

CONROE BY THE NUMBERS

FYE September 30, 2018 Popular
Annual Financial
Report & City Update

Conroe, Texas



CITY OF CONROE

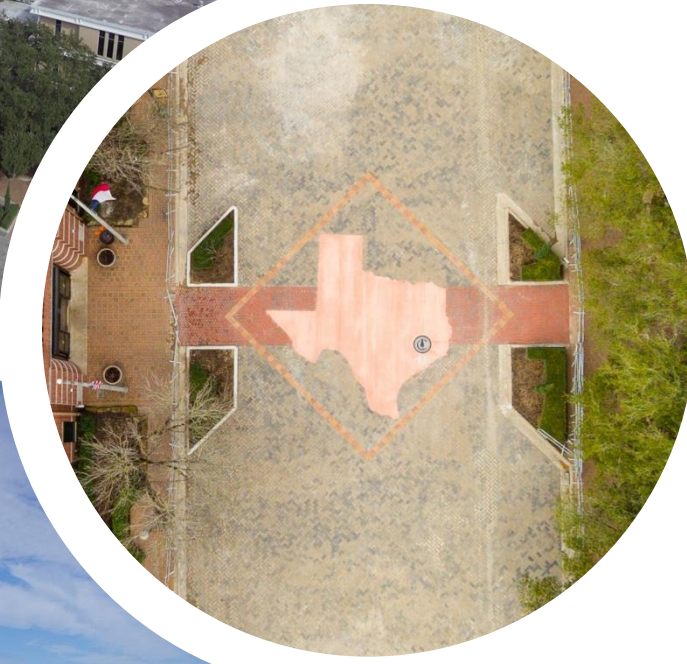




Table of Contents

- | | |
|----------------------------|-------------------------------|
| 01. Table of Contents | 13. Economic Development |
| 02. Welcome | 14. Glossary of Terms |
| 03. Mayor & City Council | 15. Awards |
| 04. Organization Chart | 16. Statement of Net Position |
| 05. Conroe Connection | 17. Statement of Activities |
| 06. Parks & Recreation | 18. Revenues |
| 07. Conroe Visitors Bureau | 19. Revenues |
| 08. Police Department | 20. Expenses |
| 09. Fire Department | 21. Expenses |
| 10. Engineering | 22. Top Ten |
| 11. Public Works | 23. Conroe's FM Radio |
| 12. Community Development | 24. Important Numbers |



Paul Virgadamo, Jr.
City Administrator

Welcome

On behalf of our elected officials and dedicated city employees, I am pleased to present to you the City of Conroe by the Numbers FY 2018 Popular Annual Financial Report & City Update. The City of Conroe has experienced many positive accomplishments during the past year including being named a “Texas Music Friendly Community” as well as the completion of a state of the art firefighter training facility. The Annual Report is our opportunity to highlight those achievements and successes. Through the Council’s strategic direction, and our staff’s steadfast dedication to excellence, we have again exceeded expectations.

Thanks to the City Council’s leadership and the determination of our employees, the City’s financial standing is exceptional and businesses and developments continue to move to Conroe, bringing more job opportunities for its citizens. The City continues to move forward with more investments in infrastructure, including our streets and water and sewer systems, as well as parks, community centers, new restaurants, retail shops, residential projects and commercial buildings. All of these will continue to propel Conroe in a positive direction in the future.

The City of Conroe also remains committed to supporting the arts, culture, public health and public transportation. Our many local artists, musicians, events and venues continue to make us a cultural gem. The many successful community events, performances, outdoor activities and Lake Conroe make our City a great destination for tourists.

In that spirit, we invite you to come see us at City Hall or visit the City of Conroe website (www.cityofconroe.org) and let us know how we may serve you.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul", written over a faint circular graphic on the page.

