

CONROE BY

THE NUMBERS

FYE September 30, 2020
Popular Annual Financial Report &
City Update

Conroe, Texas





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Community Radio

irlonestar.com/Conroe's FM104.5 & 106.1

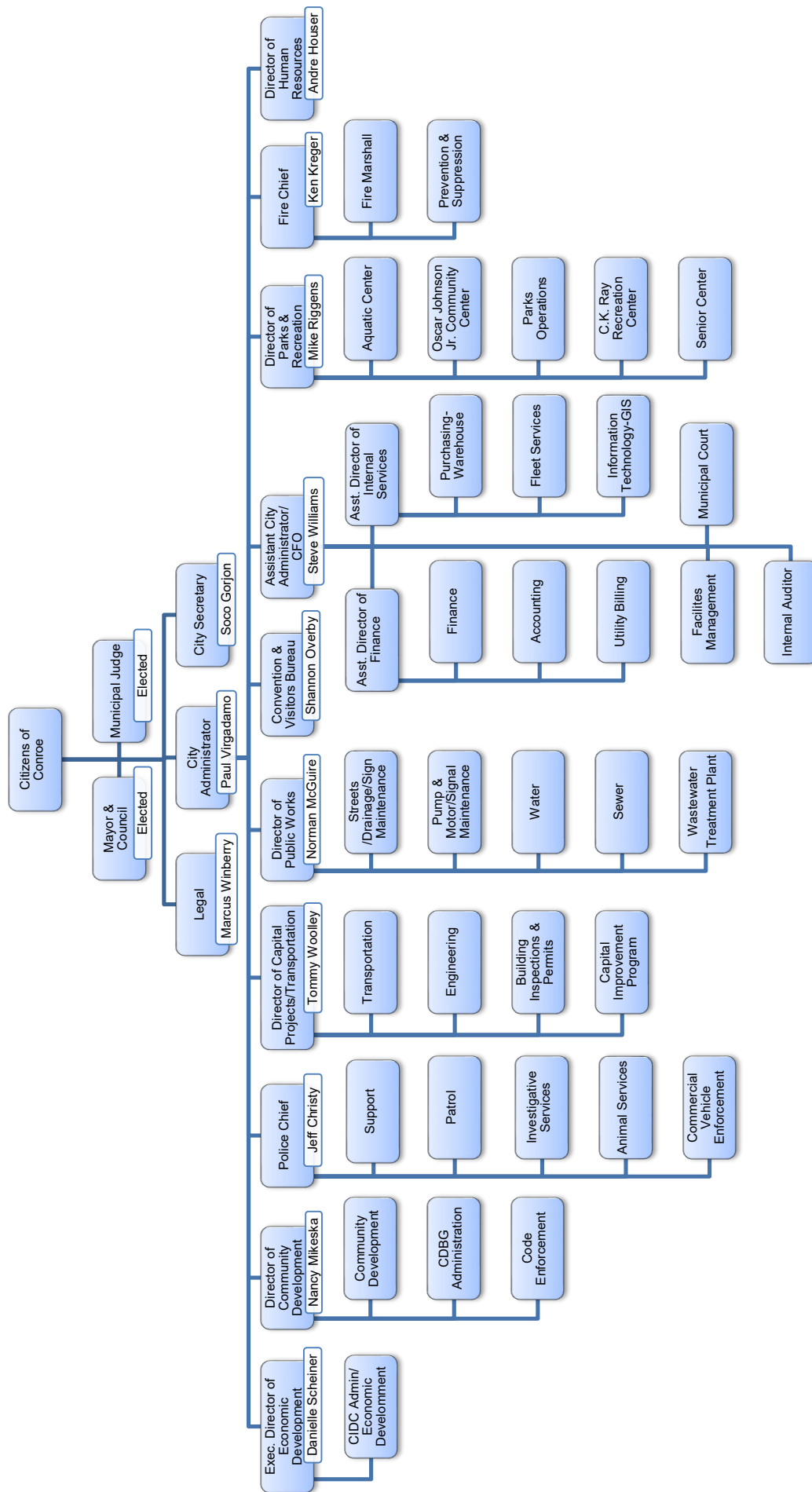


Our City TV

Suddenlink Channel 12

CityofConroe.org/OurCityTV

City of Conroe, Texas Organization Chart



Welcome



Paul Virgadamo, Jr.
City Administrator

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 2020 Popular Annual Financial Report & City Update. The City of Conroe has experienced many positive accomplishments during the past year as well as many challenges brought on by the unprecedented COVID-19 pandemic and the passing of Mayor Toby Powell. Despite the impacts of the global pandemic, Conroe has remained strong. The Annual Report is our opportunity to highlight those strengths, 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 2020 Comprehensive Annual Financial Report (Annual Report). The Annual Report includes full financial statements and note disclosures prepared in accordance with Generally Accepted Accounting Principles (GAAP). The PAFR condenses and simplifies information in the Annual Report and is not intended to replace the Annual Report. 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 Annual Report, 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 strong 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. Although many local businesses were forced to close or modify their offerings during the height of the pandemic, we have seen many reopenings and the community support has been phenomenal. These local businesses, artists, musicians, events and venues are what make us such a unique community and 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



Jody Czajkoski
Mayor



Todd Yancey
Councilman Place 1



Curt Maddux
Councilman Place 2



Duke Coon
Councilman Place 3



Raymond McDonald
Councilman Place 4



Marsha Porter
Councilwoman Place 5

Mission Statement

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



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

2 Disc Golf Courses

4 Sand Volleyball Courts

843 Learned how to Swim

4 Indoor Community Centers

13 Baseball/Softball Diamonds

12 Soccer/Football Fields

39,900 Membership scans at the C.K. Ray Recreation Center

31,000 Hours of Reserved Athletic Field Usage

348 Children per day average attend the After School Recreation Program

3,200 Hours of Reserved Pavilions and Special Use Facilities

5,000 Attended the Toby Powell Conroe Christmas Celebration

129 Summer Day Camp Average Daily Attendance

17 Outdoor Courts Available for Pickleball

18 Park Pavilions

19 Playgrounds

2 Dog Parks

8 Tennis Courts

