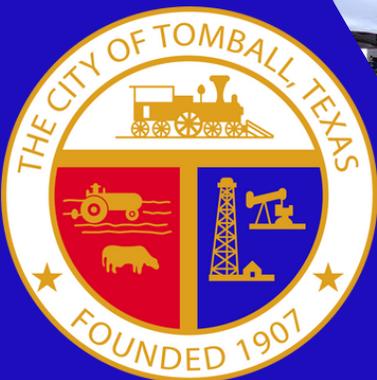


ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDING SEPTEMBER 30, 2023



City of Tomball, Texas

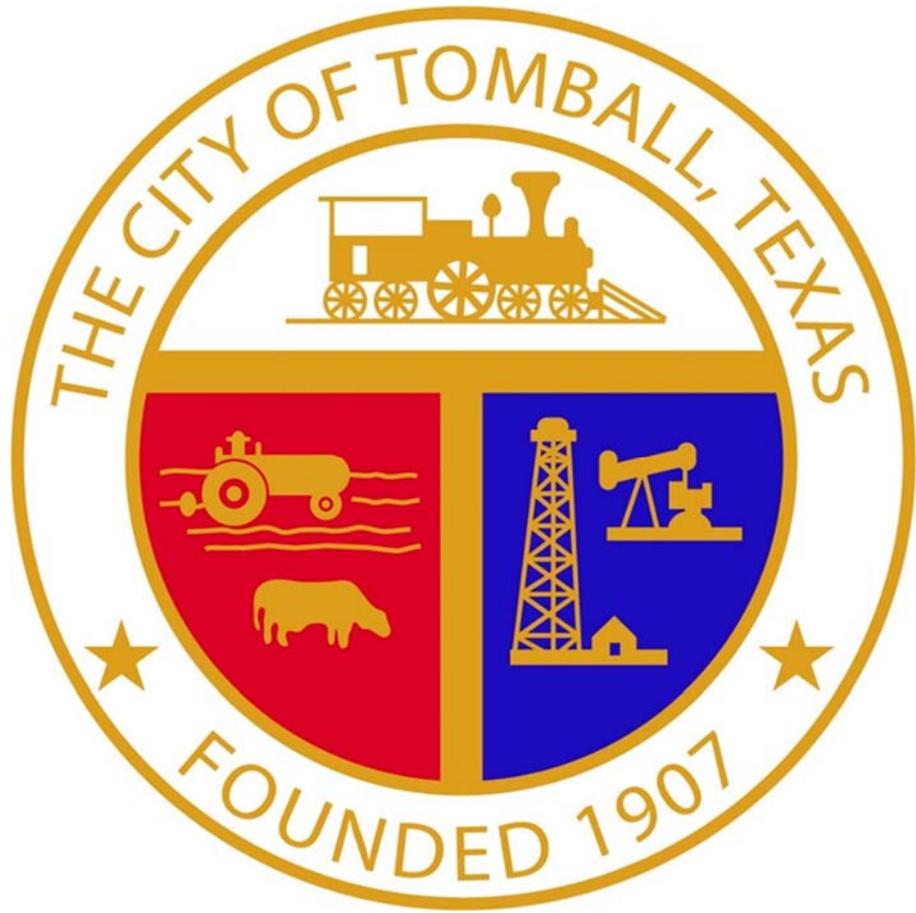
Annual Comprehensive Financial Report For the Fiscal Year Ended September 30, 2023

Issued by:
Finance Department

David Esquivel
City Manager

Jessica Rogers
Assistant City Manager

Katherine Tapscott, CPA
Finance Director



City of Tomball, Texas
 Annual Comprehensive Financial Report
 For the Fiscal Year Ended September 30, 2023
 Table of Contents

**Page
Number**

Introductory Section (Unaudited)

Letter of Transmittal	1
Principal Officials.....	5
Organizational Chart.....	6
GFOA Certificate of Achievement.....	7

Financial Section

Independent Auditor's Report	11
Management's Discussion and Analysis (Unaudited)	15

Basic Financial Statements

Government-Wide Financial Statements:	
Statement of Net Position	25
Statement of Activities	26
Fund Financial Statements:	
Balance Sheet - Governmental Funds	28
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	31
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Statement of Net Position - Proprietary Funds	36
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	37
Statement of Cash Flows - Proprietary Funds	38
Statement of Fiduciary Net Position - Fiduciary Fund	40
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	41
Notes to the Basic Financial Statements	43

Required Supplementary Information (Unaudited)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Major Fund - General Fund.....	80
Notes to Required Supplementary Information.....	81
Schedule of Changes in the Net Pension Liability and Related Ratios - Texas Municipal Retirement System	82
Schedule of the City's Contributions - Texas Municipal Retirement System.....	84
Schedule of Changes in Total OPEB Liability and Related Ratios - Retiree Health Care Plan.....	86
Schedule of Changes in Total OPEB Liability and Related Ratios - Supplemental Death Benefits Fund	87

City of Tomball, Texas
 Annual Comprehensive Financial Report
 For the Fiscal Year Ended September 30, 2023
 Table of Contents - Continued

**Page
Number**

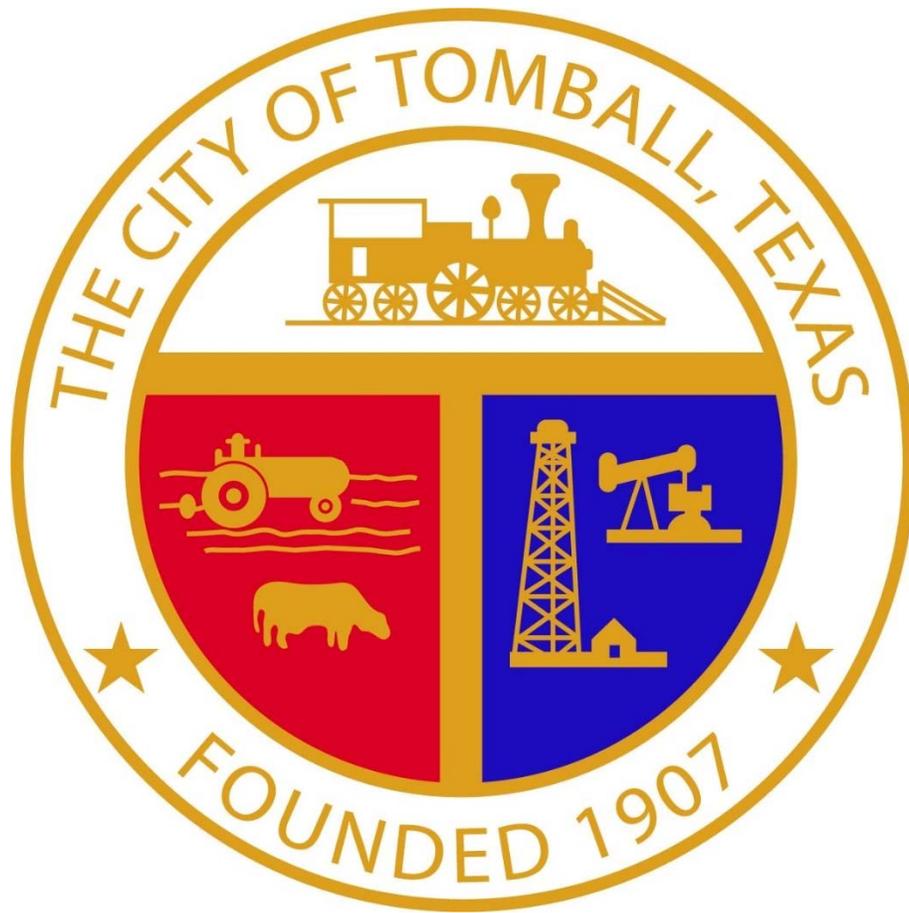
Supplementary Information

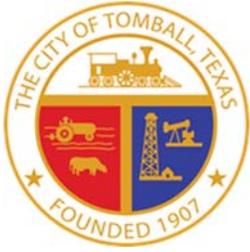
Nonmajor Governmental Funds	
Combining Balance Sheet – Nonmajor Governmental Funds	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	94
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Nonmajor Special Revenue Fund – Court Security Fund	96
Nonmajor Special Revenue Fund – Court Technology Fund	97
Nonmajor Special Revenue Fund – Hotel Occupancy Tax Fund	98
Nonmajor Special Revenue Fund – Child Safety Fund	99
Nonmajor Special Revenue Fund – Public Improvement Districts Fund	100
Major Fund – Debt Service Fund	101
Internal Service Funds	
Combining Statement of Net Position – Internal Service Funds	103
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	104
Combining Statement of Cash Flows – Internal Service Funds	105
Discretely Presented Component Unit Fund Based Financial Statements –	
Tomball Economic Development Corporation	
Balance Sheet – Governmental Fund	108
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	109

Statistical Section (Unaudited)

Net Position by Component	114
Changes in Net Position	116
Fund Balances of Governmental Funds	120
Changes in Fund Balances of Governmental Funds	122
Tax Revenues by Source	124
Assessed Value and Estimated Actual Value of Taxable Property	126
Direct and Overlapping Property Tax Rates	128
Principal Property Taxpayers	131
Ad Valorem Tax Levies and Collections	132
Sales Tax Revenues by Industry	133
Ratios of Outstanding Debt by Type	134
Ratio of Net General Bonded Debt to Assessed Value, Net General Bonded Debt per Capita and Assessed and Estimated Actual Value of Taxable Property	136
Direct and Overlapping Governmental Activities Debt	138
Legal Debt Margin Information	139
Pledged Revenue Coverage	140
Demographic and Economic Statistics	142
Principal Employers	143
Full-Time Equivalent City Government Employees by Function/Program	144
Operating Indicators by Function/Program	146
Capital Asset Statistics by Function/Program	148

Introductory Section





City of Tomball

*Lori Klein Quinn
Mayor*

*David Esquivel, PE
City Manager*

May 1, 2024

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 Annual Comprehensive Financial Report (ACFR) of the City of Tomball, Texas (the City) for the fiscal year ended September 30, 2023. 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 ACFR 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 auditors' report. The Statistical Section includes selected financial and demographic information generally presented on a multi-year basis.

MD&A immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter 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 13.4 square miles and serves an estimated population of 13,585. 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 1987. 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 GFL Environmental, formally 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 80 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 96.

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 year 2023 reflect an increase of 15.08% percent to \$2.66 billion. This property value increase is the result of continued development within the City including both residential and commercial. The City is experiencing major residential growth with over 1,000 homes currently in development.

For fiscal year 2023, sales tax revenues increased by 3.52% compared to prior year. The City had anticipated this revenue source remaining level when the budget was adopted.

The region (which covers an area within a five-mile radius from the center of the City) has an employed labor force of approximately 11,600. The largest groups of employers are in service and retail trade.

Long-term Financial Planning

The City issued Certificates of Obligation totaling \$19,570,000 in October 2022 for water and sewer system improvements, street and sidewalk construction, and land acquisition.

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 continuously to assess both the progress of construction and the actual versus projected costs. The City has developed a five year Capital Improvement Plan to outline future projects.

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. The City continued a conservative approach in budgeting sales tax revenues. For fiscal year 2023, sales tax revenues were projected at \$14,805,000.

The City applied 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. At this time, construction is expected to begin summer 2027.

Due to residential and commercial growth, the south wastewater treatment plant flows are projected to increase. Currently, flows are approaching the Texas Commission on Environmental Quality trigger mark of 75% of the treatment capacity of the plant. Once this trigger is met, design must be underway to expand the treatment capacity. To meet this requirement, the City has executed contracts and secured funding to complete the design and move forward with bidding the construction phase of the expansion project.

The development of additional water supply is a major initiative for the City. Currently, the renovation of an existing water well site is underway. The City is also in the preliminary stages of developing a new water well site.

Other projects include major expansion and renovation of our existing parks, additional parking for our thriving downtown, and construction of pedestrian friendly alleys. The alley project will not only enhance the alleys to bolster walkability, but provide aesthetic appeal for downtown activities and businesses.

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 Tomball Economic Development Corporation (TEDC), a component unit of the City, is budgeted separately. A multi-year 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 Weaver and Tidwell, LLP, Certified Public Accountants, has issued unmodified (clean) opinions on the City of Tomball's financial statements for the year ended September 30, 2023. 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 ACFR for the fiscal year ended September 30, 2022. This was the 33rd 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 ACFR. 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 ACFR 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, 2023. This is the 15th consecutive year that the City has received this award from the GFOA. The award is granted 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.

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,



David Esquivel
City Manager

**City of Tomball, Texas
Principal Officials**

City Officials

Elected Position

Term Expires

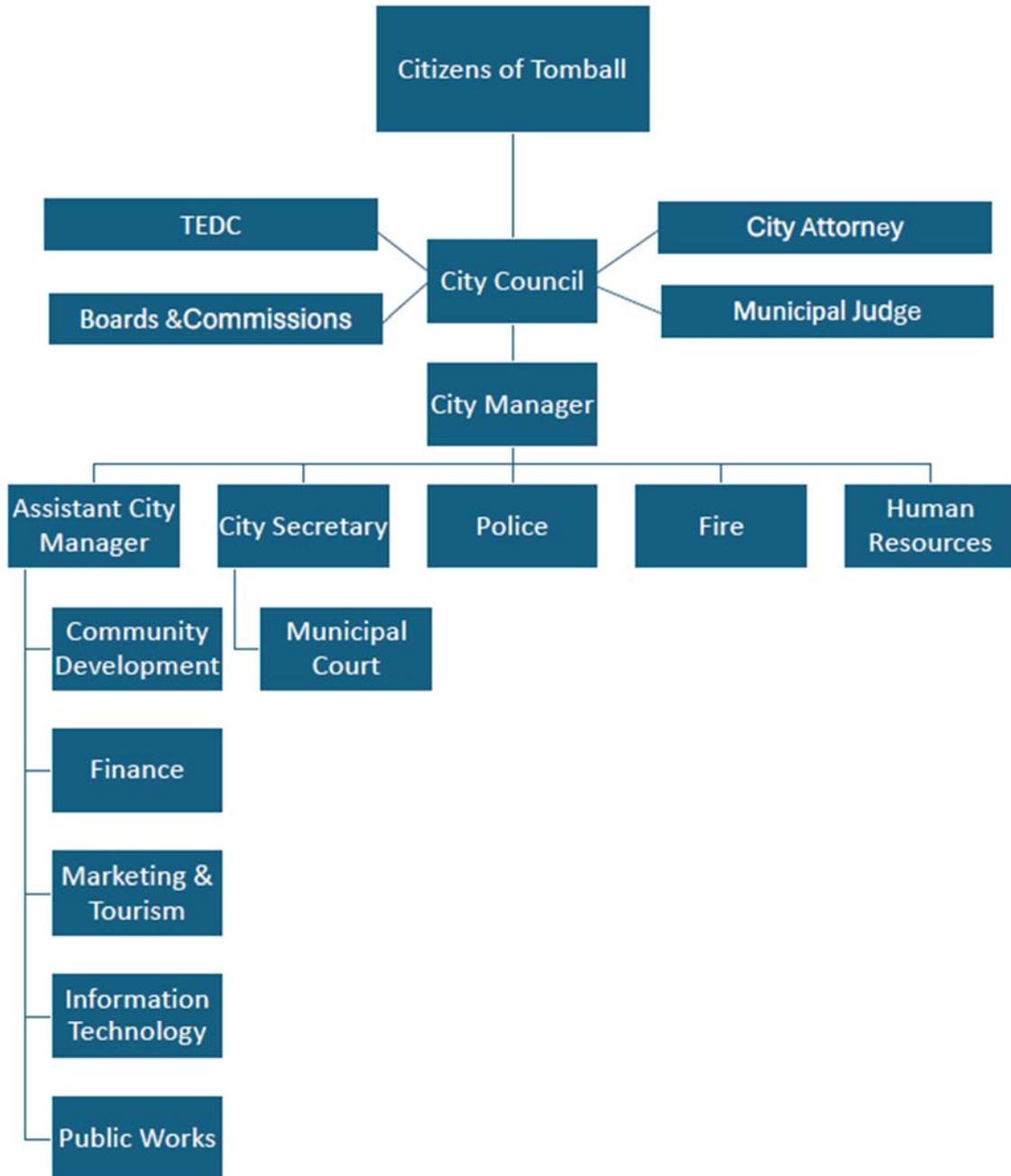
Lori Klein Quinn	Mayor	2025
John F. Ford	Council Member Position 1	2026
Mark Stoll	Council Member Position 2	2024
Dane Dunagin	Council Member Position 3	2025
Derek Townsend	Council Member Position 4	2024
Randy Parr	Council Member Position 5	2026

Administrative Officials

Position

David Esquivel	City Manager
Jessica Rogers	Assistant City Manager
Tracylynn Garcia	City Secretary
Jeff Bert	Chief of Police
Joe Sykora	Fire Chief
Katherine Tapscott	Director of Finance
Drew Huffman	Director of Public Works
Craig Meyers	Director of Community Development
Kristie Lewis	Director of Human Resources
Tom Wilson	Director of Information Technology
Kelly Violette	Director of Tomball Economic Development Corporation
Loren Smith	City Attorney

City of Tomball, Texas
Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

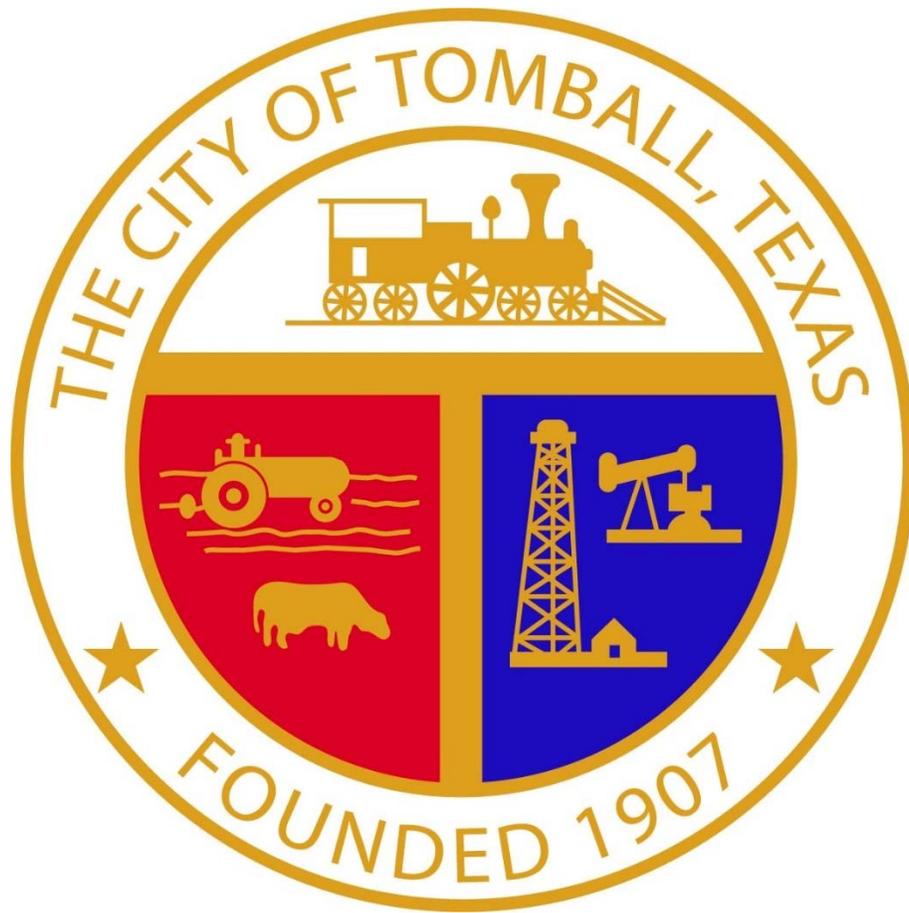
**City of Tomball
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

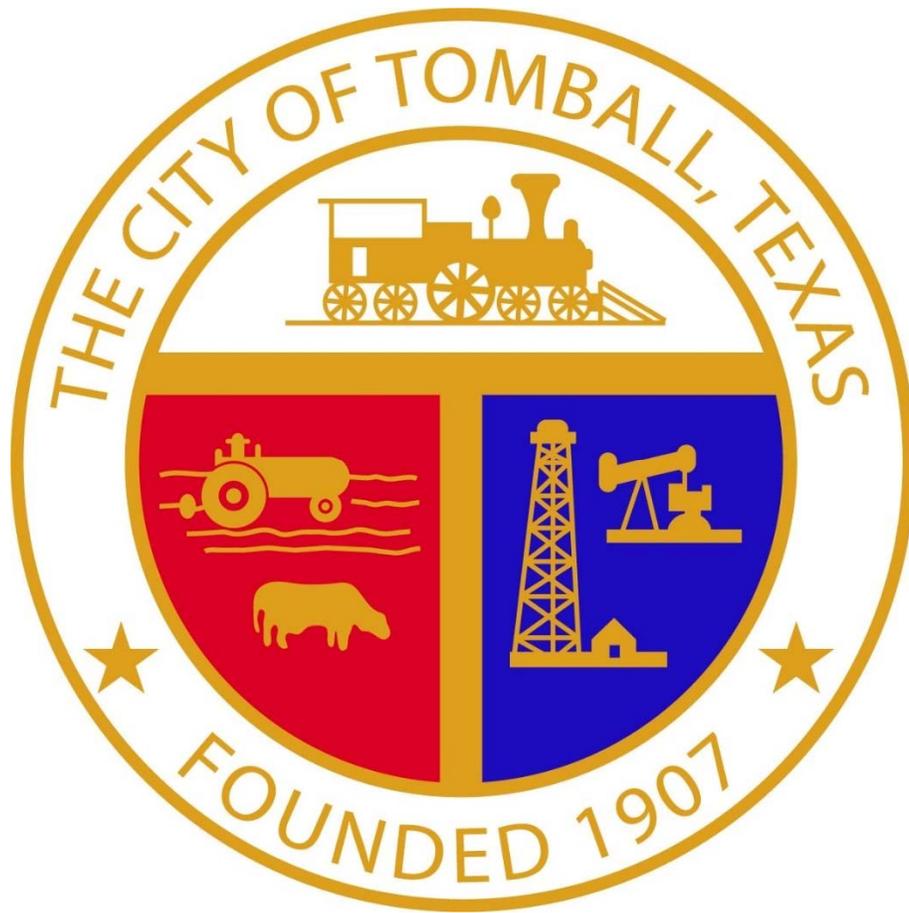
September 30, 2022

Christopher P. Morill

Executive Director/CEO



Financial Section





Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

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

Supplementary 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 Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates 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 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the Introductory Section and Statistical Section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

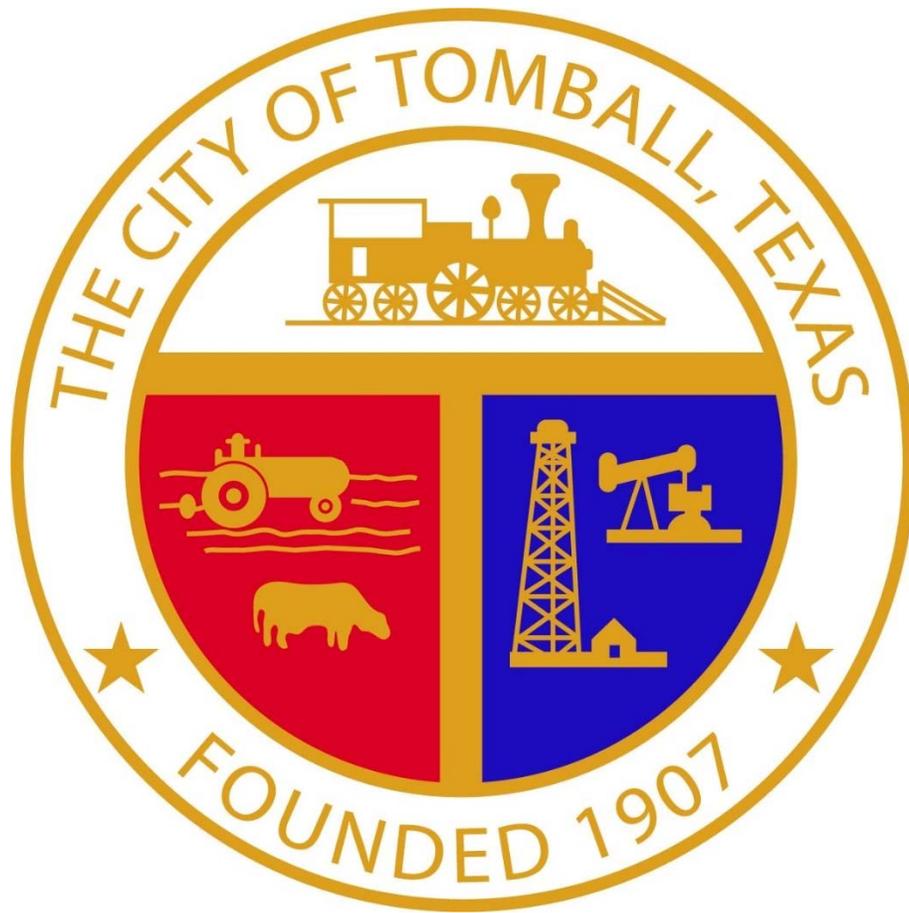
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas
May 1, 2024



Management's Discussion and Analysis (Unaudited)

The management of the City of Tomball (the "City") offers 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, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and statistical section as listed in the table of contents.

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 \$175.8 million (*net position*). Of this amount, \$53.9 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$70.8 million, an increase of \$22.8 million over the prior year. Approximately 43% of this total amount, \$30.4 million, is *available for spending* at the government's discretion (*unassigned fund balance*).
- The City's total long-term liabilities increased by \$20.8 million due primarily to issuance of \$19.6 million in certificates of obligation during 2023 and an increase of \$7.2 million in net pension liability.

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 three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Refer to the table of contents for the location of each of these components.

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

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as 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 unused leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, parks and recreation, tourism and arts, community development, and interest and fiscal agent fees. The business-type activities of the City include utility system administration, water, wastewater and gas operations.

The government-wide financial statements include not only the City itself (known as *the primary government*), but also a legally separate entity (*Tomball Economic Development Corporation*) for which the City is financially accountable. Financial information for this *discretely presented component unit* is reported separately from the financial information presented for the primary government itself.

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. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund and State and Federal Grants Fund, which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements as noted in the table of contents.

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its gas system and water and wastewater system. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for fleet replacement and health benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Enterprise Fund, which is considered to be a major fund. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements as noted in the table of contents.

Fiduciary Funds. The City maintains one type of fiduciary fund. *Custodial funds* are used to report fiduciary activities that are not required to be reported in a trust fund. The City maintains one custodial fund to account for private developer contributions, special assessment bond proceeds, special assessments, and related debt service associated with the issuance of bonds issued by the City as the custodian for the Public Improvement Districts (PIDs) within the City.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees. The City adopts an annual appropriated budget for the general fund and certain other governmental funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets as noted in the table of contents.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$175.8 million at the close of the most recent fiscal year.