MAYOR AND CITY COUNCIL MEMBERS



Toby Powell
Mayor



Duane M. Ham
Councilman Position 1



Seth M. Gibson
Councilman Position 2



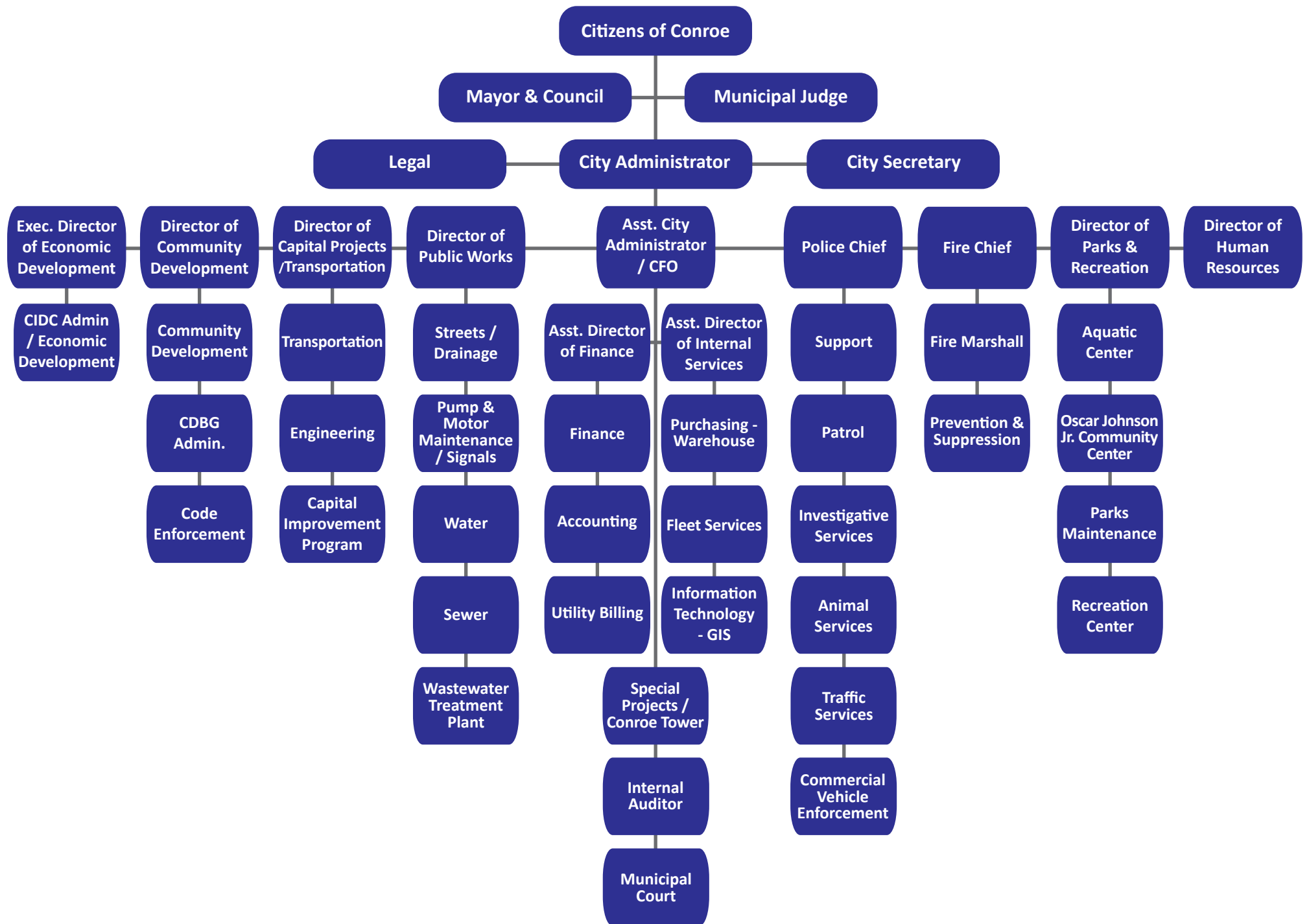
Duke Coon
Councilman Position 3

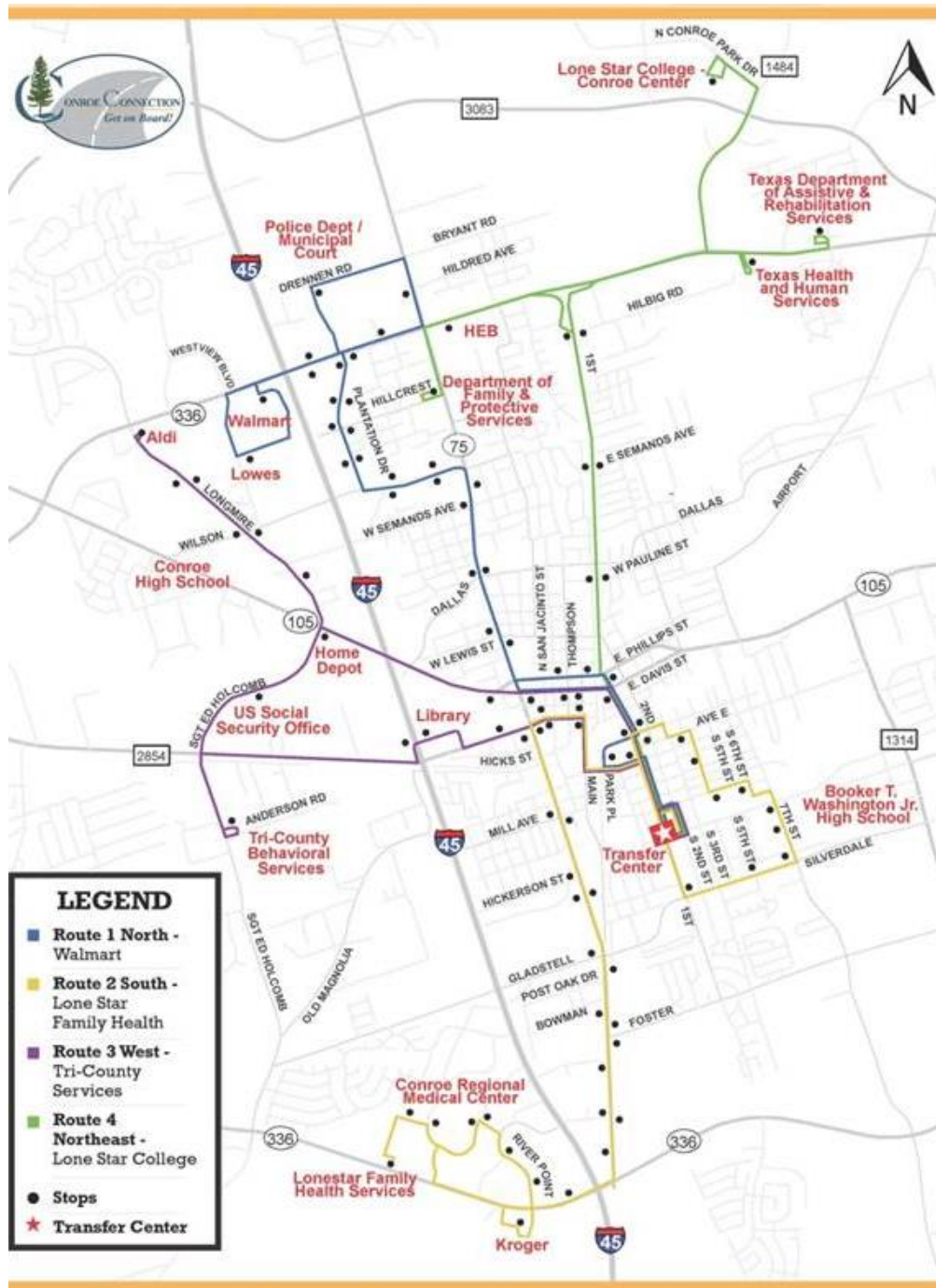


Raymond McDonald
Councilman Position 4



Jody Czajkoski
Councilman Position 5





(844) 299-6242
www.ConroeConnection.org

6 Buses

103 Bus Stops

\$503,648 In Recovered Grant Reimbursement for
 Operating Expenses

\$644,554 In Capital Reimbursements Recovered

33,633 Trips Provided to Transit Riders

92,548 Total Revenue Miles

2 ADA Paratransit Service Van

Parks and Recreation



19 Parks are at your service in Conroe

6.6 Miles of Trails in Conroe's Parks

390 Acres of Parkland Maintained

75,616 Membership scans at the C.K. Ray Recreation Center

68,831 Summer Attendance at Conroe Aquatic Center

444 Children per day average attend after school programs

18 Park Pavilions

19 Playgrounds

4 Indoor Community Centers

13 Baseball/Softball Diamonds

12 Soccer/Football Fields

55,288 Hours of Permitted Athletic Field Usage

6,751 Hours of Permitted Pavilions & Special Use Facilities

48,000 PLAYbooks Distributed

11,671 Attended Conroe Christmas Celebration & Tree Lighting

12,500 Attended Kidz Fest

250 Summer Day Camp Average Daily Attendance

Conroe Visitors Bureau

Conroe is a delightful blend of nature, history, the arts and recreation nestled in the beautiful Piney Woods of east Texas. With so many places to see and so many things to do, you'll find that the hardest part is deciding which activity to do first.

Conroe is bordered by 22,000-acre Lake Conroe, Sam Houston National Forest, and W. Goodrich Jones State Forest making for a veritable Utopia for the outdoor lover in us all.

Adventure awaits you!

30,000 people attended the Catfish Festival

\$122,500 was awarded in Arts Grants

63,500 CVB Brochures Distributed



www.VisitConroe.com





Police Department

The Conroe Police Department is authorized 142 sworn officers, 45 civilian employees, and receives assistance from numerous civilian volunteers. All are committed men and women dedicated to creating a safer environment and providing quality service to the 82,000 plus citizens of Conroe and the thousands of people that visit our city daily.

5:12 Ave Response Time

93,326 Calls for service

13,176 Offense Reports

2,091 Cases Assigned

2,124 Cases Closed

