

City of Missouri City, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2019



City of Missouri City, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2019

Officials Issuing Report:

Bill Atkinson
Interim City Manager

Allena Portis
Director of Financial Services

City of Missouri City, Texas
Annual Financial Report
For the Fiscal Year Ended September 30, 2019
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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 30, 2020

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 Comprehensive Annual 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, 2019. 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, and that 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, 2019, 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, 2019, are fairly presented in conformity with GAAP. The independent auditors' 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 Greater Fort Bend County Economic Development Council's Annual Report, the City of Missouri City's population is estimated at 78,587 and is expected to grow to 80,625 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 two year terms with the Mayor and two at-large positions term ending in even years, and the district positions terms ending in odd years. 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 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
- 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 2019 population of 78,587 and a 2019 (tax year) taxable assessed valuation of \$6,695,472,524.

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 389,872 at September 30, 2019, an increase of 2.13% from the prior year.

The region continued to maintain strong employment statistics over the last year. The unemployment rate for Missouri City as of September 30, 2019 was 3.6%. The U.S. and Texas unemployment rates for September 30, 2019 were 3.5% and 3.4% respectively. The average household income for 2018 was \$115,288 and is expected to increase to \$126,530 by 2023.

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

Fiscal Year	Commercial	Residential
2019	1,993	1,130
2018 *	1,392	707
2017	1,250	594
2016	552	584
2015	450	550

**15 month fiscal year*

The total number of building permits issued in FY 2019 was 4,574.

Property assessed valuations increased again with the 2018 tax year (FY 2019), an increase of 4.1% in Missouri City over the prior year. The City continued with assessed valuation increases in the 2019 tax year (FY 2020) of 5.78%.

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. During FY 2019, the City completed six economic development projects:

- 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 new speculative warehouse and distribution
- Warren Alloy - Second expansion 200,000 SF manufacturing distribution space

These projects are harbingers of things to come. At present there is more than 3,000,000 square feet 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, housing activity is taking place across all parts of 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 2019, the City increased its General Fund Reserves to 36%, 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 planned absorption of an additional three months of operational costs as the City changed its fiscal year from a June 30 to September 30 year-end. Maintaining a sufficient fund balance allows the city to 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 2019, the City collaborated with PFM Consulting Services to develop a 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 and 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.

One specific policy that is very important, is the fund balance policy. In December 2019, the Council approved a revised fund balance policy that ensures that, when available, funds are placed in an emergency reserve fund and operating contingency reserve fund.

The emergency reserve fund will help mitigate the effects of unanticipated situations such as natural disasters and severe, unforeseen events. Funds will be available to address one-time emergencies and unanticipated expenditure requirements. The emergency reserve will be accessed only when emergency expenditures or an unexpected revenue reduction would result in a negative General Fund ending fund balance. The target emergency reserve is 2.5% of operating expenditures or \$1.5 million, whichever is higher.

The Operating Contingency Reserve will be used to fund one-time urgent or unforeseen expenditures, which are outside the range of the usual operating budget. The target operating contingency reserve is 2.5% of operating expenditures or \$1.5 million, whichever is higher.

MAJOR INITIATIVES

In FY 2019, the City focused on several major initiatives in public safety, water and wastewater services, and city-wide energy efficiency. A sampling of projects are listed below:

Energy Retrofit Project

This project includes the upgrade of interior and exterior lighting through retrofitting and addition of upgraded switching mechanism in city owned facilities. Also included in this project is the upgrade of LED streetlights throughout the City in partnership with CenterPoint Energy which will reduce and conserve energy usage citywide. The anticipated savings is \$3 million over a 20 year period with a net cash flow of \$1.7 million after implementation costs.

Fire Station #6

This project includes the design and construction of a sixth fire station to serve the Lake Olympia area near 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 maintain the highest possible rating of ISO 1.

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.

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 0.96 to 1.6 MGD. The design was initiated in FY 2019. The expanded plant is scheduled to be commissioned by Spring 2021.

STRATEGIC PLAN

During FY 2019, the City began 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.

The priorities of the City Council during FY 2019 and a sample of related accomplishments were as follows:

Economic Development and Redevelopment

- Began implementation of the Economic Development Plan
- Partnered with Fort Bend County for redevelopment of Missouri City Gym
- Facilitated planning and development of 3,000,000 square feet of commercial space in and around US 90A and Beltway 8
- Worked with property owners in an ongoing effort to support the continued development of Texas Parkway properties
- Made progress toward extending TIRZ 1 to leverage partnerships with the Grand Park Center on Texas Parkway, Missouri City Gym, and Missouri City Parks Maintenance Facility
- Made progress toward extending TIRZ 2 to facilitate development for the Town Center and Fort Bend Tollway development area
- Leveraged & coordinated relations to promote economic development within the City

Infrastructure

- Completed the \$2 million plus sidewalk rehabilitation project
- Completed major park and facility improvements, including park enhancements at Gammill Park, playground replacement at Roane Park and the opening of the City's first Skate park at Community Park
- Completion of the National Golf Foundation's review of the Quail Valley Golf Course
- Completed roadway reconstruction of Adams Street and Ashmont Drive

Fire Department

- Assembled the Missouri City Fire and Rescue Services apparatus committee to initiate the purchase and design of a new fire engine and ladder truck. The apparatus is planned to be delivered at the end of 2019
- Began design phase of Fire Station #6
- New roof installations were completed at Fire Station #4 and Public Safety Head Quarters

Employees

- Implemented a wellness program in partnership with Blue Cross/Blue Shield
- Implemented employee recognition software, Kaboom
- Processed more than 7,000 applications for employment, including administering testing for police, fire, telecommunications (911 operators), etc. to fill more than 30 vacancies in the City
- Conducted employee satisfaction survey

Beautification

Began design phase of projects for Texas Parkway and Cartwright Road Corridors, let by TxDOT including the following:

- Median Landscaping
- Monument/Reader signs
- Entry into the City Hall Complex

Partnerships

- Worked with the Parks Foundation to raise and leverage approximately \$1M to move forward with the Veterans Memorial project
- Partnered with the Texas Department of Public Safety in Operation Texas Thunder to stop and inspect as many commercial motor vehicles as possible to make the roads safer
- Partnered with Union Pacific several times to monitor and identify motor vehicle violations at railroad crossings in the city
- Staff collaborated with WCA to facilitate Barker Street neighborhood cleanup. Successfully solicited donations of paint, cleaning supplies and minor tools from area businesses to be utilized in neighborhood clean-ups and distributed to citizens in need
- Coordinated railroad crossing repair with Union Pacific for panel replacement at Gessner Rd. crossing
- Partnered with TxDOT for various projects including a beautification project and Texas Parkway turn-around
- Partnered with Fort Bend County and TIRZ No. 1 on various projects including the Parks Maintenance Facility Project, Missouri City Gym, and Façade Improvements within the TIRZ boundary
- Partnered with Fort Bend County to renovate Fire Station #1 with EMS

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, 2019 by online organization Chamber of Commerce; ranked no. 5 among safest municipalities with a population of 50,000 or more by the Home Security Advisor; and was one of only two 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. 30 in a list of 136 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 comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the 37th 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 2019. 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 31st consecutive year that the City has received this award.

Acknowledgements

The preparation of the CAFR was made possible by the dedicated service of the Financial Services Department's Accounting & Treasury Divisions. I want to express my appreciation to them 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.

We would like to thank the Mayor, Members of the City Council, and Department Heads for their participation 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,



**Bill Atkinson
Interim City Manager**



**Allena J. Portis, CPA, MPA, CPFIM
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 Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

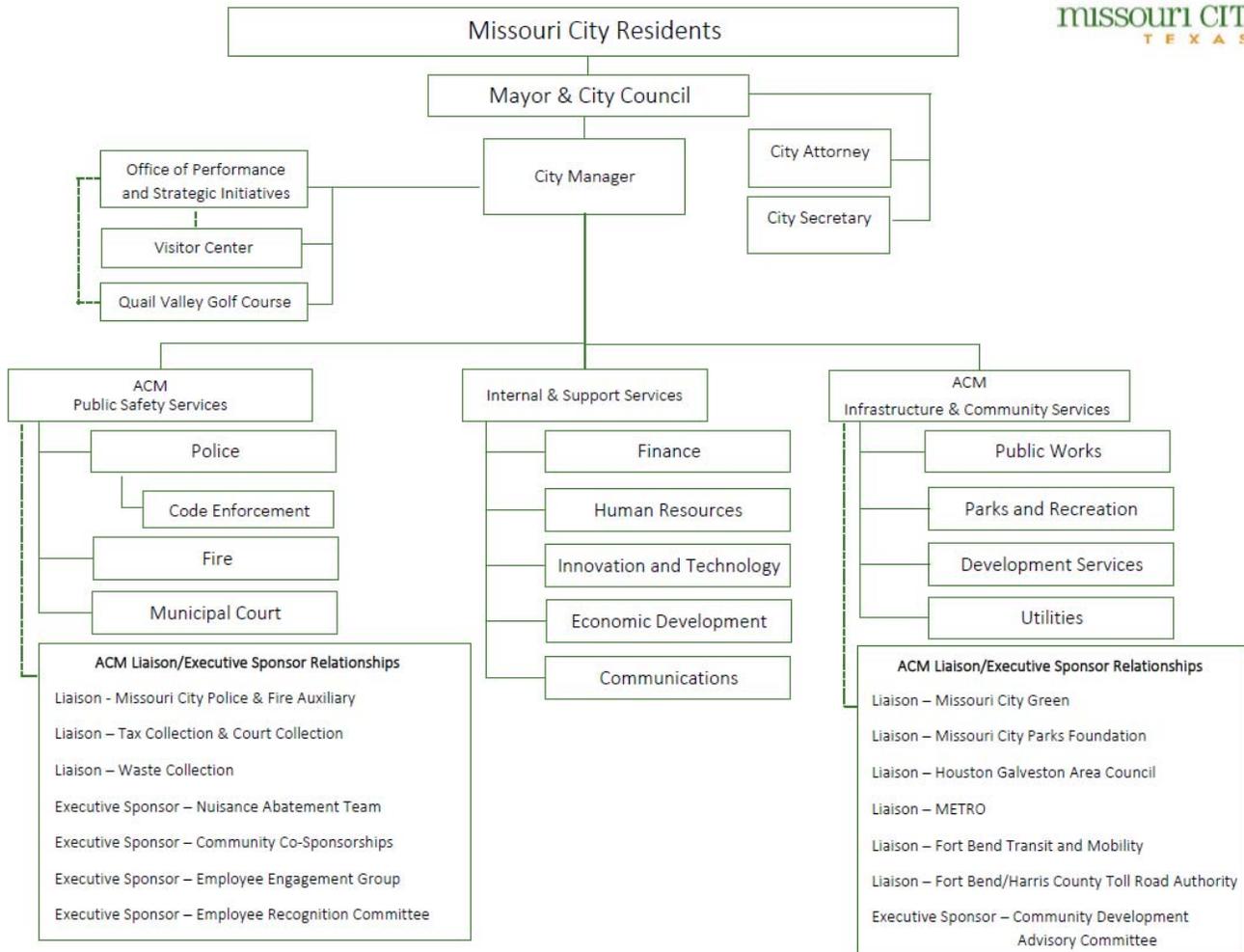
Christopher P. Morrill

Executive Director/CEO

City of Missouri City, Texas

Organizational Chart

September 30, 2019



City of Missouri City, Texas
Principal Officials
September 30, 2019

City Council Members



Front Left to Right: **Vashaundra Edwards** - Council at Large, Position 1, **Yolanda Ford**, Mayor, **Floyd Emery**, Council District D. Back Left to Right: **Chris Preston**, Mayor Pro Tem - Council at Large, Position 2, **Reginald Pearson**, Council District A, **Anthony Maroulis**, Council District C, **Jeffrey Boney**, Council District B.

City of Missouri City, Texas
Principal Officials
September 30, 2019

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

Executive Managers	Position
Glen Martel	Assistant City Manager
Allena Portis	Director of Financial Services
Michael Berezin	Police Chief
Eugene Campbell	Fire Chief
Shashi Kumar	Director of Public Works
Jason Mangum	Director of Parks & Recreation
Otis Spriggs	Director of Development Services
Martin Russell	Director of Human Resources/Organizational Development
Stacie Walker	Director of Communications
Sedrick Cole	Director of Technology and Innovation
Joseph Esch	Director of Economic Development
Brittany Rychlik	Director of Court Services

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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, 2019, 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, 2019, 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 28, 2020 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 28, 2020

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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 year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 2-10 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 \$176.9 million (net position). Of this amount, \$35.3 million is restricted for special purposes and (\$13.9) million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$8.3 million as a result of operations.
- The City of Missouri City's total expenses were \$92.0 million. Program revenues of \$35.7 million reduced the net cost of the City's functions to be financed from the City's general revenues to \$56.3 million.
- The City of Missouri City's total debt increased by \$23.7 million, or 14%, during the current year.

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual 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 20 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, and the capital projects 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. These are the Water and Wastewater Utility Fund, the Surface Water Utility Fund, the Golf Course 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 \$48.6 million. During FY 2019, budget amendments were approved by City Council resulting in a final operating budget of \$50.1 million. This budget amendments were primarily due to expenditures related to a MUD consolidation study; intergovernmental contracts with related revenue for traffic control in Sienna Plantation and renovation of Fire Station 1; expenditures of donations received; payment of sales tax rebates; and rollover of FY 2018 encumbrances.

The final General Fund operating budget of \$50.1 million, was a 15% decrease from the previous year due to the change in fiscal year which resulted in a 15 month fiscal year in FY 2018. The adopted property tax rate allocated 46 cents for maintenance and operations (M&O) and 17 cents for capital projects (Interest & Sinking). Given the recent economic conditions and their 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.

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 can be found on pages 92-100 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 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 on pages 81 - 87 of this report.

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 \$169 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 (20%) that are subject to specific external uses (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	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 77,030,189	\$ 60,860,174	\$ 47,588,859	\$ 31,129,788	\$ 124,619,048	\$ 91,989,962
Capital assets	197,666,479	200,985,531	90,731,305	85,713,128	288,397,784	286,698,659
Total assets	274,696,668	261,845,705	138,320,164	116,842,916	413,016,832	378,688,621
Total deferred outflows of resources	11,381,715	6,422,937	1,032,636	1,086,986	12,414,351	7,509,923
Other liabilities	6,243,807	9,765,558	4,210,267	2,808,125	10,454,074	12,573,683
Long-term liabilities outstanding	162,234,178	144,678,192	74,315,645	57,595,846	236,549,823	202,274,038
Total liabilities	168,477,985	154,443,750	78,525,912	60,403,971	247,003,897	214,847,721
Total deferred inflows of resources	1,543,868	2,814,589	-	-	1,543,868	2,814,589
Net position:						
Net investment in capital assets	121,328,474	118,436,911	34,192,723	35,154,398	155,521,197	153,591,309
Restricted	34,693,978	7,626,379	604,724	-	35,298,702	7,626,379
Unrestricted	(39,965,922)	(15,052,987)	26,029,441	22,371,533	(13,936,481)	7,318,546
Total net position	\$ 116,056,530	\$ 111,010,303	\$ 60,826,888	\$ 57,525,931	\$ 176,883,418	\$ 168,536,234

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	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 10,494,532	\$ 12,416,496	\$ 21,403,972	\$ 27,239,250	\$ 31,898,504	\$ 39,655,746
Operating grants and contributions	3,337,887	5,306,914	-	-	3,337,887	5,306,914
Capital grants and contributions	-	64,550	497,261	-	497,261	64,550
General revenues:						
Property taxes	45,306,222	41,915,313	-	-	45,306,222	41,915,313
Sales taxes	9,546,249	11,944,882	-	-	9,546,249	11,944,882
Franchise taxes	6,176,854	6,948,121	-	-	6,176,854	6,948,121
Hotel occupancy taxes	242,901	270,487	-	-	242,901	270,487
Investment earnings	1,896,654	1,120,334	1,167,078	503,153	3,063,732	1,623,487
Other revenues	400,364	1,200,103	(173,361)	129,107	227,003	1,329,210
Gain on sale of capital assets	97,106	180,217	-	-	97,106	180,217
Total revenues	77,498,769	81,367,417	22,894,950	27,871,510	100,393,719	109,238,927
Expenses:						
General government	15,529,208	14,685,034	-	-	15,529,208	14,685,034
Financial services	2,348,268	2,412,310	-	-	2,348,268	2,412,310
Police	16,255,830	19,181,580	-	-	16,255,830	19,181,580
Fire	10,838,755	11,895,168	-	-	10,838,755	11,895,168
Public works	14,791,746	18,407,432	-	-	14,791,746	18,407,432
Parks and recreation	4,907,496	5,734,819	-	-	4,907,496	5,734,819
Planning	4,177,093	4,605,253	-	-	4,177,093	4,605,253
Interest on long-term debt	4,112,146	5,114,943	-	-	4,112,146	5,114,943
Water and wastewater utilities	-	-	4,391,640	5,656,670	4,391,640	5,656,670
Surface water treatment	-	-	7,208,175	8,707,936	7,208,175	8,707,936
Solid waste collections	-	-	3,598,926	4,541,814	3,598,926	4,541,814
Golf course	-	-	3,887,252	5,004,014	3,887,252	5,004,014
Total expenses	72,960,542	82,036,539	19,085,993	23,910,434	92,046,535	105,946,973
Increase (decrease) in net position before transfers	4,538,227	(669,122)	3,808,957	3,961,076	8,347,184	3,291,954
Transfers	508,000	640,811	(508,000)	(640,811)	-	-
Change in net position	5,046,227	(28,311)	3,300,957	3,320,265	8,347,184	3,291,954
Net position - beginning	111,010,303	115,872,182	57,525,931	54,205,666	168,536,234	170,077,848
Prior period adjustments	-	(4,833,568)	-	-	-	(4,833,568)
Net position - beginning, as restated	111,010,303	111,038,614	57,525,931	54,205,666	168,536,234	165,244,280
Net position - ending	\$ 116,056,530	\$ 111,010,303	\$ 60,826,888	\$ 57,525,931	\$ 176,883,418	\$ 168,536,234

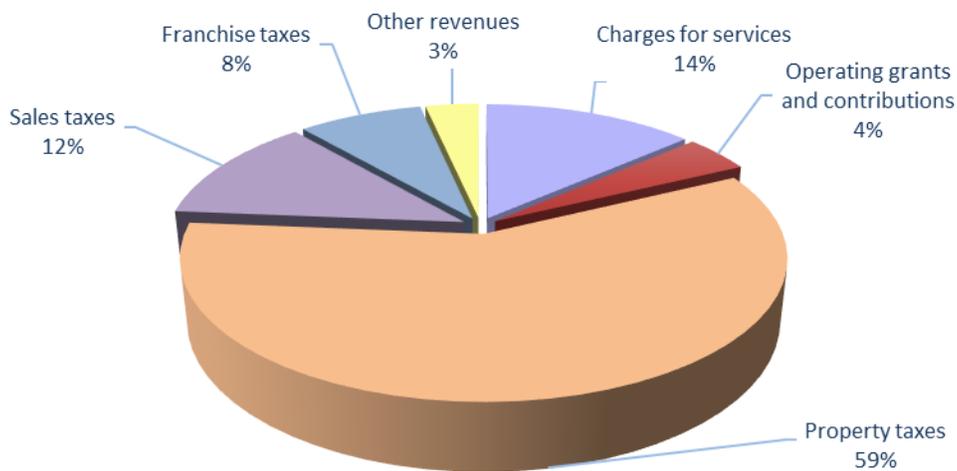
The government's total net position increased by \$8.3 million as a result of operations during the current fiscal year. Property taxes were 45% of total revenue, Charges for services were 32%, sales taxes were 10% and franchise taxes were 6%. The remaining revenue totaled 7% of total revenue. On the expense side, general government was 17%, public works was 16% of the total, while police and fire were 18% and 12%, respectively. Water and wastewater, surface water, solid waste collection and golf expenses were 21% of total expenses. The remaining expenses totaled 17% of total expenses.