1 Skate Park

1 Splash Pad

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!

\$285,500 awarded in Events and Arts & Culture Grants)

10 groups serviced representing over 27,360 attendees, 2,154 room nights, and over

\$1.3 million in visitor spending

123,000 unique visitors to our website www.VisitConroe.com

18,556 followers on social media

20,000+ attendees to the Oct 2019 Catfish Festival (Conroe's largest annual event)



Police Department

The Conroe Police Department is authorized 148 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.

5:52 Average Response Time
78,413 Calls for service
12,908 Offense Reports
2,283 Cases Assigned
1,714 Cases Closed
3,846 Arrests
2,623 Motor Vehicle Accidents
15,885 Traffic Stops
13 Police Academy Held



Fire Department

10,280 Total Calls for Service
346 Total Fires
185 Fires Investigated by Fire Marshal's Office
5:05 Average Response Time
2,284 Commercial Inspections
11,605 Children/Adults Reached By Public Education
2 ISO Rating is the City's Fire Classification on a Scale of 1 to 10 with 1 Being the Highest Rating





Conroe Connection

- 6** - 21 Passenger Buses
- 2** - ADA Para Transit Mini Vans
- 107** - Bus Stops (19 Shelters & 25 benches)
- 26,333** - Trips Provided to Transit Riders
- 130,434** - Total Revenue Miles
- \$ 813,971** - In Recovered Grant Reimbursements for Annual Operating Expenses
- \$ 135,612** - In Capital Reimbursements Recovered



-
- 3** - 55 Passenger buses
 - 36** - Bus Stops
 - 12,372** - Trips Provided to Transit Riders
 - 45,868** - Total Revenue Miles
 - \$ 439,331** - In Recovered Grant Reimbursement for Operating Expenses



Building Inspections & Permits

- 48,198** - Total Building Inspection
 - **38,918** New
 - **9,280** Re-inspections
 - **3,952** Sets of Plans Reviewed
- 15,927** - Total Permits
 - **1,779** Residential
 - **1,506** New Home Starts (Single Family)
 - **304** Commercial
 - **160** Certificates of Occupancy without building
 - **2,928** Electrical Permits
 - **2,914** Plumbing Permits
 - **2,028** Mechanical Permits
 - **1,190** Irrigation Permits
 - **173** Pools



Capital Improvements Projects

Design Numbers:

23 In house Design Projects
50 Consultants/contracts
449 Payments Processed (\$7,531,569.51)
12 Contract Adjustments Processed
93 Design Meetings Attended
15 Property Acquisition Processed
27 Contract Prepared
1,825 Plan Reviews



Construction Numbers:

27 Projects Bid for Construction (\$45,793,000)
57 Projects under construction (\$132,781,000)
562 Submittals Reviewed & Processed
61 Change Orders Reviewed & Processed
127 RFI Reviewed & Processed
220 Payments Reviewed & Processed (\$85,384,492.26)
27 Construction Projects Finalized
13,680 Inspections Performed

