City of Conroe, Texas
Fiscal Year 2012-2013

Budget-in-Brief
MISSION STATEMENT

“Protect and Serve the Citizens of Conroe and Exceed Their Expectations.”
City of Conroe
City Council

Webb Melder
Mayor

Marsha Porter
Place 1

Seth Gibson
Place 2

Jim Gentry
Place 3

Gil Snider
Place 5

Guy Martin
Mayor Pro Tem
Place 4

Appointed Officials

Paul Virgadamo, Jr.
City Administrator

Marcus Winberry
City Attorney

Marla Porter
City Secretary

Ken Kreger
Fire Chief

Steve Williams
Director of Finance & Administration

Mike Riggins
Director of Parks & Recreation

Philip Dupuis
Police Chief

Andre Houser
Director of Human Resources

Dean Towery
Director of Public Works

CITY OF CONROE, TEXAS
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October 1, 2012

The City of Conroe is pleased to present the fiscal year 2012-2013 “Budget-In-Brief.” This document summarizes the annual budget for the fiscal year beginning October 1, 2012, and ending September 30, 2013.

A city’s budget presents in financial terms a plan to accomplish its objectives during the upcoming fiscal year. Budget preparation is an ongoing process as the City Council discusses priorities, commits to projects, and provides feedback to the staff on various proposals. The staff then translates that information into a financial action plan.

The budget for FY 2012-2013 is a balanced, conservative plan that continues our previous commitments toward quality services and facilities and addresses opportunities for additional improvements.

I must commend the ongoing work of the City Council, City Administration, the Management Team, and all of our fine City employees. We are indeed focused on our mission statement:

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

Sincerely,

Webb Melder

Mayor
Organization of the Total Budget

General Fund
$49,594,004 (41%)
$47,203,002 (48%) ¹

Enterprise Funds
$26,412,419 (22%)
$17,962,607 (18%) ¹

Debt Service Funds
$19,260,192 (16%)
$19,260,192 (19%) ¹

Other Funds
$25,426,462 (21%)
$15,249,927 (15%) ¹

Total Budget
$120,693,077 (100%)
$99,675,728 (100%) ¹

¹. These figures represent the budgeted expenditures net of interfund transfers.
FY 2012-2013 Budget Summary

On August 23, 2012, the Conroe City Council approved a $120,693,077 budget with a 3% contingent appropriation for FY 2012-2013. Net of interfund transfers, the total budget is $99,675,728. The approved budget consists of the General, Enterprise, and Special Revenue Funds, as well as three Debt Service Funds.

General Fund

The General Fund accounts for 41 percent of the budget and supports basic services such as police, fire, parks, recreation, streets, and other community services. It is the general operating fund of the City and is used to account for all transactions and operations of governmental units that are not accounted for in another fund. The General Fund also is used to account for transactions financed from taxes or other general revenues.

Enterprise Funds

The City has two Enterprise Funds, the Water and Sewer Operating Fund and the Water and Sewer Construction Fund, which together comprise 22 percent of the budget. Enterprise Funds are those that fully support their own administration, acquisition of facilities, operation, and maintenance through the collection of user charges such as water sales, sewer treatment sales, and associated fees.

Debt Service Funds

The Debt Service Funds category is composed of three funds: General Obligation Debt Service Fund, Water and Sewer Debt Service Fund, and Conroe Industrial Development Corporation (CIDC) Debt Service Fund. These three funds account for 16 percent of the budget and pay for the annual interest and principal costs of the City’s debt.
The General Obligation Debt Service Fund provides for the payment of the City’s certificates of obligation and other tax-supported debt issued to finance the tax-based portion of the City’s Capital Improvement Program. The Water and Sewer Debt Service Fund provides for the retirement of revenue-supported bonds that are used to pay the cost of improvements to the City’s water and wastewater system. This debt is repaid with revenues collected from utility customers. The CIDC Debt Service Fund provides the funds necessary to retire the outstanding sales tax revenue-supported debt of the City. This debt consists of revenue-supported bonds that are used for economic development purposes and is repaid with a portion of the ½-cent sales tax charged within the City.

