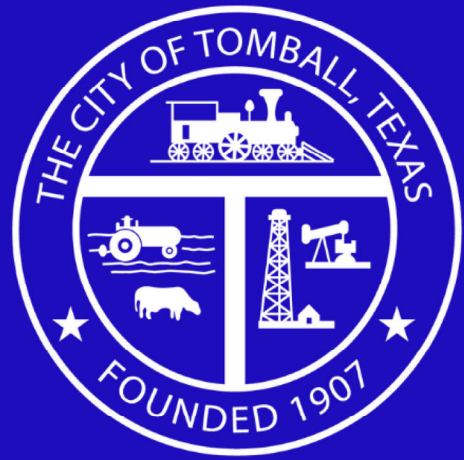


# ANNUAL COMPREHENSIVE FINANCIAL REPORT



FISCAL YEAR ENDED  
SEPTEMBER 30, 2021



# **City of Tomball, Texas**

## Annual Comprehensive Financial Report For the Fiscal Year Ended September 30, 2021

Issued by:  
Finance Department

David Esquivel  
City Manager

Katherine DuBose, CPA  
Finance Director



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For the Fiscal Year Ended September 30, 2021  
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## **Introductory Section**







# City of Tomball

**Lori Klein Quinn**  
Mayor

**David Esquivel**  
City Manager

June 27, 2022

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 Financial Report of the City of Tomball, Texas (the City) for the fiscal year ended September 30, 2021. 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 Annual Financial Report 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 12.34 square miles and serves an estimated population of 12,341. The City of Tomball is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs when deemed appropriate by the governing council.

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

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; recreational activities and cultural events. Solid waste services are provided through a contract with 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 78 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 94.

## **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 2021 reflect an increase of 4.49% percent to \$2.20 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 2,000 homes currently in development. Additionally, two Public Improvement Districts for residential development were added during the year.

For fiscal year 2021, sales tax revenues increased by 8.48% compared to prior year. The City had anticipated this revenue source remaining level when the budget was adopted. At this writing, for fiscal year 2022, sales taxes revenues have recovered and are up 22.29% over last year, which is attributable to growth and inflation.

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

### **Long-term Financial Planning**

The City issued \$20,240,000 Certificates of Obligation in 2016 for the construction of Medical Complex Drive, Section 4B and the extension of Persimmon Street. The design and construction of these projects was substantially completed at year-end.

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

### **Major Initiatives**

The largest revenue source in the General Fund is sales tax. The City has experienced significant commercial and retail growth over the last several years. The City continued a conservative approach in budgeting sales tax revenues. For fiscal year 2021, sales tax revenues were projected at \$12,585,000. Because of the pandemic, the budget projection remained level for fiscal year 2022, but as previously stated, this major revenue source is up over 22%.

The City made application to the Harris Galveston Area Council in 2015 for a grant to fund major improvements along FM 2920 (Main Street) from the downtown area to State Highway 249. At that time, the City Council approved local funding in the amount of \$3,000,000 to assist in expediting the project. At this time, there is not a definite time set by the county for the beginning of construction on this project.

The Capital Project Fund includes major funding for park improvements, streets, sidewalks, and infrastructure for fiscal year 2022.

### **Financial Information**

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

### **Budgeting Controls**

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Debt Service Fund, Special Revenue Funds, Utility Fund, and Internal Service Funds are included in the annual operating budget. The TEDC, a component unit of the City, is budgeted separately. A capital improvement plan is approved each year by the City Council and funded through a separate capital projects fund. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is established at the Department level within an individual fund. The City maintains an encumbrance accounting system as a means of accomplishing budgetary controls and a technique of budgetary "lock out" which will prevent a transaction from exceeding legally appropriated budgetary amounts. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

### **Debt Administration**

The City may issue General Obligation bonds that are approved by voters in a capital improvements plan. Certificates of Obligation can be used for major construction projects and for the financing of vehicles and equipment. When available, sales tax revenue in excess of budgeted projections can be dedicated to one-time capital purchases.

### **Independent Audit**

The City Charter requires an independent audit of the accounts of the City by an independent auditor. The firm of 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, 2021. 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 Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. This was the 31<sup>st</sup> 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 Annual Financial Report. This report satisfies both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is held for a period of one year only. Our current Annual Financial Report continues to meet the Certificate of Achievement requirements, and will be submitted to GFOA to determine its eligibility for another certificate.

The City also received the Distinguished Budget Presentation Award for the fiscal year beginning October 1, 2021. This is the thirteenth consecutive year that the City has received this award from the GFOA. The award is made to those cities whose budget presentations meet very stringent presentation guidelines. The budget document must be of the very highest quality that reflects both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's recommended practices on budgeting.

## **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

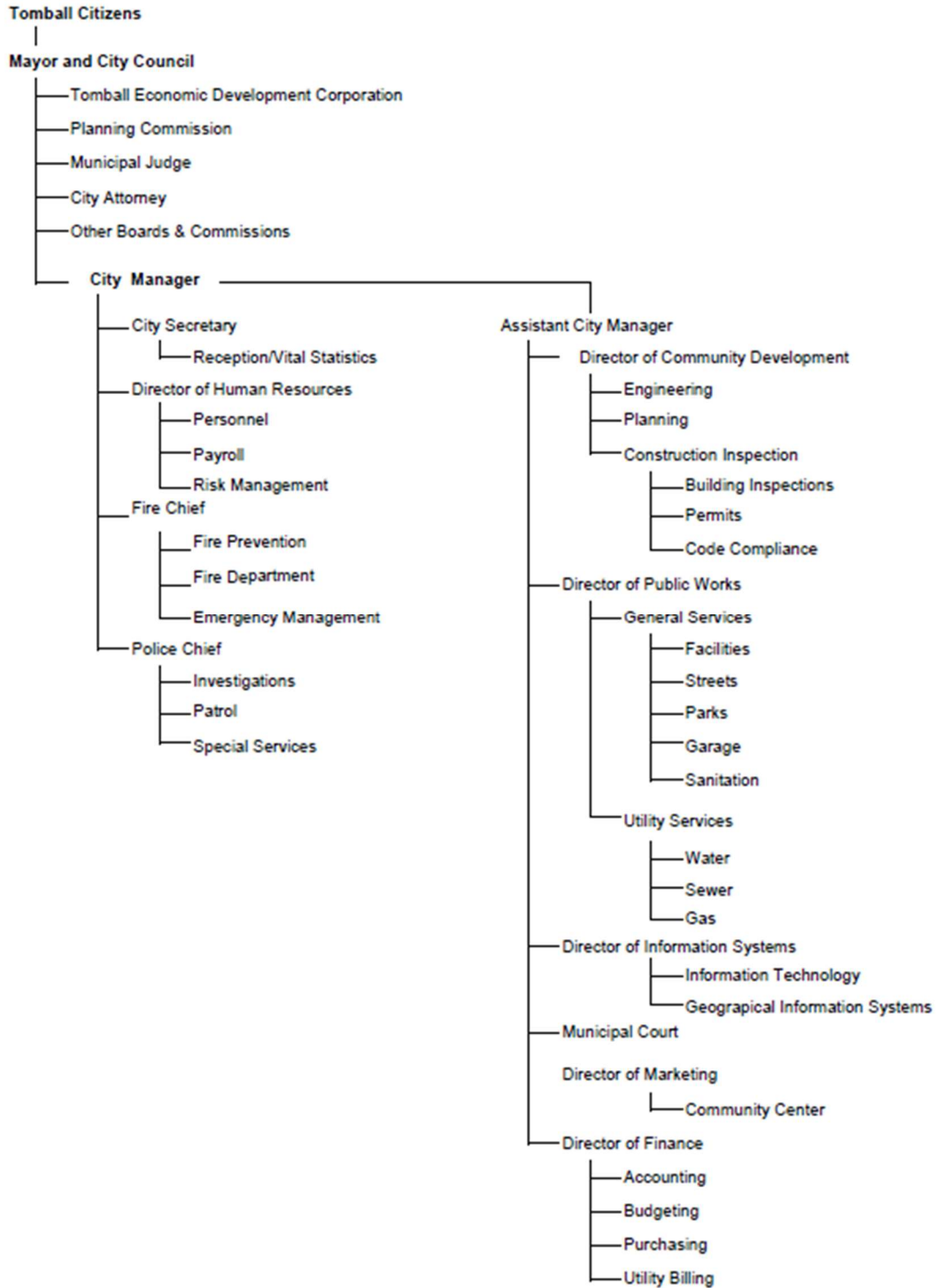
**City of Tomball, Texas  
Principal Officials**

<b><u>City Officials</u></b>	<b><u>Elected Position</u></b>	<b><u>Term Expires</u></b>
Lori Klein Quinn	Mayor	2025
John F. Ford	Council Member Position 1	2023
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	2023

<b><u>Administrative Officials</u></b>	<b><u>Position</u></b>
David Esquivel	City Manager
Jessica Rogers	Assistant City Manager
Doris Speer	City Secretary
Jeff Bert	Chief of Police
Joe Sykora	Fire Chief
Katherine DuBose	Director of Finance
Drew Huffman	Director of Public Works
Nathan Dietrich	Director of Community Development
Lisa Coe	Director of Human Resources
Doug Tippey	Director of Information Technology
Kelly Violette	Director of TEDC
Loren Smith	City Attorney

# City of Tomball, Texas Organizational Chart

## Staff Organizational Chart





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Tomball  
Texas**

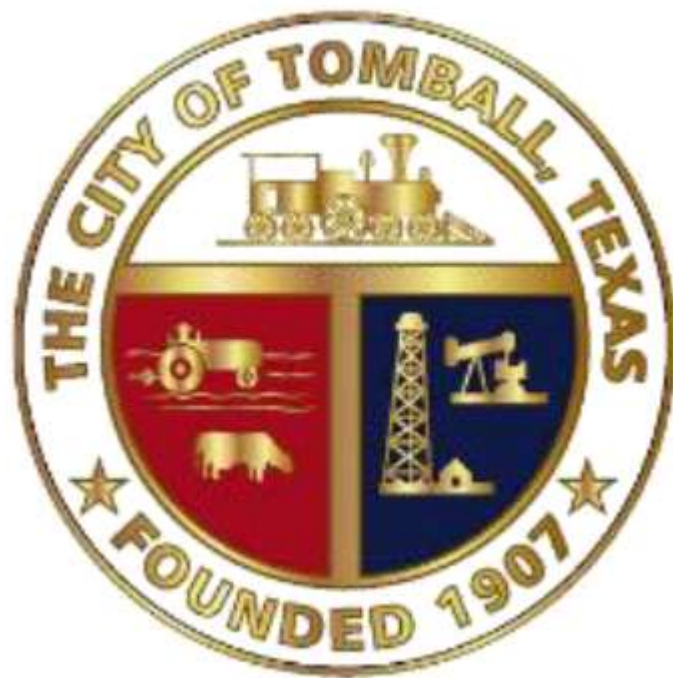
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2020

*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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tomball, Texas (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matters**

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2021, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. Beginning net position of the governmental activities and beginning fund balance of certain nonmajor funds have been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

As discussed in Note 16 to the basic financial statements, the City restated the beginning net position of governmental activities, business-type activities, the enterprise fund and the internal service fund to correct misstatements in its previously issued 2020 financial statements. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 this 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.

#### Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Other Supplementary Information section, and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The statements and schedules included in the Other Supplementary Information section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, 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 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.

Houston, Texas  
June 27, 2022



## 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, 2021. 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 \$133.5 million (*net position*). Of this amount, \$34.4 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 \$42.3 million, a decrease of \$6.3 million over the prior year. Approximately 50% of this total amount, \$21.3 million, is *available for spending* at the government's discretion (*unassigned fund balance*).
- The City's total long-term debt decreased by \$2.8 million due primarily to scheduled repayment of bonded debt.

### 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 vacation 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, 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 14 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 ten 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 sewer 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, bond proceeds, assessments, and related debt 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 post-employment 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 \$133.5 million at the close of the most recent fiscal year.

### City of Tomball, Texas Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 50,365,580	\$ 58,515,845	\$ 12,144,012	\$ 9,242,019	\$ 62,509,592	\$ 67,757,864
Capital assets	82,249,629	66,268,808	40,057,607	38,760,225	122,307,236	105,029,033
Total assets	132,615,209	124,784,653	52,201,619	48,002,244	184,816,828	172,786,897
Deferred outflows	1,917,896	1,927,466	343,391	325,774	2,261,287	2,253,240
Total deferred outflows of resources	1,917,896	1,927,466	343,391	325,774	2,261,287	2,253,240
Long-term liabilities outstanding	43,522,853	46,273,310	1,767,356	1,785,650	45,290,209	48,058,960
Other liabilities	5,248,663	7,040,497	1,307,039	1,541,970	6,555,702	8,582,467
Total liabilities	48,771,516	53,313,807	3,074,395	3,327,620	51,845,911	56,641,427
Deferred inflows	1,426,204	1,618,561	260,555	293,539	1,686,759	1,912,100
Total deferred inflows of resources	1,426,204	1,618,561	260,555	293,539	1,686,759	1,912,100
Net position:						
Net investment in capital assets	52,259,872	38,457,189	40,057,607	38,760,225	92,317,479	77,217,414
Restricted	6,829,497	5,959,267	-	-	6,829,497	5,959,267
Unrestricted	25,246,016	27,363,295	9,152,453	5,946,634	34,398,469	33,309,929
<b>Total net position</b>	<b>\$ 84,335,385</b>	<b>\$ 71,779,751</b>	<b>\$ 49,210,060</b>	<b>\$ 44,706,859</b>	<b>\$ 133,545,445</b>	<b>\$ 116,486,610</b>

By far the largest portion of the City's net position, 69.1% or \$92.3 million, reflects its net investment in capital assets (e.g., land, construction in progress, buildings and improvements, machinery and equipment, vehicles, gas system, water and sewer 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, 5.1% or \$6.8 million, represents resources that are subject to restrictions on how they may be used. The remaining balance of *unrestricted net position* of 25.8% or \$34.4 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 \$14.4 million in 2021. The following table provides a summary of the City's operations for the year ended September 30, 2021.

**City of Tomball, Texas Change in Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 4,965,064	\$ 4,443,535	\$ 16,208,763	\$ 13,474,570	\$ 21,173,827	\$ 17,918,105
Operating grants and contributions	1,358,419	473,851	-	-	1,358,419	473,851
Capital grants and contributions	4,869,087	-	989,795	-	5,858,882	-
General revenues:						
Property taxes	7,213,050	6,919,721	-	-	7,213,050	6,919,721
Sales taxes	13,361,050	12,291,928	-	-	13,361,050	12,291,928
Franchise and other taxes	1,459,571	1,565,842	-	-	1,459,571	1,565,842
Gain on sale of capital assets	260,345	162,560	195,593	-	455,938	162,560
Contributions not restricted	782,885	2,356,370	370,000	1,420,458	1,152,885	3,776,828
Special assessments	769,412	-	-	-	769,412	-
Unrestricted investment earnings	39,807	788,699	6,041	94,836	45,848	883,535
Other	533,098	633,271	661,412	140,513	1,194,510	773,784
Total revenues	35,611,788	29,635,777	18,431,604	15,130,377	54,043,392	44,766,154
Expenses:						
General government	7,453,414	6,479,677	-	-	7,453,414	6,479,677
Public safety	10,642,757	10,976,532	-	-	10,642,757	10,976,532
Public works	4,998,747	4,071,787	-	-	4,998,747	4,071,787
Parks and recreation	850,842	924,069	-	-	850,842	924,069
Tourism and arts	551,323	604,578	-	-	551,323	604,578
Community development	532,472	556,924	-	-	532,472	556,924
Interest and fiscal agent fees	1,017,122	1,295,548	-	-	1,017,122	1,295,548
Utility administration	-	-	1,908,989	1,672,850	1,908,989	1,672,850
Water	-	-	5,132,543	5,115,488	5,132,543	5,115,488
Wastewater	-	-	2,041,666	2,114,431	2,041,666	2,114,431
Gas	-	-	4,474,541	1,646,494	4,474,541	1,646,494
Total expenses	26,046,677	24,909,115	13,557,739	10,549,263	39,604,416	35,458,378
Change in net position before transfers	9,565,111	4,726,662	4,873,865	4,581,114	14,438,976	9,307,776
Transfers	1,206,112	2,467,434	(1,206,112)	(2,467,434)	-	-
Change in net position	10,771,223	7,194,096	3,667,753	2,113,680	14,438,976	9,307,776
Net position - beginning	71,779,751	64,534,309	44,706,859	42,593,179	116,486,610	107,127,488
Cumulative effect of adoption of GASB 84	67,645	-	-	-	67,645	-
Prior period adjustments	1,716,766	51,346	835,448	-	2,552,214	51,346
Net position - beginning, restated	73,564,162	64,585,655	45,542,307	42,593,179	119,106,469	107,178,834
<b>Net position - ending</b>	<b>\$ 84,335,385</b>	<b>\$ 71,779,751</b>	<b>\$ 49,210,060</b>	<b>\$ 44,706,859</b>	<b>\$ 133,545,445</b>	<b>\$ 116,486,610</b>

**Governmental Activities**

Governmental activities increased the City's net position by \$10.8 million, which is primarily due to 1) \$4.9 million in capital grants and contributions in 2021 that did not exist in 2020, 2) \$1.1 million increase in sales tax revenues and 2) \$1.2 million in transfers from business type activities related to subsidies. Expenses held stable with a 4.6% increase over the prior year.

**Business-type Activities**

Business-type activities increased the City's net position by \$3.7 million, due primarily to 1) \$1 million in capital grants and contributions in 2021 that did not exist in 2020 and 2) \$1.2 million reduction in transfers to governmental activities. Expenses increased \$3.0 million primarily due to an unprecedented \$2.7 million natural gas bill from the City's provider resulting from extreme price spikes due to the winter storms that occurred during February 2021.

## 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 \$42.3 million, a decrease of \$6.3 million over the prior year. Approximately 50.4% of this total amount, \$21.3 million, is unassigned fund balance and 49.1%, or \$20.8 million, is restricted 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 \$4.1 million, resulting in an ending fund balance of \$21.5 million at year end. The unassigned fund balance of \$21.3 million represents 99.3% of total fund balance and 94.9% of total General Fund expenditures. Total general fund revenues increased \$3.4 million from 2020 to 2021, of which property tax revenues increased \$1.2 million and sales tax revenues increased \$1.0 million as a result of the strong growth in the local population and tax base. Total general fund expenditures increased only \$1.2 million, or 5.6%, by comparison due primarily to an average 3% cost of living adjustment in 2021.