Engineering

Development Coordination:

143 Pre Development Meetings
132 Platting Items
538 Sets of Plans Reviewed
131 New developments
302 Requests for Certificates of Compliance Processed
47 Utility Availability Letters Created
77 FEMA Floodplain Maps Created for Citizens
20 TXDOT UIR Permits Processed
35
47 Streetlight Installation Requests Processed
64 Initial Certification/Final Certification
38 Traffic Committee Meetings

Development Inspections:

206 Total Project Count at Present
- **91** Public Projects
- **102** Commercial Projects
- **13** Private Projects
1,614 Driveway Permits
1,216 Site Inspections Per Month
134 Total Projects Completed

Community Development

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



Public Works

186 Water Taps
80 Sewer Taps
8 Large Meter Repairs (2" and larger)
1,005 Water Leaks Repaired
1,100 Water Samples Taken
590 Water Lines Flushed
4.2 Billion Gallons of Water Produced
373 Fire Hydrants Received Maintenance

368,792 Feet of Sewer Main Cleaned
825 Potholes/Utility Cuts Repaired
190 Signs Manufactured
4,310 Acres of Right-of-Way Mowed
15 Miles of Drainage Ditches Cleaned
3.2 Billion Gallons Wastewater Treated
473 Traffic Signal Repairs
11,788 Work Orders Issued

Important Numbers

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



Finance Recognitions & Awards



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, 2019.

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, 2019.

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 (Annual Report) for the fiscal year ended September 30, 2019.

The Annual Report 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.

General Obligation Bond Rating

Aa1

MOODY'S

AA+

STANDARD & POOR'S

Water & Sewer System Bond Rating

Aa3

MOODY'S

AA

STANDARD & POOR'S

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 for debt obligations.

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



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, 2020 and September 30, 2019).

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 (Annual Report) for 2020. The Annual Report 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 Annual Report 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 Annual Report separately from the City's financial information).

Statement of Net Position (Accrual Basis of Accounting)

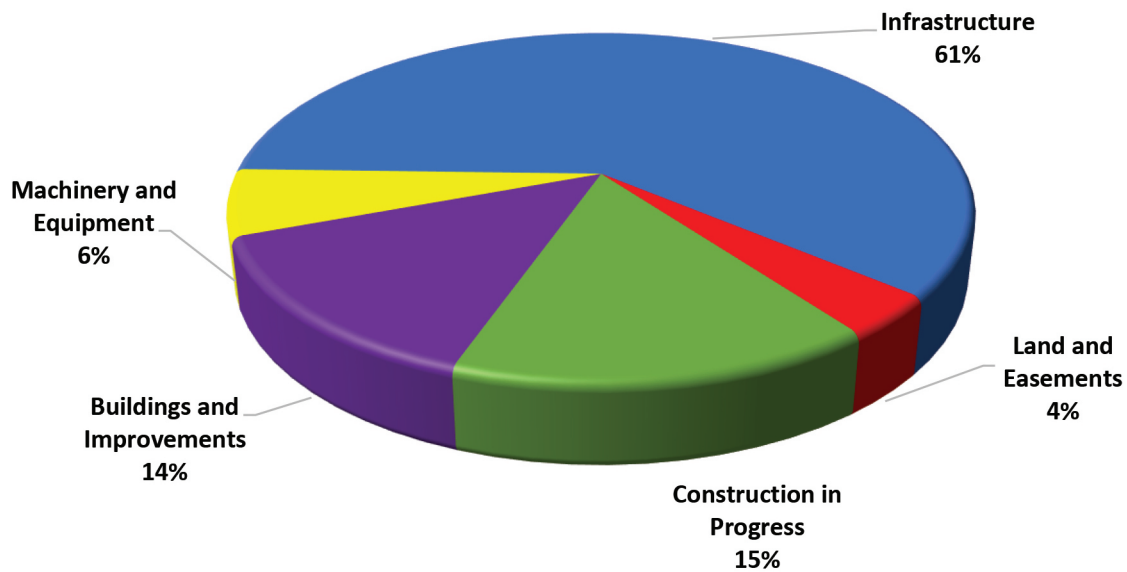
	2020	2019	2018
Current Assets	\$ 248,951,413	\$ 251,428,905	\$ 107,188,198
Capital Assets, Net	511,972,232	427,314,702	413,934,046
Total Assets	760,923,645	678,743,607	521,122,244
Deferred Outflows of Resources	33,661,680	41,963,167	13,876,381
Current Liabilities	37,428,207	24,146,246	15,990,909
Long Term Liabilities	519,263,077	502,013,703	331,906,001
Total Liabilities	556,691,284	526,159,949	347,896,910
Deferred Inflows of Resources	17,530,286	4,835,043	7,300,443
Net Position:			
Net Investment in Capital Assets	202,876,979	172,158,721	166,187,514
Restricted	22,817,945	22,474,860	21,001,460
Unrestricted	(5,331,169)	(4,921,799)	(7,387,702)
Total Net Position	\$ 220,363,755	\$ 189,711,782	\$ 179,801,272

