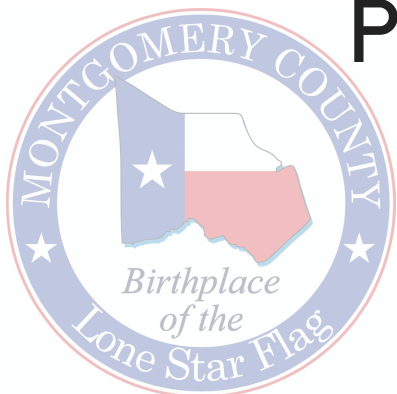


Montgomery County, Texas



PAFR

Popular Annual Financial Report For Fiscal Year Ending September 30, 2017



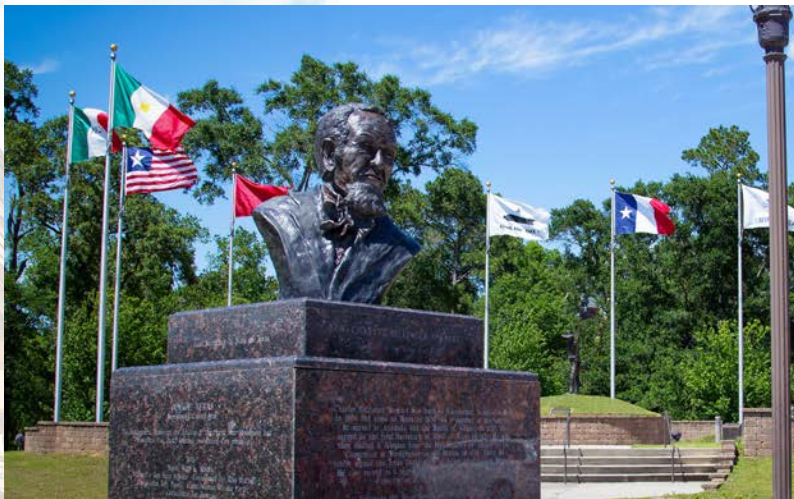
The mission of Montgomery County is to maintain the integrity of county government while managing available resources efficiently to effectively and equitably provide the services that are required by law and public mandate.

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Images on the front and back cover were taken by The Montgomery County Auditor's Office.

Images of Montgomery County on the Table of Contents were used with permission from The Conroe Visitors Bureau at PlayinConroe.com



A LETTER FROM THE COUNTY AUDITOR

*501 N. Thompson Suite 205
Conroe, Texas 77301*

Dear Citizens,

Montgomery County is very proud to bring you our very first Popular Annual Financial Report (PAFR). We are always striving to improve our financial transparency as part of an ongoing effort to provide our citizens with a better understanding of how their government operates.

I am pleased to present to you this PAFR for fiscal year ending September 30, 2017. In the pages following you will find a summary of Montgomery County's Organization as a whole, interesting facts and statistics, as well as an overview of the County financially.

The information provided in this publication is derived from our Comprehensive Annual Financial Report (CAFR) that follows Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Auditing and Financial Reporting (GAAFR) standards. The PAFR, being an unaudited report, is neither a substitute nor a replacement for our CAFR. It is merely a tool to be used in gaining further insight into your county government.

It is my hope you find value in this report as we anticipate it becoming pivotal in our budget and reporting processes. Additionally, I welcome any questions, comments, or concerns as well as any constructive feedback to be directed to my office so that we can provide a more interactive and even more relatable PAFR in the future.

Respectfully Submitted,

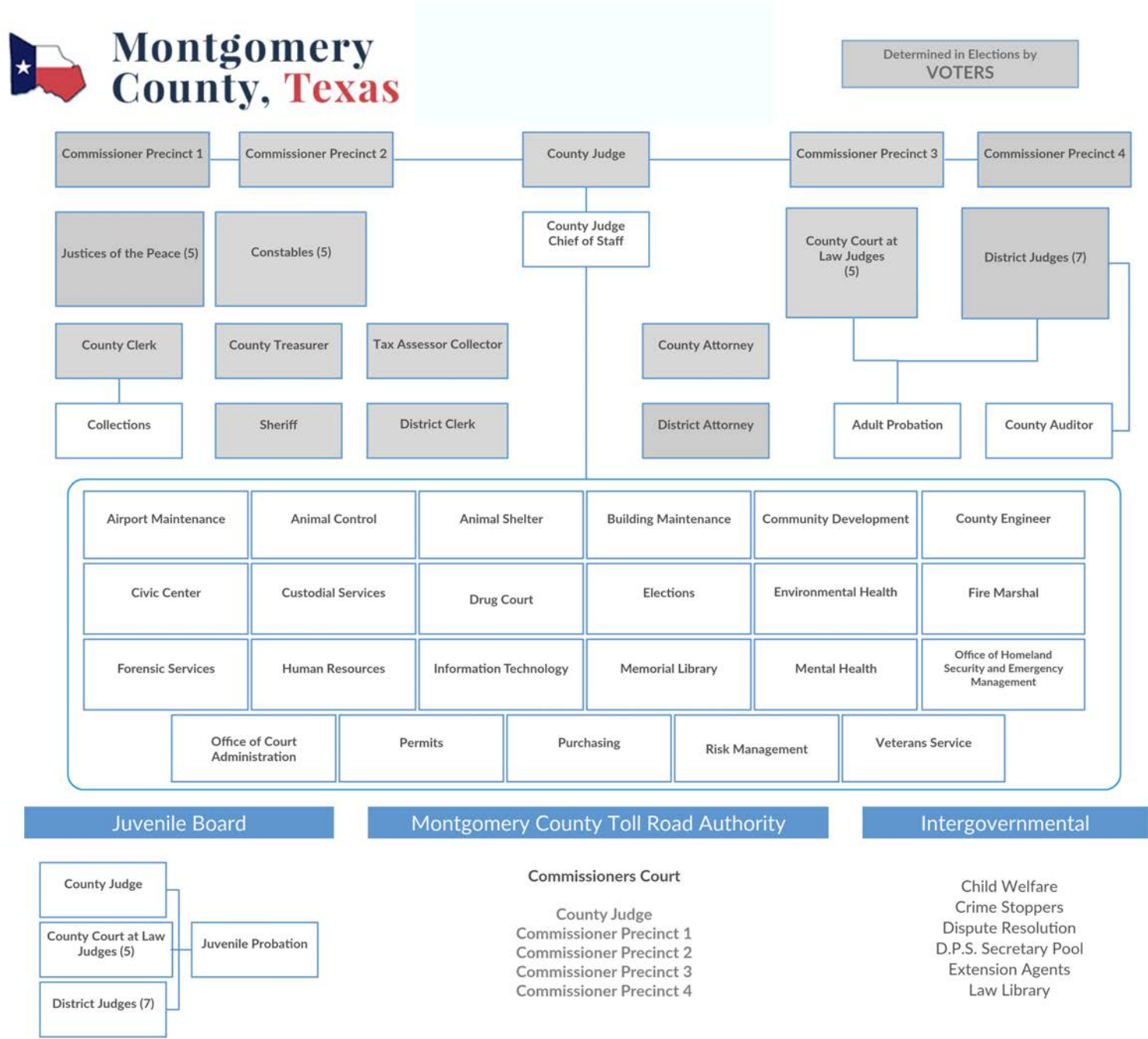
Phyllis L. Martin
Montgomery County Auditor



EMAIL: PHYLLIS.MARTIN@MCTX.ORG
PH: 936.539.7820 | WEB: [HTTP://WWW.MCTX.ORG](http://WWW.MCTX.ORG)

For a copy our Comprehensive Annual Report (CAFR) for this year or any year dating back to 2007 digitally, please scan the QR code above to be taken to our financial transparency page. If you would prefer a hard copy please contact our office for further assistance.