The Debt Service Fund has a total fund balance of \$5.9 million at year end, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the Debt Service Fund was \$0.8 million, due primarily to a decrease in debt service payments of \$1.5 million which was greater than the property tax revenue decrease of \$1 million due to a lower interest and sinking rate in 2021.

The Capital Projects Fund has a total fund balance of \$13.8 million at year end, all of which is restricted for capital projects. The net decrease in fund balance during the current year in the Capital Projects Fund was \$11.1 million, due primarily to planned expenditures of bond proceeds. The City also transferred a net \$0.2 million into the Capital Projects Fund from other funds to supplement the bond proceeds.

The State and Federal Grants Fund has no fund balance at year end since this represents grant awards that are reimbursement based or are advance funded, resulting in a net zero change in fund balance. The fund recognized \$1.5 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 \$8.8 million and total net position of \$48.9 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 \$4.0 million due primarily to refined property and sales tax collection estimates resulting from partial economic recovery from impacts of COVID-19.

During the year there was a net decrease between the original and final amended budget expenditure appropriations of \$0.4 million due to mild fluctuations from initial estimates.

The City budgeted a net increase in fund balance of the General Fund of \$2.4 million for the year ended September 30, 2021. The actual change in fund balance was an increase of \$4.1 million, a favorable

variance of \$1.7 million. The City had a favorable variance of \$0.6 million between actual revenues and budgeted revenues resulting primarily from receiving more sales taxes than anticipated. The City also had a favorable variance of \$0.7 million between budgeted expenditures and actual expenditures due primarily to unanticipated savings in public safety.

## Capital Assets and Debt Administration

### Capital Assets

At the end of the current fiscal year 2021, the City's governmental activities and business-type activities had invested \$82.2 million and \$40.1 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents a net increase of \$16.0 million or 24.1% over the end of last fiscal year for governmental activities and an increase of \$1.3 million or 3.3% for business-type activities.

#### City of Tomball, Texas Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 7,982,088	\$ 7,982,088	\$ 1,897,333	\$ 1,897,333	\$ 9,879,421	\$ 9,879,421
Construction in progress	15,847,571	19,191,012	452,845	802,128	16,300,416	19,993,140
Buildings and improvements	6,184,301	6,461,532	-	-	6,184,301	6,461,532
Gas system	-	-	2,989,062	2,928,289	2,989,062	2,928,289
Water and wastewater system	-	-	32,589,970	30,881,933	32,589,970	30,881,933
Machinery and equipment	1,872,946	1,524,782	2,128,397	2,250,542	4,001,343	3,775,324
Vehicles	2,469,357	2,441,541	-	-	2,469,357	2,441,541
Infrastructure	47,893,366	28,667,853	-	-	47,893,366	28,667,853
<b>Totals</b>	<b>\$ 82,249,629</b>	<b>\$ 66,268,808</b>	<b>\$ 40,057,607</b>	<b>\$ 38,760,225</b>	<b>\$ 122,307,236</b>	<b>\$ 105,029,033</b>

The overall increase in capital assets for governmental activities is due primarily to \$12.4 million of additions to construction in progress related to on-going and new infrastructure projects. The business-type activities reported \$2.0 million of additions and \$1.6 million of depreciation expense.

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 \$45.3 million. The City had bonds payable of \$30.4 million (\$32.3 million, net of premiums). Of this amount, \$14.9 million was general obligation refunding debt and \$15.5 million represents certificates of obligation. The City's other long-term liabilities include its contractual obligations, compensated absences, landfill post closure costs, and net pension and total other post employments benefits liabilities.

#### City of Tomball, Texas Long-term Liabilities Outstanding

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Certificates of obligation	\$ 15,540,000	\$ 22,535,000	\$ -	\$ -	\$ 15,540,000	\$ 22,535,000
General obligation refunding bonds	14,875,000	10,790,000	-	-	14,875,000	10,790,000
Unamortized premiums	1,913,996	1,625,273	-	-	1,913,996	1,625,273
Public property finance contractual obligations	1,039,868	1,169,868	-	-	1,039,868	1,169,868
Compensated absences	1,801,201	1,829,038	268,326	319,111	2,069,527	2,148,149
Landfill postclosure care costs	351,375	345,375	-	-	351,375	345,375
Net pension liability	4,943,051	5,280,898	830,778	869,378	5,773,829	6,150,276
Total OPEB liability	3,058,362	2,697,858	668,252	597,161	3,726,614	3,295,019
<b>Total</b>	<b>\$ 43,522,853</b>	<b>\$ 46,273,310</b>	<b>\$ 1,767,356</b>	<b>\$ 1,785,650</b>	<b>\$ 45,290,209</b>	<b>\$ 48,058,960</b>

Bond debt decreased by \$2.9 million as a result of scheduled debt service requirements.

The most recent ratings on debt issues are as follows:

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

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. The Business and Technology Park continues to attract businesses with over 544,000 square feet constructed as of April 2022. The City is also experiencing significant residential growth with the development of 2,000 homes currently underway. During fiscal year 2021, City Council approved the development of two Public Improvement Districts for residential developments. In December 2021, City Council approved a tax increment reinvestment zone (TIRZ) for an industrial development of 240 acres of land located between Grand Parkway and Boudreaux Road. As a result of the development, the City's taxable valuation is expected to increase.

On September 20, 2021, City Council adopted a \$53.3 million operating budget for fiscal year 2022. The City's largest source of revenue is sales tax, which has experienced significant increases compared to prior years. The fiscal year 2022 budget maintains the property tax rate at \$0.3333390 per \$100 of valuation. The City expects to maintain a stabilized property tax rate due to increases in the taxable valuation.

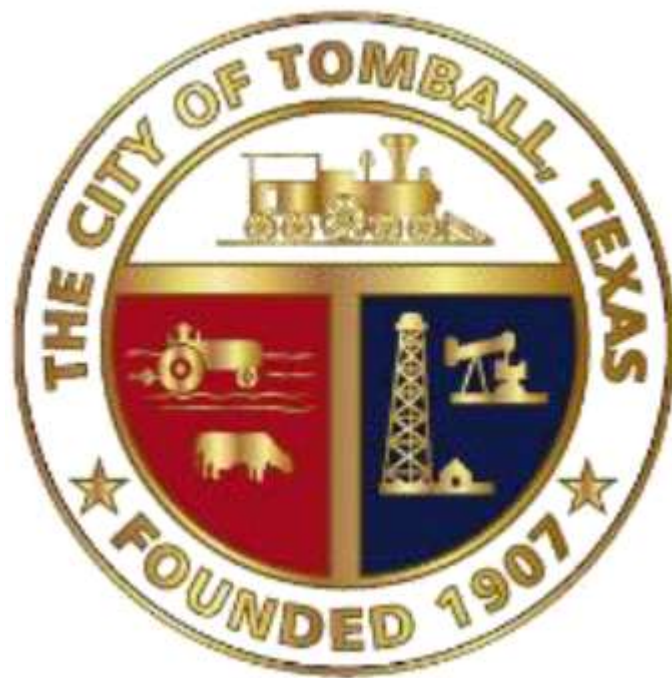
Utility and solid waste rates remained unchanged in the adopted budget. During fiscal year 2023, the City will perform a utility cost of service study to evaluate the current rates and overall rate structure. Also, the City is reviewing all other fees to ensure cost recovery.

**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, 2021**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental</b>	<b>Business-type</b>		<b>Tomball Economic</b>
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>	<b>Development</b>
				<b>Corporation</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 33,772,852	\$ 9,663,869	\$ 43,436,721	\$ 9,323,399
Investments	8,762,105	-	8,762,105	9,506,259
Receivables, net of allowance	2,796,633	1,614,069	4,410,702	995,858
Due from other governments	253,705	-	253,705	-
Due from component unit	242,612	-	242,612	-
Due from fiduciary	26,606	-	26,606	-
Internal balances	(346,273)	346,273	-	-
Prepaid items	316,434	-	316,434	-
Restricted cash and cash equivalents	4,540,906	519,801	5,060,707	-
Capital assets - nondepreciable	23,829,659	2,350,178	26,179,837	3,871,115
Capital assets - depreciable, net	58,419,970	37,707,429	96,127,399	3,919,128
Total assets	132,615,209	52,201,619	184,816,828	27,615,759
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pensions	1,436,485	241,430	1,677,915	-
Other post employment benefits	481,411	101,961	583,372	-
Total deferred outflows of resources	1,917,896	343,391	2,261,287	-
Total assets and deferred outflows of resources	134,533,105	52,545,010	187,078,115	27,615,759
<b>LIABILITIES</b>				
Accounts payable	2,870,125	625,207	3,495,332	3,646
Accrued liabilities	738,681	162,031	900,712	-
Due to other governments	5,194	-	5,194	-
Deposits payable	7,885	519,801	527,686	8,869
Unearned revenue	1,459,211	-	1,459,211	-
Due to primary government	-	-	-	242,612
Accrued interest payable	167,567	-	167,567	-
Noncurrent liabilities:				
Due within one year	3,265,635	80,498	3,346,133	-
Due in more than one year	40,257,218	1,686,858	41,944,076	-
Total liabilities	48,771,516	3,074,395	51,845,911	255,127
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pensions	1,076,674	180,956	1,257,630	-
Other post employment benefits	349,530	79,599	429,129	-
Total deferred inflows of resources	1,426,204	260,555	1,686,759	-
Total liabilities and deferred inflows of resources	50,197,720	3,334,950	53,532,670	255,127
<b>NET POSITION</b>				
Net investment in capital assets	52,259,872	40,057,607	92,317,479	7,790,243
Restricted for				
Debt service	5,737,644	-	5,737,644	-
Court security	240,845	-	240,845	-
Court technology	152,675	-	152,675	-
Hotel occupancy tax	683,948	-	683,948	-
Child safety	14,385	-	14,385	-
Unrestricted	25,246,016	9,152,453	34,398,469	19,570,389
<b>TOTAL NET POSITION</b>	<b>\$ 84,335,385</b>	<b>\$ 49,210,060</b>	<b>\$ 133,545,445</b>	<b>\$ 27,360,632</b>

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, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 7,453,414	\$ 103,456	\$ 648,568	\$ 4,869,087
Public safety	10,642,757	1,344,309	709,851	-
Public works	4,998,747	1,888,491	-	-
Parks and recreation	850,842	-	-	-
Tourism and arts	551,323	-	-	-
Community development	532,472	1,628,808	-	-
Interest and fiscal agent fees	1,017,122	-	-	-
Total governmental activities	26,046,677	4,965,064	1,358,419	4,869,087
Business-type activities				
Utility administration	1,908,989	2,878,294	-	-
Water	5,132,543	6,819,402	-	358,783
Wastewater	2,041,666	2,522,144	-	582,194
Gas	4,474,541	3,988,923	-	48,818
Total business-type activities	13,557,739	16,208,763	-	989,795
Total primary government	\$ 39,604,416	\$ 21,173,827	\$ 1,358,419	\$ 5,858,882
COMPONENT UNIT				
Tomball Economic Development Corporation	2,857,077	-	-	-
	\$ 2,857,077	\$ -	\$ -	\$ -

**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 - as previously reported

Cumulative effect of adoption of GASB 84 (Note 1)

Prior period adjustment (Note 16)

NET POSITION, beginning of year - restated

**NET POSITION, end of year**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Tomball Economic Development Corporation
\$ (1,832,303)	\$ -	\$ (1,832,303)	\$ -
(8,588,597)	-	(8,588,597)	-
(3,110,256)	-	(3,110,256)	-
(850,842)	-	(850,842)	-
(551,323)	-	(551,323)	-
1,096,336	-	1,096,336	-
(1,017,122)	-	(1,017,122)	-
(14,854,107)	-	(14,854,107)	-
-	969,305	969,305	-
-	2,045,642	2,045,642	-
-	1,062,672	1,062,672	-
-	(436,800)	(436,800)	-
-	3,640,819	3,640,819	-
(14,854,107)	3,640,819	(11,213,288)	-
-	-	-	(2,857,077)
-	-	-	(2,857,077)
7,213,050	-	7,213,050	-
13,361,050	-	13,361,050	4,408,484
1,459,571	-	1,459,571	-
260,345	195,593	455,938	583,290
782,885	370,000	1,152,885	16,000
769,412	-	769,412	-
39,807	6,041	45,848	87,766
533,098	661,412	1,194,510	336,228
1,206,112	(1,206,112)	-	-
25,625,330	26,934	25,652,264	5,431,768
10,771,223	3,667,753	14,438,976	2,574,691
71,779,751	44,706,859	116,486,610	24,785,941
67,645	-	67,645	-
1,716,766	835,448	2,552,214	-
73,564,162	45,542,307	119,106,469	24,785,941
\$ 84,335,385	\$ 49,210,060	\$ 133,545,445	\$ 27,360,632

# City of Tomball, Texas

## Balance Sheet - Governmental Funds

September 30, 2021

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 17,889,912	\$ 5,799,002
Investments	2,631,839	-
Receivables, net of allowance	2,796,633	-
Due from other governments	253,705	-
Due from component unit	174,256	68,356
Due from fiduciary	26,606	-
Prepaid items	44,475	-
Restricted cash and cash equivalents - construction	-	-
Restricted cash and cash equivalents - deposits	7,885	-
<b>TOTAL ASSETS</b>	<b>\$ 23,825,311</b>	<b>\$ 5,867,358</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 1,629,039	\$ -
Accrued liabilities	731,502	-
Deposits payable	7,885	-
Unearned revenue	-	-
Total liabilities	2,368,426	-
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid items	44,475	-
Restricted:		
Debt service	-	5,867,358
Construction	-	-
Court security	-	-
Court technology	-	-
Hotel occupancy tax	-	-
Child safety	-	-
Committed:		
City programs	-	-
Assigned:		
Special projects	101,936	-
Unassigned	21,310,474	-
Total fund balances	21,456,885	5,867,358
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 23,825,311</b>	<b>\$ 5,867,358</b>

Capital Projects Fund	State and Federal Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,304,204	\$ 1,459,211	\$ 1,207,265	\$ 30,659,594
6,130,266	-	-	8,762,105
-	-	-	2,796,633
-	-	-	253,705
-	-	-	242,612
-	-	-	26,606
-	-	-	44,475
4,533,021	-	-	4,533,021
-	-	-	7,885
<u>\$ 14,967,491</u>	<u>\$ 1,459,211</u>	<u>\$ 1,207,265</u>	<u>\$ 47,326,636</u>
\$ 1,153,914	\$ -	\$ 23,593	\$ 2,806,546
-	-	7,179	738,681
-	-	-	7,885
-	1,459,211	-	1,459,211
1,153,914	1,459,211	30,772	5,012,323
-	-	-	44,475
-	-	-	5,867,358
13,813,577	-	-	13,813,577
-	-	240,845	240,845
-	-	152,675	152,675
-	-	683,948	683,948
-	-	14,385	14,385
-	-	84,640	84,640
-	-	-	101,936
-	-	-	21,310,474
13,813,577	-	1,176,493	42,314,313
<u>\$ 14,967,491</u>	<u>\$ 1,459,211</u>	<u>\$ 1,207,265</u>	<u>\$ 47,326,636</u>



## City of Tomball, Texas

### Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2021

#### TOTAL FUND BALANCES - GOVERNMENTAL FUNDS

\$ 42,314,313

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	\$ 104,393,956	
Capital assets, accumulated depreciation	(25,269,329)	79,124,627

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	\$ (30,415,000)	
Bonds payable, premiums	(1,913,996)	
Accrued interest payable	(129,714)	
Landfill post closure care costs	(351,375)	
Compensated absences payable	(1,801,201)	
Net pension liability	(4,943,051)	
Total OPEB liability	(3,058,362)	(42,612,699)

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	\$ 1,436,485	
Deferred outflows - OPEB	481,411	
Deferred inflows - pensions	(1,076,674)	
Deferred inflows - OPEB	(349,530)	491,692

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.

