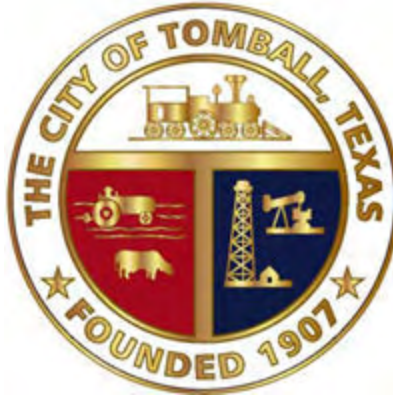


**NOTICE OF REGULAR CITY COUNCIL MEETING
CITY OF TOMBALL, TEXAS**



MONDAY, FEBRUARY 21, 2011

7:00 P.M.

Notice is hereby given of a meeting of the Tomball City Council, to be held on Monday, February 21, 2011 at 7:00 P.M., City Hall, 401 Market Street, Tomball, Texas 77375, for the purpose of considering the following agenda items. All agenda items are subject to action. The reserves the right to meet in a closed session for consultation with attorney on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

1.0 Call to Order

2.0 Invocation

- Led by Pastor Gary Ellison, Tomball Assembly of God

3.0 Pledges to U.S. and Texas Flags

- Led by Members of the Tomball High School Student Council

4.0 Public Comments and Receipt of Petitions ***[At this time, anyone will be allowed to speak on any matter other than personnel matters or matters under litigation, for length of time not to exceed three minutes. No Council/Board discussion or action may take place on a matter until such matter has been placed on an agenda and posted in accordance with law.]***

5.0 Presentations:

- Presentation of Check to the Tomball Rotary and Tomball High School Student Council for the "Showers for Shane" Project

6.0 Reports and Announcements

- February 22, 2011 – **Trail Ride Reception** – 12:00 p.m. at the Depot
- February 24, 2011 - **Reception honoring Betty Reinbeck, Executive Director-TEDC**, at the Chamber of Commerce, 2:00-4:00 p.m.
- February 28, 2011 – Special Meeting of the Tourism Advisory Committee, 6:00 p.m.
- March 12, 2011 – **2nd Saturday at the Depot – Oilfield Helping Hands Car Show and Motorcycle Rally**
- March 14, 2011 – Last Day to Apply for Place on Ballot for May 14, 2011 General City Election
- April 9, 2011 – **3rd Annual City of Tomball Bunny Run 5K and Kids 1 Mile**
- April 18-23, 2011 – **City of Tomball Spring Clean Up Week** – 8:00 a.m. to 4:30 p.m.
- **Walk Tomball!** (every Saturday at 9:00 a.m. at the Depot)
- Reports by City staff and members of Council about items of community interest on which no action will be taken
 - Glenn Windsor – Quarterly Investment Report (ending 12/31/2010)
 - Glenn Windsor – Summary of Vehicles Purchased through Buy Board Contracts
 - Shawn Cox – Beckendorf Statue – Slideshow Presentation

7.0 Approve the Minutes of the Following Meetings:

- February 7, 2011 Special City Council and Planning and Zoning Commission Meeting
- February 7, 2011 Regular City Council Meeting

8.0 Old Business:

- 8.1 Adopt, on Second Reading, Ordinance No. 2010-26, an Ordinance of the City of Tomball, Texas, adding Chapter 15, "Commercial Filming" to the Code of Ordinances of the City of Tomball, to Require a Permit for Commercial Filming in the City of Tomball, to Establish Policies, Procedures and Regulations as They Relate to Filming; Providing a Penalty in an Amount of Not More Than \$500 for Violation of any Provision Hereof; Providing for Savings and Severability; Providing for Publication; and Making other Provisions and Findings related Thereto
- 8.2 Designate Downtown Parking Lot Locations and Direct Engineering and Planning Department to Negotiate and Prepare Professional Services Contract

9.0 New Business:

- 9.1 Accept Resignation of LaMar Barr and Appoint Replacement Member to

Unexpired Term on the Tourism Advisory Committee (Hotel Industry Position 8)

- 9.2 Approve Grant Application by Tomball Sister City Organization for Hotel Occupancy Tax Funds in the Amount of \$30,000, as recommended by the Tomball Tourism Advisory Committee
- 9.3 Appoint Members to the Downtown Tomball Advisory Committee (DTAC)
- 9.4 Approve Administrative Policy Number 65, Entitled ***“Right-of-Way Abandonment Policy”***
- 9.5 Approve **PARTIAL REPLAT OF TOMBALL MARKETPLACE**: A 28.5984 acre (1,245,748 Square Foot) subdivision; Being lots 2, 3 & 4, Tomball Marketplace, as recorded in Film Code Number 605157, of the Harris County Map Records out of the John M. Hooper Survey, Abstract 375 Tomball, Harris County, Texas.
- 9.6 Approve City of Tomball Partnership with Tomball High School Student Council March of Dimes Walk
- 9.7 Accept the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended September 30, 2010

10.0 Adjournment

C E R T I F I C A T I O N

I hereby certify that the above notice of meeting was posted on the bulletin board of City Hall, City of Tomball, Texas, a place readily accessible to the general public at all times, on the 18th day of February 2011 by 4:00 p.m., and remained posted for at least 72 continuous hours preceding the scheduled time of said meeting.

Doris Speer_____

Doris Speer

City Secretary, TRMC

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please feel free to contact the City Secretary's office at (281) 290-1002 or FAX (281) 351-6256 for further information.

AGENDAS MAY ALSO BE VIEWED ONLINE AT www.ci.tomball.tx.us.

Regular City Council

Agenda Item

Data Sheet

Meeting Date: February 21, 2011

Topic:

- Presentation of Check to the Tomball Rotary and Tomball High School Student Council for the "Showers for Shane" Project

Background:

During the FY2011 budget process, Council directed staff to close out the line item containing the grant received from the South East Texas Housing (SETH). This grant provided money to improve and rebuild homes for low income/disabled residents of Tomball.

Based on Council's direction, staff elected to provide the remaining funds \$2,515.06 to the "Showers for Shane" project started by the THS Student Council.

Origination:

City Manager's Office

Recommendation:

Funding:

Party(ies) responsible for placing this item on agenda:

Shawn Cox - Assistant to the City Manager

ACTION TAKEN		
APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1 ST ☐ 2 ND	

Regular City Council

Agenda Item

Data Sheet

Meeting Date: February 21, 2011

Topic:

- February 22, 2011 – **Trail Ride Reception** – 12:00 p.m. at the Depot
- February 24, 2011 - **Reception honoring Betty Reinbeck, Executive Director-TEDC**, at the Chamber of Commerce, 2:00-4:00 p.m.
- February 28, 2011 – Special Meeting of the Tourism Advisory Committee, 6:00 p.m.
- March 12, 2011 – **2nd Saturday at the Depot – Oilfield Helping Hands Car Show and Motorcycle Rally**
- March 14, 2011 – Last Day to Apply for Place on Ballot for May 14, 2011 General City Election
- April 9, 2011 – **3rd Annual City of Tomball Bunny Run 5K and Kids 1 Mile**
- April 18-23, 2011 – **City of Tomball Spring Clean Up Week** – 8:00 a.m. to 4:30 p.m.
- **Walk Tomball!** (every Saturday at 9:00 a.m. at the Depot)
- Reports by City staff and members of Council about items of community interest on which no action will be taken
 - Glenn Windsor – Quarterly Investment Report (ending 12/31/2010)
 - Glenn Windsor – Summary of Vehicles Purchased through Buy Board Contracts
 - Shawn Cox – Beckendorf Statue – Slideshow Presentation

Background:

Origination:

Various

Recommendation:

N/A

Funding:

Party(ies) responsible for placing this item on agenda:

City Secretary

ACTION TAKEN		
APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1 ST ☐ 2 ND	

ATTACHMENTS:

Trail Rider Reception

2nd Saturday - March 12, 2011

Oilfield Helping Hands 3rd Annual Car Show & Motorcycle Rally

Spring Clean Up Week

Quarterly Investment Report, ending 12/31/2010

Summary of Vehicles Purchased through Buy Board Contracts

Giddy Up!

**And git on over to the City of Tomball's Train Depot
for an ol' cowboy**

TRAILRIDERS RECEPTION

Tuesday February, 22, 2011-high Noon

some grub n' stuff

music n' dancin

n' a howdy good time!

Don't git left in the dust...



2nd SATURDAY AT THE DEPOT

MARCH 12

TOMBALL, TX

SPEED RACER

R/C CAR Races!

Special Visit from:
Speed Racer

Music by:
The Guitar Guys

3rd Annual OHH Classic Car Show

March 12, 2011—9 am to 3 pm

Historic Tomball Depot

www.oilfieldhelpinghands.org/carshow

HISTORIC TOMBALL DEPOT PLAZA

201 South Elm ~ One block south of Main Street

Opens at 5:00 PM ~ Movie begins at dark

Free family entertainment for all ages

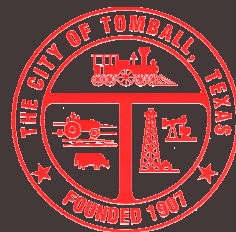
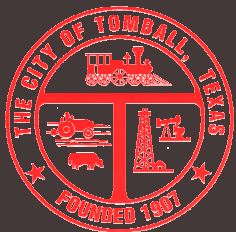
Bring your lawn chairs

No Glass Containers!

For more information, please call

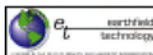
Rosalie Dillon at 281-610-2595

In case of rain, event will be held at the Tomball Community Center—221 Market Street





OILFIELD HELPING HANDS THIRD ANNUAL CLASSIC CAR SHOW & MOTORCYCLE RALLY



**Come join us Saturday,
March 12th from 9 a.m.- 3 p.m
Historic Train Depot,
Tomball, Texas 201 S. Elm St.**

Join Oilfield Helping Hands in support of this worthy cause,
as the funds raised from the event go to helping oilfield families
in critical need of financial assistance.

Registration for the Motorcycle Rally: 9 a.m. - 10 a.m.

Classic Car On-Site Registration: 9 a.m. - 11 a.m.

Judging: 11 p.m. - 1 p.m. Awards: 2 p.m.

Register Online at www.oilfieldhelpinghands.org or contact
Terri Modgling at 281-575-3150 / terri.modgling@halliburton.com OR
Michelle Jenkins at 832-461-6524 / oilfieldhelpinghands@gmail.com

Registration Fee for Either Ride or Classic Car Show \$25

FOOD

RAFFLES

50/50 JAR

Live Music by Award Winning "Steve Krase & The In Crowd!"

Title Sponsor

NEWFIELD

SPONSORSHIPS AVAILABLE!

Contact Mitzi Flowers at 281-650-5613 / mjflowers1@comcast.net

Oilfield Helping Hands is a 501(c)(3) non-profit, charity. Proceeds go to OHH recipients in need.

City of Tomball
Spring Clean up
Week of April 18, 2011 to April 23, 2011
Monday – Saturday - 8:00 am - 4:30 pm

Objective:

Provide the citizens of Tomball the opportunity to dispose of large, hard-to-handle items that cannot be collected under the normal garbage service. Remember this is for residents of Tomball only (must have **City utility bill** as proof); **NO COMMERCIAL BUSINESS OPERATORS**.

Roll Offs will be available at the City Landfill Site (0.4 miles north of E. Hufsmith on Rudolph) to dispose of the acceptable items. See map to landfill site below.

Acceptable Items:

- | | | |
|------------------------------|--------------------------|-----------------------------------|
| • Lumber | • Bricks (small amount) | • Gutter material |
| • Bicycle parts | • Empty buckets or pails | • Cardboard boxes |
| • Plywood (4 cubic yd. max) | • Rocks (small amount) | • Lawn mowers (oil & gas removed) |
| • Rugs/carpet | • Washing machines | • Dishwashers |
| • Siding | • Dryers | |
| • Clothing | • Water heaters | |
| • Box springs and mattresses | • Furniture | |

Not Acceptable:

- | | | |
|----------------------------------|--|--|
| • Tree trimmings | • Insecticides | • Raw meats, food products or byproducts |
| • Limbs or stumps | • Container with unmarked labels holding liquids | • Televisions |
| • Tires | • Sealed containers of any type | • Computers |
| • Engine blocks | • Large amounts of construction or demolition material | • Refrigerators |
| • Structural steel | • Smoke detectors | • AC units |
| • Equipment with oil or gasoline | • Pressurized vessels | • Appliances with Freon or fluids |
| • Fertilizers | • Flammable, combustible or corrosive products | |
| • Pool chemicals | | |
| • Batteries | | |
| • Oil filters | | |

All appliances must be drained and tagged by a licensed technician.

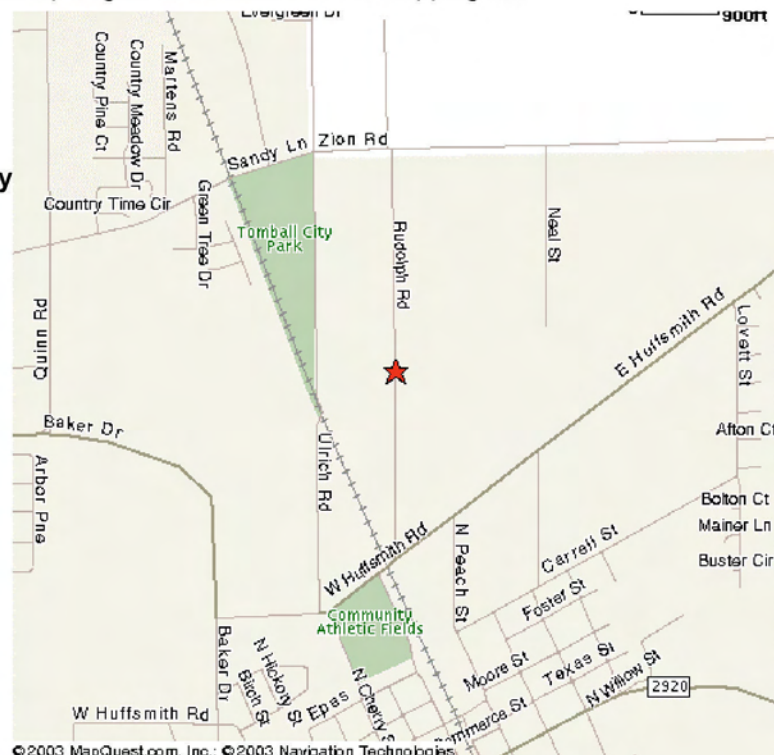
Acceptable items are anything that is inert and would not harm the environment before or after disposal into a landfill.

The City of Tomball will provide a free chipping service for brush and small limbs during the week of Tomball Cleanup. To participate, please call **(281) 290-1400** the week before the cleanup begins to be added to the chipping list.

CHIPPING SPECIFICATIONS:

- Turn all big ends toward road or in one direction
- Limit size to 6 ft.-8 ft., maximum
- Keep logs separate from limbs, nothing over 6" dia.
- Place limbs & brush near roadside and not on property
- Leaves, please bag for regular garbage pickup

Map to Tomball landfill site



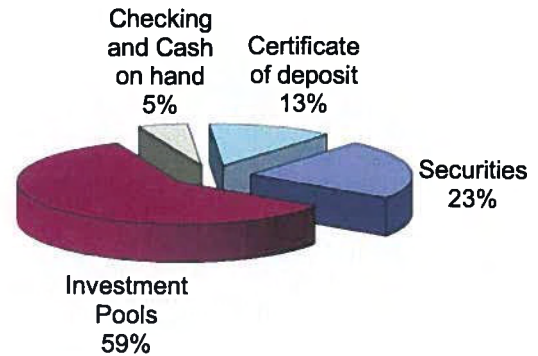
PORTFOLIO DIVERSIFICATION

By Type

	Current Market Value	Percent Portfolio
Securities	\$ 5,545,175	23.11%
Investment Pools	14,265,740	59.44%
Checking and Cash on hand	1,188,448	4.95%
Certificate of deposit	3,000,000	12.50%
Total Portfolio	\$ 23,999,363	

Safety of principal is the first priority of any Public investing portfolio. The City of Tomball currently invests in Securities of the United States, in Texas CLASS and in the state pool, TexPool. These investments are only in securities and pools with an AAA rating, the highest rating available. Our charter requires that we maintain reserves of no less than 90 days and no more than one year of the current budgeted expenditures. The City is in compliance with this provision.

Diversification By Type

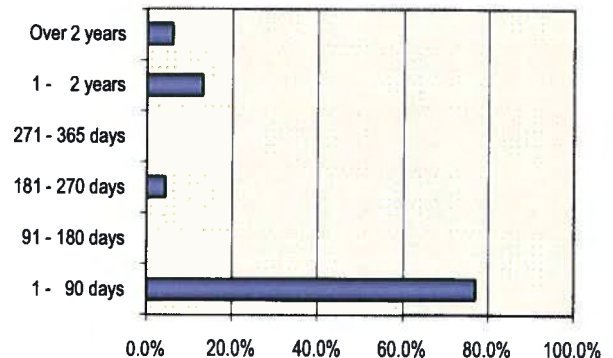


By Maturity

	Current Market Value	Percent Portfolio
1 - 90 days	\$ 18,454,188	76.9%
91 - 180 days	-	-
181 - 270 days	1,021,640	4.3%
271 - 365 days	-	-
1 - 2 years	3,100,350	12.9%
Over 2 years	1,423,185	5.9%
Total Portfolio	\$ 23,999,363	

Ensuring adequate liquidity is available to cover all expenditures is the second priority of any public investing program. The City staff forecasts cash flow and ladders the maturity of investments to ensure funds are adequate when needed. A portion of funds are kept in overnight investments as a buffer for any unexpected expenditures. This overnight investment (TexPool) has been performing according to market in the yield category as well as providing liquidity.

Diversification by Maturity



INVESTMENT PORTFOLIO SUMMARY
ACTIVITY FOR QUARTER ENDING
December 31, 2010

ALL CITY FUNDS (POOLED)

INVESTMENTS	COST	MARKET	RATIO	YTM at COST	BENCHMARK YTM**
Beginning of period	6,167,775	6,156,097	0.9981	1.565%	0.27%
Purchases	426,607	426,607			
Maturities	1,000,000	1,000,000			
Change in value	-	37,529			
Sales					
End of period	5,594,382	5,545,175	0.9912	1.479%	0.29%

Total Accrued Interest at end of period: \$ 50,672

**Benchmark security is the One-year U. S. Treasury Bill
Weighted average maturity of the portfolio at quarter end is 561 days.

This report is in compliance with the investment strategies as approved
and the Public Funds Investment Act.


Treasurer

Asst. Treasurer

**CITY OF TOMBALL
INVESTMENTS IN SECURITIES
PORTFOLIO AS OF DECEMBER 31, 2010**

SECURITY DESCRIPTION	CUSIP NUMBER	MATURITY DATE	INTEREST YIELD	MARKET VALUE	DAYS AFTER 12/31/10	INDIVIDUAL MARKET VALUE/TOTAL	WAM DAYS x PERCENT
1) Texas State Water GO- 4%	882722GR6	08/01/2011	1.250%	1,021,640	213	18.424%	39.24
2) NE Iowa Community College- 3%	664212BE6	06/01/2012	2.950%	511,275	518	9.220%	47.76
3) Federal Home Loan Bank- 1.375%	3133XWKU2	06/08/2012	1.010%	1,011,891	525	18.248%	95.80
4) Texas State Water GO- 5%	882722GS4	08/01/2012	1.750%	1,067,300	579	19.247%	111.44
5) Federal Home Loan Bank- 1.75%	3133XVNT4	12/14/2012	1.245%	509,884	714	9.195%	65.65
6) Federal Home Loan Bank- 1.625%	3133XXQ34	01/07/2013	1.625%	1,000,164	738	18.037%	133.11
7) Abilene TX CO 3.75%	003446Z95	02/15/2013	1.000%	157,925	777	2.848%	22.13
8) Brenham TX- 2%	107115JW8	08/15/2013	1.000%	265,096	958	4.781%	45.80
TOTALS			1.479%	5,545,175	628	100.000%	560.94

**CASH AND CASH EQUIVALENTS
FOR QUARTER ENDING
December 31, 2010**

FUNDS		CASH AND CASH EQUIVALENTS				INVESTMENTS				TOTAL CASH, CASH EQUIVALENTS AND INVESTMENTS
MAJOR FUNDS	TEXAS CLASS	TEXPOOL	OPERATING ACCOUNT	CASH ON HAND	TOTAL CASH AND CASH EQUIVALENTS	CERTIFICATE OF DEPOSIT	INVESTMENT SECURITIES	TOTAL INVESTMENTS		
General	\$ 2,257,780	\$ 2,724,274	\$ 515,750	\$ 2,141	\$ 5,499,945	\$ 2,750,000	\$ 2,500,287	\$ 5,250,287	\$ 10,750,232	
Debt Service	\$ 501,729	\$ 527,407	\$ 176,960	\$ -	\$ 1,206,096	\$ -	\$ -	\$ -	\$ 1,206,096	
Enterprise	\$ 2,006,915	\$ 2,078,706	\$ 295,204	\$ 619	\$ 4,381,444	\$ 250,000	\$ 3,044,888	\$ 3,294,888	\$ 7,676,332	
OTHER FUNDS										
Special Revenue	\$ 75,259	\$ 76,691	\$ 4,450	\$ -	\$ 156,400	\$ -	\$ -	\$ -	\$ 156,400	
Housing Trust	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Municipal Court Building Security	\$ 100,346	\$ 73,805	\$ 8	\$ -	\$ 174,159	\$ -	\$ -	\$ -	\$ 174,159	
Municipal Court Technology	\$ 60,207	\$ 114,293	\$ 3,247	\$ -	\$ 177,747	\$ -	\$ -	\$ -	\$ 177,747	
Hotel Tax	\$ 100,346	\$ 153,798	\$ 31,328	\$ -	\$ 285,472	\$ -	\$ -	\$ -	\$ 285,472	
Red Light Camera Program	\$ 250,864	\$ 213,967	\$ 728	\$ -	\$ 465,559	\$ -	\$ -	\$ -	\$ 465,559	
PD District Attorney Grant	\$ -	\$ -	\$ 440	\$ -	\$ 440	\$ -	\$ -	\$ -	\$ 440	
Department of Justice Grant	\$ -	\$ -	\$ 6,106	\$ -	\$ 6,106	\$ -	\$ -	\$ -	\$ 6,106	
Disaster Preparedness	\$ -	\$ 144,606	\$ 11,785	\$ -	\$ 156,391	\$ -	\$ -	\$ -	\$ 156,391	
Tomball "Fun Runs"	\$ -	\$ -	\$ 2,477	\$ -	\$ 2,477	\$ -	\$ -	\$ -	\$ 2,477	
General Capital Projects	\$ 50,173	\$ 83,687	\$ -	\$ -	\$ 133,860	\$ -	\$ -	\$ -	\$ 133,860	
Fleet Replacement	\$ 451,556	\$ 928,589	\$ 48,631	\$ -	\$ 1,428,776	\$ -	\$ -	\$ -	\$ 1,428,776	
Water Capital Recovery	\$ 100,346	\$ 398,224	\$ 8	\$ -	\$ 498,578	\$ -	\$ -	\$ -	\$ 498,578	
Sewer Capital Recovery	\$ 150,519	\$ 477,457	\$ 990	\$ -	\$ 628,966	\$ -	\$ -	\$ -	\$ 628,966	
Health Insurance Trust	\$ -	\$ 164,196	\$ 87,576	\$ -	\$ 251,772	\$ -	\$ -	\$ -	\$ 251,772	
TOTALS	\$ 6,106,040	\$ 8,159,700	\$ 1,185,688	\$ 2,760	\$ 15,454,188	\$ 3,000,000	\$ 5,545,175	\$ 8,545,175	\$ 23,999,363	

CITY OF TOMBALL
FINANCE DEPARTMENT
SUMMARY OF VEHICLES ORDERED

The following vehicles have been ordered from Caldwell Country Chevrolet under a Buy Board Contract:

2 – Tahoes for Police Department - \$24,966.00 each X 2 = \$49,932.00

1 – 2500 Truck for Public Works/Building Maintenance - \$24,170.00

1 – 2500 Truck for Public Works/Gas Utilities - \$24,555.00

The following vehicle has been ordered from Philpott Ford under Buy Board Contract:

1 – Ford Escape for Police Department - \$17,203.20

Regular City Council

Agenda Item

Data Sheet

Meeting Date: February 21, 2011

Topic:

Approve the Minutes of the Following Meetings:

- February 7, 2011 Special City Council and Planning and Zoning Commission Meeting
- February 7, 2011 Regular City Council Meeting

Background:**Origination:**

City Secretary

Recommendation:

N/A

Funding:**Party(ies) responsible for placing this item on agenda:**

City Secretary

ACTION TAKEN		
APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1 ST ☐ 2 ND	

ATTACHMENTS:

Draft Minutes - 2/7/2011 Special Council and P&Z Meeting

Draft Minutes - 2/7/2011 Regular Council Meeting

**MINUTES OF THE SPECIAL CITY COUNCIL AND TOMBALL
PLANNING AND ZONING COMMISSION MEETING
CITY OF TOMBALL, TEXAS**



MONDAY, FEBRUARY 7, 2011

5:00 P.M.

1.0 Call to Order

The Council meeting was called to order by Mayor Gretchen Fagan. Other members present were:

Councilman Quinn
Councilman Stoll
Councilman Brown
Councilman Townsend
Councilman Dodson

Draft

The Planning and Zoning Commission meeting was called to order by Vice Chair Tom Crofoot. Other members present were:

Vice Chair – Tom Crofoot
Commissioner – Field Hudgens
Commissioner – Barbara Tague

Members absent:

Chair – Lori Wallace
Commissioner – John Mottershaw

Others present:

City Manager – George Shackelford
Assistant City Manager – Christal Kliever
City Secretary – Doris Speer
City Attorney – Scott Bounds
Assistant to the City Manager – Shawn Cox
City Planner – Kelly Violette

Assistant City Engineer – Lori Lakatos
Assistant City Planner - Rodney Schmidt
Building Official – David Allen
Fire Marshal – Doug Sanguedolce
Fire Inspector – Tommy Nicholson
E&P Administrative Assistant – Brandy Pate

2.0 No public comments were received.

3.0 Workshop Session:

3.1 The Tomball City Council and the Tomball Planning and Zoning Commission members entered into a Workshop session for the following purposes:

A. Discussion of Possible Changes to the Zoning Ordinance

Kelly Violette presented City-staff proposed revisions to the zoning ordinance.

Council requested information regarding the major thoroughfare plan with regard to masonry façade requirements along the major thoroughfares, information regarding proposed façade standards for multi-family and residential homes, minimum material requirements for construction, possible site plans and screening requirements for dumpsters and multi-family complexes, retention and detention ponds, landscaping requirements, outbuildings, accessory structures, and tree preservation sections of the current ordinance.

City staff will incorporate suggested revisions and present an update to the City Council and the Planning and Zoning Commission at a special meeting on February 21, 2011 at 4:30 p.m.

4.0 Motion was made by Councilman Stoll, second by Councilman Townsend, to adjourn.

Motion carried unanimously.

Meeting adjourned.

PASSED AND APPROVED this 21st day of February 2011.

Doris Speer, TRMC
City Secretary

Gretchen Fagan
Mayor

**MINUTES OF REGULAR CITY COUNCIL MEETING
CITY OF TOMBALL, TEXAS**



MONDAY, FEBRUARY 7, 2011

7:00 P.M.

1.0 Call to Order

The Council meeting was called to order by Mayor Gretchen Fagan. Other members present were:

Councilman Quinn
Councilman Stoll
Councilman Brown
Councilman Townsend
Councilman Dodson

Others present:

City Manager – George Shackelford
Assistant City Manager – Christal Klierwer
City Secretary – Doris Speer
City Attorney – Scott Bounds
Chief of Police – Robert Hauck
Director of Public Works – David Kauffman
Fire Chief – Randy Parr
Finance Director – Glenn Windsor
Assistant to City Manager – Shawn Cox
City Planner – Kelly Violette
Assistant City Engineer – Lori Lakatos
E&P Administrative Assistant – Brandy Pate

Draft

2.0 The invocation was led by Pastor Terry Johnson, First Baptist Church

3.0 Pledges to the U. S. and Texas flags were led by Randy Parr and Robert Hauck.

4.0 The following public comments were received:

Bill Webb
915 Baker, 77375

- Read Sec. 7.01C.(1) of the Home Rule Charter

draft

Rick Davis
22103 Holly Lakes Drive, 77377

- Expressed his interest in serving on the Downtown Tomball Advisory Committee (DTAC)

Chris Gray
18807 Fortrose Garden Ct., 77377

- Harris County detention ponds; how many does City of Tomball need and is there enough land for all the detention basins needed?

5.0 Reports and Announcements:

- February 10, 2011 – **Mayor's Coffee** – 5:30 p.m. at Nona's Italian Grill, 1025 Alma Street (**New Location**)
- February 12, 2011 – First Day to Apply for Place on Ballot for May 14, 2011 General City Election
- February 12, 2011 – **2nd Saturday at the Depot** – 5:00 p.m.
- February 12, 19, and 26, 2011 – **Walk Tomball!** – Depot Plaza – 9:00 a.m.
- February 13, 2011 – **Unveiling of the Beckendorf Statue** – 2:00 p.m., reception to follow, 2:00 p.m.-3:30 p.m., at the Community Center, hosted by Rose Hill United Methodist Church
- February 22, 2011 – **Trail Ride Reception** – 12:00 p.m. at the Depot
- February 24, 2011 - **Reception honoring Betty Reinbeck, Executive Director-TEDC**, at the Chamber of Commerce, 2:00-4:00 p.m.
- February 28, 2011 – Special Meeting of the **Tourism Advisory Committee**, 6:00 p.m.
NOTE: Also a special meeting on February 16, 2011 at 6:00 p.m.
- April 9, 2011 – **3rd Annual City of Tomball Bunny Run 5K and Kids 1 Mile**
- Tomball Police Department Annual Data Capture Report (SB 1074)
- Reports by City staff and members of council about items of community interest on which no action will be taken
 - Lisa Coe provided information regarding the Youth Opportunities Fair, hosted by City of Tomball, on March 31, 2011, from 2:00 p.m.-4:30 p.m.
 - Shawn Cox reported on the first meeting of the Tourism Advisory Committee (TAC), held on January 24, 2011.

7.0 Motion was made by Councilman Brown, second by Councilman Stoll, to approve the minutes of the following meetings:

- Special City Council and Planning and Zoning Commission Meeting – January 17, 2011
- Regular City Council Meeting – January 17, 2011

Motion carried unanimously.

7.0 Old Business:

Mayor Fagan requested motion to move discussion of Item 7.3 before Item 8.4. Motion was made by Councilman Dodson, second by Councilman Townsend, to move consideration of Item 7.3 before Item 8.4.

draft

draft

Motion carried unanimously.

- 7.1 Mayor Fagan presented the proposed Agreement. Motion was made by Councilman Townsend, second by Councilman Dodson, to Approve Settlement Agreement between the City of Tomball, Partners in Building, L.P., Gary Smith, and Mark Mayworn regarding the Drainage Way Adjacent to North Star Subdivision.

Motion carried unanimously.

- 7.2 Doris Speer presented an overview of the proposed Ordinance. Motion was made by Councilman Townsend, second by Councilman Dodson, to read Ordinance No. 2010-26 by caption only on first reading.

Motion carried unanimously.

Motion was made by Councilman Townsend, second by Councilman Dodson to adopt, on First Reading, Ordinance No. 2010-26, an Ordinance of the City of Tomball, Texas, adding Chapter 15, "Commercial Filming" to the Code of Ordinances of the City of Tomball, to Require a Permit for Commercial Filming in the City of Tomball, to Establish Policies, Procedures and Regulations as They Relate to Filming; Providing a Penalty in an Amount of Not More Than \$500 for Violation of any Provision Hereof; Providing for Savings and Severability; Providing for Publication; and Making other Provisions and Findings related Thereto. Vote was as follows:

Councilman Townsend	<u>Aye</u>
Councilman Dodson	<u>Aye</u>
Councilman Quinn	<u>Aye</u>
Councilman Stoll	<u>Aye</u>
Councilman Brown	<u>Aye</u>

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Motion carried unanimously.

- 7.3 Item 7.3 will be considered before Item 8.4, in the same Executive Session.
- 7.4 George Shackelford and Lori Lakatos presented the proposed parking lots. Discussion was held regarding various parking lot locations and development options.

Consensus of Council was unanimous for City staff to get information on lease costs for proposed lots CS and BN, purchase cost of lot DN, and cost of construction on lot AN.

8.0 New Business

- 8.1 Mayor Fagan presented an overview of the proposed Appointments. Motion was made by Councilman Townsend, second by Councilman Stoll, to re-appoint Tana Ross, Rick

draft

Tomlinson, Brett Tynes, and Evelyn Torres-Chervenak to their current positions on the City of Tomball Board of Adjustments (BOA).

Motion carried unanimously.

- 8.2 Lori Lakatos presented an overview of the proposed Replat. Motion was made by Councilman Townsend, second by Councilman Dodson, to approve **STAR TOMBALL REPLAT NO. 1**; A subdivision of 0.6503 acre of land; Being a replat of restricted Reserve "A" of Star Tomball as recorded in Volume 345, page 114, Harris County Map Records, located in the Joseph House Survey, Abstract Number 34, City of Tomball, Harris County, Texas.

Motion carried unanimously.

- 8.3 Doris Speer presented an overview of the proposed Resolution. Motion was made by Councilman Dodson, second by Councilman Brown, to Approve Resolution No. 2011-02, Designating the Tomball-Magnolia Tribune as the Official City Newspaper for Fiscal Year 2010-2011. Vote was as follows:

Councilman Quinn	<u>Nay</u>
Councilman Stoll	<u>Aye</u>
Councilman Brown	<u>Aye</u>
Councilman Townsend	<u>Aye</u>
Councilman Dodson	<u>Aye</u>

Motion carried, 4 votes Aye, 1 vote Nay.

- 8.4 Mark McClure presented a written request that Item 8.4, Section 551.074. Personnel Matters: Deliberation of the Appointment, Employment, Evaluation, Duties and Dismissal of a Public Officer or Employee - the Director of Engineering and Planning, be discussed in public hearing/open session.
- 7.3/8.4 Executive Session: The City Council recessed at 8:12 p.m. p.m. to meet in Executive Session, as Authorized by Title 5, Chapter 551, Government Code, the Texas Open Meetings Act, for the Following Purposes:
- Section 551.072. Deliberations Regarding Real Property: Discussion on the Purchase, Sale, or Trade of Real Property in Downtown Tomball; Deliberations Regarding Real Property: Discussion on the Leasing of Property for Communications Facilities; and
 - Section 551.071. Consultation with Attorney on a Matter in which the Duty of the Attorney to the City Council under the Texas Rules of Professional Conduct of the State Bar Clearly Conflicts with the Chapter related to Dismissal of Director of Engineering and Planning; and

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Upon reconvening into regular session at 902 p.m., the Mayor announced that no action was taken in the executive session on any of the matters discussed under Items 7.3 (Real Property) and 8.4 (Attorney Client Communication).

