City of Humble, Texas

Comprehensive Annual Financial Report

October 1, 2015 through September 30, 2016

City of Humble, Texas

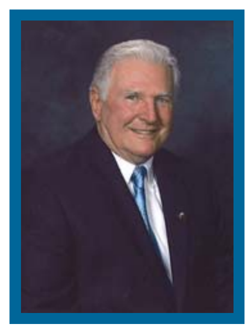
Merle Aaron
Mayor

City Officials

Andy Curry
Councilman

Ray Calfee
Councilman

Norman Funderburk
Councilman



Allan Steagall
Councilman

David Pierce
Councilman

Darrell Boeske
City Manager

Jason Stuebe
City Secretary

September 30, 2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Humble, Texas

For the fiscal year ended
September 30, 2016

Report Prepared By
City Manager and
Members of His Staff

CITY OF HUMBLE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section

City of Humble
114 West Higgins, Humble, Texas 77338, (281) 446-3061
Fax: (281) 446-7843
Merle Aaron
Mayor

Council Members
Ray Calfee
Charles "Andy" Curry
Norman Funderburk
David Pierce
Allan Steagall

City Manager
Darrell Boeske

City Secretary
Jason Stuebe

March 31, 2017

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, 2016, 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, 2016. The independent auditor's report is located in the front of the financial section of this report.

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

Profile of the City

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

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

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

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

Because of the strength of the regional and local economy, Humble continues to experience growth in commercial and light industrial development. The tax roll certified by the Harris County Appraisal District for 2016 increased by $154 million, or 10.4%. The City maintained its tax rate at $0.20 for the 2016 fiscal year, which is one of the lowest ad-valorem tax rates of any municipality within Harris County.

The City saw a slight decrease of approximately 1.6% in fiscal year 2016 sales tax revenues as result of the most recent economic downturn in the Energy Corridor. However, the City exceeded its sales tax revenue budget by 2.7% and ended the year better than anticipated; with sales tax revenues totaling $13.6 million.

Financial Policies

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

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

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

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

Long-Term Financial Planning

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

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

Sales tax receipts are the largest source of revenue for the City and have historically accounted for more than 47% of General Fund revenues. The City has seen stable collection of sales tax revenues in the last 12 months. Based on the current economic climate, there is about 1.5% growth built in to budgeted sales tax revenues for 2017 over 2016.

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

The City is committed to providing well-maintained infrastructure as extensive concrete and asphalt pavement improvement projects and associated utility improvements continued during the current fiscal year that are significantly improving many roads through-out the City limits. Two phases of these improvements completed during the current fiscal year bringing the total City investment to date of approximately $14.2 mil. The final phase of these improvements is in process with estimated completion planned during fiscal year 2018.

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, 2015. 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 14 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

Darrell Boeske, City Manager

Aimee Phillips

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, 2015

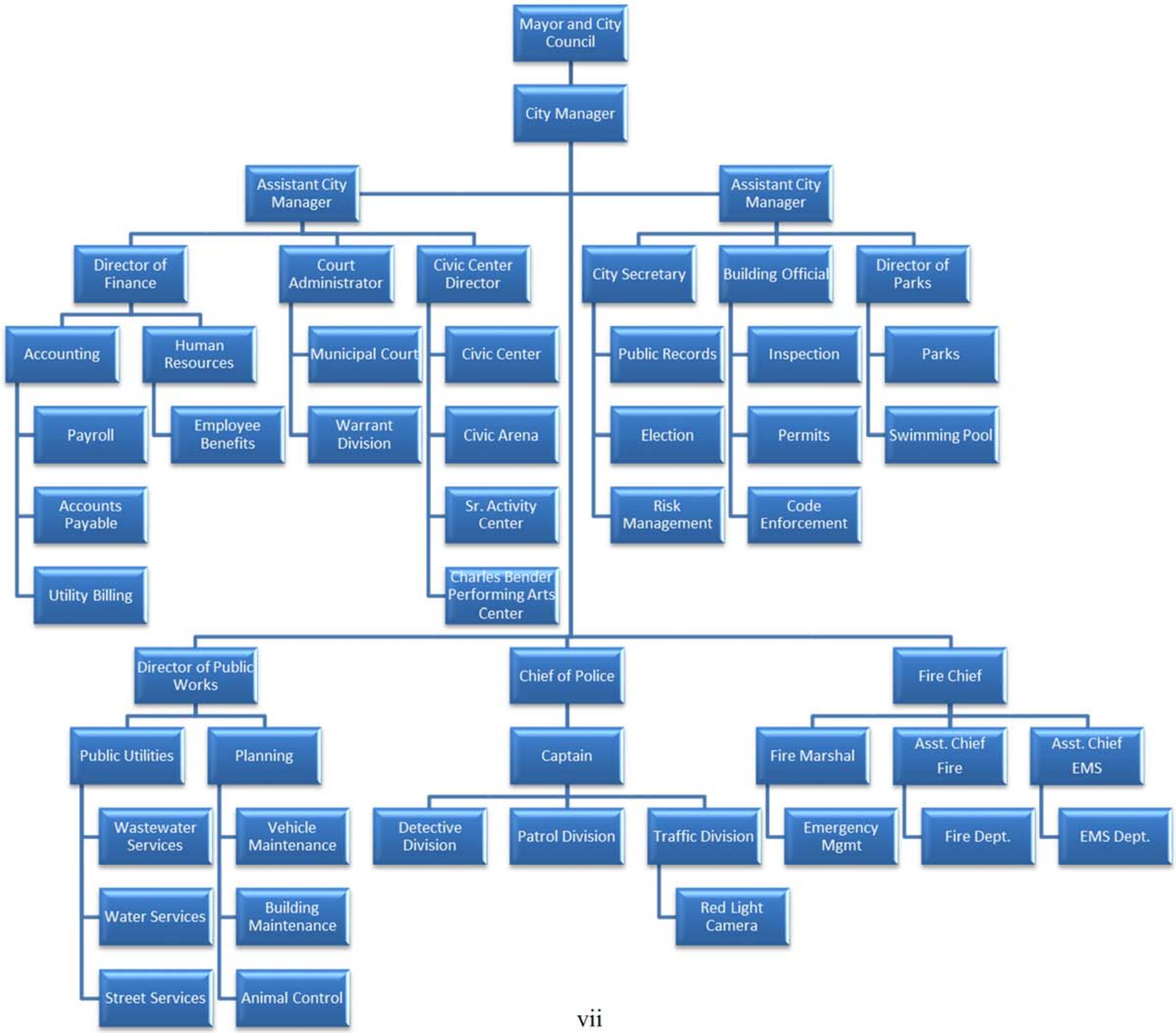
Executive Director/CEO

CITY OF HUMBLE, TEXAS
PRINCIPAL CITY OFFICIALS
September 30, 2016

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

Department Heads	Appointive Position
Darrell Boeske	City Manager
Jason Stuebe	Assistant City Manager/City Secretary
Aimee Phillips	Assistant City Manager/Finance Director
Barry Brock	Director of Public Works
Delbert Dawes	Chief of Police
Gary Outlaw	Fire Chief
James Nykaza	Fire Marshal
Sandra Elliott	Court Administrator
Ray Pearson	Building Official
Jeremy Mittag	Parks Director

CITY OF HUMBLE, TEXAS
ORGANIZATION CHART



Financial Section

whitleypenn

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Houston, Texas 77046
713.621.1515 Main

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REPORT OF INDEPENDENT AUDITORS

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Humble, Texas (the "City") as of and for the year ended September 30, 2016, 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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, budgetary comparison information on pages 59 through 62, and pension system and other post-employment benefit supplementary information on pages 63 through 66 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, other supplementary information, debt service and capital projects fund budgetary comparison 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 and capital projects fund budgetary comparison schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other supplementary information, and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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
March 31, 2017

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, 2016.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $128.3 million *(net position).* Of this amount, $35.8 million *(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 $6.0 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $36.7 million, a decrease of $577,483 from the prior year. Approximately 72% of this total amount, $26.5 million, is *available for spending* at the government's discretion *(unassigned fund balance).*
- At the end of the current fiscal year, unassigned fund balance for the general fund was 110% of total general fund expenditures.
- The City's long-term liabilities increased by $3.2 million over the prior year due primarily to an increase in the City's net pension liability.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, 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.

Government-wide Financial Statements (continued)

The government-wide financial statements can be found on pages 17 through 19 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 at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains six 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, which are considered to be a major funds. Data from the other two governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its general fund, debt service fund and capital projects fund. Budgetary comparison schedules have been provided for the general fund, debt service fund and capital projects fund to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 20 through 26 of this report.

Proprietary Funds

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

Proprietary Funds (continued)

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operating fund that is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 27 through 29 of this report.

Notes to the Basic 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 through 56 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees and general fund budgetary comparisons. Required supplementary information can be found on pages 59 through 66 of the City's Comprehensive Annual Financial Report.

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. The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $128.3 million (net position). 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 and business-type activities.

By far, the largest portion of the City's net position (65%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. 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.

Government-wide Financial Analysis (continued)

An additional portion of the City's net position (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $35.8 million, may be used to meet the government's ongoing obligations to citizens and creditors.

The following table summarizes the financial position of the City as of September 30, 2016 and 2015.

CONDENSED SCHEDULE OF NET POSITION
September 30, 2016 and 2015
Amounts in (000's)

	Governmental Activities		Business-type Activities		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Current and other assets	$ 45,555	$ 46,168	$ 13,161	$ 10,669	$ 58,715	$ 56,837
Capital assets	60,826	56,167	27,466	27,977	88,292	84,143
Total Assets	106,381	102,334	40,627	38,646	147,007	140,980
Deferred Outflows of Resources	4,530	1,663	488	185	5,018	1,848
Other liabilities	2,945	3,689	909	836	3,854	4,525
Long-term liabilities	17,726	14,715	1,364	991	19,090	15,706
Total Liabilities	20,671	18,404	2,272	1,827	22,944	20,231
Deferred Inflows of Resources	725	324	78	36	804	360
Net position:						
Net investment in capital assets	55,561	50,407	27,466	27,977	83,027	78,383
Restricted	9,408	21,090			9,408	21,090
Unrestricted	24,546	13,772	11,297	8,991	35,843	22,763
Total Net Position	$ 89,515	$ 85,269	$ 38,763	$ 36,968	$ 128,278	$ 122,237

The City's net position increased by $6.0 million during the current fiscal year, demonstrating the ability of the City's revenues to keep pace with annual expenses.

Government-wide Financial Analysis (continued)

The following table summarizes the changes in net position for the City for the year ended September 30, 2016 and 2015.

CONDENSED SCHEDULE OF CHANGES IN NET POSITION

For the Year Ended September 30, 2016 and 2015

Amounts in (000's)

	Governmental Activities		Business-type Activities		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Revenues						
Program revenue:						
Charges for services	$ 6,092	$ 4,665	$ 8,461	$ 7,786	$ 14,553	$ 12,451
Operating grants and contributions	35	19			35	19
General revenues:						
Property taxes	3,287	3,018			3,287	3,018
Sales and use taxes	13,602	13,825			13,602	13,825
Franchise taxes	1,557	1,477			1,557	1,477
Hotel/motel occupancy taxes	493	541			493	541
Other taxes	327	338			327	338
Contributions not restricted	6,844	6,913			6,844	6,913
Unrestricted investment earnings	146	188	23	45	169	233
Miscellaneous		62		9		71
Total Revenues	32,382	31,047	8,484	7,840	40,866	38,887
Expenses:						
General government	3,003	2,296			3,003	2,296
Court	956	912			956	912
Public safety	17,435	15,531			17,435	15,531
Public works	4,017	3,589			4,017	3,589
Community services	3,046	2,976			3,046	2,976
Interest on long-term debt	197	211			197	211
Water and sewer			6,172	5,893	6,172	5,893
Total Expenses	28,654	25,515	6,172	5,893	34,826	31,408
Increase in net position before transfers	3,729	5,532	2,312	1,947	6,041	7,479
Transfers	517	830	(517)	(830)		
Change in net position	4,246	6,362	1,795	1,117	6,041	7,479
Net position - beginning	85,269	82,782	36,968	36,282	122,237	119,063
Prior period adjustment		(3,875)		(431)		(4,306)
Net position - ending	$ 89,515	$ 85,269	$ 38,763	$ 36,968	$ 128,278	$ 122,237

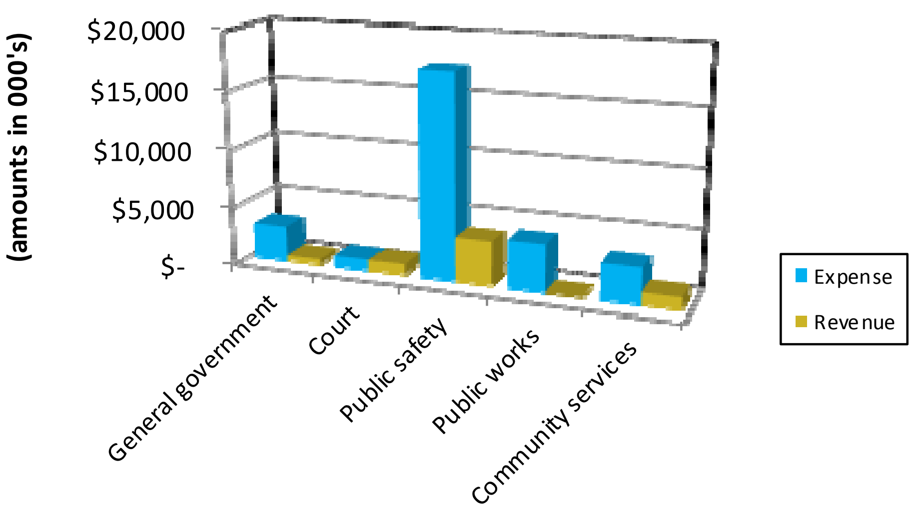
Governmental Activities

Governmental activities increased the City's net position by approximately $4.2 compared to $6.4 million in the prior year, thereby accounting for 70% of the total growth in the net position of the City. The change in net position is attributable to the following:

- Sales tax revenue of $13.6 million decreased from the prior year by $223,139
- Property tax revenue of $3.2 million is an increase of $269,012 over prior year
- Charges for services increased from prior year by $1.4 million. This increase is due in part to an increase in Red Light Camera fines of $876,544 and increase in court fines of $457,224

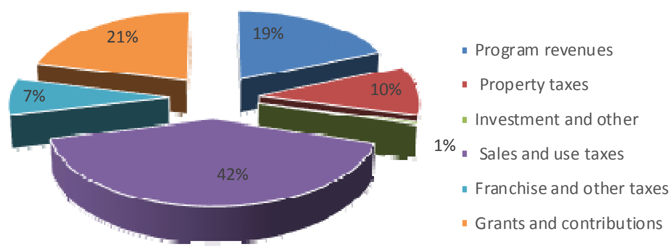
Total expense of all governmental activities this year was $28.7 million which is an increase of $3.1 million from the prior year. Public safety accounts for a majority of this increase which is attributable to increased salaries and benefits.