Other Funds

The Other Funds category of the budget includes funds used to account for the proceeds of special revenues, other than expendable trusts or major capital projects. They make up 21 percent of the budget and include such funds as the Conroe Industrial Development Corporation (CIDC) Revenue Clearing Fund, CIDC General Fund, Hotel Occupancy Tax (HOT) Fund, Community Development Block Grant (CDBG) Entitlement Fund, Conroe Tower Fund, Oscar Johnson, Jr. Community Center (OJJCC) Fund, Vehicle and Equipment Replacement Fund, Water & Sewer Vehicle and Equipment Replacement Fund, Service Center Fund, and the Self-Funded Insurance Fund.
General Fund Expenditures
$49,594,004
($47,203,002)

General Fund Services

General Government $7,228,153

The General Government category is comprised of the Administration, Mayor & Council, Arts & Communication, Transit, Legal, Municipal Court, Finance, Community Development Block Grant Administration, Warehouse-Purchasing, Information Technology, and Human Resources departments. These departments are responsible for various functions of the City, including providing quality customer relations and accurate public information; coordinating and scheduling City Council meetings;
FY 2012-2013 Budget-in-Brief

handling media relations; handling transportation issues; providing legal services; providing disposition of violations of City ordinances and State law; managing finance, accounting, and utility billing; administering grants; acquiring supplies and services; maintaining computer hardware and software; and providing programs and consultations in the areas of employee recruitment, selection, compensation, and benefits.

Administration $ 475,357
Mayor & Council 483,962
Arts & Communication 190,034
Transit 225,500
Legal 544,920
Municipal Court 910,724
Finance & Administration 1,396,658
CDBG Administration 226,515
Warehouse-Purchasing 450,613
Information Technology 1,691,740
Human Resources 632,130

General Government Total $7,228,153

Public Safety $24,421,176

The Public Safety category includes the Police Department and Fire Department. The Police Department is separated into eight divisions based on areas of responsibility: Police Administration, Support Services, Patrol, Criminal Investigations, Professional Services, Animal Services, Red Light Program, and Traffic Services. The Fire Department is responsible for preparing for and responding to fire, rescue, medical, and environmental emergencies.
FY 2012-2013 BUDGET-IN-BRIEF

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police Administration</td>
<td>$1,016,820</td>
</tr>
<tr>
<td>Police Support Services</td>
<td>2,311,621</td>
</tr>
<tr>
<td>Police Patrol</td>
<td>6,020,457</td>
</tr>
<tr>
<td>Criminal Investigations</td>
<td>2,923,499</td>
</tr>
<tr>
<td>Police Professional Services</td>
<td>1,734,114</td>
</tr>
<tr>
<td>Police Animal Services</td>
<td>423,682</td>
</tr>
<tr>
<td>Red Light Program</td>
<td>823,015</td>
</tr>
<tr>
<td>Traffic Services</td>
<td>203,291</td>
</tr>
<tr>
<td>Fire</td>
<td>8,964,677</td>
</tr>
<tr>
<td><strong>Public Safety Total</strong></td>
<td><strong>$24,421,176</strong></td>
</tr>
</tbody>
</table>

**Culture and Recreation**

$4,342,072

The Culture and Recreation category covers parks and recreation expenditures. Parks Administration and Parks Operations are responsible for providing beautiful parks and trails, multi-generational athletic and recreational services, and dedicated customer service to Conroe’s citizens and employees. The Recreation Center provides athletic and recreational programs including, but not limited to: art, karate, dance/ballet, and gymnastics. Finally, the Aquatic Center provides safe, quality, and state of the art pools for the citizens of Conroe.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parks Administration</td>
<td>$339,370</td>
</tr>
<tr>
<td>Parks Operations</td>
<td>1,709,765</td>
</tr>
<tr>
<td>Recreation Center</td>
<td>1,089,818</td>
</tr>
<tr>
<td>Aquatic Center</td>
<td>1,203,119</td>
</tr>
<tr>
<td><strong>Culture and Recreation Total</strong></td>
<td><strong>$4,342,072</strong></td>
</tr>
</tbody>
</table>

**Community Development**

$1,327,927

The Community Development Department provides efficient, professional assistance to ensure responsible development practices that respect the natural landscape, cross timbers, bottomland, and floodplains. The department assists in completion of many ongoing
projects and development relative to the City’s building and permitting processes.

