

City of Conroe, Texas

Annual Comprehensive Financial Report

Year Ending September 30, 2021



Carl Barton Park



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

CITY OF CONROE, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Prepared by:
CITY OF CONROE, TEXAS
FINANCE & ADMINISTRATION DEPARTMENT
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Annual Comprehensive Financial Report
For the Year Ended September 30, 2021

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Introductory Section

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





CITY OF CONROE

Est. 1904

March 23, 2022

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

The Annual Comprehensive Financial Report of the City of Conroe, Texas (the City) for the fiscal year ended September 30, 2021, 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 residential 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.

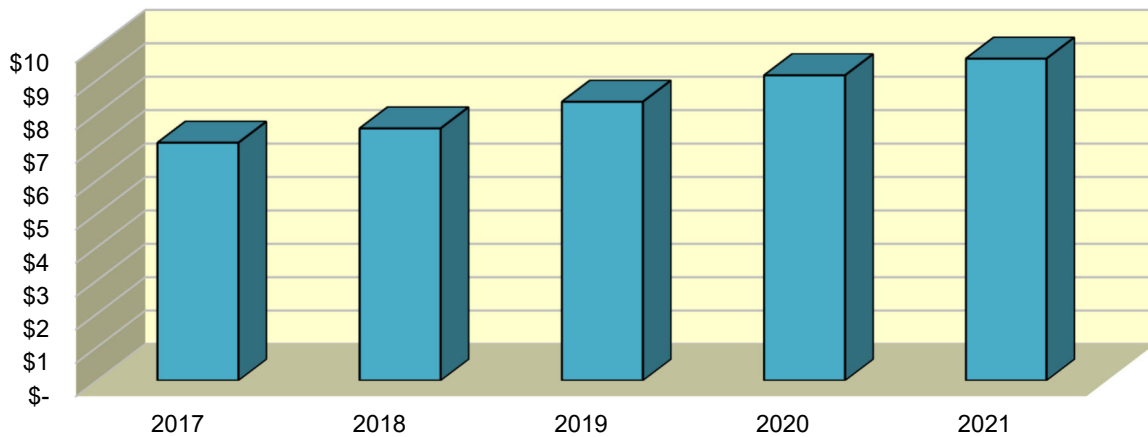
The Basic Financial Statements of the City include all government activities, organizations, and functions for which the City is financially accountable, as defined by the Governmental Accounting Standards Board (GASB).

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 2021 is 96,295.

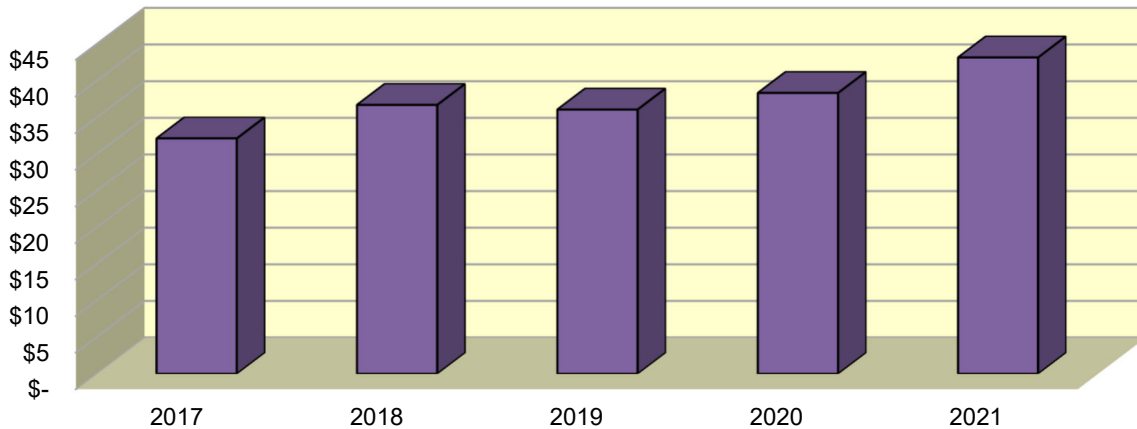
The tax roll certified by the Montgomery Central Appraisal District for 2021 (FY22) increased by \$454,634,342 or 4.7% to \$10,672,297,776. New improvements and personal property accounted for approximately \$357,738,404 of this amount. Newly annexed property added approximately \$2,784,490 to the roll. This will affect revenues recorded in next year's Annual Comprehensive Financial Report (ACFR). The taxable value increase for the current fiscal year is \$498,780,791 or 5.5%.

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 \$43,188,561 for the fiscal year ended September 30, 2021. This amount represents an increase of \$4,838,384, or 12.6%, from the prior fiscal year.

Sales Tax Revenues (in millions)



The City issued 3,000 building permits for properties & improvements valued at \$765,961,229. This included 2,287 building permits for single family housing starts totaling \$452,213,171. The average single-family home value, exclusive of land, was \$197,732. The City reported a total labor force of 41,017 with an unemployment rate of 5.4% as of September 2021. These data are compiled by Labor Market & Career Information (LMCI.com).

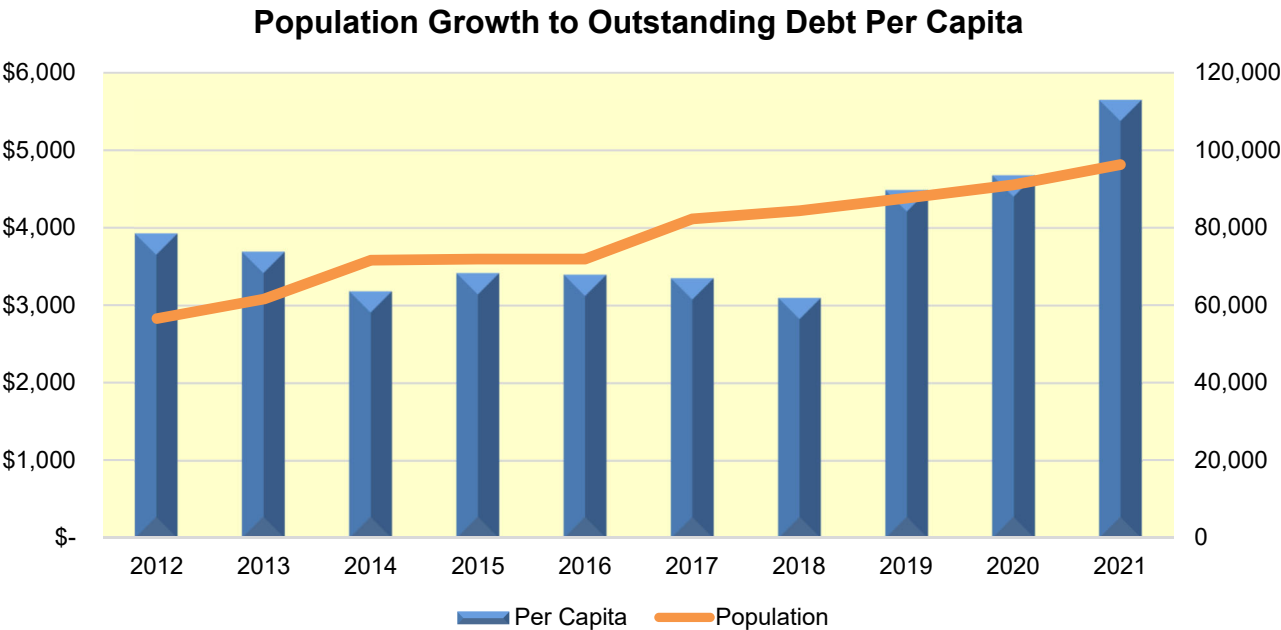
LONG-TERM FINANCIAL PLANNING

The \$31,543,083 unassigned fund balance in the General Fund is the equivalent of 130 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, 2026, 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 21.

Outstanding debt per capita increased from \$4,672 in 2020 to \$5,647 in 2021. The current ratio of net general bonded debt to assessed value of all taxable property is 2.24%. 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 Designer Show Warehouse (DSW), Teriyaki Madness, Summer Moon Coffee, Burlington, and DICK’s Sporting Goods. The City has economic development agreements with Conroe Municipal Management District #1 regarding the development of Grand Central Park. The City has begun the construction phase of a hotel and convention center in this development as well.

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 continues to fund streets, signals, water, sewer, and drainage infrastructure in the expanded area of the park and will be funding the Water Plant Elevated Storage Tank – In the Industrial park and Technology 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. The ridership had decreased due to COVID-19, but has started to increase with people returning to the workplace. Transportation services was awarded a federal grant through the CARES Act in FY 20 to reimburse for costs due to the pandemic and keep operations as normal as possible.

The City purchased property from the Conroe YMCA and is establishing the operating budget, staffing and a lap pool for the Westside Recreation & Aquatic Center. Additionally, the City has numerous capital improvement projects slated to begin or be completed in FY 22, including re-plastering of three existing pools, improvements to the Heritage Place park, street rehabilitation, sidewalks, and traffic signals through-out the City, underground utilities in the downtown area, drainage project at Alligator Creek, and 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. The City continues construction of the new wastewater treatment plant. The plant is the City's largest public works' project in its history. Construction of the plant should be completed in 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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2020. This was the fifteenth 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, 2020. This was the sixth year that the City has achieved this prestigious award. State and local governments must be able to extract information from their annual comprehensive 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, 2021. 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**

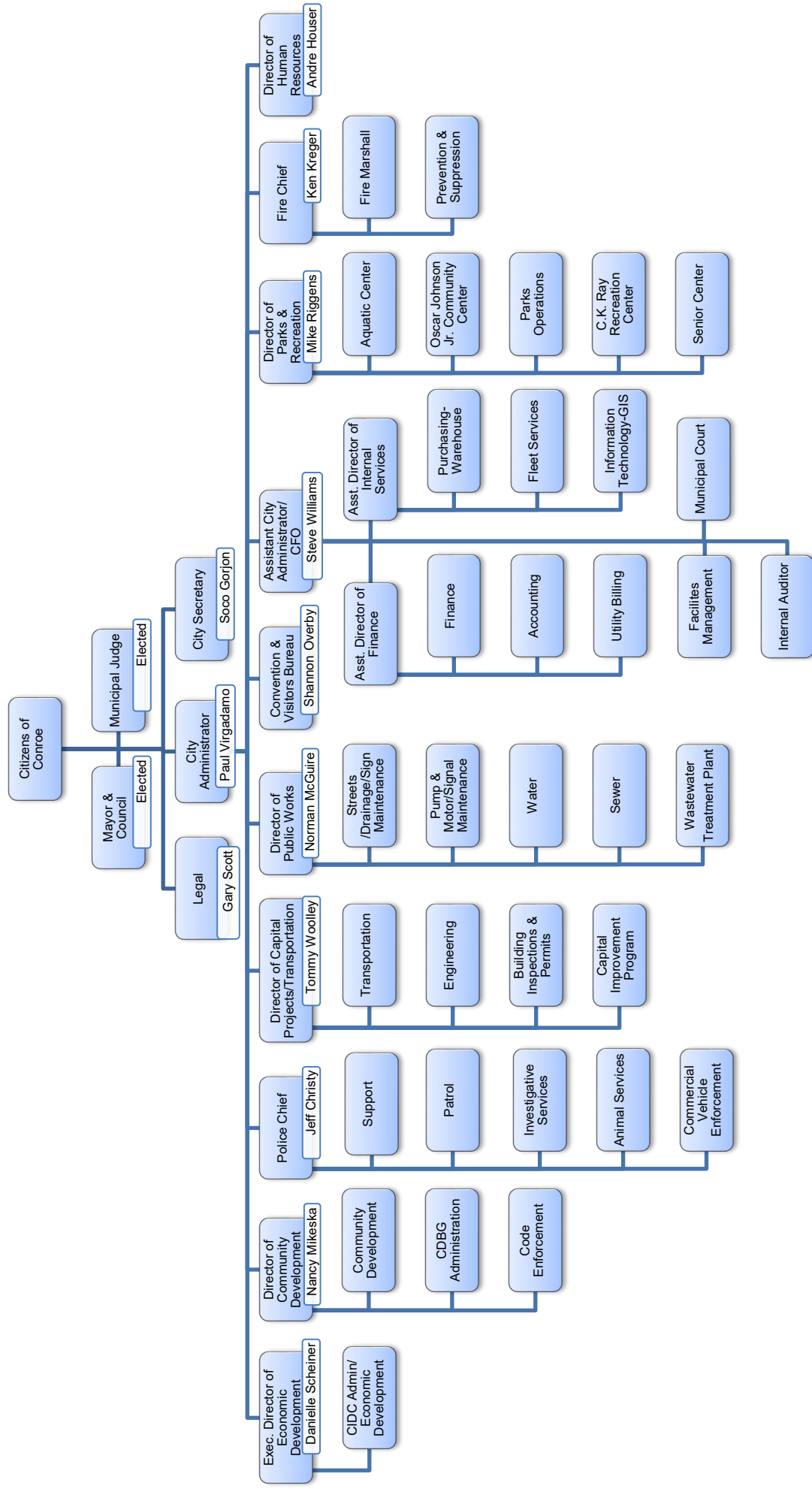
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

City of Conroe, Texas Organization Chart



**City of Conroe
2021-2022**

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	Gary Scott
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

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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 unit, 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due 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 unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2021, 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 March 23, 2022, 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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
March 23, 2022

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, 2021. 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 \$258,854,710. This is a net increase of \$13,696,488. 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 \$148,883,060 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 \$52,795,530 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 \$57,176,120 represents the portion available to meet ongoing obligations.

Governmental Fund Financial Statements

- As of September 30, 2021, the City of Conroe's governmental funds reported combined ending fund balances of \$250,332,696, an increase of \$90,631,795 in comparison with the prior year. Approximately 17 percent of this total amount, \$41,526,617, is available for spending at the government's discretion (unassigned fund balance). The remaining fund balance consists of \$10,195,440 classified as nonspendable, \$184,773,688 classified as restricted, \$7,611,462 classified as committed, and \$6,225,489 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 \$41,526,617, or 47 percent of total General Fund expenditures. The General Fund had a nonspendable fund balance of \$195,440, restricted fund balance of \$2,496,339, and assigned fund balance of \$6,225,489 at September 30, 2021.
- The Conroe Industrial Development Corporation (CIDC) is a blended component unit whose sole purpose is to promote economic development within the City and vicinity. The total fund balance was \$26,450,498 at September 30, 2021. Of this amount, \$10,000,000 is nonspendable for advances to other funds, \$1,955 is restricted for severance pay 2% sinking fund, \$10,434,226 is restricted for special revenue funds, and \$6,014,317 is restricted for debt service.
- 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 \$11,268,905 is restricted to meet these obligations.
- The Conroe Local Government Corporation CIP Fund is used to account for expenses related to design, planning, acquisition, construction, equipping, expansion, of the hotel being constructed for the City. These funds are held and managed by a trustee. The entire fund balance of \$65,132,956 is restricted for capital projects.
- The nonmajor governmental funds had total combined fund balances of \$97,036,452 at September 30, 2021. Of this amount, \$6,233,697 is restricted for special revenue funds, \$12,787,480 is restricted for debt service, \$70,403,813 is restricted for capital project funds, and \$7,611,462 is committed.

Long-Term Debt

The City of Conroe issues debt to finance an ongoing capital improvement program. During FY 21, the City issued \$46,330,000 in certificates of obligation, \$16,645,000 in refunding sales tax revenue bonds, \$77,090,000 in hotel

CITY OF CONROE, TEXAS

Management's Discussion and Analysis

revenue bonds and \$20,765,000 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'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 Volunteers, Inc. (OJJCCV) financial information is reported separately from the financial information presented for the primary government. The Conroe Industrial Development Corporation (CIDC) and the Conroe Local Government Corporation (CLGC), although also legally separate, function for all practical purposes as departments of the City, and therefore have 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.

CITY OF CONROE, TEXAS

Management's Discussion and Analysis

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 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 44 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, Conroe Industrial Development Corporation, Debt Service Fund, and Conroe Local Government Corporation 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 Fund - 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 \$258,854,710 for fiscal year 2021 and \$245,158,222 (restated) for fiscal year 2020. Revenues exceeded expenses during the current fiscal year, increasing net position by \$13,696,488.

CITY OF CONROE, TEXAS

Management's Discussion and Analysis

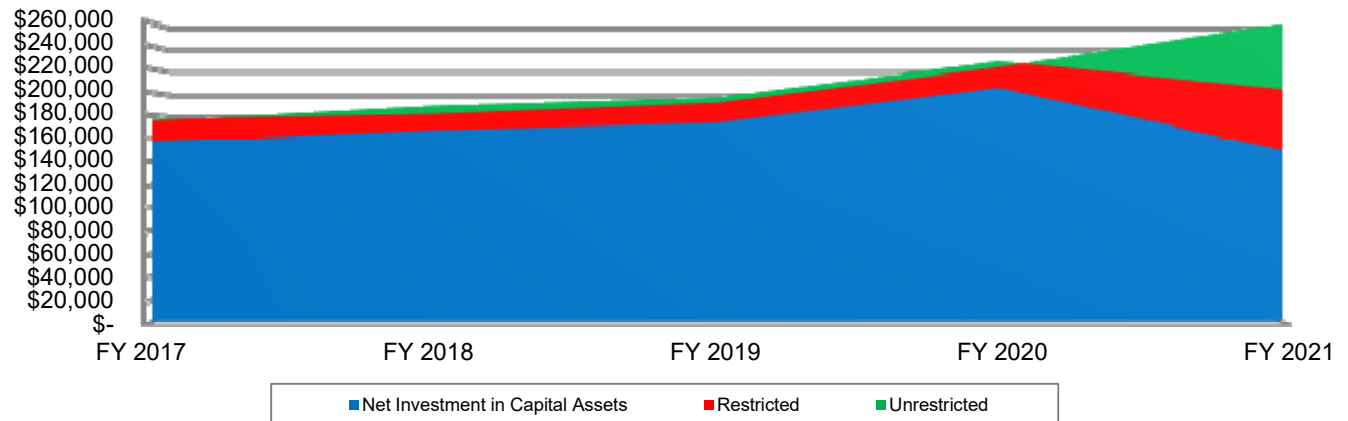
Condensed Statement of Net Position

(amounts in thousands)

Primary Government

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 310,636	\$ 120,030	\$ 93,698	\$ 128,922	\$ 404,334	\$ 248,952
Capital Assets	308,636	287,490	279,948	224,482	588,584	511,972
Total Assets	619,272	407,520	373,646	353,404	992,918	760,924
Deferred Outflows of Resources	33,784	32,246	2,537	1,416	36,321	33,662
Current and Other Liabilities	19,016	14,632	22,749	22,796	41,765	37,428
Long-Term Liabilities	463,643	285,646	239,785	233,618	703,428	519,264
Total Liabilities	482,659	300,278	262,534	256,414	745,193	556,692
Deferred Inflows of Resources	22,725	16,054	2,466	1,476	25,191	17,530
Net Position:						
Net Investment in Capital Assets	65,468	128,072	83,415	74,805	148,883	202,877
Restricted	48,286	18,311	4,510	4,507	52,796	22,818
Unrestricted	33,918	(22,949)	23,258	17,618	57,176	(5,331)
Total Net Position	\$ 147,672	\$ 123,434	\$ 111,183	\$ 96,930	\$ 258,855	\$ 220,364

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



The largest portion of the City's net position, \$148,883,060 (58%), 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, \$52,795,530 (20%), 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 \$57,176,120 (22%).

CITY OF CONROE, TEXAS

Management's Discussion and Analysis

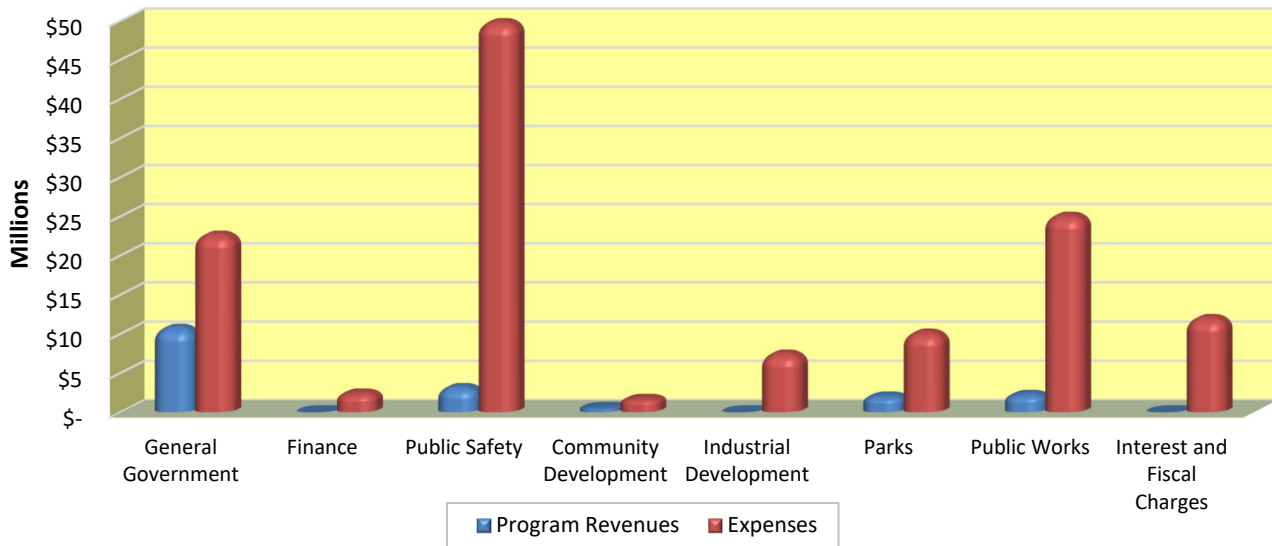
The following table indicates changes in net position for governmental and business-type activities:

Condensed Statement of Activities (amounts in thousands)						
Primary Government						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for Services	\$ 12,593	\$ 8,686	\$ 51,838	\$ 48,038	\$ 64,431	\$ 56,724
Operating Grants and Contributions	5,591	6,789	1,431	1,258	7,022	8,047
Capital Grants and Contributions	917	14,429	5,438	4,006	6,355	18,435
General Revenues:						
Property Taxes	41,901	39,863	-	-	41,901	39,863
In Lieu of Taxes	1,375	903	-	-	1,375	903
Franchise Fees	7,302	7,085	-	-	7,302	7,085
Sales and Other Taxes	57,585	38,350	-	-	57,585	38,350
Hotel Occupancy Taxes	2,239	1,659	-	-	2,239	1,659
Mixed Beverage Taxes	392	267	-	-	392	267
Miscellaneous	2,042	4,725	109	1,480	2,151	6,205
Donations	88	96	-	-	88	96
Grants and Contributions Not						
Restricted to Specific Programs	1,887	1,805	-	-	1,887	1,805
Investment Earnings	403	1,293	149	1,357	552	2,650
Net Change in Fair Value of Investments	(269)	108	(77)	15	(346)	123
Total Revenues	134,046	126,058	58,888	56,154	192,934	182,212
Expenses:						
General Government	22,700	19,181	-	-	22,700	19,181
Finance	2,520	2,619	-	-	2,520	2,619
Public Safety	49,837	48,498	-	-	49,837	48,498
Community Development	1,802	245	-	-	1,802	245
Industrial Development	7,506	-	-	-	7,506	-
Parks	10,178	7,941	-	-	10,178	7,941
Public Works	25,109	21,907	-	-	25,109	21,907
Interest and Fiscal Charges	12,045	6,794	-	-	12,045	6,794
Water and Sewer	-	-	47,540	44,204	47,540	44,204
Total Expenses	131,697	107,185	47,540	44,204	179,237	151,389
Excess (Deficiency) before Transfers	2,349	18,873	11,348	11,950	13,697	30,823
Transfers	(2,905)	(299)	2,905	299	-	-
Change in Net Position	(556)	18,574	14,253	12,249	13,697	30,823
Net Position - Beginning	123,434	105,031	96,930	84,681	220,364	189,712
Prior Period Adjustment	24,794	(171)	-	-	24,794	(171)
Net Position - Beginning, as restated	148,228	104,860	96,930	84,681	245,158	189,541
Net Position - Ending	\$ 147,672	\$ 123,434	\$ 111,183	\$ 96,930	\$ 258,855	\$ 220,364

CITY OF CONROE, TEXAS

Management's Discussion and Analysis

Program Revenues and Expenses - Governmental Activities



Revenues

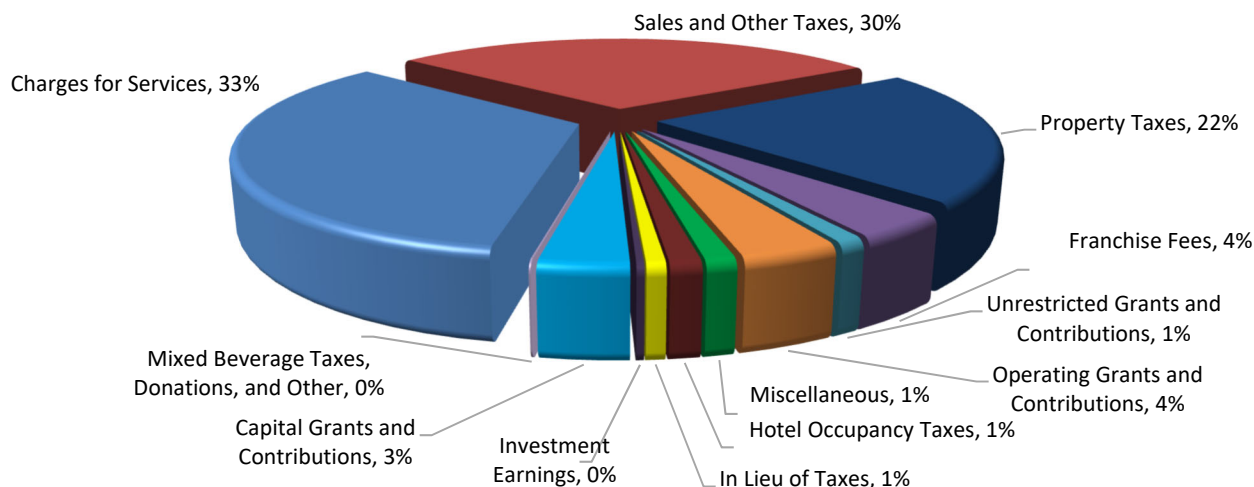
For fiscal year ended September 30, 2021, revenues for the primary government totaled \$192,933,926. The revenues are categorized by activity type: governmental activities totaled \$134,045,608 and business-type activities totaled \$58,888,318.

Program revenues are derived from the program itself and reduce the cost of the function to the City. Total program revenues were \$77,807,781 or 40% of total revenues, which decreased \$5,397,425 compared to the prior year. The largest portion of program revenues is Charges for Services of \$64,431,049, which is 33% of total revenues. Of that amount, \$12,592,785 is from governmental activities, which includes fees collected by Municipal Court, Police, Parks, and Public Works departments. The business-type Charges for Services of \$51,838,264 are derived from water and sewer charges. The other portions of program revenues are Operating Grants and Contributions of \$7,021,742 (4%) and Capital Grants and Contributions of \$6,354,990 (3%).