ORGANIZATION CHART

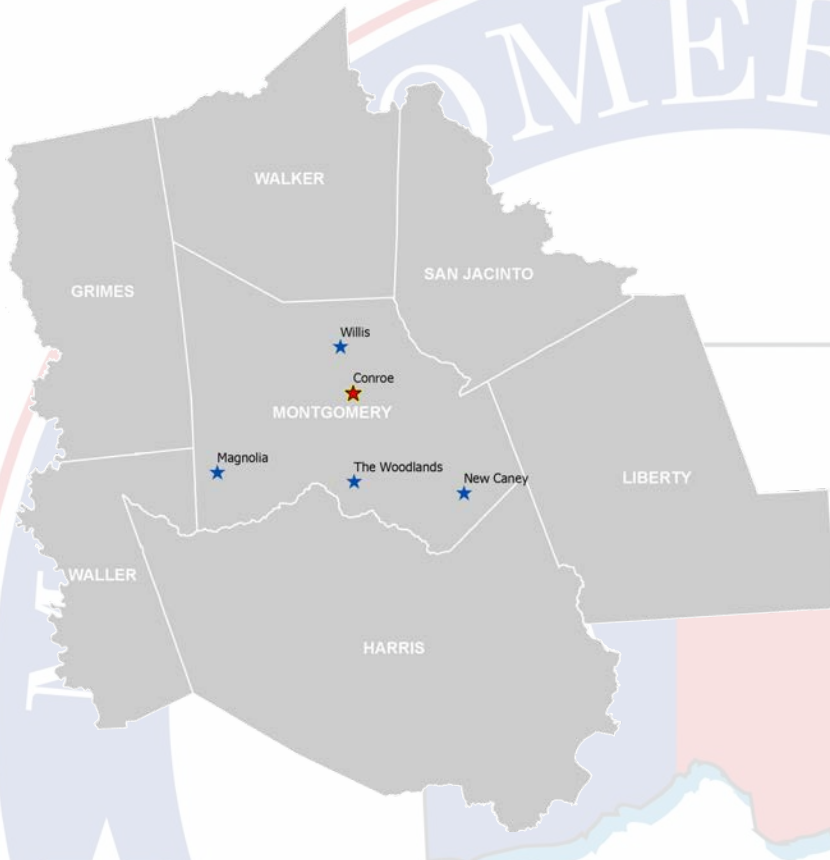


Montgomery County is made up of both elected and appointed officials that make day to day decisions. Most departments fall under the umbrella of the Commissioner's Court, and must receive approval before any major changes can be made throughout the year.

The voters are the driving force for everything that we do in Montgomery County. For this reason, we like to include our citizens in all aspects of County business. From having open door policies with department heads to being able to speak at our Commissioner Court meetings, we love hearing from the people. Our citizens are our eyes and ears throughout the County, and we know we can rely on them to tell us when there is a matter that requires further attention.



Montgomery County



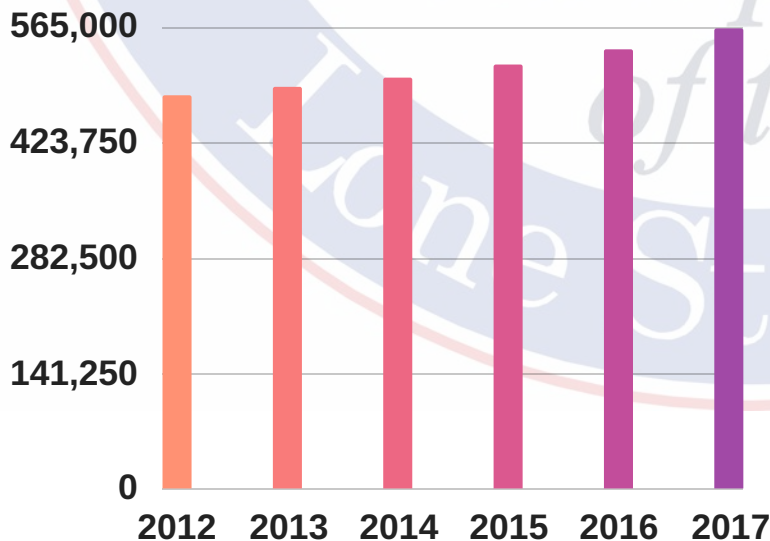
County map image provided by Montgomery County Geographic Information Systems

Established in 1837, Montgomery County is currently the 11th most populated county in Texas. Our county seat, Conroe, Texas is the fastest growing large city (with a population of 50,000 or more) in the U.S. according to the Census Bureau. With so much growth from expanding businesses, new projects, new developments, and transfers, it's no wonder why we are seeing a massive explosion in our population.

Located just 50 Miles north of downtown Houston and only 32 Miles from the George Bush Intercontinental Airport, Montgomery County has become a place where our citizens can be close enough to the big city for events, but far enough from it to still enjoy the beautiful, peaceful countryside.

Most of the information provided on pages 3 through 8 of this PAFR have been extracted from the statistical section of our CAFR document.

POPULATION



PRINCIPAL TAX PAYERS

(In descending order)

ANADARKO REALTY COMPANY
 ENTERGY TEXAS INC
 WAL-MART REAL ESTATE BUS TRUST
 MCKESSON CORPORATION
 KINGWOOD MEDICAL PLAZA LTD
 THE WOODLANDS MALL ASSOCIATES
 WOODLANDS LAND DEVELOPMENT LP
 IMI MARKET STREET LLC
 CLPF WATERWAY PLAZA
 CONROE HOSPITAL CORPORATION

PRINCIPAL EMPLOYERS

(In descending order)

- CONROE INDEPENDENT SCHOOL DISTRICT
- ANADARKO PETROLEUM
- MEMORIAL HERMANN - THE WOODLANDS HOSPITAL
- MONTGOMERY COUNTY, TEXAS
- NEW CANEY INDEPENDENT SCHOOL DISTRICT
- AON HEWITT
- EXXONMOBIL
- MAGNOLIA INDEPENDENT SCHOOL DISTRICT
- CHI ST. LUKE'S THE WOODLANDS HOSPITAL
- LONE STAR COLLEGE SYSTEM



