

**AGENDA
CITY OF EL LAGO
CITY COUNCIL MEETING
JULY 18, 2016
7:00 P.M.**

NOTICE IS HEREBY GIVEN THAT ON THE ABOVE LISTED DATE, THE CITY COUNCIL OF THE CITY OF EL LAGO WILL HOLD A CITY COUNCIL MEETING BEGINNING AT 7:00 P.M. IN THE CITY COUNCIL CHAMBERS OF CITY HALL, 411 TALLOWOOD DRIVE, EL LAGO, TEXAS AND WILL CONSIDER THE FOLLOWING AGENDA ITEMS.

THIS FACILITY IS WHEELCHAIR ACCESSIBLE AND ACCESSIBLE PARKING SPACES ARE AVAILABLE. REQUESTS FOR OTHER ACCOMMODATIONS OR INTERPRETIVE SERVICES MUST BE MADE 48 HOURS PRIOR TO THIS MEETING. PLEASE CONTACT THE CITY SECRETARY'S OFFICE AT 281-326-1951, EXT. 12 OR FAX 281-326-0165 FOR FURTHER INFORMATION

1. COUNCIL MEETING CALL TO ORDER

2. PLEDGES

Pledge to the American and Texas Flags

Texas Flag Pledge: *Honor the Texas flag, I pledge allegiance to thee, Texas; one state under God, one and indivisible.*

3. CITIZENS COMMENTS

Citizens are invited to speak for up to (3) three minutes on matters relating to the city and/or its government.

4. MAYOR'S REPORT ON CITY BUSINESS

5. CITY OFFICIALS' REPORTS

5.1. LPD Chief Tom Savage To Report On Police Activity In The City

6. OLD BUSINESS

6.1. APPEAL BY CHARLES SAGER OF 1618 FAIROAKS DR. OF BUILDING PERMIT APPLICATION DENIAL

Documents:

[SAGER-DRIVEWAY PERMIT APPEAL.PDF](#)
[BP-16-3807. 1618 FAIR OAKS STREET.PDF](#)

7. NEW BUSINESS TO CONSIDER FOR APPROVAL

7.1. Event Room Variance Request By Jeannie Kubricht To Offer Free Knitting And/Or Crochet Classes To Residents

Documents:

[EVENT ROOM VARIANCE REQUEST BY JEANNIE KUBRICHT.PDF](#)

7.2. Consider Camp Gladiator's Request For Use Of The McNair Park Pavilion To Run Fitness Camps

Documents:

[CAMP GLADIATOR REQUEST FORM .PDF](#)
[CAMP GLADIATOR FLYER.PDF](#)
[CAMP GLADIATOR INSURANCE.PDF](#)

7.3. Fiscal Year 2015 Audit Report By Stephanie Harris Of Belt Harris & Pachacek

Documents:

[DRAFT - CITY OF EL LAGO, YR. ENDED 9.30.15.PDF](#)

7.4. Consider An Amendment To Chapter 15, Article II "Driveways" Of The Code Of Ordinances

Amending Section 15-17 to indicate that the permit officer shall be the Building Official and that the fee for the issuance of a permit shall be forty dollars (\$40.00), and adding a new Section 15-20 that the provisions of the Article do not apply in Zoning District Zone A.

Documents:

[ORD 440 AMENDING CHAPTER 15, ARTICLE II DRIVEWAYS.PDF](#)

7.5. Receive And Consider Recommendations From Planning & Commission For Zoning Ordinance Changes As Follows:

<!--[if !supportLists]-->

1. In § 5.05 Zone B, Subsection (4): Add (i) Smoke Shops to the list of uses for which a special use permit may be granted by an affirmative vote of 4 Councilmembers.
2. In § 5.05, Zone B, Subsection (3): Add (l) Tattoo Parlors to the list of uses specifically prohibited.
3. In §4.01 Nonconforming Uses: Amend Subsection (4)(iii) to read: "Such structural alterations, improvements or reconstructions which are structural in nature are made during its lifetime..."
4. In §4.01 Nonconforming Uses: Amend Subsection (6) to read: "No nonconforming use shall be changed to another nonconforming use."
5. In §4.01 Nonconforming Uses, Add a new Subsection (4)(v) to read:
"Such change has the purpose of expanding off-street parking and/or off-street loading capabilities." Delete "or" at the end of Subsection 4(iii) and add "or" at the end of Subsection 4(iv).
6. In §5.05(2)(n): Add a new condition (4) for Retail stores and other businesses supplying everyday shopping needs of the immediate neighborhood, as follows: "(4) That wares may be displayed on the sidewalk in front of their location and/or in their parking lot limited to hours of normal operation, not before 8:00 a.m. or after 9:00 p.m. and any such display is limited to 50% of the store front, not to extend beyond 10 feet out from the front of the building." Delete "and" at the end of condition (2) and add "and" at the end of condition (3).
7. In §5.04(17) Delete portion of the sentence as follows: "... unless said vehicle(s) has/have been parked, stored or left standing on the property in accordance with this subsection on the date of the passage of this ordinance."
8. Add a new §5.04 (2) to read as follows:
(2A) Any person desiring to cut any curb or otherwise construct any driveway for the purpose of ingress and egress to and from the property to be served shall make application for a permit to the building official. The application shall be in writing and shall be accompanied by a plat or map of the property upon which the driveway is to be located. If approved by the building official, the city secretary shall charge a minimum fee of forty dollars (\$40.00) for the issuance of the permit. The fee shall cover the expenses of the issuance of the permit. No permit shall be issued to authorize the construction of a driveway or improved flat surface within the building setback lines described and contained in subsection (11) of this section unless the driveway extends from the curb (i) into the garage located on the property or, if there is no garage there located, to the back building line of the residence house on the property, or (ii) back to the curb if the curb cuts are separated by a distance of at least thirty-five (35) feet. In addition, a permit shall be issued to authorize said construction if a part of the permitted driveway or improved flat surface commences behind the front building setback line and extends to a fence or into the back yard of the property. Notwithstanding the provisions of this subsection, no permit shall be issued to authorize the construction of a driveway which, when added to all other improved surfaces or structures (excepting sidewalks), takes up more than 35% of the total area located between the curb and the building line of the residence house on the property to be served by the driveway. For a residence house located on a corner lot, this percentage of improved surface prohibition does not apply to a driveway sought to be permitted from the side street of the lot on which the residence house is located.

Documents:

[ORD 441 ZONING ORDINANCE CHANGES.PDF](#)

7.6. Amendment To Interlocal Cooperation Agreement Between The Cities Of Taylor Lake Village And El Lago

Documents:

[AMENDMENT TO FACILITIES AGREEMENT BETWEEN EL AND TLV.PDF](#)
[INTERLOCAL COOPERATION AGREEMENT BETWEEN THE CITY OF TAYLOR LAKE VILLAGE AND CITY OF EL LAGO.PDF](#)
[EXHIBIT A.PDF](#)

7.7. Approve The Following Quarterly Investment Reports

1. Second Quarter Investment Report
2. Third Quarter Investment Report

Documents:

[FY2016 2ND QTR INVESTMENT REPORT.PDF](#)
[FY2016 3RD QUARTER INVESTMENT REPORT.PDF](#)

8. APPROVE THE MINUTES OF THE JULY 11, 2016 CITY COUNCIL MEETING

[MINUTES OF THE JULY 11, 2016 CITY COUNCIL MEETING](#)

9. OTHER ITEMS COUNCIL WOULD LIKE TO SUGGEST FOR CONSIDERATION ON A FUTURE CITY COUNCIL AGENDA

10. ADJOURNMENT

CERTIFICATE

I certify that notice of this public meeting has been posted 72 hours in advance of the meeting and will remain posted until the meeting has ended.

Ann Vernon, City Secretary

All items on the agenda are for discussion and/or action. The City Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney); 551.072 (Deliberations about Real Property); 551.073 (Deliberations about Gifts and Donations); 551.074 (Personnel Matters); 551.076 (Deliberations about Security Devices); and 551.086 (Economic Development).

El Lago City Secretary

From: Sager, Charles R <charles.r.sager@exxonmobil.com>
Sent: Tuesday, February 23, 2016 11:10 AM
To: citysec@ellago-tx.gov
Subject: City Council Agenda

Ann, I would like to formally request a time slot on the City Council agenda for 3/21/16. I wish to appeal the denial of permit #BP-16-3807 concerning the widening of my driveway at 1618 Fair Oaks St. by adding 6' X 41' concrete to the South side of my existing driveway. This work will be installed by a professional and approved contractor.

Charles R Sager (Cooter)

T/A & Majors Execution

Fire Team 10) Captain

Wk 281/834-3666

Mbl 281/380-6517

Mbl 713/899-9045

APPLICATION FOR BUILDING PERMIT

City of El Lago

411 Tallowood Dr.
El Lago, TX 77586

Phone: 281-326-1951
Fax: 281-326-2134



PERMIT PROPERTY INFORMATION

Property Address 1618 FAIR OAKS ST.
 Legal Description WIDEN DRIVEWAY 6' x 40'
 Owner's Name CHARLES R. SAGER Owner's Phone 713-899-9045
 Owner's Address 1618 FAIR OAKS
 Commercial Property Yes No If "Yes", Business Name: _____
 Business Owner: — Business Owner Phone: —

CONTRACTOR INFORMATION

Contractor dba Name: _____
 Contact Person: _____
 Street Address _____
 City, State, Zip _____
 Phone Number _____
 Fax Number _____

On the lines below, list the details of the work to be permitted, attach drawings and construction documents.

WIDEN DRIVEWAY 6' x 40' LONG.
REQUESTING PERMISSION TO PERSSURE WORK IN
ACCORDANCE WITH SUPPLIED DRAWING.

El Lago Contractor Registration # CR- _____ - _____ Job Construction Cost \$ _____

Authorized Signature for Permit: X

SUBCONTRACTORS: Type			
Company Name:			
Contact Person:			
Company Address:			
City, State, Zip			
Phone Number:			
Fax Number:			
Contractor Registration No.			

