City of Humble, Texas

Comprehensive Annual Financial Report

October 1, 2016 through September 30, 2017

CITY OF HUMBLE,

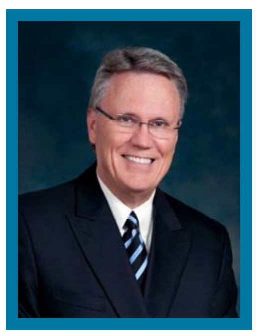
TEXAS

MERLE AARON
Mayor

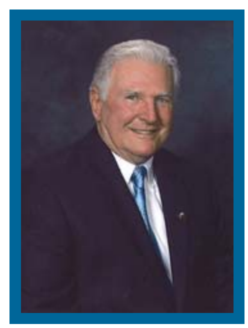
City Officials

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, 2017

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

City of Humble, Texas

For the fiscal year ended
September 30, 2017

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
Jason Stuebe

City Secretary
Sherry Mashburn

March 31, 2018

To the Citizens, 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, 2017, 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 unmodified ("clean") opinion on the City of Humble's financial statements for the year ended September 30, 2017. 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.

The City of Humble has historically experienced growth in commercial and light industrial development. However, the long-term effects of Hurricane Harvey on the region may present challenges to sustaining previous levels of growth and development, particularly in areas impacted by flooding that were previously ripe for development. Nevertheless, the tax roll certified by the Harris County Appraisal District for 2017 increased by $72.3 million, or 4.4%. Over the past several years, the City has begun slowly increasing its ad valorem tax rate from $0.20 to $0.21 for the 2017 Fiscal Year to $0.225471 for the 2018 Fiscal Year in an effort to stabilize and diversify its revenue stream. Despite the modest increases, Humble continues to maintain one of the lowest ad-valorem tax rates of any municipality within Harris County.

In terms of sales tax revenues, the City has experienced a 4.4% (approximately $600k) decrease in sales tax revenues that can be attributed to the impact of Hurricane Harvey, the prevalence of online sales, and new commercial and retail development occurring outside of the City.

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. Activities of the general, debt service, water and sewer, capital projects, red light camera and other special revenue funds are included in the appropriated budget. 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:

- Grow the tax base, while maintaining one of the lowest rates in the area.
- 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 45% of General Fund revenues. The City has seen stable collection of slightly decreased sales tax revenues in the last 12 months. Based on the current economic factors and slight decrease in sales tax revenues, the City decreased 2018 budgeted sales tax revenues by 3%.

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 improving infrastructure and focusing on the core services that meet current and future demands. This includes the City's continued efforts on improving and expanding roadways and utilities throughout several neighborhoods and thoroughfares. The City will soon begin the process of formulating its first strategic and comprehensive plan that will identify the priorities, goals, objectives and actions necessary to provide a cohesive framework for how the City addresses its future needs.

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 15 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,

Jason Stuebe, City Manager

Aimee Phillips
Aimee Phillips, Asst. City Manager &
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, 2016

Christopher P. Morrill

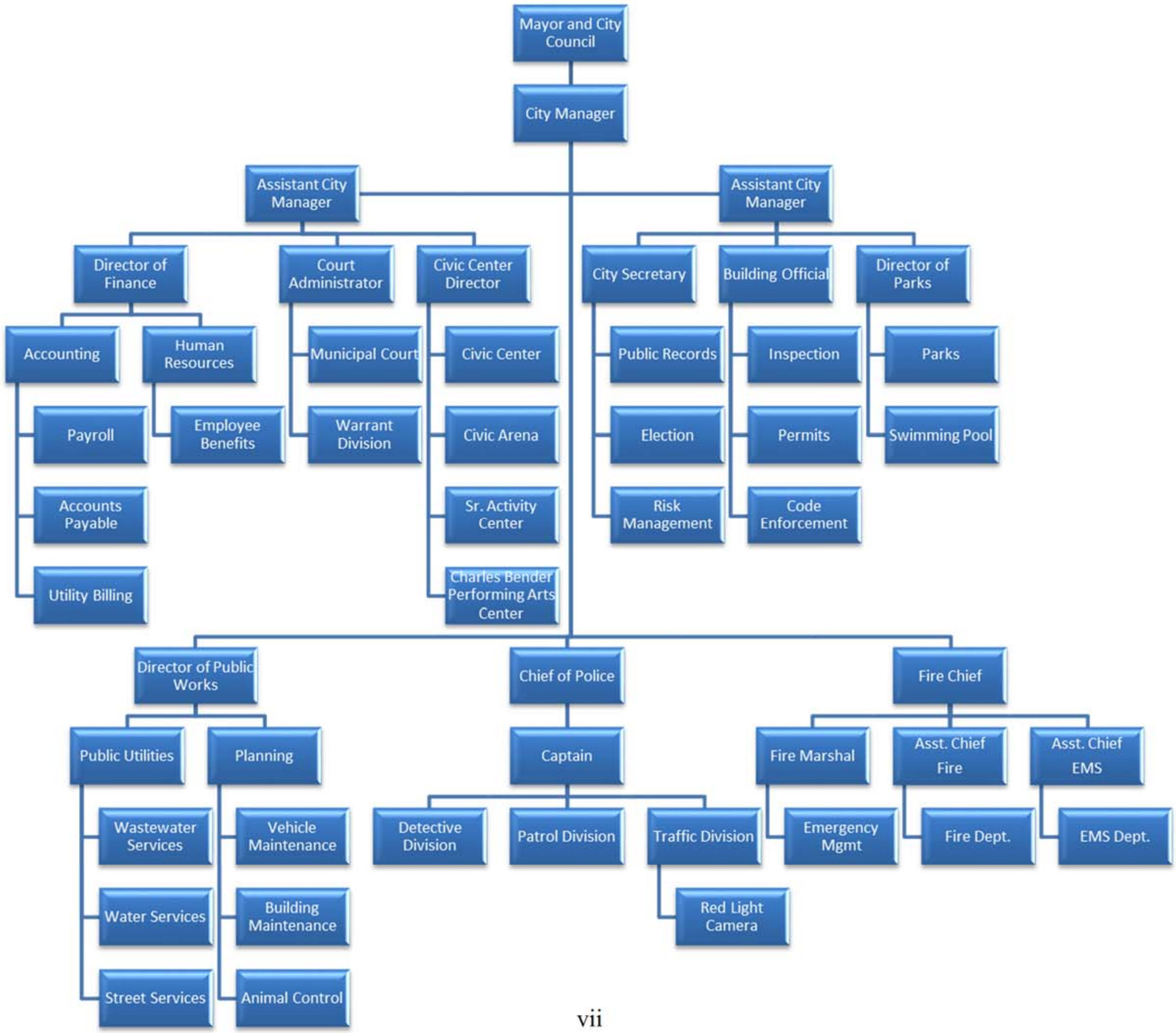
Executive Director/CEO

CITY OF HUMBLE, TEXAS
PRINCIPAL CITY OFFICIALS
September 30, 2017

City Officials	Elective Position	Term Expires
Merle Aaron	Mayor	2019
Charles Curry	Councilman Position 1	2019
Ray Calfee	Councilman Position 2	2019
Norman Funderburk	Councilman Position 3	2018
Allan Steagall	Councilman Position 4	2018
David Pierce	Councilman Position 5	2018

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

Houston Office
3737 Buffalo Speedway
Suite 1600
Houston, Texas 77098
713.621.1515 Main

whitleypenn.com

REPORT OF INDEPENDENT AUDITORS

To the Citizens, 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, 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, 2017, 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, 2017, 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, debt service fund and capital projects fund budgetary comparison schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The debt service fund and capital projects fund budgetary comparison schedules 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, the debt service fund and capital projects fund 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 30, 2018

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, 2017.

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 $132.5 million *(net position)*. Of this amount, $37.6 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 $4.3 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $35.2 million, a decrease of $1.5 million from the prior year. Approximately 77% of this total amount, $27.0 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 105% of total general fund expenditures.
- The City's long-term liabilities decreased by $227 thousand over the prior year due primarily to the refunding bond issued and payment of bond principal.

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, Capital Projects Fund, Red Light Camera Fund and other non-major special revenue funds. Budgetary comparison schedules have been provided for the General Fund, Debt Service Fund, Capital Projects Fund and Red Light Camera 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 of resources at the close of the most recent fiscal year by $132.5 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 (66%) 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 (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $37.6 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, 2017 and 2016.

CONDENSED SCHEDULE OF NET POSITION
September 30, 2017 and 2016
Amounts in (000's)

	Governmental Activities		Business-type Activities		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Current and other assets	$ 48,429	$ 45,555	$ 14,793	$ 13,161	$ 63,223	$ 58,716
Capital assets	65,370	60,826	27,203	27,466	92,573	88,292
Total Assets	113,800	106,381	41,996	40,627	155,796	147,008
Deferred Outflows of Resources	3,971	4,530	409	488	4,380	5,018
Other liabilities	6,318	2,945	1,045	909	7,364	3,854
Long-term liabilities	18,225	17,726	1,401	1,364	19,627	19,090
Total Liabilities	24,544	20,671	2,447	2,273	26,990	22,944
Deferred Inflows of Resources	587	725	61	78	648	804
Net position:						
Net investment in capital assets	60,105	55,561	27,203	27,466	87,308	83,027
Restricted	7,629	9,408			7,629	9,408
Unrestricted	24,906	24,546	12,694	11,297	37,600	35,843
Total Net Position	$ 92,640	$ 89,515	$ 39,897	$ 38,763	$ 132,537	$ 128,278

The City's net position increased by $4.3 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, 2017 and 2016.