Credit Ratings

Aaa

Moody's Corporation

AA+

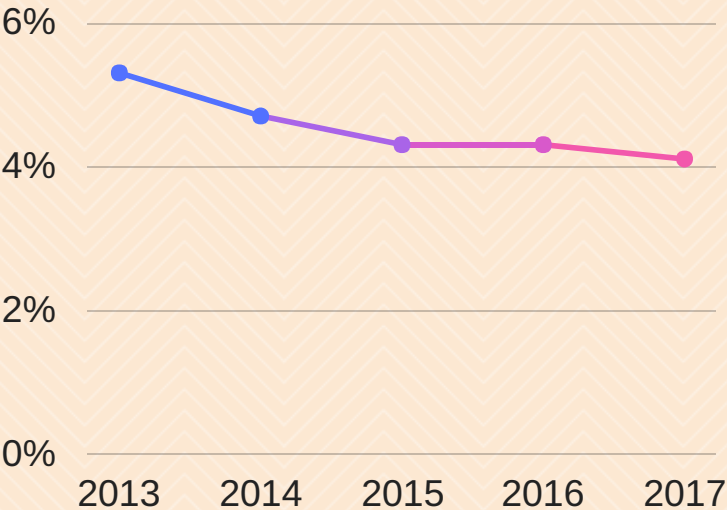
Standard & Poor's

Global Ratings

Despite having dramatic increases in our population over the last 5 years, we have seen a continuing trend for unemployment rates decreasing to 4.1%. This is mostly due to growth from new positions being created throughout the county. We have seen numerous manufacturing plants and facilities open in the now developing Conroe Business Park, located next to our expanding Conroe Regional Airport.

Montgomery County strives toward ever-increasing financial responsibility, only issuing debt or taking on major capital improvements when needed. Thanks to our due diligence, we have an excellent credit rating with both of our credit rating agencies. Over time we hope to maintain our Aaa rating with Moody's and increase our S&P rating to AAA. We are currently planning and budgeting for future growth, making additional budget cuts where needed as well as paying down current debt to get us closer to our long term financial goals.

Unemployment Rates





Montgomery County's Finest **PUBLIC SAFETY**

Montgomery County has had a long standing of putting its citizens first when it comes to public safety. From the Sheriff's Office to all 5 Precinct Constables, there is always someone there to keep a watchful eye on Montgomery County.

Of course, there is more to public safety than just law enforcement. The Fire Marshal, Office of Homeland Security and Emergency Management, as well as Dispatch also play key roles in keeping the citizens of Montgomery County safe from natural disasters and technological hazards that could come from anywhere at anytime.

Our public safety function experienced a growth from the previous year mostly due the continued growth in population size. There were also new and increased amounts in grants the County received. We also now have a more robust police force, as well as increased Fire Marshal cooperation efforts.

The statistics provided on this page give you a brief overview of all we are doing to provide public safety throughout the county.



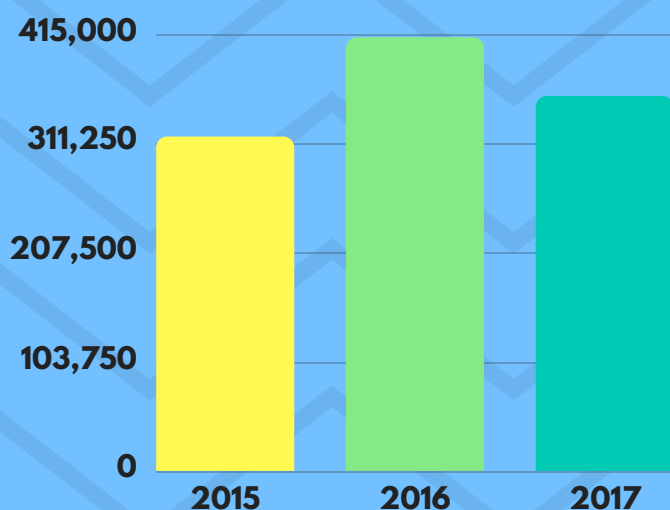
**4,232,396 Total
Miles Patrolled**



**933 Inmates in
County Jail
(Annual Average)**

Calls For Service (Annual)

Sheriff's Office Total



762

Employees in
our Public
Safety Function

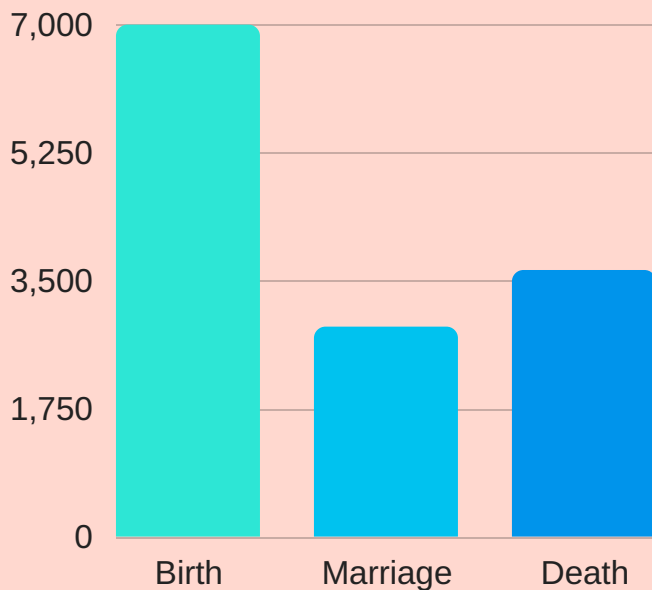
GENERAL GOVERNMENT

There are numerous county departments that work together to provide you with all the necessary services you need everyday. Birth records, marriage licenses, construction permits, and health inspections are just a fraction of what we do for the public on a day to day basis.

COUNTY CLERK

You can obtain copies of birth, death and marriage records at the County Clerk's Office. They also provide services such as DBA's, Civil and Probate Court records, and maintaining the Commissioner Court Minutes.

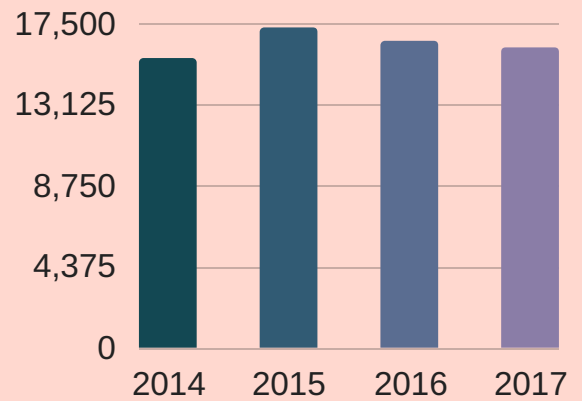
Certificates Issued FY 2017



PERMITS

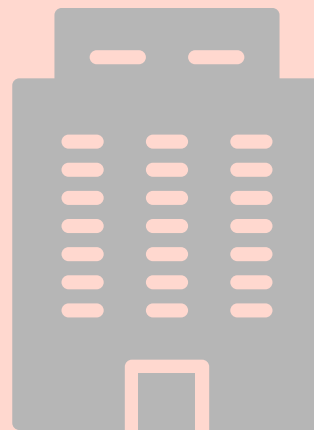
Our newly reorganized permits department can now help with construction, mass gathering, code, storm water, fire, septic and food establishment permits all at the same convenient location.

