

POPULAR ANNUAL FINANCIAL REPORT

City of Rosenberg, TX

Fiscal Year Ended September 30, 2020



R



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

City of Rosenberg

Texas

For its Annual Financial Report
for the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) has given an award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Rosenberg, Texas for its Popular Annual Financial Report for the fiscal year ended September 30, 2019. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, accessibility, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of Rosenberg has received the Popular Award for the first time ever for this report for the fiscal year ended September 30, 2019. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and are submitting it to GFOA.

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MESSAGE FROM THE CITY MANAGER



Dear City of Rosenberg Residents,

On behalf of the City's Finance Department and the City of Rosenberg, I am pleased to present to you the City of Rosenberg's Popular Annual Financial Report (PAFR) for Fiscal Year 2020. Our goal with this report is to help you better understand how your tax dollars work and fund many important programs and services. This report captures but a snapshot of the productivity and accomplishments of our City over the past year.

The City continues to work diligently to anticipate community needs, deliver exceptional service, and cultivate an enhanced quality of life through leadership, innovation and cooperative partnerships. These goals are accomplished by financial planning practices which aim to ensure continued financial strength.

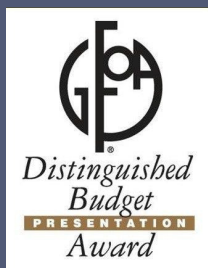
I encourage you to review the report and please reach out to us should you have any questions. For more information on the City's budget and financial outlook, visit: rosenbergtx.gov/city-government/finance/ or contact the City's Finance Department at 832-595-3350 or finance@rosenbergtx.gov.

Respectfully submitted,

John Maresh

John Maresh
City Manager

Financial Accomplishments



The Rosenberg Finance Department is committed to serving our community with financial expertise by promoting accountability, professionalism and transparency while providing all stakeholders with reliable, timely and accurate financial information.

The City of Rosenberg earned the Transparency Stars Award in the area of Traditional Finances. The City's Financial Transparency Page is designed to help open our books to the public; provide clear, consistent pictures of the City's spending; and to share information in a user friendly format, including adopted budget and comprehensive annual financial report archives, along with many other sources of information.

The City was also awarded the Distinguished Budget Presentation Award reflecting the commitment of the governing body and staff to meet the highest principles of governmental budgeting. In order to receive the award, Rosenberg had to satisfy nationally recognized guidelines for effective budget presentation.

ABOUT ROSENBERG



Rosenberg is at the geographic and logistic heart of Fort Bend County, one of the fastest growing counties in the United States. We've experienced phenomenal growth over the course of the last decade, thanks to our business-friendly atmosphere, strategic location, and a superb quality of life.

In addition to an exceptionally business-friendly environment, our community offers unique leisure activities, family-friendly festivals and events, excellent local eateries and a growing list of recreational activities that contribute to our friendly, laid-back quality of life. Rosenberg encompasses approximately 108 square miles – 37 within our Corporate Limits, and an additional 71 in our ETJ. Here's an interesting fact - Rosenberg is 50% undeveloped; this means there are about 35 square miles worth of future growth in our city!