General revenues are revenues that cannot be assigned to a specific function. They consist of Sales and Other Taxes of \$57,584,688, one of the largest revenue sources for governmental activities and 30% of total revenues. Property Taxes of \$41,901,102 or 22% of total revenues, which is a \$2.04M increase from prior year Property Taxes of \$39,862,977, primarily due to increases in appraised values. Franchise Fees of \$7,302,034 (4%), Miscellaneous revenues of \$2,151,498 (1%), Grants and Contributions Not Restricted to Specific Programs of \$1,887,201 (1%), Hotel Occupancy Taxes of \$2,239,048 (1%), In Lieu of Taxes of \$1,374,709 (1%), and Investment Earnings of \$551,708 (less than 1%). The remaining revenue categories are a combined less than 1% of total revenues: Mixed Beverage Taxes of \$392,212, Donations of \$87,534, and Net Change in Fair Value of Investments of negative \$345,589.

CITY OF CONROE, TEXAS
Management's Discussion and Analysis

REVENUES BY SOURCE



Expenses

For fiscal year ended September 30, 2021, expenses for the primary government totaled \$179,237,438. These expenses are divided by activity type: governmental activities of \$131,697,225 and business-type activities of \$47,540,213.

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 \$49,836,592 or 28% of total expenses. The expenses can be primarily attributed to salaries (including benefits and overtime) and vehicle maintenance.

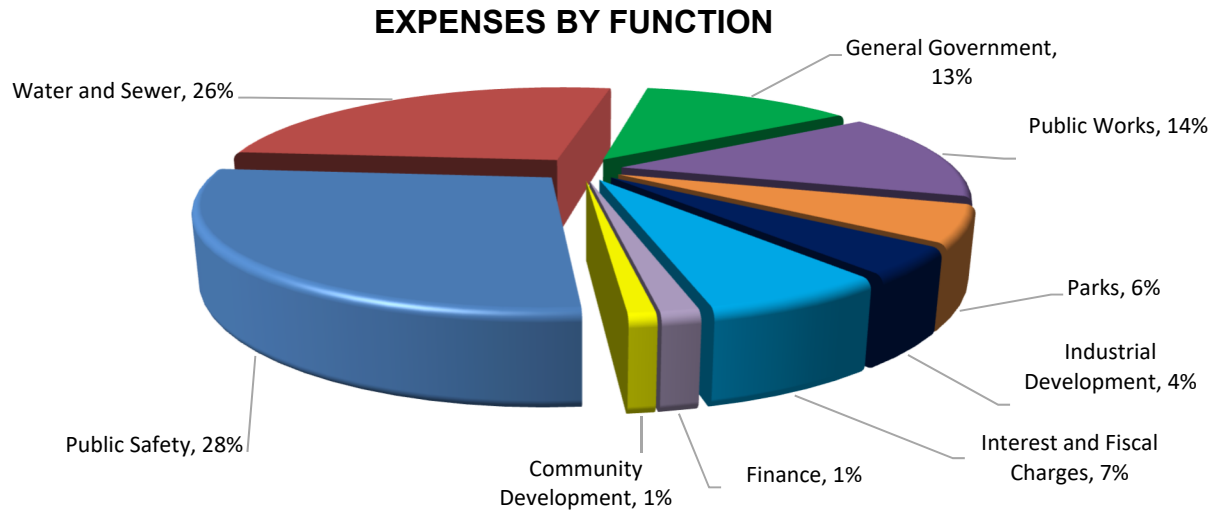
The Water and Sewer business-type activities function expenses were \$47,540,213 or 26% of total expenses. These expenses enable the City to provide water and sewer treatment services to its customers.

General Government governmental activities function expenses were \$22,700,578 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 \$25,109,329 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 \$10,178,552 or 6%, Interest and Fiscal Charges with expenses of \$12,044,629 or 7%, Industrial Development with expenses of \$7,506,186 or 4%, Finance with expenses of \$2,519,717 or 1%, and Community Development had expenses of \$1,801,642 or 1%.

CITY OF CONROE, TEXAS
Management's Discussion and Analysis



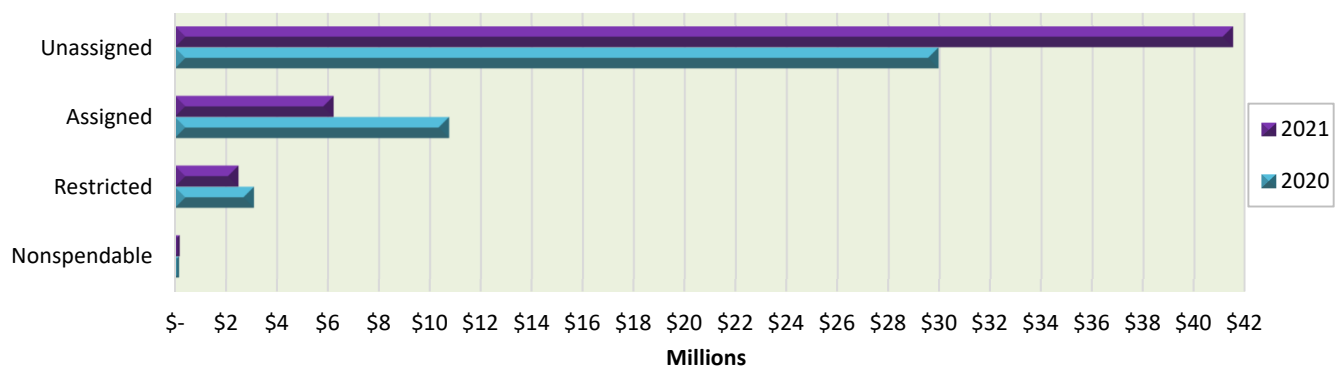
FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

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 \$41,526,617, while the total fund balance reached \$50,443,885. The General Fund total fund balance increased \$6,437,354 primarily 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 \$41,526,617, or 47% of total General Fund expenditures. Total fund balance was \$50,443,885, or 57% of General Fund expenditures. The General Fund also had nonspendable amounts of \$144,987 for prepaid items and \$50,453 for inventories; restricted amounts of \$34,468 for Severance Pay 2% Sinking Fund, \$1,666,889 for Seized Assets, \$254,183 for Red Light Cameras and, \$540,799 for the State Cable Franchise 1% PEG fee; and assigned amounts of \$554,233 for Tree Mitigation, \$4,477,175 for vehicle and equipment replacement, \$152,861 for technology and equipment replacement, and \$1,041,220 for General Fund-Balance Appropriations at year end.

General Fund Components of Fund Balance



CITY OF CONROE, TEXAS

Management's Discussion and Analysis

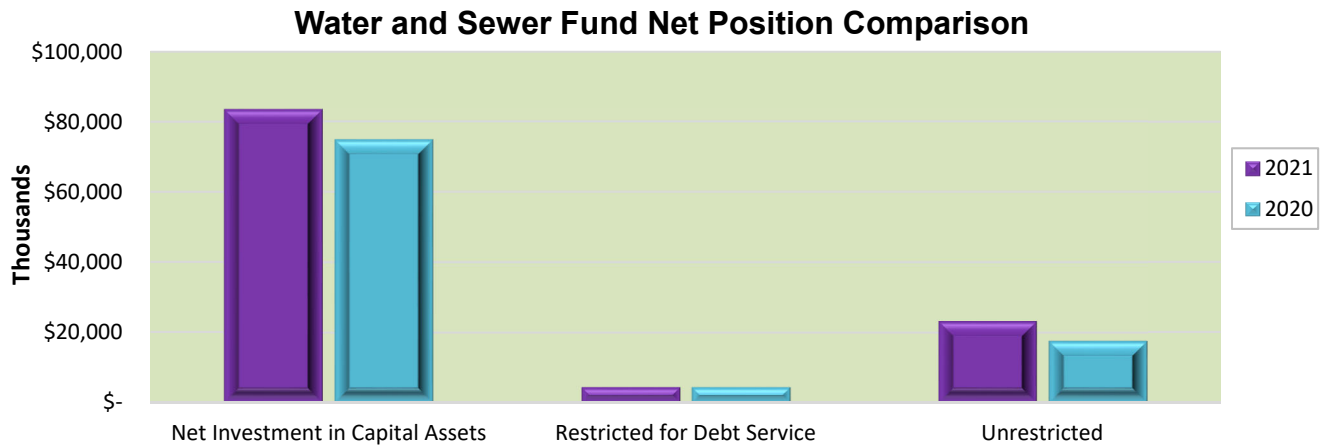
The **Conroe Industrial Development Corporation** ended the fiscal year with a total fund balance of \$26,450,498 of which \$10,000,000 is nonspendable until the advance to the City for its portion of the new convention center is repaid. There is \$1,955 restricted for Severance Pay 2% Sinking Fund and \$6,014,317 restricted for debt service reserves. The remaining \$10,434,226 is for on-going operations of the CIDC.

The **Debt Service Fund** ended the fiscal year with a total fund balance of \$11,268,905 compared to \$11,616,533 at the end of fiscal year 2020. This planned decrease was due primarily to payment of principal and interest. This fund balance is restricted for the payment of debt.

The **Conroe Local Government Corporation** capital projects fund ended the fiscal year with a total fund balance of \$65,132,956 that is restricted for the construction of the hotel. This fund is managed through a trust.

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 \$23,258,333. The total increase in net position of \$14,253,106. The increase was largely due to an increased customer base, monies from FEMA for Hurricane Harvey damages, and a large capital contribution from the CIDC.



General Fund Budgetary Highlights

During the year, there was a \$6,477,884 increase in appropriations between the original and final amended budget. This increase is primarily due to adjustments for purchase of park property, Crighton Theater lease, master drainage study, arts & cultural grants disbursements, and an increase in capital outlay to cover vehicles that were not received in the current year due to shortages in the market.

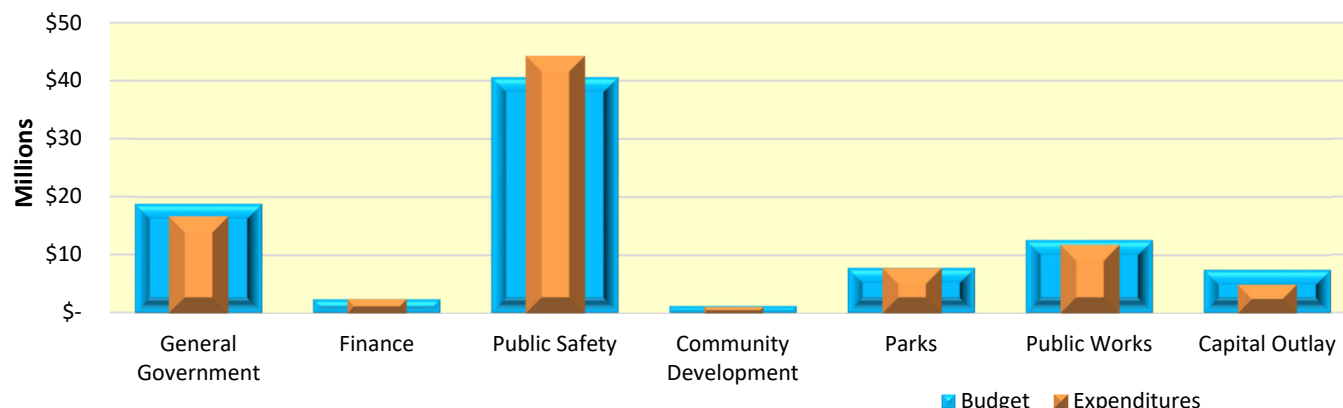
Actual General Fund revenues exceeded budgeted revenues by \$14,619,550 during the year. This increase is primarily due to increased property tax collections, sales tax collections, licenses and permits revenues, and intergovernmental revenues.

Total expenditures were lower than budgeted amounts by \$1,603,897 for the fiscal year. This decrease is mainly due to expenditures for capital outlay for vehicles that will get spent in FY 2022.

CITY OF CONROE, TEXAS

Management's Discussion and Analysis

Expenditures to Budget Comparison



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, 2021, was \$588,584,533, an increase of \$75,728,808 from capital assets reported September 30, 2020 of \$512,855,725, as restated. 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	
	2021	Restated 2020	2021	2020	2021	Restated 2020
Land and Easements	\$ 27,642,001	\$ 24,915,756	\$ 3,899,932	\$ 3,825,348	\$ 31,541,933	\$ 28,741,104
Construction in Progress	36,124,516	59,450,587	105,362,395	60,324,211	141,486,911	119,774,798
Buildings and Improvements	122,688,124	106,405,581	1,973,847	1,973,847	124,661,971	108,379,428
Machinery and Equipment	41,272,483	36,113,829	11,506,371	11,413,493	52,778,854	47,527,322
Infrastructure	241,662,841	208,636,540	274,644,638	257,889,276	516,307,479	466,525,816
	469,389,965	435,522,293	397,387,183	335,426,175	866,777,148	770,948,468
Accumulated Depreciation	(160,753,604)	(147,148,522)	(117,439,011)	(110,944,221)	(278,192,615)	(258,092,743)
Total	\$308,636,361	\$288,373,771	\$279,948,172	\$224,481,954	\$588,584,533	\$512,855,725

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 \$703,428,053 in long-term obligations outstanding, of which \$613,095,444 is bonded debt. During the year, the City issued \$46,330,000 in Certificates of Obligation, \$16,645,000 in Refunding States Tax Revenue Bonds, \$77,090,000 in Hotel Revenue Bonds, and \$20,765,000 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, General Obligation Bonds were unchanged at AA+ and Aa1, and Hotel Revenue Bonds were AA+ and Aa1.

CITY OF CONROE, TEXAS

Management's Discussion and Analysis

	Long-Term Obligations Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2021	Restated 2020	2021	2020	2021	Restated 2020
Bonds Payable, net	\$381,764,825	\$273,890,320	\$231,330,619	\$224,867,596	\$613,095,444	\$498,757,916
Customer Deposits	-	-	1,253,484	1,142,769	1,253,484	1,142,769
Capital Leases	-	78,410	-	540,074	-	618,484
Notes Payable	143,002	278,002	-	-	143,002	278,002
Health Claims Liability	1,107,446	497,359	-	-	1,107,446	497,359
Net OPEB Liability	10,158,750	11,221,499	2,229,970	2,314,688	12,388,720	13,536,187
Net Pension Liability/TMRS	16,867,336	17,535,017	3,702,586	3,616,994	20,569,922	21,152,011
Net Pension Liability/Fire R/R	39,939,220	43,847,046	-	-	39,939,220	43,847,046
Severance Payable	1,821,166	1,422,747	-	-	1,821,166	1,422,747
Compensated Absences	11,841,737	11,158,586	1,267,912	1,135,419	13,109,649	12,294,005
Total	<u>\$463,643,482</u>	<u>\$359,928,986</u>	<u>\$239,784,571</u>	<u>\$233,617,540</u>	<u>\$703,428,053</u>	<u>\$593,546,526</u>

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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- Appraised value used for the FY21-22 budget preparation is up \$454,634,342, or 4.7%, from FY20-21.
- Sales tax revenue for the City was estimated with a 1% increase for FY21-22. This was based on general patterns of the local economy.
- Spending in the General Fund increases in the FY21-22 budget from \$95,636,895 to \$99,135,078. This is a 3.5% increase.

These indicators were considered when adopting the General Fund budget for FY21-22. Overall, revenue sources are projected to increase. Although the tax rate will remain the same, property taxes will increase, due to higher assessed values, annexations, and new construction.

If these estimates are realized, the City's budgetary General Fund fund balance is expected to increase by approximately \$4,706,385 at the close of FY21-22.

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.

HYATT REGENCY CONROE AND CONVENTION CENTER

In August 2021, the Hyatt Regency Conroe and Convention Center took a giant leap forward with groundbreaking of the multi-million-dollar project. Total funding came from the sale of Hotel Revenue Bonds, Certificates of Obligation a cash loan from the Conroe Industrial Development Corporation, and a Key Money contribution from Hyatt. Work began on this project in 2015 at the direction of the City Council and Conroe Industrial Development Corporation. The bond sales marked the conclusion of the pre-construction phase of the project and set the stage for the groundbreaking that occurred in September 2021.

The 250-room upper-upscale hotel and convention center will be operated by Hyatt Hotels Corporation, a world-renowned leader in the hospitality and convention industry. The project is anticipated to cater to executives and

CITY OF CONROE, TEXAS

Management's Discussion and Analysis

groups doing business in the area, as well as weekend leisure travel. Leisure travelers will be attracted by the high quality of the new hotel, its location along Interstate 45, and the pristine amenities of the Grand Central Park master-planned community.

Partnering with Garfield Public/Private, LLC, as Development Manager, the Conroe Local Government Corporation (CLGC) has contracted with DPR Construction and BOKA Powell Architects to design and construct both the hotel and accompanying convention center. With an anticipated opening of May 2023, the hotel will include such amenities as three-meal restaurant, full bar, pool deck, fitness facility, and marketplace. The convention center will consist of a 38,000 square feet (sf) space, including a 14,000 sf grand ballroom, 6,000 sf junior ballroom, 8,000 sf of breakout and boardrooms, and pre-function space. The project also includes a parking garage and surface parking.

AMERICAN RESCUE PLAN ACT

On May 10, 2021, the U.S. Department of the Treasury announced the launch of the Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act of 2021, to provide \$350 billion in emergency funding for eligible state, local, territorial, and Tribal governments. These funds provide eligible governments with a substantial infusion of resources to meet COVID pandemic response needs and rebuild a stronger, more equitable economy as the country recovers from the COVID pandemic. The City is classified as a Metropolitan City and was allocated \$15,844,218. The City plans to invest in water and sewer infrastructure, making necessary improvements to vital water and wastewater assets.

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, 2021

	Primary Government			Component Unit
	Governmental	Business-type		Oscar Johnson, Jr
	Activities	Activities	Total	Community Center
				Volunteers, Inc.
ASSETS				
Cash and Cash Equivalents	\$ 17,791,756	\$ 60,995	\$ 17,852,751	\$ 25,187
Investments	233,931,841	85,119,104	319,050,945	-
Receivables (net of allowances for uncollectibles):				
Property Taxes	935,022	-	935,022	-
Gross Receipts Tax	1,005,796	-	1,005,796	-
Accounts	638,297	7,601,350	8,239,647	-
Interest	83,819	24,322	108,141	-
Other	1,654,179	1,660	1,655,839	-
Due from Other Governments	11,184,907	-	11,184,907	-
Restricted Investments	5,532,404	-	5,532,404	-
Prepaid Items	144,987	8,000	152,987	-
Inventories	199,424	882,403	1,081,827	-
Land Held for Resale	37,533,315	-	37,533,315	-
Capital Assets:				
Land and Easements	27,642,001	3,899,932	31,541,933	-
Construction in Progress	36,124,516	105,362,395	141,486,911	-
Buildings and Improvements	122,688,124	1,973,847	124,661,971	-
Machinery and Equipment	41,272,483	11,506,371	52,778,854	-
Infrastructure	241,662,841	274,644,638	516,307,479	-
Less Accumulated Depreciation	(160,753,604)	(117,439,011)	(278,192,615)	-
Total Capital Assets (net of depreciation)	308,636,361	279,948,172	588,584,533	-
TOTAL ASSETS	619,272,108	373,646,006	992,918,114	25,187
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charges on Refundings	3,059,707	283,591	3,343,298	-
OPEB Contributions After Measurement Date	1,346,556	295,586	1,642,142	-
OPEB Other	852,545	187,144	1,039,689	-
Pension Contributions After Measurement Date	3,348,740	735,089	4,083,829	-
Pension Other	25,176,747	1,035,805	26,212,552	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	33,784,295	2,537,215	36,321,510	-
LIABILITIES				
Current Liabilities:				
Accounts Payable and Other Current Liabilities	8,375,451	19,385,026	27,760,477	-
Unearned Revenue	9,455,466	-	9,455,466	-
Accrued Interest Payable	1,185,492	3,364,399	4,549,891	-
Noncurrent Liabilities:				
Due within One Year	15,089,193	9,190,302	24,279,495	-
Due in More Than One Year	448,554,289	230,594,269	679,148,558	-
TOTAL LIABILITIES	482,659,891	262,533,996	745,193,887	-
DEFERRED INFLOWS OF RESOURCES				
OPEB Other	4,150,550	911,097	5,061,647	-
Pension Other	18,574,103	1,555,277	20,129,380	-
TOTAL DEFERRED INFLOWS OF RESOURCES	22,724,653	2,466,374	25,191,027	-
NET POSITION				
Net Investment in Capital Assets	65,468,012	83,415,048	148,883,060	-
Restricted for:				
Severance Pay 2% Sinking Fund	36,423	-	36,423	-
Seized Assets	1,666,889	-	1,666,889	-
Red Light Cameras	254,183	-	254,183	-
State Cable Franchise 1% PEG Fee	540,799	-	540,799	-
Special Revenue Funds	16,667,923	-	16,667,923	-
Debt Service	29,119,843	4,509,470	33,629,313	-
Unrestricted	33,917,787	23,258,333	57,176,120	25,187
TOTAL NET POSITION	\$ 147,671,859	\$ 111,182,851	\$ 258,854,710	\$ 25,187

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, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 22,700,578	\$ 7,653,604	\$ 3,124,034	\$ 23,624
Finance	2,519,717	-	-	-
Public Safety	49,836,592	1,422,232	1,807,371	-
Community Development	1,801,642	-	636,675	-
Industrial Development	7,506,186	-	-	-
Parks	10,178,552	2,109,500	-	-
Public Works	25,109,329	1,407,449	22,875	893,679
Debt Service:				
Interest and Fiscal Charges	12,044,629	-	-	-
Total Governmental Activities	<u>131,697,225</u>	<u>12,592,785</u>	<u>5,590,955</u>	<u>917,303</u>
Business-type Activities:				
Water and Sewer	47,540,213	51,838,264	1,430,787	5,437,687
Total Business-type Activities	<u>47,540,213</u>	<u>51,838,264</u>	<u>1,430,787</u>	<u>5,437,687</u>
Total Primary Government	<u>\$179,237,438</u>	<u>\$64,431,049</u>	<u>\$ 7,021,742</u>	<u>\$ 6,354,990</u>
COMPONENT UNITS:				
Oscar Johnson, Jr. Community Center	<u>\$ 32,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Property Taxes
 In Lieu of Taxes
 Franchise Fees
 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			Oscar Johnson Jr. Community Center
Governmental Activities	Business-type Activities	Total	
\$ (11,899,316)	\$ -	\$ (11,899,316)	\$ -
(2,519,717)	-	(2,519,717)	-
(46,606,989)	-	(46,606,989)	-
(1,164,967)	-	(1,164,967)	-
(7,506,186)	-	(7,506,186)	-
(8,069,052)	-	(8,069,052)	-
(22,785,326)	-	(22,785,326)	-
(12,044,629)	-	(12,044,629)	-
<u>(112,596,182)</u>	<u>-</u>	<u>(112,596,182)</u>	-
-	11,166,525	11,166,525	-
-	11,166,525	11,166,525	-
<u>(112,596,182)</u>	<u>11,166,525</u>	<u>(101,429,657)</u>	-
			<u>(32,046)</u>
41,901,102	-	41,901,102	-
1,374,709	-	1,374,709	-
7,302,034	-	7,302,034	-
57,584,688	-	57,584,688	-
2,239,048	-	2,239,048	-
392,212	-	392,212	-
2,042,499	108,999	2,151,498	-
87,534	-	87,534	37,980
1,887,201	-	1,887,201	-
402,698	149,010	551,708	-
(269,160)	(76,429)	(345,589)	-
(2,905,001)	2,905,001	-	-
<u>112,039,564</u>	<u>3,086,581</u>	<u>115,126,145</u>	<u>37,980</u>
(556,618)	14,253,106	13,696,488	5,934
123,434,010	96,929,745	220,363,755	782,773
24,794,467	-	24,794,467	(763,520)
<u>148,228,477</u>	<u>96,929,745</u>	<u>245,158,222</u>	<u>19,253</u>
<u>\$ 147,671,859</u>	<u>\$ 111,182,851</u>	<u>\$ 258,854,710</u>	<u>\$ 25,187</u>

CITY OF CONROE, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	General Fund	Conroe Industrial Development Corporation	Debt Service Fund	Conroe Local Government Corporation CIP Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 3,095,973	\$ 12,915	\$ 338,395	\$ -	\$ 13,952,458	\$ 17,399,741
Investments	52,821,769	14,300,044	10,946,185	65,132,956	86,995,763	230,196,717
Receivable (Net of Allowances for Uncollectibles):						
Property Taxes, net	737,184	-	197,838	-	-	935,022
Gross Receipts Tax	1,005,796	-	-	-	-	1,005,796
Accounts	6,464	-	-	-	601,327	607,791
Interest	34,560	22,514	21,120	-	5,625	83,819
Other	603,323	286,240	-	-	644,676	1,534,239
Due from Other Funds	709,924	2,796,182	-	-	76,561	3,582,667
Due from Other Governments	11,184,907	-	-	-	-	11,184,907
Restricted Investments	-	-	-	-	5,532,404	5,532,404
Prepaid Items	144,987	-	-	-	-	144,987
Inventories	50,453	-	-	-	-	50,453
Advances to Other Funds	-	10,000,000	-	-	-	10,000,000
TOTAL ASSETS	\$ 70,395,340	\$ 27,417,895	\$ 11,503,538	\$ 65,132,956	\$ 107,808,814	\$ 282,258,543
LIABILITIES						
Accounts Payable	\$ 1,849,902	\$ 937,163	\$ -	\$ -	\$ 1,845,999	\$ 4,633,064
Other Payables	3,289,223	30,234	-	-	25,200	3,344,657
Retainage Payable	-	-	-	-	110,252	110,252
Due to Other Funds	2,796,182	-	-	-	786,485	3,582,667
Due to Other Governments	-	-	-	-	80,550	80,550
Customer Deposits	-	-	-	-	700	700
Unearned Revenue	1,532,290	-	-	-	7,923,176	9,455,466
Advances from Other Funds	10,000,000	-	-	-	-	10,000,000
TOTAL LIABILITIES	19,467,597	967,397	-	-	10,772,362	31,207,356
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue-Property Taxes	483,858	-	234,633	-	-	718,491
TOTAL DEFERRED INFLOWS OF RESOURCES	483,858	-	234,633	-	-	718,491
FUND BALANCES						
Nonspendable:						
Prepaid Items	144,987	-	-	-	-	144,987
Inventories	50,453	-	-	-	-	50,453
Advances to Other Funds	-	10,000,000	-	-	-	10,000,000
Restricted for:						
Severance Pay 2% Sinking Fund	34,468	1,955	-	-	-	36,423
Seized Assets	1,666,889	-	-	-	-	1,666,889
Red Light Cameras	254,183	-	-	-	-	254,183
State Cable Franchise 1% PEG Fee	540,799	-	-	-	-	540,799
Special Revenue Funds	-	10,434,226	-	-	6,233,697	16,667,923
Debt Service	-	6,014,317	11,268,905	-	12,787,480	30,070,702
Capital Project Funds	-	-	-	65,132,956	70,403,813	135,536,769
Committed for:						
TIRZ #3-Property Tax Receipts	-	-	-	-	5,244,816	5,244,816
Conroe MMD#1 Agreement	-	-	-	-	1,832,714	1,832,714
Woodlands Township Reg. Participation	-	-	-	-	436,558	436,558
Firearms Training Facility	-	-	-	-	97,374	97,374
Assigned to:						
Tree Mitigation	554,233	-	-	-	-	554,233
Equipment Replacement	4,477,175	-	-	-	-	4,477,175
Technology Replacement	152,861	-	-	-	-	152,861
Fund Balance Appropriations	1,041,220	-	-	-	-	1,041,220
Unassigned	41,526,617	-	-	-	-	41,526,617
TOTAL FUND BALANCES	50,443,885	26,450,498	11,268,905	65,132,956	97,036,452	250,332,696
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 70,395,340	\$ 27,417,895	\$ 11,503,538	\$ 65,132,956	\$ 107,808,814	\$ 282,258,543