5,017,452

#### TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES

\$ 84,335,385



# City of Tomball, Texas

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended September 30, 2021

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property tax	\$ 3,511,280	\$ 3,701,770
Sales tax	13,361,050	-
Franchise and other taxes	973,053	-
Licenses and permits	1,633,908	-
Fines and forfeitures	307,568	-
Charges for services	3,013,862	-
Intergovernmental	1,358,419	-
Special assessments	-	-
Contributions from property owners	-	-
Contributions from component unit for debt service	-	757,885
Investment earnings (losses)	(15,499)	1,647
Other	44,366	4,142
Total revenues	24,188,007	4,465,444
<b>EXPENDITURES</b>		
Current		
General government	6,413,908	-
Public safety	10,111,561	-
Public works	4,633,013	-
Parks and recreation	850,842	-
Tourism and arts	-	-
Community development	382,201	-
Debt service		
Principal	-	2,540,000
Interest	-	1,028,508
Issuance costs and fiscal agent fees	-	186,875
Capital outlay	75,172	-
Total expenditures	22,466,697	3,755,383
Excess (deficiency) of revenues over expenditures	1,721,310	710,061
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from issuance of refunding bonds	-	5,255,000
Premiums on bonds issued	-	535,384
Proceeds from sale of capital assets	27,469	-
Insurance recoveries	219,612	-
Payments to refunding bond escrow agent	-	(5,652,859)
Transfers in	2,771,041	-
Transfers out	(672,012)	-
Total other financing sources (uses)	2,346,110	137,525
Net change in fund balances	4,067,420	847,586
Fund balances, beginning of year - as previously reported	17,389,465	5,019,772
Cumulative effect of adoption of GASB 84 (Note 1)	-	-
Fund balances, beginning of year - restated	17,389,465	5,019,772
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 21,456,885</b>	<b>\$ 5,867,358</b>

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
\$ -	\$ -	\$ -	\$ 7,213,050
-	-	-	13,361,050
-	-	486,518	1,459,571
-	-	-	1,633,908
-	-	34,726	342,294
-	-	-	3,013,862
-	1,523,566	-	2,881,985
-	-	769,412	769,412
-	-	1,906,073	1,906,073
-	-	-	757,885
49,451	807	854	37,260
380,014	-	77,107	505,629
429,465	1,524,373	3,274,690	33,881,979
-	-	924,235	7,338,143
-	-	10,051	10,121,612
-	-	-	4,633,013
-	-	-	850,842
-	-	551,162	551,162
-	-	-	382,201
-	-	-	2,540,000
-	-	-	1,028,508
-	-	-	186,875
11,762,372	1,523,566	1,906,073	15,267,183
11,762,372	1,523,566	3,391,521	42,899,539
(11,332,907)	807	(116,831)	(9,017,560)
-	-	-	5,255,000
-	-	-	535,384
-	-	-	27,469
-	-	-	219,612
-	-	-	(5,652,859)
827,682	-	126,000	3,724,723
(600,000)	(807)	(163,486)	(1,436,305)
227,682	(807)	(37,486)	2,673,024
(11,105,225)	-	(154,317)	(6,344,536)
24,918,802	-	1,263,165	48,591,204
-	-	67,645	67,645
24,918,802	-	1,330,810	48,658,849
\$ 13,813,577	\$ -	\$ 1,176,493	\$ 42,314,313



## 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, 2021

<b>Net change in fund balances - total governmental funds</b>	<b>\$ (6,344,536)</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital asset additions recorded in the current period.	15,768,230
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Depreciation expense on capital assets is reported in the statement of activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(1,800,580)
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, and transfers) is not reported in the governmental funds.	(79,601)
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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 refunding bonds	\$ (5,255,000)	
Premiums on bonds issued	(535,384)	
Payments to refunding bond escrow agent	5,652,859	
Amortization of premium on bonds payable	146,430	
Amortization of deferred loss on refunding	(3,629)	
Accrued interest payable decreased	53,088	
Principal paid on bonds	<u>2,540,000</u>	2,598,364

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	\$ (6,000)	
Compensated absences	27,837	
Net pension liability	337,847	
Total OPEB liability	<u>(360,504)</u>	(820)

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	\$ (167,449)	
Deferred outflows of resources - OPEB	192,236	
Deferred inflows of resources - pensions	125,627	
Deferred inflows of resources - OPEB	<u>66,730</u>	217,144

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>413,022</u>
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Change in net position - governmental activities	<u>\$ 10,771,223</u>
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**City of Tomball, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2021**

	<b>Business-type Activities Enterprise Fund</b>	<b>Governmental Activities Internal Service</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 9,663,869	\$ 3,113,258
Receivables, net of allowance	1,614,069	-
Prepaid items	-	271,959
Total current assets	11,277,938	3,385,217
Noncurrent assets		
Restricted cash and cash equivalents - deposits	519,801	-
Capital assets		
Capital assets - nondepreciable	2,350,178	-
Capital assets - depreciable, net	37,707,429	3,125,002
Net capital assets	40,057,607	3,125,002
Total noncurrent assets	40,577,408	3,125,002
Total assets	51,855,346	6,510,219
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pensions	241,430	-
Other post employment benefits	101,961	-
Total deferred outflows of resources	343,391	-
Total assets and deferred outflows of resources	52,198,737	6,510,219
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	625,207	63,579
Accrued liabilities	162,031	-
Due to other governments	-	5,194
Deposits payable	519,801	-
Accrued interest payable	-	37,853
Public property finance contract obligation, current	-	130,000
Compensated absences, current	80,498	-
Total current liabilities	1,387,537	236,626
Noncurrent liabilities		
Public property finance contract obligation	-	909,868
Compensated absences	187,828	-
Net pension liability	830,778	-
Total OPEB liability	668,252	-
Total noncurrent liabilities	1,686,858	909,868
Total liabilities	3,074,395	1,146,494
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions	180,956	-
Other post employment benefits	79,599	-
Total deferred inflows of resources	260,555	-
Total liabilities and deferred inflows of resources	3,334,950	1,146,494
<b>NET POSITION</b>		
Net investment in capital assets	40,057,607	2,085,134
Unrestricted	8,806,180	3,278,591
<b>TOTAL NET POSITION</b>	48,863,787	\$ 5,363,725
<b>Reconciliation to government-wide statement of net position</b>		
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	346,273	
<b>NET POSITION OF BUSINESS-TYPE ACTIVITIES</b>	\$ 49,210,060	

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, 2021

	Business Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Water sales	\$ 6,819,402	\$ -
Sewer sales	2,522,144	-
Gas sales	3,988,923	-
Internal service charges	-	3,539,195
Impact fees	2,878,294	-
Other	661,412	-
Total operating revenues	16,870,175	3,539,195
<b>OPERATING EXPENSES</b>		
Materials, supplies and contracted services	9,934,516	2,614,909
Personnel services	2,064,251	-
Depreciation	1,638,576	507,952
Total operating expenses	13,637,343	3,122,861
Operating income	3,232,832	416,334
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment earnings	6,041	2,547
Intergovernmental	-	72,284
Contributions from component unit for debt service	370,000	-
Interest	-	(39,272)
Gain (loss) on disposal of capital assets	195,593	40,733
Total nonoperating revenues (expenses)	571,634	76,292
Income before transfers and capital contributions	3,804,466	492,626
Capital asset contributions from governmental activities	1,082,306	-
Capital asset contributions from developers	989,795	-
Transfers in	600,000	-
Transfers out	(2,888,418)	-
Change in net position	3,588,149	492,626
Net position, beginning of year - as previously reported	44,440,190	4,798,815
Prior period adjustment (Note 16)	835,448	72,284
Net position, beginning of year - restated	45,275,638	4,871,099
<b>NET POSITION, END OF YEAR</b>	<b>\$ 48,863,787</b>	<b>\$ 5,363,725</b>
<b>RECONCILIATION TO GOVERNMENT-WIDE STATEMENT OF ACTIVITIES</b>		
Change in net position	\$ 3,588,149	
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise fund	79,604	
<b>CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 3,667,753</b>	

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

**City of Tomball, Texas**  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2021

	<b>Business Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
<b>OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 15,826,640	\$ -
Receipts from interfund charges	-	3,586,512
Payments to suppliers and service providers	(9,747,791)	(2,664,860)
Payments to employees for salaries and benefits	(2,089,350)	-
Other receipts	661,412	-
Net cash provided by operating activities	4,650,911	921,652
<b>NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	600,000	-
Transfers to other funds	(2,888,418)	-
Net cash used for noncapital financing activities	(2,288,418)	-
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(38,042)	(1,000,728)
Proceeds from sale of capital assets	129,781	43,575
Proceeds from insurance	75,445	-
Receipts from component unit for debt service	370,000	-
Principal paid on long-term debt	-	(130,000)
Interest paid on long-term debt	-	(43,359)
Intergovernmental capital grants	-	72,284
Net cash provided by (used for) capital and related financing activities	537,184	(1,058,228)
<b>INVESTING ACTIVITIES</b>		
Investment earnings	6,041	2,547
Net cash provided by investing activities	6,041	2,547
Net change in cash and cash equivalents	2,905,718	(134,029)
Cash and cash equivalents, beginning of year	7,277,952	3,247,287
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 10,183,670</b>	<b>\$ 3,113,258</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION</b>		
Cash and cash equivalents	\$ 9,663,869	\$ 3,113,258
Restricted cash and cash equivalents	519,801	-
<b>CASH AND CASH EQUIVALENTS</b>	<b>\$ 10,183,670</b>	<b>\$ 3,113,258</b>

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

**City of Tomball, Texas**

## Statement of Cash Flows - Continued

## Proprietary Funds

For the Fiscal Year Ended September 30, 2021

	<b>Business Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>		
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 3,232,832	\$ 416,334
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,638,576	507,952
(Increase) decrease in assets and deferred outflows		
Accounts receivable	(13,152)	-
Due from other governments	-	47,317
Inventory	96,481	-
Prepaid items	-	(62,788)
Deferred outflows of resources - pension and OPEB	88,092	-
Increase (decrease) in liabilities and deferred inflows		
Accounts payable	90,244	7,643
Accrued liabilities	43,796	-
Due to other governments	-	5,194
Deposits payable	(368,971)	-
Compensated absences	(50,785)	-
Pension and OPEB liability	(70,103)	-
Deferred inflows of resources - pension and OPEB	(36,099)	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 4,650,911</b>	<b>\$ 921,652</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital asset contributions from governmental activities	\$ 1,082,306	\$ -
Capital asset contributions from developers	\$ 989,795	\$ -



**City of Tomball, Texas**  
Statement of Fiduciary Net Position  
Fiduciary Fund  
September 30, 2021

	<b>Public Improvement Districts Custodial Fund</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 265,724
Total assets	265,724
<b>LIABILITIES</b>	
Current liabilities	
Due to other governments	26,606
Total liabilities	26,606
<b>NET POSITION</b>	
Restricted for debt service	239,118
<b>TOTAL NET POSITION</b>	<b>\$ 239,118</b>

**City of Tomball, Texas**

## Statement of Changes in Fiduciary Net Position

## Fiduciary Fund

For the Fiscal Year Ended September 30, 2021

	<b>Public Improvement Districts Custodial Fund</b>
<b>ADDITIONS</b>	
Developer contributions	\$ 519,312
Contributions from property owners	315,686
Investment earnings	81
Other	16,397
Total additions	851,476
<b>DEDUCTIONS</b>	
Materials, supplies and contracted services	69,627
Payments to bondholders	87,236
Contributions to City	428,889
Total deductions	585,752
Change in net position	265,724
Net position, beginning of year	-
Cumulative effect of adoption of GASB 84 (Note 1)	(26,606)
Net position, beginning of year - restated	(26,606)
<b>NET POSITION, END OF YEAR</b>	<b>\$ 239,118</b>



## 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, other than Public Improvement Districts (PIDs), within the City. Capital projects activities related to PIDs within the City are accounted for in a separate, nonmajor capital projects fund as described below.

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.

*Capital projects fund - PID* is used to account for the acquisition and construction of capital facilities and improvements relating to the PIDs within the City.

*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) 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 Custodial Fund* accounts for private developer contributions, bond proceeds, assessments, and related debt associated with the issuance of bonds issued by the City as the custodian for the PIDs within 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, as well as expenditures related to compensated absences, and claims and judgments, 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 capital leases are reported as other financing sources.

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. Inventories and Prepaid Items**

Inventories consist of expendable supplies (stock / parts) held for consumption, and the cost thereof is recorded as an expense/expenditure at the time the inventory items are used (consumption method).

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, 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:

Capital Asset Classification	Estimated Useful Life
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

**7. Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represent a consumption of net position 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 position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.



## City of Tomball, Texas

### Notes to the Basic Financial Statements

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.

#### **8. 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.

#### **9. 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.

#### **10. 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.

#### **11. Other Post-Employment Benefits**

The City participates in two single-employer defined benefit other post-employment 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.

#### **12. 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 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.

## City of Tomball, Texas

### Notes to the Basic Financial Statements

*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.

#### **13. 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, proprietary 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 net position to have been depleted before unrestricted net position is applied.

#### **14. 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.

*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.

## **City of Tomball, Texas**

### **Notes to the Basic Financial Statements**

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.

#### **15. 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. 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. 84, *Fiduciary Activities* (GASB 84), establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2018; however, issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95), extended the effective date of GASB 84 to reporting periods beginning after December 15, 2019, with earlier application encouraged. GASB 84 was implemented in the City's 2021 financial statements, resulting in a cumulative effect adjustment of \$67,645 as of October 1, 2020, to fund balance / net position in the non-major governmental funds and governmental activities, as well as a cumulative effect adjustment of (\$26,606) as of October 1, 2020, to net position in the fiduciary fund, due to reclassification of certain fiduciary activities to conform to the new standard.

#### I. Upcoming Accounting Pronouncements

GASB Statement No. 87, *Leases* (GASB 87), establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2019; however, issuance of GASB 95 extended the effective date of GASB 87 to reporting periods beginning after June 15, 2021, with earlier application encouraged. GASB 87 will be implemented in the City's fiscal year 2022 financial statements and the impact has not yet been determined.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB 89), establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by GASB 89. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2019; however, issuance of GASB 95 extended the effective date of GASB 89 to reporting periods beginning after December 15, 2020, with earlier application encouraged. GASB 89 will be implemented in the City's fiscal year 2022 financial statements and the impact has not yet been determined.

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 will be implemented in the City's fiscal year 2023 financial statements and the impact has not yet been determined.

**City of Tomball, Texas**

Notes to the Basic Financial Statements

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 will be implemented in the City's fiscal year 2023 financial statements and the impact has not yet been determined.

**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, special general fund, court security fund, court technology fund, hotel occupancy tax fund, child safety fund, and Tomball fun runs 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, 2021, the City had the following outstanding encumbrances that were re-appropriated in the subsequent year:

	Encumbrances Included in Restricted Fund Balance
Capital projects fund	\$ 3,342,962
<b>Total encumbrances</b>	<b>\$ 3,342,962</b>

**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, 2021, the City's bank balances were \$6.45 million, which exceeded FDIC coverage and collateral by approximately \$736 thousand at one of its depository banks.

#### 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. No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014
6. 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.

Cash, cash equivalents and investments as of September 30, 2021 are classified in the financial statements as follows:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Investments
Governmental funds	\$ 30,659,594	\$ 4,540,906	\$ 8,762,105
Internal service fund	3,113,258	-	-
Total governmental activities	33,772,852	4,540,906	8,762,105
Enterprise fund	9,663,869	519,801	-
Total business-type activities	9,663,869	519,801	-
<b>Total Primary Government</b>	<b>\$ 43,436,721</b>	<b>\$ 5,060,707</b>	<b>\$ 8,762,105</b>
<b>Total Discretely Presented Component Unit</b>	<b>\$ 9,323,399</b>	<b>\$ -</b>	<b>\$ 9,506,259</b>

## City of Tomball, Texas

### Notes to the Basic Financial Statements

As of September 30, 2021, 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	\$ 7,752,238	88%	7,752,238	1.8	AA- to AAA	Aa3 to Aaa
U.S. agency bonds	1,009,867	12%	1,009,867	3.7	AA+	Aaa
<b>Total investments</b>	<b>\$ 8,762,105</b>	<b>100%</b>	<b>8,762,105</b>	<b>2.0</b>		
Cash	\$ 4,234,959					
Cash equivalents:						
Local government investment pools:						
TexPool	31,881,662				AAAm	
TexPool Prime	4,533,021				AAAm	
Texas CLASS	5,800,789				AAAm	
Money market	2,046,997					
<b>Total cash and cash equivalents</b>	<b>\$ 48,497,428</b>					
Discretely Presented Component Unit						
Investments measured at fair value:						
Municipal bonds	\$ 8,496,392	89%	8,496,392	1.2	AA to AAA	A1 to Aaa
U.S. agency bonds	1,009,867	11%	1,009,867	3.7	AA+	Aaa
<b>Total investments</b>	<b>\$ 9,506,259</b>	<b>100%</b>	<b>9,506,259</b>	<b>1.5</b>		
Cash	\$ 339,696					
Cash equivalents:						
Local government investment pools:						
TexPool	8,007,604				AAAm	
Texas CLASS	976,099				AAAm	
<b>Total cash and cash equivalents</b>	<b>\$ 9,323,399</b>					

#### 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.

## **City of Tomball, Texas**

### **Notes to the Basic Financial Statements**

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.

#### **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, 2021, 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, 2021, 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, 2021, consist of the following:

	Governmental Activities			Business-Type Activities	Tomball Economic Development Corporation
	General Fund	Debt Service Fund	Total Governmental Funds	Enterprise Fund	
Property taxes	\$ 69,389	\$ 105,106	\$ 174,495	\$ -	\$ -
Sales and other taxes	2,465,158	-	2,465,158	-	782,624
Utility receivable	387,026	-	387,026	2,000,028	-
Other	91,491	-	91,491	5,157	213,234
Due from other governments	253,705	-	253,705	-	-
Due from component unit	174,256	68,356	242,612	-	-
Due from fiduciary	26,606	-	26,606	-	-
Less: allowance for uncollectibles	(216,431)	(105,106)	(321,537)	(391,116)	-
<b>Totals</b>	<u>\$ 3,251,200</u>	<u>\$ 68,356</u>	<u>\$ 3,319,556</u>	<u>\$ 1,614,069</u>	<u>\$ 995,858</u>

## 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, 2021, are summarized as follows:

	Beginning Balance	Increases	Decreases	Reclass and Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 7,982,088	\$ -	\$ -	\$ -	\$ 7,982,088
Construction in progress	19,191,012	12,378,223	-	(15,721,664)	15,847,571
Total capital assets, not being depreciated	27,173,100	12,378,223	-	(15,721,664)	23,829,659
Capital assets, being depreciated:					
Buildings and improvements	11,485,435	-	-	-	11,485,435
Machinery and equipment	6,105,640	612,518	(222,459)	-	6,495,699
Vehicles	6,156,398	463,336	(197,532)	-	6,422,202
Infrastructure	43,261,501	3,273,237	-	15,633,168	62,167,906
Total capital assets, being depreciated	67,008,974	4,349,091	(419,991)	15,633,168	86,571,242
Less accumulated depreciation for:					
Buildings and improvements	(5,023,903)	(277,231)	-	-	(5,301,134)
Machinery and equipment	(4,580,858)	(264,354)	222,459	-	(4,622,753)
Vehicles	(3,714,857)	(432,678)	194,690	-	(3,952,845)
Infrastructure	(12,949,166)	(1,334,269)	-	8,895	(14,274,540)
Total accumulated depreciation	(26,268,784)	(2,308,532)	417,149	8,895	(28,151,272)
Total depreciable capital assets, net	40,740,190	2,040,559	(2,842)	15,642,063	58,419,970
<b>Governmental activities capital assets, net</b>	<b>\$ 67,913,290</b>	<b>\$ 14,418,782</b>	<b>\$ (2,842)</b>	<b>\$ (79,601)</b>	<b>\$ 82,249,629</b>

## 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, 2021, are summarized as follows:

	Beginning Balance	Increases	Decreases	Reclass and Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 1,897,333	\$ -	\$ -	\$ -	\$ 1,897,333
Construction in progress	802,128	1,002,705	-	(1,351,988)	452,845
Total capital assets, not being depreciated	2,699,461	1,002,705	-	(1,351,988)	2,350,178
Capital assets, being depreciated:					
Gas system	6,644,331	62,788	-	-	6,707,119
Water and wastewater system	56,343,583	940,977	-	1,440,484	58,725,044
Machinery and equipment	4,409,028	14,439	(47,659)	-	4,375,808
Total capital assets, being depreciated	67,396,942	1,018,204	(47,659)	1,440,484	69,807,971
Less accumulated depreciation for:					
Gas system	(3,562,323)	(155,734)	-	-	(3,718,057)
Water and wastewater system	(24,779,921)	(1,346,258)	-	(8,895)	(26,135,074)
Machinery and equipment	(2,158,486)	(136,584)	47,659	-	(2,247,411)
Total accumulated depreciation	(30,500,730)	(1,638,576)	47,659	(8,895)	(32,100,542)
Total depreciable capital assets, net	36,896,212	(620,372)	-	1,431,589	37,707,429
<b>Business-type activities capital assets, net</b>	<b>\$ 39,595,673</b>	<b>\$ 382,333</b>	<b>\$ -</b>	<b>\$ 79,601</b>	<b>\$ 40,057,607</b>

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

Governmental activities:	
General government	\$ 495,105
Public safety	770,412
Public works	379,155
Community development	155,908
Internal service fund	507,952
<b>Total depreciation expense, governmental activities</b>	<b>\$ 2,308,532</b>
Business-type activities:	
Utility administration	\$ 136,584
Water	686,794
Wastewater	659,464
Gas	155,734
<b>Total depreciation expense, business-type activities</b>	<b>\$ 1,638,576</b>

Completed infrastructure, gas system and water and wastewater system assets were donated to the City from third party developers during 2021. These contributions are reported in the governmental activities and business-type activities of the primary government at \$1,367,164 and \$989,795, 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, 2021, 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:			
Medical Complex Drive	\$ 17,511,616	\$ 14,881,033	\$ 2,630,583
Sidewalks	45,500	45,000	500
Persimmons Drainage Improvements	3,657,857	3,648,697	9,160
Alley Improvement Project	248,499	172,182	76,317
<b>Total governmental activities</b>	<b>\$ 21,463,472</b>	<b>\$ 18,746,912</b>	<b>\$ 2,716,560</b>
Business-type activities:			
Design of SCADA	\$ 118,796	\$ 93,461	\$ 25,335
DRI Prime System - 2920 Lift Station	31,850	18,610	13,240
Sanitary Sewer Rehab	524,456	490,456	34,000
<b>Total business-type activities</b>	<b>\$ 675,102</b>	<b>\$ 602,527</b>	<b>\$ 72,575</b>

These commitments are included in encumbrances as described previously in Note 2.

