NOTICE OF REGULAR CITY COUNCIL MEETING
CITY OF TOMBALL, TEXAS

MONDAY, JANUARY 18, 2010

7:00 P.M.

Notice is hereby given of a meeting of the Tomball City Council, to be held on Monday, January 18, 2010 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 Tomball City Council 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 Mike Ayers, Pastor, The Brook Church

3.0 Pledges to U.S. and Texas Flags

- Led by Lauren Ramirez and Surayah Longe, 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:

- **CrimeReports.com** by Chief Robert Hauck, Tomball Police Department

6.0 Reports and Announcements

- January 23, 2010 - **Farmers Market** - Will reopen in March 2010
- January 23 and 30, 2010 – ***Walk Tomball!*** – Depot Plaza – 9:00 a.m.
- January 26, 2010 – **Boards and Commissions Reception –** Community Center – 9:00 a.m.
- January 27, 2010 – Presentation by Census 2010 Staff to Community Leaders – City Hall – 10:00 a.m.
- February 8 through March 8, 2010 – Dates to File Application for Place on May 8, 2009 Ballot
- February 13, 2010 – **2nd Saturday at the Depot** – 5:00 p.m.
- February 23, 2010 – Trail Rider Reception at the Depot – 2:00 p.m.
- March 8-13, 2010 – Annual **Tomball Clean-up Week** – 8:00 a.m.-4:30 p.m. daily
- Reports by City staff and members of council about items of community interest on which no action will be taken
- Appointments to Board of Adjustments (expiring 3/2/2010) – February 15, 2010 agenda
- March 15, 2010 – Candidate Orientation (tentative date)

7.0 Approve the Minutes of the Regular City Council Meeting of January 4, 2010

8.0 Old Business:

8.1 Adopt, on First Reading, Ordinance No. 2010-01, an Ordinance of the City of Tomball, Texas, Adopting **Amendment Number** 1 to the Original Budget of the City of Tomball, Texas, for the Fiscal Year 2009-2010, as adopted by Ordinance No. 2009-20; Providing for Appropriation of Funds from the Governmental Funds and the Proprietary Funds; Directing Publication of the Caption of this Ordinance; finding that the Meetings at which this Ordinance is Considered are open to the Public; Providing for Severability and the Repeal of Conflicting Ordinances; and Providing Other Details Relating to the Passage of This Ordinance.

9.0 New Business:

9.1 Approve Resolution 2010-02, a Resolution Authorizing the Mayor to Execute the TexPool Prime Participation Agreement on Behalf of the City of Tomball.

9.2 Approve Resolution 2010-03, Designating Authorized Representatives to Conduct Authorized Participation in TexPool *Prime* on Behalf of the City of Tomball.

9.3 Approve Resolution No. 2010-04, a Resolution of the City Council of the City of Tomball, Texas, Designating the Official Newspaper for 2010 for Publication of Matters Pertaining to the City of Tomball.

9.4 Accept the Audited Comprehensive Annual Financial Statements (CAFR) for the Fiscal Year Ended September 30, 2009 as presented by Belt Harris & Associates, LLP

9.5 Approve Proposal from Kimley-Horn and Associates, Inc. for Professional Services for the Development of a Site Plan for the Historic Depot Plaza for a Not to Exceed Cost of $26,200.00.

9.6 Executive Session: The City Council will meet in Executive Session as Authorized by Title 5, Chapter 551, Government Code, the Texas Open Meetings Act, for the Following Purpose:

- Section 551.074 – Personnel Matters: – Assistant City Manager

9.7 Appoint Christal Kliewer as Interim City Manager, effective February 1, 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 14th day of January 2010 by 6:00 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: January 18, 2010

Topic:

- **CrimeReports.com** by Chief Robert Hauck, Tomball Police Department

Background:

Origination:

Recommendation:

Funding:

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

ACTION TAKEN

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

ATTACHMENTS:

CrimeReports - Presentation
CrimeReports - White Paper


CrimeReports | The National Crime Map - Windows Internet Explorer
http://www.crimereports.com/
File Edit View Favorites Tools Help
CrimeReports | The National Crime Map
Page Tools
CrimeReports
The world leader in online crime mapping, with over 600 law enforcement partners across North America. NOW featuring Sex Offender Data for all 50 States!
LOGIN | JOIN
Get Crime Alerts
Home
Crime Reports
Analytics
Enter location
Get Report
Search Help
Examples: "695 Coleman Avenue, San Jose CA", "San Jose, CA", "95110"
NH
VT
MA
CT
NJ
DE
MD
DC
AK
HI
New iPhone App!
Download it for FREE
CrimeReports iPhone App is here today!
Learn More
Citizen Crime Alerts
Sign up for FREE email alerts, and we'll deliver the crime map right to your inbox.
Get Alerts
Law Enforcement Tools
Get your agency on the map with our powerful crime-mapping and analytics tools.
Learn More
Join Now and get free neighborhood crime alerts! | City Not Listed? Law Enforcement Signup
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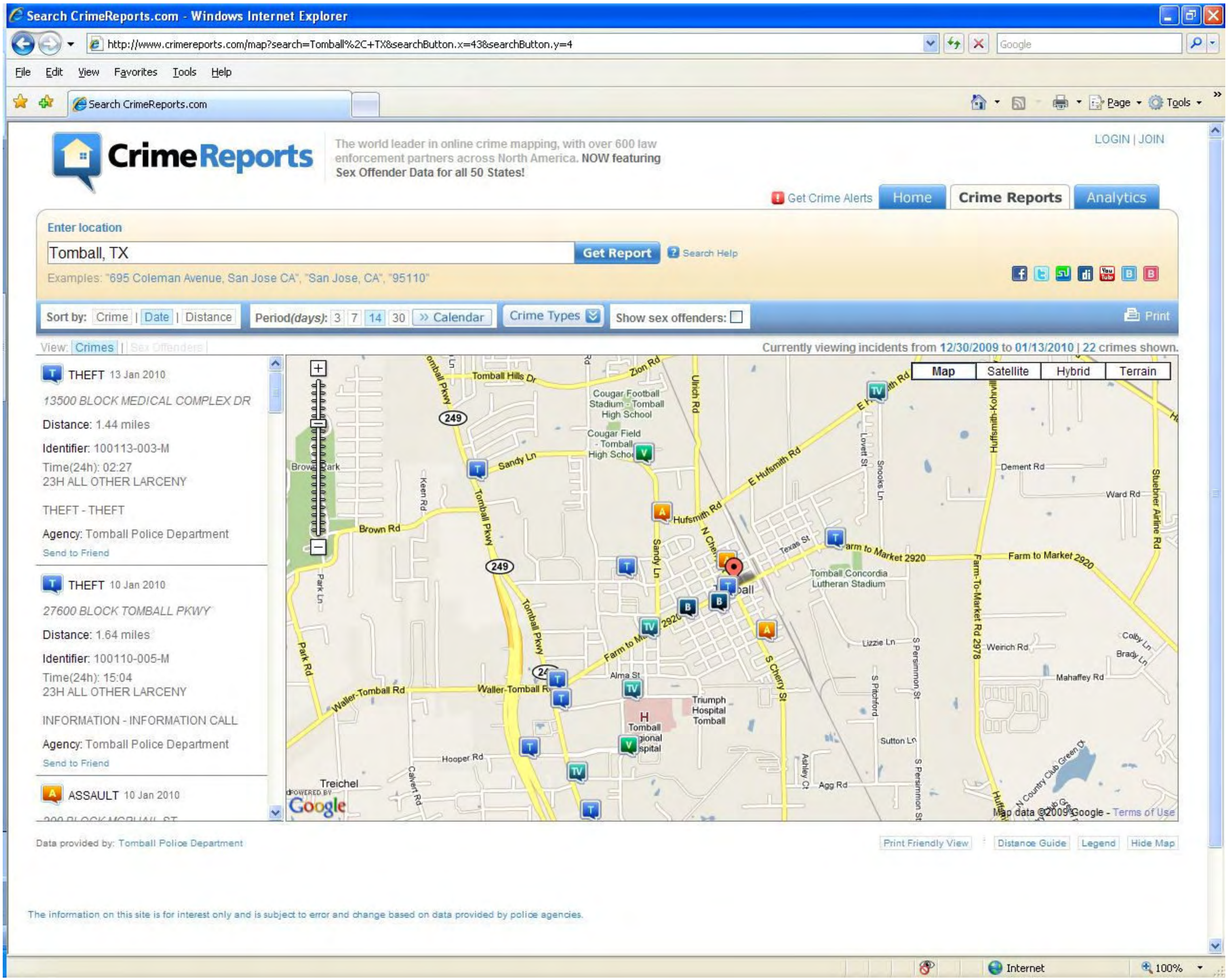
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Get Crime Alerts
Home
Crime Reports
Analytics
Enter location
Tomball, TX
Get Report
Search Help
Examples: "695 Coleman Avenue, San Jose CA", "San Jose, CA", "95110"
Sort by: Crime | Date | Distance
Period(days): 3 7 14 30 » Calendar
Crime Types
Show sex offenders:
Print
View: Crimes | Sex Offenders
Currently viewing incidents from 12/30/2009 to 01/13/2010 | 22 crimes shown.
THEFT 13 Jan 2010
13500 BLOCK MEDICAL COMPLEX DR
Distance: 1.44 miles
Identifier: 100113-003-M
Time(24h): 02:27
23H ALL OTHER LARCENY
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Agency: Tomball Police Department
Send to Friend
THEFT 10 Jan 2010
27600 BLOCK TOMBALL PKWY
Distance: 1.64 miles
Identifier: 100110-005-M
Time(24h): 15:04
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INFORMATION - INFORMATION CALL
Agency: Tomball Police Department
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Map
Satellite
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Terrain
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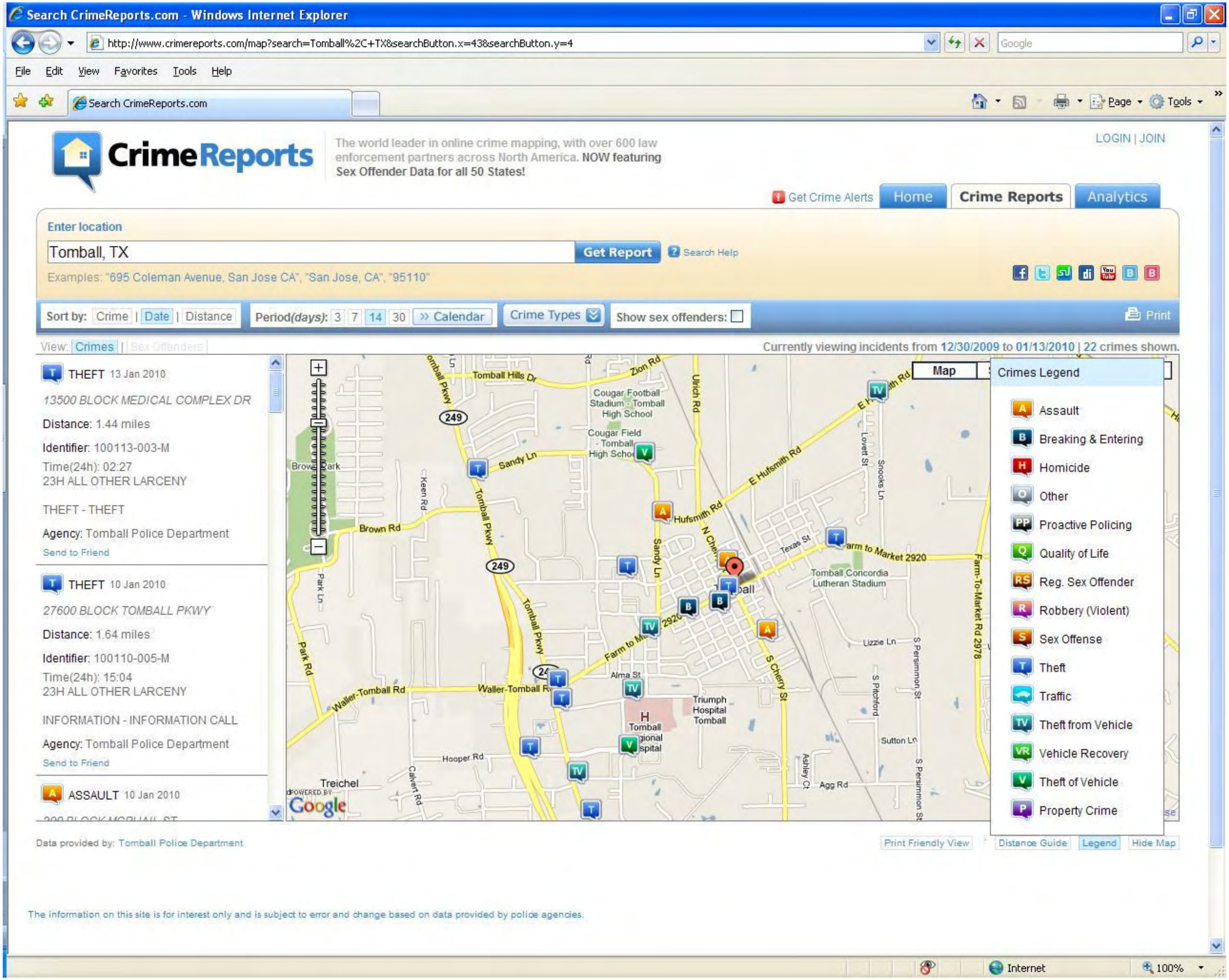
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ASSAULT 10 Jan 2010
Map
Crimes Legend
Assault
Breaking & Entering
Homicide
Other
Proactive Policing
Quality of Life
Reg. Sex Offender
Robbery (Violent)
Sex Offense
Theft
Traffic
Theft from Vehicle
Vehicle Recovery
Theft of Vehicle
Property Crime
Data provided by: Tomball Police Department
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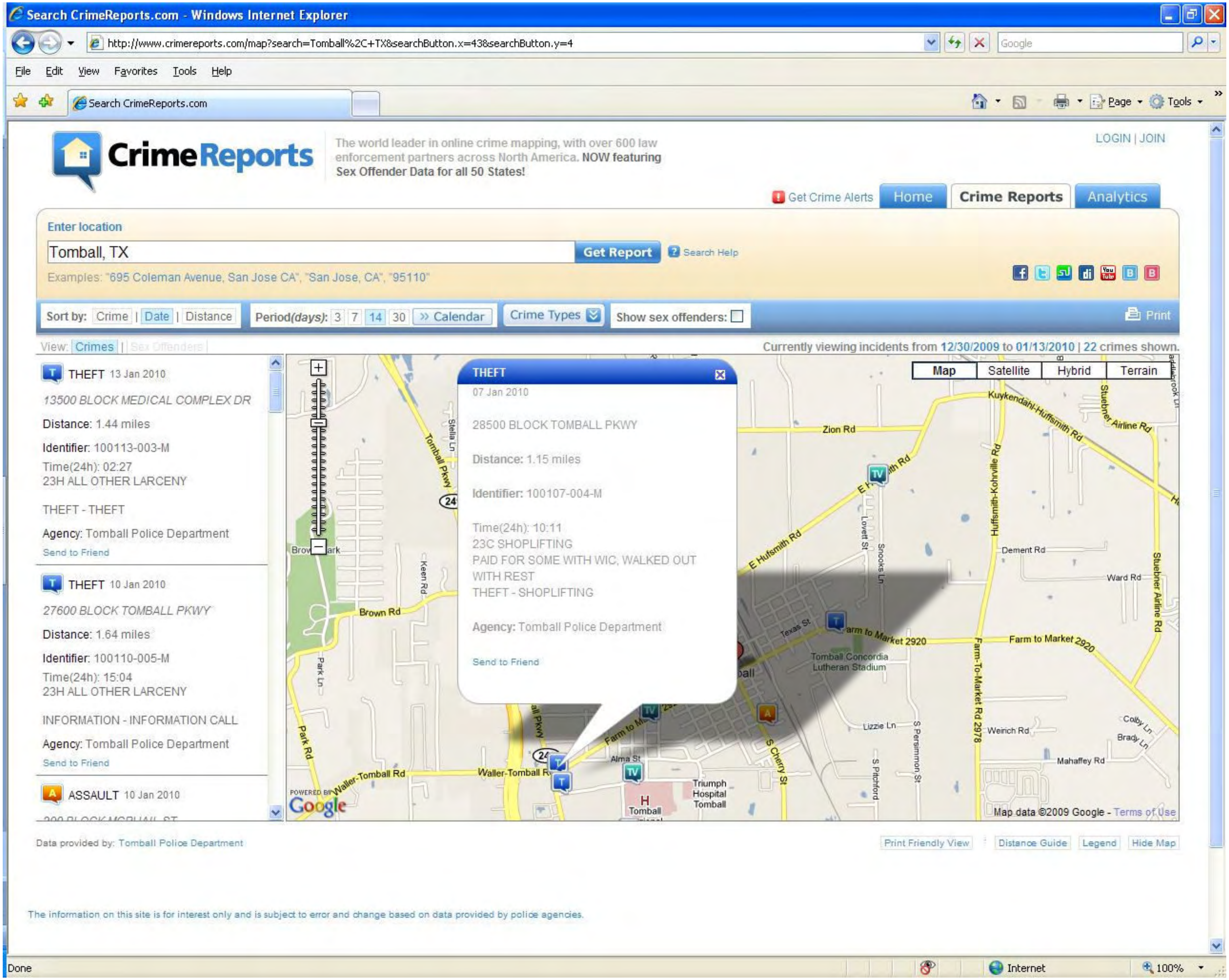
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07 Jan 2010
28500 BLOCK TOMBALL PKWY
Distance: 1.15 miles
Identifier: 100107-004-M
Time(24h): 10:11
23C SHOPLIFTING
PAID FOR SOME WITH WIC, WALKED OUT WITH REST
THEFT - SHOPLIFTING
Agency: Tomball Police Department
Send to Friend
Map Satellite Hybrid Terrain
Zion Rd
Kuykendahl-Huffsmith Rd
Stuebner Airline Rd
E Hufsmith Rd
Dement Rd
Ward Rd
Farm to Market 2920
Tomball Concordia Lutheran Stadium
Brown Rd
Waller-Tomball Rd
Lizzie Ln
Weirich Rd
Mahaffey Rd
Triumph Hospital Tomball
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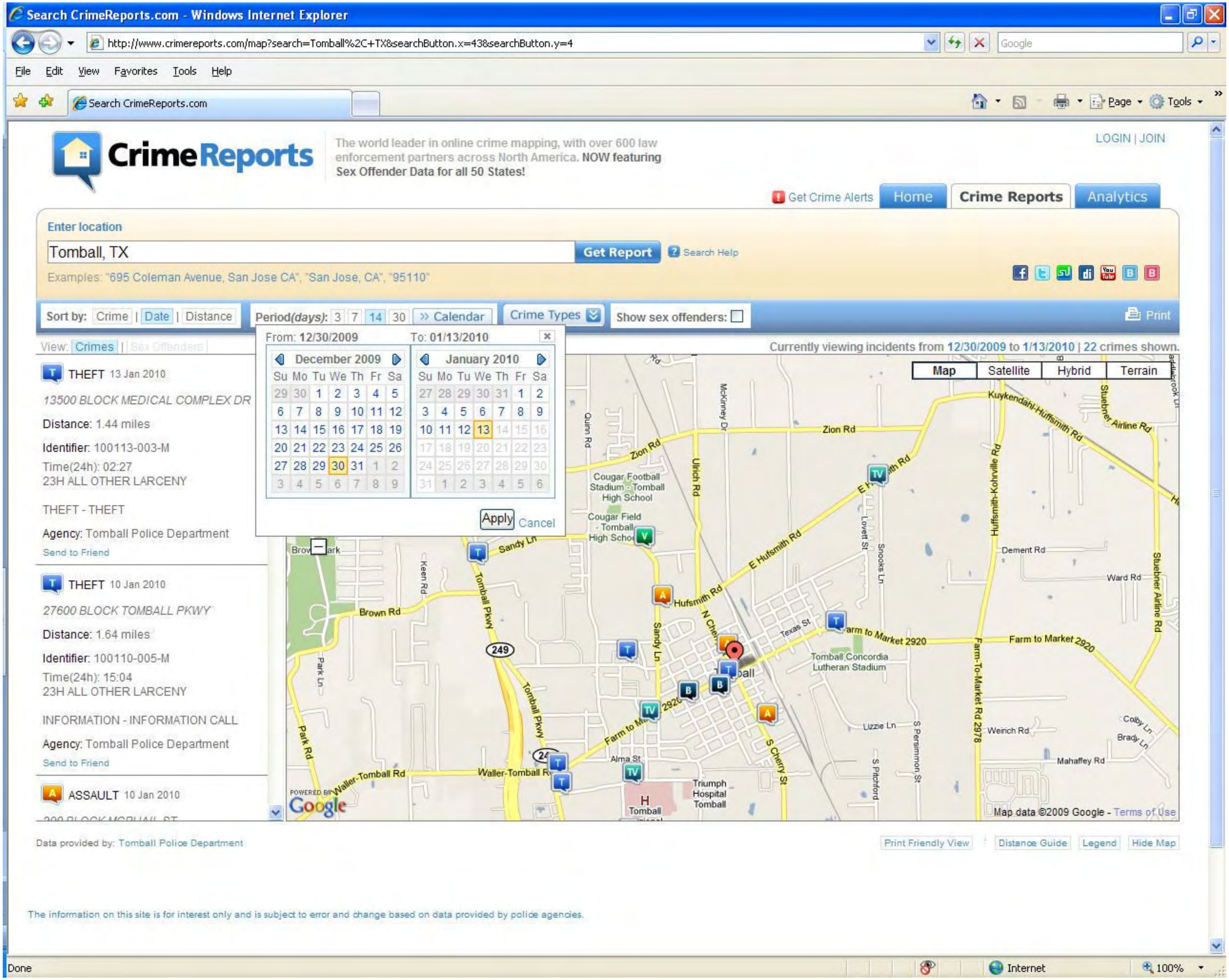

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Enter location

Tomball, TX

Get Report | Search Help

Examples: "695 Coleman Avenue, San Jose CA", "San Jose, CA", "95110"

Sort by: Crime | Date | Distance

Period(days): 3 7 14 30 » Calendar

Crime Types

Show sex offenders:

Print

View: Crimes | Sex Offenders

From: 12/30/2009 To: 01/13/2010

December 2009 | January 2010

Apply Cancel

Currently viewing incidents from 12/30/2009 to 1/13/2010 | 22 crimes shown.

Map | Satellite | Hybrid | Terrain

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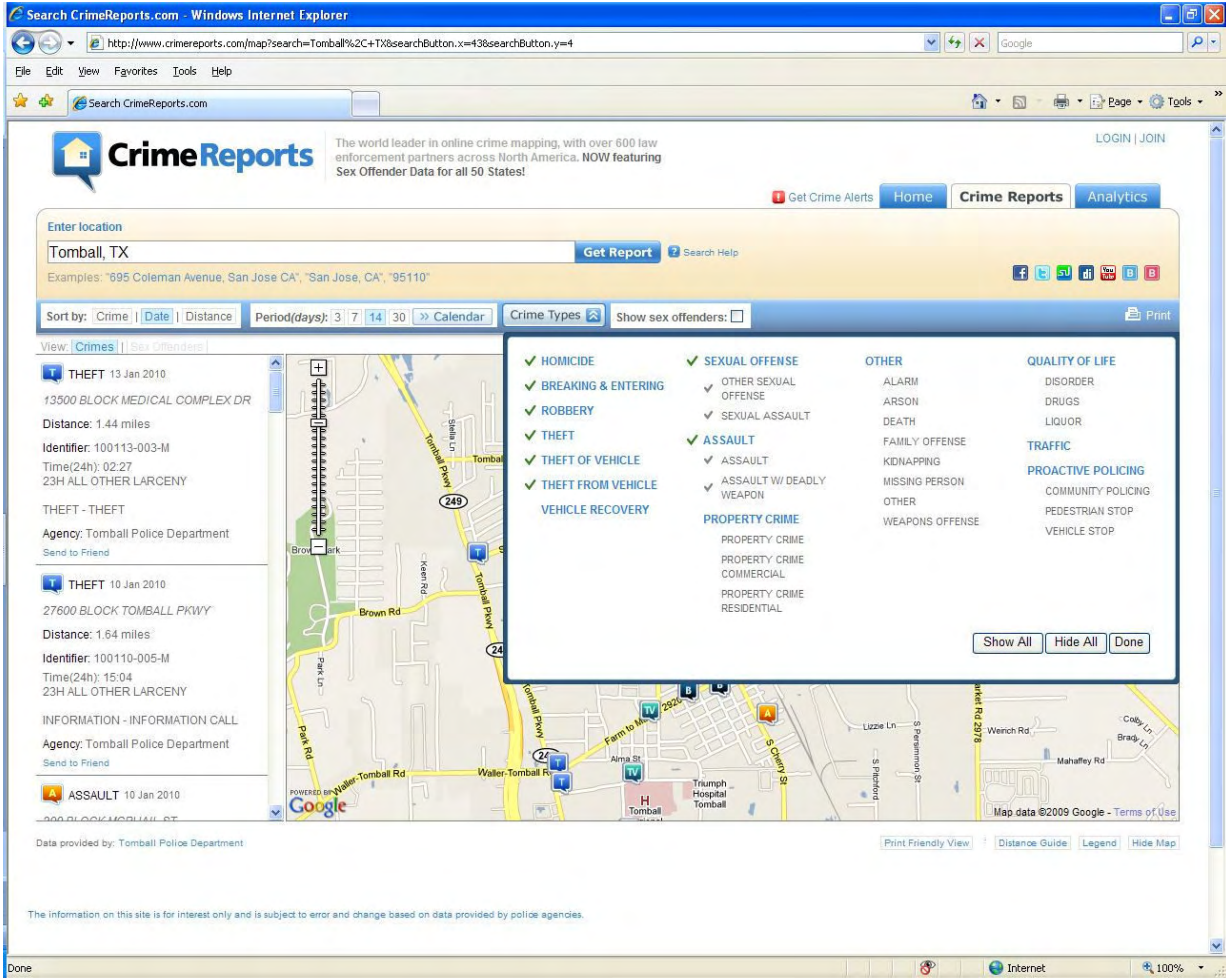
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HOMICIDE
BREAKING & ENTERING
ROBBERY
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THEFT OF VEHICLE
THEFT FROM VEHICLE
VEHICLE RECOVERY
SEXUAL OFFENSE
OTHER SEXUAL OFFENSE
SEXUAL ASSAULT
ASSAULT
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PROPERTY CRIME
PROPERTY CRIME
PROPERTY CRIME COMMERCIAL
PROPERTY CRIME RESIDENTIAL
OTHER
ALARM
ARSON
DEATH
FAMILY OFFENSE
KIDNAPPING
MISSING PERSON
OTHER
WEAPONS OFFENSE
QUALITY OF LIFE
DISORDER
DRUGS
LIQUOR
TRAFFIC
PROACTIVE POLICING
COMMUNITY POLICING
PEDESTRIAN STOP
VEHICLE STOP
Show All
Hide All
Done
Tomball Pkwy
Brown Rd
Keen Rd
Park Ln
Park Rd
Waller-Tomball Rd
Farm to Market 2920
Alma St
S Cherry St
Lizzie Ln
S Persimmon St
S Pitchford
Market Rd 2978
Weinch Rd
Mahaffey Rd
Triumph Hospital Tomball
Tomball
249
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Enter location

