



CITY OF TOMBALL

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2018

City of Tomball, Texas
Comprehensive Annual Financial Report
Year Ended September 30, 2018

City Manager

Robert S. Hauck

Prepared by

Glenn Windsor, CPA, CGFO
Finance Director

City of Tomball, Texas
September 30, 2018

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Introductory Section (Unaudited)



City of Tomball

*Gretchen Fagan
Mayor*

*Robert S. Hauck
City Manager*

May 13, 2019

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

It is with great pleasure that we present to you a copy of the Comprehensive Annual Financial Report (CAFR) of the City of Tomball, Texas (the City) for the fiscal year ended September 30, 2018. The responsibility for both the accuracy of the presented information and the completeness and fairness of the presentation of the data, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the results of operations of the various funds of the City, as well as the fund balances. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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 and should be read in conjunction with it.

Profile of the Government

The City, incorporated on July 18, 1933, is located northwest of Houston, Texas, in a rapidly growing area of Harris County. The City currently occupies a land area of 12.34 square miles and serves an estimated population of 11,643. The City of Tomball is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs when deemed appropriate by the governing council.

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

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

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the Finance Director. These requests serve as a starting point for developing a proposed budget. The Finance Director provides the information to the City Manager, who then presents this proposed budget to the Council for review. The Council is required to hold public hearings on the proposed budget and to adopt a final budget 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 approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on Page 63 as part of required supplementary information. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the non-major governmental fund subsection of this report, which starts on Page 66.

Factors Affecting Financial Condition

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

Local Economy

The City is located approximately 32 miles northwest of Houston and is primarily surrounded by various taxing districts, making it one of the only incorporated areas in this portion of Harris County. As a result, the City has evolved into the area's principal commercial center. Assessed values for fiscal 2018 reflect an increase of 5.1 percent to \$1.83 billion. This property value increase is the result of continued commercial development within the City including both residential and commercial. New single-family residential development continues with the addition of several Public Improvement Districts.

Sales tax revenues increased 15.17 percent during fiscal year 2018. The City had anticipated this revenue source remaining level when the budget was adopted. At this writing, for fiscal year 2019, sales taxes are down by 1.49 percent for the first five months. However, new residential and commercial development continues to increase throughout the City and the surrounding area.

The region (which covers an area within a five-mile radius from the center of the City) has an employed labor force of approximately 26,000. The largest groups of employers are in service and retail trade.

Long-term Financial Planning

The City issued \$20,240,000 Certificates of Obligation in 2016 for the construction of Medical Complex Drive, Section 4B and the extension of Persimmon Street. The design and construction of these projects was in progress at year-end. Construction continued on the M121 drainage channel which is being funded from the 2012 issuance of Certificates of Obligations totaling \$14,500,000.

Additionally, infrastructure projects for water, sewer, drainage and natural gas distribution continue to be funded through the budget process. All capital projects and major infrastructure needs are reviewed periodically during the year to assess both the progress of construction and the actual versus projected costs.

Major Initiatives

The largest revenue source in the General Fund is sales tax. The City has experienced significant commercial and retail growth over the last several years. However, because of the recession experienced in 2008-2009, the City continued a conservative approach in budgeting sales tax revenues. For fiscal year 2018, sales tax revenues were projected at \$10,850,000. Because of significant increases in this major revenue source during 2018, the projection of \$12,500,000 was made for fiscal year 2019.

The City made application to the Harris Galveston Area Council in 2015 for a grant to fund major improvements along FM 2920 (Main Street) from the downtown area to State Highway 249. At that time, the City Council approved local funding in the amount of \$3,000,000 to assist in expediting the project. The fiscal year 2019 budget includes funding in the amount of \$250,000 to begin surveying, engineering design and the possible purchase of rights-of-way.

The Capital Project Fund includes major funding for park improvements, streets, sidewalks and infrastructure for fiscal year 2019.

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, Utility Fund and Internal Service Funds are included in the annual operating budget. The TEDC, a component unit of the City, is budgeted separately. A capital improvement plan is approved each year by the City Council and funded through a separate capital projects fund. The level of budgetary control (*i.e.*, the level at which expenditures cannot legally exceed the appropriated amount) is established at the Department 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 can be used for major construction projects and for the financing of vehicles and equipment.

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

Independent Audit

The City Charter requires an independent audit of the accounts of the City by an independent auditor. The firm of BKD, LLP, Certified Public Accountants, has issued unmodified (clean) opinions on the City of Tomball's financial statements for the year ended September 30, 2018. 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, 2017. This was the 28th consecutive year that the City has received this award. In order to be awarded the Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfies both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is held for a period of one year only. Our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement requirements, and will be submitted to GFOA to determine its eligibility for another certificate.

The City also received the Distinguished Budget Presentation Award for the fiscal year beginning October 1, 2017. This is the tenth consecutive year that 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 document 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.

Last year, the City was also awarded the Leadership Award as part of the "Texas Transparency" program from the Texas Comptroller of Public Accounts. Three years ago, the State Comptroller's office revised the program to what is now called the "Five Star Rating Designation" for transparency. Under the new guidelines, the City recently received the 2nd Star of the Five Star format in FY 17. This program involves publishing financial information such as CAFRs, budgets, and check registers to demonstrate transparency to both the citizens and other members of the public. The City is currently working to achieve the next two "Stars" for Contracts and Economic Development.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the administrative staff of the City and the members of the Finance Department. We also would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Tomball's finances.

Respectfully submitted,



Glenn Windsor, CPA, CFE, CGFO
Finance Director

City of Tomball, Texas

Principal Officials

As of September 30, 2018

City Officials	Elected Position	Term Expires
Gretchen Fagan	Mayor	2022
John F. Ford	Councilman Position 1	2020
Mark Stoll	Councilman Position 2	2021
Chad Degges	Councilman Position 3	2022
Derek Townsend, Sr.	Councilman Position 4	2021
Lori Klein Quinn	Councilman Position 5	2020

Department Heads	Appointive Position
Robert S. Hauck	City Manager
David Esquivel	Assistant City Manager
Doris Speer	City Secretary
Billy Tidwell	Chief of Police
Beth Jones	Director of Public Works
Randall Parr	Fire Chief
Craig Meyers	Community Development Director
Glenn Windsor	Finance Director
Lisa Coe	Human Resources
Doug Tippey	Information Technology
Mike Baxter	Marketing Director



Government Finance Officers Association

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, 2017

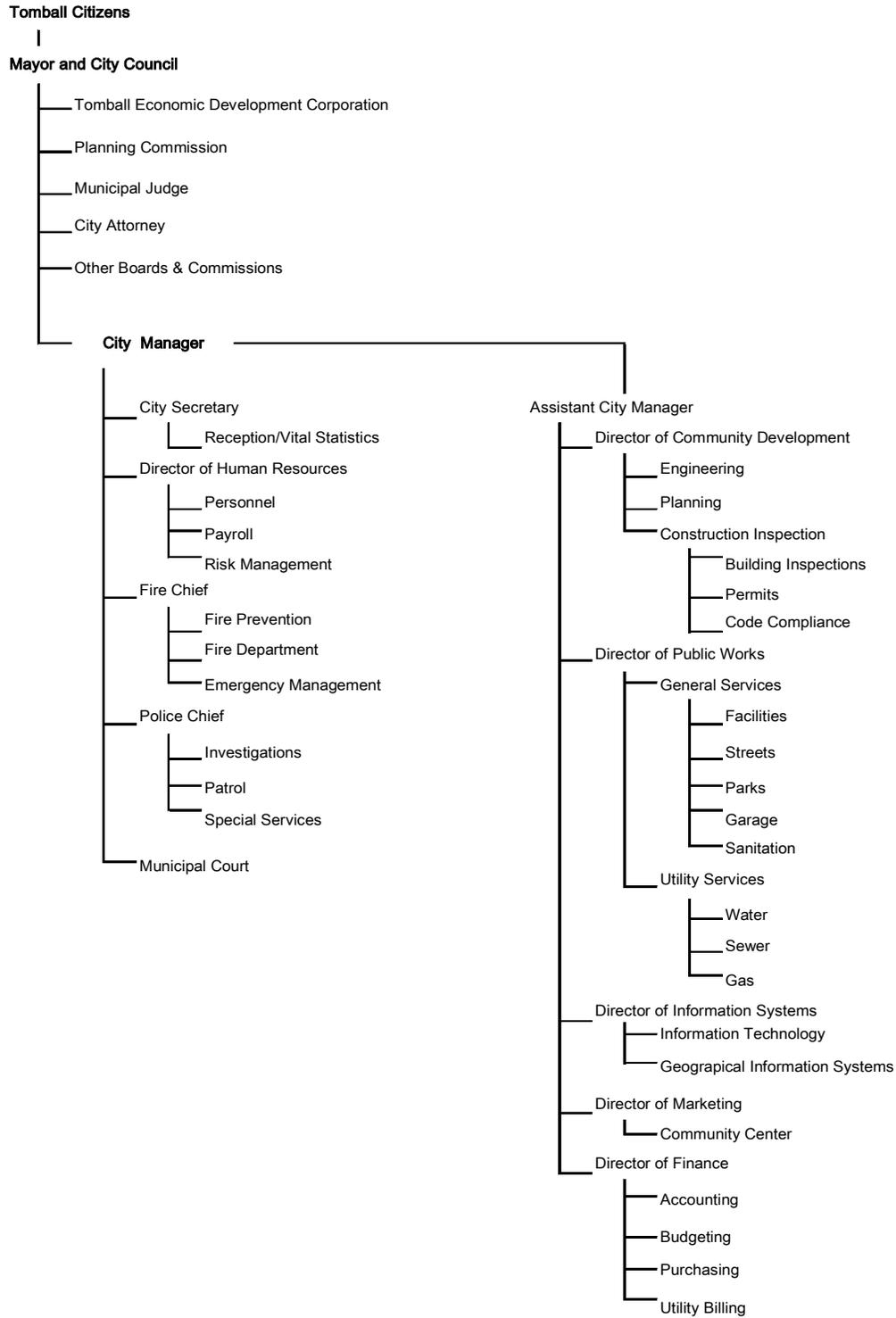
Christopher P. Morill

Executive Director/CEO

City of Tomball, Texas

Staff Organizational Chart

As of September 30, 2018



Financial Section

Independent Auditor's Report

The Honorable Mayor and
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 and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 of Tomball, Texas, as of September 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2018 the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the general fund budgetary comparison schedule, and pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the

The Honorable Mayor and
Council Members of the
City of Tomball, Texas
Page 3

basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

BKD, LLP

Houston, Texas
May 13, 2019

City of Tomball, Texas

Management's Discussion and Analysis

Year Ended September 30, 2018

As Management of the City of Tomball, Texas (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. This information is not intended to be a complete statement of the City's financial condition. We recommend and encourage readers to consider the information presented here in conjunction with the additional information presented in the accompanying transmittal letter (Pages i-vii of this report), and the statistical section (Pages 80-101 of this report), as well as the annual budget found on the City's website at <http://www.ci.tomball.tx.us/>.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$101,349,333 (net position). Included in this amount is the City's net investment in capital assets of \$73,771,157. The net position restricted for specific purposes totals \$4,303,114. The remaining \$23,275,062 is unrestricted net position which may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fiscal policies. The City's net position increased by \$5,281,030 during the current fiscal year, before adjustment for adoption of GASB 75.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$54,541,109 a decrease of \$1,371,836 from the prior year. The majority of the decrease consists of expenditures on capital projects made with bond proceeds issued in previous years. Approximately 73 percent of this amount (\$39,639,759) is restricted by specific legal requirements such as bond instruments and related debt covenants and 27 percent of this amount (\$14,649,687) is available for spending at the government's discretion (unassigned fund balance).
- The City's debt decreased by \$2,608,463 primarily due to existing debt retirements partially offset by the issuance of Public Property Finance Contract Obligations.
- In 2018 the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Prior year information contained herein has not been restated for the adoption of GASB 75.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) required supplementary information which includes this management's discussion and analysis, information related to the City's pension plan and retiree health plans and budgetary comparison information. This report also contains other supplementary information as listed in the table of contents in addition to the basic financial statements themselves.

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finance, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position serve as useful indicators of whether the financial position of the City is improving or deteriorating. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (*i.e.*, roads, drainage improvements, storm sewer, gas distribution, water distribution and sewer collection lines, etc.), to assess the overall financial condition of the City.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (*e.g.*, uncollected taxes and earned but not used compensated absences). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in the governmental fund statements.

The government-wide financial statements include not only the City of Tomball itself (known as the primary government), but also a legally separate economic development corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees (business-type activities). The governmental activities include most of the City's basic services, (general government, public safety, public works and community development). Property taxes, sales taxes and franchise fees primarily finance these activities. The business-type activities include the City's water, sewer and gas system. Charges for services cover all or most of the costs for these services. Component unit activities include activities of The Tomball Economic Development Corporation.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used by state and local governments to control and manage money for particular purposes and to ensure finance-related legal requirements. The City uses two fund types – governmental and proprietary.

Governmental Funds – Governmental funds are used to account for similar functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds focus on current sources and uses of spendable resources. The governmental fund statements provide a detailed short-term view of the City's general government operations and help you to determine whether resources are available in the near future to finance City programs. Comparing the information presented for governmental funds with the information presented for governmental activities in the government-wide financial statements will help the reader to better understand the long-term impact of the government's near-term financing decisions.

The governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances include a reconciliation to provide such comparison.

The City maintains 11 governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the debt service fund and the capital projects fund; these funds are

considered to be major funds. The other eight funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements found in this report.

Proprietary Funds – The City maintains two types of proprietary funds. The City uses the Enterprise Fund for water, sewer and gas operations. The Enterprise Fund reports the same functions presented as business-type activities in the government-wide financial statements. The second proprietary fund is the Internal Service Fund. This fund is used to account for fleet replacements and employee benefits. The Internal Service Fund is included within the governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, with more detail, and include the Internal Service Fund type activity.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, the basic financial statements contain required supplementary information including this discussion and analysis and information concerning the City's progress in funding its obligations to provide pension and retiree health benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and other post-employment benefits (OPEB) and the general fund budget to actual schedule. Combining and individual fund statements and schedules can be found on Pages 65-76 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$101,349,333 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 61,814,289	\$ 60,698,922	\$ 12,744,995	\$ 11,456,010	\$ 74,559,284	\$ 72,154,932
Capital assets	50,159,249	49,744,458	37,167,047	35,930,672	87,326,296	85,675,130
Total assets	<u>111,973,538</u>	<u>110,443,380</u>	<u>49,912,042</u>	<u>47,386,682</u>	<u>161,885,580</u>	<u>157,830,062</u>
Deferred outflows of resources	1,547,464	2,273,686	322,804	439,551	1,870,268	2,713,237
Noncurrent liabilities	48,867,775	50,682,482	3,304,299	3,721,873	52,172,074	54,404,355
Other liabilities	7,143,005	5,854,385	2,059,813	2,080,991	9,202,818	7,935,376
Total liabilities	<u>56,010,780</u>	<u>56,536,867</u>	<u>5,364,112</u>	<u>5,802,864</u>	<u>61,374,892</u>	<u>62,339,731</u>
Deferred inflows of resources	874,003	102,610	157,620	18,391	1,031,623	121,001
Net position:						
Net investment in capital assets	38,896,658	40,779,628	34,874,499	33,038,353	73,771,157	73,817,981
Restricted	4,303,114	3,912,411	-	-	4,303,114	3,912,411
Unrestricted	13,436,447	11,385,550	9,838,615	8,966,625	23,275,062	20,352,175
Total net position	<u>\$ 56,636,219</u>	<u>\$ 56,077,589</u>	<u>\$ 44,713,114</u>	<u>\$ 42,004,978</u>	<u>\$ 101,349,333</u>	<u>\$ 98,082,567</u>

The largest portion of the City's net position (73 percent) reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. It should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$23,275,062 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Combined governmental and business-type activities increased the City's net position by \$5,281,030 in 2018, before adjustment for adoption of GASB 75. The following table provides a summary of the City's operations for the year ended September 30, 2018. Governmental activities increased the City of Tomball's net position by \$2,174,226, before adjustment for adoption of GASB 75. This is the result of increases in sales tax revenues and investment income. These increases are offset by an increase in public works expenses primarily due to a change in management priorities and budget constraints, where the City determined that certain construction projects as previously recorded as construction in progress will not be completed in the foreseeable future. As a result, the City removed these assets from construction in progress in 2018 resulting in \$2,185,345 reported in government type activities as public works expense. Business-type activities increased the City's net position by \$3,106,804 before adjustment for adoption of GASB 75. This increase was related primarily to additional customers serviced by the system which directly resulted in more system revenues.

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	\$ 4,003,902	\$ 4,116,304	\$ 12,228,559	\$ 10,922,004	\$ 16,232,461	\$ 15,038,308
Operating grants and contributions	1,012,028	1,420,653	558,148	558,148	1,570,176	1,978,801
General revenues:						
Property taxes	6,519,413	6,007,290	-	-	6,519,413	6,007,290
Sales tax	12,427,660	10,791,147	-	-	12,427,660	10,791,147
Franchise taxes	1,270,927	1,307,171	-	-	1,270,927	1,307,171
Other taxes	711,245	554,839	-	-	711,245	554,839
Investment income	920,613	473,077	154,619	82,792	1,075,232	555,869
Other	376,266	145,114	4,417	11,511	380,683	156,625
Total revenues	<u>27,242,054</u>	<u>24,815,595</u>	<u>12,945,743</u>	<u>11,574,455</u>	<u>40,187,797</u>	<u>36,390,050</u>
Expenses						
General government	5,107,870	5,916,485	2,876,373	1,362,874	7,984,243	7,279,359
Public safety	10,000,655	9,650,665	-	-	10,000,655	9,650,665
Public works	8,912,367	6,952,664	-	-	8,912,367	6,952,664
Community development	431,157	386,153	-	-	431,157	386,153
Water	-	-	3,356,893	3,937,152	3,356,893	3,937,152
Sewer	-	-	1,239,276	2,228,636	1,239,276	2,228,636
Gas	-	-	1,529,924	1,507,955	1,529,924	1,507,955
Interest on long-term debt	1,452,252	1,252,064	-	-	1,452,252	1,252,064
Total expenses	<u>25,904,301</u>	<u>24,158,031</u>	<u>9,002,466</u>	<u>9,036,617</u>	<u>34,906,767</u>	<u>33,194,648</u>

	Changes in Net Position (Continued)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Increase in Net Position Before Transfers	\$ 1,337,753	\$ 657,564	\$ 3,943,277	\$ 2,537,838	\$ 5,281,030	\$ 3,195,402
Transfers	836,473	5,037,656	(836,473)	(5,037,656)	-	-
Change in Net Position	2,174,226	5,695,220	3,106,804	(2,499,818)	5,281,030	3,195,402
Net Position, Beginning, As Previously Reported	56,077,589	50,382,369	42,004,978	44,504,796	98,082,567	94,887,165
Adjustment for adoption of GASB 75	(1,615,596)	-	(398,668)	-	(2,014,264)	-
Net Position, Beginning, As Restated	54,461,993	50,382,369	41,606,310	44,504,796	96,068,303	94,887,165
Net Position, Ending	\$ 56,636,219	\$ 56,077,589	\$ 44,713,114	\$ 42,004,978	\$ 101,349,333	\$ 98,082,567

Financial Analysis of the Government's Funds

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, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$54,541,109. Approximately 27 percent of this amount (\$14,649,687) is unassigned fund balance and \$229,419 is assigned. Additionally, \$39,662,003 is non-spendable or restricted as follows:

Non-spendable (.04%):	
Prepaid items	\$ 22,244
Restricted (73%):	
Debt service	\$ 4,759,479
Construction	33,780,368
Enabling legislation	1,099,912

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$14,649,687, while total fund balance was \$14,750,551. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Both unassigned and total fund balance represent approximately 74 percent of total general fund expenditures. In the general fund, fund balance increased by \$1,689,555. This increase is primarily due to an increase in sales tax revenues and property tax revenues. The charter requires a "reserve" balance of 25 percent of annual expenditures and the general fund currently exceeds that level. Expenditures in all departments were less than final budget.