A comparison of program expenses to program revenues follows:



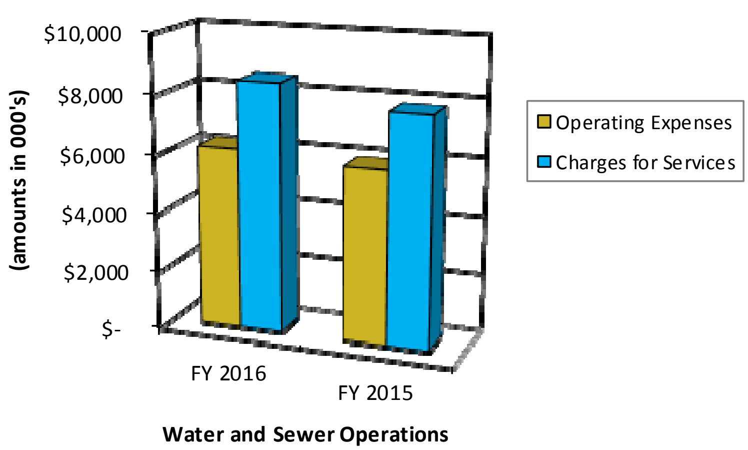
Governmental Activities (continued)

Revenue sources for governmental activities were distributed as follows:



Business-type Activities

Business-type activities increased the City's net position by $1.8 million. This is due to a rate increase partially offset by the increased expenses as a result of the City's growth. There was also a significant increase in development fees related to commercial construction projects. A comparison between expenses relating to water and sewer operations and program revenues (charges for services) for fiscal years 2016 and 2015 follows:



Revenue sources for business-type activities were almost entirely charges for water and sewer services.

Financial Analysis of the Government's Funds

As noted earlier, the City used fund accounting 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 close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $36.7 million, a decrease of $577,483 from the prior year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was $26.6 million. The unassigned fund balance increased $7.1 million from fiscal year 2015. Stable revenues with slight increases over prior fiscal year coupled with a reduction in current expenditures of approximately $1.8 million in comparison to prior fiscal year is the main contributing factor for the growth in unassigned fund balance. The City is currently improving many roads through-out the City limits through extensive concrete and asphalt pavement improvements. These improvements are being paid for entirely from restricted funds which also allowed for a portion of the growth in the unassigned fund balance. As the City continues to experience growth in the commercial and residential areas, we have expanded our Police and Fire personnel and equipment, along with software and computer upgrades to help meet the demand of a growing populace.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance for the general fund represents 111% of annual general fund expenditures for the 2016 fiscal year.

The debt service fund has a total fund balance of $2,633, all of which is reserved for the payment of debt service. Expenditures exceeded revenues by $691,920, with an overall net decrease in fund balance of $439 for the year after transfers.

The capital projects fund spent $6.3 million on concrete and asphalt pavement improvement projects resulting in a fund balance amount of $86,617 representing year end payables to be fulfilled through transfers in from other funds subsequent to year end. The net decrease for the year was $885,954.

The red light camera fund has a fund balance of $2.1 million. The red light camera fund is used for the revenues and expenditures related to the implementation and operation of the red light cameras. Tickets issued increased by 25% during the current fiscal year.

Proprietary Funds

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

Unrestricted net position of the Water and Sewer Enterprise Fund at the end of the year amounted $38.8 million. The increase in net position was $1.8 million. Other factors concerning this fund has been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Actual revenues exceeded budgeted revenues by $1.9 million primarily as a result of higher than expected sales tax revenue and charges for services.

Appropriations exceeded actual expenditures by $2 million. The key elements of these positive variances are superior expenditure controls, ongoing analysis of cost saving opportunities and execution of the same and postponement of select capital purchases and select budgeted positions in response to the local economic downturn.

Capital Asset and Debt Administration

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2016, amounted $60.8 and $27.5 million (net of accumulated depreciation) respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule. The net increase for the year is $4.1 million.

Major capital asset events during the current fiscal year included concrete and asphalt improvements, fuel system upgrades, new access control systems, construction equipment purchases, new vehicles for public safety and public works departments, communications and software.

The following table shows the balances at September 30, 2016 and 2015 (in $000's):

	2016	2015
Governmental Activities		
Capital Assets not being depreciated		
Land	$ 1,390	$ 1,390
Construction in progress	732	209
Capital Assets, net of depreciation		
Buildings	14,270	14,666
Improvements	40,085	35,605
Machinery & equipment	4,349	4,296
Total capital assets - Governmental Activities	$ 60,826	$ 56,166
Business-Type Activities		
Capital Assets not being depreciated		
Land	$ 289	$ 289
Construction in progress	278	
Capital Assets, net of depreciation		
Buildings and structures	1,150	1,232
Land improvements	386	362
Vehicles	138	91
Underground equipment	24,703	25,632
Machinery and equipment	522	371
Total capital assets - Business-Type Activities	$ 27,466	$ 27,977

Additional information on the City's capital assets can be found in Note 5 to the basic financial statements of this report.

Long-term Liabilities

At the end of the current fiscal year, the City had total bonded debt obligations outstanding of $5.3 million. Bonded debt represents bonds secured solely by specified revenue sources. Bonded debt decreased by the amount of principle paid, $495,000.

The City maintains a rating of "AA" with a stable outlook from Standard and Poor's as of November 4, 2016.

	2016	2015
Certificates of Obligation	$ 5,265	$ 5,760
Compensated absences	1,460	1,331
Other post-employment benefit (OPEB) obligation	3,320	2,758
	$ 10,045	$ 9,849

As of fiscal year 2016, the City reported other post-employment benefit (OPEB) obligations of which represents the implied subsidy for health insurance benefits for retired employees.

Economic Factors and Next Year's Budget and Rates

The unemployment rate for the City during fiscal year 2016 was 5.7%, compared to the United States' average unemployment rate of 5.0% for the same reporting period.

This year finds the City of Humble still experiencing commercial and residential growth though the City experienced a slight 1.6% decrease in sales tax revenue. Current economic conditions have taken a downward turn, however we are hopeful that a conservative approach to budgeting will allow the City to maintain its current service levels to the public while continuing to explore growth opportunities in commercial and residential projects. The City's conservative approach with the use of current revenue projections and reserve funds is the best course of action. As with any financial forecast, strategies are in place to deal with any divergence from the City's planned course. These factors were considered in preparing the City's budget for the 2017 fiscal year.

The fiscal year 2017 budget is based on an increased property tax rate of $0.21 per $100 of assessed value and a 2016 taxable valuation totaling $1.7 billion, a 4% increase from the 2015 valuation. The property rate increase and higher taxable values are budgeted to increase revenues received from ad valorem taxes by approximately $200,000 over prior year budget. Similarly sales tax revenues have been budgeted with an estimated increase over prior year budget of $200,000. Overall, total revenues for the City are budgeted 2% higher than last year's budget. The total budgeted expenditures for fiscal year 2017, net of operating transfers, are $58.3 million and represent a 27% increase from the fiscal year 2016 budget. This increase can mostly be attributed to capital improvement projects to be funded partially by reserves.

The fiscal year 2017 water revenues are budgeted based on a 1.4% water rate increase. This is the expected City of Houston rate increase to go into effect for the City during 2017 and to be passed through to water customers. In addition, revenues received from the Water and Sewer Proprietary Fund are budgeted to increase as a result of the City's growth.

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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CITY OF HUMBLE, TEXAS
STATEMENT OF NET POSITION
September 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 25,073,955	$ 8,864,971	$ 33,938,926
Investments	10,392,893	3,142,257	13,535,150
Accounts receivable	9,900,938	1,340,089	11,241,027
Internal balances	186,793	(186,793)	
Capital assets, not subject to depreciation:			
Land	1,390,406	288,667	1,679,073
Construction in progress	731,768	278,388	1,010,156
Capital assets, net of depreciation:			
Buildings and improvements	54,354,782	1,536,607	55,891,389
Machinery and equipment	4,349,343	25,362,418	29,711,761
Total Capital Assets	60,826,299	27,466,080	88,292,379
Total Assets	106,380,878	40,626,604	147,007,482
Deferred Outflows of Resources			
Deferred outflows related to pension activities	4,530,167	487,639	5,017,806
Total Deferred Outflows of Resources	4,530,167	487,639	5,017,806
Liabilities			
Accounts payable and accrued expenses	2,662,824	365,509	3,028,333
Unearned revenue	257,701	543,107	800,808
Accrued interest payable	24,624		24,624
Long-term liabilities:			
Due within one year	1,604,693	109,390	1,714,083
Due in more than one year	7,966,375	364,127	8,330,502
Net Pension Liability	8,154,988	890,338	9,045,326
Total Liabilities	20,671,205	2,272,471	22,943,676
Deferred Inflows of Resources			
Deferred inflows related to pension activities	725,202	78,403	803,605
Total Deferred Inflows of Resources	725,202	78,403	803,605
Net Position			
Net investment in capital assets	55,561,299	27,466,080	83,027,379
Restricted for:			
Transportation	6,802,346		6,802,346
Public safety	2,372,388		2,372,388
Municipal court	233,607		233,607
Unrestricted	24,544,998	11,297,289	35,842,287
Total Net Position	$ 89,514,638	$ 38,763,369	$ 128,278,007

See Notes To Basic Financial Statements.

CITY OF HUMBLE, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016

		Program Revenue		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary government				
Governmental Activities:				
General government	$ 3,003,257	$ 450,329	$	$
Court	956,447	918,760		
Public safety	17,434,608	3,713,108	33,313	
Public works	4,017,382			
Community services	3,045,499	1,009,593	1,695	
Interest on long-term debt	196,992			
Total governmental activities	28,654,185	6,091,790	35,008	
Business-type activities:				
Water & sewer operations	6,171,402	8,461,034		
Total primary government	$ 34,825,587	$ 14,552,824	$ 35,008	$

General revenues:
Taxes:
Property taxes, levied for general support
Sales and use taxes
Franchise taxes
Hotel/motel occupancy tax
Other taxes
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Transfers
Total general revenues
Change in net position
Net Position - Beginning
Net Position - Ending

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government					
Governmental Activities		Business-type Activities		Total	
$	(2,552,928)	$		$	(2,552,928)
	(37,687)				(37,687)
	(13,688,187)				(13,688,187)
	(4,017,382)				(4,017,382)
	(2,034,211)				(2,034,211)
	(196,992)				(196,992)
	(22,527,387)				(22,527,387)
			2,289,632		2,289,632
	(22,527,387)		2,289,632		(20,237,755)
	3,286,882				3,286,882
	13,602,282				13,602,282
	1,557,008				1,557,008
	492,889				492,889
	326,500				326,500
	6,844,419				6,844,419
	145,984		23,074		169,058
	517,002		(517,002)		
	26,772,966		(493,928)		26,279,038
	4,245,579		1,795,704		6,041,283
	85,269,059		36,967,665		122,236,724
$	89,514,638	$	38,763,369	$	128,278,007

CITY OF HUMBLE, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2016

	General Fund	Debt Service	Capital Projects Fund
Assets			
Cash and cash equivalents	$ 21,505,201	$ 3,182	$ 136,955
Investments	10,388,724		4,169
Receivables, net of allowance	2,495,979	7,261	
Due from other funds	245,240		223,915
Other receivables	2,776,036		8,425
Total Assets	$ 37,411,180	$ 10,443	$ 373,464
Liabilities			
Accounts payable	$ 221,208	$	$ 278,422
Due to other funds	222,314		
Unearned revenue	207,092		
Other accrued expenses	22,900		
Deposits	1,247,348		
Total Liabilities	1,920,862		278,422
Deferred Inflows of Resources			
Unavailable revenues	1,688,559	7,810	8,425
Total Deferred Inflows of Resources	1,688,559	7,810	8,425
Fund Balances			
Restricted:			
Debt service		2,633	
Transportation	6,802,346		
Capital projects			86,617
Tourism			
Police and traffic safety	303,111		
Municipal court	233,607		
Unassigned	26,462,695		
Total Fund Balances	33,801,759	2,633	86,617
Total Liabilities, Deferred Inflows, and Fund Balances	$ 37,411,180	$ 10,443	$ 373,464

See Notes to Basic Financial Statements.