- 8.4 (Personnel - Deliberations regarding dismissal of Director of Engineering and Planning - continued). Scott Bounds stated that this matter was being discussed in open meeting at the written request of Mark McClure. Article 7 of the Home Rule Charter provides that the City Manager may appoint department heads subject to City Council approval; however, the City Charter does not define "department heads". Article 7 of the Charter does specifically provide for various departments or offices of the City and the appointment of the person for that office, such as Assistant City Manager, Chief of Police, City Secretary, City Treasurer, and Director of Public Works. Within the City Budget, the City has approved an staff organization chart that shows additional positions such as "assistant to manager", human resources director, and director of engineering and planning that are not charter positions. Although City Council has historically approved the persons designated by charter, the City Council has not approved the other positions shown on the staff chart in similar positions to them. In particular, the City Council did not approve the appointment of Mark McClure as Director of Engineering and Planning. Mark McClure advised the City Manager, however, that McClure believed that the City Manager did not have authority to remove him from his position without City Council approval. Because of the ambiguity in the charter definition of "department head", Scott Bounds advised the City Manager that this action item be placed on the City Council's agenda to approve the dismissal of Mark McClure as Director of Engineering and Planning.

The City Manager asked that City Council approve the termination of Mark McClure as Director of Planning and Engineering.

The Mayor called upon Mark McClure to respond to the City Manager's request that the City Council approve the termination of Mark McClure. Mark McClure confirmed that he requested that Council conduct the deliberations in open session.

- 8.5 Motion was made by Councilman Stoll, second by Councilman Townsend, to approve City Manager's Removal of Mark McClure as Director of Engineering and Planning.

Mayor Fagan requested Council's desires regarding listening to public comments about this item. Consensus of Council was unanimous to not hear public comments regarding this item.

Motion to approve City Manager's Removal of Mark McClure as Director of Engineering and Planning carried unanimously.

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9.0 Motion was made by Councilman Dodson, second by Councilman Brown, to adjourn.

Motion carried unanimously.

Meeting adjourned.

PASSED AND APPROVED this ____ day of _____ 2011.

Doris Speer, TRMC
City Secretary

Gretchen Fagan
Mayor

draft

Regular City Council

Agenda Item

Meeting Date: February 21, 2011

Data Sheet

Topic:

Adopt, on Second Reading, Ordinance No. 2010-26, an Ordinance of the City of Tomball, Texas, adding Chapter 15, "Commercial Filming" to the Code of Ordinances of the City of Tomball, to Require a Permit for Commercial Filming in the City of Tomball, to Establish Policies, Procedures and Regulations as They Relate to Filming; Providing a Penalty in an Amount of Not More Than \$500 for Violation of any Provision Hereof; Providing for Savings and Severability; Providing for Publication; and Making other Provisions and Findings related Thereto

Background:

Ordinance No. 2010-26, establishing guidelines for filming permits, is presented for Council's consideration and adoption on second reading.

The ordinance authorizes the City Manager to protect City-owned property and equipment, city employees, and private property in the filming of movies, television and cable shows, commercials, and related activities. Established policies and procedures, in addition to Tomball's vintage and historical locations and structures, should create a positive image regarding Tomball's interest in partnering with film companies and provide incentives for the film industry to consider Tomball for feature and commercial productions. Tomball businesses that might benefit from the use of Tomball area locations by production companies include caterers, restaurants, hotels, medical facilities, florists, hardware stores, landscaping services, real estate offices (office space/facilities rentals), and equipment rental companies.

The proposed ordinance includes provisions for special permits and inspections for "stunts, pyrotechnics, special effects, aerial photography, amplified sound, or the use of animals," an additional \$5,000,000 coverage for those activities, and building permit requirements for alterations and set construction.

Origination:

City Secretary

Recommendation:

N/A

Funding:

Party(ies) responsible for placing this item on agenda:

City Secretary

ACTION TAKEN		
APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1 ST ☐ 2 ND	

ATTACHMENTS:

Ordinance No. 2010-26_Commercial Filming in Tomball
Tomball Film Guidelines and Application
Tomball Neighborhood Notification and Signoff
Tomball Location Agreement
Tomball Notification Leaflet Sample

ORDINANCE NO. 2010-26

AN ORDINANCE OF THE CITY OF TOMBALL, TEXAS, ADDING CHAPTER 15, "COMMERCIAL FILMING" TO THE CODE OF ORDINANCES OF THE CITY OF TOMBALL, TO REQUIRE A PERMIT FOR COMMERCIAL FILMING IN THE CITY OF TOMBALL, TO ESTABLISH POLICIES, PROCEDURES AND REGULATIONS AS THEY RELATE TO FILMING; PROVIDING A PENALTY IN AN AMOUNT OF NOT MORE THAN \$500 FOR VIOLATION OF ANY PROVISION HEREOF; PROVIDING FOR SAVINGS AND SEVERABILITY; PROVIDING FOR PUBLICATION; AND MAKING OTHER PROVISIONS AND FINDINGS RELATED THERETO.

* * * * *

WHEREAS, the City of Tomball is blessed with historical or vintage residential and commercial structures; and

WHEREAS, such resources are of interest to filmmakers as locations for films and videos of all varieties; and

WHEREAS, the use of such resources often require the use of publicly owned facilities, property, and equipment; and

WHEREAS, the City of Tomball wishes to encourage the use of the City of Tomball as a location for filming and videotaping, consistent with the duty of the City to protect the City's resources and citizens, and

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TOMBALL, TEXAS:

Section 1. The facts and recitations set forth in the preamble of this Ordinance are hereby found to be true and correct.

Section 2. The Code of Ordinances of the City of Tomball is hereby amended by adding a new Chapter 15, to read as follows:

CHAPTER 15. COMMERCIAL FILMING

ARTICLE I. GENERALLY.

Sec. 15.1 Purpose.

(a) This ordinance is intended to protect the personal and property rights of Tomball's residents and businesses. The City Manager may impose additional regulations in the interest of public safety if deemed necessary.

(b) These guidelines cover requests for commercial use of City-owned property, City-owned equipment, city employees and private property in the filming of movies, television and cable shows, commercials, and related activities. The approved use of said property, equipment, and employees may affect adjacent public or private property.

(c) *Commercial Filming Project* means the filming of a movie, TV show, commercial or related activity that occurs on city-owned property, city right-of-way, city park, city street or other city controlled area, or occurs on private property if the activity will affect such city controlled areas, or use city employees, city-owned equipment, or city-owned property.

Sec. 15.2 City Control and Authority.

(a) The City Manager may authorize the use of any street, right-of-way, or public building, city-owned equipment, or city employees for commercial uses in the filming or taping of movies, television programs, commercials, training films and related activities.

(b) The City shall have full control over the use of public streets and buildings of the City while being used as well as control over the hours of production and the general location of the production. The City reserves the full and absolute right to prohibit all filming or to order cessation of filming if determined to be detrimental to the public health, safety or welfare.

(c) The City may inspect all structures, devices, and equipment to be used in connection with the filming and taping if required by the City Manager.

Sec. 15.3 Use of City Personnel.

(a) The applicant shall pay for the costs of any Police, Fire, Public Works, or other City personnel assigned to the project (whether specifically requested by the applicant or not).

(b) The City Manager has the authority to require additional police or fire coverage if it is determined to be in the best interest for public safety. Off-duty police officers or firefighters are to be paid one and one-half their hourly rate.

(c) The City Manager will provide the applicant an estimate of the additional city personnel, other than the personnel requested by the applicant, necessary for the safe completion of the project.

Sec. 15.4 Use of City Property.

(a) In conjunction with the use of any street, right-of-way, public building, name, trademark, logo, or equipment of the City, the City Manager may require that all or part of the fee specified or determined for such use be paid in advance. A security or damage deposit may also be required at the City Manager's discretion.

(b) The City Manager shall establish a fee schedule for the use of City property and city equipment. The City Manager may, with respect to a specific request for use of property or city equipment, establish rates that are adequate to compensate the City for the use of that property or equipment if the standard rate schedule is inapplicable or inappropriate for the specific use proposed.

(c) The City shall have full control over the use of the name, trademark and logo, public streets, and buildings of the City while being used, as well as control over the hours of production and the general location of the production.

Sec. 15.5 Special Equipment and Vehicles.

The applicant shall provide a report listing the number of vehicles and types of equipment to be used during the filming including their proposed hours of use and their proposed parking locations. Such locations shall be specifically approved by the City so as to maintain traffic safety. On-street parking, use of public parking lots, use of exterior lighting, power generators, or any other noise or light producing equipment is subject to the City Manager's approval.

Sec. 15.6 Hours of Filming.

Unless special permission has been obtained from the City Manager in advance, filming will be limited to the hours of 7:00 a.m. to 9:00 p.m. on weekdays, 8:00 a.m. to 8:00 p.m. on Saturdays and holidays, and noon to 7 p.m. on Sundays.

Sec. 15.7 Notification of Neighbors.

The applicant shall provide a short written description, approved by the City Manager, of the schedule for the proposed production to the owners and residents of each property in the affected neighborhood. The description shall provide a telephone number through which the residents of the affected neighborhood may communicate to the applicant. The applicant shall make reasonable attempts to accommodate the concerns of the residents of the affected neighborhood, and shall report to the City Manager a summary of all such communications, along with the name, address, and phone numbers of all contacted residents.

Sec. 15.8 Certificate of Insurance.

The producer shall provide a certificate of insurance, naming the City of Tomball as an additional insured, showing coverage in at least the following amounts:

- (a) General commercial liability, including bodily injury and property damage: \$1,000,000;
- (b) automobile liability (combined single limit): \$1,000,000;
- (c) umbrella coverage: \$5,000,000;
- (d) Additional Insurance Requirement: If a commercial filming production schedule involves activities that are considered exceptionally dangerous, including but not limited to stunts, pyrotechnics, special effects, aerial photography, amplified sound, or the use of animals, the producer shall provide a certificate of insurance showing an additional \$5,000,000 for the umbrella coverage, for a total of \$10,000,000 in umbrella coverage;
- (e) Exceptions to Insurance Requirements: If a commercial filming project meets all of the minimum criteria established below, then the producer or business owner shall not be required to provide a certificate of insurance. However, the producer or business owner will still be required to adhere to all the applicable regulations set forth in this Chapter. In order to be excepted from the insurance requirements of this Section, the following minimum criteria shall be met:
 - (1) The filming will not utilize any street, right-of-way, public building, city-owned equipment, city employees, or name, trademark, logo of the City, for use in the filming or taping, or other activities,

- (2) The City will not require inspections of any structures, devices, or equipment to be used in connection with the filming and taping,
- (3) The City will not incur any costs for Police, Fire, Public Works, or other City personnel assigned to the project (whether specifically requested by the applicant or not),
- (4) The City will not require a security or damage deposit as determined by the City Manager's discretion,
- (5) The filming will not require the City Manager to approve any on-street parking, use of public parking lots, use of exterior lighting, power generators, or any other noise or light producing equipment,
- (6) The filming will not take place outside the hours of 7:00 a.m. to 9:00 p.m. on weekdays, 8:00 a.m. to 8:00 p.m. on Saturdays and holidays, and noon to 7 p.m. on Sundays, and
- (7) The filming will not have a distinguishable affect on any residential neighborhood or other residential property.

Sec. 15.9 Hold Harmless Agreement.

The applicant shall sign the following Hold Harmless Agreement holding the City harmless from any claim that may arise from their use of designated public property, right-of-way, or equipment in conjunction with the permitted use:

I certify that I represent the firm which will be performing the filming/taping at the locations specified on the attached permit application. I further certify that I and my firm will perform in accordance with the direction and specifications of the City of Tomball and that I and my firm will defend, indemnify and hold harmless the City of Tomball for and from any loss, damage, expense, claims and costs of every nature and kind arising out of or in connection with the filming/taping to this permit.

Sec. 15.10 Liability.

The applicant agrees to pay in full, promptly upon receipt of an invoice, the costs of repair for any and all damage to public or private property, resulting from or in connection with, the production, and restore the property to its condition prior to production.

Sec. 15.11 Permit.

It shall be unlawful for any person to undertake a commercial filming project unless a valid permit has been issued by the city. Commercial filming projects underway before the effective date of this article must be permitted within ninety days of the effective date of this article.

Sec. 15.12 Application.

(a) Before filing an application for filming, the applicant is encouraged to contact the City Manager to discuss the production's specific filming requirements and the feasibility of filming.

(b) Application for a Commercial Filming Permit shall be made with the City Secretary by the commercial producer. The application shall be made on a form designed by the city, and shall include the following information:

- (1) The title of the commercial, film, or photo shoot;
- (2) The type of production to be undertaken;
- (3) The location of the filming;
- (4) The dates of the filming;
- (5) Contact information for the production office, producer and location manager;
- (6) Production schedule and activities to include stunts, pyrotechnics, special effects aerial photography, amplified sound or use of animals;
 - (a) Any pyrotechnics will require a special permit and prior approval and authorization from the Fire Marshal;
 - (b) Fire suppression (i.e., fire extinguishers) or other suitable means of extinguishment may be required; and
 - (c) All open flames, including those used during construction, shall be monitored for re-ignition for no less than 10 minutes.
- (7) Number of persons involved with the production, including cast and crew;

- (8) Anticipated need of City personnel, equipment or property;
 - (9) Description of any areas in which public access will be restricted during production;
 - (10) Description of any alterations that will be made to the property;
 - (a) Any and all building or structures constructed, renovated, or used for filming are subject to inspection prior to use;
 - (b) Construction of sets may require building permits;
 - (c) Any wiring or lighting other than temporary cords may require electrical permits pulled by State of Texas Licensed Master Electricians;
 - (d) Any plumbing or air conditioning work not portable in nature may require permits pulled by State of Texas licensed contractors; and
 - (e) Toilet facilities (portable toilets) must be provided for workers and maintained in a sanitary condition.
 - (11) Number and type of production vehicles that will be used and the locations where they will be stored;
 - (12) Location where the crew will be fed, if not at the production location;
 - (13) Location where extras will be held, if not at the production location, and
 - (14) Food vending will require health permits from Harris County Health Department.
- (c) The application form shall include an acknowledgement by the applicant of the restrictions provided, and an affirmation that the operations to be conducted will comply.
- (d) An application processing fee of \$25.00 shall accompany each application for filming. The City Manager may waive this fee for non-profit organizations.
- (e) The City Manager may request additional information if useful or necessary to assist in making the necessary determinations.

Sec. 15.13 Application Approval Requirements.

- (a) The Application must be approved before the commencement of filming or any other substantial activity related to the project.
 - (1) for commercial or episodic television, the application should be approved at least seven (7) business days in advance;
 - (2) for feature films, the application should be filed ten (10) business days in advance.
- (b) The City Manager may grant exceptions to this requirement for good cause.

Sec. 15.14 Refund of Application Fees; Transferability; Expiration.

- (a) The applicant shall not be entitled to a refund of any fees paid in accordance with this division for any cause whatsoever.
- (b) A license issued pursuant to this division shall be deemed personal to the licensee and shall not be assignable. However, the license may be transferred from one location or place of business to another location after the City Manager shall have been given five days' notice of such proposed transfer, and the City has given consent thereto.
- (c) The license shall expire 45 days after the last date of scheduled filming on the application, unless an express expiration date is required by the City Manager.

Sec. 15.15 Vested Rights Not Created by Issuance.

No license granted under this division shall be deemed the granting of a vested right, but such license shall remain subject to such legislation as shall be promulgated by the city council by ordinance.”

Section 3. All ordinances or parts of ordinances inconsistent or in conflict herewith are, to the extent of such inconsistency or conflict, hereby repealed.

Section 4. It is the intent of the City that this Ordinance shall comply in all respects with the applicable provisions of the United States Constitution, the Texas Constitution, and the Charter of the City of Tomball. In the event any clause, phrase, provision, sentence, or part of

this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Tomball, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, whether there be one or more parts.

Section 5. Any person, firm or corporation that knowingly violates any of the provisions or terms of this Ordinance shall be subject to the same penalty as provided for in the Code of Ordinances of the City of Tomball, Texas, and, upon conviction, shall be punished by a fine not to exceed five hundred (\$500.00) dollars for each offense.

Section 6. This Ordinance shall take effect immediately from and after its passage and the publication of the caption hereof, as provided by law and the City's home rule Charter.

FIRST READING:

READ, PASSED AND APPROVED AS SET OUT BELOW AT THE MEETING OF THE CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 7TH DAY OF FEBRUARY 2011.

COUNCILMAN QUINN	<u>AYE</u>
COUNCILMAN STOLL	<u>AYE</u>
COUNCILMAN BROWN	<u>AYE</u>
COUNCILMAN TOWNSEND	<u>AYE</u>
COUNCILMAN DODSON	<u>AYE</u>

SECOND READING:

READ, PASSED AND APPROVED AS SET OUT BELOW AT THE MEETING OF THE
CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE _____ DAY OF _____
2011.

COUNCILMAN QUINN	_____
COUNCILMAN STOLL	_____
COUNCILMAN BROWN	_____
COUNCILMAN TOWNSEND	_____
COUNCILMAN DODSON	_____

Gretchen Fagan, Mayor

ATTEST:

Doris Speer, City Secretary

GUIDELINES FOR FILMING IN TOMBALL, TEXAS

I. PURPOSE

The following guidelines are intended to protect the personal and property rights of our Tomball, Texas residents and businesses. The City Manager reserves the right to impose additional regulations in the interest of public safety if deemed necessary.

These guidelines cover requests for commercial use of City-owned property (streets, right-of-ways, parks, and public buildings), commercial use of private property that may affect adjacent public or private property, and the use of City equipment and personnel in the filming of movies, TV shows, commercials, and related activities.

II. CITY CONTROL/CITY MANAGER AUTHORITY

The City Manager may authorize the use of any street, right-of-way, or public building, equipment or personnel for commercial uses in the filming or taping of movies, television programs, commercials, or training films and related activities. In conjunction with these uses, the City Manager may require that any or all of the conditions and/or remuneration as specified on the application be met as a prerequisite to that use.

The applicant agrees that The City of Tomball, Texas shall have full control over the use of public streets and buildings of the City while being used, as well as control over the hours of production and the general location of the production. The City reserves the full and absolute right to prohibit all filming or to order cessation of filming if determined to be detrimental to the public health, safety and welfare.

The applicant shall agree to allow the respective City departments (i.e., Police, Fire, Building) to inspect all structures and/or devices and equipment to be used in connection with the filming and taping if required by the City Manager.

III. PERMIT REQUIREMENTS

Before filing an application for filming in Tomball, the Office of the City Manager must be contacted to discuss the production's specific filming requirements and the feasibility of filming in Tomball.

Any commercial producer who desires to undertake a commercial production in Tomball, Texas is required to complete and return the attached application for filming to the office of the City Secretary, within the time frames below, to meet the approval periods established by City Council:

- **Commercials or episodic television:** a minimum of seven (7) business days prior to the commencement of filming or any substantial activity related to the project.
- **Feature films:** a minimum of ten (10) business days prior to the commencement of filming or any substantial activity related to the project.

IV. FEES

An application-processing fee of \$25.00 shall accompany each application for filming. The City Manager may waive this fee for non-profit organizations.

V. USE OF CITY EQUIPMENT AND PERSONNEL

The applicant will agree to pay for the costs of any Police, Fire, Public Works, or other City personnel assigned to the project (whether specifically requested by the production or not). Remuneration rates for the use of any City equipment, including police cars and fire equipment, will be established on a case-by-case basis as determined by the City Manager. The applicant will agree to pay in full, promptly upon receipt of an invoice, the charges incurred. The City Manager may, at his/her discretion, require an advance deposit for the use of the equipment.

The City Manager, in consultation with the Chief of Police and/or Fire Chief, shall have the authority to stipulate additional fire or police requirements and level of staffing for same, at any time during a film project if it is determined to be in the best interest of public safety, health and welfare, which cost shall be borne by the Applicant. Off-duty police officers and firefighters shall be paid by the production company at a rate no less than one and one-half their hourly rate based on their rank.

VI. USE OF CITY PROPERTY

The City Manager may authorize the use of any street, right-of-way, or public building, use of Tomball, Texas name, trademark or logo and/or use of City equipment and/or personnel for commercial uses in the production of movies, television programs, commercials, or training films and related activities. In conjunction with these uses, the City Manager may require that any or all of the conditions and/or remuneration as specified on the application be met as a prerequisite to that use. A security or damage deposit may be required based on production activity.

Depending upon the extent of the use of City property, the Applicant agrees to reimburse the City for inconveniences when using public property. Following is the rate schedule:

Activity	Cost per Calendar Day
Total or disruptive use (regular operating hours) of a public building, park, right-of-way, or public area	\$500
Partial non-disruptive use of a public building, park, right-of-way, or public area	\$250
Total closure or obstruction of public street or right-of-way, including parking lots and on-street parking (for filming purposes)	\$50 per block
Partial closure or obstruction of public street or right-of-way, including parking lots and on-street parking (for filming purposes)	\$25 per block
Use of City parking lots, parking areas, and City streets (for the purpose of parking film trailers, buses, catering trucks, and other large vehicles)	\$50 per block or lot

The applicant agrees that The City of Tomball, Texas, shall have full control over the use of its name, trademark, logo, public streets and buildings of the City while any are being used, as well as control over the hours of production and the general location of the production. The City reserves the full and absolute right to prohibit all filming or to order cessation of filming activity if it is determined to be hazardous to the public health, safety and welfare.

VII. SPECIAL EQUIPMENT AND VEHICLES

The applicant shall provide a report listing the number of vehicles and types of equipment to be used during the filming, including proposed hours of use and proposed parking locations. Such locations must be specifically approved by the City so as to maintain traffic safety. On-street parking or use of public parking lots is subject to City approval. The use of exterior lighting, power generators, or any other noise- or light-producing equipment requires on-site approval of the City Manager.

VIII. HOURS OF FILMING

Unless permission has been obtained from the City Manager in advance and affected property owners, tenants and residents have been notified, filming will be limited to the following hours: Monday through Friday, 7:00 a.m. to 9:00 p.m., and Saturday, Sunday and holidays, 8:00 a.m. to 8:00 p.m.

IX. NOTIFICATION OF NEIGHBORS

The applicant shall provide a short written description, approved by the City Manager, of the schedule for the proposed production to the owners, tenants and residents of each property in the affected neighborhood (as defined by boundaries set by the City Manager). The applicant, or his or her designee, shall make a good faith effort to notify each owner, tenant and resident of all such property, and shall submit, as part of this application, a report noting each owner, tenant or resident's comments, along with their signatures, addresses and phone numbers. Based upon this community feedback, the City Manager may grant or deny the filming application.

X. CERTIFICATE OF INSURANCE

The producer shall attach a certificate of insurance, naming The City of Tomball, Texas as an additional insured, in an amount not less than \$1,000,000 general liability, including bodily injury and property damage with a \$5,000,000 umbrella; and automobile liability (if applicable) in an amount not less than \$1,000,000 including bodily injury and property damage.

XI. LIABILITY

The applicant agrees to pay in full, promptly upon receipt of an invoice, the costs of repair for any and all damage to public or private property, resulting from or in connection with, the production, and restore the property to its original condition prior to the production, or to better than original condition.

XII. HOLD HARMLESS AGREEMENT

The producer shall sign the following Hold Harmless Agreement holding the City harmless from any claim that may arise from their use of designated public property, right-of-way, or equipment in conjunction with the permitted use:

I certify that I represent the firm that will be performing the filming/taping at the locations specified on the attached permit application. I further certify that I and my firm will perform in accordance with the directions and specifications of The City of Tomball, Texas, and that I and my firm will indemnify and hold harmless The City of Tomball, Texas for and from any loss, damage, expense, claims and costs of every nature and kind arising out of or in connection with the filming/taping pursuant to this permit.

I further certify that the information provided on this Application is true and correct to the best of my knowledge, and that I hold the authority to sign this and other contracts and agreements with the City of Tomball on behalf of the firm.

Signed: _____

Title: _____

Date: _____

THE CITY OF TOMBALL, TEXAS

Application for Commercial Filming

Title of project: _____

Type of production: Commercial _____ Feature Film _____
 Television _____ Training Film _____
 Public Service _____ Other _____

Location of filming: _____

Date(s) of filming: _____

CONTACTS

Production Office:

Name: _____

Address: _____

Phone: _____ Fax: _____

Producer:

Name: _____

Address: _____

Phone: _____ Fax: _____

Location Manager:

Name: _____

Address: _____

Phone: _____ Fax: _____

Texas Film Commission Representative: _____

PRODUCTION *(Attach additional sheets if necessary.)*

1. Production schedule and activities to include stunts, pyrotechnics, special effects, aerial photography, amplified sound or use of animals: (Give dates and times and rain dates. Hours should include set-up, holding of sets and restoration.)

2. Number of persons involved with the production, including cast and crew:
3. Anticipated need of City personnel, equipment or property:
4. Describe any areas in which public access will be restricted during production:
5. Describe alterations to property:
6. Number and type of production vehicles to be used and location(s) where vehicles will be parked:
7. Location where crew will be fed, if not at production location:
8. Location where extras will be held, if not at production location:
9. Map of anticipated street closure(s) or other public area use.

Application completed by:

Name/Title: _____ Date: _____

Approved by: _____ Date: _____

The "Guidelines for Filming in Tomball, Texas" apply to all filming activities, and the Office of the City Manager may require the applicant to acknowledge receipt of the guidelines prior to approving this application.

**TOMBALL, TEXAS — PROPOSED FILMING PERMIT
NOTIFICATION AND SIGNOFF REQUEST**

Tomball, Texas requires that all property owners / residents whose property is adjacent to the area sought to be closed must be notified and provided with a map of the area, which indicates all obstructions to be placed in the closure area. The notification must indicate by signature, whether the property owner/resident approves or disapproves of the proposed closure.

For additional information concerning the actual filming at this location, please contact:

(Film Company's Contact Name)

(Phone Number)

_____ is applying for a FILMING PERMIT for the following film:
(Company Name)

(Name of Film)

The filming is scheduled for the following dates and times: _____

The filming will close or partially close the following streets: _____

The filming will consist of the following: _____

PROPERTY OWNER / RESIDENT

Please fill out the this section completely as this information is used by Tomball, Texas to determine whether or not the filming activities indicated above will be approved or denied.

☐ APPROVE

☐ DISAPPROVE

RECEIVED MAP:

☐ YES

☐ NO

(Print Name and Title)

(Signature)

(Print Address)

(Phone Number)

☐ RESIDENCE

☐ BUSINESS (Choose One)

Comments: _____

Street: _____

Block Number: _____

Received by Tomball, Texas on: _____

CITY OF TOMBALL LOCATION AGREEMENT

Working Title of Motion Picture

Date

Set Name

Scene Numbers

Name (herein called "Licensor")
Business Address

Phone Number

The City of Tomball, Texas, hereby grants to (Production Company with address)
(herein called "Company"), and its employees, agents, independent producers, contractors and suppliers,
permission to enter upon and use the premises located at: _____

and all signs, fixtures, and other personal and real property on and around said premises (all of which,
together with said premises, shall be referred to herein as the "Property") for the purpose of still photography
and making motion pictures, videotapes and sound recordings in connection with the production, exhibition,
advertising and exploitation of the motion picture, commencing on or about _____
(subject to change on account of weather conditions or changes in
production schedule), and continuing until completion of all scenes and work required.

CHARGES: *(Rates and/or rate schedule—this can vary as to flat day rate, hourly charges—this is negotiated
by the production and the location owner)*

All charges are payable on completion of all work contemplated, unless specifically agreed to the contrary.
Company is not obligated to actually use the Property or produce any motion picture or include material
photographed or recorded hereunder in the motion picture. Company may at any time elect not to use the
Property by giving Licensor written notice of such election, in which case neither party shall have any
obligation hereunder.

Company may place all necessary facilities and equipment, including temporary sets, and park vehicles if
appropriate, on the Property, and agrees to remove same after completion of work and leave the Property in
as good condition as when received, reasonable wear and tear from uses permitted herein excepted. Signs on
the Property may, but need not, be removed or changed, but, if removed or changed, must be replaced.
Licensor agrees to execute a location restoration release in Company's favor upon Company's reasonable
request following restoration of the Property. In connection with the motion picture, Company may refer to
the Property or any part thereof by any actual or fictitious name and may attribute any real or fictitious events
as occurring on the Property. Licensor irrevocably grants to Company and Company's successors and
assigns the right, in perpetuity, throughout the universe, to duplicate and re-create all or a portion of the
Property, to alter such duplicates and re-creations, and to use such duplicates and re-creations in any media
and/or manner now known or hereafter devised in connection with the motion picture, including without
limitation sequels thereto, merchandising, theme parks and studio tours, and in connection with publicity,
promotion and/or advertising for any or all of the foregoing.

Company agrees to use reasonable care to prevent damage to said Property, and will indemnify Licensor, and all other parties lawfully in possession of said Property, and hold each of them harmless from any claims and demands of any person or persons arising out of or based upon personal injuries, death or property damage suffered by such person or persons resulting directly from any act of negligence on Company's part in connection with the work hereunder.

All rights of every kind in and to all still pictures, motion pictures, videotapes, photographs and sound recordings made hereunder shall be and remain vested in Company and its successors, assigns and licensees, and neither Licensor nor any tenant, or other party now or hereafter having an interest in said Property, shall have any right of action against Company or any other party arising out of any use of said still pictures, motion pictures, videotapes, photographs and/or sound recordings, whether or not such use is, or may be claimed to be, defamatory, untrue or censorable in nature.

At any time within 6 months from the date Company completes its use of the Property hereunder, Company may, upon not less than 5 days prior written notice to Licensor, re-enter and use the Property for such period as may be reasonably necessary to photograph retakes, added scenes, etc. desired by Company upon the same terms and conditions as contained in this agreement.

Licensor warrants that Licensor is the owner or authorized agent for the owner of the Property and that Licensor has full authority to enter into this agreement and grant the rights herein granted.

Licensor's sole remedy for a breach by Company of any of Company's obligations hereunder shall be an action at law for damages, it being agreed that in no event shall Licensor or its successors and assigns, or any other party now or hereafter having an interest in said Property seek or be entitled to injunctive or other equitable relief for breach by Company of any of its obligations under this Agreement.

If the box below is checked, the attached Addendum shall constitute part of this agreement. This is the entire agreement. This agreement cancels and supersedes all prior negotiations and undertakings relating to the Property and contains all of the terms, covenants, conditions, representations and warranties, written or oral, of the parties hereto in the premises. No other authorization is necessary to enable Company to use the Property for the purposes herein contemplated.

ACCEPTED:

(Company)

Licensor: _____

By: _____
Its: Authorized Signatory

By: _____
Its:

Terms confirmed by:

Address: _____

Location Manager

Federal I.D.# _____

☐ Check here if Addendum attached

PRODUCTION COMPANY LETTERHEAD

SAMPLE #1: MERCHANTS AND BUSINESS DISTRICT

June 14, 2006

Dear Neighbor:

My name is Joe Smith and I am a Location Scout for the upcoming movie, "THE MOVIE". Shooting will be taking place in Providence beginning in August 2006 and continuing through November 2006.

Some of our locations are in your building's area, and we wanted to inform you of our upcoming presence beginning Friday, August 11th. On this day as well as Monday, August 14th and Tuesday, August 15th we will be filming outside the Turks Head Building. Wednesday, August 16th through Saturday, August 17th we will be filming on Washington Street between. We are going to need to down many of the surrounding streets, as well as posting "No Parking" signs with the help of the City of Providence. We are going to have multiple Providence Police Detail Officers on hand to help direct traffic and ensure public safety.

We apologize for any inconvenience that this may cause, but thank you in advance for your cooperation. If you have any questions or concerns, please feel free to contact me on my cell phone at 401-555-1234, or my colleague Emily Jones at 401-555-6789.

Thank you,

Joe Smith
Location Scout

PRODUCTION COMPANY LETTERHEAD

SAMPLE #2: RESIDENTIAL NEIGHBORHOOD

September 1, 2006

Dear Waterman Street Neighbor:

We are presently filming the television show "TeeVee Show" in Providence. One of our recurring locations is in your neighborhood and we wanted to inform you of our upcoming presence.

On Thursday, October 19, 2006 we will be filming a few scenes on Waterman Street that will require us to clear the street, as well as intermittently close the street down throughout the day. We are currently working on alternative parking nearby for those we will be affecting the most and thank you in advance for your patience with that.

We understand that this may be an inconvenience to your everyday activities, but ask for your cooperation during filming. Without the support of the residents of Providence, it would not be possible for us to shoot locally. If you have any questions or concerns, please contact us at 401-555-4321 or send an e-mail to emailaddress@tv.com.

Thank you,

The Locations Department
TeeVee Show Productions

PRODUCTION COMPANY LETTERHEAD

SAMPLE #3: RESIDENTIAL NEIGHBORHOOD, PRODUCTION TRUCK PARKING

September 1, 2006

Dear Hope Street Neighbor:

We are presently filming the television show “TeeVee Show” in Providence. One of our recurring locations is in your neighborhood and we wanted to inform you of our upcoming presence.

On Tuesday, November 13, 2006 we will be filming a few scenes on nearby Governor Street that will require us to clear that street, as well as intermittently close it down throughout the day. We will also need to park some of our production trucks and vehicles on Hope Street. We are currently working on alternative parking nearby for those we will be affecting the most and thank you in advance for your patience with that.

We understand that this may be an inconvenience to your everyday activities, but ask for your cooperation during filming. Without the support of the residents of Providence, it would not be possible for us to shoot locally. If you have any questions or concerns, please contact us at 401-555-4321 or send an e-mail to emailaddress@tv.com.

Thank you,

The Locations Department
TeeVee Show Productions

Regular City Council

Agenda Item

Meeting Date: February 21, 2011

Data Sheet

Topic:

Designate Downtown Parking Lot Locations and Direct Engineering and Planning Department to Negotiate and Prepare Professional Services Contract

Background:

The City of Tomball (City) in coordination with the Houston-Galveston Area Council (HGAC) and the Texas Department of Transportation (TxDOT) conducted a Livable Centers Downtown Plan in coordination with the FM 2920 Access Management Plan. The Access Management Plan calls for the removal of the on-street parking that is currently within the limits of downtown Tomball along FM 2920 and as such the Livable Center Downtown Plan identified five (5) potential parking lot locations that could serve to replace the parking that will be lost along FM 2920 during the implementation of the Access Management Plan. The City Council has programmed funding to move one or more of the parking lot projects forward during the current fiscal year. The Livable Centers Downtown Plan available from H-GAC depicts parcel locations for each of the 5 potential parking facilities on Page 38 of the final report (attached). In addition, Engineering and Planning Department prepared an exhibit depicting the 5 potential parking facilities noted above, plus a parking facility easterly of North Elm and a parking facility southerly of the Depot area along South Elm. Two additional parking facilities were included based on discussion at the January 17th Council meeting; the parking facilities are located at the corner of N. Magnolia and FM 2920 and the corner of S. Oak and Fannin St. The project is a currently listed 2011 budgeted CIP project.

At the last meeting, general discussion led us to concentrate on developing city-owned properties for public parking lots first and then possibly go to the private ownership for additional lots.