GOVERNMENTAL ACTIVITIES

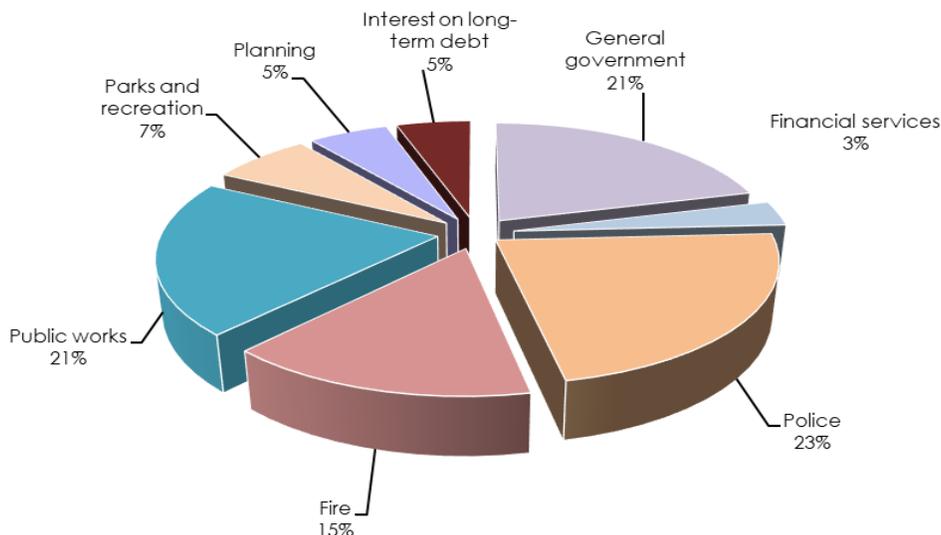
- Total governmental activities revenues exceeded total expenditures by \$4.5 million. Transfers in of \$508 thousand from enterprise funds made the net increase in governmental activities net position of 5.0 million.
- Revenues in the governmental activities decreased in total by \$3.9 million. In FY 2018, the City made a fiscal year-end change from June 30 to September 30. Because of this, three additional months of revenues and expenses were included in the last fiscal year.
- Total governmental activities expenses decreased by \$9.1 million. The decrease, as mentioned above, is related to the additional months included in the previous fiscal year-end.

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 (Golf Course).

- The Business-type Net Position increased by \$3.3 million during the current fiscal year primarily due to the decrease in Contractual Service expenditures and increase in investment earnings and capital contributions.
- Business-type revenues and expenses decreased by \$5 million and \$4.8 million respectively primarily due to the additional months related to the prior fiscal year-end change. The change in net position due to operations was \$3.3 million consistent to the \$3.3 million in the prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The City's governmental funds reflect a combined fund balance of \$69.7 million at the end of the twelve month period. Of this amount, \$52.8 million is restricted for specific purposes, \$3 million is committed for specific purposes and \$13.7 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 \$16.9 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 36.7% of total general fund expenditures at the end of the twelve months ended September 30, 2018. The fund balance of the City's General Fund increased \$5.9 during the current twelve months ended September 30, 2019. Total general fund revenues and expenditures decreased by \$3.1 million and \$12 million respectively. The primary factor in the decrease is related to the additional months reported in FY 2018.

The Debt Service Fund has a total fund balance of \$6.1 million, all of which is restricted for the payment of debt service. Total revenues exceeded total expenditures (excluding other financing sources and transfers) by \$1.3 million.

The Capital Projects Fund has a total fund balance of \$27.6 million, which is a increase of \$10.2 million from the prior year. This increase can be attributed primarily to the issuance of debt for capital projects.

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 \$34.6 million and \$26.4 million, respectively. The Solid Waste Collections Fund had a net position of approximately \$199 thousand. 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, 2019, amounts to \$288 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	
	2019	2018	2019	2018	2019	2018
Land and right of way	\$ 14,508,228	\$ 14,508,228	\$ 4,760,826	\$ 4,760,826	\$ 19,269,054	\$ 19,269,054
Constructions in progress	268,403	6,830,027	6,791,108	1,658,966	7,059,511	8,488,993
Buildings and improvements	33,341,286	34,271,308	2,362,943	2,441,889	35,704,229	36,713,197
Improvement other than buildings	18,338,789	19,005,029	59,487	76,765	18,398,276	19,081,794
Infrastructure	123,687,314	117,917,868	76,335,008	76,224,253	200,022,322	194,142,121
Machinery and equipment	7,522,459	8,453,071	421,933	550,519	7,944,392	9,003,590
Totals	\$ 197,666,479	\$ 200,985,531	\$ 90,731,305	\$ 85,713,218	\$ 288,397,784	\$ 286,698,749

Construction in progress for the governmental funds (\$268 thousand) at year-end represents three ongoing projects. These projects are Lower Oyster Creek, Road and Drainage projects and Fire Station No. 6.

The construction in progress balance for the enterprise funds (\$6.8 million) consists primarily of projects for Mustang Bayou Wastewater & Surface Water Treatment Plant.

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 \$193 million. Of this amount, \$124 million is general obligation debt, Certificates of Obligation is \$35 million, Increment Revenue bonds is \$3.2 million, Contractual Obligations of \$11.9 million and Capital Leases of \$307 thousand. Business-type activities debt is comprised of \$38.9 million in general obligation debt and \$27.4 million in Certificates of Obligation.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
	General obligation bonds	\$ 85,410,194	\$ 79,373,116	\$ 38,889,806	\$ 40,316,884	\$ 124,300,000
Certificates of obligation	7,610,000	7,091,924	27,445,000	10,573,076	35,055,000	17,665,000
Increment revenue bonds	3,210,000	3,575,000	-	-	3,210,000	3,575,000
Issuance premiums	8,473,725	7,780,811	7,980,839	6,705,886	16,454,564	14,486,697
Capital leases	307,021	451,648	-	-	307,021	451,648
Contractual obligations	11,865,000	12,285,000	-	-	11,865,000	12,285,000
Compensated absences	1,768,443	1,148,289	-	-	1,768,443	1,148,289
Total	\$ 118,644,383	\$ 111,705,788	\$ 74,315,645	\$ 57,595,846	\$ 192,960,028	\$ 169,301,634

The City's total debt increased by \$23.7million (14%) from the prior fiscal year. Key factor in this increase was the issuance of debt primarily for the expansion of the surface water treatment plant in the current fiscal year.

All general obligation debt and certificates of obligation are scheduled to be retired by 2038.

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, 2019 was 3.6%. The U.S. and Texas unemployment rates for September 30, 2019 were 3.5% and 3.4% respectively.

The City is expected to increase its population base over the next 6 years from 78,587 in 2019 to 80,625 in 2025 which is a 2.6% increase. Fort Bend County's population was 787,858 in 2019, and it is expected to grow to 821,169 by 2025, which is a 4.2% increase.

In the upcoming fiscal year of 2020, the City is expecting to maintain a fund balance of 32.5%, of expected expenditures, which is above the City's fund balance policy parameters of 20%-30% of annual expenditures. The total General Fund budget for FY20 is \$54.6 million, with the majority of the spending being for police and fire services totaling \$23.8 million, or 43.6% of the total budget.

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, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 25,403,008	\$ 12,978,553	\$ 38,381,561
Restricted cash - customer deposits	-	203,423	203,423
Investments	43,060,474	29,127,406	72,187,880
Receivables, net of allowances	8,108,294	5,424,082	13,532,376
Internal balances	265,893	(265,893)	-
Inventory	187,875	121,288	309,163
Prepays	4,645	-	4,645
Capital assets:			
Nondepreciable capital assets	14,776,631	11,551,934	26,328,565
Depreciable capital assets, net	182,889,848	79,179,371	262,069,219
Total assets	274,696,668	138,320,164	413,016,832
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	2,586,684	1,032,636	3,619,320
Deferred outflows - pension	8,184,054	-	8,184,054
Deferred outflows - other postemployment benefits	610,977	-	610,977
Total deferred outflows of resources	11,381,715	1,032,636	12,414,351
LIABILITIES			
Accounts payable and current liabilities	4,914,180	3,102,466	8,016,646
Accrued interest payable	1,328,438	861,379	2,189,817
Unearned revenue	1,189	246,422	247,611
Noncurrent liabilities:			
Due within one year	9,429,564	3,416,066	12,845,630
Due in more than one year	109,214,819	70,899,579	180,114,398
Net pension liability	36,032,721	-	36,032,721
Other postemployment benefits liability	7,557,074	-	7,557,074
Total liabilities	168,477,985	78,525,912	247,003,897
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	1,164,464	-	1,164,464
Deferred inflows - other postemployment benefits	379,404	-	379,404
Total deferred inflows of resources	1,543,868	-	1,543,868
NET POSITION			
Net investment in capital assets	121,328,474	34,192,723	155,521,197
Restricted for			
Grants	22,819	-	22,819
Law enforcement	1,596,608	-	1,596,608
Impact fees	39,983	604,724	644,707
Facilities construction	603,968	-	603,968
Debt service	5,145,297	-	5,145,297
Parkland dedication	2,146,162	-	2,146,162
Community development	14,730,364	-	14,730,364
Metro projects	10,408,777	-	10,408,777
Unrestricted	(39,965,922)	26,029,441	(13,936,481)
TOTAL NET POSITION	\$ 116,056,530	\$ 60,826,888	\$ 176,883,418

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, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 15,529,208	\$ 21,765	\$ 44,364	\$ -
Financial services	2,348,268	-	-	-
Police	16,255,830	1,540,658	1,210,907	-
Fire	10,838,755	2,305,863	239,145	-
Public works	14,791,746	366,282	1,553,167	-
Parks and recreation	4,907,496	442,759	-	-
Planning	4,177,093	5,817,205	290,304	-
Interest on long-term debt	4,112,146	-	-	-
Total governmental activities	72,960,542	10,494,532	3,337,887	-
Business-type activities:				
Water and wastewater utilities	4,391,640	4,388,704	-	497,261
Surface water treatment	7,208,175	9,749,634	-	-
Solid waste collections	3,598,926	3,455,573	-	-
Golf course	3,887,252	3,810,061	-	-
Total business-type activities	19,085,993	21,403,972	-	497,261
TOTAL PRIMARY GOVERNMENT	\$ 92,046,535	\$ 31,898,504	\$ 3,337,887	\$ 497,261

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

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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (15,463,079)	\$ -	\$ (15,463,079)
(2,348,268)	-	(2,348,268)
(13,504,265)	-	(13,504,265)
(8,293,747)	-	(8,293,747)
(12,872,297)	-	(12,872,297)
(4,464,737)	-	(4,464,737)
1,930,416	-	1,930,416
(4,112,146)	-	(4,112,146)
(59,128,123)	-	(59,128,123)
-	494,325	494,325
-	2,541,459	2,541,459
-	(143,353)	(143,353)
-	(77,191)	(77,191)
-	2,815,240	2,815,240
(59,128,123)	2,815,240	(56,312,883)
45,306,222	-	45,306,222
9,546,249	-	9,546,249
6,176,854	-	6,176,854
242,901	-	242,901
1,896,654	1,167,078	3,063,732
400,364	(173,361)	227,003
97,106	-	97,106
508,000	(508,000)	-
64,174,350	485,717	64,660,067
5,046,227	3,300,957	8,347,184
111,010,303	57,525,931	168,536,234
\$ 116,056,530	\$ 60,826,888	\$ 176,883,418

City of Missouri City, Texas
 Balance Sheet - Governmental Funds
 September 30, 2019

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 3,702,577	\$ 2,023,234	\$ 14,675,511	\$ 5,001,686	\$ 25,403,008
Investments	12,644,613	4,099,395	12,228,403	14,088,063	43,060,474
Receivables, net of allowances	5,440,132	351,106	1,849,322	467,734	8,108,294
Due from other funds	43,318	-	-	-	43,318
Inventories	187,875	-	-	-	187,875
Prepays	4,645	-	-	-	4,645
Advances to other funds	222,575	-	-	-	222,575
TOTAL ASSETS	<u>\$ 22,245,735</u>	<u>\$ 6,473,735</u>	<u>\$ 28,753,236</u>	<u>\$ 19,557,483</u>	<u>\$ 77,030,189</u>
LIABILITIES					
Accounts payable	\$ 1,186,232	\$ -	\$ 1,183,853	\$ 167,888	\$ 2,537,973
Salaries payable	1,458,600	-	-	8,647	1,467,247
Due to others	908,895	-	-	65	908,960
Total liabilities	3,553,727	-	1,183,853	176,600	4,914,180
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue	1,768,351	326,884	-	303,781	2,399,016
Unearned revenue	1,189	-	-	-	1,189
Total deferred inflows of resources	1,769,540	326,884	-	303,781	2,400,205
FUND BALANCES					
Nonspendable:					
Inventories	187,875	-	-	-	187,875
Prepays	4,645	-	-	-	4,645
Restricted for:					
Grants	22,819	-	-	-	22,819
Law enforcement	-	-	-	1,596,608	1,596,608
Street improvement	-	-	17,120,623	-	17,120,623
Metro projects	-	-	10,408,777	-	10,408,777
Impact fees	-	-	39,983	-	39,983
Facilities construction	-	-	-	603,968	603,968
Debt service	-	6,146,851	-	-	6,146,851
Parkland dedication	-	-	-	2,146,162	2,146,162
Community development	-	-	-	14,730,364	14,730,364
Committed for:					
Emergency reserve	1,500,000	-	-	-	1,500,000
Operating contingency reserve	1,500,000	-	-	-	1,500,000
Unassigned	13,707,129	-	-	-	13,707,129
Total fund balances	<u>16,922,468</u>	<u>6,146,851</u>	<u>27,569,383</u>	<u>19,077,102</u>	<u>69,715,804</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 22,245,735</u>	<u>\$ 6,473,735</u>	<u>\$ 28,753,236</u>	<u>\$ 19,557,483</u>	<u>\$ 77,030,189</u>

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, 2019

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 69,715,804

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	14,776,631	
Capital assets, net depreciable	182,889,848	197,666,479

Other long-term assets are not available to pay for current period
expenditures and, therefore, are reported as unavailable revenue
in the governmental funds. 2,399,016

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	\$ (85,410,194)	
Certificates of obligation	(7,610,000)	
Increment revenue bonds	(3,210,000)	
Issuance premiums	(8,473,725)	
Capital leases	(307,021)	
Accrued interest	(1,328,438)	
Compensated absences	(1,768,443)	
Deferred amount on refunding	2,586,684	
Contractual obligation	(11,865,000)	
Net pension liability	(36,032,721)	
Deferred outflows - pension	8,184,054	
Deferred inflows - pension	(1,164,464)	
Other postemployment benefits liability	(7,557,074)	
Deferred outflows - other postemployment benefits	610,977	
Deferred inflows - other postemployment benefits	(379,404)	(153,724,769)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 116,056,530

City of Missouri City, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended September 30, 2019

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Property taxes and penalties	\$ 28,102,801	\$ 10,401,782	\$ -	\$ 6,876,223	\$ 45,380,806
Other taxes	9,546,249	-	4,126,909	242,901	13,916,059
Licenses and permits	3,207,411	-	-	-	3,207,411
Fines and forfeitures	1,023,179	-	-	73,441	1,096,620
Franchise taxes	4,204,567	-	-	184,830	4,389,397
Intergovernmental revenues	2,502,587	-	1,553,167	552,615	4,608,369
Other revenue	1,055,005	-	59,605	709,197	1,823,807
Charges for services	442,267	-	-	178,881	621,148
Investment earnings	447,473	191,461	779,579	478,141	1,896,654
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	50,531,539	10,593,243	6,519,260	9,296,229	76,940,271
EXPENDITURES					
Current:					
General government	8,729,413	-	-	3,703,087	12,432,500
Financial services	2,056,126	-	-	-	2,056,126
Police	13,447,568	-	-	407,946	13,855,514
Fire	8,965,131	-	-	9,191	8,974,322
Public works	7,527,188	-	-	-	7,527,188
Parks and recreation	3,068,640	-	-	120,836	3,189,476
Planning	1,648,832	-	2,034,897	504,594	4,188,323
Capital outlay	470,323	-	6,663,716	-	7,134,039
Debt service:					
Principal	105,430	5,954,043	-	1,885,000	7,944,473
Interest and fiscal charges	-	3,273,969	-	1,815,198	5,089,167
Bond issuance cost	-	-	163,375	-	163,375
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	46,018,651	9,228,012	8,861,988	8,445,852	72,554,503
Excess (deficiency) of revenues over (under) expenditures	4,512,888	1,365,231	(2,342,728)	850,377	4,385,768
OTHER FINANCING SOURCES (USES)					
Transfers in	1,395,539	-	1,123,434	1,379,117	3,898,090
Proceeds from long-term debt	-	-	13,152,496	1,182,560	14,335,056
Transfers out	(3)	-	(1,768,641)	(1,621,446)	(3,390,090)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	1,395,536	-	12,507,289	940,231	14,843,056
Net change in fund balances	5,908,424	1,365,231	10,164,561	1,790,608	19,228,824
Fund balances, beginning of year	11,014,044	4,781,620	17,404,822	17,286,494	50,486,980
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES, END OF YEAR	\$ 16,922,468	\$ 6,146,851	\$ 27,569,383	\$ 19,077,102	\$ 69,715,804

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, 2019

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 19,228,824

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	\$ 7,894,872	
Depreciation expense	<u>(11,014,334)</u>	(3,119,462)

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is an increase (decrease) to net position.		(199,590)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		758,088
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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	\$ (13,130,000)	
(Premium) discount	<u>(1,205,056)</u>	(14,335,056)

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	\$ 6,939,846	
Amortization of bond premiums	512,142	
Capital lease repayments	144,627	
Accrued interest payable	(295,146)	
Compensated absences	(620,154)	
Amortization of deferred amount on refunding	(137,957)	
Net effect of contractual obligations	420,000	
Net pension liability	(10,637,357)	
Deferred outflows - pension	5,135,409	
Deferred inflows - pension	1,650,125	
Other postemployment benefits liability	19,786	
Deferred outflows - other postemployment benefits	(38,494)	
Deferred inflows - other postemployment benefits	<u>(379,404)</u>	<u>2,713,423</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 5,046,227

City of Missouri City, Texas
Statement of Net Position
Proprietary Funds
September 30, 2019