The Building Permits team provides review and inspections to ensure life, health, safety, and welfare by verifying compliance with the plumbing and City ordinances that protect the citizens of Conroe.

Community Development $1,327,927

Community Development Total $1,327,927

Public Works $7,383,107

The Public Works category includes the Drainage Maintenance, Streets, Signal Maintenance, and Engineering Departments. The Drainage Maintenance Department provides storm water control to the City by utilizing the resources dedicated to the maintenance of drainage ways.

The Streets Department maintains streets, controls traffic, trims trees in the City rights-of-way, repairs curbs and gutters, installs and replaces directional marking, and maintains street signage. The Signal Maintenance Department provides efficient maintenance and operation of the traffic signals and illumination lighting within the city.

Engineering designs major improvements to the City’s water, sewer, drainage, and roadway infrastructure as well as assists in the City’s building and permitting processes. New this fiscal year, the Project Engineering division that was previously budgeted in the Water & Sewer Construction Fund moved and merged with the General Fund Engineering division.

Drainage Maintenance $ 781,329
Streets 3,906,639
Signal Maintenance 563,018
Engineering 2,132,121

Public Works Total $7,383,107
General Fund Non-Departmental $4,891,569

Within the General Fund, the Non-Departmental Department provides for transfers between funds for shared operating costs. Also included in the department are any expenses not falling within a single department activity that can be most efficiently handled in the aggregate for the entire General Fund.

Funding has been included in General Fund Non-Departmental for inter-fund transfers, contract services, and payments of the principal and interest for lease-purchase agreements.

| General Fund Non-Departmental                  | $4,891,569 |
| General Fund Non-Departmental Total           | $4,891,569 |
General Fund Revenue Sources
$48,551,501
($47,283,403)

*Other Revenues
Interest on Investments 0.1%
Penalty & Interest 0.2%
Recreational 1.4%
Parks Programs 0.7%
Animal Shelter Fees 0.2%
Unanticipated Revenues 0.1%
Donations 0.1%

Total Other Revenues 2.8%

CITY OF CONROE, TEXAS
General Fund Revenue Sources

The General Fund has a number of revenue sources, the largest of which is Sales Tax. It constitutes 49 percent of all General Fund revenues. Additional sources of revenue include Property Taxes, Gross Receipts Taxes, Other Taxes, Licenses and Permits, Charges For Current Services, Traffic and Criminal Fines, Intergovernmental Revenue, and Other Revenue.

The tax roll of the City of Conroe continues to grow, increasing by 10.2% percent from FY 2011-2012. The July 25, 2012, Certified Tax Roll of $4,002,688,279 marks an increase of $371,730,369 over the previous year’s certified roll on July 25.

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>$9,918,519</td>
</tr>
<tr>
<td>Gross Receipts Taxes</td>
<td>5,126,152</td>
</tr>
<tr>
<td>Sales Tax Collections</td>
<td>23,590,403</td>
</tr>
<tr>
<td>Other Taxes</td>
<td>733,158</td>
</tr>
<tr>
<td>Licenses and Permits</td>
<td>1,266,079</td>
</tr>
<tr>
<td>Charges for Current Services</td>
<td>716,969</td>
</tr>
<tr>
<td>Traffic and Criminal Fines</td>
<td>3,415,715</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>1,379,223</td>
</tr>
<tr>
<td>Intergovernmental Revenue</td>
<td>1,137,185</td>
</tr>
<tr>
<td>Transfers In</td>
<td>1,268,098</td>
</tr>
<tr>
<td><strong>General Fund Revenues Total</strong></td>
<td><strong>$48,551,501</strong></td>
</tr>
</tbody>
</table>

In FY 2012-2013, budgeted General Fund expenditures exceed General Fund revenues by $1,042,503 due to one-time capital outlay purchases. Additionally, this fund will maintain a reserve amount equal to 159.6 days (or 43.7%) of the fund’s total expenditures.
Enterprise Funds Expenditures
$26,412,419
($17,962,607)

Enterprise Funds Services

Public Works
$10,026,644

The Utility Billing Department’s mission is to ensure accuracy in the assessment of user charges; maintain professional and responsive service; answer customer inquiries; and provide accurate and timely billings through progressive and innovative systems. It also strives to ensure accurate and efficient data collection of water and sewer usage, as well as to provide timely water meter installations and repair.