The following is additional information on several of the more viable lots:

1. Parking Lot AN along Elm Street (city owned): In further discussions with Engineering and Public Works Department, we believe, depending on final design, that the Public Works Department certainly has the capability to construct Parking Lot AN along Elm, which would considerably reduce the overall costs.
2. Parking Lot ES at the southwest corner of S. Oak @ Fannin (city owned): this parking could help the downtown area and City Hall parking.
3. Parking Lot CS next to the Barns Development on Market (privately owned): this is privately owned and could be leased or purchased. This lot would help the downtown and Depot area.
4. Parking Lot DN at northeast corner of Main @ Magnolia (privately owned): Current asking price is \$131,000, which would put a public parking lot on Main St. that would look good with landscaping, but a parking lot might not be the highest and best use of the land.

Potential conditions on lease of land:

1. 10-year lease with 10-year option to renew
2. City pay taxes and insurance on property
3. Opt-out clause for City only, not property owner
4. Owner requests review and input of design/engineering
5. Lighting—owner would pay monthly electrical and general maintenance; City would repair any damages if they occur
6. This would be a public lot of which everyone can use.

Origination:

Engineering and Planning Department

Recommendation:

The Engineering and Planning Department request City Council's designation of the parking lot locations to be considered and to direct staff to negotiate and prepare the Professional Services Contract for Council's approval.

Funding:

Party(ies) responsible for placing this item on agenda:

Engineering and Planning Department

ACTION TAKEN		
APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1 ST ☐ 2 ND	

ATTACHMENTS:

Proposed Public Parking

Summary of Proposed Location of Downtown Parking Lots Preliminary Costs

Parking Lot	Location	Number of Parking Spaces	Land Acquisition Cost	Site Construction Cost	Sidewalk/Street/ Alleyway Cost	Total Construction	Professional Services (20%)	Total Construction & Professional Services	Cost per Space (Land/Site/ Professional Services)	Cost per Space (Land/Site/Sidewalk/ Street/Alleyway/ Professional Services)
AN	N Elm Between W Main and Houston	23	\$ -	\$ 210,000.00	\$ 208,240.00	\$ 418,240.00	\$ 83,648.00	\$ 501,888.00	\$ 10,956.52	\$ 21,821.22
BN	NW Corner Commerce @ N Walnut	18	\$ 31,872.00	\$ 110,000.00	\$ 22,000.00	\$ 163,872.00	\$ 32,774.40	\$ 196,646.40	\$ 9,458.13	\$ 10,924.80
CN	SW Corner Commerce @ N Oak	37	\$ 194,005.00	\$ 285,000.00	\$ 12,000.00	\$ 491,005.00	\$ 98,201.00	\$ 589,206.00	\$ 15,535.30	\$ 15,924.49
DN	NE Corner N Magnolia & W Main	42	\$ 105,000.00	\$ 293,000.00	\$ 5,600.00	\$ 403,600.00	\$ 80,720.00	\$ 484,320.00	\$ 11,371.43	\$ 11,531.43
AS	NW Corner Market @ S Cherry	27	\$ 50,375.00	\$ 200,000.00	\$ 9,200.00	\$ 259,575.00	\$ 51,915.00	\$ 311,490.00	\$ 11,127.78	\$ 11,536.67
BS	SE Corner W Main @ Walnut	5	\$ 25,000.00	\$ 80,000.00	\$ 4,240.00	\$ 109,240.00	\$ 21,848.00	\$ 131,088.00	\$ 25,200.00	\$ 26,217.60
CS	West of Barnes at Depot	18	\$ 30,000.00	\$ 110,000.00	\$ 2,800.00	\$ 142,800.00	\$ 28,560.00	\$ 171,360.00	\$ 9,333.33	\$ 9,520.00
DS	SE Corner S Elm @ Fannin	54	\$ 39,200.00	\$ 345,000.00	\$ 243,200.00	\$ 627,400.00	\$ 125,480.00	\$ 752,880.00	\$ 8,537.78	\$ 13,942.22
ES	SW Corner S Oak @ Fannin	23	\$ -	\$ 245,000.00	\$ 10,000.00	\$ 255,000.00	\$ 51,000.00	\$ 306,000.00	\$ 12,782.61	\$ 13,304.35
TOTAL		247	\$ 475,452.00	\$ 1,878,000.00	\$ 517,280.00	\$ 2,870,732.00	\$ 574,146.40	\$ 3,444,878.40	\$ -	\$ -

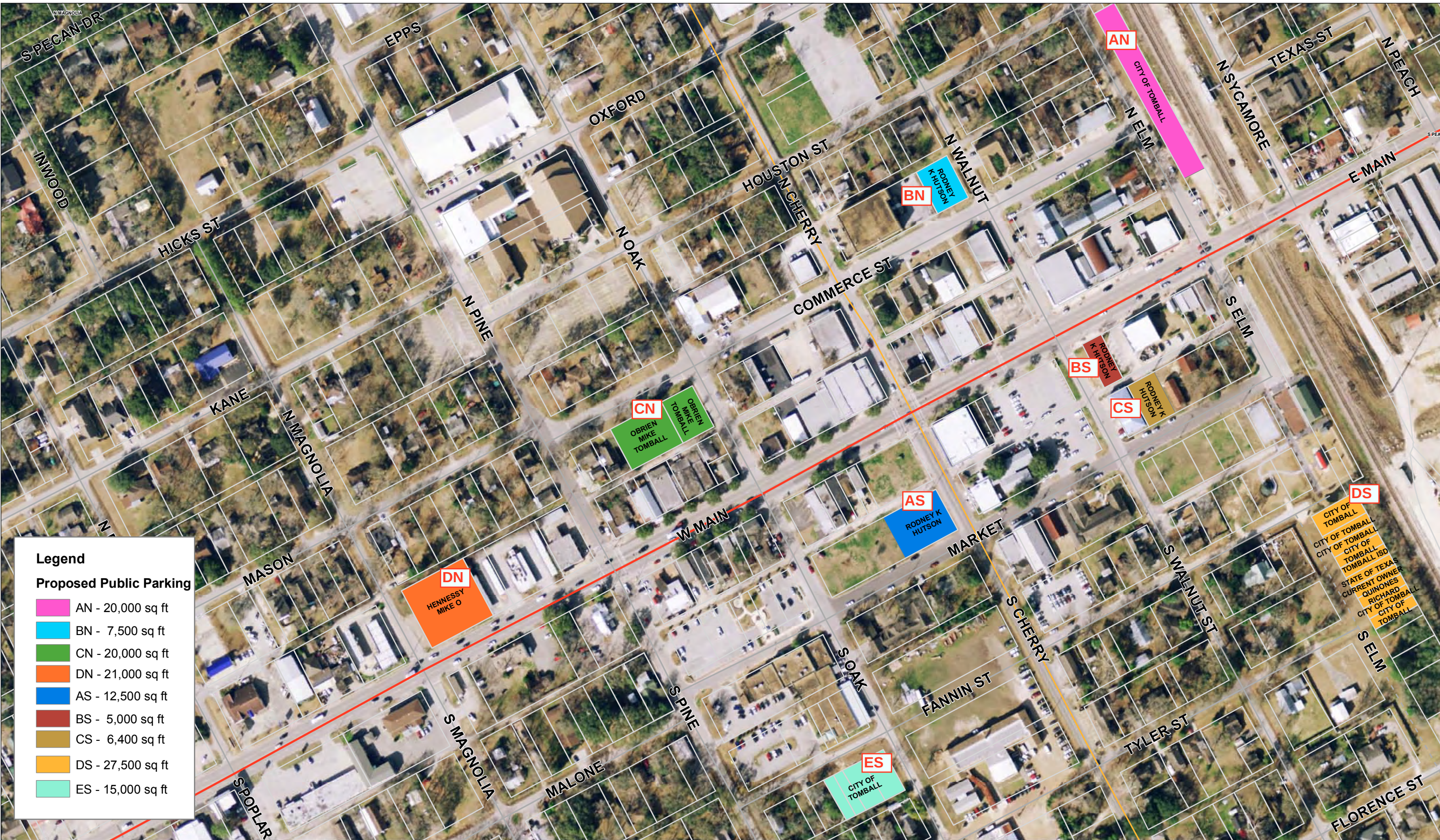
Items of Note

1. Cost are estimated by staff.
2. Cost do not include potential/unknown oil & gas related issues.
3. Cost do not include potential/unknown environmental issues.
4. Land Acquisition is based on HCAD website.
5. ADA/TAS Parking not included, but will be part of final design.
6. Trees shown in landscape locations but due to limited space shrubs may be substituted.

Parking Lot	Location	Number of Parking Spaces	Land Acquisition Cost	Site Construction Cost	Sidewalk/Street/ Alleyway Cost	Total Construction	Professional Services (20%)	Total Construction & Professional Services	Cost per Space (Land/Site/ Professional Services)	Cost per Space (Land/Site/Sidewalk/ Street/Alleyway/ Professional Services)
CS - Alt 1	West of Barnes at Depot	6	\$ 18,800.00	\$ 87,600.00	\$ 2,800.00	\$ 109,200.00	\$ 21,840.00	\$ 131,040.00	\$ 21,280.00	\$ 21,840.00
CS - Alt 2	West of Barnes at Depot	12	\$ 18,800.00	\$ 87,600.00	\$ 2,800.00	\$ 109,200.00	\$ 21,840.00	\$ 131,040.00	\$ 10,640.00	\$ 10,920.00

HCAD Based SF Cost Determination for Land Acquisition

Parking Lot	Location	Owner	HCAD Number	Real_acct.Total_Land_Area (SF)	Real_acct.Total_Market_Value	Square Footage Cost (per HCAD)
AN	Elm Between Main and Houston	CITY OF TOMBALL	440550000279	26000	\$ -	\$ -
BN	NW Corner Commerce @ Walnut	HUTSON RODNEY	352570070024	7500	\$ 31,872	\$ 4.25
CN	SW Corner Commerce @ Oak	OBRIEN MIKE	352600180019	12500	\$ 39,000	\$ 3.12
		OBRIEN MIKE J	352600180023	7500	\$ 155,005	\$ 20.67
DN	NE Corner N Magnolia & W Main	HENNESSY MIKE O	352660420008	21000	\$ 105,000	\$ 5.00
AS	NW Corner Market @ Cherry	RODNEY K HUTSON	352590140021	30000	\$ 121,000	\$ 4.03
BS	SE Corner Main @ Walnut	RODNEY K HUTSON M D P A	352560030013	5000	\$ 25,000	\$ 5.00
CS	West of Barnes at Depot	HUTSON RODNEY K MD PA	1316090010001	19998	\$ 79,992	\$ 4.00
DS	SE Corner Elm @ Fannin	CITY OF TOMBALL	352570060001	5000	\$ -	\$ -
		CITY OF TOMBALL	352570060003	2500	\$ -	\$ -
		CITY OF TOMBALL	352570060004	2500	\$ -	\$ -
		CITY OF TOMBALL	352570060005	2500	\$ -	\$ -
		TOMBALL ISD	352570060006	2500	\$ -	\$ -
		STATE OF TEXAS	352570060007	2500	\$ -	\$ -
		CURRENT OWNER	352570060008	2500	\$ 9,800	\$ 3.92
		QUINONES RICHARD	352570060009	2500	\$ 9,800	\$ 3.92
		CITY OF TOMBALL	352570060010	2500	\$ -	\$ -
		CITY OF TOMBALL	352570060011	2500	\$ -	\$ -
ES	SW Corner S Oak & Fannin	CITY OF TOMBALL	352610210023	5000	\$ -	\$ -
		CITY OF TOMBALL	352610210021	5000	\$ -	\$ -
		CITY OF TOMBALL	352610210019	2500	\$ -	\$ -
		CITY OF TOMBALL	352610210020	2500	\$ -	\$ -



Legend

Proposed Public Parking

- AN - 20,000 sq ft
- BN - 7,500 sq ft
- CN - 20,000 sq ft
- DN - 21,000 sq ft
- AS - 12,500 sq ft
- BS - 5,000 sq ft
- CS - 6,400 sq ft
- DS - 27,500 sq ft
- ES - 15,000 sq ft

Proposed Conceptual Parking Lot Layout



Lot AN (N Elm Between W Main and Houston)



Lot BN (NW Corner Commerce @ N Walnut)



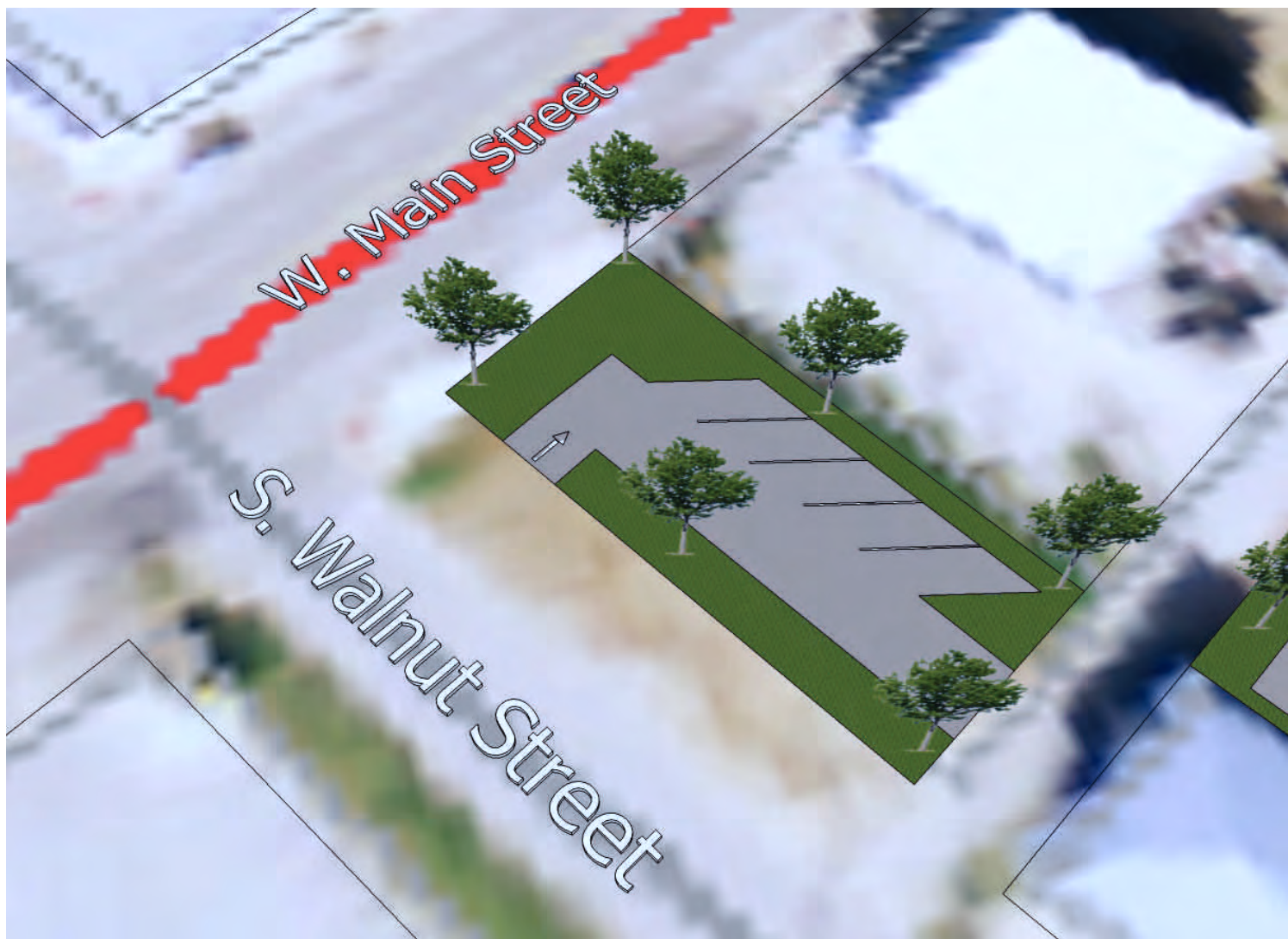
Lot CN (SW Corner Commerce @ N Oak)



Lot DN (NE Corner N Magnolia & W Main)



Lot AS (NW Corner Market @ S Cherry)



Lot BS (SE Corner W Main @ Walnut)



Lot CS (West of Barnes at Depot)



Lot DS (SE Corner S Elm @ Fannin)



Lot ES (SW Corner S Oak @ Fannin)



Lot CS—Alt 1 (West of Barnes at Depot)



Lot CS—Alt 2 (West of Barnes at Depot)

For discussion purposes only. Not for construction.

Regular City Council

Agenda Item

Meeting Date: February 21, 2011

Data Sheet

Topic:

Accept Resignation of LaMar Barr and Appoint Replacement Member to Unexpired Term on the Tourism Advisory Committee (Hotel Industry Position 8)

Background:

LaMar Barr, recently appointed to the two-year hotel industry term, Position 8, on the Tourism Advisory Committee, submitted his resignation to Mayor Fagan on January 24, 2011, following the first meeting.

The only applicant currently on file for the hotel industry is Mr. Prakash Patel; his application is included. Mr. Patel has confirmed his interest in being appointed to the Tourism Advisory Committee.

Origination:

City Secretary

Recommendation:

N/A

Funding:

Party(ies) responsible for placing this item on agenda:

City Secretary

ACTION TAKEN		
APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1 ST ☐ 2 ND	

ATTACHMENTS:

Application to TAC Board - P. Patel



CITY OF TOMBALL

2010 APPLICATION FOR THE TOURISM ADVISORY COMMITTEE

As an Applicant for the **Tourism Advisory Committee**, your application will be available to the public. All appointments are made by the Tomball City Council. Incumbents whose terms expire are automatically considered for reappointment unless they indicate non-interest or have been appointed to two (2) consecutive terms. A member who is absent for more than 25% of called meetings in any twelve consecutive months or absent from more than two consecutive meetings, for other than medical reasons, will be automatically removed from service. Applicant must be a citizen of the United States and must reside within the city limits of Tomball unless otherwise stated in the position announcement. 2010 applications expire on December 31, 2012; a new application will be required in 2013.

Please Type or Print Clearly:

Date: 11. 8. 2010.

Name: Prakash Patel

Phone: 281. 252. 9075
(Home)

Address: 603. W. MAIN STREET TOMBALL, TX 77375

Phone: 281. 797. 5378
(Work)

Email: Prakash1970@MSN.COM

I have lived in Tomball 30 years.

I am ☒ am not ☐ a U.S. Citizen

I am applying as (please check all that apply):

☒
☐
☐
☐

a Tomball Resident, residing within the city limits of Tomball
an Employee, Owner, Officer or Director of a business, other than
a hotel or motel, with offices within the city limits of Tomball
an Employee, Owner, or Officer of a hotel or motel located in the
city limits of Tomball

Occupation: RESTAURANT OWNER DENNY'S - TOMBALL.

Professional and/or Community Activities: _____

Additional Pertinent Information/References: _____

Applications for the Tourism Advisory Committee will be kept on file in the City Secretary's office (281-290-1002) for two years.

I AM INTERESTED IN SERVING ON THE TOURISM ADVISORY COMMITTEE.



Signature of Applicant

Please return this application to:

City Secretary
City of Tomball
401 Market Street
Tomball, TX 77375
dspeer@ci.tomball.tx.us
fax: 281-351-6256

Regular City Council

Agenda Item

Meeting Date: February 21, 2011

Data Sheet

Topic:

Approve Grant Application by Tomball Sister City Organization for Hotel Occupancy Tax Funds in the Amount of \$30,000, as recommended by the Tomball Tourism Advisory Committee

Background:

On February 16, the Tomball Sister City Organization (TSCO) presented their grant application for support of the 11th Annual German Heritage Festival from HOT funds to the Tomball Tourism Advisory Council.

It is the recommendation of the TAC that the application be approved by Council for the amount of \$30,000, as long as the TSCO meets the following requirements:

1. The TSCO must provided documentation accurately showing the total amount of its operational budget for the year
2. That the total operational budget of the TSCO qualifies the organization to receive \$30,000 (based on the current HOT Fund Grant Application, an organization is only eligible for 25% of its operational budget. The TSCO originally showed their budget to be \$100,000. If it is higher, they may be eligible for more grant funding.)

Origination:

City Manager's Office

Recommendation:

N/A

Funding:

Party(ies) responsible for placing this item on agenda:

Shawn Cox - Assistant to the City Manager

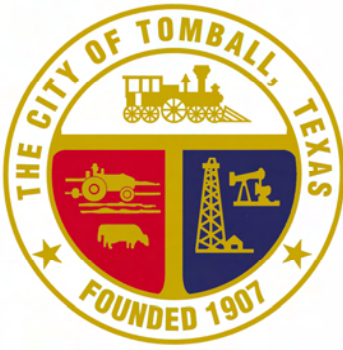
ACTION TAKEN		
APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1 ST ☐ 2 ND	

ATTACHMENTS:

TSCO Request Letter

TSCO Grant Application

TSCO Grant Summary



TOMBALL SISTER CITY ORGANIZATION
Tomball, Texas – Telgte, Germany
P.O. BOX 1131
TOMBALL, TEXAS 77377



January 20, 2011

Honorable Mayor and City Council

Re: Request Support for 11th Annual Tomball German Heritage Festival

The Tomball Sister City Organization, Inc. respectfully request for the Tomball German Heritage Festival:

(A) In-kind support for Thursday, March 24th, Friday, March 25th, Saturday, March 26th, and Sunday, March 27th, 2011 in the form of:

Personnel:

Public Works:

Two (2) employees for Friday night from 6:00 pm to 11:00 pm.

Two (2) for Saturday from 8:00 am to 11:00 pm.

Two (2) for Sunday from 8:00 am to 8:00 pm.

Employees will need the use of gators for trash pick up.

Police Department:

Two (2) Officers for Thursday from 5-11pm.

Four (4) for Friday from 5-11pm.

Four (4) for Saturday from 9am - 11pm.

Four (4) for Sunday from 10am - 6pm.

And two (2) Officers for Sunday night from 6-11pm.

ESD 8

One (1) Paramedic Thursday 5-11pm

One (1) Friday from 5-11pm

One (1) Saturday from 9am - 11pm

One (1) Sunday from 10am - 11pm

Facilities:

The use of the Community Center Friday night from 1:00 pm to 10 pm and Saturday from 8:00 am to 10 pm and Sunday from 8:00 am to 8:00 pm. One (1) employee working these hours, also.

Supplies:

One (1) 40 yard roll off, and four (4) 8-yard dumpsters; Forty-five (45) portable toilets including two (2) handicap units, and eight (8) hand sanitize stations.

Thirty (30) trash barrels with 400 liners

Twenty (25) barricades, twelve (12) traffic cones

(B) 1. Electricity/Lighting Rentals: 5 large generators and 5 power cords, 6 tower lights, and fuel top-off for generators from City's gasoline supply.

2. Electricity: Add 30amp service with (4) outlets on the existing pole/panel behind the Gazebo.

(C) Cash Request of \$20,000.00 from the local occupancy tax.

(D) TV and Radio commercials. Requested amount - \$10,000.

(E) Transportation: Request discussion and plan for visitor's off-site parking and transportation to the festival by way of shuttle service in some form.

Carnival Hours:

Thursday 3pm-11pm, Friday 3pm-11pm, Saturday 10am-11pm, Sunday 10am-10pm

Street Closures:

On behalf of your Tomball Sister City Organization and the Tomball German Heritage Festival we respectfully request permission to block off the 300 block of Market Street from Cherry to Oak; South Elm and 100 block of Market; and South Walnut between Market and Fannin from 12:00 pm Thursday, March 24, 2011 until 10:00 pm Sunday, March 27, 2011. The Triple "T" Amusement Carnival will begin Thursday at 3:00 pm and go through Sunday until 10:00 pm. In addition to this, we would like to request closure of the 200 block of Market at Cherry, Friday 9:00 am, March 25, 2011 and South Walnut at Main 5:00 pm until Sunday, March 27, 2011 at 7:00 pm.

Sincerely,

Grady P. Martin
Tomball Sister City Organization
Tomball German Heritage Festival



CITY OF TOMBALL

APPLICATION FOR USE OF HOTEL OCCUPANCY TAX

(Must be submitted no less than 45 days prior to the event)

Applications may be mailed or hand delivered to:

Director of Finance
City of Tomball
501 James Street
Tomball, TX 77375

Applicant Organization: Tomball Sister City Organization

Organization Director: Grady Martin

Project or Event for which funding is requested: Tomball German Heritage Festival

Date of Event: March 24 - 27, 2011

Description of project or event for which funding is requested: _____

11th annual German Heritage Festival featuring live music from German folk artists from around Texas, ethnic folk dancers, other music, arts, crafts and exhibits. The four day event brings vendors from as far away as New York and Colorado

Location of project or event: _____

Market Street between Elm and Pine

GRANT AMOUNTS:

Amount Requested for 2010-2011 \$ 30,000.00

Amount Received for 2009-2010 \$ 15,000.00

% increase requested over last year's grant 100 %

2010-2011 Organization Budget Summary

	City Funds	Other Funds	Total
Personnel			
Contracted Services		30,000	30,000
Travel			
Rental Expense		23,000	23,000
Depreciation/Mortgage	N/A		
Advertising	10,000	14,000	24,000
Insurance		1,000	1,000
Other Expenses	20,000	2,000	22,000
Volunteer Time	N/A		
Donated Goods/Services	N/A		
Total	30,000	70,000	100,000

Grants to an organization will not exceed 25% of the organization's adopted budget for 2010-2011.

FUNDS FROM SOURCES OTHER THAN THE CITY OF TOMBALL

<u>Government</u>	<u>Amount of Funds</u>
Local	_____
County	_____
State	_____
Federal	_____
<u>Other Investors/Contributors</u>	
Individual	_____
Corporate	_____
Foundations	_____
<u>Fees</u>	
Admissions	_____
Applications	_____
Vendors	50,000
Tuition	_____

<u>Concessions</u>	<u>6,000</u>
<u>Memberships</u>	<u></u>
<u>Subscriptions</u>	<u></u>
<u>Other</u>	<u>14,000</u>
Total	<u>\$ 70,000</u>

How many people do you expect will visit Tomball from out-of-town as a result of this project or event?

Explain the basis for your answer to the preceding question: _____

Attendance is projected in excess of 15,000. It is unknown precisely how many are from beyond the City Limits of Tomball.

Are attendees for this event or users of this project expected to stay overnight in Tomball hotels or motels? If you answer to this question is Yes, state the basis for your answer: _____

Yes, historically many vendors have stayed in area hotels.

Organization Contact Name, Title, Address and Phone Number: _____

Grady Martin, Chairman 713-829-0313

Contact's Signature: _____

Date: _____



VALIDATION OF APPLICATION

The signatory declares that he/she is an authorized official of the applicant, is authorized to make this application, and certifies that the information in this application is true and correct to the best of his/her knowledge. Signatory further declares that applicant, if previously funded by the City of Tomball, has successfully fulfilled all prior Grant contract obligations.

Signature of Authorizing Official

Date

Typed Name

Title within Organization

Telephone

Email address



NARRATIVE QUESTIONS

Please look at the criteria in the grant guidelines when you answer the following questions. **Be specific and give examples.** Answers to individual questions should be as brief as possible and should in no case exceed one page.

1. Describe the history and purpose of the organization.
2. Describe how any grant funds will be used.
3. List the programs and activities for the grant year.
4. Show evidence of growth in community support prior to the grant year. Include the number of performances, exhibitions, audience sizes, services or enrollment. Be sure to include specific information as to the percent of activities taking place within the City of Tomball.
5. How does your project/event qualify for use of Municipal Hotel Occupancy Tax funds as defined in the Hotel Occupancy Tax Guidelines?
6. How do you publicize your activities? How do you evaluate these efforts and what have you done to increase the effectiveness of your marketing efforts?
7. Explain the public benefits to the City of Tomball that will result from your organization's efforts.
8. What is your organization doing to bring visitors to Tomball, to stay in local hotels and otherwise support the hospitality industry?



OTHER REQUIRED DOCUMENTATION

The following information is required to process the grant application:

1. Articles of Incorporation, if applicable
2. Constitution and/or By-Laws
3. If your organization's budget exceeds \$100,000 (exclusive of in-kind) attach a copy of the last independent audit of financial records. If no audit was completed, explain why.
4. Schedule of Board of Directors meetings for the period of October 1, 2009 through September 30, 2010. Board of Directors meetings must occur at least once per quarter.
5. Resumes of principal staff and artists or relevant job descriptions.
6. Depending on the nature of the project or event for which grant funding is requested, the organization will obtain a Certificate of Insurance for liability coverage as outlined in the attached Exhibit A. The City of Tomball requires each grantee having an event in the City aimed to attract both residents and tourists to have liability insurance to protect the public for acts by the grantee. This mandated coverage does not cover the grantee or any of its members. We encourage the grantee to acquire insurance to cover itself and its members as it deems fit. Please see your insurance agent for the local government endorsement. The cost of the local government endorsement may be included as part of your budget to be considered for a grant.

OPTIONAL SUPPORTING DOCUMENTATION

This should be additional material that you wish to attach that further explains the activities of your organization such as:

1. Long Range Plan – 3-5 years
2. One labeled videotape of performance(s), exhibits, workshops, capital project and /or other activities for which City of Tomball grant funds will be utilized.
3. Programs, publicity, articles, reviews, etc.
4. Letters of support from patrons or other organizations in the community.



EXHIBIT A

Organization shall procure and maintain for the duration of the grant agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the services performed or to be performed hereunder by the Organization its agents, representatives, employees, volunteers, officers, directors or sub-contractors.

The organization shall maintain insurance with limits not less than \$500,000 per occurrence, \$1,000,000 aggregate and will be as broad as ISO Form Number GL 0002 (Ed 1/72) covering Comprehensive General Liability and ISO Form Number GL 0404 covering Broad Form Comprehensive General Liability, or ISO Commercial General Liability coverage ("occurrence for CG 0001). Coverage will include: A) Premises – Operations; B) Broad Form Contractual Liability, C) Broad Form Property Damage and D) Personal Injury.

The policy will be endorsed to contain the following provisions: The City, its officials, employees, volunteers, Boards and Commissions are to be added as "Additional Insured" in respect to liability arising out of any activities performed by or on behalf of the Organization. The policy shall contain no special limitations to the scope of coverage afforded to the City. The Organization's insurance shall be primary and any insurance or self-insurance shall be in excess of the Organization's insurance and shall not contribute with it. Certificate must include a waiver of subrogation as regards to the workers compensation policy. If your organization has no employees, and therefore does not carry workers compensation insurance, you must provide to the City of Tomball a letter stating that you have no employees and therefore do not carry workers compensation insurance.

Insurance shall be placed with insurers with an A.M. Best rating of no less than A:VI or a Standard & Poor rating of A or better.

The Organization shall furnish the City with a certificate of insurance which shows the coverage provided. The insurance policy will be endorsed to state that coverage shall not be suspended, voided, canceled, non-renewed, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.

1. Describe the history and purpose of the organization.

The Tomball Sister City Organization is a nonprofit corporation formed for the purpose of the establishment, sponsorship, promotion and support of cultural, business, educational, diplomatic and other exchanges with Tomball's sister city – Telgte, Germany.

To this end the corporation endeavors to promote and heighten public interest in and appreciation of the culture, business, education, products, people or language of sister cities of the City of Tomball, Texas, and to develop programs and provide activities that highlight such culture, business, education, products, people or language, and to assist its members in the development of such programs and the provisions of such activities.

The Tomball Sister City Organization, Inc. was established by the City of Tomball in 1999 and has been an active part of the community since its beginning. The organization endeavors to help keep Texas German and ethnic heritage alive in this part of Texas through festivals, events, and projects which are related to Texas German heritage, culture, music, arts, and history.

2. Describe how any grant funds will be used.

Any grant monies would be used for improving, establishing, and building the Tomball German Heritage Festival and the German Christmas Market Festival, through

- Adding to the events entertainment and music stages with more German, Czech, Texas, and ethnic folk music and heritage entertainment including local high school groups, German clubs, dance clubs, and professionals.
- Tourism-Related advertising dollars for radio, newspaper, signage, poster/flyer, internet, TV, etc., and more advertising dollars for out-of-town and visitor outreach.
- Rentals and Utilities: Tents, fencing, tables, chairs, stages, sound equipment, and electrical and generator rental.
- Insurance: General liability, alcohol liability, and festivals and events insurance.
- Professional Security Cost: Keeping our visitors safe, our vendor booths secure over night, and securing alcohol at entrances and exits.
- Heritage/Community Center at 221 Market additions, improvements, and enlargement with more culture and art exhibits and displays, and to attract small conventions, such as the Stein Collectors International in 2009.

3. List the programs and activities for the grant year.

- Tomball German Heritage Festival - Always the last weekend in March
- Tomball German Christmas Market - Always the second Saturday in December
- Student Exchange Program with our German sister city Telgte - these exchanges bring German visitors to Tomball.
- Various governmental and volunteer relationships with like groups in our German sister city and in Harris Co. including schools Houston Fest & Klein Fest,

4. Show evidence of growth in community support prior to the grant year. Include the number of performances, exhibitions, audience sizes, services or enrollment. Be sure to include specific information as to the percent of activities taking place within the City of Tomball.

The German festival has grown each year since its beginning eleven years ago. Starting as a one day event in 2001 with an attendance of less than one hundred people and one Oompah band on the TISD parking lot, the festival has now grown to a four day event with four music stages covering an area of five city blocks, and the attendance has increased to over thirty thousand visitors in 2010.

The third annual German Christmas Market, in conjunction with the City of Tomball Second Saturday event in December, was held in 2010. It was expanded to a two day event in 2010 and we are planning a three day event for 2011. The attendance for 2010 was around 15,000.

All activities and events take place in Tomball. The heart of the event is located at the historical Train Depot Plaza at 201 S. Elm Street in the Old Town area.

5. How does your project/event qualify for use of Municipal Hotel Occupancy Tax funds as defined in the Hotel Occupancy Tax Guidelines?

Tomball German Heritage Festival is a music street festival with German folk artists from around Texas, ethnic folk dancers, Texas folk music and dance, bluegrass, vocal music, instrumental music, folk art, arts and crafts exhibits, heritage & craft displays, children's music, Czech folk music, heritage center, German/English church, language displays, local family photo displays, tour historical Depot, etc. About 20% of our total budget is used for advertising and attracting visitors, and our advertising dollars are directed toward our out-of-town visitors and tourists.

This four day event attracts vendors from as far away as New York and Colorado to stay at least two or three nights and many visitors for all parts of Texas, the United States and from around the globe that will put "heads in beds." Additionally, we have coordinated

this event with other events, including the annual Texas German Society convention, the Stein Collectors International Convention, Happy Hikers of Houston, and the Texas Wheels of Justice Bicycle Rally that bring people to our event and our city that might not have come just for the festival. (See attached visitor and vendor list)

6. How do you publicize your activities? How do you evaluate these efforts and what have you done to increase the effectiveness of your marketing efforts?

We publicize our events on our websites, local newspapers, radio, signage, listings on the internet, and working with other community groups like the Chamber of Commerce and the City of Tomball making sure the word is out. We have increased our advertising budget each year.

We evaluate our advertising methods through a “guest registry” that visitors are encouraged to sign which includes an opportunity for them to tell us how they heard about the event, and through informal interviews with attendees by festival volunteers throughout the festival.

7. Explain the public benefits to the City of Tomball that will result from your organization’s efforts.

Tomball becomes a destination city and attracts thousands of tourists and shoppers to the Old Town area of Tomball.