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, 2021

Total Fund Balances - Governmental Funds \$ 250,332,696

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	\$ 469,389,965	
Accumulated Depreciation of Governmental Capital Assets	<u>(160,753,604)</u>	308,636,361

Land Held for Resale 37,533,315

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. 718,491

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	\$ (346,730,000)	
Premiums/Discounts on Bonds Payable	(35,034,825)	
Deferred Charge on Refunding	3,059,707	
Accrued Interest on Bonds	(1,185,492)	
Notes Payable	(143,002)	
Net OPEB Liability	(9,898,587)	
Deferred Outflows for OPEB	2,142,783	
Deferred Inflows for OPEB	(4,044,256)	
Net Pension Liability - TMRS	(16,435,368)	
Net Pension Liability - Firefighters' Retirement	(39,939,220)	
Deferred Outflows for Pensions	28,318,883	
Deferred Inflows for Pensions	(18,392,654)	
Severance Benefits	(1,821,166)	
Compensated Absences	<u>(11,702,934)</u>	(451,806,131)

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):

2,257,127

Total Net Position - Governmental Activities \$ 147,671,859

CITY OF CONROE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Conroe Industrial Development Corporation	Debt Service Fund	Conroe Local Government Corporation CIP Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 81,960,639	\$ 14,396,127	\$ 11,875,209	\$ -	\$ 2,239,048	\$ 110,471,023
Licenses and Permits	7,085,734	-	-	-	-	7,085,734
Charges for Sales and Services	3,596,267	-	-	-	-	3,596,267
Lease Income	331,936	-	-	-	216,626	548,562
Fines and Forfeitures	1,246,231	-	-	-	115,991	1,362,222
Intergovernmental	3,691,193	-	-	-	4,732,826	8,424,019
Investment Income	131,597	142,710	70,913	47	55,568	400,835
Net Change in Fair Value of Investments	(92,148)	(104,666)	(58,928)	-	(13,418)	(269,160)
Penalties and Interest	162,510	-	69,591	-	1,834	233,935
Land Sales	-	1,047,404	-	-	-	1,047,404
Miscellaneous Revenue	485,968	100	-	-	491,496	977,564
TOTAL REVENUES	98,599,927	15,481,675	11,956,785	47	7,839,971	133,878,405
EXPENDITURES						
Current:						
General Government						
Administration	2,373,740	-	-	-	-	2,373,740
Legal	794,261	-	-	-	-	794,261
Municipal Court	1,136,398	-	-	-	12,049	1,148,447
Building Operations	-	-	-	-	2,366,029	2,366,029
Warehouse/Purchasing	605,596	-	-	-	-	605,596
Information Technology	3,536,027	-	-	-	-	3,536,027
Transportation	1,131,273	-	-	-	1,023,387	2,154,660
Human Resources	1,010,572	-	-	-	-	1,010,572
Culture-Recreation	-	-	-	-	1,863,741	1,863,741
Non-Departmental	6,063,195	-	-	-	24,766	6,087,961
Finance	2,430,767	-	-	-	-	2,430,767
Public Safety						
Police	23,166,994	-	-	-	12,728	23,179,722
Fire	21,060,593	-	-	-	-	21,060,593
Community Development	1,086,581	-	-	-	667,742	1,754,323
Industrial Development	-	7,383,400	-	-	-	7,383,400
Parks						
Parks and Recreation Administration	1,004,884	-	-	-	-	1,004,884
Recreation Center	1,258,931	-	-	-	-	1,258,931
Oscar Johnson, Jr. Community Center	1,279,304	-	-	-	-	1,279,304
Senior Center	113,280	-	-	-	-	113,280
Aquatic Center	1,786,378	-	-	-	-	1,786,378
Parks Operations	2,322,368	-	-	-	13,002	2,335,370
Public Works						
Drainage Maintenance	870,315	-	-	-	-	870,315
Streets	4,242,385	-	-	-	-	4,242,385
Signal Maintenance	1,069,624	-	-	-	-	1,069,624
Signs	680,502	-	-	-	-	680,502
Engineering	3,464,588	-	-	-	-	3,464,588
Building Inspection and Permits	1,454,369	-	-	-	-	1,454,369
Debt Service:						
Principal Retirement	78,410	4,085,000	9,230,000	-	135,000	13,528,410
Interest and Fiscal Charges	2,857	2,363,536	8,159,673	-	16,038	10,542,104
Bond Issuance Costs	-	80,448	336,320	-	3,656,940	4,073,708
Capital Outlay	4,914,176	-	-	786,233	33,432,190	39,132,599
TOTAL EXPENDITURES	88,938,368	13,912,384	17,725,993	786,233	43,223,612	164,586,590
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,661,559	1,569,291	(5,769,208)	(786,186)	(35,383,641)	(30,708,185)
OTHER FINANCING SOURCES (USES)						
Bonds Issued	-	-	45,250	69,345,502	40,599,248	109,990,000
Refunding Bonds Issued	-	16,645,000	13,270,000	-	-	29,915,000
Premium on Bonds Issued	-	-	3,209,630	-	13,288,738	16,498,368
Payment to Escrow Agent	-	(16,560,068)	(15,910,000)	-	-	(32,470,068)
Insurance Proceeds	311,681	-	-	-	-	311,681
Transfers In	2,884,967	-	4,806,700	-	22,555,586	30,247,253
Transfers Out	(6,420,853)	(18,219,409)	-	(3,426,360)	(5,085,632)	(33,152,254)
TOTAL OTHER FINANCING SOURCES (USES)	(3,224,205)	(18,134,477)	5,421,580	65,919,142	71,357,940	121,339,980
Net Change in Fund Balances	6,437,354	(16,565,186)	(347,628)	65,132,956	35,974,299	90,631,795
Fund Balances at Beginning of Year	44,015,690	-	11,616,533	-	44,630,111	100,262,334
Prior Period Adjustment	(9,159)	43,015,684	-	-	16,432,042	59,438,567
FUND BALANCES AT END OF YEAR	\$ 50,443,885	\$ 26,450,498	\$ 11,268,905	\$ 65,132,956	\$ 97,036,452	\$ 250,332,696

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, 2021

Total Net Change in Fund Balances - Governmental Funds \$ 90,631,795

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	\$ 39,132,599	
Depreciation Expense	<u>(14,307,718)</u>	24,824,881

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is an increase (decrease) to net position. (4,700,167)

Sale of Land Held for Resale (264,268)

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. 90,669

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	\$(109,990,000)	
Refunding Bonds	(29,915,000)	
Bond Premiums	(16,498,368)	
Repayments:		
To Refunding Bond Escrow Agent	32,470,068	
To Paying Agent for Bond Principal	13,315,000	
Refunding Interest Expense	861,649	
Capital Lease Principal	78,410	
Notes	<u>135,000</u>	(109,543,241)

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	\$ (288,408)	
Amortization of Bond Premium/Discount	2,288,503	
Amortization of Deferred Amount on Refunding	(292,361)	
Compensated Absences	(673,208)	
Severance Liability	(398,419)	
Net OPEB Liability (including deferred amounts)	786,401	
Net Pension Liability - TMRS (including deferred amounts)	1,625,222	
Net Pension Liability - Firefighters' Retirement (including deferred amounts)	<u>(3,151,625)</u>	(103,895)

Internal service funds are used by the City. The net revenue of the internal service funds are reported with governmental activities. (1,492,392)

Change in Net Position - Governmental Activities \$ (556,618)

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, 2021

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 60,995	\$ 392,015
Investments	85,119,104	3,735,124
Receivables (Net of Allowances for Uncollectibles):		
Accounts	6,908,179	30,506
Interest	24,322	-
Other	694,831	119,940
Prepaid Items	8,000	-
Inventories	882,403	148,971
Total Current Assets	93,697,834	4,426,556
Noncurrent Assets:		
Capital Assets (Net of Accumulated Depreciation)	279,948,172	345,499
Total Noncurrent Assets	279,948,172	345,499
TOTAL ASSETS	373,646,006	4,772,055
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refundings	283,591	-
OPEB Contributions After Measurement Date	295,586	34,485
OPEB Other	187,144	21,833
Pension Contributions After Measurement Date	735,089	85,760
Pension Other	1,035,805	120,844
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,537,215	262,922
LIABILITIES		
Current Liabilities:		
Accounts Payable	6,004,429	157,510
Other Payables	10,099,679	48,718
Retainage Payable	3,280,918	-
Health Claims Liability	-	1,107,446
Accrued Interest Payable	3,364,399	-
Customer Deposits	727,021	-
Compensated Absences	33,281	4,441
Bonds Payable	8,430,000	-
Total Current Liabilities	31,939,727	1,318,115
Noncurrent Liabilities, net of current portion		
Customer Deposits	526,463	-
Compensated Absences	1,234,631	134,362
Net OPEB Liability	2,229,970	260,163
Net Pension Liability	3,702,586	431,968
Bonds Payable, Net	222,900,619	-
Total Noncurrent Liabilities	230,594,269	826,493
TOTAL LIABILITIES	262,533,996	2,144,608
DEFERRED INFLOWS OF RESOURCES		
OPEB Other	911,097	106,294
Pension Other	1,555,277	181,449
TOTAL DEFERRED INFLOWS OF RESOURCES	2,466,374	287,743
NET POSITION		
Net Investment in Capital Assets	83,415,048	345,499
Restricted for Debt Service	4,509,470	-
Unrestricted	23,258,333	2,257,127
TOTAL NET POSITION	\$ 111,182,851	\$ 2,602,626

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, 2021

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
OPERATING REVENUES		
Charges for Sales and Services	\$ 51,837,664	\$ 13,734,331
Intergovernmental	1,430,787	-
TOTAL OPERATING REVENUES	53,268,451	13,734,331
OPERATING EXPENSES		
Public Works	4,976,709	-
Utility Billing and Collection	1,878,020	-
Water Production	4,791,651	-
Surface Water	13,378,318	-
Sewage Treatment	5,124,325	-
Pump and Motor Maintenance	1,471,514	-
Fleet Services	-	2,385,428
General Government	-	12,934,655
Depreciation	7,963,575	46,749
TOTAL OPERATING EXPENSES	39,584,112	15,366,832
Operating Income (Loss)	13,684,339	(1,632,501)
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	1,990,795	-
Investment Income	149,010	1,863
Net Change in Fair Value of Investments	(76,429)	-
Other Income	98,465	138,246
Insurance Recoveries	11,134	-
Interest Expense	(7,956,101)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(5,783,126)	140,109
Income (Loss) Before Contributions and Transfers	7,901,213	(1,492,392)
Capital Contributions	3,446,892	-
Transfers In	3,190,067	-
Transfers Out	(285,066)	-
NET CONTRIBUTIONS AND TRANSFERS	6,351,893	-
Change in Net Position	14,253,106	(1,492,392)
Net Position at Beginning of Year	96,929,745	4,095,018
NET POSITION AT END OF YEAR	\$ 111,182,851	\$ 2,602,626

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, 2021

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 52,871,880	\$ 13,952,616
Payments to Employees	(7,601,768)	(1,042,223)
Payments to Vendors	(24,253,611)	(13,689,072)
Net Cash Provided by (Used for) Operating Activities	<u>21,016,501</u>	<u>(778,679)</u>
Cash Flows from Non-Capital Financing Activities:		
Transfers From Other Funds	3,190,067	-
Transfers To Other Funds	(285,066)	-
Net Cash Provided by Non-Capital Financing Activities	<u>2,905,001</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase of Capital Assets	(63,429,793)	(46,379)
Intergovernmental agreements	1,990,795	-
Insurance Recoveries	11,134	-
Capital Contributions	3,446,892	-
Principal Paid	(9,793,517)	-
Interest Paid	(7,970,920)	-
Proceeds from Debt Issuance	15,716,466	-
Net Cash Used for Capital and Related Financing Activities	<u>(60,028,943)</u>	<u>(46,379)</u>
Cash Flows from Investing Activities:		
Purchase of Investments	(41,271,853)	-
Sale and Maturities of Investments	71,296,553	99,171
Interest and Dividends on Investments	67,873	1,863
Net Cash Provided by Investing Activities	<u>30,092,573</u>	<u>101,034</u>
Net Decrease in Cash and Cash Equivalents	(6,014,868)	(724,024)
Cash and Cash Equivalents at Beginning of Year	6,075,863	1,116,039
Cash and Cash Equivalents at End of Year	<u>\$ 60,995</u>	<u>\$ 392,015</u>
Reconciliation of Operating Income (Loss) to Net Cash		
Provided by (Used for) Operating Activities:		
Operating Income (Loss)	\$ 13,684,339	\$ (1,632,501)
Adjustments to Reconcile Operating Income to Net Cash		
Provided by (Used for) Operating Activities:		
Depreciation	7,963,575	46,749
Other Non-Operating Income	98,465	-
Changes in Assets and Liabilities:		
Decrease (Increase) in Receivables	(605,751)	218,285
Decrease (Increase) in Inventories	(205,272)	(60,141)
Increase (Decrease) in Payables	(23,976)	693,678
Increase (Decrease) in Compensated Absences	132,493	9,943
Increase (Decrease) of Customer Deposits	110,715	-
Increase (Decrease) in OPEB Liability (including deferred amounts)	(5,382)	(16,984)
Increase (Decrease) in Net Pension Liability (including deferred amounts)	(132,705)	(37,708)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 21,016,501</u>	<u>\$ (778,679)</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, 2021**

	<u>Custodial Fund Public Improvement District "PID"</u>	<u>(a) City of Conroe OPEB Trust Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 528,533	\$ -
Investments - Mutual Funds (Fair Value)	-	11,854,287
Receivables (Net of Allowances for Uncollectibles):		
Other	1,063	64,128
TOTAL ASSETS	<u>529,596</u>	<u>11,918,415</u>
LIABILITIES		
Unearned Revenue	1,063	-
TOTAL LIABILITIES	<u>1,063</u>	<u>-</u>
NET POSITION		
Restricted for PID	528,533	-
Restricted for OPEB	-	11,918,415
TOTAL NET POSITION	<u>\$ 528,533</u>	<u>\$ 11,918,415</u>

(a) Information presented for the OPEB Trust Fund is as of December 31, 2020.

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, 2021

	<u>Custodial Fund</u> <u>Public</u> <u>Improvement</u> <u>District "PID"</u>	<u>(a)</u> <u>City of Conroe</u> <u>OPEB Trust</u> <u>Fund</u>
ADDITIONS		
Contributions:		
Employer Contributions	\$ -	\$ 2,055,320
Private Contributions	743,773	-
Investment Earnings:		
Investment Income	1,840	515,799
Net Change in Fair Value of Investment	-	919,406
TOTAL ADDITIONS	<u>745,613</u>	<u>3,490,525</u>
DEDUCTIONS		
Plan Administrative Expense	-	52,315
Benefits and Refunds Paid to Members and Beneficiaries	-	764,747
Recipient Payments	535,929	-
TOTAL DEDUCTIONS	<u>535,929</u>	<u>817,062</u>
Change in Net Position	209,684	2,673,463
Net Position at Beginning of the Year	318,849	9,244,952
NET POSITION AT END OF YEAR	<u>\$ 528,533</u>	<u>\$ 11,918,415</u>

(a) Information presented for the OPEB Trust Fund is as of December 31, 2020.

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

CITY OF CONROE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 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.

Conroe Local Government Corporation – (CLGC). The corporation was created for 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 including 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. – (OJJCCV) 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, 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 OJJCCV. Oscar Johnson, Jr. Community Center Volunteers, Inc. does not issue separate financial statements.

CITY OF CONROE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021

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 *CIDC* is a blended component unit whose sole purpose is to promote economic development within the City and vicinity. The primary source of revenue is a portion of the sales tax as per an agreement with the City. Additionally, there are land sales from tracts at the industrial parks.

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 transfers 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 *Conroe Local Government Corporation CIP Fund* is a capital projects fund used to account for financial resources related to design, planning, acquisition, construction, equipping, expansion of the hotel being constructed for the City through the CLGC. These funds are held and managed through a trust.

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 custodial 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.

CITY OF CONROE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

C. Implementation of New Standards

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

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. Implementation of GASB 91 did not have an impact on the City's financial disclosures.

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. Implementation of GASB 92 did not have an impact on the City's financial disclosures.

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. Implementation of GASB 93 did not have an impact on the City's financial disclosures.

GASB Statement 98, *The Annual Comprehensive Financial Report* ("GASB 98"), establishes the term "annual comprehensive financial report" and its acronym "ACFR". The new term and acronym replace instances of "comprehensive annual financial report" and its acronym in generally accepted accounting principles for state and local governments. Implementation of GASB 98 is reflected throughout the City's financial disclosures.

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, 2021, 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.

CITY OF CONROE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 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

Capital assets include land, easements, intangible assets, land improvements, buildings, building improvements, park improvements, equipment (including machinery and vehicles), and infrastructure. Infrastructure assets are long-lived assets that are generally stationary in nature and can typically be preserved for a significantly greater number of years than other capital assets. Infrastructure assets of the City include: roads, bridges, drainage, water and sewer lines and facilities.

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. Capital Assets of the City are defined as assets with an individual cost of \$5,000 or more and estimated useful lives in excess of one year. Exceptions to the \$5,000 capitalization threshold are as follows: it is the City's policy to capitalize all land and easements; the threshold for any building, building improvement, or park improvement is \$10,000; and the threshold for infrastructure is \$100,000.

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>Useful Lives</u>
Buildings and Improvements	20-40
Machinery and Equipment	5-30
Infrastructure	25-40

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.

CITY OF CONROE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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.

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.

CITY OF CONROE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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.

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: General Fund, 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.

CITY OF CONROE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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.

b. Excess of Expenditures Over Appropriations

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

- (1) Legal (\$20,736), Warehouse/Purchasing (\$176,107), Information Technology (\$219,232), and Human Resources (\$37,922) 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) Finance function (\$104,150) were funded by revenues collected during the fiscal year.
- (3) The Public Safety function with Police department (\$1,565,280) and Fire department (\$2,128,073) of the General Fund. These over expenditures were funded by revenues collected during the fiscal year.
- (4) The Parks function with Parks and Recreation Administration (\$120,064), Recreation Center (\$4,114), Senior Center (\$23,853), and Aquatic Center (\$260,020) of the General Fund. These over expenditures were funded by revenues collected during the fiscal year.
- (5) Streets (\$41,542) department of the General Fund are offset by other departments within the Public Works function.

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

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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.

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

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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 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
Governmental Activities:					
Measured at Amortized Cost:					
TexPool	\$ 32,800,755	\$ -	13.70%	0.10	AAAm
TexSTAR	25,871,771	-	10.80%	0.07	AAAm
Measured at Net Asset Value (NAV):					
Texas CLASS	41,802,756	-	17.46%	0.15	AAAm
Texas CLASS Government	32,111,279	-	13.41%	0.09	AAAm
Measured at Fair Value:					
US Money Market Funds - Liquidity Solutions	77,920,306	77,920,306	32.54%	N/A	AAAm
U.S. Government	21,087,810	21,087,810	8.80%	0.91	Aaa
Municipal Bonds	7,869,568	7,869,568	3.29%	0.94	Aa1,Aa3,AA+
Total Governmental Activities	<u>\$ 239,464,245</u>	<u>\$ 106,877,684</u>	<u>100.00%</u>		
Governmental Portfolio Weighted Average Maturity				0.14	
Business-type Activities:					
Measured at Amortized Cost:					
TexPool	\$ 23,600,092	\$ -	27.73%	0.10	AAAm
TexSTAR	22,434,704	-	26.36%	0.07	AAAm
Measured at Net Asset Value (NAV):					
Texas CLASS	14,462,508	-	16.99%	0.15	AAAm
Texas CLASS Government	14,032,512	-	16.49%	0.09	AAAm
Measured at Fair Value:					
U.S. Government	9,037,980	9,037,980	10.61%	0.86	Aaa
Municipal Bonds	1,551,308	1,551,308	1.82%	1.68	Aaa, Aa3
Total Business-type Activities	<u>\$ 85,119,104</u>	<u>\$ 10,589,288</u>	<u>100.00%</u>		
Business-type Portfolio Weighted Average Maturity				0.21	
Fiduciary Fund (as of 12/31/2020)					
Measured at Fair Value:					
Investments PARS/GASB45	\$ 70,577	\$ 70,577	0.60%	-	Not Rated
Mutual Funds - Fixed Income	4,497,682	4,497,682	37.94%	7.34	Not Rated
Mutual Funds - Equity	7,286,028	7,286,028	61.46%	N/A	Not Rated
Total Fiduciary Fund	<u>\$ 11,854,287</u>	<u>\$ 11,854,287</u>	<u>100.00%</u>		

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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 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 2021, 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, 2021, 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 3rd party safekeeping agent.

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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, 2021, is as follows:

Receivables:	General Fund	CIDC	Debt Service Fund	Nonmajor Governmental	Water and Sewer Fund	Internal Service Funds
Property Taxes	\$ 821,467	\$ -	\$ 231,551	\$ -	\$ -	\$ -
Gross Receipts Tax	1,005,796	-	-	-	-	-
Accounts	6,464	-	-	601,327	7,415,179	30,506
Interest	34,560	22,514	21,120	5,625	24,322	-
Other	603,323	286,240	-	644,676	694,831	119,940
Gross Receivables	2,471,610	308,754	252,671	1,251,628	8,134,332	150,446
Less: Allowance for Uncollectibles	(84,283)	-	(33,713)	-	(507,000)	-
Net Receivables	<u>\$ 2,387,327</u>	<u>\$ 308,754</u>	<u>\$ 218,958</u>	<u>\$ 1,251,628</u>	<u>\$ 7,627,332</u>	<u>\$ 150,446</u>

Due from other governments of \$11,184,907 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, 2021, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 709,924
CIDC	General Fund	2,796,182
Nonmajor Governmental Funds	Nonmajor Governmental Funds	76,561
Total All Funds		<u>\$ 3,582,667</u>

B. Advances To and From

In August 2021, the CIDC advanced \$10,000,000 to the City's General Fund to cover the City's contribution to the Convention Center project. The loan is non-interest bearing and has a maximum maturity of 30 years.

C. 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:

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Transfers From	Transfers To	Amount	Reason
General Fund	Water and Sewer	\$ 485,588	Administration costs
General Fund	Nonmajor Governmental	2,904,736	Increase in TIRZ #3 property tax value
General Fund	Nonmajor Governmental	2,039,580	In lieu of rent for Conroe Tower
General Fund	Nonmajor Governmental	408,203	MMD#1 Reimbursement Agreement
General Fund	Nonmajor Governmental	582,746	MMD#1 Economic Development
Water and Sewer	General Fund	193,316	To fund technology & equipment purchases
Water and Sewer	Nonmajor Governmental	91,750	In lieu of rent for Conroe Tower
CIDC	General Fund	2,500,000	Project costs
CIDC	Water and Sewer	187,503	Principal & interest requirements
CIDC	Water and Sewer	2,516,976	Project costs
CIDC	Debt Service	351,419	Principal & interest requirements
CIDC	Nonmajor Governmental	10,000,000	Convention Center project
CIDC	Nonmajor Governmental	2,663,511	Project costs
CLGC CIP Fund	Nonmajor Governmental	3,426,360	Project costs
Nonmajor Governmental	General Fund	116,586	Administration costs
Nonmajor Governmental	General Fund	7,125	Project costs
Nonmajor Governmental	General Fund	33,160	Municipal Court building security
Nonmajor Governmental	General Fund	34,780	Municipal Court security officer
Nonmajor Governmental	Debt Service	533,842	Principal & interest requirements
Nonmajor Governmental	Debt Service	3,887,708	TIRZ #3 principal & interest requirements
Nonmajor Governmental	Debt Service	33,731	Residual monies on debt issuance
Nonmajor Governmental	Nonmajor Governmental	438,700	Project costs
		<u>\$ 33,437,320</u>	

V. Capital Assets

Capital asset activity for the year ended September 30, 2021, was as follows:

Governmental Activities:	Beginning Balance (as restated)	Additions	Deletions	Transfers	Ending Balance
Land and Easements	\$ 24,915,756	\$ 2,404,554	\$ (12,500)	\$ 334,191	\$ 27,642,001
Construction in Progress	59,450,587	25,649,967	(669,756)	(48,306,282)	36,124,516
Total Capital Assets Not Depreciated	<u>84,366,343</u>	<u>28,054,521</u>	<u>(682,256)</u>	<u>(47,972,091)</u>	<u>63,766,517</u>
Buildings and Improvements	106,405,581	4,555,728	(234,600)	11,961,415	122,688,124
Machinery and Equipment	36,113,829	2,904,043	(723,954)	2,978,565	41,272,483
Infrastructure	208,636,540	-	(5,810)	33,032,111	241,662,841
	<u>351,155,950</u>	<u>7,459,771</u>	<u>(964,364)</u>	<u>47,972,091</u>	<u>405,623,448</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(42,050,559)	(4,128,321)	161,948	-	(46,016,932)
Machinery and Equipment	(23,961,995)	(2,983,460)	585,210	-	(26,360,245)
Infrastructure	(81,135,968)	(7,242,686)	2,227	-	(88,376,427)
	<u>(147,148,522)</u>	<u>(14,354,467)</u>	<u>749,385</u>	<u>-</u>	<u>(160,753,604)</u>
Total Capital Assets being Depreciated, net	<u>204,007,428</u>	<u>(6,894,696)</u>	<u>(214,979)</u>	<u>47,972,091</u>	<u>244,869,844</u>
Governmental Activities Capital Assets, net	<u>\$288,373,771</u>	<u>\$ 21,159,825</u>	<u>\$ (897,235)</u>	<u>\$ -</u>	<u>\$308,636,361</u>

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Business-Type Activities:	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Land and Easements	\$ 3,825,348	\$ 72,984	\$ -	\$ 1,600	\$ 3,899,932
Construction in Progress	60,324,211	63,316,102	(774,404)	(17,503,514)	105,362,395
Total Capital Assets Not Depreciated	64,149,559	63,389,086	(774,404)	(17,501,914)	109,262,327
Buildings and Improvements	1,973,847	-	-	-	1,973,847
Machinery and Equipment	11,413,493	666,710	(573,832)	-	11,506,371
Infrastructure	257,889,276	229,000	(975,552)	17,501,914	274,644,638
	271,276,616	895,710	(1,549,384)	17,501,914	288,124,856
Less Accumulated Depreciation for:					
Buildings and Improvements	(764,841)	(75,140)	-	-	(839,981)
Machinery and Equipment	(5,480,144)	(697,567)	514,137	-	(5,663,574)
Infrastructure	(104,699,236)	(7,190,868)	954,648	-	(110,935,456)
	(110,944,221)	(7,963,575)	1,468,785	-	(117,439,011)
Total Capital Assets being Depreciated, net	160,332,395	(7,067,865)	(80,599)	17,501,914	170,685,845
Business-Type Activities Capital Assets, net	\$ 224,481,954	\$ 56,321,221	\$ (855,003)	\$ -	\$279,948,172

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 521,580
Finance	89,573
Public Safety	2,089,306
Community Development	32,087
Parks	2,510,929
Public Works	9,110,992
	<u>\$ 14,354,467</u>
Business -type Activities:	
Water and Sewer	<u>\$ 7,963,575</u>

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. 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, Series 2018 Sales Tax Revenue Bonds, and Series 2020 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 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.

