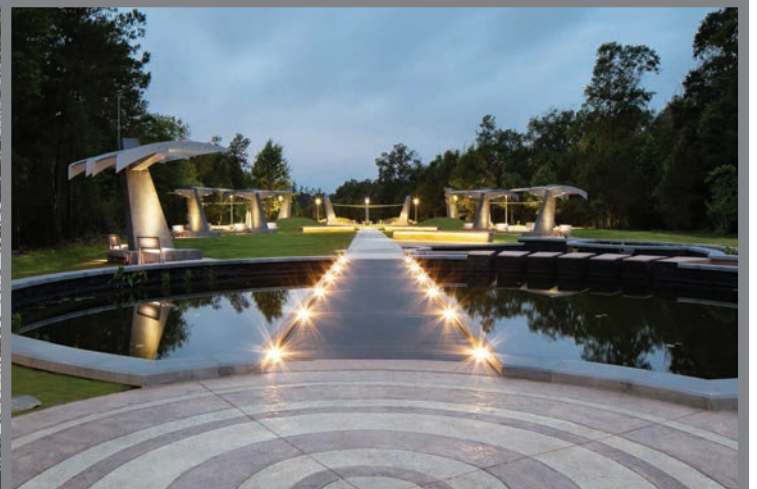


CONROE BY THE NUMBERS

FY 2016 Popular Annual Financial Report & City Update
City of Conroe, Texas



www.CityofConroe.org



Paul Virgadamo, Jr.
City Administrator

WELCOME

On behalf of our elected officials and employees, I am pleased to present to you the City of Conroe by the Numbers FY 2016 Popular Annual Financial Report & City Update. The City of Conroe experienced many positive accomplishments during the past year and 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.

Conroe is home to twenty-four parks, the C.K. Ray Recreation Center - voted "Best Place to Exercise", dedicated Police and Fire Departments, a successful new bus system, numerous new businesses and developments, and was ranked the third-best city in Texas to live. As City Administrator, I am proud to say that our City employees work hard to maintain and improve many of the programs and services we offer to ensure a high quality of life and to make certain that Conroe is one of the best cities in the nation to live, work, learn, and play.

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 jobs to the 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.

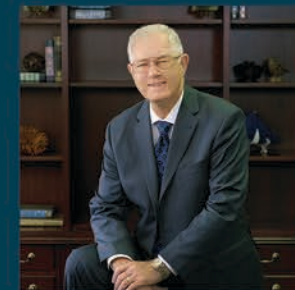
In 2017, the City looks forward to continuing its partnerships with the community to enrich our lives, enhance learning opportunities and improve our neighborhoods. We will endeavor to work with local business leaders, the Chamber of Commerce, the Conroe-North Houston Regional Airport, the hospitality industry and many others to attract more high-tech investments, jobs and economic opportunities.

It is a distinct privilege to be the City Administrator for Conroe. It is a responsibility that I take very seriously and willingly; as do the members of the City's Management Team. Our commitment to Conroe's residents, businesses and visitors is to ensure the City's quality of life is among the best in the country and all City employees work every day with honesty and integrity to maintain confidence and exceed the expectations of the public. In that spirit, it is my honor to submit Conroe's Annual Report for 2016 to the Mayor, the City Council, our City Employees, and to our residents, businesses and visitors.

