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

Diane M. Ham
Councilman Position 1

Seth M. Gibson
Councilman Position 2

Duke Coont
Councilman Position 3

Guy Martin
Councilman Position 4

Gil Snider
Councilman Position 5
City of Conroe Mission Statement

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

- The Firefighter’s Creed

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."

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

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
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
161 Water Taps
107 Large Meter Repairs (2" and larger)
634 Water Leaks Repaired
1,115 Water Samples Taken
647 Water Lines Finished
178 Fire Hydrants Received Maintenance
70 Sewer Taps
18,345 Water Customers

455,283 Feet of Sewer Main Cleaned
419 Acres of Right-of-Way Mowed
11 Miles of Drainage Ditches Cleaned
596 Traffic Signal Repaired
15,483 Tasks Issued
384 Utility Cuts Repaired
3.6 Billion Gallons of Water Produced
2,011 Potholes Repaired
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)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for Services</td>
<td>$40,758,994</td>
<td>$42,227,412</td>
</tr>
<tr>
<td>Operating Grants and Contributions</td>
<td>5,057,482</td>
<td>4,174,614</td>
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<tr>
<td>Capital Grants and Contributions</td>
<td>-</td>
<td>286,533</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$116,246,511</strong></td>
<td><strong>$123,078,585</strong></td>
</tr>
</tbody>
</table>

Expenses by Function/Program

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government</td>
<td>$15,956,134</td>
<td>$18,032,626</td>
</tr>
<tr>
<td>Finance</td>
<td>1,654,077</td>
<td>2,092,724</td>
</tr>
<tr>
<td>Public Safety</td>
<td>36,628,246</td>
<td>38,529,641</td>
</tr>
<tr>
<td>Parks</td>
<td>7,227,345</td>
<td>8,248,715</td>
</tr>
<tr>
<td>Public Works</td>
<td>10,252,452</td>
<td>14,263,646</td>
</tr>
<tr>
<td>Debt Service: Interest and Fiscal Charges</td>
<td>5,079,185</td>
<td>4,603,547</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$107,698,747</strong></td>
<td><strong>$118,364,088</strong></td>
</tr>
</tbody>
</table>

Business-Type Activities

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Water and Sewer</td>
<td>29,304,349</td>
<td>30,902,787</td>
</tr>
<tr>
<td>Fleet Services</td>
<td>1,596,939</td>
<td>1,690,402</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$30,801,288</strong></td>
<td><strong>$32,593,189</strong></td>
</tr>
</tbody>
</table>

Change in Net Position

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change in Net Position</strong></td>
<td><strong>$8,547,764</strong></td>
<td><strong>$4,714,497</strong></td>
</tr>
</tbody>
</table>
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.

### 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.

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**Statement of Net Position**

(Accrual Basis of Accounting)

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

*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.*

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**Expenses and Program Revenues**

*Governmental Activities*

- **Sales Tax Rate City of Conroe**: 2%
- **Sales Tax Rate State of Texas**: 6.25%

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www.CityofConroe.org
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.

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.
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.