APPLICATION RECEIVED IN CITY HALL

Do Not Write In The Box Below - For City Use Only

No. BP- 16 - 3807 DATE 2/19/2016 INITIALS AV

Application Reviewed by Building Official: _____ Approved Denied _____

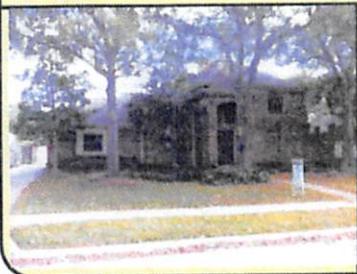
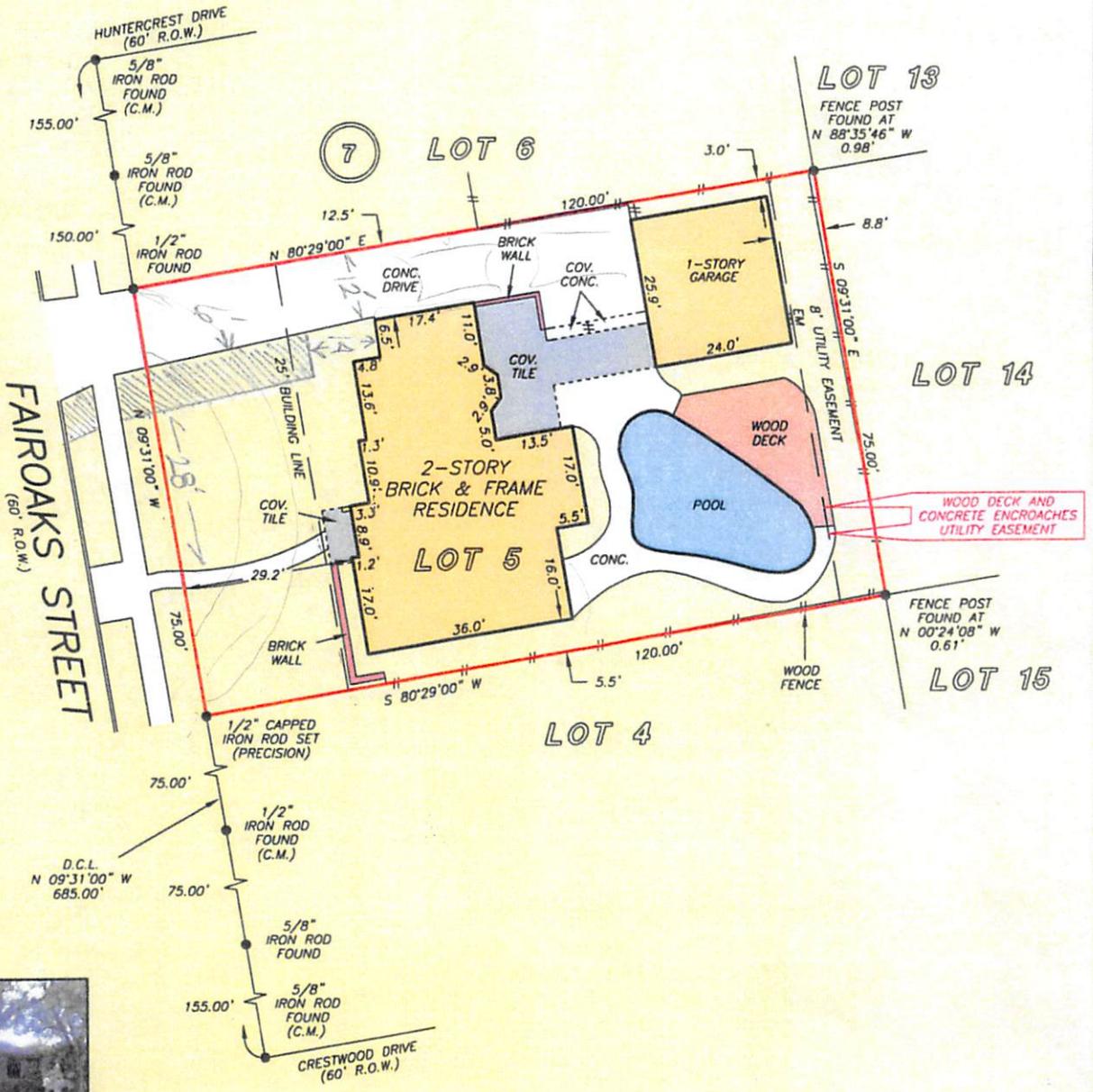
Inspections Required: Yes No

Special Instructions: Permit Declined - adequate ingress and egress already exists for the property

PERMIT FEE ASSESSED \$ _____ Payment #: _____

GF NO. 7999-15-2181 TEXAS AMERICAN TITLE
 ADDRESS: 1618 FAIROAKS STREET
 SEABROOK, TEXAS 77586
 BORROWER: CHARLES RAY SAGER JR. AND
 AMY ANNE SAGER

**LOT 5, BLOCK 7
 TAYLORCREST, SECTION 2**
 A SUBDIVISION IN HARRIS COUNTY, TEXAS
 ACCORDING TO THE MAP OR PLAT THEREOF RECORDED
 VOLUME 285, PAGE 133 OF THE MAP RECORDS
 OF HARRIS COUNTY, TEXAS.



NOTE: AGREEMENT BY AND BETWEEN DEVELOPER AND H. L. & P. FOR INSTALLATION OF OVERHEAD/UNDERGROUND ELECTRICAL DISTRIBUTION SYSTEM CF NO. J382042.

THIS PROPERTY DOES NOT LIE WITHIN THE 100 YEAR FLOOD PLAIN AS PER FIRM PANEL NO. 48201C 1085 L MAP REVISION: 06/18/07 ZONE X BASED ONLY ON VISUAL EXAMINATION OF MAPS. INACCURACIES OF FEMA MAPS PREVENT EXACT DETERMINATION WITHOUT DETAILED FIELD STUDY

A SUBSURFACE INVESTIGATION WAS BEYOND THE SCOPE OF THIS SURVEY

D.C.L. = DIRECTIONAL CONTROL LINE RECORD BEARING: VOL. 285, PG. 133, H.C.M.R.

DRAWN BY: SR

I HEREBY CERTIFY THAT THIS SURVEY WAS MADE ON THE GROUND, THAT THIS PLAT CORRECTLY REPRESENTS THE FACTS FOUND AT THE TIME OF SURVEY AND THAT THERE ARE NO ENCROACHMENTS APPARENT ON THE GROUND, EXCEPT AS SHOWN HEREON. THIS SURVEY IS CERTIFIED FOR THIS TRANSACTION ONLY AND ABSTRACTING PROVIDED IN THE ABOVE REFERENCED TITLE COMMITMENT WAS RELIED UPON IN PREPARATION OF THIS SURVEY.

GEORGE GALE
 PROFESSIONAL LAND SURVEYOR
 NO. 4678
 JOB NO. 15-11609
 DECEMBER 15, 2015



Ray Sager 713-899-9045



PRECISION
 surveyors

1-800-LANDSURVEY
 www.precisionsurveyors.com
 281-496-1586 FAX 281-496-1867 210-829-4941 FAX 210-829-1555
 950 THREADNEEDLE STREET SUITE 150 HOUSTON, TEXAS 77079 1777 NE LOOP 410 SUITE 600 SAN ANTONIO, TEXAS 78217
 FIRM NO. 10063700

Page 1 of 2 in order 77435
File number: 7210-15-1900

Completed: 12/16/2015
Surveyed: 12/11/2015

Lender:
Buyer: CHARLES SAGER AND AMY SAGER
Seller: TAMARA VOGT

COMMUNITY NUMBER: 48201C
PANEL: 1085 SUFFIX: L
INDEX DATE:
F.I.R.M DATE: 06/18/07
ZONE: X

Premises: 1618 FAIROAKS STREET , SEABROOK, TEXAS 77586 HARRIS

Description of encroachments, violations or other points of interest at the time of the inspection:
WOOD DECK AND CONCRETE ENCROACHES 8' U.E. WOOD FENCE ENCROACHES 8' U.E.



CERTIFIED TO: TEXAS AMERICAN TITLE COMPANY

LEGAL DESCRIPTION: LOT 5, BLOCK 7 TAYLORCREST, SECTION 2 A SUBDIVISION IN HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED VOLUME 285, PAGE 133 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS.

TRUeline TECHNOLOGIES LLC: THE FOLLOWING PRODUCT HAS BEEN COMPLETED BY THE STATE LICENSED LAND SURVEYING FIRM AS INDICATED ON THE FOLLOWING PAGE. TRUeline TECHNOLOGIES LLC PROVIDES THE DIGITAL TRANSMISSION AND ARCHIVING OF THE PRODUCT, AND IS NOT INVOLVED IN ANY FACET OF THE TECHNICAL FIELD WORK PERFORMED AND MAKES NO WARRANTIES AS TO THE ACCURACY OF SUCH WORK. ALL TRANSMISSIONS OF THE PRODUCT ARE VIA A SECURE 'SHA-1' SECURE HASH MESSAGE DIGEST AUTHENTICATION CODE WITHIN ITS SIGNATURE FILE. A MANUALLY SIGNED AND SEALED LOG OF THIS SURVEY'S SIGNATURE FILE IS KEPT ON FILE AT THE PERFORMING SURVEYORS OFFICE.

PRINTING PROCEDURES: BECAUSE THIS FILE HAS BEEN SENT ELECTRONICALLY, IT IS IMPERATIVE THAT THE PRINT SETTINGS BE CORRECT IN ORDER TO DEPICT AN ACCURATE REPRESENTATION OF THIS DOCUMENT ON PAPER. INSTRUCTIONS: WHILE VIEWING THE PRODUCT IN ADOBE READER, SELECT PRINT UNDER THE FILE TAB. SELECT COLOR PRINTER. UNDER PRINT RANGE - SELECT ALL. UNDER PAGE HANDLING, SELECT NONE FOR PAGE SCALING AND UNCHECK AUTO ROTATE AND CENTER. CHOOSE PAPER SOURCE BY PDF SIZE. CLICK PRINT.



City of El Lago

411 Tallowood Dr.

El Lago, TX 77586

(281) 326-1951 (281) 326-2134 Fax

EVENT ROOM VARIANCE REQUEST FORM

To obtain a variance, applicant must submit a completed variance request to the City Secretary. The variance will be placed on a City Council Meeting Agenda for consideration. Resolution 2013-08, approved and passed by the El Lago City Council on June 19, 2013, allows for the following variance:

Upon the request from a Local Civic Organization, the City Council by an affirmative vote of four (4) Council members may grant a variance to reduce or dismiss the fees associated with the Local Civic Organizations use. The City Council shall consider the costs in labor and wear and shall in no case allow the Local Civic Organizations to become a burden on the citizens of El Lago and shall set conditions and guidelines for the variance accordingly.

Description of Variance Requested: I would like to offer free knitting or crochet classes to the city once a month.

Reasons Why the Variance Should be Granted: the people of our community can learn a new skill to benefit their families and our community.

Local Civic Organization Name: _____
Contact Name: Jeannie Kubricht
Address: 1515 Lake Bluff
Phone: 281-734-1885 Date of Request _____

[Signature]
Signature

This Box For Office Use Only			
Date to be brought before Council:	<u>7-18-2016</u>	Date of Final Council Action:	_____
Council/Board Action	Approved _____	Permit Term	Beginning _____
	Denied _____		Expiration _____
Special Conditions Required by Council _____			
Deposit: \$ _____	Fee \$ _____	PER: _____ Meeting	_____ Month _____ Year



City of El Lago CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Secretary's Office as soon as possible and at least 1 week prior to the meeting that the item is expected to be placed on the El Lago City Council agenda.