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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 due to a decrease in cash flow requirements and had an economic gain of \$1,389,244.

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 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 2031. 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.

On August 31, 2021, the City issued \$17,390,000 in Certificates of Obligation, Series 2021A to fund the design, construction, and equipment of new convention center facilities, related infrastructure and parking facilities. While secured by the City's ad valorem taxes, the City intends to apply to the Texas Comptroller for a rebate of the sales taxes and hotel occupancy taxes levied by the State of Texas on sales and hotel room rentals from the Convention Center Hotel Project ("Project") as authorized by Section 351.156, Texas Tax Code. Such rebate, if granted by the Comptroller, is effective for 10 years from the opening of the Project. In order to qualify for the rebate, the City is required to pledge or commit a portion of the revenue derived from the municipal hotel occupancy tax imposed under Chapter 351 that is collected from the hotel portion of the Project for the payment of bonds or other obligations issued or incurred for the Project. Series 2021A had a premium of \$2,806,404 and an annual interest rate of 3% to 5%. Interest accrues semiannually and the bonds mature in 2041.

On August 31, 2021, the CLGC issued \$28,715,000 in First-Lien Hotel Revenue Bonds (Conroe Convention Center Hotel), Series 2021A, \$27,160,000 in Second-Lien Hotel Revenue Bonds (Conroe Convention Center Hotel), Series 2021B, and \$21,215,000 in Third-Lien Hotel Revenue and Subordinate Contract Revenue Bonds (Conroe Convention Center Hotel), Series 2021C to design, acquire, construct, equip, furnish and open an upper-upscale, full-service hotel including appropriate support facilities; fund capitalized interest; fund debt service reserve funds for the Series 2021 Bonds; fund initial deposit to the Working Capital Reserve Fund; and pay certain costs of issuances. Series 2021C Third-Lien Bonds includes a subordinate payment obligation of the CIC to make semiannual cash contributions on each Transfer Date of Contract Revenue derived from the Sales Tax for deposit into the Contract Revenue Coverage Account for the payment of the series in the event of a debt service deficiency under the indenture. Series 2021A had a premium of \$2,288,174 and an annual interest rate of 2.5% to 4%. Series 2021B had a premium of \$1,992,728 and an annual interest rate of 3.5% to 5%. Series 2021C had a premium of \$4,267,432 and an annual interest rate of 4% to 5%. Interest accrues semiannually and the bonds mature in 2050.

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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, 2021, are as follows:

Governmental Activities:	Beginning Balance (as restated)	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Refunding Bonds	\$ 43,670,000	\$ 13,270,000	\$ (5,440,000)	\$ 51,500,000	\$ 4,800,000
Certificates of Obligation	135,750,000	32,900,000	(19,600,000)	149,050,000	4,490,000
Direct Placement C.O.s	3,140,000	-	(100,000)	3,040,000	100,000
Sales Tax Revenue Bonds	37,150,000	-	(18,020,000)	19,130,000	575,000
Direct Placement STRBs	32,350,000	16,645,000	(2,075,000)	46,920,000	3,635,000
Hotel Revenue Bonds	-	77,090,000	-	77,090,000	-
Unamortized Premiums	21,830,320	16,498,368	(3,293,863)	35,034,825	-
Total Bonds Payable	273,890,320	156,403,368	(48,528,863)	381,764,825	13,600,000
Capital Leases	78,410	-	(78,410)	-	-
Notes Payable	278,002	-	(135,000)	143,002	143,002
Health Claims Liability	497,359	9,232,117	(8,622,030)	1,107,446	1,107,446
Net OPEB Liability	11,221,499	-	(1,062,749)	10,158,750	-
Net Pension Liability/TMRS	17,535,017	18,330,018	(18,997,699)	16,867,336	-
Net Pension Liability/Fire R/R	43,847,046	7,715,435	(11,623,261)	39,939,220	-
Severance Payable	1,422,747	696,958	(298,539)	1,821,166	-
Compensated Absences	11,158,586	928,456	(245,305)	11,841,737	238,745
Total Governmental Activities	\$ 359,928,986	\$ 193,306,352	\$ (89,591,856)	\$ 463,643,482	\$ 15,089,193

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds	\$ 58,140,000	\$ -	\$ (12,450,000)	\$ 45,690,000	\$ 2,660,000
Refunding Bonds	19,235,000	7,495,000	(1,395,000)	25,335,000	2,060,000
Certificates of Obligation	125,545,000	13,430,000	(2,875,000)	136,100,000	3,710,000
Unamortized Premiums	21,947,596	4,016,322	(1,758,299)	24,205,619	-
Total Bonds Payable	224,867,596	24,941,322	(18,478,299)	231,330,619	8,430,000
Customer Deposits	1,142,769	830,659	(719,944)	1,253,484	727,021
Capital Leases	540,074	-	(540,074)	-	-
Net OPEB Liability	2,314,688	-	(84,718)	2,229,970	-
Net Pension Liability/TMRS	3,616,994	4,255,819	(4,170,227)	3,702,586	-
Compensated Absences	1,135,419	149,655	(17,162)	1,267,912	33,281
Total Business-type Activities	\$ 233,617,540	\$ 30,177,455	\$ (24,010,424)	\$ 239,784,571	\$ 9,190,302

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

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A summary of the long-term bonded debt of the City at September 30, 2021 is presented below:

Refunding Bonds	Rate	Issue Date	Amount of Original Issue	Maturity Date	Outstanding
Refunding Bonds, Series 2015	2.00-5.00%	2015	33,370,000	2030	\$ 27,125,000
Refunding Bonds, Series 2018	2.00-5.00%	2018	24,185,000	2030	20,555,000
Refunding Bonds, Series 2019	5.00%	2019	9,075,000	2030	8,390,000
Refunding Bonds, Series 2020	5.00%	2020	20,765,000	2031	20,765,000
Total Refunding Bonds Payable					<u>\$ 76,835,000</u>
Certificates of Obligation					
Series 2005 (Direct Placement)	4.33%	2005	\$ 3,865,000	2030	\$ 3,040,000
Series 2014	2.00-5.00%	2014	31,100,000	2034	25,175,000
Series 2015	2.00-4.00%	2015	8,795,000	2035	4,650,000
Series 2016	2.00-4.00%	2016	11,275,000	2036	7,080,000
Series 2017A	2.00-5.00%	2017	20,110,000	2037	16,620,000
Series 2017B	2.00-5.00%	2017	21,590,000	2038	19,245,000
Series 2018A	4.00-5.00%	2018	42,870,000	2038	40,665,000
Series 2018B	5.00%	2018	86,845,000	2039	84,105,000
Series 2019A	3.00-5.00%	2019	23,730,000	2039	22,480,000
Series 2019B	3.00-5.00%	2019	19,915,000	2040	19,320,000
Series 2020A	1.39%	2020	4,350,000	2035	4,080,000
Series 2020B	2.00-5.00%	2020	11,160,000	2040	10,910,000
Series 2020C	3.00-5.00%	2020	13,430,000	2041	13,430,000
Series 2021A	3.00-5.00%	2021	17,390,000	2041	17,390,000
Total Certificates of Obligations Payable					<u>\$ 288,190,000</u>
Sales Tax Revenue Bonds					
Series 2019, CIDC	4.00-5.00%	2019	\$ 20,195,000	2039	\$ 19,130,000
Direct Placements:					
Series 2016, Refunding CIDC, Taxable	2.90%	2016	13,815,000	2030	9,795,000
Series 2018, Refunding CIDC, Taxable	4.32%	2018	23,225,000	2033	20,745,000
Series 2020, Refunding CIDC, Taxable	1.31%	2020	16,645,000	2032	16,380,000
Total Sales Tax Revenue Bonds Payable					<u>\$ 66,050,000</u>
Hotel Revenue Bonds					
Series 2021A, First-Lien	2.50-4.00%	2021	28,715,000	2050	28,715,000
Series 2021B, Second-Lien	3.50-5.00%	2021	27,160,000	2050	27,160,000
Series 2021C, Third-Lien	4.00-5.00%	2021	21,215,000	2050	21,215,000
Total Hotel Revenue Bonds					<u>\$ 77,090,000</u>
Revenue Bonds					
Waterworks and Sewer System	Rate	Issue Date	Amount of Original Issue	Maturity Date	Outstanding
Bonds, Series 2011	1.75-4.25%	2011	5,160,000	2031	\$ 3,240,000
Bonds, Series 2012	1.75-5.00%	2012	18,130,000	2032	12,520,000
Bonds, Series 2013	2.00-4.25%	2013	6,790,000	2033	4,890,000
Bonds, Series 2014	2.00-5.00%	2014	17,130,000	2034	13,280,000
Bonds, Series 2015	2.00-5.00%	2015	14,400,000	2035	11,760,000
Total Revenue Bonds Payable					<u>\$ 45,690,000</u>

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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, 2021, the City nor the CIDC had no outstanding defeased obligations.

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 had such investments been invested at a rate equal to the yield on the bond issue. Rebatable 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, 2021.

B. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2021, are as follows:

Fiscal Year	Governmental Activities				
	Bonded Debt		Direct Placements		Total
	Principal	Interest	Principal	Interest	
2022	\$ 9,865,000	\$ 9,239,346	\$ 3,735,000	\$ 1,524,135	\$ 24,363,481
2023	10,310,000	8,800,337	3,825,000	1,429,449	24,364,786
2024	10,675,000	11,320,876	4,175,000	1,326,617	27,497,493
2025	12,385,000	11,079,685	4,280,000	1,214,871	28,959,556
2026	12,985,000	10,524,917	4,400,000	1,099,580	29,009,497
2027	13,575,000	9,996,279	4,520,000	980,319	29,071,598
2028	14,525,000	9,440,672	4,640,000	857,124	29,462,796
2029	15,505,000	8,830,970	4,770,000	729,883	29,835,853
2030	16,370,000	8,180,116	4,930,000	566,627	30,046,743
2031	15,470,000	7,494,509	3,715,000	407,713	27,087,222
2032	15,400,000	6,803,575	3,845,000	274,014	26,322,589
2033	16,360,000	6,086,167	3,125,000	135,000	25,706,167
2034	17,110,000	5,334,538	-	-	22,444,538
2035	15,125,000	4,634,490	-	-	19,759,490
2036	14,980,000	3,994,175	-	-	18,974,175
2037	14,865,000	3,354,275	-	-	18,219,275
2038	13,200,000	2,757,450	-	-	15,957,450
2039	9,180,000	2,314,700	-	-	11,494,700
2040	5,710,000	2,018,575	-	-	7,728,575
2041	5,145,000	1,818,000	-	-	6,963,000
2042	3,550,000	1,644,450	-	-	5,194,450
2043	3,695,000	1,490,550	-	-	5,185,550
2044	3,860,000	1,330,450	-	-	5,190,450
2045	4,020,000	1,163,350	-	-	5,183,350
2046	4,210,000	989,400	-	-	5,199,400
2047	4,380,000	807,350	-	-	5,187,350
2048	4,575,000	618,050	-	-	5,193,050
2049	4,765,000	420,400	-	-	5,185,400
2050	4,975,000	214,700	-	-	5,189,700
	<u>\$296,770,000</u>	<u>\$ 142,702,352</u>	<u>\$ 49,960,000</u>	<u>\$ 10,545,332</u>	<u>\$ 499,977,684</u>

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Fiscal Year	Governmental Activities - Notes Payable		
	Principal	Interest	Total
2022	\$ 143,002	\$ 8,284	\$ 151,286
	<u>\$ 143,002</u>	<u>\$ 8,284</u>	<u>\$ 151,286</u>

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

Fiscal Year	Business-type Activities - Bonded Debt		
	Principal	Interest	Total
2022	\$ 8,430,000	\$ 9,230,538	\$ 17,660,538
2023	9,305,000	8,848,875	18,153,875
2024	10,470,000	8,387,225	18,857,225
2025	10,965,000	7,891,550	18,856,550
2026	11,465,000	7,385,475	18,850,475
2027	12,005,000	6,850,375	18,855,375
2028	12,560,000	6,292,894	18,852,894
2029	13,140,000	5,708,725	18,848,725
2030	13,760,000	5,096,722	18,856,722
2031	14,335,000	4,451,169	18,786,169
2032	12,075,000	3,848,112	15,923,112
2033	12,120,000	3,306,378	15,426,378
2034	11,410,000	2,765,143	14,175,143
2035	11,460,000	2,223,650	13,683,650
2036	10,690,000	1,705,700	12,395,700
2037	10,090,000	1,229,600	11,319,600
2038	10,460,000	760,875	11,220,875
2039	9,110,000	310,275	9,420,275
2040	2,360,000	62,850	2,422,850
2041	915,000	13,725	928,725
	<u>\$ 207,125,000</u>	<u>\$ 86,369,856</u>	<u>\$ 293,494,856</u>

C. Capital Leases

The net amount of capital assets (machinery, equipment and improvements) acquired through governmental activities capital leases is \$244,648 and acquired through business-type activities capital leases is \$3,228,683 as of September 30, 2021.

This year, \$253,087 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:

	Governmental Activities	Business-type Activities
Machinery & Equipment	\$ -	\$ 2,212,869
Less: Accumulated Depreciation	-	(1,044,966)
Total	<u>\$ -</u>	<u>\$ 1,167,903</u>
Improvements	\$ 838,793	\$ 4,121,560
Less: Accumulated Depreciation	(594,145)	(2,060,780)
Total	<u>\$ 244,648</u>	<u>\$ 2,060,780</u>

CITY OF CONROE, TEXAS
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D. Subsequent Issuance

On December 9, 2021, the City issued \$12,170,000 in Limited Tax Refunding Bonds, Series 2021 to refund a portion of the City's outstanding Water and Sewer System Revenue Bonds, Series 2011, Water and Sewer System Revenue Bonds, Series 2012, and to pay the cost of issuance. Series 2021 had a premium of \$2,688,656 and an annual interest rate of 4% to 5%. Interest accrues semiannually and the bonds mature in 2032. The refunding resulted in savings of \$1,964,012 due to a decrease in cash flow requirements and had an economic gain of \$1,811,616.

On December 9, 2021, the City issued \$16,725,000 in Certificates of Obligation, Series 2021B to fund the construction, improvement, expansion, rehabilitation and repair of City streets, alleys, bridges, sidewalks, traffic signals and traffic signal systems, acquisition, construction, improvement, and equipment of a new fire station, improvement, rehabilitation and repair of the drainage system and pay the costs of issuance. Series 2021B had a premium of \$2,571,030 and an annual interest rate of 3% to 5%. Interest accrues semiannually and the bonds mature in 2041.

On December 9, 2021, the City issued \$23,000,000 in Certificates of Obligation, Series 2021C to fund the repair and renovation of, the construction of improvements to and the equipment of the City's water and sewer system and to pay the costs of issuance. Series 2021C had a premium of \$4,635,920 and an annual interest rate of 3% to 5%. Interest accrues semiannually and the bonds mature in 2041. 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.

On March 15, 2022, the City issued \$29,645,000 in Certificates of Obligation, Series 2022A to fund the design, construction and equipment of a new 80,000 sq. ft. community center and related infrastructure to be located on land owned by the City at 710 Foster Drive on approximately 25 acres in Conroe, Texas and to pay the costs of issuance. Series 2022A had a premium of \$4,697,677 and an annual interest rate of 4% to 5%. Interest accrues semi-annually and the bonds mature in 2042.

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, 2021, 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.

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Changes in the health claims for the two fiscal years ended September 30, 2021 and 2020 are as follows:

	2021	2020
Health Claim Liability, Beginning of the Year	\$ 497,359	\$ 505,216
Current-year Claims and Changes in Estimates	9,232,117	8,499,060
Claim Payments	(8,622,029)	(8,506,917)
Health Claim Liability, End of the Year	<u>\$ 1,107,447</u>	<u>\$ 497,359</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 2021, 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.

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).

CITY OF CONROE, TEXAS
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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.

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.

CITY OF CONROE, TEXAS
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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, 2020, there were two retirees who accrued a life insurance benefit of \$12,500.

11) Monthly Unsubsidized Retiree Premiums Effective October 1, 2020:

Benefit	Retiree Only	Spouse
Medical - OAP	\$ 668	\$ 367
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.

At the measurement date, there was total plan membership of 774, which consisted of 165 retirees and beneficiaries and 609 active members.

C. Contributions

For the year ended September 30, 2021, the City funded 100% of the normal cost and the pay-go amount totaling \$2,240,654 in an irrevocable trust, and reported it in a fiduciary fund in the financial statements. Withdrawals in the amount of \$467,427 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 3rd 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, 2020, actuarial valuation was determined using the following actuarial assumptions:

CITY OF CONROE, TEXAS
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Actuarial Cost Method	Entry Age Normal
Discount Rate*	6.25%
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas municipal Retirement System (TMRS) and the assumptions used in Conroe Fire Fighters' Relief & Retirement Fund actuarial valuation as of December 31, 2019 (CFFR&RF). For the OPEB valuation, the standard retirement rates for firefighters were adjusted to reflect the impact of the City's retiree medical plan design.
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 published through 2019 to account for future mortality improvements. CFFR&RF: For healthy retirees, the gender-distinct PubS-2010 Healthy Annuitant mortality tables are used. The rates are projected on a fully generational basis with the Scale MP-2019.
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 7.00% declining to ultimate rates of 4.25% after 13 years.
Notes:	The Single Discount Rate changed from 6.50% as of December 31, 2019 to 6.25% as of December 31, 2020. Additionally, the mortality assumption for Firefighters was updated.

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, 2020 are incorporated into the discount rate at 2.00%.

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 6.25%.
- 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 6.250%. The asset portfolio of the OPEB trust can support a 6.25% long term rate of return. The total OPEB liability is based on an actuarial valuation performed as of December 31, 2020, which is also the measurement date.

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	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 12/31/2019	\$ 22,781,139	\$ 9,244,952	\$ 13,536,187
Changes for the Year:			
Service Cost	1,082,350	-	1,082,350
Interest	1,491,096	-	1,491,096
Differences Between Expected and Actual Experience	(1,100,815)	-	(1,100,815)
Changes of Assumptions	818,112	-	818,112
Contributions - Employer	-	2,055,320	(2,055,320)
Net Investment Income	-	1,435,205	(1,435,205)
Benefit Payments, Including Refunds of Employee Contributions	(764,747)	(764,747)	-
Administrative Expense	-	(52,315)	52,315
Other Changes	-	-	-
Net Changes	1,525,996	2,673,463	(1,147,467)
Balances at 12/31/2020	\$ 24,307,135	\$ 11,918,415	\$ 12,388,720

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 7.0% 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in (6.0% Decreasing to 3.25%)	Current Healthcare Cost Trend Rate (7.0% Decreasing to 4.25%)	1% Increase in (8.0% Decreasing to 5.25%)
City's Net OPEB Liability	\$ 9,701,540	\$ 12,388,720	\$ 15,612,085

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 6.25% 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 (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease 5.25%	Current Single Discount Rate Assumption 6.25%	1% Increase 7.25%
City's Net OPEB Liability	\$ 14,898,603	\$ 12,388,720	\$ 10,169,590

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$1,231,418. 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	\$ 76,036	\$ 2,639,515
Change in actuarial assumption	963,653	1,422,462
Difference between expected and actual investment earnings	-	999,670
Contributions subsequent to the measurement date	1,642,142	-
Totals	<u>\$ 2,681,831</u>	<u>\$ 5,061,647</u>

\$1,642,142 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30:	
2022	\$ (753,180)
2023	(708,922)
2024	(803,874)
2025	(633,846)
2026	(478,253)
Thereafter	(643,885)
Total	<u>\$ (4,021,960)</u>

IX. Pension Plans

A. Plan Descriptions

Texas Municipal Retirement System (TMRS): The City participates as one of 895 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 annual comprehensive financial report ("ACFR") that can be obtained at www.tmrs.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

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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, 2020.

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:

	Plan Year 2020	Plan Year 2019
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.

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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 2020	Plan Year 2019
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

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	198	39
Inactive Employees Entitled to But Not Yet Receiving Benefits	195	4
Active Employees	477	125
Totals	870	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 16.24% and 16.30% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were \$5,615,134, 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, 2021, were \$1,987,931, and were equal to the required contributions.

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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, 2021, the City recognized \$60,509,143 in net pension liability (TMRS of \$20,569,923 and CFFR&RF of \$39,939,220).

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

CFFR&RF: The Total Pension Liability, Net Pension Liability, and the associated sensitivity information provided was based on the December 31, 2020 actuarial valuation. The Total Pension Liability was rolled-forward to the fiscal year ended September 30, 2021 (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.

Actuarial Assumptions:

TMRS: The Total Pension Liability in the December 31, 2020, 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.

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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

Asset Class	Minimum %	Target %	Maximum %
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%

CFFR&RF: The Total Pension Liability, Net Pension Liability, and the associated sensitivity information provided are derived from the results of the December 31, 2020, valuation. The Total Pension Liability was rolled-forward from the 2020 valuation date to the fiscal year ended September 30, 2021, 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-2019.
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 5.16% was developed to measure the Total Pension Liability (based on a municipal bond index rate of 2.19% as of September 30, 2021 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.

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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, 2020, (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%

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.

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	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2019	\$ 153,249,266	\$ 132,097,255	\$ 21,152,011
Changes for the Year:			
Service Cost	5,735,930	-	5,735,930
Interest	10,358,964	-	10,358,964
Differences Between Expected and Actual Experience	1,121,324	-	1,121,324
Contributions - Employer	-	5,473,603	(5,473,603)
Contributions - Employee	-	2,359,078	(2,359,078)
Net Investment Income	-	10,033,038	(10,033,038)
Benefit Payments, Including Refunds of Employee Contributions	(5,302,206)	(5,302,206)	-
Administrative Expense	-	(64,882)	64,882
Other Changes	-	(2,531)	2,531
Net Changes	11,914,012	12,496,100	(582,088)
Balances at 12/31/2020	\$ 165,163,278	\$ 144,593,355	\$ 20,569,923

CFFR&RF: The discount rate used to measure the Total Pension Liability was 5.16%. 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 2063. Therefore, as required by GASB 68, a blended discount rate of 5.16% was developed based on the long-term expected rate of return on pension investments through 2063 and the September 30, 2021 municipal bond index rate of 2.19% 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 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 9/30/2020	\$ 73,859,139	\$ 30,012,093	\$ 43,847,046
Changes for the Year:			
Service Cost	3,717,938	-	3,717,938
Interest	3,997,497	-	3,997,497
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	(1,830,559)	-	(1,830,559)
Contributions - Employer	-	1,987,931	(1,987,931)
Contributions - Employee	-	1,754,680	(1,754,680)
Net Investment Income	-	6,140,840	(6,140,840)
Benefit Payments	(1,977,237)	(1,977,237)	-
Refunds	(16,117)	(16,117)	-
Administrative Expense	-	(90,749)	90,749
Net Changes	3,891,522	7,799,348	(3,907,826)
Balances at 9/30/2021	\$ 77,750,661	\$ 37,811,441	\$ 39,939,220

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

TMRS: The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75% as well as what the City's net pension liability (asset) 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	\$ 46,085,301	\$ 20,569,923	\$ (199,324)

CFFR&RF: The following presents the net pension liability, calculated using the discount rate of 5.16%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.16%) or 1-percentage-point higher (6.16%) than the current rate:

	1% Decrease in Discount Rate (4.16%)	Discount Rate (5.16%)	1% Increase in Discount Rate (6.16%)
CFFR&RF Net Pension Liability	\$ 52,207,631	\$ 39,939,220	\$ 30,102,171

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.

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.

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

For the year ended September 30, 2021, the City recognized \$8,959,056 in pension expense (TMRS of \$3,819,500 and CFFR&RF of \$5,139,556). At September 30, 2021, 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	\$ 1,019,749	\$ 409,129	\$ 1,544,595	\$ 1,486,753	\$ 2,564,344	\$ 1,895,882
Change in actuarial assumption	205,895	-	18,913,486	8,043,127	19,119,381	8,043,127
Difference between projected and actual investment earnings	4,528,826	8,231,296	-	1,959,074	4,528,826	10,190,370
Contributions subsequent to the measurement date	4,083,829	-	-	-	4,083,829	-
Totals	<u>\$ 9,838,299</u>	<u>\$ 8,640,425</u>	<u>\$ 20,458,081</u>	<u>\$ 11,488,954</u>	<u>\$ 30,296,380</u>	<u>\$ 20,129,379</u>

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\$4,083,829 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	TMRS	CFFR&RF	Total Pensions
2022	\$ (1,178,125)	\$ 1,435,269	\$ 257,144
2023	170,852	1,408,506	1,579,358
2024	(1,968,312)	1,135,155	(833,157)
2025	(4,839)	958,304	953,465
2026	94,469	1,724,077	1,818,546
Thereafter	-	2,307,816	2,307,816
Total	<u>\$ (2,885,955)</u>	<u>\$ 8,969,127</u>	<u>\$ 6,083,172</u>

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, 2021, 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 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. On September 1, 2021, the groundwater pumpage rate was increased by \$0.15 from \$2.73 to \$2.88 per 1,000 gallons, and the surface water rate was increased by \$0.15 from \$3.15 to \$3.30 per 1,000 gallons. This City continues to withhold the payment of this increase. The City's financial statements include a liability of \$9,539,393 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.

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B. Construction Commitments

The City has active construction projects as of September 30, 2021. Total accumulated commitments for ongoing capital projects are composed of the following:

	Spent-to-Date	Remaining Commitment
Water and Sewer	\$ 88,572,660	\$ 18,735,791
Streets Projects	16,356,791	2,494,379
Facilities Projects	6,233,752	-
Drainage Projects	1,074,198	-
Parks Projects	7,678,823	-
Signals Projects	1,134,875	-
Totals	<u>\$ 121,051,099</u>	<u>\$ 21,230,170</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, 2021, significant encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in:	
	Restricted Fund Balance	Assigned Fund Balance
General Fund	\$ -	\$ 2,376,958
Nonmajor Governmental	5,640,069	-
Total Encumbrances	<u>\$ 5,640,069</u>	<u>\$ 2,376,958</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 "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

CITY OF CONROE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 \$30,843 in fiscal year 2021.

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 2021, 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 \$372,252 in fiscal year 2021.

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 \$568,465 during fiscal year 2021.

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 \$1,307,628 in fiscal year 2021.

XIII. Fund Balances

The following funds had negative fund balance or net position at September 30, 2021:

Fleet Services had a deficit net position of \$179,444 at September 30, 2021. Exclusive of Fleet's portion the City's OPEB liability of \$260,163, net pension liability of \$431,968, related deferred outflows of \$262,922 and deferred inflows of \$287,743, this fund would recognize a positive net position of \$537,508.

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

CITY OF CONROE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

contract, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. GASB 87 will be implemented by the City in 2022 and the impact has not yet been determined.

