

City of Huntsville, Texas

Comprehensive Annual Financial Report

For the year ended September 30, 2020



SAM HOUSTON

CITY OF HUNTSVILLE, TEXAS

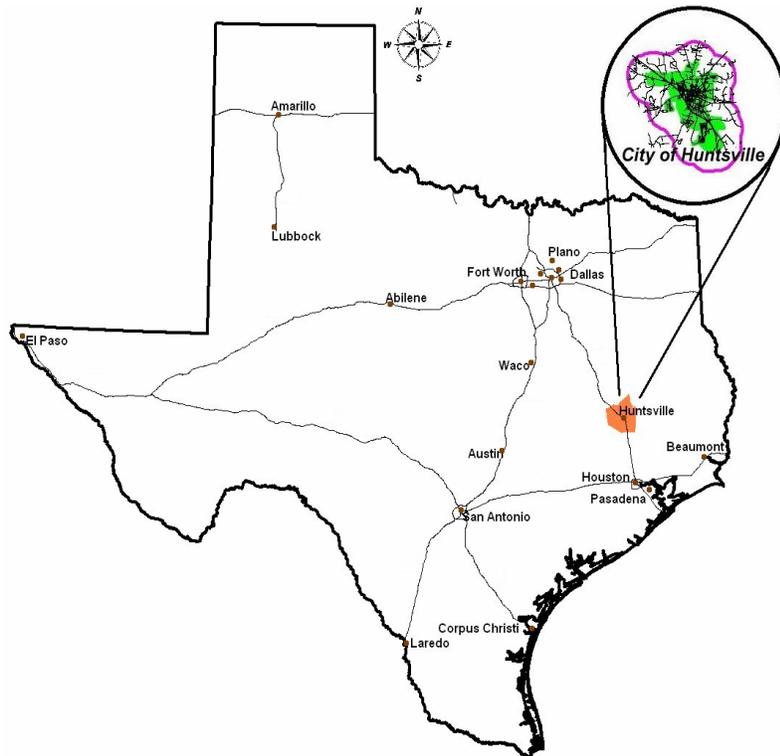
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2020

Prepared By:
City of Huntsville, Texas
Finance Department

***WELCOME TO
THE CITY OF HUNTSVILLE, TEXAS***

The City of Huntsville is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated January 30, 1845 and first adopted its Home Rule Charter on September 28, 1968. The City operates under a Council/Manager form of government, where the Mayor and eight Council members are elected for staggered two-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer. The City of Huntsville is the county seat and principal commercial center of Walker County, located on Interstate 45, approximately 70 miles north of Houston, 170 miles southeast of Dallas, and approximately 130 miles west of the Louisiana state line. The City's 2010 census was 38,548, a 10% increase from the 2000 census. Population estimates include inmates within the Texas Department of Criminal Justice (TDCJ) system.



Walker County is an east Texas County with an economy based on Sam Houston State University, the state prison system, lumbering, and agribusiness. Principal sources of agricultural income include cattle, horses, cotton, grain, and timber. Minerals produced in the county include gas, sand, stone, and gravel. The 2010 census for the county was 67,861, an increase of 10% from the 2000 census. The Sam Houston National Forest covers 53,461 acres of Walker County.

Huntsville State Park is located within the national forest and on the outskirts of Huntsville. Nearby, Lake Livingston and Lake Conroe also provide recreational facilities for residents and visitors. Other tourism attractions include the Sam Houston Memorial Museum and Park Complex, located near SHSU, and the Visitors Center, located at the Sam Houston statue site. "A Tribute to Courage," the Sam Houston Statue, was designed and constructed by artist David Adickes. He dedicated the statue to the City of Huntsville on October 22, 1994. It is the world's tallest statue of an American Hero, at 67 feet tall, standing upon a 10-foot sunset granite base.

Huntsville is the headquarters for the Texas Department of Criminal Justice (TDCJ), which is the only state agency located outside of the capital. Five of its prison units are located within the city limits, and there are two additional units located outside the city limits.

Founded in 1879 and named in honor of the most important figure in Texas history, Sam Houston State University (SHSU) is the third oldest public university in Texas. With a current enrollment of over 21,000 students and over 3,900 employees, the university has been one of the fastest growing universities in the state. Founded as the first teacher training institution in the southwest, the campus comprises 316 acres, including part of the original home site of the Houston family. With seven colleges (Arts and Media, Business Administration, Criminal Justice, Education, Humanities and Social Science, Health Sciences, and Science and Engineering Technology), the university offers over eighty undergraduate degree programs, fifty-six masters' programs, and eleven doctoral programs.

According to the United States Bureau of Economic Analysis, the 2019 per capita income for Walker County was \$29,838, compared to the state median of \$52,813. The Bureau of Labor Statistics reported 22,052 persons employed in Walker County in 2020. Forty two percent (42.5%) of the population is between the ages of 18 to 44, and seventy-eight percent (78.2%) over the age of 25 has a high school degree or higher level of education. The Walker County unemployment rate in September, 2020 was 8.0%.

Other governmental presence in Huntsville includes Region VI Educational Service Center, Gulf Coast Trades Center, Sam Houston State Park and non-profit Sam Houston National Forest, and the various units of local government and state field offices. The large governmental presence keeps the unemployment rate low, but also places much greater pressure on the property tax rate and utility rates.

CITY OF HUNTSVILLE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2020

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INTRODUCTORY SECTION

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March 9, 2021

Honorable Mayor and City Council members, Citizens
City of Huntsville
Huntsville, Texas 77340

The Comprehensive Annual Financial Report (CAFR) of the City of Huntsville, Texas, for the fiscal year ended September 30, 2020 is presented herein. Disclosures necessary to enable the reader to gain an understanding of the City of Huntsville's financial activities have been included. The Contents of the CAFR is the responsibility of Management of the City of Huntsville.

Financial Statement Overview

The CAFR is presented in four sections: introductory, financial, other supplementary information, and statistical. The introductory section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The financial section includes the basic financial statements and the combining financial statements, budgetary comparison schedules, the other supplementary information section, capital asset schedules, and federal and state awards reports and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. This report includes all city funds.

The report is in the sixteenth compliance year under Rule 34 as established by the Governmental Accounting Standards Board (GASB31). Under this rule, an entity-wide statement of net position is presented with depreciation of assets. Under the rule, statements are presented on a government-wide and Fund statement basis. Both the government-wide and the Fund Financials present information supporting the other, and the Fund Financials provide additional information not reported in the government-wide statements.

The report is in its ninth year of compliance with GASB 54. Under this rule, Governmental fund balances are designated in nonspendable, restricted, committed, assigned, or unassigned categories, according to levels established under statute, judicial decrees council or internal administrative commitments.