Red Light Camera	Non-Major Governmental Funds	Total Governmental Funds
$ 2,740,817	$ 687,800	$ 25,073,955
		10,392,893
4,563,557	49,680	7,116,477
		469,155
		2,784,461
$ 7,304,374	$ 737,480	$ 45,836,941
$ 963,177	$ 3,278	$ 1,466,085
59,349	699	282,362
		207,092
		22,900
		1,247,348
1,022,526	3,977	3,225,787
4,212,571		5,917,365
4,212,571		5,917,365
		2,633
		6,802,346
		86,617
	735,103	735,103
2,069,277		2,372,388
		233,607
	(1,600)	26,461,095
2,069,277	733,503	36,693,789
$ 7,304,374	$ 737,480	$ 45,836,941

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CITY OF HUMBLE, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

September 30, 2016

Total fund balance, governmental funds	$	36,693,789
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets of $99,184,109 net of accumulated depreciation of $38,357,810 used in the governmental activities are not financial resources and therefore are not reported in the funds		60,826,299
Certain other unavailable assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		
Property taxes		162,042
Penalties and interest		69,743
Fines		5,224,311
Other fees		461,269
Deferred outflows of resources relating to pension activities		4,530,167
Deferred inflows of resources relating to pension activities		(725,202)
Long-term liabilities are not due in the current period and, therefore, are not reported as liabilities in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.		
Bonds payable, at maturity		(5,265,000)
Accrued long-term interest		(24,624)
Other post-employment benefits (OPEB)		(2,976,946)
Compensated absences		(1,306,222)
Net pension liability		(8,154,988)
Net Position of Governmental Activities in the Statement of Net Position	$	89,514,638

See Notes to Basic Financial Statements.

CITY OF HUMBLE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2016

	General Fund	Debt Service	Capital Projects Fund
Revenues			
Taxes:			
Property taxes	$ 3,263,224	$ 72	$
Sales and use taxes	13,602,282		
Hotel/motel occupancy taxes			
Franchise taxes	1,557,008		
Other taxes	326,500		
Fines and forfeitures	1,042,606		
Licenses and permits	369,488		
Intergovernmental	6,830,547		
Charges for services	1,821,134		
Investment earnings	144,207		11
Miscellaneous	190,021		
Total Revenues	29,147,017	72	11
Expenditures			
Current:			
General government	5,004,653		
Court	849,146		
Public safety	12,920,925		
Public works	2,874,774		
Community services	2,446,249		
Capital outlay			6,317,005
Debt service:			
Principal		495,000	
Interest and other charges		196,992	
Total Expenditures	24,095,747	691,992	6,317,005
Revenues over (under) expenditures	5,051,270	(691,920)	(6,316,994)
Other Financing Sources (Uses)			
Proceeds from sale of assets	43,278		
Transfers in	340,000	691,481	5,709,428
Transfers out	(5,623,686)		(278,388)
Total other financing sources (uses)	(5,240,408)	691,481	5,431,040
Net changes in fund balances	(189,138)	(439)	(885,954)
Fund Balances - Beginning of Year	33,990,897	3,072	972,571
Fund Balances - End of Year	$ 33,801,759	$ 2,633	$ 86,617

See Notes to Basic Financial Statements.

	Red Light Camera	Non-Major Governmental Funds	Total Governmental Funds
	$	$	$ 3,263,296
			13,602,282
		492,889	492,889
			1,557,008
			326,500
			1,042,606
			369,488
			6,830,547
	2,001,882	625	3,823,641
	2,268		146,486
		1,695	191,716
	2,004,150	495,209	31,646,459
			5,004,653
			849,146
	1,581,199		14,502,124
			2,874,774
		97,768	2,544,017
			6,317,005
			495,000
			196,992
	1,581,199	97,768	32,783,711
	422,951	397,441	(1,137,252)
			43,278
		17,656	6,758,565
		(340,000)	(6,242,074)
		(322,344)	559,769
	422,951	75,097	(577,483)
	1,646,326	658,406	37,271,272
	$ 2,069,277	$ 733,503	$ 36,693,789

CITY OF Humble, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016

Net change in fund balances - total governmental funds:	$ (577,483)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The capital asset expenditures are allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay of $7,658,046 exceeded depreciation of $2,998,249 in the current period.	4,659,797
Changes in the other post-employment benefit (OPEB) obligation are not due and payable in the current period and therefore, are not reported in the governmental funds.	(503,724)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	705,971
Pension contributions made after the net pension liability date are reported as expenditures in the governmental funds and are reported as deferred outflows on the face of the statement of net position.	1,661,657
Governmental funds report repayment of bond principal and capital leases as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount of payments made on long-term debt.	495,000
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Changes in accrued compensated absences	(116,568)
Pension expense for the pension plan measurement year	(2,079,071)
Change in net position of governmental activities	$ 4,245,579

See Notes to Basic Financial Statements.

CITY OF HUMBLE, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUND

September 30, 2016

	Enterprise Fund
Assets	
Current assets:	
Cash and cash equivalents	$ 8,864,971
Investments	3,142,257
Accounts receivable, net	1,340,089
Total Current Assets	13,347,317
Non-current assets:	
Capital assets not being depreciated:	
Land	288,667
Construction in progress	278,388
Other capital assets, net of depreciation:	
Buildings and improvements	4,614,594
Plant and equipment	40,852,208
Less accumulated depreciation	(18,567,777)
Total Non-Current Assets	27,466,080
Total Assets	40,813,397
Deferred Outflows of Resources	
Deferred outflows related to pension activities	487,639
Total Deferred Outflows of Resources	487,639
Liabilities	
Current liabilities:	
Accounts payable	365,509
Due to other funds	186,793
Deposits	543,107
Compensated absences	109,390
Total Current Liabilities	1,204,799
Non-current liabilities:	
Compensated absences	21,312
Net OPEB obligation	342,815
Net pension liability	890,338
Total Non-Current Liabilities	1,254,465
Total Liabilities	2,459,264
Deferred Inflows of Resources	
Deferred inflows related to pension activities	78,403
Total Deferred Inflows of Resources	78,403
Net Position	
Investment in capital assets	27,466,080
Unrestricted	11,297,289
Total Net Position	$ 38,763,369

See Notes to Basic Financial Statements.

CITY OF HUMBLE, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND

For the Year Ended September 30, 2016

	Enterprise Fund
Operating Revenues	
Charges for services	$ 8,461,034
Total Operating Revenues	8,461,034
Operating Expenses	
Water expenses	2,738,153
Sewer expenses	2,162,693
Depreciation	1,270,556
Total Operating Expenses	6,171,402
Operating income (loss)	2,289,632
Non-Operating Revenues (Expenses)	
Interest and investment revenue	23,074
Total Non-Operating Revenues (Expenses)	23,074
Income before Transfers	2,312,706
Transfers in	278,388
Transfers out	(795,390)
Change in net position	1,795,704
Total Net Position - Beginning	36,967,665
Total Net Position - Ending	$ 38,763,369

See Notes to Basic Financial Statements.

CITY OF HUMBLE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended September 30, 2016

	Enterprise Fund
Cash Flows From Operating Activities	
Receipts from customers and users	$ 8,499,052
Disbursed for personnel services	(1,322,265)
Disbursed for goods and services	(3,364,011)
Net cash provided by operating activities	3,812,776
Cash Flows From Noncapital and Related Financing Activities	
Transfers to other funds	(795,390)
Net cash used by noncapital financing activities	(795,390)
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(759,743)
Cash flows from capital and related financing activities	(759,743)
Cash Flows From Investing Activities	
Interest received	23,074
Proceeds from sale of investments	1,791,880
Net cash used by investing activities	1,814,954
Net increase (decrease) in cash and cash equivalents	4,072,597
Cash and cash equivalents - beginning of year	4,792,374
Cash and cash equivalents - end of year	$ 8,864,971
Reconciliation of operating income to net cash provided by operating activities	
Operating Income	$ 2,289,632
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,270,556
(Increase) decrease in accounts receivable	38,018
(Increase) decrease in deferred outflows relating to pension activities	(302,939)
Increase (decrease) in interfund payables	29,776
Increase (decrease) in accounts payable	32,963
Increase (decrease) in accrued compensated absences	9,603
Increase (decrease) in other post-employment benefit liability	58,531
Increase (decrease) in customer deposits	39,595
Increase (decrease) in net pension liability	304,638
Increase (decrease) in deferred inflows relating to pension activities	42,403
Net cash provided by operating activities	$ 3,812,776

See Notes to Basic Financial Statements.

Note 1 - Organization

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.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

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.

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 nonfiduciary activities of the primary government. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's business-type and governmental funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. 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.

Note 2 - Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

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 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, proprietary funds, and fiduciary funds, even though the latter are excluded in the government-wide financial statements. 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 Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are reported using the economic resources measurement focus, as are the proprietary fund financial statements. The government-wide statements, proprietary fund statements, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recognized 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.

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 if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

General property taxes are recorded as receivables when levied and as revenue in the period for which they were levied and become available. Property taxes receivable have been recorded as deferred inflows of resources at year-end.

Property taxes collected within 60 days subsequent to September 30, 2016, have not been recorded as revenue as the amount is not considered material. Franchise taxes and sales taxes relating to underlying transactions that occurred prior to September 30, 2016, have been recorded as receivables and revenue. Licenses and permits and fines are not susceptible to accrual since they are not measurable until received. Revenue on federal and state cost-reimbursement grants is accrued when the related expenditures are incurred. Interest is recorded when earned.

Note 2 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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.

The City reports the following non-major governmental fund:

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 one major proprietary 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.

Note 2 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Net position is categorized into three components – net investment in capital assets, restricted, and unrestricted. These classifications are as follows:

- Net investment in capital assets **-** This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings.
- Restricted **-** This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors or laws or regulations of other governments or constraints imposed by law through contractual provisions or enabling legislation.
- Unrestricted net position **-** This component of net position consists of the balance of net position that does not meet the definition of the other components noted above.

D. Cash and Cash Equivalents

The City reports cash and cash equivalents in the City's statement of cash flows for Proprietary Fund Types and in all other financial statements of financial position. The City considers cash and cash equivalents to be cash on hand, demand deposits, certificates of deposit, balances in public funds investment pools and short-term investments with original maturities of three months or less from the date of acquisition.

The City's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

E. Investments

The City reports all investments at fair value based on quoted market prices at year-end date. The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

F. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the Water and Sewer Fund are considered to be immaterial and have not been recognized at the end of the current fiscal year.

G. Due to and from Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. These receivables and payables are, for the most part, eliminated from the Government-Wide Statement of Net Position and are recorded as "due from other funds" or "due to other funds" in the fund financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

H. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of one year. All purchased capital assets are valued at cost where historical records exist. Donated capital assets are valued at their estimated fair value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are capitalized and depreciated over the remaining useful lives of the related assets using the straight line method.

Asset	Estimated Useful Lives
Building and improvements	5-50 years
System infrastructure	5-50 years
Machinery and equipment	3-20 years
Vehicles	5-8 years

I. 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, 2016. 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.

J. 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 or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category.

- Deferred outflows of resources for pension activities - Reported in the government wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences in assumption inputs as well as differences between projected and actual earnings on pension plan assets. The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Note 2 - Summary of Significant Accounting Policies (continued)

J. Deferred Outflows/Inflows of Resources (continued)

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 or fund balance that applies to a future period(s) and thus, will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category.

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes and EMS services arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

- Deferred inflows of resources for pension activities - Reported in the government wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments.

K. General 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.

L. Debt Service

The ad valorem tax rate is allocated each year between the General Fund and the Debt Service Fund. The full amount estimated to be required for debt service on the general obligation debt is provided by the debt service tax together with interest earned in the Debt Service Fund.

M. Use of 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, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts may differ from these estimates.

Note 2 - Summary of Significant Accounting Policies (continued)

N. Bond Discounts

In governmental fund types, bond discounts are recognized in the current period and are deferred and amortized in the Government-wide Statement of Activities. Bond discounts for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts are recorded as deferred charges.

O. Fund Equity

In the fund financial statements, the City categorizes portions of fund balance into categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications 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, grantors, contributors, or laws of other governments.
>
> *Committed fund balance* – amounts constrained for specific purposes as determined by a formal action of City Council. City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances approved by City Council. City Council will approve obligations of funds, such as multiyear contracts, prior to the end of the fiscal year.
>
> *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. 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 will maintain the General Fund unassigned fund balance equivalent to three months of normal recurring operating costs, based on current year budgeted expenditures. If the fund balance exceeds this amount, the amount in excess of policy requirements may be utilized to fund one-time expenditures in the next fiscal year's budget.

Unrestricted net position for proprietary funds represents the net position available for future operations or distribution. Restricted net position for proprietary funds represents the net position that has been legally identified for specific purposes.