	Business-Type Activities - Enterprise Funds				Totals Enterprise Funds
	Water and Wastewater Utilities	Surface Water Treatment	Solid Waste Collections	Golf Course	
ASSETS					
Current assets					
Cash and cash equivalents	\$ 1,639,345	\$ 11,245,027	\$ 19,028	\$ 75,153	\$ 12,978,553
Restricted cash - customer deposits	203,423	-	-	-	203,423
Investments	5,138,678	23,873,253	115,475	-	29,127,406
Receivables, net of allowances	2,513,644	1,771,112	1,010,089	129,237	5,424,082
Due from other funds	-	-	-	-	-
Inventories	-	-	-	121,288	121,288
Total current assets	9,495,090	36,889,392	1,144,592	325,678	47,854,752
Noncurrent assets					
Capital assets					
Land and right of way	532,013	4,228,813	-	-	4,760,826
Constructions in progress	-	6,791,108	-	-	6,791,108
Buildings and improvements	3,946,598	-	-	-	3,946,598
Improvements other than buildings	126,247	-	-	72,993	199,240
Infrastructure	25,436,671	62,480,521	-	-	87,917,192
Equipment	2,553,864	11,997	-	-	2,565,861
Less accumulated depreciation	(7,390,137)	(8,033,836)	-	(25,547)	(15,449,520)
Total capital assets (net of accumulated depreciation)	25,205,256	65,478,603	-	47,446	90,731,305
Advances to other funds	6,157,696	-	-	-	6,157,696
Total noncurrent assets	31,362,952	65,478,603	-	47,446	96,889,001
Total assets	40,858,042	102,367,995	1,144,592	373,124	144,743,753
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding	390,653	641,983	-	-	1,032,636
Total deferred outflows of resources	390,653	641,983	-	-	1,032,636
LIABILITIES					
Current liabilities					
Accounts payable and other current liabilities	578,657	1,339,461	922,100	231,800	3,072,018
Accrued salaries payable	-	-	-	30,448	30,448
Accrued interest payable	73,062	788,317	-	-	861,379
Due to other funds	-	-	-	43,318	43,318
Unearned revenue	-	-	23,291	223,131	246,422
Bonds payable - current	465,579	2,950,487	-	-	3,416,066
Total current liabilities	1,117,298	5,078,265	945,391	528,697	7,669,651
Noncurrent liabilities					
Bonds payable - noncurrent	5,532,277	65,367,302	-	-	70,899,579
Advances from other funds	-	6,157,696	-	222,575	6,380,271
Total noncurrent liabilities	5,532,277	71,524,998	-	222,575	77,279,850
Total liabilities	6,649,575	76,603,263	945,391	751,272	84,949,501
NET POSITION					
Net investment in capital assets	19,598,053	14,547,224	-	47,446	34,192,723
Restricted for impact fees	604,724	-	-	-	604,724
Unrestricted	14,396,343	11,859,491	199,201	(425,594)	26,029,441
TOTAL NET POSITION	\$ 34,599,120	\$ 26,406,715	\$ 199,201	\$ (378,148)	\$ 60,826,888

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, 2019

	Business-Type Activities - Enterprise Funds				Totals Enterprise Funds
	Water and Wastewater Utilities	Surface Water Treatment	Solid Waste Collections	Golf Course	
OPERATING REVENUES					
Charges for services	\$ 4,388,704	\$ 9,749,634	\$ 3,455,573	\$ 3,810,061	\$ 21,403,972
Total operating revenues	4,388,704	9,749,634	3,455,573	3,810,061	21,403,972
OPERATING EXPENSES					
Personnel	-	-	-	1,083,024	1,083,024
Commodities	38,416	1,845,619	852	774,553	2,659,440
Repairs and maintenance	842,878	521,962	-	91,738	1,456,578
Contractual services	2,837,560	1,342,852	3,598,074	98,339	7,876,825
Other services	-	-	-	1,825,000	1,825,000
Depreciation	575,179	979,227	-	14,598	1,569,004
Total operating expenses	4,294,033	4,689,660	3,598,926	3,887,252	16,469,871
Operating income (loss)	94,671	5,059,974	(143,353)	(77,191)	4,934,101
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	193,516	973,562	-	-	1,167,078
Interest expense	(97,607)	(2,518,515)	-	-	(2,616,122)
Miscellaneous	(346,416)	178,193	(5,138)	-	(173,361)
Total nonoperating revenues (expenses)	(250,507)	(1,366,760)	(5,138)	-	(1,622,405)
Income (loss) before contributions and transfers	(155,836)	3,693,214	(148,491)	(77,191)	3,311,696
CONTRIBUTIONS AND TRANSFERS					
Capital contributions	497,261	-	-	-	497,261
Transfers out	(85,000)	(407,000)	(16,000)	-	(508,000)
Total contributions and transfers	412,261	(407,000)	(16,000)	-	(10,739)
Change in net position	256,425	3,286,214	(164,491)	(77,191)	3,300,957
Net position - beginning, as originally reported	34,342,695	23,120,501	363,692	(300,957)	57,525,931
NET POSITION, END OF YEAR	\$ 34,599,120	\$ 26,406,715	\$ 199,201	\$ (378,148)	\$ 60,826,888

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

City of Missouri City, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2019

	Business-Type Activities - Enterprise Funds				Totals Enterprise Funds
	Water and Wastewater Utilities	Surface Water Treatment	Solid Waste Collections	Golf Course	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 2,473,352	\$ 9,360,195	\$ 3,393,162	\$ 3,894,701	\$ 19,121,410
Cash payments to suppliers	(3,991,527)	(2,838,964)	(3,242,659)	(2,754,440)	(12,827,590)
Cash payments to employees	-	-	-	(1,087,547)	(1,087,547)
Net cash provided (used) by operating activities	(1,518,175)	6,521,231	150,503	52,714	5,206,273
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	(85,000)	(407,000)	(16,000)	-	(508,000)
Net cash (used) by noncapital financing activities	(85,000)	(407,000)	(16,000)	-	(508,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Insurance reimbursements	48,863	178,193	-	-	227,056
Acquisition and construction of capital assets	-	(6,089,920)	-	-	(6,089,920)
Principal (paid) received on capital debt	(467,586)	17,241,735	-	-	16,774,149
Interest paid on capital debt	(232,111)	(2,162,973)	-	-	(2,395,084)
Net cash provided (used) by capital and related financing activities	(650,834)	9,167,035	-	-	8,516,201
CASH FLOWS FROM INVESTING ACTIVITIES					
Sales (purchases) of investments, net	1,731,084	(9,541,434)	(115,475)	-	(7,925,825)
Earnings on investments	193,516	973,562	-	-	1,167,078
Net cash provided (used) by investing activities	1,924,600	(8,567,872)	(115,475)	-	(6,758,747)
Net increase (decrease) in cash and cash equivalents	(329,409)	6,713,394	19,028	52,714	6,455,727
Cash and cash equivalents, beginning balance	2,172,177	4,531,633	-	22,439	6,726,249
CASH AND CASH EQUIVALENTS, ENDING BALANCE	\$ 1,842,768	\$ 11,245,027	\$ 19,028	\$ 75,153	\$ 13,181,976

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, 2019

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Totals Enterprise Funds</u>
	<u>Water and Wastewater Utilities</u>	<u>Surface Water Treatment</u>	<u>Solid Waste Collections</u>	<u>Golf Course</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 94,671	\$ 5,059,974	\$ (143,353)	\$ (77,191)	\$ 4,934,101
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:					
Depreciation and amortization	575,179	979,227	-	14,598	1,569,004
Bad debt provision	(395,279)	-	(5,138)	-	(400,417)
Changes in assets and liabilities:					
(Increase) decrease in assets:					
Receivables, net of allowances	(1,520,073)	(389,439)	261,433	(107,827)	(1,755,906)
Inventories	-	-	-	(22,934)	(22,934)
Increase (decrease) in liabilities:					
Accounts payable and other current liabilities	(272,673)	871,469	356,267	58,124	1,013,187
Accrued salaries payable	-	-	-	(4,523)	(4,523)
Due to other funds	-	-	(341,997)	(37,585)	(379,582)
Unearned revenue	-	-	23,291	149,149	172,440
Advances from other funds	-	-	-	80,903	80,903
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (1,518,175)	\$ 6,521,231	\$ 150,503	\$ 52,714	\$ 5,206,273
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Contributions of capital assets	\$ 497,261	\$ -	\$ -	\$ -	\$ 497,261

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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.

The Missouri City Recreation and Leisure Local Government Corporation (LGC) is a 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 Development Authority Board, both Public Improvement Districts and the Missouri City Recreation and Leisure LGC.

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, Houston Community College, and WCID #2, whom can each appoint one board member to the TIRZ in which they participate. The sole purpose of TIRZ 1, 2 and 3 is to finance capital assets that will be owned by the City.

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. Separate financial statements are not issued for the above-mentioned blended component units.

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 twenty-one (21) active municipal utility districts providing water and sewer services within the City. 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.

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.

City of Missouri City, Texas

Notes to the Financial Statements

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.

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.

Solid Waste Collections Fund

The Solid Waste Collections Fund is used to account for user fees and expenses related to the City's garbage collection activities.

Golf Course (Missouri City Recreation and Leisure Local Government Corporation)

This fund assists the City in providing a first class system of parks and recreational facilities to promote a healthful environment within the City of Missouri City. It is used to account for the operations of the golf course.

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. Both TexPool 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 (i.e. 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 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, 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 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.

City of Missouri City, Texas
 Notes to the Financial Statements

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 is 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:

Asset Description	Estimated Useful Life
Buildings & building improvements	10 to 50 years
Land improvements	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 is two times the annual rate. 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 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.

City of Missouri City, Texas
Notes to the Financial Statements

N. Deferred Outflows/Inflows of Resources

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

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 three items that qualify for reporting in this category:

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes, municipal court, grants, 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.

City of Missouri City, Texas

Notes to the Financial Statements

- 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.

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.

City of Missouri City, Texas
Notes to the Financial Statements

R. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 golf course 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 nonoperating revenues and expenses.

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. Deficit Fund Balance

The Community Development Block Grant Funds had a deficit fund balance of \$59,350 due to unavailable revenue at year end.

V. Deficit in Unrestricted Net Position

The statement of net position reported a deficit in net position of \$13,936,481 mainly due to unfunded pension and other post-employment benefit liabilities. The unrestricted net position of the Golf Course was a deficit of \$378,148. The Golf Course suffered significant losses in the past couple of years due to Hurricane Harvey and necessary renovations. The Golf Course started FY 2020 with a balance budget; however, as discussed in Note 21 the effects of COVID-19 are uncertain.

W. Implementation of New Standards

In June of 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* (GASB 89). GASB 89 removes the previous requirement that interest cost incurred before the end of a construction period be capitalized and included in the historical cost of a capital asset in financial statements prepared using the economic resources measurement focus. Under GASB 89, such interest cost is expensed in the period in which the cost is incurred. The City adopted GASB 89 during fiscal year 2019 and the implementation of this new standard did not have a material effect on the financial statements.

City of Missouri City, Texas

Notes to the Financial Statements

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 (LOGIC), Texas CLASS and (TexPool), and other investments. The investments, which have maturities at purchase date of greater than three months, consist mainly of U.S. government securities, municipal bonds, 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 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.

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;

City of Missouri City, Texas

Notes to the Financial Statements

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,
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 \$1.0000.

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

As of September 30, 2019, the City had the following deposits and investments.

	Value	Weighted Average Maturity (Days)
Deposits		
Cash deposits	\$ 73,469	0
Cash equivalents:		
Governmental Mutual Fund	13,401,311	0
TexPool external investment pool	3,951,215	34
TexasClass	10,404,099	50
LOGIC	10,754,890	49
Total	38,584,984	
Investments		
U.S. government agency bonds/notes:		
Federal National Mortgage Association (FNMA)	2,572,923	6,185
Federal Home Loan Mortgage Corp. (FHLMC)	1,013,429	2,689
Government National Mortgage Association (GNMA)	213,765	1,005
Municipal Bonds	3,240,726	271
Certificates of Deposit	65,147,037	282
Total Portfolio	\$ 72,187,880	404

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.

City of Missouri City, Texas

Notes to the Financial Statements

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, 2019 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 (Wells Fargo Government Money Market 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.

Texas CLASS

Texas CLASS Government is an external investment pool measured at fair value, i.e. 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 Government portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA rated money market mutual funds.

TexPool

TexPool is a local government investment pool, duly chartered and overseen by the State Comptroller's Office, and administered and managed by Federated Investors, Inc. State Street Bank serves as the custodial bank. TexPool's investment portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA-rated money market mutual funds. The pool's investments are highly rated by nationally recognized statistical rating organizations, have no more than five percent concentrated in one issuer (excluding U.S. government securities), and are sufficiently liquid to meet reasonably foreseeable redemptions.

TexPool transacts at a net asset value of \$1.00 per share, and maintains a weighted average maturity of 60 days or less and a weighted average life of 120 days or less. TexPool has a redemption notice period of one day and investors may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

City of Missouri City, Texas

Notes to the Financial Statements

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.

Investment's 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 fair value (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.

City of Missouri City, Texas
Notes to the Financial Statements

Investments' fair value measurements are as follows at September 30, 2019:

Investments	Fair Value	Fair Value Measurements Using Other Observable Inputs (Level 2)
U.S. Government Agency Notes:		
Federal National Mortgage Associations (FNMA)	\$ 2,572,923	\$ 2,572,923
Federal Home Loan Mortgage Corp. (FHLMC)	1,013,429	1,013,429
Government National Mortgage Associations (GNMA)	213,765	213,765
Municipal Bonds	3,240,726	3,240,726
Total	\$ 7,040,843	\$ 7,040,843

The U.S. government agency bonds and notes 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.

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, 2019, 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 "A+" 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.

City of Missouri City, Texas

Notes to the Financial Statements

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 2018 - 2019 fiscal year were \$0.46 and \$0.17 respectively, per \$100 of assessed valuation. The 2018 tax year assessed value and total tax levy as adjusted through September 30, 2019, were \$7,082,216,056 and \$41,373,493, 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 non-major funds, and proprietary funds, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Governmental Activities
Receivables					
Property taxes	\$ 909,231	\$ 365,842	\$ -	\$ -	\$ 1,275,073
Sales tax	3,009,645	-	-	-	3,009,645
Municipal court	1,398,242	-	-	34,489	1,432,731
Other	683,179	-	57,307	158,200	898,686
Due from other governments	1,137,056	-	1,792,015	304,360	3,233,431
Gross receivable	<u>7,137,353</u>	<u>365,842</u>	<u>1,849,322</u>	<u>497,049</u>	<u>9,849,566</u>
Less: Allowance for uncollectible	<u>(1,697,221)</u>	<u>(14,736)</u>	<u>-</u>	<u>(29,315)</u>	<u>(1,741,272)</u>
Net Receivables	<u>\$ 5,440,132</u>	<u>\$ 351,106</u>	<u>\$ 1,849,322</u>	<u>\$ 467,734</u>	<u>\$ 8,108,294</u>
	Water and Wastewater Utilities	Surface Water Treatment	Solid Waste Collections	Golf Course	Business-Type Activities
Receivables					
Other	\$ -	\$ -	\$ 1,010,089	\$ 129,237	\$ 1,139,326
Due from other governments (MUD)	2,513,644	1,771,112	-	-	4,284,756
Gross receivable	<u>2,513,644</u>	<u>1,771,112</u>	<u>1,010,089</u>	<u>129,237</u>	<u>5,424,082</u>
Net Receivables	<u>\$ 2,513,644</u>	<u>\$ 1,771,112</u>	<u>\$ 1,010,089</u>	<u>\$ 129,237</u>	<u>\$ 5,424,082</u>

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, 2019:

	Balance September 30, 2018	Additions	Retirements and Transfers	Balance September 30, 2019
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 11,794,707	\$ -	\$ -	\$ 11,794,707
Intangibles - Right of Way	2,713,521	-	-	2,713,521
Construction in progress	6,830,027	54,125	(6,615,749)	268,403
Total capital assets, not being depreciated	21,338,255	54,125	(6,615,749)	14,776,631
Capital assets, being depreciated:				
Buildings and building improvements	45,716,545	64,847	-	45,781,392
Improvements other than buildings	34,005,216	1,548,266	-	35,553,482
Infrastructure	220,627,260	5,018,321	6,615,749	232,261,330
Machinery and equipment	22,754,055	1,209,313	(3,170,430)	20,792,938
Total capital assets, being depreciated	323,103,076	7,840,747	3,445,319	334,389,142
Less accumulated depreciation for:				
Buildings and building improvements	(11,445,237)	(994,869)	-	(12,440,106)
Improvements other than buildings	(15,000,187)	(2,214,506)	-	(17,214,693)
Infrastructure	(102,709,392)	(5,864,624)	-	(108,574,016)
Machinery and equipment	(14,300,984)	(1,940,335)	2,970,840	(13,270,479)
Total accumulated depreciation	(143,455,800)	(11,014,334)	2,970,840	(151,499,294)
Total capital assets, being depreciated, net	179,647,276	(3,173,587)	6,416,159	182,889,848
Governmental activities capital assets, net	\$ 200,985,531	\$ (3,119,462)	\$ (199,590)	\$ 197,666,479
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	1,658,966	6,086,955	(954,813)	6,791,108
Total capital assets, not being depreciated	6,419,792	6,086,955	(954,813)	11,551,934
Business-type assets, being depreciated				
Buildings and improvements	3,946,598	-	-	3,946,598
Improvements other than buildings	199,240	-	-	199,240
Infrastructure	86,462,153	500,226	954,813	87,917,192
Equipment	2,571,759	-	(5,898)	2,565,861
Total capital assets being depreciated	93,179,750	500,226	948,915	94,628,891
Less accumulated depreciation for:				
Buildings and building improvements	(1,504,709)	(78,946)	-	(1,583,655)
Improvements other than buildings	(122,475)	(17,278)	-	(139,753)
Infrastructure	(10,237,990)	(1,344,194)	-	(11,582,184)
Machinery and equipment	(2,021,240)	(128,586)	5,898	(2,143,928)
Total accumulated depreciation	(13,886,414)	(1,569,004)	5,898	(15,449,520)
Total capital assets being depreciated, net	79,293,336	(1,068,778)	954,813	79,179,371
Business-type activities capital assets, net	\$ 85,713,128	\$ 5,018,177	\$ -	\$ 90,731,305

City of Missouri City, Texas
Notes to the Financial Statements

Depreciation expense for the year ended September 30, 2019 was distributed as follows:

Governmental activities:	
General government	\$ 362,532
Financial services	113,791
Police	528,728
Fire	581,300
Public works	7,789,463
Parks and recreation	1,607,335
Planning	<u>31,185</u>
Total governmental activities	<u>\$ 11,014,334</u>
Business-type activities:	
Water and wastewater	\$ 575,179
Surface water	979,226
Golf course	<u>14,599</u>
Total business-type activities	<u>\$ 1,569,004</u>

Constructions in progress for the various projects and remaining commitments under these construction contracts as of September 30, 2019, are:

	<u>Approved Contract</u>	<u>Total in Progress</u>	<u>Remaining Commitment</u>
Governmental activities			
Reconstruction of Glenn Lake Bridge over Oyster Creek	\$ 1,612,278	\$ 416,294	\$ 1,195,984
Fire Station 6 Building	541,250	54,125	487,125
Independence Blvd & Staffordshire Rd Paving and Drainage Improvement	7,269,050	6,578,794	690,256
Knight Road extensions	<u>574,965</u>	<u>422,130</u>	<u>152,835</u>
Total government activities	<u>\$ 9,997,543</u>	<u>\$ 7,471,343</u>	<u>\$ 2,526,200</u>
Business-type activities			
Mustang Bayou Service Area Water Treatment Expansion	\$ 3,205,703	\$ 1,286,654	\$ 1,919,049
Regional Water Treatment Plant Phase II	<u>14,054,505</u>	<u>4,411,715</u>	<u>9,642,790</u>
Total business-type activities	<u>\$ 17,260,208</u>	<u>\$ 5,698,369</u>	<u>\$ 11,561,839</u>

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 improvements 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, 2019, is as follows:

	Balance September 30, 2018	Additions	Reductions	Balance September 30, 2019	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 79,373,116	\$ 11,990,000	\$ 5,952,922	\$ 85,410,194	\$ 6,522,414
Certificates of obligation	7,091,924	1,140,000	621,924	7,610,000	350,000
Increment revenue bonds	3,575,000	-	365,000	3,210,000	370,000
Plus:					
Issuance premiums	7,780,811	1,205,056	512,142	8,473,725	508,641
Total bonds payables	97,820,851	14,335,056	7,451,988	104,703,919	7,751,055
Capital leases	451,648	-	144,627	307,021	145,854
Contractual obligations	12,285,000	-	420,000	11,865,000	440,000
Compensated absences	1,148,289	1,712,809	1,092,655	1,768,443	1,092,655
Total governmental activities	\$ 111,705,788	\$ 16,047,865	\$ 9,109,270	\$ 118,644,383	\$ 9,429,564
Business-type activities:					
General obligation bonds	\$ 40,316,884	\$ -	\$ 1,427,078	\$ 38,889,806	\$ 1,847,586
Certificates of obligation	10,573,076	18,435,000	1,563,076	27,445,000	1,085,000
Plus:					
Issuance premiums	6,705,886	1,758,433	483,480	7,980,839	483,480
Total business-type activities	\$ 57,595,846	\$ 20,193,433	\$ 3,473,634	\$ 74,315,645	\$ 3,416,066

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.