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.

XV. Prior Period Adjustments

Reclassifying the Conroe Industrial Development Corporation from a discretely presented component unit to a blended component unit resulted in the entity to have two funds to report in the City's financial statements.

Conroe Industrial Development Corporation - Special Revenue Fund	\$ 43,015,684
CIDC Sales Tax Revenue Bonds, Series 2019 CIP Fund	16,432,042
Component Unit Fund Balance Ended September 30, 2020	<u>\$ 59,447,726</u>

Reclassify City activities and assets to General Fund from the Oscar Johnson Jr. Community Center Volunteers, Inc. component unit.

Component Unit Fund Balance Ended September 30, 2020	\$ (10,094)
Balance in Oscar Johnson Jr. Community Center Volunteers, Inc. at 09/30/2020	19,253
Fund balance prior period adjustment to reclassify City activity to General Fund	<u>\$ 9,159</u>
General Fund, Fund balance as of September 30, 2020	\$ 44,015,690
Reclassify City activity to General Fund - prior period adjustment	(9,159)
Restated beginning fund balance in General Fund	<u>\$ 44,006,531</u>
Component Unit Net Position Ended September 30, 2020	\$ (782,773)
Balance in Oscar Johnson Jr. Community Center Volunteers, Inc. at 09/30/2020	19,253
Net position prior period adjustment to the OJJCCV	<u>\$ (763,520)</u>

The adjustments above had the following affect on the Net Position of Governmental Activities:

Conroe Industrial Development Corporation Fund Balance Ended September 30, 2020	\$ 59,447,726
CIDC Land Held for Resale blended to GTA	37,797,583
CIDC Long-Term Liabilities blended to GTA	(73,214,362)
COJJCCV adjustment to Fund Balance Ended September 30, 2020	(9,159)
City assets reclassified to GTA from OJJCCV	883,493
Compensated absences from OJJCCV to GTA	(110,814)
	<u>\$ 24,794,467</u>



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, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 72,164,219	\$ 72,164,219	\$ 81,960,639	\$ 9,796,420
Licenses and Permits	3,373,362	3,373,362	7,085,734	3,712,372
Charges for Sales and Services	3,314,841	3,314,841	3,596,267	281,426
Lease Income	260,180	260,180	331,936	71,756
Fines and Forfeitures	1,303,845	1,303,845	1,246,231	(57,614)
Intergovernmental	2,391,734	2,962,925	3,691,193	728,268
Investment Income	272,011	272,011	131,597	(140,414)
Net Change in Fair Value of Investments	-	-	(92,148)	(92,148)
Penalties and Interest	169,732	169,732	162,510	(7,222)
Miscellaneous Revenue	150,000	159,262	485,968	326,706
TOTAL REVENUES	83,399,924	83,980,377	98,599,927	14,619,550
EXPENDITURES				
Current:				
General Government				
Administration	1,538,282	2,375,127	2,373,740	1,387
Legal	774,125	773,525	794,261	(20,736)
Municipal Court	1,325,404	1,325,398	1,136,398	189,000
Warehouse/Purchasing	429,539	429,489	605,596	(176,107)
Information Technology	3,185,002	3,316,795	3,536,027	(219,232)
Transportation	1,518,713	1,523,275	1,131,273	392,002
Human Resources	980,115	972,650	1,010,572	(37,922)
Non-Departmental	6,871,648	8,044,433	6,063,195	1,981,238
Finance	2,318,083	2,326,617	2,430,767	(104,150)
Public Safety				
Police	21,564,246	21,601,714	23,166,994	(1,565,280)
Fire	18,259,127	18,932,520	21,060,593	(2,128,073)
Community Development	1,087,634	1,180,069	1,086,581	93,488
Parks				
Parks and Recreation Administration	888,413	884,820	1,004,884	(120,064)
Recreation Center	1,263,845	1,254,817	1,258,931	(4,114)
Oscar Johnson, Jr. Community Center	1,425,537	1,418,055	1,279,304	138,751
Senior Center	89,427	89,427	113,280	(23,853)
Aquatic Center	1,523,327	1,526,358	1,786,378	(260,020)
Parks Operations	2,557,053	2,557,053	2,322,368	234,685
Public Works				
Drainage Maintenance	1,011,065	1,010,828	870,315	140,513
Streets	4,201,436	4,200,843	4,242,385	(41,542)
Signal Maintenance	1,211,688	1,211,688	1,069,624	142,064
Signs	732,777	732,777	680,502	52,275
Engineering	3,196,289	3,512,178	3,464,588	47,590
Building Inspection and Permits	1,863,160	1,860,553	1,454,369	406,184
Debt Service:				
Principal Retirement	78,411	78,411	78,410	1
Interest and Fiscal Charges	2,857	2,857	2,857	-
Capital Outlay	4,167,178	7,399,988	4,914,176	2,485,812
TOTAL EXPENDITURES	84,064,381	90,542,265	88,938,368	1,603,897
Excess (Deficiency) of Revenues Over (Under) Expenditures	(664,457)	(6,561,888)	9,661,559	16,223,447
OTHER FINANCING SOURCES (USES)				
Insurance Proceeds	-	-	311,681	311,681
Transfers In	1,543,014	4,043,014	2,884,967	(1,158,047)
Transfers Out	(5,980,380)	(8,449,613)	(6,420,853)	2,028,760
TOTAL OTHER FINANCING SOURCES (USES)	(4,437,366)	(4,406,599)	(3,224,205)	1,182,394
Net Change in Fund Balance	(5,101,823)	(10,968,487)	6,437,354	17,405,841
Fund Balance at Beginning of Year	44,015,690	44,015,690	44,015,690	-
Prior Period Adjustment	-	-	(9,159)	(9,159)
FUND BALANCE AT END OF YEAR	\$ 38,913,867	\$ 33,047,203	\$ 50,443,885	\$ 17,396,682

CITY OF CONROE, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

OTHER POST EMPLOYMENT BENEFITS (OPEB)

LAST FOUR MEASUREMENT YEARS**

	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
Total OPEB Liability				
Service cost	\$ 949,634	\$ 1,107,420	\$ 1,016,666	\$ 1,082,350
Interest	1,435,855	1,533,173	1,514,608	1,491,096
Differences between expected and actual experience	139,435	(2,289,197)	(212,815)	(1,100,815)
Change of assumptions	-	362,553	(1,848,088)	818,112
Benefit payments	(1,270,000)	(943,253)	(965,119)	(764,747)
Net Change in Total OPEB Liability	1,254,924	(229,304)	(494,748)	1,525,996
Total OPEB Liability - Beginning	22,250,267	23,505,191	23,275,887	22,781,139
Total OPEB Liability - Ending (a)	\$ 23,505,191	\$ 23,275,887	\$ 22,781,139	\$ 24,307,135
Plan Fiduciary Net Position				
Employer Contributions	\$ 2,276,869	\$ 1,580,691	\$ 2,308,059	\$ 2,055,320
Net Investment Income	548,922	(59,984)	1,322,828	1,435,205
Benefit payments	(1,270,000)	(943,253)	(965,119)	(764,747)
Administrative expense	(25,632)	(35,280)	(43,068)	(52,315)
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,530,159	542,174	2,622,700	2,673,463
Plan Fiduciary Net Position - Beginning	4,549,919	6,080,078	6,622,252	9,244,952
Plan Fiduciary Net Position - Ending (b)	\$ 6,080,078	\$ 6,622,252	\$ 9,244,952	\$ 11,918,415
Net OPEB Liability - Ending (a) - (b)	17,425,113	16,653,635	13,536,187	12,388,720
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	25.87%	28.45%	40.58%	49.03%
Covered Payroll	\$ 35,151,413	\$ 36,017,313	\$ 36,017,313	\$ 44,371,461
Net OPEB Liability as a Percentage of Covered Payroll	49.57%	46.24%	37.58%	27.92%

*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 FOUR FISCAL YEARS**

Year Ended	Actuarially	Contributions in	Contribution	Covered	Contributions
September 30	Determined	relation to the	deficiency	payroll	as a % of
	Contribution	actuarially	(excess)		covered
		determined			payroll
		contribution			
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%
2021	2,240,654	2,040,186	200,468	46,522,267	4.39%

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CITY OF CONROE, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

LAST SEVEN MEASUREMENT YEARS**

	Year Ended December 31,			
	2014	2015	2016	2017
Total Pension Liability				
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)
Net Change in Total Pension Liability	6,535,065	7,775,936	8,756,622	8,474,932
Total Pension Liability - Beginning	105,012,620	111,547,685	119,323,621	128,080,243
Total Pension Liability - Ending (a)	\$111,547,685	\$119,323,621	\$128,080,243	\$136,555,175
Plan Fiduciary Net Position				
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)
Net Change in Plan Fiduciary Net Position	6,669,706	1,834,111	7,412,964	15,597,812
Plan Fiduciary Net Position - Beginning	84,643,780	91,313,486	93,147,597	100,560,561
Plan Fiduciary Net Position - Ending (b)	\$ 91,313,486	\$ 93,147,597	\$100,560,561	\$116,158,373
Net Pension Liability - Ending (a) - (b)	20,234,199	26,176,024	27,519,682	20,396,802
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.86%	78.06%	78.51%	85.06%
Covered Payroll	\$ 23,217,402	\$ 24,899,652	\$ 26,405,939	\$ 26,768,870
Net Pension Liability as a Percentage of Covered Payroll	87.15%	105.13%	104.22%	76.20%

*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 SEVEN MEASUREMENT YEARS**

	Year Ended December 31,		
	2018	2019	2020
Total Pension Liability			
Service cost	\$ 4,537,535	\$ 4,871,384	\$ 5,735,930
Interest	9,164,980	9,671,065	10,358,964
Differences between expected and actual experience	(852,779)	5,530	1,121,324
Change of assumptions	-	334,579	-
Benefit payments, including refunds of employee contributions	(6,092,925)	(4,945,278)	(5,302,206)
Net Change in Total Pension Liability	6,756,811	9,937,280	11,914,012
Total Pension Liability - Beginning	136,555,175	143,311,986	153,249,266
Total Pension Liability - Ending (a)	\$143,311,986	\$153,249,266	\$165,163,278
Plan Fiduciary Net Position			
Contributions - Employer	\$ 4,488,501	\$ 4,723,696	\$ 5,473,603
Contributions - Employee	1,907,672	2,044,346	2,359,078
Net Investment Income	(3,481,377)	17,466,602	10,033,038
Benefit payments, including refunds of employee contributions	(6,092,925)	(4,945,278)	(5,302,206)
Administrative expense	(67,247)	(98,632)	(64,882)
Other	(3,513)	(2,963)	(2,531)
Net Change in Plan Fiduciary Net Position	(3,248,889)	19,187,771	12,496,100
Plan Fiduciary Net Position - Beginning	116,158,373	112,909,484	132,097,255
Plan Fiduciary Net Position - Ending (b)	\$112,909,484	\$132,097,255	\$144,593,355
Net Pension Liability - Ending (a) - (b)	30,402,502	21,152,011	20,569,923
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.79%	86.20%	87.55%
Covered Payroll	\$ 27,252,464	\$ 29,204,937	\$ 33,701,117
Net Pension Liability as a Percentage of Covered Payroll	111.56%	72.43%	61.04%

See accompanying notes to the required supplementary information.

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

Year Ended September 30	Actuarially Determined Contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a % of covered payroll
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%
2021	5,615,134	5,615,134	-	34,480,055	16.3%

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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 SEVEN MEASUREMENT YEARS*

	Year Ended September 30,			
	2015	2016	2017	2018
Total Pension Liability				
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)
Net Change in Total Pension Liability	2,681,062	3,747,206	2,914,812	3,906,019
Total Pension Liability - Beginning	34,244,607	36,925,669	40,672,875	43,587,687
Total Pension Liability - Ending (a)	<u>\$ 36,925,669</u>	<u>\$ 40,672,875</u>	<u>\$ 43,587,687</u>	<u>\$ 47,493,706</u>
Plan Fiduciary Net Position				
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)
Net Change in Plan Fiduciary Net Position	15,386	2,704,714	2,362,187	2,375,245
Plan Fiduciary Net Position - Beginning	19,188,448	19,203,834	21,908,548	24,270,735
Plan Fiduciary Net Position - Ending (b)	<u>\$ 19,203,834</u>	<u>\$ 21,908,548</u>	<u>\$ 24,270,735</u>	<u>\$ 26,645,980</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 17,721,835</u>	<u>\$ 18,764,327</u>	<u>\$ 19,316,952</u>	<u>\$ 20,847,726</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	52.01%	53.87%	55.68%	56.10%
Covered Payroll	\$ 7,347,278	\$ 8,401,284	\$ 8,326,520	\$ 8,771,792
Net Pension Liability as a Percentage of Covered Payroll	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 SEVEN MEASUREMENT YEARS*

	Year Ended September 30,		
	2019	2020	2021
Total Pension Liability			
Service cost	\$ 1,764,718	\$ 3,718,384	\$ 3,717,938
Interest	3,737,971	3,667,552	3,997,497
Difference between expected and actual experience	(1,128,128)	(871,327)	-
Changes in assumptions	27,019,267	(7,152,741)	(1,830,559)
Benefit payments, including refunds of member contributions	(2,053,081)	(2,337,182)	(1,993,354)
Net Change in Total Pension Liability	29,340,747	(2,975,314)	3,891,522
Total Pension Liability - Beginning	47,493,706	76,834,453	73,859,139
Total Pension Liability - Ending (a)	\$ 76,834,453	\$ 73,859,139	\$ 77,750,661
Plan Fiduciary Net Position			
Contributions - employer	\$ 1,425,194	\$ 1,747,998	\$ 1,987,931
Contributions - member	1,257,969	1,542,898	1,754,680
Net Investment Income	718,686	1,240,367	6,140,840
Benefit payments, including refunds of member contributions	(2,053,081)	(2,337,182)	(1,993,354)
Administrative expense	(94,113)	(82,623)	(90,749)
Net Change in Plan Fiduciary Net Position	1,254,655	2,111,458	7,799,348
Plan Fiduciary Net Position - Beginning	26,645,980	27,900,635	30,012,093
Plan Fiduciary Net Position - Ending (b)	\$ 27,900,635	\$ 30,012,093	\$ 37,811,441
Net Pension Liability - Ending (a) - (b)	\$ 48,933,818	\$ 43,847,046	\$ 39,939,220
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	36.31%	40.63%	48.63%
Covered Payroll	\$ 9,501,282	\$ 11,653,307	\$ 13,252,874
Net Pension Liability as a Percentage of Covered Payroll	515.02%	376.26%	301.36%

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 SEVEN FISCAL YEARS**

Year Ended September 30	Actuarially Determined Contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a % of covered payroll
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%
2021	1,987,931	1,987,931	-	13,252,874	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, 2021

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	24 years, as of beginning of FYE2021
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, 2014 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	<p>TMRS: For healthy retirees, the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.</p> <p>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.</p>
Healthcare Cost Trend Rates	Initial rates of 7.20% declining to ultimate rates of 5.25% after 11 years; Ultimate trend rate includes a 1.00% adjustment for the excise tax.
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.

CITY OF CONROE, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

OPEB AND PENSIONS

SEPTEMBER 30, 2021

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	25 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, 2021

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, 2021.

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%														
Changes in Assumptions	Because the projected Net Fiduciary Position is projected to be depleted in 2063, a blended discount rate of 5.16% was developed to measure the Total Pension Liability (based on a municipal bond index rate of 2.19% as of September 30, 2021 and long-term rate of return of 7.50%). There are no other changes in actuarial assumptions since the prior year valuation.														

Combined Statements & Budgetary Comparison Schedules



CITY OF CONROE, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 11,276,690	\$ 130	\$ 2,675,638	\$ 13,952,458
Investments	3,551,860	7,254,946	76,188,957	86,995,763
Receivables (Net of Allowances for Uncollectibles):				
Accounts	601,327	-	-	601,327
Interest	-	-	5,625	5,625
Other	644,676	-	-	644,676
Due from Other Funds	-	-	76,561	76,561
Restricted Investments	-	5,532,404	-	5,532,404
TOTAL ASSETS	\$ 16,074,553	\$ 12,787,480	\$ 78,946,781	\$ 107,808,814
LIABILITIES				
Accounts Payable	\$ 490,813	\$ -	\$ 1,355,186	\$ 1,845,999
Other Payables	25,200	-	-	25,200
Retainage Payable	-	-	110,252	110,252
Due to Other Funds	786,485	-	-	786,485
Due to Other Governments	80,550	-	-	80,550
Customer Deposits	700	-	-	700
Unearned Revenue	7,923,176	-	-	7,923,176
TOTAL LIABILITIES	9,306,924	-	1,465,438	10,772,362
FUND BALANCES				
Restricted for:				
Special Revenue Funds	6,233,697	-	-	6,233,697
Debt Service	-	12,787,480	-	12,787,480
Capital Project Funds	-	-	70,403,813	70,403,813
Committed for:				
TIRZ #3-Property Tax Receipts	-	-	5,244,816	5,244,816
Conroe MMD#1 Agreement	-	-	1,832,714	1,832,714
Woodlands Township Reg. Participation	436,558	-	-	436,558
Firearms Training Facility	97,374	-	-	97,374
TOTAL FUND BALANCES	6,767,629	12,787,480	77,481,343	97,036,452
TOTAL LIABILITIES AND FUND BALANCES	\$ 16,074,553	\$ 12,787,480	\$ 78,946,781	\$ 107,808,814

CITY OF CONROE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 2,239,048	\$ -	\$ -	\$ 2,239,048
Lease Income	216,626	-	-	216,626
Fines and Forfeitures	115,991	-	-	115,991
Intergovernmental	2,520,678	-	2,212,148	4,732,826
Investment Income	2,425	9	53,134	55,568
Net Change in Fair Value of Investments	-	-	(13,418)	(13,418)
Penalties and Interest	1,834	-	-	1,834
Miscellaneous Revenue	421,221	-	70,275	491,496
TOTAL REVENUES	5,517,823	9	2,322,139	7,839,971
EXPENDITURES				
Current:				
General Government				
Municipal Court	12,049	-	-	12,049
Building Operations	1,944,915	-	421,114	2,366,029
Transportation	1,023,387	-	-	1,023,387
Culture-Recreation	1,863,741	-	-	1,863,741
Non-Departmental	24,766	-	-	24,766
Public Safety - Police	12,728	-	-	12,728
Community Development	667,742	-	-	667,742
Parks				
Parks Operations	-	-	13,002	13,002
Debt Service:				
Principal Retirement	135,000	-	-	135,000
Interest and Fiscal Charges	16,038	-	-	16,038
Bond Issuance Costs	401,000	3,255,940	-	3,656,940
Capital Outlay	1,429,192	-	32,002,998	33,432,190
TOTAL EXPENDITURES	7,530,558	3,255,940	32,437,114	43,223,612
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,012,735)	(3,255,931)	(30,114,975)	(35,383,641)
OTHER FINANCING SOURCES (USES)				
Bonds Issued	-	7,744,498	32,854,750	40,599,248
Premium on Bonds Issued	-	8,744,738	4,544,000	13,288,738
Transfers In	7,496,390	-	15,059,196	22,555,586
Transfers Out	(481,551)	(445,825)	(4,158,256)	(5,085,632)
TOTAL OTHER FINANCING SOURCES (USES)	7,014,839	16,043,411	48,299,690	71,357,940
Net Change in Fund Balances	5,002,104	12,787,480	18,184,715	35,974,299
Fund Balances at Beginning of Year	1,765,525	-	42,864,586	44,630,111
Prior Period Adjustment	-	-	16,432,042	16,432,042
FUND BALANCES AT END OF YEAR	\$ 6,767,629	\$ 12,787,480	\$ 77,481,343	\$ 97,036,452

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 (84th 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 (CLFRF – American Rescue Act, section 5310, CARES Act – COVID 19, HGAC transit commuter bus service, 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, 2021

	Hotel/Motel Occupancy Tax Fund	Community Development Block Grant Entitlement	Facilities Management
ASSETS			
Cash and Cash Equivalents	\$ 261,332	\$ -	\$ 173,357
Investments	3,349,834	-	-
Receivables (Net of Allowances for Uncollectibles):			
Accounts	229,037	-	-
Other	-	643,609	-
TOTAL ASSETS	\$ 3,840,203	\$ 643,609	\$ 173,357
LIABILITIES			
Accounts Payable	\$ 96,140	\$ 2,306	\$ 164,310
Other Payables	16,853	-	8,347
Due to Other Funds	-	641,303	-
Due to Other Governments	80,550	-	-
Customer Deposits	-	-	700
Unearned Revenue	-	-	-
TOTAL LIABILITIES	193,543	643,609	173,357
FUND BALANCES			
Restricted for:			
Special Revenue Funds	3,646,660	-	-
Committed for:			
Woodlands Township Reg. Participation	-	-	-
Firearms Training Facility	-	-	-
TOTAL FUND BALANCES	3,646,660	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,840,203	\$ 643,609	\$ 173,357

Woodlands Township Regional Participation	Longmire Creek Estates PID	Wedgewood Falls PID	Shadow Lakes PID	Firearms Training Facility	Municipal Court Technology Fund
\$ 234,532 202,026	\$ 31,808 -	\$ 119,973 -	\$ 64,497 -	\$ 97,374 -	\$ 126,409 -
-	-	-	-	-	-
-	-	1,067	-	-	-
<u>\$ 436,558</u>	<u>\$ 31,808</u>	<u>\$ 121,040</u>	<u>\$ 64,497</u>	<u>\$ 97,374</u>	<u>\$ 126,409</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,067	-	-	-
-	-	1,067	-	-	-
-	31,808	119,973	64,497	-	126,409
436,558	-	-	-	-	-
-	-	-	-	97,374	-
<u>436,558</u>	<u>31,808</u>	<u>119,973</u>	<u>64,497</u>	<u>97,374</u>	<u>126,409</u>
<u>\$ 436,558</u>	<u>\$ 31,808</u>	<u>\$ 121,040</u>	<u>\$ 64,497</u>	<u>\$ 97,374</u>	<u>\$ 126,409</u>

Continued

CITY OF CONROE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2021

	Municipal Court Building Security Fund	Local Truancy Prevention & Diversion	Municipal Court Efficiency Fee
ASSETS			
Cash and Cash Equivalents	\$ 7	\$ 3	\$ 196,398
Investments	-	-	-
Receivables (Net of Allowances for Uncollectibles):			
Accounts	-	-	-
Other	-	-	-
TOTAL ASSETS	<u>\$ 7</u>	<u>\$ 3</u>	<u>\$ 196,398</u>
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Other Payables	-	-	-
Due to Other Funds	-	-	-
Due to Other Governments	-	-	-
Customer Deposits	-	-	-
Unearned Revenue	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted for:			
Special Revenue Funds	7	3	196,398
Committed for:			
Woodlands Township Reg. Participation	-	-	-
Firearms Training Facility	-	-	-
TOTAL FUND BALANCES	<u>7</u>	<u>3</u>	<u>196,398</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7</u>	<u>\$ 3</u>	<u>\$ 196,398</u>

Municipal Court Truancy Prevention	Municipal Jury Fund	Time Payment Reimbursement Fee	Animal Shelter Reserve	Conroe Local Government Corporation	CARES Act Funding (COVID 19)
\$ 33,400	\$ 808	\$ 18,278	\$ 496,405	\$ 1,500,000	\$ -
-	-	-	-	-	-
-	-	-	-	-	58,743
-	-	-	-	-	-
<u>\$ 33,400</u>	<u>\$ 808</u>	<u>\$ 18,278</u>	<u>\$ 496,405</u>	<u>\$ 1,500,000</u>	<u>\$ 58,743</u>
\$ 949	\$ -	\$ -	\$ -	\$ -	\$ 34,307
-	-	-	-	-	-
-	-	-	-	-	24,436
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,743</u>
32,451	808	18,278	496,405	1,500,000	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>32,451</u>	<u>808</u>	<u>18,278</u>	<u>496,405</u>	<u>1,500,000</u>	<u>-</u>
<u>\$ 33,400</u>	<u>\$ 808</u>	<u>\$ 18,278</u>	<u>\$ 496,405</u>	<u>\$ 1,500,000</u>	<u>\$ 58,743</u>

Continued

CITY OF CONROE, TEXAS**COMBINING BALANCE SHEET****NONMAJOR SPECIAL REVENUE FUNDS****SEPTEMBER 30, 2021**

	HGAC Transit Commuter Bus Service	CDBG-Disaster Recovery GLO Grant - 2016 Floods & Storms	CDBG-Disaster Recovery GLO Grant - Hurricane Harvey
ASSETS			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables (Net of Allowances for Uncollectibles):			
Accounts	64,396	204,830	31,409
Other	-	-	-
TOTAL ASSETS	\$ 64,396	\$ 204,830	\$ 31,409
LIABILITIES			
Accounts Payable	\$ 15,271	\$ 167,618	\$ -
Other Payables	-	-	-
Due to Other Funds	49,125	37,212	31,409
Due to Other Governments	-	-	-
Customer Deposits	-	-	-
Unearned Revenue	-	-	-
TOTAL LIABILITIES	64,396	204,830	31,409
FUND BALANCES			
Restricted for:			
Special Revenue Funds	-	-	-
Committed for:			
Woodlands Township Reg. Participation	-	-	-
Firearms Training Facility	-	-	-
TOTAL FUND BALANCES	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 64,396	\$ 204,830	\$ 31,409

CLFRF - American Rescue Act	FY15-16 Section 5310 Grant	FY 17-18 Section 5310 Grant	State Public Transportation Grant	Total
\$ 7,922,109	\$ -	\$ -	\$ -	\$ 11,276,690
-	-	-	-	3,551,860
-	2,523	10,389	-	601,327
-	-	-	-	644,676
<u>\$ 7,922,109</u>	<u>\$ 2,523</u>	<u>\$ 10,389</u>	<u>\$ -</u>	<u>\$ 16,074,553</u>
\$ -	\$ -	\$ 9,912	\$ -	\$ 490,813
-	-	-	-	25,200
-	2,523	477	-	786,485
-	-	-	-	80,550
-	-	-	-	700
<u>7,922,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,923,176</u>
<u>7,922,109</u>	<u>2,523</u>	<u>10,389</u>	<u>-</u>	<u>9,306,924</u>
-	-	-	-	6,233,697
-	-	-	-	436,558
-	-	-	-	97,374
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,767,629</u>
<u>\$ 7,922,109</u>	<u>\$ 2,523</u>	<u>\$ 10,389</u>	<u>\$ -</u>	<u>\$ 16,074,553</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, 2021

	Hotel/Motel Occupancy Tax Fund	Community Development Block Grant Entitlement	Facilities Management
REVENUES			
Taxes	\$ 2,239,048	\$ -	\$ -
Lease Income	-	-	216,626
Fines and Forfeitures	-	-	-
Intergovernmental	23,300	636,675	-
Investment Income	2,308	-	-
Penalties and Interest	-	-	-
Miscellaneous Revenue	-	-	-
TOTAL REVENUES	<u>2,264,656</u>	<u>636,675</u>	<u>216,626</u>
EXPENDITURES			
Current:			
General Government			
Municipal Court	-	-	-
Building Operations	-	-	1,944,915
Transportation	-	-	-
Culture-Recreation	1,863,741	-	-
Non-Departmental	-	-	-
Public Safety - Police	-	-	-
Community Development	-	369,051	-
Debt Service:			
Principal Retirement	-	135,000	-
Interest and Fiscal Charges	-	16,038	-
Bond Issuance Costs	-	-	-
Capital Outlay	-	-	403,041
TOTAL EXPENDITURES	<u>1,863,741</u>	<u>520,089</u>	<u>2,347,956</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>400,915</u>	<u>116,586</u>	<u>(2,131,330)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	2,131,330
Transfers Out	-	(116,586)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(116,586)</u>	<u>2,131,330</u>
Net Change in Fund Balances	400,915	-	-
Fund Balances at Beginning of Year	3,245,745	-	-
FUND BALANCES AT END OF YEAR	<u>\$ 3,646,660</u>	<u>\$ -</u>	<u>\$ -</u>