Changes in the capital assets for the discretely presented component unit for the year ended September 30, 2021, are summarized as follows:

	Beginning Balance	Increases	Decreases	Reclass and Transfers	Ending Balance
Discretely presented component unit:					
Capital assets, not being depreciated:					
Land	\$ 1,977,832	\$ 1,972,740	\$ (79,457)	\$ -	\$ 3,871,115
Total capital assets, not being depreciated	1,977,832	1,972,740	(79,457)	-	3,871,115
Capital assets, being depreciated:					
Buildings and improvements	4,162,268	70,800	-	-	4,233,068
Total capital assets, being depreciated	4,162,268	70,800	-	-	4,233,068
Less accumulated depreciation for:					
Buildings and improvements	(104,057)	(209,883)	-	-	(313,940)
Total accumulated depreciation	(104,057)	(209,883)	-	-	(313,940)
Total depreciable capital assets, net	4,058,211	(139,083)	-	-	3,919,128
<b>Discretely presented component unit capital assets, not being depreciated</b>	<b>\$ 6,036,043</b>	<b>\$ 1,833,657</b>	<b>\$ (79,457)</b>	<b>\$ -</b>	<b>\$ 7,790,243</b>

## City of Tomball, Texas

### Notes to the Basic Financial Statements

#### 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, compensated absences, landfill postclosure care costs, 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 fund 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.

The following is a summary of changes in the City's long-term liabilities for the year ended September 30, 2021.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Certificates of obligation	\$ 22,535,000	\$ -	\$ (6,995,000)	\$ 15,540,000	\$ 975,000
General obligation refunding bonds	10,790,000	5,255,000	(1,170,000)	14,875,000	1,560,000
Unamortized premiums	1,625,273	535,384	(246,661)	1,913,996	-
Bonds payable, net	34,950,273	5,790,384	(8,411,661)	32,328,996	2,535,000
Public property finance					
contractual obligation	1,169,868	-	(130,000)	1,039,868	130,000
Compensated absences	1,829,038	945,969	(973,806)	1,801,201	540,360
Landfill postclosure care costs	345,375	67,874	(61,874)	351,375	60,275
Net pension liability	5,280,898	4,483,040	(4,820,887)	4,943,051	-
Total OPEB liability	2,697,858	456,827	(96,323)	3,058,362	-
<b>Total governmental activities</b>	<b>\$ 46,273,310</b>	<b>\$ 11,744,094</b>	<b>\$ (14,494,551)</b>	<b>\$ 43,522,853</b>	<b>\$ 3,265,635</b>
Business-type activities:					
Compensated absences	\$ 319,111	\$ 163,388	\$ (214,173)	\$ 268,326	\$ 80,498
Net pension liability	869,378	766,621	(805,221)	830,778	-
Total OPEB liability	597,161	97,598	(26,507)	668,252	-
<b>Total business-type activities</b>	<b>\$ 1,785,650</b>	<b>\$ 1,027,607</b>	<b>\$ (1,045,901)</b>	<b>\$ 1,767,356</b>	<b>\$ 80,498</b>

## City of Tomball, Texas

### Notes to the Basic Financial Statements

#### General Obligation Bonds and Certificates of Obligation

A summary of the terms of general obligation bonds and certificates of obligation, as of September 30, 2021, follows:

Description	Original Issue	Final Maturity	Interest Rates (%)	Balance
Certificates of obligation				
Series 2016	\$ 20,240,000	2037	3.00-5.00	\$ 15,540,000
Total certificates of obligation				15,540,000
General obligation refunding bonds				
Series 2013	6,370,000	2023	1.00-1.65	1,140,000
Series 2019	9,100,000	2032	2.00-4.00	8,480,000
Series 2020	5,255,000	2033	2.00-4.00	5,255,000
Total general obligation refunding bonds				14,875,000
<b>Total governmental activities bonds payable</b>				<b>\$ 30,415,000</b>

#### Public Property Finance Contractual Obligations

The City 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, 2021, 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
2022	\$ 2,535,000	\$ 988,998	\$ 3,523,998	\$ 130,000	\$ 37,960	\$ 167,960
2023	2,595,000	890,323	3,485,323	130,000	33,215	163,215
2024	2,060,000	796,262	2,856,262	130,000	28,470	158,470
2025	2,105,000	707,238	2,812,238	130,000	23,725	153,725
2026	2,135,000	616,862	2,751,862	130,000	18,980	148,980
2027	2,185,000	534,738	2,719,738	130,000	14,235	144,235
2028	2,225,000	460,637	2,685,637	130,000	9,490	139,490
2029	2,270,000	389,163	2,659,163	129,868	4,745	134,613
2030	2,295,000	327,312	2,622,312	-	-	-
2031	2,320,000	270,856	2,590,856	-	-	-
2032	2,340,000	212,188	2,552,188	-	-	-
2033	1,470,000	160,200	1,630,200	-	-	-
2034	970,000	121,250	1,091,250	-	-	-
2035	970,000	87,300	1,057,300	-	-	-
2036	970,000	52,744	1,022,744	-	-	-
2037	970,000	17,581	987,581	-	-	-
<b>Totals</b>	<b>\$ 30,415,000</b>	<b>\$ 6,633,652</b>	<b>\$ 37,048,652</b>	<b>\$ 1,039,868</b>	<b>\$ 170,820</b>	<b>\$ 1,210,688</b>

## **City of Tomball, Texas**

### Notes to the Basic Financial Statements

#### **Debt Issuances and Prior Defeased Debt**

In current and 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, 2021, there were no outstanding balances of defeased bonds.

On December 16, 2020 the City issued General Obligation Refunding Bonds (the Bonds), Series 2020, in the par amount of \$5,255,000. The Bonds refunded \$5,625,000 of Combination Tax and Revenue Certificates, Series 2013, and were issued to lower overall annual debt service requirements of the City and to pay the costs of issuance of the Bonds. Additionally, the City contributed cash of \$40,117. The refunding transaction yielded a reduction in debt service and an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$495,581 and \$454,987, respectively. The Bonds are scheduled to mature from February 15, 2022 to February 15, 2033.

#### **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 did not identify arbitrage liability as of September 30, 2021.

### **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.

## City of Tomball, Texas

### Notes to the Basic Financial Statements

#### 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 a number of federal and state financial assistance programs. Although the City's financial statements have been audited through September 30, 2021, 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.

#### 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, 2021.

##### Interfund Transfers

The composition of interfund transfers in and out for the year ended September 30, 2021 is as follows:

Transfers In	Governmental Funds				Proprietary Fund	Total
	Transfers Out				Enterprise Fund	
	General Fund	Capital Projects Fund	State and Federal Grants Fund	Nonmajor Governmental Funds		
General fund	\$ -	\$ -	\$ 807	\$ 101,816	\$ 2,668,418	\$ 2,771,041
Capital projects fund	546,012	-	-	61,670	220,000	827,682
Nonmajor governmental funds	126,000	-	-	-	-	126,000
Enterprise fund	-	600,000	-	-	-	600,000
<b>Total</b>	<b>\$ 672,012</b>	<b>\$ 600,000</b>	<b>\$ 807</b>	<b>\$ 163,486</b>	<b>\$ 2,888,418</b>	<b>\$ 4,324,723</b>

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 \$1,082,306 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 contributions.



## City of Tomball, Texas

### Notes to the Basic Financial Statements

#### Note 9. Pension Plan

##### Plan Description and Provisions

The City participates as one of 895 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](http://www.tmr.com).

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

##### 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 2021	Plan Year 2020
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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	98
Inactive employees entitled to but not yet receiving benefits	91
Active employees	186
<b>Total</b>	<b>375</b>

**City of Tomball, Texas**

Notes to the Basic Financial Statements

**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 13.49% in calendar year 2020 and 13.31% in calendar year 2021. For the fiscal year ended September 30, 2021, the City made contributions of \$1,648,453, which were equal to the required contributions.

**Net Pension Liability**

The City's net pension liability (NPL) was measured as of December 31, 2020, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The total pension liability in the December 31, 2020 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 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.

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.

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.

## City of Tomball, Texas

### Notes to the Basic Financial Statements

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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuarial approach focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation 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	30.0%	5.30%
Core fixed income	10.0%	1.25%
Non-core fixed income	20.0%	4.14%
Real return	10.0%	3.85%
Real estate	10.0%	4.00%
Absolute return	10.0%	3.48%
Private equity	10.0%	7.75%
<b>Total</b>	<b>100%</b>	

#### 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.

## City of Tomball, Texas

### Notes to the Basic Financial Statements

#### 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, 2019	\$ 47,822,058	\$ 41,671,782	\$ 6,150,276
Changes for the year:			
Service cost	1,966,144	-	1,966,144
Interest	3,227,601	-	3,227,601
Difference between expected and actual experience	20,291	-	20,291
Changes in assumptions	-	-	-
Employer contributions	-	1,610,602	(1,610,602)
Employee contributions	-	835,747	(835,747)
Net investment income	-	3,165,401	(3,165,401)
Benefit payments, including refunds of employee contributions	(1,977,624)	(1,977,624)	-
Administrative expense	-	(20,468)	20,468
Other changes	-	(799)	799
Net changes	3,236,412	3,612,859	(376,447)
<b>Balance at December 31, 2020</b>	<b>\$ 51,058,470</b>	<b>\$ 45,284,641</b>	<b>\$ 5,773,829</b>

#### 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 (asset)	\$ 13,853,797	\$ 5,773,829	\$ (709,062)

#### 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](http://www.tmr.com).

## City of Tomball, Texas

### Notes to the Basic Financial Statements

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

For the year ended September 30, 2021, the City recognized pension expense of \$1,321,515.

At September 30, 2021, 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	\$ 301,836	\$ 85,829
Changes in actuarial assumptions used	168,534	-
Differences between projected and actual investment earnings	-	1,171,801
Contributions subsequent to the measurement date	1,207,545	-
<b>Totals</b>	<b>\$ 1,677,915</b>	<b>\$ 1,257,630</b>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,207,545 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2021 (i.e. recognized in the City's fiscal year 2022 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
2022	\$ (249,132)
2023	126,161
2024	(595,497)
2025	(68,792)
2026	-
<b>Totals</b>	<b>\$ (787,260)</b>

#### 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.

## City of Tomball, Texas

### Notes to the Basic Financial Statements

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 0.11% and 0.04% in calendar years 2021 and 2020, respectively. The City's contributions to the SDBF for the year ended September 30, 2021 were \$11,289, 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.

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

## City of Tomball, Texas

### Notes to the Basic Financial Statements

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 annually 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.

#### Plan Membership

Membership in the plans as of the measurement date of December 31, 2020 was as follows:

	SDBF	RHCP
Inactive plan members or beneficiaries currently receiving benefits	83	29
Inactive plan members entitled to but not yet receiving benefits	38	-
Active employees	186	85
<b>Total plan members</b>	<b>307</b>	<b>114</b>

#### Total OPEB Liability

The City's total OPEB liability for each of its OPEB plans was measured as of December 31, 2020. The total OPEB liability for SDBF was determined by an actuarial valuation as of December 31, 2020, and the total OPEB liability for RHCP was determined by an actuarial valuation as of December 31, 2019, rolled forward to December 31, 2020 using update procedures. The total OPEB liabilities reported in the City's September 30, 2021 financial statements were as follows:

SDBF	\$ 712,954
RHCP	3,013,660
	<u>\$ 3,726,614</u>

#### 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	2.00% - based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

## City of Tomball, Texas

### Notes to the Basic Financial Statements

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 15 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.

#### Change in Actuarial Methods and Assumptions

The discount rate changed from 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020.

#### Changes in the Total OPEB Liability

	SDBF	RHCP
Service cost	\$ 28,651	\$ 106,603
Interest	15,856	75,089
Changes in benefit terms	-	-
Difference between expected and actual experience	10,270	(5,422)
Changes in assumptions or other inputs	98,325	213,387
Benefit payments	(4,775)	(106,389)
Net changes	148,327	283,268
Total OPEB liability - beginning	564,627	2,730,392
<b>Total OPEB liability - ending</b>	<b>\$ 712,954</b>	<b>\$ 3,013,660</b>

#### Sensitivity Analysis

The following presents the City's total OPEB liabilities calculated using the discount rate of 2.00%, as well as what the liabilities would be if they were calculated using a discount rate that is 1 percentage point lower (1.00%) or 1 percentage point higher (3.00%) than the current rate.

	1% Decrease to 1.00%	Current Discount Rate Assumption 2.00%	1% Increase to 3.00%
SDBF	\$ 881,483	\$ 712,954	\$ 586,070
RHCP	3,323,968	3,013,660	2,732,718



## City of Tomball, Texas

### Notes to the Basic Financial Statements

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
RHCP	\$	2,617,877	\$ 3,013,660	\$ 3,495,213

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$79,673 relating to the SDBF plan and OPEB expense of \$162,839 relating to the RHCP plan. Total OPEB expense for the two plans was \$242,512.

As of September 30, 2021, 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	\$ 8,396	\$ 5,768	\$ 8,981	\$ 330,013
Changes in assumptions and other inputs	153,690	15,879	310,074	77,469
Contributions subsequent to the measurement date	9,980	-	92,251	-
<b>Total</b>	<b>\$ 172,066</b>	<b>\$ 21,647</b>	<b>\$ 411,306</b>	<b>\$ 407,482</b>

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, 2022.

## City of Tomball, Texas

### Notes to the Basic Financial Statements

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
2022	\$ 35,166	\$ (18,853)
2023	34,811	(18,853)
2024	29,624	(18,853)
2025	31,328	(25,145)
2026	9,510	(34,058)
Thereafter	-	27,335
<b>Totals</b>	<b>\$ 140,439</b>	<b>\$ (88,427)</b>

#### 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 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 \$351,375 as of September 30, 2021, represents the remaining estimated post closure costs required to achieve regulatory approval for closure including costs through 2026. 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 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.

## **City of Tomball, Texas**

### **Notes to the Basic Financial Statements**

For the fiscal year ended September 30, 2021, the estimated value of property in the City that was subject to tax abatement was \$0, as no participants met the minimum criteria identified in the agreements, therefore, no taxes were abated.

#### **Note 14. Related Parties**

During the fiscal year ended September 30, 2021, transactions with related parties of the City and the Corporation were as follows.

The Corporation approved an agreement with a company controlled by a director of the Corporation to make direct incentives to that company in the amount of \$18,000, for the creation or retention of jobs associated with the relocation and development of its corporate headquarters. The City's expenditure transactions with that same company during the fiscal year amounted to approximately \$40 thousand.

#### **Note 15. Special Assessment Bonds**

The Raburn Reserve Public Improvement District (PID) was created by City Council ordinance in September 2020 under the Texas PID Act (Texas Local Government Code Chapter 372) principally to finance certain capital improvement projects for the master planned development known as "Raburn Reserve". In order to finance the capital improvements, the City can issue special assessment bonds up to a maximum principal amount of \$15,000,000, per an amended development agreement between the City and the developer.

On October 20, 2020, the City issued \$2,490,000 of Special Assessment Revenue Bonds, Series 2020 (Raburn Reserve Public Improvement Area #1) (the PID bonds). The PID bonds were issued to fund authorized improvements related to the Raburn Reserve Public Improvement Area #1, PID formation costs and pay for the costs of issuance. The PID bonds pay interest of 3.375 – 4.000%, and are scheduled to mature on September 15, 2030 at \$475,000 and September 15, 2050 at \$2,015,000. The PID bonds are subject to mandatory sinking fund redemption prior to their respective maturities and require annual sinking fund installments starting September 15, 2022 and ranging from \$45,000 to \$150,000.