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, 2019:

Series	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
Governmental activities:				
General obligation bonds				
Series 2010 permanent improvement bonds	\$ 9,500,000	2029	3.00 - 4.125%	\$ 5,895,000
Series 2010A permanent improvement bonds	9,405,000	2038	2.00 - 4.00%	5,640,000
Series 2012 permanent improvement bonds	1,400,000	2032	2.25 - 3.75%	910,000
Series 2013 refunding bonds	8,293,500	2026	2.00 - 4.00%	6,806,750
Series 2014 permanent improvement bonds	1,740,000	2033	3.125 - 3.75%	1,380,000
Series 2014 permanent improvement refunding bonds	3,381,584	2024	2.00 - 3.00%	660,908
Series 2015 permanent improvement bonds	8,600,000	2034	3.00 - 3.25%	7,185,000
Series 2016 permanent improvement bonds	3,080,000	2035	3.00 - 3.25%	2,655,000
Series 2016 refunding bonds	32,787,537	2038	2.00 - 5.00%	29,812,536
Series 2017 permanent improvement bonds	14,445,000	2037	3.00 - 5.00%	12,995,000
Series 2018 permanent improvement bonds	11,990,000	2038	2.00 - 5.00%	11,470,000
Total general obligation bonds				85,410,194
Certificates of obligation				
Series 2010A certificates of obligation	6,235,000	2038	2.00 - 4.00 %	5,465,000
Series 2010B certificates of obligation	1,660,000	2021	0.964 - 3.876%	265,000
Series 2014 certificates of obligation	990,000	2033	1.00 - 3.75%	785,000
Series 2018 certificates of obligation	1,140,000	2038	4.00%	1,095,000
Total certificates of obligation				7,610,000
Increment revenue bonds				
Series 2015 increment revenue refunding bonds	4,600,000	2027	2.22%	3,210,000
Total increment contract revenue bonds				3,210,000
Capital leases				
Fire truck	387,490	2023	3.13%	166,447
IT equipment	351,434	2021	0.00%	140,574
Total capital leases				307,021
Total governmental activities				\$ 96,537,215
Business-type activities				
General obligation bonds				
Series 2013 refunding bonds	436,500	2026	2.00 - 4.00 %	\$ 358,250
Series 2014 permanent improvement refunding bonds	148,416	2024	2.00 - 3.00%	29,093
Series 2016 refunding bonds	39,877,463	2038	2.00 - 5.00 %	38,502,463
Total general obligation bonds				38,889,806
Certificates of obligation				
Series 2014A certificates of obligation	4,995,000	2024	2.00 - 3.125%	4,020,000
Series 2016A certificates of obligation	4,025,000	2036	2.00 - 3.00%	3,540,000
Series 2016 certificates of obligation	2,475,000	2035	3.00%	2,135,000
Series 2018 certificates of obligation	18,435,000	2038	4.00 - 5.00 %	17,750,000
Total certificates of obligation				27,445,000
Total business-type activities				\$ 66,334,806

City of Missouri City, Texas
Notes to the Financial Statements

The annual requirements to amortize all general obligation bonds outstanding as of September 30, 2019, are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 6,522,414	\$ 3,610,865	\$ 1,847,586	\$ 1,838,747
2021	6,665,574	3,333,633	1,929,426	1,747,655
2022	6,912,360	3,073,008	2,032,640	1,657,930
2023	7,144,114	2,776,802	2,135,886	1,557,561
2024	7,395,773	2,455,343	2,239,227	1,451,763
2025 - 2029	31,078,159	7,501,383	12,576,841	5,491,112
2030 - 2034	13,651,800	2,593,448	13,243,200	2,326,260
2035 - 2038	6,040,000	535,988	2,885,000	130,400
Totals	\$ 85,410,194	\$ 25,880,470	\$ 38,889,806	\$ 16,201,428

The annual requirements to amortize all certificates of obligation outstanding as of September 30, 2019, are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 350,000	\$ 299,919	\$ 1,085,000	\$ 1,114,551
2021	355,000	288,432	1,125,000	1,074,251
2022	370,000	275,238	1,165,000	1,030,501
2023	385,000	261,225	1,210,000	984,951
2024	395,000	246,575	1,270,000	936,226
2025 - 2029	2,250,000	989,788	7,130,000	3,868,499
2030 - 2034	2,020,000	559,726	8,690,000	2,288,381
2035 - 2038	1,485,000	151,301	5,770,000	642,013
Totals	\$ 7,610,000	\$ 3,072,204	\$ 27,445,000	\$ 11,939,373

The annual requirements to amortize all increment revenue bonds outstanding as of September 30, 2019, are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2020	\$ 370,000	\$ 71,262
2021	380,000	63,048
2022	385,000	54,612
2023	400,000	46,065
2024	405,000	37,185
2025 - 2029	1,270,000	56,721
Totals	\$ 3,210,000	\$ 328,893

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, 2019: approximately \$1,061,000 in machinery and equipment and \$392,000 of accumulated depreciation. The annual requirements to amortize all capital leases outstanding as of September 30, 2019, are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2020	\$ 145,854	\$ 5,304
2021	76,833	4,038
2022	42,994	2,734
2023	41,340	1,388
Totals	\$ 307,021	\$ 13,464

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 of Missouri City, Texas. 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
2020	\$ 440,000	\$ 556,528
2021	470,000	540,275
2022	490,000	522,120
2023	515,000	502,380
2024	545,000	480,561
2025 - 2029	3,195,000	1,998,861
2030 - 2034	4,190,000	1,127,250
2035	2,020,000	144,833
Totals	\$ 11,865,000	\$ 5,872,808

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.

Note 7 – Operating Lease

The City is a lessee for police equipment expiring January 2022. Rent expense for the year ended September 30, 2019 is \$168,625. Future lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Annual Base Rent</u>
2020	\$ 168,625
2021	168,625
2022	<u>168,625</u>
Total	<u>\$ 505,875</u>

Note 8 - Interfund Receivables, Payables and Transfers

The following is a summary of interfund balances as of September 30, 2019:

<u>Due to Fund</u>	<u>Due From Fund</u>	<u>Purpose</u>	<u>Amount</u>
General fund	Golf course fund	Cash advances on operations	\$ 43,318
			<u>\$ 43,318</u>

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

The following is a summary of interfund advance balances as of September 30, 2019:

<u>Advance from Fund</u>	<u>Advance to Fund</u>	<u>Purpose</u>	<u>Amount</u>
General fund	Golf course fund	Cash advances on operations	\$ 222,575
Water and wastewater utilities	Surface water treatment	Cash advances on operations	<u>6,157,696</u>
			<u>\$ 6,380,271</u>

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

City of Missouri City, Texas
Notes to the Financial Statements

For the year ended September 30, 2019, 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	\$ 489,527
General Fund	Radio Communicaitons	Cover operating expenses for radio tower	40,011
General Fund	Court Security	Cover annual administrative cost	13,750
General Fund	Court Juvenile Fund	Cover Juvenile Case Administrator salary	30,000
General Fund	Missouri City Development Authority	Cover administrative cost	100,000
General Fund	TIRZ #1	Cover administrative cost	39,591
General Fund	TIRZ #2	Cover administrative cost	73,860
General Fund	PID #2	Cover administrative cost	13,600
General Fund	TIRZ #3	Cover administrative cost	73,600
General Fund	PID #4	Cover administrative cost	13,600
General Fund	Water and Wastewater Utility Fund	Cover administrative cost	85,000
General Fund	Surface Water Treatment Fund	Cover administrative cost	407,000
General Fund	Solid Waste Fund	Cover administrative cost for Front Desk Customer Service Support	16,000
Capital Projects Fund	TIRZ #1	Reimbursement for the Independence Boulevard project	1,073,434
Missouri City Development Authority	Capital Projects Fund	Reimburse developer for infrastructure costs and pay for Economic Development Agreement	1,279,114
Capital Projects Fund	Hotel Occupancy Tax Fund	Cover Veteran's Memorial Project	50,000
Missouri City Development Authority	TIRZ #1	Cover administrative cost	20,000
Missouri City Development Authority	TIRZ #2	Cover administrative cost	20,000
Missouri City Development Authority	PID #2	Cover administrative cost	20,000
Missouri City Development Authority	TIRZ #3	Cover administrative cost	20,000
Missouri City Development Authority	PID #4	Cover administrative cost	20,000
Park Land Dedication Fund	General Fund	Write off negative cash balance	3
			\$ 3,898,090

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 \$13,783,268.

City of Missouri City, Texas
Notes to the Financial Statements

Note 10 - Pension Plan

A. Plan Description

The City of Missouri City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency 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 municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.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 as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits 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.

Employees covered by benefit terms.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	193
Inactive employees entitled to but not yet receiving benefits	193
Active employees	346
Total	<u><u>732</u></u>

City of Missouri City, Texas

Notes to the Financial Statements

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 actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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 was 8.50% in calendar year 2018 and 8.16% in calendar year 2019. The city's contributions to TMRS for the year ended September 30, 2019 were \$2,381,313 which exceeded the required contributions by \$416,187 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, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% 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, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the same size of the City, rates are multiplied by an additional factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%, with a 3 year set-forward for both males and females. In addition, a 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The postretirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy.

City of Missouri City, Texas
Notes to the Financial Statements

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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, 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return (Arithmetic)</u>
Domestic equity	17.5%	4.30%
International equity	17.5%	6.10%
Core fixed income	10.0%	1.00%
Non-core fixed income	20.0%	3.39%
Real return	10.0%	3.78%
Real estate	10.0%	4.44%
Absolute return	10.0%	3.56%
Private equity	5.0%	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, 2017	\$ 128,731,883	\$ 103,336,519	\$ 25,395,364
Changes for the year:			
Service cost	3,991,551	-	3,991,551
Interest (on the Total Pension Liability)	8,651,306	-	8,651,306
Difference between expected and actual experience	(1,274,730)	-	(1,274,730)
Contributions - employer	-	2,275,624	(2,275,624)
Contributions - employee	-	1,612,283	(1,612,283)
Net investment income	-	(3,094,187)	3,094,187
Benefit payments, including refunds of employee contributions	(5,120,307)	(5,120,307)	-
Administrative expense	-	(59,824)	59,824
Other	-	(3,126)	3,126
Net changes	<u>6,247,820</u>	<u>(4,389,537)</u>	<u>10,637,357</u>
Balance at December 31, 2018	<u>\$ 134,979,703</u>	<u>\$ 98,946,982</u>	<u>\$ 36,032,721</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%)
\$ 56,925,223	\$ 36,032,721	\$ 19,140,160

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.tms.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, 2019 the city recognized pension expense of \$6,308,323.

At September 30, 2019, 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	\$ 987,613	\$ 1,097,676
Changes in actuarial assumptions	-	66,788
Difference between projected and actual investment earnings	5,358,697	-
Contributions subsequent to the measurement date	1,837,744	-
Totals	\$ 8,184,054	\$ 1,164,464

\$1,837,744 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, 2020. 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
2020	\$ 1,979,940
2021	818,971
2022	633,977
2023	1,816,558
2024	(67,600)
Totals	\$ 5,181,846

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.

City of Missouri City, Texas

Notes to the Financial Statements

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. 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).

Membership in the plan as of the measurement date of December 31, 2018 was as follows:

Inactive employees currently receiving benefits	139
Inactive employees entitled to but not yet receiving benefits	47
Active employees	<u>346</u>
Total	<u><u>532</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 (currently 0.13% of covered payroll). 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.

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, 2018, the discount rate used in the development of the Total OPEB Liability was 3.71%.

City of Missouri City, Texas
Notes to the Financial Statements

Actuarial Assumptions

The City's total OPEB liability was measured at December 31, 2018 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

Inflation:	2.50%
Salary Increases:	3.50% to 10.50%, including inflation
Discount rate:	3.71%. The discount rate was based on the Fidelity Index's "20- Year Municipal GO AA Index" rate as of December 31, 2018.
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:	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates – disabled retirees:	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

Other Information

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability

Balance at December 31, 2017	\$ 823,102
Changes for the year:	
Service cost	36,852
Interest on Total OPEB Liability	27,778
Difference between expected and actual experience	48,520
Changes of assumptions or other inputs	(62,263)
Benefit payments	(4,607)
	<hr/>
Net changes	46,280
	<hr/>
Balance at December 31, 2018	\$ 869,382

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 3.71%, 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 (2.71%) or 1 percentage point higher (4.71%) than the current rate.

1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
\$ 1,037,328	\$ 869,382	\$ 739,118

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$72,298.

As of September 30, 2019, 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	\$ 41,790	\$ -
Changes in actuarial assumptions and other inputs	49,881	53,627
Contributions made subsequent to the measurement date	3,675	-
Totals	\$ 95,346	\$ 53,627

The \$3,675 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, 2020.

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
2020	\$ 7,668
2021	7,668
2022	7,668
2023	7,668
2024	7,668
Thereafter	(296)
Totals	\$ 38,044

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, 2018, the following employees were covered by the benefit terms:

Retirees and beneficiaries	36
Inactive, nonretired members	-
Active members	<u>336</u>
	<u>372</u>

Total OPEB Liability

The City's total OPEB liability of \$6,687,692 was measured as of December 31, 2018, and was determined by an actuarial valuation as of December 31, 2018.

City of Missouri City, Texas
Notes to the Financial Statements

Actuarial assumptions and methods

The total OPEB liability in the December 31, 2017 actuarial valuation rolled forward to December 31, 2018 was determined using the following actuarial assumptions:

Actuarial Cost Method:	Individual Entry-Age
Discount Rate:	3.71% as of December 31, 2018
Inflation:	2.50%
Salary Increases:	3.50% to 10.50%, including inflation
Demographic Assumptions:	Based on the experience study covering the four year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS)
Mortality:	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Health Care Trend Rates:	Pre-65: Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years; Post-65: Initial rate of 6.50% declining to an ultimate rate of 4.25% after 15 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
<i>Other Information:</i>	

Note: The discount rate changed from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

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 3.71% (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 3.31% 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 Decmeber 31, 2017	\$ 6,753,938
Changes for the year:	
Service cost	267,820
Interest on total OPEB liability	224,560
Change of benefit terms	-
Difference between expected and actual experience	11,392
Change in assumptions	(362,911)
Benefit payments	(207,107)
	<hr/>
Net changes	(66,246)
	<hr/>
Balance at Decmeber 31, 2018	\$ 6,687,692

Changes of assumptions reflect a change in the discount rate from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

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 3.71%, 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 (2.71 %)	Discount Rate (3.71 %)	1% Increase in Discount Rate (4.71 %)
\$ 7,646,307	\$ 6,687,692	\$ 5,885,031

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
\$ 5,700,020	\$ 6,687,692	\$ 7,921,143

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, 2019, the City recognized OPEB expense of \$501,169.

At September 30, 2019, 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	\$ 10,226	\$ -
Changes in actuarial assumptions used	347,891	325,777
Contributions made subsequent to the measurement date	157,514	-
Totals	<u>\$ 515,631</u>	<u>\$ 325,777</u>

The \$157,514 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, 2020.

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
2020	\$ 8,789
2021	8,789
2022	8,789
2023	8,789
2024	8,789
Thereafter	<u>(11,605)</u>
Totals	<u>\$ 32,340</u>

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.

City of Missouri City, Texas

Notes to the Financial Statements

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. The City contracts 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.

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.

The unrecorded contingency associated with accumulated major illness sick leave of City employees regardless of estimated retirement date at September 30, 2019 is \$310,773.

City of Missouri City, Texas

Notes to the Financial Statements

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 twelve zones. Cash received 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 is currently negotiating with GCWA for an additional ten (10) MGD of surface water to support future potable water needs of the City. This additional 10 MGD of raw water is estimated to cost the City\GRP approximately \$515,000 annually.

The City has paid GCWA \$11,250,678 cumulatively for water options through September 30, 2019.

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 a 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. Sienna North, which is currently served by a temporary wastewater treatment plant owned by Sienna Plantation MUD 1 began partially diverting flow in October 2019 to the Steep Bank/Flat Bank Plant. Sienna Plantation MUD 1 is currently fully funding the expansion of the existing plant from 3.0 MGD to 4.5 MGD capacity at a cost of approximately \$8 Million dollars. Construction is anticipated to begin in summer 2020 and upon completion/expansion, Sienna Plantation MUD 1 will be entitled to 1.5 MGD of plant capacity.

City of Missouri City, Texas

Notes to the Financial Statements

The City owns the plant and is responsible for its operation and maintenance. Under an interlocal agreement between the City and Quail Valley Utility District, District staff performs the operation and maintenance. Each of the MUDs pays monthly charges for their share of operations and maintenance expenses, which includes funding an operations and maintenance reserve.

MUDs 9, 42, 46, 115, 129 and 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.

The City will 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.

City of Missouri City, Texas

Notes to the Financial Statements

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 \$12 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 Spring 2021.

Note 17 - Development Agreements

Agreement with Sienna Plantation

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 MUD 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 Plantation, 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.

City of Missouri City, Texas

Notes to the Financial Statements

The developers in Sienna Plantation entered into the Sienna Plantation 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 Plantation. The Development Agreement establishes certain restrictions and commitments related to the development of Sienna Plantation, sets forth detailed design and construction standards, stipulates a formula for determining the time of annexation of land within Sienna Plantation by the City, and identifies and establishes a master plan for the development of Sienna Plantation. The provisions of the Development Agreement govern the development of all land within Sienna Plantation.

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.

Contract with Sienna Plantation Municipal Utility District No. 1 (Master District)

The District, together with each conservation and reclamation district located within Sienna Plantation District, has contracted with Sienna Plantation Municipal Utility District No. 1 (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 Plantation 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 Plantation MUDs

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

March 19, 2001 Sienna Plantation Municipal Utility District 1
March 19, 2001 Sienna Plantation Municipal Utility District 2
March 19, 2001 Sienna Plantation Municipal Utility District 3
January 3, 2005 Sienna Plantation Municipal Utility District 4
January 3, 2005 Sienna Plantation Municipal Utility District 5
January 3, 2005 Sienna Plantation Municipal Utility District 6
January 3, 2005 Sienna Plantation Municipal Utility District 7
February 21, 2005 Sienna Plantation Municipal Utility District 10
February 21, 2005 Sienna Plantation 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 square feet of building floor space.

City of Missouri City, Texas

Notes to the Financial Statements

Fire Station #5 Agreement with Sienna Plantation Municipal Utility District No. 1

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.

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 lacks some 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 current 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 has 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 Plantation Management District (SPMD)

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.

City of Missouri City, Texas

Notes to the Financial Statements

The base 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 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 Plantation 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 Plantation Management District (the "District"), and the Missouri City Development Authority (the "MCDA"), entered into the Sienna Plantation 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.

