



City of Humble, Texas

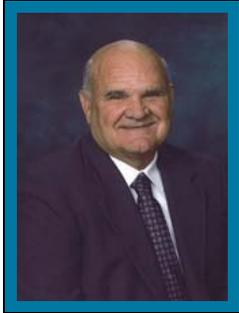


Comprehensive Annual Financial Report



October 1, 2013 through September 30, 2015

CITY OF HUMBLE, TEXAS



MERLE AARON
Mayor

City Officials



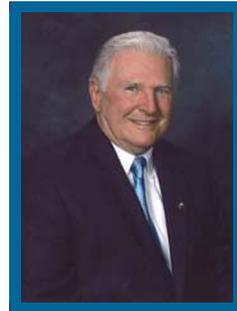
ANDY CURRY
Councilman



RAY CALFEE
Councilman



NORMAN FUNDERBURK
Councilman



ALLAN STEAGALL
Councilman



David Pierce
Councilman



DARRELL BOESKE
City Manager



JASON STUEBE
City Secretary

September 30, 2015

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

City of Humble, Texas

**For the fiscal year ended
September 30, 2015**

**Report Prepared By
City Manager and
Members of His Staff**

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INTRODUCTORY SECTION



City of
Humble

114 WEST HIGGINS, HUMBLE, TEXAS 77338, (281) 446-3061

FAX: (281) 446-7843

MERLE AARON
MAYOR

COUNCIL MEMBERS

RAY CALFEE
CHARLES "ANDY" CURRY
NORMAN FUNDERBURK
DAVID PIERCE
ALLAN STEAGALL

CITY MANAGER
DARRELL BOESKE

CITY SECRETARY
JASON STUEBE

March 31, 2016

To the Honorable Mayor and Members of the
City Council of the City of Humble, Texas

The Comprehensive Annual Financial Report (CAFR) of the City of Humble, Texas (the "City") for the fiscal year ended September 30, 2015, is hereby submitted. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects and that it is reported in a manner designed to present fairly the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Whitley Penn, a firm of licensed certified public accountants, has issued an unqualified ("clean") opinion on the City of Humble's financial statements for the year ended September 30, 2015. The independent auditor's report is located in the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City

The City is located approximately 18 miles north of downtown Houston, in the northeast quadrant of Harris County. The City occupies approximately 10 square miles, and serves a diverse population of more than 15,000.

The City was incorporated in 1933 and chartered as a home-rule city under Texas law in 1970. The City operates under the "Council-Mayor-Manager" form of government with five Council members and a Mayor serving staggered two-year terms. The Mayor presides at meetings of the City Council and exercises other powers and performs other duties as are or may be conferred and imposed upon him by the City Charter and City Ordinances. The Mayor shall be recognized as the head of the City Government for all ceremonial purposes, by the court for civil process and by the government for purposes of military law. The City Council enacts ordinances, determines policies, and adopts the

annual budget. The City Manager is appointed by the City Council and is responsible for the daily management of the City.

A full range of municipal services is provided by the City of Humble including police, fire, emergency medical services, maintenance of streets and infrastructure, maintenance of the treated water distribution system, both sanitary and storm sewer collection and transmission systems, parks, civic center, arena complex, senior activity center and performing arts center, and general administrative services.

Local Economy

Being a suburb of the City of Houston, Humble is naturally linked economically to the Greater City of Houston region. Many of the area residents work in Houston's diverse business community that includes the petrochemical industry, world renown medical facilities, land, air and water based shipping and transportation, energy, manufacturing, educational facilities and tourism. The City profits from a number of large employers including a major retail outlet, state-of-the-art medical facilities, manufacturing, and smaller but well established retail and service type businesses. The City also benefits from being immediately adjacent to the Houston Intercontinental Airport. This has helped propel growth in the hotel/motel industry within the City bringing numerous visitors into our City for shopping and dining opportunities.

Because of the strength of the regional and local economy, Humble continues to experience growth in commercial and light industrial development. The tax roll certified by the Harris County Appraisal District for 2016 increased by \$88.9 million, or 6.4%. The City maintained its tax rate at \$0.20 for the 2015 fiscal year, which is one of the lowest ad-valorem tax rates of any municipality within Harris County.

The City saw an increase of approximately 6.1% in fiscal year 2015 sales tax as the economy continues to improve. Sales Tax revenues were budgeted with a small increase from the previous year. The City ended the year better than anticipated; with sales tax revenues totaling \$13.8 million compared to \$13.0 million in the prior year.

Financial Policies

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

We believe the City's accounting controls provide reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period by employees in the normal course of performing their assigned functions.

The annual budget serves as the foundation of the City's financial planning and control. The department administrators prepare and submit budget requests for the operation, maintenance and capital expenditures for their respective departments. These budget requests are submitted to the City Manager and are used as a starting point for developing a proposed budget. The budget process involves contributions from City employees, the City Manager, the governing body and the public. The final proposed budget is adopted by the governing body and implemented on October 1. The City Manager may make transfers of appropriations within a department's budgeted operations and maintenance levels; however, reallocation of personnel and capital appropriations as well as the transfer of appropriations between departments must be approved by the City Council.

During the year, expenditure controls are maintained by each department with review of the budget provided by the Finance Director and overall control exercised by the City Manager. Constant review of revenue and expenditure estimates is performed to assure the integrity of the adopted budget and to assure funds are available to meet current obligations. As a result of this review, it is possible to exercise administrative budgetary controls throughout the year. As demonstrated by the financial statements presented in this report, the City continues to meet its responsibility for sound financial management.

Long-Term Financial Planning

When the City adopts a one-year budget, we implement strategies, both financial and operational, to meet existing challenges and to plan for future needs. Decisions are not based solely on current conditions but on the long-term welfare of the community. Financial forecasts are reviewed annually during the budget process to ensure that the City can continue to meet its challenges and fulfill its obligations. The forecast shows that the City should be able to accomplish the following:

- Maintain a tax rate at \$0.20 per \$100 value.
- Fund existing services at current service levels
- Meet current and future debt service needs

Sales tax receipts are the largest source of revenue for the City and have historically accounted for more than 47% of General Fund revenues. The City has seen stable collection of sales tax revenues in the last 12 months. Based on the current economic climate, there is about 3% growth built in to budgeted sales tax revenues for 2016 over 2015.

In addition, the City has recognized the long-term financial implications of its pension and retiree health benefits. Regarding pensions, it has continued to pay the full contribution rate to the Texas Municipal Retirement System to ensure the long-term sustainability of the plan. For retiree health care, the City continues to pay 75 percent of the premiums.

Major Initiatives

Just six months after the April 2015 completion of the remodel and restoration of the Charles Bender Performing Arts Center (formerly Charles Bender High School), the City slated a full season of concerts, shows, and other display and productions of visual and performing arts for the cultural benefit of the community and its neighbors.

The City is committed to providing well-maintained infrastructure as extensive concrete and asphalt pavement improvement projects began which will significantly improve many roads through-out the City limits. The total costs of these improvements are estimated to be approximately \$20 million upon completion.

Other Information

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Humble for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such comprehensive annual financial reports must satisfy both generally accepted accounting principles and applicable legal requirements.

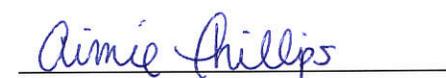
A Certificate of Achievement is valid for a period of one year only. The City of Humble has received a Certificate of Achievement for 13 consecutive years. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for review.

Acknowledgements

The preparation of this report was accomplished with the efficient and dedicated services of the entire staff of the finance department and the cooperation of all other City departments. We would like to express our appreciation to all members of the finance department staff and other City department staff who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and City Council members for their continued interest and support in planning and conducting the financial operations of the City in a responsible and professional manner.

Respectfully submitted,


Darrell Boeske, City Manager


Aimee Phillips, Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Humble
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

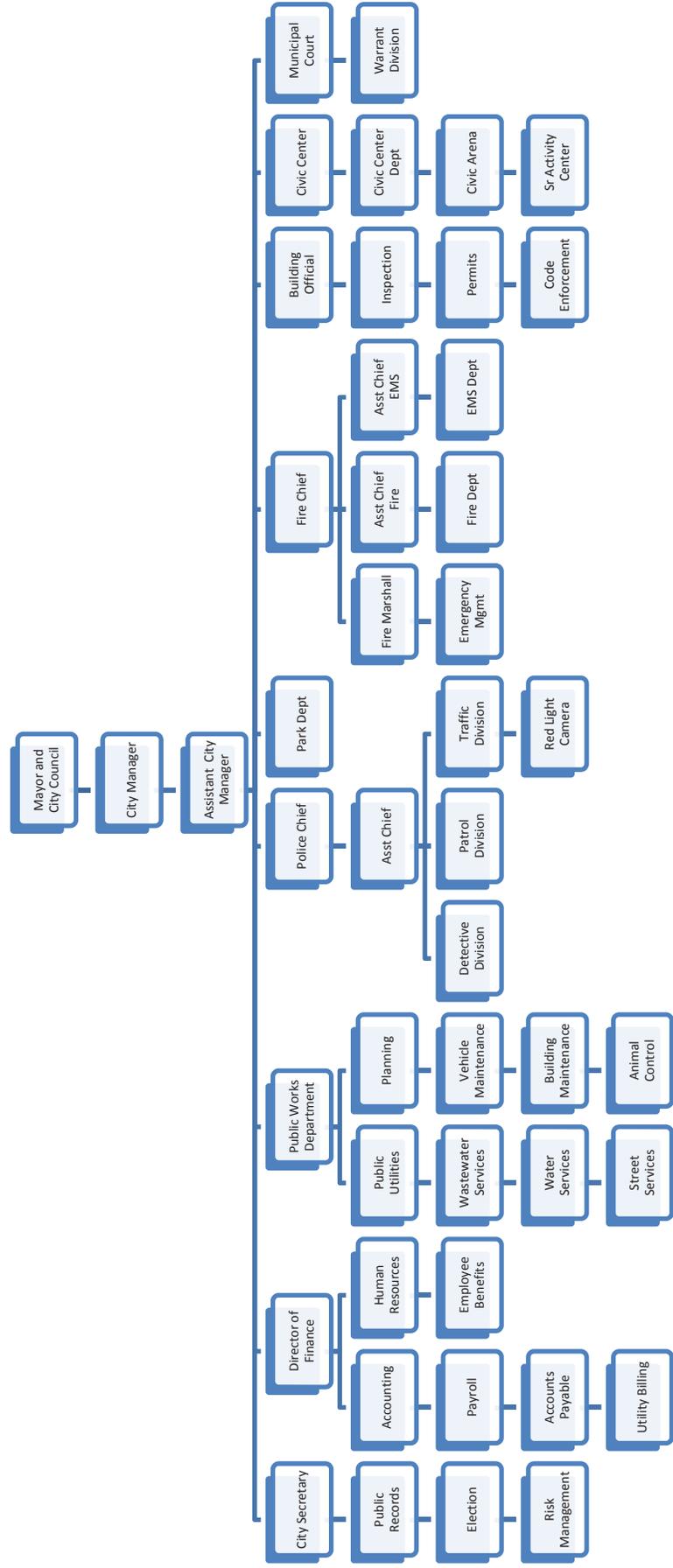
Executive Director/CEO

CITY OF HUMBLE, TEXAS
 PRINCIPAL OFFICIALS
 September 30, 2015

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Merle Aaron	Mayor	2017
Charles Curry	Councilman Position 1	2017
Ray Calfee	Councilman Position 2	2017
Norman Funderburk	Councilman Position 3	2016
Allan Steagall	Councilman Position 4	2016
David Pierce	Councilman Position 5	2016

<u>Department Heads</u>	<u>Appointive Position</u>
Darrell Boeske	City Manager
Jason Stuebe	City Secretary
Aimee Phillips	Finance Director
Barry Brock	Director of Public Works
Gary Warman	Chief of Police
Gary Outlaw	Fire Chief
James Nykaza	Fire Marshal
Sandra Elliott	Court Administrator
Ray Pearson	Building Official
Sergio Corrales	Civic Center Director
Jeremy Mittag	Parks Director

CITY OF HUMBLE, TEXAS ORGANIZATIONAL CHART



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and members of City Council
City of Humble, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Humble, Texas 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Honorable Mayor
and members of City Council
City of Humble, Texas

Emphasis of Matter

As discussed in Note I and Note VI to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date for the year ending September 30, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and other post-employment benefit systems information on pages 6-16, and 65-72 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, debt service budgetary schedule and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The debt service budgetary schedule is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



Houston, Texas
March 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Humble, Texas
Management's Discussion and Analysis
(unaudited)

The management of the City of Humble (the "City") offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$122,236,724 (*net position*). Of this amount, \$22,763,151 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$7,478,991.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$37,271,272, a decrease of \$4,816,218 under the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$19,558,851 or 76 percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused vacation leave and net pension liability.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the City include general government, court, public safety, public works, and community services. The business-type activities of the City include the distribution and sale of treated water and the collection and disposal of sewage.

The government-wide financial statements can be found on pages 19-21 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

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

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects fund, and red light camera fund, all of which are considered to be major funds. Since the special revenue fund is considered to be a non-major fund, it is reported in a column labeled "Non-Major Fund" in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and

changes in fund balances. The governmental fund financial statements can be found on pages 22-25 of this report.

Proprietary funds. The City maintains only one type of proprietary fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its distribution and sale of treated water and the collection and disposal of sanitary waste.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 26-29 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-62 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required and other *supplementary information* which can be found on pages 65-72 and 75, respectively, of this report. This information includes a budgetary comparison schedule for the general fund.

Government-wide Financial Analysis

Set forth below is condensed financial data extracted from the government-wide financial statements.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$122,236,724 at the close of the most recent fiscal year.

By far the largest portion of the City's net position, 64%, reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Humble's Net Position

	Governmental Activities		Business-type Activities		Total	Total
	<u>2015</u>	<u>2014*</u>	<u>2015</u>	<u>2014*</u>	<u>2015</u>	<u>2014*</u>
Assets:						
Current and other assets:	\$ 46,167,617	\$ 51,451,662	\$ 10,669,214	\$ 8,511,966	\$ 56,836,831	\$ 59,963,628
Capital assets, net	56,166,505	44,946,212	27,976,892	28,770,288	84,143,397	73,716,500
Total assets	<u>102,334,122</u>	<u>96,397,874</u>	<u>38,646,106</u>	<u>37,282,254</u>	<u>140,980,228</u>	<u>133,680,128</u>
Total Deferred Outflows of Resources						
	<u>1,662,928</u>	<u>1,177,174</u>	<u>184,700</u>	<u>130,797</u>	<u>1,847,628</u>	<u>1,307,971</u>
Liabilities:						
Current liabilities	3,689,004	3,963,573	836,058	669,849	4,525,062	4,633,422
Long-term liabilities	9,443,450	9,339,942	405,383	330,566	9,848,833	9,670,508
Net pension liability	5,271,665	5,365,039	585,700	561,397	5,857,365	5,926,436
Total liabilities	<u>18,404,119</u>	<u>18,668,554</u>	<u>1,827,141</u>	<u>1,561,812</u>	<u>20,231,260</u>	<u>20,230,366</u>
Total Deferred Inflows of Resources						
	<u>323,872</u>	<u>-</u>	<u>36,000</u>	<u>-</u>	<u>359,872</u>	<u>-</u>
Net Position:						
Net investment in capital assets	50,406,505	38,711,211	27,976,892	28,770,288	78,383,397	67,481,499
Restricted	21,090,176	21,332,381	-	-	21,090,176	21,332,381
Unrestricted	13,772,378	18,862,902	8,990,773	7,080,951	22,763,151	25,943,853
Total net position	<u>\$85,269,059</u>	<u>\$78,906,494</u>	<u>\$ 36,967,665</u>	<u>\$ 35,851,239</u>	<u>\$ 122,236,724</u>	<u>\$ 114,757,733</u>

*As noted above, during the fiscal year ended September 30, 2015, the City implemented GASBs No. 68 & 71 relating to the recognition of the net pension liability relating to City's employee retirement plan administered by the Texas Municipal Retirement System. Prior year liabilities have been presented in this schedule for comparative purposes.

