

City of Tomball, TX

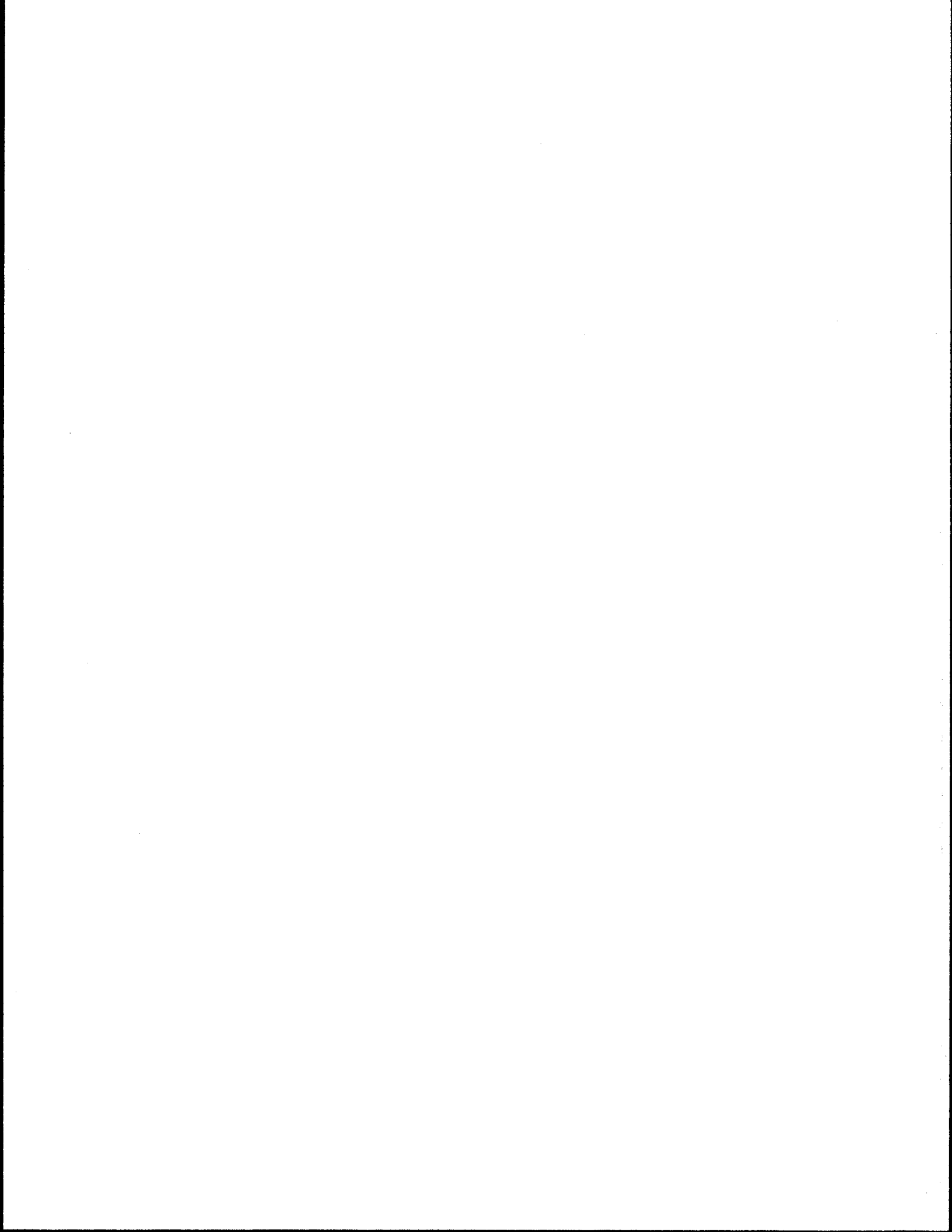


Annual Budget



For the Fiscal
Year

October 1, 2007 to September 30, 2008



How To Read This Document

Welcome!

You are holding the published City of Tomball budget for the fiscal year beginning October 1, 2007 and ending September 30, 2008. The document has been prepared to help you, the reader, learn of the issues affecting the Tomball community. Many people believe a city budget is only a financial plan. Although you can learn a great deal about the City's finances from these pages, the 2007-08 budget document has been designed to serve other functions as well. For example, it is a policy document that presents the major policies which guide how the City is managed. It is an operations guide which gives the public, elected officials, and City staff information pertaining to the production and performance of individual City operations. The document is also designed as a communications device in which information is conveyed verbally and graphically.

Budget Format

The document is divided into three major sections: Introductory, Financial and Operational, and Appendices. The Introductory section contains the City Manager's letter which is addressed to the City Council and explains major policies and issues which affected the development of the 2008 fiscal year budget. This section also includes the ordinances that adopted the budget and the ad valorem tax rate for FY 2008, the City's

organization and staffing charts, and the summary of all financial statements.

The Financial/Operational section describes various aspects of the City's organization. This information is grouped first by fund and then by department. Like many local governments, the City uses the fund method of accounting. Simply stated, a fund is a unit of the City which tracks the application of various public resources. For example, the Enterprise Fund is established to keep track of the revenues and expenses of the City's water, sewer, and natural gas operations. Most people are particularly interested in the General Fund which is comprised of most of the Town's operations like Police, Fire, Municipal Court, Streets, and Parks. Financial statements, including the adopted 2007-08 budget are presented for every fund. The statements show the fund's financial condition over a number of years. Similar to the checking account statement you receive from your bank, the statement shows beginning balances, revenues, expenditures, and ending balances for each year. Each fund statement shows the actual audited amounts from the previous fiscal year, or for this document, the 2005-06 fiscal year. The ending balance of the actual year becomes the beginning balance of the projected current fiscal year, 2006-07. The projected column reflects estimated amounts compared to the amounts included in the adopted budget for the current year. The projected ending balance of the current fiscal year then becomes

the beginning balance for the projected 2007-08 budget year. Accompanying the statements are narratives and graphs which describe the major features of that particular fund. Within each fund there may be one or more departments which further describe a component of the City's organization. Each department is presented with a mission statement and the City is working towards each department also presenting a listing of the unit's accomplishments for the previous fiscal year and operational objectives for the 2008 fiscal year. Selected service levels for each department are presented graphically. The funding for each department, as well as the unit's staffing are summarized over a number of years.

Tomball Fast Facts as well as the Tomball Journal provide additional information as to the demographic composition of the community, its history and its economic outlook.

Finally, various Appendices are presented towards the back of the document which more fully describe the budget process, the City's major revenue sources, the long-term financial plans for the General, Debt Service and Enterprise Funds, and a capital project summary. Also included is a glossary of terms.

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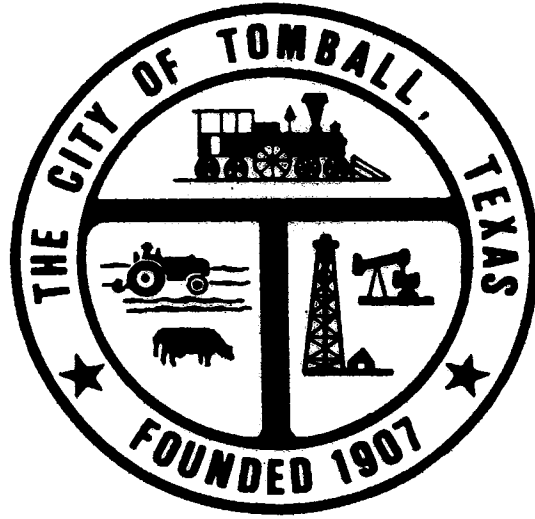
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Capital Replacement Fund

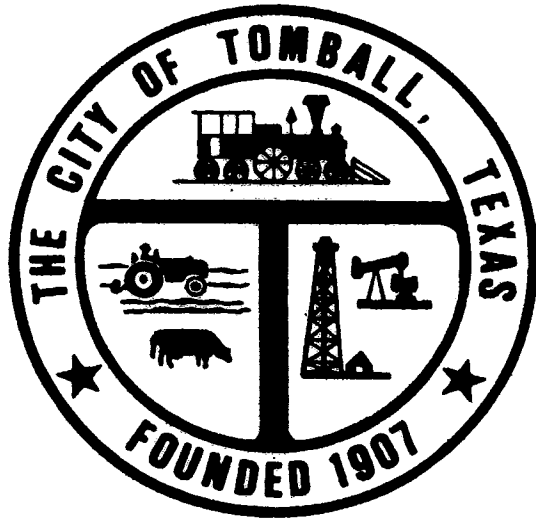
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INTRODUCTION

This budget publication is the product of processes used by the city council and city staff to create an environment that cultivates initiative to encourage and maintain a dynamic, progressive, quality suburban atmosphere in which to work, play and live.

November 5, 2007

Honorable Mayor and City Council
City of Tomball
Tomball, TX 77375

Dear Mayor and Council Members

I respectfully submit to you the published City of Tomball 2007-08 budget as approved by Council on September 10, 2007. Our objective in developing this budget was to achieve balance; balance between available and future funding and existing operations and future demands. The budget answers the questions of how do we best meet the expectations of the community with the resources available to us? As the City continues to experience growth, we must continue to examine rightsizing the organization to promote maximum effectiveness while we, at the same time, explore the next great ideas for the community. In order to pursue those goals, we have to achieve a balance between revenues and expenditures that make sense for the City of Tomball.

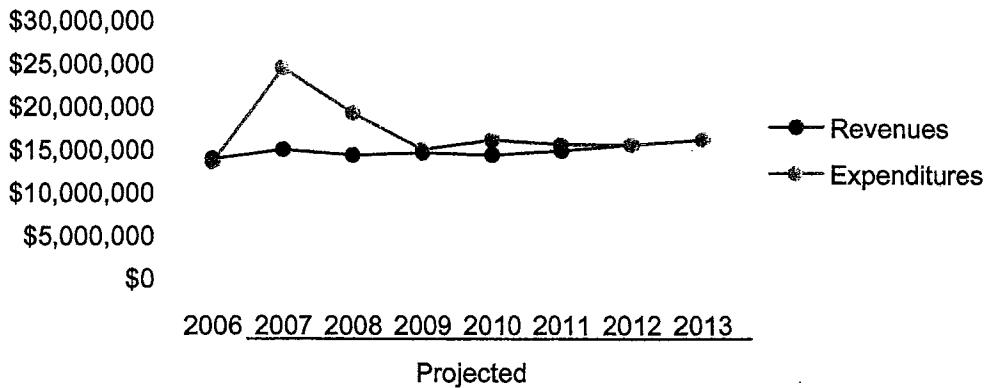
As the City goes forward, we are going to be tested to achieve this organization's maximum potential. Creative tension results from the constant demand for more and better service, which we are trying to balance against rising energy costs and other inflationary pressures. We also need to maintain a competitive tax rate that recognizes that as values increase, so does the pressure on people's ability and willingness to pay. The 2007-08 budget takes great steps in the direction of addressing these competing demands.

In an effort to first address the daily operations side of the budget equation, we asked department directors to first evaluate funding existing operations and service levels with the funding level approved by Council in the 2006-07 original adopted budget rather than prepare a

budget that assumes an increase in cost of service delivery automatically. If, due to justified cost increases, the department directors needed to request additional funding to maintain existing service levels, those additional funding requests were then granted. Through this exercise, department directors were able to minimize the increase in the operations aspect of the budget and actually found many areas where funding levels could be reduced. Overall, the operations budget (excluding personnel related costs) increased by only \$315,715 with the vast majority of that increase due to the increased cost and volume of water purchased through the Harris County Regional Water Authority. Another benefit of this exercise is that the General and Enterprise fund long-term plans generate surplus fund balances that can be used to support non-recurring capital purchases and projects and other non-recurring costs. I am confident that we will achieve efficiencies that might not have been discovered had we continued with status quo funding. We will continue to perform long-term analyses of department operations and capital funding.

The Budget in Brief The adopted 2007-08 budget was developed in context of the financial policies approved by Council. Revenues (excluding bond proceeds) for all appropriable funds total \$24,692,558; representing a 4% decrease over the previous year's budget. This decrease is primarily due to a decrease in revenues received from other government agencies for participation in capital improvement projects as well as a reduction in revenues budgeted to be received through operation of the City's natural gas utility; not from a decrease in actual demand, but rather a correction in revenues budgeted for natural gas sales in 2006-07 that were "over estimated". The taxable appraised values of the City of Tomball increased by approximately 15% due to the continued strong commercial growth the City is experiencing. These higher values allowed us to increase the level of service provided to our citizens and businesses while maintaining the same tax rate (\$.251455) as that assessed for the 2006-07 fiscal year. Like taxpayers in other cities, our citizens view the tax rate as the "price tag" of government and one of our objectives in developing the budget is to maintain a stable rate.

GENERAL FUND LONG-TERM PLAN



The budget appropriates \$38,444,480 or 4% more than the 2007 budget. The increase is due to increasing services levels with additional staff primarily in public safety, increasing salary ranges in several positions in order to maintain a compensation plan that will attract and retain quality employees and facilitating several needed studies that will address issues such as facility needs, utility rates, compensation, and the continued efforts to acquire Hooks Regional Airport.

In summary, it has been another challenging year and staff will continue to be tested in the future, but I believe our staff will rise to test and shine. I want to thank the City's management staff for working so diligently these past few months to respond to our expectations. We look forward to your continued leadership and will respond to your direction with enthusiasm and dedication in serving the City of Tomball.

Respectfully submitted,

Mary Coker

Assistant City Manager

Goals for the City of Tomball

City of Tomball Mission

The Mission of the City of Tomball is to promote a healthy and safe environment of increasingly higher quality of life for all citizens, with sensitivity to the financial burden it may impose.

Goals for Tomball

- **To conduct the business of the City in a fiscally responsible manner**
 - Maintain a strong financial position by keeping a fund balance of no less than 90 days or more than one year of budgeted operating expenditures
 - Use technology to keep personnel service expenditures from increasing
 - Adopt City budgets in context of the long-term financial plan
- **Keep the employment of high-quality service oriented personnel**
 - Maintain and present a friendly, professional, and highly qualified employee standard
 - Promote educational standards
 - Provide fair and competitive compensation policies
- **Provide a safe environment**
 - Maintain a best model reputation in police and fire services
 - Develop programs to reduce crime throughout the community
 - Support property related code enforcement
 - Promote high visibility and community involvement for public safety employees
 - Work to enhance a "sense of community" in our residents

COMPARATIVE TAX LEVIES

For an Average Tomball Single-Family Residence

	2007	2008
Harris County		
Market Value	\$ 156,558	\$ 137,996
Homestead Exemptions	20%	20%
Taxable Value	\$ 125,246	\$ 110,397
Tax Rate/\$100	0.40239	0.40239
Tax Levy	\$ 503.98	\$ 444.23
Tomball ISD		
Market Value	\$ 156,558	\$ 137,996
Homestead Exemptions	(15,000)	(15,000)
Taxable Value	\$ 141,558	\$ 122,996
Tax Rate/\$100	1.58	1.275
Tax Levy	\$ 2,236.62	\$ 1,568.20
City of Tomball		
Market Value	\$ 156,558	\$ 137,996
Homestead Exemptions	0	0
Taxable Value	\$ 156,558	\$ 137,996
Tax Rate/\$100	0.251455	0.251455
Tax Levy	\$ 393.67	\$ 347.00
TOTAL TAX LEVY	\$ 3,134.27	\$ 2,359.42

Levy does not include calculation of taxes for Harris Co. Flood Control District and other overlapping special taxing jurisdictions.

PROPERTY TAX CALCULATION AND DISTRIBUTION

2007 Certified Tax Roll & Levy

Assessed Valuation (100%)	\$	807,756,060
Rate Per \$100	\$	0.251455
Total Tax Levy	\$	2,031,143
Percent of Current Collection		100%
Estimated Current Tax Collections	\$	2,031,143

Summary of Tax Collections

Current Tax	\$	2,031,143
Delinquent Tax		56,000
Penalty and Interest		41,000
Total 2007-2008 Tax Collections	\$	2,128,143

Proposed Distribution:

	Tax Rate	% of Total	Amount
General Fund:			
Current Tax			\$ 819,509
Delinquent Tax			21,000
Penalty and Interest			20,000
Total General Fund	\$ 0.101455	40.35%	860,509
Debt Service Fund:			
Current Tax			1,211,634
Delinquent Tax			35,000
Penalty and Interest			21,000
Total Debt Service Fund	\$ 0.150000	59.65%	1,267,634
TOTAL DISTRIBUTION	\$ 0.251455	100.00%	\$ 2,128,143

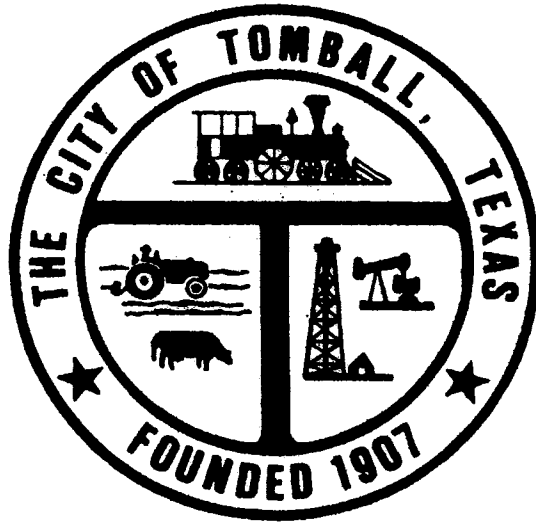
MUNICIPAL TAX RATE COMPARISON

FY 2007-08

Tax Rate*

Jersey Village	\$0.742500
League City	\$0.608800
Spring Valley	\$0.565000
Rosenberg	\$0.545000
Magnolia	\$0.491400
Conroe	\$0.425000
Huntsville	\$0.413500
Dickinson	\$0.408600
Shenandoah	\$0.347000
Tomball	\$0.251455
Webster	\$0.248870
Humble	\$0.200000

* Tax rate is expressed as cents per \$100 of valuation.

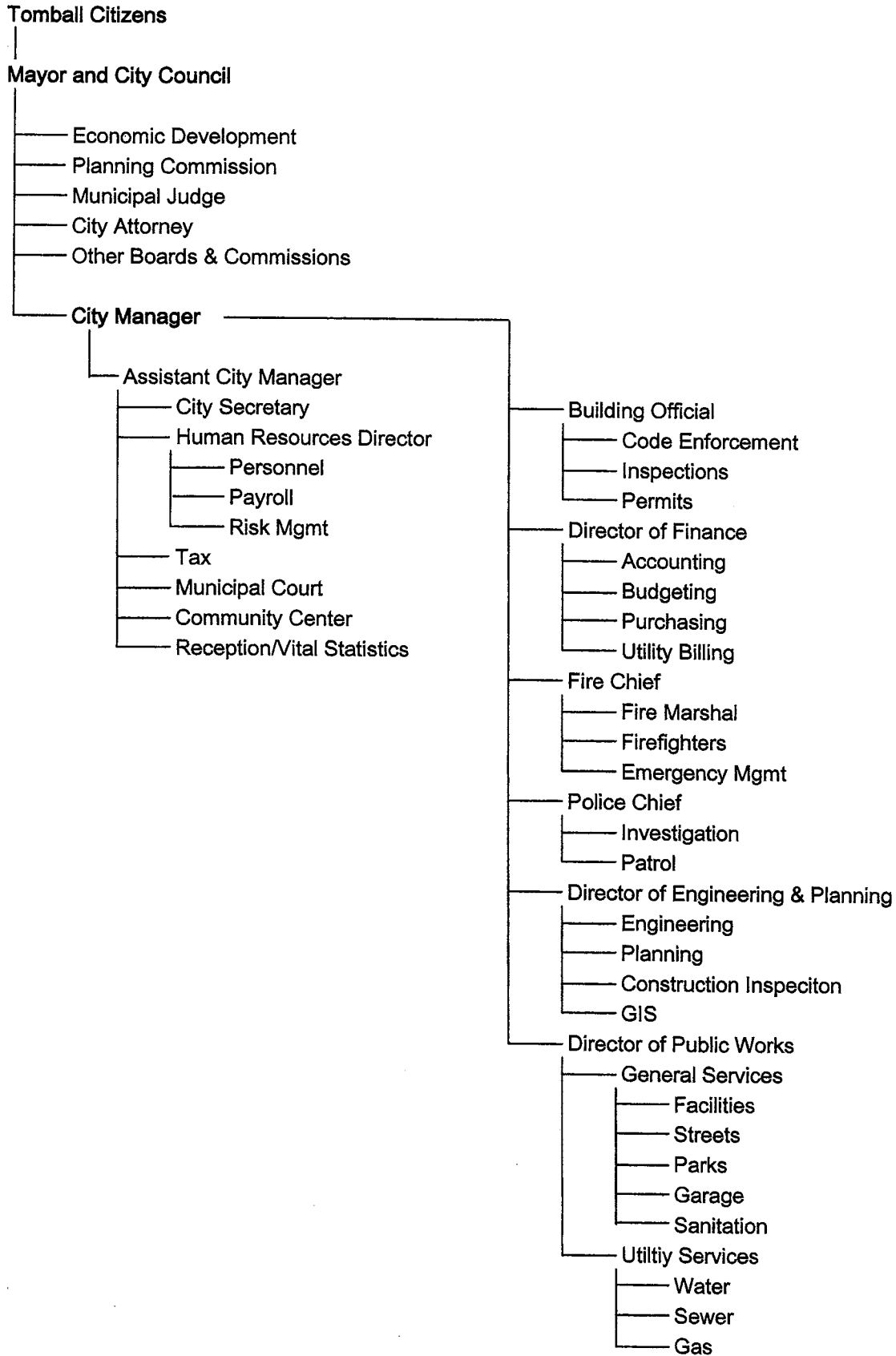


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Staffing

					Difference
	2005	2006	2007	2008	08-07
General Fund					
City Hall Administration	9.25	9.50	9.50	9.50	0.00
Building Permits & Inspections	4.50	5.00	6.00	6.00	0.00
Police	75.50	75.50	77.50	80.00	2.50
Fire	9.00	9.00	12.00	14.00	2.00
Municipal Court	4.50	4.00	4.00	4.00	0.00
Public Works Administration	6.00	5.50	6.00	8.00	2.00
Garage	1.00	1.00	1.00	1.00	0.00
Streets	10.20	10.20	7.20	8.20	1.00
Parks	4.20	4.20	4.20	4.20	0.00
Community Center	3.00	3.00	3.00	3.00	0.00
Total General Fund	127.15	126.90	130.40	137.90	7.50
Enterprise Fund					
Utilities Administration	11.25	11.50	11.50	11.50	0.00
Water	6.83	8.20	7.20	8.20	1.00
Wastewater	9.64	10.20	10.20	10.20	0.00
Gas	7.14	6.20	7.20	7.20	0.00
Total Utility Fund	34.86	36.10	36.10	37.10	1.00
Total All Funds	162.01	163.00	166.50	175.00	8.50