Public Works Administration is responsible for managing resources dedicated to the provision of water utilities and maintaining streets and drainage. This department assists in the engineering design standards and construction criteria for many programs required by State and Federal law. The department also updates all permits and plans the water distribution emergency response plan.

The Water Conservation department is responsible for developing water conservation strategies and methods. It also updates the Drought Contingency Plan, monitors water saved by Stage 2 restrictions, and educates utility customers through conservation meetings and marketing materials.

The Water Department provides the installation of large meter service and lines to residential and commercial customers. The department participates in relocating lines, repairing broken lines, replacing faulty meters, and constructing new lines.

The Waste Water Treatment Plant treats and discharges up to 10 million gallons of treated wastewater. Staff also handles the Industrial Pretreatment program by issuing permits to industrial users within the city limits and monitoring their discharge through monthly reports and inspections.

The Sewer Department performs sewer line maintenance and installation services to residential and commercial customers by utilizing resources dedicated to preventive maintenance and repair of utility infrastructure.

CITY OF CONROE, TEXAS
The Pump & Motor Maintenance Department maintains lift stations, water wells, the wastewater treatment plant, city facilities, and downtown lighting.

The Project Construction Department is responsible for the major construction of water and sewer lines that provide safe distribution of water and wastewater service to the citizens of Conroe by utilizing resources dedicated to the preventive maintenance and repair of utility infrastructure.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility Billing</td>
<td>$836,679</td>
</tr>
<tr>
<td>Public Works Administration</td>
<td>894,900</td>
</tr>
<tr>
<td>Water Conservation</td>
<td>130,808</td>
</tr>
<tr>
<td>Water</td>
<td>3,819,027</td>
</tr>
<tr>
<td>Waste Water Treatment Plant</td>
<td>1,832,344</td>
</tr>
<tr>
<td>Sewer</td>
<td>1,639,456</td>
</tr>
<tr>
<td>Pump &amp; Motor Maintenance</td>
<td>873,430</td>
</tr>
<tr>
<td>Public Works Total</td>
<td>$10,026,644</td>
</tr>
</tbody>
</table>

W&S Operating Fund Non-Departmental $16,385,775

The Water & Sewer Non-Departmental Department provides for transfers to the General Fund, Revenue Debt Service Fund, Conroe Tower Fund, and the Water & Sewer Vehicle and Equipment Replacement Fund. Also included in the department are any expenses that do not fall within a single department activity that can be most efficiently handled in the aggregate for the entire Water & Sewer Operating Fund. Additionally, the San Jacinto River Authority surface water conversion expenses are budgeted out of this department.

Water & Sewer Operating Fund Non-Departmental $16,385,775

W&S Operating Fund Non-Departmental Total $16,385,775
Enterprise Funds Revenues
$24,610,907
($24,610,907)

*Other Revenues
Interest on Investments 0.0%
Penalty & Interest 1.0%
Capital Recovery Fee 0.5%
Unanticipated Rev. 0.1%
Short & Over 0.0%
Interest-Other 0.0%
Recovery of Bad Debts 0.0%

1.6%
Enterprise Funds Revenue Sources

The Enterprise Funds have a variety of revenue sources, the most notable of which are Water Sales and Sewer Charges. Water Sales constitute 43 percent of all Enterprise Funds revenues, while Sewer Charges constitute 31 percent. Additionally, the City recovers a Surface Water Fee that offsets expenses related to the surface water conversion agreement with the San Jacinto River Authority. The Surface Water Fee constitutes 21 percent of revenues. Other sources of revenue that support the Enterprise Funds are Water and Sewer Tap Fees, Groundwater Conservation Fee, Reconnection Charges, Pretreatment Fees, Interest Income, and Other Revenues.

Enterprise Funds revenues are anticipated to increase. The FY 2012-2013 budget includes a water and sewer rate increase. Additionally, water bills will reflect a pass through of a fee charged to the City by the Lone Star Ground Water Conservation District. Proposed revenues for FY 2012-2013 assume an overall growth of 14.5 percent over FY 2011-2012 projections.

