

# City of Conroe, Texas

## Comprehensive Annual Financial Report

### Year Ending September 30, 2020



*“To protect and serve the citizens of Conroe  
and exceed their expectations”*

CITY OF CONROE, TEXAS  
*COMPREHENSIVE ANNUAL FINANCIAL REPORT*  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Prepared by:  
CITY OF CONROE, TEXAS  
FINANCE & ADMINISTRATION DEPARTMENT  
Steve Williams  
Assistant City Administrator/Chief Financial Officer  
Collin Boothe  
Assistant Director of Finance  
Cassie Smith  
Accounting Manager



**City of Conroe, Texas**  
**Comprehensive Annual Financial Report**  
**For the Year Ended September 30, 2020**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal.....	1
GFOA Certificate of Achievement.....	7
Organization Chart.....	8
Listing of City Officials.....	9
 <b>FINANCIAL SECTION</b>	
Independent Auditor's Report.....	11
Management's Discussion and Analysis (Required Supplementary Information).....	15
 <u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Statement of Net Position.....	27
Statement of Activities.....	28
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	30
Reconciliation of the Governmental Funds	
Balance Sheet to the Statement of Net Position.....	31
Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Governmental Funds.....	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities.....	33
Statement of Net Position – Proprietary Funds.....	34
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	35
Statement of Cash Flows – Proprietary Funds.....	36
Statement of Net Position – Fiduciary Fund.....	37
Statement of Changes in Net Position – Fiduciary Fund.....	38
Notes to the Financial Statements.....	39
 <u>Required Supplementary Information</u>	
Schedule of Revenues, Expenditures, and Changes in	
Fund Balances – General Fund – Budget (GAAP Basis) and Actual.....	77
Schedule of Changes in Net OPEB Liability and Related Ratios.....	78
Schedule of Contributions - OPEB.....	79
Schedule of Changes in Net Pension Liability and Related Ratios - TMRS.....	80
Schedule of Contributions - TMRS.....	82
Schedule of Changes in Net Pension Liability and Related Ratios - CFFR&RF.....	83
Schedule of Contributions - CFFR&RF.....	85
Notes to Required Supplementary Information - OPEB and Pensions.....	86
 <u>Combining Statements and Budgetary Comparison Schedules as Supplementary Information:</u>	
Combining Balance Sheet – Nonmajor Governmental Funds.....	89
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances – Nonmajor Governmental Funds.....	90
 <b>Special Revenue Funds:</b>	
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	92
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances – Nonmajor Special Revenue Funds.....	98

**City of Conroe, Texas**  
**Comprehensive Annual Financial Report**  
**For the Year Ended September 30, 2020**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>Budgetary Comparison Schedules:</b>	
Hotel/Motel Occupancy Tax Fund.....	104
Community Development Block Grant Entitlement.....	105
Facilities Management.....	106
<b>Debt Service Fund:</b>	
Budgetary Comparison Schedule.....	107
<b>Capital Projects Funds:</b>	
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	110
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	112
<b>Internal Service Funds:</b>	
Combining Statement of Net Position.....	116
Combining Statement of Revenues, Expenses and Changes in Net Position.....	117
Combining Statement of Cash Flows.....	118
<b>Discretely Presented Component Units:</b>	
Balance Sheet – Component Units.....	119
Statement of Revenues, Expenditures, and Changes in Fund Balances – Component Units.....	120

**STATISTICAL SECTION**

Table 1 - Net Position by Component.....	122
Table 2 - Change in Net Position.....	124
Table 3 - Program Revenues by Functions/Programs.....	126
Table 4 - Fund Balances - Governmental Funds.....	128
Table 5 - Changes in Fund Balances of Governmental Funds.....	130
Table 6 - Spending and Growth Analysis.....	132
Table 7 - Tax Revenues by Source-Governmental Funds.....	134
Table 8 - Assessed Value and Actual Value of Taxable Property.....	135
Table 9 - Property Tax Rates – Direct and Overlapping Governments.....	136
Table 10 - Principal Property Taxpayers.....	138
Table 11 - Property Tax Levies and Collections.....	139
Table 12 - Taxable Sales by Category.....	140
Table 13 - Direct and Overlapping Sales Tax Rates.....	142
Table 14 - Sales Tax Revenue Payers by Industry.....	143
Table 15 - Ratios of Outstanding Debt by Type.....	144
Table 16 - Ratios of Net General Bonded Debt Outstanding.....	146
Table 17 - Direct and Overlapping Governmental Activities Debt.....	147
Table 18 - Legal Debt Margin Information.....	148
Table 19 - Pledged Revenue Coverage.....	150
Table 20 - Demographic and Economic Statistics.....	151
Table 21 - Principal Employers.....	152
Table 22 - Full-Time Equivalent Employees by Functions/Programs.....	154
Table 23 - Operating Indicators by Functions/Programs.....	156
Table 24 - Capital Asset Statistics by Functions/Programs.....	158
Table 25 - Waterworks System – Top Ten Water & Sewer Users.....	160
Table 26 - Water and Sewer Rates.....	161

# Introductory Section

- ❖ Letter of Transmittal
- ❖ GFOA Certificate of Achievement
- ❖ Organization Chart
- ❖ Listing of City Officials





# CITY OF CONROE

Est. 1904

February 15, 2021

To the Honorable Mayor and Members of the  
City Council of the City of Conroe, Texas

The Comprehensive Annual Financial Report of the City of Conroe, Texas (the City) for the fiscal year ended September 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of their presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City, as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. This letter of transmittal is intended to compliment the Management Discussion and Analysis (MD&A), which begins on page 15.

## **I. PROFILE OF THE GOVERNMENT**

The City of Conroe is thirty-five miles north of downtown Houston, and is only twenty-five miles from Bush Intercontinental Airport. In addition, Conroe is the County Seat of Montgomery County, whose two most populous areas are Conroe and, to the south, The Woodlands.

The City was incorporated in 1904 and is a home rule city operating under the Mayor-Council form of government. The City Council is comprised of the Mayor and five Council members, who enact local legislation, adopt budgets, determine policies, execute the laws, and administer the government of the City. The City votes in even numbered years. Conroe voters elect the Mayor and two Council members and two years later the remaining three Council positions are filled. All council members are elected at large. Terms of office for all Council positions are for four consecutive years. Each Council member may run for two consecutive four year terms.

The Council, by adopted ordinance, has created a City Administrator position to act as the chief administrative officer of the City. The City Administrator is not appointed for a fixed time and may be removed by vote of City Council. One of the responsibilities of the City Administrator is to conduct the general affairs of the City in accordance with the policies of the City Council.

The City provides to its citizens a full range of municipal services as required by statute or charter. These services include police and fire protection, public improvements, city planning, street and drainage maintenance, recreation and parks, transportation/transit, and general administrative services. In addition to general government activities, the City provides water, sewer, and sanitation services.



Activities of City funds are included in the annually appropriated budget. The following governmental funds do not have an annual budget: Public Improvement District "PID" Assessments, Owen Theatre, Firearms Training Facility, and Woodlands Township Regional Participation. Capital project and grant funds adopt annual budgets. The City of Conroe Other Post-Employment Benefit Trust Fund also does not have an annually appropriated budget.

The Assistant City Administrator/Chief Financial Officer may, at any time with the consent of the City Administrator, transfer any unencumbered appropriation from one line item to another line item within the same department. Provided, however, that no unencumbered appropriation may be transferred from one department or fund to another, except upon the express approval of the City Council. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. The legal level of budgetary control (that is, the level at which expenditures may not legally exceed appropriation) is the department level.

Departmental appropriations that have not been expended by the departments lapse at the end of the fiscal year. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances outstanding at year-end are voided. Remaining commitments must be re-appropriated and encumbered in the new fiscal year.

The City amends the budget on a quarterly basis in accordance with the Financial Management Policy. Such amendment may increase or decrease expenditures or revenues in the City's appropriated funds. Budget amendments are utilized to address unforeseen circumstances that arise outside of the normal budgeting process.

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of controls should not exceed the benefits expected to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

We believe that the City's accounting controls provide reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period by employees in the normal course of performing their assigned functions.

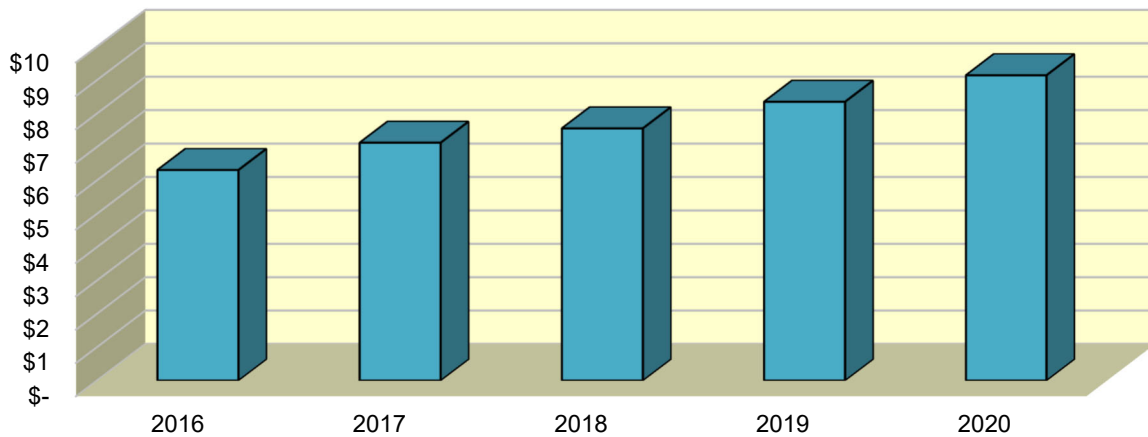
The Basic Financial Statements of the City include all government activities, organizations, and functions for which the City is financially accountable, as defined by the Governmental Accounting Standards Board (GASB).

## **LOCAL ECONOMY**

Because of the strength of the regional and local economy, Conroe continues to experience growth in residential, commercial, and light industrial development. Conroe's estimated population for 2020 is 91,079.

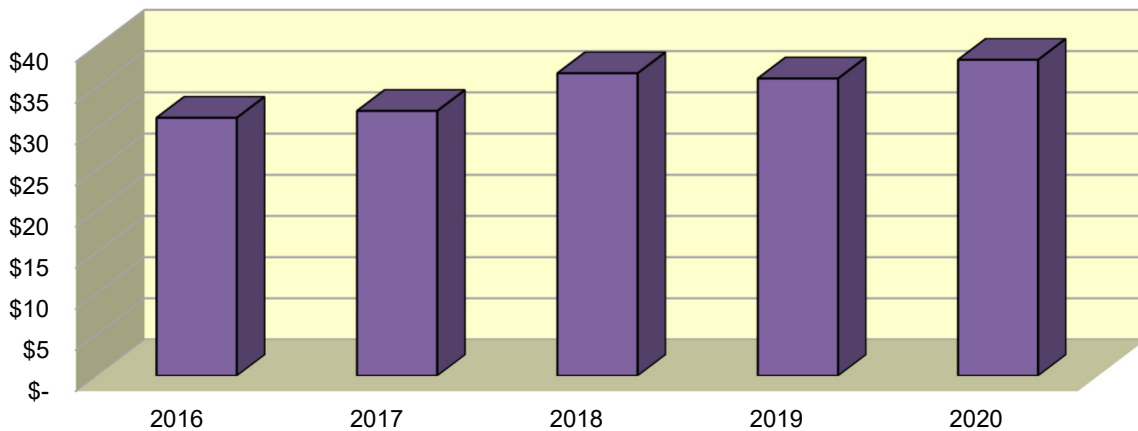
The tax roll certified by the Montgomery Central Appraisal District for 2020 (FY21) increased by \$498,780,791 or 5.5% to \$9,643,029,137. New improvements and personal property accounted for approximately \$310,419,474 of this amount. Newly annexed property added approximately \$3,174,260 to the roll. This will affect revenues recorded in next year's Comprehensive Annual Financial Report (Annual Report). The taxable value increase for the current fiscal year is \$791,918,668 or 9.5%.

**Assessed Property Valuation  
(in billions)**



Sales tax revenue is the largest revenue source for the City. Excluding the CIDC's portion, the City's sales tax revenue totaled \$38,350,177 for the fiscal year ending September 30, 2020. This amount represents an increase of \$2,258,264, or 6.3%, from the prior fiscal year.

**Sales Tax Revenues  
(in millions)**



The City issued 2,128 building permits for properties & improvements valued at \$690,086,056. This included 1,558 building permits for single family housing starts totaling \$282,803,877. The average single-family home value, exclusive of land, was \$181,517. The City reported a total labor force of 38,549 with an unemployment rate of 8.8% as of September 2020. These data are compiled by Labor Market & Career Information (LMCI.com).

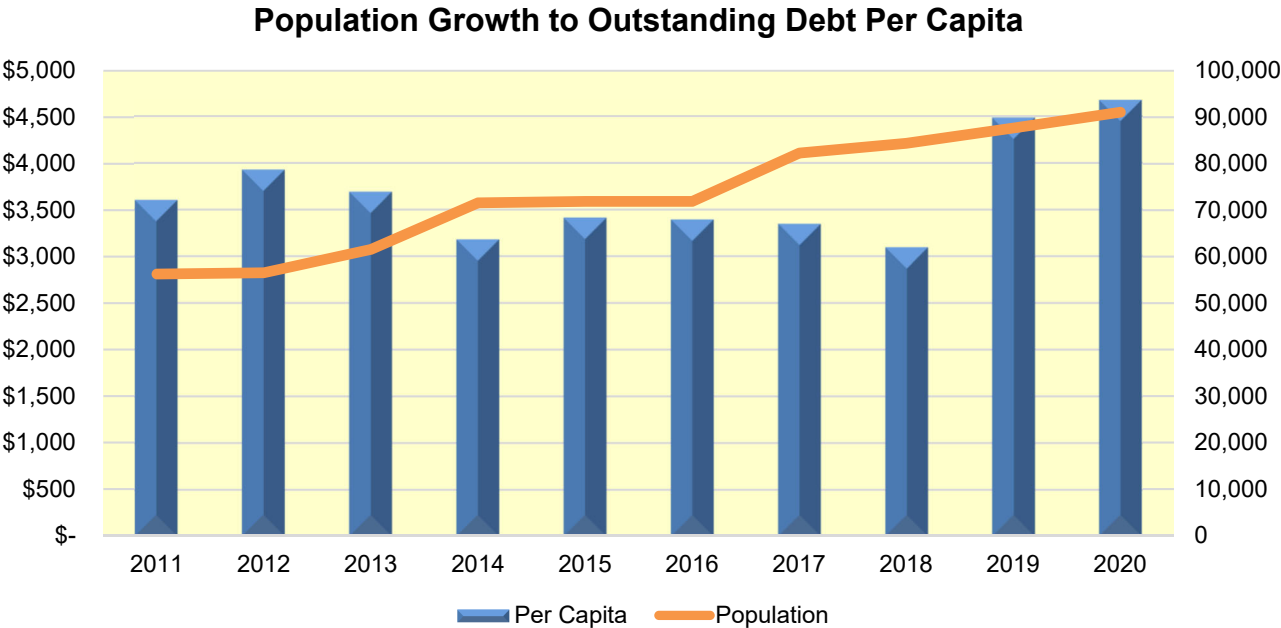
## LONG-TERM FINANCIAL PLANNING

The \$29,974,625 unassigned fund balance in the General Fund is the equivalent of 133 days of expenditures. This exceeds the financial policy guidelines set by Council of maintaining at least 90 days of fund balance. The purpose of this unassigned balance is to protect the City against short-term

operating deficits in the General Fund. It will be available to defer short term tax increases, cover revenue shortfalls, or cover unanticipated expenditures.

The City also studies a multi-year plan for evaluating tax rates and utility rates as they relate to debt financing for capital needs and the operating costs of providing services to citizens. Projected revenues and expenditures are forecast through September 30, 2025, in the current budget. As a result of the multi-year review, the City has been able to maintain its property tax rate of \$0.4375 per \$100 of value for FY 20.

Outstanding debt per capita increased from \$4,482 in 2019 to \$4,672 in 2020. The current ratio of net general bonded debt to assessed value of all taxable property is 2.06%. The City continues to maintain its current Moody’s rating of Aa1 and Standard & Poor’s rating of AA+ on its Certificates of Obligation and its current Moody’s rating of Aa3 and Standard & Poor’s rating of AA on its Water and Sewer Revenue Bonds.



In addition, the City has recognized the long-term financial implications of its pension and retiree health benefits. Regarding pensions, the City funds the full contribution rate to the Texas Municipal Retirement System to ensure the long-term sustainability of the plan. For retiree health care, the City funded 100% of the actuarially determined contribution (ADC).

**MAJOR INITIATIVES**

Conroe continues to experience robust residential, commercial, and industrial growth throughout the City. The Grand Central Park development is a prime example of this growth. Retail businesses continue to open in the development in the past year, including Ulta Beauty, Torchy’s Taco, Chic-Fil-A and Starbucks. The City has economic development agreements with Conroe Municipal Management District #1 regarding the development of Grand Central Park.

The City is in the design phase to construct a hotel and convention center in this development as well. The Conroe Headquarters Hotel will be a full-service, upper-upscale brand hotel featuring approximately 250 guestrooms and suites, restaurant, fitness center, and swimming pool. The City established the Conroe Local Government Corporation to finance the construction of the hotel. The City plans to issue

certificates of obligation to pay for the convention center and parking garage. Revenues from the project will pay the project's debt service.

The City has seen growth in the Conroe Park North Industrial Park, and major tenants have purchased land, constructed, and/or expanded facilities within the park in the past year. The Conroe Industrial Development Corporation (CIDC) is funding the rehabilitation of the streets within the existing park. In 2018, the CIDC purchased 610 acres to expand the industrial park. The CIDC issued sales tax revenue bonds to fund streets, signals, water, sewer, and drainage infrastructure in the expanded area of the park.

Transportation services expanded transit services to include a new Park and Ride commuter bus service to Houston, which began April 1, 2019 and has provided additional revenue in ticket sales. Due to COVID-19 ridership has decreased with more people working from home, but Transportation services was awarded a federal grant through the CARES Act to reimburse for costs due to the pandemic and keep operations as normal as possible.

The City has numerous capital improvement projects slated to begin or be completed in FY 21, including a Hike & Bike Trail at Alligator Creek, Mike Meador Boulevard extension, street rehabilitation, sidewalks, and traffic signals through-out the City, underground utilities in the downtown area, Fleet Services facility, and design for a new Oscar Johnson, Jr. Community Center.

The City also has capital improvement projects for its water and sewer utility, including water storage tank and water well improvements, water line rehabilitations and extensions, sanitary sewer line replacements and rehabilitations, sewer lift station replacements, and continuation of the sanitary sewer overflow initiative. Finally, the City has started constructing the new wastewater treatment plant. The plant is the City's largest public work project in its history. Construction of the plant should be completed by 2022.

The City of Conroe is committed to providing well-maintained infrastructure and a variety of quality services to protect and enhance the living conditions of its citizens.

## **AWARDS AND ACKNOWLEDGEMENTS**

**Certificate of Achievement Program.** 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 Conroe for its Comprehensive Annual Financial Report (Annual Report) for the fiscal year ended September 30, 2019. This was the fourteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Report. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Report continues to meet the Certificate of Achievement Program's requirements, and it will be submitted for consideration.

The preparation of this report was accomplished with diligence and efficiency by the entire staff of the Finance & Administration Department. I express my appreciation to all members of the Department who assisted and contributed to its preparation. I also thank the Mayor, members of the City Council, and City Administrator for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

**PAFR Certificate of Achievement.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for the Popular Annual Financial Reporting Award Program (PAFR) for the fiscal year ended September 30, 2019. This was the fifth year that the

City has achieved this prestigious award. State and local governments must be able to extract information from their comprehensive annual financial report to produce a high quality popular annual financial report specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

**Independent Audit.** The City Charter requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the City by an independent certified public accountant. The accounting firm of Whitley Penn, LLP, was selected by the City Council. This requirement has been fulfilled, and the auditors' opinion is included in this report. Whitley Penn, LLP, has issued an unmodified ("clean") opinion of the City's financial statements for the year ended September 30, 2020. Their report is located at the front of the financial section of this report.

Respectfully Submitted,

*Steve Williams*

Steve Williams  
Assistant City Administrator/Chief Financial Officer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Conroe  
Texas**

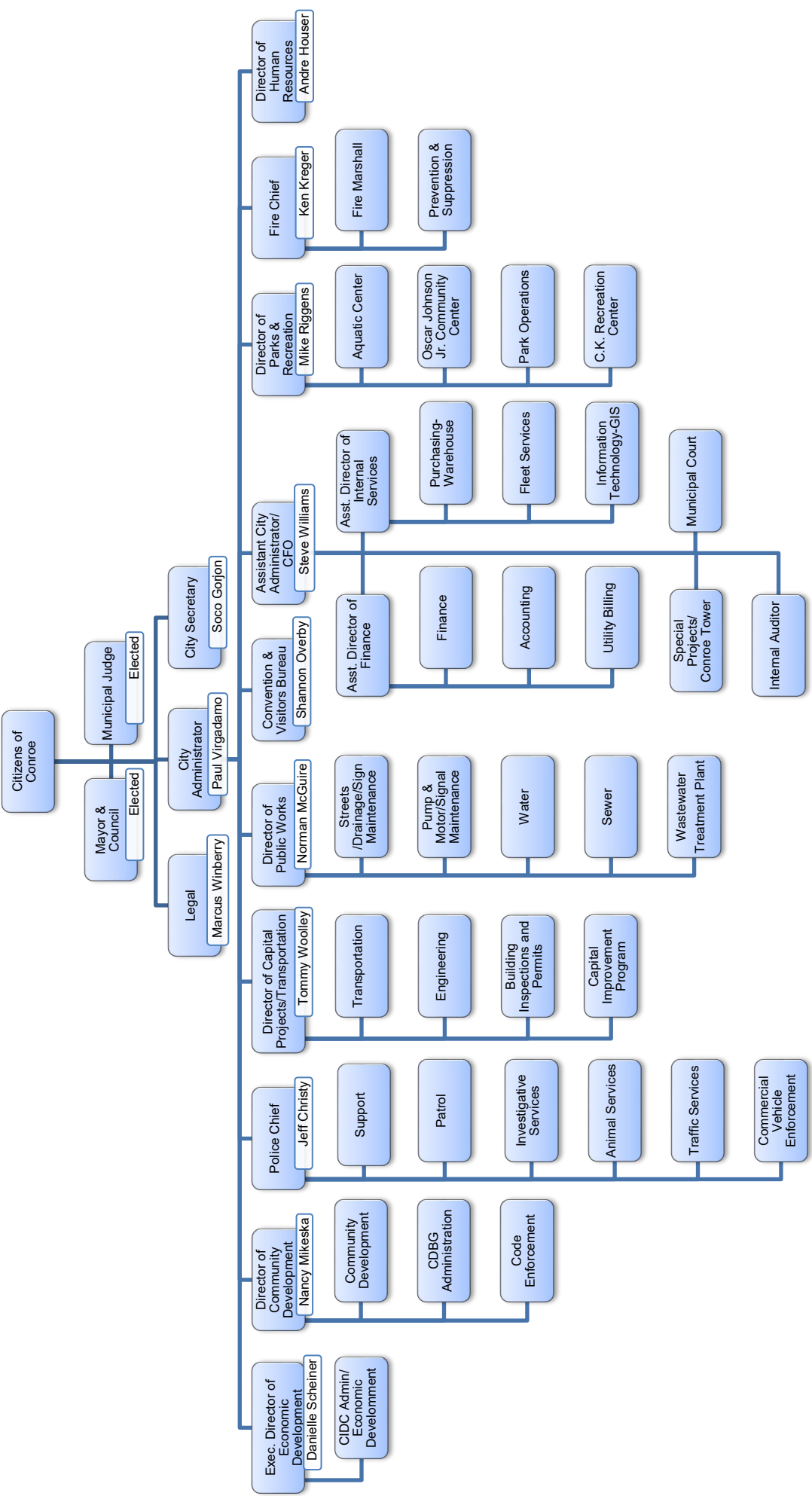
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Morill*

Executive Director/CEO

City of Conroe, Texas Organization Chart



**City of Conroe  
2020-2021**

**Listing of City Officials**

**Elected Officials**

Mayor	Jody Czajkoski
Councilman Place 1	Todd Yancey
Councilman Place 2	Curt Maddux
Councilman Place 3	Duke W. Coon
Councilman Place 4 – Mayor ProTem	Raymond McDonald
Councilman Place 5	Marsha Porter
Municipal Court Judge	Mike Davis

**Appointed Officials**

City Administrator	Paul Virgadamo, Jr.
City Secretary	Soco Gorjon
City Attorney	Marcus Winberry
Assistant City Administrator/Chief Financial Officer	Steve Williams
Director of Capital Projects/Transportation	Tommy Woolley
Police Chief	Jeff Christy
Fire Chief	Ken Kreger
Director of Human Resources	Andre Houser
Director of Parks & Recreation	Mike Riggins
Director of Public Works	Norman McGuire
Director of Community Development	Nancy Mikeska
Executive Director of Conroe Industrial Development Corporation	Danielle Scheiner





CITY OF CONROE

(This page intentionally left blank.)

# Financial Section

- ❖ Independent Auditor's Report
- ❖ Management's Discussion and Analysis
- ❖ Basic Financial Statements
- ❖ Required Supplementary Information
- ❖ Combining Statements and Budgetary Comparison Schedules



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of City Council  
City of Conroe, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City of Conroe, Texas (the "City"), as of and for the year ended September 30, 2020, 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 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 of 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.

To the Honorable Mayor and  
Members of City Council  
City of Conroe, 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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general fund budgetary comparison schedule, pension information, and other post-employment benefit 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 the 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 statements, budgetary comparison schedules, , and statistical section, as listed in the table of contents, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and budgetary comparison schedules are the responsibility of management and were derived from and relates 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 statements and budgetary comparison 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.

To the Honorable Mayor and  
Members of City Council  
City of Conroe, Texas

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2021, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

*Whitley Penn LLP*

Houston, Texas  
February 15, 2021



## **CITY OF CONROE, TEXAS**

### *Management's Discussion and Analysis*

This section of the City of Conroe, Texas (the City) annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2020. Please read it in conjunction with the City's transmittal letter in the preceding section (introductory) and the basic financial statements following this section.

### **FINANCIAL HIGHLIGHTS**

#### Government-wide

The total government-wide assets and deferred outflows of resources of the City of Conroe exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$220,363,755. This is a net increase of \$30,823,387. The majority of the increase is attributable to increased property tax, sales tax, and capital contributions.

The net position of the primary government is comprised of the following:

- (1) Net investment in capital assets of \$202,876,979 includes land and easements, construction in progress, buildings and improvements, machinery and equipment, and infrastructure, net of accumulated depreciation, and is reduced by outstanding debt, net of unspent proceeds, related to the purchase or construction of capital assets.
- (2) Net position of \$22,817,945 is restricted by constraints imposed from outside the City for debt obligations, special revenue funds, severance pay sinking fund, seized assets, red light cameras, and state cable franchise fees.
- (3) Unrestricted net position of negative \$5,331,169. Although the overall net position increased, those increases were in the other categories.

#### Governmental Fund Financial Statements

- As of September 30, 2020, the City of Conroe's governmental funds reported combined ending fund balances of \$100,262,334, a decrease of \$857,720 in comparison with the prior year. Approximately 26 percent of this total amount, \$25,947,538, is available for spending at the government's discretion (unassigned fund balance). The remaining fund balance consists of \$167,672 classified as nonspendable, \$57,467,784 classified as restricted, \$5,911,617 classified as committed, and \$10,767,723 is classified as assigned.
- The General Fund is used to account for the general operations of the City. At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$29,974,625, or 37 percent of total General Fund expenditures. The General Fund had a nonspendable fund balance of \$167,672, restricted fund balance of \$3,105,670, and assigned fund balance of \$10,767,723 at September 30, 2020.
- The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bonds, contractual obligations, and certificates of obligation. The entire fund balance of \$11,616,533 is restricted to meet these obligations.
- The Certificates of Obligation, Series 2018A CIP Fund is used to account for expenses related to design, planning, acquisition, construction, equipping, expansion, repair, renovation, and/or rehabilitation of capital projects of the City. The entire fund balance of \$20,425,523 is restricted for capital projects.
- The nonmajor governmental funds had total combined fund balances of \$24,204,588 at September 30, 2020. Of this amount, \$18,166,214 is restricted for capital project funds, \$4,153,844 is restricted for special revenue funds, \$5,911,617 is committed, and a negative fund balance of \$4,027,087 is unassigned. This negative is due to the Conroe Local Government Corporation, a blended component unit, and the Convention Center CIP Fund that are pending the issuance of certificates of obligation.

#### Long-Term Debt

The City of Conroe issues debt to finance an ongoing capital improvement program. During FY 20, the City issued \$43,645,000 in certificates of obligation and \$9,075,000 in limited tax refunding bonds. Note VI to the financial statements provides details of long-term obligations.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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



## CITY OF CONROE, TEXAS

### *Management's Discussion and Analysis*

City's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. Required supplementary information is included in addition to the basic financial statements. This report also contains other supplementary information.

*Government-wide Financial Statements* are designed to provide readers with a broad overview of City finances, in a manner similar to those used by private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the components (assets and deferred outflows of resources, less liabilities and deferred inflows of resources) presented as net position. Net position is reported as one of three categories: net investment in capital assets, restricted, or unrestricted. Restricted net position is further classified as either net position restricted by enabling legislation or net position that is otherwise restricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the Statement of Net Position and the Statement of Activities are prepared utilizing the accrual basis of accounting.

The Statement of Net Position and the Statement of Activities divide the City's activities into two types:

***Governmental activities*** - Most of the City's basic services are reported here, including general government, finance, public safety (police and fire protection), community development, parks and recreation, and public works. Sales and property taxes and franchise fees provide the majority of the financing for these activities.

***Business-type activities*** - Activities for which the City charges a fee to customers to pay most or all of the costs of a service it provides are reported here. The City's business-type activities include water and wastewater services.

The government-wide financial statements include not only the City itself but also component units: the Oscar Johnson, Jr. Community Center and the Conroe Industrial Development Corporation (CIDC). Financial information for the component units is reported separately from the financial information presented for the primary government. The Conroe Local Government Corporation, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

*Fund Financial Statements* provide more detailed information about the City's most significant funds—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants, while others are established by the City Council to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

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

The focus of the governmental funds financial statements is narrower than that of the government-wide financial statements. Therefore, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison. These reconciliations explain the

## CITY OF CONROE, TEXAS

### *Management's Discussion and Analysis*

differences between the government's activities as reported in the government-wide statements and the information presented in the governmental funds financial statements.

The City maintains 42 individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Debt Service Fund, and Certificates of Obligation, Series 2018A CIP Fund, which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements later in this report.

***Proprietary funds***—When the City charges customers for services it provides, the activities are generally reported in proprietary funds. The City of Conroe maintains two different types of proprietary funds: enterprise and internal service.

*Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer utilities, which is considered to be a major fund. These services are primarily provided to outside, or non-governmental, customers.

*Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its employee insurance program and fleet services.

***Fiduciary funds***—When the City accounts for resources held for the benefit of parties outside the City, the activities are generally reported in a fiduciary fund. Fiduciary funds are not reflected in the combined financial statements because resources of those funds are not available to support the City's own programs. The City of Conroe maintains two types of fiduciary fund: Custodial Funds - Public Improvement District "PID" and City of Conroe Other Post-Employment Benefit (OPEB) Trust Fund.

*Notes to the Basic Financial Statements* provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 39 of this report.

*Required Supplementary Information* presents certain required information concerning the City's General Fund budget to actual comparison, and progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information can be found beginning on page 77 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$220,363,755 for fiscal year 2020 and \$189,711,782 for fiscal year 2019. Revenues exceeded expenses during the current fiscal year, increasing net position by \$30,823,387.

# CITY OF CONROE, TEXAS

## Management's Discussion and Analysis

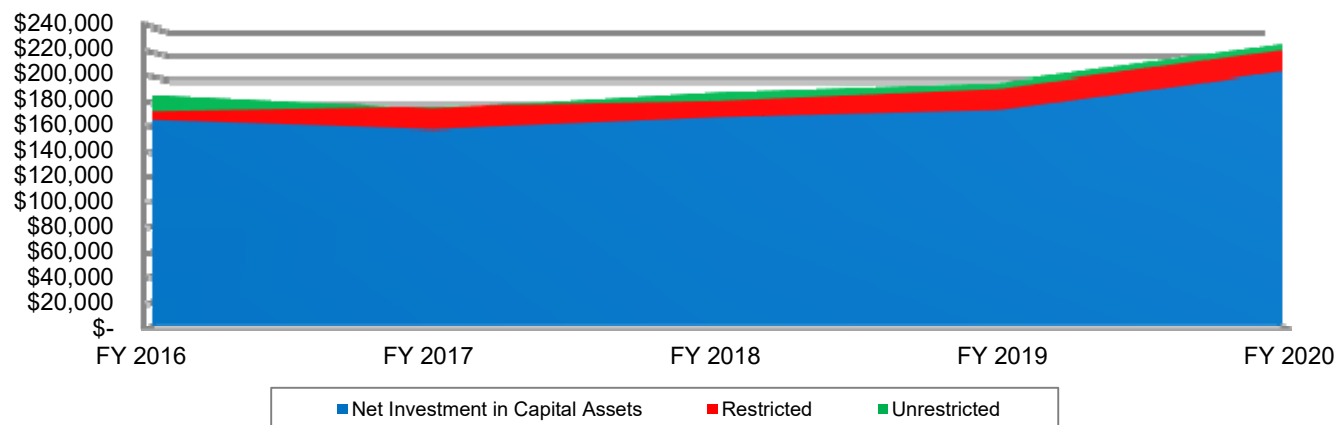
### Condensed Statement of Net Position

(amounts in thousands)

#### Primary Government

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 120,030	\$ 118,725	\$ 128,922	\$ 132,704	\$ 248,952	\$ 251,429
Capital Assets	287,490	245,799	224,482	181,516	511,972	427,315
Total Assets	407,520	364,524	353,404	314,220	760,924	678,744
Deferred Outflows of Resources	32,246	39,568	1,416	2,395	33,662	41,963
Current and Other Liabilities	14,632	12,876	22,796	11,270	37,428	24,146
Long-Term Liabilities	285,646	281,845	233,618	220,169	519,264	502,014
Total Liabilities	300,278	294,721	256,414	231,439	556,692	526,160
Deferred Inflows of Resources	16,054	4,340	1,476	495	17,530	4,835
Net Position:						
Net Investment in Capital Assets	128,072	105,543	74,805	66,616	202,877	172,159
Restricted	18,311	17,355	4,507	5,120	22,818	22,475
Unrestricted	(22,949)	(17,867)	17,618	12,945	(5,331)	(4,922)
Total Net Position	\$ 123,434	\$ 105,031	\$ 96,930	\$ 84,681	\$ 220,364	\$ 189,712

### Total Net Position Governmental and Business-Type Activities (in thousands)



The largest portion of the City's net position, \$202,876,979 (92%), reflects its net investment in capital assets (land, improvements, buildings, infrastructure, vehicles, machinery and equipment), less any related outstanding debt used to acquire those assets. The primary use of these capital assets is to provide services to citizens; therefore, 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 resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$22,817,945 (8%), is restricted for debt service, special revenue funds, severance pay sinking fund, seized assets, red light cameras, and state cable franchise PEG fee. Another portion of the City's net position is the unrestricted net position of negative \$5,331,169.

**CITY OF CONROE, TEXAS**  
*Management's Discussion and Analysis*

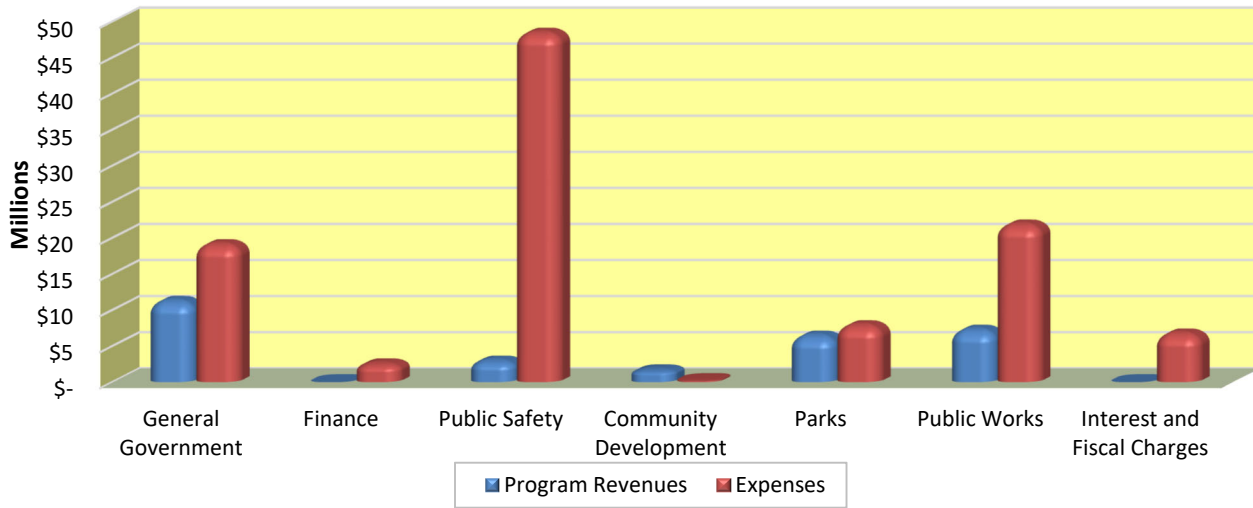
The following table indicates changes in net position for governmental and business-type activities:

<b>Condensed Statement of Activities</b> (amounts in thousands)						
<b>Primary Government</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Revenues:						
Program Revenues:						
Charges for Services	\$ 8,686	\$ 8,835	\$ 48,038	\$ 40,859	\$ 56,724	\$ 49,694
Operating Grants and Contributions	6,789	5,720	1,258	989	8,047	6,709
Capital Grants and Contributions	14,429	8,980	4,006	80	18,435	9,060
General Revenues:						
Property Taxes	39,863	34,613	-	-	39,863	34,613
In Lieu of Taxes	903	883	-	-	903	883
Gross Receipts Taxes	7,085	7,068	-	-	7,085	7,068
Sales and Other Taxes	38,350	36,092	-	-	38,350	36,092
Hotel Occupancy Taxes	1,659	1,340	-	-	1,659	1,340
Mixed Beverage Taxes	267	317	-	-	267	317
Miscellaneous	4,725	3,923	1,480	783	6,205	4,706
Donations	96	83	-	159	96	242
Grants and Contributions Not						
Restricted to Specific Programs	1,805	1,778	-	-	1,805	1,778
Investment Earnings	1,293	2,293	1,357	2,747	2,650	5,040
Net Change in Fair Value of Investments	108	169	15	80	123	249
Total Revenues	126,058	112,094	56,154	45,697	182,212	157,791
Expenses:						
General Government	19,181	19,049	-	-	19,181	19,049
Finance	2,619	2,082	-	-	2,619	2,082
Public Safety	48,498	43,725	-	-	48,498	43,725
Community Development	245	2,880	-	-	245	2,880
Parks	7,941	8,973	-	-	7,941	8,973
Public Works	21,907	19,615	-	-	21,907	19,615
Interest and Fiscal Charges	6,794	6,695	-	-	6,794	6,695
Water and Sewer	-	-	44,204	44,861	44,204	44,861
Total Expenses	107,185	103,019	44,204	44,861	151,389	147,880
Excess (Deficiency) before Transfers	18,873	9,075	11,950	836	30,823	9,911
Transfers	(299)	(316)	299	316	-	-
Change in Net Position	18,574	8,759	12,249	1,152	30,823	9,911
Net Position - Beginning	105,031	96,272	84,681	83,529	189,712	179,801
Prior Period Adjustment	(171)	-	-	-	(171)	-
Net Position - Beginning, as restated	104,860	96,272	84,681	83,529	189,541	179,801
Net Position - Ending	\$ 123,434	\$ 105,031	\$ 96,930	\$ 84,681	\$ 220,364	\$ 189,712

## CITY OF CONROE, TEXAS

### Management's Discussion and Analysis

#### Program Revenues and Expenses - Governmental Activities



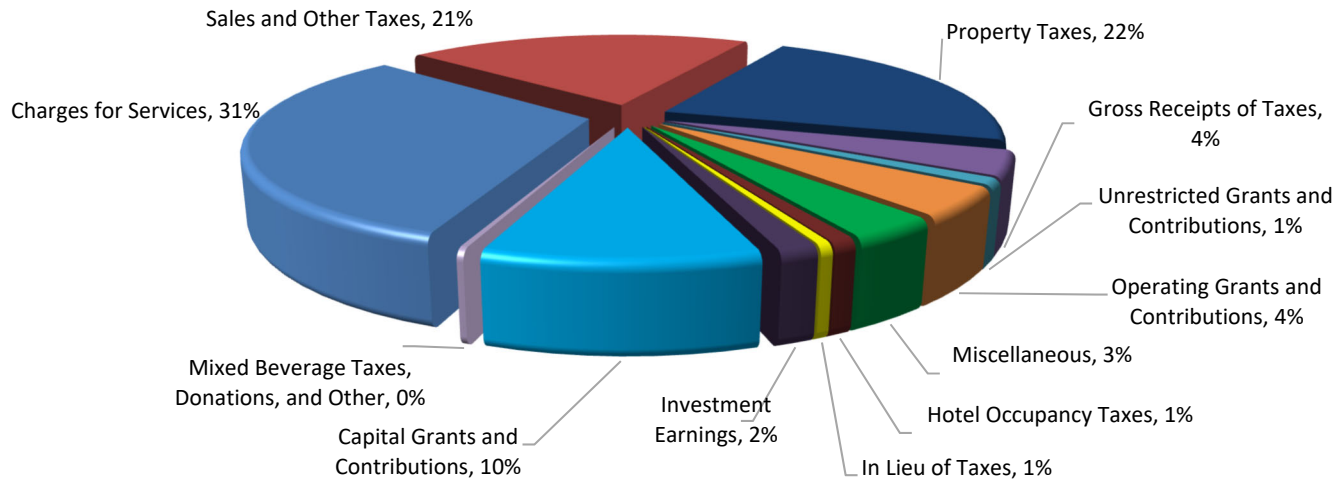
#### Revenues

For fiscal year ended September 30, 2020, revenues for the primary government totaled \$182,212,037. The revenues are categorized by activity type: governmental activities totaled \$126,058,334 and business-type activities totaled \$56,153,703.