Tomball, TX

Get Report | Search Help

Examples: "695 Coleman Avenue, San Jose CA", "San Jose, CA", "95110"

Sort by: Crime | Date | Distance   Period(days): 3 7 14 30 » Calendar   Crime Types   Show sex offenders: Print

View: Crimes | Sex Offenders

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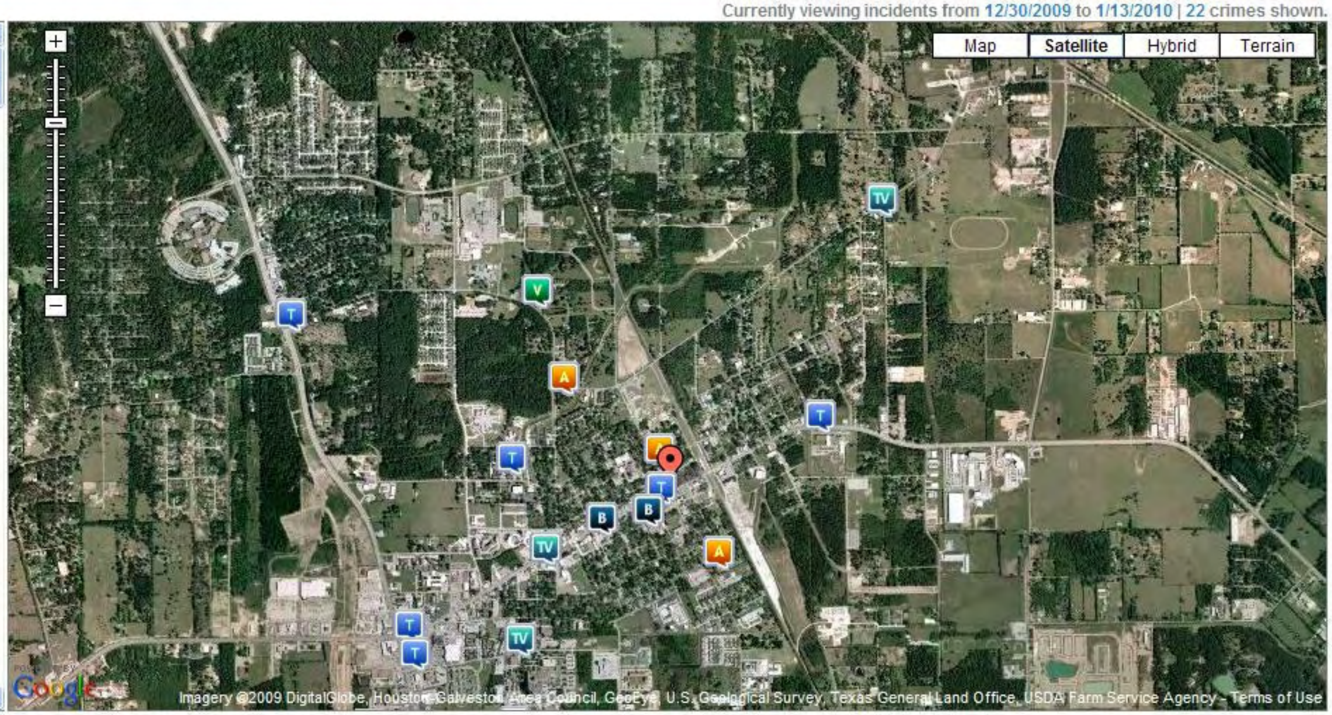

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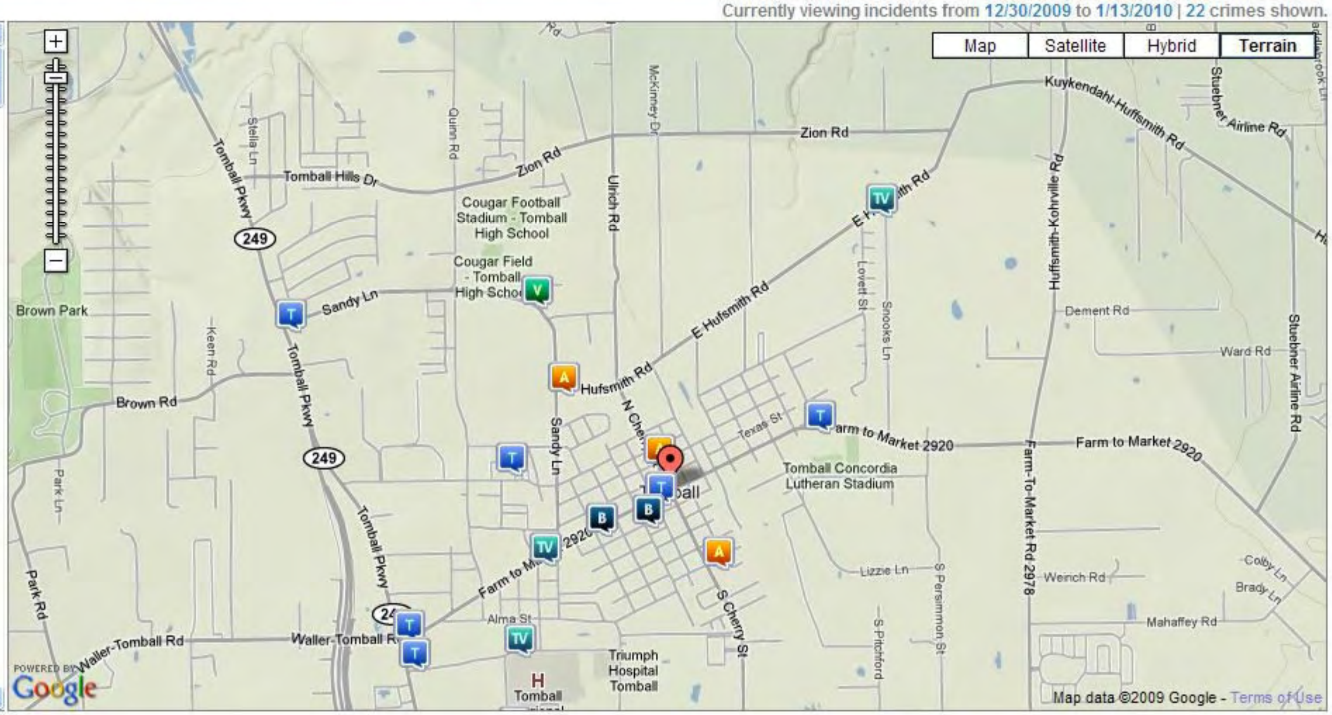

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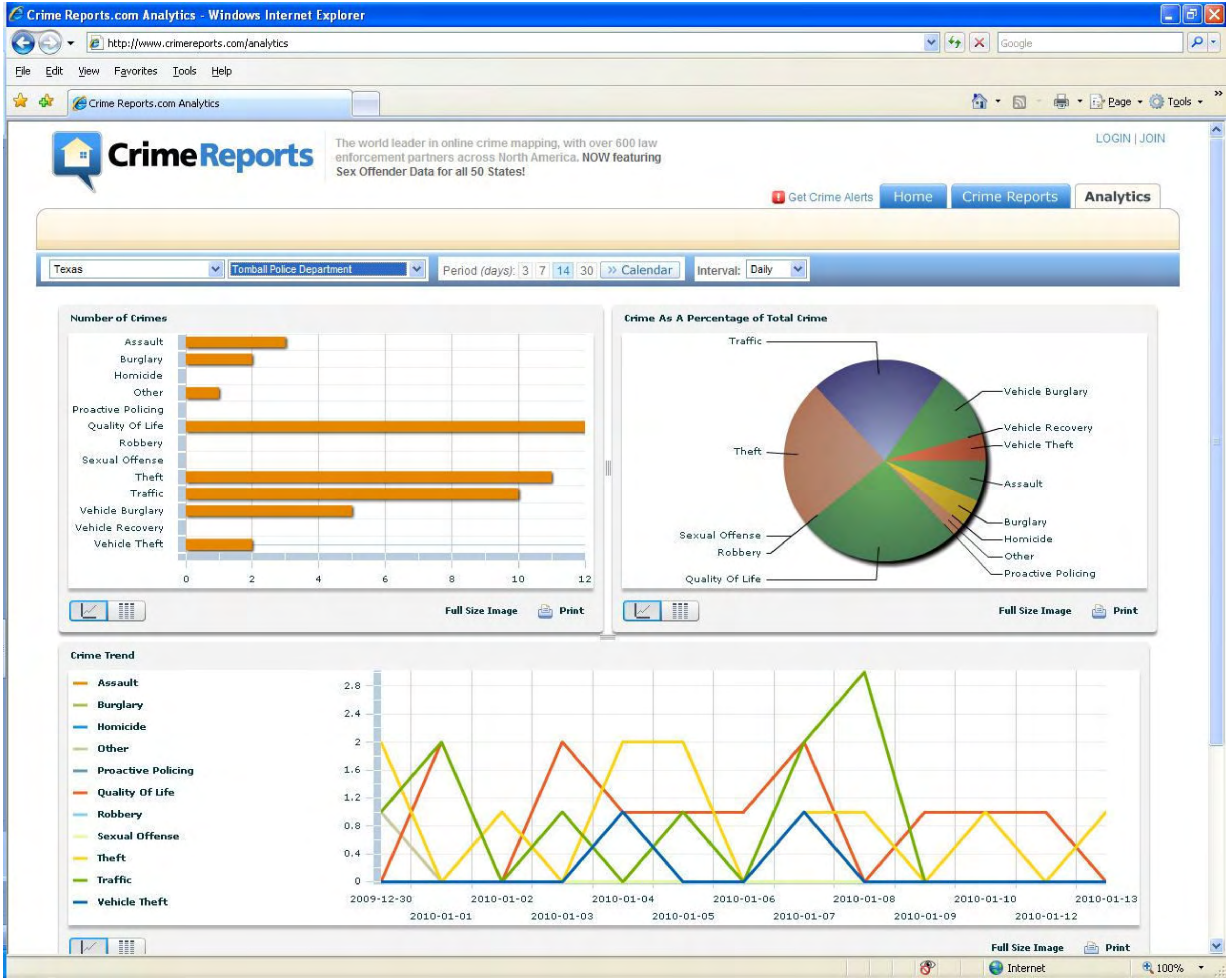
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Texas
Tomball Police Department
Period (days): 3 7 14 30
» Calendar
Interval: Daily
Number of Crimes
Assault
Burglary
Homicide
Other
Proactive Policing
Quality Of Life
Robbery
Sexual Offense
Theft
Traffic
Vehicle Burglary
Vehicle Recovery
Vehicle Theft
0 2 4 6 8 10 12
Full Size Image
Print
Crime As A Percentage of Total Crime
Traffic
Vehicle Burglary
Vehicle Recovery
Vehicle Theft
Theft
Assault
Burglary
Homicide
Other
Proactive Policing
Sexual Offense
Robbery
Quality Of Life
Full Size Image
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Crime Trend
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Homicide
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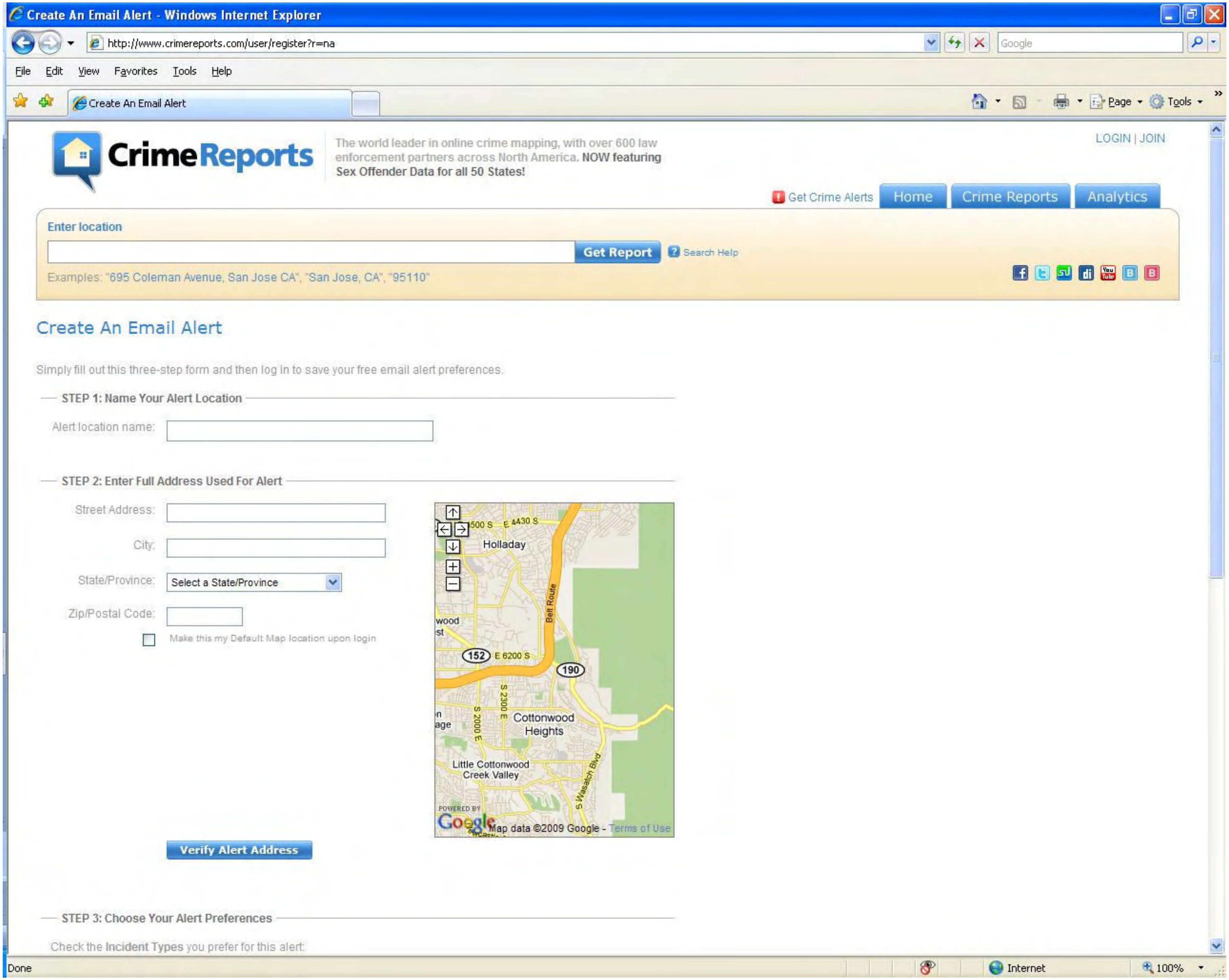
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Examples: "695 Coleman Avenue, San Jose CA", "San Jose, CA", "95110"

Create An Email Alert

Simply fill out this three-step form and then log in to save your free email alert preferences.

STEP 1: Name Your Alert Location

Alert location name:

STEP 2: Enter Full Address Used For Alert

Street Address:

City:

State/Province: Select a State/Province

Zip/Postal Code:

Make this my Default Map location upon login

Verify Alert Address

STEP 3: Choose Your Alert Preferences

Check the **Incident Types** you prefer for this alert:

Done | Internet | 100%

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http://www.crimereports.com/user/register?r=na

File Edit View Favorites Tools Help

Create An Email Alert

Verify Alert Address

STEP 3: Choose Your Alert Preferences

Check the **Incident Types** you prefer for this alert:

- [ ] ASSAULT
- [ ] BREAKING & ENTERING
- [ ] HOMICIDE
- [ ] OTHER
- [ ] PROACTIVE POLICING
- [ ] PROPERTY CRIME
- [ ] QUALITY OF LIFE
- [ ] ROBBERY
- [ ] SEXUAL OFFENSE
- [ ] THEFT
- [ ] THEFT FROM VEHICLE
- [ ] THEFT OF VEHICLE
- [ ] TRAFFIC
- [ ] VEHICLE RECOVERY

Select All | Deselect All

Select the preferred Alert **Frequency**:

Daily | Weekly | Monthly

Narrow by:

Area | Distance 1/2 Mile

Log In To Save And View Your Alert

- [ ] I am a new user. *(create your login below):*

Email: (this is your username)

Password:

Complete Setup

Forgot Your Password? Click here.

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AK
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CrimeReports is the largest, most comprehensive, and most accurate crime mapping network in the world. We work directly with hundreds of law enforcement agencies across North America to publish and aggregate crime data into useable maps, email crime alerts, and analytics for law enforcement agencies and the public.

Accuracy

CrimeReports has developed a proprietary geocoding process, developed in partnership with our participating agencies, which allows us to achieve in excess of a 99% mapping accuracy rate. In addition to accuracy, CrimeReports leverages the popular Google Maps application, the most widely-used mapping application on the planet, to present crime information through a familiar and easy-to-use interface that virtually eliminates the need for training, both for law enforcement staff and the general public.

Security

Because CrimeReports deals with sensitive data on a daily basis, we have taken the necessary steps to ensure the safety of your data—both as it is transferred to us and while it exists on our servers. Our level of data security meets or exceeds requirements set for banking software applications.

- When the CrimeReports Publisher creates an XML file of our data, the data is transmitted through a **secure SSL encryption**, and the data transfer is a **one-way-only connection**: you send us data, but we do not have access through your firewall.
- While your data resides on our **secure servers**, it is protected by ingress and egress filtering, and all interactions between servers is logged.
- In addition, all employees have passed **mandatory background checks**, and only authorized administrators have direct access to our servers and the raw data.

The Process

The CrimeReports Publisher runs a nightly query of data through a secure connection to your CAD or RMS server and automatically sends the data directly to our servers. Through a proprietary geocoding process, the data is published to Google Maps, sent to citizens in free email alerts, and uploaded to other CrimeReports applications like Command Central, our iPhone app, and more. Because we do not have access inside your firewall, CrimeReports monitors the delivery of data as it is received and contacts your agency if we detect any transmission problems.

Compatibility

CrimeReports is compatible with all legacy CAD/RMS systems. Our simple publishing and geocoding tools require no complex interface with existing systems, and integration takes a little more than an hour of set-up over the phone. If a CAD/RMS system exists, we've probably already integrated it into our publishing system.

Features and Benefits

Feature	Benefit
Proven Scale and Reliability	The system is actively used in nearly 600 law enforcement agencies across North America with an extremely high rate of customer satisfaction.
Security	Because the CrimeReports website has **absolutely no access** to your data servers, there is no danger of unauthorized access to your network through the CrimeReports.com website. Agencies that host their own public-facing crime maps—even those built by contracting companies—are more susceptible to hackers and other security problems.
Agency Management and Control	Your agency has complete control over all the crime data you send to CrimeReports. Through the CrimeReports Publisher, you create a 100% customizable data query, so you only publish the crime data you want to publish. And, you have the ability to turn off, modify, or update any of your data through an easy-to-use administrative interface that you control.
Automated Citizen Alerts	Citizens can sign up for free, automated, crime email alerts. Each citizen can customize an address and area, the types of crimes they want to be notified of, and when they will receive the alerts (daily, weekly, or monthly).
Rapid/Free Integration	Any agency can manually test the system in a secure, fully-featured test environment, using their own crime data, for the first 30 days of service. Integration takes a little over an hour, and there are never any setup or installation fees.
Minimal Resources	Once the application has been installed and configured, there is virtually no ongoing staff attention needed to maintain or support the system. There are no hardware requirements, software licenses, or maintenance contracts.
Accuracy	We consistently exceed 99% mapping accuracy rate on all our products.
ESRI Integration	100% ESRI Compatible. We preserve your agency's ESRI boundaries and x/y coordinates and offer analytics, reports, and visualizations in near-real time to support your CompStat and reporting efforts.

Regular City Council Agenda Item Data Sheet

Meeting Date: January 18, 2010

Topic:

- January 23, 2010 **- Farmers Market -** Will reopen in March 2010
- January 23 and 30, 2010 – ***Walk Tomball!*** – Depot Plaza – 9:00 a.m.
- January 26, 2010 **– Boards and Commissions Reception** – Community Center – 9:00 a.m.
- January 27, 2010 – Presentation by Census 2010 Staff to Community Leaders – City Hall – 10:00 a.m.
- February 8 through March 8, 2010 – Dates to File Application for Place on May 8, 2009 Ballot
- February 13, 2010 **– 2nd Saturday at the Depot** – 5:00 p.m.
- February 23, 2010 – Trail Rider Reception at the Depot – 2:00 p.m.
- March 8**-**13, 2010 – Annual **Tomball Clean-up Week** – 8:00 a.m.**-**4:30 p.m. daily
- Reports by City staff and members of council about items of community interest on which no action will be taken
- Appointments to Board of Adjustments (expiring 3/2/2010) – February 15, 2010 agenda
- March 15, 2010 – Candidate Orientation (tentative date)

Background:

Origination:

Recommendation:

Funding:

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

ACTION TAKEN

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

ATTACHMENTS:

Walk Tomball
Boards and Commissions Reception
Presentation by Census Staff to Community Leaders
Tomball Cleanup Week

Walk Tomball!

Every Saturday—9 AM
Tomball Depot Plaza
201 S. Elm
1 Block South of Main

WALK TOMBALL!

Door prizes every Saturday!!!

...it's a wonderful life

~ Fitness ~ Fun ~ Friendship ~ Food ~

10 AM Coffee Stops:

- January 2 South Texas Coffee Company corner of Pine and Main. Kolaches, coffee, juice

- January 9 El Emperador 601 W. Main, breakfast tacos $1.50 and coffee/juice $1

- January 16 South Texas Coffee Company corner of Pine and Main. Kolaches, coffee, juice

- January 23 El Emperador 601 W. Main, breakfast tacos $1.50 and coffee/juice $1

- January 30 South Texas Coffee Company corner of Pine and Main. Kolaches, coffee, juice

For more information, please call 281-351-5484 or visit the City of Tomball web site at www.ci.tomball.tx.us

ALL ABOARD!

FREE REGISTRATION & FOOD

Please join us for our 1st Annual Boards and Commissions Sign-Up Reception.

Come meet and greet current Board members and register to be a potential member of a Tomball Board!

Date: Tuesday, January 26, 2010

Time: 5:30—7:30 P.M.

Location: Tomball Community Center

221 Market St.

Be sure not to miss your opportunity to "Get on a Board" or Commission and serve on your community "train"!

ONE TICKET PER PASSENGER

IT'S IN **OUR HANDS** IT'S IN **OUR HANDS** IT'S IN **OUR HANDS**

The Census is Coming!

Please join the City of Tomball
and members of the Tomball Community
for a presentation by
the 2010 Census Staff
and a call to action for every resident
of our city. As an influential
business or organization member you can
help our community raise awareness by
participating in this important event.
We need your help!

Date: Wednesday, January 27, 2010
Place: City of Tomball Council Chambers
401 Market Street
Time: 10:00 to 11:00 a.m.

Refreshments will be served.

"BE COUNTED IN 2010"

City of Tomball
Spring Clean up
Week of March 8, 2010 to March 13, 2010
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
- Bicycle parts
- Plywood (4 cubic yd. max)
- Rugs/carpet
- Siding
- Clothing
- Box springs and mattresses
- Bricks (small amount)
- Empty buckets or pails
- Rocks (small amount)
- Washing machines
- Dryers
- Water heaters
- Furniture
- Gutter material
- Cardboard boxes
- Lawn mowers (oil & gas removed)
- Dishwashers

Not Acceptable:

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

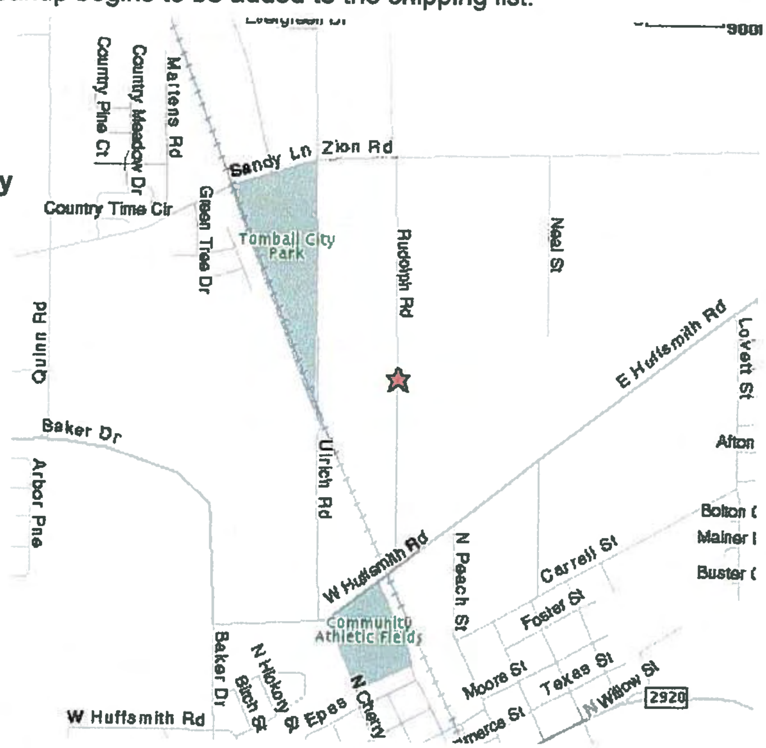
All appliances must be drained and tagged by a licensed technician.
Acceptable items are anything that is inert and would not harm the environment before or after disposal into a landfill.

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



Regular City Council
Agenda Item
Data Sheet

Meeting Date: January 18, 2010

Topic:

Approve the Minutes of the Regular City Council Meeting of January 4, 2010

Background:

Origination:

Recommendation:

Funding:

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

ACTION TAKEN

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

ATTACHMENTS:

Draft Minutes - 1/4/2010 Regular Council Meeting

MINUTES OF REGULAR CITY COUNCIL MEETING
CITY OF TOMBALL, TEXAS

MONDAY, JANUARY 4, 2010

7:00 P.M.

1.0 Call to Order

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

Councilman Quinn
Councilman Stoll
Councilman Townsend
Councilman Driver
Councilman Webb

Others present:

Acting City Manager – Christal Kliewer
City Secretary – Doris Speer
City Attorney – Scott Bounds
Chief of Police – Robert Hauck
Director of Engineering & Planning – Mark McClure
Fire Chief – Randy Parr
Assistant to City Manager – Shawn Cox
City Planner – Kelly Violette
Community Events Coordinator – Rosalie Dillon

2.0 The invocation was led by Pastor Denny Dillon, New Life Community Church

3.0 Pledges to U. S. and Texas Flags were led by members of Girl Scout Troop 14220

4.0 The following public comments were received:

Pat Bailey 1319 Dove Trails, 77375	-	Expressed her appreciation to everyone who contributed to successful Boys and Girls Country skating events; presented t-shirts to Rep. Allen Fletcher and David Kauffman.