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



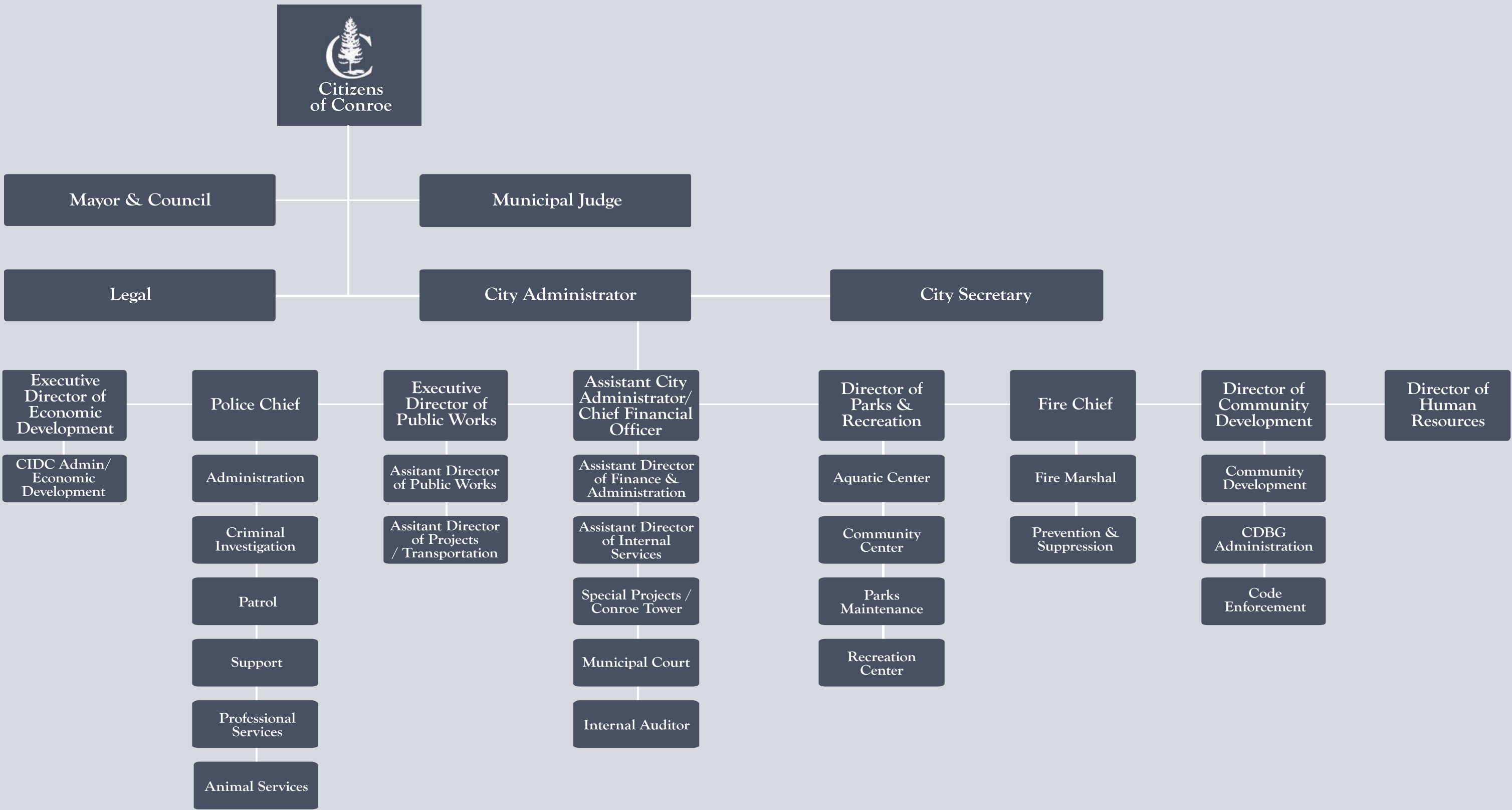
Guy Martin
Councilman Position 4



Gil Snider
Councilman Position 5

ORGANIZATION CHART

City of Conroe Mission Statement
"To protect and serve the citizens of Conroe and exceed their expectations"





**Conroe Parks and Recreation
&
Conroe Convention and
Visitors Bureau**

Outstanding Quality of Life!



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.