IMPORTANT FACTS

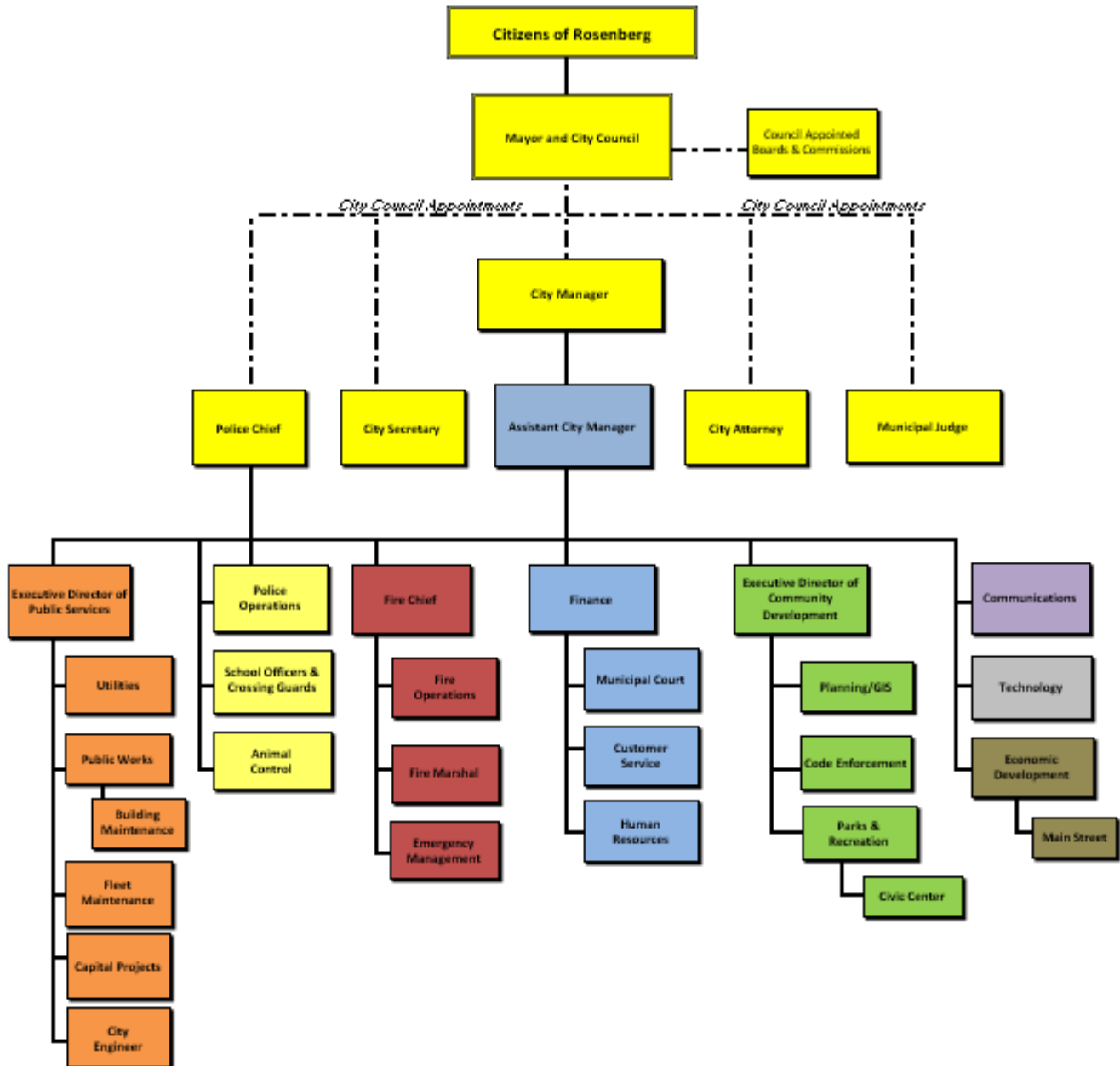
Founded	Incorporated	Assessed Property Values	City Tax Rate (per \$100 valuation)
1883	1903	2.66 BILLION	\$0.415
Sales Tax	Avg. Taxable Home Value	Population	
\$14.7 MILLION	\$162,883	41,010	

Mayor and City Council



The City was founded in 1883, incorporated in 1903, and currently operates under a Council-Manager form of government. The City Council is comprised of a Mayor and six Council Members. The Mayor and two Council Members are elected at-large, and the remaining four are elected from one of each of the City's four single-member districts. The Mayor and Council are responsible for enacting legislation in the form of ordinances, resolutions, and regulations governing the City. The City Manager is the chief administrative officer of the City, and is responsible for implementation of laws, ordinances and day-to-day operations of the City.

ORGANIZATIONAL CHART



SIGNATURE EVENTS



Holiday Nights

Our annual holiday event showcases holiday performances, live music, and fun activities. Downtown merchants and restaurants feature special holiday sales and show their holiday spirit with their decorated storefronts.



Fort Bend County Fair

The Fort Bend County Fair and Rodeo has grown into one of the largest and most successful Fairs in the State. Residents of the county eagerly anticipate visiting with friends and neighbors at the many activities the Fair and Rodeo has to offer during its 10 day run.



Family 4th Celebration

It's all about patriotism, family, and fun when Rosenberg hosts the July 4th Celebration at Seabourne Creek Nature Park. This free event features food vendors, live music, and a fun zone for kids. The much-anticipated firework show will end the evening. You will not want to miss the spectacular show!



Easter Egg Hunt

This free event includes thousands of eggs in age-specified hunting zones, photo opportunities with the Easter Bunny, and much more. Pack an Easter Basket and a camera, and come out to the R.W. Lindsey Gazebo at Seabourne Creek Nature Park for a great time!

