

CONROE BY THE NUMBERS

FYE September 30, 2017 Popular Annual Financial
Report & City Update



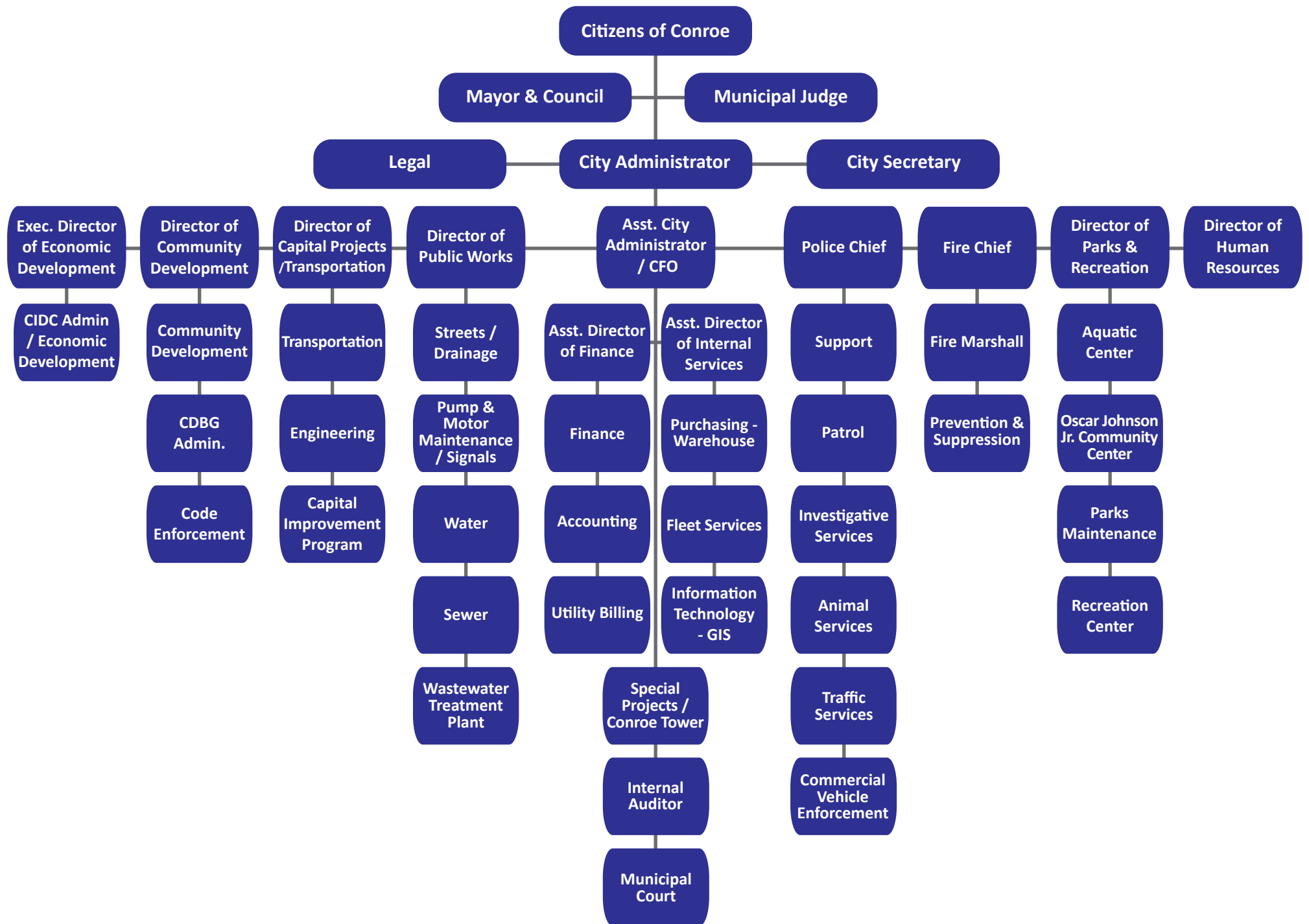
CITY OF CONROE

Est. 1904



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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 2017 Popular Annual Financial Report & City Update. The City of Conroe has experienced many positive accomplishments during the past year including being named the fastest growing city in the nation by the U.S. Census Bureau 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,



Paul Virgadamo, Jr.
City Administrator

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



Guy Martin
Councilman Position 4



Gil Snider
Councilman Position 5



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



(844) 299-6242
www.ConroeConnection.org

4 Buses

79 Bus Stops

\$362,986 In Recovered Grant Reimbursement for Operating Expenses

\$349,689 In Capital Reimbursements Recovered

30,354 Trips Provided to Transit Riders

85,373 Total Revenue Miles

2 ADA Paratransit Service Van





Parks and Recreation

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.