23 Parks are at your service in Conroe

6.6 Miles of trails in Conroe's parks

390 Acres of parkland maintained

76,596 Membership scans at C.K. Ray Recreation Center

74,983 Attendance to Conroe's Aquatic Center during summer participation

515 Children per day on average attending after school programs

18 Park pavilions

25 Playgrounds

4 Community Centers

13 Baseball/Softball Diamonds

12 Soccer/Football Fields

33,474 Hours of athletic field usage

5,958 Hours reserved for pavilions and Special Use Facilities

48,000 PLAYbooks distributed in the past year

9,500 Attendees at the Conroe Christmas Celebration & Tree Lighting

3,773 Attended the First Thursday Free Concert Series

30,000 Citizens & visitors attended the Conroe Cajun Catfish Festival

\$100,000 Awarded in Grants for the Arts

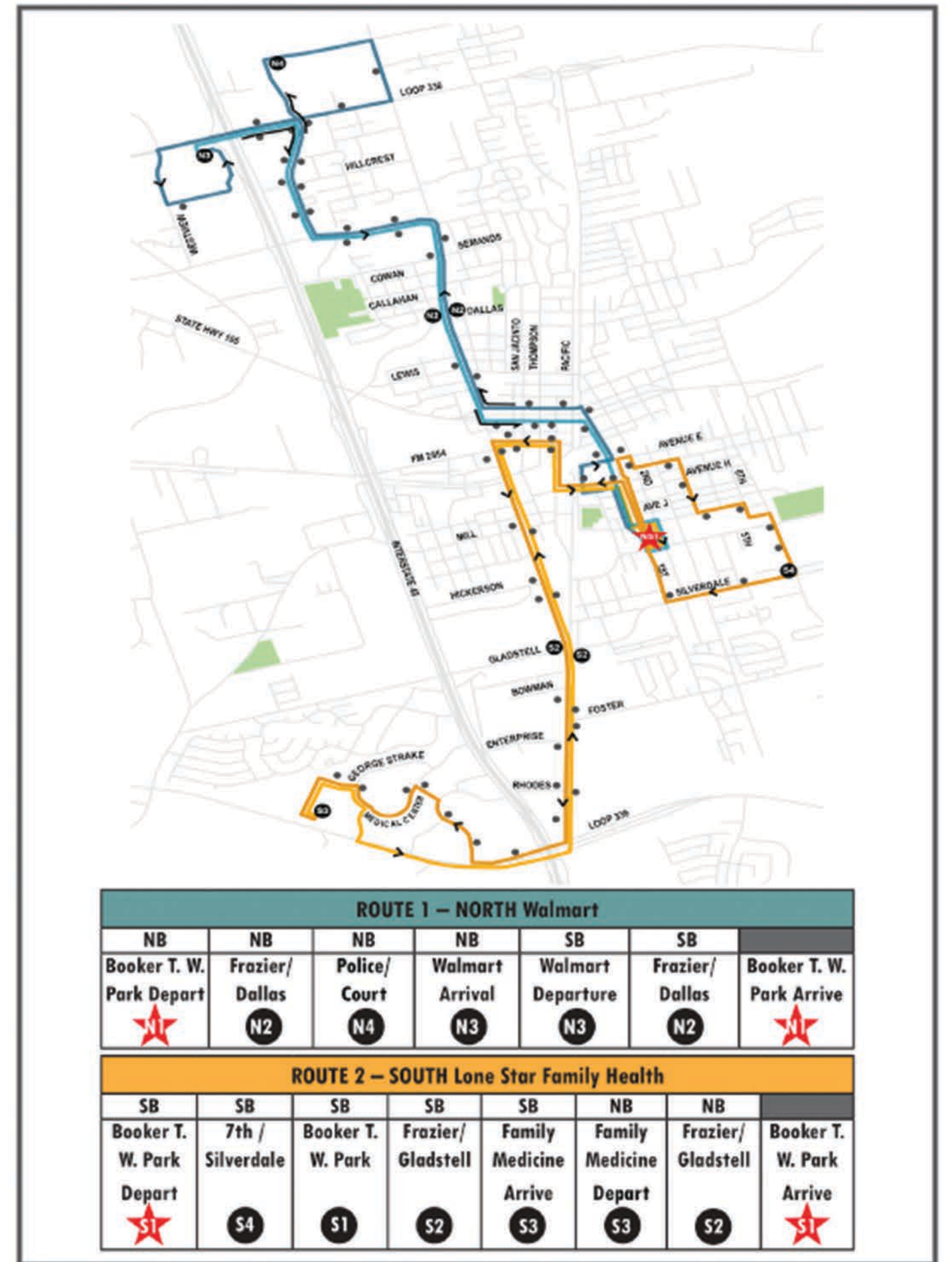
48,220 CVB Brochure requests



- 4 – Buses
- 79 – Bus Stops
- \$671,442 – In Recovered Grant Reimbursement for Operating Expenses
- \$159,373 – In Capital Reimbursements Recovered
- 34,774 – Trips Provided to Transit Riders
- 78,609 – Total Revenue Miles
- 2 Conroe Connection ADA Paratransit Service Vans



For more information visit
www.ConroeConnection.org
 For Customer Service call
 (936)229-3286



POLICE DEPARTMENT

The Conroe Police Department is comprised of 131 sworn officers, 42 civilian employees, and numerous civilian volunteers. All are committed men and women dedicated to creating a safer environment and providing quality service to the 71,000 plus citizens of Conroe, the thousands of visitors to our city and the approximately 71 square miles of city we serve.