Mary Harvey 405 S. Walnut, 77375	-	Provided information regarding requirements to place items on City Council agendas.
Michael Gatlin 31406 Capella Circle, 77375	-	Item 6.0 – requested an analysis/breakdown of ice rink costs, public vs. private funding. Item 9.1 – requested information regarding the reason for such a large budget amendment; how many earmarks are included. Item 9.3 – handbook; suggested term limits on Planning and Zoning and Board of Adjustments
Judy Wilson 506 N. Pecan, 77375	-	Expressed her appreciation to city volunteers for Christmas gifts to citizens and Boys and Girls Country.

5.0 Presentations:

- Christal Kliewer presented a report on the status of the Depot Tree Project; site plan must be completed before project can proceed. Information regarding a consultant and contract for the site plan process should be on the next agenda for Council consideration and/or action; should be ready to proceed by March 2010.

6.0 Reports and Announcements**:**

- **Tomball Holiday Ice Rink at the Depot** – through January 10, 2010
- January 9 and 23, 2010 - **Farmers Market** - 9:00 a.m.-1:00 p.m.
- January 9, 2010 – **2nd Saturday at the Depot** – 5:00 p.m.
- January 9, 16, 23 and 30, 2010 – ***Walk Tomball!*** – Depot Plaza – 9:00 a.m.
- February 8 through March 8, 2010 – Dates to File Application for Place on May 8, 2009 Ballot
- Comprehensive Plan website is now available online – http://plantomball.com/index.html
- Reports by City staff and members of council about items of community interest on which no action will be taken
- Appointments to Board of Adjustments (expiring 3/2/2010) – February 15, 2010 agenda

7.0 Motion was made by Councilman Townsend, second by Councilman Stoll, to approve the Minutes of the Special City Council Meeting of December 21, 2009, and the Regular City Council Meeting of December 21, 2009, as corrected.

Motion carried unanimously.

8.0 Old Business:

8.1 Motion was made by Councilman Townsend, second by Councilman Webb, to Adopt, on Second Reading, Ordinance No. 2009-34, an Ordinance of the City of Tomball, Texas, Amending Its Comprehensive Zoning Ordinance by changing the Zoning District Classification of approximately 0.0695 acres of land, Legally Described as Lot 34, Block 89 of Revised Map of Tomball, as Recorded in Volume 4, Page 25, of the Map Records of Harris County, Texas, from the SF-6-Single-Family Residential-6 District to the D-Duplex Residential District; Said Property Being Located on the Easterly Side of Ash Street, Southerly of Timkin Road; Providing for the Amendment of the Official Zoning Map of the City; Providing for Severability; Providing for a Penalty of an amount not to exceed $2,000 for each day of violation of any Provision Hereof, Making Findings of Fact; and Providing for other Related Matters. The vote was as follows:

Councilman Quinn	Aye
Councilman Stoll	Aye
Councilman Webb	Aye
Councilman Townsend	Aye
Councilman Driver	Aye

Motion carried unanimously.

8.2 Motion was made by Councilman Driver, second by Councilman Townsend, to Adopt on Second Reading, Ordinance No. 2009-35, an Ordinance of the City of Tomball, Texas, amending Its Comprehensive Zoning Ordinance by granting a Conditional Use Permit to Tomball Hospital Authority (D/B/A Tomball Regional Hospital), to allow a Sixty-Five (65) Foot Tall Health Science Center in a General Retail District, Where a Maximum Height of Forty-Two (42) Feet is Permitted; Said Tract Being Located within the City in Zoning District GR-General Retail and Being Legally Described as Reserve A, Block 1 as Shown on the Final Plat of "Doctors Professional Office Building Subdivision," Generally Located on the northerly side of Graham Drive, easterly of Holderrieth Boulevard in Tomball, Texas; Providing requirements and conditions for this Conditional Use Permit; Containing findings and other provisions relating to the subject; Providing a penalty in an amount not to exceed two thousand dollars for violations hereof; and providing for severability. Vote was as follows:

Councilman Stoll	Aye
Councilman Webb	Aye
Councilman Townsend	Aye
Councilman Driver	Aye
Councilman Quinn	Aye

Motion carried unanimously.

9.0 New Business:

9.1 Randy Parr presented an overview of the proposed Ordinance. Motion was made by Councilman Webb, second by Councilman Stoll, to read Ordinance No. 2010-01 by caption only on first reading.

Motion carried unanimously.

Motion was made by Councilman Driver, second by Councilman Stoll, to Adopt, on First Reading, Ordinance No. 2010-01, an Ordinance of the City of Tomball, Texas, Adopting **Amendment Number 1** to the Original Budget of the City of Tomball, Texas, for the Fiscal Year 2009-2010, as Adopted by Ordinance No. 2009-20; Providing for Appropriation of Funds from the Governmental Funds and the Proprietary Funds; Directing Publication of the Caption of this Ordinance; Finding that the Meetings at which this Ordinance is Considered are Open to the Public; Providing for Severability and the Repeal of Conflicting Ordinances; and Providing Other Details Relating to the Passage of This Ordinance. Vote was as follows:

Councilman Webb	Nay
Councilman Townsend	Nay
Councilman Driver	Nay
Councilman Quinn	Aye
Councilman Stoll	Aye

Motion failed, 3 Nay votes to 2 Aye votes.

9.2 Doris Speer presented an overview of the proposed Resolution. Motion was made by Councilman Stoll, second by Councilman Quinn, to Approve Resolution No. 2010-01, Ordering a Regular City Officer's Election to be Held on the 8th day of May, 2010; Designating the Polling Places and Appointing Election Officials for such Election; Directing the Giving of Notice of Such Election; and Providing Details Relating to the Holding of such Election.

Motion carried unanimously.

9.3 Doris Speer provided an overview of the proposed Revised Handbook. Motion was made by Councilman Stoll, second by Councilman Driver, to Approve Proposed Revisions to the City of Tomball Boards, Commissions, and Committees Handbook, with addition to page 14 to include statements that 'generally, Council will appoint members to no more than three consecutive terms on a single board', change to page 14 that 'applications will be good for two years', and changing asterisks throughout document to a, b, c, etc.. Vote was as follows:

Councilman Quinn	Nay
Councilman Stoll	Aye
Councilman Webb	Aye
Councilman Townsend	Aye
Councilman Driver	Aye

Motion carried, 4 Aye votes to 1 Nay vote.

10.0 Motion was made by Councilman Townsend, second by Councilman Driver, to adjourn.

Motion carried unanimously.

Meeting adjourned.

PASSED AND APPROVED this ___18th___ day of _January___ 2010.

Doris Speer, TRMC
City Secretary

Gretchen Fagan
Mayor

Regular City Council Agenda Item Data Sheet

Meeting Date: January 18, 2010

Topic:

Adopt, on First Reading, Ordinance No. 2010-01, an Ordinance of the City of Tomball, Texas, Adopting **Amendment Number** 1 to the Original Budget of the City of Tomball, Texas, for the Fiscal Year 2009-2010, as adopted by Ordinance No. 2009-20; Providing for Appropriation of Funds from the Governmental Funds and the Proprietary Funds; Directing Publication of the Caption of this Ordinance; finding that the Meetings at which this Ordinance is Considered are open to the Public; Providing for Severability and the Repeal of Conflicting Ordinances; and Providing Other Details Relating to the Passage of This Ordinance.

Background:

Each year the City amends its adopted budget to provide for uncompleted projects and expenditures from the prior fiscal year. These carryovers typically relate to budgeted capital projects that are in process or that are about to commence or to the purchase of goods and services that had been planned, ordered or contracted for prior to the end of the fiscal year, but were not received or completed by year end. Each department had to project to spend the funds and the funds had to be remaining in the department's budget from fiscal 2009 for the amount to be included in the carryover request. The carryovers included in this Ordinance are primarily from capital projects. Only the funds impacted by the carryover are included in the Exhibits.

Origination:

Randall Parr, Interim Finance Director

Recommendation:

Adoption of Ordinance No. 2010-01 on first reading.

Funding:

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

Randall Parr, Interim Finance Director

ACTION TAKEN

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

ATTACHMENTS:

Ordinance No. 2010-01
General Fund Amendment
Enterprise Fund Amendment
Hotel Tax Fund Amendment

Detail of Carryover Amendment by Fund

ORDINANCE NO. 2010-01

AN ORDINANCE OF THE CITY OF TOMBALL, TEXAS, ADOPTING AMENDMENT NUMBER 1 TO THE ORIGINAL BUDGET OF THE CITY OF TOMBALL, TEXAS, FOR THE FISCAL YEAR 2009-2010, AS ADOPTED BY ORDINANCE NO. 2009-20; PROVIDING FOR APPROPRIATION OF FUNDS FROM THE GOVERNMENTAL FUNDS AND THE PROPRIETARY FUNDS; DIRECTING PUBLICATION OF THE CAPTION OF THIS ORDINANCE; FINDING THAT THE MEETINGS AT WHICH THIS ORDINANCE IS CONSIDERED ARE OPEN TO THE PUBLIC; PROVIDING FOR SEVERABILITY AND THE REPEAL OF CONFLICTING ORDINANCES; AND PROVIDING OTHER DETAILS RELATING TO THE PASSAGE OF THIS ORDINANCE.

* * * * * * * * * *

WHEREAS, the City of Tomball fiscal year 2009-2010 Budget was adopted by Ordinance No. 2009-20, with the time and in the manner required by State law; and

WHEREAS, the City Council finds it is necessary to amend the 2009-2010 Budget to provide for the appropriation of funds for certain events, and to allocate and reclassify funds as described in the Exhibits to this Ordinance; and

WHEREAS, the City Council finds that the significance of this matter is a matter of public necessity and a pressing need for the City of Tomball; now, therefore,

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

Section 1. The facts and matters set out above in the recitations are found to be true and correct.

Section 2. The City of Tomball, Texas, Fiscal Year 2009-2010 Budget is hereby amended to provide for the appropriation and reclassification of funds as reflected in the attached Exhibit A. This **Amendment Number 1 to the Original Budget of the City of Tomball, Texas, for the Fiscal Year 2009-2010** shall be attached to and made a part of the Original budget by the City Secretary and filed as required by State law and the City Charter

Section 3. Publication; Effective Date; Open Meetings. The City Secretary of the City of Tomball, Texas, is hereby directed to publish a descriptive caption of this Ordinance in the official newspaper of the City of Tomball, Texas. This Ordinance shall be effective after the publication requirement of the City Charter is satisfied. It is found and determined that the meetings at which this Ordinance was considered were open to the public, as required by Chapter 551 of the Texas Government Code, and that advance public notice of the time, place, and purpose of the meetings was given.

Section 4. **Severability.** In the event any section, paragraph, subdivision, 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 of 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, or whether there be one or more parts.

Section 5. **Repeal.** All ordinances or parts of inconsistent or in conflict herewith are, to the extent of such inconsistency or conflict, hereby repealed.

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 4TH DAY OF JANUARY 2010.

COUNCILMAN QUINN ________
COUNCILMAN STOLL ________
COUNCILMAN WEBB ________
COUNCILMAN TOWNSEND ________
COUNCILMAN DRIVER ________

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 18TH DAY OF JANUARY 2010.

COUNCILMAN QUINN ________
COUNCILMAN STOLL ________
COUNCILMAN WEBB ________
COUNCILMAN TOWNSEND ________
COUNCILMAN DRIVER ________

____
GRETCHEN FAGAN, Mayor

ATTEST:

____
DORIS SPEER, City Secretary

General Fund
Fiscal Year 2010
Amendment #1

	FY2010 Adopted Budget	1/4/10 Amendment		Total Amended Budget
Revenues:				
Property taxes	$ 1,439,221	$		$ 1,439,221
Sales taxes	6,200,000			6,200,000
Franchise taxes	1,254,540			1,254,540
Permits and licenses	254,650			254,650
Fines and warrants	731,200			731,200
Service fees	2,236,000			2,236,000
Transfers In	2,810,134			2,810,134
Contributions	32,000			32,000
Interest	350,000			350,000
Other	236,400			236,400
Total Revenues	15,544,145			15,544,145
Expenditures:				
City Hall Administration				
City Manager's Office	414,103			414,103
Mayor and Council	79,968			79,968
City Secretary	304,655	13,500	1	318,155
Human Resources	378,423	30,410	2	408,833
Finance	461,450			461,450
Information Systems	226,129	23,800	3	249,929
Legal	153,425			153,425
Non-Departmental	1,893,310			1,893,310
Building Permits and Inspections	352,300			352,300
Police	4,334,262			4,334,262
Fire				-
Fire	994,598	10,445	4	1,005,043
Fire Marshal	174,373			174,373
Emergency Services	14,520			14,520
Municipal Court	347,449			347,449
Public Works Administration				-
Public Works Administration	47,242			47,242
Engineering and Planning	813,516	112,416	5	925,932
Facilities Maintenance	489,478			489,478
Garage	68,366			68,366
Streets	729,769	152,773	6	882,542
Sanitation	2,358,400	126,655	7	2,485,055
Parks	320,261			320,261
Community Center	136,096			136,096
Total Expenditures	15,092,094	469,999		15,562,093
Net Income from Operations	452,051	(469,999)		(17,948)
Other Sources/(Uses):				
Vehicle Replacement	489,034			489,034
Capital Projects/Outlay	724,900	3,067,660	8	3,792,560
Transfers Out				-
Total Other Sources/(Uses)	1,213,934	3,067,660		4,281,594
Revenues Over/(Under) Expenditures	(761,883)	(3,537,659)		(4,299,542)
Beginning Fund Balance	7,100,773			7,100,773
Ending Fund Balance	$ 6,338,890	(3,537,659)		2,801,231
25% of Operating Expenses - Target	43%			18%

Footnotes:
1 - Balance of Recodification
2 - Balance of Citywide Training, Medical Testing, and Employee Items
3 - Fire Data Software, SQL Upgrade, Exchange 2007 Server, Windows Server 2008
4 - CAD Map Update and Integration, Software implementation
5 - Balance on contract for Livable Centers Study, Balance on Contract Water Modeling Study , Balance on Comp Plan Contract
6 - Balance on Contract for Asphalt Management Program and Maintenance
7 - Balance on landfill closure contracts, Garbage Bags
8 - Capital Projects - Agg Road, Barbara Street Drainage, Brown-Hufsmith Utilities, Brown Hufsmith Phase 2, Liberty Hicks Drainage, M118 Drainage, M124 Drainage, Mechanic Street, Michel Road Extension, Quinn Road Improvements, Rudolph Road, School Street Sidewalks, Central Fire Station Improvements, Stovall Park, Downtown Revitalization

Enterprise Fund
Income Statement
FY 2010 Adopted Budget

		FY2010 Adopted Budget	1/4/2010 Amendment		Total Amended Budget
Operating Revenues:					
Water sales	$	3,000,000			3,000,000
Sewer sales		2,350,000			2,350,000
Gas sales		4,080,000			4,080,000
Tap fees		32,000			32,000
Reconnect fees		34,000			34,000
Interest		214,000			214,000
Other		879,800			879,800
Transfers		-			-
Total Operating Revenues		10,589,800			10,589,800
Expenses:					
Enterprise Administration		268,350	21,828	1	290,179
Utility Billing		267,165	11,782	2	278,949
Water		1,780,846	118,757	3	1,899,606
Wastewater		1,249,230	56,246	4	1,305,480
Gas		2,424,423			2,424,423
AdministrativeTransfer to General Fund		2,260,134			2,260,134
Total Operating Expenses		8,250,147	208,613		8,458,760
Net Revenue Available for Debt		2,339,653	(208,613)		2,131,040
Debt Service					
Revenue Bonds		836,183			836,183
Certificates of Obligation		948,797			948,797
Fiscal Fees		10,000			10,000
Total Debt Service		1,794,979	-		1,794,979
Non-Operating Revenues (expenses)					
Proceeds from debt		-			-
Vehicle replacement		121,510			121,510
Capital outlay		2,007,100	2,132,705	5	4,139,810
Short Term Financing		-			-
Total Non-Operating Revenue		2,128,610	2,132,705		4,261,320
Net Income (Excluding Depr.)		(1,583,937)	(2,341,318)		(3,925,260)
Beginning Fund Balance		6,814,204			6,814,204
Ending Fund Balance	$	5,230,267	(2,341,318)		2,888,944
Fund Balance as % of Operating Costs		64.2%			35.0%
Debt Coverage on Revenue Debt		280%			255%
Debt Coverage on Total Debt		131.1%			119.4%

Footnotes:
1 - Balance on the Comp Plan Contract
2 - Badger Meter Equipment ordered in August but not invoiced until October
3 - Pine Street Well Repairs
4 - Control Panel at the NWWTP
5 - Capital Projects - Brown-Hufsmith Road Utilities, Hufsmith Sanitary Sewer, Hufsmith Water and Gas Improvements, Neal Road Utilities, Quinn Road Improvements, Rudolph Road, Tomball Hills Lift Station, Water Well #5

Hotel Occupancy Tax Fund
Fiscal Year 2010
Amendment #1

		FY 2010 Adopted Budget	1/4/2010 Amendment		Total Amended Budget
Revenues:					
Occupancy tax	$	220,000			220,000
Skating Rink			95,685	1	95,686
Interest		3,000			3,000
Miscellaneous income		-			-
Total		223,000	95,685		318,686
Expenditures:					
Personnel services		8,000			8,000
Greater Tomball Chamber		35,000			35,000
Spring Creek Historical		-			-
The Regional Arts Council		-			-
Tomball Community Chorus		-			-
Chaparral Genealogical		-			-
Tomball Sister City		15,000			15,000
Second Saturday Events		30,000			30,000
Grants		30,000			30,000
Skating Rink Expenses			90,350	2	90,352
Other		20,000			20,000
Total		138,000	90,350		228,350
Revenues Over (Under) Expenditures		85,000	5,335		90,336
Beginning Fund Balance		238,429			238,429
Ending Fund Balance	$	323,429	5,335		328,765

Footnotes:

1 - Expected Revenues from the Holiday Ice Rink based on the budget presented at the Council Meeting on March 16th, 2009

2 - Expenses for the Holiday Ice Rink based on the budget presented on March 16th, 2009

Project Name		GF Budget Remaining at YE	EF Budget Remaining at YE	Total Remaining at YE
Agg Road Extension (Medical Complex)	$	27,168	126,396	153,564
Barbara Street Drainage		398,737		398,737
Brown-Hufsmith Road Utilities		2,414	311,256	313,670
Brown-Hufsmith Road Phase 2		137,797		137,797
Central Fire Station Renovation		341,376		341,376
Hufsmith Sanitary Sewer Improvements			221,251	221,251
Hufsmith Water and Gas Improvements			352,840	352,840
Liberty Lane/Hicks Street Drainage		200,180		200,180
M118 Drainage Ditch		43,735		43,735
M124 Drainage Ditch		549,937		549,937
Mechanic Street		2,246		2,246
Michel Road Improvements and Ext.		673,745		673,745
Neal Road Utilities			45,200	45,200
Old Town Tomball Revitalization (Depot)		291,110		291,110
Quinn Road Improvements		13,254	114,785	128,039
Rudolph Road and Utilities		186,530	63,507	250,037
School Street Sidewalks		7,577		7,577
Stovall Memorial Sports Complex		191,854		191,854
Tomball Hills Lift Station			199,625	199,625
Water Well #5			697,845	697,845
TOTAL	**$**	**3,067,660**	**2,132,705**	**5,200,365**

Department	Account	PO #	Description	Amount	Total by Departments
City Secretary	114-6304		Recodification	13,500	
				City Secretary Total	**13,500**
Human Resources	115-6119		Employee Items	1,896	
	115-6329		Medical Testing	11,091	
	115-6337		Citywide Training	17,423	
				Human Resources Total	**30,410**
Info Sys	117-6103	0016659	Fire Data	1,500	
		0016659	SQL Upgrade	1,500	
		0016672	Exchange Server	560	
		0016672	Exchange Cal	6,065	
	117-6320	0016523	Exchange 2007	7,695	
		0016523	Windows Srvr 2008	6,480	
				Info Sys Total	**23,800**
Fire	142-6320	0016390	CAD Map Update	6,295	
		0016595	Cad Integration	2,550	
		0016608	VSEPME 001 Imple	1,600	
				Fire Total	**10,445**
Streets	154-6107	0016661	Overalls	379	
	154-6207		Streets Maintenance	139,300	
	154-6304		Asphalt Management	12,030	
	154-6362		SWPPP	1,064	
				Streets Total	**152,773**
Sanitation	155-6304	0016552	Landfill Testing	8,599	
			Lechate Removal	23,795	
	155-6119		Garbage Bags	22,400	
	155-6361		Analysis and Remediation	70,797	
	155-6362		SWPPP	1,064	
				Sanitation Total	**126,655**
Engineering and Planning	156-6304		Livable Centers Study	10,884	
			Comp Plan	71,828	
	156-6302		Schaumburg and Polk	29,704	
				Engineering and Planning Total	**112,416**
				General Fund Operating Budget Total	**$ 469,998**

Department	Account	PO #	Description	Amount	Total by Departments
Utility Admin	611-6304		Comp Plan	21,828	
				Utility Admin Total	**21,828**
Utility Billing	612-6107	0016661	Overalls	152	
	612-6119	0016651	Badger Meter Equip	11,630	
				Utility Billing Total	**11,782**
Water	613-6107	0016661	Overalls	379	
	613-6207		Pine Street Well	118,378	
				Water Dept Total	**118,757**
Wastewater	614-6107	0016661	Overalls	758	
	614-6207	0016642	Control Panel	48,900	
	614-6363		SWPPP	6,588	
				Wastewater Total	**56,246**
				Enterprise Fund Operating Budget Total	**$ 208,612**

Department	Account	Description	Amount	Total by Type
Holiday Ice Rink	240-5558	Skate Fees	80,185	
	240-5550	Concessions/Photos	2,500	
	240-5557	Sponsorships	13,000	
			Total Revenues	**95,685**
	242-6336	Rink, Tent, POD, Breakdown	41,450	
	242-6004	Wages-Part Time	33,700	
	242-6021	FICA	2,500	
	242-6304	Security	5,200	
	242-6330	Insurance	2,000	
	242-6119	Decorations	2,500	
	242-6358	Advertising	3,000	
			Total Expenses	**90,350**

Regular City Council Agenda Item Data Sheet

Meeting Date: January 18, 2010

Topic:

Approve Resolution 2010-02, a Resolution Authorizing the Mayor to Execute the TexPool Prime Participation Agreement on Behalf of the City of Tomball.

Background:

On March 16, 2009, the City Council approved the use of TexPool *Prime* as an additional investment pool. This gave us an additional option with which to invest temporarily idle funds. With the appointment of Glenn Windsor as Finance Director, a new participation agreement is required in the form of a Council Resolution.

Origination:

Finance Department

Recommendation:

Staff recommends approval authorizing the Mayor to execute the required Participation Agreement.

Funding:

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

Glenn Windsor, Finance Director/ Treasurer

ACTION TAKEN

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

ATTACHMENTS:

Resolution No. 2010-02

Participation Agreement

RESOLUTION NO. 2010-02

A RESOLUTION OF THE CITY OF TOMBALL, TEXAS, AUTHORIZING PARTICIPATION IN TEXPOOL *PRIME* AND DESIGNATING AUTHORIZED REPRESENTATIVES

* * * * *

WHEREAS, the City of Tomball ("Participant") is a local government or state agency of the State of Texas and is empowered to delegate to a public funds investment pool the authority to invest funds and to act as custodian of investments purchased with local investment funds; and

WHEREAS, it is in the best interest of the Participant to invest local funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; and

WHEREAS, the Texas Local Government Investment Pool ("**TexPool *Prime***"), public funds investment pools, were created on behalf of entities whose investment objective in order of priority are preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act.

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

A. That Participant shall enter into a Participation Agreement to establish an account in its name in **TexPool *Prime,*** for the purpose of transmitting local funds for investment in **TexPool *Prime.***

B. That this Resolution and its authorization shall continue in full force and effect until amended or revoked by the Participant, and until **TexPool *Prime*** receives a copy of any such amendment or revocation.

This Resolution is hereby introduced and adopted by the Participant at its regular meeting held on the _______ day of _January__ 2010.

PASSED, APPROVED and RESOLVED this ______ day of _January_ 2010.

____
GRETCHEN FAGAN, Mayor
City of Tomball

ATTEST:

____
DORIS SPEER, City Secretary
City of Tomball

TEXPOOL

★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★

An Investment Service for Public Funds

Texas Local Government Investment Pool

TexPool *Prime* Participation Agreement

PREAMBLE

This participation agreement (the "Agreement") is made and entered into by and between the Comptroller of Public Accounts (the "Comptroller"), acting through the Texas Treasury Safekeeping Trust Company (the "Trust Company"), Trustee of **TexPool *Prime,*** a Texas Local Government Investment Pool, and CITY OF TOMBALL, TEXAS (the "Participant").

WHEREAS, the Interlocal Cooperation Act, TEX GOV'T CODE ANN, ch. 791 authorizes a local government to contract with a state agency to perform governmental functions, including investment of public funds;

WHEREAS, the Public Funds Investment Act, TEX. GOV'T CODE ANN. ch. 2256 (the "Investment Acts") provides for the creation of a public funds investment pool in which a governmental investing entity may invest its funds and to which the entity may delegate, by contract, the authority to hold legal title as custodian of investments purchased with its local funds;

WHEREAS, the Trust Company is a special purpose trust company authorized pursuant to TEX. GOV'T CODE ANN. § 404.103 to receive, transfer and disburse money and securities belonging to state agencies and local political subdivisions of the state and for which the Comptroller is the sole officer, director and shareholder;

WHEREAS, TexPool *Prime* is a public funds investment pool, which funds are invested in certain eligible investments as more fully described hereafter;

WHEREAS, the Participant has determined that it is authorized to invest in a public funds investment pool created under the Investment Acts and to enter into this Agreement;

WHEREAS, the Participant acknowledges that the Trust Company is not responsible for independently verifying the Participant's authority to invest under the Investment Acts or to enter this Agreement;

WHEREAS, the Participant acknowledges that the performance of **TexPool *Prime*** is not guaranteed by the State of Texas, the Comptroller, or the Trust Company and that there is no secondary source of payment for the pool; and

WHEREAS, in an effort to ensure the continued availability of an investment pool as a vehicle for investment of local government funds and simultaneously provide for enhancement in services and potential decreases in management and administrative fees, Participant and Trust Company desire to provide in this Agreement that the Trust Company may obtain private professional investment management and related services.

NOW THEREFORE, for and in consideration of the mutual promises, covenants and agreements herein contained, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree with each other as follows:

ARTICLE I.
DEFINITIONS

"Account" shall mean any account or accounts, established by the Participant in **TexPool *Prime*** in accordance with this Agreement and the Operating Procedures (as defined herein), which Account represents an undivided beneficial ownership in **TexPool *Prime*.**

"Authorized Investments" shall mean those investments which are authorized by the Investment Act (as herein defined) for investment of public funds.