22 Parks are at your service in Conroe

6.6 Miles of Trails in Conroe's Parks

390 Acres of Parkland Maintained

76,068 Membership scans at the C.K. Ray Recreation Center

48,470 Summer Attendance at the Conroe Aquatic Center

470 Children per day average attending after school programs

18 Park Pavilions

24 Playgrounds

4 Indoor Community Centers

13 Baseball/Softball Diamonds

12 Soccer/Football Fields

32,600 Hours of Permitted Athletic Field Usage

5,406 Hours Permitted for Pavilions and Special Use Facilities

48,000 PLAYbooks Distributed

7,500 Attended Conroe Christmas Celebration & Tree Lighting

ADVENTURE AWAITS conroe,tx→

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

41,338 CVB Brochure's given out

www.VisitConroe.com





Police Department

The Conroe Police Department is authorized 142 sworn officers, 43 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.

4:50 Ave Response Time

91,420 Calls for service

12,746 Offense Reports

2,517 Cases Assigned

2,205 Cases Closed

465 Crime Scenes Processed

4,890 Arrests

2,623 Motor Vehicle Accidents

23,534 Traffic Stops

10,278 Citations

Fire Department

9,350 Total Calls for Service

274 Total Fires

30 Fires Investigated

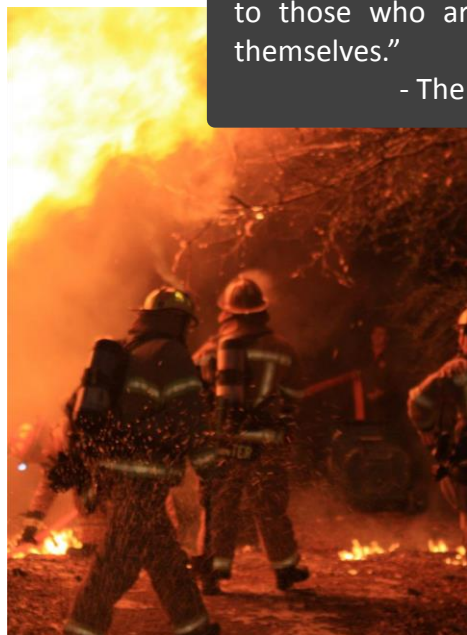
12,517 Children/Adults Reached Through
Public Education

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



"My loyalty to this community and my crew is beyond reproach. I humbly serve as a Guardian to my community always ready to respond to those who are unable to help themselves."

- The Firefighter's Creed





Engineering

Development Coordination

- 126** Pre-Development Meetings Held
- 184** Platting Items.
- 325** Sets of Plans Reviewed
- 114** New developments
- 81** Requests for Certificates of Compliance Processed
- 17** Utility Availability Letters Created
- 15** FEMA Floodplain Maps Created for Citizens
- 23** TXDOT UIR Permits Processed
- 35** Streetlight Installation Requests Processed