The report is in its fifth year of compliance with Governmental Accounting Standards (GASB) Statement No. 68 "Accounting and Financial Reporting for Pensions" and Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB 68". These standards require the inclusion of the expense and unfunded liabilities for pension benefits in the financial statements of the City.

The government-wide statements report on the city as a whole using the accrual basis of accounting. The statements are comprised of a Statement of Net Position and a Statement of Activities with supplemental information provided in the Fund statements. The Statement of Net Position reports changes in net financial position, presenting all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the city. The Statement of Activities presents revenues and expenses by function, demonstrating how those activities have changed, and distinguishes activities supported by user fees compared with those supported by taxes and intergovernmental transfers. The statements distinguish between traditional governmental activities and business-type activities.

Fund financial statements are reported using the modified accrual basis of accounting under traditional fund accounting principles. More detailed information is presented about significant (major) and non-major funds. The funds are divided among governmental, enterprise, internal service (business-type or proprietary funds), and agency funds. The Fund financial statements focus on current or near-current inflows and outflows and available balances. Proprietary fund information presented in this manner reinforces information provided in the government-wide statements for business-type activities.

The Management's Discussion and Analysis section preceding the financial statements provides an analysis of the financials and highlights changes from the prior year. Both the government-wide and the government fund financial focus are presented.

City Services

The City provides police and fire protection, solid waste services, maintenance of streets and utility infrastructure, wastewater and water services, parks, a public library, and cultural services. Water is provided to the community by a combination of water produced from City owned and operated water wells and from a surface water treatment plant in partnership with the Trinity River Authority of Texas. The costs associated with operations of the surface water treatment plant are shown as an expense of the Water Fund. Street activities and operations are accounted for in the General Fund.

Priorities and Objectives

In the November 2016 elections citizens approved issuing bonds for City administrative and service facilities (City Hall and Service Center) for an amount not to exceed \$24,000,000. In Fiscal Year 2020 the City actually issued \$19,115,000 of debt (General Obligation Bonds) for the facilities. Design on the projects began in mid FY 19-20 and construction is expected to begin sometime in FY 21-22.

The City fully completed \$12.5M of the \$45.8M of Revenue Bond projects from bonds issued in June 2018. Also, another roughly \$31M of work is in progress as of September 30, 2020 making the completion percentage for these projects at around 95% for all projects funded with these Series 2018 Revenue Bonds.

Grant activity through the City's Grants Management Division in FY 19 – 20 saw a little more than \$2.6M of grant funds received by the City with \$1.7M related to Coronavirus Relief Funds and another \$850K for assisting with various operational costs and CIP project costs.

The property tax rate for FY 20 was reduced to \$0.3148 from the 2019 rate of \$0.3422 per \$100 valuation. Water rates were increased according to the rate study financial plan which was completed in fiscal year 2011 and Wastewater rates were increased 5% on both the minimum fee and the rate per thousand.

Summary of Financial Activities

The General Fund posted a net increase in its Fund Balance of \$1,676,584.

The Utility Fund revenue increased \$3.4M (roughly 12%) compared to the prior year. A significant portion (\$1.9M) of the increase related to Debt Service Reserve monies from TRA used for the final maturity of Contract Revenue Debt in FY 2020. The Utility Fund had an increase in net position for the year in the amount of \$7.5 million. Net position for the Solid Waste Fund increased by roughly \$383,804.

On a government-wide basis, net position for Government activities increased \$5.9 million from operations. Net position for business-type activities increased \$7.6 million from operations.

Comprehensive Plan

The council meets annually to establish strategic objectives. The plan and the annual strategic planning meeting were incorporated into the budget process.

Economic Development

The City participated in a TIRZ (Tax Increment Reinvestment Zone) with the County pursuant to agreement with the developer. The TIRZ Fund reimbursed infrastructure costs. In the summer of 2009, Target opened in the developed area. In 2004 when the TIRZ was created the taxable value of the property in area was approximately \$360,000. The value of the property within the TIRZ for FY 2020 was \$49,767,000. The FY 2020 value was up significantly, \$9,092,000 (22%), over the previous FY 2019 value. In fiscal year 2020 there were 28 businesses operating within the TIRZ.

Tourism, Cultural Services, and Visitors Center

The City operates a Visitors Center and a tourism division and as well manages the Wynne Home Arts Center. Expenditures for these operations for 2020 were \$416,532 for tourism, \$170,322 for the Arts center, \$174,279 for Visitors Center operations. Total revenues for these operations for FY 19-20 were \$906,117.

Capital Projects

Construction-in-progress for enterprise fund projects in the Utility Fund and Solid Waste Fund are recorded in their respective funds. The Utility Fund recorded \$13,552,700 in construction and the Solid Waste Fund recorded \$786,100 in construction. Governmental Activities improvements totaled \$10,967,500.

Completed Capital Projects for the fiscal year were:

- Water projects \$8,900,000
- Wastewater projects \$8,800,000
- Solid Waste projects \$986,500
- Governmental Activities projects \$2,360,000

Debt Issues

The City issued \$19,115,000 of new General Obligation Bonds and \$3,285,000 of new Certificates of Obligation in the 2020 Fiscal Year. The General Obligation Bonds issued were approved by voters in the November 2016 elections. The Certificates of Obligation did not require voter approval. There were no debt refundings during the year. The City did call and payoff \$3,005,000 of Series 2001 Certificates of Obligation in the 19-20 fiscal year. General Obligation/Tax Debt at 9/30/2020 was \$43,245,776. Utility Fund Debt totaled \$46,514,224 at 9/30/2020. Solid Waste Fund Debt was \$2,335,000 at 9/30/2020.

Debt Service Fund

The fund balance for the Debt Service Fund servicing general obligation debt decreased \$102,170 to \$295,712.

Utility and Tax Rates

The adopted property tax rate for fiscal year 2020 was \$0.3148 which was reduced from the previous fiscal year rate of \$0.3422. The calculated Effective Tax Rate for FY 20 was \$.3048 and the calculated Rollback Rate was \$0.3308. The highest rate in the previous 10 years was for fiscal year 2014 in the amount of \$0.4206. The average rate in the last 10 years is \$0.3832.

A sales tax increase of ½ cent dedicated for property tax reduction was approved by voters in August 1987. The City sales tax rate is 1.5%.

The City water volumetric rates were increased for fiscal year 2020 approximately 1% in accordance with rates from a rate study performed by a consultant. Wastewater rates were increased 5%. The City Council adopted changes to Solid Waste rates for FY 2020 increasing the monthly residential collection fee by \$1.20 from the existing \$21.50 fee.

Cash Management

City policy is governed by the laws of the State of Texas. Authorized investments are governed by state code. Demand deposits for the City are covered by pledged securities in the City's name at the Federal Reserve Bank pursuant to state law and the City's depository contract. Funds needed for daily operations are kept in demand deposits and pools with the remainder invested in approved short-term agencies and municipal bonds. Investments were diversified into insured and pledged money markets, government agencies and short term municipals. Base reserves and long term dedicated funds were invested in longer term instruments up to five years.