"Authorized Representative(s) of the Participant" shall mean any individual who is authorized to execute documents and take such other necessary actions under this Agreement as evidenced by the duly enacted Resolution of the Participant.

"Authorized Representative(s) of the Trust Company" shall mean any employee of the Comptroller or Trust Company who is designated in writing by the Comptroller or the Trust Company's Chief Executive Officer to act as the authorized Trust Company representative for purposes of this Agreement and shall include employees of any private entity performing the obligations of the Comptroller under this Agreement.

"Board" shall mean the advisory board provided for in the Investment Act (as defined below).

"Fund" shall mean the PRIME Fund created and established pursuant to Section 4.01 hereof.

"Investment Act" shall mean the Public Funds Investment Act, TEX. GOV'T CODE ANN. ch. 2256, as amended from time to time.

"Investment Policy" shall mean the written **TexPool *Prime*** Investment Policy, as amended from time to time, relating to the investment and management of funds in TexPool as established by the Trust Company consistent with the Investment Act.

"Letter of Instruction" shall mean a written authorization and direction to the Trust Company signed by an Authorized Representative of the Participant.

"Operating Procedures" shall mean the written procedures established by the Trust Company describing the management and operation of **TexPool *Prime***, and providing for the establishment of, deposits to and withdrawals from the Accounts, as amended from time to time.

"Participant" shall mean any entity authorized by the Acts to participate in a public funds investment pool that has executed this Agreement pursuant to a Resolution.

"Resolution" shall mean the resolution adopted by the governing body of a local governmental entity authorizing the entity's participation in **TexPool *Prime*** and designating persons to serve as Authorized Representatives of the Participant.

ARTICLE II.
GENERAL ADMINISTRATION

Section 2.01. TexPool *Prime* Defined.

(a) **TexPool *Prime*** is a public funds investment pool created pursuant to the Investment Acts.

(b) Subject to Section 6.10, the Trust Company agrees to manage the Participant's Account in accordance with the Investment Act and the Investment Policy.

Section 2.02. Board.

(a) The Board is composed of members appointed pursuant to the requirements of the Investment Act.

(b) The Board shall advise the Trust Company on the Investment Policy and on various other matters affecting **TexPool *Prime***, and shall approve fee increases.

Section 2.03. General Administration.

(a) The Trust Company shall establish and maintain the Investment Policy specifically identifying the Authorized Investments consistent with the Investment Act and the general policy and investment goals for **TexPool *Prime***.

(b) The Trust Company shall establish and maintain the Operating Procedures, describing the management and operation of **TexPool *Prime*** and providing for procedures to be followed for the establishment of, deposits to, and withdrawals from the Accounts and such other matters as are necessary to carry out the intent of this Agreement.

(c) The Trust Company shall have the power to take any action necessary to carry out the purposes of this Agreement, subject to applicable law and the terms of this Agreement.

Section 2.04. Ownership Interest. Each Participant shall own an undivided beneficial interest in the assets of **TexPool *Prime*** in an amount proportional to the total amount of such Participant's Accounts relative to the total amount of all Participant's Accounts in **TexPool *Prime***, computed on a daily basis.

Section 2.05. Independent Audit. TexPool *Prime* is subject to annual review by an independent auditor consistent with Ch. 2256, TEX GOV'T CODE ANN. In addition, reviews of **TexPool *Prime*** may be conducted by the State Auditor's office and the Comptroller's office. The Trust Company may obtain such legal, accounting, financial or other professional services as it deems necessary or appropriate to assist **TexPool *Prime*** in meeting its goals and objectives.

Section 2.06. Liability. Any liability of the Comptroller, the Comptroller's office, the Trust Company, representatives or agents of the Trust Company, any Comptroller employee, Trust Company or any member of the Board for any loss, damage or claim, including losses from investments and transfers, to the Participant shall be limited to the full extent allowed by applicable laws. The Trust Company's responsibilities hereunder are limited to the management and investment of **TexPool *Prime*** and the providing of reports and information herein required.

Section 2.07. Disclosure Statement.

(a) **TexPool *Prime*** is created to function like a money market mutual fund and seeks to maintain a 1.00 net asset value. Performance fluctuates on a daily basis, largely because net earnings fluctuate daily. The performance of **TexPool *Prime*** depends on such variables as portfolio quality, average portfolio maturity, type and value of portfolio securities, and changes in interest rates. Primary risk factors include:

- Interest Rate Risk. Prices of fixed income securities generally fall when interest rates rise.

- Credit Risks. A decline in the credit quality of an issuer can cause the price of a security held by the pool to decrease.

(b) Both net earnings and offering price per share are factors in the computation of yield and total return.

(c) The assets of **TexPool *Prime*** are the only source of payment to Participants. There is no secondary source of payment for the pool, and investment in **TexPool *Prime*** is not a deposit or an obligation of any bank, is not endorsed or guaranteed by any bank and is not insured or guaranteed by the U.S. government, The Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency, including the State of Texas.

ARTICLE III.
PARTICIPATION REQUIREMENTS

Section 3.01. The Participation Agreement. The Participant must execute this Agreement and provide a Resolution authorizing participation in **TexPool *Prime*** and designating persons to serve as Authorized Representatives of the Participant and any other documents as are required under, and substantially in the form prescribed by, the Operating Procedures before depositing any funds into **TexPool *Prime*.**

Section 3.02. Operating Procedures

(a) The Participant acknowledges receipt of a copy of the Operating Procedures. The Operating Procedures describe in detail the procedures required for the establishment of accounts, deposits to and withdrawals from **TexPool *Prime*,** and related information.

(b) The Operating Procedures may be modified by the Trust Company as appropriate to remain consistent with established banking practices and capabilities and when such modification is deemed necessary to improve the operation of **TexPool *Prime*.**

(c) The Participant hereby concurs with and agrees to abide by the Operating Procedures.

ARTICLE IV.
INVESTMENTS

Section 4.01. Investments. All monies held in **TexPool *Prime*** shall be invested and reinvested by the Trust Company or Authorized Representatives of the Trust Company only in Authorized Investments in accordance with the Agreement, the Investment Policy and the Investment Act. Participant hereby concurs with any such investment so made by the Trust Company. Available funds of **TexPool *Prime*** that are uninvested may be held at the Trust Company's account at the Federal Reserve Bank of Dallas, or any designated custodian account, or with a custodian selected by the Trust Company. All investment assets and collateral will be in the possession of the Trust Company and held in its book-entry safekeeping account at the Federal Reserve Bank, any designated custodian account, or with a custodian selected by the Trust Company.

Section 4.02. Failed Investment Transaction. In the extraordinary event that a purchase of securities results in a failed settlement, any resulting uninvested funds shall remain in the Trust Company's Federal Bank of Dallas account, any designated custodian account or with a custodian selected by the Trust Company. If an alternative investment can be secured after the failure of the trade to settle, **TexPool *Prime*** will receive all the income earnings, including but not limited to, any compensation from the purchaser failing in the trade and the interest income from the alternative investment.

Section 4.03. Investment Earnings and Losses Allocation. All interest earnings in **TexPool *Prime*** will be valued daily and credited to the Participant's Accounts monthly, on a pro rata allocation basis. All losses, if any, resulting from the investment of monies in **TexPool *Prime*** shall also be allocated on a pro rata allocation basis. All earnings and losses will be allocated to the Participant's Accounts in accordance with generally accepted accounting procedures.

Section 4.04. Commingling of Accounts. Participant agrees that monies deposited in **TexPool *Prime*** may be commingled with all other monies held in **TexPool *Prime*** for purposes of common investment and operational efficiency. However, each Participant will have separate Accounts on the books and records of **TexPool *Prime***, as further provided for in the Operating Procedures.

ARTICLE V.
FEES, EXPENSES AND REPORTS

Section 5.01. Fees and Expenses. The Participant agrees to pay the amount set forth in the fee schedule. Participant agrees that all fees shall be directly and automatically assessed and charged against the Participant's Accounts. The basic service fee shall be calculated as a reduction in the daily income earned, thus only the net income shall be credited to the Participant's Account. Fees for special services shall be charged to each Participant's account as they are incurred or performed. A schedule of fees shall be provided to the Participant annually. Each Participant will be notified thirty (30) days prior to the effective date of any change in the fee schedule.

Section 5.02. Reports. A monthly statement will be mailed to the Participant within the first five (5) business days of the succeeding month. The monthly statement shall include a detailed listing of the balance in the Participant's Accounts as of the date of the statement; all account activity, including deposits and withdrawals; the daily and monthly yield information; and any special fees and expenses charged. Additionally, copies of the Participant's reports in physical or computer form will be maintained for a minimum of three prior fiscal years. All records shall be available for inspection at all reasonable hours of the business day and under reasonable conditions.

Section 5.03. Confidentiality. The Trust Company and any private entity acting on behalf of the Trust Company for purposes of this Agreement will maintain the confidentiality of the Participant's Accounts, subject to the Public Information Act, TEX GOV'T CODE ANN. ch. 552, as amended.

ARTICLE VI.
MISCELLANEOUS

Section 6.01. Notices. Any notices, Letters of Instructions or other information required or permitted to be given hereunder shall be submitted in writing and shall be deemed duly given when deposited in the U.S. mail postage prepaid or successfully transmitted via facsimile addressed to the parties as follows:

To the ***Participant***:

Participant Name GRETCHEN FAGAN

Address 401 MARKET ST. STE C

City, State, Zip TOMBALL, TEXAS 77375-4697

Telephone 281-290-1417 Fax ______

To ***Trust Company*** with respect to contractual matters or disputes under this Agreement:

Texas Treasury Safekeeping Trust Company
Attn: TexPool Prime
Rusk State Office Building
208 East 10th Street, Suite 441
Austin, TX 78701
Telephone: (512) 463-5303
FAX No.: (512) 463-0823

To **TexPool *Prime*** with respect to operational matters, including enrollment documents; changes to Authorized Representatives; Bank Information Sheets; initiation of deposits or withdrawals of funds; changes to addresses; audit confirmation requests; and account inquiry:

TexPool Participant Services
C/O Federated Investors Inc
1001 Texas Ave., Suite 1400
Houston, TX 77002
Telephone: 1-866-839-7665 (1-866-TEX-POOL)
FAX No.: 1-866-839-3291 (1-866-TEX-FAX1)

The Participant and the Trust Company agree to notify the other of any change affecting this information and agree that unless and until so notified, the other party shall be entitled to rely on the last information provided.

Section 6.02. Taxpayer Identification Number. The Participant's taxpayer identification number assigned by the Internal Revenue Service is: 74-60003588______________. The Participant hereby agrees to notify the Trust Company of any change affecting this Taxpayer Identification number and agrees that unless and until so notifies, the Trust Company shall be entitled to rely on same in providing any and all reports or other information necessary or required by the Federal tax laws as amended from time to time.

Section 6.03. Severability. If any provision of this Agreement shall be held or deemed to be in fact illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatsoever.

Section 6.04. Execution of Counterparts. This Agreement may be simultaneously executed in several separate counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 6.05. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. Venue for any dispute under this Agreement shall be in Travis County, Texas.

Section 6.06. Captions. The captions or headings in this Agreement are for convenience only and in no way defined, limit or describe the scope or intent of any provisions, articles or sections of this Agreement.

Section 6.07. Amendments.

(a) The Trust Company shall advise the Participant in writing of any amendments to this Agreement no less than 45 days prior to the effective date of such amendment. The Participant may ratify the proposed amendment of this Agreement by letter to the Trust Company. If the Participant elects not to ratify the amendment, the Participant may terminate this Agreement in accordance with Section 6.08. In the event the Participant fails to respond in writing to a notice of amendment prior to the effective date of such amendment, this Agreement shall be deemed amended.

(b) The Trust Company may revise the Operating Procedures from time to time as it deems necessary for the efficient operation of **TexPool *Prime***. The Participant will be bound by any amendment to the Operating Procedures with respect to any transaction occurring subsequent to the time such amendment takes effect, provided, however, that no such amendment shall affect the Participant's right to cease to be a Participant.

Section 6.08. Termination. This Agreement may be terminated by either party hereto, with or without cause, by tendering 30 days prior written notice in the manner set forth in Section 6.01 hereof.

Section 6.09. Term. Unless terminated in accordance with Section 6.08, this Agreement shall be automatically renewed on each anniversary date hereof.

Section 6.10. Limitation of Rights. With the exception of the rights herein expressly conferred nothing in or to be implied from this Agreement is intended or shall be construed to give any person other than the parties hereto any legal or equitable right, remedy or claim under or in respect to this Agreement or in any of the covenants, conditions and provisions herein contained. Neither the Comptroller nor the Trust Company shall be liable for any losses from investments made and transfers made in accordance with the procedures set forth in this Agreement.

Section 6.11. Assignment. The Trust Company may enter into an agreement with a third party investment manager to perform its obligations and service under this Agreement, provided that such third party investment manager shall manage **TexPool *Prime*** according to the Investment Act, Investment Policy and in a manner consistent with that directed by the Trust Company. The Trust Company also shall have the right to assign its rights and obligations under the Agreement to a third party investment manager if the Trust Company determines that such assignment is in the best interest of the State and Participants. If a successor pool to **TexPool *Prime*** is deemed by the Trust Company to be in the best interest of the State and the Participant, the Trust Company may take any action it deems necessary to assign its rights and benefits under any third party agreements and transfer the assets from **TexPool *Prime*** to any successor pool.

In Witness Whereof, the parties hereto have caused this Agreement to be executed as of the dates set forth below, and the Agreement shall be effective as of the latest such date.

PARTICIPANT	**TEXAS TREASURY SAFEKEEPING TRUST COMPANY**
	Comptroller of Public Accounts
Signature __________	Signature __________
Printed Name GRETCHEN FAGAN	Printed Name __________
Title MAYOR	Title __________
Date JANUARY 18, 2010	Date __________

CERTIFICATE OF INCUMBENCY

The preceding signatory is a duly appointed, acting, and qualified officer of the Participant, who, in the capacity set forth above is authorized to execute this Agreement.

IN WITNESS WHEREOF, I have duly executed this certificate as of the 18 day of JANUARY, 2010.

Signature __________

Printed Name DORIS SPEER

Title CITY SECRETARY

OFFICIAL SEAL

Regular City Council Agenda Item Data Sheet

Meeting Date: January 18, 2010

Topic:

Approve Resolution 2010-03, Designating Authorized Representatives to Conduct Authorized Participation in TexPool *Prime* on Behalf of the City of Tomball.

Background:

This Resolution is to designate those City officials who will be authorized to transmit funds for investment in TexPool *Prime,* and also authorized to withdraw funds from time to time for deposit into city accounts, issue letters of instruction, and take other actions deemed necessary for the investment of local funds in TexPool *Prime.*

Origination:

Finance

Recommendation:

Staff recommends approval authorizing the Mayor to designate those individuals as set forth in the Resolution to conduct business with TexPool Prime.

Funding:

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

Glenn Windsor, CPA, Finance Director/Treasurer

ACTION TAKEN

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

ATTACHMENTS:

Resolution no. 2010-03

TEXPOOL
An Investment Service for Public Funds

Resolution
Authorizing Participation in TexPool/TexPool *Prime*
and
Designating Authorized Representatives

WHEREAS, CITY OF TOMBALL ("Participant") is a local government or state agency of the State of Texas and is empowered to delegate to the public funds investment pools the authority to invest funds and to act as custodian of investments purchased with local investment funds; and

WHEREAS, it is in the best interest of the Participant to invest local funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; and

WHEREAS, the Texas Local Government Investment Pools (**"TexPool/TexPool *Prime*"**), public funds investment pools, were created on behalf of entities whose investment objectives in order of priority are preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act.

NOW THEREFORE, be it resolved as follows:

A. That Participant shall enter into a Participation Agreement to establish an account in it's name in **TexPool/TexPool *Prime***, for the purpose of transmitting local funds for investment in **TexPool/TexPool *Prime***.

B. That the individuals, whose signatures appear in this Resolution, are authorized representatives of the Participant and are each hereby authorized to transmit funds for investment in **TexPool/TexPool *Prime*** and are each further authorized to withdraw funds from time to time, to issue letters of instruction, and to take all other actions deemed necessary or appropriate for the investment of local funds.

List of the authorized representatives of the Participant. These individuals will be issued P.I.N. numbers to transact business via the phone with a Participant Service Representative.

1. Name CHRISTAL KLIEWER Title Asst. City Manager

Phone/Fax/Email 281-290-1009 / 281-351-6256 / ckliewer@ci.tomball.tx.us

Signature ______________________

2. Name GLENN WINDSOR Title FINANCE DIRECTOR

Phone./Fax/Email 281-290-1417 / 281-351-6256 / gwindsor@ci.tomball.tx.us

Signature ______________________

3. Name ______________________ Title ______________________

ORIGINALS REQUIRED TEX - ENROLL

Phone/Fax/Email ______________________________

Signature ______________________________

List the name of the Authorized Representative provided above that will have primary responsibility for performing transactions and receiving confirmations and monthly statements under the Participation Agreement.

Name: GLENN WINDSOR

In addition and at the option of the Participant, one additional authorized representative can be designated to perform inquiry only of selected information. This limited representative cannot make deposits or withdrawals. If the Participant desires to designate a representative with inquiry rights only, complete the following information.

4. Name KACIE RICHARDSON Title SENIOR ACCOUNTANT

Phone/Fax/Email 281-290-1418 / 281-351-6256 / krichardson@ci.tomball.tx.us

C. That this resolution and its authorization shall continue in full force and effect until amended or revoked by the Participant, and until **TexPool/TexPool *Prime*** receives a copy of any such amendment or revocation.

This resolution is hereby introduced and adopted by the Participant at its regular/special meeting held on the 18th Day of JANUARY, 20 10.

NAME OF PARTICIPANT CITY OF TOMBALL

BY: ______________________________
Signature

GRETCHEN FAGAN
Printed Name

MAYOR
Title

ATTEST: ______________________________
Signature

DORIS SPEER
Printed Name

CITY SECRETARY
Title

OFFICIAL SEAL

ORIGINALS REQUIRED TEX - ENROLL

Regular City Council
Agenda Item
Data Sheet

Meeting Date: January 18, 2010

Topic:

Approve Resolution No. 2010-04, a Resolution of the City Council of the City of Tomball, Texas, Designating the Official Newspaper for 2010 for Publication of Matters Pertaining to the City of Tomball.

Background:

Section 3.06 of the Charter provides for annual designation of the official newspaper for the City. On March 3, 2008, members of Council expressed an interest in alternating the designated official newspaper each year, beginning with the Tribune as the official newspaper for 2008 and the Potpourri in 2009, provided rates remained competitive.

Due to the current economy and the desire to be fiscally responsible, City staff solicited proposals from the Potpourri and the Tomball-Magnolia Tribune for current advertising rates for Council's consideration in designating the official newspaper for 2010; those proposals are attached.

For Legal Notices (the major portion of Tomball's advertising expenditures):

Notice Size	Potpourri	Tribune
2 x 5 = approx. 10 sq. in.	$ 73.50	$ 92.50
4 x 6 = approx. 24 sq. in.	$ 87.50	$222.00
4 x 5 = approx. 20 sq. in.	$ 73.50	$185.00

For Non-Legal Notices (Display Ads, Tax Rate and Budget Notices (large displays in the body of the paper instead of the classifieds):

Notice Size	Potpourri	Tribune
2 x 5 = approx. 10 sq. in.	$100.00	$ 92.50
4 x 6 = approx. 24 sq. in.	$240.00	$222.00
4 x 5 = approx. 20 sq. in.	$200.00	$185.00

Although the Council must designate an official newspaper for the City's legal notices, City staff does run notices in both papers occasionally, depending on the type of advertisement or to meet state or charter deadlines. For example, employment ads may be run in both papers, depending on the market we are trying to reach. In 2009, the City spent $4,783.98 in the Potpourri and $854.70 in the Tribune for notices and advertising. Costs were lower in 2009 than 2008 because we were not required to publish several of the property tax-related and budget-related notices; these larger, display ads generally cost $400-$500 each but were not required because the City's tax rate remained the same. Additionally, the City did not bid out as many projects in 2009 (10 projects) as in 2008 (25 projects).

The major portion of the City's advertising is in legal notices, some of which are quarter-page ads required to run as display ads. The rates presented by each newspaper indicate that the cost of legal ads in The Potpourri will be approximately 20%-40% less than the same size ad in the Tribune for 2010, depending on the size and location requirement of the ad. If the advertising levels remain the same in 2010 as 2009, the estimated cost of advertising will be $6,100 for the Tribune and $5,300 for the Potpourri.

Both papers have Internet sites and we have had no problems with service or billing with either paper. The

Tribune currently has a circulation of 52,400 direct mail customers; we do not have the Potpourri's current circulation figures for the Tomball-Magnolia area, although the figures have been similar historically. As information, the Potpourri recently relocated to 21901 Tomball Parkway, outside city limits.

Origination:
Charter, State Law

Recommendation:
Staff makes no recommendation.

Funding:

Party(ies) responsible for placing this item on agenda:
Doris Speer, City Secretary

ACTION TAKEN

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

ATTACHMENTS:
Resolution No. 2010-04
Tribune - Rates
Tribune - Distribution
Potpourri - Rates
Potpourri - Distribution Map

RESOLUTION NO. 2010-04

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TOMBALL, TEXAS, DESIGNATING THE OFFICIAL NEWSPAPER FOR 2010 FOR PUBLICATION OF MATTERS PERTAINING TO THE CITY OF TOMBALL.

* * * * * * * *

WHEREAS, the Home Rule Charter of the City of Tomball, Section 3.06 – Official Newspaper, states:

> "The Council shall have power to contract with, and by ordinance or resolution, annually designate a public newspaper of general circulation in the City as the official newspaper thereof and to continue as such until another is designated, and shall cause to be published therein all ordinances, notices and other matters required to be published by this Charter, by the ordinances of the City or by the Constitution or laws of the State of Texas."

NOW, THEREFORE, BE IT RESOLVED that the City of Tomball and its governing body hereby designates the __________________________ to be named the official newspaper for 2010 for the City of Tomball, Texas, for the publication of ordinances, notices, and other matters required by law or ordinance to be published, and that this resolution shall take effect upon its passage.

PASSED AND APPROVED BY A VOTE OF ____ TO _____ AS SET OUT BELOW AT THE MEETING OF THE CITY COUNCIL HELD ON THE 18TH DAY OF JANUARY 2010:

COUNCILMAN QUINN	_______
COUNCILMAN STOLL	_______
COUNCILMAN WEBB	_______
COUNCILMAN TOWNSEND	_______
COUNCILMAN DRIVER	_______

____
GRETCHEN FAGAN, Mayor

ATTEST:

____
Doris Speer, City Secretary

From: Designer [mailto:designer@tribunenews.com]
Sent: Friday, January 08, 2010 3:31 PM
To: Theresa Witt
Cc: Nancy Nygaard; classified
Subject: city of tomball sample pricing

good afternoon,

per your email request, we have decided to give you guys the non-profit rate of $18.50 per column inch on boxed ads whether they are legal notices or non legal notices.
the price for a 2"X5" would be $92.50
the price for a 4"X6" would be $222.00
the price for a 4"X5" would be $185.00

we look forward to hearing the results. have a terrific weekend!

Georgia Keen
Tomball/Magnolia Tribune
517 West Main
Tomball, TX 77375
281.255.6397

Revised 1/29/09
Effective 2/9/09

TOMBALL MAGNOLIA TRIBUNE
DISTRIBUTION SHEET
MAILING..........50,900
COUNTERTOPPING..........1,500
TOTAL DISTRIBUTION..........52,400

DATE: ________________

TOMBALL	**77375 77377***
RT 1	487 (04-87)*
RT 2	545 (05-45)
RT 3	669 (06-69)*
RT 4	560 (05-60)*
RT 5	424 (04-24)*
RT 6	599 (05-99)
RT 7	525 (05-25)
RT 8	687 (06-87)
RT 9	596 (05-96)
RT 10	672 (06-72)
RT 11	453 (04-53)*
RT 12	474 (04-74)*
RT 13	686 (06-86)
RT 14	479 (04-79)*
RT 15	524 (05-24)*
RT 16	547 (05-47)*
RT 17	472 (04-72)
RT 18	538 (05-38)*
RT 19	644 (06-44)
RT 20	525 (05-25)*
RT 21	571 (05-70)*
RT 22	643 (06-43)*
RT 23	596 (05-96)
RT 24	632 (06-32)
RT 25	496 (04-96)*
RT 26	665 (06-65)
RT 27	521 (05-21)
RT 28	603 (06-03)*
RT 29	735 (07-35)
RT 30	568 (05-68)*
RT 31	739 (07-39)
RT 32	508 (05-08)
RT 33	629 (06-29)*
RT 34	550 (05-49)
RT 35	434 (04-34)*
RT 36	368 (03-68)
RT 37	167 (01-67)
TOTAL	**20,531**

TOMBALL	**77375 77377***
Residential & Business	
RT 1	807 (08-07)
RT 2	755 (07-55)
RT 3	501 (05-01)
RT 4	535 (05-35)
RT 5	768 (07-68)
RT 6	139 (01-39)
RT 7	99 (00-99)*
TOTAL	**3,604**

MAGNOLIA	**77354 77355***
RT 1	636 (06-36)
RT 2	494 (04-94)*
RT 3	423 (04-23)
RT 4	517 (05-17)
RT 5	629 (06-29)
RT 6	562 (05-62)*
RT 7	633 (06-33)*
RT 8	491 (04-91)
RT 9	481 (04-81)
RT 10	512 (05-12)*
RT 11	601 (06-01)
RT 12	461 (04-61)*
RT 13	462 (04-62)
RT 14	590 (05-90)*
RT 15	487 (04-87)*
RT 16	513 (05-13)
RT 17	398 (03-98)
RT 18	572 (05-72)*
RT 19	425 (04-25)
RT 20	498 (04-98)*
RT 21	511 (05-11)*
RT 22	466 (04-66)
RT 23	541 (05-41)
RT 24	424 (04-24)*
RT 25	397 (03-97)
RT 26	573 (05-73)*
RT 27	395 (03-95)
RT 28	442 (04-42)*
RT 29	522 (05-22)
RT 30	357 (03-57)
RT 31	483 (04-83)
RT 32	662 (06-62)*
RT 33	405 (04-05)*
RT 34	529 (05-29)
RT 35	454 (04-54)
RT 36	180 (01-80)
RT 37	303 (03-03)
TOTAL	**18,029**

PINEHURST	**77362**
RT 1	569 (05-69)
RT 2	528 (05-28)
RT 3	616 (06-16)
TOTAL	**1,713**

WALLER	**77484**
RT 1	453 (04-53)
RT 2	455 (04-55)
RT 3	539 (05-39)
RT 4	493 (04-93)
RT 5	539 (05-39)
RT 6	524 (05-24)
RT 7	174 (01-74)
TOTAL	**3,177**

HOCKLEY	**77447**
RT 1	402 (04-02)
RT 2	464 (04-64)
RT 3	596 (05-96)
RT 4	488 (04-88)
RT 5	587 (05-87)
RT 6	465 (04-65)
RT 7	595 (05-95)
RT 8	249 (02-49)
TOTAL	**3,846**

INSERTS ONLY

Name of Inserts

____

____

Total Count of Inserts

____

____

Zip Codes and Mail Routes

____

____

____

____

____

____

____

____

From: Lacy Kastendieck [mailto:lkastendieck@hcnonline.com]
Sent: Monday, January 11, 2010 3:34 PM
To: Theresa Witt
Subject: Ad pricing for Potpourri 2010

Hi Theresa,

The Potpourri is a newspaper and therefore is measured in columns X inches. For example, you have asked for the pricing for a 2" X 5" ad. In the Potpourri this would be interpreted as 2 columns X 5 inches. Each column is equivalent to 1.638" (a little more than an inch and a half) and therefore making the ad much wider than might be expected if someone was thinking in inches only. When speaking of ad size in the newspaper, think "columns across" and "inches down."