Development Inspections

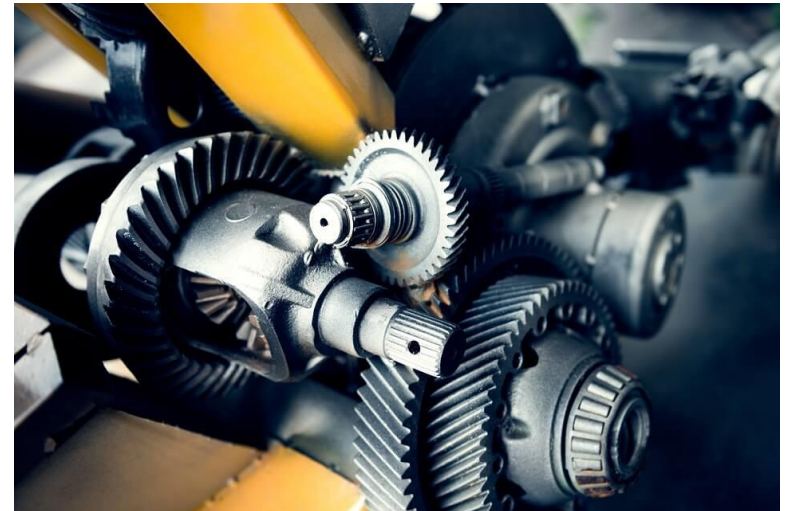
- 238** Total Project Count at Present
 - 112** Public Projects
 - 106** Commercial Projects
 - 20** Private Projects
- 938** Driveway Permits –(avg. 3 inspections per driveway)
- 1508** Site Inspections Per Month
- 72** Total Projects Completed

Design Consultant Numbers

- 11** In-house Design Projects
- 38** Consultants/contracts
- 135** Payments Processed
- 5** Contract Adjustments Processed
- 32** Design Meetings Attended
- 15** Property Acquisition Processed
- 14** Contracts Prepared

Construction Numbers

- 15** Projects Bid for Construction (\$31,146,349)
- 33** Projects under construction (\$49,737,244)
- 225** Submittals Reviewed & Processed
- 22** Change Orders Reviewed & Processed
- 100** RFI Reviewed & Processed
- 74** Payments Reviewed & Processed (\$12,871,827)
- 14** Construction Projects Finalized (\$14,309,681)



Public Works

857 New Water Meter Connections - Utility Billing

124 Water Taps

10 Large Meter Repairs (2" and larger)

721 Water Leaks Repaired

1,050 Water Samples Taken

709 Water Lines Flushed

121 Fire Hydrants Received Maintenance

34 Sewer Taps

18,345 Water Customers - Utility Billing

300,000 Feet of Sewer Main Cleaned

433 Acres of Right-of-Way Mowed

18 Miles of Drainage Ditches Cleaned

825 Traffic Signal Repaired

14,300 Tasks Issued

900 Utility Cuts Repaired

3.7 Billion Gallons of Water Produced

2,500 Potholes Repaired

16,660 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 Department:

27,674 Total Building Inspections Conducted

12,414 Total Permits Issued

1,082 New Residential Permits

370 Commercial Building Permits

Planning & Annexation Division:

72.0 Total Square Miles in the City

82,275 Total Population

484.537 Total Acres Annexed into the City

616 Total Population Annexed into the City

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

6 New Subdivisions

Code Enforcement Division:

4,255 Total Complaints Reported

10,506 Total Number of Code Violations

9,120 Total Number of Notices

466 Total Number of Citations Issued

Community Development Block Grant:

\$577,772 Total Amount of Federal Funding Received

9 Total Number of Houses Built

\$10,989 Total Cost of Community Clean-Up Project

25,932 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.

1,045 Acres in Conroe Park North Industrial Park

3,645 Businesses Located in Conroe

48,576 Employees in Conroe

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

\$55,062 Median Yearly Household Income for Workers in
Conroe

39,756 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

82,275 Conroe Population





Financial Report

Statement of Net Position

(Accrual Basis of Accounting)

	2017	2016
Current Assets	\$ 119,801,722	\$ 96,172,579
Capital Assets, Net	393,460,129	383,233,818
Total Assets	513,261,851	479,406,397
Deferred Outflows of Resources	12,814,313	14,535,453
Current Liabilities	12,098,918	18,586,547
Long Term Liabilities	337,368,429	302,295,245
Total Liabilities	349,467,347	320,881,792
Deferred Inflows of Resources	1,273,747	1,937,826
Net Position:		
Net Investment in Capital Assets	156,595,096	164,156,199
Restricted	17,165,330	20,888,804
Unrestricted	1,574,644	(13,922,771)
Total Net Position	\$ 175,335,070	\$ 171,122,232