Budget Process

The Budget process begins with an annual update by council of the strategic objectives and is coordinated with the vision and objectives formulated by the comprehensive plan. In accordance with these objectives a capital improvement plan is updated for presentation to council. Departments present budget requests detailed by line items. Supplemental requests are submitted based on the City's comprehensive strategic plans. The City has initiated performance measures as effectiveness tools which are updated during the process. The budget is reviewed throughout the year during monthly financial reporting. Amendments are presented to the City Manager or the Finance Committee according to the policy. Council approves amendments reviewed by the Finance Committee.

Internal Controls

The City relies on certain internal financial controls as identified in the financial, purchasing, personnel, and fixed asset policies. Adopted by ordinance, they provide the basis for reliance on the financial statements. Such assurances do not, themselves, guarantee the prevention of fraud. By monitoring internal controls, the basis of reliance on the financial statement as a fair presentation in all material respects is provided. The city completed a revision of purchasing process controls during the year. The financial position of governmental and business-type activities of each fund, and the reliance on the compliance with laws, regulations, contracts, grants, ordinances, and policies is provided.

Independent Audit

The City Charter requires an annual audit by independent certified public accountants. The accounting firm of Pattillo, Brown & Hill, L.L.P. was recommended by the City Council Finance Committee and selected by the Council. In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of Government Auditing Standards. The auditor's report on the general purpose financial statements is in the financial section of this report. The auditor's report on compliance and on internal control over financial reporting and additional reports are provided in the other supplementary information section.

Awards

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Huntsville for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2019. This was the 44th year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the governmental body must publish a CAFR with required criteria for management discussion and analysis in conformity with generally accepted accounting standards under GASB (the Governmental Accounting Standards Board) and in conformity with GFOA requirements.

This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. In addition, the City of Huntsville also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for the past 32 years. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document must be judged to be proficient in several categories including policy documentation, financial planning, and organization. The budget for the fiscal year beginning October 1, 2020 (FY 2020-21), has been submitted for review.

Acknowledgements

We would like to express our appreciation to the City Council for their concern in providing fiscal accountability to the citizens of our City. The preparation of this report could not be accomplished without the efficient and dedicated services of the Council, employees, and entire staff.

Respectfully submitted,



Steve Ritter
Director of Finance



Aron Kulhavy
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Huntsville
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

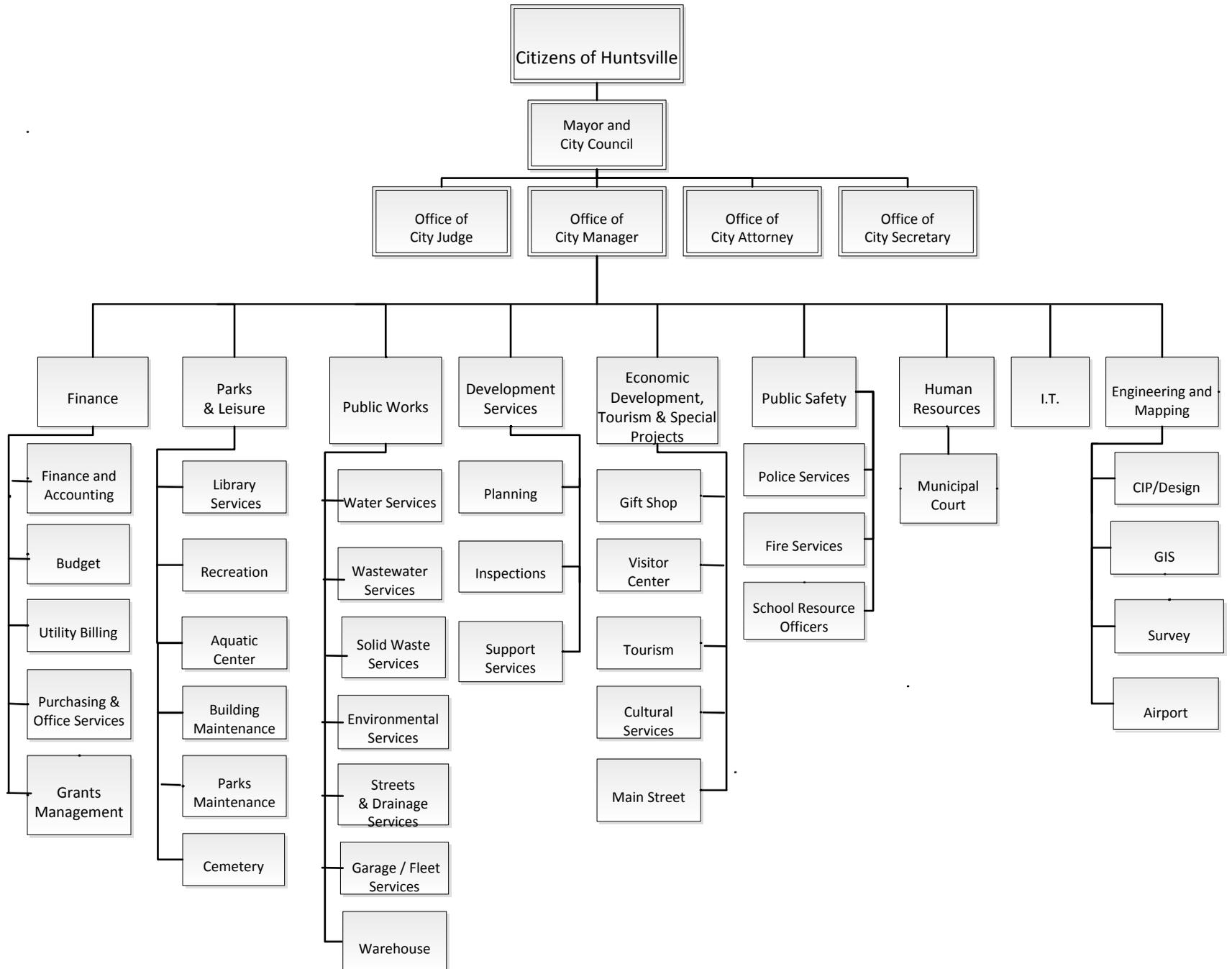
Christopher P. Morrill

Executive Director/CEO



Organizational Chart

FY 19-20



CITY OF HUNTSVILLE, TEXAS

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2020

Name	Office
Andy Brauningner	Mayor
Daiquiri Beebe	Councilmember - Ward 1
Russell Humphrey	Councilmember - Ward 2
Blake Irving	Councilmember - Ward 3
Joe Rodriquez	Councilmember - Ward 4
Bert Lyle	Councilmember - Position 1
Dee Howard Mullins	Councilmember - Position 2
Clyde Loll	Councilmember - Position 3
Mari Montgomery	Councilmember - Position 4