The debt service fund balance, a major fund, increased by \$197,239 primarily from an increase in property tax revenues.

The capital projects fund, a major fund, had a \$3,093,057 decrease in fund balance during the current fiscal year due to planned expenditures on capital projects resulting in an ending fund balance of \$33,780,368 as of September 30, 2018.

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

Unrestricted net position of the enterprise fund is \$9,639,977 and unrestricted net position of the internal service fund is \$3,275,697 at September 30, 2018. The net position of the enterprise fund increased \$3,062,652, before adjustment for adoption of GASB 75, primarily due to increases in water and gas revenues. Net position of the internal service fund increased \$307,496. This was due primarily due to increases in the charges for health benefit services.

General Fund Budgetary Highlights – The City budgeted a net increase in fund balance of the general fund of \$444,632 for the year ended September 30, 2018. The actual increase in the general fund ending fund balance for the year ended September 30, 2018, was \$1,689,555, a favorable variance of \$1,244,923 due an increase in sales tax revenues and all departments having less expenditures than final appropriations.

Capital Assets

The City of Tomball's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of September 30, 2018, is \$87,326,296. The investment in capital assets includes land, buildings and improvements, equipment, infrastructure and construction in progress.

	Capital Assets					
	Governmental Activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 7,255,744	\$ 7,255,744	\$ 1,897,333	\$ 1,868,695	\$ 9,153,077	\$ 9,124,439
Buildings and improvements	6,759,165	7,026,967	-	-	6,759,165	7,026,967
Gas system	-	-	2,998,347	3,077,257	2,998,347	3,077,257
Water and sewer system	-	-	26,793,537	27,713,158	26,793,537	27,713,158
Equipment	1,163,816	1,114,276	2,408,078	2,388,230	3,571,894	3,502,506
Vehicles	1,071,933	1,117,262	-	-	1,071,933	1,117,262
Infrastructure	26,173,430	27,207,359	-	-	26,173,430	27,207,359
Construction in progress	7,735,161	6,022,850	3,069,752	883,332	10,804,913	6,906,182
Total capital assets	\$ 50,159,249	\$ 49,744,458	\$ 37,167,047	\$ 35,930,672	\$ 87,326,296	\$ 85,675,130

Additional information on the City's capital assets can be found in the notes on Pages 37 through 40 of this report.

Debt Administration

At the end of the current fiscal year, the City had a total bonded debt, equipment finance contract liability and capital lease obligations of \$44,936,556.

	Outstanding Debt					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligations	\$ 4,603,250	\$ 5,887,500	\$ 2,246,750	\$ 2,832,500	\$ 6,850,000	\$ 8,720,000
Certificates of obligation	36,200,000	38,165,000	-	-	36,200,000	38,165,000
Public property finance contract obligations	1,300,000	-	-	-	1,300,000	-
Capital leases	586,556	660,019	-	-	586,556	660,019
Total	<u>\$ 42,689,806</u>	<u>\$ 44,712,519</u>	<u>\$ 2,246,750</u>	<u>\$ 2,832,500</u>	<u>\$ 44,936,556</u>	<u>\$ 47,545,019</u>

The City's debt decreased by \$2,608,463 primarily due existing debt retirements partially offset by the issuance of Public Property Finance Contract Obligations.

The City's most recent bond ratings are listed below:

	Standard & Poor's	Moody's
General obligation bonds	AA+	
Certificates of obligation	AA+	Aa3

Additional information on the City's outstanding debt can be found on Pages 41 through 44 of this report.

Economic Factors and Next Year's Budgets and Rates

Tomball continues to experience growth, both within the corporate City limits and the surrounding area. The City's current population is estimated to be 11,707. However, within a three-mile radius it is estimated to be 15,789. Within a five-mile radius, the estimate rises to 77,560.

The City is continuing to focus on economic development initiatives, including the revitalization of the historic downtown area and the continuing development of two major retail developments on the west side of the City. Residential development continues throughout the City with the addition of three additional Planned Improvement Districts (PIDs).

The City's largest source of revenue continues to be sales taxes. During the fiscal year, the City experienced an increase in this resource of 15 percent. This increase has leveled off with no significant increases in the first few months of fiscal year 2019. City management continues to closely monitor sales tax revenues and will budget accordingly to ensure that financial goals and objectives are achieved.

Additional development continues within the City and is expected to continue with the growth that is taking place in the Tomball area. At September 30, 2018, development continues in several of the existing PID developments with construction beginning in the newest PIDs, Copper Cove, Grand Junction and Timber Trails.

The City's largest taxpayer is now HCA which encompasses the medical center in the center of the City. Growth in this area is expected to continue in fiscal year 2019.

The ad valorem property tax rate remained at \$0.341455, one of the lowest in Harris County.

Pursuant to the City's financial management policy, fund balances in all funds exceeded the charter requirement of 25 percent of annual expenditures.

For fiscal year 2019, the City expects continued growth in sales tax revenues and no changes to the existing property tax rates or user fees. A comprehensive rate analysis was nearing completion at year-end. Construction will continue on several capital projects, including the extension of Medical Complex Drive, Section 4B and the M-121 drainage channel.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the resources it receives. Questions concerning this report or requests for additional financial information should be directed to: Finance Department, 501 James Street, Tomball, Texas, 77375, telephone 281.290.1417, or for general City information, please visit the City's website at <http://www.tomballtx.gov>.

Basic Financial Statements

City of Tomball, Texas
Statement of Net Position
September 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Tomball Economic Development Corporation
Assets				
Cash and cash equivalents	\$ 2,393,998	\$ 536,952	\$ 2,930,950	\$ 227,785
Investments	19,558,187	10,144,955	29,703,142	16,020,644
Receivables (net of allowance for uncollectibles, where applicable)	2,882,939	1,767,969	4,650,908	656,389
Due from other government	412,791	-	412,791	-
Due from component unit	82,231	-	82,231	-
Internal balances	(198,638)	198,638	-	-
Inventories	-	96,481	96,481	-
Prepays	22,244	-	22,244	-
Cash and cash equivalents restricted and investment for:				
Construction	33,409,860	-	33,409,860	-
Debt service	3,203,202	-	3,203,202	-
Deposits	47,475	-	47,475	-
Capital assets:				
Nondepreciable	14,990,905	4,967,085	19,957,990	3,555,655
Depreciable, net	35,168,344	32,199,962	67,368,306	-
Total assets	<u>111,973,538</u>	<u>49,912,042</u>	<u>161,885,580</u>	<u>20,460,473</u>
Deferred Outflows of Resources				
Deferred charge on refunding	156,372	-	156,372	-
OPEB	165,923	37,663	203,586	-
Pensions	1,225,169	285,141	1,510,310	-
Total deferred outflows of resources	<u>1,547,464</u>	<u>322,804</u>	<u>1,870,268</u>	<u>0</u>
Liabilities				
Accounts payable and other accrued liabilities	2,848,645	493,327	3,341,972	26,184
Accrued interest payable	188,042	10,467	198,509	-
Deposits payable	47,475	890,673	938,148	-
Due to primary government	-	-	-	82,231
Noncurrent liabilities:				
Due within one year	4,058,843	665,346	4,724,189	-
Due in more than one year	48,867,775	3,304,299	52,172,074	-
Total liabilities	<u>56,010,780</u>	<u>5,364,112</u>	<u>61,374,892</u>	<u>108,415</u>
Deferred Inflows of Resources				
Pensions	874,003	157,620	1,031,623	0
Net Position				
Net investment in capital assets	38,896,658	34,874,499	73,771,157	3,555,655
Restricted for:				
Debt service	3,203,202	-	3,203,202	-
Enabling legislation	1,099,912	-	1,099,912	-
Unrestricted	13,436,447	9,838,615	23,275,062	16,796,403
Total net position	<u>\$ 56,636,219</u>	<u>\$ 44,713,114</u>	<u>\$ 101,349,333</u>	<u>\$ 20,352,058</u>

City of Tomball, Texas
Statement of Activities
Year Ended September 30, 2018

Functions/Programs:	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental activities:			
General government	\$ 5,107,870	\$ -	\$ 562,608
Public safety	10,000,655	1,528,423	449,420
Public works	8,912,367	1,961,957	-
Community development	431,157	513,522	-
Interest	1,452,252	-	-
Total governmental activities	25,904,301	4,003,902	1,012,028
Business-type activities:			
Utility administration	2,876,373	1,335,974	558,148
Water	3,356,893	5,347,170	-
Wastewater	1,239,276	2,405,689	-
Gas	1,529,924	3,139,726	-
Total business-type activities	9,002,466	12,228,559	558,148
Total primary government	34,906,767	16,232,461	1,570,176
Component unit:			
Tomball Economic Development Corporation	2,511,926	0	5,500
General revenues:			
Property taxes			
Sales taxes			
Franchise taxes			
Other taxes			
Gain on sale of capital assets			
Other			
Unrestricted investment earnings			
Transfers			
Total general revenues and transfers			
Change in net position			
Net position, beginning, as previously reported			
Adjustment for adoption of GASB 75			
Net position, beginning, as restated			
Net position, ending			

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Tomball Economic Development Corporation
\$ (4,545,262)	\$ -	\$ (4,545,262)	\$ -
(8,022,812)	-	(8,022,812)	-
(6,950,410)	-	(6,950,410)	-
82,365	-	82,365	-
(1,452,252)	-	(1,452,252)	-
<u>(20,888,371)</u>	<u>0</u>	<u>(20,888,371)</u>	<u>0</u>
-	(982,251)	(982,251)	-
-	1,990,277	1,990,277	-
-	1,166,413	1,166,413	-
-	1,609,802	1,609,802	-
<u>0</u>	<u>3,784,241</u>	<u>3,784,241</u>	<u>0</u>
<u>(20,888,371)</u>	<u>3,784,241</u>	<u>(17,104,130)</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,506,426)</u>
6,519,413	-	6,519,413	-
12,427,660	-	12,427,660	4,135,137
1,270,927	-	1,270,927	-
711,245	-	711,245	-
-	-	-	949,334
376,266	4,417	380,683	-
920,613	154,619	1,075,232	158,949
836,473	(836,473)	-	-
<u>23,062,597</u>	<u>(677,437)</u>	<u>22,385,160</u>	<u>5,243,420</u>
<u>2,174,226</u>	<u>3,106,804</u>	<u>5,281,030</u>	<u>2,736,994</u>
56,077,589	42,004,978	98,082,567	17,615,064
<u>(1,615,596)</u>	<u>(398,668)</u>	<u>(2,014,264)</u>	
<u>54,461,993</u>	<u>41,606,310</u>	<u>96,068,303</u>	<u>17,615,064</u>
<u>\$ 56,636,219</u>	<u>\$ 44,713,114</u>	<u>\$ 101,349,333</u>	<u>\$ 20,352,058</u>

City of Tomball, Texas
Balance Sheet – Governmental Funds
September 30, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 157,572	\$ 78,814	\$ 680,597	\$ 226,734	\$ 1,143,717
Investments	12,644,546	1,475,866	932,412	1,204,450	16,257,274
Receivables (net of allowance for uncollectibles, where applicable)	2,796,569	1,597	14,403	46,411	2,858,980
Due from other governments	412,791	-	-	-	412,791
Due from component unit	70,778	-	-	-	70,778
Cash and cash equivalents and investments restricted for:					
Construction	-	-	33,409,860	-	33,409,860
Debt service	-	3,203,202	-	-	3,203,202
Deposits	47,475	-	-	-	47,475
Prepaid items	22,244	-	-	-	22,244
Total assets	\$ 16,151,975	\$ 4,759,479	\$ 35,037,272	\$ 1,477,595	\$ 57,426,321
Liabilities					
Accounts payable	\$ 969,912	\$ -	\$ 1,256,904	\$ 219,504	\$ 2,446,320
Accrued liabilities	384,037	-	-	7,380	391,417
Deposits payable	47,475	-	-	-	47,475
Total liabilities	1,401,424	0	1,256,904	226,884	2,885,212
Fund Balances					
Nonspendable, prepaid items	22,244	-	-	-	22,244
Restricted:					
Debt service	-	4,759,479	-	-	4,759,479
Construction	-	-	33,780,368	-	33,780,368
Enabling legislation	-	-	-	1,099,912	1,099,912
Assigned:					
Encumbrances	78,620	-	-	-	78,620
Special revenue funds	-	-	-	150,799	150,799
Unassigned	14,649,687	-	-	-	14,649,687
Total fund balances	14,750,551	4,759,479	33,780,368	1,250,711	54,541,109
Total liabilities and fund balances	\$ 16,151,975	\$ 4,759,479	\$ 35,037,272	\$ 1,477,595	\$ 57,426,321

City of Tomball, Texas
Reconciliation of the Balance Sheet – Governmental Funds to the
Government-wide Statement of Net Position
September 30, 2018

Total fund balances - governmental funds \$ 54,541,109

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 49,141,945

Deferred loss on issuance of refunding bonds is not recorded in the fund financial statements but is recorded as a deferred outflow of resources on the statement of net position. 156,372

The other post employment benefit liability and related deferred outflows and inflows of resources do not require current financial resources and, therefore, are not reported in the governmental funds balance sheet.

Total OPEB liability	\$ (2,801,916)	
Deferred outflows, OPEB	<u>165,923</u>	(2,635,993)

The net pension liability and related deferred outflows and inflows of resources do not require current financial resources and, therefore, are not reported in the governmental funds balance sheet.

Net pension liability	(4,331,082)	
Deferred outflows, pensions	1,225,169	
Deferred inflows, pensions	<u>(874,003)</u>	(3,979,916)

Interest payable on long-term debt does not require current financial resources; therefore, interest payable is not reported as a liability in the governmental funds balance sheet. (188,042)

Internal service funds are used by management to charge the cost of certain activities, such as fleet management, to individual funds. A portion of the assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. 4,094,364

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

Bonds payable	(40,803,250)	
Capital lease payable	(586,556)	
Landfill post closure costs	(435,500)	
Compensated absences payable	(1,565,276)	
Premiums received on issuance of bonds	<u>(1,103,038)</u>	<u>(44,493,620)</u>

Net position of governmental activities \$ 56,636,219

City of Tomball, Texas
Statement of Revenues, Expenditures and Changes
in Fund Balances – Governmental Funds
Year Ended September 30, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property tax	\$ 2,144,861	\$ 4,374,552	\$ -	\$ -	\$ 6,519,413
Sales tax	12,427,660	-	-	-	12,427,660
Franchise and other taxes	1,270,927	-	-	637,485	1,908,412
Licenses and permits	532,615	-	-	-	532,615
Fines and forfeitures	414,204	-	-	250,373	664,577
Charges for services	1,844,191	-	-	-	1,844,191
Intergovernmental	453,416	-	-	-	453,416
Contributions from component unit	25,000	533,612	-	-	558,612
Investment earnings	194,303	68,449	636,328	21,536	920,616
Other	1,348,513	-	10,400	53,745	1,412,658
	<u>20,655,690</u>	<u>4,976,613</u>	<u>646,728</u>	<u>963,139</u>	<u>27,242,170</u>
Expenditures					
Current:					
General government	5,327,612	-	-	65,401	5,393,013
Public safety	9,189,505	-	-	110,154	9,299,659
Public works	4,125,511	-	-	-	4,125,511
Parks and recreation	623,090	-	-	14,852	637,942
Tourism and arts	-	-	-	648,305	648,305
Community development	431,157	-	-	-	431,157
Debt service:					
Principal	-	3,322,713	-	-	3,322,713
Interest	-	1,443,281	-	-	1,443,281
Bond issuance costs	-	13,380	-	-	13,380
Capital outlay	143,426	-	3,992,092	-	4,135,518
	<u>19,840,301</u>	<u>4,779,374</u>	<u>3,992,092</u>	<u>838,712</u>	<u>29,450,479</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>815,389</u>	<u>197,239</u>	<u>(3,345,364)</u>	<u>124,427</u>	<u>(2,208,309)</u>
Other Financing Sources (Uses)					
Transfers in	2,384,166	-	1,800,000	20,000	4,204,166
Transfers out	(1,510,000)	-	(1,547,693)	(310,000)	(3,367,693)
	<u>874,166</u>	<u>0</u>	<u>252,307</u>	<u>(290,000)</u>	<u>836,473</u>
Net Change in Fund Balances	1,689,555	197,239	(3,093,057)	(165,573)	(1,371,836)
Fund Balances, Beginning of Year	13,060,996	4,562,240	36,873,425	1,416,284	55,912,945
Fund Balances, End of Year	<u>\$ 14,750,551</u>	<u>\$ 4,759,479</u>	<u>\$ 33,780,368</u>	<u>\$ 1,250,711</u>	<u>\$ 54,541,109</u>

City of Tomball, Texas
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds to the
Government-wide Statement of Activities
Year Ended September 30, 2018

Net change in fund balances – total governmental funds \$ (1,371,836)

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

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 of \$4,040,981 exceeded depreciation expense of \$1,522,237 and write off of construction in progress of \$2,185,345 in the current period.

333,398

The issuance of long-term debt (e.g., bonds, capital leases) 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 position. Also, governmental funds report the effect of bond premiums, discounts and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items was:

Repayment of long-term debt	\$ 3,322,713	
Amortization of premiums on bonds payable	85,873	
Amortization of deferred loss on refunding	<u>(58,891)</u>	3,349,695

Current year changes in other long-term liabilities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds. The effect of these differences in the treatment of other long-term liabilities was:

Compensated absences	43,307	
Landfill post-closure costs	<u>(33,000)</u>	10,307

Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as an expenditure in the governmental funds.

(35,954)

The net change in the OPEB-related deferred outflows of resources and total OPEB liability do not require the use of current financial resources; therefore, are not reported as expenditures in the governmental funds.

(146,342)

The net change in the pension-related deferred outflows and inflows of resources and net pension liability do not require the use of current financial resources; therefore, are not reported as expenditures in the governmental funds.

(228,386)

An internal service fund is used by management to charge the cost of certain activities, such as fleet management, to individual funds. A portion of the change in net position of the internal service funds is included in governmental activities in the statement of activities.