Staff Organizational Chart



Fund Summaries

Combined Statement of Revenues and Expenditures and Changes in Fund Balance

All Funds Subject to Appropriation

City Council Adopted 2007/2008 Annual Budget

With Comparison to 2006/2007 Budget

	General Fund	Special Revenue Funds	Debt Service	Capital Projects	Proprietary Enterprise Fund
Revenues:					
Property taxes	\$ 861,509	\$	\$ 1,267,634	\$	\$
Sales taxes	7,828,000	140,000			
Franchise taxes	1,166,880				
Permits and licenses	394,650				
Fines and warrants	753,500	63,000			
Service fees	1,900,000				7,529,825
Use of Public ROW	72,000				
Contributions	136,000				
Interest	1,100,000	14,300	82,000		350,000
Other	230,060				763,200
Total Revenues	\$ 14,442,599	\$ 217,300	\$ 1,349,634	0	\$ 8,643,025
Expenditures:					
General Government	\$ 2,599,605	\$ 24,299	\$	\$	\$
Public Safety	6,396,443				
Public Works	3,631,389				
Parks and Recreation	712,601				
Tourism & Arts		91,000			
Utilities					7,109,710
Capital Projects	4,192,400			7,273,000	765,000
Capital Outlay	577,088	20,665			401,500
Debt Service			2,005,196		1,676,494
Total Expenditures	\$ 18,109,526	\$ 135,964	\$ 2,005,196	\$ 7,273,000	\$ 9,952,704
Other Sources (Uses):					
Transfers	\$ (1,248,847)	\$	\$	\$	\$ 1,353,337
Debt Proceeds				14,123,000	
Total Other Sources (Uses)	\$ (1,248,847)	0	0	\$ 14,123,000	\$ 1,353,337
Revenues Over (Under)					
Expenditures	(4,915,774)	81,336	(655,562)	6,850,000	43,658
Beginning Fund Balance	13,637,248	337,657	2,243,873	0	2,929,020
Ending Fund Balance	\$ 8,721,474	\$ 418,993	\$ 1,588,311	\$ 6,850,000	\$ 2,972,678

Total Revenues	38,815,558
Increase in Fund Balance	(371,078)
Total Appropriable Funds	<u>\$ 38,444,480</u>

Total Appropriations \$ 38,444,480

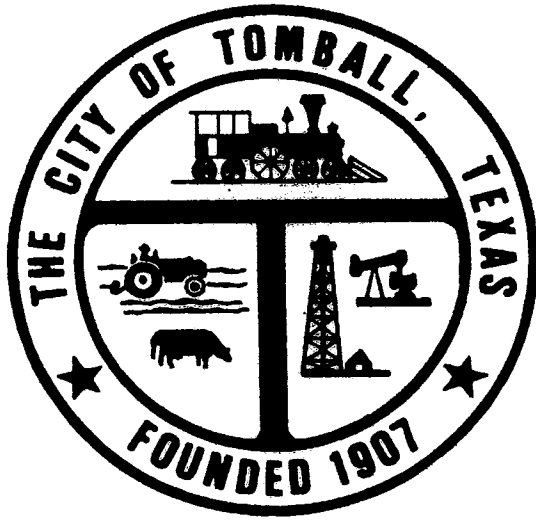
Proprietary Funds

Enterprise Interest & Sinking	Combined Fleet Replacement	Total All Funds 2007-2008	Total 2006-2007
\$	\$	\$ 2,129,143	\$ 2,212,500
		7,968,000	7,700,000
		1,166,880	1,035,000
		394,650	342,500
		816,500	740,150
		9,429,825	10,440,250
		72,000	72,000
		136,000	1,765,825
	40,000	1,586,300	696,050
		993,260	1,099,399
<u>\$</u>	<u>\$ 40,000</u>	<u>\$ 24,692,558</u>	<u>\$ 26,103,674</u>

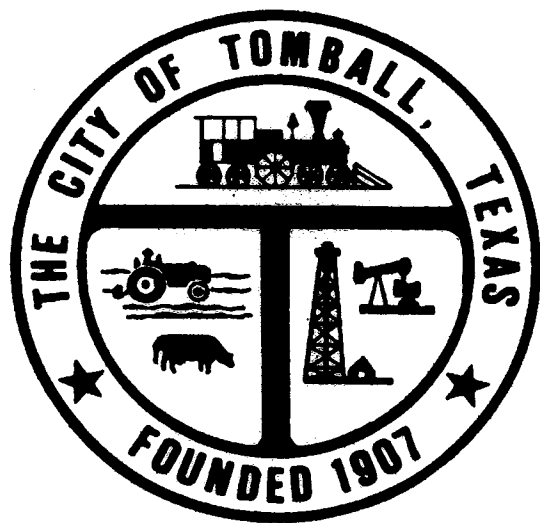
	\$	\$ 2,623,904	\$ 1,860,042
		6,396,443	5,963,335
		3,631,389	3,347,802
		712,601	617,642
		91,000	
		7,109,710	7,168,241
		12,230,400	12,120,335
	968,090	1,967,343	2,415,550
		3,681,690	3,544,546
<u>\$</u>	<u>0 \$</u>	<u>968,090 \$</u>	<u>38,444,480 \$</u>
			<u>\$ 37,037,493</u>

(1,600,000)	\$ 1,495,510	\$ 0	3,200,000
		14,123,000	
<u>\$ (1,600,000)</u>	<u>\$ 1,495,510</u>	<u>\$ 14,123,000</u>	<u>\$ 3,200,000</u>

(1,600,000)	567,420	371,078	(7,733,819)
1,600,000	0	20,747,798	25,776,791
<u>\$</u>	<u>0 \$</u>	<u>567,420 \$</u>	<u>21,118,876 \$</u>
			<u>\$ 18,042,972</u>



FINANCIAL / OPERATIONAL



GENERAL FUND

General Fund

Fund Description

The fund accounts for resources traditionally associated with governments which are not required to be accounted for in another fund.

Fund Narrative

During the budget process, it is the General Fund that receives the most attention from City staff, the council, and the public. The attention is well deserved because it is this fund that reflects most of the critical issues affecting the community, from establishing a tax rate to determining employee staffing and benefits.

Concluding Fiscal Year Financial Performance

Ending Fund Balance in the General Fund for FY2007 is projected to be \$13,637,248. This is \$746,364 or 5% less than budgeted. Revenues for the current fiscal year, budgeted at \$15,071,124 are expected to come in approximately 6% or \$963,155 less than budget. This is primarily due to approximately \$1.6 million in TXDOT participation fees budgeted to be received on the Brown-Hufsmith Road project. Although TXDOT is participating in 80% of the project cost, they are not actually sending the City payment for their participation. TXDOT is managing the construction of this project and the City will be billed for our 20% share of the costs. Offsetting this variance however are interest earnings which are projected to be \$570,000 or 126% of those budgeted. Favorable variances in franchise fees and fines and warrants also assist in offsetting the variance in the TXDOT funds.

Operating expenditures for FY2007 are projected to come in approximately \$837,000 less than budget. This is primarily due to position vacancies and amount budgeted for professional services that were not used such as plan review and inspection services. Proceeds from debt of \$1,750,000 were budgeted however the City did not issue any type of debt instrument during the fiscal year. Capital outlay/capital projects expenditures are projected to \$550,012 less than budget. This is primarily due to savings in various projects.

Projected ending Fund Balance of \$13,637,248 represents approximately 447 days of operating expenditures. The City's policy requirement is that there be no less than 90 days and no more than 365 days in reserves. In the past, it appears that the cost per day was calculated on the total budgeted expenditures in the General Fund instead of on only operating expenditures which is the standard in the public sector. Since both cash funded and bond funded capital projects have been budgeted within the General Fund in the past, that makes total expenditures very high. If you take total budgeted expenditures for FY2007 and divide it by 365 you get a daily cost of \$63,581. Dividing the budgeted ending fund balance by the daily cost equates to 226 days of daily cost in reserves, an amount within the limits of the policy. With reserve levels being so high when calculated on daily operating costs, a planned reduction of reserves over the next few years will be targeted. The reduction in reserves will be only for one time costs; primarily cash funding of capital projects to reduce the amount of debt issued by the City to facilitate the projects included in the Capital Improvement Plan.

2007 / 2008 Budget

Revenues

Adjusted base budget revenues for FY 2008 are \$14,402,599. This amount is \$668,525 or 4.4% less than revenues budgeted for FY 2007. This decrease is primarily due to the \$1.6M in TXDOT revenues that had been budgeted in FY 2007 not being budgeted for FY 2008. That variance however has been offset by the budget for interest revenues being \$650,000 higher than those budgeted for FY 2007. The budget for FY 2008 is comparable to interest earned during FY 2007. Ad valorem tax revenues are budgeted at \$819,509 which is \$70,491 or 7.9% less than budgeted property tax revenues for FY 2007. Taxable appraised values for FY 2008 were \$819,446,972 per the preliminary rolls from the Appraisal District. These values are \$71,524,500 or 9.56% higher than the values for FY 2007. This increase in values is primarily due to the influx of various types of commercial development the City is experiencing such as the opening of the Town Commons retail center, Target, and Lowes Home Improvement. Sales tax revenues are budgeted at \$7,828,000 which is 3% more than projected sales tax revenues for FY 2007. Although the City has experienced much higher increases the last few years and there is substantial new retail development with additional retail stores under construction, due to economic reports of a decline in consumer purchasing and forecasts

of a slowing economy to do problems in various market sectors, the City chose to take a very conservative approach in budgeting sales tax.

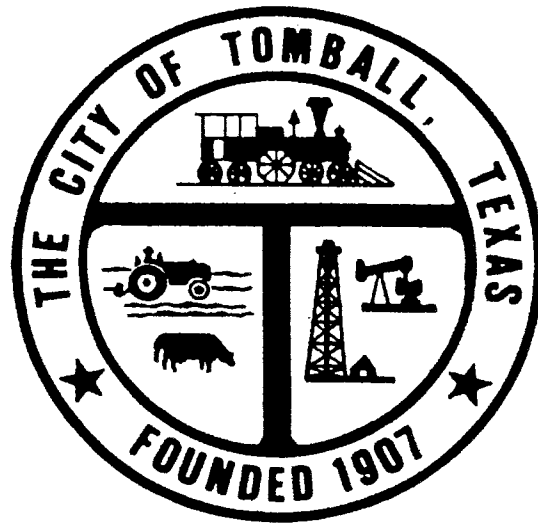
Expenditures

The adjusted base budget for operating expenditures for FY 2008 is \$381,176 or 3% higher than the current budget for FY2007. Increase and Decrease to base budget requests netted an overall increase in the base budget of \$32,215. Salaries include a 4% increase for merit for those employees who participate in the merit program and well as a total increase across various positions in the General Fund of \$113,459 in a salary adjustment due to the salary survey that was recently completed comparing salary ranges at the City of Tomball to similar positions in comparable cities. Health insurance increased 13% and there was a 15% increase in workers comp. Contributions to the Texas Municipal Retirement System also increased .75%.

Total budgeted operating expenditures in the General Fund include an increase of \$1,000,873 due to recurring (\$488,531) and non-recurring (\$512,139) Supplemental Programs for total of \$13,340,038. In addition to the Supplemental Programs budgeted in operations are \$1,827,435 of supplemental programs involving capital outlay. The largest of these programs is the funding of a Vehicle Replacement Program for \$1,248,847. Staffing for FY 2007-08 in the General Fund will increase by 7 FTE (full time equivalent) positions. Staffing charts shown on each departmental budget page reflect the new positions.

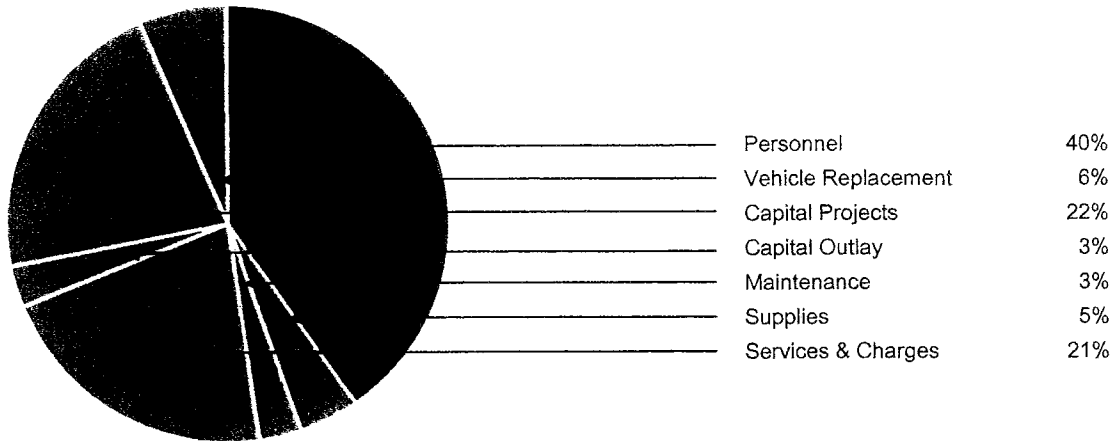
Proposed cash funding of Capital Improvement Plan projects in the General Fund for FY 2008 total \$4,192,400. A list of projects proposed for cash funding can be found in the Capital Projects section of the Appendix.

A budgeted decrease in General Fund reserves of \$4,915,774 results in a budgeted ending fund balance for FY2008 of \$8,721,474. This represents 248 days of operating expenditures.



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GENERAL FUND EXPENDITURES



City government is a service industry that relies predominantly on its employees to serve the community. A majority of the costs are associated with employee salaries and benefits.

BY MAJOR COST CATEGORY

Category	Actual	Budget	Projected	Budget
	2005-2006	2006-2007	2006-2007	2007-2008
Personnel Services	\$ 5,727,699	\$ 6,831,249	\$ 6,671,013	\$ 7,789,279
Supplies	657,451	772,526	661,690	892,778
Maintenance	335,977	451,050	347,200	553,855
Services & Charges	2,864,109	3,710,034	3,441,510	4,104,126
Capital Outlay	3,052,246	11,098,899	10,543,887	577,088
Capital Projects				4,192,400
Vehicle Replacement				1,248,847
TOTAL FUND BUDGET	\$ 12,637,482	\$ 22,863,758	\$ 21,665,300	\$ 19,358,373

Prior to the FY 2007-08 budget, capital projects and capital outlay (non construction related projects) were combined in the capital outlay expenditure category. Starting with FY 2007-08 Budget, these types of expenditures are shown separately.

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance FY 2008 Adopted Budget

\$0.251455

	Current Budget	FY2007 Projections	FY2008 Adjusted Base Budget	Recurring Supplemental	Non-Recur. Supplemental	FY2008 Total Budget
Revenues:						
Property taxes	\$ 924,500	\$ 925,750	\$ 861,509	\$ -	\$ -	\$ 861,509
Sales taxes	7,700,000	7,600,000	7,828,000	-	-	7,828,000
Franchise taxes	1,035,000	1,144,000	1,166,880	-	-	1,166,880
Permits and licenses	342,500	354,650	354,650	40,000	-	394,650
Fines and warrants	678,500	742,800	753,500	-	-	753,500
Service fees	1,900,000	1,845,000	1,900,000	-	-	1,900,000
Use of Public ROW	72,000	72,000	72,000	-	-	72,000
Contributions	1,765,825	122,369	136,000	-	-	136,000
Interest	450,000	1,020,000	1,100,000	-	-	1,100,000
Other	202,799	281,400	230,060	-	-	230,060
Total Revenues	15,071,124	14,107,969	14,402,599	40,000	-	14,442,599
Expenditures:						
City Hall Administration	1,360,859	1,407,268	1,425,726	17,200	286,000	1,728,926
Building Permits and Inspections	435,460	395,538	475,238	-	-	475,238
Police	4,419,333	4,237,060	4,669,203	179,450	53,747	4,902,400
Fire	1,160,397	1,072,185	1,213,136	148,715	132,192	1,494,043
Municipal Court	563,463	353,567	395,441	-	-	395,441
Public Works Administration	733,191	643,376	794,760	96,940	40,200	931,900
Garage	82,918	76,061	84,226	-	-	84,226
Streets	708,930	577,102	707,954	-	-	707,954
Sanitation	1,876,000	1,859,000	1,907,309	-	-	1,907,309
Parks	415,038	328,899	448,660	46,226	-	494,886
Community Center	202,603	171,357	217,715	-	-	217,715
Total Expenditures	11,958,192	11,121,413	12,339,368	488,531	512,139	13,340,038
Net Income from Operations			2,063,231	(448,531)	(512,139)	1,102,561
Other Sources/(Uses):						
Proceeds from debt	1,175,000	-	-	-	-	-
Transfers	(1,500,000)	(1,500,000)	-	-	-	-
Vehicle Replacement	-	-	-	(1,248,847)	-	(1,248,847)
Capital Projects/Outlay	(11,098,899)	(10,543,887)	(4,192,400)	-	(577,088)	(4,769,488)
Total Other Sources/(Uses)	(11,423,899)	(12,043,887)	(4,192,400)	(1,248,847)	(577,088)	(6,018,335)
Revenues Over/(Under) Expenditures	(8,310,967)	(9,057,331)	(2,129,169)	(1,697,378)	(1,089,227)	(4,915,774)
Beginning Fund Balance	22,694,579	22,694,579	13,637,248			13,637,248
Ending Fund Balance	\$ 14,383,612	\$ 13,637,248	\$ 11,508,079	\$ (1,697,378)	\$ (1,089,227)	\$ 8,721,474
Operating Costs per Day	\$32,762	\$30,470	\$33,806			\$35,145
Days of Operating Cost in FB	439.03	447.57	340.41			248.16

GENERAL FUND

REVENUES

2007-2008 BUDGET WORKSHEET

ACCOUNT NAME	FY2006		FY2007		FY2008		FY2008
	Actual	Current Budget	Projections	Adjusted Base Budget	Recurring	Non-Recur.	Total Budget
Current Taxes	\$ 895,666	\$ 890,000	\$ 890,000	\$ 819,509	\$	\$	819,509
Delinquent Taxes	23,930	19,000	20,000	21,000			21,000
Penalty, Interest, Attorney Fees	21,758	15,000	15,000	20,000			20,000
Tax Certificates	1,060	500	750	1,000			1,000
Tax Court Costs				-			-
TOTAL PROPERTY TAXES	942,414	924,500	925,750	861,509	-	-	861,509
Sales Tax	7,387,782	7,700,000	7,600,000	7,828,000			7,828,000
TOTAL SALES TAXES	7,387,782	7,700,000	7,600,000	7,828,000	-	-	7,828,000
Electrical Franchise Tax	632,503	600,000	691,000	704,820			704,820
T.V. Cable Franchise Tax	86,703	80,000	89,000	90,780			90,780
Communications Franchise Tax	198,037	200,000	205,000	209,100			209,100
Sanitation Franchise Tax	152,138	155,000	159,000	162,180			162,180
TOTAL FRANCHISE TAXES	1,069,381	1,035,000	1,144,000	1,166,880	-	-	1,166,880
Building Permits	184,619	200,000	200,000	200,000			200,000
Construction Permits	70,276	30,000	45,000	45,000			45,000
Mechanical Permits	27,910	30,000	25,000	25,000			25,000
Electrical Permits	41,476	37,000	37,000	37,000			37,000
Fire Permit Fees	31,385	27,000	27,000	27,000			27,000
Other Permits	6,948	3,000	10,000	10,000			10,000
Miscellaneous Permit Fees	745	500	650	650	40,000		40,650
Plat Fees	20,894	15,000	10,000	10,000			10,000
TOTAL PERMITS AND LICENSES	384,253	342,500	354,650	354,650	40,000	-	394,650
Municipal Court Fines	441,419	410,000	450,000	463,500			463,500
Court Costs/Administrative Fees	252,113	205,000	205,000	215,000			215,000
Municipal Court Bill-Security	25,352	-	-	-			-
Court Technology Fee	33,673	-	-	-			-
Court Warrant Fees	65,112	51,500	75,000	60,000			60,000
Tobacco Course Fees	240	200	200	200			200
Time Pymt.Fee-10% City Judicial	2,789	2,400	2,600	2,800			2,800
Time Pymt.Fee-40% For City	11,220	9,400	10,000	12,000			12,000
TOTAL FINES AND WARRANTS	831,918	678,500	742,800	753,500	-	-	753,500
Sanitation Fees	1,749,695	1,900,000	1,845,000	1,900,000			1,900,000
TOTAL SERVICE FEES	1,749,695	1,900,000	1,845,000	1,900,000	-	-	1,900,000
Use of Public Right of Way	72,000	72,000	72,000	72,000			72,000
TOTAL USE OF PUBLIC R.O.W.	72,000	72,000	72,000	72,000	-	-	72,000
C.J.D. Grants	93,042	50,369	50,369	50,000			50,000
Other Grants	108,909	66,000	66,000	50,000			50,000
TIDC Contributions	6,000	6,000	6,000	6,000			6,000
Tomball Sports Assoc.Contribution				30,000			30,000
TXDOT Participation Funds		1,643,456	-	-			0
TOTAL CONTRIBUTIONS	207,951	1,765,825	122,369	136,000	-	-	136,000
Hotel/Motel Tax	105,672	-	-	-			-
Bingo Tax	6,855	6,500	6,800	7,000			7,000
Mixed Beverage License Fee	46,334	42,000	48,000	48,960			48,960
Birth & Death Certificate Fees	61,777	45,000	55,000	50,000			50,000
Emergency Service District Fees	17,500	35,000	35,000	35,000			35,000
Sale of City Property	28,399	14,799	72,000	27,000			27,000
Rent Revenues	7,150	7,800	7,800	7,800			7,800
Community Center Fees	5,105	5,000	6,000	6,000			6,000
Congregate Meals	3,224	3,000	2,500	3,000			3,000
Miscellaneous Revenues	70,767	43,500	48,000	45,000			45,000
Returned Check Fines	395	200	300	300			300

GENERAL FUND

REVENUES

2007-2008 BUDGET WORKSHEET

ACCOUNT NAME	FY2006	Current	FY2007	FY2008	Recurring	Non-Recur.	FY2008
	Actual	Budget	Projections	Adjusted Base Budget			Total Budget
TOTAL OTHER REVENUES	353,178	202,799	281,400	230,060	-	-	230,060
Interest Income	928,511	450,000	1,020,000	1,100,000			1,100,000
TOTAL INTEREST REVENUE	928,511	450,000	1,020,000	1,100,000	-	-	1,100,000
Debt Proceeds	-	1,175,000	-	-			-
TOTAL DEBT PROCEEDS	-	1,175,000	-	-	-	-	-
Transfer to Debt Service	(1,000,000)	(1,500,000)	(1,500,000)				
TOTAL TRANSFER REVENUES	(1,000,000)	(1,500,000)	(1,500,000)	-	-	-	-
TOTAL REVENUE	\$ 12,927,083	\$ 14,746,124	\$ 12,607,969	\$ 14,402,599	\$ 40,000	\$ -	\$ 14,442,599

City Hall Administration

Department Mission

To actively support the other City departments. The City Manager is responsible for the efficient operation of all City functions as well as the recommendation of policies and programs to the City Council for the improvement of the City. The Administrative staff administers the policies established by the Council and maintains City Hall. The City Hall Administration budget includes the following departments: City Manager, Mayor and Council, City Secretary, and Human Resources and Finance.