The District Project budget for District TIRZ Improvements shall not exceed \$39 million, without the consent of the City. This includes new roadway construction (\$11.65 million), roadway and intersection improvements (\$7.15 million), a structured parking garage (\$13.5 million), decorative signage, landscaping, and enhancements (\$4.9 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 June 30, 2017, the District has issued \$14,332,865 in Road Bonds and Unlimited Tax and Tax Increment Contract Revenue Road Bonds (TIRZ Bonds). The TIRZ Bonds are the obligations solely of SPMD 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 \$11.9 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, 2019, the City paid the district a total of \$997,845. 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, 2019, the City paid the district \$256,234.

City of Missouri City, Texas

Notes to the Financial Statements

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 Trammel 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. Furthermore, the development standards put in place by the developer and by the City's Planned Development District ordinance build up on what was put in place of Lakeview development to ensure this property will deliver quality end users, with highest quality construction standards and an upscale appearance

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.

Century Land Holdings Economic 380 Agreement

During FY2018, the City of Missouri City and Century Land Holdings of Texas, LLC (developer) entered into a 380 agreement reimbursing the developer for the design and construction of certain infrastructure that promotes economic development near the planned residential subdivision, Liberty Ridge. The Liberty Ridge subdivision is located in the vicinity of the Independence Boulevard Segment 1 roadway expansion project. As part of the development, the developer dedicated right-of-way for the expansion project. In order for the developer to continue progress, maintain adequate drainage, and allow a safe passage for builders and future homeowners, the developer plans to construct a small section of the subject project, ahead of the city's schedule to construct the remaining section of this roadway project.

The developer advanced the cost of and managed the design and construction of the improvements at the western entrance of the property. The project was completed in FY 2019 and the terms of the agreement were complied with. The total project cost was \$281,964, which will be paid to the developer in FY 2020.

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 \$4.34 million pursuant to this agreement for eligible transportation projects in the fiscal year 2019.

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.

City of Missouri City, Texas

Notes to the Financial Statements

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 \$812,921.

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. Three 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 \$1,073,741.

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 will be implemented by the City in 2020 and the impact has not yet been determined.

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 2021 and the impact has not yet been determined.

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 2021 and the impact has not yet been determined.

Note 21 – Subsequent Events

In October 2019, the City sold \$11,065,000 of General Obligation and Refunding Bonds, Series 2019. The bonds mature in varying amounts from 2020 through 2039 with coupons ranging from 3.0% to 5.0%. Proceeds from the sale of the bonds will be used to refund a portion of the City's outstanding obligations to achieve debt service savings and fund drainage improvements, transportation improvements, facilities improvements and public safety infrastructure and to pay the costs of issuance associated with the sale of bonds.

In January 2020, the City determined that it would be necessary to reimburse Houston Community College Facilities \$350,424 from TIRZ No. 3.

The extent of the operational and financial impact the COVID-19 pandemic may have on the City has yet to be determined and is dependent on its duration and spread, any related operational restrictions and the overall economy. The City is unable to accurately predict how COVID-19 will affect the results of its operations because the virus's severity and the duration of the pandemic are uncertain.

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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, 2019

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Property taxes and penalties	\$ 27,948,928	\$ 27,948,928	\$ 28,102,801	\$ 153,873
Other taxes	9,045,100	8,859,800	9,546,249	686,449
Licenses and permits	2,339,538	2,444,538	3,207,411	762,873
Fines and forfeitures	883,200	883,200	1,023,179	139,979
Franchise taxes	3,903,100	4,198,300	4,204,567	6,267
Intergovernmental revenues	2,309,324	2,400,812	2,502,587	101,775
Other revenue	500,188	597,988	1,055,005	457,017
Charges for services	387,000	387,000	442,267	55,267
Investment earnings	235,436	235,436	447,473	212,037
Total revenues	47,551,814	47,956,002	50,531,539	2,575,537
EXPENDITURES				
Current				
General government	11,423,769	10,363,550	8,729,413	1,634,137
Financial services	2,157,956	2,169,137	2,056,126	113,011
Police	13,605,533	14,103,086	13,447,568	655,518
Fire	9,043,133	9,492,889	8,965,131	527,758
Public works	7,314,716	8,080,393	7,527,188	553,205
Parks and recreation	3,291,136	3,405,938	3,116,677	289,261
Planning	1,441,963	1,641,312	1,648,832	(7,520)
Capital outlay	274,984	882,562	470,323	412,239
Debt service				
Principal	-	-	105,430	(105,430)
Total expenditures	48,553,190	50,138,867	46,066,688	4,072,179
Excess (deficiency) of revenues over expenditures	(1,001,376)	(2,182,865)	4,464,851	6,647,716
OTHER FINANCING SOURCES (USES)				
Transfers in	2,730,074	2,717,606	1,395,539	(1,322,067)
Transfers out	(1,013,677)	(1,324,150)	(3)	1,324,147
Total other financing sources (uses)	1,716,397	1,393,456	1,395,536	2,080
Net change in fund balance - budgetary basis	715,021	(789,409)	5,860,387	6,649,796
Net adjustments to reflect operations in accordance with Generally Accepted Accounting Principals (GAAP)	-	-	48,037	48,037
Net change in fund balance - GAAP basis	715,021	(789,409)	5,908,424	6,697,833
Fund balance, beginning of year	11,014,044	11,014,044	11,014,044	-
FUND BALANCE, END OF YEAR	\$ 11,729,065	\$ 10,224,635	\$ 16,922,468	\$ 6,697,833

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 \$48,037 more than for GAAP as a result of this inclusion of encumbrances for budgetary reporting purposes. 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.

Fund Balance for the General Fund was originally budgeted to increase by \$715,021. The final budget called for a decrease of \$789,409 in fund balance. The actual change in Fund Balance was a \$5,908,424 increase in fund balance, which is a positive budget variance of \$6,697,833.

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.

	Budgetary Basis	Encumbrances	GAAP Basis
Revenues	\$ 50,531,539	\$ -	\$ 50,531,539
Expenditures	46,066,688	(48,037)	46,018,651
Totals	\$ 4,464,851	\$ 48,037	\$ 4,512,888

City of Missouri City, Texas

Notes to Required Supplementary Information

During the year, the General Fund had an original revenue budget of \$47,551,814, and a final revenue budget of \$47,956,002, resulting in an increased revenue budget of \$404,188, or 0.8%. There were no significant revenue budgetary adjustments made during the year. Actual total revenues of \$50,531,539 were \$2,575,537 more than the final budget, or 5.4%.

The General Fund originally budgeted expenditures of \$48,553,190, and had a final budget of \$50,138,867, resulting in an expenditure budget increase of \$1,585,677, or 3.3%. Actual expenditures were \$46,066,688, which is a favorable variance of \$4,072,179, or 8.1%.

Expenditures were over budget in principal by \$105,000 and planning by \$7,520. This is primarily due to capital lease payments and emergency related expenditures, respectively.

Note 3. 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 Five Fiscal Years

	Measurement Year*				
	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY					
Service cost	\$ 3,991,551	\$ 4,026,779	\$ 3,760,150	\$ 3,596,718	\$ 3,022,157
Interest	8,651,306	8,134,301	7,601,041	7,420,493	7,039,404
Differences between expected and actual experience	(1,274,730)	513,297	1,235,380	434,820	(431,047)
Changes of assumptions	-	-	-	(230,688)	-
Benefit payments, including refunds of employee contributions	(5,120,307)	(4,874,521)	(4,784,969)	(4,619,197)	(4,328,141)
Net change in total pension liability	6,247,820	7,799,856	7,811,602	6,602,146	5,302,373
Total pension liability - beginning	128,731,884	120,932,028	113,120,426	106,518,280	101,215,907
TOTAL PENSION LIABILITY - ENDING (a)	<u>\$ 134,979,704</u>	<u>\$ 128,731,884</u>	<u>\$ 120,932,028</u>	<u>\$ 113,120,426</u>	<u>\$ 106,518,280</u>
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 2,275,624	\$ 2,306,353	\$ 1,921,157	\$ 1,853,966	\$ 1,018,731
Contributions - employee	1,612,283	1,634,055	1,514,445	1,461,322	1,358,254
Net investment income	(3,094,187)	12,697,084	5,889,244	130,473	4,892,846
Benefit payments, including refunds of employee contributions	(5,120,307)	(4,874,521)	(4,784,969)	(4,619,197)	(4,328,141)
Administrative expense	(59,824)	(65,824)	(66,535)	(79,478)	(51,091)
Other	(3,126)	(3,335)	(3,585)	(3,925)	(4,201)
Net change in plan fiduciary net position	(4,389,537)	11,693,812	4,469,757	(1,256,839)	2,886,398
Plan fiduciary net position - beginning	103,336,520	91,642,708	87,172,951	88,429,790	85,543,392
PLAN FIDUCIARY NET POSITION - ENDING (b)	<u>\$ 98,946,983</u>	<u>\$ 103,336,520</u>	<u>\$ 91,642,708</u>	<u>\$ 87,172,951</u>	<u>\$ 88,429,790</u>
NET PENSION LIABILITY - ENDING (a)-(b)	<u>\$ 36,032,721</u>	<u>\$ 25,395,364</u>	<u>\$ 29,289,320</u>	<u>\$ 25,947,475</u>	<u>\$ 18,088,490</u>
Plan fiduciary net position as a percentage of total pension liability	73.31%	80.27%	75.78%	77.06%	83.02%
Covered payroll	\$ 23,032,609	\$ 23,343,646	\$ 21,634,924	\$ 20,850,358	\$ 19,243,804
Net pension liability as a percentage of covered payroll	156.44%	108.79%	135.38%	124.45%	94.00%

*GASB Statement No. 68 requires 10 years of data; however, five 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).

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 1,965,129	\$ 2,260,745	\$ 2,200,471	\$ 1,876,548
Contributions in relation to the actuarially determined contribution	<u>(2,381,313)</u>	<u>(2,815,551)</u>	<u>(2,200,471)</u>	<u>(1,876,548)</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ (416,184)</u>	<u>\$ (554,806)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 23,813,134	\$ 28,642,429	\$ 23,197,472	\$ 19,645,653
Contributions as a percentage of covered payroll	10.00%	9.83%	9.49%	9.55%

* 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	25 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.50%
Salary increases	3.50% to 10.50% 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 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

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

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 1,402,879	\$ 953,766	\$ 1,779,036	\$ 2,778,949	\$ 2,882,292	\$ 2,833,342
<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>(2,210,306)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,915</u>	<u>\$ 535,764</u>	<u>\$ 623,036</u>
\$ 18,575,957	\$ 17,589,972	\$ 16,642,341	\$ 16,362,228	\$ 16,681,946	\$ 16,630,535
7.55%	5.42%	10.69%	15.37%	14.07%	13.29%

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 Two Fiscal Years

	<u>Measurement Year*</u> <u>2018</u>	<u>Measurement Year*</u> <u>2017</u>
TOTAL OPEB LIABILITY		
Service cost	\$ 36,852	\$ 32,681
Interest on total OPEB liability	27,778	26,956
Difference between expected and actual experience	48,520	-
Changes of assumptions	(62,263)	69,029
Benefit payments	(4,607)	(4,669)
	<hr/>	<hr/>
Net change in total OPEB liability	46,280	123,997
	<hr/>	<hr/>
Total OPEB liability - beginning	823,102	699,105
	<hr/>	<hr/>
TOTAL OPEB LIABILITY - ENDING	\$ 869,382	\$ 823,102
	<hr/>	<hr/>
Covered payroll	\$ 23,032,609	\$ 23,343,646
	<hr/>	<hr/>
Total OPEB liability as a percentage of covered payroll	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, two 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 Two Fiscal Years

	<u>Measurement Year*</u> <u>2018</u>	<u>Measurement Year*</u> <u>2017</u>
TOTAL OPEB LIABILITY		
Service cost	\$ 267,820	\$ 232,018
Interest on total OPEB liability	224,560	231,894
Difference between expected and actual experience	11,392	-
Changes of assumptions	(362,911)	437,405
Benefit payments	<u>(207,107)</u>	<u>(235,642)</u>
Net change in total OPEB liability	(66,246)	665,675
Total OPEB liability - beginning	<u>6,753,938</u>	<u>6,088,263</u>
TOTAL OPEB LIABILITY - ENDING	<u>\$ 6,687,692</u>	<u>\$ 6,753,938</u>
Covered-employee payroll	\$ 23,032,592	\$ 21,879,740
Total OPEB liability as a percentage of covered payroll	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, two 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

Special Revenue 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, and Juvenile Case Funds

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

Community Development Block Grant (CDBG) Funds

These funds are 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.

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

This fund is used to account for the TIRZ in the Sienna Plantation 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, 2019

	<u>Park Land Dedication Fund</u>	<u>Law Enforcement Fund</u>	<u>Radio Communications Fund</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 530,998	\$ 224,117	\$ 53,315
Investments	1,616,664	635,117	173,214
Receivables, net of allowances	-	-	58,009
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,147,662</u>	<u>\$ 859,234</u>	<u>\$ 284,538</u>
LIABILITIES			
Accounts payable	\$ 1,500	\$ -	\$ 13,907
Salaries payable	-	-	4,224
Due to others	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	1,500	-	18,131
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	-	-	43,223
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	-	-	43,223
FUND BALANCES			
Restricted for:			
Law enforcement	-	859,234	223,184
Facilities construction	-	-	-
Parkland dedication	2,146,162	-	-
Community development	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>2,146,162</u>	<u>859,234</u>	<u>223,184</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
	<u>\$ 2,147,662</u>	<u>\$ 859,234</u>	<u>\$ 284,538</u>

<u>Court Security Fee Fund</u>	<u>Court Technology Fee Fund</u>	<u>Court Juvenile Case Fund</u>	<u>Missouri City TV Facility and Equipment Fund</u>	<u>Grants Fund</u>	<u>CDBG Fund</u>
\$ 34,118	\$ 43,981	\$ 7,636	\$ 154,020	\$ 267,482	\$ -
57,738	115,475	-	404,166	-	-
1,332	1,777	2,065	45,782	-	93,540
<u>\$ 93,188</u>	<u>\$ 161,233</u>	<u>\$ 9,701</u>	<u>\$ 603,968</u>	<u>\$ 267,482</u>	<u>\$ 93,540</u>
\$ -	\$ 1,404	\$ -	\$ -	\$ 10,148	\$ 93,540
623	-	-	-	-	-
3	-	62	-	-	-
626	1,404	62	-	10,148	93,540
1,332	1,777	2,065	-	-	59,350
1,332	1,777	2,065	-	-	59,350
91,230	158,052	7,574	-	257,334	-
-	-	-	603,968	-	-
-	-	-	-	-	-
-	-	-	-	-	(59,350)
91,230	158,052	7,574	603,968	257,334	(59,350)
<u>\$ 93,188</u>	<u>\$ 161,233</u>	<u>\$ 9,701</u>	<u>\$ 603,968</u>	<u>\$ 267,482</u>	<u>\$ 93,540</u>

City of Missouri City, Texas
 Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2019

	<u>Donations Fund</u>	<u>Missouri City Development Authority Fund</u>	<u>TIRZ#1 (Fifth Street) Fund</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 41,411	\$ 20,053	\$ 147,301
Investments	115,475	-	519,642
Receivables, net of allowances	2,000	-	-
	<u>158,886</u>	<u>20,053</u>	<u>666,943</u>
Total assets	<u>\$ 158,886</u>	<u>\$ 20,053</u>	<u>\$ 666,943</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Salaries payable	-	-	-
Due to others	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	-	-
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	-	-	-
FUND BALANCES			
Restricted for:			
Law enforcement	-	-	-
Facilities construction	-	-	-
Parkland dedication	-	-	-
Community development	158,886	20,053	666,943
	<u>158,886</u>	<u>20,053</u>	<u>666,943</u>
Total fund balances	<u>158,886</u>	<u>20,053</u>	<u>666,943</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 158,886</u>	<u>\$ 20,053</u>	<u>\$ 666,943</u>

TIRZ #2 (Vicksburg) Fund	TIRZ #3 (Sienna) Fund	PID #2 (Vicksburg) Fund	PID #4 (Creekmont) Fund	Hotel Occupancy Tax	Total Nonmajor Governmental Funds
\$ 2,216,467	\$ 1,032,633	\$ 53,754	\$ 65,614	\$ 108,786	\$ 5,001,686
6,524,390	3,060,112	230,952	230,952	404,166	14,088,063
-	196,034	490	-	66,705	467,734
<u>\$ 8,740,857</u>	<u>\$ 4,288,779</u>	<u>\$ 285,196</u>	<u>\$ 296,566</u>	<u>\$ 579,657</u>	<u>\$ 19,557,483</u>
\$ -	\$ -	\$ -	\$ -	\$ 47,389	\$ 167,888
-	-	-	-	3,800	8,647
-	-	-	-	-	65
-	-	-	-	51,189	176,600
-	196,034	-	-	-	303,781
-	196,034	-	-	-	303,781
-	-	-	-	-	1,596,608
-	-	-	-	-	603,968
-	-	-	-	-	2,146,162
8,740,857	4,092,745	285,196	296,566	528,468	14,730,364
8,740,857	4,092,745	285,196	296,566	528,468	19,077,102
<u>\$ 8,740,857</u>	<u>\$ 4,288,779</u>	<u>\$ 285,196</u>	<u>\$ 296,566</u>	<u>\$ 579,657</u>	<u>\$ 19,557,483</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, 2019

	Park Land Dedication Fund	Law Enforcement Fund	Radio Communications Fund
REVENUES			
Property taxes and penalties	\$ -	\$ -	\$ -
Other taxes	-	-	-
Fines and forfeitures	-	-	-
Franchise taxes	-	-	-
Intergovernmental revenues	-	230,789	77,139
Other revenue	617,402	-	-
Charges for services	-	-	178,881
Investment earnings	46,283	19,301	5,055
	<hr/>	<hr/>	<hr/>
Total revenues	663,685	250,090	261,075
EXPENDITURES			
Current			
General government	-	-	-
Police	-	75,808	204,469
Fire	-	-	-
Parks and recreation	107,350	-	-
Planning	-	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	107,350	75,808	204,469
Excess (deficiency) of revenues over (under) expenditures	556,335	174,282	56,606
OTHER FINANCING SOURCES (USES)			
Transfers in	3	-	-
Proceeds from long-term debt	-	-	-
Transfers out	-	-	(40,011)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	3	-	(40,011)
Net change in fund balances	556,338	174,282	16,595
Fund balances, beginning of year	1,589,824	684,952	206,589
	<hr/>	<hr/>	<hr/>
FUND BALANCE, END OF YEAR	\$ 2,146,162	\$ 859,234	\$ 223,184

<u>Court Security Fee Fund</u>	<u>Court Technology Fee Fund</u>	<u>Court Juvenile Case Fund</u>	<u>Missouri City TV Facility and Equipment Fund</u>	<u>Grants Fund</u>	<u>CDBG Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
16,981	22,778	33,682	-	-	-
-	-	-	184,830	-	-
-	-	-	-	13,733	230,954
-	-	-	-	-	-
-	-	-	-	-	-
2,336	3,818	185	11,910	-	-
<u>19,317</u>	<u>26,596</u>	<u>33,867</u>	<u>196,740</u>	<u>13,733</u>	<u>230,954</u>
16,389	15,999	-	48,382	14,999	-
-	-	-	-	82,381	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	255,462
-	-	-	-	-	-
-	-	-	-	-	-
<u>16,389</u>	<u>15,999</u>	<u>-</u>	<u>48,382</u>	<u>97,380</u>	<u>255,462</u>
2,928	10,597	33,867	148,358	(83,647)	(24,508)
-	-	-	-	-	-
-	-	-	-	-	-
(13,750)	-	(30,000)	-	-	-
<u>(13,750)</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(10,822)	10,597	3,867	148,358	(83,647)	(24,508)
<u>102,052</u>	<u>147,455</u>	<u>3,707</u>	<u>455,610</u>	<u>340,981</u>	<u>(34,842)</u>
<u>\$ 91,230</u>	<u>\$ 158,052</u>	<u>\$ 7,574</u>	<u>\$ 603,968</u>	<u>\$ 257,334</u>	<u>\$ (59,350)</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, 2019

