) | (93,600) | - |
| Total other financing sources (uses) | (93,600) | 8,481,419 | 8,481,419 | - |
| Net change in fund balance | 1,715,384 | 474,156 | 674,337 | 200,181 |
| Fund balance, beginning of year | 5,197,797 | 5,197,797 | 5,197,797 | - |
| FUND BALANCE, END OF YEAR | \$ 6,913,181 | \$ 5,671,953 | \$ 5,872,134 | \$ 200,181 |

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

City of Missouri City, Texas

Notes to Required Supplementary Information

Note 1. Budgets and Budgetary Accounting

Budgets are prepared on a basis other than generally accepted accounting principles (GAAP). The modified accrual basis of accounting, which is in accordance with GAAP, is used for financial reporting purposes. An annual operating budget is prepared on the "budgetary basis" and is approved annually by City Council. Encumbrance accounting is utilized for all governmental fund types. Any encumbered appropriation does not lapse at year-end and is included in budgetary expenditures for budget comparison purposes. In the current year, General Fund budgetary expenditures were \$1,581,292 more than for GAAP as a result of this inclusion of encumbrances for budgetary reporting purposes. There were no encumbrances in TIRZ #3 (Sienna) fund. Encumbrances are documented by purchase orders or contracts. Encumbrances outstanding at year-end do not constitute expenditures or liabilities under GAAP. The City honors these commitments and records GAAP expenditures in the subsequent year as the transactions are completed.

Note 2. Stewardship, Compliance, and Accountability

Budgets are adopted for all funds annually. Annual budgets are adopted for the General, Special Revenue, Debt Service and Enterprise Funds. The Proprietary Fund budgets are used primarily as financial plans for control purposes. Accordingly, no budgetary comparisons are presented for these funds. Budgetary control for capital projects funds is achieved through legally binding construction contracts and project length budgets.

These budgets are created by ordinance and include all sources and uses of funds as approved by Council. All annual budgets are prepared on a budgetary basis that differs from GAAP. In accordance with the City's Charter, budgetary expenditures in governmental funds include encumbrances outstanding at year-end.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. The City Council made several supplementary budgetary appropriations, which were not considered material, throughout the year.

Encumbrances for materials, other goods, and purchased services are documented by purchase orders or contracts. Encumbrances outstanding at year-end do not constitute expenditures or liabilities under GAAP. The City honors these commitments and records GAAP expenditures in the subsequent year as the transactions are completed. Below is a reconciliation of the General Fund budgetary basis to GAAP basis:

| | Budgetary Basis | Encumbrances | GAAP Basis |
|---------------|---------------------|---------------------|---------------------|
| Revenues | \$ 62,856,658 | \$ - | \$ 62,856,658 |
| Expenditures | 54,644,954 | (1,581,292) | 53,063,662 |
| Totals | \$ 8,211,704 | \$ 1,581,292 | \$ 9,792,996 |

City of Missouri City, Texas

Notes to Required Supplementary Information

During the year, the General Fund had an original revenue budget of \$55,869,560, and a final revenue budget of \$63,210,689, resulting in an increased revenue budget of \$7,341,129, or 13.1%. \$2,876,889 of the increased revenue budget was from an increase in budgeted sales tax, \$1,435,711 was from an increase in budgeted permits and \$1,378,582 was from an increase in budgeted intergovernmental revenue. Actual total revenues of \$62,856,658 were \$354,031 less than the final budget, or (0.6%).

The General Fund originally budgeted expenditures of \$58,546,648, and had a final budget of \$62,792,649, resulting in an expenditure budget increase of \$4,246,001, or 7.3%. \$2,637,682 of the increased expenditure budget was from an increase in non-divisional expenditures. Actual expenditures were \$54,644,954, which is a favorable variance of \$8,147,695, or 13.0%.

Note 3. Excess of Expenditures Over Appropriations

For the fiscal year September 30, 2021 expenditures exceeded appropriations in the department (legal level of budgetary control) of the following funds:

| Fund | Department | Final Budget | Actual | Variance | Reason for Variance |
|--------------|--------------|--------------|--------------|-------------|------------------------------|
| General Fund | City manager | \$ 1,557,997 | \$ 1,627,515 | \$ (69,518) | Termination pay |
| General Fund | Fire | 9,279,523 | 9,328,568 | (49,045) | Encumbrances added to Actual |
| General Fund | Principal | - | 115,090 | (115,090) | Capital Lease Payments |
| General Fund | Interest | - | 13,540 | (13,540) | Capital Lease Payments |

Note 4. City Charter

The City's Charter contains the following budgeting requirements:

The City Manager, on or before the first day of September of each year, shall submit to Council a proposed budget. The Council shall review the proposed budget and revise as deemed appropriate prior to circulation for public hearing.

After the public hearing, the Council may adopt the budget with or without amendment. In amending the budget, Council may add or increase programs or amounts and may delete or decrease any amount, except expenditures required by law or for debt or for estimated cash deficits, provided no amendments to the budget shall increase the authorized expenditures to an amount greater than the total of estimated income plus funds available from prior years.

The Council shall adopt the budget by the 25th of September of each year. Adoption of the budget shall constitute appropriation of the amounts specified therein as expenditures and shall constitute a levy of the property tax therein proposed.

Encumbered appropriations do not lapse at year-end and are included in budgetary expenditures. Budgetary expenditures may not legally exceed appropriations at the department level. Department heads are authorized to transfer budgeted amounts within a department. At any time during the fiscal year, the City Manager may transfer part or all of any unencumbered.

City of Missouri City, Texas

Schedule of Changes in the Net Pension Liability and Related Ratios - Texas Municipal Retirement System For the Last Seven Fiscal Years

| | Measurment Year* | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2020 | 2019 | 2018 | 2017 |
| TOTAL PENSION LIABILITY | | | | |
| Service cost | \$ 4,273,767 | \$ 4,143,079 | \$ 3,991,551 | \$ 4,026,779 |
| Interest | 9,614,293 | 9,068,756 | 8,651,306 | 8,134,301 |
| Differences between expected and actual experience | (2,282,397) | (532,284) | (1,274,730) | 513,297 |
| Changes of assumptions | - | 749,560 | - | - |
| Benefit payments, including refunds of employee contributions | (5,426,264) | (5,398,594) | (5,120,307) | (4,874,521) |
| Net change in total pension liability | 6,179,399 | 8,030,517 | 6,247,820 | 7,799,856 |
| Total pension liability - beginning | 143,010,221 | 134,979,704 | 128,731,884 | 120,932,028 |
| TOTAL PENSION LIABILITY - ENDING (a) | \$ 149,189,620 | \$ 143,010,221 | \$ 134,979,704 | \$ 128,731,884 |
| PLAN FIDUCIARY NET POSITION | | | | |
| Contributions - employer | \$ 2,450,016 | \$ 2,377,451 | \$ 2,275,624 | \$ 2,306,353 |
| Contributions - employee | 1,739,324 | 1,686,137 | 1,612,283 | 1,634,055 |
| Net investment income | 8,557,862 | 15,289,155 | (3,094,187) | 12,697,084 |
| Benefit payments, including refunds of employee contributions | (5,426,264) | (5,398,594) | (5,120,307) | (4,874,521) |
| Administrative expense | (55,410) | (86,435) | (59,824) | (65,824) |
| Other | (2,162) | (2,596) | (3,126) | (3,335) |
| Net change in plan fiduciary net position | 7,263,366 | 13,865,118 | (4,389,537) | 11,693,812 |
| Plan fiduciary net position - beginning | 112,812,101 | 98,946,983 | 103,336,520 | 91,642,708 |
| PLAN FIDUCIARY NET POSITION - ENDING (b) | \$ 120,075,467 | \$ 112,812,101 | \$ 98,946,983 | \$ 103,336,520 |
| NET PENSION LIABILITY - ENDING (a)-(b) | \$ 29,114,153 | \$ 30,198,120 | \$ 36,032,721 | \$ 25,395,364 |
| Plan fiduciary net position as a percentage of total pension liability | 80.49% | 78.88% | 73.31% | 80.27% |
| Covered payroll | \$ 24,847,483 | \$ 24,087,668 | \$ 23,032,609 | \$ 23,343,646 |
| Net pension liability as a percentage of covered payroll | 117.17% | 125.37% | 156.44% | 108.79% |

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

| Measurment Year* | | |
|-----------------------|-----------------------|-----------------------|
| 2016 | 2015 | 2014 |
| \$ 3,760,150 | \$ 3,596,718 | \$ 3,022,157 |
| 7,601,041 | 7,420,493 | 7,039,404 |
| 1,235,380 | 434,820 | (431,047) |
| - | (230,688) | - |
| (4,784,969) | (4,619,197) | (4,328,141) |
| 7,811,602 | 6,602,146 | 5,302,373 |
| 113,120,426 | 106,518,280 | 101,215,907 |
| <u>\$ 120,932,028</u> | <u>\$ 113,120,426</u> | <u>\$ 106,518,280</u> |
| \$ 1,921,157 | \$ 1,853,966 | \$ 1,018,731 |
| 1,514,445 | 1,461,322 | 1,358,254 |
| 5,889,244 | 130,473 | 4,892,846 |
| (4,784,969) | (4,619,197) | (4,328,141) |
| (66,535) | (79,478) | (51,091) |
| (3,585) | (3,925) | (4,201) |
| 4,469,757 | (1,256,839) | 2,886,398 |
| 87,172,951 | 88,429,790 | 85,543,392 |
| <u>\$ 91,642,708</u> | <u>\$ 87,172,951</u> | <u>\$ 88,429,790</u> |
| <u>\$ 29,289,320</u> | <u>\$ 25,947,475</u> | <u>\$ 18,088,490</u> |
| 75.78% | 77.06% | 83.02% |
| \$ 21,634,924 | \$ 20,850,358 | \$ 19,243,804 |
| 135.38% | 124.45% | 94.00% |

City of Missouri City, Texas

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

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---------------------|---------------------|---------------------|---------------------|---------------|
| Actuarially determined contribution | \$ 2,257,755 | \$ 2,145,810 | \$ 1,965,129 | \$ 2,260,745 | \$ 2,200,471 |
| Contributions in relation to the actuarially determined contribution | (2,535,722) | (2,475,145) | (2,381,313) | (2,815,551) | (2,200,471) |
| CONTRIBUTIONS DEFICIENCY (EXCESS) | \$ (277,967) | \$ (329,335) | \$ (416,184) | \$ (554,806) | \$ - |
| Covered payroll | \$ 25,357,217 | \$ 24,751,453 | \$ 23,813,134 | \$ 28,642,429 | \$ 23,197,472 |
| Contributions as a percentage of covered payroll | 10.00% | 10.00% | 10.00% | 9.83% | 9.49% |

* This schedule is based on the City's fiscal year end.

Notes to Schedule of Contributions

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 | 20 years |
| Asset valuation method | 10 year smoothed market; 12% soft corridor |
| Inflation | 2.50% |
| Salary increases | 3.50% to 11.50% including inflation |
| Investment rate of return | 6.75% |
| Retirement age | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018. |
| Mortality | Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP. |

Other Information:

Notes:

- 1) Granted 100% ad hoc USC with transfer.
- 2) Granted 70% ad hoc COLA

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|--------------------|--------------------|------------------|--------------------|--------------------|--------------------|
| \$ 1,876,548 | \$ 1,402,879 | \$ 953,766 | \$ 1,779,036 | \$ 2,778,949 | \$ 2,882,292 |
| <u>(1,876,548)</u> | <u>(1,402,879)</u> | <u>(953,766)</u> | <u>(1,779,036)</u> | <u>(2,515,034)</u> | <u>(2,346,528)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 263,915</u> | <u>\$ 535,764</u> |
| \$ 19,645,653 | \$ 18,575,957 | \$ 17,589,972 | \$ 16,642,341 | \$ 16,362,228 | \$ 16,681,946 |
| 9.55% | 7.55% | 5.42% | 10.69% | 15.37% | 14.07% |

City of Missouri City, Texas

Schedule of Changes in Total OPEB

Liability and Related Ratios

Texas Municipal Retirement System – Supplemental Death Benefits Fund

For the Last Four Fiscal Years

| | Measurement Year* | | | |
|---|---------------------|---------------------|-------------------|-------------------|
| | 2020 | 2019 | 2018 | 2017 |
| TOTAL OPEB LIABILITY | | | | |
| Service cost | \$ 44,725 | \$ 33,723 | \$ 36,852 | \$ 32,681 |
| Interest on total OPEB liability | 28,610 | 32,790 | 27,778 | 26,956 |
| Difference between expected and actual experience | (19,729) | (81,760) | 48,520 | - |
| Changes of assumptions | 174,683 | 172,400 | (62,263) | 69,029 |
| Benefit payments | (7,454) | (4,818) | (4,607) | (4,669) |
| Net change in total OPEB liability | 220,835 | 152,335 | 46,280 | 123,997 |
| Total OPEB liability - beginning | 1,021,717 | 869,382 | 823,102 | 699,105 |
| TOTAL OPEB LIABILITY - ENDING | \$ 1,242,552 | \$ 1,021,717 | \$ 869,382 | \$ 823,102 |
| Covered payroll | \$ 24,847,483 | \$ 24,087,668 | \$ 23,032,609 | \$ 23,343,646 |
| Total OPEB liability as a percentage of covered payroll | 5.00% | 4.24% | 3.77% | 3.53% |

Notes to Schedule of Changes in the Total OPEB Liability and Related Ratios

*GASB Statement No. 75 requires 10 years of data; however, four years of data are 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).

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

City of Missouri City, Texas
Schedule of Changes in Total OPEB
Liability and Related Ratios
Retiree Health Care Plan
For the Last Four Fiscal Years

| | Measurement Year* | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2020 | 2019 | 2018 | 2017 |
| TOTAL OPEB LIABILITY | | | | |
| Service cost | \$ 377,389 | \$ 251,674 | \$ 267,820 | \$ 232,018 |
| Interest on total OPEB liability | 213,469 | 249,158 | 224,560 | 231,894 |
| Difference between expected and actual experience | (29,148) | (236,653) | 11,392 | - |
| Changes of assumptions | 906,723 | 898,614 | (362,911) | 437,405 |
| Benefit payments | (162,634) | (195,358) | (207,107) | (235,642) |
| Net change in total OPEB liability | 1,305,799 | 967,435 | (66,246) | 665,675 |
| Total OPEB liability - beginning | 7,655,127 | 6,687,692 | 6,753,938 | 6,088,263 |
| TOTAL OPEB LIABILITY - ENDING | \$ 8,960,926 | \$ 7,655,127 | \$ 6,687,692 | \$ 6,753,938 |
| Covered payroll | \$ 24,494,487 | \$ 24,184,490 | \$ 23,032,592 | \$ 21,879,740 |
| Total OPEB liability as a percentage of covered payroll | 36.58% | 31.65% | 29.04% | 30.87% |

Notes to Schedule of Changes in the Total OPEB Liability and Related Ratios

*GASB Statement No. 75 requires 10 years of data; however, four years of data are 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).

The Retiree Health Care Plan is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

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Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted for particular purposes.

Park Land Dedication Fund

This fund is used to account for cash payments in lieu of land donated for parks as established by the Park Land Dedication Ordinance. Funds must be expended within five years from the date of the receipt for acquisition or development of a neighborhood park.

Law Enforcement Fund

This fund is used to account for monies resulting from narcotics contraband seized within the County as a result of a final conviction or forfeiture by the State. The funds are to be used solely for law enforcement purposes. The Law Enforcement Block Grant is also accounted for in this fund.

Radio Communications Fund

This fund is used to account for the operations and maintenance of the radio communications facilities, a portion of which is paid by other area users.

Court Security, Technology, Juvenile Case and Jury Funds

These funds are used to account for monies resulting from court fee assessments. The funds are to be used solely for security, technology, case management and jury of the court.