The festivals and events are helping to keep our heritage and history alive in our area.

The organization is committed to supporting and contributing to the historical, cultural, and utility improvements at the historical Depot Plaza, Heritage Center, and Old Town which are home to the Tomball German Heritage Festival, as is evidenced by our providing additional electrical outlets for music stages and vendors and improvements, enlargement, and enhancement of festival grounds. Cash contributions include art and culture projects at the historical Depot, such as the new bronze statue “The Conductor”.

8. What is your organization doing to bring visitors to Tomball, to stay in local hotels and otherwise support the hospitality industry?

We have two very successful multi-day festivals, which draw thousands of visitors and tourists from around Texas, the United States, Germany and around the world to Tomball every year, and most of them use our hotels, motels, bed/breakfast, and RV parks. Once the visitor has been exposed to Tomball they come back to shop and to visit year after year.

We bring people to Tomball from Germany, yearly, with our German Exchange Student Program and visitors from our sister city Telgte.

Regular City Council

Agenda Item

Data Sheet

Meeting Date: February 21, 2011

Topic:

Appoint Members to the Downtown Tomball Advisory Committee (DTAC)

Background:

On January 17, Engineering and Planning requested that the City Council begin considering individuals who could be appointed to the Downtown Tomball Advisory Committee (DTAC); this committee will meet regularly to provide continuous direction and feedback on the development of the Downtown Specific Plan. The DTAC will assist the City and PSA in identifying development challenges in the Downtown and providing recommendations regarding changes to development and design standards; the committee should consist of 12-15 members and should include representatives from the following interests:

- Downtown business owners
- Downtown residents/land owners
- Museum District
- School District
- Representatives from the City at large.

The Mayor recommends the following individuals:

Downtown Property Owners:

- Rick Davis, Main Street
- Dr Rodney Hutson, Commerce, Main, and Market Streets
- Curtis Morris, Main Street
- Mike Ott, Main Street

Downtown Business Owners:

- Chris Barton - Magnolia Tree House of Tea, Main Street
- Karen Foxworthy - Foxworthy's, Market Street
- Mary Harvey - Granny's Korner, Market Street
- Cindy Jaeger - Cindy Jaeger Designs, Main Street
- Aleata Oeser - Infinity Fitness, Commerce Street
- Cindy Vincik, Whistle Stop, Commerce Street

Downtown Residents:

- Vincent Falbo, James Street
- Jarmon Wolfe, Kane Street
- Sandy Glowski, Hicks Street

Museum District:

- Charles Hall - President of Museum District

TISD representative:

- Chris Nash

City at large:

- John Ford...serves on BOA & is familiar with development issues

We have also received notice of interest from Evelyn Chervenak - BOA Alternate, John Dillon - ESD 8 Commissioner, Fred Sembera - 249 Business owner, and Barbara Tague - P&Z Member.

The above selections were made from Council recommendations as well as individual requests to be considered. The downtown business owners were selected as follows: two from Commerce Street, two from Main Street and two from Market Street; in addition, two are established businesses, two have been in business several years and the other two are new businesses. The downtown residents were based on: two from the North side and one from the South side of Main Street. In addition, Foxworthy, Harvey, Oeser and Nash are Tomball residents.

In keeping with Council direction, an attempt to appoint individuals not currently serving in other capacities was made. The only dual appointments would include John Ford as noted above, as well as Dr. Hutson and Mary Harvey, due to their involvement with Downtown Tomball and their prior commitment to the future planning of the area.

Additional nominations from Council will be accepted.

Origination:

Engineering and Planning

Recommendation:

N/A

Funding:

Party(ies) responsible for placing this item on agenda:

City Secretary

ACTION TAKEN		
APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1 ST ☐ 2 ND	

ATTACHMENTS:

- Livable Centers Advisory Committee Membership
- Comprehensive Plan Advisory Committee Membership
- Livable Centers Attendance Report
- Comprehensive Plan Attendance Report

Livable Centers Advisory Committee Members

1. Brian Petrilla
2. Dahlia Garza
3. Huey Kinchen
4. Kathleen Scott
5. Les Heron
6. Mike Ott
7. Pam Dawkins
8. Preston Dodson
9. Rodney Hutson
10. Roy Cavazos
11. Ryan Carstens
12. T.J. Tijerina
13. Tom Crofoot
14. Tricia Hauck
15. Gretchen Fagan
16. Mary Harvey

Comprehensive Plan Advisory Committee Members

1. Ray Deleon
2. Taylor Coleman
3. Brad Hallmark
4. Chris Morris
5. Dan Adkisson
6. Jackie Barnes
7. John Ford
8. Jeff Presnal
9. Jerald Till
10. Kathleen Scott
11. Kit Pfeiffer
12. Michael Gatlin
13. Latrell Simmons Shannon
14. Rodney Light, M.D,
15. Rich Brown
16. Rodney Hutson, M.D.
17. Mark Stoll
18. Susan Bulgawicz
19. Tom Crofoot
20. Tim Torres
21. Earle Oldham
22. James Roberson

Livable Centers Advisory Committee Meeting Attendance

Name	Advisory Meeting #1 (9/30/08)	Advisory Meeting #2 (11/05/08)	Advisory Meeting #3 (1/15/09)	Public Meeting #1 (11/18/08)	Public Meeting # 2 (2/12/09)
Brian Petrilla	X			X	X
Dahlia Garza	X				
Huey Kinchen	X		X		
Kathleen Scott	X		X	X	X
Les Herron	X	X			
Mike Ott	X		David Bamberg (in place of)	X	
Pam Dawkins					
Tricia Hauck	X			X	
Preston Dodson	X	X		X	X
Rodney Hutson	X	Brian Hutson (in place of)	X	X	
Roy Cavazos	X				
Ryan Carstens	X	X	X	X	X
T.J. Tijerina	X	X	X		X
Tom Crofoot	X		X		
Gretchen Fagan	X	X	X	X	
Mary Harvey	X		X	X	X

X indicates Member was present

12/9/2008	2/3/2009	3/10/2009	4/9/2009	6/23/2009	8/11/2009	9/23/2009	10/28/2009	Last Name	Surname/Suffix	First Name
X	X	X	X			X		Adkisson		Dan
X	X	X	X					Barnes		Jackie
X	X	X			X			Brown		Rick
X	X	X		X				Bulgawicz		Susan
X	X			X	X			Coleman		Taylor
X		X	X	X	X		X	Crofoot		Tom
X								DeLeon		Ray
	X		X	X		X	X	Ford		John
X	X	X	X	X	X	X		Gatlin		Michael
X			X		X			Hallmark		Brad
X	X		X	X	X			Hutson	MD	Rodney
X	X		X	X			X	Light	MD	Rodney
X								Matthews		Chris
								Morris		Chris
X	X	X	X	X	X		X	Oldham		Earle
X								Osborne		Lanetta
X		X	X			X	X	Presnal		Jeff
X	X		X	X		X	X	Roberson		James
X	X	X		X			X	Scott		Kathleen
X	X	X		X	X			Shannon		Latrell Simmons
		X	X	X	X	X	X	Stoll		Mark
X								Stone		Monty
	X	X	X	X	X	X		Till		Jerald
X	X	X		X	X	X	X	Torres		Tim

Regular City Council

Agenda Item

Data Sheet

Meeting Date: February 21, 2011

Topic:

Approve Administrative Policy Number 65, Entitled ***"Right-of-Way Abandonment Policy"***

Background:

At it's meeting on January 17, 2011, City Council directed Engineering and Planning Department staff to work with the City Attorney to prepare a draft policy for the abandonment of City-owned rights-of-way for Council consideration.

The attached draft Right-of-Way Abandonment Policy details the general procedures and criteria for the abandonment of the City of Tomball's public rights-of-way through instruments other than a plat. The Policy is structured to minimize administrative expenditures and maximize efficiency.

The Policy states that rights-of-way shall only be abandoned if:

1. It is determined that no substantial public purpose will be served by the City retaining ownership of the ROW;
2. It is not contrary to the public interest;
3. It does not deprive any individual(s) that own property nearby of reasonable means of ingress and egress to their property; and
4. It is not necessary to maintain or advance the City's Major Thoroughfare Plan and/or utility system.

Origination:

City Council

Recommendation:

Staff recommends approval of Administrative Policy # 65, Entitled "Right-of-Way Abandonment Policy," as presented.

Funding:

Party(ies) responsible for placing this item on agenda:

Engineering and Planning

ACTION TAKEN		
APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1 ST ☐ 2 ND	

ATTACHMENTS:

Draft Administrative Policy No. 65 - Right-of-Way Abandonment Policy

**CITY OF TOMBALL
ADMINISTRATIVE POLICIES, RULES AND PROCEDURES**

SUBJECT RIGHT-OF-WAY ABANDONMENT POLICY	NUMBER: 65	EFFECTIVE DATE: February 21, 2011	PAGE 1 OF 2
	REVISED:	APPROVED BY CITY MANAGER: February 21, 2011	
	SUPERSEDES:	APPROVED BY CITY COUNCIL: February 21, 2011	

Right-of-Way Abandonment Policy

1) Purpose

- A. This policy establishes general procedures and criteria for the abandonment of the City of Tomball's public rights-of-way (ROW) through instruments other than a plat.
- B. If an applicant is abandoning ROW by plat, see the platting requirements as defined in Chapter 70 - Plats and the Subdivision of Land of the Tomball Code of Ordinances.
- C. This policy is structured to minimize administrative expenditures and maximize efficiency.

2) Definition

- A. ROW abandonment is defined as the intentional and permanent relinquishment of claim and title to real property that forms a segment of the City of Tomball's roadway or utility network or that was acquired or held for future use as a portion of the roadway or utility network.
- B. Typically, ROW requested for abandonment includes:
 - 1. Unimproved, unopened ROW that has no pavement, curb/gutter or sidewalk.
 - 2. ROW that exceeds the minimum width requirements, based on street classification.
 - 3. Residual (leftover) ROW resulting from a street or intersection realignment project.
 - 4. ROW that is not necessary to support or maintain the City's roadway network.

3) Abandonment Guidelines

- A. ROW can only be abandoned if:
 - 1. It is determined that no substantial public purpose will be served by the City retaining ownership of the ROW;
 - 2. It is not contrary to the public interest;
 - 3. It does not deprive any individual(s) that own property nearby of reasonable means of ingress and egress to their property; and
 - 4. It is not necessary to maintain or advance the City's Major Thoroughfare Plan and/or utility system.

**CITY OF TOMBALL
ADMINISTRATIVE POLICIES, RULES AND PROCEDURES**

SUBJECT RIGHT-OF-WAY ABANDONMENT POLICY	NUMBER: 65	EFFECTIVE DATE: February 21, 2011	PAGE 2 OF 2
	REVISED:	APPROVED BY CITY MANAGER: February 21, 2011	
	SUPERSEDES:	APPROVED BY CITY COUNCIL: February 21, 2011	

- B. City Council may choose to abandon a requested ROW in whole or in part as reasonable to minimize inconsistent or disconnected right-of-ways.
- C. The City of Tomball and other utility providers may reserve or require easements within the abandoned ROW.
- D. The requestor shall be responsible for all associated costs, including the boundary survey and metes-and-bounds description.

4) Procedure

- A. ROW abandonment requests shall be submitted in writing to the City Manager's Office. The request shall include the following:
 - 1. A detailed description of the entire limits or extent of the ROW and the limits to be abandoned, if different;
 - 2. The purpose for the abandonment request;
 - 3. A boundary survey and metes and bounds description of the ROW to be abandoned prepared by a Registered Professional Land Surveyor; and
 - 4. Written confirmation from all owners of real property abutting the ROW, utility providers, drainage districts, and/or other interested agencies stating they have been notified of the requested ROW abandonment and a letter of "No Objection" from each of the concerned entities.
- B. The City Manager's Office shall review the request and schedule a public hearing before the City Council.
- C. The City shall publish notice of such public hearing in the City's official newspaper at least ten (10) days prior to holding the public hearing and provide written notice to each owner of real property as indicated by the most recently approved HCAD tax roll whose property abuts or lies within 200 feet of the existing right of way to be abandoned.
- D. After compliance with the above items the public hearing shall be held. At the public hearing any person desiring to be heard regarding such matter will be given an opportunity to do so. If the request is granted, then the City will prepare an ordinance and quit claim deed for consideration by City Council. (Ordinances must be heard in accordance with the City of Tomball Charter).

Regular City Council

Agenda Item

Meeting Date: February 21, 2011

Data Sheet

Topic:

Approve **PARTIAL REPLAT OF TOMBALL MARKETPLACE**: A 28.5984 acre (1,245,748 Square Foot) subdivision; Being lots 2, 3 & 4, Tomball Marketplace, as recorded in Film Code Number 605157, of the Harris County Map Records out of the John M. Hooper Survey, Abstract 375 Tomball, Harris County, Texas.

Background:

The Planning and Zoning Commission approved the **PARTIAL REPLAT OF TOMBALL MARKETPLACE**; with contingencies on Monday, February 14, 2011. Comments have been addressed and the Replat is being forwarded to City Council for approval consideration, contingent upon receiving current tax certificates for Tomball ISD, City of Tomball, and Harris County. ***No City signatures will be obtained until such certificates have been received.***

Origination:

Engineering and Planning Department

Recommendation:

Engineering and Planning recommends approval, contingent upon the receipt of current Tomball ISD, City of Tomball, and Harris County tax certificates. No City signatures will be obtained until such certificates are received.

Funding:

Party(ies) responsible for placing this item on agenda:

Engineering and Planning Department

ACTION TAKEN		
APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1 ST ☐ 2 ND	

ATTACHMENTS:

Partial Replat of Tomball Marketplace 1 of 2

Partial Replat of Tomball Marketplace 2 of 2

PROPERTY DESCRIPTION

A 28.5986 acre (1,245,748 square foot) tract of land being all of Lot 2, Lot 3 and Lot 4, Tomball Marketplace, as recorded under Film Code Number 605157, of the Harris County Map Records, in the John M. Hooper Survey, Abstract Number 375, Tomball, Harris County, Texas, said 28.5986 acre tract being more particularly described as follows (bearings based on the Texas State Plane Coordinate System, South Central Zone (NAD83) as determined by GPS observations):

BEGINNING at 5/8-inch iron rod with "CLR" cap found in the south line of Reserve "A", Replat of Woodforest Bank, as recorded under Film Code Number 551084, of the Harris County Map Records, for the westerly northwest corner of Lot 5, Tomball Marketplace, the northeast corner of said Lot 2, and the most northerly northeast corner hereof;

THENCE, with the west line of Lot 5, South 02 degrees 42 minutes 28 seconds East, 233.20 feet to a 5/8-inch iron rod with "CLR" cap found for an interior corner hereof;

THENCE, along the arc of a 195.00 foot radius non-tangent curve to the left, having a central angle of 11 degrees 26 minutes 30 seconds, an arc length of 38.94 feet and a chord which bears North 55 degrees 29 minutes 08 seconds East, a distance of 38.88 feet to a 5/8-inch iron rod with "CLR" cap found for a point of reverse curve;

THENCE, along the arc of a 235.00 foot radius reverse curve to the right, having a central angle of 37 degrees 51 minutes 41 seconds, an arc length of 155.29 feet and a chord which bears North 68 degrees 41 minutes 44 seconds East, a distance of 152.48 feet to a 5/8-inch iron rod with "CLR" cap found in the west right-of-way line of State Highway 249 as described in a deed from Ardis Lynn Payne, Trustee, to the State of Texas, recorded in H.C.C.F. Y083145, for the easterly northeast corner hereof;

THENCE, along the west right-of-way line of State Highway 249, along the arc of a 2098.48 foot radius non-tangent curve to the left, having a central angle of 01 degrees 05 minutes 43 seconds, an arc length of 40.11 feet and a chord which bears South 01 degrees 31 minutes 23 seconds West, a distance of 40.11 feet to a 5/8-inch iron rod with "CLR" cap found for the northeast corner of Lot 6, Tomball Marketplace;

THENCE, leaving the west right-of-way line of State Highway 249, along the arc of a 195.00 foot radius non-tangent curve to the left, having a central angle of 37 degrees 03 minutes 38 seconds, an arc length of 126.13 feet and a chord which bears South 68 degrees 17 minutes 42 seconds West, a distance of 123.94 feet to a 5/8-inch iron rod with "CLR" cap found for a point of reverse curve;

THENCE, along the arc of a 235.00 foot radius reverse curve to the right, having a central angle of 17 degrees 36 minutes 35 seconds, an arc length of 72.23 feet and a chord which bears South 58 degrees 34 minutes 11 seconds West, a distance of 71.94 feet to a 5/8-inch iron rod with "CLR" cap found for the northeast corner of Lot 6, and an interior corner hereof;

THENCE, with the west line of Lot 6, South 02 degrees 42 minutes 29 seconds East, 196.94 feet to a 5/8-inch iron rod with "CLR" cap found for the northeast corner of a called 6.970 acre tract of land described in a deed from Academy, Ltd. to Don F. McMillan, Sr. as recorded under Harris County Clerk's File Number 20070473677, and for the most easterly southeast corner hereof;

THENCE, South 87 degrees 17 minutes 32 seconds West, 405.00 feet to a cut "X" in concrete found for the northwest corner of said called 6.970 acre tract, and an interior corner hereof;

THENCE, with the westerly lines of said called 6.970 acre tract and the southerly east lines of Lot 2, as follows:

South 02 degrees 42 minutes 28 seconds East, 351.00 feet to a cut "X" in concrete found for corner;

North 87 degrees 17 minutes 32 seconds East, 64.15 feet to a cut "X" in concrete found for corner;

South 02 degrees 42 minutes 28 seconds East, 28.86 feet to a cut "X" in concrete found for corner;

North 87 degrees 17 minutes 32 seconds East, 4.50 feet to cut "X" in concrete found for corner;

South 02 degrees 42 minutes 28 seconds East, 357.00 feet to a 5/8-inch iron rod with "CLR" cap found in the north line of a called 3.201 acre tract of land described in a deed from Troy M. Stallone, et ux to Houston Lighting & Power Company, as recorded under Harris County Clerk's File Number D462827, for the southwest corner of said called 6.970 acre tract, and the southerly southeast corner hereof;

THENCE, South 87 degrees 17 minutes 32 seconds West, 289.84 feet to a 5/8-inch iron rod found for corner in the southerly line hereof;

THENCE, South 87 degrees 45 minutes 42 seconds West, 16.74 feet to a 5/8-inch iron rod with "HUGH CLARKSON" cap found the northeast corner of Lot 9, Tomball Marketplace, for corner in the southerly line hereof;

THENCE, with the north line of Lot 9, South 87 degrees 17 minutes 32 seconds West, 730.92 feet to a 5/8-inch iron rod with "CLR" cap found in the east line of Reserve "B", Tomball Marketplace, for the northwest corner of Lot 9, the southwest corner of Lot 3, Tomball Marketplace, and the southwest corner hereof;

THENCE, with the east line of Reserve "B", North 02 degrees 51 minutes 39 seconds West, 566.25 feet to a 5/8-inch iron rod with "CLR" cap found for the northeast corner of Reserve "B", and an interior corner hereof;

THENCE, South 65 degrees 00 minutes 18 seconds West, 33.19 feet to a 5/8-inch iron rod with "CLR" cap found for the southeast corner of a called 3.9913 acre tract of land described in a deed from Tomball Bowling Center, Inc. to The Jarvis Adventure, Inc., as recorded under Harris County Clerk's File Number X349161, for corner hereof;

THENCE, with the east line of said called 3.9913 acre tract, North 02 degrees 19 minutes 55 seconds West, 378.64 feet to a 5/8-inch iron rod with "CLR" cap found for the southwest corner of a the residue of a called 5.0100 acre tract of land described in a deed from Sterling Bank to Duane E. Mann, et ux, as recorded under Harris County Clerk's File Number T523129, for the northwest corner hereof;

THENCE, North 87 degrees 21 minutes 43 seconds East, 138.46 feet to a 5/8-inch iron rod with "CLR" cap found for the southeast corner of said called 5.0100 acre tract, the southwest corner of Reserve "A", Tomball Marketplace, and for a corner in the north line hereof;

THENCE, North 68 degrees 24 minutes 52 seconds East, 73.51 feet to a 5/8-inch iron rod with "CLR" cap found for an interior corner hereof;

THENCE, North 02 degrees 21 minutes 58 seconds West, 58.93 feet to a 5/8-inch iron rod with "CLR" cap found for a point of curve;

THENCE, along the arc of a 25.00 foot radius curve to the right, having a central angle of 90 degrees 00 minutes 00 seconds, an arc length of 39.27 feet and a chord which bears North 42 degrees 38 minutes 02 seconds East, a distance of 35.36 feet to a 5/8-inch iron rod with "CLR" cap found for corner in the north line hereof;

THENCE, North 87 degrees 38 minutes 02 seconds East, at a distance of 45.51 feet pass a 5/8-inch iron rod with "FRONTIER" cap found for the southwest corner Reserve "B", Parr Center Replat Final, as recorded under Film Code 583192, of the Harris County Map Records, for a total distance of 213.99 feet to a 5/8-inch iron rod with "CLR" cap found in the west right-of-way line of Parr Court (80 feet wide), as recorded under Film Code 583192, of the Harris County Map Records, for the southeast corner of Reserve "B", Parr Center Replat Final, and for corner in the north line hereof;

THENCE, South 02 degrees 10 minutes 32 seconds East, 290.61 feet to a 5/8-inch iron rod with "CLR" cap found for an interior corner hereof;

THENCE, South 87 degrees 17 minutes 31 seconds West, 30.00 feet to a 5/8-inch iron rod with "CLR" cap found for an interior corner hereof;

THENCE, South 02 degrees 10 minutes 32 seconds East, 24.00 feet to a 5/8-inch iron rod with "CLR" cap found for an interior corner hereof;

THENCE, North 87 degrees 17 minutes 31 seconds East, 120.00 feet to a cut "X" in concrete found for an interior corner hereof;

THENCE, North 02 degrees 10 minutes 32 seconds West, 24.00 feet to a cut "X" in concrete found for an interior corner hereof;

THENCE, South 87 degrees 17 minutes 31 seconds West, 20.00 feet to a cut "X" in concrete found for an interior corner hereof;

THENCE, North 02 degrees 10 minutes 32 seconds West, 17.94 feet to a 5/8-inch iron rod with "CLR" cap found for an interior corner hereof;

THENCE, South 65 degrees 00 minutes 18 seconds West, 10.85 feet to a 5/8-inch iron rod found for an interior corner hereof;

THENCE, North 02 degrees 10 minutes 32 seconds West, 276.41 feet to a 5/8-inch iron rod with "CLR" cap found in the east right-of-way line of said Parr Court, for the southwest corner of Reserve "A", Parr Center Replat Final, and for a corner in the northerly line hereof;

THENCE, North 87 degrees 38 minutes 02 seconds East, 171.01 feet to a 5/8-inch iron rod with "CLR" cap found for the southeast corner of Reserve "A", Parr Center Replat Final, and for an interior corner hereof;

THENCE, North 02 degrees 20 minutes 07 seconds West, 180.65 feet to a 5/8-inch iron rod found for the southwest corner of Discount Tire-Tomball, as recorded under Film Code Number 517122, of the Harris County Map Records, for the most northerly northwest corner hereof;

THENCE, North 87 degrees 31 minutes 31 seconds East, 135.25 feet to a 5/8-inch iron rod with "CLR" cap found for and angle point in the northerly line hereof;

THENCE, North 87 degrees 39 minutes 40 seconds East, 135.25 feet to a 5/8-inch iron rod with "CLR" cap found in the west right-of-way line of Woodforest Boulevard (100 feet wide), as recorded in Film Code Number 551084, of the Harris County Map Records, for the southeast corner of Discount Tire-Tomball, and an angle point in the northerly line hereof;

THENCE, North 87 degrees 42 minutes 03 seconds East, 18.90 feet to a cut "X" in concrete found for corner in the northerly line hereof;

THENCE, South 02 degrees 42 minutes 28 seconds East, 234.42 feet to a 5/8-inch iron rod with "CLR" cap found for a point of curve;

THENCE, along the arc of a 28.00 foot radius curve to the right, having a central angle of 90 degrees 00 minutes 01 seconds, an arc length of 43.98 feet and a chord which bears South 42 degrees 17 minutes 32 seconds West, a distance of 39.60 feet to a 5/8-inch iron rod with "CLR" cap found for an interior corner hereof;

THENCE, South 87 degrees 17 minutes 33 seconds West, 2.00 feet to a 5/8-inch iron rod with "CLR" cap found for an interior corner hereof;

THENCE, South 02 degrees 42 minutes 28 seconds East, 30.00 feet to a 5/8-inch iron rod with "CLR" cap found for an interior corner hereof;

THENCE, North 87 degrees 17 minutes 33 seconds East, 120.00 feet to a cut "X" in concrete found for an interior corner hereof;

THENCE, North 02 degrees 42 minutes 28 seconds West, 30.00 feet to a cut "X" in concrete found for an interior corner hereof;

THENCE, South 87 degrees 17 minutes 33 seconds West, 2.00 feet to a cut "X" in concrete found for an a point of curve;

THENCE, along the arc of a 28.00 foot radius curve to the right, having a central angle of 89 degrees 59 minutes 59 seconds, an arc length of 43.98 feet and a chord which bears North 47 degrees 42 minutes 28 seconds West, a distance of 39.60 feet to a 5/8-inch iron rod with "CLR" cap found for an interior corner hereof;

THENCE, North 02 degrees 42 minutes 28 seconds West, 234.00 feet to a cut "X" in concrete found for corner in the northerly line hereof;

THENCE, North 87 degrees 42 minutes 03 seconds East, at a distance of 21.09 feet pass a 5/8-inch iron rod with "CLR" cap found in the east right-of-way line of Woodforest Boulevard, marking the southwest corner of Reserve "A", Replat of Woodforest Bank, as recorded under Film Code No. 551084, of the Harris County Map Records, for a total distance of 56.12 feet to a 5/8-inch iron rod with "CLR" cap found for an angle point in the south line of Reserve "A", Replat of Woodforest Bank, and for an angle point in the northerly line hereof;

THENCE, North 87 degrees 49 minutes 41 seconds East, 135.45 feet to a 5/8-inch iron rod found for an angle point in the south line of Reserve "A", Replat of Woodforest Bank, and an angle point in the northerly line hereof;

THENCE, North 87 degrees 41 minutes 47 seconds East, 188.65 feet to the **POINT OF BEGINNING** and containing a computed area of 28.5986 acres (1,245,748 square feet) of land.

STATE OF TEXAS §
COUNTY OF HARRIS §

We, Weingarten/Investments, Inc., hereinafter referred to as owners of the 28.60 acre tract described in the above and foregoing plat of **PARTIAL REPLAT OF TOMBALL MARKETPLACE**, do hereby make and establish said subdivision of said property according to all liens, dedications, restrictions and notations on said plat and hereby dedicate to the use of the public forever, all streets, alleys, parks, watercourses, drains, easements, and public places shown thereon for the purposes and considerations therein express, and do hereby bind ourselves our heirs, successors and assigns to warrant and forever defend the title to the land so dedicated.

FURTHER, owners have dedicated and by these presents do dedicate to the use of the public for public utility purposes forever an unobstructed aerial easement five feet in width from a plane twenty feet (20') above the ground level upward, located adjacent to all public utility easements shown hereon.

FURTHER, owners do hereby covenant and agree that all of the property with the boundaries of this plat shall be restricted to provide that drainage structures under private driveways shall have a net drainage opening area of sufficient size to permit the free flow of water without backwater and in no instance have a drainage opening of less than on and three quarters square feet (18-inch diameter) with culverts or bridges to be provided for all private driveways or walkways crossing such drainage facilities.

FURTHER, owners do hereby covenant and agree that all the property with the boundaries of this plat and adjacent to any drainage easement, ditch gully, creek or natural drainage way shall hereby be restricted to keep such drainage ways and easements clear of fences, buildings, plantings, and other obstructions to the operation and maintenance of the drainage facility and that such abutting property shall not be permitted to drain directly in this easement except by means of an approved drainage structure.

IN TESTIMONY WHEREOF, the Weingarten/Investments, Inc. has caused these presents to be signed by M. Candace DuFour, thereunto authorized, attested by William M. Crook and its common seal hereunto affixed this 16th day of FEBRUARY, 2011.

WEINGARTEN/INVESTMENTS, INC.

BY: M Candace DuFour
NAME: M. Candace DuFour

TITLE: SVP/Secretary

ATTEST: William M Crook
BY: William M. Crook

TITLE: VP/Associate General Counsel/Asst. Secretary

STATE OF TEXAS §
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared M. Candace DuFour, and William M. Crook, known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and considerations therein expressed and in the capacity therein and herein stated, and as the act and deed of said Weingarten/Investments, Inc.

Dionne Bank
Notary Public in and for the State of Texas
My commission expires 10-21-11



This is to certify that the Planning and Zoning Commission of the City of Tomball, Texas has approved this plat and subdivision of **PARTIAL REPLAT OF TOMBALL MARKETPLACE** in conformance with the laws of the State of Texas and the ordinances of the City of Tomball as shown hereon and authorize the recording of this plat this _____ day of _____, 2011.

By: Lori Wallace, Chairman By: Tom Crofoot, Vice Chairman

We, the City Manager and Director of Engineering and Planning for the City of Tomball, Texas, do hereby certify that the plat of **PARTIAL REPLAT OF TOMBALL MARKETPLACE** is in conformance with the City of Tomball ordinances.

George Shackelford
City Manager

Lori Lakatos, PE
Acting City Engineer

This is to certify that the City accepts the Planning and Zoning Commission's authorized approval and acceptance of all the dedicated public easements and conformance with the laws of the State of Texas and the ordinances of the City of Tomball as shown hereon and authorized the recording of this plat this _____ day of _____, 2011.

Gretchen Fagan
Mayor

Doris Speer
City Secretary

NOTES:

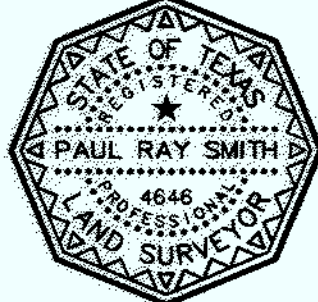
Flood Information:
According to FEMA Firm Panel No. 48201C0230L (effective date June 18, 2007), this property is in Zone "X" and is not in the 0.2% Annual Chance Flood Plain.

Public Easements:
Public easements denoted on this plat are hereby dedicated to the public forever. Any public utility, including the City of Tomball, shall have the right at all times, of ingress and egress to and from and upon said easements for the purpose of construction, reconstruction, inspection, patrolling, maintaining and adding to or removing all or part of its respective systems without the necessity of any time of procuring the permission of the property owner. Any public utility, including the City of Tomball, shall have the right to move and keep moved all or part of any building, fences, trees, shrubs, other growths or improvements that in any way endanger or interfere with the construction, maintenance or efficiency of it's respective systems on any of the easements shown on this plat. Neither the City of Tomball nor any public utility shall be responsible for the replacing or reimbursing the property owner due to removal or relocation of any obstruction on the public easements.

- All oil and gas wells (plugged and abandoned and/or active) either found within the boundaries of the subdivision or their approximate location advised, have been shown hereon. All known pipelines or pipeline easements are shown hereon.
- All visible easements and easements of record as reflected on title commitment from Veritas Title Partners, L.P., as agent for Fidelity National Title Insurance Company, G.F. No. 11002740, effective date of February 6, 2011, issued February 10, 2011, are shown hereon.
- No building or structure shall be constructed across any pipelines, building lines, and / or easements. Building setback lines will be required adjacent to oil/gas pipelines. The setbacks at a minimum should be 15 feet off centerline of low pressure gas lines, and 30 feet off centerline of high pressure gas lines.
- This plat does not attempt to remove any valid restrictions or covenants.
- The building lines shown on this plat shall be in addition to, and shall not limit or replace, any building lines required by the City of Tomball Code of Ordinances at the time of the development of the property.
- Bearings shown hereon are based on the Texas State Plane Coordinate System, South Central Zone (NAD83) as determined by GPS observations from Cooperative CORS WLA1. This project has a combined scale factor of 0.99994447814.
- All property corners are found 5/8-inch iron rods with "CLR" caps unless otherwise noted.
- BENCHMARK: TSARP RM 120210, a brass disk at the intersection of Michel Road and Harris County Flood Control District ditch M-125-00-00, located on the west end of a downstream headwall on the south side of the road. Elevation = 180.10 (NAVD 88, 2001 adj.)

I, Paul Ray Smith, am authorized by the State of Texas to practice the profession of surveying and hereby certify that the above subdivision is true and correct; was prepared from an actual survey of the property made under my supervision on the ground; that all boundary corners, angle points, points of curvature, and other points of reference have been marked with iron rods having an outside diameter of not less than three-fourths (3/4) inch and a length of not less than three (3) feet; and that the plat boundary corners have been tied to the nearest survey corner.

Paul Ray Smith 02/16/11
Paul Ray Smith, RPLS
Registered Professional Land Surveyor No. 4646



STATE OF TEXAS §
COUNTY OF HARRIS §

I, Stan Stanart, County Clerk of Harris County, Texas, do hereby certify that the written instrument with its certificate of authentication was filed for registration in my office on _____, 2011 at _____ o'clock _____ M. and at Film Code _____ of the Map Records of Harris County for said county and duly recorded on _____, 2011, at _____ o'clock _____ M.

Witness my hand and seal of office, at Harris County, Texas, the day and date last above written.