An additional portion of the City's net position (17.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$22,763,151) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental activities.

The following table provides a summary of the City's operations for the year ended September 30, 2015.

City of Humble's Changes in Net Position

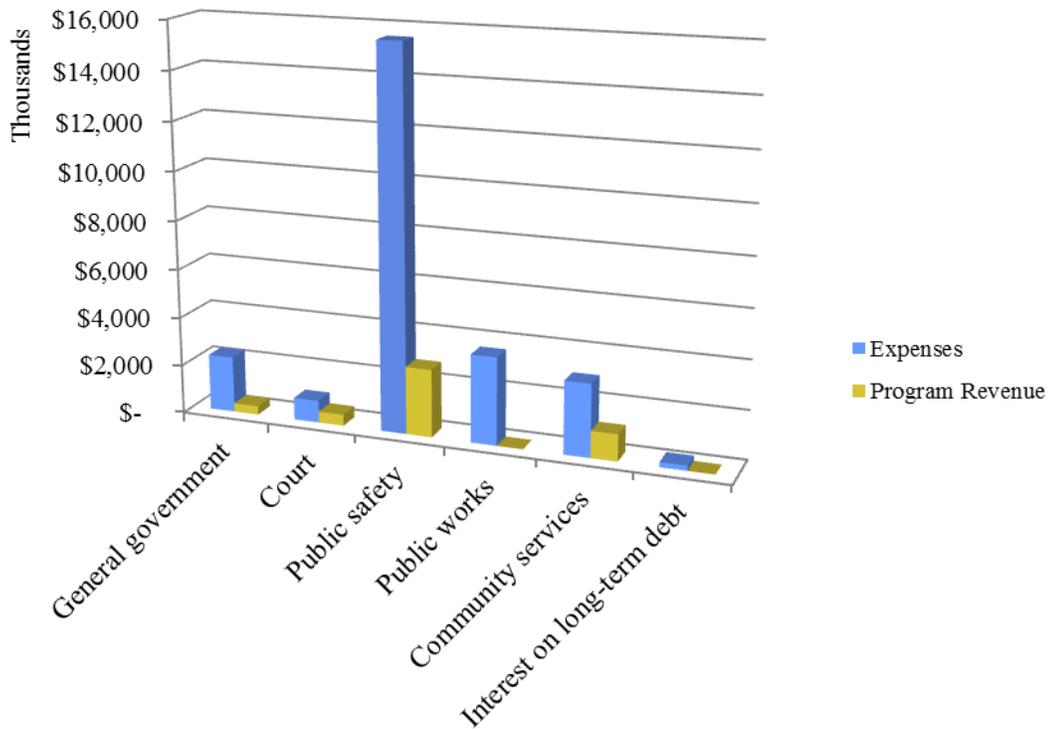
	Governmental activities		Business-type activities		Total	Total
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues:						
Charges for services	\$ 4,665,104	\$ 6,538,745	\$ 7,785,615	\$ 7,728,085	\$ 12,450,719	\$ 14,266,830
Operating grants and contributions	19,279	15,348			19,279	15,348
General revenues:						
Property taxes	3,017,870	2,810,416			3,017,870	2,810,416
Sales taxes	13,825,421	13,027,778			13,825,421	13,027,778
Other taxes	2,356,957	2,412,584			2,356,957	2,412,584
Contributions not restricted to a specific program	6,912,711	6,513,889			6,912,711	6,513,889
Other	250,559	114,386	53,580	15,687	304,139	130,073
Total revenues	<u>31,047,901</u>	<u>31,433,146</u>	<u>7,839,195</u>	<u>7,743,772</u>	<u>38,887,096</u>	<u>39,176,918</u>
Expenses:						
General government	2,296,281	2,214,887			2,296,281	2,214,887
Court	912,002	940,620			912,002	940,620
Public safety	15,531,040	14,928,331			15,531,040	14,928,331
Public works	3,589,075	3,401,250			3,589,075	3,401,250
Community services	2,975,595	3,232,039			2,975,595	3,232,039
Interest on long-term debt	211,206	227,017			211,206	227,017
Water and sewer operations			5,892,906	5,780,025	5,892,906	5,780,025
Total expenses	<u>25,515,199</u>	<u>24,944,144</u>	<u>5,892,906</u>	<u>5,780,025</u>	<u>31,408,105</u>	<u>30,724,169</u>
Increase in net position before transfers	5,532,702	6,489,002	1,946,289	1,963,747	7,478,991	8,452,749
Transfers	829,863	625,920	(829,863)	(625,920)	-	-
Increase (decrease) in net position	<u>6,362,565</u>	<u>7,114,922</u>	<u>1,116,426</u>	<u>1,337,827</u>	<u>7,478,991</u>	<u>8,452,749</u>
Net position – beginning	82,781,555	75,666,633	36,281,839	34,944,012	119,063,394	110,610,645
Change in accounting principles**	<u>(3,875,061)</u>	<u>(3,875,061)</u>	<u>(430,600)</u>	<u>(430,600)</u>	<u>(4,305,661)</u>	<u>(4,305,661)</u>
Net position - ending	<u>\$ 85,269,059</u>	<u>\$78,906,494</u>	<u>\$ 36,967,665</u>	<u>\$ 35,851,239</u>	<u>\$122,236,724</u>	<u>\$114,757,733</u>

**During the fiscal year ended September 30, 2015, the City implemented GASB Statements No.s 68 and 71 regarding the recognition of the net pension liability relating to City's employee retirement plan administered by the Texas Municipal Retirement System. Prior year liabilities have been added to the ending Net Position balance but pension related activities have not been presented in this schedule as the information is not available. See Note VI for more information.

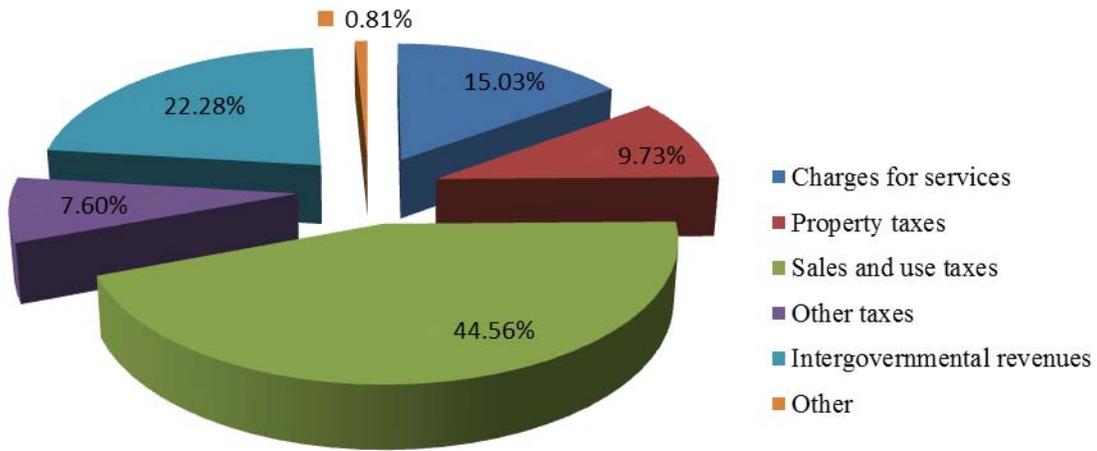
Governmental Activities. Governmental activities increased the City’s net position by \$6,362,565, compared to \$7,114,922 in the prior year, thereby accounting for 85 percent of the total growth in the net position of the City. During 2015 there was an increase in revenue as described below as well as an increase in expenses of \$571,055. The City’s significant sources of revenue are as follows: sales taxes amounted to \$13,825,421 or 45 percent of the total governmental revenues. The City also has an agreement with the City of Houston’s Metropolitan Transit Authority (“Metro”) to receive contributions from Metro equal to 50% of the City’s sales tax revenue collected on behalf of Metro. That contribution totaled \$6,912,711 for 2015, which accounts for 22 percent of total revenue from governmental activities. Total revenues for 2015 decreased by \$385,245 under 2014 mainly due to decreases in charges for services which can be attributed to a reduction in violations issued and collections on fines.

The total expense of all governmental activities this year was \$25,515,199 which is an increase of \$571,055 from the prior year. The public safety function accounts for a majority of this increase which was attributable to increased salaries and benefits.

Expenses and Program Revenues – Governmental Activities



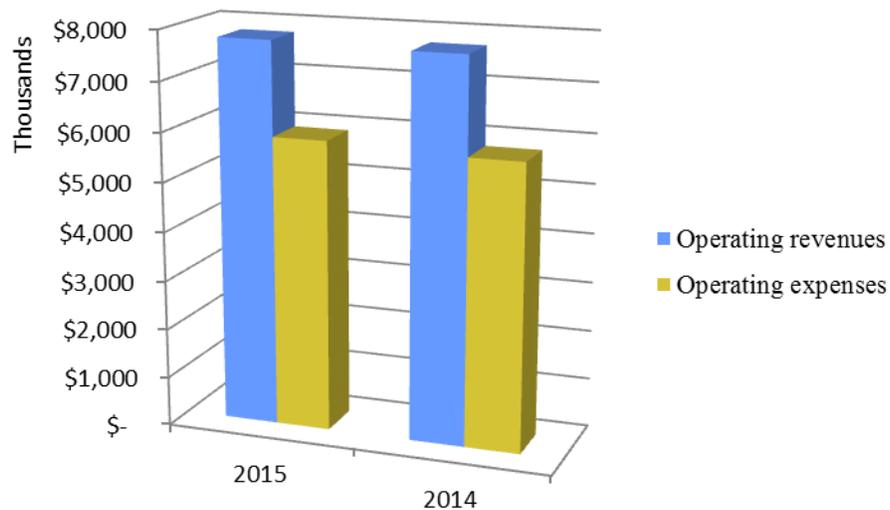
Revenues by Source – Governmental Activities



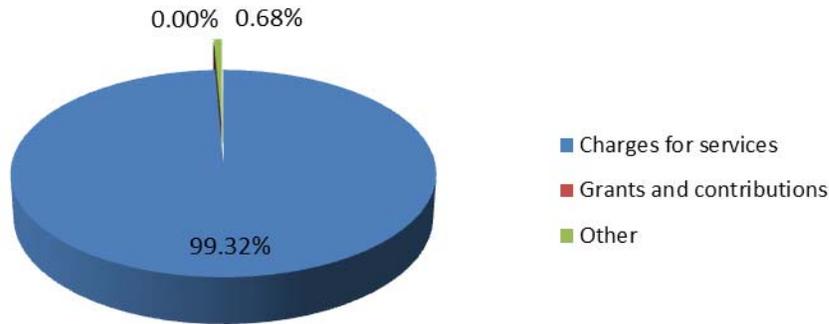
Business-type activities. Business-type activities increased the City’s net position by \$1,116,426, accounting for 15 percent of the total growth in the government’s net position from operations in the current year, compared to an increase in net position of \$1,337,827 from the prior year.

Charges for utility services remained relatively flat with a slight increase of \$57,530 from the prior year.

Expenses and Program Revenues – Business-Type Activities



Revenues by Source - Business-Type Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$37,271,272, a decrease of \$4,816,218 in the current year.

The General Fund is the chief operating fund of the City. At the end of the current year, its unassigned fund balance was \$19,558,851, while total fund balance reduced to \$33,990,897. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to its expenditures. Unassigned fund balance was \$19,558,851, or 76 percent of General Fund expenditures. The General Fund also had restricted amounts of \$13,912,987 for Metro transportation projects, \$229,449 for Court Security and Technology, and, \$289,610 for Public Safety. Fund balance in the General Fund decreased from prior year by \$5,792,296 which can mostly be attributed to the following: transfers out to the capital projects fund for drainage, concrete and asphalt improvement projects, expenditures for the remodel and restoration of the historic Charles Bender High School and renovations of the jail and public works facilities.

The primary sources of revenue for the general fund are the following:

- Property and sales tax revenue, which accounts for approximately 58% of total general fund revenue.
- Intergovernmental revenues account for approximately 24% of total general fund revenue. Most of the intergovernmental revenue consists of contributions from the Metropolitan Transit Authority of Harris County, Texas (Metro). The City allocates its Metro contributions to the general fund to cover the street department and to fund other road and drainage projects. The Metro contribution was \$6,912,711 for 2015.

The debt service fund has a total fund balance of \$3,072, all of which is reserved for the payment of debt service. Expenditures exceeded revenues by \$688,723, with an overall net decrease in fund balance for the year of \$441 after transfers.

The capital projects fund spent \$8,851,339 on street and drainage projects resulting in an ending fund balance of \$972,571 all of which is restricted or assigned for capital projects. The net increase in fund balance for the fiscal year was \$606,638.

The red light camera fund has a fund balance of \$1,646,326, which is used to account for revenues and expenditures relating to implementation of the red light system.

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

Unrestricted net position of the City's Enterprise Fund at the end of the year totaled \$8,990,773. The increase in net position was \$1,116,426. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

Budgetary Highlights

General Fund. Differences between the original budget and the final amended budget for the general fund amounted to a \$2,696,978 increase in appropriations for the following budgets: (1) administration department budget increased \$2.1 million mainly due to carryover of appropriations from fiscal year 2014 for the completion of the property improvements for Charles Bender High School and (2) animal control capital expenditure budget was increased \$326,000 from carryover of appropriations from fiscal year 2014 for improvements to the animal control office building. During the year actual revenues were more than budgeted by \$2,185,936 and actual expenditures were \$1,934,825 less than final budget amounts. These changes were primarily due to the following factors:

- Sales tax collections increased almost 6% and intergovernmental revenues from the 50% METRO rebate also increased as a result of that tax increase due to the improved economic climate the City experienced in 2015.
- "All other" and "Personnel" expenditures accounted for more than \$725,000 and \$983,000, respectively, of the decrease in actual expenditures which demonstrates the expenditure controls maintained by each department assures the integrity of the budget.

Capital Asset and Debt Administration

Capital assets. At the end of fiscal year 2015, the City's governmental activities and business-type activities had invested \$56.1 million and \$27.9 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents a net increase of \$10.4 million over the end of last fiscal year.

City of Humble's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land and intangibles	\$ 1,390,406	\$ 1,390,406	\$ 288,667	\$ 288,667	\$ 1,679,073	\$ 1,679,073
Land improvements			361,686	395,307	361,686	395,307
Construction in Progress	208,836	7,746,705		172,969	208,836	7,919,674
Buildings & structures	14,666,490	6,831,325	1,231,824	1,316,853	15,898,314	8,148,178
Underground equipment			25,632,403	26,272,168	25,632,403	26,272,168
Improvements	35,604,739	24,710,337			35,604,739	24,710,337
Vehicles	1,422,743	658,231	90,847	125,944	1,513,590	784,175
Other equipment	2,873,291	3,609,208	371,465	198,380	3,244,756	3,807,588
Total	<u>\$ 56,166,505</u>	<u>\$ 44,946,212</u>	<u>\$ 27,976,892</u>	<u>\$ 28,770,288</u>	<u>\$ 84,143,397</u>	<u>\$ 73,716,500</u>

Major capital asset events during the current fiscal year included the following:

- Completion of several phases within the concrete and asphalt pavement improvement project.
- Completion of the renovations to several city buildings, including Charles Bender High School.

Additional information on the City's capital assets can be found in Note III on pages 45-46 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt obligations outstanding of \$5,760,000. Bonded debt represents bonds secured solely by specified revenue sources.

City of Humble's Outstanding Debt

	Governmental Activities	
	2015	2014
Certificates of obligation	<u>\$ 5,760,000</u>	<u>\$ 6,235,000</u>
Total	<u>\$ 5,760,000</u>	<u>\$ 6,235,000</u>

The City's outstanding debt decreased by \$475,000 (7.6 percent) during the current fiscal year.

The City maintains a “AAA” rating from Standard & Poor’s and a “A2” rating from Moody’s for bond debt.

Additional information on the City’s long-term debt can be found in Note III on pages 48-49 of this report.