Missouri City TV Facility and Equipment Fund

This fund is used to account for Public, Educational, and Governmental Access (PEG) fees collected from cable TV subscribers. The funds are to be used solely for technology, furniture and equipment related to the City's cable TV station programming.

Grants Fund

This fund is used to account for the administering of all federal, state and local grants received by the City, excluding Community Development Block Grant (CDBG) related funds.

American Rescue Plan Act ARPA 2021 Fund

This fund is used to account for the administering of American Rescue Plan Act ARPA 2021 funds received by the City.

Community Development Block Grant (CDBG) Funds

This fund is used to account for revenues to be received from the Community Development Block Grant Entitlement Fund.

Donations Fund

This fund is used to account for all miscellaneous donations received by the City. Donations are recorded and administered based on the departmental purpose that receives the donation.

Missouri City Development Authority Fund

This fund is used to account for the Development Authority, which is made up of City Council with ex-officio members including the City Manager, Director of Public Works, City Attorney, Director of Planning, Director of Financial Services, and may also include representatives of the Fort Bend Independent School District as non-voting members. The board will act for the City to develop policies, implement project and financing plans with the planned improvement districts and tax incremental reinvestment zones.

Tax Incremental Reinvestment Zone (TIRZ) #1 (Fifth Street) Fund

This fund is used to account for the TIRZ which covers the Fifth Street area of the City, which is located near an unincorporated area in the City of Stafford's extra-territorial jurisdiction. The Fort Bend Economic Development Commission developed the plan to improve the area noted for substandard housing, a lack of public infrastructure and crime.

Tax Incremental Reinvestment Zone (TIRZ) #2 (Vicksburg) Fund

This fund is used to account for the TIRZ in the Vicksburg area of the City. The land within this TIRZ is prime for development has been limited for years due to drainage problems. By forming the TIRZ, drainage problems can be addressed on a regional basis and quality growth can occur.

Public Improvement District (PID) #2 (Vicksburg) Fund

Public Improvement District (PID) #2 (Vicksburg) Fund This fund is used to track the sources and uses of funds for the Public Improvement District in the Vicksburg area. As improvements are made in this district, a special assessment fee will be charged to property owners.

Public Improvement District (PID) #4 (Creekmont) Fund

This fund is used to track the sources and uses of funds for the Public Improvement District in the Creekmont area. As improvements are made in this district, a special assessment fee will be charged to property owners.

Hotel Occupancy Tax Fund

This fund was created to account for the collection of remittances from the city's hotels. Hotel occupancy taxes are received quarterly.

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

| | Special Revenue Funds | | |
|--|--|-------------------------------------|--|
| | Park Land Dedication Fund | Law Enforcement Fund | Radio Communications Fund |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 713,493 | \$ 288,732 | \$ 102,064 |
| Investments | 1,326,620 | 536,766 | 129,799 |
| Receivables, net of allowances | - | - | 20,709 |
| | <u>-</u> | <u>-</u> | <u>20,709</u> |
| Total assets | <u>\$ 2,040,113</u> | <u>\$ 825,498</u> | <u>\$ 252,572</u> |
| LIABILITIES | | | |
| Accounts payable | \$ - | \$ 14,500 | \$ 178 |
| Salaries payable | - | - | 5,688 |
| Due to other funds | - | - | - |
| Unearned revenue | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | - | 14,500 | 5,866 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Unavailable revenue | - | - | 73 |
| 0 | <u>-</u> | <u>-</u> | <u>73</u> |
| Total deferred inflows of resources | - | - | 73 |
| FUND BALANCES | | | |
| Restricted for: | | | |
| Law enforcement | - | 810,998 | 246,633 |
| Facilities construction | - | - | - |
| Parkland dedication | 2,040,113 | - | - |
| Community development | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>2,040,113</u> | <u>810,998</u> | <u>246,633</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 2,040,113</u> | <u>\$ 825,498</u> | <u>\$ 252,572</u> |

Special Revenue Funds

| Court Security Fee Fund | Court Technology Fee Fund | Court Juvenile Case Fund | Court Jury Fund | Missouri City TV Facility and Equipment Fund | Grants Fund | American Rescue Plan Act ARPA 2021 |
|-------------------------------|---------------------------------|--------------------------------|--------------------|--|-------------------|---|
| \$ 33,653 | \$ 56,006 | \$ 18,159 | \$ 976 | \$ 485,541 | \$ 268,358 | \$ 1,211,738 |
| 61,379 | 105,237 | 31,117 | - | 897,774 | - | 2,245,101 |
| 185 | 255 | 1,649 | - | 48,464 | - | - |
| <u>\$ 95,217</u> | <u>\$ 161,498</u> | <u>\$ 50,925</u> | <u>\$ 976</u> | <u>\$ 1,431,779</u> | <u>\$ 268,358</u> | <u>\$ 3,456,839</u> |
| \$ - | \$ 1,829 | \$ - | \$ 95 | \$ - | \$ 758 | \$ - |
| 3,438 | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 3,455,127 |
| 3,438 | 1,829 | - | 95 | - | 758 | 3,455,127 |
| 185 | 255 | 1,649 | - | - | - | - |
| 185 | 255 | 1,649 | - | - | - | - |
| 91,594 | 159,414 | 49,276 | 881 | - | 267,600 | - |
| - | - | - | - | 1,431,779 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 1,712 |
| 91,594 | 159,414 | 49,276 | 881 | 1,431,779 | 267,600 | 1,712 |
| <u>\$ 95,217</u> | <u>\$ 161,498</u> | <u>\$ 50,925</u> | <u>\$ 976</u> | <u>\$ 1,431,779</u> | <u>\$ 268,358</u> | <u>\$ 3,456,839</u> |

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

| | Special Revenue Funds | | |
|--|------------------------------|-----------------------|---|
| | CDBG Fund | Donations Fund | Missouri City Development Authority Fund |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ - | \$ 63,955 | \$ 5,407 |
| Investments | - | 119,566 | 10,052 |
| Receivables, net of allowances | 106,780 | - | - |
| Total assets | <u>\$ 106,780</u> | <u>\$ 183,521</u> | <u>\$ 15,459</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 7,800 | \$ - | \$ - |
| Salaries payable | - | - | - |
| Due to other funds | 98,406 | - | - |
| Unearned revenue | - | - | - |
| Total liabilities | 106,206 | - | - |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Unavailable revenue | - | - | - |
| 0 | - | - | - |
| Total deferred inflows of resources | - | - | - |
| FUND BALANCES | | | |
| Restricted for: | | | |
| Law enforcement | - | - | - |
| Facilities construction | - | - | - |
| Parkland dedication | - | - | - |
| Community development | 574 | 183,521 | 15,459 |
| Total fund balances | <u>574</u> | <u>183,521</u> | <u>15,459</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 106,780</u> | <u>\$ 183,521</u> | <u>\$ 15,459</u> |

Special Revenue Funds

| TIRZ#1 (Fifth Street) Fund | TIRZ #2 (Vicksburg) Fund | PID #2 (Vicksburg) Fund | PID #4 (Creekmont) Fund | Hotel Occupancy Tax | Total Nonmajor Governmental Funds |
|---|---|--|--|------------------------------------|--|
| \$ 696,069 | \$ 4,579,369 | \$ 115,866 | \$ 136,530 | \$ 276,581 | \$ 9,052,497 |
| 1,668,718 | 8,515,760 | 460,897 | 238,017 | 470,737 | 16,817,540 |
| 11,454 | 8,930 | - | - | 89,536 | 287,962 |
| <u>\$ 2,376,241</u> | <u>\$ 13,104,059</u> | <u>\$ 576,763</u> | <u>\$ 374,547</u> | <u>\$ 836,854</u> | <u>\$ 26,157,999</u> |
| \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ 30,160 |
| - | - | - | - | - | 9,126 |
| - | - | - | - | - | 98,406 |
| - | - | - | - | - | 3,455,127 |
| 5,000 | - | - | - | - | 3,592,819 |
| - | - | - | - | - | 2,162 |
| - | - | - | - | - | 2,162 |
| - | - | - | - | - | 1,626,396 |
| - | - | - | - | - | 1,431,779 |
| - | - | - | - | - | 2,040,113 |
| 2,371,241 | 13,104,059 | 576,763 | 374,547 | 836,854 | 17,464,730 |
| <u>2,371,241</u> | <u>13,104,059</u> | <u>576,763</u> | <u>374,547</u> | <u>836,854</u> | <u>22,563,018</u> |
| <u>\$ 2,376,241</u> | <u>\$ 13,104,059</u> | <u>\$ 576,763</u> | <u>\$ 374,547</u> | <u>\$ 836,854</u> | <u>\$ 26,157,999</u> |

City of Missouri City, Texas

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

| | Special Revenue Funds | | |
|--|---------------------------------|----------------------------|---------------------------------|
| | Park Land Dedication Fund | Law Enforcement Fund | Radio Communications Fund |
| REVENUES | | | |
| Property taxes and penalties | \$ - | \$ - | \$ - |
| Other taxes | - | - | - |
| Fines and forfeitures | - | - | - |
| Franchise taxes | - | - | - |
| Intergovernmental revenues | - | 20,499 | 65,564 |
| Other revenue | 352,100 | - | - |
| Charges for services | - | - | 110,018 |
| Investment earnings | 13,215 | 6,139 | 1,651 |
| Total revenues | 365,315 | 26,638 | 177,233 |
| EXPENDITURES | | | |
| Current | | | |
| General government | - | - | - |
| Police | - | 221,739 | 166,014 |
| Parks and recreation | 185,971 | - | - |
| Planning | - | - | - |
| Capital outlay | - | - | - |
| Debt service | | | |
| Principal | - | - | - |
| Interest and fiscal charges | - | - | - |
| Total expenditures | 185,971 | 221,739 | 166,014 |
| Excess (deficiency) of revenues over (under) expenditures | 179,344 | (195,101) | 11,219 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | - | - |
| Contractual obligation | - | - | - |
| Transfers out | (53,000) | - | (40,011) |
| Total other financing sources (uses) | (53,000) | - | (40,011) |
| Net change in fund balances | 126,344 | (195,101) | (28,792) |
| Fund balances, beginning of year | 1,913,769 | 1,006,099 | 275,425 |
| FUND BALANCE, END OF YEAR | \$ 2,040,113 | \$ 810,998 | \$ 246,633 |

Special Revenue Funds

| Court Security Fee Fund | Court Technology Fee Fund | Court Juvenile Case Fund | Court Jury Fund | Missouri City TV Facility and Equipment Fund | Grants Fund | American Rescue Plan Act ARPA 2021 |
|-------------------------|---------------------------|--------------------------|-----------------|--|-------------|------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - |
| 19,896 | 17,586 | 22,976 | 527 | - | - | - |
| - | - | - | - | 190,085 | - | - |
| - | - | - | - | - | 17,364 | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 634 | 1,082 | 216 | - | 6,793 | - | 1,712 |
| 20,530 | 18,668 | 23,192 | 527 | 196,878 | 17,364 | 1,712 |
| 18,216 | 19,732 | 1,727 | 94 | 34,737 | - | - |
| - | - | - | - | - | 14,700 | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 18,216 | 19,732 | 1,727 | 94 | 34,737 | 14,700 | - |
| 2,314 | (1,064) | 21,465 | 433 | 162,141 | 2,664 | 1,712 |
| - | - | - | - | 484,800 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | 484,800 | - | - |
| 2,314 | (1,064) | 21,465 | 433 | 646,941 | 2,664 | 1,712 |
| 89,280 | 160,478 | 27,811 | 448 | 784,838 | 264,936 | - |
| \$ 91,594 | \$ 159,414 | \$ 49,276 | \$ 881 | \$ 1,431,779 | \$ 267,600 | \$ 1,712 |

City of Missouri City, Texas

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

| | Special Revenue Funds | | |
|---|-----------------------|-------------------|--|
| | CDBG Fund | Donations Fund | Missouri City Development Authority Fund |
| REVENUES | | | |
| Property taxes and penalties | \$ - | \$ - | \$ - |
| Other taxes | - | - | - |
| Fines and forfeitures | - | - | - |
| Franchise taxes | - | - | - |
| Intergovernmental revenues | 166,134 | - | - |
| Other revenue | - | 438,772 | - |
| Charges for services | - | - | - |
| Investment earnings | - | 1,607 | 36 |
| Total revenues | 166,134 | 440,379 | 36 |
| EXPENDITURES | | | |
| Current: | | | |
| General government | - | - | 1,847,972 |
| Police | - | 35,762 | - |
| Parks and recreation | - | 4,872 | - |
| Planning | 168,003 | - | - |
| Capital outlay | - | - | - |
| Debt service: | | | |
| Principal | - | - | - |
| Interest and fiscal charges | - | - | - |
| Total expenditures | 168,003 | 40,634 | 1,847,972 |
| Excess (deficiency) of revenues over (under) expenditures | (1,869) | 399,745 | (1,847,936) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 13,201 | - | 1,947,972 |
| Contractual obligation | - | - | - |
| Transfers out | - | (415,000) | (100,000) |
| Total other financing sources (uses) | 13,201 | (415,000) | 1,847,972 |
| Net change in fund balances | 11,332 | (15,255) | 36 |
| Fund balances, beginning of year | (10,758) | 198,776 | 15,423 |
| FUND BALANCE, END OF YEAR | \$ 574 | \$ 183,521 | \$ 15,459 |

Special Revenue Funds

| TIRZ #1 (Fifth Street) Fund | TIRZ #2 (Vicksburg) Fund | PID #2 (Vicksburg) Fund | PID #4 (Creekmont) Fund | Hotel Occupancy Tax | Total Nonmajor Governmental Funds |
|--|---|--|--|------------------------------------|--|
| \$ 1,654,443 | \$ 3,068,739 | \$ 734,564 | \$ 405,882 | \$ - | \$ 5,863,628 |
| - | - | - | - | 308,824 | 308,824 |
| - | - | - | - | - | 60,985 |
| - | - | - | - | - | 190,085 |
| - | - | - | - | - | 269,561 |
| - | - | - | - | - | 790,872 |
| - | - | - | - | - | 110,018 |
| 12,125 | 75,499 | 5,919 | 3,119 | 3,958 | 133,705 |
| 1,666,568 | 3,144,238 | 740,483 | 409,001 | 312,782 | 7,727,678 |
| 205,703 | 25,308 | 246,484 | 104 | 56,590 | 2,456,667 |
| - | - | - | - | - | 438,215 |
| - | - | - | - | - | 190,843 |
| - | - | - | - | - | 168,003 |
| - | - | - | - | - | - |
| 380,000 | 315,000 | 225,000 | 155,000 | - | 1,075,000 |
| 63,048 | 114,117 | 266,625 | 189,087 | - | 632,877 |
| 648,751 | 454,425 | 738,109 | 344,191 | 56,590 | 4,961,605 |
| 1,017,817 | 2,689,813 | 2,374 | 64,810 | 256,192 | 2,766,073 |
| - | - | - | - | - | 2,445,973 |
| - | - | - | - | - | - |
| (53,600) | (93,860) | (33,600) | (33,600) | (7,500) | (830,171) |
| (53,600) | (93,860) | (33,600) | (33,600) | (7,500) | 1,615,802 |
| 964,217 | 2,595,953 | (31,226) | 31,210 | 248,692 | 4,381,875 |
| 1,407,024 | 10,508,106 | 607,989 | 343,337 | 588,162 | 18,181,143 |
| <u>\$ 2,371,241</u> | <u>\$ 13,104,059</u> | <u>\$ 576,763</u> | <u>\$ 374,547</u> | <u>\$ 836,854</u> | <u>\$ 22,563,018</u> |

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Funds – Park Land Dedication Fund