512 Crime Scenes Processed

4,730 Arrests

2,932 Motor Vehicle Accidents

22,304 Traffic Stops

10,416 Citations



Fire Department

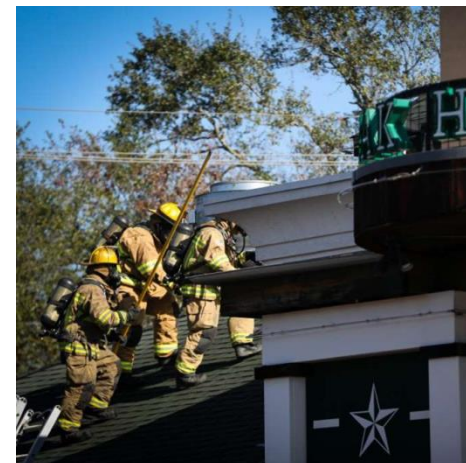
9,600 Total Calls for Service

290 Total Fires

35 Fires Investigated

12,518 Children/Adults Reached Through
Public Education

2 ISO Rating is the City's Fire Classification on a
Scale of 1 to 10 with 1 Being the Highest Rating



Engineering

Development Coordination

- 141** Pre-Development Meetings Held
- 188** Platting Items.
- 347** Sets of Plans Reviewed
- 135** New developments
- 173** Requests for Certificates of Compliance Processed
- 16** Utility Availability Letters Created
- 20** FEMA Floodplain Maps Created for Citizens
- 27** TXDOT UIR Permits Processed
- 35** Streetlight Installation Requests Processed

Development Inspections

- 156** Total Project Count at Present
 - 66** Public Projects
 - 76** Commercial Projects
 - 14** Private Projects
- 1,074** Driveway Permits –(avg. 3 inspections per driveway)
- 1,279** Site Inspections Per Month
- 124** Total Projects Completed



Design Consultant Numbers

- 15** In-house Design Projects
- 56** Consultants/contracts
- 244** Payments Processed
- 8** Contract Adjustments Processed
- 49** Design Meetings Attended
- 14** Property Acquisition Processed
- 14** Contracts Prepared

Construction Numbers

- 14** Projects Bid for Construction (\$24,787,000)
- 23** Projects under construction (\$24,987,705)
- 315** Submittals Reviewed & Processed
- 27** Change Orders Reviewed & Processed
- 97** RFI Reviewed & Processed
- 116** Payments Reviewed & Processed (\$26,449,132)
- 13** Construction Projects Finalized

Public Works

892 New Water Meter Connections - Utility Billing

136 Water Taps

17 Large Meter Repairs (2" and larger)

800 Water Leaks Repaired

1,100 Water Samples Taken

640 Water Lines Flushed

101 Fire Hydrants Received Maintenance

39 Sewer Taps

20,106 Water Customers - Utility Billing

260,048 Feet of Sewer Main Cleaned

452 Acres of Right-of-Way Mowed

22 Miles of Drainage Ditches Cleaned

450 Traffic Signal Repaired

10,350 Tasks Issued

250 Utility Cuts Repaired

3.75 Billion Gallons of Water Produced

800 Potholes Repaired

18,087 Sewer Customers - Utility Billing





Community Development

Our mission is to build a City where Citizens can live, work, and relax in a safe and harmonious environment today and for generations to come.