City of Tomball, Texas Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 78,731,047	\$ 56,102,500	\$ 19,818,729	\$ 17,284,604	\$ 98,549,776	\$ 73,387,104
Capital assets	93,663,989	87,669,872	45,955,906	41,830,070	139,619,895	129,499,942
Total assets	172,395,036	143,772,372	65,774,635	59,114,674	238,169,671	202,887,046
Deferred outflows	4,838,748	1,980,825	901,338	371,489	5,740,086	2,352,314
Total deferred outflows of resources	4,838,748	1,980,825	901,338	371,489	5,740,086	2,352,314
Long-term liabilities outstanding	58,420,488	38,568,867	2,512,338	1,530,634	60,932,826	40,099,501
Other liabilities	4,497,394	4,946,218	1,640,861	1,520,873	6,138,255	6,467,091
Total liabilities	62,917,882	43,515,085	4,153,199	3,051,507	67,071,081	46,566,592
Deferred inflows	876,129	3,005,363	201,445	560,980	1,077,574	3,566,343
Total deferred inflows of resources	876,129	3,005,363	201,445	560,980	1,077,574	3,566,343
Net position:						
Net investment in capital assets	71,583,070	60,199,236	45,955,906	41,830,070	117,538,976	102,029,306
Restricted	4,369,685	7,597,934	-	-	4,369,685	7,597,934
Unrestricted	37,487,018	31,435,579	16,365,423	14,043,606	53,852,441	45,479,185
Total net position	\$ 113,439,773	\$ 99,232,749	\$ 62,321,329	\$ 55,873,676	\$ 175,761,102	\$ 155,106,425

By far the largest portion of the City's net position, 66.9% or \$117.5 million, reflects its net investment in capital assets (e.g., land, construction in progress, buildings and improvements, machinery and equipment, vehicles, right-to-use assets, gas system, water and wastewater system and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, 2.5% or \$4.4 million, represents resources that are subject to restrictions on how they may be used. The remaining balance of *unrestricted net position* of 30.6% or \$53.9 million, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, 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.

Governmental activities and business-type activities increased the City's net position by \$20.7 million in 2023. The following table provides a summary of the City's operations for the year ended September 30, 2023.

City of Tomball, Texas Change in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 6,205,210	\$ 5,947,758	\$ 17,146,443	\$ 18,625,282	\$ 23,351,653	\$ 24,573,040
Operating grants and contributions	690,462	892,201	-	-	690,462	892,201
Capital grants and contributions	8,888,801	5,840,595	2,658,430	3,156,833	11,547,231	8,997,428
General revenues:						
Property taxes	7,406,788	7,339,362	-	-	7,406,788	7,339,362
Sales taxes	16,883,112	16,312,753	-	-	16,883,112	16,312,753
Franchise and other taxes	1,674,332	1,583,488	-	-	1,674,332	1,583,488
Gain on sale of capital assets	115,128	73,732	-	32,177	115,128	105,909
Contributions not restricted	2,501,685	784,885	-	370,000	2,501,685	1,154,885
Special assessments	1,823,202	1,039,308	-	-	1,823,202	1,039,308
Unrestricted investment earnings	3,351,450	4,595	520,497	85,211	3,871,947	89,806
Other	296,860	669,965	385,626	361,868	682,486	1,031,833
Total revenues	<u>49,837,030</u>	<u>40,488,642</u>	<u>20,710,996</u>	<u>22,631,371</u>	<u>70,548,026</u>	<u>63,120,013</u>
Expenses:						
General government	11,650,395	8,114,100	-	-	11,650,395	8,114,100
Public safety	13,532,671	11,982,088	-	-	13,532,671	11,982,088
Public works	6,391,403	5,081,755	-	-	6,391,403	5,081,755
Parks and recreation	934,183	864,122	-	-	934,183	864,122
Tourism and arts	596,313	672,983	-	-	596,313	672,983
Community development	721,855	515,531	-	-	721,855	515,531
Interest and fiscal agent fees	1,732,978	868,205	-	-	1,732,978	868,205
Utility administration	-	-	2,175,738	2,163,551	2,175,738	2,163,551
Water	-	-	6,870,290	6,457,929	6,870,290	6,457,929
Wastewater	-	-	2,639,192	2,218,239	2,639,192	2,218,239
Gas	-	-	2,648,331	2,620,530	2,648,331	2,620,530
Total expenses	<u>35,559,798</u>	<u>28,098,784</u>	<u>14,333,551</u>	<u>13,460,249</u>	<u>49,893,349</u>	<u>41,559,033</u>
Change in net position before transfers	14,277,232	12,389,858	6,377,445	9,171,122	20,654,677	21,560,980
Transfers	(70,208)	2,507,506	70,208	(2,507,506)	-	-
Change in net position	14,207,024	14,897,364	6,447,653	6,663,616	20,654,677	21,560,980
Net position - beginning	<u>99,232,749</u>	<u>84,335,385</u>	<u>55,873,676</u>	<u>49,210,060</u>	<u>155,106,425</u>	<u>133,545,445</u>
Net position - ending	<u>\$ 113,439,773</u>	<u>\$ 99,232,749</u>	<u>\$ 62,321,329</u>	<u>\$ 55,873,676</u>	<u>\$ 175,761,102</u>	<u>\$ 155,106,425</u>

Governmental Activities. Governmental activities increased the City's net position by \$14.2 million during the current year.

Revenues increased by \$9.3 million, or 23.1%, over the prior year primarily due to 1) \$3.3 million increase in investment earnings due to favorable interest rates during 2023, 2) \$3.0 million increase in capital contributions from private developers for drainage and other infrastructure and 3) \$1.7 million increase in Tomball Economic Development Corporation contributions to the City for various capital projects.

Expenses increased by \$7.5 million, or 26.6%, over the prior year primarily due to 1) Increase of \$1.3 million in materials and parts purchased and used for the American Rescue Plan Act (ARPA) federal program, 2) increase of \$0.8 million in public improvement district activity and 3) increase of 13 public safety employees (police and fire) and 4 public works employees to satisfy increased demand for public services.

Business-type Activities. Business-type activities increased the City's net position by \$6.4 million, due primarily to continued growth in utility customers and consumption of service. Expenses increased by \$0.9 million, or 6.5%, due primarily to an increase of 7 utility department employees to satisfy increased demand for services.

Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City's governmental funds is to provide information of 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 the City's net resources available for discretionary use as it represents a 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 City Council.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$70.8 million, an increase of \$22.8 million over the prior year. Approximately 43.0% of this total amount, \$30.4 million, is unassigned fund balance, 38.8%, or \$27.5 million, is restricted fund balance and 18.1%, or \$12.8 million is assigned fund balance. The remaining fund balance is less than 1% of the total.

Fund balance in the General Fund increased from the prior year by \$3.9 million, resulting in an ending fund balance of \$30.5 million at year end. The unassigned fund balance of \$30.4 million represents 99.8% of total fund balance and 108.4% of total General Fund expenditures. Total general fund revenues increased \$2.6 million from 2022 to 2023, of which property tax revenues increased \$0.7 million and sales tax revenues increased \$0.6 million as a result of the strong growth in the local population and tax base and investment earnings increased \$1.4 million due to increased interest rates resulting in favorable interest income. Total general fund expenditures increased \$3.5 million, or 14.3%, due primarily to an average 3% cost of living adjustment in 2023 as well as increases in staffing within public safety (police and fire) and public works.

The Debt Service Fund has a total fund balance of \$3.1 million at year end, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the Debt Service Fund was \$3.4 million, due primarily to an increase in debt service requirements in the current year.

The Capital Projects Fund has a total fund balance of \$35.7 million at year end, of which \$22.9 million and \$12.8 million is restricted and committed, respectively, for capital projects. The net increase in fund balance during the current year was \$22.1 million, due primarily to \$19.3 million of bond proceeds issued. The City also transferred a net \$2.1 million into the Capital Projects Fund from other funds to supplement the bond proceeds.

The State and Federal Grants Fund has \$14k of fund balance at year end since this represents grant awards that are reimbursement based or are advance funded, usually resulting in a net zero change in fund balance. The fund recognized \$1.4 million in both grant revenues and expenditures during the current year.

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

The Enterprise Fund has unrestricted net position at fiscal year-end of \$15.8 million and total net position of \$61.8 million. Other factors concerning the finances of the City's Proprietary Funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Budget estimates for revenues between the original and final amended budget increased by \$0.7 million due primarily to refined sales tax collection due to economic growth in the area and investment earning estimates due to rising interest rates and related interest earnings on investments.

During the year there was a net decrease between the original and final amended budget expenditure appropriations of \$2.6 million due to the delayed opening of the new ESD fire station, which resulted in personnel savings. The City also budgeted \$0.9 million for a fire truck purchase for the ESD and later the ESD decided to purchase their own fire truck.

The City budgeted a net increase in fund balance of the General Fund of \$2.4 million for the year ended September 30, 2023. The actual change in fund balance was an increase of \$3.9 million, a favorable variance of \$1.5 million. The City had a favorable variance of \$0.1 million between actual revenues and budgeted revenues due to higher collections of various revenue sources. The City also had a favorable variance of \$1.4 million between budgeted expenditures and actual expenditures due primarily to unanticipated savings in public safety (police and fire).

Capital Assets and Debt Administration

Capital Assets. At the end of the current fiscal year 2023, the City's governmental activities and business-type activities had invested \$93.7 million and \$46.0 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents a net increase of \$6.0 million or 6.8% over the end of last fiscal year for governmental activities and an increase of \$4.1 million or 9.9% for business-type activities.

**City of Tomball, Texas Capital Assets
(net of depreciation and amortization)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 7,982,088	\$ 7,982,088	\$ 1,897,333	\$ 1,897,333	\$ 9,879,421	\$ 9,879,421
Construction in progress	2,350,623	721,657	3,702,038	791,153	6,052,661	1,512,810
Buildings and improvements	5,821,129	6,055,393	-	-	5,821,129	6,055,393
Gas system	-	-	3,683,921	3,482,214	3,683,921	3,482,214
Water and wastewater system	-	-	34,635,102	33,667,798	34,635,102	33,667,798
Machinery and equipment	1,721,237	1,638,306	2,037,512	1,991,572	3,758,749	3,629,878
Vehicles	3,049,747	2,752,625	-	-	3,049,747	2,752,625
Infrastructure	72,525,175	68,480,365	-	-	72,525,175	68,480,365
Right-to-use lease assets	15,251	39,438	-	-	15,251	39,438
Right-to-use subscription assets	198,739	-	-	-	198,739	-
Totals	\$ 93,663,989	\$ 87,669,872	\$ 45,955,906	\$ 41,830,070	\$ 139,619,895	\$ 129,499,942

The overall increase in capital assets for governmental activities is due primarily to \$1.7 million of additions to construction in progress related to on-going drainage and street projects and \$6.2 million of infrastructure contributions from private developers of master planned communities.

The overall increase in capital assets for business-type activities is due primarily to \$3.1 million of additions to construction in progress related to on-going utility infrastructure projects and \$2.6 million of utility infrastructure contributions from private developers of master planned communities.

Additional information on the City's capital assets can be found in Note 5 to the basic financial statements.

Long-term Debt. At the end of the current fiscal year, the City reported total long-term liabilities of \$60.9 million. The City had bonds payable of \$41.9 million (\$44.0 million, net of premiums). Of this amount, \$11.7 million was general obligation refunding debt and \$30.2 million represents certificates of obligation. The City's other long-term liabilities include its contractual obligations, leases payable, subscriptions payable, compensated absences, landfill post closure care costs, and net pension and total other post employment benefits liabilities.

City of Tomball, Texas Long-term Liabilities Outstanding

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Certificates of obligation	\$ 30,235,000	\$ 14,565,000	\$ -	\$ -	\$ 30,235,000	\$ 14,565,000
General obligation refunding bonds	11,695,000	13,315,000	-	-	11,695,000	13,315,000
Unamortized premiums	2,080,471	1,762,518	-	-	2,080,471	1,762,518
Public property finance contractual obligations	779,868	909,868	-	-	779,868	909,868
Leases payable	14,549	39,219	-	-	14,549	39,219
Subscriptions payable	202,744	-	-	-	202,744	-
Compensated absences	1,675,671	2,027,024	355,273	292,528	2,030,944	2,319,552
Landfill postclosure care costs	419,000	361,500	-	-	419,000	361,500
Arbitrage liability	155,008	-	-	-	155,008	-
Net pension liability	8,796,518	2,734,695	1,603,650	467,353	10,400,168	3,202,048
Total OPEB liability	2,366,659	2,854,043	553,415	770,753	2,920,074	3,624,796
Total	\$ 58,420,488	\$ 38,568,867	\$ 2,512,338	\$ 1,530,634	\$ 60,932,826	\$ 40,099,501

Bond debt increased by \$14.4 million primarily as a result of issuance of \$19.6 million in certificates of obligation during 2023, reduced by total debt service principal payments of \$5.5 million.

The most recent ratings on bonded debt issued are as follows:

	Standard and Poor's	Moody's
General obligation bonds	AA+	
Certificates of obligation	AA+	Aa2

Additional information on the City's long-term debt can be found in Note 6 to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The City continues to focus on economic development initiatives, including the revitalization of historic Old Town Tomball and commercial businesses. Construction of a 240 acre industrial development is underway and multiple large commercial developments are beginning construction. The City is also experiencing significant residential growth with the development of 1,000 homes currently underway. Taxable values for tax year 2023 (fiscal year 2024) grew 24.1% over prior year, which is attributed to the residential and commercial growth.

On September 18, 2023, City Council adopted a \$125 million operating budget for fiscal year 2024. The City's largest source of revenue is sales tax, which has experienced steady increases compared to prior years. The fiscal year 2024 budget included a property tax rate of \$0.293320 per \$100 of valuation, which was an increase of \$0.006072 or 2.1% compared to fiscal year 2023. The City expects to maintain a stabilized property tax rate due to increases in the taxable valuation.

During fiscal year 2024, the City completed a utility cost of service study to evaluate the current rates and overall rate structure. The results of the study indicated that incremental rate increases are needed starting in fiscal year 2025 to support debt service related to utility capital projects. Annually, the City reviews and updates other fees and service charges to ensure cost recovery.

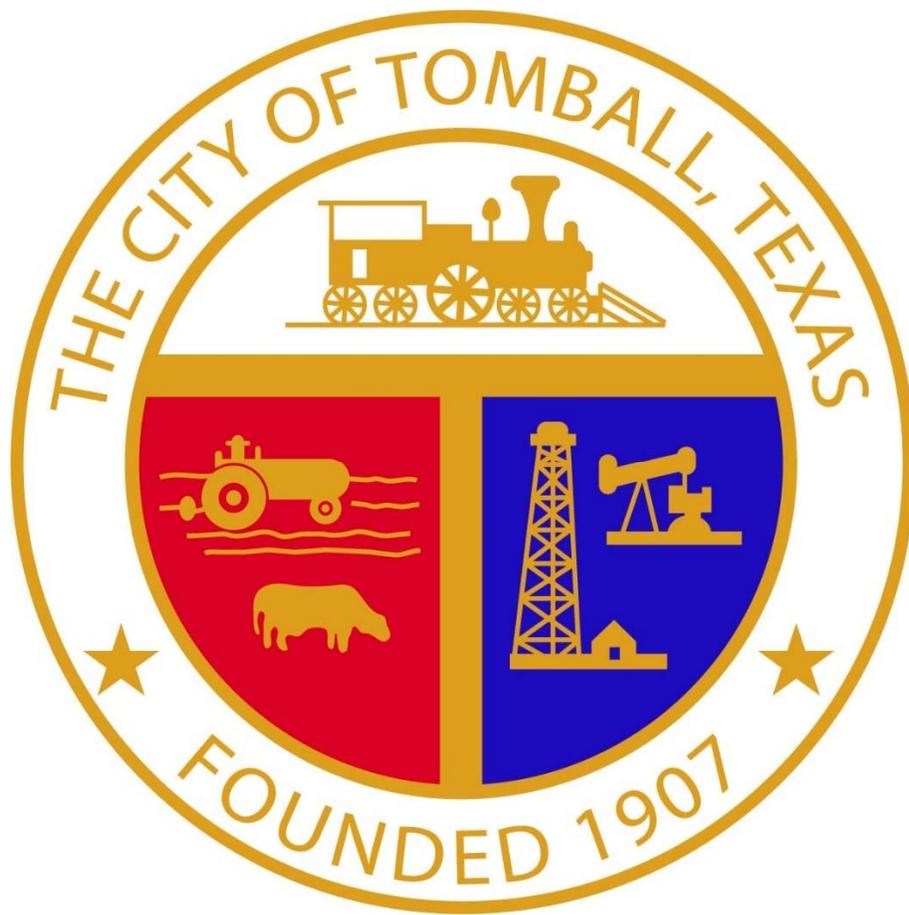
Contacting the City's Financial Management

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 phone (281) 290-1417 or:

Finance Department
501 James Street
Tomball, Texas 77375

Or for general City information, please visit the City's website at <https://www.tomballtx.gov> .

Basic Financial Statements



City of Tomball, Texas
Statement of Net Position
September 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Tomball Economic Development Corporation
ASSETS				
Cash and cash equivalents	\$ 43,094,523	\$ 16,302,707	\$ 59,397,230	\$ 20,898,782
Investments	6,735,144	-	6,735,144	2,586,628
Receivables, net of allowance	4,527,928	2,248,677	6,776,605	1,723,550
Lease receivable	-	-	-	712,316
Due from other governments	783,833	-	783,833	-
Due from component unit	201,815	-	201,815	-
Due from fiduciary	26,606	-	26,606	-
Internal balances	(528,074)	528,074	-	-
Prepaid Items	335,122	-	335,122	-
Restricted cash and cash equivalents	23,554,150	739,271	24,293,421	-
Capital assets - nondepreciable	10,332,711	5,599,371	15,932,082	3,605,456
Capital assets - depreciable, net	83,331,278	40,356,535	123,687,813	7,580,675
Total assets	172,395,036	65,774,635	238,169,671	37,107,407
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	4,464,995	813,991	5,278,986	-
Other post employment benefits	373,753	87,347	461,100	-
Total deferred outflows of resources	4,838,748	901,338	5,740,086	-
Total assets and deferred outflows of resources	177,233,784	66,675,973	243,909,757	37,107,407
LIABILITIES				
Accounts payable	2,216,125	826,022	3,042,147	86,108
Accrued liabilities	418,569	75,568	494,137	-
Deposits payable	12,310	739,271	751,581	10,869
Unearned revenue	1,618,446	-	1,618,446	-
Due to primary government	-	-	-	201,815
Accrued interest payable	231,944	-	231,944	-
Noncurrent liabilities:				
Due within one year	3,504,082	139,624	3,643,706	1,505
Due in more than one year	54,916,406	2,372,714	57,289,120	-
Total liabilities	62,917,882	4,153,199	67,071,081	300,297
DEFERRED INFLOWS OF RESOURCES				
Other post employment benefits	876,129	201,445	1,077,574	-
Leases	-	-	-	676,887
Total deferred inflows of resources	876,129	201,445	1,077,574	676,887
Total liabilities and deferred inflows of resources	63,794,011	4,354,644	68,148,655	977,184
NET POSITION				
Net investment in capital assets	71,583,070	45,955,906	117,538,976	11,184,626
Restricted for:				
Debt service	2,933,161	-	2,933,161	-
Court security	213,040	-	213,040	-
Court technology	135,367	-	135,367	-
Hotel occupancy tax	1,043,918	-	1,043,918	-
Child safety	29,442	-	29,442	-
Grants	14,757	-	14,757	-
Unrestricted	37,487,018	16,365,423	53,852,441	24,945,597
TOTAL NET POSITION	\$ 113,439,773	\$ 62,321,329	\$ 175,761,102	\$ 36,130,223

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Tomball, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 11,650,395	\$ 87,532	\$ 91,803	\$ 8,888,801
Public safety	13,532,671	2,196,591	598,659	-
Public works	6,391,403	2,352,261	-	-
Parks and recreation	934,183	-	-	-
Tourism and arts	596,313	-	-	-
Community development	721,855	1,568,826	-	-
Interest and fiscal agent fees	1,732,978	-	-	-
Total governmental activities	35,559,798	6,205,210	690,462	8,888,801
Business-type activities				
Utility administration	2,175,738	1,881,154	-	-
Water	6,870,290	8,541,278	-	959,620
Wastewater	2,639,192	3,079,810	-	1,319,210
Gas	2,648,331	3,644,201	-	379,600
Total business-type activities	14,333,551	17,146,443	-	2,658,430
Total primary government	\$ 49,893,349	\$ 23,351,653	\$ 690,462	\$ 11,547,231
COMPONENT UNIT				
Tomball Economic Development Corporation	5,080,945	310,450	-	-
	\$ 5,080,945	\$ 310,450	\$ -	\$ -

GENERAL REVENUES

Taxes:
Property taxes
Sales taxes
Franchise and other taxes
Gain on sale of capital assets
Contributions not restricted to specific programs
Special assessments
Unrestricted investment earnings
Other
Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

NET POSITION, end of year

The Notes to the Basic Financial Statements are an integral part of this statement.

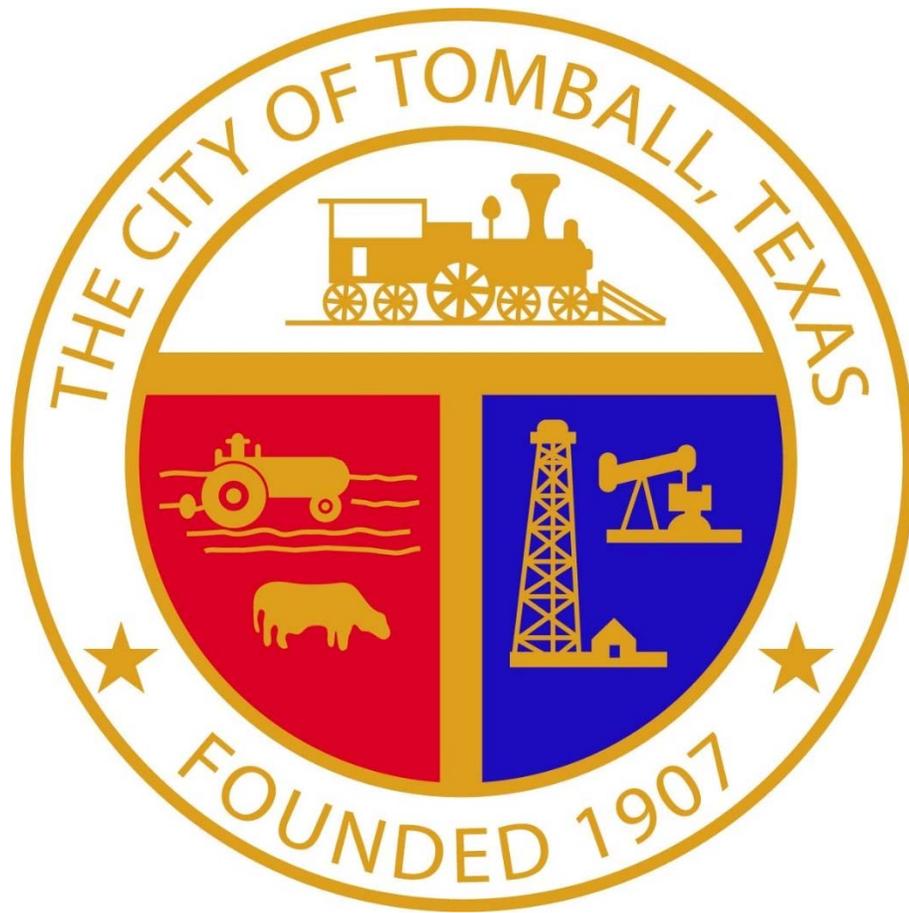
Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Tomball Economic Development Corporation
\$ (2,582,259)	\$ -	\$ (2,582,259)	\$ -
(10,737,421)	-	(10,737,421)	-
(4,039,142)	-	(4,039,142)	-
(934,183)	-	(934,183)	-
(596,313)	-	(596,313)	-
846,971	-	846,971	-
(1,732,978)	-	(1,732,978)	-
(19,775,325)	-	(19,775,325)	-
-	(294,584)	(294,584)	-
-	2,630,608	2,630,608	-
-	1,759,828	1,759,828	-
-	1,375,470	1,375,470	-
-	5,471,322	5,471,322	-
<u>\$ (19,775,325)</u>	<u>\$ 5,471,322</u>	<u>\$ (14,304,003)</u>	<u>\$ -</u>
-	-	-	(4,770,495)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,770,495)</u>
7,406,788	-	7,406,788	-
16,883,112	-	16,883,112	5,575,735
1,674,332	-	1,674,332	-
115,128	-	115,128	3,295,964
2,501,685	-	2,501,685	-
1,823,202	-	1,823,202	-
3,351,450	520,497	3,871,947	1,038,958
296,860	385,626	682,486	1,742
(70,208)	70,208	-	-
33,982,349	976,331	34,958,680	9,912,399
14,207,024	6,447,653	20,654,677	5,141,904
99,232,749	55,873,676	155,106,425	30,988,319
<u>\$ 113,439,773</u>	<u>\$ 62,321,329</u>	<u>\$ 175,761,102</u>	<u>\$ 36,130,223</u>

City of Tomball, Texas
 Balance Sheet - Governmental Funds
 September 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash and cash equivalents	\$ 26,058,072	\$ 3,136,714
Investments	1,826,297	-
Receivables, net of allowance	3,597,094	-
Due from other governments	706,629	-
Due from component unit	176,830	-
Due from fiduciary	26,606	-
Prepaid Items	30,790	-
Restricted cash and cash equivalents - deposits	12,310	-
Restricted cash and cash equivalents - construction	-	-
	<hr/>	<hr/>
TOTAL ASSETS	\$ 32,434,628	\$ 3,136,714
	<hr/>	<hr/>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 1,502,507	\$ -
Accrued liabilities	418,569	-
Deposits payable	12,310	-
Unearned revenue	-	-
	<hr/>	<hr/>
Total liabilities	1,933,386	-
FUND BALANCES		
Nonspendable:		
Prepaid items	30,790	-
Restricted:		
Debt service	-	3,136,714
Construction	-	-
Court security	-	-
Court technology	-	-
Hotel occupancy tax	-	-
Child safety	-	-
Grants	-	-
Committed:		
City programs	-	-
Construction	-	-
Assigned:		
Special projects	42,703	-
Unassigned	30,427,749	-
	<hr/>	<hr/>
Total fund balances	30,501,242	3,136,714
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 32,434,628	\$ 3,136,714
	<hr/>	<hr/>

Capital Projects Fund	State and Federal Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,039,997	\$ 1,520,767	\$ 1,550,250	\$ 39,305,800
4,908,847	-	-	6,735,144
930,834	-	-	4,527,928
-	-	-	706,629
-	-	-	176,830
-	-	-	26,606
-	-	-	30,790
-	-	-	12,310
23,541,840	-	-	23,541,840
<u>\$ 36,421,518</u>	<u>\$ 1,520,767</u>	<u>\$ 1,550,250</u>	<u>\$ 75,063,877</u>
\$ 615,127	\$ -	\$ 63,000	\$ 2,180,634
-	-	-	418,569
-	-	-	12,310
101,568	1,506,010	10,868	1,618,446
716,695	1,506,010	73,868	4,229,959
-	-	-	30,790
-	-	-	3,136,714
22,926,713	-	-	22,926,713
-	-	213,040	213,040
-	-	135,367	135,367
-	-	1,043,918	1,043,918
-	-	29,442	29,442
-	14,757	-	14,757
-	-	54,615	54,615
12,778,110	-	-	12,778,110
-	-	-	42,703
-	-	-	30,427,749
35,704,823	14,757	1,476,382	70,833,918
<u>\$ 36,421,518</u>	<u>\$ 1,520,767</u>	<u>\$ 1,550,250</u>	<u>\$ 75,063,877</u>



City of Tomball, Texas

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 70,833,918

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

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

Capital assets, cost	\$ 120,719,257	
Capital assets, accumulated depreciation	(30,259,802)	90,459,455

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

Bonds payable, par	\$ (41,930,000)	
Bonds payable, premiums	(2,080,471)	
Leases payable	(14,549)	
Subscriptions payable	(202,744)	
Accrued interest payable	(203,553)	
Landfill post closure care costs	(419,000)	
Compensated absences payable	(1,675,671)	
Arbitrage liability	(155,008)	
Net pension liability	(8,796,518)	
Total OPEB liability	(2,366,659)	(57,844,173)

The deferred outflows and inflows of resources related to the net pension liability and the total OPEB liability are recognized on the statement of net position:

Deferred outflows - pensions	\$ 4,464,995	
Deferred outflows - OPEB	373,753	
Deferred inflows - OPEB	(876,129)	3,962,619

Internal service funds are used by management to charge the cost of certain activities, such as fleet management and health benefits, 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.