Economic Factors and Next Year’s Budgets and Rates

The unemployment rate for the City of Humble (as defined by the Houston-Sugar Land-Baytown MSA), as of September 2015 was 4.6%, compared to 4.7% in the prior year. The U.S. unemployment rate in September 2015 was 5.1% while the Texas rate was 4.4%.

The City began to experience growth in sales tax revenues once again, ending the year more than 6% higher than budgeted. The City ended the year with a 6.1% increase; revenues totaling \$13.8 million were collected compared to \$13.0 million in the prior year.

It is anticipated that modest revenue growth will continue into fiscal year 2016. The Fiscal Year 2016 budget has been prepared to allow the City to maintain existing service levels and strategies are in place to deal with any divergence from the planned course. As with any financial forecast, strategies are in place to deal with any divergence from the planned course. Through the most recent downturn, the City’s proactive approach to reducing costs in anticipation of decreases in revenues helped the City to emerge with a stronger financial health than prior to the downturn.

These factors were considered in preparing the City’s budget for the 2016 fiscal year. The total adopted budget for fiscal year 2016, approved by City Council on September 15, 2015, is \$56.7 million and represents a 67% increase from the fiscal year 2015 adopted budget. This significant increase is due to 2016 being the first year with a Capital Projects Fund budget. The fiscal year 2016 budget is based on a level tax rate of \$0.20 and 2015 taxable valuation totals \$1.6 billion, a 17.3% increase from the 2014 adjusted tax roll.

During the current fiscal year, unassigned fund balance in the general fund decreased to \$19,558,851. It is intended that the use of available fund balance will avoid the need to raise taxes or charges during the 2016 fiscal year. The City also uses surplus working capital from the General Fund to supplement capital projects during the year as the needs arise.

Requests for Information

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Humble, Director of Finance, 114 W. Higgins, Humble, TX, 77338.

BASIC FINANCIAL STATEMENTS

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STATEMENT OF NET POSITION
CITY OF HUMBLE, TEXAS
September 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 13,788,666	\$ 4,792,375	\$ 18,581,041
Investments	22,641,752	4,655,749	27,297,501
Receivables, net of allowance	9,580,182	1,378,107	10,958,289
Internal balances	157,017	(157,017)	-
Capital assets			
Land, construction in progress and intangibles	1,599,242	288,667	1,887,909
Other capital assets, net of accumulated depreciation	54,567,263	27,688,225	82,255,488
Total Assets	\$ 102,334,122	\$ 38,646,106	\$ 140,980,228
Deferred Outflows of Resources			
Deferred outflows relating to pension activities	1,662,928	184,700	1,847,628
Total Deferred Outflows of Resources	1,662,928	184,700	1,847,628
Liabilities			
Accounts payable and accrued liabilities	\$ 3,530,489	\$ 332,546	\$ 3,863,035
Unearned revenue	133,891		133,891
Accrued interest payable	24,624		24,624
Customer deposits		503,512	503,512
Long-term liabilities:			
Due within one year	1,506,702	102,226	1,608,928
Due in more than one year	7,936,748	303,157	8,239,905
Net pension liability	5,271,665	585,700	5,857,365
Total Liabilities	18,404,119	1,827,141	20,231,260
Deferred Inflows of Resources			
Deferred inflows relating to pension activities	323,872	36,000	359,872
Total Deferred Inflows of Resources	323,872	36,000	359,872
Net Position			
Net investment in capital assets	50,406,505	27,976,892	78,383,397
Restricted for:			
Transportation	13,912,987		13,912,987
Capital projects	844,041		844,041
Development activities	658,156		658,156
Public safety	5,445,543		5,445,543
Municipal court	229,449		229,449
Unrestricted	13,772,378	8,990,773	22,763,151
Total Net Position	\$ 85,269,059	\$ 36,967,665	\$ 122,236,724

The notes to financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES
 CITY OF HUMBLE, TEXAS
 For the year ended September 30, 2015

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Functions/Programs:</u>				
Primary government:				
Governmental activities:				
General government	\$ 2,296,281	\$ 352,923	\$ -	\$ -
Court	912,002	461,536		
Public safety	15,531,040	2,752,095	19,129	
Public works	3,589,075			
Community services	2,975,595	1,098,550	150	
Interest on long-term debt	211,206			
Total governmental activities	<u>25,515,199</u>	<u>4,665,104</u>	<u>19,279</u>	<u>-</u>
Business-type activities:				
Water & sewer operations	5,892,906	7,785,615	-	-
Total primary government	<u>\$ 31,408,105</u>	<u>\$ 12,450,719</u>	<u>\$ 19,279</u>	<u>\$ -</u>

GENERAL REVENUES:

Taxes:
Property taxes, levied for general support
Sales taxes
Franchise taxes
Hotel/motel occupancy tax
Other taxes
Contributions not restricted to specific programs
Unrestricted investment earnings
Miscellaneous
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning
Prior Period Adjustment
Net position - ending

The notes to financial statements are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,943,358)	\$ -	\$ (1,943,358)
(450,466)		(450,466)
(12,759,816)		(12,759,816)
(3,589,075)		(3,589,075)
(1,876,895)		(1,876,895)
(211,206)		(211,206)
<u>(20,830,816)</u>	<u>-</u>	<u>(20,830,816)</u>
<u>-</u>	<u>1,892,709</u>	<u>1,892,709</u>
<u>\$ (20,830,816)</u>	<u>\$ 1,892,709</u>	<u>\$ (18,938,107)</u>

\$ 3,017,870	\$ -	\$ 3,017,870
13,825,421		13,825,421
1,477,269		1,477,269
541,333		541,333
338,355		338,355
6,912,711		6,912,711
188,160	44,810	232,970
62,399	8,770	71,169
829,863	(829,863)	-
<u>27,193,381</u>	<u>(776,283)</u>	<u>26,417,098</u>
6,362,565	1,116,426	7,478,991
82,781,555	36,281,839	119,063,394
(3,875,061)	(430,600)	(4,305,661)
<u>\$ 85,269,059</u>	<u>\$ 36,967,665</u>	<u>\$ 122,236,724</u>

BALANCE SHEET - GOVERNMENTAL FUNDS
CITY OF HUMBLE, TEXAS
September 30, 2015

	General	Debt Service	Capital Projects	Red Light Camera	Non-Major Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 10,731,268	\$ 2,998	\$ 820,152	\$ 1,608,323	\$ 625,925	\$ 13,788,666
Investments	21,990,169		149,656	501,927		22,641,752
Receivables, net of allowances	5,789,702	9,371	8,425	3,726,343	46,341	9,580,182
Due from other funds	200,699		1,215,993		-	1,416,692
TOTAL ASSETS	\$ 38,711,838	\$ 12,369	\$ 2,194,226	\$ 5,836,593	\$ 672,266	\$ 47,427,292
LIABILITIES						
Accounts payable and accrued liabilities	1,668,022	-	1,213,230	648,460	777	3,530,489
Accrued compensated absences	20,573					20,573
Due to other funds	1,214,392			32,200	13,083	1,259,675
Unearned revenue	133,891					133,891
TOTAL LIABILITIES	3,036,878	-	1,213,230	680,660	13,860	4,944,628
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	198,391	9,297				207,688
Unavailable revenue - emergency services	445,149					445,149
Unavailable revenue - fines and forfeitures	1,040,523			3,509,607		4,550,130
Unavailable revenue - street assessments			8,425			8,425
TOTAL DEFERRED INFLOWS OF RESOURCES	1,684,063	9,297	8,425	3,509,607	-	5,211,392
FUND BALANCES						
Restricted						
Debt service		3,072				3,072
Transportation	13,912,987					13,912,987
Capital projects			835,616			835,616
Tourism					658,156	658,156
Police and traffic safety	289,610			1,646,326		1,935,936
Municipal court	229,449					229,449
Assigned						
Capital projects			136,955			136,955
Development activities					250	250
Unassigned	19,558,851					19,558,851
TOTAL FUND BALANCES	33,990,896	3,072	972,571	1,646,326	658,406	37,271,271
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 38,711,837	\$ 12,369	\$ 2,194,226	\$ 5,836,593	\$ 672,266	\$ 47,427,291

The notes to financial statements are an integral part of this statement.

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
 FUNDS TO THE STATEMENT OF NET POSITION
 CITY OF HUMBLE, TEXAS
 September 30, 2015

Total fund balances - governmental funds \$ 37,271,271

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

Capital assets of \$91,823,233 net of accumulated depreciation of \$35,656,728 used in governmental activities are not financial resources and therefore are not reported in the funds. 56,166,505

Revenues have been recognized in the government-wide financial statements but are deferred inflows of resources at the fund level as follows:

Property taxes	\$ 139,500	
Penalties and interest	68,188	
Fines	4,550,130	
Other fees	<u>453,573</u>	5,211,391

Certain liabilities are not due and payable in the current period and therefore are not reported in the funds as follows:

Accrued interest payable	\$ (24,624)	
Bonds payable	(5,760,000)	
Net pension liability	(5,271,665)	
OPEB liability	(2,473,222)	
Compensated absences	<u>(1,189,654)</u>	(14,719,165)

Deferred outflows and deferred inflows relating to pension activities 1,339,056

Net position of governmental activities \$ 85,269,059

The notes to financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 CITY OF HUMBLE, TEXAS
 For the year ended September 30, 2015

	General	Debt Service	Capital Projects	Red Light Camera	Non-Major Fund	Total Governmental Funds
Revenues						
Property taxes	\$ 2,975,682	\$ 189	\$ -	\$ -	\$ -	\$ 2,975,871
Sales taxes	13,825,421					13,825,421
Franchise taxes	1,477,269					1,477,269
Hotel/motel occupancy taxes					541,333	541,333
Other taxes	338,355					338,355
Licenses and permits	270,132					270,132
Charges for services	1,816,049				4,040	1,820,089
Fines and forfeitures	1,030,666			1,620,381		2,651,047
Investment income	179,485		1,913	6,762		188,160
Intergovernmental	6,928,653					6,928,653
Other	253,374				150	253,524
TOTAL REVENUES	29,095,086	189	1,913	1,627,143	545,523	31,269,854
Expenditures						
Current:						
General government	1,885,058					1,885,058
Court	851,306					851,306
Public safety	13,949,211			1,353,759		15,302,970
Public works	2,358,232					2,358,232
Community services	2,491,352				127,818	2,619,170
Capital outlay	4,358,948		8,851,339			13,210,287
Debt service:						
Bond principal retirement		475,000				475,000
Interest and fiscal charges		213,912				213,912
TOTAL EXPENDITURES	25,894,107	688,912	8,851,339	1,353,759	127,818	36,915,935
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,200,979	(688,723)	(8,849,426)	273,384	417,705	(5,646,081)
Other Financing Sources (Uses)						
Transfers in	340,000	688,282	9,647,643	-	18,792	10,694,717
Transfers out	(9,333,275)	-	(191,579)	-	(340,000)	(9,864,854)
OTHER FINANCING SOURCES (USES)	(8,993,275)	688,282	9,456,064	-	(321,208)	829,863
NET CHANGE IN FUND BALANCES	(5,792,296)	(441)	606,638	273,384	96,497	(4,816,218)
Fund balances - beginning	39,783,193	3,513	365,933	1,372,942	561,909	42,087,490
FUND BALANCES - ENDING	\$ 33,990,897	\$ 3,072	\$ 972,571	\$ 1,646,326	\$ 658,406	\$ 37,271,272

The notes to financial statements are an integral part of this statement.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
CITY OF HUMBLE, TEXAS
For the year ended September 30, 2015

Net change in fund balances - total governmental funds \$ (4,816,218)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$13,835,900) exceed depreciation (\$2,610,145) in the current period. 11,225,755

The effect of the sale of capital assets is to decrease net position. (5,462)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (215,862)

Contributions for defined benefit pension plans are expenditures in the governmental funds when the contributions are made. However, pension expense is recognized in the government wide statement of activities based on changes in the long-term net pension liability. 1,609,502

Repayment of bond principal and capital leases are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position. 475,000

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 governmental funds as follows:

Pension expense for the pension plan measurement year	(1,354,246)
Changes in other post employment benefit obligation	(499,978)
Changes in accrued compensated absences	(57,957)
Other	2,031

Change in net position of governmental activities \$ 6,362,565

The notes to financial statements are an integral part of this statement.

STATEMENT OF NET POSITION - PROPRIETARY FUND
CITY OF HUMBLE, TEXAS
September 30, 2015

	Enterprise Fund
	<u> </u>
Assets	
Current assets	
Cash and cash equivalents	\$ 4,792,375
Investments	4,655,749
Receivables, net of allowance	<u>1,378,107</u>
Total current assets	10,826,231
Non-current assets	
Capital assets	
Land & intangibles	288,667
Buildings & improvements	4,547,611
Plant & equipment	40,437,836
Less accumulated depreciation	<u>(17,297,222)</u>
Total non-current assets	<u>27,976,892</u>
TOTAL ASSETS	<u>38,803,123</u>
Deferred Outflows of Resources	
Deferred charge on refunding	132,200
Deferred outflows relating to pension activities	<u>52,500</u>
Total Deferred Outflows of Resources	<u>184,700</u>
Liabilities	
Current liabilities	
Accounts payable & accrued liabilities	332,546
Due to other funds	157,017
Accrued compensated absences, current	<u>102,226</u>
Total current liabilities	<u>591,789</u>
Non-current liabilities	
Customer deposits	503,512
Other Post Employment Benefit Obligation (OPEB)	284,284
Accrued compensated absences, noncurrent	18,873
Net pension liability	<u>585,700</u>
Total non-current liabilities	<u>1,392,369</u>
Total Liabilities	<u>1,984,158</u>
Deferred Inflows of Resources	
Deferred inflows relating to pension activities	<u>36,000</u>
Total Deferred Inflows of Resources	<u>36,000</u>
Net position	
Net investment in capital assets	27,976,892
Unrestricted	<u>8,990,773</u>
Total Net Position	<u>\$ 36,967,665</u>

The notes to financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION- PROPRIETARY FUND
CITY OF HUMBLE, TEXAS
For the year ended September 30, 2015

	Enterprise Fund
OPERATING REVENUES	
Charges for sales and services	<u>\$ 7,785,615</u>
Total operating revenues	7,785,615
OPERATING EXPENSES	
Water	2,678,816
Sewer	1,969,181
Depreciation	<u>1,244,909</u>
Total operating expenses	<u>5,892,906</u>
Operating income	<u>1,892,709</u>
NON-OPERATING REVENUES	
Investment income	44,810
Net gain on disposal of assets	<u>8,770</u>
Total non-operating income	<u>53,580</u>
Income before transfers	1,946,289
Transfers in	191,579
Transfers (out)	<u>(1,021,442)</u>
Change in net position	1,116,426
Net position, beginning	36,281,839
Prior Period Adjustment	<u>(430,600)</u>
NET POSITION, ENDING	<u><u>\$ 36,967,665</u></u>

The notes to financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
CITY OF HUMBLE, TEXAS
For the year ended September 30, 2015

	<u>Enterprise Fund</u>
Cash Flows From Operating Activities:	
Receipts from customers and users	\$ 7,746,764
Disbursed for good and services	(3,295,581)
Disbursed for personnel services	<u>(1,189,146)</u>
Net cash provided by operating activities	3,262,037
Cash Flows From Noncapital Financing Activities:	
Transfers in	191,579
Transfers (out)	<u>(1,021,442)</u>
Net cash (used in) noncapital financing activities	(829,863)
Cash Flows From Capital and Related Financing Activities:	
Purchase of capital assets	(451,513)
Proceeds from sale of assets	<u>8,770</u>
Net cash (used in) capital and related financing activities	(442,743)
Cash Flows From Investing Activities:	
Proceeds from sale of investments	2,555,254
Purchase of investments	(2,999,121)
Investment income	<u>44,810</u>
Net cash (used in) investing activities	<u>(399,057)</u>
Net increase in cash and cash equivalents	1,590,374
Cash and cash equivalents - beginning of year	<u>3,202,001</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 4,792,375</u></u>

The notes to financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS - PROPRIETARY FUND - *continued*
 CITY OF HUMBLE, TEXAS
 For the year ended September 30, 2015

	<u>Enterprise Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,892,709
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,244,909
(Increase) decrease in:	
Accounts receivable	(38,851)
Deferred outflows relating to pension activities	(53,903)
Increase (decrease) in:	
Accounts payable and accrued liabilities	139,470
Customer deposits	26,739
Interfund payable	(84,156)
Other Post Employment Benefit Obligation (OPEB)	61,423
Compensated absences	13,394
Net pension liability	24,303
Deferred inflows relating to pension activities	<u>36,000</u>
Net cash provided by operating activities	<u>\$ 3,262,037</u>

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Humble, Texas (the “City”), was incorporated under the laws of the State of Texas in 1933, and the present charter was adopted in 1970. The City operates under a “Home Rule Charter” which provides for a “Mayor-Council-Manager” form of government.