Appointed Officials & Directors

Name	Office
Aron Kulhavy	City Manager
Brenda Poe	City Secretary
Leonard Schneider	City Attorney
John Gaines	Municipal Court Judge
Kevin Byal	Director of Development Services
Penny Joiner	Director of Parks & Leisure
Kevin Lunsford	Director of Public Safety
Tammy Gann	Director of Special Projects
Brent Sherod	Director of Public Works
Bill Wavra	Director of Information Technology
Julie O'Connell	Director of Human Resources
Y.S. Ramachandra	City Engineer
Steve Ritter	Director of Finance

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City of Council
City of Huntsville, Texas

Report on the 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 the City of Huntsville, Texas (the "City"), as of and for the year ended September 30, 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2020, 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal Awards 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 combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 9, 2021

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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MANAGEMENT DISCUSSION AND ANALYSIS

As management of the City of Huntsville, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i to v of this report, and the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the 2020 fiscal year by \$178,321,382 (net position). Of this amount, \$34,262,134 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of fiscal year 2020, the City's governmental funds reported combined ending fund balances of \$59,582,795, an increase of \$17,545,616 from the prior year. Approximately 25% of this total amount is unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$15,099,378 or 61% of total General Fund expenditures.
- The City's total capital assets net of accumulated depreciation increased by \$18,574,959. This is primarily due to the fact that additions to capital assets exceeded the value of capital asset deletions and depreciation expense for the current year.
- The City's governmental and business-type activities long-term debt increased \$14,305,329 due to the issuance of the General Obligation Bonds, Series 2020 and Combination Tax and Revenue Certificates of Obligation, Series 2020.

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 are comprised of 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 in order to present how the City's net position changed during the 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 reported in this statement for some items will only result in changes in cash flows for future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

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, public safety, public works, and community services. The business-type activities of the City include water, wastewater, and solid waste operations.

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 three categories: governmental funds, proprietary funds and fiduciary funds. The fund financial statements for governmental funds, proprietary funds and fiduciary funds can be found in the financial section of this report.

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 expendable resources, as well as on balances of expendable 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, the reader 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 22 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, General Improvements Fund and Debt Service Fund, which are considered to be major funds. Data from the other 19 governmental funds are combined into a single aggregate presentation.

Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater and solid waste operations. Proprietary funds 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 water and wastewater and solid waste, all of which are considered to be major funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to the accounting used for proprietary funds. See Note I for additional information pertaining to fiduciary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 28 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budgetary comparison schedules for the General Fund and Debt Service Fund and information concerning the City's progress in funding its OPEB and pension obligations. Required supplementary information immediately follows the notes to the financial statements. Supplementary information including combining statements and budgetary comparison schedules for non-major governmental funds follow the section on required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2020, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$178,321,382.

The largest portion of the City's net position (79%) reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$34,262,134, may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2020, the City is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

City of Huntsville, Texas'
Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 76,095,593	\$ 53,819,106	\$ 38,895,459	\$ 51,984,268	\$ 114,991,052	\$ 105,803,374
Capital assets	<u>42,102,198</u>	<u>34,403,541</u>	<u>155,521,876</u>	<u>144,645,574</u>	<u>197,624,074</u>	<u>179,049,115</u>
Total assets	<u>118,197,791</u>	<u>88,222,647</u>	<u>194,417,335</u>	<u>196,629,842</u>	<u>312,615,126</u>	<u>284,852,489</u>
Deferred outflows of resources	<u>2,604,711</u>	<u>4,720,054</u>	<u>739,175</u>	<u>1,367,231</u>	<u>3,343,886</u>	<u>6,087,285</u>
Long-term liabilities outstanding	65,892,391	50,195,270	56,133,380	62,419,390	122,025,771	112,614,660
Other liabilities	<u>7,358,155</u>	<u>2,611,664</u>	<u>4,691,557</u>	<u>9,208,803</u>	<u>12,049,712</u>	<u>11,820,467</u>
Total liabilities	<u>73,250,546</u>	<u>52,806,934</u>	<u>60,824,937</u>	<u>71,628,193</u>	<u>134,075,483</u>	<u>124,435,127</u>
Deferred inflows of resources	<u>2,799,245</u>	<u>1,311,478</u>	<u>762,902</u>	<u>365,819</u>	<u>3,562,147</u>	<u>1,677,297</u>
Net position:						
Net investment, in capital assets	36,312,261	28,820,251	104,769,119	105,887,992	141,081,380	134,708,243
Restricted	2,977,868	2,692,294	-	-	2,977,868	2,692,294
Unrestricted	<u>5,462,582</u>	<u>7,311,744</u>	<u>28,799,552</u>	<u>20,115,069</u>	<u>34,262,134</u>	<u>27,426,813</u>
Total net position	\$ <u>44,752,711</u>	\$ <u>38,824,289</u>	\$ <u>133,568,671</u>	\$ <u>126,003,061</u>	\$ <u>178,321,382</u>	\$ <u>164,827,350</u>

Governmental activities. Net position increased by \$5,928,422 in fiscal year 2020. This is compared to an increase of \$4,841,274 in fiscal year 2019. The increase in net position as compared to the prior year is comprised of various factors. Related to revenues, the major factors include an increase in operating grants and contributions of \$1,933,257 and an increase of capital grants and contributions of \$2,973,663. On the expense side, there was an increase of \$759,556 in general government expenses and increases in public works expenses \$3,719,231. There was also a decrease of \$650,207 of community services expenses.

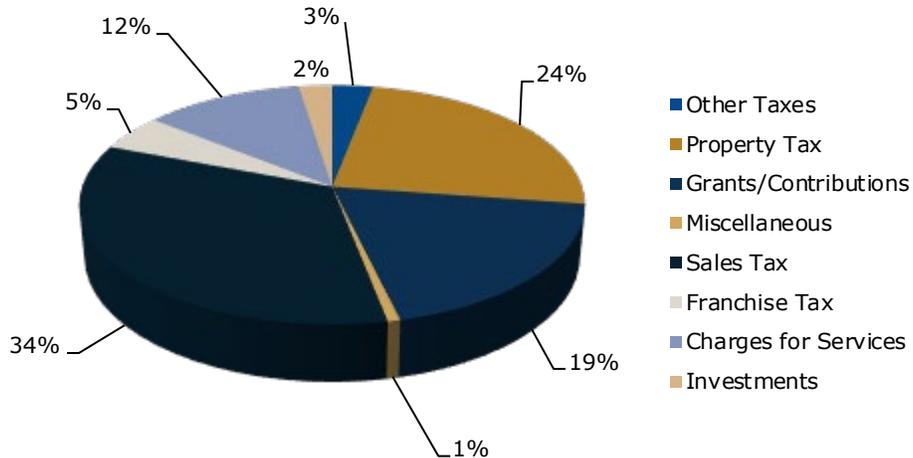
Business-type activities. Net position increased by \$7,565,610 in the current year compared to a \$8,075,614 increase in fiscal year 2019. The major factor contributing to the increase in net position for fiscal year 2020 was an increase in charges for services related to both small rate increases and increased demand for service.