6,027,954

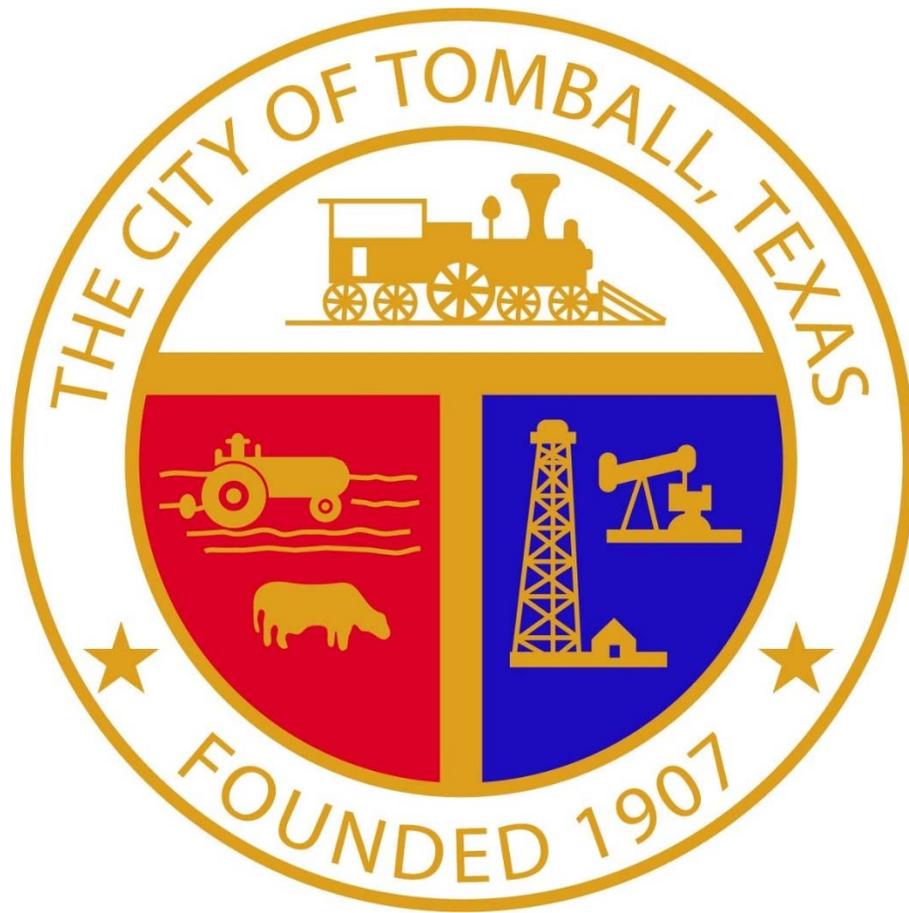
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 113,439,773

City of Tomball, Texas
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Fiscal Year Ended September 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
Property tax	\$ 4,658,804	\$ 2,747,984
Sales tax	16,883,112	-
Franchise and other taxes	964,217	-
Licenses and permits	1,573,426	-
Fines and forfeitures	329,049	-
Charges for services	4,297,279	-
Intergovernmental	640,462	-
Special assessments	-	-
Contributions from component unit for debt service	-	761,685
Investment earnings	1,407,138	156,277
Capital contributions from developers	-	-
Other	73,835	-
	<hr/>	<hr/>
Total revenues	30,827,322	3,665,946
EXPENDITURES		
Current:		
General government	7,868,860	-
Public safety	12,222,233	-
Public works	5,711,996	-
Parks and recreation	934,183	-
Tourism and arts	-	-
Community development	468,361	-
Debt service:		
Principal	73,312	5,520,000
Interest	386	1,564,643
Issuance costs and fiscal agent fees	-	254,476
Capital outlay	788,188	-
	<hr/>	<hr/>
Total expenditures	28,067,519	7,339,119
	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	2,759,803	(3,673,173)
OTHER FINANCING SOURCES (USES)		
Issuance of certificates of obligation	-	241,775
Premium on issuance of bonds	-	-
Issuance of subscriptions	251,386	-
Proceeds from sale of capital assets	112,169	-
Insurance recoveries	26,578	-
Transfers in	2,000,000	-
Transfers out	(1,276,000)	-
	<hr/>	<hr/>
Total other financing sources (uses)	1,114,133	241,775
	<hr/>	<hr/>
Net change in fund balances	3,873,936	(3,431,398)
Fund balances, beginning of year	26,627,306	6,568,112
	<hr/>	<hr/>
FUND BALANCES, END OF YEAR	<u>\$ 30,501,242</u>	<u>\$ 3,136,714</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Capital Projects Fund	State and Federal Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 7,406,788
-	-	-	16,883,112
-	-	717,339	1,681,556
-	-	-	1,573,426
-	-	30,456	359,505
-	-	-	4,297,279
490,001	1,364,097	50,000	2,544,560
-	-	1,823,202	1,823,202
-	-	-	761,685
1,570,502	-	48,319	3,182,236
2,574,521	-	-	2,574,521
-	-	110,856	184,691
<u>4,635,024</u>	<u>1,364,097</u>	<u>2,780,172</u>	<u>43,272,561</u>
-	1,364,097	1,837,529	11,070,486
-	-	23,460	12,245,693
-	-	-	5,711,996
-	-	-	934,183
-	-	616,913	616,913
-	-	-	468,361
-	-	-	5,593,312
-	-	-	1,565,029
-	-	-	254,476
<u>4,652,002</u>	<u>-</u>	<u>1,500</u>	<u>5,441,690</u>
<u>4,652,002</u>	<u>1,364,097</u>	<u>2,479,402</u>	<u>43,902,139</u>
(16,978)	-	300,770	(629,578)
19,328,225	-	-	19,570,000
677,151	-	-	677,151
-	-	-	251,386
-	-	-	112,169
-	-	-	26,578
2,140,677	-	126,000	4,266,677
-	-	(150,000)	(1,426,000)
<u>22,146,053</u>	<u>-</u>	<u>(24,000)</u>	<u>23,477,961</u>
22,129,075	-	276,770	22,848,383
13,575,748	14,757	1,199,612	47,985,535
<u>\$ 35,704,823</u>	<u>\$ 14,757</u>	<u>\$ 1,476,382</u>	<u>\$ 70,833,918</u>



City of Tomball, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended September 30, 2023

Net change in fund balances - total governmental funds	\$ 22,848,383
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/amortization expense. This is the amount of capital asset additions recorded in the current period.	5,441,690
Depreciation expense on capital assets is reported in the statement of activities, but does not require the use of current financial resources. Therefore, depreciation/amortization expense is not reported as expenditures in the governmental funds.	(2,853,423)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, transfers, non-cash capital asset contributions) is not reported in the governmental funds.	3,264,297
Because some revenues will not be collected for several months after the City's fiscal year end, they are not considered available and are deferred in the governmental funds. Deferred inflows increased (decreased) by this amount this year.	
Unavailable revenues - other	(7,224)
The issuance of long term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these 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:	
Proceeds from issuance of certificates of obligation	\$ (19,570,000)
Premiums on bonds issued	(677,151)
Issuance of subscriptions	(251,386)
Amortization of premium on bonds payable	359,198
Accrued interest payable increased	(86,018)
Principal paid on bonds and other debt	5,593,312
	<u>(14,632,045)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The following long-term liabilities (increased) / decreased:	
Landfill post closure care costs	\$ (57,500)
Compensated absences	351,353
Arbitrage liability	(155,008)
Net pension liability	(6,061,823)
Total OPEB liability	487,384
	<u>(5,435,594)</u>
Some deferred outflows and deferred inflows reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds. The following deferred outflows and deferred inflows of resources changed:	
Deferred outflows of resources - pensions	\$ 2,870,856
Deferred outflows of resources - OPEB	(12,933)
Deferred inflows of resources - pensions	2,617,320
Deferred inflows of resources - OPEB	(488,086)
	<u>4,987,157</u>
An internal service fund is used by management to charge the cost of certain activities, such as fleet management and health benefits, to individual funds. A portion of the change in the net position of the internal service funds is included in governmental activities in the statement of activities.	<u>593,783</u>
Change in net position - governmental activities	<u>\$ 14,207,024</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Tomball, Texas
Statement of Net Position
Proprietary Funds
September 30, 2023

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,302,707	\$ 3,788,723
Receivables, net of allowance	2,248,677	-
Due from other governments	-	77,204
Due from component unit	-	24,985
Prepaid Items	-	304,332
Total current assets	<u>18,551,384</u>	<u>4,195,244</u>
Noncurrent assets:		
Restricted cash and cash equivalents - deposits	739,271	-
Capital assets:		
Capital assets - nondepreciable	5,599,371	-
Capital assets - depreciable, net	<u>40,356,535</u>	<u>3,204,534</u>
Net capital assets	<u>45,955,906</u>	<u>3,204,534</u>
Total noncurrent assets	<u>46,695,177</u>	<u>3,204,534</u>
Total assets	<u>65,246,561</u>	<u>7,399,778</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	813,991	-
Other post employment benefits	<u>87,347</u>	<u>-</u>
Total deferred outflows of resources	<u>901,338</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>66,147,899</u>	<u>7,399,778</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 826,022	\$ 35,491
Accrued liabilities	75,568	-
Deposits payable	739,271	-
Accrued interest payable	-	28,391
Public property finance contract obligation, current	-	130,000
Compensated absences, current	106,582	-
Total OPEB liability, current	<u>33,042</u>	<u>-</u>
Total current liabilities	<u>1,780,485</u>	<u>193,882</u>
Noncurrent liabilities		
Public property finance contract obligation	-	649,868
Compensated absences	248,691	-
Net pension liability	1,603,650	-
Total OPEB liability	<u>520,373</u>	<u>-</u>
Total noncurrent liabilities	<u>2,372,714</u>	<u>649,868</u>
Total liabilities	<u>4,153,199</u>	<u>843,750</u>
DEFERRED INFLOWS OF RESOURCES		
Other post employment benefits	<u>201,445</u>	<u>-</u>
Total deferred inflows of resources	<u>201,445</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>4,354,644</u>	<u>843,750</u>
NET POSITION		
Net investment in capital assets	45,955,906	2,424,666
Unrestricted	<u>15,837,349</u>	<u>4,131,362</u>
TOTAL NET POSITION	<u>61,793,255</u>	<u>\$ 6,556,028</u>
Reconciliation to government-wide statement of net position		
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise fund over time	<u>528,074</u>	
NET POSITION OF BUSINESS-TYPE ACTIVITIES	<u>\$ 62,321,329</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Tomball, Texas
Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Funds
For the Fiscal Year Ended September 30, 2023

	<u>Business-type Activities</u> <u>Enterprise Fund</u>	<u>Governmental Activities</u> <u>Internal Service Fund</u>
OPERATING REVENUES		
Charges for sales and services:		
Water sales	\$ 8,541,278	\$ -
Sewer sales	3,079,810	-
Gas sales	3,644,201	-
Internal service charges	-	4,187,833
Impact fees	1,881,154	-
Other	385,626	-
	<hr/>	<hr/>
Total operating revenues	17,532,069	4,187,833
OPERATING EXPENSES		
Personnel services	2,752,720	-
Materials, supplies and contracted services	9,864,439	3,219,654
Depreciation and amortization	1,801,091	515,816
	<hr/>	<hr/>
Total operating expenses	14,418,250	3,735,470
Operating income	3,113,819	452,363
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	520,497	169,214
Gain (loss) on disposal of capital assets	-	88,550
Interest	-	(31,645)
	<hr/>	<hr/>
Total nonoperating revenues (expenses)	520,497	226,119
Income before transfers and capital contributions	3,634,316	678,482
Capital asset contributions from governmental activities	2,910,885	-
Capital asset contributions from developers	2,658,430	-
Transfers out	(2,840,677)	-
	<hr/>	<hr/>
Change in net position	6,362,954	678,482
Net position, beginning of year	55,430,301	5,877,546
	<hr/>	<hr/>
NET POSITION, END OF YEAR	\$ 61,793,255	\$ 6,556,028
RECONCILIATION TO GOVERNMENT-WIDE STATEMENT OF ACTIVITIES		
Change in net position	\$ 6,362,954	
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise fund	84,699	
	<hr/>	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES	\$ 6,447,653	

City of Tomball, Texas
 Statement of Cash Flows
 Proprietary Funds
 For the Fiscal Year Ended September 30, 2023

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
OPERATING ACTIVITIES		
Receipts from customers	\$ 16,797,745	\$ -
Receipts from interfund charges	-	4,156,735
Other receipts	385,626	-
Payments to suppliers and service providers	(9,812,972)	(3,235,926)
Payments to employees for salaries and benefits	(2,646,212)	-
	<hr/>	<hr/>
Net cash provided by operating activities	4,724,187	920,809
NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(2,840,677)	-
	<hr/>	<hr/>
Net cash used for noncapital financing activities	(2,840,677)	-
CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(357,612)	(765,974)
Proceeds from sale of capital assets	-	88,550
Principal paid on long-term debt	-	(130,000)
Interest paid on long-term debt	-	(33,672)
	<hr/>	<hr/>
Net cash used for capital and related financing activities	(357,612)	(841,096)
INVESTING ACTIVITIES		
Interest received	520,497	169,214
	<hr/>	<hr/>
Net cash provided by investing activities	520,497	169,214
	<hr/>	<hr/>
Net change in cash and cash equivalents	2,046,395	248,927
Cash and cash equivalents, beginning of year	14,995,583	3,539,796
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 17,041,978	\$ 3,788,723
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION		
Cash and cash equivalents	\$ 16,302,707	\$ 3,788,723
Restricted cash and cash equivalents	739,271	-
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS	\$ 17,041,978	\$ 3,788,723
	<hr/>	<hr/>

City of Tomball, Texas
Statement of Cash Flows - Continued
Proprietary Funds
For the Fiscal Year Ended September 30, 2023

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
RECONCILIATION OF OPERATING INCOME TO NET		
CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 3,113,819	\$ 452,363
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,801,091	515,816
(Increase) decrease in assets and deferred outflows		
Accounts receivable	(403,031)	-
Due from other governments	-	(23,954)
Other receivables	-	(7,144)
Prepaid items	-	(39,580)
Deferred outflows of resources - pension and OPEB	(529,849)	-
Increase (decrease) in liabilities and deferred inflows		
Accounts payable	51,467	23,308
Accrued liabilities	14,188	-
Deposits payable	54,333	-
Compensated absences	62,745	-
Pension and OPEB liability	918,959	-
Deferred inflows of resources - pension and OPEB	(359,535)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 4,724,187	\$ 920,809
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital asset contributions from governmental activities	\$ 2,910,885	\$ -
Capital asset contributions from developers	\$ 2,658,430	\$ -

City of Tomball, Texas
Statement of Fiduciary Net Position
Fiduciary Fund
September 30, 2023

	Public Improvement Districts Custodial Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,519,484
Restricted cash and cash equivalents - construction	5,364,405
	<hr/>
Total assets	6,883,889
LIABILITIES	
Current liabilities:	
Accounts payable	1,587
Due to other governments	26,606
	<hr/>
Total liabilities	28,193
NET POSITION	
Net investment in capital assets	-
Restricted for debt service	-
Restricted for property owners	6,855,696
	<hr/>
TOTAL NET POSITION	\$ 6,855,696
	<hr/> <hr/>

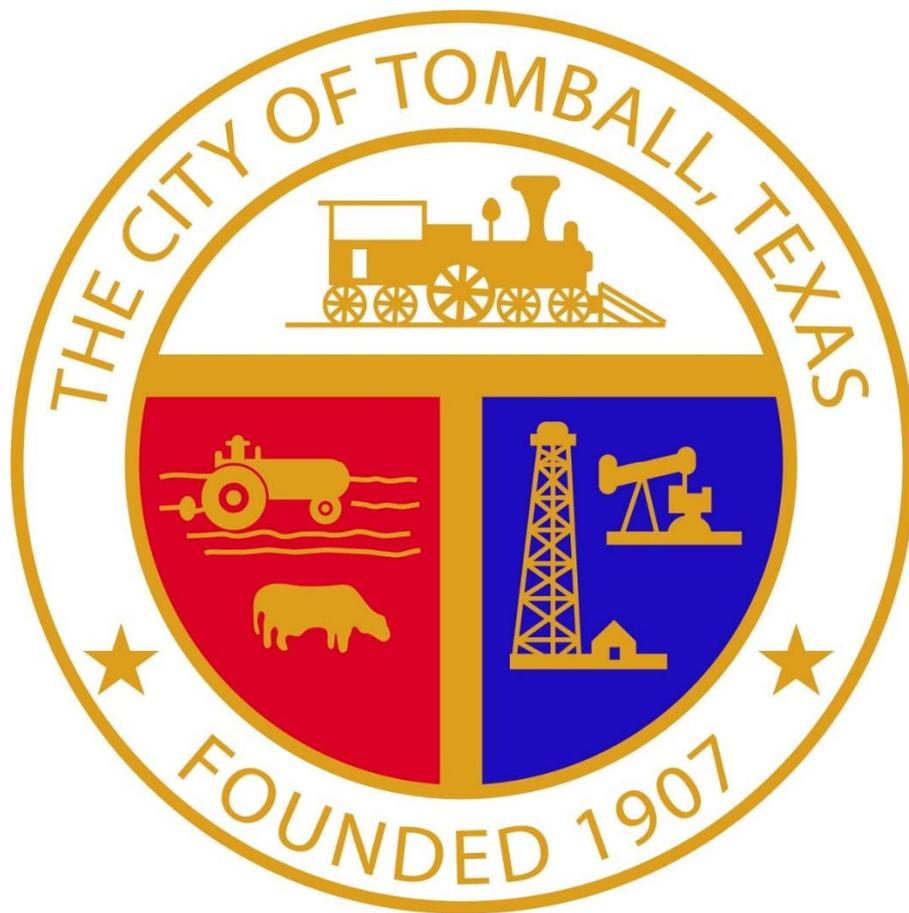
City of Tomball, Texas

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

For the Fiscal Year Ended September 30, 2023

	Public Improvement Districts Custodial Fund
ADDITIONS	
Special assessments	\$ 722,228
Contributions from property owners	13,786,092
Capital contributions from developers	630,846
Investment earnings	14,083
Other	42,533
Total additions	15,195,782
DEDUCTIONS	
Materials, supplies and contracted services	1,194,862
Payments to bondholders	708,449
Payments to developers	6,869,958
Total deductions	8,773,269
Change in net position	6,422,513
Net position, beginning of year	433,183
NET POSITION, END OF YEAR	\$ 6,855,696



City of Tomball, Texas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

A. 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 principle 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, wastewater and 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 utilizing 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.

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.

Discretely Presented Component Unit

Tomball Economic Development Corporation

The Tomball Economic Development Corporation (the 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. Separately issued audited financial statements are not available for the Corporation. Financial information for the Corporation may be obtained from the following address:

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

City of Tomball, Texas

Notes to the Basic Financial Statements

Blended Component Units

Employee Benefits Trust

The Employee Benefits Trust (the Trust) has been included in the reporting entity as a blended component unit. The Trust is a 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 the members of City Council. The Trust is organized for the purpose of providing or offering City officers, employees, and qualified retirees and their dependents with life, disability, sickness, accident, and other health benefits either directly or through the purchase of insurance. The operations of the Trust are presented as a proprietary fund type in the Health Benefits internal service fund. The Trust does not issue separate financial statements.

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 of Tomball, 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 in a special revenue fund. Tomball Legacy Fund, Inc. does not issue separate financial statements.

B. Government-wide 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. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from discretely presented component units for which the primary government is financially accountable.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column in the government-wide financial statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's business-type and governmental activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

C. Fund Financial Statements

The fund financial statements provide information about the City's funds, including its blended component units. Separate statements for each fund category—governmental, proprietary and fiduciary—are presented, even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

City of Tomball, Texas

Notes to the Basic Financial Statements

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

The City reports the following major governmental funds:

The *General Fund* is used to account for all financial transactions not reported in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, parks and recreation, community development, and capital outlay.

The *Debt Service Fund* is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The principal source of revenue for debt service is local property taxes.

The *Capital Projects Fund* is used to account for the expenditures of resources accumulated from the sale of bonds, appropriations of local resources from other funds and related interest earnings for capital improvement projects within the City.

The *State and Federal Grants Fund* is used to account for the expenditures of resources awarded or provided for state and federal grant programs.

In addition, the City reports the following nonmajor fund types:

Special revenue funds are governmental funds used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specific purposes other than debt service or capital projects. The City's special revenue funds are aggregated and reported as nonmajor funds.

Proprietary funds are used to account for activities that are similar to those often found in the private sector, and include all assets, liabilities, deferred outflows and inflow of resources, net position, revenues, expenses and interfund transfers related to enterprise funds and internal service funds.

The City reports the following proprietary funds:

The *Enterprise Fund* is a major fund used to account for the City's water, wastewater and gas operations. 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 and amortization) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges.

The *Internal Service Fund* is a type of proprietary fund used to account for the financing of goods or services provided by one department or program to other departments or programs of the City on a cost-reimbursement basis. Goods and services provided by the internal service fund include fleet replacement and employee health benefits.

The City reports the following fiduciary funds:

The *Public Improvement Districts (PIDs) Custodial Fund* accounts for special assessment collections and proceeds from special assessment bonds use to service debt on the special assessment bonds issued by the City as the custodian for the PIDs within the City. Private developer contributions and bond proceeds associated with the debt issuance are also recorded here until project completion, when the developer will convey the infrastructure assets to the City.

City of Tomball, Texas

Notes to the Basic Financial Statements

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. *Measurement focus* indicates the type of resources being measured such as current financial resources or economic resources. The *basis of accounting* indicates the timing of transactions or events for recognition in the financial statements.

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means that 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 generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service expenditures, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes are recognized in the year they are levied. Interest associated with the current period is considered to be susceptible to accrual, and has been recognized as revenues of the current period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period. All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the City.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, bank demand or time deposits, money market mutual funds and local government investment pools with original maturities of three months or less from the date of acquisition. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or net asset value. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments for the City are reported at fair value.

3. Restricted Cash and Investments

The City has restricted certain cash and investments for refundable customer deposits. The remaining unspent proceeds from bonded debt are restricted in the capital projects fund.

City of Tomball, Texas

Notes to the Basic Financial Statements

4. *Receivables*

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the Enterprise Fund are recognized at the end of each fiscal year on a pro rata basis, based on billings during the month following the close of the fiscal year.

5. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

6. *Capital Assets*

Capital assets, including land, construction in progress, buildings and improvements, machinery and equipment, vehicles, right-to-use assets, infrastructure (e.g., roads, bridges and similar items) and water, wastewater and gas system, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and are reported in the proprietary fund statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$20,000, and an estimated useful life in excess of one year.

In the case of the initial capitalization of infrastructure assets, the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of some of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The remaining capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Capital Asset Classification</u>	<u>Estimated Useful Life</u>
Buildings and improvements	20 to 50 years
Machinery and equipment	3 to 40 years
Vehicles	3 to 15 years
Infrastructure	40 to 50 years
Water, wastewater and gas system	20 to 40 years
Right-to-use assets	Shorter of term or useful life

7. *Leases*

Lessee

The City is a lessee for noncancellable leases of property and equipment. The City recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$20,000 or more.

City of Tomball, Texas

Notes to the Basic Financial Statements

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the City is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor

The City is a lessor for noncancellable leases of property and equipment. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

City of Tomball, Texas

Notes to the Basic Financial Statements

8. Subscription-Based Information Technology Arrangements (SBITAs)

The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The City recognizes subscription liabilities with an initial, individual value of \$20,000 or more.

At the commencement of an SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

9. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The City has the following items that qualify for reporting in these categories:

- Deferred outflows of resources - contributions to the pension and OPEB plans after the measurement date of each plan are recognized as reductions of the applicable liability in the subsequent year.
- Deferred outflows/inflows of resources from other pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- Deferred inflows of resources from leases are amortized over the life of the lease.

City of Tomball, Texas

Notes to the Basic Financial Statements

10. Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation, sick and compensatory time benefits. Eligible time accumulated, up to certain limits, may be paid to employees upon separation from service.

The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

11. 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.

12. Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its fiduciary net position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City'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 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.

13. Other Postemployment Benefits

The City participates in two single-employer defined benefit other postemployment benefit (OPEB) plans (the Plans). For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, 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.

14. Net Position Policies

Net position within the government-wide, proprietary fund and custodial fund financial statements is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City classifies net position as follows:

Net investment in capital assets – the component of net position that reports capital assets, net of accumulated depreciation and amortization, and net of related debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted - the component of net position that is constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation.