The City provides the following services: public safety to include police, fire and emergency medical services, highways and streets, sanitation, water and sewer services, recreation, public improvements, planning and zoning, 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 general purpose 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. 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 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. The City has no entities, organizations or functions to be included as part of the City’s financial reporting entity.

NOTE I. Summary of Significant Accounting Policies – continued

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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 City's accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained are consistent with legal and managerial requirements.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE I. Summary of Significant Accounting Policies – continued

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 claims and judgments, are recorded only when payment is due. Compensated absences are recorded as expenditures in the governmental fund financial statements if they are paid within 60 days of the end of the current fiscal period.

Property taxes, sales taxes, franchise taxes, licenses, fines 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund – The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for the retirement of general long-term debt and related costs. The primary source of revenues of the Debt Service Fund is intergovernmental revenue.

Red Light Camera Fund – The Red light camera fund is used to account for red light fine receipts that are legally restricted to expenditures for specific purposes as defined by the State. Such expenditures include the cost of leasing the red light camera equipment, operating the system, which includes the costs of creating, reviewing, distributing and delivering violation notices, and to fund traffic safety programs.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE I. Summary of Significant Accounting Policies – continued

The City reports the following non-major governmental funds:

Special Revenue Fund – The City’s Special Revenue Fund is used to account for revenue sources that are legally restricted to expenditures for specified purposes.

The City reports the following major proprietary fund:

Enterprise Fund – The Enterprise Fund is used to account for the City’s water, wastewater collection, and wastewater treatment operations. Such operations are operated in a manner similar to private business enterprises, where the intent of the City is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The acquisition, maintenance and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds (revenue or general obligation) and other City funds. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB).

Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE I. Summary of Significant Accounting Policies – continued

The City uses the following classifications of fund balance in the Governmental Funds to describe the relative strength of the spending constraints:

Non-spendable fund balance - amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted fund balance – amounts that are subject to external restrictions from creditors (such as through debt covenants), grantors, contributors, or laws of other governments.

Committed fund balance - amounts constrained for specific purposes as determined by the City itself, using its highest level of decision-making authority (i.e. City Council). To be reported as committed, amounts cannot be used for any other purposes unless the City takes the same highest level of action to remove or change the constraint. The City establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. City Council will approve obligations of funds, such as multi-year contracts, prior to the end of the fiscal year. At year-end the City has reported no committed funds.

Assigned fund balance – amounts the City intends to use for a specific purpose that is neither restricted or committed and includes the remaining positive fund balance of all governmental funds except for the General Fund. Balances for encumbrances, other than those committed by City Council, fall into this category. Intent can be established by City Council or delegated to the City Manager. The City Council has authorized the City Manager as the official authorized

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The City will typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

The City Council has authorized the City Manager as the official authorized to assign fund balance to a specific purpose as approved by the City's fund balance policy.

The City will maintain the General Fund unassigned fund balance equivalent to 3 months of normal recurring operating costs, based on current year budgeted expenditures. The purpose of this unassigned balance is to protect the City against short-term operating deficits in the General Fund. The unassigned fund balance will be available to cover revenue shortfalls, cover unanticipated expenditures and to defer tax increases.

NOTE I. Summary of Significant Accounting Policies – continued

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances are reported as assigned fund balances since they do not constitute expenditures or liabilities. Encumbrances outstanding at year-end are appropriately provided for in the subsequent year's budget. As of September 30, 2015 there were no outstanding purchase orders.

E. Assets, Deferred outflows, Liabilities, Deferred inflows and Equity

1. Cash, Cash Equivalents and Investments

Highly liquid investments with an original maturity of three months or less are considered cash equivalents. Certificates of deposit and other investments with maturities in excess of three months are carried as investments.

Individual fund cash balances are at times invested in authorized investments. These investments are stated at fair value, or in some instances, cost (which approximates fair value) and are presented in Note III. The City does not carry investments at amortized cost. Earnings from these investments are allocated to each fund based on balances of cash and investments in those funds.

The investment policies of the City are governed by State statute and an adopted City Investment Policy.

Participating investments with a remaining maturity at time of purchase of less than one year and non-participating investments are reported utilizing a cost base measure. Participating investments with a remaining maturity at date of purchase of more than one year are reported at fair value.

2. Receivables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." All trade receivables are shown net of an allowance for uncollectibles.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE I. Summary of Significant Accounting Policies – continued

3. Property Taxes

Property taxes are levied October 1 of each year and are due upon receipt of the City's tax bill 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. The penalties and interest accumulate on the unpaid accounts until July 1, at which time the delinquent accounts are turned over to the tax attorney for legal action. The interest continues to accumulate on the account at 1% per month, but the penalty remains at a maximum of 12% until paid.

A penalty of 6% and interest of 1% is added to delinquent taxes on February 1. The penalty amount increases to a maximum of 12% on July 1 of each year, with interest continuing to increase at 1% per month until the account is paid. An additional penalty of 20% is added in July for attorney costs. There are no discounts allowed on taxes.

4. Inventories and Prepaid Items

Inventories in government funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used. Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis.

Prepays record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Both inventories and prepaids are similarly reported in government-wide and fund financial statements.

5. Capital Assets

Capital assets, which include property, plant and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. 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 two years. Such assets are recorded at historical cost when determinable, or estimated historic costs based on appraisals or other acceptable methods. Gifts or contributions of property and equipment are recorded at fair market value at time of receipt. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE I. Summary of Significant Accounting Policies – continued

Property, plant and equipment of the City are depreciated using a straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	5-50
System infrastructure	5-50
Machinery and equipment	3-20
Vehicles	5-8

Depreciation is allocated to functions and programs in the government-wide statement of activities as follows:

General government	\$ 410,315
Court	62,643
Public safety	453,382
Public works	1,228,335
Community services	<u>455,470</u>
Total governmental activities depreciation	<u>\$ 2,610,145</u>

6. Accumulated Unpaid Compensated Absences

It is the City's policy to permit employees to accumulate certain earned but unused vacation and comp time. Amounts accumulated may be paid to employees upon termination of employment or during employment in accordance with the City's personnel policy. Accumulated personnel leave is accrued in the government-wide statements as current liabilities based upon amounts that were vested as of September 30, 2015. These amounts will be paid out of the general fund and enterprise fund at the amounts reported in the financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees.

7. Long-Term Obligations

Though a portion of the long-term debt was directly related to the purchase of water and sewer infrastructure, the debt and related expenditures are included in the general fund and debt service fund, respectively, as they are expected to be paid from governmental transfers instead of water system revenues.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE I. Summary of Significant Accounting Policies – continued

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. For bonds issued after October 1, 2002, bond discounts or premiums and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

For governmental fund types, bond premiums, discounts and issuance costs are recognized during the current period. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

8. 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.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE I. Summary of Significant Accounting Policies – continued

9. Interfund Transactions

As of September 30, 2015, the interfund balances were as follows:

General Fund	
Due from Enterprise Fund	\$ 155,416
Due from Red Light Camera Fund	32,200
Due from Special Revenue Funds	<u>13,083</u>
	\$ <u>200,699</u>
Due to Capital Projects Fund	<u><u>\$ (1,214,392)</u></u>
Capital Projects Fund	
Due from General Fund	\$ 1,214,392
Due from Enterprise Fund	<u>1,601</u>
	\$ <u>1,215,993</u>
Red Light Camera Fund	
Due from General Fund	<u><u>\$ (32,200)</u></u>
Special Revenue Funds	
Due to General Fund	<u><u>\$ (13,083)</u></u>
Enterprise Fund	
Due to Capital Projects Fund	\$ (1,601)
Due to General Fund	<u>(155,416)</u>
	\$ <u><u>(157,017)</u></u>

The above interfund balances are amounts remaining to be paid for various cost reimbursements and project funding between funds at September 30, 2015.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE I. Summary of Significant Accounting Policies – continued

Interfund transfers, which resulted primarily from various cost reimbursements and project funding to other funds, consisted of the following for the year ended September 30, 2015:

	General Fund	Debt Service Fund	Capital Projects Fund	Non- Major Funds	Enterprise Fund	Total Transfers Out
General fund	\$ -	\$ -	9,314,483	18,792	\$ -	\$ 9,333,275
Debt service fund						-
Capital projects fund					191,579	191,579
Non-Major fund	340,000					340,000
Enterprise fund		688,282	333,160			1,021,442
Total transfers in	<u>\$ 340,000</u>	<u>\$ 688,282</u>	<u>\$9,647,643</u>	<u>\$ 18,792</u>	<u>\$ 191,579</u>	<u>\$10,886,296</u>

10. 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 two items that qualify for reporting in this category:

- Deferred outflows of resources for pension – Reported in both the governmental and business-type activities categories in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently 6.7 years for the City plan.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE I. Summary of Significant Accounting Policies – continued

In addition to liabilities, statements 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 or fund balance 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 two items that qualify for reporting in this category:

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes, fines and fees arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows of resources for pension – Reported in both the governmental and business-type activities categories in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period.

11. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. New Accounting Standards

In the current fiscal year, the City implemented the following new standards:

- GASB Statement 68, Accounting and Financial Reporting for Pensions (“GASB 68”) establishes accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or similar arrangements that meet certain criteria. The Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Implementation is reflected in the financial statements, notes to the financial statements and required supplementary information.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE I. Summary of Significant Accounting Policies – continued

- GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (“GASB 71”) amends the transition provisions of GASB 68. GASB 71 requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. Implementation is reflected in the financial statements and the notes to the financial statements.

NOTE II. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the supplemental schedules:

1. Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. The City Manager holds a budget workshop that includes City Council and department heads. This workshop is open to the public and is usually held the first week of August. Changes are then recommended and approved by Council.
3. The budget is legally adopted via passage of an ordinance at the first Council meeting in September. During this meeting prior to adoption, a public hearing is conducted to obtain taxpayer comments.
4. Any revisions that alter total expenditures of any fund must be approved by City Council, as must transfers from one department to another. The City Manager is authorized to transfer budgeted amounts between line items within any one department. The level on which expenditures may not legally exceed appropriations is at the department level, with the exception of personnel and capital appropriations whose reallocation within a department must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Debt Service Fund and Red Light Camera Fund.
6. Budgets for the General Fund, Debt Service Fund and Red Light Camera Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted, or as amended in accordance with the annual appropriation ordinance.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE III. Detailed Notes On All Funds

A. Deposits and Investments

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of the deposits. The City’s deposits, including certificates of deposit, were fully insured or collateralized as required by the state statutes at September 30, 2015. At year-end, the carrying amount of the City’s deposits (including certificates of deposit) with financial institutions was the same as the bank deposit, except for the primary depository. The total bank balance was collateralized with securities held by the pledging financial institution’s trust department or agent in the government’s name.

Investments – State statutes, city bond ordinances and city resolutions authorize the City’s investments. The City is authorized to invest in U.S. Government obligations and its agencies or instrumentalities, direct obligations of this state or its agencies and instrumentalities, no-load, SEC registered mutual funds with a weighted average stated maturity of less than two years that are invested in allowable securities, obligations of Texas and its agencies, fully collateralized repurchase agreements and reverse repurchase agreements, insured or collateralized certificates of deposit, statewide investment pools and no-load SEC registered money market funds consisting of any of these securities listed.

The City’s investments carried at fair value as of September 30, 2015, are:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Investments:		
Coupon Treasuries	\$ 13,678,852	2.83
Certificates of Deposit	13,614,493	2.48
Government Pools (1)	<u>4,156</u>	0.13
	<u>\$ 27,297,501</u>	

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE III. Detailed Notes On All Funds – continued

Interest Rate Risk – In compliance with the City’s Investment Policy, as of September 30, 2015, the City minimized the interest rate risk related to the decline in fair value of securities due to rising interest rates in the portfolio by: limiting the effective duration of security types not to exceed 3 years with the exception of securities purchased related to reserve funds; structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act; and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar government investment pools.

Credit Risk – In compliance with the City’s Investment Policy, as of September 30, 2015, the City minimized credit risk losses due to default of a security issuer or backer, by: limiting investments to the safest types of securities; limiting Bank Certificate of Deposits to less than \$250,000 covered by (FDIC); all of the City’s purchased investments in U.S. Agencies Bonds were rated AA+, AAA and Aaa by Standard & Poors, Fitch and Moody’s respectively; pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business; and diversifying the investment portfolio so that potential losses on individual securities were minimized. At year-end balances in TexStar were rated AAAM by Standard & Poor’s.

- (1) TexStar is an investment pool created by the initial participants for the joint investment of the participant’s public funds and funds under their control. TexStar was created under the authority of applicable Texas law, including the Cooperating Act and the Investment Act. The business and affairs of the TexStar are managed by a governing Board which has also appointed an Advisory Board consisting of representatives of participants and other persons who do not have a business relationship with TexStar and are qualified to advise the Board.

TexStar operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, and accordingly, the fair value of the position of TexStar is the same as the value of the TexStar shares.

Restricted Cash

In the General Fund, intergovernmental revenues received from METRO Mitigation are restricted for congestion mitigation/traffic which includes constructing or maintaining streets, roads, bridges, installing traffic control signals & improvements, constructing or maintaining sidewalks, streetlights and making drainage improvements. Additionally court building security and technology fees are restricted for use in the municipal court.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE III. Detailed Notes On All Funds - continued

In the Capital Projects Fund, unexpended bond proceeds and intergovernmental revenues are restricted for the use of capital improvement projects.