Date requested for City Council consideration: _____

Submitted by: _____ Date Submitted: _____

Subject: _____

City Attorney Review: Yes _____ No _____

Degree of importance: Critical Significant Elective

Expenditure Account: _____	Fiscal Year: _____
Expenditure Required: \$ _____	Amount Budgeted: \$ _____
Budget Appropriation Required: \$ _____	

Date Received

Ann Vernon, City Secretary

SUMMARY / ORIGINATING CAUSE

IMMINENT CONSEQUENCES AND/OR BENEFIT TO COMMUNITY

RECOMMENDED MOTION

LIST ATTACHMENTS



ALL FITNESS LEVELS

UNLIMITED SESSIONS AT MULTIPLE LOCATIONS

ONE FREE WORKOUT
PLUS HALF-OFF SIGN-UP

campGladiator.com

Redeem this offer at any of the nationwide locations to receive a FREE Camp Gladiator workout and half-off camp sign-up when redeemed at free workout. Valid for new campers only. Must redeem in-person with a Camp Gladiator trainer.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
09/04/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

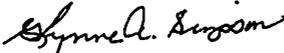
PRODUCER Sports & Fitness Insurance Corporation Post Office Box 1967 Madison MS 39130	CONTACT NAME: Donna Carey PHONE (A/C No. Ext): (800) 844-0536 E-MAIL ADDRESS: donna@sportsfitness.com	FAX (A/C No.): (601) 707-1037
	INSURER(S) AFFORDING COVERAGE	
	INSURER A: General Insurance Company of America	NAIC # 24732
INSURED Camp Gladiator Inc 9185 Research Blvd. Austin TX 78758	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY			LSF-9631694D	09/12/2015	09/12/2016	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person) \$ 10,000
	<input checked="" type="checkbox"/> Professional Liability Included						PERSONAL & ADV INJURY \$ 1,000,000
	<input checked="" type="checkbox"/> SAM Coverage Included						GENERAL AGGREGATE \$ 2,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PRODUCTS - COMP/OP AGG \$ 2,000,000
	<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC						\$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident) \$
	<input type="checkbox"/> ANY AUTO						BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS						BODILY INJURY (Per accident) \$
	<input type="checkbox"/> HIRED AUTOS						PROPERTY DAMAGE (Per accident) \$
							\$
	UMBRELLA LIAB						EACH OCCURRENCE \$
	<input type="checkbox"/> OCCUR						AGGREGATE \$
	EXCESS LIAB						\$
	<input type="checkbox"/> CLAIMS-MADE						\$
	DED						RETENTION \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						WC STATU-TORY LIMITS
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)						OTH-ER
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. EACH ACCIDENT \$
							E.L. DISEASE - EA EMPLOYEE \$
							E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
See Additional Remarks Schedule Acord 101

CERTIFICATE HOLDER Camp Gladiator Inc 9185 Research Blvd. Austin TX 78758	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

ANNUAL FINANCIAL REPORT

of the

CITY OF EL LAGO, TEXAS

For the Year Ended
September 30, 2015

DRAFT

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CITY OF EL LAGO, TEXAS

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
City Council Members of the
City of El Lago, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of El Lago, Texas (the "City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the City as of September 30, 2015, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

DRAFT
BELT, HARRIS & PECHACEK, LLP
Belt, Harris & Pechacek, LLP
Certified Public Accountants
Houston, Texas
May 6, 2016

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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CITY OF EL LAGO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities present one class of activity for the City:

1. *Governmental Activities* – The City's basic services are reported here including public safety (police, fire), public health (mosquito control, solid waste disposal, EMS), public works (streets and maintenance), parks and maintenance, municipal court, and general government. Sales tax, property tax, franchise taxes, municipal court fines, and permit fees finance most of these activities.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The City uses only one category of funds, which is governmental.

Governmental Funds

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

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

The City maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is always considered to be a major fund for reporting purposes.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

CITY OF EL LAGO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

Other Information

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the fiscal year ended September 30, 2015, the City's assets exceed liabilities by \$4,655,025.

The largest portion of the City's net position reflects its investments in capital assets (e.g., land, City Hall, streets, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities	
	2015	2014
Current and other assets	\$ 661,023	\$ 540,744
Capital assets, net	5,493,125	3,349,730
Total Assets	6,154,148	3,890,474
Long-term liabilities	1,438,320	1,538,922
Other liabilities	60,803	39,982
Total Liabilities	1,499,123	1,578,904
Net Position:		
Net investment in capital assets	4,063,125	1,819,730
Restricted	39,949	36,069
Unrestricted	551,951	455,771
Total Net Position	\$ 4,655,025	\$ 2,311,570

A portion of the primary government's net position, \$39,949, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$551,951 may be used to meet the City's ongoing obligation to citizens and creditors.

CITY OF EL LAGO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

Statement of Activities:

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

	Governmental Activities	
	2015	2014
Revenues		
Program revenues:		
Charges for services	\$ 333,982	\$ 368,426
Operating grants and contributions	132,000	127,000
Capital grants and contributions	2,311,750	-
General revenues:		
Property taxes	1,207,907	1,130,124
Franchise and local taxes	172,122	171,649
Sales taxes	149,042	139,984
Other taxes	31,049	26,640
Other revenue	36,179	9,282
Investment income	1,598	964
Total Revenues	4,375,629	1,974,069
Expenses		
General government	577,587	520,163
Public health	223,429	227,490
Municipal court	119,936	146,262
Public safety	849,886	848,930
Public works	130,230	35,127
Parks and maintenance	65,324	69,341
Interest on long-term debt	65,782	71,624
Total Expenses	2,032,174	1,918,937
Change in Net Position	2,343,455	55,132
Beginning net position	2,311,570	2,256,438
Ending Net Position	\$ 4,655,025	\$ 2,311,570

The City's net position increased by \$2,343,455. This net change can be attributed to the capital contribution from Harris County for various street improvements. Total revenues increased by \$2,401,560, or 122 percent, primarily as a result of the contribution of infrastructure from Harris County as well as an increase in all general revenues. Total expenses increased in the current year by \$113,237. A significant portion of this increase can be attributed to additional street repairs and maintenance costs as well as an increase in depreciation of infrastructure.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds – The focus of the City's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

CITY OF EL LAGO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

The City's general fund reflects a fund balance of \$579,336. Of this, \$10,968 is restricted for child safety, \$8,578 for building security expenditures, \$20,403 for governmental programming, and \$12,000 is assigned for future projects. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 27 percent of total general fund expenditures, while total fund balance represents 29 percent of the same amount.

The City's fund balance in the general fund increased by \$97,629 during the current fiscal year. This increase is due to additional tax revenue from all sources, including property, franchise, sales, and other taxes. The City also received additional revenue in comparison to the prior year for charges for services and intergovernmental revenue.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual general fund revenues exceeded anticipated original and amended budgeted revenues by \$50,398 during the year. This net positive variance is primarily the result of additional charges for services received from the City's fitness center than anticipated for the 2015 fiscal year.

Total general fund actual expenditures were less than budgeted expenditures by \$18,345.

CAPITAL ASSETS

At the end of the year, the City's governmental activities had invested \$7,624,120 in a variety of capital assets and infrastructure. This represents a net increase of \$2,115,441.

More detailed information about the City's capital assets is presented in note III.B. to the financial statements.

LONG-TERM DEBT

At year end, the City had \$1,430,000 in certificates of obligation outstanding versus \$1,530,000 last year. The City paid \$100,000 in principal payments during the year.

More detailed information about the City's long-term liabilities is presented in note III.C. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Tax Rates

In support of the City's fiscal year 2016 budget, the City Council approved an ad valorem tax rate for 2015 of \$0.51045 per \$100 valuation for maintenance and operations plus an additional debt service rate of \$0.06984 per \$100 valuation, which pays for the Community Center debt. These rates are reduced from the prior year by \$0.01772 for maintenance and \$0.01619 for debt for an overall reduction of \$0.03391, which is approximately a six percent decrease. This reduction is a result of reduced expenses, increased ad valorem tax base, and the refinancing of the debt which alone brought about \$177,084 in savings on interest. Of this amount, over \$19,000 will be realized in 2016.

CITY OF EL LAGO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

Expenses

In an ongoing effort to make the City more environmentally friendly, the City Council voted to place all of the City's electricity accounts with Green Mountain Energy making all of the City's electrical power now from 100 percent renewable resources. At the same time, this change cut the cost per kilowatt hour by half and is expected to significantly reduce anticipated electrical expenses for the new fiscal year. Most other major contracted expenses including fire, trash, and emergency medical remained fairly static with the exception of the police budget. The Commission for the Lakeview Police Department voted to increase the Lakeview Police Department's budget by approximately \$76,000. This increase is intended to provide salary increases for officers and cover ever rising medical insurance costs. As in the previous year, the City Council has designated funds be set aside for future projects including \$4,000 (to be added to the already designated \$10,000 from the previous year) for the rebuilding of the swimming pool pump house and another \$40,000 toward the refurbishment of the City's front entrances. Additionally, funds for a four percent Homestead Exemption for all residences have been designated so that in the following year, an exemption of four percent or greater can be set into place for the 2016 taxing year.

Revenues

Although the ad valorem tax rate was decreased, revenues are still expected to increase by a little over \$100,000 from the previous fiscal year due to the rise in residential and commercial property values and other tax collections based on sales and franchise agreements.

Economic Factors

The goal to maintain an unassigned fund balance in the general fund of 25 percent of annual expenditures, as adopted by City Council in Resolution 2013-02 *City of El Lago Fund Balance Policy*, was achieved in the 2015 fiscal year. Property values in the City of El Lago rose by nine percent in 2015, which was above most other cities in our area. Building permits for the residential district have increased exponentially over the last several years and even some of our commercial properties have recently done significant renovations. Although continued litigation between the owners of the demolished Landing property still inhibits the sale of the 6.7 acre commercial lakefront tract on NASA Parkway, the rest of the City is thriving, and along with that, the City's financial outlook.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Robert White, Mayor, City Hall, 411 Tallowood Drive, El Lago, Texas, 77586; telephone (281) 326-1951.

BASIC FINANCIAL STATEMENTS

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CITY OF EL LAGO, TEXAS

STATEMENT OF NET POSITION

September 30, 2015

	<u>Primary Government Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	
Unrestricted	\$ 442,363
Restricted	39,013
Prepaid expenses	62,411
Receivables, net	<u>117,236</u>
	<u>661,023</u>
Capital assets:	
Nondepreciable capital assets	467,748
Net depreciable capital assets	<u>5,025,377</u>
	<u>5,493,125</u>
Total Assets	<u><u>6,154,148</u></u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	46,325
Accrued interest	8,798
Unearned revenue	5,680
Noncurrent liabilities:	
Due within one year	112,488
Due in more than one year	<u>1,325,832</u>
Total Noncurrent Liabilities	<u>1,438,320</u>
Total Liabilities	<u><u>1,499,123</u></u>
<u>Net Position</u>	
Net investment in capital assets	4,063,125
Restricted for:	
Child safety	10,968
Building security	8,578
Governmental programming	20,403
Unrestricted	<u>551,951</u>
Total Net Position	<u><u>\$ 4,655,025</u></u>

See Notes to Financial Statements.