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
Fleet Services

Total Expenses

Change in Net Position

	2017	2016
Program Revenues		
Charges for Services	\$ 42,723,557	\$ 42,227,412
Operating Grants and Contributions	4,848,898	4,174,614
Capital Grants and Contributions	2,018,115	286,533
General Revenues		
Property Taxes	30,262,334	26,473,354
In Lieu of Taxes	776,838	682,266
Gross Receipts Tax	6,323,185	6,205,833
Sales and Other Taxes	32,151,158	31,280,147
Hotel Occupancy Taxes	1,163,561	1,220,471
Mixed Beverage Taxes	288,852	298,859
Miscellaneous	3,209,505	3,753,359
Donations	51,750	47,035
Grants and Contributions Not Restricted to Specific Programs	1,611,619	6,023,615
Investment Earnings	718,372	400,293
Net Change in Fair Value of Investments	(126,645)	4,794
Total Revenues	\$ 126,021,099	\$ 123,078,585
Expenses by Function/Program		
Governmental Activities		
General Government	\$ 16,691,463	\$ 18,032,626
Finance	2,154,266	2,092,724
Public Safety	41,127,109	38,529,641
Community Development	2,035,327	-
Parks	8,353,387	8,248,715
Public Works	13,578,466	14,263,646
Debt Service: Interest and Fiscal Charges	4,953,104	4,603,547
Business-Type Activities		
Water and Sewer	32,915,139	30,902,787
Fleet Services	-	1,690,402
Total Expenses	\$ 121,808,261	\$ 118,364,088
Change in Net Position	\$ 4,212,838	\$ 4,714,497

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 position 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, and pension 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.

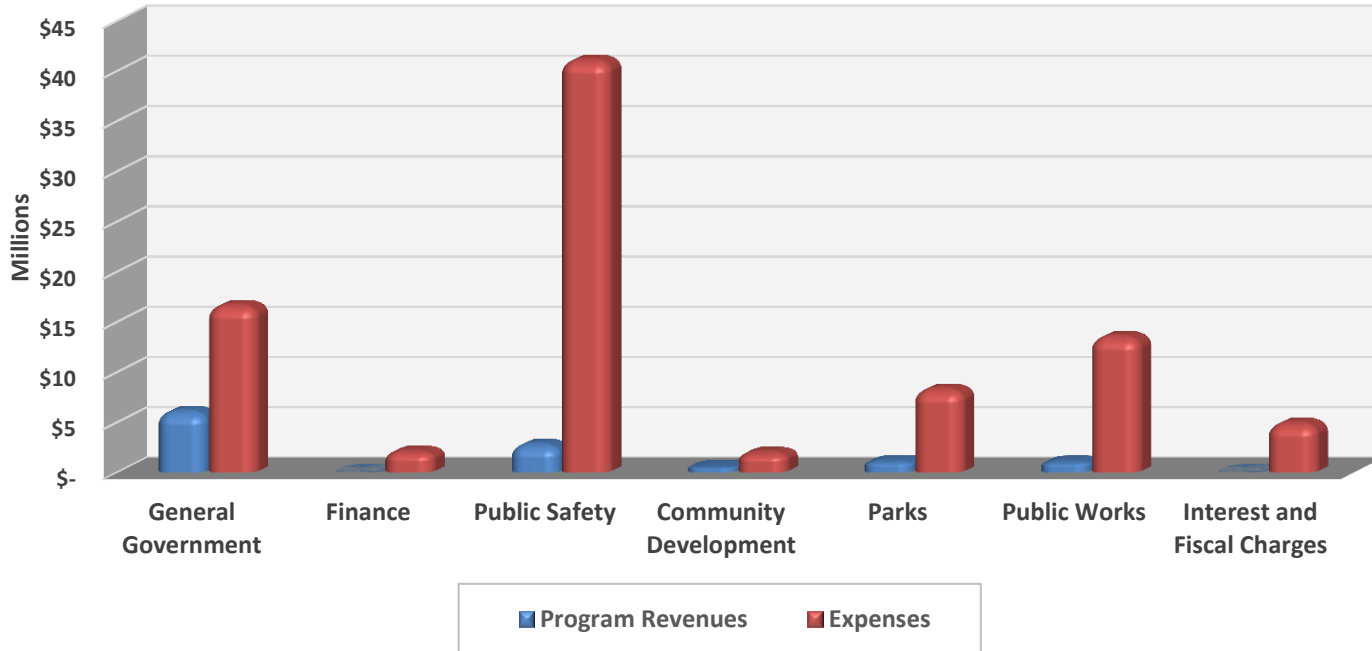
Deferred Inflows of Resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows consist of pension activities related to the difference in expected and actual pension expense.