Below are the different ad sizes you wanted pricing:

Legal Notice –

2col. X 5" (this a equal to 3.388" X 5") → legal ads will be $1.75 per line.
This will fit 42 lines of text (from 2009 examples)
Total = $73.50 (actual value $126)

4col. X 6" (this is equal to 6.888" X 6") → This will fit 50 lines of text
Total = $87.50 (actual value $302.40)

4col. X 5" (this is equal to 6.888" X 5") → This will fit 42 lines of text.
Total = $73.50 (actual value $252)

Non-Legal Ads –

2col. X 5" (equal to 3.388" X 5") → **Total = $100** (actual value at lowest 52X rate = $149.60)

4col. X 6" (equal to 6.888" X 6") → **Total = $240** (actual value at lowest 52X rate = $359.04)

4col. X 5" (equal to 6.888" X 5") → **Total = $200** (actual value at lowest 52X rate = $299.20)

Let me know if there is anything I can do…..I hope to keep you guys as my clients and keep the Potpourri as the official paper of the City of Tomball.

Talk to ya'll very soon, ☺

Lacy Kastendieck
Account Executive
Houston Community Newspapers
The Potpourri - Tomball Edition
Direct: (281) 674-1307
Cell: (713) 315-7855
lkastendieck@hcnonline.com

Cluster Map

Cluster 1
The Courier (Conroe) *Wed*
The Courier Plus (Conroe)
Lake Conroe Plus
The Villager (The Woodlands)

Cluster 1(a)
Spring Observer
The Villager (The Woodlands)

Cluster 1(b) - Cluster 1 & 1(a) Combo

Cluster 2
Dayton News
Cleveland Advocate
Eastex Advocate
East Montgomery County Observer

Cluster 3
Kingwood Observer
Atascocita Observer
Humble Observer
East Montgomery County Observer

Cluster 2 & 3 Combo

Cluster 4
The North Channel Sentinel
The Lake Houston Sentinel

Cluster 5
The Pasadena Citizen *Wed*
Deer Park Broadcaster
The Bay Area Citizen

Cluster 6
Pearland Journal
Friendswood Journal

Cluster 7
Fort Bend Sun
Sugar Land Sun

Cluster 8
Memorial Examiner
Katy Sun

Cluster 9
Copperfield Sun
Cy-Fair Sun
Cypress Sun

Cluster 10
Klein Sun
Champions Sun

Cluster 11
Tomball Potpourri
Magnolia Potpourri

Cluster 12
West University Examiner
River Oaks Examiner
Bellaire Examiner

Regular City Council Agenda Item Data Sheet

Meeting Date: January 18, 2010

Topic:

Accept the Audited Comprehensive Annual Financial Statements (CAFR) for the Fiscal Year Ended September 30, 2009 as presented by Belt Harris & Associates, LLP

Background:

In accordance with Section 8.24 of the City Charter, the audited financial statements for the City of Tomball are to be presented to the City Council within 120 days of the end of the fiscal year. A representative of Belt Harris will be present at the meeting to make this presentation.

Origination:

Glenn Windsor, Finance Director/Treasurer

Recommendation:

No recommendation is necessary.

Funding:

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

Glenn Windsor, Finance Director/Treasurer

ACTION TAKEN

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

ATTACHMENTS:

Comprehensive Annual Financial Report (CAFR)

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

of the

CITY OF TOMBALL, TEXAS

For the Year Ended
September 30, 2009

Prepared by:

Finance Department

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CITY OF TOMBALL, TEXAS

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September 30, 2009

CITY OF TOMBALL, TEXAS

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September 30, 2009

COMBINING STATEMENTS AND SCHEDULES

STATISTICAL SECTION

INTRODUCTORY SECTION

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City of Tomball

Gretchen Fagan
Mayor

Jan Belcher
City Manager

January 12, 2010

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 year ended September 30, 2009. 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 end results of operation of the various funds of the City. 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. 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 auditor's 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 auditor's 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 and 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 11,600. The City 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 other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's manager and attorney. The government's 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 council is elected on a non-partisan basis. Council members serve three-year staggered terms, with two council members elected every three years. The mayor is elected to serve a three-year term. The mayor and council are elected at large.

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

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 City Manager 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 governing 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 the basic financial statements for the governmental funds. 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 perhaps best understood when it is considered from the broader perspective of the specific environment within which the City 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 a prospective 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 component unit, 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, was 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, is in the final stages of completion.

Drainage detention and channels have been ongoing projects for several years that 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. Due to the economic downturn, the year 2009 sales tax revenues did fall short of year 2008 revenues by one percent. Although additional retail establishments continue to come to the City, with the state of the national economy, the City did choose to take a conservative approach for the 2010 year and budgeted no increase in sales tax revenues from the 2009 year.

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 the year 2009 aimed at responsibly planning for the City's future and accomplishing the goals established by council during their strategic planning process. Funds were budgeted for the City's first Comprehensive Master Plan which received final approval in December 2009 after a year-long community based planning effort. The City also completed the Livable Centers Project in cooperation with a grant received through the Houston Galveston Area Council. The Project addressed elements to preserve, promote, and enhance Tomball's Downtown as the identifiable physical, social, and cultural heart of the City. The City will move forward to develop a Downtown Specific Area Plan during the next fiscal year and The Medical Campus and Railroad Corridor Specific Area Plans in the near future.

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.

Cash Management

The City follows an active program of cash management, keeping all temporarily idle funds in interest-bearing accounts. These accounts are in the form of money market (government-based) funds, U.S. Treasury issues, and federal government agency instrumentalities. The City's investment policy is used to safeguard assets with a minimal amount of risk, while maintaining the necessary level of liquidity and maximizing the yield on investments. Accordingly, all of the City's deposits are either insured by the Federal Deposit Insurance Corporation or are collateralized by governmental securities. A third-party financial institution, in the City's name, holds all collateral for deposits. State statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies; obligations of the State of Texas and related agencies; fully collateralized repurchase agreements; local government investment pools; SEC-registered, no-load money market mutual funds; fully collateralized certificates of deposit; and municipal securities of any state rated "AA" or above by a nationally recognized rating service.

Independent Audit

The City Charter requires an independent audit of the accounts of the City by an independent auditor. Belt Harris & Associates, LLLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Tomball's financial statements for the year ended September 30, 2009. The independent auditor's 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, 2008. 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. I believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement requirements, and I am submitting it 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, 2008. This is the first 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 governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Tomball's finances.

Respectfully submitted,

Randall Parr
Interim Finance Director

CITY OF TOMBALL, TEXAS

ORGANIZATIONAL CHART

September 30, 2009

Staff Organizational Chart

- Tomball Citizens
  - Mayor and City Council
    - Economic Development
    - Planning Commission
    - Municipal Judge
    - City Attorney
    - Other Boards & Commissions
    - City Manager
      - City Secretary
        - Reception/Vital Statistics
      - Assistant to City Manager
        - Municipal Court
        - Community Center
      - Human Resources
        - Personnel
        - Payroll
        - Risk Management
      - Director of Finance
        - Accounting
        - Budgeting
        - Purchasing
        - Utility Billing
        - Tax
      - Fire Chief
        - Fire Marshal
        - Firefighters
        - Emergency Management
      - Police Chief
        - Investigations
        - Patrol
      - Assistant City Manager
        - Building Official
          - Code Enforcement
          - Building Inspections
          - Permits
        - Director of Engineering & Planning
          - Engineering
          - Planning
          - Construction Inspection
          - GIS
        - Director of Public Works
          - General Services
            - Facilities
            - Streets
            - Parks
            - Garage
            - Sanitation
          - Utility Services
            - Water
            - Sewer
            - Gas

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, 2008

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, 2009

City Officials	Elected Position	Term Expires
Gretchen Fagan	Mayor	2010
David Quinn	Councilman Position 1	2011
Mark Stoll	Councilman Position 2	2012
Bill Webb	Councilman Position 3	2010
Derek Townsend	Councilman Position 4	2012
Warren Driver	Councilman Position 5	2011

Department Heads	Appointive Position
Open	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
Open	Finance Director

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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, 2009, 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, 2009, 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 on pages 17 through 24, budgetary comparison information on page 63, and pension information on pages 64 through 65, 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. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming an opinion on the City's basic financial statements. The introductory section, combining statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund statements and schedules have been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Belt Harris & Associates, LLLP

Belt Harris & Associates, LLLP
Certified Public Accountants
Houston, Texas
January 12, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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CITY OF TOMBALL, TEXAS

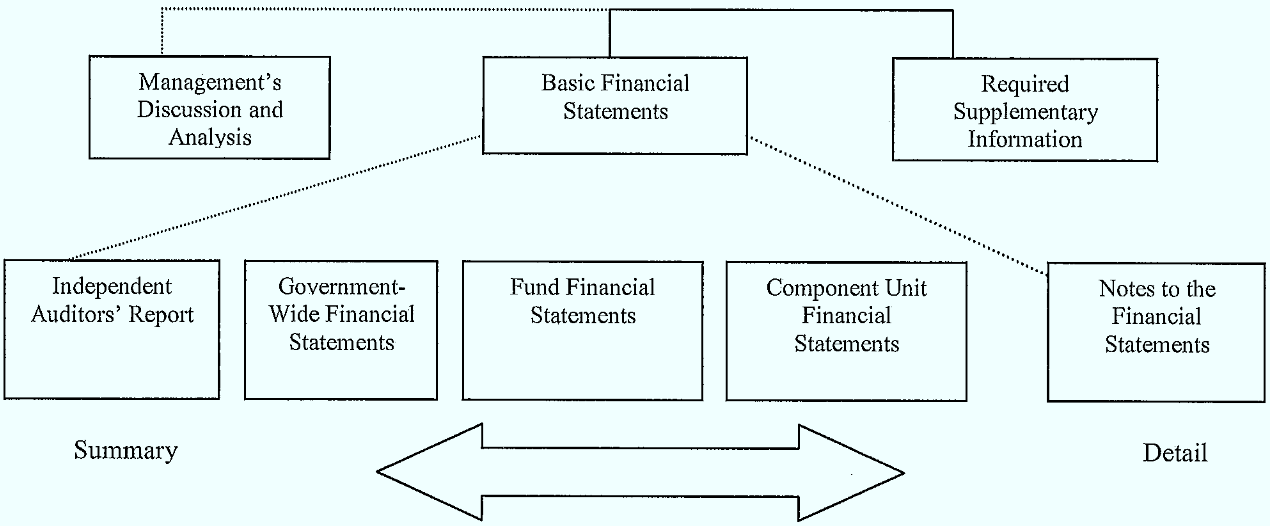
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the Year Ended September 30, 2009

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, 2009. 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

Components of the Financial Section



The comprehensive 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 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 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 police and fire protection, municipal court, streets, garage, sanitation, 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*.

The City maintains ten 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 and debt service fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

Proprietary Funds

The City maintains two different types of proprietary funds. 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. Internal service funds are an accounting device used to accumulate and allocated costs internally among the City various functions. The City uses internal service funds to account for its equipment replacements services and health care provided to other departments or agencies of the City. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

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 budgetary comparison schedules for the general fund, schedule of funding progress for Texas Municipal Retirement System, and schedule of funding progress for Texas Emergency Services Retirement System. 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 $66,421,850 as of September 30, 2009. 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, 2009. A 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.

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets:

SUMMARY STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Current and other assets	$ 17,118,836	$ 21,428,041	$ 12,632,764	$ 10,744,038	$ 29,751,600	$ 32,172,079
Capital assets, net	31,721,552	27,113,404	38,327,708	37,981,472	70,049,260	65,094,876
Total Assets	48,840,388	48,541,445	50,960,472	48,725,510	99,800,860	97,266,955
Long-term liabilities	17,376,615	18,677,939	12,449,196	13,402,586	29,825,811	32,080,525
Other liabilities	1,678,624	1,539,176	1,874,575	936,984	3,553,199	2,476,160
Total Liabilities	19,055,239	20,217,115	14,323,771	14,339,570	33,379,010	34,556,685
Net Assets:						
Invested in capital assets, net of related debt	16,143,552	10,206,785	26,080,707	24,774,972	42,224,259	34,981,757
Restricted	2,278,695	2,474,658	-	-	2,278,695	2,474,658
Unrestricted	11,362,902	15,642,887	10,555,994	9,610,968	21,918,896	25,253,855
Total Net Assets	$ 29,785,149	$ 28,324,330	$ 36,636,701	$ 34,385,940	$ 66,421,850	$ 62,710,270

A portion of the primary government's net assets, $2,278,695 or 3.43 percent, represents resources that are subject to external restriction on how they may be used. This is a decrease of 7.9 percent, primarily as a result of the City utilizing these restricted funds to continue special projects. The remaining balance of unrestricted net assets, $21,918,896 or 33.0 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net assets increased by $3,711,580 during the current fiscal year, an increase of 5.9 percent in comparison to the prior year. This increase is primarily the result of an increase in utility billing revenues. While economic conditions were affected by the nation's economy, the City's overall condition improved slightly.

Statement of Activities

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

CHANGES IN NET ASSETS

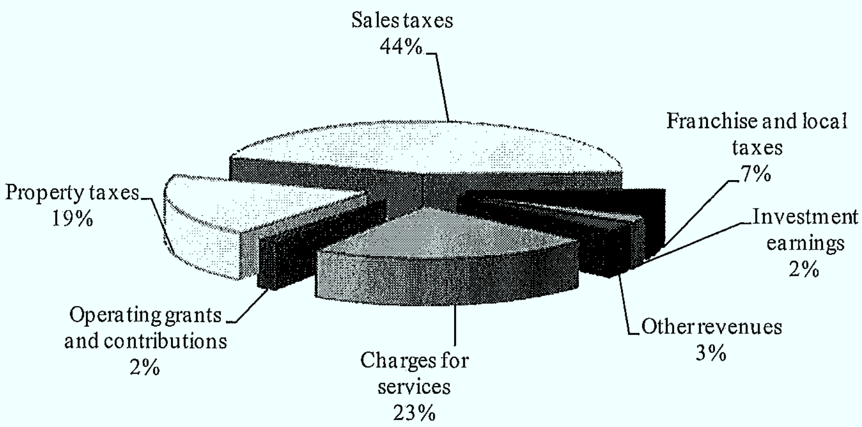
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services	$ 3,641,050	$ 3,534,692	$ 11,442,271	$ 8,954,151	$ 15,083,321	$ 12,488,843
Operating grants and contributions	278,350	399,095	720,000	720,000	998,350	1,119,095
General revenues:						
Property taxes	3,036,649	2,445,024	-	-	3,036,649	2,445,024
Sales taxes	7,038,176	7,100,293	-	-	7,038,176	7,100,293
Franchise and local taxes	1,150,591	1,201,401	-	-	1,150,591	1,201,401
Other taxes	308,100	267,133	-	-	308,100	267,133
Investment earnings	325,789	756,431	175,119	308,849	500,908	1,065,280
Other revenues	405,391	381,168	2,860	-	408,251	381,168
Total Revenues	16,184,096	16,085,237	12,340,250	9,983,000	28,524,346	26,068,237
Expenses						
General government	3,091,652	1,734,307	2,235,193	2,775,923	5,326,845	4,510,230
Public safety	6,720,247	7,224,244	-	-	6,720,247	7,224,244
Public works	5,692,269	6,325,789	-	-	5,692,269	6,325,789
Community services	260,561	471,539	-	-	260,561	471,539
Interest and fiscal agent fees	708,109	790,736	-	-	708,109	790,736
Water	-	-	2,215,841	2,305,841	2,215,841	2,305,841
Sewer	-	-	1,402,558	1,164,702	1,402,558	1,164,702
Gas	-	-	2,486,336	2,727,066	2,486,336	2,727,066
Total Expenses	16,472,838	16,546,615	8,339,928	8,973,532	24,812,766	25,520,147
Change in Net Assets	(288,742)	(461,378)	4,000,322	1,009,468	3,711,580	548,090
Transfers	1,749,561	39,291	(1,749,561)	(39,291)	-	-
Net assets, beginning of year	28,324,330	28,746,417	34,385,940	33,415,763	62,710,270	62,162,180
Net Assets, End of Year	$ 29,785,149	$ 28,324,330	$ 36,636,701	$ 34,385,940	$ 66,421,850	$ 62,710,270

For the year ended September 30, 2009, revenues from governmental activities totaled $16,184,096. Sales tax revenues are the City's largest revenue source. The City is continuing to invest in U.S. agencies as well as TexPool and Texas Class, accounting for the investment earnings, which decreased by $430,642 from prior year.

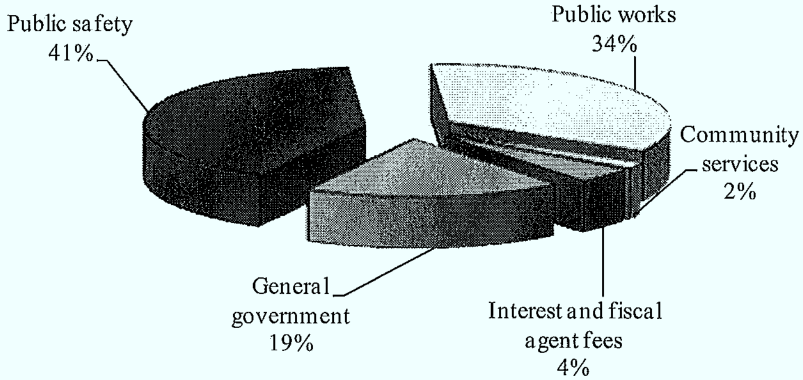
Franchise fees collected from electric, gas, cable, and telephone/telecommunications utilities totaled $1,150,591 for the year ended September 30, 2009, a decrease of four percent from the prior year.

For the year ended September 30, 2009, expenses for governmental activities totaled $16,472,838. This represents a decrease of $73,777 from last year. A contributing factor in the decrease of these expenses is the City's effort to keep expenses at the same level or below due to the economy.

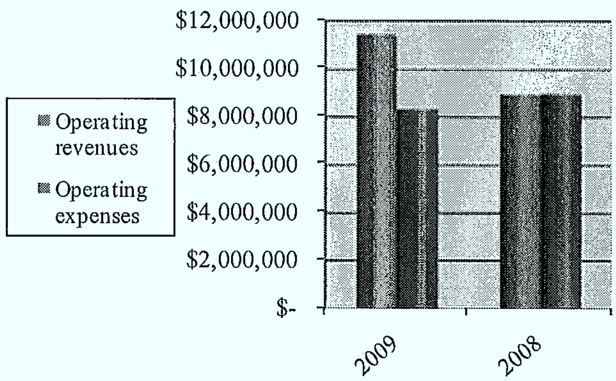
Governmental Activities - Revenues



Governmental Activities - Expenses



Business-Type Activities - Revenues and Expenses



The City increased water and sewer rates resulting in an increase to charges for services during the year in the Enterprise Fund. Operating expenses for business-type activities were comparable to those of the prior year.

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 $14,624,807. Of this, $1,195,663 is reserved for debt service, $195,994 for court security, and $138,619 for court technology.

There was a decrease in the combined fund balance of $4,624,356 in comparison to the prior year. The decrease is related to the City's plan to use existing fund balance on construction projects.

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 $12,194,969. 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 approximately 60% of total general fund expenditures.

The debt service fund has a total fund balance of $1,195,663, 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 $616,312. 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 $9,863,531 in the general fund. However, the net change in fund balance decreased by $4,457,809 resulting in a positive variance of $5,405,722 from final budgeted over actual.

Actual revenues exceeded final budgeted revenues by $776,920 during 2009. This variance includes a negative variance of $287,920 for investment revenue.

Final budgeted expenditures exceeded actual amounts by $4,614,155 for the fiscal year. The City did not expend as much as expected on capital projects during the year for street improvements.

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.

CAPITAL ASSETS

At the end of the year, the City's governmental activities funds had invested $31,721,552 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:

- Several building expansion projects
- Continued street construction

More detailed information about the City's capital assets is presented in the notes, section III, part C to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total certificates of obligation outstanding of $15,578,000 in governmental activities and $12,247,000 in business-type activities.

During the year, the City had a net reduction in the long-term debt of $2,070,000.

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

Current underlying ratings on debt issues are as follows:

	Moody's Investors Service	Standard and Poor's
Tax supported debt	A2	A+

ECONOMIC FACTORS

The City's property tax revenue continues to increase. A warrant service is being used to collect on delinquent traffic fines in the court department. The City has also seen a minor decrease in franchise fees this year. However, the City continues to experience growth due to new homes and new commercial entities within 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 the 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, 2009

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Cash and cash equivalents	$ 8,393,647	$ 5,114,411	$ 13,508,058	$ 5,144,185
Investments	6,362,792	5,812,765	12,175,557	2,777,541
Receivables, net	1,838,319	1,303,575	3,141,894	410,231
Internal balances	(324,483)	324,483	-	-
Inventory	-	77,530	77,530	-
Prepaid expenses	161,492	-	161,492	-
Investments restricted for:				
Debt service	687,069	-	687,069	-
Capital assets:				
Nondepreciable	12,887,200	2,930,754	15,817,954	-
Depreciable capital assets, net	18,834,352	35,396,954	54,231,306	-
Total Assets	48,840,388	50,960,472	99,800,860	8,331,957
Liabilities				
Accounts payable and other current liabilities	1,432,635	1,127,947	2,560,582	52,219
Accrued interest payable	85,440	66,825	152,265	-
Customer deposits	-	679,803	679,803	-
Net OPEB obligation	160,549	-	160,549	-
Noncurrent liabilities:				
Due within one year	1,632,413	1,052,024	2,684,437	-
Due in more than one year	15,744,202	11,397,172	27,141,374	-
Total Liabilities	19,055,239	14,323,771	33,379,010	52,219
Net Assets				
Invested in capital assets, net of related debt	16,143,552	26,080,707	42,224,259	-
Restricted for:				
Debt service	1,201,742	-	1,201,742	-
Special projects	1,076,953	-	1,076,953	-
Unrestricted	11,362,902	10,555,994	21,918,896	8,279,738
Total Net Assets	$ 29,785,149	$ 36,636,701	$ 66,421,850	$ 8,279,738

See Notes to Financial Statements.

CITY OF TOMBALL, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2009

		Program Revenues	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**
Primary Government			
Governmental Activities			
General government	$ 3,091,652	$ -	$ -
Public safety	6,720,247	1,044,706	
Public works	5,692,269	2,596,344	278,350
Community services	260,561	-	-
Interest on long-term debt	708,109	-	-
Total Governmental Activities	16,472,838	3,641,050	278,350
Business-Type Activities			
General government	2,235,193	146,205	720,000
Water	2,215,841	4,401,598	-
Sewer	1,402,558	2,468,377	-
Gas	2,486,336	4,426,091	-
Total Business-Type Activities	8,339,928	11,442,271	720,000
Total Primary Government	$ 24,812,766	$ 15,083,321	$ 998,350
Component Unit			
Tomball Industrial Development Corporation	$ 1,482,992	$ -	$ -

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
$ (3,091,652)	$ -	$ (3,091,652)	$ -
(5,675,541)	-	(5,675,541)	-
(2,817,575)	-	(2,817,575)	-
(260,561)	-	(260,561)	-
(708,109)	-	(708,109)	-
(12,553,438)	-	(12,553,438)	-
-	(1,368,988)	(1,368,988)	-
-	2,185,757	2,185,757	-
-	1,065,819	1,065,819	-
-	1,939,755	1,939,755	-
-	3,822,343	3,822,343	-
(12,553,438)	3,822,343	(8,731,095)	-
-	-	-	(1,482,992)
3,036,649	-	3,036,649	-
7,038,176	-	7,038,176	2,328,263
1,150,591	-	1,150,591	-
308,100	-	308,100	-
405,391	2,860	408,251	-
325,789	175,119	500,908	166,600
1,749,561	(1,749,561)	-	-
14,014,257	(1,571,582)	12,442,675	2,494,863
1,460,819	2,250,761	3,711,580	1,011,871
28,324,330	34,385,940	62,710,270	7,267,867
$ 29,785,149	$ 36,636,701	$ 66,421,850	$ 8,279,738

CITY OF TOMBALL, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2009

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Current assets:				
Cash and cash equivalents	$ 5,329,429	$ 510,245	$ 1,425,703	$ 7,265,377
Investments	6,362,792	-	-	6,362,792
Receivables, net	1,646,663	157,056	34,600	1,838,319
Restricted investments for:				
Debt service	-	687,069	-	687,069
Prepaid items	23,724	-	-	23,724
Total Assets	$ 13,362,608	$ 1,354,370	$ 1,460,303	$ 16,177,281
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 1,038,531	$ -	$ 249,852	$ 1,288,383
Deferred revenue	105,384	158,707	-	264,091
Total Liabilities	1,143,915	158,707	249,852	1,552,474
Fund balances:				
Reserved for:				
Prepaid items	23,724	-	-	23,724
Debt service	-	1,195,663	-	1,195,663
Court security	-	-	195,994	195,994
Court technology	-	-	138,619	138,619
Unreserved, undesignated reported in:				
General fund	12,194,969	-	-	12,194,969
Special revenue funds	-	-	742,340	742,340
Capital projects funds	-	-	133,498	133,498
Total Fund Balances	12,218,693	1,195,663	1,210,451	14,624,807
Total Liabilities and Fund Balances	$ 13,362,608	$ 1,354,370	$ 1,460,303	

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	12,887,200
Depreciable capital assets, net	18,034,728
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	264,091
Internal service funds are used by management to charge the costs of certain capital assets to individual funds.	1,596,927
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(85,440)
Net OPEB obligation	(160,549)
Noncurrent liabilities due in one year	(1,632,413)
Noncurrent liabilities due in more than one year	(15,744,202)
Net Assets of Governmental Activities	$ 29,785,149

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, 2009

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	$ 1,533,374	$ 1,412,056	$ -	$ 2,945,430
Sales, franchise, and other taxes	8,233,352	-	263,515	8,496,867
Permits and licenses	247,548	-	-	247,548
Fines and forfeitures	784,232	-	260,474	1,044,706
Charges for services	2,348,796	-	-	2,348,796
Intergovernmental	103,769	-	174,581	278,350
Interest on investments	292,080	14,439	5,771	312,290
Other revenue	196,366	-	165,626	361,992
Total Revenues	13,739,517	1,426,495	869,967	16,035,979
Expenditures				
Current:				
Administrative	2,829,460	-	128,080	2,957,540
Police	4,948,900	-	-	4,948,900
Fire	1,190,375	-	-	1,190,375
Court	370,252	-	157,879	528,131
Public works	1,470,628	-	-	1,470,628
Sanitation	2,096,660	-	-	2,096,660
Streets	5,899,780	-	-	5,899,780
Permits	359,031	-	-	359,031
Garage	93,168	-	-	93,168
Parks	605,714	-	-	605,714
Community services	126,318	-	134,243	260,561
Debt service:				
Principal	-	1,328,619	-	1,328,619
Interest and fiscal agent fees	-	714,188	-	714,188
Total Expenditures	19,990,286	2,042,807	420,202	22,453,295
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,250,769)	(616,312)	449,765	(6,417,316)
Other Financing Sources (Uses)				
Sale of capital assets	43,399	-	-	43,399
Transfers in	1,749,561	-	-	1,749,561
Total Other Financing Sources (Uses)	1,792,960	-	-	1,792,960
Net Change in Fund Balance	(4,457,809)	(616,312)	449,765	(4,624,356)
Beginning fund balances	16,676,502	1,811,975	760,686	19,249,163
Ending Fund Balances	$ 12,218,693	$ 1,195,663	$ 1,210,451	$ 14,624,807

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, 2009

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

Net changes in fund balance - total governmental funds	$	(4,624,356)
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		5,387,966
Depreciation		(1,175,033)
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		1,328,619
Revenue in the Statement of Activities that does not provide current financial resources are not reported as revenue in the funds.		91,219
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 govermental activities.		547,007
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.		(94,603)
Change in Net Assets of Governmental Activities	$	1,460,819

See Notes to Financial Statements.