263,344

Change in net position of governmental activities

\$ 2,174,226

City of Tomball, Texas
Statement of Net Position – Proprietary Funds
September 30, 2018

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
Current Assets		
Cash and cash equivalents	\$ 536,952	\$ 1,250,281
Investments	10,144,955	3,300,913
Receivables (net of allowance for uncollectibles, where applicable)	1,767,969	-
Due from other government	-	23,958
Due from component unit	-	11,453
Inventories	96,481	-
Total current assets	<u>12,546,357</u>	<u>4,586,605</u>
Noncurrent Assets		
Nondepreciable	4,967,085	-
Depreciable, net	<u>32,199,962</u>	<u>1,017,304</u>
Net capital assets	<u>37,167,047</u>	<u>1,017,304</u>
Total assets	<u>49,713,404</u>	<u>5,603,909</u>
Deferred Outflows of Resources		
OPEB	37,663	-
Pensions	<u>285,141</u>	<u>-</u>
Total deferred outflows of resources	<u>322,804</u>	<u>0</u>
Current Liabilities		
Accounts payable	425,017	10,908
Accrued liabilities	68,310	-
Deposits payable	890,673	-
Bonds payable, current	574,750	-
Total OPEB liability, current	20,593	-
Compensated absences, current	70,003	-
Accrued interest payable	<u>10,467</u>	<u>-</u>
Total current liabilities	<u>2,059,813</u>	<u>10,908</u>

City of Tomball, Texas
Statement of Net Position – Proprietary Funds (Continued)
September 30, 2018

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
Noncurrent Liabilities		
Bonds payable, net of premium	\$ 1,707,331	\$ -
Public property finance contract obligation	-	1,300,000
Total OPEB liability	615,424	-
Net pension liability	771,534	-
Compensated absences	210,010	-
	<hr/>	<hr/>
Total noncurrent liabilities	3,304,299	1,300,000
	<hr/>	<hr/>
Total liabilities	5,364,112	1,310,908
	<hr/>	<hr/>
Deferred Inflows of Resources		
Pensions	157,620	0
	<hr/>	<hr/>
Net Position		
Net investment in capital assets	34,874,499	1,017,304
Unrestricted	9,639,977	3,275,697
	<hr/>	<hr/>
Total net position	44,514,476	\$ 4,293,001
	<hr/>	<hr/>
Adjustment to reflect the consolidation of internal services fund activities related to enterprise funds	198,638	
	<hr/>	
Net Position of Business-type Activities	<u>\$ 44,713,114</u>	

City of Tomball, Texas
Statement of Revenues, Expenses and Changes
in Net Position – Proprietary Funds
Year Ended September 30, 2018

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
Operating Revenues		
Charges for sales and services:		
Water sales	\$ 5,472,008	\$ -
Sewer sales	2,482,619	-
Gas sales	3,247,131	-
Other	-	3,238,642
Capital recovery fees	832,363	-
Miscellaneous	194,438	-
Total operating revenues	<u>12,228,559</u>	<u>3,238,642</u>
Operating Expenses		
Costs of sales and services	7,492,441	2,617,305
Depreciation	1,474,519	380,232
Total operating expenses	<u>8,966,960</u>	<u>2,997,537</u>
Operating Income	<u>3,261,599</u>	<u>241,105</u>
Nonoperating Revenues (Expenses)		
Investment earnings	154,619	46,516
Interest expense	(79,658)	-
Gain on disposal of property	4,417	19,875
Contributions from component unit	558,148	-
Net nonoperating revenues	<u>637,526</u>	<u>66,391</u>
Income Before Transfers	3,899,125	307,496
Transfers in	1,547,693	-
Transfers out	(2,384,166)	-
Change in Net Position	<u>3,062,652</u>	<u>307,496</u>
Net Position, Beginning, As Previously Reported	41,850,492	3,985,505
Adjustment for adoption of GASB 75	(398,668)	-
Net Position, Beginning, As Restated	<u>41,451,824</u>	<u>3,985,505</u>
Net Position, Ending	<u>\$ 44,514,476</u>	<u>\$ 4,293,001</u>
Reconciliation to government-wide statement of activities:		
Change in net position	\$ 3,062,652	
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds	44,152	
Change in net position of business-type activities	<u>\$ 3,106,804</u>	

City of Tomball, Texas
Statement of Cash Flows – Proprietary Funds
Year Ended September 30, 2018

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
Cash Flows from Operating Activities		
Receipts from customers	\$ 11,728,740	\$ 76,139
Receipts from interfund charges for fleet management services	-	409,500
Receipts from interfund charges for health benefits services	-	2,736,910
Payments to employees for salaries and benefits	(1,493,894)	-
Payments to suppliers and service providers	(5,621,493)	(2,612,043)
Net cash provided by operating activities	<u>4,613,353</u>	<u>610,506</u>
Cash Flows from Noncapital Financing Activity		
Transfers to other funds	(2,384,166)	-
Net cash used in noncapital financing activity	<u>(2,384,166)</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(2,706,477)	(461,527)
Transfers in from other funds	1,547,693	-
Proceeds from public property finance contract	-	1,300,000
Proceeds from sale of capital assets	-	19,875
Payment from component unit for principal payment on debt	558,148	-
Principal paid on capital debt	(597,526)	-
Interest paid on capital debt	(81,903)	-
Net cash provided by (used in) capital and related financing activities	<u>(1,280,065)</u>	<u>858,348</u>
Cash Flows from Investing Activities		
Interest on investments	154,619	46,516
Investment purchases	(1,268,983)	(411,603)
Net cash used in investing activities	<u>(1,114,364)</u>	<u>(365,087)</u>
Increase (Decrease) in Cash and Cash Equivalents	(165,242)	1,103,767
Cash and Cash Equivalents, Beginning of Year	<u>702,194</u>	<u>146,514</u>
Cash and Cash Equivalents, End of Year	<u>\$ 536,952</u>	<u>\$ 1,250,281</u>

City of Tomball, Texas
Statement of Cash Flows – Proprietary Funds (Continued)
Year Ended September 30, 2018

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
Reconciliation of Operating Income to Net Cash Provided By Operating Activities		
Operating income	\$ 3,261,599	\$ 241,105
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,474,519	380,232
Changes in:		
Receivables, net	(141,092)	(16,093)
Accounts payable and accrued liabilities	(57,860)	5,262
Deposits payable	39,941	-
Compensated absences	4,673	-
Total OPEB liability	70,883	-
Net pension liability	(295,286)	-
OPEB deferred outflows	(37,663)	-
Pension deferred outflows	154,410	-
Pension deferred inflows	139,229	-
	<u>\$ 4,613,353</u>	<u>\$ 610,506</u>
Net cash provided by operating activities	<u>\$ 4,613,353</u>	<u>\$ 610,506</u>

City of Tomball, Texas
Notes to Basic Financial Statements
September 30, 2018

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Financial Reporting Entity

The City of Tomball, Texas (the City) was incorporated on July 18, 1933. The City has operated under a "Home Rule Charter," which provides for a Council-City Manager form of government, since 1987. The City Council is the principal legislative body of the City.

The City Manager is appointed by a majority vote of the City Council and is responsible to the Council for the administration of all the affairs of the City. The City Manager is responsible for the appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget.

The City provides the following services: public safety to include police and fire services; municipal court; streets; drainage; water and sewer services; gas 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 accounting principles generally accepted in the United States of America (GAAP), these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations or functions as part of the City's financial reporting entity. The Tomball Economic Development Corporation, Employee Benefits Trust and Tomball Legacy Fund, Inc., although legally separate organizations, 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 GAAP. 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 GAAP 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.

City of Tomball, Texas
Notes to Basic Financial Statements
September 30, 2018

Discretely Presented Component Unit

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

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

Blended Component Units

Health Benefits Fund – The Health Benefits Fund accounts for the Employee Benefits Trust (the Trust) and has been included in the reporting entity as a blended component unit. The Trust is revocable trust and a not-for-profit entity and is organized under Section 222.002(c)(5) of the Texas Insurance Code. The Trust's Board of Trustees are members of the 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 in an internal service fund.

Tomball Legacy Fund, Inc. – Tomball Legacy Fund, Inc. has been included in the reporting entity as a blended component unit. Tomball Legacy Fund, Inc. is a not-for-profit 501(c)3 foundation managed by a seven-member Board of Directors consisting of the Mayor and City Council of the City, plus one appointed individual. Tomball Legacy Fund, Inc. was established to allow the City to receive private and corporate grant funds to be used on behalf of the City. The operations of Tomball Legacy Fund, Inc. are presented as a governmental fund type as a special revenue fund.

Government-wide and Fund Financial Statements

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information about the City as a whole. These statements include all activities of the primary government and its discretely presented component unit. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. 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.

City of Tomball, Texas

Notes to Basic Financial Statements

September 30, 2018

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, deferred outflows and inflows of resources, 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 and report all financial resources not accounted for and reported in another fund. 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 general government, public safety, public works, parks and recreation, and community development.

Special Revenue Funds

The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The special revenue funds include Special General Fund, Housing Trust Fund, Court Security Fund, Court Technology Fund, Hotel Occupancy Tax Fund, Red Light Camera Fund, Bunny Run Fund and Tomball Legacy Fund, Inc. The special revenue funds are considered nonmajor funds for reporting purposes.

Debt Service Fund

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

City of Tomball, Texas
Notes to Basic Financial Statements
September 30, 2018

Capital Projects Fund

The capital projects fund is used to account for and report 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 major fund for reporting purposes.

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, deferred outflows and inflows of resources, net position, revenues, expenses and transfers relating to the government's business-type activities are accounted for through proprietary funds. The proprietary funds 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 gas. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The enterprise fund is considered a major fund for reporting purposes.

Internal Service Funds

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

Measurement Focus and Basis of Accounting

The government-wide statement of net position and statement of activities and all proprietary funds are accounted for with a flow of economic resources measurement focus on the accrual basis of accounting. With this measurement focus, all assets and deferred outflows of resources, and all liabilities and deferred inflows of resources associated with the operations of these activities are included on the statement of net position. Proprietary fund equity consists of net position. Proprietary fund operating statements present increases (*i.e.*, revenues) and decreases (*i.e.*, expenses) in changes in net position.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities

City of Tomball, Texas

Notes to Basic Financial Statements

September 30, 2018

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 change in fund balances.

The City uses the modified accrual basis of accounting in the governmental funds. 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.

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

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

The accrual basis of accounting is used for the proprietary fund types. The statement of net position, statement 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Deposits and Investments

The City maintains a pooled cash and investment 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 month-end. Amounts on deposit in interest-bearing accounts and other investments are displayed on the financial statements as cash and cash equivalents.

The City reports all investments at fair value, with the exception of investments in local government investment pools. The carrying value of investments in local government investment pools is determined by the valuation policy of the investment pool, either at amortized cost or net asset value of the underlying pool shares, as further described in Note 3.

City of Tomball, Texas

Notes to Basic Financial Statements

September 30, 2018

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:

1. Obligations of the United States or its agencies and instrumentalities;
2. Direct obligations of the State of Texas or its agencies and instrumentalities;
3. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities;
5. Obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent;
6. Certificates of deposit, repurchase agreements and commercial paper that meet certain criteria; and
7. An eligible investment pool authorized by the governing body.

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.

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."

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

City of Tomball, Texas
Notes to Basic Financial Statements
September 30, 2018

Inventory and Prepaid Items

Inventories include stock and parts that are on hand and will be utilized in conducting business within the next year. Inventories are accounted for using the consumption method (an expense is recorded when the inventory item is used). Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures), and are recognized as expenditures when utilized.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure (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 and in the proprietary fund financial statement. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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:

Buildings and improvements	20-50 years
Machinery and equipment	3-10 years
Vehicles	4-7 years
Water, sewer and gas system	20-30 years
Infrastructure	40-50 years

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 limits, 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 recorded on the government-wide statement of net position and represent a reconciling item between the fund and government-wide presentations. The estimated amount of compensation for services provided that is expected to be liquidated in future years is reported as an expense and a fund liability of the proprietary fund that will pay it when it matures or becomes due.

City of Tomball, Texas

Notes to Basic Financial Statements

September 30, 2018

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. 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 and payments of principal and interest are reported as expenditures. 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 fund's financial statements. For proprietary fund types, bond premiums and discounts 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.

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 governmental fund financial statements. 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.

Landfill Post-closure Care Costs

The City reports municipal solid waste landfill costs in accordance with Governmental Accounting Standards Board (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 as long-term debt.

Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the

City of Tomball, Texas
Notes to Basic Financial Statements
September 30, 2018

employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Defined Benefit Other Postemployment Benefit Plans

The City has two single-employer defined benefit other postemployment benefit (OPEB) plans (Plans). For purposes of measuring the total OPEB liability of each OPEB plan, deferred outflows of resources and deferred inflows of resources related to each OPEB plan, and OPEB expense have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms for the Plans. Allocations of OPEB items to the City's enterprise fund is determined on the basis of full-time employee counts by department.

Deferred Inflows and Outflows of Resources

The City presents deferred outflows and inflows of resources in accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), which establish accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. Deferred inflows of resources represent an acquisition of resources that applies to a future reporting period and, therefore, will not be recognized as an inflow of resources (revenue or reduction of expense) until that time. Deferred outflows of resources represent a consumption of resources that applies to a future reporting period and, therefore, will not be recognized as an outflow of resources (expense/expenditure or reduction of liability) until that time. The City has the following items that qualify for reporting in these categories.

Government-wide

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and reported as a reduction in net pension liability in the year subsequent to their deferral.
- OPEB benefit and premium payments after measurement date – These benefit payments are deferred and reported as a reduction in total OPEB liability in the year subsequent to their deferral.
- Difference between projected and actual earnings on pension plan investments – This difference is deferred and amortized to pension expense over a closed five-year period.
- Difference in expected and actual experience (Pension) – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

City of Tomball, Texas
Notes to Basic Financial Statements
September 30, 2018

- Change of assumptions (Pension and OPEB) – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

Fund Equity

Government-wide and Proprietary Fund Net Position

Net position on the statement of net position includes the following categories:

Net Investment in Capital Assets – This component of net position consists of 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, and adding back unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position 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 position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Governmental Funds Fund Balance

Fund balances of governmental funds are classified as follows:

Nonspendable Fund Balance – Represents amounts that cannot be spent because they are either in nonspendable form (such as inventory or prepaid costs) or are legally required to remain intact (such as principal of a permanent fund).

Restricted Fund Balance – Represents amounts that are constrained by external parties, constitutional provisions or by enabling legislation.

Committed Fund Balance – Represents amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (*i.e.*, City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint. The commitment must be made prior to year-end.

Assigned Fund Balance – Represents amounts the City intends to use for a specific purpose. Fund balance can be assigned by the City Manager, pursuant to the City's fund balance policy. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. Assignments can be made at any time.

City of Tomball, Texas

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Unassigned Fund Balance – Represents amounts that are available for any purpose. Positive amounts are reported only in the general fund. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted net position/fund balance first, then unrestricted net position/fund balance. Furthermore, when an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed, then assigned funds, and finally unassigned funds.

The City Council is the government's highest level of decision-making authority and the formal action that is required to be taken to establish, modify or rescind a fund balance commitment is a resolution approved by the Council. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

The Council has also authorized the City Manager to assign fund balance. Assignments of fund balance by the City Manager do not require formal action by the City Council.

The City strives to maintain an unassigned fund balance of not less than 25 percent of the budgeted operational expenditures in all City funds. Due to the volatile nature of a majority of its revenues, it is not deemed excessive for the City to maintain an unassigned fund balance in the general fund at levels greater than 33 percent of the budgeted operational expenditures. The purpose of this unassigned balance is to alleviate significant unanticipated budget shortfalls and to ensure the orderly provisions of services to citizens. Should unassigned fund balance fall below the goal or have a deficiency, the City will seek to reduce expenditures prior to increasing revenues to replenish fund balance within a reasonable timeframe.

Assigned fund balance in the general fund as of September 30, 2018, reflects fund balance assigned for encumbrances outstanding at the end of the year.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

Change in Accounting Principles

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

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- This Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Implementation resulted in a restatement of beginning net position as of October 1, 2017, reclassification of amounts previously expensed as salaries and benefits to deferred outflows of resources and recognition of the total OPEB liabilities as of October 1, 2017. The City has implemented this Statement in fiscal year 2018 and, accordingly, has restated beginning net position within the government-wide financial statements as of October 1, 2017, of (\$1,615,596) related to Governmental Activities, and (\$398,668) related to Business-type Activities. Additionally, in the funds statements, beginning net position as of October 1, 2017, of the proprietary funds was restated by \$(398,668).

GASB Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*

- This Statement supersedes the requirements of paragraphs 5-22 of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and requires interest costs incurred before the end of a construction period to be recognized as expense in the period incurred under the economic resources measurement focus. Adoption of GASB 89 had no effect on the City's financial statements.

Future Adoption of Accounting Pronouncements

The GASB has issued the following potentially significant statements which the City has not yet adopted and which require adoption subsequent to September 30, 2018.

Statement No.		Adoption Required
83	<i>Certain Asset Retirement Obligations</i>	September 30, 2019
84	<i>Fiduciary Activities</i>	September 30, 2020
87	<i>Leases</i>	September 30, 2021
88	<i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements</i>	September 30, 2019
90	<i>Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61</i>	September 30, 2020

Note 2: Stewardship, Compliance and Accountability

Annual budgets are legally adopted on a basis consistent with GAAP for the general fund, debt service fund, court security fund, court technology fund, hotel occupancy tax fund and the special general fund. All other adopted budgets are used as a management tool. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as

City of Tomball, Texas
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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.

Note 3: Deposits and Investments

Cash and cash equivalents and investments as of September 30, 2018, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 58,612,722
Business-type activities	10,681,907
Component unit	<u>16,248,429</u>
Total	<u><u>\$ 85,543,058</u></u>

Cash and cash equivalents and investments as of September 30, 2018, consist of the following:

	<u>City</u>	<u>Component Unit</u>	<u>Total</u>
Cash and cash equivalents with financial institutions (carrying value)	\$ 2,978,425	\$ 227,785	\$ 3,206,210
Investments	<u>66,316,204</u>	<u>16,020,644</u>	<u>82,336,848</u>
Total	<u><u>\$ 69,294,629</u></u>	<u><u>\$ 16,248,429</u></u>	<u><u>\$ 85,543,058</u></u>

Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2018:

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Municipal bonds	\$ 9,410,396	\$ -	\$ 9,410,396	\$ -
U.S. agencies	3,981,958	-	3,981,958	-
Total investments by fair value level	13,392,354	\$ 0	\$ 13,392,354	\$ 0
Investments measured at amortized cost:				
TexPool	34,859,310			
TexPool Prime	25,633,770			
Investments measured at net asset value:				
Texas CLASS	8,451,414			
	68,944,494			
Total investments	\$ 82,336,848			

Municipal bonds and U.S. Agency Securities and are classified in Level 2 of the fair value hierarchy and are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

Investment Pools

The City is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. The State Comptroller has established an advisory board composed of both participants in TexPool and others not otherwise associated. TexPool uses amortized cost rather than the market value to report net position to compute share prices.