Note 2 - Summary of Significant Accounting Policies (continued)

P. Revenues and Expenditures/Expenses

In the fund financial statements revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred. Revenues and expenses in the Government-wide Statement of Activities are recognized in essentially the same manner as used in commercial accounting.

Q. Post-employment Healthcare Benefits

The City provides post-employment healthcare benefits mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and the City incurs no direct costs. In addition, retired employees receiving annuities from the Texas Municipal Retirement System and if selected, their dependents, are eligible to continue to participate in the City's health insurance plan at the "blended" employee group rate.

R. 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, 2016, there we no outstanding purchase orders.

S. Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Note 2 - Summary of Significant Accounting Policies (continued)

T. New Accounting Standards

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

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, clarifies the application of certain provisions of Statement No. 68 with regard to information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures include information about any limitations or restrictions on participant withdrawals.

Note 3 - Deposits (Cash) and Investments

Authorization for Deposits and Investments

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the City.

In accordance with applicable statutes, the City has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the City incurs for banking services received. The City may place funds with the depository in interest and non-interest bearing accounts. State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent. City policy requires the collateralization level to be at least 102% of market value of principal and accrued interest.

Note 3 - Deposits (Cash) and Investments (continued)

Authorization for Deposits and Investments (continued)

The Council has adopted a written investment policy regarding the investment of City funds as required by the Public Funds Investment Act (Chapter 2256, Texas Government Code). The investments of the City are in compliance with the City’s investment policy. The City’s investment policy is more restrictive than the PFIA requires. It is the City’s policy to restrict its direct investments to obligations of the U.S. Government or U.S. Government Agencies, fully collateralized certificates of deposit, bankers’ acceptances, mutual funds, repurchase agreements and local government investment pools. The maximum maturity allowed is three years from date of purchase. The City’s investment policy does not allow investments in commercial paper, collateralized mortgage obligations, floating rate investments or swaps.

Deposit and Investment Amounts

The City's cash and investments are classified as: cash and cash equivalents, investments, and restricted cash and investments. The cash and cash equivalents include cash on hand, deposits with financial institutions, non-negotiable certificates of deposit, and short-term investments in privately-managed public funds investment pool accounts. The restricted cash and investments are assets restricted for specific use.

The following schedule shows the City’s recorded cash and cash equivalents at year-end:

	Amortized Cost
Primary Government	
Cash deposits	$ 33,938,926
Certificates of deposit	5,202,880
Public funds investment pools	4,168
Coupon Treasuries	8,328,102
Total	$ 47,474,076

At September 30, 2016, the City reported deposits in the amount of $33,938,925, and the bank balance was $34,502,181. Of this amount, $19,166,082 required collateralization. The City's collateral requirement in accordance with its investment policy is 102%. The required collateralized balance was covered by federal depository insurance and by collateral held by the City's agent in the City's name as of September 30, 2016. The City’s money market mutual fund sweep accounts do not require collateralization.

The City uses the Certificate of Deposit Account Registry Service" ("CDARS"), a deposit-placement service designed to allow FDIC-insured depository institutions to accept deposits of more than $250,000 and obtain full coverage for the City by spreading the funds among as many separate FDIC insured institutions as necessary so that no institution holds more than $250,000 (principal plus interest).

Investments’ fair value measurements are as follows at September 30, 2016:

		Fair Value Measurements Using		
Investments	**Fair Value**	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**
Certificates of deposit	$ 5,202,880	$ 5,202,880		

Note 3 - Deposits (Cash) and Investments (continued)

Interest Rate Risk

At year-end, the City had the following investments subject to interest rate risk disclosure, under U.S. generally accepted accounting principles:

	Fair Value	Weighted Average Maturities (Days)	Percentage of Portfolio
Primary Government			
Cash deposits	$ 33,938,926		71%
Certificates of deposit	5,202,880	2.84	11%
Public funds investment pools	4,168	40	
U.S. Government Agency Notes	8,328,102	1.19	18%
Total	$ 47,474,076		

The City measures interest rate risk using the weighted average maturity method for the portfolio. The City's investment policy specifies a maximum weighted average maturity of 270 days based on the stated maturity date for each investment in the portfolio. To the extent possible, the City attempts to match investments with anticipated cash flow requirements. The City does not directly invest in securities with a stated maturity date more than three years or 1,095 days from date of purchase. The settlement date is considered the date of purchase.

Credit Risk

At year-end, balances in TexPool and Texas CLASS, privately-managed public funds investment pools, were rated AAAm by Standard and Poor's Ratings Services. Certificates of deposit are not rated. All credit ratings meet acceptable levels required by guidelines prescribed by both the PFIA and the City's investment policy. A public funds investment pool must be continuously rated no lower than AAA or AAAm or no lower than investment grade by at least one nationally-recognized rating service and have a weighted average maturity no greater than 90 days. Investments with minimum required ratings do not qualify as authorized investments during the period the investment does not have the minimum rating.

Local Government Investment Pools

As of September 30, 2016, the City's investments included TexPool and Texas CLASS external investment pools. The external investment pool's investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk.

TexPool policies require that local government deposits be used to purchase investments authorized by the Public Funds Investment Act (PFIA) of 1987, as amended. The Texas State Comptroller of Public Accounts has oversight responsibility for TexPool. TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

Note 3 - Deposits (Cash) and Investments (continued)

Local Government Investment Pools (continued)

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. TexPool uses amortized cost rather than fair value to report net position to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the City’s investments in TexPool are stated at cost, which approximates fair value. TexPool is currently rated AAAm by Standard and Poor's. This rating indicates excellent safety and a superior capacity to maintain principal value and limit exposure to loss.

Texas Cooperative Liquid Assets Securities System (Texas CLASS) Trust was created as an investment poos for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code, or other laws of the State of Texas governing the investment of funds of a participant or funds under its control. Texas CLASS is administered by Cutwater Investor Services Corp. with Wells Fargo Bank, NA as the custodian. Texas CLASS is supervised by a Board of Trustees who are elected by the participants.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the local government investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

Note 4 - Receivables

Amounts recorded as receivables as of September 30, 2016, for the government’s individual major and non-major funds, including the applicable allowance for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Red Light Camera	Non-Major Governmental	Water and Sewer Fund	Total
Receivables:							
Taxes	$ 2,446,767	$ 5,545	$	$	$	$	$ 2,452,312
Accounts	3,306,175	-	-	-	49,680	1,675,768	5,031,623
Fines	7,108,049	-	-	9,746,387	-	-	16,854,436
Interest and penalties	89,502	3,121	-	-	-	-	92,623
Metro mitigation	1,109,932	-	-	-	-	-	1,109,932
Assessments	-	-	65,016	-	-	-	65,016
Other	26,824	-	-	-	-	2,039	28,863
Gross Receivables	14,087,249	8,666	65,016	9,746,387	49,680	1,677,807	25,634,805
Less: allowance for uncollectibles	(8,815,234)	(1,405)	(56,591)	(5,182,830)	-	(337,718)	(14,393,778)
Net Total Receivables	$ 5,272,015	$ 7,261	$ 8,425	$ 4,563,557	$ 49,680	$ 1,340,089	$ 11,241,027

Delinquent tax collections during the first sixty days subsequent to September 30, 2016, have not been recorded as revenue as of September 30, 2016, as the amount is not considered material.

Note 4 - Receivables (continued)

The following portions of receivables represent assets that are not available for use by the City to liquidate current year liabilities at September 30, 2016. These amounts are reported as deferred inflows of resources on the governmental fund balance sheet and are summarized below:

	General Fund	Debt Service Fund	Capital Projects Fund	Red Light Camera
Property taxes	$ 223,975	$ 7,810	$	$
Fines and forfeitures	1,011,740			4,212,571
Ambulance services	452,844			
Street assessments			8,425	
	$ 1,688,559	$ 7,810	$ 8,425	$ 4,212,571

Note 5 - Capital Assets

A summary of activity for capital assets capitalized by the City for the year ended September 30, 2016, follows:

	Balance 9/30/2015	Additions	Deletions	Balance 9/30/2016
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 1,390,406	$	$	$ 1,390,406
Construction in progress	208,836	539,115	(16,183)	731,768
Total capital assets, not being depreciated	1,599,242	539,115	(16,183)	2,122,174
Capital assets being depreciated:				
Buildings	23,129,517	209,718		23,339,235
Improvements	51,298,920	5,790,458		57,089,378
Vehicles and other equipment	15,795,554	1,134,935	(297,167)	16,633,322
Total capital assets being depreciated	90,223,991	7,135,111	(297,167)	97,061,935
Less accumulated depreciation for:				
Buildings	8,463,027	606,654		9,069,681
Improvements	15,694,181	1,309,969		17,004,150
Vehicles and other equipment	11,499,520	1,081,626	(297,167)	12,283,979
Total accumulated depreciation	35,656,728	2,998,249	(297,167)	38,357,810
Total capital assets being depreciated, net	54,567,263	4,136,862	-	58,704,125
Governmental Activities Capital Assets, Net	$ 56,166,505	$ 4,675,977	$ (16,183)	$ 60,826,299

Note 5 - Capital Assets (continued)

	Balance 9/30/2015	Additions	Deletions	Balance 9/30/2016
Business-type Activities				
Capital assets, not being depreciated:				
Land	$ 288,667	$	$	$ 288,667
Construction in progress		278,388		278,388
Total capital assets, not being depreciated	288,667	278,388		567,055
Capital assets being depreciated:				
Buildings and structures	4,040,279	3,401		4,043,680
Land improvements	507,332	63,581		570,913
Vehicles	482,651	91,290		573,941
Underground equipment	37,805,599	96,952		37,902,551
Machinery and equipment	2,149,586	226,131		2,375,717
Total capital assets being depreciated	44,985,447	481,355		45,466,802
Less accumulated depreciation for:				
Buildings and structures	2,808,455	85,029		2,893,484
Land improvements	145,646	38,856		184,502
Vehicles	391,804	44,227		436,031
Underground equipment	12,173,195	1,026,353		13,199,548
Machinery and equipment	1,778,121	76,091		1,854,212
Total accumulated depreciation	17,297,221	1,270,556		18,567,777
Total capital assets being depreciated, net	27,688,226	(789,201)		26,899,025
Business-type Activities Capital Assets, Net	$ 27,976,893	$ (510,813)	$	$ 27,466,080

Depreciation was charged to functions of the primary government as follows:

Depreciation by Function

Governmental Activities	
General government	$ 1,011,848
Court	67,311
Public safety	473,544
Public works	954,373
Community services	491,173
Total	$ 2,998,249

Note 5 - Capital Assets (continued)

Construction in progress for the various projects and remaining commitments under these construction contracts at September 30, 2016, are as follows:

Governmental Activities	Authorized Contract	Total in Progress	Remaining Commitment
Concrete & Asphalt Pavement Phase 2	$ 6,326,949	$ 194,961	$ 6,131,988
Townsen Blvd North/South	520,000	319,188	200,812
Rankin Road Outfall and Detention	75,200	24,967	50,233
Other projects	-	192,652	
	$ 6,922,149	$ 731,768	$ 6,383,033
Business-type Activities			
North Side Wastewater Treatment Plant	$ 214,640	$ 12,161	$ 202,479
Elevated Storage	464,046	266,227	197,819
	$ 678,686	$ 278,388	$ 400,298

Note 6 - Long-Term Debt

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for general government and enterprise fund activities. These instruments include general obligation bonds. Future ad valorem tax revenues secure these debt obligations. For governmental activities, compensated absences and the other post-employment obligation are liquidated by the general fund. For business-type activities, compensated absences and the other post-employment obligation are liquidated by the water and sewer fund.

During the year ended September 30, 2016, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Certificates of Obligation	$ 5,760,000	$	$ (495,000)	$ 5,265,000	$ 510,000
Compensated absences	1,210,227	764,096	(645,201)	1,329,122	1,094,693
Other post-employment benefit (OPEB) obligation	2,473,222	648,913	(145,189)	2,976,946	
Governmental Activities Long-term Liabilities	$ 9,443,449	$ 1,413,009	$ (1,285,390)	$ 9,571,068	$ 1,604,693
Business-type Activities:					
Compensated absences	$ 121,099	$ 90,015	$ (80,412)	130,702	$ 109,390
Other post-employment benefit (OPEB) obligation	284,284	75,401	(16,870)	342,815	
Business-type Activities Long-term Liabilities	$ 405,383	$ 165,416	$ (97,282)	$ 473,517	$ 109,390

The following is a summary of the terms of obligations of general obligation bonds outstanding as of September 30, 2016:

Governmental Activities: Series	Interest Rate	Original Issue	Maturity Date	Debt Outstanding
Certificates of Obligation				
2006 Series	3.42%	$ 10,000,000	8/15/25	$ 5,265,000
Total Governmental Activities				$ 5,265,000

Note 6 - Long-Term Debt (continued)

Annual debt service requirements to retire outstanding general obligation bonds are as follows:

Year Ending September 30,	Governmental Activities Principal	Interest	Total
2017	$ 510,000	$ 180,063	$ 690,063
2018	525,000	162,621	687,621
2019	545,000	144,666	689,666
2020	565,000	126,027	691,027
2021	585,000	106,704	691,704
2022 - 2025	2,535,000	220,419	2,755,419
	$ 5,265,000	$ 940,500	$ 6,205,500

Note 7 - Interfund Transactions

The composition of interfund balances as of September 30, 2016, is as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 245,240	$ 222,314
Capital Projects Fund	223,915	-
Red Light Camera Fund	-	59,349
Non-Major Funds	-	699
Water and Sewer Fund	-	186,793
	$ 469,155	$ 469,155

Amounts recorded as interfund receivables and payables are considered to be temporary loans and will be repaid during the following fiscal year.