Analysis of the City's Operations. The following table provides a summary of the City's operations for the year ended September 30, 2020. Overall, the City had an increase in net position of \$13,494,032. Major factors contributing to the increase are explained in the previous two paragraphs.

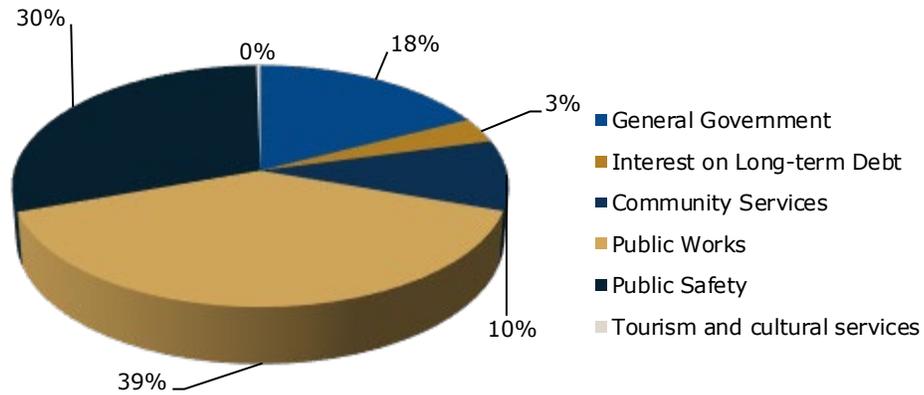
**City of Huntsville, Texas'
Changes in Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 3,082,001	\$ 3,486,460	\$ 33,959,219	\$ 32,600,052	\$ 37,041,220	\$ 36,086,512
Operating grants and contributions	2,392,954	459,697	321,689	3,414	2,714,643	463,111
Capital grants and contributions	3,020,749	47,086	-	-	3,020,749	47,086
General revenues:						
Property taxes	6,921,764	6,592,105	-	-	6,921,764	6,592,105
Sales taxes	9,655,816	9,537,153	-	-	9,655,816	9,537,153
Franchise taxes	1,402,475	2,150,485	-	-	1,402,475	2,150,485
Other taxes	859,239	971,637	-	-	859,239	971,637
Investment earnings	841,721	876,048	683,100	1,799,267	1,524,821	2,675,315
Miscellaneous	197,519	532,674	2,488,093	1,835,370	2,685,612	2,368,044
Total revenues	<u>28,374,238</u>	<u>24,653,345</u>	<u>37,452,101</u>	<u>36,238,103</u>	<u>65,826,339</u>	<u>60,891,448</u>
Expenses:						
General government	5,385,318	4,625,762	-	-	5,385,318	4,625,762
Public works	12,069,947	8,350,736	-	-	12,069,947	8,350,736
Community services	2,891,507	3,541,714	-	-	2,891,507	3,541,714
Public safety	9,253,318	9,138,854	-	-	9,253,318	9,138,854
Tourism and cultural services	89,405	220,995	-	-	89,405	220,995
Interest on long-term debt	1,029,049	565,299	-	-	1,029,049	565,299
Utility	-	-	16,976,830	16,842,872	16,976,830	16,842,872
Solid waste	-	-	4,636,933	4,688,328	4,636,933	4,688,328
Total expenses	<u>30,718,544</u>	<u>26,443,360</u>	<u>21,613,763</u>	<u>21,531,200</u>	<u>52,332,307</u>	<u>47,974,560</u>
Increases in net position before transfers	(2,344,306)	(1,790,015)	15,838,338	14,706,903	13,494,032	12,916,888
Transfers	<u>8,272,728</u>	<u>6,631,289</u>	<u>(8,272,728)</u>	<u>(6,631,289)</u>	<u>-</u>	<u>-</u>
Increase in net position	5,928,422	4,841,274	7,565,610	8,075,614	13,494,032	12,916,888
Net position, beginning	<u>38,824,289</u>	<u>33,983,015</u>	<u>126,003,061</u>	<u>117,927,447</u>	<u>164,827,350</u>	<u>151,910,462</u>
Net position, ending	<u>\$ 44,752,711</u>	<u>\$ 38,824,289</u>	<u>\$ 133,568,671</u>	<u>\$ 126,003,061</u>	<u>\$ 178,321,382</u>	<u>\$ 164,827,350</u>

**Revenues - Governmental Activities
Fiscal Year 20 (excludes transfers)**



Primary Government Functional Expenses for Governmental Activities - Fiscal Year 2020



Financial Analysis and Budgetary Highlights of City Funds

As noted earlier, the City uses 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 City’s net resources available for spending at the end of the fiscal year.

At the end of the 2020 fiscal year, the City’s governmental funds reported combined ending fund balances of \$59,582,795, an increase of \$17,545,616 from the prior year. Approximately 25% of this total amount is available for spending at the City’s discretion. The remainder of fund balance is not available for new spending because it is restricted to pay debt service (\$294,422) and for a variety of other purposes.

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$15,099,378, while the total fund balance was \$16,267,031. 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 expenditures. Unassigned fund balance represents 61% of the General Fund expenditures, while total fund balance represents 65% of that same amount.

The final budget for fiscal year 2020 reflected a -\$2,414,315 decrease of fund balance, while still providing for a sufficient reserve balance. The actual change in fund balance was an increase of \$1,676,584. Contributing factors was the realization of revenues \$2,273,871 over the budgeted amounts and overall expenditures \$1,818,029 under budgeted amounts. Key factors affecting fund balance are as follows:

- Total General Fund revenues of \$21,801,862 were increased from FY 2019 by \$1,405,899.
 - Property tax revenue increased \$474,762 from FY 2019 actuals due to an increase in values.
 - Sales tax revenue increased by \$118,663 during the current fiscal year.
 - Donations, contributions, and grants increased by \$1,821,736. The increase was caused by the recognition of funds receivable from the Coronavirus Relief Fund for COVID-19 related expenditures.
- Total General Fund expenditures of \$24,902,994 increased from FY 2019 by \$533,762. The increase in expenditures was primarily related to salary increases, which were partially offset by cost savings on supplies and materials that were needed less due to the reduction in activity related to COVID-19.

The actual revenues of \$21,801,862 were more than the budgeted revenues by \$2,273,871. Sales tax revenue and Donations, Contributions, and Grants exceeded the budgeted amounts by \$853,316 and \$1,481,015, respectively. The actual expenditures of \$24,902,994 were \$1,818,029 less than the budgeted expenditures of \$26,721,023.

