

City of Humble, Texas



Comprehensive Annual Financial Report



October 1, 2013 through September 30, 2014

CITY OF HUMBLE, TEXAS



DONALD MCMANNES
Mayor

City Officials



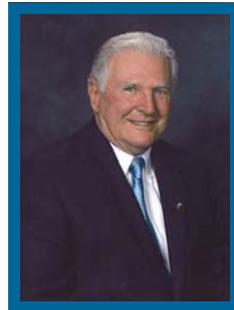
ANDY CURRY
Councilman



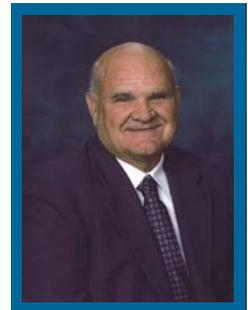
RAY CALFEE
Councilman



NORMAN FUNDERBURK
Councilman



ALLAN STEAGALL
Councilman



MERLE AARON
Councilman



DARRELL BOESKE
City Manager



JASON STUEBE
City Secretary

September 30, 2014

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

City of Humble, Texas

**For the fiscal year ended
September 30, 2014**

**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
DONALD G. MCMANNES
MAYOR FAX: (281) 446-7843

COUNCIL MEMBERS

MERLE AARON
RAY CALFEE
CHARLES "ANDY" CURRY
NORMAN FUNDERBURK
ALLAN STEAGALL

CITY MANAGER
DARRELL BOESKE

CITY SECRETARY
JASON STUEBE

May 29, 2015

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, 2014, 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, 2014. 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 and arena complex, 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 2015 increased by \$97.2 million, or 7%. The City maintained its tax rate at \$0.20 for the 2014 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 5.6% in fiscal year 2014 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 \$13.0 million compared to \$12.3 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 an increase in the collection of sales tax revenues in the last 12 months. Based on the current economic climate, there is about 6% growth built in to budgeted sales tax revenues for 2015 over 2014.

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

During 2013 through 2015, the City allocated funds to remodel and restore the historic Charles Bender High School auditorium to a performing arts center. This remodel was completed during April 2015.

In addition to the Charles Bender High School the City also began remodeling its police, jail, public works and animal shelter facilities beginning in 2013. These remodeling projects also reached completion during April 2015.

The City is committed to providing well-maintained infrastructure as engineering contracts were awarded on several road projects and construction began on Townsen West.

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, 2013. 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 12 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, 2013

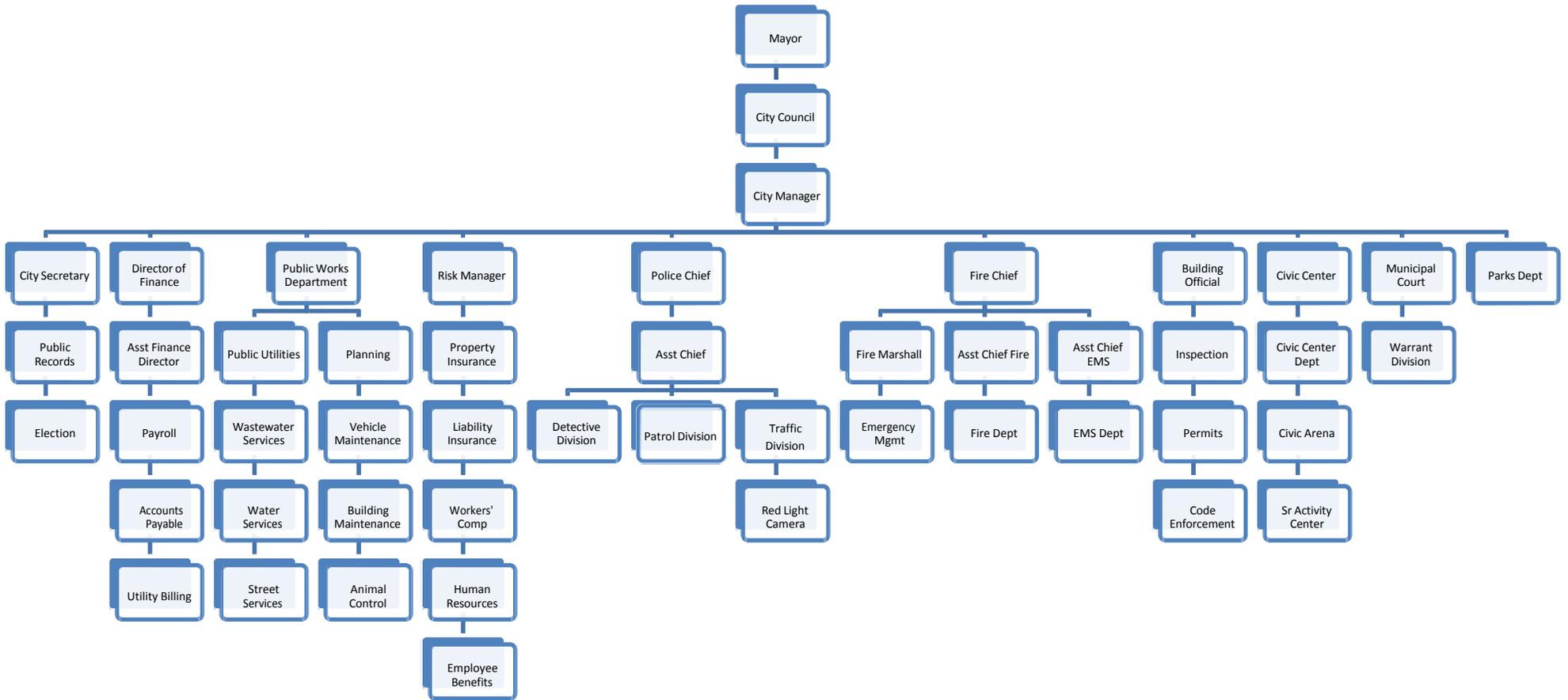
Executive Director/CEO

CITY OF HUMBLE, TEXAS
PRINCIPAL OFFICIALS
September 30, 2014

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Donald McMannes	Mayor	2015
Charles Curry	Councilman Position 1	2015
Ray Calfee	Councilman Position 2	2015
Norman Funderburk	Councilman Position 3	2016
Allan Steagall	Councilman Position 4	2016
Merle Aaron	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
Clinton Johnson	Fire Marshal
Sandra Elliott	Court Administrator

CITY OF HUMBLE, TEXAS ORGANIZATIONAL CHART



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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S 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 (the "City") as of and for the year ended September 30, 2014, 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 of Humble, Texas, as of September 30, 2014, 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.

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

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 and pension information on pages 6 to 16, 64 to 67 and 68 to 69, respectively, 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.

Whitley Penn LLP

Houston, Texas
May 29, 2015

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, 2014.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$119,063,394 (*net position*). Of this amount, \$30,249,514 (*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 \$8,452,749.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$42,087,490, a decrease of \$884,073 under the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$23,914,187 or 90 percent of total general fund expenditures.
- The City's total liabilities increased by \$1,307,646 due primarily to capital projects that were in process as of year-end.

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 and liabilities, with the difference between the two 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 and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their 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 30-61 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 64-69 and 72, 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 exceeded liabilities by \$119,063,394 at the close of the most recent fiscal year.

By far the largest portion of the City's net position, 57%, 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
	2014	2013	2014	2013	2014	2013
Assets:						
Current and other assets:	\$ 51,451,662	\$ 49,456,901	\$ 8,511,966	\$ 6,502,729	\$ 59,963,628	\$ 55,959,630
Capital assets, net	44,946,212	38,407,478	28,770,288	29,552,626	73,716,500	67,960,104
Total assets	96,397,874	87,864,379	37,282,254	36,055,355	133,680,128	123,919,734

	Governmental Activities		Business-type Activities		Total	Total
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Liabilities:						
Current liabilities	5,407,445	3,836,981	762,036	910,683	6,169,482	4,747,664
Long-term liabilities	8,208,874	8,360,765	238,379	200,660	8,447,252	8,561,425
Total liabilities	<u>13,616,319</u>	<u>12,197,746</u>	<u>1,000,415</u>	<u>1,111,343</u>	<u>14,616,734</u>	<u>13,309,088</u>
Net Position:						
Net investment in capital assets	38,711,211	31,712,478	28,770,288	29,552,626	67,481,499	61,265,104
Restricted	21,332,381	12,632,359			21,332,381	12,632,359
Unrestricted	<u>22,737,963</u>	<u>31,321,795</u>	<u>7,511,551</u>	<u>5,391,386</u>	<u>30,249,514</u>	<u>36,713,181</u>
Total net position	<u>\$82,781,555</u>	<u>\$75,666,633</u>	<u>\$ 36,281,839</u>	<u>\$ 34,944,012</u>	<u>\$ 119,063,394</u>	<u>\$ 110,610,645</u>

An additional portion of the City's net position (18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$30,249,514) 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, 2014.

	City of Humble's Changes in Net Position					
	Governmental activities		Business-type activities		Total	Total
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 6,538,745	\$ 5,577,484	\$ 7,728,085	\$ 7,813,563	\$ 14,266,830	\$ 13,391,047
Operating grants and contributions	15,348	16,415			15,348	16,415
Capital grants and Contributions				179,357		179,357
General revenues:						
Property taxes	2,810,416	2,577,384			2,810,416	2,577,384
Sales taxes	13,027,778	12,337,228			13,027,778	12,337,228
Other taxes	2,412,584	2,291,785			2,412,584	2,291,785
Contributions not restricted to a specific program	6,513,889	6,168,614			6,513,889	6,168,614
Other	114,386	105,673	15,687	19,324	130,073	124,997
Total revenues	<u>31,433,146</u>	<u>29,074,583</u>	<u>7,743,772</u>	<u>8,012,244</u>	<u>39,176,918</u>	<u>37,086,827</u>