Unrestricted - the component of net position that includes the residual difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources that is not classified in the categories mentioned above.

15. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

City of Tomball, Texas

Notes to the Basic Financial Statements

It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

16. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City classifies governmental fund balances as follows:

Nonspendable – includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes prepaid items and inventories, when applicable.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the City through formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by City Council action or the resolution remains in place until a similar action is taken (the action or adoption of another resolution) to remove or revise the limitation.

Assigned – includes fund balance amounts that are self-imposed by the City to be used for specific purposes, but do not meet the criteria to be classified as nonspendable, restricted or committed. City Council has, by policy, authorized the City Manager or his/her designee to assign fund balance. City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned – includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. The general fund should be the only fund that reports a positive unassigned fund balance. Unassigned fund balance may also include deficit balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

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 service 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.

City of Tomball, Texas

Notes to the Basic Financial Statements

17. Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

F. Revenues and Expenditures / Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property values are determined by the Harris County Appraisal District as of January 1 of each year. Prior to October 1 of each year, the City must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

3. Proprietary Fund Operating and Nonoperating Revenues and Expenses

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 enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

G. Use of Estimates

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

City of Tomball, Texas

Notes to the Basic Financial Statements

H. Implementation of New Accounting Standards

GASB Statement No. 91, *Conduit Debt Obligations* (GASB 91), provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2020; however, issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95), extended the effective date of GASB 91 to reporting periods beginning after December 15, 2021, with earlier application encouraged. GASB 91 was implemented in the City's fiscal year 2023 financial statements with no impact to amounts previously reported.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94), improves financial reporting by addressing issues related to public-private and public-public partnership arrangements and provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this statement are effective for reporting periods beginning after June 15, 2022, with earlier application encouraged. GASB 94 was implemented in the City's fiscal year 2023 financial statements with no impact to amounts previously reported.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset - and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments; and 4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for reporting periods beginning after June 15, 2022, with earlier application encouraged. GASB 96 was implemented in the City's fiscal year 2023 financial statements with no impact to amounts previously reported.

I. Upcoming Accounting Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100), enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement 1) defines accounting changes and corrections of errors; 2) prescribes the accounting and financial reporting for each type of accounting change and error corrections; and 3) clarifies required note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2023, with earlier application encouraged. GASB 100 will be implemented in the City's fiscal year 2024 financial statements and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 will be implemented in the City's fiscal year 2025 financial statements and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102), improves financial reporting by providing users of financial statements with essential information regarding certain concentrations of constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this statement are effective for reporting periods beginning after June 15, 2024, with earlier application encouraged. GASB 102 will be implemented in the City's fiscal year 2025 financial statements and the impact has not yet been determined.

City of Tomball, Texas

Notes to the Basic Financial Statements

Note 2. Stewardship, Compliance and Accountability

Budget

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, debt service fund, court security fund, court technology fund, hotel occupancy tax fund, child safety fund, and public improvement districts fund. The capital projects funds and the state and federal grant major special revenue fund are appropriated on a project-length basis.

The original budget is adopted by the City Council prior to the beginning of the fiscal year. The legal level of budgetary control as defined by the City Charter is the department level in the general fund, and fund level for all other funds. The City Manager may transfer appropriations within departments without seeking approval from City Council.

Encumbrances

Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget. Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances.

As of September 30, 2023, the City had the following outstanding encumbrances that were re-appropriated in the subsequent year:

	Encumbrances Included in <u>Restricted Fund Balance</u>
Capital projects fund	<u>\$ 2,743,869</u>
Total encumbrances	<u><u>\$ 2,743,869</u></u>

Note 3. Deposits and Investments

A. Cash Deposits

The City's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas Public Funds Collateral Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the City's and the depository banks' agent bank. The pledged securities shall be in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

City of Tomball, Texas

Notes to the Basic Financial Statements

Custodial Credit Risk - Cash Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2023, the City's bank balances were not exposed to custodial credit risk because they were fully insured and collateralized.

B. Investments

The Public Funds Investment Act (PFIA) (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

The City is authorized to invest in the following instruments provided that they meet the guidelines of the investment policy:

1. Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011
4. Commercial paper as permitted by Government Code 2256.013
5. Public funds investment pools as permitted by Government Code 2256.016.

The Council has adopted a written investment policy regarding the investment of City funds as required by the PFIA. The City's investment policy is more restrictive than the PFIA requires. The City's investment policy does not allow investments in bankers' acceptances and money market mutual funds.

Cash, cash equivalents and investments as of September 30, 2023 are classified in the financial statements as follows:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Investments
Governmental funds	\$ 39,305,800	\$ 23,554,150	\$ 6,735,144
Internal service fund	3,788,723	-	-
Total governmental activities	43,094,523	23,554,150	6,735,144
Enterprise fund	16,302,707	739,271	-
Total business-type activities	16,302,707	739,271	-
Total Primary Government	\$ 59,397,230	\$ 24,293,421	\$ 6,735,144
Total Discretely Presented Component Unit	\$ 20,898,782	\$ -	\$ 2,586,628

City of Tomball, Texas
Notes to the Basic Financial Statements

As of September 30, 2023, the City had the following cash, cash equivalents and investments:

	Amount	%	Fair Value Level 2	Weighted Average Maturity (Years)	Credit Risk Rating S&P	Credit Risk Rating Moody's
Primary Government:						
Investments measured at fair value:						
Municipal bonds	\$ 3,808,366	57%	\$ 3,808,366	0.5	AA- to AAA	Aa3 to Aaa
U.S. agency bonds	2,926,778	43%	2,926,778	1.2	AA+	Aaa
Total investments	\$ 6,735,144	100%	\$ 6,735,144	0.8		
Cash	\$ 5,132,809					
Cash equivalents:						
Local government investment pools:						
TexPool	48,533,978				AAAm	
TexPool Prime	2,953,592				AAAm	
Texas CLASS	27,070,272				AAAm	
Total cash and cash equivalents	\$ 83,690,651					
Discretely Presented Component Unit						
Investments measured at fair value:						
Municipal bonds	\$ 1,156,646	45%	\$ 1,156,646	0.7	AA to AAA	Aa2 to Aaa
U.S. agency bonds	1,429,982	55%	1,429,982	1.6	AA+	Aaa
Total investments	\$ 2,586,628	100%	\$ 2,586,628	1.2		
Cash	\$ 143,988					
Cash equivalents:						
Local government investment pools:						
TexPool	19,722,520				AAAm	
Texas CLASS	1,032,274				AAAm	
Total cash and cash equivalents	\$ 20,898,782					

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

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

City of Tomball, Texas

Notes to the Basic Financial Statements

Local Government Investment Pools

Local government investment pools are considered cash equivalents and are measured at either amortized cost or net asset value (NAV), depending on the valuation policies of the underlying portfolio.

TexPool and TexPool Prime

TexPool is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Investors, Inc. State Street Bank serves as the custodial bank. The TexPool portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA rated money market mutual funds. The TexPool Prime portfolio consists of these instruments as well as commercial paper and certificates of deposit.

TexPool and TexPool Prime transact at a net asset value of \$1.00 per share, have a weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by a nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. The investment pools have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Texas Cooperative Liquid Asset Securities System Trust (Texas CLASS)

Texas CLASS was created in accordance with the requirements contained in section 2256.016 of the PFIA. The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and Wells Fargo Bank Texas, N.A. as Custodian.

Texas CLASS is an external investment pool measured at fair value, i.e. net asset value. The investment pool's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Texas CLASS has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. The Texas CLASS portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; AAA rated money market mutual funds; and commercial paper.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City monitors interest rate risk utilizing weighted average maturity analysis and specific identification. In accordance with its investment policy, the City reduces its exposure to declines in fair values by limiting the weighted average maturity of any internally created pool to no more than 90 days and any individual investment not to exceed four years from the date of purchase, unless approved by the governing body. During the year ended September 30, 2023, the City did not invest in any securities which were highly sensitive to interest rate fluctuations.

City of Tomball, Texas

Notes to the Basic Financial Statements

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The minimum rating required by the Public Funds Investment Act for local government investment pools is AAA or AAAm. Obligations of federal, state or local government securities and must be rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent. During the year ended September 30, 2023, the City was not significantly exposed to credit risk, and its investment pools, municipal bonds and U.S. agency bonds met the minimum required rating as noted in the preceding table.

Concentration of Credit Risk

The investment policy of the City requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Custodial Credit Risk – Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To limit its exposure, the City's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party custodian.

Note 4. Receivables

Receivables at September 30, 2023, consist of the following:

	Governmental Activities				Internal Service Fund	Business-Type Activities	Tomball
	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds		Enterprise Fund	Economic Development Corporation
Property taxes	\$ 108,393	\$ 105,069	\$ -	\$ 213,462	\$ -	\$ -	\$ -
Sales and other taxes	3,234,040	-	-	3,234,040	-	-	1,066,715
Utility receivable	615,118	-	-	615,118	-	2,848,055	-
Interest	-	-	9,687	9,687	-	-	2,417
Other	374	-	921,147	921,521	-	18,006	654,418
Due from other governments	706,629	-	-	706,629	77,204	-	-
Due from component unit	176,830	-	-	176,830	24,985	-	-
Due from fiduciary	26,606	-	-	26,606	-	-	-
Lease receivable	-	-	-	-	-	-	712,316
Less: allowance for uncollectibles	(360,831)	(105,069)	-	(465,900)	-	(617,384)	-
Totals	\$ 4,507,159	\$ -	\$ 930,834	\$ 5,437,993	\$ 102,189	\$ 2,248,677	\$ 2,435,866

Leases Receivable

The discretely presented component unit has entered into agreements with other parties to allow the right-to-use warehouse and office space. Lease receivables and deferred inflows at September 30, 2023, are reported within the government-wide statement of net position. Lease revenue of \$310,450 was recognized in the statement of activities in the current year.

City of Tomball, Texas
Notes to the Basic Financial Statements

Note 5. Capital Assets

Changes in the capital assets for governmental activities for the year ended September 30, 2023, are summarized as follows:

	Beginning Balance	Increases	Decreases	Reclass and Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated or amortized:					
Land	\$ 7,982,088	\$ -	\$ -	\$ -	\$ 7,982,088
Construction in progress	721,657	1,716,938	-	(87,972)	2,350,623
Total capital assets, not being depreciated or amortized	8,703,745	1,716,938	-	(87,972)	10,332,711
Capital assets, being depreciated or amortized:					
Buildings and improvements	11,635,082	49,034	-	-	11,684,116
Machinery and equipment	6,477,255	382,355	(52,137)	-	6,807,473
Vehicles	7,060,433	748,462	(310,194)	-	7,498,701
Infrastructure	84,531,217	6,215,182	-	87,972	90,834,371
Right-to-use lease assets - machinery and equipment	63,625	-	-	-	63,625
Right-to-use subscription assets	-	251,386	-	-	251,386
Total capital assets, being depreciated or amortized	109,767,612	7,646,419	(362,331)	87,972	117,139,672
Less accumulated depreciation and amortization for:					
Buildings and improvements	(5,579,689)	(283,298)	-	-	(5,862,987)
Machinery and equipment	(4,838,949)	(299,424)	52,137	-	(5,086,236)
Vehicles	(4,307,808)	(451,340)	310,194	-	(4,448,954)
Infrastructure	(16,050,852)	(2,258,344)	-	-	(18,309,196)
Right-to-use lease assets - machinery and equipment	(24,187)	(24,187)	-	-	(48,374)
Right-to-use subscription assets	-	(52,647)	-	-	(52,647)
Total accumulated depreciation and amortization	(30,801,485)	(3,369,240)	362,331	-	(33,808,394)
Total depreciable capital assets, net	78,966,127	4,277,179	-	87,972	83,331,278
Governmental activities capital assets, net	\$ 87,669,872	\$ 5,994,117	\$ -	\$ -	\$ 93,663,989

City of Tomball, Texas
Notes to the Basic Financial Statements

Changes in the capital assets for business-type activities for the year ended September 30, 2023, are summarized as follows:

	Beginning Balance	Increases	Decreases	Reclass and Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated or amortized:					
Land	\$ 1,897,333	\$ -	\$ -	\$ -	\$ 1,897,333
Construction in progress	791,153	3,068,885	-	(158,000)	3,702,038
Total capital assets, not being depreciated or amortized	2,688,486	3,068,885	-	(158,000)	5,599,371
Capital assets, being depreciated or amortized:					
Gas system	7,366,699	379,600	-	-	7,746,299
Water and wastewater system	61,222,297	2,278,830	-	158,000	63,659,127
Machinery and equipment	4,327,720	199,612	-	-	4,527,332
Total capital assets, being depreciated or amortized	72,916,716	2,858,042	-	158,000	75,932,758
Less accumulated depreciation and amortization for:					
Gas system	(3,884,485)	(177,893)	-	-	(4,062,378)
Water and wastewater system	(27,554,499)	(1,469,526)	-	-	(29,024,025)
Machinery and equipment	(2,336,148)	(153,672)	-	-	(2,489,820)
Total accumulated depreciation and amortization	(33,775,132)	(1,801,091)	-	-	(35,576,223)
Total depreciable capital assets, net	39,141,584	1,056,951	-	158,000	40,356,535
Business-type activities capital assets, net	\$ 41,830,070	\$ 4,125,836	\$ -	\$ -	\$ 45,955,906

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

Governmental activities:	
General government	\$ 840,311
Public safety	1,188,016
Public works	584,677
Community development	240,420
Internal service fund	515,816
Total depreciation and amortization expense, governmental activities	\$ 3,369,240
Business-type activities:	
Utility administration	\$ 153,672
Water	745,888
Wastewater	723,638
Gas	177,893
Total depreciation and amortization expense, business-type activities	\$ 1,801,091

Completed infrastructure, gas system and water and wastewater system assets were donated to the City from third party developers during 2023. These contributions are reported in the governmental activities and business-type activities of the primary government at \$6,175,182 and \$2,658,430, respectively.

City of Tomball, Texas

Notes to the Basic Financial Statements

The City has active construction projects and remaining commitments under related contracts. As of September 30, 2023, the City's contractual commitments on projects for governmental and business-type activities were as follows:

Project Description	Project Authorization	Total Expended	Remaining Commitment
Governmental activities:			
FM 2920 (Main St) Project	\$ 65,000	\$ 53,858	\$ 11,142
Matheson Park Rebuild	1,961,039	891,312	1,069,727
Alley Improvement Project	1,835,182	172,182	1,663,000
Total governmental activities	\$ 3,861,221	\$ 1,117,352	\$ 2,743,869
Business-type activities:			
Design of SCADA	\$ 13,146	\$ 12,706	\$ 440
FM 2920 Lift Station Consolidation	2,238,050	192,396	2,045,654
Grand Parkway EST	5,677,000	1,502,565	4,174,435
Sensus Meter Conversion	691,000	227,040	463,960
Grand Parkway EST	5,677,000	1,593,396	4,083,604
Pine Street EST Rehabilitation	73,943	15,855	58,088
East Water Plant	2,606,076	232,290	2,373,786
WWTP Design/Expansion	506,085	499,192	6,893
South Persimmon Water Line Extension	445,227	259,859	185,368
South Persimmon Storm Sewer Extension	40,700	23,524	17,176
Grand Parkway Natural Gas Gate	266,465	251,613	14,852
Baker Drive Water Plant	1,849,087	-	1,849,087
Total business-type activities	\$ 20,083,779	\$ 4,810,436	\$ 15,273,343

City of Tomball, Texas
Notes to the Basic Financial Statements

Changes in the capital assets for the discretely presented component unit for the year ended September 30, 2023, are summarized as follows:

	Beginning Balance	Increases	Decreases	Reclass and Transfers	Ending Balance
Discretely presented component unit:					
Capital assets, not being depreciated or amortized:					
Land	\$ 3,573,659	\$ 449,911	\$ (418,114)	\$ -	\$ 3,605,456
Total capital assets, not being depreciated or amortized	3,573,659	449,911	(418,114)	-	3,605,456
Capital assets, being depreciated or amortized:					
Buildings and improvements	4,233,068	4,188,348	-	-	8,421,416
Right-to-use lease assets - buildings and improvements	37,176	-	-	-	37,176
Total capital assets, being depreciated or amortized	4,270,244	4,188,348	-	-	8,458,592
Less accumulated depreciation and amortization for:					
Buildings and improvements	(525,593)	(316,635)	-	-	(842,228)
Right-to-use lease assets - buildings and improvements	(17,845)	(17,844)	-	-	(35,689)
Total accumulated depreciation and amortization	(543,438)	(334,479)	-	-	(877,917)
Total depreciable capital assets, net	3,726,806	3,853,869	-	-	7,580,675
Discretely presented component unit capital assets, net	\$ 7,300,465	\$ 4,303,780	\$ (418,114)	\$ -	\$ 11,186,131

Note 6. Long-term Debt

Changes in Long-term Liabilities

The City's long-term liabilities consist of bond indebtedness, public property finance contractual obligations, leases payable, subscriptions payable, compensated absences, landfill postclosure care costs, arbitrage liability and net pension liability and total OPEB liability.

Certificates of obligation are issued to acquire and construct major capital facilities. General obligation refunding bonds are issued to legally defease previously issued bonded debt. The debt service requirements for the certificates and general obligation bonds are paid through the Debt Service Fund from tax revenues, transfers from the Enterprise Fund and contributions from the Discretely Presented Component Unit. Public property finance contractual obligations are accounted for and serviced through the Internal Service Fund. Other long-term liabilities are typically liquidated by the General Fund (Governmental Activities) and the Enterprise Fund (Business-Type Activities).

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 liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

City of Tomball, Texas

Notes to the Basic Financial Statements

The following is a summary of changes in the City's long-term liabilities for the year ended September 30, 2023.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
Certificates of obligation	\$ 14,565,000	\$ 19,570,000	\$ (3,900,000)	\$ 30,235,000	\$ 1,520,000
General obligation refunding bonds	13,315,000	-	(1,620,000)	11,695,000	1,085,000
Unamortized premiums	1,762,518	677,151	(359,198)	2,080,471	-
Bonds payable, net	29,642,518	20,247,151	(5,879,198)	44,010,471	2,605,000
Public property finance					
contractual obligation	909,868	-	(130,000)	779,868	130,000
Leases payable	39,219	-	(24,670)	14,549	14,549
Subscriptions payable	-	251,386	(48,642)	202,744	46,565
Compensated absences	2,027,024	693,153	(1,044,506)	1,675,671	502,701
Landfill postclosure care costs	361,500	136,294	(78,794)	419,000	66,800
Arbitrage liability	-	155,008	-	155,008	-
Net pension liability	2,734,695	8,425,302	(2,363,479)	8,796,518	-
Total OPEB liability	2,854,043	337,015	(824,399)	2,366,659	138,467
Total governmental activities	\$ 38,568,867	\$ 30,245,309	\$ (10,393,688)	\$ 58,420,488	\$ 3,504,082
Business-type activities:					
Compensated absences	\$ 292,528	\$ 192,708	\$ (129,963)	\$ 355,273	\$ 106,582
Net pension liability	467,353	1,562,341	(426,044)	1,603,650	-
Total OPEB liability	770,753	62,837	(280,175)	553,415	33,042
Total business-type activities	\$ 1,530,634	\$ 1,817,886	\$ (836,182)	\$ 2,512,338	\$ 139,624

General Obligation Bonds and Certificates of Obligation

A summary of the terms of general obligation bonds and certificates of obligation, as of September 30, 2023, follows:

Description	Original Issue	Final Maturity	Interest Rates (%)	Balance
Certificates of obligation:				
Series 2016	\$ 20,240,000	2037	3.00-5.00	\$ 13,590,000
Series 2022	19,570,000	2042	3.13-5.00	16,645,000
Total certificates of obligation				30,235,000
General obligation refunding bonds:				
Series 2019	9,100,000	2032	2.00-4.00	7,175,000
Series 2020	5,255,000	2033	2.00-4.00	4,520,000
Total general obligation refunding bonds				11,695,000
Total governmental activities bonds payable				\$ 41,930,000

City of Tomball, Texas

Notes to the Basic Financial Statements

Public Property Finance Contractual Obligations

The City previously issued \$1,300,000 in Public Property Finance Obligations to finance acquisition of equipment for the Fire Department. Principal and interest payments are due in annual installments through November 1, 2028, with 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.

Debt Service Requirements

The annual debt service requirements to maturity for general obligation refunding bonds, certificates of obligation and public property finance contractual obligations outstanding at September 30, 2023, are as follows:

Year Ending September 30,	Governmental Activities					
	General Obligation Refunding Bonds and Certificates of Obligation			Public Property Finance Contractual Obligations		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 2,605,000	\$ 1,570,694	\$ 4,175,694	\$ 130,000	\$ 28,470	\$ 158,470
2025	2,675,000	1,453,794	4,128,794	130,000	23,725	153,725
2026	2,735,000	1,334,169	4,069,169	130,000	18,980	148,980
2027	2,815,000	1,221,294	4,036,294	130,000	14,235	144,235
2028	2,890,000	1,114,819	4,004,819	130,000	9,490	139,490
2029	2,970,000	1,009,219	3,979,219	129,868	4,745	134,613
2030	3,030,000	911,494	3,941,494	-	-	-
2031	3,090,000	817,413	3,907,413	-	-	-
2032	3,150,000	719,244	3,869,244	-	-	-
2033	2,320,000	625,756	2,945,756	-	-	-
2034	1,865,000	543,181	2,408,181	-	-	-
2035	1,910,000	463,356	2,373,356	-	-	-
2036	1,960,000	380,550	2,340,550	-	-	-
2037	2,005,000	299,291	2,304,291	-	-	-
2038	1,080,000	237,413	1,317,413	-	-	-
2039	1,130,000	189,744	1,319,744	-	-	-
2040	1,180,000	139,213	1,319,213	-	-	-
2041	1,230,000	85,725	1,315,725	-	-	-
2042	1,290,000	29,025	1,319,025	-	-	-
Totals	\$ 41,930,000	\$ 13,145,394	\$ 55,075,394	\$ 779,868	\$ 99,645	\$ 879,513

Debt Issuances and Prior Defeased Debt

In prior years, the City legally defeased certain bonds and certificates of obligation by placing cash and/or proceeds of refunding bond issues in an irrevocable trust to provide for all future debt services payments on the refunded debt. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of September 30, 2023, there were no outstanding balances of defeased bonds.

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed or are not performed correctly, a 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 reported \$155,008 of arbitrage liability in governmental activities as of September 30, 2023.

City of Tomball, Texas

Notes to the Basic Financial Statements

Leases Payable

The City has entered into lease agreements as lessee which allows the right-to-use equipment over the term of the lease. The City is required to make monthly payments at its incremental borrowing rate or the interest rate stated or implied within the leases.

The lease rate, term and ending lease liability at September 30, 2023 are as follows:

	Interest Rate(s)	Lease Term in Years	Ending Balance
Governmental activities:			
Copiers	1.38%	2.6	\$ 14,549
Total governmental activities			\$ 14,549
Discretely presented component unit:			
Office space	1.27%	2.1	\$ 1,505
Total discretely presented component unit			\$ 1,505

The future principal and interest lease payments as of fiscal year end are as follows:

Year Ending September 30,	Governmental Activities			Discretely Presented Component Unit		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 14,549	\$ 67	\$ 14,616	\$ 1,505	\$ -	\$ 1,505
Total	\$ 14,549	\$ 67	\$ 14,616	\$ 1,505	\$ -	\$ 1,505

The value of the right-to-use lease assets as of the end of the current fiscal year is reported in Note 5.

Subscriptions Payable

The City has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The City is required to make annual payments at its incremental borrowing rate or the interest rate stated or implied within the SBITAs.

The SBITA rate, term and ending subscription liability at September 30, 2023 are as follows:

	Interest Rate(s)	Subscription Term in Years	Ending Balance
Governmental activities:			
Software subscriptions	4.94-5.61%	3.0-5.8	\$ 202,744
Total governmental activities			\$ 202,744

City of Tomball, Texas

Notes to the Basic Financial Statements

The future principal and interest subscription payments as of fiscal year end are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 46,565	\$ 10,463	\$ 57,028
2025	50,668	8,015	58,683
2026	39,555	5,354	44,909
2027	43,375	3,333	46,708
2028	22,581	1,115	23,696
Total	\$ 202,744	\$ 28,280	\$ 231,024

The value of the right-to-use subscription assets as of the end of the current fiscal year is reported in Note 5.

Note 7. Commitments and Contingencies

A. Risk Management

Property Damage / General Liability

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; law enforcement operations; cyber security; pollution; injuries to employees, and natural disasters for which the City participates in the Texas Municipal League's Intergovernmental Risk Pool (the Pool). In accordance with an interlocal agreement, the Pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums and claims above the City's deductibles. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three years.

Workers' Compensation

The City participates in the Texas Municipal League's Intergovernmental Risk Pool (the Pool) for workers' compensation. In accordance with an interlocal agreement, the Pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums and claims above the City's deductibles. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three years.

B. Contingent Liabilities

The City is a party to various legal action due to nature of its operations. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. It is the opinion of the City's management that the resolution of these matters, although the outcome is not presently determinable, will not have a material adverse effect on the financial condition of the City.

The City participates in federal and state financial assistance programs. Although the City's financial statements have been audited through September 30, 2023, these programs are subject to financial and compliance audits by the grantor agencies. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

City of Tomball, Texas

Notes to the Basic Financial Statements

Note 8. Interfund Transactions

Interfund Receivables and Payables

Outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The City did not report interfund receivables and payables as of September 30, 2023.

Interfund Transfers

The composition of interfund transfers in and out for the year ended September 30, 2023 is as follows:

Transfers In	Transfers Out			Total
	Governmental Funds		Proprietary Fund	
	General Fund	Nonmajor Governmental Funds	Enterprise Fund	
General fund	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000
Capital projects fund	1,150,000	150,000	840,677	2,140,677
Nonmajor governmental funds	126,000	-	-	126,000
Total	\$ 1,276,000	\$ 150,000	\$ 2,840,677	\$ 4,266,677

Transfers are primarily used to:

- move enterprise fund resources to provide an annual subsidy to the general fund
- move available resources to fund special revenue programs, and
- move available resources to provide funding for capital projects

In addition, the City transferred \$2,910,885 of capital assets between governmental activities and business-type activities, which is reflected in the government-wide financial statements as transfers and proprietary fund financial statements as “capital asset contributions from governmental activities”.