CONDENSED SCHEDULE OF CHANGES IN NET POSITION

For the Year Ended September 30, 2017 and 2016

Amounts in (000's)

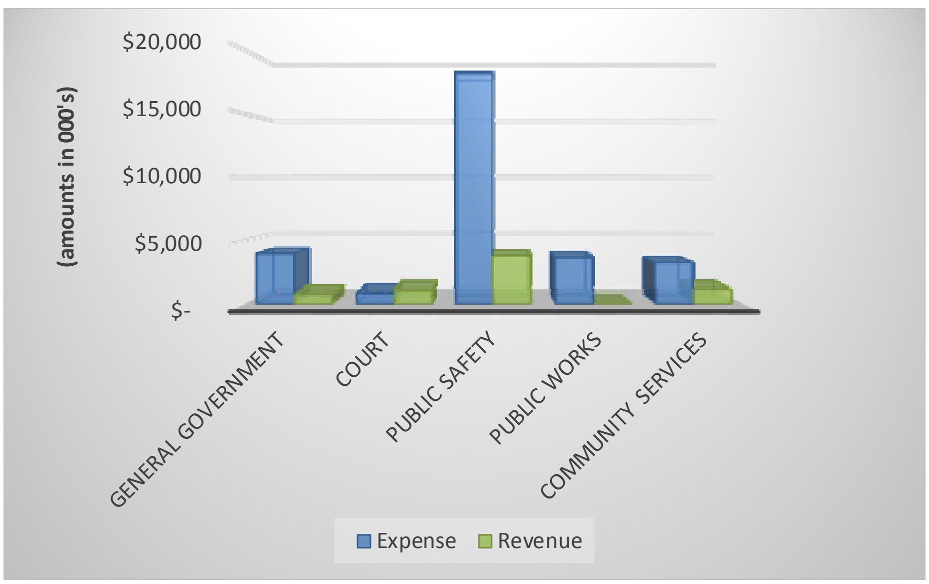
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenue:						
Charges for services	$ 6,659	$ 6,092	$ 8,430	$ 8,461	$ 15,089	$ 14,553
Operating grants and contributions	36	35			36	35
General revenues:						
Property taxes	3,617	3,287			3,617	3,287
Sales and use taxes	13,003	13,602			13,003	13,602
Franchise taxes	1,451	1,557			1,451	1,557
Hotel/motel occupancy taxes	626	493			626	493
Other taxes	308	327			308	327
Contributions not restricted	6,501	6,844			6,501	6,844
Unrestricted investment earnings	55	146	10	23	65	169
Miscellaneous	58				58	
Total Revenues	32,314	32,382	8,440	8,484	40,754	40,866
Expenses:						
General government	3,886	3,003			3,886	3,003
Court	845	956			845	956
Public safety	18,203	17,435			18,203	17,435
Public works	3,586	4,017			3,586	4,017
Community services	3,163	3,046			3,163	3,046
Interest on long-term debt	154	197			154	197
Water and sewer			6,658	6,172	6,658	6,172
Total Expenses	29,837	28,654	6,658	6,172	36,495	34,826
Increase in net position before transfers	2,477	3,728	1,782	2,312	4,259	6,040
Transfers	648	517	(648)	(517)		
Change in net position	3,125	4,245	1,134	1,795	4,259	6,040
Net position - beginning	89,515	85,269	38,763	36,968	128,278	122,237
Net position - ending	$ 92,640	$ 89,515	$ 39,897	$ 38,763	$ 132,537	$ 128,278

Governmental Activities

Governmental activities increased the City's net position by approximately $3.1 million compared to $4.2 million in the prior year, thereby accounting for 73% of the total growth in the net position of the City. The change in net position is attributable to the following:

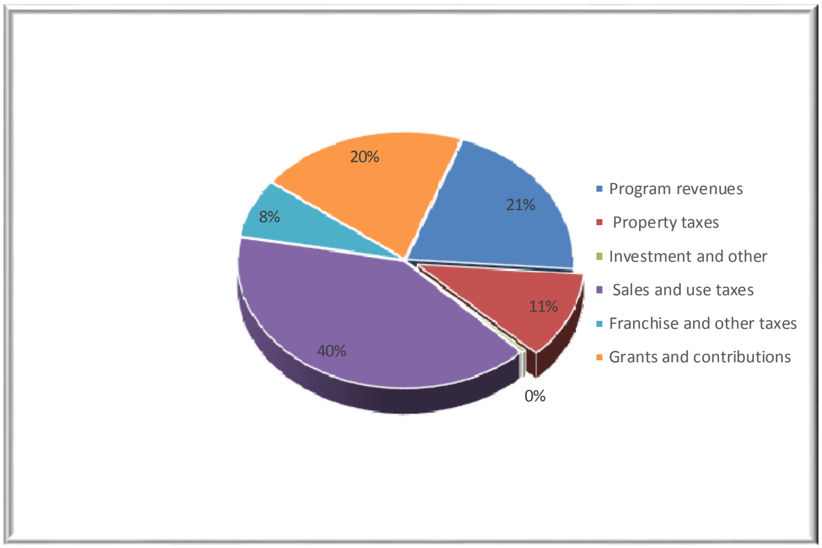
- Total revenues of $32.9 million (including transfers) exceeded total expenses of $29.8 million by $3.1 million during 2017. Total revenues during 2017 remained consistent with 2016 total revenues of $32.9 million however total expenses during 2017 exceeded 2016 total expenses of $28.6 million by $1.2 million due to Hurricane Harvey expenses incurred totaling $550 thousand and normal increases in salaries, benefits and operating expenses.
- Sales tax revenue of $13 million decreased from prior year by $600 thousand, charges for services increased from prior year by $567 thousand and property taxes increased by $330 thousand.

A comparison of program expenses to program revenues follows:



Governmental Activities (continued)

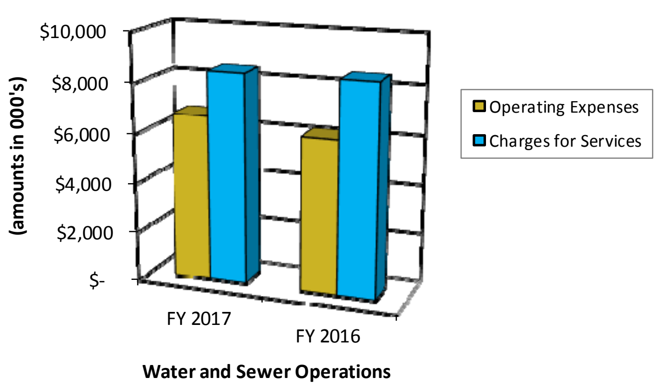
Revenue sources for governmental activities were distributed as follows:



Business-type Activities

Business-type activities increased the City's net position by $1.1 million as a result of total revenues of $7.8 million (including transfers) exceeded total expenses of $6.7 million during 2017. Total revenues during 2017 remained consistent with 2016 total revenues of $7.9 million however total expenses during 2017 exceeded 2016 total expenses of $6.2 million by $490 thousand due to Hurricane Harvey expenses incurred totaling $370 thousand and normal increases in salaries, benefits and operating expenses.

A comparison between expenses relating to water and sewer operations and program revenues (charges for services) for fiscal years 2017 and 2016 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 $35.2 million, a decrease of $1.5 million 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 $27.0 million. The unassigned fund balance increased $600 thousand from fiscal year 2016. Property tax revenues, fines and forfeitures and charges for services increased slightly to account for this increase.

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 105% of annual general fund expenditures for the 2017 fiscal year.

The debt service fund has a total fund balance of $7,756, all of which is reserved for the payment of debt service. Expenditures exceeded revenues by $6.1 million due to a current refunding reported as an expenditure, with an overall net increase in fund balance of $5,123 for the year after accounting for proceeds from the issuance of refunding bonds and transfers.

The capital projects fund spent $5.4 million on concrete and asphalt pavement improvement projects. The net increase in fund balance for the year was $210,775.

The red light camera fund has a fund balance of $2.0 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 42% 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.

Net position of the Water and Sewer Enterprise Fund at the end of the year amounted $39.9 million. The increase in net position was $1.1 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 $0.9 million as a result of greater than expected revenues from property taxes, fines and forfeitures, licenses and permits, and charges for services offset by less than expected revenues from sales tax and intergovernmental.

Appropriations exceeded actual expenditures by $3.8 million. The key elements of these positive variances are superior expenditure controls, ongoing analysis and execution of cost saving opportunities and postponement of select capital purchases, capital projects and budgeted positions in response to actual results negatively varying with the final budget.

General Fund Budgetary Highlights (continued)

For the year ended September 30, 2017, expenditures exceeded appropriations in the administration department - all other expenditures within the general government function of the general fund by $209,318 due to incurred Hurricane Harvey debris removal and monitoring expenditures for which appropriations were not established nor anticipated.

Capital Asset and Debt Administration

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounted $65.4 and $27.2 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 $4.2 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, 2017 and 2016 (in $000's):

	2017	2016
Governmental Activities		
Capital Assets not being depreciated		
Land	$ 1,558	$ 1,390
Construction in progress	624	732
Capital Assets, net of depreciation		
Buildings	14,250	14,270
Improvements	44,266	40,085
Machinery & equipment	4,673	4,349
Total capital assets - Governmental Activities	$ 65,371	$ 60,826
Business-Type Activities		
Capital Assets not being depreciated		
Land	$ 289	$ 289
Construction in progress	713	278
Capital Assets, net of depreciation		
Buildings and structures	1,228	1,150
Land improvements	437	386
Vehicles	125	138
Underground equipment	23,724	24,703
Machinery and equipment	581	522
Total capital assets - Business-Type Activities	$ 27,097	$ 27,466

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 $4.7 million. Bonded debt represents bonds secured solely by specified revenue sources. Bonded debt decreased by $590,000 due to a refunding that occurred during the fiscal year to and scheduled principal payments.

The City maintains a rating of "AA/stable" from Standard and Poor's Rating Services as of December 2016.

	2017	2016
Certificates of Obligation	$	$ 5,265
Combination Tax and Revenue Bonds	4,675	
Bond issuance premiums/discounts	162	
Compensated absences	1,660	1,460
Other post-employment benefit (OPEB) obligation	3,828	3,320
	$ 10,326	$ 10,045

As of fiscal year 2017, the City reported other post-employment benefit (OPEB) obligations of which represents the implied subsidy for health insurance benefits for retired employees.

Additional information on the City's long-term debt can be found in Note 6 to the basic financial statements of this report.

Economic Factors and Next Year's Budget and Rates

The unemployment rate for the City during fiscal year 2017 was 4.87%, compared to the United States' average unemployment rate of 4.2% for the same reporting period.

The City continues to experience steady commercial and light industrial growth though the most recent effects of Hurricane Harvey may impact the City's ability to sustain this growth. Sales tax revenue during 2017 decreased 4.4% which can be attributed to competitive retail development outside the City limits and the prevalence of online sales. The City's conservative approach to budgeting, expenditure controls, constant review of budget to actual results and slow increase in the City ad valorem tax rate has allowed the City to meet existing challenges while maintaining its current service levels to the public. These factors were considered in preparing the City's budget for the 2018 fiscal year.

The fiscal year 2018 budget is based on an increased property tax rate of $0.225471 per $100 of assessed value and a 2017 taxable valuation totaling $1.8 billion, a 6% increase from the 2016 valuation. The property rate increase and higher taxable values are budgeted to increase revenues received from ad valorem taxes by approximately $400,000 over prior year budget. Sales tax revenues are budgeted at $13 mil which represents a $450,000 decrease under prior year budget. Overall, total revenues for the City are budgeted 4% higher than last year's budget. The total budgeted expenditures for fiscal year 2018, net of operating transfers, are $64.3 million and represent a 10% increase from the fiscal year 2017 budget. This increase can mostly be attributed to capital improvement projects to be funded mostly by reserves.