- 4:48 Average Response Time
- 80,852 Calls for Service
- 5,311 Cases Assigned
- 1,197 Cases Closed
- 4,246 Arrests
- 461 Crime Scenes Processed
- 9,316 Citations Issued
- 2,647 Motor Vehicle Accidents

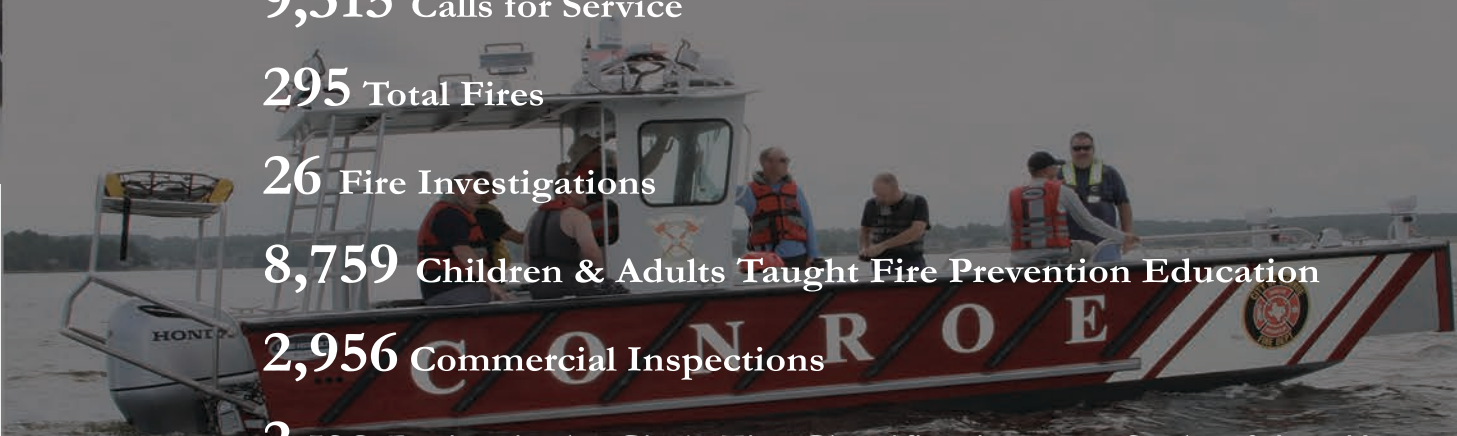


"My loyalty to this community and my crew is beyond reproach. I humbly serve as a Guardian to my community always ready to respond to those who are unable to help themselves."

- 'The Firefighter's Creed

FIRE DEPARTMENT

- 9,315 Calls for Service
- 295 Total Fires
- 26 Fire Investigations
- 8,759 Children & Adults Taught Fire Prevention Education
- 2,956 Commercial Inspections
- 2 ISO Rating is the City's Fire Classification on a Scale of 1 to 10 with 1 Being the Highest Rating



Our challenge is to always live up to the City of Conroe Mission statement:

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

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
- 46,810** Employees in Conroe
- 3,200** Expected Future Student Capacity at Lone Star College – Conroe Center
- \$46,109** Median Yearly Household Income for Workers in Conroe
- 33,873** 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
- 71,879** Conroe Population
- 8,430** Total Permits Issued. (Residential, Commercial, Other)
- 22,024** Total Inspections Conducted
- 656** New Home Starts
- \$225,000** Average Home Price
- 71.3** Square Miles is the Area of Conroe City Limits
- 65.5** Square Miles is the Planning Area (Regulated Portion of the ETJ)
- 330.2** Square Miles of Extra Territorial Jurisdiction (ETJ)



PUBLIC WORKS



The Public Works Department has the massive responsibility of maintaining the City's physical assets including streets, sidewalks, water system, sewer system, drainage facilities and municipally owned buildings. Public Works also oversees the City's Community Development, including Permitting, Engineering, Planning, Platting, Code Enforcement and Capital Projects.

- | | |
|--|--|
| 200 New Meter Services Added | 455,283 Feet of Sewer Main Cleaned |
| 161 Water Taps | 419 Acres of Right-of-Way Mowed |
| 107 Large Meter Repairs (2" and larger) | 11 Miles of Drainage Ditches Cleaned |
| 634 Water Leaks Repaired | 596 Traffic Signal Repaired |
| 1,115 Water Samples Taken | 15,483 Tasks Issued |
| 647 Water Lines Flushed | 384 Utility Cuts Repaired |
| 178 Fire Hydrants Received Maintenance | 3.6 Billion Gallons of Water Produced |
| 70 Sewer Taps | 2,011 Potholes Repaired |
| 18,345 Water Customers | 16,660 Sewer Customers |

FINANCIAL REPORT

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)