Health Inspections Performed (Annually)



4,381

Construction permits Issued



49

General Government & Courthouse Buildings

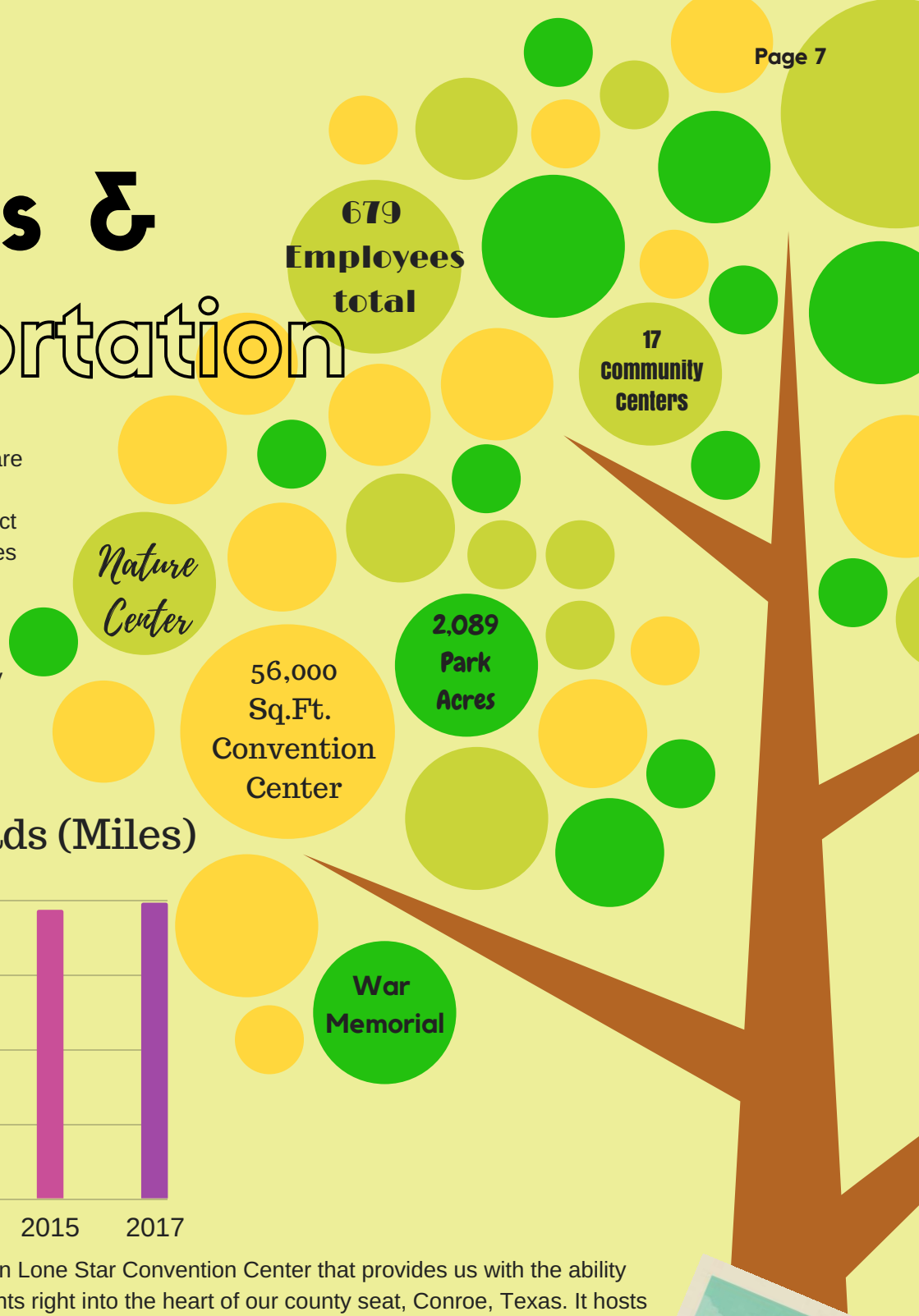
ELECTIONS ADMIN

Elections are an ongoing service provided throughout the year, and our Elections Administration department is consistently working to make sure voters in the county know where to vote and how to register.

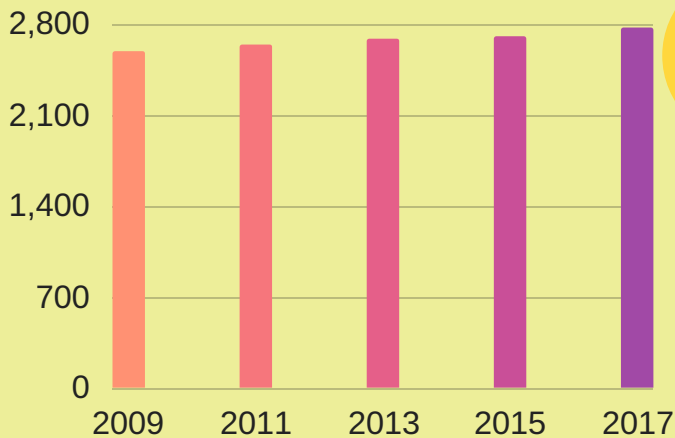
315,946
Registered Voters

Public Facilities & Transportation

Public facilities and transportation are a major component of how the citizens get around and even interact with one another. Roads and bridges are the main source of transport across the county. Parks, nature centers, and war memorials maintained by the county are a way for all to relax and enjoy all the natural wooded beauty we have to offer.



Total County Roads (Miles)



Montgomery County also has its own Lone Star Convention Center that provides us with the ability to bring new talent, shows, and events right into the heart of our county seat, Conroe, Texas. It hosts our annual BBQ Cook off that supports our County Scholarship Program and our Annual Christmas Luncheon that all County employees are welcomed to enjoy every year.