Other notable events in Rosenberg

Boo-Berg, Discover Downtown Rosenberg Chocolate Walk, Fishtastic Fishing Tournament, Ride to Rosenberg Car Show, Shop Small Cookie Walk and Seabourne Nature Fest

CITY AMENITIES

City Parks

The City of Rosenberg offers nine (9) parks with a variety of amenities, pavilions, and fields that are available to rent for private events. The Parks and Recreation Department is committed to providing quality park facilities for the use and enjoyment of the residents of Rosenberg.

Sunset Park



Seabourne Creek Nature Park



Rosenberg Civic Center



Seabourne Creek Nature Park is a 164-acre Nature Park with:

- 4-acre lake stocked with Bass, Catfish, and Perch
- Butterfly garden
- Prairie restoration area
- Biking, Jogging, and wading trails
- Wetlands
- 1,025 square foot gazebo equipped with electricity and available for rentals.

The Rosenberg Civic Center (RCC) boasts 16,000 square feet of space for corporate and social functions and includes a 5,900 square foot main hall, which can be split into two smaller rooms, three breakout rooms, a state of the art multi-media room, a boardroom and a catering kitchen. This versatile center is great for public and private events.

Fun & Recreation

Historic Downtown Rosenberg, Rosenberg Railroad Museum, Fort Bend Museum, Black Cowboy Museum, Brazos Bend State Park, George Observatory, George Ranch Historical Park

ECONOMIC DEVELOPMENT

A business friendly environment located in one of the most culturally diverse counties in the United States, Rosenberg's strategic location and excellent workforce development tools make Rosenberg ideal for manufacturing, distribution and logistics-based companies. The area maintains a large cluster of manufacturers, as well as pharmaceutical companies, food packaging and distribution and energy service-related industries.

Rosenberg is also well-suited for multi-modal industrial, logistical and manufacturing centers due to our location and transportation infrastructure. We stand alone in being served by three class-one rail lines; Kansas City Southern, Union Pacific and Burlington Northern/Santa Fe, and we are conveniently located on U.S. 69 and directly linked to Interstate 10 via State Highway 36.

The City encompasses approximately 108 square miles – over 37 of which are within our Corporate (City) Limits. Approximately 50% of this land is undeveloped. Factoring in the expansion of two major highways, continued utilities improvements and the amount of undeveloped land available for new commercial and residential projects, Rosenberg is bound to receive exponential growth in the years to come!



Principal Employers

Lamar Consolidated ISD
 Texana MHMR Center
 Frito-Lay, Inc.
 Dollar Tree
 Fort Bend County
 City of Rosenberg
 Kroger
 Benedittini Cabinetry
 Si Environmental
 Biotics Research Corp
 Allied Concrete
 Southwestern Bell/AT&T

Principal Property Tax Payers

Brazos TC - Partnership A, LP
 Brazos TC - South Partnership A, LP
 Dolce Living Rosenberg LLC
 Gulf South Pipeline CO LP
 Aldi (Texas)
 Kroger Texas LP
 CenterPoint Energy Electric
 3101 Place Owner LLC

Population Growth

2010	30,618
2011	30,618
2012	32,018
2013	33,070
2014	34,127
2015	35,829
2016	37,476
2017	38,500
2018	39,447
2019	40,140
2020	41,010

ABOUT THE PAFR

What is the Popular Annual Financial Report?

The Popular Annual Financial Report (PAFR) is intended to summarize and simplify the statistical, economic and financial information contained in the 2020 Annual Comprehensive Financial Report (ACFR). The ACFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and was independently audited by Belt Harris Pechacek, LLLP. The PAFR, while unaudited, provides a brief analysis of where the City's revenues come from and where the dollars are spent as well as trends and details on the local economy. It is presented as a means of increasing public awareness about the City's financial condition through a more user-friendly presentation. Most of the financial information this report refers to our operating accounts, not all individual funds and component unit funds. For a more detailed, GAAP basis, full disclosure review of the individual funds and component units' financial statements, please refer to the City's ACFR that is accessible through the City's website: www.rosenbergtx.gov