B. Accounts Receivable

Accounts receivable less allowance for doubtful accounts was comprised of the following categories at year-end:

	General	Debt Service	Capital Projects	Red Light Camera	Non- Major	Enterprise	Total
Taxes	\$ 2,408,319	\$ 7,113	\$ -	\$ -	\$ 46,341	\$ -	\$ 2,461,773
Accounts	3,274,337					1,696,207	4,970,544
Fines	6,958,353			8,196,783			15,155,136
Interest and penalties	85,070	3,987					89,057
Metro mitigation	1,629,492						1,629,492
Assessments			65,016				65,016
Other	25,827					2,042	27,869
Less allowance for doubtful accounts	<u>(8,591,696)</u>	<u>(1,729)</u>	<u>(56,591)</u>	<u>(4,470,440)</u>		<u>(320,142)</u>	<u>(13,440,598)</u>
	<u>\$ 5,789,702</u>	<u>\$ 9,371</u>	<u>\$ 8,425</u>	<u>\$3,726,343</u>	<u>\$ 46,341</u>	<u>\$ 1,378,107</u>	<u>\$ 10,958,289</u>

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE III. Detailed Notes On All Funds - continued

C. Capital Assets

A summary of changes in land, buildings, and equipment included in governmental activities for the year ended September 30, 2015 is as follows:

	Balance 10/1/14	Additions	Deletions	Balance 9/30/15
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,390,406	\$ -	\$ -	\$ 1,390,406
Construction in progress	7,746,705	132,690	(7,670,559)	208,836
Total capital assets, not being depreciated:	<u>9,137,111</u>	<u>132,690</u>	<u>(7,670,559)</u>	<u>1,599,242</u>
Capital assets, being depreciated:				
Buildings	14,685,478	8,444,039		23,129,517
Improvements	39,510,328	11,788,592		51,298,920
Vehicles	4,515,560	1,010,625	(476,505)	5,049,680
Other equipment	10,669,105	130,513	(53,744)	10,745,874
Total capital assets being depreciated	<u>69,380,471</u>	<u>21,373,769</u>	<u>(530,249)</u>	<u>90,223,991</u>
Less accumulated depreciation for:				
Buildings	7,854,153	608,874		8,463,027
Improvements	14,799,991	894,190		15,694,181
Vehicles	3,857,329	242,297	(472,689)	3,626,937
Other equipment	7,059,897	864,784	(52,098)	7,872,583
Total accumulated depreciation	<u>33,571,370</u>	<u>2,610,145</u>	<u>(524,787)</u>	<u>35,656,728</u>
Total capital assets, being depreciated, net	<u>35,809,101</u>	<u>18,763,624</u>	<u>(5,462)</u>	<u>54,567,263</u>
Governmental activities capital assets, net	<u>\$ 44,946,212</u>	<u>\$ 18,896,314</u>	<u>\$ (7,676,021)</u>	<u>\$ 56,166,505</u>

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE III. Detailed Notes On All Funds - continued

A summary of changes in land, buildings, and equipment included in business-type activities for the year ended September 30, 2015 is as follows:

	Balance 10/1/14	Additions	Deletions	Balance 9/30/15
Business-type activities:				
Capital assets, not being depreciated:				
Land and intangibles	\$ 288,667	\$ -	\$ -	\$ 288,667
Construction in progress	172,969		(172,969)	-
Total capital assets not being depreciated	461,636	-	(172,969)	288,667
Capital assets, being depreciated:				
Buildings & structures	4,040,279	-	-	4,040,279
Land improvements	504,382	2,950	-	507,332
Vehicles	482,651	-	-	482,651
Underground equipment	37,416,090	389,509	-	37,805,599
Machinery & equipment	1,974,437	232,023	(56,874)	2,149,586
Total capital assets being depreciated	44,417,839	624,482	(56,874)	44,985,447
Less accumulated depreciation for:				
Buildings & structures	2,723,426	85,029		2,808,455
Land improvements	109,075	36,571		145,646
Vehicles	356,707	35,097		391,804
Underground equipment	11,143,922	1,029,274		12,173,195
Machinery & equipment	1,776,057	58,938	(56,874)	1,778,121
Total accumulated depreciation	16,109,187	1,244,909	(56,874)	17,297,222
Total capital assets, being depreciated, net	28,308,652	(620,427)	-	27,688,225
Business-type activities capital assets, net	\$ 28,770,288	\$ (620,427)	\$ (172,969)	\$ 27,976,892

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE III. Detailed Notes On All Funds - continued

D. Long-Term Debt

Long-term debt at September 30, 2015 was comprised of the following:

	Balance, 10/1/14	Additions	Reductions	Balance, 9/30/15	Due within one year
Governmental activities:					
Certificates of obligation	\$ 6,235,000	\$ -	\$ (475,000)	\$ 5,760,000	\$ 495,000
Compensated absences	1,131,697	688,669	(610,138)	1,210,228	1,011,702
Other Post Employment Benefit Obligation (OPEB)	1,973,245	624,861	(124,884)	2,473,222	-
Total	<u>\$ 9,339,942</u>	<u>\$ 1,313,530</u>	<u>\$ (1,210,022)</u>	<u>\$ 9,443,450</u>	<u>\$ 1,506,702</u>
Business-type activities:					
Compensated absences	107,705	85,227	(71,833)	121,099	102,226
Other Post Employment Benefit Obligation (OPEB)	222,861	76,765	(15,342)	284,284	-
Total	<u>\$ 330,566</u>	<u>\$ 161,992</u>	<u>\$ (87,175)</u>	<u>\$ 405,383</u>	<u>\$ 102,226</u>

The General fund has typically been used to liquidate governmental activity compensated absences in prior years.

The General fund and the Enterprise funds have typically been used to liquidate the net pension obligation and net other postemployment benefit obligation.

Certificates of Obligation Issues. Certificates of obligation are direct obligations of the City for which its full faith and credit are pledged. Repayments of certificates of obligation are from taxes levied on all taxable property located within the City.

Arbitrage Compliance. Proceeds from tax-exempt certificates of obligation issued after September 1, 1986 are subject to the 1986 Tax Reform Act. The City invests, records, and reports these proceeds in the manner set forth by the U.S. Treasury and Internal Revenue Service to maintain the tax-exempt status of the certificates of obligation. There was no arbitrage liability as of September 30, 2015.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE III. Detailed Notes On All Funds - continued

Certificates of obligation consist of the following:

<u>Description</u>	<u>Interest rates</u>	<u>Original issue</u>	<u>Date of Final Maturity</u>	<u>Balances at 9/30/15</u>
Certificates of Obligation:				
2006 Certificates of Obligation	3.42%	\$ 10,000,000	8/15/25	\$ 5,760,000

The annual requirements to amortize certificates of obligation outstanding at September 30, 2015 are as follows:

<u>Year Ending September 30,</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 495,000	\$ 196,992
2017	510,000	180,063
2018	525,000	162,621
2019	545,000	144,666
2020	565,000	126,027
2021-2025	<u>3,120,000</u>	<u>327,123</u>
Total	<u>\$ 5,760,000</u>	<u>\$ 1,137,492</u>

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE 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 over 2,800 other entities in the Texas Municipal League Intergovernmental Risk Pool (“Pool”). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past six fiscal 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. Management is not aware of any circumstances that would cause disallowed claims.

The City has been named as defendant in several lawsuits in the normal course of its operations. Legal counsel for the City is unable to estimate the amount, if any, for which the City may eventually become liable; however, such claims are not material to the financial condition of the City, in the opinion of its management. Should the City become liable in this manner, such liability would be satisfied by budgetary appropriation in a subsequent year.

The City has entered into several contracts which total \$14,442,621. The costs incurred to date related to these contracts are \$8,308,808 and are included in improvements and construction in process as of year-end.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE IV. Other Information - continued

C. Intergovernmental Transactions

The City received the following intergovernmental revenues:

Metro Mitigation - Harris County	\$ 6,912,710
State grant awards	4,851
Federal grant awards	<u>11,092</u>
	<u>\$ 6,928,653</u>

The City entered into a ten-year agreement with the Metropolitan Transit Authority of Harris County, Texas (“Metro”). Under this agreement, Metro agrees to pay the City 50% of the City’s sales tax revenue collected on behalf of Metro. This agreement was effective from October 1, 1999 to September 30, 2009, and was extended to September 30, 2014 effective November 2003. Effective October 2012, the agreement was extended to December 31, 2025. In return, the City agrees to fund transportation improvement capital projects with the proceeds.

Federal and state grant awards were received for various programs applied for by the City.

D. Pension Plan

Plan Description

The City of Humble participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE IV. Other Information - continued

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

Benefits Provided

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

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

The plan provisions are adopted by the City Council, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

Employee deposit rate	6.00%
Matching ration (city to employee)	2 to 1
Years required for vesting	5
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age.

Employees covered by benefit terms.

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Membership

Number of

Inactive employees or beneficiaries currently receiving benefits	87
Inactive employees entitled to but not yet receiving benefits	40
Active employees	<u>187</u>
Total	<u>314</u>

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE IV. Other Information - continued

Contributions

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

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14% and 14.64 % in calendar years 2015 and 2014, respectively. The city's contributions to TMRS for the year ended September 30, 2015 were \$1,765,936, and were equal to the required contributions.

Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103 percent. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE IV. Other Information - continued

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total		100.0%

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE IV. Other Information - continued

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/2013	\$ 57,250,578	\$ 51,324,142	\$ 5,926,436
Changes for the year:			
Service Cost	1,754,213	-	1,754,213
Interest (on the Total Pension Liability)	4,003,543	-	4,003,543
Difference between expected and actual experience	(422,967)	-	(422,967)
Contributions – employer	-	1,773,816	(1,773,816)
Contributions – employee	-	726,992	(726,992)
Net investment income	-	2,936,226	(2,936,226)
Benefit payments, including refunds of employee contributions	(1,868,434)	(1,868,434)	-
Administrative Expense	-	(30,654)	30,654
Other	-	(2,520)	2,520
Balance at 12/31/2014	\$ 60,716,933	\$ 54,859,568	\$ 5,857,365

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE IV. Other Information - continued

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

1% Decrease	Current Single Rate Assumption	1% Increase
6.00%	7.00%	8.00%
\$15,034,858	\$5,857,365	(\$1,640,943)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

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

For the year ended September 30, 2015 the city recognized pension expense of \$1,539,446.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ -	\$ (359,872)
Difference in projected and actual earnings on pension plan investments.	525,171	-
Employer contributions made after the measurement date	1,322,457	-
Totals	<u>\$ 1,847,628</u>	<u>\$ (359,872)</u>

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE IV. Other Information - continued

\$1,307,971 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2016	\$ 68,198
2017	68,198
2018	68,198
2019	68,197
2020	(107,492)
Total	<u>\$ 165,299</u>

E. Other Post-Employment Benefits

1. Supplemental Death Benefits Fund

Plan Description

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post-employment benefit," or OPEB. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund. For the year ended September 30, 2015, the City offered the supplemental death benefit to both active and retired employees. The plan does not issue a separate financial report.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE IV. Other Information - continued

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2015, 2014 and 2013 were \$19,640, \$17,917, and \$17,078, respectively, which equaled the required contributions each year.

2. Post-Employment Health Care Benefits

The City records in the City's financial statements the net increase (or decrease) in the Net Other (non-pension) Post-Employment Benefits (OPEB) obligation, which is any difference between the Annual Required Contribution (ARC) and the amount funded during the year. As the result of an actuarial valuation performed as of December 31, 2014, the following information is disclosed:

Plan Description and Funding Policy

City of Humble Retiree Health Care Plan (COHRHC) is a single-employer defined benefit healthcare plan. Employees who retire from the City of Humble and receive an annuity from TMRS upon leaving the City's employment, and eligible dependents and survivors, are eligible to continue to participate in the City's health insurance programs at the "blended" employee group rate which is determined annually by the City of Humble and approved by the City Council. Prior to retiring, employees may elect to continue to participate in the City's medical, dental, vision and life benefits. To maintain coverage they must continuously pay the monthly premium of the plan and level selected. As of December 31, 2015, a total of twenty-one eligible retirees were participating in the City's group health program.

Retirees pay 25% of the premium for their self and 100% of the premium for their spouse and dependents. The City has elected to finance the plan on a pay-as-you-go basis. The plan does not issue a separate financial report.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE IV. Other Information – continued

The City is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 5.02% of annual covered payroll.

Annual OPEB Cost and Net OPEB Obligation

The City’s annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City had its first OPEB actuarial valuation performed for the fiscal year beginning October 1, 2008 as required by GASB and has since obtained an updated actuarial valuation every two years. The City’s most recent actuarial valuation was obtained as of December 31, 2012.

The City’s annual OPEB cost for the fiscal year ending September 30, 2015 is as follows:

	<u>2015</u>
Annual required contribution (ARC)	\$ 694,361
Interest on OPEB obligation	98,825
Adjustment to ARC	<u>(91,560)</u>
Annual OPEB cost (expense) end of year	701,626
Less employer contributions made	<u>(140,226)</u>
Increase in net OPEB obligation	561,400
Net OPEB obligation, beg. of year	<u>2,196,106</u>
Net OPEB obligation, end of year	<u>\$ 2,757,506</u>

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE IV. Other Information – continued

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2015 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
September 30, 2015	\$ 701,626	\$ 140,226	20.0%	\$ 2,757,506
September 30, 2014	\$ 576,619	\$ 257,937	44.7%	\$ 2,196,106
September 30, 2013	\$ 558,708	\$ 166,371	29.8%	\$ 1,877,424

Funding Status and Funding Progress

The funded status of the City’s retiree health care plan, under GASB Statement No. 45 as of December 31, 2014 is as follows:

Actuarial valuation date	12/31/2014
(1) Actuarial value of assets	\$ -
(2) Actuarial accrued liability (AAL)	\$ 6,415,016
(3) Funded ratio (1) / (2)	0%
(4) Unfunded actuarial accrued liability (UAAL) (2) - (1)	\$ 6,415,016
(5) Covered payroll (active plan members)	\$12,444,055
(6) UAAL as a percentage of covered payroll (4) / (5)	51.6%

Under the reporting parameters, the City’s retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$6,415,016 at December 31, 2014.

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City’s retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The actuarial cost method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE IV. Other Information – continued

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the City’s employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions were as follows:

Actuarial cost method	Projected Unit Credit Cost Method
Amortization period	30-year open amortization
Amortization method	Level as a percentage of payroll
Investment rate of return	4.5% per annum, net of expenses
Healthcare cost trend rate	Initial rate of 7.25% declining to an ultimate rate of 5.50% after 9 years
Payroll growth rate	3% per annum
Inflation rate	3% per annum

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City’s retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The most recently updated actuarial valuation as of December 31, 2014 was obtained during the year ended September 30, 2015. The funding progress for the 2014, 2012 and 2010 valuations are reflected in the required schedule of funding progress presented as required supplementary information.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE V. Prior Period Adjustments

During the current fiscal year, the City made two prior period adjustments to the government-wide and fund financial statements:

The adoption of Governmental Accounting Standards Board (GASB) Statements No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, for the year ended September 30, 2015, has resulted in the restatement of the City’s beginning net position for the fiscal year 2015 government-wide financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of these statements as follows:

A summary of the prior period adjustments follows:

	Governmental Activities	Business- type Activities
Beginning Net Position as originally presented	\$ 82,781,555	\$ 36,281,839
Implementation of GASB Statement No. 68		
Beginning Net Pension Liability	(5,365,039)	(561,397)
Deferred Outflows - 2014 fiscal year pension contributions made after previous Net Pension Liability measurement date	1,177,174	130,797
Reversal of Net Pension Obligation	312,804	
Net prior period adjustment	<u>(3,875,061)</u>	<u>(430,600)</u>
Beginning Net Position as restated	<u>\$ 78,906,494</u>	<u>\$ 35,851,239</u>

NOTE VI. Subsequent Events

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through March 29, 2016, the date on which the financial statements were available to be issued. There were no subsequent events that were required to be recognized or disclosed in the financial statements through that date.