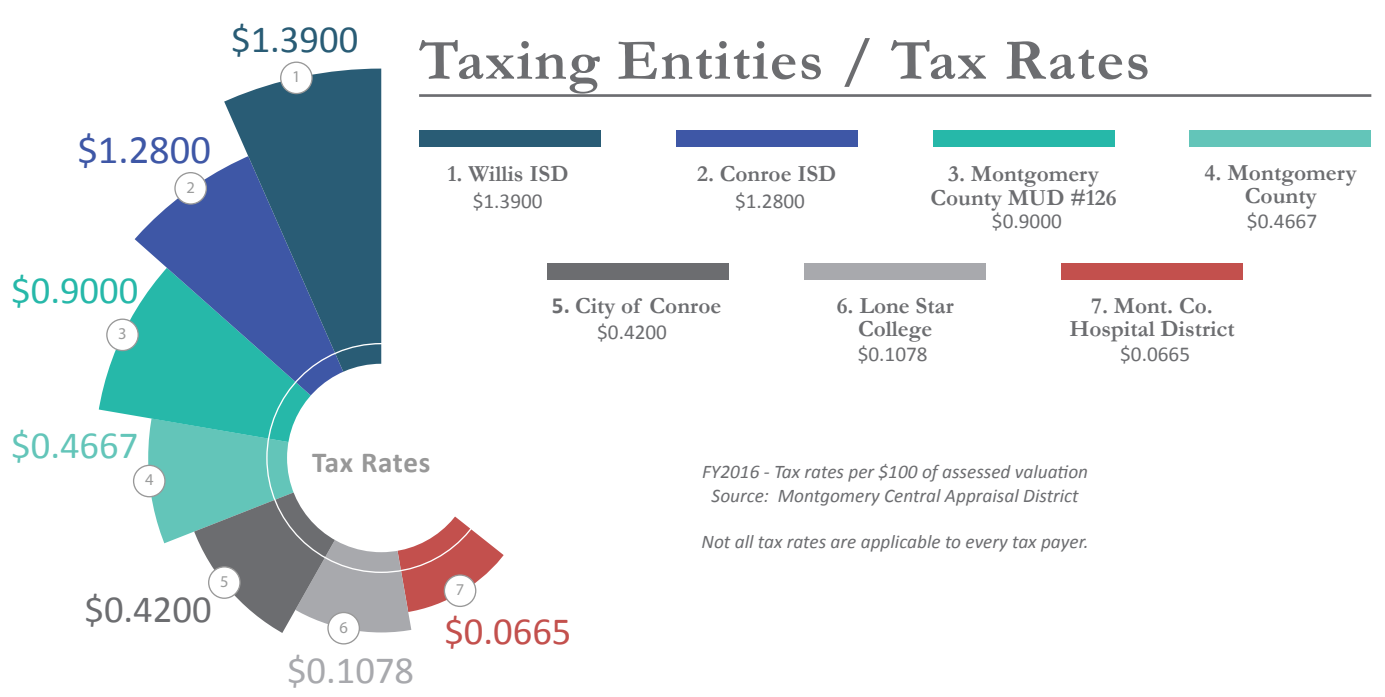
	2015	2016
Program Revenues		
Charges for Services	\$ 40,758,994	\$ 42,227,412
Operating Grants and Contributions	5,057,482	4,174,614
Capital Grants and Contributions	-	286,533
General Revenues		
Property Taxes	20,045,759	26,473,354
In Lieu of Taxes	592,302	682,266
Gross Receipts Tax	5,794,059	6,205,833
Sales and Other Taxes	32,013,059	31,280,147
Hotel Occupancy Taxes	1,237,267	1,220,471
Mixed Beverage Taxes	272,002	298,859
Miscellaneous	2,370,655	3,753,359
Donations	167,455	47,035
Grants and Contributions Not Restricted to Specific Programs	7,757,907	6,023,615
Unrestricted Investment Earnings	161,487	400,293
Gain (Loss) on Investments	18,083	4,794
Total Revenues	\$ 116,246,511	\$ 123,078,585
Expenses by Function/Program		
Governmental Activities		
General Government	\$ 15,956,134	\$ 18,032,626
Finance	1,654,077	2,092,724
Public Safety	36,628,246	38,529,641
Parks	7,227,345	8,248,715
Public Works	10,252,452	14,263,646
Debt Service: Interest and Fiscal Charges	5,079,185	4,603,547
Business-Type Activities		
Water and Sewer	29,304,349	30,902,787
Fleet Services	1,596,959	1,690,402
Total Expenses	\$ 107,698,747	\$ 118,364,088
Change in Net Position	\$ 8,547,764	\$ 4,714,497

Glossary of Financial Terms...



- Accrual Basis of Accounting** - A method of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows.
- Long-Term Liability** - A liability with a future benefit over one year, such as notes payable that mature in more than one year.
- Restricted Net Assets** - A component of net assets calculated by reducing the carrying value of restricted assets by the amount of any related debt outstanding.
- Unrestricted Net Assets** - Portion of net assets that is neither restricted nor invested in capital assets (net of related debt).