Debt Service fund balance decreased by \$103,608. Fund balance was projected to decrease in the final budget. Property taxes was more than final budgeted amounts by \$36,556.

Proprietary Funds. The City’s proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net position of the respective proprietary funds are Utility – \$25,243,408 and Solid Waste – \$3,556,144. The net position for Utility increased \$7,181,806 and Solid Waste increased \$383,804. The overall change in net position for business-type activities increased by \$7,565,610 which is a decrease of \$510,004 from the FY 2019 change in net position of \$8,075,614. Overall Enterprise operating revenues of \$36,447,312 reflected an increase of \$2,011,890 or an increase of 5.8% compared to FY 2019. Enterprise operating expenses of \$19,807,223 reflected an increase of \$292,260 over FY 2019. The increase in net position for each of the enterprise funds can be attributed to continued revenue increases for water production, wastewater collection, and solid waste collection.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2020, the City had \$197,624,074 invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, and water and sewer lines. This amount represents a net increase of approximately 10.37% over the amounts for the prior fiscal year.

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,872,245	\$ 1,872,245	\$ 782,325	\$ 782,325	\$ 2,654,570	\$ 2,654,570
Construction in progress	13,918,901	5,311,332	42,788,865	47,227,217	56,707,766	52,538,549
Buildings and improvements	6,296,848	7,008,450	4,662,313	3,878,194	10,959,161	10,886,644
Improvements other than buildings	7,876,693	10,246,213	887,301	986,920	8,763,994	11,233,133
Machinery, furniture and equipment	6,053,534	4,913,082	123,676	20,918	6,177,210	4,934,000
Water rights		-	27,758,770	28,750,155	27,758,770	28,750,155
Infrastructure	<u>6,083,977</u>	<u>5,052,219</u>	<u>78,518,626</u>	<u>62,999,845</u>	<u>84,602,603</u>	<u>68,052,064</u>
Total	<u>\$ 42,102,198</u>	<u>\$ 34,403,541</u>	<u>\$ 155,521,876</u>	<u>\$ 144,645,574</u>	<u>\$ 197,624,074</u>	<u>\$ 179,049,115</u>

Major capital asset events during the 2020 fiscal year include the following:

- \$9.9 million was spent on new Police and Fire facilities.
- \$10.4 million was spent on water & sewer projects related to Revenue Bonds issued in 2019.
- In FY 2020 the City purchased new equipment and vehicles for various operations totaling approximately \$2.3 million.

Additional information on the City’s capital assets can be found in Note II beginning on page 38 of this report.

Debt Administration

At the end of the current fiscal year, the City had total bonded debt outstanding of \$92,095,000. The remainder of the City's long-term obligations comprises compensated absences, and contractual obligations.

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 39,960,776	\$ 21,974,127	\$ 884,224	\$ 1,340,873	\$ 40,845,000	\$ 23,315,000
Certificates of obligation	3,285,000	3,180,000	2,335,000	2,450,000	5,620,000	5,630,000
Revenue bonds	-	-	45,630,000	49,885,000	45,630,000	49,885,000
Premium on bonds issued	2,114,397	929,163	1,785,652	2,066,786	3,900,049	2,995,949
Compensated absences	1,449,770	1,304,698	306,118	314,961	1,755,888	1,619,659
	<u>\$ 46,809,943</u>	<u>\$ 27,387,988</u>	<u>\$ 50,940,994</u>	<u>\$ 56,057,620</u>	<u>\$ 97,750,937</u>	<u>\$ 83,445,608</u>

The long-term liabilities for the City increased overall by \$14,305,329 for fiscal year 2020. This was due to the debt issuances mentioned previously.

Additional information on the City's long-term debt can be found in Note II beginning on page 40 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors currently affect the City of Huntsville and were considered in developing the 2020-2021 fiscal year budget.

Sales Tax revenue makes up approximately 35% of the Revenues for General Fund. These revenues were budgeted to increase by \$440,100 (4.7%) in FY 2021 from the 2020 fiscal year budgeted amount of \$8,802,500.

A 1.3% increase in water volumetric rates beginning October 1, 2020 was approved. This was the seventh year of increases in the volumetric rates. The rates adopted were rates received from a rate study performed by a consultant completed in FY 2011. The major factors the consultant used in developing proposed rates for the City thru fiscal year 2030 were 1) almost \$20,000,000 of debt issued in fiscal year 2012 for the expansion and improvement of the drinking water treatment plant from which the City obtains 75% of its water and 2) projection for the need of approximately \$650,000 annually for the replacement and renewal of decades old existing water distribution infrastructure. Also included in developing the rate are anticipated expenditure increases due to normal inflation increases to operating costs.

The property tax rate of \$0.3148 per \$100 valuation for FY 2020 was reduced for FY 2021 to \$0.3062. For fiscal year 2021 General Fund's budgeted expenditures for regular operations were increased by approximately 0.6% (\$154,831) from FY 2020. Also, there were \$1,065,725 of General Fund one time only non-operational expenditures budgeted to be paid from Fund Balance.

Interest rates are expected to remain at low levels throughout fiscal year 2020-21.

The unemployment rate for the City of Huntsville in September 2020 was about 8.0 percent, which is an increase from the September 2019 rate of about 3.7%.

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Finance Department, 1212 Avenue M, Huntsville, Texas 77340.

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**BASIC
FINANCIAL STATEMENTS**