The fiscal year 2018 water rates are budgeted to increase 3.4%. This is the expected City of Houston rate increase to go into effect for the City during 2018 and to be passed through to water customers. In addition, revenues received from the Water and Sewer Proprietary Fund are budgeted to increase slightly as a result of steady 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, 2017

	Primary Government		
	Governmental Activities	**Business-type Activities**	**Total**
Assets			
Cash and cash equivalents	$ 31,006,637	$ 13,688,248	$ 44,694,885
Investments	4,847,254	299,498	5,146,752
Accounts receivable	12,058,196	1,322,838	13,381,034
Internal balances	517,217	(517,217)	
Capital assets, not subject to depreciation:			
Land	1,557,911	288,667	1,846,578
Construction in progress	624,435	713,335	1,337,770
Capital assets, net of depreciation:			
Buildings and improvements	58,515,227	1,406,519	59,921,746
Machinery and equipment	4,672,696	24,794,203	29,466,899
Total Capital Assets	65,370,269	27,202,724	92,572,993
Total Assets	113,799,573	41,996,091	155,795,664
Deferred Outflows of Resources			
Deferred charge on refunding	50,240		50,240
Deferred outflows related to pension activities	3,920,702	408,676	4,329,378
Total Deferred Outflows of Resources	3,970,942	408,676	4,379,618
Liabilities			
Accounts payable and accrued liabilities	4,062,503	446,627	4,509,130
Unearned revenue	2,242,804		2,242,804
Accrued interest payable	13,050		13,050
Deposits payable		598,726	598,726
Long-term liabilities:			
Due within one year	1,791,047	106,905	1,897,952
Due in more than one year	8,011,775	416,516	8,428,291
Net Pension Liability	8,422,515	877,925	9,300,440
Total Liabilities	24,543,694	2,446,699	26,990,393
Deferred Inflows of Resources			
Deferred inflows related to pension activities	587,157	61,203	648,360
Total Deferred Inflows of Resources	587,157	61,203	648,360
Net Position			
Net investment in capital assets	60,105,269	27,202,724	87,307,993
Restricted for:			
Transportation	4,070,268		4,070,268
Tourism	913,241		913,241
Police and traffic safety	2,380,561		2,380,561
Municipal court	264,990		264,990
Unrestricted	24,905,335	12,694,141	37,599,476
Total Net Position	$ 92,639,664	$ 39,896,865	$ 132,536,529

See Notes To Basic Financial Statements.

CITY OF HUMBLE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

		Program Revenue	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**
Primary government			
Governmental Activities:			
General government	$ 3,885,935	$ 755,524	$
Court	845,474	1,082,598	
Public safety	18,202,614	3,683,477	36,156
Public works	3,586,290		
Community services	3,162,880	1,137,301	320
Interest on long-term debt	154,489		
Total governmental activities	29,837,682	6,658,900	36,476
Business-type activities:			
Water	6,657,743	8,429,360	
Total primary government	$ 36,495,425	$ 15,088,260	$ 36,476

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 progran

Unrestricted investment earnings

Miscellaneous

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**
$ (3,130,411)	$	$ (3,130,411)
237,124		237,124
(14,482,981)		(14,482,981)
(3,586,290)		(3,586,290)
(2,025,259)		(2,025,259)
(154,489)		(154,489)
(23,142,306)		(23,142,306)
	1,771,617	1,771,617
(23,142,306)	1,771,617	(21,370,689)
3,616,912		3,616,912
13,002,882		13,002,882
1,451,166		1,451,166
625,607		625,607
307,560		307,560
6,501,441		6,501,441
55,246	10,140	65,386
58,257		58,257
648,261	(648,261)	
26,267,332	(638,121)	25,629,211
3,125,026	1,133,496	4,258,522
89,514,638	38,763,369	128,278,007
$ 92,639,664	$ 39,896,865	$ 132,536,529

CITY OF HUMBLE, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2017

	General Fund	Debt Service	Capital Projects Fund
Assets			
Cash and cash equivalents	$ 25,728,249	$ 7,721	$ 136,955
Investments	4,843,056		4,198
Receivables, net of allowance	5,141,285	3,673	8,425
Due from other funds	507,812		698,826
Total Assets	$ 36,220,402	$ 11,394	$ 848,404
Liabilities			
Accounts payable	$ 839,821	$	$ 542,587
Due to other funds	502,940		
Unearned revenue	224,823		
Accrued liabilities	1,161,500		
Total Liabilities	2,729,084		542,587
Deferred Inflows of Resources			
Unavailable revenues	1,756,932	3,638	8,425
Total Deferred Inflows of Resources	1,756,932	3,638	8,425
Fund Balances			
Restricted:			
Debt service		7,756	
Transportation	4,070,268		
Tourism			
Police and traffic safety	333,854		
Municipal court	316,519		
Assigned			
Development activities			
Unassigned	27,013,745		
Total Fund Balances	31,734,386	7,756	297,392
Total Liabilities, Deferred Inflows, and Fund Balances	$ 36,220,402	$ 11,394	$ 848,404

See Notes to Basic Financial Statements.

Red Light Camera	Non-Major Governmental Fund	Total Governmental Funds
$ 4,330,166	$ 803,546	$ 31,006,637
		4,847,254
6,861,361	43,452	12,058,196
	64,051	1,270,689
$ 11,191,527	$ 911,049	$ 49,182,776
$ 1,516,778	$ 1,817	$ 2,901,003
248,527	2,005	753,472
		224,823
		1,161,500
1,765,305	3,822	5,040,798
7,212,125		8,981,120
7,212,125		8,981,120
		7,756
		4,070,268
	906,977	906,977
2,214,097		2,547,951
		316,519
	250	250
		27,013,745
2,214,097	907,227	35,160,858
$ 11,191,527	$ 911,049	$ 49,182,776

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CITY OF HUMBLE, TEXAS

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

September 30, 2017

Total fund balance, governmental funds	$	35,160,858
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets of $106,414,854 net of accumulated depreciation of $41,044,585 used in the governmental activities are not financial resources and therefore are not reported in the funds		65,370,269
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		177,063
Penalties and interest		72,622
Fines		6,198,836
Other fees		514,618
Deferred outflows of resources relating to pension activities		3,924,731
Deferred inflows of resources relating to pension activities		(591,186)
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		(4,675,000)
Accrued long-term interest		(13,050)
Premium/discount on bonds payable		(162,411)
Deferred loss on refunding		50,240
Other post-employment benefits (OPEB)		(3,438,044)
Compensated absences		(1,527,367)
Net pension liability		(8,422,515)
Net Position of Governmental Activities in the Statement of Net Position	$	92,639,664

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, 2017

	General Fund	Debt Service	Capital Projects Fund	Red Light Camera
Revenues				
Taxes:				
Property taxes	$ 3,598,257	$ 755	$	$
Sales and use taxes	13,002,882			
Hotel/motel occupancy taxes				
Franchise taxes	1,451,166			
Other taxes	307,560			
Fines and forfeitures	1,175,715			1,717,898
Licenses and permits	635,754			
Intergovernmental	6,534,784			
Charges for services	1,925,861			
Investment earnings	53,124		30	2,092
Miscellaneous	173,703			
Other revenue	2,813			
Total Revenues	28,861,619	755	30	1,719,990
Expenditures				
Current:				
General government	5,990,043			
Court	742,772			
Public safety	13,935,668			1,575,170
Public works	2,545,642			
Community services	2,450,094			
Capital outlay			5,427,043	
Debt service:				
Principal		565,000		
Interest and other charges		78,892		
Payment to refunding agent		5,321,520		
Issuance costs		101,192		
Total Expenditures	25,664,219	6,066,604	5,427,043	1,575,170
Revenues over (under) expenditures	3,197,400	(6,065,849)	(5,427,013)	144,820
Other Financing Sources (Uses)				
Issuance of general obligation bonds		5,240,000		
Premium on issuance of bonds		182,712		
Proceeds from sale of assets	58,676			
Transfers in	340,000	648,260	6,072,734	
Transfers out	(5,663,449)		(434,946)	
Total other financing sources (uses)	(5,264,773)	6,070,972	5,637,788	
Net changes in fund balances	(2,067,373)	5,123	210,775	144,820
Fund Balances - Beginning of Year	33,801,759	2,633	86,617	2,069,277
Fund Balances - End of Year	$ 31,734,386	$ 7,756	$ 297,392	$ 2,214,097

See Notes to Basic Financial Statements.

Non-Major Governmental Fund	Total Governmental Funds
$	$ 3,599,012
	13,002,882
625,607	625,607
	1,451,166
	307,560
	2,893,613
	635,754
	6,534,784
2,095	1,927,956
	55,246
	173,703
320	3,133
628,022	31,210,416
	5,990,043
	742,772
	15,510,838
	2,545,642
139,960	2,590,054
	5,427,043
	565,000
	78,892
	5,321,520
	101,192
139,960	38,872,996
488,062	(7,662,580)
	5,240,000
	182,712
	58,676
25,662	7,086,656
(340,000)	(6,438,395)
(314,338)	6,129,649
173,724	(1,532,931)
733,503	36,693,789
$ 907,227	$ 35,160,858

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, 2017

Net change in fund balances - total governmental funds:	$ (1,532,931)
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 $7,952,565 exceeded depreciation of $3,210,033 in the current period.	4,742,532
Donated infrastructure does not represent current assets, and therefore is not recognized as revenue in governmental fund financials. The total amount is, however, reflected in the government wide financial statements as program revenue.	
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the book value of the asset sold.	(198,562)
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.	(461,098)
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.	1,045,774
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.	1,739,048
Governmental funds report proceeds from new debt as a current financial resources. In contrast, the Statement of Activities treats issuance of debt as a liability. Governmental funds report repayment of principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceed proceeds	
Proceeds from the issuance of long term debt, plus premiums and interest, less issuance costs	(5,366,192)
Repayment of long term debt principal	5,830,000
Deferred gains on bond refunding, and other debt charges which are treated as expenditures or other sources/uses in the fund basis financial statements are set up as assets and amortized in the Statement of Net Position. The net change for each represents an increase/(decrease) in net position.	
Bond premiums/discounts	20,301
Gain/loss on refunding	(6,280)
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 interest	11,574
Changes in accrued compensated absences	(221,145)
Pension expense for the pension plan measurement year	(2,477,995)
Change in net position of governmental activities	$ 3,125,026

See Notes to Basic Financial Statements.