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.

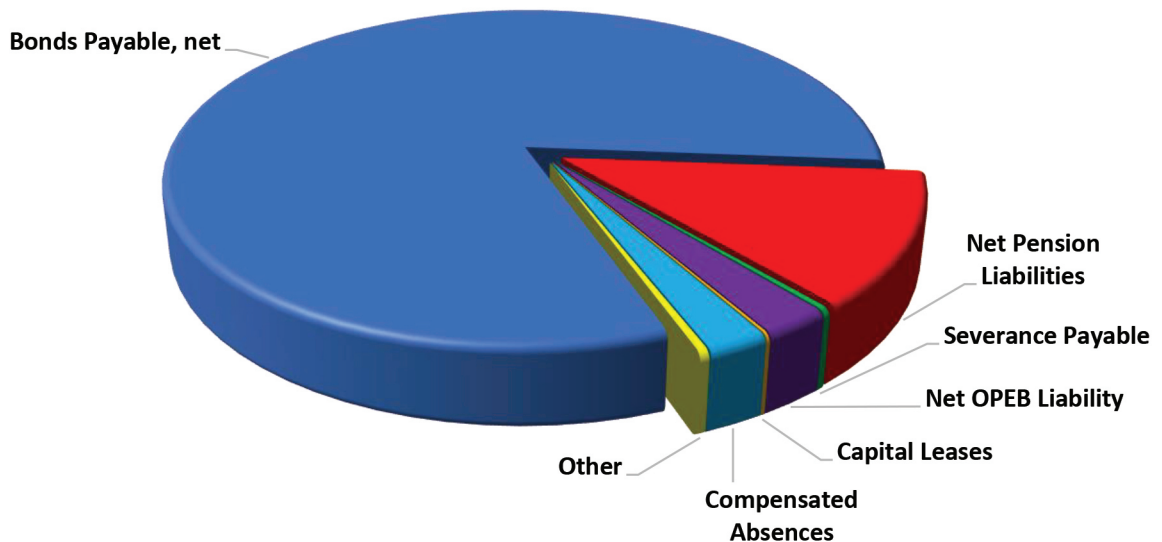
Capital Assets as of September 30, 2020



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).

Long-Term Liabilities as of September 30, 2020





Financial Statement of Activities

Statement of Activities (Accrual Basis of Accounting)

	2020	2019	2018
Program Revenues			
Charges for Services	\$ 56,723,968	\$ 49,693,700	\$ 47,070,968
Operating Grants and Contributions	8,046,640	6,708,975	4,676,191
Capital Grants and Contributions	18,434,598	9,060,037	1,298,332
General Revenues			
Property Taxes	39,862,977	34,613,130	31,657,147
In Lieu of Taxes	903,574	883,162	803,625
Franchise Fees	7,084,662	7,068,208	6,786,464
Sales and Other Taxes	38,350,177	36,091,913	36,720,480
Hotel Occupancy Taxes	1,659,596	1,339,915	1,365,057
Mixed Beverage Taxes	267,394	317,139	331,830
Miscellaneous	6,203,730	4,705,867	10,363,504
Donations	96,161	241,688	94,740
Grants & Contributions Not Restricted to Specific Programs	1,805,039	1,777,610	1,571,800
Investment Earnings	2,650,147	5,040,049	1,521,889
Net Change in Fair Value of Investments	123,374	249,177	(152,237)
Total Revenues	\$ 182,212,037	\$ 157,790,570	\$ 144,109,790
Expenses by Function/Program			
Governmental Activities			
General Government	\$ 19,180,987	\$ 19,049,426	\$ 16,320,758
Finance	2,619,660	2,081,717	2,123,585
Public Safety	48,497,670	43,724,780	39,533,724
Community Development	245,320	2,879,575	2,143,044
Parks	7,940,701	8,973,409	8,374,548
Public Works	21,907,217	19,615,191	11,674,468
Debt Service: Interest and Fiscal Charges	6,793,511	6,694,721	4,938,891
Business-Type Activities			
Water and Sewer	44,203,584	44,861,241	41,500,428
Total Expenses	\$ 151,388,650	\$ 147,880,060	\$ 126,609,446
Change in Net Position	\$ 30,823,387	\$ 9,910,510	\$ 17,500,344