For the Fiscal Year Ended September 30, 2021

| | Budget | | Actual | Variance |
|--|---------------------|---------------------|---------------------|------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Other revenue | \$ 558,000 | \$ 352,100 | \$ 352,100 | \$ - |
| Investment earnings | 13,166 | 13,166 | 13,215 | 49 |
| Total revenues | 571,166 | 365,266 | 365,315 | 49 |
| EXPENDITURES | | | | |
| Current | | | | |
| Parks and recreation | 781,589 | 1,018,188 | 185,971 | 832,217 |
| Total expenditures | 781,589 | 1,018,188 | 185,971 | 832,217 |
| Excess (deficiency) of revenues over expenditures | (210,423) | (652,922) | 179,344 | 832,266 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (53,000) | (53,000) | - |
| Total other financing sources (uses) | - | (53,000) | (53,000) | - |
| Net change in fund balance | (210,423) | (705,922) | 126,344 | 832,266 |
| Fund balance, beginning of year | 1,913,769 | 1,913,769 | 1,913,769 | - |
| FUND BALANCE, END OF YEAR | <u>\$ 1,703,346</u> | <u>\$ 1,207,847</u> | <u>\$ 2,040,113</u> | <u>\$ 832,266</u> |

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Funds – Law Enforcement Fund

For the Fiscal Year Ended September 30, 2021

| | Budget | | | Variance Positive (Negative) |
|---------------------------------|------------|------------|------------|------------------------------------|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Intergovernmental revenues | \$ 225,000 | \$ 225,000 | \$ 20,499 | \$ (204,501) |
| Investment earnings | 5,772 | 5,772 | 6,139 | 367 |
| Total revenues | 230,772 | 230,772 | 26,638 | (204,134) |
| EXPENDITURES | | | | |
| Current | | | | |
| Police | 320,000 | 733,964 | 221,739 | 512,225 |
| Total expenditures | 320,000 | 733,964 | 221,739 | 512,225 |
| Net change in fund balance | (89,228) | (503,192) | (195,101) | 308,091 |
| Fund balance, beginning of year | 1,006,099 | 1,006,099 | 1,006,099 | - |
| FUND BALANCE, END OF YEAR | \$ 916,871 | \$ 502,907 | \$ 810,998 | \$ 308,091 |

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Funds – Radio Communications Fund

For the Fiscal Year Ended September 30, 2021

| | Budget | | | Variance |
|--|-------------------|-------------------|-------------------|------------------------|
| | Original | Final | Actual | Positive (Negative) |
| REVENUES | | | | |
| Intergovernmental revenues | \$ 69,000 | \$ 69,000 | \$ 65,564 | \$ (3,436) |
| Charges for services | 180,000 | 180,000 | 110,018 | (69,982) |
| Investment earnings | 1,623 | 1,623 | 1,651 | 28 |
| Total revenues | 250,623 | 250,623 | 177,233 | (73,390) |
| EXPENDITURES | | | | |
| Current | | | | |
| Police | 180,597 | 182,082 | 166,014 | 16,068 |
| Total expenditures | 180,597 | 182,082 | 166,014 | 16,068 |
| Excess (deficiency) of revenues over expenditures | 70,026 | 68,541 | 11,219 | (57,322) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (40,011) | (40,011) | (40,011) | - |
| Total other financing sources (uses) | (40,011) | (40,011) | (40,011) | - |
| Net change in fund balance | 30,015 | 28,530 | (28,792) | (57,322) |
| Fund balance, beginning of year | 275,425 | 275,425 | 275,425 | - |
| FUND BALANCE, END OF YEAR | \$ 305,440 | \$ 303,955 | \$ 246,633 | \$ (57,322) |

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Funds – Court Security Fee Fund

For the Fiscal Year Ended September 30, 2021

| | Budget | | Actual | Variance |
|----------------------------------|------------------|------------------|------------------|------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Fines and forfeitures | \$ 15,000 | \$ 15,000 | \$ 19,896 | \$ 4,896 |
| Investment earnings | 578 | 578 | 634 | 56 |
| Total revenues | 15,578 | 15,578 | 20,530 | 4,952 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 22,422 | 22,422 | 18,216 | 4,206 |
| Total expenditures | 22,422 | 22,422 | 18,216 | 4,206 |
| Net change in fund balance | (6,844) | (6,844) | 2,314 | 9,158 |
| Fund balance, beginning of year | 89,280 | 89,280 | 89,280 | - |
| FUND BALANCE, END OF YEAR | <u>\$ 82,436</u> | <u>\$ 82,436</u> | <u>\$ 91,594</u> | <u>\$ 9,158</u> |

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Funds – Court Technology Fee Fund

For the Fiscal Year Ended September 30, 2021

| | Budget | | Actual | Variance |
|----------------------------------|-------------------|-------------------|-------------------|------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Fines and forfeitures | \$ 20,000 | \$ 20,000 | \$ 17,586 | \$ (2,414) |
| Investment earnings | 1,107 | 1,107 | 1,082 | (25) |
| Total revenues | 21,107 | 21,107 | 18,668 | (2,439) |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 36,050 | 46,050 | 19,732 | 26,318 |
| Total expenditures | 36,050 | 46,050 | 19,732 | 26,318 |
| Net change in fund balance | (14,943) | (24,943) | (1,064) | 23,879 |
| Fund balance, beginning of year | 160,478 | 160,478 | 160,478 | - |
| FUND BALANCE, END OF YEAR | <u>\$ 145,535</u> | <u>\$ 135,535</u> | <u>\$ 159,414</u> | <u>\$ 23,879</u> |

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Funds – Court Juvenile Case Fund

For the Fiscal Year Ended September 30, 2021

| | Budget | | Actual | Variance |
|----------------------------------|------------------|------------------|------------------|------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Fines and forfeitures | \$ 28,000 | \$ 28,000 | \$ 22,976 | \$ (5,024) |
| Investment earnings | 122 | 122 | 216 | 94 |
| Total revenues | 28,122 | 28,122 | 23,192 | (4,930) |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 10,700 | 10,700 | 1,727 | 8,973 |
| Total expenditures | 10,700 | 10,700 | 1,727 | 8,973 |
| Net change in fund balance | 17,422 | 17,422 | 21,465 | 4,043 |
| Fund balance, beginning of year | 27,811 | 27,811 | 27,811 | - |
| FUND BALANCE, END OF YEAR | <u>\$ 45,233</u> | <u>\$ 45,233</u> | <u>\$ 49,276</u> | <u>\$ 4,043</u> |

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Funds – Court Jury Fund
For the Fiscal Year Ended September 30, 2021

| | Budget | | Actual | Variance Positive (Negative) |
|----------------------------------|---------------|---------------|---------------|------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Fines and forfeitures | \$ 535 | \$ 535 | \$ 527 | \$ (8) |
| Total revenues | 535 | 535 | 527 | (8) |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 535 | 535 | 94 | 441 |
| Total expenditures | 535 | 535 | 94 | 441 |
| Net change in fund balance | - | - | 433 | 433 |
| Fund balance, beginning of year | 448 | 448 | 448 | - |
| FUND BALANCE, END OF YEAR | \$ 448 | \$ 448 | \$ 881 | \$ 433 |

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Funds – Missouri City TV Facility and Equipment Fund

For the Fiscal Year Ended September 30, 2021

| | Budget | | | Variance |
|--|-------------------|---------------------|---------------------|------------------------|
| | Original | Final | Actual | Positive (Negative) |
| REVENUES | | | | |
| Franchise taxes | \$ 185,000 | \$ 185,000 | \$ 190,085 | \$ 5,085 |
| Investment earnings | 4,315 | 4,315 | 6,793 | 2,478 |
| Total revenues | 189,315 | 189,315 | 196,878 | 7,563 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 228,059 | 228,059 | 34,737 | 193,322 |
| Total expenditures | 228,059 | 228,059 | 34,737 | 193,322 |
| Excess (deficiency) of revenues over expenditures | (38,744) | (38,744) | 162,141 | 200,885 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 484,800 | 484,800 | - |
| Total other financing sources (uses) | - | 484,800 | 484,800 | - |
| Net change in fund balance | (38,744) | 446,056 | 646,941 | 200,885 |
| Fund balance, beginning of year | 784,838 | 784,838 | 784,838 | - |
| FUND BALANCE, END OF YEAR | <u>\$ 746,094</u> | <u>\$ 1,230,894</u> | <u>\$ 1,431,779</u> | <u>\$ 200,885</u> |

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Funds – Grants Fund
For the Fiscal Year Ended September 30, 2021

| | Budget | | | Variance Positive (Negative) |
|----------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Intergovernmental revenues | \$ 12,000 | \$ 19,500 | \$ 17,364 | \$ (2,136) |
| Total revenues | 12,000 | 19,500 | 17,364 | (2,136) |
| EXPENDITURES | | | | |
| Current | | | | |
| Police | 11,662 | 26,259 | 14,700 | 11,559 |
| Total expenditures | 11,662 | 26,259 | 14,700 | 11,559 |
| Net change in fund balance | 338 | (6,759) | 2,664 | 9,423 |
| Fund balance, beginning of year | 264,936 | 264,936 | 264,936 | - |
| FUND BALANCE, END OF YEAR | \$ 265,274 | \$ 258,177 | \$ 267,600 | \$ 9,423 |

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Funds – American Rescue Plan Act ARPA 2021

For the Fiscal Year Ended September 30, 2021

| | Budget | | Actual | Variance |
|----------------------------------|-------------|---------------------|-----------------|------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Intergovernmental revenues | \$ - | \$ 3,455,127 | \$ - | \$ (3,455,127) |
| Investment earnings | - | - | 1,712 | 1,712 |
| Total revenues | - | 3,455,127 | 1,712 | (3,453,415) |
| Net change in fund balance | - | 3,455,127 | 1,712 | (3,453,415) |
| Fund balance, beginning of year | - | - | - | - |
| FUND BALANCE, END OF YEAR | \$ - | \$ 3,455,127 | \$ 1,712 | \$ (3,453,415) |

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Funds – CDBG Fund
For the Fiscal Year Ended September 30, 2021

| | Budget | | | Variance Positive (Negative) |
|--|-------------------|-------------------|---------------|------------------------------------|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Intergovernmental revenues | \$ 1,049,541 | \$ 1,477,751 | \$ 166,134 | \$ (1,311,617) |
| Total revenues | 1,049,541 | 1,477,751 | 166,134 | (1,311,617) |
| EXPENDITURES | | | | |
| Current | | | | |
| Planning | 835,244 | 1,288,344 | 168,003 | 1,120,341 |
| Total expenditures | 835,244 | 1,288,344 | 168,003 | 1,120,341 |
| Excess (deficiency) of revenues over expenditures | 214,297 | 189,407 | (1,869) | (191,276) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 13,201 | 13,201 | 13,201 | - |
| Total other financing sources (uses) | 13,201 | 13,201 | 13,201 | - |
| Net change in fund balance | 227,498 | 202,608 | 11,332 | (191,276) |
| Fund balance, beginning of year | (10,758) | (10,758) | (10,758) | - |
| FUND BALANCE, END OF YEAR | \$ 216,740 | \$ 191,850 | \$ 574 | \$ (191,276) |

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Funds – Donations Fund
For the Fiscal Year Ended September 30, 2021

| | Budget | | | Variance Positive (Negative) |
|--|-------------------|-------------------|-------------------|------------------------------------|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Other revenue | \$ 79,000 | \$ 494,000 | \$ 438,772 | \$ (55,228) |
| Investment earnings | 1,291 | 1,291 | 1,607 | 316 |
| Total revenues | 80,291 | 495,291 | 440,379 | (54,912) |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 30,340 | 30,340 | - | 30,340 |
| Police | 52,000 | 87,762 | 35,762 | 52,000 |
| Fire | 12,000 | 12,000 | - | 12,000 |
| Public works | 700 | 700 | - | 700 |
| Parks and recreation | 35,500 | 35,500 | 4,872 | 30,628 |
| Total expenditures | 130,540 | 166,302 | 40,634 | 125,668 |
| Excess (deficiency) of revenues over expenditures | (50,249) | 328,989 | 399,745 | 70,756 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (415,000) | (415,000) | - |
| Total other financing sources (uses) | - | (415,000) | (415,000) | - |
| Net change in fund balance | (50,249) | (86,011) | (15,255) | 70,756 |
| Fund balance, beginning of year | 198,776 | 198,776 | 198,776 | - |
| FUND BALANCE, END OF YEAR | \$ 148,527 | \$ 112,765 | \$ 183,521 | \$ 70,756 |

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Funds – Missouri City Development Authority Fund

For the Fiscal Year Ended September 30, 2021

| | Budget | | | Variance Positive (Negative) |
|--|------------------|------------------|------------------|---|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Investment earnings | \$ 163 | \$ 163 | \$ 36 | \$ (127) |
| Total revenues | 163 | 163 | 36 | (127) |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 3,000,000 | 1,847,972 | 1,847,972 | - |
| Total expenditures | 3,000,000 | 1,847,972 | 1,847,972 | - |
| Excess (deficiency) of revenues over expenditures | (2,999,837) | (1,847,809) | (1,847,936) | (127) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 3,100,000 | 1,947,972 | 1,947,972 | - |
| Transfers out | (100,000) | (100,000) | (100,000) | - |
| Total other financing sources (uses) | 3,000,000 | 1,847,972 | 1,847,972 | - |
| Net change in fund balance | 163 | 163 | 36 | (127) |
| Fund balance, beginning of year | 15,423 | 15,423 | 15,423 | - |
| FUND BALANCE, END OF YEAR | \$ 15,586 | \$ 15,586 | \$ 15,459 | \$ (127) |

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Funds – TIRZ #1 (Fifth Street) Fund

For the Fiscal Year Ended September 30, 2021

| | Budget | | | Variance |
|--|---------------------|---------------------|---------------------|------------------------|
| | Original | Final | Actual | Positive (Negative) |
| REVENUES | | | | |
| Property taxes and penalties | \$ 1,537,687 | \$ 1,723,676 | \$ 1,654,443 | \$ (69,233) |
| Investment earnings | 12,147 | 12,147 | 12,125 | (22) |
| Total revenues | 1,549,834 | 1,735,823 | 1,666,568 | (69,255) |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 864,853 | 864,853 | 205,703 | 659,150 |
| Debt service | | | | |
| Principal | 380,000 | 380,000 | 380,000 | - |
| Interest and fiscal charges | 63,798 | 63,798 | 63,048 | 750 |
| Total expenditures | 1,308,651 | 1,308,651 | 648,751 | 659,900 |
| Excess (deficiency) of revenues over expenditures | 241,183 | 427,172 | 1,017,817 | 590,645 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (53,600) | (53,600) | (53,600) | - |
| Total other financing sources (uses) | (53,600) | (53,600) | (53,600) | - |
| Net change in fund balance | 187,583 | 373,572 | 964,217 | 590,645 |
| Fund balance, beginning of year | 1,407,024 | 1,407,024 | 1,407,024 | - |
| FUND BALANCE, END OF YEAR | \$ 1,594,607 | \$ 1,780,596 | \$ 2,371,241 | \$ 590,645 |

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Funds – TIRZ #2 (Vicksburg) Fund

For the Fiscal Year Ended September 30, 2021

| | Budget | | | Variance |
|--|----------------------|----------------------|----------------------|------------------------|
| | Original | Final | Actual | Positive (Negative) |
| REVENUES | | | | |
| Property taxes and penalties | \$ 2,960,426 | \$ 3,095,068 | \$ 3,068,739 | \$ (26,329) |
| Investment earnings | 73,231 | 73,231 | 75,499 | 2,268 |
| Total revenues | 3,033,657 | 3,168,299 | 3,144,238 | (24,061) |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 2,277,845 | 2,277,345 | 25,308 | 2,252,037 |
| Debt service | | | | |
| Principal | 315,000 | 315,000 | 315,000 | - |
| Interest and fiscal charges | 113,545 | 114,045 | 114,117 | (72) |
| Total expenditures | 2,706,390 | 2,706,390 | 454,425 | 2,251,965 |
| Excess (deficiency) of revenues over expenditures | 327,267 | 461,909 | 2,689,813 | 2,227,904 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (93,860) | (93,860) | (93,860) | - |
| Total other financing sources (uses) | (93,860) | (93,860) | (93,860) | - |
| Net change in fund balance | 233,407 | 368,049 | 2,595,953 | 2,227,904 |
| Fund balance, beginning of year | 10,508,106 | 10,508,106 | 10,508,106 | - |
| FUND BALANCE, END OF YEAR | \$ 10,741,513 | \$ 10,876,155 | \$ 13,104,059 | \$ 2,227,904 |