Program Narrative

Objectives for FY 2008

- Complete a facility needs a needs assessment for the City and begin preliminary design work on a new City Hall.
- Continue to work with consultants on the purchase of Hooks Airport.
- Complete a city wide customer service satisfaction survey to serve as a basis for a strategic plan.
- Complete a comprehensive salary survey.

Major Budget Items

- Facility Needs Assessment (\$55,000)
- Salary Survey (\$30,000)
- City Hall Preliminary Engineering (\$85,000)
- Airport Acquisition (\$100,000)
- Firewall Replacement (\$20,965)
- Legal Services (\$70,000)
- Audit Fees (\$25,000)

CITY OF TOMBALL
 111 - GENERAL - ADMINISTRATIVE DEPARTMENT
 2007-2008 BUDGET WORKSHEET

	FY2006	FY2007	FY2007	FY2008			FY2008
	Actual	Budget	Projections	Adjusted	Recurring	Non-Recur.	Total
				Base			Budget
Personnel services	\$ 559,237	\$ 690,947	\$ 789,568	\$ 767,645	\$ 7,200	\$ -	\$ 774,845
Supplies	66,589	82,812	57,100	76,400	10,000	-	86,400
Maintenance	48,496	50,500	46,000	56,500	-	-	56,500
Services and charges	418,267	536,600	514,600	525,181	-	286,000	811,181
Operating Expenditures	1,092,589	1,360,859	1,407,268	1,425,726	17,200	286,000	1,728,926
Capital Outlay	13,369	231,000	231,000	-	-	20,965	20,965
Bad Debt Expense	-	-	-	-	-	-	-
Long Term Debt	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Total Expenditures	\$ 1,105,958	\$ 1,591,859	\$ 1,638,268	\$ 1,425,726	\$ 17,200	\$ 306,965	\$ 1,749,891

Staffing	FY2005	FY2006	FY2007	FY2008
City Manager	0.50	1.00	1.00	1.00
Assistant City Manager	0.50	0.00	0.00	0.00
City Secretary	1.00	1.00	1.00	1.00
Assistant City Secretary	0.00	0.00 *	1.00	1.00
Finance Director	0.50	0.00	0.00	0.00
Accounting Supervisor	0.50	1.00	1.00	1.00
HR Director	0.50	1.00	1.00	1.00
Purchasing Agent	0.50	0.00	0.00	0.00
Accounts Payable Clerk	1.00	1.00	1.00	1.00
Tax Collector	0.50	1.00	1.00	1.00
Administrative Secretary	1.00	1.00	1.00	1.00
Office Clerks	1.75	1.50 *	0.50	0.50
Receptionist	1.00	1.00	1.00	1.00
Total	9.25	9.50	9.50	9.50

* This reflects end result of a staffing change that occurred mid-year.

Permits and Inspection

Major Budget Items

- None

Department Mission

To administer the permits and enforce the City's building, plumbing, electrical, gas, and air-conditioning codes to insure the construction and maintenance of safe residential and commercial structures.

Program Narrative

Accomplishments for FY 2007

- Received approval for the addition of another full time building inspector
- Increased training opportunities for department employees
- Building Official elected to B.O.A.T Board of Directors

Objectives for FY 2008

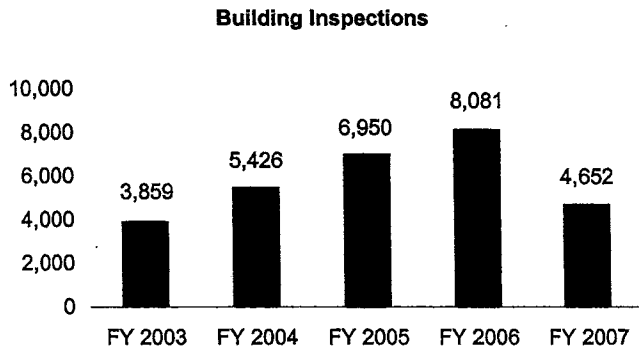
- Continue to increase training for department employees.
- Provide a higher level of construction quality for the City by continuing to update building codes.
- Encourage and increase employee participation in Code Organizations
- Improve the permit process by implementing improvements to the department's software package
- Improve the department's public image

CITY OF TOMBALL
 112 - GENERAL FUND - PERMITS & INSPECTIONS
 2007-2008 BUDGET WORKSHEET

	FY2006	FY2007	FY2007	FY2008			FY2008
	Actual	Budget	Projections	Adjusted	Recurring	Non-Recur.	Total
				Base			Budget
Personnel services	\$ 262,261	\$ 322,060	\$ 311,413	\$ 360,903	\$ -	\$ -	\$ 360,903
Supplies	11,782	12,100	13,125	13,900	-	-	13,900
Maintenance	5,454	2,400	1,800	2,200	-	-	2,200
Services and charges	71,411	98,900	69,200	98,235	-	-	98,235
Operating Expenditures	350,908	435,460	395,538	475,238	-	-	475,238
Capital Outlay	17,978	43,930	43,930	-	-	-	-
Bad Debt Expense	-	-	-	-	-	-	-
Long Term Debt	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Total Expenditures	\$ 368,886	\$ 479,390	\$ 439,468	\$ 475,238	\$ 0	\$ 0	\$ 475,238

Staffing	FY2005	FY2006	FY2007	FY2008
Building Official	1.00	1.00	1.00	1.00
City Inspector	1.00	1.00 *	2.00	2.00
Code Enforcement Officer	1.00	1.00	1.00	1.00
Permit Clerk	1.50	2.00	2.00	2.00
Total	4.50	5.00	6.00	6.00

* This reflects end result of a staffing change that occurred mid-year.



Police Department

Department Mission

The mission of the Tomball Police Department is to protect and serve the citizens of Tomball. As members of the Tomball Police Department, we dedicate ourselves to provide fair, impartial and ethical police service to all members of the community, with the highest degree of integrity, professionalism and respect.

Program Narrative

Accomplishments for FY 2007

- Awarded as a "Nationally Recognized Agency" by the Commission on Accreditation of Law Enforcement Agencies. One of only 27 agencies in State of Texas to receive standing in CALEA.
- Implementation of a Police K-9 program to provide an effective tool in various applications of crime and law enforcement.
- Implemented "Crime Eye" program to provide wireless surveillance video to proactively enhance crime enforcement.
- Integrated state-of-the-art information and technology systems as tools to increase both our effectiveness and our efficiency in the delivery of services.

Objectives for FY 2008

As a result of last year's development of the 2007 Departmental Planning Session of the Police Department, the following initiatives are planned the 2007 year.

- Study, data collection & research, and possible proposal to Council: the Implementation of a Red Light

Photo-Enforcement system at key intersections.

- Design and implementation of a Police Department Five-Year Strategic Plan. Internal input has already been received from our employees, and stakeholders through Town-Hall type community meetings out in area neighborhoods to gain citizen input. This will be a moving/rolling Five-Year Plan that will be updated each year.
- To serve many purposes in both benchmarking and leadership development. Four local agencies came together to participating with us in a "Supervisor Exchange Program."

Major Budget Items

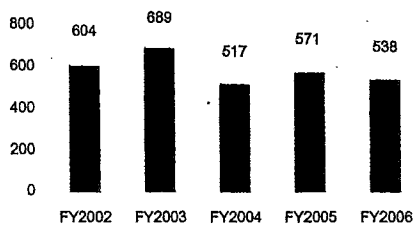
- Property & Liability Insurance (\$61,621)
- Travel & Training (\$66,500)
- Capital Outlay: Property and evidence room renovation (\$21,500), evidence room storage (\$76,735), tasers (\$24,450), server room upgrade (\$104,907), in-car digital video system ((\$135,005), clustering of computer operations (\$61,100)

CITY OF TOMBALL
 121 - GENERAL FUND - POLICE DEPARTMENT
 2007-2008 BUDGET WORKSHEET

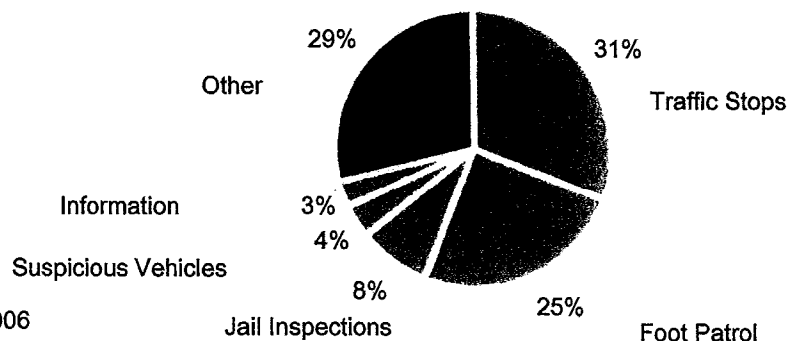
	FY2006	FY2007	FY2007	FY2008			FY2008
	Actual	Budget	Projections	Adjusted	Recurring	Non-Recur.	Total
				Base			Budget
Personnel services	\$ 3,240,598	\$ 3,743,819	\$ 3,625,260	\$ 4,000,782	\$ 157,763	\$ -	\$ 4,158,545
Supplies	215,574	216,114	205,700	224,800	14,836	53,747	293,383
Maintenance	104,632	92,000	88,600	97,500	-	-	97,500
Services and charges	268,084	367,400	317,500	346,121	6,851	-	352,972
Operating Expenditures	3,828,888	4,419,333	4,237,060	4,669,203	179,450	53,747	4,902,400
Capital Outlay	186,280	1,033,416	1,003,769	-	-	425,735	425,735
Bad Debt Expense	-	-	-	-	-	-	-
Long Term Debt	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Total Expenditures	\$ 4,015,168	\$ 5,452,749	\$ 5,240,829	\$ 4,669,203	\$ 179,450	\$ 479,482	\$ 5,328,135

Staffing	FY2005	FY2006	FY2007	FY2008
Police Chief	1.00	1.00	1.00	1.00
Captain	2.00	2.00	2.00	2.00
Lieutenant	1.00	1.00	1.00	1.00
Detective	1.00	1.00	1.00	1.00
Sergeant	7.00	7.00	7.00	7.00
Corporal	1.00	1.00	1.00	1.00
Police Officer	25.50	25.50	25.50	27.00
Public Service Officer	1.00	1.00	2.00	2.00
IT Support Specialist	0.00	0.00	0.00	1.00
Records Clerk	2.00	2.00	3.00	3.00
Dispatcher	9.00	9.00	9.00	9.00
Subtotal	50.50	50.50	52.50	55.00
Police Reserves	25.00	25.00	25.00	25.00
Total	75.50	75.50	77.50	80.00

Motor Vehicle Crashes



Calls for Service



The total number of motor vehicle crashes during FY 2006 was 5.8% less than the number for FY 2005. For FY 2007 the department will be monitoring areas which often have a direct impact on collisions, ie new construction of retail shopping centers and the construction of the Tomball expressway.

**CITY OF TOMBALL
122 - GENERAL FUND - MUNICIPAL COURT
2007-2008 BUDGET WORKSHEET**

Department Mission

To provide fair, impartial, and timely adjudication of misdemeanor offenses committed and filed in the City of Tomball.

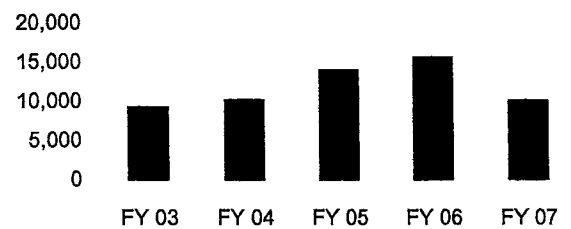
	FY2006 Actual	FY2007 Budget	FY2007 Projections	FY2008 Adjusted Base	Recurring	Non-Recur.	FY2008 Total Budget
Personnel services	\$ 230,677	\$ 256,230	\$ 254,267	\$ 272,425	\$ -	\$ -	\$ 272,425
Supplies	20,898	31,500	21,200	33,000	-	-	33,000
Maintenance	6,431	5,600	5,200	7,500	-	-	7,500
Services and charges	54,291	76,800	72,900	82,516	-	-	82,516
Operating Expenditures	312,297	370,130	353,567	395,441	-	-	395,441
Capital Outlay	22,869	-	500	-	-	-	-
Bad Debt Expense	-	-	-	-	-	-	-
Long Term Debt	-	-	-	-	-	-	-
Transfers	-	193,333	193,333	-	-	-	-
Total Expenditures	\$ 335,166	\$ 563,463	\$ 547,400	\$ 395,441	\$ -	\$ -	\$ 395,441

Staffing	FY2005	FY2006	FY2007	FY2008
Court Clerk	1.00	1.00	1.00	1.00
Assistant Court Clerk	1.00	1.00	1.00	1.00
Assistant Court Clerks - Part time	0.50	0.00	0.00	0.00
Police Bailiff/Warrant Officer	1.00	1.00	1.00	1.00
Municipal Judge	1.00	1.00	1.00	1.00
Total	4.50	4.00	4.00	4.00

FY 2007 Violations by Type



Citations Issued



Cases Filed & Completed



Major Budget Items

Legal Services (\$55,000)

CITY OF TOMBALL
 31 - GENERAL FUND - COMMUNITY CENTER
 2007-2008 BUDGET WORKSHEET

Department Mission

To serve the needs of citizens of the Greater Tomball area by coordinating Senior Programs, Nutrition Programs, and scheduling meeting room arrangements for groups and individuals.

	FY2006 Actual	FY2007 Budget	FY2007 Projections	FY2008 Adjusted Base	Recurring	Non-Recur.	FY2008 Total Budget
Personnel services	\$ 104,320	\$ 131,553	\$ 118,507	\$ 142,918	\$ -	\$ -	\$ 142,918
Supplies	12,066	19,300	12,000	20,600	-	-	20,600
Maintenance	13,502	12,050	6,250	12,550	-	-	12,550
Services and charges	32,418	39,700	34,600	41,647	-	-	41,647
Operating Expenditures	162,306	202,603	171,357	217,715	-	-	217,715
Capital Outlay	40,684	-	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-	-	-
Long Term Debt	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Total Expenditures	\$ 202,990	\$ 202,603	\$ 171,357	\$ 217,715	\$ -	\$ -	\$ 217,715

Staffing	FY2005	FY2006	FY2007	FY2008
Director	1.00	1.00	1.00	1.00
Assistant Director	1.00	1.00	1.00	1.00
Full Time Aid	1.00	1.00	1.00	1.00
Total	3.00	3.00	3.00	3.00

Fire Department

Department Mission

To protect lives and property of the residents of the City of Tomball , TX through fire suppression, fire prevention, and education of the public using volunteers from our local citizens.

Program Narrative

Accomplishments for FY 2007

- Completed construction of Fire Station No. 2 and began operations.
- Implemented night time volunteer staffing program
- Increased the on-scene within five minutes percentage of the first arriving apparatus
- Ordered new 75 foot ladder truck for Station No. 2
- Completed installation of back-up generator at Station No. 1
- Awarded \$732,000 regional Urban Area Security Initiative Grant from Department of Homeland Security to provide computerized accountability system to over half of the fire departments in Harris County

Objectives for FY 2008

- Improve upon our percentage of the number of calls in which we meet the NFPA 1710 guidelines of arrival on-scene within six minutes of the caller initiating the phone call while using our existing service delivery model
- Recruit and retain additional firefighters
- Seek builder/developer support necessary to obtain legislation to require the installation of fire sprinklers for new home construction in the City Limits
- Develop a strategic plan for the Fire Department
- Create formal officer development curriculum for junior and senior level line officers
- Increase the capacity of the Fire Marshal's office to be able to inspect all commercial establish

Major Budget Items

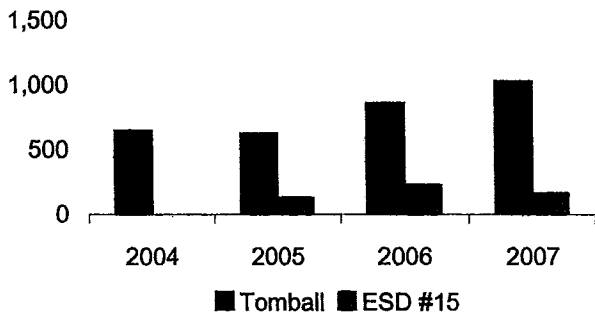
- Equipment for Ladder 2 (\$124,000)
- Mapping software (\$37,594)
- Computers (\$30,624)
- Clothing and uniforms (\$60,000)
- Training (\$61,000)
- Vehicle maintenance (\$50,000)

**CITY OF TOMBALL
 '02 - GENERAL FUND - FIRE DEPARTMENT
 007-2008 BUDGET WORKSHEET**

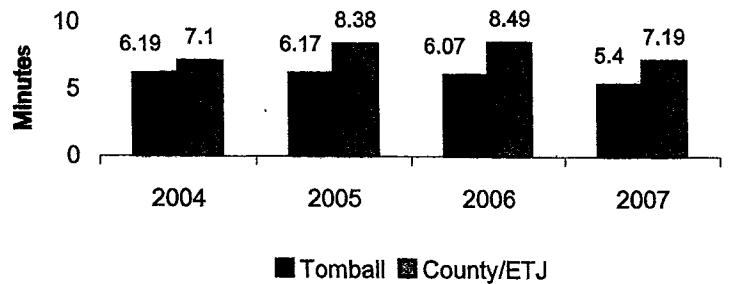
	FY2006 Actual	FY2007 Budget	FY2007 Projections	FY2008 Adjusted Base	Recurring	Non-Recur.	FY2008 Total Budget
Personnel services	\$ 460,271	\$ 639,063	\$ 579,775	\$ 662,835	\$ 131,210	\$ -	\$ 794,045
Supplies	199,944	217,200	196,600	210,100	5,000	52,192	267,292
Maintenance	106,126	106,000	110,500	111,000	5,005	80,000	196,005
Services and charges	160,435	198,134	185,310	229,201	7,500	0	236,701
Operating Expenditures	926,776	1,160,397	1,072,185	1,213,136	148,715	132,192	1,494,043
Capital Outlay	1,151,962	1,208,160	1,208,136	-	-	100,388	100,388
Bad Debt Expense	-	-	-	-	-	-	-
Long Term Debt	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Total Expenditures	\$ 2,078,738	\$ 2,368,557	\$ 2,280,321	\$ 1,213,136	\$ 148,715	\$ 232,580	\$ 1,594,431

Staffing	FY2005	FY2006	FY2007	FY2008
Fire Chief	1.00	1.00	1.00	1.00
Assistant Fire Chief	1.00	1.00	1.00	1.00
Fire Marshal/Inspector	1.00	1.00	1.00	1.00
Fire Inspector	0.00	0.00	1.00	1.00
Fire Fighter	0.00	0.00	0.00	2.00
Part Time Fire Fighter	5.00	5.00	7.00	7.00
Administrative Assistant	1.00	1.00	1.00	1.00
AID STAFF	9.00	9.00	12.00	14.00
Community Volunteers	60.00	60.00	60.00	60.00
Total	69.00	69.00	72.00	74.00

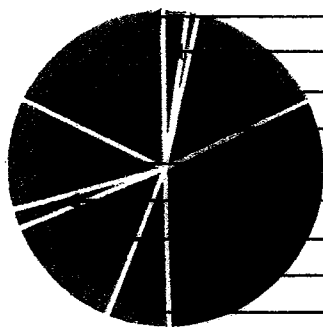
Calls for Service



Average Response Time



FY 2007 Calls for Service



- False Alarm 17.9%
- Residential 2.4%
- Commercial 1.1%
- Grass, Brush, Auto 14.5%
- EMS Assist 11.2%
- MVA with Entrapment 2%
- Motor Vehicle Accident (MVA) 12.8%
- Citizen Assistance 31.8%
- Other 6.3%

* Includes the City of Tomball and ESD #15

CITY OF TOMBALL
 151 - GENERAL FUND - PUBLIC WORKS ADMINISTRATION
 2007-2008 BUDGET WORKSHEET

Department Mission

To oversee all public works departments, provide leadership and oversight in completing the Five Year Capital Plan and Ten Year City Master Plan.