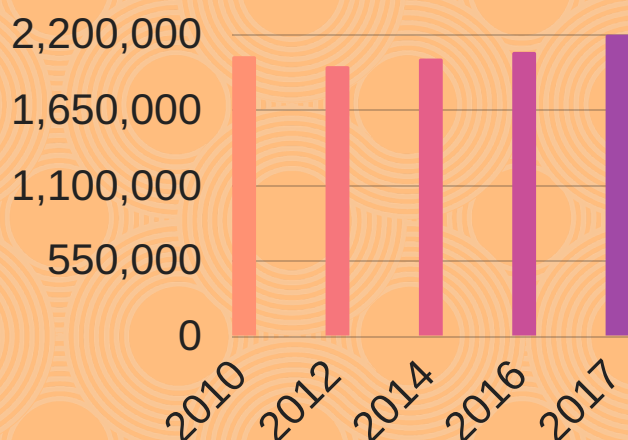
Poster for Lake Conroe provided by PlayinConroe.com



Culture & Recreation

While some might argue that brick and mortar libraries are out of date or are no longer needed, the Montgomery County Memorial Library System is as busy as ever. With an average of 2 million items checked out every year (since 2010), various programs and seminars, self help classes, children's after school programs and book clubs, you will always find something at the library to better yourself and your community.

Items Checked Out (Annually)



141

Employees in
Culture and
Recreation Function

711,777

Total Volumes
in Collection



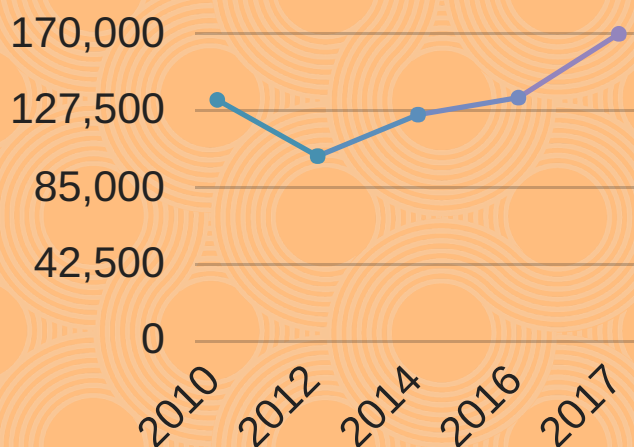
**Did
You
Know?**

Montgomery County Memorial Library System currently has the 3rd largest genealogy collection in a Texas Public Library?

Source: Montgomery County Memorial Library System

Its current mission statement "To be a leading resource for information, education, culture, and recreation..." has been proven over and over again by the libraries' annual attendance and 2017 statistics shown here.

Annual Programs' Attendance





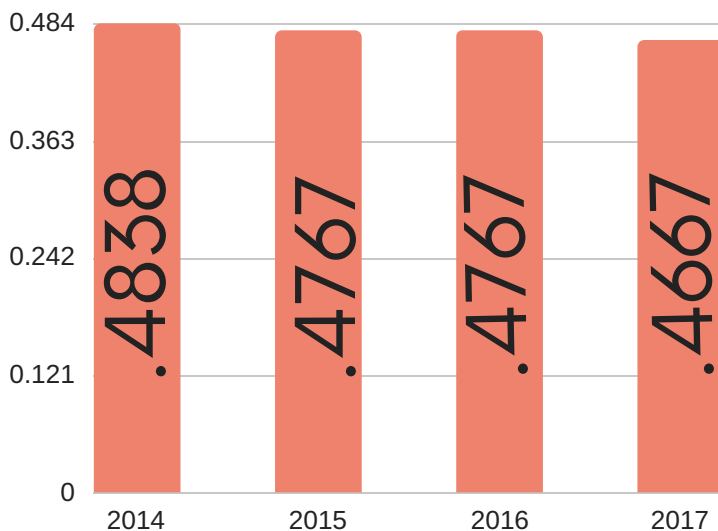
TAX PAYER DOLLARS

All totals shown on this page are subject to rounding

Your tax bill is an integral part of how we function and pay for expenses as a county. In September, the County decides on a tax rate for each of the 3 types of Major Funds (General Fund, Special Revenue Funds, and Debt Service Fund).

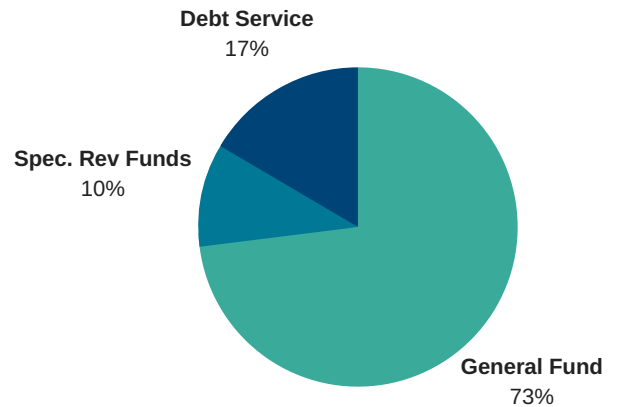
Our **General Fund** accounts for all financial resources that are not restricted to specific purposes or otherwise required to be accounted for in another fund. **Special Revenue Funds** are restricted by law or contractual agreement to specific purposes other than debt service or capital projects. Last, **Debt Service** is a reserve put in place to make interest and principal payments for debt the County owes.

Property Tax Rates (cents per \$100 assessed value)



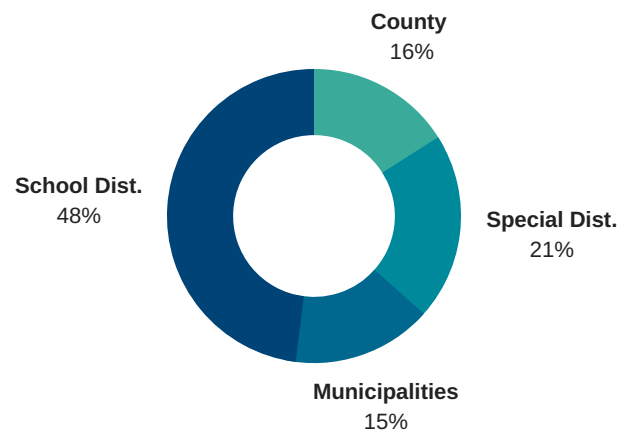
The graph to the right is a breakdown an your average tax bill, and the percentage of your tax bill that each major contributor receives. **School districts** generally make up approximately half of your tax bill. **Special districts** (MUD's, PUD's, Emergency Service Districts, Drainage districts) have the next largest portion of the bill at 21%. The two remaining, and smallest, portions going to both **municipalities** (cities, townships, villages), and the **County** at approximately 15% and 16% respectively. It is a common misconception that the County charges all the taxes as well as receives them. For a more in depth review of the information provided on this page, please refer to pages 194-201 of our CAFR document.

How the County Allocates Funds from Property Tax Collection



Montgomery County, with its financial stability and financial planning strategies, was not only able to lower the tax rate from fiscal year 2014 to 2015, it also carried that same low tax rate into fiscal year 2016. With a continued effort demonstrating economic spending, Montgomery County was once again able to lower the tax rate for fiscal year 2017. Montgomery County has not increased its tax rate in over 10 years. Providing citizens with a more stable or decreasing tax rate indicates that we are providing the same high standard of service throughout the county without having to burden tax payers with higher tax rates for those same services.