The City is invested in Texas Cooperative Liquid Assets Securities System (Texas CLASS) Trust. Texas CLASS was created as an investment pool for its participants pursuant to Section 2256.016 of the *Public Funds Investment Act*, Texas Government Code, or other laws of the State of Texas

City of Tomball, Texas
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governing the investment of funds of a participant or funds under its control. Texas CLASS is administered by Public Trust Advisors, LLC with Wells Fargo Bank Texas, N.A., as the custodian and is supervised by a Board of Trustees who are elected by the participants. The fair value of the position of Texas Class is measured at net asset value and is designed to approximate the share value.

The investment pools do not have any limitations or restrictions on withdrawals, such as notice periods or maximum transaction amounts, and do not impose any liquidity fees or redemption gates.

Custodial Credit Risk

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. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2018, all of the City's deposits with financial institutions were fully collateralized with securities held by the pledging financial institution in the City's name and the Component Unit's deposits were fully insured by the Federal Deposit Insurance Corporation.

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 four 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.

The weighted average maturity of the City and component unit investment portfolios as of September 30, 2018, is shown below:

	Weighted Average	
	City	Component Unit
Fixed income:		
Municipal bonds	32	22
U.S. agencies	17	19
Investment pools:		
TexPool	28	28
TexPool Prime	37	37
Texas CLASS	22	22

City of Tomball, Texas
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Concentration of Credit Risk

The City's investment policy recognizes invested funds shall be diversified to minimize risk resulting from over-concentration of assets in a specific maturity, specific market sector or specific instruments.

Credit Risk

The City's investment policy limits investments in external investment pools to pools rated as to investment quality not less than "AAA" or "AAAm" or at an equivalent rating by at least one nationally recognized rating service. Obligations of states, agencies, counties, cities and other political subdivisions of any state must be rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent. The City's investments as of September 30, 2018, were rated as follows:

Investment Type	Rating	Rating Agency
Municipal Bonds	A+ to AAA Aa3 to AAA AAA	Standard & Poor's Moody's Investors Service Fitch ratings
U.S. Agencies	AA+ or Not Rated	Standard & Poor's
TexPool	AAAm	Standard & Poor's
TexPool Prime	AAAm	Standard & Poor's
Texas CLASS	AAAm	Standard & Poor's

Note 4: Receivables

The following comprise receivable balances at year-end:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Enterprise Fund
Property taxes	\$ 90,908	\$ 163,225	\$ -	\$ -	\$ -
Sales taxes	1,969,167	-	-	-	-
Franchise and other taxes	119,973	-	-	3,400	-
Customer accounts	430,515	-	-	-	2,025,261
Other	369,827	1,597	14,403.00	43,011	105
Gross receivable	2,980,390	164,822	14,403	46,411	2,025,366
Less allowance for uncollectible accounts	(183,821)	(163,225)	-	-	(257,397)
Net receivable	<u>\$ 2,796,569</u>	<u>\$ 1,597</u>	<u>\$ 14,403</u>	<u>\$ 46,411</u>	<u>\$ 1,767,969</u>

City of Tomball, Texas
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Note 5: Capital Assets

Changes in capital assets for governmental activities for the year ended September 30, 2018, are summarized as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 7,255,744	\$ -	\$ -	\$ 7,255,744
Construction in progress	6,022,850	3,897,656	2,185,345	7,735,161
Total capital assets, not being depreciated	<u>13,278,594</u>	<u>3,897,656</u>	<u>2,185,345</u>	<u>14,990,905</u>
Capital assets, being depreciated:				
Buildings and improvements	11,252,775	-	-	11,252,775
Machinery and equipment	6,698,124	246,777	500,147	6,444,754
Vehicles	5,222,187	307,412	108,315	5,421,284
Infrastructure	36,978,439	50,760	-	37,029,199
Total capital assets, being depreciated	<u>60,151,525</u>	<u>604,949</u>	<u>608,462</u>	<u>60,148,012</u>
Less accumulated depreciation:				
Buildings and improvements	(4,225,808)	(267,802)	-	(4,493,610)
Machinery and equipment	(5,583,848)	(197,237)	(500,147)	(5,280,938)
Vehicles	(4,104,925)	(352,741)	(108,315)	(4,349,351)
Infrastructure	(9,771,080)	(1,084,689)	-	(10,855,769)
Total accumulated depreciation	<u>(23,685,661)</u>	<u>(1,902,469)</u>	<u>(608,462)</u>	<u>(24,979,668)</u>
Total capital assets, net	<u>36,465,864</u>	<u>(1,297,520)</u>	<u>0</u>	<u>35,168,344</u>
Governmental activities capital assets, net	<u>\$ 49,744,458</u>	<u>\$ 2,600,136</u>	<u>\$ 2,185,345</u>	<u>\$ 50,159,249</u>

Changes in capital assets for business-type activities for the year ended September 30, 2018, are summarized as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,868,695	\$ 28,638	\$ -	\$ 1,897,333
Construction in progress	883,332	2,186,420	-	3,069,752
Total capital assets, not being depreciated	<u>2,752,027</u>	<u>2,215,058</u>	<u>0</u>	<u>4,967,085</u>
Capital assets, being depreciated:				
Gas system	6,219,284	69,817	-	6,289,101
Water and sewer system	48,972,407	289,249	-	49,261,656
Machinery and equipment	4,463,625	136,770	-	4,600,395
Total capital assets, being depreciated	<u>59,655,316</u>	<u>495,836</u>	<u>0</u>	<u>60,151,152</u>
Less accumulated depreciation:				
Gas system	(3,142,027)	(148,727)	-	(3,290,754)
Water and sewer system	(21,259,249)	(1,208,870)	-	(22,468,119)
Machinery and equipment	(2,075,395)	(116,922)	-	(2,192,317)
Total accumulated depreciation	<u>(26,476,671)</u>	<u>(1,474,519)</u>	<u>0</u>	<u>(27,951,190)</u>
Total capital assets, net	<u>33,178,645</u>	<u>(978,683)</u>	<u>0</u>	<u>32,199,962</u>
Business-type activities, net	<u>\$ 35,930,672</u>	<u>\$ 1,236,375</u>	<u>\$ 0</u>	<u>\$ 37,167,047</u>

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Depreciation was charged to governmental and business-type activities as follows:

Governmental activities:	
Public safety	\$ 436,123
Public works	1,086,114
Internal service fund	380,232
Total depreciation expense	1,902,469
Business-type activities:	
Water and wastewater	1,325,792
Gas	148,727
Total depreciation expense	1,474,519
Total depreciation expense, primary government	\$ 3,376,988

Construction in progress and remaining commitments under related construction contracts for governmental and business-type activities projects at year-end were as follows:

Project Description	Project Authorization	Expended Through September 30, 2018	Remaining Commitment
Governmental activities:			
Tomball Business Park	\$ 106,848	\$ 140,602	\$ (33,754)
M121 Final Phase	6,920,936	4,608,501	2,312,435
Rudolph Road and utilities	211,135	166,970	44,165
Downtown sidewalks	96,456	96,456	-
Broussard Park	1,393,971	929,074	464,897
Wayne Stovall Sports Complex Improvement	446,909	30,237	416,672
Medical Complex Segment 4B	3,469,886	980,683	2,489,203
Public Works Parking Lot	38,894	31,068	7,826
Sidewalks (Quinn/ Holderrieth)	220,478	419,158	(198,680)
Sherwood Forest Drainage	331,762	332,412	(650)
Total governmental activities	13,237,275	7,735,161	5,502,114
Business-type activities:			
Rudolph Road	179,856	161,951	17,905
Wastewater Master Plan	192,587	192,587	-
Critical Needs Assessment	4,268,201	2,418,100	1,850,101
East Side Water Loop Line	621,805	221,316	400,489
Water Modeling	75,798	75,798	-
Total business-type activities	5,338,247	3,069,752	2,268,495
Grand total projects	\$ 18,575,522	\$ 10,804,913	\$ 7,770,609

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Due to a change in management priorities and budget constraints, the City determined that certain construction projects previously recorded as construction in progress will not be completed in the foreseeable future. As a result, the City removed these assets from construction in progress in 2018 resulting in \$2,185,345 reported in government type activities as public works expense.

Changes in capital assets for the component unit for the year ended September 30, 2018, are summarized as follows:

Component Unit	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,684,114	\$ -	\$ 154,239	\$ 1,529,875
Construction in process	1,984,808	40,972	-	2,025,780
Total capital assets, not being depreciated	<u>\$ 3,668,922</u>	<u>\$ 40,972</u>	<u>\$ 154,239</u>	<u>\$ 3,555,655</u>

Construction in progress and remaining commitments under related construction contracts for the component unit at year-end were as follows:

Project Description	Project Authorization	Expended Through September 30, 2018	Remaining Commitment
Tomball Business Park and Technology Park	\$ 2,044,687	\$ 2,025,780	\$ 18,907

Note 6: Long-term Liabilities

The following is a summary of changes in the City's total governmental and business-type long-term liabilities for the year ended September 30, 2018. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities and enterprise funds to liquidate business-type long-term liabilities.

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

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	Beginning Balance (Restated)	Increases	Decreases	Ending Balance	Amounts Due in One Year
Governmental Activities					
Certificates of obligation and bonds payable	\$ 44,052,500	\$ -	\$ 3,249,250	\$ 40,803,250	\$ 2,990,250
Unamortized discount/premium	1,188,911	-	85,873	1,103,038	-
	45,241,411	0	3,335,123	41,906,288	2,990,250
Capital lease obligation	660,019	-	73,463	586,556	586,556
Public property finance contractual obligation	-	1,300,000	-	1,300,000	-
Total OPEB liability	2,519,567	282,349	-	2,801,916	90,718
Net pension liability	5,707,343	3,481,068	4,857,329	4,331,082	-
Compensated absences	1,608,583	684,872	728,179	1,565,276	391,319
Landfill postclosure costs	402,500	33,000	-	435,500	-
Total governmental activities long-term liabilities	<u>\$ 56,139,423</u>	<u>\$ 5,781,289</u>	<u>\$ 8,994,094</u>	<u>\$ 52,926,618</u>	<u>\$ 4,058,843</u>
Business-type Activities					
Bonds payable	\$ 2,832,500	\$ -	\$ 585,750	2,246,750	\$ 574,750
Unamortized discount/premium	47,107	-	11,776	35,331	-
	2,879,607	0	597,526	2,282,081	574,750
Total OPEB liability	571,926	64,091	-	636,017	20,593
Net pension liability	1,066,820	-	295,286	771,534	-
Compensated absences	275,341	151,770	147,098	280,013	70,003
Total business-type activities long-term liabilities	<u>\$ 4,793,694</u>	<u>\$ 215,861</u>	<u>\$ 1,039,910</u>	<u>3,969,645</u>	<u>\$ 665,346</u>

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

Certificates of Obligation and General Obligation Bonds

	Interest Rates	Final Maturity	Original Issue	Governmental Activities	Business-type Activities
Certificates of obligation:					
Series 2012	3-4.25%	2032	\$ 14,500,000	\$ 10,950,000	\$ -
Series 2013	2-3%	2033	8,500,000	6,785,000	-
Series 2016	3-5%	2037	20,240,000	18,465,000	-
				<u>36,200,000</u>	<u>0</u>
General obligation bonds:					
Series 2011	2-4%	2022	8,650,000	1,838,250	2,246,750
Series 2013	1-1.65%	2023	6,370,000	2,765,000	-
				<u>4,603,250</u>	<u>2,246,750</u>
Total bonds and certificates of obligation				<u>\$ 40,803,250</u>	<u>\$ 2,246,750</u>

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Annual debt service requirements to maturity for certificates of obligation and general obligation bonds at year-end were as follows:

Fiscal Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 2,990,250	\$ 1,332,831	\$ 574,750	\$ 92,909
2020	3,016,250	1,239,564	563,750	75,501
2021	3,046,750	1,147,348	558,250	55,605
2022	3,080,000	1,048,748	550,000	33,165
2023	2,680,000	952,673	-	11,000
2024-2028	11,025,000	3,529,000	-	-
2029-2033	11,085,000	1,589,563	-	-
2034-2037	3,880,000	278,875	-	-
	<u>\$ 40,803,250</u>	<u>\$ 11,118,602</u>	<u>\$ 2,246,750</u>	<u>\$ 268,180</u>

Public Property Finance Contractual Obligation

The City issued Public Property Finance Obligations to finance acquisition of equipment for the Fire Department as described below:

Governmental Activities

\$1,300,000 Public Property Finance Act Contract, payable in annual installments of \$130,000, including principal and interest, through November 1, 2028, interest at 3.65 percent through November 1, 2023, and at a fixed rate equal to the Wall Street Journal Prime Rate minus 1.35 percent per annum from November 1, 2023 through 2028.

Fiscal Year	Governmental Activities	
	Principal	Interest
2019	\$ -	\$ 4,086
2020	130,000	47,450
2021	130,000	42,705
2022	130,000	37,960
2023	130,000	33,215
2024-2028	650,000	94,900
2029	130,000	4,745
	<u>\$ 1,300,000</u>	<u>\$ 265,061</u>

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

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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 Internal Revenue Service's rules and regulations. The City owed no arbitrage liability as of September 30, 2018.

Obligations under Capital Leases

The City has entered into capital lease agreements in order to purchase machinery and equipment. The assets acquired through lease agreements are classified as follows:

	Governmental Activities
Asset:	
Machinery and equipment	\$ 713,570
Less accumulated depreciation	(190,285)
Total	\$ 523,285

The City paid the entire balance of principal and interest owed under the capital lease of \$621,174 in October 2018.

Note 7: Commitments and Contingencies

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 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 in the past three years.

Contingent Liabilities

The City is a party to various legal actions. Although the outcome 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.

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Note 8: Interfund Transfers

Interfund transfers in and transfers out for the year ended September 30, 2018, are as follows:

Transfers In	Transfers Out				Total
	Governmental Funds			Proprietary Funds	
	General Fund	Capital Projects Fund	Other Governmental Funds	Enterprise Fund	
General fund	\$ -	\$ -	\$ -	\$ 2,384,166	\$ 2,384,166
Capital projects fund	1,490,000	-	310,000	-	1,800,000
Other governmental funds	20,000	-	-	-	20,000
Enterprise Fund	-	1,547,693	-	-	1,547,693
	<u>\$ 1,510,000</u>	<u>\$ 1,547,693</u>	<u>\$ 310,000</u>	<u>\$ 2,384,166</u>	<u>\$ 5,751,859</u>

Transfers are primarily used to move funds from:

- The general fund to the capital projects fund to fund projects.
- The general fund to other governmental to fund projects.
- Other governmental funds to the capital projects fund to fund projects.
- The capital projects fund to the enterprise fund to fund projects.
- The enterprise fund to the general fund to fund indirect costs for administrative expenses.

Note 9: Pension Plan

Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid agent multiple-employer defined benefit pension plan administered by the TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the *TMRS Act*, Subtitle G, Title 8, Texas Government Code (the *TMRS Act*) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The *TMRS Act* places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

City of Tomball, Texas
Notes to Basic Financial Statements
September 30, 2018

Benefits Provided

TMRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75 percent of the member's deposits and interest.

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:

	Plan Year 2017	Plan Year 2018
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/years 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

Employees Covered by Benefit Terms

At the December 31, 2017, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	78
Inactive employees entitled to but not yet receiving benefits	68
Active employees	166
Total	312

Contributions

The contribution rates for employees in TMRS are either 5 percent, 6 percent or 7 percent of employee gross earnings, and the City matching percentages are either 100 percent, 150 percent or 200 percent, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

City of Tomball, Texas

Notes to Basic Financial Statements

September 30, 2018

Employees for the City were required to contribute 7 percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.59 percent and 13.42 percent in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018, were \$1,439,971, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions.

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109 percent and female rates multiplied by 103 percent. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109 percent and female rates multiplied by 103 percent with a three-year set-forward for both males and females. In addition, a 3 percent minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3 percent floor.

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. This experience study was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013.

Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each

City of Tomball, Texas
Notes to Basic Financial Statements
September 30, 2018

major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Domestic equity	17.50%	4.55%
International equity	17.50%	6.35%
Core fixed income	10.00%	1.00%
Non-core fixed income	20.00%	3.90%
Real return	10.00%	3.80%
Real estate	10.00%	4.50%
Absolute return	10.00%	3.75%
Private equity	5.00%	7.50%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the TPL was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the NPL

	TPL (a)	Plan Fiduciary Net Position (b)	NPL (a) - (b)
Balances at October 1, 2017	\$ 38,012,132	\$ 31,237,969	\$ 6,774,163
Changes for the year:			
Service cost	1,780,118	-	1,780,118
Interest	2,582,435	-	2,582,435
Difference between expected and actual experience	437,533	-	437,533
Contributions – employer	-	1,428,931	(1,428,931)
Contributions – employee	-	736,020	(736,020)
Net investment income	-	4,330,256	(4,330,256)
Benefit payments, including refunds of employee contributions	(1,287,794)	(1,287,794)	-
Administrative expenses	-	(22,437)	22,437
Other	-	(1,137)	1,137
Net changes	<u>3,512,292</u>	<u>5,183,839</u>	<u>(1,671,547)</u>
Balances at September 30, 2018	<u>\$ 41,524,424</u>	<u>\$ 36,421,808</u>	<u>\$ 5,102,616</u>

City of Tomball, Texas
Notes to Basic Financial Statements
September 30, 2018

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75 percent, as well as what the City's NPL would be if it were calculated using a discount rate that is 1 percentage point lower (5.75 percent) or 1 percentage point higher (7.75 percent) than the current rate:

	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
Net Pension Liability (Asset)	\$ 11,515,386	\$ 5,102,616	\$ (78,750)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmr.com.

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the City recognized pension expense of \$1,650,283.

At September 30, 2018, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual pension experience	\$ 414,291	\$ 85,175
Changes of actuarial assumptions	48,668	-
Difference between projected and actual pension plan investment earnings	-	946,448
Contributions subsequent to the measurement date	1,047,351	-
Total	\$ 1,510,310	\$ 1,031,623

\$1,047,351 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows.

City of Tomball, Texas
Notes to Basic Financial Statements
September 30, 2018

Year Ending September 30,		
2019	\$	108,739
2020		52,279
2021		(362,727)
2022		(366,955)
		(366,955)
Total	\$	(568,664)

Note 10: Postemployment Benefits Other Than Pensions

The City offers two other postemployment benefit (OPEB) plans; the Retiree Health Care Plan and the TMRS-Supplemental Death Benefits Fund as discussed below. OPEB items for the two plans are as follows:

	Retiree Health Care Plan	TMRS - Supplemental Death Benefits Fund	Total
Total OPEB Liability	\$ 2,999,689	\$ 438,244	\$ 3,437,933
Deferred outflows of resources	172,267	31,319	203,586
OPEB expense	254,836	41,268	296,104

Note 11: 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 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 TMRS, have been a full-time employee of the City for ten consecutive years immediately prior to retirement, and satisfy the applicable plan

City of Tomball, Texas
Notes to Basic Financial Statements
September 30, 2018

requirements for the extension of retiree coverage under the medical and dental insurance benefit plan offered by the City at the time of retirement. The City's retiree healthcare benefit is only provided to employees who were hired prior to October 1, 2014.

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.