Woodlands Township Regional Participation	Longmire Creek Estates PID	Wedgewood Falls PID	Shadow Lakes PID	Firearms Training Facility	Municipal Court Technology Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	28,983
69,183	-	-	-	37,000	-
117	-	-	-	-	-
-	773	163	898	-	-
-	77,868	167,053	176,300	-	-
69,300	78,641	167,216	177,198	37,000	28,983
-	-	-	-	-	2,023
-	-	-	-	-	-
-	-	-	-	-	-
-	5,092	9,704	9,970	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	125,000	-	-
-	5,092	9,704	134,970	-	2,023
69,300	73,549	157,512	42,228	37,000	26,960
-	-	-	-	-	-
-	(58,745)	(118,694)	(119,586)	-	-
-	(58,745)	(118,694)	(119,586)	-	-
69,300	14,804	38,818	(77,358)	37,000	26,960
367,258	17,004	81,155	141,855	60,374	99,449
\$ 436,558	\$ 31,808	\$ 119,973	\$ 64,497	\$ 97,374	\$ 126,409

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, 2021

	Municipal Court Building Security Fund	Local Truancy Prevention & Diversion	Municipal Court Efficiency Fee
REVENUES			
Taxes	\$ -	\$ -	\$ -
Lease Income	-	-	-
Fines and Forfeitures	33,145	34,880	1,968
Intergovernmental	-	-	-
Investment Income	-	-	-
Penalties and Interest	-	-	-
Miscellaneous Revenue	-	-	-
TOTAL REVENUES	33,145	34,880	1,968
EXPENDITURES			
Current:			
General Government			
Municipal Court	-	100	5,862
Building Operations	-	-	-
Transportation	-	-	-
Culture-Recreation	-	-	-
Non-Departmental	-	-	-
Public Safety - Police	-	-	-
Community Development	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Bond Issuance Costs	-	-	-
Capital Outlay	-	-	-
TOTAL EXPENDITURES	-	100	5,862
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,145	34,780	(3,894)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(33,160)	(34,780)	-
TOTAL OTHER FINANCING SOURCES (USES)	(33,160)	(34,780)	-
Net Change in Fund Balances	(15)	-	(3,894)
Fund Balances at Beginning of Year	22	3	200,292
FUND BALANCES AT END OF YEAR	\$ 7	\$ 3	\$ 196,398

Municipal Court Truancy Prevention	Municipal Jury Fund	Time Payment Reimbursement Fee	Animal Shelter Reserve	Conroe Local Government Corporation	CARES Act Funding (COVID 19)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
2,058	600	14,357	-	-	-
-	-	-	179,400	-	649,438
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,058	600	14,357	179,400	-	649,438
4,064	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	649,438
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	12,728	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	401,000	-
-	-	-	-	648,109	-
4,064	-	-	12,728	1,049,109	649,438
(2,006)	600	14,357	166,672	(1,049,109)	-
-	-	-	-	5,365,060	-
-	-	-	-	-	-
-	-	-	-	5,365,060	-
(2,006)	600	14,357	166,672	4,315,951	-
34,457	208	3,921	329,733	(2,815,951)	-
\$ 32,451	\$ 808	\$ 18,278	\$ 496,405	\$ 1,500,000	\$ -

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, 2021

	HGAC Transit Commuter Bus Service	CDBG-Disaster Recovery GLO Grant - 2016 Floods & Storms	CDBG-Disaster Recovery GLO Grant - Hurricane Harvey
REVENUES			
Taxes	\$ -	\$ -	\$ -
Lease Income	-	-	-
Fines and Forfeitures	-	-	-
Intergovernmental	206,522	253,042	298,691
Investment Income	-	-	-
Penalties and Interest	-	-	-
Miscellaneous Revenue	-	-	-
TOTAL REVENUES	<u>206,522</u>	<u>253,042</u>	<u>298,691</u>
EXPENDITURES			
Current:			
General Government			
Municipal Court	-	-	-
Building Operations	-	-	-
Transportation	206,522	-	-
Culture-Recreation	-	-	-
Non-Departmental	-	-	-
Public Safety - Police	-	-	-
Community Development	-	-	298,691
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Bond Issuance Costs	-	-	-
Capital Outlay	-	253,042	-
TOTAL EXPENDITURES	<u>206,522</u>	<u>253,042</u>	<u>298,691</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-
Fund Balances at Beginning of Year, as restated	-	-	-
FUND BALANCES AT END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CLFRF - American Rescue Act	FY15-16 Section 5310 Grant	FY 17-18 Section 5310 Grant	State Public Transportation Grant	Total
\$ -	\$ -	\$ -	\$ -	\$ 2,239,048
-	-	-	-	216,626
-	-	-	-	115,991
-	36,099	43,981	87,347	2,520,678
-	-	-	-	2,425
-	-	-	-	1,834
-	-	-	-	421,221
-	36,099	43,981	87,347	5,517,823
-	-	-	-	12,049
-	-	-	-	1,944,915
-	36,099	43,981	87,347	1,023,387
-	-	-	-	1,863,741
-	-	-	-	24,766
-	-	-	-	12,728
-	-	-	-	667,742
-	-	-	-	135,000
-	-	-	-	16,038
-	-	-	-	401,000
-	-	-	-	1,429,192
-	36,099	43,981	87,347	7,530,558
-	-	-	-	(2,012,735)
-	-	-	-	7,496,390
-	-	-	-	(481,551)
-	-	-	-	7,014,839
-	-	-	-	5,002,104
-	-	-	-	1,765,525
\$ -	\$ -	\$ -	\$ -	\$ 6,767,629
Concluded				

CITY OF CONROE, TEXAS

HOTEL/MOTEL OCCUPANCY TAX FUND

SPECIAL REVENUE FUND

BUDGET COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 1,459,383	\$ 2,123,349	\$ 2,239,048	\$ 115,699
Intergovernmental	-	-	23,300	23,300
Investment Income	20,341	20,341	2,308	(18,033)
TOTAL REVENUES	<u>1,479,724</u>	<u>2,143,690</u>	<u>2,264,656</u>	<u>120,966</u>
EXPENDITURES				
General Government				
Culture-Recreation	1,372,843	2,253,393	1,863,741	389,652
TOTAL EXPENDITURES	<u>1,372,843</u>	<u>2,253,393</u>	<u>1,863,741</u>	<u>389,652</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>106,881</u>	<u>(109,703)</u>	<u>400,915</u>	<u>510,618</u>
Fund Balance at Beginning of Year	3,245,745	3,245,745	3,245,745	-
FUND BALANCE AT END OF YEAR	<u>\$ 3,352,626</u>	<u>\$ 3,136,042</u>	<u>\$ 3,646,660</u>	<u>\$ 510,618</u>

CITY OF CONROE, TEXAS

COMMUNITY DEVELOPMENT BLOCK GRANT ENTITLEMENT

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 925,990	\$ 1,476,266	\$ 636,675	\$ (839,591)
TOTAL REVENUES	<u>925,990</u>	<u>1,476,266</u>	<u>636,675</u>	<u>(839,591)</u>
EXPENDITURES				
Current:				
General Government				
Community Development	664,201	1,206,374	369,051	837,323
Debt Service:				
Principal Retirement	123,000	123,000	135,000	(12,000)
Interest and Fiscal Charges	30,289	30,289	16,038	14,251
TOTAL EXPENDITURES	<u>817,490</u>	<u>1,359,663</u>	<u>520,089</u>	<u>839,574</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>108,500</u>	<u>116,603</u>	<u>116,586</u>	<u>(17)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(108,500)	(116,603)	(116,586)	(17)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(108,500)</u>	<u>(116,603)</u>	<u>(116,586)</u>	<u>(17)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF CONROE, TEXAS
FACILITIES MANAGEMENT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Lease Income	\$ 313,522	\$ 313,522	\$ 216,626	\$ (96,896)
TOTAL REVENUES	<u>313,522</u>	<u>313,522</u>	<u>216,626</u>	<u>(96,896)</u>
EXPENDITURES				
Current:				
General Government				
Building Operations	955,290	2,850,439	1,944,915	905,524
Capital Outlay	10,000	580,775	403,041	177,734
TOTAL EXPENDITURES	<u>965,290</u>	<u>3,431,214</u>	<u>2,347,956</u>	<u>1,083,258</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(651,768)</u>	<u>(3,117,692)</u>	<u>(2,131,330)</u>	<u>986,362</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	712,000	3,181,233	2,131,330	(1,049,903)
TOTAL OTHER FINANCING SOURCES (USES)	<u>712,000</u>	<u>3,181,233</u>	<u>2,131,330</u>	<u>(1,049,903)</u>
Net Change in Fund Balance	60,232	63,541	-	(63,541)
Fund Balance at Beginning of Year	-	-	-	-
FUND BALANCE AT END OF YEAR	<u>\$ 60,232</u>	<u>\$ 63,541</u>	<u>\$ -</u>	<u>\$ (63,541)</u>

Debt Service Funds are used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Funds are restricted to signify the amounts are exclusively for debt service expenditures.

Convention Center Debt Service Fund – This fund is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on the City's Certificates of Obligation, Series 2021A issued for the construction of the convention center.

Conroe Local Government Corporation Debt Service Fund – This fund is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on the hotel revenue bonds issued to construct the hotel for the City through the Conroe Local Government Corporation.

CITY OF CONROE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
SEPTEMBER 30, 2021

	Convention Center Debt Service Fund	Conroe Local Government Corporation Debt Service	Total Nonmajor Debt Service Funds
ASSETS			
Cash and Cash Equivalents	\$ 130	\$ -	\$ 130
Investments	-	7,254,946	7,254,946
Restricted Investments	-	5,532,404	5,532,404
TOTAL ASSETS	<u>\$ 130</u>	<u>\$ 12,787,350</u>	<u>\$ 12,787,480</u>
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted for:			
Debt Service	<u>130</u>	<u>12,787,350</u>	<u>12,787,480</u>
TOTAL FUND BALANCES	<u>130</u>	<u>12,787,350</u>	<u>12,787,480</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 130</u>	<u>\$ 12,787,350</u>	<u>\$ 12,787,480</u>

CITY OF CONROE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR DEBT SERVICE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Convention Center Debt Service Fund	Conroe Local Government Corporation Debt Service	Total Nonmajor Debt Service Funds
REVENUES			
Investment Income	\$ -	\$ 9	\$ 9
TOTAL REVENUES	<u>-</u>	<u>9</u>	<u>9</u>
EXPENDITURES			
Debt Service:			
Bond Issuance Costs	196,274	3,059,666	3,255,940
TOTAL EXPENDITURES	<u>196,274</u>	<u>3,059,666</u>	<u>3,255,940</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(196,274)</u>	<u>(3,059,657)</u>	<u>(3,255,931)</u>
OTHER FINANCING SOURCES (USES)			
Bonds Issued	-	7,744,498	7,744,498
Premium on Bonds Issued	196,404	8,548,334	8,744,738
Transfers Out	-	(445,825)	(445,825)
TOTAL OTHER FINANCING SOURCES (USES)	<u>196,404</u>	<u>15,847,007</u>	<u>16,043,411</u>
Net Change in Fund Balances	130	12,787,350	12,787,480
Fund Balances at Beginning of Year	-	-	-
FUND BALANCES AT END OF YEAR	<u>\$ 130</u>	<u>\$ 12,787,350</u>	<u>\$ 12,787,480</u>

CITY OF CONROE, TEXAS

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 11,881,113	\$ 11,881,113	\$ 11,875,209	\$ (5,904)
Investment Income	95,779	95,779	70,913	(24,866)
Net Change in Fair Value of Investments	-	-	(58,928)	(58,928)
Penalties and Interest	85,673	85,673	69,591	(16,082)
Miscellaneous Revenue	-	-	-	-
TOTAL REVENUES	<u>12,062,565</u>	<u>12,062,565</u>	<u>11,956,785</u>	<u>(105,780)</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	9,345,000	9,345,000	9,230,000	115,000
Interest and Fiscal Charges	8,367,776	8,367,776	8,159,673	208,103
Bond Issuance Costs	210,000	360,000	336,320	23,680
TOTAL EXPENDITURES	<u>17,922,776</u>	<u>18,072,776</u>	<u>17,725,993</u>	<u>346,783</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,860,211)</u>	<u>(6,010,211)</u>	<u>(5,769,208)</u>	<u>241,003</u>
OTHER FINANCING SOURCES (USES)				
Bonds Issued	-	45,250	45,250	-
Refunding Bonds Issued	-	13,200,000	13,270,000	70,000
Premium on Bonds Issued	-	3,200,000	3,209,630	9,630
Payment to Escrow Agent	-	(15,910,000)	(15,910,000)	-
Transfers In	5,172,888	5,172,888	4,806,700	(366,188)
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,172,888</u>	<u>5,708,138</u>	<u>5,421,580</u>	<u>(286,558)</u>
Net Change in Fund Balance	(687,323)	(302,073)	(347,628)	(45,555)
Fund Balance at Beginning of Year	11,616,533	11,616,533	11,616,533	-
FUND BALANCE AT END OF YEAR	<u>\$ 10,929,210</u>	<u>\$ 11,314,460</u>	<u>\$ 11,268,905</u>	<u>\$ (45,555)</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.

CIDC Sales Tax Revenue Bonds, Series 2019 CIP Fund – This fund is used to account for the construction and acquisition of roads, streets and bridges and water, sewer and drainage improvements and related improvements to serve the Conroe Park North Industrial Park within the City of Conroe.

Certificates of Obligation, Series 2018A CIP Fund – This fund is 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.

Certificates of Obligation, Series 2019A CIP Fund – 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.

Certificates of Obligation, Series 2020A CIP Fund – This fund for the purchase of a building.

Certificates of Obligation, Series 2020B CIP Fund – This fund for the design, planning, acquisition, construction, equipping, expansion, repair, renovation, and/or rehabilitation of certain public works.

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, 2021

	Facilities CIP Fund	Transportation Grants CIP Fund	Drainage CIP Fund	Parks CIP Fund	Streets CIP Fund	CIDC Sales Tax Revenue Bonds, Series 2019 CIP Fund
ASSETS						
Cash and Cash Equivalents	\$ 60,375	\$ 250,014	\$ -	\$ -	\$ -	\$ 138,373
Investments	-	-	-	-	-	6,671,808
Receivables (net of allowances for uncollectibles):						
Interest	-	-	-	-	-	-
Due from Other Funds	-	76,561	-	-	-	-
TOTAL ASSETS	<u>\$ 60,375</u>	<u>\$ 326,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,810,181</u>
LIABILITIES						
Accounts Payable	\$ 55,825	\$ -	\$ -	\$ -	\$ -	\$ 146,762
Retainage Payable	-	-	-	-	-	-
TOTAL LIABILITIES	<u>55,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,762</u>
FUND BALANCES						
Restricted for:						
Capital Project Funds	4,550	326,575	-	-	-	6,663,419
Committed for:						
TIRZ #3-Property Tax Receipts	-	-	-	-	-	-
Conroe MMD#1 Agreement	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>4,550</u>	<u>326,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,663,419</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 60,375</u>	<u>\$ 326,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,810,181</u>

Certificates of Obligation, Series 2018A CIP Fund	Certificates of Obligation, Series 2019A CIP Fund	Convention Center CIP Fund	Certificates of Obligation, Series 2020A CIP Fund	Certificates of Obligation, Series 2020B CIP Fund	Tax Incr Reinv. Zone 3	Conroe MMD #1 Agreement	Total Nonmajor Capital Projects Funds
\$ 180,183 14,078,369	\$ 47,720 11,951,582	\$ 348,996 28,000,718	\$ - -	\$ 18,995 10,045,557	\$ 33,337 5,205,854	\$ 1,597,645 235,069	\$ 2,675,638 76,188,957
- -	- -	- -	- -	- -	5,625 -	- -	5,625 76,561
<u>\$ 14,258,552</u>	<u>\$ 11,999,302</u>	<u>\$ 28,349,714</u>	<u>\$ -</u>	<u>\$ 10,064,552</u>	<u>\$ 5,244,816</u>	<u>\$ 1,832,714</u>	<u>\$ 78,946,781</u>
\$ 560,196 60,659 620,855	\$ 452,957 45,635 498,592	\$ 15,000 - 15,000	\$ - - -	\$ 124,446 3,958 128,404	\$ - - -	\$ - - -	\$ 1,355,186 110,252 1,465,438
13,637,697 - -	11,500,710 - -	28,334,714 - -	- - -	9,936,148 - -	- 5,244,816 -	- - 1,832,714	70,403,813 5,244,816 1,832,714
<u>13,637,697</u>	<u>11,500,710</u>	<u>28,334,714</u>	<u>-</u>	<u>9,936,148</u>	<u>5,244,816</u>	<u>1,832,714</u>	<u>77,481,343</u>
<u>\$ 14,258,552</u>	<u>\$ 11,999,302</u>	<u>\$ 28,349,714</u>	<u>\$ -</u>	<u>\$ 10,064,552</u>	<u>\$ 5,244,816</u>	<u>\$ 1,832,714</u>	<u>\$ 78,946,781</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, 2021

	Facilities CIP Fund	Transportation Grants CIP Fund	Drainage CIP Fund	Parks CIP Fund	Streets CIP Fund	CIDC Sales Tax Revenue Bonds, Series 2019 CIP Fund
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,560
Investment Income	-	-	-	-	-	12,315
Net Change in Fair Value of Investments	-	-	-	-	-	-
Miscellaneous Revenue	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	40,875
EXPENDITURES						
Current:						
General Government						
Building Operations	39,237	-	-	-	-	-
Parks						
Parks Operations	-	-	-	-	-	-
Capital Outlay	405,230	-	157,430	245,392	83,305	9,809,498
TOTAL EXPENDITURES	444,467	-	157,430	245,392	83,305	9,809,498
Excess (Deficiency) of Revenues Over (Under) Expenditures	(444,467)	-	(157,430)	(245,392)	(83,305)	(9,768,623)
OTHER FINANCING SOURCES (USES)						
Bonds Issued	-	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USE)	-	-	-	-	-	-
Net Change in Fund Balances	(444,467)	-	(157,430)	(245,392)	(83,305)	(9,768,623)
Fund Balances at Beginning of Year	449,017	326,575	157,430	245,392	83,305	-
Prior Period Adjustment	-	-	-	-	-	16,432,042
FUND BALANCES AT END OF YEAR	<u>\$ 4,550</u>	<u>\$ 326,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,663,419</u>

Certificates of Obligation, Series 2018A CIP Fund	Certificates of Obligation, Series 2019A CIP Fund	Convention Center CIP Fund	Certificates of Obligation, Series 2020A CIP Fund	Certificates of Obligation, Series 2020B CIP Fund	Tax Incr Reinv. Zone 3	Conroe MMD #1 Agreement	Total Nonmajor Capital Projects Funds
\$ 341,946	\$ 23,624	\$ -	\$ -	\$ -	\$ 1,818,018	\$ -	\$ 2,212,148
10,932	7,828	718	-	3,556	17,551	234	53,134
-	-	-	-	-	(13,418)	-	(13,418)
70,275	-	-	-	-	-	-	70,275
<u>423,153</u>	<u>31,452</u>	<u>718</u>	<u>-</u>	<u>3,556</u>	<u>1,822,151</u>	<u>234</u>	<u>2,322,139</u>
370,921	10,956	-	-	-	-	-	421,114
-	13,002	-	-	-	-	-	13,002
6,827,409	6,587,439	454,868	4,271,019	3,161,408	-	-	32,002,998
<u>7,198,330</u>	<u>6,611,397</u>	<u>454,868</u>	<u>4,271,019</u>	<u>3,161,408</u>	<u>-</u>	<u>-</u>	<u>32,437,114</u>
(6,775,177)	(6,579,945)	(454,150)	(4,271,019)	(3,157,852)	1,822,151	234	(30,114,975)
-	-	17,390,000	4,304,750	11,160,000	-	-	32,854,750
-	-	2,610,000	-	1,934,000	-	-	4,544,000
(12,649)	1,176,160	10,000,000	-	-	2,904,736	990,949	15,059,196
-	-	-	(33,731)	-	(3,887,708)	(236,817)	(4,158,256)
<u>(12,649)</u>	<u>1,176,160</u>	<u>30,000,000</u>	<u>4,271,019</u>	<u>13,094,000</u>	<u>(982,972)</u>	<u>754,132</u>	<u>48,299,690</u>
(6,787,826)	(5,403,785)	29,545,850	-	9,936,148	839,179	754,366	18,184,715
20,425,523	16,904,495	(1,211,136)	-	-	4,405,637	1,078,348	42,864,586
-	-	-	-	-	-	-	16,432,042
<u>\$ 13,637,697</u>	<u>\$ 11,500,710</u>	<u>\$ 28,334,714</u>	<u>\$ -</u>	<u>\$ 9,936,148</u>	<u>\$ 5,244,816</u>	<u>\$ 1,832,714</u>	<u>\$ 77,481,343</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, 2021

	Fleet Services	Self-Funded Insurance	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 219,167	\$ 172,848	\$ 392,015
Investments	-	3,735,124	3,735,124
Receivable (Net of Allowances for Uncollectibles):			
Accounts	30,506	-	30,506
Other	-	119,940	119,940
Inventories	148,971	-	148,971
Total Current Assets	398,644	4,027,912	4,426,556
Noncurrent Assets:			
Capital Assets (Net of Accumulated Depreciation)	345,499	-	345,499
Total Noncurrent Assets	345,499	-	345,499
TOTAL ASSETS	744,143	4,027,912	4,772,055
DEFERRED OUTFLOWS OF RESOURCES			
OPEB Contributions After Measurement Date	34,485	-	34,485
OPEB Other	21,833	-	21,833
Pension Contributions After Measurement Date	85,760	-	85,760
Pension Other	120,844	-	120,844
TOTAL DEFERRED OUTFLOWS OF RESOURCES	262,922	-	262,922
LIABILITIES			
Current Liabilities:			
Accounts Payable	22,557	134,953	157,510
Other Payables	45,275	3,443	48,718
Health Claims Liability	-	1,107,446	1,107,446
Compensated Absences	4,441	-	4,441
Total Current Liabilities	72,273	1,245,842	1,318,115
Noncurrent Liabilities, net of current portion			
Compensated Absences	134,362	-	134,362
Net OPEB Liability	260,163	-	260,163
Net Pension Liability	431,968	-	431,968
Total Noncurrent Liabilities	826,493	-	826,493
TOTAL LIABILITIES	898,766	1,245,842	2,144,608
DEFERRED INFLOWS OF RESOURCES			
OPEB Other	106,294	-	106,294
Pension Other	181,449	-	181,449
TOTAL DEFERRED INFLOWS OF RESOURCES	287,743	-	287,743
NET POSITION			
Net Investment in Capital Assets	345,499	-	345,499
Unrestricted	(524,943)	2,782,070	2,257,127
TOTAL NET POSITION	\$ (179,444)	\$ 2,782,070	\$ 2,602,626

CITY OF CONROE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Fleet Services	Self-Funded Insurance	Total Internal Service Funds
OPERATING REVENUES			
Charges for Sales and Services	\$ 2,444,065	\$ 11,290,266	\$ 13,734,331
TOTAL OPERATING REVENUES	<u>2,444,065</u>	<u>11,290,266</u>	<u>13,734,331</u>
OPERATING EXPENSES			
Fleet Services	2,385,428	-	2,385,428
General Government	-	12,934,655	12,934,655
Depreciation	46,749	-	46,749
TOTAL OPERATING EXPENSES	<u>2,432,177</u>	<u>12,934,655</u>	<u>15,366,832</u>
Operating Income (Loss)	<u>11,888</u>	<u>(1,644,389)</u>	<u>(1,632,501)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Income	26	1,837	1,863
Miscellaneous Revenue	138,246	-	138,246
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>138,272</u>	<u>1,837</u>	<u>140,109</u>
Change in Net Position	150,160	(1,642,552)	(1,492,392)
Net Position at Beginning of Year	(329,604)	4,424,622	4,095,018
NET POSITION AT END OF YEAR	<u>\$ (179,444)</u>	<u>\$ 2,782,070</u>	<u>\$ 2,602,626</u>

CITY OF CONROE, TEXAS

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Fleet Services Fund	Self-Funded Insurance	Total Internal Service Funds
Cash Flows from Operating Activities			
Receipts from Customers	\$ 2,441,621	\$ 11,510,995	\$ 13,952,616
Payments to Employees	(1,042,223)	-	(1,042,223)
Payments to Vendors	(1,498,361)	(12,190,711)	(13,689,072)
Net Cash Used for Operating Activities	<u>(98,963)</u>	<u>(679,716)</u>	<u>(778,679)</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets	(46,379)	-	(46,379)
Net Cash Used for Capital and Related Financing Activities	<u>(46,379)</u>	<u>-</u>	<u>(46,379)</u>
Cash Flows from Investing Activities:			
Sale and Maturities of Investments	51,008	48,163	99,171
Interest received	26	1,837	1,863
Net Cash Provided by Investing Activities	<u>51,034</u>	<u>50,000</u>	<u>101,034</u>
Net Decrease in Cash and Cash Equivalents	(94,308)	(629,716)	(724,024)
Cash and Cash Equivalents at Beginning of Year	313,475	802,564	1,116,039
Cash and Cash Equivalents at End of Year	<u>\$ 219,167</u>	<u>\$ 172,848</u>	<u>\$ 392,015</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:			
Operating Income (Loss)	\$ 11,888	\$ (1,644,389)	\$ (1,632,501)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:			
Depreciation Expense	46,749	-	46,749
Changes in Assets and Liabilities:			
Decrease (Increase) in Receivables	(2,444)	220,729	218,285
Decrease (Increase) in Inventories	(60,141)	-	(60,141)
Increase (Decrease) in Payables	(50,266)	743,944	693,678
Increase (Decrease) in Compensated Absences	9,943	-	9,943
Increase (Decrease) in OPEB Liability (includes deferred amounts)	(16,984)	-	(16,984)
Increase (Decrease) in Net Pension Liability (includes deferred amounts)	(37,708)	-	(37,708)
Net Cash Used for Operating Activities	<u>\$ (98,963)</u>	<u>\$ (679,716)</u>	<u>\$ (778,679)</u>

Statistical Section



STATISTICAL SECTION

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

Contents	Tables
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 annual comprehensive financial reports for the relevant year.