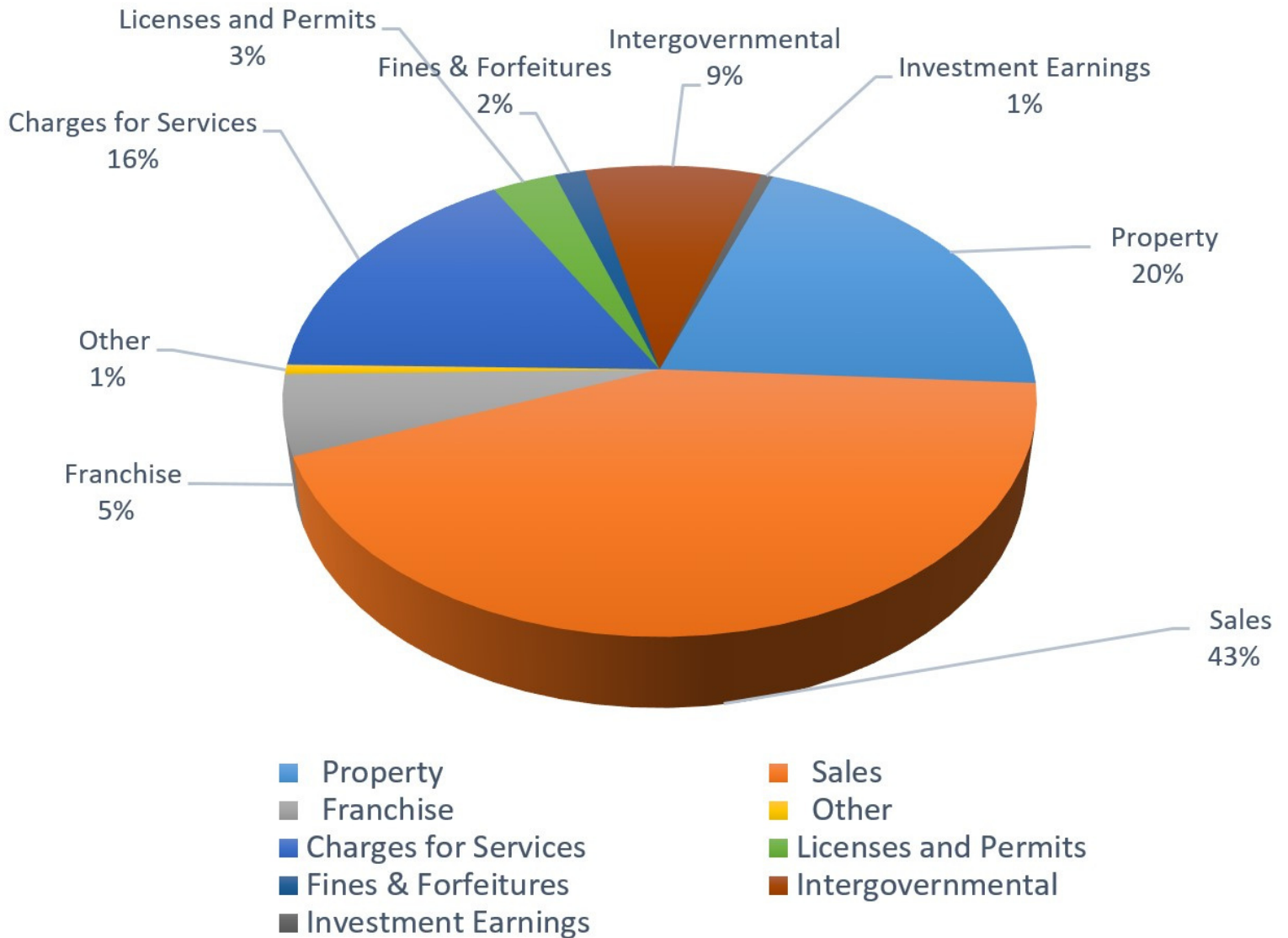
How is the City budget determined?

Budget philosophy varies from organization to organization depending upon the local needs and concerns of the citizens. Other factors also affect budget philosophy, such as the state of the local economy, the needs of the organization, the demands of the public for increased services, and the ever increasing unfunded mandates and requirements of federal and state regulatory agencies.