Note 9. Pension Plan

Plan Description and Provisions

The City participates as one of 919 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report 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 the Basic Financial Statements

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 actuarially equivalent 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% 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. A summary of plan provisions for the City is as follows:

	Plan Year 2023	Plan Year 2022
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 retirement 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
Supplemental death benefit:		
to active employees	Yes	Yes
to retirees	Yes	Yes

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	111
Inactive employees entitled to but not yet receiving benefits	129
Active employees	195
Total	435

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, 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 consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the City was 12.98% in calendar year 2022 and 13.04% in calendar year 2023. For the fiscal year ended September 30, 2023, the City made contributions of \$1,893,030, which were equal to the required contributions.

Net Pension Liability

The City's net pension liability (NPL) was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

City of Tomball, Texas

Notes to the Basic Financial Statements

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	2.75% per year, adjusted down for participation declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements.

For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for annuity purchase rates is based on the 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 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)
Global equity	35.0%	7.55%
Core fixed income	6.0%	2.00%
Non-core fixed income	20.0%	5.68%
Other public and private markets	12.0%	7.22%
Real estate	12.0%	6.85%
Hedge funds	5.0%	5.35%
Private equity	10.0%	10.00%
Total	100%	

City of Tomball, Texas

Notes to the Basic Financial Statements

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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 total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2021	\$ 54,810,518	\$ 51,608,470	\$ 3,202,048
Changes for the year:			
Service cost	2,222,396	-	2,222,396
Interest	3,682,185	-	3,682,185
Difference between expected and actual experience	253,082	-	253,082
Employer contributions	-	1,769,735	(1,769,735)
Employee contributions	-	954,403	(954,403)
Net investment income	-	(3,770,898)	3,770,898
Benefit payments, including refunds of employee contributions	(2,741,647)	(2,741,647)	-
Administrative expense	-	(32,599)	32,599
Other changes	-	38,902	(38,902)
Net changes	<u>3,416,016</u>	<u>(3,782,104)</u>	<u>7,198,120</u>
Balance at December 31, 2022	<u>\$ 58,226,534</u>	<u>\$ 47,826,366</u>	<u>\$ 10,400,168</u>

Sensitivity of the Net Pension Liability

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

	1% Decrease to 5.75%	Current Single Discount Rate Assumption 6.75%	1% Increase to 7.75%
	City's net pension liability	\$ 19,595,502	\$ 10,400,168

City of Tomball, Texas

Notes to the Basic Financial Statements

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 of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the City recognized pension expense of \$2,614,125.

At September 30, 2023, 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 experience	\$ 458,242	\$ -
Changes in actuarial assumptions used	41,338	-
Differences between projected and actual investment earnings	3,329,635	-
Contributions subsequent to the measurement date	1,449,771	-
Totals	\$ 5,278,986	\$ -

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,449,771 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2023 (i.e. recognized in the City's fiscal year 2024 financial statements). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in the City's fiscal years as follows:

Year Ending September 30,	Net Deferred Outflows (Inflows) of Resources
2024	\$ 432,164
2025	958,869
2026	973,530
2027	1,464,652
Totals	\$ 3,829,215

City of Tomball, Texas

Notes to the Basic Financial Statements

Note 10. Other Postemployment Benefits Plans

The City offers two other postemployment benefit (OPEB) plans: Texas Municipal Retirement System's (TMRS) Supplemental Death Benefits Fund, and the City's Retiree Health Care Plan.

Plan Descriptions and Provisions, Benefits, Contributions

TMRS Supplemental Death Benefits Fund (SDBF)

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an OPEB.

As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no plan assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75).

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

The retiree portion of contribution rates to the SDBF for the City was 0.12% in calendar years 2022 and 2023. The City's contributions to the SDBF for the year ended September 30, 2023 were \$17,439, and were equal to the required contributions.

Retiree Health Care Plan (RHCP)

The City's administers a single employer defined benefit OPEB plan, City of Tomball Retiree Health Care Plan (RHCP), where the City will pay a portion of the premium for continuation of the medical and dental insurance coverage of certain retirees. 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.

City of Tomball, Texas

Notes to the Basic Financial Statements

The RHCP is closed to new entrants as the benefit is only provided to employees who were hired prior to October 1, 2014.

In order to be eligible for this benefit, the retiree must meet the following criteria:

- Retiree must be vested, age 55 or older and a current recipient of retirement benefits from the Texas Municipal System
- Retiree must have been a full-time equivalent of the City for 10 consecutive years immediately prior to retirement
- Retiree must satisfy the application plan requirements for the extension of retiree coverage under the medical and dental insurance benefit plan offered by the City at the time of retirement

Beginning with retirement and ending when the person is eligible for Medicare coverage, the City may pay a portion of the retiree medical and dental coverage premiums in accordance with the following schedule:

- 40% of the premium costs for retirees having at least 10 year, but less than 15 years, of full-time service with the City
- 55% of the premium costs for retirees having at least 15 years, but less than 20 years, of full-time service with the City
- 70% of the premium costs for retirees having at least 20 years, but less than 25 years, of full-time service with the City
- 85% of the premium costs for retirees having at least 25 years of full-time service with the City

Eligible retirees shall pay 100% of vision premiums and 100% of the premiums for basic life insurance. Presently, a retiree's spouse and dependent(s) are also eligible for continued coverage if they are already covered at the time of retirement. Retirees may not add dependents after retiring. Each retiree is responsible for all costs, including premiums, associated with spouse and dependent benefits. The benefit includes the same medical coverage approved by City Council and selected for current employees and excludes accidental death and life coverage.

The City will no longer pay any retiree premiums once 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. The City's policy will be a secondary policy to Medicare.

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

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to fund the future requirements of the RHCP.

City of Tomball, Texas

Notes to the Basic Financial Statements

Plan Membership

Membership in the plans as of the measurement date of December 31, 2022 was as follows:

	SDBF	RHCP
Inactive plan members or beneficiaries currently receiving benefits	93	31
Inactive plan members entitled to but not yet receiving benefits	50	-
Active employees	195	65
Total plan members	338	96

Total OPEB Liability

The City's total OPEB liability for RHCP was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. The City's total OPEB liability for SDBF was determined by an actuarial valuation as of December 31, 2022, and both OPEB plans were measured as of December 31, 2021. The total OPEB liabilities reported in the City's September 30, 2023 financial statements were as follows:

SDBF	\$ 532,620
RHCP	2,387,454
	\$ 2,920,074

Actuarial Methods and Assumptions

The total OPEB liabilities were determined using the following actuarial assumptions and other inputs.

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	4.05% - based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

The retiree's share of benefit-related costs for the SDBF OPEB is assumed to be \$0, and the healthcare trend cost rate for the RHCP actuarial valuation is assumed at an initial rate of 7.00%, declining to an ultimate rate of 4.15% after 13 years.

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor. The Entry Age Normal actuarial cost method is used.

The actuarial assumptions were developed primarily from the actuarial investigation over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

City of Tomball, Texas

Notes to the Basic Financial Statements

Change in Actuarial Methods and Assumptions

The discount rate changed from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022.

Changes in the Total OPEB Liability

	SDBF	RHCP
	<u> </u>	<u> </u>
Service cost	\$ 38,176	\$ 115,881
Interest	14,255	52,280
Changes in benefit terms	-	-
Difference between expected and actual experience	21,480	53,540
Changes in assumptions or other inputs	(288,755)	(540,070)
Benefit payments	<u>(16,361)</u>	<u>(155,148)</u>
Net changes	(231,205)	(473,517)
Total OPEB liability - beginning	<u>763,825</u>	<u>2,860,971</u>
Total OPEB liability - ending	<u>\$ 532,620</u>	<u>\$ 2,387,454</u>

Sensitivity Analysis

The following presents the City's total OPEB liabilities calculated using the discount rate of 4.05%, as well as what the liabilities would be if they were calculated using a discount rate that is 1 percentage point lower (3.05%) or 1 percentage point higher (5.05%) than the current rate.

	1% Decrease to 3.05%	Current Discount Rate Assumption 4.05%	1% Increase to 5.05%
	<u> </u>	<u> </u>	<u> </u>
SDBF	\$ 641,490	\$ 532,620	\$ 449,565
RHCP	2,616,186	2,387,454	2,183,061

The following presents the RHCP plan's total OPEB liability, calculated using the assumed healthcare cost trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher. Note that the healthcare cost trend rate does not affect the total SDBF OPEB liability, therefore the sensitivity to the healthcare cost trend rate is not shown for SDBF.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
	<u> </u>	<u> </u>	<u> </u>
RHCP	\$ 2,116,474	\$ 2,387,454	\$ 2,710,681

City of Tomball, Texas

Notes to the Basic Financial Statements

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the City recognized OPEB expense of \$40,352 relating to the SDBF plan and OPEB expense of \$48,251 relating to the RHCP plan. Total OPEB expense for the two plans was \$88,603.

As of September 30, 2023, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	SDBF		RHCP	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,135	\$ 8,908	\$ 50,562	\$ 287,335
Changes in assumptions and other inputs	89,142	240,160	189,188	541,171
Contributions subsequent to the measurement date	13,341	-	96,732	-
Total	\$ 124,618	\$ 249,068	\$ 336,482	\$ 828,506

The amounts reported as deferred outflows of resources resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending September 30, 2024.

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense in the City's fiscal years as follows:

Year Ending September 30,	Net Deferred Outflows (Inflows) of Resources	
	SDBF	RHCP
2024	\$ (17,266)	\$ (119,998)
2025	(15,562)	(126,290)
2026	(37,380)	(135,203)
2027	(48,703)	(76,717)
2028	(18,880)	(87,028)
Thereafter	-	(43,520)
Totals	\$ (137,791)	\$ (588,756)

City of Tomball, Texas

Notes to the Basic Financial Statements

Note 11. Deferred Compensation Plan

The City has a deferred compensation plan for its employees, created in accordance with Internal Revenue Code, Section 457. Participation in the plan is open to all regular employees and is voluntary. The City does not contribute to, own or administer the amount deferred by employees and, therefore, the liability and corresponding investments are not reflected in the basic financial statements.

Note 12. Landfill Post Closure Care Costs

The City's municipal solid waste landfill is in the post closure 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 post closure care costs of \$419,000 as of September 30, 2023, represents the remaining estimated post closure costs required to achieve regulatory approval for closure including costs through 2028. However, the actual cost of remaining post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

Note 13. Tax Abatements

State law authorizes subdivisions of the State of Texas to grant tax abatements to any person, organization or corporation in order to stimulate economic development within the State under Chapter 312 of the Texas Tax Code. Consequently, the City Council has adopted a resolution establishing criteria whereby the City will, on a case-by-case basis, give consideration to providing tax abatement to any qualifying applicant. Generally, the period of abatement is for a maximum period of up to ten years subsequent to meeting the minimum criteria outlined in the agreement. The percentage of tax abated shall be determined based upon the level of capital investment and number of new jobs created. Notwithstanding the resolution adopted by the City Council, or the criteria attendant thereto, it is not implied or suggested that the City is under any obligation to provide tax abatement to any applicant. The abatements are provided as a reduction of taxable assessed value of the property, and the recipient receives a tax bill that is already net of the abated amount.

For the fiscal year ended September 30, 2023, the estimated value of property in the City that was subject to tax abatement was \$12,622,675, as one participant met the minimum criteria identified in the agreements; therefore, the amount of property tax abated during the year was \$36,258.

Note 14. Special Assessment Bonds

The Public Improvement Districts (PID) were created by City Council ordinance under the Texas PID Act (Texas Local Government Code Chapter 372) principally to finance certain capital improvement projects for master planned developments within City boundaries. In order to finance the capital improvements, the City can issue special assessment bonds up to a maximum principal amount in accordance with development agreements between the City and the developer.

The City is authorized by the Texas PID Act and an Assessment Ordinance to collect assessments levied on the properties within the improvement area, which is pledged to pay the scheduled principal and interest payments on the PID bonds.

The City is in no way liable for repayment of the PID bonds, and is only acting as a custodian for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings, if appropriate.

City of Tomball, Texas
Notes to the Basic Financial Statements

A summary of the terms of special assessment bonds, as of September 30, 2023, follows:

Description	Original Issue	Final Maturity	Interest Rates (%)	Outstanding at September 30, 2023
Special Assessment Bonds:				
Raburn Reserve				
Series 2020 - Public Improvement Area #1	\$ 2,490,000	2050	3.38-4.00%	\$ 2,400,000
Series 2022 - Public Improvement Area #1	1,688,000	2050	5.25-6.00%	1,658,000
Series 2022 - Public Improvement Area #2	2,430,000	2052	5.50-6.25%	2,430,000
Series 2023 - Public Improvement Area #2	2,744,000	2052	4.88-5.75%	2,744,000
Series 2023 - Public Improvement Area #3	<u>3,340,000</u>	2053	5.00-6.00%	<u>3,340,000</u>
Total	12,692,000			12,572,000
Total authorized	<u>15,000,000</u>			
Unissued	<u>2,308,000</u>			
Wood Leaf Reserve				
Series 2022 - Public Improvement Area #1	<u>4,406,000</u>	2052	4.75-5.88%	<u>4,316,000</u>
Total	4,406,000			<u>4,316,000</u>
Total authorized	<u>18,895,633</u>			
Unissued	<u>\$ 14,489,633</u>			
Total special assessment bonds				<u><u>\$ 16,888,000</u></u>

During fiscal year 2023, the City issued five series of bonds (PID bonds) totaling \$14,608,000. The PID bonds were issued to fund authorized improvements related to the Raburn Reserve Public Improvement Area #1, #2 and #3, Wood Leaf Reserve Public Improvement Area #1, PID formation costs and pay for the costs of issuance. The PID bonds pay interest of 4.75 – 6.25%, and are scheduled to mature at various annual installments through 2053.

The PID bonds are subject to mandatory sinking fund redemption prior to their respective maturities and require annual sinking fund installments paid on September 15 and ranging from \$165,000 to \$1,052,000.

Note 15. Subsequent Events

Issuance of Certificates of Obligation

On December 21, 2023 the City issued \$27,590,000 of Combination Tax and Revenue Certificates of Obligation, Series 2023. The bonds were issued to fund various infrastructure projects and to pay the costs of issuance. The bonds were issued with interest rates ranging from 4.000% to 5.000% and are scheduled to mature in installments from February 15, 2025 through February 15, 2053.

**Required Supplementary Information
(Unaudited)**

City of Tomball, Texas
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
Major Fund - General Fund
For the Fiscal Year Ended September 30, 2023

	Budget		Actual GAAP Basis	Budgetary Basis Adjustments	Budgetary Basis	Variance With Final Budget
	Original	Final				
REVENUES						
Property tax	\$ 4,750,000	\$ 4,655,000	\$ 4,658,804	\$ -	\$ 4,658,804	\$ 3,804
Sales tax	15,390,000	16,516,000	16,883,112	-	16,883,112	367,112
Franchise and other taxes	930,000	940,000	964,217	-	964,217	24,217
Licenses and permits	1,402,500	1,492,500	1,573,426	-	1,573,426	80,926
Fines and forfeitures	310,250	302,250	329,049	-	329,049	26,799
Charges for services	5,767,490	4,664,234	4,297,279	-	4,297,279	(366,955)
Intergovernmental	908,000	640,650	640,462	-	640,462	(188)
Investment earnings	301,000	1,377,500	1,407,138	-	1,407,138	29,638
Other	180,050	95,000	73,835	-	73,835	(21,165)
Total revenues	29,939,290	30,683,134	30,827,322	-	30,827,322	144,188
EXPENDITURES						
Current:						
General government						
City manager's office	519,200	432,750	429,827	-	429,827	2,923
Mayor and council	93,230	60,950	55,469	-	55,469	5,481
City secretary	572,800	514,800	490,076	-	490,076	24,724
Human resources	589,100	565,800	552,589	-	552,589	13,211
Finance	830,300	822,350	728,715	-	728,715	93,635
Information systems	1,216,400	1,493,600	1,280,161	104,112	1,384,273	109,327
Legal	145,000	145,000	114,157	-	114,157	30,843
Non-departmental	3,987,981	4,307,231	4,217,866	-	4,217,866	89,365
Total	7,954,011	8,342,481	7,868,860	104,112	7,972,972	369,509
Public safety						
Police	8,248,010	7,433,600	7,132,521	64,968	7,197,489	236,111
Fire	3,359,300	3,290,850	3,264,356	65,284	3,329,640	(38,790)
Municipal court	516,850	465,400	430,132	-	430,132	35,268
Emergency management	24,500	22,750	3,240	-	3,240	19,510
ESD# 15 - Station 5	3,095,150	1,785,200	1,391,984	47,246	1,439,230	345,970
Total	15,243,810	12,997,800	12,222,233	177,498	12,399,731	598,069
Public works						
Public works administration	248,550	229,200	208,039	49,842	257,881	(28,681)
Garage	178,100	189,800	185,545	-	185,545	4,255
Streets	2,479,050	1,865,750	1,718,371	113,081	1,831,452	34,298
Engineering and planning	1,182,960	908,900	792,677	-	792,677	116,223
Sanitation	1,980,200	2,122,200	2,045,801	-	2,045,801	76,399
Facilities maintenance	913,400	940,875	761,563	125,967	887,530	53,345
Total	6,982,260	6,256,725	5,711,996	288,890	6,000,886	255,839
Parks and recreation						
Parks	952,300	918,480	769,085	40,000	809,085	109,395
Community center	196,825	188,300	165,098	-	165,098	23,202
Total	1,149,125	1,106,780	934,183	40,000	974,183	132,597
Community development						
Permits and inspections	475,400	479,000	468,361	-	468,361	10,639
Debt service						
Principal	-	-	73,312	(73,312)	-	-
Interest	-	-	386	(386)	-	-
Capital outlay						
	-	-	788,188	(788,188)	-	-
Total expenditures	31,804,606	29,182,786	28,067,519	(251,386)	27,816,133	1,366,653
Excess (deficiency) of revenues over (under) expenditures	(1,865,316)	1,500,348	2,759,803	251,386	3,011,189	1,259,455
OTHER FINANCING SOURCES (USES)						
Issuance of subscriptions	-	-	251,386	(251,386)	-	-
Proceeds from sale of capital assets	40,000	100,000	112,169	-	112,169	12,169
Insurance recoveries	-	25,000	26,578	-	26,578	1,578
Transfers in	2,000,000	2,000,000	2,000,000	-	2,000,000	-
Transfers out	(1,276,000)	(1,276,000)	(1,276,000)	-	(1,276,000)	-
Total other financing sources (uses)	764,000	849,000	1,114,133	(251,386)	862,747	13,747
Net change in fund balances	(1,101,316)	2,349,348	3,873,936	-	3,873,936	1,524,588
Fund balances, beginning of year	26,627,306	26,627,306	26,627,306	-	26,627,306	-
FUND BALANCE, END OF YEAR	\$ 25,525,990	\$ 28,976,654	\$ 30,501,242	\$ -	\$ 30,501,242	\$ 1,524,588

The Notes to the Required Supplementary Information are an integral part of this schedule.

City of Tomball, Texas

Notes to the Required Supplementary Information

For the Fiscal Year Ended September 30, 2023

A. Budget – General Fund

Annual budgets are adopted on a basis consistent with generally accepted accounting principles, which is the modified accrual basis of accounting for the general fund, with exception to capital outlay and certain debt service related expenditures.

The original budget is adopted by the City Council prior to the beginning of the fiscal year. The legal level of budgetary control as defined by the City Charter is the department level in the general fund, and fund level for all other funds. The City Manager may transfer appropriations within departments without seeking approval from City Council. Capital outlay is budgeted within the respective department.

Expenditures exceeded budget at the legal level of control for the following departments:

	Final Budget	Budgetary Basis	Variance With Final Budget
Public safety - fire	\$ 3,290,850	\$ 3,329,640	\$ (38,790)
Public works - administration	229,200	257,881	(28,681)

City of Tomball, Texas
Schedule of Changes in the Net Pension Liability
and Related Ratios
Texas Municipal Retirement System
For the Measurement Years Ended December 31*

	2022	2021	2020	2019	2018
TOTAL PENSION LIABILITY					
Service cost	\$ 2,222,396	\$ 2,049,053	\$ 1,966,144	\$ 1,952,260	\$ 1,799,563
Interest	3,682,185	3,443,939	3,227,601	2,978,534	2,801,748
Differences between expected and actual experience	253,082	382,398	20,291	363,731	(223,279)
Changes in assumptions	-	-	-	295,730	-
Benefit payments, including refunds of employee contributions	(2,741,647)	(2,123,342)	(1,977,624)	(1,837,004)	(1,833,649)
Net change in total pension liability	3,416,016	3,752,048	3,236,412	3,753,251	2,544,383
Total pension liability - beginning	54,810,518	51,058,470	47,822,058	44,068,807	41,524,424
TOTAL PENSION LIABILITY - ENDING (a)	\$ 58,226,534	\$ 54,810,518	\$ 51,058,470	\$ 47,822,058	\$ 44,068,807
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 1,769,735	\$ 1,681,436	\$ 1,610,602	\$ 1,562,039	\$ 1,431,544
Contributions - employee	954,403	884,302	835,747	810,547	746,707
Net investment income	(3,770,898)	5,908,562	3,165,401	5,515,598	(1,091,540)
Benefit payments, including refunds of employee contributions	(2,741,647)	(2,123,342)	(1,977,624)	(1,837,004)	(1,833,649)
Administrative expense	(32,599)	(27,315)	(20,468)	(31,144)	(21,086)
Other	38,902	186	(799)	(937)	(1,101)
Net change in plan fiduciary net position	(3,782,104)	6,323,829	3,612,859	6,019,099	(769,125)
Plan fiduciary net position - beginning	51,608,470	45,284,641	41,671,782	35,652,683	36,421,808
PLAN FIDUCIARY NET POSITION - ENDING (b)	\$ 47,826,366	\$ 51,608,470	\$ 45,284,641	\$ 41,671,782	\$ 35,652,683
NET PENSION LIABILITY - ENDING (a)-(b)	\$ 10,400,168	\$ 3,202,048	\$ 5,773,829	\$ 6,150,276	\$ 8,416,124
Plan fiduciary net position as a percentage of total pension liability	82.14%	94.16%	88.69%	87.14%	80.90%
Covered payroll	\$ 13,634,330	\$ 12,632,881	\$ 11,937,726	\$ 11,579,239	\$ 10,667,238
Net pension liability as a percentage of covered payroll	76.28%	25.35%	48.37%	53.11%	78.90%

*GASB Statement No. 68 requires 10 years of data; however, nine years of data is presented as the data for the years prior to 2014 is not available. Additionally, GASB Statement No. 68 requires that the information on this schedule correspond with the period covered as of the plan measurement date (December 31 of the prior year).

Notes to Required Supplementary Information:

The following factors significantly affect trends in the amounts reported for the City's net pension liability:

	2022	2021	2020	2019	2018
Actuarial Assumptions:					
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%
Payroll growth	2.75%	2.75%	2.75%	2.75%	3.00%
Investment rate of return	6.75%	6.75%	6.75%	6.75%	6.75%
Discount rate	6.75%	6.75%	6.75%	6.75%	6.75%

Measurement Date December 31, 2019 - Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018.

Measurement Date December 31, 2015 - Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014.

2017	2016	2015	2014
\$ 1,780,118	\$ 1,678,897	\$ 1,631,504	\$ 1,405,192
2,582,435	2,396,517	2,283,312	2,122,080
437,533	(109,994)	153,806	(75,098)
-	-	112,706	-
<u>(1,287,794)</u>	<u>(1,235,596)</u>	<u>(1,404,009)</u>	<u>(1,120,036)</u>
3,512,292	2,729,824	2,777,319	2,332,138
<u>38,012,132</u>	<u>35,282,308</u>	<u>32,504,989</u>	<u>30,172,851</u>
<u>\$ 41,524,424</u>	<u>\$ 38,012,132</u>	<u>\$ 35,282,308</u>	<u>\$ 32,504,989</u>

\$ 1,428,931	\$ 1,309,638	\$ 1,321,927	\$ 1,106,867
736,020	689,283	680,604	629,009
4,330,256	1,930,676	41,253	1,480,415
(1,287,794)	(1,235,596)	(1,404,009)	(1,120,036)
(22,437)	(21,804)	(25,124)	(15,453)
<u>(1,137)</u>	<u>(1,175)</u>	<u>(1,240)</u>	<u>(1,271)</u>
5,183,839	2,671,022	613,411	2,079,531
<u>31,237,969</u>	<u>28,566,947</u>	<u>27,953,536</u>	<u>25,874,005</u>
<u>\$ 36,421,808</u>	<u>\$ 31,237,969</u>	<u>\$ 28,566,947</u>	<u>\$ 27,953,536</u>
<u>\$ 5,102,616</u>	<u>\$ 6,774,163</u>	<u>\$ 6,715,361</u>	<u>\$ 4,551,453</u>

87.71%	82.18%	80.97%	86.00%
\$ 10,514,577	\$ 9,846,905	\$ 9,722,909	\$ 8,985,838
48.53%	68.79%	69.07%	50.65%

2017	2016	2015	2014
2.50%	2.50%	2.50%	3.00%
3.00%	3.00%	3.00%	3.00%
6.75%	6.75%	6.75%	7.00%
6.75%	6.75%	6.75%	7.00%

City of Tomball, Texas
Schedule of the City's Contributions
Texas Municipal Retirement System
For the Fiscal Years Ended September 30*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 1,893,030	\$ 1,800,366	\$ 1,648,453	\$ 1,607,743	\$ 1,542,211
Contributions in relation to the actuarially determined contribution	<u>(1,893,030)</u>	<u>(1,800,366)</u>	<u>(1,648,453)</u>	<u>(1,607,743)</u>	<u>(1,542,211)</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ -</u>				
Covered payroll	\$ 14,532,801	\$ 13,779,823	\$ 12,346,203	\$ 11,918,038	\$ 11,447,890
Contributions as a percentage of covered payroll	13.0%	13.1%	13.4%	13.5%	13.47%

*GASB Statement No. 68 requires 10 years of data; however, nine years of data is presented as the data for the years prior to 2015 is not available. Additionally, GASB Statement No. 68 requires that the information on this schedule correspond with the period covered as of the City's fiscal year (September 30).