	FY2006		FY2007		FY2008			FY2008
	Actual	Budget	Projections	Adjusted Base	Recurring	Non-Recur.	Total Budget	
Personnel services	\$ 351,570	\$ 433,291	\$ 386,226	\$ 504,028	\$ 93,515	\$ -	\$ 597,543	
Supplies	65,066	80,500	65,200	79,500	250	15,200	94,950	
Maintenance	45,084	45,500	31,750	45,500	-	-	45,500	
Services and charges	106,195	173,900	160,200	165,732	3,175	25,000	193,907	
Operating Expenditures	567,915	733,191	643,376	794,760	96,940	40,200	931,900	
Capital Outlay	244,447	237,500	230,000	-	-	30,000	30,000	
Bad Debt Expense	-	-	-	-	-	-	-	
Long Term Debt	-	-	-	-	-	-	-	
Transfers	-	-	-	-	-	-	-	
Total Expenditures	\$ 812,362	\$ 970,691	\$ 873,376	\$ 794,760	\$ 96,940	\$ 70,200	\$ 961,900	

Staffing	FY2005	FY2006	FY2007	FY2008
Public Works Director of Operations	0.50	0.00	0.00	0.00
Director of Engineering & Planning	0.50	0.00 *	1.00	1.00
City Engineer	0.50	1.00	0.00	0.00
Assistant City Engineer	0.00	0.00	1.00	1.00
GIS Coordinator	0.50	1.00	0.00	0.00
Park, Street, Drainage Superintendent	1.00	1.00	1.00	1.00
Facilities Maintenance Specialist	1.00	1.00	1.00	1.00
Community Development Coordinator	0.00	0.00 *	1.00	1.00
Budget Analyst/Project Accountant	0.00	0.00	0.00	1.00
Inventory Control Specialist	0.50	0.00	0.00	0.00
Receptionist/Office Assistant	1.00	1.00	1.00	1.00
Administrative Assistant	0.00	0.00	0.00	1.00
VOE Student	0.50	0.50	0.00	0.00
Total	6.00	5.50	6.00	8.00

* This reflects end result of a staffing change that occurred mid-year.

Major Budget Items

- Professional services - engineering (\$25,000)
- GIS support (\$25,000)
- Capital outlay - generator (\$30,000)

CITY OF TOMBALL
 152 - GENERAL FUND - GARAGE DEPARTMENT
 2007-2008 BUDGET WORKSHEET

Department Mission

To maintain the vehicles and equipment of the City of Tomball in order to minimize downtime and the loss of employee time.

	FY2006 Actual	FY2007 Budget	FY2007 Projections	FY2008 Adjusted Base	Recurring	Non-Recur.	FY2008 Total Budget
Personnel services	\$ 64,715	\$ 65,918	\$ 66,946	\$ 67,137	\$ -	\$ -	\$ 67,137
Supplies	2,652	4,000	1,615	4,000	-	-	4,000
Maintenance	2,544	6,000	2,200	5,100	-	-	5,100
Services and charges	5,411	7,000	5,300	7,989	-	-	7,989
Operating Expenditures	75,322	82,918	76,061	84,226	-	-	84,226
Capital Outlay	-	-	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-	-	-
Long Term Debt	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Total Expenditures	\$ 75,322	\$ 82,918	\$ 76,061	\$ 84,226	\$ -	\$ -	\$ 84,226

Staffing	FY2005	FY2006	FY2007	FY2008
City Mechanic	1.00	1.00	1.00	1.00
Total	1.00	1.00	1.00	1.00

CITY OF TOMBALL
 153 - GENERAL FUND - PARKS DEPARTMENT
 2007-2008 BUDGET WORKSHEET

Department Mission

To construct and maintain the City's parks and other greenbelt areas along streets and around the City of Tomball facilities.

	FY2006	FY2007	FY2007	FY2008			FY2008
	Actual	Budget	Projections	Adjusted	Recurring	Non-Recur.	Total
				Base			Budget
Personnel services	\$ 170,110	\$ 191,938	\$ 208,099	\$ 223,193	\$ 45,973	\$ -	\$ 269,166
Supplies	32,503	44,000	32,100	44,000	253	-	44,253
Maintenance	9,734	41,000	16,300	41,000	-	-	41,000
Services and charges	45,938	138,100	72,400	140,467	-	-	140,467
Operating Expenditures	258,285	415,038	328,899	448,660	46,226	-	494,886
Capital Outlay	172,488	427,000	329,800	-	-	-	-
Bad Debt Expense	-	-	-	-	-	-	-
Long Term Debt	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Total Expenditures	\$ 430,773	\$ 842,038	\$ 658,699	\$ 448,660	\$ 46,226	\$ -	\$ 494,886

Staffing	FY2005	FY2006	FY2007	FY2008
Park Foreman	1.00	1.00	1.00	1.00
Serviceman	3.00	3.00	3.00	4.00
Crew Worker**	0.20	0.20	0.20	0.20
Total	4.20	4.20	4.20	5.20

** Equivalent of 1 Full Time person using Part Time summer labor distributed equally to Streets, Parks, Water, Sewer, and Gas Departments.

Major Budget Items

- System maintenance (\$40,000)+A6
- Professional services - summer pool maintenance and lifeguards (\$50,000)

CITY OF TOMBALL
 154 - GENERAL FUND - STREET DEPARTMENT
 2007-2008 BUDGET WORKSHEET

Department Mission

To maintain the City's streets, prevent pavement failures and maintain the drainage system to remove storm water at the 100 year flood levels. The department also serves as the liaison with the County to insure that County streets and drainage systems within the City limits are well maintained.

	FY2006 Actual	FY2007 Budget	FY2007 Projections	FY2008 Adjusted Base	Recurring	Non-Recur.	FY2008 Total Budget
Personnel services	\$ 384,405	\$ 356,430	\$ 330,952	\$ 351,752	\$ -	\$ -	\$ 351,752
Supplies	39,531	35,000	27,050	35,000	-	-	35,000
Maintenance	7,476	90,000	38,600	90,000	-	-	90,000
Services and charges	119,873	227,500	180,500	231,202	-	-	231,202
Operating Expenditures	551,285	708,930	577,102	707,954	-	-	707,954
Capital Outlay	1,202,169	7,877,893	7,456,752	-	-	-	-
Bad Debt Expense	-	-	-	-	-	-	-
Long Term Debt	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Total Expenditures	\$ 1,753,454	\$ 8,586,823	\$ 8,033,854	\$ 707,954	\$ -	\$ -	\$ 707,954

Staffing	FY2005	FY2006	FY2007	FY2008
Street & Drainage Foreman	1.00	1.00	0.00	0.00
Heavy Equipment Operator	2.00	2.00	2.00	2.00
Serviceman *	7.00	7.00	5.00	5.00
Crew Worker**	0.20	0.20	0.20	0.20
Total	10.20	10.20	7.20	7.20

* Meter Reader position moved to Water Dept. in 2006-2007

** Equivalent of 1 Full Time person using Part Time summer labor distributed equally to Streets, Parks, Water, Sewer, and Gas Departments.

Major Budget Items

- Street maintenance (\$70,000)
- Engineering services (\$50,000)
- Street lights (\$100,000)

CITY OF TOMBALL
 155 - GENERAL FUND - SANITATION DEPARTMENT
 2007-2008 BUDGET WORKSHEET

Department Mission

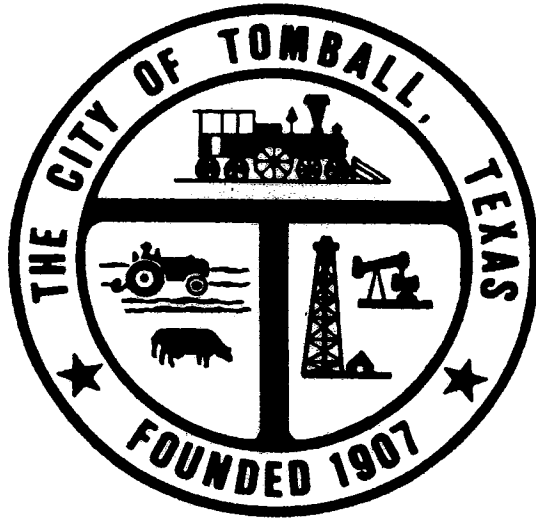
To provide consistent quality trash pickup service for residential and commercial customers at a competitive price.

	FY2006 Actual	FY2007 Budget	FY2007 Projections	FY2008 Adjusted Base	Recurring	Non-Recur.	FY2008 Total Budget
Personnel services	\$ 3,855	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	2,912	30,000	30,000	-	-	-	-
Maintenance	-	-	-	-	-	-	-
Services and charges	1,614,204	1,846,000	1,829,000	1,907,309	-	-	1,907,309
Operating Expenditures	1,620,971	1,876,000	1,859,000	1,907,309	-	-	1,907,309
Capital Outlay	-	40,000	40,000	-	-	-	-
Bad Debt Expense	-	-	-	-	-	-	-
Long Term Debt	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Total Expenditures	\$ 1,620,971	\$ 1,916,000	\$ 1,899,000	\$ 1,907,309	\$ -	\$ -	\$ 1,907,309

No staff has been assigned to this department as all services are contracted to a third party.

Major Budget Items

- Garbage services contract (\$1,750,000)
- Studies and analysis (\$100,000)



DEBT SERVICE FUND

Debt Service Fund

Fund Description

The debt service fund, also known as the interest and sinking fund, is established by ordinance authorizing the issuance of bonds and providing for the payment of bond principal and interest as they come due. In the General Obligation Debt Service fund, an ad valorem (property) tax rate and tax levy is required to be computed and levied that will be sufficient to produce the money to satisfy annual debt service requirements. General Obligation Bonds of the City of Tomball carry an "A" rating from Standard and Poor's and an "A2" rating from Moody's Investor Services.

Fund Narrative

No additional debt was issued by the City of Tomball during FY 2007. The City paid \$1,138,174 toward principal on its outstanding tax supported debt as well \$823,818 in interest. Projected ending fund balance for FY 2007 of \$2,143,057 represents 107% of FY 2008 principal and interest payments on debt. Over the next 4 years, the City will work to draw down fund balance in the Debt Service fund and target a fund balance range of 25%-30% of the next year's debt service. Total debt service payments for FY 2008 are budgeted at \$2,000,196. This includes an estimated first year interest only payment on a new issue of tax supported debt proposed to be issued in early 2008. As discussed in the General Fund narrative, the City of Tomball will be drawing down reserves in that fund to cash fund capital projects or portions of capital projects. This will also enable the City to reduce the amount of debt issued in the future. By the City cash funding just under \$4.2 million of projects with cash, the City will save an estimated \$3 million in bond interest expense.

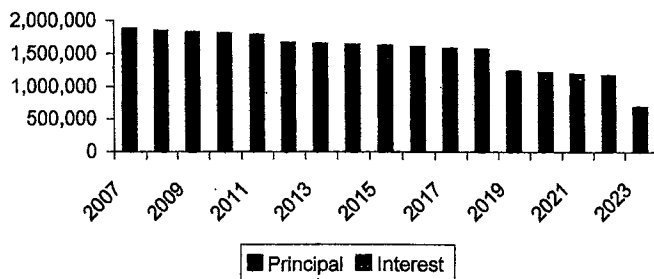
Shown below is the City's debt position as of the beginning of FY 2008.

Total outstanding general obligation debt	\$26,750,000
Less self-supporting debt from the Enterprise Fund	<u>8,976,000</u>
NET OUTSTANDING GENERAL OBLIGATION DEBT	<u>\$17,774,000</u>

City of Tomball
Statement of Revenues and Expenditures and Changes in Fund Balance
FY 2008 Adopted Budget

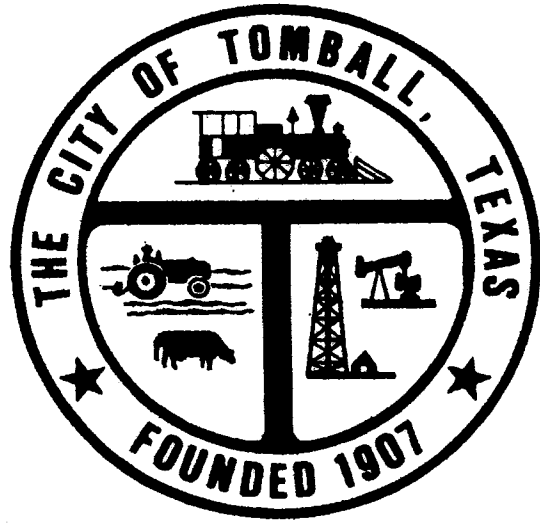
	FY 2006 Actual	FY2007 Current Budget	FY 2007 Projections	\$0.251455 FY2008 Budget
Revenues:				
Current taxes	\$ 1,253,182	\$ 1,240,000	\$ 1,240,000	\$ 1,211,634
Delinquent taxes	33,511	27,500	43,000	35,000
Penalty and interest	30,986	20,500	29,500	21,000
Interest	58,418	84,000	90,000	82,000
Total Revenues	1,376,097	1,372,000	1,402,500	1,349,634
Expenditures:				
Principal	1,194,405	1,138,174	1,138,174	1,085,500
Interest	882,032	823,818	823,818	755,906
New Debt				
FY2008				158,790
FY2012				
Fees	9,810	10,000	3,000	5,000
Total Expenditures	2,086,247	1,971,992	1,964,992	2,005,196
Other Sources/(Uses):				
Transfers	1,000,000	1,500,000	1,500,000	
Total Other Sources/(Uses)	1,000,000	1,500,000	1,500,000	0
Revenues Over/(Under) Expenditures	289,850	900,008	937,508	(655,562)
Beginning Fund Balance	915,699	1,205,549	1,205,549	2,143,057
Ending Fund Balance	\$ 1,205,549	\$ 2,105,557	\$ 2,143,057	\$ 1,487,495
Ending FB as % of Next Year's Debt Service Requirement		105.27%	107.14%	62.48%

General Obligation Debt - Annual Requirements

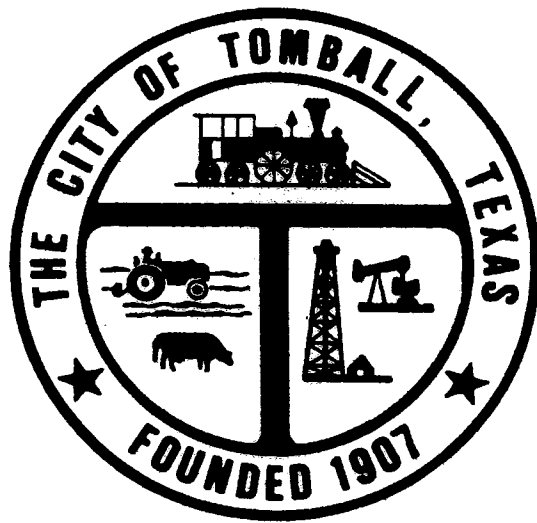


The City's legal capacity for additional debt is very large. Rules promulgated by the Office of the Attorney General of Texas stipulate that such Office will not approve tax bonds of any city unless the City can demonstrate its ability to pay debt service requirements on all outstanding tax debt, including the issue to be approved, from a levy of \$1.50 per \$100 of valuation based on 90% collection of the tax. Assuming the maximum rate for debt service of \$1.50 on the 2007 taxable assessed value of \$819,446,972 at 90% collection, tax

revenue of \$11,062,534 would be produced. This revenue could service debt of over \$137 million issued as 5% 20 year serial bonds, which is more than \$120 million greater than the City's outstanding obligations.



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SPECIAL REVENUE FUNDS

Special Revenue Funds

Statement of Revenues, Expenditures and Changes in Fund Balance

FY 2008 Adopted Budget

	FY 2007 Budget	FY 2007 Projections	FY 2008 Budget
Revenues:			
Occupancy tax	\$ 145,000	\$ 140,000	\$ 140,000
Fines and warrants	61,500	55,202	63,000
Grants	-	45,000	-
Interest	2,350	10,270	14,300
Transfers and other	287,355	287,355	-
Total	496,205	537,827	217,300
Expenditures:			
General Special	-	5,502	-
Senior Housing	-	0	-
Court Building Security	-	19,000	44,964
Court Building Technology	-	-	-
Hotel Occupancy	194,000	199,000	91,000
Total	194,000	223,502	135,964
Revenues Over (Under) Expenditures	302,205	314,325	81,336
Beginning Fund Balance	23,332	23,332	337,657
Ending Fund Balance	\$ 325,537	\$ 337,657	\$ 418,993

General Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

FY 2008 Adopted Budget

	FY 2007 Budget	FY 2007 Projections	FY 2008 Budget
Revenues:			
Abandoned vehicles	\$ 150	\$	\$
Seized funds		1,702	
Child safety	10,000	10,500	10,000
Interest	350	1,000	1,300
Other			
Total	10,500	13,202	11,300
Expenditures:			
Supplies		2,020	
Maintenance			
Services and charges		3,482	
Capital			
Total	-	5,502	-
Revenues Over (Under)			
Expenditures	10,500	7,700	11,300
Beginning Fund Balance	23,332	23,332	31,032
Ending Fund Balance	\$ 33,832	\$ 31,032	\$ 42,332

Fund Description

The General Special Revenue fund accounts for Police forfeiture funds and Child Safety fees. Forfeiture funds are awards of monies or property by the courts related to cases that involve the Tomball Police Department. According to Chapter 59, Article 6, Paragraph (d) of the Code of Criminal Procedure, "Proceeds awarded under this chapter to a law enforcement agency may be spent by the agency after a budget for the expenditures of the proceeds has been submitted to the governing body of the municipality." Child Safety Fees are received through the Harris County Tax Assessor/Collector. These fees represent a portion of each citation written by the Tomball Police Department. The State of Texas allocates a percentage of each court fee to the Child Safety Program and is remitted back to the municipality to be used for educational material for children, coloring books, pencils, goody bags, etc and are distributed at various community events each year.

Municipal Court Building Security Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

FY 2008 Adopted Budget

	FY 2007 Budget	FY 2007 Projections	FY 2008 Budget
Revenues:			
Fines and warrants	\$ 20,500	\$ 17,000	\$ 22,000
Interest		4,000	6,000
Transfers in	137,850	137,850	
Total	158,350	158,850	28,000
Expenditures:			
Personnel		19,000	20,639
Supplies			3,660
Maintenance			
Services and charges			
Capital			20,665
Total	-	19,000	44,964
Revenues Over (Under)			
Expenditures	158,350	139,850	(16,964)
Beginning Fund Balance	-	-	139,850
Ending Fund Balance	\$ 158,350	\$ 139,850	\$ 122,886

Fund Description

In prior years, the General Fund accounted for the City's court building security fees. In order to more accurately account for these funds, in FY 2006-07, the City created the Municipal Court Building Security Fee fund. These fees are generated from court fines. By law, these funds can only be spent on the City's municipal court.

Fund Narrative

For FY 2008, the budget anticipates that funds generated by the building security fee will pay a portion of the warrant officer's salary (\$20,639) and court building improvements related to security (\$24,299).

Municipal Court Technology Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

FY 2008 Adopted Budget

	FY 2007 Budget	FY 2007 Projections	FY 2008 Budget
Revenues:			
Fines and warrants	\$ 31,000	\$ 26,000	\$ 31,000
Interest		2,000	3,000
Transfers in	55,483	55,483	
Total	86,483	83,483	34,000
Expenditures:			
Supplies			
Maintenance			
Services and charges			
Capital			
Total	-	-	-
Revenues Over (Under)			
Expenditures	86,483	83,483	34,000
Beginning Fund Balance	-	-	83,483
Ending Fund Balance	\$ 86,483	\$ 83,483	\$ 117,483

Fund Description

In prior years, the General Fund accounted for the City's court technology fees. In order to more accurately account for these funds, in FY 2006-07, the City created the Municipal Court Technology Fund. These fees are generated from court fines. By law, these funds can only be spent on the City's municipal court.

Fund Narrative

For FY 2008, no appropriations have been made for court technology funds.

Hotel Occupancy Tax Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

FY 2008 Adopted Budget

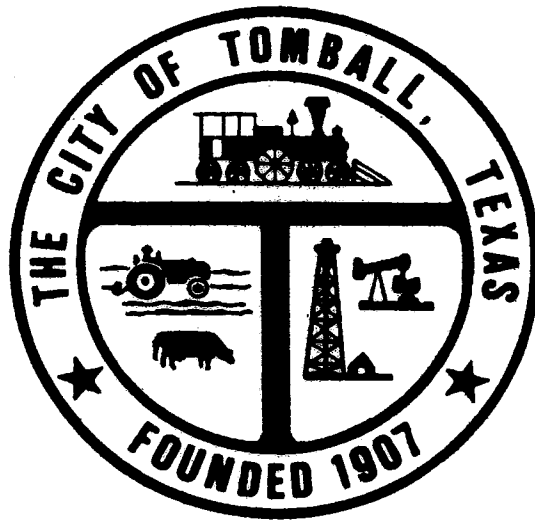
	FY 2007 Budget	FY 2007 Projections	FY 2008 Budget
Revenues:			
Occupancy tax	\$ 145,000	\$ 140,000	\$ 140,000
Interest	2,000	2,000	4,000
Transfers in	94,022	94,022	
Total	241,022	236,022	144,000
Expenditures:			
Services and charges			
Greater Tomball Chamber	35,000	35,000	35,000
Spring Creek Historical	11,000	11,000	11,000
The Regional Arts Council	10,000	10,000	10,000
Tomball Community Chorus	5,000	5,000	5,000
Chaparral Genealogical	5,000	5,000	5,000
Tomball Sister City	5,000	5,000	5,000
Centennial Celebration	103,000	108,000	0
Other	20,000	20,000	20,000
Total	194,000	199,000	91,000
Revenues Over (Under)			
Expenditures	47,022	37,022	53,000
Beginning Fund Balance	-	-	37,022
Ending Fund Balance	\$ 47,022	\$ 37,022	\$ 90,022

Fund Description

In prior years, the General Fund accounted for the City's Hotel/Motel Occupancy Tax. In order to more accurately account for these funds, in FY 2006-07 the City created the Hotel/Motel Occupancy Tax Fund. These funds are generated through the charge of a special tax on hotel/motel nightly room charges. Restricted by State legislation, these funds may only be used to directly enhance and promote tourism, the arts and the convention and hotel industry.