Building Division:

33,325 Total Building Inspections Conducted

14,044 Total Permits Issued

1,583 New Residential Permits

372 Commercial Building Permits

Planning & Annexation Division:

73.8 Total Square Miles in the City

88,650 Total Population

1,143.47 Total Acres Annexed into the City

182 Total Population Annexed into the City

333.1 Total Sq. Miles in Conroe's Extra-territorial Jurisdiction (ETJ)

3 New Subdivisions

Code Enforcement Division:

2,747 Total Complaints Reported

8,490 Total Number of Code Violations

6,265 Total Number of Notices

229 Total Number of Citations Issued

Community Development Block Grant:

\$632,155 Total Amount of Federal Funding Received

5 Total Number of Houses Currently Under Construction

\$7,088 Total Cost of Community Clean-Up Project

57.18 Tons of Trash and Debris Removed



Economic Development

The mission of the economic development division is to enhance the strength and stability of the greater Conroe economy through the support of existing industry and the attraction of manufacturing and service sector business (basic industries) which bring new capital and employment opportunities into the community.

1,655 Acres in Conroe Park North Industrial Park

4,193 Businesses Located in Conroe

47,696 Employees in Conroe

3,200 Expected Future Student Capacity at Lone Star College – Conroe Center

\$54,702 Median Yearly Household Income for Workers in Conroe

43,281 Labor Force in the City of Conroe

3.72% Job Growth Rate Since 2014

1,346 Acres Encompassed by the Conroe-North Houston Regional Airport


248 Acres in the Deison Technology Park


88,650 Conroe Population





Glossary of Financial Terms





 **Accrual Basis of Accounting** is a method of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of the related cash flows.


 **Current Assets** are available or can be made readily available to finance current operations or to pay current liabilities. Current assets include those which will be used up or converted into cash within one year. Some examples are cash, investments, taxes receivable, prepaid items, and inventories.


 **Capital Assets** include land, improvements to land, easements, construction in progress, buildings, building improvements, vehicles, machinery, equipment, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

 **Deferred Outflows of Resources** represent a consumption of net positions that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows consist of deferred charges on debt refundings, pension contributions after the measurement date, pension activity, OPEB contributions after the measurement date, and OPEB activity. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded (old) debt or refunding (new) debt. The pension contributions after the measurement date are deferred and recognized in the following fiscal year. The pension activity is amortized over a 30 year period.

 **Current Liabilities** are expected to be paid to vendors or employees from current financial resources within one year. Also included are unearned revenue and accrued interest.

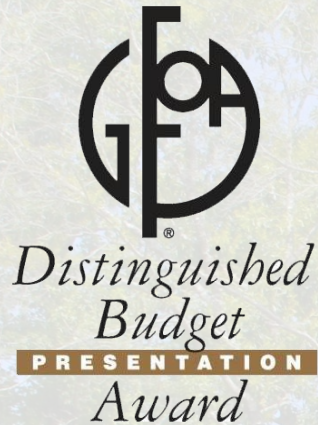
 **Long Term Liabilities** are liabilities with a future benefit over one year, including bonds, capital leases, notes payable, health claims liability, Other Post-Employment Benefits (“OPEB”), net pension liability, severance payable, and compensated absences.

 **Deferred Inflows of Resources** represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows consist of pension activities related to the difference in expected and actual pension experience and OPEB activities related to the difference in expected and actual experience.

 **Net Investment in Capital Assets** represents the City’s investment in its capital assets less accumulated depreciation and any outstanding debt due to the acquisition, construction, or improvement of capital assets.

 **Restricted Net Position** is restricted by constraints imposed from outside the City.

 **Unrestricted Net Position** represents the portion available to meet the ongoing obligations of the City.



The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the City of Conroe for its annual budget for the fiscal year beginning October 1, 2017.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.



The Government Finance Officers Association of the United States and Canada (GFOA) presented an award for outstanding achievement to the City of Conroe for its Popular Annual Financial Report (PAFR) for the fiscal year ended September 30, 2017.

The PAFR is specifically designed to make information extracted from the comprehensive annual financial report to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.



The Government Finance Officers Association of the United States and Canada (GFOA) presented a Certificate of Achievement for Excellence in Financial Reporting to the City of Conroe for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2017.

The CAFR is specifically designed to make information readily accessible and easily understandable to the general public and other interested parties without a background in public finance in the spirit of transparency and full disclosure.