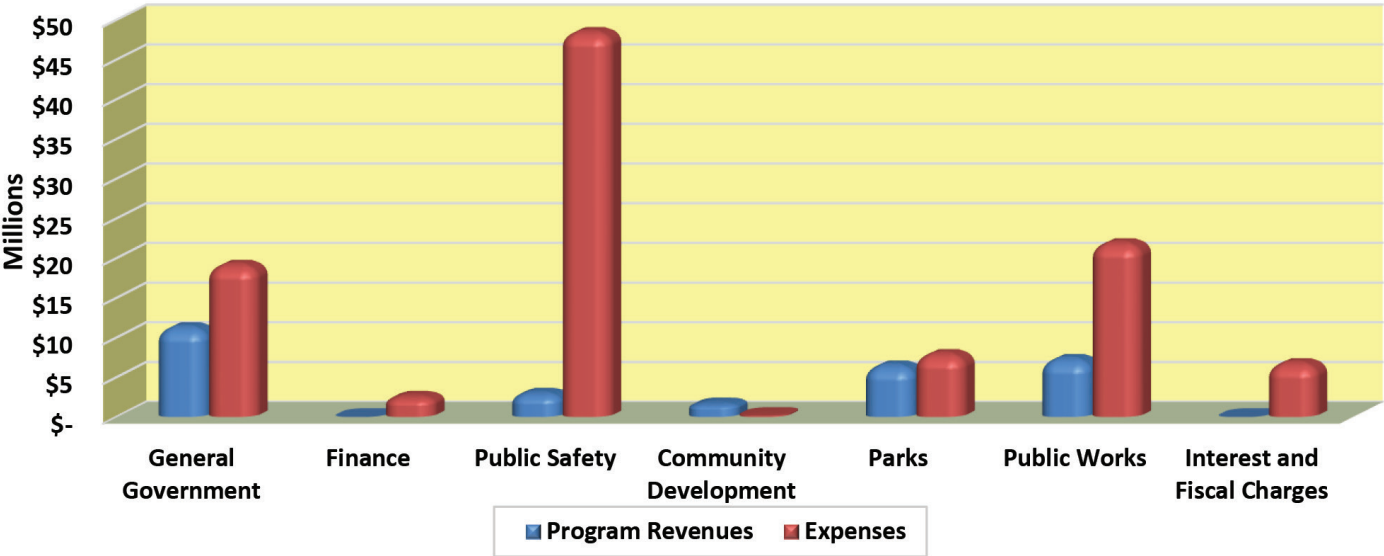


Revenues

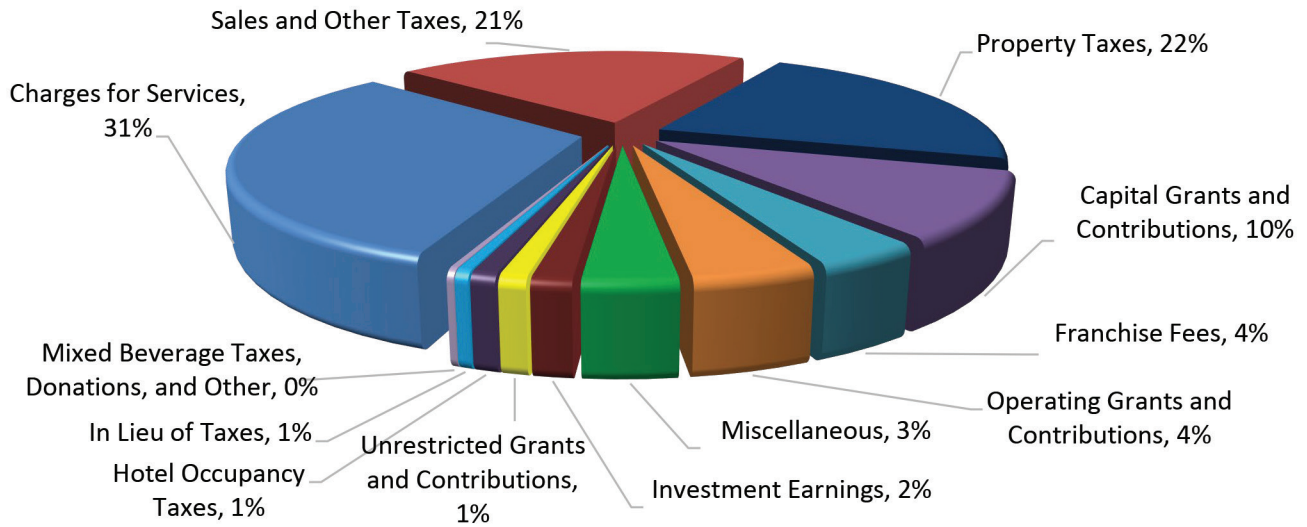
Program revenues are derived from the program itself and reduce the cost of the function to the City. Total program revenues were \$83,205,206 or 45% of total revenues, which increased \$17,742,494 compared to the prior year. The largest portion of program revenues is Charges for Services of \$56,723,968,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