	<u>Donations Fund</u>	<u>Missouri City Development Authority Fund</u>	<u>TIRZ#1 (Fifth Street) Fund</u>
REVENUES			
Property taxes and penalties	\$ -	\$ -	\$ 1,071,940
Other taxes	-	-	-
Fines and forfeitures	-	-	-
Franchise taxes	-	-	-
Intergovernmental revenues	-	-	-
Other revenue	91,795	-	-
Charges for services	-	-	-
Investment earnings	4,018	2,764	31,259
	<hr/>	<hr/>	<hr/>
Total revenues	95,813	2,764	1,103,199
EXPENDITURES			
Current:			
General government	11,918	1,279,114	-
Police	45,288	-	-
Fire	9,191	-	-
Parks and recreation	13,486	-	-
Planning	-	-	-
Debt service:			
Principal	-	-	365,000
Interest and fiscal charges	-	-	79,365
	<hr/>	<hr/>	<hr/>
Total expenditures	79,883	1,279,114	444,365
Excess (deficiency) of revenues over (under) expenditures	15,930	(1,276,350)	658,834
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,379,114	-
Proceeds from long-term debt	-	-	-
Transfers out	-	(100,000)	(1,133,025)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	1,279,114	(1,133,025)
Net change in fund balances	15,930	2,764	(474,191)
Fund balances, beginning of year	142,956	17,289	1,141,134
	<hr/>	<hr/>	<hr/>
FUND BALANCE, END OF YEAR	\$ 158,886	\$ 20,053	\$ 666,943

TIRZ #2 (Vicksburg) Fund	TIRZ #3 (Sienna) Fund	PID #2 (Vicksburg) Fund	PID #4 (Creekmont) Fund	Hotel Occupancy Tax	Total Nonmajor Governmental Funds
\$ 2,625,787	\$ 2,084,938	\$ 699,107	\$ 394,451	\$ -	\$ 6,876,223
-	-	-	-	242,901	242,901
-	-	-	-	-	73,441
-	-	-	-	-	184,830
-	-	-	-	-	552,615
-	-	-	-	-	709,197
-	-	-	-	-	178,881
210,237	97,593	19,541	9,190	14,651	478,141
2,836,024	2,182,531	718,648	403,641	257,552	9,296,229
-	-	2,000,000	-	316,286	3,703,087
-	-	-	-	-	407,946
-	-	-	-	-	9,191
-	-	-	-	-	120,836
-	249,132	-	-	-	504,594
390,000	860,000	125,000	145,000	-	1,885,000
145,314	1,127,784	260,491	202,244	-	1,815,198
535,314	2,236,916	2,385,491	347,244	316,286	8,445,852
2,300,710	(54,385)	(1,666,843)	56,397	(58,734)	850,377
-	-	-	-	-	1,379,117
-	-	1,182,560	-	-	1,182,560
(93,860)	(93,600)	(33,600)	(33,600)	(50,000)	(1,621,446)
(93,860)	(93,600)	1,148,960	(33,600)	(50,000)	940,231
2,206,850	(147,985)	(517,883)	22,797	(108,734)	1,790,608
6,534,007	4,240,730	803,079	273,769	637,202	17,286,494
\$ 8,740,857	\$ 4,092,745	\$ 285,196	\$ 296,566	\$ 528,468	\$ 19,077,102

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, 2019

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Other revenue	\$ -	\$ 295,400	\$ 617,402	\$ 322,002
Investment earnings	16,794	16,794	46,283	29,489
Total revenues	16,794	312,194	663,685	351,491
EXPENDITURES				
Current				
Parks and recreation	1,035,030	1,454,639	107,350	1,347,289
Total expenditures	1,035,030	1,454,639	107,350	1,347,289
Excess (deficiency) of revenues over expenditures	(1,018,236)	(1,142,445)	556,335	1,698,780
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	3	3
Total other financing sources (uses)	-	-	3	3
Net change in fund balance	(1,018,236)	(1,142,445)	556,338	1,698,783
Fund balance, beginning of year	1,589,824	1,589,824	1,589,824	-
FUND BALANCE, END OF YEAR	\$ 571,588	\$ 447,379	\$ 2,146,162	\$ 1,698,783

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, 2019

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ -	\$ 230,789	\$ 230,789	\$ -
Investment earnings	7,900	16,667	19,301	2,634
Total revenues	7,900	247,456	250,090	2,634
EXPENDITURES				
Current				
Police	220,000	240,052	75,808	164,244
Total expenditures	220,000	240,052	75,808	164,244
Net change in fund balance	(212,100)	7,404	174,282	166,878
Fund balance, beginning of year	684,952	684,952	684,952	-
FUND BALANCE, END OF YEAR	\$ 472,852	\$ 692,356	\$ 859,234	\$ 166,878

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, 2019

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 67,417	\$ 67,417	\$ 77,139	\$ 9,722
Charges for services	236,800	236,800	178,881	(57,919)
Investment earnings	2,077	2,077	5,055	2,978
Total revenues	306,294	306,294	261,075	(45,219)
EXPENDITURES				
Current				
Police	196,675	214,389	204,469	9,920
Total expenditures	196,675	214,389	204,469	9,920
Excess (deficiency) of revenues over expenditures	109,619	91,905	56,606	(35,299)
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	69,608	51,894	16,595	(35,299)
Fund balance, beginning of year	206,589	206,589	206,589	-
FUND BALANCE, END OF YEAR	\$ 276,197	\$ 258,483	\$ 223,184	\$ (35,299)

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, 2019

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 20,000	\$ 20,000	\$ 16,981	\$ (3,019)
Investment earnings	2,225	2,225	2,336	111
Total revenues	22,225	22,225	19,317	(2,908)
EXPENDITURES				
Current				
General government	25,946	25,946	16,389	9,557
Total expenditures	25,946	25,946	16,389	9,557
Excess (deficiency) of revenues over expenditures	(3,721)	(3,721)	2,928	6,649
OTHER FINANCING SOURCES (USES)				
Transfers out	(20,000)	(11,667)	(13,750)	(2,083)
Total other financing sources (uses)	(20,000)	(11,667)	(13,750)	(2,083)
Net change in fund balance	(23,721)	(15,388)	(10,822)	4,566
Fund balance, beginning of year	102,052	102,052	102,052	-
FUND BALANCE, END OF YEAR	\$ 78,331	\$ 86,664	\$ 91,230	\$ 4,566

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, 2019

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 25,000	\$ 25,000	\$ 22,778	\$ (2,222)
Investment earnings	2,994	2,994	3,818	824
Total revenues	27,994	27,994	26,596	(1,398)
EXPENDITURES				
Current				
General government	25,000	35,000	15,999	19,001
Total expenditures	25,000	35,000	15,999	19,001
Net change in fund balance	2,994	(7,006)	10,597	17,603
Fund balance, beginning of year	147,455	147,455	147,455	-
FUND BALANCE, END OF YEAR	\$ 150,449	\$ 140,449	\$ 158,052	\$ 17,603

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, 2019

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 37,000	\$ 37,000	\$ 33,682	\$ (3,318)
Investment earnings	-	-	185	185
Total revenues	37,000	37,000	33,867	(3,133)
EXPENDITURES				
Current				
General government	700	700	-	700
Total expenditures	700	700	-	700
Excess (deficiency) of revenues over expenditures	36,300	36,300	33,867	(2,433)
OTHER FINANCING SOURCES (USES)				
Transfers out	(30,000)	(30,000)	(30,000)	-
Total other financing sources (uses)	(30,000)	(30,000)	(30,000)	-
Net change in fund balance	6,300	6,300	3,867	(2,433)
Fund balance, beginning of year	3,707	3,707	3,707	-
FUND BALANCE, END OF YEAR	\$ 10,007	\$ 10,007	\$ 7,574	\$ (2,433)

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, 2019

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Franchise taxes	\$ 150,000	\$ 150,000	\$ 184,830	\$ 34,830
Investment earnings	6,218	6,218	11,910	5,692
Total revenues	156,218	156,218	196,740	40,522
EXPENDITURES				
Current				
General government	228,059	228,059	48,382	179,677
Total expenditures	228,059	228,059	48,382	179,677
Net change in fund balance	(71,841)	(71,841)	148,358	220,199
Fund balance, beginning of year	455,610	455,610	455,610	-
FUND BALANCE, END OF YEAR	\$ 383,769	\$ 383,769	\$ 603,968	\$ 220,199

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, 2019

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 12,000	\$ 37,148	\$ 13,733	\$ (23,415)
Total revenues	12,000	37,148	13,733	(23,415)
EXPENDITURES				
Current				
General government	-	15,000	14,999	1
Police	4,350	14,498	82,381	(67,883)
Total expenditures	4,350	29,498	97,380	(67,882)
Net change in fund balance	7,650	7,650	(83,647)	(91,297)
Fund balance, beginning of year	340,981	340,981	340,981	-
FUND BALANCE, END OF YEAR	\$ 348,631	\$ 348,631	\$ 257,334	\$ (91,297)

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, 2019

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 570,166	\$ 570,166	\$ 230,954	\$ (339,212)
Total revenues	570,166	570,166	230,954	(339,212)
EXPENDITURES				
Current				
Planning	613,500	635,116	255,462	379,654
Total expenditures	613,500	635,116	255,462	379,654
Net change in fund balance	(43,334)	(64,950)	(24,508)	40,442
Fund balance, beginning of year	(34,842)	(34,842)	(34,842)	-
FUND BALANCE, END OF YEAR	\$ (78,176)	\$ (99,792)	\$ (59,350)	\$ 40,442

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, 2019

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ 114,990	\$ 114,990	\$ 91,795	\$ (23,195)
Investment earnings	3,899	3,899	4,018	119
Total revenues	118,889	118,889	95,813	(23,076)
EXPENDITURES				
Current				
General government	45,340	45,340	11,918	33,422
Police	52,000	52,000	45,288	6,712
Fire	12,000	12,000	9,191	2,809
Public works	700	700	-	700
Parks and recreation	20,000	20,000	13,486	6,514
Total expenditures	130,040	130,040	79,883	50,157
Net change in fund balance	(11,151)	(11,151)	15,930	27,081
Fund balance, beginning of year	142,956	142,956	142,956	-
FUND BALANCE, END OF YEAR	\$ 131,805	\$ 131,805	\$ 158,886	\$ 27,081

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, 2019

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 173	\$ 173	\$ 2,764	\$ 2,591
Total revenues	173	173	2,764	2,591
EXPENDITURES				
Current				
General government	-	1,279,114	1,279,114	-
Total expenditures	-	1,279,114	1,279,114	-
Excess (deficiency) of revenues over expenditures	173	(1,278,941)	(1,276,350)	2,591
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	1,379,114	1,379,114	-
Transfers out	(100,000)	(100,000)	(100,000)	-
Total other financing sources (uses)	-	1,279,114	1,279,114	-
Net change in fund balance	173	173	2,764	2,591
Fund balance, beginning of year	17,289	17,289	17,289	-
FUND BALANCE, END OF YEAR	\$ 17,462	\$ 17,462	\$ 20,053	\$ 2,591

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, 2019

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Property taxes and penalties	\$ 1,017,241	\$ 1,017,241	\$ 1,071,940	\$ 54,699
Investment earnings	38,227	38,227	31,259	(6,968)
Total revenues	1,055,468	1,055,468	1,103,199	47,731
EXPENDITURES				
Current				
General government	1,970	1,970	-	1,970
Debt service				
Principal	365,000	365,000	365,000	-
Interest and fiscal charges	79,266	79,266	79,365	(99)
Total expenditures	446,236	446,236	444,365	1,871
Excess (deficiency) of revenues over expenditures	609,232	609,232	658,834	49,602
OTHER FINANCING SOURCES (USES)				
Transfers out	(59,591)	(1,133,025)	(1,133,025)	-
Total other financing sources (uses)	(59,591)	(1,133,025)	(1,133,025)	-
Net change in fund balance	549,641	(523,793)	(474,191)	49,602
Fund balance, beginning of year	1,141,134	1,141,134	1,141,134	-
FUND BALANCE, END OF YEAR	\$ 1,690,775	\$ 617,341	\$ 666,943	\$ 49,602

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, 2019

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Property taxes and penalties	\$ 2,435,465	\$ 2,435,465	\$ 2,625,787	\$ 190,322
Investment earnings	75,000	75,000	210,237	135,237
Total revenues	2,510,465	2,510,465	2,836,024	325,559
EXPENDITURES				
Current				
General government	29,000	29,000	-	29,000
Principal	390,000	390,000	390,000	-
Interest and fiscal charges	145,316	145,316	145,314	2
Total expenditures	564,316	564,316	535,314	29,002
Excess (deficiency) of revenues over expenditures	1,946,149	1,946,149	2,300,710	354,561
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	1,852,289	1,852,289	2,206,850	354,561
Fund balance, beginning of year	6,534,007	6,534,007	6,534,007	-
FUND BALANCE, END OF YEAR	\$ 8,386,296	\$ 8,386,296	\$ 8,740,857	\$ 354,561

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Funds – TIRZ #3 (Sienna) Fund
For the Fiscal Year Ended September 30, 2019

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Property taxes and penalties	\$ 1,869,174	\$ 1,869,174	\$ 2,084,938	\$ 215,764
Investment earnings	52,944	52,944	97,593	44,649
Total revenues	1,922,118	1,922,118	2,182,531	260,413
EXPENDITURES				
Current				
Planning	617,793	617,793	249,132	368,661
Debt service				
Principal	420,000	420,000	860,000	(440,000)
Interest and fiscal charges	577,958	577,958	1,127,784	(549,826)
Total expenditures	1,615,751	1,615,751	2,236,916	(621,165)
Excess (deficiency) of revenues over expenditures	306,367	306,367	(54,385)	(360,752)
OTHER FINANCING SOURCES (USES)				
Transfers out	(93,600)	(93,600)	(93,600)	-
Total other financing sources (uses)	(93,600)	(93,600)	(93,600)	-
Net change in fund balance	212,767	212,767	(147,985)	(360,752)
Fund balance, beginning of year	4,240,730	4,240,730	4,240,730	-
FUND BALANCE, END OF YEAR	\$ 4,453,497	\$ 4,453,497	\$ 4,092,745	\$ (360,752)

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, 2019

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Property taxes and penalties	\$ 612,000	\$ 699,107	\$ 699,107	\$ -
Investment earnings	20,968	20,968	19,541	(1,427)
Total revenues	632,968	720,075	718,648	(1,427)
EXPENDITURES				
Current				
General government	4,500	2,004,500	2,000,000	4,500
Debt service				
Principal	80,000	125,000	125,000	-
Interest and fiscal charges	224,626	260,493	260,491	2
Total expenditures	309,126	2,389,993	2,385,491	4,502
Excess (deficiency) of revenues over expenditures	323,842	(1,669,918)	(1,666,843)	3,075
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	1,150,000	1,192,560	1,182,560	(10,000)
Transfers out	(33,600)	(33,600)	(33,600)	-
Total other financing sources (uses)	1,116,400	1,158,960	1,148,960	(10,000)
Net change in fund balance	1,440,242	(510,958)	(517,883)	(6,925)
Fund balance, beginning of year	803,079	803,079	803,079	-
FUND BALANCE, END OF YEAR	\$ 2,243,321	\$ 292,121	\$ 285,196	\$ (6,925)

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, 2019

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Property taxes and penalties	\$ 395,700	\$ 395,700	\$ 394,451	\$ (1,249)
Investment earnings	4,560	4,560	9,190	4,630
Total revenues	400,260	400,260	403,641	3,381
EXPENDITURES				
Debt service				
Principal	145,000	145,000	145,000	-
Interest and fiscal charges	215,400	215,400	202,244	13,156
Total expenditures	360,400	360,400	347,244	13,156
Excess (deficiency) of revenues over expenditures	39,860	39,860	56,397	16,537
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	6,260	6,260	22,797	16,537
Fund balance, beginning of year	273,769	273,769	273,769	-
FUND BALANCE, END OF YEAR	\$ 280,029	\$ 280,029	\$ 296,566	\$ 16,537

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, 2019

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Other taxes	\$ 200,000	\$ 200,000	\$ 242,901	\$ 42,901
Investment earnings	11,188	11,188	14,651	3,463
Total revenues	211,188	211,188	257,552	46,364
EXPENDITURES				
Current				
General government	327,405	372,795	316,286	56,509
Total expenditures	327,405	372,795	316,286	56,509
Excess (deficiency) of revenues over expenditures	(116,217)	(161,607)	(58,734)	102,873
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(50,000)	(50,000)	-
Total other financing sources (uses)	-	(50,000)	(50,000)	-
Net change in fund balance	(116,217)	(211,607)	(108,734)	102,873
Fund balance, beginning of year	637,202	637,202	637,202	-
FUND BALANCE, END OF YEAR	\$ 520,985	\$ 425,595	\$ 528,468	\$ 102,873

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Funds – Debt Service Fund
For the Fiscal Year Ended September 30, 2019

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Property taxes and penalties	\$ 10,392,498	\$ 10,392,498	\$ 10,401,782	\$ 9,284
Investment earnings	140,000	140,000	191,461	51,461
Total revenues	10,532,498	10,532,498	10,593,243	60,745
EXPENDITURES				
Debt service				
Principal	6,136,597	6,135,824	5,954,043	181,781
Interest and fiscal charges	3,550,531	3,555,364	3,273,969	281,395
Total expenditures	9,687,128	9,691,188	9,228,012	463,176
Net change in fund balance	845,370	841,310	1,365,231	523,921
Fund balance, beginning of year	4,781,620	4,781,620	4,781,620	-
FUND BALANCE, END OF YEAR	\$ 5,626,990	\$ 5,622,930	\$ 6,146,851	\$ 523,921

City of Missouri City, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Funds – Capital Projects Fund
For the Fiscal Year Ended September 30, 2019

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Property taxes and penalties	\$ -	\$ -	\$ -	\$ -
Other taxes	3,421,957	3,461,838	4,126,909	665,071
Intergovernmental revenues	4,150,000	4,150,000	1,553,167	(2,596,833)
Other revenue	-	-	59,605	59,605
Investment earnings	321,210	321,210	779,579	458,369
Total revenues	7,893,167	7,933,048	6,519,260	(1,413,788)
EXPENDITURES				
Current				
Parks and recreation	-	290,229	-	290,229
Planning	2,423,976	4,605,011	2,034,897	2,570,114
Capital outlay	23,585,944	25,808,935	6,663,716	19,145,219
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	26,009,920	30,704,175	8,698,613	22,005,562
Excess (deficiency) of revenues over expenditures	(18,116,753)	(22,771,127)	(2,179,353)	20,591,774
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,433,907	1,123,434	(310,473)
Proceeds from long-term debt	5,250,000	13,152,496	13,152,496	-
Transfers out	(2,100,000)	(2,079,114)	(1,768,641)	310,473
Total other financing sources (uses)	3,150,000	12,507,289	12,507,289	-
Net change in fund balance	(14,966,753)	(10,263,838)	10,327,936	20,591,774
Fund balance, beginning of year	17,404,822	17,404,822	17,404,822	-
FUND BALANCE, END OF YEAR	\$ 2,438,069	\$ 7,140,984	\$ 27,732,758	\$ 20,591,774

Statistical Section

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**Statistical Section
(Unaudited)**

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

	<u>Page</u>
Financial Trends – Schedules 1-4	135
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 5-7	145
These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.	
Debt Capacity – Schedules 8-11	151
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 12-13	157
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 14-16	160
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.	