CITY OF TOMBALL, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUND

September 30, 2009

		Business-Type Activities		Governmental Activities
				Internal
		Enterprise Fund		Service Funds
Assets				
Current assets:				
Cash and cash equivalents	$	5,114,411	$	1,128,270
Investments		5,812,765		-
Accounts receivable, net		1,303,575		-
Inventory		77,530		-
Prepaid expenses		-		137,768
Total Current Assets		12,308,281		1,266,038
Noncurrent assets:				
Nondepreciable capital assets		2,930,754		-
Depreciable capital assets		51,005,503		998,963
Less: accumulated depreciation		(15,608,549)		(199,339)
Total Capital Assets (Net of Accumulated Depreciation)		38,327,708		799,624
Total Noncurrent Assets		38,327,708		799,624
Total Assets	$	50,635,989	$	2,065,662
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	$	1,127,947	$	144,252
Customer deposits		679,803		-
Current portion of bonds and other debt		1,052,024		-
Accrued interest payable		66,825		-
Total Current Liabilities		2,926,599		144,252
Noncurrent liabilities:				
Long-term portion of bonds payable		11,397,172		-
Total Noncurrent Liabilities		11,397,172		-
Total Liabilities		14,323,771		144,252
Net Assets				
Invested in capital assets, net of related debt		26,080,707		-
Unrestricted		10,231,511		1,921,410
Total Net Assets	$	36,312,218	$	1,921,410
Reconciliation to government-wide Statement of Net Assets:				
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		324,483		
Net assets of business-type activities	$	36,636,701		

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, 2009

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
Operating Revenues		
Charges for sales and services	$ 11,001,747	$ 1,644,318
Taps and connections	91,650	-
Penalties	94,613	-
Capital recovery fees	208,318	-
Miscellaneous	45,943	-
Total Operating Revenues	11,442,271	1,644,318
Operating Expenses		
Costs of sales and services	6,593,348	860,205
Depreciation	1,303,505	133,494
Total Operating Expenses	7,896,853	993,699
Operating Income	3,545,418	650,619
Non-Operating Revenues (Expenses)		
Investment income	162,471	7,845
Unrealized gain (loss) on investments	12,648	5,654
Interest expense	(560,186)	-
Contribution from component unit	720,000	-
Gain on sale of assets	2,860	-
Total Non-Operating Revenues (Expenses)	337,793	13,499
Income (Loss) Before Transfers	3,883,211	664,118
Transfers (out)	(1,749,561)	-
Change in Net Assets	2,133,650	664,118
Beginning net assets	34,178,568	1,257,292
Ending Net Assets	$ 36,312,218	$ 1,921,410

Reconciliation to government-wide Statement of Activities:	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	117,111
Change in net assets of business-type activities	$ 2,250,761

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, 2009

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
Cash Flows from Operating Activities		
Receipts from customers	$ 11,283,904	$ 1,644,318
Payments to suppliers	(4,668,199)	(853,721)
Payments to employees	(1,298,537)	-
Net Cash Provided by Operating Activities	5,317,168	790,597
Cash Flows from Noncapital Financing Activities		
Transfers	(1,749,561)	-
Contribution from component unit	720,000	-
Net Cash (Used) by Noncapital Financing Activities	(1,029,561)	-
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(1,640,771)	(567,258)
Principal paid on capital debt	(959,500)	-
Interest paid on capital debt	(560,186)	-
Net Cash (Used) by Capital and Related Financing Activities	(3,160,457)	(567,258)
Cash Flows from Investing Activities		
Purchase of investments	(3,987,898)	-
Interest received	175,119	13,499
Net Cash Provided (Used) by Investing Activities	(3,812,779)	13,499
Net Increase (Decrease) in Cash and Cash Equivalents	(2,685,629)	236,838
Beginning cash and cash equivalents	7,800,040	891,432
Ending Cash and Cash Equivalents	$ 5,114,411	$ 1,128,270
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 3,545,418	$ 650,619
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,303,505	133,494
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Current Assets:		
Accounts receivable	(488,314)	-
Inventory	18,968	-
Prepaid expenses	-	(137,768)
Increase (Decrease) in Current Liabilities:		
Accounts payable and accrued liabilities	607,644	144,252
Customer deposits	329,947	-
Net Cash Provided by Operating Activities	$ 5,317,168	$ 790,597

See Notes to Financial Statements.

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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" since 1987, which provides for a Council-City Manager form of government. 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; 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 Industrial Development Corporation and Employee Benefits Trust, although legally separate, are 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 Industrial 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 Industrial Development Corporation may be obtained from the following address:

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

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 requirements of 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 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, and 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.

Capital Projects Fund

The capital projects fund is 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 Governmental Accounting Standards Board (GASB) and all Financial Accounting Standards Board's (FASB) 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

The internal service funds are used to account for equipment replacement services and employee benefits provided to other departments or agencies of the City, on a cost reimbursement basis.

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 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 City 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.

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.

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:

Asset Description	Estimated Useful Life
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 is 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 or business-type 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 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 and debt service 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.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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.

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

Investment Type		Fair Value	Weighted Average Maturity (Years)	Credit Risk
City				
U.S. agencies	$	7,175,557	1.41	AAA
Certificates of deposit		5,069,317	0.35	N/A
TexPool		7,672,766	0.00	AAAm
Texas class		6,086,444	0.00	AAAm
Total fair value	$	26,004,084		
Portfolio weighted average maturity			0.46	
Component Unit				
U.S. agencies	$	277,541	3.67	AAA
Certificates of deposit		2,559,346	0.08	N/A
TexPool		3,133,940	0.00	AAAm
Texas class		2,000,475	0.00	AAAm
Total fair value	$	7,971,302		
Portfolio weighted average maturity			0.16	

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.

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, 2009, the City's investment in TexPool 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, 2009 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, respectively.

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 MBIA-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.

B. Receivables

The following comprise receivable balances at year end:

	General	Debt Service	Nonmajor Governmental	Enterprise
Property taxes	$ 107,036	$ 157,056	$ -	$ -
Sales taxes	1,052,655	-	-	-
Other taxes	105,991	-	749	-
Accounts	271,492	-	33,851	1,276,865
Interest	73,046	-	-	61,930
Intergovernmental	129,808	-	-	-
Other	55,352	-	-	2,303
Less allowance	(148,717)	-	-	(37,523)
	$ 1,646,663	$ 157,056	$ 34,600	$ 1,303,575

C. Capital Assets

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

	Primary Government			
	Beginning Balance	Increases	(Decreases)	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 4,521,005	$ -	$ -	$ 4,521,005
Construction in progress	3,485,171	4,881,024	-	8,366,195
Total capital assets not being depreciated	8,006,176	4,881,024	-	12,887,200
Other capital assets:				
Buildings and improvements	9,620,501	385,456	(3,000)	10,002,957
Machinery and equipment	5,879,291	632,864	(1,107,769)	5,404,386
Vehicles	3,530,317	-	(92,833)	3,437,484
Infrastructure	13,171,602	-	(7,435)	13,164,167
Total other capital assets	32,201,711	1,018,320	(1,211,037)	32,008,994
Less accumulated depreciation for:				
Buildings and improvements	(1,860,691)	(252,674)	690	(2,112,675)
Machinery and equipment	(4,199,442)	(519,987)	1,107,769	(3,611,660)
Vehicles	(2,627,728)	(179,811)	92,833	(2,714,706)
Infrastructure	(4,379,918)	(356,055)	372	(4,735,601)
Total accumulated depreciation	(13,067,779)	(1,308,527)	1,201,664	(13,174,642)
Other capital assets, net	19,133,932	(290,207)	(9,373)	18,834,352
Totals	$ 27,140,108	$ 4,590,817	$ (9,373)	$ 31,721,552
		Less associated debt		(15,578,000)
		Invested in Capital Assets, Net of Related Debt		$ 16,143,552

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.

Depreciation was charged to governmental functions as follows:

Police	$	252,678
Streets		356,055
Public works		566,300
Internal service		133,494
Total Governmental Activities Depreciation Expense	$	1,308,527

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

	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 795,205	$ -	$ -	$ 795,205
Construction in progress	1,258,284	1,647,393	(770,128)	2,135,549
Total capital assets not being depreciated	2,053,489	1,647,393	(770,128)	2,930,754
Other capital assets:				
Gas system	5,625,262	181,515	-	5,806,777
Water and sewer system	40,806,758	731,868	(93)	41,538,533
Machinery and equipment	4,008,971	-	(348,778)	3,660,193
Total other capital assets	50,440,991	913,383	(348,871)	51,005,503
Less accumulated depreciation for:				
Gas system	(1,876,341)	(139,422)	-	(2,015,763)
Water and sewer system	(11,138,502)	(1,018,512)	22	(12,156,992)
Machinery and equipment	(1,498,165)	(145,571)	207,941	(1,435,795)
Total accumulated depreciation	(14,513,008)	(1,303,505)	207,963	(15,608,550)
Other capital assets, net	35,927,983	(390,122)	(140,908)	35,396,953
Totals	$ 37,981,472	$ 1,257,271	$ (911,036)	38,327,707
			Less associated debt	(12,247,000)
			Invested in Capital Assets, Net of Related Debt	$ 26,080,707

Depreciation was charged to business-type functions as follows:

Water and sewer	$	1,164,083
Gas		139,422
Total Business-Type Activities Depreciation Expense	$	1,303,505

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.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities					
Bonds, notes and other payables:					
Certificates of obligation	$ 16,688,500	$ -	$ 1,110,500	$ 15,578,000 *	$ 1,135,500
Capital leases	218,119	-	218,119	-	-
	16,906,619	- -	1,328,619	15,578,000	1,135,500
Other liabilities:					
Compensated absences	1,146,820	727,208	417,913	1,456,115	418,913
Landfill postclosure costs	624,500	-	282,000	342,500	78,000
Total Governmental Activities	$ 18,677,939	$ 727,208	$ 2,028,532	$ 17,376,615	$ 1,632,413
Long-term debt due in more than one year				$ 15,744,202	
Business-Type Activities					
Revenue bonds	$ 13,206,500	$ -	$ 959,500	$ 12,247,000 **	$ 959,500
Compensated absences	196,468	97,252	91,524	202,196	92,524
Total Business-Type Activities	$ 13,402,968	$ 97,252	$ 1,051,024	$ 12,449,196	$ 1,052,024
Long-term debt due in more than one year				$ 11,397,172	
***Debt associated with governmental activity capital assets**				$ 15,578,000	
****Debt associated with business-type activity capital assets**				$ 12,247,000	

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 and landfill postclosure costs 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.

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

Description	Interest Rates	Balance
Governmental Activities		
Certificates of Obligation		
Series 1995	4.6-5.125%	$ 200,000
Series 1998	4.75-6.3%	2,270,000
Series 2002	4.125-5.125%	6,363,000
Series 2003	1-4.5%	6,745,000
Total Certificates of Obligation		15,578,000
Total Governmental Activities Long-Term Debt		$ 15,578,000
Business-Type Activities		
Revenue Bonds		
Series 1999	2.9-4.1%	$ 4,470,000
Series 2002	4.125-5.125%	7,777,000
Total Business-Type Activities Long-Term Debt		$ 12,247,000

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

Year Ending Sep 30	Governmental Activity Principal	Governmental Activity Interest	Business-Type Activity Principal	Business-Type Activity Interest
2010	$ 1,135,500	$ 659,984	$ 969,500	$ 515,480
2011	1,165,500	612,038	984,500	476,034
2012	1,090,500	565,297	999,500	435,673
2013	1,125,500	519,365	1,014,500	394,663
2014-2018	6,143,000	1,830,784	5,357,000	1,302,818
2019-2023	4,918,000	535,997	2,922,000	249,669
Total	$ 15,578,000	$ 4,723,465	$ 12,247,000	$ 3,374,337

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.

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 the IRS's rules and regulations.

E. Interfund Transactions

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

Transfer Out	Transfer In	Amounts
Enterprise fund	General fund	$ 1,749,561

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

F. 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 $342,500 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. These amounts are 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 2,596 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.

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 833 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:

	2009	2008
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/yrs 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 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 29-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, 2007 valuation is effective for rates beginning January 2009). The annual pension cost and the net pension obligation (asset) are as follows:

	2009	2008	2007
Annual Req. Contrib. (ARC)	$ 963,335	$ 792,454	$ 683,317
Contributions Made	963,335	792,454	683,317
NPO at the End of Period	$ -	$ -	$ -

The required contribution rates for fiscal year 2009 were determined as part of the December 31, 2006 and 2007 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2008, also follows:

	2009	2008	2007
Actuarial Valuation Date	12/31/2008	12/31/2007	12/31/2006
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Unit Credit
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
Remaining Amortization Period	29 Years - Closed period	30 Years - Closed period	25 Years - Open period
Asset Valuation Method	Amortized cost	Amortized cost	Amortized cost
Investment Rate of Return	7.5%	7.0%	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%	NA

The funded status as of December 31, 2008, the most recent valuation date, is as follows:

		2009
Actuarial Valuation Date		12/31/2008
Actuarial Value of Assets	$	10,293,118
Actuarial Accrued Liability	$	15,605,065
Percentage Funded		66.0%
Unfunded Actuarial Accrued Liability (UAAL)	$	5,311,947
Annual Covered Payroll	$	7,040,733
UAAL as a Percentage of Covered Payroll		75.4%

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, 2008, there were 186 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.

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, 2008, total contributions (dues and prior service) of $2,439,339 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. In addition, the state appropriated $8,800,000 for the fiscal year ending August 31, 2008. Total contributions made were greater than the contributions required by the state statute and were greater than the contributions required based on the revised August 31, 2006 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, 2008 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, 2009 ($415,405 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 $425,000 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	6 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

Three-Year Contribution Information

	Annual Pension	*Percentage of ARC*	*Net Pension*
Fiscal year	*Cost (ARC)*	*Contributions*	*Obligation*
2007	$ 5,072	100%	$ -
2008	$ 8,604	100%	$ -
2009	$ 7,512	100%	$ -

D. Other Post-Employment Benefits (OPEB)

1. City of Tomball Retiree Health Care Plan

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 Retiree 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 to retirees 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.

Funding Policy

The City has elected to finance the OPEB plan on a pay-as-you-go basis. The City paid $11,577 related to the plan for two retirees during the year.

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 estimates 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 April 30, 2008, the actuarial value of plan assets is zero dollars, the actuarial accrued liability is $698,417, the total unfunded actuarial liability is $698,417, and the actuarial value of assets as a percentage of the actuarial accrued liability is zero percent. The actuarial determined annual required contribution (ARC) is $89,777. The components of the ARC consist of the employer's normal cost and the amortization of the unfunded actuarial accrued liabilities.

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 - Open period
Asset Valuation Method	Market value smoothed
Investment Rate of Return	4.5%
Projected Salary Increases	3.0%
Healthcare Cost Trend Rate (Initial/Ultimate)	10.0%/4.5%

Three-Year Contribution Information

	Annual OPEB	*Percentage of ARC*	*Net OPEB Obligation*	
Fiscal year	***Cost (ARC)***	***Contributions***	***Beginning***	***Ending***
2007	$ N/A	N/A	$ N/A	$ N/A
2008	$ 87,162	5,110	$ -	$ 82,052
2009	$ 90,074	11,577	$ 82,052	$ 160,549

2. 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, 2009, 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 year ended September 30, 2009 is shown below.

	2009	2008	2007
Annual Req. Contrib. (Rate)	0.03%	0.03%	0.02%
Actual Contribution Made	0.03%	0.03%	0.02%
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, 2009

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	$ 1,772,115	$ 1,567,237	$ 1,533,374	$ (33,863)
Sales, franchise, and other taxes	8,491,680	7,379,220	8,233,352	854,132
Permits and licenses	329,660	318,660	247,548	(71,112)
Fines and forfeitures	698,700	643,700	784,232	140,532
Services revenue	2,100,000	2,100,000	2,348,796	248,796
Intergovernmental	283,700	131,900	103,769	(28,131)
Interest on investments	800,000	580,000	292,080	(287,920)
Other revenues	241,880	241,880	196,366	(45,514)
Total Revenues	14,717,735	12,962,597	13,739,517	776,920
Expenditures				
Administrative	2,684,365	3,156,882	2,829,460	327,422
Police	5,445,938	5,077,746	4,948,900	128,846
Fire	1,728,471	1,407,255	1,190,375	216,880
Court	445,136	421,694	370,252	51,442
Public works	1,689,120	1,471,430	1,470,628	802
Sanitation	2,350,100	2,366,600	2,096,660	269,940
Streets	3,674,492	9,447,115	5,899,780	3,547,335
Permits	412,632	390,202	359,031	31,171
Garage	201,370	106,050	93,168	12,882
Parks	572,381	610,853	605,714	5,139
Community services	159,571	148,614	126,318	22,296
Total Expenditures	19,363,576	24,604,441	19,990,286	4,614,155
Excess of Revenues Over (Under) Expenditures	(4,645,841)	(11,641,844)	(6,250,769)	5,391,075
Other Financing Sources				
Transfers in	1,778,313	1,778,313	1,749,561	(28,752)
Sale of capital assets	-	-	43,399	43,399
Total Other Financing Sources	1,778,313	1,778,313	1,792,960	14,647
Net Change in Fund Balance	$ (2,867,528)	$ (9,863,531)	(4,457,809)	$ 5,405,722
Beginning fund balance			16,676,502	
Ending Fund Balance			$ 12,218,693	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF TOMBALL, TEXAS

SCHEDULE OF FUNDING PROGRESS

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2009

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	2009	2008	2007	2006	2005
Actuarial Valuation Date	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Actuarial Value of Assets	$ 10,293,118	$ 9,288,904	$ 9,557,364	$ 8,738,552	$ 7,757,000
Actuarial Accrued Liability	$ 15,605,065	$ 14,020,342	$ 11,949,758	$ 10,737,581	$ 9,547,034
Percentage Funded	66.0%	66.3%	80.0%	81.4%	81.3%
Unfunded Actuarial Accrued Liability	$ 5,311,947	$ 4,731,438	$ 2,392,394	$ 1,999,029	$ 1,790,034
Annual Covered Payroll	$ 7,040,733	$ 6,052,532	$ 5,500,061	$ 5,270,959	$ 5,088,456
Unfunded Actuarial Accrued Liability (UAAL) % of Covered Payroll	75.4%	78.2%	43.5%	37.9%	35.2%
Net Pension Obligation (NPO) at the Beginning of Period	$ -	$ -	$ -	$ -	$ -
Annual Req. Contrib. (ARC)	963,335	792,454	683,317	617,905	587,980
Contributions Made	963,335	792,454	683,317	617,905	587,980
NPO at the End of Period	$ -	$ -	$ -	$ -	$ -

CITY OF TOMBALL, TEXAS

SCHEDULE OF FUNDING PROGRESS

TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

For the Year Ended September 30, 2009

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	2009	2008	2007	2006	2005
Actuarial Valuation Date	8/31/2008	8/31/2006	8/31/2006	8/31/2004	8/31/2004
Actuarial Value of Assets	$ 60,987,157	$ 42,268,305	$ 42,268,305	$ 38,140,501	$ 38,140,501
Actuarial Accrued Liability	$ 64,227,341	$ 58,082,828	$ 58,082,828	$ 51,567,426	$ 51,567,426
Percentage Funded	95.0%	72.8%	72.8%	74.0%	74.0%
Unfunded Actuarial Accrued Liability	$ 3,240,184	$ 15,814,523	$ 15,814,523	$ 13,426,925	$ 13,426,925
Total Members Covered	8,254	8,061	8,061	$ 7,994	$ 7,994
Unfunded Actuarial Accrued Liability (UAAL) Per Member Covered	$ 393	$ 1,962	$ 1,962	$ 1,680	$ 1,680
Net Pension Obligation (NPO) at the Beginning of Period	$ -	$ -	$ -	$ -	$ -
Annual Req. Contrib. (ARC)	7,512	8,604	5,072	3,708	2,744
Contributions Made	7,512	8,604	5,072	3,708	2,744
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-
FOR THE OPEB PLAN[1]

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (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%

[1] The City implemented GASB Statement No. 45 and the requirements have been implemented prospectively, therefore, the above illustration does not reflect similar information for the two preceding years.

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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, 2009

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Property taxes	$ 1,449,241	$ 1,412,056	$ (37,185)
Interest on investments	70,000	14,439	(55,561)
Total Revenues	1,519,241	1,426,495	(92,746)
Expenditures			
Debt service:			
Principal	1,401,293	1,328,619	72,674
Interest and fiscal agent fees	735,366	714,188	21,178
Total Expenditures	2,136,659	2,042,807	93,852
Net Change in Fund Balance	$ (617,418)	(616,312)	$ 1,106
Beginning fund balance		1,811,975	
Ending Fund Balance		$ 1,195,663	

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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

September 30, 2009

	Capital Projects	Special General	Court Security	Court Technology
Assets				
Current assets:				
Cash and cash equivalents	$ 133,498	$ 156,482	$ 195,994	$ 138,619
Accounts receivable	-	-	-	-
Total Assets	$ 133,498	$ 156,482	$ 195,994	$ 138,619
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Total Liabilities	-	-	-	-
Fund balances:				
Reserved for court security	-	-	195,994	-
Reserved for court technology	-	-	-	138,619
Unreserved	133,498	156,482	-	-
Total Fund Balances	133,498	156,482	195,994	138,619
Total Liabilities and Fund Balances	$ 133,498	$ 156,482	$ 195,994	$ 138,619

Housing Trust	Hotel Occupancy Tax	Red Light Camera	District Attorney	Bunny Run	Total Nonmajor Governmental Funds
$ 5,952	$ 225,372	$ 546,566	$ 22,702	$ 518	$ 1,425,703
-	749	33,851	-	-	34,600
$ 5,952	$ 226,121	$ 580,417	$ 22,702	$ 518	$ 1,460,303
$ -	$ 1,240	$ 242,612	$ 6,000	$ -	$ 249,852
-	1,240	242,612	6,000	-	249,852
-	-	-	-	-	195,994
-	-	-	-	-	138,619
5,952	224,881	337,805	16,702	518	875,838
5,952	224,881	337,805	16,702	518	1,210,451
$ 5,952	$ 226,121	580,417	22,702	518	$ 1,460,303

City of Tomball, Texas

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

For the Year Ended September 30, 2009

	Capital Projects	Special General	Court Security	Court Technology
Revenues				
Other taxes	$ -	$ -	$ -	$ -
Fines and forfeitures	-	-	23,566	31,443
Intergovernmental	-	-	-	-
Interest on investments	994	609	1,454	993
Other revenue	11,079	145,172	-	-
Total Revenue	12,073	145,781	25,020	32,436
Expenditures				
Current:				
Administrative	-	12,460	-	8,577
Court	-	-	-	-
Community services	-	-	-	-
Total Expenditures	-	12,460	-	8,577
Net Change in Fund Balances	12,073	133,321	25,020	23,859
Beginning fund balances	121,425	23,161	170,974	114,760
Ending Fund Balances	$ 133,498	$ 156,482	$ 195,994	$ 138,619

Housing Trust	Hotel Occupancy Tax	Red Light Camera	District Attorney	Bunny Run	Total Nonmajor Governmental Funds
$ -	$ 263,515	$ -	$ -	$ -	$ 263,515
-	-	205,465	-	-	260,474
-	-	-	174,581	-	174,581
210	1,511	-	-	-	5,771
-	-	1,319	-	8,056	165,626
210	265,026	206,784	174,581	8,056	869,967
22,518	55,924	28,601	-	-	128,080
-	-	-	157,879	-	157,879
-	126,705	-	-	7,538	134,243
22,518	182,629	28,601	157,879	7,538	420,202
(22,308)	82,397	178,183	16,702	518	449,765
28,260	142,484	159,622	-	-	760,686
$ 5,952	$ 224,881	$ 337,805	$ 16,702	$ 518	$ 1,210,451

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, 2009

COURT SECURITY

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	$ 22,000	$ 22,000	$ 23,566	$ 1,566
Interest on investments	6,000	6,000	1,454	(4,546)
Total Revenues	28,000	28,000	25,020	(2,980)
Net Change in Fund Balance	$ 28,000	$ 28,000	25,020	$ (2,980)
Beginning fund balance			170,974	
Ending Fund Balance			$ 195,994	

COURT TECHNOLOGY

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	$ 31,000	$ 31,000	$ 31,443	$ 443
Interest on investments	3,000	3,000	993	(2,007)
Total Revenues	34,000	34,000	32,436	(1,564)
Expenditures				
Administrative	6,525	6,525	8,577	(2,052)
Total Expenditures	6,525	6,525	8,577	(2,052)
Net Change in Fund Balance	$ 27,475	$ 27,475	23,859	$ (3,616)
Beginning fund balance			114,760	
Ending Fund Balance			$ 138,619	

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, 2009

	HOTEL OCCUPANCY TAX			
	Original Budget Amounts	**Final Budget Amounts**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
Revenues				
Other taxes	$ 190,000	$ 190,000	$ 263,515	$ 73,515
Interest on investments	3,000	3,000	1,511	(1,489)
Total Revenues	193,000	193,000	265,026	72,026
Expenditures				
Administrative	8,000	8,000	55,924	(47,924)
Community services	100,000	113,001	126,705	(13,704)
Total Expenditures	108,000	121,001	182,629	(61,628)
Net Change in Fund Balance	$ 85,000	$ 71,999	82,397	$ 10,398
Beginning fund balance			142,484	
Ending Fund Balance			$ 224,881	

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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, 2009

	Fleet Replacement	Health Benefits	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 1,121,758	$ 6,512	$ 1,128,270
Prepaid expenses	-	137,768	137,768
Total Current Assets	1,121,758	144,280	1,266,038
Noncurrent assets:			
Depreciable capital assets	998,963	-	998,963
Less: accumulated depreciation	(199,339)	-	(199,339)
Total Capital Assets (Net of Accumulated Depreciation)	799,624	-	799,624
Total Noncurrent Assets	799,624	-	799,624
Total Assets	$ 1,921,382	$ 144,280	$ 2,065,662
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	$ -	$ 144,252	$ 144,252
Total Current Liabilities	-	144,252	144,252
Total Liabilities	-	144,252	144,252
Net Assets			
Unrestricted	1,921,382	28	1,921,410
Total Net Assets	$ 1,921,382	$ 28	$ 1,921,410

City of Tomball, Texas

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS

For the Year Ended September 30, 2009

	Fleet Replacement	Health Benefits	Total
Operating Revenues			
Charges for sales and services	$ 838,172	$ 806,146	$ 1,644,318
Total Operating Revenues	838,172	806,146	1,644,318
Operating Expenses			
Costs of sales and services	54,059	806,146	860,205
Depreciation	133,494	-	133,494
Total Operating Expenses	187,553	806,146	993,699
Operating Income	650,619	-	650,619
Non-Operating Revenues (Expenses)			
Investment income	7,817	28	7,845
Unrealized gain (loss) on investments	5,654	-	5,654
Total Non-Operating Revenues (Expenses)	13,471	28	13,499
Change in Net Assets	664,090	28	664,118
Beginning net assets	1,257,292	-	1,257,292
Ending Net Assets	$ 1,921,382	$ 28	$ 1,921,410

See Notes to Financial Statements.