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

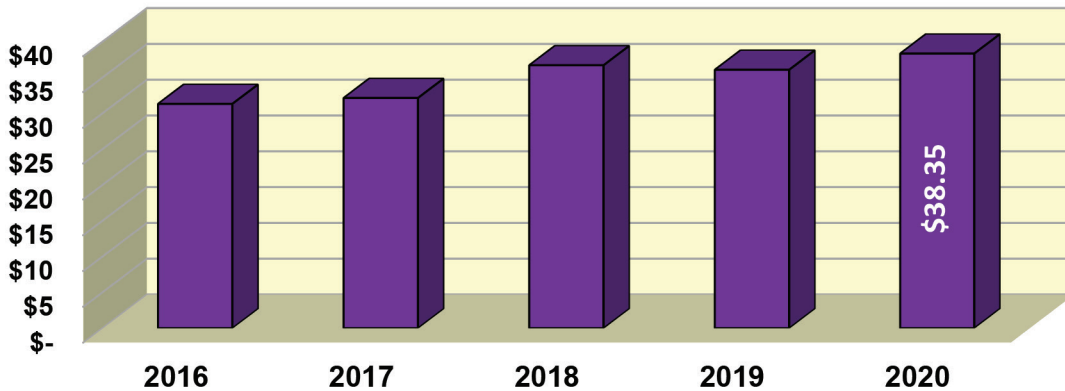
Program Revenues and Expenses - Governmental Activities



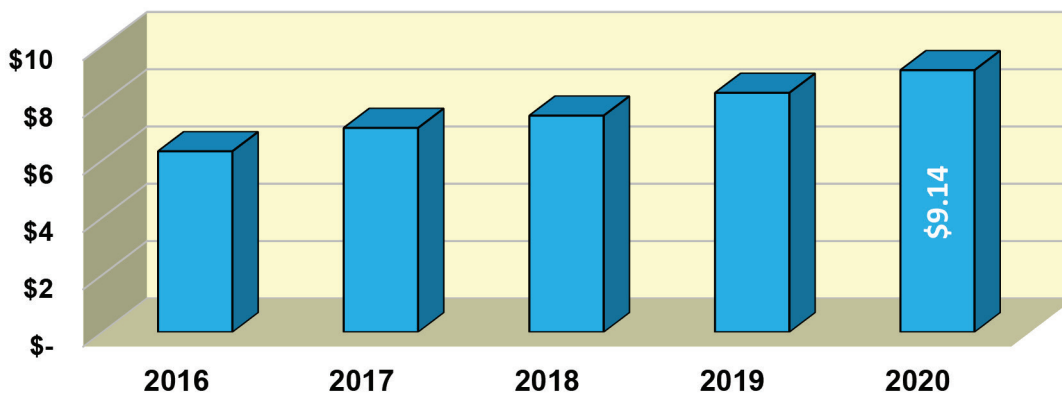
REVENUES BY SOURCE



Sales Tax Revenues (in millions)



Assessed Property Valuation (in billions)





Expenses

General Government expenses include the costs of Administration, Legal, Municipal Courts, Warehouse/Purchasing, Information Technology, and Human Resources. This function expenses were \$19,180,987 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 accounting, bill paying, investing funds, auditing, and adopting a budget. This function had expenses of \$2,619,660 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 \$48,497,670 or 32% of total expenses. The expenses can be primarily attributed to salaries (including benefits and overtime) and vehicle maintenance. A compensation plan was implemented at the beginning of the fiscal year causing this function to increase \$4.7M over the prior year.

