

CONROE BY THE NUMBERS

FYE September 30, 2019 Popular
Annual Financial
Report & City Update

Conroe, Texas



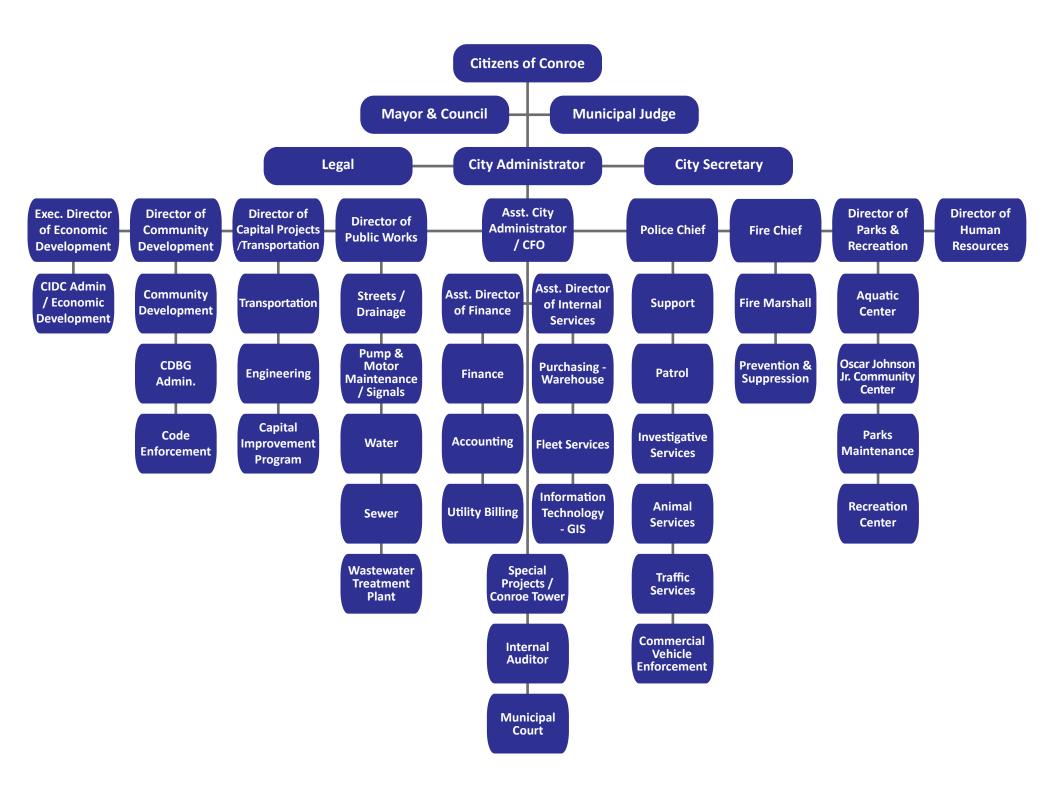
CITY OF CONROE



### **Table of Contents**

- **01.** Table of Contents
- **02.** Organization Chart
- 03. Welcome
- **04.** Mayor & City Council
- **05.** Conroe Connection
- **07.** Parks & Recreation
- **08.** Conroe Visitors Bureau **20.** Revenues
- **09.** Police Department
- 10. Fire Department
- 11. Engineering
- 12. Public Works
- 13. Community Development

- 14. Economic Development
- **15.** Glossary of Terms
- 16. Awards
- 17. Statement of Net Position
- 18. Assets & Liabilities
- 19. Statement of Activities
- 22. Expenses
- 24. Top Ten
- 25. Conroe's FM Radio
- **26.** Important Numbers





### 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 2019 Popular Annual Financial Report & City Update. The City of Conroe has experienced many positive accomplishments during the past year including the launch of Conroe's Commuter Connection and Park & Ride services, as well as the growth of our healthcare facilities, numerous new developments and business expansion. 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.

The Popular Annual Financial Report (PAFR) is prepared using financial information taken from the 2019 Comprehensive Annual Financial Report (CAFR). The CAFR includes full financial statements and note disclosures prepared in accordance with Generally Accepted Accounting Principles (GAAP). The PAFR condenses and simplifies information in the CAFR and is not intended to replace the CAFR. Information in the PAFR is unaudited and is not prepared in accordance with GAAP, due to its condensed and simplified presentation. Those seeking a deeper understanding of the City's finances are encouraged to review a copy of the City's CAFR, which is available on the City's website at www.cityofconroe.org/FinancialTransparency.