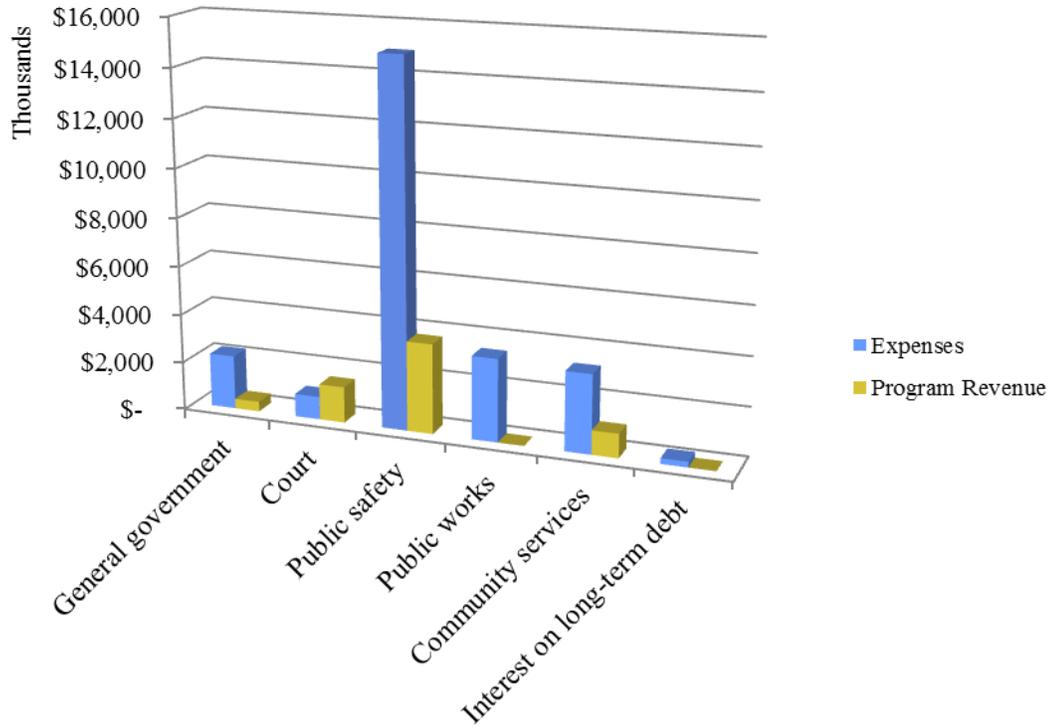
	Governmental activities		Business-type activities		Total	Total
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Expenses:						
General government	2,214,887	1,960,828			2,214,887	1,960,828
Court	940,620	1,014,342			940,620	1,014,342
Public safety	14,928,331	14,447,794			14,928,331	14,447,794
Public works	3,401,250	3,298,222			3,401,250	3,298,222
Community services	3,232,039	2,894,327			3,232,039	2,894,327
Interest on long-term debt	227,017	305,721			227,017	305,721
Water and sewer operations			5,780,025	6,371,769	5,780,025	6,371,769
Total expenses	<u>24,944,144</u>	<u>23,921,234</u>	<u>5,780,025</u>	<u>6,371,769</u>	<u>30,724,169</u>	<u>30,293,003</u>
Increase in net position						
before transfers	6,489,002	5,153,349	1,963,747	1,640,475	8,452,749	6,793,824
Transfers	625,920	2,788,528	(625,920)	(2,788,528)	-	-
Increase (decrease) in net position	<u>7,114,922</u>	<u>7,941,877</u>	<u>1,337,827</u>	<u>(1,148,053)</u>	<u>8,452,749</u>	<u>6,793,824</u>
Net position – beginning	<u>75,666,633</u>	<u>67,724,756</u>	<u>34,944,012</u>	<u>36,092,065</u>	<u>110,610,645</u>	<u>103,816,821</u>
Net position - ending	<u>\$ 82,781,555</u>	<u>\$ 75,666,633</u>	<u>\$ 36,281,839</u>	<u>\$ 34,944,012</u>	<u>\$ 119,063,394</u>	<u>\$ 110,610,645</u>

Governmental Activities. Governmental activities increased the City’s net position by \$7,114,922, compared to \$7,941,877 in the prior year, thereby accounting for 84 percent of the total growth in the net position of the City. During 2014 there was an increase in revenue as described below as well as an increase in expenses of \$1,022,910. The City’s significant sources of revenue are as follows: sales taxes amounted to \$13,027,778 or 41 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 \$6,513,889 for 2014, which accounts for 21 percent of total revenue from governmental activities. Total revenues for 2014 increased by \$2,358,563 over 2013 with key elements as follows:

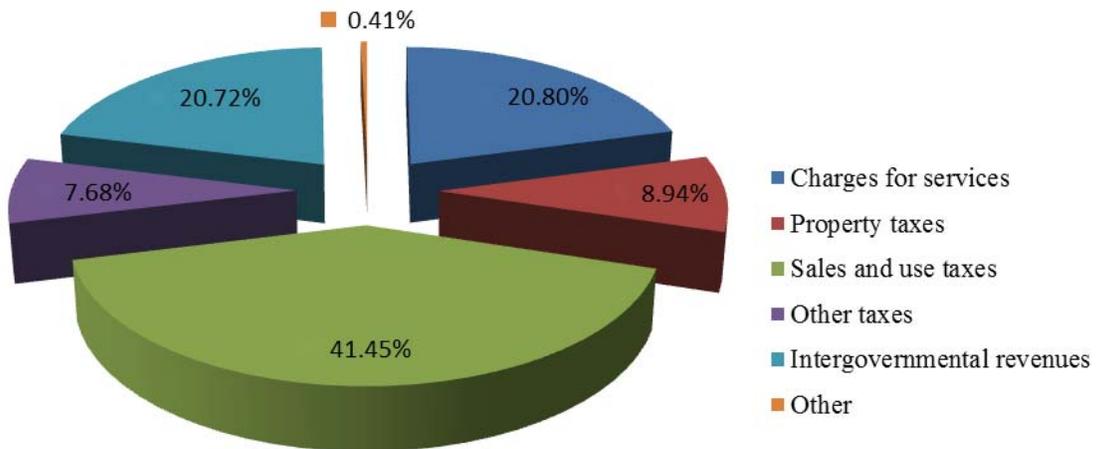
- Charges for services increased by approximately 17.2 % for a total of \$961,261.
- Sales taxes increased \$690,550 or 5.6 % which caused METRO contributions to increase by the same percentage.
- Property taxes increased by approximately 9 % for a total of \$233,032.
- Other taxes increased by approximately 5.3 % over the prior year.

The total expense of all governmental activities this year was \$24,944,144 which is an increase of \$1,022,910 from the prior year. The public safety and the community services functions account for 60% and 13%, respectively, of this total and the increase was attributable to several categories of expenses within these functions as follows: salaries and benefits, maintenance of machinery and equipment and property improvements, red light camera lease and collection expenses.

Expenses and Program Revenues – Governmental Activities



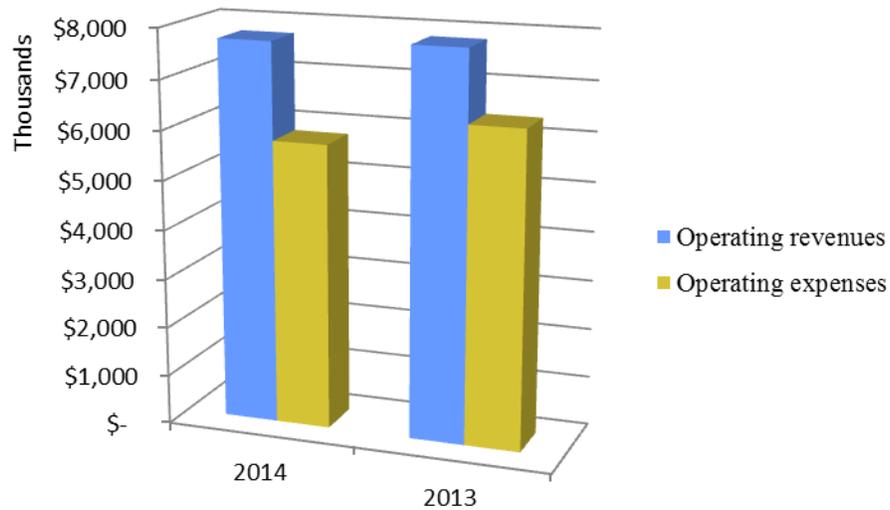
Revenues by Source – Governmental Activities



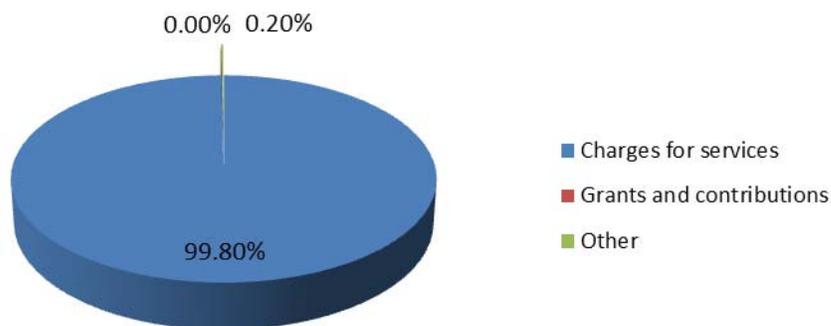
Business-type activities. Business-type activities increased the City’s net position by \$1,337,827, accounting for 15.8 percent of the total growth in the government’s net assets from operations in the current year, compared to a decrease in net assets of \$1,148,053 from the prior year.

Charges for utility services remained relatively flat with a slight decrease of \$85,478 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 \$42,087,490, a decrease of \$884,073 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 \$23,914,187, while total fund balance reduced to \$39,783,193. 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 \$23,914,187, or 90% of General Fund expenditures. The General Fund also had non-spendable amounts of \$10,415 for prepaid items; restricted amounts of \$15,382,991 for Metro transportation projects, \$181,310 for Court Security and Technology, and, \$294,290 for Public Safety. Fund balance in the General Fund decreased from prior year by \$1,251,838 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, renovations of the jail and public works facilities, and LED lighting retrofit at the civic center.

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 \$6,513,889 for 2014.

The debt service fund has a total fund balance of \$3,513, all of which is reserved for the payment of debt service. Expenditures exceeded revenues by \$687,622, with an overall net increase in fund balance for the year of \$1,347 after transfers.

The capital projects fund spent \$2,845,118 on street and drainage projects resulting in an ending fund balance of \$365,933, all of which is restricted or assigned for capital projects. The net decrease in fund balance for the fiscal year was \$175,997.

The red light camera fund has a fund balance of \$1,372,942, 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 \$7,511,551. The increase in net position was \$1,337,827. 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 \$500,637 increase in appropriations for the following budgets: (1) administration department budget decreased \$1.5 mil mainly due to carryover to fiscal year 2015 for the completion of the property improvements for Charles Bender High School, (2) police department budget increased \$701.4 thousand due mainly to carryover of capital improvements from fiscal year 2013 for the jail expansion, (3) fire department budget was decreased \$55.2 thousand mainly for carryover of purchases of equipment for the new pumper and planned LED lighting retrofit to fiscal year 2015, (4) street department capital expenditure budget was increased \$568.8 thousand for improvements to the public works office building, (5) civic center capital expenditure budget was increased \$289.6 thousand for LED lighting retrofit and roof repairs at the civic center, and (6) animal control capital expenditure budget was increased \$554 thousand for improvements to the animal control office building. During the year actual revenues were more than budgeted by \$1,931,868 and actual expenditures were \$2,791,392 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 2014.
- “All other” expenditures accounted for more than \$2.2 million 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 2014, the City’s governmental activities and business-type activities had invested \$44.9 million and \$28.7 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents a net increase of \$5.7 million over the end of last fiscal year.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land and intangibles	\$ 1,390,406	\$ 1,390,406	\$ 288,667	\$ 288,667	\$ 1,679,073	\$ 1,679,073
Land improvements			395,307	414,268	395,307	414,268
Construction in Progress	7,746,705	2,086,199	172,969		7,919,674	2,086,199
Buildings & structures	6,831,325	6,845,602	1,316,853	1,298,641	8,148,178	8,244,243
Underground equipment			26,272,168	27,292,153	26,272,168	27,292,153
Improvements	24,710,337	24,393,288			24,710,337	24,393,288
Vehicles	658,231	700,183	125,944	63,331	784,175	763,514
Other equipment	3,609,208	2,991,800	198,380	195,566	3,807,588	3,187,366
Total	<u>\$ 44,946,212</u>	<u>\$ 38,407,478</u>	<u>\$ 28,770,288</u>	<u>\$ 29,552,626</u>	<u>\$ 73,716,500</u>	<u>\$ 67,960,104</u>

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

- Completed construction of the Townsen West Improvements.
- Purchased a new MVP-750 rescue pumper.
- Awarded construction contracts for the city-wide drainage improvements and renovations to several city buildings, including Charles Bender High School.
- Completion of the city-wide radio project with the City of Houston.