Stan Stanart
County Clerk
Harris County, Texas

By: _____
Deputy

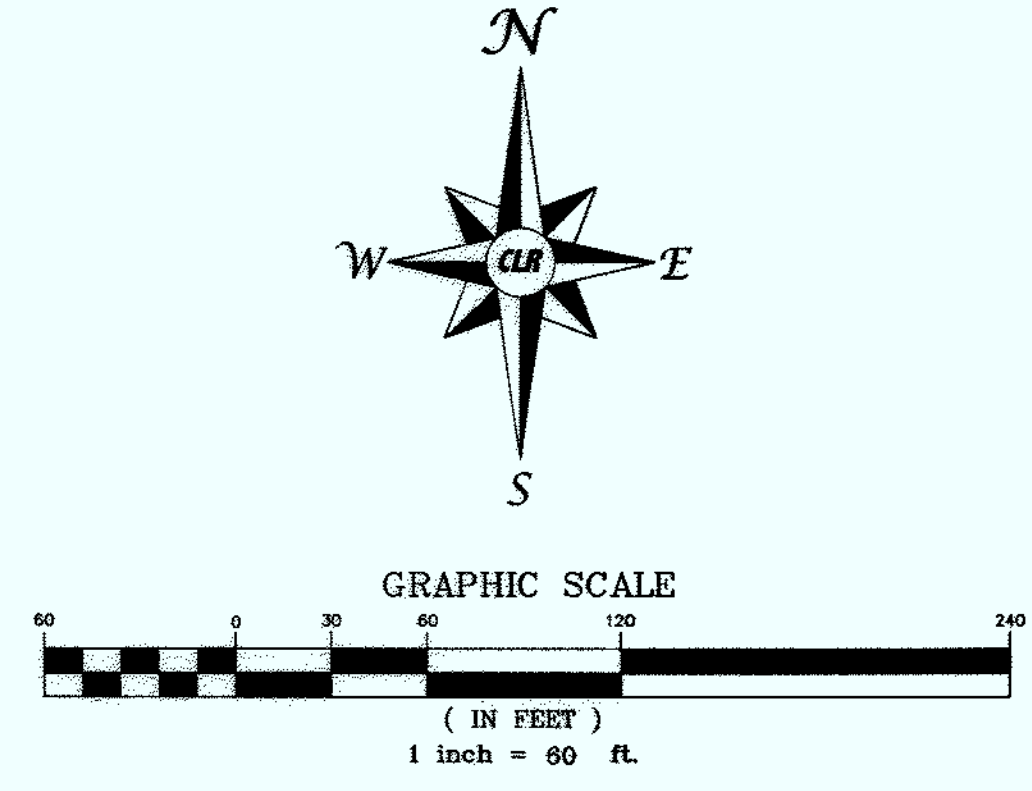
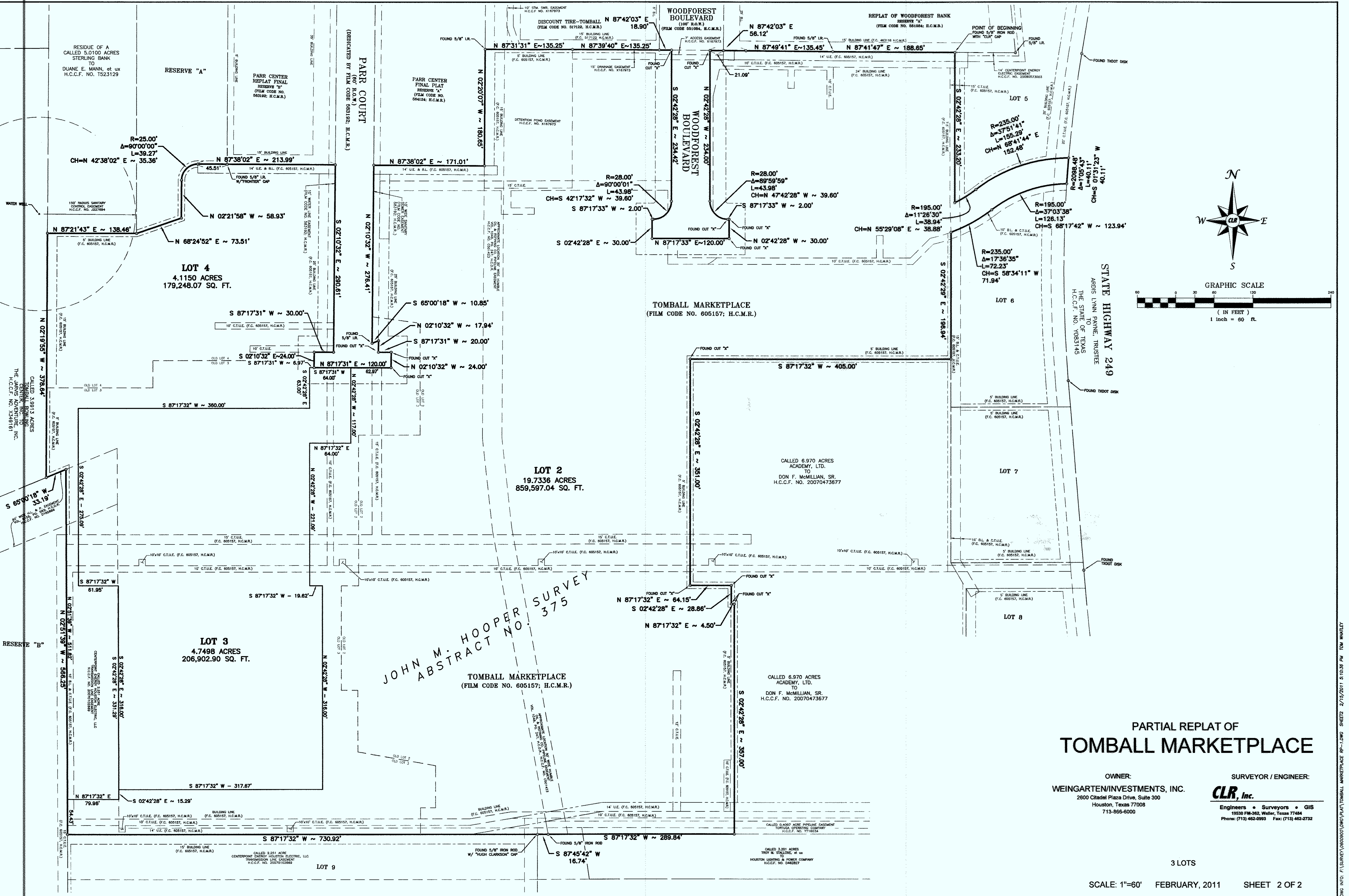
PARTIAL REPLAT OF
TOMBALL MARKETPLACE

A 28.5984 ACRE (1,245,748.00 SQUARE FOOT) SUBDIVISION
BEING LOTS 2, 3 & 4, TOMBALL MARKETPLECE,
AS RECORDED IN FILM CODE NUMBER 605157,
OF THE HARRIS COUNTY MAP RECORDS
OUT OF THE JOHN M. HOOPER SURVEY, ABSTRACT 375
TOMBALL, HARRIS COUNTY, TEXAS

OWNER:
WEINGARTEN/INVESTMENTS, INC.
2800 Citadel Plaza Drive, Suite 300
Houston, Texas 77008
713-866-6000

SURVEYOR / ENGINEER:
CLR, Inc.
Engineers • Surveyors • GIS
19530 FM-362, Waller, Texas 77484
Phone: (713) 452-0993 Fax: (713) 452-2732

3 LOTS



PARTIAL REPLAT OF
TOMBALL MARKETPLACE

OWNER:
WEINGARTEN/INVESTMENTS, INC.
2600 Citadel Plaza Drive, Suite 300
Houston, Texas 77008
713-866-6000

SURVEYOR / ENGINEER:
CLR, Inc.
Engineers • Surveyors • GIS
19530 FM 362, Waller, Texas 77484
Phone: (713) 462-0993 Fax: (713) 462-2732

3 LOTS

Regular City Council

Agenda Item

Data Sheet

Meeting Date: February 21, 2011

Topic:

Approve City of Tomball Partnership with Tomball High School Student Council March of Dimes Walk

Background:

The Tomball High School Student Council is requesting a partnership with the City of Tomball that would provide personnel and vehicles for their upcoming March of Dimes walk.

The event would utilize the Tomball PD to help control traffic for the event. Also, the Student Council would like to use City vehicles (a fire truck and the PD School Resource Officer vehicle) to transport honorees.

Organizers for the event have met with the City's Special Events team to coordinate the event.

Origination:

City Manager's Office

Recommendation:**Funding:****Party(ies) responsible for placing this item on agenda:**

Shawn Cox - Assistant to the City Manager

ACTION TAKEN		
APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1 ST ☐ 2 ND	

Regular City Council

Agenda Item

Data Sheet

Meeting Date: February 21, 2011

Topic:

Accept the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended September 30, 2010

Background:

At the January 17 regular city council meeting, Nathan Krupke, of Belt, Harris, Pechacek, presented a draft of the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending September 30, 2010. The draft was presented at that time to comply with charter requirements. Tonight's presentation is the final version of the same report. The auditors have issued a "clean" opinion which means that our financial statements "present fairly" the financial position and results of operations for the year ended September 30, 2010.

Origination:

Finance

Recommendation:

Acceptance of the report.

Funding:**Party(ies) responsible for placing this item on agenda:**

Glenn Windsor, CPA Finance Director

ACTION TAKEN		
APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1 ST ☐ 2 ND	

ATTACHMENTS:

Comprehensive Annual Financial Report for Year Ended September 30, 2010

Belt Harris Pechacek Management Letter

Belt Harris Pechacek Required Auditor Disclosure Letter

*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of the

CITY OF TOMBALL, TEXAS

For the Year Ended
September 30, 2010

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CITY OF TOMBALL, TEXAS

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CITY OF TOMBALL, TEXAS

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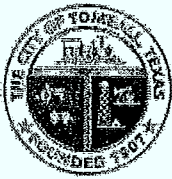
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INTRODUCTORY SECTION

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City of Tomball

Gretchen Fagan

Mayor

George Shackelford

City Manager

January 15, 2011

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Tomball, Texas:

It is with great pleasure that we present to you a copy of the Comprehensive Annual Financial Report (CAFR) of the City of Tomball, Texas (the "City") for the fiscal year ended September 30, 2010. The responsibility for both the accuracy of the presented information and the completeness and fairness of the presentation of the data, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the results of operations of the various funds of the City, as well as the fund balances. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The CAFR is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, the City's organizational chart, and a list of principal officials, elected and appointed. The Financial Section includes Management's Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplementary Information, Combining and Individual Fund Financial Statements and Other Supplemental Information, as well as the independent auditors' report. The Statistical Section includes selected financial and demographic information generally presented on a multi-year basis.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City, incorporated on July 18, 1933, is located northwest of Houston, Texas, in a rapidly growing area of Harris County. The City currently occupies a land area of 11.71 square miles and serves an estimated population of 11,670. The City of Tomball is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City has operated under the council-manager form of government since 1980. Policy-making and legislative authority are vested in a governing council consisting of the mayor and five council members. The council is elected on a non-partisan basis. Council members serve three-year terms, with two council members elected every year. The mayor is elected to serve a three-year term. The mayor and council are elected at large. The governing council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments.

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; recreational activities and cultural events. Solid waste services are provided through a contract with Waste Corporation of America.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the Finance Director. These requests serve as a starting point for developing a proposed budget. The Finance Director provides the information to the City Manager who then presents this proposed budget to the council for review. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function, and department. Department heads may make requests to the City Manager for transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 63 as part of required supplementary information. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 71.

Factors Affecting Financial Condition

The information presented in the financial statements is better understood when it is considered from the broader perspective of the specific environment within which the City of Tomball operates.

Local Economy

The City currently enjoys a favorable economic environment and local indicators point to continued stability. The region has a varied manufacturing and technology base that adds to the relative stability of the unemployment rate. Major industries with headquarters or divisions located within the City's boundaries or in close proximity include international headquarters for a large oil related corporation, a regional hospital with related health care facilities, a community college, and computer hardware and software manufacturers. There are several major retail centers and restaurants that are located in the City, adding further jobs and sales tax revenues.

The region (which covers an area within a five-mile radius from the center of the City) has an employed labor force of approximately 46,457 which is anticipated to grow for the next several years. The largest groups of employers are in retail and in health services. There are three new subdivisions in the early development stages which show the prospect of continued residential growth.

Long-Term Financial Planning

The governing council has allocated funds to revitalize the historic downtown area of Tomball. This project includes the restoration of the original train depot, expanded parking, sidewalk additions and improvements, landscaping, new thematic street lights and public facilities. The City believes that by improving this area, Tomball will attract more tourists and improve the revenues generated by an attractive and convenient atmosphere in the historical downtown area.

In conjunction with the Tomball Economic Development Corporation, the City is expanding water, sewer, and gas utilities east, west, and south to accommodate the anticipated future commercial development. Utilities on the west side of the City are along the Texas Farm-to-Market Highway 2920 linking I-45 (which runs north to Dallas from Houston) to SH290 (which runs west to Austin from Houston). This road is heavily traveled and attractive to commercial industry. The expansion on the east side of the City, from FM2920 to the southern portion of the City limits has been completed and will assist in the growth and development in the southeastern portion of the City. The south side utility project, designed to fully loop utilities around the southern border of the current City limits, and to provide utility access to undeveloped areas of the City, has been completed.

Drainage detention and channels have been ongoing projects for several years and are designed to provide a means of flood control in the area to reduce the impact of increased real estate development. Because these projects are multi-million dollar endeavors, the City, partnering with private landowners and other governmental entities, is taking manageable steps to accomplish these flood control goals.

Major Initiatives

The largest revenue source in the General Fund is sales tax. The City has experienced a great deal of commercial retail growth over the last several years. Although additional retail establishments continue to come to Tomball, with the state of the national economy, the City chose to take a conservative approach for the 2011 fiscal year and submitted a budget with a five percent projected increase in sales tax revenues from the fiscal 2010 level.

In January 2008, the City Council completed a visioning and strategic planning session to chart a course for the City. In that session, the council decided that it wanted Tomball to be a destination city offering various activities and festivals throughout the year to draw people to town. In addition to being a destination, council indicated that economic development efforts should focus on making Tomball a regional hub for retail, medical, financial, and high-tech business. Infrastructure improvements and improving customer service were also slated as goals.

The City initiated a number of actions during 2008 aimed at responsibly planning for the City's future. In November 2008, the City completed an FM 2920 Access Management Study, in conjunction with the Texas Department of Transportation and the Houston Galveston Area Council, to address safety and mobility along the FM 2920 corridor from US 290 to Interstate 45. The City also completed a Livable Centers Downtown Plan in cooperation with a grant received through the Houston Galveston Area Council. The Plan addressed public improvements to preserve, promote, and enhance Tomball's Downtown as the identifiable physical, social, and cultural heart of Tomball. In 2009 the City completed its first citywide Comprehensive Plan to guide and shape the community's future physical growth and development. The Comprehensive Plan was the result of a year-long community involvement process that involved over 1,700 stakeholders. The City has approved a Professional Services agreement for the development of a Downtown Specific Plan in 2011, which will address land use and zoning regulations for the downtown area. Additionally, relating to the infrastructure development process, Water well #5 was completed. This well is located on the west side of Tomball along FM 2920 and its completion will significantly increase the average daily capacity of our distribution system.

Financial Information

The City's management team is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of the controls should not exceed the benefits likely to be derived and (2) the valuation of cost and benefits requires estimates and judgments to be made by management.

Budgeting Controls

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Debt Service Fund, Special

Revenue Funds (Hotel Occupancy Tax Fund, Equipment Replacement Fund, Municipal Court Fund, Public Safety Fund, and Emergency Management Fund), Utility Fund, and Utility Interest and Sinking Fund are included in the annual operating budget. The Tomball Economic Development Corporation, a component unit of the City, is also included in the annual operating budget. A capital improvement plan is approved each year. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is established at the division level within an individual fund. The City maintains an encumbrance accounting system as a means of accomplishing budgetary controls and a technique of budgetary "lock out" which will prevent a transaction from exceeding legally appropriated budgetary amounts. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Debt Administration

The City may issue General Obligation bonds that are approved by voters in a capital improvements plan. Certificates of Obligation are used for short-term construction projects and financing vehicles and equipment.

When available, sales tax revenue in excess of budgeted projections can be dedicated to one-time capital purchases.

Independent Audit

The City Charter requires an independent audit of the accounts of the City by an independent auditor. Belt Harris Pechacek, LLLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Tomball's financial statements for the year ended September 30, 2010. The independent auditors' report is located at the front of the financial section of this report.

Awards

The Government Finance Officers' Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2009. In order to be awarded the Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfies both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is held for a period of one year only. Our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement requirements, and has been submitted to GFOA to determine its eligibility for another certificate.

The City also received the Distinguished Budget Presentation Award for the fiscal year beginning October 1, 2009. This is the second time the City has received this award from the GFOA. The award is made to those cities whose budget presentations meet very stringent presentation guidelines. The budget presentation must be of the very highest quality that reflects both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's recommended practices on budgeting.

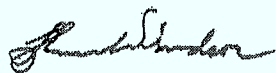
Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the administrative staff of the City. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the City

Transmittal Letter
City of Tomball, Texas
September 30, 2010

Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Tomball's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Glenn Windsor", written in a cursive style.

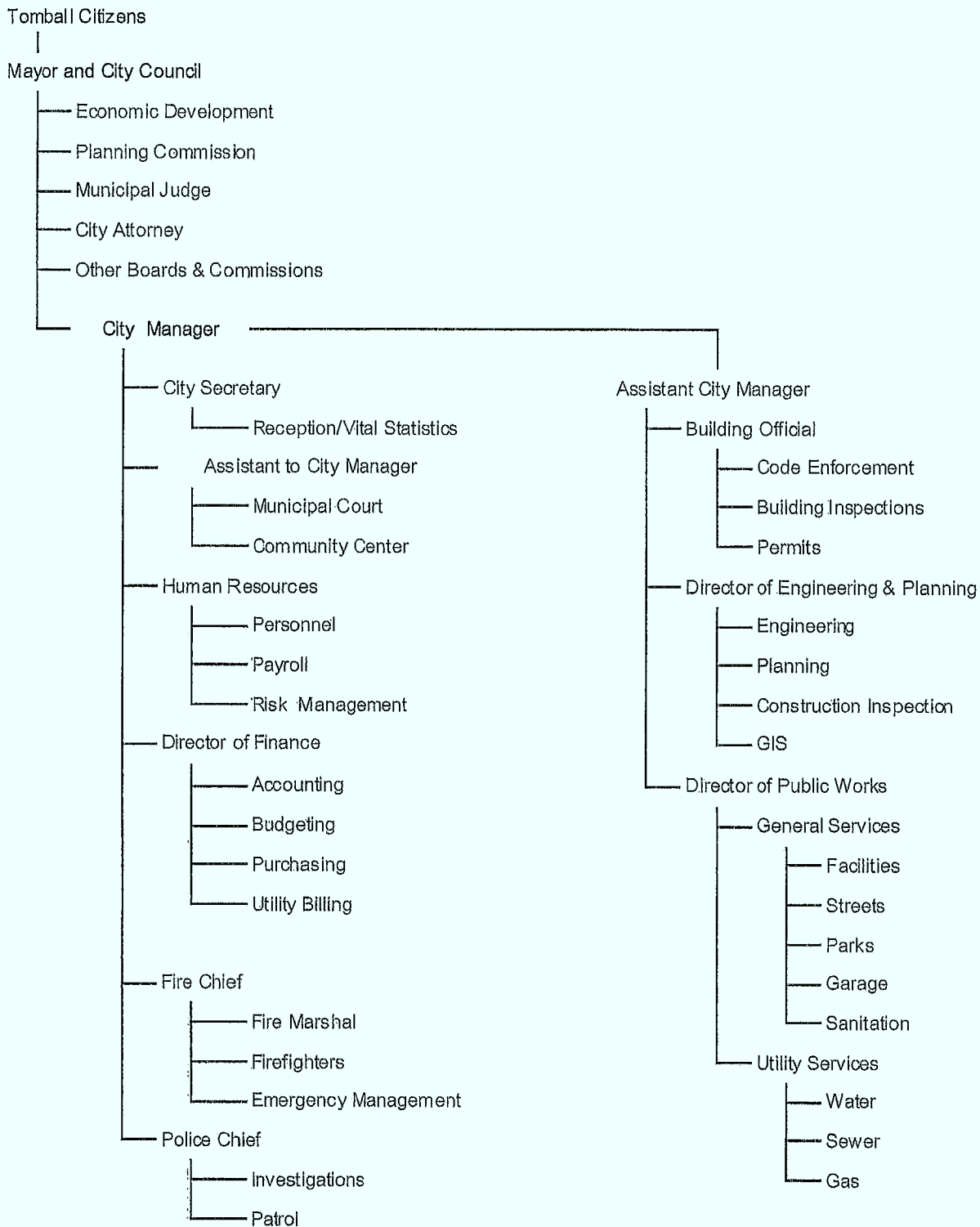
Glenn Windsor, CPA
Finance Director

CITY OF TOMBALL, TEXAS

ORGANIZATIONAL CHART

September 30, 2010

Staff Organizational Chart



CITY OF TOMBALL, TEXAS
*CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING*

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Tomball
Texas**

**For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009**

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CITY OF TOMBALL, TEXAS

PRINCIPAL OFFICIALS

September 30, 2010

<u>City Officials</u>	<u>Elected Position</u>	<u>Term Expires</u>
Gretchen Fagan	Mayor	2013
David Quinn	Councilman Position 1	2011
Mark Stoll	Councilman Position 2	2012
Rick Brown	Councilman Position 3	2013
Derek Townsend, Sr.	Councilman Position 4	2012
Preston Dodson	Councilman Position 5	2011

<u>Department Heads</u>	<u>Appointive Position</u>
George Shackelford	City Manager
Christal Kleiwer	Assistant City Manager
Doris Speer	City Secretary
Robert Hauck	Chief of Police
David Kauffman	Director of Public Works
Randall Parr	Fire Chief
Mark McClure	Director of Engineering and Planning
Glenn Windsor	Finance Director

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
City Council Members of the
City of Tomball, Texas:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tomball, Texas (the "City"), as of September 30, 2010, and for the year ended, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States of America.

The Management's Discussion and Analysis, budgetary comparison information, and schedules of funding progress are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and schedules, and

Providing Governmental & Nonprofit Audits Sealed with Excellence

statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
January 15, 2011

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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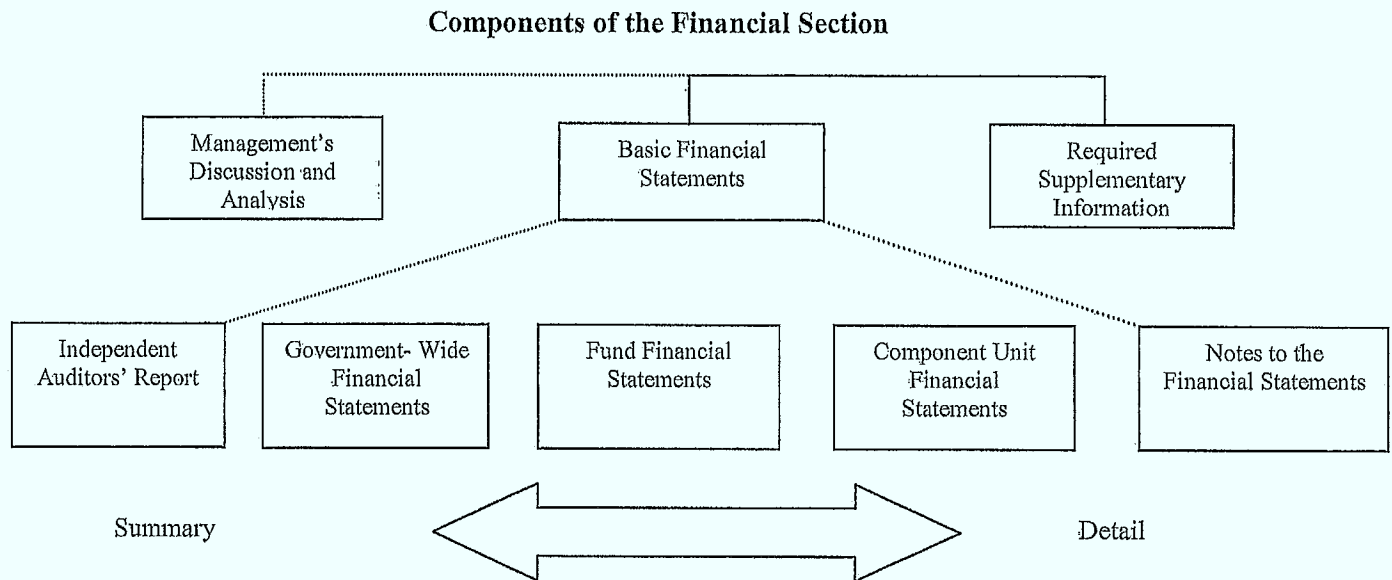
CITY OF TOMBALL, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the Year Ended September 30, 2010

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the City of Tomball, Texas (the "City") financial activities for the year ending September 30, 2010. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Governmental Accounting Standards Board (GASB) Statement No. 34 establishes the content of the minimum requirements for MD&A. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



The annual financial report is presented as compliant with the financial reporting model in effect pursuant to GASB Statement No. 34. This financial reporting model requires governments to present certain basic financial statements as well as the MD&A and certain other Required Supplementary Information (RSI). The basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements.

Government-Wide Statements

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Assets and the Statement of Activities, which appear first in the City's financial statements report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The government-wide financial statements include not only the City itself (known as the primary government), but also the legally separate economic development corporation for which the City is financially accountable.

CITY OF TOMBALL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2010

Financial information on the component unit is reported separately from the financial information presented for the primary government itself.

The Statement of Net Assets presents information on all of the City's assets and liabilities. The difference between the two is reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The Statement of Activities presents information showing how the City's net assets changed during the most recent year. All changes in the net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Assets and the Statement of Activities divide the City into two classes of activities:

1. Governmental Activities – Most of the City's basic services are reported here including public safety, streets, garage, sanitation, parks and recreation, community services, and general administrative services. Interest payments on the City's debt are also reported here. Sales tax, property tax, franchise taxes, municipal court fines, and permit fees finance most of these activities.
2. Business-Type Activities – Services involving a fee for those services are reported here. These services include the City's water, sewer, and gas services.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The two categories of City funds are governmental and proprietary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

CITY OF TOMBALL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2010

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, which are considered to be major funds. The City adopts an annual appropriated budget for its general fund, debt service fund, and all special revenue funds. Budgetary comparison schedules have been provided for general fund, debt service fund, court security, court technology, hotel occupancy tax, and special general funds to demonstrate compliance with these budgets.

Proprietary Funds

The City maintains two types of proprietary funds, an enterprise fund and internal service fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its water distribution, wastewater collection/treatment, and natural gas operations. The proprietary fund financial statements provide separate information for the water distribution, wastewater collection/treatment, and gas operations. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

The City uses internal service funds to account for its equipment replacement services as well as health benefits. The internal service funds have been included within governmental activities in the government-wide financial statements.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain RSI. The RSI that GASB Statement No. 34 requires includes a budgetary comparison schedule for the general fund, schedule of funding progress for Texas Municipal Retirement System, schedule of funding progress for Texas Emergency Services Retirement System, and a schedule of funding progress for the City's other post employee benefits plan. RSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. For the City, assets exceed liabilities by \$69,089,625 as of September 30, 2010. As required by GASB Statement No. 34, a comparative analysis of government-wide data has been presented as a component of the MD&A for the year ending September 30, 2010.

A significant portion of the City's net assets reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF TOMBALL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2010

Statement of Net Assets

The following table reflects the condensed statement of net assets:

SUMMARY OF STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 17,357,970	\$ 17,118,836	\$ 10,597,661	\$ 12,632,764	\$ 27,955,631	\$ 29,751,600
Capital assets, net	31,287,699	31,721,552	40,351,294	38,327,708	71,638,993	70,049,260
Total Assets	48,645,669	48,840,388	50,948,955	50,960,472	99,594,624	99,800,860
Long-term liabilities	15,990,680	17,376,615	11,549,058	12,449,196	27,539,738	29,825,811
Other liabilities	1,392,952	1,678,624	1,572,309	1,874,575	2,965,261	3,553,199
Total Liabilities	17,383,632	19,055,239	13,121,367	14,323,771	30,504,999	33,379,010
Net Assets:						
Invested in capital assets, net of related debt	16,790,199	16,143,552	29,073,794	26,080,707	45,863,993	42,224,259
Restricted	1,423,521	2,278,695	-	-	1,423,521	2,278,695
Unrestricted	13,048,317	11,362,902	8,753,794	10,555,994	21,802,111	21,918,896
Total Net Assets	\$ 31,262,037	\$ 29,785,149	\$ 37,827,588	\$ 36,636,701	\$ 69,089,625	\$ 66,421,850

A portion of the primary government's net assets, \$1,423,521 or two percent, represents resources that are subject to external restriction on how they may be used. This is a decrease of 38 percent, primarily as a result of the City utilizing these restricted funds to continue construction projects. The remaining balance of unrestricted net assets, \$21,802,111 or 32 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net assets increased by \$2,667,775 during the current fiscal year, an increase of four percent in comparison to the prior year. This increase is primarily the result of a decrease in payroll for public safety and public works. While economic conditions were affected by the nation's economy, the City's overall condition improved.

CITY OF TOMBALL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2010

Statement of Activities

The following table provides a summary of the City's changes in net assets:

	CHANGES IN NET ASSETS					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 3,435,876	\$ 3,641,050	\$ 10,657,749	\$ 11,442,271	\$ 14,093,625	\$ 15,083,321
Operating grants and contributions	83,130	278,350	720,000	720,000	803,130	998,350
General revenues:						
Property taxes	2,922,913	3,036,649	-	-	2,922,913	3,036,649
Sales taxes	6,651,064	7,038,176	-	-	6,651,064	7,038,176
Franchise and local taxes	1,153,954	1,150,591	-	-	1,153,954	1,150,591
Other taxes	154,174	308,100	-	-	154,174	308,100
Investment earnings	80,426	325,789	93,361	175,119	173,787	500,908
Other revenues	254,615	405,391	43,076	2,860	297,691	408,251
Total Revenues	14,736,152	17,933,657	11,514,186	12,340,250	26,250,338	28,524,346
Expenses						
General government	3,476,001	3,091,652	1,843,501	2,235,193	5,319,502	5,326,845
Public safety	5,907,235	6,720,247	-	-	5,907,235	6,720,247
Public works	5,205,824	5,692,269	-	-	5,205,824	5,692,269
Community services	272,034	260,561	-	-	272,034	260,561
Interest and fiscal agent fees	658,304	708,109	512,851	-	1,171,155	708,109
Water	-	-	2,197,679	2,215,841	2,197,679	2,215,841
Sewer	-	-	1,134,907	1,402,558	1,134,907	1,402,558
Gas	-	-	2,374,227	2,486,336	2,374,227	2,486,336
Total Expenses	15,519,398	16,472,838	8,063,165	8,339,928	23,582,563	24,812,766
Transfers	2,260,134	1,749,561	(2,260,134)	(1,749,561)	-	-
Change in Net Assets	1,476,888	1,306,326	1,190,887	2,250,761	2,667,775	3,711,580
Beginning net assets	29,785,149	28,324,330	36,636,701	34,385,940	66,421,850	62,710,270
Ending net assets	\$ 31,262,037	\$ 29,785,149	\$ 37,827,588	\$ 36,636,701	\$ 69,089,625	\$ 66,421,850

For the year ended September 30, 2010, revenues from governmental activities totaled \$14,736,152. All revenue sources experienced a decline from the prior year with exception of franchise and local taxes. One of the most significant decreases was seen in investment earnings as a result of a decline in interest rates. Sales tax was also down as a result of the economic downturn.

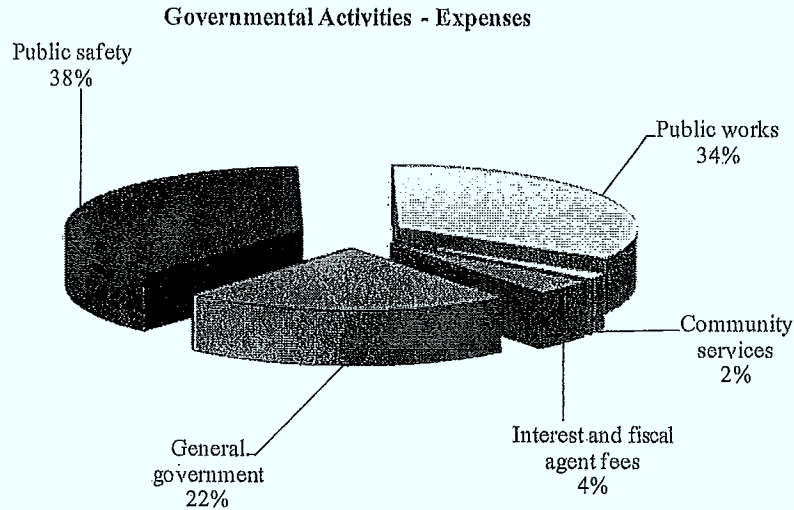
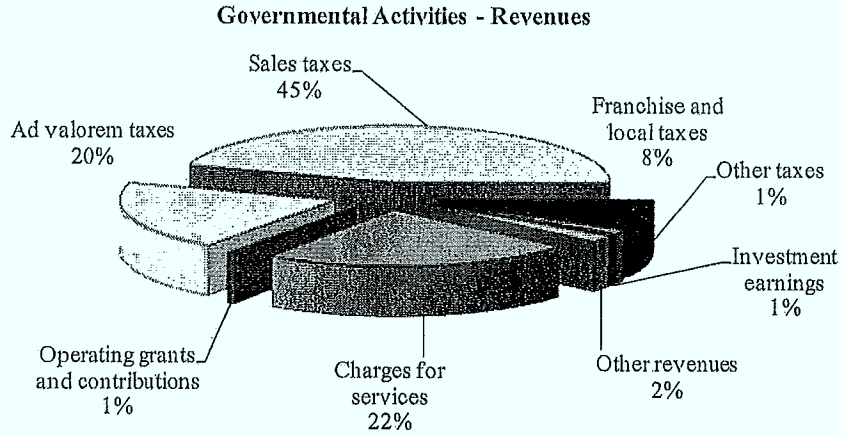
Expenses for governmental activities totaled \$15,519,398, a decrease of \$953,440 from last year. A contributing factor is the decrease in personnel for public works and public safety.

CITY OF TOMBALL, TEXAS

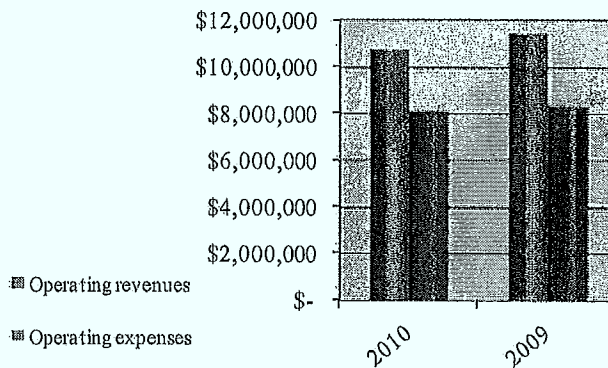
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

For the Year Ended September 30, 2010

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.



Business-Type Activities - Revenues and Expenses



CITY OF TOMBALL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
For the Year Ended September 30, 2010

Business-type activities are shown comparing operating costs to revenues generated by related services.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

The City's governmental funds reflect a combined fund balance of \$14,473,523. Of this, \$925,955 is reserved for debt service, \$179,593 for court security, and \$171,098 for court technology.

There was a decrease in the combined fund balance of \$151,284 in comparison to the prior year. The decrease is primary related to the City's overall decrease in fund balance within the debt service fund.

The general fund is the chief operating fund of the City. At the end of the current year, unreserved, undesignated fund balance of the general fund was \$12,161,681. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 81 percent of total general fund expenditures. General fund revenues and expenditures were closely matched with a decrease of \$57,012 in fund balance for the year.

The debt service fund has a total fund balance of \$925,955, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$269,708. This decrease can be attributed to the additional debt service requirements for the City.

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$4,850,841 in the general fund. However, the net change in fund balance decreased by \$57,012 resulting in a positive variance of \$4,793,829 from final budgeted over actual.

Final budgeted revenues exceeded actual revenues by \$109,044 during 2010. This variance includes a negative variance of \$434,786 for service revenue and a negative variance of \$254,781 for investment revenue. This variance can be attributed to the decrease in service fees for sanitations during the year.

Final budgeted expenditures exceeded actual amounts by \$4,902,873 for the fiscal year, which is a positive variance. The City did not expend as much as expected in the streets department as evidenced by the positive variance of \$2,906,655 due to lack of construction projects during the year.