CITY OF EL LAGO, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 577,587	\$ -	\$ -	\$ 2,311,750
Public health	223,429	30,140	-	-
Municipal court	119,936	168,155	-	-
Public safety	849,886	-	132,000	-
Public works	130,230	-	-	-
Parks and maintenance	65,324	135,687	-	-
Interest on long-term debt	65,782	-	-	-
Total Governmental Activities	\$ 2,032,174	\$ 333,982	\$ 132,000	\$ 2,311,750
General Revenues:				
Taxes				
Property				
Franchise				
Sales				
Other				
Investment income				
Other revenues				
			Total General Revenues	
			Change in Net Position	
Beginning net position				Ending Net Position

See Notes to Financial Statements.

Net (Expense)
Revenue and
Change in
Net Position

Primary
Government

Governmental
Activities

\$ 1,734,163
 (193,289)
 48,219
 (717,886)
 (130,230)
 70,363
 (65,782)

 745,558

1,207,907
 172,122
 149,042
 31,049
 1,598
 36,179

 1,597,897

 2,343,455
 2,311,570

 \$ 4,655,025

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CITY OF EL LAGO, TEXAS

BALANCE SHEET GOVERNMENTAL FUND

September 30, 2015

	<u>General</u>
Assets	
Cash and cash equivalents:	
Unrestricted	\$ 442,363
Restricted	39,013
Prepaid expenses	62,411
Receivables	
Property taxes, net	29,682
Other taxes	87,554
Total Assets	<u>\$ 661,023</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 46,325
Unearned revenue	5,680
Total Liabilities	<u>52,005</u>
Deferred Inflows of Resources	
Unavailable revenue - property taxes	29,682
Total Deferred Inflows of Resources	<u>29,682</u>
Fund Balances	
Restricted for:	
Child safety	10,968
Building security	8,578
Governmental programming	20,403
Assigned	12,000
Unassigned	527,387
Total Fund Balance	<u>579,336</u>
Adjustments for the Statement of Net Position:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund.	
Nondepreciable capital assets	467,748
Net depreciable capital assets	5,025,377
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental fund.	
	29,682
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental fund.	
Accrued interest payable	(8,798)
Non-current liabilities due in one year	(112,488)
Non-current liabilities due in more than one year	(1,325,832)
Net Position of Governmental Activities	<u>\$ 4,655,025</u>

See Notes to Financial Statements.

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CITY OF EL LAGO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended September 30, 2015

	<u>General</u>
Revenues	
Taxes:	
Property	\$ 1,208,381
Franchise	172,122
Sales	149,042
Other	31,049
Licenses and permits	30,140
Fines and forfeitures	168,155
Charges for services	135,687
Intergovernmental	132,000
Investment income	1,598
Other	36,179
Total Revenues	<u>2,064,353</u>
Expenditures	
Current:	
General government	465,711
Public health	223,429
Municipal court	120,064
Public safety	849,886
Public works	59,847
Parks and maintenance	79,702
Debt service:	
Principal	100,000
Interest	68,085
Total Expenditures	<u>1,966,724</u>
Net Change in Fund Balance	97,629
Beginning fund balance	<u>481,707</u>
Ending Fund Balance	<u><u>\$ 579,336</u></u>

See Notes to Financial Statements.

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CITY OF EL LAGO, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

Net change in fund balance - governmental fund \$ 97,629

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	23,270
Capital grant and contribution	2,311,750
Depreciation expense	(191,625)

Revenues in the Statement of Activities that do not provide current financial resources are are not reported as revenues in the funds. (474)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payment	100,000
-------------------	---------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.

Compensated absences	602
Accrued interest	2,303
	2,303

Change in Net Position of Governmental Activities	\$ 2,343,455
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See Notes to Financial Statements.

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CITY OF EL LAGO, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of El Lago, Texas (the "City") was organized as the Village of El Lago and incorporated in 1961 as a General Law Village, under Chapter 11, Title 28, Acts of the Texas Legislature, 1925 as amended. The incorporation papers were subsequently amended to permit operation as a Type A General Law City under the authority of Chapters 1 through 10 of the above act, and the name changed to its present name.

The City provides the following services: public safety to include police, fire, and emergency medical services (through financial support to other entities); parks; recreation; public improvements; public health; and general administration.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with the prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which relay to a significant extent on fees and charges for support. The City does not report any business-type activities.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

CITY OF EL LAGO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category, governmental, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The City reports the following governmental fund:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, public health, parks and maintenance, municipal court, and debt service. The general fund is always considered a major fund for reporting purposes.

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF EL LAGO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government and State of Texas or their agencies or instrumentalities
- Fully collateralized certificates of deposit
- Mutual funds of specific type
- Investment pools

3. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to the future accounting period (prepaid expenditures) and are recognized as expenditures when utilized.

4. Restricted Assets

Certain proceeds received from municipal court fines and forfeitures and funds to support public, educational, and governmental (PEG) programming are restricted in how they may be spent, and are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and/or their use is limited by applicable debt covenants or state or federal statute.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activity column in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for

CITY OF EL LAGO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

capital assets and improvements are capitalized as projects are constructed. The City does not capitalize net interest cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Furniture and equipment	5 to 10 years
Infrastructure	50 years
Buildings and improvements	5 to 50 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental fund balance sheet. The governmental fund reports unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and personal time. Amounts of vacation time accumulated may be paid to employees upon termination of employment. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the debt using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

CITY OF EL LAGO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources and payments of principal and interest are reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

9. Net Position Flow Assumption

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

10. Fund Balance Flow Assumptions

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

11. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

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

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments

CITY OF EL LAGO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

12. Estimates

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

Property taxes are levied by September 15 of each year. Taxes become due on October 1 and become delinquent on February 1 of the following year. The City's tax lien exists from January 1 (the assessment date) each year until the taxes are paid.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

An annual budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general fund. The original budget is adopted by the City Council prior to the beginning of the year. City Council may amend the budget throughout the year. Appropriations lapse at the end of the year.

CITY OF EL LAGO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2015, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
TexPool	\$ 5,002	0.00
Total Fair Value	\$ 5,002	
Portfolio weighted average maturity		0.00

Credit risk. State law and the City’s investment policy limits investments to obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent. Further, commercial paper must be rated not less than “A-1” or “P-1” or an equivalent rating by at least two nationally recognized credit rating agencies. As of September 30, 2015, the City’s investment in TexPool was rated “AAA” by Standard & Poor’s.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2015, market values of pledged securities and FDIC insurance combined exceeded bank balances.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City’s safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor’s rate TexPool “AAA”. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor’s, as well as to the office of the Comptroller of Public Accounts for review.

CITY OF EL LAGO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

B. Capital Assets

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 467,748	\$ -	\$ -	\$ 467,748
Total Capital Assets Not Being Depreciated	<u>467,748</u>	<u>-</u>	<u>-</u>	<u>467,748</u>
Other capital assets:				
Infrastructure	1,913,628	2,246,275	(219,579)	3,940,324
Buildings and improvements	2,916,344	82,456	-	2,998,800
Furniture and equipment	210,959	6,289	-	217,248
Total Other Capital Assets	<u>5,040,931</u>	<u>2,335,020</u>	<u>(219,579)</u>	<u>7,156,372</u>
Less accumulated depreciation for:				
Infrastructure	(1,485,901)	(70,383)	219,579	(1,336,705)
Buildings and improvements	(568,591)	(93,681)	-	(662,272)
Furniture and equipment	(104,457)	(27,561)	-	(132,018)
Total Accumulated Depreciation	<u>(2,158,949)</u>	<u>(191,625)</u>	<u>219,579</u>	<u>(2,130,995)</u>
Other capital assets, net	<u>2,881,982</u>	<u>2,143,395</u>	<u>-</u>	<u>5,025,377</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,349,730</u>	<u>\$ 2,143,395</u>	<u>\$ -</u>	<u>5,493,125</u>
			Less debt associated with capital assets	<u>(1,430,000)</u>
			Net Investment in Capital Assets	<u>\$ 4,063,125</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 118,576
Public works	70,383
Parks and maintenance	2,666
Total Governmental Activities Depreciation Expense	<u>\$ 191,625</u>

CITY OF EL LAGO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

C. Long-Term Debt

The City issues certificates of obligation for the acquisition of assets and construction of major capital facilities. The certificates of obligation are further supported by specific annual tax levies which are legally restricted to servicing this debt issue. The collection and remittance of such levies is controlled and reported in the general fund, beginning in fiscal year 2012. The following is a summary of the changes in the City's long-term obligations for the year.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Certificates:					
Certificates of obligation	\$ 1,530,000	\$ -	\$ (100,000)	\$ 1,430,000	* \$ 105,000
Other liabilities:					
Compensated absences	8,922	11,119	(11,721)	8,320	7,488
Total Governmental Activities	<u>\$ 1,538,922</u>	<u>\$ 11,119</u>	<u>\$ (111,721)</u>	<u>\$ 1,438,320</u>	<u>\$ 112,488</u>
				<u>Long-term debt due in more than one year</u>	<u>\$ 1,325,832</u>
				<u>*Debt associated with capital assets</u>	<u>\$ 1,430,000</u>

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

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

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
Certificates of Obligation		
Series 2010	2.420%	\$ 1,430,000
Total Governmental Activities Long-Term Debt		<u>\$ 1,430,000</u>

On April 8, 2015, the City passed a Resolution Modifying Ordinance Authorizing the Issuance of Certificates of Obligation. This resolution reflects the agreement between the City and the holder of the Certificates to lower the interest rate from 4.45% to 2.42% effective December 1, 2015 and to extend the call date to December, 2021.

CITY OF EL LAGO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

Year Ending Sept 30	Governmental Activity	
	Certificates of Obligation	
	Principal	Interest
2016	\$ 105,000	\$ 44,282
2017	110,000	32,065
2018	110,000	29,403
2019	115,000	26,741
2020	125,000	23,958
2021-2025	705,000	71,995
2026	160,000	3,872
Total	\$ 1,430,000	\$ 232,316

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at a group rate for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

C. Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the "Plan") created in accordance with the Internal Revenue Code Section 457. The Plan, available to all permanent City employees, permits them to defer until future years up to 25 percent of annual gross earnings not to exceed \$13,000. The City matches employee contributions to the Plan up to six percent of these annual earnings. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The City contributed \$5,717 to the Plan during the current year.

The City also offers participation in the Plan to employees of the City of Taylor Lake Village and Lakeview Police Department.