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 \$6,235,000. Bonded debt represents bonds secured solely by specified revenue sources.

City of Humble's Outstanding Debt

	Governmental Activities	
	2014	2013
Certificates of obligation	\$ 6,235,000	\$ 6,695,000
Total	<u>\$ 6,235,000</u>	<u>\$ 6,695,000</u>

The City's outstanding debt decreased by \$460,000 (6.9 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 47-48 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 2014 was 4.7%, compared to 6.2% in the prior year. The U.S. unemployment rate in September 2014 was 5.9% while the Texas rate was 4.9%.

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 5.6% increase; revenues totaling \$13.02 million were collected compared to \$12.33 million in the prior year.

It is anticipated that modest revenue growth will continue into fiscal year 2015. The Fiscal Year 2015 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 2015 fiscal year. The total adopted budget for fiscal year 2015, approved by City Council on September 25, 2014, is \$33.94 million and represents a 7.79% increase from the fiscal year 2014 adopted budget. The fiscal year 2015 budget is based on a level tax rate of \$0.20 and 2014 taxable valuation totals \$1.40 billion, a 2.29% increase from the 2013 adjusted tax roll.

During the current fiscal year, unassigned fund balance in the general fund decreased to \$23,914,187. It is intended that the use of available fund balance will avoid the need to raise taxes or charges during the 2015 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, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,796,899	\$ 3,202,001	\$ 17,998,900
Investments	27,028,308	4,211,882	31,240,190
Receivables, net of allowance	9,374,867	1,339,256	10,714,123
Internal balances	241,173	(241,173)	-
Prepaid expenses	10,415		10,415
Capital assets			
Land, construction in progress and intangibles	9,137,111	461,636	9,598,747
Other capital assets, net of accumulated depreciation	35,809,101	28,308,652	64,117,753
TOTAL ASSETS	\$ 96,397,874	\$ 37,282,254	\$ 133,680,128
LIABILITIES			
Accounts payable and accrued liabilities	\$ 3,803,261	\$ 193,076	\$ 3,996,337
Unearned revenue	133,657		133,657
Accrued interest payable	26,655		26,655
Customer deposits		476,773	476,773
Long-term liabilities:			
Due within one year	1,443,872	92,187	1,536,060
Due in more than one year	8,208,874	238,379	8,447,252
TOTAL LIABILITIES	13,616,319	1,000,415	14,616,734
NET POSITION			
Net investment in capital assets	38,711,211	28,770,288	67,481,499
Restricted for:			
Transportation	15,382,991		15,382,991
Capital projects	237,403		237,403
Development activities	561,659		561,659
Public safety	4,969,018		4,969,018
Municipal court	181,310		181,310
Unrestricted	22,737,963	7,511,551	30,249,514
TOTAL NET POSITION	\$ 82,781,555	\$ 36,281,839	\$ 119,063,394

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, 2014

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Functions/Programs:</u>				
Primary government:				
Governmental activities:				
General government	\$ 2,214,887	\$ 403,432	\$ -	\$ -
Court	940,620	1,476,476		
Public safety	14,928,331	3,669,936	14,998	
Public works	3,401,250			
Community services	3,232,039	988,901	350	
Interest on long-term debt	227,017			
Total governmental activities	<u>24,944,144</u>	<u>6,538,745</u>	<u>15,348</u>	<u>-</u>
Business-type activities:				
Water & sewer operations	5,780,025	7,728,085	-	-
Total primary government	<u>\$ 30,724,169</u>	<u>\$ 14,266,830</u>	<u>\$ 15,348</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
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
\$ (1,811,455)	\$ -	\$ (1,811,455)
535,856		535,856
(11,243,397)		(11,243,397)
(3,401,250)		(3,401,250)
(2,242,788)		(2,242,788)
(227,017)		(227,017)
<u>(18,390,051)</u>	<u>-</u>	<u>(18,390,051)</u>
-	1,948,060	1,948,060
<u>\$ (18,390,051)</u>	<u>\$ 1,948,060</u>	<u>\$ (16,441,991)</u>

\$ 2,810,416	\$ -	\$ 2,810,416
13,027,778		13,027,778
1,456,072		1,456,072
632,201		632,201
324,311		324,311
6,513,889		6,513,889
107,809	15,687	123,496
6,577		6,577
625,920	(625,920)	-
<u>25,504,973</u>	<u>(610,233)</u>	<u>24,894,740</u>
7,114,922	1,337,827	8,452,749
75,666,633	34,944,012	110,610,645
<u>\$ 82,781,555</u>	<u>\$ 36,281,839</u>	<u>\$ 119,063,394</u>

BALANCE SHEET - GOVERNMENTAL FUNDS
CITY OF HUMBLE, TEXAS
September 30, 2014

	General	Debt Service	Capital Projects	Red Light Camera	Non-Major Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 12,070,259	\$ 2,683	\$ 820,152	\$ 1,424,622	\$ 479,183	\$ 14,796,899
Investments	26,379,994		148,904	499,410		27,028,308
Receivables, net of allowances	5,721,526	15,254	8,425	3,529,860	99,802	9,374,867
Due from other funds	308,614		1,601		-	310,215
Prepaid items	10,415					10,415
TOTAL ASSETS	\$ 44,490,808	\$ 17,937	\$ 979,082	\$ 5,453,892	\$ 578,985	\$ 51,520,704
LIABILITIES						
Accounts payable and accrued liabilities	2,471,339	-	604,724	726,533	665	3,803,261
Due to other funds				52,631	16,411	69,042
Unearned revenue	133,657					133,657
TOTAL LIABILITIES	2,604,996	-	604,724	779,164	17,076	4,005,960
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	150,636	14,424				165,060
Unavailable revenue - emergency services	440,822					440,822
Unavailable revenue - fines and forfeitures	1,511,161			3,301,786		4,812,947
Unavailable revenue - street assessments			8,425			8,425
TOTAL DEFERRED INFLOWS OF RESOURCES	2,102,619	14,424	8,425	3,301,786	-	5,427,254
FUND BALANCES						
Nonspendable						
Prepaid items	10,415					10,415
Restricted						
Debt service		3,513				3,513
Transportation	15,382,991					15,382,991
Capital projects			228,978			228,978
Development activities					561,659	561,659
Public safety	294,290			1,372,942		1,667,232
Municipal court	181,310					181,310
Assigned						
Capital projects			136,955			136,955
Development activities					250	250
Unassigned	23,914,187					23,914,187
TOTAL FUND BALANCES	39,783,193	3,513	365,933	1,372,942	561,909	42,087,490
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 44,490,808	\$ 17,937	\$ 979,082	\$ 5,453,892	\$ 578,985	\$ 51,520,704

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, 2014

Total fund balances - governmental funds \$ 42,087,490

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

Capital assets of \$78,517,582 net of accumulated depreciation of \$33,571,370 used in governmental activities are not financial resources and therefore are not reported in the funds. 44,946,212

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

Property taxes	\$ 98,575	
Penalties and interest	66,485	
Fines	4,812,946	
Other fees	449,248	
	<u>5,427,254</u>	5,427,254

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

Accrued interest payable	\$ (26,655)	
Bonds payable	(6,235,000)	
Net pension liability	(312,804)	
OPEB liability	(1,973,245)	
Compensated absences	(1,131,697)	
	<u>(9,679,401)</u>	(9,679,401)

Net position of governmental activities \$ 82,781,555

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, 2014

	General	Debt Service	Capital Projects	Red Light Camera	Non-Major Fund	Total Governmental Funds
Revenues						
Property taxes	\$ 2,851,996	\$ 1,352	\$ -	\$ -	\$ -	\$ 2,853,348
Sales taxes	13,027,778					13,027,778
Franchise taxes	1,456,072					1,456,072
Hotel/motel occupancy taxes					632,205	632,205
Other taxes	324,311					324,311
Licenses and permits	281,481					281,481
Charges for services	1,679,847				1,875	1,681,722
Fines and forfeitures	1,120,817			1,802,818		2,923,635
Investment income	106,304			1,729		108,033
Intergovernmental	6,526,699					6,526,699
Other	226,503			23	350	226,876
TOTAL REVENUES	27,601,808	1,352	-	1,804,570	634,430	30,042,160
Expenditures						
Current:						
General government	4,094,635					4,094,635
Court	855,413					855,413
Public safety	15,357,979			1,445,294		16,803,273
Public works	2,906,837					2,906,837
Community services	3,239,308				118,595	3,357,903
Capital outlay			2,845,118			2,845,118
Debt service:						
Bond principal retirement		460,000				460,000
Interest and fiscal charges		228,974				228,974
TOTAL EXPENDITURES	26,454,172	688,974	2,845,118	1,445,294	118,595	31,552,153
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,147,636	(687,622)	(2,845,118)	359,276	515,835	(1,509,993)
Other Financing Sources (Uses)						
Transfers in	340,000	688,969	2,842,090	-	7,304	3,878,363
Transfers out	(2,739,474)	-	(172,969)	-	(340,000)	(3,252,443)
OTHER FINANCING SOURCES (USES)	(2,399,474)	688,969	2,669,121	-	(332,696)	625,920
NET CHANGE IN FUND BALANCES	(1,251,838)	1,347	(175,997)	359,276	183,139	(884,073)
Fund balances - beginning	41,035,031	2,166	541,930	1,013,666	378,770	42,971,563
FUND BALANCES - ENDING	\$ 39,783,193	\$ 3,513	\$ 365,933	\$ 1,372,942	\$ 561,909	\$ 42,087,490

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, 2014

Net change in fund balances - total governmental funds \$ (884,073)

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 (\$9,111,614) exceed depreciation (\$2,574,377) in the current period. 6,537,237

The effect of the sale of capital assets is to decrease net position. (10,176)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,401,389

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. 460,000

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. (389,455)

Change in net position of governmental activities \$ 7,114,922

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

STATEMENT OF NET POSITION - PROPRIETARY FUND
 CITY OF HUMBLE, TEXAS
 September 30, 2014

	<u>Enterprise Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 3,202,001
Investments	4,211,882
Receivables, net of allowance	1,339,256
Total current assets	<u>8,753,139</u>
Non-current assets	
Capital assets	
Land & intangibles	288,667
Construction in progress	172,969
Buildings & improvements	4,544,661
Equipment	39,873,178
Less accumulated depreciation	<u>(16,109,187)</u>
Total non-current assets	<u>28,770,288</u>
TOTAL ASSETS	<u><u>37,523,427</u></u>
LIABILITIES AND NET POSITION	
Current liabilities	
Accounts payable & accrued liabilities	193,076
Due to other funds	241,173
Accrued compensated absences, current	92,187
Total current liabilities	<u>526,436</u>
Non-current liabilities	
Customer deposits	476,773
Other Post Employment Benefit Obligation (OPEB)	222,861
Accrued compensated absences, noncurrent	15,518
Total non-current liabilities	<u>715,152</u>
TOTAL LIABILITIES	<u>1,241,588</u>
Net position	
Net investment in capital assets	28,770,288
Unrestricted	7,511,551
TOTAL NET POSITION	<u><u>\$ 36,281,839</u></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, 2014