Interfund transfers for the year ended September 30, 2016, are as follows:

	Transfer In					
Transfer Out	Capital Projects Fund	General Fund	Nonmajor Governmental	Enterprise Fund	Debt Service Fund	Totals
General Fund	$ 5,606,030	$ -	$ 17,656	$ -	$ -	$ 5,623,686
Capital Projects Fund	-	-	-	278,388	-	278,388
Nonmajor Governmental	-	340,000	-	-	-	340,000
Enterprise Fund	103,398	-	-	-	691,481	794,879
Totals	$ 5,709,428	$ 340,000	$ 17,656	$ 278,388	$ 691,481	$ 7,036,953

Note 7 - Interfund Transactions (continued)

The following is a detail of the interfund transfers:

Transfer from	Trasnsfer to	Purpose
General Fund	Capital Projects Fund	To transfer for capital projects
General Fund	Nonmajor Governmental	To transfer for beautification projects
Capital Projects Fund	Enterprise Fund	To transfer capital projects
Nonmajor Governmental	General Fund	To transfer hotel/motel receipts
Enterprise Fund	Capital Projects Fund	To transfer for capital projects
Enterprise Fund	Debt Service	To transfer for debt service payments

Note 8 - Intergovernmental Transactions

The City received the following intergovernmental revenues:

Metro Mitigation - Harris County	$	6,801,141
State grant awards		4,443
Federal grant awards		24,963
	$	6,830,547

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.

Note 9 - Employee Retirement System

Texas Municipal Retirement System

Plan Description and Provisions

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

A summary of plan provisions for the City are as follows:

Employee deposit rate:	6%
Matching ratio (City to employee):	2 to 1
Years required for vesting:	5
Updated Service Credit:	100% repeating transfers
Annuity Increase to retirees:	70% of CPI repeating
Supplemental death benefit – employees and retirees:	Yes

The City does not participate in Social Security.

Benefits Provided

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

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

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

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

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

Note 9 - Employee Retirement System (continued)

Contributions

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

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.16% and 13.57 % in calendar years 2015 and 2016, respectively. The city's contributions to TMRS for the year ended September 30, 2016 were $1,860,348, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.5%

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

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation.

Note 9 - Employee Retirement System (continued)

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

Asset Class	Target Allocation	Long'Term Expected Real Rate of Return (Arithmetic)
U.S. equities	17.5%	4.55%
International equities	17.5%	6.10%
Core fixed income	10.0%	1.00%
Non-core fixed income	20.0%	3.65%
Real estate	10.0%	4.03%
Real return	10.0%	5.00%
Absolute return	10.0%	4.00%
Private equity	5.0%	8.00%
Total	100.0%	

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

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Note 9 - Employee Retirement System (continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2014	$ 60,716,933	$ 54,859,568	$ 5,857,365
Changes for the year:			
Service cost	1,924,388		1,924,388
Interest	4,231,641		4,231,641
Change in benefit terms	(77,672)		(77,672)
Difference between expected and actual experience	(598,978)		(598,978)
Changes in assumptions	276,563		276,563
Contributions - employer		1,777,135	(1,777,135)
Contributions - employee		761,631	(761,631)
Net investment income		80,955	(80,955)
Benefit payments, including refunds, of employee contributions	(2,298,876)	(2,298,876)	
Administrative expense		(49,306)	49,306
Other charges		(2,434)	2,434
Net changes	3,457,066	269,105	3,187,961
Balance at 12/31/2015	$ 64,173,999	$ 55,128,673	$ 9,045,326

Sensitivity of the Net Pension Liability

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease to 5.75%	Current Single Rate Assumption 6.75%	1% Increase to 7.75%
City's net pension liability	$ 18,575,977	$ 9,045,326	$ 1,244,949

Pension Plan Fiduciary Net Position

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

Note 9 - Employee Retirement System (continued)

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

For the year ended September 30, 2016, the City recognized pension expense of $2,079,071.

At September 30, 2016, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actuarial assumptions and actual experience	$	$ 803,605
Changes in actuarial assumptions used	234,015	
Differences between projected and actual investment earnings	3,401,250	
Contributions subsequent to the measurement date	1,382,541	
Total	$ 5,017,806	$ 803,605

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $1,382,541 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2016 (i.e. recognized in the City's financial statements September 30, 2017). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Net deferred outflows (inflows) of resources
2017	$ 770,439
2018	770,439
2019	770,438
2020	639,146
2021	(93,999)
Thereafter	(24,803)
Total	$ 2,831,660

Note 9 - Employee Retirement System (continued)

Supplemental Death Benefits Fund

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 postemployment benefit," or OPEB.

	Plan Year 2015	Plan Year 2016
The City offers supplemental death to:		
Active employees	Yes	Yes
Retirees	Yes	Yes

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 fiscal years ended 2016, 2015, and 2014 were $22,783, $19,640, and $17,917, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates

(Retiree-only portion of the rate, for OPEB)

Plan/Calendar Year	Annual Required Contribution Rate	Actual Contribution Made Rate	Percentage of ARC Contributed
2014	0.15%	0.15%	100%
2015	0.16%	0.16%	100%
2016	0.17%	0.17%	100%

Note 10 - Other Post-Employment Benefits

Plan Description

The City's Other Post-Employment Benefits Plan (OPEB) is a single-employer defined benefit healthcare Plan that is administered by the City and covers retired employees of the City and if selected, their dependents. City Council has the authority to establish and amend benefit provisions of the Plan. The Plan does not issue a separate, publicly available report. In addition to providing pension benefits through the Texas Municipal Retirement System, the City has opted to provide eligible retired employees with the following post-employment benefits:

- For employees retiring and receiving annuities from the Texas Municipal Retirement System who are (1) at least 60 and have completed five consecutive years of active service with the city immediately prior to retirement, or (2) at any age have completed 20 consecutive years of active service with the City immediately prior to retirement. Coverage for medical benefits is provided from the date of retirement, for the balance of the retiree's life, and is contingent on the payment of the retiree's premium.
- For retirees under the age of 65, the retiree will pay 100% of the retiree premium for medical coverage. If dependent coverage is selected, the retiree is responsible for 100% of the dependent coverage premium.
- For retirees over the age of 65, the retiree is responsible for 100% of the fully-insured Medicare supplement plan. There is no GASB 45 liability associated with post-65 coverage.
- The City does not subsidize, directly or indirectly, the cost of dental, vision, or life insurance benefits.

Annual OPEB Cost and Net OPEB Obligation

At September 30, 2016, there were approximately 21 participants eligible to receive such benefits. Commencing in fiscal year 2009, the City has implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. The City has performed an actuarial valuation of its post-retirement benefit liability. The financial statement disclosures for 2016 are as follows.

The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance within the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Note 10 - Other Post-Employment Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	Fiscal Year Ending 9/30/16
Determination of Annual Required Contribution	
Normal Cost at Fiscal Year End	$ 12,943
Amortization of Unfunded Actuarial Accrued Liability	2,812
Annual Required Contribution	15,755
Determination of Net OPEB Obligation	
Annual Required Contribution	715,192
Interest on prior year Net OPEB Obligation	124,088
Adjustment to ARC	(114,966)
Annual OPEB Cost	724,314
Less Contributions Made	(162,059)
Estimate Decrease in Net OPEB Obligation	562,255
Net OPEB Obligation – Beginning of Year	2,757,506
Net OPEB Obligation – End of Year	$ 3,319,761

The following table shows the estimated annual OPEB cost and net OPEB obligation for the prior three years assuming the plan is not prefunded (4% discount rate):

Fiscal Year Ended	Annual OPEB Cost	Annual Required Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
09/30/2014	$ 576,619	$ 257,937	44.7%	$ 2,196,106
09/30/2015	701,626	140,226	20.0%	2,757,506
09/30/2016	724,314	162,059	22.4%	3,319,761

Note 10 - Other Post-Employment Benefits (continued)

Funded Status and Funding Progress

As of October 1, 2014, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial valuation date	10/1/2014
Actuarial value of plan assets (a)	$0
Actuarial accrued liability (AAL) (b)	$129,489
Unfunded/(Overfunded) actuarial accrued liability (UAAL or OAAL) (b-a)	$129,489
Funded Ratio (a/b)	0.0%
Projected Annual Covered Payroll (c)	$8,312,520
UAAL or OAAL as % of covered payroll ((b-a)/c)	1.56%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2014, actuarial valuation, the liabilities were computed using the projected unit credit actuarial cost method and level dollar amortization. The actuarial assumptions included a 4% per annum discount rate. Employees eligible for retiree medical benefits assumed to elect continued medical coverage in retirement is 25%. The trend assumptions for medical and pharmacy costs and retiree premiums were 5.5% for 2014 and fluctuate from 4.5% to 6.9% for future years. The actuarial value of plan assets will be determined using market value. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar open basis. The actuarial valuation includes no explicit inflation assumption or projected salary increase assumption as the postretirement benefits under GASB 45 provided by the City are not salary-related and the amortization method is not based on payroll.

Changes since Last Valuation

The underlying inflation assumption has decreased from 2.75% per annum as of October 1, 2011 to 2.50% per annum as of October 1, 2014.

Note 11 - Commitments and Contingencies

Litigation and Other Contingencies

From time to time, the City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of City Management and legal counsel that any ultimate uninsured liability to the City from these lawsuits will not be material.

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Management is not aware of any circumstances that would cause disallowed claims.

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

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

Note 12 - Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League Intergovernmental Risk Pool (“Pool”). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past six fiscal years.

Note 13 - Subsequent Events

On December 8, 2016, City issued $5,240,000 Combination Tax and Revenue Refunding, Series 2016 to refund certain outstanding obligations of the City. The City refunded $5,265,000 in existing debt.

Required Supplementary Information

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CITY OF HUMBLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND

For the year ended September 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Property taxes	$ 3,288,807	2,995,500	$ 3,263,224	$ 267,724
Sales tax	13,602,282	13,250,000	13,602,282	352,282
Franchise fees	1,557,008	1,443,406	1,557,008	113,602
Other taxes	326,500	120,000	326,500	206,500
Licenses and permits	369,488	195,250	369,488	174,238
Charges for services	1,828,829	1,483,200	1,821,134	337,934
Fines and forfeitures	1,013,823	947,500	1,042,606	95,106
Investment income	144,207	70,250	144,207	73,957
Intergovernmental	6,830,547	6,635,000	6,830,547	195,547
Other	233,299	148,000	233,299	85,299
Total Revenues	29,194,790	27,288,106	29,190,295	1,902,189
Expenditures				
Current:				
Administration				
Personnel	791,918	869,800	776,130	93,670
Capital	91,620	94,686	91,620	3,066
All other	1,329,976	1,462,311	1,304,956	157,355
Court				
Personnel	546,023	633,506	542,816	90,690
Capital	10,153	13,000	10,153	2,847
All other	315,800	362,082	296,177	65,905
Police department				
Personnel	5,195,099	5,331,483	5,119,349	212,134
Capital	307,800	308,013	307,800	213
All other	4,290,957	4,896,118	4,059,308	836,810
Fire department				
Personnel	3,570,926	3,568,546	3,557,153	11,393
Capital	257,560	268,019	257,560	10,459
All other	1,991,017	2,034,254	1,869,458	164,796
Streets				
Personnel	743,061	738,300	738,223	77
Capital	158,485	159,175	158,485	690
All other	975,409	965,146	946,509	18,637
Park department				
Personnel	475,807	481,500	470,498	11,002
Capital	30,445	30,478	30,445	33.00
All other	406,524	421,703	384,484	37,219
Civic center				
Personnel	562,908	635,400	574,197	61,203
Capital	134,606	261,479	134,606	126,873
All other	1,002,909	1,032,291	989,359	42,932

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND

For the year ended September 30, 2016

	Budget Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
Expenditures (continued)				
Animal control				
Personnel	124,014	126,200	122,545	3,655
Capital	917	1,004	917	87
All other	129,679	137,496	124,900	12,596
Inspections				
Personnel	305,840	308,700	302,911	5,789
Capital	38,177	42,396	38,177	4,219
All other	185,571	204,376	173,707	30,669
Vehicle maintenance				
Personnel	184,762	189,000	183,601	5,399
Capital	39,078	40,000	39,078	922.00
All other	78,423	84,264	70,720	13,544
Building maintenance				
Personnel	114,949	118,000	111,316	6,684
Capital	903	988	903	85.00
All other	115,642	119,633	111,144	8,489
Total Expenditures	24,506,958	25,939,347	23,899,205	2,040,142
Revenues Over Expenditures	4,687,832	1,348,759	5,291,090	3,942,331
Other Financing Sources (Uses)				
Operating transfers in	340,000	340,000	340,000	-
Operating transfers (out)	(9,850,000)	(9,850,000)	(5,623,686)	4,226,314
Total Other Financing Sources (Uses)	$ (9,510,000)	$ (9,510,000)	(5,283,686)	4,226,314
Net Change in Fund Balance	(4,822,168)	(8,161,241)	7,404	8,168,645
Fund Balance - Beginning	39,783,193	39,783,193	39,783,193	-
Fund Balance - Ending	$ 34,961,025	$ 31,621,952	$ 39,790,597	$ 8,168,645

CITY OF HUMBLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - RED LIGHT CAMERA FUND

For the year ended September 30, 2016

	Budget Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
Revenues				
Fines and forfeitures	$ 1,750,000	$ 1,750,000	$ 2,001,882	$ 251,882
Investment income	-	-	2,268	2,268
Total Revenues	1,750,000	1,750,000	2,004,150	254,150
Expenditures				
Current:				
Public safety	2,051,590	1,972,171	1,581,199	390,972
Total Expenditures	2,051,590	1,972,171	1,581,199	390,972
Revenues Over (Under) Expenditures	(301,590)	(222,171)	422,951	645,122
Fund Balance - Beginning	1,646,326	1,646,326	1,646,326	-
Fund Balance - Ending	$ 1,344,736	$ 1,424,155	$ 2,069,277	$ 645,122

General Budget Policies

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.

TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED)

Schedule of Changes in Net Pension Liability and Related Ratios

	Measurement Year 2015	Measurement Year 2014
Total pension liability:		
Service cost	$ 1,924,388	$ 1,754,213
Interest	4,231,641	4,003,543
Changes of benefit terms	(77,672)	
Difference between expected and actual experience	(598,978)	(422,967)
Change in assumptions	276,563	
Benefit payments, including refunds of employee contributions	(2,298,876)	(1,868,434)
Net change in total pension liability	3,457,066	3,466,355
Total pension liability - beginning	60,716,933	57,250,578
Total pension liability - ending (a)	$ 64,173,999	$ 60,716,933
Plan fiduciary net position:		
Contributions - employer	$ 1,777,135	$ 1,773,816
Contributions - employee	761,631	726,992
Net investment income	80,955	2,936,226
Benefit payments, including refunds of employee contributions	(2,298,876)	(1,868,434)
Administrative expense	(49,306)	(30,654)
Other	(2,434)	(2,520)
Net change in plan fiduciary net position	269,105	3,535,426
Plan fiduciary net position - beginning	54,859,568	51,324,142
Plan fiduciary net position - ending (b)	55,128,673	54,859,568
Net pension liability - ending (a) - (b)	$ 9,045,326	$ 5,857,365
Plan fiduciary net position as a percentage of total pension liability	85.90%	90.35%
Covered employee payroll	$ 12,693,854	$ 12,065,483
Net pension liability as a percentage of covered employee payroll	71.26%	48.55%

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

TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED)
Schedule of Contributions
Last Ten Fiscal Years

	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 1,777,135	$ 1,773,816	$ 1,751,372	$ 1,703,987	$ 1,701,890
Contribution in relation of the actuarially determined contribution	1,777,135	1,773,816	1,751,372	1,703,987	1,623,050
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ 78,840
Covered employee payroll	$ 12,693,854	$ 12,065,483	$ 11,673,153	$ 11,363,367	$ 11,037,924
Contributions as a percentage of covered employee payroll	14.0%	14.7%	15.0%	15.0%	14.7%

	2011	2010	2009	2008	2007
Actuarially determined contribution	$ 1,755,556	$ 1,715,059	$ 1,510,103	$ 1,132,717	$ 1,043,562
Contribution in relation of the actuarially determined contribution	1,529,750	1,715,059	1,510,103	1,132,717	1,043,562
Contribution deficiency (excess)	$ 225,806	$ -	$ -	$ -	$ -
Covered employee payroll	$ 10,879,336	$ 10,915,524	$ 10,920,237	$ 10,108,884	$ 9,091,784
Contributions as a percentage of covered employee payroll	14.1%	15.7%	13.8%	11.2%	11.5%

Valuation Date:	Actuarial determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	22 years
Asset Valuation Method:	10 Year smoothed market; 15% soft corridor
Inflation:	3.00%
Salary Increases:	3.5% to 12.0% including inflation
Investment Rate of Return:	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Other Information:	There were no benefit changes during the year.

TEXAS MUNICIPAL RETIREMENT SYSTEM

Schedule of Funding Progress (Unaudited)

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2010	$ -	$ 5,533,251	$ 5,533,251	0.0%	$ 11,027,924	50.2%
2012	-	5,177,813	5,177,813	0.0%	11,363,367	45.6%
2014	-	6,415,016	6,415,016	0.0%	11,673,153	55.0%

CITY OF HUMBLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the year ended September 30, 2016

	2016			
	Original Budget	**Final Budget**	**Actual**	**Variance Positive (Negative)**
Revenues				
Taxes:				
Property taxes	$ 750	$ 750	$ 72	$ (678)
Total Revenues	750	750	72	(678)
Expenditures				
Debt Service:				
Principal	495,000	495,000	495,000	-
Interest and other charges	196,992	196,992	196,992	-
Total Expenditures	691,992	691,992	691,992	-
Revenues over (under) expenditures	(691,242)	(691,242)	(691,920)	(678)
Other Financing Sources (Uses)				
Transfers in	691,481	691,481	691,481	
Total other financing sources (uses)	691,481	691,481	691,481	
Net changes in fund balances	239	239	(439)	(678)
Fund Balances - Beginning	3,072	3,072	3,072	
Fund Balances - Ending	$ 3,311	$ 3,311	$ 2,633	$ (678)

CITY OF HUMBLE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
For the year ended September 30, 2016

	Budget Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
Revenues				
Investment income	$ -	$ -	$ 11	$ 11
Total Revenues	-	-	11	11
Expenditures				
Current:				
Capital Outlay	11,036,843	11,036,843	6,317,005	4,719,838
Total Expenditures	11,036,843	11,036,843	6,317,005	4,719,838
Revenues Over (Under) Expenditures	(11,036,843)	(11,036,843)	(6,316,994)	4,719,849
Other Financing Sources (Uses)				
Operating transfers in	10,250,000	10,250,000	5,709,428	(4,540,572)
Operating transfers (out)	-	-	(278,388)	(278,388)
Total Other Financing Sources (Uses)	$ 10,250,000	$ 10,250,000	5,431,040	(4,818,960)
Net Change in Fund Balance	(786,843)	(786,843)	(885,954)	(99,111)
Fund Balance - Beginning	972,571	972,571	972,571	-
Fund Balance - Ending	$ 185,728	$ 185,728	$ 86,617	$ (99,111)

UNAUDITED STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information, both current and historical, as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health. To assist financial statement users, the section is categorized as follows:

Contents **Page**

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in the fiscal year ending September 30, 2004. Schedules presenting government-wide information include information beginning in that year.

CITY OF HUMBLE, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2007	2008	2009	2010	2011
Governmental Activities					
Net investment in capital assets	$22,269,913	$21,585,697	$ 20,085,923	$ 23,139,086	$ 27,320,527
Restricted	2,208,140	3,821,461	5,472,051	4,681,770	6,745,451
Unrestricted	11,951,234	18,466,345	23,606,643	25,324,050	27,476,588
Total Governmental Activities Net Position	$36,429,287	$43,873,503	$ 49,164,617	$ 53,144,906	$ 61,542,566
Business-type Activities					
Net investment in capital assets	$28,024,846	$27,752,116	$ 28,629,663	$ 28,668,105	$ 30,133,849
Restricted					
Unrestricted	5,831,433	6,338,059	6,044,905	5,666,156	4,585,585
Total Business-type Activities Net Position	$33,856,279	$34,090,175	$ 34,674,568	$ 34,334,261	$ 34,719,434
Primary Government					
Net investment in capital assets	$50,294,759	$49,337,813	$ 48,715,586	$ 51,807,191	$ 57,454,376
Restricted	2,208,140	3,821,461	5,472,051	4,681,770	6,745,451
Unrestricted	17,782,667	24,804,404	29,651,548	30,990,206	32,062,173
Total Primary Government Net Position	$70,285,566	$77,963,678	$ 83,839,185	$ 87,479,167	$ 96,262,000

2012	2013	2014	2015	2016
$ 28,089,850	$ 31,712,478	$ 38,711,211	$ 50,406,505	$ 55,561,299
16,643,656	12,632,359	21,332,381	21,090,176	9,408,341
22,991,250	31,321,795	22,737,963	13,772,378	24,544,998
$ 67,724,756	$ 75,666,632	$ 82,781,555	$ 85,269,059	$ 89,514,638
$ 29,470,677	$ 29,552,626	$ 28,770,288	$ 27,976,892	$ 27,466,080
6,621,388	5,391,386	7,511,551	8,990,773	11,297,289
$ 36,092,065	$ 34,944,012	$ 36,281,839	$ 36,967,665	$ 38,763,369
$ 57,560,527	$ 61,265,104	$ 67,481,499	$ 78,383,397	$ 83,027,379
16,643,656	12,632,359	21,332,381	21,090,176	9,408,341
29,612,638	36,713,181	30,249,514	22,763,151	35,842,287
$ 103,816,821	$ 110,610,644	$ 119,063,394	$ 122,236,724	$ 128,278,007

CITY OF HUMBLE, TEXAS

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2007	2008	2009	2010	2011
Expenses					
Governmental activities:					
General government	$ 1,626,823	$ 2,578,154	$ 2,224,265	$ 1,768,237	$ 1,942,585
Court	725,292	911,395	956,295	982,222	894,537
Public safety	10,470,753	12,162,599	13,262,454	13,584,392	13,186,914
Public works	2,802,370	3,072,609	3,142,659	6,710,397	3,422,676
Community services	2,859,886	2,991,041	3,170,031	3,231,319	3,023,786
Interest on long-term debt	848,200	705,252	588,144	474,787	368,157
Total governmental activities expenses	19,333,324	22,421,050	23,343,848	26,751,354	22,838,655
Business-type activities:					
Water and sewer operations	3,744,770	4,840,858	4,629,498	4,810,946	5,320,165
Total Primary Government Expenses	$ 23,078,094	$ 27,261,908	$ 27,973,346	$ 31,562,300	$ 28,158,820
Program Revenue					
Governmental activities:					
Charges for services:					
Court fines	$ 2,590,766	$ 1,529,618	$ 430,957	$ 1,849,819	$ 1,079,547
Other activities	2,069,810	3,878,221	5,138,495	3,330,720	3,874,111
Operating grants and contributions	68,765	1,160,937	517,331	3,202,906	103,576
Capital grants and contributions					2,943,490
Total governmental activities program revenues	4,729,341	6,568,776	6,086,783	8,383,445	8,000,724
Business-type activities:					
Charges for services:					
Water	1,726,844	2,343,749	2,597,751	2,574,842	3,860,560
Sewer	3,108,080	3,028,206	3,416,642	3,447,447	3,729,001
Capital grants and contributions				4,422	25,500
Total business-type activities program revenues	4,834,924	5,371,955	6,014,393	6,026,711	7,615,061
Total Primary Government Program Revenues	$ 9,564,265	$ 11,940,731	$ 12,101,176	$ 14,410,156	$ 15,615,785
Net (Expense)/Revenue					
Governmental activities	$ (14,603,983)	$ (15,852,274)	$ (17,257,065)	$ (18,367,909)	$ (14,837,931)
Business-type activities	1,090,154	531,097	1,384,895	1,215,765	2,294,896
Total Primary Government Net Expense	$ (13,513,829)	$ (15,321,177)	$ (15,872,170)	$ (17,152,144)	$ (12,543,035)

2012	2013	2014	2015	2016
$ 2,254,910	$ 1,960,828	$ 2,214,887	$ 2,296,281	$ 3,003,257
919,512	1,014,342	940,620	912,002	956,447
13,267,069	14,447,794	14,928,331	15,531,040	17,434,608
3,078,417	3,298,222	3,401,250	3,589,075	4,017,382
2,948,472	2,894,327	3,232,039	2,975,595	3,045,499
341,554	305,721	227,017	211,206	196,992
22,809,935	23,921,234	24,944,144	25,515,199	28,654,185
5,326,218	6,371,769	5,780,025	5,892,906	6,171,402
$ 28,136,153	$ 30,293,003	$ 30,724,169	$ 31,408,105	$ 34,825,587
$ 1,385,308	$ 1,276,763	$ 1,476,476	$ 461,536	$ 450,329
4,118,317	4,300,721	5,062,269	4,203,568	5,641,461
22,685	16,415	15,348	19,279	35,008
5,526,310	5,593,899	6,554,093	4,684,383	6,126,798
3,725,006	3,876,235	3,766,249	3,625,844	3,992,827
3,785,888	3,937,328	3,961,836	4,159,771	4,468,207
242,996	179,357			
7,753,890	7,992,920	7,728,085	7,785,615	8,461,034
$ 13,280,200	$ 13,586,819	$ 14,282,178	$ 12,469,998	$ 14,587,832
$ (17,283,625)	$ (18,327,335)	$ (18,390,051)	$ (20,830,816)	$ (22,527,387)
2,427,672	1,621,151	1,948,060	1,892,709	2,289,632
$ (14,855,953)	$ (16,706,184)	$ (16,441,991)	$ (18,938,107)	$ (20,237,755)

CITY OF Humble, TEXAS

CHANGES IN NET POSITION (continued)