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Funds – PID #2 (Vicksburg) Fund

For the Fiscal Year Ended September 30, 2021

| | Budget | | | Variance |
|--|-------------------|-------------------|-------------------|------------------------|
| | Original | Final | Actual | Positive (Negative) |
| REVENUES | | | | |
| Property taxes and penalties | \$ 743,420 | \$ 743,420 | \$ 734,564 | \$ (8,856) |
| Investment earnings | 5,689 | 5,689 | 5,919 | 230 |
| Total revenues | 749,109 | 749,109 | 740,483 | (8,626) |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 271,278 | 267,028 | 246,484 | 20,544 |
| Debt service | | | | |
| Principal | 225,000 | 225,000 | 225,000 | - |
| Interest and fiscal charges | 262,625 | 266,875 | 266,625 | 250 |
| Total expenditures | 758,903 | 758,903 | 738,109 | 20,794 |
| Excess (deficiency) of revenues over expenditures | (9,794) | (9,794) | 2,374 | 12,168 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (33,600) | (33,600) | (33,600) | - |
| Total other financing sources (uses) | (33,600) | (33,600) | (33,600) | - |
| Net change in fund balance | (43,394) | (43,394) | (31,226) | 12,168 |
| Fund balance, beginning of year | 607,989 | 607,989 | 607,989 | - |
| FUND BALANCE, END OF YEAR | <u>\$ 564,595</u> | <u>\$ 564,595</u> | <u>\$ 576,763</u> | <u>\$ 12,168</u> |

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Funds – PID #4 (Creekmont) Fund

For the Fiscal Year Ended September 30, 2021

| | Budget | | | Variance |
|--|-------------------|-------------------|-------------------|------------------------|
| | Original | Final | Actual | Positive (Negative) |
| REVENUES | | | | |
| Property taxes and penalties | \$ 399,042 | \$ 399,042 | \$ 405,882 | \$ 6,840 |
| Investment earnings | 3,781 | 3,781 | 3,119 | (662) |
| Total revenues | 402,823 | 402,823 | 409,001 | 6,178 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 15,000 | 15,104 | 104 | 15,000 |
| Debt service | | | | |
| Principal | 155,000 | 155,000 | 155,000 | - |
| Interest and fiscal charges | 193,444 | 193,340 | 189,087 | 4,253 |
| Total expenditures | 363,444 | 363,444 | 344,191 | 19,253 |
| Excess (deficiency) of revenues over expenditures | 39,379 | 39,379 | 64,810 | 25,431 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (33,600) | (33,600) | (33,600) | - |
| Total other financing sources (uses) | (33,600) | (33,600) | (33,600) | - |
| Net change in fund balance | 5,779 | 5,779 | 31,210 | 25,431 |
| Fund balance, beginning of year | 343,337 | 343,337 | 343,337 | - |
| FUND BALANCE, END OF YEAR | \$ 349,116 | \$ 349,116 | \$ 374,547 | \$ 25,431 |

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Funds – Hotel Occupancy Tax

For the Fiscal Year Ended September 30, 2021

| | Budget | | | Variance |
|--|-------------------|-------------------|-------------------|------------------------|
| | Original | Final | Actual | Positive (Negative) |
| REVENUES | | | | |
| Other taxes | \$ 163,132 | \$ 308,824 | \$ 308,824 | \$ - |
| Investment earnings | 3,151 | 3,151 | 3,958 | 807 |
| Total revenues | 166,283 | 311,975 | 312,782 | 807 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 206,273 | 224,587 | 56,590 | 167,997 |
| Total expenditures | 206,273 | 224,587 | 56,590 | 167,997 |
| Excess (deficiency) of revenues over expenditures | (39,990) | 87,388 | 256,192 | 168,804 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (7,500) | (7,500) | - |
| Total other financing sources (uses) | - | (7,500) | (7,500) | - |
| Net change in fund balance | (39,990) | 79,888 | 248,692 | 168,804 |
| Fund balance, beginning of year | 588,162 | 588,162 | 588,162 | - |
| FUND BALANCE, END OF YEAR | \$ 548,172 | \$ 668,050 | \$ 836,854 | \$ 168,804 |

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Debt Service Fund
For the Fiscal Year Ended September 30, 2021

| | Budget | | | Variance Positive (Negative) |
|--|---------------------|---------------------|---------------------|------------------------------------|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Property taxes and penalties | \$ 9,759,301 | \$ 9,923,384 | \$ 10,043,243 | \$ 119,859 |
| Investment earnings | 137,141 | 68,023 | 68,023 | - |
| Total revenues | 9,896,442 | 9,991,407 | 10,111,266 | 119,859 |
| EXPENDITURES | | | | |
| Debt service | | | | |
| Principal | 6,890,648 | 6,257,386 | 6,082,686 | 174,700 |
| Interest and fiscal charges | 3,428,790 | 4,062,052 | 4,061,319 | 733 |
| Total expenditures | 10,319,438 | 10,319,438 | 10,144,005 | 175,433 |
| Excess (deficiency) of revenues over expenditures | (422,996) | (328,031) | (32,739) | 295,292 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of refunding bonds | - | 4,920,000 | 4,920,000 | - |
| Issuance of premium | - | 827,613 | 827,613 | - |
| Payments to refunded bond escrow agent | - | (5,747,613) | (5,747,613) | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balance | (422,996) | (328,031) | (32,739) | 295,292 |
| Fund balance, beginning of year | 6,578,667 | 6,578,667 | 6,578,667 | - |
| FUND BALANCE, END OF YEAR | \$ 6,155,671 | \$ 6,250,636 | \$ 6,545,928 | \$ 295,292 |

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Capital Projects Fund
For the Fiscal Year Ended September 30, 2021

| | Budget | | | Variance |
|--|----------------------|---------------------|----------------------|------------------------|
| | Original | Final | Actual | Positive (Negative) |
| REVENUES | | | | |
| Other taxes | \$ 4,233,143 | \$ 5,271,297 | \$ 5,271,297 | \$ - |
| Intergovernmental revenues | - | 2,800,000 | 2,800,000 | - |
| Other revenue | 3,747 | 803,747 | 1,000,703 | 196,956 |
| Investment earnings | 159,081 | 113,605 | 112,535 | (1,070) |
| Total revenues | 4,395,971 | 8,988,649 | 9,184,535 | 195,886 |
| EXPENDITURES | | | | |
| Current | | | | |
| Planning | 2,961,670 | 6,793,295 | 4,996,209 | 1,797,086 |
| Capital outlay | 22,962,118 | 32,319,317 | 10,912,513 | 21,406,804 |
| Debt service | | | | |
| Bond issuance cost | - | 144,421 | 144,421 | - |
| Total expenditures | 25,923,788 | 39,257,033 | 16,053,143 | 23,203,890 |
| Excess (deficiency) of revenues over expenditures | (21,527,817) | (30,268,384) | (6,868,608) | 23,399,776 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,800,000 | 2,634,000 | 2,594,000 | (40,000) |
| Issuance of bonds | 5,663,000 | 6,235,000 | 6,235,000 | - |
| Issuance of premium | - | 757,421 | 757,421 | - |
| Transfers out | (3,800,000) | (2,647,972) | (2,647,972) | - |
| Payments to refunded bond escrow agent | - | (6,255,000) | - | 6,255,000 |
| Total other financing sources (uses) | 3,663,000 | 723,449 | 6,938,449 | 6,215,000 |
| Net change in fund balance | (17,864,817) | (29,544,935) | 69,841 | 29,614,776 |
| Fund balance, beginning of year | 31,023,163 | 31,023,163 | 31,023,163 | - |
| FUND BALANCE, END OF YEAR | <u>\$ 13,158,346</u> | <u>\$ 1,478,228</u> | <u>\$ 31,093,004</u> | <u>\$ 29,614,776</u> |

City of Missouri City, Texas
Combining Statement of Net Position
Nonmajor Proprietary Funds
September 30, 2021

| | Business-Type Activities - Enterprise Funds | | |
|---|--|------------------------------|---|
| | Solid Waste Collections | Missouri City LGC | Totals Nonmajor Enterprise Funds |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 541,339 | \$ 396,585 | \$ 937,924 |
| Investments | 84,618 | - | 84,618 |
| Receivables, net of allowances | 709,523 | 38,518 | 748,041 |
| Inventories | - | 153,363 | 153,363 |
| Total current assets | 1,335,480 | 588,466 | 1,923,946 |
| Noncurrent assets | | | |
| Capital assets | | | |
| Improvements other than buildings | - | 72,993 | 72,993 |
| Equipment | - | 20,134 | 20,134 |
| Less accumulated depreciation | - | (58,530) | (58,530) |
| Total capital assets (net of accumulated depreciation) | - | 34,597 | 34,597 |
| Total noncurrent assets | - | 34,597 | 34,597 |
| Total assets | 1,335,480 | 623,063 | 1,958,543 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and other current liabilities | 1,064,382 | 287,438 | 1,351,820 |
| Accrued salaries payable | - | 16,885 | 16,885 |
| Due to other funds | - | 35,781 | 35,781 |
| Unearned revenue | 24,610 | 67,702 | 92,312 |
| Total current liabilities | 1,088,992 | 407,806 | 1,496,798 |
| Noncurrent liabilities | | | |
| Advances from other funds | - | 141,672 | 141,672 |
| Total noncurrent liabilities | - | 141,672 | 141,672 |
| Total liabilities | 1,088,992 | 549,478 | 1,638,470 |
| NET POSITION | | | |
| Net investment in capital assets | - | 34,597 | 34,597 |
| Unrestricted | 246,488 | 38,988 | 285,476 |
| TOTAL NET POSITION | \$ 246,488 | \$ 73,585 | \$ 320,073 |

City of Missouri City, Texas

Combining Statement of Revenues, Expenses, and Changes
in Net Position - Nonmajor Proprietary Funds
For the Fiscal Year Ended September 30, 2021

| | Business-Type Activities - Enterprise Funds | | |
|--|--|------------------------------|---|
| | Solid Waste Collections | Missouri City LGC | Totals Nonmajor Enterprise Funds |
| OPERATING REVENUES | | | |
| Charges for services | \$ 4,214,190 | \$ 3,856,010 | \$ 8,070,200 |
| Total operating revenues | 4,214,190 | 3,856,010 | 8,070,200 |
| OPERATING EXPENSES | | | |
| Personnel | - | 974,261 | 974,261 |
| Commodities | 416 | 719,774 | 720,190 |
| Repairs and maintenance | - | 135,645 | 135,645 |
| Contractual services | 4,157,680 | 83,312 | 4,240,992 |
| Other services | 12,533 | 1,659,382 | 1,671,915 |
| Depreciation | - | 13,383 | 13,383 |
| Total operating expenses | 4,170,629 | 3,585,757 | 7,756,386 |
| Operating income | 43,561 | 270,253 | 313,814 |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Investment earnings | - | 814 | 814 |
| Interest expense | (104) | - | (104) |
| Total non-operating revenues (expenses) | (104) | 814 | 710 |
| Income before transfers | 43,457 | 271,067 | 314,524 |
| CONTRIBUTIONS AND TRANSFERS | | | |
| Transfers in | - | 421,614 | 421,614 |
| Transfers out | (16,000) | - | (16,000) |
| Total contributions and transfers | (16,000) | 421,614 | 405,614 |
| Change in net position | 27,457 | 692,681 | 720,138 |
| Net position - beginning, as originally reported | 219,031 | (619,096) | (400,065) |
| NET POSITION, END OF YEAR | \$ 246,488 | \$ 73,585 | \$ 320,073 |

City of Missouri City, Texas
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Fiscal Year Ended September 30, 2021

| | Business-Type Activities - Enterprise Funds | | |
|---|--|--------------------------|---|
| | Solid Waste Collections | Missouri City LGC | Totals Nonmajor Enterprise Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers and users | \$ 4,389,252 | \$ 3,498,491 | \$ 7,887,743 |
| Cash payments to suppliers | (3,763,999) | (2,698,349) | (6,462,348) |
| Cash payments to employees | - | (1,005,286) | (1,005,286) |
| Net cash provided (used) by operating activities | 625,253 | (205,144) | 420,109 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers from other funds | - | 421,614 | 421,614 |
| Transfers to other funds | (16,000) | - | (16,000) |
| Net cash provided (used) by noncapital financing activities | (16,000) | 421,614 | 405,614 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition and construction of capital assets | - | (20,134) | (20,134) |
| Interest paid | (104) | - | (104) |
| Net cash (used) by capital and related financing activities | (104) | (20,134) | (20,238) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Sales (purchases) of investments, net | (67,810) | - | (67,810) |
| Earnings on investments | - | 814 | 814 |
| Net cash provided (used) by investing activities | (67,810) | 814 | (66,996) |
| Net increase in cash and cash equivalents | 541,339 | 197,150 | 738,489 |
| Cash and cash equivalents, beginning balance | - | 199,435 | 199,435 |
| CASH AND CASH EQUIVALENTS, ENDING BALANCE | \$ 541,339 | \$ 396,585 | \$ 937,924 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | |
| Operating income | \$ 43,561 | \$ 270,253 | \$ 313,814 |
| Adjustments to reconcile operating income to cash provided (used) by operating activities: | | | |
| Depreciation and amortization | - | 13,383 | 13,383 |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in assets: | | | |
| Receivables, net of allowances | 251,363 | 3,617 | 254,980 |
| Inventories | - | (47,400) | (47,400) |
| Increase (decrease) in liabilities: | | | |
| Accounts payable and other current liabilities | 406,630 | (52,836) | 353,794 |
| Accrued salaries payable | - | (31,025) | (31,025) |
| Due to other funds | (76,162) | (289,058) | (365,220) |
| Unearned revenue | (139) | 8,825 | 8,686 |
| Advances from other funds | - | (80,903) | (80,903) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 625,253 | \$ (205,144) | \$ 420,109 |

Statistical Section

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**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.

Page

Financial Trends – Schedules 1-4

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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity – Schedules 5-8

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These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity – Schedules 9-11

157

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information – Schedules 12-14

161

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information – Schedules 15-16

165

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

City of Missouri City, Texas
Net Position by Component
Last Ten Fiscal Years

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Net investment in capital assets | \$ 135,891,071 | \$ 121,837,802 | \$ 121,328,474 | \$ 118,436,911 |
| Restricted | 42,349,848 | 37,172,960 | 34,693,978 | 7,626,379 |
| Unrestricted | (37,152,392) | (32,228,539) | (39,965,922) | (15,052,987) |
| TOTAL GOVERNMENTAL ACTIVITIES NET POSITION | <u>\$ 141,088,527</u> | <u>\$ 126,782,223</u> | <u>\$ 116,056,530</u> | <u>\$ 111,010,303</u> |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Net investment in capital assets | \$ 35,194,296 | \$ 33,702,665 | \$ 34,192,723 | \$ 35,154,398 |
| Restricted | 5,948,552 | 3,360,738 | 604,724 | - |
| Unrestricted | 28,444,082 | 27,906,149 | 26,029,441 | 22,371,533 |
| TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION | <u>\$ 69,586,930</u> | <u>\$ 64,969,552</u> | <u>\$ 60,826,888</u> | <u>\$ 57,525,931</u> |
| PRIMARY GOVERNMENT | | | | |
| Net investment in capital assets | \$ 171,085,367 | \$ 155,540,467 | \$ 155,521,197 | \$ 153,591,309 |
| Restricted | 48,298,400 | 40,533,698 | 35,298,702 | 7,626,379 |
| Unrestricted | (8,708,310) | (4,322,390) | (13,936,481) | 7,318,546 |
| TOTAL PRIMARY GOVERNMENT NET POSITION | <u>\$ 210,675,457</u> | <u>\$ 191,751,775</u> | <u>\$ 176,883,418</u> | <u>\$ 168,536,234</u> |

(1) 2012 includes the adjustment for deferred charges and bond issuance costs. Only FY12 was restated as the changes were minimal.