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 121,328,474	\$ 118,436,911	\$ 116,292,562	\$ 112,877,527
Restricted	34,693,978	7,626,379	7,977,819	18,767,355
Unrestricted	(39,965,922)	(15,052,987)	(8,398,199)	(15,929,148)
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	<u>\$ 116,056,530</u>	<u>\$ 111,010,303</u>	<u>\$ 115,872,182</u>	<u>\$ 115,715,734</u>
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 34,192,723	\$ 35,154,398	\$ 26,490,293	\$ 19,296,480
Restricted	604,724	-	-	-
Unrestricted	26,029,441	22,371,533	27,715,373	30,464,095
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	<u>\$ 60,826,888</u>	<u>\$ 57,525,931</u>	<u>\$ 54,205,666</u>	<u>\$ 49,760,575</u>
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 155,521,197	\$ 153,591,309	\$ 142,782,855	\$ 132,174,007
Restricted	35,298,702	7,626,379	7,977,819	18,767,355
Unrestricted	(13,936,481)	7,318,546	19,317,174	14,534,947
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$ 176,883,418</u>	<u>\$ 168,536,234</u>	<u>\$ 170,077,848</u>	<u>\$ 165,476,309</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 6/30/2014 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

<u>2015 (2)</u>	<u>2014 (2)(3)</u>	<u>2013 (3)</u>	<u>2012 (1)(3)</u>	<u>2011 (3)</u>	<u>2010 (3)</u>
\$ 113,896,557	\$ 104,175,517	\$ 108,022,705	\$ 112,072,157	\$ 90,854,187	\$ 83,919,838
16,142,254	15,155,170	19,198,630	17,692,029	15,820,812	15,252,973
(12,618,360)	(5,145,871)	(60,641)	1,007,456	5,925,353	9,040,742
<u>\$ 117,420,451</u>	<u>\$ 114,184,816</u>	<u>\$ 127,160,694</u>	<u>\$ 130,771,642</u>	<u>\$ 112,600,352</u>	<u>\$ 108,213,553</u>
\$ 18,214,954	\$ 27,400,088	\$ 28,168,337	\$ 19,054,462	\$ 16,338,112	\$ 9,847,115
-	5,064,997	639,682	10,361,178	10,223,549	12,560,142
29,306,651	11,747,734	9,212,724	6,019,700	3,222,763	4,822,761
<u>\$ 47,521,605</u>	<u>\$ 44,212,819</u>	<u>\$ 38,020,743</u>	<u>\$ 35,435,340</u>	<u>\$ 29,784,424</u>	<u>\$ 27,230,018</u>
\$ 132,111,511	\$ 131,575,605	\$ 136,191,042	\$ 131,126,619	\$ 107,192,299	\$ 93,766,953
16,142,254	20,220,167	19,838,312	28,053,207	26,044,361	27,813,115
16,688,291	6,601,863	9,152,083	7,027,156	9,148,116	13,863,503
<u>\$ 164,942,056</u>	<u>\$ 158,397,635</u>	<u>\$ 165,181,437</u>	<u>\$ 166,206,982</u>	<u>\$ 142,384,776</u>	<u>\$ 135,443,571</u>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
EXPENSES				
Governmental activities:				
General government	\$ 15,529,208	\$ 14,685,034	\$ 9,480,629	\$ 7,841,833
Financial services	2,348,268	2,412,310	1,984,993	1,870,127
Police	16,255,830	19,181,580	15,754,861	15,330,234
Fire	10,838,755	11,895,168	9,837,771	9,308,340
Public works	14,791,746	18,407,432	15,422,548	16,645,172
Parks and recreation	4,907,496	5,734,819	4,367,231	4,107,637
Planning	4,177,093	4,605,253	2,029,829	1,788,303
Interest on long-term debt	4,112,146	5,114,943	4,028,758	4,382,162
	<u>72,960,542</u>	<u>82,036,539</u>	<u>62,906,620</u>	<u>61,273,808</u>
Business-type activities:				
Water and wastewater utilities	4,391,640	5,656,670	3,373,696	5,434,860
Surface water treatment	7,208,175	8,707,936	5,907,887	4,205,243
Solid waste collections	3,598,926	4,541,814	3,614,938	3,773,446
Golf course	3,887,252	5,004,014	3,948,931	3,803,917
	<u>19,085,993</u>	<u>23,910,434</u>	<u>16,845,452</u>	<u>17,217,466</u>
TOTAL EXPENSES	<u>\$ 92,046,535</u>	<u>\$ 105,946,973</u>	<u>\$ 79,752,072</u>	<u>\$ 78,491,274</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 21,765	\$ 33,651	\$ 101,605	\$ -
Police	1,540,658	1,861,538	1,539,316	1,838,574
Fire	2,305,863	2,815,435	1,738	1,114,253
Public works	366,282	615,359	288,976	228,360
Parks and recreation	442,759	496,122	449,888	397,744
Planning	5,817,205	6,594,391	4,258,684	2,116,620
Operating grants and contributions	3,337,887	5,306,914	3,424,595	2,624,540
Capital grants and contributions	-	64,550	1,063,192	3,835,598
	<u>13,832,419</u>	<u>17,787,960</u>	<u>11,127,994</u>	<u>12,155,689</u>
Business-type activities:				
Charges for services:				
Water and wastewater utilities	4,388,704	5,077,365	3,423,948	2,414,704
Surface water treatment	9,749,634	13,058,646	8,625,149	7,775,833
Solid waste collections	3,455,573	4,391,811	3,811,381	3,914,416
Golf course	3,810,061	4,711,428	3,919,448	3,817,729
Operating grants and contributions	-	-	-	1,341,000
Capital grants and contributions	497,261	-	1,893,076	9,750
	<u>21,901,233</u>	<u>27,239,250</u>	<u>21,673,002</u>	<u>19,273,432</u>
TOTAL PROGRAM REVENUES	<u>\$ 35,733,652</u>	<u>\$ 45,027,210</u>	<u>\$ 32,800,996</u>	<u>\$ 31,429,121</u>
NET (EXPENSE)/REVENUE				
Governmental activities	\$ (59,128,123)	\$ (64,248,579)	\$ (51,778,626)	\$ (49,118,119)
Business-type activities	2,815,240	3,328,816	4,827,550	2,055,966
TOTAL NET EXPENSE	<u>\$ (56,312,883)</u>	<u>\$ (60,919,763)</u>	<u>\$ (46,951,076)</u>	<u>\$ (47,062,153)</u>

2015 (1)	2014 (2)	2013 (2)	2012 (2)	2011 (2)	2010 (2)
\$ 6,492,267	\$ 4,634,444	\$ 4,142,781	\$ 4,005,420	\$ 4,257,336	\$ 4,656,737
1,759,615	1,796,195	1,782,997	1,727,595	1,811,994	2,514,696
13,039,962	13,380,007	12,172,891	12,359,028	11,357,484	10,292,595
7,843,356	7,768,603	7,664,736	7,123,068	6,535,135	6,607,916
18,163,336	12,741,972	16,084,371	9,804,954	9,613,495	8,027,165
4,026,878	4,013,806	3,891,667	3,603,491	3,194,143	3,074,830
1,744,218	2,628,644	3,403,015	5,462,866	4,907,638	1,709,211
4,272,821	5,179,115	4,635,593	4,785,434	4,643,435	3,720,409
57,342,453	52,142,786	53,778,051	48,871,856	46,320,660	40,603,559
3,093,633	2,986,595	2,580,551	2,700,461	2,706,585	1,922,907
5,283,401	5,339,073	5,085,212	4,173,978	3,113,792	2,073,770
3,679,094	3,469,203	2,956,836	2,522,659	1,514,934	-
3,621,548	3,859,137	3,789,856	2,654,844	2,595,108	2,257,164
15,677,676	15,654,008	14,412,455	12,051,942	9,930,419	6,253,841
<u>\$ 73,020,129</u>	<u>\$ 67,796,794</u>	<u>\$ 68,190,506</u>	<u>\$ 60,923,798</u>	<u>\$ 56,251,079</u>	<u>\$ 46,857,400</u>
\$ 389,674	\$ 280,813	\$ 274,073	\$ 276,584	\$ 412,808	\$ 382,880
1,611,817	1,640,668	2,081,156	1,851,731	1,326,178	1,394,146
1,471,507	1,197,436	1,044,976	1,006,196	1,189,702	1,191,994
949,887	582,542	548,122	61,365	748,294	71,292
391,203	345,499	286,702	192,867	173,665	252,510
2,157,000	1,941,428	1,868,943	2,484,365	1,449,621	1,413,497
1,258,291	2,467,479	2,502,684	1,977,220	1,423,400	2,613,329
9,602,877	4,027,446	6,478,849	24,370,740	8,522,316	14,787,403
17,832,256	12,483,311	15,085,505	32,221,068	15,245,984	22,107,051
4,207,171	7,103,409	2,475,142	2,345,137	1,996,039	1,461,042
7,364,722	6,722,751	8,661,397	7,315,810	6,114,915	4,716,891
3,688,185	3,446,411	2,988,082	2,528,097	1,695,948	-
3,487,697	3,446,732	3,320,262	2,709,168	2,640,130	2,046,588
-	-	-	735,558	784,711	44,478
111,227	494,178	12,520	1,931,950	251,532	-
18,859,002	21,213,481	17,457,403	17,565,720	13,483,275	8,268,999
<u>\$ 36,691,258</u>	<u>\$ 33,696,792</u>	<u>\$ 32,542,908</u>	<u>\$ 49,786,788</u>	<u>\$ 28,729,259</u>	<u>\$ 30,376,050</u>
\$ (39,510,197)	\$ (39,659,475)	\$ (38,692,546)	\$ (16,650,788)	\$ (31,074,676)	\$ (18,496,508)
3,181,326	5,559,473	3,044,948	5,513,778	3,552,856	2,015,158
<u>\$ (36,328,871)</u>	<u>\$ (34,100,002)</u>	<u>\$ (35,647,598)</u>	<u>\$ (11,137,010)</u>	<u>\$ (27,521,820)</u>	<u>\$ (16,481,350)</u>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes:				
Property taxes	\$ 45,306,222	\$ 41,915,313	\$ 37,284,254	\$ 32,072,287
Sales and hotel occupancy taxes	9,789,150	12,215,369	8,406,471	8,879,005
Franchise taxes	6,176,854	6,948,121	5,667,371	4,474,450
Investment earnings	1,896,654	1,120,334	107,009	912,451
Other revenues	400,364	1,200,103	169,806	525,388
Gain on sale of capital assets	97,106	180,217	108,017	147,194
Transfers	508,000	640,811	394,000	402,627
Total governmental activities	<u>64,174,350</u>	<u>64,220,268</u>	<u>52,136,928</u>	<u>47,413,402</u>
Business-type activities:				
Investment earnings	1,167,078	503,153	11,541	585,631
Other revenues	(173,361)	129,107	-	-
Transfers	(508,000)	(640,811)	(394,000)	(402,627)
Total business-type activities	<u>485,717</u>	<u>(8,551)</u>	<u>(382,459)</u>	<u>183,004</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 64,660,067</u>	<u>\$ 64,211,717</u>	<u>\$ 51,754,469</u>	<u>\$ 47,596,406</u>
CHANGE IN NET POSITION				
Governmental activities	\$ 5,046,227	\$ (28,311)	\$ 358,302	\$ (1,704,717)
Business-type activities	3,300,957	3,320,265	4,445,091	2,238,970
TOTAL NET EXPENSE	<u>\$ 8,347,184</u>	<u>\$ 3,291,954</u>	<u>\$ 4,803,393</u>	<u>\$ 534,253</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.

	2015 (1)	2014 (2)	2013 (2)	2012 (2)	2011 (2)	2010 (2)
\$	28,657,996	\$ 27,311,330	\$ 24,297,769	\$ 24,054,499	\$ 24,396,069	\$ 25,175,634
	8,684,423	7,708,738	7,165,628	6,249,961	5,926,280	5,910,970
	3,673,724	3,751,269	3,270,712	3,128,028	2,957,632	3,045,855
	792,273	654,572	(555,974)	830,936	59,195	998,930
	569,085	694,553	667,096	98,530	417,443	745,745
	-	-	-	-	-	-
	368,331	(98,574)	236,366	460,124	1,407,857	201,809
	<u>42,745,832</u>	<u>40,021,888</u>	<u>35,081,597</u>	<u>34,822,078</u>	<u>35,164,476</u>	<u>36,078,943</u>
	495,791	470,075	(234,259)	565,070	344,470	785,261
	-	63,954	11,082	31,274	64,937	-
	(368,331)	98,574	(236,366)	(460,124)	(1,407,857)	(201,809)
	<u>127,460</u>	<u>632,603</u>	<u>(459,543)</u>	<u>136,220</u>	<u>(998,450)</u>	<u>583,452</u>
\$	<u>42,873,292</u>	<u>40,654,491</u>	<u>34,622,054</u>	<u>34,958,298</u>	<u>34,166,026</u>	<u>36,662,395</u>
\$	3,235,635	\$ 362,413	\$ (3,610,949)	\$ 18,171,290	\$ 4,089,800	\$ 17,582,435
	3,308,786	6,192,076	2,585,405	5,649,998	2,554,406	2,598,610
\$	<u>6,544,421</u>	<u>6,554,489</u>	<u>(1,025,544)</u>	<u>23,821,288</u>	<u>6,644,206</u>	<u>20,181,045</u>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
GENERAL FUND				
Nonspendable	\$ 192,520	\$ 286,279	\$ 291,340	\$ 123,092
Restricted	22,819	-	-	-
Committed	3,000,000	-	-	-
Assigned	-	-	-	-
Unassigned	13,707,129	11,566,105	13,290,439	12,181,379
TOTAL GENERAL FUND	<u>\$ 16,922,468</u>	<u>\$ 11,852,384</u>	<u>\$ 13,581,779</u>	<u>\$ 12,304,471</u>
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	\$ -	\$ 1,239,071	\$ 1,237,252	\$ 766,834
Restricted				
Parks and trail systems	-	1,496,076	-	-
Law enforcement	1,596,608	17,917,828	1,207,465	808,608
Construction/improvements	17,724,591	4,803,583	24,327,421	10,166,181
Impact fees	39,983	-	-	-
Debt service	6,146,851	872,632	4,909,113	5,312,160
Parkland dedication	2,146,162	12,629,429	1,328,559	1,291,044
Community development	14,730,364	-	10,774,771	8,968,645
Drainage	-	-	-	-
Transportation	10,408,777	-	-	3,637,111
Sidewalk construction	-	-	-	-
Unassigned	-	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<u>\$ 52,793,336</u>	<u>\$ 38,958,619</u>	<u>\$ 43,784,581</u>	<u>\$ 30,950,583</u>

Schedule 3

2015	2014	2013	2012	2011	2010
\$ 169,007	\$ 7,316	\$ 8,134	\$ 6,022	\$ 6,022	\$ 6,022
-	-	-	-	-	-
-	-	-	-	383,302	-
-	-	163,151	585,417	-	578,390
<u>9,272,658</u>	<u>8,944,853</u>	<u>8,248,141</u>	<u>7,823,805</u>	<u>8,676,401</u>	<u>7,773,026</u>
<u>\$ 9,441,665</u>	<u>\$ 8,952,169</u>	<u>\$ 8,419,426</u>	<u>\$ 8,415,244</u>	<u>\$ 9,065,725</u>	<u>\$ 8,357,438</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	447,007	-
832,609	837,630	853,324	655,162	418,334	305,823
15,032,280	3,821,979	5,543,353	11,632,664	22,178,384	18,361,758
-	-	-	-	-	-
6,084,493	5,559,287	5,750,142	6,704,909	6,286,812	4,908,681
1,162,997	1,253,642	1,052,354	939,144	1,210,395	1,151,998
6,776,411	6,207,825	7,444,638	6,261,304	5,468,888	6,518,100
-	-	-	-	71,007	-
3,116,809	3,155,217	3,131,131	-	3,439,451	2,138,046
-	-	-	-	234,972	223,435
-	507,604	-	-	-	-
<u>\$ 33,005,599</u>	<u>\$ 21,343,184</u>	<u>\$ 23,774,942</u>	<u>\$ 26,193,183</u>	<u>\$ 39,755,250</u>	<u>\$ 33,607,841</u>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
REVENUES				
Taxes	\$ 59,296,865	\$ 58,462,562	\$ 48,641,072	\$ 41,002,147
Licenses and permits	3,207,411	3,533,623	2,284,359	2,117,010
Fines and forfeitures	1,096,620	1,299,335	953,088	1,007,932
Franchise taxes	4,389,397	5,585,431	4,415,992	4,474,450
Intergovernmental	4,608,369	7,929,197	3,507,075	6,313,317
Other revenue	3,720,461	3,340,588	698,386	1,496,528
Charges for services	621,148	770,608	655,524	2,730,858
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	76,940,271	80,921,344	61,155,496	59,142,242
EXPENDITURES				
General government	12,432,500	14,683,624	8,886,411	7,099,377
Financial services	2,056,126	2,198,262	1,786,676	1,647,227
Police	13,855,514	17,922,858	13,385,041	13,582,025
Fire	8,974,322	10,594,235	8,179,280	7,819,682
Public works	7,527,188	9,757,493	5,677,834	6,102,143
Parks and recreation	3,189,476	3,741,421	2,770,361	2,613,566
Planning	4,188,323	4,464,818	4,449,921	1,695,864
Capital outlay	7,134,039	13,794,690	7,016,623	11,077,322
Debt service:				
Principal	7,944,473	7,886,546	7,127,955	7,146,781
Interest	5,089,167	4,546,828	3,978,663	4,869,498
Bond issuance cost	163,375	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	72,554,503	89,590,775	63,258,765	63,653,485
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	4,385,768	(8,669,431)	(2,103,269)	(4,511,243)
OTHER FINANCING SOURCES (USES)				
Transfers in	3,898,090	5,781,439	2,973,032	2,809,475
Transfers out	(3,390,090)	(4,231,761)	(2,579,032)	(1,346,115)
Issuance of debt	14,335,056	-	14,445,000	3,080,000
Proceeds of refunding bonds	-	-	-	37,387,537
Refunding bonds paid to escrow	-	-	-	(43,756,578)
Bond premium/discount	-	-	1,195,371	6,377,880
Capital contributions	-	564,396	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	14,843,056	2,114,074	16,034,371	4,552,199
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	\$ 19,228,824	\$ (6,555,357)	\$ 13,931,102	\$ 40,956
	<hr/>	<hr/>	<hr/>	<hr/>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	20.17%	16.40%	19.75%	22.85%