Program revenues are derived from the program itself and reduce the cost of the function to the City. Total program revenues were \$83,205,206 or 45% of total revenues, which increased \$17,742,494 compared to the prior year. The largest portion of program revenues is Charges for Services of \$56,723,968, which is 31% of total revenues. Of that amount, \$8,685,974 is from governmental activities, which includes fees collected by Municipal Court, Police, Parks, and Public Works departments. The business-type Charges for Services of \$48,037,994 are derived from water and sewer charges. The other portions of program revenues are Operating Grants and Contributions of \$8,046,640 (4%) and Capital Grants and Contributions of \$18,434,598 (10%). Capital Grants and Contributions increased \$9,374,561 primarily due to monies from CIDC for various capital projects.

General revenues are revenues that cannot be assigned to a specific function. They consist of Sales and Other Taxes of \$38,350,177, one of the largest revenue sources for governmental activities and 21% of total revenues. Property Taxes of \$39,862,977 or 22% of total revenues, which is a \$5.25M increase from prior year Property Taxes of \$34,613,130. Miscellaneous revenues of \$6,203,730 (3%), Gross Receipts Taxes of \$7,084,662 (4%), Grants and Contributions Not Restricted to Specific Programs of \$1,805,039 (1%), Hotel Occupancy Taxes of \$1,659,596 (1%), In Lieu of Taxes of \$903,574 (1%), and Investment Earnings of \$2,650,147 (2%). The remaining revenue categories are a combined less than 1% of total revenues: Mixed Beverage Taxes of \$267,394, Donations of \$96,161, and Net Change in Fair Value of Investments of \$123,374.

### REVENUES BY SOURCE



### Expenses

For fiscal year ended September 30, 2020, expenses for the primary government totaled \$151,388,650. These expenses are divided by activity type: governmental activities of \$107,185,066 and business-type activities of \$44,203,584.

The City's largest governmental activities function is Public Safety. The main components of this function are the Police and Fire departments. Total expenses for this function were \$48,497,670 or 32% of total expenses. The expenses can be primarily attributed to salaries (including benefits and overtime) and vehicle maintenance.

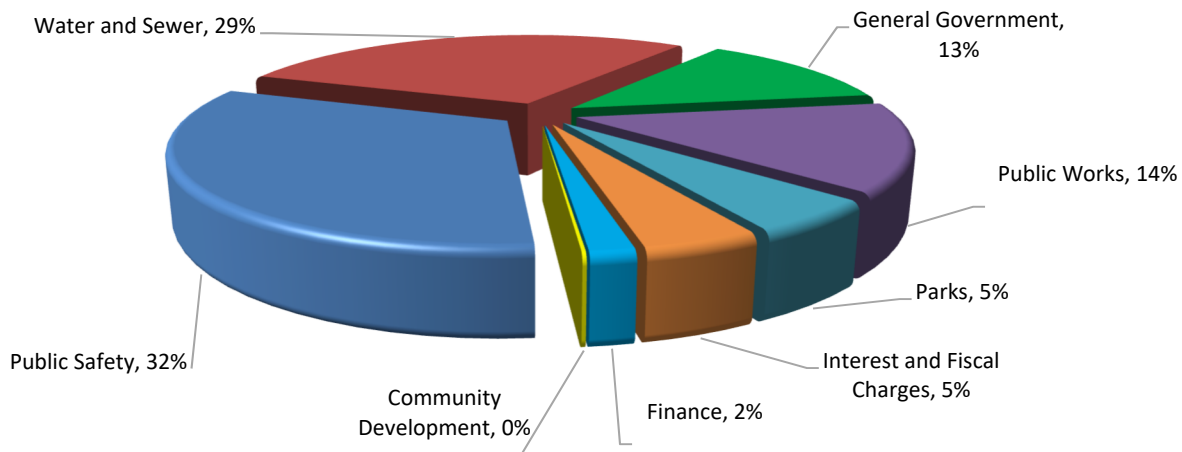
The Water and Sewer business-type activities function expenses were \$44,203,584 or 29% of total expenses. These expenses enable the City to provide water and sewer treatment services to its customers.

General Government governmental activities function expenses were \$19,180,987 or 13% of total expenses. The expenses can be primarily attributed to salaries and benefits for employees.

The Public Works governmental activities function had expenses of \$21,907,217 or 14% of total expenses. These services include: street maintenance, drainage maintenance, signal maintenance, sign maintenance, engineering, and building inspections and permits.

The remaining governmental activities functions are Parks with expenses of \$7,940,701 or 5%, Interest and Fiscal Charges with expenses of \$6,793,511 or 5%, Finance with expenses of \$2,619,660 or 2%, and Community Development had expenses of \$245,320 or less than 1%.

### EXPENSES BY FUNCTION



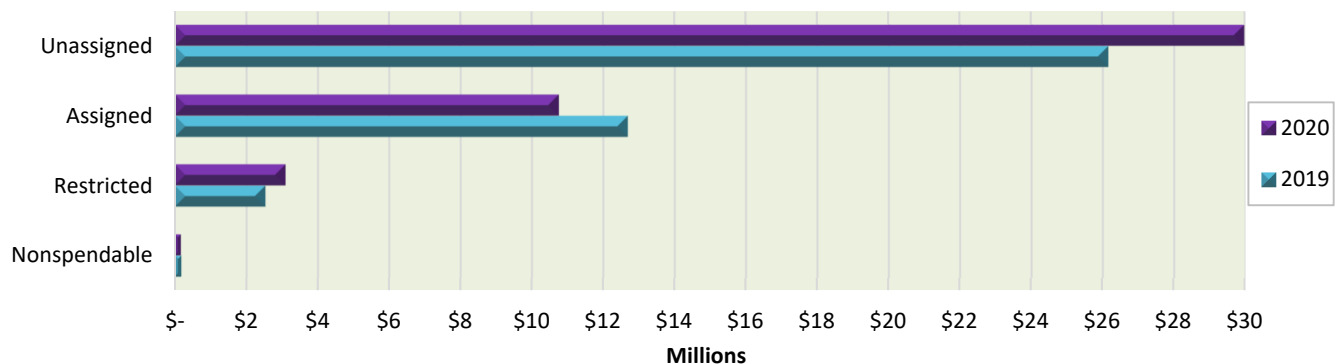
### FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

#### Governmental Funds

The focus of the City's governmental funds is to provide information on 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 a government's net resources available for spending at the end of the fiscal year.

The **General Fund** is the chief operating fund of the City. At the end of the current year, its unassigned fund balance was \$29,974,625, while the total fund balance reached \$44,015,690. The General Fund total fund balance increased \$2,441,678 due to increased property tax and sales tax revenues. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to its expenditures. Unassigned fund balance was \$29,974,625, or 37% of total General Fund expenditures. Total fund balance was \$44,015,690, or 54% of General Fund expenditures. The General Fund also had nonspendable amounts of \$33,606 for inventories and \$134,066 for prepaid items; restricted amounts of \$28,455 for Severance Pay 2% Sinking Fund, \$2,163,747 for Seized Assets, \$303,683 for Red Light Cameras and, \$609,785 for the State Cable Franchise 1% PEG fee; and assigned amounts of \$499,454 for Tree Mitigation, \$5,154,889 for vehicle and equipment replacement, and \$5,113,380 for General Fund-Balance Appropriations at year end.

#### General Fund Components of Fund Balance



The **Debt Service Fund** ended the fiscal year with a total fund balance of \$11,616,533 compared to \$11,292,098 at the end of fiscal year 2019. This increase was due primarily to an increase in property tax revenues. This fund balance is restricted for the payment of debt.

## CITY OF CONROE, TEXAS

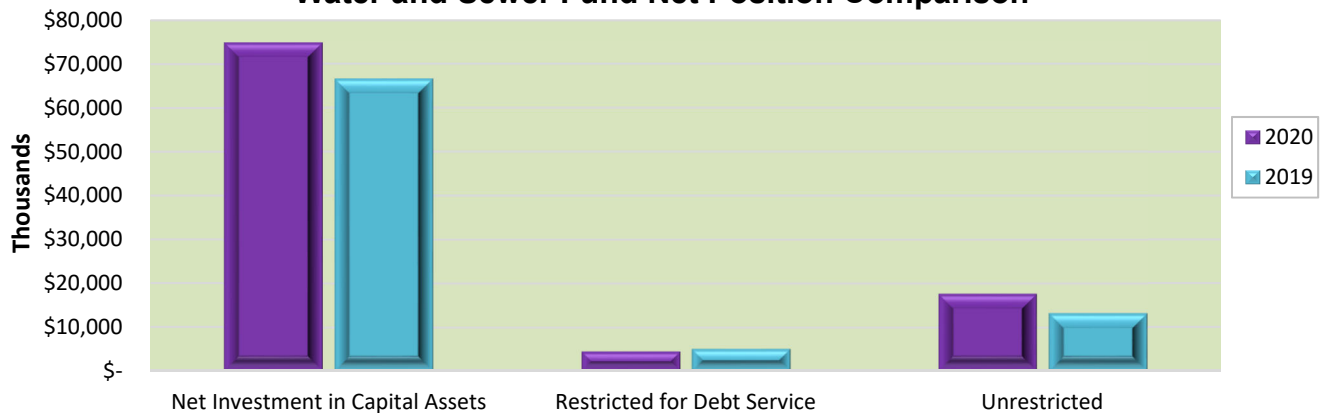
### Management's Discussion and Analysis

The **Certificates of Obligation, Series 2018A** capital projects fund ended the fiscal year with a total fund balance of \$20,425,523 that is restricted for on-going capital projects. This fund decreased due to the increased spending of the bond funds.

#### Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Unrestricted net position of the **Water and Sewer Fund** at the end of the year amounted to \$17,618,295. The total increase in net position of \$12,249,253. The increase was largely due to an increased customer base and a large capital contribution from the CIDC.

**Water and Sewer Fund Net Position Comparison**



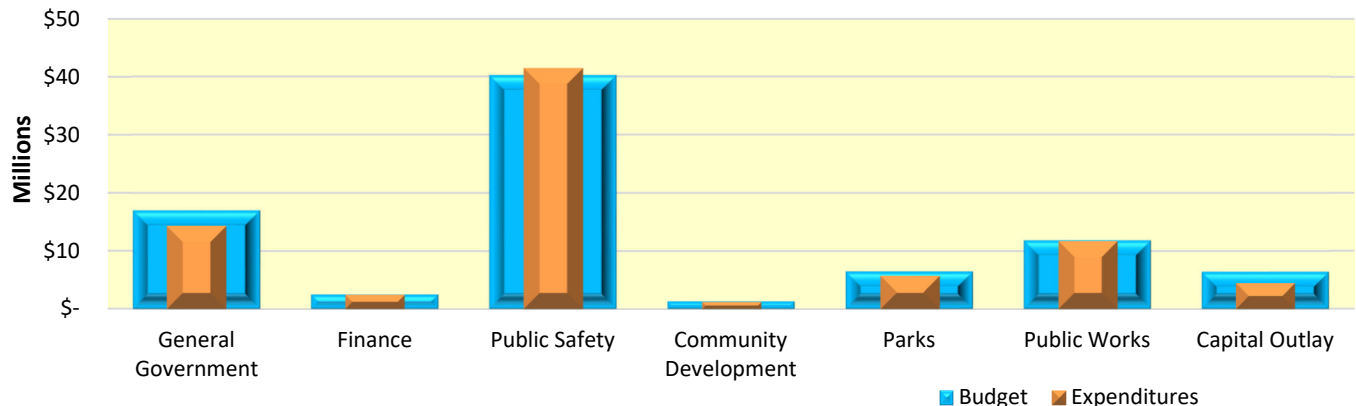
#### General Fund Budgetary Highlights

During the year, there was a \$3,457,572 increase in appropriations between the original and final amended budget. This increase is primarily due to adjustments for charges for sales and services related to commuter bus service, increase for a cancer prevention grant in Fire department and an increase in capital outlay to cover a new report management system to aid dispatch.

Actual General Fund revenues exceeded budgeted revenues by \$5,055,161 during the year. This increase is primarily due to increased property tax collections, sales tax collections, and licenses and permits revenues.

Total expenditures were lower than budgeted amounts by \$4,357,900 for the fiscal year. This decrease is mainly due to expenditures for transportation contracts for new buses that will get spent in FY 2021.

**Expenditures to Budget Comparison**





## CITY OF CONROE, TEXAS

### Management's Discussion and Analysis

A more detailed schedule of the General Fund budget to actual comparison is presented in the required supplementary information on page 77.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The City's capital assets, net of accumulated depreciation, for its governmental and business-type activities as of September 30, 2020, was \$511,972,232, an increase of \$84,657,530 from capital assets reported September 30, 2019 of \$427,314,702. These capital assets include land and easements, construction in progress, buildings and improvements, machinery and equipment, and infrastructure.

	Capital Assets					
	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and Easements	\$ 24,806,986	\$ 16,678,301	\$ 3,825,348	\$ 3,813,048	\$ 28,632,334	\$ 20,491,349
Construction in Progress	59,450,587	33,105,284	60,324,211	31,085,530	119,774,798	64,190,814
Buildings and Improvements	104,983,963	103,806,718	1,973,847	1,973,847	106,957,810	105,780,565
Machinery and Equipment	35,637,817	36,282,292	11,413,493	12,054,881	47,051,310	48,337,173
Infrastructure	208,636,540	191,161,592	257,889,276	237,286,766	466,525,816	428,448,358
	433,515,893	381,034,187	335,426,175	286,214,072	768,942,068	667,248,259
Accumulated Depreciation	(146,025,615)	(135,235,332)	(110,944,221)	(104,698,225)	(256,969,836)	(239,933,557)
Total	\$287,490,278	\$245,798,855	\$224,481,954	\$181,515,847	\$511,972,232	\$427,314,702

More detailed information about the City's capital assets is presented in Note V of the basic financial statements.

### Long-Term Obligations

At year-end the City had \$519,263,077 in long-term obligations outstanding, of which \$424,667,292 is bonded debt. During the year, the City issued \$43,645,000 in Certificates of Obligation and \$9,075,000 in Limited Tax Refunding Bonds. The City's Standard & Poor's and Moody's Investor Service, Inc. credit ratings, respectively, for Water and Wastewater Revenue Bonds remained unchanged at AA and Aa3, and General Obligation Bonds were unchanged at AA+ and Aa1.

	Long-Term Obligations					
	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Bonds Payable, net	\$199,799,695	\$182,018,991	\$224,867,596	\$209,258,071	\$424,667,291	\$391,277,062
Customer Deposits	-	-	1,142,769	996,979	1,142,769	996,979
Capital Leases	78,410	147,984	540,074	1,065,482	618,484	1,213,466
Notes Payable	278,002	407,002	-	-	278,002	407,002
Health Claims Liability	497,359	505,216	-	-	497,359	505,216
Net OPEB Liability	11,221,499	13,855,824	2,314,688	2,797,811	13,536,187	16,653,635
Net Pension Liability/TMRS	17,535,017	25,294,882	3,616,994	5,107,620	21,152,011	30,402,502
Net Pension Liability/Fire R/R	43,847,046	48,933,818	-	-	43,847,046	48,933,818
Severance Payable	1,422,747	1,294,322	-	-	1,422,747	1,294,322
Compensated Absences	10,965,762	9,387,067	1,135,419	942,634	12,101,181	10,329,701
Total	\$285,645,537	\$281,845,106	\$233,617,540	\$220,168,597	\$519,263,077	\$502,013,703

More detailed information about the City's long-term obligations is presented in Note VI of the basic financial statements. Please see Note VIII of the basic financial statements for more information on Other Post Employment Benefits. Also, see Note IX of the basic financial statements for more information on the Pension Plans.

## **CITY OF CONROE, TEXAS**

### *Management's Discussion and Analysis*

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

- Appraised value used for the FY20-21 budget preparation is up \$498,780,791, or 5.5%, from FY19-20.
- Sales tax revenue for the City was estimated with a 3.7% decrease for FY20-21. This was based on general patterns of the local economy.
- Spending in the General Fund increases in the FY20-21 budget from \$83,496,260 to \$86,761,406. This is a 1.7% increase.

These indicators were taken into account when adopting the General Fund budget for FY20-21. Overall, revenue sources are projected to decrease. This is primarily due to the unknown effects of the COVID-19 pandemic on the economy.

If these estimates are realized, the City's budgetary General Fund fund balance is expected to decrease by approximately \$1,381,965 at the close of FY20-21.

#### **SAN JACINTO RIVER AUTHORITY GROUNDWATER REDUCTION PLAN**

The City is a participant in the San Jacinto River Authority (SJRA) Groundwater Reduction Plan (GRP). The SJRA has constructed a surface water treatment facility and transmission system to provide treated surface water to the City. The transmission system was interconnected to the City's water system, and in December 2015 the City started receiving treated surface water. Based on the agreement between the City and the SJRA, the City pays the SJRA for groundwater pumped from the Jasper aquifer and for treated surface water from Lake Conroe. More information regarding this agreement can be found in Note X in the Notes to the Financial Statements.

#### **EFFECTS OF COVID AND OIL PRICES ON ECONOMY**

Two major events took place in 2020 that affected Conroe's economy. First, the World Health Organization declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which affected many parts of the world, including the United States and Texas. On March 13, 2020, the President of the United States declared the Pandemic a national emergency, and the Texas Governor declared COVID-19 an imminent threat of disaster for all counties in Texas. Additionally, declines in oil prices in the United States and globally impacted the oil and gas industry in the greater Houston area.

Notwithstanding these issues the impact to the City's economy in 2020 was minimal. Sales tax collections for FY 19-20 were up by 5.9%. General services, retail, wholesale and miscellaneous industries posted year-to-date gains, which were offset by decreases in the food and manufacturing industries. The pandemic also affected the tourism industry, which is reflected in the collection of Hotel Occupancy Taxes. Conroe's hotel occupancy taxes were up by 23.9%, primarily due to a change in the accounting for the portion of taxes that is for Montgomery County. In previous years, the revenues were recorded net of this portion, but with a change in collectors, the revenues are recorded at the gross amount. Without this change, these taxes were down 11%. Although overall hotel occupancy was down, Margaritaville Lake Resort, on Lake Conroe opened with limited capacity in June 2020, which provided \$37k in new revenues. The resort includes a golf course, waterpark, boat rentals, and full-service spa.

Construction activity in Conroe has remained strong through the Pandemic. Although the total number of building permits was down 5% compared to 2019, the value of building permits was up by approximately \$177M. Construction continued in subdivisions throughout Conroe as single-family building permits posted a 30% gain when compared to 2019.

Commercial economic activity has remained robust as Conroe's economy expands beyond the oil and gas industry. There were some closures, layoffs, and furloughs, primarily in the oil and gas related firms. However, some firms were able to add employees. One firm in the Conroe Park North Industrial Park was able to shift its manufacturing focus from servicing the oil and gas industry to manufacturing products that help fight COVID-19. Several firms expanded in the industrial park. Also, a manufacturer of plasmid DNA for vaccines and gene therapies recently signed as the first occupant of Conroe's Deison Technology Park.

## **CITY OF CONROE, TEXAS**

### *Management's Discussion and Analysis*

The City incurred \$87,343 in COVID related expenditures, mostly related to personal protective equipment and enhancing City facilities for safety. Montgomery County received the CARES Act/CRF funding for our jurisdiction, and we will seek reimbursement of these expenditures.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the City's Finance & Administration Department.

# **Basic Financial Statements**



# CITY OF CONROE, TEXAS

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Conroe Industrial Development Corporation	Oscar Johnson, Jr Community Center
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 6,311,961	\$ 6,075,863	\$ 12,387,824	\$ 2,465,209	\$ 73,117
Investments	100,359,263	115,143,804	215,503,067	56,902,395	-
Receivables (net of allowances for uncollectibles):					
Property Taxes	851,307	-	851,307	-	-
Gross Receipts Tax	1,001,866	-	1,001,866	-	-
Accounts	575,399	6,808,261	7,383,660	-	-
Interest	55,175	19,614	74,789	18,815	-
Other	938,643	188,998	1,127,641	904,390	-
Due from Other Governments	9,223,754	-	9,223,754	-	-
Receivable from Component Unit	455,872	-	455,872	-	-
Receivable from Primary Government	-	-	-	2,305,938	-
Prepaid Items	134,066	8,000	142,066	-	-
Inventories	122,436	677,131	799,567	-	-
Land Held for Resale	-	-	-	37,797,583	-
Capital Assets:					
Land and Easements	24,806,986	3,825,348	28,632,334	-	108,770
Construction in Progress	59,450,587	60,324,211	119,774,798	-	-
Buildings and Improvements	104,983,963	1,973,847	106,957,810	-	1,421,618
Machinery and Equipment	35,637,817	11,413,493	47,051,310	-	476,012
Infrastructure	208,636,540	257,889,276	466,525,816	-	-
Less Accumulated Depreciation	(146,025,615)	(110,944,221)	(256,969,836)	-	(1,122,907)
Total Capital Assets (net of depreciation)	287,490,278	224,481,954	511,972,232	-	883,493
<b>TOTAL ASSETS</b>	<b>407,520,020</b>	<b>353,403,625</b>	<b>760,923,645</b>	<b>100,394,330</b>	<b>956,610</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Charges on Refundings	1,868,024	291,580	2,159,604	1,077,687	-
OPEB Contributions After Measurement Date	1,373,882	283,394	1,657,276	-	-
OPEB Other	307,511	63,431	370,942	-	-
Pension Contributions After Measurement Date	3,268,165	674,133	3,942,298	-	-
Pension Other	25,427,966	103,594	25,531,560	-	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>32,245,548</b>	<b>1,416,132</b>	<b>33,661,680</b>	<b>1,077,687</b>	<b>-</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable and Other Current Liabilities	10,034,471	19,409,002	29,443,473	2,693,149	63,023
Payable to Component Unit	2,305,938	-	2,305,938	-	-
Payable to Primary Government	-	-	-	455,872	-
Unearned Revenue	1,513,919	-	1,513,919	-	-
Accrued Interest Payable	777,670	3,387,207	4,164,877	119,414	-
Noncurrent Liabilities:					
Due within One Year	9,656,434	8,865,429	18,521,863	3,822,725	4,156
Due in More Than One Year	275,989,103	224,752,111	500,741,214	70,349,910	106,658
<b>TOTAL LIABILITIES</b>	<b>300,277,535</b>	<b>256,413,749</b>	<b>556,691,284</b>	<b>77,441,070</b>	<b>173,837</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
OPEB Other	3,373,478	695,856	4,069,334	-	-
Pension Other	12,680,545	780,407	13,460,952	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>16,054,023</b>	<b>1,476,263</b>	<b>17,530,286</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	128,071,934	74,805,045	202,876,979	-	883,493
Restricted for:					
Severance Pay 2% Sinking Fund	28,455	-	28,455	-	-
Seized Assets	2,163,747	-	2,163,747	-	-
Red Light Cameras	303,683	-	303,683	-	-
State Cable Franchise 1% PEG Fee	609,785	-	609,785	-	-
Debt Service	11,052,026	4,506,405	15,558,431	6,112,969	-
Capital Project Funds	-	-	-	16,432,042	-
Special Revenue Funds	4,153,844	-	4,153,844	-	-
Unrestricted	(22,949,464)	17,618,295	(5,331,169)	1,485,936	(100,720)
<b>TOTAL NET POSITION</b>	<b>\$ 123,434,010</b>	<b>\$ 96,929,745</b>	<b>\$ 220,363,755</b>	<b>\$ 24,030,947</b>	<b>\$ 782,773</b>

The accompanying notes to the basic financial statements are an integral part of this statement.

# CITY OF CONROE, TEXAS

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$ 19,180,987	\$ 5,416,422	\$ 3,227,171	\$ 2,676,197
Finance	2,619,660	-	-	-
Public Safety	48,497,670	1,217,694	1,800,850	-
Community Development	245,320	-	1,737,678	-
Parks	7,940,701	847,727	-	5,656,352
Public Works	21,907,217	1,204,131	22,875	6,096,543
<b>Debt Service:</b>				
Interest and Fiscal Charges	6,793,511	-	-	-
<b>Total Governmental Activities</b>	<b>107,185,066</b>	<b>8,685,974</b>	<b>6,788,574</b>	<b>14,429,092</b>
<b>Business-type Activities:</b>				
Water and Sewer	44,203,584	48,037,994	1,258,066	4,005,506
<b>Total Business-type Activities</b>	<b>44,203,584</b>	<b>48,037,994</b>	<b>1,258,066</b>	<b>4,005,506</b>
<b>Total Primary Government</b>	<b>\$151,388,650</b>	<b>\$56,723,968</b>	<b>\$ 8,046,640</b>	<b>\$18,434,598</b>
<b>COMPONENT UNITS:</b>				
Conroe Industrial Development Corporation	\$ 26,808,930	\$ -	\$ -	\$ -
Oscar Johnson, Jr. Community Center	\$ 1,413,073	\$ 502,308	\$ 785,000	\$ -

### General Revenues:

Property Taxes  
 In Lieu of Taxes  
 Gross Receipts Tax  
 Sales and Other Taxes  
 Hotel Occupancy Taxes  
 Mixed Beverage Taxes  
 Miscellaneous  
 Donations  
 Grants and Contributions Not Restricted to Specific Programs  
 Investment Earnings  
 Net Change in Fair Value of Investments  
 Transfers  
 Total General Revenues and Transfers

### Change in Net Position

Net Position - Beginning  
 Prior Period Adjustment  
 Net Position - Beginning, as restated  
 Net Position - Ending

The accompanying notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			Component Units	
Governmental Activities	Business-type Activities	Total	Conroe Industrial Development Corporation	Oscar Johnson Jr. Community Center
\$ (7,861,197)	\$ -	\$ (7,861,197)	\$ -	\$ -
(2,619,660)	-	(2,619,660)	-	-
(45,479,126)	-	(45,479,126)	-	-
1,492,358	-	1,492,358	-	-
(1,436,622)	-	(1,436,622)	-	-
(14,583,668)	-	(14,583,668)	-	-
(6,793,511)	-	(6,793,511)	-	-
(77,281,426)	-	(77,281,426)	-	-
-	9,097,982	9,097,982	-	-
-	9,097,982	9,097,982	-	-
(77,281,426)	9,097,982	(68,183,444)	-	-
			(26,808,930)	(125,765)
39,862,977	-	39,862,977	-	-
903,574	-	903,574	-	-
7,084,662	-	7,084,662	-	-
38,350,177	-	38,350,177	12,783,392	-
1,659,596	-	1,659,596	-	-
267,394	-	267,394	-	-
4,724,025	1,479,705	6,203,730	7,106,623	7,676
96,161	-	96,161	-	6,060
1,805,039	-	1,805,039	-	-
1,292,814	1,357,333	2,650,147	748,707	-
108,275	15,099	123,374	59,282	-
(299,134)	299,134	-	-	-
95,855,560	3,151,271	99,006,831	20,698,004	13,736
18,574,134	12,249,253	30,823,387	(6,110,926)	(112,029)
105,031,290	84,680,492	189,711,782	30,141,873	894,802
(171,414)	-	(171,414)	-	-
104,859,876	84,680,492	189,540,368	30,141,873	894,802
\$ 123,434,010	\$ 96,929,745	\$ 220,363,755	\$ 24,030,947	\$ 782,773



**CITY OF CONROE, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

	General Fund	Debt Service Fund	Certificates of Obligation, Series 2018A CIP Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 584,151	\$ 37,536	\$ 176,559	\$ 4,397,676	\$ 5,195,922
Investments	37,898,656	11,490,265	21,971,438	25,164,609	96,524,968
Receivable (Net of Allowances for Uncollectibles):					
Property Taxes, net	577,716	273,591	-	-	851,307
Gross Receipts Tax	1,001,866	-	-	-	1,001,866
Accounts	5,499	-	-	541,838	547,337
Interest	26,871	28,304	-	-	55,175
Other	470,907	-	-	127,067	597,974
Due from Other Funds	1,975,979	-	799,662	100,197	2,875,838
Due from Other Governments	9,223,754	-	-	-	9,223,754
Receivable from Component Unit	-	-	131,072	324,800	455,872
Prepaid Items	134,066	-	-	-	134,066
Inventories	33,606	-	-	-	33,606
<b>TOTAL ASSETS</b>	<b>\$ 51,933,071</b>	<b>\$ 11,829,696</b>	<b>\$ 23,078,731</b>	<b>\$ 30,656,187</b>	<b>\$ 117,497,685</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 1,440,666	\$ -	\$ 1,746,801	\$ 3,273,082	\$ 6,460,549
Other Payables	2,242,199	-	-	15,555	2,257,754
Retainage Payable	-	-	906,407	209,132	1,115,539
Due to Other Funds	-	-	-	2,875,838	2,875,838
Due to Other Governments	-	-	-	64,971	64,971
Payable to Component Unit	2,305,938	-	-	-	2,305,938
Customer Deposits	-	-	-	13,021	13,021
Unearned Revenue	1,513,919	-	-	-	1,513,919
<b>TOTAL LIABILITIES</b>	<b>7,502,722</b>	<b>-</b>	<b>2,653,208</b>	<b>6,451,599</b>	<b>16,607,529</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue-Property Taxes	414,659	213,163	-	-	627,822
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>414,659</b>	<b>213,163</b>	<b>-</b>	<b>-</b>	<b>627,822</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid Items	134,066	-	-	-	134,066
Inventories	33,606	-	-	-	33,606
Restricted for:					
Severance Pay 2% Sinking Fund	28,455	-	-	-	28,455
Seized Assets	2,163,747	-	-	-	2,163,747
Red Light Cameras	303,683	-	-	-	303,683
State Cable Franchise 1% PEG Fee	609,785	-	-	-	609,785
Debt Service	-	11,616,533	-	-	11,616,533
Capital Project Funds	-	-	20,425,523	18,166,214	38,591,737
Special Revenue Funds	-	-	-	4,153,844	4,153,844
Committed for:					
TIRZ #3-Property Tax Receipts	-	-	-	4,405,637	4,405,637
Conroe MMD#1 Agreement	-	-	-	1,078,348	1,078,348
Woodlands Township Reg. Participation	-	-	-	367,258	367,258
Firearms Training Facility	-	-	-	60,374	60,374
Assigned to:					
Tree Mitigation	499,454	-	-	-	499,454
Equipment Replacement	5,154,889	-	-	-	5,154,889
Fund Balance Appropriations	5,113,380	-	-	-	5,113,380
Unassigned	29,974,625	-	-	(4,027,087)	25,947,538
<b>TOTAL FUND BALANCES</b>	<b>44,015,690</b>	<b>11,616,533</b>	<b>20,425,523</b>	<b>24,204,588</b>	<b>100,262,334</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 51,933,071</b>	<b>\$ 11,829,696</b>	<b>\$ 23,078,731</b>	<b>\$ 30,656,187</b>	<b>\$ 117,497,685</b>

The accompanying notes to the basic financial statements are an integral part of this statement.

# CITY OF CONROE, TEXAS

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2020

Total Fund Balances - Governmental Funds \$ 100,262,334

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:

Governmental Capital Assets	\$ 433,515,893	
Accumulated Depreciation of Governmental Capital Assets	<u>(146,025,615)</u>	287,490,278

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds. 627,822

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Deferred charges on refunding bonds are not available in the current period, and are therefore not reported in the funds. Liabilities at year-end and related deferred outflows and inflows consist of:

Bonds Payable, at Original Par	\$ (182,560,000)	
Premiums/Discounts on Bonds Payable	(17,239,695)	
Deferred Charge on Refunding	1,868,024	
Accrued Interest on Bonds	(777,670)	
Capital Lease Payable	(78,410)	
Notes Payable	(278,002)	
Net OPEB Liability	(10,937,239)	
Deferred Outflows for OPEB	1,638,800	
Deferred Inflows for OPEB	(3,288,022)	
Net Pension Liability - TMRS	(17,090,825)	
Net Pension Liability - Firefighters' Retirement	(43,847,046)	
Deferred Outflows for Pensions	28,600,621	
Deferred Inflows for Pensions	(12,584,706)	
Severance Benefits	(1,422,747)	
Compensated Absences	<u>(10,836,902)</u>	(268,833,819)

Internal service funds are used by the City. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.

Internal service fund net position is (excluding capital assets): 3,887,395

Total Net Position - Governmental Activities \$ 123,434,010

# CITY OF CONROE, TEXAS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Debt Service Fund	Certificates of Obligation, Series 2018A CIP Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 74,995,111	\$ 11,359,748	\$ -	\$ 1,659,596	\$ 88,014,455
Licenses and Permits	4,829,641	-	-	-	4,829,641
Charges for Sales and Services	2,163,320	-	-	-	2,163,320
Lease Income	292,237	-	-	274,222	566,459
Fines and Forfeitures	1,042,937	-	-	83,617	1,126,554
Intergovernmental	3,532,582	-	8,846,722	10,735,288	23,114,592
Investment Income	514,758	187,775	336,761	219,406	1,258,700
Net Change in Fair Value of Investments	70,909	37,366	-	-	108,275
Penalties and Interest	140,202	61,030	-	410	201,642
Miscellaneous Revenue	585,524	351,730	-	306,726	1,243,980
<b>TOTAL REVENUES</b>	<b>88,167,221</b>	<b>11,997,649</b>	<b>9,183,483</b>	<b>13,279,265</b>	<b>122,627,618</b>
<b>EXPENDITURES</b>					
Current:					
General Government					
Administration	1,450,059	-	-	-	1,450,059
Legal	677,090	-	-	-	677,090
Municipal Court	1,090,297	-	-	1,483	1,091,780
Building Operations	-	-	74,104	1,144,114	1,218,218
Warehouse/Purchasing	402,649	-	-	-	402,649
Information Technology	2,769,704	-	-	-	2,769,704
Transportation	1,089,745	-	-	1,253,302	2,343,047
Human Resources	930,968	-	-	-	930,968
Culture-Recreation	-	-	-	1,607,172	1,607,172
Non-Departmental	5,874,168	-	-	18,885	5,893,053
Finance	2,457,933	-	-	-	2,457,933
Public Safety					
Police	21,856,411	-	-	100,624	21,957,035
Fire	19,501,088	-	-	-	19,501,088
Community Development	1,217,863	-	-	501,554	1,719,417
Parks					
Parks and Recreation Administration	939,080	-	-	-	939,080
Recreation Center	1,179,753	-	-	-	1,179,753
Senior Center	1,435	-	-	-	1,435
Aquatic Center	1,466,977	-	-	-	1,466,977
Parks Operations	2,118,576	-	120,189	9,484	2,248,249
Public Works					
Drainage Maintenance	980,685	-	-	-	980,685
Streets	4,337,734	-	-	-	4,337,734
Signal Maintenance	1,090,523	-	-	-	1,090,523
Signs	668,514	-	-	-	668,514
Engineering	3,189,283	-	-	-	3,189,283
Building Inspection and Permits	1,393,235	-	-	-	1,393,235
Debt Service:					
Principal Retirement	69,574	8,530,000	-	129,000	8,728,574
Interest and Fiscal Charges	5,605	7,684,690	-	23,369	7,713,664
Bond Issuance Costs	-	336,818	-	-	336,818
Capital Outlay	4,442,626	-	24,994,726	23,729,144	53,166,496
<b>TOTAL EXPENDITURES</b>	<b>81,201,575</b>	<b>16,551,508</b>	<b>25,189,019</b>	<b>28,518,131</b>	<b>151,460,233</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>6,965,646</b>	<b>(4,553,859)</b>	<b>(16,005,536)</b>	<b>(15,238,866)</b>	<b>(28,832,615)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds Issued	-	-	-	23,730,000	23,730,000
Refunding Bonds Issued	-	5,225,000	-	-	5,225,000
Premium on Bonds Issued	-	1,250,783	-	3,475,000	4,725,783
Payment to Escrow Agent	-	(6,030,000)	-	-	(6,030,000)
Insurance Proceeds	201,059	-	370,367	43,884	615,310
Transfers In	196,944	4,432,511	197,535	4,472,403	9,299,393
Transfers Out	(4,921,971)	-	-	(4,668,620)	(9,590,591)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,523,968)</b>	<b>4,878,294</b>	<b>567,902</b>	<b>27,052,667</b>	<b>27,974,895</b>
<b>Net Change in Fund Balances</b>	<b>2,441,678</b>	<b>324,435</b>	<b>(15,437,634)</b>	<b>11,813,801</b>	<b>(857,720)</b>
Fund Balances at Beginning of Year, as restated	41,574,012	11,292,098	35,863,157	12,390,787 (a)	101,120,054
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 44,015,690</b>	<b>\$ 11,616,533</b>	<b>\$ 20,425,523</b>	<b>\$ 24,204,588</b>	<b>\$ 100,262,334</b>

(a) Beginning Fund Balance was reduced by \$171,414 due to the implementation of GASB 84. The funds are reported as custodial funds with the implementation.