	<u>Enterprise Fund</u>
OPERATING REVENUES	
Charges for sales and services	<u>\$ 7,728,085</u>
Total operating revenues	7,728,085
OPERATING EXPENSES	
Water	2,569,950
Sewer	1,939,893
Depreciation	<u>1,270,182</u>
Total operating expenses	<u>5,780,025</u>
Operating income	<u>1,948,060</u>
NON-OPERATING REVENUES	
Investment income	<u>15,687</u>
Total non-operating income	<u>15,687</u>
Income before transfers	1,963,747
Transfers in	172,969
Transfers (out)	<u>(798,889)</u>
Change in net position	1,337,827
Net position, beginning	<u>34,944,012</u>
NET POSITION, ENDING	<u><u>\$ 36,281,839</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, 2014

	<u>Enterprise Fund</u>
Cash Flows From Operating Activities:	
Cash received from customers and users	\$ 7,712,644
Cash payments to suppliers	(3,426,532)
Cash payments to employees	<u>(1,134,061)</u>
Net cash provided by operating activities	3,152,051
Cash Flows From Noncapital Financing Activities:	
Transfers in	172,969
Transfers (out)	<u>(798,889)</u>
Net cash (used in) noncapital financing activities	(625,920)
Cash Flows From Capital and Related Financing Activities:	
Purchase of capital assets	<u>(487,844)</u>
Net cash (used in) capital and related financing activities	(487,844)
Cash Flows From Investing Activities:	
Proceeds from sale of investments	2,498,527
Purchase of investments	(3,796,773)
Investment income	<u>15,687</u>
Net cash provided by investing activities	<u>(1,282,559)</u>
Net increase in cash and cash equivalents	755,728
Cash and cash equivalents - beginning of year	<u>2,446,273</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 3,202,001</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, 2014

	<u>Enterprise Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,948,060
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,270,182
(Increase) decrease in:	
Accounts receivable	(15,441)
Interfund receivable	-
Increase (decrease) in:	
Accounts payable and accrued liabilities	(172,567)
Customer deposits	16,542
Other Post Employment Benefit Obligation (OPEB)	33,721
Compensated absences	11,376
Interfund payable	<u>60,178</u>
Net cash provided by operating activities	<u>\$ 3,152,051</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.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

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, 2014 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	\$ 332,352
Court	79,806
Public safety	477,290
Public works	1,108,012
Community services	<u>576,918</u>
Total governmental activities depreciation	<u>\$ 2,574,377</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, 2014. 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, 2014, the interfund balances were as follows:

General Fund	
Due from Enterprise Fund	\$ 239,572
Due from Special Revenue Funds	<u>69,042</u>
	<u>\$ 308,614</u>
Capital Projects Fund	
Due from Enterprise Fund	<u>\$ 1,601</u>
Special Revenue Funds	
Due to General Fund	<u>\$ 69,042</u>
Enterprise Fund	
Due to Capital Projects Fund	\$ 1,601
Due to General Fund	<u>239,572</u>
	<u>\$ 241,173</u>

The above interfund balances are amounts remaining to be paid for various cost reimbursements and project funding between funds at September 30, 2014.

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, 2014:

	General Fund	Debt Service Fund	Capital Projects Fund	Non- Major Fund	Enterprise Fund	Total Transfers Out
General fund	\$ -	\$ -	2,732,170	7,304	\$ -	\$2,739,474
Debt service fund						-
Capital projects fund					172,969	172,969
Non-Major fund	340,000					340,000
Enterprise fund		688,969	109,920			798,889
Total transfers in	<u>\$ 340,000</u>	<u>\$ 688,969</u>	<u>\$2,842,090</u>	<u>\$ 7,304</u>	<u>\$ 172,969</u>	<u>\$4,051,332</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 does not have any items that would be recorded in this section.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: property taxes, emergency services, fines and forfeitures and street assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

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, 2014. 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 book balance of the primary depository was \$17,998,900 and the bank balance was \$18,313,918. 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, 2014, are:

Investments:	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Coupon Treasuries	\$ 16,389,684	1.09
Certificates of Deposit	14,846,353	2.82
Government Pools (1)	<u>4,153</u>	0.14
	<u>\$ 31,240,190</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, 2014, 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, 2014, 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	\$ 2,388,018	\$ 11,075	\$ -	\$ -	\$ 99,802	\$ -	\$ 2,498,895
Accounts	3,924,681					1,642,659	5,567,340
Fines	8,137,326			6,985,819			15,123,145
Interest and penalties	81,491	7,803					89,294
Metro mitigation	1,101,129						1,101,129
Assessments			65,016				65,016
Other	26,337					1,807	28,144
Less allowance for doubtful accounts	<u>(9,937,456)</u>	<u>(3,624)</u>	<u>(56,591)</u>	<u>(3,455,959)</u>		<u>(305,210)</u>	<u>(13,758,840)</u>
	<u>\$ 5,721,526</u>	<u>\$ 15,254</u>	<u>\$ 8,425</u>	<u>\$ 3,529,860</u>	<u>\$ 99,802</u>	<u>\$ 1,339,256</u>	<u>\$ 10,714,123</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, 2014 is as follows:

	Balance 10/1/13	Additions	Deletions	Balance 9/30/14
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,390,406	\$ -	\$ -	\$ 1,390,406
Construction in progress	2,086,199	6,869,710	(1,209,204)	7,746,705
Total capital assets, not being depreciated:	<u>3,476,605</u>	<u>6,869,710</u>	<u>(1,209,204)</u>	<u>9,137,111</u>
Capital assets, being depreciated:				
Buildings	14,140,679	544,799		14,685,478
Improvements	38,297,471	1,212,857		39,510,328
Vehicles	4,335,543	228,182	(48,165)	4,515,560
Other equipment	9,192,162	1,476,943		10,669,105
Total capital assets being depreciated	<u>65,965,855</u>	<u>3,462,781</u>	<u>(48,165)</u>	<u>69,380,471</u>
Less accumulated depreciation for:				
Buildings	7,293,205	560,948		7,854,153
Improvements	13,906,055	893,936		14,799,991
Vehicles	3,635,360	259,958	(37,989)	3,857,329
Other equipment	6,200,362	859,535		7,059,897
Total accumulated depreciation	<u>31,034,982</u>	<u>2,574,377</u>	<u>(37,989)</u>	<u>33,571,370</u>
Total capital assets, being depreciated, net	<u>34,930,873</u>	<u>888,404</u>	<u>(10,176)</u>	<u>35,809,101</u>
Governmental activities capital assets, net	<u>\$ 38,407,478</u>	<u>\$ 7,758,114</u>	<u>\$ (1,219,380)</u>	<u>\$ 44,946,212</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, 2014 is as follows:

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	<u>288,667</u>	<u>172,969</u>	<u>-</u>	<u>461,636</u>

Capital assets, being depreciated:

Buildings & structures	3,938,668	101,611		4,040,279
Land improvements	486,914	17,468		504,382
Vehicles	324,707	157,944		482,651
Underground equipment	37,410,698	5,392		37,416,090
Machinery & equipment	1,941,977	32,460		1,974,437
Total capital assets being depreciated	<u>44,102,964</u>	<u>314,875</u>	<u>-</u>	<u>44,417,839</u>

Less accumulated depreciation for:

Buildings & structures	2,640,027	83,399		2,723,426
Land improvements	72,646	36,429		109,075
Vehicles	261,376	95,331		356,707
Underground equipment	10,118,545	1,025,377		11,143,922
Machinery & equipment	1,746,411	29,646		1,776,057
Total accumulated depreciation	<u>14,839,005</u>	<u>1,270,182</u>	<u>-</u>	<u>16,109,187</u>

Total capital assets, being depreciated, net

	<u>29,263,959</u>	<u>(955,307)</u>	<u>-</u>	<u>28,308,652</u>
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Business-type activities capital assets, net

	<u>\$ 29,552,626</u>	<u>\$ (782,338)</u>	<u>\$ -</u>	<u>\$ 28,770,288</u>
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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, 2014 was comprised of the following:

	Balance, 10/1/13	Additions	Reductions	Balance, 9/30/14	Due within one year
Governmental activities:					
Certificates of obligation	\$ 6,695,000	\$ -	\$ (460,000)	\$ 6,235,000	\$ 475,000
Compensated absences	1,031,394	1,168,388	(1,068,085)	1,131,697	968,872
Net pension obligation	310,612	2,192	-	312,804	-
Other Post Employment Benefit Obligation (OPEB)	-	585,598	(300,635)	-	-
Total	<u>\$ 9,725,288</u>	<u>\$ 1,756,178</u>	<u>\$ (1,828,720)</u>	<u>\$ 9,652,746</u>	<u>\$ 1,443,872</u>
Business-type activities:					
Compensated absences	96,329	128,496	(117,120)	107,705	92,187
Other Post Employment Benefit Obligation (OPEB)	189,140	69,297	(35,576)	222,861	-
Total	<u>\$ 285,469</u>	<u>\$ 197,793</u>	<u>\$ (152,696)</u>	<u>\$ 330,566</u>	<u>\$ 92,187</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, 2014.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE III. Detailed Notes On All Funds - continued

Certificates of obligation consist of the following:

Description	Interest rates	Original issue	Date of Final Maturity	Balances at 9/30/14
Certificates of Obligation:				
2006 Certificates of Obligation	3.42%	\$ 10,000,000	8/15/25	\$ 6,235,000

The annual requirements to amortize certificates of obligation outstanding at September 30, 2014 are as follows:

Year Ending September 30,	Governmental activities	
	Principal	Interest
2015	\$ 475,000	\$ 213,237
2016	495,000	196,992
2017	510,000	180,063
2018	525,000	162,621
2019	545,000	144,666
2020-2024	3,020,000	430,407
2025	665,000	22,743
Total	<u>\$ 6,235,000</u>	<u>\$ 1,350,729</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 2,700 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 construction contracts which total \$11,915,306. The costs incurred to date related to these contracts are \$7,459,332 and are included in construction in progress 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	\$ 6,513,889
Federal grant awards	<u>12,810</u>
	<u>\$ 6,526,699</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 grant awards were received for various programs applied for by the City.

D. Pension Plan

Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE IV. Other Information - continued

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

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

	<u>Plan Year 2014</u>	<u>Plan Year 2013</u>
Employee deposit rate	6.0%	6.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers 70% of CPI	100% Repeating, Transfers 70% of CPI
Annuity increase (to retirees)	Repeating	Repeating

Benefits

Upon retirement, benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since initiation of the plan began are a percent (100%, 150% or 200%) of the employee's accumulated contributions.