GENERAL FUND REVENUE

FY20 Resources



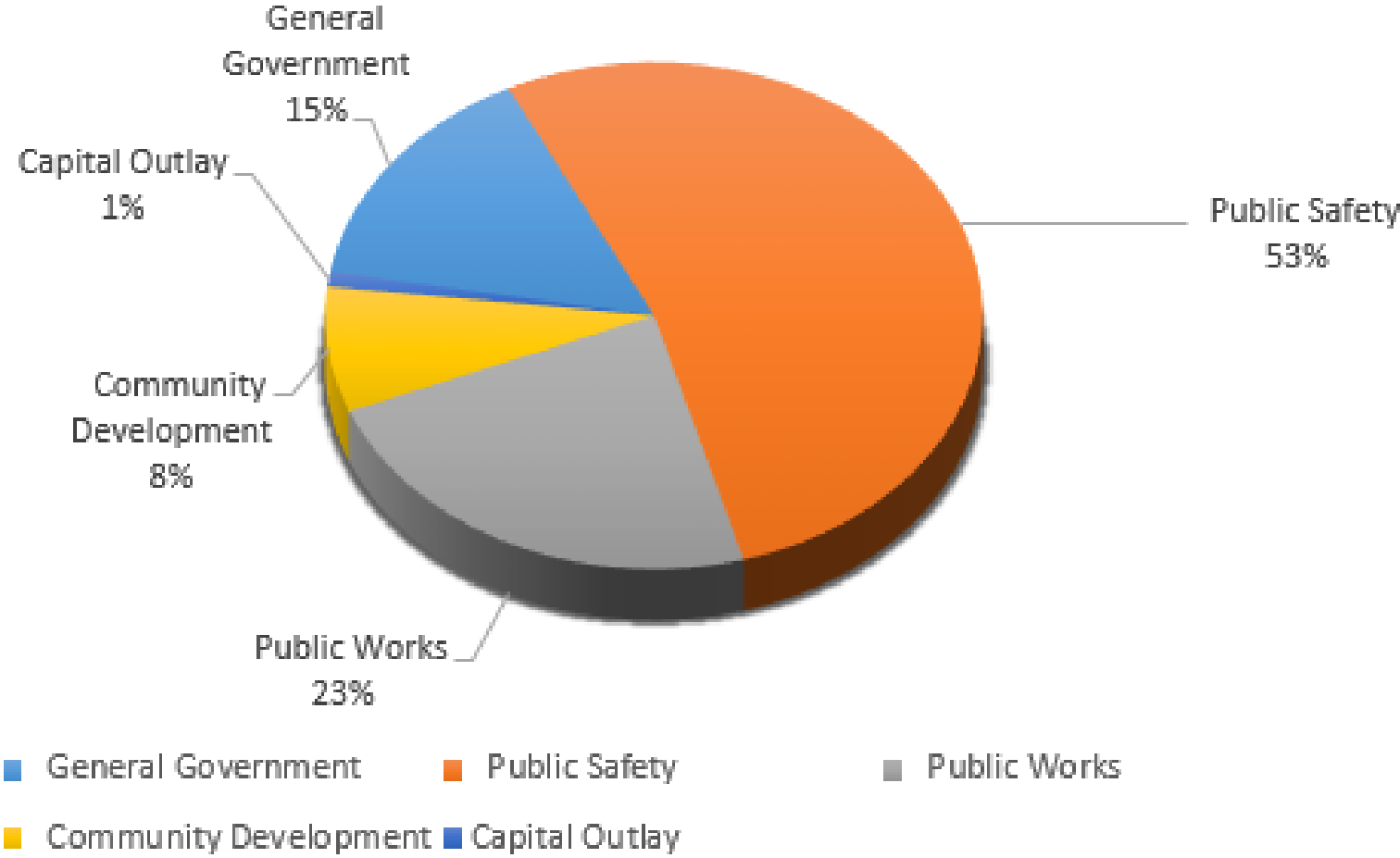
The City's General Fund is the primary operating fund and accounts for the revenue and expenses associated with city functions such as police services, fire protection, public works, parks maintenance, code enforcement and administration.

Although there were many uncertainties with the Coronavirus pandemic, fortunately, much of the City's finances were not affected. For the year ended September 30, 2020, in excess of \$34 million in revenue was received; 43% from sales tax, which exceeded \$14.7 million. This was an increase from FY2019 by about \$600,000. This increase can be attributed to a Chapter 380 Performance Agreement with BMC Texas Sales.

Charges for Services and Property taxes make up a combined 36% of revenue for a total of over \$12.5 million.

GENERAL FUND EXPENDITURES

FY20 Expenditure by Division



A total of 53% of the City's expenses (\$17 million) went to public safety. Police, Fire and Animal Control services are reported within the public safety function.

Public Works made up 23% of the expenses at \$7.5 million for FY20.

General government, combined with community development and capital outlay make up the remaining 24% of the expenses incurred by the city for FY20.

GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance			
	FY2020	FY2019	FY2018
Revenue			
Taxes:			
Property	\$ 6,932,397	\$ 6,806,084	\$ 6,545,122
Sales	14,701,582	14,108,795	14,474,532
Franchise	1,874,129	1,938,747	1,910,171
Licenses and Permits	1,061,522	832,679	692,388
Fines and Forfeitures	513,516	492,630	565,993
Charges for Services	5,586,027	5,424,756	5,085,045
Intergovernmental	2,924,458	3,042,213	2,165,648
Investment Revenue	197,224	417,719	251,081
Other Revenue	226,707	261,041	332,516
Total Revenue	\$ 34,017,562	\$ 33,324,664	\$ 32,022,496
Expenditures			
Current:			
General Government	\$ 4,823,488	\$ 5,399,472	\$ 4,393,061
Public Safety	17,097,006	15,783,564	14,304,715
Public Works	7,507,476	7,361,297	7,130,734
Community Development	2,584,924	2,434,540	2,372,682
Capital Outlay	308,373	608,796	862,871
Total Expenditures	\$ 32,321,267	\$ 31,587,669	\$ 29,064,063
Excess of Revenues over Expenditures	\$ 1,696,295	\$ 1,736,995	\$ 2,958,433
Other Financing Sources (Uses)			
Insurance Proceeds	\$ 54,711	\$ 34,430	\$ 22,215
Sale of Capital Assets	-	10,639	983,338
Transfer In	1,898,940	1,726,871	1,720,755
Transfers Out	(2,138,522)	(6,001,041)	(2,510,439)
Total Other Financing Sources (uses)	\$ (184,871)	\$ (4,229,101)	\$ 215,869
Net Change in Fund Balances	\$ 1,511,424	\$ (2,492,106)	\$ 3,174,302
Fund Balance, Beginning October 1	\$ 17,775,661	\$ 20,267,767	\$ 17,093,465
Fund Balance, Ending September 30	\$ 19,287,085	\$ 17,775,661	\$ 20,267,767

The City's General Fund is the primary operating fund and accounts for the revenue and expenses associated with City functions. Overall, the City's revenues and expenditures stayed consistent with the previous year. A few changes from FY2019 to FY2020 are an increase in sales tax which can be attributed to a performance agreement with BMC Texas Sales and a small increase to Licenses and Permits which accounted for an additional one-time payment from a new larger development, Dollar Tree Distribution Center. Fines & Forfeitures also shows an increase due a more proactive and aggressive approach to the City's outstanding warrants and also an increase in citations.

On the expenditure side, the most notable change was an increase to public safety which is due to the addition of six (6) firefighter positions due to the City being awarded the SAFER Grant and the addition of two (2) new positions in the police department.

YOUR TAX DOLLARS AT WORK

Your tax dollar is divided between Lamar CISD at a rate of 60%, Fort Bend County at 21%, and the remaining 19% goes to the City of Rosenberg.



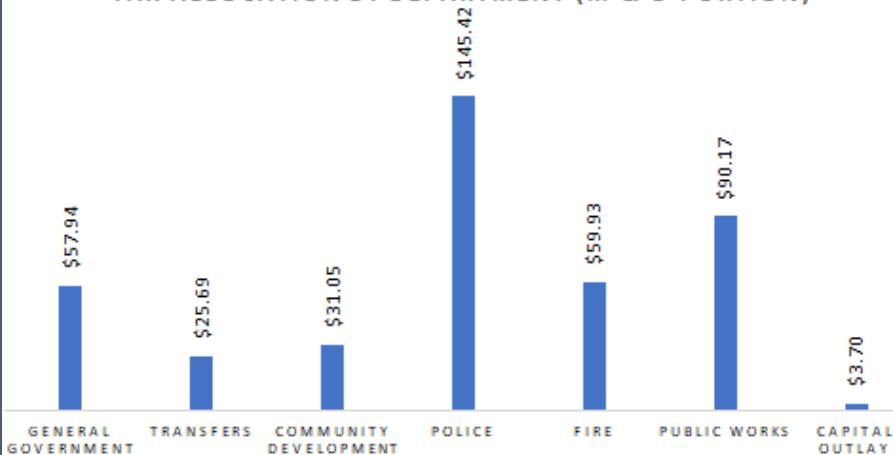
Lamar Consolidated Independent School District
60%

Fort Bend County
21%

City of Rosenberg
19%

Since 2010, the City has gradually reduced property taxes from \$0.51 per \$100 of assessed value to \$0.415 and increased tax exemptions for Over 65 & Disabled Persons.

TAX ALLOCATION BY DEPARTMENT (M & O PORTION)



The total annual residential property tax bill for an average home valued at \$162,883 (without exemptions and not in a Municipal Utility District) is \$3,575.28 for FY2020, which includes Lamar CISD, Fort Bend County and the City of Rosenberg. The City's share of the total tax bill is \$675.96, which also equates to \$56.33 a month. Of the city's \$675.96 tax bill, \$262.06 is allocated for debt service and \$413.90 for M&O. The chart shows the M&O portion of the tax bill and how it was spent for FY2020 by department in the General Fund.