CITY OF EL LAGO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

D. Related Organizations and Joint Ventures

Lakeview Police Department

The City entered into an interlocal cooperation agreement with the City of Taylor Lake Village to create the Lakeview Police Department (the “Department”). The City and the City of Taylor Lake Village each provide 50 percent of the support necessary to furnish all police services and law enforcement activities to the participants. Each City Council of the participating cities appoints two representatives and one alternate to the Department’s Board of Commissioners biannually. The Department’s Board of Commissioners controls the operations of the Department, which includes adopting operating and capital budgets.

On September 20, 2012, the City entered into a facilities agreement with the Department. The City agreed to lease approximately 1,255 square feet of the building located at 98 Lakeshore Drive, El Lago, Texas to the Department. The building is used by the Department for the conduct of its governmental operations, including the provision of law enforcement and police protection. The Department shall compensate the City for the space occupied in an amount equal to the building space occupied by the Department within the facility multiplied by a lease and utilities cost amount of \$19.91 per square foot per year. The fees shall be prorated on a monthly basis and deducted from the City’s monthly funding payment. For the year ended September 30, 2015, the City received the equivalent of \$24,987 in rent income.

Consolidated financial information of the Department extracted from the audited financial statements for the year ended September 30, 2015, on which the Department’s auditors expressed an unmodified opinion, is as follows:

		<u>2015</u>
Total assets	\$	83,916
Total liabilities		<u>72,093</u>
Total Participants' Equity	\$	<u>11,823</u>
Total revenues	\$	1,409,563
Total expenses		<u>1,415,958</u>
Revenues (Under) Expenses		(6,395)
Beginning participants' equity		<u>18,218</u>
Ending Participants' Equity	\$	<u>11,823</u>

Seabrook Volunteer Fire Department

The City has entered into an interlocal agreement (the “Contract”) with the Seabrook Volunteer Fire Department (the “Fire Department”) for firefighting services that started October 13, 2013. The terms of the Contract state that after one year, if no new Contract replacing the current Contract is entered between the parties, then the parties agree that after September 30, 2014, the Contract shall continue on a month-to-month basis, unless terminated earlier. The City has agreed to pay the sum of \$144,676 per year, payable in equal monthly installments of \$12,056.33. For each annual payment thereafter, there will be an increase in the payment amount of one and one-half percent per year to compensate for inflation. For 2015, the City paid \$146,846.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EL LAGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended September 30, 2015
With Comparative Totals for the Year Ended September 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes:				
Property	\$ 1,214,768	\$ 1,207,268	\$ 1,208,381	\$ 1,113
Franchise	171,500	168,500	172,122	3,622
Sales	130,000	143,000	149,042	6,042
Other	21,000	29,000	31,049	2,049
Licenses and permits	13,000	24,750	30,140	5,390
Fines and forfeitures	208,000	166,450	168,155	1,705
Charges for services	85,700	85,700	135,687	49,987
Intergovernmental	132,000	132,000	132,000	-
Investment income	1,000	1,000	1,598	598
Other	36,987	56,287	36,179	(20,108)
Total Revenues	<u>2,013,955</u>	<u>2,013,955</u>	<u>2,064,353</u>	<u>50,398</u>
Expenditures				
Current:				
General government	486,876	467,876	465,711	2,165
Public health	224,610	225,310	223,429	1,881
Municipal court	142,105	122,505	120,064	2,441
Public safety	853,163	853,663	849,886	3,777
Public works	30,600	60,600	59,847	753
Parks and maintenance	79,630	87,030	79,702	7,328
Debt service:				
Principal	100,000	100,000	100,000	-
Interest	68,085	68,085	68,085	-
Total Expenditures	<u>1,985,069</u>	<u>1,985,069</u>	<u>1,966,724</u>	<u>18,345</u>
Net Change in Fund Balance	<u>\$ 28,886</u>	<u>\$ 28,886</u>	97,629	<u>\$ 68,743</u>
Beginning fund balance			<u>481,707</u>	
Ending Fund Balance			<u>\$ 579,336</u>	

Notes to Required Supplementary Information:

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

2014
Actual

\$	1,123,920
	171,649
	139,984
	26,640
	33,778
	209,596
	125,052
	127,000
	964
	9,282
	<u>1,967,865</u>

444,111
227,490
145,701
848,930
1,626
67,029

95,000
72,313
<u>1,902,200</u>

\$	<u>65,665</u>
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ORDINANCE NO. 440

AN ORDINANCE OF THE CITY OF EL LAGO, TEXAS AMENDING CHAPTER 15, ARTICLE II “DRIVEWAYS” BY AMENDING SECTION 15-17 TO PROVIDE THAT THE PERMIT OFFICER TO CONSIDER AN APPLICATION FOR A DRIVEWAY CONSTRUCTION PERMIT SHALL BE THE BUILDING OFFICIAL; AMENDING SECTION 15-17 TO PROVIDE THAT THE FEE FOR THE ISSUANCE OF A PERMIT FOR THE CONSTRUCTION OF A DRIVEWAY SHALL BE FORTY DOLLARS (\$40.00); ADDING A NEW SECTION 15-20 TO PROVIDE THAT THE PROVISIONS OF ARTICLE II DO NOT APPLY IN ZONING DISTRICT ZONE A; MAKING CERTAIN FINDINGS; AND PROVIDING FOR SEVERABILITY.

* * * * *

WHEREAS, Section 15, Article II of the City’s Code of Ordinances provides for the requirement of obtaining a permit to construct a driveway and for certain requirements for the construction of driveways in the City; and

WHEREAS, the Planning and Zoning Commission has recommended to the City Council that the City Council amend the Zoning Ordinance of the City by adding certain provisions regarding the regulation of the construction of driveways in Zoning District Zone A, Limited One-Family Zoning Residential District; and

WHEREAS, the City Council has determined to approve the recommendation of the Planning and Zoning Commission regarding the construction of driveways in Zoning District Zone A; and

WHEREAS, the City Council desires to maintain the requirements of obtaining a permit contained in Chapter 15, Article II for other Zoning District Zones in the City but to have those requirements conform to the requirements to be added to the Zoning Ordinance for Zoning District Zone A; and

WHEREAS, in order to conform the provisions of Chapter 15, Article II to the newly added provisions to the Zoning Ordinance it is necessary that Chapter 15 Article II be amended;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EL LAGO, TEXAS:

Section 1.

The findings contained in the preamble to this Ordinance are determined to be true and correct and are hereby adopted as a part of the Ordinance.

Section 2.

Sec. 15-17 of Chapter 15, Article II, entitled “Permit-Required, application, fee” is amended as follows:

Sec. 15-17. Permit-Required, application, fee.

Any person desiring to cut any curb or otherwise construct any driveway for the purpose of ingress and egress to and from the property to be served shall make application for a permit to the ~~city secretary~~ building official. The application shall be in writing and shall be accompanied by a plat or map of the property upon which the driveway is to be located. The ~~city secretary~~ building official shall charge a minimum fee of ~~thirty-five~~ forty dollars ~~(\$35.00)~~ (\$40.00) for the issuance of the permit. The fee shall cover the expenses of the issuance of the permit.

Section 3.

Chapter 15, Article II is amended by adding a new subsection 15-20, as follows:

The provisions of this Article II shall not apply to Zoning District Zone A as described in the Zoning Ordinance.

Section 4. Severability.

In the event that any provision, section, subsection, sentence, clause, or phrase of this Ordinance or the application of same to any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Ordinance or their application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Ordinance that no portion hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness, or invalidity of any other portion hereof, and all provisions of this Ordinance are declared to be severable for that purpose.

PASSED, APPROVED AND ADOPTED this the 18th day of July, 2016.

ROBERT WHITE
Mayor
City of El Lago, Texas

ATTEST:

ANN VERNON
City Secretary
City of El Lago, Texas

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ORDINANCE NO. 441

AN ORDINANCE OF THE CITY OF EL LAGO, TEXAS AMENDING THE ZONING ORDINANCE OF THE CITY; AMENDING **§4.01(4)(iii)** RELATING TO "STRUCTURAL" ALTERATIONS OF A NONCONFORMING USE; AMENDING **§4** BY ADDING A NEW SUBSECTION 4(iv) RELATING TO OFF-STREET PARKING AND/OR OFF-STREET LOADING CAPABILITIES; AMENDING **§4.01(6)** RELATING TO THE CHANGING OF NONCONFORMING USES; AMENDING **§5.04** BY ADDING A NEW SUBSECTION (2A) RELATING TO THE REQUIREMENTS FOR THE GRANTING OF AN APPLICATION TO PERMIT THE CONSTRUCTION OF A DRIVEWAY OR OTHER IMPROVED FLAT SURFACE IN ZONE A; AMENDING **§5.04(17)** BY DELETING AN OUTDATED PROVISION RELATING TO THE PARKING OF VEHICLES ON A PROPERTY; AMENDING **§5.05(2)(n)** BY ADDING A NEW SUBSECTION (4) RELATING TO THE DISPLAY OF WARES ON THE SIDEWALK IN FRONT OF A RETAIL STORE OR OTHER BUSINESS; AMENDING **§5.05(3)** BY ADDING A NEW SUBSECTION (I) ADDING "TATTOO PARLORS" TO THE LIST OF ITEMS SPECIFICALLY PROHIBITED IN ZONE B; AMENDING **§5.05(4)** BY ADDING A NEW SUBSECTION (i) ADDING "SMOKE SHOPS" TO THE LIST OF ITEMS WHICH MAY BE GRANTED A SPECIAL USE PERMIT IN ZONE B BY AN AFFIRMATIVE VOTE OF FOUR (4) COUNCIL MEMBERS; MAKING CERTAIN FINDINGS; AND PROVIDING FOR SEVERABILITY.

* * * * *

WHEREAS; it has been a number of years since a comprehensive review of the Zoning Ordinance of the City has been undertaken; and

WHEREAS, at the request of the City Council and the Mayor, the Planning and Zoning Commission of the City held numerous meetings at which the entirety of the Zoning Ordinance was reviewed; and

WHEREAS, after that comprehensive review, the Planning and Zoning Commission prepared a draft report of its proposed amendments to the Zoning Ordinance; and

WHEREAS, following the publication and posting of that report as required by law, the Planning and Zoning Commission conducted a public

hearing on the report at which input on the contents of the report by citizens of the City were heard and considered; and

WHEREAS, following that public hearing, the Planning and Zoning Commission held a meeting at which it adopted a final report of its proposed amendments to the Zoning Ordinance for the consideration of the City Council; and

WHEREAS; the City Council has also conducted a public hearing on the final report at which time input on the contents of the final report by citizens of the City were heard and considered; and

WHEREAS; the City Council now desires to adopt the final report of the Planning and Zoning Commission;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EL LAGO, TEXAS:

Section 1.