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, water and sewer systems, as well as parks, community centers, new restaurants, retail shops, residential projects and commercial buildings. The City 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.

### MAYOR AND CITY COUNCIL MEMBERS



Toby Powell
Mayor



**Duane M. Ham**Councilman Position 1



Seth M. Gibson
Councilman Position 2



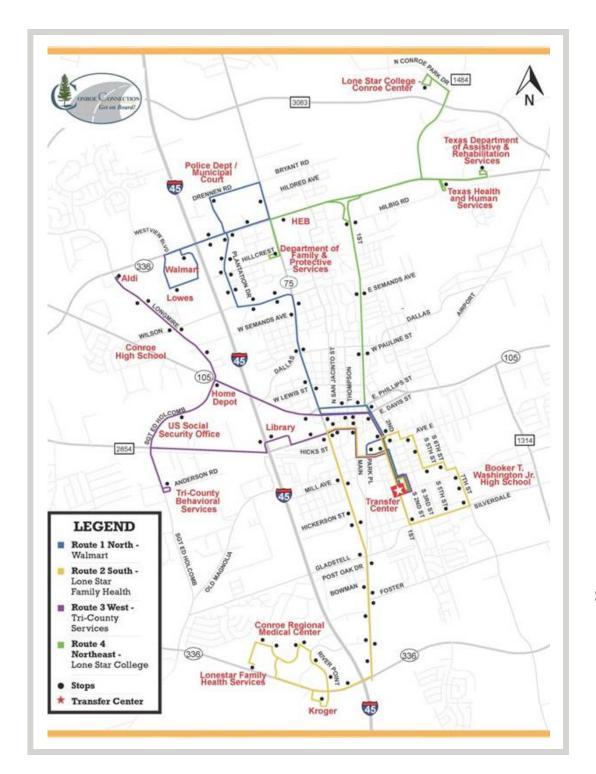
**Duke Coon**Councilman Position 3



Raymond McDonald
Councilman Position 4



**Jody Czajkoski**Councilman Position 5





# (844) 299-6242 www.ConroeConnection.org

6 Passenger Buses

103 Bus Stops (19 Shelters & 25 benches)

**\$1,401,411** In Recovered Grant Reimbursement for Annual Operating Expenses

**\$349,560** In Capital Reimbursements Recovered

38,228 Trips Provided to Transit Riders

132,910 Total Revenue Miles

2 ADA Paratransit Service Vans

#### 291 Conroe Park & Ride Weekday Inbound /

Día de semana hacia la ciudad

Conroe Park & Ride	Milam & Texas	E Fannin & Holman	TMC Transit Center	V.A. Hospital	
5:30 am	6:12 am	6:20 am	6:35 am	6:43 am	
6:30 am	7:15 am	7:27 am	7:44 am	7:53 am	
7:00 am	7:45 am	7:57 am	8:14 am	8:23 am	

#### 291 Conroe Park & Ride Weekday Outbound /

Día de semana hacia las afueras de la ciudad

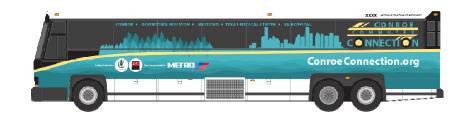
T.A. Hospital	TMC Transit Center	San Jacinto & Holman	Travis & Capitol	Conroe Park & Ride
3:30 pm	3:39 pm	4:01 pm	4:18 pm	5:03 pm
4:30 pm	4:39 pm	5:01 pm	5:18 pm	6:03 pm
5:30 pm	5:39 pm	6:01 pm	6:16 pm	7:01 pm



METRO Customer Service: (713)-635-4000

3 Commuter Passenger Buses36 Bus Stops

\$327,016 In Recovered Grant Reimbursement for 6 Months of Operating Expenses6,732 Trips Provided to Transit Riders35,254 Total Revenue Miles