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

As of December 31, 2017, the measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	26
Active employees	109
Total	135

Funding Policy

The benefit levels and contribution rates are approved annually by the City management and the City Council as part of the budget process. By the City not contributing anything toward this plan in advance, the City employs a pay-as-you-go method through ensuring the annual retiree contributions are equal to the benefits that are paid on behalf of the retirees.

Actuarial Methods and Assumptions

Significant methods and assumptions used in the December 31, 2017, actuarial valuation are as follows.

City of Tomball, Texas
Notes to Basic Financial Statements
September 30, 2018

Actuarial Cost Method	Individual Entry-Age												
Discount Rate	3.31 percent as of December 31, 2017 (3.81 percent in prior year)												
	Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in the Fidelity "20-Year Municipal GO AA Index" as of December 31, 2017.												
Inflation	2.50 percent per annum												
Salary Increases	3.50 percent to 10.50 percent, including inflation												
Demographic Assumption	Based on the experience study covering the four-year period ending December 31, 2014, as conducted for the Texas Municipal Retirement System (TMRS)												
Mortality	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109 percent and female rates multiplied by 103 percent. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.												
Health Care Trend Rates	7.50 percent decreasing to an ultimate rate of 5.50 percent over 9 years.												
Participation Rates	It was assumed that retirees would choose to receive retiree health care benefits through the City as follows:												
	<table border="1"> <thead> <tr> <th style="text-align: center;"><u>Years of City Service</u></th> <th style="text-align: center;"><u>Participation Assumption</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">< 10</td> <td style="text-align: center;">0%</td> </tr> <tr> <td style="text-align: center;">10 – 15</td> <td style="text-align: center;">25%</td> </tr> <tr> <td style="text-align: center;">15 – 20</td> <td style="text-align: center;">45%</td> </tr> <tr> <td style="text-align: center;">20 – 25</td> <td style="text-align: center;">65%</td> </tr> <tr> <td style="text-align: center;">25 +</td> <td style="text-align: center;">85%</td> </tr> </tbody> </table>	<u>Years of City Service</u>	<u>Participation Assumption</u>	< 10	0%	10 – 15	25%	15 – 20	45%	20 – 25	65%	25 +	85%
<u>Years of City Service</u>	<u>Participation Assumption</u>												
< 10	0%												
10 – 15	25%												
15 – 20	45%												
20 – 25	65%												
25 +	85%												

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

City of Tomball, Texas
Notes to Basic Financial Statements
September 30, 2018

Total OPEB Liability

The total OPEB liability of \$2,999,689 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

The total OPEB liability and related information are as follows at September 30, 2018:

	Total OPEB Liability
Balance as of October 1, 2017	\$ 2,720,373
Changes for the year:	
Service cost	130,909
Interest on total OPEB liability	104,080
Change of assumptions (discount rate change)	152,484
Benefit payments	(108,157)
Balance as of September 30, 2018	\$ 2,999,689

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of \$254,836. At September 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes of assumptions	\$ 132,637
Benefit payments subsequent to the measurement date	39,630
Total	\$ 172,267

Deferred outflows of resources related to OPEBs resulting from benefit payments subsequent to the measurement date of \$39,630 will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2019.

Other amounts reported as deferred outflows related to OPEBs will be recognized in OPEB expense as follows.

City of Tomball, Texas
Notes to Basic Financial Statements
September 30, 2018

Year Ending September 30

2019	\$	19,847
2020		19,847
2021		19,847
2022		19,847
2023		19,847
Thereafter		33,402
Total	\$	132,637

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability calculated using the discount rate of 3.31 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31 percent) or 1-percentage-point higher (4.31 percent) than the current discount rate:

	1% Decrease in Discount Rate (2.31%)	Current Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
Total OPEB liability	\$ 3,332,436	\$ 2,999,689	\$ 2,706,670

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates Assumption	1% Increase
Total OPEB liability	\$ 2,615,798	\$ 2,999,689	\$ 3,466,237

TMRS – Supplemental Death Benefits Fund

Plan Description

The City also participates in a single-employer defined benefit group term life insurance OPEB plan operated by the 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

City of Tomball, Texas
Notes to Basic Financial Statements
September 30, 2018

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 OPEB.

The plan does not issue a separate financial report.

Benefits Provided

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). The death benefit for retirees is considered another postemployment benefit (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets and no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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.

As of December 31, 2017, the measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	66
Inactive employees entitled to but not yet receiving benefits	21
Active employees	166
	253

Actuarial Methods and Assumptions

Significant methods and assumptions used in the December 31, 2017, actuarial valuation are as follows:

Actuarial Cost Method	Entry Age Normal
Discount Rate	3.31 percent as of December 31, 2017 (3.78 percent in prior year) Source: Fidelity Index's "20-Year Municipal GO AA Index"
Inflation	2.50 percent
Salary Increases	3.50 percent to 10.50 percent, including inflation

City of Tomball, Texas
Notes to Basic Financial Statements
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Actuarial Cost Method	Entry Age Normal
Retirees' share of benefit related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109 percent and female rates multiplied by 103 percent and projected on a fully generational basis with scale BB.
Mortality rates – disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109 percent and female rates multiplied by 103 percent with a three-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3 percent floor.

The actuarial assumptions used in the December 31, 2017, valuation were based on the results of an actuarial experience study for the period of December 31, 2010 to December 31, 2014.

Total OPEB Liability

The City's total OPEB liability of \$438,244 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

The total OPEB liability and related information are as follows for the City at September 30, 2018:

	Total OPEB Liability
Balance as of October 1, 2017	\$ 371,120
Changes for the year:	
Service cost	21,029
Interest on total OPEB liability	14,366
Change of assumptions (discount rate change)	34,883
Benefit payments	(3,154)
Balance as of September 30, 2018	\$ 438,244

City of Tomball, Texas
Notes to Basic Financial Statements
September 30, 2018

OPEB Expense and Deferred Outflows of Resources Related to OPEB:

For the year ended September 30, 2018, the City recognized OPEB expense of \$41,268.

At September 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes of assumptions	\$ 29,010
Benefit payments subsequent to the measurement date	2,309
Total	\$ 31,319

Benefit payments subsequent to the measurement date and before fiscal year-end of \$2,309 will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2019.

Other amounts reported as deferred outflows related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30

2019	\$ 5,873
2020	5,873
2021	5,873
2022	5,873
2023	5,518
Total	\$ 29,010

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.31 percent, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31 percent) or 1-percentage-point higher (4.31 percent) than the current discount rate:

	1% Decrease in Discount Rate (2.31%)	Current Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
Total OPEB liability	\$ 528,461	\$ 438,244	\$ 368,599

City of Tomball, Texas
Notes to Basic Financial Statements
September 30, 2018

Note 12: Landfill Postclosure Care Costs

The City's municipal solid waste landfill is in the postclosure process as the landfill has been closed. State and federal laws and regulations required that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site until approved for final regulatory closure by the Texas Commission on Environmental Quality.

The estimated liability for landfill postclosure care costs of \$435,500 as of September 30, 2018, represents the remaining estimated postclosure costs required to achieve regulatory approval for closure. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

**Required Supplementary Information
(Unaudited)**

City of Tomball, Texas
Schedule of Changes in Net Pension Liability and
Related Ratios – Last Four Fiscal Years

	Measurement Year			
	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 1,405,192	\$ 1,631,504	\$ 1,678,897	\$ 1,780,118
Interest	2,122,080	2,283,312	2,396,517	2,582,435
Difference between expected and actual experience	(75,098)	153,806	(109,994)	437,533
Change of assumptions	-	112,706	-	-
Benefit payments, including refunds of employee contributions	(1,120,036)	(1,404,009)	(1,235,596)	(1,287,794)
Net Change in Total Pension Liability	2,332,138	2,777,319	2,729,824	3,512,292
Total pension liability - beginning	30,172,851	32,504,989	35,282,308	38,012,132
Total pension liability - ending (a)	<u>\$ 32,504,989</u>	<u>\$ 35,282,308</u>	<u>\$ 38,012,132</u>	<u>\$ 41,524,424</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 1,106,867	\$ 1,321,927	\$ 1,309,638	\$ 1,428,931
Contributions - employee	629,009	680,604	689,283	736,020
Net investment income	1,480,415	41,253	1,930,676	4,330,256
Benefit payments, including refunds of employee contributions	(1,120,036)	(1,404,009)	(1,235,596)	(1,287,794)
Administrative expense	(15,453)	(25,124)	(21,804)	(22,437)
Other	(1,271)	(1,240)	(1,175)	(1,137)
Net Change in Plan Fiduciary Net Position	2,079,531	613,411	2,671,022	5,183,839
Plan Fiduciary Net Position, Beginning	25,874,005	27,953,536	28,566,947	31,237,969
Plan Fiduciary Net Position, Ending (B)	<u>\$ 27,953,536</u>	<u>\$ 28,566,947</u>	<u>\$ 31,237,969</u>	<u>\$ 36,421,808</u>
Net Pension Liability, Ending (a) - (b)	\$ 4,551,453	\$ 6,715,361	\$ 6,774,163	\$ 5,102,616
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.00%	80.97%	82.18%	87.71%
Covered-Employee Payroll	\$ 8,985,838	\$ 9,722,909	\$ 9,846,905	\$ 10,514,577
Net Pension Liability as a Percentage of Covered-Employee Payroll	50.65%	69.07%	68.79%	48.53%

Only four years of data are presented in accordance with GASB Statement No. 68 as the data for the years prior to 2015 is not available. Additionally, GASB Statement No. 68 requires that the information on this schedule be presented for the year ended as of the current measurement date (December 31).

Other information: For the 2015 valuation, inflation used was 2.5 percent, investment rates of return and the discount rate used was 6.75 percent, and actuarial studies were updated through December 31, 2014.

City of Tomball, Texas
Schedule of Pension Contributions – Last Four Fiscal Years

	Fiscal Year			
	2015	2016	2017	2018
Actuarially determined contribution	\$ 1,246,735	\$ 1,285,841	\$ 1,435,572	\$ 1,439,971
Contributions in relation to the actuarially determined contribution	<u>1,246,735</u>	<u>1,285,841</u>	<u>1,435,572</u>	<u>1,439,971</u>
Contribution deficiency	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 9,404,137	\$ 9,620,867	\$ 10,481,687	\$ 10,693,441
Contributions as a percentage of covered employee payroll	13.26%	13.37%	13.70%	13.47%

Only four years of data are presented in accordance with GASB Statement No. 68 as the data for the years prior to fiscal year 2015 is not available. Additionally, GASB Statement No. 68 requires that the information presented on this schedule correspond with the City's fiscal year (September 30).

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January; 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 years
Asset Valuation Method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

There were no benefit changes during the year.

City of Tomball, Texas
Schedule of Changes in the City's Total OPEB Liability
and Related Ratios – (Retiree Health Care Plan)

	Measurement Year 2017
TOTAL OPEB LIABILITY	
Service cost	\$ 130,909
Interest	104,080
Difference between expected and actual experience	
Change of assumptions	152,484
Benefit payments, including refunds of employee contributions	(108,157)
Net Change in Total OPEB Liability	279,316
Total OPEB Liability - Beginning	2,720,373
Total OPEB Liability - Ending	2,999,689
Covered-Employee Payroll	\$ 10,520,156
Total OPEB Liability as a Percentage of Covered-Employee Payroll	28.51%

The information in this schedule has been determined as of the measurement date (December 31) of the City's total OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods for which such information is available are presented.

Changes of assumptions reflect a change in the discount rate from 3.81 percent as of December 31, 2016, to 3.31 percent as of December 31, 2017.

City of Tomball, Texas
Schedule of Changes in the City's Total OPEB Liability
and Related Ratios – (Supplemental Death Benefits Fund)

	Measurement Year 2017
TOTAL OPEB LIABILITY	
Service cost	\$ 21,029
Interest	14,366
Change of assumptions	34,883
Benefit payments, including refunds of employee contributions	(3,154)
Net Change in Total OPEB Liability	67,124
Total OPEB Liability - Beginning	371,120
Total OPEB Liability - Ending	\$ 438,244
Covered-Employee Payroll	\$ 10,514,577
Total OPEB Liability as a Percentage of Covered-Employee Payroll	4.17%

The information in this schedule has been determined as of the measurement date (December 31) of the City's total OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods for which such information is available are presented.

City of Tomball, Texas
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (General Fund)
Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Taxes:				
Property	\$ 2,040,000	\$ 2,045,000	\$ 2,144,861	\$ 99,861
Sales	10,850,000	12,500,000	12,427,660	(72,340)
Franchise and other	1,328,000	1,265,000	1,270,927	5,927
License and permits	423,500	480,500	532,615	52,115
Fines and forfeitures	556,200	496,200	414,204	(81,996)
Charges for services	2,235,000	1,900,000	1,844,191	(55,809)
Intergovernmental	445,603	453,412	453,416	4
Contributions from component unit	-	-	25,000	25,000
Investment earnings	125,000	177,395	194,303	16,908
Other	773,861	1,348,933	1,348,513	(420)
Total revenues	<u>18,777,164</u>	<u>20,666,440</u>	<u>20,655,690</u>	<u>(10,750)</u>
Expenditures				
General government:				
City manager's office	415,452	459,976	440,324	19,652
Mayor and Council	93,248	73,868	50,181	23,687
City secretary	406,511	344,207	334,844	9,363
Human resources	492,725	440,443	385,671	54,772
Finance	694,482	756,031	715,774	40,257
Information systems	721,553	688,974	617,431	71,543
Legal	142,000	142,250	117,595	24,655
Non-departmental	2,726,635	2,684,391	2,665,792	18,599
	<u>5,692,606</u>	<u>5,590,140</u>	<u>5,327,612</u>	<u>262,528</u>
Public safety:				
Police	5,789,418	5,656,768	5,601,730	55,038
Fire	2,918,950	2,673,934	2,595,164	78,770
Municipal court	384,316	377,581	357,447	20,134
Emergency management	21,645	22,239	19,737	2,502
ESD#15 - Station 5	286,171	694,989	655,533	39,456
	<u>9,400,500</u>	<u>9,425,511</u>	<u>9,229,611</u>	<u>195,900</u>
Public works:				
Public works administration	55,120	58,039	55,620	2,419
Garage	154,061	132,221	130,720	1,501
Streets	2,020,085	2,055,815	1,998,255	57,560
Engineering and Planning	724,629	654,256	562,307	91,949
Sanitation	2,162,844	2,153,474	1,586,442	567,032
Facilities maintenance	760,800	771,588	745,872	25,716
	<u>5,877,539</u>	<u>5,825,393</u>	<u>5,079,216</u>	<u>746,177</u>

City of Tomball, Texas
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (General Fund) (Continued)
Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Expenditures				
Parks and recreation:				
Parks	\$ 1,133,845	\$ 1,134,926	\$ 1,105,557	\$ 29,369
Community center	164,296	164,280	157,148	7,132
	<u>1,298,141</u>	<u>1,299,206</u>	<u>1,262,705</u>	<u>36,501</u>
Community development:				
Permits and inspections	491,216	445,724	431,157	14,567
Total expenditures	<u>22,760,002</u>	<u>22,585,974</u>	<u>21,330,301</u>	<u>1,255,673</u>
Deficiency of Revenues Over Expenditures	<u>(3,982,838)</u>	<u>(1,919,534)</u>	<u>(674,611)</u>	<u>1,244,923</u>
Other Financing Sources (Uses)				
Transfers in	2,384,166	2,384,166	2,384,166	-
Transfers out	(20,000)	(20,000)	(20,000)	-
Total other financing sources	<u>2,364,166</u>	<u>2,364,166</u>	<u>2,364,166</u>	<u>0</u>
Net Change in Fund Balances	<u>\$ (1,618,672)</u>	<u>\$ 444,632</u>	1,689,555	<u>\$ 1,244,923</u>
Fund Balances, Beginning of Year			<u>13,060,996</u>	
Fund Balances, End of Year			<u>\$ 14,750,551</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
2. Transfers out which were budgeted within a department are reported as expenditures in the department where budgeted for purposes of this schedule, and as other financing uses on the statement of revenues, expenditures and changes in fund balance.

Combining and Individual Fund Statements and Schedules

City of Tomball, Texas
Nonmajor Governmental Funds
September 30, 2018

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditures for particular purposes.

Special General Fund - to account for police forfeiture funds and child safety fees.

Housing Trust Fund – to account for the grant funds received for Affordable Housing Initiatives and Related Services.

Court Security Fund - to account for fees generated from court fines which, by law, can only be spent on the City's municipal court.

Court Technology Fund - to account for fees generated from court fines which, by law, can only be spent on the City's municipal court.

Hotel Occupancy Tax Fund - to account for the accounts for revenues received from hotel occupancy taxes.

Red Light Camera Fund - to account for the use of revenues that, by law, are limited to traffic safety programs, including pedestrian safety programs, public safety programs, intersection improvements and traffic enforcement.

Bunny Run Fund - to account for the revenues generated by City-sponsored races.

Tomball Legacy Fund - to account for private and corporate grant funds received by the City.