CITY OF HUMBLE, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUND

September 30, 2017

	Enterprise Fund
Assets	
Current assets:	
Cash and cash equivalents	$ 13,688,248
Investments	299,498
Accounts receivable, net	1,322,838
Total Current Assets	15,310,584
Non-current assets:	
Capital assets not being depreciated:	
Land	288,667
Construction in progress	713,335
Other capital assets, net of depreciation:	
Buildings and improvements	4,614,594
Plant and equipment	41,445,515
Less accumulated depreciation	(19,859,387)
Total Non-Current Assets	27,202,724
Total Assets	42,513,308
Deferred Outflows of Resources	
Deferred outflows related to pension activities	408,676
Total Deferred Outflows of Resources	408,676
Liabilities	
Current liabilities:	
Accounts payable	446,627
Due to other funds	517,217
Deposits payable	598,726
Compensated absences	106,905
Total Current Liabilities	1,669,475
Non-current liabilities:	
Compensated absences	26,085
Net OPEB obligation	390,431
Net pension liability	877,925
Total Non-Current Liabilities	1,294,441
Total Liabilities	2,963,916
Deferred Inflows of Resources	
Deferred inflows related to pension activities	61,203
Total Deferred Inflows of Resources	61,203
Net Position	
Investment in capital assets	27,202,724
Unrestricted	12,694,141
Total Net Position	$ 39,896,865

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, 2017

	Enterprise Fund
Operating Revenues	
Charges for services	$ 8,407,757
Miscellaneous	21,603
Total Operating Revenues	8,429,360
Operating Expenses	
Water expenses	2,949,016
Sewer expenses	2,417,117
Depreciation	1,291,610
Total Operating Expenses	6,657,743
Operating income (loss)	1,771,617
Non-Operating Revenues (Expenses)	
Interest and investment revenue	10,140
Total Non-Operating Revenues (Expenses)	10,140
Income before Capital Contributions and Transfers	1,781,757
Transfers in	434,946
Transfers out	(1,083,207)
Change in net position	1,133,496
Total Net Position - Beginning	38,763,369
Total Net Position - Ending	$ 39,896,865

See Notes to Basic Financial Statements.

CITY OF HUMBLE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended September 30, 2017

	Enterprise Fund
Cash Flows From Operating Activities	
Receipts from customers and users	$ 8,480,632
Disbursed for personnel services	(1,876,820)
Disbursed for goods and services	(3,308,940)
Net cash provided by operating activities	3,294,872
Cash Flows From Noncapital and Related Financing Activities	
Transfers to other funds	(752,782)
Net cash used by noncapital financing activities	(752,782)
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(445,680)
Cash flows from capital and related financing activities	(445,680)
Cash Flows From Investing Activities	
Interest received	10,140
Proceeds from sale of investments	2,716,730
Net cash used by investing activities	2,726,870
Net increase (decrease) in cash and cash equivalents	4,823,277
Cash and cash equivalents - beginning of year	8,864,971
Cash and cash equivalents - end of year	$ 13,688,248
Reconciliation of operating income to net cash provided by operating activities	
Operating Income	$ 1,771,617
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,291,610
(Increase) decrease in accounts receivable	17,251
(Increase) decrease in deferred outflows relating to pension activities	78,963
Increase (decrease) in accounts payable	81,118
Increase (decrease) in accrued compensated absences	2,288
Increase (decrease) in other post-employment benefit liability	47,616
Increase (decrease) in customer deposits	55,620
Increase (decrease) in net pension liability	(12,413)
Increase (decrease) in deferred inflows relating to pension activities	(38,798)
Net cash provided by operating activities	$ 3,294,872

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

C. Measurement Focus, Basis of Accounting and 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, 2017, 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, 2017, 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 reported at acquisition value.

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 fiscal year end. 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)

- Deferred outflows of resources for refunding - 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.

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, 2017, 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 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.

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	$44,694,885
Certificates of deposit	3,286,418
Public funds investment pool	4,198
Federal agency bonds	1,856,136
Total	$49,841,637

At September 30, 2017, the City reported deposits in the amount of $44,694,885, and the bank balance was $22,150,627. 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, 2017. The City’s money market mutual fund sweep accounts do not require collateralization.

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

Deposit and Investment Amounts (continued)

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, 2017:

		Fair Value Measurements Using		
Investments	**Fair Value**	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**
Certificates of deposit	$ 3,286,418	$ 3,286,418		

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	$44,694,885		90%
Certificates of deposit	3,286,418	558	7%
Public funds investment pool	4,198	28	0%
Federal agency bonds	1,856,136	405	4%
Total	$49,841,637		

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.

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

Local Government Investment Pools

As of September 30, 2017, 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.

The value of District portions in TexPool and Texas CLASS and TexStar are the same as the value of the shares.

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. 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, 2017, 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	Enterprise Fund	Total
Receivables:							
Taxes	$ 2,277,060	$ 2,879	$	$	$	$	$ 2,279,939
Accounts	3,689,843	-	-	-	43,452	1,692,212	5,425,507
Fines	7,484,724	-	-	14,288,045	-	-	21,772,769
Interest and penalties	92,922	1,374	-	-	-	-	94,296
Metro mitigation	1,009,863	-	-	-	-	-	1,009,863
Assessments	-	-	65,016	-	-	-	65,016
Other	31,563	-	-	-	-	2,879	34,442
Gross Receivables	14,585,975	4,253	65,016	14,288,045	43,452	1,695,091	30,681,832
Less: allowance for uncollectibles	(9,444,690)	(580)	(56,591)	(7,426,684)	-	(372,253)	(17,300,798)
Net Total Receivables	$ 5,141,285	$ 3,673	$ 8,425	$ 6,861,361	$ 43,452	$ 1,322,838	$ 13,381,034

Delinquent tax collections during the first sixty days subsequent to September 30, 2017, have not been recorded as revenue as of September 30, 2017, as the amount is not considered material.

The following portions of receivables represent assets that are not available for use by the City to liquidate current year liabilities at September 30, 2017. 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	Total
Property taxes	$ 246,047	$ 3,638	$	$	$ 249,685
Fines and forfeitures	1,004,692			7,212,125	8,216,817
Ambulance services	506,193				506,193
Street assessments			8,425		8,425
	$ 1,756,932	$ 3,638	$ 8,425	$ 7,212,125	$ 8,981,120

Note 5 - Capital Assets

A summary of activity for capital assets capitalized by the City for the year ended September 30, 2017, follows:

	Balance 9/30/2016	Additions	Deletions	Balance 9/30/2017
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 1,390,406	$ 167,505	$	$ 1,557,911
Construction in progress	731,768	90,810	(198,143)	624,435
Total capital assets, not being depreciated	2,122,174	258,315	(198,143)	2,182,346
Capital assets being depreciated:				
Buildings	23,339,235	594,587		23,933,822
Improvements	57,089,378	5,614,868		62,704,246
Vehicles and other equipment	16,633,322	1,484,795	(523,677)	17,594,440
Total capital assets being depreciated	97,061,935	7,694,250	(523,677)	104,232,508
Less accumulated depreciation for:				
Buildings	9,069,681	614,434		9,684,115
Improvements	17,004,150	1,434,576		18,438,726
Vehicles and other equipment	12,283,979	1,161,023	(523,258)	12,921,744
Total accumulated depreciation	38,357,810	3,210,033	(523,258)	41,044,585
Total capital assets being depreciated, net	58,704,125	4,484,217	(419)	63,187,923
Governmental Activities Capital Assets, Net	$ 60,826,299	$ 4,742,532	$ (198,562)	$ 65,370,269

	Balance 9/30/2016	Additions	Deletions	Balance 9/30/2017
Business-type Activities				
Capital assets, not being depreciated:				
Land	$ 288,667	$	$	288,667
Construction in progress	278,388	434,947		713,335
Total capital assets, not being depreciated	567,055	434,947		1,002,002
Capital assets being depreciated:				
Buildings and structures	4,043,680	166,083		4,209,763
Land improvements	570,913	92,474		663,387
Vehicles	573,941	36,485		610,426
Underground equipment	37,902,551	43,863		37,946,414
Machinery and equipment	2,375,717	148,194		2,523,911
Total capital assets being depreciated	45,466,802	487,099		46,060,109
Less accumulated depreciation for:				
Buildings and structures	2,893,484	87,967		2,981,451
Land improvements	184,502	42,122		226,624
Vehicles	436,031	49,261		485,292
Underground equipment	13,199,548	1,023,340		14,222,888
Machinery and equipment	1,854,212	88,920		1,943,132
Total accumulated depreciation	18,567,777	1,291,610		19,859,387
Total capital assets being depreciated, net	26,899,025	(804,511)		26,200,722
Business-type Activities Capital Assets, Net	$ 27,466,080	$ (369,564)	$	$ 27,202,724

Note 5 - Capital Assets (continued)

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

Governmental Activities		
General government	$	1,185,930
Court		67,058
Public safety		511,134
Public works		952,205
Community services		493,706
Total	$	3,210,033
Business-type Activities		
Water and sewer	$	1,291,610

Construction in progress for the various projects and remaining commitments under these construction contracts at September 30, 2017, are as follows:

Governmental Activities	**Authorized Contract**	**Total in Progress**	**Remaining Commitment**
Fire Alarm System, Multiple Locations	$ 98,459	$ 98,459	$
Townsen Blvd North/South	562,500	380,987	181,513
Rankin Road Outfall and Detention	75,200	50,797	24,403
Firestation Additions	73,000	73,000	-
Intrusion Detection System	21,192	21,192	-
	$ 830,351	$ 624,435	$ 205,916
Business-type Activities			
North Side Wastewater Treatment Plant	$ 214,640	$ 104,609	$ 110,031
Elevated Storage	588,878	544,173	44,705
North Shire L/S Upgrade Project	983,630	64,553	919,077
	$ 1,787,148	$ 713,335	$ 1,073,813

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.

Current Year Refunding

The Combination Tax & Revenue Refunding Bonds, Series 2016 were issued in December 2016 in the amount of $5,240,000 to refund certain outstanding obligations of the City in the aggregate principal amount of $5,265,000. The new bonds bear interest from 2.00 percent to 3.00 percent and are due in annual installments ranging from $535,000 to $625,000 through August 15, 2025. The refunding generated a gross savings of $434,590 and a net present value savings of $413,316.