Required Supplementary Information

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND
CITY OF HUMBLE, TEXAS
For the year ended September 30, 2015

	Budget Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 2,662,000	\$ 2,662,000	\$ 2,975,682	\$ 313,682
Sales tax	12,900,000	12,900,000	13,825,421	925,421
Franchise fees	1,458,300	1,458,300	1,477,269	18,969
Other taxes	315,000	315,000	338,355	23,355
Licenses and permits	203,050	203,050	270,132	67,082
Charges for services	1,546,200	1,546,200	1,816,049	269,849
Fines and forfeitures	1,163,500	1,163,500	1,030,666	(132,834)
Investment income	87,000	87,000	179,485	92,485
Intergovernmental	6,450,000	6,450,000	6,928,653	478,653
Other	124,100	124,100	253,374	129,274
TOTAL REVENUES	26,909,150	26,909,150	29,095,086	2,185,936
EXPENDITURES				
Current:				
Administration				
Personnel	713,600	713,600	681,597	32,003
Capital	1,290,864	3,344,924	3,356,773	(11,849)
All other	1,172,173	1,271,920	1,192,161	79,759
Court				
Personnel	663,363	663,363	507,404	155,959
Capital	21,000	21,000	12,780	8,220
All other	393,107	383,867	331,122	52,745
Police department				
Personnel	5,544,972	5,544,972	4,886,137	658,835
Capital	329,200	595,700	689,398	(93,698)
All other	4,464,849	3,970,349	3,630,739	339,610
Fire department				
Personnel	3,099,390	3,114,390	2,990,476	123,914
Capital	88,920	102,420	92,050	10,370
All other	2,005,334	2,055,478	1,820,091	235,387
Streets				
Personnel	692,705	692,705	670,378	22,327
Capital	92,450	483,050	382,210	100,840
All other	887,300	815,200	764,314	50,886
Park department				
Personnel	468,000	468,000	440,144	27,856
Capital	-	-	-	-
All other	380,400	373,400	350,783	22,617
Civic center				
Personnel	620,000	620,000	603,687	16,313
Capital	108,000	97,833	93,960	3,873
All other	955,590	1,040,519	1,002,778	37,741

	Budget Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Animal control				
Personnel	102,000	102,000	97,325	4,675
Capital	5,000.00	305,070	320,700	(15,630)
All other	74,319	100,370	88,869	11,501
Inspections				
Personnel	280,750	280,750	278,891	1,859
Capital	-	-	-	-
All other	213,618	211,318	173,486	37,832
Vehicle maintenance				
Personnel	176,500	176,500	174,780	1,720
Capital	-	-	-	-
All other	109,525	101,209	93,098	8,111
Building maintenance				
Personnel	113,500	113,500	111,525	1,975
Capital	-	-	-	-
All other	65,525	65,525	56,451	9,074
TOTAL EXPENDITURES	<u>25,131,954</u>	<u>27,828,932</u>	<u>25,894,107</u>	<u>1,934,825</u>
REVENUES OVER EXPENDITURES	<u>1,777,196</u>	<u>(919,782)</u>	<u>3,200,979</u>	<u>4,120,761</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds			-	-
Operating transfers in			340,000	340,000
Operating transfers (out)	-	-	(9,333,275)	(9,333,275)
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>(8,993,275)</u>	<u>(8,993,275)</u>
NET CHANGE IN FUND BALANCE	1,777,196	(919,782)	(5,792,296)	(4,872,514)
FUND BALANCE - Beginning	<u>39,783,193</u>	<u>39,783,193</u>	<u>39,783,193</u>	<u>-</u>
FUND BALANCE - Ending	<u>\$ 41,560,389</u>	<u>\$ 38,863,411</u>	<u>\$ 33,990,897</u>	<u>\$ (4,872,514)</u>

See notes to required supplementary information and Independent Auditor's Report.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - RED LIGHT CAMERA FUND
CITY OF HUMBLE, TEXAS
For the year ended September 30, 2015

	Budget Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 1,610,000	\$ 1,610,000	\$ 1,620,381	\$ 10,381
Investment income	-	-	6,762	6,762
TOTAL REVENUES	<u>1,610,000</u>	<u>1,610,000</u>	<u>1,627,143</u>	<u>17,143</u>
EXPENDITURES				
Current:				
Public safety	<u>1,689,461</u>	<u>1,671,961</u>	<u>1,353,759</u>	<u>318,202</u>
TOTAL EXPENDITURES	<u>1,689,461</u>	<u>1,671,961</u>	<u>1,353,759</u>	<u>318,202</u>
REVENUES OVER (UNDER) EXPENDITURES	(79,461)	(61,961)	273,384	335,345
FUND BALANCE - Beginning	<u>1,372,942</u>	<u>1,372,942</u>	<u>1,372,942</u>	<u>-</u>
FUND BALANCE - Ending	<u>\$ 1,293,481</u>	<u>\$ 1,310,981</u>	<u>\$ 1,646,326</u>	<u>\$ 335,345</u>

See notes to required supplementary information and Independent Auditor's Report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
CITY OF HUMBLE, TEXAS

NOTE A. – Summary of Significant Accounting Policies

Basis of Accounting: The legally adopted budgets of the City are prepared on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted, or as amended in accordance with the annual appropriation ordinance.

See notes to required supplementary information and Independent Auditor's Report.

REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CITY OF HUMBLE, TEXAS
For the year ended December 31, 2014

	<u>2014</u>
Total pension liability	
Service Cost	\$ 1,754,213
Interest (on the Total Pension Liability)	4,003,543
Difference between expected and actual experience	(422,967)
Benefit payments, including refunds of employee contributions	<u>(1,868,434)</u>
Net change in total pension liability	3,466,355
Total pension liability – beginning	<u>57,250,578</u>
Total pension liability – ending	<u>\$ 60,716,933</u>
Plan fiduciary net position	
Contributions – employer	\$ 1,773,816
Contributions – employee	726,992
Net investment income	2,936,226
Benefit payments, including refunds of employee contributions	(1,868,434)
Administrative Expense	(30,654)
Other	<u>(2,520)</u>
Net change in plan fiduciary net position	3,535,426
Plan fiduciary net position – beginning	<u>51,324,142</u>
Plan fiduciary net position – ending	<u>\$ 54,859,568</u>
Net pension liability	<u>\$ 5,857,365</u>
Plan fiduciary net position as a percentage of the total pension liability	90.35%
Covered-employee payroll	\$ 12,065,483
Net pension liability as a percentage of covered employee payroll	48.55%

The amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year end. Net pension liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 68. Ten years of data should be presented in this schedule but data was unavailable prior to 2014.

REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
CITY OF HUMBLE, TEXAS
Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially Determined Contribution	\$ 1,765,936	\$ 1,751,372	\$ 1,703,987	\$ 1,701,890	\$ 1,755,556
Contributions in relation to the actuarially determined contribution	<u>1,765,936</u>	<u>1,751,372</u>	<u>1,703,987</u>	<u>1,623,050</u>	<u>1,529,750</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 78,840	\$ 225,806
Covered employee payroll	\$ 12,444,055	\$ 11,673,153	\$ 11,363,367	\$ 11,037,924	\$ 10,879,336
Contributions as a percentage of covered employee payroll	14.2%	15.0%	15.0%	14.7%	14.1%
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially Determined Contribution	\$ 1,715,059	\$ 1,510,103	\$ 1,132,717	\$ 1,043,562	\$ 933,599
Contributions in relation to the actuarially determined contribution	<u>1,715,059</u>	<u>1,510,103</u>	<u>1,132,717</u>	<u>1,043,562</u>	<u>933,599</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 10,915,524	\$ 10,920,237	\$ 10,108,884	\$ 9,091,784	\$ 8,334,692
Contributions as a percentage of covered employee payroll	15.7%	13.8%	11.2%	11.5%	11.2%

REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION
 NOTES TO SCHEDULE OF CONTRIBUTIONS
 CITY OF HUMBLE, TEXAS
 For the year ended December 31, 2014

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.00%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

REQUIRED OTHER POST EMPLOYMENT BENEFIT (OPEB) SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - CITY OF HUMBLE RETIREE HEALTH CARE PLAN
CITY OF HUMBLE, TEXAS
For the year ended September 30, 2015 (Unaudited)

Actuarial valuation date	<u>12/31/2014</u>	<u>12/31/2012</u>	<u>12/31/2010</u>
(1) Actuarial value of assets	\$ -	\$ -	\$ -
(2) Actuarial accrued liability (AAL)	\$ 6,415,016	\$ 5,177,813	\$ 5,533,251
(3) Funded ratio (1) / (2)	0.0%	0.0%	0.0%
(4) Unfunded actuarial accrued liability (UAAL) (2) - (1)	\$ 6,415,016	\$ 5,177,813	\$ 5,533,251
(5) Covered payroll	\$ 11,673,153	\$ 11,363,367	\$ 11,037,924
(6) UAAL as a percentage of covered payroll (4) / (5)	55.0%	45.6%	50.1%

See notes to required supplementary information and Independent Auditor's Report.

Other Supplementary Information

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - DEBT SERVICE FUND
CITY OF HUMBLE, TEXAS
For the year ended September 30, 2015

	Budget Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 750	\$ 750	\$ 189	\$ (561)
TOTAL REVENUES	750	750	189	(561)
EXPENDITURES				
Debt service:				
Bond principal retirement	475,000	475,000	475,000	-
Interest and fiscal charges	213,408	213,408	213,912	(504)
TOTAL EXPENDITURES	688,408	688,408	688,912	(504)
REVENUES (UNDER) EXPENDITURES	(687,658)	(687,658)	(688,723)	(1,065)
OTHER FINANCING SOURCES				
Operating transfers in	688,408	688,408	688,282	(126)
Operating transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	688,408	688,408	688,282	(126)
NET CHANGE IN FUND BALANCE	750	750	(441)	(1,191)
FUND BALANCE - Beginning	3,513	3,513	3,513	-
FUND BALANCE - Ending	\$ 4,263	\$ 4,263	\$ 3,072	\$ (1,191)

See independent auditor's report

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STATISTICAL SECTION

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

CONTENTS

	Page
Financial Trends	78
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	88
These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax and sales tax.	
Debt Capacity	98
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Demographics and Economic Information	103
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating Information	106
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

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

SCHEDULE 1
CITY OF HUMBLE, TEXAS
NET POSITION BY COMPONENT
Last ten fiscal years (Unaudited)
(accrual basis of accounting)

	Fiscal Year			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities				
Net investment in capital assets	\$ 19,580,939	\$ 22,269,913	\$ 21,585,697	\$ 20,085,923
Restricted	2,221,020	2,208,140	3,821,461	5,472,051
Unrestricted	<u>12,900,049</u>	<u>11,951,234</u>	<u>18,466,345</u>	<u>23,606,643</u>
Total governmental activities net position	<u>\$ 34,702,008</u>	<u>\$ 36,429,287</u>	<u>\$ 43,873,503</u>	<u>\$ 49,164,617</u>
Business-type activities				
Net investment in capital assets	\$ 20,519,338	\$ 28,024,846	\$ 27,752,116	\$ 28,629,663
Restricted	-	-	-	-
Unrestricted	<u>5,203,114</u>	<u>5,831,433</u>	<u>6,338,059</u>	<u>6,044,905</u>
Total business-type activities net position	<u>\$ 25,722,452</u>	<u>\$ 33,856,279</u>	<u>\$ 34,090,175</u>	<u>\$ 34,674,568</u>
Primary government				
Net investment in capital assets	\$ 40,100,277	\$ 50,294,759	\$ 49,337,813	\$ 48,715,586
Restricted	2,221,020	2,208,140	3,821,461	5,472,051
Unrestricted	<u>18,103,163</u>	<u>17,782,667</u>	<u>24,804,404</u>	<u>29,651,548</u>
Total primary government net position	<u>\$ 60,424,460</u>	<u>\$ 70,285,566</u>	<u>\$ 77,963,678</u>	<u>\$ 83,839,185</u>

Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 23,139,086	\$ 27,320,527	\$ 28,089,850	\$ 31,712,478	\$ 38,711,211	\$ 50,406,505
4,681,770	6,745,451	16,643,656	12,632,359	21,332,381	21,090,176
<u>25,324,050</u>	<u>27,476,588</u>	<u>22,991,250</u>	<u>31,321,795</u>	<u>22,737,963</u>	<u>13,772,378</u>
<u>\$ 53,144,906</u>	<u>\$ 61,542,566</u>	<u>\$ 67,724,756</u>	<u>\$ 75,666,633</u>	<u>\$ 82,781,555</u>	<u>\$ 85,269,059</u>
\$ 28,668,105	\$ 30,133,849	\$ 29,470,677	\$ 29,552,626	\$ 28,770,288	\$ 27,976,892
-	-	-	-	-	-
<u>5,666,156</u>	<u>4,585,585</u>	<u>6,621,388</u>	<u>5,391,386</u>	<u>7,511,551</u>	<u>8,990,773</u>
<u>\$ 34,334,261</u>	<u>\$ 34,719,434</u>	<u>\$ 36,092,065</u>	<u>\$ 34,944,012</u>	<u>\$ 36,281,839</u>	<u>\$ 36,967,665</u>
\$ 51,807,191	\$ 57,454,376	\$ 57,560,527	\$ 61,265,104	\$ 67,481,499	\$ 78,383,397
4,681,770	6,745,451	16,643,656	12,632,359	21,332,381	21,090,176
<u>30,990,206</u>	<u>32,062,173</u>	<u>29,612,638</u>	<u>36,713,181</u>	<u>30,249,514</u>	<u>22,763,151</u>
<u>\$ 87,479,167</u>	<u>\$ 96,262,000</u>	<u>\$ 103,816,821</u>	<u>\$ 110,610,645</u>	<u>\$ 119,063,394</u>	<u>\$ 122,236,724</u>

SCHEDULE 2
CITY OF HUMBLE, TEXAS
CHANGES IN NET POSITION
Last ten fiscal years (Unaudited)
(accrual basis of accounting)

	Fiscal Year				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses					
Governmental activities:					
General government	\$ 1,690,228	\$ 1,626,823	\$ 2,578,154	\$ 2,224,265	\$ 1,768,237
Court	684,143	725,292	911,395	956,295	982,222
Public safety	9,829,450	10,470,753	12,162,599	13,262,454	13,584,392
Public works	2,580,880	2,802,370	3,072,609	3,142,659	6,710,397
Community services	2,744,553	2,859,886	2,991,041	3,170,031	3,231,319
Interest on long-term debt	874,022	848,200	705,252	588,144	474,787
Total governmental activities expenses	<u>18,403,276</u>	<u>19,333,324</u>	<u>22,421,050</u>	<u>23,343,848</u>	<u>26,751,354</u>
Business-type activities:					
Water & sewer operations	<u>3,195,275</u>	<u>3,744,770</u>	<u>4,840,858</u>	<u>4,629,498</u>	<u>4,810,946</u>
Total primary government expenses	<u>\$ 21,598,551</u>	<u>\$ 23,078,094</u>	<u>\$ 27,261,908</u>	<u>\$ 27,973,346</u>	<u>\$ 31,562,300</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Court fines	\$ 1,200,252	\$ 2,590,766	\$ 1,529,618	\$ 430,957	\$ 1,849,819
Other activities	1,828,402	2,069,810	3,878,221	5,138,495	3,330,720
Operating grants and contributions	-	68,765	1,160,937	517,331	3,202,906
Capital grants and contributions					
Total governmental activities program revenues	<u>3,028,654</u>	<u>4,729,341</u>	<u>6,568,776</u>	<u>6,086,783</u>	<u>8,383,445</u>
Business-type activities:					
Charges for services:					
Water	1,879,727	1,726,844	2,343,749	2,597,751	2,574,842
Sewer	2,897,205	3,108,080	3,028,206	3,416,642	3,447,447
Capital grants and contributions	120,102	-	-	-	4,422
Total business-type activities program revenues	<u>4,897,034</u>	<u>4,834,924</u>	<u>5,371,955</u>	<u>6,014,393</u>	<u>6,026,711</u>
Total primary government program revenues	<u>\$ 7,925,688</u>	<u>\$ 9,564,265</u>	<u>\$ 11,940,731</u>	<u>\$ 12,101,176</u>	<u>\$ 14,410,156</u>
Net (Expense)/Revenue					
Governmental activities	\$ (15,374,622)	\$ (14,603,983)	\$ (15,852,274)	\$ (17,257,065)	\$ (18,367,909)
Business-type activities	1,701,759	1,090,154	531,097	1,384,895	1,215,765
Total primary government net expense	<u>\$ (13,672,863)</u>	<u>\$ (13,513,829)</u>	<u>\$ (15,321,177)</u>	<u>\$ (15,872,170)</u>	<u>\$ (17,152,144)</u>