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CITY OF HUNTSVILLE, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 71,169,243	\$ 28,957,621	\$ 100,126,864
Accounts receivable (net of allowances for uncollectable):			
Accounts	188,022	3,828,769	4,016,791
Taxes	2,468,909	-	2,468,909
Intergovernmental	1,512,151	629,163	2,141,314
Interest	104,918	72,324	177,242
Other	1,244	-	1,244
Inventories	101,928	319,735	421,663
Property held for sale	14,253	-	14,253
Restricted assets:			
Cash and cash equivalents	-	5,087,847	5,087,847
Investment in joint venture	534,925	-	534,925
Capital assets not being depreciated	15,791,146	43,571,190	59,362,336
Capital assets (net of accumulated depreciation)	<u>26,311,052</u>	<u>111,950,686</u>	<u>138,261,738</u>
Total assets	<u>118,197,791</u>	<u>194,417,335</u>	<u>312,615,126</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refunding	-	25,317	25,317
Deferred outflows of resources related to pensions	1,770,876	481,861	2,252,737
Deferred outflows of resources related to retiree health OPEB	686,160	191,018	877,178
Deferred outflows of resources related to SDBF OPEB	<u>147,675</u>	<u>40,979</u>	<u>188,654</u>
Total deferred outflows of resources	<u>2,604,711</u>	<u>739,175</u>	<u>3,343,886</u>
LIABILITIES			
Accounts payable	5,586,923	3,069,559	8,656,482
Accrued liabilities	785,531	116,126	901,657
Accrued interest	103,996	-	103,996
Liabilities payable from restricted assets:			
Accrued interest	-	239,916	239,916
Due to other governments	168,288	29,526	197,814
Unearned revenue	627,675	-	627,675
Other liabilities	85,742	-	85,742
Customer deposits	-	1,236,430	1,236,430
Noncurrent liabilities:			
Due within one year:			
Long-term debt	1,652,998	3,695,978	5,348,976
Due in more than one year:			
Long-term debt	45,156,945	47,245,016	92,401,961
Net pension liability	13,240,208	3,602,697	16,842,905
Total SDBF OPEB liability	891,147	242,484	1,133,631
Net retiree health OPEB liability	<u>4,951,093</u>	<u>1,347,205</u>	<u>6,298,298</u>
Total liabilities	<u>73,250,546</u>	<u>60,824,937</u>	<u>134,075,483</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	2,117,899	576,287	2,694,186
Deferred inflows of resources related to SDBF OPEB	63,184	17,307	80,491
Deferred inflows of resources related to retiree health OPEB	<u>618,162</u>	<u>169,308</u>	<u>787,470</u>
Total deferred inflows of resources	<u>2,799,245</u>	<u>762,902</u>	<u>3,562,147</u>
NET POSITION			
Net investment in capital assets	36,312,261	104,769,119	141,081,380
Restricted for:			
Library - nonspendable	101,928	-	101,928
Cemetery - nonspendable	461,787	-	461,787
Debt service	284,610	-	284,610
Promotion of tourism	821,006	-	821,006
Court technology and security	176,648	-	176,648
Purpose of grantors, trustees and donors	693,448	-	693,448
Law enforcement	438,441	-	438,441
Unrestricted	<u>5,462,582</u>	<u>28,799,552</u>	<u>34,262,134</u>
Total net position	<u>\$ 44,752,711</u>	<u>\$ 133,568,671</u>	<u>\$ 178,321,382</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 5,385,318	\$ 249,005	\$ 6,227	\$ 2,961,504
Public safety	9,253,318	1,393,341	2,301,839	59,245
Public works	12,069,947	867,758	-	-
Community services	2,891,507	197,018	78,570	-
Tourism and cultural services	89,405	374,879	6,318	-
Interest on long-term debt	1,029,049	-	-	-
Total governmental activities	<u>30,718,544</u>	<u>3,082,001</u>	<u>2,392,954</u>	<u>3,020,749</u>
Business-type activities:				
Utility	16,976,830	28,022,883	321,689	-
Solid waste	4,636,933	5,936,336	-	-
Total business-type activities	<u>21,613,763</u>	<u>33,959,219</u>	<u>321,689</u>	<u>-</u>
Total primary government	\$ <u>52,332,307</u>	\$ <u>37,041,220</u>	\$ <u>2,714,643</u>	\$ <u>3,020,749</u>

General revenues:

Taxes:

Property

Sales

Franchise

Other

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

Net (Expense) Revenues and Changes in Net Position
Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$(2,168,582)	\$ -	\$(2,168,582)
(5,498,893)	-	(5,498,893)
(11,202,189)	-	(11,202,189)
(2,615,919)	-	(2,615,919)
291,792	-	291,792
(1,029,049)	-	(1,029,049)
<u>(22,222,840)</u>	<u>-</u>	<u>(22,222,840)</u>
-	11,367,742	11,367,742
-	1,299,403	1,299,403
-	<u>12,667,145</u>	<u>12,667,145</u>
(22,222,840)	12,667,145	(9,555,695)
6,921,764	-	6,921,764
9,655,816	-	9,655,816
1,402,475	-	1,402,475
859,239	-	859,239
841,721	683,100	1,524,821
197,519	2,488,093	2,685,612
<u>8,272,728</u>	<u>(8,272,728)</u>	<u>-</u>
<u>28,151,262</u>	<u>(5,101,535)</u>	<u>23,049,727</u>
5,928,422	7,565,610	13,494,032
<u>38,824,289</u>	<u>126,003,061</u>	<u>164,827,350</u>
<u>\$ 44,752,711</u>	<u>\$ 133,568,671</u>	<u>\$ 178,321,382</u>

CITY OF HUNTSVILLE, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects Fund General Improvements</u>
ASSETS			
Cash and investments	\$ 15,534,505	\$ 294,422	\$ 43,516,679
Receivables (net of allowance for uncollectibles):			
Accounts	138,551	-	-
Taxes	2,300,075	94,184	-
Intergovernmental	1,306,193	-	-
Interest	60,670	-	3,288
Other	1,244	-	-
Due from other funds	78,055	-	-
Inventory	101,928	-	-
Property held for sale	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	19,521,221	388,606	43,519,967
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Accounts payable	1,355,239	-	3,949,731
Accrued liabilities	756,451	-	-
Due to other governments	93,809	-	-
Due to other funds	-	-	-
Unearned revenue	627,675	-	-
Other liabilities	85,742	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	2,918,916	-	3,949,731
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	335,274	94,184	-
Total deferred inflows of resources	335,274	94,184	-
	<hr/>	<hr/>	<hr/>
Fund balances:			
Nonspendable:			
Inventory	101,928	-	-
Permanent endowments	-	-	-
Restricted:			
Debt service	-	294,422	-
Promotion of tourism	-	-	-
Court technology and security	-	-	-
Purpose of grantors, trustees and donors	-	-	-
Law enforcement	-	-	-
Capital projects	-	-	39,570,236
Assigned:			
Subsequent year's budget	1,065,725	-	-
Capital projects	-	-	-
Unassigned	15,099,378	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	16,267,031	294,422	39,570,236
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	\$ 19,521,221	\$ 388,606	\$ 43,519,967
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

Other Governmental	Total Governmental Funds
\$ 3,374,386	\$ 62,719,992
49,471	188,022
74,650	2,468,909
205,958	1,512,151
6,736	70,694
-	1,244
-	78,055
-	101,928
<u>14,253</u>	<u>14,253</u>
<u>3,725,454</u>	<u>67,155,248</u>
92,734	5,397,704
29,080	785,531
74,479	168,288
78,055	78,055
-	627,675
-	85,742
<u>274,348</u>	<u>7,142,995</u>
-	429,458
-	429,458
-	101,928
461,787	461,787
-	294,422
821,006	821,006
176,648	176,648
693,448	693,448
438,441	438,441
-	39,570,236
-	1,065,725
859,776	859,776
-	15,099,378
<u>3,451,106</u>	<u>59,582,795</u>
\$ <u>3,725,454</u>	\$ <u>67,155,248</u>