City of Tomball, Texas
Combining Balance Sheet – Nonmajor Governmental Funds
September 30, 2018

	Special General	Housing Trust	Court Security	Court Technology	Hotel Occupancy Tax	Red Light Camera	Bunny Run	Tomball Legacy Fund	Total Nonmajor Governmental Funds
Assets									
Cash and cash equivalents	\$ 18,308	\$ -	\$ 86,213	\$ 42,267	\$ 20,312	\$ 45,793	\$ 13,841	\$ -	\$ 226,734
Investments	92,868	-	141,920	156,130	461,590	321,110	5,123	25,709	1,204,450
Receivables (net of allowance for uncollectibles, where applicable)	-	-	-	-	3,400	43,011	-	-	46,411
Total assets	<u>\$ 111,176</u>	<u>\$ 0</u>	<u>\$ 228,133</u>	<u>\$ 198,397</u>	<u>\$ 485,302</u>	<u>\$ 409,914</u>	<u>\$ 18,964</u>	<u>\$ 25,709</u>	<u>\$ 1,477,595</u>
Liabilities and Fund Balances									
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 22,822	\$ 191,632	\$ 5,050	\$ -	\$ 219,504
Accrued liabilities	-	-	-	-	6,593	787	-	-	7,380
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>29,415</u>	<u>192,419</u>	<u>5,050</u>	<u>0</u>	<u>226,884</u>
Fund Balances									
Restricted by enabling legislation	-	-	228,133	198,397	455,887	217,495	-	-	1,099,912
Assigned	111,176	-	-	-	-	-	13,914	25,709	150,799
Total fund balances	<u>111,176</u>	<u>0</u>	<u>228,133</u>	<u>198,397</u>	<u>455,887</u>	<u>217,495</u>	<u>13,914</u>	<u>25,709</u>	<u>1,250,711</u>
Total liabilities and fund balances	<u>\$ 111,176</u>	<u>\$ 0</u>	<u>\$ 228,133</u>	<u>\$ 198,397</u>	<u>\$ 485,302</u>	<u>\$ 409,914</u>	<u>\$ 18,964</u>	<u>\$ 25,709</u>	<u>\$ 1,477,595</u>

City of Tomball, Texas
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance – Nonmajor Governmental Funds
Year Ended September 30, 2018

	Special General	Housing Trust	Court Security	Court Technology	Hotel Occupancy Tax	Red Light Camera	Bunny Run	Tomball Legacy Fund	Total Nonmajor Governmental Funds
Revenues									
Franchise and other taxes	\$ -	\$ -	\$ -	\$ -	\$ 637,485	\$ -	\$ -	\$ -	\$ 637,485
Fines and forfeitures	-	-	9,334	12,453	-	228,586	-	-	250,373
Investment earnings	1,649	-	3,369	3,272	6,950	5,708	135	453	21,536
Other	18,783	-	-	-	18,396	-	16,566	-	53,745
Total revenues	20,432	0	12,703	15,725	662,831	234,294	16,701	453	963,139
Expenditures									
Current:									
General government	11,052	3	5,348	48,998	-	-	-	-	65,401
Public safety	-	-	-	-	-	110,154	-	-	110,154
Parks and recreation	-	-	-	-	-	-	14,852	-	14,852
Tourism and arts	-	-	-	-	648,305	-	-	-	648,305
Total expenditures	11,052	3	5,348	48,998	648,305	110,154	14,852	0	838,712
Excess (Deficiency) of Revenues Over Expenditures	9,380	(3)	7,355	(33,273)	14,526	124,140	1,849	453	124,427
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	20,000	-	-	-	20,000
Transfers out	-	-	-	-	-	(310,000)	-	-	(310,000)
Total other financing sources (uses)	0	0	0	0	20,000	(310,000)	0	0	(290,000)
Net Change in Fund Balances	9,380	(3)	7,355	(33,273)	34,526	(185,860)	1,849	453	(165,573)
Fund Balances, Beginning of Year	101,796	3	220,778	231,670	421,361	403,355	12,065	25,256	1,416,284
Fund Balances, End of Year	\$ 111,176	\$ 0	\$ 228,133	\$ 198,397	\$ 455,887	\$ 217,495	\$ 13,914	\$ 25,709	\$ 1,250,711

City of Tomball, Texas
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Special General Fund
Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Investment earnings	\$ 200	\$ 1,500	\$ 1,649	\$ 149
Other	<u>18,000</u>	<u>20,500</u>	<u>18,783</u>	<u>(1,717)</u>
Total revenues	18,200	22,000	20,432	(1,568)
Expenditures				
General government	<u>38,300</u>	<u>38,300</u>	<u>11,052</u>	<u>27,248</u>
Net Change in Fund Balance	<u><u>\$ (20,100)</u></u>	<u><u>\$ (16,300)</u></u>	9,380	<u><u>\$ 25,680</u></u>
Fund Balance, Beginning of Year			<u>101,796</u>	
Fund Balance, End of Year			<u><u>\$ 111,176</u></u>	

City of Tomball, Texas
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Court Security Fund
Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Fines and forfeitures	\$ 14,000	\$ 10,000	\$ 9,334	\$ (666)
Investment earnings	1,200	3,500	3,369	(131)
Total revenues	15,200	13,500	12,703	(797)
Expenditures				
General government	25,000	25,000	5,348	19,652
Net Change in Fund Balance	<u>\$ (9,800)</u>	<u>\$ (11,500)</u>	7,355	<u>\$ 18,855</u>
Fund Balance, Beginning of Year			<u>220,778</u>	
Fund Balance, End of Year			<u>\$ 228,133</u>	

City of Tomball, Texas
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Court Technology Fund
Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Fines and forfeitures	\$ 20,000	\$ 15,000	\$ 12,453	\$ (2,547)
Investment earnings	1,000	3,200	3,272	72
Total revenues	21,000	18,200	15,725	(2,475)
Expenditures				
General government	131,400	67,500	48,998	18,502
Net Change in Fund Balance	<u>\$ (110,400)</u>	<u>\$ (49,300)</u>	(33,273)	<u>\$ 16,027</u>
Fund Balance, Beginning of Year			<u>231,670</u>	
Fund Balance, End of Year			<u>\$ 198,397</u>	

City of Tomball, Texas
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Hotel Occupancy Tax Fund
Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Franchise and other taxes	\$ 525,000	\$ 600,000	\$ 637,485	\$ 37,485
Investment earnings	1,500	6,000	6,950	950
Other	17,500	17,500	18,396	896
Total revenues	544,000	623,500	662,831	39,331
Expenditures				
Tourism and arts	736,826	731,726	648,305	83,421
Deficiency of Revenues Over Expenditures				
	(192,826)	(108,226)	14,526	122,752
Other Financing Sources				
Transfers in	20,000	20,000	20,000	-
Net Change in Fund Balance	<u>\$ (172,826)</u>	<u>\$ (88,226)</u>	34,526	<u>\$ 122,752</u>
Fund Balance, Beginning of Year			<u>421,361</u>	
Fund Balance, End of Year			<u>\$ 455,887</u>	

City of Tomball, Texas
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – Debt Service Fund
Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Property tax	\$ 4,103,500	\$ 4,244,000	\$ 4,374,552	\$ 130,552
Contributions from component unit	533,613	533,613	533,612	(1)
Investment earnings	23,800	77,300	68,449	(8,851)
Total revenues	<u>4,660,913</u>	<u>4,854,913</u>	<u>4,976,613</u>	<u>121,700</u>
Expenditures				
Debt service:				
Principal	3,336,596	3,336,596	3,322,713	13,883
Interest	1,443,284	1,443,284	1,443,281	3
Bond issuance costs	-	-	13,380	(13,380)
Total expenditures	<u>4,779,880</u>	<u>4,779,880</u>	<u>4,779,374</u>	<u>506</u>
Net Change in Fund Balance	<u><u>\$ (118,967)</u></u>	<u><u>\$ 75,033</u></u>	197,239	<u><u>\$ 122,206</u></u>
Fund Balance, Beginning of Year			<u>4,562,240</u>	
Fund Balance, End of Year			<u><u>\$ 4,759,479</u></u>	

City of Tomball, Texas
Internal Service Funds
Year Ended September 30, 2018

Internal service funds are used to account for services provided to other departments or agencies of the government, or to other governments on a cost-reimbursement basis.

Fleet Replacement Fund

This internal service fund is used to account for transportation 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.

City of Tomball, Texas
Combining Statement of Net Position – Internal Service Funds
September 30, 2018

	Fleet Replacement Fund	Health Benefits Fund	Total Internal Service Funds
Assets			
Current Assets			
Cash and cash equivalents	\$ 833,731	\$ 416,550	\$ 1,250,281
Investments	2,184,961	1,115,952	3,300,913
Due from other government	-	23,958	23,958
Due from component unit	-	11,453	11,453
	<u>3,018,692</u>	<u>1,567,913</u>	<u>4,586,605</u>
Noncurrent Assets			
Capital assets:			
Machinery and equipment	1,349,510	-	1,349,510
Vehicles	1,862,358	-	1,862,358
Less accumulated depreciation	<u>(2,194,564)</u>	<u>-</u>	<u>(2,194,564)</u>
	<u>1,017,304</u>	<u>0</u>	<u>1,017,304</u>
Total noncurrent assets	<u>1,017,304</u>	<u>0</u>	<u>1,017,304</u>
Total assets	<u>\$ 4,035,996</u>	<u>\$ 1,567,913</u>	<u>\$ 5,603,909</u>
Liabilities and Net Position			
Current Liabilities			
Accounts payable	\$ 7,639	\$ 3,269	\$ 10,908
Noncurrent Liabilities			
Public property finance contractual obligation	<u>1,300,000</u>	<u>-</u>	<u>1,300,000</u>
Total liabilities	<u>1,307,639</u>	<u>3,269</u>	<u>1,310,908</u>
Net Position			
Net investment in capital assets	1,017,304	-	1,017,304
Unrestricted	<u>1,711,053</u>	<u>1,564,644</u>	<u>3,275,697</u>
Total net position	<u>2,728,357</u>	<u>1,564,644</u>	<u>4,293,001</u>
Total liabilities and net position	<u>\$ 4,035,996</u>	<u>\$ 1,567,913</u>	<u>\$ 5,603,909</u>

City of Tomball, Texas
Combining Statement of Revenues, Expenses and
Changes In Net Position – Internal Service Funds
Year Ended September 30, 2018

	Fleet Replacement Fund	Health Benefits Fund	Total Internal Service Funds
Operating Revenues			
Charges for sales and services	\$ 409,500	\$ 2,829,142	\$ 3,238,642
Operating Expenses			
Costs of sales and services	35,296	2,582,009	2,617,305
Depreciation	380,232	-	380,232
Total operating expenses	415,528	2,582,009	2,997,537
Operating Income (Loss)	(6,028)	247,133	241,105
Nonoperating Revenues			
Investment earnings	26,918	19,598	46,516
Gain on disposal of property	19,875	-	19,875
Total nonoperating revenues	46,793	19,598	66,391
Change in Net Position	40,765	266,731	307,496
Net Position, Beginning of Year	2,687,592	1,297,913	3,985,505
Net Position, End of Year	\$ 2,728,357	\$ 1,564,644	\$ 4,293,001

City of Tomball, Texas
Combining Statement of Cash Flows – Internal Service Funds
Year Ended September 30, 2018

	Fleet Replacement Fund	Health Benefits Fund	Total Internal Service Funds
Operating Activities			
Receipts from customers	\$ -	\$ 76,139	\$ 76,139
Receipts from interfund charges for fleet management services	409,500	-	409,500
Receipts from interfund charges for health benefits services	-	2,736,910	2,736,910
Payments to suppliers and service providers	(28,460)	(2,583,583)	(2,612,043)
Net cash provided by operating activities	<u>381,040</u>	<u>229,466</u>	<u>610,506</u>
Capital and Related Financing Activities			
Acquisition and construction of capital assets	(461,527)	-	(461,527)
Proceeds from equipment finance agreement	1,300,000	-	1,300,000
Proceeds from sale of capital assets	19,875	-	19,875
Net cash provided by capital and related financing activities	<u>858,348</u>	<u>0</u>	<u>858,348</u>
Investing Activities			
Interest on investments	26,918	19,598	46,516
Investment maturities (purchases), net	(516,747)	105,144	(411,603)
Net cash provided by (used in) investing activities	<u>(489,829)</u>	<u>124,742</u>	<u>(365,087)</u>
Increase in Cash and Cash Equivalents	749,559	354,208	1,103,767
Cash and Cash Equivalents, Beginning of Year	<u>84,172</u>	<u>62,342</u>	<u>146,514</u>
Cash and Cash Equivalents, End of Year	<u>\$ 833,731</u>	<u>\$ 416,550</u>	<u>\$ 1,250,281</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities			
Operating income (loss)	\$ (6,028)	\$ 247,133	\$ 241,105
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	380,232	-	380,232
Changes in:			
Accounts receivable, net	-	(16,093)	(16,093)
Accounts payable and accrued liabilities	6,836	(1,574)	5,262
Net cash provided by operating activities	<u>\$ 381,040</u>	<u>\$ 229,466</u>	<u>\$ 610,506</u>

City of Tomball, Texas
Discretely Presented Component Unit
Year Ended September 30, 2018

Tomball Economic Development Corporation accounts for the proceeds of a one-half cent sales tax to promote and assist in the economic development of the City.

City of Tomball, Texas
Balance Sheet – Discretely Presented Component Unit
(Tomball Economic Development Corporation)
September 30, 2018

Assets

Cash and cash equivalents	\$	227,785
Investments		16,020,644
Accounts receivable, net		<u>656,389</u>
Total assets	\$	<u><u>16,904,818</u></u>

Liabilities

Accounts payable	\$	26,184
Due to primary government		<u>82,231</u>
Total liabilities		<u>108,415</u>

Fund Balance

Unassigned		<u>16,796,403</u>
Total liabilities and fund balance	\$	<u><u>16,904,818</u></u>

**Reconciliation to Government-wide Statement
of Net Position**

Total fund balance	\$	16,796,403
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund		<u>3,555,655</u>

Net Position of Component Unit

	\$	<u><u>20,352,058</u></u>
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City of Tomball, Texas
Statement of Revenues, Expenditures and Changes in
Fund Balance – Discretely Presented Component Unit
(Tomball Economic Development Corporation)
Year Ended September 30, 2018

Revenues		
Sales tax	\$	4,135,137
Intergovernmental		5,500
Other revenue		1,103,573
Investment earnings		158,949
		5,403,159
Total revenues		5,403,159
Expenditures		
Current:		
Economic development		2,552,898
		2,552,898
Excess of Revenues Over Expenditures		2,850,261
Net Change in Fund Balance		2,850,261
Fund Balance, Beginning of Year		13,946,142
Fund Balance, End of Year		\$ 16,796,403
Reconciliation to Government-wide Statement of Activities		
Net change in fund balance		\$ 2,850,261
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Transactions in the current period involving capital assets include:		
Capital outlay recorded as capital assets.		40,972
Asset retirements/disposals		(154,239)
		(113,267)
Change in Net Position of Component Unit		\$ 2,736,994

**Statistical Section
(Unaudited)**

City of Tomball, Texas
Net Position by Component
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net investment in capital assets	\$ 16,143,552	\$ 16,790,199	\$ 18,306,705	\$ 23,370,524	\$ 25,646,519	\$ 28,189,848	\$ 31,267,016	\$ 34,220,115	\$ 40,779,628	\$ 38,896,658
Restricted	2,278,695	1,423,521	1,895,850	2,675,627	2,804,100	3,557,490	4,308,595	5,821,510	3,912,411	4,303,114
Unrestricted	11,362,902	13,048,317	12,518,847	10,571,977	12,612,754	13,566,745	10,694,702	10,340,744	11,385,550	13,436,447
Total governmental activities net position	<u>\$ 29,785,149</u>	<u>\$ 31,262,037</u>	<u>\$ 32,721,402</u>	<u>\$ 36,618,128</u>	<u>\$ 41,063,373</u>	<u>\$ 45,314,083</u>	<u>\$ 46,270,313</u>	<u>\$ 50,382,369</u>	<u>\$ 56,077,589</u>	<u>\$ 56,636,219</u>
Business-type Activities										
Net investment in capital assets	\$ 26,080,707	\$ 29,073,794	\$ 29,338,053	\$ 30,368,908	\$ 30,721,512	\$ 30,851,835	\$ 33,433,571	\$ 33,059,434	\$ 33,038,353	\$ 34,874,499
Restricted	-	-	-	-	-	1,095,173	-	-	-	-
Unrestricted	10,555,994	8,753,794	10,299,638	9,636,451	10,646,792	11,354,769	10,960,950	11,445,362	8,966,625	9,838,615
Total business-type activities net position	<u>\$ 36,636,701</u>	<u>\$ 37,827,588</u>	<u>\$ 39,637,691</u>	<u>\$ 40,005,359</u>	<u>\$ 41,368,304</u>	<u>\$ 43,301,777</u>	<u>\$ 44,394,521</u>	<u>\$ 44,504,796</u>	<u>\$ 42,004,978</u>	<u>\$ 44,713,114</u>
Primary Government										
Net investment in capital assets	\$ 42,224,259	\$ 45,863,993	\$ 47,644,758	\$ 53,739,432	\$ 56,368,031	\$ 59,041,683	\$ 64,700,587	\$ 67,279,549	\$ 73,817,981	\$ 73,771,157
Restricted	2,278,695	1,423,521	1,895,850	2,675,627	2,804,100	4,652,663	4,308,595	5,821,510	3,912,411	4,303,114
Unrestricted	21,918,896	21,802,111	22,818,485	20,208,428	23,259,546	24,921,514	21,655,652	21,786,106	20,352,175	23,275,062
Total primary government net position	<u>\$ 66,421,850</u>	<u>\$ 69,089,625</u>	<u>\$ 72,359,093</u>	<u>\$ 76,623,487</u>	<u>\$ 82,431,677</u>	<u>\$ 88,615,860</u>	<u>\$ 90,664,834</u>	<u>\$ 94,887,165</u>	<u>\$ 98,082,567</u>	<u>\$ 101,349,333</u>

City of Tomball, Texas
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 3,091,652	\$ 3,476,001	\$ 4,472,541	\$ 4,077,633	\$ 5,131,879	\$ 4,789,051	\$ 4,968,344	\$ 5,391,624	\$ 5,916,485	\$ 5,107,870
Public safety	6,720,247	5,907,235	6,546,562	6,845,653	7,508,811	8,069,621	8,493,353	9,028,841	9,650,665	10,000,655
Public works	5,692,269	5,205,824	4,739,268	5,794,907	5,456,886	6,137,989	6,181,783	6,436,355	6,952,664	8,912,367
Community development	260,561	272,034	255,764	287,085	302,564	338,381	313,713	421,381	386,153	431,157
Interest and fiscal agent fees on long-term debt	708,109	658,304	353,188	821,705	830,054	926,584	891,258	830,716	1,252,064	1,452,252
Total governmental activities expenses	<u>16,472,838</u>	<u>15,519,398</u>	<u>16,367,323</u>	<u>17,826,983</u>	<u>19,230,194</u>	<u>20,261,626</u>	<u>20,848,451</u>	<u>22,108,917</u>	<u>24,158,031</u>	<u>25,904,301</u>
Business-type activities:										
Utility Administration	2,235,193	1,843,501	2,207,488	979,390	955,026	909,211	979,161	1,179,100	1,362,874	2,876,373
Water	2,197,679	2,549,230	3,003,537	3,262,366	2,962,612	3,087,563	3,410,534	3,410,534	3,937,152	3,356,893
Wastewater	1,134,907	1,226,582	1,757,176	1,736,531	1,978,197	2,418,443	2,483,923	2,483,923	2,228,636	1,239,276
Gas	2,374,227	1,801,364	1,600,490	1,743,258	2,229,583	1,963,162	1,429,950	1,429,950	1,507,955	1,529,924
Interest and fiscal agent fees	512,851	481,542	272,406	321,443	245,129	-	-	-	-	-
Total business-type activities expenses	<u>8,454,857</u>	<u>7,902,219</u>	<u>8,841,097</u>	<u>8,042,988</u>	<u>8,370,547</u>	<u>8,378,379</u>	<u>8,303,568</u>	<u>8,503,507</u>	<u>9,036,617</u>	<u>9,002,466</u>
Total primary government expenses	<u>\$ 24,927,695</u>	<u>\$ 23,421,617</u>	<u>\$ 25,208,420</u>	<u>\$ 25,869,971</u>	<u>\$ 27,600,741</u>	<u>\$ 28,640,005</u>	<u>\$ 29,152,019</u>	<u>\$ 30,612,424</u>	<u>\$ 33,194,648</u>	<u>\$ 34,906,767</u>