Notes to Required Supplementary Information

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	23 years
Asset valuation method	10 year smoothed fair value; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% 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 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generation basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Other Information	There were no benefit changes during the year.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,439,971	\$ 1,435,572	\$ 1,285,841	\$ 1,246,735
<u>(1,439,971)</u>	<u>(1,435,572)</u>	<u>(1,285,841)</u>	<u>(1,246,735)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,693,441	\$ 10,481,687	\$ 9,620,867	\$ 9,404,137
13.47%	13.70%	13.37%	13.26%

City of Tomball, Texas
Schedule of Changes in Total OPEB Liability
and Related Ratios
Retiree Health Care Plan
For the Measurement Years Ended December 31*

	2022	2021	2020	2019	2018	2017
TOTAL OPEB LIABILITY						
Service cost	\$ 115,881	\$ 106,726	\$ 106,603	\$ 113,492	\$ 145,528	\$ 130,909
Interest	52,280	59,946	75,089	111,415	99,651	104,080
Change of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	53,540	(124,428)	(5,422)	(453,167)	14,732	-
Changes in assumptions	(540,070)	(55,532)	213,387	74,725	(127,098)	152,484
Benefit payments	(155,148)	(139,401)	(106,389)	(124,854)	(123,721)	(108,157)
Net change in total OPEB liability	(473,517)	(152,689)	283,268	(278,389)	9,092	279,316
Total OPEB liability - beginning	2,860,971	3,013,660	2,730,392	3,008,781	2,999,689	2,720,373
TOTAL OPEB LIABILITY - ENDING	\$ 2,387,454	\$ 2,860,971	\$ 3,013,660	\$ 2,730,392	\$ 3,008,781	\$ 2,999,689
Covered-employee payroll	\$ 4,475,078	\$ 5,298,706	\$ 6,474,035	\$ 6,474,035	\$ 7,633,706	\$ 10,520,156
Total OPEB liability as a percentage of covered-employee payroll	53.35%	53.99%	46.55%	42.17%	39.41%	28.51%

*GASB Statement No. 75 requires 10 years of data; however, six years of data are presented as the data for the years prior to 2017 are not available. Additionally, GASB Statement No. 75 requires that information on this schedule correspond with the period covered as of the plan measurement date (December 31 of the prior year).

Notes to Required Supplementary Information:

No assets are accumulated in a trust that meets the criteria of GASB 75, Paragraph 4, and therefore, the Retiree Health Care Plan does not report fiduciary net position.

The following factors significantly affect trends in the amounts reported for the City's total OPEB liability:

	2022	2021	2020	2019	2018	2017
Actuarial Assumptions:						
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Payroll growth	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Discount rate	4.05%	1.84%	2.00%	2.75%	3.71%	3.31%

Changes of assumptions reflect the effects of changes in the discount rate each period.

Measurement Date December 31, 2021 - The period of service used for the allocation of service costs was changed to only reflect service with the City of Tomball.

Measurement Date December 31, 2019 - Demographic assumptions were updated to reflect the 2019 Experience Study and the health care trend rates were updated to reflect both the RHCP's anticipated experience and the repeal of the excise tax on high-cost employer health plans.

City of Tomball, Texas
Schedule of Changes in Total OPEB Liability
and Related Ratios
Supplemental Death Benefits Fund
For the Measurement Years Ended December 31*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL OPEB LIABILITY						
Service cost	\$ 38,176	\$ 35,372	\$ 28,651	\$ 23,158	\$ 24,535	\$ 21,029
Interest	14,255	14,474	15,856	16,760	14,859	14,366
Difference between expected and actual experience	21,480	(9,958)	10,270	(8,489)	-	-
Changes in assumptions	(288,755)	24,879	98,325	94,765	(32,082)	34,434
Benefit payments	(16,361)	(13,896)	(4,775)	(3,474)	(3,200)	(3,154)
	<u>(231,205)</u>	<u>50,871</u>	<u>148,327</u>	<u>122,720</u>	<u>4,112</u>	<u>66,675</u>
Net change in total OPEB liability						
Total OPEB liability - beginning	763,825	712,954	564,627	441,907	437,795	371,120
TOTAL OPEB LIABILITY - ENDING	\$ 532,620	\$ 763,825	\$ 712,954	\$ 564,627	\$ 441,907	\$ 437,795
Covered-employee payroll	\$ 13,634,330	\$ 12,632,881	\$ 11,937,726	\$ 11,579,239	\$ 10,667,238	\$ 10,514,577
Total OPEB liability as a percentage of covered-employee payroll	3.91%	6.05%	5.97%	4.88%	4.14%	4.16%

*GASB Statement No. 75 requires 10 years of data; however, six years of data are presented as the data for the years prior to 2017 are not available. Additionally, GASB Statement No. 75 requires that information on this schedule correspond with the period covered as of the plan measurement date (December 31 of the prior year).

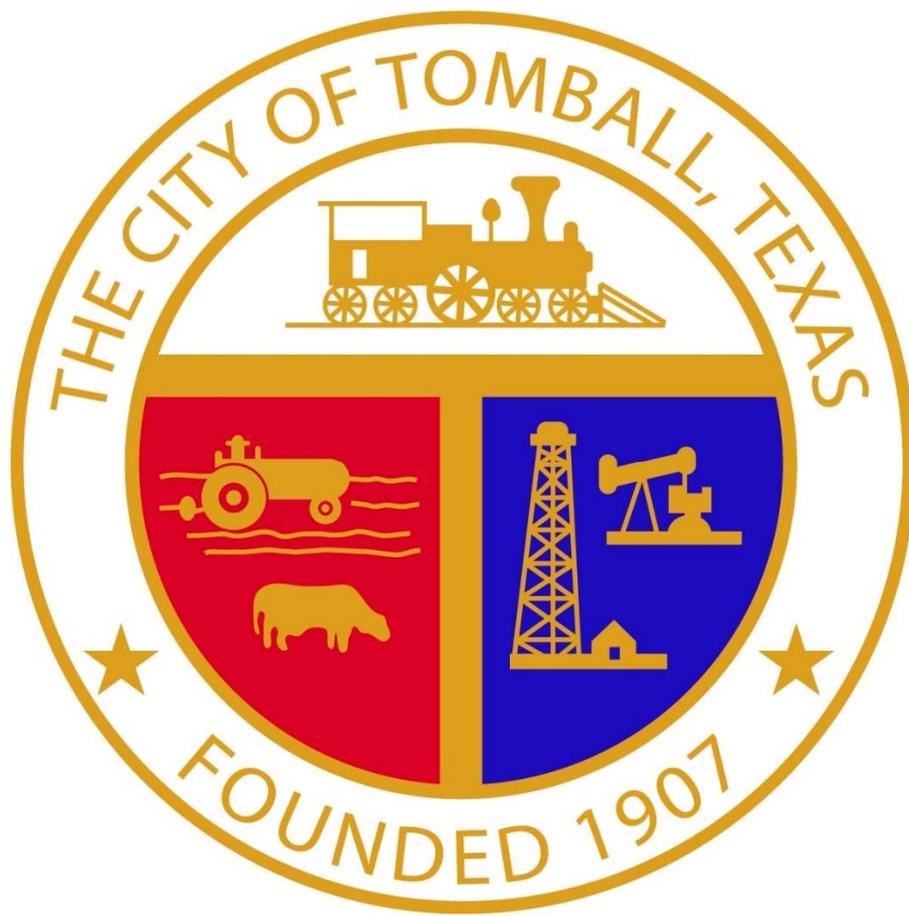
Notes to Required Supplementary Information:

No assets are accumulated in a trust that meets the criteria of GASB 75, Paragraph 4, and therefore, the Supplemental Death Benefits Plan does not report fiduciary net position.

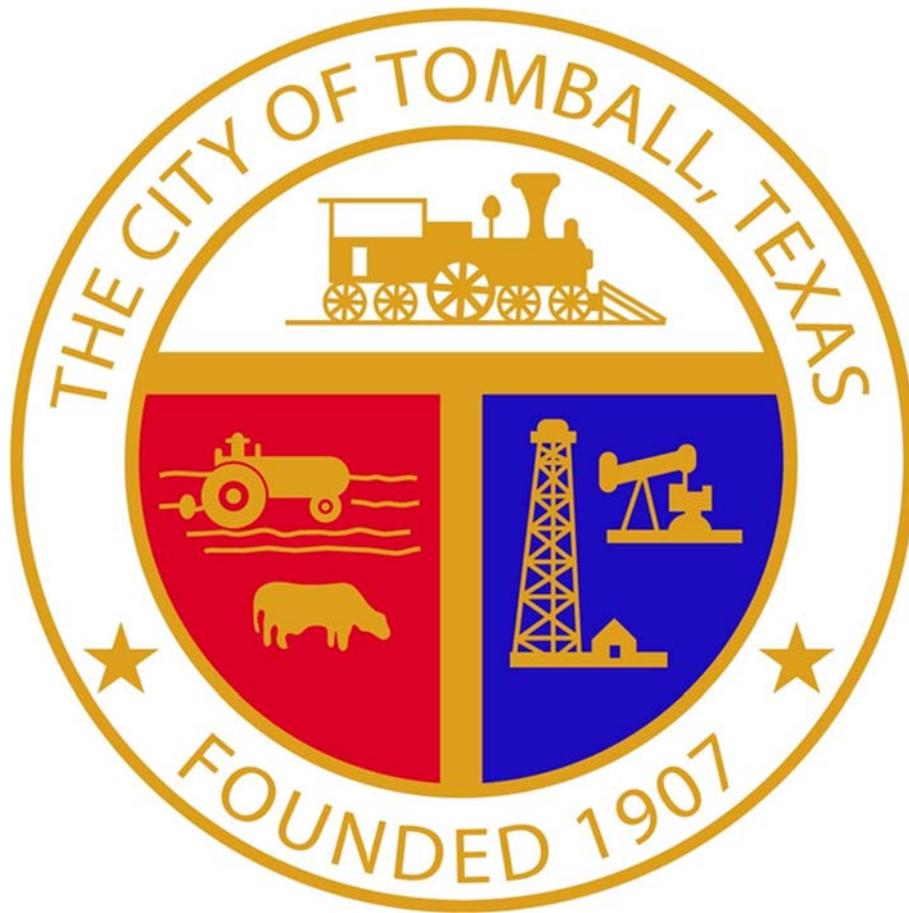
The following factors significantly affect trends in the amounts reported for the City's total OPEB liability:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarial Assumptions:						
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Payroll growth	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Discount rate	4.05%	1.84%	2.00%	2.75%	3.71%	3.31%

Changes of assumptions reflect the effects of changes in the discount rate each period.



Other Supplementary Information



NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

Nonmajor Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specific purposes.

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

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

Hotel Occupancy Tax Fund - This fund is used to account for revenues received from hotel occupancy taxes which are spent on efforts to promote local tourism.

Child Safety Fund - The State of Texas allocates a percentage of each court fee to the Child Safety Program, a portion of which is remitted back to the City to be used for educational material for children.

Public Improvement Districts Fund – This fund is used to account for special assessments and operating and maintenance costs related to public improvement districts (PIDs) within the City.

Tomball Legacy Fund – This fund represents the activities of the City's blended component unit, a 401c(3) nonprofit corporation, which accounts for private and corporate grant funds received by the City.

Housing Trust Fund – This fund is used to account for funding received from the Southeast Texas Housing Finance Corporation (SETH) and other housing related development projects.

Opioid Abatement Fund – This fund represents the collection of opioid settlement payments distributed by the State which are to be used for opioid remediation.

City of Tomball, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2023

	<u>Court Security Fund</u>	<u>Court Technology Fund</u>	<u>Hotel Occupancy Tax Fund</u>
ASSETS			
Cash and cash equivalents	\$ 213,040	\$ 136,125	\$ 1,072,339
TOTAL ASSETS	<u>\$ 213,040</u>	<u>\$ 136,125</u>	<u>\$ 1,072,339</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 758	\$ 28,421
Unearned revenue	-	-	-
Total liabilities	-	758	28,421
FUND BALANCES			
Restricted	213,040	135,367	1,043,918
Committed	-	-	-
Total fund balances	<u>213,040</u>	<u>135,367</u>	<u>1,043,918</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 213,040</u>	<u>\$ 136,125</u>	<u>\$ 1,072,339</u>

<u>Child Safety Fund</u>	<u>Public Improvement Districts Fund</u>	<u>Tomball Legacy Fund</u>	<u>Housing Trust Fund</u>	<u>Opioid Abatement Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
<u>\$ 29,442</u>	<u>\$ 26,921</u>	<u>\$ 16,989</u>	<u>\$ 44,526</u>	<u>\$ 10,868</u>	<u>\$ 1,550,250</u>
<u>\$ 29,442</u>	<u>\$ 26,921</u>	<u>\$ 16,989</u>	<u>\$ 44,526</u>	<u>\$ 10,868</u>	<u>\$ 1,550,250</u>
<u>\$ -</u>	<u>\$ 26,921</u>	<u>\$ -</u>	<u>\$ 6,900</u>	<u>\$ -</u>	<u>\$ 63,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,868</u>	<u>10,868</u>
<u>-</u>	<u>26,921</u>	<u>-</u>	<u>6,900</u>	<u>10,868</u>	<u>73,868</u>
<u>29,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,421,767</u>
<u>-</u>	<u>-</u>	<u>16,989</u>	<u>37,626</u>	<u>-</u>	<u>54,615</u>
<u>29,442</u>	<u>-</u>	<u>16,989</u>	<u>37,626</u>	<u>-</u>	<u>1,476,382</u>
<u>\$ 29,442</u>	<u>\$ 26,921</u>	<u>\$ 16,989</u>	<u>\$ 44,526</u>	<u>\$ 10,868</u>	<u>\$ 1,550,250</u>

City of Tomball, Texas

Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended September 30, 2023

	Court Security Fund	Court Technology Fund	Hotel Occupancy Tax Fund
REVENUES			
Franchise and other taxes	\$ -	\$ -	\$ 717,339
Fines and forfeitures	9,156	7,840	-
Intergovernmental	-	-	-
Special assessments	-	-	-
Investment earnings	8,836	7,297	32,186
Other	-	-	8,926
	<hr/>	<hr/>	<hr/>
Total revenues	17,992	15,137	758,451
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	13,329	-
Tourism and arts	-	-	616,913
Capital outlay	1,500	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	1,500	13,329	616,913
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	16,492	1,808	141,538
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	126,000
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	126,000
	<hr/>	<hr/>	<hr/>
Net change in fund balances	16,492	1,808	267,538
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	196,548	133,559	776,380
	<hr/>	<hr/>	<hr/>
FUND BALANCE, END OF YEAR	<u>\$ 213,040</u>	<u>\$ 135,367</u>	<u>\$ 1,043,918</u>

Child Safety Fund	Public Improvement Districts Fund	Tomball Legacy Fund	Housing Trust Fund	Opioid Abatement Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 717,339
13,460	-	-	-	-	30,456
-	-	-	50,000	-	50,000
-	1,823,202	-	-	-	1,823,202
-	-	-	-	-	48,319
-	-	101,930	-	-	110,856
<u>13,460</u>	<u>1,823,202</u>	<u>101,930</u>	<u>50,000</u>	<u>-</u>	<u>2,780,172</u>
-	1,823,202	1,953	12,374	-	1,837,529
10,131	-	-	-	-	23,460
-	-	-	-	-	616,913
-	-	-	-	-	1,500
<u>10,131</u>	<u>1,823,202</u>	<u>1,953</u>	<u>12,374</u>	<u>-</u>	<u>2,479,402</u>
3,329	-	99,977	37,626	-	300,770
-	-	-	-	-	126,000
-	-	(150,000)	-	-	(150,000)
<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>(24,000)</u>
3,329	-	(50,023)	37,626	-	276,770
26,113	-	67,012	-	-	1,199,612
<u>\$ 29,442</u>	<u>\$ -</u>	<u>\$ 16,989</u>	<u>\$ 37,626</u>	<u>\$ -</u>	<u>\$ 1,476,382</u>

City of Tomball, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Court Security Fund
For the Fiscal Year Ended September 30, 2023

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 9,000	\$ 5,000	\$ 9,156	\$ 4,156
Investment earnings	1,500	8,000	8,836	836
Total revenues	10,500	13,000	17,992	4,992
EXPENDITURES				
Capital outlay	-	1,500	1,500	-
Total expenditures	-	1,500	1,500	-
Net change in fund balances	10,500	11,500	16,492	4,992
Fund balances, beginning of year	196,548	196,548	196,548	-
FUND BALANCE, END OF YEAR	\$ 207,048	\$ 208,048	\$ 213,040	\$ 4,992

City of Tomball, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Court Technology Fund

For the Fiscal Year Ended September 30, 2023

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 8,000	\$ 5,000	\$ 7,840	\$ 2,840
Investment earnings	1,500	6,000	7,297	1,297
Total revenues	9,500	11,000	15,137	4,137
EXPENDITURES				
Current:				
Public safety	15,800	14,100	13,329	771
Total expenditures	15,800	14,100	13,329	771
Net change in fund balances	(6,300)	(3,100)	1,808	4,908
Fund balances, beginning of year	133,559	133,559	133,559	-
FUND BALANCE, END OF YEAR	\$ 127,259	\$ 130,459	\$ 135,367	\$ 4,908

City of Tomball, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Hotel Occupancy Tax Fund

For the Fiscal Year Ended September 30, 2023

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Franchise and other taxes	\$ 600,000	\$ 700,000	\$ 717,339	\$ 17,339
Investment earnings	5,000	27,500	32,186	4,686
Other	-	12,500	8,926	(3,574)
Total revenues	605,000	740,000	758,451	18,451
EXPENDITURES				
Current:				
Tourism and arts	702,100	753,450	616,913	136,537
Total expenditures	702,100	753,450	616,913	136,537
Excess (deficiency) of revenues over (under) expenditures	(97,100)	(13,450)	141,538	154,988
OTHER FINANCING SOURCES				
Transfers in	126,000	126,000	126,000	-
Total other financing sources	126,000	126,000	126,000	-
Net change in fund balances	28,900	112,550	267,538	154,988
Fund balances, beginning of year	776,380	776,380	776,380	-
FUND BALANCE, END OF YEAR	\$ 805,280	\$ 888,930	\$ 1,043,918	\$ 154,988

City of Tomball, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Child Safety Fund
For the Fiscal Year Ended September 30, 2023

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 12,000	\$ 13,000	\$ 13,460	\$ 460
Total revenues	12,000	13,000	13,460	460
EXPENDITURES				
Current:				
Public safety	10,000	10,000	10,131	(131)
Total expenditures	10,000	10,000	10,131	(131)
Net change in fund balances	2,000	3,000	3,329	329
Fund balances, beginning of year	26,113	26,113	26,113	-
FUND BALANCE, END OF YEAR	\$ 28,113	\$ 29,113	\$ 29,442	\$ 329

City of Tomball, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Public Improvement Districts Fund

For the Fiscal Year Ended September 30, 2023

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Special assessments	\$ 1,774,500	\$ 1,837,000	\$ 1,823,202	\$ (13,798)
Total revenues	1,774,500	1,837,000	1,823,202	(13,798)
EXPENDITURES				
Current:				
General government	1,774,500	1,837,000	1,823,202	13,798
Total expenditures	1,774,500	1,837,000	1,823,202	13,798
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

City of Tomball, Texas
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual
 Debt Service Fund
 For the Fiscal Year Ended September 30, 2023

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property tax	\$ 2,800,000	\$ 2,775,000	\$ 2,747,984	\$ (27,016)
Contributions from component unit for debt service	761,685	761,685	761,685	-
Investment earnings	10,000	160,000	156,277	(3,723)
Total revenues	3,571,685	3,696,685	3,665,946	(30,739)
EXPENDITURES				
Debt service:				
Principal	5,410,000	5,520,000	5,520,000	-
Interest	1,650,323	1,564,643	1,564,643	-
Issuance costs and fiscal agent fees	14,000	250,700	254,476	(3,776)
Total expenditures	7,074,323	7,335,343	7,339,119	(3,776)
Excess (deficiency) of revenues over (under) expenditures	(3,502,638)	(3,638,658)	(3,673,173)	(34,515)
OTHER FINANCING SOURCES				
Issuance of certificates of obligation	-	-	241,775	241,775
Total other financing sources	-	-	241,775	241,775
Net change in fund balances	(3,502,638)	(3,638,658)	(3,431,398)	207,260
Fund balances, beginning of year	6,568,112	6,568,112	6,568,112	-
FUND BALANCE, END OF YEAR	\$ 3,065,474	\$ 2,929,454	\$ 3,136,714	\$ 207,260

City of Tomball, Texas

Internal Service Funds

September 30, 2023

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, 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, 2023

	Fleet Replacement Fund	Health Benefits Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 454,922	\$ 3,333,801	\$ 3,788,723
Due from other governments	-	77,204	77,204
Due from component unit	-	24,985	24,985
Prepaid Items	-	304,332	304,332
	<hr/>	<hr/>	<hr/>
Total current assets	454,922	3,740,322	4,195,244
Noncurrent assets:			
Capital assets - depreciable, net	3,204,534	-	3,204,534
	<hr/>	<hr/>	<hr/>
Total noncurrent assets	3,204,534	-	3,204,534
	<hr/>	<hr/>	<hr/>
Total assets	3,659,456	3,740,322	7,399,778
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 12,187	\$ 23,304	\$ 35,491
Accrued interest payable	28,391	-	28,391
Public property finance contract obligation, current	130,000	-	130,000
	<hr/>	<hr/>	<hr/>
Total current liabilities	170,578	23,304	193,882
Noncurrent liabilities:			
Public property finance contract obligation	649,868	-	649,868
	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	649,868	-	649,868
	<hr/>	<hr/>	<hr/>
Total liabilities	820,446	23,304	843,750
NET POSITION			
Net investment in capital assets	2,424,666	-	2,424,666
Unrestricted	414,344	3,717,018	4,131,362
	<hr/>	<hr/>	<hr/>
TOTAL NET POSITION	\$ 2,839,010	\$ 3,717,018	\$ 6,556,028
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

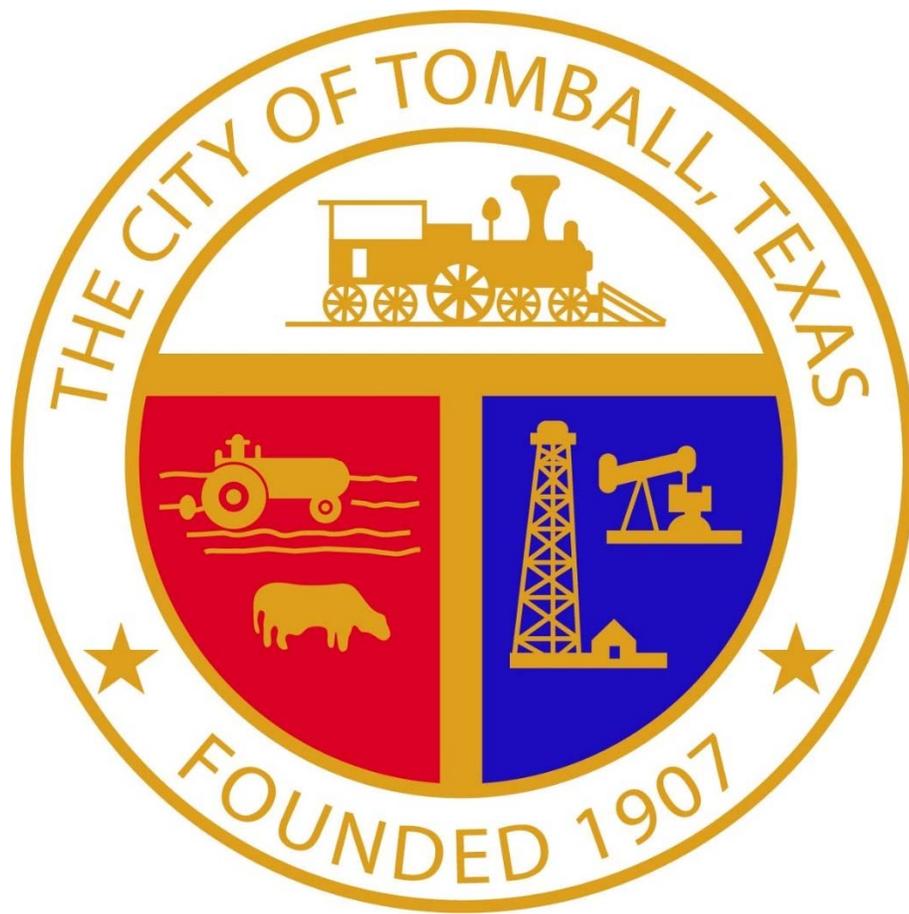
City of Tomball, Texas

Combining Statement of Revenues, Expenses,
and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended September 30, 2023

	Fleet Replacement Fund	Health Benefits Fund	Total
OPERATING REVENUES			
Internal service charges	\$ 579,069	\$ 3,608,764	\$ 4,187,833
Total operating revenues	579,069	3,608,764	4,187,833
OPERATING EXPENSES			
Materials, supplies and contracted services	-	3,219,654	3,219,654
Depreciation and amortization	515,816	-	515,816
Total operating expenses	515,816	3,219,654	3,735,470
Operating income	63,253	389,110	452,363
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	26,901	142,313	169,214
Gain (loss) on disposal of capital assets	88,550	-	88,550
Interest	(31,645)	-	(31,645)
Total non-operating revenues (expenses)	83,806	142,313	226,119
Change in net position	147,059	531,423	678,482
Net position, beginning of year	2,691,951	3,185,595	5,877,546
NET POSITION, END OF YEAR	\$ 2,839,010	\$ 3,717,018	\$ 6,556,028

City of Tomball, Texas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2023

	Fleet Replacement Fund	Health Benefits Fund	Total
OPERATING ACTIVITIES			
Receipts from interfund charges	\$ 579,069	\$ 3,577,666	\$ 4,156,735
Payments to suppliers and service providers	12,187	(3,248,113)	(3,235,926)
	<u>591,256</u>	<u>329,553</u>	<u>920,809</u>
Net cash provided by operating activities			
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(765,974)	-	(765,974)
Proceeds from sale of capital assets	88,550	-	88,550
Principal paid on long-term debt	(130,000)	-	(130,000)
Interest paid on long-term debt	(33,672)	-	(33,672)
	<u>(841,096)</u>	<u>-</u>	<u>(841,096)</u>
Net cash used for capital and related financing activities			
INVESTING ACTIVITIES			
Interest received	26,901	142,313	169,214
	<u>26,901</u>	<u>142,313</u>	<u>169,214</u>
Net cash provided by investing activities			
Net change in cash and cash equivalents	(222,939)	471,866	248,927
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>677,861</u>	<u>2,861,935</u>	<u>3,539,796</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 454,922</u>	<u>\$ 3,333,801</u>	<u>\$ 3,788,723</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 63,253	\$ 389,110	\$ 452,363
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	515,816	-	515,816
(Increase) decrease in assets:			
Due from other governments	-	(23,954)	(23,954)
Other receivables	-	(7,144)	(7,144)
Prepaid items	-	(39,580)	(39,580)
Increase (decrease) in liabilities:			
Accounts payable	12,187	11,121	23,308
	<u>591,256</u>	<u>329,553</u>	<u>920,809</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 591,256</u>	<u>\$ 329,553</u>	<u>\$ 920,809</u>



**Discretely Presented Component Unit
Fund Based Financial Statements
Tomball Economic Development Corporation**

City of Tomball, Texas
 Discretely Presented Component Unit
 Tomball Economic Development Corporation
 Balance Sheet – Governmental Fund
 September 30, 2023