Fund Narrative

For FY 2008, the budget anticipates distributing receipts of occupancy tax to the organizations listed above. In order to receive a quarterly distribution of funds, each organization is required to submit their quarterly financial statements and a description of scheduled programs and events to promote tourism, the arts and the hotel industry in Tomball. The \$20,000 in "Other" is funding for the City's annual 4th of July Fireworks display.



CAPITAL PROJECT FUNDS

Capital Project Funds

Fund Description

Capital project funds are created to account for proceeds from the sale of certificate of obligation (CO), general obligation (GO), or revenue bonds to be used for the acquisition or construction of major capital facilities. Budgets are developed by project and may transcend more than one fiscal year.

Fund Narratives

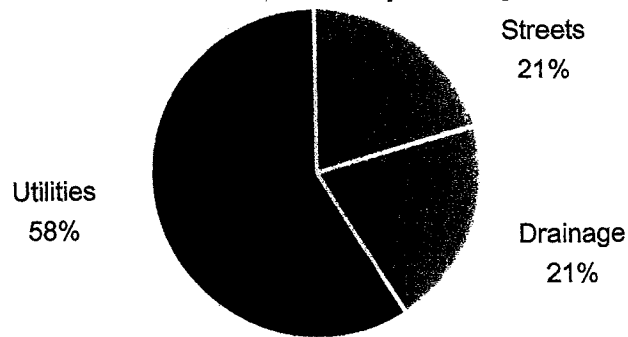
2008 CO Capital Project Fund

The budget for fiscal year 2008 reflects the start of construction on the Agg Road Extension (\$300,000), construction of the Michel Road Improvements and Extension (\$1,200,000), and construction of the M124 North drainage channel (\$500,000). The budget also includes a pipeline relocation for the M121 West drainage channel (\$500,000) and land acquisition for the M124 South drainage channel (\$500,000).

2008 Revenue Bond Capital Project Fund

The budget for fiscal year 2008 includes land acquisition for the Hufsmith Water & Gas (\$250,000), Hufsmith Sanitary Sewer (\$100,000), Neal Road Utilities (\$100,000) and Tomball Hills Liftstation Relocation (\$181,000) projects. It also includes construction funds for Brown Hufsmith Utilities (\$900,000), Hufsmith Sanitary Sewer(\$500,000), Neal Road Utilities (\$800,000), Water Well #5 (\$740,000), Old Town Tomball Water & Sewer Line Replacement (\$200,000) and Tomball Hills Liftstation Relocation (\$552,000).

FY 2008 Bond Funded Capital Projects

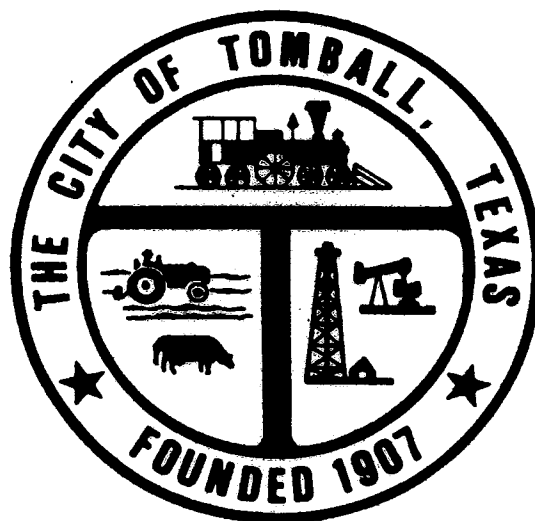


2008 CO Capital Projects Fund
Statement of Revenues and Expenditures

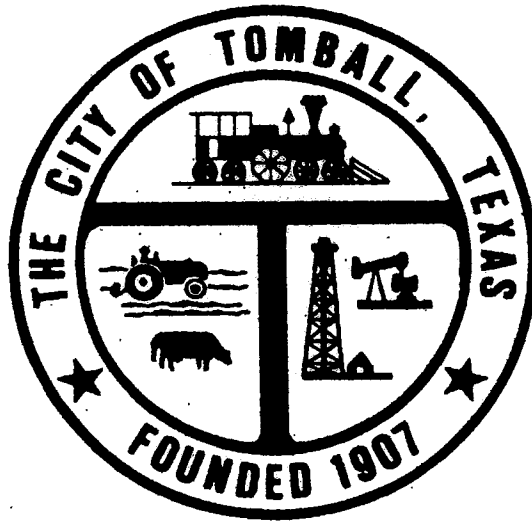
	Budget
	2007-08
REVENUES:	
Bond Proceeds	7,900,000
Interest	300,000
Other	
TOTAL REVENUES	8,200,000
EXPENDITURES:	
Engineering and contractual services	
Construction	2,000,000
Furniture, fixtures and equipment	-
Land acquisition	500,000
Other	500,000
TOTAL EXPENDITURES	3,000,000
OTHER FINANCING SOURCES:	
Transfer from General Fund	
TOTAL OTHER FINANCING SOURCES (USES)	-
	5,200,000
BEGINNING BALANCE	-
ENDING BALANCE	\$ 5,200,000

2008 Revenue Bond Capital Projects Fund
Statement of Revenues and Expenditures

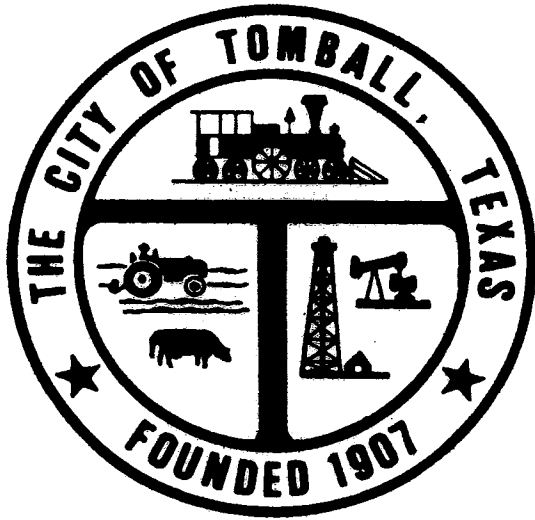
	Budget
	2007-08
REVENUES:	
Bond Proceeds	6,223,000
Interest	225,000
Other	
TOTAL REVENUES	<u>6,448,000</u>
EXPENDITURES:	
Engineering and contractual services	
Construction	3,692,000
Furniture, fixtures and equipment	
Land acquisition	581,000
Other	
TOTAL EXPENDITURES	<u>4,273,000</u>
OTHER FINANCING SOURCES:	
Transfer from General Fund	
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>
	2,175,000
BEGINNING BALANCE	-
ENDING BALANCE	<u><u>\$ 2,175,000</u></u>



ENTERPRISE FUNDS



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ENTERPRISE UTILITY FUND

Enterprise Fund

Fund Description

The City's water, wastewater and gas utilities are financed and operated in a manner similar to private business enterprises, where costs of providing the services to the public are financed primarily through user charges.

Fund Narrative

Concluding Fiscal Year Financial Performance

Ending Fund Balance in the Enterprise Fund is projected to be \$2,929,020 which is \$4,480,000 less than budget. This is primarily due to \$5,565,000 in bond proceeds budgeted, however the City did not enter into any type of debt financing during the year. Revenues for the current fiscal year, budgeted at \$8,192,350 are expected to come in approximately 6% or \$523,150 less than budget. This is primarily due to revenues from natural gas sales coming in \$545,000 or 14% below budget. In spite of high usage during the second quarter, usage during the first quarter and now during the summer months has not been as high as that projected in the budget nor has growth in the system been as high as projected in the budget. Tap fee revenues are also anticipated to fall short of budget by \$88,250, again due to growth not being as strong as anticipated. Offsetting these negative variances however are interest earnings that are projected to be \$150,000 or 75% better than budget.

Operating expenses for FY2007 are projected to come in approximately \$972,000 less than budget. This is due to some position vacancies and amounts budgeted for professional services that were not used. There are also savings in the purchase of water from the Harris County Regional Water Authority and savings in equipment purchases and system maintenance.

Projected ending Fund Balance of \$2,929,020 represents just under 170 days of operating expenses in the Enterprise fund. This is within the City's policy guidelines of maintaining operating reserves in the 90-365 day range.

2007 / 2008 Budget

Revenues

Adjusted base budget revenues for FY 2008 are \$10,243,025. This amount is \$2,050,675 or 25% more than revenues budgeted for FY 2007. This increase is primarily due to the \$1.6M operating transfer from the Revenue Bond Debt Sinking Fund and the \$720,000 transfer from the Economic Development Corporation for its contribution on debt issued for utility system expansion to promote economic development. In the past, a separate fund was maintained for the payment of system bonded debt. However, it is not necessary to have these funds separated from the enterprise operations. Therefore, to streamline the accounting and calculation of ratios, these two funds will be combined in FY 2008. The \$1.6M transfer is the projected ending balance of the Revenue Bond Debt Sinking fund balance for FY2007.

As discussed in the Assumptions for the 5 Year Financial Forecasts, no rate increase for water, sewer or gas is proposed for FY 2008. Water, sewer and gas revenues include a projected increase of 3% due to growth. One of the proposed Supplemental Programs for the Enterprise Fund is a comprehensive utility rate study. This type of study, conducted by an outside consulting firm, has not been performed in Tomball to evaluate the rates needed to keep the Enterprise Fund operations self-supporting similar to a private sector business while also generating sufficient revenues to provide required debt ratios on outstanding revenue debt and projected new debt to facilitate needed infrastructure projects. In prior years, Impact Fees have been transferred to the Revenue Bond Sinking Fund to service debt. With that inflow of fees, the rate increases that would have been needed otherwise to fund the debt payments was reduced. The amount of revenue available from prior year's collections of impact fees is no longer at a level that such a transfer to service debt can be made, and without documentation of the calculation of the transfer of impact fees to service debt as being applicable to only impact fee related projects, such a transfer should not be made. In addition, the amount of impact fee revenues received may not be as substantial as in prior years until the new residential development in PID Nos. 1 and 2 begin as well as the development in the proposed tax increment reinvestment zone. Another goal of the rate study is to simplify the structure of our existing utility rates and place more emphasis on usage levels rather than on the type/category of customer account.

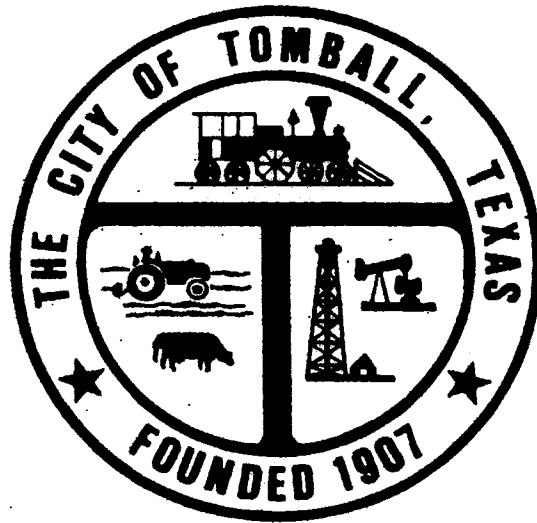
Expenditures

The adjusted base budget for operating expenses for FY 2008 is \$286,280 or 4% less than the current budget for FY2007. Increase and Decrease to base budget requests netted an overall increase in the base budget of \$283,500. Salaries include a 4% increase for merit for those employees who participate in the merit program and well as a total increase across various positions in the Enterprise Fund of \$39,840 in a salary adjustment due to the salary survey that was recently completed comparing salary ranges at the City of Tomball to similar positions in comparable cities. Health insurance increased 13% and there was a 15% increase in workers comp. Contributions to the Texas Municipal Retirement System also increased .75%. Despite these increases, the budget for the purchase of natural gas is approximately \$600,000 less than what was budgeted for FY 2007. Although the price of natural gas is projected to increase, the volume of gas purchased is not projected to be as high as that budgeted for FY 2007.

Total budgeted operating expenses in the Enterprise Fund include an increase of \$128,300 due to recurring (\$10,800) and non-recurring (\$117,500) Supplemental Programs for total of \$7,109,710. In addition to the Supplemental Programs budgeted in operations are \$511,663 of supplemental programs involving capital outlay. The largest of these programs is the funding of a Vehicle Replacement Program for \$246,663.

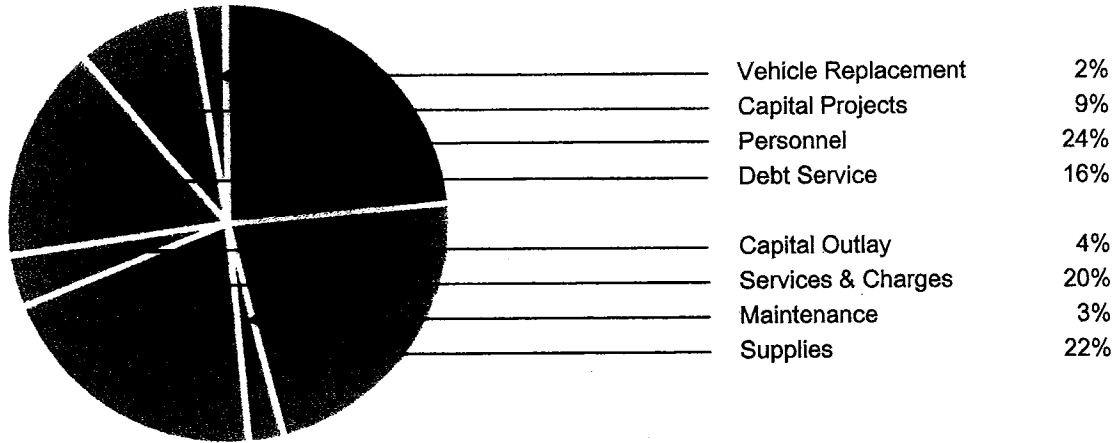
Proposed cash funding of Capital Improvement Plan projects in the Enterprise Fund for FY 2008 total \$901,500. A list of projects proposed for cash funding can be found in the Capital Projects section of the Appendix.

Budgeted ending Fund Balance for FY 2008 of \$2,972,678 represents just under 153 days of operating expenses. Budgeted net system revenues available for debt service of \$3,133,315 provide a debt coverage ratio on revenue bond debt of 467% and on total system supported debt (revenue bonds and certificates of obligation) of almost 188%. The debt coverage ratio required by the revenue bond covenants is 125%.



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ENTERPRISE FUND EXPENDITURES



BY MAJOR COST CATEGORY

Category	Actual 2005-2006	Budget 2006-2007	Projected 2006-2007	Budget 2007-2008
Personnel Services	\$ 1,971,762	\$ 2,242,680	\$ 2,253,862	\$ 2,443,256
Supplies	383,375	2,934,700	2,334,045	2,324,700
Maintenance	171,060	262,000	181,600	267,000
Services & Charges	1,242,553	1,829,300	1,527,000	2,074,754
Capital Outlay	7,673,352	4,566,522	3,930,545	401,500
Debt Service	1,593,849	1,572,555	1,563,755	1,676,494
Capital Projects				901,500
Vehicle Replacement				246,663
TOTAL FUND BUDGET	\$ 13,035,951	\$ 13,407,757	\$ 11,790,807	\$ 10,335,867

Prior to the FY 2007-08 budget, capital projects and capital outlay (non construction related projects) were combined in the capital outlay expense category. Starting with FY 2007-08 Budget, these types of expenses are shown separately.

Enterprise Fund
Income Statement
FY 2008 Adopted Budget

	FY2007 Current Budget	FY2007 Projections	FY2008 Adjusted Base Budget	Recurring Supplemental	Non-Recur. Supplemental	FY2008 Total Budget
Operating Revenues:						
Water sales	\$ 2,585,000	\$ 2,585,000	\$ 2,662,550	\$ -	\$ -	\$ 2,662,550
Sewer sales	1,292,500	1,292,500	1,331,275	-	-	1,331,275
Gas sales	3,775,000	3,230,000	3,391,500	-	-	3,391,500
Tap fees	204,750	116,500	116,500	-	-	116,500
Reconnect fees	13,000	28,000	28,000	-	-	28,000
Interest	200,000	350,000	350,000	-	-	350,000
Other	122,100	151,200	847,200	-	-	847,200
Transfers			1,600,000	-	-	1,600,000
Total Operating Revenues	8,192,350	7,753,200	10,327,025	-	-	10,327,025
Expenses:						
Enterprise Administration	1,393,470	1,286,913	1,361,454	10,800	117,500	1,488,754
Water	1,603,456	1,453,811	1,866,202	-	-	1,866,202
Wastewater	1,163,633	1,110,406	1,278,221	-	-	1,278,221
Gas	3,108,121	2,445,377	2,476,533	-	-	2,476,533
Total Operating Expenses	7,268,680	6,296,507	6,982,410	10,800	117,500	7,109,710
Net Revenue Available for Debt	923,670	1,456,693	3,344,615	(10,800)	(117,500)	3,217,315
Debt Service*						
Revenue Bonds			535,232	135,132	-	670,364
Certificates of Obligation			998,630	-	-	998,630
Fiscal Fees			7,500	-	-	7,500
Total Debt Service			1,541,362	135,132	-	1,676,494
Non-Operating Revenues (expenses)						
Proceeds from debt	5,565,000					
Transfers	(900,000)	(900,000)	-	-	-	-
Vehicle replacement	-	-	-	(246,663)		(246,663)
Capital outlay	(4,566,522)	(3,930,545)	(901,500)	(200,000)	(65,000)	(1,166,500)
Total Non-Operating Revenue	98,478	(4,830,545)	(901,500)	(446,663)	(65,000)	(1,413,163)
Net Income (Excluding Depr.)	1,022,148	(3,373,852)	901,753	(592,595)	(182,500)	127,658
Beginning Fund Balance	6,386,872	6,386,872	3,013,020			3,013,020
Ending Fund Balance	\$ 7,409,020	\$ 3,013,020	\$ 3,914,773	\$ (592,595)	\$ (182,500)	\$ 3,140,678
Days of Operating Cost in FB	372.05	174.66	204.64			161.24
Debt Coverage on Revenue Debt			625%			480%
Debt Coverage on Total Debt			218.1%			192.8%

*Prior to FY 2008, annual debt service payments for Enterprise system supported debt was recorded in a separate fund. Starting with FY 2008, these funds have now been combined.

ENTERPRISE FUND

REVENUES

2007-2008 BUDGET WORKSHEET

ACCOUNT NAME	FY2006	FY2007	FY2007	FY2008			FY2008
	Actual	Current Budget	Projections	Adjusted Base Budget	Recurring	Non-Recur.	Total Budget
Water Sales	2,571,415	2,585,000	\$ 2,585,000	\$ 2,662,550	\$	\$	\$ 2,662,550
TOTAL WATER SALES	2,571,415	2,585,000	2,585,000	2,662,550	-	-	2,662,550
Sewer Sales	1,222,255	1,292,500	1,292,500	1,331,275			1,331,275
TOTAL SEWER SALES	1,222,255	1,292,500	1,292,500	1,331,275	-	-	1,331,275
Gas Sales	2,396,843	3,775,000	3,230,000	3,391,500			3,391,500
TOTAL GAS SALES	2,396,843	3,775,000	3,230,000	3,391,500	-	-	3,391,500
Water taps	66,660	73,500	62,500	62,500			62,500
Sewer taps	51,645	57,750	27,000	27,000			27,000
Gas taps	64,041	73,500	27,000	27,000			27,000
TOTAL TAP FEES	182,346	204,750	116,500	116,500	-	-	116,500
Reconnect fees	21,825	13,000	28,000	28,000			28,000
TOTAL RECONNECT FEES	21,825	13,000	28,000	28,000	-	-	28,000
Interest income	421,539	200,000	350,000	350,000			350,000
TOTAL INTEREST INCOME	421,539	200,000	350,000	350,000	-	-	350,000
Penalties	75,147	82,000	84,000	84,000			84,000
Administrative charges	36,530	38,500	38,500	38,500			38,500
Returned checks	1,680	1,500	1,700	1,700			1,700
Miscellaneous	332	100	27,000	3,000			3,000
Sale of property							
TEDC contributions	1,850,000			720,000			720,000
Other reimbursements	137,444						
TOTAL OTHER REVENUES	2,101,133	122,100	151,200	847,200	-	-	847,200
Debt Proceeds		5,565,000	-	-			-
TOTAL DEBT PROCEEDS	-	5,565,000	-	-	-	-	-
Transfer from Rev Bond Sinking				1,600,000			1,600,000
TOTAL TRANSFER REVENUES	-	-	-	1,600,000	-	-	1,600,000
TOTAL ENTERPRISE REVENUE	8,917,356	13,757,350	\$ 7,753,200	\$ 10,327,025	\$	\$	\$ 10,327,025

Transfer from Rev Bond Sinking fund is the transfer of the projected 9/30/07 ending balance into the Enterprise Fund to combine the two funds as they are not required to be separately maintained.