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Sales</td>
<td>$10,535,113</td>
</tr>
<tr>
<td>Groundwater Conservation Fee</td>
<td>186,699</td>
</tr>
<tr>
<td>Sewer Charges</td>
<td>7,692,629</td>
</tr>
<tr>
<td>Surface Water Fee</td>
<td>5,056,064</td>
</tr>
<tr>
<td>Water Taps</td>
<td>317,623</td>
</tr>
<tr>
<td>Sewer Taps</td>
<td>39,330</td>
</tr>
<tr>
<td>Reconnects</td>
<td>89,530</td>
</tr>
<tr>
<td>Service Charges</td>
<td>59,591</td>
</tr>
<tr>
<td>Pretreatment Fees</td>
<td>234,647</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>399,681</td>
</tr>
<tr>
<td><strong>Enterprise Funds Revenue Total</strong></td>
<td><strong>$24,610,907</strong></td>
</tr>
</tbody>
</table>
The General Obligation (G.O.) Debt Service Fund was established to account for the payment of principal and interest on outstanding tax supported debt. When this debt was issued, property taxes were pledged to repay the bondholders. Its primary revenue source, therefore, is property taxes.

A transfer in from the Tax Increment Reinvestment Zone (TIRZ) #3 Fund is also made for bonds that were sold to benefit that zone. This TIRZ was established to fund regional roadway improvements in the City. The City and the County both dedicate a portion of the taxes received from property value growth in the TIRZ, which is used to pay the principal and interest of the bonds. The bond proceeds have been used to widen and improve portions of League Line Road, Longmire Road, First Street, Ed Kharbat Drive, Crighton Road, and Gladstell Road. As additional growth occurs in the TIRZ, more bonds will be sold for additional improvements.

An additional transfer in is made from the Conroe Industrial Development Corporation (CIDC) Fund. This transfer covers the principal and interest costs for bonds that were issued to make improvements to the park system. The CIDC fund is made up of revenues from a 1/2-cent sales tax for economic development. These park improvements qualify as permissible projects for this particular sales tax.

<table>
<thead>
<tr>
<th>2012-2013 G.O. Debt Service Expenditures:</th>
<th>$10,011,330</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-2013 G.O. Debt Service Revenues:</td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>$ 6,794,323</td>
</tr>
<tr>
<td>Transfer In</td>
<td>4,068,012</td>
</tr>
<tr>
<td>Interest Revenue</td>
<td>13,657</td>
</tr>
<tr>
<td>G.O. Debt Services Revenues Total</td>
<td>$10,875,992</td>
</tr>
</tbody>
</table>
Water & Sewer Debt Service Fund
$4,655,057

The Water & Sewer Debt Service Fund provides the funds necessary to retire the outstanding revenue-supported debt of the city. Debt in this category consists of revenue-supported bonds that are used to pay the cost of improvements to the city’s water and wastewater system, and it is repaid with revenues collected from utility customers.

The outstanding revenue bonds were issued with a pledge to repay bondholders from water and sewer revenues. The payments on these bonds are accounted for in this fund. Its main source of revenue is an annual transfer of money from the Water & Sewer Operating Fund. An additional transfer in will be made this year from the Conroe Industrial Development Corporation (CIDC) Fund. This transfer will cover the principal and interest costs for the water well that was constructed in the Conroe Park North Industrial Park.

| 2012-2013 W&S Debt Service Expenditures: | $4,655,057 |
| 2012-2013 W&S Debt Service Revenues: | |
| Transfer In | $4,655,057 |
| Interest Revenue | 0 |
| Utility Debt Service Revenues Total | $4,655,057 |
The Conroe Industrial Development Corporation (CIDC) Debt Service Fund provides the funds necessary to retire the outstanding sales tax-supported debt of the city. Debt in this category is repaid with the ½-cent sales tax for economic development.

There are five bond issues in the CIDC Debt Service Fund. Bonds issued in 1997 are for the construction of the west side sewer trunk main, additional sewer projects, and a police station. The bond series issued in 1999 was used to acquire and improve property to be used for the development of the Conroe Park North Industrial Park important to the economic growth and development of the City.