(2) 2015 the City implemented GASB 68 in fiscal year 2015. Although beginning balances as of 6/30/2015 were restated, it was not practicable to restate previous periods as information was not available.

(3) 2009-2014 balances have been restated to reflect certain contractual obligations payable net of capital assets.

Schedule 1

| 2017 | 2016 | 2015 (2) | 2014 (2)(3) | 2013 (3) | 2012 (1)(3) |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 116,292,562 | \$ 112,877,527 | \$ 113,896,557 | \$ 104,175,517 | \$ 108,022,705 | \$ 112,072,157 |
| 7,977,819 | 18,767,355 | 16,142,254 | 15,155,170 | 19,198,630 | 17,692,029 |
| (8,398,199) | (15,929,148) | (12,618,360) | (5,145,871) | (60,641) | 1,007,456 |
| <u>\$ 115,872,182</u> | <u>\$ 115,715,734</u> | <u>\$ 117,420,451</u> | <u>\$ 114,184,816</u> | <u>\$ 127,160,694</u> | <u>\$ 130,771,642</u> |
| \$ 26,490,293 | \$ 19,296,480 | \$ 18,214,954 | \$ 27,400,088 | \$ 28,168,337 | \$ 19,054,462 |
| - | - | - | 5,064,997 | 639,682 | 10,361,178 |
| 27,715,373 | 30,464,095 | 29,306,651 | 11,747,734 | 9,212,724 | 6,019,700 |
| <u>\$ 54,205,666</u> | <u>\$ 49,760,575</u> | <u>\$ 47,521,605</u> | <u>\$ 44,212,819</u> | <u>\$ 38,020,743</u> | <u>\$ 35,435,340</u> |
| \$ 142,782,855 | \$ 132,174,007 | \$ 132,111,511 | \$ 131,575,605 | \$ 136,191,042 | \$ 131,126,619 |
| 7,977,819 | 18,767,355 | 16,142,254 | 20,220,167 | 19,838,312 | 28,053,207 |
| 19,317,174 | 14,534,947 | 16,688,291 | 6,601,863 | 9,152,083 | 7,027,156 |
| <u>\$ 170,077,848</u> | <u>\$ 165,476,309</u> | <u>\$ 164,942,056</u> | <u>\$ 158,397,635</u> | <u>\$ 165,181,437</u> | <u>\$ 166,206,982</u> |

City of Missouri City, Texas

Changes in Net Position

Last Ten Fiscal Years

| | 2021 | 2020 | 2019 | 2018 |
|---|------------------------|------------------------|------------------------|------------------------|
| EXPENSES | | | | |
| Governmental activities: | | | | |
| General government | \$ 18,868,597 | \$ 12,760,796 | \$ 15,529,208 | \$ 14,685,034 |
| Financial services | 2,393,615 | 2,302,951 | 2,348,268 | 2,412,310 |
| Police | 14,201,456 | 16,013,319 | 16,255,830 | 19,181,580 |
| Fire | 10,296,787 | 11,200,392 | 10,838,755 | 11,895,168 |
| Public works | 16,239,625 | 15,310,375 | 14,791,746 | 18,407,432 |
| Parks and recreation | 5,457,810 | 5,010,634 | 4,907,496 | 5,734,819 |
| Planning | 6,669,651 | 4,819,909 | 4,177,093 | 4,605,253 |
| Interest on long-term debt | 4,364,188 | 3,889,497 | 4,112,146 | 5,114,943 |
| Total governmental activities expenses | 78,491,729 | 71,307,873 | 72,960,542 | 82,036,539 |
| Business-type activities: | | | | |
| Water and wastewater utilities | 7,139,577 | 5,875,141 | 4,391,640 | 5,656,670 |
| Surface water treatment | 9,393,440 | 7,110,594 | 7,208,175 | 8,707,936 |
| Solid waste collections | 4,170,733 | 3,976,858 | 3,598,926 | 4,541,814 |
| Missouri City LGC | 3,585,757 | 3,607,913 | 3,887,252 | 5,004,014 |
| Total business-type activities expenses | 24,289,507 | 20,570,506 | 19,085,993 | 23,910,434 |
| TOTAL EXPENSES | \$ 102,781,236 | \$ 91,878,379 | \$ 92,046,535 | \$ 105,946,973 |
| PROGRAM REVENUES | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 58,633 | \$ 30,272 | \$ 21,765 | \$ 33,651 |
| Police | 1,104,739 | 981,348 | 1,540,658 | 1,861,538 |
| Fire | 2,613,246 | 2,807,956 | 2,305,863 | 2,815,435 |
| Public works | 447,978 | 316,596 | 366,282 | 615,359 |
| Parks and recreation | 413,002 | 276,033 | 442,759 | 496,122 |
| Planning | 7,029,499 | 6,165,221 | 5,817,205 | 6,594,391 |
| Operating grants and contributions | 8,633,908 | 1,215,832 | 3,337,887 | 5,306,914 |
| Capital grants and contributions | - | 978,310 | - | 64,550 |
| Total governmental activities program revenues | 20,301,005 | 12,771,568 | 13,832,419 | 17,787,960 |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water and wastewater utilities | 8,246,068 | 7,071,575 | 4,388,704 | 5,077,365 |
| Surface water treatment | 10,473,780 | 9,978,033 | 9,749,634 | 13,058,646 |
| Solid waste collections | 4,214,190 | 4,012,357 | 3,455,573 | 4,391,811 |
| Missouri City LGC | 3,856,010 | 3,363,981 | 3,810,061 | 4,711,428 |
| Operating grants and contributions | - | - | - | - |
| Capital grants and contributions | 1,957,317 | 1,276,567 | 497,261 | - |
| Total business-type activities program revenues | 28,747,365 | 25,702,513 | 21,901,233 | 27,239,250 |
| TOTAL PROGRAM REVENUES | \$ 49,048,370 | \$ 38,474,081 | \$ 35,733,652 | \$ 45,027,210 |
| NET (EXPENSE)/REVENUE | | | | |
| Governmental activities | \$ (58,190,724) | \$ (58,536,305) | \$ (59,128,123) | \$ (64,248,579) |
| Business-type activities | 4,457,858 | 5,132,007 | 2,815,240 | 3,328,816 |
| TOTAL NET EXPENSE | \$ (53,732,866) | \$ (53,404,298) | \$ (56,312,883) | \$ (60,919,763) |

| 2017 | 2016 | 2015 (1) | 2014 (2) | 2013 (2) | 2012 (2) |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ 9,480,629 | \$ 7,841,833 | \$ 6,492,267 | \$ 4,634,444 | \$ 4,142,781 | \$ 4,005,420 |
| 1,984,993 | 1,870,127 | 1,759,615 | 1,796,195 | 1,782,997 | 1,727,595 |
| 15,754,861 | 15,330,234 | 13,039,962 | 13,380,007 | 12,172,891 | 12,359,028 |
| 9,837,771 | 9,308,340 | 7,843,356 | 7,768,603 | 7,664,736 | 7,123,068 |
| 15,422,548 | 16,645,172 | 18,163,336 | 12,741,972 | 16,084,371 | 9,804,954 |
| 4,367,231 | 4,107,637 | 4,026,878 | 4,013,806 | 3,891,667 | 3,603,491 |
| 2,029,829 | 1,788,303 | 1,744,218 | 2,628,644 | 3,403,015 | 5,462,866 |
| 4,028,758 | 4,382,162 | 4,272,821 | 5,179,115 | 4,635,593 | 4,785,434 |
| 62,906,620 | 61,273,808 | 57,342,453 | 52,142,786 | 53,778,051 | 48,871,856 |
| 3,373,696 | 5,434,860 | 3,093,633 | 2,986,595 | 2,580,551 | 2,700,461 |
| 5,907,887 | 4,205,243 | 5,283,401 | 5,339,073 | 5,085,212 | 4,173,978 |
| 3,614,938 | 3,773,446 | 3,679,094 | 3,469,203 | 2,956,836 | 2,522,659 |
| 3,948,931 | 3,803,917 | 3,621,548 | 3,859,137 | 3,789,856 | 2,654,844 |
| 16,845,452 | 17,217,466 | 15,677,676 | 15,654,008 | 14,412,455 | 12,051,942 |
| \$ 79,752,072 | \$ 78,491,274 | \$ 73,020,129 | \$ 67,796,794 | \$ 68,190,506 | \$ 60,923,798 |
| \$ 101,605 | \$ - | \$ 389,674 | \$ 280,813 | \$ 274,073 | \$ 276,584 |
| 1,539,316 | 1,838,574 | 1,611,817 | 1,640,668 | 2,081,156 | 1,851,731 |
| 1,738 | 1,114,253 | 1,471,507 | 1,197,436 | 1,044,976 | 1,006,196 |
| 288,976 | 228,360 | 949,887 | 582,542 | 548,122 | 61,365 |
| 449,888 | 397,744 | 391,203 | 345,499 | 286,702 | 192,867 |
| 4,258,684 | 2,116,620 | 2,157,000 | 1,941,428 | 1,868,943 | 2,484,365 |
| 3,424,595 | 2,624,540 | 1,258,291 | 2,467,479 | 2,502,684 | 1,977,220 |
| 1,063,192 | 3,835,598 | 9,602,877 | 4,027,446 | 6,478,849 | 24,370,740 |
| 11,127,994 | 12,155,689 | 17,832,256 | 12,483,311 | 15,085,505 | 32,221,068 |
| 3,423,948 | 2,414,704 | 4,207,171 | 7,103,409 | 2,475,142 | 2,345,137 |
| 8,625,149 | 7,775,833 | 7,364,722 | 6,722,751 | 8,661,397 | 7,315,810 |
| 3,811,381 | 3,914,416 | 3,688,185 | 3,446,411 | 2,988,082 | 2,528,097 |
| 3,919,448 | 3,817,729 | 3,487,697 | 3,446,732 | 3,320,262 | 2,709,168 |
| - | 1,341,000 | - | - | - | 735,558 |
| 1,893,076 | 9,750 | 111,227 | 494,178 | 12,520 | 1,931,950 |
| 21,673,002 | 19,273,432 | 18,859,002 | 21,213,481 | 17,457,403 | 17,565,720 |
| \$ 32,800,996 | \$ 31,429,121 | \$ 36,691,258 | \$ 33,696,792 | \$ 32,542,908 | \$ 49,786,788 |
| \$ (51,778,626) | \$ (49,118,119) | \$ (39,510,197) | \$ (39,659,475) | \$ (38,692,546) | \$ (16,650,788) |
| 4,827,550 | 2,055,966 | 3,181,326 | 5,559,473 | 3,044,948 | 5,513,778 |
| \$ (46,951,076) | \$ (47,062,153) | \$ (36,328,871) | \$ (34,100,002) | \$ (35,647,598) | \$ (11,137,010) |

City of Missouri City, Texas
Changes in Net Position - Continued
Last Ten Fiscal Years

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 50,335,730 | \$ 48,146,655 | \$ 45,306,222 | \$ 41,915,313 |
| Sales and hotel occupancy taxes | 12,712,216 | 10,964,903 | 9,789,150 | 12,215,369 |
| Franchise taxes | 6,773,972 | 6,242,215 | 6,176,854 | 6,948,121 |
| Investment earnings | 579,719 | 1,573,680 | 1,896,654 | 1,120,334 |
| Other revenues | 1,734,427 | 426,666 | 400,364 | 1,200,103 |
| Gain on sale of capital assets | 189,888 | 164,080 | 97,106 | 180,217 |
| Transfers | 171,076 | 1,743,799 | 508,000 | 640,811 |
| Total governmental activities | 72,497,028 | 69,261,998 | 64,174,350 | 64,220,268 |
| Business-type activities: | | | | |
| Investment earnings | 239,474 | 728,685 | 1,167,078 | 503,153 |
| Other revenues | 91,122 | 28,999 | (173,361) | 129,107 |
| Transfers | (171,076) | (1,743,799) | (508,000) | (640,811) |
| Total business-type activities | 159,520 | (986,115) | 485,717 | (8,551) |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 72,656,548</u> | <u>\$ 68,275,883</u> | <u>\$ 64,660,067</u> | <u>\$ 64,211,717</u> |
| CHANGE IN NET POSITION | | | | |
| Governmental activities | \$ 14,306,304 | \$ 10,725,693 | \$ 5,046,227 | \$ (28,311) |
| Business-type activities | 4,617,378 | 4,145,892 | 3,300,957 | 3,320,265 |
| TOTAL NET EXPENSE | <u>\$ 18,923,682</u> | <u>\$ 14,871,585</u> | <u>\$ 8,347,184</u> | <u>\$ 3,291,954</u> |

(1) 2015 the City implemented GASB 68 in fiscal year 2015. It was not practicable to restate previous periods as information was not available.

(2) 2009-2014 balances have been restated to reflect certain contractual obligations payable net of capital assets.

| 2017 | 2016 | 2015 (1) | 2014 (2) | 2013 (2) | 2012 (2) |
|---------------|----------------|---------------|---------------|----------------|---------------|
| \$ 37,284,254 | \$ 32,072,287 | \$ 28,657,996 | \$ 27,311,330 | \$ 24,297,769 | \$ 24,054,499 |
| 8,406,471 | 8,879,005 | 8,684,423 | 7,708,738 | 7,165,628 | 6,249,961 |
| 5,667,371 | 4,474,450 | 3,673,724 | 3,751,269 | 3,270,712 | 3,128,028 |
| 107,009 | 912,451 | 792,273 | 654,572 | (555,974) | 830,936 |
| 169,806 | 525,388 | 569,085 | 694,553 | 667,096 | 98,530 |
| 108,017 | 147,194 | - | - | - | - |
| 394,000 | 402,627 | 368,331 | (98,574) | 236,366 | 460,124 |
| 52,136,928 | 47,413,402 | 42,745,832 | 40,021,888 | 35,081,597 | 34,822,078 |
| 11,541 | 585,631 | 495,791 | 470,075 | (234,259) | 565,070 |
| - | - | - | 63,954 | 11,082 | 31,274 |
| (394,000) | (402,627) | (368,331) | 98,574 | (236,366) | (460,124) |
| (382,459) | 183,004 | 127,460 | 632,603 | (459,543) | 136,220 |
| \$ 51,754,469 | \$ 47,596,406 | \$ 42,873,292 | \$ 40,654,491 | \$ 34,622,054 | \$ 34,958,298 |
| \$ 358,302 | \$ (1,704,717) | \$ 3,235,635 | \$ 362,413 | \$ (3,610,949) | \$ 18,171,290 |
| 4,445,091 | 2,238,970 | 3,308,786 | 6,192,076 | 2,585,405 | 5,649,998 |
| \$ 4,803,393 | \$ 534,253 | \$ 6,544,421 | \$ 6,554,489 | \$ (1,025,544) | \$ 23,821,288 |