Schedule 4

	2015	2014	2013	2012	2011	2010
\$	37,862,638	\$ 35,116,877	\$ 32,120,862	\$ 30,181,806	\$ 30,726,604	\$ 31,150,613
	2,157,000	1,941,428	1,868,943	1,417,337	1,675,038	1,441,394
	943,282	837,891	1,080,019	1,202,259	1,094,903	1,167,287
	4,063,398	3,751,269	3,270,712	3,128,027	2,957,632	3,045,855
	10,673,491	5,066,267	9,419,782	7,840,755	9,859,462	5,398,020
	1,542,101	3,732,296	1,602,429	2,383,676	1,415,240	4,202,067
	2,857,242	1,165,897	1,139,516	1,440,874	1,639,127	298,084
	60,099,152	51,611,925	50,502,263	47,594,734	49,368,006	46,703,320
	5,969,645	4,172,766	3,959,679	3,988,853	3,939,181	4,253,742
	1,590,230	1,702,068	1,700,717	1,665,912	1,703,528	2,498,124
	11,964,426	12,145,928	11,402,549	11,416,463	10,673,346	9,734,061
	7,025,891	7,642,673	7,096,264	6,281,297	6,275,501	6,335,680
	6,166,096	4,091,991	3,878,658	3,832,721	3,795,224	4,213,970
	2,683,448	2,765,536	2,615,376	2,489,545	2,269,798	2,401,477
	1,496,168	1,974,274	1,939,311	1,948,329	2,032,676	2,200,941
	10,457,395	11,828,844	11,365,928	21,512,507	20,357,036	29,901,641
	6,297,167	6,648,391	6,288,464	6,571,174	5,598,893	4,930,424
	4,070,196	3,900,674	4,180,418	4,290,606	4,694,709	4,130,980
	-	-	-	-	-	-
	57,720,662	56,873,145	54,427,364	63,997,407	61,339,892	70,601,040
	2,378,490	(5,261,220)	(3,925,101)	(16,402,673)	(11,971,886)	(23,897,720)
	2,597,255	2,053,961	1,646,589	1,571,128	2,310,617	2,105,563
	(2,228,924)	(1,635,075)	(1,591,091)	(1,111,004)	(1,059,888)	(1,527,736)
	8,600,000	2,730,000	1,400,000	1,730,000	17,300,000	20,390,000
	3,381,162	8,293,500	-	-	-	12,325,000
	(3,459,489)	(8,587,151)	-	-	-	(12,506,000)
	883,417	506,971	55,551	-	276,852	265,185
	-	-	-	-	-	-
	9,773,421	3,362,206	1,511,049	2,190,124	18,827,581	21,052,012
\$	12,151,911	\$ (1,899,014)	\$ (2,414,052)	\$ (14,212,549)	\$ 6,855,695	\$ (2,845,708)
	21.94%	23.42%	24.31%	25.57%	25.12%	22.26%

City of Missouri City, Texas

Assessed Value and Estimated Value of Taxable Property

Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Residential property	\$ 5,665,051,732	\$ 5,276,092,157	\$ 5,068,072,199	\$ 4,248,824,206
Commercial property	1,304,288,515	1,235,369,722	1,144,444,276	1,324,880,464
Personal property	538,743,722	579,073,506	485,784,138	532,871,547
Less: Tax exempt property	<u>(425,867,913)</u>	<u>(419,886,545)</u>	<u>(430,886,358)</u>	<u>(328,414,295)</u>
TOTAL TAXABLE ASSESSED VALUE ⁽¹⁾	<u><u>\$ 7,082,216,056</u></u>	<u><u>\$ 6,670,648,840</u></u>	<u><u>\$ 6,267,414,255</u></u>	<u><u>\$ 5,778,161,922</u></u>
TOTAL DIRECT TAX RATE	0.63000	0.60000	0.56010	0.54468

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

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 3,813,318,015	\$ 3,501,328,319	\$ 3,408,987,167	\$ 3,380,198,444	\$ 3,507,174,930	\$ 3,553,546,064
1,327,129,879	1,235,164,588	1,088,870,799	1,035,957,512	1,042,709,883	1,076,298,232
463,859,231	356,499,475	274,878,700	253,710,761	249,976,257	223,039,068
(745,234,055)	(589,463,716)	(478,290,353)	(414,654,210)	(420,384,596)	(404,417,031)
<u>\$ 4,859,073,070</u>	<u>\$ 4,503,528,666</u>	<u>\$ 4,294,446,313</u>	<u>\$ 4,255,212,507</u>	<u>\$ 4,379,476,474</u>	<u>\$ 4,448,466,333</u>
0.56500	0.53750	0.54480	0.52840	0.52840	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 #2		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
2009	0.42	2.80	0.67	3.05	0.18	2.56	0.10	2.48	-	2.38	0.68	3.06	0.30	2.87	0.49	2.87	0.95	3.33
2010	0.42	2.84	0.70	3.13	0.18	2.61	0.10	2.53	-	2.43	0.69	3.12	0.30	2.91	0.50	2.92	0.95	3.38
2011	0.41	2.87	0.71	3.17	0.18	2.64	0.10	2.56	-	2.46	0.74	3.20	0.31	2.96	0.52	2.98	0.95	3.41
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

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				
2009	0.54	2.94	0.61	3.01	0.87	3.27	0.52	1.16	0.09	0.64
2010	0.54	2.95	0.71	3.12	0.87	3.28	0.53	1.16	0.09	0.64
2011	0.54	2.95	0.71	3.12	0.87	3.28	0.53	1.16	0.09	0.64
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

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					
0.90	3.28	-	2.38	0.42	2.80	1.04	3.42	0.88	3.26	0.53	2.91	0.19	0.52	1.27	0.50	0.09
0.88	3.31	-	2.43	0.42	2.85	1.04	3.47	0.88	3.31	0.50	2.93	0.19	0.53	1.31	0.50	0.09
0.88	3.34	-	2.46	0.43	2.89	1.04	3.50	0.88	3.34	0.50	2.96	0.19	0.53	1.34	0.50	0.09
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

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

Schedule 7

Property Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Ben E Keith CO	\$ 32,387,378	1	0.46%	\$ -		0.00%
Inland American Missouri City Riverstone LTD Partnership	31,997,380	2	0.45%	35,620,440	1	0.80%
Elysian At Sienna Plantation LP	27,782,560	3	0.39%	-		0.00%
MDC Coastal 2 LLC	25,323,260	4	0.36%	-		0.00%
Watermark Retreat at Sienna Plantation LLC	25,053,600	5	0.35%	-		0.00%
Centerpoint Energy Electric	24,618,050	6	0.35%	20,290,390	2	0.46%
Niagra Bottling LLC	24,305,420	7	0.34%	-		0.00%
Park 8Ninety Phase I LP	21,255,780	8	0.30%	-		0.00%
Villas of Elysian at Sienna Plantation LP	19,272,600	9	0.27%	-		0.00%
Keith Ben E Company	18,926,730	10	0.27%	-		0.00%
MF/WM Sienna Ltd	-	n/a	0.00%	18,900,000	3	0.42%
Colony Lakes Center LTD	-	n/a	0.00%	16,629,850	4	0.37%
Walmart Real Estate Business Trust	-	n/a	0.00%	15,341,610	5	0.34%
Target Corporation	-	n/a	0.00%	13,515,000	6	0.30%
Leftgate Property Holdings Inc	-	n/a	0.00%	11,912,960	7	0.27%
Kroger	-	n/a	0.00%	11,634,020	8	0.26%
HEB Grocery Company LP	-	n/a	0.00%	10,173,250	9	0.23%
Opus West LP	-	n/a	0.00%	9,055,050	10	0.20%
Subtotal	250,922,758		3.54%	163,072,570		3.67%
Other taxpayers	6,831,293,298		96.46%	4,285,393,763		96.33%
TOTAL	\$ 7,082,216,056		100.00%	\$ 4,448,466,333		100.00%

Source: Tax assessors/collector's records

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax rate	\$ 0.63000	\$ 0.60000	\$ 0.56010	\$ 0.54468
Tax levy	41,373,493	37,948,749	33,531,574	29,672,159
Current tax collected	41,324,042	37,557,568	32,880,030	29,174,012
Percentage of current tax collections	99.88%	98.97%	98.06%	98.32%
Delinquent tax collections	<u>332,268</u>	<u>-</u>	<u>408,121</u>	<u>455,279</u>
TOTAL TAX COLLECTIONS	<u>\$ 41,656,310</u>	<u>\$ 37,557,568</u>	<u>\$ 33,288,151</u>	<u>\$ 29,629,291</u>
TOTAL COLLECTIONS AS A PERCENTAGE OF CURRENT LEVY	100.68%	98.97%	99.27%	99.86%

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

Schedule 8

2015	2014	2013	2012	2011	2010
\$ 0.56500	\$ 0.57375	\$ 0.54480	\$ 0.52840	\$ 0.52840	\$ 0.52840
27,460,890	25,846,014	23,420,748	22,505,262	23,158,326	23,506,410
26,989,826	25,401,743	22,933,338	22,066,951	22,611,412	22,834,605
98.28%	98.28%	97.92%	98.05%	97.64%	97.14%
412,724	387,049	437,914	399,956	513,896	638,238
<u>\$ 27,402,550</u>	<u>\$ 25,788,792</u>	<u>\$ 23,371,252</u>	<u>\$ 22,466,907</u>	<u>\$ 23,125,308</u>	<u>\$ 23,472,843</u>
99.79%	99.78%	99.79%	99.83%	99.86%	99.86%

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
2010	\$ 66,575,000	\$ 23,449,494	\$ 5,865,000	\$ -	\$ -
2011	71,425,000	30,602,810	5,620,000	-	-
2012	66,235,000	29,640,486	5,365,000	1,575,000	-
2013	62,985,000	28,528,807	5,100,000	1,325,000	153,199
2014	63,336,444	26,213,205	4,825,000	1,070,000	117,845
2015	69,739,211	23,417,924	4,540,000	810,000	398,731
2016	82,935,875	9,042,458	4,285,000	545,000	339,428
2017	93,389,423	8,031,355	3,935,000	275,000	267,221
2018	(1) 87,153,927	7,091,924	3,575,000	-	451,648
2019	93,816,213	7,677,706	3,210,000	-	307,021

(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>	
\$ -	\$ 55,770,500	\$ 151,659,994	6.48%	2,226	
-	55,582,189	163,229,999	7.26%	2,376	
-	54,124,513	156,939,999	6.47%	2,249	
-	52,601,193	150,693,199	6.03%	2,095	
-	51,069,796	146,632,290	5.98%	2,019	
579,666	56,251,745	155,737,277	5.44%	1,938	
48,070,908	15,017,542	160,236,211	5.81%	2,161	
47,507,329	12,833,645	166,238,973	6.11%	2,230	
47,022,770	10,573,076	155,868,345	5.24%	2,092	
44,988,781	29,326,864	179,326,585	6.11%	2,288	

City of Missouri City, Texas

Schedule 10

Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year Ended September 30, (1)</u>	<u>General Obligation Bonds</u>	<u>Less: Ammounts Available in Debt Service Fund (3)</u>	<u>Total</u>	<u>% of Taxable Value of Property at 09/30/2019 (1)</u>	<u>Per Capita</u>
2010	\$ 66,575,000	\$ 4,908,681	\$ 61,666,319	1.38%	905
2011	71,425,000	6,286,811	65,138,189	1.49%	948
2012	66,235,000	6,704,909	59,530,091	1.40%	853
2013	62,985,000	5,750,142	57,234,858	1.33%	796
2014	63,336,444	5,559,287	57,777,157	1.28%	796
2015	70,318,877	5,583,379	64,735,498	1.33%	805
2016	131,006,783	5,312,160	125,694,623	2.42%	1,695
2017	140,896,852	4,909,113	135,987,739	2.17%	1,695
2018 (2)	134,176,697	4,781,620	129,395,077	1.94%	1,737
2019	140,754,564	6,146,852	134,607,712	2.00%	1,688

(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.

(3) These are the resources that are restricted for the principal payments of general obligation debt per the Debt Service Fund.

City of Missouri City, Texas

Direct and Overlapping Governmental Activities Debt

September 30, 2019

Schedule 11

	Tax Supported Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
DEBT REPAYED WITH PROPERTY TAXES			
Governmental Unit:			
Blue Ridge West MUD	\$ 2,250,000	100.00%	\$ 2,250,000
First Colony MUD No. 9	7,965,000	100.00%	7,965,000
Fort Bend County	595,399,527	8.17%	48,644,141
Fort Bend County MUD No. 26	8,800,000	100.00%	8,800,000
Fort Bend County MUD No. 42	6,155,000	97.72%	6,014,666
Fort Bend County MUD No. 46	13,280,000	100.00%	13,280,000
Fort Bend County MUD No. 47	5,305,000	100.00%	5,305,000
Fort Bend County MUD No. 48	23,165,000	100.00%	23,165,000
Fort Bend County MUD No. 49	470,000	100.00%	470,000
Fort Bend County MUD No. 115	7,885,000	100.00%	7,885,000
Fort Bend County WC&ID No. 2	99,960,000	23.06%	23,050,776
Fort Bend Independent School District	1,092,173,767	15.60%	170,379,108
Harris County	2,042,497,125	0.06%	1,225,498
Harris County Department of Education	6,320,000	0.06%	3,792
Harris County Flood Control District	83,075,000	0.06%	49,845
Harris County Hospital District	57,300,000	0.06%	34,380
Harris County MUD No. 122	1,220,000	100.00%	1,220,000
Harris County Toll Road	(2) -	0.06%	-
Harris County WC&ID (Fondren Road)	2,255,000	100.00%	2,255,000
Houston Community College System	560,480,000	2.84%	15,917,632
Houston Independent School District	2,961,695,000	0.16%	4,738,712
Palmer Plantation MUD No. 2	4,525,000	100.00%	4,525,000
Port of Houston Authority	593,754,397	0.06%	356,253
Sienna Plantation Levee Improvement District	127,445,000	6.38%	8,130,991
Sienna Plantation Management District	36,742,024	100.00%	36,742,024
Sienna Plantation MUD No. 10	62,188,895	0.10%	62,189
Sienna Plantation MUD No. 12	57,059,005	3.52%	2,008,477
Southwest Harris County MUD No. 1	1,450,000	100.00%	1,450,000
Subtotal, overlapping debt	\$ 8,460,814,740		\$ 395,928,484
CITY DIRECT DEBT			<u>105,010,940 (3)</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 500,939,424</u>
POPULATION			78,587 (4)
PER CAPITA DEBT-DIRECT AND OVERLAPPING			<u>\$ 6,380</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, tax supported debt, and premiums on bonds in the governmental activities.

(4) Fort Bend County Economic Council

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

Schedule 12

<u>Fiscal Year Ended September 30, (5)</u>	<u>Population</u>	<u>Personal Income (4)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>School Enrollment (3)</u>
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%
2011	68,691	2,247,019,992	32,712	36	68,805	7.6%
2010	68,125	2,339,821,250	34,346	36	69,030	8.5%

(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	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fort Bend ISD	988	1	1.26%	891	1	2.32%
Twin Star Bakery	675	2	0.86%	-	n/a	0.00%
Wal-Mart Stores, LLP	663	3	0.84%	390	2	1.02%
Ben E. Keith	437	4	0.56%	-	n/a	0.00%
City of Missouri City	370	5	0.47%	320	3	0.83%
HEB	265	6	0.34%	250	4	0.65%
Super Target	255	7	0.32%	185	5	0.48%
Niagara Bottling	186	8	0.24%	180	6	0.47%
Kroger	172	8	0.22%	125	9	0.33%
Home Depot	150	9	0.19%	-	n/a	0.00%
EIM Company	-	n/a	0.00%	145	7	0.38%
Lowe's	-	n/a	0.00%	126	8	0.33%
Global Geophysical Services	-	n/a	0.00%	115	10	0.30%
TOTAL	4,161		5.30%	2,727		7.11%

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
FUNCTION										
General government	46	44	42	39	37	36	40	40	41	44
Financial services	17	17	16	17	17	16	16	16	16	16
Public safety										
Police										
Officers	102	102	101	100	97	97	94	94	86	78
Civilians	47	47	44	37	36	35	27	27	27	30
Fire										
Firefighters	77	77	77	77	77	77	64	64	64	64
Civilians	1	2	1	1	1	1	1	1	1	1
Public works										
Streets and sanitation	14	14	13	13	13	13	13	13	13	15
Administration and maintenance	27	27	24	25	25	24	26	25	20	23
Parks and recreation	19	19	18	18	18	18	17	15	21	21
Development services	20	20	18	17	17	18	23	23	22	28
TOTAL CITY POSITIONS	<u>370</u>	<u>369</u>	<u>354</u>	<u>344</u>	<u>338</u>	<u>335</u>	<u>321</u>	<u>318</u>	<u>311</u>	<u>320</u>

Source: Missouri City Financial Services Department

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
FUNCTION/PROGRAM				
Police				
Number of stations	2	2	2	2
Arrests	1,702	2,339	1,376	1,739
Accidents investigated	1,010	1,712	1,446	1,766
Citations	3,825	24,192	4,385	6,221
Alarm response calls	5,548	4,633	4,347	5,601
Calls for service	100,241	92,951	87,605	113,050
Fire				
Number of stations	5	5	5	5
Emergency responses	6,960	6,736	6,035	5,920
Fire incidents	162	206	207	205
EMS First Responder incidents	4,471	4,218	3,814	3,667
Average response time	6:01 min	6:14 min	6:34 min	6:49 min
Public Works				
Lane miles of streets maintained	698	637	637	637
Flexible payment repairs	2	-	-	-
Rigid pavement repairs	119	160	227	150
Wastewater treatment (million gallons)	921	1,177	926	922
Fleet operations				
Vehicle maintained	208	204	194	165
Equipment maintained	369	361	334	305
Vehicle preventive maintenance	1,040	718	374	640
Vehicle repairs	2,809	2,694	1,635	2,422
Parks and recreation				
Number of parks	38	37	36	35
Acres	1,188	1,071	1,061	1,225
Park pavillion reservations	417	554	479	502
Athletic field reservations	174	163	140	186
Community center reservations	168	167	137	93
Multi-purpose room	144	165	132	141
Planning				
Permits issued	4,574	6,461	6,322	6,919
Inspections performed	20,912	13,385	17,167	12,780
Commercial plans reviewed	1,993	1,392	1,250	552
Residential plans reviewed	1,130	707	594	584

Source: Various City departments

Schedule 15

2015	2014	2013	2012	2011	2010
2	2	2	2	1	1
1,840	1,499	1,903	1,794	2,019	1,690
1,132	998	1,071	778	910	1,338
11,328	8,238	12,385	12,591	13,637	12,145
6,419	5,325	5,295	5,273	5,901	5,814
115,628	104,504	66,332	26,133	26,841	26,635
4	4	4	4	4	4
5,651	5,331	5,262	4,620	4,696	5,244
161	215	201	216	258	199
3,380	3,108	3,008	2,607	2,485	2,845
6:44 min	6:51 min	6:43 min	6:32 min	6:29 min	6:47 min
637	637	637	637	637	605
-	2	5	11	5	40
162	143	155	51	75	50
890	821	750	762	530	460
162	162	159	144	142	145
306	306	306	336	295	287
575	768	800	733	1,006	950
2,375	2,832	2,650	2,751	2,470	2,200
35	35	35	35	35	33
1,057	1,095	1,095	1,095	1,095	1,021
500	397	362	1,013	965	659
181	176	1,081	2,197	1,453	3,714
96	177	558	289	1,110	393
-	-	-	-	-	-
6,975	5,089	2,544	3,256	3,263	2,681
18,500	15,545	14,220	11,991	12,816	11,712
450	446	337	288	167	87
550	622	515	302	182	248

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

FUNCTION/PROGRAM	2019	2018	2017	2016
Public safety				
Police				
Stations	2	2	2	2
Patrol units	56	56	87	44
Fire				
Number of stations	5	5	5	5
Public works				
Streets (miles)	602	637	603	637
Parks and recreation				
Parks acreage	1,188	1,071	1,225	1,225
Parks	38	37	35	35
Water and sewer				
Water mains (miles)*	38	38	38	38
Fire hydrants*	266	228	266	266
Maximum water storage capacity (millions of gallons)	4.326	4.326	4.326	4.326
Sanitary sewers (miles)*	22	21	22	22
Storm sewers (miles)*	87	60	87	87
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

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
2	2	2	2	1	1
44	42	44	46	43	42
4	4	4	4	4	4
637	637	664	641	636	636
1,095	1,095	1,095	1,095	1,095	1,021
35	35	35	35	35	33
32	31	48	45	35	35
255	245	433	417	370	370
4.326	4.326	2.826	2.826	0.550	0.550
22	21	28	26	22	33
9	9	30	30	23	45
3.950	3.950	3.950	3.950	3.950	1.500