City of Tomball, Texas
Changes in Net Position (Continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program Revenues										
Governmental activities:										
Charges for services:										
Public safety	\$ 1,204,099	\$ 1,083,408	\$ 1,143,981	\$ 1,181,742	\$ 1,066,313	\$ 999,667	\$ 1,334,938	\$ 1,334,938	\$ 1,315,754	\$ 1,528,423
Public works	2,231,777	2,284,482	2,384,406	2,613,043	2,695,712	2,694,670	2,673,999	2,673,999	2,359,008	1,961,957
Community development	-	-	-	-	-	-	-	-	441,542	513,522
Operating grants and contributions	83,130	268,675	1,295,653	1,313,128	1,844,224	1,039,237	544,607	544,607	1,420,653	1,012,028
Total governmental activities program revenues	<u>3,519,006</u>	<u>3,636,565</u>	<u>4,824,040</u>	<u>5,107,913</u>	<u>5,606,249</u>	<u>4,733,574</u>	<u>4,553,544</u>	<u>4,553,544</u>	<u>5,536,957</u>	<u>5,015,930</u>
Business-type activities:										
Charges for services:										
Utility administration	427,519	413,523	622,320	1,001,306	807,673	842,468	907,654	907,654	739,061	1,335,974
Water	3,985,231	5,199,565	4,470,657	4,668,205	4,578,777	4,449,383	4,654,613	4,654,613	5,092,916	5,347,170
Wastewater	2,233,364	2,368,469	2,262,268	2,365,611	2,372,163	2,320,748	2,316,495	2,316,495	2,434,143	2,405,689
Gas	4,011,635	3,538,152	2,894,447	3,061,634	3,578,145	3,295,521	2,844,005	2,844,005	2,655,884	3,139,726
Operating grants and contributions	720,000	798,300	720,000	670,000	670,000	670,000	558,148	558,148	558,148	558,148
Total business-type activities program revenues	<u>11,377,749</u>	<u>12,318,009</u>	<u>10,969,692</u>	<u>11,766,756</u>	<u>12,006,758</u>	<u>11,578,120</u>	<u>11,280,915</u>	<u>11,280,915</u>	<u>11,480,152</u>	<u>12,786,707</u>
Total primary government program revenues	<u>\$ 14,896,755</u>	<u>\$ 15,954,574</u>	<u>\$ 15,793,732</u>	<u>\$ 16,874,669</u>	<u>\$ 17,613,007</u>	<u>\$ 16,311,694</u>	<u>\$ 15,834,459</u>	<u>\$ 15,834,459</u>	<u>\$ 17,017,109</u>	<u>\$ 17,802,637</u>
Net (Expense) Revenue										
Governmental activities	\$ (12,953,832)	\$ (11,882,833)	\$ (11,543,283)	\$ (12,719,070)	\$ (13,623,945)	\$ (15,528,052)	\$ (16,294,907)	\$ (17,555,373)	\$ (18,621,074)	\$ (20,888,371)
Business-type activities	2,922,892	4,415,790	2,128,595	3,723,768	3,636,211	3,199,741	2,977,347	2,777,408	2,443,535	3,784,241
Total primary government net expense	<u>\$ (10,030,940)</u>	<u>\$ (7,467,043)</u>	<u>\$ (9,414,688)</u>	<u>\$ (8,995,302)</u>	<u>\$ (9,987,734)</u>	<u>\$ (12,328,311)</u>	<u>\$ (13,317,560)</u>	<u>\$ (14,777,965)</u>	<u>\$ (16,177,539)</u>	<u>\$ (17,104,130)</u>

City of Tomball, Texas
Changes in Net Position (Continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2008	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 1,587,560	\$ 1,422,603	\$ 1,270,645	\$ 1,228,461	\$ 1,543,913	\$ 1,638,673	\$ 1,715,949	\$ 1,855,706	\$ 1,964,345	\$ 2,144,861
Property taxes, levied for debt service	1,449,089	1,500,310	1,586,918	2,557,169	3,164,416	3,371,282	3,525,979	3,818,986	4,042,945	4,374,552
Sales taxes	7,038,176	6,651,064	7,023,409	8,189,360	9,442,376	10,532,691	10,839,818	10,578,683	10,791,147	12,427,660
Franchise and local taxes	1,150,591	1,153,954	1,186,272	1,227,784	1,267,302	1,253,077	1,282,598	1,331,077	1,307,171	1,270,927
Other taxes	308,100	229,636	325,360	444,032	428,208	590,910	538,843	628,932	554,839	711,245
Gain on sale of capital assets	-	-	-	-	-	-	17,634	127,134	-	-
Other	405,391	166,287	361,026	151,142	227,592	253,375	475,712	395,060	145,114	376,266
Unrestricted investment earnings	325,789	80,426	43,035	46,763	44,877	30,636	40,115	133,673	473,077	920,613
Transfers	1,749,561	2,260,134	2,393,458	3,054,958	2,448,842	1,691,621	1,607,068	2,798,178	5,037,656	836,473
Total governmental activities	<u>14,014,257</u>	<u>13,464,414</u>	<u>14,190,123</u>	<u>16,899,669</u>	<u>18,567,526</u>	<u>19,362,265</u>	<u>20,043,716</u>	<u>21,667,429</u>	<u>24,316,294</u>	<u>23,062,597</u>
Business-type activities:										
Other	2,860	43,076	121,344	44,212	50,567	45,800	47,847	87,304	11,511	4,417
Unrestricted investment earnings	175,119	93,361	30,414	21,721	13,088	(1,417)	33,771	43,741	82,792	154,619
Transfers	(1,749,561)	(2,260,134)	(2,393,458)	(3,054,958)	(2,448,842)	(1,691,621)	(1,607,068)	(2,798,178)	(5,037,656)	(836,473)
Total business-type activities	<u>(1,571,582)</u>	<u>(2,123,697)</u>	<u>(2,241,700)</u>	<u>(2,989,025)</u>	<u>(2,385,187)</u>	<u>(1,647,238)</u>	<u>(1,525,450)</u>	<u>(2,667,133)</u>	<u>(4,943,353)</u>	<u>(677,437)</u>
Total primary government	<u>\$ 12,442,675</u>	<u>\$ 11,340,717</u>	<u>\$ 11,948,423</u>	<u>\$ 13,910,644</u>	<u>\$ 16,182,339</u>	<u>\$ 17,715,027</u>	<u>\$ 18,518,266</u>	<u>\$ 19,000,296</u>	<u>\$ 19,372,941</u>	<u>\$ 22,385,160</u>
Change in Net Position										
Governmental activities	\$ 1,060,425	\$ 1,581,581	\$ 2,646,840	\$ 4,180,599	\$ 4,943,581	\$ 3,834,213	\$ 3,748,809	\$ 4,112,056	\$ 5,695,220	\$ 2,174,226
Business-type activities	1,351,310	2,292,093	(113,105)	734,743	1,251,024	1,552,503	1,451,897	110,275	(2,499,818)	3,106,804
Total primary government	<u>\$ 2,411,735</u>	<u>\$ 3,873,674</u>	<u>\$ 2,533,735</u>	<u>\$ 4,915,342</u>	<u>\$ 6,194,605</u>	<u>\$ 5,386,716</u>	<u>\$ 5,200,706</u>	<u>\$ 4,222,331</u>	<u>\$ 3,195,402</u>	<u>\$ 5,281,030</u>

City of Tomball, Texas
Fund Balances – Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ 39,913	\$ 30,441	\$ 15,894	\$ 14,435	\$ 12,047	\$ 14,956	\$ 22,244
Restricted	23,724	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	325,879	161,921	322,702	127,671	35,379	24,767	78,620
Unassigned	12,194,969	12,161,681	11,797,535	9,489,655	11,559,755	13,075,443	13,340,472	13,245,355	13,021,273	14,649,687
Total general fund	<u>\$ 12,218,693</u>	<u>\$ 12,161,681</u>	<u>\$ 11,797,535</u>	<u>\$ 9,855,447</u>	<u>\$ 11,752,117</u>	<u>\$ 13,414,039</u>	<u>\$ 13,482,578</u>	<u>\$ 13,292,781</u>	<u>\$ 13,060,996</u>	<u>\$ 14,750,551</u>
All Other Governmental Funds										
Restricted	\$ 1,530,276	\$ 1,276,646	\$ 1,896,380	\$ 19,319,655	\$ 27,524,034	\$ 26,470,729	\$ 23,370,264	\$ 19,434,478	\$ 42,711,890	\$ 39,639,759
Assigned, reported in:										
Capital project funds	133,498	133,790	135,609	-	-	-	-	-	-	-
Nonmajor governmental funds	742,340	901,406	141,129	133,570	143,436	168,245	167,060	128,489	140,059	150,799
Total all other governmental funds	<u>\$ 2,406,114</u>	<u>\$ 2,311,842</u>	<u>\$ 2,173,118</u>	<u>\$ 19,453,225</u>	<u>\$ 27,667,470</u>	<u>\$ 26,638,974</u>	<u>\$ 23,537,324</u>	<u>\$ 19,562,967</u>	<u>\$ 42,851,949</u>	<u>\$ 39,790,558</u>

City of Tomball, Texas
Changes in Fund Balances – Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 11,442,297	\$ 10,897,786	\$ 11,400,964	\$ 13,886,856	\$ 15,846,215	\$ 17,386,633	\$ 17,903,187	\$ 18,213,384	\$ 18,660,447	\$ 20,855,485
Licenses and permits	247,548	311,563	262,713	308,621	445,104	446,292	492,646	439,677	477,934	532,615
Fines and forfeitures	1,044,706	1,204,099	1,083,408	1,143,981	1,181,742	1,066,313	999,667	892,654	811,084	664,577
Charges for services	2,348,796	1,920,214	2,021,769	2,075,785	2,167,939	2,249,420	2,202,024	2,234,322	2,236,863	1,844,191
Intergovernmental	278,350	73,130	168,782	273,950	784,918	939,861	384,308	288,988	879,740	453,416
Contributions from component unit	-	10,000	99,893	1,021,703	528,210	904,363	606,753	538,012	540,913	558,612
Investment earnings	312,290	99,837	40,760	44,347	42,913	29,604	38,372	125,092	451,739	920,616
Other revenues	361,992	254,615	386,935	151,143	178,501	242,361	538,244	637,104	746,050	1,412,658
Total revenues	16,035,979	14,771,244	15,465,224	18,906,386	21,175,542	23,264,847	23,165,201	23,369,233	24,804,770	27,242,170
Expenditures										
General government	2,606,885	4,333,119	4,507,290	4,520,919	5,099,473	4,929,295	5,128,871	5,226,561	6,100,527	5,393,013
Public safety	7,770,127	5,850,953	6,391,016	7,344,336	7,353,064	8,230,705	9,114,221	8,509,599	9,089,408	9,299,659
Public works	3,713,018	3,784,400	3,090,590	3,407,143	3,217,149	3,364,509	3,464,256	3,386,348	6,526,127	4,125,511
Public service	932,492	587,557	1,179,637	266,984	1,677,586	1,627,610	1,366,045	2,716,596	-	-
Parks and recreation	-	-	-	-	-	-	-	-	741,577	637,942
Tourism and arts	-	-	-	-	-	-	-	-	-	648,305
Community development	-	-	-	-	-	-	-	-	702,393	431,157
Capital outlay	5,387,966	821,359	1,445,273	4,311,250	1,939,517	2,996,663	5,923,542	7,384,704	777,156	4,135,518
Debt service:										
Principal	1,328,619	1,135,500	1,195,500	1,192,057	1,800,649	2,210,330	2,742,812	2,285,608	3,119,373	3,322,713
Interest and paying agent	714,188	723,159	626,247	913,371	1,017,839	963,930	865,633	822,149	1,657,511	1,456,661
Total expenditures	22,453,295	17,236,047	18,435,553	21,956,060	22,105,277	24,323,042	28,605,380	30,331,565	28,714,072	29,450,479
Deficiency of Revenues Over Expenditures	(6,417,316)	(2,464,803)	(2,970,329)	(3,049,674)	(929,735)	(1,058,195)	(5,440,179)	(6,962,332)	(3,909,302)	(2,208,309)
Other Financing Sources (Uses)										
Transfers in	1,749,561	2,260,134	2,393,458	5,206,958	2,748,842	2,491,049	3,261,023	3,979,455	8,138,353	4,204,166
Transfers out	-	-	-	(2,152,000)	(300,000)	(799,428)	(1,653,955)	(1,181,277)	(2,323,541)	(3,367,693)
Issuance of debt	-	2,120,000	3,892,500	14,500,000	14,270,500	-	-	-	20,240,000	-
Premium on debt issued	-	4,945	278,253	107,735	205,934	-	-	-	911,687	-
Payment to refunded bond escrow agent	-	(2,071,560)	(4,096,752)	-	(5,884,626)	-	-	-	-	-
Capital leases	-	-	-	725,000	-	-	800,000	-	-	-
Sale of capital assets	43,399	-	-	-	-	-	-	-	-	-
Total other financing sources	1,792,960	2,313,519	2,467,459	18,387,693	11,040,650	1,691,621	2,407,068	2,798,178	26,966,499	836,473
Net Change in Fund Balances	\$ (4,624,356)	\$ (151,284)	\$ (502,870)	\$ 15,338,019	\$ 10,110,915	\$ 633,426	\$ (3,033,111)	\$ (4,164,154)	\$ 23,057,197	\$ (1,371,836)
Debt service as a percentage of noncapital expenditures	11.82%	11.29%	10.38%	11.52%	13.43%	14.28%	15.87%	13.50%	17.06%	18.81%

City of Tomball, Texas
Tax Revenues by Source – Governmental Activities
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function										
Property	\$ 2,945,430	\$ 2,938,594	\$ 2,865,923	\$ 4,025,680	\$ 4,708,329	\$ 5,009,955	\$ 5,241,928	\$ 5,674,692	\$ 6,007,290	\$ 6,519,413
Sales	7,038,176	6,651,064	6,976,875	8,189,360	9,442,376	10,532,691	10,839,818	10,578,683	10,791,147	12,427,660
Franchise fee	1,150,591	1,153,954	1,262,187	964,790	1,267,302	1,253,077	1,282,598	1,331,077	1,064,371	1,026,440
Other taxes	308,100	154,174	295,979	707,026	428,208	590,910	538,843	628,933	797,639	881,972
	<u>\$ 11,442,297</u>	<u>\$ 10,897,786</u>	<u>\$ 11,400,964</u>	<u>\$ 13,886,856</u>	<u>\$ 15,846,215</u>	<u>\$ 17,386,633</u>	<u>\$ 17,903,187</u>	<u>\$ 18,213,385</u>	<u>\$ 18,660,447</u>	<u>\$ 20,855,485</u>

City of Tomball, Texas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Residential property	\$ 494,490,612	\$ 431,346,771	\$ 435,637,242	\$ 436,949,202	\$ 433,331,223	\$ 439,396,850	\$ 497,193,417	\$ 561,634,471	\$ 588,671,706	\$ 623,634,272
Commercial property	962,896,368	1,041,882,736	988,693,074	1,071,555,690	1,192,905,533	1,303,924,316	1,314,023,000	1,395,710,026	1,451,279,183	1,469,452,394
Less tax exempt property	(302,822,021)	(317,120,571)	(305,154,366)	(341,307,250)	(261,641,054)	(274,973,296)	(280,967,178)	(290,126,523)	(298,380,174)	(263,289,888)
Total taxable assessed value (1)	\$ 1,154,564,959	\$ 1,156,108,936	\$ 1,119,175,950	\$ 1,167,197,642	\$ 1,364,595,702	\$ 1,468,347,870	\$ 1,530,249,239	\$ 1,667,217,974	\$ 1,741,570,715	\$ 1,829,796,778
Total direct tax rate	0.251455	0.251455	0.251455	0.341455	0.341455	0.341455	0.341455	0.341455	0.341455	0.341455

Source: Harris County Certified / Uncertified Tax Roll.

(1) Property is assessed at actual value; therefore, the assessed values are equal to actual value.
Tax rates are per \$100 of assessed value.

City of Tomball, Texas
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
City of Tomball by Fund:										
General	\$ 0.1314550	\$ 0.1214550	\$ 0.1114550	\$ 0.1114550	\$ 0.1114550	\$ 0.1114550	\$ 0.1114550	\$ 0.1114550	\$ 0.1114550	\$ 0.1114550
Debt service	0.120000	0.130000	0.140000	0.230000	0.230000	0.230000	0.230000	0.230000	0.230000	0.230000
Total direct rates	<u>0.251455</u>	<u>0.251455</u>	<u>0.251455</u>	<u>0.341455</u>						
Overlapping Rates:										
Tomball Independent School District	1.360000	1.360000	1.360000	1.360000	1.360000	1.360000	1.360000	1.340000	1.340000	1.340000
Harris County	0.389230	0.392240	0.388050	0.391170	0.400210	0.414550	0.417310	0.419230	0.416560	0.418580
Harris County Flood Control District	0.030860	0.029220	0.029230	0.028090	0.028090	0.028270	0.027360	0.027330	0.028290	0.028770
Port of Houston Authority	0.017730	0.016360	0.020540	0.185600	0.019520	0.017160	0.015310	0.013420	0.013340	0.011550
Harris County Hospital District	0.192160	0.192160	0.192160	0.192160	0.182160	0.170000	0.170000	0.170000	0.171790	0.171080
Harris County Department of Education	0.005840	0.006050	0.006581	0.006581	0.006617	0.006358	0.005999	0.005422	0.005200	0.005190
Lone Star College System District	0.110100	0.110100	0.117600	0.121000	0.119800	0.116000	0.108100	0.107900	0.107800	0.107800
Emergency Service District #8	0.050000	0.050000	0.050000	0.050000	0.050000	0.050000	0.100000	0.100000	0.095470	0.098250
Total direct and overlapping rates (1)	<u>\$ 2.4073750</u>	<u>\$ 2.4075850</u>	<u>\$ 2.4156160</u>	<u>\$ 2.6760560</u>	<u>\$ 2.5078520</u>	<u>\$ 2.5037930</u>	<u>\$ 2.5455340</u>	<u>\$ 2.5247570</u>	<u>\$ 2.5199050</u>	<u>\$ 2.5226750</u>

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

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

City of Tomball, Texas
Principal Property Taxpayers
Current Year and Nine Years Ago

Property Taxpayer	2018		Percent of Taxable Assessed Value	2009		Percent of Taxable Assessed Value
		Rank			Rank	
North Houston TRMC	\$ 85,716,036	1	4.68%	\$ -	n/a	
B J Services	73,287,037	2	4.01%	183,798,798	1	15.92%
Baker Hughes	36,359,458	3	1.99%	-	n/a	
Weingarten Investments Inc.	35,343,282	4	1.93%	12,887,614	7	1.12%
Tomball Regional Medical Center	32,254,825	5	1.76%	-	n/a	
Breaux Machine Works LP	22,440,587	6	1.23%	-	n/a	
CenterPoint Energy	18,084,497	7	0.99%	14,783,169	5	1.28%
MB Tomball Town Center	17,422,235	8	0.95%	-	n/a	
Welltower TCG	15,463,161	9	0.85%	-	n/a	
BK 2920 LTD	14,496,229	10	0.79%	-	n/a	
Harrison Street Real Estate LLC	13,265,000	11	0.72%	-	n/a	
Benadam Corporation	13,229,812	12	0.72%	-	n/a	
Wal-Mart	10,830,400	13	0.59%	20,315,713	2	1.76%
MSR TX Tomball LP	-	n/a		18,955,529	3	1.64%
Lowe's	-	n/a		15,103,772	4	1.31%
HEB Grocery Co. LP	-	n/a		13,328,160	6	1.15%
NNN Park at Spring Creek LLC	-	n/a		12,655,681	8	1.10%
Target Corporation	-	n/a		11,776,723	9	1.02%
A S 62 HWY 249 & FM 2920	-	n/a		11,481,912	10	0.99%
Subtotal	<u>388,192,559</u>		<u>21.22%</u>	<u>315,087,071</u>		<u>27.29%</u>
Other Taxpayers	<u>1,441,604,219</u>		<u>78.78%</u>	<u>839,477,888</u>		<u>72.71%</u>
Total	<u>\$ 1,829,796,778</u>		<u>100.00%</u>	<u>\$ 1,154,564,959</u>		<u>100.00%</u>