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

	Fiscal Year		
	2012	2013	2014
Governmental Activities:			
Net Investment in Capital Assets	\$ 46,590,472	\$ 49,087,033	\$ 54,366,984
Restricted for:			
Severance Pay 2% Sinking Fund	-	-	-
Seized Assets	-	-	-
Red Light Cameras	-	-	-
State Cable Franchise 1% PEG Fee	-	-	-
Special Revenue Funds	-	-	-
Debt Service	7,028,107	8,342,744	10,623,507
Other Purposes	-	-	-
Unrestricted	33,221,815	42,229,165	46,836,093
Total Governmental Activities Net Position	<u>\$ 86,840,394</u>	<u>\$ 99,658,942</u>	<u>\$ 111,826,584</u>
Business-type Activities:			
Net Investment in Capital Assets	\$ 38,394,869	\$ 38,080,390	\$ 38,527,503
Restricted for:			
Debt Service	3,469,710	2,883,757	4,169,587
Unrestricted	10,849,396	14,536,011	15,274,317
Total Business-type Activities Net Position	<u>\$ 52,713,975</u>	<u>\$ 55,500,158</u>	<u>\$ 57,971,407</u>
Primary Government:			
Net Investment in Capital Assets	\$ 84,985,341	\$ 87,167,423	\$ 92,894,487
Restricted for:			
Severance Pay 2% Sinking Fund	-	-	-
Seized Assets	-	-	-
Red Light Cameras	-	-	-
State Cable Franchise 1% PEG Fee	-	-	-
Special Revenue Funds	-	-	-
Debt Service	10,497,817	11,226,501	14,793,094
Other Purposes	-	-	-
Unrestricted	44,071,211	56,765,176	62,110,410
Total Primary Government Net Position	<u>\$ 139,554,369</u>	<u>\$ 155,159,100</u>	<u>\$ 169,797,991</u>

Effective 2015, GASB 68 was implemented. Also, CIDC was determined to be a discrete component unit and is not included.

Effective 2018, GASB 75 was implemented for OPEB.

Effective 2021, component units were re-evaluated and CIDC was determined to be a blended component unit.

TABLE 1

Fiscal Year						
2015	2016	2017	2018	2019	2020	2021
\$ 53,413,374	\$ 97,563,851	\$ 96,191,181	\$ 103,697,091	\$ 105,543,177	\$ 128,071,934	\$ 65,468,012
-	-	-	24,599	25,886	28,455	36,423
-	-	-	1,025,255	1,647,201	2,163,747	1,666,889
-	-	-	353,663	303,683	303,683	254,183
-	-	-	449,544	560,187	609,785	540,799
-	-	-	3,557,935	3,981,048	4,153,844	16,667,923
12,178,899	11,401,030	11,386,141	10,589,482	10,837,081	11,052,026	29,119,843
3,290,940	4,032,707	-	-	-	-	-
(11,517,169)	(17,337,700)	(12,182,607)	(23,425,202)	(17,866,973)	(22,949,464)	33,917,787
<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>	<u>\$ 147,671,859</u>
\$ 43,883,640	\$ 66,592,348	\$ 60,403,915	\$ 62,490,423	\$ 66,615,544	\$ 74,805,045	\$ 83,415,048
5,455,067	5,455,067	5,779,189	5,000,982	5,119,774	4,506,405	4,509,470
12,468,751	3,414,929	13,757,251	16,037,500	12,945,174	17,618,295	23,258,333
<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>	<u>\$ 111,182,851</u>
\$ 97,297,014	\$ 164,156,199	\$ 156,595,096	\$ 166,187,514	\$ 172,158,721	\$ 202,876,979	\$ 148,883,060
-	-	-	24,599	25,886	28,455	36,423
-	-	-	1,025,255	1,647,201	2,163,747	1,666,889
-	-	-	353,663	303,683	303,683	254,183
-	-	-	449,544	560,187	609,785	540,799
-	-	-	3,557,935	3,981,048	4,153,844	16,667,923
17,633,966	16,856,097	17,165,330	15,590,464	15,956,855	15,558,431	33,629,313
3,290,940	4,032,707	-	-	-	-	-
951,582	(13,922,771)	1,574,644	(7,387,702)	(4,921,799)	(5,331,169)	57,176,120
<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>	<u>\$ 258,854,710</u>

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

TABLE 2

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities:										
General Government										
Finance	\$ 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	\$ 22,700,578
Public Safety	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	2,519,717
Community Development	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	49,836,592
Industrial Development	-	-	-	-	-	2,035,327	2,143,044	2,879,575	245,320	1,801,642
Parks	-	-	-	-	-	-	-	-	-	7,506,186
Public Works	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	10,178,552
Debt Service:	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	25,109,329
Interest and Fiscal Charges	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	12,044,629
Total Governmental Activities Expenses	<u>\$ 66,207,695</u>	<u>\$ 58,883,351</u>	<u>\$ 66,875,095</u>	<u>\$ 76,797,439</u>	<u>\$ 85,770,899</u>	<u>\$ 88,893,122</u>	<u>\$ 85,109,018</u>	<u>\$ 103,018,819</u>	<u>\$ 107,185,066</u>	<u>\$ 131,697,225</u>
Business-Type Activities:										
Water and Sewer	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	47,540,213
Fleet Services	1,252,899	1,301,942	1,237,286	1,596,959	1,690,402	-	-	-	-	-
Total Business-Type Activities Expenses	<u>19,723,209</u>	<u>22,679,972</u>	<u>26,677,930</u>	<u>30,901,308</u>	<u>32,593,189</u>	<u>32,915,139</u>	<u>41,500,428</u>	<u>44,861,241</u>	<u>44,203,584</u>	<u>47,540,213</u>
Total Primary Government Expenses	<u>\$ 85,930,904</u>	<u>\$ 81,563,323</u>	<u>\$ 93,553,025</u>	<u>\$ 107,698,747</u>	<u>\$ 118,364,088</u>	<u>\$ 121,808,261</u>	<u>\$ 126,609,446</u>	<u>\$ 147,880,060</u>	<u>\$ 151,388,650</u>	<u>\$ 179,237,438</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 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	\$ 7,653,604
Public Safety	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	1,422,232
Parks	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	2,109,500
Public Works	718,931	742,027	696,136	1,256,432	875,737	1,117,197	1,231,274	1,167,360	1,204,131	1,407,449
Operating Grants & Contributions:										
General Government	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	3,124,034
Public Safety	353,102	494,595	594,235	595,556	826,864	1,053,099	1,025,017	1,592,588	1,800,850	1,807,371
Community Development	-	-	-	-	-	611,708	487,903	525,906	1,737,678	636,675
Public Works	-	104,520	426,960	2,601,443	894,808	-	22,875	45,750	22,875	22,875
Capital Grants & Contributions										
General Government	-	-	-	-	-	12,377	650,827	-	2,676,197	23,624
Parks	-	-	-	-	-	-	-	3,205,577	5,656,352	-
Public Works	-	-	-	-	155,748	-	618,705	5,774,460	6,096,543	893,679
Total Governmental Activities Program Revenues	<u>15,852,235</u>	<u>9,765,794</u>	<u>11,540,139</u>	<u>13,928,841</u>	<u>11,225,625</u>	<u>11,861,395</u>	<u>13,218,095</u>	<u>23,533,763</u>	<u>29,903,640</u>	<u>19,101,043</u>
Business-Type Activities:										
Charges for Services:										
Water and Sewer	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	51,838,264
Service Center	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	1,430,787
Capital Grants & Contributions										
Water and Sewer	-	-	-	-	130,785	2,005,738	28,800	80,000	4,005,506	5,437,687
Total Business-Type Activities Program Revenues	<u>22,174,452</u>	<u>25,536,992</u>	<u>27,709,758</u>	<u>31,887,635</u>	<u>35,462,934</u>	<u>37,729,175</u>	<u>39,827,396</u>	<u>41,928,949</u>	<u>53,301,566</u>	<u>58,706,738</u>
Total Primary Government Program Revenues	<u>\$ 38,026,687</u>	<u>\$ 35,302,786</u>	<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>	<u>\$ 77,807,781</u>

Fiscal Year

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense) Revenues										
Governmental Activities	\$ (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)	\$ (112,596,182)
Business-type Activities	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	11,166,525
Total Net Expense	<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>	<u>\$ (101,429,657)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 15,551,084	\$ 16,987,252	\$ 18,258,675	\$ 20,045,759	\$ 26,473,354	\$ 30,262,334	\$ 31,657,147	\$ 34,613,130	\$ 39,862,977	\$ 41,901,102
In Lieu of Taxes	570,277	587,634	682,113	592,302	682,266	776,838	803,625	883,162	903,574	1,374,709
Gross Receipts Tax	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	7,302,034
Sales and Other Taxes	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	57,594,688
Hotel Occupancy Taxes	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	2,239,048
Mixed Beverage Taxes	141,111	149,146	219,547	272,002	298,859	288,852	331,830	317,139	267,394	392,212
Miscellaneous	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	2,042,499
Donations	173,978	397,521	110,556	167,455	47,035	51,750	94,740	83,063	96,161	87,534
Grants and Contributions Not Restricted to Specific Programs	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	1,887,201
Unrestricted Investment Earnings	160,852	122,179	135,095	132,911	291,145	517,778	903,985	2,293,186	1,292,814	402,698
Net Change in Fair Value of Investments	14,930	(221,800)	(126,115)	18,778	6,761	(119,860)	(121,586)	169,282	108,275	(269,160)
Transfers	160,208	1,108,072	(104,155)	(1,002,698)	(380,889)	240,845	(567,690)	(315,640)	(299,134)	(2,905,001)
Total Governmental Activities	<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>	<u>112,039,564</u>
Business-type Activities:										
Miscellaneous	126,429	356,157	305,613	563,412	306,949	338,943	6,723,274	782,856	1,479,705	108,999
Donations	1,000	500	-	-	-	-	-	158,625	-	-
Grants and Contributions Not Restricted to Specific Programs	576,728	1,500,000	1,030,521	6,612,682	5,004,392	200,594	617,904	2,746,863	1,357,333	149,010
Unrestricted Investment Earnings	41,335	32,490	36,200	28,576	109,148	(6,785)	(30,651)	79,895	15,099	(76,429)
Net Change in Fair Value of Investments	(1,016)	(36,457)	(37,068)	(695)	(1,967)	(240,845)	567,690	315,640	299,134	2,905,001
Transfers	(160,208)	(1,108,072)	104,155	1,002,698	380,889	291,907	7,878,217	4,083,879	3,151,271	3,086,581
Total Business-type Activities	<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>	<u>3,086,581</u>
Total Primary Government	<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>\$ 99,008,831</u>	<u>\$ 115,126,145</u>
Change in Net Position										
Governmental Activities	\$ 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	\$ (556,618)
Business-type Activities	3,035,511	3,601,638	2,471,249	9,193,000	8,669,156	5,105,943	6,205,185	1,151,567	12,249,253	14,253,106
Total Primary Government	<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>	<u>\$ 13,696,488</u>

Effective 2015, CIDC was determined to be a discrete component unit and is not included.

Effective 2017, Fleet Services are recognized as Governmental Activities.

Effective 2021, component units were re-evaluated and CIDC was determined to be a blended component unit.

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

	Fiscal Year		
	2012	2013	2014
Functions/Programs			
Governmental Activities:			
Charges for Services			
General Government	\$ 8,199,459	\$ 1,982,113	\$ 2,500,520
Public Safety	3,725,515	3,489,063	3,835,258
Parks	1,157,025	1,194,628	1,246,186
Public Works	718,931	742,027	696,136
Operating Grants & Contributions			
General Government	1,698,203	1,758,848	2,240,844
Public Safety	353,102	494,595	594,235
Community Development	-	-	-
Public Works	-	104,520	426,960
Capital Grants & Contributions			
General Government	-	-	-
Parks	-	-	-
Public Works	-	-	-
Total Governmental Activities	<u>15,852,235</u>	<u>9,765,794</u>	<u>11,540,139</u>
Business-type Activities:			
Charges for Services			
Water and Sewer	20,963,406	24,239,291	26,350,214
Fleet Services	1,211,046	1,297,701	1,359,544
Operating Grants & Contributions			
Water and Sewer	-	-	-
Capital Grants & Contributions			
Water and Sewer	-	-	-
Total Business-type Activities	<u>22,174,452</u>	<u>25,536,992</u>	<u>27,709,758</u>
Total Primary Government	<u>\$ 38,026,687</u>	<u>\$ 35,302,786</u>	<u>\$ 39,249,897</u>

Effective 2015, CIDC was determined to be a discrete component unit and is not included.

Effective 2017, Fleet Services are recognized as Governmental Activities.

Effective 2021, component units were re-evaluated and CIDC was determined to be a blended component unit.

TABLE 3

Fiscal Year						
2015	2016	2017	2018	2019	2020	2021
\$ 3,588,771	\$ 2,774,101	\$ 3,637,237	\$ 3,863,812	\$ 4,747,666	\$ 5,416,422	\$ 7,653,604
2,746,233	2,030,468	1,781,480	1,614,644	1,586,992	1,217,694	1,422,232
1,279,923	1,214,957	1,161,772	1,263,210	1,332,262	847,727	2,109,500
1,256,432	875,737	1,117,197	1,231,274	1,167,360	1,204,131	1,407,449
1,860,483	2,452,942	2,486,525	2,439,828	3,555,202	3,227,171	3,124,034
595,556	826,864	1,053,099	1,025,017	1,592,588	1,800,850	1,807,371
-	-	611,708	487,903	525,906	1,737,678	636,675
2,601,443	894,808	-	22,875	45,750	22,875	22,875
-	-	12,377	650,827	-	2,676,197	23,624
-	-	-	-	3,205,577	5,656,352	-
-	155,748	-	618,705	5,774,460	6,096,543	893,679
13,928,841	11,225,625	11,861,395	13,218,095	23,533,763	29,903,640	19,101,043
30,034,855	33,379,807	35,025,871	39,098,028	40,859,420	48,037,994	51,838,264
1,852,780	1,952,342	-	-	-	-	-
-	-	697,566	700,568	989,529	1,258,066	1,430,787
-	130,785	2,005,738	28,800	80,000	4,005,506	5,437,687
31,887,635	35,462,934	37,729,175	39,827,396	41,928,949	53,301,566	58,706,738
\$ 45,816,476	\$ 46,688,559	\$ 49,590,570	\$ 53,045,491	\$ 65,462,712	\$ 83,205,206	\$ 77,807,781

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

	Fiscal Year		
	2012	2013	2014
General Fund			
Nonspendable:			
Prepaid Items	\$ 116,910	\$ 113,750	\$ 110,590
Inventories	42,871	43,791	42,208
Restricted for:			
Court Efficiency Fund	204,460	151,170	152,115
Court Security Fund	188,541	105,605	30,333
Court Technology Fund	-	31,497	-
Juvenile Case Manager	-	-	72,160
Truancy Prevention Fund	-	-	2,433
Severance Pay 2% Sinking Fund	-	15,829	20,266
Seized Assets	394,828	184,389	311,048
Red Light Cameras	405,739	416,273	519,200
State Franchise 1% PEG Fee	54,311	93,998	79,778
Commercial Vehicle Enforcement Program	-	-	16,032
Assigned to:			
Tree Mitigation Revenue	-	15,353	31,353
Equipment Replacement	3,082,043	3,906,728	4,977,087
Technology Replacement	-	-	-
General Fund-Balance Appropriations	-	1,751,375	4,352,573
Self-Funded Insurance	-	-	1,600,000
Unassigned	23,483,574	24,887,074	20,500,016
Total General Fund	\$ 27,973,277	\$ 31,716,832	\$ 32,817,192
All Other Governmental Funds			
Nonspendable:			
Advances	\$ -	\$ -	\$ -
Restricted for:			
State Franchise 1% PEG Fee	-	-	-
4B Sales Tax	6,444,898	8,591,820	4,471,517
Special Revenue Funds	1,146,480	1,446,517	2,313,400
Debt Service	10,451,194	12,260,043	14,537,182
Capital Project Funds	23,677,654	12,796,545	40,358,188
Committed for:			
CIDC-Land Sales	1,621,505	2,461,268	12,300,254
Police Projects-Settlement Proceeds	362,451	340,554	-
TIRZ #2-Property Tax Receipts	5	8	10
TIRZ #3-Property Tax Receipts	3,023,439	3,463,184	3,867,574
Conroe MMD#1 Agreement	-	-	-
Conroe Tower-Lease Income	466,711	385,950	344,253
Owen Theatre-Ticket Sales	100,739	98,386	30,121
Woodlands Township Reg. Participation	44,042	54,123	63,510
Firearms Training Facility	-	-	-
Assigned to:			
Parks Foundation-Donations	4,604	-	-
CIDC-Balance Appropriations	-	421,649	-
Unassigned	(4,872,753)	-	-
Total All Other Governmental Funds	\$ 42,470,969	\$ 42,320,047	\$ 78,286,009

Effective 2015, CIDC was determined to be a discrete component unit and is not included.

Effective 2021, component units were re-evaluated and CIDC was determined to be a blended component unit.

TABLE 4

Fiscal Year						
2015	2016	2017	2018	2019	2020	2021
\$ 107,430	\$ 104,270	\$ 117,691	\$ 123,967	\$ 121,801	\$ 134,066	\$ 144,987
19,681	31,622	39,984	38,540	60,627	33,606	50,453
161,308	158,386	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
57,906	60,548	-	-	-	-	-
3,392	6,844	-	-	-	-	-
19,927	19,376	24,980	24,599	25,886	28,455	34,468
413,679	612,575	904,793	1,025,255	1,647,201	2,163,747	1,666,889
526,237	526,237	353,663	353,663	303,683	303,683	254,183
142,926	285,076	313,914	449,544	560,187	609,785	540,799
-	-	-	-	-	-	-
45,838	75,507	296,658	376,807	323,514	499,454	554,233
4,418,234	4,031,972	3,107,409	6,347,680	8,177,733	5,154,889	4,477,175
-	-	-	-	-	-	152,861
575,163	629,322	1,017,905	1,711,579	4,192,505	5,113,380	1,041,220
1,600,000	1,872,000	-	-	-	-	-
20,477,898	20,237,960	23,458,420	26,795,709	26,160,875	29,974,625	41,526,617
<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>	<u>\$ 50,443,885</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000,000
-	-	-	-	-	-	1,955
-	-	-	-	-	-	-
1,965,565	2,363,665	2,994,088	3,557,935	3,981,048	4,153,844	16,667,923
12,084,748	11,356,765	11,569,373	10,802,885	11,292,098	11,616,533	30,070,702
29,207,699	12,409,574	15,019,976	6,015,379	40,029,484	38,591,737	135,536,769
-	-	-	-	-	-	-
-	-	-	-	-	-	-
11	25	142	-	-	-	-
878,632	447,238	1,817,868	2,931,903	3,672,037	4,405,637	5,244,816
-	-	-	119,792	567,766	1,078,348	1,832,714
350,164	319,548	213,004	26,460	-	-	-
43,738	42,539	49,055	-	-	-	-
98,322	146,421	194,268	249,487	304,995	367,258	436,558
-	-	-	-	-	60,374	97,374
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(5,603,466)	(129,972)	(4,027,087)	-
<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>	<u>\$ 199,888,811</u>

CITY OF CONROE, TEXAS

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

	Fiscal Year		
	2012	2013	2014
Revenues			
Taxes	\$ 53,584,786	\$ 60,358,883	\$ 65,879,766
Licenses and Permits	1,414,723	1,752,598	2,260,525
Charges for Sales and Services	1,909,626	1,979,380	1,966,939
Lease Income	339,640	331,029	357,568
Fines and Forfeitures	3,480,694	3,344,824	3,693,068
Intergovernmental	3,610,177	3,342,357	4,312,558
Investment Income	277,440	116,658	130,335
Gain (Loss) on Investments	(9,121)	(191,185)	(121,797)
Penalties and Interest	140,798	112,655	106,932
Sale of Assets	1,621,505	2,645,283	4,777,829
Land Sales	-	-	-
Miscellaneous	830,787	852,106	627,045
Total Revenues	<u>67,201,055</u>	<u>74,644,588</u>	<u>83,990,768</u>
Expenditures			
General Government	12,912,210	11,444,046	13,396,364
Finance	1,354,043	1,333,034	1,421,763
Public Safety	22,534,671	24,048,252	26,836,475
Community Development	-	-	-
Industrial Development	-	-	-
Parks	4,124,585	4,238,271	4,905,220
Public Works	5,519,381	6,703,354	7,369,859
Debt Service:			
Principal Retirement	7,437,033	13,183,048	7,194,144
Interest and Fiscal Charges	5,751,981	5,887,124	5,530,863
Bond Issuance Costs	239,023	433,014	345,651
Capital Outlay	21,033,141	18,897,565	14,557,532
Total Expenditures	<u>80,906,068</u>	<u>86,167,708</u>	<u>81,557,871</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,705,013)	(11,523,120)	2,432,897
Other Financing Sources (Uses)			
Issuance of Bonds and COs	8,970,000	13,080,000	31,100,000
Refunding Bonds Issued	7,560,000	12,305,000	-
Premiums and (Discounts)	258,044	(11,377,320)	3,637,580
Payment to Refunded Bond Escrow Agent	(7,697,335)	13,761,078	-
Insurance Proceeds	-	-	-
Transfers In	7,289,803	(12,653,006)	8,258,452
Transfers Out	(7,129,595)	-	(8,362,607)
Total Other Financing Sources (Uses)	<u>9,250,917</u>	<u>15,115,752</u>	<u>34,633,425</u>
Net Change in Fund Balances	<u>\$ (4,454,096)</u>	<u>\$ 3,592,632</u>	<u>\$ 37,066,322</u>
Debt Service as a Percentage of Noncapital Expenditures	21.1%	22.0%	28.3%

Effective 2015, CIDC was determined to be a discrete component unit and is not included.

Effective 2021, component units were re-evaluated and CIDC was determined to be a blended component unit.

TABLE 5

Fiscal Year						
2015	2016	2017	2018	2019	2020	2021
\$ 59,891,274	\$ 65,987,138	\$ 70,396,808	\$ 77,316,094	\$ 80,241,614	\$ 88,014,455	\$ 110,471,023
3,336,634	2,498,341	3,236,949	3,194,609	4,131,413	4,829,641	7,085,734
2,573,767	2,149,135	2,328,436	2,537,383	2,592,866	2,163,320	3,596,267
365,578	370,173	396,898	657,513	591,585	566,459	548,562
2,595,380	1,877,614	1,735,403	1,583,435	1,518,416	1,126,554	1,362,222
6,202,707	5,349,585	5,775,328	6,816,955	15,959,093	23,114,592	8,424,019
130,154	289,731	514,299	892,769	2,292,075	1,258,700	400,835
18,538	7,578	(119,860)	(121,586)	169,282	108,275	(269,160)
129,761	208,097	453,641	200,293	228,837	201,642	233,935
-	-	-	-	-	-	-
-	-	-	-	-	-	1,047,404
2,116,637	3,820,410	3,245,271	3,668,120	1,959,195	1,243,980	977,564
77,360,430	82,557,802	87,963,173	96,745,585	109,684,376	122,627,618	133,878,405
14,835,320	17,279,501	15,176,318	15,774,476	17,776,698	18,383,740	21,941,034
1,540,445	1,880,428	1,979,328	2,045,039	2,067,817	2,457,933	2,430,767
31,447,082	31,980,626	32,763,616	35,827,508	37,694,272	41,458,123	44,240,315
-	-	2,426,261	2,244,684	2,513,556	1,719,417	1,754,323
-	-	-	-	-	-	7,383,400
5,039,267	5,351,321	5,204,310	5,908,595	6,700,873	5,835,494	7,778,147
8,032,281	10,220,162	8,823,990	9,408,362	9,176,138	11,659,974	11,781,783
5,300,320	8,766,586	9,029,940	8,507,387	7,849,930	8,728,574	13,528,410
4,662,641	4,691,019	4,796,391	5,114,397	6,764,207	7,713,664	10,542,104
520,406	162,484	270,944	85,350	445,337	336,818	4,073,708
27,735,071	31,299,653	20,545,856	18,366,313	21,908,009	53,166,496	39,132,599
99,112,833	111,631,780	101,016,954	103,282,111	112,896,837	151,460,233	164,586,590
(21,752,403)	(29,073,978)	(13,053,781)	(6,536,526)	(3,212,461)	(28,832,615)	(30,708,185)
8,795,000	11,275,000	20,110,000	-	42,870,000	23,730,000	109,990,000
33,370,000	-	-	6,845,000	-	5,225,000	29,915,000
2,843,082	718,839	1,855,211	944,976	5,428,236	4,725,783	16,498,368
(36,111,136)	-	-	(7,875,068)	-	(6,030,000)	(32,470,068)
-	-	-	363,722	1,166,057	615,310	311,681
17,073,716	3,970,565	7,088,953	7,058,730	8,208,431	9,299,393	30,247,253
(18,498,029)	(4,351,454)	(10,244,662)	(6,946,307)	(8,516,513)	(9,590,591)	(33,152,254)
7,472,633	11,612,950	18,809,502	391,053	49,156,211	27,974,895	121,339,980
\$ (14,279,770)	\$ (17,461,028)	\$ 5,755,721	\$ (6,145,473)	\$ 45,943,750	\$ (857,720)	\$ 90,631,795
19.0%	14.0%	16.8%	17.2%	16.0%	16.7%	19.2%

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

	Fiscal Year			
	2012	2013	2014	2015
Expenditures				
General Government	\$ 12,912,210	\$ 11,444,046	\$ 13,396,364	\$ 14,835,320
Finance	1,354,043	1,333,034	1,421,763	1,540,445
Public Safety	22,534,671	24,048,252	26,836,475	31,447,082
Community Development	-	-	-	-
Industrial Development	-	-	-	-
Parks	4,124,585	4,238,271	4,905,220	5,039,267
Public Works	5,519,381	6,703,354	7,369,859	8,032,281
Debt Service - principal	7,437,033	13,183,048	7,194,144	5,300,320
Debt Service - interest	5,751,981	5,887,124	5,530,863	4,662,641
Debt Service - bond issuance costs	239,023	433,014	345,651	520,406
Capital Outlay	21,033,141	18,897,565	14,557,532	27,735,071
Total	<u>\$ 80,906,068</u>	<u>\$ 86,167,708</u>	<u>\$ 81,557,871</u>	<u>\$ 99,112,833</u>

Distribution of Spending				
General Government	16.0%	13.3%	16.4%	15.0%
Finance	1.7%	1.5%	1.7%	1.6%
Public Safety	27.9%	27.9%	32.9%	31.7%
Community Development	0.0%	0.0%	0.0%	0.0%
Industrial Development	0.0%	0.0%	0.0%	0.0%
Parks	5.1%	4.9%	6.0%	5.1%
Public Works	6.8%	7.8%	9.0%	8.1%
Debt Service - principal	9.2%	15.3%	8.8%	5.3%
Debt Service - interest	7.1%	6.8%	6.8%	4.7%
Debt Service - bond issuance costs	0.3%	0.5%	0.4%	0.5%
Capital Outlay	26.0%	21.9%	17.8%	28.0%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Per Capita Expenditures Adjusted for CPI				
Population	56,530	61,564	71,592	71,879
Per Capita	\$ 1,431	\$ 1,400	\$ 1,139	\$ 1,379
CPI Index (National)	231	234	238	238
Per Capita Spending Adjusted to 2012 Dollars	\$ 1,431	\$ 1,383	\$ 1,108	\$ 1,341

*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 2012 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
2016	2017	2018	2019	2020	2021		
\$ 17,279,501	\$ 15,176,318	\$ 15,774,476	\$ 17,776,698	\$ 18,383,740	\$ 21,941,034	69.9%	6.07%
1,880,428	1,979,328	2,045,039	2,067,817	2,457,933	2,430,767	79.5%	6.72%
31,980,626	32,763,616	35,827,508	37,694,272	41,458,123	44,240,315	96.3%	7.78%
-	2,426,261	2,244,684	2,513,556	1,719,417	1,754,323	2.0%	0.50%
-	-	-	-	-	7,383,400	0.0%	0.00%
5,351,321	5,204,310	5,908,595	6,700,873	5,835,494	7,778,147	88.6%	7.30%
10,220,162	8,823,990	9,408,362	9,176,138	11,659,974	11,781,783	113.5%	8.79%
8,766,586	9,029,940	8,507,387	7,849,930	8,728,574	13,528,410	81.9%	6.87%
4,691,019	4,796,391	5,114,397	6,764,207	7,713,664	10,542,104	83.3%	6.96%
162,484	270,944	85,350	445,337	336,818	4,073,708	1078.6%	25.69%
31,299,653	20,545,856	18,366,313	21,908,009	53,166,496	39,132,599	86.1%	7.14%
<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>\$ 164,586,590</u>	<u>103.4%</u>	<u>8.21%</u>
15.5%	15.0%	15.3%	15.7%	12.1%	13.3%		
1.7%	2.0%	2.0%	1.8%	1.6%	1.5%		
28.6%	32.4%	34.7%	33.4%	27.4%	26.9%		
0.0%	2.4%	2.2%	2.2%	1.1%	1.1%		
0.0%	0.0%	0.0%	0.0%	0.0%	4.5%		
4.8%	5.2%	5.7%	5.9%	3.9%	4.7%		
9.2%	8.7%	9.1%	8.1%	7.7%	7.2%		
7.9%	8.9%	8.2%	7.0%	5.8%	8.2%		
4.2%	4.7%	5.0%	6.0%	5.1%	6.4%		
0.1%	0.3%	0.1%	0.4%	0.2%	2.5%		
28.0%	20.3%	17.8%	19.4%	35.1%	23.8%		
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		
71,879	82,275	84,378	87,654	91,079	96,295		Compounded Growth Rate 6.10%
\$ 1,553	\$ 1,228	\$ 1,224	\$ 1,288	\$ 1,663	\$ 1,709		1.99%
241	245	250	255	258	274		1.90%
\$ 1,491	\$ 1,159	\$ 1,134	\$ 1,169	\$ 1,491	\$ 1,443		0.09%

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 ⁽¹⁾	Hotel/Motel Occupancy	Franchise	Other	Total
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	26,299,562	31,280,147	1,220,471	6,128,653	1,058,305	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
2021	41,970,544	57,584,688	2,239,048	7,302,034	1,374,709	110,471,023
Change 2012-2021	181%	80%	179%	51%	34%	106%

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

(1) Effective 2021, component units were re-evaluated and CIDC was determined to be a blended component unit.