Fiscal Year				
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,942,585	\$ 2,254,910	\$ 1,960,828	\$ 2,214,887	\$ 2,296,281
894,537	919,512	1,014,342	940,620	912,002
13,186,914	13,267,069	14,447,794	14,928,331	15,531,040
3,422,676	3,078,417	3,298,222	3,401,250	3,589,075
3,023,786	2,948,472	2,894,327	3,232,039	2,975,595
368,157	341,554	305,721	227,017	211,206
<u>22,838,655</u>	<u>22,809,935</u>	<u>23,921,234</u>	<u>24,944,144</u>	<u>25,515,199</u>
<u>5,320,165</u>	<u>5,326,218</u>	<u>6,371,769</u>	<u>5,780,025</u>	<u>5,892,906</u>
<u>\$ 28,158,820</u>	<u>\$ 28,136,153</u>	<u>\$ 30,293,003</u>	<u>\$ 30,724,169</u>	<u>\$ 31,408,105</u>
\$ 1,079,547	\$ 1,385,308	\$ 1,276,763	\$ 1,476,476	\$ 461,536
3,874,111	4,118,317	4,300,721	5,062,269	4,203,568
103,576	22,685	16,415	15,348	19,279
2,943,490	-	-	-	-
<u>8,000,724</u>	<u>5,526,310</u>	<u>5,593,899</u>	<u>6,554,093</u>	<u>4,684,383</u>
3,860,560	3,725,006	3,876,235	3,766,249	3,625,844
3,729,001	3,785,888	3,937,328	3,961,836	4,159,771
25,500	242,996	179,357	-	-
<u>7,615,061</u>	<u>7,753,890</u>	<u>7,992,920</u>	<u>7,728,085</u>	<u>7,785,615</u>
<u>\$ 15,615,785</u>	<u>\$ 13,280,200</u>	<u>\$ 13,586,819</u>	<u>\$ 14,282,178</u>	<u>\$ 12,469,998</u>
\$ (14,837,931)	\$ (17,283,625)	\$ (18,327,335)	\$ (18,390,051)	\$ (20,830,816)
2,294,896	2,427,672	1,621,151	1,948,060	1,892,709
<u>\$ (12,543,035)</u>	<u>\$ (14,855,953)</u>	<u>\$ (16,706,184)</u>	<u>\$ (16,441,991)</u>	<u>\$ (18,938,107)</u>

SCHEDULE 2
CITY OF HUMBLE, TEXAS
CHANGES IN NET POSITION - continued
Last ten fiscal years (Unaudited)
(accrual basis of accounting)

	Fiscal Year			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 2,109,970	\$ 2,215,469	\$ 2,470,257	\$ 2,488,382
Sales taxes	10,967,533	11,638,600	11,715,509	11,222,435
Franchise taxes	1,575,870	1,376,856	1,451,095	1,458,452
Hotel/motel occupancy tax	436,190	477,379	512,994	423,974
Other taxes	218,937	239,184	235,587	283,758
Unrestricted contributions	6,061,364	5,821,596	5,855,459	5,611,218
Miscellaneous	13,105	26,634	-	26,826
Unrestricted investment earnings	1,227,378	1,288,347	593,170	150,830
Transfers	(2,997,518)	(6,752,803)	462,419	882,304
Business-type activities:				
Unrestricted investment earnings	234,088	290,870	165,218	66,645
Miscellaneous	-	-	-	-
Gain (loss) on sale of assets	-	-	-	15,157
Transfers	2,997,518	6,752,803	(462,419)	(882,304)
Total business-type activities	<u>3,231,606</u>	<u>7,043,673</u>	<u>(297,201)</u>	<u>(800,502)</u>
Total primary government	<u>\$ 22,844,435</u>	<u>\$ 23,374,935</u>	<u>\$ 22,999,289</u>	<u>\$ 21,747,677</u>
Change in Net Position				
Governmental activities	\$ 4,238,207	\$ 1,727,279	\$ 7,444,216	\$ 5,291,114
Business-type activities	4,933,365	8,133,827	233,896	584,393
Total primary government	<u>\$ 9,171,572</u>	<u>\$ 9,861,106</u>	<u>\$ 7,678,112</u>	<u>\$ 5,875,507</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 2,549,820	\$ 2,409,633	\$ 2,470,952	\$ 2,577,384	\$ 2,810,416	\$ 3,017,870
10,642,809	11,172,162	11,764,836	12,337,228	13,027,778	13,825,421
1,453,757	1,394,592	1,415,797	1,454,209	1,456,072	1,477,269
411,283	440,888	540,441	571,612	632,201	541,333
263,556	245,883	252,241	265,964	324,311	338,355
5,321,405	5,586,081	5,882,418	6,168,614	6,513,889	6,912,711
13,741	9,137	117,118	97,409	107,809	62,399
97,271	53,152	16,200	8,264	6,577	188,160
1,594,556	1,924,063	991,742	2,788,528	625,920	829,863
38,484	14,340	23,642	9,352	15,687	44,810
-	-	(86,942)	9,972	-	8,770
-	-	-	-	-	-
(1,594,556)	(1,924,063)	(991,742)	(2,788,528)	(625,920)	(829,863)
<u>(1,556,072)</u>	<u>(1,909,723)</u>	<u>(1,055,042)</u>	<u>(2,769,204)</u>	<u>(610,233)</u>	<u>(776,283)</u>
<u>\$ 20,792,126</u>	<u>\$ 21,325,868</u>	<u>\$ 22,396,703</u>	<u>\$ 23,500,008</u>	<u>\$ 24,894,740</u>	<u>\$ 26,417,098</u>
\$ 3,980,289	\$ 8,397,660	\$ 6,168,120	\$ 7,941,877	\$ 7,114,922	\$ 6,362,565
(340,307)	385,173	1,372,630	(1,148,053)	1,337,827	1,116,426
<u>\$ 3,639,982</u>	<u>\$ 8,782,833</u>	<u>\$ 7,540,750</u>	<u>\$ 6,793,824</u>	<u>\$ 8,452,749</u>	<u>\$ 7,478,991</u>

SCHEDULE 3
CITY OF HUMBLE, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
Last ten fiscal years (Unaudited)
(modified accrual basis of accounting)

	Fiscal Year				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund					
Nonspendable					
Prepaid items	\$ 173,304	\$ 17,869	\$ 2,565	\$ 10,065	\$ 2,165
Restricted					
Transportation					
Police and traffic safety	5,940	11,503	14,579	27,696	29,352
Municipal court	36,692	96,627	129,528	190,911	250,236
Committed					
Other purposes	14,016	14,016	14,016	14,016	14,016
Assigned					
Other purposes	464	4,577	2,350	33,190	24,946
Unassigned	12,218,479	17,392,013	20,290,614	23,066,598	24,322,982
Total general fund	<u>\$ 12,448,895</u>	<u>\$ 17,536,605</u>	<u>\$ 20,453,652</u>	<u>\$ 23,342,476</u>	<u>\$ 24,643,697</u>
All Other Governmental Funds					
Restricted					
Debt service	\$ 1,743,650	\$ 1,571,862	\$ 1,702,984	\$ 1,652,302	\$ 1,256,556
Capital projects	18,774,284	6,011,263	2,332,639	416,539	
Tourism	222,439	344,189	564,178	412,232	263,193
Police and traffic safety	1,294		613,729	1,731,941	1,812,501
Committed					
Capital projects	541,972	528,882	479,600	384,624	67,460
Other purposes	9,299	6,185	1,673		9,223
Assigned					
Capital projects	43,979	43,979	43,979	43,979	43,979
Development activities					
Unassigned				(16,172)	
Total all other governmental funds	<u>\$ 21,336,917</u>	<u>\$ 8,506,360</u>	<u>\$ 5,738,782</u>	<u>\$ 4,625,445</u>	<u>\$ 3,452,912</u>

Fiscal Year				
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 2,998	\$ 2,165	\$ 10,415	\$ 10,415	\$ -
1,869,143	11,413,775	8,055,090	15,382,991	13,912,987
52,152	229,880	221,395	294,290	289,610
302,774	365,979	114,830	181,310	229,449
14,016	-	-	-	-
21,863	91,602	-	-	-
26,472,769	23,634,980	32,633,301	23,914,187	19,558,851
<u>\$ 28,735,715</u>	<u>\$ 35,738,381</u>	<u>\$ 41,035,031</u>	<u>\$ 39,783,193</u>	<u>\$ 33,990,897</u>
\$ 1,255,955	\$ 1,141,952	\$ 2,166	\$ 3,513	\$ 3,072
301,315	506,394	404,975	228,978	835,616
156,591	157,304	367,781	561,659	658,156
1,385,793	1,074,247	1,013,666	1,372,942	1,646,326
285,622	285,932	-	-	-
12,795	14,848	-	-	-
43,979	43,979	136,955	136,955	136,955
		10,989	250	250
<u>\$ 3,442,050</u>	<u>\$ 3,224,656</u>	<u>\$ 1,936,532</u>	<u>\$ 2,304,297</u>	<u>\$ 3,280,375</u>

SCHEDULE 4
CITY OF HUMBLE, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last ten fiscal years (Unaudited)
(Modified accrual basis of accounting)

	Fiscal Year				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues					
Property taxes	\$ 2,134,033	\$ 2,264,536	\$ 2,410,039	\$ 2,570,565	\$ 2,572,441
Sales taxes	10,967,533	11,638,600	11,715,509	11,222,435	10,642,809
Franchise taxes	1,575,870	1,376,856	1,451,095	1,458,452	1,453,757
Hotel/motel occupancy taxes	436,190	477,379	512,994	423,974	411,283
Other taxes	218,937	239,184	235,587	283,758	263,556
Licenses and permits	155,965	266,860	169,111	192,915	172,770
Charges for services	1,047,500	1,400,160	1,576,373	1,557,228	1,437,422
Fines and forfeitures	1,353,402	1,512,731	2,754,320	3,898,274	3,178,042
Investment income	1,223,772	1,287,352	589,198	146,540	92,636
Intergovernmental	6,223,393	5,873,781	7,006,632	6,128,339	8,520,831
Other	125,281	158,627	225,307	200,259	104,922
Total revenues	<u>25,461,876</u>	<u>26,496,066</u>	<u>28,646,165</u>	<u>28,082,739</u>	<u>28,850,469</u>
Expenditures					
General Government	1,460,658	1,485,886	2,378,958	2,035,830	1,445,876
Court	719,001	698,528	821,203	863,902	888,667
Public safety	9,678,092	10,391,721	11,497,044	12,830,461	13,328,222
Public works	1,908,882	2,059,346	2,092,895	2,101,999	5,503,659
Community services	2,133,260	2,328,377	2,391,875	2,568,124	2,577,179
Capital outlay	2,022,630	5,484,755	5,758,871	2,947,067	2,831,187
Debt service:					
Bond principal retirement	3,865,000	4,035,000	3,135,000	3,240,000	3,350,000
Capital lease retirement	148,342	146,137	153,951	-	34,764
Interest and fiscal charges	892,573	866,362	719,318	602,173	489,223
Total expenditures	<u>22,828,438</u>	<u>27,496,112</u>	<u>28,949,115</u>	<u>27,189,556</u>	<u>30,448,777</u>
Excess (deficiency) of revenues over expenditures	2,633,438	(1,000,046)	(302,950)	893,183	(1,598,308)
Other Financing Sources (Uses)					
Debt proceeds	10,000,000	-	-	-	132,440
Transfers	(2,997,518)	(6,752,802)	462,419	882,304	1,594,556
Total other financing sources (uses)	<u>7,002,482</u>	<u>(6,752,802)</u>	<u>462,419</u>	<u>882,304</u>	<u>1,726,996</u>
Net change in fund balances	<u>\$ 9,635,920</u>	<u>\$ (7,752,848)</u>	<u>\$ 159,469</u>	<u>\$ 1,775,487</u>	<u>\$ 128,688</u>
Debt service as a percentage of noncapital expenditures	23.6%	22.9%	17.3%	15.8%	14.0%

Fiscal Year				
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 2,421,530	\$ 2,470,181	\$ 2,583,342	\$ 2,853,348	\$ 2,975,871
11,172,162	11,764,836	12,337,228	13,027,778	13,825,421
1,394,592	1,415,797	1,454,209	1,456,072	1,477,269
440,888	540,441	571,612	632,205	541,333
245,883	252,241	265,964	324,311	338,355
225,554	194,785	159,535	281,481	270,132
1,708,923	1,545,103	1,555,415	1,681,722	1,820,089
2,626,438	3,083,056	2,974,525	2,923,635	2,651,047
79,013	101,605	97,410	108,033	188,160
8,616,731	5,905,666	6,178,364	6,526,699	6,928,653
115,545	283,882	256,215	226,876	253,524
<u>29,047,259</u>	<u>27,557,593</u>	<u>28,433,819</u>	<u>30,042,160</u>	<u>31,269,854</u>
1,661,980	1,855,046	1,649,003	1,866,769	1,885,058
811,889	823,496	907,848	855,413	851,306
12,749,384	12,522,049	13,667,913	14,123,026	15,302,970
2,288,273	2,024,168	2,137,537	2,263,845	2,358,232
2,451,070	2,385,502	2,308,631	2,642,289	2,619,170
4,769,049	2,287,558	3,620,071	9,111,837	13,210,287
1,750,000	690,000	2,575,000	460,000	475,000
31,492	32,547	33,637	-	-
377,030	343,716	314,181	228,974	213,912
<u>26,890,167</u>	<u>22,964,081</u>	<u>27,213,821</u>	<u>31,552,153</u>	<u>36,915,935</u>
2,157,092	4,593,512	1,219,998	(1,509,993)	(5,646,081)
-	-	-	-	-
1,924,063	991,743	2,788,528	625,920	829,863
<u>1,924,063</u>	<u>991,743</u>	<u>2,788,528</u>	<u>625,920</u>	<u>829,863</u>
<u>\$ 4,081,155</u>	<u>\$ 5,585,255</u>	<u>\$ 4,008,526</u>	<u>\$ (884,073)</u>	<u>\$ (4,816,218)</u>
9.8%	5.2%	12.4%	3.1%	2.9%

SCHEDULE 5
CITY OF HUMBLE, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last ten fiscal years (Unaudited)

Fiscal Year	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
2006	\$ 779,541,707	\$ 269,302,690	\$ 1,048,844,397	\$ 0.20000
2007	812,546,305	287,240,672	1,099,786,977	0.19885
2008	900,899,500	302,201,965	1,203,101,465	0.20000
2009	945,270,605	336,864,865	1,282,135,470	0.20000
2010	929,101,358	337,322,552	1,266,423,910	0.20000
2011	868,727,782	341,239,263	1,209,967,045	0.20000
2012	884,504,443	340,048,942	1,224,553,385	0.20000
2013	913,965,300	368,444,460	1,282,409,760	0.20000
2014	1,007,494,088	388,558,407	1,396,052,495	0.20000
2015	1,092,819,372	394,408,678	1,487,228,050	0.20000

**SCHEDULE 6
CITY OF HUMBLE, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago (Unaudited)**

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
GGP Deerbrook LP	\$ 121,413,030	1	8.16%	\$ 51,531,567	1	4.91%
Deerbrook	62,937,041	2	4.23%	-	-	0.00%
Vestar DM LLC	44,478,996	3	2.99%	22,006,342	3	2.10%
GE Oil & Gas	36,310,910	4	2.44%	-	-	0.00%
Lawlers Foods	29,547,727	5	1.99%	12,922,966	9	1.23%
Weingarten Nostat Inc	21,897,847	6	1.47%	17,875,070	4	1.70%
Kroger Co	21,265,592	7	1.43%	-	-	0.00%
Wal-Mart	20,101,710	8	1.35%	22,761,190	2	2.17%
Townsen 1960 Associates LP	18,185,844	9	1.22%	-	-	0.00%
WOP Meadowbrook and Parkside LLCs	16,605,803	10	1.12%	-	-	0.00%
The May Dept. Stores				16,120,943	5	1.54%
Deerbrook Investment				16,085,345	6	1.53%
Central Telephone Co.	-	-	0.00%	15,973,745	7	1.52%
Centerpoint Energy	-	-	0.00%	15,198,396	8	1.45%
Dillard's	-	-	0.00%	12,617,720	10	1.20%
Total	\$ 392,744,500		26.41%	\$ 203,093,284		19.36%

Source: City tax assessor/collector

SCHEDULE 7
CITY OF HUMBLE, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last ten fiscal years (Unaudited)

City Direct Rates

Fiscal Year	Basic Rate	Debt Service	Total Direct Rate	Harris County, Texas
2006	0.144630	0.055370	0.200000	0.399860
2007	0.150230	0.048620	0.198850	0.402390
2008	0.200000	0.000000	0.200000	0.392390
2009	0.200000	0.000000	0.200000	0.389230
2010	0.200000	0.000000	0.200000	0.392240
2011	0.200000	0.000000	0.200000	0.388050
2012	0.200000	0.000000	0.200000	0.391170
2013	0.200000	0.000000	0.200000	0.400210
2014	0.200000	0.000000	0.200000	0.414550
2015	0.200000	0.000000	0.200000	0.417310

Source: Tax department records of various taxing authorities.