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

City of Tomball, Texas
Ad Valorem Tax Levies and Collections
Last Ten Fiscal Years (Accrual Basis of Accounting)

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Periods	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2009	\$ 2,903,971	\$ 2,843,461	98%	\$ 40,547	\$ 2,884,008	99%
2010	2,910,632	2,861,107	98%	35,460	2,896,567	100%
2011	2,815,500	2,776,954	99%	31,595	2,808,549	100%
2012	3,983,961	3,943,188	99%	23,756	3,966,944	100%
2013	4,649,753	4,633,156	100%	7,900	4,641,056	100%
2014	4,985,054	4,967,598	100%	11,539	4,979,137	100%
2015	5,185,007	5,168,570	100%	21,097	5,189,667	100%
2016	5,688,531	5,591,963	98%	58,445	5,650,408	99%
2017	6,077,755	5,870,159	97%	185,790	6,055,949	100%
2018	6,285,748	6,210,139	99%	-	6,210,139	99%

City of Tomball, Texas
Sales Tax Revenues by Industry
Current Year and Nine Years Ago

Sales Tax Remitter	Calendar Year 2018				Calendar Year 2009			
	Number of Outlets	Percentage of Total	Tax Liability	Percentage of Total	Number of Outlets	Percentage of Total	Tax Liability	Percentage of Total
Retail Trade	2,912	38.04%	\$ 6,674,186	39.36%	957	22.33%	\$ 5,380,887	57.80%
Services	1,254	16.38%	3,042,315	17.94%	892	20.81%	1,628,930	17.50%
Wholesale Trade	1,098	14.34%	1,587,656	9.36%	700	16.33%	365,351	3.92%
Utilities, Transportation, Communications	351	4.58%	989,076	5.83%	197	4.60%	455,950	4.90%
Manufacturing	611	7.98%	1,036,271	6.11%	303	7.07%	382,436	4.11%
Construction	372	4.86%	310,305	1.83%	308	7.19%	132,642	1.42%
Finance, Insurance and Real Estate	270	3.53%	478,611	2.82%	233	5.44%	221,366	2.38%
Mining, Quarrying and Oil and Gas Extraction	17	0.22%	248,944	1.47%	8	0.19%	78,913	0.85%
All other outlets	771	10.07%	2,589,727	15.27%	688	16.05%	662,698	7.12%
Total	7,656	100.00%	\$ 16,957,091	100.00%	4,286	100.00%	\$ 9,309,173	100.00%

Source: Texas State Comptroller of Public Accounts

Notes: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

Tax liability information is not available on a fiscal-year basis.

City of Tomball, Texas

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years (Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Primary Government										
Governmental activities:										
General Obligation Bonds	\$ -	\$ 2,120,000	\$ 5,767,500	\$ 5,501,750	\$ 10,985,250	\$ 9,710,500	\$ 8,437,500	\$ 7,165,750	\$ 5,887,500	\$ 4,603,250
Certificates of Obligation	15,578,000	12,377,500	7,516,500	21,151,000	22,435,000	21,565,000	20,640,000	19,695,000	38,165,000	36,200,000
Premiums	-	-	255,065	332,990	492,862	449,806	406,750	363,694	1,188,911	1,103,038
Public Property Finance										
Contractual Obligation	-	-	-	-	-	-	-	-	-	1,300,000
Other Debt items	-	-	(376,266)	(338,639)	(453,956)	-	-	-	-	-
Capital leases	-	-	-	664,193	601,044	535,464	800,000	731,142	660,019	586,556
Subtotal	<u>15,578,000</u>	<u>14,497,500</u>	<u>13,162,799</u>	<u>27,311,294</u>	<u>34,060,200</u>	<u>32,260,770</u>	<u>30,284,250</u>	<u>27,955,586</u>	<u>45,901,430</u>	<u>43,792,844</u>
Business-type activities:										
General Obligation Bonds	-	-	4,757,500	4,738,250	5,304,750	4,669,500	4,042,500	3,429,250	2,832,500	2,246,750
Certificates of Obligation	7,777,000	7,177,500	1,798,500	1,199,000	-	-	-	-	-	-
Premiums	-	-	129,540	105,987	94,211	82,435	70,659	58,883	47,107	35,331
Revenue bonds	4,470,000	4,100,000	3,715,000	3,315,000	2,900,000	2,465,000	-	-	-	-
Subtotal	<u>12,247,000</u>	<u>11,277,500</u>	<u>10,400,540</u>	<u>9,358,237</u>	<u>8,298,961</u>	<u>7,216,935</u>	<u>4,113,159</u>	<u>3,488,133</u>	<u>2,879,607</u>	<u>2,282,081</u>
Total Primary Government	<u>\$ 27,825,000</u>	<u>\$ 25,775,000</u>	<u>\$ 23,563,339</u>	<u>\$ 36,669,531</u>	<u>\$ 42,359,161</u>	<u>\$ 39,477,705</u>	<u>\$ 34,397,409</u>	<u>\$ 31,443,719</u>	<u>\$ 48,781,037</u>	<u>\$ 46,074,925</u>
Personal Income	\$ 285,081,600	\$ 290,186,220	\$ 273,663,850	\$ 315,207,090	\$ 315,207,090	\$ 463,247,856	\$ 475,348,930	\$ 508,752,440	\$ 576,689,433	\$ 575,773,674
Debt as a Percentage of Personal Income	9.760%	8.882%	8.610%	11.633%	13.439%	8.522%	7.236%	6.181%	8.459%	8.002%
Population	11,600	11,670	10,753	10,979	10,979	11,124	11,299	11,540	11,643	11,707
Debt Per Capita	\$ 2,399	\$ 2,209	\$ 2,191	\$ 3,340	\$ 3,858	\$ 3,549	\$ 3,044	\$ 2,725	\$ 4,190	\$ 3,936

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

City of Tomball, Texas

Ratio of Net General Bonded Debt to Assessed Value, Net General Bonded Debt per Capita and Assessed and Estimated Actual Value of Taxable Property Last Ten Fiscal Years (Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net Taxable Assessed Value										
All property	\$ 1,154,564,959	\$ 1,156,108,936	\$ 1,119,175,950	\$ 1,167,197,642	\$ 1,364,595,702	\$ 1,468,347,870	\$ 1,530,249,239	\$ 1,667,217,974	\$ 1,741,570,715	\$ 1,829,796,778
Net Bonded Debt										
Net bonded debt	23,355,000	21,675,000	19,718,799	32,690,338	38,858,117	36,477,241	33,597,409	30,712,577	48,121,018	45,488,369
Net bonded debt	<u>\$ 23,355,000</u>	<u>\$ 21,675,000</u>	<u>\$ 19,718,799</u>	<u>\$ 32,690,338</u>	<u>\$ 38,858,117</u>	<u>\$ 36,477,241</u>	<u>\$ 33,597,409</u>	<u>\$ 30,712,577</u>	<u>\$ 48,121,018</u>	<u>\$ 45,488,369</u>
Ratio of Net Bonded Debt to Assessed Value	2.02%	1.87%	1.76%	2.80%	2.85%	2.48%	2.20%	1.84%	2.76%	2.49%
Population	11,531	11,600	11,670	10,753	10,979	10,979	11,124	11,299	11,643	11,707
Net Bonded Debt Per Capita	2,025	1,869	1,690	3,040	3,539	3,322	3,020	2,718	4,133	3,886

City of Tomball, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2017

Governmental Unit	Net Bonded Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Tomball ISD	\$ 506,425,000	17.59%	\$ 89,080,158
Harris County	2,050,758,022	0.38%	7,792,880
Harris County Flood Control District	83,075,000	0.38%	315,685
Harris County Hospital District	59,490,000	0.38%	226,062
Port of Houston Authority	613,699,397	0.38%	2,332,058
Harris County Dept of Education	6,320,000	0.38%	24,016
Lone Star College System	613,550,000	0.97%	<u>5,951,435</u>
Subtotal, overlapping debt			105,722,294
City direct debt		100.00%	<u>45,488,369</u>
Total direct and overlapping debt			<u><u>\$ 151,210,663</u></u>

Source: Hilltop Securities

(1) Estimated percentage applicable developed from information obtained from the Municipal Advisory Council of Texas.

City of Tomball, Texas
Legal Debt Margin Information
Last Ten Fiscal Years (Accrual Basis of Accounting)

The City has no general obligation legal debt limit other than a ceiling on the ad valorem tax rate as specified by the State of Texas. The prescribed maximum is \$2.50 per \$100.00 at 100 percent valuation.

City of Tomball, Texas
Pledged Revenue Coverage
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross revenues	\$ 12,327,602	\$ 11,493,769	\$ 12,488,750	\$ 11,012,281	\$ 11,831,041	\$ 12,060,478	\$ 11,650,417	\$ 11,371,959	\$ 10,922,004	\$ 12,228,559
Operating expenses (1)	<u>6,593,348</u>	<u>6,338,235</u>	<u>6,165,226</u>	<u>5,968,026</u>	<u>6,366,426</u>	<u>6,766,405</u>	<u>6,989,458</u>	<u>6,917,814</u>	<u>7,200,566</u>	<u>7,492,441</u>
Net revenues available for debt service	<u>\$ 5,734,254</u>	<u>\$ 5,155,534</u>	<u>\$ 6,323,524</u>	<u>\$ 5,044,255</u>	<u>\$ 5,464,615</u>	<u>\$ 5,294,073</u>	<u>\$ 4,660,959</u>	<u>\$ 4,454,145</u>	<u>\$ 3,721,438</u>	<u>\$ 4,736,118</u>
Debt Service Requirements (2)										
Principal and interest	<u>\$ 538,595</u>	<u>\$ 542,505</u>	<u>\$ 560,591</u>	<u>\$ 563,815</u>	<u>\$ 568,174</u>	<u>\$ 273,536</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

City of Tomball, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years (Accrual Basis of Accounting)

Fiscal Year Ended September 30	Population (1)	Personal Income	Per Capita Personal Income (5)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2009	11,600	\$ 285,081,600	\$ 24,576	36.8	9,691	8.40%
2010	11,670	290,186,220	24,866	36.8	10,229	8.70%
2011	10,753	273,663,850	25,450	36.0	10,633	8.50%
2012	10,979	315,207,090	28,710	36.9	11,132	7.50%
2013	10,979	315,207,090	28,710	39.8	12,362	6.20%
2014	11,124	463,247,856	41,644	35.6	12,461	4.90%
2015	11,299	475,348,930	42,070	37.2	13,270	4.40%
2016	11,540	508,752,440	44,086	37.3	14,077	5.70%
2017	11,643	576,689,433	49,531	34.5	14,700	4.80%
2018	11,707	575,773,674	49,182	34.5	15,934	4.72%

Data sources:

- (1) Estimated (2000 census adjusted for growth for fiscal years 2009-2010). Actual 2011 census population shown for fiscal year 2011. Fiscal year 2014-2016 adjusted for growth based on 2010 census American FactFinder. 2017 estimate from WolframAlpha. 2018 median per American FactFinder.
- (2) Tomball Economic Development Corporation or American FactFinder.
- (3) Tomball Independent School District.
- (4) Texas Employment Commission, SMSA Houston-Sugar Land-Baytown Metropolitan Statistical Area or Houston-The Woodlands-Sugar Land MSA.
- (5) Tomball Economic Development Corporation or American FactFinder.

City of Tomball, Texas
Principal Employers
Current Year and Nine Years Ago

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment (1)	Employees	Rank	Percentage of Total City Employment (2)
Tomball ISD	2,216	1	25.73%	1,346	2	28.38%
Lone Star College - Tomball	681	2	7.91%	1,600	1	33.74%
Tomball Regional Medical Center	832	3	9.66%	1,205	3	25.41%
Wal-Mart	357	4	4.15%	450	4	9.49%
HEB	222	5	2.58%	270	6	5.69%
City of Tomball	183	6	2.12%	222	7	4.68%
Lowe's	161	7	1.87%	129	9	2.72%
Kindred Hospital	156	8	1.81%	n/a	n/a	n/a
Kroger	148	9	1.72%	130	8	2.74%
Target	107	10	1.24%	117	10	2.47%
Baker Hughes (B J Services)	n/a	n/a	n/a	400	5	8.44%

Note: The residents of the City of Tomball are primarily employed outside of the City limits.

(1) Percentages are based on the labor force statistic from the 2010 census data (8,612).

(2) 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 Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Administration	15.00	14.50	14.50	16.00	17.50	17.50	17.50	17.50	18.00	18.00
Permits and Inspection	5.00	5.00	5.00	5.00	5.00	5.00	4.00	6.00	6.00	6.00
Police Department	55.00	55.00	57.00	59.00	58.00	58.50	59.50	59.50	61.50	61.50
Municipal Court	5.00	5.00	5.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Community Center	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Fire Department	14.00	14.00	16.00	18.00	18.00	18.50	27.50	27.50	27.50	27.50
Public Works Admin.	9.00	9.00	9.00	9.00	9.00	9.00	10.00	8.00	8.00	8.00
Garage	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Parks	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	6.20
Streets	8.20	8.20	8.20	8.20	7.20	7.20	7.20	8.20	8.20	9.20
Total general fund	<u>120.40</u>	<u>119.90</u>	<u>125.40</u>	<u>129.90</u>	<u>129.40</u>	<u>130.40</u>	<u>140.40</u>	<u>141.40</u>	<u>143.90</u>	<u>145.90</u>
Enterprise Fund										
Utility Administration	10.00	9.00	9.00	9.00	8.00	7.00	7.00	8.00	8.00	9.00
Water	6.20	7.20	7.20	7.20	7.20	8.20	8.20	8.20	8.20	8.20
Wastewater	10.20	10.20	10.20	10.20	10.20	10.20	10.20	10.20	10.20	10.20
Gas	6.20	6.20	6.20	6.20	6.20	6.20	6.20	6.20	6.20	6.20
Total enterprise fund	<u>32.60</u>	<u>32.60</u>	<u>32.60</u>	<u>32.60</u>	<u>31.60</u>	<u>31.60</u>	<u>31.60</u>	<u>32.60</u>	<u>32.60</u>	<u>33.60</u>
Special Revenue Fund	<u>0.00</u>	<u>0.50</u>	<u>3.00</u>	<u>2.50</u>	<u>3.00</u>	<u>12.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.50</u>	<u>3.50</u>
Total City positions	<u><u>153.00</u></u>	<u><u>153.00</u></u>	<u><u>161.00</u></u>	<u><u>165.00</u></u>	<u><u>164.00</u></u>	<u><u>174.00</u></u>	<u><u>175.00</u></u>	<u><u>177.00</u></u>	<u><u>180.00</u></u>	<u><u>183.00</u></u>

NOTES:

Temporary and seasonal employees are hired during the summer months.

This count is not reflected above.

Police reserves are not included.

Fire Department volunteers are not included.

City of Tomball, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function/Program										
Police:										
Arrests	1,625	2,049	2,012	1,475	2,394	1,650	1,252	883	1,073	808
Accident reports	440	330	334	392	378	453	514	577	489	486
Citations	10,820	14,694	12,798	13,329	11,330	10,181	7,251	6,746	5,679	4,789
Offense reports	2,050	1,705	1,915	2,153	2,008	2,224	1,462	1,092	1,299	525
Fire:										
Emergency responses	1,056	1,341	1,364	1,523	1,768	2,749	2,002	1,671	1,773	2,820
Fire incidents	218	220	207	178	129	128	104	114	162	135
Average response time	4:38	5:15	5:54	6:40	4:50	5:13	5:18	6:52	6:10	6:43
Water:										
New accounts	532	89	79	56	122	126	88	41	148	87
Source:										
Water	532	89	79	56	122	126	88	41	148	87
Sewer	532	89	79	56	122	126	88	41	148	87
Average daily consumption (millions of gallons)	2,166	1,941	2,525	2,249	2,043	1,967	2,052	2,051	1,807	2,090
Number of million gallons of well water pumped	790,409	708,565	923,261	822,215	759,817	718,069	750,434	748,615	659,814	763,060
Total consumption (millions of gallons)	790,409	708,565	923,261	822,215	759,817	718,069	750,434	748,615	659,814	763,060
Peak daily consumption (millions of gallons)	3,791	3,480	4,392	4,312	4,689	3,385	2,840	2,657	4,760	3,941
Sewer:										
Average daily sewage treatment (millions of gallons)	1.428	1.362	1.174	1.555	1.347	1.478	1.576	1.92	1.589	1.528
Total consumption (millions of gallons)	520.176	497.166	429.608	567.754	491.660	539.470	575.240	700.800	579.985	565.824
Peak daily consumption (millions of gallons)	5.10	3.72	2.18	7.44	2.85	5.19	3.78	2.70	3.51	3.20

Source: Various City departments

City of Tomball, Texas

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	28	30	32	33	33	33	35	35	35	35
Fire stations	2	2	2	2	2	2	2	2	2	2
Other public works:										
Streets (miles - centerlines)	73	56.2	56.2	58.2	50.6	50.6	50.6	50.6	57.94	57.94
Streetlights	648	650	654	664	689	720	720	720	720	720
Parks and recreation:										
Parks	4	4	4	4	6	6	7	7	7	7
Parks acreage	24 acres	24 acres	24 acres	24 acres	39 acres	39 acres	52 acres	52 acres	69.81 acres	69.81 acres
Swimming pools	1	1	1	1	1	1	1	1	1	1
Baseball/softball diamonds	8	8	8	8	8	8	8	8	8	8
Tennis courts	4	4	4	4	4	4	4	4	4	4
Basketball courts	1	1	1	1	2	2	2	2	2	2
Water:										
Water mains (miles)	91.29	91.59	91.79	91.49	92.2915	92.69	92.69	94.49	95.11	121.36
Fire hydrants	869	874	878	883	950	955	955	974	981	1135
Storage capacity (millions of gallons)	1.85	1.85	2.35	2.35	2.85	2.85	2.85	2.85	2.15	2.15
Sewer:										
Sanitary sewers (miles)	58.6	58.86	59.44	60.13	60.2512	60.2512	60.2512	61.8512	62.48	98.14
Storm sewers (miles)	17.2	17.4	17.4	17.4	22.9	22.9	22.9	22.9	22.9	22.90
Open ditch/creek/canal drainage (miles)	53.4	53.7	54	54	54	54	54	54	57	57.23
Treatment capacity (millions of gallons)	3	3	3	3	3	3	3	3	3	3

Source: Various City departments. In 2018, water and sewer mains (miles) were determined using a Geographic Imaging System.

Streets (miles-centerlines) for 2009 and previous years included County.