The bond series issued in 2008 was used to acquire additional property to expand the Conroe Park North Industrial Park.

The bond series issued in 2011 was used to install streets, water, sewer, and drainage infrastructure in the industrial park as well as purchase land for the new Deison Technology Park. The bonds issued in 2012 were used to install infrastructure in the technology park. Its main source of revenue is a transfer from the CIDC Revenue Clearing Fund.

<table>
<thead>
<tr>
<th>2012-2013 CIDC Debt Service Expenditures:</th>
<th>$4,593,805</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-2013 CIDC Debt Service Revenues:</td>
<td></td>
</tr>
<tr>
<td>Transfer In</td>
<td>$4,593,805</td>
</tr>
<tr>
<td>CIDC Debt Service Revenues Total</td>
<td>$4,593,805</td>
</tr>
</tbody>
</table>
Other Funds Expenditures
$25,426,462
($15,249,927)
Other Funds

Vehicle & Equipment Replacement Fund $1,842,394

The Vehicle and Equipment Replacement Fund accounts for revenues and expenses that are used to purchase replacement City vehicles and equipment for the City’s general government funds. Revenue to the fund includes a transfer in from the General, Conroe Tower, Service Center, and OJJCC Funds.

Vehicle & Equipment Replacement Fund $1,842,394
Vehicle & Equipment Replacement Fund Total $1,842,394

W&S Vehicle & Equipment Replacement Fund $604,500

The Water & Sewer (W&S) Vehicle and Equipment Replacement Fund accounts for revenues and expenses that are used to purchase replacement City vehicles and equipment that are used in the water and sewer enterprise funds. Revenue to the fund is from a transfer in from the Water & Sewer Operating Fund.

W&S Vehicle & Equipment Replacement Fund $604,500
W&S Vehicle & Equipment Replacement Total $604,500

CIDC General Fund $3,988,784

In 1994, Conroe voters adopted a ½ cent sales tax for economic development. The money is controlled by a non-profit entity known as the Conroe Industrial Development Corporation (CIDC). The CIDC has a funding structure that includes three funds: CIDC Revenue Clearing, CIDC Debt Service, and CIDC General Fund.

The CIDC General Fund includes expenditures for economic development. The CIDC acts to promote economic development in the

CITY OF CONROE, TEXAS
FY 2012-2013 BUDGET-IN-BRIEF

City of Conroe and market the Conroe Park North Industrial Park and Deison Technology Park. Previously these services were overseen by the Greater-Conroe Economic Development Corporation; however, this fiscal year, these services are now handled by City staff budgeted in the CIDC General Fund.

The budget also includes a transfer out to the General Obligation Debt Service Fund for the payment of principal and interest costs for bonds issued to benefit the parks system, as well as a transfer out to the Water & Sewer Debt Service Fund for the payment of principal and interest costs for the water well constructed in the Conroe Park North Industrial Park.

CIDC General Fund $3,988,784
CIDC General Fund Total $3,988,784

CIDC Revenue Clearing Fund $7,863,468
The CIDC Revenue Clearing Fund was established as a pledge to creditors who purchased the bonds issued by the CIDC. The fund assures bondholders that the appropriate funding amount is withdrawn from the clearing fund each month and deposited into the debt service fund.

CIDC Revenue Clearing Fund $7,863,468
CIDC Revenue Clearing Fund Total $7,863,468

Hotel Occupancy Tax (HOT) Fund $523,986
The HOT Fund accounts for revenues and expenses that are derived from a 7% hotel occupancy tax that must be used to promote the tourism and convention industry. Expenditures support the Conroe Convention and Visitors Bureau (CVB).

Hotel Occupancy Tax (HOT) Fund $523,986
Hotel Occupancy Tax (HOT) Fund Total $523,986

CITY OF CONROE, TEXAS
CDBG Entitlement Fund $552,616

The Community Development Block Grant (CDBG) Entitlement Fund was established to account for the annual payment the city receives from the US Department of Housing and Urban Development for participation in the CDBG program. CDBG funds can be used to improve areas of a community that are populated with families that earn a low to moderate income.