Community Development provides assistance to ensure responsible development practices that respects the community's natural environment. Community Development had expenses of \$245,320 or less than 1%. This function decreased \$2.6M due to the Building Inspection and Permits department being reclassified to the Public Works function.

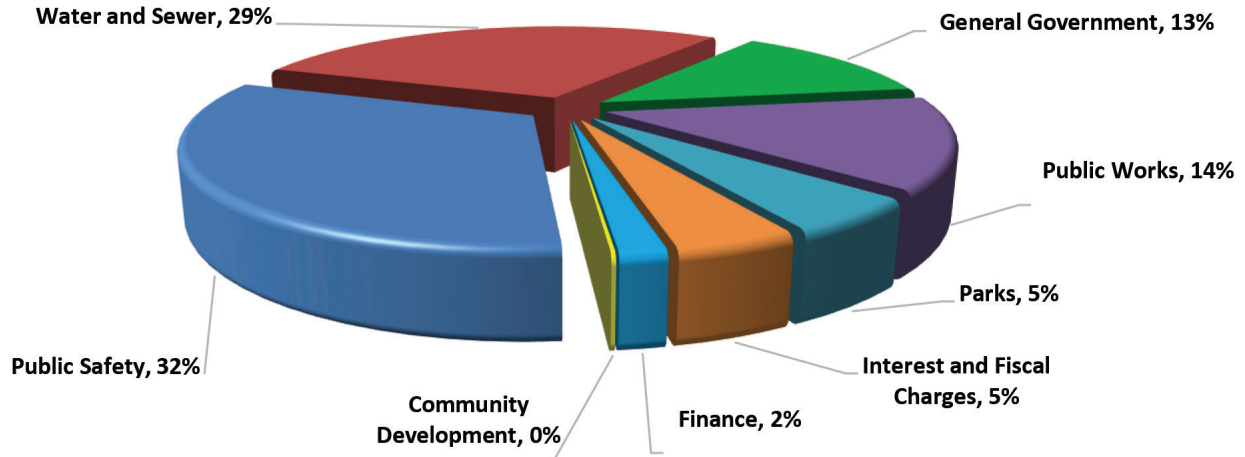
Parks expenses are the costs of maintaining the City's parks and recreation areas, including the Recreation Center, the Aquatic Center, and the numerous athletic fields. Parks with expenses of \$7,940,701 or 5%.

Public Works expenses are for drainage maintenance, street maintenance, signal maintenance, and engineering. The Public Works function had expenses of \$21,907,217 or 14% of total expenses. This function increased \$2.3M due to the Building Inspection and Permits department being reclassified from the Community Development function.

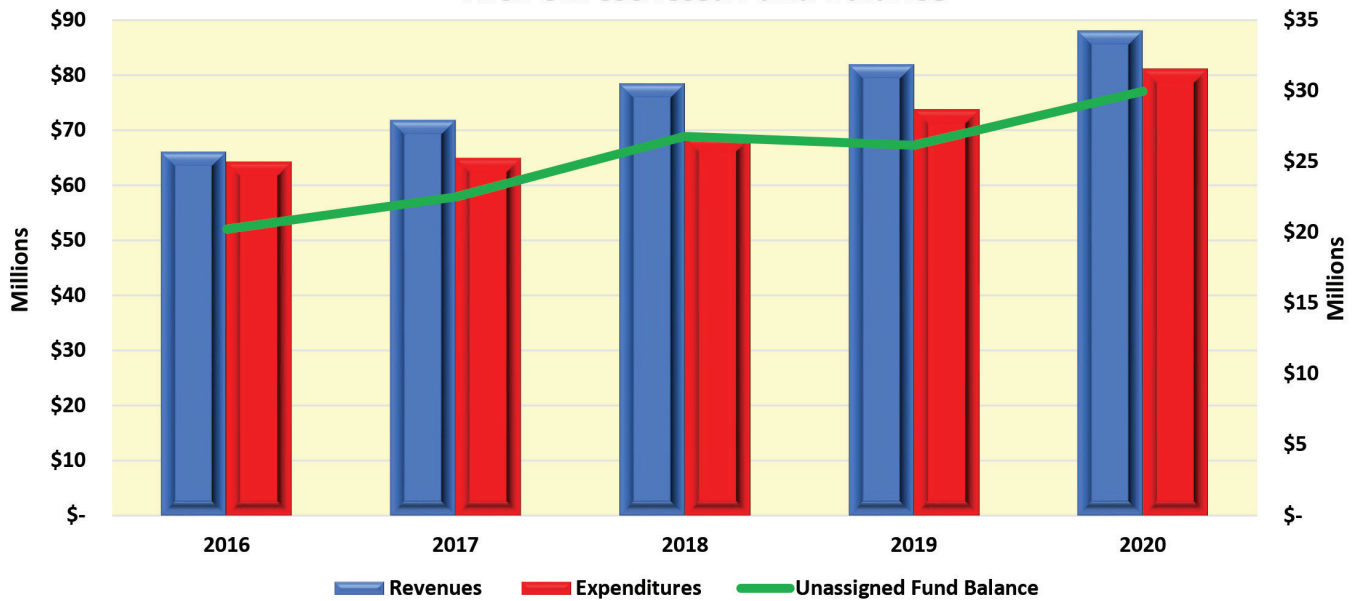
Interest and Fiscal Charges are primarily related to the issuance and repayment of City bonds. Current year expenses were \$6,793,511 or 5%.