### Parks and Recreation











19 Parks are at your service in Conroe

**6.6** Miles of Trails in Conroe's Parks

**475** Acres of Parkland Maintained

**75,190** Membership scans at the C.K. Ray Recreation Center

**68,800** Summer Attendance at Conroe Aquatic Center

**443** 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

**36,000** Hours of Reserved Athletic Field Usage

**4,200** Hours of Reserved Pavilions & Special Use Facilities

46,000 PLAYbooks Distributed

**10,000** Attended Conroe Christmas Celebration & Tree Lighting

13,000 Attended Kidz Fest

250 Summer Day Camp Average Daily Attendance



### Conroe Visitors Bureau

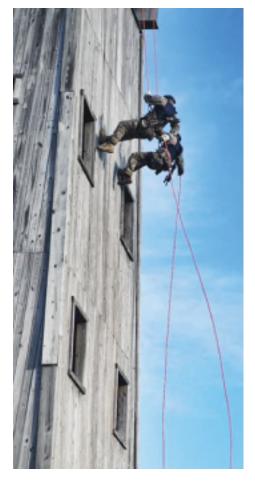
Conroe is a delightful blend of nature, history, the arts and recreation nestled in the beautiful Piney Woods of east Texas. With so many places to see and so many things to do, you'll find that the hardest part is deciding which activity to do first.

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!

20,000 people attended the Catfish Festival
\$248,210 was awarded in Arts & Culture Grants
20,074 CVB Visitors Guides Distributed
113.4 Million CVB Website Page Views











### Police Department

The Conroe Police Department is authorized 137 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.

**5:34** Ave Response Time

83,948 Calls for service

**13,559** Offense Reports

1,819 Cases Assigned

1,570 Cases Closed

**4,689** Arrests

2,702 Motor Vehicle Accidents

19,226 Traffic Stops

9,886 Citations

12 Police Academy Held



### Fire Department

12,428 Total Calls for Service

**703** Total Fires

58 Fires Investigated

6:06 Average Response Time

2,300 Commercial Inspections

23,267 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**

143 Pre-Development Meetings Held

163 Platting Items.

12,356 Sets of Plans Reviewed

**63** 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

98 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**

996 New Water Meter Connections - Utility Billing

**184** Water Taps

**10** Large Meter Repairs (2" and larger)

1,000 Water Leaks Repaired

1,200 Water Samples Taken

700 Water Lines Flushed

**75** Fire Hydrants Received Maintenance

96 Sewer Taps

21,107 Water Customers - Utility Billing

375,000 Feet of Sewer Main Cleaned

2,711 Acres of Right-of-Way Mowed

18 Miles of Drainage Ditches Cleaned

525 Traffic Signal Repaired

11,564 Work Orders Issued

450 Utility Cuts Repaired

3.9 Billion Gallons of Water Produced

1,400 Potholes Repaired

19,069 Sewer Customers - Utility Billing







Page 12





## **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:**

40,883 Total Building Inspections Conducted

15,867 Total Permits Issued

1,785 New Residential Permits

**427** Commercial Building Permits

#### **Planning & Annexation Division:**

73.9 Total Square Miles in the City

**87,654** 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:**

\$361,034 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 Employed in Conroe

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

**\$57,896** Median Yearly Household Income for Workers in Conroe

41,597 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

**87,654** Conroe Population



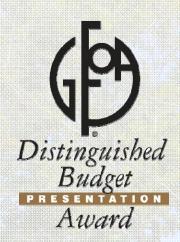




### Glossary of Financial Terms



- **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, 2018.

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, 2018.

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, 2018.

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 Position Statement**

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, 2019, September 30, 2018 and September 30, 2017).

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 2019. 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).

#### Statement of Net Position

(Accrual Basis of Accounting)

	2019	2018	2017		
Current Assets	\$ 251,428,905	\$ 107,188,198	\$ 119,801,722		
Capital Assets, Net	427,314,702	413,934,046	393,460,129		
Total Assets	678,743,607	521,122,244	513,261,851		
<b>Deferred Outflows of Resources</b>	41,963,167	13,876,381	12,814,313		
Current Liabilities	24,146,246	15,990,909	12,098,918		
Long Term Liabilities	502,013,703	331,906,001	337,368,429		
Total Liabilities	526,159,949	347,896,910	349,467,347		
<b>Deferred Inflows of Resources</b>	4,835,043	7,300,443	1,273,747		
Net Position:					
Net Investment in Capital Assets	172,158,721	166,187,514	156,595,096		
Restricted	22,474,860	21,001,460	17,165,330		
Unrestricted	(4,921,799)	(7,387,702)	1,574,644		
Total Net Position	\$ 189,711,782	\$ 179,801,272	<b>\$ 175,335,070</b>		