<table>
<thead>
<tr>
<th>Account</th>
<th>Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDBG Entitlement Fund</td>
<td>$552,616</td>
</tr>
<tr>
<td><strong>CDBG Entitlement Fund Total</strong></td>
<td><strong>$552,616</strong></td>
</tr>
</tbody>
</table>

Conroe Tower Fund $474,472

The Conroe Tower Fund was established to account for the rental income and expenses of operating the Conroe Tower. Approximately 15,000 square feet of excess space in the Tower is leased to private businesses. The fund also receives transfers from the General Fund and the Water and Sewer Operating Fund in lieu of rental payments.

<table>
<thead>
<tr>
<th>Account</th>
<th>Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conroe Tower Fund</td>
<td>$474,472</td>
</tr>
<tr>
<td><strong>Conroe Tower Fund Total</strong></td>
<td><strong>$474,472</strong></td>
</tr>
</tbody>
</table>

Service Center Fund $1,235,659

The Service Center Fund was established to account for revenues and expenditures associated with the City of Conroe Service Center. The Service Center manages the service and maintenance of the City of Conroe and other local government fleets. The Service Center performs vehicle and equipment repairs, maintenance, acquisition, and disposal. New this fiscal year, a new Fleet Technician position was added due to growing demand.

<table>
<thead>
<tr>
<th>Account</th>
<th>Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Center Fund</td>
<td>$1,235,659</td>
</tr>
<tr>
<td><strong>Service Center Fund Total</strong></td>
<td><strong>$1,235,659</strong></td>
</tr>
</tbody>
</table>
The Oscar Johnson, Jr. Community Center (OJJCC) Fund was established to account for revenues and expenditures associated with the Oscar Johnson, Jr. Community Center. The center, which is located on 2.5 acres south of downtown, offers recognized after-school programs and summer day camps for children. It also offers adult education classes, special events, seasonal swimming, outdoor basketball courts, and community service opportunities for teens.

The Self-Funded Insurance Fund was established to account for revenues and expenses related to employee health, dental, and vision insurance coverage. Revenues include employee health, dental, and vision premiums, and expenses include health, dental, and vision claims as well as administration costs.
Capital Improvement Program

Expenditures

$61,627,961

Capital Improvement Program

The Capital Improvement Program (CIP) provides funding for streets, signals, facilities, parks, and drainage in the General Government CIP as well as projects for water and wastewater improvements in the Water and Sewer CIP. These capital assets are of significant value and have
a useful life of twenty years or more. The CIDC CIP includes improvements to the Conroe Park North Industrial Park and Deison Technology Park.

The 2012-2013 Capital Improvement Program is $61,627,961, which includes projects that are currently in progress. Of this amount, 37% are for General Government improvements, 44% are for Water & Sewer improvements, 16% are for CIDC Industrial and Technology Park projects, and 3% are for other expenditures such as TIRZ #3 payments.

Major projects in these programs include:

Streets
- Frazier Street Sidewalk Rehabilitation
- Dugan Area Rehabilitation
- Drennan Road West
- Plantation Drive North
- Drennan Road East
- Wilson Road Widening – IH-45 to Longmire
- Plantation Drive South
- Pedestrian Access & Transit Improvements
- Anderson Crossing/Teas Park Drive
- Crighton Road
- Longmire Road – Phase III
- Crighton Road Bridge
- Wilson Road Widening – IH-45 to Frazier
- FM 3083 Grade Separation

Signals
- Signal Timing Program

Parks
- IH-45 Detention Pond Enhancements
- Forest Lake Park

Drainage
- Storm Sewer – East Grand Lake Creek
- Crighton Ridge – Phase II
- Yates Street
- Live Oak Creek (SH 105 to Greenway)
FY 2012-2013 BUDGET-IN-BRIEF

- Post Oak/Bowman/Austin Area
- East Forest Way Bridge
- West Fork Detention (McDade)
- Plantation Dr./West Fork/W. Alligator

Water
- Panorama/Shenandoah/Catahoula Well
- Water Well No. 24
- Plantation South
- Drennan Road West
- Forest Lake Drive (Anderson Crossing)
- Plantation North
- Water Well No. 23 & Storage Tank
- White Oak Manor