Note 6 - Long-Term Debt (continued)

During the year ended September 30, 2017, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Certificates of Obligation	$ 5,265,000	$	$ (5,265,000)	$	$
Combination Tax and Revenue Bonds		5,240,000	(565,000)	4,675,000	535,000
Bond issuance premiums/discounts		182,712	(20,301)	162,411	
Compensated absences	1,329,122	860,845	(662,600)	1,527,367	1,256,047
Other post-employment benefit (OPEB) obligation	2,976,946	461,098		3,438,044	
Governmental Activities Long-term Liabilities	$ 9,571,068	$ 6,744,655	$ (6,512,901)	$ 9,802,822	$ 1,791,047
Business-type Activities:					
Compensated absences	$ 130,702	$ 98,264	$ (95,976)	$ 132,990	$ 106,905
Other post-employment benefit (OPEB) obligation	342,815	47,616		390,431	
Business-type Activities Long-term Liabilities	$ 473,517	$ 145,880	$ (95,976)	$ 523,421	$ 106,905

The following is a summary of the terms of obligations of general obligation bonds outstanding as of September 30, 2017:

Governmental Activities: Series	Interest Rate	Original Issue	Maturity Date	Debt Outstanding
Combination Tax and Revenue Bonds				
2016 Series	2.0-3.0%	$ 5,240,000	8/15/25	$ 4,675,000
Total Governmental Activities				$ 4,675,000

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

	Governmental Activities		
Year Ending September 30,	Principal	Interest	Total
2018	$ 535,000	$ 104,400	$ 639,400
2019	555,000	88,350	643,350
2020	570,000	71,700	641,700
2021	580,000	60,300	640,300
2022	590,000	48,700	638,700
2023-2025	1,845,000	74,200	1,919,200
	$ 4,675,000	$ 447,650	$ 5,122,650

Note 7 - Interfund Transactions

The composition of interfund balances as of September 30, 2017, is as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 67,534	$ 62,662
Capital Projects Fund	698,826	
Red Light Camera Fund		248,527
Non-Major Governmental Fund	64,051	2,005
Enterprise Fund		517,217
	$ 830,411	$ 830,411

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, 2017, are as follows:

	Transfer In					
Transfer Out	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Fund	Enterprise Fund	Total
General Fund	$	$	$ 5,637,787	$ 25,662	$ -	$ 5,663,449
Non-Major Governmental Fund	340,000				-	340,000
Enterprise Fund		648,260	434,947		434,946	1,083,207
Totals	$ 340,000	$ 648,260	$ 6,072,734	$ 25,662	$ 434,946	$ 7,086,656

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
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	$ 6,501,441
State grant awards	4,564
Federal grant awards	28,779
	$ 6,534,784

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 872 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:	7%
Matching ratio (City to employee):	2 to 1
Years required for vesting:	5
Updated Service Credit:	50% repeating transfers
Annuity Increase to retirees:	70% of CPI repeating
Supplemental death benefit – employees and retirees:	Yes

The City does 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, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	92
Inactive employees entitled to but not yet receiving benefits	51
Active employees	195
Total	338

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 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.58% and 13.63 % in calendar years 2016 and 2017, respectively. The city's contributions to TMRS for the year ended September 30, 2017 were $1,977,481, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5% per year
Investment rate of return	6.75%

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 2016 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 12/31/2015	$ 64,173,999	$ 55,128,673	$ 9,045,326
Changes for the year:			
Service cost	2,259,399		2,259,399
Interest	4,331,685		4,331,685
Difference between expected and actual experience	143,558		143,558
Contributions - employer		1,837,339	(1,837,339)
Contributions - employee		959,787	(959,787)
Net investment income		3,726,746	(3,726,746)
Benefit payments, including refunds, of employee contributions	(2,261,172)	(2,261,172)	
Administrative expense		(42,077)	42,077
Other charges		(2,267)	2,267
Net changes	4,473,470	4,218,356	255,114
Balance at 12/31/2016	$ 68,647,469	$ 59,347,029	$ 9,300,440

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	$ 19,387,695	$ 9,300,440	$ 1,028,929

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, 2017, the City recognized pension expense of $2,746,975.

At September 30, 2017, 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	$ 120,366	$ 648,360
Changes in actuarial assumptions used	191,467	
Differences between projected and actual investment earnings	2,513,665	-
Contributions subsequent to the measurement date	1,503,880	
Total	$ 4,329,378	$ 648,360

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $1,503,880 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2017 (i.e. recognized in the City's financial statements September 30, 2018). 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
2018	$ 792,519
2019	792,518
2020	661,226
2021	(71,920)
2022	(1,611)
Thereafter	4,406
Total	$ 2,177,138

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 2016	Plan Year 2017
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 2017, 2016, and 2015 were $20,350 $22,783, and $19,640, 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 25% 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.
- Retirees pay 25% of the retiree premium for dental, vision, and life insurance coverage. If dependent coverage is selected, the retiree is responsible for 100% of the dependent coverage premium. Life insurance coverage terminates for retirees at the age of 65.

Annual OPEB Cost and Net OPEB Obligation

At September 30, 2017, 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 9/30/17
Determination of Annual Required Contribution	
Normal Cost at Fiscal Year End	$ 405,916
Amortization of Unfunded Actuarial Accrued Liability	268,903
Annual Required Contribution	674,819
Determination of Net OPEB Obligation	
Annual Required Contribution	674,819
Interest on prior year Net OPEB Obligation	132,790
Adjustment to ARC	(129,360)
Annual OPEB Cost	678,249
Less Contributions Made	(169,535)
Estimate Decrease in Net OPEB Obligation	508,714
Net OPEB Obligation – Beginning of Year	3,319,761
Net OPEB Obligation – End of Year	$ 3,828,475

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
09/30/2015	$ 701,626	$ 140,226	20.0%	$ 2,757,506
09/30/2016	724,314	162,059	22.4%	3,319,761
09/30/2017	678,249	169,535	25.0%	3,828,475

Note 10 - Other Post-Employment Benefits (continued)

Funded Status and Funding Progress

As of December 31, 2016, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial valuation date	12/31/2016
Actuarial value of plan assets (a)	$0
Actuarial accrued liability (AAL) (b)	$6,952,028
Unfunded/(Overfunded) actuarial accrued liability (UAAL or OAAL) (b-a)	$6,952,028
Funded Ratio (a/b)	0.0%
Projected Annual Covered Payroll (c)	$8,312,520
UAAL or OAAL as % of covered payroll ((b-a)/c)	83.63%

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 anticipation of GASB 75, the actuarial cost method was changed from the Projected Unit Credit Cost Method to the Individual Entry Age Normal Cost Method. This change increased the actuarial accrued liability by $550,000. The inflation rate assumption was lowered from 3.00% to 2.50%. This change affected the discount rate assumption and the ultimate trend assumption. The discount rate for the unfunded scenario was decreased from 4.50% to 4.00%. This change increased the ARC and associated liabilities. The discount rate for the funding scenario was decreased from 7.50% to 7.00%. The trend rates were reset to better reflect the plan's anticipated experience and the new inflation assumption. Mortality and other demographic assumptions have been updated to match those used in the December 31, 2016 TMRS pension valuation. These changes had very little impact on the OPEB liabilities. The tables used to model the impact of aging on the underlying claims were updated based on the Society of Actuaries' 2013 Study “Health Care Costs – From Birth to Death”. This changes had very little impact on the OPEB liabilities.

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.

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Required Supplementary Information

CITY OF HUMBLE, TEXAS

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

For the year ended September 30, 2017

	Budget Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
Revenues				
Property taxes	$ 3,187,500	$ 3,187,500	$ 3,598,257	$ 410,757
Sales tax	13,450,000	13,450,000	13,002,882	(447,118)
Franchise fees	1,432,406	1,432,406	1,451,166	18,760
Other taxes	320,000	320,000	307,560	(12,440)
Fines and forfeitures	968,000	968,000	1,175,715	207,715
Licenses and permits	215,250	215,250	635,754	420,504
Intergovernmental	6,735,000	6,735,000	6,534,784	(200,216)
Charges for services	1,482,200	1,482,200	1,925,861	443,661
Investment earnings	80,250	80,250	53,124	(27,126)
Other	135,000	135,000	176,516	41,516
Total Revenues	28,005,606	28,005,606	28,861,619	856,013
Expenditures				
Current:				
Administration				
Personnel	920,600	865,500	842,232	23,268
Capital	125,500	299,854	299,808	46
All other	1,732,238	1,593,268	1,802,586	(209,318)
Court				
Personnel	667,900	668,700	527,425	141,275
Capital	10,000	10,000	-	10,000
All other	431,460	430,659	215,347	215,312
Police department				
Personnel	6,031,095	6,031,095	5,555,871	475,224
Capital	1,027,164	1,386,288	1,386,165	123
All other	4,637,008	5,168,154	3,558,353	1,609,801
Fire department				
Personnel	3,643,146	3,792,566	3,749,079	43,487
Capital	712,387	347,199	335,809	11,390
All other	2,675,292	2,625,675	2,025,398	600,277
Streets				
Personnel	764,000	763,451	706,095	57,356
Capital	90,000	72,665	47,656	25,009
All other	1,062,786	1,054,471	838,584	215,887
Park department				
Personnel	510,000	492,100	490,339	1,761
Capital	52,000	52,000	39,260	12,740
All other	455,295	473,195	397,339	75,856
Civic center				
Personnel	654,000	654,587	585,941	68,646
Capital	1,453,000	140,134	126,916	13,218
All other	1,128,890	1,137,132	974,207	162,925

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

For the year ended September 30, 2017

	Budget Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
Expenditures (continued)				
Animal control				
Personnel	133,000	133,000	109,431	23,569
Capital	-	3,299	3,290	9
All other	130,100	129,815	93,781	36,034
Inspections				
Personnel	321,000	312,083	309,670	2,413
Capital	27,000	27,000	24,903	2,097
All other	219,207	228,123	187,046	41,077
Vehicle maintenance				
Personnel	194,670	194,670	191,933	2,737
Capital	15,000	7,000	5,345	1,655
All other	124,425	124,425	62,793	61,632
Building maintenance				
Personnel	121,540	121,540	114,849	6,691
Capital	2,500	2,500	-	2,500
All other	75,212	75,212	56,768	18,444
Total Expenditures	30,147,415	29,417,360	25,664,219	3,753,141
Revenues Over Expenditures	(2,141,809)	(1,411,754)	3,197,400	4,609,154
Other Financing Sources (Uses)				
Proceeds from sale of assets	58,676	15,000	58,676	132,352
Operating transfers in	340,000	340,000	340,000	-
Operating transfers (out)	(5,663,449)	(14,607,968)	(5,663,449)	8,944,519
Total Other Financing Sources (Uses)	$ (5,264,773)	$ (14,252,968)	(5,264,773)	9,076,871
Net Change in Fund Balance	(7,406,582)	(15,664,722)	(2,067,373)	13,597,349
Fund Balance - Beginning	33,801,759	33,801,759	33,801,759	-
Fund Balance - Ending	$ 26,395,177	$ 18,137,037	$ 31,734,386	$ 13,597,349

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, 2017

	Budget Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
Revenues				
Fines and forfeitures	$ 2,000,000	$ 2,000,000	$ 1,717,898	$ (282,102)
Investment income	-	-	2,092	2,092
Total Revenues	2,000,000	2,000,000	1,719,990	(280,010)
Expenditures				
Current:				
Public safety	1,891,605	1,938,105	1,575,170	362,935
Total Expenditures	1,891,605	1,938,105	1,575,170	362,935
Revenues Over (Under) Expenditures	108,395	61,895	144,820	82,925
Fund Balance - Beginning	2,069,277	2,069,277	2,069,277	-
Fund Balance - Ending	$ 2,177,672	$ 2,131,172	$ 2,214,097	$ 82,925

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.

Excess of Expenditures over Appropriations

For the year ended September 30, 2017, expenditures exceeded appropriations in the administration department - all other expenditures within the general government function of the general fund by $209,318 due to incurred Hurricane Harvey debris removal and monitoring expenditures for which appropriations were not established nor anticipated.

TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED)

Schedule of Changes in Net Pension Liability and Related Ratios

	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
Total pension liability:			
Service cost	$ 2,259,399	$ 1,924,388	$ 1,754,213
Interest	4,331,685	4,231,641	4,003,543
Changes of benefit terms		(77,672)	
Difference between expected and actual experience	143,558	(598,978)	(422,967)
Change in assumptions		276,563	
Benefit payments, including refunds of employee contributions	(2,261,172)	(2,298,876)	(1,868,434)
Net change in total pension liability	4,473,470	3,457,066	3,466,355
Total pension liability - beginning	64,173,999	60,716,933	57,250,578
Total pension liability - ending (a)	$ 68,647,469	$ 64,173,999	$ 60,716,933
Plan fiduciary net position:			
Contributions - employer	$ 1,837,339	$ 1,777,135	$ 1,773,816
Contributions - employee	959,787	761,631	726,992
Net investment income	3,726,746	80,955	2,936,226
Benefit payments, including refunds of employee contributions	(2,261,172)	(2,298,876)	(1,868,434)
Administrative expense	(42,077)	(49,306)	(30,654)
Other	(2,267)	(2,434)	(2,520)
Net change in plan fiduciary net position	4,218,356	269,105	3,535,426
Plan fiduciary net position - beginning	55,128,673	54,859,568	51,324,142
Plan fiduciary net position - ending (b)	59,347,029	55,128,673	54,859,568
Net pension liability - ending (a) - (b)	$ 9,300,440	$ 9,045,326	$ 5,857,365
Plan fiduciary net position as a percentage of total pension liability	86.45%	85.90%	90.35%
Covered employee payroll	$ 13,709,948	$ 12,693,854	$ 12,065,483
Net pension liability as a percentage of covered employee payroll	67.84%	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

	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 1,977,481	$ 1,860,348	$ 1,785,526	$ 1,751,372	$ 1,703,987
Contribution in relation of the actuarially determined contribution	1,977,481	1,860,348	1,785,526	1,751,372	1,703,987
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$13,709,948	$12,693,854	$12,065,483	$11,673,153	$11,363,367
Contributions as a percentage of covered employee payroll	14.4%	14.7%	14.8%	15.0%	15.0%

	2012	2011	2010	2009	2008
Actuarially determined contribution	$ 1,701,890	$ 1,755,556	$ 1,715,059	$ 1,510,103	$ 1,132,717
Contribution in relation of the actuarially determined contribution	1,623,050	1,529,750	1,715,059	1,510,103	1,132,717
Contribution deficiency (excess)	$ 78,840	$ 225,806	$ -	$ -	$ -
Covered employee payroll	$11,037,924	$10,879,336	$10,915,524	$10,920,237	$10,108,884
Contributions as a percentage of covered employee payroll	14.7%	14.1%	15.7%	13.8%	11.2%

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:	29 years
Asset Valuation Method:	10 Year smoothed market; 15% soft corridor
Inflation:	2.50%
Salary Increases:	3.5% to 10.5% including inflation
Investment Rate of Return:	6.75%
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%

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Other Supplementary Information

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, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes:				
Property taxes	$ 750	$ 750	$ 753	$ 3
Total Revenues	750	750	753	3
Expenditures				
Debt Service:				
Principal	510,000	510,000	5,830,000	(5,320,000)
Interest and other charges	180,063	180,063	236,604	(56,541)
Total Expenditures	690,063	690,063	6,066,604	(5,376,541)
Revenues over (under) expenditures	(689,313)	(689,313)	(6,065,851)	(5,376,538)
Other Financing Sources (Uses)				
Proceeds from issuance of general obligation refunding bonds	-	-	5,240,000	5,240,000
Premium on issuance of bonds	-	-	182,712	182,712
Transfers in	690,063	690,063	648,260	(41,803)
Total other financing sources (uses)	690,063	690,063	6,070,972	5,380,909
Net changes in fund balances	750	750	5,121	4,371
Fund Balances - Beginning	2,633	2,633	2,633	
Fund Balances - Ending	$ 3,383	$ 3,383	$ 7,754	$ 4,371

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, 2017

	Budget Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
Revenues				
Investment income	$ -	$ -	$ 30	$ 30
Total Revenues	-	-	30	30
Expenditures				
Current:				
Capital Outlay	19,194,351	19,194,351	5,427,043	13,767,308
Total Expenditures	19,194,351	19,194,351	5,427,043	13,767,308
Revenues Over (Under) Expenditures	(19,194,351)	(19,194,351)	(5,427,013)	13,767,338
Other Financing Sources (Uses)				
Operating transfers in	18,043,111	18,043,111	6,072,734	(11,970,377)
Total Other Financing Sources (Uses)	$18,043,111	$18,043,111	5,637,788	(12,405,323)
Net Change in Fund Balance	(1,151,240)	(1,151,240)	210,775	1,362,015
Fund Balance - Beginning	86,617	86,617	86,617	-
Fund Balance - Ending	$ (1,064,623)	$ (1,064,623)	$ 297,392	$ 1,362,015

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CITY OF HUMBLE, TEXAS

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 report 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)

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

2012	**2013**	**2014**	**2015**	**2016**	**2017**
$ 28,089,850	$ 31,712,478	$ 38,711,211	$ 50,406,505	$ 55,561,299	$ 60,105,269
16,643,656	12,632,359	21,332,381	21,090,176	9,408,341	7,629,060
22,991,250	31,321,795	22,737,963	13,772,378	24,544,998	24,905,335
$ 67,724,756	$ 75,666,632	$ 82,781,555	$ 85,269,059	$ 89,514,638	$ 92,639,664
$ 29,470,677	$ 29,552,626	$ 28,770,288	$ 27,976,892	$ 27,466,080	$ 27,202,724
6,621,388	5,391,386	7,511,551	8,990,773	11,297,289	12,694,141
$ 36,092,065	$ 34,944,012	$ 36,281,839	$ 36,967,665	$ 38,763,369	$ 39,896,865
$ 57,560,527	$ 61,265,104	$ 67,481,499	$ 78,383,397	$ 83,027,379	$ 87,307,993
16,643,656	12,632,359	21,332,381	21,090,176	9,408,341	7,629,060
29,612,638	36,713,181	30,249,514	22,763,151	35,842,287	37,599,476
$ 103,816,821	$ 110,610,644	$ 119,063,394	$ 122,236,724	$ 128,278,007	$ 132,536,529

CITY OF HUMBLE, TEXAS

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

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

2012	2013	2014	2015	2016	2017
$ 2,254,910	$ 1,960,828	$ 2,214,887	$ 2,296,281	$ 3,003,257	$ 3,885,935
919,512	1,014,342	940,620	912,002	956,447	845,474
13,267,069	14,447,794	14,928,331	15,531,040	17,434,608	18,202,614
3,078,417	3,298,222	3,401,250	3,589,075	4,017,382	3,586,290
2,948,472	2,894,327	3,232,039	2,975,595	3,045,499	3,162,880
341,554	305,721	227,017	211,206	196,992	154,489
22,809,935	23,921,234	24,944,144	25,515,199	28,654,185	29,837,682
5,326,218	6,371,769	5,780,025	5,892,906	6,171,402	6,657,743
$ 28,136,153	$ 30,293,003	$ 30,724,169	$ 31,408,105	$ 34,825,587	$ 36,495,425
$ 1,385,308	$ 1,276,763	$ 1,476,476	$ 461,536	$ 450,329	$ 1,082,598
4,118,317	4,300,721	5,062,269	4,203,568	5,641,461	5,576,302
22,685	16,415	15,348	19,279	35,008	36,476
5,526,310	5,593,899	6,554,093	4,684,383	6,126,798	6,695,376
3,725,006	3,876,235	3,766,249	3,625,844	3,992,827	3,964,162
3,785,888	3,937,328	3,961,836	4,159,771	4,468,207	4,465,198
242,996	179,357				
7,753,890	7,992,920	7,728,085	7,785,615	8,461,034	8,429,360
$ 13,280,200	$ 13,586,819	$ 14,282,178	$ 12,469,998	$ 14,587,832	$ 15,124,736
$ (17,283,625)	$ (18,327,335)	$ (18,390,051)	$ (20,830,816)	$ (22,527,387)	$ (23,142,306)
2,427,672	1,621,151	1,948,060	1,892,709	2,289,632	1,771,617
$ (14,855,953)	$ (16,706,184)	$ (16,441,991)	$ (18,938,107)	$ (20,237,755)	$ (21,370,689)

CITY OF Humble, TEXAS

CHANGES IN NET POSITION (continued)

Last Ten Fiscal Years

(Accrual Basis of Accounting)

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

	2012	2013	2014	2015	2016	2017
	$ 2,470,952	$ 2,577,384	$ 2,810,416	$ 3,017,870	$ 3,286,882	$ 3,616,912
	11,764,836	12,337,228	13,027,778	13,825,421	13,602,282	13,002,882
	1,415,797	1,454,209	1,456,072	1,477,269	1,557,008	1,451,166
	540,441	571,612	632,201	541,333	492,889	625,607
	252,241	265,964	324,311	338,355	326,500	307,560
	5,882,418	6,168,614	6,513,889	6,912,711	6,844,419	6,501,441
	16,200	8,264	6,577	188,160	145,984	55,246
	117,118	97,409	107,809	62,399		58,257
	991,742	2,788,528	625,920	829,863	517,002	648,261
	23,451,745	26,269,212	25,504,973	27,193,381	26,772,966	26,267,332
	23,642	9,352	15,687	44,810	23,074	10,140
	(86,942)	9,972		8,770		
	(991,742)	(2,788,528)	(625,920)	(829,863)	(517,002)	(648,261)
	(1,055,042)	(2,769,204)	(610,233)	(776,283)	(493,928)	(638,121)
	$ 22,396,703	$ 23,500,008	$ 24,894,740	$ 26,417,098	$ 26,279,038	$ 25,629,211
	$ 6,168,120	$ 7,941,877	$ 7,114,922	$ 6,362,565	$ 4,245,579	$ 3,125,026
	1,372,630	(1,148,053)	1,337,827	1,116,426	1,795,704	1,133,496
	$ 7,540,750	$ 6,793,824	$ 8,452,749	$ 7,478,991	$ 6,041,283	$ 4,258,522