Fiduciary funds are excluded. Readers of the Financial Position Statement and the Financial Activity

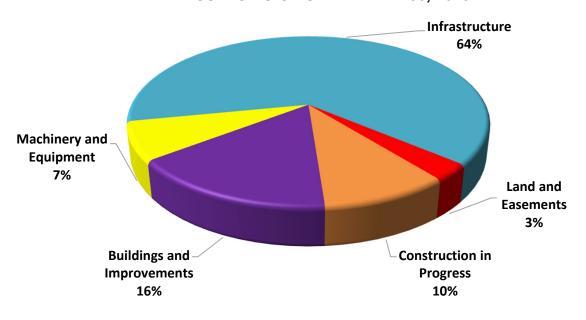
Statement should keep in mind that these statements are presented on a non-GAAP basis. Non-GAAP means that the statements do not comply with generally accepted accounting principles. The statements include summarizations and combinations of accounting data that would not be allowed by GAAP.



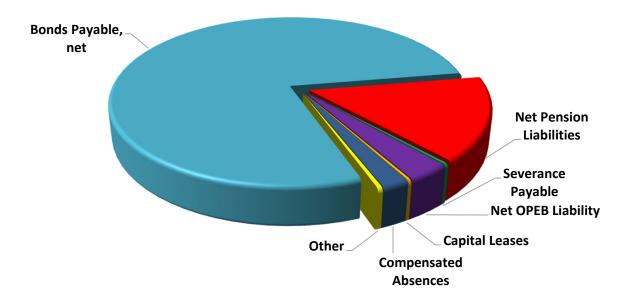
### **Capital Assets**

The City's capital assets include land and easements, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. Some major capital asset projects include: Aquatic Center improvements, Carl Barton, Jr Park improvements, various road rehabilitation projects, a new wastewater treatment plant, and a new Fleet Services Facility.

#### **CAPITAL ASSETS AS OF SEPTEMBER 30, 2019**



#### **LONG-TERM LIABILITIES AS OF SEPTEMBER 30, 2019**



### Long-Term Liabilities

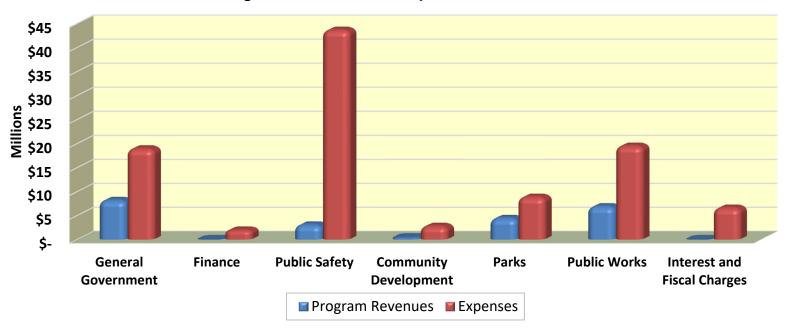
The City's long-term liabilities consists of bonds payable (reported net of premiums), capital leases, , OPEB liability, net pension liabilities, severance payable, compensated absences, and other (including: customer deposits, notes payable, health claims liability).

### **Statement of Activities**

(Accrual Basis of Accounting)