Proprietary Funds – The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

CITY OF TOMBALL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2010

CAPITAL ASSETS

At the end of the year, the City's governmental activities funds had invested \$31,287,699 in a variety of capital assets and infrastructure (net of accumulated depreciation). Depreciation is included with the governmental capital assets as required by GASB Statement No. 34.

Major capital asset events during the current year include the following:

- Continued street construction
- Water well construction

More detailed information about the City's capital assets is presented in note III. C to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total certificates of obligation outstanding of \$14,497,500 in governmental activities and \$11,277,500 in revenue bonds for business-type activities.

During the year, the City had a net reduction in the long-term debt of \$4,170,000. The City also refunded a portion of series 1998 certificates of obligation which resulted in a reduction of \$192,053 in future debt service payments.

More detailed information about the City's long-term liabilities is presented in note III. D to the financial statements.

ECONOMIC FACTORS

The City strives to offer a positive business environment and home town feel through excellent public safety services, utilities, public facilities and good mobility. In continuing the vision of Tomball, the City plans to expand and improve quality infrastructure, facilities and public services to meet current and future needs. The City will implement economic development strategies to increase revenues to the City, diversify the tax base, create quality employment and housing opportunities, grow local businesses and maximize the community's economic assets. The City continues to experience growth due to new construction and developments and will continue to focus on maintaining an even balance within the City limits.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City. Questions concerning this report or requests for additional financial information should be directed to, Finance Department, 501 James Street, Tomball, Texas, 77375, telephone 281.351.5484, or for general City information, visit the City's website at www.ci.tomball.tx.us.

BASIC FINANCIAL STATEMENTS

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CITY OF TOMBALL, TEXAS

STATEMENT OF NET ASSETS

September 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>Assets</u>				
Cash and cash equivalents	\$ 12,324,826	\$ 5,875,596	\$ 18,200,422	\$ 5,368,239
Investments	3,094,106	3,061,991	6,156,097	3,285,173
Receivables, net	1,833,245	1,183,262	3,016,507	366,275
Internal balances	(388,428)	388,428	-	-
Inventory	-	88,384	88,384	-
Prepaid expenses	20,637	-	20,637	-
Investments restricted for:				
Debt service	420,199	-	420,199	-
Deferred charges	53,385	-	53,385	-
Capital assets:				
Nondepreciable	13,520,116	6,147,725	19,667,841	-
Depreciable capital assets, net	17,767,583	34,203,569	51,971,152	-
Total Assets	48,645,669	50,948,955	99,594,624	9,019,687
<u>Liabilities</u>				
Accounts payable and other current liabilities	1,320,597	823,879	2,144,476	67,336
Accrued interest payable	72,355	62,045	134,400	-
Customer deposits	-	686,385	686,385	-
Noncurrent liabilities:				
Due within one year	1,582,329	1,041,569	2,623,898	-
Due in more than one year	14,408,351	10,507,489	24,915,840	-
Total Liabilities	17,383,632	13,121,367	30,504,999	67,336
<u>Net Assets</u>				
Invested in capital assets, net of related debt	16,790,199	29,073,794	45,863,993	-
Restricted for:				
Debt service	939,040	-	939,040	-
Court security	179,593	-	179,593	-
Court technology	171,098	-	171,098	-
Construction	133,790	-	133,790	-
Unrestricted	13,048,317	8,753,794	21,802,111	8,952,351
Total Net Assets	\$ 31,262,037	\$ 37,827,588	\$ 69,089,625	\$ 8,952,351

See Notes to Financial Statements.

CITY OF TOMBALL, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2010

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	\$ 3,476,001	\$ -	\$ -
Public safety	5,907,235	1,204,099	83,130
Public works	5,205,824	2,231,777	-
Community services	272,034	-	-
Interest and fiscal agent fees	658,304	-	-
Total Governmental Activities	<u>15,519,398</u>	<u>3,435,876</u>	<u>83,130</u>
Business-Type Activities			
General government	1,843,501	427,519	720,000
Water	2,197,679	3,985,231	-
Sewer	1,134,907	2,233,364	-
Gas	2,374,227	4,011,635	-
Interest and fiscal agent fees	512,851	-	-
Total Business-Type Activities	<u>8,063,165</u>	<u>10,657,749</u>	<u>720,000</u>
Total Primary Government	<u>\$ 23,582,563</u>	<u>\$ 14,093,625</u>	<u>\$ 803,130</u>
Component Unit			
Tomball Industrial Development Corporation	<u>\$ 1,568,827</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues

Property taxes
Sales taxes
Franchise taxes
Other taxes
Miscellaneous
Unrestricted investment earnings
Transfers

Total General Revenues and Transfers

Change in Net Assets

Beginning Net Assets

Ending Net Assets

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Assets

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (3,476,001)	\$ -	\$ (3,476,001)	\$ -
(4,620,006)	-	(4,620,006)	-
(2,974,047)	-	(2,974,047)	-
(272,034)	-	(272,034)	-
(658,304)	-	(658,304)	-
(12,000,392)	-	(12,000,392)	-
-	(695,982)	(695,982)	-
-	1,787,552	1,787,552	-
-	1,098,457	1,098,457	-
-	1,637,408	1,637,408	-
-	(512,851)	(512,851)	-
-	3,314,584	3,314,584	-
(12,000,392)	3,314,584	(8,685,808)	-
-	-	-	(1,568,827)
2,922,913	-	2,922,913	-
6,651,064	-	6,651,064	2,195,119
1,153,954	-	1,153,954	-
154,174	-	154,174	-
254,615	43,076	297,691	-
80,426	93,361	173,787	46,321
2,260,134	(2,260,134)	-	-
13,477,280	(2,123,697)	11,353,583	2,241,440
1,476,888	1,190,887	2,667,775	672,613
29,785,149	36,636,701	66,421,850	8,279,738
<u>\$ 31,262,037</u>	<u>\$ 37,827,588</u>	<u>\$ 69,089,625</u>	<u>\$ 8,952,351</u>

CITY OF TOMBALL, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2010

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 8,587,163	\$ 505,277	\$ 1,563,710	\$ 10,656,150
Investments	3,094,106	-	-	3,094,106
Receivables, net	1,630,125	150,455	47,401	1,827,981
Restricted investments for:				
Debt service	-	420,199	-	420,199
Prepaid costs	20,637	-	-	20,637
Total Assets	\$ 13,332,031	\$ 1,075,931	\$ 1,611,111	\$ 16,019,073
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 1,071,916	\$ -	\$ 225,224	\$ 1,297,140
Deferred revenue	98,434	149,976	-	248,410
Total Liabilities	1,170,350	149,976	225,224	1,545,550
Fund balances:				
Reserved for:				
Debt service	-	925,955	-	925,955
Court security	-	-	179,593	179,593
Court technology	-	-	171,098	171,098
Unreserved, undesignated reported in:				
General fund	12,161,681	-	-	12,161,681
Special revenue funds	-	-	901,406	901,406
Capital projects funds	-	-	133,790	133,790
Total Fund Balances	12,161,681	925,955	1,385,887	14,473,523
Total Liabilities and Fund Balances	\$ 13,332,031	\$ 1,075,931	\$ 1,611,111	

Amounts reported for governmental activities in the statement of net assets are different, because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Nondepreciable capital assets 13,520,116

Depreciable capital assets, net 16,998,181

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 248,410

Internal service funds are used by management to charge the costs of certain capital assets to individual funds. 2,031,457

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest payable (72,355)

Deferred charges 53,385

Noncurrent liabilities due in one year (1,582,329)

Noncurrent liabilities due in more than one year (14,408,351)

Net Assets of Governmental Activities **\$ 31,262,037**

See Notes to Financial Statements

CITY OF TOMBALL, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2010

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 1,417,699	\$ 1,520,895	\$ -	\$ 2,938,594
Sales, franchise, and other taxes	7,805,018	-	154,174	7,959,192
Permits and licenses	311,563	-	-	311,563
Fines and forfeitures	872,559	-	331,540	1,204,099
Service revenue	1,920,214	-	-	1,920,214
Intergovernmental	49,549	-	23,581	73,130
Contributions from component unit	10,000	-	-	10,000
Interest on investments	95,219	2,604	2,014	99,837
Other revenue	141,846	12,067	100,702	254,615
Total Revenues	12,623,667	1,535,566	612,011	14,771,244
Expenditures				
Current:				
Administrative	3,695,063	-	295,868	3,990,931
Police	4,366,661	-	-	4,366,661
Fire	1,137,865	-	-	1,137,865
Court	346,487	-	-	346,487
Public works	1,296,470	-	-	1,296,470
Sanitation	1,685,892	-	-	1,685,892
Streets	1,361,059	-	-	1,361,059
Permits	342,188	-	-	342,188
Garage	70,424	-	-	70,424
Parks	503,479	-	-	503,479
Community services	135,225	-	140,707	275,932
Debt service:				
Principal	-	1,135,500	-	1,135,500
Interest and fiscal agent fees	-	723,159	-	723,159
Total Expenditures	14,940,813	1,858,659	436,575	17,236,047
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,317,146)	(323,093)	175,436	(2,464,803)
Other Financing Sources (Uses)				
Refunding bonds issued	-	2,120,000	-	2,120,000
Premium on refunding bonds	-	4,945	-	4,945
Payment to refunded bond escrow agent	-	(2,071,560)	-	(2,071,560)
Transfers in	2,260,134	-	-	2,260,134
Total Other Financing Sources (Uses)	2,260,134	53,385	-	2,313,519
Net Change in Fund Balances	(57,012)	(269,708)	175,436	(151,284)
Beginning fund balances	12,218,693	1,195,663	1,210,451	14,624,807
Ending Fund Balances	\$ 12,161,681	\$ 925,955	\$ 1,385,887	\$ 14,473,523

See Notes to Financial Statements.

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CITY OF TOMBALL, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2010

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances - total governmental funds	\$ (151,284)
---	--------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	821,359
Depreciation	(1,278,902)
Disposal of capital assets	(22,366)

The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.

Principal payments	1,135,500
Issuance of refunding bonds	(2,120,000)
Bond issuance costs	(4,945)
Payment to refunded bond escrow agent	2,071,560
Amortization of deferred charges	53,385

Revenue in the Statement of Activities that does not provide current financial resources are not reported as revenue in the funds.	(15,681)
--	----------

Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The net revenue (expense) is reported with governmental activities.	434,530
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	553,732
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Change in Net Assets of Governmental Activities	\$ 1,476,888
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See Notes to Financial Statements.

CITY OF TOMBALL, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUND

September 30, 2010

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 5,875,596	\$ 1,668,676
Investments	3,061,991	-
Accounts receivable, net	1,183,262	5,264
Inventory	88,384	-
Total Current Assets	10,209,233	1,673,940
Noncurrent assets:		
Nondepreciable capital assets	6,147,725	-
Depreciable capital assets	51,088,542	1,116,869
Less: accumulated depreciation	(16,884,973)	(347,467)
Total Capital Assets (Net of Accumulated Depreciation)	40,351,294	769,402
Total Noncurrent Assets	40,351,294	769,402
Total Assets	\$ 50,560,527	\$ 2,443,342
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 823,879	\$ 23,457
Customer deposits	686,385	-
Current portion of bonds and other debt	1,041,569	-
Accrued interest payable	62,045	-
Total Current Liabilities	2,613,878	23,457
Noncurrent liabilities:		
Compensated absences	228,276	-
Long-term portion of bonds payable	10,279,213	-
Total Noncurrent Liabilities	10,507,489	-
Total Liabilities	13,121,367	23,457
<u>Net Assets</u>		
Invested in capital assets, net of related debt	29,073,794	769,402
Unrestricted	8,365,366	1,650,483
Total Net Assets	\$ 37,439,160	\$ 2,419,885

Reconciliation to government-wide Statement of Net Assets:

 Adjustment to reflect the consolidation of internal service
 fund activities related to enterprise funds

Net Assets of Business-Type Activities	388,428
	<u>\$ 37,827,588</u>

See Notes to Financial Statements.

CITY OF TOMBALL, TEXAS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

For the Year Ended September 30, 2010

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
<u>Operating Revenues</u>		
Charges for sales and services	\$ 10,230,230	\$ 2,243,331
Taps and connections	100,130	-
Penalties	87,861	-
Capital recovery fees	239,529	-
Miscellaneous	43,076	-
Total Operating Revenues	<u>10,700,826</u>	<u>2,243,331</u>
<u>Operating Expenses</u>		
Costs of sales and services	6,338,235	1,577,316
Depreciation	1,276,025	148,129
Total Operating Expenses	<u>7,614,260</u>	<u>1,725,445</u>
Operating Income	<u>3,086,566</u>	<u>517,886</u>
<u>Non-Operating Revenues (Expenses)</u>		
Investment income	72,943	2,955
Unrealized gain (loss) on investments	20,418	-
Disposal of capital assets	-	(22,366)
Interest expense	(512,851)	-
Contribution from component unit	720,000	-
Total Non-Operating Revenues (Expenses)	<u>300,510</u>	<u>(19,411)</u>
Income (Loss) Before Transfers	3,387,076	498,475
Transfers (out)	<u>(2,260,134)</u>	<u>-</u>
Change in Net Assets	1,126,942	498,475
Beginning net assets	<u>36,312,218</u>	<u>1,921,410</u>
Ending Net Assets	<u>\$ 37,439,160</u>	<u>\$ 2,419,885</u>
Reconciliation to government-wide Statement of Activities:		
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	63,945	
Change in Net Assets of Business-Type Activities	<u>\$ 1,190,887</u>	

See Notes to Financial Statements.

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CITY OF TOMBALL, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended September 30, 2010

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
<u>Cash Flows from Operating Activities</u>		
Receipts from customers	\$ 10,814,557	\$ 2,238,067
Payments to suppliers	(1,898,799)	(1,456,521)
Payments to employees	(1,416,748)	-
Net Cash Provided by Operating Activities	<u>7,499,010</u>	<u>781,546</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers	(2,260,134)	-
Contribution from component unit	720,000	-
Net Cash (Used) by Noncapital Financing Activities	<u>(1,540,134)</u>	<u>-</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Acquisition and construction of capital assets	(2,799,959)	(221,729)
Principal paid on capital debt	(1,978,242)	-
Interest paid on capital debt	(512,851)	-
Net Cash (Used) by Capital and Related Financing Activities	<u>(5,291,052)</u>	<u>(221,729)</u>
<u>Cash Flows from Investing Activities</u>		
Investment earnings	93,361	(19,411)
Net Cash Provided (Used) by Investing Activities	<u>93,361</u>	<u>(19,411)</u>
Net Increase in Cash and Cash Equivalents	761,185	540,406
Beginning cash and cash equivalents	<u>5,114,411</u>	<u>1,128,270</u>
Ending Cash and Cash Equivalents	<u><u>\$ 5,875,596</u></u>	<u><u>\$ 1,668,676</u></u>
Reconciliation of Operating Income		
to Net Cash Provided by Operating Activities		
Operating income	\$ 3,086,566	\$ 517,886
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	1,276,025	148,129
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Current Assets:		
Investments	2,750,774	-
Accounts receivable	120,313	(5,264)
Inventory	(10,854)	-
Increase (Decrease) in Current Liabilities:		
Accounts payable and accrued liabilities	308,848	120,795
Customer deposits	(6,582)	-
Compensated absences	(26,080)	-
Net Cash Provided by Operating Activities	<u><u>\$ 7,499,010</u></u>	<u><u>\$ 781,546</u></u>

See Notes to Financial Statements.

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CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Tomball, Texas (the "City") was incorporated on July 18, 1933. The City has operated under a "Home Rule Charter", which provides for a Council-City Manager form of government, since 1987. The City Council is the principal legislative body of the City. The City Manager is appointed by a majority vote of the City Council and is responsible to the Council for the administration of all the affairs of the City. The City Manager is responsible for the appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget.

The City provides the following services: public safety to include police and fire services; municipal court; streets; drainage; water and sewer services; natural gas; solid waste collection and disposal; community development; and general administration.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Tomball Economic Development Corporation, although legally separate, is considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely Presented Component Unit

Tomball Economic Development Corporation – This Corporation was formed in 1994 pursuant to the Development Corporation Act of 1979, governed under Section 4B of the Act. It receives and utilizes the proceeds of a one-half cent sales tax to promote and assist in the economic development of the City. The seven directors of the Corporation are appointed by the governing body of the City. Directors are removable by the governing body of the City at any time without cause.

Financial information for the Tomball Economic Development Corporation may be obtained from the following address:

Tomball Economic Development Corporation
401 West Market Street
Tomball, Texas 77375

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

Blended Component Unit

Employee Benefits Trust

Employee Benefits Trust (the "Trust") has been included in the reporting entity as a blended component unit. The Trust is a not-for-profit entity and is a trust organized under Section 222.002(c)(5) of the Texas Insurance Code. The Trust's Board of Trustees are the members of City Council. The Trust is organized for the purpose of providing or offering City officers, employees, and qualified retirees and their dependents with life, disability, sickness, accident, and other health benefits either directly or through the purchase of insurance. The operations of the Trust are presented as a proprietary fund type as an internal service fund.

B. Financial Statement Presentation

These financial statements include implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the City's activities.
- A change in the fund financial statements to focus on the major funds.

GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a Statement of Net Assets and a Statement of Activities. It requires the classification of net assets into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- **Invested in capital assets, net of related debt** – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** – This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information about the City as a whole. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as taxes and investment earnings, are presented as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. In the fund financial statements, the accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Following is a description of the various funds:

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed.

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include administrative, police, fire, municipal court, public works, sanitation, streets, permits, garage, parks, and community services.

Special Revenue Funds

The special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds include court security fund, court technology fund, housing trust fund, hotel occupancy tax fund, red light camera fund, disaster preparedness fund, and the special general fund. The special revenue funds are considered nonmajor funds for reporting purposes.

Debt Service Fund

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

Capital Projects Fund

The capital projects funds are used to account for the expenditures of resources accumulated from sales tax revenues and the sale of bonds and related interest earnings for capital improvement projects. The capital projects fund is considered a nonmajor fund for reporting purposes.

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow generally accepted accounting principles (GAAP) prescribed by the GASB and all Financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB.

The proprietary fund types used by the City include the following:

Enterprise Fund

The enterprise fund is used to account for the operations that provide water and wastewater collection, wastewater treatment operations, and solid waste collection and disposal. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The enterprise fund is considered a major fund for reporting purposes.

Internal Service Funds

Internal service funds account for services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The fleet replacement and health benefits funds are used to account for vehicle and equipment replacement and employee benefits.

D. Measurement Focus and Basis of Accounting

The government-wide Statements of Net Assets and Statements of Activities and all proprietary funds are accounted for on a flow of economic resources measurement focus, accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet. Proprietary fund equity consists of net assets. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and component units are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The City uses the modified accrual basis of accounting in the governmental fund type and component units. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include charges for services and interest on temporary investments.

Property taxes, sales taxes, franchise taxes, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due.

The accrual basis of accounting is used for the proprietary fund types. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable.

The Statements of Net Assets, Statements of Activities, and financial statements of proprietary fund types are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized in the accounting period in which they are earned, and expenses in the accounting period in which they are incurred.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

E. Assets, Liabilities, and Net Assets or Fund Equity

1. Deposits and Investments

The City maintains a pooled cash and investments account. Each fund whose monies are deposited in the pooled cash and investment account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end. Amounts on deposit in interest-bearing accounts and other investments are displayed on the combined balance sheet as "Cash and cash equivalents."

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. government
- Money market mutual funds that meet certain criteria
- Statewide investment pools

2. Receivables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles.

Property taxes

Property taxes are levied during October of each year and are due upon receipt of the City's tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year.

3. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than \$20,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	20 to 50 years
Machinery and equipment	3 to 10 years
Vehicles	5 years
Water, sewer, and gas system	20 to 30 years
Infrastructure	40 to 50 years

5. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick pay benefits, and compensatory time. Amounts accumulated, up to certain amounts, may be paid to employees upon termination of employment. The estimated amount of compensation for services provided that is expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest are reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with interest earned in the debt service fund. Though a portion of the general obligation debt was directly related to the purchase of water and sewer infrastructure, the debt service expenditures

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

are included in the governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of water system revenues.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

7. Landfill Post-Closure Care Costs

The City reports municipal solid waste landfill costs in accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-Closure Care Costs*. The liability for landfill post-closure costs is reported in long-term debt.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with GAAP for the general fund, debt service fund, court security fund, court technology fund, hotel occupancy tax fund, housing trust fund, and the special general fund. All other adopted budgets are used as a management tool. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the charter in the approved budget is the department level in the general fund and all others are the fund level. The City Manager may transfer appropriations between divisions within a department without seeking the approval of City Council. Appropriations lapse at the end of the year. Supplemental budget appropriations were made for the year ended.

A. Excess of Expenditures Over Appropriations

General government:	
Garage	\$2,058
Court security	\$3,036

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of year end, the City and component unit had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Risk</u>
City			
U.S. agencies	\$ 6,156,097	0.5	AAA
Certificates of deposit	3,013,267	0.5	N/A
TexPool	8,691,851	0.0	AAAM
Texas CLASS	6,102,232	0.0	AAAM
Total fair value	<u>\$ 23,963,447</u>		
Portfolio weighted average maturity		0.5	
Component Unit			
Certificates of deposit	\$ 503,189	0.5	N/A
U.S. agencies	2,781,984	0.5	
TexPool	2,839,490	0.0	
Texas CLASS	2,005,664	0.0	AAAM
Total fair value	<u>\$ 8,130,327</u>		
Portfolio weighted average maturity		0.5	

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of year end, market values of pledged securities and FDIC coverage exceeded bank balances for the City and the component unit.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's as well as to the office of the Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

MBIA Texas CLASS

The Cooperative Liquid Assets Securities System – Texas (“CLASS”) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended (the “Act”). CLASS is created under an Amended and Restated Trust Agreement, dated as of May 1, 2001 (the “Agreement”) among certain Texas governmental entities investing in the pool (the “Participants”), MBIA Municipal Investors Service Corporation (“MBIA-MISC”) as Program Administrator, and Wells Fargo as Custodian. CLASS is not SEC-registered and is not subject to regulation by the State of Texas. Under the Agreement, however, CLASS is administered and supervised by a seven member board of trustees (the “Board”), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with MBIS-MISC to provide for the investment and management of the public funds of CLASS. Separate financial statements for TEXAS CLASS may be obtained by contacting MBIA Asset Management at 815-A Brazos Street, Suite 345, Austin, TX 78701-9996, (800)707-6242.

Interest rate risk. In compliance with the City’s Investment Policy, as of year end, the City minimized the interest rate risk related to the decline in market value of securities due to rising interest rates in the portfolio by limiting the effective duration of security types not to exceed two years, with the exception of securities purchased related to reserve funds; structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act; and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar government investment pools.

Credit risk. The City’s investment policy limits investments in money market mutual funds rated as to investment quality not less than AAA by Standard & Poor’s. As of September 30, 2010, the City’s investment in TexPool and Texas CLASS was rated AAAM by Standard & Poor’s. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency. More specifically, the U.S. agencies held by the City as of September 30, 2010, consist of a variety of bonds and discount notes issued by the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and the Federal National Mortgage Association. These investments were rated not less than AAA by Moody’s and Standard & Poor’s.

B. Receivables

The following comprise receivable balances at year end:

	General	Debt Service	Enterprise	Nonmajor Governmental	Component Unit	Internal Service
Property taxes	\$ 98,868	\$ 150,455	\$ -	\$ -	\$ -	\$ -
Sales taxes	1,122,904	-	-	-	-	-
Other taxes	108,439	-	-	-	-	-
Accounts	429,050	-	1,229,425	-	-	-
Interest	30,080	-	19,576	-	-	-
Other	-	-	-	47,401	366,275	5,264
Less allowance	(159,216)	-	(65,739)	-	-	-
	<u>\$ 1,630,125</u>	<u>\$ 150,455</u>	<u>\$ 1,183,262</u>	<u>\$ 47,401</u>	<u>\$ 366,275</u>	<u>\$ 5,264</u>

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

C. Capital Assets

A summary of changes in capital assets at year end is as follows:

	Primary Government			
	Beginning Balance	Increases	Reclassifications /(Decreases)	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 4,521,005	\$ -	\$ -	\$ 4,521,005
Construction in progress	8,366,195	688,680	(55,764)	8,999,111
Total capital assets not being depreciated	12,887,200	688,680	(55,764)	13,520,116
Other capital assets:				
Buildings and improvements	10,002,957	224,869	-	10,227,826
Machinery and equipment	5,656,391	140,272	(228,718)	5,567,945
Vehicles	3,185,479	-	-	3,185,479
Infrastructure	13,164,167	22,748	-	13,186,915
Total other capital assets	32,008,994	387,889	(228,718)	32,168,165
Less accumulated depreciation for:				
Buildings and improvements	(2,112,675)	(263,922)	-	(2,376,597)
Machinery and equipment	(3,611,660)	(453,434)	8,946	(4,056,148)
Vehicles	(2,714,706)	(205,009)	44,020	(2,875,695)
Infrastructure	(4,735,601)	(356,541)	-	(5,092,142)
Total accumulated depreciation	(13,174,642)	(1,278,906)	52,966	(14,400,582)
Other capital assets, net	18,834,352	(891,017)	(175,752)	17,767,583
Totals	\$ 31,721,552	\$ (202,337)	\$ (231,516)	31,287,699
		Less associated debt		(14,497,500)
		Invested in Capital Assets, Net of		
		Related Debt	\$	16,790,199

All capital assets constructed or paid for with funds of the component units are titled in the City's name. Accordingly, component unit capital assets and construction in progress are recorded in the governmental activities totals.

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

Depreciation was charged to governmental functions as follows:

Police	\$ 357,275
Streets	263,918
Public works	508,807
Internal service	<u>148,902</u>

Total Governmental Activities Depreciation Expense \$ 1,278,902

The following is a summary of changes in capital assets for business-type activities for the year ended:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 795,205	\$ -	\$ -	\$ 795,205
Construction in progress	<u>1,567,488</u>	<u>3,785,032</u>	<u>-</u>	<u>5,352,520</u>
Total capital assets not being depreciated	<u>2,362,693</u>	<u>3,785,032</u>	<u>-</u>	<u>6,147,725</u>
Other capital assets:				
Gas system	5,801,411	4,746	-	5,806,157
Water and sewer system	41,543,899	78,293	-	41,622,192
Machinery and equipment	<u>3,660,193</u>	<u>-</u>	<u>-</u>	<u>3,660,193</u>
Total other capital assets	<u>51,005,503</u>	<u>83,039</u>	<u>-</u>	<u>51,088,542</u>
Less accumulated depreciation for:				
Gas system	(2,015,395)	(139,531)		(2,154,926)
Water and sewer system	(12,143,945)	(1,020,459)		(13,164,404)
Machinery and equipment	<u>(1,449,608)</u>	<u>(116,035)</u>		<u>(1,565,643)</u>
Total accumulated depreciation	<u>(15,608,948)</u>	<u>(1,276,025)</u>	<u>-</u>	<u>(16,884,973)</u>
Other capital assets, net	<u>35,396,555</u>	<u>(1,192,986)</u>	<u>-</u>	<u>34,203,569</u>
Totals	<u>\$ 37,759,248</u>	<u>\$ 2,592,046</u>	<u>\$ -</u>	<u>40,351,294</u>
				<u>(11,277,500)</u>
				Invested in Capital Assets, Net
				of Related Debt
				<u>\$ 29,073,794</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 1,177,107
Gas	<u>98,918</u>

Total Business-Type Activities Depreciation Expense \$ 1,276,025

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

D. Long-Term Debt

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities compensated absences are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities					
Bonds, notes and other payables:					
Certificates of obligation	\$ 15,578,000	\$ 2,120,000	\$ 3,200,500	\$ 14,497,500 *	\$ 1,195,000
	<u>15,578,000</u>	<u>2,120,000</u>	<u>3,200,500</u>	<u>14,497,500</u>	<u>1,195,000</u>
Other liabilities:					
Net OPEB obligation	131,699	65,884	-	197,583	-
Compensated absences	1,456,115	221,562	646,580	1,031,097	309,329
Landfill post-closure costs	342,500	-	78,000	264,500	78,000
Total Governmental					
Activities	<u>\$ 17,508,314</u>	<u>\$ 2,407,446</u>	<u>\$ 3,925,080</u>	<u>\$ 15,990,680</u>	<u>\$ 1,582,329</u>
Long-term debt due in more than one year				<u>\$ 14,408,351</u>	
Business-Type Activities					
Revenue bonds	\$ 12,247,000	\$ -	\$ 969,500	\$ 11,277,500 **	\$ 984,500
	<u>12,247,000</u>	<u>-</u>	<u>969,500</u>	<u>11,277,500</u>	<u>984,500</u>
Other liabilities:					
Net OPEB obligation	28,850	14,432	-	43,282	-
Compensated absences	202,196	95,324	69,244	228,276	57,069
Total Business-Type					
Activities	<u>\$ 12,478,046</u>	<u>\$ 109,756</u>	<u>\$ 1,038,744</u>	<u>\$ 11,549,058</u>	<u>\$ 1,041,569</u>
Long-term debt due in more than one year				<u>\$ 10,507,489</u>	
*Debt associated with governmental activity capital assets				<u>\$ 14,497,500</u>	
**Debt associated with business-type activity capital assets				<u>\$ 11,277,500</u>	

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rates	Balance
<u>Governmental Activities</u>		
Certificates of Obligation		
Series 1995	4.6-5.125%	\$ 100,000
Series 2002	4.6-5.125%	5,872,500
Series 2003	1.0-4.5%	6,405,000
Series 2010	1.5-2.2%	2,120,000
Total Certificates of Obligation		14,497,500
Total Governmental Activities Long-Term Debt		\$ 14,497,500
<u>Business-Type Activities</u>		
Revenue Bonds		
Series 1999	2.9-4.1%	\$ 4,100,000
Series 2002	4.125-5.125%	7,177,500
Total Business-Type Activities Long-Term Debt		\$ 11,277,500

The annual requirements to amortize bond and certificate debt issues outstanding at year end were as follows:

Year Ending Sep 30	Governmental Activity		Business-Type Activity	
	Principal	Interest	Principal	Interest
2011	1,195,500	557,029	984,500	476,035
2012	1,115,500	515,735	999,500	435,673
2013	1,145,500	476,398	1,014,500	394,663
2014	1,165,500	435,883	1,034,500	351,939
2015	1,200,500	393,233	1,054,500	307,824
2016-2020	5,833,500	1,261,737	4,996,500	833,048
2021-2023	2,841,500	176,413	1,193,500	59,675
Total	\$ 14,497,500	\$ 3,816,428	\$ 11,277,500	\$ 2,858,857

Current Refunding

The City issued \$2,120,000 of general obligation refunding bonds, series 2010 for a current refunding of \$2,065,000 certificates of obligation, series 1998. The reacquisition price exceeded the net carrying amount of the old debt by \$6,560. The transaction also resulted in an economic gain of \$173,119 and a reduction of \$192,053 in future debt service payments.

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. The City also issued bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The City is not obligated in any manner for special assessment debt.

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed or are not performed correctly, a substantial liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations.

E. Interfund Transactions

Transfers between the primary government funds during the year were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amounts</u>
Enterprise fund	General fund	\$ 2,260,134

The enterprise fund reimbursed the general fund for the administrative costs incurred in supporting enterprise fund operations.

E. Landfill Post-Closure Liability

State and federal regulations required the City to place a final cover on the City's landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site until determined by the State. The \$264,500 reported as accrued landfill post-closure costs at year end represent the remaining estimated post-closure costs. The landfill is in the post-closure process as the landfill has been closed. The amount is based on what it would cost to perform all post-closure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. State and federal laws require owners to demonstrate financial assurance for closure, post-closure, and/or corrective action. The City complies with the financial and public notice components of the local government financial test and government-guarantee of the test.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,539 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management that resolution of these matters will not have a material adverse effect on the financial condition of the City.

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

C. Pension Plans

1. Texas Municipal Retirement System

Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 837 administered by TMRS, an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and Required Supplementary Information (RSI) for TMRS. The report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8611. In addition, the report is available on TMRS' website at www.TMRS.com.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>2010</u>	<u>2009</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/hrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Benefits

Upon retirement, benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. City financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit. This is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence, and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions, with interest, and the employer-financed monetary credits, with interest, were used to purchase an annuity.

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 28-year amortization period. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2008 valuation is effective for rates beginning January 2010).

Three-year trend information for the annual pension cost (APC) is as follows:

<u>Fiscal year</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution Made</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2008	\$ 792,454	\$ 792,454	100.00%	\$ -
2009	\$ 944,327	\$ 944,327	100.00%	\$ -
2010	\$ 969,758	\$ 969,758	100.00%	\$ -

The required contribution rates for fiscal year 2010 were determined as part of the December 31, 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarial Valuation Date	12/31/2009	12/31/2008	12/31/2007
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
Remaining Amortization Period	28 Years - Closed period	29 Years - Closed period	30 Years - Closed period
Asset Valuation Method	Smoothed market	Amortized cost	Amortized cost
Investment Rate of Return	7.5%	7.5%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at	3.00%	3.00%	3.00%
Cost of Living Adjustments	2.10%	2.10%	2.10%

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

The funded status as of December 31, 2009, the most recent valuation date, is as follows:

	<u>2010</u>
Actuarial Valuation Date	12/31/2009
Actuarial Value of Assets	\$ 11,538,535
Actuarial Accrued Liability	\$ 17,190,687
Percentage Funded	67.1%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 5,652,152
Annual Covered Payroll	\$ 7,278,133
UAAL as a Percentage of Covered Payroll	77.7%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

2. Texas Emergency Services Retirement System

Plan Description

The Fire Fighter's Pension Commissioner is the administrator of the Texas Emergency Services Retirement System (TESRS), a cost-sharing, multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. TESRS is considered a component unit of the State of Texas financial reporting entity and is included in the State's financial reports as a pension trust fund. At August 31, 2010, there were 198 member fire or emergency services departments participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a participating department.

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), recodified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50 percent vested after the tenth year of service, with the vesting percent increasing ten percent for each of the next five years of service so that a member becomes 100 percent vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2 percent compounded annually. On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump-sum amount and continuing monthly payments to a member's surviving spouse and dependent children.

TESRS issues a publicly available annual financial report that includes financial statements for TESRS. This financial report is designed to provide a general overview of the Texas Emergency Services Retirement System finances for all those with an interest in the system's finances. This report may be obtained by writing to the office of the fire fighters' pension commissioner, P.O. Box

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

12577, Austin, TX 78711-2577; in addition the report is available on TESRS' website at www.ffpc.state.tx.us.com.

Funding Policy

Contribution provisions were established by S.B. 411, 65th Legislature, Regular Session (1977) and were amended by board rule in 2006. No contributions are required by individual members of participating departments. The governing bodies of participating departments are required to contribute at least the minimum prescribed amount per month for each active member and may contribute more. Additional contributions may be made by a governing body to pay for granting credit for service before the department began participating in TESRS (prior service). The State may also be required to make annual contributions up a limited amount to make TESRS actuarially sound.

Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule. For the fiscal year ending August 31, 2010, total contributions (dues and prior service) of \$2,875,103 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The State did not appropriate any maximum state contribution for the fiscal years ending September 30, 2010 and 2011. Total contributions made were equal to the contributions required by the State statute and were equal to the contributions required based on the revised August 31, 2008 actuarial valuation.