Rosenberg's tax rate was \$0.415 cents per \$100 of assessed valuation for FY2020. The total tax rate includes \$0.254109 cents for maintenance and operations (M&O) and \$0.160891 cents for debt service (I&S). Our certified property tax base for FY2020 is \$2.66 billion, with a \$45,000 exemption for disabled persons and a \$60,000 exemption for seniors over 65.

WATER/WASTEWATER FUND

Water/ Wastewater Utility Fund Statement of Revenues, Expenditures, and Changes in Fund Net Position			
Operating Revenues	FY2020	FY2019	FY2018
Water	\$ 11,787,702	\$ 13,148,547	\$ 10,990,485
Sewer	5,173,638	5,177,370	5,309,921
Charges for Services	299,844	227,004	218,890
Total Operating Revenues	\$ 17,261,184	\$ 18,552,921	\$ 16,519,296
Operating Expenses			
Cost of sales and services	\$ 11,253,458	\$ 10,619,939	\$ 8,156,074
Community Development	-	646,500	-
Depreciation	2,317,395	2,260,102	2,657,571
Total Operating Expenses	\$ 13,570,853	\$ 13,526,541	\$ 10,813,645
Operating Income	\$ 3,690,331	\$ 5,026,380	\$ 5,705,651
Non-Operating Revenues (Expenses)			
Intergovernmental	\$ 459,708	\$ 1,336,750	\$ 6,788
Investment Earnings	327,478	626,353	347,551
Interest Expense and fiscal charges	(43,687)	(60,053)	(84,375)
Total Non-Operating Revenues (Exp)	\$ 743,499	\$ 1,903,050	\$ 269,964
Income Before Capital			
Contributions and Transfers	\$ 4,433,830	\$ 6,929,430	\$ 5,975,615
Transfers In	\$ 5,209,951	\$ 6,202,590	\$ 1,506,408
Transfers Out	\$ (4,371,303)	\$ (4,837,288)	\$ (3,894,679)
Change In Net Position	\$ 5,272,478	\$ 8,294,732	\$ 3,587,344
Net Position, Beginning October 1	\$ 93,814,824	\$ 85,520,092	\$ 81,932,748
Net Position, Ending September 30	\$ 99,087,302	\$ 93,814,824	\$ 85,520,092

The City maintains separate enterprise funds to account for several water and sewer funds. These funds account for “business-type activities”, similar to those found in the private sector, that include services funded through user charges. The City also maintains a separate enterprise fund for the Civic Center.

For FY20, the City’s water and sewer system revenue exceeded \$17.3 million. Total operating expenses were \$13.6 million. The most notable change in revenues compared to FY2019 is related to several large one-time water and sewer impact fee payments from municipal utility district developments. These payments are recorded as new development is developed within the city.

SUMMARY OF NET POSITION

Summary Statement of Net Position - 5 year Analysis

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assets	\$ 278,024,084	\$ 275,861,567	\$ 268,162,094	\$ 249,502,564	\$ 235,527,042
Deferred Outflows of Resources	7,753,253	5,265,914	1,689,422	3,860,829	4,698,135
Liabilities	111,047,324	115,099,012	113,057,899	102,127,694	97,577,635
Deferred Inflows of Resources	3,650,418	1,459,275	2,764,352	644,054	349,561
Net Position					
Net Investment in Capital Assets	129,106,338	112,086,265	97,897,662	103,869,784	101,387,252
Restricted	20,375,159	20,039,074	21,514,250	17,217,918	13,429,994
Unrestricted	21,598,098	32,443,855	34,617,353	29,503,943	27,480,735
Total Net Position	\$ 171,079,595	\$ 164,569,194	\$ 154,029,265	\$ 150,591,645	\$ 142,297,981

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. It is a snapshot of the City's entire resources and obligations, or net worth, at the close of the fiscal year. The financial information in the Statement of Net Position is derived from the information found in the City's Annual Comprehensive Financial Report.

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 City's combined net position is \$171 million as of September 30, 2020, which consists of \$72 million in governmental activities and \$99 million in business-type activities. This increase in Net Position of 4% compared to FY2019 is a good indication the City's financial position is improving each year.



DEPARTMENTAL ACCOMPLISHMENTS

As a municipality, we are tasked with the responsibility of providing the best and most efficient services within available resources. We strive to provide our citizens with the very best value for their dollars.