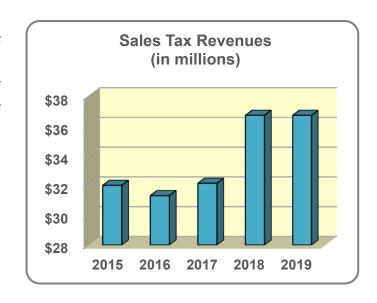
		2019		2018		2017
Program Revenues						
Charges for Services	\$	49,693,700	\$	47,070,968	\$	42,723,557
Operating Grants and Contributions		6,708,975		4,676,191		4,848,898
Capital Grants and Contributions		9,060,037		1,298,332		2,018,115
General Revenues						
Property Taxes		34,613,130		31,657,147		30,262,334
In Lieu of Taxes		883,162		803,625		776,838
Gross Recipts Tax		7,068,208		6,786,46 <del>4</del>		6,323,185
Sales and Other Taxes		36,091,913		36,720,480		32,151,158
Hotel Occupancy Taxes		1,339,915		1,365,057		1,163,561
Mixed Beverage Taxes		317,139		331,830		288,852
Miscellaneous		4,705,867		10,363,504		3,209,505
Donations		241,688		94,740		51,750
Grants & Contributions Not Restricted to Specific Programs		1,777,610		1,571,800		1,611,619
Investment Earnings		5,040,049		1,521,889		718,372
Net Change in Fair Value of Investments		249,177		(152,237)	_	(126,645)
Total Revenues	<u> </u>	157,790,570	<u> </u>	144,109,790	<u> </u>	126,021,099
Expenses by Function/Program						
Governmenal Activities						
General Government	\$	19,049,426	\$	16,320,758	\$	16,691,463
Finance		2,081,717		2,123,585		2,154,266
Public Safety		43,724,780		39,533,724		41,127,109
Community Development		2,879,575		2,143,044		2,035,327
Parks		8,973,409		8,374,548		8,353,387
Public Works		19,615,191		11,674,468		13,578, <del>4</del> 66
Debt Service: Interest and Fiscal Charges		6,69 <del>4</del> ,721		4,938,891		4,953,104
Business-Type Activities						
Water and Sewer		44,861,241		41,500,428		32,915,139
Total Expenses	_ \$ :	147,880,060	_\$_	126,609,446	\$_	121,808,261
Change in Net Position	\$	9,910,510	<u>\$</u>	17,500,344	<u>\$</u>	4,212,838

#### **Program Revenues and Expenses - Governmental Activities**



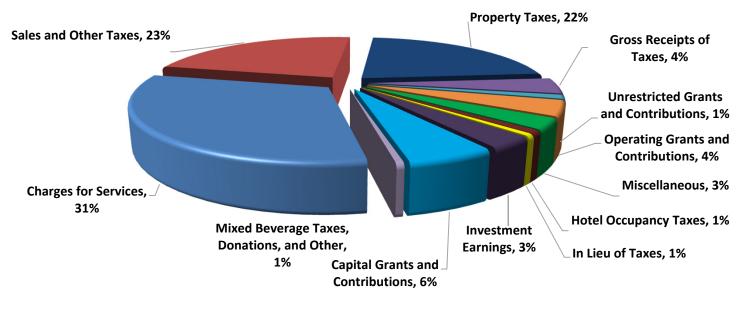
#### Revenues

Program revenues are derived from the program itself and reduce the cost of the function to the City. Total program revenues were \$65,462,712 or 41% of total revenues, which increased \$12,417,221 compared to the prior year. The largest portion of program revenues is Charges for Services of \$49,693,700, which is 31% of total revenues. Of that amount, \$8,834,280 is from governmental activities, which includes fees collected by Municipal Court, Police, Parks, and Public Works departments. The business-type Charges for Services of \$40,859,420 are derived from water and sewer charges. The other portions of program revenues are Operating Grants and Contributions of \$6,708,975 (4%) and Capital Grants and Contributions of \$9,060,037 (6%).