The accompanying notes to the basic financial statements are an integral part of this statement.

# CITY OF CONROE, TEXAS

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2020

Total Net Change in Fund Balances - Governmental Funds \$ (857,720)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlay Expenditures	\$ 53,166,496	
Depreciation Expense	<u>(13,534,508)</u>	39,631,988

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is an increase (decrease) to net position. 1,980,152

Because some property taxes will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year. (87,307)

Some grant revenues were not received for several months after the City's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. (129,972)

Debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Debt issued:		
Bonds	\$ (28,955,000)	
Bond Premiums	(4,725,783)	
Repayments:		
To Refunding Bond Escrow Agent	6,030,000	
To Paying Agent for Bond Principal	8,530,000	
Refunding Interest Expense	390,057	
Capital Lease Principal	69,574	
Notes	<u>129,000</u>	(18,532,152)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of:

Accrued Interest Bonds Payable	\$ (69,319)	
Amortization of Bond Premium/Discount	1,160,169	
Amortization of Deferred Amount on Refunding	(223,936)	
Compensated Absences	(1,553,805)	
Severance Liability	(128,425)	
Net OPEB Liability (including deferred amounts)	630,017	
Net Pension Liability - TMRS (including deferred amounts)	68,547	
Net Pension Liability - Firefighters' Retirement (including deferred amounts)	<u>(4,294,176)</u>	(4,410,928)

Internal service funds are used by the City. The net revenue of the internal service funds are reported with governmental activities. 980,073

Change in Net Position - Governmental Activities \$ 18,574,134

The accompanying notes to the basic financial statements are an integral part of this statement.

# CITY OF CONROE, TEXAS, TEXAS

## STATEMENT OF NET POSITION

### PROPRIETARY FUNDS

SEPTEMBER 30, 2020

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 6,075,863	\$ 1,116,039
Investments	115,143,804	3,834,295
Receivables (Net of Allowances for Uncollectibles):		
Accounts	6,808,261	28,062
Interest	19,614	-
Other	188,998	340,669
Prepaid Items	8,000	-
Inventories	677,131	88,830
Total Current Assets	128,921,671	5,407,895
Noncurrent Assets:		
Capital Assets (Net of Accumulated Depreciation)	224,481,954	207,623
Total Noncurrent Assets	224,481,954	207,623
<b>TOTAL ASSETS</b>	<b>353,403,625</b>	<b>5,615,518</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refundings	291,580	-
OPEB Contributions After Measurement Date	283,394	34,803
OPEB Other	63,431	7,790
Pension Contributions After Measurement Date	674,133	82,788
Pension Other	103,594	12,722
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,416,132</b>	<b>138,103</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	10,635,736	90,621
Other Payables	6,834,057	32,016
Retainage Payable	1,933,856	-
Due to Other Governments	5,353	-
Health Claims Liability	-	497,359
Accrued Interest Payable	3,387,207	-
Customer Deposits	719,944	-
Compensated Absences	25,411	5,722
Capital Lease	540,074	-
Bonds Payable	7,580,000	-
Total Current Liabilities	31,661,638	625,718
Noncurrent Liabilities, net of current portion		
Customer Deposits	422,825	-
Compensated Absences	1,110,008	123,138
Capital Lease	-	-
Net OPEB Liability	2,314,688	284,260
Net Pension Liability	3,616,994	444,192
Bonds Payable, Net	217,287,596	-
Total Noncurrent Liabilities	224,752,111	851,590
<b>TOTAL LIABILITIES</b>	<b>256,413,749</b>	<b>1,477,308</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
OPEB Other	695,856	85,456
Pension Other	780,407	95,839
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,476,263</b>	<b>181,295</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	74,805,045	207,623
Restricted for Debt Service	4,506,405	-
Unrestricted	17,618,295	3,887,395
<b>TOTAL NET POSITION</b>	<b>\$ 96,929,745</b>	<b>\$ 4,095,018</b>

The accompanying notes to the basic financial statements are an integral part of this statement.

# CITY OF CONROE, TEXAS

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
<b>OPERATING REVENUES</b>		
Charges for Sales and Services	\$ 48,037,994	\$ 15,002,315
<b>TOTAL OPERATING REVENUES</b>	<b>48,037,994</b>	<b>15,002,315</b>
<b>OPERATING EXPENSES</b>		
Public Works	4,594,490	-
Utility Billing and Collection	1,237,753	-
Water Production	4,338,876	-
Surface Water	12,396,762	-
Sewage Treatment	5,597,723	-
Pump and Motor Maintenance	1,419,688	-
Fleet Services	-	2,354,302
General Government	-	11,709,863
Depreciation	7,047,906	18,698
<b>TOTAL OPERATING EXPENSES</b>	<b>36,633,198</b>	<b>14,082,863</b>
<b>Operating Income (Loss)</b>	<b>11,404,796</b>	<b>919,452</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Intergovernmental	1,302,720	-
Investment Income	1,357,333	34,114
Net Change in Fair Value of Investments	15,099	-
Other Income	723,138	34,443
Insurance Recoveries	1,255,544	-
Interest Expense	(8,069,363)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(3,415,529)</b>	<b>68,557</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>7,989,267</b>	<b>988,009</b>
Capital Contributions	3,960,852	-
Transfers In	392,118	-
Transfers Out	(92,984)	(7,936)
<b>NET CONTRIBUTIONS AND TRANSFERS</b>	<b>4,259,986</b>	<b>(7,936)</b>
<b>Change in Net Position</b>	<b>12,249,253</b>	<b>980,073</b>
Net Position at Beginning of Year	84,680,492	3,114,945
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 96,929,745</b>	<b>\$ 4,095,018</b>

The accompanying notes to the basic financial statements are an integral part of this statement.

# CITY OF CONROE, TEXAS

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
<b>Cash Flows from Operating Activities:</b>		
Receipts from Customers	\$ 48,405,166	\$ 14,887,656
Payments to Employees	(6,792,213)	(926,134)
Payments to Vendors	(11,360,812)	(13,212,647)
Net Cash Provided by (Used for) Operating Activities	<u>30,252,141</u>	<u>748,875</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Intergovernmental Reimbursements	1,302,720	-
Transfers From Other Funds	392,118	-
Transfers To Other Funds	(92,984)	(7,936)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>1,601,854</u>	<u>(7,936)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Purchase of Capital Assets	(50,014,013)	-
Insurance Recoveries	1,255,544	-
Capital Contributions	3,960,852	-
Principal Paid	(7,523,883)	-
Interest Paid	(7,858,991)	-
Proceeds from Debt Issuance	22,608,000	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(37,572,491)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of Investments	-	(846,650)
Sale and Maturities of Investments	8,884,056	48,998
Interest and Dividends on Investments	1,409,150	34,114
Net Cash Provided by (Used for) Investing Activities	<u>10,293,206</u>	<u>(763,538)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,574,710	(22,599)
Cash and Cash Equivalents at Beginning of Year	1,501,153	1,138,638
Cash and Cash Equivalents at End of Year	<u>\$ 6,075,863</u>	<u>\$ 1,116,039</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:</b>		
Operating Income	\$ 11,404,796	\$ 919,452
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	7,047,906	18,698
Other Non-Operating Income	723,138	-
Changes in Assets and Liabilities:		
Decrease (Increase) in Receivables	(501,756)	(114,659)
Decrease (Increase) in Inventories	(62,523)	(27,351)
Increase (Decrease) in Payables	11,321,417	(18,433)
Increase (Decrease) in Compensated Absences	192,785	24,890
Increase (Decrease) of Customer Deposits	145,790	-
Increase (Decrease) in OPEB Liability (including deferred amounts)	(77,478)	(31,843)
Increase (Decrease) in Net Pension Liability (including deferred amounts)	58,066	(21,879)
Net Cash Provided by Operating Activities	<u>\$ 30,252,141</u>	<u>\$ 748,875</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

# CITY OF CONROE, TEXAS

## STATEMENT OF NET POSITION

### FIDUCIARY FUNDS

SEPTEMBER 30, 2020

	Custodial Fund Public Improvement District "PID"	(a) City of Conroe OPEB Trust Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 319,249	\$ 284,564
Investments - Mutual Funds (Fair Value)	-	9,155,695
Receivables (Net of Allowances for Uncollectibles):		
Other	2,172	-
<b>TOTAL ASSETS</b>	<b>321,421</b>	<b>9,440,259</b>
<b>LIABILITIES</b>		
Accounts Payable	400	-
Payable to Component Unit	-	195,307
Unearned Revenue	2,172	-
<b>TOTAL LIABILITIES</b>	<b>2,572</b>	<b>195,307</b>
<b>NET POSITION</b>		
Restricted for PID	318,849	-
Restricted for OPEB	-	9,244,952
<b>TOTAL NET POSITION</b>	<b>\$ 318,849</b>	<b>\$ 9,244,952</b>

(a) Information presented for the OPEB Trust Fund is as of December 31, 2019.

The accompanying notes to the basic financial statements are an integral part of this statement.



**CITY OF CONROE, TEXAS**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Custodial Fund Public Improvement District "PID"</u>	<u>(a) City of Conroe OPEB Trust Fund</u>
<b>ADDITIONS</b>		
Contributions:		
Employer Contributions	\$ -	\$ 2,283,692
Private Contributions	625,515	-
Investment Earnings:		
Investment Income	5,290	522,556
Net Change in Fair Value of Investment	-	800,272
<b>TOTAL ADDITIONS</b>	<u>630,805</u>	<u>3,606,520</u>
<b>DEDUCTIONS</b>		
Plan Administrative Expense	-	43,068
Benefits and Refunds Paid to Members and Beneficiaries	-	940,752
Recipient Payments	483,370	-
<b>TOTAL DEDUCTIONS</b>	<u>483,370</u>	<u>983,820</u>
<b>Change in Net Position</b>	147,435	2,622,700
Net Position at Beginning of the Year	171,414	6,622,252
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 318,849</u>	<u>\$ 9,244,952</u>

(a) Information presented for the OPEB Trust Fund is for the year ended December 31, 2019.

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

I. Summary of Significant Accounting Policies

The combined financial statements of City of Conroe, Texas (the "City") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following are some of the more significant accounting policies. Fiduciary funds are omitted from the government-wide financial statements.

A. Reporting Entity

The City's accompanying financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB codification, include whether: the organization is legally separate; the City holds the corporate powers of the organization; the City appoints a voting majority of the organization's board; the City is able to impose its will on the organization; the organization has the potential to impose a financial benefit/burden on the City; and/or there is fiscal dependency by the organization on the City.

**BLENDED COMPONENT UNITS**

Blended component units, although legally separate entities, are included as part of the primary government because they meet the above criteria as well as serve or benefit the City exclusively. Thus, blended component units are appropriately presented as funds of the primary government. The following entities are included in the financial statements as blended component units:

Conroe Local Government Corporation – (CLGC). The corporation was created the common good and general welfare of the City, including, without limitation, for the purpose of aiding, assisting, and acting on behalf of the City in performance of its governmental functions to promote and accomplish the development of the geographic area of the City include at or in the vicinity of the Conroe Convention Center, in furtherance of the promotion, development, encouragement and maintenance of employment, commerce, convention and meeting activity, tourism and economic development in the City, including specifically, without limitation, the development and financing of a convention center hotel to be located within 1,000 feet of the Conroe Convention Center.

**DISCRETE COMPONENT UNITS**

The following entities are included in the financial statements as discrete component units based upon their significant financial and operational relationship to the City:

Oscar Johnson, Jr. Community Center Volunteers, Inc. A nonprofit corporation organized under the Texas Non-Profit Corporation Act to engage in charitable and educational activity related to the Oscar Johnson, Jr. Community Center (OJJCC), a municipal community center owned by the City. The community center provides programs and after school care for the children within the city and surrounding areas. The Directors are appointed by the Mayor subject to confirmation by a majority vote of the City Council. The City can significantly influence the programs, projects, activities or level of service performed by the OJJCC. Oscar Johnson, Jr. Community Center Volunteers, Inc. does not issue separate financial statements.

Conroe Industrial Development Corporation - (CIDC) A nonprofit corporation organized under the Texas Non-Profit Corporation Act whose sole purpose is to promote economic development within the City of Conroe and vicinity. The CIDC expends the proceeds of a sales and use tax levied at the rate of one-half of one percent to be used for promotion and development of new or expanded business enterprises and any other purpose authorized under Section 4B, Article 5190.6, VTCS as amended (The Development Corporation Act of 1979). Directors are appointed by the governing body of the City. There is a financial benefit/burden relationship. The CIDC attracts new businesses to the area, which provide job opportunities to the citizens as well as increased sales and property tax revenues. The CIDC does not issue separate financial statements.

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**B. Basis of Presentation, Basis of Accounting**

**Government-wide Statements:** Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all of the primary government and its component units. Interfund services that are provided and used are not eliminated in the process of consolidation. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Statement of Activities demonstrates the degree to which the direct expenses of the City's programs are offset by those programs' revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the Statement of Activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fiduciary funds are excluded from the government-wide presentation of the financial statements.

**Fund Financial Statements:** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end, except for grants which are accrued as revenue using a 180-day availability period. Revenues from local sources consist primarily of property and sales taxes and are subject to accrual. Other revenues susceptible to accrual are franchise fees, intergovernmental revenues, and charges for services. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt and claims and judgments which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

All proprietary funds, including the enterprise and internal service funds, and fiduciary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when they are incurred. These funds are accounted for using the economic resources measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included in the funds' statement of net position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its maintenance of City vehicles and for costs of providing health, dental, and vision insurance to the City's employees, retirees, and dependents. The fiduciary funds financial statements reflect the City's OPEB trust fund and the Public Improvement District custodial fund.

The accounts of the City are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means to which spending activities are controlled. Funds are classified into three categories: Governmental, Proprietary, and Fiduciary. The major funds of the City are noted within each category.

**Governmental Funds** are used to account for all or most of a government's general activity.

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund. The principal sources of revenue of the General Fund are property taxes, sales and use taxes, licenses and permits, charges for services, and fines and forfeitures.

The *Debt Service Fund* is used to account for the accumulation of resources and payment of general obligation bonds, contractual obligations, and certificates of obligation. The primary source of revenue is property taxes. Other sources of revenue include intergovernmental revenue from the CIDC to pay for certain parks and recreation debt service, as well as transfers in from the TIRZ #3 fund to pay for certain street improvement debt service.

The *Certificates of Obligation, Series 2018A CIP Fund* is a capital projects fund used to account for financial resources related to design, planning, acquisition, construction, equipping, expansion, repair, renovation, and/or rehabilitation of capital projects of the City.

**Proprietary Funds** are used to account for operations that are financed in a manner similar to those in the private sector, where the determination of net income is appropriate for sound financial administration.

The *Water and Sewer Fund* is an enterprise fund used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water and sewer treatment services to the general public on a continuing basis are financed through user charges.

**Fiduciary Funds** are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The City reports two fiduciary funds.

The *City of Conroe OPEB Trust Fund* is used to report resources that are required to be held in trust for the members and beneficiaries of other postemployment benefit plans (i.e., retiree insurance).

The *Public Improvement District "PID" custodial fund* accounts for revenues and expenditures of these special assessments for which the monies are used to build infrastructure within new developments within the City. The City provides accounting services and the monies are not held in trust.

**C. Implementation of New Standards**

In the current fiscal year, the City implemented the following new standards:

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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. Implementation of GASB 84 is reflected in the Fiduciary fund statements. Also, with this implementation the beginning net position/fund balance has been adjusted for the fund that was identified as custodial and now classified as fiduciary and therefore not included in the government-wide statements.

	Governmental Activities	Custodial Funds		Special Revenue Funds
Net Position - Beginning	\$ 105,031,290	\$ -	Fund Balance - Beginning	\$ 4,216,445
Reclassification of PID fund	(171,414)	171,414	Reclassification of PID fund	(171,414)
Net Position - Beginning, as restated	<u>\$ 104,859,876</u>	<u>\$ 171,414</u>	Fund Balance - Beginning, as restated	<u>\$ 4,045,031</u>

GASB Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, ("GASB 95"), provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The standard postpones the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Implementation of GASB 95 is reflected by the postponement of certain statements and the updated effective dates are noted in Note XIV.

**D. Cash and Investments**

The City maintains and controls cash and investment pools in which the primary government's funds share. In addition, cash and investments are separately held and reflected in their respective funds as "cash and cash equivalents" and "investments". The City, as a reporting entity, considers demand deposits to be cash equivalents.

Investments for the City, except for certain investment pools, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or net asset value.

**E. Property Taxes**

Property taxes attach as an enforceable lien on property on February 1. Taxes are levied and become payable on October 1. The Montgomery County Tax Assessor-Collector is responsible for billing and collecting City property taxes. City property tax revenues are recognized when levied to the extent that they result in current receivables. However, not all outstanding property taxes are expected to be collected within one year of the financial statements. The combined current tax rate to finance general governmental services and payment of principal and interest on long-term debt for the year ended September 30, 2020, was \$0.4375 per \$100, allocated \$0.3125 for the General Fund and \$0.1250 for the Debt Service Fund.

**F. Inventories and Prepaid Items**

Inventories consist primarily of supplies, valued at cost, which approximates market. Cost is determined using a weighted average method. The cost of inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**G. Land Held for Resale**

Land held for resale consists of acquisition and improvements to real property that is purchased with the intent to sell to private-sector purchasers and currently recorded in the City's discretely presented

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

component unit, CIDC. The land held for resale is reported at cost. The CIDC oversees two economic development parks: Conroe Park North Industrial Park and Deison Technology Park.

**H. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. A capitalization threshold of \$5,000 is used.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is expensed as interest expense when paid.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	20-50
Machinery and Equipment	5-30
Infrastructure	30-40

**I. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. The City has the following items that qualify for reporting in this category.

- Deferred Charges on Refundings – result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – recognized in the subsequent year.
- Difference in projected and actual earnings on pension assets - amortized on a closed basis over a 5-year period.
- Changes in actuarial assumptions used to determine pension liability - amortized over the weighted average remaining service life of all participants in the respective qualified pension plan.
- OPEB contributions after the measurement date - recognized in the subsequent year.
- Difference in projected and actual earnings on OPEB assets - amortized on a closed basis over a 5-year period.
- Changes in actuarial assumptions used to determine OPEB liability - amortized over the weighted average remaining service life of all participants in the respective OPEB plan.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. This City has the following items that qualify for reporting in this category.

- Difference in Expected and Actual Pension Experience – recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in Expected and Actual OPEB Experience – recognized over the estimated average remaining service lives of all employees determined as of the beginning of the measurement date.
- Unavailable Revenue-Property Taxes - recognized in the period the amount becomes available.

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**J. Compensated Absences**

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time, permanent employees to specified maximums. After five years of service, all employees - except 24-hour fire fighters - are entitled to a portion of their sick leave balance not to exceed 90 days or 720 hours. A 24-hour fire fighter's maximum for sick leave is 1,080 hours. A 24 hour-fire fighter must have a minimum of 12 months to be eligible under Civil Service. Civil Service overrides the City's policy for a minimum of 5 years of service to be paid a portion of sick leave. Employees may also accrue a variety of other types of time.

Sick and vacation leave balances are not expected to be liquidated with expendable available resources, and therefore are reported as expenses and long-term liabilities in the government-wide and proprietary fund financial statements. A liability is relieved only if they have matured, for example, as a result of employee resignations and retirements. The majority of these have typically been liquidated from the General Fund in previous years. Accumulated compensated absences of Proprietary Funds are recorded as an expense and liability in the respective fund and in the respective column of the government-wide financial statements as the benefit accrues for the employee.

**K. Interfund Activity**

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide Statement of Activities.

**L. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

**M. Net Position and Fund Balances**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

In the fund financial statements, governmental funds report fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which the amounts in the respective governmental funds can be spent. The City reports the following classifications of fund balance:

**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 a formal action by City Council ordinance.

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**Assigned:** Amounts that are designated by the City Administrator and the Assistant City Administrator/CFO for a specific purpose but are not spendable until a budget ordinance is passed by City Council.

**Unassigned:** All amounts not included in other spendable classifications in the General Fund.

Sometimes the City 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 City'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.

**N. Budgetary Control**

**a. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The City adopts annual appropriations type budgets for the following governmental funds: Hotel/Motel Occupancy Tax Fund, Community Development Block Grant Entitlement, Facilities Management, and Debt Service Fund. Capital project funds and grant funds utilize managerial type budgets based on project expenditures anticipated during the fiscal year.

The following procedures are followed in establishing the budgetary data reflected in the required supplementary information:

- (1) Prior to the beginning of the fiscal year, the City prepares an operating and capital budget for the next succeeding fiscal year. The budget includes proposed expenditures and the means of financing them.
- (2) The proposed budget is submitted to the City Council and placed on file with the City Secretary. It is also posted on the City's website for public review.
- (3) At least 15 days after the budget is filed with the City Secretary, the City holds a public hearing on the proposed budget. The City also follows Texas "Truth-in-Taxation" laws regarding public hearings and notices of the ad valorem (property) tax rate.
- (4) Prior to the start of the fiscal year, the budget is legally adopted through passage of an ordinance by the City Council.

Once a budget is approved, it can be amended only by approval of a majority of the members of the City Council. As required by law, such amendments are reflected in the official minutes of the City Council and are not made after fiscal year end. During the year, the budget was amended as necessary. All budget appropriations lapse at year end.

The appropriated budget is prepared by fund, function, and department. The Assistant City Administrator/CFO may, at any time with the consent of the City Administrator, transfer any unencumbered appropriation from one line item to another line item within the same department, provided however, that no unencumbered appropriation may be transferred from one department or fund to another except upon the express approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriation) is the department level.



**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

b. Excess of Expenditures Over Appropriations

For the year ended September 30, 2020, expenditures exceeded appropriations in the following departments (the legal level of budgetary control):

- (1) Administration (\$26,705), Legal (\$5,655), Information Technology (\$24,340) departments of the General Fund are offset by other departments within the General Government function. These over expenditures were funded by revenues collected during the fiscal year.
- (2) The Public Safety function with Police department (\$655,922) and Fire department (\$536,137) of the General Fund. These over expenditures were funded by revenues collected during the fiscal year.
- (3) Senior Center (\$1,435) of the General Fund is offset by other departments within the Parks function.
- (4) Drainage Maintenance (\$6,976) and Streets (\$280,098) departments of the General Fund are offset by other departments within the Public Works function.
- (5) The Hotel/Motel Occupancy Tax Fund of \$416,937 was offset by revenues collected during the fiscal year.

O. Pensions

**TMRS:** 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.

**Conroe Fire Fighters' Relief and Retirement Fund:** 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 Conroe Fire Fighters' Relief and Retirement Fund (CFFR&RF) and additions to/deductions from CFFR&RF's Fiduciary Net Position have been determined on the same basis as they are reported by CFFR&RF. 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.

P. Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the Fiduciary Net Position and related additions to/deductions from have been determined on the same basis as they are reported in the OPEB Trust Fund. For this purpose, plan contributions are recognized in the period that compensation is reported for the retiree, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders/contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

II. Deposits and Investments

**Primary Government:**

**Cash Deposit:** Chapter 2257 of the Texas Government Code is known as the Public Funds Collateral Act. This act provides guidelines for the amount of collateral that is required to secure the deposit of public funds. Federal Depository Insurance Corporation (FDIC) is available for funds deposited at any financial institution up to a maximum of \$250,000 each for demand deposits, time and savings deposits, and deposits pursuant to indenture. The Public Funds Collateral Act requires that the deposit of public funds be collateralized in an amount not less than the total deposit, reduced by the amount of FDIC insurance available.

The custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Deposits are exposed to custodial credit risk if they are not insured or collateralized. The City's deposits are not exposed to custodial credit risk since all deposits are covered by FDIC insurance or a letter of credit from the Federal Home Loan Bank. The City's deposits, in excess of the FDIC insurance, are covered by a letter of credit from the Federal Home Loan Bank in accordance with Section 2257.021.

**Investments:** The City's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. City policy limits credit risk by authorizing the following investments: 1) Obligations of the United States of America, its agencies and instrumentalities; 2) Certificates of Deposit issued by a bank or broker approved by the City Council and organized under Texas law, the laws of another state, or federal law, that has its main office or a branch office in Texas, or by a savings and loan association or a savings bank organized under Texas law, the laws of another state, or federal law, that has its main office or a branch office in Texas and that is guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or secured by obligations in a manner and amount provided by law for deposits of the City; 3) Fully collateralized direct repurchase agreements with a defined termination date secured by a combination of cash and obligations of the United States, its agencies or instrumentalities. These shall be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City. 4) No-Load Money Market Mutual funds that are: a) Registered and regulated by the Securities and Exchange Commission; b) Provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940; c) Complies with federal SEC Rule 2a-7; d) Continuously rated AAA by at least one nationally recognized rating service; and e) Mark its portfolio to market daily; 5) Local government investment pools, which: a) Meet the requirements of Chapter 2256.016 of the Public Funds Investment Act; b) Are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service; c) Seek to maintain a \$1.00 net asset value, and; d) Are authorized by resolution or ordinance by the City Council; 6) Obligations of the State of Texas or its agencies and instrumentalities; 7) Obligations of States, Agencies, Counties, Cities, and other political subdivisions of any State rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; 8) Commercial Paper that has a stated final maturity of 270 days or fewer from the date of its issuance and is rated A-1, P-1, or equivalent rating by at least two nationally recognized credit rating agencies; 9) Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; 10) Other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or by the explicit full faith and credit of the United States. Investment of City funds in any instrument or security not authorized for investment is prohibited.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are unobservable inputs.

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

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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.

The City's measurements of investments are presented in the table below. The City's investment balances and weighted average maturity, and credit risk of such investments are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Percentage of Total Investments	Weighted Average Maturity (Years)	Credit Risk
<b>Governmental Activities:</b>					
Measured at Amortized Cost:					
TexPool	\$ 21,504,771	\$ -	21.43%	0.1	AAAm
TexSTAR	24,316,565	-	24.23%	0.07	AAAm
Measured at Net Asset Value (NAV):					
Texas CLASS	12,876,105	-	12.83%	0.15	AAAm
Texas CLASS Government	26,981,778		26.89%	0.09	AAAm
Money Market Mutual Fund	26,600	-	0.03%	0	Not Rated
Measured at Fair Value:					
U.S. Government	13,103,854	13,103,854	13.05%	0.23	Aaa
Municipal Bonds	1,549,590	1,549,590	1.54%	1.08	Aaa
Total Governmental Activities	<u>\$ 100,359,263</u>	<u>\$ 14,653,444</u>	<u>100.00%</u>		
Governmental Portfolio Weighted Average Maturity				0.13	
<b>Business-type Activities:</b>					
Measured at Amortized Cost:					
TexPool	\$ 37,216,946	\$ -	32.32%	0.1	AAAm
TexSTAR	27,695,207	-	24.05%	0.07	AAAm
Measured at Net Asset Value (NAV):					
Texas CLASS	18,413,436	-	15.99%	0.15	AAAm
Texas CLASS Government	25,782,247		22.39%	0.09	AAAm
Measured at Fair Value:					
U.S. Government	4,022,468	4,022,468	3.50%	0.79	Aaa
Municipal Bonds	2,013,500	2,013,500	1.75%	0.45	Aa1
Total Business-type Activities	<u>\$ 115,143,804</u>	<u>\$ 6,035,968</u>	<u>100.00%</u>		
Business-type Portfolio Weighted Average Maturity				0.13	
<b>Fiduciary Fund (as of 12/31/2019)</b>					
Measured at Fair Value:					
Investments PARS/GASB45	\$ 146,294	\$ 146,294	1.60%	-	Not Rated
Mutual Funds - Fixed Income	3,463,768	3,463,768	37.83%	7.34	Not Rated
Mutual Funds - Equity	5,545,633	5,545,633	60.57%	N/A	Not Rated
Total Fiduciary Fund	<u>\$ 9,155,695</u>	<u>\$ 9,155,695</u>	<u>100.00%</u>		

**Investment Pools:** Investment pools are measured at amortized cost or net asset value, i.e. fair value. Such investments are not required to be reported by levels in the table above.

Texpool and TexStar are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, has a weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. Texpool and TexStar have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authority 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.

Texas CLASS investment pool is an external investment pool measured at their net asset value. Texas CLASS's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

portfolio of short-term marketable securities. The City has 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.

U.S. Government Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Mutual Funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Municipal Bonds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

**Interest rate risk:** Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The City monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the City will minimize the risk that the interest earnings and the market value of investments in the portfolio will fall due to changes in general interest rates, by: structuring the investment portfolio so that investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to liquidate prior to maturity; investing operating funds in shorter-term securities, money market mutual funds, local government investment pools functioning as money market mutual funds, or certificates of deposit; and diversifying maturities and staggering purchase dates to minimize the impact of market movements over time.

**Credit risk:** For fiscal year 2020, the City invested in various investment types. The credit rating for those investments are noted in the preceding table. In compliance with the City's Investment Policy, as of September 30, 2020, the City minimized credit risk due to default of a security issuer or backer by: limiting investments to the safest types of investments; pre-qualifying the financial institutions and broker/dealers with which the City will do business; and diversifying the investment portfolio so that potential losses on individual securities were minimized.

**Concentration of credit risk:** With the exception of direct obligations of the United States, the City's Investment Policy does not allow for an investment in securities in any one issuer that is in excess of twenty-five percent of the City's total investments.

**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 is not exposed to custodial risk due to securities are held by the City's 3<sup>rd</sup> party safekeeping agent.

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**Discretely Presented Component Unit:**

The Conroe Industrial Development Corporation's investment balances, weighted average maturity, and credit risk of such investments are as follows:

Component Unit	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Percentage of Total Investments	Weighted Average Maturity (Years)	Credit Risk
Measured at Amortized Cost:					
TexPOOL	\$ 2,189,701	\$ -	3.85%	0.10	AAAm
TexSTAR	8,911,987	-	15.66%	0.07	AAAm
Measured at Net Asset Value (NAV):					
Texas CLASS	29,757,571	-	52.30%	0.15	AAAm
Texas CLASS Government	7,985,747	-	14.03%	0.09	AAAm
Measured at Fair Value:					
U.S. Government	8,057,389	8,057,370	14.16%	0.62	Aaa
Total Value	<u>\$ 56,902,395</u>	<u>\$ 8,057,370</u>	<u>100.00%</u>		
Portfolio Weighted Average Maturity				0.19	

**Interest rate risk:** Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The CIDC monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the CIDC reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio and by holding securities to maturity.

**Credit risk:** For fiscal year 2020, the CIDC invested in various investments. The credit ratings for these investments are noted in the preceding table.

**Concentration of credit risk:** With the exception of direct obligations of the United States, the City's Investment Policy does not allow for an investment in securities in any one issuer that is in excess of twenty-five percent of the City's total investments.

**Custodial credit risk – investments:** For an investment, this is the risk that, in the event of the failure of the counterparty, the CIDC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The CIDC is not exposed to custodial risk due to securities are held by the City's 3<sup>rd</sup> party safekeeping agent.

**III. Receivables**

The City reports in various funds receivables for amounts to be received from taxes, customers, and interest. A breakdown of these receivables at September 30, 2020, is as follows:

Receivables:	General Fund	Debt Service Fund	Nonmajor Governmental	Water and Sewer Fund	Internal Service Funds	Component Units
Property Taxes	\$ 654,550	\$ 304,325	\$ -	\$ -	\$ -	\$ -
Gross Receipts Tax	1,001,866	-	-	-	-	-
Accounts	5,499	-	541,838	7,129,261	28,062	-
Interest	26,871	28,304	-	19,614	-	18,815
Other	470,907	-	127,067	188,998	340,669	904,390
Gross Receivables	2,159,693	332,629	668,905	7,337,873	368,731	923,205
Less: Allowance for Uncollectibles	(76,834)	(30,734)	-	(321,000)	-	-
Net Receivables	<u>\$ 2,082,859</u>	<u>\$ 301,895</u>	<u>\$ 668,905</u>	<u>\$ 7,016,873</u>	<u>\$ 368,731</u>	<u>\$ 923,205</u>

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

Due from other governments of \$ 9,223,754 consists of monies due from the State of Texas for sales tax revenues.

**IV. Interfund Balances and Transfers**

**A. Due To and From Other Funds**

Interfund balances consist of short-term lending/borrowing arrangements that are the result of normal transactions between funds and will be liquidated in the subsequent fiscal year. Balances between governmental funds are eliminated in the government-wide financial statements.

A summary of interfund receivables and payables at September 30, 2020, is as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Nonmajor Governmental Funds	\$ 1,975,979
Certificates of Obligation, Series 2018A CIP Fund	Nonmajor Governmental Funds	799,662
Nonmajor Governmental Funds	Nonmajor Governmental Funds	100,197
Total All Funds		<u>\$ 2,875,838</u>

**B. Transfers To and From Other Funds**

Transfers are used to a) move revenues from the fund that the budget requires to collect them to the fund that the budget requires them to expend them, b) move receipts from bond refundings and residual balances from capital project funds to the Debt Service Fund to pay debt obligations, and c) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers between funds during the year were as follows:

<b>Transfers From</b>	<b>Transfers To</b>	<b>Amount</b>	<b>Reason</b>
General Fund	CIP CO 2018A	\$ 197,535	Project costs reimbursement
General Fund	Water and Sewer	392,118	Administration costs
General Fund	Nonmajor Governmental	2,816,910	Increase in TIRZ #3 property tax value
General Fund	Nonmajor Governmental	764,559	In lieu of rent for Conroe Tower
General Fund	Nonmajor Governmental	224,272	MMD#1 Reimbursement Agreement
General Fund	Nonmajor Governmental	526,577	MMD#1 Economic Development
Water and Sewer	General Fund	1,234	Contribution to employee disaster fund
Water and Sewer	Nonmajor Governmental	91,750	In lieu of rent for Conroe Tower
Nonmajor Governmental	General Fund	122,856	Administration cost reimbursement
Nonmajor Governmental	General Fund	2,619	To fund vehicle & equipment purchases
Nonmajor Governmental	General Fund	34,400	Cost reimbursement
Nonmajor Governmental	General Fund	27,900	Municipal Court security officer
Nonmajor Governmental	Debt Service	366,042	Principal & interest requirements
Nonmajor Governmental	Debt Service	3,860,108	TIRZ #3 principal & interest requirements
Nonmajor Governmental	Debt Service	206,360	Residual monies on debt issuance
Nonmajor Governmental	Nonmajor Governmental	48,335	Cost reimbursement
Internal Service	General Fund	7,936	To fund vehicle & equipment purchases
		<u>\$ 9,691,511</u>	

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

V. Capital Assets

Capital asset activity for the year ended September 30, 2020, was as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Land and Easements	\$ 16,678,301	\$ 419,132	\$ (422,527)	\$ 8,132,080	\$ 24,806,986
Construction in Progress	33,105,284	54,060,575	(910,900)	(26,804,372)	59,450,587
Total Capital Assets Not Depreciated	49,783,585	54,479,707	(1,333,427)	(18,672,292)	84,257,573
Buildings and Improvements	103,806,718	13,294	(348,847)	1,512,798	104,983,963
Machinery and Equipment	36,282,292	2,210,899	(2,855,374)	-	35,637,817
Infrastructure	191,161,592	315,454	-	17,159,494	208,636,540
	331,250,602	2,539,647	(3,204,221)	18,672,292	349,258,320
Less Accumulated Depreciation for:					
Buildings and Improvements	(37,499,790)	(3,896,469)	120,084	-	(41,276,175)
Machinery and Equipment	(23,245,319)	(3,183,050)	2,814,897	-	(23,613,472)
Infrastructure	(74,490,223)	(6,645,745)	-	-	(81,135,968)
	(135,235,332)	(13,725,264)	2,934,981	-	(146,025,615)
Total Capital Assets being Depreciated, net	196,015,270	(11,185,617)	(269,240)	18,672,292	203,232,705
Governmental Activities Capital Assets, net	<u>\$245,798,855</u>	<u>\$ 43,294,090</u>	<u>\$ (1,602,667)</u>	<u>\$ -</u>	<u>\$287,490,278</u>

<u>Business-Type Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Land and Easements	\$ 3,813,048	\$ 12,300	\$ -	\$ -	\$ 3,825,348
Construction in Progress	31,085,530	50,100,162	-	(20,861,481)	60,324,211
Total Capital Assets Not Depreciated	34,898,578	50,112,462	-	(20,861,481)	64,149,559
Buildings and Improvements	1,973,847	-	-	-	1,973,847
Machinery and Equipment	12,054,881	679,291	(1,320,679)	-	11,413,493
Infrastructure	237,286,766	416,856	(675,827)	20,861,481	257,889,276
	251,315,494	1,096,147	(1,996,506)	20,861,481	271,276,616
Less Accumulated Depreciation for:					
Buildings and Improvements	(689,702)	(75,139)	-	-	(764,841)
Machinery and Equipment	(5,576,462)	(705,592)	801,910	-	(5,480,144)
Infrastructure	(98,432,061)	(6,267,175)	-	-	(104,699,236)
	(104,698,225)	(7,047,906)	801,910	-	(110,944,221)
Total Capital Assets being Depreciated, net	146,617,269	(5,951,759)	(1,194,596)	20,861,481	160,332,395
Business-Type Activities Capital Assets, net	<u>\$ 181,515,847</u>	<u>\$ 44,160,703</u>	<u>\$ (1,194,596)</u>	<u>\$ -</u>	<u>\$224,481,954</u>

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 504,434
Finance	89,573
Public Safety	1,820,417
Community Development	19,471
Parks	2,299,782
Public Works	8,819,529
	<u>\$ 13,553,206</u>
Business -type Activities:	
Water and Sewer	<u>\$ 7,047,906</u>

Discrete Component Units:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Oscar Johnson Jr. Community Center					
Land and Easements	\$ 108,770	\$ -	\$ -	\$ -	\$ 108,770
Total Capital Assets Not Depreciated	<u>108,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,770</u>
Buildings and Improvements	1,421,618	-	-	-	1,421,618
Machinery and Equipment	240,063	235,949	-	-	476,012
	<u>1,661,681</u>	<u>235,949</u>	<u>-</u>	<u>-</u>	<u>1,897,630</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(732,088)	(42,296)	-	-	(774,384)
Machinery and Equipment	(172,125)	(176,398)	-	-	(348,523)
	<u>(904,213)</u>	<u>(218,694)</u>	<u>-</u>	<u>-</u>	<u>(1,122,907)</u>
Total Capital Assets being Depreciated, net	757,468	17,255	-	-	774,723
Capital Assets, net	<u>\$ 866,238</u>	<u>\$ 17,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 883,493</u>

Depreciation expense of \$74,975 was charged to the Oscar Johnson Jr. Community Center.