ASSETS	
Cash and cash equivalents	\$ 20,898,782
Investments	2,586,628
Receivables, net of allowance	1,723,550
Lease receivable	<u>712,316</u>
TOTAL ASSETS	<u>\$ 25,921,276</u>
LIABILITIES	
Accounts payable	\$ 86,108
Deposits payable	10,869
Due to primary government	<u>201,815</u>
Total liabilities	298,792
DEFERRED INFLOWS OF RESOURCES	
Leases	<u>676,887</u>
Total deferred inflows of resources	676,887
FUND BALANCE	
Assigned	<u>24,945,597</u>
Total fund balance	<u>24,945,597</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 25,921,276</u>
RECONCILIATION TO GOVERNMENT-WIDE STATEMENT OF NET POSITION	
Total fund balance	\$ 24,945,597
Capital assets used in operations are not current financial resources and, therefore, are not reported in the fund financial statements.	11,186,131
Leases payable are not current financial obligations and, therefore, are not reported in the fund financial statements.	<u>(1,505)</u>
NET POSITION OF COMPONENT UNIT	<u>\$ 36,130,223</u>

City of Tomball, Texas

Discretely Presented Component Unit

Tomball Economic Development Corporation

Statement of Revenues, Expenditures, and

Changes in Fund Balance – Governmental Fund

For the Fiscal Year Ended September 30, 2023

REVENUES

Sales taxes	\$ 5,575,735
Charges for services	310,450
Unrestricted investment earnings (loss)	1,038,958
Other	1,742
	<hr/>
Total revenues	6,926,885

EXPENDITURES

Current:	
Economic development	9,402,654
	<hr/>
Total expenditures	9,402,654
	<hr/>
Excess of expenditures over revenues	(2,475,769)

OTHER FINANCING SOURCE

Proceeds from sale of capital assets	3,714,078
	<hr/>
Net change in fund balance	1,238,309
	<hr/>
Fund balance, beginning of year	23,707,288

FUND BALANCE, END OF YEAR

\$ 24,945,597

RECONCILIATION TO GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

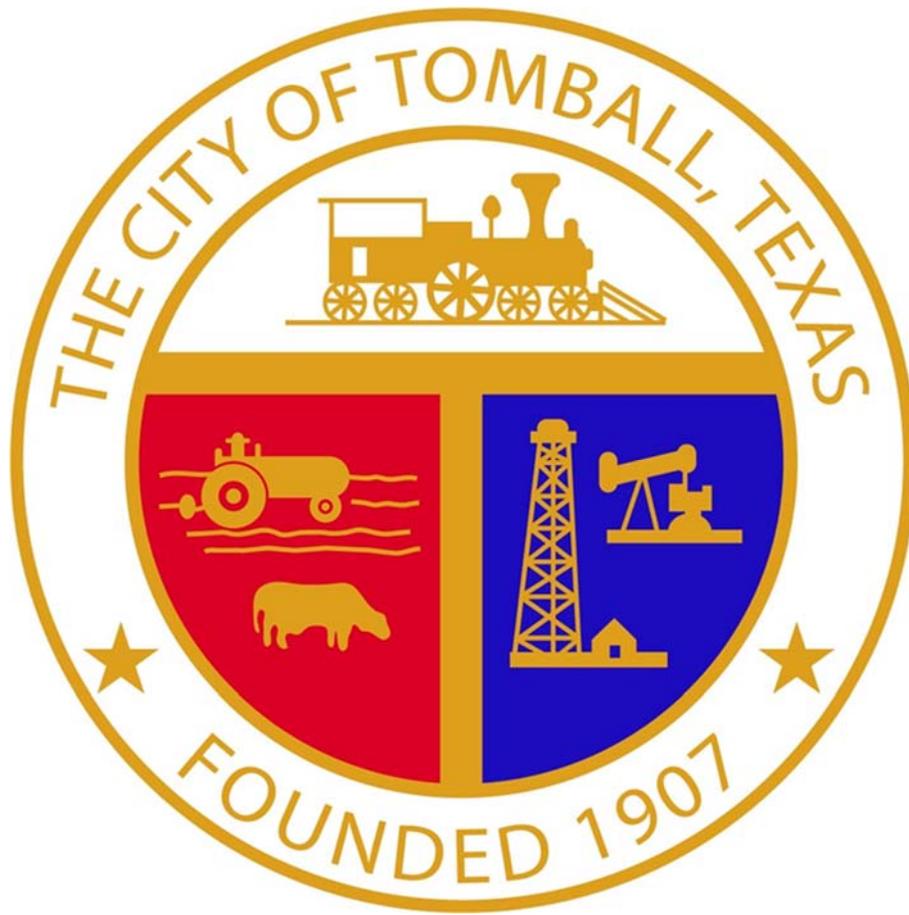
Net change in fund balance	\$ 1,238,309
Under modified accrual, capital outlay is reported as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.	
Transactions in the current period involving capital assets include:	
Capital outlay recorded as capital assets	4,638,259
Depreciation expense	(334,479)
Asset retirements/disposals	(418,114)

Under modified accrual, principal payments on long-term debt are reported as expenditures. However, in the government-wide statement of activities, the payments are reported as a reduction of long-term liabilities:

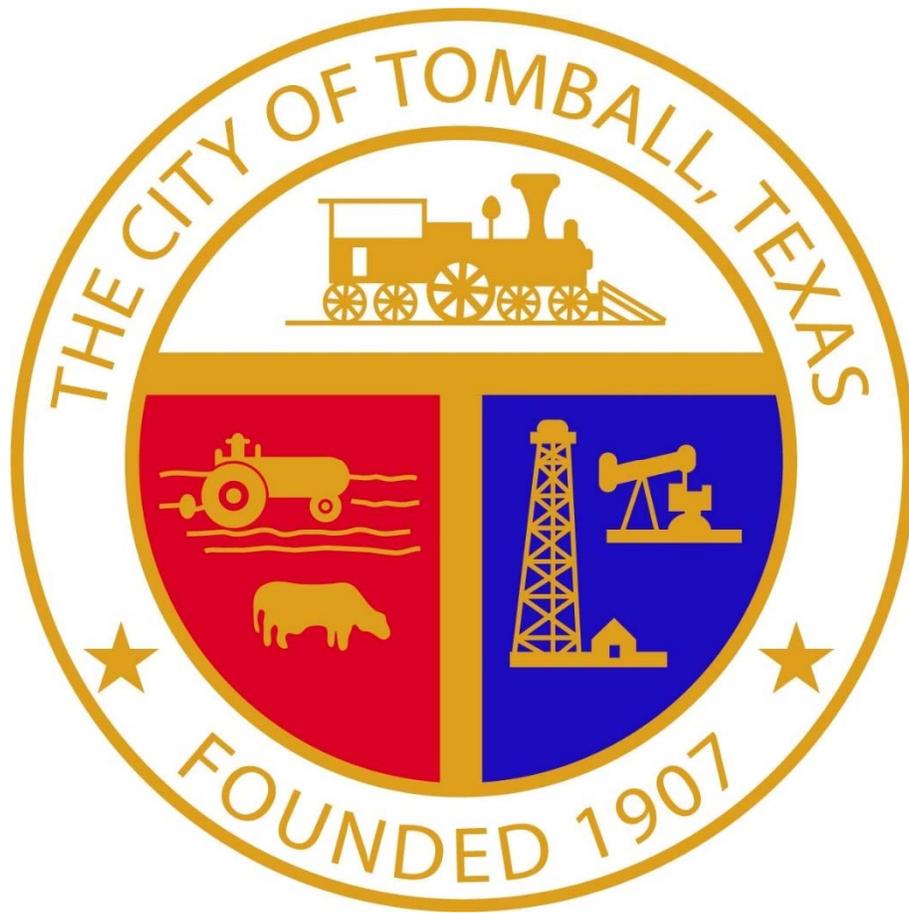
Leases payable - principal	17,929
	<hr/>

CHANGE IN NET POSITION OF COMPONENT UNIT

\$ 5,141,904



Statistical Section



Statistical Section
(Unaudited)

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

	<u>Page</u>
Financial Trends – Schedules 1-4	114
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity – Schedules 5-10	124
These schedules contain information to help the reader assess the City's most significant local revenue sources: sales and property taxes.	
Debt Capacity – Schedules 11-15	134
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information – Schedules 16-17	142
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information – Schedules 18-20	144
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 28,189,848	\$ 31,267,016	\$ 34,220,115	\$ 40,779,628
Restricted	3,557,490	4,308,595	5,821,510	3,912,411
Unrestricted	<u>13,566,745</u>	<u>10,694,702</u>	<u>10,340,744</u>	<u>11,385,550</u>
Total governmental activities net position	45,314,083	46,270,313	50,382,369	56,077,589
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	30,851,835	33,433,571	33,059,434	33,038,353
Restricted	1,095,173	-	-	-
Unrestricted	<u>11,354,769</u>	<u>10,960,950</u>	<u>11,445,362</u>	<u>8,966,625</u>
Total business-type activities net position	43,301,777	44,394,521	44,504,796	42,004,978
PRIMARY GOVERNMENT				
Net investment in capital assets	59,041,683	64,700,587	67,279,549	73,817,981
Restricted	4,652,663	4,308,595	5,821,510	3,912,411
Unrestricted	<u>24,921,514</u>	<u>21,655,652</u>	<u>21,786,106</u>	<u>20,352,175</u>
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$ 88,615,860</u>	<u>\$ 90,664,834</u>	<u>\$ 94,887,165</u>	<u>\$ 98,082,567</u>

Schedule 1

2018	2019	2020	2021	2022	2023
\$ 38,896,658	\$ 39,717,999	\$ 38,457,189	\$ 52,259,872	\$ 60,199,236	\$ 71,583,070
4,303,114	6,024,527	5,959,267	6,829,497	7,597,934	4,369,685
13,436,447	18,791,783	27,363,295	25,246,016	31,435,579	37,487,018
56,636,219	64,534,309	71,779,751	84,335,385	99,232,749	113,439,773
34,874,499	36,762,190	38,760,225	40,057,607	41,830,070	45,955,906
-	-	-	-	-	-
9,838,615	5,830,989	5,946,634	9,152,453	14,043,606	16,365,423
44,713,114	42,593,179	44,706,859	49,210,060	55,873,676	62,321,329
73,771,157	76,480,189	77,217,414	92,317,479	102,029,306	117,538,976
4,303,114	6,024,527	5,959,267	6,829,497	7,597,934	4,369,685
23,275,062	24,622,772	33,309,929	34,398,469	45,479,185	53,852,441
<u>\$ 101,349,333</u>	<u>\$ 107,127,488</u>	<u>\$ 116,486,610</u>	<u>\$ 133,545,445</u>	<u>\$ 155,106,425</u>	<u>\$ 175,761,102</u>

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
EXPENSES				
Governmental activities:				
General government	\$ 4,789,051	\$ 4,968,344	\$ 5,391,624	\$ 5,174,908
Public safety	8,069,621	8,493,353	9,028,841	9,650,665
Public works	6,137,989	6,181,783	6,436,355	6,952,664
Parks and recreation	-	-	-	741,577
Tourism and arts	-	-	-	-
Community development	338,381	313,713	421,381	386,153
Interest and fiscal agent fees	926,584	891,258	830,716	1,252,064
Total governmental activities expenses	<u>20,261,626</u>	<u>20,848,451</u>	<u>22,108,917</u>	<u>24,158,031</u>
Business-type activities:				
Utility administration	909,211	979,161	1,179,100	1,362,874
Water	3,087,563	3,410,534	3,410,534	3,937,152
Wastewater	2,418,443	2,483,923	2,483,923	2,228,636
Gas	1,963,162	1,429,950	1,429,950	1,507,955
Total business-type activities expenses	<u>8,378,379</u>	<u>8,303,568</u>	<u>8,503,507</u>	<u>9,036,617</u>
Total primary government expenses	<u>28,640,005</u>	<u>29,152,019</u>	<u>30,612,424</u>	<u>33,194,648</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services				
General government	-	-	-	-
Public safety	999,667	1,334,938	1,334,938	1,315,754
Public works	2,694,670	2,673,999	2,673,999	2,359,008
Community development	-	-	-	441,542
Operating grants and contributions	1,039,237	544,607	544,607	1,420,653
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	<u>4,733,574</u>	<u>4,553,544</u>	<u>4,553,544</u>	<u>5,536,957</u>
Business-type activities:				
Charges for services				
Utility administration	842,468	907,654	907,654	739,061
Water	4,449,383	4,654,613	4,654,613	5,092,916
Wastewater	2,320,748	2,316,495	2,316,495	2,434,143
Gas	3,295,521	2,844,005	2,844,005	2,655,884
Operating grants and contributions	670,000	558,148	558,148	558,148
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>11,578,120</u>	<u>11,280,915</u>	<u>11,280,915</u>	<u>11,480,152</u>
Total primary government program revenues	<u>16,311,694</u>	<u>15,834,459</u>	<u>15,834,459</u>	<u>17,017,109</u>
NET (EXPENSE/REVENUE)				
Governmental activities	(15,528,052)	(16,294,907)	(17,555,373)	(18,621,074)
Business-type activities	3,199,741	2,977,347	2,777,408	2,443,535
TOTAL PRIMARY GOVERNMENT NET EXPENSE	<u>\$ (12,328,311)</u>	<u>\$ (13,317,560)</u>	<u>\$ (14,777,965)</u>	<u>\$ (16,177,539)</u>

	2018	2019	2020	2021	2022	2023
\$	3,821,623	\$ 4,474,991	\$ 6,479,677	\$ 7,453,414	\$ 8,114,100	\$ 11,650,395
	10,000,655	10,435,902	10,976,532	10,642,757	11,982,088	13,532,671
	8,912,367	7,074,104	4,071,787	4,998,747	5,081,755	6,391,403
	637,942	780,799	924,069	850,842	864,122	934,183
	648,305	688,638	604,578	551,323	672,983	596,313
	431,157	430,360	556,924	532,472	515,531	721,855
	1,452,252	1,328,319	1,295,548	1,017,122	868,205	1,732,978
	25,904,301	25,213,113	24,909,115	26,046,677	28,098,784	35,559,798
	2,876,373	2,938,276	1,672,850	1,908,989	2,163,551	2,175,738
	3,356,893	3,793,224	5,115,488	5,132,543	6,457,929	6,870,290
	1,239,276	1,448,029	2,114,431	2,041,666	2,218,239	2,639,192
	1,529,924	1,774,315	1,646,494	4,474,541	2,620,530	2,648,331
	9,002,466	9,953,844	10,549,263	13,557,739	13,460,249	14,333,551
	34,906,767	35,166,957	35,458,378	39,604,416	41,559,033	49,893,349
	-	-	71,864	103,456	130,831	87,532
	1,528,423	1,899,018	1,468,491	1,344,309	1,605,967	2,196,591
	1,961,957	1,954,602	1,793,191	1,888,491	2,116,075	2,352,261
	513,522	558,992	1,109,989	1,628,808	2,094,885	1,568,826
	1,012,028	839,316	473,851	1,358,419	892,201	690,462
	-	-	-	4,869,087	5,840,595	8,888,801
	5,015,930	5,251,928	4,917,386	11,192,570	12,680,554	15,784,473
	1,335,974	934,852	1,384,685	2,878,294	3,075,491	1,881,154
	5,347,170	5,494,083	6,376,840	6,819,402	8,660,204	8,541,278
	2,405,689	2,310,252	2,208,301	2,522,144	2,920,807	3,079,810
	3,139,726	3,271,868	3,504,744	3,988,923	3,968,780	3,644,201
	558,148	-	-	-	-	-
	-	-	-	989,795	3,156,833	2,658,430
	12,786,707	12,011,055	13,474,570	17,198,558	21,782,115	19,804,873
	17,802,637	17,262,983	18,391,956	28,391,128	34,462,669	35,589,346
	(20,888,371)	(19,961,185)	(19,991,729)	(14,854,107)	(15,418,230)	(19,775,325)
	3,784,241	2,057,211	2,925,307	3,640,819	8,321,866	5,471,322
\$	<u>(17,104,130)</u>	<u>(17,903,974)</u>	<u>(17,066,422)</u>	<u>(11,213,288)</u>	<u>(7,096,364)</u>	<u>(14,304,003)</u>

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes:				
Property taxes, levied for general purposes	\$ 1,638,673	\$ 1,715,949	\$ 1,855,706	\$ 1,964,345
Property taxes, levied for debt service	3,371,282	3,525,979	3,818,986	4,042,945
Sales taxes	10,532,691	10,839,818	10,578,683	10,791,147
Franchise and other taxes	1,253,077	1,282,598	1,331,077	1,307,171
Other taxes	590,910	538,843	628,932	554,839
Gain on sale of capital assets	-	17,634	127,134	-
Contributions not restricted to specific programs	-	-	-	-
Special assessments	-	-	-	-
Unrestricted investment earnings	30,636	40,115	133,673	473,077
Other	253,375	475,712	395,060	145,114
Transfers	1,691,621	1,607,068	2,798,178	5,037,656
Total governmental activities	<u>19,362,265</u>	<u>20,043,716</u>	<u>21,667,429</u>	<u>24,316,294</u>
Business-type activities:				
Gain on sale of capital assets	-	-	-	-
Contributions not restricted to specific programs	-	-	-	-
Unrestricted investment earnings	(1,417)	33,771	43,741	82,792
Other	45,800	47,847	87,304	11,511
Transfers	(1,691,621)	(1,607,068)	(2,798,178)	(5,037,656)
Total business-type activities	<u>(1,647,238)</u>	<u>(1,525,450)</u>	<u>(2,667,133)</u>	<u>(4,943,353)</u>
Total primary government	<u>17,715,027</u>	<u>18,518,266</u>	<u>19,000,296</u>	<u>19,372,941</u>
CHANGE IN NET POSITION				
Governmental activities	3,834,213	3,748,809	4,112,056	5,695,220
Business-type activities	1,552,503	1,451,897	110,275	(2,499,818)
TOTAL PRIMARY GOVERNMENT	<u>\$ 5,386,716</u>	<u>\$ 5,200,706</u>	<u>\$ 4,222,331</u>	<u>\$ 3,195,402</u>

	2018	2019	2020	2021	2022	2023
\$	2,144,861	\$ 2,046,480	\$ 2,265,470	\$ 3,511,280	\$ 3,915,320	\$ 4,658,804
	4,374,552	4,195,229	4,654,251	3,701,770	3,424,042	2,747,984
	12,427,660	12,523,084	12,291,928	13,361,050	16,312,753	16,883,112
	1,270,927	1,300,064	1,565,842	1,459,571	1,583,488	1,674,332
	711,245	798,623	-	-	-	-
	-	-	162,560	260,345	73,732	115,128
	-	536,112	2,356,370	782,885	784,885	2,501,685
	-	-	-	769,412	1,039,308	1,823,202
	920,613	184,901	788,699	39,807	4,595	3,351,450
	376,266	1,234,387	633,271	533,098	669,965	296,860
	836,473	5,040,395	2,467,434	1,206,112	2,507,506	(70,208)
	23,062,597	27,859,275	27,185,825	25,625,330	30,315,594	33,982,349
	-	38,462	-	195,593	32,177	-
	-	558,148	1,420,458	370,000	370,000	-
	154,619	-	94,836	6,041	85,211	520,497
	4,417	266,639	140,513	661,412	361,868	385,626
	(836,473)	(5,040,395)	(2,467,434)	(1,206,112)	(2,507,506)	70,208
	(677,437)	(4,177,146)	(811,627)	26,934	(1,658,250)	976,331
	22,385,160	23,682,129	26,374,198	25,652,264	28,657,344	34,958,680
	2,174,226	7,898,090	7,194,096	10,771,223	14,897,364	14,207,024
	3,106,804	(2,119,935)	2,113,680	3,667,753	6,663,616	6,447,653
\$	5,281,030	\$ 5,778,155	\$ 9,307,776	\$ 14,438,976	\$ 21,560,980	\$ 20,654,677

City of Tomball, Texas

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
GENERAL FUND				
Nonspendable	\$ 15,894	\$ 14,435	\$ 12,047	\$ 14,956
Assigned	322,702	127,671	35,379	24,767
Unassigned	<u>13,075,443</u>	<u>13,340,472</u>	<u>13,245,355</u>	<u>13,021,273</u>
Total general fund	13,414,039	13,482,578	13,292,781	13,060,996
ALL OTHER GOVERNMENTAL FUNDS				
Restricted	26,470,729	23,370,264	19,434,478	42,711,890
Committed	-	-	-	-
Assigned	<u>168,245</u>	<u>167,060</u>	<u>128,489</u>	<u>140,059</u>
Total all other governmental funds	<u>26,638,974</u>	<u>23,537,324</u>	<u>19,562,967</u>	<u>42,851,949</u>
TOTAL GOVERNMENTAL FUNDS	<u>\$ 40,053,013</u>	<u>\$ 37,019,902</u>	<u>\$ 32,855,748</u>	<u>\$ 55,912,945</u>

Schedule 3

2018	2019	2020	2021	2022	2023
\$ 22,244	\$ 41,027	\$ 32,959	\$ 44,475	\$ 29,966	\$ 30,790
78,620	-	-	101,936	104,745	42,703
14,649,687	16,040,036	17,356,506	21,310,474	26,492,595	30,427,749
14,750,551	16,081,063	17,389,465	21,456,885	26,627,306	30,501,242
39,639,759	42,382,622	31,060,871	20,772,788	21,291,217	27,499,951
-	-	39,052	84,640	67,012	12,832,725
150,799	160,021	101,816	-	-	-
39,790,558	42,542,643	31,201,739	20,857,428	21,358,229	40,332,676
\$ 54,541,109	\$ 58,623,706	\$ 48,591,204	\$ 42,314,313	\$ 47,985,535	\$ 70,833,918

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUES				
Taxes	\$ 17,386,633	\$ 17,903,187	\$ 18,213,384	\$ 18,660,447
Permits, licenses, and fees	446,292	492,646	439,677	477,934
Fines and forfeitures	1,066,313	999,667	892,654	811,084
Charges for services	2,249,420	2,202,024	2,234,322	2,236,863
Intergovernmental	939,861	384,308	288,988	879,740
Contributions from component unit	904,363	606,753	538,012	540,913
Investment earnings (loss)	29,604	38,372	125,092	451,739
Special assessments	-	-	-	-
Contributions from developers and property owners	-	-	-	-
Other	242,361	538,244	637,104	746,050
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Total revenues	23,264,847	23,165,201	23,369,233	24,804,770
EXPENDITURES				
General government	4,929,295	5,128,871	5,226,561	6,100,527
Public safety	8,230,705	9,114,221	8,509,599	9,089,408
Public works	3,364,509	3,464,256	3,386,348	6,526,127
Public service	1,627,610	1,366,045	2,716,596	-
Parks and recreation	-	-	-	741,577
Tourism and arts	-	-	-	-
Community development	-	-	-	702,393
Capital outlay	2,996,663	5,923,542	7,384,704	777,156
Debt service:				
Principal	2,210,330	2,742,812	2,285,608	3,119,373
Interest	955,817	854,618	812,046	1,647,348
Issuance costs and fiscal agent fees	8,113	11,015	10,163	10,163
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	24,323,042	28,605,380	30,331,625	28,714,072
Excess of revenues over (under) expenditures	(1,058,195)	(5,440,179)	(6,962,392)	(3,909,302)
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	-	-	20,240,000
Premium on issuance of bonds	-	-	-	911,687
Payment to refunding bond escrow agent	-	-	-	-
Issuance of leases	-	800,000	-	-
Issuance of subscriptions	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Insurance recoveries	-	-	-	-
Transfers in	2,491,049	3,261,023	3,979,455	8,138,353
Transfers out	(799,428)	(1,653,955)	(1,181,277)	(2,323,541)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	1,691,621	2,407,068	2,798,178	26,966,499
NET CHANGE IN FUND BALANCE	<u>\$ 633,426</u>	<u>\$ (3,033,111)</u>	<u>\$ (4,164,214)</u>	<u>\$ 23,057,197</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	14.85%	15.86%	13.50%	17.06%

Schedule 4

	2018	2019	2020	2021	2022	2023
\$	20,855,485	\$ 20,863,480	\$ 20,777,491	\$ 22,033,671	\$ 25,228,379	\$ 25,971,456
	532,615	580,397	1,113,989	1,633,908	2,099,085	1,573,426
	664,577	702,464	387,512	342,294	343,265	359,505
	1,844,191	2,944,374	2,967,034	3,013,862	3,530,408	4,297,279
	453,416	814,316	473,851	2,881,985	951,042	2,544,560
	558,612	561,112	755,684	757,885	759,885	761,685
	920,616	1,234,387	760,258	37,260	(10,625)	3,182,236
	-	-	-	769,412	1,039,308	1,823,202
	-	-	-	1,906,073	-	2,574,521
	1,412,658	370,277	467,213	505,629	795,887	184,691
	<u>27,242,170</u>	<u>28,070,807</u>	<u>27,703,032</u>	<u>33,881,979</u>	<u>34,736,634</u>	<u>43,272,561</u>
	5,393,013	5,864,176	6,126,522	7,338,143	7,815,362	11,070,486
	9,299,659	9,343,944	9,938,995	10,121,612	11,475,837	12,245,693
	4,125,511	3,981,985	3,747,361	4,633,013	4,719,770	5,711,996
	-	-	-	-	-	-
	637,942	780,799	933,132	850,842	864,199	934,183
	648,305	688,638	604,578	551,162	672,983	616,913
	431,157	430,037	400,824	382,201	369,924	468,361
	4,135,518	2,804,551	14,657,977	15,267,183	2,496,898	5,441,690
	3,322,713	3,576,806	3,923,000	2,540,000	2,559,406	5,593,312
	1,446,498	1,368,870	1,128,683	1,028,508	989,648	1,565,029
	10,163	10,163	181,880	186,875	11,100	254,476
	<u>29,450,479</u>	<u>28,849,969</u>	<u>41,642,952</u>	<u>42,899,539</u>	<u>31,975,127</u>	<u>43,902,139</u>
	(2,208,309)	(779,162)	(13,939,920)	(9,017,560)	2,761,507	(629,578)
	-	-	9,100,000	5,255,000	-	19,570,000
	-	-	733,352	535,384	-	677,151
	-	-	(9,663,255)	(5,652,859)	-	-
	-	-	-	-	-	-
	-	-	166,059	27,469	23,934	251,386
	-	-	-	219,612	39,967	112,169
	-	-	-	-	-	26,578
	4,204,166	6,314,895	4,789,385	3,724,723	3,422,494	4,266,677
	(3,367,693)	(1,453,136)	(1,088,050)	(1,436,305)	(576,680)	(1,426,000)
	<u>836,473</u>	<u>4,861,759</u>	<u>4,037,491</u>	<u>2,673,024</u>	<u>2,909,715</u>	<u>23,477,961</u>
\$	<u>(1,371,836)</u>	<u>\$ 4,082,597</u>	<u>\$ (9,902,429)</u>	<u>\$ (6,344,536)</u>	<u>\$ 5,671,222</u>	<u>\$ 22,848,383</u>
	18.84%	18.99%	19.08%	13.15%	12.04%	18.61%

City of Tomball, Texas
 Tax Revenues by Source
 Last Ten Fiscal Years

<u>Function</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Property tax	\$ 5,009,955	\$ 5,241,928	\$ 5,674,692	\$ 6,007,290
Sales tax	10,532,691	10,839,818	10,578,683	10,791,147
Franchise tax	1,253,077	1,282,598	1,331,076	1,064,371
Other taxes	590,910	538,843	628,933	797,639
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Total	\$ 17,386,633	\$ 17,903,187	\$ 18,213,384	\$ 18,660,447
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Schedule 5

2018	2019	2020	2021	2022	2023
\$ 6,519,413	\$ 6,241,709	\$ 6,919,721	\$ 7,213,050	\$ 7,339,362	\$ 7,406,788
12,427,660	12,594,274	12,291,928	13,361,050	16,312,753	16,883,112
1,026,440	996,118	832,450	851,126	844,132	872,488
881,972	1,031,379	733,392	608,445	732,132	809,068
<u>\$ 20,855,485</u>	<u>\$ 20,863,480</u>	<u>\$ 20,777,491</u>	<u>\$ 22,033,671</u>	<u>\$ 25,228,379</u>	<u>\$ 25,971,456</u>

City of Tomball, Texas

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Residential property	\$ 439,396,850	\$ 497,193,417	\$ 561,634,471	\$ 588,671,706
Commercial property	1,303,924,316	1,314,023,000	1,395,710,026	1,451,279,183
Less: Tax exempt property	<u>(274,973,296)</u>	<u>(280,967,178)</u>	<u>(290,126,523)</u>	<u>(298,380,174)</u>
TOTAL TAXABLE ASSESSED VALUE ⁽¹⁾	<u>\$ 1,468,347,870</u>	<u>\$ 1,530,249,239</u>	<u>\$ 1,667,217,974</u>	<u>\$ 1,741,570,715</u>
TOTAL DIRECT TAX RATE	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.