The purpose of the biennial actuarial valuation is to test the adequacy of the financing arrangement to determine if it is adequate to pay the benefits that are promised. The actuarial valuation as of August 31, 2009, revealed the adequacy of the expected contributions from the political subdivisions (dues and prior service contributions) together with the actual State appropriations for the fiscal year ending August 31, 2010 (\$502,941 to help pay for the System's administrative expenses), and with the assumed continuation of legislative appropriations of (1) the maximum State contribution amount in future years as is necessary for the System to have a 30-year amortization period and (2) approximately \$500,000 each year to help pay for the System's administrative expenses. Expected contributions for the fiscal year ending August 31, 2009, are equal to the contributions required.

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Entry Age
Amortization Method	Level dollar, open
Remaining Amortization Period	30 years
Asset Valuation Method	Market value smoothed
Investment Rate of Return	8%
Projected Salary Increases	N/A
Includes Inflation at	3.5%
Cost of Living Adjustments	None

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

Three-Year Contribution Information

<u>Fiscal year</u>	<u>Annual Pension Percentage of ARC</u>		<u>Net Pension Obligation</u>
	<u>Cost (ARC)</u>	<u>Contributions</u>	
2008	\$ 8,604	100%	\$ -
2009	\$ 7,512	100%	\$ -
2010	\$ 6,800	100%	\$ -

D. Other Post-Employment Benefits (OPEB)

Plan Description

In order to recognize and reward long-term employees, as well as to provide an incentive for remaining in the City's employment, the City administers a single-employer defined benefit Other Post-Employment Benefits (OPEB) plan that will pay a portion of the premium for continuation of the medical and dental insurance coverage of certain retirees. The plan is known as the City of Tomball Retirement Health Care Plan. Enrollment for retiree coverage must be completed no later than 30 days after the date of retirement. Later enrollment is not permitted. Any retiree eligible for medical coverage with another group plan shall not qualify for medical coverage with the City.

In order to be eligible for this benefit, the retiree must be vested, age 55 or older and a current recipient of retirement benefits from the Texas Municipal Retirement System; have been a full-time employee of the City for ten consecutive years immediately prior to retirement; and satisfy the applicable plan requirements for the extension of retiree coverage under the medical and dental insurance benefit plan offered by the City at the time of retirement.

Beginning with retirement and ending when the person is eligible for Medicare coverage, the City shall pay a portion of the retiree medical and dental coverage premiums in accordance with the following: 40 percent of the premium costs for retirees having at least ten years, but less than 15 years, of full-time service with the City; 55 percent of the premium costs for retirees having at least 15 years, but less than 20 years, of full-time service with the City; 70 percent of the premium costs for retirees having at least 20 years, but less than 25 years, of full-time service with the City; or 85 percent of the premium costs for retirees having at least 25 years of full-time service with the City. To cover their spouses, eligible retirees must pay 100 percent of the cost for their eligible spouse. Eligible retirees shall pay 100 percent of the premiums for basic life insurance (\$2,000).

Benefit continuation of medical, dental, and life insurance coverage provided at the City's expense to retirees ends when the retiree is eligible for Medicare coverage. Retirees who are eligible for Medicare coverage may, at their sole expense, continue to purchase coverage for themselves and their eligible dependents as provided under the applicable terms of City's policies. The policy will be a secondary policy only. A separate postemployment benefit plan report is not available for the City of Tomball Retirement Health Care Plan.

Funding Policy

The City has elected to finance the OPEB plan on a pay-as-you-go basis. The City paid \$19,603 related to the plan for five retirees during the year.

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

Actuarial Information

The contribution requirement has been actuarially determined. The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimate are made about the future. The required schedule of funding progress immediately following the notes presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point, and the projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective, and consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. As of the actuarial valuation date of December 31, 2009, the actuarial value of plan assets is zero dollars, the actuarial accrued liability is \$780,043, the total unfunded actuarial liability is \$780,043, and the actuarial value of assets as a percentage of the actuarial accrued liability is zero percent. The annual covered payroll at December 31, 2009 was \$7,171,519 and the unfunded actuarial accrued liability as a percentage of covered payroll is 10.9%. The actuarial determined annual required contribution (ARC) is \$99,818. The components of the ARC consist of the employer's normal cost and the amortization of the unfunded actuarial accrued liabilities.

The following table shows the components of the City's annual OPEB cost of the year, the amount actually contributed to the plan, and the City's net OPEB obligation.

Annual required contribution	\$ 99,818
Interest on OPEB Obligation	5,409
Adjustment to ARC	(5,011)
Contribution made	<u>(19,603)</u>
Increase in net OPEB obligation	80,613
Net OPEB obligation-beginning of year	<u>160,252</u>
Net OPEB obligation-end of year	<u><u>\$ 240,865</u></u>

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level % of Payroll
Remaining Amortization Period	30 Years - Close period
Asset Valuation Method	Market value smoothed
Investment Rate of Return	4.5%
Projected Salary Increases	3.0%
Healthcare Cost Trend Rate (Initial/Ultimate)	11.50%/ 3.5%

CITY OF TOMBALL, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

Three-Year Contribution Information

Fiscal year	Annual OPEB Percentage of ARC		Net Pension Obligation	
	Cost (ARC)	Contributions	Beginning	Ending
2008	\$ 87,162	5.86%	\$ -	\$ 82,052
2009	\$ 89,777	12.90%	\$ 82,052	\$ 160,252
2010	\$ 99,818	19.64%	\$ 160,252	\$ 240,865

1. TMRS – Supplemental Death Benefit Fund

Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund. For the year ended September 30, 2010, the City offered the supplemental death benefit to both active and retired employees.

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contribution rate to the TMRS SDBF, for the retiree portion, for the years ended 2010 and 2009 were \$1,631 and \$2,193, respectively. The City's contribution rates for the past three years are shown below:

	2010	2009	2008
Annual Req. Contrib. (Rate)	0.13%	0.13%	0.14%
Actual Contribution Made	0.13%	0.13%	0.14%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF TOMBALL, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the year ended September 30, 2010

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property taxes	\$ 1,438,921	\$ 1,438,921	\$ 1,417,699	\$ (21,222)
Sales, franchise, and other taxes	7,496,540	7,496,540	7,805,018	308,478
Permits and licenses	252,250	252,250	311,563	59,313
Fines and forfeitures	731,200	731,200	872,559	141,359
Services revenue	2,355,000	2,355,000	1,920,214	(434,786)
Intergovernmental	25,000	25,000	49,549	(15,000)
Contributions from component unit	7,000	7,000	10,000	42,549
Interest on investments	350,000	350,000	95,219	(254,781)
Other revenues	51,800	76,800	141,846	65,046
Total Revenues	12,707,711	12,732,711	12,623,667	(109,044)
<u>Expenditures</u>				
Administrative	3,979,173	3,979,173	3,695,063	284,110
Police	4,536,464	4,536,465	4,366,661	169,804
Fire	1,235,370	1,587,192	1,137,865	449,327
Court	347,449	347,449	346,487	962
Public works	1,524,165	1,524,165	1,296,470	227,695
Sanitation	2,358,400	2,485,055	1,685,892	799,163
Streets	4,267,714	4,267,714	1,361,059	2,906,655
Permits	364,120	364,120	342,188	21,932
Garage	68,366	68,366	70,424	(2,058) *
Parks	336,716	528,570	503,479	25,091
Community services	155,417	155,417	135,225	20,192
Total Expenditures	19,173,354	19,843,686	14,940,813	4,902,873
Excess of Revenues Over (Under) Expenditures	(6,465,643)	(7,110,975)	(2,317,146)	4,793,829
<u>Other Financing Sources</u>				
Transfers in	2,260,134	2,260,134	2,260,134	-
Total Other Financing Sources	2,260,134	2,260,134	2,260,134	-
Net Change in Fund Balance	\$ (4,205,509)	\$ (4,850,841)	(57,012)	\$ 4,793,829
Beginning fund balance			12,218,693	
Ending Fund Balance			\$ 12,161,681	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Expenditures exceeded appropriations at the legal level of control.

CITY OF TOMBALL, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2010

The City's annual covered payroll and pension costs are actuarially valued on a calendar year basis. Because the City makes all the annually required contributions, no net pension obligation (NPO) exists. The information presented below represents the City's Schedule of Funding Progress.

Fiscal Year	2010	2009	2008	2007	2006
Actuarial Valuation Date	12/31/2009	12/31/2008	12/31/2007	12/31/2006	12/31/2005
Actuarial Value of Assets	\$ 11,538,535	\$ 10,293,118	\$ 9,288,904	\$ 9,557,364	\$ 8,738,552
Actuarial Accrued Liability	\$ 17,190,687	\$ 15,605,065	\$ 14,020,342	\$ 11,949,758	\$ 10,737,581
Percentage Funded	67.1%	66.0%	66.3%	80.0%	81.4%
Unfunded Actuarial					
Accrued Liability	\$ 5,652,152	\$ 5,311,947	\$ 4,731,438	\$ 2,392,394	\$ 1,999,029
Annual Covered Payroll	\$ 7,278,133	\$ 7,040,733	\$ 6,052,532	\$ 5,500,061	\$ 5,270,959
Unfunded Actuarial Accrued Liability					
(UAAL) % of Covered Payroll	77.7%	75.4%	78.2%	43.5%	37.9%
Net Pension Obligation (NPO)					
at the Beginning of Period	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Req. Contrib. (ARC)	969,758	944,327	792,454	683,317	617,905
Contributions Made	969,758	944,327	792,454	683,317	617,905
NPO at the End of Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF TOMBALL, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
For the Year Ended September 30, 2010

The City's annual covered payroll and pension costs are actuarially valued on a calendar year basis. Because the City makes all the annually required contributions, no net pension obligation (NPO) exists. The information presented below represents the City's Schedule of Funding Progress.

Fiscal Year	2010	2009	2008	2007	2006
Actuarial Valuation Date	8/31/2009	8/31/2008	8/31/2007	8/31/2006	8/31/2005
Actuarial Value of Assets	\$ 64,113,803	\$ 60,987,157	\$ 42,268,305	\$ 42,268,305	\$ 38,140,501
Actuarial Accrued Liability	\$ 79,953,215	\$ 64,227,341	\$ 58,082,828	\$ 58,082,828	\$ 51,567,426
Percentage Funded	80.2%	95.0%	72.8%	72.8%	74.0%
Unfunded Actuarial					
Accrued Liability	\$ 15,839,412	\$ 3,240,184	\$ 15,814,523	\$ 15,814,523	\$ 13,426,925
Total Members Covered	8,708	8,254	8,061	8,061	\$ 7,994
Unfunded Actuarial Accrued Liability					
(UAAL) Per Member Covered	\$ 1,819	\$ 393	\$ 1,962	\$ 1,962	\$ 1,680
Net Pension Obligation (NPO)					
at the Beginning of Period	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Req. Contrib. (ARC)	6,800	7,512	8,604	5,072	3,708
Contributions Made	6,800	7,512	8,604	5,072	3,708
NPO at the End of Period	\$ -	\$ -	\$ -	\$ -	\$ -

An actuarial valuation is performed every two years.

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CITY OF TOMBALL, TEXAS
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
For the Year Ended September 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
04/30/08	\$ -	\$ 698,417	\$ 698,417	0.0%	\$ 7,419,044	9.4%
12/31/09	\$ -	\$ 780,043	\$ 780,043	0.0%	\$ 7,171,519	10.9%

¹ The City implemented GASB Statement No. 45 and the requirements have been implemented prospectively.

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***COMBINING STATEMENTS
AND SCHEDULES***

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CITY OF TOMBALL, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended September 30, 2010

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Property taxes	\$ 1,553,342	\$ 1,520,895	\$ (32,447)
Interest on investments	3,000	2,604	(396)
Other revenue	22,000	12,067	(9,933)
Total Revenues	<u>1,578,342</u>	<u>1,535,566</u>	<u>(42,776)</u>
<u>Expenditures</u>			
Debt service:			
Principal	1,385,500	1,135,500	250,000
Interest and fiscal agent fees	676,983	723,159	(46,176)
Total Expenditures	<u>2,062,483</u>	<u>1,858,659</u>	<u>203,824</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(484,141)</u>	<u>(323,093)</u>	<u>(246,600)</u>
<u>Other Financing Sources (Uses)</u>			
Refunding bonds issued	2,120,000	2,120,000	-
Premium on refunding bond	4,945	4,945	-
Payment to refunded bond escrow agent	(2,071,560)	(2,071,560)	-
Total Other Financing Sources (Uses)	<u>53,385</u>	<u>53,385</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (430,756)</u>	<u>(269,708)</u>	<u>\$ 161,048</u>
Beginning fund balance		<u>1,195,663</u>	
Ending Fund Balance		<u>\$ 925,955</u>	

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CITY OF TOMBALL, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2010

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

CAPITAL PROJECTS FUNDS

Capital Projects Fund is used to account for resources used in the acquisition or construction of major general capital assets.

CITY OF TOMBALL, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
September 30, 2010

	Special General	Capital Projects	Court Security	Court Technology
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 153,820	\$ 133,790	\$ 181,103	\$ 171,098
Accounts receivable	-	-	-	-
Total Assets	\$ 153,820	\$ 133,790	\$ 181,103	\$ 171,098
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 1,510	\$ -
Due to other funds	-	-	-	-
Total Liabilities	-	-	1,510	-
Fund balances:				
Reserved for court security	-	-	179,593	-
Reserved for court technology	-	-	-	171,098
Unreserved	153,820	133,790	-	-
Total Fund Balances	153,820	133,790	179,593	171,098
Total Liabilities and Fund Balances	\$ 153,820	\$ 133,790	\$ 181,103	\$ 171,098

<u>Housing Trust</u>	<u>Hotel Occupancy Tax</u>	<u>Red Light Camera</u>	<u>District Attorney</u>	<u>Bunny Run</u>
\$ 2,515	\$ 255,442	\$ 642,103	\$ 12,589	\$ 2,477
-	3,400	44,001	-	-
<u>\$ 2,515</u>	<u>\$ 258,842</u>	<u>\$ 686,104</u>	<u>\$ 12,589</u>	<u>\$ 2,477</u>
\$ -	\$ 1,148	\$ 222,566	\$ -	\$ -
-	-	-	-	-
-	1,148	222,566	-	-
-	-	-	-	-
-	-	-	-	-
<u>2,515</u>	<u>257,694</u>	<u>463,538</u>	<u>12,589</u>	<u>2,477</u>
<u>2,515</u>	<u>257,694</u>	<u>463,538</u>	<u>12,589</u>	<u>2,477</u>
<u>\$ 2,515</u>	<u>\$ 258,842</u>	<u>\$ 686,104</u>	<u>\$ 12,589</u>	<u>\$ 2,477</u>

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CITY OF TOMBALL, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
September 30, 2010

	<u>Department of Justice Grant</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 8,773	\$ 1,563,710
Accounts receivable	-	47,401
Total Assets	\$ 8,773	\$ 1,611,111
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts payable	\$ -	\$ 225,224
Due to other funds	-	-
Total Liabilities	-	225,224
Fund balances:		
Reserved for court security	-	179,593
Reserved for court technology	-	171,098
Unreserved	8,773	1,035,196
Total Fund Balances	8,773	1,385,887
Total Liabilities and Fund Balances	\$ 8,773	\$ 1,611,111

CITY OF TOMBALL, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
For the Year Ended September 30, 2010

	Special General	Capital Projects	Court Security	Court Technology
<u>Revenues</u>				
Other taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	25,228	33,645
Intergovernmental	-	-	-	-
Interest on investments	354	292	439	334
Other revenues	11,253	-	-	-
Total Revenue	11,607	292	25,667	33,979
<u>Expenditures</u>				
Current:				
Administrative	14,269	-	42,068	1,500
Court	-	-	-	-
Community services	-	-	-	-
Total Expenditures	14,269	-	42,068	1,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,662)	292	(16,401)	32,479
Net Change in Fund Balances	(2,662)	292	(16,401)	32,479
Beginning fund balances	156,482	133,498	195,994	138,619
Ending Fund Balances	\$ 153,820	\$ 133,790	\$ 179,593	\$ 171,098

<u>Housing Trust</u>	<u>Hotel Occupancy Tax</u>	<u>Red Light Camera</u>	<u>District Attorney</u>	<u>Bunny Run</u>
\$ -	\$ 154,174	\$ -	\$ -	\$ -
-	-	272,667	-	-
-	-	-	-	7,581
7	558	-	30	-
-	88,328	1,121	-	-
<u>7</u>	<u>243,060</u>	<u>273,788</u>	<u>30</u>	<u>7,581</u>
-	86,961	139,034	4,143	666
-	-	-	-	-
<u>3,444</u>	<u>123,286</u>	<u>9,021</u>	<u>-</u>	<u>4,956</u>
<u>3,444</u>	<u>210,247</u>	<u>148,055</u>	<u>4,143</u>	<u>5,622</u>
<u>(3,437)</u>	<u>32,813</u>	<u>125,733</u>	<u>(4,113)</u>	<u>1,959</u>
(3,437)	32,813	125,733	(4,113)	1,959
<u>5,952</u>	<u>224,881</u>	<u>337,805</u>	<u>16,702</u>	<u>518</u>
<u>\$ 2,515</u>	<u>\$ 257,694</u>	<u>\$ 463,538</u>	<u>\$ 12,589</u>	<u>\$ 2,477</u>

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CITY OF TOMBALL, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
For the Year Ended September 30, 2010

	Department of Justice Grant	Total Nonmajor Governmental Funds
<u>Revenues</u>		
Other taxes	\$ -	\$ 154,174
Fines and forfeitures	-	331,540
Intergovernmental	16,000	23,581
Interest on investments	-	2,014
Other revenues	-	100,702
Total Revenue	16,000	612,011
<u>Expenditures</u>		
Current:		
Administrative	7,227	295,868
Court	-	-
Community services	-	140,707
Total Expenditures	7,227	436,575
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,773	175,436
Net Change in Fund Balances	8,773	175,436
Beginning fund balances	-	1,210,451
Ending Fund Balances	<u>\$ 8,773</u>	<u>\$ 1,385,887</u>

CITY OF TOMBALL, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2010

COURT SECURITY				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Fines and forfeitures	\$ 22,000	\$ 22,000	\$ 25,228	\$ 3,228
Interest on investments	1,500	1,500	439	(1,061)
Total Revenues	23,500	23,500	25,667	2,167
<u>Expenditures</u>				
Administrative	39,032	39,032	42,068	(3,036)
Total Expenditures	39,032	39,032	42,068	(3,036) *
Net Change in Fund Balance	\$ (15,532)	\$ (15,532)	(16,401)	\$ (869)
Beginning fund balance			195,994	
Ending Fund Balance			\$ 179,593	

1. *Expenditures exceeded appropriations at the legal level of control.

COURT TECHNOLOGY				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Fines and forfeitures	\$ 28,000	\$ 28,000	\$ 33,645	\$ 5,645
Interest on investments	1,200	1,200	334	(866)
Total Revenues	29,200	29,200	33,979	4,779
<u>Expenditures</u>				
Administrative	5,333	5,333	1,500	3,833
Total Expenditures	5,333	5,333	1,500	3,833
Net Change in Fund Balance	\$ 23,867	\$ 23,867	32,479	\$ 8,612
Beginning fund balance			138,619	
		Ending Fund Balance	\$ 171,098	

CITY OF TOMBALL, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2010

HOTEL OCCUPANCY TAX				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Other taxes	\$ 220,000	\$ 220,000	\$ 154,174	\$ (65,826)
Other revenues	95,685	95,685	88,328	(7,357)
Interest and fiscal agent fees	3,000	3,000	558	(2,442)
Total Revenues	318,685	318,685	243,060	(75,625)
<u>Expenditures</u>				
Administrative	37,960	128,310	86,961	41,349
Community services	100,000	100,000	123,286	(23,286)
Total Expenditures	137,960	228,310	210,247	18,063
Net Change in Fund Balance	\$ 180,725	\$ 90,375	32,813	\$ (57,562)
Beginning fund balance			224,881	
Ending Fund Balance			\$ 257,694	

SPECIAL GENERAL				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Other revenues	\$ 7,500	\$ 7,500	\$ 11,253	\$ 3,753
Interest on investments	750	750	354	(396)
Total Revenues	8,250	8,250	11,607	3,357
<u>Expenditures</u>				
Administrative	50,000	50,000	14,269	35,731
Total Expenditures	50,000	50,000	14,269	35,731
Net Change in Fund Balance	\$ (41,750)	\$ (41,750)	(2,662)	\$ 39,088
Beginning fund balance			156,482	
Ending Fund Balance			\$ 153,820	

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CITY OF TOMBALL, TEXAS

INTERNAL SERVICE FUNDS

September 30, 2010

Fleet Replacement Fund

This internal service fund is used to account for fleet replacement to departments or agencies of the City on a cost reimbursement basis.

Health Benefits Fund

This internal service fund is used to account for the costs associated with health benefits to departments or agencies of the City on a cost reimbursement basis as well as costs associated with retiring and separating employees.

CITY OF TOMBALL, TEXAS
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
September 30, 2010

	<u>Fleet Replacement</u>	<u>Health Benefits</u>	<u>Total</u>
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 1,472,827	\$ 195,849	\$ 1,668,676
Accounts receivable, net	-	5,264	5,264
Total Current Assets	<u>1,472,827</u>	<u>201,113</u>	<u>1,673,940</u>
Noncurrent assets:			
Depreciable capital assets	1,116,869	-	1,116,869
Less: accumulated depreciation	<u>(347,467)</u>	<u>-</u>	<u>(347,467)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>769,402</u>	<u>-</u>	<u>769,402</u>
Total Noncurrent Assets	<u>769,402</u>	<u>-</u>	<u>769,402</u>
Total Assets	<u><u>\$ 2,242,229</u></u>	<u><u>\$ 201,113</u></u>	<u><u>\$ 2,443,342</u></u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 19,141	\$ 4,316	\$ 23,457
Total Current Liabilities	<u>19,141</u>	<u>4,316</u>	<u>23,457</u>
Total Liabilities	<u>19,141</u>	<u>4,316</u>	<u>23,457</u>
<u>Net Assets</u>			
Invested in capital assets	769,402	-	769,402
Unrestricted	<u>1,453,686</u>	<u>196,797</u>	<u>1,650,483</u>
Total Net Assets	<u><u>\$ 2,223,088</u></u>	<u><u>\$ 196,797</u></u>	<u><u>\$ 2,419,885</u></u>

CITY OF TOMBALL, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2010

	Fleet Replacement	Health Benefits	Total
<u>Operating Revenues</u>			
Charges for sales and services	\$ 610,543	\$ 1,632,788	\$ 2,243,331
Total Operating Revenues	<u>610,543</u>	<u>1,632,788</u>	<u>2,243,331</u>
<u>Operating Expenses</u>			
Costs of sales and services	141,113	1,436,203	1,577,316
Depreciation	148,129	-	148,129
Total Operating Expenses	<u>289,242</u>	<u>1,436,203</u>	<u>1,725,445</u>
Operating Income	<u>321,301</u>	<u>196,585</u>	<u>517,886</u>
<u>Non-Operating Revenues (Expenses)</u>			
Investment income	2,771	184	2,955
Disposal of capital assets	(22,366)	-	(22,366)
Total Non-Operating Revenues (Expenses)	<u>(19,595)</u>	<u>184</u>	<u>(19,411)</u>
Change in Net Assets	301,706	196,769	498,475
Beginning net assets	<u>1,921,382</u>	<u>28</u>	<u>1,921,410</u>
Ending Net Assets	<u>\$ 2,223,088</u>	<u>\$ 196,797</u>	<u>\$ 2,419,885</u>

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CITY OF TOMBALL, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2010

	Fleet Replacement	Health Benefits	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 610,543	\$ 1,627,524	\$ 2,238,067
Payments to suppliers	(18,150)	(1,438,371)	(1,456,521)
Net Cash Provided by Operating Activities	592,393	189,153	781,546
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and construction of capital assets	(221,729)	-	(221,729)
Disposal of capital assets	(22,366)	-	(22,366)
Net Cash Provided by Capital and Related Financing Activities	(244,095)	-	(244,095)
<u>Cash Flows from Investing Activities</u>			
Investment earnings	2,771	184	2,955
Net Cash Provided (Used) by Investing Activities	2,771	184	2,955
Net Increase in Cash and Cash Equivalents	351,069	189,337	540,406
Beginning cash and cash equivalents	1,121,758	6,512	1,128,270
Ending Cash and Cash Equivalents	\$ 1,472,827	\$ 195,849	\$ 1,668,676
Reconciliation of Operating Income			
to Net Cash Provided by Operating Activities			
Operating income	\$ 321,301	\$ 196,585	\$ 517,886
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	148,129	-	148,129
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Current Assets:			
Accounts receivable	-	(5,264)	(5,264)
Prepaid expenses	-	-	-
Increase (Decrease) in Current Liabilities:			
Accounts payable and accrued liabilities	122,963	(2,168)	120,795
Customer deposits	-	-	-
Net Cash Provided by Operating Activities	\$ 592,393	\$ 189,153	\$ 781,546

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STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
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Financial Trends	92
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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	102
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These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity	112
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These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information	122
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information	126
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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF TOMBALL, TEXAS

NET ASSETS BY COMPONENT

Last Eight Years (1)
(Accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 1,181,805	\$ 4,441,423	\$ 4,007,407	\$ 2,886,256
Restricted	8,853,454	7,957,216	4,802,952	2,323,077
Unrestricted	14,288,573	8,565,864	13,761,452	20,707,302
Total governmental activities net assets	<u>\$ 24,323,832</u>	<u>\$ 20,964,503</u>	<u>\$ 22,571,811</u>	<u>\$ 25,916,635</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 6,353,013	\$ 10,928,309	\$ 16,178,138	\$ 23,478,199
Restricted	10,045,644	10,409,786	7,760,255	2,305,729
Unrestricted	4,857,704	5,055,643	5,379,709	6,386,872
Total business-type activities net assets	<u>\$ 21,256,361</u>	<u>\$ 26,393,738</u>	<u>\$ 29,318,102</u>	<u>\$ 32,170,800</u>
Primary government				
Invested in capital assets, net of related debt	\$ 7,534,818	\$ 15,369,732	\$ 20,185,545	\$ 26,364,455
Restricted	18,899,098	18,367,002	12,563,207	4,628,806
Unrestricted	19,146,277	13,621,507	19,141,161	27,094,174
Total primary government net assets	<u>\$ 45,580,193</u>	<u>\$ 47,358,241</u>	<u>\$ 51,889,913</u>	<u>\$ 58,087,435</u>

(1) The requirement for statistical data is ten years; only eight years are available at this time.

Fiscal Year			
2007	2008	2009	2010
\$ 7,175,862	\$ 10,206,785	\$ 16,143,552	\$ 16,812,565
3,686,000	1,835,397	2,278,695	1,425,031
17,884,555	16,282,148	11,362,902	12,820,058
<u>\$ 28,746,417</u>	<u>\$ 28,324,330</u>	<u>\$ 29,785,149</u>	<u>\$ 31,057,654</u>
\$ 25,045,502	\$ 24,774,972	\$ 26,080,707	\$ 29,073,794
876,468	-	-	-
7,493,793	9,610,968	10,555,994	8,753,794
<u>\$ 33,415,763</u>	<u>\$ 34,385,940</u>	<u>\$ 36,636,701</u>	<u>\$ 37,827,588</u>
\$ 32,221,364	\$ 34,981,757	\$ 42,224,259	\$ 45,886,359
4,562,468	1,835,397	2,278,695	1,425,031
25,378,348	25,893,116	21,918,896	21,573,852
<u>\$ 62,162,180</u>	<u>\$ 62,710,270</u>	<u>\$ 66,421,850</u>	<u>\$ 68,885,242</u>

CITY OF TOMBALL, TEXAS

CHANGES IN NET ASSETS

Last Eight Years (1)

(Accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities				
General government	\$ 1,609,976	\$ 1,808,900	\$ 1,878,285	\$ 1,889,935
Public safety	3,674,996	4,248,752	5,053,045	5,057,268
Public works	2,923,519	3,326,545	3,435,589	3,709,054
Community services	366,273	394,829	510,454	512,679
Interest and fiscal agent fees	711,446	984,989	938,772	873,035
Total governmental activities expenses	<u>9,286,210</u>	<u>10,764,015</u>	<u>11,816,145</u>	<u>12,041,971</u>
Business-type activities				
General government	895,288	1,038,905	1,670,035	1,309,655
Water	1,273,146	1,520,015	1,742,380	1,488,771
Sewer	1,376,314	1,620,045	2,089,770	2,575,820
Gas	1,888,619	1,955,713	1,223,218	2,048,247
Interest and fiscal agent fees	-	-	-	-
Total business-type activities expenses	<u>5,433,367</u>	<u>6,134,678</u>	<u>6,725,403</u>	<u>7,422,493</u>
Total primary government expenses	<u>\$ 14,719,577</u>	<u>\$ 16,898,693</u>	<u>\$ 18,541,548</u>	<u>\$ 19,464,464</u>
Program Revenues				
Governmental activities				
Charges for services				
Public safety	\$ 984,789	\$ 1,027,034	\$ 1,203,548	\$ 1,443,068
Public works	1,584,663	1,689,041	1,787,578	1,749,695
Operating grants and contributions	1,170,684	96,279	93,897	93,042
Total governmental activities program revenues	<u>3,740,136</u>	<u>2,812,354</u>	<u>3,085,023</u>	<u>3,285,805</u>
Business-type activities				
Charges for services				
General government	-	-	-	-
Water	2,018,000	2,363,284	2,637,614	3,041,240
Sewer	1,261,810	1,259,970	1,309,939	1,587,786
Gas	1,787,152	2,110,902	2,173,694	2,460,885
Capital grants and contributions	-	280,785	2,439,084	137,444
Total business-type activities program revenues	<u>5,066,962</u>	<u>6,014,941</u>	<u>8,560,331</u>	<u>7,227,355</u>
Total primary government program revenues	<u>\$ 8,807,098</u>	<u>\$ 8,827,295</u>	<u>\$ 11,645,354</u>	<u>\$ 10,513,160</u>
Net (Expense)/Revenue				
Governmental activities	\$ (5,546,074)	\$ (7,951,661)	\$ (8,731,122)	\$ (8,756,166)
Business-type activities	(366,405)	(119,737)	1,834,928	(195,138)
Total primary government net expense	<u>\$ (5,912,479)</u>	<u>\$ (8,071,398)</u>	<u>\$ (6,896,194)</u>	<u>\$ (8,951,304)</u>

Fiscal Year				
2007		2008		2009
2010				
\$	1,438,117	\$	1,734,307	3,091,652
	5,449,912		7,224,244	6,720,247
	5,076,429		6,325,789	5,692,269
	355,348		471,539	260,561
	824,168		790,736	708,109
	13,143,974		16,546,615	16,472,838
				15,710,915
	2,744,139		2,775,923	2,235,193
	1,259,961		1,720,131	2,215,841
	1,081,343		1,164,702	1,402,558
	2,496,747		2,727,066	2,486,336
	630,735		585,710	-
	8,212,925		8,973,532	8,339,928
\$	21,356,899	\$	25,520,147	\$ 24,812,766
				\$ 23,774,080
\$	1,352,444	\$	922,073	1,044,706
	1,938,750		2,612,619	2,596,344
	135,750		259,047	278,350
	3,426,944		3,793,739	3,919,400
				3,519,006
	-		118,192	-
	3,208,398		3,317,403	4,547,803
	1,401,640		1,725,839	2,468,377
	3,675,752		3,792,717	4,426,091
	-		-	720,000
	8,285,790		8,954,151	12,162,271
\$	11,712,734	\$	12,747,890	\$ 16,081,671
				\$ 14,896,755
\$	(9,717,030)		(12,752,876)	(12,553,438)
	72,865		(19,381)	3,822,343
\$	(9,644,165)	\$	(12,772,257)	\$ (8,731,095)
				\$ (8,877,325)

CITY OF TOMBALL, TEXAS

CHANGES IN NET ASSETS (Continued)

Last Eight Years (1)
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	\$ 101,356	\$ 721,527	\$ 805,285	\$ 952,673
Property taxes, levied for debt service	1,721,414	1,243,803	1,238,004	1,286,693
Sales taxes	5,134,332	5,556,890	6,479,974	7,491,415
Franchise and local taxes	1,011,342	1,020,001	1,067,621	1,069,381
Other taxes	50,312	95,995	100,056	112,527
Contributions	402,958	34,052	36,320	114,909
Investment earnings	159,714	291,197	558,759	988,431
Other revenues	25,581	119,949	43,774	62,362
Gain (loss) on sale of capital assets	-	8,920	8,637	22,599
Transfers	-	(4,500,000)	-	-
Total governmental activities	<u>8,607,009</u>	<u>4,592,334</u>	<u>10,338,430</u>	<u>12,100,990</u>
Business-type activities				
Investment earnings	231,462	175,176	366,816	477,600
Other revenues	869,862	760,976	722,620	2,570,236
Transfers	-	4,500,000	-	-
Total business-type activities	<u>1,101,324</u>	<u>5,436,152</u>	<u>1,089,436</u>	<u>3,047,836</u>
Total primary government	<u>\$ 9,708,333</u>	<u>\$ 10,028,486</u>	<u>\$ 11,427,866</u>	<u>\$ 15,148,826</u>
Change in Net Assets				
Governmental activities	\$ 3,060,935	\$ (3,359,327)	\$ 1,607,308	\$ 3,344,824
Business-type activities	734,919	5,316,415	2,924,364	2,852,698
Total primary government	<u>\$ 3,795,854</u>	<u>\$ 1,957,088</u>	<u>\$ 4,531,672</u>	<u>\$ 6,197,522</u>

(1) The requirement for statistical data is ten years; only eight years are available at this time.