The findings contained in the preamble to this Ordinance are determined to be true and correct and are hereby adopted as a part of the Ordinance.

Section 2.

Zoning Ordinance § 4.01(4)(iii) is amended to read as follows:

(iii) Such ~~structural~~ alterations, improvements or reconstructions which are structural in nature are made during its lifetime subsequent to becoming a nonconforming use to an extent in the aggregate not to exceed ten (10) percent of the fair market value of the building or structure, unless it is changed to a conforming use.

Section 3.

Zoning Ordinance § 4 is amended by deleting "or" at the end of Subsection 4(iii), adding "or" at the end of Subsection 4(iv) and adding a new subsection (v) to read as follows:

(v) Such change has the purpose of expanding off-street parking and/or off-street loading capabilities."

Section 4.

Zoning Ordinance § 4.01(6) is amended to read as follows:

(6) No nonconforming use shall be changed to another nonconforming use.

Section 5.

Zoning Ordinance § 5.04 is amended by adding a new subsection (2A) to read as follows:

(2A) Any person desiring to cut any curb or otherwise construct any driveway for the purpose of ingress and egress to and from the property to be served shall make application for a permit to the building official. The application shall be in writing and shall be accompanied by a plat or map of the property upon which the driveway is to be located. If approved by the building official, the city secretary shall charge a minimum fee of forty dollars (\$40.00) for the issuance of the permit. The fee shall cover the expenses of the issuance of the permit. No permit shall be issued to authorize the construction of a driveway or improved flat surface within the building setback lines described and contained in subsection (11) of this section unless the driveway extends from the curb (i) into the garage located on the property or, if there is no garage there located, to the back building line of the residence house on the property, or (ii) back to the curb if the curb cuts are separated by a distance of at least thirty-five (35) feet. In addition, a permit shall be issued to authorize said construction if a part of the permitted driveway or improved flat surface commences at the curb and extends to a garage, fence or into the back yard of the property to the back building line of the residence house on the property. Notwithstanding the provisions of this subsection, no permit shall be issued to authorize the construction of a driveway in excess of thirty-five (35) feet wide in front of the front building line of the residence house on the property, or which, when added to all other improved surfaces or structures (excepting sidewalks), takes up more than 35% of the total area located between the curb and the building line of the residence house on the property to be served by the driveway. For a residence house located on a corner lot, this percentage of improved surface prohibition does not apply to a driveway sought to be permitted from the side street of the lot on which the residence house is located.

A rendering of "allowed" and "not allowed" examples of driveway construction is adopted as a part of this Zoning Ordinance § 5.04(2A) and shall be included in the Ordinance at the conclusion of such subsection.

Section 6.

Zoning Ordinance § 5.04(17) is amended to read as follows:

(17) No towed vehicles, including trailers, mobile homes, boat trailers, boats, boat rigging or carts, and large motor driven vehicles including motor homes, recreational vehicles or campers shall be parked, stored or left standing in streets, driveways, or on lawns unless the vehicle is parked on a constructed driveway or improved surface behind the building setback line or if on a corner lot, the side setback line. In the event that a structure is constructed deeper into a particular lot than any building setback line, no such vehicle shall be parked, stored or left standing outside of the actual front line (or in the case of a corner lot, the side construction line) of the structure on the particular lot. Additionally, vehicles may be parked, stored or left standing in any location on the constructed driveway of a residence for a period of time not to exceed seventy-two (72) hours in any given week if the vehicle is in use or is undergoing general maintenance activities. No vehicle(s) as described in this subsection may be parked, stored, or left standing on any portion of a property used for residential purposes if said vehicle or any combined measurement of said vehicles are greater than thirty (30) feet in length, are wider than ten (10) feet in width or are higher than ten (10) feet in height unless said vehicle(s) has/have been parked, stored or left standing on the property in accordance with this subsection on the date of the passage of this Ordinance. The measurement of a motor vehicle shall be from front to rear bumper; the measurement of a trailer or boat shall be from the trailer tongue or bow to the stem or rear of the trailer. The measurements shall be made from that portion of the said vehicle that extends the furthest. The height measurement will be from, the ground up to the highest fixed portion of the said vehicle. Removable structures such as air conditioners, boat towers and antennas temporarily mounted on said vehicles shall not be included in the height measurement. All combined measurements will consist of like measurements (i.e., length + length, width + width or height + height).

Section 7.

Zoning Ordinance § 5.05(2)(n) is amended by adding a new subsection (4) to read as follows:

(4) That wares may be displayed on the sidewalk in front of their location and/or in their parking lot limited to hours of normal operation, not before 8:00 a.m. or after 9:00 p.m. and any such display is limited to 50% of the store front, not to extend beyond 10 feet out from the front of the building."

Section 8.

Zoning Ordinance § 5.05(3) is amended by adding a new subsection (l) to read as follows:

(l) Tattoo Parlors.

Section 9.

Zoning Ordinance § 5.05(4) is amended by adding a new subsection (i) to read as follows:

(i) Smoke Shops.

Section 10. Severability.

In the event that any provision, section, subsection, sentence, clause, or phrase of this Ordinance or the application of same to any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Ordinance or their application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Ordinance that no portion hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness, or invalidity of any other portion hereof, and all provisions of this Ordinance are declared to be severable for that purpose.

PASSED, APPROVED AND ADOPTED this the 18th day of July, 2016.

ROBERT WHITE
Mayor
City of El Lago, Texas

ATTEST:

ANN VERNON
City Secretary
City of El Lago, Texas

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**AMENDMENT TO INTERLOCAL COOPERATION AGREEMENT AND EXHIBIT A
FACILITIES AGREEMENT**

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This Amendment to Interlocal Cooperation Agreement and Exhibit A Facilities Agreement is an Interlocal Cooperation Agreement entered into by and between the City of Taylor Lake Village (“Taylor Lake Village”) and the City of El Lago (“El Lago”), each a municipal corporation located in Harris County, Texas (hereafter referred to, collectively, as the “Cities”).

WHEREAS, the Interlocal Cooperation Act, Texas Government Code Chapter 791 (the “Act”), authorizes municipalities such as Taylor Lake Village and El Lago to enter into agreements among themselves for the providing of governmental functions and services, including police protection and law enforcement; and

WHEREAS, pursuant to the Act, the Cities have entered into an Interlocal Cooperation Agreement to create a common police department named the Lakeview Police Department (the “Department”); and

WHEREAS, by that Agreement, the Cities agreed to provide certain land and facilities for the use and benefit of the Department as contained in an Exhibit A Facilities Agreement; and

WHEREAS, by the recitals contained in the Facilities Agreement, the Cities agreed that Taylor Lake Village would lease to the Department 329 square feet, more or less, of the Taylor Lake Village City Hall to be utilized by the Department for dispatch, emergency management, and related services; and

WHEREAS, the Department has previously entered into an agreement with Harris County, Texas for the detention of individuals arrested by officers of the Department; and

WHEREAS, the Department has requested and the Cities have agreed that the Department will enter into an agreement with the City of Webster to provide detention and dispatch services to the Department; and

WHEREAS, the Department has requested and the Cities have agreed that the Department will enter into an agreement with the City of League City to provide police software to the Department; and

WHEREAS, as a result, the Cities have agreed that as of the effective date of the agreements with Webster and League City, Taylor Lake Village will lease to the Department 100 square feet, more or less, of the Taylor Lake Village City Hall for storage and related services;

NOW, THEREFORE, the Cities agree that the Interlocal Cooperation Agreement between the City of Taylor Lake Village, Texas and the City of El Lago, Texas dated September 20, 2012, and the Facilities Agreement attached as Exhibit A thereto be and are hereby amended as follows:

1. The Interlocal Cooperation Agreement is amended by striking “~~now therefore,~~” and adding “and” to the conclusion of the fourth recital contained on page 1 of the Agreement and by adding an additional Recital thereto as follows:

Whereas, the Lakeview Police Department may, with the permission of the Cities and within the limits of the applicable approved budgets for any given year, enter into contracts with other governmental entities for the provision of police protection and law enforcement for the Cities, including but not limited to Harris County, Texas for the provision of detention facilities, the City of Webster, Texas for the provision of detention facilities and dispatch services and the City of League City, Texas for the provision of police software; now, therefore,

2. The Facilities Agreement attached as Exhibit A to the Interlocal Cooperation Agreement is amended by striking the first recital contained on page 9 and replacing it with a recital as follows:

Whereas, the Cities agree that Taylor Lake Village will lease to the Lakeview Police Department 100 square feet , more or less, of the building located at 500 Kirby Blvd., Taylor Lake Village, Texas and more particularly described as the Taylor Lake Village City Hall. The leased enclosed air conditioned building space shall be utilized by the Lakeview Police Department for storage and related services;

EXECUTED this ____ day of _____, 2016.

CITY OF TAYLOR LAKE VILLAGE, TEXAS

Jon Keeney
Mayor

ATTEST:

Stacey Fields
City Secretary

CITY OF EL LAGO, TEXAS

Robert White
Mayor

ATTEST:

Ann Vernon
City Secretary

**Interlocal Cooperation Agreement
Between the
City of Taylor Lake Village, Texas
and the City of El Lago, Texas**

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF HARRIS §

This Interlocal Cooperation Agreement is entered into by and between the City of Taylor Lake Village ("Taylor Lake Village") and the City of El Lago ("El Lago"), each a municipal corporation located in Harris County, Texas, (hereinafter referred to, collectively, as "Cities").

WITNESS:

Whereas, the Interlocal Cooperation Act, Texas Government Code Chapter 791, (the "Act") authorizes municipalities such as Taylor Lake Village and El Lago to enter into agreements among themselves for the providing of governmental functions and services; and

Whereas, the Act specifically authorizes municipalities such as Taylor Lake Village and El Lago to enter into such an agreement for providing police protection and law enforcement; and

Whereas, pursuant to the Act, the Cities have created and desire to continue to operate a common police department named the Lakeview Police Department; and

Whereas, pursuant to the Act, the Cities desire that the Lakeview Police Department be governed by a police commission composed of four individuals sitting as a Board of Commissioners, which will enjoy all the privileges and immunities of a municipal police department under the laws of the State of Texas and the United States of America; **now, therefore, and**

Whereas, the Lakeview Police Department may, with the permission of the Cities and within the limits of the applicable approved budgets for any given year, enter into contracts with other governmental entities for the provision of police protection and law enforcement for the Cities, including but not limited to Harris County, Texas for the provision of detention facilities, the City of Webster, Texas for the provision of detention facilities and dispatch services and the City of League City, Texas for the provision of police software; now, therefore,

For and in consideration of the foregoing and of the mutual benefits to be derived hereunder, Taylor Lake Village and El Lago do hereby agree, covenant, and bind themselves as follows:

1. **Term.** This Agreement shall commence on the effective date hereof and terminate at midnight, September 30, 2014. Provided, further, this Agreement shall be automatically renewed for additional two year terms beginning at 12:01 a.m. on October 1, 2014 and each succeeding two year period and terminating at midnight, September 30, for each two year period thereafter, unless written notice of termination or non-renewal is received from one or the other Cities at least 275 days prior to the end of any term pursuant to Section 12 of this Agreement.