Schedule 6

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 623,634,272	\$ 710,129,040	\$ 925,530,809	\$ 796,448,519	\$ 894,124,076	\$ 1,162,664,755
1,469,452,394	1,709,373,371	1,575,407,601	1,758,884,849	1,801,782,521	1,935,923,084
(263,289,888)	(345,460,031)	(362,380,020)	(355,036,270)	(382,695,710)	(436,464,080)
<u>\$ 1,829,796,778</u>	<u>\$ 2,074,042,380</u>	<u>\$ 2,138,558,390</u>	<u>\$ 2,200,297,098</u>	<u>\$ 2,313,210,887</u>	<u>\$ 2,662,123,759</u>
0.341455	0.341455	0.341455	0.337862	0.333339	0.287248

City of Tomball, Texas

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
City of Tomball by fund:				
General	\$ 0.111455	\$ 0.111455	\$ 0.111455	\$ 0.111455
Debt service	0.230000	0.230000	0.230000	0.230000
Total direct rates	0.341455	0.341455	0.341455	0.341455
Tomball Independent School District	1.360000	1.360000	1.340000	1.340000
Harris County	0.414550	0.417310	0.419230	0.416560
Harris County Flood Control District	0.028270	0.027360	0.027330	0.028290
Port of Houston Authority	0.017160	0.015310	0.013420	0.013340
Harris County Hospital District	0.170000	0.170000	0.170000	0.171790
Harris County Department of Education	0.006358	0.005999	0.005422	0.005200
Lone Star College System District	0.116000	0.108100	0.107900	0.107800
Emergency Service District #8	0.050000	0.100000	0.100000	0.095470
TOTAL DIRECT AND OVERLAPPING RATES ⁽¹⁾	\$ 2.503793	\$ 2.545534	\$ 2.524757	\$ 2.519905

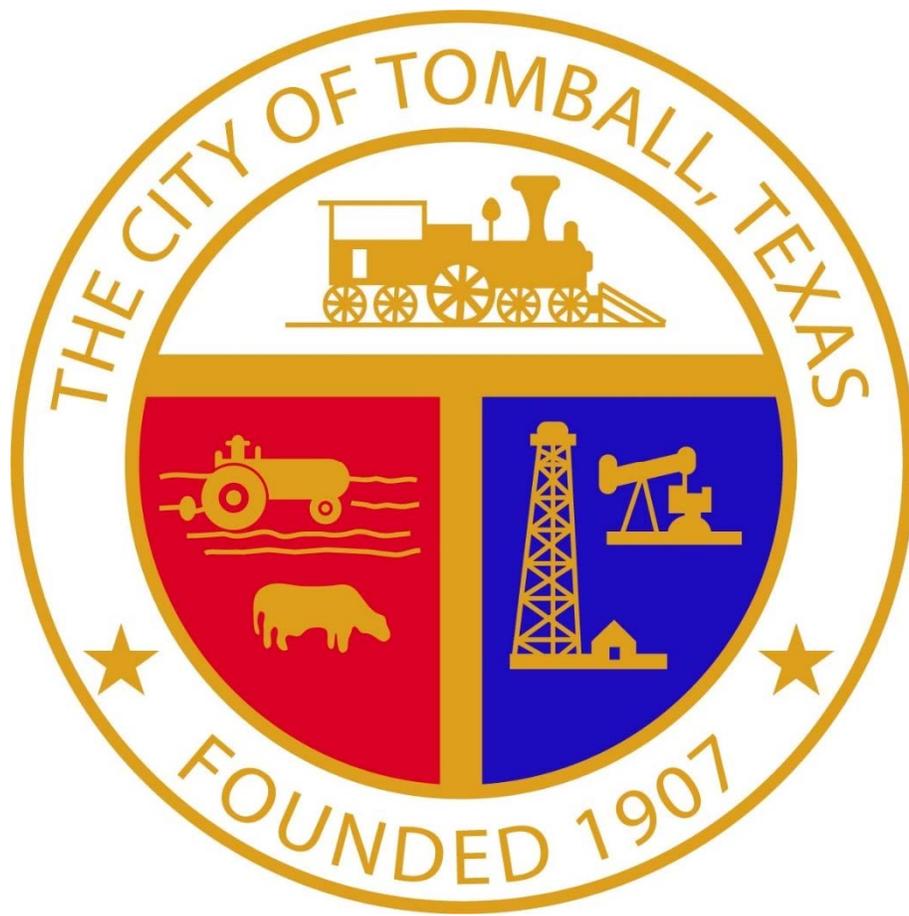
Tax rates per \$100 of assessed valuation

Source: Harris County Appraisal District

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

Schedule 7

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 0.111455	\$ 0.111455	\$ 0.111455	\$ 0.164279	\$ 0.177557	\$ 0.180383
0.230000	0.230000	0.230000	0.173583	0.155782	0.106865
0.341455	0.341455	0.341455	0.337862	0.333339	0.287248
1.340000	1.290000	1.290000	1.290000	1.250000	1.230000
0.418580	0.407130	0.407130	0.391160	0.376930	0.343730
0.028770	0.027920	0.027920	0.031420	0.033490	0.030550
0.011550	0.010740	0.010740	0.009910	0.008720	0.007990
0.171080	0.165910	0.165910	0.166710	0.162210	0.148310
0.005190	0.005000	0.005000	0.004993	0.004990	0.004900
0.107800	0.107800	0.107800	0.107800	0.107800	0.107800
0.098250	0.096700	0.096700	0.097000	0.094245	0.093561
<u>\$ 2.522675</u>	<u>\$ 2.452655</u>	<u>\$ 2.452655</u>	<u>\$ 2.436855</u>	<u>\$ 2.371724</u>	<u>\$ 2.254089</u>



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

Schedule 8

Property Tax Payer	2023			2014		
		Rank	% of Taxable Assessed Value		Rank	% of Taxable Assessed Value
North Houston TRMC	\$ 159,470,162	1	5.99%	\$ -		
LIT Interchange 249 Business Park	153,102,536	2	5.75%	-		
Weingarten Investments Inc.	39,075,823	3	1.47%	16,949,998	5	1.15%
Baker Hughes	37,877,495	4	1.42%	-		
Mustang CAT Manufacturing	32,161,083	5	1.21%	-		
Tomball Parkway Partners DE LLC	30,354,057	6	1.14%	-		
SJBC Commercial XXI LLC	30,070,211	7	1.13%	-		
CenterPoint Energy	25,818,809	8	0.97%	15,926,975	6	1.08%
1100 Graham Dr LLC	25,759,900	9	0.97%	-		
MPT Tomball LP	22,510,790	10	0.85%	17,861,681	4	1.22%
B J Services	-			210,322,910	1	14.32%
Tomball Texas Hospital	-			161,763,679	2	11.02%
Wal Mart	-			19,908,985	3	1.36%
Health Care REIT Inc.	-			15,488,345	7	1.05%
Lowe's	-			14,000,543	8	0.95%
NNN Park at Spring Creek	-			12,263,700	9	0.84%
HEB Grocery Co. LP	-			11,451,436	10	0.78%
Subtotal	556,200,866		20.89%	495,938,252		33.78%
Other Taxpayers	2,105,922,893		79.11%	972,409,618		66.22%
TOTAL TAXABLE ASSESSED VALUE	\$ 2,662,123,759		100.00%	\$ 1,468,347,870		100.00%

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

City of Tomball, Texas
Ad Valorem Tax Levies and Collections
Last Ten Fiscal Years

Schedule 9

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Periods	Total Collections to date	
		Amount	Percentage of Net Tax Levy		Amount	Percent of Total Tax Collections To Net Tax Levy
2014	\$ 4,985,054	\$ 4,967,598	99.6%	\$ 12,303	\$ 4,979,901	99.9%
2015	5,185,007	5,168,570	99.7%	10,202	5,178,772	99.9%
2016	5,688,531	5,591,963	98.3%	90,249	5,682,212	99.9%
2017	6,077,755	5,870,159	96.6%	200,055	6,070,214	99.9%
2018	6,285,748	6,210,139	98.8%	67,970	6,278,109	99.9%
2019	6,400,713	6,344,039	99.1%	47,929	6,391,968	99.9%
2020	6,844,962	6,751,924	98.6%	79,576	6,831,500	99.8%
2021	7,297,621	7,118,059	97.5%	154,880	7,272,939	99.7%
2022	7,498,423	7,389,512	98.5%	77,376	7,466,888	99.6%
2023	7,550,971	7,435,761	98.5%	-	7,435,761	98.5%

Source: Harris County Tax Collector

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

Schedule 10

Sales Tax Remitter	Calendar Year 2023				Calendar Year 2014			
	Number of Outlets	Percentage of Total	Tax Liability (thousands)	Percentage of Total	Number of Outlets	Percentage of Total	Tax Liability (thousands)	Percentage of Total
Retail trade	3,098	34.43%	\$ 10,767	47.53%	1,384	24.52%	\$ 7,049	48.62%
Services	1,502	16.69%	4,068	17.96%	1,201	21.28%	2,025	13.97%
Wholesale trade	1,263	14.04%	2,645	11.68%	875	15.50%	2,043	14.09%
Utilities, transportation, communications	723	8.04%	1,127	4.98%	242	4.29%	698	4.81%
Manufacturing	1,086	12.07%	1,135	5.01%	600	10.63%	506	3.49%
Construction	407	4.52%	400	1.77%	326	5.78%	335	2.31%
Finance, insurance, real estate	286	3.18%	902	3.98%	244	4.32%	539	3.72%
Mining, quarrying, and oil and gas extraction	68	0.76%	415	1.83%	16	0.28%	45	0.31%
All other outlets	564	6.27%	1,194	5.27%	756	13.39%	1,259	8.68%
TOTAL	8,997	100.00%	\$ 22,653	100.00%	5,644	100.00%	\$ 14,499	100.00%

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.

Source: Texas State Comptroller of Public Accounts

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
PRIMARY GOVERNMENT				
Governmental activities:				
General obligation bonds	\$ 9,710,500	\$ 8,437,500	\$ 7,165,750	\$ 5,887,500
Certificates of obligation	21,565,000	20,640,000	19,695,000	38,165,000
Unamortized premiums	449,806	406,750	363,694	1,188,911
Public property finance contractual obligation	-	-	-	-
Leases payable	535,464	800,000	731,142	660,019
Subscriptions payable	-	-	-	-
Subtotal	<u>32,260,770</u>	<u>30,284,250</u>	<u>27,955,586</u>	<u>45,901,430</u>
Business-type activities:				
General obligation bonds	4,669,500	4,042,500	3,429,250	2,832,500
Unamortized premiums	82,435	70,659	58,883	47,107
Revenue bonds	2,465,000	-	-	-
Subtotal	<u>7,216,935</u>	<u>4,113,159</u>	<u>3,488,133</u>	<u>2,879,607</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 39,477,705</u>	<u>\$ 34,397,409</u>	<u>\$ 31,443,719</u>	<u>\$ 48,781,037</u>
PERSONAL INCOME	463,247,856	475,348,930	508,752,440	576,689,433
DEBT AS A PERCENTAGE OF PERSONAL INCOME	8.522%	7.236%	6.181%	8.459%
POPULATION	11,124	11,299	11,540	11,643
DEBT PER CAPITA	3,549	3,044	2,725	4,190

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

Schedule 11

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 4,603,250	\$ 3,603,000	\$ 10,790,000	\$ 14,875,000	\$ 13,315,000	\$ 11,695,000
36,200,000	34,210,000	22,535,000	15,540,000	14,565,000	30,235,000
1,103,038	1,017,164	1,625,273	1,913,996	1,762,518	2,080,471
1,300,000	1,169,868	1,169,868	1,039,868	909,868	779,868
586,556	-	-	-	39,219	14,549
-	-	-	-	-	202,744
43,792,844	40,000,032	36,120,141	33,368,864	30,591,605	45,007,632
2,246,750	1,672,000	-	-	-	-
35,331	23,555	-	-	-	-
-	-	-	-	-	-
2,282,081	1,695,555	-	-	-	-
<u>\$ 46,074,925</u>	<u>\$ 41,695,587</u>	<u>\$ 36,120,141</u>	<u>\$ 33,368,864</u>	<u>\$ 30,591,605</u>	<u>\$ 45,007,632</u>
575,773,674	420,244,052	381,549,768	459,924,388	424,702,740	504,737,090
8.002%	9.922%	9.467%	7.255%	7.203%	8.917%
11,707	11,761	12,053	12,341	12,810	13,585
3,936	3,545	2,997	2,704	2,388	3,313

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
NET TAXABLE ASSESSED VALUE				
All property	1,468,347,870	1,530,249,239	1,667,217,974	1,741,570,715
NET BONDED DEBT				
Net bonded debt	<u>36,477,241</u>	<u>33,597,409</u>	<u>30,712,577</u>	<u>48,121,018</u>
NET BONDED DEBT	<u>\$ 36,477,241</u>	<u>\$ 33,597,409</u>	<u>\$ 30,712,577</u>	<u>\$ 48,121,018</u>
RATIO OF NET BONDED DEBT TO ASSESSED VALUE	2.48%	2.20%	1.84%	2.76%
POPULATION	11,124	11,299	11,540	11,643
NET BONDED DEBT PER CAPITA	3,279	2,973	2,661	4,133

Source: The City's financial records.

Schedule 12

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
1,829,796,778	2,074,042,380	2,138,558,390	2,200,297,098	2,313,210,887	2,662,123,759
<u>45,488,369</u>	<u>41,695,587</u>	<u>36,120,141</u>	<u>33,368,864</u>	<u>30,552,386</u>	<u>44,790,339</u>
<u>\$ 45,488,369</u>	<u>\$ 41,695,587</u>	<u>\$ 36,120,141</u>	<u>\$ 33,368,864</u>	<u>\$ 30,552,386</u>	<u>\$ 44,790,339</u>
2.49%	2.01%	1.69%	1.52%	1.32%	1.68%
11,707	11,761	12,053	12,341	12,810	13,585
3,886	3,545	2,997	2,704	2,385	3,297

City of Tomball, Texas

Direct and Overlapping Governmental Activities Debt
September 30, 2023

Schedule 13

Governmental Unit	Net Bonded Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt
DEBT REPAYED WITH PROPERTY TAXES			
Tomball ISD	\$ 889,775,000	16.01%	\$ 142,452,978
Klein ISD	1,395,105,000	0.17%	2,371,679
Harris County	1,977,981,319	0.40%	7,911,925
Harris Co. Flood Control District	1,009,015,000	0.40%	4,036,060
Harris Co. Hospital District	70,970,000	0.40%	283,880
Harris County Dept of Education	13,865,000	0.40%	55,460
Port of Houston Authority	445,749,397	0.40%	1,782,998
Lone Star College System	579,730,000	0.93%	5,391,489
NorthPointe WC&ID	12,230,000	0.60%	73,380
Southeast Regional Management District	34,115,000	6.36%	2,169,714
Subtotal, overlapping debt			166,529,562
City direct debt		100.00%	44,790,339
TOTAL DIRECT AND OVERLAPPING DEBT			\$ 211,319,901

Notes:

(1) Estimated Percentage Applicable developed from information obtained from the Municipal Advisory Council of Texas.

Source: Bond Official Statements / Texas Municipal Reports

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Gross revenues	\$ 12,060,478	\$ 11,650,417	\$ 11,371,959	\$ 10,922,004
Operating expenses ⁽¹⁾	<u>6,766,405</u>	<u>6,989,458</u>	<u>6,917,814</u>	<u>7,200,566</u>
NET REVENUES AVAILABLE FOR DEBT SERVICE	5,294,073	4,660,959	4,454,145	3,721,438
DEBT SERVICE REQUIREMENTS ⁽²⁾				
Principal and interest	<u>273,536</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 273,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERAGE	19.35	n/a	n/a	n/a

(1) Total operating expenses less depreciation

(2) Includes revenue bonds only. Revenue bonds were paid off during fiscal year 2015.

Source: The City's financial records.

Schedule 15

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 12,228,559	\$ 12,011,055	\$ 13,615,083	\$ 16,870,175	\$ 18,987,150	\$ 17,532,069
7,492,441	8,444,761	8,594,907	11,998,767	11,834,673	12,617,159
4,736,118	3,566,294	5,020,176	4,871,408	7,152,477	4,914,910
-	-	-	-	-	-
<u>\$ -</u>					
n/a	n/a	n/a	n/a	n/a	n/a

City of Tomball, Texas
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Schedule 16

Fiscal Year Ended Sept 30	Population⁽¹⁾	Personal Income	Per Capita Personal Income⁽⁵⁾	Median Age⁽²⁾	School Enrollment⁽³⁾	Unemployment Rate⁽⁴⁾
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%
2019	11,761	420,244,052	35,732	39.3	16,962	4.40%
2020	12,053	381,549,768	31,656	39.0	18,294	8.30%
2021	12,341	459,924,388	37,268	39.0	18,666	5.60%
2022	12,810	424,702,740	33,154	34.0	20,262	4.20%
2023	13,585	504,737,090	37,154	38.2	22,000	4.40%

Sources:

- (1) Tomball Economic Development Corporation or 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

Schedule 17

Employer	2023			2014		
	Employees	Rank	Total City Employment	Employees	Rank	Total City Employment
Tomball ISD	2,800	1	20.61%	1,729	1	15.54%
HCA (Previously Tomball Regional)	1,500	2	11.04%	1,116	2	10.03%
Lone Star College - Tomball	601	3	4.42%	756	3	6.80%
HEB	390	4	2.87%	260	6	2.34%
Walmart	280	5	2.06%	300	5	2.70%
City of Tomball	254	6	1.87%	175	8	1.57%
Lowe's	250	7	1.84%	169	9	1.52%
Kroger	132	8	0.97%	145	10	1.30%
Houston Poly Bag, Ltd.	120	9	0.88%			
Target	107	10	0.79%			
Baker Hughes (B J Services)				670	4	6.02%
Triumph Hospital				250	7	2.25%

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
GENERAL FUND				
Administration	17.50	17.50	17.50	18.00
Permits & Inspection	5.00	4.00	6.00	6.00
Police Department	58.50	59.50	59.50	61.50
Municipal Court	4.50	4.50	4.50	4.50
Community Center	3.00	3.00	3.00	3.00
Fire Department	18.50	27.50	27.50	27.50
Public Works Admin.	9.00	10.00	8.00	8.00
Garage	2.00	2.00	2.00	2.00
Parks	5.20	5.20	5.20	5.20
Streets	7.20	7.20	8.20	8.20
Total general fund	<u>130.40</u>	<u>140.40</u>	<u>141.40</u>	<u>143.90</u>
ENTERPRISE FUND				
Utility Administration	7.00	7.00	8.00	8.00
Water	8.20	8.20	8.20	8.20
Wastewater	10.20	10.20	10.20	10.20
Gas	6.20	6.20	6.20	6.20
Total enterprise fund	<u>31.60</u>	<u>31.60</u>	<u>32.60</u>	<u>32.60</u>
SPECIAL REVENUE FUNDS				
Total special revenue funds	<u>12.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.50</u>
TOTAL CITY POSITIONS	<u>174.00</u>	<u>175.00</u>	<u>177.00</u>	<u>180.00</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.

Source: The City's financial records.

Schedule 18

2018	2019	2020	2021	2022	2023
18.00	18.00	18.00	18.00	18.00	17.00
6.00	6.00	6.00	6.00	5.00	5.00
61.50	62.00	62.00	65.00	69.00	75.50
4.50	5.50	5.50	5.50	5.50	5.50
3.00	3.00	3.00	3.00	3.00	3.00
27.50	35.30	32.30	35.30	37.80	44.50
8.00	8.00	8.00	8.00	9.00	11.00
2.00	2.00	2.00	2.00	2.00	2.00
6.20	6.70	6.70	6.70	6.70	6.70
9.20	9.20	9.20	9.20	9.20	13.20
145.90	155.70	152.70	158.70	165.20	183.40
9.00	9.00	9.00	9.00	11.00	13.00
8.20	8.20	8.20	8.20	8.20	12.20
10.20	10.20	10.20	10.20	10.20	10.20
6.20	6.20	6.20	6.20	6.20	7.20
33.60	33.60	33.60	33.60	35.60	42.60
3.50	4.00	4.00	3.00	3.00	3.00
3.50	4.00	4.00	3.00	3.00	3.00
183.00	193.30	190.30	195.30	203.80	229.00

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

FUNCTION/PROGRAM	2014	2015	2016	2017
Police:				
Arrests	1,650	1,252	883	1,073
Accident reports	453	514	577	489
Citations	10,181	7,251	6,746	5,679
Offense reports	2,224	1,462	1,092	1,299
Calls for service	23,619	22,094	20,523	19,406
Fire:				
Emergency responses	2,749	2,002	1,671	1,773
Fire incidents	128	104	114	162
Average response time	5:13	5:18	6:52	6:10
Water:				
New accounts	126	88	41	148
Source:				
Water	126	88	41	148
Wastewater / Sewer	126	88	41	148
Average daily consumption (millions of gallons)	1,967	2,052	2,051	1,807
Number of million gallons of surface water pumped	-	-	-	-
Number of million gallons of well water pumped	718,069	750,434	748,615	659,814
Total consumption (millions of gallons)	718,069	750,434	748,615	659,814
Peak daily consumption (millions of gallons)	3,385	2,840	2,657	4,760
Wastewater / Sewer:				
Average daily sewage treatment (millions of gallons)	1.478	1.576	1.920	1.589
Total consumption (millions of gallons)	539.470	575.240	700.800	579.985
Peak daily consumption (millions of gallons)	5.19	3.78	2.70	3.51

Source: Various City departments

Schedule 19

2018	2019	2020	2021	2022	2023
808	454	481	749	648	483
486	832	149	310	469	417
4,789	4,774	4,169	2,278	2,862	2,352
525	886	1,230	993	1,467	1,317
24,236	24,801	17,379	18,921	22,218	19,164
2,820	2,162	1,677	1,961	2,701	2,785
135	91	114	78	109	141
6:43	6:07	6:10	6:13	6:07	6:41
87	133	268	527	413	268
87	133	268	527	413	268
87	133	268	527	413	268
2,090	2,112	2,126	1,909	2,241	2,371
-	-	-	-	-	-
763,060	912,707	776,032	773,283	978,397	988,593
763,060	912,707	693,111	706,483	881,593	865,361
3,941	5,083	4,141	5,730	4,961	5,116
1.528	1.554	1.297	1.352	1.419	1.580
565.824	568.764	473.415	535.090	517.935	579.091
3.20	3.23	3.99	4.99	2.39	7.56

City of Tomball, Texas
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

FUNCTION/PROGRAM	2014	2015	2016	2017
Police:				
Stations	1	1	1	1
Patrol units	33	35	35	35
Fire stations	2	2	2	2
Other public works:				
Streets (miles - centerlines)	50.60	50.60	50.60	57.94
Street lights	720	720	720	720
Parks and recreation:				
Parks	6	7	7	7
Parks (acreage)	39.00	52.00	52.00	69.81
Swimming pools	1	1	1	1
Baseball / softball diamonds	8	8	8	8
Tennis courts	4	4	4	4
Racquetball/handball courts	-	-	-	-
Gymnasiums	-	-	-	-
Basketball courts	2	2	2	2
Water:				
Water mains (miles)	92.69	92.69	94.49	95.11
Fire hydrants	955	955	974	981
Storage capacity (millions of gallons)	2.85	2.85	2.85	2.15
Wastewater / Sewer:				
Sanitary sewers (miles)	1.65	1.65	3.25	3.88
Storm sewers (miles)	22.90	22.90	22.90	22.90
Open ditch / creek / canal drainage (miles)	54.00	54.00	54.00	57.00
Treatment capacity (millions of gallons)	3	3	3	3

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

Schedule 20

2018	2019	2020	2021	2022	2023
1	1	1	1	1	1
35	38	51	56	56	39
2	2	2	2	2	2
57.94	61.67	84.00	88.18	92.36	102.25
720	751	793	793	799	806
7	7	7	7	7	7
69.81	69.81	69.81	69.81	69.81	69.81
1	1	1	1	1	1
8	8	8	8	8	8
4	4	4	4	4	4
-	-	-	-	-	-
-	-	-	-	-	-
2	2	2	2	2	2
121.36	123.97	128.92	132.60	136.28	142.70
1,135	1,163	1,219	1,277	1,337	1,387
2.15	2.15	2.15	2.15	2.15	2.15
98.14	84.50	88.52	92.23	95.94	108.36
22.90	62.85	66.09	69.65	73.21	78.75
57.23	57.23	57.23	57.23	57.23	57.23
3	3	3	3	3	3