- Capital Assets** - Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, 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.
- Current Assets** - Assets which are available or can be made readily available to finance current operations or to pay current liabilities. Current assets also include those which will be used up or converted into cash within one year. Some examples are cash, temporary investments and taxes receivable which will be collected within one year.
- Invested in Capital Assets, Net of Related Debt** - This 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.
- Modified Accrual Basis of Accounting** - Basis of accounting to which (a) revenues are recognized in the accounting period in which they become available and measurable and (b) expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and certain similar accrued obligations, which should be recognized when due.



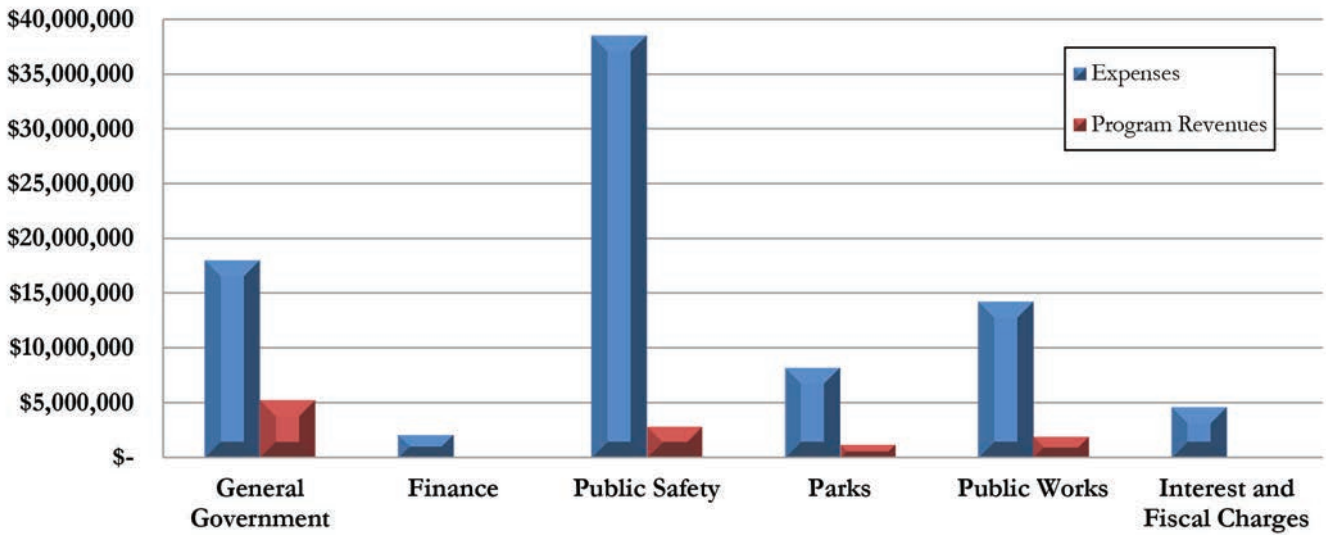
Statement of Net Position

(Accrual Basis of Accounting)

	2015	2016
Current and Other Assets	\$ 139,388,178	\$ 110,708,032
Capital Assets, Net	\$ 302,924,670	\$ 383,233,818
Total Assets & Deferred Outflows Of Resources	\$ 442,312,848	\$ 493,941,850
Long-Term Liabilities	\$ 297,427,541	\$ 302,295,245
Other Liabilities	\$ 25,711,805	\$ 20,524,373
Total Liabilities & Deferred Inflows Of Resources	\$ 323,139,346	\$ 322,819,618
Net Assets:		
Net investment in		
Capital Assets	\$ 97,297,014	\$ 164,156,199
Restricted	\$ 20,924,906	\$ 20,888,804
Unrestricted	\$ 951,582	\$ (13,922,771)
Total Net Position	\$ 119,173,502	\$ 171,122,232

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two presented as net position. The statement excludes the Oscar Johnson, Jr. Community Center (OJJCC) and Conroe Industrial Development Corporation (CIDC), discretely presented component units.