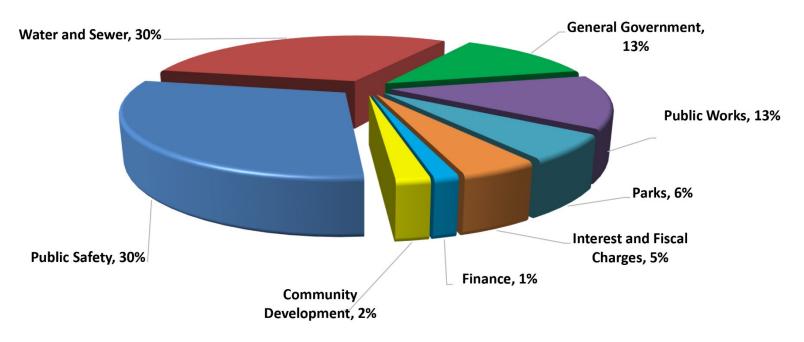


### Revenues by Source

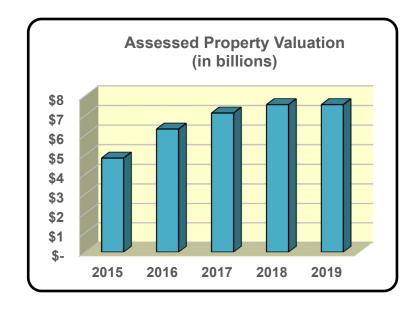


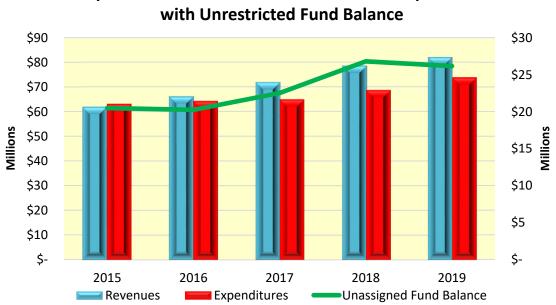
General revenues are revenues that cannot be assigned to a specific function. They consist of Sales and Other Taxes of \$36,091,913, one of the largest revenue sources for governmental activities and 23% of total revenues. Property Taxes of \$34,613,130 or 22% of total revenues, which is a \$2.95M increase from prior year Property Taxes of \$31,657,147. Miscellaneous revenues of \$4,705,867 (3%), which includes \$1.2M of insurance proceeds for Hurricane Harvey damages. Also, Gross Receipts Taxes of \$7,068,208 (4%), Grants and Contributions Not Restricted to Specific Programs of \$1,777,610 (1%), Hotel Occupancy Taxes of \$1,339,915 (1%), In Lieu of Taxes of \$883,162 (1%), and Investment Earnings of \$5,040,049 (3%). The remaining revenue categories are a combined 1% of total revenues: Mixed Beverage Taxes of \$317,139, Donations of \$241,688, and Net Change in Fair Value of Investments of \$249,177.

### Expenses by Function









**Comparison of General Fund Revenues and Expenditures** 

Page 22



### Expenses

General Government expenses include the costs of Administration, Legal, Municipal Courts, Warehouse/Purchasing, Information Technology, and Human Resources. This function expenses were \$19,049,426 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 \$2,081,717 or 1%.

Public Safety expenses are the cost for administering assistance through the Police Department and the Fire Department. Total expenses for this function were \$43,724,780 or 30% 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 \$2,879,575 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 \$8,973,409 or 6%.

Public Works expenses are for drainage maintenance, street maintenance, signal maintenance, and engineering. The Public Works function had expenses of \$19,615,191 or 13% of total expenses.

Interest and Fiscal Charges are primarily related to the issuance and repayment of City bonds. Current year expenses were \$6,694,721 or 5%.

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 \$44,861,241 or 30% of total expenses. There were increased expenses of \$3,360,813, primarily due to on-going repairs for damages caused by Hurricane Harvey.



# Top Ten Area Employers

- Conroe Independent School District 9,794 Employees
- Montgomery County 2,211 Employees
- HCA Houston
  Healthcare
  1,700 Employees
- O4 City of Conroe 816 Employees
- NOV Wellbore Technologies 647 Employees
- Cantel 600 Employees
- NOV Fluid Control 375 Employees
- Turbo Drill 332 Employees
- Consolidated Communications 320 Employees
- Professional Directional 316 Employees

Source: Conroe Economic Development Council

# Top Ten Taxpayers

- McKesson Corporation \$ 155,798,317
- National Oilwell Varco LP/Brandt \$ 84,265,332
- National Oilwell Varco DHT LP \$ 78,450,170
- Conroe Hospital Corporation \$ 66,332,660
- 05 I-45/Loop 336 Associates LLC \$ 53,877,950
- Entergy Texas Inc. \$ 52,345,600
- Wal-Mart Real Estate Bus. Trust \$ 51,141,581
- Conroe Marketplace S C LP \$ 43,192,110
- Western Rim Investors 2012-3 LP \$ 42,327,150
- Western Rim Investors 2013-6 LP \$ 41,190,900

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.