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

#### Note 16. Prior Period Adjustments

During the year ended September 30, 2021, the City's management identified errors in amounts reported in the City's previously-issued 2020 financial statements. The following represents the effect on beginning net position, as presented in the accompanying 2021 financial statements, of correcting these errors.

	Governmental Activities	Business-type Activities	Enterprise Fund	Internal Service Fund
Beginning net position, as previously reported	\$ 71,779,751	\$ 44,706,859	\$ 44,440,190	\$ 4,798,815
Correction of error - capital assets (1)	1,644,482	835,448	835,448	-
Correction of error - receivables (2)	72,284	-	-	72,284
Total prior period adjustments	1,716,766	835,448	835,448	72,284
Cumulative effect of adoption of GASB 84 (Note 1)	67,645	-	-	-
<b>Beginning net position, restated</b>	<b>\$ 73,564,162</b>	<b>\$ 45,542,307</b>	<b>\$ 45,275,638</b>	<b>\$ 4,871,099</b>

1. Beginning net position of governmental activities, business-type activities and the enterprise fund was increased to correct an understatement of capital assets donated as of September 30, 2020. The effect of this correction on the 2020 financial statements is to increase beginning net position as of October 1, 2020, and increase total revenues by the same amount.
2. Beginning net position of governmental activities and the internal service fund was increased to correct an understatement in receivables recognized as of September 30, 2020. The effect of this correction on the 2020 financial statements is to increase beginning net position as of October 1, 2020, and increase the reported revenues for the period by this amount.



## **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, 2021

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Property tax	\$ 2,345,000	\$ 3,550,000	\$ 3,511,280	\$ (38,720)
Sales tax	11,590,000	12,585,000	13,361,050	776,050
Franchise and other taxes	910,020	1,050,000	973,053	(76,947)
Licenses and permits	724,700	1,544,500	1,633,908	89,408
Fines and forfeitures	460,000	350,000	307,568	(42,432)
Charges for services	2,480,177	2,952,607	3,013,862	61,255
Intergovernmental	758,558	1,415,558	1,358,419	(57,139)
Investment earnings (losses)	225,000	7,500	(15,499)	(22,999)
Other	97,675	100,150	44,366	(55,784)
Total revenues	19,591,130	23,555,315	24,188,007	632,692
<b>EXPENDITURES</b>				
Current				
General government				
City manager's office	402,043	364,540	348,814	15,726
Mayor and council	96,430	57,552	48,949	8,603
City secretary	410,481	356,704	334,457	22,247
Human resources	452,570	447,477	408,708	38,769
Finance	789,052	928,074	927,993	81
Information systems	799,482	778,754	705,256	73,498
Legal	140,000	120,000	108,315	11,685
Non-departmental	3,085,900	3,469,974	3,531,416	(61,442)
Total	6,175,958	6,523,075	6,413,908	109,167
Public safety				
Police	6,203,875	6,344,846	6,139,798	205,048
Fire	3,027,521	2,891,227	2,794,566	96,661
Municipal court	434,415	411,541	391,259	20,282
Emergency management	15,275	24,900	15,183	9,717
ESD#15 - Station 5	920,021	872,721	770,801	101,920
Total	10,601,107	10,545,235	10,111,607	433,628
Public works				
Public works administration	71,462	64,274	60,290	3,984
Garage	177,191	170,472	170,496	(24)
Streets	1,464,796	1,193,711	1,148,189	45,522
Engineering and planning	572,323	584,962	563,341	21,621
Sanitation	2,115,300	1,815,200	1,734,248	80,952
Facilities maintenance	710,673	1,007,268	1,031,575	(24,307)
Total	5,111,745	4,835,887	4,708,139	127,748
Parks and recreation				
Parks	975,748	749,876	703,534	46,342
Community center	168,935	154,855	147,308	7,547
Total	1,144,683	904,731	850,842	53,889
Community development				
Permits and inspections	417,466	398,738	382,201	16,537
Total expenditures	23,450,959	23,207,666	22,466,697	740,969
Excess (deficiency) of revenues over expenditures	(3,859,829)	347,649	1,721,310	1,373,661
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	27,469	27,469
Insurance recoveries	-	-	219,612	219,612
Transfers in	2,668,418	2,668,418	2,771,041	102,623
Transfers out	(672,012)	(672,012)	(672,012)	-
Total other financing sources (uses)	1,996,406	1,996,406	2,346,110	349,704
Net change in fund balances	(1,863,423)	2,344,055	4,067,420	1,723,365
Fund balance, beginning of year	17,389,465	17,389,465	17,389,465	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 15,526,042</b>	<b>\$ 19,733,520</b>	<b>\$ 21,456,885</b>	<b>\$ 1,723,365</b>

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, 2021

### 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.

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	Actual Amount	Variance With Final Budget Positive (Negative)
General government - nondepartmental	\$ 3,469,974	\$ 3,531,416	\$ (61,442)
Public works - garage	170,472	170,496	(24)
Public works - facilities maintenance	1,007,268	1,031,575	(24,307)



## City of Tomball, Texas

### Schedule of Changes in the Net Pension Liability and Related Ratios

#### Texas Municipal Retirement System

For the Last Seven Measurement Years Ended December 31\*

	2020	2019	2018
<b>TOTAL PENSION LIABILITY</b>			
Service cost	\$ 1,966,144	\$ 1,952,260	\$ 1,799,563
Interest	3,227,601	2,978,534	2,801,748
Differences between expected and actual experience	20,291	363,731	(223,279)
Changes in assumptions	-	295,730	-
Benefit payments, including refunds of employee contributions	(1,977,624)	(1,837,004)	(1,833,649)
Net change in total pension liability	3,236,412	3,753,251	2,544,383
Total pension liability - beginning	47,822,058	44,068,807	41,524,424
<b>TOTAL PENSION LIABILITY - ENDING (a)</b>	<b>\$ 51,058,470</b>	<b>\$ 47,822,058</b>	<b>\$ 44,068,807</b>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions - employer	\$ 1,610,602	\$ 1,562,039	\$ 1,431,544
Contributions - employee	835,747	810,547	746,707
Net investment income	3,165,401	5,515,598	(1,091,540)
Benefit payments, including refunds of employee contributions	(1,977,624)	(1,837,004)	(1,833,649)
Administrative expense	(20,468)	(31,144)	(21,086)
Other	(799)	(937)	(1,101)
Net change in plan fiduciary net position	3,612,859	6,019,099	(769,125)
Plan fiduciary net position - beginning	41,671,782	35,652,683	36,421,808
<b>PLAN FIDUCIARY NET POSITION - ENDING (b)</b>	<b>\$ 45,284,641</b>	<b>\$ 41,671,782</b>	<b>\$ 35,652,683</b>
<b>NET PENSION LIABILITY - ENDING (a)-(b)</b>	<b>\$ 5,773,829</b>	<b>\$ 6,150,276</b>	<b>\$ 8,416,124</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	88.69%	87.14%	80.90%
<b>Covered payroll</b>	<b>\$ 11,937,726</b>	<b>\$ 11,579,239</b>	<b>\$ 10,667,238</b>
<b>Net pension liability as a percentage of covered payroll</b>	48.37%	53.11%	78.90%

\*GASB Statement No. 68 requires 10 years of data; however, seven 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:

##### Actuarial Assumptions:

	2020	2019	2018
Inflation	2.50%	2.50%	2.50%
Payroll growth	2.75%	2.75%	3.00%
Investment rate of return	6.75%	6.75%	6.75%
Discount rate	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.

<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 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	-
(1,287,794)	(1,235,596)	(1,404,009)	(1,120,036)
3,512,292	2,729,824	2,777,319	2,332,138
38,012,132	35,282,308	32,504,989	30,172,851
<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)
(1,137)	(1,175)	(1,240)	(1,271)
5,183,839	2,671,022	613,411	2,079,531
31,237,969	28,566,947	27,953,536	25,874,005
<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%

<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
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 Last Seven Fiscal Years Ended September 30\*

	2021	2020	2019
Actuarially determined contribution	\$ 1,648,453	\$ 1,607,743	\$ 1,542,211
Contributions in relation to the actuarially determined contribution	(1,648,453)	(1,607,743)	(1,542,211)
<b>CONTRIBUTIONS DEFICIENCY (EXCESS)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	\$ 12,346,203	\$ 11,918,038	\$ 11,447,890
Contributions as a percentage of covered payroll	13.4%	13.5%	13.47%

\*GASB Statement No. 68 requires 10 years of data; however, seven 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
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#### Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	25 years
Asset valuation method	10 year smoothed market; 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 Last Four Measurement Years Ended December 31\*

	2020	2019	2018	2017
<b>TOTAL OPEB LIABILITY</b>				
Service cost	\$ 106,603	\$ 113,492	\$ 145,528	\$ 130,909
Interest	75,089	111,415	99,651	104,080
Difference between expected and actual experience	(5,422)	(453,167)	14,732	-
Changes in assumptions	213,387	74,725	(127,098)	152,484
Benefit payments	(106,389)	(124,854)	(123,721)	(108,157)
Net change in total OPEB liability	283,268	(278,389)	9,092	279,316
Total OPEB liability - beginning	2,730,392	3,008,781	2,999,689	2,720,373
<b>TOTAL OPEB LIABILITY - ENDING</b>	<b>\$ 3,013,660</b>	<b>\$ 2,730,392</b>	<b>\$ 3,008,781</b>	<b>\$ 2,999,689</b>
<b>Covered-employee payroll</b>	<b>\$ 6,474,035</b>	<b>\$ 6,474,035</b>	<b>\$ 7,633,706</b>	<b>\$ 10,520,156</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>46.55%</b>	<b>42.17%</b>	<b>39.41%</b>	<b>28.51%</b>

\*GASB Statement No. 75 requires 10 years of data; however, three 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:

#### Actuarial Assumptions:

	2020	2019	2018	2017
Inflation	2.50%	2.50%	2.50%	2.50%
Payroll growth	3.50%	3.50%	3.50%	3.50%
Discount rate	2.00%	2.75%	3.71%	3.31%

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 Last Four Measurement Years Ended December 31\*

	2020	2019	2018	2017
<b>TOTAL OPEB LIABILITY</b>				
Service cost	\$ 28,651	\$ 23,158	\$ 24,535	\$ 21,029
Interest	15,856	16,760	14,859	14,366
Difference between expected and actual experience	10,270	(8,489)	-	-
Changes in assumptions	98,325	94,765	(32,082)	34,434
Benefit payments	(4,775)	(3,474)	(3,200)	(3,154)
Net change in total OPEB liability	148,327	122,720	4,112	66,675
Total OPEB liability - beginning	564,627	441,907	437,795	371,120
<b>TOTAL OPEB LIABILITY - ENDING</b>	<b>\$ 712,954</b>	<b>\$ 564,627</b>	<b>\$ 441,907</b>	<b>\$ 437,795</b>
<b>Covered-employee payroll</b>	<b>\$ 11,937,726</b>	<b>\$ 11,579,239</b>	<b>\$ 10,667,238</b>	<b>\$ 10,514,577</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>5.97%</b>	<b>4.88%</b>	<b>4.14%</b>	<b>4.16%</b>

\*GASB Statement No. 75 requires 10 years of data; however, three 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:

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



## **Other Supplementary Information**





## City of Tomball, Texas

Nonmajor Governmental Funds

September 30, 2021

### 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 for expenditures for specific purposes.

**Special General Fund** - This fund is used to account for police forfeiture funds.

**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.

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

**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.

**Tomball Fun Runs Fund** - This fund is used to account for the revenues generated by City-sponsored races.

**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.

#### NONMAJOR CAPITAL PROJECTS FUNDS

Nonmajor Capital Projects Funds are used to account for acquisition and construction of capital facilities and improvements with proceeds not derived from the City.

**Capital Projects - PID Fund** – This fund is used to account for the acquisition and construction of capital facilities and improvements relating to the Public Improvement Districts (PIDs) within the City.

**City of Tomball, Texas**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2021

	<b>Special General</b>	<b>Court Security</b>	<b>Court Technology</b>	<b>Hotel Occupancy Tax</b>	<b>Red Light Camera</b>
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ -	\$ 240,845	\$ 155,469	\$ 711,926	\$ -
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 240,845</u>	<u>\$ 155,469</u>	<u>\$ 711,926</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 2,794	\$ 20,799	\$ -
Accrued liabilities	-	-	-	7,179	-
Total liabilities	-	-	2,794	27,978	-
<b>FUND BALANCES</b>					
Restricted	-	240,845	152,675	683,948	-
Committed	-	-	-	-	-
Total fund balances	-	240,845	152,675	683,948	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 240,845</u>	<u>\$ 155,469</u>	<u>\$ 711,926</u>	<u>\$ -</u>

<u>Child Safety Fund</u>	<u>Tomball Fun Runs</u>	<u>Public Improvement Districts</u>	<u>Tomball Legacy Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>	<u>Capital Projects - PID</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 14,385	\$ -	\$ -	\$ 84,640	\$ 1,207,265	\$ -	\$ 1,207,265
<u>\$ 14,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,640</u>	<u>\$ 1,207,265</u>	<u>\$ -</u>	<u>\$ 1,207,265</u>
\$ -	\$ -	\$ -	\$ -	\$ 23,593	\$ -	\$ 23,593
-	-	-	-	7,179	-	7,179
-	-	-	-	30,772	-	30,772
14,385	-	-	-	1,091,853	-	1,091,853
-	-	-	84,640	84,640	-	84,640
14,385	-	-	84,640	1,176,493	-	1,176,493
<u>\$ 14,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,640</u>	<u>\$ 1,207,265</u>	<u>\$ -</u>	<u>\$ 1,207,265</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, 2021

	Special General	Court Security	Court Technology	Hotel Occupancy Tax	Red Light Camera
<b>REVENUES</b>					
Franchise and other taxes	\$ -	\$ -	\$ -	\$ 486,518	\$ -
Fines and forfeitures	-	11,284	10,058	-	-
Special assessments	-	-	-	-	-
Contributions from property owners	-	-	-	-	-
Investment earnings	-	223	141	342	-
Other	-	-	-	-	-
Total revenues	-	11,507	10,199	486,860	-
<b>EXPENDITURES</b>					
Current					
General government	-	13,931	41,542	161	-
Public safety	-	-	-	-	-
Tourism and arts	-	-	-	551,162	-
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	13,931	41,542	551,323	-
Excess (deficiency) of revenues over (under) expenditures	-	(2,424)	(31,343)	(64,463)	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	126,000	-
Transfers out	(98,803)	-	-	-	(61,670)
Total other financing sources (uses)	(98,803)	-	-	126,000	(61,670)
Net change in fund balances	(98,803)	(2,424)	(31,343)	61,537	(61,670)
Fund balances, beginning of year - as previously reported	98,803	243,269	184,018	622,411	61,670
Cumulative effect of adoption of GASB 84	-	-	-	-	-
Fund balances, beginning of year - restated	98,803	243,269	184,018	622,411	61,670
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ 240,845</b>	<b>\$ 152,675</b>	<b>\$ 683,948</b>	<b>\$ -</b>

Child Safety Fund	Tomball Fun Runs	Public Improvement Districts	Tomball Legacy Fund	Total Nonmajor Special Revenue Funds	Capital Projects - PID	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 486,518	\$ -	\$ 486,518
13,384	-	-	-	34,726	-	34,726
-	-	769,412	-	769,412	-	769,412
-	-	-	-	-	1,906,073	1,906,073
123	-	-	25	854	-	854
-	-	-	77,107	77,107	-	77,107
13,507	-	769,412	77,132	1,368,617	1,906,073	3,274,690
-	-	837,057	31,544	924,235	-	924,235
10,051	-	-	-	10,051	-	10,051
-	-	-	-	551,162	-	551,162
-	-	-	-	-	1,906,073	1,906,073
10,051	-	837,057	31,544	1,485,448	1,906,073	3,391,521
3,456	-	(67,645)	45,588	(116,831)	-	(116,831)
-	-	-	-	126,000	-	126,000
-	(3,013)	-	-	(163,486)	-	(163,486)
-	(3,013)	-	-	(37,486)	-	(37,486)
3,456	(3,013)	(67,645)	45,588	(154,317)	-	(154,317)
10,929	3,013	-	39,052	1,263,165	-	1,263,165
-	-	67,645	-	67,645	-	67,645
10,929	3,013	67,645	39,052	1,330,810	-	1,330,810
\$ 14,385	\$ -	\$ -	\$ 84,640	\$ 1,176,493	\$ -	\$ 1,176,493

**City of Tomball, Texas**

Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual  
Nonmajor Special Revenue Fund – Special General Fund  
For the Fiscal Year Ended September 30, 2021

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Investment earnings	\$ 750	\$ 150	\$ -	\$ (150)
Other	-	-	-	-
Total revenues	750	150	-	(150)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(98,803)	(98,803)
Total other financing uses	-	-	(98,803)	(98,803)
Net change in fund balances	750	150	(98,803)	(98,953)
Fund balance, beginning of year	98,803	98,803	98,803	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 99,553</b>	<b>\$ 98,953</b>	<b>\$ -</b>	<b>\$ (98,953)</b>

**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, 2021

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES</b>				
Fines and forfeitures	\$ 11,000	\$ 11,000	\$ 11,284	\$ 284
Investment earnings	2,000	150	223	73
Total revenues	13,000	11,150	11,507	357
<b>EXPENDITURES</b>				
Current				
General government	20,000	12,000	13,931	(1,931)
Total expenditures	20,000	12,000	13,931	(1,931)
Excess (deficiency) of revenues over expenditures	(7,000)	(850)	(2,424)	(1,574)
Net change in fund balances	(7,000)	(850)	(2,424)	(1,574)
Fund balance, beginning of year	243,269	243,269	243,269	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 236,269</b>	<b>\$ 242,419</b>	<b>\$ 240,845</b>	<b>\$ (1,574)</b>



**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, 2021

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES</b>				
Fines and forfeitures	\$ 15,000	\$ 12,000	\$ 10,058	\$ (1,942)
Investment earnings	2,000	150	141	(9)
Total revenues	17,000	12,150	10,199	(1,951)
<b>EXPENDITURES</b>				
Current				
General government	40,000	40,000	41,542	(1,542)
Total expenditures	40,000	40,000	41,542	(1,542)
Excess (deficiency) of revenues over expenditures	(23,000)	(27,850)	(31,343)	(3,493)
Net change in fund balances	(23,000)	(27,850)	(31,343)	(3,493)
Fund balance, beginning of year	184,018	184,018	184,018	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 161,018</b>	<b>\$ 156,168</b>	<b>\$ 152,675</b>	<b>\$ (3,493)</b>