Expenses and Program Revenues Governmental Activities

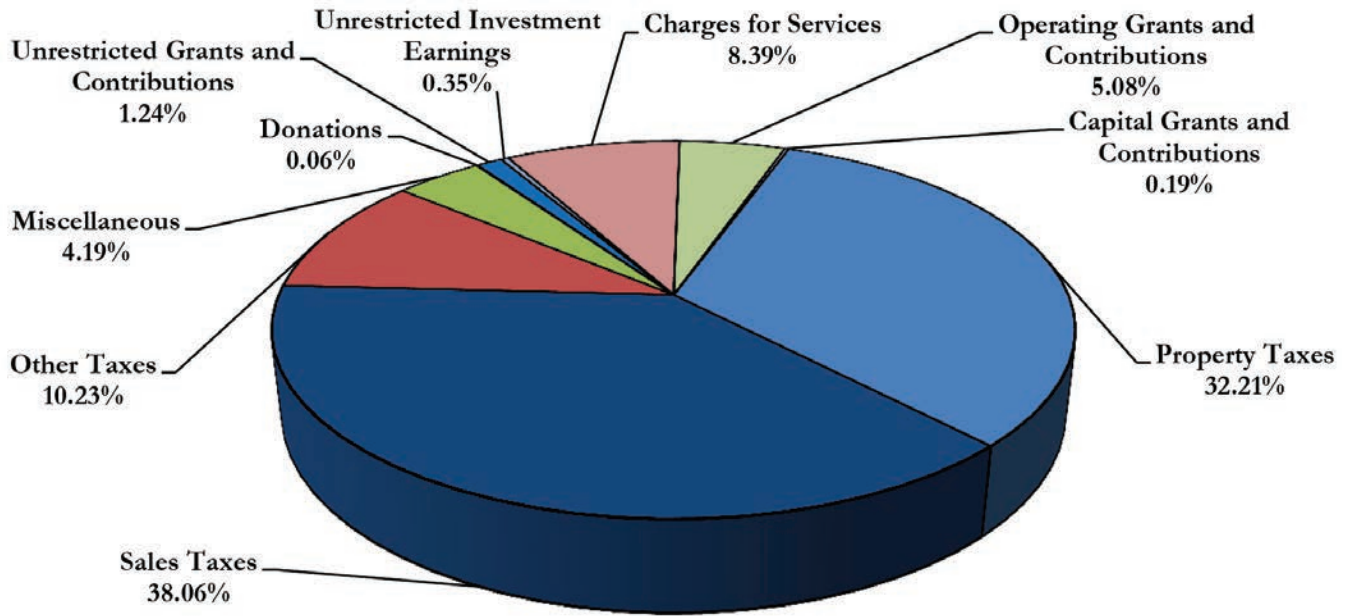


Revenues

Sales Taxes of \$31,280,147 and Property Taxes of \$26,473,354 were the largest revenue sources for governmental activities. Sales tax collections decreased \$425,963 from the prior year. The property tax rate of \$.4200 per \$100 of assessed value has remained constant over the last eight years. The taxable assessed value (per \$100) increased in fiscal year 2016 to \$6,309,739,745 from the taxable value in the prior fiscal year of \$4,829,793,550.

Miscellaneous revenues increased \$1,382,704 over the prior year, primarily due to increased reimbursements from developers for street improvements. Grants and Contributions Not Restricted to Specific Programs decreased \$1,734,292 compared to the prior year, primarily due to a decrease in amounts received as reimbursement for the surface water conversion project with the San Jacinto River Authority.

