*FEDERAL SINGLE AUDIT REPORT*

# City of Humble, Texas

**Fiscal Year Ended**
**September 30, 2025**

# City of Humble, Texas

*SINGLE AUDIT REPORTS*

**Year Ended September 30, 2025**

## TABLE OF CONTENTS


| | Page |
|---|---|
| **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*** | **1** |
| **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE *UNIFORM GUIDANCE*** | **3** |
| **SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS** | **7** |
| **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** | **8-10** |
| **CORRECTIVE ACTION PLAN** | **11** |
| **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** | **12** |
| **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** | **13** |

BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

*Independent Auditor's Report*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Humble, Texas as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise City of Humble, Texas's basic financial statements, and have issued our report thereon dated October 7, 2026.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City of Humble, Texas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Humble, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Humble, Texas's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-001 to be a material weakness.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City of Humble, Texas's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully,



BrooksWatson & Co.
14450 John F. Kennedy, Blvd | Ste 240
Houston, TX 77032
October 7, 2026

BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

*Independent Auditor's Report*

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Humble, Texas's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Humble, Texas's major federal programs for the year ended September 30, 2025. The City of Humble, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Humble, Texas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Humble, Texas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our

opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Humble, Texas's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Humble, Texas's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Humble, Texas's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Humble, Texas's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Humble, Texas's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Humble, Texas's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Humble, Texas's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Humble, Texas as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Humble, Texas' basic financial statements. We issued our report thereon dated October 7, 2026, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the

basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of, management, governing body, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,



BrooksWatson & Co.
14450 John F. Kennedy, Blvd | Ste 240
Houston, TX 77032
October 7, 2026

# City of Humble, Texas

*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*

**For the Year Ended September 30, 2025**

**I. SUMMARY OF PRIOR YEAR AUDIT FINDINGS:**

**None.**

# City of Humble, Texas

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

**For the Year Ended September 30, 2025**

## I. SUMMARY OF AUDITOR'S RESULTS:

***Financial Statements***

Type of auditor's report issued:

The auditor's report on the basic financial statements of the City expresses an unmodified opinion.

Internal control over financial reporting:

| | | |
|---|---|---|
| Are any material weaknesses identified? | _X_ Yes | ___No |
| Are any significant deficiencies identified not considered to be material weaknesses? | ___ Yes | _X_ None Reported |
| Is any noncompliance material to financial statements noted? | ___ Yes | _X_ No |

***Federal Awards***

The auditor's report on compliance for major federal programs expresses an unmodified opinion.

Internal control over major program compliance:

| | | |
|---|---|---|
| Are any material weaknesses identified? | ___ Yes | _X_ No |
| Are any significant deficiencies identified not considered to be material weaknesses? | ___ Yes | _X_ None Reported |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | ___ Yes | _X_ No |

# City of Humble, Texas

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

**For the Year Ended September 30, 2025**

Identification of major programs:

| Assistance Listing Number(ALN) | Name of Federal Program or Cluster |
|---|---|
| 10.766 | Community Facilities Loans and Grants |

| | | |
|---|---|---|
| Enter the dollar threshold used to distinguish between Type A and Type B programs: | $1,000,000 | |
| Is the auditee qualified as a low-risk auditee? | ___ Yes | _X_ No |

## II. FINANCIAL STATEMENT FINDINGS:

*Material Weakness*

**Finding 2025-001:**

**Criteria:** Management is responsible for establishing, maintaining and monitoring internal controls over financial reporting, and for the fair presentation of the financial statements and related notes in conformity with U.S. generally accepted accounting principles ("GAAP").

**Condition and Context:** For the year ended September 30, 2025, management requested us to prepare a draft of the City's financial statements and the related notes. Management reviewed, approved, and accepted responsibility for those statements prior to their issuance.

**Cause:** The City does not have controls over preparation of the financial statements which would prevent or detect a misstatement in the financial statements in the absence of the auditor's preparation.

**Effect or Potential Effect:** Without the auditor's assistance, the City may not include all disclosures or have materially correct financial statements as required under U.S. generally accepted accounting principles.

**Recommendation:** We recommend that management review the existing policies, procedures, and controls over these areas to ensure that all information is recorded and reported properly.

**Responsible Official's Response:** Management of the City will continue to work with the auditor to reduce the number of adjusting journal entries. In addition, we will take steps to further our understanding of GAAP financials and footnote disclosures.

## III. FEDERAL AWARDS FINDINGS:

**None.**

# City of Humble, Texas

*CORRECTIVE ACTION PLAN*

**For the Year Ended September 30, 2025**

**Finding 2025-001:**

**Condition and Context:** For the year ended September 30, 2025, management requested us to prepare a draft of the City's financial statements and the related notes. Management reviewed, approved, and accepted responsibility for those statements prior to their issuance.

**Corrective action planned:** Management of the City will continue to work with the auditor to reduce the number of adjusting journal entries. In addition, we will take steps to further our understanding of GAAP financials and footnote disclosures.

**Contact person:** Christina Collins, Finance Director (281) 446-3061

**Anticipated completion date:** March 2027

# City of Humble, Texas

*SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*

**For the Year Ended September 30, 2025**

| Federal Grantor/Pass-through Agency/Program Name | Program/Grant/ Project Number | Federal Assistance Listing Number | Expenditures |
|---|---|---|---|
| **U.S. DEPARTMENT OF HOMELAND SECURITY** | | | |
| Pass-through Texas Division of Emergency Management: | | | |
| ***Disaster Grants - Public Assistance*** | | | |
| ***(Presidentially Declared Disasters)*** | 4798DRTXP00000001 | 97.036 | $ 658,040 |
| | **Total U.S. Department of Homeland Security** | | 658,040 |
| **U.S. DEPARTMENT OF AGRICULTURE** | | | |
| Direct | | | |
| ***Community Facilities Loans and Grants*** | 2025 | 10.766 | 958,025 |
| | **Total U.S. Department of Agriculture** | | 958,025 |
| **U.S. DEPARTMENT OF TREASURY** | | | |
| Pass-through Texas Division of Emergency Management | | | |
| ***(COVID-19) Coronavirus State and Local*** | 2021 ARPA | 21.027 | 56,228 |
| | **Total U.S. Department of Treasury** | | 56,228 |
| | **TOTAL PROGRAMS** | | $ 1,672,293 |

# City of Humble, Texas

*NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*

**For the Year Ended September 30, 2025**

**Note 1: BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards includes the grant activity of Humble, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Cost Principles for Federal Awards (the Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**Note 2: INDIRECT COST RATE**

The City has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.