CITY OF TOMBALL
 611 - ENTERPRISE - ADMINISTRATIVE DEPARTMENT
 2007-2008 BUDGET WORKSHEET

Department Mission

To oversee and guide the Water, Wastewater and Gas utility departments.

	FY2006	FY2007	FY2007	FY2008			FY2008
	Actual	Budget	Projections	Adjusted	Recurring	Non-Recur.	Total
				Base			Budget
Personnel services	\$ 753,760	\$ 855,770	\$ 892,113	\$ 927,650	\$ -	\$ -	\$ 927,650
Supplies	116,099	103,600	93,200	103,600	-	12,500	116,100
Maintenance	25,013	42,000	28,600	42,000	-	-	41,000
Services and charges	259,458	392,100	273,000	288,204	10,800	105,000	404,004
Total Operating	1,154,330	1,393,470	1,286,913	1,361,454	10,800	117,500	1,488,754
Capital Outlay	168,287	12,500	10,000	-	-	-	-
Transfers	-	-	-	-	-	-	-
Total Expenses	\$ 1,322,617	\$ 1,405,970	\$ 1,296,913	\$ 1,361,454	\$ 10,800	\$ 117,500	\$ 1,488,754

Staffing	FY2005	FY2006	FY2007	FY2008
City Manager	0.50	0.00	0.00	0.00
Assistant City Manager	0.50	1.00	1.00	1.00
Public Works Director of Operations	0.50	1.00	1.00	1.00
Finance Director	0.50	1.00	1.00	1.00
Director of Engineering & Planning	0.50	0.00 *	0.00	0.00
City Engineer	0.50	0.00	0.00	0.00
GIS Coordinator	0.50	0.00	0.00	0.00
Utility Superintendent	1.00	1.00	1.00	1.00
Accounting Supervisor	0.50	0.00	0.00	0.00
HR Coordinator	0.50	0.00	0.00	0.00
HR Generalist	1.00	1.00	1.00	1.00
Purchasing Agent	0.50	1.00	1.00	1.00
Inventory Control	0.50	1.00	1.00	1.00
Billing Supervisor	1.00	1.00	1.00	1.00
Office Clerks	1.75	2.50	2.50	2.50
Reception/Office Assistant	1.00	1.00	1.00	1.00
Total	11.25	11.50	11.50	11.50

**CITY OF TOMBALL
613 - ENTERPRISE FUND - WATER DEPARTMENT
2007-2008 BUDGET WORKSHEET**

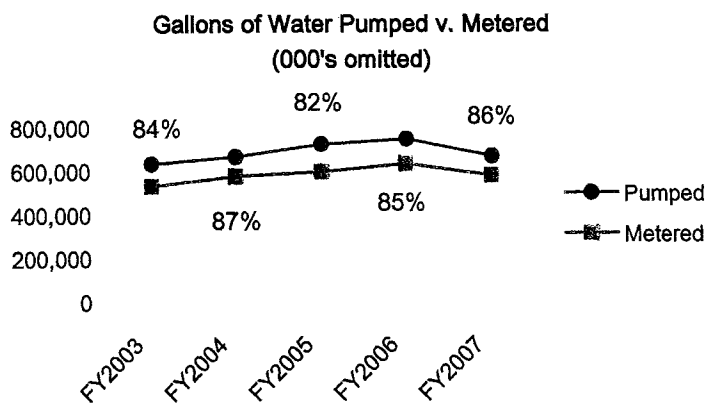
Department Mission

To supply safe, uninterrupted water service to residents and businesses while maintaining over 46 miles of water distribution mains, 3 wells, 2 elevated storage tanks and 1 ground storage tank.

	FY2006 Actual	FY2007 Budget	FY2007 Projections	FY2008 Adjusted Base	Recurring	Non-Recur.	FY2008 Total Budget
Personnel services	\$ 365,269	\$ 430,856	\$ 414,061	\$ 443,525	\$ -	\$ -	\$ 443,525
Supplies	142,989	114,100	127,050	164,100	-	-	164,100
Maintenance	46,199	100,000	60,000	108,000	-	-	108,000
Services and charges	647,767	958,500	852,700	1,150,577	-	-	1,150,577
Total Operating	1,202,224	1,603,456	1,453,811	1,866,202	-	-	1,866,202
Capital Outlay	3,667,048	3,471,416	3,478,416	136,500	-	-	136,500
Transfers	72,000	300,000	300,000	-	-	-	-
Total Expenses	\$ 4,941,272	\$ 5,374,872	\$ 5,232,227	\$ 2,002,702	\$ -	\$ -	\$ 2,002,702

Staffing	FY2005	FY2006	FY2007	FY2008
Foreman	0.84	1.00	1.00	1.00
Crew Chief	1.02	1.00	1.00	1.00
Technician	0.68	0.00	0.00	0.00
Heavy Equipment Operator	0.35	1.00	1.00	1.00
Serviceman	3.74	3.00	3.00	4.00
Locator	0.00	1.00	1.00	1.00
Meter Reader	0.00	1.00	0.00	0.00
Utilities Laborer*	0.20	0.20	0.20	0.20
Total	6.83	8.20	7.20	8.20

* Equivalent of 1 Full Time person using Part Time Summer labor distributed equally to Streets, Parks, Water, Sewer and Gas Departments.



Major Budget Items:

- Maintenance parts (\$75,000)
- Chemicals (\$75,000)
- System maintenance (\$100,000)
- Harris Co Regional Water Authority (\$850,000)
- Electricity (\$200,000)
- System expansion (\$136,500)

**CITY OF TOMBALL
614 - ENTERPRISE FUND - WASTEWATER DEPARTMENT
2007-2008 BUDGET WORKSHEET**

Department Mission

To supply safe, uninterrupted wastewater service to residents and businesses while maintaining 9 liftstations, 13 miles of storm sewer line and 35 miles of sanitary sewer line.

	FY2006 Actual	FY2007 Budget	FY2007 Projections	FY2008 Adjusted Base	Recurring	Non-Recur.	FY2008 Total Budget
Personnel services	\$ 535,210	\$ 573,633	\$ 580,756	\$ 645,325	\$ -	\$ -	\$ 645,325
Supplies	83,786	81,000	67,650	83,500	-	-	83,500
Maintenance	92,494	103,000	91,000	103,000	-	-	103,000
Services and charges	300,687	406,000	371,000	446,396	-	-	446,396
Total Operating	1,012,177	1,163,633	1,110,406	1,278,221	-	-	1,278,221
Capital Outlay	3,011,756	853,159	414,000	-	200,000	65,000	265,000
Transfers	72,000	300,000	300,000	-	-	-	-
Total Expenses	\$ 4,095,933	\$ 2,316,792	\$ 1,824,406	\$ 1,278,221	\$ 200,000	\$ 65,000	\$ 1,543,221

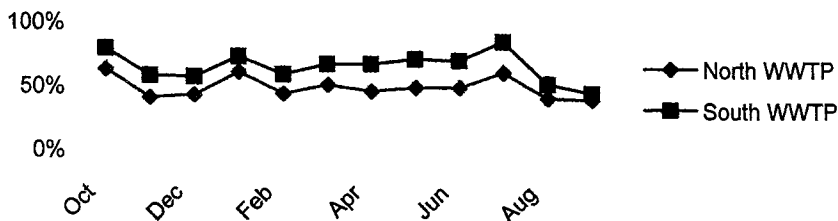
Staffing	FY2005	FY2006	FY2007	FY2008
Foreman	0.83	1.00	0.00	0.00
Crew Chief	0.99	1.00	2.00	2.00
Plant Supervisor	1.00	1.00	1.00	1.00
Plant Operator	2.00	2.00	2.00	2.00
Technician	0.66	1.00	1.00	1.00
Heavy Equipment Operator	0.33	0.00	0.00	0.00
Serviceman	3.63	4.00	4.00	4.00
Part Time Laborer*	0.20	0.20	0.20	0.20
Total	9.64	10.20	10.20	10.20

* Equivalent of 1 Full Time person using Part Time Summer labor distributed equally to Streets, Parks, Water, Sewer and Gas Departments.

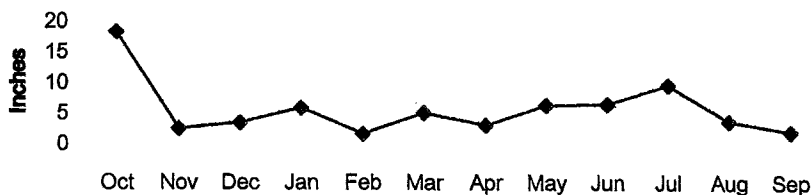
Major Budget Items:

- Chemical supplies (\$50,000)
- System maintenance (\$100,000)
- Electricity (\$210,000)
- Portable generator (\$35,000)
- Mini-excavator (\$30,000)
- Sanitary TV & Cleaning program (\$200,000)

Plant Capacity - Percentage Reached



Average Rainfall



The percentage of permitted plant capacity reached can be seen to fluctuate with the average recorded rainfall each month. This reveals the issue of inflow and infiltration that the City is working to reduce.

Average rainfall was calculated using recorded rainfall at each of the WWTP plants.

**CITY OF TOMBALL
615 - ENTERPRISE FUND - GAS DEPARTMENT
2007-2008 BUDGET WORKSHEET**

Department Mission

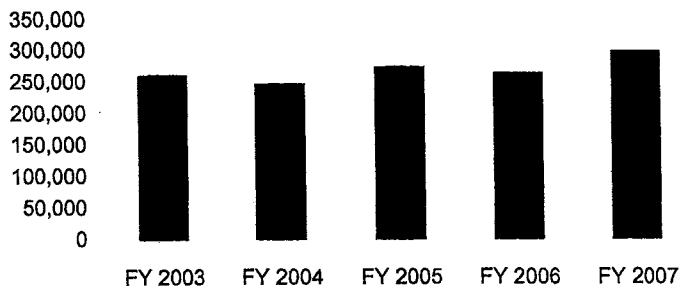
To deliver an uninterrupted supply of gas to Tomball residents and businesses in a safe environment.

	FY2006	FY2007	FY2007	FY2008			FY2008	
	Actual	Budget	Projections	Adjusted	Base	Recurring	Non-Recur.	Total
								Budget
Personnel services	\$ 317,523	\$ 382,421	\$ 366,932	\$ 426,756	\$ -	\$ -	\$ -	\$ 426,756
Supplies	42,501	2,636,000	2,046,145	1,961,000	-	-	-	1,961,000
Maintenance	7,354	17,000	2,000	15,000	-	-	-	15,000
Services and charges	34,641	72,700	30,300	73,777	-	-	-	73,777
Total Operating	402,019	3,108,121	2,445,377	2,476,533	-	-	-	2,476,533
Capital Outlay	826,261	229,447	28,129	-	-	-	-	-
Transfers	72,000	300,000	300,000	-	-	-	-	-
Total Expenses	\$ 1,300,280	\$ 3,637,568	\$ 2,773,506	\$ 2,476,533	\$ -	\$ -	\$ -	\$ 2,476,533

Staffing	FY2005	FY2006	FY2007	FY2008
Foreman	1.33	1.00	1.00	1.00
Crew Chief	0.99	1.00	1.00	1.00
Technician	0.66	1.00	1.00	1.00
Heavy Equipment Operator	0.33	0.00	0.00	0.00
Serviceman	3.63	3.00	4.00	4.00
Part Time Laborer*	0.20	0.20	0.20	0.20
Total	7.14	6.20	7.20	7.20

* Equivalent of 1 Full Time person using Part Time Summer labor distributed equally to Streets, Parks, Water, Sewer and Gas Departments.

Natural Gas Pumped (MCF's)



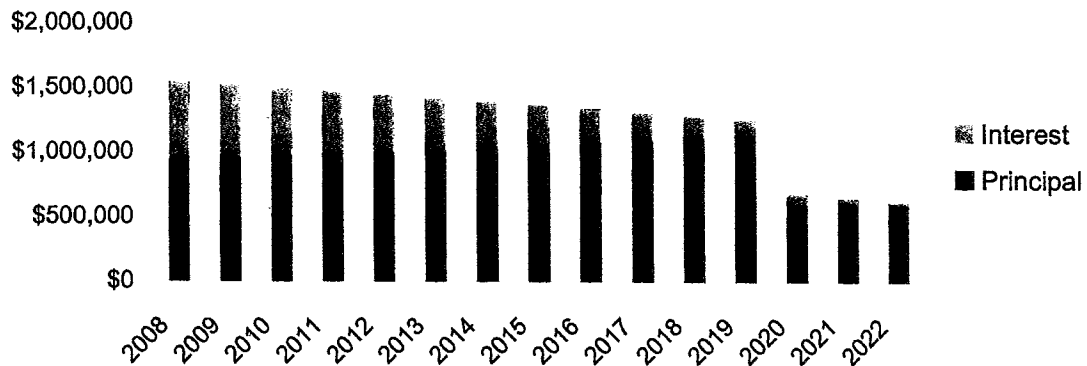
Major Budget Items:

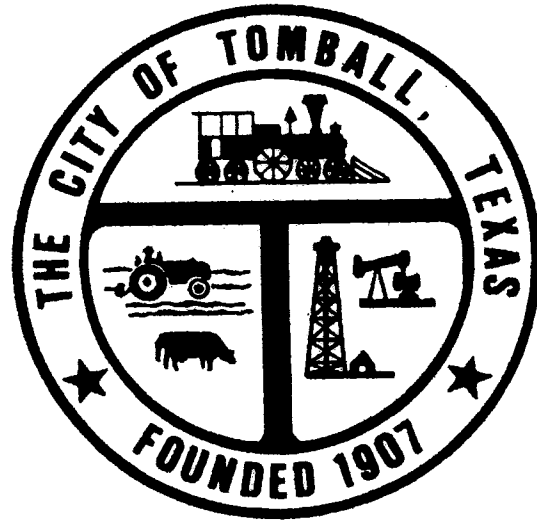
Gas purchases (\$1,900,000)

CITY OF TOMBALL
 615 - ENTERPRISE FUND - DEBT DEPARTMENT
 2007-2008 BUDGET WORKSHEET

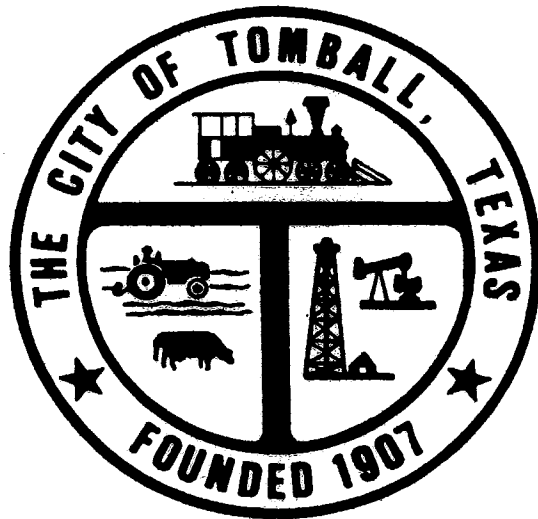
	FY2007 Budget	FY2007 Projections	FY2008 Adjusted Base	Recurring	Non-Recur.	FY2008 Total Budget
Revenue Bonds						
Principal	\$ 335,000	\$ 335,000	\$ 345,000	\$ -	\$ -	\$ 345,000
Interest	201,198	201,198	190,232	-	-	190,232
New Debt				135,132	-	135,132
Total Revenue Debt	536,198	536,198	535,232	135,132	-	670,364
Certificates						
Principal	599,500	599,500	599,500	-	-	599,500
Interest	426,857	426,857	399,130	-	-	399,130
New Debt				-	-	0
Total CO Debt	1,026,357	1,026,357	998,630	-	-	998,630
Fiscal fees	10,000	1,200	7,500			7,500
Total Expenses	\$ 1,572,555	\$ 1,563,755	\$ 1,541,362	\$ 135,132	\$ -	\$ 1,676,494

Enterprise System Debt





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**CAPITAL
REPLACEMENT
FUND**

Capital Replacement Fund

Fund Description

New to the City's budgeted funds is the Capital Replacement Fund. This fund was approved by City Council during the 2007-08 budget process. This fund was established to accumulate sufficient resources to replace existing vehicles and equipment (with values in excess of \$5,000) which have reached or exceeded their useful lives. Resources are acquired through charges to operating departments in the General and Enterprise funds. The charges are calculated using a straight-line amortization of each piece of equipment based upon the item's expected useful life and estimated replacement cost. When a piece of equipment has reached the end of its useful life, the equipment is automatically scheduled for replacement in the appropriate budget year. If however, it is determined that the cost of continuing to maintain the equipment does not exceed its value at the time of replacement, a department may request that the equipment not be replaced until a later date and the equipment will be kept in service. Once the equipment is fully amortized however, the department will not continue to make payments to the fund. When the equipment is finally retired and replaced, payments for the amortization of the new equipment will begin. Interest income earned by the fund and the sale of surplus equipment included in the replacement program will be used to offset the impact of inflation on the replacement cost of equipment beyond that which had been projected.

The fund's financial summary is distinguished from those of other funds in that it resembles the income statements of private corporations similar to the City's Enterprise Fund.

Fund Narrative

Equipment scheduled to be replaced during FY 2007-08 include:

Public Works Administration – Pick up	\$ 21,000
Permits & Inspections – Two pick ups	\$ 42,000
Police – Seven vehicles	\$236,000

Equipment scheduled to be replaced during FY 2007-08 include:

Public Works General -

Grader	\$ 87,000
Gator	\$ 9,000
Dump truck	\$ 50,000
Three crew trucks	\$ 78,000

Street Department -

Front mower	\$ 12,150
Tractor	\$ 15,000
Rotary cutter	\$ 12,000
Gator	\$ 9,000
Streetsweeper	\$160,000

Parks – Front mower \$ 10,000

Fire –

Two Sport utility vehicles	\$ 60,600
Pick up	\$ 21,000

Enterprise Utility Administration – Pick up \$ 21,000

Water Department –

Two boring rigs	\$ 23,000
Pick up	\$ 20,000
Backhoe	\$ 52,000
Trencher	\$ 20,000

Wastewater Department – Gator \$ 9,000

Capital Replacement Fund - General Fund

Income Statement

FY 2008 Adopted Budget

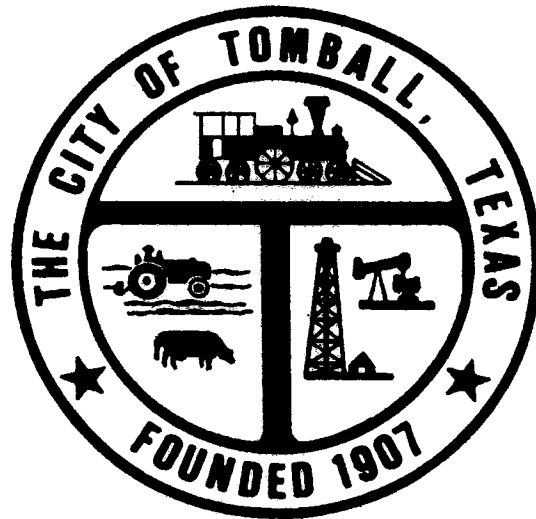
	FY 2008 Budget
Revenues:	
Transfers	\$ 1,248,847
Interest	30,000
Other	
Total	1,278,847
Expenses:	
Capital outlay	823,090
Total	823,090
Net Income	455,757
Beginning Fund Balance	-
Ending Fund Balance	\$ 455,757

Capital Replacement Fund - Enterprise Fund

Income Statement

FY 2008 Adopted Budget

	FY 2008 Budget
Revenues:	
Transfers	\$ 246,663
Interest	10,000
Other	
Expenses:	
Capital outlay	145,000
Total	145,000
Net Income	111,663
Beginning Fund Balance	-
Ending Fund Balance	\$ 111,663



CITY JOURNAL

Tomball Fast Facts *

2008 Population: 11,800

2008 Assessed Value: \$865,092,228

Median Age: 36.4 years

Median Household Income: \$50,115

Average Household Income: \$65,358

Number of Households: 4,477

Employed Labor Force (Tomball Area – 5 miles from center of City): 46,457

Square Miles: 11.57 square miles

Education Level (Population 25 years +): 22.4% with a Bachelor's
Degree or higher

Major Employers in Tomball (non retail):

- Tomball Regional Hospital
- Tomball Independent School District
- Tomball College
- BJ Services Company

*Source: Tomball Economic Development Corporation

Tomball Journal

City Description

The area that is now Tomball, Texas was settled in the early 1900's by European, primarily German, settlers. They were attracted by the many streams, rolling fields and pastures, as well as the numerous pine trees that dotted the landscape. It was a perfect setting for farming and raising cattle. By 1906, the community had become known as Peck. However, on December 2, 1907, the City was officially renamed Tom Ball, later shortened to Tomball, in honor of Thomas Henry Ball, a four-term U.S. congressman and railroad attorney, who was responsible for routing the Houston-to- Dallas railway through the area.

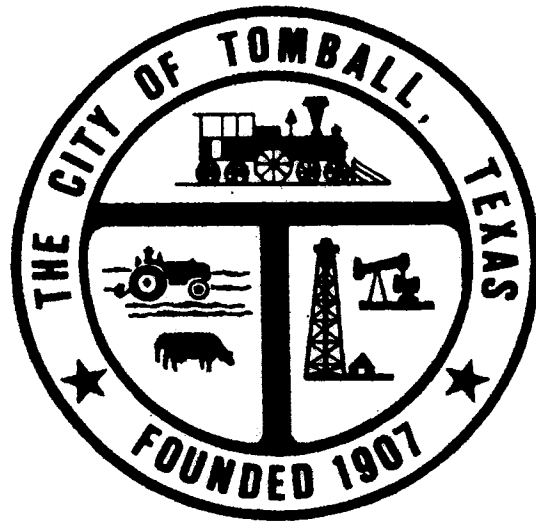
In 1933, life in Tomball completely changed when oil was discovered by the Magnolia Oil Company. Shortly afterwards, hundreds of wells owned by many different oil and gas companies were located in or near Tomball. Workers relocated to be near the wells, and many oil companies provided housing.