In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and the City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions, with interest, and the employer-financed monetary credits, with interest, were used to purchase an annuity.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE IV. Other Information - continued

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 23-year amortization period. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2012 valuation is effective for rates beginning January 2014).

Three-year trend information for the annual pension cost and net pension obligation/(asset) are as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual required contribution (ARC)	\$ 1,751,372	\$ 1,703,987	\$ 1,701,890
Interest on net pension obligation	21,743	21,560	16,935
Adjustment to the ARC	<u>(19,551)</u>	<u>(18,942)</u>	<u>(13,587)</u>
Annual pension cost (APC)	1,753,564	1,706,605	1,705,238
Contributions made	<u>(1,751,372)</u>	<u>(1,703,987)</u>	<u>(1,623,050)</u>
Increase (decrease) in net pension	2,192	2,618	82,188
Net pension obligation/(asset), beg. of year	<u>310,612</u>	<u>307,994</u>	<u>225,806</u>
Net pension obligation/(asset), end of year	<u>\$ 312,804</u>	<u>\$ 310,612</u>	<u>\$ 307,994</u>
Percentage of APC contributed	<u>100%</u>	<u>100%</u>	<u>95%</u>

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE IV. Other Information - continued

The City's total payroll in fiscal year 2014 was \$11,944,419, and the City's contributions were based on a payroll of \$12,222,853. Contributions made by employees totaled \$716,630 and the City made contributions of \$1,769,289 during the fiscal year ended September 30, 2014.

Funding Policy

Since its inception through the December 31, 2006 valuation, TMRS used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. TMRS changed to the Projected Unit Credit actuarial cost method with actuarial valuations beginning on December 31, 2007. The change to Projected Unit Credit caused significant contribution increases (beginning with the January 2009 contribution rate) for many cities that had adopted annually repeating benefits. Cities that experienced a rate increase of 0.50% or more were given the opportunity to phase-in the increase over an eight-year period. The City chose to fully fund the new rate beginning January 2009 and continued to use the full rate through December 2010. Beginning January 2011 the City chose to fund the phase-in rate. Since January 2012 the City has chosen to fund the full retirement contribution rate versus the phase-in rate.

Funding Status and Funding Progress

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report (CAFR).

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE IV. Other Information - continued

The funded status of the Plan as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

Fiscal Year	<u>2014</u>
Actuarial valuation date	12/31/2013
(1) Actuarial value of assets	\$ 48,404,431
(2) Actuarial accrued liability (AAL)	\$ 57,250,578
(3) Funded ratio (1) / (2)	84.5%
(4) Unfunded actuarial accrued liability (UAAL) (2) - (1)	\$ 8,846,147
(5) Covered payroll	\$ 11,673,153
(6) UAAL as a percentage of covered payroll (4) / (5)	75.8%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE IV. Other Information - continued

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

	2014	2013	2012
Actuarial valuation date	12/31/2013	12/31/2012	12/31/2011
Actuarial cost method	Entry Age Normal	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	23.0 years; closed period	25.0 years; closed period	26.0 years; closed period
Amortization Period for new gains/losses	30 years	30 years	30 years
Asset valuation method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial assumptions:			
Investment rate of return *	7.0%	7.0%	7.0%
Projected salary increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes inflation at	3.0%	3.0%	3.0%
Cost-of-living adjustments	2.1%	2.1%	2.1%

NOTE IV. Other Information - continued

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, 2014, the City offered the supplemental death benefit to both active and retired employees. The plan does not issue a separate financial report.

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 2014, 2013 and 2012 were \$17,917, \$17,078, and \$17,253, respectively, which equaled the required contributions each year.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE IV. Other Information - continued

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, 2012, 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, 2014, a total of twenty 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.

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 .15% of annual covered payroll.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE IV. Other Information – continued

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, 2014 is as follows:

	<u>2014</u>
Annual required contribution (ARC)	\$ 570,409
Interest on OPEB obligation	84,484
Adjustment to ARC	<u>(78,274)</u>
Annual OPEB cost (expense) end of year	576,619
Less employer contributions made	<u>(257,937)</u>
Increase in net OPEB obligation	318,682
Net OPEB obligation, beg. of year	<u>1,877,424</u>
Net OPEB obligation, end of year	<u>\$ 2,196,106</u>

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, 2014 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, 2014	\$ 576,619	\$ 257,937	44.7%	\$ 2,196,106
September 30, 2013	\$ 558,708	\$ 166,371	29.8%	\$ 1,877,424
September 30, 2012	\$ 595,738	\$ 194,095	32.6%	\$ 1,485,087

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE IV. Other Information – continued

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, 2012 is as follows:

Actuarial valuation date	12/31/2012
(1) Actuarial value of assets	\$ -
(2) Actuarial accrued liability (AAL)	\$ 5,177,813
(3) Funded ratio (1) / (2)	0%
(4) Unfunded actuarial accrued liability (UAAL) (2) - (1)	\$ 5,177,813
(5) Covered payroll (active plan members)	\$11,363,367
(6) UAAL as a percentage of covered payroll (4) / (5)	45.6%

Under the reporting parameters, the City’s retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$5,177,813 at December 31, 2012.

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.

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.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE IV. Other Information – continued

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 7.5% declining to an ultimate rate of 4.50% after 12 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. Fiscal year ended September 30, 2009 was the first year of implementation for the City in which the actuarial valuation as of December 31, 2008 was obtained, no information prior to implementation is available. An updated actuarial valuation as of December 31, 2010 was obtained during the year ended September 30, 2011. The most recently updated actuarial valuation as of December 31, 2012 was obtained during the year ended September 30, 2013. The funding progress for all three of these valuations is reflected in the required schedule of funding progress presented as required supplementary information.

NOTES TO FINANCIAL STATEMENTS
CITY OF HUMBLE, TEXAS

NOTE V. Subsequent Events

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through May 29, 2015, 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.

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Required Supplementary Information

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND
CITY OF HUMBLE, TEXAS
For the year ended September 30, 2014

	Budget Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 2,503,000	\$ 2,503,000	\$ 2,851,996	\$ 348,996
Sales tax	12,200,000	12,200,000	13,027,778	827,778
Franchise fees	1,413,740	1,413,740	1,456,072	42,332
Other taxes	245,000	245,000	324,311	79,311
Licenses and permits	164,250	164,250	281,481	117,231
Charges for services	1,536,950	1,536,950	1,679,847	142,897
Fines and forfeitures	1,270,000	1,270,000	1,120,817	(149,183)
Investment income	110,000	110,000	106,304	(3,696)
Intergovernmental	6,100,000	6,100,000	6,526,699	426,699
Other	127,000	127,000	226,503	99,503
TOTAL REVENUES	25,669,940	25,669,940	27,601,808	1,931,868
EXPENDITURES				
Current:				
Administration				
Personnel	735,600	740,600	733,417	7,183
Capital	3,775,584	2,195,484	2,227,954	(32,470)
All other	1,217,715	1,260,715	1,133,264	127,451
Court				
Personnel	593,200	593,200	549,886	43,314
Capital	29,000	3,000	40	2,960
All other	397,800	397,800	305,487	92,313
Police department				
Personnel	5,131,297	5,131,297	4,673,659	457,638
Capital	105,014	996,500	1,137,870	(141,370)
All other	4,375,348	4,185,348	3,248,513	936,835
Fire department				
Personnel	2,869,442	2,869,442	2,796,059	73,383
Capital	1,045,717	1,004,872	979,720	25,152
All other	2,729,786	2,715,407	1,770,077	945,330
Streets				
Personnel	631,000	631,000	609,093	21,907
Capital	66,180	635,000	610,580	24,420
All other	989,995	990,000	781,607	208,393
Park department				
Personnel	445,000	445,000	440,537	4,463
Capital	-	-	-	-
All other	388,900	388,900	472,139	(83,239)
Civic center				
Personnel	602,300	602,300	597,378	4,922
Capital	425,350	715,000	715,614	(614)
All other	1,040,800	1,040,800	1,013,640	27,160

	Budget Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Animal control				
Personnel	84,000	84,000	84,881	(881)
Capital	-	554,000	547,770	6,230
All other	73,044	73,044	119,431	(46,387)
Inspections				
Personnel	267,660	267,660	269,292	(1,632)
Capital	35,350	35,350	32,420	2,930
All other	231,745	231,745	195,483	36,262
Vehicle maintenance				
Personnel	172,000	172,000	167,847	4,153
Capital	-	-	-	-
All other	104,775	104,775	70,239	34,536
Building maintenance				
Personnel	111,000	111,000	108,603	2,397
Capital	-	-	-	-
All other	70,325	70,325	61,672	8,653
TOTAL EXPENDITURES	<u>28,744,927</u>	<u>29,245,564</u>	<u>26,454,172</u>	<u>2,791,392</u>
REVENUES OVER EXPENDITURES	<u>(3,074,987)</u>	<u>(3,575,624)</u>	<u>1,147,636</u>	<u>4,723,260</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds			-	-
Operating transfers in			340,000	340,000
Operating transfers (out)	-	-	(2,739,474)	(2,739,474)
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>(2,399,474)</u>	<u>(2,399,474)</u>
NET CHANGE IN FUND BALANCE	(3,074,987)	(3,575,624)	(1,251,838)	2,323,786
FUND BALANCE - Beginning	<u>41,035,031</u>	<u>41,035,031</u>	<u>41,035,031</u>	<u>-</u>
FUND BALANCE - Ending	<u>\$ 37,960,044</u>	<u>\$ 37,459,407</u>	<u>\$ 39,783,193</u>	<u>\$ 2,323,786</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, 2014

	Budget Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 2,100,000	\$ 2,100,000	\$ 1,802,818	\$ (297,182)
Investment income	-	-	1,729	1,729
Other	-	-	23	23
TOTAL REVENUES	<u>2,100,000</u>	<u>2,100,000</u>	<u>1,804,570</u>	<u>(295,430)</u>
EXPENDITURES				
Current:				
Public safety	1,627,914	1,742,514	1,445,294	297,220
TOTAL EXPENDITURES	<u>1,627,914</u>	<u>1,742,514</u>	<u>1,445,294</u>	<u>297,220</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>472,086</u>	<u>357,486</u>	<u>359,276</u>	<u>1,790</u>
NET CHANGE IN FUND BALANCE	472,086	357,486	359,276	1,790
FUND BALANCE - Beginning	<u>1,013,666</u>	<u>1,013,666</u>	<u>1,013,666</u>	<u>-</u>
FUND BALANCE - Ending	<u>\$ 1,485,752</u>	<u>\$ 1,371,152</u>	<u>\$ 1,372,942</u>	<u>\$ 1,790</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 FUNDING PROGRESS - TEXAS MUNICIPAL RETIREMENT SYSTEM
 CITY OF HUMBLE, TEXAS
 For the year ended September 30, 2014 (Unaudited)