Fiscal Year			
2007	2008	2009	2010
\$ 1,168,491	\$ 933,885	\$ 1,587,560	\$ 1,422,603
1,299,344	1,511,139	1,449,089	1,500,310
7,304,280	7,100,293	7,038,176	6,651,064
1,140,734	1,201,401	1,150,591	1,153,954
181,503	267,133	308,100	229,636
6,000	6,000	-	-
1,222,816	756,431	325,789	80,426
223,644	515,216	405,391	166,287
-	-	-	-
-	39,291	1,749,561	2,260,134
12,546,812	12,330,789	14,014,257	13,464,414
452,098	308,849	175,119	93,361
720,000	720,000	2,860	43,076
-	(39,291)	(1,749,561)	(2,260,134)
1,172,098	989,558	(1,571,582)	(2,123,697)
\$ 13,718,910	\$ 13,320,347	\$ 12,442,675	\$ 11,340,717
\$ 2,829,782	12,330,789	\$ 1,460,819	\$ 1,272,505
1,244,963	989,558	2,250,761	1,190,887
\$ 4,074,745	\$ 13,320,347	\$ 3,711,580	\$ 2,463,392

CITY OF TOMBALL, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Years
 (Modified accrual basis of accounting)

	Fiscal Year			
	2001	2002	2003	2004
General Fund				
Reserved	\$ -	\$ 3,314,775	\$ 7,877,234	\$ 7,274,055
Unreserved	11,998,860	18,571,716	14,046,018	15,224,108
Total general fund	<u>\$ 11,998,860</u>	<u>\$ 21,886,491</u>	<u>\$ 21,923,252</u>	<u>\$ 22,498,163</u>
 All Other Governmental Funds				
Reserved	\$ 1,609,563	\$ 1,383,613	\$ 1,629,739	\$ 1,253,170
Unreserved, reported in:				
Capital project funds	-	-	612	9,218
Nonmajor governmental funds	14,107	15,716	21,429	38,108
Total all other governmental funds	<u>\$ 1,623,670</u>	<u>\$ 1,399,329</u>	<u>\$ 1,651,780</u>	<u>\$ 1,300,496</u>

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 4,268,304	\$ 1,646,027	\$ -	\$ -	\$ 23,724	\$ -
18,009,256	21,048,552	21,199,234	16,676,502	12,194,969	12,161,681
<u>\$ 22,277,560</u>	<u>\$ 22,694,579</u>	<u>\$ 21,199,234</u>	<u>\$ 16,676,502</u>	<u>\$ 12,218,693</u>	<u>\$ 12,161,681</u>
\$ 915,699	\$ 1,205,549	\$ 2,407,556	\$ 2,097,709	\$ 1,530,276	\$ 1,278,156
9,637	9,757	79,883	121,425	133,498	133,790
34,187	23,333	138,137	353,527	742,340	901,406
<u>\$ 959,523</u>	<u>\$ 1,238,639</u>	<u>\$ 2,625,576</u>	<u>\$ 2,572,661</u>	<u>\$ 2,406,114</u>	<u>\$ 2,313,352</u>

CITY OF TOMBALL, TEXAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years
(Modified accrual basis of accounting)

	Fiscal Year			
	2001	2002	2003	2004
Revenues				
Taxes	\$ 6,786,305	\$ 7,507,370	8,090,360	\$ 8,012,912
Permits, licenses, and fees	395,010	495,521	372,621	317,369
Fines and forfeitures	650,348	683,007	537,494	531,439
Charges for services	1,405,308	1,577,404	1,626,644	1,749,537
Intergovernmental	243,656	140,536	1,242,684	202,331
Contributions from Component Unit	-	-		
Investment earnings	938,798	630,748	402,958	291,197
Other revenues	56,971	77,525	121,119	187,369
Total revenues	10,476,396	11,112,111	12,393,880	11,292,154
Expenditures				
General government	1,223,239	1,259,828	1,366,138	1,628,722
Public safety	2,867,985	3,072,942	3,236,266	3,777,556
Public works	1,757,733	2,170,635	2,095,207	2,764,994
Public service	514,182	346,732	369,130	385,465
Capital outlay	2,276,988	3,026,723	4,466,088	4,850,051
Debt service				
Principal	545,000	813,061	861,452	1,373,838
Interest and paying agent	341,127	437,206	719,307	949,814
Total expenditures	9,526,254	11,127,127	13,113,588	15,730,440
Excess of revenues over (under) expenditures	950,142	(15,016)	(719,708)	(4,438,286)
Other Financing Sources (Uses)				
Transfers in	-	180,000	-	-
Transfers out	(1,185,000)	-	-	(4,500,000)
Issuance of debt	726,738	9,500,147	-	8,500,000
Premium on debt issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Sale of capital assets	-	-	42,972	23,413
Total other financing sources	(458,262)	9,680,147	42,972	4,023,413
Net change in fund balances	\$ 491,880	\$ 9,665,131	(676,736)	\$ (414,873)
Debt service as a percentage of noncapital expenditures	12.22%	15.43%	18.28%	21.36%

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 9,716,624	\$ 10,931,747	\$ 10,936,779	\$ 11,193,185	\$ 11,442,297	\$ 10,973,248
331,660	409,694	414,713	319,177	247,548	311,563
700,112	832,314	728,148	922,073	1,044,706	1,204,099
1,850,595	1,850,925	2,059,958	2,293,442	2,348,796	1,920,214
202,217	279,950	213,750	265,047	278,350	73,130
					10,000
558,759	878,636	1,222,817	713,433	312,290	99,837
81,671	98,866	168,216	332,551	361,992	166,287
13,441,638	15,282,132	15,744,381	16,038,908	16,035,979	14,758,378
1,727,172	1,800,747	1,837,112	3,822,202	2,606,885	4,327,065
4,548,579	4,741,965	5,130,493	6,010,899	7,770,127	5,855,096
2,734,706	2,856,974	3,112,853	3,635,764	3,713,018	3,784,400
449,795	424,129	1,113,084	550,513	932,492	575,092
2,236,496	2,814,130	2,762,545	3,521,127	5,387,966	821,359
1,391,273	1,194,405	1,138,174	1,158,174	1,328,619	1,135,500
948,260	891,842	830,330	795,482	714,188	723,159
14,036,281	14,724,192	15,924,591	19,494,161	22,453,295	17,221,671
(594,643)	557,940	(180,210)	(3,455,253)	(6,417,316)	(2,463,293)
-	-	-	-	1,749,561	2,260,134
-	-	-	(1,248,846)	-	-
-	-	-	-	-	2,120,000
-	-	-	-	-	4,945
-	-	-	-	-	(2,071,560)
33,064	28,399	-	182,665	43,399	-
33,064	28,399	-	(1,066,181)	1,792,960	2,313,519
\$ (561,579)	\$ 586,339	\$ (180,210)	\$ (4,521,434)	\$ (4,624,356)	\$ (149,774)
19.83%	17.52%	14.96%	12.26%	12.27%	11.33%

CITY OF TOMBALL, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES
 Last Ten Years
 (Accrual basis of accounting)

Function	2001	2002	2003	2004	2005
Property	\$ 1,469,880	\$ 1,656,767	\$ 1,894,374	\$ 1,978,526	\$ 2,068,974
Sales	4,323,015	4,725,338	5,134,332	4,918,390	6,479,974
Franchise fee	929,450	1,060,206	1,011,342	1,020,001	1,067,620
Other taxes	63,960	65,059	50,312	95,995	100,056
	<u>\$ 6,786,305</u>	<u>\$ 7,507,370</u>	<u>\$ 8,090,360</u>	<u>\$ 8,012,912</u>	<u>\$ 9,716,624</u>

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Change 2009-2010</u>
\$ 2,258,424	\$ 2,310,262	\$ 2,570,145	\$ 3,036,649	\$ 2,922,913	-3.75%
7,491,415	7,304,280	7,206,713	7,038,176	6,651,064	-5.50%
1,069,381	1,140,734	1,149,261	1,150,591	1,153,954	0.29%
112,527	181,503	267,066	308,100	154,174	-49.96%
<u>\$ 10,931,747</u>	<u>\$ 10,936,779</u>	<u>\$ 11,193,185</u>	<u>\$ 11,533,516</u>	<u>\$ 10,882,105</u>	-5.65%

CITY OF TOMBALL, TEXAS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 Last Seven Years (2)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Residential Property	\$ 312,970,420	\$ 346,417,520	\$ 534,830,588	\$ 548,645,926
Commercial Property	349,489,260	362,762,930	439,434,785	420,414,851
Less: Tax Exempt Property	<u>(35,756,520)</u>	<u>(36,272,730)</u>	<u>(192,670,546)</u>	<u>(221,138,305)</u>
Total Taxable Assessed Value (1)	<u>\$ 626,703,160</u>	<u>\$ 672,907,720</u>	<u>\$ 781,594,827</u>	<u>\$ 747,922,472</u>
Total Direct Tax Rate	0.280000	0.280000	0.251455	0.251455

Source: Harris County Certified / Uncertified Tax Roll.

(1) Property is assessed at actual value; therefore, the assessed values are equal to actual value.

(2) The requirement for statistical data is ten years; only seven years are available at this time

Tax rates are per \$100 of assessed value.

<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 562,126,135	\$ 494,490,612	\$ 431,346,771
516,025,633	962,896,368	1,041,882,736
<u>(213,059,540)</u>	<u>(302,822,021)</u>	<u>(317,120,571)</u>
<u>\$ 865,092,228</u>	<u>\$ 1,154,564,959</u>	<u>\$ 1,156,108,936</u>
0.251455	0.251455	0.251455

CITY OF TOMBALL, TEXAS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
 Last Ten Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
City of Tomball by fund:				
General	\$ 0.117600	\$ 0.114000	\$ 0.015410	\$ 0.100000
Debt service	0.189240	0.166000	0.264590	0.180000
Total Direct Rates	<u>0.306840</u>	<u>0.280000</u>	<u>0.280000</u>	<u>0.280000</u>
 Tomball Independent School District	1.650000	1.680000	1.750000	1.730000
Harris County	0.394800	0.359000	0.383900	0.388100
Harris County Flood Control District	0.080000	0.061700	0.047600	0.041700
Port of Houston Authority	0.020400	0.018300	0.018300	0.019900
Harris County Hospital District	0.146500	0.202700	0.190200	0.190200
School Equalization	0.006290	0.006290	0.006290	0.006290
Lone Star College System District	0.001100	0.001100	0.001055	0.001055
Emergency Service District #8	-	-	-	-
Total Direct and Overlapping Rates (1)	<u>\$ 2.605930</u>	<u>\$ 2.609090</u>	<u>\$ 2.677345</u>	<u>\$ 2.657245</u>

Tax rates per \$100 of assessed valuation
 Source: Harris County Appraisal District

(1) Overlapping rates are those of local and county governments that apply within the City of Tomball.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 0.108000	\$ 0.116640	\$ 0.106468	\$ 0.101455	\$ 0.131455	\$ 0.121455
0.172000	0.163360	0.144987	0.150000	0.120000	0.130000
<u>0.280000</u>	<u>0.280000</u>	<u>0.251455</u>	<u>0.251455</u>	<u>0.251455</u>	<u>0.251455</u>
1.730000	1.710000	1.580000	1.275000	1.360000	1.360000
0.388000	0.399860	0.402390	0.392390	0.389230	0.388050
0.041700	0.033220	0.032410	0.031060	0.030860	0.029230
0.020000	0.014740	0.013020	0.014370	0.017730	0.020540
0.190200	0.192160	0.192160	0.192160	0.192160	0.192160
0.006290	0.006290	0.006290	0.005853	0.005840	0.006581
0.114500	0.120700	0.114400	0.114400	0.110100	0.117600
0.030000	0.030000	0.030000	0.030000	0.050000	0.050000
<u>\$ 2.800690</u>	<u>\$ 2.786970</u>	<u>\$ 2.622125</u>	<u>\$ 2.306688</u>	<u>\$ 2.407375</u>	<u>\$ 2.415616</u>

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CITY OF TOMBALL, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Tax Payer	2010			2001		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
B. J. Services	\$ 135,007,739	1	11.68%	\$ 31,983,780	2	8.27%
Wal-Mart	19,904,980	2	1.72%	15,012,850	1	3.88%
MSR TX Tomball LP	18,600,000	3	1.61%		n/a	
Lowe's	15,914,622	4	1.38%		n/a	
Centerpoint Energy	15,132,013	5	1.31%		n/a	
HEB Grocery	14,503,723	6	1.25%		n/a	
Weingarten Investments	13,402,898	7	1.16%		n/a	
NNN Park at Spring Creek LLC	11,635,917	8	1.01%		n/a	
Target Corporation	11,018,148	9	0.95%		n/a	
A S 62 HWY 249 & FM 2920	10,850,000	10	0.94%		n/a	
Reliant Energy - HL & P		n/a		12,716,630	3	3.29%
Southwestern Bell Telephone		n/a		8,822,770	4	2.28%
Park at Spring Creek L.C.		n/a		7,518,850	5	1.94%
Center America Properties		n/a		6,245,450	6	1.62%
Four Corners Equity Corporation		n/a		6,165,580	7	1.59%
Commonwealth SW		n/a		5,824,440	8	1.51%
KB Fund IV		n/a		5,636,800	9	1.46%
Alphil Investments		n/a		5,511,820	10	1.43%
Subtotal	\$ 265,970,040		23.01%	\$ 105,438,970		27.27%
Other Taxpayers	890,138,896		76.99%	281,254,620		72.73%
Total	\$ 1,156,108,936		100.00%	\$ 386,693,590		100.00%

Source: Harris County Tax Assessor-Collector's records.

CITY OF TOMBALL, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Tax levy	\$ 1,330,000	\$ 1,549,800	\$ 1,600,000	\$ 1,915,562
Current tax collected	\$ 1,249,890	\$ 1,411,192	\$ 1,425,600	\$ 1,771,895
Percent of current tax collections	93.98%	91.06%	89.10%	92.50%
Delinquent tax collections	<u>\$ 78,238</u>	<u>\$ 136,512</u>	<u>\$ 169,413</u>	<u>\$ 136,423</u>
Total tax collections	<u>\$ 1,328,128</u>	<u>\$ 1,547,704</u>	<u>\$ 1,595,013</u>	<u>\$ 1,908,318</u>
Total collections as a percentage of current levy	99.86%	99.86%	99.69%	99.62%

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 2,013,497	\$ 1,993,481	\$ 2,130,000	\$ 2,517,121	\$ 2,903,211	\$ 2,907,289
\$ 1,834,296	\$ 1,798,120	\$ 1,904,220	\$ 2,469,639	\$ 2,843,461	\$ 2,850,087
91.10%	90.20%	89.40%	98.11%	97.40%	98.03%
<u>\$ 171,096</u>	<u>\$ 184,577</u>	<u>\$ 212,660</u>	<u>\$ 30,853</u>	<u>\$ 37,482</u>	<u>\$ -</u>
<u><u>\$ 2,005,392</u></u>	<u><u>\$ 1,982,697</u></u>	<u><u>\$ 2,116,880</u></u>	<u><u>\$ 2,500,492</u></u>	<u><u>\$ 2,880,943</u></u>	<u><u>\$ 2,850,087</u></u>
99.60%	99.46%	99.38%	99.34%	99.23%	98.03%

CITY OF TOMBALL, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Eight Years (1)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
PRIMARY GOVERNMENT				
Governmental Activities:				
General obligation bonds	\$ 13,920,000	\$ 21,170,000	\$ 19,905,000	\$ 18,839,500
Capital leases	742,483	618,645	492,372	363,467
Subtotal	<u>\$ 14,662,483</u>	<u>21,788,645</u>	<u>20,397,372</u>	<u>19,202,967</u>
Business-Type Activities:				
Revenue bonds	\$ 17,110,000	16,590,000	16,005,000	15,085,500
TOTAL PRIMARY GOVERNMENT	<u><u>\$ 31,772,483</u></u>	<u><u>\$ 38,378,645</u></u>	<u><u>\$ 36,402,372</u></u>	<u><u>\$ 34,288,467</u></u>
 PERSONAL INCOME	 \$ 371,937,441	 \$ 220,726,922	 \$ 300,104,460	 \$ 280,510,625
 DEBT AS A PERCENTAGE				
OF PERSONAL INCOME	8.542%	17.387%	12.130%	12.224%
 POPULATION	 9,843	 9,883	 9,930	 10,625
 DEBT PER CAPITA	 \$ 3,228	 \$ 3,883	 \$ 3,666	 \$ 3,227

(1) The requirement for statistical data is ten years; only eight years are available at this time.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 17,774,000	\$ 16,688,500	\$ 15,578,000	\$ 14,497,500
290,793	218,540	-	-
<u>18,064,793</u>	<u>16,907,040</u>	<u>15,578,000</u>	<u>14,497,500</u>
14,151,000	13,206,500	12,247,000	11,277,500
<u>\$ 32,215,793</u>	<u>\$ 30,113,540</u>	<u>\$ 27,825,000</u>	<u>\$ 25,775,000</u>
\$ 282,486,000	\$ 276,767,062	\$ 285,081,600	\$ 290,186,220
11.404%	10.880%	9.760%	8.882%
11,500	11,531	11,600	11,670
\$ 2,801	\$ 2,612	\$ 2,399	\$ 2,209

CITY OF TOMBALL, TEXAS
RATIO OF NET BONDED DEBT TO ASSESSED VALUE,
NET BONDED DEBT PER CAPITA, AND ASSESSED
AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
NET TAXABLE ASSESSED VALUE				
All property	\$ 493,134,250	\$ 561,181,320	\$ 580,358,740	\$ 683,847,570
NET BONDED DEBT				
Gross bonded debt	\$ 13,780,000	\$ 32,780,000	\$ 31,030,000	\$ 37,760,000
Less debt service funds	-	-	-	-
Net Bonded Debt	<u><u>\$ 13,780,000</u></u>	<u><u>\$ 32,780,000</u></u>	<u><u>\$ 31,030,000</u></u>	<u><u>\$ 37,760,000</u></u>
RATIO OF NET BONDED DEBT TO ASSESSED VALUE	2.79%	5.84%	5.35%	5.52%
POPULATION	9,543	9,829	9,843	9,883
NET BONDED DEBT PER CAPITA	\$ 1,444	\$ 3,335	\$ 3,152	\$ 3,821

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 672,907,720	\$ 783,134,388	\$ 981,484,973	\$ 1,078,151,768	\$ 1,154,564,959	\$ 1,156,108,936
\$ 35,910,000	\$ 33,925,000	\$ 31,925,000	\$ 29,895,000	\$ 27,825,000	\$ 25,775,000
-	-	-	-	-	-
<u>\$ 35,910,000</u>	<u>\$ 33,925,000</u>	<u>\$ 31,925,000</u>	<u>\$ 29,895,000</u>	<u>\$ 27,825,000</u>	<u>\$ 25,775,000</u>
5.34%	4.33%	3.25%	2.77%	2.41%	2.23%
9,930	10,625	11,500	11,531	11,600	11,670
\$ 3,616	\$ 3,193	\$ 2,776	\$ 2,593	\$ 2,399	\$ 2,209

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CITY OF TOMBALL, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2010

Governmental Unit	Net Bonded Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Tomball ISD	\$ 280,245,000	23.31%	\$ 65,325,110
Harris County	2,238,411,628	0.41%	9,177,488
Harris Co. Flood Control District	105,482,945	0.41%	432,480
Port of Houston Authority	78,269,397	0.41%	320,905
Harris County Dept of Education	81,160,000	0.41%	332,756
Lone Star College System	541,810,000	0.98%	5,309,738
Subtotal, overlapping debt			80,898,476
City direct debt		100.000%	14,497,500
Total direct and overlapping debt			\$ 95,395,976

Source: First Southwest Company

CITY OF TOMBALL, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Eight Years (1)

	Fiscal Year			
	2003	2004	2005	2006
Debt limit	\$ 58,035,874	\$ 68,384,757	\$ 67,290,772	\$ 78,313,439
Total net debt applicable to limit	13,920,000	21,170,000	19,905,000	18,839,500
Legal debt margin	<u>\$ 44,115,874</u>	<u>\$ 47,214,757</u>	<u>\$ 47,385,772</u>	<u>\$ 59,473,939</u>
Total net debt applicable to the limit as a percentage of debt limit	23.99%	30.96%	29.58% #	24.06%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$ 1,156,108,936
Debt limit (10% of assessed value)	115,610,894 (2)
Debt applicable to limit:	
General obligation bonds	14,497,500
Less: amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>14,497,500</u>
Legal debt margin	<u>\$ 101,113,394</u>

Note: The City's Home Rule Charter (1987) does not limit bonded debt.

(1) The requirement for statistical data is ten years; only eight years are available at this time.

(2) According to the City Charter, the City has no legal debt limit

Fiscal Year			
2007	2008	2009	2010
\$ 98,148,497	\$ 107,815,177	\$ 115,456,496	\$ 115,610,894
17,774,000	16,688,500	15,578,000	14,497,500
<u>\$ 80,374,497</u>	<u>\$ 91,126,677</u>	<u>\$ 99,878,496</u>	<u>101,113,394</u>
18.11%	15.48%	13.49%	12.54%

CITY OF TOMBALL, TEXAS

PLEDGED-REVENUE COVERAGE

Last Ten Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Gross revenues	\$ 6,366,787	\$ 5,748,215	\$ 6,204,814	\$ 7,005,922
Operating expenses (1)	<u>3,579,876</u>	<u>3,070,238</u>	<u>3,850,816</u>	<u>4,539,346</u>
Net revenues available for debt service	<u>\$ 2,786,911</u>	<u>\$ 2,677,977</u>	<u>\$ 2,353,998</u>	<u>\$ 2,466,576</u>
DEBT SERVICE REQUIREMENTS (2)				
Principal and interest	\$ 575,996	\$ 538,239	\$ 538,846	\$ 538,846
Total	<u>575,996</u>	<u>538,239</u>	<u>538,846</u>	<u>538,846</u>
Coverage	4.84	4.98	4.37	4.58

(1) Total operating expenses less depreciation

(2) Includes revenue bonds only

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 9,637,212	\$ 7,014,177	\$ 9,450,511	\$ 9,987,545	\$ 11,442,271	\$ 10,700,826
<u>4,941,774</u>	<u>5,603,456</u>	<u>6,238,127</u>	<u>7,039,498</u>	<u>6,593,348</u>	<u>6,338,235</u>
<u>\$ 4,695,438</u>	<u>\$ 1,410,721</u>	<u>\$ 3,212,384</u>	<u>\$ 2,948,047</u>	<u>\$ 4,599,281</u>	<u>\$ 4,362,591</u>
\$ 540,020	\$ 540,674	\$ 541,047	\$ 541,575	\$ 538,595	\$ 542,505
<u>540,020</u>	<u>540,674</u>	<u>541,047</u>	<u>541,575</u>	<u>538,595</u>	<u>542,505</u>
8.69	2.61	5.94	5.44	8.54	8.04

CITY OF TOMBALL, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Years

<u>Fiscal Year Ended Sept 30</u>	<u>Population(1)</u>	<u>Personal Income</u>	<u>Per Capita Personal Income(5)</u>	<u>Median Age(2)</u>	<u>School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>
2001	9,543	399,469,980	41,860	36.3	7,775	5.60%
2002	9,829	321,418,129	32,701	36.3	8,048	6.50%
2003	9,843	371,937,441	37,787	34.6	8,394	6.90%
2004	9,883	220,726,922	22,334	34.6	8,730	5.50%
2005	9,930	300,104,460	30,222	36.3	8,968	5.30%
2006	10,625	280,510,625	26,401	34.1	9,075	4.70%
2007	11,500	282,486,000	24,564	35.6	9,358	4.30%
2008	11,531	276,767,062	24,002	36.8	9,311	5.10%
2009	11,600	285,081,600	34,576	36.8	9,691	8.40%
2010	11,670	290,186,220	24,866	36.8	10,229	8.70%

Data sources:

- (1) Estimated (2000 census adjusted for growth)
- (2) Tomball Economic Development Corporation
- (3) Tomball Independent School District
- (4) Texas Employment Commission, Houston Primary Metropolitan Statistical Area
- (5) Tomball Economic Development Corporation

CITY OF TOMBALL, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Ten Years Ago

Employer	2010			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Tomball Regional Hospital	1,600	1	33.74%	1,200	1	25.31%
Tomball ISD	1,436	2	30.28%	958	2	20.20%
Tomball College (NHMCCD)	800	3	16.87%	471	4	9.93%
Wal-Mart	460	4	9.70%	330	5	6.96%
BJ Services Company, USA	600	5	12.65%	500	3	10.54%
HEB	257	6	5.42%	-	n/a	0.00%
City of Tomball	169	7	3.56%	86	6	1.81%
Kroger	142	8	2.99%	-	n/a	0.00%
Lowes	122	9	2.57%	-	n/a	0.00%
Target	116	10	2.45%	-	n/a	0.00%

Note: The residents of the City of Tomball are primarily employed outside of the City limits. Percentages are based on the labor force statistic from the 2000 census data (4742). Data was only available for the top six employees ranked in 2000.

Sources:

Tomball Area Chamber of Commerce
Tomball Economic Development Corporation
Tomball Independent School District
Human Resource Department of Listed Companies

CITY OF TOMBALL, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>General Fund:</u>										
Administration	7.5	7.5	7.5	8	8.5	8.5	9.5	10	15	14.5
Permits & Inspection	2	3.5	3.5	4.5	4.5	5	6	6	5	5
Police Department	41.5	44	44	47.5	50.5	50.5	52.5	55	55	55
Municipal Court	6	7	6	5.5	4.5	4	4	5	5	5
Community Center	4	4	3	3	3	3	3	3	3	3
Fire Department	1	1.5	5.5	8.5	9	9	12	14	14	14
Public Works Admin.	3.5	4	4.5	4.5	6	5.5	6	9	9	9
Garage	1.5	1.5	1.5	1	1	1	1	1	1	1
Parks	3.5	3.5	3.5	3.2	4.2	4.2	4.2	5.2	5.2	5.2
Streets	7.3	7.3	8.3	10.2	9.2	9.2	7.2	7.2	8.2	8.2
General Fund Total	77.8	83.8	87.3	95.9	100.4	99.9	105.4	115.4	120.4	119.9
<u>Enterprise Fund:</u>										
Utility Administration	7.5	8.5	8.5	9	11.25	11.5	11.5	12	10	9
Water	4.42	5.76	5.92	6.82	6.83	8.2	7.2	8.2	6.2	7.2
Wastewater	6.29	7.62	7.79	9.64	9.64	10.2	10.2	10.2	10.2	10.2
Gas	4.29	4.62	5.29	7.14	7.14	6.2	7.2	7.2	6.2	6.2
Enterprise Fund Total	22.5	26.5	27.5	32.6	34.86	36.1	36.1	37.6	32.6	32.6
TOTAL CITY POSITIONS	100.3	110.3	114.8	128.5	135.26	136	141.5	153	153	152.5

NOTES:

Around 20-35 temporary and seasonal employees are hired during the summer months as camp counselors, pool personnel and front desk. This count is not reflected above.
 Police reserves (25) are not included.
 Fire Department volunteers (60) are not included.

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CITY OF TOMBALL, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
 Last Eight Years (1)

Function/Program	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Police								
Arrests	2,034	1,804	1,766	1,611	1,812	1,840	1,625	2,049
Accident reports	704	650	563	523	609	499	440	330
Citations	5,518	8,153	13,194	12,473	7,602	12,445	10,820	14,694
Offense reports	2,319	2,959	2,130	2,321	2,174	2,398	2,050	1,705
Calls for service	9,323	8,553	8,804	8,861	8,558	8,299	7,688	7,348
Fire								
Emergency responses	N/A	647	623	860	1,028	1,241	1,056	1,341
Fire incidents	N/A	113	170	278	170	206	218	220
Average response time	N/A	6:19	6:17	6:07	5:40	5:34	4:38	5:15
Water								
New accounts	597	639	674	875	719	663	532	89
Source:								
Water	597	639	674	875	719	663	532	89
Sewer	597	639	674	875	719	663	532	89
Average daily consumption (millions of gallons)	1,798	1,798	1,851	2,002	1,897	1,980	2,166	1,941
Number of million gallons of well water pumped	656,384	675,448	751,880	730,198	692,163	722,788	790,409	708,565
Total consumption (millions of gallons)	656,384	675,448	751,880	730,198	692,363	722,788	790,409	708,565
Peak daily consumption (millions of gallons)	3,492	3,492	3,322	3,395	3,241	4,425	3,791	3,480
Sewer								
Average daily sewage treatment (millions of gallons)	1.339	1.595	1.468	1.500	1.636	1.422	1.428	1.362
Total consumption (millions of gallons)	488.735	582.175	535.820	547.500	597.140	519.030	521.220	497.166
Peak daily consumption (millions of gallons)	3.30	4.50	4.30	4.50	5.10	5.90	5.10	3.72

Source: Various City departments

(1) The requirement for statistical data is ten years; only eight years are available at this time.

CITY OF TOMBALL, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Eight Years (1)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Function/Program								
Police								
Stations	1	1	1	1	1	1	1	1
Patrol units	26	26	27	31	32	26	28	30
Fire stations	2	2	2	2	2	2	2	2
Other public works								
Streets (miles - centerlines)	69.9	71.0	71.0	72.0	72.0	72.6	73.0	56.2
Streetlights	462	462	639	642	648	648	648	650
Parks and recreation								
Parks	4	4	4	4	4	4	4	4
Parks acreage	24 acres	24 acres	24 acres	24 acres	24 acres	24 acres	24 acres	24 acres
Swimming pools	1	1	1	1	1	1	1	1
Baseball/softball diamonds	8	8	8	8	8	8	8	8
Tennis courts	4	4	4	4	4	4	4	4
Basketball courts	1	1	1	1	1	1	1	1
Water								
Water mains (miles)	59	59	74	86	88	89	91.29	91.59
Fire hydrants	630	630	668	802	831	831	869	874
Storage capacity (millions of gallons)	N/A	N/A	N/A	N/A	1.85	1.85	1.85	1.85
Sewer								
Sanitary sewers (miles)	48.0	48.0	51.5	54.5	56.0	56.17	58.6	58.86
Storm sewers (miles)	15.0	16.2	16.9	16.9	16.9	16.9	17.2	17.4
Open ditch/creek/canal drainage (miles)	N/A	N/A	N/A	N/A	52.00	53	53.4	53.7
Treatment capacity (millions of gallons)	3	3	3	3	3	3	3	3

Source: Various City departments

(1) The requirement for statistical data is ten years; only eight years are available at this time.



Management Letter

January 15, 2011

To the Honorable Mayor and
Members of City Council,
City of Tomball, Texas:

The American Institute of Certified Public Accountants issued a new auditing standard that must be followed when communicating certain internal control related matters as part of an audit of financial statements effective for audit periods ending on or after December 15, 2009. The new standard (Statement on Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, "SAS 115") provides guidance to auditors on communicating internal control matters to management and the governing body, board of directors, or equivalent body. Although it replaces a similar standard, it revises certain terminology, as defined below. Auditors are also required to report on issues identified in previous years even if it is not feasible to cost effectively address the matter.

It is important to note when reviewing findings reported within this letter that classification of the findings is based on the definitions required by SAS 115 as further discussed below. Please note that these classifications are based on the potential impact to the financial statements, not necessarily the likelihood of actual loss to the City. Accordingly, the City's assessment of the "significance" or ranking of severity will likely be substantially different based on a number of factors including, but not limited to, its assessment of risk and the cost benefit of making the change.

In planning and performing our audit of the financial statements of the City of Tomball, Texas (the "City") as of and for the year ended September 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurances that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our findings and additional comments are as follows:

Other Matters:

2010-1. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Finding

As of September 30, 2010 the City exceeded the legal level of budgetary control for a department in the general fund and fund level for court security fund. The general fund reports in garage \$2,058 and court security reports \$3,036.

Recommendation

The City should monitor expenditures throughout the year and ensure that budget amendments are properly approved by City council and recorded in the accounting system prior to the expenditure of funds.

2010-2. NEW FUND BALANCE REPORTING REQUIREMENTS

Background

The Governmental Accounting Standards Board ("GASB") issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which provides for clearer fund balance classifications that can be more consistently applied. Specifically, this statement replaces the current categories of reserved, designated, and unreserved with the new categories of nonspendable, restricted, committed, assigned, and unassigned. In addition, this statement clarified definitions of governmental fund types. The City will be required to comply with Statement No. 54 for the fiscal year ending 2011.

The statement also encourages the implementation of a fund balance policy. While a policy is not required in order to comply with the statement, it is required if the City wants to assign or commit fund balances in the future. Also, any commitments must occur before the end of any given fiscal year in order for them to be presented in that year's financial report.

Recommendation

The City should evaluate its current fund balance policies, if any, and modify for the new standard by the conclusion of the 2010-2011 fiscal year. More information on GASB 54 can be found on our website, www.texasauditors.com, including a sample fund balance policy. We have also included a fact sheet with frequently asked questions about GASB 54 as published by the Governmental Accounting Standards Board for your reference.

This communication is intended solely for the information and use of management, City Council, Mayor, and others within the City, and is not intended to be and should not be used by anyone other than these specified parties.

City of Tomball, Texas
Management Letter
September 30, 2010
Page 3 of 3

We would like to thank City Council and the City's employees for their cooperation during the course of our audit. Please feel free to contact us at your convenience to discuss this report or any other concerns that you may have.

BELT HARRIS PECHACEK, LLP

Belt Harris Pechacek, LLP
Houston, Texas



Required Auditor Disclosure Letter

January 15, 2011

To the Honorable Mayor and
City Council Members of the
City of Tomball, Texas:

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tomball, Texas (the "City") for the year ended September 30, 2010, and have issued our report thereon dated January 15, 2011. Professional standards require that we provide the Mayor and members of City Council (the "governing body") with the following information related to our audit.

I. Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated February 17, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with its oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve the governing body or management of its responsibilities.

II. Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to the governing body in our engagement letter dated February 17, 2009.

III. Significant Audit Findings

1. Qualitative Aspects of Accounting Practices

- A. Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.
 - i. The significant accounting policies used by the City are described in Note I to the financial statements.
 - ii. No new accounting policies were adopted and the application of existing policies was not changed during the year.
 - iii. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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Partners

Robert Belt, CPA
Stephanie E. Harris, CPA
Nathan Krupke, CPA

Partner of Counsel

John R. Pechacek, CPA

Houston

3210 Bingle Rd., Ste. 300
Houston, TX 77055
713.263.1123

Bellville

6100 Windy Hill Lane
Bellville, TX 77716
979.865.3169

Austin

100 Congress Ave., Ste. 2000
Austin, TX 78701
512.381.0222

All Offices

www.texasauditors.com
info@txauditors.com
713.263.1550 fax



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- B. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the useful lives of capital assets as based on industry standards relating to capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

- C. The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the City's long-term debt.

2. Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management in performing and completing our audit.

3. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes both material and immaterial misstatements detected as a result of our audit procedures.

4. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

5. Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 15, 2011.

6. Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the governing body and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

Client: **City of Tomball, Texas**
Engagement: **4.1 - Tomball 09/30/10**
Period Ending: **9/30/2010**
Trial Balance: **2.2.01 - TB**
Workpaper: **6 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
		E.03		
To record account payable accrual at year end.				
100-154-6338	STREET LIGHTS		8,988.44	
100-157-6313	UTILITIES		18,411.38	
600-613-6313	UTILITIES-ELECTRIC		14,750.61	
600-614-6313	UTILITIES-ELECTRIC		14,282.00	
600-615-6313	UTILITIES-ELECTRIC		14.13	
100-000-2001	Y/E ACCOUNTS PAYABLE PER AUDIT			27,399.82
600-2001	Y/E ACCOUNTS PAYABLE PER AUDIT			29,046.74
Total			56,446.56	56,446.56
Adjusting Journal Entries JE # 2				
		E.01b		
To record accounts payable accrual at year end .				
777-6335	Marketing		790.40	
777-7003	Business Improvement Grants		10,000.00	
777-2000	Accounts Payable			10,790.40
Total			10,790.40	10,790.40
Adjusting Journal Entries JE # 3				
		I.03		
To record 2010 refunded bond at year end.				
300-300-6905	Bond insurance cost		53,385.01	
300-300-6955	Payment to Refunded Bond Escrow		2,071,559.83	
300-300-6910	Refunding Bonds Issued			2,120,000.00
300-300-6950	Premium On Refunding Bond			4,944.84
Total			2,124,944.84	2,124,944.84
Adjusting Journal Entries JE # 5				
		2.4.11		
To record OPEB obligation at year end. Client should not record entry.				
600-6151	Other Post Employment Benefits		43,282.48	
600-2051	Net OPEB Obligation			43,282.48
Total			43,282.48	43,282.48