Move forward 100 years and see what Tomball has become in 2007 as it celebrated its Centennial birthday. Tomball has become known as a quintessential American haven, "*A Hometown with a Heart.*" Despite rapid growth and monumental change in the area in the last decade, Tomball is still widely known for its spirit of community. Suburban pressures have fueled subdivision development and steady population growth.

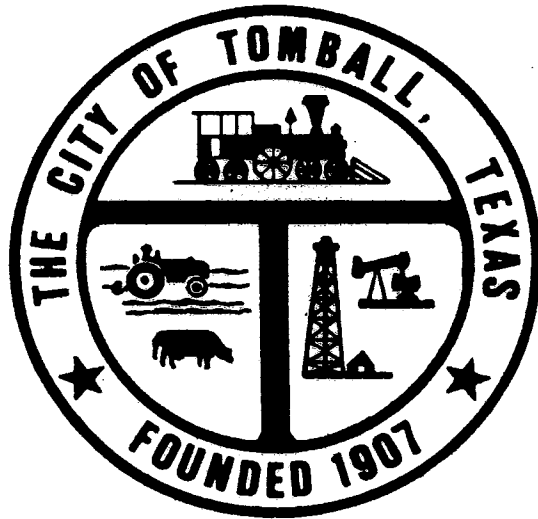
During FY 2007, three new subdivisions were approved that will bring approximately 780 new homes to the community with starting values of \$225,000 and up. The City also approved its first tax increment reinvestment zone (TIRZ) for a multi-use commercial and residential development on the City's east side that will include a conference hotel, retail and office space, restaurants, park areas, and high end residential.

The City's light industrial base also continues to grow with the relocation of Eagle Gasket and Specialty Steel into the community. Retail development also continues to thrive with the relocation and expansion of Academy Sports and the construction of Petsmart and Office Depot that will open during FY 2007-08. The City enjoys a varied manufacturing and technology base that adds to the relative stability of the unemployment rate. Major industries with headquarters or divisions located within the City's boundaries or in close proximity include the international headquarters for a large oil related corporation, a regional hospital with related health care facilities, and computer hardware and software manufacturers.

Growth and change will definitely continue to be underlying themes in the Tomball of the 21st Century. The City of Tomball and its citizens will continue to work hard to foster continued growth while maintaining the hometown atmosphere it is known for.



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APPENDICES

Appendix A The Budget Process

April 3	1	Budget Schedule Distributed to City Staff	1) The City Manager and Finance Director present City Staff with the Budget Schedule and discuss any directives to be addressed by the service departments
April 30	2	Departments Submit Year End Projections	2) Department Directors submit their year end projections on their current year budget. This information provides the starting point for planning the new budget.
May 14	3	Departments Submit Base Budgets and any Adjustments to Base	3) Department Directors submit their budget request for funding needed to continue operations as they currently exist and any funding adjustments needed due either changes in price or operating procedures.
May 18	4	Preliminary appraisal rolls from Harris County Appraisal District are received.	4) Preliminary appraisal rolls are received from the Harris County Appraisal District showing initial taxable values of \$819,446,972
June 4	5	Departments Submit Supplemental Program Requests	5) Department Director submit their budget requests for new positions and programs or significant expansions of existing programs.
June 11-15	6	Departmental Budget Meetings	6) A series of meetings are conducted by the City Manager and Finance Director with individual departments to discuss their budget requests.
July 16	7	2007-08 City Manager Proposed Budget	7) City Manager's proposed budget is filed with the City Secretary and is distributed to the City Council for review. It is also posted on the City's website and is available for public review.
August 7-8	8	Budget Workshops with City Council	8) The Mayor and City Council meet with the City Manager and Administrative Staff to discuss various aspects of the proposed budget.

Aug. 20
and
Sep. 4

9

Public Hearings Held
and First Reading of Ordinance
Adopting the budget

9) Following the required newspaper notices, public hearings are scheduled on the proposed budget. The first reading of the adoption ordinance is held Sep. 4.

Sep.
10

10

Second Reading of Ordinance
Adopting the budget

10) Second reading of the budget adoption ordinance is approved by City Council.

Sep.
14

11

Certified Appraisal Rolls
received

11) Certified appraisal rolls from the Harris County Appraisal District are received showing taxable values of \$865,092,228.

October
8 & 15

12

Effective Tax Rate Published

12) Upon receipt of certified appraisal rolls, the City Tax Assessor/Collector performs the net effective tax rate calculation as required by State Law. The net effective rate is \$.210744 with a rollback rate of \$0.198923

October
15 & 22

13

Public Hearings Held

13) Public Hearings are held as required by State Law on the proposed tax rate of \$.251455.

Nov.
5 & 12

14

Adoption of FY 2007-08 tax
rate

14) The City Council meets to vote on the proposed tax rate of \$.251455. Two readings of the ordinance are required by City Charter.

Nov.
7

15

2007/2008 Budget Document is
Published

15) Finance staff works to develop final budget document which is then printed and distributed to users.

Qtrly

16

Budget is Amended

16) Typically, the budget is reviewed on a quarterly basis and amendments are proposed to Council if needed. Budget amendments also require two readings.

Appendix B Basis of Accounting and Budgeting

The City's finances are accounted for in accordance with generally accepted accounting principles established by the Governmental Accounting Standards Board.

- The accounts of the City are organized and operated on the basis of funds and account groups. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded in those funds. Governmental funds are used to account for the government's general government activities and include the General, Special Revenue, Debt Service and Capital Project funds.
- Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay

liabilities of the current period. Substantially all revenues are considered to be susceptible to accrual. Ad valorem, sales, hotel, franchise and tax revenues recorded in the General fund and ad valorem revenues recorded in the Debt Service fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until they are actually received. Investment earnings are recorded as earned since they are measurable and available. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from currently available financial resources.

- The City utilizes encumbrance accounting for its Governmental fund types, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.
- The City's Proprietary fund types are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when

earned and expenses are recorded at the time liabilities are incurred.

- The City's annual budgets are prepared and adopted on a basis consistent with generally accepted accounting principles for all governmental and proprietary funds except the capital projects funds, which adopt project-length budgets. Also, depreciation of fixed assets is not recognized in proprietary budgets. All annual appropriations lapse at fiscal year end. Under the City's budgetary process, outstanding encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities since the commitments will be re-appropriated and honored the subsequent fiscal year.
- The issuance of Statement 34 by the Governmental Accounting Standards Board has influenced the creation and reporting of individual funds. GASB 34 essentially mandates dual accounting systems; one for government-wide (i.e. the government as a single entity) reporting and another for individual fund reporting. Under GASB 34 for individual funds, the City will continue utilizing the accounting and budgeting process as described above. However, because GASB 34 mandates the flow of economic resources measurement focus and accrual basis of accounting for the government-wide reporting, extensive reconciliation must be performed to present aggregated fund information in the government-wide reporting model.

Therefore, individual operating funds will be created with the objective of reducing fund to government-wide reconciliation as much as possible. When appropriate, individual funds will be examined as to whether it will be appropriate to account for them as proprietary fund types. Also, the City will limit the use of internal service funds and incorporate the financial transactions of those funds into other governmental funds.

Appendix C Major Revenue Sources

The revenue sources described in this section account for \$17,626,968 or 71.4% of the City's total operating revenues (excludes interfund transfers and charges).

Property Taxes

Property (ad valorem) taxes attach as an enforceable lien on property as of each January 1st. The City's property tax is levied each November on the assessed value listed as of the prior January 1st for all real and business personal property located in the City. Assessed values are established by the Harris County Appraisal District at 100% of the estimated market value and are certified by the Appraisal Review Board. The assessed taxable value for the roll of January 1, 2007, upon which the fiscal 2008 levy is based, is \$865,092,228 which is \$45,645,256 more than what budgeted ad valorem tax revenues were based on during the budget process. The original budget for fiscal 2008 will be amended to reflect the increased revenues from the certified rolls. The assessed taxable values is net of approximately \$213,059,540 (representing 24.6% of taxable value) of agricultural, over-65, disabled veteran, and other exemptions. The 2007 taxable roll is 15.67% more than the 2006 certified roll. Over the last several years, the local economy has improved with an influx of commercial and retail growth. With additional commercial/retail projects scheduled, and several new residential

subdivisions approved, we believe future appraisals will remain strong.

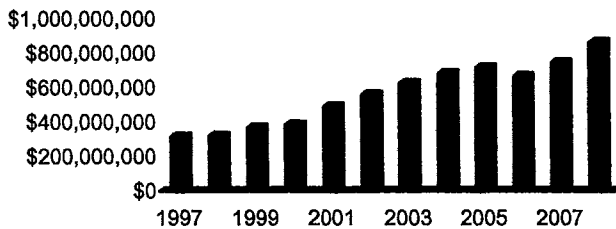
The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long term debt. The tax rate for the year ending September 30, 2008 is \$.251455 per \$100 of which \$.101455 is allocated for general government operation and maintenance and \$.150000 is allocated for retirement of general obligation long-term debt.

In Texas, county-wide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the district through various appeals and, if necessary, legal action. Under this arrangement, the City continues to set tax rates on property. However, if the tax rate, excluding tax rates for retirement of bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8% above the tax rate of the previous year,

qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year. The tax rate that equates to an 8% increase above the prior year rate is known as the rollback rate.

Taxes are due January 31st following the November levy and are considered delinquent after January 31st of each year.

Assessed Valuation of Taxable Property

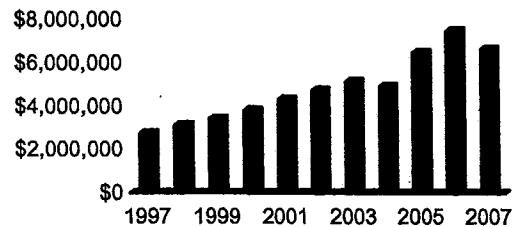


Sales Tax

The sales tax in Tomball is 8.25% of goods or services sold within the City's boundaries. The tax is collected by businesses making the sale and is remitted to the State's Comptroller of Public Accounts on a monthly basis, and in some cases, a quarterly basis. Of the 8.25% tax, the State retains 6.25% and distributes 2% to the City of Tomball. The state distributes tax proceeds to local entities within forty days following the period for which the tax is collected by the businesses.

For the year ending September 30, 2008, the City of Tomball expects to receive \$7,828,000 in sales and use tax revenue. This amount represents a 3% increase over fiscal 2007 estimated collections. Collections for the months of March thru July however, averaged approximately 7% per month less than collections for fiscal 2006. This decline was likely due to large amounts of sales tax collected from materials delivered for major commercial and retail construction projects during fiscal 2006. Much of the construction was completed in early fiscal 2007. August and September collections once again posted increases over the prior year collections. Economic indicators across the country reported that sales tax revenues were down by an average of 4%.

Sales Tax Revenues



Utility Fees

The City of Tomball charges fees for the provision of water, sewer, and natural gas services to residents and businesses located within the City. The town utilizes a rate structure which is based upon charging minimum bills for customer classi-

fications depending upon the demand each classification places upon the system. This structure allows the fund to equitably recover a greater portion of its fixed expenses through a relatively constant revenue stream.

Utility rates are established not only to recover the cost of daily operations but also to support the debt service associated with capital projects of previous years and future capital projects needed to maintain the City's water, sewer and natural gas systems. For example, a single-family customer will pay a minimum bill of \$10.19 for water and will then pay a volume charge of \$2.71 for each 1,000 gallons used. A large commercial user however will pay a base rate of \$48.59 and a volume charge of \$3.32 for each 1,000 gallons used. Sewer charges are dependent upon the volume of water consumed and are structured similar to the water rates except that residential customers have their sewer charge averaged based on a "Winter Rate" (November – February) and "Summer Rate" (March – October) schedule. Natural gas charges are the same for all customer classes and include a base rate of \$12.78 for the first 1,000 cubic feet (MCF) used and \$12.78 for each 1,000 cubic feet used after that. The combined monthly base water, sewer and gas bill for a single-family residence is \$31.05.

Appendix D Long Term Financial Plan

The 2007-08 budget was developed in context of long-term financial plans. The plans anticipate funding needs and available revenues and forecast methods for matching future revenues and expenses. Plans have been developed for the City's major operating funds: General and Enterprise and for the City's Debt Service Fund and Capital Projects. Each plan presents the fund over eight fiscal years: two previous years, the adopted "base year" budget for fiscal year 2008, and five projected years. There are several benefits to these plans. First, the plans give future Councils a valuable perspective when considering budgets within each plan's five year horizon. Second, the plans impart a measure of discipline on staff. The plans establish funding ceilings on recurring operating expenditures. Department heads present to the City Manager base budget adjustment requests. Operating budgets are increased when the City Manager approves these requests during the budget process and Council then approves the final budget for the fiscal year.

General Fund Long-Term Plan

The plan reflects the following assumptions based on historic trends and knowledge of economic conditions present when the budget was developed:

Revenues:

- Ad valorem tax rates are based on annual increases in taxable assessed

value of 8%. Increase in preliminary roll assessed values for FY2008 was 9.56%. Budget is calculated on a projected certified roll increase of 8%.

- Sales tax revenues increase by 3% per year.
- Franchise fee revenue increases by 2% per year.
- With the new residential and commercial developments currently approved, building permit & license revenues increase by 5% per year for FY09-11 and then remain at FY11 levels for FY12 and FY13.
- Court fines and warrant revenues increase by 2% per year.
- Sanitation fee revenue increases by 3% per year.
- Grant revenues and TIDC contributions remain constant at \$100,000 and \$6,000 per year respectively.
- Birth and death certificate fees and Emergency Service District fees remain constant at \$50,000 and \$35,000 respectively. All other Miscellaneous revenues increase annually by 2%.
- Interest revenues gradually decrease with decreasing fund balance and assumed decrease in interest rates.

Expenditures:

- Salaries (FT & PT) increase by 3.5% annually. Payroll deductions are calculated on increased pay.

- Health insurance increases by 13% per year.
- Property and liability insurance increases by 10% per year.
- Supplies category increases by 1% per year.
- Maintenance category increases by 2.5% per year.
- Services and charges category increases by 3% per year.
- No transfer from General Fund to Debt Service Fund.

Fund Balances:

- Budgeted ending General Fund fund balance is to be no less than 90 days of operating expenditures

Debt Service Long-Term Plan

Revenues:

- Ad valorem tax rates are based on annual increases in taxable assessed value of 8%. Increase in preliminary roll assessed values for FY2008 was 9.56%. Budget is calculated on a projected certified roll increase of 8%.
- No transfer from General Fund to Debt Service Fund.

Expenditures:

- The plan recognizes the debt service associated with the issuance of \$7.9 million in certificates of obligation in 2008 to fund multiple road and

drainage projects as well as 2 fire trucks as well as an issue of \$4.85 million in 2012 to fund road projects.

- Bond issues are for a 20 year amortization period.

Fund Balances:

- Budgeted ending Debt Service Fund fund balance is to remain between 25%-30% of the following years expenditures for principal and interest on bonded debt.

Enterprise Fund Long-Term Plan

Revenues:

- Water and wastewater revenues are shown to increase by 3% which is an increase due to growth only. In prior years, an 8% increase was shown (5% for rate increase and 3% for growth). No rate increase is proposed for water and sewer rates but to hold rates flat and have a comprehensive rate study performed and then implement the recommendations from the study. The 3% annual increase relating to growth is also shown for FY09-13. Gas revenues for FY08 are budgeted with an 8% increase in the utility rate. Budgeted revenues have not been calculated as 8% above that received during FY07 because the City's gas sales were higher than in past years due to the colder than usual temperatures this past winter. The

City's current gas supply contract expires in October 2007. The current supplier has suggested that our revised rate, if no significant storms hit the gulf area this hurricane season, could increase by 8%. An 8% increase in our rate is projected for each year shown in the forecast. A 3% increase, in addition to the increase in rates, is shown for FY09-13; relating to growth.

- Proposed Budget - To provide projected revenues to reach required 90 day reserve levels, an 11% increase in water and sewer utility rates is shown for FY09 and FY10. A 3% increase in rates is shown for FY11.
- For FY2008, tap fees are budgeted at levels consistent with the projected revenue for FY2007. With the new residential and commercial developments currently approved, tap fee revenues are forecasted to increase by 5% per year for FY09-11 and then remain at FY11 levels for FY12 and FY13. These increases are the same as those projected for building permit related revenues.
- Reconnect fees and various revenues referred to as "other revenues" increase by 2.5% per year.
- Tomball Economic Development Corporation (TEDC) contributions remain at \$720,000 per year for debt service on bonds issued to facilitate City

infrastructure projects partnered in by TEDC.

- Interest revenues gradually decrease with decreasing fund balance and assumed decrease in interest rates.

Expenditures:

- Salaries (FT & PT) increase by 3.5% annually. Payroll deductions are calculated on increased pay.
- Health insurance increases by 13% per year.
- Property and liability insurance increases by 10% per year.
- Supplies category increases by 1% per year. Purchases of natural gas are shown to increase 8% per year.
- Maintenance category increases by 2.5% per year.
- Services and charges category increases by 3% per year.

Fund Equity:

- Budgeted ending fund equity is to be no less than 90 days of operating expenses.

Capital Project Long-Term Plan

Included in Appendix E are charts that summarize the City's capital improvement program over the five year planning horizon. The charts report the timing of the projects as well as source funding. To minimize the issuance of debt, the City will attempt to support capital projects with appropriations from operating revenues or excess fund balances (i.e. "pay-as-you-go").

GENERAL FUND LONG-TERM FINANCIAL PLAN

	FY 2007 Current Budget	FY2007 Projections	\$0.251455 FY2008 Adopted Budget	\$0.251455 FY2009 Projection
Revenues:				
Property taxes	\$ 924,500	\$ 925,750	\$ 861,509	\$ 579,249
Sales taxes	7,700,000	7,600,000	7,828,000	8,062,840
Franchise taxes	1,035,000	1,144,000	1,166,880	1,190,218
Permits and licenses	342,500	354,650	394,650	414,383
Fines and warrants	678,500	742,800	753,500	768,570
Service fees	1,900,000	1,845,000	1,900,000	1,957,000
Use of Public ROW	72,000	72,000	72,000	72,000
Contributions	1,765,825	122,369	136,000	574,600
Interest	450,000	1,020,000	1,100,000	850,000
Other	202,799	281,400	230,060	232,961
Total Revenues	<u>15,071,124</u>	<u>14,107,969</u>	<u>14,442,599</u>	<u>14,701,820</u>
Expenditures:				
City Hall Administration	1,360,859	1,407,268	1,728,926	1,522,626
Building Permits and Inspections	435,460	395,538	475,238	499,020
Police	4,419,333	4,237,060	4,902,400	5,116,345
Fire	1,160,397	1,072,185	1,494,043	1,427,271
Municipal Court	563,463	353,567	395,441	415,661
Public Works Administration	733,191	643,376	931,900	940,880
Garage	82,918	76,061	84,226	89,486
Streets	708,930	577,102	707,954	749,443
Sanitation	1,876,000	1,859,000	1,907,309	1,961,865
Parks	415,038	328,899	494,886	525,181
Community Center	202,603	171,357	217,715	232,100
Total Expenditures	<u>11,958,192</u>	<u>11,121,413</u>	<u>13,340,038</u>	<u>13,479,878</u>
Net Income from Operations			1,102,561	1,221,942
Other Sources/(Uses):				
Proceeds from debt	1,175,000	-		
Transfers	(1,500,000)	(1,500,000)	-	-
Vehicle Replacement	-	-	(1,248,847)	(562,444)
Capital Projects/Outlay	(11,098,899)	(10,543,887)	(4,769,488)	(1,010,000)
Total Other Sources/(Uses)	<u>(11,423,899)</u>	<u>(12,043,887)</u>	<u>(6,018,335)</u>	<u>(1,572,444)</u>
Revenues Over/(Under) Expenditures	(8,310,967)	(9,057,331)	(4,915,774)	(350,502)
Beginning Fund Balance	22,694,579	22,694,579	13,637,248	8,721,474
Ending Fund Balance	<u>\$ 14,383,612</u>	<u>\$ 13,637,248</u>	<u>\$ 8,721,474</u>	<u>\$ 8,370,973</u>
Operating Costs per Day	\$32,762	\$30,470	\$35,145	\$36,931
Days of Operating Cost in FB	439.03	447.57	248.16	226.66

	\$0.251455 FY2010 Projection	\$0.271455 FY2011 Projection	\$0.291455 FY2012 Projection	\$0.291455 FY2013 Projection
\$	434,866	\$ 670,814	\$ 1,051,751	\$ 1,370,787
	8,304,725	8,553,867	8,810,483	9,074,797
	1,214,022	1,238,302	1,263,068	1,288,330
	435,102	456,857	409,250	409,250
	783,941	799,620	815,613	831,925
	2,015,710	2,076,181	2,138,467	2,202,621
	72,000	72,000	72,000	72,000
	137,212	137,836	138,473	139,122
	800,000	700,000	650,000	550,000
	235,920	238,939	242,018	245,158
	<u>14,433,499</u>	<u>14,944,417</u>	<u>15,591,122</u>	<u>16,183,990</u>
	1,580,308	1,641,358	1,706,079	1,774,809
	521,038	544,542	569,676	596,603
	5,345,398	5,590,455	5,853,117	6,135,174
	1,480,484	1,536,948	1,596,964	1,660,867
	432,110	449,568	468,128	487,893
	981,794	1,025,544	1,072,418	1,122,734
	93,382	97,539	101,982	106,738
	779,064	810,555	844,092	879,873
	1,968,091	1,976,041	2,035,770	2,097,336
	547,271	570,919	596,285	623,547
	244,707	258,763	274,532	292,335
	<u>13,973,646</u>	<u>14,502,232</u>	<u>15,119,043</u>	<u>15,777,910</u>
	459,853	442,185	472,079	406,080
	-	-	-	-
	(503,505)	(491,074)	(477,899)	(438,159)
	(1,700,000)	(660,000)	-	-
	<u>(2,203,505)</u>	<u>(1,151,074)</u>	<u>(477,899)</u>	<u>(438,159)</u>
	(1,743,652)	(708,889)	(5,820)	(32,079)
	8,370,973	6,627,320	5,918,431	5,912,611
\$	<u>6,627,320</u>	<u>\$ 5,918,431</u>	<u>\$ 5,912,611</u>	<u>\$ 5,880,532</u>
	\$38,284	\$39,732	\$41,422	\$43,227
	173.11	148.96	142.74	136.04