Breakdown of Average Tax Bill

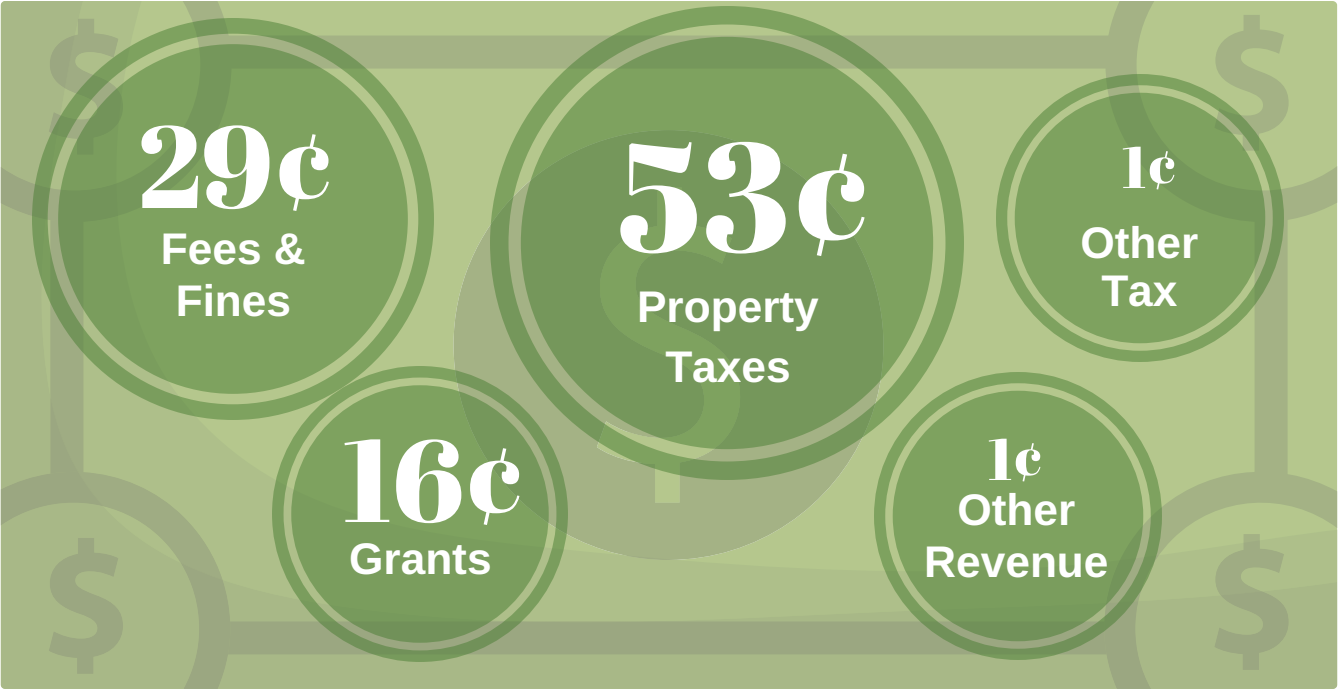


Summarized Statement of Activities

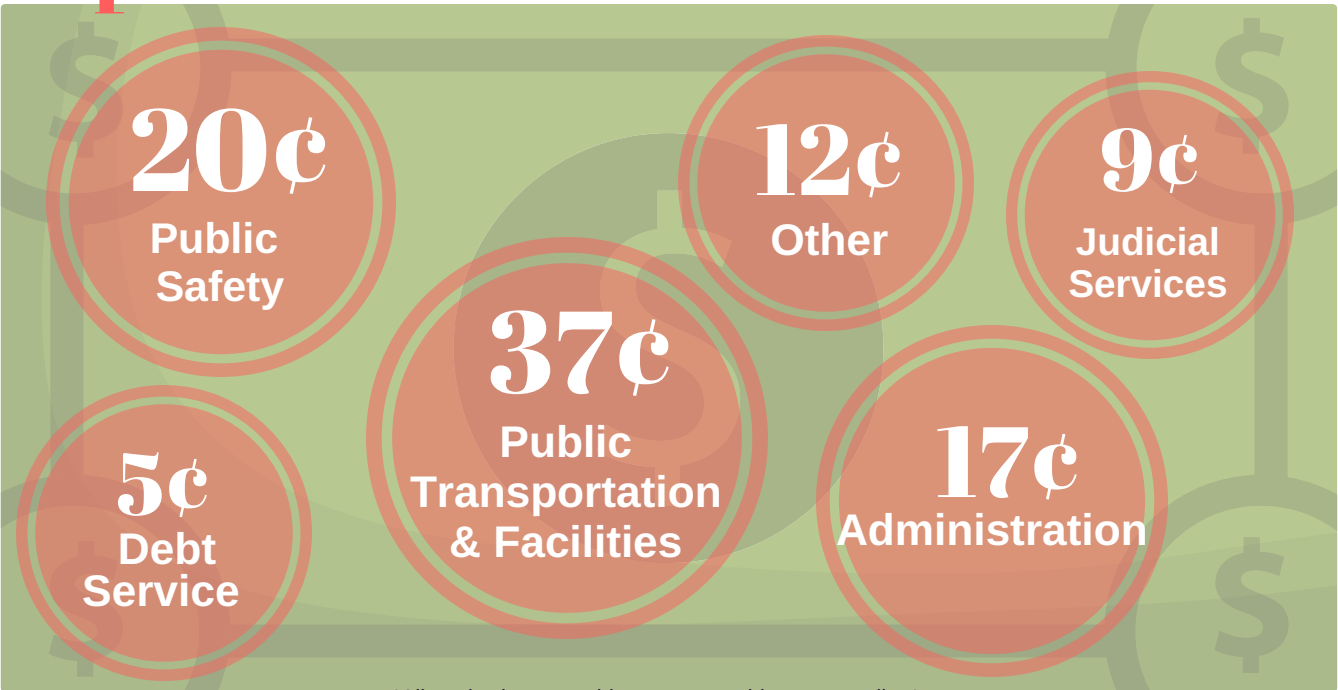
All Governmental Funds

Below on pages 10 and 11 is a breakdown of revenues and expenditures using the combined totals for governmental and business-like activities. Below is the makeup of each county dollar received, as well as how the county spends that same dollar for fiscal year 2017. On page 11, you will find a comparative chart that shows how we compare to the previous fiscal year. Tax payer funds are what drive this County, and it's for this reason that we strive to provide our citizens with the best and most efficient services possible. For the complete breakdown of all revenues and expenditures, including a comparison, you can refer to the Statement of Activities on page 18 of our CAFR document.

Revenues



Expenditures



All totals shown on this page are subject to rounding

Revenues

All totals shown on this page are subject to rounding

Program Revenue—Monies generated by fees, fines, forfeitures, and other charges for county services.

Operating Grants—Federal, State or other types that support the county mission statement rather than specific projects or programs.