2. **Lakeview Police Department.** Taylor Lake Village and El Lago do hereby create and designate, pursuant to the Act, the Lakeview Police Department (the "LPD") that shall be jointly owned and operated by the Cities for the furnishing of all police services and law enforcement

activities to the Cities. The Cities will jointly share in all expenses of the operation as provided herein and the Cities shall be jointly responsible in all respects for the activities of the LPD.

3. **Police Services.** The LPD shall provide all law enforcement personnel necessary to furnish police services to the Cities. The Chief of Police of the LPD may nominate an individual for commission as a police officer to preserve the peace in the Cities. That individual shall be subject to approval by the Board of Commissioners as set forth herein and, should the Commission approve the individual, then the individual shall then be commissioned as a peace officer by both of the Cities. No such individual shall be qualified to act as a peace officer of the LPD until he or she has been commissioned as a peace officer by both of the Cities as provided herein.

4. **Immunity from Liability.** It is intended, agreed, and understood that the governmental immunity from liability to which a municipality or its police department is entitled under the laws of the State of Texas and the United States of America shall be extended to and include the LPD, its Board of Commissioners, and the Cities, and their agents, employees and officers. Nothing in this Agreement should be construed as a waiver of immunity from liability.

5. **Board of Commissioners.**

A. The affairs of the LPD shall be administered by a Board of Commissioners (the "Board"). The Board shall consist of four commissioners, two from each of the Cities as set forth herein.

B. **Designation; Term Limits.** The commissioners representing each of the Cities on the Board shall be named thereto as the representative of that city by formal resolution of the city council of each city. Except as contained herein, each commissioner shall serve for a term of two years as set forth herein, though the commissioners so named by any city may be changed at will by formal resolution of the city council of that city during the term of the commissioner. In the event such a change in commissioners by any city occurs, the city making such change shall immediately give notice as provided herein by furnishing a copy of the resolution of change to the other city and to the Board. No individual shall be named by a city to serve on the Board for greater than two successive terms.

C. **Alternate Commissioners.** In addition, each city shall name one alternate commissioner who shall serve in the event of the absence of either of the commissioners for whom he serves as alternate. Such alternate commissioner shall be named and changed in the same manner and with the same notice as the regular commissioners of the city. Service time of an alternate commissioner shall not be counted towards disqualification of the person for serving two full, successive terms as a commissioner on the Board of Commissioners; provided, however, that no individual shall serve for greater than two full, successive terms as an alternate commissioner and two full, successive terms as commissioner. In the event of the resignation of a commissioner from the Board, that commissioner shall be replaced by the alternate commissioner named by the respective city to serve in his or her absence. After completing the

resigning commissioner's term, the alternate commissioner replacing the individual is then authorized to serve two full, successive terms as commissioner. However, in no event shall one individual serve more than eight successive years as an alternate commissioner and commissioner on the Board.

D. **Ex-Officio Officers.** No Mayor of either of the Cities shall serve at any time as a commissioner or alternate commissioner on the Board of Commissioners but, rather, each Mayor of the Cities shall serve throughout their term as Mayor as an ex-officio member of the Board and will be permitted to attend all meetings, including executive sessions, of the Board. The Mayors, however, will not have voting privileges on the Board. In addition, not more than one councilperson from each city may serve as a commissioner or alternate commissioner at any time during their respective terms as a councilperson from the Cities.

6. **Powers and Duties of the Board.** The Board of Commissioners is empowered to:

A. Draft a constitution, by-laws, and procedures for the orderly execution of its duties; provided, however, such constitution and by-laws and also all such procedures shall not become effective until they have been approved by the city council of each of the Cities;

B. Prepare and submit annual budgets on a fiscal year basis to each of the Cities no later than June 1 of each year. The budgets shall be approved by formal resolution of the city council of each of the Cities prior to September 1 of the year in which the Board's budget is received;

C. Collect the funds paid by each city for the provision of police services as contracted for herein and pursuant to the formula for payment set forth herein. The Board shall insure that all funds are utilized only for the purposes set forth in this Agreement and as contemplated by the Act and shall insure that standard professional accounting and bookkeeping procedures are utilized to maintain the funds. Any expenditure of funds contemplated by the Board not specifically authorized by the annual budget approved by each city shall not be made until formal approval by resolution of the council of each city is obtained;

D. Disburse the collected funds up to those sums authorized in the budget approved by the Cities in order to procure and provide those police services that are made the basis of this Agreement. Any inter-budgetary transfers of funds or expenditures contemplated that are not budgeted shall be approved first by the city councils of the Cities as indicated herein;

E. Prepare monthly statements of accounts, income, and expenses paid during each the month and cumulatively during the current calendar year on an accrual basis. Copies of such statements are to be delivered to each of the Cities on a monthly basis, and in no event later than the tenth day of each successive month;

F. Prescribe a table of organization and provide or assist in the provision of the police services described herein as may be deemed necessary by the Board of Commissioners;

G. Select and appoint a Chief of Police ("Chief") as set forth herein and determine the policies for the Chief in the use of the police resources and services described herein, the policies to be formally set forth in the procedures manual and manual of personnel policies developed and approved by the Board, subject to approval of the Cities as set forth herein. The Chief shall be selected and appointed by the Board and shall be subject to approval of the city council of each city. The Chief shall serve at the will of the Board and may, at any time during his or her service, be terminated as Chief of Police by majority vote of the Board of Commissioners as herein set out, subject to approval of the city council of each of the Cities. The Board shall further be responsible for the selection and appointment of all police officer personnel as contained herein. The Chief shall be responsible for the appointment of all civilian personnel employed by the LPD, subject to confirmation by the Board;

H. Purchase, receive, lease or otherwise acquire, use, and otherwise deal in and with any personal property necessary to the performance of the police services described herein;

I. Maintain its accounting records in accordance with generally accepted accounting principles. These records shall be kept at all times at the office of the LPD and shall be made available at all reasonable times for inspection by any duly authorized representative of the city council of either or both of the Cities;

J. Within 145 days of the end of the fiscal year, cause to be performed an annual audit of all income and disbursements as specified by state law; and

K. To the extent permitted by law, enter into such contracts, within the limits of the applicable approved budget for any given year and only as contemplated by this Agreement, and exercise all powers necessary or appropriate to effectuate any and all of the purposes and powers described herein.

7. **Meetings.** The Board of Commissioners shall meet at least one time in each calendar month during any term of this Agreement, and all such meetings shall be held pursuant to the applicable laws of the State, including Chapter 551, Government Code. The times of meetings shall be determined and specified in the by-laws of the Board, as should all meeting rules and regulations necessary. A majority of the Board shall constitute a quorum for the transaction of business by the Board, provided, however, that at least one commissioner from each of the Cities must be present in order for a quorum to be constituted and in order for the Board to transact business pursuant to this Agreement. All actions of the Board must be approved by the favorable vote of a majority of its members voting.

8. **Chairman and Vice-Chairman of the Board.** A member of the Board of Commissioners shall be designated as Chairman and another member as Vice Chairman. The

positions of Chairman and Vice Chairman shall be alternated annually between representatives of each city, with each city having a representative serving in one of the positions each year. The city whose representative is not sitting as Chairman of the Board shall, by formal resolution of its city council prior to October 1 of that year, designate which of its two commissioners shall sit as Vice-Chairman. The duties of the Chairman and Vice Chairman are the same as the other commissioners except that additionally the Chairman shall call and preside at all meetings he attends and shall be the ceremonial officer in charge of the Board. The Vice Chairman shall call and preside at meetings in the absence of the Chairman.

9. **Funding.** Each city shall fund the LPD budget on a 50/50 basis; that is, each city agrees hereby to provide funds for one-half of the budgeted expenses of the LPD for each year of this Agreement, the budgeted expenditures having been approved prior to September 1 of each such year by the city council of each city. As contained herein, all such funds shall be provided by the city council of each city to the LPD on an apportioned basis, on or before the first day of each month of each year in which the LPD continues to operate pursuant to this Agreement.

10. **Personal Property: Ownership and Use of Equipment.** The ownership of existing vehicles and all equipment currently dedicated to law enforcement and police protection purposes by each of the Cities, if any, shall remain the property of the city presently owning same and no changes in the title or ownership to any such equipment or vehicles shall be made. All such vehicles and equipment shall, however, be dedicated by each city to the LPD for its use in law enforcement and police protection operations and the Board of Commissioners shall be responsible for the use of all such vehicles and equipment. Any future sale of any such vehicles or equipment shall inure solely to the benefit of the city owning such vehicles or equipment and not to the LPD or in any way to the other city not owning the vehicles or equipment. To the extent permitted by law, all personal property assets, including vehicles and equipment, acquired before or after the effective date of this Agreement by the LPD for law enforcement and police protection services, including vehicles and equipment, shall be the property of the LPD in whose name the title of the vehicles and equipment shall be. All of such assets, including all vehicles and equipment, shall, however, be specifically held by the LPD in trust for the Cities and it is understood by the Cities and the LPD that each such city owns a one-half interest in all such assets, including all such vehicles and equipment.

11. **Real Property: Ownership and Use of Land and Improvements.** Each city will provide certain of its land and facilities for the use and benefit of the LPD as agreed in the attached "Facilities Agreement" (Exhibit A). The Cities agree that any request for additional space needed for the use and benefit of the LPD will be treated as a request to each city independent of the annual budget.

12. **Notice.** Any notice required to be given by terms of this Agreement shall be given by registered or certified mail, return receipt requested, to the Cities at the following mailing addresses:

City of Taylor Lake Village
500 Kirby Road
Taylor Lake Village, Texas 77586

with a copy to:

Scott Bounds
Olson & Olson
2727 Allen Parkway, Suite 600
Houston, Texas 77019

City of El Lago
411 Tallowood Drive
El Lago, Texas 77586

with a copy to:

Arthur Val Perkins
Gardere
Wells Fargo Plaza, Suite 3400
1000 Louisiana
Houston, Texas 77002

Notice also may be given by actual delivery of notice to the office of the city during normal business hours on Monday through Friday, except on national holidays. Notice of a change of address shall be given in like manner.

13. **Service of Process.** Upon receipt of service of process naming it, the LPD, as the police department for the Cities, the Board of Commissioners shall cause a complete copy of such process to be delivered promptly to each of the Cities.

14. **Citations Not Accepted.** The Board of Commissioners is not authorized to and shall not accept service of citation or other process for the Cities upon matters that are the subject of this Agreement.