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 \$44,203,584 or 29% of total expenses.

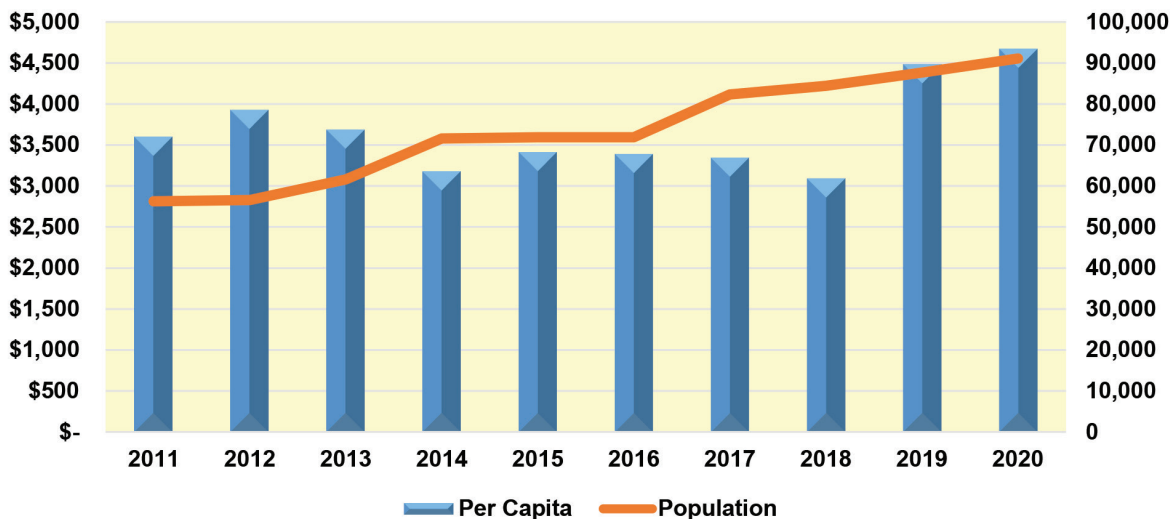
Expenses by Function



Comparison of General Fund Revenues and Expenditures with Unrestricted Fund Balance



Population Growth to Outstanding Debt Per Capita



Top Ten Area Employers

- 01 Conroe Independent School District
8,503 Employees
- 02 Montgomery County
2,415 Employees
- 03 HCA Houston Healthcare
1,700 Employees
- 04 City of Conroe
763 Employees
- 05 NOV Wellbore Technologies
400 Employees
- 06 Cantel
400 Employees
- 07 NOV Fluid Control
375 Employees
- 08 Professional Directional
300 Employees
- 09 Borden
225 Employees
- 10 NOV Texas Oil Tools
220 Employees

Source: Conroe Economic Development Council

Top Ten Taxpayers

- 01 McKesson Corporation
\$ 218,098,831
- 02 Ball Metal Container Corporation
\$ 106,904,274
- 03 The Geo Group
\$ 106,166,640
- 04 National Oilwell Varco DHT LP
\$ 104,480,242
- 05 Saxon Drilling
\$ 73,866,610
- 06 Schlumberger Technology Group
\$ 70,979,880
- 07 Conroe Hospital Corporation
\$ 64,362,420
- 08 Entergy Texas Inc.
\$ 54,348,140
- 09 I-45/Loop 336 Associates LLC
\$ 53,848,000
- 10 Wal-Mart Real Estate Bus. Trust
\$ 50,729,477

Source: Montgomery Central Appraisal District.

* Taxable Assessed Value



CITY OF CONROE