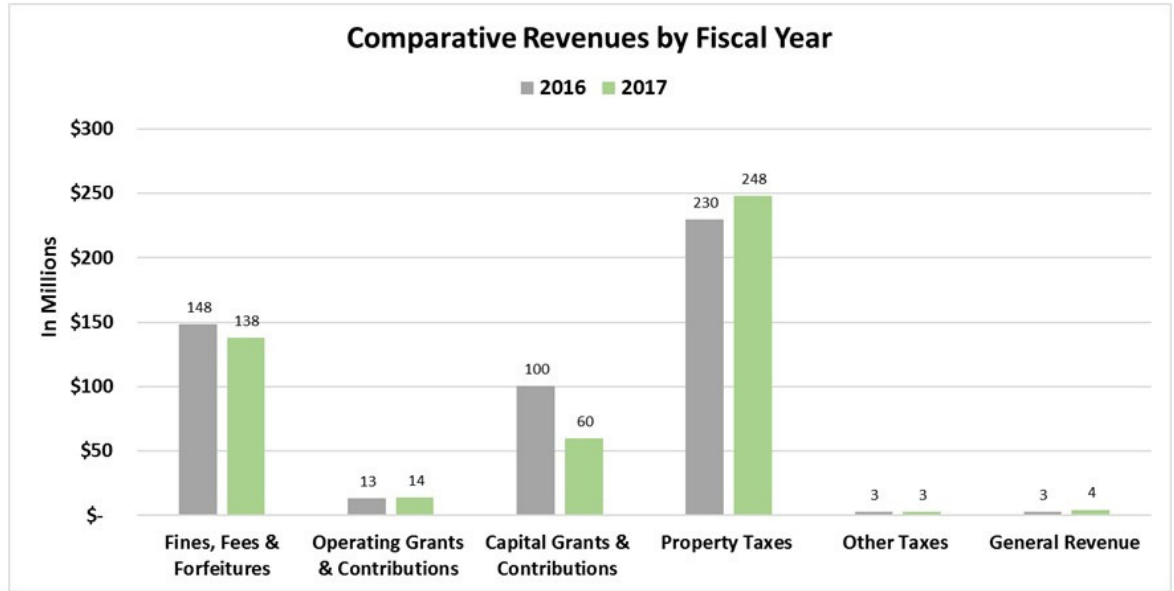
Capital Grants—Types of contribution usually made by governmental bodies or to cover parts or all of the cost of assets.

Property Taxes—The main source for county revenues. This accounts for almost half of the total budget for Montgomery County.

Other Taxes—Other Taxes usually paid for at the Tax Assessor/Collector's Office. (eg. TABC, Parks and Wildlife, Vehicle Registration)

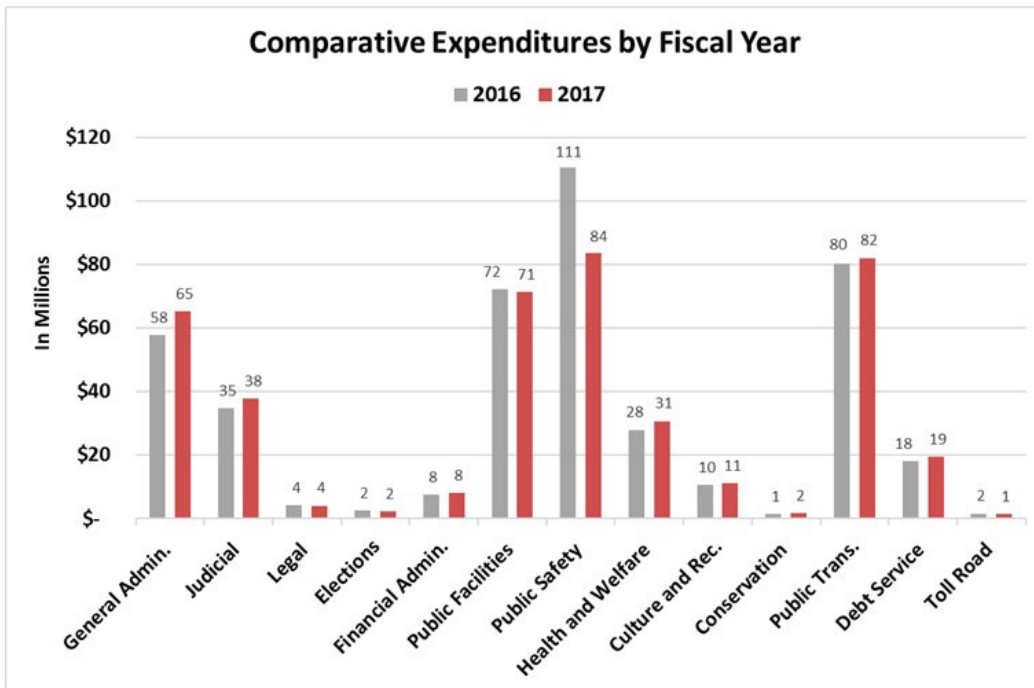
General Revenue— Miscellaneous sources of revenue that do not conform to any of the above.

Comparing revenues from one fiscal year to the other, the two largest contributors are fines, fees, forfeitures and property taxes. This is due to a combination of an influx of new residents buying new homes within the county, and an overall increase in the appraised value of real and personal property by the Montgomery Central Appraisal District (MCAD).



Expenditures

Montgomery County has always kept public safety at the forefront of its planning. Ensuring that everyone has a safe place to live and work is a continuous effort for law enforcement. Public facilities (including the County Jail) and law enforcement have the biggest expenditure budgets after public transportation, demonstrating our determination to put citizens first.



Comparing the last 2 fiscal years, our county has tried to keep expenses to a minimum without losing quality of service to its citizens. However, with the county seat being the fastest growing city in the U.S., there has been an increase annually in the amount the county has had to spend to keep service quality the same. Public Safety, Public Transportation, and Public Facilities still maintain the biggest percentage of our expenditures, showing our continued commitment to our citizens.

NET POSITION

This summary version of the Net Position of Montgomery County is like looking at a snapshot of everything the county owns (assets) and owes (liabilities). The statement of net position is similar to a balance sheet used in private-sector businesses. Increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the county is improving. The full version of this comparative chart can be found on page 17 of our CAFR document while a full breakdown of net position for fiscal year 2017 can be found on page 32.