**VI. Long-Term Obligations**

The City issues certificates of obligation bonds and revenue bonds to provide funds for the construction and renovation of facilities, parks, streets, signals, drainage, transportation, and water and sewer improvements. Bonds have been issued for both governmental and business-type activities.

Long-term debt also includes the City's accrued liability for compensated absences, severance payable, notes payable, health claims, OPEB, net pension liabilities, and capital leases. Principal and interest payments on the City's bonded debt are secured by ad valorem property taxes levied on all taxable property within the City limits. The Direct Placement Certificates of Obligation (C.O.s) are secured by a pledge of ad valorem taxes levied on all taxable property within the City and from a subordinate lien pledge of \$1,000 of the surplus revenues of the City's waterworks and sewer system. Water and sewer revenue bonds are secured by water and sewer enterprise fund revenues. Payments are recorded in the Debt Service Fund and Water & Sewer Fund, respectively.

On December 17, 2019, the City issued \$9,075,000 in Limited Tax Refunding Bonds, Series 2019 to refund a portion of the City's outstanding Certificates of Obligation, Series 2010, Water and Sewer System Revenue Bonds, Series 2009, and to pay the cost of issuance. Series 2019 had a premium of \$1,711,328 and an annual



**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

interest rate of 5%. Interest accrues semiannually and the bonds mature in 2031. The refunding resulted in savings of \$1,347,133 due to a decrease in cash flow requirements and had an economic gain of \$1,213,702.

On December 17, 2019, the City issued \$23,730,000 in Certificates of Obligation, Series 2019A to fund the design, planning, acquisition, construction, equipping, expansion, repair, renovation, and/or rehabilitation of certain public works. Series 2019A had a premium of \$3,733,212 and an annual interest rate of 3% to 5%. Interest accrues semiannually and the bonds mature in 2039.

On December 17, 2019, the City issued \$19,915,000 in Certificates of Obligation, Series 2019B to fund the design, planning, acquisition, construction, equipping, expansion, repair, renovation, and/or rehabilitation of certain public works projects. Series 2019B had a premium of \$3,515,817 and an annual interest rate of 3% to 5%. Interest accrues semiannually and the bonds mature in 2040. While secured by the City's ad valorem taxes, the City intends to pay debt service on this series from surplus net revenue of the City's water and sewer system to the extent such revenues are available in any year.

**A. Long-Term Obligation Activity**

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2020, are as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Refunding Bonds	\$ 41,130,000	\$ 5,225,000	\$ (2,685,000)	\$ 43,670,000	\$ 3,730,000
Certificates of Obligation	123,795,000	23,730,000	(11,775,000)	135,750,000	4,880,000
Direct Placement C.O.s	3,240,000	-	(100,000)	3,140,000	100,000
Unamortized Premiums	13,853,991	4,725,782	(1,340,078)	17,239,695	-
Total Bonds Payable	182,018,991	33,680,782	(15,900,078)	199,799,695	8,710,000
Capital Leases	147,984	-	(69,574)	78,410	78,410
Notes Payable	407,002	-	(129,000)	278,002	135,000
Health Claims Liability	505,216	8,499,060	(8,506,917)	497,359	497,359
Net OPEB Liability	13,855,824	-	(2,634,325)	11,221,499	-
Net Pension Liability/TMRS	25,294,882	16,430,290	(24,190,155)	17,535,017	-
Net Pension Liability/Fire R/R	48,933,818	7,385,936	(12,472,708)	43,847,046	-
Severance Payable	1,294,322	128,425	-	1,422,747	-
Compensated Absences	9,387,067	1,876,069	(297,374)	10,965,762	235,665
Total Governmental Activities	\$ 281,845,106	\$ 68,000,562	\$ (64,200,131)	\$ 285,645,537	\$ 9,656,434

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds	\$ 66,195,000	\$ -	\$ (8,055,000)	\$ 58,140,000	\$ 3,310,000
Refunding Bonds	16,365,000	3,850,000	(980,000)	19,235,000	1,395,000
Certificates of Obligation	107,670,000	19,915,000	(2,040,000)	125,545,000	2,875,000
Unamortized Premiums	19,028,071	4,234,575	(1,315,050)	21,947,596	-
Total Bonds Payable	209,258,071	27,999,575	(12,390,050)	224,867,596	7,580,000
Customer Deposits	996,979	734,008	(588,218)	1,142,769	719,944
Capital Leases	1,065,482	-	(525,408)	540,074	540,074
Net OPEB Liability	2,797,811	-	(483,123)	2,314,688	-
Net Pension Liability/TMRS	5,107,620	3,499,141	(4,989,767)	3,616,994	-
Compensated Absences	942,634	192,785	-	1,135,419	25,411
Total Business-type Activities	\$ 220,168,597	\$ 32,425,509	\$ (18,976,566)	\$ 233,617,540	\$ 8,865,429

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated Absences	Governmental	General & Fleet Services
Compensated Absences	Business-type	Water and Sewer
Health Claims Liability	Governmental	Self-Funded Insurance
Net OPEB Liability	Governmental	General & Fleet Services
Net OPEB Liability	Business-type	Water and Sewer
Net Pension Liability/TMRS	Governmental	General & Fleet Services
Net Pension Liability/TMRS	Business-type	Water and Sewer
Net Pension Liability/Fire R/R	Governmental	General

A summary of the long-term bonded debt of the City at September 30, 2020 is presented below:

Refunding Bonds	Rate	Issue Date	Amount of Original Issue	Maturity Date	Outstanding
Refunding Bonds, Series 2012	2.00-3.00%	2012	7,560,000	2023	\$ 2,515,000
Refunding Bonds, Series 2015	2.00-5.00%	2015	33,370,000	2030	29,085,000
Refunding Bonds, Series 2018	2.00-5.00%	2018	24,185,000	2030	22,230,000
Refunding Bonds, Series 2019	5.00%	2019	9,075,000	2030	9,075,000
Total Refunding Bonds Payable					<u>\$ 62,905,000</u>
Certificates of Obligation					
Series 2005 (Direct Placement)	4.33%	2005	\$ 3,865,000	2030	\$ 3,140,000
Series 2011	1.875-5.00%	2011	18,235,000	2031	12,950,000
Series 2012	2.00-3.125%	2012	8,970,000	2032	2,415,000
Series 2014	2.00-5.00%	2014	31,100,000	2034	26,385,000
Series 2015	2.00-4.00%	2015	8,795,000	2035	4,870,000
Series 2016	2.00-4.00%	2016	11,275,000	2036	7,390,000
Series 2017A	2.00-5.00%	2017	20,110,000	2037	17,130,000
Series 2017B	2.00-5.00%	2017	21,590,000	2038	20,045,000
Series 2018A	4.00-5.00%	2018	42,870,000	2038	41,500,000
Series 2018B	5.00%	2018	86,845,000	2039	85,585,000
Series 2019A	3.00-5.00%	2019	23,730,000	2039	23,110,000
Series 2019B	3.00-5.00%	2019	19,915,000	2040	19,915,000
Total Certificates of Obligations Payable					<u>\$ 264,435,000</u>
Revenue Bonds					
Waterworks and Sewer System	Rate	Issue Date	Amount of Original Issue	Maturity Date	Outstanding
Bonds, Series 2010	2.00-4.00%	2010	15,715,000	2030	\$ 9,880,000
Bonds, Series 2011	1.75-4.25%	2011	5,160,000	2031	3,475,000
Bonds, Series 2012	1.75-5.00%	2012	18,130,000	2032	13,320,000
Bonds, Series 2013	2.00-4.25%	2013	6,790,000	2033	5,180,000
Bonds, Series 2014	2.00-5.00%	2014	17,130,000	2034	13,960,000
Bonds, Series 2015	2.00-5.00%	2015	14,400,000	2035	12,325,000
Total Revenue Bonds Payable					<u>\$ 58,140,000</u>

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

In prior years, the City defeased certain outstanding general obligation capital improvement bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the liability for the defeased bonds are not included in the City's financial statements. As of September 30, 2020, the City had no outstanding defeased obligations.

Discrete Component Units:

The Conroe Industrial Development Corporation (CIDC) has issued Sales Tax Revenue bonds to purchase land and construct streets, drainage, and water and sewer improvements in the Conroe Park North Industrial Park and Deison Technology Park. Principal and interest payments on the Sales Tax Revenue bonds are secured by 4B sales and use taxes. The Series 2016 Taxable Refunding and the Series 2018 Sales Tax Revenue Bonds were issued through private placements. They both have pledged revenues to be placed in a reserve fund for each series to be used solely to the payment of the bonds.

Long-term obligations of the CIDC include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2020, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Sales Tax Revenue Bonds	\$ 39,055,000	\$ -	\$ (1,905,000)	\$ 37,150,000	\$ 2,010,000
Direct Placement	34,100,000	-	(1,750,000)	32,350,000	1,810,000
Unamortized Premiums	4,863,951	-	(273,326)	4,590,625	-
Total Bonds Payable	78,018,951	-	(3,928,326)	74,090,625	3,820,000
Compensated Absences	-	82,010	-	82,010	2,725
Total CIDC	<u>\$ 78,018,951</u>	<u>\$ 82,010</u>	<u>\$ (3,928,326)</u>	<u>\$ 74,172,635</u>	<u>\$ 3,822,725</u>

A summary of the long-term bonded debt of the CIDC at September 30, 2020 is presented below:

Sales Tax Revenue Bonds	Rate	Issue Date	Amount of Original Issue	Maturity Date	Outstanding
Series 2012 CIDC	2.00-5.00%	2012	\$ 25,385,000	2032	\$ 17,470,000
Series 2019, CIDC	4.00-5.00%	2019	20,195,000	2039	19,680,000
Direct Placements:					
Series 2016 Refunding CIDC, Taxable	2.90%	2016	13,815,000	2030	10,745,000
Series 2018, CIDC, Taxable	4.32%	2018	23,225,000	2033	21,605,000
Total Sales Tax Revenue Bonds Payable					<u>\$ 69,500,000</u>

At September 30, 2020, the CIDC had not outstanding defeased obligations.

The CIDC and IRS entered into a Closing Agreement on Final Determination Covering Specific Matters dated March 31, 2016 (the "Closing Agreement"). In the Closing Agreement, the CIDC has agreed to redeem on September 1, 2021, \$8,360,000 of the Series 2012 bonds maturing on and after September 1, 2022. Amounts to be used for such redemption will be deposited with the paying agent for the Series 2012 Bonds by September 1, 2021, and at least 30 days prior to September 1, 2021, the paying agent will give notice of the specific bonds to be redeemed as provided in the bond resolution authorizing the Series 2012 Bonds. More information regarding this issue can be found in the CIDC Event Disclosure Filing dated April 7, 2016 at [www.emma.msrb.org](http://www.emma.msrb.org).

The OJJCC had compensated absences at September 30, 2020 of \$110,814 with \$4,156 being due within one year.

Arbitrage Rebate:

In accordance with the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Rebate arbitrage is the excess of the amount earned on investments purchased with bond proceeds over the amount that such investments would have earned

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

had such investments been invested at a rate equal to the yield on the bond issue. Rebutable arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary of the bond issue and upon final redemption of all outstanding bonds of the issue. The City did not have arbitrage liability as of September 30, 2020.

**B. Debt Service Requirements**

**Primary Government:**

Debt service requirements on long-term debt at September 30, 2020, are as follows:

Fiscal Year	Governmental Activities				
	Bonded Debt		Direct Placements		Total
	Principal	Interest	Principal	Interest	
2021	\$ 8,610,000	\$ 7,590,224	\$ 100,000	\$ 133,643	\$ 16,433,867
2022	8,930,000	7,273,875	100,000	129,318	16,433,193
2023	9,295,000	6,911,437	100,000	124,993	16,431,430
2024	9,455,000	6,502,397	355,000	115,153	16,427,550
2025	9,900,000	6,059,369	370,000	99,475	16,428,844
2026	10,345,000	5,613,594	390,000	83,040	16,431,634
2027	10,760,000	5,195,297	405,000	65,848	16,426,145
2028	11,210,000	4,751,468	420,000	48,008	16,429,476
2029	11,675,000	4,283,669	440,000	29,410	16,428,079
2030	12,165,000	3,795,124	460,000	9,948	16,430,072
2031	10,605,000	3,290,947	-	-	13,895,947
2032	10,140,000	2,805,568	-	-	12,945,568
2033	10,635,000	2,313,675	-	-	12,948,675
2034	11,150,000	1,795,275	-	-	12,945,275
2035	8,890,000	1,332,025	-	-	10,222,025
2036	8,785,000	937,325	-	-	9,722,325
2037	8,370,000	551,775	-	-	8,921,775
2038	6,410,000	212,875	-	-	6,622,875
2039	2,090,000	31,350	-	-	2,121,350
	<u>\$ 179,420,000</u>	<u>\$ 71,247,269</u>	<u>\$ 3,140,000</u>	<u>\$ 838,836</u>	<u>\$ 254,646,105</u>

Fiscal Year	Governmental Activities - Notes Payable		
	Principal	Interest	Total
2021	\$ 135,000	\$ 16,039	\$ 151,039
2022	143,002	8,284	151,286
	<u>\$ 278,002</u>	<u>\$ 24,323</u>	<u>\$ 302,325</u>

Interest on the Section 108 Loan Guarantee is paid at 0.20% plus LIBOR.

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

Fiscal Year	Business-type Activities - Bonded Debt		
	Principal	Interest	Total
2021	\$ 7,580,000	\$ 9,028,375	\$ 16,608,375
2022	8,170,000	8,716,688	16,886,688
2023	9,025,000	8,360,075	17,385,075
2024	10,160,000	7,921,225	18,081,225
2025	10,635,000	7,449,925	18,084,925
2026	11,110,000	6,969,700	18,079,700
2027	11,620,000	6,462,175	18,082,175
2028	12,145,000	5,934,144	18,079,144
2029	12,700,000	5,381,200	18,081,200
2030	13,280,000	4,802,447	18,082,447
2031	13,820,000	4,192,419	18,012,419
2032	11,375,000	3,618,163	14,993,163
2033	11,400,000	3,097,728	14,497,728
2034	10,670,000	2,578,394	13,248,394
2035	10,695,000	2,059,475	12,754,475
2036	9,905,000	1,564,775	11,469,775
2037	9,280,000	1,112,600	10,392,600
2038	9,625,000	668,550	10,293,550
2039	8,250,000	243,375	8,493,375
2040	1,475,000	22,125	1,497,125
	<u>\$ 202,920,000</u>	<u>\$ 90,183,558</u>	<u>\$ 293,103,558</u>

Component Unit requirements on long-term debt for component unit CIDC at September 30, 2020, are as follows:

Fiscal Year	Discrete Component Unit - CIDC				
	Bonded Debt		Direct Placements		Total
	Principal	Interest	Principal	Interest	
2021	\$ 2,010,000	\$ 1,506,531	\$ 1,810,000	\$ 1,244,941	\$ 6,571,472
2022	2,105,000	1,406,031	1,880,000	1,180,239	6,571,270
2023	2,215,000	1,304,381	1,940,000	1,112,868	6,572,249
2024	2,305,000	1,209,731	2,015,000	1,043,260	6,572,991
2025	2,405,000	1,111,181	2,085,000	970,838	6,572,019
2026	2,510,000	1,008,281	2,160,000	895,889	6,574,170
2027	2,595,000	918,881	2,240,000	818,055	6,571,936
2028	2,690,000	826,331	2,320,000	737,262	6,573,593
2029	1,750,000	730,131	3,440,000	653,510	6,573,641
2030	1,825,000	660,163	3,565,000	521,374	6,571,537
2031	2,210,000	587,100	2,825,000	384,264	6,006,364
2032	2,305,000	493,663	2,945,000	262,224	6,005,887
2033	1,330,000	409,000	3,125,000	135,000	4,999,000
2034	1,340,000	355,800	-	-	1,695,800
2035	1,395,000	302,200	-	-	1,697,200
2036	1,450,000	246,400	-	-	1,696,400
2037	1,510,000	188,400	-	-	1,698,400
2038	1,570,000	128,000	-	-	1,698,000
2039	1,630,000	65,200	-	-	1,695,200
	<u>\$ 37,150,000</u>	<u>\$ 13,457,405</u>	<u>\$ 32,350,000</u>	<u>\$ 9,959,724</u>	<u>\$ 92,917,129</u>

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**C. Capital Leases**

**Primary Government:**

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2020, are as follows:

<u>Year Ending September 30:</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2021	\$ 81,268	\$ 561,646
Total Minimum Lease Payments	81,268	561,646
Less: amount representing interest	(2,858)	(21,572)
Present Value of Minimum Lease Payments	<u>\$ 78,410</u>	<u>\$ 540,074</u>

The net amount of capital assets (machinery, equipment and improvements) acquired through governmental activities capital leases is \$290,083 and acquired through business-type activities capital leases is \$3,457,428 as of September 30, 2020.

This year, \$231,997 was included in depreciation expense for the assets acquired through the capital lease with Capital One Public Funding, LLC. The related accumulated depreciation is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Machinery & Equipment	\$ -	\$ 2,212,869
Less: Accumulated Depreciation	-	(965,056)
Total	<u>\$ -</u>	<u>\$ 1,247,813</u>
Improvements	\$ 838,793	\$ 4,121,560
Less: Accumulated Depreciation	(548,710)	(1,911,945)
Total	<u>\$ 290,083</u>	<u>\$ 2,209,615</u>

**D. Subsequent Issuance**

On October 6, 2020, the City issued \$4,350,000 in Certificates of Obligation, Series 2020A to purchase a building and to pay the cost of issuance. Series 2020A has an annual interest rate of 1.385%. Interest accrues semiannually and the bonds mature in 2035.

On November 12, 2020, the CIDC issued \$16,645,000 in Sales Tax Revenue Refunding Bonds, Taxable Series 2020 to refund a portion of the CIDC's outstanding Sales Tax Revenue Bonds, Series 2012, and to pay the cost of issuance. Series 2020 has an annual interest rate of 1.31%. Interest accrues semiannually and the bonds mature in 2032. The refunding resulted in savings of \$1,499,506.

On December 15, 2020, the City issued \$11,160,000 in Certificates of Obligation, Series 2020B to fund the design, planning, acquisition, construction, equipping, expansion, repair, renovation, and/or rehabilitation of certain public works. Series 2020B had a premium of \$2,080,896 and an annual interest rate of 2% to 5%. Interest accrues semiannually and the bonds mature in 2040.

On December 15, 2020, the City issued \$13,430,000 in Certificates of Obligation, Series 2020C to fund the design, planning, acquisition, construction, equipping, expansion, repair, renovation, and/or rehabilitation of certain public works projects. Series 2020C had a premium of \$2,286,466 and an annual interest rate of 3% to 5%. Interest accrues semiannually and the bonds mature in 2041. While secured by the City's

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

ad valorem taxes, the City intends to pay debt service on this series from surplus net revenue of the City's water and sewer system to the extent such revenues are available in any year.

On December 15, 2020, the City issued \$20,765,000 in Limited Tax Refunding Bonds, Series 2020 to refund a portion of the City's outstanding Certificates of Obligation, Series 2011, Certificates of Obligation, Series 2012, Permanent Improvement Refunding Bonds, Series 2012, Water and Sewer System Revenue Bonds, Series 2010, and to pay the cost of issuance. Series 2020 had a premium of \$4,792,590 and an annual interest rate of 5%. Interest accrues semiannually and the bonds mature in 2032. The refunding resulted in savings of \$4,369,528 due to a decrease in cash flow requirements and had an economic gain of \$4,112,440.

**VII. Risk Management**

**A. Health Care Coverage**

City employees are provided traditional health care insurance that covers hospitalization and major medical expenses within specified limits. The plan is self-funded by the City and administered by a third-party administrator. The City pays the administrator a monthly fixed fee for various claim administration services on a per enrolled employee basis.

The City pays all claims. The third-party administrator submits monthly check registers for all processed claims. The City issues payment to the plan administrator who in turn issues individual claim checks. The City carries stop-loss insurance against catastrophic losses. There were no significant reductions in insurance coverage from the prior year. Settlements have not exceeded coverages for each of the past three years. The estimate of the claims liability includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expense regardless of whether allocated to specific claims.

The premiums for these policies are billed monthly by the third-party administrator on a per enrolled employee basis. The claims liability reported in the fund at September 30, 2020, was estimated by third party administrators. It is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Costs relating to the plan are recorded in the Self-Funded Insurance Fund, which is an internal service fund.

Changes in the health claims for the two fiscal years ended September 30, 2020 and 2019 are as follows:

	2020	2019
Health Claim Liability, Beginning of the Year	\$ 505,216	\$ 472,822
Current-year Claims and Changes in Estimates	8,499,060	10,465,408
Claim Payments	(8,506,917)	(10,433,014)
Health Claim Liability, End of the Year	<u>\$ 497,359</u>	<u>\$ 505,216</u>

**B. Workers' Compensation and Property and Liability Insurance**

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2020, the City purchased workers compensation and property and liability insurance at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its insurance coverages. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. There were no significant reductions in insurance coverages in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

VIII. Other Post-Employment Benefits

A. Plan Description

The City of Conroe Other Post-Employment Benefit Trust is a single employer trust established in 2009 to provide medical, vision, and dental insurance coverage for qualified retirees in accordance with its personnel policy through a defined benefit plan. The first irrevocable trust was established in 2009 and was held by ICMA-RC who was also the administrator of the plan. The City discontinued funding its annual contribution to this plan, and the balance of funds was fully liquidated. The City established a new irrevocable trust in 2012, and the trust is held by Public Agency Retirement Services (PARS), who is also the administrator of the plan. Assets held by the trust are valued at fair value. The trust is reported as a fiduciary fund in the City's financial statements and does not issue separate financial statements.

B. Benefits Provided

Under certain conditions, employees retiring from the City of Conroe are eligible for continuation of medical, dental, and vision insurance benefits. Effective October 1, 2009, continuation of these benefits is dependent upon the following:

1) Eligibility

- a) Years of service and age at retirement must equal 80 (Rule of 80).
  - Years of service will be cumulative.
- b) Must have been employed by the City immediately prior to retirement.
- c) Must have been enrolled in the insurance program(s) three (3) years prior to retirement.
  - Dependents must have been enrolled one (1) year prior to the employee's retirement.
- d) Must be receiving a pension either from Texas Municipal Retirement System (TMRS) or Conroe Fire Fighters' Relief and Retirement Fund (CFFR&RF).

2) Termination of Coverage

- a) If other insurance coverage is available, (i.e., another employer, Medicare, Medicaid, etc.), the retiree will not be covered under the City's insurance plan(s).
- b) Retirees are entitled to a one-time, opt-in to re-enroll in the insurance plan(s).

3) Premiums

- a) A minimum of fifty (50) percent of the actuarially determined contribution (ADC) cost will be paid by the City in the OPEB trust.
- b) Payment of any remaining ADC will be determined on an annual basis by City Council.
- c) The retiree is responsible for payment of premiums for any dependent covered under the plan(s).

4) Miscellaneous

City Council members are not eligible for continuation of insurance benefits upon completion of their term(s) of service.

5) Exception

- a) Retirement under the eligibility provisions effective through December 31, 2011.
  - Any employee meeting retirement eligibility under the prior retiree insurance eligibility requirements may retire under those provisions through December 31, 2011.
  - Employees completing twenty-five (25) years of service by December 31, 2011, will be grandfathered under the policy in place at that time.
- b) Receipt of pension requirement for firefighters.
  - The requirement that an employee must be receiving a pension is waived for firefighters through December 31, 2011.
- c) Exchange of sick leave.
  - Through the two year window, employees may use up to 720 hours of their sick balance in exchange for eligibility to reach 25 years. This exception expired December 31, 2011.



**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

6) Death-in-Service Retirement Benefits

Surviving spouses of active employees are allowed COBRA coverage only.

7) Benefits for Spouses of Retired Employees

Retiree may purchase retiree health care coverage for eligible spouses and dependents. The City's subsidy does not apply to the dependent premiums. Surviving spouses and dependents of deceased retired members may continue retiree health coverage through COBRA. Spouse or other dependents will no longer be eligible to continue when the retiree reaches age 65. COBRA will be sent to dependents at that time.

8) Non-Medicare and Medicare-Eligible Provisions

- a) Employees retiring after December 31, 2011, cannot remain on the plan once they become eligible for Medicare. Participants who were retired as of December 31, 2011, may remain on the plan after becoming eligible for Medicare, but would be required to pay the full premiums. However, the City will pay the entire retiree premium for one post 65 retiree who is covered under special agreements.
- b) As of the valuation date, December 31, 2016, there were 11 grandfathered retirees who have their Medicare Part B premiums paid for by the City. No other current or future retirees will have their Part B premiums reimbursed by the City. The Part B premiums were \$104.90 per month as of the valuation date.

9) Dental and Vision Coverage

The City's subsidies apply to the member portion of the dental and vision premiums as well. Upon reaching Medicare eligibility, the provisions for continued dental and vision coverage are the same as those for medical coverage.

10) Life Insurance Coverage

The City provides a \$7,500 life insurance benefit for retirees. The life insurance benefit extends past age 65. As of December 31, 2019, there were three retirees who accrued a life insurance benefit of \$12,500.

11) Monthly Unsubsidized Retiree Premiums Effective October 1, 2019:

Benefit	Retiree Only	Spouse
Medical - OAP	\$ 668	\$ 285
Medical - HDHP	583	144
Medical - Kelsey	550	104
Dental	36	22
Vision	4	13

The premiums shown above do not include the City subsidies for which retirees may be eligible.

As with all benefits, the benefits provided above are subject to change, amendment, addition or cancellation at any time by City Council, and this document does not provide a guarantee or promise of benefits in the future. As of June 25, 2012, it is the opinion of the City Administrator and City Attorney that those who actually retire, and are eligible for retirement benefits from TMRS, can be covered under the City's insurance plan at their expense if they do not meet the "rule of 80". In order to be covered, they must be already covered before they retire, and they must let the City know no later than their retirement date (last day as an employee) that they wish to continue the same coverage. They may drop individuals from coverage, but they may not add anyone who was not previously covered.

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

At the measurement date, there was total plan membership of 702, which consisted of 166 retirees and beneficiaries and 536 active members.

**C. Contributions**

For the year ended September 30, 2020, the City funded 100% of the normal cost and the pay-go amount totaling \$2,271,986 in an irrevocable trust, and reported it in a fiduciary fund in the financial statements. Withdrawals in the amount of \$776,645 were made from the irrevocable trust to reimburse the City for pre-65 and post-65 retirees' claims and administrative fees paid by the Self-Funded Insurance Fund. Administrative fees are those fees related to services that retirees utilize, including, stop-loss premiums and 3<sup>rd</sup> party administrator charges.

**D. OPEB Liability**

**Actuarial Assumptions:**

Actuarial valuations involve the use of estimates and assumption about the probability of events far into the future, including, but not limited to, assumptions about length of employee service, mortality rates, and future costs of health care. The valuation will be updated every two years and actual results compared to past expectations. As a result of these comparisons, new estimates and assumptions will be made about future results of the plan. Valuations are made based on the benefits in place at the time of the valuation. Actuarial techniques include smoothing mechanisms which take a long-term approach in the valuation of assets and liabilities of the plan and are designed to reduce short-term volatility in the measurement of these assets and liabilities. The total OPEB liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Discount Rate*	6.50%
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, 2018 as conducted for the Texas municipal Retirement System (TMRS) and the assumptions used in Conroe Fire Fighters' Relief & Retirement Fund actuarial valuation as of December 31, 2017 (CFFR&RF)
Mortality	TMRS: For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements. CFFR&RF: For active employees and healthy retirees the RP-2014 Blue Collar Mortality Tables adjusted backward to 2006 with Scale MP-2014 and projected forward with Scale MP-2016. For disabled retirees the RP-2014 Disabled Mortality tables adjusted backward to 2006 with Scale MP-2014 and projected with Scale MP-2016.
Participation Rates	For employees retiring at age 50 or older, it was assumed that 95% of those who are eligible for the rule of 80 and 15% of those who are not eligible for the rule of 80 would choose to receive coverage through the City. No employees retiring before the age of 50 were assumed to elect coverage through the City.
Healthcare Cost Trend Rates	Initial rates of 7.20% declining to ultimate rates of 4.25% after 15 years.
Notes:	The demographic assumptions were updated to reflect the 2019 TMRS Experience Study and the health care trend rates were updated to reflect the repeal of the excise tax on high-cost employer health plans.

Fixed income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in the Fidelity "20-Year Municipal GO AA Index" as of December 31, 2019 are incorporated into the discount rate at 2.75%.

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

The goal of the Plan's investment program is to generate adequate long-term returns that, when combined with contributions, will result in sufficient assets to pay the present and future obligations of the Plan. The following objectives are intended to assist in achieving this goal:

- The Plan should earn, on a long-term average basis, a rate of return equal to or in excess of the target rate of return of 6.5%.
- The Plan should seek to earn a return in excess of its policy benchmark over the long-term.
- The Plan's assets will be managed on a total return basis which takes into consideration both investment income and capital appreciation. While the Plan Sponsor recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. To achieve these objectives, the Plan Sponsor allocates its assets (asset allocation) with a strategic, long-term perspective of the capital markets.

Asset Class	Target Allocation
Cash	0-20%
Fixed Income	30%-50%
Equity	50%-70%

**Discount Rate and Healthcare Cost Trend Rate:**

The discount rate used to measure the Total OPEB Liability was 6.50%. The asset portfolio of the OPEB trust can support a 6.50% long term rate of return. The total OPEB liability is based on an actuarial valuation performed as of December 31, 2019, which is also the measurement date.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2018	\$ 23,275,887	\$ 6,622,252	\$ 16,653,635
Changes for the Year:			
Service Cost	1,016,667	-	1,016,667
Interest	1,514,608	-	1,514,608
Differences Between Expected and Actual Experience	(212,816)	-	(212,816)
Changes of Assumptions	(1,848,088)	-	(1,848,088)
Contributions - Employer	-	2,308,059	(2,308,059)
Net Investment Income	-	1,322,828	(1,322,828)
Benefit Payments, Including Refunds of Employee Contributions	(965,119)	(965,119)	-
Administrative Expense	-	(43,068)	43,068
Other Changes	-	-	-
Net Changes	(494,748)	2,622,700	(3,117,448)
Balances at 12/31/2019	\$ 22,781,139	\$ 9,244,952	\$ 13,536,187

**Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate:**

The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate of 7.2% as well as what the City's net OPEB liability would be if it were calculated using a rate that is 1-percentage-point lower (6.2%) or 1-percentage-point higher (8.2%) than the current rate:

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

	1% Decrease in (6.2% Decreasing to 4.25%)	Current Healthcare Cost Trend Rate (7.2% Decreasing to 5.25%)	1% Increase in (8.2% Decreasing to 6.25%)
City's Net OPEB Liability	\$ 10,994,857	\$ 13,536,187	\$ 16,559,082

**Sensitivity of the net OPEB liability to changes in the discount rate:**

The following presents the net OPEB liability of the City, calculated using the discount rate of 6.5% as well as what the City's net OPEB liability would be if it were calculated using a rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	1% Decrease 5.50%	Current Single Discount Rate Assumption 6.50%	1% Increase 7.50%
City's Net OPEB Liability	\$ 15,782,199	\$ 13,536,187	\$ 11,534,072

**E. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2020, the City recognized OPEB expense of \$1,538,991. Also, 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
Difference between expected and actual experience	\$ 91,885	\$ 1,950,290
Change in actuarial assumption	279,057	1,635,274
Difference between expected and actual investment earnings	-	483,770
Contributions subsequent to the measurement date	1,657,276	-
Totals	\$ 2,028,218	\$ 4,069,334

\$1,657,276 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended September 30:	
2021	\$ (562,660)
2022	(562,662)
2023	(518,404)
2024	(613,356)
2025	(443,328)
Thereafter	(997,982)
Total	\$ (3,698,392)

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

IX. Pension Plans

A. Plan Descriptions

**Texas Municipal Retirement System (TMRS):** The City participates as one of 888 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 (Annual Report) that can be obtained at [www.tmr.com](http://www.tmr.com).

Except for civil service fire fighters, all eligible employees of the City are required to participate in TMRS.

**Conroe Fire Fighters' Relief and Retirement Fund (CFFR&RF):** The City participates in funding a contributory, defined benefit retirement plan for civil service fire fighters, Conroe Fire Fighters' Relief and Retirement Fund. The Fund was established in accordance with the provisions of H.B. 258 passed by the Texas State Legislature in 1937, with the purpose of providing pension benefits to volunteer, part-time and full-time fire fighters. The Fund is administered in accordance with State laws by the members of the Fund's Pension Board of Trustees. The fund is a governmental plan under section 414(d) of the Internal Revenue Code of 1986, as amended, and is established and maintained by the City for its employees as a single-employer defined benefit pension plan covering paid firefighters of the City for the purpose of providing retirement, death, disability, and withdrawal benefits. The fiscal year of the pension fund ends December 31. The most recently available financial statements of the pension fund is for the year ended December 31, 2019.

While contribution requirements are not actuarially determined, state law requires that a qualified actuary approve each plan adopted. The actuary of the plan has certified that the contribution commitment by the participants and the City provides an adequate financing arrangement.

B. Benefits Provided

**TMRS:** 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 are used to purchase an annuity. Members may choose to receive their retirement benefits in one of seven payment 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 governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

	Plan Year 2019	Plan Year 2018
Employee Deposit Rate	7%	7%
Retirement Eligibility	5 Yrs/Age 60, 20 Yrs/Any Age	5 Yrs/Age 60, 20 Yrs/Any Age
Matching Ratio (City to Employee)	2 to 1	2 to 1
Years Required for Vesting	5	5
Service Retirement Eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

**CFFR&RF:** The Fund provides service retirement, death, disability, and withdrawal benefits for paid fire fighters. These benefits fully vest after the firefighter attains age 50 with at least 20 years of credited service. Firefighters who qualify for a retirement benefit will receive a monthly retirement benefit as long as the firefighter remains alive in an amount equal to the sum of (1) 67.50% of the "Highest 60-month Average Salary" plus (2) an additional service benefit of \$69 per month for each year of service in excess of 20 years of service (for years of service earned after December 31, 2010, this benefit is \$110 per month). A firefighter with both paid and volunteer service is eligible for retirement, disability, or death benefits under the same conditions of a paid firefighter, as long as the service requirement is fulfilled with a combination of paid and volunteer service, where the volunteer service was earned prior to September 1, 2000, according to the Fund provisions. If a firefighter has completed at least 10 years of service prior to December 31, 2010, but has not attained the age of 50 years, the firefighter will receive a benefit ranging from 50% to 100% of the normal retirement benefit as described above. All other firefighters will be eligible upon the completion of 20 years of service.

Effective January 1, 2011, a paid firefighter can elect a FORWARD Deferred Retirement Option Plan (DROP) benefit calculation date no earlier than a date which is the first day of the month following the date of attainment of age 50 and completion of 20 years of service.

The amount of the FORWARD DROP benefit equals a service retirement annuity calculated as of the date the firefighter enters DROP plus a DROP lump sum. The DROP lump sum equals the accumulated annuity payments and firefighter contributions from the DROP entry date until the earlier of termination or seven years.

The Fund provides for an optional form of payment if elected by the retiring firefighter. The firefighter may elect a 100% joint and survivor service retirement benefit at a lower benefit amount for the eligible spouses at the time of retirement, according to the Benefit Reduction Factors table in the Fund.

The benefit provisions of this Fund are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions.

Plan provisions for the Fund were as follows:

	Plan Year 2019	Plan Year 2018
Employee Deposit Rate	13.24%	13.24%
Matching Ratio (City to Employee)	15%	15%
Years Required for Vesting	20	20
Service Retirement Eligibility (expressed as age/years of service)	50/20	50/20
Annuity Increase (to retirees)	Not automatic; may provide ad hoc increases	Not automatic; may provide ad hoc increases

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

At the respective valuation and measurement dates, the following employees were covered by the benefit terms:

	TMRS	CFFR&RF
Inactive Employees or Beneficiaries Currently Receiving Benefits	191	39
Inactive Employees Entitled to But Not Yet Receiving Benefits	189	4
Active Employees	474	125
Totals	854	168

**C. Contributions**

**TMRS:** The contribution rate for an employee in a TMRS city is either 5%, 6%, or 7% of the employee's gross earnings, while a City's matching percentage is either 100%, 150%, or 200%. Both are adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by an 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 of Conroe, Texas, were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.17% and 16.24% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were \$5,154,745, and were equal to the required contributions.

**CFFR&RF:** Contributions to the Fund are based on the TLFFRA requirements rather than an actuarially determined rate. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each paid firefighter. The funding policy of the Fund requires contributions from both the City and the firefighters. The City's contribution rate is currently 15% of member payroll with each active member contributing 13.24% of plan compensation. The City's contribution rate is set by and subject to change by ordinance; subject to the minimum rate with TLFFRA. The City's contributions to the Fund for the year ended September 30, 2020, were \$1,747,998, and were equal to the required contributions.

While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the Fund must be approved by an eligible actuary. The actuary certifies that the contribution commitment by the firefighters and the City together provide an adequate contribution arrangement. Using the entry age actuarial cost method, the Fund's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the Fund's unfunded actuarial accrued liability (UAAL), and the number of years needed to amortize the Fund's UAAL is determined using a level percentage of payroll method.

**D. Net Pension Liability**

For the year ended September 30, 2020, the City recognized \$64,999,057 in net pension liability (TMRS of \$21,152,011 and CFFR&RF of \$43,847,046).

**TMRS:** The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**CFFR&RF:** The Total Pension Liability, Net Pension Liability, and the associated sensitivity information provided was based on the December 31, 2019 actuarial valuation. The Total Pension Liability was rolled-forward to the fiscal year ending September 30, 2020 (measurement date), using generally accepted actuarial principles. There have been no significant events or changes in benefit provisions that required an adjustment to the roll-forward liability.

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**Actuarial Assumptions:**

**TMRS:** The Total Pension Liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary Increases	3.50% to 11.5 % including inflation
Investment Rate of Return	6.75%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on a mortality study performed in 2013, with the factors phasing into being based on a unisex blend of the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment for males and females with both male and female rates multiplied by 107.5% and projected on a fully generational basis with scale BB. The current table of APRs is explicitly valued through 2032, and then it is assumed the APRs and the valuation mortality assumptions will be consistent over time. For members, a unisex blend of 70% of the male table and 30% of the female table is used, while 30% of the male table and 70% of the female table is used for beneficiaries. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for 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 (EAN) actuarial cost method and a one-time change to the amortization policy.