Fiscal Year	2014	2013	2012
Actuarial valuation date	12/31/2013	12/31/2012	12/31/2011
(1) Actuarial value of assets	\$ 48,404,431	\$ 44,437,309	\$ 40,745,169
(2) Actuarial accrued liability (AAL)	\$ 57,250,578	\$ 50,363,353	\$ 47,504,410
(3) Funded ratio (1) / (2)	84.5%	88.2%	85.8%
(4) Unfunded actuarial accrued liability (UAAL) (2) - (1)	\$ 8,846,147	\$ 5,926,044	\$ 6,759,241
(5) Covered payroll	\$ 11,673,153	\$ 11,363,367	\$ 11,037,924
(6) UAAL as a percentage of covered payroll (4) / (5)	75.8%	52.2%	61.2%

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

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, 2014 (Unaudited)

Actuarial valuation date	<u>12/31/2012</u>	<u>12/31/2010</u>	<u>12/31/2008</u>
(1) Actuarial value of assets	\$ -	\$ -	\$ -
(2) Actuarial accrued liability (AAL)	\$ 5,177,813	\$ 5,533,251	\$ 5,060,018
(3) Funded ratio (1) / (2)	0.0%	0.0%	0.0%
(4) Unfunded actuarial accrued liability (UAAL) (2) - (1)	\$ 5,177,813	\$ 5,533,251	\$ 5,060,018
(5) Covered payroll	\$ 11,363,367	\$ 11,037,924	\$ 10,920,237
(6) UAAL as a percentage of covered payroll (4) / (5)	45.6%	50.1%	46.3%

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

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Other Supplementary Information

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, 2014

	Budget Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Property taxes	1,500	1,500	992	(508)
Interest	-	-	360	360
TOTAL REVENUES	<u>1,500</u>	<u>1,500</u>	<u>1,352</u>	<u>(148)</u>
EXPENDITURES				
Debt service:				
Bond principal retirement	460,000	460,000	460,000	-
Capital lease retirement	-	-	-	-
Interest and fiscal charges	230,140	230,140	228,974	1,166
TOTAL EXPENDITURES	<u>690,140</u>	<u>690,140</u>	<u>688,974</u>	<u>1,166</u>
REVENUES (UNDER)				
EXPENDITURES	<u>(688,640)</u>	<u>(688,640)</u>	<u>(687,622)</u>	<u>1,018</u>
OTHER FINANCING SOURCES				
Operating transfers in	689,140	689,140	688,969	(171)
Operating transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>689,140</u>	<u>689,140</u>	<u>688,969</u>	<u>(171)</u>
NET CHANGE IN FUND BALANCE	500	500	1,347	847
FUND BALANCE - Beginning	<u>2,166</u>	<u>2,166</u>	<u>2,166</u>	<u>-</u>
FUND BALANCE - Ending	<u>\$ 2,666</u>	<u>\$ 2,666</u>	<u>\$ 3,513</u>	<u>\$ 847</u>

See independent auditor's report

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	74
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	84
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	94
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	99
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	102
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. The City implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

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

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities				
Net investment in capital assets	\$ 19,344,702	\$ 19,580,939	\$ 22,269,913	\$ 21,585,697
Restricted	1,148,167	2,221,020	2,208,140	3,821,461
Unrestricted	<u>9,970,932</u>	<u>12,900,049</u>	<u>11,951,234</u>	<u>18,466,345</u>
Total governmental activities net position	<u>\$ 30,463,801</u>	<u>\$ 34,702,008</u>	<u>\$ 36,429,287</u>	<u>\$ 43,873,503</u>
Business-type activities				
Net investment in capital assets	\$ 15,296,506	\$ 20,519,338	\$ 28,024,846	\$ 27,752,116
Restricted	-	-	-	-
Unrestricted	<u>5,492,581</u>	<u>5,203,114</u>	<u>5,831,433</u>	<u>6,338,059</u>
Total business-type activities net position	<u>\$ 20,789,087</u>	<u>\$ 25,722,452</u>	<u>\$ 33,856,279</u>	<u>\$ 34,090,175</u>
Primary government				
Net investment in capital assets	\$ 34,641,208	\$ 40,100,277	\$ 50,294,759	\$ 49,337,813
Restricted	1,148,167	2,221,020	2,208,140	3,821,461
Unrestricted	<u>15,463,513</u>	<u>18,103,163</u>	<u>17,782,667</u>	<u>24,804,404</u>
Total primary government net position	<u>\$ 51,252,888</u>	<u>\$ 60,424,460</u>	<u>\$ 70,285,566</u>	<u>\$ 77,963,678</u>

Fiscal Year					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 20,085,923	\$ 23,139,086	\$ 27,320,527	\$ 28,089,850	\$ 31,712,478	\$ 38,711,211
5,472,051	4,681,770	6,745,451	16,643,656	12,632,359	21,332,381
<u>23,606,643</u>	<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>\$ 49,164,617</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>
\$ 28,629,663	\$ 28,668,105	\$ 30,133,849	\$ 29,470,677	\$ 29,552,626	\$ 28,770,288
-	-	-	-	-	-
<u>6,044,905</u>	<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>\$ 34,674,568</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>
\$ 48,715,586	\$ 51,807,191	\$ 57,454,376	\$ 57,560,527	\$ 61,265,104	\$ 67,481,499
5,472,051	4,681,770	6,745,451	16,643,656	12,632,359	21,332,381
<u>29,651,548</u>	<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>\$ 83,839,185</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>

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

	Fiscal Year				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses					
Governmental activities:					
General government	\$ 1,704,369	\$ 1,690,228	\$ 1,626,823	\$ 2,578,154	\$ 2,224,265
Court	621,394	684,143	725,292	911,395	956,295
Public safety	9,164,129	9,829,450	10,470,753	12,162,599	13,262,454
Public works	2,428,930	2,580,880	2,802,370	3,072,609	3,142,659
Community services	2,581,751	2,744,553	2,859,886	2,991,041	3,170,031
Interest on long-term debt	437,962	874,022	848,200	705,252	588,144
Total governmental activities expenses	<u>16,938,535</u>	<u>18,403,276</u>	<u>19,333,324</u>	<u>22,421,050</u>	<u>23,343,848</u>
Business-type activities:					
Water & sewer operations	<u>3,787,567</u>	<u>3,195,275</u>	<u>3,744,770</u>	<u>4,840,858</u>	<u>4,629,498</u>
Total primary government expenses	<u>\$ 20,726,102</u>	<u>\$ 21,598,551</u>	<u>\$ 23,078,094</u>	<u>\$ 27,261,908</u>	<u>\$ 27,973,346</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Court fines	\$ 1,247,590	\$ 1,200,252	\$ 2,590,766	\$ 1,529,618	\$ 430,957
Other activities	1,447,836	1,828,402	2,069,810	3,878,221	5,138,495
Operating grants and contributions	-	-	68,765	1,160,937	517,331
Capital grants and contributions	-	-	-	-	-
Total governmental activities program revenues	<u>2,695,426</u>	<u>3,028,654</u>	<u>4,729,341</u>	<u>6,568,776</u>	<u>6,086,783</u>
Business-type activities:					
Charges for services:					
Water	1,910,898	1,879,727	1,726,844	2,343,749	2,597,751
Sewer	2,465,275	2,897,205	3,108,080	3,028,206	3,416,642
Capital grants and contributions	-	120,102	-	-	-
Total business-type activities program revenues	<u>4,376,173</u>	<u>4,897,034</u>	<u>4,834,924</u>	<u>5,371,955</u>	<u>6,014,393</u>
Total primary government program revenues	<u>\$ 7,071,599</u>	<u>\$ 7,925,688</u>	<u>\$ 9,564,265</u>	<u>\$ 11,940,731</u>	<u>\$ 12,101,176</u>
Net (Expense)/Revenue					
Governmental activities	\$ (14,243,109)	\$ (15,374,622)	\$ (14,603,983)	\$ (15,852,274)	\$ (17,257,065)
Business-type activities	588,606	1,701,759	1,090,154	531,097	1,384,895
Total primary government net expense	<u>\$ (13,654,503)</u>	<u>\$ (13,672,863)</u>	<u>\$ (13,513,829)</u>	<u>\$ (15,321,177)</u>	<u>\$ (15,872,170)</u>

Fiscal Year				
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 1,768,237	\$ 1,942,585	\$ 2,254,910	\$ 1,960,828	\$ 2,214,887
982,222	894,537	919,512	1,014,342	940,620
13,584,392	13,186,914	13,267,069	14,447,794	14,928,331
6,710,397	3,422,676	3,078,417	3,298,222	3,401,250
3,231,319	3,023,786	2,948,472	2,894,327	3,232,039
474,787	368,157	341,554	305,721	227,017
<u>26,751,354</u>	<u>22,838,655</u>	<u>22,809,935</u>	<u>23,921,234</u>	<u>24,944,144</u>
<u>4,810,946</u>	<u>5,320,165</u>	<u>5,326,218</u>	<u>6,371,769</u>	<u>5,780,025</u>
<u>\$ 31,562,300</u>	<u>\$ 28,158,820</u>	<u>\$ 28,136,153</u>	<u>\$ 30,293,003</u>	<u>\$ 30,724,169</u>
\$ 1,849,819	\$ 1,079,547	\$ 1,385,308	\$ 1,276,763	\$ 1,476,476
3,330,720	3,874,111	4,118,317	4,300,721	5,062,269
3,202,906	103,576	22,685	16,415	15,348
	2,943,490	-	-	-
<u>8,383,445</u>	<u>8,000,724</u>	<u>5,526,310</u>	<u>5,593,899</u>	<u>6,554,093</u>
2,574,842	3,860,560	3,725,006	3,876,235	3,766,249
3,447,447	3,729,001	3,785,888	3,937,328	3,961,836
4,422	25,500	242,996	179,357	-
<u>6,026,711</u>	<u>7,615,061</u>	<u>7,753,890</u>	<u>7,992,920</u>	<u>7,728,085</u>
<u>\$ 14,410,156</u>	<u>\$ 15,615,785</u>	<u>\$ 13,280,200</u>	<u>\$ 13,586,819</u>	<u>\$ 14,282,178</u>
\$ (18,367,909)	\$ (14,837,931)	\$ (17,283,625)	\$ (18,327,335)	\$ (18,390,051)
1,215,765	2,294,896	2,427,672	1,621,151	1,948,060
<u>\$ (17,152,144)</u>	<u>\$ (12,543,035)</u>	<u>\$ (14,855,953)</u>	<u>\$ (16,706,184)</u>	<u>\$ (16,441,991)</u>