CITY OF HUMBLE, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2008	2009	2010	2011
General fund				
Nonspendable				
Prepaid	$ 2,565	$ 10,065	$ 2,165	$ 2,998
Restricted				
Transportation				1,869,143
Police and traffic safety	14,579	27,696	29,352	52,152
Municipal court	129,528	190,911	250,236	302,774
Committed				
Other purposes	14,016	14,016	14,016	14,016
Assigned				
Other purposes	2,350	33,190	24,946	21,863
Unassigned	20,290,614	23,066,598	24,322,982	26,472,769
Total General Fund	$ 20,453,652	$ 23,342,476	$ 24,643,697	$ 28,735,715
All other governmental funds				
Restricted:				
Debt service	$ 1,702,984	$ 1,652,302	$ 1,256,556	$ 1,255,955
Capital projects	2,332,639	416,539	-	301,315
Tourism	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	479,600	384,624	67,460	285,622
Other purposes	1,673	-	9,223	12,795
Assigned				
Capital projects	43,979	43,979	43,979	43,979
Development activities	-	-	-	-
Unassigned	-	(16,172)	-	-
Total all other governmental funds	$ 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	2017
$ 2,165	$ 10,415	$ 10,415	$ -	$ -	$ -
11,413,775	8,055,090	15,382,991	13,912,987	6,802,346	4,070,268
229,880	221,395	294,290	289,610	303,111	333,854
365,979	114,830	181,310	229,449	233,607	316,519
-	-	-	-	-	-
91,602	-	-	-	-	-
23,634,980	32,633,301	23,914,187	19,558,851	26,462,695	27,013,745
$ 35,738,381	$ 41,035,031	$ 39,783,193	$ 33,990,897	$ 33,801,759	$ 31,734,386
$ 1,141,952	$ 2,166	$ 3,513	$ 3,072	$ 2,633	$ 7,756
506,394	404,975	228,978	835,616	86,617	297,392
157,304	367,781	561,659	658,156	735,103	906,977
1,074,247	1,013,666	1,372,942	1,646,326	2,069,277	2,214,347
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	$ 3,426,472

CITY OF HUMBLE, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2008	2009	2010	2011
Revenues				
Taxes:				
Property taxes	$ 2,410,039	$ 2,570,565	$ 2,572,441	$ 2,421,530
Sales and use taxes	11,715,509	11,222,435	10,642,809	11,172,162
Hotel/motel occupancy taxes	512,994	423,974	411,283	440,888
Franchise taxes	1,451,095	1,458,452	1,453,757	1,394,592
Other taxes	235,587	283,758	263,556	245,883
Licenses and permits	169,111	192,915	172,770	225,554
Charges for services	1,576,373	1,557,228	1,437,422	1,708,923
Fines and forfeitures	2,754,320	3,898,274	3,178,042	2,626,438
Investment earnings	589,198	146,540	92,636	79,013
Intergovernmental	7,006,632	6,128,339	8,520,831	8,616,731
Miscellaneous	225,307	200,259	104,922	115,545
Total Revenues	28,646,165	28,082,739	28,850,469	29,047,259
Expenditures				
General government	2,378,958	2,035,830	1,445,876	1,661,980
Court	821,203	863,902	888,667	811,889
Public safety	11,497,044	12,830,461	13,328,222	12,749,384
Public works	2,092,895	2,101,999	5,503,659	2,288,273
Community services	2,391,875	2,568,124	2,577,179	2,451,070
Capital outlay	5,758,871	2,947,067	2,831,187	4,769,049
Debt service:				
Principal	3,135,000	3,240,000	3,350,000	1,750,000
Captial lease retirement	153,951		34,764	31,492
Interest and other charges	719,318	602,173	489,223	377,030
Total Expenditures	28,949,115	27,189,555	30,448,777	26,890,167
Excess of revenues over (under) expenditures	(302,950)	893,184	(1,598,308)	2,157,092
Other Financing Sources (Uses)				
Debt proceeds	-	-	132,440	-
Transfers	462,419	882,304	1,594,556	1,924,063
Proceeds from sale of assets	-	-	-	-
Total other financing sources (uses)	462,419	882,304	1,726,996	1,924,063
Net Change in Fund Balances	$ 159,469	$ 1,775,488	$ 128,688	$ 4,081,155
Debt service as a percentage of noncapital expenditures	17.3%	15.8%	14.0%	9.8%

2012	2013	2014	2015	2016	2017
$ 2,470,181	$ 2,583,342	$ 2,853,348	$ 2,975,871	$ 3,263,296	$ 3,599,012
11,764,836	12,337,228	13,027,778	13,825,421	13,602,282	13,002,882
540,441	571,612	632,205	541,333	492,889	625,607
1,415,797	1,454,209	1,456,072	1,477,269	1,557,008	1,451,166
252,241	265,964	324,311	338,355	326,500	307,560
194,785	159,535	281,481	270,132	369,488	635,754
1,545,103	1,555,415	1,681,722	1,820,089	3,823,641	1,927,956
3,083,056	2,974,525	2,923,635	2,651,047	1,042,606	2,893,613
101,605	97,410	108,033	188,160	146,486	55,246
5,905,666	6,178,364	6,526,699	6,928,653	6,830,547	6,534,784
283,882	256,215	226,876	253,524	191,716	176,836
27,557,593	28,433,819	30,042,160	31,269,854	31,646,459	31,210,416
1,855,046	1,649,003	1,866,769	1,885,058	5,004,653	5,990,043
823,496	907,848	855,413	851,306	849,146	742,772
12,522,049	13,667,913	14,123,026	15,302,970	14,502,124	15,510,838
2,024,168	2,137,537	2,263,845	2,358,232	2,874,774	2,545,642
2,385,502	2,308,631	2,642,289	2,619,170	2,544,017	2,590,054
2,287,558	3,620,071	9,111,837	13,210,287	6,317,005	5,427,043
690,000	2,575,000	460,000	475,000	495,000	5,886,520
32,547	33,637				
343,716	314,181	228,974	213,912	196,992	180,084
22,964,081	27,213,821	31,552,153	36,915,935	32,783,711	38,872,996
4,593,512	1,219,998	(1,509,993)	(5,646,081)	(1,137,252)	(7,662,580)
-	-	-	-	-	5,422,712
991,743	2,788,528	625,920	829,863	516,491	648,261
-	-	-	-	43,278	58,676
991,743	2,788,528	625,920	829,863	559,769	6,129,649
$ 5,585,255	$ 4,008,526	$ (884,073)	$ (4,816,218)	$ (577,483)	$ (1,532,931)
5.2%	12.4%	3.1%	3.0%	2.8%	2.1%

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)
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
2017	2016	1,287,899,557	434,431,429	1,722,330,986	0.21000

(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)

	2017			2008		
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	$ 130,170,844	1	7.56%	$ 66,574,445	1	5.53%
Vestar DM LLC	52,973,869	2	3.08%	-		
Frep III Humblewood Center LLC	31,412,928	3	1.82%	-		
Lawler Foods	29,724,902	4	1.73%	31,464,748	3	2.62%
GE Oil & Gas	25,000,000	5	1.45%	-		
Costco Wholesale	24,623,368	6	1.43%	-		
Deerbrook Investment Properties LTD	22,273,959	7	1.29%	18,225,000	6	1.51%
Wal-Mart	20,036,575	8	1.16%	21,479,732	4	1.79%
Kroger Co.	20,033,822	9	1.16%	-		
Townsen 1960 Associates LP	18,814,868	10	1.09%	-		
G&I Deerbrook LLC	-	-	-	33,269,679	2	2.77%
Weingarten Realty	-	-	-	19,740,568	5	1.64%
Hydril Company	-		-	15,148,441	7	1.26%
Deerbrook Commons LTD	-		-	13,600,000	8	1.13%
Target Corporation	-		-	12,949,751	9	1.08%
Centerpoint Energy	-	-	-	12,809,466	10	1.06%
Total	$ 375,065,135		21.78%	$ 245,261,830		20.39%

CITY OF HUMBLE, TEXAS

PROPERTY TAX RATES (1)

DIRECT AND OVERLAPPING GOVERNMENTS (2)

Last Ten Fiscal Years

Fiscal Year	City of Humble	Harris County	Harris County Flood District	Harris County Hospital District	Port of Houston Authority	HCDE School Equalization
2008	$ 0.20000	$ 0.39239	$0.03106	$0.19216	$0.01437	$ 0.00585
2009	0.20000	0.38923	0.03086	0.19216	0.01773	0.00584
2010	0.20000	0.39224	0.02922	0.19216	0.01636	0.00605
2011	0.20000	0.38805	0.02923	0.19216	0.02054	0.00658
2012	0.20000	0.39117	0.02809	0.19216	0.01856	0.00658
2013	0.20000	0.40021	0.02809	0.18216	0.01952	0.00662
2014	0.20000	0.41455	0.02827	0.17000	0.01716	0.00636
2015	0.20000	0.41731	0.02736	0.17000	0.01531	0.00600
2016	0.20000	0.41923	0.02733	0.17000	0.13420	0.00542
2017	0.21000	0.41656	0.02829	0.17179	0.01334	0.00520

(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

Humble Independent School District	Lone Star College System
$ 1.31000	$ 0.11440
1.52000	0.11010
1.52000	0.11010
1.52000	0.11760
1.52000	0.12100
1.52000	0.11980
1.52000	0.11600
1.52000	0.10810
1.52000	0.10790
1.52000	0.10780

CITY OF HUMBLE, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year	Tax Year	Tax Rate (1)	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
				Amount	Percentage of Levy	Amount
2008	2007	$ 0.20000	$ 2,406,203	2,349,432	97.6%	$ 41,016
2009	2008	0.20000	2,564,271	2,506,096	97.7%	48,671
2010	2009	0.20000	2,532,848	2,474,725	97.7%	51,982
2011	2010	0.20000	2,419,934	2,381,344	98.4%	31,700
2012	2011	0.20000	2,449,107	2,414,156	98.6%	28,369
2013	2012	0.20000	2,564,820	2,538,036	99.0%	21,980
2014	2013	0.20000	2,792,105	2,767,699	99.1%	16,729
2015	2014	0.20000	2,974,456	2,939,811	98.8%	24,809
2016	2015	0.20000	3,300,047	3,239,707	98.2%	44,223
2017	2016	0.21000	3,616,895	3,545,158	98.0%	

(1) Tax rate per $100 assessed valuation

Source: City tax department

Total Collections to Date	
Amount	Percentage of Levy
$ 2,333,677	97.0%
2,496,592	97.4%
2,468,584	97.5%
2,374,454	98.1%
2,407,575	98.3%
2,533,233	98.8%
2,760,022	98.9%
2,929,975	98.5%
3,223,590	97.7%
3,452,800	95.5%

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

	2008	**2009**	**2010**	**2011**
Retail Trade	$ 1,171,351,500	$ 1,102,255,337	$ 1,074,880,357	$ 1,121,526,138
City direct sales tax rate (1)	1.00%	1.00%	1.00%	1.00%

Source: State Comptroller's Office

2012	2013	2014	2015	2016	2017
$ 1,189,911,935	$ 1,230,673,554	$ 1,317,130,823	$ 1,374,604,460	$ 1,357,944,172	$1,319,601,944
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)

	2017			
Industry	**Number of Filers**	**Percentage of Total**	**Tax Liability**	**Percentage of Total**
Mining, quarrying and oil and gas extraction	8	0.44%	$ 1,267	0.01%
Construction	136	7.30%	271,003	2.21%
Manufacturing	112	6.03%	132,678	1.08%
Wholesale Trade	119	6.42%	361,876	2.95%
Retail Trade	728	39.23%	8,424,577	68.56%
Transportation and warehousing	9	0.47%	2,230	0.02%
Information	39	2.11%	589,700	4.80%
Finance and insurance	16	0.84%	8,809	0.07%
Real estate, rental and leasing	32	1.74%	66,047	0.54%
Professional, scientific and technical services	107	5.74%	29,766	0.24%
Admin, support, waste mgmt and remediation	96	5.17%	442,176	3.60%
Educational services	16	0.86%	1,738	0.01%
Health care and social assistance	23	1.21%	11,732	0.10%
Arts, entertainment and recreation	34	1.85%	78,261	0.64%
Accommodation and food services	206	11.11%	1,660,411	13.51%
Other services	164	8.82%	204,445	1.66%
Other	12	0.65%	487	0.00%
Total	1,856		12,287,204	

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.