The TMRS Board of Trustees recognizes that the most important determinant of long-term return and risk is the asset allocation decision. The Board's strategic target allocation is intended to reflect, and be consistent with, the return objective and risk tolerance expressed in the Investment Policy Statement. It is designed to meet or exceed the Board's objectives at a controlled level of risk and liquidity that is acceptable to the Board. In establishing its risk tolerance, the Board considers its ability to withstand short and intermediate-term volatility in investment performance and fluctuations in the financial condition of the fund. The strategic target allocation and acceptable ranges as determined by the Board to facilitate the achievement of long-term investment objectives within acceptable risk parameters are as follows:

**Asset Allocation Table**  
**Strategic Targets**

<u>Asset Class</u>	<u>Minimum %</u>	<u>Target %</u>	<u>Maximum %</u>
Global Equities	25%	35%	45%
Core Fixed Income	5%	10%	15%
Non-Core Fixed Income	15%	20%	25%
Real Estate	5%	10%	15%
Real Return	5%	10%	15%
Absolute Return	5%	10%	15%
Private Equity	0%	5%	10%
Cash Equivalents	0%	0%	10%



**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**CFFR&RF:** The Total Pension Liability, Net Pension Liability, and the associated sensitivity information provided are derived from the results of the December 31, 2019, valuation. The Total Pension Liability was rolled-forward from the 2019 valuation date to the fiscal year ending September 30, 2020, using generally accepted actuarial principles. A full experience study is not available due to the size of the fund.

Actuarial Cost Method	Entry Age Normal
Amortization Method	Open period, level percentage of pay
Asset Valuation Method	The fair value of assets plus 20% of the unrecognized gains and losses from each of the past four years. The resulting value is further limited to be no less than 90% and no greater than 110% of the fair value of assets.
Investment Rate of Return	7.50% per annum (net of expenses)
Salary Scale	3.50%-8.50%
General Inflation Rate	2.50% per annum
Interest on Employee Contributions	2.5% per annum
Contribution Rates	Rates in effect are assumed to remain constant for future years.
Mortality Rates	PubS-2010 Employee and Healthy Annuitant Mortality tables projected generationally with Scale MP-2018.
Termination Rates	0% to 6%
Changes in Assumptions	Because the projected Net Fiduciary Position is projected to be depleted in 2063, a blended discount rate of 5.22% was developed to measure the Total Pension Liability (based on a municipal bond index rate of 2.41% as of September 30, 2020 and long-term rate of return of 7.50%). In addition, the mortality assumption was updated to use generational mortality improvement scale MP-2019. There are no other changes in actuarial assumptions since the prior year valuation.

Historical trend information is provided as required supplemental information. This information is intended to demonstrate progress the Fund has made in accumulating assets to pay benefits when due and the related actuarial assumptions used in determining the actuarially determined amounts.

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 expenses and inflation assumed at 2.5%) 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of December 31, 2019, (see the discussion of the pension plan's investment policy for more details) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Equity	6.5%
Fixed Income	3.5%
Real Estate	5.0%
Cash	0.0%

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

The following long term strategic asset allocation, which serves as the primary asset allocation of the Fund, was adopted by the Board through its Investment Policy:

Asset Class	Target Allocation
Domestic and International Equity	60%
Fixed Income	25%
Alternative Investments	
Real Estate Investment Trusts	
and Return Commodity	10%
Cash and Cash Equivalents	5%
Total	100%

**TMRS:**

**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.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2018	\$ 143,311,986	\$ 112,909,484	\$ 30,402,502
Changes for the Year:			
Service Cost	4,871,384	-	4,871,384
Interest	9,671,065	-	9,671,065
Differences Between Expected and Actual Experience	5,530	-	5,530
Changes of Assumptions	334,579	-	334,579
Contributions - Employer	-	4,723,696	(4,723,696)
Contributions - Employee	-	2,044,346	(2,044,346)
Net Investment Income	-	17,466,602	(17,466,602)
Benefit Payments, Including Refunds of Employee Contributions	(4,945,278)	(4,945,278)	-
Administrative Expense	-	(98,632)	98,632
Other Changes	-	(2,963)	2,963
Net Changes	9,937,280	19,187,771	(9,250,491)
Balances at 12/31/2019	\$ 153,249,266	\$ 132,097,255	\$ 21,152,011

**CFFR&RF:** The discount rate used to measure the Total Pension Liability was 5.22%. The projection of cash flows used to determine the discount rate assumed that the City contributions would equal 15.00% of payroll and that member contributions would equal 13.24% of payroll. Based on those assumptions, the pension plan's fiduciary net position was projected to be depleted by 2054. Therefore, as required by GASB 68, a blended discount rate of 4.62% was developed based on the long-term expected rate of return on pension investments through 2054 and the September 30, 2020 municipal bond index rate of 3.71% thereafter. The Net Pension Liability amounts shown below were measured as of the City's fiscal year end. The Total Pension Liability used to calculate the Net Pension Liability and certain sensitivity information

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

was based on the December 31, 2019, actuarial valuation. The Total Pension Liability was rolled forward to the fiscal year end measurement dates using generally accepted actuarial principles.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 9/30/2019	\$ 76,834,453	\$ 27,900,635	\$ 48,933,818
Changes for the Year:			
Service Cost	3,718,384	-	3,718,384
Interest	3,667,552	-	3,667,552
Differences Between Expected and Actual Experience	(871,327)	-	(871,327)
Changes of Assumptions	(7,152,741)	-	(7,152,741)
Contributions - Employer	-	1,747,998	(1,747,998)
Contributions - Employee	-	1,542,898	(1,542,898)
Net Investment Income	-	1,240,367	(1,240,367)
Benefit Payments	(2,279,757)	(2,279,757)	-
Refunds	(57,425)	(57,425)	-
Administrative Expense	-	(82,623)	82,623
Net Changes	(2,975,314)	2,111,458	(5,086,772)
Balances at 9/30/2020	\$ 73,859,139	\$ 30,012,093	\$ 43,847,046

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

**TMRS:** 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%)
City's Net Pension Liability	\$ 44,872,320	\$ 21,152,011	\$ 1,850,426

**CFFR&RF:** The following presents the net pension liability, calculated using the discount rate of 5.22%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.22%) or 1-percentage-point higher (6.22%) than the current rate:

	1% Decrease in Discount Rate (4.22%)	Discount Rate (5.22%)	1% Increase in Discount Rate (6.22%)
CFFR&RF Net Pension Liability	\$ 57,612,864	\$ 43,847,046	\$ 36,613,812

**Pension Plan Fiduciary Net Position:**

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

**CFFR&RF:** Detailed information about the plan's Fiduciary Net Position is available in a separately issued Conroe Fire Fighters' Relief and Retirement Fund financial report. That report may be obtained by contacting Jordan Stepanski at P.O. Box 497, Conroe, TX 77305, or [admin@conroefirepension.com](mailto:admin@conroefirepension.com).

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

For the year ended September 30, 2020, the City recognized \$11,165,816 in pension expense (TMRS of \$5,123,642 and CFFR&RF of \$6,042,174). At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TMRS		CFFR&RF		Total Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 335,576	\$ 599,510	\$ 1,764,594	\$ 1,686,699	\$ 2,100,170	\$ 2,286,209
Change in actuarial assumption	270,237	17,425	21,615,413	7,210,470	21,885,650	7,227,895
Difference between projected and actual investment earnings	-	3,946,848	1,545,740	-	1,545,740	3,946,848
Contributions subsequent to the measurement date	3,942,298	-	-	-	3,942,298	-
<b>Totals</b>	<b>\$ 4,548,111</b>	<b>\$ 4,563,783</b>	<b>\$ 24,925,747</b>	<b>\$ 8,897,169</b>	<b>\$ 29,473,858</b>	<b>\$ 13,460,952</b>

\$3,942,298 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 TMRS net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30:	TMRS	CFFR&RF	Total Pensions
2021	\$ (1,049,241)	\$ 2,348,855	\$ 1,299,614
2022	(1,160,201)	2,384,098	1,223,897
2023	188,776	2,357,335	2,546,111
2024	(1,950,388)	2,083,984	133,596
2025	13,084	1,907,133	1,920,217
Thereafter	-	4,947,173	4,947,173
<b>Total</b>	<b>\$ (3,957,970)</b>	<b>\$16,028,578</b>	<b>\$12,070,608</b>

**X. Commitments and Contingencies**

**A. Contingencies**

The City participates in a number of federal and state financial assistance programs. Although the City's grant programs have been audited in accordance with the provisions of the Single Audit Act through September 30, 2020, these programs are subject to financial and compliance audits by the granting agencies. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

The City of Conroe is a participant in the San Jacinto River Authority (SJRA) Groundwater Reduction Plan (GRP). The SJRA has constructed a surface water treatment facility and transmission system to provide treated surface water to the City. Based on the agreement between the City and the SJRA, the City pays the SJRA for groundwater pumped from the Jasper aquifer and for treated surface water from Lake Conroe. During FY 15-16, the SJRA notified the City of their intent to increase rates effective September 1, 2016. The groundwater pumpage rate was increased by \$0.18 from \$2.32 to \$2.50 per 1,000 gallons, and the surface water rate was increased by \$0.18 from \$2.51 to \$2.69 per 1,000 gallons. On August 16, 2016, the City Council adopted a resolution refusing to pay the proposed increase in SJRA fees. The SJRA filed suit in Travis County for an expedited declaratory judgement confirming the validity of the GRP Contracts and the SJRA's legal authority to enforce the GRP Contract terms, including the fiscal year 2017 GRP Rates. On September 1, 2017, the groundwater pumpage rate was increased by \$0.14 from \$2.50 to \$2.64 per

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

1,000 gallons, and the surface water rate was increased by \$0.14 from \$2.69 to \$2.83 per 1,000 gallons. On September 1, 2019, the groundwater pumpage rate was increased by \$0.09 from \$2.64 to \$2.73 per 1,000 gallons, and the surface water rate was increased by \$0.32 from \$2.83 to \$3.15 per 1,000 gallons. This City continues to withhold the payment of this increase. The City's financial statements include a liability of \$6,337,066 for the portion of the increased SJRA rates that the City has refused to pay, as well as any applicable penalties and interest, while the litigation is pending.

The City is a defendant or plaintiff in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City Attorney, the resolution of these matters will not have a material, adverse effect on the financial condition of the City.

**B. Construction Commitments**

The City has active construction projects as of September 30, 2020. Total accumulated commitments for ongoing capital projects are composed of the following:

	Spent-to-Date	Remaining Commitment
Water and Sewer	\$ 61,166,188	\$ 41,883,317
Streets Projects	2,773,737	27,866,494
Facilities Projects	1,877,765	4,355,988
Drainage Projects	1,074,198	-
Transportation Projects	-	1,122,894
Parks Projects	428,454	7,250,369
Signals Projects	412,726	722,148
Totals	<u>\$ 67,733,068</u>	<u>\$ 83,201,210</u>

A majority of these commitments will be funded by bond proceeds.

**C. Encumbrances**

Encumbrances are reported in the financial statements as restricted, committed, or assigned for specific purposes in the governmental funds. As of September 30, 2020, significant encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in:		
	Restricted Fund Balance	Committed Fund Balance	Assigned Fund Balance
General Fund	\$ -	\$ -	\$ 2,108,822
Certificates of Obligation Series 2018A CIP Fund	9,611,230	-	-
Nonmajor Governmental	5,479,790	-	-
Total Encumbrances	<u>\$ 15,091,020</u>	<u>\$ -</u>	<u>\$ 2,108,822</u>

**D. 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 deferred compensation is not available to employees until termination of employment, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are assets of the plan, and are required to be held in trust for the exclusive benefit of the participants and their beneficiaries. A fiduciary relationship does not exist between the City and the plan; therefore, in accordance with GASB Statement 32

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

"Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the plan is not reported within the City's financial statements.

XI. Closure and Postclosure Care Cost

State and Federal laws and regulations require that a landfill permit holder place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The City has transferred the financial obligation related to these costs to another party. Therefore, no liability has been recorded for these costs.

XII. Tax Abatements

The City and the City's component unit, CIDC, enter into economic development agreements designed to promote development and redevelopment within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax, and enhance the property tax base and economic vitality of the City. These programs abate or rebate property taxes and sales tax, and also include incentive payments and reductions in fees that are not tied to taxes. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code and Chapter 311 (Tax Increment Financing Act) and 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code. Recipients may be eligible to receive economic assistance based on the employment impact, economic impact or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, demolishing and redeveloping outdated properties, expanding operations, renewing facility leases, or bringing targeted businesses to the City. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The City has four categories of economic development agreements:

*Property Tax Abatements* – Tax abatements under Local Government Code 43.0751 authorized the City to enter into a Strategic Partnership Agreement for the creation of a Municipal Utility District (MUD) for full purpose annexation. These agreements authorize the City to pay the districts an amount equal to the ad valorem taxes generated from the City's tax levy. Property taxes abated under this program were \$33,422 in fiscal year 2020.

*General Economic Development* – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. The agreements may rebate a flat amount or percentage of sales tax received by the City. For fiscal year 2020, the City had no sales tax rebated.

*Tax Abatements* – Tax abatements under Chapter 312 of the Texas Tax Code allow the City to create tax abatement agreements with applicants that promise large scale investments. These investments create new jobs and expand the City's tax base. The City agrees to grant the owner an abatement of the City ad valorem taxes on the certified appraised value. Property taxes abated under this program were \$352,395 in fiscal year 2020.

*Tourism Promotion* – The City entered into an agreement to dedicate Hotel Occupancy Tax revenue for the promotion of tourism and the convention and hotel industry. Hotel Occupancy Tax abated under this program is \$199,898 during fiscal year 2020.

The CIDC has one type of economic development agreement:

*Tax Abatements* – Tax abatements under Chapter 312 of the Texas Tax Code allow the Conroe Industrial Development Corporation to enter into development incentive agreements with businesses that relocate or expand their business in Conroe. These businesses create new jobs and add additional property value resulting from the business expansion. These organizations are reimbursed a portion of the property taxes they pay to Montgomery County and the City of Conroe. Taxes abated under this program were \$3,388,141 in fiscal year 2020.

**CITY OF CONROE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**XIII. Fund Balances**

The following funds had negative fund balance or net position at September 30, 2020:

Conroe Local Government Corporation (\$2,815,951) – which will be recovered in the subsequent year upon issuance of bonds.

Convention Center CIP fund (\$1,211,136) – which will be recovered in the subsequent year upon issuance of bonds.

Fleet Services had a deficit net position of \$329,604 at September 30, 2020. Exclusive of Fleet's portion the City's OPEB liability of \$284,260, net pension liability of \$444,192, related deferred outflows of \$138,103 and deferred inflows of \$181,295, this fund would recognize a positive net position of \$442,040.

**XIV. Recent Accounting Pronouncements**

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.

GASB Statement 92, *Omnibus 2020* ("GASB 92"), enhanced comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions including Leases and Pension and related assets.

GASB Statement 93, *Replacement of Interbank Offered Rates* ("GASB 93"), prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. GASB 93 will be implemented by the City in 2021 and the impact has not yet been determined.

GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* ("GASB 94"), improves financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this Statement are effective for fiscal year 2023 and the impact has not yet been determined.

GASB Statement 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"), provides guidance on the reporting for subscription-based technology arrangements (SBITAs). The requirements of this Statement are effective for fiscal year 2023 and the impact has not yet been determined.

GASB Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* ("GASB 97"), provides updated reporting guidance for OPEB Plans and other employee benefit plans. GASB 97 will be fully implemented by the City in fiscal year 2022 and the impact has not yet been determined.

# **Required Supplementary Information**





# CITY OF CONROE, TEXAS

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 71,361,626	\$ 71,361,626	\$ 74,995,111	\$ 3,633,485
Licenses and Permits	3,241,397	3,241,397	4,829,641	1,588,244
Charges for Sales and Services	2,794,371	2,794,371	2,163,320	(631,051)
Lease Income	145,926	145,926	292,237	146,311
Fines and Forfeitures	1,505,981	1,505,981	1,042,937	(463,044)
Intergovernmental	2,447,613	3,074,774	3,532,582	457,808
Investment Income	621,857	621,857	514,758	(107,099)
Net Change in Fair Value of Investments	-	-	70,909	70,909
Penalties and Interest	147,857	147,857	140,202	(7,655)
Miscellaneous Revenue	111,192	218,271	585,524	367,253
<b>TOTAL REVENUES</b>	<b>82,377,820</b>	<b>83,112,060</b>	<b>88,167,221</b>	<b>5,055,161</b>
<b>EXPENDITURES</b>				
Current:				
General Government				
Administration	1,423,354	1,423,354	1,450,059	(26,705)
Legal	671,435	671,435	677,090	(5,655)
Municipal Court	1,313,399	1,313,399	1,090,297	223,102
Warehouse/Purchasing	420,554	420,554	402,649	17,905
Information Technology	2,788,752	2,745,364	2,769,704	(24,340)
Transportation	2,171,980	2,684,653	1,089,745	1,594,908
Human Resources	991,798	987,482	930,968	56,514
Non-Departmental	6,460,676	6,681,976	5,874,168	807,808
Finance	2,349,102	2,486,557	2,457,933	28,624
Public Safety				
Police	21,048,764	21,200,488	21,856,411	(655,923)
Fire	18,286,790	18,964,951	19,501,088	(536,137)
Community Development	1,195,719	1,302,470	1,217,863	84,607
Parks				
Parks and Recreation Administration	970,931	970,931	939,080	31,851
Recreation Center	1,327,560	1,326,820	1,179,753	147,067
Senior Center	-	-	1,435	(1,435)
Aquatic Center	1,639,892	1,639,892	1,466,977	172,915
Parks Operations	2,487,507	2,487,507	2,118,576	368,931
Public Works				
Drainage Maintenance	973,709	973,709	980,685	(6,976)
Streets	4,039,436	4,057,636	4,337,734	(280,098)
Signal Maintenance	1,169,120	1,235,042	1,090,523	144,519
Signs	720,894	719,394	668,514	50,880
Engineering	3,110,301	3,330,701	3,189,283	141,418
Building Inspection and Permits	1,485,862	1,483,834	1,393,235	90,599
Debt Service:				
Principal Retirement	69,574	69,574	69,574	-
Interest and Fiscal Charges	5,605	5,605	5,605	-
Capital Outlay	4,979,189	6,376,147	4,442,626	1,933,521
<b>TOTAL EXPENDITURES</b>	<b>82,101,903</b>	<b>85,559,475</b>	<b>81,201,575</b>	<b>4,357,900</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	275,917	(2,447,415)	6,965,646	9,413,061
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Proceeds	-	-	201,059	201,059
Transfers In	394,560	394,560	196,944	(197,616)
Transfers Out	(4,874,834)	(5,302,809)	(4,921,971)	380,838
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,480,274)</b>	<b>(4,908,249)</b>	<b>(4,523,968)</b>	<b>384,281</b>
Net Change in Fund Balance	(4,204,357)	(7,355,664)	2,441,678	9,797,342
Fund Balance at Beginning of Year	41,574,012	41,574,012	41,574,012	-
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 37,369,655</b>	<b>\$ 34,218,348</b>	<b>\$ 44,015,690</b>	<b>\$ 9,797,342</b>

# CITY OF CONROE, TEXAS

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

#### OTHER POST EMPLOYMENT BENEFITS (OPEB)

#### LAST THREE MEASUREMENT YEARS\*\*

	December 31, 2017	December 31, 2018	December 31, 2019
<b>Total OPEB Liability</b>			
Service cost	\$ 949,634	\$ 1,107,420	\$ 1,016,666
Interest	1,435,855	1,533,173	1,514,608
Differences between expected and actual experience	139,435	(2,289,197)	(212,815)
Change of assumptions	-	362,553	(1,848,088)
Benefit payments	(1,270,000)	(943,253)	(965,119)
<b>Net Change in Total OPEB Liability</b>	<b>1,254,924</b>	<b>(229,304)</b>	<b>(494,748)</b>
<b>Total OPEB Liability - Beginning</b>	<b>22,250,267</b>	<b>23,505,191</b>	<b>23,275,887</b>
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 23,505,191</b>	<b>\$ 23,275,887</b>	<b>\$ 22,781,139</b>
<b>Plan Fiduciary Net Position</b>			
Employer Contributions	\$ 2,276,869	\$ 1,580,691	\$ 2,308,059
Net Investment Income	548,922	(59,984)	1,322,828
Benefit payments	(1,270,000)	(943,253)	(965,119)
Administrative expense	(25,632)	(35,280)	(43,068)
Other	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>1,530,159</b>	<b>542,174</b>	<b>2,622,700</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>4,549,919</b>	<b>6,080,078</b>	<b>6,622,252</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 6,080,078</b>	<b>\$ 6,622,252</b>	<b>\$ 9,244,952</b>
<b>Net OPEB Liability - Ending (a) - (b)</b>	<b>17,425,113</b>	<b>16,653,635</b>	<b>13,536,187</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	<b>25.87%</b>	<b>28.45%</b>	<b>40.58%</b>
<b>Covered Payroll</b>	<b>\$ 35,151,413</b>	<b>\$ 36,017,313</b>	<b>\$ 36,017,313</b>
<b>Net OPEB Liability as a Percentage of Covered Payroll</b>	<b>49.57%</b>	<b>46.24%</b>	<b>37.58%</b>

\*The amounts presented for the City's current fiscal year were determined as of the plan's fiscal year end December 31.

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying notes to required supplementary information.

**CITY OF CONROE, TEXAS***REQUIRED SUPPLEMENTARY INFORMATION**SCHEDULE OF CONTRIBUTIONS**OTHER POST EMPLOYMENT BENEFITS (OPEB)**LAST THREE FISCAL YEARS\**

<b>Year Ending September 30</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in relation to the actuarially determined contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Covered payroll</b>	<b>Contributions as a % of covered payroll</b>
2018	\$ 1,945,680	\$ 2,520,944	\$ (575,264)	\$ 35,214,358	7.16%
2019	2,238,411	1,325,311	913,100	37,055,332	3.58%
2020	2,271,987	2,278,327	(6,340)	42,275,293	5.39%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying notes to the required supplementary information.

# CITY OF CONROE, TEXAS

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

#### TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

#### LAST SIX MEASUREMENT YEARS\*\*

	Year Ended December 31,			
	2014	2015	2016	2017
<b>Total Pension Liability</b>				
Service cost	\$ 3,488,323	\$ 4,033,744	\$ 4,454,682	\$ 4,510,555
Interest	7,342,819	7,807,423	8,039,127	8,644,965
Differences between expected and actual experience	(577,351)	302,517	1,168,367	(156,668)
Change of assumptions	-	(307,855)	-	-
Benefit payments, including refunds of employee contributions	(3,718,726)	(4,059,893)	(4,905,554)	(4,523,920)
<b>Net Change in Total Pension Liability</b>	<b>6,535,065</b>	<b>7,775,936</b>	<b>8,756,622</b>	<b>8,474,932</b>
<b>Total Pension Liability - Beginning</b>	<b>105,012,620</b>	<b>111,547,685</b>	<b>119,323,621</b>	<b>128,080,243</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$111,547,685</b>	<b>\$119,323,621</b>	<b>\$128,080,243</b>	<b>\$136,555,175</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 3,975,261	\$ 4,102,398	\$ 4,247,873	\$ 4,381,013
Contributions - Employee	1,625,218	1,742,976	1,848,416	1,873,821
Net Investment Income	4,842,663	134,753	6,297,154	13,942,787
Benefit payments, including refunds of employee contributions	(3,718,726)	(4,059,893)	(4,905,554)	(4,523,920)
Administrative expense	(50,554)	(82,069)	(71,095)	(72,229)
Other	(4,156)	(4,054)	(3,830)	(3,660)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>6,669,706</b>	<b>1,834,111</b>	<b>7,412,964</b>	<b>15,597,812</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>84,643,780</b>	<b>91,313,486</b>	<b>93,147,597</b>	<b>100,560,561</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 91,313,486</b>	<b>\$ 93,147,597</b>	<b>\$100,560,561</b>	<b>\$116,158,373</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>20,234,199</b>	<b>26,176,024</b>	<b>27,519,682</b>	<b>20,396,802</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>81.86%</b>	<b>78.06%</b>	<b>78.51%</b>	<b>85.06%</b>
<b>Covered Payroll</b>	<b>\$ 23,217,402</b>	<b>\$ 24,899,652</b>	<b>\$ 26,405,939</b>	<b>\$ 26,768,870</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>87.15%</b>	<b>105.13%</b>	<b>104.22%</b>	<b>76.20%</b>

\*The amounts presented for the City's current fiscal year were determined as of the plan's fiscal year end December 31.

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying notes to the required supplementary information.

# CITY OF CONROE, TEXAS

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

#### TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

#### LAST SIX MEASUREMENT YEARS\*\*

	Year Ended December 31,	
	2018	2019
<b>Total Pension Liability</b>		
Service cost	\$ 4,537,535	\$ 4,871,384
Interest	9,164,980	9,671,065
Differences between expected and actual experience	(852,779)	5,530
Change of assumptions	-	334,579
Benefit payments, including refunds of employee contributions	(6,092,925)	(4,945,278)
<b>Net Change in Total Pension Liability</b>	<b>6,756,811</b>	<b>9,937,280</b>
<b>Total Pension Liability - Beginning</b>	<b>136,555,175</b>	<b>143,311,986</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$143,311,986</b>	<b>\$153,249,266</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 4,488,501	\$ 4,723,696
Contributions - Employee	1,907,672	2,044,346
Net Investment Income	(3,481,377)	17,466,602
Benefit payments, including refunds of employee contributions	(6,092,925)	(4,945,278)
Administrative expense	(67,247)	(98,632)
Other	(3,513)	(2,963)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(3,248,889)</b>	<b>19,187,771</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>116,158,373</b>	<b>112,909,484</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$112,909,484</b>	<b>\$132,097,255</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>30,402,502</b>	<b>21,152,011</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>78.79%</b>	<b>86.20%</b>
<b>Covered Payroll</b>	<b>\$ 27,252,464</b>	<b>\$ 29,204,937</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>111.56%</b>	<b>72.43%</b>

See accompanying notes to the required supplementary information.

**CITY OF CONROE, TEXAS****REQUIRED SUPPLEMENTARY INFORMATION****SCHEDULE OF CONTRIBUTIONS****TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)****LAST SIX FISCAL YEARS\***

<b>Year Ending September 30</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in relation to the actuarially determined contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Covered payroll</b>	<b>Contributions as a % of covered payroll</b>
2015	\$ 4,057,674	\$ 4,057,674	\$ -	\$ 24,365,506	16.7%
2016	4,393,653	4,393,653	-	27,183,590	16.2%
2017	4,333,658	4,333,658	-	26,618,956	16.3%
2018	4,457,729	4,457,729	-	27,125,922	16.4%
2019	4,607,864	4,607,864	-	28,376,759	16.2%
2020	5,154,745	5,154,745	-	31,773,357	16.2%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying notes to the required supplementary information.

# CITY OF CONROE, TEXAS

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

#### CONROE FIRE FIGHTERS' RELIEF AND RETIREMENT FUND

#### LAST SIX MEASUREMENT YEARS\*

	Year Ended September 30,			
	2015	2016	2017	2018
<b>Total Pension Liability</b>				
Service cost	\$ 1,310,699	\$ 1,591,635	\$ 1,714,987	\$ 1,729,454
Interest	2,703,863	2,803,599	3,080,627	3,309,384
Difference between expected and actual experience	-	1,819,271	-	901,136
Changes in assumptions	-	(966,892)	-	(262,049)
Benefit payments, including refunds of member contributions	(1,333,500)	(1,500,407)	(1,880,802)	(1,771,906)
<b>Net Change in Total Pension Liability</b>	2,681,062	3,747,206	2,914,812	3,906,019
<b>Total Pension Liability - Beginning</b>	34,244,607	36,925,669	40,672,875	43,587,687
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 36,925,669</u>	<u>\$ 40,672,875</u>	<u>\$ 43,587,687</u>	<u>\$ 47,493,706</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 1,102,093	\$ 1,194,547	\$ 1,386,732	\$ 1,315,771
Contributions - member	972,779	1,054,387	1,049,846	1,161,385
Net Investment Income	(626,136)	2,052,206	1,891,994	1,770,185
Benefit payments, including refunds of member contributions	(1,333,500)	(1,500,407)	(1,880,802)	(1,771,906)
Administrative expense	(99,850)	(96,019)	(85,583)	(100,190)
<b>Net Change in Plan Fiduciary Net Position</b>	15,386	2,704,714	2,362,187	2,375,245
<b>Plan Fiduciary Net Position - Beginning</b>	19,188,448	19,203,834	21,908,548	24,270,735
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 19,203,834</u>	<u>\$ 21,908,548</u>	<u>\$ 24,270,735</u>	<u>\$ 26,645,980</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 17,721,835</u>	<u>\$ 18,764,327</u>	<u>\$ 19,316,952</u>	<u>\$ 20,847,726</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	52.01%	53.87%	55.68%	56.10%
<b>Covered Payroll</b>	\$ 7,347,278	\$ 8,401,284	\$ 8,326,520	\$ 8,771,792
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	241.20%	223.35%	231.99%	237.67%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying notes to the required supplementary information.



# CITY OF CONROE, TEXAS

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

#### CONROE FIRE FIGHTERS' RELIEF AND RETIREMENT FUND

#### LAST SIX MEASUREMENT YEARS\*

	Year Ended September 30,	
	2019	2020
<b>Total Pension Liability</b>		
Service cost	\$ 1,764,718	\$ 3,718,384
Interest	3,737,971	3,667,552
Difference between expected and actual experience	(1,128,128)	(871,327)
Changes in assumptions	27,019,267	(7,152,741)
Benefit payments, including refunds of member contributions	(2,053,081)	(2,337,182)
<b>Net Change in Total Pension Liability</b>	<b>29,340,747</b>	<b>(2,975,314)</b>
<b>Total Pension Liability - Beginning</b>	<b>47,493,706</b>	<b>76,834,453</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 76,834,453</b>	<b>\$ 73,859,139</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 1,425,194	\$ 1,747,998
Contributions - member	1,257,969	1,542,898
Net Investment Income	718,686	1,240,367
Benefit payments, including refunds of member contributions	(2,053,081)	(2,337,182)
Administrative expense	(94,113)	(82,623)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>1,254,655</b>	<b>2,111,458</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>26,645,980</b>	<b>27,900,635</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 27,900,635</b>	<b>\$ 30,012,093</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 48,933,818</b>	<b>\$ 43,847,046</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>36.31%</b>	<b>40.63%</b>
<b>Covered Payroll</b>	<b>\$ 9,501,282</b>	<b>\$ 11,653,307</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>515.02%</b>	<b>376.26%</b>

See accompanying notes to the required supplementary information.

**CITY OF CONROE, TEXAS***REQUIRED SUPPLEMENTARY INFORMATION**SCHEDULE OF CONTRIBUTIONS**CONROE FIRE FIGHTERS' RELIEF AND RETIREMENT FUND**LAST SIX FISCAL YEARS\**

<b>Year Ending September 30</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in relation to the actuarially determined contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Covered payroll</b>	<b>Contributions as a % of covered payroll</b>
2015	\$ 1,102,093	\$ 1,102,093	\$ -	\$ 7,347,278	15.0%
2016	1,260,195	1,260,195	-	8,401,284	15.0%
2017	1,248,980	1,248,980	-	8,326,520	15.0%
2018	1,315,771	1,315,771	-	8,771,792	15.0%
2019	1,425,193	1,425,193	-	9,501,282	15.0%
2020	1,747,998	1,747,998	-	11,653,307	15.0%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying notes to the required supplementary information.

## CITY OF CONROE, TEXAS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

#### OPEB AND PENSIONS

SEPTEMBER 30, 2020

#### A. OPEB

**Valuation date:** December 31, 2018

**Methods and assumptions used to determine contribution rates:**

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level percentage of pay
Amortization Period	25 years, as of beginning of FYE2020
Asset Valuation Method	Market Value
Investment Rate of Return	6.50%, net of investment expenses, including inflation
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Payroll Growth	1.50%
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS) and the assumptions used in Conroe Fire Fighters' Relief & Retirement Fund actuarial valuation as of December 31, 2017 (CFFR&RF).
Mortality	TMRS: For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.  CFFR&RF: For active employees and healthy retirees the RP-2014 Blue Collar Mortality Tables adjusted backward to 2006 with Scale MP-2014 and projected forward with Scale MP-2016. For disabled retirees the RP-2014 Disabled Mortality tables adjusted backward to 2006 with Scale MP-2014 and projected with Scale MP-2016.
Participation Rates	For employees retiring at age 50 or older, it was assumed that 95% of those who are eligible for the rule of 80 and 15% of those who are not eligible for the rule of 80 would choose to receive coverage through the City. No employees retiring before the age of 50 were assumed to elect coverage through the City.
Healthcare Cost Trend Rates	Initial rates of 7.20% declining to ultimate rates of 4.25% after 15 years.
Notes:	The demographic assumptions were updated to reflect the 2019 TMRS Experience Study and the health care trend rates were updated to reflect the repeal of the excise tax on high-cost employer health plans.

## CITY OF CONROE, TEXAS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

#### OPEB AND PENSIONS

SEPTEMBER 30, 2020

#### B. Pensions

##### **TMRS:**

##### **Valuation date:**

Notes 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	26 years
Asset Valuation Method	10-year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

##### **Other Information:**

Notes There were no benefit changes during the year.

# CITY OF CONROE, TEXAS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

### OPEB AND PENSIONS

SEPTEMBER 30, 2020

#### Conroe Fire Fighters' Relief and Retirement Fund:

**Valuation date:** December 31, 2019, the total pension liability was rolled forward to fiscal year end September 30, 2020.

**Methods and assumptions used to determine contribution rates:**

Actuarial Cost Method	Entry Age Normal														
Amortization Method	Open period, level percentage of pay														
Asset Valuation Method	The fair value of assets plus 20% of the unrecognized gains and losses from each of the past four years. The resulting value is further limited to be no less than 90% and no greater than 110% of the fair value of assets.														
Investment Rate of Return	7.50% per annum (net of expenses)														
Salary Scale	The salary increase is based on years of service according to the following: <table><tr><th><u>Years of Service</u></th><th><u>Salary Increase</u></th></tr><tr><td>0-4</td><td>8.50%</td></tr><tr><td>5-9</td><td>7.50%</td></tr><tr><td>10-14</td><td>5.50%</td></tr><tr><td>15-19</td><td>4.50%</td></tr><tr><td>20-24</td><td>4.50%</td></tr><tr><td>25+</td><td>3.50%</td></tr></table>	<u>Years of Service</u>	<u>Salary Increase</u>	0-4	8.50%	5-9	7.50%	10-14	5.50%	15-19	4.50%	20-24	4.50%	25+	3.50%
<u>Years of Service</u>	<u>Salary Increase</u>														
0-4	8.50%														
5-9	7.50%														
10-14	5.50%														
15-19	4.50%														
20-24	4.50%														
25+	3.50%														
General Inflation Rate	2.50% per annum														
Interest on Employee Contributions	2.50% per annum														
Contribution Rates	Rates in effect are assumed to remain constant for future years														
Mortality Rates	PubS-2010 Employee and Healthy Annuitant Mortality tables projected generationally with Scale MP-2019. For post-retirement spouse mortality, Pub-S2010 Healthy Annuitant (opposite gender) mortality projected generationally with Scale MP-2019.														
Termination Rates	0% to 6%														

# **Combined Statements & Budgetary Comparison Schedules**



**CITY OF CONROE, TEXAS**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,383,420	\$ 3,014,256	\$ 4,397,676
Investments	3,249,435	21,915,174	25,164,609
Receivables (Net of Allowances for Uncollectibles):			
Accounts	541,838	-	541,838
Other	127,067	-	127,067
Due from Other Funds	-	100,197	100,197
Receivable from Component Unit	-	324,800	324,800
<b>TOTAL ASSETS</b>	<b>\$ 5,301,760</b>	<b>\$ 25,354,427</b>	<b>\$ 30,656,187</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 1,366,512	\$ 1,906,570	\$ 3,273,082
Other Payables	15,555	-	15,555
Retainage Payable	-	209,132	209,132
Due to Other Funds	2,076,176	799,662	2,875,838
Due to Other Governments	64,971	-	64,971
Customer Deposits	13,021	-	13,021
<b>TOTAL LIABILITIES</b>	<b>3,536,235</b>	<b>2,915,364</b>	<b>6,451,599</b>
<b>FUND BALANCES</b>			
Restricted for:			
Capital Project Funds	-	18,166,214	18,166,214
Special Revenue Funds	4,153,844	-	4,153,844
Committed for:			
TIRZ #3-Property Tax Receipts	-	4,405,637	4,405,637
Conroe MMD#1 Agreement	-	1,078,348	1,078,348
Woodlands Township Reg. Participation	367,258	-	367,258
Firearms Training Facility	60,374	-	60,374
Unassigned	(2,815,951)	(1,211,136)	(4,027,087)
<b>TOTAL FUND BALANCES</b>	<b>1,765,525</b>	<b>22,439,063</b>	<b>24,204,588</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,301,760</b>	<b>\$ 25,354,427</b>	<b>\$ 30,656,187</b>



# CITY OF CONROE, TEXAS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 1,659,596	\$ -	\$ 1,659,596
Lease Income	274,222	-	274,222
Fines and Forfeitures	83,617	-	83,617
Intergovernmental	3,446,330	7,288,958	10,735,288
Investment Income	34,227	185,179	219,406
Penalties and Interest	410	-	410
Miscellaneous Revenue	306,726	-	306,726
<b>TOTAL REVENUES</b>	<b>5,805,128</b>	<b>7,474,137</b>	<b>13,279,265</b>
<b>EXPENDITURES</b>			
Current:			
General Government			
Municipal Court	1,483	-	1,483
Building Operations	1,127,912	16,202	1,144,114
Transportation	1,253,302	-	1,253,302
Culture-Recreation	1,607,172	-	1,607,172
Non-Departmental	18,885	-	18,885
Public Safety - Police	100,624	-	100,624
Community Development	501,554	-	501,554
Parks			
Parks Operations	-	9,484	9,484
Debt Service:			
Principal Retirement	129,000	-	129,000
Interest and Fiscal Charges	23,369	-	23,369
Capital Outlay	3,862,462	19,866,682	23,729,144
<b>TOTAL EXPENDITURES</b>	<b>8,625,763</b>	<b>19,892,368</b>	<b>28,518,131</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(2,820,635)</b>	<b>(12,418,231)</b>	<b>(15,238,866)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds Issued	-	23,730,000	23,730,000
Premium on Bonds Issued	-	3,475,000	3,475,000
Insurance Proceeds	43,884	-	43,884
Transfers In	856,309	3,616,094	4,472,403
Transfers Out	(359,064)	(4,309,556)	(4,668,620)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>541,129</b>	<b>26,511,538</b>	<b>27,052,667</b>
<b>Net Change in Fund Balances</b>	<b>(2,279,506)</b>	<b>14,093,307</b>	<b>11,813,801</b>
Fund Balances at Beginning of Year	4,045,031 (a)	8,345,756 (a)	12,390,787
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 1,765,525</b>	<b>\$ 22,439,063</b>	<b>\$ 24,204,588</b>

(a) Beginning Fund Balance was reduced by \$171,414 due to the implementation of GASB 84. The funds are reported as custodial funds with the implementation. Also, the Firearms Training Facility fund was reclassified from capital projects to special revenue funds resulting in a change of \$60,374 to beginning fund balance between these two fund types.