# 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, 2021

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Franchise and other taxes	\$ 575,000	\$ 300,000	\$ 486,518	\$ 186,518
Investment earnings	6,000	400	342	(58)
Other	5,000	1,000	-	(1,000)
Total revenues	586,000	301,400	486,860	185,460
<b>EXPENDITURES</b>				
Current				
General government	-	-	161	(161)
Tourism and arts	736,206	736,425	551,162	185,263
Total expenditures	736,206	736,425	551,323	185,102
Excess (deficiency) of revenues over expenditures	(150,206)	(435,025)	(64,463)	370,562
<b>OTHER FINANCING SOURCES</b>				
Transfers in	126,000	126,000	126,000	-
Total other financing sources	126,000	126,000	126,000	-
Net change in fund balances	(24,206)	(309,025)	61,537	370,562
Fund balance, beginning of year	622,411	622,411	622,411	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 598,205</b>	<b>\$ 313,386</b>	<b>\$ 683,948</b>	<b>\$ 370,562</b>

**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, 2021

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES</b>				
Fines and forfeitures	\$ 13,000	\$ 13,000	\$ 13,384	\$ 384
Investment earnings	750	50	123	73
Total revenues	13,750	13,050	13,507	457
<b>EXPENDITURES</b>				
Current				
Public safety	10,000	10,000	10,051	(51)
Total expenditures	10,000	10,000	10,051	(51)
Net change in fund balances	3,750	3,050	3,456	406
Fund balance, beginning of year	10,929	10,929	10,929	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 14,679</b>	<b>\$ 13,979</b>	<b>\$ 14,385</b>	<b>\$ 406</b>

# City of Tomball, Texas

## Schedule of Revenues, Expenditures, and Changes

### in Fund Balance - Budget and Actual

### Nonmajor Special Revenue Fund – Tomball Fun Runs Fund

For the Fiscal Year Ended September 30, 2021

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES</b>				
Investment earnings	\$ 200	\$ 20	\$ -	\$ (20)
Other	15,000	6,000	-	(6,000)
Total revenues	15,200	6,020	-	(6,020)
<b>EXPENDITURES</b>				
Current				
Parks and recreation	21,000	-	-	-
Total expenditures	21,000	-	-	-
Excess (deficiency) of revenues over expenditures	(5,800)	6,020	-	(6,020)
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	(3,013)	(3,013)
Total other financing uses	-	-	(3,013)	(3,013)
Net change in fund balances	(5,800)	6,020	(3,013)	(9,033)
Fund balance, beginning of year	3,013	3,013	3,013	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ (2,787)</b>	<b>\$ 9,033</b>	<b>\$ -</b>	<b>\$ (9,033)</b>

# 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, 2021

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Property tax	\$ 4,840,000	\$ 3,755,000	\$ 3,701,770	\$ (53,230)
Contributions from component unit for debt service	757,885	1,127,885	757,885	(370,000)
Investment earnings	70,000	2,000	1,647	(353)
Other	-	-	4,142	4,142
Total revenues	5,667,885	4,884,885	4,465,444	(419,441)
<b>EXPENDITURES</b>				
Debt service				
Principal	2,745,972	2,540,000	2,540,000	-
Interest	953,151	1,004,852	1,028,508	(23,656)
Issuance costs and fiscal agent fees	14,000	14,000	186,875	(172,875)
Total expenditures	3,713,123	3,558,852	3,755,383	(196,531)
Excess (deficiency) of revenues over expenditures	1,954,762	1,326,033	710,061	(615,972)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of refunding bonds	-	-	5,255,000	5,255,000
Premiums on bonds issued	-	-	535,384	535,384
Payments to refunding bond escrow agent	-	-	(5,652,859)	(5,652,859)
Total other financing sources (uses)	-	-	137,525	137,525
Net change in fund balances	1,954,762	1,326,033	847,586	(478,447)
Fund balance, beginning of year	5,019,772	5,019,772	5,019,772	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 6,974,534</b>	<b>\$ 6,345,805</b>	<b>\$ 5,867,358</b>	<b>\$ (478,447)</b>

## **City of Tomball, Texas**

Internal Service Funds

September 30, 2021

### **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, 2021

	<b>Fleet Replacement</b>	<b>Health Benefits</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 532,031	\$ 2,581,227	\$ 3,113,258
Prepaid items	-	271,959	271,959
Total current assets	532,031	2,853,186	3,385,217
Noncurrent assets			
Capital assets - depreciable, net	3,125,002	-	3,125,002
Total noncurrent assets	3,125,002	-	3,125,002
Total assets	3,657,033	2,853,186	6,510,219
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	-	63,579	63,579
Due to other governments	-	5,194	5,194
Accrued interest payable	37,853	-	37,853
Public property finance contract obligation, current	130,000	-	130,000
Total current liabilities	167,853	68,773	236,626
Noncurrent liabilities			
Public property finance contract obligation	909,868	-	909,868
Total noncurrent liabilities	909,868	-	909,868
Total liabilities	1,077,721	68,773	1,146,494
<b>NET POSITION</b>			
Net investment in capital assets	2,085,134	-	2,085,134
Unrestricted	494,178	2,784,413	3,278,591
<b>TOTAL NET POSITION</b>	<b>\$ 2,579,312</b>	<b>\$ 2,784,413</b>	<b>\$ 5,363,725</b>

**City of Tomball, Texas**

Combining Statement of Revenues, Expenses,  
and Changes in Net Position  
Internal Service Funds  
For the Fiscal Year Ended September 30, 2021

	<b>Fleet Replacement Fund</b>	<b>Health Benefits Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Internal service charges	\$ 526,303	\$ 3,012,892	\$ 3,539,195
Total operating revenues	526,303	3,012,892	3,539,195
<b>OPERATING EXPENSES</b>			
Materials, supplies and contracted services	-	2,614,909	2,614,909
Depreciation	507,952	-	507,952
Total operating expenses	507,952	2,614,909	3,122,861
Operating income	18,351	397,983	416,334
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment earnings	765	1,782	2,547
Intergovernmental	72,284	-	72,284
Gain (loss) on disposal of capital assets	40,733	-	40,733
Interest	(39,272)	-	(39,272)
Total non-operating revenues (expenses)	74,510	1,782	76,292
Change in net position	92,861	399,765	492,626
Net position, beginning of year	2,414,167	2,384,648	4,798,815
Prior period adjustment	72,284	-	72,284
Net position, beginning of year - restated	2,486,451	2,384,648	4,871,099
<b>NET POSITION, END OF YEAR</b>	<b>\$ 2,579,312</b>	<b>\$ 2,784,413</b>	<b>\$ 5,363,725</b>



# City of Tomball, Texas

## Combining Statement of Cash Flows

### Internal Service Funds

For the Year Ended September 30, 2021

	<b>Fleet Replacement Fund</b>	<b>Health Benefits Fund</b>	<b>Total</b>
<b>OPERATING ACTIVITIES</b>			
Receipts from interfund charges	\$ 526,303	\$ 3,060,209	\$ 3,586,512
Payments to suppliers and service providers	(1,440)	(2,663,420)	(2,664,860)
Net cash provided by operating activities	524,863	396,789	921,652
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(1,000,728)	-	(1,000,728)
Proceeds from sale of capital assets	43,575	-	43,575
Principal paid on long-term debt	(130,000)	-	(130,000)
Interest paid on long-term debt	(43,359)	-	(43,359)
Intergovernmental capital grants	72,284	-	72,284
Net cash used for capital and related financing activities	(1,058,228)	-	(1,058,228)
<b>INVESTING ACTIVITIES</b>			
Investment earnings	765	1,782	2,547
Net cash provided by investing activities	765	1,782	2,547
Net change in cash and cash equivalents	(532,600)	398,571	(134,029)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	1,064,631	2,182,656	3,247,287
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 532,031	\$ 2,581,227	\$ 3,113,258
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	\$ 18,351	\$ 397,983	\$ 416,334
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	507,952	-	507,952
(Increase) decrease in assets			
Due from other governments	-	47,317	47,317
Prepaid items	-	(62,788)	(62,788)
Increase (decrease) in liabilities			
Accounts payable	(1,440)	9,083	7,643
Due to other governments	-	5,194	5,194
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 524,863	\$ 396,789	\$ 921,652

**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, 2021

**ASSETS**

Cash and cash equivalents	\$ 9,323,399
Investments	9,506,259
Receivables, net of allowance	<u>995,858</u>

**TOTAL ASSETS**\$ 19,825,516**LIABILITIES**

Accounts payable	\$ 3,646
Deposits payable	8,869
Due to primary government	<u>242,612</u>

Total liabilities 255,127

**FUND BALANCE**

Assigned	<u>19,570,389</u>
----------	-------------------

Total fund balance 19,570,389

**TOTAL LIABILITIES AND FUND BALANCE**\$ 19,825,516

Reconciliation to government-wide statement  
of net position

Total fund balance	\$ 19,570,389
--------------------	---------------

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

7,790,243**NET POSITION OF COMPONENT UNIT**\$ 27,360,632

## 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, 2021

### REVENUES

Sales tax	\$ 4,408,484
Contributions not restricted to specific programs	16,000
Unrestricted investment earnings	87,766
Other	336,228
	<hr/>
Total revenues	4,848,478

### EXPENDITURES

Current

Economic development	4,690,734
	<hr/>
Total expenditures	4,690,734
	<hr/>
Excess of revenues over expenditures	157,744

### OTHER FINANCING SOURCE

Proceeds from sale of capital assets	662,747
	<hr/>
Net change in fund balance	820,491

Fund balance, beginning of year	18,749,898
	<hr/>

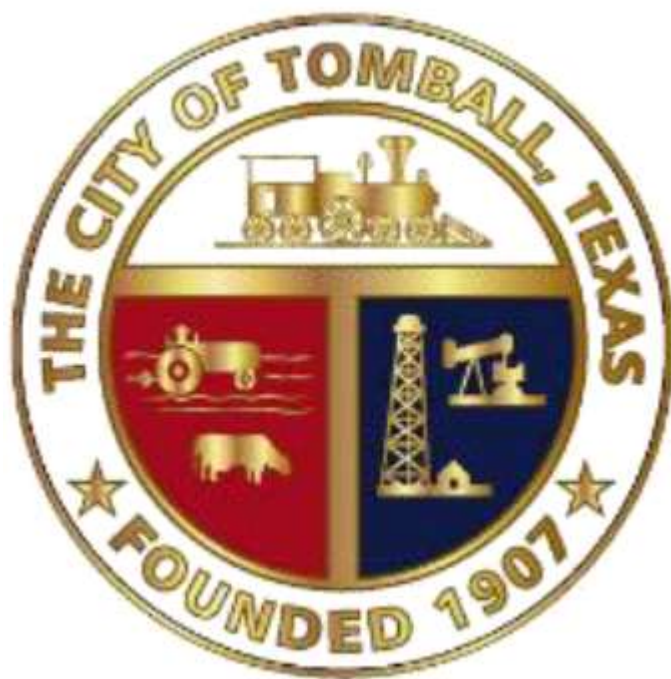
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 19,570,389</b>
	<hr/>

### RECONCILIATION TO GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Net change in fund balance	\$ 820,491
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Transactions in the current period involving capital assets include:	
Capital outlay recorded as capital assets	2,043,540
Depreciation expense	(209,883)
Asset retirements/disposals	(79,457)
	<hr/>

<b>CHANGE IN NET POSITION OF COMPONENT UNIT</b>	<b>\$ 2,574,691</b>
	<hr/>

## **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.

	<b><u>Page</u></b>
<b>Financial Trends – Schedules 1-4</b>	112
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity – Schedules 5-10</b>	122
These schedules contain information to help the reader assess the City's most significant local revenue sources: sales and property taxes.	
<b>Debt Capacity – Schedules 11-15</b>	132
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.	
<b>Demographic and Economic Information – Schedules 16-17</b>	140
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information – Schedules 18-20</b>	142
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)*

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 23,370,524	\$ 25,646,519	\$ 28,189,848	\$ 31,267,016
Restricted	2,675,627	2,804,100	3,557,490	4,308,595
Unrestricted	10,571,977	12,612,754	13,566,745	10,694,702
Total governmental activities net position	36,618,128	41,063,373	45,314,083	46,270,313
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	30,368,908	30,721,512	30,851,835	33,433,571
Restricted	-	-	1,095,173	-
Unrestricted	9,636,451	10,646,792	11,354,769	10,960,950
Total business-type activities net position	40,005,359	41,368,304	43,301,777	44,394,521
<b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	53,739,432	56,368,031	59,041,683	64,700,587
Restricted	2,675,627	2,804,100	4,652,663	4,308,595
Unrestricted	20,208,428	23,259,546	24,921,514	21,655,652
<b>TOTAL PRIMARY GOVERNMENT NET POSITION</b>	<b>\$ 76,623,487</b>	<b>\$ 82,431,677</b>	<b>\$ 88,615,860</b>	<b>\$ 90,664,834</b>

## Schedule 1

<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 34,220,115	\$ 40,779,628	\$ 38,896,658	\$ 39,717,999	\$ 38,457,189	\$ 52,259,872
5,821,510	3,912,411	4,303,114	6,024,527	5,959,267	6,829,497
10,340,744	11,385,550	13,436,447	18,791,783	27,363,295	25,246,016
50,382,369	56,077,589	56,636,219	64,534,309	71,779,751	84,335,385
33,059,434	33,038,353	34,874,499	36,762,190	38,760,225	40,057,607
-	-	-	-	-	-
11,445,362	8,966,625	9,838,615	5,830,989	5,946,634	9,152,453
44,504,796	42,004,978	44,713,114	42,593,179	44,706,859	49,210,060
67,279,549	73,817,981	73,771,157	76,480,189	77,217,414	92,317,479
5,821,510	3,912,411	4,303,114	6,024,527	5,959,267	6,829,497
21,786,106	20,352,175	23,275,062	24,622,772	33,309,929	34,398,469
<u>\$ 94,887,165</u>	<u>\$ 98,082,567</u>	<u>\$ 101,349,333</u>	<u>\$ 107,127,488</u>	<u>\$ 116,486,610</u>	<u>\$ 133,545,445</u>

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

	2012	2013	2014	2015
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 4,077,633	\$ 5,131,879	\$ 4,789,051	\$ 4,968,344
Public safety	6,845,653	7,508,811	8,069,621	8,493,353
Public works	5,794,907	5,456,886	6,137,989	6,181,783
Parks and recreation	-	-	-	-
Tourism and arts	-	-	-	-
Community development	287,085	302,564	338,381	313,713
Interest and fiscal agent fees	821,705	830,054	926,584	891,258
Total governmental activities expenses	17,826,983	19,230,194	20,261,626	20,848,451
Business-type activities:				
Utility administration	979,390	955,026	909,211	979,161
Water	3,262,366	2,962,612	3,087,563	3,410,534
Sewer	1,736,531	1,978,197	2,418,443	2,483,923
Gas	1,743,258	2,229,583	1,963,162	1,429,950
Interest and fiscal agent fees	321,443	245,129	-	-
Total business-type activities expenses	8,042,988	8,370,547	8,378,379	8,303,568
Total primary government expenses	25,869,971	27,600,741	28,640,005	29,152,019
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services				
General government	-	-	-	-
Public safety	1,181,742	1,066,313	999,667	1,334,938
Public works	2,613,043	2,695,712	2,694,670	2,673,999
Community development	-	-	-	-
Operating grants and contributions	1,313,128	1,844,224	1,039,237	544,607
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	5,107,913	5,606,249	4,733,574	4,553,544
Business-type activities:				
Charges for services				
Utility administration	1,001,306	807,673	842,468	907,654
Water	4,668,205	4,578,777	4,449,383	4,654,613
Sewer	2,365,611	2,372,163	2,320,748	2,316,495
Gas	3,061,634	3,578,145	3,295,521	2,844,005
Operating grants and contributions	670,000	670,000	670,000	558,148
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	11,766,756	12,006,758	11,578,120	11,280,915
Total primary government program revenues	16,874,669	17,613,007	16,311,694	15,834,459
<b>NET (EXPENSE/REVENUE)</b>				
Governmental activities	(12,719,070)	(13,623,945)	(15,528,052)	(16,294,907)
Business-type activities	3,723,768	3,636,211	3,199,741	2,977,347
<b>TOTAL PRIMARY GOVERNMENT NET EXPENSE</b>	<b>\$ (8,995,302)</b>	<b>\$ (9,987,734)</b>	<b>\$ (12,328,311)</b>	<b>\$ (13,317,560)</b>

# Schedule 2

Page 1 of 2

2016	2017	2018	2019	2020	2021
\$ 5,391,624	\$ 5,174,908	\$ 3,821,623	\$ 4,474,991	\$ 6,479,677	\$ 7,453,414
9,028,841	9,650,665	10,000,655	10,435,902	10,976,532	10,642,757
6,436,355	6,952,664	8,912,367	7,074,104	4,071,787	4,998,747
-	741,577	637,942	780,799	924,069	850,842
-	-	648,305	688,638	604,578	551,323
421,381	386,153	431,157	430,360	556,924	532,472
830,716	1,252,064	1,452,252	1,328,319	1,295,548	1,017,122
22,108,917	24,158,031	25,904,301	25,213,113	24,909,115	26,046,677
1,179,100	1,362,874	2,876,373	2,938,276	1,672,850	1,908,989
3,410,534	3,937,152	3,356,893	3,793,224	5,115,488	5,132,543
2,483,923	2,228,636	1,239,276	1,448,029	2,114,431	2,041,666
1,429,950	1,507,955	1,529,924	1,774,315	1,646,494	4,474,541
-	-	-	-	-	-
8,503,507	9,036,617	9,002,466	9,953,844	10,549,263	13,557,739
30,612,424	33,194,648	34,906,767	35,166,957	35,458,378	39,604,416
-	-	-	-	71,864	103,456
1,334,938	1,315,754	1,528,423	1,899,018	1,468,491	1,344,309
2,673,999	2,359,008	1,961,957	1,954,602	1,793,191	1,888,491
-	441,542	513,522	558,992	1,109,989	1,628,808
544,607	1,420,653	1,012,028	839,316	473,851	1,358,419
-	-	-	-	-	4,869,087
4,553,544	5,536,957	5,015,930	5,251,928	4,917,386	11,192,570
907,654	739,061	1,335,974	934,852	1,384,685	2,878,294
4,654,613	5,092,916	5,347,170	5,494,083	6,376,840	6,819,402
2,316,495	2,434,143	2,405,689	2,310,252	2,208,301	2,522,144
2,844,005	2,655,884	3,139,726	3,271,868	3,504,744	3,988,923
558,148	558,148	558,148	-	-	-
-	-	-	-	-	989,795
11,280,915	11,480,152	12,786,707	12,011,055	13,474,570	17,198,558
15,834,459	17,017,109	17,802,637	17,262,983	18,391,956	28,391,128
(17,555,373)	(18,621,074)	(20,888,371)	(19,961,185)	(19,991,729)	(14,854,107)
2,777,408	2,443,535	3,784,241	2,057,211	2,925,307	3,640,819
\$ (14,777,965)	\$ (16,177,539)	\$ (17,104,130)	\$ (17,903,974)	\$ (17,066,422)	\$ (11,213,288)