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.

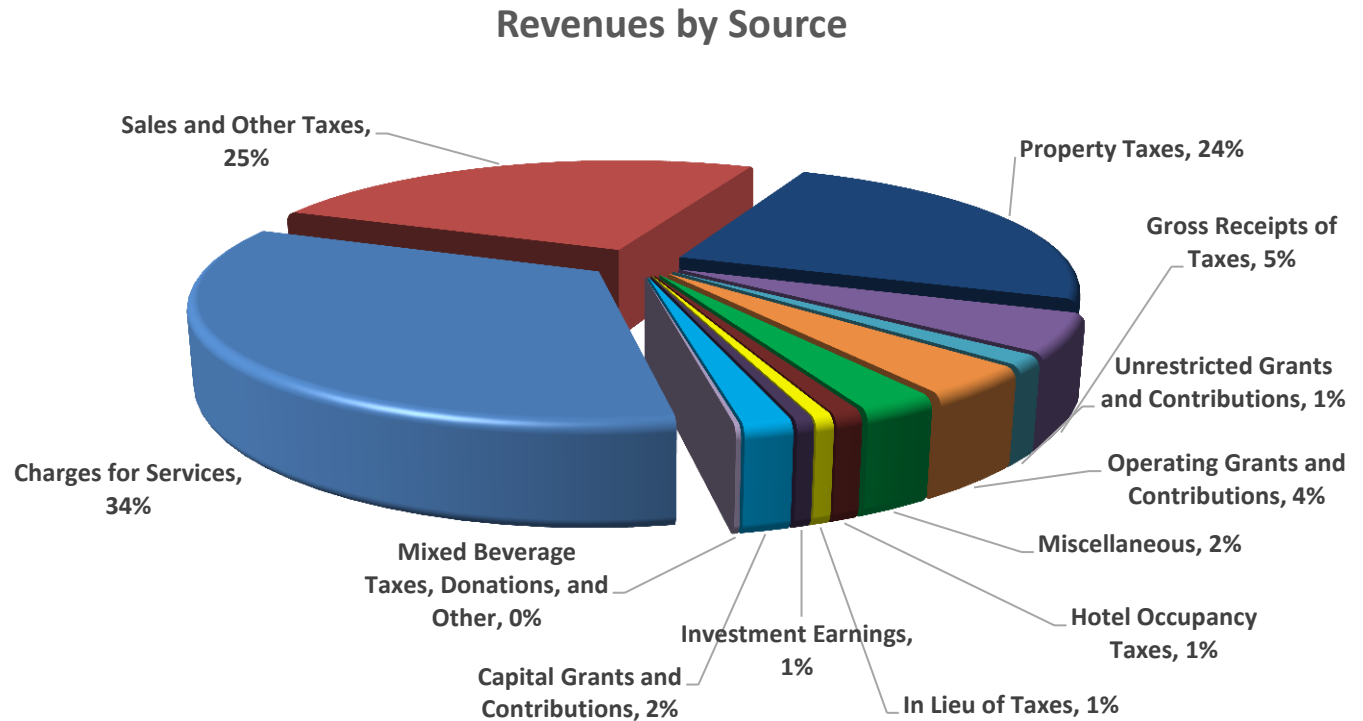
Program Revenues and Expenses - Governmental Activities



Revenues

Program revenues are derived from the program itself and reduce the cost of the function to the City. Total program revenues were \$49,590,570 or 40% of total revenues, which increased \$2,902,011 compared to the prior year. The largest portion of program revenues is Charges for Services of \$42,723,557, which is 34% of total revenues. Of that amount, \$7,697,686 is from governmental activities, which includes fees collected by Municipal Court, Police, Parks, and Public Works departments. The business-type Charges for Services of \$35,025,871 are derived from water and sewer charges. The other portions of program revenues are Operating Grants and Contributions of \$4,848,898 (4%) and Capital Grants and Contributions of \$2,018,115 (2%).