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

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 2,022,113	\$ 2,109,970	\$ 2,215,469	\$ 2,470,257
Sales taxes	9,832,302	10,967,533	11,638,600	11,715,509
Franchise taxes	1,272,787	1,575,870	1,376,856	1,451,095
Hotel/motel occupancy tax	332,706	436,190	477,379	512,994
Other taxes	240,741	218,937	239,184	235,587
Unrestricted contributions	4,479,873	6,061,364	5,821,596	5,855,459
Miscellaneous	-	13,105	26,634	-
Unrestricted investment earnings	152,638	1,227,378	1,288,347	593,170
Transfers	655,919	(2,997,518)	(6,752,803)	462,419
Business-type activities:				
Unrestricted investment earnings	92,831	234,088	290,870	165,218
Miscellaneous	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-
Transfers	(655,919)	2,997,518	6,752,803	(462,419)
Total business-type activities	<u>(563,088)</u>	<u>3,231,606</u>	<u>7,043,673</u>	<u>(297,201)</u>
Total primary government	<u>\$ 18,425,991</u>	<u>\$ 22,844,435</u>	<u>\$ 23,374,935</u>	<u>\$ 22,999,289</u>
Change in Net Position				
Governmental activities	\$ 4,745,970	\$ 4,238,207	\$ 1,727,279	\$ 7,444,216
Business-type activities	<u>25,518</u>	<u>4,933,365</u>	<u>8,133,827</u>	<u>233,896</u>
Total primary government	<u>\$ 4,771,488</u>	<u>\$ 9,171,572</u>	<u>\$ 9,861,106</u>	<u>\$ 7,678,112</u>

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

Fiscal Year

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 2,488,382	\$ 2,549,820	\$ 2,409,633	\$ 2,470,952	\$ 2,577,384	\$ 2,810,416
11,222,435	10,642,809	11,172,162	11,764,836	12,337,228	13,027,778
1,458,452	1,453,757	1,394,592	1,415,797	1,454,209	1,456,072
423,974	411,283	440,888	540,441	571,612	632,201
283,758	263,556	245,883	252,241	265,964	324,311
5,611,218	5,321,405	5,586,081	5,882,418	6,168,614	6,513,889
26,826	13,741	9,137	117,118	97,409	107,809
150,830	97,271	53,152	16,200	8,264	6,577
882,304	1,594,556	1,924,063	991,742	2,788,528	625,920
66,645	38,484	14,340	23,642	9,352	15,687
-	-	-	(86,942)	9,972	-
15,157	-	-	-	-	-
(882,304)	(1,594,556)	(1,924,063)	(991,742)	(2,788,528)	(625,920)
<u>(800,502)</u>	<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>\$ 21,747,677</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>
\$ 5,291,114	\$ 3,980,289	\$ 8,397,660	\$ 6,168,120	\$ 7,941,877	\$ 7,114,922
584,393	(340,307)	385,173	1,372,630	(1,148,053)	1,337,827
<u>\$ 5,875,507</u>	<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>

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

	Fiscal Year				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund					
Nonspendable					
Prepaid items	\$ 112,133	\$ 173,304	\$ 17,869	\$ 2,565	\$ 10,065
Restricted					
Transportation					
Public safety	2,232	5,940	11,503	14,579	27,696
Municipal court	13,285	36,692	96,627	129,528	190,911
Committed					
Other purposes	14,016	14,016	14,016	14,016	14,016
Assigned					
Other purposes	-	464	4,577	2,350	33,190
Unassigned	9,483,795	12,218,479	17,392,013	20,290,614	23,066,598
Total general fund	<u>\$ 9,625,461</u>	<u>\$ 12,448,895</u>	<u>\$ 17,536,605</u>	<u>\$ 20,453,652</u>	<u>\$ 23,342,476</u>
All Other Governmental Funds					
Restricted					
Debt service	\$ 889,713	\$ 1,743,650	\$ 1,571,862	\$ 1,702,984	\$ 1,652,302
Capital projects	13,004,741	18,774,284	6,011,263	2,332,639	416,539
Development activities	8,850	222,439	344,189	564,178	412,232
Public safety	1,679	1,294		613,729	1,731,941
Committed					
Capital projects	565,033	541,972	528,882	479,600	384,624
Other purposes	10,436	9,299	6,185	1,673	
Assigned					
Capital projects	43,979	43,979	43,979	43,979	43,979
Development activities					
Unassigned					(16,172)
Total all other governmental funds	<u>\$ 14,524,431</u>	<u>\$ 21,336,917</u>	<u>\$ 8,506,360</u>	<u>\$ 5,738,782</u>	<u>\$ 4,625,445</u>

Fiscal Year				
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 2,165	\$ 2,998	\$ 2,165	\$ 10,415	\$ 10,415
	1,869,143	11,413,775	8,055,090	15,382,991
29,352	52,152	229,880	221,395	294,290
250,236	302,774	365,979	114,830	181,310
14,016	14,016	-	-	-
24,946	21,863	91,602	-	-
24,322,982	26,472,769	23,634,980	32,633,301	23,914,187
<u>\$ 24,643,697</u>	<u>\$ 28,735,715</u>	<u>\$ 35,738,381</u>	<u>\$ 41,035,031</u>	<u>\$ 39,783,193</u>
\$ 1,256,556	\$ 1,255,955	\$ 1,141,952	\$ 2,166	\$ 3,513
	301,315	506,394	404,975	228,978
263,193	156,591	157,304	367,781	561,659
1,812,501	1,385,793	1,074,247	1,013,666	1,372,942
67,460	285,622	285,932	-	-
9,223	12,795	14,848	-	-
43,979	43,979	43,979	136,955	136,955
			10,989	250
<u>\$ 3,452,912</u>	<u>\$ 3,442,050</u>	<u>\$ 3,224,656</u>	<u>\$ 1,936,532</u>	<u>\$ 2,304,297</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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues					
Property taxes	\$ 2,026,297	\$ 2,134,033	\$ 2,264,536	\$ 2,410,039	\$ 2,570,565
Sales taxes	9,832,302	10,967,533	11,638,600	11,715,509	11,222,435
Franchise taxes	1,272,787	1,575,870	1,376,856	1,451,095	1,458,452
Hotel/motel occupancy taxes	332,706	436,190	477,379	512,994	423,974
Other taxes	209,092	218,937	239,184	235,587	283,758
Licenses and permits	180,494	155,965	266,860	169,111	192,915
Charges for services	736,716	1,047,500	1,400,160	1,576,373	1,557,228
Fines and forfeitures	1,412,736	1,353,402	1,512,731	2,754,320	3,898,274
Investment income	149,302	1,223,772	1,287,352	589,198	146,540
Intergovernmental	4,659,018	6,223,393	5,873,781	7,006,632	6,128,339
Other	205,383	125,281	158,627	225,307	200,259
Total revenues	<u>21,016,833</u>	<u>25,461,876</u>	<u>26,496,066</u>	<u>28,646,165</u>	<u>28,082,739</u>
Expenditures					
General Government	1,484,206	1,460,658	1,485,886	2,378,958	2,035,830
Court	601,044	719,001	698,528	821,203	863,902
Public safety	9,485,404	9,678,092	10,391,721	11,497,044	12,830,461
Public works	1,859,935	1,908,882	2,059,346	2,092,895	2,101,999
Community services	1,923,292	2,133,260	2,328,377	2,391,875	2,568,124
Capital outlay	2,444,214	2,022,630	5,484,755	5,758,871	2,947,067
Debt service:					
Bond principal retirement	3,100,000	3,865,000	4,035,000	3,135,000	3,240,000
Capital lease retirement	292,885	148,342	146,137	153,951	-
Interest and fiscal charges	498,270	892,573	866,362	719,318	602,173
Total expenditures	<u>21,689,250</u>	<u>22,828,438</u>	<u>27,496,112</u>	<u>28,949,115</u>	<u>27,189,556</u>
Excess (deficiency) of revenues over expenditures	(672,417)	2,633,438	(1,000,046)	(302,950)	893,183
Other Financing Sources (Uses)					
Debt proceeds	12,400,000	10,000,000	-	-	-
Transfers	655,918	(2,997,518)	(6,752,802)	462,419	882,304
Total other financing sources (uses)	<u>13,055,918</u>	<u>7,002,482</u>	<u>(6,752,802)</u>	<u>462,419</u>	<u>882,304</u>
Net change in fund balances	<u>\$ 12,383,501</u>	<u>\$ 9,635,920</u>	<u>\$ (7,752,848)</u>	<u>\$ 159,469</u>	<u>\$ 1,775,487</u>
Debt service as a percentage of noncapital expenditures	20.2%	23.6%	22.9%	17.3%	15.8%

Fiscal Year				
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 2,572,441	\$ 2,421,530	\$ 2,470,181	\$ 2,583,342	\$ 2,853,348
10,642,809	11,172,162	11,764,836	12,337,228	13,027,778
1,453,757	1,394,592	1,415,797	1,454,209	1,456,072
411,283	440,888	540,441	571,612	632,205
263,556	245,883	252,241	265,964	324,311
172,770	225,554	194,785	159,535	281,481
1,437,422	1,708,923	1,545,103	1,555,415	1,681,722
3,178,042	2,626,438	3,083,056	2,974,525	2,923,635
92,636	79,013	101,605	97,410	108,033
8,520,831	8,616,731	5,905,666	6,178,364	6,526,699
104,922	115,545	283,882	256,215	226,876
<u>28,850,469</u>	<u>29,047,259</u>	<u>27,557,593</u>	<u>28,433,819</u>	<u>30,042,160</u>
1,445,876	1,661,980	1,855,046	1,649,003	1,866,769
888,667	811,889	823,496	907,848	855,413
13,328,222	12,749,384	12,522,049	13,667,913	14,123,026
5,503,659	2,288,273	2,024,168	2,137,537	2,263,845
2,577,179	2,451,070	2,385,502	2,308,631	2,642,289
2,831,187	4,769,049	2,287,558	3,620,071	9,111,837
3,350,000	1,750,000	690,000	2,575,000	460,000
34,764	31,492	32,547	33,637	-
489,223	377,030	343,716	314,181	228,974
<u>30,448,777</u>	<u>26,890,167</u>	<u>22,964,081</u>	<u>27,213,821</u>	<u>31,552,153</u>
(1,598,308)	2,157,092	4,593,512	1,219,998	(1,509,993)
132,440	-	-	-	-
<u>1,594,556</u>	<u>1,924,063</u>	<u>991,743</u>	<u>2,788,528</u>	<u>625,920</u>
<u>1,726,996</u>	<u>1,924,063</u>	<u>991,743</u>	<u>2,788,528</u>	<u>625,920</u>
<u>\$ 128,688</u>	<u>\$ 4,081,155</u>	<u>\$ 5,585,255</u>	<u>\$ 4,008,526</u>	<u>\$ (884,073)</u>
14.0%	9.8%	5.2%	12.4%	3.1%

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
2005	\$ 736,271,850	\$ 260,473,220	\$ 996,745,070	\$ 0.19982
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

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

Taxpayer	2014			2005		
	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	\$ 112,565,886	1	8.06%	\$ 49,734,770	1	4.99%
Vestar DM LLC	47,325,209	2	3.39%	19,031,860	3	1.91%
Lawlers Foods	28,920,667	3	2.07%	12,290,740	10	1.23%
Wal-Mart	20,823,743	4	1.49%	23,327,040	2	2.34%
Macy's	19,479,122	5	1.40%	15,457,400	6	1.55%
WRI Retail Pool I LP	19,319,800	6	1.38%	14,653,680	8	1.47%
Hydril USA Distribution LLC	18,060,670	7	1.29%	-	-	0.00%
Deerbrook Investment	17,791,695	8	1.27%	17,650,900	4	1.77%
Townsen 1960 Associates LP	17,511,670	9	1.25%	-	-	0.00%
Deerbrook Commons Ltd	16,012,385	10	1.15%	-	-	0.00%
Central Telephone Co.	-	-	0.00%	17,277,800	5	1.73%
Centerpoint Energy	-	-	0.00%	15,102,980	7	1.52%
Dillard's	-	-	0.00%	13,432,880	9	1.35%
Total	\$ 317,810,847		22.76%	\$ 197,960,050		19.86%