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes:					
Property taxes	$ 2,215,469	$ 2,470,257	$ 2,488,382	$ 2,549,820	$ 2,409,633
Sales and use taxes	11,638,600	11,715,509	11,222,435	10,642,809	11,172,162
Franchise taxes	1,376,856	1,451,095	1,458,452	1,453,757	1,394,592
Hotel/motel occupancy tax	477,379	512,994	423,974	411,283	440,888
Other taxes	239,184	235,587	283,758	263,556	245,883
Unrestricted grants and contributio	5,821,596	5,855,459	5,611,218	5,321,405	5,586,081
Investment earnings	1,288,347	593,170	150,830	97,271	53,152
Miscellaneous	26,634		26,826	13,741	9,137
Transfers	(6,752,803)	462,419	882,304	1,594,556	1,924,063
Total governmental activities	16,331,262	23,296,490	22,548,179	22,348,198	23,235,591
Business-type activities:					
Investment earnings	290,870	165,218	66,645	38,484	14,340
Miscellaneous					
Gain (loss) on sale of assets			15,157		
Transfers	6,752,803	(462,419)	(882,304)	(1,594,556)	(1,924,063)
Total business-type activities	7,043,673	(297,201)	(800,502)	(1,556,072)	(1,909,723)
Total primary government	$ 23,374,935	$ 22,999,289	$ 21,747,677	$ 20,792,126	$ 21,325,868
Change in Net Position					
Governmental activities	$ 1,727,279	$ 7,444,216	$ 5,291,114	$ 3,980,289	$ 8,397,660
Business-type activities	8,133,827	233,896	584,393	(340,307)	385,173
Total primary government	$ 9,861,106	$ 7,678,112	$ 5,875,507	$ 3,639,982	$ 8,782,833

2012	2013	2014	2015	2016
$ 2,470,952	$ 2,577,384	$ 2,810,416	$ 3,017,870	$ 3,286,882
11,764,836	12,337,228	13,027,778	13,825,421	13,602,282
1,415,797	1,454,209	1,456,072	1,477,269	1,557,008
540,441	571,612	632,201	541,333	492,889
252,241	265,964	324,311	338,355	326,500
5,882,418	6,168,614	6,513,889	6,912,711	6,844,419
16,200	8,264	6,577	188,160	145,984
117,118	97,409	107,809	62,399	
991,742	2,788,528	625,920	829,863	517,002
23,451,745	26,269,212	25,504,973	27,193,381	26,772,966
23,642	9,352	15,687	44,810	23,074
(86,942)	9,972		8,770	
(991,742)	(2,788,528)	(625,920)	(829,863)	(517,002)
(1,055,042)	(2,769,204)	(610,233)	(776,283)	(493,928)
$ 22,396,703	$ 23,500,008	$ 24,894,740	$ 26,417,098	$ 26,279,038
$ 6,168,120	$ 7,941,877	$ 7,114,922	$ 6,362,565	$ 4,245,579
1,372,630	(1,148,053)	1,337,827	1,116,426	1,795,704
$ 7,540,750	$ 6,793,824	$ 8,452,749	$ 7,478,991	$ 6,041,283

CITY OF HUMBLE, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2007	**2008**	**2009**	**2010**	**2011**
General fund					
Nonspendable					
Prepaid	$ 17,869	$ 2,565	$ 10,065	$ 2,165	$ 2,998
Restricted					
Transportation					1,869,143
Police and traffic safety	11,503	14,579	27,696	29,352	52,152
Municipal court	96,627	129,528	190,911	250,236	302,774
Committed					
Other purposes	14,016	14,016	14,016	14,016	14,016
Assigned					
Other purposes	4,577	2,350	33,190	24,946	21,863
Unassigned	17,392,013	20,290,614	23,066,598	24,322,982	26,472,769
Total General Fund	$ 17,536,605	$ 20,453,652	$ 23,342,476	$ 24,643,697	$ 28,735,715
All other governmental funds					
Restricted:					
Debt service	$ 1,571,862	$ 1,702,984	$ 1,652,302	$ 1,256,556	$ 1,255,955
Capital projects	6,011,263	2,332,639	416,539		301,315
Tourism	344,189	564,178	412,232	263,193	156,591
Police and traffic safety		613,729	1,731,941	1,812,501	1,385,793
Committed					
Capital projects	528,882	479,600	384,624	67,460	285,622
Other purposes	6,185	1,673		9,223	12,795
Assigned					
Capital projects	43,979	43,979	43,979	43,979	43,979
Development activities					
Unassigned			(16,172)		
Total all other governmental funds	$ 8,506,360	$ 5,738,782	$ 4,625,445	$ 3,452,912	$ 3,442,050

Note : In conforming to provisions of GASB Statement No. 54, fund balances of prior periods were restated to the new fund balance classifications.

	2012	2013	2014	2015	2016
	$ 2,165	$ 10,415	$ 10,415	$ -	
	11,413,775	8,055,090	15,382,991	13,912,987	6,802,346
	229,880	221,395	294,290	289,610	303,111
	365,979	114,830	181,310	229,449	233,607
	-	-	-	-	
	91,602	-	-	-	
	23,634,980	32,633,301	23,914,187	19,558,851	26,462,695
	$ 35,738,381	$ 41,035,031	$ 39,783,193	$ 33,990,897	$ 33,801,759
	$ 1,141,952	$ 2,166	$ 3,513	$ 3,072	$ 2,633
	506,394	404,975	228,978	835,616	86,617
	157,304	367,781	561,659	658,156	735,103
	1,074,247	1,013,666	1,372,942	1,646,326	2,069,277
	285,932				
	14,848				
	43,979	136,955	136,955	136,955	
		10,989	250	250	
					(1,600)
	$ 3,224,656	$ 1,936,532	$ 2,304,297	$ 3,280,375	$ 2,892,030

CITY OF HUMBLE, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011
Revenues					
Taxes:					
Property taxes	$ 2,264,536	$ 2,410,039	$ 2,570,565	$ 2,572,441	$ 2,421,530
Sales and use taxes	11,638,600	11,715,509	11,222,435	10,642,809	11,172,162
Franchise taxes	1,376,856	1,451,095	1,458,452	1,453,757	1,394,592
Hotel/motel occupancy taxes	477,379	512,994	423,974	411,283	440,888
Other taxes	239,184	235,587	283,758	263,556	245,883
Licenses and permits	266,860	169,111	192,915	172,770	225,554
Charges for services	1,400,160	1,576,373	1,557,228	1,437,422	1,708,923
Fines and forfeitures	1,512,731	2,754,320	3,898,274	3,178,042	2,626,438
Investment earnings	1,287,352	589,198	146,540	92,636	79,013
Intergovernmental	5,873,781	7,006,632	6,128,339	8,520,831	8,616,731
Miscellaneous	158,627	225,307	200,259	104,922	115,545
Total Revenues	26,496,066	28,646,165	28,082,739	28,850,469	29,047,259
Expenditures					
General government	1,485,886	2,378,958	2,035,830	1,445,876	1,661,980
Court	698,528	821,203	863,902	888,667	811,889
Public safety	10,391,721	11,497,044	12,830,461	13,328,222	12,749,384
Public works	2,059,346	2,092,895	2,101,999	5,503,659	2,288,273
Community services	2,328,377	2,391,875	2,568,124	2,577,179	2,451,070
Capital outlay	5,484,755	5,758,871	2,947,067	2,831,187	4,769,049
Debt service:					
Principal	4,035,000	3,135,000	3,240,000	3,350,000	1,750,000
Captial lease retirement	146,137	153,951		34,764	31,492
Interest and other charges	866,362	719,318	602,173	489,223	377,030
Total Expenditures	27,496,112	28,949,115	27,189,555	30,448,777	26,890,167
Excess of revenues over (under) expenditures	(1,000,046)	(302,950)	893,184	(1,598,308)	2,157,092
Other Financing Sources (Uses)					
Debt proceeds				132,440	
Transfers	(6,752,802)	462,419	882,304	1,594,556	1,924,063
Proceeds from sale of assets					
Total other financing sources (uses)	(6,752,802)	462,419	882,304	1,726,996	1,924,063
Net Change in Fund Balances	$ (7,752,848)	$ 159,469	$ 1,775,488	$ 128,688	$ 4,081,155

2012	2013	2014	2015	2016
$ 2,470,181	$ 2,583,342	$ 2,853,348	$ 2,975,871	$ 3,263,296
11,764,836	12,337,228	13,027,778	13,825,421	13,602,282
1,415,797	1,454,209	1,456,072	1,477,269	1,557,008
540,441	571,612	632,205	541,333	492,889
252,241	265,964	324,311	338,355	326,500
194,785	159,535	281,481	270,132	369,488
1,545,103	1,555,415	1,681,722	1,820,089	3,823,641
3,083,056	2,974,525	2,923,635	2,651,047	1,042,606
101,605	97,410	108,033	188,160	146,486
5,905,666	6,178,364	6,526,699	6,928,653	6,830,547
283,882	256,215	226,876	253,524	191,716
27,557,593	28,433,819	30,042,160	31,269,854	31,646,459
1,855,046	1,649,003	1,866,769	1,885,058	5,004,653
823,496	907,848	855,413	851,306	849,146
12,522,049	13,667,913	14,123,026	15,302,970	14,502,124
2,024,168	2,137,537	2,263,845	2,358,232	2,874,774
2,385,502	2,308,631	2,642,289	2,619,170	2,544,017
2,287,558	3,620,071	9,111,837	13,210,287	6,317,005
690,000	2,575,000	460,000	475,000	495,000
32,547	33,637			
343,716	314,181	228,974	213,912	196,992
22,964,081	27,213,821	31,552,153	36,915,935	32,783,711
4,593,512	1,219,998	(1,509,993)	(5,646,081)	(1,137,252)
				6,758,565
991,743	2,788,528	625,920	829,863	(6,242,074)
				43,278
991,743	2,788,528	625,920	829,863	559,769
$ 5,585,255	$ 4,008,526	$ (884,073)	$ (4,816,218)	$ (577,483)

CITY OF HUMBLE, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	Tax Year	Real Property Value	Personal Property Value	Total Taxable Assessed Value	Total Direct Tax Rate (1)
2007	2006	$ 812,546,305	$ 287,240,672	$ 1,099,786,977	$ 0.19885
2008	2007	900,899,500	302,201,965	1,203,101,465	0.20000
2009	2008	945,270,605	336,864,865	1,282,135,470	0.20000
2010	2009	929,101,358	337,322,552	1,266,423,910	0.20000
2011	2010	868,727,782	341,239,263	1,209,967,045	0.20000
2012	2011	884,504,443	340,048,942	1,224,553,385	0.20000
2013	2012	913,965,300	368,444,460	1,282,409,760	0.20000
2014	2013	1,007,494,088	388,558,407	1,396,052,495	0.20000
2015	2014	1,092,819,372	394,408,678	1,487,228,050	0.20000
2016	2015	1,203,599,703	446,424,007	1,650,023,710	0.20000

(1) Tax rate per $100 assessed valuation.

Source: City tax department

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

	2016			2007		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
GGP Deerbrook LP	$ 121,973,366	1	7.39%	$ 58,574,607	1	5.33%
Deerbrook	60,059,465	2	3.64%			
Vestar DM LLC	52,778,434	3	3.20%	19,011,391	3	1.73%
Memorial Hermann Health System	30,023,596	4	1.82%			
Lawlers Foods	29,867,892	5	1.81%	12,244,164	7	1.11%
GE Oil & Gas	27,194,820	6	1.65%			
Weingarten Nostat Inc	23,384,308	7	1.42%	11,772,694	9	1.07%
Kroger Co	20,095,379	8	1.22%			
Wal-Mart	19,079,147	9	1.16%	21,224,418	2	1.93%
Townsen 1960 Associates LP	17,764,791	10	1.08%			
Deerbrook Investment	-	-	-	14,382,709	5	1.31%
Central Telephone Co.	-	-	-	13,931,369	6	1.27%
Centerpoint Energy	-	-	-	14,555,756	4	1.32%
Dillard's	-	-	-	11,880,967	8	1.08%
The May Dept. Stores	-	-	-	11,340,055	10	1.03%
Total	$ 402,221,198		24.38%	$ 188,918,130		17.18%

Source: City tax assessor/collector

CITY OF HUMBLE, TEXAS

PROPERTY TAX RATES (1)

DIRECT AND OVERLAPPING GOVERNMENTS (2)

Last Ten Fiscal Years

	City of Humble				
Fiscal Year	**Operating Tax Rate**	**Debt Service Tax Rate**	**Total Tax Rate**	**Harris County**	**Harris County Flood District**
2007	$ 0.15023	$0.04862	$0.19885	$ 0.40239	$0.03241
2008	0.20000		0.20000	0.39239	0.03106
2009	0.20000		0.20000	0.38923	0.03086
2010	0.20000		0.20000	0.39224	0.02922
2011	0.20000		0.20000	0.38805	0.02923
2012	0.20000		0.20000	0.39117	0.02809
2013	0.20000		0.20000	0.40021	0.02809
2014	0.20000		0.20000	0.41455	0.02827
2015	0.20000		0.20000	0.41731	0.02736
2016	0.20000		0.20000	0.41923	0.02733

(1) Tax rate per $100 assessed valuation

(2) Overlapping rates are those of local and county governments that apply to property owners within the City of Humble. Not all overlapping rates apply to all City of Humble property owners (e.g., the county rates apply only to the proportion of the City's property owners whose property is located within the geographic boundaries of the specific county).