General revenues are revenues that cannot be assigned to a specific function. They consist of Sales and Other Taxes of \$32,151,158, one of the largest revenue sources for governmental activities and 25% of total revenues. Property Taxes of \$30,262,334 or 24% of total revenues, which is a \$3.8M increase from prior year Property Taxes of \$26,473,354. Also, Gross Receipts Taxes of \$6,323,185 (5%), Grants and Contributions Not Restricted to Specific Programs of \$1,611,619 (1%), Miscellaneous revenues of \$3,209,505 (2%), Hotel Occupancy Taxes of \$1,163,561 (1%), In Lieu of Taxes of \$776,838 (1%), and Investment Earnings of \$718,372 (1%). The remaining revenue categories are all less than 1% of total revenues: Mixed Beverage Taxes of \$288,852, Donations of \$51,750, and Net Change in Fair Value of Investments of (\$126,645).

Expenses

General Government expenses include the costs of Administration, Legal, Municipal Courts, Warehouse/Purchasing, Information Technology, and Human Resources. This function expenses were \$16,691,463 or 14% of total expenses. This is a decrease of \$1,341,163 from the prior fiscal year which is due to a reclassification of expenditure categories at the fund level to better identify the programmatic function of the expenditures.

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 \$2,154,266 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 \$41,127,109 or 34% of total expenses. The expenses can be primarily attributed to salaries and vehicle maintenance.

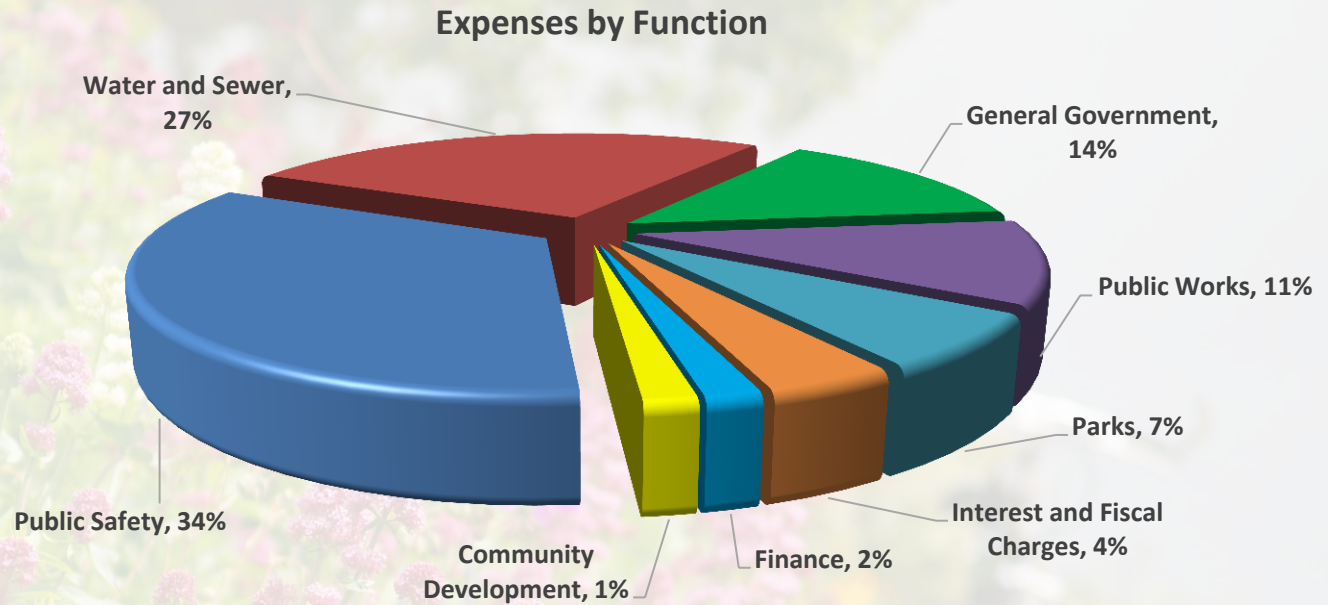
Parks expenses are the costs of maintaining the City's parks and recreation areas, including the Recreation Center, the Aquatic Center, and the numerous athletic fields. Parks expenses were \$8,353,387 or 7%.