City of Missouri City, Texas

Fund Balances of Governmental Funds

Last Ten Fiscal Years

| | 2021 | 2020 | 2019 | 2018 |
|---|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND | | | | |
| Nonspendable | \$ 257,224 | \$ 126,459 | \$ 192,520 | \$ 286,279 |
| Restricted | 1,438 | 1,438 | 22,819 | - |
| Committed | 3,000,000 | 3,000,000 | 3,000,000 | - |
| Assigned | 1,581,292 | 722,564 | - | - |
| Unassigned | 30,694,974 | 23,188,625 | 13,707,129 | 11,566,105 |
| TOTAL GENERAL FUND | \$ 35,534,928 | \$ 27,039,086 | \$ 16,922,468 | \$ 11,852,384 |
| ALL OTHER GOVERNMENTAL FUNDS | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ 1,239,071 |
| Restricted | | | | |
| Parks and trail systems | - | - | - | 1,496,076 |
| Law enforcement | 1,626,396 | 1,824,477 | 1,596,608 | 17,917,828 |
| Construction/improvements | 24,169,662 | 23,604,739 | 17,724,591 | 4,803,583 |
| Impact fees | 188,940 | 70,241 | 39,983 | - |
| Debt service | 6,545,928 | 6,578,667 | 6,146,851 | 872,632 |
| Parkland dedication | 2,040,113 | 1,913,769 | 2,146,162 | 12,629,429 |
| Community development | 23,336,864 | 18,866,614 | 14,730,364 | - |
| Transportation | 8,166,181 | 8,133,021 | 10,408,777 | - |
| Unassigned | - | (10,758) | - | - |
| TOTAL ALL OTHER GOVERNMENTAL FUNDS | \$ 66,074,084 | \$ 60,980,770 | \$ 52,793,336 | \$ 38,958,619 |

Schedule 3

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 291,340 | \$ 123,092 | \$ 169,007 | \$ 7,316 | \$ 8,134 | \$ 6,022 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | 163,151 | 585,417 |
| 13,290,439 | 12,181,379 | 9,272,658 | 8,944,853 | 8,248,141 | 7,823,805 |
| <u>\$ 13,581,779</u> | <u>\$ 12,304,471</u> | <u>\$ 9,441,665</u> | <u>\$ 8,952,169</u> | <u>\$ 8,419,426</u> | <u>\$ 8,415,244</u> |
| \$ 1,237,252 | \$ 766,834 | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| 1,207,465 | 808,608 | 832,609 | 837,630 | 853,324 | 655,162 |
| 24,327,421 | 10,166,181 | 15,032,280 | 3,821,979 | 5,543,353 | 11,632,664 |
| - | - | - | - | - | - |
| 4,909,113 | 5,312,160 | 6,084,493 | 5,559,287 | 5,750,142 | 6,704,909 |
| 1,328,559 | 1,291,044 | 1,162,997 | 1,253,642 | 1,052,354 | 939,144 |
| 10,774,771 | 8,968,645 | 6,776,411 | 6,207,825 | 7,444,638 | 6,261,304 |
| - | 3,637,111 | 3,116,809 | 3,155,217 | 3,131,131 | - |
| - | - | - | 507,604 | - | - |
| <u>\$ 43,784,581</u> | <u>\$ 30,950,583</u> | <u>\$ 33,005,599</u> | <u>\$ 21,343,184</u> | <u>\$ 23,774,942</u> | <u>\$ 26,193,183</u> |

City of Missouri City, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

| | 2021 | 2020 | 2019 | 2018 |
|--|----------------------|----------------------|----------------------|-----------------------|
| REVENUES | | | | |
| Taxes | \$ 68,242,944 | \$ 63,705,655 | \$ 59,296,865 | \$ 58,462,562 |
| Licenses and permits | 4,649,242 | 3,833,704 | 3,207,411 | 3,533,623 |
| Fines and forfeitures | 753,391 | 666,914 | 1,096,620 | 1,299,335 |
| Franchise taxes | 4,027,463 | 4,167,282 | 4,389,397 | 5,585,431 |
| Intergovernmental | 11,377,473 | 4,306,491 | 4,608,369 | 7,929,197 |
| Other revenue | 3,220,145 | 2,963,238 | 3,720,461 | 3,340,588 |
| Charges for services | 528,801 | 467,501 | 621,148 | 770,608 |
| Total revenues | 92,799,459 | 80,110,785 | 76,940,271 | 80,921,344 |
| EXPENDITURES | | | | |
| General government | 18,186,802 | 10,515,755 | 12,432,500 | 14,683,624 |
| Financial services | 2,249,187 | 2,008,563 | 2,056,126 | 2,198,262 |
| Police | 13,685,034 | 14,280,334 | 13,855,514 | 17,922,858 |
| Fire | 9,197,057 | 9,322,756 | 8,974,322 | 10,594,235 |
| Public works | 7,618,621 | 6,986,464 | 7,527,188 | 9,757,493 |
| Parks and recreation | 3,519,240 | 3,545,583 | 3,189,476 | 3,741,421 |
| Planning | 6,729,028 | 4,653,780 | 4,188,323 | 4,464,818 |
| Capital outlay | 19,487,532 | 9,570,796 | 7,134,039 | 13,794,690 |
| Debt service: | | | | |
| Principal | 8,799,455 | 9,620,225 | 7,944,473 | 7,886,546 |
| Interest | 5,332,442 | 4,106,219 | 5,089,167 | 4,546,828 |
| Bond issuance cost | 144,421 | 187,147 | 163,375 | - |
| Total expenditures | 94,948,819 | 74,797,622 | 72,554,503 | 89,590,775 |
| Excess (deficiency) of revenues over (under) expenditures | (2,149,360) | 5,313,163 | 4,385,768 | (8,669,431) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 6,780,934 | 4,113,782 | 3,898,090 | 5,781,439 |
| Transfers out | (6,609,858) | (2,369,983) | (3,390,090) | (4,231,761) |
| Issuance of debt | 14,810,019 | 11,065,000 | 14,335,056 | - |
| Proceeds of refunding bonds | 4,920,000 | - | - | - |
| Payments to refunded bond escrow agent | (5,747,613) | (5,744,314) | - | - |
| Issuance of premium | 1,585,034 | 1,698,065 | - | - |
| Issuance of capital lease | - | 4,228,339 | - | - |
| Capital contributions | - | - | - | 564,396 |
| Total other financing sources | 15,738,516 | 12,990,889 | 14,843,056 | 2,114,074 |
| NET CHANGE IN FUND BALANCE | \$ 13,589,156 | \$ 18,304,052 | \$ 19,228,824 | \$ (6,555,357) |
| DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES | 19.18% | 21.96% | 20.16% | 16.40% |

Schedule 4

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---------------|---------------|---------------|----------------|----------------|-----------------|
| \$ 48,641,072 | \$ 41,002,147 | \$ 37,862,638 | \$ 35,116,877 | \$ 32,120,862 | \$ 30,181,806 |
| 2,284,359 | 2,117,010 | 2,157,000 | 1,941,428 | 1,868,943 | 1,417,337 |
| 953,088 | 1,007,932 | 943,282 | 837,891 | 1,080,019 | 1,202,259 |
| 4,415,992 | 4,474,450 | 4,063,398 | 3,751,269 | 3,270,712 | 3,128,027 |
| 3,507,075 | 6,313,317 | 10,673,491 | 5,066,267 | 9,419,782 | 7,840,755 |
| 698,386 | 1,496,528 | 1,542,101 | 3,732,296 | 1,602,429 | 2,383,676 |
| 655,524 | 2,730,858 | 2,857,242 | 1,165,897 | 1,139,516 | 1,440,874 |
| 61,155,496 | 59,142,242 | 60,099,152 | 51,611,925 | 50,502,263 | 47,594,734 |
| 8,886,411 | 7,099,377 | 5,969,645 | 4,172,766 | 3,959,679 | 3,988,853 |
| 1,786,676 | 1,647,227 | 1,590,230 | 1,702,068 | 1,700,717 | 1,665,912 |
| 13,385,041 | 13,582,025 | 11,964,426 | 12,145,928 | 11,402,549 | 11,416,463 |
| 8,179,280 | 7,819,682 | 7,025,891 | 7,642,673 | 7,096,264 | 6,281,297 |
| 5,677,834 | 6,102,143 | 6,166,096 | 4,091,991 | 3,878,658 | 3,832,721 |
| 2,770,361 | 2,613,566 | 2,683,448 | 2,765,536 | 2,615,376 | 2,489,545 |
| 4,449,921 | 1,695,864 | 1,496,168 | 1,974,274 | 1,939,311 | 1,948,329 |
| 7,016,623 | 11,077,322 | 10,457,395 | 11,828,844 | 11,365,928 | 21,512,507 |
| 7,127,955 | 7,146,781 | 6,297,167 | 6,648,391 | 6,288,464 | 6,571,174 |
| 3,978,663 | 4,869,498 | 4,070,196 | 3,900,674 | 4,180,418 | 4,290,606 |
| - | - | - | - | - | - |
| 63,258,765 | 63,653,485 | 57,720,662 | 56,873,145 | 54,427,364 | 63,997,407 |
| (2,103,269) | (4,511,243) | 2,378,490 | (5,261,220) | (3,925,101) | (16,402,673) |
| 2,973,032 | 2,809,475 | 2,597,255 | 2,053,961 | 1,646,589 | 1,571,128 |
| (2,579,032) | (1,346,115) | (2,228,924) | (1,635,075) | (1,591,091) | (1,111,004) |
| 14,445,000 | 3,080,000 | 8,600,000 | 2,730,000 | 1,400,000 | 1,730,000 |
| - | 37,387,537 | 3,381,162 | 8,293,500 | - | - |
| - | (43,756,578) | (3,459,489) | (8,587,151) | - | - |
| 1,195,371 | 6,377,880 | 883,417 | 506,971 | 55,551 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 16,034,371 | 4,552,199 | 9,773,421 | 3,362,206 | 1,511,049 | 2,190,124 |
| \$ 13,931,102 | \$ 40,956 | \$ 12,151,911 | \$ (1,899,014) | \$ (2,414,052) | \$ (14,212,549) |
| 19.75% | 22.85% | 21.94% | 23.42% | 24.31% | 25.57% |

City of Missouri City, Texas

Assessed Value and Estimated Value of Taxable Property

Last Ten Fiscal Years

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Residential property | \$ 6,271,565,983 | \$ 5,880,722,019 | \$ 5,665,051,732 | \$ 5,276,092,157 |
| Commercial property | 1,646,072,623 | 1,467,388,288 | 1,304,288,515 | 1,235,369,722 |
| Personal property | 630,559,751 | 715,315,819 | 538,743,722 | 579,073,506 |
| Less: Tax exempt property | <u>(536,504,748)</u> | <u>(442,255,189)</u> | <u>(425,867,913)</u> | <u>(419,886,545)</u> |
| TOTAL TAXABLE ASSESSED VALUE ⁽¹⁾ | <u>\$ 8,011,693,609</u> | <u>\$ 7,621,170,937</u> | <u>\$ 7,082,216,056</u> | <u>\$ 6,670,648,840</u> |
| TOTAL DIRECT TAX RATE | 0.59804 | 0.63000 | 0.63000 | 0.60000 |

Source: Tax assessor/collector's records.

(1) Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

(2) Prior to 2018, fiscal year-end was June 30.

Schedule 5

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$ 5,068,072,199 | \$ 4,248,824,206 | \$ 3,813,318,015 | \$ 3,501,328,319 | \$ 3,408,987,167 | \$ 3,380,198,444 |
| 1,144,444,276 | 1,324,880,464 | 1,327,129,879 | 1,235,164,588 | 1,088,870,799 | 1,035,957,512 |
| 485,784,138 | 532,871,547 | 463,859,231 | 356,499,475 | 274,878,700 | 253,710,761 |
| (430,886,358) | (328,414,295) | (745,234,055) | (589,463,716) | (478,290,353) | (414,654,210) |
| <u>\$ 6,267,414,255</u> | <u>\$ 5,778,161,922</u> | <u>\$ 4,859,073,070</u> | <u>\$ 4,503,528,666</u> | <u>\$ 4,294,446,313</u> | <u>\$ 4,255,212,507</u> |
| 0.56010 | 0.54468 | 0.56500 | 0.53750 | 0.54480 | 0.52840 |

City of Missouri City, Texas

Property Tax Rates

Direct and Overlapping Governments (1)

Last Ten Fiscal Years

FORT BEND COUNTY

| Fiscal Year | Blue Ridge West MUD | | Fort Bend MUD #26 | | Fort Bend Co. WCID #2 | | Meadowcreek MUD | | Quail Valley UD | | Palmer Plant. MUD #1 | | First Colony MUD #9 | | Palmer Plant. MUD #2 | | MUD #49 | |
|-------------|---------------------|-------------------|-------------------|-------------------|-----------------------|-------------------|-----------------|-------------------|-----------------|-------------------|----------------------|-------------------|---------------------|-------------------|----------------------|-------------------|----------|-------------------|
| | MUD Rate | Over-lapping Rate | MUD Rate | Over-lapping Rate | MUD Rate | Over-lapping Rate | MUD Rate | Over-lapping Rate | MUD Rate | Over-lapping Rate | MUD Rate | Over-lapping Rate | MUD Rate | Over-lapping Rate | MUD Rate | Over-lapping Rate | MUD Rate | Over-lapping Rate |
| 2012 | 0.41 | 2.88 | 0.86 | 3.33 | 0.18 | 2.65 | 0.10 | 2.57 | - | 2.47 | 0.74 | 3.20 | 0.32 | 2.98 | 0.52 | 2.98 | 0.95 | 3.42 |
| 2013 | 0.41 | 2.82 | 0.86 | 3.27 | 0.18 | 2.59 | 0.10 | 2.51 | - | 2.41 | 0.74 | 3.14 | 0.32 | 2.92 | 0.54 | 2.95 | 0.95 | 3.36 |
| 2014 | 0.41 | 2.85 | 0.91 | 3.35 | 0.18 | 2.62 | 0.10 | 2.54 | - | 2.44 | 0.76 | 3.19 | 0.30 | 2.89 | 0.54 | 2.98 | 0.95 | 3.39 |
| 2015 | 0.43 | 2.90 | 0.85 | 3.32 | 0.18 | 2.65 | 0.10 | 2.57 | - | 2.47 | 0.56 | 3.03 | 0.28 | 2.91 | 0.53 | 3.00 | 0.94 | 3.41 |
| 2016 | 0.42 | 2.88 | 0.82 | 3.28 | 0.21 | 2.67 | 0.10 | 2.56 | - | 2.46 | 0.48 | 2.94 | 0.26 | 2.87 | 0.46 | 2.92 | 0.84 | 3.30 |
| 2017 | 0.41 | 2.88 | 0.80 | 3.28 | 0.21 | 2.69 | 0.10 | 2.57 | - | 2.47 | 0.48 | 2.95 | 0.26 | 2.88 | 0.45 | 2.92 | 0.62 | 3.09 |
| 2018 | 0.41 | 2.88 | 0.80 | 3.28 | 0.21 | 2.69 | 0.42 | 2.89 | - | 2.47 | 0.45 | 2.92 | 0.24 | 2.86 | 0.62 | 3.09 | 0.62 | 3.09 |
| 2019 | 0.40 | 2.89 | 0.78 | 3.28 | 0.21 | 2.71 | 0.10 | 2.60 | - | 2.50 | 0.48 | 2.98 | 0.22 | 2.72 | 0.45 | 2.95 | 0.62 | 3.11 |
| 2020 | 0.40 | 2.84 | 0.78 | 2.82 | 0.21 | 2.66 | 0.25 | 2.69 | - | 2.44 | 0.47 | 2.91 | 0.22 | 2.66 | 0.45 | 2.89 | 0.62 | 3.06 |
| 2021 | 0.38 | 2.75 | 0.78 | 2.75 | 0.21 | 2.59 | 0.25 | 2.62 | - | 2.34 | 0.47 | 2.84 | 0.22 | 2.59 | 0.45 | 2.82 | 0.60 | 2.91 |

HARRIS COUNTY

| Fiscal Year | Harris County WC & ID (Fondren Road) | | Southwest Harris County MUD #1 | | Harris County MUD #122 | | Missouri City | Houston ISD | Houston Comm. College | (3) Harris County |
|-------------|--------------------------------------|-------------------|--------------------------------|-------------------|------------------------|-------------------|---------------|-------------|-----------------------|-------------------|
| | MUD Rate | Over-lapping Rate | MUD Rate | Over-lapping Rate | MUD Rate | Over-lapping Rate | | | | |
| 2012 | 0.54 | 2.96 | 0.71 | 3.13 | 0.87 | 3.29 | 0.53 | 1.16 | 0.10 | 0.64 |
| 2013 | 0.58 | 3.02 | 0.82 | 3.26 | 0.80 | 3.24 | 0.54 | 1.16 | 0.10 | 0.64 |
| 2014 | 0.60 | 3.09 | 0.82 | 3.31 | 0.75 | 3.24 | 0.57 | 1.19 | 0.10 | 0.64 |
| 2015 | 0.60 | 3.07 | 0.82 | 3.29 | 0.75 | 3.22 | 0.54 | 1.20 | 0.10 | 0.63 |
| 2016 | 0.60 | 3.09 | 0.82 | 3.31 | 0.70 | 3.19 | 0.56 | 1.20 | 0.10 | 0.63 |
| 2017 | 0.58 | 3.08 | 0.64 | 3.14 | 0.68 | 3.18 | 0.56 | 1.21 | 0.10 | 0.64 |
| 2018 | 0.57 | 3.11 | 0.62 | 3.16 | 0.66 | 3.20 | 0.60 | 1.21 | 0.10 | 0.64 |
| 2019 | 0.51 | 2.99 | 0.57 | 3.05 | 0.64 | 3.12 | 0.63 | 1.14 | 0.10 | 0.61 |
| 2020 | 0.42 | 2.90 | 0.53 | 3.01 | 0.62 | 3.10 | 0.63 | 1.14 | 0.10 | 0.61 |
| 2021 | 0.38 | 2.75 | 0.47 | 2.84 | 0.58 | 2.95 | 0.60 | 1.09 | 0.10 | 0.60 |

Source: Fort Bend Central Appraisal District, Harris County Tax Assessor

Note: Property Tax rates based on per \$100 of assessed valuation.