Special Revenue Funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**Hotel/Motel Occupancy Tax** – This fund was established per Texas Tax Code Chapter 352, to account for revenues primarily generated from hotel/motel occupancy tax and expenditures that serve the purpose of attracting visitors and promoting tourism.

**Community Development Block Grant Entitlement** – This fund is used to account for the revenues and expenditures of the Community Development Block Grant programs that are awarded by the U.S. Department of Housing and Urban Development.

**Facilities Management** – This fund accounts for rentals and expenditures related to the maintenance of the City's buildings.

**Woodlands Township Regional Participation** – This fund manages the activity of the agreement between The Woodlands Township and the City.

**Longmire Creek Estates PID** - This fund accounts for the revenues and expenditures of the Longmire Creek Estates Public Improvement District.

**Wedgewood Falls PID** - This fund accounts for the revenues and expenditures of the Wedgewood Falls Public Improvement District.

**Shadow Lakes PID** - This fund accounts for the revenues and expenditures of the Shadow Lakes Public Improvement District.

**Firearms Training Facility** – This fund accounts for monies from an agreement with the FBI to offset maintenance and operational costs of the City's firearms training facility.

**Municipal Court Technology Fund** – This fund was authorized under Texas Code of Criminal Procedure, Article 102.0172, for the purposes of financing the purchase of or to maintain technological enhancements for a municipal court or municipal court of record.

**Municipal Court Building Security Fund** – This fund was authorized under Texas Code of Criminal Procedure, Article 102.017 to account for fees collected and expended for purposes of defraying the costs of courthouse security.

**Local Truancy Prevention & Diversion** – This fund was authorized under Texas Code of Criminal Procedure, Article 133.125 and provides for a fee to be assessed to defendants convicted of fine-only misdemeanor offenses in a justice court, county court, or county court at law. The funds may only be used for the salary and benefits of a juvenile case manager.

**Municipal Court Efficiency Fee** – This fund was authorized under Texas Local Government Code, Section 133.103 and provides for a fee to be assessed and used for the efficiency of judicial administration.

**Municipal Court Truancy Prevention** – This fund was authorized under House Bill 2398 (84<sup>th</sup> Legislature) to account for the fines and expenditures related to a court appointed guardian ad litem to protect the interests of a child in truancy offense proceedings.

**Municipal Jury Fund** – This fund was authorized under Texas Local Government Code, Section 134.154 and provides for a fee to be used to fund juror reimbursements and otherwise finance jury services.

**Time Payment Reimbursement Fee** – This fund was authorized per Article 102.030 of the Code of Criminal Procedure and provides for a fee to be used for the purpose of improving the collection of outstanding court costs, fines, reimbursement fees, restitution, or improving the efficiency of administration of justice.

**Animal Shelter Reserve** – This fund was authorized under Texas Government Code, Chapter 791 and provides a reserve of funds to replace equipment necessary for the City's animal shelter.

**Conroe Local Government Corporation** – This blended component unit was created for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the City, including the design, construction, equipping, and operation of the Conroe Headquarters Hotel.

**Grants** – These funds were established to account for the transportation grant programs (section 5307, section 5310, CARES Act – COVID 19, HGAC transit commuter bus, and state funded) and disaster recovery grants (CDBG – GLO) applicable to the City.

**CITY OF CONROE, TEXAS****COMBINING BALANCE SHEET****NONMAJOR SPECIAL REVENUE FUNDS****SEPTEMBER 30, 2020**

	Hotel/Motel Occupancy Tax Fund	Community Development Block Grant Entitlement	Facilities Management	Woodlands Township Regional Participation
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 217,312	\$ -	\$ 36,902	\$ 165,349
Investments	3,047,526	-	-	201,909
Receivables (Net of Allowances for Uncollectibles):				
Accounts	174,147	-	567	-
Other	-	127,067	-	-
<b>TOTAL ASSETS</b>	<b>\$ 3,438,985</b>	<b>\$ 127,067</b>	<b>\$ 37,469</b>	<b>\$ 367,258</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 118,305	\$ 6,934	\$ 18,857	\$ -
Other Payables	9,964	-	5,591	-
Due to Other Funds	-	120,133	-	-
Due to Other Governments	64,971	-	-	-
Customer Deposits	-	-	13,021	-
<b>TOTAL LIABILITIES</b>	<b>193,240</b>	<b>127,067</b>	<b>37,469</b>	<b>-</b>
<b>FUND BALANCES</b>				
Restricted for:				
Special Revenue Funds	3,245,745	-	-	-
Committed for:				
Woodlands Township Reg. Participation	-	-	-	367,258
Firearms Training Facility	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>3,245,745</b>	<b>-</b>	<b>-</b>	<b>367,258</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,438,985</b>	<b>\$ 127,067</b>	<b>\$ 37,469</b>	<b>\$ 367,258</b>

Longmire Creek Estates PID	Wedgewood Falls PID	Shadow Lakes PID	Firearms Training Facility	Municipal Court Technology Fund	Municipal Court Building Security Fund	Local Truancy Prevention & Diversion
\$ 17,004	\$ 81,155	\$ 141,855	\$ 60,374	\$ 99,449	\$ 22	\$ 3
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 17,004</u>	<u>\$ 81,155</u>	<u>\$ 141,855</u>	<u>\$ 60,374</u>	<u>\$ 99,449</u>	<u>\$ 22</u>	<u>\$ 3</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
17,004	81,155	141,855	-	99,449	22	3
-	-	-	-	-	-	-
-	-	-	60,374	-	-	-
-	-	-	-	-	-	-
<u>17,004</u>	<u>81,155</u>	<u>141,855</u>	<u>60,374</u>	<u>99,449</u>	<u>22</u>	<u>3</u>
<u>\$ 17,004</u>	<u>\$ 81,155</u>	<u>\$ 141,855</u>	<u>\$ 60,374</u>	<u>\$ 99,449</u>	<u>\$ 22</u>	<u>\$ 3</u>

Continued

**CITY OF CONROE, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2020**

	Municipal Court Efficiency Fee	Municipal Court Truancy Prevention	Municipal Jury Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 200,292	\$ 35,635	\$ 208
Investments	-	-	-
Receivables (Net of Allowances for Uncollectibles):			
Accounts	-	-	-
Other	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 200,292</u>	<u>\$ 35,635</u>	<u>\$ 208</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ 1,178	\$ -
Other Payables	-	-	-
Due to Other Funds	-	-	-
Due to Other Governments	-	-	-
Customer Deposits	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>1,178</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted for:			
Special Revenue Funds	200,292	34,457	208
Committed for:			
Woodlands Township Reg. Participation	-	-	-
Firearms Training Facility	-	-	-
Unassigned	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>200,292</u>	<u>34,457</u>	<u>208</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 200,292</u>	<u>\$ 35,635</u>	<u>\$ 208</u>

Time Payment Reimbursement Fee	Animal Shelter Reserve	Conroe Local Government Corporation	FY14 Section 5307 Grant	FY16 Section 5307 Grant	FY17 Section 5307 Grant	FY18 Section 5307 Grant
\$ 3,921	\$ 323,939	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	14,569	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 3,921</u>	<u>\$ 338,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 8,775	\$ 960,105	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	1,855,846	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>8,775</u>	<u>2,815,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3,921	329,733	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(2,815,951)	-	-	-	-
<u>3,921</u>	<u>329,733</u>	<u>(2,815,951)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,921</u>	<u>\$ 338,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

**CITY OF CONROE, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2020**

	FY19 Section 5307 Grant	CARES Act Funding (COVID 19)	HGAC Transit Commuter Bus Service
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables (Net of Allowances for Uncollectibles):			
Accounts	-	34,462	118,553
Other	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 34,462</u>	<u>\$ 118,553</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ 34,462	\$ 37,236
Other Payables	-	-	-
Due to Other Funds	-	-	81,317
Due to Other Governments	-	-	-
Customer Deposits	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>34,462</u>	<u>118,553</u>
<b>FUND BALANCES</b>			
Restricted for:			
Special Revenue Funds	-	-	-
Committed for:			
Woodlands Township Reg. Participation	-	-	-
Firearms Training Facility	-	-	-
Unassigned	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 34,462</u>	<u>\$ 118,553</u>

CDBG- Disaster Recovery GLO Grant - 2016 Floods & Storms	CDBG- Disaster Recovery GLO Grant - Hurricane Harvey	H-GAC Federal Transit Administration Grant	FY15-16 Section 5339 Grant	FY15-16 Section 5310 Grant	State Public Transportation Grant	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,383,420
-	-	-	-	-	-	3,249,435
178,966	-	-	-	20,574	-	541,838
-	-	-	-	-	-	127,067
<u>\$ 178,966</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,574</u>	<u>\$ -</u>	<u>\$ 5,301,760</u>
\$ 160,086	\$ -	\$ -	\$ -	\$ 20,574	\$ -	\$ 1,366,512
-	-	-	-	-	-	15,555
18,880	-	-	-	-	-	2,076,176
-	-	-	-	-	-	64,971
-	-	-	-	-	-	13,021
<u>178,966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,574</u>	<u>-</u>	<u>3,536,235</u>
-	-	-	-	-	-	4,153,844
-	-	-	-	-	-	367,258
-	-	-	-	-	-	60,374
-	-	-	-	-	-	(2,815,951)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,765,525</u>
<u>\$ 178,966</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,574</u>	<u>\$ -</u>	<u>\$ 5,301,760</u>
<i>Concluded</i>						



# CITY OF CONROE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Hotel/Motel Occupancy Tax Fund	Community Development Block Grant Entitlement	Facilities Management	Woodlands Township Regional Participation
<b>REVENUES</b>				
Taxes	\$ 1,659,596	\$ -	\$ -	\$ -
Lease Income	-	-	274,222	-
Fines and Forfeitures	-	-	-	-
Intergovernmental	-	834,601	-	60,366
Investment Income	32,330	-	-	1,897
Penalties and Interest	-	-	-	-
Miscellaneous Revenue	-	-	-	-
<b>TOTAL REVENUES</b>	<u>1,691,926</u>	<u>834,601</u>	<u>274,222</u>	<u>62,263</u>
<b>EXPENDITURES</b>				
Current:				
General Government				
Municipal Court	-	-	-	-
Building Operations	-	-	1,127,912	-
Transportation	-	-	-	-
Culture-Recreation	1,607,172	-	-	-
Non-Departmental	-	-	-	-
Public Safety - Police	-	-	-	-
Community Development	-	429,404	-	-
Debt Service:				
Principal Retirement	-	129,000	-	-
Interest and Fiscal Charges	-	23,369	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,607,172</u>	<u>581,773</u>	<u>1,127,912</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>84,754</u>	<u>252,828</u>	<u>(853,690)</u>	<u>62,263</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Proceeds	-	-	-	-
Transfers In	-	-	856,309	-
Transfers Out	-	(122,856)	(2,619)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>(122,856)</u>	<u>853,690</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	84,754	129,972	-	62,263
Fund Balances at Beginning of Year	3,160,991	(129,972)	-	304,995
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 3,245,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 367,258</u>

Longmire Creek Estates PID	Wedgewood Falls PID	Shadow Lakes PID	Firearms Training Facility	Municipal Court Technology Fund	Municipal Court Building Security Fund	Local Truancy Prevention & Diversion
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	22,542	20,861	24,541
-	-	-	-	-	-	-
-	-	-	-	-	-	-
205	205	-	-	-	-	-
66,123	163,203	77,400	-	-	-	-
66,328	163,408	77,400	-	22,542	20,861	24,541
-	-	-	-	-	50	255
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,510	9,280	5,095	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,510	9,280	5,095	-	-	50	255
61,818	154,128	72,305	-	22,542	20,811	24,286
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(56,709)	(114,580)	-	-	-	(34,400)	(27,900)
(56,709)	(114,580)	-	-	-	(34,400)	(27,900)
5,109	39,548	72,305	-	22,542	(13,589)	(3,614)
11,895	41,607	69,550	60,374	76,907	13,611	3,617
\$ 17,004	\$ 81,155	\$ 141,855	\$ 60,374	\$ 99,449	\$ 22	\$ 3

Continued

# CITY OF CONROE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Municipal Court Efficiency Fee	Municipal Court Truancy Prevention	Municipal Jury Fund	Time Payment Reimbursement Fee
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Lease Income	-	-	-	-
Fines and Forfeitures	4,763	6,781	208	3,921
Intergovernmental	-	-	-	-
Investment Income	-	-	-	-
Penalties and Interest	-	-	-	-
Miscellaneous Revenue	-	-	-	-
<b>TOTAL REVENUES</b>	<u>4,763</u>	<u>6,781</u>	<u>208</u>	<u>3,921</u>
<b>EXPENDITURES</b>				
Current:				
General Government				
Municipal Court	-	1,178	-	-
Building Operations	-	-	-	-
Transportation	-	-	-	-
Culture-Recreation	-	-	-	-
Non-Departmental	-	-	-	-
Public Safety - Police	-	-	-	-
Community Development	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>1,178</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>4,763</u>	<u>5,603</u>	<u>208</u>	<u>3,921</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Proceeds	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>4,763</u>	<u>5,603</u>	<u>208</u>	<u>3,921</u>
Fund Balances at Beginning of Year	195,529	28,854	-	-
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 200,292</u>	<u>\$ 34,457</u>	<u>\$ 208</u>	<u>\$ 3,921</u>



# CITY OF CONROE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	FY19 Section 5307 Grant	CARES Act Funding (COVID 19)	HGAC Transit Commuter Bus Service	CDBG- Disaster Recovery GLO Grant - 2016 Floods & Storms
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Lease Income	-	-	-	-
Fines and Forfeitures	-	-	-	-
Intergovernmental	226,525	214,321	439,331	962,049
Investment Income	-	-	-	-
Penalties and Interest	-	-	-	-
Miscellaneous Revenue	-	-	-	-
<b>TOTAL REVENUES</b>	<u>226,525</u>	<u>214,321</u>	<u>439,331</u>	<u>962,049</u>
<b>EXPENDITURES</b>				
Current:				
General Government				
Municipal Court	-	-	-	-
Building Operations	-	-	-	-
Transportation	226,525	214,321	439,331	-
Culture-Recreation	-	-	-	-
Non-Departmental	-	-	-	-
Public Safety - Police	-	-	-	-
Community Development	-	-	-	51,150
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Capital Outlay	-	-	-	910,899
<b>TOTAL EXPENDITURES</b>	<u>226,525</u>	<u>214,321</u>	<u>439,331</u>	<u>962,049</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Proceeds	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances at Beginning of Year, as restated	-	-	-	-
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(a) Beginning Fund Balance was reduced by \$171,414 due to the implementation of GASB 84. The funds are reported as custodial funds with the implementation. Also, the Firearms Training Facility fund was reclassified from capital projects funds to special revenue funds resulting in an addition of \$60,374 to beginning fund balance.

CDBG- Disaster Recovery GLO Grant - Hurricane Harvey	H-GAC Federal Transit Administration Grant	FY15-16 Section 5339 Grant	FY15-16 Section 5310 Grant	State Public Transportation Grant	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,659,596
-	-	-	-	-	274,222
-	-	-	-	-	83,617
21,000	135,612	72,572	74,091	86,284	3,446,330
-	-	-	-	-	34,227
-	-	-	-	-	410
-	-	-	-	-	306,726
<u>21,000</u>	<u>135,612</u>	<u>72,572</u>	<u>74,091</u>	<u>86,284</u>	<u>5,805,128</u>
-	-	-	-	-	1,483
-	-	-	-	-	1,127,912
-	-	72,572	74,091	86,284	1,253,302
-	-	-	-	-	1,607,172
-	-	-	-	-	18,885
-	-	-	-	-	100,624
21,000	-	-	-	-	501,554
-	-	-	-	-	129,000
-	-	-	-	-	23,369
-	135,612	-	-	-	3,862,462
<u>21,000</u>	<u>135,612</u>	<u>72,572</u>	<u>74,091</u>	<u>86,284</u>	<u>8,625,763</u>
-	-	-	-	-	(2,820,635)
-	-	-	-	-	43,884
-	-	-	-	-	856,309
-	-	-	-	-	(359,064)
-	-	-	-	-	541,129
-	-	-	-	-	(2,279,506)
-	-	-	-	-	4,045,031 (a)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,765,525</u>
<i>Concluded</i>					

# CITY OF CONROE, TEXAS

HOTEL/MOTEL OCCUPANCY TAX FUND

SPECIAL REVENUE FUND

BUDGET COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 1,179,287	\$ 1,179,287	\$ 1,659,596	\$ 480,309
Investment Income	58,694	58,694	32,330	(26,364)
<b>TOTAL REVENUES</b>	<u>1,237,981</u>	<u>1,237,981</u>	<u>1,691,926</u>	<u>453,945</u>
<b>EXPENDITURES</b>				
General Government				
Culture-Recreation	1,168,935	1,190,235	1,607,172	(416,937)
<b>TOTAL EXPENDITURES</b>	<u>1,168,935</u>	<u>1,190,235</u>	<u>1,607,172</u>	<u>(416,937)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>69,046</u>	<u>47,746</u>	<u>84,754</u>	<u>37,008</u>
Fund Balance at Beginning of Year	3,160,991	3,160,991	3,160,991	-
<b>FUND BALANCE AT END OF YEAR</b>	<u><u>\$ 3,230,037</u></u>	<u><u>\$ 3,208,737</u></u>	<u><u>\$ 3,245,745</u></u>	<u><u>\$ 37,008</u></u>

# CITY OF CONROE, TEXAS

## COMMUNITY DEVELOPMENT BLOCK GRANT ENTITLEMENT

### SPECIAL REVENUE FUND

#### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 614,280	\$ 821,856	\$ 834,601	\$ 12,745
<b>TOTAL REVENUES</b>	<u>614,280</u>	<u>821,856</u>	<u>834,601</u>	<u>12,745</u>
<b>EXPENDITURES</b>				
Current:				
General Government				
Community Development	352,475	545,711	429,404	116,307
Debt Service:				
Principal Retirement	123,000	123,000	129,000	(6,000)
Interest and Fiscal Charges	30,289	30,289	23,369	6,920
<b>TOTAL EXPENDITURES</b>	<u>505,764</u>	<u>699,000</u>	<u>581,773</u>	<u>117,227</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>108,516</u>	<u>122,856</u>	<u>252,828</u>	<u>129,972</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(108,500)	(122,856)	(122,856)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(108,500)</u>	<u>(122,856)</u>	<u>(122,856)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	16	-	129,972	129,972
Fund Balance at Beginning of Year	(129,972)	(129,972)	(129,972)	-
<b>FUND BALANCE AT END OF YEAR</b>	<u><u>\$ (129,956)</u></u>	<u><u>\$ (129,972)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 129,972</u></u>



**CITY OF CONROE, TEXAS**  
**FACILITIES MANAGEMENT**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Lease Income	\$ 313,522	\$ 313,522	\$ 274,222	\$ (39,300)
<b>TOTAL REVENUES</b>	<u>313,522</u>	<u>313,522</u>	<u>274,222</u>	<u>(39,300)</u>
<b>EXPENDITURES</b>				
Current:				
General Government				
Building Operations	1,156,193	1,156,193	1,127,912	28,281
Capital Outlay	10,000	10,000	-	10,000
<b>TOTAL EXPENDITURES</b>	<u>1,166,193</u>	<u>1,166,193</u>	<u>1,127,912</u>	<u>38,281</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(852,671)</u>	<u>(852,671)</u>	<u>(853,690)</u>	<u>(1,019)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	857,000	857,000	856,309	(691)
Transfers Out	(2,619)	(2,619)	(2,619)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>854,381</u>	<u>854,381</u>	<u>853,690</u>	<u>(691)</u>
<b>Net Change in Fund Balance</b>	1,710	1,710	-	(1,710)
Fund Balance at Beginning of Year	-	-	-	-
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 1,710</u>	<u>\$ 1,710</u>	<u>\$ -</u>	<u>\$ (1,710)</u>

# CITY OF CONROE, TEXAS

## DEBT SERVICE FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 11,256,951	\$ 11,256,951	\$ 11,359,748	\$ 102,797
Investment Income	224,505	224,505	187,775	(36,730)
Net Change in Fair Value of Investments	-	-	37,366	37,366
Penalties and Interest	90,689	90,689	61,030	(29,659)
Miscellaneous Revenue	-	-	351,730	351,730
<b>TOTAL REVENUES</b>	<u>11,572,145</u>	<u>11,572,145</u>	<u>11,997,649</u>	<u>425,504</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	8,720,000	8,720,000	8,530,000	190,000
Interest and Fiscal Charges	8,009,176	8,009,176	7,684,690	324,486
Bond Issuance Costs	210,000	338,000	336,818	1,182
<b>TOTAL EXPENDITURES</b>	<u>16,939,176</u>	<u>17,067,176</u>	<u>16,551,508</u>	<u>515,668</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(5,367,031)</u>	<u>(5,495,031)</u>	<u>(4,553,859)</u>	<u>941,172</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding Bonds Issued	-	5,225,000	5,225,000	-
Premium on Bonds Issued	-	1,250,783	1,250,783	-
Payment to Escrow Agent	-	(6,030,000)	(6,030,000)	-
Transfers In	4,618,322	4,828,322	4,432,511	(395,811)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>4,618,322</u>	<u>5,274,105</u>	<u>4,878,294</u>	<u>(395,811)</u>
<b>Net Change in Fund Balance</b>	(748,709)	(220,926)	324,435	545,361
Fund Balance at Beginning of Year	11,292,098	11,292,098	11,292,098	-
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 10,543,389</u>	<u>\$ 11,071,172</u>	<u>\$ 11,616,533</u>	<u>\$ 545,361</u>



Capital Projects Funds are used to account for bond sale proceeds and other revenues which are used for the construction and acquisition of major capital projects of the City.

**Facilities CIP Fund** – This fund is used to account for the design, construction, and improvement of City buildings, facilities, and related infrastructure.

**Transportation Grants CIP Fund** – This fund is used to account for capital projects related to design, construction and improvement of transportation infrastructure funded primarily with grant proceeds.

**Drainage CIP Fund** – This fund is used to account for the design, construction, and improvement of City drainage infrastructure.

**Parks CIP Fund** – This fund is used to account for the design, construction, and improvement of City parks and recreation facilities and infrastructure.

**Streets CIP Fund** – This fund is used to account for the design, construction, improvement, and rehabilitation of streets and roads.

**Certificates of Obligation, Series 2019A** – This fund for the design, construction, improvement, and rehabilitation of City-wide streets and roadways, railroad crossing upgrades, sidewalks and pedestrian access facilities, park and recreation improvements, City-wide traffic signal repairs and upgrades, Conroe Police Department Training and Classroom Building and gun range, City-wide flood protection and drainage improvements, and a new community center building.

**Convention Center CIP Fund** – This fund is used to account for the design and construction of a Convention Center.

**Tax Increment Reinvestment Zone 3** – This fund was established in 2001 to generate money for street improvements in the zone to serve an expected surge in housing starts. All property tax revenues that are generated by increased values in the zone that are above the base value when the TIRZ was created will be deposited to this fund. The funds will be used to support the debt service payments on certificates of obligation issued for improvements in the TIRZ.

**Conroe MMD#1 Agreement** – This fund is used to account for a Reimbursement Agreement and an Economic Development Agreement both entered into in 2013 between the City and the developer of Grand Central Park, acting through the Conroe Municipal Management District No.1 (Conroe MMD#1). The reimbursement agreement calls for the City to reimburse Conroe MMD#1 for the improvement costs, not to exceed \$10,000,000 plus interest, for infrastructure costs necessary for development of the property. The economic development agreement calls for the City to reimburse Conroe MMD#1 for costs, not to exceed \$8,699,473 plus interest, necessary for development of the property.

**CITY OF CONROE, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**SEPTEMBER 30, 2020**

	Facilities CIP Fund	Transportation Grants CIP Fund	Drainage CIP Fund	Parks CIP Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 462,651	\$ 245,258	\$ 138,550	\$ 245,392
Investments	-	-	-	-
Due from Other Funds	-	81,317	18,880	-
Receivable from Component Unit	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 462,651</u>	<u>\$ 326,575</u>	<u>\$ 157,430</u>	<u>\$ 245,392</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 13,634	\$ -	\$ -	\$ -
Retainage Payable	-	-	-	-
Due to Other Funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>13,634</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted for:				
Capital Project Funds	449,017	326,575	157,430	245,392
Committed for:				
TIRZ #3-Property Tax Receipts	-	-	-	-
Conroe MMD#1 Agreement	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>449,017</u>	<u>326,575</u>	<u>157,430</u>	<u>245,392</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 462,651</u>	<u>\$ 326,575</u>	<u>\$ 157,430</u>	<u>\$ 245,392</u>

Streets CIP Fund	Certificates of Obligation, Series 2019A CIP Fund	Convention Center CIP Fund	Tax Incr Reinv. Zone 3	Conroe MMD #1 Agreement	Total Nonmajor Capital Projects Funds
\$ 123,939	\$ 35,900	\$ -	\$ 919,053	\$ 843,513	\$ 3,014,256
-	18,193,755	-	3,486,584	234,835	21,915,174
-	-	-	-	-	100,197
-	324,800	-	-	-	324,800
<u>\$ 123,939</u>	<u>\$ 18,554,455</u>	<u>\$ -</u>	<u>\$ 4,405,637</u>	<u>\$ 1,078,348</u>	<u>\$ 25,354,427</u>
\$ 40,634	\$ 1,440,828	\$ 411,474	\$ -	\$ -	\$ 1,906,570
-	209,132	-	-	-	209,132
-	-	799,662	-	-	799,662
<u>40,634</u>	<u>1,649,960</u>	<u>1,211,136</u>	<u>-</u>	<u>-</u>	<u>2,915,364</u>
83,305	16,904,495	-	-	-	18,166,214
-	-	-	4,405,637	-	4,405,637
-	-	-	-	1,078,348	1,078,348
-	-	(1,211,136)	-	-	(1,211,136)
<u>83,305</u>	<u>16,904,495</u>	<u>(1,211,136)</u>	<u>4,405,637</u>	<u>1,078,348</u>	<u>22,439,063</u>
<u>\$ 123,939</u>	<u>\$ 18,554,455</u>	<u>\$ -</u>	<u>\$ 4,405,637</u>	<u>\$ 1,078,348</u>	<u>\$ 25,354,427</u>

# CITY OF CONROE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Facilities CIP Fund	Transportation Grants CIP Fund	Drainage CIP Fund	Parks CIP Fund
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment Income	7,380	-	-	-
<b>TOTAL REVENUES</b>	<u>7,380</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General Government				
Building Operations	16,202	-	-	-
Parks				
Parks Operations	-	-	-	9,484
Capital Outlay	31,045	104,715	-	226,362
<b>TOTAL EXPENDITURES</b>	<u>47,247</u>	<u>104,715</u>	<u>-</u>	<u>235,846</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(39,867)</u>	<u>(104,715)</u>	<u>-</u>	<u>(235,846)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds Issued	-	-	-	-
Premium on Bonds Issued	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(206,360)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(206,360)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(246,227)	(104,715)	-	(235,846)
Fund Balances at Beginning of Year	695,244	431,290	157,430	481,238
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 449,017</u>	<u>\$ 326,575</u>	<u>\$ 157,430</u>	<u>\$ 245,392</u>

(a) The Firearms Training Facility fund was reclassified to special revenue funds resulting in a reduction of \$60,374 to beginning fund balance.

Streets CIP Fund	Certificates of Obligation, Series 2019A	Convention Center CIP Fund	Tax Incr Reinv. Zone 3	Conroe MMD #1 Agreement	Total Nonmajor Capital Projects Funds
\$ 201,011	\$ 2,694,695	\$ 2,648,579	\$ 1,744,673	\$ -	\$ 7,288,958
17,738	125,115	-	32,125	2,821	185,179
<u>218,749</u>	<u>2,819,810</u>	<u>2,648,579</u>	<u>1,776,798</u>	<u>2,821</u>	<u>7,474,137</u>
-	-	-	-	-	16,202
-	-	-	-	-	9,484
2,476,195	13,168,650	3,859,715	-	-	19,866,682
<u>2,476,195</u>	<u>13,168,650</u>	<u>3,859,715</u>	<u>-</u>	<u>-</u>	<u>19,892,368</u>
<u>(2,257,446)</u>	<u>(10,348,840)</u>	<u>(1,211,136)</u>	<u>1,776,798</u>	<u>2,821</u>	<u>(12,418,231)</u>
-	23,730,000	-	-	-	23,730,000
-	3,475,000	-	-	-	3,475,000
-	48,335	-	2,816,910	750,849	3,616,094
-	-	-	(3,860,108)	(243,088)	(4,309,556)
-	27,253,335	-	(1,043,198)	507,761	26,511,538
(2,257,446)	16,904,495	(1,211,136)	733,600	510,582	14,093,307
2,340,751	-	-	3,672,037	567,766	8,345,756 (a)
<u>\$ 83,305</u>	<u>\$ 16,904,495</u>	<u>\$ (1,211,136)</u>	<u>\$ 4,405,637</u>	<u>\$ 1,078,348</u>	<u>\$ 22,439,063</u>





Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

**Fleet Services** – This fund is used to account for the operations and maintenance of the City's vehicles and is financed through user charges.

**Self-Funded Insurance** – This fund is used to account for the group health insurance activities, including other health related benefits.

**CITY OF CONROE, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**SEPTEMBER 30, 2020**

	<u>Fleet Services</u>	<u>Self-Funded Insurance</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 313,475	\$ 802,564	\$ 1,116,039
Investments	51,008	3,783,287	3,834,295
Receivable (Net of Allowances for Uncollectibles):			
Accounts	28,062	-	28,062
Other	-	340,669	340,669
Inventories	88,830	-	88,830
Total Current Assets	<u>481,375</u>	<u>4,926,520</u>	<u>5,407,895</u>
Noncurrent Assets:			
Capital Assets (Net of Accumulated Depreciation)	207,623	-	207,623
Total Noncurrent Assets	<u>207,623</u>	<u>-</u>	<u>207,623</u>
<b>TOTAL ASSETS</b>	<u>688,998</u>	<u>4,926,520</u>	<u>5,615,518</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB Contributions After Measurement Date	34,803	-	34,803
OPEB Other	7,790	-	7,790
Pension Contributions After Measurement Date	82,788	-	82,788
Pension Other	12,722	-	12,722
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>138,103</u>	<u>-</u>	<u>138,103</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	88,719	1,902	90,621
Other Payables	29,379	2,637	32,016
Health Claims Liability	-	497,359	497,359
Compensated Absences	5,722	-	5,722
Total Current Liabilities	<u>123,820</u>	<u>501,898</u>	<u>625,718</u>
Noncurrent Liabilities, net of current portion			
Compensated Absences	123,138	-	123,138
Net OPEB Liability	284,260	-	284,260
Net Pension Liability	444,192	-	444,192
Total Noncurrent Liabilities	<u>851,590</u>	<u>-</u>	<u>851,590</u>
<b>TOTAL LIABILITIES</b>	<u>975,410</u>	<u>501,898</u>	<u>1,477,308</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB Other	85,456	-	85,456
Pension Other	95,839	-	95,839
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>181,295</u>	<u>-</u>	<u>181,295</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	207,623	-	207,623
Unrestricted	(537,227)	4,424,622	3,887,395
<b>TOTAL NET POSITION</b>	<u>\$ (329,604)</u>	<u>\$ 4,424,622</u>	<u>\$ 4,095,018</u>

# CITY OF CONROE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Fleet Services	Self-Funded Insurance	Total Internal Service Funds
<b>OPERATING REVENUES</b>			
Charges for Sales and Services	\$ 2,552,584	\$ 12,449,731	\$ 15,002,315
<b>TOTAL OPERATING REVENUES</b>	<u>2,552,584</u>	<u>12,449,731</u>	<u>15,002,315</u>
<b>OPERATING EXPENSES</b>			
Fleet Services	2,354,302	-	2,354,302
General Government	-	11,709,863	11,709,863
Depreciation	18,698	-	18,698
<b>TOTAL OPERATING EXPENSES</b>	<u>2,373,000</u>	<u>11,709,863</u>	<u>14,082,863</u>
<b>Operating Income (Loss)</b>	<u>179,584</u>	<u>739,868</u>	<u>919,452</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Income	1,002	33,112	34,114
Miscellaneous Revenue	34,443	-	34,443
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>35,445</u>	<u>33,112</u>	<u>68,557</u>
<b>Income (Loss) Before Transfers</b>	<u>215,029</u>	<u>772,980</u>	<u>988,009</u>
Transfer Out	(7,936)	-	(7,936)
<b>NET TRANSFERS</b>	<u>(7,936)</u>	<u>-</u>	<u>(7,936)</u>
<b>Change in Net Position</b>	207,093	772,980	980,073
Net Position at Beginning of Year	(536,697)	3,651,642	3,114,945
<b>NET POSITION AT END OF YEAR</b>	<u>\$ (329,604)</u>	<u>\$ 4,424,622</u>	<u>\$ 4,095,018</u>

**CITY OF CONROE, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Fleet Services Fund	Self-Funded Insurance	Total Internal Service Funds
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers	\$ 2,560,117	\$ 12,327,539	\$ 14,887,656
Payments to Employees	(926,134)	-	(926,134)
Payments to Vendors	(1,482,726)	(11,729,921)	(13,212,647)
Net Cash Provided by Operating Activities	<u>151,257</u>	<u>597,618</u>	<u>748,875</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Transfers To Other Funds	(7,936)	-	(7,936)
Net Cash Used for Non-Capital Financing Activities	<u>(7,936)</u>	<u>-</u>	<u>(7,936)</u>
<b>Cash Flows from Investing Activities:</b>			
Purchase of Investments	(63,538)	(783,112)	(846,650)
Sale and Maturities of Investments	48,998	-	48,998
Interest received	1,002	33,112	34,114
Net Cash Provided by (Used for) Investing Activities	<u>(13,538)</u>	<u>(750,000)</u>	<u>(763,538)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	129,783	(152,382)	(22,599)
Cash and Cash Equivalents at Beginning of Year	183,692	954,946	1,138,638
Cash and Cash Equivalents at End of Year	<u>\$ 313,475</u>	<u>\$ 802,564</u>	<u>\$ 1,116,039</u>
<b>Reconciliation of Operating Income to Net Cash</b>			
<b>Provided by Operating Activities:</b>			
Operating Income (Loss)	\$ 179,584	\$ 739,868	\$ 919,452
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	18,698	-	18,698
Changes in Assets and Liabilities:			
Decrease (Increase) in Receivables	7,533	(122,192)	(114,659)
Decrease (Increase) in Inventories	(27,351)	-	(27,351)
Increase (Decrease) in Payables	1,625	(20,058)	(18,433)
Increase (Decrease) in Compensated Absences	24,890	-	24,890
Increase (Decrease) in OPEB Liability (includes deferred amounts)	(31,843)	-	(31,843)
Increase (Decrease) in Net Pension Liability (includes deferred amounts)	(21,879)	-	(21,879)
Net Cash Provided by Operating Activities	<u>\$ 151,257</u>	<u>\$ 597,618</u>	<u>\$ 748,875</u>

**CITY OF CONROE, TEXAS, TEXAS**  
**BALANCE SHEET**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**SEPTEMBER 30, 2020**

	Conroe Industrial Development Corporation	Oscar Johnson, Jr Community Center	Total Component Units
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,465,209	\$ 73,117	\$ 2,538,326
Investments	56,902,395	-	56,902,395
Receivables (Net of Allowances for Uncollectibles):			
Interest	18,815	-	18,815
Other	904,390	-	904,390
Receivable from Primary Government	2,305,938	-	2,305,938
<b>TOTAL ASSETS</b>	<b>\$ 62,596,747</b>	<b>\$ 73,117</b>	<b>\$ 62,669,864</b>
<b>LIABILITIES</b>			
Accounts Payable	2,675,299	24,961	2,700,260
Other Payables	17,850	38,062	55,912
Payable to Primary Government	455,872	-	455,872
<b>TOTAL LIABILITIES</b>	<b>3,149,021</b>	<b>63,023</b>	<b>3,212,044</b>
<b>FUND BALANCES</b>			
Restricted for Debt Service	6,112,969	-	6,112,969
Restricted for Capital Projects	16,432,042	-	16,432,042
Assigned to: Land Sales	1,013,027	-	1,013,027
Unassigned	35,889,688	10,094	35,899,782
<b>TOTAL FUND BALANCES</b>	<b>59,447,726</b>	<b>10,094</b>	<b>59,457,820</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 62,596,747</b>	<b>\$ 73,117</b>	<b>\$ 62,669,864</b>
<b>Reconciliation from Fund Balance to Net Position:</b>			
Fund Balance	\$ 59,447,726	\$ 10,094	\$ 59,457,820
Land Held for Resale	37,797,583	-	37,797,583
Capital Assets, Net of Depreciation	-	883,493	883,493
Deferred Outflows of Resources	1,077,687	-	1,077,687
Accrued Interest Payable	(119,414)	-	(119,414)
Compensated Absences	(82,010)	(110,814)	(192,824)
Bonds Payable, net of Premiums	(74,090,625)	-	(74,090,625)
<b>Net Position</b>	<b>\$ 24,030,947</b>	<b>\$ 782,773</b>	<b>\$ 24,813,720</b>

# CITY OF CONROE, TEXAS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - DISCRETELY PRESENTED COMPONENT UNITS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Conroe Industrial Development Corporation	Oscar Johnson, Jr Community Center	Total Component Units
<b>REVENUES</b>			
Taxes	\$ 12,783,392	\$ -	\$ 12,783,392
Charges for Sales and Services	-	502,308	502,308
Intergovernmental	-	785,000	785,000
Investment Income	748,707	-	748,707
Net Change in Fair Value of Investments	59,282	-	59,282
Land Sales	10,469,404	-	10,469,404
Miscellaneous Revenue	1,000	13,736	14,736
<b>TOTAL REVENUES</b>	<b>24,061,785</b>	<b>1,301,044</b>	<b>25,362,829</b>
<b>EXPENDITURES</b>			
General Government	17,220,188	-	17,220,188
Parks and Recreation Administration	-	1,314,108	1,314,108
Debt Service:			
Principal Retirement	3,655,000	-	3,655,000
Interest and Fiscal Charges	2,884,975	-	2,884,975
Capital Outlay	6,789,833	5,406	6,795,239
<b>TOTAL EXPENDITURES</b>	<b>30,549,996</b>	<b>1,319,514</b>	<b>31,869,510</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(6,488,211)</b>	<b>(18,470)</b>	<b>(6,506,681)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds Issued	-	-	-
Premium on Bonds Issued	-	-	-
Transfers In	-	-	-
Transfers Out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(6,488,211)</b>	<b>(18,470)</b>	<b>(6,506,681)</b>
Fund Balances at Beginning of Year	65,935,937	28,564	65,964,501
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 59,447,726</b>	<b>\$ 10,094</b>	<b>\$ 59,457,820</b>
<b>Reconciliation from Changes in Fund Balance to Changes in Net Position:</b>			
Change in Fund Balances	\$ (6,488,211)	\$ (18,470)	\$ (6,506,681)
Capital Outlay Expenditures	-	92,230	92,230
Depreciation Expense	-	(74,975)	(74,975)
Sale of Land Held for Resale	(3,363,781)	-	(3,363,781)
Principal Payments	3,655,000	-	3,655,000
Accrued Interest on Bonds Payable	4,631	-	4,631
Amortization of Bond Premium	273,326	-	273,326
Amortization of Deferred Amount on Refundings	(109,881)	-	(109,881)
Compensated Absences	(82,010)	(110,814)	(192,824)
<b>Change in Net Position</b>	<b>\$ (6,110,926)</b>	<b>\$ (112,029)</b>	<b>\$ (6,222,955)</b>