Public Works expenses are for drainage maintenance, street maintenance, signal maintenance, and engineering. The Public Works function had expenses of \$13,578,466 or 11% of total expenses. In prior years, Community Development was part of the Public Works category, but it was broken out in the current year. Community Development had expenses of \$2,035,327 or 1%.

Interest and Fiscal Charges are primarily related to the issuance and repayment of City bonds. Current year expenses were \$4,953,104 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 \$32,915,139 or 27% of total expenses.





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, 2017 and September 30, 2016).

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 2017. 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).



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, 2016.

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.



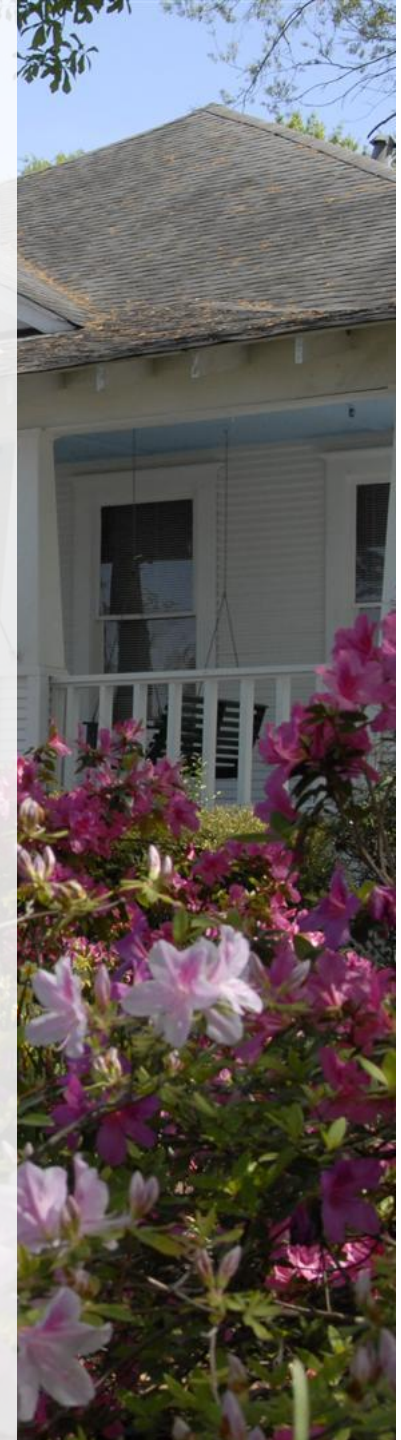
The Government Finance Officers Association of the United States and Canada (GFOA) presented an award for outstanding achievement to the City of Conroe for its Popular Annual Financial Report (PAFR) for the fiscal year ended September 30, 2016.

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, 2016.

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.





Top Ten Area Employers

- 01 Conroe Independent School District
7,310 Employees
- 02 Montgomery County
2,211 Employees
- 03 Conroe Regional Medical Center
1,226 Employees
- 04 City of Conroe
529 Employees
- 05 Community Pathology Associates
424 Employees
- 06 National Oilwell Varco - Downhole
400 Employees
- 07 Medivators, Inc.
390 Employees
- 08 Tony Gullo Motors
305 Employees
- 09 Lowe's
300 Employees
- 10 Wal-Mart
300 Employees

Top Ten Taxpayers

- 01 McKesson Corporation
\$ 114,631,703
- 02 Ball Metal Container Corporation
\$ 87,566,965
- 03 Conroe Hospital Corporation
\$ 76,265,980
- 04 National Oilwell Varco LP/Brandt
\$ 69,220,784
- 05 The GEO Group
\$ 55,073,750
- 06 Wal-Mart Real Estate Business Trust
\$ 52,834,352
- 07 Entergy Texas Inc.
\$ 47,466,180
- 08 Professional Directional LTD
\$ 41,848,880
- 09 National Oilwell Varco DHT LP
\$ 39,156,970
- 10 Western Rim Investors 2012-3 LP
\$ 36,610,750

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**

New to Conroe!

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.



Community Radio

irlonestar.com/Conroe's FM 104.5 & 106.1



CITY OF CONROE