Revenues by Source - Governmental Activities



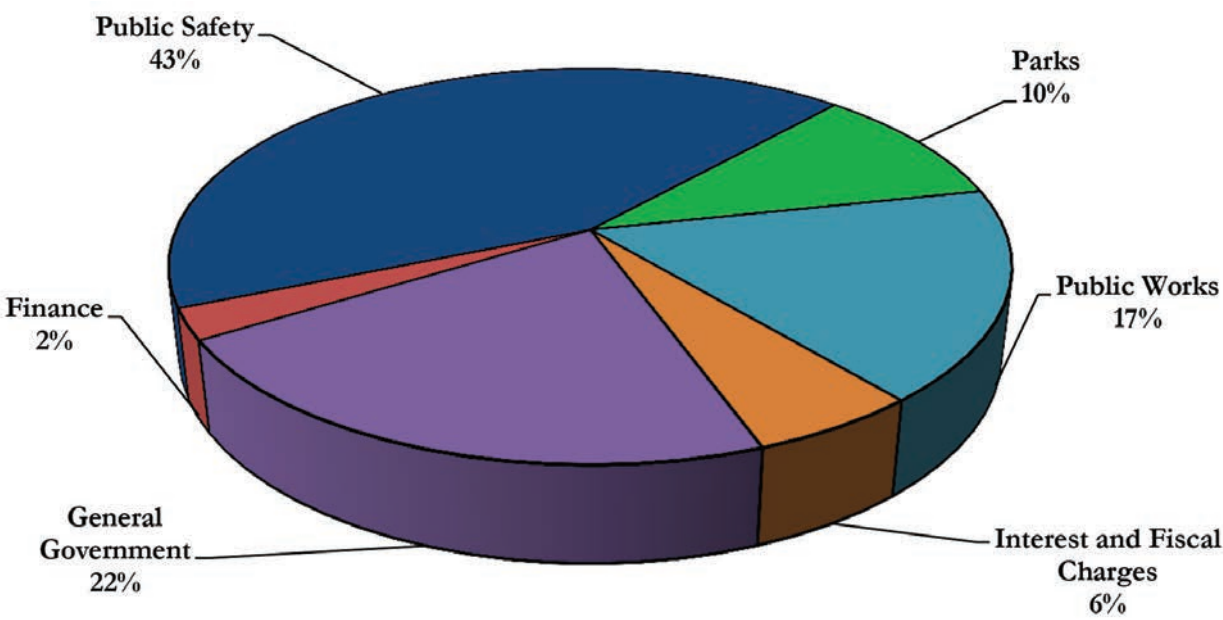
Sales Tax Rate City of Conroe



Sales Tax Rate State of Texas



Expenses by Function - Governmental Activities



Expenses

General Government expenses include the costs of operating the City, Legal, Municipal Courts, CDBG, Warehouse/Purchasing, Information Technology, and Human Resources.

Finance expenses include the costs of administering the City’s business through tax administration, bill paying, investing funds, auditing, and adopting a budget.

Public Safety expenses are the cost for administering assistance through the Police Department and the Fire Department. These expenses can be attributed to salaries, fringe benefits, patrol operations, animal services, and fire protection services.

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.

Public Works expenses are for community development, drainage maintenance, street maintenance, signal maintenance, and engineering.

Interest and Fiscal Charges are primarily related to the issuance and repayment of City bonds.

Water and Sewer expenses are the costs related to providing water and sewer services to the general public on a continuing basis.

Fleet Services costs are attributable to support costs to the City departments and external customers to assist in the maintenance of vehicles.

Top Ten Area Employers

- 01 Conroe Independent School District
7,200 Employees
- 02 Montgomery County
2,166 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 Tony Gullo Motors
305 Employees
- 08 Lowe's
300 Employees
- 09 Medivators, Inc.
300 Employees
- 10 Wal-Mart
300 Employees

Top Ten Taxpayers

- 01 Conroe Hospital Corporation
\$ 94,723,650
- 02 Professional Directional LTD
\$ 56,508,590
- 03 McKesson Corporation
\$ 55,514,040
- 04 The GEO Group
\$ 55,044,190
- 05 Wal-Mart Real Estate Business Trust
\$ 51,904,695
- 06 National Oilwell Varco DHT LP
\$ 43,881,160
- 07 Entergy Texas Inc.
\$ 41,573,400
- 08 Strata Woodlands, LLC
\$ 35,702,930
- 09 National Oilwell Varco LP/Brandt
\$ 34,558,978
- 10 National Oilwell Varco/TX Oil Tools
\$ 33,270,149

Source: Montgomery Central Appraisal District.

The Popular Annual Financial Report (PAFR) is intended to summarize and simplify the statistical, economic, and financial information contained in the 2016 Comprehensive Annual Financial Report (CAFR). The CAFR was prepared in conformance with generally accepted accounting principles (GAAP) and was independently audited by Weaver and Tidwell, L.L.P. 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. For a more detailed, GAAP basis, full disclosure review of the individual funds and component units, please refer to the City's CAFR that is accessible through the City's website www.CityofConroe.org/FinancialTransparency.

Bond Ratings

<p>Moody's Aa2 - General Obligation Aa3 - Revenue Bonds</p> <p>Continued growth in residential, commercial, and light industrial development. Increase in tax base due to newly annexed property. Sound financial operations and healthy reserves.</p>	<p>Standard & Poor's AA Stable - General Obligation AA Stable - Revenue Bonds</p> <p>Strong regional and local economy. Very strong financial position.</p>
---	--

Distinguished Budget Presentation Award



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, 2015.

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.

Award for Outstanding Achievement



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, 2015.

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.

<p>Administrative Department 936-522-3001</p> <p>City Secretary 936-522-3010</p> <p>Community Development 936-522-3600</p> <p>Conroe Convention & Visitors Bureau 936-522-3500</p> <p>Greater Conroe Economic Development Council 936-538-7118</p> <p>Finance 936-522-3040</p> <p>Fire Department 936-522-3080</p> <p>Human Resources 936-522-3150</p> <p>Legal Department 936-522-3030</p> <p>Municipal Court 936-522-3380</p> <p>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</p> <p>Police Department 936-522-3200</p> <p>Public Works 936-522-3885</p>
--



CITY OF CONROE