# City of Tomball, Texas

## Changes in Net Position - Continued

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2012	2013	2014	2015
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Taxes:				
Property taxes, levied for general purposes	\$ 1,228,461	\$ 1,543,913	\$ 1,638,673	\$ 1,715,949
Property taxes, levied for debt service	2,557,169	3,164,416	3,371,282	3,525,979
Sales taxes	8,189,360	9,442,376	10,532,691	10,839,818
Franchise and other taxes	1,227,784	1,267,302	1,253,077	1,282,598
Other taxes	444,032	428,208	590,910	538,843
Gain (loss) on sale of capital assets	-	-	-	17,634
Contributions not restricted to specific programs	-	-	-	-
Special assessments	-	-	-	-
Unrestricted investment earnings	46,763	44,877	30,636	40,115
Other	151,142	227,592	253,375	475,712
Transfers	3,054,958	2,448,842	1,691,621	1,607,068
Total governmental activities	16,899,669	18,567,526	19,362,265	20,043,716
Business-type activities:				
Gain on sale of capital assets	-	-	-	-
Contributions not restricted to specific programs	-	-	-	-
Unrestricted investment earnings	21,721	13,088	(1,417)	33,771
Other	44,212	50,567	45,800	47,847
Transfers	(3,054,958)	(2,448,842)	(1,691,621)	(1,607,068)
Total business-type activities	(2,989,025)	(2,385,187)	(1,647,238)	(1,525,450)
Total primary government	13,910,644	16,182,339	17,715,027	18,518,266
<b>CHANGE IN NET POSITION</b>				
Governmental activities	4,180,599	4,943,581	3,834,213	3,748,809
Business-type activities	734,743	1,251,024	1,552,503	1,451,897
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 4,915,342</b>	<b>\$ 6,194,605</b>	<b>\$ 5,386,716</b>	<b>\$ 5,200,706</b>

<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 1,855,706	\$ 1,964,345	\$ 2,144,861	\$ 2,046,480	\$ 2,265,470	\$ 3,511,280
3,818,986	4,042,945	4,374,552	4,195,229	4,654,251	3,701,770
10,578,683	10,791,147	12,427,660	12,523,084	12,291,928	13,361,050
1,331,077	1,307,171	1,270,927	1,300,064	1,565,842	1,459,571
628,932	554,839	711,245	798,623	-	-
127,134	-	-	-	162,560	260,345
-	-	-	536,112	2,356,370	782,885
-	-	-	-	-	769,412
133,673	473,077	920,613	184,901	788,699	39,807
395,060	145,114	376,266	1,234,387	633,271	533,098
2,798,178	5,037,656	836,473	5,040,395	2,467,434	1,206,112
<u>21,667,429</u>	<u>24,316,294</u>	<u>23,062,597</u>	<u>27,859,275</u>	<u>27,185,825</u>	<u>25,625,330</u>
-	-	-	38,462	-	195,593
-	-	-	558,148	1,420,458	370,000
43,741	82,792	154,619	-	94,836	6,041
87,304	11,511	4,417	266,639	140,513	661,412
(2,798,178)	(5,037,656)	(836,473)	(5,040,395)	(2,467,434)	(1,206,112)
<u>(2,667,133)</u>	<u>(4,943,353)</u>	<u>(677,437)</u>	<u>(4,177,146)</u>	<u>(811,627)</u>	<u>26,934</u>
19,000,296	19,372,941	22,385,160	23,682,129	26,374,198	25,652,264
4,112,056	5,695,220	2,174,226	7,898,090	7,194,096	10,771,223
110,275	(2,499,818)	3,106,804	(2,119,935)	2,113,680	3,667,753
<u>\$ 4,222,331</u>	<u>\$ 3,195,402</u>	<u>\$ 5,281,030</u>	<u>\$ 5,778,155</u>	<u>\$ 9,307,776</u>	<u>\$ 14,438,976</u>

**City of Tomball, Texas**

## Fund Balances of Governmental Funds

## Last Ten Fiscal Years

*(Modified Accrual Basis of Accounting)*

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>GENERAL FUND</b>				
Nonspendable	\$ 39,913	\$ 30,441	\$ 15,894	\$ 14,435
Restricted	-	-	-	-
Assigned	325,879	161,921	322,702	127,671
Unassigned	9,489,655	11,559,755	13,075,443	13,340,472
Total General fund	9,855,447	11,752,117	13,414,039	13,482,578
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Restricted	19,319,655	27,524,034	26,470,729	23,370,264
Committed	-	-	-	-
Assigned, reported in:				
Capital project funds	-	-	-	-
Nonmajor governmental funds	133,570	143,436	168,245	167,060
Total all other governmental funds	19,453,225	27,667,470	26,638,974	23,537,324
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 29,308,672</b>	<b>\$ 39,419,587</b>	<b>\$ 40,053,013</b>	<b>\$ 37,019,902</b>

# Schedule 3

<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 12,047	\$ 14,956	\$ 22,244	\$ 41,027	\$ 32,959	\$ 44,475
-	-	-	-	-	-
35,379	24,767	78,620	-	-	101,936
13,245,355	13,021,273	14,649,687	16,040,036	17,356,506	21,310,474
13,292,781	13,060,996	14,750,551	16,081,063	17,389,465	21,456,885
19,434,478	42,711,890	39,639,759	42,382,622	31,060,871	20,772,788
-	-	-	-	39,052	84,640
-	-	-	-	-	-
128,489	140,059	150,799	160,021	101,816	-
19,562,967	42,851,949	39,790,558	42,542,643	31,201,739	20,857,428
\$ 32,855,748	\$ 55,912,945	\$ 54,541,109	\$ 58,623,706	\$ 48,591,204	\$ 42,314,313



## City of Tomball, Texas

### Changes in Fund Balances of Governmental Funds

#### Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2012	2013	2014	2015
<b>REVENUES</b>				
Taxes	\$ 13,886,856	\$ 15,846,215	\$ 17,386,633	\$ 17,903,187
Permits, licenses, and fees	308,621	445,104	446,292	492,646
Fines and forfeitures	1,143,981	1,181,742	1,066,313	999,667
Service Revenue	2,075,785	2,167,939	2,249,420	2,202,024
Intergovernmental	273,950	784,918	939,861	384,308
Contributions from component unit	1,021,703	528,210	904,363	606,753
Investment earnings	44,347	42,913	29,604	38,372
Special assessments	-	-	-	-
Contributions from property owners	-	-	-	-
Other revenues	151,143	178,501	242,361	538,244
Total revenues	18,906,386	21,175,542	23,264,847	23,165,201
<b>EXPENDITURES</b>				
General government	4,520,919	5,099,473	4,929,295	5,128,871
Public safety	7,344,336	7,353,064	8,230,705	9,114,221
Public works	3,407,143	3,217,149	3,364,509	3,464,256
Public service	266,984	1,677,586	1,627,610	1,366,045
Parks and recreation	-	-	-	-
Tourism and arts	-	-	-	-
Community development	-	-	-	-
Capital outlay	4,311,250	1,939,517	2,996,663	5,923,542
Debt service				
Principal	1,192,057	1,800,649	2,210,330	2,742,812
Interest	806,738	733,166	955,817	854,618
Issuance costs and fiscal agent fees	106,633	284,673	8,113	11,015
Total expenditures	21,956,060	22,105,277	24,323,042	28,605,380
Excess of revenues over (under) expenditures	(3,049,674)	(929,735)	(1,058,195)	(5,440,179)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,206,958	2,748,842	2,491,049	3,261,023
Transfers out	(2,152,000)	(300,000)	(799,428)	(1,653,955)
Issuance of debt	14,500,000	14,270,500	-	-
Premium on debt issued	107,735	205,934	-	-
Payment to refunded bond escrow agent	-	(5,884,626)	-	-
Capital leases	725,000	-	-	800,000
Proceeds from sale of capital assets	-	-	-	-
Insurance recoveries	-	-	-	-
Total other financing sources	18,387,693	11,040,650	1,691,621	2,407,068
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 15,338,019</b>	<b>\$ 10,110,915</b>	<b>\$ 633,426</b>	<b>\$ (3,033,111)</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	11.33%	12.56%	14.85%	15.86%

## Schedule 4

2016	2017	2018	2019	2020	2021
\$ 18,213,384	\$ 18,660,447	\$ 20,855,485	\$ 20,863,480	\$ 20,777,491	\$ 22,033,671
439,677	477,934	532,615	580,397	1,113,989	1,633,908
892,654	811,084	664,577	702,464	387,512	342,294
2,234,322	2,236,863	1,844,191	2,944,374	2,967,034	3,013,862
288,988	879,740	453,416	814,316	473,851	2,881,985
538,012	540,913	558,612	561,112	755,684	757,885
125,092	451,739	920,616	1,234,387	760,258	37,260
-	-	-	-	-	769,412
-	-	-	-	-	1,906,073
637,104	746,050	1,412,658	370,277	467,213	505,629
23,369,233	24,804,770	27,242,170	28,070,807	27,703,032	33,881,979
5,226,561	6,100,527	5,393,013	5,864,176	6,126,522	7,338,143
8,509,599	9,089,408	9,299,659	9,343,944	9,938,995	10,121,612
3,386,348	6,526,127	4,125,511	3,981,985	3,747,361	4,633,013
2,716,596	-	-	-	-	-
-	741,577	637,942	780,799	933,132	850,842
-	-	648,305	688,638	604,578	551,162
-	702,393	431,157	430,037	400,824	382,201
7,384,704	777,156	4,135,518	2,804,551	14,657,977	15,267,183
2,285,608	3,119,373	3,322,713	3,576,806	3,923,000	2,540,000
812,046	1,647,348	1,446,498	1,368,870	1,128,683	1,028,508
10,163	10,163	10,163	10,163	181,880	186,875
30,331,625	28,714,072	29,450,479	28,849,969	41,642,952	42,899,539
(6,962,392)	(3,909,302)	(2,208,309)	(779,162)	(13,939,920)	(9,017,560)
3,979,455	8,138,353	4,204,166	6,314,895	4,789,385	3,724,723
(1,181,277)	(2,323,541)	(3,367,693)	(1,453,136)	(1,088,050)	(1,436,305)
-	20,240,000	-	-	9,100,000	5,255,000
-	911,687	-	-	733,352	535,384
-	-	-	-	(9,663,255)	(5,652,859)
-	-	-	-	-	-
-	-	-	-	166,059	27,469
-	-	-	-	-	219,612
2,798,178	26,966,499	836,473	4,861,759	4,037,491	2,673,024
\$ (4,164,214)	\$ 23,057,197	\$ (1,371,836)	\$ 4,082,597	\$ (9,902,429)	\$ (6,344,536)
13.50%	17.06%	18.84%	18.99%	19.08%	13.15%

**City of Tomball, Texas**

## Tax Revenues by Source

## Last Ten Fiscal Years

<b>Function</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Property	\$ 4,025,680	\$ 4,708,329	\$ 5,009,955	\$ 5,241,928
Sales	8,189,360	9,442,376	10,532,691	10,839,818
Franchise fee	964,790	1,267,302	1,253,077	1,282,598
Other taxes	707,026	428,208	590,910	538,843
	<u>\$ 13,886,856</u>	<u>\$ 15,846,215</u>	<u>\$ 17,386,633</u>	<u>\$ 17,903,187</u>

## Schedule 5

<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 5,674,692	\$ 6,007,290	\$ 6,519,413	\$ 6,241,709	\$ 6,919,721	\$ 7,213,050
10,578,683	10,791,147	12,427,660	12,594,274	12,291,928	13,361,050
1,331,076	1,064,371	1,026,440	996,118	832,450	851,126
628,933	797,639	881,972	1,031,379	733,392	608,445
<u>\$ 18,213,384</u>	<u>\$ 18,660,447</u>	<u>\$ 20,855,485</u>	<u>\$ 20,863,480</u>	<u>\$ 20,777,491</u>	<u>\$ 22,033,671</u>

## City of Tomball, Texas

### Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Residential property	\$ 436,949,202	\$ 433,331,223	\$ 439,396,850	\$ 497,193,417
Commercial property	1,071,555,690	1,192,905,533	1,303,924,316	1,314,023,000
Less: Tax exempt property	<u>(341,307,250)</u>	<u>(261,641,054)</u>	<u>(274,973,296)</u>	<u>(280,967,178)</u>
<b>TOTAL TAXABLE ASSESSED VALUE <sup>(1)</sup></b>	<b><u>\$ 1,167,197,642</u></b>	<b><u>\$ 1,364,595,702</u></b>	<b><u>\$ 1,468,347,870</u></b>	<b><u>\$ 1,530,249,239</u></b>
<b>TOTAL DIRECT TAX RATE</b>	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

2016	2017	2018	2019	2020	2021
\$ 561,634,471	\$ 588,671,706	\$ 623,634,272	\$ 710,129,040	\$ 925,530,809	\$ 796,448,519
1,395,710,026	1,451,279,183	1,469,452,394	1,709,373,371	1,575,407,601	1,758,884,849
(290,126,523)	(298,380,174)	(263,289,888)	(345,460,031)	(362,380,020)	(355,036,270)
<u>\$ 1,667,217,974</u>	<u>\$ 1,741,570,715</u>	<u>\$ 1,829,796,778</u>	<u>\$ 2,074,042,380</u>	<u>\$ 2,138,558,390</u>	<u>\$ 2,200,297,098</u>
0.341455	0.341455	0.341455	0.341455	0.341455	0.337862

## City of Tomball, Texas

### Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
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	1.360000	1.360000
Harris County	0.391170	0.400210	0.414550	0.417310
Harris County Flood Control District	0.028090	0.028090	0.028270	0.027360
Port of Houston Authority	0.185600	0.019520	0.017160	0.015310
Harris County Hospital District	0.192160	0.182160	0.170000	0.170000
Harris County Dept. of Education	0.006581	0.006617	0.006358	0.005999
Lone Star College System District	0.121000	0.119800	0.116000	0.108100
Emergency Service District #8	0.050000	0.050000	0.050000	0.100000
<b>TOTAL DIRECT AND OVERLAPPING RATES <sup>(1)</sup></b>	<b>\$ 2.676056</b>	<b>\$ 2.507852</b>	<b>\$ 2.503793</b>	<b>\$ 2.545534</b>

Tax rates per \$100 of assessed valuation

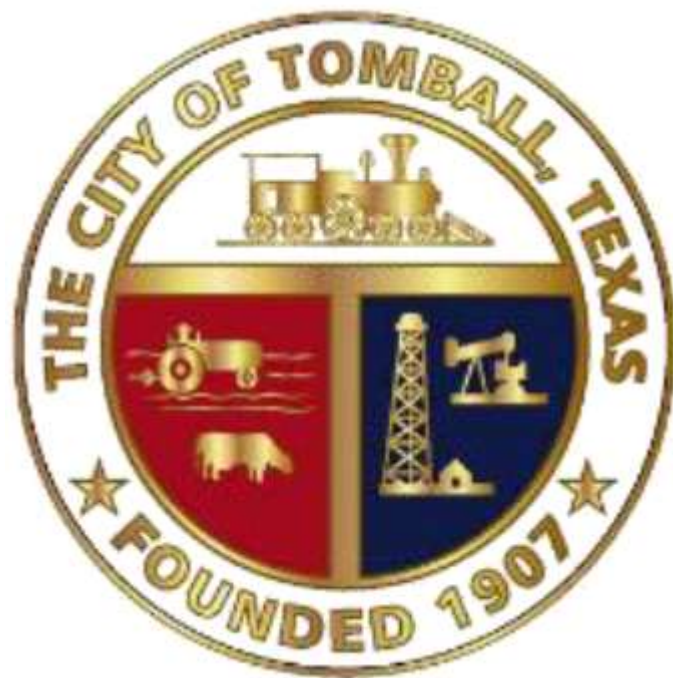
Source: Harris County Appraisal District

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

## Schedule 7

<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 0.111455	\$ 0.111455	\$ 0.111455	\$ 0.111455	\$ 0.111455	\$ 0.164279
0.230000	0.230000	0.230000	0.230000	0.230000	0.173583
0.341455	0.341455	0.341455	0.341455	0.341455	0.337862
1.340000	1.340000	1.340000	1.290000	1.290000	1.290000
0.419230	0.416560	0.418580	0.407130	0.407130	0.391160
0.027330	0.028290	0.028770	0.027920	0.027920	0.031420
0.013420	0.013340	0.011550	0.010740	0.010740	0.009910
0.170000	0.171790	0.171080	0.165910	0.165910	0.166710
0.005422	0.005200	0.005190	0.005000	0.005000	0.004993
0.107900	0.107800	0.107800	0.107800	0.107800	0.107800
0.100000	0.095470	0.098250	0.096700	0.096700	0.097000
<u>\$ 2.524757</u>	<u>\$ 2.519905</u>	<u>\$ 2.522675</u>	<u>\$ 2.452655</u>	<u>\$ 2.452655</u>	<u>\$ 2.436855</u>