DEBT SERVICE LONG-TERM FINANCIAL PLAN

	FY2007 Current Budget	FY 2007 Projections	\$0.251455 FY2008 Budget	\$0.251455 FY2009 Projection
Revenues:				
Current taxes	\$ 1,240,000	\$ 1,240,000	\$ 1,211,634	\$ 1,775,169
Delinquent taxes	27,500	43,000	35,000	35,000
Penalty and interest	20,500	29,500	21,000	21,500
Interest	84,000	90,000	82,000	78,000
Total Revenues	1,372,000	1,402,500	1,349,634	1,909,669
Expenditures:				
Principal	1,138,174	1,138,174	1,085,500	1,110,500
Interest	823,818	823,818	755,906	707,835
New Debt				
FY2008			158,790	562,480
FY2012				
Fees	10,000	3,000	5,000	5,000
Total Expenditures	1,971,992	1,964,992	2,005,196	2,385,815
Other Sources/(Uses):				
Transfers	1,500,000	1,500,000		
Total Other Sources/(Uses)	1,500,000	1,500,000	-	-
Revenues Over/(Under) Expenditures	900,008	937,508	(655,562)	(476,146)
Beginning Fund Balance	1,205,549	1,205,549	2,143,057	1,487,495
Ending Fund Balance	\$ 2,105,557	\$ 2,143,057	\$ 1,487,495	\$ 1,011,349
Ending FB as % of Next Year's Debt Service Requirement	105.27%	107.14%	62.48%	42.89%

\$0.251455 FY2010 Projection	\$0.271455 FY2011 Projection	\$0.291455 FY2012 Projection	\$0.291455 FY2013 Projection
\$ 2,118,992	\$ 2,288,511	\$ 2,353,897	\$ 2,287,988
40,000	40,000	45,000	45,000
22,000	22,500	23,000	23,000
60,000	55,000	65,000	65,000
<u>2,240,992</u>	<u>2,406,011</u>	<u>2,486,897</u>	<u>2,420,988</u>
1,135,500	1,165,500	1,090,500	1,125,500
659,983	612,036	565,295	519,365
562,480	562,480	562,480	562,480
			97,485
5,000	5,000	5,000	5,000
<u>2,362,963</u>	<u>2,345,016</u>	<u>2,223,275</u>	<u>2,309,830</u>
-	-	-	-
(121,971)	60,995	263,622	111,158
1,011,349	889,378	950,373	1,213,994
<u>\$ 889,378</u>	<u>\$ 950,373</u>	<u>\$ 1,213,994</u>	<u>\$ 1,325,152</u>
38.01%	42.84%	52.67%	145.97%

ENTERPRISE FUND LONG-TERM FINANCIAL PLAN

	FY2007 Current Budget	FY2007 Projections	FY2008 Total Budget	FY2009 Projection
Operating Revenues:				
Water sales	\$ 2,585,000	\$ 2,585,000	\$ 2,662,550	\$ 3,035,307
Sewer sales	1,292,500	1,292,500	1,331,275	1,517,654
Gas sales	3,775,000	3,230,000	3,391,500	3,764,565
Tap fees	204,750	116,500	116,500	122,325
Reconnect fees	13,000	28,000	28,000	28,700
Interest	200,000	350,000	350,000	300,000
Other	122,100	151,200	847,200	850,380
Transfers			1,600,000	
Total Operating Revenues	8,192,350	7,753,200	10,327,025	9,618,931
Expenses:				
Enterprise Administration	1,393,470	1,286,913	1,488,754	1,438,467
Water	1,603,456	1,453,811	1,866,202	1,936,368
Wastewater	1,163,633	1,110,406	1,278,221	1,557,874
Gas	3,108,121	2,445,377	2,476,533	2,669,071
Total Operating Expenses	7,268,680	6,296,507	7,109,710	7,601,780
Net Revenue Available for Debt	923,670	1,456,693	3,217,315	2,017,150
Debt Service*				
Revenue Bonds			670,364	1,017,274
Certificates of Obligation			998,630	973,901
Fiscal Fees			7,500	7,500
Total Debt Service			1,676,494	1,998,675
Non-Operating Revenues (expenses)				
Proceeds from debt	5,565,000			
Transfers	(900,000)	(900,000)	-	-
Vehicle replacement	-	-	(246,663)	(119,080)
Capital outlay	(4,566,522)	(3,930,545)	(1,166,500)	(606,500)
Total Non-Operating Revenues	98,478	(4,830,545)	(1,413,163)	(725,580)
Net Income (Excluding Depr.)	1,022,148	(3,373,852)	127,658	(707,105)
Beginning Fund Balance	6,386,872	6,386,872	3,013,020	3,140,678
Ending Fund Balance	\$ 7,409,020	\$ 3,013,020	\$ 3,140,678	\$ 2,433,574
Days of Operating Cost in FB	372.05	174.66	161.24	116.85
Debt Coverage on Revenue Debt			480%	198%
Debt Coverage on Total Debt			192.8%	101.3%

	FY2010 Projection	FY2011 Projection	FY2012 Projection	FY2013 Projection
\$	3,460,250	\$ 3,667,865	\$ 3,777,901	\$ 3,891,238
	1,730,125	1,833,932	1,888,950	1,945,619
	4,178,667	4,638,321	5,148,536	5,714,875
	128,441	134,863	137,000	137,000
	29,418	30,153	30,907	31,679
	100,000	50,000	50,000	50,000
	853,640	856,980	860,405	863,915
	<u>10,480,540</u>	<u>11,212,115</u>	<u>11,893,699</u>	<u>12,634,326</u>
	1,496,389	1,557,918	1,623,390	1,693,179
	1,997,216	2,061,022	2,128,021	2,198,472
	1,608,247	1,661,947	1,719,301	1,780,678
	2,861,247	3,068,811	3,293,062	3,535,413
	<u>7,963,098</u>	<u>8,349,698</u>	<u>8,763,775</u>	<u>9,207,742</u>
	2,517,442	2,862,417	3,129,924	3,426,585
	1,014,861	1,016,644	1,017,510	1,017,429
	948,797	922,569	896,341	870,413
	7,500	7,500	7,500	7,500
	<u>1,971,158</u>	<u>1,946,713</u>	<u>1,921,351</u>	<u>1,895,342</u>
	-	-	-	-
	(119,080)	(119,080)	(115,257)	(103,839)
	(661,500)	(736,500)	(811,500)	(336,500)
	<u>(780,580)</u>	<u>(855,580)</u>	<u>(926,757)</u>	<u>(440,339)</u>
	(234,296)	60,124	281,816	1,090,904
	2,433,574	2,199,278	2,259,402	2,541,218
\$	<u>2,199,278</u>	<u>2,259,402</u>	<u>2,541,218</u>	<u>3,632,121</u>
	100.81	98.77	105.84	143.98
	248%	282%	308%	337%
	128.2%	147.6%	163.5%	181.5%

Appendix E Capital Project Funding Summary

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Total
General Fund						
Agg Road Extension	\$ 290,000	\$	\$ 150,000	\$ 110,000	\$	\$ 550,000
Barbara Street Drainage		50,000				50,000
Brown-Hufsmith Rd	580,000					580,000
Com. Business Neighborhood Park	100,000					100,000
Quinn Road Improvements	500,000					500,000
Landfill Closure	100,000	100,000	50,000			250,000
Liberty & Hicks Drainage Improv.	400,000					400,000
Stovall Memorial Park	100,000	100,000				200,000
M118 Drainage Channel & Detention Basin	400,000					400,000
M121 W. Drainage Channel		(188,000)				(188,000)
M121 E. Drainage Channel		300,000				300,000
M124 Channel - North	450,000		300,000			750,000
M124 Channel South			700,000			700,000
Medical Complex Dr Extension				50,000		50,000
Old Town Tomball Revitalization	370,000	110,000	500,000	500,000		1,480,000
Fannin Street & Police Parking	252,400					252,400
Pine Street Drainage	200,000					200,000
Tennis Courts-Matheson Park	200,000					200,000
Yard Improvements at PW	200,000					200,000
Comprehensive Master Plan	50,000					50,000
J131 Study (localized flooding)		100,000				100,000
Enterprise Fund						
Hufsmith Water & Gas		20,000				20,000
Brown-Hufsmith Utilities	10,000		125,000	250,000		385,000
Elevated & Ground Storage Tank Rehab.					325,000	325,000
Hufsmith Sanitary Sewer Improvements	100,000					100,000
Neal Rd. Utilities	50,000					50,000
North WWTP Service Area Evaluation	100,000					100,000
SCADA Control & Monitoring System	315,000					315,000
SH249 Utilities from Hicks to Baker & Brown		50,000				50,000
Tomball Hills Lift Station Relocation	65,000					65,000
Meter Replacement Program	75,000					75,000
Comprehensive Master Plan	50,000					50,000
Future Capital Project Funds						
Agg Road Extension	300,000	2,000,000			2,000,000	4,300,000
M118 Drainage Channel & Detention Basin		1,000,000				1,000,000
M121 W. Drainage Channel	500,000	1,000,000				1,500,000
Medical Complex Dr. Exten.					2,850,000	2,850,000
Michel Rd. Improvements & Extension	1,200,000					1,200,000
Fire Trucks (2)		900,000				900,000
M124 Channel - North	500,000					500,000
M124 Channel - South	500,000					500,000
TOTAL CAPITAL PROGRAM	\$ 7,957,400	\$ 5,542,000	\$ 1,825,000	\$ 910,000	\$ 5,175,000	\$ 21,409,400

Appendix F Summary of Fiscal 2008 Supplemental Programs

	Recurring Revenue/ Savings	Non-Recur. Revenue/ Savings	Recurring Cost	Non-Recur. Cost	Net Recurring Cost	Net Non-Recur. Cost
City Hall Administration						
Satisfaction Survey	\$	\$	\$	\$ 16,000	\$ -	\$ (16,000)
Firewall Replacement				20,965	-	(20,965)
Vehicle Replacement Program			1,248,847		(1,248,847)	-
Technology Replacement Program			10,000		(10,000)	-
Facility Needs Assessment				55,000	-	(55,000)
Salary Survey				30,000	-	(30,000)
Preliminary Engineering - City Hall				85,000	-	(85,000)
Consulting - Airport Acquisition				50,000	-	(50,000)
Car Allowance			7,200		(7,200)	-
Police Department						
Police Officer			69,245	2,500	(69,245)	(2,500)
IT Support Specialist			70,156	4,700	(70,156)	(4,700)
PT Sworn Officer			23,362		(23,362)	-
Aircards			2,351		(2,351)	-
Evidence Fuming Chamber				9,972	-	(9,972)
Evidence Drying Cabinet				9,918	-	(9,918)
Replacement Laptops for CID				4,308	-	(4,308)
Digital Recording Equipment				6,598	-	(6,598)
Tactical Vest				8,750	-	(8,750)
Mobile Data Computers				9,039	-	(9,039)
Simunition Training Equipment			14,336		(14,336)	-
Property and Evidence Room				21,500	-	(21,500)
Evidence Room Storage System				76,735	-	(76,735)
Taser E26E Weapons				24,450	-	(24,450)
Server Room Upgrade				104,907	-	(104,907)
Digital In-Car Video				135,005	-	(135,005)
Clustering of Mission Critical Servers				61,100	-	(61,100)
Fire Department						
Additional TFD Staffing			131,210		(131,210)	-
Loose Equipment for Ladder 2				124,000	-	(124,000)
Mapping Software for Apparatus			4,455	33,139	(4,455)	(33,139)
Replace Office Computers				30,624	-	(30,624)
Voice Amplifiers for SCBA's			50	7,277	(50)	(7,277)
Increase Plan Review Fees	40,000				40,000	-
Hydraulic Rescue Tools for Ladder 2				20,225	-	(20,225)
NIMS Training Materials			12,500		(12,500)	-
AED's for All Fire Apparatus			500	11,915	(500)	(11,915)
New Server				5,400	-	(5,400)
Public Works Administration						
Budget Analyst/Project Accountant	14,733		62,107		(47,374)	-
Arc Info/ Editor				7,500	-	(7,500)
Arc GIS Extensions				5,000	-	(5,000)
GIS Support - Consultant				25,000	-	(25,000)
Administrative Assistant			49,566	1,200	(49,566)	(1,200)

	Recurring Revenue/ Savings	Non-Recur. Revenue/ Savings	Recurring Cost	Non-Recur. Cost	Net Recurring Cost	Net Non-Recur. Cost
Stand By Generator				30,000	-	(30,000)
Computer Switch				1,500	-	(1,500)
Parks						
Parks Serviceperson			46,226		(46,226)	-
Utilities Administration						
Arc Info/ Editor				7,500	-	(7,500)
Arc GIS Extensions				5,000	-	(5,000)
GIS Support - Consultant				25,000	-	(25,000)
Vehicle Replacement Program			246,663		(246,663)	-
Utilities Rate Study				80,000	-	(80,000)
Car Allowance			10,800		(10,800)	-
Wastewater Department						
Portable Generator				35,000	-	(35,000)
Mini Excavator				30,000	-	(30,000)
TV & Cleaning of Sanitary System			200,000		(200,000)	-
TOTAL SUPPLEMENTAL PROGRAMS	\$ 54,733	\$ -	\$ 2,209,574	\$ 1,221,727	\$ (2,154,841)	\$ (1,221,727)

Appendix G- Glossary of Terms

A

Accounts Payables - A liability account reflecting amount of open accounts owing to private persons or organizations for goods and services received by a government (but not including amount due to other funds of the same government or to other governments).

Accounts Receivable - An asset account reflecting amounts owing to open accounts from private person or organizations for goods or services furnished by a government.

Accrual Accounting – Recognition of the financial effects of transactions, events and circumstances in the period(s) when they occur regardless of when the cash is received or paid.

Ad Valorem – Latin for “value of”. Refers to the tax assessed against real (land and building) and personal (equipment and furniture) property.

Amortization – Payment of principal plus interest over a fixed period of time.

Appropriation – A legal authorization granted by a legislative body (City Council) to make expenditures and incur obligation for designated purposes.

Arbitrage – The interest earnings derived from invested bond proceeds or debt service fund balances.

Assessed Valuation – A valuation set upon real estate or other property by a government as a basis for levying taxes.

B

Balance Sheet – The basic financial statement, which discloses the assets, liability and equities of an entity at a specific date in conformity with Generally Accepted Accounting Principles (GAAP).

Balanced Budget – Annual financial plan in which expenses do not exceed revenues.

Base Budget - During the budget process, the annual funding needed to continue operations of the City as they currently exist with no new programs or other increases in service levels.

Bond – A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity date(s).

Budget – A plan of financial operation embodying an estimate of proposed expenditures for any given period and the proposed means of financing them.

Budget Adjustment – A request submitted for additional funding in departmental budgets for new or existing programs or services.

C

Capital Outlays – Expenditures which result in the acquisition of or addition to fixed assets which are individually priced at more than \$5,000.

Certificate of Obligations (CO's) – Similar to general obligation bonds except the certificates require no voter approval.

Contractual Services – The costs related to services performed for the City by individuals, business or utilities.

Cost – The amount of money or other consideration exchanged for property or services. Costs may be incurred even before the money is paid; that is, as soon as liability is incurred. Ultimately, however, money or other consideration must be given in exchange.

Current Asset – Those assets which are available or can be made readily available to finance current operations or to pay current liabilities. Those assets which will be used up or converted into cash within one year. Some examples are cash, temporary investments, and taxes receivables which will be collected within one year.

Current Liabilities – Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded within one year.

D

Debt Service/ Lease – A cost category which typically reflects the repayment of short-term (less than 5 years) debt associated with the acquisition of capital equipment. Category also includes department contribution to the Capital Replacement Fund.

Delinquent Taxes – Taxes remaining unpaid on or after the date on which a penalty for nonpayment is attached.

Depreciation – Change in the value of assets (equipment, buildings, etc. with a useful life greater than one year) due to use of the assets.

E

Encumbrances – Commitments related to unperformed contracts for goods and services used in budgeting. Encumbrances are not expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

Exempt – Personnel not eligible to receive overtime pay and who expected to put in whatever hours are necessary to complete their job assignments. Compensatory time-off, as partial compensation for overtime hours worked,

may be allowed by the respective department head.

Expanded Level of Service – A request of additional funding for a service or program that will increase operational efficiency or significantly increase the quality or scope of a service.

Expenditures – Decreases in net financial resources. Expenditures include current operating expenses which require the current or future use of net current assets, debt service, and capital outlays.

F

Fiscal Year – A 12-month period to which the annual operating budget applies and at the end of which government determines its financial position and the results of its operations. The City of Tomball's fiscal year begins October 1st and ends the following September 30th. The term FY 2008 denotes the fiscal year beginning October 1st, 2007 and ending September 30th, 2008.

FTE – Acronym for full time equivalent, a measurement of staffing. One FTE is a 40 hours per week position. A part-time position working 20 hours per week or a temporary full-time position working six months would be ½ FTE.

Fixed Assets – Assets of a long term character, which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery, and equipment.

Franchise – A special privilege granted by a government permitting the continuing use of public property, such as city streets, and usually involving the elements of monopoly and regulation.

Fund - A fiscal and accounting entity with a self-balanced set of accounts recording cash and other financial resources, together with all related liabilities and residual equities of balances, and charges therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Fund Balance – The difference between governmental fund assets and liabilities also referred to as fund equity.

G

GASB – Acronym for Governmental Accounting Standards Board, an independent, non-profit agency responsible for the promulgation of accounting and financial reporting procedures for governmental entities.

General Obligation Bonds – Bonds for the payment of which the full faith and credit of the issuing government is pledged. In issuing its general obligation bonds, the City of Tomball pledges to levy whatever property tax is needed to repay the bonds for a particular year. Bonds cannot be issued without voter approval and are

usually issued with maturities of between 15 and 30 years.

Governmental Funds – Those funds through which most governmental functions are typically financed. The acquisition, use, and financial resources and the related current liabilities are accounted for through governmental funds (General, Special Revenue, Capital Projects, and Debt Service Funds).

M

Maintenance – The upkeep of physical properties in condition for use of occupancy. Examples are the inspection of equipment to detect defects and the making of repairs.

Maintenance Project – A project that needs additional funding in order to maintain the upkeep of physical property.

Modified Accrual Accounting – Accounting system in which revenues are recognized and recorded in the accounts when they are measurable, available and collectible in the fiscal year.

N

Non-Exempt – Personnel eligible to receive overtime pay when overtime work has been authorized or requested by the supervisor.

O

Operating Expenditure – Expenditure on an existing item of property or equipment that is not a capital expenditure.

Ordinance – A formal legislative enactment by the governing body of a municipality. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies. The difference between an ordinance and a resolution is that the latter requires less legal formality and has a lower legal status. Revenue raising measures, such as the imposition of taxes, special assessments, and service charges, usually require ordinances.

P

PID – Acronym for Public Improvement District, a type of development financing where the cost of public improvements located within the district may be recovered through an assessment on each piece of property which may be paid out in a series of annual installments or in a single installment.

Proprietary Fund – Operation that operates like a private commercial operation, in which services are financed through user charges and expenditures include the full cost of operations.

Purchase Order (PO) – A document which authorizes the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.

R

Revenues – In governmental fund type net current assets for other than expenditures refunds and residual equity transfers.

ROW – Acronym for right-of-way.

S

Slipline – The process of restoring deteriorated sewer (wastewater) lines. The process involves inserting a “sock” of special material through the length of line, which, when filled with hot water, cures to produce a hard, seamless pipe.

Special Assessment – A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

Special Revenue Fund – A fund used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Supplemental Program – During the budget process; a new request for funding to increase the level of service provided by implementing a new program or to significantly expand an existing program. Supplemental programs may

be broken into recurring (occur each year) and non-recurring (one-time) cost categories.

Supplies – A cost category for minor items (individually priced at less than \$5,000) required by departments to conduct their operations.

T

Taxes – Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessment. Neither does the term include charges for services rendered only to those paying such charges as, for example, sewer service charges.

TCEQ – Acronym for Texas Commission on Environmental Quality, a state agency responsible for enforcing federal and state environmental laws.

TIRZ – Acronym for Tax Increment Reinvestment Zone, a type of development financing where incremental revenues generated by increases in taxable appraised values are returned to a developer to pay for project improvements.

TxDOT - An acronym for Texas Department of Transportation.

W

Working Capital – The amount of current assets which exceeds current liabilities.

City Staff

City Hall (Main)		281-351-5484
City Manager	Jan Belcher	281-290-1006
Assistant City Manager	Mary Coker	281-290-1009
City Manager	Jan Belcher	281-290-1006
City Secretary	Doris Speer	281-290-1002
Director of Engineering and Planning	Ivalu Rose	281-290-1412
Director of Human Resources	Lisa Coe	281-290-1012
Finance Director	Monica Kohlenberg	281-290-1417
Fire Department	Chief Randy Parr	281-351-7101
Municipal Court	Ginny Young	281-351-7894
Police Department	Chief Michael Blake	281-351-5451
Utility Billing	Julie Stafford	281-290-1423

Consultants

Attorney	Olson & Olson		713-533-3800
Bond Counsel	Vinson & Elkins		713-758-2222
Financial Advisor	First Southwest	Joe Morrow	713-651-9850
Auditor	Sanderson, Knox, & Belt	Robert Belt	713-263-1123