Financial Report

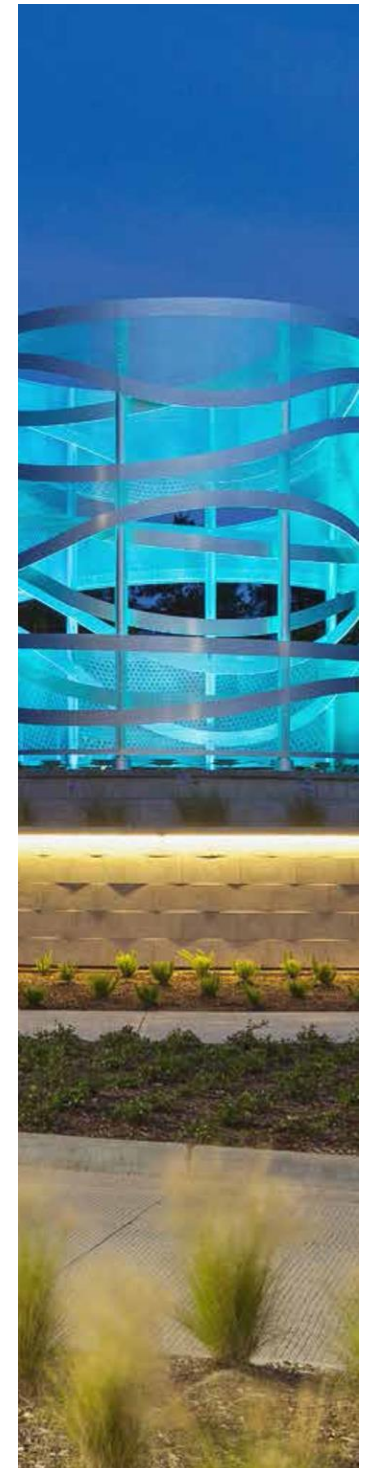
The City of Conroe Statement of Net Position presents the financial condition of the City at a specific point in time (in this case as of the end of the City's fiscal years, September 30, 2018 and September 30, 2017).

Statement of Net Position

(Accrual Basis of Accounting)

| | 2018 | 2017 |
|---------------------------------------|-----------------------|-----------------------|
| Current Assets | \$ 107,188,198 | \$ 119,801,722 |
| Capital Assets, Net | 413,934,046 | 393,460,129 |
| Total Assets | 521,122,244 | 513,261,851 |
| Deferred Outflows of Resources | 13,876,381 | 12,814,313 |
| Current Liabilities | 15,990,909 | 12,098,918 |
| Long Term Liabilities | 331,906,001 | 337,368,429 |
| Total Liabilities | 347,896,910 | 349,467,347 |
| Deferred Inflows of Resources | 7,300,443 | 1,273,747 |
| Net Position: | | |
| Net Investment in Capital Assets | 166,187,514 | 156,595,096 |
| Restricted | 21,001,460 | 17,165,330 |
| Unrestricted | (7,387,702) | 1,574,644 |
| Total Net Position | \$ 179,801,272 | \$ 175,335,070 |

Fiduciary funds are excluded. Readers of the Financial Position Statement and the Financial Activity Statement should keep in mind that these statements are presented on a non-GAAP basis. Non-GAAP means that the statements do not comply with generally accepted accounting principles. The statements include summarizations and combinations of accounting data that would not be allowed by GAAP.



Finance

The Finance and Administration Department provides leadership and support for the resolution of all financial matters of the City.

Statement of Activities

(Accrual Basis of Accounting)



Program Revenues

Charges for Services
Operating Grants and Contributions
Capital Grants and Contributions

General Revenues

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

Expenses by Function/Program

Governmental Activities

General Government
Finance
Public Safety
Community Development
Parks
Public Works
Debt Service: Interest and Fiscal Charges