(1) Total overlapping tax rate per property is determined by adding country tax rate, school rate, applicable utility district rate, and Missouri City tax rate. Entities created with no tax rates are: Fort Bend County MUD #'s 36, 45, 54, 55, 56, 60 and Colony Bay Levy Improvement District. The overlapping rates include direct and overlapping tax rates.

(2) Serves only First Colony MUD #9.

(3) Harris County tax rate includes Harris County, Harris County Flood Control District, Port of Houston Authority, Harris County Department of Education, Harris County Hospital District, and Harris County Toll Road District.

Schedule 6

| Fort Bend MUD #46 | | Thunderbird MUD | | Fort Bend MUD #42 | | Fort Bend MUD #47 | | Fort Bend MUD #48 | | Fort Bend MUD #115 | | (2) First Colony LID | Mo. City | Fort Bend ISD | Fort Bend County | Houston Comm. College |
|----------------------|--------------------------|--------------------|--------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|--------------------------|-----------------------|--------------------------|-------------------------------|-------------|---------------------|------------------------|-----------------------------|
| MUD Rate | Over- lapping Rate | MUD Rate | Over- lapping Rate | MUD Rate | Over- lapping Rate | MUD Rate | Over- lapping Rate | MUD Rate | Over- lapping Rate | MUD Rate | Over- lapping Rate | | | | | |
| 0.88 | 3.35 | - | 2.47 | 0.43 | 2.90 | 1.17 | 3.64 | 0.88 | 3.35 | 0.50 | 2.97 | 0.19 | 0.53 | 1.34 | 0.50 | 0.10 |
| 0.90 | 3.30 | - | 2.41 | 0.43 | 2.84 | 1.12 | 3.53 | 0.88 | 3.29 | 0.50 | 2.91 | 0.19 | 0.54 | 1.34 | 0.42 | 0.10 |
| 0.90 | 3.33 | - | 2.44 | 0.43 | 2.87 | 1.07 | 3.56 | 0.98 | 3.32 | 0.50 | 2.94 | 0.16 | 0.57 | 1.34 | 0.43 | 0.10 |
| 0.90 | 3.38 | - | 2.47 | 0.42 | 2.89 | 0.95 | 3.42 | 0.98 | 3.45 | 0.50 | 2.97 | 0.15 | 0.54 | 1.34 | 0.49 | 0.10 |
| 0.90 | 3.36 | - | 2.46 | 0.40 | 2.86 | 0.95 | 3.41 | 0.96 | 3.42 | 0.44 | 2.90 | 0.15 | 0.56 | 1.34 | 0.46 | 0.10 |
| 0.90 | 3.37 | - | 2.47 | 0.38 | 2.85 | 0.92 | 3.40 | 0.96 | 3.43 | 0.44 | 2.91 | 0.15 | 0.56 | 1.34 | 0.47 | 0.10 |
| 0.90 | 3.37 | - | 2.47 | 0.38 | 2.85 | 0.92 | 3.40 | 0.96 | 3.43 | 0.44 | 2.91 | 0.15 | 0.60 | 1.32 | 0.45 | 0.10 |
| 0.90 | 3.40 | - | 2.50 | 0.38 | 2.88 | 0.92 | 3.42 | 0.95 | 3.45 | 0.44 | 2.94 | 0.15 | 0.63 | 1.32 | 0.45 | 0.10 |
| 0.91 | 3.35 | - | 2.44 | 0.38 | 2.82 | 0.85 | 3.30 | 0.90 | 3.34 | 0.43 | 2.87 | 0.15 | 0.63 | 1.27 | 0.44 | 0.10 |
| 0.86 | 2.23 | - | 2.34 | 0.38 | 2.75 | 0.85 | 3.22 | 0.86 | 3.23 | 0.41 | 2.78 | 0.15 | 0.60 | 1.21 | 0.44 | 0.10 |

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City of Missouri City, Texas
Principal Property Taxpayers
Current and Nine Years Ago

Schedule 7

| Property Taxpayer | 2021 | | | 2012 | | |
|--|-------------------------|------|--------------------------------------|-------------------------|------|--------------------------------------|
| | Taxable Assessed Value | Rank | Percentage of Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Taxable Assessed Value |
| Houston Formulation Evaluation | \$ 41,344,370 | 1 | 0.52% | \$ - | | 0.00% |
| Watermark Retreat at Sienna Plantation LLC | 39,921,030 | 2 | 0.50% | - | | 0.00% |
| Ben E Keith CO | 39,615,290 | 3 | 0.49% | - | | 0.00% |
| Comcast of Houston LLC | 35,696,340 | 4 | 0.45% | - | | |
| Park 8Ninety Phase II LP | 35,297,669 | 5 | 0.44% | - | | 0.00% |
| Centerpoint Energy Electric | 34,610,080 | 6 | 0.43% | 21,301,810 | 4 | 0.50% |
| MDC Coastal 2 LLC | 29,263,850 | 7 | 0.37% | - | | 0.00% |
| Elysian At Sienna Plantation LP | 28,821,700 | 8 | 0.36% | - | | 0.00% |
| Park 8Ninety Phase I LP | 28,581,808 | 9 | 0.36% | - | | 0.00% |
| RS Shopping Center Associatates LLC | 28,198,230 | 10 | 0.35% | - | | 0.00% |
| Inland American Missouri City | | | | | | |
| Riverstone LTD Partnership | - | n/a | 0.00% | 25,399,860 | 1 | 0.60% |
| Kroger Texas LP | - | n/a | 0.00% | 23,829,020 | 2 | 0.56% |
| Centennial Sienna LP | - | n/a | 0.00% | 22,188,740 | 3 | 0.52% |
| Lowe's Home Centers Inc | - | n/a | 0.00% | 16,159,230 | 5 | 0.38% |
| Global Geophysical Services Inc | - | n/a | 0.00% | 14,266,710 | 6 | 0.34% |
| Colony Lakes Center LTD | - | n/a | 0.00% | 14,253,450 | 7 | 0.33% |
| Walmart Real Estate Business Trust | - | n/a | 0.00% | 14,047,620 | 8 | 0.33% |
| Horizon Producing & Operating | - | n/a | 0.00% | 13,653,830 | 9 | 0.32% |
| FWP 14623 LLC | - | n/a | 0.00% | 10,938,780 | 10 | 0.26% |
| Subtotal | 341,350,367 | | 4.26% | 176,039,050 | | 4.14% |
| Other taxpayers | 7,670,343,242 | | 95.74% | 4,079,173,457 | | 95.86% |
| TOTAL | \$ 8,011,693,609 | | 100.00% | \$ 4,255,212,507 | | 100.00% |

Source: Tax assessors/collector's records

City of Missouri City, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| Tax rate | \$ 0.59804 | \$ 0.63000 | \$ 0.63000 | \$ 0.60000 |
| Tax levy | 45,732,035 | 44,361,234 | 41,714,738 | 37,888,472 |
| Current tax collected | 45,206,273 | 43,807,546 | 41,324,042 | 37,557,568 |
| Percentage of current tax collections | 98.85% | 98.75% | 99.06% | 99.13% |
| Delinquent tax collections | <u>-</u> | <u>200,779</u> | <u>203,067</u> | <u>217,570</u> |
| TOTAL TAX COLLECTIONS | <u>\$ 45,206,273</u> | <u>\$ 44,008,325</u> | <u>\$ 41,527,109</u> | <u>\$ 37,775,138</u> |
| TOTAL COLLECTIONS AS A PERCENTAGE OF CURRENT LEVY | 98.9% | 99.2% | 99.6% | 99.7% |

Source: Missouri City Financial Services Department and Fort Bend County Tax Office

Schedule 8

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 0.56010 | \$ 0.54468 | \$ 0.56500 | \$ 0.57375 | \$ 0.54480 | \$ 0.52840 |
| 33,528,392 | 29,738,329 | 27,532,980 | 25,893,166 | 23,434,967 | 22,505,262 |
| 32,880,030 | 29,174,012 | 26,989,826 | 25,401,743 | 22,933,338 | 22,066,951 |
| 98.07% | 98.10% | 98.03% | 98.10% | 97.86% | 98.05% |
| 504,452 | 577,962 | 517,996 | 467,881 | 466,440 | 427,171 |
| <u>\$ 33,384,482</u> | <u>\$ 29,751,974</u> | <u>\$ 27,507,822</u> | <u>\$ 25,869,624</u> | <u>\$ 23,399,778</u> | <u>\$ 22,494,122</u> |
| 99.6% | 100.0% | 99.9% | 99.9% | 99.8% | 100.0% |

City of Missouri City, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year Ended September 30, (2) | Governmental Activities | | | | | |
|---|------------------------------------|-----------------------------------|---|--------------|----------------|----------------------------|
| | General Obligation Bonds (2) | Certificates of Obligation (2) | Increment Contract Revenue Bonds | Tax Notes | Capital Leases | Contractual Obligations |
| 2012 | \$ 66,235,000 | \$ 29,640,486 | \$ 5,365,000 | \$ 1,575,000 | \$ - | \$ 8,412,485 |
| 2013 | 62,985,000 | 28,528,807 | 5,100,000 | 1,325,000 | 153,199 | 8,227,105 |
| 2014 | 63,336,444 | 26,213,205 | 4,825,000 | 1,070,000 | 117,845 | 8,049,610 |
| 2015 | 69,739,211 | 23,417,924 | 4,540,000 | 810,000 | 398,731 | 11,885,000 |
| 2016 | 82,935,875 | 9,042,458 | 4,285,000 | 545,000 | 339,428 | 13,430,000 |
| 2017 | 93,389,423 | 8,031,355 | 3,935,000 | 275,000 | 267,221 | 12,690,000 |
| 2018 | (1) 87,153,927 | 7,091,924 | 3,575,000 | - | 451,648 | 12,285,000 |
| 2019 | 93,816,213 | 7,677,706 | 3,210,000 | - | 307,021 | 11,865,000 |
| 2020 | 91,679,973 | 7,323,011 | 2,840,000 | - | 4,175,555 | 11,425,000 |
| 2021 | 88,554,796 | 9,722,994 | 2,460,000 | - | 3,763,738 | 18,339,780 |

(1) The City's fiscal year end changed from June 30th to September 30th for the fiscal year beginning July 1, 2017 and ending September 30, 2018.

(2) Includes premiums

(3) See the Schedule of Demographic and Economic Statistics (Table 12) for personal income and population data.

| <u>Business-type Activities</u> | | | | |
|---|---|-------------------------------------|-------------------------------------|-------------------|
| <u>General Obligation Bonds (2)</u> | <u>Certificates of Obligation (2)</u> | <u>Total Primary Government</u> | <u>% of Personal Income (3)</u> | <u>Per Capita</u> |
| \$ - | \$ 54,124,513 | \$ 165,352,484 | 6.82% | 2,249 |
| - | 52,601,193 | 158,920,304 | 6.36% | 2,095 |
| - | 51,069,796 | 154,681,900 | 6.31% | 2,019 |
| 579,666 | 56,251,745 | 167,622,277 | 5.86% | 1,938 |
| 48,070,908 | 15,017,542 | 173,666,211 | 6.30% | 2,161 |
| 47,507,329 | 12,833,645 | 178,928,973 | 6.58% | 2,230 |
| 47,022,770 | 10,573,076 | 168,153,345 | 5.65% | 2,092 |
| 44,988,781 | 29,326,864 | 191,191,585 | 6.51% | 2,288 |
| 44,922,094 | 28,138,931 | 190,504,564 | 6.37% | 2,424 |
| 42,268,460 | 36,224,002 | 201,333,770 | 6.27% | 2,507 |

City of Missouri City, Texas
Schedule 10
**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years**

| Fiscal Year Ended September 30, | General Obligation Bonds | Less: Amounts Available in Debt Service Fund | Total | % of Taxable Value of Property at 09/30/2020 (1) | Per Capita |
|--|---|---|---------------|---|-------------------|
| 2012 | \$ 66,235,000 | \$ 6,824,155 | \$ 59,410,845 | 1.40% | 853 |
| 2013 | 62,985,000 | 6,449,049 | 56,535,951 | 1.32% | 796 |
| 2014 | 63,336,444 | 6,108,078 | 57,228,366 | 1.27% | 796 |
| 2015 | 70,318,877 | 5,733,772 | 64,585,105 | 1.33% | 805 |
| 2016 | 131,006,783 | 5,494,812 | 125,511,971 | 2.17% | 1,695 |
| 2017 | 140,896,752 | 5,116,583 | 135,780,169 | 2.17% | 1,695 |
| 2018 (2) | 134,176,697 | 4,095,209 | 130,081,488 | 1.95% | 1,737 |
| 2019 | 138,804,994 | 5,145,297 | 133,659,697 | 1.89% | 1,688 |
| 2020 | 136,602,067 | 5,578,562 | 131,023,505 | 1.72% | 1,631 |
| 2021 | 130,823,256 | 5,558,137 | 125,265,119 | 1.56% | 1,560 |

(1) Fort Bend County and Harris County Appraisal Districts

(2) The City's fiscal year end changed from June 30th to September 30th for the fiscal year beginning July 1, 2017 and ending September 30, 2018.