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CITY OF TOMBALL, TEXAS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2009

	Fleet Replacement	Health Benefits	Total
Cash Flows from Operating Activities			
Receipts from customers	$ 838,172	$ 806,146	$ 1,644,318
Payments to suppliers	(54,059)	(799,662)	(853,721)
Net Cash Provided by Operating Activities	784,113	6,484	790,597
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(567,258)	-	(567,258)
Net Cash (Used) by Capital and Related Financing Activities	(567,258)	-	(567,258)
Cash Flows from Investing Activities			
Interest received	13,471	28	13,499
Net Cash Provided by Investing Activities	13,471	28	13,499
Net Increase in Cash and Cash Equivalents	230,326	6,512	236,838
Beginning cash and cash equivalents	891,432	-	891,432
Ending Cash and Cash Equivalents	$ 1,121,758	$ 6,512	$ 1,128,270
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	$ 650,619	$ -	$ 650,619
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	133,494	-	133,494
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Current Assets:			
Prepaid expenses	-	(137,768)	(137,768)
Increase (Decrease) in Current Liabilities:			
Accounts payable and accrued liabilities	-	144,252	144,252
Net Cash Provided by Operating Activities	$ 784,113	$ 6,484	$ 790,597

See Notes to Financial Statements.

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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**

City of Tomball, Texas

NET ASSETS BY COMPONENT

Last Seven 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	$ 24,323,832	$ 20,964,503	$ 22,571,811	$ 25,916,635
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	$ 21,256,361	$ 26,393,738	$ 29,318,102	$ 32,170,800
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	$ 45,580,193	$ 47,358,241	$ 51,889,913	$ 58,087,435

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

2007	2008	2009
$ 7,175,862	$ 10,206,785	$ 16,143,552
3,686,000	1,835,397	2,278,695
17,884,555	16,282,148	11,362,902
$ 28,746,417	$ 28,324,330	$ 29,785,149
$ 25,045,502	$ 24,774,972	$ 26,080,707
876,468	-	-
7,493,793	9,610,968	10,555,994
$ 33,415,763	$ 34,385,940	$ 36,636,701
$ 32,221,364	$ 34,981,757	$ 42,224,259
4,562,468	1,835,397	2,278,695
25,378,348	25,893,116	21,918,896
$ 62,162,180	$ 62,710,270	$ 66,421,850

CITY OF TOMBALL, TEXAS

CHANGES IN NET ASSETS

Last Seven 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	9,286,210	10,764,015	11,816,145	12,041,971
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
Total business-type activities expenses	5,433,367	6,134,678	6,725,403	7,422,493
Total primary government expenses	$ 14,719,577	$ 16,898,693	$ 18,541,548	$ 19,464,464
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	130,331	130,217	207,951
Total governmental activities program revenues	3,740,136	2,846,406	3,121,343	3,400,714
Business-type activities				
Charges for services				
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
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	280,785	2,439,084	137,444
Total business-type activities program revenues	5,066,962	6,014,941	8,560,331	7,227,355
Total primary government program revenues	$ 8,807,098	$ 8,861,347	$ 11,681,674	$ 10,628,069
Net (Expense)/Revenue				
Governmental activities	$ (5,546,074)	$ (7,917,609)	$ (8,694,802)	$ (8,641,257)
Business-type activities	(366,405)	(119,737)	1,834,928	(195,138)
Total primary government net expense	$ (5,912,479)	$ (8,037,346)	$ (6,859,874)	$ (8,836,395)

2007	2008	2009
$ 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
2,744,139	2,775,923	2,235,193
1,890,696	2,305,841	2,215,841
1,081,343	1,164,702	1,402,558
2,496,747	2,727,066	2,486,336
8,212,925	8,973,532	8,339,928
$ 21,356,899	$ 25,520,147	$ 24,812,766
$ 1,352,444	$ 922,073	1,044,706
1,938,750	2,612,619	2,596,344
141,750	265,047	278,350
3,432,944	3,799,739	3,919,400
3,208,398	3,435,595	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
$ 11,718,734	$ 12,753,890	$ 16,081,671
$ (9,711,030)	$ (12,746,876)	(12,553,438)
72,865	(19,381)	3,822,343
$ (9,638,165)	$ (12,766,257)	$ (8,731,095)

CITY OF TOMBALL, TEXAS

CHANGES IN NET ASSETS (Continued)

Last Seven 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
Investment earnings	402,958	291,197	558,759	988,431
Other revenues	159,714	119,949	43,774	62,362
Gain (loss) on sale of capital assets	25,581	8,920	8,637	22,599
Transfers	-	(4,500,000)	-	-
Total governmental activities	8,607,009	4,558,282	10,302,110	11,986,081
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	1,101,324	5,436,152	1,089,436	3,047,836
Total primary government	$ 9,708,333	$ 9,994,434	$ 11,391,546	$ 15,033,917
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	$ 3,795,854	$ 1,957,088	$ 4,531,672	$ 6,197,522

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

	2007	2008	2009
	$ 1,168,491	$ 933,885	1,587,560
	1,299,344	1,511,139	1,449,089
	7,304,280	7,100,293	7,038,176
	1,140,734	1,201,401	1,150,591
	181,503	267,133	308,100
	1,222,816	756,431	325,789
	223,644	515,216	405,391
	-	-	-
	-	39,291	1,749,561
	12,540,812	12,324,789	14,014,257
	452,098	308,849	175,119
	720,000	720,000	2,860
	-	(39,291)	(1,749,561)
	1,172,098	989,558	(1,571,582)
	$ 13,712,910	$ 13,314,347	$ 12,442,675
	$ 2,829,782	$ (422,087)	1,460,819
	1,244,963	970,177	2,250,761
	$ 4,074,745	$ 548,090	$ 3,711,580

CITY OF TOMBALL, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

(Modified accrual basis of accounting)

	Fiscal Year			
	2000	**2001**	**2002**	**2003**
General Fund				
Reserved	$ -	$ -	$ 3,314,775	$ 7,877,234
Unreserved	11,734,819	11,998,860	18,571,716	14,046,018
Total general fund	$ 11,734,819	$ 11,998,860	$ 21,886,491	$ 21,923,252
All Other Governmental Funds				
Reserved	$ 1,370,026	$ 1,609,563	$ 1,383,613	$ 1,629,739
Unreserved, reported in:				
Capital project funds	-	-	-	612
Special revenue funds	25,805	14,107	15,716	21,429
Total all other governmental funds	$ 1,395,831	$ 1,623,670	$ 1,399,329	$ 1,651,780

2004	2005	2006	2007	2008	2009
$ 7,274,055	$ 4,268,304	$ 1,646,027	$ -	$ -	$ 23,724
15,224,108	18,009,256	21,048,552	21,199,234	16,676,502	12,194,969
$ 22,498,163	$ 22,277,560	$ 22,694,579	$ 21,199,234	$ 16,676,502	$ 12,218,693
$ 1,253,170	$ 915,699	$ 1,205,549	$ 2,407,556	$ 2,097,709	$ 1,530,276
9,218	9,637	9,757	79,883	121,425	133,498
38,108	34,187	23,333	138,137	353,527	742,340
$ 1,300,496	$ 959,523	$ 1,238,639	$ 2,625,576	$ 2,572,661	$ 2,406,114

CITY OF TOMBALL, TEXAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

(Modified accrual basis of accounting)

	Fiscal Year			
	2000	**2001**	**2002**	**2003**
Revenues				
Taxes	$ 6,139,677	$ 6,786,305	$ 7,507,370	$ 8,090,360
Pemits, licenses, and fees	276,890	395,010	495,521	372,621
Fines and forfeitures	665,483	650,348	683,007	537,494
Charges for services	1,234,510	1,405,308	1,577,404	1,626,644
Intergovernmental	897,911	243,656	140,536	1,242,684
Investment earnings	663,483	938,798	630,748	402,958
Other revenues	95,674	56,971	77,525	121,119
Total revenues	9,973,628	10,476,396	11,112,111	12,393,880
Expenditures				
General government	1,127,362	1,223,239	1,259,828	1,366,138
Public safety	2,582,371	2,867,985	3,072,942	3,236,266
Public works	1,556,792	1,757,733	2,170,635	2,095,207
Public service	651,088	514,182	346,732	369,130
Capital outlay	1,633,988	2,276,988	3,026,723	4,466,088
Debt service				
Principal	622,633	545,000	813,061	861,452
Interest and paying agent	348,893	341,127	437,206	719,307
Total expenditures	8,523,127	9,526,254	11,127,127	13,113,588
Excess of revenues over (under) expenditures	1,450,501	950,142	(15,016)	(719,708)
Other Financing Sources (Uses)				
Transfers in	-	-	180,000	-
Transfers out	(68,407)	(1,185,000)	-	-
Issuance of debt	-	726,738	9,500,147	-
Sale of capital assets	-	-	-	42,972
Total other financing sources	(68,407)	(458,262)	9,680,147	42,972
Net change in fund balances	$ 1,382,094	$ 491,880	$ 9,665,131	$ (676,736)
Debt service as a percentage of noncapital expenditures	14.10%	12.22%	15.43%	18.28%

2004	2005	2006	2007	2008	2009
$ 8,012,912	$ 9,716,624	$ 10,931,747	$ 10,936,779	$ 11,193,185	$ 11,442,297
317,369	331,660	409,694	414,713	319,177	247,548
531,439	700,112	832,314	728,148	922,073	1,044,706
1,749,537	1,850,595	1,850,925	2,059,958	2,293,442	2,348,796
202,331	202,217	279,950	213,750	265,047	278,350
291,197	558,759	878,636	1,222,817	713,433	312,290
187,369	81,671	98,866	168,216	332,551	361,992
11,292,154	13,441,638	15,282,132	15,744,381	16,038,908	16,035,979
1,628,722	1,727,172	1,800,747	1,837,112	3,822,202	2,606,885
3,777,556	4,548,579	4,741,965	5,130,493	6,010,899	7,770,127
2,764,994	2,734,706	2,856,974	3,112,853	3,635,764	3,713,018
385,465	449,795	424,129	1,113,084	550,513	932,492
4,850,051	2,236,496	2,814,130	2,762,545	3,521,127	5,387,966
1,373,838	1,391,273	1,194,405	1,138,174	1,158,174	1,328,619
949,814	948,260	891,842	830,330	795,482	714,188
15,730,440	14,036,281	14,724,192	15,924,591	19,494,161	22,453,295
(4,438,286)	(594,643)	557,940	(180,210)	(3,455,253)	(6,417,316)
-	-	-	-	-	1,749,561
(4,500,000)	-	-	-	(1,248,846)	-
8,500,000	-	-	-	-	-
23,413	33,064	28,399	-	182,665	43,399
4,023,413	33,064	28,399	-	(1,066,181)	1,792,960
$ (414,873)	$ (561,579)	$ 586,339	$ (180,210)	$ (4,521,434)	$ (4,624,356)
21.36%	19.83%	17.52%	14.96%	12.26%	12.27%

City of Tomball, Texas

TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

Last Ten Years

(Accrual basis of accounting)

Function	2000	2001	2002	2003	2004
Property	$ 1,494,389	$ 1,469,880	$ 1,656,767	$ 1,894,374	$ 1,978,526
Sales	3,809,017	4,323,015	4,725,338	5,134,332	4,918,390
Franchise fees	772,295	929,450	1,060,206	1,011,342	1,020,001
Other taxes	63,976	63,960	65,059	50,312	95,995
	$ 6,139,677	$ 6,786,305	$ 7,507,370	$ 8,090,360	$ 8,012,912

2005	2006	2007	2008	2009	Change 2008-2009
$ 2,068,974	$ 2,258,424	$ 2,310,262	$ 2,570,145	$ 3,036,649	18.15%
6,479,974	7,491,415	7,304,280	7,206,713	7,038,176	-2.34%
1,067,620	1,069,381	1,140,734	1,149,261	1,150,591	0.12%
100,056	112,527	181,503	267,066	308,100	15.36%
$ 9,716,624	$ 10,931,747	$ 10,936,779	$ 11,193,185	$ 11,533,516	3.04%

CITY OF TOMBALL, TEXAS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Six Years (2)

	2004	2005	2006	2007
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	(35,756,520)	(36,272,730)	(192,670,546)	(221,138,305)
Total Taxable Assessed Value (1)	$ 626,703,160	$ 672,907,720	$ 781,594,827	$ 747,922,472
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 six years are available at this time.
Tax rates are per $100 of assessed value.

2008	2009
$ 562,126,135	$ 494,490,612
516,025,633	962,896,368
(213,059,540)	(302,822,021)
$ 865,092,228	$ 1,154,564,959
0.251455	0.251455

CITY OF TOMBALL, TEXAS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

	2000	2001	2002	2003
City of Tomball by fund:				
General	$ 0.122770	$ 0.117600	$ 0.114000	$ 0.015410
Debt service	0.219750	0.189240	0.166000	0.264590
Total Direct Rates	0.342520	0.306840	0.280000	0.280000
Tomball Independent School District	1.590000	1.650000	1.680000	1.750000
Harris County	0.394800	0.394800	0.359000	0.383900
Harris County Flood Control District	0.080000	0.080000	0.061700	0.047600
Port of Houston Authority	0.021300	0.020400	0.018300	0.018300
Harris County Hospital District	0.146500	0.146500	0.202700	0.190200
School Equalization	0.006290	0.006290	0.006290	0.006290
Lone Star College System District	0.001174	0.001100	0.001100	0.001055
Emergency Service District #8	-	-	-	-
Total Direct and Overlapping Rates (1)	$ 2.582584	$ 2.605930	$ 2.609090	$ 2.677345

(1) Overlapping rates are those of local and county governments that apply within the City of Tomball.

Tax rates per $100 of assessed valuation
Source: Harris County Appraisal District

2004	2005	2006	2007	2008	2009
$ 0.100000	$ 0.108000	$ 0.116640	$ 0.106468	$ 0.101455	$ 0.131455
0.180000	0.172000	0.163360	0.144987	0.150000	0.120000
0.280000	0.280000	0.280000	0.251455	0.251455	0.251455
1.730000	1.730000	1.710000	1.580000	1.275000	1.360000
0.388100	0.388000	0.399860	0.402390	0.392390	0.389230
0.041700	0.041700	0.033220	0.032410	0.031060	0.030860
0.019900	0.020000	0.014740	0.013020	0.014370	0.017730
0.190200	0.190200	0.192160	0.192160	0.192160	0.192160
0.006290	0.006290	0.006290	0.006290	0.005853	0.005840
0.001055	0.114500	0.120700	0.114400	0.114400	0.110100
-	0.030000	0.030000	0.030000	0.030000	0.050000
$ 2.657245	$ 2.800690	$ 2.786970	$ 2.622125	$ 2.306688	$ 2.407375

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City of Tomball, Texas

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Ten Years Ago

	2009			1999		
Property Tax Payer	**Taxable Assessed Value**	**Rank**	**% of Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**% of Taxable Assessed Value**
B. J. Services	$ 183,798,798	1	15.92%	$ 11,406,220	2	3.08%
Wal-Mart	20,315,713	2	1.76%	13,020,640	1	3.52%
MSR TX Tomball LP	18,955,529	3	1.64%		n/a	
Lowe's	15,103,772	4	1.31%		n/a	
Centerpoint Energy	14,783,169	5	1.28%		n/a	
HEB Grocery	13,328,160	6	1.15%		n/a	
Weingarten Investments	12,887,614	7	1.12%		n/a	
NNN Park at Spring Creek LLC	12,655,681	8	1.10%		n/a	
Target Corporation	11,776,723	9	1.02%		n/a	
A S 62 HWY 249 & FM 2920	11,481,912	10	0.99%		n/a	
Reliant Energy - HL & P		n/a		10,853,210	3	2.93%
Southwestern Bell Telephone		n/a		8,756,090	4	2.37%
Park at Spring Creek L.C.		n/a		6,472,980	5	1.75%
Center America Properties		n/a		5,784,310	6	1.56%
Four Corners Equity Corporation		n/a		5,766,920	7	1.56%
Commonwealth SW		n/a		4,515,700	8	1.22%
KB Fund IV		n/a		4,375,270	9	1.18%
Alphil Investments		n/a		4,370,500	10	1.18%
Subtotal	$ 315,087,071		27.29%	$ 75,321,840		20.35%
Other Taxpayers	839,477,888		72.71%	294,890,360		79.65%
Total	$ 1,154,564,959		100.00%	$ 370,212,200		100.00%

Source: Harris County Tax Assessor-Collector's records.

CITY OF TOMBALL, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

	2000		2001		2002		2003	
Tax levy	$	1,311,000	$	1,330,000	$	1,549,800	$	1,600,000
Current tax collected	$	1,154,230	$	1,249,890	$	1,411,192	$	1,425,600
Percent of current tax collections		88.04%		93.98%		91.06%		89.10%
Delinquent tax collections	$	243,005	$	153,558	$	124,493	$	294,015
Total tax collections	$	1,397,235	$	1,403,448	$	1,535,685	$	1,719,615
Total collections as a percentage of current levy		106.58%		105.52%		99.09%		107.48%
Outstanding delinquent taxes	$	203,774	$	237,298	$	217,429	$	195,650
Outstanding delinquent taxes as percentage of current levy		15.543%		17.842%		14.029%		12.228%

2004	2005	2006	2007	2008	2009
$ 1,915,562	$ 2,013,497	$ 1,993,481	$ 2,130,000	$ 2,517,121	$ 2,919,478
$ 1,771,895	$ 1,834,296	$ 1,798,120	$ 1,904,220	$ 2,469,639	$ 2,843,461
92.50%	91.10%	90.20%	89.40%	98.11%	97.40%
$ 118,583	$ 135,905	$ 350,119	$ 265,982	$ 165,471	$ 34,679
$ 1,890,478	$ 1,970,201	$ 2,148,239	$ 2,170,202	$ 2,635,110	$ 2,878,140
98.69%	97.85%	107.76%	101.89%	104.69%	98.58%
$ 274,597	$ 254,685	$ 208,636	$ 346,256	$ 139,955	$ 105,276
14.335%	12.649%	10.466%	16.256%	5.560%	3.606%

City of Tomball, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Seven Years (1)

	2003	2004	2005	2006
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	14,662,483	21,788,645	20,397,372	19,202,967
Business-Type Activities:				
Revenue bonds	17,110,000	16,590,000	16,005,000	15,085,500
Total Primary Government	$ 31,772,483	$ 38,378,645	$ 36,402,372	$ 34,288,467
Personal Income	$ 37,787	$ 22,334	$ 30,222	$ 26,401
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 seven years are available at this time.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

2007	2008	2009
$ 17,774,000	$ 16,688,500	$ 15,578,000
290,793	218,540	-
18,064,793	16,907,040	15,578,000
14,151,000	13,206,500	12,247,000
$ 32,215,793	$ 30,113,540	$ 27,825,000
$ 24,564	$ 24,002	$ 24,576
11.404%	10.880%	9.760%
11,500	11,531	11,600
$ 2,801	$ 2,612	$ 2,399

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

	2000	2001	2002	2003
Net Taxable Assessed Value				
All property	$ 386,692,748	$ 493,134,250	$ 561,181,320	$ 580,358,740
Net Bonded Debt				
Gross bonded debt	$ 14,750,000	$ 13,780,000	$ 32,780,000	$ 31,030,000
Less debt service funds	-	-	-	-
Net Bonded Debt	$ 14,750,000	$ 13,780,000	$ 32,780,000	$ 31,030,000
Ratio of Net Bonded Debt To Assessed Value	3.81%	2.79%	5.84%	5.35%
Population	9,089	9,543	9,829	9,843
Net Bonded Debt Per Capita	$ 1,623	$ 1,444	$ 3,335	$ 3,152

2004	2005	2006	2007	2008	2009
$ 683,847,570	$ 672,907,720	$ 783,134,388	$ 981,484,973	$ 1,078,151,768	$ 1,154,564,959
$ 37,760,000	$ 35,910,000	$ 33,925,000	$ 31,925,000	$ 29,895,000	$ 27,825,000
-	-	-	-	-	-
$ 37,760,000	$ 35,910,000	$ 33,925,000	$ 31,925,000	$ 29,895,000	$ 27,825,000
5.52%	5.34%	4.33%	3.25%	2.77%	2.41%
9,883	9,930	10,625	11,500	11,500	11,600
$ 3,821	$ 3,616	$ 3,193	$ 2,776	$ 2,600	$ 2,399

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CITY OF TOMBALL, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2009

Governmental Unit	Net Bonded Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Tomball ISD	$ 219,177,814	20.860%	$ 54,158,818
Harris County	2,233,931,628	0.340%	6,436,255
Harris Co. Flood Control District	105,482,945	0.340%	370,535
Lone Star College System	155,503,000	1.030%	4,334,446
Port of Houston Authority	547,415,000	0.340%	1,861,211
Subtotal, overlapping debt			67,161,265
City Direct Debt		100.000%	15,578,000
Total Direct and Overlapping Debt			$ 82,739,265

Source: First Southwest Company

CITY OF TOMBALL, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Seven 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	$ 44,115,874	$ 47,214,757	$ 47,385,772	$ 59,473,939
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 2009

Assessed value	$ 1,154,564,959	
Debt limit (10% of assessed value)	115,456,496	(2)
Debt applicable to limit:		
General obligation bonds	15,578,000	
Less: amount set aside for repayment of general obligation debt	-	
Total net debt applicable to limit	15,578,000	
Legal debt margin	$ 99,878,496	

Note: The City's Home Rule Charter (1987) does not limit bonded debt.

(1) The requirement for statistical data is ten years; only seven years are available at this time.
(2) According to the City Charter, the City has no legal debt limit.

2007		2008		2009	
$	80,374,497	$	91,126,677	$	115,456,496
	17,774,000		15,578,000		15,578,000
$	62,600,497	$	75,548,677	$	99,878,496
	22.11%		17.09%		13.49%

CITY OF TOMBALL, TEXAS

PLEDGED-REVENUE COVERAGE

Last Ten Years

	2000	2001	2002	2003
Gross revenues	$ 4,703,321	$ 6,366,787	$ 5,748,215	$ 6,204,814
Operating expenses (1)	2,279,247	3,579,876	3,070,238	3,850,816
Net revenues available for debt service	$ 2,424,074	$ 2,786,911	$ 2,677,977	$ 2,353,998
DEBT SERVICE REQUIREMENTS (2)				
****Principal and interest**	$ 602,736	$ 575,996	$ 538,239	$ 538,846
Coverage	4.02	4.84	4.98	4.37

(1) Total operating expenses less depreciation

(2) Includes revenue bonds only

2004	2005	2006	2007	2008	2009
$ 7,005,922	$ 9,637,212	$ 7,014,177	$ 9,450,511	$ 9,987,545	$ 11,442,271
4,539,346	4,941,774	5,603,456	6,238,127	7,039,498	6,842,990
$ 2,466,576	$ 4,695,438	$ 1,410,721	$ 3,212,384	$ 2,948,047	$ 4,599,281
$ 538,846	$ 540,020	$ 540,674	$ 541,047	$ 541,575	$ 538,595
4.58	8.69	2.61	5.94	5.44	8.54

CITY OF TOMBALL, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

Fiscal Year Ended Sept 30	Population(1)	Personal Income	Per Capita Personal Income(5)	Median Age(2)	School Enrollment(3)	Unemployment Rate(4)
2000	9,089	222,198,783	24,447	33.5	6,982	4.80%
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	24,576	36.8	9,691	8.40%

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

	2009			2000	
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**
Tomball Regional Hospital	1,600	1	33.74%	1,200	1
Tomball ISD	1,346	2	28.38%	958	2
Tomball College (NHMCCD)	1,205	3	25.41%	471	4
Wal-Mart	450	4	9.49%	330	5
BJ Services Company, USA	400	5	8.44%	500	3
HEB	270	6	5.69%	n/a	n/a
City of Tomball	222	7	4.68%	86	6
Kroger	130	8	2.74%	n/a	n/a
Lowes	129	9	2.72%	n/a	n/a
Target	117	10	2.47%	n/a	n/a

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 (4,742).

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									
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
General Fund:										
Administration	7.5	7.5	7.5	7.5	8	8.25	8.5	9.5	9.5	9.5
Permits & inspection	2	2	3.5	3.5	4.5	4.5	5	6	5	5
Police department	39	41.5	44	44	47.5	50.5	50.5	52.5	52.5	52.5
Municipal court	6	6	7	6	5.5	4.5	4	4	5	5
Community center	4	4	4	3	3	3	3	3	3	3
Fire department	1	1	1.5	5.5	8.5	9	9	12	12	12
Public works admin.	3.5	3.5	4	4.5	4.5	6	5.5	6	7	7
Garage	1.5	1.5	1.5	1.5	1	1	1	1	1	1
Parks	2.5	3.5	3.5	3.5	3.2	4.2	4.2	4.2	5.2	5.2
Streets	7.3	7.3	7.3	8.3	10.2	9.2	9.2	7.2	8.2	8.2
General Fund Total	74.3	77.8	83.8	87.3	95.9	100.15	99.9	105.4	108.4	108.4
Enterprise Fund:										
Utility administration	7.5	7.5	8.5	8.5	9	11.25	11.5	11.5	11.5	11.5
Water	4.08	4.42	5.76	5.92	6.82	6.83	8.2	7.2	7.2	7.2
Wastewater	5.96	6.29	7.62	7.79	9.64	9.64	10.2	10.2	10.2	10.2
Gas	3.96	4.29	4.62	5.29	7.14	7.14	6.2	7.2	7.2	7.2
Enterprise Fund Total	21.5	22.5	26.5	27.5	32.6	34.86	36.1	36.1	36.1	36.1
TOTAL CITY POSITIONS	95.8	100.3	110.3	114.8	128.5	135.01	136	141.5	144.5	144.5

NOTES:

Around 20-35 temporary and seasonal employees are hired during the summer months as public works temporary employees, pool personnel and front desk. This count is not reflected above.