Business-Type Activities

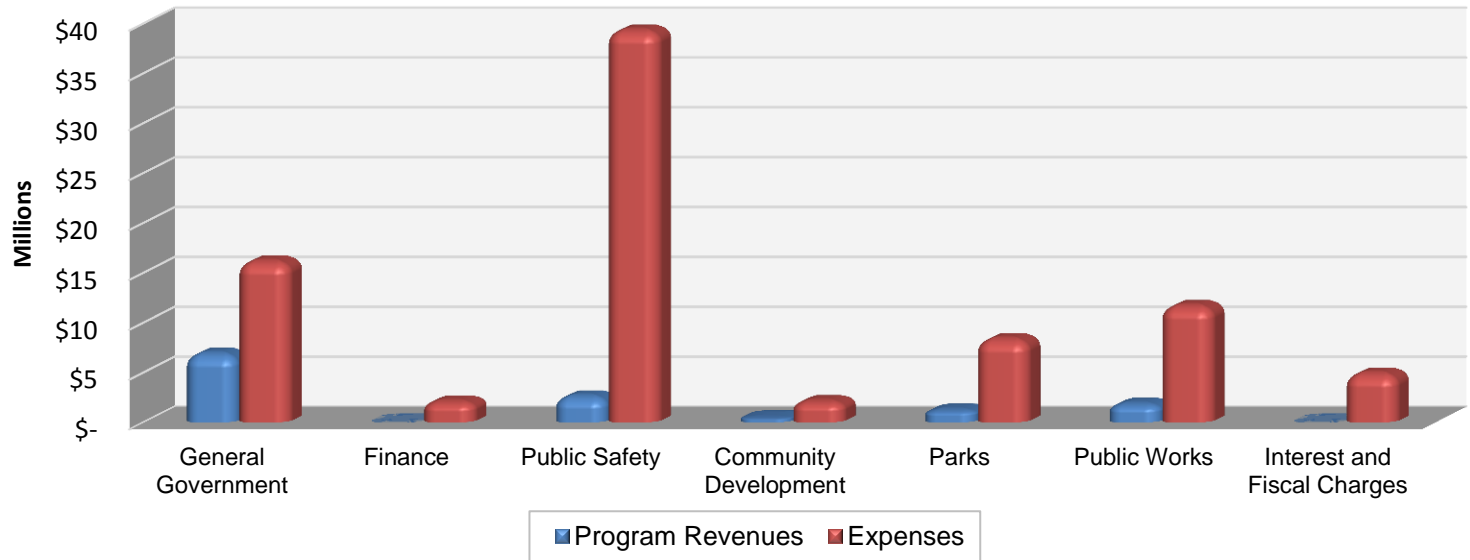
Water and Sewer
Total Expenses

Change in Net Position

| | 2018 | 2017 |
|--|-----------------------|-----------------------|
| Charges for Services | \$ 47,070,968 | \$ 42,723,557 |
| Operating Grants and Contributions | 4,676,191 | 4,848,898 |
| Capital Grants and Contributions | 1,298,332 | 2,018,115 |
| Property Taxes | 31,657,147 | 30,262,334 |
| In Lieu of Taxes | 803,625 | 776,838 |
| Gross Receipts Tax | 6,786,464 | 6,323,185 |
| Sales and Other Taxes | 36,720,480 | 32,151,158 |
| Hotel Occupancy Taxes | 1,365,057 | 1,163,561 |
| Mixed Beverage Taxes | 331,830 | 288,852 |
| Miscellaneous | 10,363,504 | 3,209,505 |
| Donations | 94,740 | 51,750 |
| Grants and Contributions Not Restricted to Specific Programs | 1,571,800 | 1,611,619 |
| Investment Earnings | 1,521,889 | 718,372 |
| Net Change in Fair Value of Investments | (152,237) | (126,645) |
| Total Revenues | \$ 144,109,790 | \$ 126,021,099 |
| General Government | \$ 16,320,758 | \$ 16,691,463 |
| Finance | 2,123,585 | 2,154,266 |
| Public Safety | 39,533,724 | 41,127,109 |
| Community Development | 2,143,044 | 2,035,327 |
| Parks | 8,374,548 | 8,353,387 |
| Public Works | 11,674,468 | 13,578,466 |
| Debt Service: Interest and Fiscal Charges | 4,938,891 | 4,953,104 |
| Water and Sewer | 41,500,428 | 32,915,139 |
| Total Expenses | \$ 126,609,446 | \$ 121,808,261 |
| Change in Net Position | \$ 17,500,344 | \$ 4,212,838 |



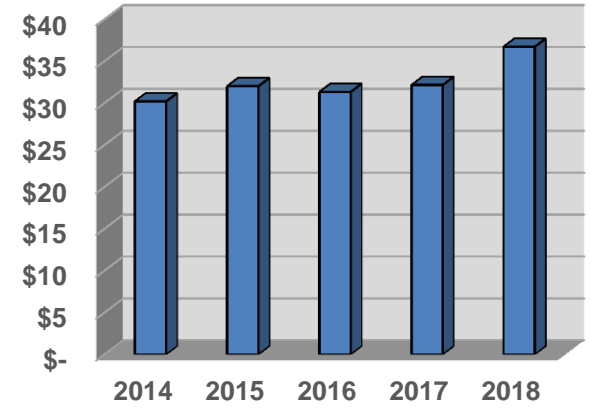
Program Revenues and Expenses - Governmental Activities



Revenues

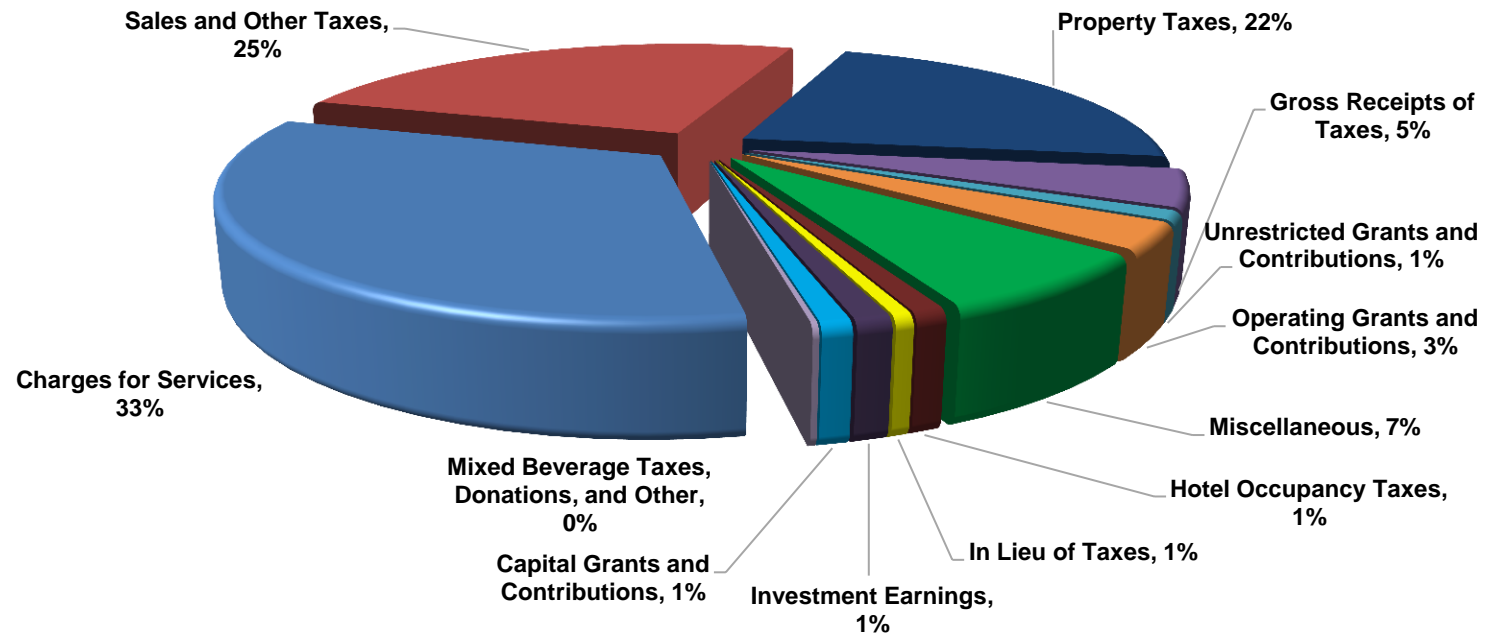
Program revenues are derived from the program itself and reduce the cost of the function to the City. Total program revenues were \$53,005,831 or 37% of total revenues, which increased \$3,415,261 compared to the prior year. The largest portion of program revenues is Charges for Services of \$47,070,968, which is 33% of total revenues. Of that amount, \$7,972,940 is from governmental activities, which includes fees collected by Municipal Court, Police, Parks, and Public Works departments. The business-type Charges for Services of \$39,098,028 are derived from water and sewer charges. The other portions of program revenues are Operating Grants and Contributions of \$4,636,531 (3%) and Capital Grants and Contributions of \$1,298,332 (1%).