15. **Insurance.** For the protection of the officers and employees of the LPD, the Board of Commissioners and employees thereof, the Cities, their respective mayors, councilmen, officers, and employees thereof, the Board of Commissioners shall acquire and maintain in force the following insurance protection:

A. Fidelity and surety insurance covering theft, embezzlement, or other wrongful or fraudulent taking, pledging, appropriation or use of any funds or property of the LPD.

B. Comprehensive liability insurance coverage on all such personnel in an amount to be determined by the Cities. Each city shall also be named on the face of the policy *as* an "insured".

C. Public liability insurance coverage on all vehicles, each city being named on the face of the policy as an "insured", such policy to afford bodily injury, property damage and comprehensive coverage in amounts and with deductible coverages to be determined by the Cities.

D. An umbrella insurance policy, in excess of the insurance limits contained in the policies prescribed in sections B and C above, providing additional coverage in an amount to be determined by the Cities.

16. **Control of Personnel and Equipment.** Except as set out in this Agreement, all police personnel are under the direction, control and supervision of the LPD. All vehicles and equipment owned and/or operated by the Lakeview Police Department, pursuant to this Agreement, shall be used only for official police business and in accordance with such rules, regulations, policies and procedures governing the LPD.

17. **Termination.** Notice of termination or non-renewal of this Agreement by one city must be delivered at least 275 days prior to the end of the initial term or any renewal term of this Agreement. Upon timely receipt of notice of termination from a city, the following procedures will control:

A. To permit an orderly transfer of property and shift of police responsibility, this Agreement, after notice of termination or non-renewal, shall remain in effect for one additional year, such additional year to commence on the first anniversary date (October 1) next following receipt of such notice as is prescribed in paragraph 1 hereof. No further notice of termination or non-renewal need be given.

B. At the time of termination, the assets of the LPD, other than realty (land and improvements), shall be distributed in kind and equal shares. If such assets are not susceptible to division in kind, such assets shall be distributed on the basis of their market value and, if necessary, such distribution shall be made by drawing of lots.

C. The Cities shall make every reasonable effort to agree to the budget for the following year of operation of the LPD by approving a budget submitted by the LPD to each of the Cities as set forth herein. If the Cities are not able to agree regarding the budget, then the budget for the preceding year of operation shall control and shall be utilized as the budget of the final year of operation for the LPD.

D. Notwithstanding any other provision of this paragraph 17, the Cities may mutually agree to any other suitable withdrawal or terminating procedure.

18. **Availability of Funds.** All expenditures made by each city in fulfilling its obligations hereunder shall be paid only from current revenues legally available to the city. Each city agrees that it shall make payments for this Agreement from current revenues available to the city and that it will not budget or expend funds for other law enforcement or other police services unless it has current revenues available to make payments for this Agreement.

19. **No Third Party Beneficiaries.** The provisions of this Agreement are for the benefit of the Cities only. There are no third party beneficiaries of this Agreement.

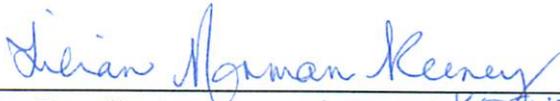
20. **Place of Performance; Venue.** All obligations of each city shall be performed in Harris County, Texas. Venue for any action arising out of this Agreement shall lie exclusively in the state courts in Harris County, Texas.

21. **Severability.** If any provision(s) of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, (1) such provision(s) shall be fully severable, (2) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never been part of this Agreement, and (2) the remaining provisions of this Agreement shall remain in full force and effect.

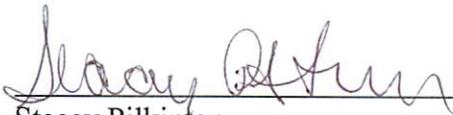
22. **Entire Agreement.** This is the complete and entire Agreement between the Cities with respect to the matters herein and supersedes any prior negotiations, agreements, representations and understandings, if any. This Agreement may not be modified, discharged or changed in any respect whatsoever except by a further agreement in writing approved by the city councils of both Cities.

EXECUTED this 20th day of September, 2012.

CITY OF TAYLOR LAKE VILLAGE, TEXAS


Jon Powell LILLIAN NORMAN KEENEY
Mayor Pro temp.

ATTEST:


Stacey Pilkinton
City Secretary

CITY OF EL LAGO, TEXAS


Brad Emel
Mayor

ATTEST:

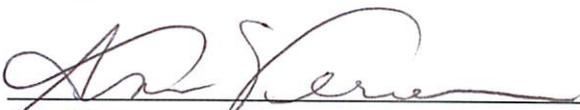

Ann Vernon
City Secretary

EXHIBIT A

FACILITIES AGREEMENT

**City of Taylor Lake Village, Texas
and the City of El Lago, Texas**

This Facilities Agreement is an Interlocal Cooperation Agreement entered into by and between the City of Taylor Lake Village ("Taylor Lake Village") and the City of El Lago ("El Lago"), each a municipal corporation located in Harris County, Texas, (hereinafter referred to, collectively, as "Cities").

Whereas, the Cities agree that Taylor Lake Village will lease to the Lakeview Police Department three hundred twenty-nine square foot (329 sq. ft.), more or less, of the building located at 500 Kirby Blvd., Taylor Lake Village, Texas and more particularly described as the Taylor Lake Village City Hall. The leased enclosed, air-conditioned building space shall be utilized by the Lakeview Police Department for dispatch, emergency management, and related services;

Whereas, the Cities agree that Taylor Lake Village will lease to the Lakeview Police Department 100 square fee, more or less, of the building located at 500 Kirby Blvd, Taylor Lake Village, Texas and more particularly described as the Taylor Lake Village City Hall. The leased enclosed air conditioned building space shall be utilized by the Lakeview Police Department for storage and related services;

Whereas, the Cities agree that El Lago will lease to the Lakeview Police Department one thousand two hundred fifty-five square foot (1,255 sq. ft.), more or less, of the building located at 98 Lakeshore Drive, El Lago, Texas. The leased enclosed, air-conditioned building space shall be utilized by the Lakeview Police Department (LPD) for all law enforcement and police protection functions undertaken by the LPD; and

Whereas, the Cities agree that such building space shall include the right to use such accessory and common areas of the each city such as restroom facilities, parking facilities and other exterior spaces presently used by the LPD for the conduct of its governmental operations;

Now, the Conditions subject to the LPD's Facilities Conditions hereinafter set forth, and in consideration of the covenants of payment and performance stipulated herein, Taylor Lake Village and El Lago, each separately, does hereby lease to and permit the LPD, and LPD does hereby lease and permit the use of this property described above, and the Cities of the primary interlocal police department agreement between the parties.

3. Fees. The Cities agree that LPD shall compensate each city for the space occupied in an amount equal to building space occupied by the LPD within each respective city's facilities multiplied by a lease and utilities cost amount of \$19.91 per square foot per year. The fees shall be prorated on a monthly basis and deducted from each city's monthly funding payment made under Section 9 of the Interlocal Cooperation Agreement between the Cities. If

the amount of space being used by the LPD in a city increases then, subject to the submittal of a request and approval for the increase in space to the Lakeview Police Board of Commissioners and the approval of both Cities, that increase in space shall be compensated to the city on the same basis as set forth above, with the increased payment being made at the next monthly funding after approval.

4. Liability Insurance.

a. Each city shall maintain so called "all risk" fire and extended coverage insurance (including vandalism and malicious mischief insurance, and flood insurance) on the building space provided by it for the LPD, with a limit of or in an amount not less than eighty percent (80%) of the replacement value thereof, less the cost of excavations, foundation, footings and underground tanks, conduits, pipes, piling and other underground items. Payments for losses shall be made solely to the city that owns the building incurring the loss.

b. Each city shall also insure against property damage and public liability.

c. Each city shall name the Lakeview Police Department as a named insured on the policies of insurance required herein and provide a copy of such insurance policies to the LPD.

5. Maintenance and Repair.

a. Each city shall, at its own cost and expense, repair any damage to the foundation, roof, or exterior walls of the Facilities provided for the LPD by that city pursuant to this agreement.

b. Each city shall maintain and keep at its own expense the Facilities provided for the LPD by that city pursuant to this agreement.

6. Utilities. Each city shall provide all utilities (electricity, garbage, gas, sewer and water) for the use of the Facilities provided for the LPD by that city pursuant to this agreement.

7. Damage by Casualty. If during the term hereof the Facilities or any part thereof provided by either city shall suffer damages for fire, explosion, providential means or other casualty, then the LPD shall have the option to terminate use of their Facilities.

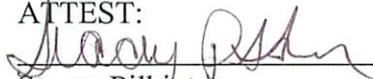
8. Accessibility. Each city, at its sole cost and expense, shall install and maintain all measures necessary to comply with all accessibility legal requirements with respect to the Facilities provided for the LPD by that city.

EXECUTED this 20th day of September, 2012.

CITY OF TAYLOR LAKE VILLAGE, TEXAS


Jon Powell LILIAN NORMAN KEENEY
Mayor Pro temp.

ATTEST:


Stacey Pilkinton
City Secretary

CITY OF EL LAGO, TEXAS


Brad Emel
Mayor

ATTEST:


Ann Vernon
City Secretary

City of El Lago

Investment Report - FY2016 2nd Quarter Ending March 31, 2016

TEXPOOL GENERAL ACCOUNT

Beginning Book Value as of December 31, 2014	<u>\$ 5,003.87</u>
Deposits	<u> </u>
Withdrawals	<u> </u>
Interest Earned	<u>\$ 3.74</u>
Ending Book Value as of March 31, 2015	<u>\$ 5,007.61</u>

INVESTMENTS

<u>INSTITUTION</u>	<u>PURCHASE DATE</u>	<u>DESCRIPTION</u>	<u>MARKET VALUE</u>	<u>BOOK VALUE</u>	<u>MATURITY DATE</u>
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	

This report is presented in accordance with the Texas Government Code Title 10, Section 2256.023. The below signed hereby certify that, to the best of their knowledge on the date this report was created, the City of El Lago is in compliance with the provisions of Government Code 2256 and with the stated policies and strategies for the City of El Lago.

Investment Officer

Investment Officer

Ann Vernon, City Secretary

City of El Lago

Investment Report - FY2016 3rd Quarter Ending June 30, 2016

TEXPOOL GENERAL ACCOUNT

Beginning Book Value as of March 31, 2015	\$ 5,007.61
Deposits	
Withdrawals	
Interest Earned	\$ 4.51
Ending Book Value as of June 30, 2015	\$ 5,012.12

INVESTMENTS

INSTITUTION	PURCHASE DATE	DESCRIPTION	MARKET VALUE	BOOK VALUE	MATURITY DATE
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	

This report is presented in accordance with the Texas Government Code Title 10, Section 2256.023. The below signed hereby certify that, to the best of their knowledge on the date this report was created, the City of El Lago is in compliance with the provisions of Government Code 2256 and with the stated policies and strategies for the City of El Lago.

Investment Officer

Investment Officer

Ann Vernon, City Secretary