City of Missouri City, Texas

Direct and Overlapping Governmental Activities Debt September 30, 2020

Schedule 11

| | Tax Supported Debt Outstanding | Estimated Percentage Applicable (1) | Estimated Share of Overlapping Debt |
|---|--------------------------------------|---|--|
| DEBT REPAID WITH PROPERTY TAXES | | | |
| Governmental Unit: | | | |
| Blue Ridge West MUD | \$ 6,455,000 | 100.00% | \$ 6,455,000 |
| First Colony MUD No. 9 | 10,025,000 | 100.00% | 10,025,000 |
| Fort Bend County | 632,206,234 | 8.17% | 51,651,249 |
| Fort Bend County Drainage District | 25,405,000 | 8.17% | 2,075,589 |
| Fort Bend County MUD No. 26 | 31,585,000 | 100.00% | 31,585,000 |
| Fort Bend County MUD No. 42 | 4,060,000 | 97.72% | 3,967,432 |
| Fort Bend County MUD No. 46 | 9,525,000 | 100.00% | 9,525,000 |
| Fort Bend County MUD No. 47 | 13,215,000 | 100.00% | 13,215,000 |
| Fort Bend County MUD No. 48 | 26,880,000 | 100.00% | 26,880,000 |
| Fort Bend County MUD No. 49 | 400,000 | 100.00% | 400,000 |
| Fort Bend County MUD No. 115 | 4,890,000 | 100.00% | 4,890,000 |
| Fort Bend County WC&ID No. 2 | 89,990,000 | 23.06% | 20,751,694 |
| Fort Bend Independent School District | 1,402,803,767 | 15.60% | 218,837,388 |
| Harris County | 1,723,192,125 | 0.06% | 1,033,915 |
| Harris County Department of Education | 20,185,000 | 0.06% | 12,111 |
| Harris County Flood Control District | 590,725,000 | 0.06% | 354,435 |
| Harris County Hospital District | 81,540,000 | 0.06% | 48,924 |
| Harris County MUD No. 122 | 1,060,000 | 100.00% | 1,060,000 |
| Harris County Toll Road | (2) - | 0.06% | - |
| Harris County WC&ID (Fondren Road) | 1,715,000 | 100.00% | 1,715,000 |
| Houston Community College System | 492,485,000 | 2.84% | 13,986,574 |
| Houston Independent School District | 2,558,485,000 | 0.16% | 4,093,576 |
| Missouri City Management District #1 | 4,000,000 | 100.00% | 4,000,000 |
| Palmer Plantation MUD No. 2 | 3,095,000 | 100.00% | 3,095,000 |
| Port of Houston Authority | 492,439,397 | 0.06% | 295,464 |
| Sienna Plantation Levee Improvement District | 151,220,000 | 6.38% | 9,647,836 |
| Sienna Plantation Management District | 54,414,452 | 100.00% | 54,414,452 |
| Sienna Plantation MUD No. 10 | 61,077,523 | 0.10% | 61,078 |
| Sienna Plantation MUD No. 12 | 66,980,428 | 3.52% | 2,357,711 |
| Southwest Harris County MUD No. 1 | 1,140,000 | 100.00% | 1,140,000 |
| Subtotal, overlapping debt | \$ 8,561,193,924 | | \$ 497,574,428 |
| CITY DIRECT DEBT | | | <u>122,841,308 (3)</u> |
| TOTAL DIRECT AND OVERLAPPING DEBT | | | <u>\$ 620,415,736</u> |
| POPULATION | | | 80,311 (4) |
| PER CAPITA DEBT-DIRECT AND OVERLAPPING | | | <u>\$ 7,725.17</u> |

Source: HilltopSecurities

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City's boundaries and dividing it by the overlapping government's total taxable assessed value.

(2) Harris County Toll Road debt is supported by toll revenue. No tax is levied to pay debt service.

(3) Includes leases, contractual obligations, tax supported debt, and premiums on bonds in the governmental activities.

(4) Fort Bend Economic Development Council Quick Stats and Facts.

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

Schedule 12

| Fiscal Year Ended September 30, (5) | Population | Personal Income (4) | Per Capita Personal Income (1) | Median Age (1) | School Enrollment (2) | School Enrollment (3) |
|--|-------------------|--------------------------------|---|---------------------------|----------------------------------|----------------------------------|
| 2021 | 80,311 | \$ 3,212,196,633 | \$ 39,997 | 38 | 80,311 | 5.9% |
| 2020 | 78,587 | 2,991,874,975 | 38,071 | 42 | 76,394 | 9.6% |
| 2019 | 78,587 | 2,935,237,810 | 37,350 | 39 | 77,669 | 3.6% |
| 2018 | 74,497 | 2,974,975,630 | 39,934 | 39 | 75,898 | 4.1% |
| 2017 | 74,561 | 2,720,432,646 | 36,486 | 39 | 75,395 | 5.4% |
| 2016 | 74,139 | 2,758,119,078 | 37,202 | 39 | 74,266 | 5.4% |
| 2015 | 80,379 | 2,860,206,336 | 35,584 | 38 | 73,269 | 4.4% |
| 2014 | 72,625 | 2,451,093,750 | 33,750 | 38 | 72,625 | 5.4% |
| 2013 | 71,935 | 2,498,806,095 | 34,737 | 39 | 69,570 | 7.8% |
| 2012 | 69,774 | 2,426,251,302 | 34,773 | 38 | 69,343 | 6.7% |

(1) Fort Bend Economic Development Council Quick Stats and Facts.

(2) Fort Bend Independent School District.

(3) Texas Workforce Commission, for Fort Bend County Labor Force.

(4) Personal income information is a total for the year.

(5) Prior to 2018, fiscal year-end was June 30

City of Missouri City, Texas
Principal Employers
Current Year and Nine Years Ago

Schedule 13

| Employer | 2021 | | | 2012 | | |
|-----------------------------|--------------|------|-------------------------------------|--------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Fort Bend ISD | 988 | 1 | 1.21% | 947 | 1 | 1.96% |
| Twin Star Bakery | 675 | 2 | 0.83% | - | n/a | 0.00% |
| Wal-Mart Stores, LLP | 663 | 3 | 0.81% | 600 | 2 | 1.24% |
| Amazon | 500 | 4 | 0.61% | - | n/a | 0.00% |
| Ben E. Keith | 437 | 5 | 0.54% | - | n/a | 0.00% |
| City of Missouri City | 399 | 6 | 0.49% | 318 | 3 | 0.66% |
| Comcast | 300 | 7 | 0.37% | - | n/a | 0.00% |
| HEB | 265 | 8 | 0.33% | 200 | 5 | 0.41% |
| Super Target | 255 | 9 | 0.31% | 180 | 6 | 0.37% |
| Niagara Bottling | 186 | 10 | 0.23% | - | n/a | 0.00% |
| Kroger | - | n/a | 0.00% | 126 | 9 | 0.26% |
| Home Depot | - | n/a | 0.00% | 152 | 7 | 0.32% |
| EIM Company | - | n/a | 0.00% | 146 | 8 | 0.30% |
| Lowe's | - | n/a | 0.00% | 126 | 9 | 0.26% |
| Global Geophysical Services | - | n/a | 0.00% | 220 | 4 | 0.46% |
| TOTAL | 4,668 | | 5.73% | 3,015 | | 6.24% |

Source: Missouri City Economic Development

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City of Missouri City, Texas
Schedule 14
**Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years**

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| FUNCTION | | | | | | | | | | |
| General government | 15 | 47 | 46 | 44 | 42 | 39 | 37 | 36 | 40 | 40 |
| Financial services | 17 | 17 | 17 | 17 | 16 | 17 | 17 | 16 | 16 | 16 |
| Public safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Officers | 103 | 105 | 102 | 102 | 101 | 100 | 97 | 97 | 94 | 94 |
| Civilians | 43 | 44 | 47 | 47 | 44 | 37 | 36 | 35 | 27 | 27 |
| Fire | | | | | | | | | | |
| Firefighters | 75 | 75 | 77 | 77 | 77 | 77 | 77 | 77 | 64 | 64 |
| Civilians | 3 | 3 | 1 | 2 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public works | | | | | | | | | | |
| Streets and sanitation | 14 | 14 | 14 | 14 | 13 | 13 | 13 | 13 | 13 | 13 |
| Administration and | | | | | | | | | | |
| maintenance | 28 | 28 | 27 | 27 | 24 | 25 | 25 | 24 | 26 | 25 |
| Parks and recreation | 20 | 20 | 19 | 19 | 18 | 18 | 18 | 18 | 17 | 15 |
| Development services | 21 | 20 | 20 | 20 | 18 | 17 | 17 | 18 | 23 | 23 |
| Innovation and technology | 11 | - | - | - | - | - | - | - | - | - |
| Human Resources | | | | | | | | | | |
| and Org. Development | 5 | - | - | - | - | - | - | - | - | - |
| Municipal Court | 7 | - | - | - | - | - | - | - | - | - |
| Communications | 11 | - | - | - | - | - | - | - | - | - |
| Economic Development | 3 | - | - | - | - | - | - | - | - | - |
| Special Revenue Funds | 4 | - | - | - | - | - | - | - | - | - |
| TOTAL CITY POSITIONS | <u>380</u> | <u>373</u> | <u>370</u> | <u>369</u> | <u>354</u> | <u>344</u> | <u>338</u> | <u>335</u> | <u>321</u> | <u>318</u> |

Source: Missouri City Financial Services Department

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

| | 2021 | 2020 | 2019 | 2018 |
|--|----------|-----------|----------|----------|
| FUNCTION/PROGRAM | | | | |
| Police | | | | |
| Number of stations | 2 | 2 | 2 | 2 |
| Arrests | 985 | 1,003 | 1,702 | 2,339 |
| Accidents investigated | 898 | 772 | 1,010 | 1,712 |
| Citations | 3,138 | 2,891 | 3,825 | 24,192 |
| Alarm response calls | 4,121 | 4,528 | 5,548 | 4,633 |
| Calls for service | 73,305 | 104,403 | 100,241 | 92,951 |
| Fire | | | | |
| Number of stations | 5 | 5 | 5 | 5 |
| Emergency responses | 8,027 | 6,842 | 6,960 | 6,736 |
| Fire incidents | 196 | 170 | 162 | 206 |
| EMS First Responder incidents | 5,019 | 4,418 | 4,471 | 4,218 |
| Average response time | 6:15 min | 10:04 min | 6:01 min | 6:14 min |
| Public Works | | | | |
| Lane miles of streets maintained | 724 | 708 | 698 | 637 |
| Flexible payment repairs | 5 | 2 | 2 | - |
| Rigid pavement repairs | 184 | 150 | 119 | 160 |
| Wastewater treatment (million gallons) | 1,275 | 1,164 | 921 | 1,177 |
| Fleet operations | | | | |
| Vehicle maintained | 227 | 208 | 208 | 204 |
| Equipment maintained | 375 | 370 | 369 | 361 |
| Vehicle preventive maintenance | 1,110 | 1,075 | 1,040 | 718 |
| Vehicle repairs | 3,107 | 3,000 | 2,809 | 2,694 |
| Parks and recreation | | | | |
| Number of parks | 40 | 38 | 38 | 37 |
| Acres | 1,193 | 1,188 | 1,188 | 1,071 |
| Park pavillion reservations | 391 | 135 | 417 | 554 |
| Athletic field reservations | 264 | 306 | 174 | 163 |
| Community center reservations | 83 | 29 | 168 | 167 |
| Multi-purpose room | 93 | 14 | 144 | 165 |
| Planning | | | | |
| Permits issued | 4,678 | 3,925 | 4,574 | 6,461 |
| Inspections performed | 24,688 | 22,940 | 20,912 | 13,385 |
| Commercial plans reviewed | 1,954 | 1,814 | 1,993 | 1,392 |
| Residential plans reviewed | 1,518 | 1,276 | 1,130 | 707 |

Source: Various City departments

Schedule 15

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|----------|----------|----------|----------|----------|----------|
| 2 | 2 | 2 | 2 | 2 | 2 |
| 1,376 | 1,739 | 1,840 | 1,499 | 1,903 | 1,794 |
| 1,446 | 1,766 | 1,132 | 998 | 1,071 | 778 |
| 4,385 | 6,221 | 11,328 | 8,238 | 12,385 | 12,591 |
| 4,347 | 5,601 | 6,419 | 5,325 | 5,295 | 5,273 |
| 87,605 | 113,050 | 115,628 | 104,504 | 66,332 | 26,133 |
| 5 | 5 | 4 | 4 | 4 | 4 |
| 6,035 | 5,920 | 5,651 | 5,331 | 5,262 | 4,620 |
| 207 | 205 | 161 | 215 | 201 | 216 |
| 3,814 | 3,667 | 3,380 | 3,108 | 3,008 | 2,607 |
| 6:34 min | 6:49 min | 6:44 min | 6:51 min | 6:43 min | 6:32 min |
| 637 | 637 | 637 | 637 | 637 | 637 |
| - | - | - | 2 | 5 | 11 |
| 227 | 150 | 162 | 143 | 155 | 51 |
| 926 | 922 | 890 | 821 | 750 | 762 |
| 194 | 165 | 162 | 162 | 159 | 144 |
| 334 | 305 | 306 | 306 | 306 | 336 |
| 374 | 640 | 575 | 768 | 800 | 733 |
| 1,635 | 2,422 | 2,375 | 2,832 | 2,650 | 2,751 |
| 36 | 35 | 35 | 35 | 35 | 35 |
| 1,061 | 1,225 | 1,057 | 1,095 | 1,095 | 1,095 |
| 479 | 502 | 500 | 397 | 362 | 1,013 |
| 140 | 186 | 181 | 176 | 1,081 | 2,197 |
| 137 | 93 | 96 | 177 | 558 | 289 |
| 132 | 141 | - | - | - | - |
| 6,322 | 6,919 | 6,975 | 5,089 | 2,544 | 3,256 |
| 17,167 | 12,780 | 18,500 | 15,545 | 14,220 | 11,991 |
| 1,250 | 552 | 450 | 446 | 337 | 288 |
| 594 | 584 | 550 | 622 | 515 | 302 |

City of Missouri City, Texas
Capital Asset Statistics by Function
Last Ten Fiscal Years

| | 2021 | 2020 | 2019 | 2018 |
|---|-------|-------|-------|-------|
| FUNCTION/PROGRAM | | | | |
| Public safety | | | | |
| Police | | | | |
| Stations | 2 | 2 | 2 | 2 |
| Patrol units | 55 | 60 | 56 | 56 |
| Fire | | | | |
| Number of stations | 5 | 5 | 5 | 5 |
| Public works | | | | |
| Streets (miles) | 618 | 602 | 602 | 637 |
| Parks and recreation | | | | |
| Parks acreage | 1,193 | 1,188 | 1,188 | 1,071 |
| Parks | 40 | 38 | 38 | 37 |
| Water and sewer | | | | |
| Water mains (miles)* | 47 | 47 | 38 | 38 |
| Fire hydrants* | 266 | 266 | 266 | 228 |
| Maximum water storage capacity (millions of gallons) | 4.326 | 4.326 | 4.326 | 4.326 |
| Sanitary sewers (miles)* | 58.75 | 58.75 | 22 | 21 |
| Storm sewers (miles)* | 60 | 60 | 87 | 60 |
| Maximum daily sewer treatment capacity (millions of gallons) | 3.950 | 3.950 | 3.950 | 3.950 |

Source: Various City departments

Note: No capital asset indicators are available for the general government function

* Due to the nature of the City being serviced by various Municipal Utility districts who provide these services directly to our citizens, the City owns very few water mains, fire hydrants, sanitary sewers or storm sewers at this time.

Schedule 16

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|-------|-------|-------|-------|-------|-------|
| 2 | 2 | 2 | 2 | 2 | 2 |
| 87 | 44 | 44 | 42 | 44 | 46 |
| 5 | 5 | 4 | 4 | 4 | 4 |
| 603 | 637 | 637 | 637 | 664 | 641 |
| 1,225 | 1,225 | 1,095 | 1,095 | 1,095 | 1,095 |
| 35 | 35 | 35 | 35 | 35 | 35 |
| 38 | 38 | 32 | 31 | 48 | 45 |
| 266 | 266 | 255 | 245 | 433 | 417 |
| 4.326 | 4.326 | 4.326 | 4.326 | 2.826 | 2.826 |
| 22 | 22 | 22 | 21 | 28 | 26 |
| 87 | 87 | 9 | 9 | 30 | 30 |
| 3.950 | 3.950 | 3.950 | 3.950 | 3.950 | 3.950 |