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

**Schedule 8**

Property Tax Payer	2021			2012		
		Rank	% of Taxable Assessed Value		Rank	% of Taxable Assessed Value
North Houston TRMC	\$ 132,709,999	1	6.03%	\$ -		0.00%
Weingarten Investments Inc.	37,227,854	2	1.69%	14,465,046	4	1.24%
Baker Hughes	34,641,844	3	1.57%	-		
CXA Corporation	33,835,859	4	1.54%	-		
Mustang CAT Manufacturing	27,430,656	5	1.25%	-		
SJBC Commercial XXI LLC	27,056,859	6	1.23%	-		
CenterPoint Energy	21,224,842	7	0.96%	14,630,455	5	1.25%
Wal Mart	19,676,763	8	0.89%	18,176,890	2	1.56%
29807 Tomball LLC	19,378,442	9	0.88%	-		
MPT Tomball LP	18,107,612	10	0.82%	15,640,730	3	1.34%
B J Services	-		0.00%	152,536,820	1	13.07%
Lowe's	-		0.00%	13,145,395	6	1.13%
HEB Grocery	-		0.00%	11,993,498	7	1.03%
Target Corporation	-		0.00%	10,723,678	9	0.92%
Tomball Hospital Authority	-		0.00%	10,338,236	8	0.89%
MB Tomball Town Center LP	-		0.00%	9,658,207	10	0.83%
Subtotal	371,290,730		16.87%	271,308,955		23.24%
Other Taxpayers	1,829,006,068		83.13%	895,888,687		76.76%
<b>TOTAL TAXABLE ASSESSED VALUE</b>	<b>\$ 2,200,296,798</b>		<b>100.00%</b>	<b>\$ 1,167,197,642</b>		<b>100.00%</b>

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
2012	\$	3,983,961	\$ 3,943,188	99%	\$ 33,284	\$ 3,976,472	100%
2013		4,649,753	4,633,156	100%	10,691	4,643,847	100%
2014		4,985,054	4,967,598	100%	12,120	4,979,718	100%
2015		5,185,007	5,168,570	100%	10,012	5,178,582	100%
2016		5,688,531	5,591,963	98%	89,921	5,681,884	100%
2017		6,077,755	5,870,159	97%	199,068	6,069,227	100%
2018		6,285,748	6,210,139	99%	64,542	6,274,681	100%
2019		6,400,713	6,344,039	99%	42,996	6,387,035	100%
2020		6,844,962	6,751,924	99%	68,624	6,820,548	100%
2021		7,297,621	7,118,059	98%	-	7,118,059	98%

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

**Schedule 10**

Sales Tax Remitter	Calendar Year 2021				Calendar Year 2012			
	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	2,771	33.60%	\$ 9,933	54.25%	1,268	24.85%	\$ 4,361	38.59%
Services	1,326	16.08%	2,673	14.60%	975	19.11%	1,797	15.90%
Wholesale trade	1,169	14.17%	1,338	7.31%	756	14.82%	880	7.79%
Utilities, transportation, communications	621	7.53%	916	5.00%	366	7.17%	724	6.41%
Manufacturing	1,025	12.43%	858	4.69%	432	8.47%	324	2.87%
Construction	392	4.75%	265	1.45%	301	5.90%	166	1.47%
Finance, insurance, real estate	276	3.35%	912	4.98%	217	4.25%	442	3.91%
Mining, quarrying, and oil and gas extraction	73	0.89%	384	2.10%	19	0.37%	19	0.17%
All other outlets	595	7.21%	1,029	5.62%	768	15.05%	2,589	22.91%
<b>TOTAL</b>	<b>8,248</b>	<b>100.00%</b>	<b>\$ 18,308</b>	<b>100.00%</b>	<b>5,102</b>	<b>100.00%</b>	<b>\$ 11,302</b>	<b>100.00%</b>

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

	2012	2013	2014	2015
<b>PRIMARY GOVERNMENT</b>				
Governmental activities:				
General obligation bonds	\$ 5,501,750	\$ 10,985,250	\$ 9,710,500	\$ 8,437,500
Certificates of obligation	21,151,000	22,435,000	21,565,000	20,640,000
Premiums	332,990	492,862	449,806	406,750
Public property finance contractual obligation	-	-	-	-
Other debt items	(338,639)	(453,956)	-	-
Capital leases	664,193	601,044	535,464	800,000
Subtotal	27,311,294	34,060,200	32,260,770	30,284,250
Business-type activities:				
General obligation bonds	4,738,250	5,304,750	4,669,500	4,042,500
Certificates of obligation	1,199,000	-	-	-
Premiums	105,987	94,211	82,435	70,659
Revenue bonds	3,315,000	2,900,000	2,465,000	-
Subtotal	9,358,237	8,298,961	7,216,935	4,113,159
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 36,669,531</b>	<b>\$ 42,359,161</b>	<b>\$ 39,477,705</b>	<b>\$ 34,397,409</b>
<b>PERSONAL INCOME</b>	315,207,090	315,207,090	463,247,856	475,348,930
<b>DEBT AS A PERCENTAGE OF PERSONAL INCOME</b>	11.633%	13.439%	8.522%	7.236%
<b>POPULATION</b>	10,979	10,979	11,124	11,299
<b>DEBT PER CAPITA</b>	3,340	3,858	3,549	3,044

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

# Schedule 11

2016	2017	2018	2019	2020	2021
\$ 7,165,750	\$ 5,887,500	\$ 4,603,250	\$ 3,603,000	\$ 10,790,000	\$ 14,875,000
19,695,000	38,165,000	36,200,000	34,210,000	22,535,000	15,540,000
363,694	1,188,911	1,103,038	1,017,164	1,625,273	1,913,996
-	-	1,300,000	1,169,868	1,169,868	1,039,868
-	-	-	-	-	-
731,142	660,019	586,556	-	-	-
27,955,586	45,901,430	43,792,844	40,000,032	36,120,141	33,368,864
3,429,250	2,832,500	2,246,750	1,672,000	-	-
-	-	-	-	-	-
58,883	47,107	35,331	23,555	-	-
-	-	-	-	-	-
3,488,133	2,879,607	2,282,081	1,695,555	-	-
\$ 31,443,719	\$ 48,781,037	\$ 46,074,925	\$ 41,695,587	\$ 36,120,141	\$ 33,368,864
508,752,440	576,689,433	575,773,674	420,244,052	381,549,768	459,924,388
6.181%	8.459%	8.002%	9.922%	9.467%	7.255%
11,540	11,643	11,707	11,761	12,053	12,341
2,725	4,190	3,936	3,545	2,997	2,704

## 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

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>NET TAXABLE ASSESSED VALUE</b>				
All property	1,167,197,642	1,364,595,702	1,468,347,870	1,530,249,239
<b>NET BONDED DEBT</b>				
Net bonded debt	32,690,338	38,858,117	36,477,241	33,597,409
<b>NET BONDED DEBT</b>	<b>\$ 32,690,338</b>	<b>\$ 38,858,117</b>	<b>\$ 36,477,241</b>	<b>\$ 33,597,409</b>
<b>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</b>	2.80%	2.85%	2.48%	2.20%
<b>POPULATION</b>	10,753	10,979	10,979	11,124
<b>NET BONDED DEBT PER CAPITA</b>	3,040	3,539	3,322	3,020

## Schedule 12

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
1,667,217,974	1,741,570,715	1,829,767,778	2,074,042,380	2,138,558,390	2,200,297,098
30,712,577	48,121,018	42,285,167	38,048,276	36,120,141	33,368,864
<u>\$ 30,712,577</u>	<u>\$ 48,121,018</u>	<u>\$ 42,285,167</u>	<u>\$ 38,048,276</u>	<u>\$ 36,120,141</u>	<u>\$ 33,368,864</u>
1.84%	2.76%	2.31%	1.83%	1.69%	1.52%
11,299	11,643	11,707	11,761	12,053	12,341
2,718	4,133	3,612	3,235	2,997	2,704



**City of Tomball, Texas**

Direct and Overlapping Governmental Activities Debt  
September 30, 2021

**Schedule 13**

<b>Governmental Unit</b>	<b>Net Bonded Debt Outstanding</b>	<b>Estimated Percentage Applicable <sup>(1)</sup></b>	<b>Estimated Share of Overlapping Debt</b>
<b>DEBT REPAID WITH PROPERTY TAXES</b>			
Tomball ISD	\$ 564,985,000	17.520%	\$ 98,985,372
Harris County	1,723,192,125	0.380%	6,548,130
Harris Co. Flood Control District	590,725,000	0.380%	2,244,755
Harris Co. Hospital District	81,540,000	0.380%	309,852
Port of Houston Authority	492,439,397	0.380%	1,871,270
Harris County Dept of Education	20,185,000	0.380%	76,703
Lone Star College System	610,225,000	0.970%	5,919,183
Subtotal, overlapping debt			115,955,264
City direct debt		100.000%	33,368,864
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>			<b>\$ 149,324,128</b>

Notes:

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

Source: First Southwest Company / Texas Municipal Reports

**City of Tomball, Texas****Schedule 14**

## Legal Debt Margin Information

## Last Ten Fiscal Years

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

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Gross revenues	\$ 11,012,281	\$ 11,831,041	\$ 12,060,478	\$ 11,650,417
Operating expenses <sup>(1)</sup>	5,968,026	6,366,426	6,766,405	6,989,458
<b>NET REVENUES AVAILABLE FOR DEBT SERVICE</b>	5,044,255	5,464,615	5,294,073	4,660,959
<b>DEBT SERVICE REQUIREMENTS <sup>(2)</sup></b>				
Principal and interest	563,815	568,174	273,536	-
<b>TOTAL</b>	<u>\$ 563,815</u>	<u>\$ 568,174</u>	<u>\$ 273,536</u>	<u>\$ -</u>
<b>COVERAGE</b>	8.95	9.62	19.35	n/a

(1) Total operating expenses less depreciation

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

## Schedule 15

2016	2017	2018	2019	2020	2021
\$ 11,371,959	\$ 10,922,004	\$ 12,228,559	\$ 12,011,055	\$ 13,615,083	\$ 16,870,175
6,917,814	7,200,566	7,492,441	8,444,761	8,594,907	11,998,767
4,454,145	3,721,438	4,736,118	3,566,294	5,020,176	4,871,408
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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**

<b>Fiscal Year Ended Sept 30</b>	<b>Population<sup>(1)</sup></b>	<b>Personal Income</b>	<b>Per Capita Personal Income<sup>(5)</sup></b>	<b>Median Age<sup>(2)</sup></b>	<b>School Enrollment<sup>(3)</sup></b>	<b>Unemployment Rate<sup>(4)</sup></b>
2012	10,979	\$ 315,207,090	\$ 28,710	36.9	11,132	7.50%
2013	10,979	315,207,090	28,710	39.8	12,362	6.20%
2014	11,124	463,247,856	41,644	35.6	12,461	4.90%
2015	11,299	475,348,930	42,070	37.2	13,270	4.40%
2016	11,540	508,752,440	44,086	37.3	14,077	5.70%
2017	11,643	576,689,433	49,531	34.5	14,700	4.80%
2018	11,707	575,773,674	49,182	34.5	15,934	4.72%
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%

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	2021			2012		
	Employees	Rank	Total City Employment	Employees	Rank	Total City Employment
Tomball ISD	2,235	1	16.28%	1,436	2	16.67%
HCA (Previously Tomball Regional)	940	2	6.85%	1,600	1	18.58%
Lone Star College - Tomball	715	3	5.21%	800	3	9.29%
HEB	320	4	2.33%	266	6	3.09%
Walmart	275	5	2.00%	459	5	5.33%
City of Tomball	204	6	1.49%	165	7	1.92%
Lowes	200	7	1.46%	127	9	1.47%
Kroger	157	8	1.14%	140	8	1.63%
Target	90	9	0.66%	113	10	1.31%
Baker Hughes (B J Services)	70	10	0.51%	600	4	6.97%

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

	2012	2013	2014	2015
<b>GENERAL FUND</b>				
Administration	16.00	17.50	17.50	17.50
Permits & Inspection	5.00	5.00	5.00	4.00
Police Department	59.00	58.00	58.50	59.50
Municipal Court	4.50	4.50	4.50	4.50
Community Center	3.00	3.00	3.00	3.00
Fire Department	18.00	18.00	18.50	27.50
Public Works Admin.	9.00	9.00	9.00	10.00
Garage	2.00	2.00	2.00	2.00
Parks	5.20	5.20	5.20	5.20
Streets	8.20	7.20	7.20	7.20
Total General Fund	129.90	129.40	130.40	140.40
<b>ENTERPRISE FUND</b>				
Utility Administration	9.00	8.00	7.00	7.00
Water	7.20	7.20	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	32.60	31.60	31.60	31.60
<b>SPECIAL REVENUE FUND</b>	2.50	3.00	12.00	3.00
Total Special Revenue Fund	2.50	3.00	12.00	3.00
<b>TOTAL CITY POSITIONS</b>	165.00	164.00	174.00	175.00

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.

## Schedule 18

2016	2017	2018	2019	2020	2021
17.50	18.00	18.00	18.00	18.00	18.00
6.00	6.00	6.00	6.00	6.00	6.00
59.50	61.50	61.50	62.00	62.00	65.00
4.50	4.50	4.50	5.50	5.50	5.50
3.00	3.00	3.00	3.00	3.00	3.00
27.50	27.50	27.50	35.30	32.30	35.30
8.00	8.00	8.00	8.00	8.00	8.00
2.00	2.00	2.00	2.00	2.00	2.00
5.20	5.20	6.20	6.70	6.70	6.70
8.20	8.20	9.20	9.20	9.20	9.20
141.40	143.90	145.90	155.70	152.70	158.70
8.00	8.00	9.00	9.00	9.00	9.00
8.20	8.20	8.20	8.20	8.20	8.20
10.20	10.20	10.20	10.20	10.20	10.20
6.20	6.20	6.20	6.20	6.20	6.20
32.60	32.60	33.60	33.60	33.60	33.60
3.00	3.50	3.50	4.00	4.00	3.00
3.00	3.50	3.50	4.00	4.00	3.00
177.00	180.00	183.00	193.30	190.30	195.30



## City of Tomball, Texas

### Operating Indicators by Function/Program Last Ten Fiscal Years

	2012	2013	2014	2015
<b>FUNCTION/PROGRAM</b>				
Police:				
Arrests	1,475	2,394	1,650	1,252
Accident reports	392	378	453	514
Citations	13,329	11,330	10,181	7,251
Offense reports	2,153	2,008	2,224	1,462
Calls for service	7,399	7,069	7,524	7,938
Fire:				
Emergency responses	1,523	1,768	2,749	2,002
Fire incidents	178	129	128	104
Average response time	6:40	4:50	5:13	5:18
Water:				
New accounts	56	122	126	88
Source				
Water	56	122	126	88
Sewer	56	122	126	88
Average daily consumption (millions of gallons)	2.249	2,043	1,967	2,052
Number of million gallons of surface water pumped	-	-	-	-
Number of million gallons of well water pumped	822,215	759,817	718,069	750,434
Total consumption (millions of gallons)	822,215	759,817	718,069	750,434
Peak daily consumption (millions of gallons)	4,312	4,689	3,385	2,840
Sewer:				
Average daily sewage treatment (millions of gallons)	1.555	1.347	1.478	1.576
Total consumption (millions of gallons)	567.754	491.660	539.470	575.240
Peak daily consumption (millions of gallons)	7.44	2.85	5.19	3.78

Source: Various City departments

# Schedule 19

2016	2017	2018	2019	2020	2021
883	1,073	808	454	481	749
577	489	486	832	149	310
6,746	5,679	4,789	4,774	4,169	2,278
1,092	1,299	525	886	1,230	993
7,747	7,205	28,443	34,899	40,851	13,713
1,671	1,773	2,820	2,162	1,677	1,961
114	162	135	91	114	78
6:52	6:10	6:43	6:07	6:10	6:13
41	148	87	133	268	527
41	148	87	133	268	527
41	148	87	133	268	527
2,051	1,807	2,090	2,112	2,126	1,909
-	-	-	-	-	-
748,615	659,814	763,060	912,707	776,032	773,283
748,615	659,814	763,060	912,707	693,111	706,483
2,657	4,760	3,941	5,083	4,141	5,730
1.920	1.589	1.528	1.554	1.297	1.352
700.800	579.985	565.824	568.764	473.415	535.090
2.70	3.51	3.20	3.23	3.99	4.99

## City of Tomball, Texas

### Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

	2012	2013	2014	2015
<b>FUNCTION/PROGRAM</b>				
Police:				
Stations	1	1	1	1
Patrol units	33	33	33	35
Fire stations	2	2	2	2
Other public works:				
Streets (miles - centerlines)	58.20	50.60	50.60	50.60
Streetlights	664	689	720	720
Parks and recreation:				
Parks	4	6	6	7
Parks acreage	24.00 acres	39.00 acres	39.00 acres	52.00 acres
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	1	2	2	2
Water:				
Water mains (miles)	0.20	1.00	92.69	92.69
Fire hydrants	14	950	955	955
Storage capacity (millions of gallons)	2.35	2.85	2.85	2.85
Sewer:				
Sanitary sewers (miles)	1.53	1.65	1.65	1.65
Storm sewers (miles)	17.40	22.90	22.90	22.90
Open ditch / creek / canal drainage (miles)	54.00	54.00	54.00	54.00
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

2016	2017	2018	2019	2020	2021
1	1	1	1	1	1
35	35	35	38	51	56
2	2	2	2	2	2
50.60	57.94	57.94	61.67	84.00	88.18
720	720	720	751	793	793
7	7	7	7	7	7
52.00 acres	69.81 acres	69.81 acres	69.81 acres	69.81 acres	69.81 acres
1	1	1	1	1	1
8	8	8	8	8	8
4	4	4	4	4	4
-	-	-	-	-	-
-	-	-	-	-	-
2	2	2	2	2	2
94.49	95.11	121.36	123.97	128.92	132.60
974	981	1,135	1,163	1,219	1,277
2.85	2.15	2.15	2.15	2.15	2.15
3.25	3.88	98.14	84.50	88.52	92.23
22.90	22.90	22.90	62.85	66.09	69.65
54.00	57.00	57.23	57.23	57.23	57.23
3	3	3	3	3	3