Sales Tax Revenues (in millions)





Revenues by Source



General revenues are revenues that cannot be assigned to a specific function. They consist of Sales and Other Taxes of \$36,720,480, one of the largest revenue sources for governmental activities and 25% of total revenues. Property Taxes of \$31,657,147 or 22% of total revenues, which is a \$1.4M increase from prior year Property Taxes of \$30,262,334. Miscellaneous revenues of \$10,363,504 (7%), which increased \$7.2M due mainly to insurance proceeds for Hurricane Harvey damages. Also, Gross Receipts Taxes of \$6,786,464 (5%), Grants and Contributions Not Restricted to Specific Programs of \$1,571,800 (1%), Hotel Occupancy Taxes of \$1,365,057 (1%), In Lieu of Taxes of \$803,625 (1%), and Investment Earnings of \$1,521,889 (1%). The remaining revenue categories are all less than 1% of total revenues: Mixed Beverage Taxes of \$331,830, Donations of \$94,740, and Net Change in Fair Value of Investments of (\$152,237).

A vertical photograph on the left side of the page shows a field of bluebonnets in full bloom. The flowers are a vibrant blue with white centers, growing in rows. In the background, there are dark green trees and a sky with soft, warm light from a setting or rising sun, creating a gradient of orange and yellow.

Expenses

General Government expenses include the costs of Administration, Legal, Municipal Courts, Warehouse/Purchasing, Information Technology, and Human Resources. This function expenses were \$16,179,255 or 13% of total expenses. The expenses can be primarily attributed to salaries.

Finance expenses include the costs of administering the City's business through tax administration, bill paying, investing funds, auditing, and adopting a budget. This function had expenses of \$2,129,791 or 2%.

Public Safety expenses are the cost for administering assistance through the Police Department and the Fire Department. Total expenses for this function were \$40,322,860 or 31% of total expenses. The expenses can be primarily attributed to salaries and vehicle maintenance.

Community Development provides assistance to ensure responsible development practices that respects the community's natural environment. Community Development had expenses of \$2,153,721 or 2%.

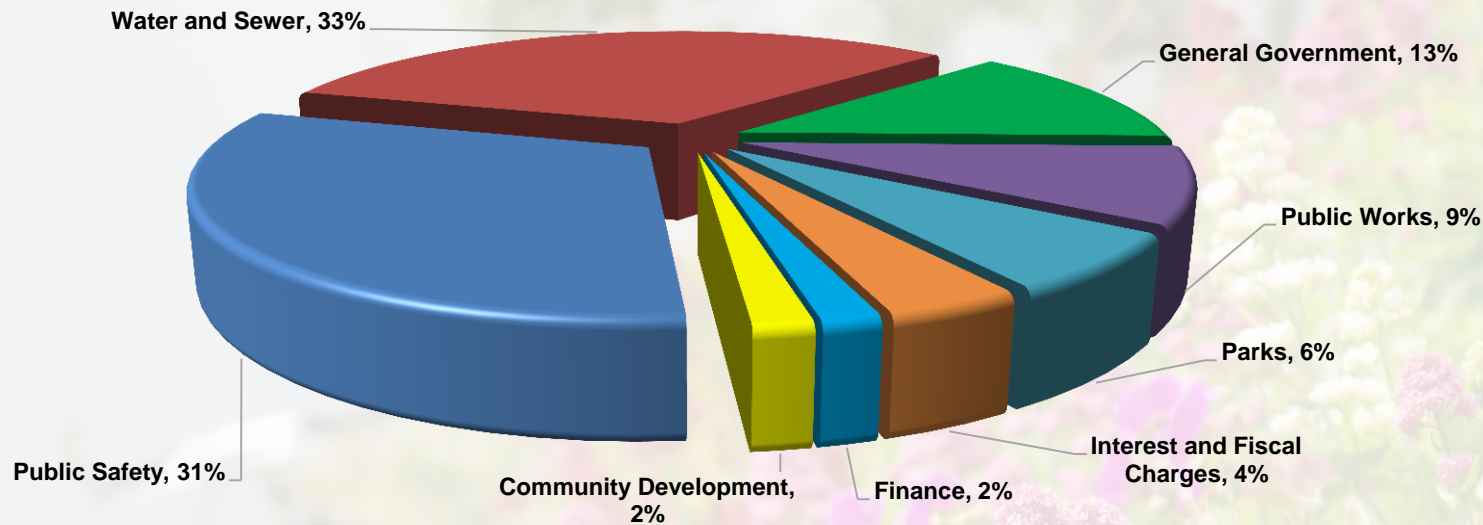
Parks expenses are the costs of maintaining the City's parks and recreation areas, including the Recreation Center, the Aquatic Center, and the numerous athletic fields. Parks with expenses of \$8,388,495 or 7%.