# Statistical Section





# STATISTICAL SECTION

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

<b>Contents</b>	<b>Tables</b>
Financial Trends	1-6
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	7-14
<i>These schedules present information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	
Debt Capacity	15-19
<i>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.</i>	
Demographic and Economic Information	20-21
<i>These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	22-26
<i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</i>	

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

**CITY OF CONROE, TEXAS**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year		
	2011	2012	2013
Governmental Activities:			
Net Investment in Capital Assets	\$ 44,291,192	\$ 46,590,472	\$ 49,087,033
Restricted for:			
Severance Pay 2% Sinking Fund	-	-	-
Seized Assets	-	-	-
Red Light Cameras	-	-	-
State Cable Franchise 1% PEG Fee	-	-	-
Debt Service	6,293,542	7,028,107	8,342,744
Special Revenue Funds	-	-	-
Other Purposes	-	-	-
Unrestricted	30,316,480	33,221,815	42,229,165
Total Governmental Activities Net Position	<u>\$ 80,901,214</u>	<u>\$ 86,840,394</u>	<u>\$ 99,658,942</u>
Business-type Activities:			
Net Investment in Capital Assets	\$ 41,092,795	\$ 38,394,869	\$ 38,080,390
Restricted for:			
Debt Service	2,011,388	3,469,710	2,883,757
Unrestricted	6,574,281	10,849,396	14,536,011
Total Business-type Activities Net Position	<u>\$ 49,678,464</u>	<u>\$ 52,713,975</u>	<u>\$ 55,500,158</u>
Primary Government:			
Net Investment in Capital Assets	\$ 85,383,987	\$ 84,985,341	\$ 87,167,423
Restricted for:			
Severance Pay 2% Sinking Fund	-	-	-
Seized Assets	-	-	-
Red Light Cameras	-	-	-
State Cable Franchise 1% PEG Fee	-	-	-
Debt Service	8,304,930	10,497,817	11,226,501
Special Revenue Funds	-	-	-
Other Purposes	-	-	-
Unrestricted	36,890,761	44,071,211	56,765,176
Total Primary Government Net Position	<u>\$ 130,579,678</u>	<u>\$ 139,554,369</u>	<u>\$ 155,159,100</u>

*Effective 2015, GASB 68 was implemented and CIDC is a discrete component unit and is not included.*  
*Effective 2018, GASB 75 was implemented for OPEB.*

TABLE 1

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
\$ 54,366,984	\$ 53,413,374	\$ 97,563,851	\$ 96,191,181	\$ 103,697,091	\$ 105,543,177	\$ 128,071,934
-	-	-	-	24,599	25,886	28,455
-	-	-	-	1,025,255	1,647,201	2,163,747
-	-	-	-	353,663	303,683	303,683
-	-	-	-	449,544	560,187	609,785
10,623,507	12,178,899	11,401,030	11,386,141	10,589,482	10,837,081	11,052,026
-	-	-	-	3,557,935	3,981,048	4,153,844
-	3,290,940	4,032,707	-	-	-	-
46,836,093	(11,517,169)	(17,337,700)	(12,182,607)	(23,425,202)	(17,866,973)	(22,949,464)
<u>\$ 111,826,584</u>	<u>\$ 57,366,044</u>	<u>\$ 95,659,888</u>	<u>\$ 95,394,715</u>	<u>\$ 96,272,367</u>	<u>\$ 105,031,290</u>	<u>\$ 123,434,010</u>
\$ 38,527,503	\$ 43,883,640	\$ 66,592,348	\$ 60,403,915	\$ 62,490,423	\$ 66,615,544	\$ 74,805,045
4,169,587	5,455,067	5,455,067	5,779,189	5,000,982	5,119,774	4,506,405
15,274,317	12,468,751	3,414,929	13,757,251	16,037,500	12,945,174	17,618,295
<u>\$ 57,971,407</u>	<u>\$ 61,807,458</u>	<u>\$ 75,462,344</u>	<u>\$ 79,940,355</u>	<u>\$ 83,528,905</u>	<u>\$ 84,680,492</u>	<u>\$ 96,929,745</u>
\$ 92,894,487	\$ 97,297,014	\$ 164,156,199	\$ 156,595,096	\$ 166,187,514	\$ 172,158,721	\$ 202,876,979
-	-	-	-	24,599	25,886	28,455
-	-	-	-	1,025,255	1,647,201	2,163,747
-	-	-	-	353,663	303,683	303,683
-	-	-	-	449,544	560,187	609,785
14,793,094	17,633,966	16,856,097	17,165,330	15,590,464	15,956,855	15,558,431
-	-	-	-	3,557,935	3,981,048	4,153,844
-	3,290,940	4,032,707	-	-	-	-
62,110,410	951,582	(13,922,771)	1,574,644	(7,387,702)	(4,921,799)	(5,331,169)
<u>\$ 169,797,991</u>	<u>\$ 119,173,502</u>	<u>\$ 171,122,232</u>	<u>\$ 175,335,070</u>	<u>\$ 179,801,272</u>	<u>\$ 189,711,782</u>	<u>\$ 220,363,755</u>

**CITY OF CONROE, TEXAS**  
**CHANGE IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*

**TABLE 2**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 16,197,260	\$ 20,069,578	\$ 10,710,512	\$ 11,396,885	\$ 15,956,134	\$ 18,032,626	\$ 16,691,463	\$ 16,320,758	\$ 19,049,426	\$ 19,180,987
Finance	1,366,931	2,025,523	1,384,161	1,555,692	1,654,077	2,092,724	2,154,266	2,123,585	2,081,717	2,619,660
Public Safety	24,932,831	25,729,415	26,579,331	31,524,935	36,628,246	38,529,641	41,127,109	39,533,724	43,724,780	48,497,670
Community Development	-	-	-	-	-	-	2,035,327	2,143,044	2,879,575	245,320
Parks	6,309,608	5,531,230	5,872,870	6,989,269	7,227,345	8,248,715	8,353,387	8,374,548	8,973,409	7,940,701
Public Works	7,462,982	7,202,936	8,408,438	9,658,450	10,252,452	14,263,646	13,578,466	11,674,468	19,615,191	21,907,217
Debt Service:										
Interest and Fiscal Charges	4,908,920	5,649,013	5,928,039	5,749,864	5,079,185	4,603,547	4,953,104	4,938,891	6,694,721	6,793,511
Total Governmental Activities Expenses	61,178,532	66,207,695	58,883,351	66,875,095	76,797,439	85,770,899	88,893,122	85,109,018	103,018,819	107,185,066
Business-Type Activities:										
Water and Sewer	17,552,228	18,470,310	21,378,030	25,440,644	29,304,349	30,902,787	32,915,139	41,500,428	44,861,241	44,203,584
Fleet Services	1,108,717	1,252,899	1,301,942	1,237,286	1,596,959	1,690,402	-	-	-	-
Total Business-type Activities Expenses	18,660,945	19,723,209	22,679,972	26,677,930	30,901,308	32,593,189	32,915,139	41,500,428	44,861,241	44,203,584
Total Primary Government Expenses	\$ 79,839,477	\$ 85,930,904	\$ 81,563,323	\$ 93,553,025	\$ 107,698,747	\$ 118,364,088	\$ 121,808,261	\$ 126,609,446	\$ 147,880,060	\$ 151,388,650
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 7,577,554	\$ 8,199,459	\$ 1,982,113	\$ 2,500,520	\$ 3,588,771	\$ 2,774,101	\$ 3,637,237	\$ 3,863,812	\$ 4,747,666	\$ 5,416,422
Public Safety	4,350,954	3,725,515	3,489,063	3,835,258	2,746,233	2,030,468	1,781,480	1,614,644	1,586,992	1,217,694
Parks	1,084,825	1,157,025	1,194,628	1,246,186	1,279,923	1,214,957	1,161,772	1,263,210	1,332,262	847,727
Public Works	722,668	718,931	742,027	696,136	1,256,432	875,737	1,117,197	1,231,274	1,167,360	1,204,131
Operating Grants & Contributions:										
General Government	1,247,405	1,698,203	1,758,848	2,240,844	1,860,483	2,452,942	2,486,525	2,439,828	3,555,202	3,227,171
Public Safety	62,070	353,102	494,595	594,235	595,556	826,864	1,053,099	1,025,017	1,592,588	1,800,850
Community Development	-	-	-	-	-	-	611,708	487,903	525,906	1,737,678
Public Works	-	-	104,520	426,960	2,601,443	894,808	-	22,875	45,750	22,875
Capital Grants & Contributions										
General Government	-	-	-	-	-	-	12,377	650,827	-	2,676,197
Parks	-	-	-	-	-	-	-	-	3,205,577	5,656,352
Public Works	-	-	-	-	-	155,748	-	618,705	5,774,460	6,096,543
Total Governmental Activities Program Revenues	15,045,476	15,852,235	9,765,794	11,540,139	13,928,841	11,225,625	11,861,395	13,218,095	23,533,763	29,903,640
Business-type Activities:										
Charges for Services:										
Water and Sewer	21,660,846	20,963,406	24,239,291	26,350,214	30,034,855	33,379,807	35,025,871	39,098,028	40,859,420	48,037,994
Service Center	1,156,833	1,211,046	1,297,701	1,359,544	1,852,780	1,952,342	-	-	-	-
Operating Grants & Contributions:										
Water and Sewer	-	-	-	-	-	-	697,566	700,568	989,529	1,258,066
Capital Grants & Contributions										
Water and Sewer	-	-	-	-	-	130,785	2,005,738	28,800	80,000	4,005,506
Total Business-type Activities Program Revenues	22,817,679	22,174,452	25,536,992	27,709,758	31,887,635	35,462,934	37,729,175	39,827,396	41,928,949	53,301,566
Total Primary Government Program Revenues	\$ 37,863,155	\$ 38,026,687	\$ 35,302,786	\$ 39,249,897	\$ 45,816,476	\$ 46,688,559	\$ 49,590,570	\$ 53,045,491	\$ 65,462,712	\$ 83,205,206

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Net (Expense) Revenues</b>										
Governmental Activities	\$ (46,133,056)	\$ (50,355,460)	\$ (49,117,557)	\$ (55,334,956)	\$ (62,868,598)	\$ (74,545,274)	\$ (77,031,727)	\$ (71,890,923)	\$ (79,485,056)	\$ (77,281,426)
Business-type Activities	4,156,734	2,451,243	2,857,020	1,031,828	986,327	2,869,745	4,814,036	(1,673,032)	(2,932,292)	9,097,982
Total Net Expense	<u>\$ (41,976,322)</u>	<u>\$ (47,904,217)</u>	<u>\$ (46,260,537)</u>	<u>\$ (54,303,128)</u>	<u>\$ (61,882,271)</u>	<u>\$ (71,675,529)</u>	<u>\$ (72,217,691)</u>	<u>\$ (73,563,955)</u>	<u>\$ (82,417,348)</u>	<u>\$ (68,183,444)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes	\$ 14,512,982	\$ 15,551,084	\$ 16,887,252	\$ 18,258,675	\$ 20,045,759	\$ 26,473,354	\$ 30,262,334	\$ 31,657,147	\$ 34,613,130	\$ 39,862,977
In Lieu of Taxes	489,904	570,277	587,634	682,113	592,302	682,266	776,838	803,625	883,162	903,574
Gross Receipts Tax	4,715,542	4,837,834	5,275,521	5,498,112	5,794,059	6,205,833	6,323,185	6,786,464	7,068,208	7,084,662
Sales and Other Taxes	30,033,856	31,967,819	36,640,659	40,261,541	32,013,059	31,280,147	32,151,158	36,720,480	36,091,913	38,350,177
Hotel Occupancy Taxes	591,940	801,963	926,572	1,103,093	1,237,267	1,220,471	1,163,561	1,365,057	1,339,915	1,659,596
Mixed Beverage Taxes	168,103	141,111	149,146	219,547	272,002	298,859	288,852	331,830	317,139	267,394
Miscellaneous	839,882	1,044,394	305,564	413,617	1,807,243	3,446,410	2,870,562	3,640,230	3,923,011	4,724,025
Donations	193,335	173,978	397,521	110,556	167,455	47,035	51,750	94,740	83,063	96,161
Grants and Contributions Not										
Restricted to Specific Programs	872,055	870,190	984,394	1,050,519	1,145,225	1,019,223	1,611,619	1,571,800	1,777,610	1,805,039
Unrestricted Investment Earnings	176,010	160,852	122,179	135,095	132,911	291,145	517,778	903,985	2,293,186	1,292,814
Net Change in Fair Value of Investments	38,218	14,930	(221,800)	(126,115)	18,778	6,761	(119,860)	(121,586)	169,282	108,275
Transfers	1,300,059	160,208	1,108,072	(104,155)	(1,002,698)	(380,889)	240,845	(567,690)	(315,640)	(299,134)
Total Governmental Activities	<u>53,931,886</u>	<u>56,294,640</u>	<u>63,162,714</u>	<u>67,502,598</u>	<u>62,223,362</u>	<u>70,590,615</u>	<u>76,138,622</u>	<u>83,186,082</u>	<u>88,243,979</u>	<u>95,855,560</u>
Business-type Activities:										
Miscellaneous	120,155	126,429	356,157	305,613	563,412	306,949	338,943	6,723,274	782,856	1,479,705
Donations	105	1,000	500	-	-	-	-	-	158,625	-
Grants and Contributions Not										
Restricted to Specific Programs	48,160	576,728	1,500,000	1,030,521	6,612,682	5,004,392	-	-	-	-
Unrestricted Investment Earnings	36,412	41,335	32,490	36,200	28,576	109,148	200,594	617,904	2,746,863	1,357,333
Net Change in Fair Value of Investments	52,831	(1,016)	(36,457)	(37,068)	(695)	(1,967)	(6,785)	(30,651)	79,895	15,099
Transfers	(1,300,059)	(160,208)	(1,108,072)	104,155	1,002,698	380,889	(240,845)	567,690	315,640	299,134
Total Business-type Activities	<u>(1,042,396)</u>	<u>584,268</u>	<u>744,618</u>	<u>1,439,421</u>	<u>8,206,673</u>	<u>5,799,411</u>	<u>291,907</u>	<u>7,878,217</u>	<u>4,083,879</u>	<u>3,151,271</u>
Total Primary Government	<u>\$ 52,889,490</u>	<u>\$ 56,878,908</u>	<u>\$ 63,907,332</u>	<u>\$ 68,942,019</u>	<u>\$ 70,430,035</u>	<u>\$ 76,390,026</u>	<u>\$ 76,430,529</u>	<u>\$ 91,064,299</u>	<u>\$ 92,327,858</u>	<u>\$ 99,006,831</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 7,798,830	\$ 5,939,180	\$ 14,045,157	\$ 12,167,642	\$ (645,236)	\$ (3,954,659)	\$ (893,105)	\$ 11,295,159	\$ 8,758,923	\$ 18,574,134
Business-type Activities	3,114,338	3,035,511	3,601,638	2,471,249	9,193,000	8,669,156	5,105,943	6,205,185	1,151,587	12,249,253
Total Primary Government	<u>\$ 10,913,168</u>	<u>\$ 8,974,691</u>	<u>\$ 17,646,795</u>	<u>\$ 14,638,891</u>	<u>\$ 8,547,764</u>	<u>\$ 4,714,497</u>	<u>\$ 4,212,838</u>	<u>\$ 17,500,344</u>	<u>\$ 9,910,510</u>	<u>\$ 30,823,387</u>

Effective 2015, CIDC is a discrete component unit and is not included.

Effective 2017, Fleet Services are recognized as Governmental Activities.

**CITY OF CONROE, TEXAS**  
**PROGRAM REVENUES BY FUNCTIONS/PROGRAMS**  
**LAST TEN FISCAL YEARS**

	Fiscal Year		
	2011	2012	2013
<b>Functions/Programs</b>			
Governmental Activities:			
Charges for Services			
General Government	\$ 7,577,554	\$ 8,199,459	\$ 1,982,113
Public Safety	4,350,954	3,725,515	3,489,063
Parks	1,084,825	1,157,025	1,194,628
Public Works	722,668	718,931	742,027
Operating Grants & Contributions			
General Government	1,247,405	1,698,203	1,758,848
Public Safety	62,070	353,102	494,595
Community Development	-	-	-
Public Works	-	-	104,520
Capital Grants & Contributions			
General Government	-	-	-
Parks	-	-	-
Public Works	-	-	-
Total Governmental Activities	<u>15,045,476</u>	<u>15,852,235</u>	<u>9,765,794</u>
Business-type Activities:			
Charges for Services			
Water and Sewer	21,660,846	20,963,406	24,239,291
Fleet Services	1,156,833	1,211,046	1,297,701
Operating Grants & Contributions			
Water and Sewer	-	-	-
Capital Grants & Contributions			
Water and Sewer	-	-	-
Total Business-type Activities	<u>22,817,679</u>	<u>22,174,452</u>	<u>25,536,992</u>
Total Primary Government	<u>\$ 37,863,155</u>	<u>\$ 38,026,687</u>	<u>\$ 35,302,786</u>

*Effective 2015, CIDC is a discrete component unit and is not included.*

*Effective 2017, Fleet Services are recognized as Governmental Activities.*

**TABLE 3**

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
\$ 2,500,520	\$ 3,588,771	\$ 2,774,101	\$ 3,637,237	\$ 3,863,812	\$ 4,747,666	\$ 5,416,422
3,835,258	2,746,233	2,030,468	1,781,480	1,614,644	1,586,992	1,217,694
1,246,186	1,279,923	1,214,957	1,161,772	1,263,210	1,332,262	847,727
696,136	1,256,432	875,737	1,117,197	1,231,274	1,167,360	1,204,131
2,240,844	1,860,483	2,452,942	2,486,525	2,439,828	3,555,202	3,227,171
594,235	595,556	826,864	1,053,099	1,025,017	1,592,588	1,800,850
-	-	-	611,708	487,903	525,906	1,737,678
426,960	2,601,443	894,808	-	22,875	45,750	22,875
-	-	-	12,377	650,827	-	2,676,197
-	-	-	-	-	3,205,577	5,656,352
-	-	155,748	-	618,705	5,774,460	6,096,543
11,540,139	13,928,841	11,225,625	11,861,395	13,218,095	23,533,763	29,903,640
26,350,214	30,034,855	33,379,807	35,025,871	39,098,028	40,859,420	48,037,994
1,359,544	1,852,780	1,952,342	-	-	-	-
-	-	-	697,566	700,568	989,529	1,258,066
-	-	130,785	2,005,738	28,800	80,000	4,005,506
27,709,758	31,887,635	35,462,934	37,729,175	39,827,396	41,928,949	53,301,566
<u>\$ 39,249,897</u>	<u>\$ 45,816,476</u>	<u>\$ 46,688,559</u>	<u>\$ 49,590,570</u>	<u>\$ 53,045,491</u>	<u>\$ 65,462,712</u>	<u>\$ 83,205,206</u>



**CITY OF CONROE, TEXAS**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year		
	2011	2012	2013
<b>General Fund</b>			
Nonspendable:			
Prepaid Items	\$ 120,070	\$ 116,910	\$ 113,750
Inventories	25,373	42,871	43,791
Restricted for:			
Court Efficiency Fund	-	204,460	151,170
Court Security Fund	-	188,541	105,605
Court Technology Fund	100,395	-	31,497
Juvenile Case Manager	-	-	-
Truancy Prevention Fund	-	-	-
Severance Pay 2% Sinking Fund	-	-	15,829
Seized Assets	236,503	394,828	184,389
Red Light Cameras	312,564	405,739	416,273
State Franchise 1% PEG Fee	11,905	54,311	93,998
Commercial Vehicle Enforcement Program	-	-	-
Assigned to:			
Tree Mitigation Revenue	-	-	15,353
Equipment Replacement	2,659,177	3,082,043	3,906,728
General Fund-Balance Appropriations	-	-	1,751,375
Self-Funded Insurance	-	-	-
Unassigned	19,911,074	23,483,574	24,887,074
<b>Total General Fund</b>	<b>\$ 23,377,061</b>	<b>\$ 27,973,277</b>	<b>\$ 31,716,832</b>
<b>All Other Governmental Funds</b>			
Restricted for:			
4B Sales Tax	\$ 5,718,604	\$ 6,444,898	\$ 8,591,820
Debt Service	6,441,765	10,451,194	12,260,043
Capital Project Funds	28,774,112	23,677,654	12,796,545
Special Revenue Funds	822,755	1,146,480	1,446,517
Committed for:			
CIDC-Land Sales	3,439,652	1,621,505	2,461,268
Police Projects-Settlement Proceeds	362,504	362,451	340,554
TIRZ #2-Property Tax Receipts	3	5	8
TIRZ #3-Property Tax Receipts	2,922,942	3,023,439	3,463,184
Conroe MMD#1 Agreement	-	-	-
Conroe Park N. Ind. Park-Infrastructure	2,516,382	-	-
Conroe Tower-Lease Income	385,084	466,711	385,950
Owen Theatre-Ticket Sales	97,514	100,739	98,386
Woodlands Township Reg. Participation	35,360	44,042	54,123
Firearms Training Facility	-	-	-
Assigned to:			
Parks Foundation-Donations	4,604	4,604	-
CIDC-Balance Appropriations	-	-	421,649
Unassigned	-	(4,872,753)	-
<b>Total All Other Governmental Funds</b>	<b>\$ 51,521,281</b>	<b>\$ 42,470,969</b>	<b>\$ 42,320,047</b>

Effective 2015, CIDC is a discrete component unit and is not included.

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, replaced the categories that previously had been used to classify fund balance. The City implemented GASB No. 54 for fiscal year 2011.

TABLE 4

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
\$ 110,590	\$ 107,430	\$ 104,270	\$ 117,691	\$ 123,967	\$ 121,801	\$ 134,066
42,208	19,681	31,622	39,984	38,540	60,627	33,606
152,115	161,308	158,386	-	-	-	-
30,333	-	-	-	-	-	-
-	-	-	-	-	-	-
72,160	57,906	60,548	-	-	-	-
2,433	3,392	6,844	-	-	-	-
20,266	19,927	19,376	24,980	24,599	25,886	28,455
311,048	413,679	612,575	904,793	1,025,255	1,647,201	2,163,747
519,200	526,237	526,237	353,663	353,663	303,683	303,683
79,778	142,926	285,076	313,914	449,544	560,187	609,785
16,032	-	-	-	-	-	-
31,353	45,838	75,507	296,658	376,807	323,514	499,454
4,977,087	4,418,234	4,031,972	3,107,409	6,347,680	8,177,733	5,154,889
4,352,573	575,163	629,322	1,017,905	1,711,579	4,192,505	5,113,380
1,600,000	1,600,000	1,872,000	-	-	-	-
20,500,016	20,477,898	20,237,960	23,458,420	26,795,709	26,160,875	29,974,625
<u>\$ 32,817,192</u>	<u>\$ 28,569,619</u>	<u>\$ 28,651,695</u>	<u>\$ 29,635,417</u>	<u>\$ 37,247,343</u>	<u>\$ 41,574,012</u>	<u>\$ 44,015,690</u>
\$ 4,471,517	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14,537,182	12,084,748	11,356,765	11,569,373	10,802,885	11,292,098	11,616,533
40,358,188	29,207,699	12,409,574	15,019,976	6,015,379	40,029,484	38,591,737
2,313,400	1,965,565	2,363,665	2,994,088	3,557,935	3,981,048	4,153,844
12,300,254	-	-	-	-	-	-
-	-	-	-	-	-	-
10	11	25	142	-	-	-
3,867,574	878,632	447,238	1,817,868	2,931,903	3,672,037	4,405,637
-	-	-	-	119,792	567,766	1,078,348
-	-	-	-	-	-	-
344,253	350,164	319,548	213,004	26,460	-	-
30,121	43,738	42,539	49,055	-	-	-
63,510	98,322	146,421	194,268	249,487	304,995	367,258
-	-	-	-	-	-	60,374
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(5,603,466)	(129,972)	(4,027,087)
<u>\$ 78,286,009</u>	<u>\$ 44,628,879</u>	<u>\$ 27,085,775</u>	<u>\$ 31,857,774</u>	<u>\$ 18,100,375</u>	<u>\$ 59,717,456</u>	<u>\$ 56,246,644</u>

# CITY OF CONROE, TEXAS

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2011	2012	2013
<b>Revenues</b>			
Taxes	\$ 50,327,235	\$ 53,584,786	\$ 60,358,883
Licenses and Permits	1,240,026	1,414,723	1,752,598
Charges for Sales and Services	1,833,902	1,909,626	1,979,380
Lease Income	332,526	339,640	331,029
Fines and Forfeitures	4,204,363	3,480,694	3,344,824
Intergovernmental	2,705,939	3,610,177	3,342,357
Investment Income	183,455	277,440	116,658
Gain (Loss) on Investments	33,809	(9,121)	(191,185)
Penalties and Interest	107,349	140,798	112,655
Sale of Assets	3,439,652	1,621,505	2,645,283
Miscellaneous	677,273	830,787	852,106
Total Revenues	<u>65,085,529</u>	<u>67,201,055</u>	<u>74,644,588</u>
<b>Expenditures</b>			
General Government	9,858,475	12,912,210	11,444,046
Finance	1,302,032	1,354,043	1,333,034
Public Safety	22,150,568	22,534,671	24,048,252
Community Development	-	-	-
Parks	4,724,826	4,124,585	4,238,271
Public Works	5,772,043	5,519,381	6,703,354
Debt Service:			
Principal Retirement	6,916,093	7,437,033	13,183,048
Interest and Fiscal Charges	4,889,929	5,751,981	5,887,124
Bond Issuance Costs	453,738	239,023	433,014
Capital Outlay	29,127,940	21,033,141	18,897,565
Total Expenditures	<u>85,195,644</u>	<u>80,906,068</u>	<u>86,167,708</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(20,110,115)	(13,705,013)	(11,523,120)
<b>Other Financing Sources (Uses)</b>			
Issuance of Bonds and COs	32,080,000	8,970,000	13,080,000
Refunding Bonds Issued	-	7,560,000	12,305,000
Premiums and (Discounts)	590,506	258,044	(11,377,320)
Payment to Refunded Bond Escrow Agent	-	(7,697,335)	13,761,078
Insurance Proceeds	-	-	-
Transfers In	7,848,088	7,289,803	(12,653,006)
Transfers Out	(6,548,029)	(7,129,595)	-
Total Other Financing Sources (Uses)	<u>33,970,565</u>	<u>9,250,917</u>	<u>15,115,752</u>
Net Change in Fund Balances	<u>\$ 13,860,450</u>	<u>\$ (4,454,096)</u>	<u>\$ 3,592,632</u>
Debt Service as a Percentage of Noncapital Expenditures	21.3%	21.1%	22.0%

Effective 2015, CIDC is a discrete component unit and is not included.

TABLE 5

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
\$ 65,879,766	\$ 59,891,274	\$ 65,987,138	\$ 70,396,808	\$ 77,316,094	\$ 80,241,614	\$ 88,014,455
2,260,525	3,336,634	2,498,341	3,236,949	3,194,609	4,131,413	4,829,641
1,966,939	2,573,767	2,149,135	2,328,436	2,537,383	2,592,866	2,163,320
357,568	365,578	370,173	396,898	657,513	591,585	566,459
3,693,068	2,595,380	1,877,614	1,735,403	1,583,435	1,518,416	1,126,554
4,312,558	6,202,707	5,349,585	5,775,328	6,816,955	15,959,093	23,114,592
130,335	130,154	289,731	514,299	892,769	2,292,075	1,258,700
(121,797)	18,538	7,578	(119,860)	(121,586)	169,282	108,275
106,932	129,761	208,097	453,641	200,293	228,837	201,642
4,777,829	-	-	-	-	-	-
627,045	2,116,637	3,820,410	3,245,271	3,668,120	1,959,195	1,243,980
83,990,768	77,360,430	82,557,802	87,963,173	96,745,585	109,684,376	122,627,618
13,396,364	14,835,320	17,279,501	15,176,318	15,774,476	17,776,698	18,383,740
1,421,763	1,540,445	1,880,428	1,979,328	2,045,039	2,067,817	2,457,933
26,836,475	31,447,082	31,980,626	32,763,616	35,827,508	37,694,272	41,458,123
-	-	-	2,426,261	2,244,684	2,513,556	1,719,417
4,905,220	5,039,267	5,351,321	5,204,310	5,908,595	6,700,873	5,835,494
7,369,859	8,032,281	10,220,162	8,823,990	9,408,362	9,176,138	11,659,974
7,194,144	5,300,320	8,766,586	9,029,940	8,507,387	7,849,930	8,728,574
5,530,863	4,662,641	4,691,019	4,796,391	5,114,397	6,764,207	7,713,664
345,651	520,406	162,484	270,944	85,350	445,337	336,818
14,557,532	27,735,071	31,299,653	20,545,856	18,366,313	21,908,009	53,166,496
81,557,871	99,112,833	111,631,780	101,016,954	103,282,111	112,896,837	151,460,233
2,432,897	(21,752,403)	(29,073,978)	(13,053,781)	(6,536,526)	(3,212,461)	(28,832,615)
31,100,000	8,795,000	11,275,000	20,110,000	-	42,870,000	23,730,000
-	33,370,000	-	-	6,845,000	-	5,225,000
3,637,580	2,843,082	718,839	1,855,211	944,976	5,428,236	4,725,783
-	(36,111,136)	-	-	(7,875,068)	-	(6,030,000)
-	-	-	-	363,722	1,166,057	615,310
8,258,452	17,073,716	3,970,565	7,088,953	7,058,730	8,208,431	9,299,393
(8,362,607)	(18,498,029)	(4,351,454)	(10,244,662)	(6,946,307)	(8,516,513)	(9,590,591)
34,633,425	7,472,633	11,612,950	18,809,502	391,053	49,156,211	27,974,895
\$ 37,066,322	\$ (14,279,770)	\$ (17,461,028)	\$ 5,755,721	\$ (6,145,473)	\$ 45,943,750	\$ (857,720)
28.3%	19.0%	14.0%	16.8%	17.2%	16.0%	16.7%

**CITY OF CONROE, TEXAS**  
**SPENDING AND GROWTH ANALYSIS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2011	2012	2013	2014
<b>Expenditures</b>				
General Government	\$ 9,858,475	\$ 12,912,210	\$ 11,444,046	\$ 13,396,364
Finance	1,302,032	1,354,043	1,333,034	1,421,763
Public Safety	22,150,568	22,534,671	24,048,252	26,836,475
Community Development	-	-	-	-
Parks	4,724,826	4,124,585	4,238,271	4,905,220
Public Works	5,772,043	5,519,381	6,703,354	7,369,859
Debt Service - principal	6,916,093	7,437,033	13,183,048	7,194,144
Debt Service - interest	4,889,929	5,751,981	5,887,124	5,530,863
Debt Service - bond issuance costs	453,738	239,023	433,014	345,651
Capital Outlay	29,127,940	21,033,141	18,897,565	14,557,532
<b>Total</b>	<b>\$ 85,195,644</b>	<b>\$ 80,906,068</b>	<b>\$ 86,167,708</b>	<b>\$ 81,557,871</b>

<b>Distribution of Spending</b>				
General Government	11.6%	16.0%	13.3%	16.4%
Finance	1.5%	1.7%	1.5%	1.7%
Public Safety	26.0%	27.9%	27.9%	32.9%
Community Development	0.0%	0.0%	0.0%	0.0%
Parks	5.5%	5.1%	4.9%	6.0%
Public Works	6.8%	6.8%	7.8%	9.0%
Debt Service - principal	8.1%	9.2%	15.3%	8.8%
Debt Service - interest	5.7%	7.1%	6.8%	6.8%
Debt Service - bond issuance costs	0.5%	0.3%	0.5%	0.4%
Capital Outlay	34.2%	26.0%	21.9%	17.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Per Capita Expenditures Adjusted for CPI**

Population	56,257	56,530	61,564	71,592
Per Capita	\$ 1,514	\$ 1,431	\$ 1,400	\$ 1,139
CPI Index (National)	227	231	234	238
Per Capita Spending Adjusted to 2011 Dollars	\$ 1,514	\$ 1,403	\$ 1,356	\$ 1,086

*The Compounded Average Growth Rate is a useful measure of growth that takes compounding into account over the time period.*  
*Per Capita Spending Adjusted to 2011 Dollars is a measure of spending that is adjusted for purchasing power taking inflation into account.*

TABLE 6

Fiscal Year						% CHG	Compounded Average Growth Rate
2015	2016	2017	2018	2019	2020		
\$ 14,835,320	\$ 17,279,501	\$ 15,176,318	\$ 15,774,476	\$ 17,776,698	\$ 18,383,740	86.5%	7.17%
1,540,445	1,880,428	1,979,328	2,045,039	2,067,817	2,457,933	88.8%	7.32%
31,447,082	31,980,626	32,763,616	35,827,508	37,694,272	41,458,123	87.2%	7.21%
-	-	2,426,261	2,244,684	2,513,556	1,719,417	-31.6%	-17.29%
5,039,267	5,351,321	5,204,310	5,908,595	6,700,873	5,835,494	23.5%	2.37%
8,032,281	10,220,162	8,823,990	9,408,362	9,176,138	11,659,974	102.0%	8.13%
5,300,320	8,766,586	9,029,940	8,507,387	7,849,930	8,728,574	26.2%	2.62%
4,662,641	4,691,019	4,796,391	5,114,397	6,764,207	7,713,664	57.7%	5.20%
520,406	162,484	270,944	85,350	445,337	336,818	-22.2%	-0.29%
27,735,071	31,299,653	20,545,856	18,366,313	21,908,009	53,166,496	82.5%	6.91%
<u>\$ 99,112,833</u>	<u>\$ 111,631,780</u>	<u>\$ 101,016,954</u>	<u>\$ 103,282,111</u>	<u>\$ 112,896,837</u>	<u>\$ 151,460,233</u>	<u>77.8%</u>	<u>6.60%</u>
15.0%	15.5%	15.0%	15.3%	15.7%	12.1%		
1.6%	1.7%	2.0%	2.0%	1.8%	1.6%		
31.7%	28.6%	32.4%	34.7%	33.4%	27.4%		
0.0%	0.0%	2.4%	2.2%	2.2%	1.1%		
5.1%	4.8%	5.2%	5.7%	5.9%	3.9%		
8.1%	9.2%	8.7%	9.1%	8.1%	7.7%		
5.3%	7.9%	8.9%	8.2%	7.0%	5.8%		
4.7%	4.2%	4.7%	5.0%	6.0%	5.1%		
0.5%	0.1%	0.3%	0.1%	0.4%	0.2%		
28.0%	28.0%	20.3%	17.8%	19.4%	35.1%		
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		
71,879	71,879	82,275	84,378	87,654	91,079		Compounded Growth Rate 5.50%
\$ 1,379	\$ 1,553	\$ 1,228	\$ 1,224	\$ 1,288	\$ 1,663		1.05%
238	241	245	250	255	258		1.44%
\$ 1,315	\$ 1,462	\$ 1,136	\$ 1,112	\$ 1,146	\$ 1,462		-0.39%

**CITY OF CONROE, TEXAS****TABLE 7**

**TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

Fiscal Year	Property	Sales & Use <sup>(1)</sup>	Hotel/Motel Occupancy	Franchise	Other	Total
2011	\$ 14,222,611	\$ 30,033,856	\$ 591,940	\$ 4,715,542	\$ 763,286	\$ 50,327,235
2012	14,951,252	31,967,819	801,963	4,837,834	1,025,918	53,584,786
2013	16,610,584	36,640,659	926,572	5,275,521	905,547	60,358,883
2014	17,950,171	40,261,541	1,103,093	5,498,112	1,066,849	65,879,766
2015	19,787,780	32,013,059	1,237,267	5,794,059	1,059,109	59,891,274
2016	26,080,220	31,323,407	1,220,471	6,205,833	1,157,207	65,987,138
2017	29,693,214	32,151,158	1,163,561	6,323,185	1,065,690	70,396,808
2018	31,308,638	36,720,480	1,365,057	6,786,464	1,135,455	77,316,094
2019	34,541,277	36,091,913	1,339,915	7,068,208	1,200,301	80,241,614
2020	39,749,052	38,350,177	1,659,596	7,082,937	1,172,693	88,014,455
Change 2011-2020	179%	28%	180%	50%	54%	75%

(1) Effective 2015, CIDC is a discrete component unit and is not included.

**CITY OF CONROE, TEXAS****TABLE 8****ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

Fiscal Year	Residential Property	Commercial Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2011	\$ 2,167,059,632	\$ 1,136,236,430	\$ 985,264,053	\$ 838,389,460	\$ 3,450,170,655	\$ 0.4200
2012	2,313,008,691	1,155,513,957	1,076,071,214	913,635,952	3,630,957,910	0.4200
2013	2,433,878,457	1,361,859,836	1,224,422,172	1,017,472,186	4,002,688,279	0.4200
2014	2,673,472,876	1,434,769,376	1,444,595,982	1,230,012,103	4,322,826,131	0.4200
2015	2,969,005,808	1,544,076,046	1,577,299,368	1,260,587,672	4,829,793,550	0.4200
2016	4,207,510,421	1,933,038,857	1,762,388,483	1,593,198,016	6,309,739,745	0.4200
2017	4,730,146,184	2,143,178,688	1,765,772,483	1,512,848,618	7,126,248,737	0.4175
2018	5,169,879,327	2,265,444,873	1,785,773,366	1,664,971,163	7,556,126,403	0.4175
2019	5,617,851,273	2,641,337,119	1,889,881,854	1,796,740,568	8,352,329,678	0.4175
2020	6,150,959,883	2,742,328,818	2,228,042,199	1,977,082,554	9,144,248,346	0.4375

Source: Montgomery Central Appraisal District

Note: Taxable property in the City is appraised at its market value each year by the Montgomery Central Appraisal District (MCAD).

Tax rates are per \$100 of assessed value.