Harris County Flood Control District	Harris County Hospital District	Port of Houston Authority	HCDE School Equalization	Humble Independent School District	Lone Star College System
0.033220	0.192160	0.014740	0.006290	1.770000	0.120700
0.032410	0.192160	0.013020	0.006290	1.640000	0.116700
0.031060	0.192160	0.014370	0.005853	1.310000	0.114400
0.030860	0.192160	0.017730	0.005840	1.520000	0.110100
0.029220	0.192160	0.016360	0.006050	1.520000	0.110100
0.029230	0.192160	0.020540	0.006581	1.520000	0.117600
0.028090	0.192160	0.018560	0.006581	1.520000	0.121000
0.028090	0.182160	0.019520	0.006617	1.520000	0.119800
0.028270	0.170000	0.017160	0.006358	1.520000	0.116000
0.027360	0.170000	0.015310	0.005999	1.520000	0.108100

SCHEDULE 8
CITY OF HUMBLE, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last ten fiscal years (Unaudited)

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2006	\$ 2,097,689	\$ 2,034,986	97.0%
2007	2,187,537	2,135,084	97.6%
2008	2,406,203	2,349,432	97.6%
2009	2,564,271	2,506,096	97.7%
2010	2,532,848	2,474,725	97.7%
2011	2,419,934	2,381,344	98.4%
2012	2,449,107	2,414,156	98.6%
2013	2,564,820	2,538,036	99.0%
2014	2,792,105	2,767,699	99.1%
2015	2,974,456	2,939,811	98.8%

Source: City tax assessor/collector

Collections in Subsequent Years		Total Collections to Date	
		Amount	Percentage of Levy
\$	54,061	\$ 2,089,047	99.6%
	44,013	2,179,097	99.6%
	48,693	2,398,125	99.7%
	48,036	2,554,132	99.6%
	51,010	2,525,735	99.7%
	30,424	2,411,767	99.7%
	26,668	2,440,825	99.7%
	19,163	2,557,199	99.7%
	10,765	2,778,464	99.5%
	-	2,939,811	98.8%

SCHEDULE 9
CITY OF HUMBLE, TEXAS
TAXABLE SALES
Last ten calendar years (Unaudited)

	Calendar Year				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Retail Sales	\$ 1,096,753,300	\$ 1,163,860,000	\$ 1,171,351,500	\$ 1,102,255,337	\$ 1,074,880,357
City direct sales tax rate	1%	1%	1%	1%	1%

Source: Texas Comptroller of Public Accounts

Note: Retail sales information is not available on a fiscal-year basis

Calendar Year

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,121,526,138	\$ 1,189,911,935	\$ 1,230,673,554	\$ 1,317,130,823	\$ 1,374,604,460

SCHEDULE 10
CITY OF HUMBLE, TEXAS
SALES TAX REVENUE PAYERS BY INDUSTRY
Current year and nine years ago (Unaudited)

Calendar Year 2014				
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Mining, quarrying and oil and gas extraction	7	0.39 %	\$ 8,733	0.07 %
Construction	132	7.83	447,147	3.73
Manufacturing	105	6.25	161,707	1.35
Wholesale Trade	109	6.49	331,138	2.76
Retail Trade	678	40.26	8,202,646	68.41
Transportation and warehousing	8	0.48	2,070	0.02
Information	34	2.02	490,577	4.09
Finance and insurance	16	0.97	8,400	0.07
Real estate, rental and leasing	31	1.84	64,655	0.54
Professional, scientific and technical services	92	5.45	32,058	0.27
Admin, support, waste mgmt and remediation services	97	5.78	367,811	3.07
Educational services	10	0.61	1,620	0.01
Health care and social assistance	20	1.19	11,956	0.10
Arts, entertainment and recreation	25	1.47	79,566	0.66
Accommodation and food services	171	10.14	1,577,294	13.15
Other services	140	8.33	204,336	1.70
Other	9	0.50	-	0.00
	<u>1,684</u>	<u>100.00 %</u>	<u>\$ 11,991,714</u>	<u>100.00 %</u>

Source: Texas Comptroller of Public Accounts

Note: The names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue. Sales tax revenue information is not available on a fiscal-year basis.

Calendar Year 2005

Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
2	0.13 %	\$ -	0.00 %
150	8.43	148,977	1.51
83	4.66	111,853	1.13
89	5.02	177,028	1.79
693	38.93	6,509,771	66.01
7	0.38	5,246	0.05
27	1.52	220,079	2.23
23	1.28	19,837	0.20
38	2.15	159,961	1.62
115	6.46	72,988	0.74
153	8.61	501,616	5.09
8	0.44	1,739	0.02
13	0.73	24,117	0.24
20	1.10	47,057	0.48
155	8.69	1,165,807	11.83
152	8.56	312,059	3.16
52	2.91	384,910	3.90
<u>1,780</u>	<u>100.00 %</u>	<u>\$ 9,863,045</u>	<u>100.00 %</u>

SCHEDULE 11
CITY OF HUMBLE, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
Last ten fiscal years (Unaudited)

Fiscal Year	<u>General Bonded Debt</u>		Percentage of Actual Taxable Value of Property ^a	Per Capita ^b	<u>Other Governmental Activities Debt</u>		
	General Obligation Bonds				Capital Leases		
2006	\$	25,470,000	2.43	\$	1,747.03	\$	300,089
2007		21,435,000	1.95	\$	1,470.27		153,951
2008		18,300,000	1.52		1,255.23		-
2009		15,060,000	1.17		1,032.99		-
2010		11,710,000	0.92		803.21		97,676
2011		9,960,000	0.82		658.16		66,184
2012		9,270,000	0.76		612.57		33,637
2013		6,695,000	0.52		442.41		-
2014		6,235,000	0.45		412.01		-
2015		5,760,000	0.39		380.63		-

Fiscal Year	<u>Business-type Activities</u>		Total Primary Government ^c	Percentage of Personal Income	Per Capita ^b		
	Water/Sewer Revenue Bonds						
2006	\$	-	\$	25,770,089	10.05	\$	1,768
2007		-		21,588,951	8.42		1,481
2008		-		18,300,000	7.13		1,255
2009		-		15,060,000	5.86		1,033
2010		-		11,807,676	4.60		810
2011		-		10,026,184	2.83		663
2012		-		9,303,637	2.88		615
2013		-		6,695,000	2.30		442
2014		-		6,235,000	1.96		412
2015		-		5,760,000	1.69		381

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

^a See Schedule 5 for taxable property value data.

^b See Schedule 15 for population and personal income data.

^c Includes general bonded debt, other governmental activities debt, and business-type activities debt.

SCHEDULE 12
CITY OF HUMBLE, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2015 (Unaudited)

<u>NAME OF GOVERNMENTAL UNIT</u>	<u>GROSS DEBT OUTSTANDING</u>	<u>HUMBLE CITY'S APPLICABLE PERCENTAGE</u>	<u>HUMBLE CITY'S SHARE OF DEBT</u>
Aldine I.S.D.	\$ 428,755,000	0.79%	\$ 3,387,165
Harris County	2,578,076,349	0.45%	11,601,344
Harris County Department of Education	7,210,000	0.45%	32,445
Harris County Flood Control District	87,400,000	0.45%	393,300
Humble Independent School District	636,605,000	10.33%	65,761,297
Lone Star College System	569,325,000	1.07%	6,091,778
Port of Houston Authority	690,219,397	0.45%	<u>3,105,987</u>
	Net Total Estimated Overlapping Debt		\$ 90,373,316
	City of Humble		<u>5,760,000</u>
	Total Net Direct and Estimated Overlapping Debt		\$ <u>96,133,316</u>
	Total Net Direct and Estimated Overlapping Debt Per Capita		\$ <u>6,353</u>

Source: First Southwest Company

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and business of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident - and therefore responsible for repaying the debt - of each overlapping government. The basic approach to estimating the applicable percentage of overlapping debt is to divide the value of the revenue base within the overlapping geographic area by the total revenue base of the overlapping government, and multiply this ratio by the overlapping government's outstanding debt.

SCHEDULE 13
CITY OF HUMBLE, TEXAS
LEGAL DEBT MARGIN INFORMATION
Last ten fiscal years (Unaudited)

	Fiscal Year				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 104,884,440	\$ 109,978,698	\$ 120,310,147	\$ 128,213,547	\$ 126,642,391
Total net debt applicable to limit	<u>25,470,000</u>	<u>21,435,000</u>	<u>18,300,000</u>	<u>15,060,000</u>	<u>11,710,000</u>
Legal debt margin	<u>\$ 79,414,440</u>	<u>\$ 88,543,698</u>	<u>\$ 102,010,147</u>	<u>\$ 113,153,547</u>	<u>\$ 114,932,391</u>
Total net debt applicable to the limit as a percentage of debt limit	24.28%	19.49%	15.21%	11.75%	9.25%

Legal Debt margin Calculation for Fiscal Year 2015

Assessed value	\$ 1,487,228,050
Debt limit (10% of assessed value)	148,722,805
Debt applicable to limit	<u>5,760,000</u>
Legal debt margin	<u><u>\$ 142,962,805</u></u>

Fiscal Year				
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 120,996,705	\$ 122,455,339	\$ 128,240,976	\$ 139,605,250	\$ 148,722,805
<u>9,960,000</u>	<u>9,270,000</u>	<u>6,695,000</u>	<u>6,235,000</u>	<u>5,760,000</u>
<u><u>\$ 111,036,705</u></u>	<u><u>\$ 113,185,339</u></u>	<u><u>\$ 121,545,976</u></u>	<u><u>\$ 133,370,250</u></u>	<u><u>\$ 142,962,805</u></u>
8.23%	7.57%	5.22%	4.47%	3.87%

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SCHEDULE 14
CITY OF HUMBLE, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last ten fiscal years (Unaudited)

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2006	14,579	\$ 256,517,505	\$ 17,595	31.3	4,981	4.8 %
2007	14,579	256,517,505	17,595	31.3	5,051	4.3
2008	14,579	256,517,505	17,595	31.3	5,048	5.1
2009	14,579	256,881,980	17,620	31.3	5,045	8.5
2010	14,579	256,881,980	17,620	31.3	4,739	8.2
2011	15,133	354,308,929	23,413	30.2	4,509	8.6
2012	15,133	322,832,289	21,333	30.3	4,117	6.3
2013	15,133	290,871,393	19,221	31.9	4,184	6.2
2014	15,133	317,918,201	21,008	31.7	4,291	4.7
2015	15,133	341,577,403	22,572	32.3	4,372	4.6

Sources:

- (1) 2010 census data
- (2) Humble Chamber of Commerce
- (3) Humble Independent School District
- (4) Texas Workforce Commission

SCHEDULE 15
CITY OF HUMBLE, TEXAS
PRINCIPAL EMPLOYERS
Current year and nine years ago (Unaudited)

Employer	2015		
	Employees	Rank	Percentage of Total City Employment
Memorial Hermann Northeast Hospital	1000	1	N/A
Humble ISD	567	2	N/A
Lawler Foods	413	3	N/A
Walmart	367	4	N/A
CDI Seals	330	6	N/A
Harris County Annex	272	5	N/A
Macy's	262	7	N/A
City of Humble	183	8	N/A
Sam's Club	160	9	N/A
Home Depot	160	10	N/A
	<u>3714</u>		<u>N/A</u>

Source: Human resources departments of all employers listed

N/A - information not available

2006		
<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
900	1	N/A
434	2	N/A
380	4	N/A
420	3	N/A
	N/A	N/A
	N/A	N/A
200	7	N/A
180	8	N/A
239	6	N/A
125	10	N/A
<u>2878</u>		<u>N/A</u>

SCHEDULE 16
CITY OF HUMBLE, TEXAS
FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last ten fiscal years (Unaudited)

<u>Function/Program</u>	<u>Full-time-Equivalent Employees as of September 30,</u>				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government					
Management services	4	4	4	4	4
Finance	3	3	4	4	4
Court	7	7	7	8	8
Building	5	5	5	5	5
Other	11	11	10	10	9
Police					
Officers	58	58	57	58	58
Civilians	14	14	17	19	20
Fire					
Firefighters and officers	33	31	35	35	35
Civilians	4	4	4	4	4
Other public works	14	15	15	15	15
Parks and recreation	7	7	7	7	7
Water	12	12	12	12	11
Wastewater	8	8	8	9	9
Total	<u>180</u>	<u>179</u>	<u>185</u>	<u>190</u>	<u>189</u>

Source: City Human Resources department

Full-time-Equivalent Employees as of September 30,

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
4	3	2	2	2
4	4	5	4	4
8	8	8	8	8
5	5	5	5	5
9	9	10	14	14
59	58	54	55	62
20	18	18	20	24
35	35	35	35	35
4	4	4	4	4
14	15	15	16	16
7	7	7	7	7
11	11	11	12	12
<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>
<u>189</u>	<u>186</u>	<u>183</u>	<u>191</u>	<u>202</u>

SCHEDULE 17
CITY OF HUMBLE, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last ten fiscal years (Unaudited)

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government					
Building permits issued	249	179	129	123	106
Building inspections conducted	668	611	504	487	461
Police					
Physical arrests	3,803	3,890	3,281	3,446	3,481
Parking violations	146	95	107	400	230
Traffic violations	17,897	20,541	22,308	19,128	16,576
Fire					
Emergency responses	2,723	2,824	2,951	2,773	3,095
Fires extinguished	140	100	71	69	109
Inspections	776	820	573	802	308
Water					
Number of connections	6,996	7,031	7,016	7,033	7,080
Average daily consumption (thousands of gallons)	3,044	2,900	3,012	3,098	2,997
Peak daily consumption (thousands of gallons)	3,951	5,014	4,448	5,022	4,415
Wastewater					
Average daily sewage treatment (thousands of gallons)	2,400	1,932	1,978	2,091	2,143

N/A - Information not tracked during these years

Sources: Various city departments

Fiscal Year				
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
114	114	122	148	144
539	450	498	536	568
4,027	5,308	4,761	3,509	3,104
253	190	151	155	122
16,864	17,700	18,886	15,121	9,396
3,358	3,482	3,647	3,924	4,014
114	80	95	112	84
942	573	660	1,299	1,785
7,397	7,379	7,412	7,345	7,623
3,263	3,072	3,046	2,922	2,862
6,764	4,094	4,865	4,361	5,379
2,077	2,103	1,931	2,024	2,095

SCHEDULE 18
CITY OF HUMBLE, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last ten fiscal years (Unaudited)

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police					
Patrol units	23	24	26	31	31
Fire stations	2	2	2	2	2
Other public works					
Streets (miles)	49.84	49.84	49.84	49.84	50.00
Traffic signals	7	7	7	7	10
Parks and recreation					
Acreage	32	32	32	32	32
Playgrounds	5	5	5	5	5
Baseball/softball diamonds	-	-	-	-	-
Community centers	2	2	2	2	2
Water					
Water mains (miles)	79.00	79.00	81.30	81.40	81.39
Fire hydrants	727	729	775	778	778
Storage capacity (thousands of gallons)	5,010	5,010	5,010	5,010	5,010
Wastewater					
Sanitary sewers (miles)	56.30	56.30	56.90	67.70	67.94
Storm sewers (miles)	25.25	26.50	26.50	31.80	31.26
Treatment capacity (thousands of gallons)	9,900	19,600	19,600	19,600	19,600

Sources: Various city departments

Fiscal Year				
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
31	31	31	29	29
2	2	2	2	2
49.89	49.89	49.89	49.89	49.89
10	10	10	10	10
32	32	32	32	32
5	5	5	5	5
-	-	-	-	-
2	2	2	2	3
81.72	81.72	81.72	81.72	81.72
809	809	809	809	809
5,010	5,010	5,010	5,010	5,010
68.56	68.56	68.56	68.56	68.56
31.87	32.01	32.01	32.01	32.01
19,600	19,600	19,600	19,600	19,600