The City of Rosenberg is committed to the long-term financial stability and sustainability of the city government. Departmental services are prioritized to ensure that they are addressed through the budget process and streamlined for efficiency and cost-effectiveness. The City of Rosenberg's 2020 Adopted Budget was approximately \$79.8M. With these funds, the City is able to maintain a high quality of life for residents. Here are just a few examples of our budget in action.



Animal Control Shelter

- 672 Pet adoptions
- 340 Foster Placements which is a 92% increase over 2019
- Over 1,400 intakes
- 96% average live release rate
- 33 TNR (trap, neuter, release) felines in their newly passed TNR program
- Celebrated the two year anniversary of over 90% live release rate



Community Development

- 3,376 permits processed
- 343 new housing starts
- Demoed 27 dangerous/substandard buildings in the City (24 voluntary/3 by the City)
- 37 new subdivisions in the City and ETJ
- Facilitated new MUD developments with a total of 690 acres and 2,300 future lots, with another 281 acres and 725 lots currently in the planning stages (City and ETJ)
- 1,301 Code Enforcement issues/cases addressed



Economic Development

Despite setbacks nationwide due to the pandemic, Rosenberg's Economic Development and Rosenberg Development Corporation's initiatives were BOOMING! We had 3 major projects in 2020:

- Wet Sounds is constructing an 118,000 square foot headquarters, office and operations space that will be completed on or before December 31, 2021
- Si Environmental has outgrown its current location at 6420 Reading Road and plans to build a new facility for company headquarters and operations on 12 acres in the Rosenberg Business Park
- Dollar Tree Inc. celebrated the grand opening of a 1.2M square foot, \$130M distribution center and added over five-hundred (500) new full-time positions to the City's workforce



Emergency Services (Police and Fire)

- Received 121,607 calls to public safety dispatch
- Staff Responded to 5,450 calls for EMS and Fire Services and 5,583 calls for 911 emergencies
- Dispatcher Christina Salinas was awarded the Texas NENA trainer of the year award
- Fire stations participated in the SUDS prescription return program
- Facility agreements were updated with Fort Bend County for Fire and EMS housing



Finance

- For the 27th consecutive year, the City received the Distinguished Budget Presentation Award for the FY2020 budget book
- For the 33rd consecutive year, the City received the Certificate of Achievement for Excellence in Finance Reporting for the City's Comprehensive Annual Financial Report
- Awarded the first-ever Popular Annual Financial Report (PAFR) Award
- Spent \$1,955,030 in Awarded Grant Funds



Parks/Civic Center

- Completed the Sunset Park pavilion project with RDC Funds
- Completed the scoreboard for the new ballfield at the Seabourne Creek Regional Sports Complex using Parkland Dedication Funds
- Continued to work with the Texas Master Naturalists regarding Seabourne Creek Park improvements
- Coordinated planting of four (4) new memorial trees in Seabourne Creek Nature Park
- Continued to communicate effectively with Rosenberg National Little League and Rosenberg Futbol Club regarding field use, scheduling, and other issues
- Submitted Master Plan Update to Texas Parks and Wildlife so that the City can now apply for grants with the master plan until 2024
- Began implementation of projects outlined in the Parks and Recreation Master Plan Update



Public Works & Utilities

- Replaced 461 street signs
- Swept 2,433 miles of streets
- Installed 10 speed humps
- Installed 80 new street lights retroactively in older subdivisions
- Mowed 5,942 acres of right of way and open spaces
- Trimmed 710 trees
- Maintained 25.38 miles of alleys
- 13,864 linear feet of new and replaced sidewalks
- Filled potholes with 292.15 tons of asphalt
- Conducted 179 Fats, Oils, Grease (FOG) grease trap inspections
- Added or replaced 23,105 feet of water lines and 41,403 feet of sewer lines
- Identified more than 140 sources of damaged sanitary sewer lines in the smoke testing program
- Reduced use of groundwater by 50% exceeding the Ft. Bend Subsidence District's mandate of 30%
- Rated as a Superior Public Water System for the State of Texas by TCEQ



Public Service

When the Citizens need us – we're here to help! Last year Citizens Relations had 16,072 inquiries for assistance.

Our Communications team responded to 4,188 comments and messages through social media.

Our Customer Service department processed 1,986 new water accounts. Our Customer Service also helps assist our residents with any trash and recycling issues.

Rosenberg is growing and we are here to support it!



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Rosenberg
TEXAS