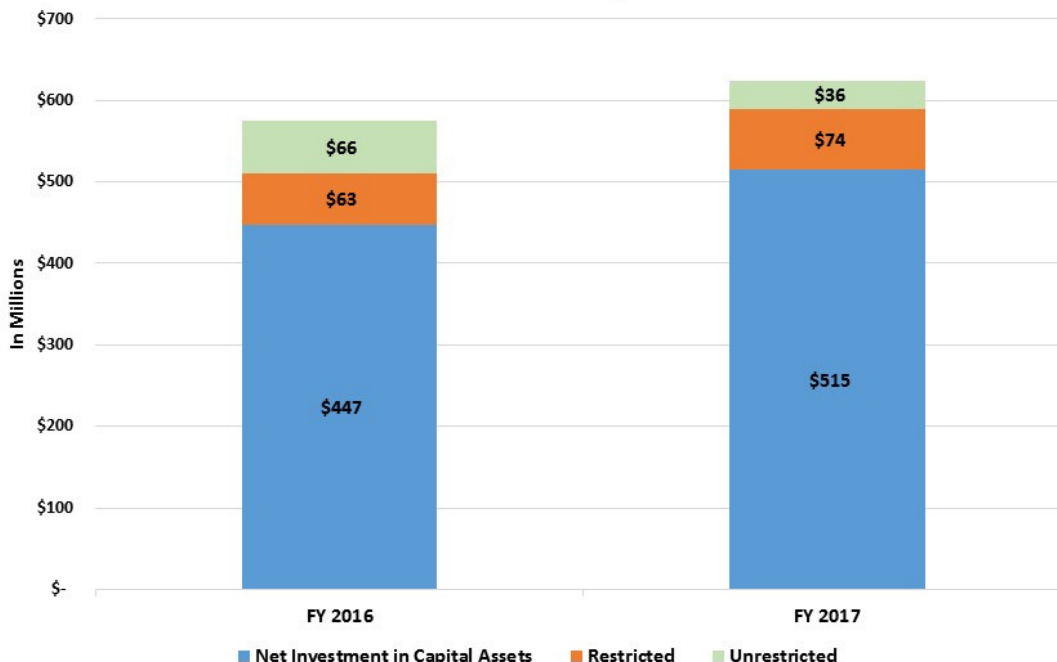
The largest portion of the County's net position reflects its investment of \$514 million in **capital assets**. This includes land, easements, buildings, equipment, intangibles and infrastructure. The County uses these capital assets to provide services to its citizens; and as a result, they cannot be utilized to pay County debt. The portion of net position that is **restricted**, \$73 million, is money that can only be used on items that meet specific requirements. The remaining **unrestricted** portion, \$36 million, can be used for almost any purpose, including paying obligations (debt), purchasing new capital assets, or reinvesting.

Summary Statement of Net Position As of September 30, 2017

Governmental & Business-type Activities		
	FY 2016	FY 2017
+ Assets & Resources		
Current and other assets	\$ 340,705,253	\$ 398,836,296
Capital assets	\$ 820,731,399	\$ 854,669,232
Resources gained in future periods	\$ 64,967,783	\$ 55,584,420
Total Assets & Resources	\$ 1,226,404,435	\$ 1,309,089,948
- Liabilities & Resources		
Long-term liabilities outstanding	\$ 612,687,988	\$ 643,965,832
Other liabilities	\$ 34,840,937	\$ 37,925,998
Resources utilized in future periods	\$ 3,163,441	\$ 2,530,753
Total Liabilities & Resources	\$ 650,692,366	\$ 684,422,583
= Net Position		
Net investment in capital assets	\$ 447,013,634	\$ 514,783,835
Restricted	\$ 63,131,106	\$ 73,859,730
Unrestricted	\$ 65,567,329	\$ 36,023,800
Total Net Position	\$ 575,712,069	\$ 624,667,365

All totals shown on this page are subject to rounding

Net Position Comparison



Our investments in capital assets are continuously growing, meaning we are expanding. This indicator shows we are doing things such as buying new police equipment, and buying or restoring buildings to expand departments. You can see that our total net position is also increasing. This is a good indicator that we are paying down debt in a manner that is allowing us to have more unrestricted revenue to further enhance the county's services to the public. These practices contribute to our current credit ratings' increases.

CONTACT INFORMATION

A complete list of all departments is available
online at www.Mctx.org



County Judge

County Judge

Craig Doyal
501 N. Thompson Suite 401 Conroe, TX 77301
Phone: 936-539-7812 Fax: 936-760-6919

Commissioners

Precinct 1

Commissioner Mike Meador
510 Highway 75 N. Willis, Texas 77378
Phone: 936-539-7815 Fax: 936-539-7874

Precinct 2

Commissioner Charlie Riley
19110 Unity Park Dr. Magnolia, Texas 77355
Phone: 281-259-6492 Fax: 936-760-6945

Precinct 3

Commissioner James Noack
1130 Pruitt Rd. Spring, Texas 77380
Phone: 281-367-3977 Fax: 281-298-7321

Precinct 4

Commissioner Jim Clark
23628 Roberts Rd. New Caney, Texas 77357
Phone: 936-521-8919 Fax: 936-521-8918

Departments

Human Resources

501 N. Thompson Suite 400 Conroe, TX 77301
Phone: 936-539-7886 Fax: 936-788-8396

Risk Management

501 N. Thompson Suite 202 Conroe, TX 77301
Phone: 936-760-6935 Fax: 936-760-6916

Permits

501 N. Thompson Suite 100 Conroe, TX 77301
Phone: 936-539-7836 Fax: 936-538-8155

Tax Assessor/Collector

Tammy J. McRae
400 N. San Jacinto Conroe, TX 77301
Phone: 936-539-7897 Titles: 936-539-7896

County Clerk

Mark Turnbull
210 W. Davis Suite 100 Conroe, TX 77301
Phone: 936-539-7885 Fax: 936-760-6927

District Clerk

Barbara Adamick
301 N. Main Street Conroe, TX 77301
Phone: 936-539-7855 Phone: 281-364-4200

Sheriff

Sheriff

Rand Henderson
1 Criminal Justice Dr. Conroe, TX 77301
Switch Board: 936-760-5871

Constables

Precinct 1

Constable Philip Cash
115 Business Park Dr. Willis, Texas 77378
Phone: 936-539-7821 Fax: 936-856-9408

Precinct 2

Constable Gene Deforest
130 North Main Conroe, Texas 77301
Phone: 936-539-7854 Fax: 936-539-7935

Precinct 3

Constable Ryan Gable
1520 Lake Front Circle Ste 200
The Woodlands, Texas 77301
Phone: 281-364-4211 Fax: 281-465-3504

Precinct 4

Constable Rowdy Hayden
21130 US Hwy 59 Suite C
New Caney, Texas 77301
Phone: 936-521-8985 Fax: 936-521-8984

Precinct 5

Constable David Hill
19100 Unity Park Drive
Magnolia, Texas 77355
Phone: 281-259-6493 Fax: 281-259-6462

"The care of human life and happiness, and not their destruction, is the
first and only object of good government."
- Thomas Jefferson

Limited printed versions of this PAFR are available at the County Auditor's office.
Please contact us for additional information or copies.



The Woodlands Waterway



MONTGOMERY COUNTY SHERIFF'S OFFICE VEHICLE



Downtown Conroe Walkway



The Lone Star Convention Center



Highway 105 Sunset



ANADARKO HEADQUARTERS



Lone Star Equestrian Center



Montgomery County Courthouse