Public Works expenses are for drainage maintenance, street maintenance, signal maintenance, and engineering. The Public Works function had expenses of \$11,717,557 or 9% of total expenses.

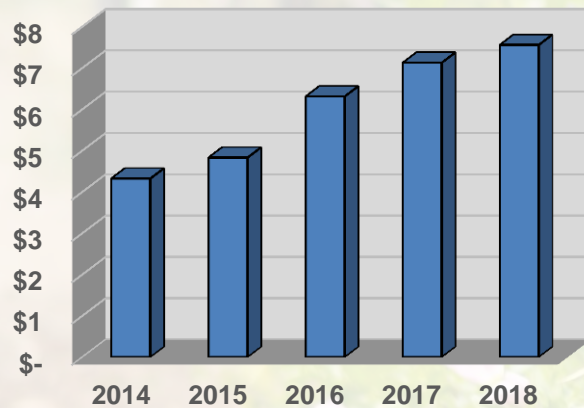
Interest and Fiscal Charges are primarily related to the issuance and repayment of City bonds. Current year expenses were \$4,938,891 or 4%.

Water and Sewer expenses are the costs related to providing water and sewer services to the general public on a continuing basis. The business-type activities function expenses were \$41,662,347 or 33% of total expenses. There were increased expenses of \$8,747,208, primarily due to repairs for damages caused by Hurricane Harvey.

Expenses by Function



**Assessed Property Valuation
(in billions)**



The financial information in the City of Conroe's Statement of Net Position and Statement of Activities is derived from information presented in the City of Conroe's Comprehensive Annual Financial Report ("CAFR") for 2018. The CAFR is lengthy and somewhat complex. However, it is available on the City's webpage, which can be accessed at:

www.CityofConroe.org/FinancialTransparency.

The condensed statements presented herein do not include the detail presented in the CAFR including footnotes required for full disclosure. In addition, the statements do not include information related to the City's discrete component units (separate legal entities whose financial information is provided in the CAFR separately from the City's financial information).

Top Ten Area Employers

- 01 Conroe Independent School District
7,310 Employees
- 02 Montgomery County
2,211 Employees
- 03 Conroe Regional Medical Center
1,300 Employees
- 04 National Oilwell Varco (NOV) - Downhole
647 Employees
- 05 City of Conroe
578 Employees
- 06 Community Pathology Associates
424 Employees
- 07 NOV - Wellbore Technologies
400 Employees
- 08 Medivators, Inc.
390 Employees
- 09 NOV - Fluid Control
375 Employees
- 10 Professional Directional
316 Employees

Source: Conroe Economic Development Council

Top Ten Taxpayers

- 01 McKesson Corporation
\$ 101,785,976
- 02 Conroe Hospital Corporation
\$ 75,883,460
- 03 National Oilwell Varco LP/Brandt
\$ 75,527,550
- 04 National Oilwell Varco DHT LP
\$ 68,557,819
- 05 Entergy Texas Inc.
\$ 55,870,020
- 06 The GEO Group
\$ 55,069,060
- 07 Reed Hycalog LP
\$ 52,419,780
- 08 Wal-Mart Real Estate Bus. Trust
\$ 51,728,003
- 09 Conroe Marketplace S C LP
\$ 38,773,350
- 10 Western Rim Investors 2013-6 LP
\$ 36,320,720

Source: Montgomery Central Appraisal District.

General Obligation Bond Rating

Aa1
MOODY'S

AA+
STANDARD & POOR'S

Water & Sewer System Bond Rating

Aa3
MOODY'S

AA
STANDARD & POOR'S

Conroe's FM Radio

The partnership between Lone Star Community Radio and the City of Conroe was developed to provide the Citizens with hyperlocal community programming 24/7 as well as an emergency alert system that will help connect citizens directly with the City of Conroe's emergency management team in the event of an emergency.

This partnership will also produce quality programming for the City of Conroe's already blossoming local TV channel, Our City TV.

Beyond the practical reasons for having locally produced programming, Lone Star Community Radio helps to create the kind of strong community identity that is so attractive to young families and potential businesses, programming which celebrates our dynamic City.





Administrative Department: 936-522-3001

City Secretary: 936-522-3010

Community Development: 936-522-3600

Conroe Convention & Visitors Bureau: 936-522-3500

**Greater Conroe Economic Development Council:
936-538-7118**

Finance: 936-522-3040

Fire Department: 936-522-3080

Human Resources: 936-522-3150

Legal Department: 936-522-3030

Municipal Court: 936-522-3380

Parks & Recreation:

Administration Office: 936-522-3842

C.K. Ray Recreation Center: 936-522-3900

Conroe Aquatic Center: 936-522-3930

Oscar Johnson, Jr. Community Center: 936-522-3960

Police Department: 936-522-3200

Public Works: 936-522-3885



CITY OF CONROE