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
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
2021	6,298,066,934	2,865,757,549	2,264,181,826	1,784,977,172	9,643,029,137	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
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
2021	0.3125	0.1250	0.4375	0.4312	0.0588	0.1078	1.2125	1.2798	1.2171	0.9000

Source: Montgomery County Tax Assessor/Collector

TABLE 9

Overlapping Rates										Mont. Co. Utility District #3	Mont. Co. Utility District #4
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			
\$ 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	
0.6000	0.6000	0.6200	0.6000	0.7000	0.9000	1.1000	0.8800	1.0000	0.0900	0.1000	

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

TABLE 10

Taxpayer	2021			2012		
	2020 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2011 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
McKesson Corporation	\$ 134,689,005	1	1.40%	\$ 50,431,380	2	1.39%
National Oilwell Varco DHT LP	127,297,910	2	1.32%			
Ball Metal Container Corporation	126,812,460	3	1.32%	26,034,720	8	0.72%
The Geo Group	105,371,870	4	1.09%			
I-45/Loop 336 Associates LLC	73,296,540	5	0.76%			
Conroe Hospital Corporation	61,501,190	6	0.64%	76,144,260	1	2.10%
Wal-Mart Real Estate Bus. Trust	59,880,267	7	0.62%	46,708,202	3	1.29%
Massandra KV Regency LLC	58,558,050	8	0.61%			
Entergy Texas Inc.	56,591,180	9	0.59%	31,292,840	5	0.86%
National Oilwell Varco LP/Brandt	46,972,480	10	0.49%			
Crown Cork & Seal Company				33,375,110	4	0.92%
Consolidated Communications				29,024,530	6	0.80%
Conroe Marketplace S C LP				27,390,420	7	0.75%
MS Energy Service				22,880,080	9	0.63%
Siemens Water Technologies Corp				22,589,650	10	0.62%
	<u>\$ 850,970,952</u>		<u>8.82%</u>	<u>\$ 365,871,192</u>		<u>10.08%</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
2012	\$ 15,205,842	\$ 15,273,485	\$ 14,463,042	94.69%	\$ 783,753	\$ 15,246,795	99.83%
2013	16,858,196	16,806,944	16,610,584	98.83%	169,708	16,780,292	99.84%
2014	18,076,015	18,136,531	17,950,171	98.97%	162,185	18,112,356	99.87%
2015	20,245,827	19,981,925	19,787,780	99.03%	172,628	19,960,408	99.89%
2016	26,641,542	26,530,207	26,191,555	98.72%	294,845	26,486,400	99.83%
2017	29,778,208	29,384,676	29,014,410	98.74%	261,691	29,276,101	99.63%
2018	31,649,428	31,507,578	31,108,498	98.73%	306,345	31,414,843	99.71%
2019	34,964,999	34,626,010	34,359,051	99.23%	169,347	34,528,398	99.72%
2020	39,523,037	39,850,575	39,522,375	99.18%	167,199	39,689,574	99.60%
2021	40,127,631	41,692,877	41,294,020	99.04%	-	41,294,020	99.04%

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		
	2011	2012	2013
Agriculture			
Forestry & Fishing	\$ 6	\$ 54	\$ 55
Mining	6,053	25,385	32,553
Construction	23,958	33,488	31,336
Manufacturing	75,498	115,291	141,766
Transportation,			
Communication & Utilities	1,524	843	562
Wholesale Trade	72,428	93,319	113,592
Retail Trade	786,202	850,416	952,609
Information	29,425	31,573	35,432
Finance,			
Insurance & Real Estate	28,683	28,226	37,252
Services	201,872	218,972	237,869
Other	-	-	-
Total	<u>\$ 1,225,649</u>	<u>\$ 1,397,567</u>	<u>\$ 1,583,026</u>
City and CIDC Direct Sales Tax Rate	2.00%	2.00%	2.00%

Source: Texas Comptroller of Public Accounts

TABLE 12

Calendar Year						
2014	2015	2016	2017	2018	2019	2020
\$ 39	\$ 21	\$ 10	\$ 12	\$ 2	\$ 5	\$ 7
53,172	56,577	23,090	29,434	49,496	43,305	19,954
38,737	44,597	38,883	60,709	52,222	58,670	57,708
144,822	107,946	92,886	127,656	204,012	146,528	132,464
1,227	2,112	2,627	2,789	3,030	2,971	1,536
139,891	159,804	166,854	196,965	202,984	196,360	193,181
1,033,821	1,046,251	1,035,813	1,017,702	1,037,728	1,028,511	1,081,992
42,848	50,631	53,663	46,319	52,855	54,580	39,024
42,252	55,274	55,070	70,288	87,177	80,429	60,047
307,646	307,164	326,144	352,789	387,623	408,910	393,049
1	-	31	140	239	-	-
<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>	<u>\$ 1,978,962</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 Blended	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)	
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%
2021	1.00%	0.50%	0.50%	2.00%

Source: City Finance and Administration Department

CITY OF CONROE, TEXAS
TABLE 14
SALES TAX REVENUE PAYERS BY INDUSTRY
FISCAL YEARS 2010 AND 2020
(DOLLARS ARE IN MILLIONS)

Tax Remitter	Fiscal Year 2010				Fiscal Year 2020			
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	% of Total	Tax Liability	% of Total
Agriculture, Forestry & Fishing	36	0.38%	\$ -	0.00%	36	0.26%	\$ -	0.00%
Mining	51	0.54%	0.22	0.96%	136	0.98%	0.52	1.32%
Construction	847	9.03%	0.56	2.45%	1,285	9.27%	1.11	2.81%
Manufacturing	764	8.16%	1.02	4.46%	1,180	8.51%	2.64	6.68%
Transportation, Communication & Utilities	79	0.84%	0.07	0.31%	113	0.82%	0.03	0.08%
Wholesale Trade	502	5.35%	1.11	4.86%	824	5.95%	3.82	9.67%
Retail Trade	3,296	35.16%	15.19	66.45%	4,939	35.64%	21.34	54.00%
Information	96	1.02%	0.47	2.06%	203	1.46%	0.89	2.25%
Finance, Insurance & Real Estate	359	3.83%	0.39	1.70%	519	3.74%	1.31	3.31%
Services	3,312	35.32%	3.83	16.75%	4,586	33.09%	7.86	19.88%
Other	35	0.37%	-	0.00%	38	0.28%	-	0.00%
Total	9,377	100.00%	\$ 22.86	100.00%	13,859	100.00%	\$ 39.52	100.00%

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 ⁽¹⁾	Capital Leases	Notes	Total Long-Term Debt
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
2021	381,764,825	-	143,002	381,907,827

(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 was determined to be a discrete component unit and is not included.

Effective 2021, component units were re-evaluated and CIDC was determined to be a blended component unit.

TABLE 15

Business-type Activities					
CO Bond & Revenue Bonds	Capital Leases	Total Long-Term Debt	Total Primary Government	Percentage of Personal Income ⁽²⁾	Per Capita ⁽²⁾
\$ 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
231,330,619	-	231,330,619	613,238,446	19.02%	6,368

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 ⁽¹⁾	Net Total	Percentage of Taxable Assessed Value of Property	Per Capita
	Refunding Bonds	Certificates of Obligation	Total				
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
2021	57,481,341	169,261,258	226,742,599	10,417,007	216,325,592	2.24%	2,246

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

(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.

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

See Table 8 for property value data.

See Table 20 for population data.

CITY OF CONROE, TEXAS

TABLE 17

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2021

(DOLLARS IN THOUSANDS)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt Repaid with Property Taxes			
Montgomery County	\$ 486,675	14.86%	\$ 72,320
Conroe Independent School District	1,351,160	19.41%	262,260
Willis Independent School District	234,242	26.29%	61,582
Lone Star College	610,225	4.45%	27,155
Montgomery Independent School District	346,722	2.99%	10,367
MUD #90	6,570	100.00%	6,570
MUD #92	7,595	100.00%	7,595
MUD #107	21,215	100.00%	21,215
MUD #126	18,520	100.00%	18,520
MUD #128A	10,075	100.00%	10,075
MUD #132	5,825	100.00%	5,825
MUD #138	12,400	100.00%	12,400
MUD #142	3,920	100.00%	3,920
MUD #148	4,310	100.00%	4,310
Conroe MUD #1	9,755	100.00%	9,755
Conroe MMD #1	44,435	100.00%	44,435
UD #4	9,910	100.00%	9,910
Subtotal, Overlapping Debt			588,214
City Direct Debt (Net of original issuance discounts and premiums)	\$ 235,385		235,385
Total Direct and Overlapping Debt (Estimated \$8,553 Per Capita) (a)			<u>\$ 823,599</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 96,295.

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. The City Direct Debt excludes the sales tax revenue bonds and hotel revenue bonds and related premiums.

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

	Fiscal Year		
	2012	2013	2014
Assessed Value	\$ 3,630,957,910	\$ 4,002,688,279	\$ 4,322,826,131
Debt Limit <5% of assessed value>	<u>\$ 181,547,896</u>	<u>\$ 200,134,414</u>	<u>\$ 216,141,307</u>
Debt Applicable to Limit:			
Total Bonded Debt	\$ 109,345,000	\$ 98,475,000	\$ 124,930,000
Less: Assets in Debt Service Funds available for payment of principal	<u>(10,451,194)</u>	<u>(12,260,043)</u>	<u>(14,537,182)</u>
Total Net Debt Applicable to Limit	<u>98,893,806</u>	<u>86,214,957</u>	<u>110,392,818</u>
Net Legal Debt Margin	<u>\$ 82,654,090</u>	<u>\$ 113,919,457</u>	<u>\$ 105,748,489</u>
Total Net Debt Applicable to the Debt Limit As a Percentage of Debt Limit	54.47%	43.08%	51.07%
Total Net Debt Margin as a Percentage of Debt Limit	45.53%	56.92%	48.93%
Total Bonded Debt as a Percentage of Assessed Value	3.01%	2.46%	2.89%

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, 2020 is \$0.4375 per \$100.00 with valuation at 100% of assessed value.

TABLE 18

Fiscal Year						
2015	2016	2017	2018	2019	2020	2021
\$ 4,829,793,550	\$ 6,309,739,745	\$ 7,126,248,737	\$ 7,556,126,403	\$ 8,352,329,678	\$ 9,144,248,346	\$ 9,643,029,137
\$ 241,489,678	\$ 315,486,987	\$ 356,312,437	\$ 377,806,320	\$ 417,616,484	\$ 457,212,417	\$ 482,151,457
\$ 128,305,000	\$ 130,980,000	\$ 163,825,000	\$ 171,885,000	\$ 292,200,000	\$ 327,340,000	\$ 365,025,000
(12,084,748)	(11,356,765)	(11,569,373)	(10,802,885)	(11,292,098)	(11,052,026)	(10,417,007)
116,220,252	119,623,235	152,255,627	161,082,115	280,907,902	316,287,974	354,607,993
\$ 125,269,426	\$ 195,863,752	\$ 204,056,810	\$ 216,724,205	\$ 136,708,582	\$ 140,924,443	\$ 127,543,464
48.13%	37.92%	42.73%	42.64%	67.26%	69.18%	73.55%
51.87%	62.08%	57.27%	57.36%	32.74%	30.82%	26.45%
2.66%	2.08%	2.30%	2.27%	3.50%	3.58%	3.79%

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

TABLE 19

Fiscal Year	Water and Sewer Bonded Debt					Coverage
	Utility Service Charge	Less:	Net Available Revenue	Debt Service (2)		
		Adjusted Operating Expenses ⁽¹⁾		Principal	Interest	
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
2021	51,837,664	22,372,408	29,465,256	8,430,000	9,230,538	1.67

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
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%
2021	96,295	3,223,860	33,479	33.6	17,774	5.4%

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	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Conroe Independent School District ¹	5,218	1	12.61%	5,915	1	21.75%
Montgomery County	2,954	2	7.14%	1,952	2	7.18%
HCA Houston Healthcare Conroe	1,021	3	2.47%	1,200	3	4.41%
City of Conroe (including Part-Time)	846	4	2.04%	482	5	1.77%
National Oilwell Varco (all Conroe locations)	687	5	1.66%	630	4	2.32%
Cantel (formally Medivators, Inc.)	684	6	1.65%	201	10	0.74%
Wal-Mart Supercenter	500	7	1.21%	300	8	1.10%
Consolidated Communications	425	8	1.03%			
Tri-County Behavioral Healthcare	382	9	0.92%			
Borden	240	10	0.58%			
National Oilwell Varco - Brandt				425	6	1.56%
Tenaris				410	7	1.51%
Professional Directional				277	9	1.02%
	<u>12,957</u>		<u>31.31%</u>	<u>11,792</u>		<u>43.36%</u>

Source:

Greater Conroe Economic Development Council (GCEDC)

<http://www.gcedc.org/research/>

1. Conroe area only in 2021.



CITY OF CONROE, TEXAS

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

	2012	2013 ⁽¹⁾	2014 ⁽²⁾	2015 ⁽³⁾	2016 ⁽⁴⁾	2017 ⁽⁵⁾	2018	2019 ⁽⁶⁾	2020 ⁽⁷⁾	2021
Functions/Programs										
General Government										
Administration	2	3	3	3	3	3	3	3	4	5
Mayor & Council	2	2	2	2	2	2	2	3	3	3
Transportation	-	-	1	1	1	1	1	2	3	3
Arts & Communications	1	1	-	-	-	-	-	-	-	-
Downtown Development	1	-	-	-	-	-	-	-	-	-
Legal	3	3	3	3	3	3	3	4	4	4
Municipal Court	10	10	10	10	10	10	10	10	10	10
Warehouse Purchasing	5	5	5	5	4	4	4	4	4	4
Information Technology	11	11	11	11	11	11	11	12	12	12
Human Resources	5	5	6	6	6	6	6	7	7	7
Finance	10	10	10	10	12	12	12	12	13	13
Public Safety										
Police Administration	5	7	9	9	9	9	9	9	9	9
Police Support	28	28	12	12	13	14	14	14	14	15
Police Patrol	63	63	99	100	102	102	102	102	108	108
Police Investigative Services	29	29	32	33	34	34	34	36	37	37
Police Professional Services	14	15	-	-	-	-	-	-	-	-
Police Animal Services	5	5	5	2	2	2	2	2	2	2
Red Light Program	1	1	1	-	-	-	-	-	-	-
Traffic Services	2	2	2	2	-	-	-	-	-	-
Commercial Vehicle Enforcement	-	-	-	1	1	1	1	1	1	1
Fire	88	86	87	117	117	129	129	135	138	141
Community Development										
CDBG Administration	2	2	2	2	1	1	1	1	1	1
Community Development	13	15	15	19	19	19	19	23	8	8
Parks										
Parks & Rec. Administration	2	2	2	2	2	4	4	4	4	4
Recreation Center	5	5	6	6	6	5	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	12
Public Works										
Drainage Maintenance	7	7	7	7	8	8	8	8	8	8
Streets	28	28	28	27	36	36	36	31	31	31
Signal Maintenance	2	3	3	3	4	4	4	4	4	4
Sign Maintenance	-	-	-	-	-	-	-	8	8	8
Engineering	8	21	21	22	22	22	23	23	25	25
Building Inspections and Permits	-	-	-	-	-	-	-	-	15	15
Conroe Tower	1	1	1	1	1	1	1	1	2	2
Hotel/Motel Occupancy Tax	3	3	4	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	5

TABLE 22

	2012	2013 ⁽¹⁾	2014 ⁽²⁾	2015 ⁽³⁾	2016 ⁽⁴⁾	2017 ⁽⁵⁾	2018	2019 ⁽⁶⁾	2020 ⁽⁷⁾	2021
Water & Sewer										
Utility Billing	9	9	9	9	10	10	10	11	11	12
Public Works	5	5	6	6	7	7	7	7	7	7
Water Conservation	-	1	1	1	-	-	-	-	-	-
Water	15	15	15	11	12	12	12	16	16	16
Wastewater Treatment	11	11	10	10	11	11	11	14	17	22
Sewer	20	20	20	12	18	18	18	18	19	19
Pump & Motor Maint.	7	7	6	6	9	9	9	9	9	9
Project Engineering	13	-	-	-	-	-	-	-	-	-
Project Construction	17	17	17	29	-	-	-	-	-	-
Fleet Services	6	7	8	8	8	8	8	10	10	10
Self Funded Insurance	1	1	-	-	-	-	-	-	-	-
Total	<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>	<u>612</u>

Source: City Finance Department.

Notes:

- (1) 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.
- (2) 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.
- (3) 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.
- (4) In FY 2016, the Project Construction division was closed and all remaining positions were transferred to the General Fund and Water & Sewer Fund.
- (5) 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.
- (6) In FY 2019, Sign Maintenance was created, some of the employees were previously assigned to Streets.
- (7) 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

Functions/Programs	Fiscal Year		
	2012	2013	2014
General Government			
Building Permits Issued	520	789	1,443
Building Inspections Conducted	14,957	16,995	17,871
Police			
Physical Arrests	4,313	4,758	4,502
Parking Violations	4,554	2,972	3,724
Traffic Violations	27,181	15,482	16,142
Fire			
Emergency Responses	6,417	7,124	7,083
Fires Extinguished	133	129	222
Inspections	1,675	1,017	1,778
Refuse Collection			
Refuse Collected (tons per day) (a)	37.50	58.00	41.00
Recyclables Collected (tons per day) (a)	12.10	16.00	10.00
Other Public Works			
Street Resurfacing (miles)	2.20	5.10	9.00
Potholes Repaired	550	582	415
Parks and Recreation			
Athletic Field Permits Issued	297	304	290
Community Center Admissions	366,045	424,640	353,024
Water			
New Connections (b)	400	736	923
Water Main Breaks	800	775	692
Average Daily Consumption (millions of gallons)	9.893	9.652	9.189
Peak Monthly Consumption (millions of gallons)	395.510	393.936	377.559
Wastewater			
Average Daily Sewage Treatment (millions of gallons)	7.000	7.000	7.200
Transit			
Total Route Miles - OJJCC	8,330	11,219	12,240
Total Route Miles - Conroe Connection (c)	-	-	-
Passenger - OJJCC	12,222	14,020	14,232
Passenger - Conroe Connection (c)	-	-	-

Source: Various City Departments

Notes:

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

(b) Estimate was utilized for FY2012.

(c) Conroe Connection began service in FY2015.

TABLE 23

Fiscal Year						
2015	2016	2017	2018	2019	2020	2021
1,486	1,089	1,453	1,667	1,803	2,101	2,975
20,924	20,365	25,995	33,783	37,836	40,796	63,855
4,289	4,237	4,805	4,815	4,649	5,691	4,455
2,560	1,672	798	802	1,798	1,004	869
14,449	12,919	20,302	23,148	25,419	6,246	28,635
8,427	9,018	8,784	10,261	10,208	10,280	9,526
204	244	274	312	240	346	33
1,333	2,537	2,540	3,034	1,678	2,285	1,695
73.20	65.58	68.25	70.45	50.87	57.23	58.17
17.20	16.53	16.86	19.35	14.83	14.77	16.6
11.00	3.00	9.00	6.00	5.00	1.00	7.00
2,193	1,360	2,011	2,500	1,850	1,600	720
292	272	247	194	216	183	287
422,884	452,564	461,683	452,174	476,207	316,865	462,594
613	2,418	790	892	992	1,125	1,910
1,072	622	495	885	781	855	1,279
9.249	9.770	9.990	14.000	10.202	11.860	11.000
281.344	415.278	381.427	413.795	433.717	494.001	475.000
7.800	7.700	7.900	8.200	9.020	8.890	9.100
9,912	11,018	12,145	13,425	20,100	15,075	14,112
54,108	83,258	85,373	92,668	131,357	179,057	173,510
18,420	19,984	16,329	16,825	17,747	10,352	12,998
22,811	34,487	27,650	33,633	48,430	38,705	27,512

CITY OF CONROE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTIONS/PROGRAMS

LAST TEN FISCAL YEARS

Functions/Programs	Fiscal Year		
	2012	2013	2014
Police			
Stations	1	1	1
Zone Offices	1	1	1
Patrol Units	46	55	56
Fire Stations	5	5	5
Refuse Collection			
Collection trucks	8	8	9
Other Public Works			
Streets (miles)	276.00	270.00	270.00
Streetlights	3,518	3,530	3,550
Traffic Signals	80	82	102
Parks and Recreation			
Acreage	407.00	407.00	407.00
Playgrounds	19	19	19
Baseball/Softball Diamonds	27	27	27
Soccer/Football Fields	18	18	18
Community Centers	4	4	4
Water			
Water Mains (miles)	367.00	403.00	403.00
Fire Hydrants	3,009	3,009	3,335
Storage Capacity (millions of gallons)	11,490	11,490	11,490
Wastewater			
Sanitary Sewers (miles)	389.00	391.00	398.00
Storm Sewers (miles) (a)	41.720	42.000	42.953
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						
2015	2016	2017	2018	2019	2020	2021
1	2	1	1	1	1	1
1	1	1	1	1	1	1
56	56	59	68	73	73	74
6	6	6	7	7	7	7
10	10	12	12	13	13	10
315.00	350.00	346.00	346.00	420.00	420.00	420.00
3,550	3,550	3,321	4,300	3,994	4,421	4,353
110	125	105	120	120	120	121
407.00	407.00	407.00	407.00	492.00	570.00	690.00
19	20	20	20	20	20	20
27	27	27	27	21	21	21
18	18	18	18	19	19	19
4	4	4	4	5	5	6
409.50	417.22	444.00	461.00	479.00	508.00	529.00
3,410	3,032	3,084	3,085	3,115	3,089	4,726
11,490	11,589	12,849	13,250	12,349	12,349	12,349
404.00	427.10	432.00	421.00	419.00	431.00	450.00
49,000	50,530	50,530	108,000	139,000	162,000	207,000
10,000	10,000	12,000	12,000	12,000	12,000	12,000
8	4	4	6	6	6	5
-	2	2	2	2	2	2

CITY OF CONROE, TEXAS**TABLE 25**

*WATERWORKS SYSTEM - TOP TEN WATER & SEWER USERS (IN GALLONS)
AS OF SEPTEMBER 30, 2021*

Customer	Fiscal Year Total 2021 Water Consumption	Fiscal Year Total 2021 Water Revenues	Percent of Total 2021 Water Revenues
EvoQua Water Technologies, LLC	196,610,000	\$ 542,084	3.5%
Borden Inc.	90,996,000	260,094	1.7%
Ball Metal Container Group	88,529,000	256,437	1.7%
Municipal Utility District #42	45,577,000	206,763	1.3%
The Geo Group	45,236,000	137,280	0.9%
Houston Methodist Hospital	33,087,000	106,376	0.7%
Crown Cork & Seal	25,915,000	87,619	0.6%
Montgomery County Jail	21,098,000	72,809	0.5%
Strata Woodland, LLC	20,123,000	71,762	0.5%
Medical Center Hospital	18,709,000	66,892	0.4%

Customer	Fiscal Year Total 2021 Sewer Consumption	Fiscal Year Total 2021 Sewer Revenues	Percent of Total 2021 Sewer Revenues
EvoQua Water Technologies, LLC	196,610,000	\$ 995,163	4.6%
Borden Inc.	90,996,000	460,756	2.1%
Ball Metal Container Group	87,880,000	444,989	2.1%
The Geo Group	45,155,000	228,796	1.1%
Houston Methodist Hospital	33,088,000	167,737	0.8%
Crown Cork & Seal	25,916,000	131,446	0.6%
San Jacinto River Authority	25,236,000	256,021	1.2%
Montgomery County Jail	21,099,000	107,072	0.5%
Strata Woodland, LLC	20,124,000	102,139	0.5%
Medical Center Hospital	18,709,000	94,984	0.4%

CITY OF CONROE, TEXAS

WATER AND SEWER RATES

AS OF SEPTEMBER 30, 2021

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 \$3.40 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		\$ 41.55
Per thousand gallons		
4,000 - 10,999 gallons, per thousand	\$ 2.66	5.06
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		76.97

Non-Residential Rates Inside City Limits

Usage	Water Rate Base Charge	Sanitary Sewer Rate
Minimum 0 - 3,999 gallons		\$ 41.55
Per thousand gallons		
4,000 - 10,999 gallons, per thousand	\$ 2.90	5.06
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		\$ 31.18
Per thousand gallons		
4,000 - 10,999 gallons, per thousand	\$ 2.13	4.06
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		59.60