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
2005	0.132060	0.067760	0.199820	0.399860
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

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
0.033180	0.190210	0.016730	0.006290	1.740000	0.114500
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

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
2005	\$ 1,991,868	\$ 1,939,267	97.4%
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%

Source: City tax assessor/collector

Collections in Subsequent Years		Total Collections to Date	
		Amount	Percentage of Levy
\$	42,762	\$ 1,982,029	99.5%
	53,858	2,088,844	99.6%
	43,953	2,179,037	99.6%
	48,057	2,397,489	99.6%
	46,627	2,552,723	99.5%
	49,587	2,524,312	99.7%
	25,145	2,406,489	99.4%
	24,110	2,438,267	99.6%
	15,216	2,553,252	99.5%
	-	2,767,699	99.1%

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

	Calendar Year				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Retail Sales	\$ 983,230,200	\$ 1,096,753,300	\$ 1,163,860,000	\$ 1,171,351,500	\$ 1,102,255,337
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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 1,074,880,357	\$ 1,121,526,138	\$ 1,189,911,935	\$ 1,230,673,554	\$ 1,317,130,823
1%	1%	1%	1%	1%

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

	Calendar Year 2013			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Mining, quarrying and oil and gas extraction	5	0.31 %	\$ 617	0.01 %
Construction	138	8.21	477,461	4.21
Manufacturing	113	6.74	154,152	1.36
Wholesale Trade	109	6.45	299,574	2.64
Retail Trade	670	39.88	7,790,521	68.65
Transportation and warehousing	8	0.45	2,502	0.02
Information	31	1.84	440,570	3.88
Finance and insurance	18	1.07	7,491	0.07
Real estate, rental and leasing	35	2.07	67,408	0.59
Professional, scientific and technical services	96	5.71	32,355	0.28
Admin, support, waste mgmt and remediation services	91	5.41	336,012	2.96
Educational services	12	0.73	893	0.01
Health care and social assistance	18	1.06	10,774	0.09
Arts, entertainment and recreation	25	1.47	78,949	0.69
Accommodation and food services	157	9.36	1,464,571	12.91
Other services	146	8.66	184,767	1.63
Other	10	0.58	-	0.00
	<u>1,682</u>	<u>100.00 %</u>	<u>\$ 11,348,617</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 2004

Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
2	0.12 %	\$ -	0.00 %
140	7.69	122,323	1.39
81	4.45	128,104	1.46
88	4.85	149,133	1.69
701	38.49	5,798,429	65.89
6	0.33	4,589	0.05
25	1.36	231,813	2.63
25	1.36	19,295	0.22
26	1.43	57,357	0.65
123	6.76	66,124	0.75
161	8.82	447,694	5.09
8	0.44	1,686	0.02
13	0.73	20,873	0.24
17	0.91	43,685	0.50
154	8.48	1,067,818	12.13
148	8.11	255,826	2.91
103	5.67	385,951	4.38
<u>1,821</u>	<u>100.00 %</u>	<u>\$ 8,800,700</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		
2005	\$	19,335,000	1.94	\$	1,326.22	\$	448,430
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		-

Fiscal Year	<u>Business-type Activities</u>		Total Primary Government ^c	Percentage of Personal Income	Per Capita ^b		
	Water/Sewer Revenue Bonds						
2005	\$	-	\$	19,783,430	7.71	\$	1,357
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

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, 2014 (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.	\$ 378,755,000	0.79%	\$ 2,992,165
Harris County	2,128,493,204	0.42%	8,939,671
Harris County Department of Education	7,410,000	0.42%	31,122
Harris County Flood Control District	89,990,000	0.44%	395,956
Humble Independent School District	573,755,000	10.33%	59,268,892
Lone Star College System	467,525,000	1.01%	4,722,003
Port of Houston Authority	717,624,397	0.44%	<u>3,157,547</u>
	Net Total Estimated Overlapping Debt		\$ 79,507,356
	City of Humble		<u>6,235,000</u>
	Total Net Direct and Estimated Overlapping Debt		\$ <u>85,742,356</u>
	Total Net Direct and Estimated Overlapping Debt Per Capita		\$ <u>5,666</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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit	\$ 99,674,507	\$ 104,884,440	\$ 109,978,698	\$ 120,310,147	\$ 128,213,547
Total net debt applicable to limit	<u>19,335,000</u>	<u>25,470,000</u>	<u>21,435,000</u>	<u>18,300,000</u>	<u>15,060,000</u>
Legal debt margin	<u>\$ 80,339,507</u>	<u>\$ 79,414,440</u>	<u>\$ 88,543,698</u>	<u>\$ 102,010,147</u>	<u>\$ 113,153,547</u>
Total net debt applicable to the limit as a percentage of debt limit	19.40%	24.28%	19.49%	15.21%	11.75%

Legal Debt margin Calculation for Fiscal Year 2014

Assessed value	\$ 1,396,052,495
Debt limit (10% of assessed value)	139,605,250
Debt applicable to limit	<u>6,235,000</u>
Legal debt margin	<u><u>\$ 133,370,250</u></u>

Fiscal Year				
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 126,642,391	\$ 120,996,705	\$ 122,455,339	\$ 128,240,976	\$ 139,605,250
<u>11,710,000</u>	<u>9,960,000</u>	<u>9,270,000</u>	<u>6,695,000</u>	<u>6,235,000</u>
<u><u>\$ 114,932,391</u></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>
9.25%	8.23%	7.57%	5.22%	4.47%

SCHEDULE 14
CITY OF HUMBLE, TEXAS
PLEDGED-REVENUE COVERAGE
Last ten fiscal years (Unaudited)

Fiscal Year	Water/Sewer Revenue Bonds					Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Annual Debt Service		
2005	\$ -	\$ -	\$ -	\$ -	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-

Notes: There was no outstanding debt backed by pledged revenue during the last ten fiscal years.

SCHEDULE 15
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)
2005	14,579	\$ 256,517,505	\$ 17,595	31.3	6,834	6.2 %
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

Sources:

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

SCHEDULE 16
CITY OF HUMBLE, TEXAS
PRINCIPAL EMPLOYERS
Current year and eight years ago (Unaudited)

Employer	2014		
	Employees	Rank	Percentage of Total City Employment
Memorial Hermann	950	1	N/A
Humble ISD	567	2	N/A
Lawler Foods	418	3	N/A
Walmart	350	4	N/A
Harris County Annex	283	5	N/A
CDI Seals	275	6	N/A
Macy's	250	7	N/A
City of Humble	191	8	N/A
Sam's Club	168	9	N/A
Target	160	10	N/A
Northeast Medical Center	-		N/A
Dillard's	-		N/A
Home Depot	-		N/A
	<u>3612</u>		<u>N/A</u>

Source: Human resources departments of all employers listed

Notes: Principal employer information not available before 2006.

N/A - information not available

2006		
<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
	N/A	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
300	5	N/A
900	1	N/A
143	9	N/A
125	10	N/A
<u>3321</u>		<u>N/A</u>

SCHEDULE 17
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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government					
Management services	4	4	4	4	4
Finance	3	3	3	4	4
Court	6	7	7	7	8
Building	4	5	5	5	5
Other	11	11	11	10	10
Police					
Officers	58	58	58	57	58
Civilians	15	14	14	17	19
Fire					
Firefighters and officers	32	33	31	35	35
Civilians	4	4	4	4	4
Other public works	14	14	15	15	15
Parks and recreation	7	7	7	7	7
Water	11	12	12	12	12
Wastewater	8	8	8	8	9
Total	<u>177</u>	<u>180</u>	<u>179</u>	<u>185</u>	<u>190</u>

Source: City Human Resources department

Full-time-Equivalent Employees as of September 30,

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
4	4	3	2	2
4	4	4	5	4
8	8	8	8	8
5	5	5	5	5
9	9	9	10	14
58	59	58	54	55
20	20	18	18	20
35	35	35	35	35
4	4	4	4	4
15	14	15	15	16
7	7	7	7	7
11	11	11	11	12
9	9	9	9	9
<u>189</u>	<u>189</u>	<u>186</u>	<u>183</u>	<u>191</u>

SCHEDULE 18
CITY OF HUMBLE, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last ten fiscal years (Unaudited)

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government					
Building permits issued	268	249	179	129	123
Building inspections conducted	574	668	611	504	487
Police					
Physical arrests	3,266	3,803	3,890	3,281	3,446
Parking violations	141	146	95	107	400
Traffic violations	15,442	17,897	20,541	22,308	19,128
Fire					
Emergency responses	2,684	2,723	2,824	2,951	2,773
Fires extinguished	151	140	100	71	69
Inspections	378	776	820	573	802
Water					
Number of connections	7,534	6,996	7,031	7,016	7,033
Average daily consumption (thousands of gallons)	3,324	3,044	2,900	3,012	3,098
Peak daily consumption (thousands of gallons)	6,000	3,951	5,014	4,448	5,022
Wastewater					
Average daily sewage treatment (thousands of gallons)	2,129	2,400	1,932	1,978	2,091

N/A - Information not tracked during these years

Sources: Various city departments

Fiscal Year				
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
106	114	114	122	148
461	539	450	498	536
3,481	4,027	5,308	4,761	3,509
230	253	190	151	155
16,576	16,864	17,700	18,886	15,121
3,095	3,358	3,482	3,647	3,924
109	114	80	95	112
308	942	573	660	1,299
7,080	7,397	7,379	7,412	7,345
2,997	3,263	3,072	3,046	2,922
4,415	6,764	4,094	4,865	4,361
2,143	2,077	2,103	1,931	2,024

SCHEDULE 19
CITY OF HUMBLE, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last ten fiscal years (Unaudited)

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police					
Patrol units	23	23	24	26	31
Fire stations	2	2	2	2	2
Other public works					
Streets (miles)	49.84	49.84	49.84	49.84	49.84
Traffic signals	7	7	7	7	7
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	79.00	81.30	81.40
Fire hydrants	727	727	729	775	778
Storage capacity (thousands of gallons)	5,010	5,010	5,010	5,010	5,010
Wastewater					
Sanitary sewers (miles)	56.30	56.30	56.30	56.90	67.70
Storm sewers (miles)	25.25	25.25	26.50	26.50	31.80
Treatment capacity (thousands of gallons)	9,900	9,900	19,600	19,600	19,600

Sources: Various city departments

Fiscal Year				
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
31	31	31	31	29
2	2	2	2	2
50.00	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	2
81.39	81.72	81.72	81.72	81.72
778	809	809	809	809
5,010	5,010	5,010	5,010	5,010
67.94	68.56	68.56	68.56	68.56
31.26	31.87	32.01	32.01	32.01
19,600	19,600	19,600	19,600	19,600