Police reserves (25) are not included.

Fire Department volunteers (60) are not included.

CITY OF TOMBALL, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Seven Years (1)

	Fiscal Year						
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Function/Program							
Police							
Arrests	2,034	1,804	1,766	1,611	1,812	1,840	1,625
Accident reports	704	650	563	523	609	499	440
Citations	5,518	8,153	13,194	12,473	7,602	12,445	10,820
Offense reports	2,319	2,959	2,130	2,321	2,174	2,398	2,050
Calls for service	9,323	8,553	8,804	8,861	8,558	8,299	7,688
Fire							
Emergency responses	N/A	647	623	860	1,028	1,241	1,056
Fire incidents	N/A	113	170	278	170	206	218
Average response time	N/A	6:19	6:17	6:07	5:40	5:34	4:38
Water							
New accounts	597	639	674	875	719	663	532
Source:							
Water	597	639	674	875	719	663	532
Sewer	597	639	674	875	719	663	532
Average daily consumption (millions of gallons)	1,798	1,798	1,851	2,002	1,897	1,980	2,166
Number of million gallons of well water pumped	656,384	675,448	751,880	730,198	692,163	722,788	790,409
Total consumption (millions of gallons)	656,384	675,448	751,880	730,198	692,363	722,788	790,409
Peak daily consumption (millions of gallons)	3,492	3,492	3,322	3,395	3,241	4,425	3,791
Sewer							
Average daily sewage treatment (millions of gallons)	1.339	1.595	1.468	1.500	1.636	1.422	1.428
Total consumption (millions of gallons)	488.735	582.175	535.820	547.500	597.140	519.030	521.220
Peak daily consumption (millions of gallons)	3.30	4.50	4.30	4.50	5.10	5.90	5.10

Source: Various City departments

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

CITY OF TOMBALL, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Seven Years (1)

	Fiscal Year						
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Function/Program							
Police							
Stations	1	1	1	1	1	1	1
Patrol units	26	26	27	31	32	26	28
Fire stations	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
Streetlights	462	462	639	642	648	648	648
Parks and recreation							
Parks	4	4	4	4	4	4	4
Parks acreage	24 acres	24 acres	24 acres	24 acres	24 acres	24 acres	24 acres
Swimming pools	1	1	1	1	1	1	1
Baseball/softball diamonds	8	8	8	8	8	8	8
Tennis courts	4	4	4	4	4	4	4
Basketball courts	1	1	1	1	1	1	1
Water							
Water mains (miles)	59	59	74	86	88	89	91.29
Fire hydrants	630	630	668	802	831	831	869
Storage capacity (millions of gallons)	N/A	N/A	N/A	N/A	1.85	1.85	1.85
Sewer							
Sanitary sewers (miles)	48.0	48.0	51.5	54.5	56.0	56.17	58.6
Storm sewers (miles)	15.0	16.2	16.9	16.9	16.9	16.9	17.2
Open ditch/creek/canal drainage (miles)	N/A	N/A	N/A	N/A	52.00	53	53.4
Treatment capacity (millions of gallons)	3	3	3	3	3	3	3

Source: Various City departments

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

Regular City Council Agenda Item Data Sheet

Meeting Date: January 18, 2010

Topic:

Approve Proposal from Kimley-Horn and Associates, Inc. for Professional Services for the Development of a Site Plan for the Historic Depot Plaza for a Not to Exceed Cost of $26,200.00.

Background:

At the regular City Council Meeting of November 2, 2009, Council approved a Memorial Tree Planting Program for the Depot as presented by Mayor Fagan, The Tomball Business Association, Spring Nursery, and Graco Awards. As part of the discussion by Mayor and Council, Mayor Fagan asked that public works implement and administer the program.

As a result, staff is recommending that in order to proceed with a Memorial Tree Planting Program, it will be necessary to utilize professional consulting services to develop a site plan for the Historic Depot Plaza. The proposed services will consist of a boundary and topographic survey that will identify existing property lines, improvements, and utilities, provide a replat of the depot property, and the development of a conceptual site plan and landscape plan necessary to implement a Memorial Tree Planting Program.

The funding for improvements and development for the depot plaza have historically been applied to 100-154-6409 (Project 80) Downtown Fund, and is the appropriate funding source for this project as it will facilitate all future improvements for the depot plaza. However, it is necessary that Council approve the carryover amendment presented by staff on January 4, 2010 so that the actual funds will become available.

The proposal submitted by Kimley-Horn and Associates, Inc. is attached for your review.

Origination:

David Kauffman, Director of Public Works

Recommendation:

Staff recommends approval of the proposal from Kimley-Horn and Associates, Inc. for professional services for the development of a site plan for the historic depot plaza for a Not to Exceed Cost of $26,200.00.

Funding: No

Funds will be transferred from Account: 100-154-6409 to Account: 100-154-6409

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

David Kauffman, Director of Public Works

ACTION TAKEN

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

ATTACHMENTS:

K-H Proposal for Depot Site Plan

Kimley-Horn
and Associates, Inc.

January 14, 2010

12012 Wickchester Ln.
Suite 500
Houston, Texas
77079

Mr. Steve Purvis
City of Tomball
501 James Street
Tomball, Texas 77375

Via Email: spurvis@ci.tomball.tx.us

Re: ***Proposal for Professional Services***
Historic Depot Plaza
Tomball, Texas

Dear Mr. Purvis:

Kimley-Horn and Associates, Inc. ("KHA") is pleased to submit this letter agreement (the "Agreement") to the City of Tomball ("the Client") for professional services. Our project understanding, scope of services, and fee are presented below.

PROJECT UNDERSTANDING

The client wishes for KHA to assist them with surveying, platting, and conceptual planning of the Historic Depot Plaza, an approximate 3 acre site located on the eastern end of the historic downtown area directly adjacent to the Burlington Northern Santa Fe Railroad. It is understood that the Client intends to plant approximately 20 trees within the Historic Depot Plaza this spring. It is our understanding that the intent of the scope of services outlined below is to gain a better understanding of the existing conditions, prepare a concept plan for the purposes of determining viable locations for the proposed trees, and replat the subject property.

SCOPE OF SERVICES

Task 1 – Boundary and Topographic Survey ***$5,700***

Through a sub-consultant, Terra Surveying Company, Inc., KHA will prepare a land title survey on the property substantially conforming to the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys as adopted by the American Land Title Association, American Congress on Surveying and Mapping and National Society of Professional Surveyors in 2005, including items 1-6, 7(a), 8-10, 11(b), 13, 14, and 16 in Table A as further qualified and amplified below:

1. Horizontal and vertical control will be established per the local jurisdictional requirements, if any.
2. Two originating benchmarks will be identified and at least two temporary benchmarks will be placed upon the site and noted on the survey, in detail.
3. Elevations will be obtained on a 50 foot by 50 foot grid with a 100 foot overlap onto adjacent properties which a Right of Entry has be obtained, including the location of any substantial, visible improvements in the overlap areas. Additionally, the topographic survey shall include the area within the public right-of-way along the access frontage of the entire proposed parcel to the right-of-way line on the opposite side of the street.
4. Elevations will be obtained at a minimum on 50 foot intervals at the centerline, top of curb, gutter, edge of pavement, edge of shoulder, and flow line of any drainage ditch along both sides of all adjoining roads.
5. Contour lines at a one-foot interval will be indicated on the survey map as dashed lines and will extend throughout the 100 foot overlap area and on the adjoining public right-of-way.
6. For all adjoining roads, the type of pavement, curbs, shoulders, sidewalks, painted and raised pavement markings, through lanes, medians, and speed limits will be indicated on the survey map.
7. The location and size of any curb cuts on the opposite side of the street from the subject property will be indicated on the survey map.
8. The type and size of pipes, invert elevations, and top of casting elevations will be obtained and indicated on the survey map for sanitary and storm sewers on the surveyed property or which appear to, or are known to, affect the subject property.
9. Tree size and type will be identified within the subject property and within 50 feet outside of the boundary.

KHA will obtain a current title commitment with documents supporting relevant items, for use in depicting the easements and encumbrances on the survey. The expenses associated with obtaining these documents are anticipated to be $600, and have been included in the budget noted for Task 6 – Project Expenses.

The Consultant will provide the Client with a PDF electronic copy and two (2) hard copies of the survey map for review and comment. The Consultant will incorporate, to the extent practicable, one (1) round of comments provided by the Client. The Consultant will distribute a PDF electronic copy and two (2) hard copies of the final survey map to the Client. The fees noted above for this task do not include state sales tax.

Task 2 – Replat ***$5,500***

With the assistance of a sub-consultant, Terra Surveying Company, Inc., KHA will prepare, submit, and record a replat of the subject property, in accordance with the published City of Tomball Subdivision Ordinace and Harris County guidelines.

This task also includes attendance at one Planning and Zoning meeting at which the plat will be considered for approval. This task does not include preliminary site design, site plan preparation or submittal, traffic impact studies or any items required beyond the plat document itself. This plat will depict easements noted in Schedule B of the title report, obtained in Task 1. City and/or County submission or filing fees are not included in the fee noted for this task.

Task 3 – Limited Existing Conditions Assessment ***$1,500***

KHA will assist the Client in evaluating the existing conditions of the subject site. This effort will consist of a site visit, reviewing the topographic survey prepared in Task 1, and obtaining available record drawings of the utilities and drainage improvements. It is not anticipated that conceptual civil engineering documents or drainage studies will need to be produced by KHA under this task. It is understood that the effort of this task will assist in the planning effort outlined in Task 4 below.

Task 4 – Conceptual Planning ***$6,000***

With the assistance of a sub-consultant, TBG Partners, KHA will perform conceptual planning services. The basis for conceptual planning will be the Master Plan prepared as part of the Livable Centers Downtown Plan.

The planning effort will focus primarily on those items which may impact potentially viable locations for planting the proposed trees. A maximum of two (2) site plan concept studies will be developed before developing one (1) finalized conceptual site plan. The final conceptual site plan will illustrate site plan uses in association with the site constraints. Benchmarking imagery along with quick vignette sketches will be used to illustrate the final concept plan. The vignette sketches will have quick color applied but will not be considered full marketing graphics.

It is our understanding that the final concept plan will not be considered a design or construction document. It is understood that further planning and engineering will be required at a later time in order to prepare design or construction documents for improvements of the Historic Depot Plaza.

Task 5 – Meetings ***$5,500***

KHA will facilitate and attend one (1) consultant team kick-off meeting with the Client and two (2) progress/coordination meetings with the Client. Also, KHA will support City staff at Planning & Zoning and City Council meetings. The budget noted for this task has assumed support at one (1) Planning and Zoning meeting, and two (2) City Council meetings.

Task 6 – Project Expenses ***$2,000***

The fee for this task is intended to capture project expenses such as express delivery services, mileage, plotting, etc. These expenses will be billed at 1.15 times cost as they are incurred. The budget noted above is an estimate only. Expenses will be billed as incurred and KHA shall inform the Client prior to exceeding the estimate given above. All permitting, application, and similar project fees will be paid directly by the Client.

ADDITIONAL SERVICES

Any services not specifically provided for in the above scope, as well as any changes in the scope the Client requests, will be considered additional services and will be performed at our then current hourly rates.

SCHEDULE

KHA will perform the tasks listed in the Scope of Services within a reasonable length of time as mutually agreed to by both KHA and the Client. It is anticipated that the length of time to perform the Scope of Services will range from 3-4 months, with the understanding that this schedule could vary depending on the client's availability for project meetings, as well as the scheduling of anticipated Planning & Zoning and City Council meetings.

FEE AND BILLING

KHA's fee for performing the tasks listed in the Scope of Services will not exceed $26,200 without approval from the Client. Fees will be invoiced monthly based upon the percentage of services performed as of the invoice date. Payment will be due within 25 days of your receipt of the invoice.

(this area intentionally left blank)

CLOSURE

In addition to the matters set forth herein, our Agreement shall include and be subject to, and only to, the terms and conditions in the attached Standard Provisions, which are incorporated by reference. As used in the Standard Provisions, the term "the Consultant" shall refer to Kimley-Horn and Associates, Inc., and the term "the Client" shall refer to City of Tomball.

If you concur in all the foregoing and wish to direct us to proceed with the services, please have authorized persons execute a copy of this Agreement in the spaces provided below, retain one copy, and return the other to us. Fees and times stated in this Agreement are valid for sixty (60) days after the date of this letter.

We appreciate the opportunity to provide these services to you. Please contact me if you have any questions.

Very truly yours,

KIMLEY-HORN AND ASSOCIATES, INC.

By: Mark Kirkland, P.E.
Associate

Brandon Guillory, P.E.
Associate

Attachment – Standard Provisions

Agreed to on this ________day of __________________, 2010

City of Tomball

By: ____

____
(Print Name)

Title: ____

KIMLEY-HORN AND ASSOCIATES, INC.
STANDARD PROVISIONS

(1) **Consultant's Scope of Services and Additional Services.** The Consultant's undertaking to perform professional services extends only to the services specifically described in this Agreement. However, if requested by the Client and agreed to by the Consultant, the Consultant will perform additional services ("Additional Services"), and such Additional Services shall be governed by these provisions. Unless otherwise agreed to in writing, the Client shall pay the Consultant for the performance of any Additional Services an amount based upon the Consultant's then-current hourly rates plus an amount to cover certain direct expenses including in-house duplicating, local mileage, telephone calls, postage, and word processing. Other direct expenses will be billed at 1.15 times cost. Technical use of computers for design, analysis, GIS, and graphics, etc., will be billed at $25.00 per hour.

(2) **Client's Responsibilities.** In addition to other responsibilities described herein or imposed by law, the Client shall:
(a) Designate in writing a person to act as its representative with respect to this Agreement, such person having complete authority to transmit instructions, receive information, and make or interpret the Client's decisions.
(b) Provide all information and criteria as to the Client's requirements, objectives, and expectations for the project including all numerical criteria that are to be met and all standards of development, design, or construction.
(c) Provide to the Consultant all previous studies, plans, or other documents pertaining to the project and all new data reasonably necessary in the Consultant's opinion, such as site survey and engineering data, environmental impact assessments or statements, zoning or other land use regulations, etc., upon all of which the Consultant may rely.
(d) Arrange for access to the site and other private or public property as required for the Consultant to provide its services.
(e) Review all documents or oral reports presented by the Consultant and render in writing decisions pertaining thereto within a reasonable time so as not to delay the services of the Consultant.
(f) Furnish approvals and permits from governmental authorities having jurisdiction over the project and approvals and consents from other parties as may be necessary for completion of the Consultant's services.
(g) Cause to be provided such independent accounting, legal, insurance, cost estimating and overall feasibility services as the Client may require or the Consultant may reasonably request in furtherance of the project development.
(h) Give prompt written notice to the Consultant whenever the Client becomes aware of any development that affects the scope and timing of the Consultant's services or any defect or noncompliance in any aspect of the project.
(i) Bear all costs incident to the responsibilities of the Client.

(3) **Period of Services.** Unless otherwise stated herein, the Consultant will begin work timely after receipt of an executed copy of this Agreement and will complete the services in a reasonable time. This Agreement is made in anticipation of conditions permitting continuous and orderly progress through completion of the services. Times for performance shall be extended as necessary for delays or suspensions due to circumstances that the Consultant does not control. If such delay or suspension extends for more than six months (cumulatively), Consultant's compensation shall be renegotiated.

(4) **Method of Payment.** Compensation shall be paid to the Consultant in accordance with the following provisions:
(a) Invoices will be submitted periodically, via regular mail or email, for services performed and expenses incurred. Payment of each invoice will be due within 25 days of receipt. The Client shall also pay any applicable sales tax. All retainers will be held by the Consultant for the duration of the project and applied against the final invoice. Interest will be added to accounts not paid within 25 days at the rate of 12% per annum beginning on the 25th day. If the Client fails to make any payment due the Consultant under this or any other agreement within 30 days after the Consultant's transmittal of its invoice, the Consultant may, after giving notice to the Client, suspend services until all amounts due are paid in full.
(b) If the Client objects to an invoice, it must advise the Consultant in writing giving its reasons within 14 days of receipt of the invoice or the Client's objections will be waived, and the invoice shall conclusively be deemed due and owing.
(c) If the Consultant initiates legal proceedings to collect payment, it may recover, in addition to all amounts due, its reasonable attorneys' fees, reasonable experts' fees, and other expenses related to the proceedings. Such expenses shall include the cost, at the Consultant's normal hourly billing rates, of the time devoted to such proceedings by its employees.
(d) The Client agrees that the payment to the Consultant is not subject to any contingency or condition. The Consultant may negotiate payment of any check tendered by the Client, even if the words "in full satisfaction" or words intended to have similar effect appear on the check without such negotiation being an accord and satisfaction of any disputed debt and without prejudicing any right of the Consultant to collect additional amounts from the Client.

(5) **Use of Documents.** All documents, including but not limited to drawings, specifications, reports, and data or programs stored electronically, prepared by the Consultant are related exclusively to the services described in this Agreement, and may be used only if the Client has satisfied all of its obligations under this Agreement. They are not intended or represented to be suitable for use, partial use or reuse by the Client or others on extensions of this project or on any other project. Any modifications made by the Client to any of the Consultant's documents, or any use, partial use or reuse of the documents without

written authorization or adaptation by the Consultant will be at the Client's sole risk and without liability to the Consultant, and the Client shall indemnify, defend and hold the Consultant harmless from all claims, damages, losses and expenses, including but not limited to attorneys' fees, resulting therefrom. Any authorization or adaptation will entitle the Consultant to further compensation at rates to be agreed upon by the Client and the Consultant. Any electronic files not containing an electronic seal are provided only for the convenience of the Client, and use of them is at the Client's sole risk. In the case of any defects in the electronic files or any discrepancies between them and the hardcopy of the documents prepared by the Consultant, the hardcopy shall govern. Only printed copies of documents conveyed by the Consultant may be relied upon. Because data stored in electronic media format can deteriorate or be modified without the Consultant's authorization, the Client has 60 days to perform acceptance tests, after which it shall be deemed to have accepted the data.

(6) **Opinions of Cost.** Because the Consultant does not control the cost of labor, materials, equipment or services furnished by others, methods of determining prices, or competitive bidding or market conditions, any opinions rendered as to costs, including but not limited to opinions as to the costs of construction and materials, shall be made on the basis of its experience and represent its judgment as an experienced and qualified professional, familiar with the industry. The Consultant cannot and does not guarantee that proposals, bids or actual costs will not vary from its opinions of cost. If the Client wishes greater assurance as to the amount of any cost, it shall employ an independent cost estimator. Consultant's services required to bring costs within any limitation established by the Client will be paid for as Additional Services.

(7) **Termination.** The obligation to provide further services under this Agreement may be terminated by either party upon seven days' written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party, or upon thirty days' written notice for the convenience of the terminating party. If any change occurs in the ownership of the Client, the Consultant shall have the right to immediately terminate this Agreement. In the event of any termination, the Consultant shall be paid for all services rendered and expenses incurred to the effective date of termination, and other reasonable expenses incurred by the Consultant as a result of such termination. If the Consultant's compensation is a fixed fee, the amount payable for services will be a proportional amount of the total fee based on the ratio of the amount of the services performed, as reasonably determined by the Consultant, to the total amount of services which were to have been performed.

(8) **Insurance.** The Consultant carries Workers' Compensation insurance, professional liability insurance, and general liability insurance. If the Client directs the Consultant to obtain increased insurance coverage, the Consultant will take out such additional insurance, if obtainable, at the Client's expense.

(9) **Standard of Care.** In performing its professional services, the Consultant will use that degree of care and skill ordinarily exercised, under similar circumstances, by reputable members of its profession in the same locality at the time the services are provided. No warranty, express or implied, is made or intended by the Consultant's undertaking herein or its performance of services, and it is agreed that the Consultant is not a fiduciary with respect to the Client.

(10) **LIMITATION OF LIABILITY.** In recognition of the relative risks and benefits of the Project to both the Client and the Consultant, the risks have been allocated such that the Client agrees, to the fullest extent of the law, and notwithstanding any other provisions of this Agreement or the existence of applicable insurance coverage, that the total liability, in the aggregate, of the Consultant and the Consultant's officers, directors, employees, agents, and subconsultants to the Client or to anyone claiming by, through or under the Client, for any and all claims, losses, costs or damages whatsoever arising out of, resulting from or in any way related to the services under this Agreement from any cause or causes, including but not limited to, the negligence, professional errors or omissions, strict liability or breach of contract or any warranty, express or implied, of the Consultant or the Consultant's officers, directors, employees, agents, and subconsultants, shall not exceed twice the total compensation received by the Consultant under this Agreement or $50,000, whichever is greater. Higher limits of liability may be negotiated for additional fee. Under no circumstances shall the Consultant be liable to the Client or those claiming by or through the Client for lost profits or consequential damages, for extra costs or other consequences due to changed conditions, or for costs related to the failure of contractors to perform work in accordance with the plans and specifications. This Section 10 is intended solely to limit the remedies available to the Client or those claiming by or through the Client, and nothing in this Section 10 shall require the Client to indemnify the Consultant.

(11) **Certifications.** The Consultant shall not be required to execute certifications or third-party reliance letters that are inaccurate, that relate to facts of which the Consultant does not have actual knowledge, or that would cause the Consultant to violate applicable rules of professional responsibility.

(12) **Dispute Resolution.** All claims by the Client arising out of this Agreement or its breach shall be submitted first to mediation in accordance with the Construction Industry Mediation Rules of the American Arbitration Association as a condition precedent to litigation. Any mediation or civil action by Client must be commenced within one year of the accrual of the cause

of action asserted but in no event later than allowed by applicable statutes.

(13) **Hazardous Substances and Conditions.**
(a) Services related to determinations involving hazardous substances or conditions, as defined by federal or state law, are limited to those tasks expressly stated in the scope of services. In any event, Consultant shall not be a custodian, transporter, handler, arranger, contractor, or remediator with respect to hazardous substances and conditions. Consultant's services will be limited to professional analysis, recommendations, and reporting, including, when agreed to, plans and specifications for isolation, removal, or remediation.
(b) The Consultant shall notify the Client of hazardous substances or conditions not contemplated in the scope of services of which the Consultant actually becomes aware. Upon such notice by the Consultant, the Consultant may stop affected portions of its services until the hazardous substance or condition is eliminated. The parties shall decide if Consultant is to proceed with its services and if Consultant is to conduct testing and evaluations, and the parties may enter into further agreements as to the additional scope, fee, and terms for such services.

(14) **Construction Phase Services.**
(a) If the Consultant's services include the preparation of documents to be used for construction and the Consultant is not retained to make periodic site visits, the Client assumes all responsibility for interpretation of the documents and for construction observation, and the Client waives any claims against the Consultant in any way connected thereto.
(b) If the Consultant provides construction phase services, the Consultant shall have no responsibility for any contractor's means, methods, techniques, equipment choice and usage, sequence, schedule, safety programs, or safety practices, nor shall Consultant have any authority or responsibility to stop or direct the work of any contractor. The Consultant's visits will be for the purpose of endeavoring to provide the Client a greater degree of confidence that the completed work of its contractors will generally conform to the construction documents prepared by the Consultant. Consultant neither guarantees the performance of contractors, nor assumes responsibility for any contractor's failure to perform its work in accordance with the contract documents.
(c) The Consultant is not responsible for any duties assigned to the design professional in the construction contract that are not expressly provided for in this Agreement. The Client agrees that each contract with any contractor shall state that the contractor shall be solely responsible for job site safety and for its means and methods; that the contractor shall indemnify the Client and the Consultant for all claims and liability arising out of job site accidents; and that the Client and the Consultant shall be made additional insureds under the contractor's general liability insurance policy.

(15) **No Third-Party Beneficiaries; Assignment and Subcontracting.** This Agreement gives no rights or benefits to anyone other than the Client and the Consultant, and all duties and responsibilities undertaken pursuant to this Agreement will be for the sole benefit of the Client and the Consultant. The Client shall not assign or transfer any rights under or interest in this Agreement, or any claim arising out of the performance of services by Consultant, without the written consent of the Consultant. The Consultant reserves the right to augment its staff with subconsultants as it deems appropriate due to project logistics, schedules, or market conditions. If the Consultant exercises this right, the Consultant will maintain the agreed-upon billing rates for services identified in the contract, regardless of whether the services are provided by in-house employees, contract employees, or independent subconsultants.

(16) **Confidentiality.** The Client consents to the use and dissemination by the Consultant of photographs of the project and to the use by the Consultant of facts, data and information obtained by the Consultant in the performance of its services. If, however, any facts, data or information are specifically identified in writing by the Client as confidential, the Consultant shall use reasonable care to maintain the confidentiality of that material.

(17) **Miscellaneous Provisions.** This Agreement is to be governed by the law of the State of Texas. This Agreement contains the entire and fully integrated agreement between the parties and supersedes all prior and contemporaneous negotiations, representations, agreements or understandings, whether written or oral. Except as provided in Section 1, this Agreement can be supplemented or amended only by a written document executed by both parties. Provided, however, that any conflicting or additional terms on any purchase order issued by the Client shall be void and are hereby expressly rejected by the Consultant. Any provision in this Agreement that is unenforceable shall be ineffective to the extent of such unenforceability without invalidating the remaining provisions. The non-enforcement of any provision by either party shall not constitute a waiver of that provision nor shall it affect the enforceability of that provision or of the remainder of this Agreement.

Regular City Council
Agenda Item
Data Sheet

Meeting Date: January 18, 2010

Topic:

Executive Session: The City Council will meet in Executive Session as Authorized by Title 5, Chapter 551, Government Code, the Texas Open Meetings Act, for the Following Purpose:

- Section 551.074 – Personnel Matters: – Assistant City Manager

Background:

Origination:

Recommendation:

Funding:

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

ACTION TAKEN

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

Regular City Council Agenda Item Data Sheet

Meeting Date: January 18, 2010

Topic:
Appoint Christal Kliewer as Interim City Manager, effective February 1, 2010

Background:
The City of Tomball Human Resources Policies and Employee Handbook, adopted by Council on August 17, 2009, contains a step-up provision when an employee is temporarily assigned the duties and responsibilities of a higher position for a period exceeding ten days:

> "Step Up Pay. When an employee is temporarily assigned the duties and responsibilities of a higher classification, that employee may receive additional compensation if the assignment exceeds ten (10) working days. The rate of pay to be determined by the Department Head shall not exceed the range or position the employee is assuming."

Origination:
Council request.

Recommendation:
City Staff makes no recommendation.

Funding:

Party(ies) responsible for placing this item on agenda:
Doris Speer, City Secretary

ACTION TAKEN

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