Source: Tax department records of various taxing authorities

Harris County Hospital District	Port of Houston Authority	HCDE School Equalization	Humble Independent School District	Lone Star College System
$0.19216	$0.01302	$ 0.00629	$ 1.64000	$ 0.11670
0.19216	0.01437	0.00585	1.31000	0.11440
0.19216	0.01773	0.00584	1.52000	0.11010
0.19216	0.01636	0.00605	1.52000	0.11010
0.19216	0.02054	0.00658	1.52000	0.11760
0.19216	0.01856	0.00658	1.52000	0.12100
0.18216	0.01952	0.00662	1.52000	0.11980
0.17000	0.01716	0.00636	1.52000	0.11600
0.17000	0.01531	0.00600	1.52000	0.10810
0.17000	0.13420	0.00542	1.52000	0.10790

CITY OF HUMBLE, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

				Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
Fiscal Year	**Tax Year**	**Tax Rate (1)**	**Total Tax Levy for Fiscal Year**	**Amount**	**Percentage of Levy**	**Amount**
2007	2006	$ 0.19885	$ 2,187,537	2,135,084	97.6%	$ 44,138
2008	2007	0.20000	2,406,203	2,349,432	97.6%	49,192
2009	2008	0.20000	2,564,271	2,506,096	97.7%	48,533
2010	2009	0.20000	2,532,848	2,474,725	97.7%	51,815
2011	2010	0.20000	2,419,934	2,381,344	98.4%	31,456
2012	2011	0.20000	2,449,107	2,414,156	98.6%	27,957
2013	2012	0.20000	2,564,820	2,538,036	99.0%	21,100
2014	2013	0.20000	2,792,105	2,767,699	99.1%	14,582
2015	2014	0.20000	2,974,456	2,939,811	98.8%	16,841
2016	2015	0.20000	3,300,047	3,239,707	98.2%	

(1) Tax rate per $100 assessed valuation

Source: City tax department

Total Collections to Date	
Amount	Percentage of Levy
$ 2,179,222	99.6%
2,398,624	99.7%
2,554,629	99.6%
2,526,540	99.8%
2,412,800	99.7%
2,442,113	99.7%
2,559,136	99.8%
2,782,281	99.6%
2,956,652	99.4%
3,239,707	98.2%

CITY OF HUMBLE, TEXAS
TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS

	2007	2008	2009	2010
Retail Trade	$ 1,163,860,000	$ 1,171,351,500	$ 1,102,255,337	$ 1,074,880,357
City direct sales tax rate (1)	1.00%	1.00%	1.00%	1.00%

Source: State Comptroller's Office

2011	2012	2013	2014	2015	2016
$ 1,121,526,138	$ 1,189,911,935	$ 1,230,673,554	$ 1,317,130,823	$ 1,374,604,460	$ 1,357,944,172
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

CITY OF HUMBLE, TEXAS

SALES TAX REVENUE PAYERS BY INDUSTRY

Current Year and Nine Years Ago (Unaudited)

	2016			
Industry	**Number of Filers**	**Percentage of Total**	**Tax Liability**	**Percentage of Total**
Mining, quarrying and oil and gas extraction	10	0.57%	$ 5,217	0.04%
Construction	134	7.59%	286,392	2.32%
Manufacturing	116	6.57%	177,874	1.44%
Wholesale Trade	122	6.91%	308,880	2.50%
Retail Trade	681	38.58%	8,522,597	69.02%
Transportation and warehousing	7	0.40%	2,145	0.02%
Information	38	2.15%	549,327	4.45%
Finance and insurance	17	0.96%	9,295	0.08%
Real estate, rental and leasing	31	1.76%	69,285	0.56%
Professional, scientific and technical service	103	5.84%	29,511	0.24%
Admin, support, waste mgmt and remediatic	97	5.50%	382,957	3.10%
Educational services	12	0.68%	1,956	0.02%
Health care and social assistance	21	1.19%	11,766	0.10%
Arts, entertainment and recreation	26	1.47%	94,748	0.77%
Accommodation and food services	182	10.31%	1,676,638	13.58%
Other services	155	8.78%	218,329	1.77%
Other	13	0.74%	579	0.00%
Total	1,765		12,347,496	

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.

2007				
Number of Filers	Percentage of Total		Tax Liability	Percentage of Total
5	0.28%	$	10,659	0.09%
146	8.27%		179,745	1.46%
76	4.31%		134,383	1.09%
90	5.10%		441,038	3.57%
720	40.79%		7,118,938	57.65%
8	0.45%		3,882	0.03%
26	1.47%		252,646	2.05%
19	1.08%		15,525	0.13%
34	1.93%		222,270	1.80%
107	6.06%		76,921	0.62%
150	8.50%		151,674	1.23%
9	0.51%		1,920	0.02%
16	0.91%		17,679	0.14%
22	1.25%		51,166	0.41%
160	9.07%		1,254,532	10.16%
141	7.99%		380,007	3.08%
33	1.87%		85,655	0.69%
1,762			10,398,640	

CITY OF HUMBLE, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

	Governmental Activities					
Fiscal Year	General Obligation Bonds (1)	Capital Leases (1)	Total Primary Government	Percentage of Actual Taxable Value of Property (2)	Percentage of Personal Income (3)	Per Capita (3)
2007	$ 21,435,000	$ -	$ 21,435,000	1.95%	8.36%	$ 1,470
2008	18,300,000	153,951	18,453,951	1.53%	7.19%	1,266
2009	15,060,000		15,060,000	1.17%	5.86%	1,033
2010	11,710,000		11,710,000	0.92%	4.56%	803
2011	9,960,000	97,676	10,057,676	0.83%	2.84%	665
2012	9,270,000	66,184	9,336,184	0.76%	2.89%	617
2013	6,695,000	33,637	6,728,637	0.52%	2.31%	445
2014	6,235,000		6,235,000	0.45%	1.96%	412
2015	5,760,000		5,760,000	0.39%	1.69%	381
2016	5,265,000		5,265,000	0.32%	1.65%	348

(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for valuation data.

(3) See the Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF HUMBLE, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2016 (unaudited)

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to City	Estimated Debt Applicable to City
Aldine I.S.D.	$ 428,755,000	0.79%	$ 4,909,534
Harris County	2,578,076,349	0.45%	10,895,560
Harris County Department of Education	7,210,000	0.45%	31,500
Harris County Flood Control District	87,400,000	0.45%	373,838
Harris County Hospital District	62,815,000	0.45%	282,668
Humble Independent School District	636,605,000	10.33%	65,480,837
Lone Star College System	569,325,000	1.07%	5,629,056
Port of Houston Authority	690,219,397	0.45%	3,034,212
Total Net Overlapping Debt			90,637,205
City of Humble	5,265,000	100.00%	5,265,000
Total Direct and Overlapping Net Debt			$ 95,902,205
Ratio of total direct and overlapping net debt to assessed valuation (1)			5.81%
Direct and overlapping net debt per capita (2)			$ 6,337

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for valuation data.
(2) See the Schedule of Demographic and Economic Statistics for population data.

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 imploy 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.

CITY OF HUMBLE, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2007	14,579	$ 256,517,505	$ 17,595	31.30	5,051	4.3%
2008	14,579	256,517,505	17,595	31.30	5,048	5.1%
2009	14,579	256,881,980	17,620	31.30	5,045	8.5%
2010	14,579	256,881,980	17,620	31.30	4,739	8.2%
2011	15,133	354,308,929	23,413	30.20	4,509	8.6%
2012	15,133	322,832,289	21,333	30.30	4,117	6.3%
2013	15,133	290,871,393	19,221	31.90	4,184	6.2%
2014	15,133	317,918,201	21,008	31.70	4,291	4.7%
2015	15,133	341,577,403	22,572	32.30	4,372	4.6%
2016	15,133	318,640,448	21,056	32.60	4,463	5.7%

Sources:

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

CITY OF HUMBLE, TEXAS
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

	2016		2007	
Employer	**Employees**	**Rank**	**Employees**	**Rank**
Memorial Hermann Northeast Hospital	1,100	1	1,100	1
Humble ISD	593	2	587	2
Lawler Foods	402	3	420	4
Walmart	370	4	426	3
CDI Seals	331	5		N/A
Harris County Annex	272	6		N/A
Macy's	265	7	320	5
City of Humble	194	8	179	8
Kroger	150	9		N/A
Target	130	10	250	6
Sam's Club			190	7
Dillards			170	9
Home Depot			119	10
Total	3,807		3,761	

Source: Human resources departments of all employers listed

CITY OF HUMBLE, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	**2007**	**2008**	**2009**	**2010**	**2011**
General government					
Management services	4	4	4	4	4
Finance	3	4	4	4	4
Court	7	7	8	8	8
Building	5	5	5	5	5
Other	11	10	10	9	9
Police					
Officers	58	57	58	58	59
Civilians	14	17	19	20	20
Fire					
Firefighters and officers	31	35	35	35	35
Civilians	4	4	4	4	4
Other public works	15	15	15	15	14
Parks and recreation	7	7	7	7	7
Water	12	12	12	11	11
Wastewater	8	8	9	9	9
Total	179	185	190	189	189

Source: City finance department

2012	2013	2014	2015	2016
3	2	2	2	3
4	5	4	4	3
8	8	8	8	8
5	5	5	5	5
9	10	14	14	14
58	54	55	62	56
18	18	20	24	24
35	35	35	35	36
4	4	4	4	4
15	15	16	16	17
7	7	7	7	7
11	11	12	12	13
9	9	9	9	9
186	183	191	202	199

CITY OF HUMBLE, TEXAS
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function	**2007**	**2008**	**2009**	**2010**	**2011**
General government					
Building permits issued	179	129	123	106	114
Building inspections conducted	611	504	487	461	539
Police					
Physical arrests	3,890	3,281	3,446	3,481	4,027
Parking violations	95	107	400	230	253
Traffic violations	20,541	22,308	19,128	16,576	16,864
Fire					
Emergency responses	2,824	2,951	2,773	3,095	3,358
Fires extinguished	100	71	69	109	114
Inspections	820	573	802	308	942
Water					
Number of connections	7,031	7,016	7,033	7,080	7,397
Average daily consumption (thousands of gallons)	2,900	3,012	3,098	2,997	3,263
Peak daily consumption (thousands of gallons)	5,014	4,448	5,022	4,415	6,764
Wastewater					
Average daily sewage treatment (thousands of gallons)	1,932	1,978	2,091	2,143	2,077

Source: Various City departments

Note: Indicators are not available for the general government function

2012	2013	2014	2015	2016
114	122	148	144	254
450	498	536	568	1,016
5,308	4,761	3,509	3,104	2,578
190	151	155	122	136
17,700	18,886	15,121	9,396	9,328
3,482.0	3,647	3,924	4,014	4,397.0
80	95	112	84	99
573	660	1,299	1,785	1,388
7,379	7,412	7,345	7,623	7,746
3,072	3,046	2,922	2,862	2,923
4,094	4,865	4,361	5,379	4,515
2,103	1,931	2,024	2,095	2,077

CITY OF HUMBLE, TEXAS

CAPITAL ASSETS STATISTICS BY FUNCTION

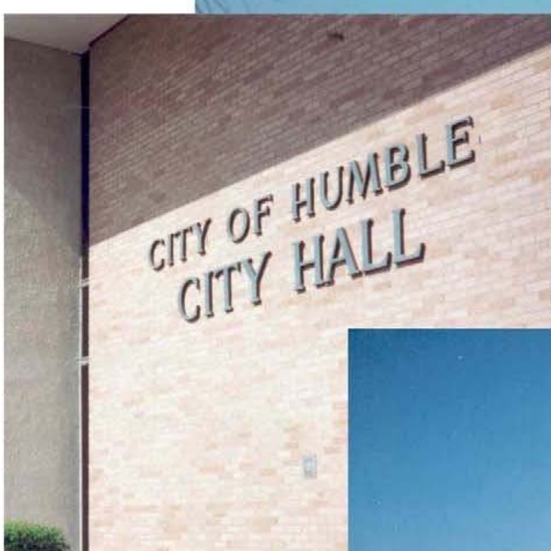
Last Ten Fiscal Years

Function	**2007**	**2008**	**2009**	**2010**
Police				
Patrol units	24	26	31	31
Fire stations	2	2	2	2
Other public works				
Streets (miles)	50	50	50	50
Traffic signals	7	7	7	10
Parks and recreation				
Acreage	32	32	32	32
Playgrounds	5	5	5	5
Baseball/softball diamonds	-	-	-	-
Community centers	2	2	2	2
Water				
Water mains (miles)	79	81	81	81
Fire hydrants	729	775	778	778
Storage capacity (thousands of gallons)	5,010	5,010	5,010	5,010
Wastewater				
Sanitary sewers (miles)	56	57	68	68
Storm sewers (miles)	27	27	32	31
Treatment capacity (thousands of gallons	19,600	19,600	19,600	19,600

Source: Various City departments

2011	2012	2013	2014	2015	2016
31	31	31	29	29	32
2	2	2	2	2	2
50	50	50	50	50	51
10	10	10	10	10	11
32	32	32	32.0	32.0	32
5	5	5	5	5	5.0
-	-	-	-	-	-
2	2	2	2	3	3
82	82	82	82	82	83.8
809	809	809	809	809	849
5,010	5,010	5,010	5,010	5,010	5,010
69	68.6	69	68.6	68.6	68
32	32	32	32	32	42.7
19,600	19,600	19,600	19,600	19,600	19,600


HUMBLE
HOME OF THE
FIGHTING WILDCATS


CITY OF HUMBLE
CITY HALL