Sewer
- Sanitary Sewer Overflow Initiative (SSOI) Program
- Existing Plant Rehab – Phase II
- Land for New WW Treatment Plant – Phase III
- Construction of New WW Treatment Plant – Phase IV
- LaSalle to League Line Sewer Line
- Teaswood Lift Station Removal
- Plantation Drive South Sewerline
- Live Oak Creek (SSOI)
- White Oak Creek (SSOI)
- White Oak Ph. 4
- Forest Lake Drive (Anderson Crossing)
- South Sewer Trunk Rehab
- Pebble Glen on Lake Conroe
- Longmire Point Subdivision on Lake Conroe
- SCADA for Lift Stations

Other
- CIDC Conroe Park North Industrial Park
- CIDC Deison Technology Park
- Tax Increment Reinvestment Zone #2
- Tax Increment Reinvestment Zone #3

CITY OF CONROE, TEXAS
FY 2012-2013 BUDGET-IN-BRIEF

FY 2012-2013
Budget Preparation Calendar

February
• Budget Kickoff

March
• Operating & CIP Budget submissions due to Finance

April
• Technical reviews of budget submissions
• Budget submittal meetings with City Administrator

May
• Operating & CIP Budget meetings with City Administrator
• Preliminary Appraisal Roll due from Montgomery County Central Appraisal District (MCAD)

June
• Budget meetings with City Administrator
• Mayor, City Administrator, Director of Finance & Administration, and Asst. Finance Director meet to discuss proposed budget

July
• Council Retreat
• Proposed Budget submitted to the City Council, placed on file with the City Secretary, & posted on City website
• Chief Appraiser certifies the appraisal roll
August
- Submission of Effective and Rollback Tax Rates
- Vote to consider a tax increase (if needed)
- Submission of Certified Collection Rate
- First public hearing on a tax increase (if needed)
- Public hearing on the budget
- Second public hearing on a tax increase (if needed)
- Vote to ratify the property tax increase
- City Council adopts the FY 2012-2013 Annual Budget
- City Council adopts the FY 2012-2013 Annual Tax Rate
- City Council adopts the FY 2012-2013 Capital Improvement Program

October
- Fiscal year 2012-2013 begins
City of Conroe Profile

2012 Population 56,243
   Source: City of Conroe

Square Miles 55.7
   Source: City of Conroe

City Government Information
   Form of Government Council-Administrator
   Number of Full-time City Employees 492
   Citizens Per Employee 114.3
   Source: City of Conroe

Taxation Information
   Property Tax Rate $0.4200 per $100 Assessed Value
   Total Taxable Value $4,002,688,279
   Taxable Value Per Capita $71,168
   Percent Increase in Property Tax Roll
     From FY 2011-2012 to FY 2012-2013 10.2%
   Source: Montgomery Central Appraisal District
   Sales Tax Revenue (FY 2010-2011) $30,636,630
   Source: Texas Comptroller of Public Accounts

City Debt Information
   FY 2012-2013:
     Net Bonded Debt $102,766,661
     Debt Per Capita $1,827
     Debt as a Percent of Tax Base 2.7%
   Source: City of Conroe

Climatological Summary
   Annual Average Temperature (Daily Mean) 67.1°F
   Average Annual Rainfall 51 Inches
   Source: Conroe Convention and Visitors Bureau
City of Conroe Profile

Transportation
Lone Star Executive Airport
Distance: 0.0 miles (located inside city limits)
Address: 10260 Carl Pickering Memorial Drive
Building 11A
Conroe, TX 77303
Website: www.lonestarexecutiveairport.org
Source: Montgomery County

George Bush Intercontinental Airport
Distance: 33.5 miles
Address: 2800 North Terminal Road
Houston, TX 77032
Website: www.fly2houston.com
Source: Houston Airport System

Greater Conroe/Lake Conroe Area Chamber of Commerce
505 West Davis
Conroe, TX 77301
Phone: (936) 756-6644
www.conroe.org

Conroe Convention & Visitors Bureau
505 West Davis
Conroe, TX 77301
Phone: (936) 522-3000
www.conroecvb.net

For additional copies contact:

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300 West Davis
Conroe, Texas 77301
(936) 522-3040
Or on the Internet at www.cityofconroe.org