**CITY OF CONROE, TEXAS**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**

Fiscal Year	City Direct Rates			Overlapping Rates						
	Operations & Maintenance	General Obligation Debt Service	Total Direct Rate	Montgomery County	Mont. Co. Hospital District	Lone Star College	Conroe ISD	Montgomery ISD	Willis ISD	Conroe MMD#1
2011	\$ 0.2500	\$ 0.1700	\$ 0.4200	\$ 0.4838	\$ 0.0754	\$ 0.1176	\$ 1.2950	\$ -	\$ 1.3700	\$ -
2012	0.2500	0.1700	0.4200	0.4838	0.0729	0.1198	1.2900	-	1.3900	-
2013	0.2500	0.1700	0.4200	0.4838	0.0727	0.1160	1.2850	1.3400	1.3900	-
2014	0.2500	0.1700	0.4200	0.4767	0.0725	0.1081	1.2800	1.3400	1.3900	-
2015	0.2500	0.1700	0.4200	0.4767	0.0710	0.1079	1.2800	1.3400	1.3900	-
2016	0.2750	0.1450	0.4200	0.4667	0.0665	0.1078	1.2800	1.3400	1.3900	-
2017	0.2925	0.1250	0.4175	0.4667	0.0665	0.1078	1.2800	1.3700	1.3900	-
2018	0.2925	0.1250	0.4175	0.4667	0.0664	0.1078	1.2800	1.3700	1.3900	-
2019	0.2925	0.1250	0.4175	0.4667	0.0599	0.1078	1.2800	1.3700	1.3900	0.9000
2020	0.3125	0.1250	0.4375	0.4475	0.5890	0.1078	1.2300	1.3075	1.2700	0.9000

Source: Montgomery County Tax Assessor/Collector

TABLE 9

Overlapping Rates										
Mont. Co. MUD #90	Mont. Co. MUD #92	Mont. Co. MUD #107	Conroe MUD #1	Mont. Co. MUD #132	Mont. Co. MUD #126	Mont. Co. MUD #128A	Mont. Co. MUD #138	Mont. Co. MUD #142	Mont. Co. Utility District #3	Mont. Co. Utility District #4
\$ 0.6000	\$ 0.6000	\$ 0.7000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0.6000	0.6000	0.7000	-	-	-	-	-	-	-	-
0.6000	0.6000	0.7000	-	-	-	-	-	-	-	-
0.6000	0.6000	0.7000	-	-	-	-	-	-	-	-
0.6000	0.6000	0.7000	-	-	-	-	-	-	-	-
0.6000	0.6000	0.7000	0.6000	0.7000	0.9000	-	0.8800	-	0.0900	0.0800
0.6000	0.6000	0.7000	0.6000	0.7000	0.9000	-	0.8800	1.0000	0.0900	0.0775
0.6000	0.6000	0.6900	0.6000	0.7000	0.9000	1.1000	0.8800	1.0000	0.0900	0.0775
0.6000	0.6000	0.6800	0.6000	0.7000	0.9000	1.1000	0.8800	1.0000	0.0900	0.0775
0.6000	0.6000	0.6500	0.6000	0.7000	0.9000	1.1000	0.8800	1.0000	0.0899	0.0875

**CITY OF CONROE, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

**TABLE 10**

Taxpayer	2020			2011		
	2019 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2010 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
McKesson Corporation	\$ 218,098,831	1	2.39%	\$ 50,318,529	2	1.46%
Ball Metal Container Corporation	106,904,274	2	1.17%	26,902,350	8	0.78%
The Geo Group	106,166,640	3	1.16%	-		
National Oilwell Varco DHT LP	104,480,242	4	1.14%			
Saxon Drilling	73,866,610	5	0.81%			
Schlumberger Technology Group	70,979,880	6	0.78%			
Conroe Hospital Corporation	64,362,420	7	0.70%	76,144,260	1	2.21%
Entergy Texas Inc.	54,348,140	8	0.59%	29,104,260	5	0.84%
I-45/Loop 336 Associates LLC	53,848,000	9	0.59%			
Wal-Mart Real Estate Bus. Trust	50,729,477	10	0.55%	44,375,028	3	1.29%
Crown Cork & Seal Company				29,112,030	4	0.84%
Consolidated Communications				28,992,020	6	0.84%
Conroe Marketplace S C LP				28,703,210	7	0.83%
MS Energy Service				22,687,070	9	0.66%
Siemens Water Technologies Corp				20,640,656	10	0.60%
	<u>\$ 903,784,514</u>		<u>9.88%</u>	<u>\$ 356,979,413</u>		<u>10.35%</u>

**Source:** Montgomery Central Appraisal District

**CITY OF CONROE, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

**TABLE 11**

Fiscal Year Ended Sept 30	Original Tax Levy for Fiscal Year	Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 14,452,462	\$ 14,518,031	\$ 14,288,180	98.42%	\$ 206,088	\$ 14,494,268	99.84%
2012	15,205,842	15,273,485	14,463,042	94.69%	783,181	15,246,223	99.82%
2013	16,858,196	16,806,944	16,610,584	98.83%	168,841	16,779,425	99.84%
2014	18,076,015	18,136,531	17,950,171	98.97%	160,831	18,111,002	99.86%
2015	20,245,827	19,981,925	19,787,780	99.03%	170,762	19,958,542	99.88%
2016	26,641,542	26,530,207	26,191,555	98.72%	275,851	26,467,406	99.76%
2017	29,778,208	29,384,676	29,014,410	98.74%	240,278	29,254,688	99.56%
2018	31,649,428	31,507,578	31,108,498	98.73%	274,692	31,383,190	99.61%
2019	34,964,999	34,626,010	34,359,051	99.23%	128,536	34,487,587	99.60%
2020	39,523,037	39,850,575	39,522,375	99.18%	-	39,522,375	99.18%

Source: Montgomery County Tax Assessor-Collector

Note: Total Tax Collections to date does not include penalty charges and interest.

**CITY OF CONROE, TEXAS**  
**TAXABLE SALES BY CATEGORY**  
**LAST TEN CALENDAR YEARS**  
**(IN THOUSANDS OF DOLLARS)**

	Calendar Year		
	2010	2011	2012
Agriculture			
Forestry & Fishing	\$ 4	\$ 6	\$ 54
Mining	11,915	6,053	25,385
Construction	27,992	23,958	33,488
Manufacturing	55,559	75,498	115,291
Transportation,			
Communication & Utilities	4,117	1,524	843
Wholesale Trade	56,385	72,428	93,319
Retail Trade	775,226	786,202	850,416
Information	23,282	29,425	31,573
Finance,			
Insurance & Real Estate	20,163	28,683	28,226
Services	193,343	201,872	218,972
Other	-	-	-
Total	<u>\$ 1,167,986</u>	<u>\$ 1,225,649</u>	<u>\$ 1,397,567</u>
City and CIDC Direct Sales Tax Rate	2.00%	2.00%	2.00%

Source: Texas Comptroller of Public Accounts

TABLE 12

Calendar Year						
2013	2014	2015	2016	2017	2018	2019
\$ 55	\$ 39	\$ 21	\$ 10	\$ 12	\$ 2	\$ 5
32,553	53,172	56,577	23,090	29,434	49,496	43,305
31,336	38,737	44,597	38,883	60,709	52,222	58,670
141,766	144,822	107,946	92,886	127,656	204,012	146,528
562	1,227	2,112	2,627	2,789	3,030	2,971
113,592	139,891	159,804	166,854	196,965	202,984	196,360
952,609	1,033,821	1,046,251	1,035,813	1,017,702	1,037,728	1,028,511
35,432	42,848	50,631	53,663	46,319	52,855	54,580
37,252	42,252	55,274	55,070	70,288	87,177	80,429
237,869	307,646	307,164	326,144	352,789	387,623	408,910
-	1	-	31	140	239	-
<u>\$ 1,583,026</u>	<u>\$ 1,804,456</u>	<u>\$ 1,830,377</u>	<u>\$ 1,795,071</u>	<u>\$ 1,904,803</u>	<u>\$ 2,077,368</u>	<u>\$ 2,020,269</u>
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

**CITY OF CONROE, TEXAS****DIRECT AND OVERLAPPING SALES TAX RATES  
LAST TEN FISCAL YEARS****TABLE 13**

Fiscal Year	General Fund		CIDC Fund Discrete	Total Sales Tax Rate
	Primary Government		Component Unit	
	Sales Tax Rate For General Revenue	Sales Tax Rate For Property Tax Relief	Sales Tax Rate For Economic Development (4B)	
2011	1.00%	0.50%	0.50%	2.00%
2012	1.00%	0.50%	0.50%	2.00%
2013	1.00%	0.50%	0.50%	2.00%
2014	1.00%	0.50%	0.50%	2.00%
2015	1.00%	0.50%	0.50%	2.00%
2016	1.00%	0.50%	0.50%	2.00%
2017	1.00%	0.50%	0.50%	2.00%
2018	1.00%	0.50%	0.50%	2.00%
2019	1.00%	0.50%	0.50%	2.00%
2020	1.00%	0.50%	0.50%	2.00%

Source: City Finance and Administration Department

**CITY OF CONROE, TEXAS**  
**SALES TAX REVENUE PAYERS BY INDUSTRY**  
**FISCAL YEARS 2009 AND 2019**  
**(DOLLARS ARE IN MILLIONS)**

**TABLE 14**

<u>Tax Remitter</u>	Fiscal Year 2009				Fiscal Year 2019			
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	% of Total	Tax Liability	% of Total
Agriculture, Forestry & Fishing	35	0.39%	\$ -	0.00%	40	0.30%	\$ -	0.00%
Mining	53	0.58%	0.25	1.03%	129	0.96%	0.96	2.37%
Construction	805	8.86%	0.62	2.54%	1,214	9.04%	1.20	2.96%
Manufacturing	699	7.69%	1.41	5.78%	1,147	8.54%	3.04	7.50%
Transportation, Communication & Utilities	87	0.96%	0.09	0.37%	117	0.87%	0.07	0.18%
Wholesale Trade	502	5.52%	1.41	5.78%	832	6.20%	4.05	10.00%
Retail Trade	3,250	35.77%	15.39	63.10%	4,727	35.20%	20.41	50.38%
Information	106	1.17%	0.62	2.54%	182	1.36%	1.09	2.69%
Finance, Insurance & Real Estate	372	4.09%	0.54	2.21%	488	3.63%	1.68	4.15%
Services	3,146	34.62%	4.06	16.65%	4,525	33.70%	8.01	19.77%
Other	32	0.35%	-	0.00%	27	0.20%	-	0.00%
<b>Total</b>	<b>9,087</b>	<b>100.00%</b>	<b>\$ 24.39</b>	<b>100.00%</b>	<b>13,428</b>	<b>100.00%</b>	<b>\$ 40.51</b>	<b>100.00%</b>

Source: Texas Comptroller of Public Accounts

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue.



**CITY OF CONROE, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			
	Refunding Bonds, CO Bonds & Sales Tax Revenue Bonds <sup>(1)</sup>	Capital Leases	Notes	Total Long-Term Debt
2011	\$ 142,211,540	\$ 617,374	\$ 1,256,000	\$ 144,084,914
2012	144,256,672	566,341	1,165,000	145,988,013
2013	145,034,959	513,293	1,070,000	146,618,252
2014	129,757,386	458,149	971,000	131,186,535
2015	135,705,804	400,827	868,002	136,974,633
2016	138,640,600	341,241	761,002	139,742,843
2017	151,254,904	279,301	648,002	152,182,207
2018	142,295,795	214,914	530,002	143,040,711
2019	182,018,991	147,984	407,002	182,573,977
2020	199,799,695	78,410	278,002	200,156,107

(1) Presented net of original issuance discounts and premiums.

(2) See Table 20 for personal income and population data.

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

Effective 2015, CIDC is a discrete component unit and is not included.

TABLE 15

Business-type Activities					
CO Bond & Revenue Bonds	Capital Leases	Total Long-Term Debt	Total Primary Government	Percentage of Personal Income <sup>(2)</sup>	Per Capita <sup>(2)</sup>
\$ 53,963,439	\$ 4,610,237	\$ 58,573,676	\$ 202,658,590	15.39%	\$ 3,602
71,718,321	4,224,846	75,943,167	221,931,180	16.89%	3,926
76,694,943	3,824,233	80,519,176	227,137,428	17.14%	3,689
92,995,074	3,407,795	96,402,869	227,589,404	14.16%	3,179
105,404,059	2,974,908	108,378,967	245,353,600	15.20%	3,413
101,531,935	2,524,923	104,056,858	243,799,701	13.66%	3,392
121,026,014	2,057,162	123,083,176	275,265,383	12.51%	3,346
116,578,976	1,570,925	118,149,901	261,190,612	10.20%	3,095
209,258,071	1,065,482	210,323,553	392,897,530	13.83%	4,482
224,867,596	540,074	225,407,670	425,563,777	14.87%	4,672

# CITY OF CONROE, TEXAS

TABLE 16

## RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Less: Amounts Restricted for Debt Service <sup>(1)</sup>	Net Total	Percentage of Taxable Assessed Value of Property	Per Capita
	Refunding Bonds	Certificates of Obligation	Total				
2011	\$ 16,036,643	\$ 90,451,528	\$ 106,488,171	\$ 6,293,542	\$ 100,194,629	2.90%	\$ 1,781
2012	19,831,478	90,832,124	110,663,602	7,028,107	103,635,495	2.85%	1,833
2013	15,704,830	84,000,514	99,705,344	8,342,744	91,362,600	2.28%	1,484
2014	12,661,361	117,096,025	129,757,386	10,623,507	119,133,879	2.76%	1,664
2015	45,626,859	90,078,945	135,705,804	12,178,899	123,526,905	2.56%	1,719
2016	43,116,188	95,524,412	138,640,600	11,401,030	127,239,570	2.02%	1,770
2017	40,455,518	110,799,386	151,254,904	11,386,141	139,868,763	1.96%	1,700
2018	47,002,984	95,292,811	142,295,795	10,589,482	131,706,313	1.74%	1,561
2019	44,115,693	137,903,298	182,018,991	10,837,081	171,181,910	2.05%	1,953
2020	47,297,442	152,502,253	199,799,695	11,052,026	188,747,669	2.06%	2,072

Note: (1) This is the amount restricted for debt service payments on general obligation and certificate of obligation bonds.

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

(2) These amounts exclude certificates of obligation and refunding bonds which are secured by the City's ad valorem taxes, but reported as business-type activities. The City intends to pay debt service from surplus net revenues of the City's water and sewer system to the extent such revenues are available in any year.

See Table 8 for property value data.

Population data can be found on Table 20.

# CITY OF CONROE, TEXAS

**TABLE 17**

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2020

(DOLLARS IN THOUSANDS)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt Repaid with Property Taxes			
Montgomery County	\$ 509,380	14.42%	\$ 73,453
Conroe Independent School District	1,269,275	18.40%	233,547
Willis Independent School District	141,039	25.60%	36,106
Lone Star College	542,290	3.77%	20,444
Montgomery Independent School District	357,664	2.99%	10,694
MUD #90	6,965	100.00%	6,965
MUD #92	4,435	100.00%	4,435
MUD #107	21,785	100.00%	21,785
MUD #126	13,490	100.00%	13,490
MUD #132	5,990	100.00%	5,990
MUD #138	12,745	100.00%	12,745
MUD #142	4,025	100.00%	4,025
MUD #148	4,420	100.00%	4,420
Conroe MUD #1	7,580	100.00%	7,580
Conroe MMD #1	29,500	100.00%	29,500
UD #4	10,435	100.00%	10,435
Subtotal, Overlapping Debt			495,614
City Direct Debt (Net of original issuance discounts and premiums)	\$ 200,156		200,156
Total Direct and Overlapping Debt (Estimated \$7,639 Per Capita) (a)			<u>\$ 695,770</u>

Sources: Assessed value data used to estimate applicable percentages provided by Tax Assessor - Collector and Appraisal District. Debt outstanding data provided by each governmental unit.

(a) See Table 20 for population of 91,079.

Note: For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

**CITY OF CONROE, TEXAS**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

	Fiscal Year		
	2011	2012	2013
Assessed Value	\$ 3,450,170,655	\$ 3,630,957,910	\$ 4,002,688,279
Debt Limit <5% of assessed value>	<u>\$ 172,508,533</u>	<u>\$ 181,547,896</u>	<u>\$ 200,134,414</u>
Debt Applicable to Limit:			
Total Bonded Debt	\$ 105,360,000	\$ 109,345,000	\$ 98,475,000
Less: Assets in Debt Service Funds available for payment of principal	<u>(6,441,765)</u>	<u>(10,451,194)</u>	<u>(12,260,043)</u>
Total Net Debt Applicable to Limit	<u>98,918,235</u>	<u>98,893,806</u>	<u>86,214,957</u>
Net Legal Debt Margin	<u>\$ 73,590,298</u>	<u>\$ 82,654,090</u>	<u>\$ 113,919,457</u>
Total Net Debt Applicable to the Debt Limit As a Percentage of Debt Limit	57.34%	54.47%	43.08%
Total Net Debt Margin as a Percentage of Debt Limit	42.66%	45.53%	56.92%
Total Bonded Debt as a Percentage of Assessed Value	3.05%	3.01%	2.46%

*Computation of Legal Debt Margin:*

*As a home rule city, the City of Conroe is not limited by the law in the amount of debt it may issue. The City's Charter (Section 9.18) states: The City Council shall have the power under the provisions of the state law to levy, assess and collect an annual tax upon real and personal property within the City to the maximum provided by the Constitution and the general laws of the State of Texas. The City Council shall also have the power to levy occupation taxes on such occupations as consistent with the general laws of the State of Texas.*

*Article XI, Section 5 of the State of Texas Constitution states in part:*

*...but no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such city.*

*The tax rate at October 1, 2019 is \$0.4375 per \$100.00 with valuation at 100% of assessed value.*

TABLE 18

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
\$ 4,322,826,131	\$ 4,829,793,550	\$ 6,309,739,745	\$ 7,126,248,737	\$ 7,556,126,403	\$ 8,352,329,678	\$ 9,144,248,346
\$ 216,141,307	\$ 241,489,678	\$ 315,486,987	\$ 356,312,437	\$ 377,806,320	\$ 417,616,484	\$ 457,212,417
\$ 124,930,000	\$ 128,305,000	\$ 130,980,000	\$ 163,825,000	\$ 171,885,000	\$ 292,200,000	\$ 327,340,000
(14,537,182)	(12,084,748)	(11,356,765)	(11,569,373)	(10,802,885)	(11,292,098)	(11,052,026)
110,392,818	116,220,252	119,623,235	152,255,627	161,082,115	280,907,902	316,287,974
\$ 105,748,489	\$ 125,269,426	\$ 195,863,752	\$ 204,056,810	\$ 216,724,205	\$ 136,708,582	\$ 140,924,443
51.07%	48.13%	37.92%	42.73%	42.64%	67.26%	69.18%
48.93%	51.87%	62.08%	57.27%	57.36%	32.74%	30.82%
2.89%	2.66%	2.08%	2.30%	2.27%	3.50%	3.58%

**CITY OF CONROE, TEXAS**  
**PLEDGED REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**

**TABLE 19**

Fiscal Year	Water and Sewer Bonded Debt					
	Utility Service Charge	Less: Adjusted Operating Expenses <sup>(1)</sup>	Net Available Revenue	Debt Service (2)		Coverage
				Principal	Interest	
2011	\$ 21,775,264	\$ 8,900,768	\$ 12,874,496	\$ 1,660,000	\$ 2,062,585	3.46
2012	20,982,974	8,941,053	12,041,921	1,910,000	2,676,544	2.63
2013	24,277,240	10,516,921	13,760,319	2,595,000	2,839,499	2.53
2014	26,395,316	14,947,138	11,448,178	2,945,000	3,463,381	1.79
2015	30,034,855	18,108,103	11,926,752	3,640,000	3,890,755	1.58
2016	33,379,807	17,104,279	16,275,528	4,240,000	3,816,578	2.02
2017	35,025,871	19,640,520	15,385,351	4,375,000	4,213,988	1.79
2018	39,098,028	27,418,288	11,679,740	5,150,000	4,201,415	1.25
2019	40,859,420	23,498,660	17,360,760	6,545,000	8,375,211	1.16
2020	48,037,994	20,824,560	27,213,434	7,580,000	9,028,375	1.64

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

*(1) Operating Expenses for Water and Sewer Revenue Bonds are adjusted and shown net of Payment-in-lieu-of-taxes (PILOT), debt service payments, and the following interfund activity: transfers to the General Fund & Facilities Management fund for administrative overhead and transfers to the Revenue Debt Service Reserve Fund. Lease principal and lease interest payments for the Siemens Energy Efficiency upgrade project as well as amounts for Accounts Charged Off are also excluded.*

*(2) Principal & Interest payments include certificates of obligation and refunding bonds, which are secured by the City's ad valorem property taxes. However, the City intends to pay debt service from surplus net revenues of the City's water and sewer system to the extent such revenues are available in any year.*

**CITY OF CONROE, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

**TABLE 20**

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2011	56,257	\$ 1,317,033	\$ 23,411	33.0	11,091	7.8%
2012	56,530	1,313,870	23,242	33.0	11,861	6.5%
2013	61,564	1,325,350	21,528	33.0	12,518	5.1%
2014	71,592	1,607,670	22,456	33.0	13,345	3.9%
2015	71,879	1,614,115	22,456	31.5	12,447	3.8%
2016	71,879	1,785,043	24,834	31.0	15,124	4.2%
2017	82,275	2,200,363	26,744	34.0	15,847	4.2%
2018	84,378	2,560,704	30,348	33.8	17,335	3.6%
2019	87,654	2,841,743	32,420	33.7	17,239	3.3%
2020	91,079	2,862,704	31,431	33.0	17,733	8.8%

Sources: Various school websites, the Conroe Greater Economic Development Council, and the GIS Section of the City of Conroe Website.



**CITY OF CONROE, TEXAS**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

**TABLE 21**

Employer	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Conroe Independent School District	8,503	1	22.06%	6,000	1	22.07%
Montgomery County	2,415	2	6.26%	1,952	2	7.18%
HCA Houston Healthcare Conroe (Conroe Regional Medical Center)	1,700	3	4.41%	1,200	3	4.41%
City of Conroe (including Part-Time)	763	4	1.98%	482	5	1.77%
NOV Wellbore Technologies (formally NOV Downhole)	400	5	1.04%	630	4	2.32%
Cantel (formally Medivators, Inc.)	400	6	1.04%			
NOV Fluid Control (3 Locations)	375	7	0.97%			
Professional Directional	300	8	0.78%	277	10	1.02%
Borden	225	9	0.58%			
NOV Texas Oil Tools	220	10	0.57%			
McKesson	200	11	0.52%			
Sabre Industries	200	12	0.52%			
National Oilwell Varco - Brandt				425	6	1.56%
Tenaris				410	7	1.51%
Sadler Clinic				345	8	1.27%
Wal-Mart				300	9	1.10%
	<u>15,701</u>		<u>40.73%</u>	<u>12,021</u>		<u>44.21%</u>

Source:  
Greater Conroe Economic Development Council (GCEDC)  
<http://www.gcedc.org/research/>



# CITY OF CONROE, TEXAS

## FULL TIME EQUIVALENT EMPLOYEES BY FUNCTIONS/PROGRAMS LAST TEN FISCAL YEARS

	2011 <sup>(1)</sup>	2012	2013 <sup>(2)</sup>	2014 <sup>(3)</sup>	2015 <sup>(4)</sup>	2016 <sup>(5)</sup>	2017 <sup>(6)</sup>	2018	2019 <sup>(7)</sup>	2020 <sup>(8)</sup>
<b>Functions/Programs</b>										
General Government										
Administration	3	2	3	3	3	3	3	3	3	4
Mayor & Council	2	2	2	2	2	2	2	2	3	3
Arts & Communications	1	1	1	-	-	-	-	-	-	-
Downtown Development	1	1	-	-	-	-	-	-	-	-
Legal	3	3	3	3	3	3	3	3	4	4
Municipal Court	10	10	10	10	10	10	10	10	10	10
CDBG Administration	2	2	2	2	2	1	1	1	1	1
Warehouse Purchasing	5	5	5	5	5	4	4	4	4	4
Human Resources	5	5	5	6	6	6	6	6	7	7
Finance	10	10	10	10	10	12	12	12	12	13
Transportation	-	-	-	1	1	1	1	1	2	3
Information Technology	7	11	11	11	11	11	11	11	12	12
Public Safety										
Police Administration	6	5	7	9	9	9	9	9	9	9
Police Support	28	28	28	12	12	13	14	14	14	14
Police Patrol	63	63	63	99	100	102	102	102	102	108
Police Investigative Services	28	29	29	32	33	34	34	34	36	37
Police Professional Services	14	14	15	-	-	-	-	-	-	-
Police Animal Services	5	5	5	5	2	2	2	2	2	2
Red Light Program	1	1	1	1	-	-	-	-	-	-
Traffic Services	2	2	2	2	2	-	-	-	-	-
Commercial Vehicle Enforcement	-	-	-	-	1	1	1	1	1	1
Fire	88	88	86	87	117	117	129	129	135	138
Community Development	25	13	15	15	19	19	19	19	23	8
Parks										
Parks & Rec. Administration	13	2	2	2	2	2	4	4	4	4
Recreation Center	5	5	5	6	6	6	5	5	5	5
Aquatic Center	7	7	7	7	7	7	7	7	7	7
Parks Operations	-	11	11	11	11	11	10	10	12	12
Public Works										
Drainage Maintenance	7	7	7	7	7	8	8	8	8	8
Streets	28	28	28	28	27	36	36	36	31	31
Signal Maintenance	2	2	3	3	3	4	4	4	4	4
Sign Maintenance	-	-	-	-	-	-	-	-	8	8
Engineering	-	8	21	21	22	22	22	23	23	25
Building Inspections and Permits	-	-	-	-	-	-	-	-	-	15
Conroe Tower	1	1	1	1	1	1	1	1	1	2
Hotel/Motel Occupancy Tax	2	3	3	4	4	4	4	4	4	4
Component Unit										
Oscar Johnson, Jr. CC	4	4	4	4	4	4	4	4	4	4
Conroe Industrial Development	-	-	5	4	4	4	4	4	4	5

TABLE 22

	2011 <sup>(1)</sup>	2012	2013 <sup>(2)</sup>	2014 <sup>(3)</sup>	2015 <sup>(4)</sup>	2016 <sup>(5)</sup>	2017 <sup>(6)</sup>	2018	2019 <sup>(7)</sup>	2020 <sup>(8)</sup>
Water & Sewer										
Utility Billing	9	9	9	9	9	10	10	10	11	11
Public Works	6	5	5	6	6	7	7	7	7	7
Water Conservation	-	-	1	1	1	-	-	-	-	-
Water	15	15	15	15	11	12	12	12	16	16
Wastewater Treatment	11	11	11	10	10	11	11	11	14	17
Sewer	20	20	20	20	12	18	18	18	18	19
Pump & Motor Maint.	7	7	7	6	6	9	9	9	9	9
Project Engineering	13	13	-	-	-	-	-	-	-	-
Project Construction	17	17	17	17	29	-	-	-	-	-
Fleet Services	6	6	7	8	8	8	8	8	10	10
Self Funded Insurance	1	1	1	-	-	-	-	-	-	-
Total	<u>483</u>	<u>482</u>	<u>493</u>	<u>505</u>	<u>538</u>	<u>534</u>	<u>547</u>	<u>548</u>	<u>580</u>	<u>601</u>

Source: City Finance Department.

Notes:

- (1) In FY 2011, Red Light Cameras and Traffic Services were added to the Public Safety function and Signal Maintenance was added to the Public Works function.
- (2) In FY 2013, Downtown Development was moved to the Conroe Industrial Development Corporation (CIDC) Fund; Engineering and Project Engineering were combined; and Water Conservation was added.
- (3) In FY 2014, The Arts & Communications position was moved to the Recreation Center; the Self Funded Insurance position was moved to Human Resources; One position previously in CIDC was moved to the newly created Transit fund; the Communications Officers in Police Support were moved to Police Patrol; the positions in Professional Services were moved to Police Administration, Police Patrol, and Criminal Investigations; and the secretary position previously in Waste Water Treatment Plant was moved to Public Works.
- (4) In FY 2015, the citizens voted to eliminate Red Light Cameras thereby moving the position to Police Patrol Department; the Animal Shelter was out-sourced to a private company reducing the number of positions needed; the Commercial Vehicle Enforcement division was added; the annexation of April Sound included the need for another Fire Station which increased the number of Fire personnel by 30; and four positions from Water and eight positions from Sewer were moved to Project Construction.
- (5) In FY 2016, the Project Construction division was closed and all remaining positions were transferred to the General Fund and Water & Sewer Fund.
- (6) In FY 2017, the Parks Superintendent position was transferred from Parks Operations to Parks & Rec Administration and the Recreation Manager position was transferred from Recreation Center to Parks & Rec Administration.
- (7) In FY 2019, Sign Maintenance was created, some of the employees were previously assigned to Streets.
- (8) In FY 2020, Building Inspections and Permits was formed with employees previously in Community Development.

**CITY OF CONROE, TEXAS**  
**OPERATING INDICATORS BY FUNCTIONS/PROGRAMS**  
**LAST TEN FISCAL YEARS**

<b>Functions/Programs</b>	Fiscal Year		
	2011	2012	2013
General Government			
Building Permits Issued	489	520	789
Building Inspections Conducted	15,317	14,957	16,995
Police			
Physical Arrests	3,915	4,313	4,758
Parking Violations	3,113	4,554	2,972
Traffic Violations	26,673	27,181	15,482
Fire			
Emergency Responses	6,111	6,417	7,124
Fires Extinguished	320	133	129
Inspections	2,724	1,675	1,017
Refuse Collection			
Refuse Collected (tons per day) (a)	38.00	37.50	58.00
Recyclables Collected (tons per day) (a)	9.48	12.10	16.00
Other Public Works			
Street Resurfacing (miles)	5.63	2.20	5.10
Potholes Repaired (b)	N/A	550	582
Parks and Recreation			
Athletic Field Permits Issued	326	297	304
Community Center Admissions	307,662	366,045	424,640
Water			
New Connections (c)	787	400	736
Water Main Breaks	888	800	775
Average Daily Consumption (millions of gallons)	11,291	9,893	9,652
Peak Monthly Consumption (millions of gallons)	500,038	395,510	393,936
Wastewater			
Average Daily Sewage Treatment (millions of gallons)	7,000	7,000	7,000
Transit			
Total Route Miles - OJJCC	7,140	8,330	11,219
Total Route Miles - Conroe Connection (d)	-	-	-
Passenger - OJJCC	12,175	12,222	14,020
Passenger - Conroe Connection (d)	-	-	-

Source: Various City Departments

**Notes:**

(a) Refuse Collection information is provided by a private waste company.

(b) No operating indicators are available for potholes repaired for the Other Public Works function prior to 2012.

(c) Estimate was utilized for FY2012.

(d) Conroe Connection began service in FY2015

**TABLE 23**

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
1,443	1,486	1,089	1,453	1,667	1,803	2,101
17,871	20,924	20,365	25,995	33,783	37,836	40,796
4,502	4,289	4,237	4,805	4,815	4,649	5,691
3,724	2,560	1,672	798	802	1,798	1,004
16,142	14,449	12,919	20,302	23,148	25,419	6,246
7,083	8,427	9,018	8,784	10,261	10,208	10,280
222	204	244	274	312	240	346
1,778	1,333	2,537	2,540	3,034	1,678	2,285
41.00	73.20	65.58	68.25	70.45	50.87	57.23
10.00	17.20	16.53	16.86	19.35	14.83	14.77
9.00	11.00	3.00	9.00	6.00	5.00	1.00
415	2,193	1,360	2,011	2,500	1,850	1,600
290	292	272	247	194	216	183
353,024	422,884	452,564	461,683	452,174	476,207	316,865
923	613	2,418	790	892	992	1,125
692	1,072	622	495	885	781	855
9,189	9,249	9,770	9,990	14,000	10,202	11,860
377,559	281,344	415,278	381,427	413,795	433,717	494,001
7,200	7,800	7,700	7,900	8,200	9,020	8,890
12,240	9,912	11,018	12,145	13,425	20,100	15,075
-	54,108	83,258	85,373	92,668	131,357	179,057
14,232	18,420	19,984	16,329	16,825	17,747	10,352
-	22,811	34,487	27,650	33,633	48,430	38,705

# CITY OF CONROE, TEXAS

## CAPITAL ASSET STATISTICS BY FUNCTIONS/PROGRAMS

### LAST TEN FISCAL YEARS

Functions/Programs	Fiscal Year		
	2011	2012	2013
Police			
Stations	1	1	1
Zone Offices	1	1	1
Patrol Units	48	46	55
Fire Stations	5	5	5
Refuse Collection			
Collection trucks	8	8	8
Other Public Works			
Streets (miles)	268.00	276.00	270.00
Streetlights	3,200	3,518	3,530
Traffic Signals	6	80	82
Parks and Recreation			
Acreage	354.00	407.00	407.00
Playgrounds	18	19	19
Baseball/Softball Diamonds	25	27	27
Soccer/Football Fields	21	18	18
Community Centers	4	4	4
Water			
Water Mains (miles)	342.44	367.00	403.00
Fire Hydrants	3,009	3,009	3,009
Storage Capacity (millions of gallons)	11,490	11,490	11,490
Wastewater			
Sanitary Sewers (miles)	360.21	389.00	391.00
Storm Sewers (miles) ( a)	40.280	41.720	42.000
Treatment capacity (millions of gallons)	10,000	10,000	10,000
Transit			
Buses	4	4	4
Vans	-	-	-

Source: Various City Departments

Notes:

(a) Data shown as miles of storm sewers are estimates only. Data is currently being compiled for retroactive infrastructure reporting.

**TABLE 24**

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
1	1	2	1	1	1	1
1	1	1	1	1	1	1
56	56	56	59	68	73	73
5	6	6	6	7	7	7
9	10	10	12	12	13	13
270.00	315.00	350.00	346.00	346.00	420.00	420.00
3,550	3,550	3,550	3,321	4,300	3,994	4,421
102	110	125	105	120	120	120
407.00	407.00	407.00	407.00	407.00	492.00	570.00
19	19	20	20	20	20	20
27	27	27	27	27	21	21
18	18	18	18	18	19	19
4	4	4	4	4	5	5
403.00	409.50	417.22	444.00	461.00	479.00	508.00
3,335	3,410	3,032	3,084	3,085	3,115	3,089
11,490	11,490	11,589	12,849	13,250	12,349	12,349
398.00	404.00	427.10	432.00	421.00	419.00	431.00
42.953	49.000	50.530	50.530	108.000	139.000	162.000
10,000	10,000	10,000	12,000	12,000	12,000	12,000
4	8	4	4	6	6	6
-	-	2	2	2	2	2



**CITY OF CONROE, TEXAS****TABLE 25**

*WATERWORKS SYSTEM - TOP TEN WATER & SEWER USERS (IN GALLONS)  
AS OF SEPTEMBER 30, 2020*

Customer	Fiscal Year Total 2020 Water Consumption	Fiscal Year Total 2020 Water Revenues	Percent of Total 2020 Water Revenues
EvoQua Water Technologies LLC	188,682,000	\$ 520,916	3.4%
Borden Inc.	97,277,000	275,180	1.8%
Ball Metal Container Group	83,559,000	242,864	1.6%
Montgomery County MUD #126	76,363,000	225,166	1.5%
The Geo Group	38,441,000	116,471	0.8%
Houston Methodist Hospital	32,174,000	101,690	0.7%
Crown Cork & Seal	26,329,000	88,777	0.6%
Municipal Utility District #42	22,664,000	88,053	0.6%
Montgomery County Jail	21,254,000	73,883	0.5%
Medical Center Hospital	18,610,000	66,786	0.4%

Customer	Fiscal Year Total 2020 Sewer Consumption	Fiscal Year Total 2020 Sewer Revenues	Percent of Total 2020 Sewer Revenues
EvoQua Water Technologies LLC	188,682,000	\$ 892,762	4.6%
Borden Inc.	97,277,000	460,416	2.4%
Ball Metal Container Group	82,874,000	392,290	2.0%
Montgomery County MUD #126	76,363,000	364,298	1.9%
City of Willis	69,419,000	118,288	0.6%
The Geo Group	38,366,000	181,767	0.9%
Houston Methodist Hospital	32,176,000	153,380	0.8%
Crown Cork & Seal	26,329,000	124,832	0.6%
San Jacinto River Authority	23,172,000	122,536	0.6%
Montgomery County Jail	21,254,000	100,827	0.5%

# CITY OF CONROE, TEXAS

## WATER AND SEWER RATES

AS OF SEPTEMBER 30, 2020

TABLE 26

### Minimum Monthly Base Charge By Meter Size

Meter Size	Minimum Base Charge	Life Line Base Charge
5/8 Inch*	\$ 12.48	\$ 9.36
1 Inch	18.72	15.60
1.5 Inch	26.00	22.88
2 Inch	36.40	33.28
3 Inch	47.84	47.84
4 Inch	67.60	67.60
6 Inch	93.60	93.60
8 Inch	150.80	150.80
10 Inch	260.00	260.00

\* Typical residential meter size.

A Surface Water Fee was implemented to recover expenses the City incurred participating in the Groundwater Reduction Plan with the San Jacinto River Authority. This charge is assessed at \$3.15 per 1,000 gallons of water consumed for residential, sprinkler and commercial customers. The Lone Star Groundwater Conservation District fee is a pass through fee to regulate ground water consumption. This charge is assessed at \$.06 per 1,000 gallons consumed for residential, sprinkler and non-residential customers.

### Water and Sewer Service Charges

There is charged and collected each month by the City from the consumers of water and sewer service residing within the limits of the City, the amounts of money hereinafter set out upon the following rates:

#### Residential and Sprinkler Rates Inside City Limits

Usage	Water Rate Base Charge	Sanitary Sewer Rate
Minimum 0 - 3,999 gallons		\$ 38.83
Per thousand gallons		
4,000 - 10,999 gallons, per thousand	\$ 2.66	4.73
11,000 - 15,999 gallons, per thousand	3.28	
16,000 - 25,999 gallons, per thousand	3.89	
26,000 - 35,999 gallons, per thousand	4.44	
36,000 gallons and over	7.77	
Total Charge at 10,000 gallons		71.94

#### Non-Residential Rates Inside City Limits

Usage	Water Rate Base Charge	Sanitary Sewer Rate
Minimum 0 - 3,999 gallons		\$ 38.83
Per thousand gallons		
4,000 - 10,999 gallons, per thousand	\$ 2.90	4.73
11,000 - 15,999 gallons, per thousand	3.42	
16,000 - 25,999 gallons, per thousand	4.07	
26,000 - 35,999 gallons, per thousand	4.64	
36,000 - 150,999 gallons, per thousand	8.12	
151,000 gallons and over	2.67	

#### Residential and Sprinkler/Non-Residential Water & Sanitary Sewer Rates Outside City Limits

The amount to be charged and collected for water and sewer service outside the corporate limits of the City is computed and charged as double the amount established for service inside the City.

#### Life Line Residential Rates Inside City Limits

Usage	Water Rate Base Charge	Sanitary Sewer Rate
Minimum 0 - 3,999 gallons		\$ 29.14
Per thousand gallons		
4,000 - 10,999 gallons, per thousand	\$ 2.13	3.79
11,000 - 15,999 gallons, per thousand	2.79	
16,000 - 25,999 gallons, per thousand	3.89	
26,000 - 35,999 gallons, per thousand	4.44	
36,000 - and Up	7.77	
Total Charge at 10,000 gallons		55.67