2008			
Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
7	0.40%	25,884	0.25%
136	8.35%	208,759	1.99%
80	4.90%	119,961	1.14%
90	5.50%	241,719	2.30%
652	40.02%	7,498,025	71.47%
7	0.45%	2,406	0.02%
26	1.61%	251,487	2.40%
13	0.81%	9,169	0.09%
24	1.49%	240,371	2.29%
103	6.32%	55,657	0.53%
133	8.17%	94,608	0.90%
10	0.60%	1,500	0.01%
14	0.83%	42,081	0.40%
24	1.47%	53,629	0.51%
155	9.49%	1,234,041	11.76%
135	8.29%	406,536	3.88%
22	1.32%	4,959	0.05%
1,629		10,490,793	

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	Percentage of Personal Income (3)	Per Capita (3)
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
2017	4,675,000		4,675,000	0.27%	1.66%	309

(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, 2017 (unaudited)

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to City	Estimated Debt Applicable to City
Aldine I.S.D.	$ 949,180,000	0.76%	$ 7,213,768
Harris County	2,295,044,505	0.37%	8,491,665
Harris County Department of Education	6,780,000	0.37%	25,086
Harris County Flood Control District	83,075,000	0.37%	307,378
Harris County Hospital District	61,595,000	0.37%	227,902
Humble Independent School District	599,950,000	10.33%	61,974,835
Lone Star College System	640,175,000	0.96%	6,145,680
Port of Houston Authority	657,994,397	0.37%	2,434,579
Total Net Overlapping Debt			86,820,892
City of Humble	4,675,000	100.00%	4,675,000
Total Direct and Overlapping Net Debt			$ 91,495,892
Ratio of total direct and overlapping net debt to assessed valuation (1)			5.31%
Direct and overlapping net debt per capita (2)			$ 6,046

(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)
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%
2017	15,133	281,746,194	18,618	34.40	4,463	5.5%

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

	2017		2008	
Employer	**Employees**	**Rank**	**Employees**	**Rank**
Memorial Hermann Northeast Hospital	1,100	1	950	1
Humble ISD	629	2	638	2
CDI Seals	435	3		
Lawler Foods	368	4	400	4
Harris County Annex	271	5		
Walmart	251	6	405	3
City of Humble	208	7	185	8
Sam's Club	111	8	202	7
Macy's	108	9	320	5
Dillards	65	10	180	9
Target	*N/A		210	6
Home Depot			136	10
Total	3,546		3,626	

Source: Human resources departments of all employers listed
N/A - information not available

CITY OF HUMBLE, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

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

Source: City finance department

2012	2013	2014	2015	2016	2017
3	2	2	2	3	3
4	5	4	4	3	3
8	8	8	8	8	8
5	5	5	5	5	5
9	10	14	14	14	15
58	54	55	62	56	64
18	18	20	24	24	22
35	35	35	35	36	39
4	4	4	4	4	4
15	15	16	16	17	17
7	7	7	7	7	7
11	11	12	12	13	13
9	9	9	9	9	9
186	183	191	202	199	209

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

Function	**2008**	**2009**	**2010**	**2011**
General government				
Building permits issued	129	123	106	114
Building inspections conducted	504	487	461	539
Police				
Physical arrests	3,281	3,446	3,481	4,027
Parking violations	107	400	230	253
Traffic violations	22,308	19,128	16,576	16,864
Fire				
Emergency responses	2,951	2,773	3,095	3,358
Fires extinguished	71	69	109	114
Inspections	573	802	308	942
Water				
Number of connections	7,016	7,033	7,080	7,397
Average daily consumption (thousands of gallons)	3,012	3,098	2,997	3,263
Peak daily consumption (thousands of gallons)	4,448	5,022	4,415	6,764
Wastewater				
Average daily sewage treatment (thousands of gallons)	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	2017
114	122	148	144	254	282
450	498	536	568	1,016	1,140
5,308	4,761	3,509	3,104	2,578	2,361
190	151	155	122	136	198
17,700	18,886	15,121	9,396	9,328	10,434
3,482	3,647	3,924	4,014	4,397	4,764
80	95	112	84	99	93
573	660	1,299	1,785	1,388	2,070
7,379	7,412	7,345	7,623	7,746	7,827
3,072	3,046	2,922	2,862	2,923	2,911
4,094	4,865	4,361	5,379	4,515	4,794
2,103	1,931	2,024	2,095	2,077	2,425

CITY OF HUMBLE, TEXAS

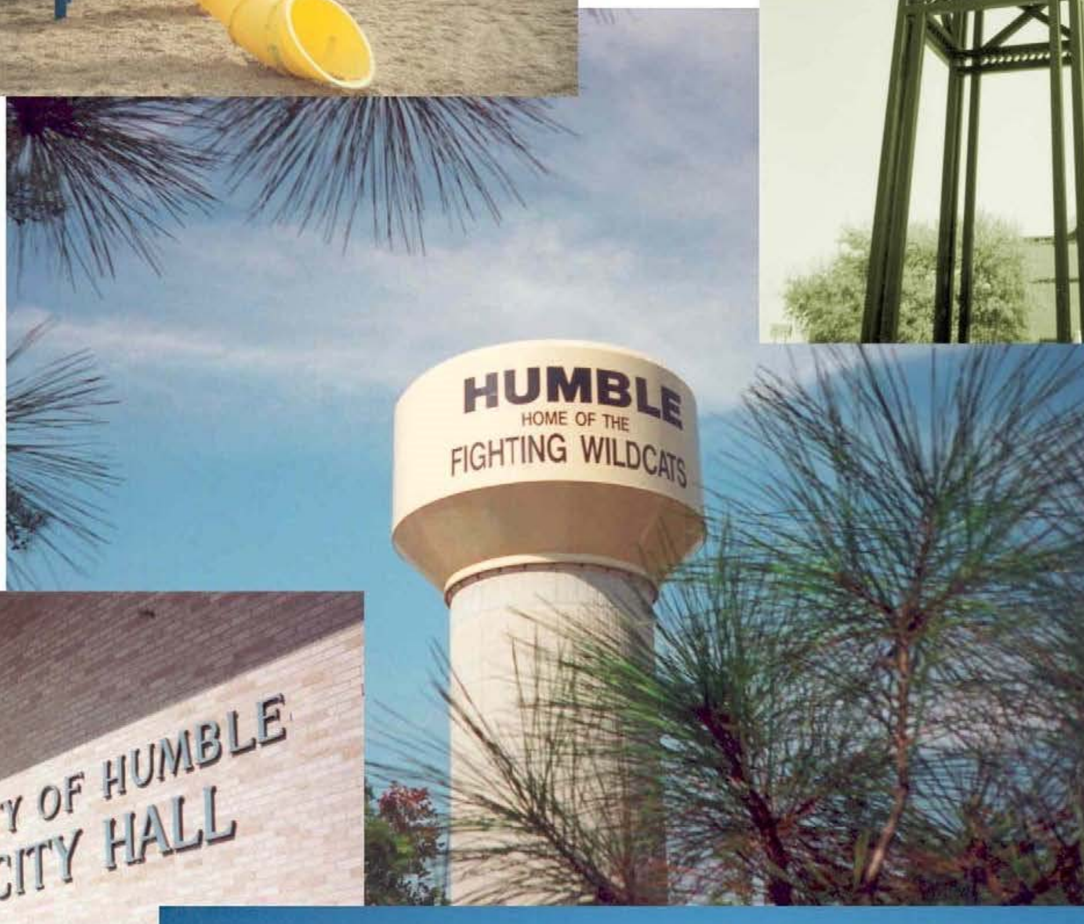
CAPITAL ASSETS STATISTICS BY FUNCTION

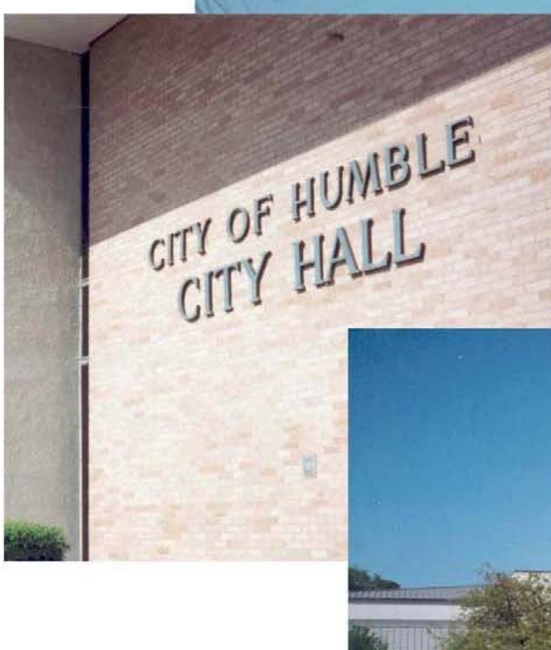
Last Ten Fiscal Years

Function	**2008**	**2009**	**2010**	**2011**
Police				
Patrol units	26	31	31	31
Fire stations	2	2	2	2
Other public works				
Streets (miles)	50	50	50	50
Traffic signals	7	7	10	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)	81	81	81	82
Fire hydrants	775	778	778	809
Storage capacity (thousands of gallons)	5,010	5,010	5,010	5,010
Wastewater				
Sanitary sewers (miles)	57	68	68	69
Storm sewers (miles)	27	32	31	32
Treatment capacity (thousands of gallons)	19,600	19,600	19,600	19,600

Source: Various City departments

2012	2013	2014	2015	2016	2017
31	31	29	29	32	33
2	2	2	2	2	2
50	50	50	50	51	51
10	10	10	10	11	11
32	32	32.0	32.0	32	32
5	5	5	5	5	5
-	-	-	-	-	-
2	2	2	3	3	3
82	82	82	82	84	84
809	809	809	809	849	839
5,010	5,010	5,010	5,010	5,010	5,010
68.6	69	68.6	68.6	68	69
32	32	32	32	43	40
19,600	19,600	19,600	19,600	19,600	19,600


HUMBLE
HOME OF THE
FIGHTING WILDCATS


CITY OF HUMBLE
CITY HALL