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CITY OF HUNTSVILLE, TEXAS

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

SEPTEMBER 30, 2020

Total fund balances - governmental funds balance sheet	\$ 59,582,795
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the funds.	37,925,790
Property taxes receivable, related penalties and interest, and franchise fees are unavailable to pay for current period expenditures are reported as deferred inflows of resources in the funds.	327,304
Court fines receivable unavailable to pay for current period expenditures are reported as deferred inflows of resources in the funds.	102,154
Payables for bond interest which are not due in the current period are not reported in the funds.	(103,996)
The investment in joint venture is not considered a financial asset. Therefore, this is not reported in the governmental funds balance sheet.	534,925
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities consist of:	
Bonds payable	(43,245,776)
Bond premiums	(2,114,397)
Compensated absences	(1,449,770)
Net pension liability	(13,240,208)
Total SDBF OPEB liability	(891,147)
Net retiree health OPEB liability	(4,951,093)
Deferred outflows (inflows) related to pensions	(347,023)
Deferred outflows (inflows) related to total SDBF liability	84,491
Deferred outflows (inflows) related to net retiree health OPEB liability	67,998
The assets and liabilities of Internal Service Funds are included in governmental activities in the statement of net position.	<u>12,470,664</u>
Net position of governmental activities - statement of net position	\$ <u>44,752,711</u>

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects Fund General Improvements</u>
REVENUES			
Taxes:			
Property	\$ 5,256,322	\$ 1,359,556	\$ -
Sales	9,655,816	-	-
Franchise	2,038,405	-	-
Other	98,552	-	-
Licenses and permits	855,484	-	-
Charges for sales and services	420,389	330,502	-
Fines, fees, and forfeitures	1,019,046	-	-
Donations, contributions, and grants	1,983,127	2,705,000	55,000
Investment earnings	357,240	8,602	272,152
Miscellaneous	117,481	-	24,473
Total revenues	<u>21,801,862</u>	<u>4,403,660</u>	<u>351,625</u>
EXPENDITURES			
Current:			
General government	6,784,346	-	-
Public safety	9,343,878	-	-
Public works	5,766,129	-	10,709,566
Community services	2,894,616	-	-
Tourism and cultural services	114,025	-	-
Debt service:			
Principal retirement	-	4,308,351	-
Interest and fiscal charges	-	805,926	-
Bond issuance costs	-	-	270,102
Total expenditures	<u>24,902,994</u>	<u>5,114,277</u>	<u>10,979,668</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,101,132)</u>	<u>(710,617)</u>	<u>(10,628,043)</u>
OTHER FINANCING SOURCES (USES)			
Capital related debt issued	-	-	22,400,000
Premium on capital related debt issued	-	-	1,270,102
Transfers in	6,966,352	607,009	2,625,000
Transfers out	<u>(2,188,636)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>4,777,716</u>	<u>607,009</u>	<u>26,295,102</u>
NET CHANGE IN FUND BALANCES	1,676,584	(103,608)	15,667,059
FUND BALANCES, BEGINNING	<u>14,590,447</u>	<u>398,030</u>	<u>23,903,177</u>
FUND BALANCES, ENDING	\$ <u>16,267,031</u>	\$ <u>294,422</u>	\$ <u>39,570,236</u>

The accompanying notes are an integral part of these financial statements.

<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 282,103	\$ 6,897,981
-	9,655,816
-	2,038,405
760,687	859,239
-	855,484
653,916	1,404,807
122,852	1,141,898
343,636	5,086,763
65,006	703,000
3,128	145,082
<u>2,231,328</u>	<u>28,788,475</u>
90,501	6,874,847
783,877	10,127,755
524,116	16,999,811
790,256	3,684,872
-	114,025
-	4,308,351
-	805,926
-	270,102
<u>2,188,750</u>	<u>43,185,689</u>
<u>42,578</u>	<u>(14,397,214)</u>
-	22,400,000
-	1,270,102
356,627	10,554,988
(93,624)	(2,282,260)
<u>263,003</u>	<u>31,942,830</u>
305,581	17,545,616
<u>3,145,525</u>	<u>42,037,179</u>
\$ <u>3,451,106</u>	\$ <u>59,582,795</u>

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CITY OF HUNTSVILLE, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Net change in fund balances - total governmental funds	\$ 17,545,616
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount of capital assets recorded in the current period.	6,640,251
Depreciation on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds.	428,186
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Debt issued or incurred:	
Bonds payable	(22,400,000)
Bond premium	(1,185,234)
Repayment of principal of long-term debt	4,308,351
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	26,969
Franchise fees	(635,930)
Change in equity interest in joint venture	59,189
Court fines and fees	(27,011)
Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(145,072)
Net pension liability	(129,801)
Total SDBF OPEB liability	(72,245)
Net retiree health OPEB liability	323,770
Interest is accrued in the government-wide financial statements but not at the fund level. This represents the change in the accrual during the period.	(37,889)
The net revenue (expense) of internal service funds is reported with governmental activities.	<u>1,232,458</u>
Change in net position of governmental activities - statement of activities	\$ <u>5,928,422</u>

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF NET POSITION
 PROPRIETARY FUND

SEPTEMBER 30, 2020

	Enterprise Funds	
	Utility	Solid Waste
ASSETS		
Current assets:		
Cash and investments	\$ 24,038,919	\$ 4,918,702
Accounts receivable (net of allowance for uncollectibles):		
Accounts	3,252,892	575,877
Intergovernmental	629,163	-
Interest	63,599	8,725
Inventories	319,735	-
Restricted assets:		
Cash and cash equivalents	5,087,847	-
Total current assets	33,392,155	5,503,304
Noncurrent assets:		
Capital assets not being depreciated	43,571,190	-
Capital assets (net of accumulated depreciation)	107,479,474	4,471,212
Total noncurrent assets	151,050,664	4,471,212
Total assets	184,442,819	9,974,516
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	25,317	-
Deferred outflow related to pensions	359,312	122,549
Deferred outflow related to retiree health OPEB	140,233	50,785
Deferred outflow related to SDBF OPEB	30,150	10,829
Total deferred outflows of resources	555,012	184,163
LIABILITIES		
Current liabilities:		
Accounts payable	2,900,069	169,490
Accrued liabilities	83,593	32,533
Customer deposits	814,408	422,022
Liabilities payable from restricted assets:		
Accrued interest payable	228,624	11,292
Due to other governments	-	29,526
Noncurrent liabilities due within one year	3,552,359	143,619
Total current liabilities	7,579,053	808,482
Noncurrent liabilities:		
Due in more than one year:		
Long-term debt	44,747,531	2,497,485
Net pension liability	2,686,443	916,254
Total SDBF OPEB liability	180,814	61,670
Net retiree health OPEB liability	1,004,578	342,627
Total noncurrent liabilities	48,619,366	3,818,036
Total liabilities	56,198,419	4,626,518
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pensions	429,723	146,564
Deferred inflow related to SDBF OPEB	12,847	4,460
Deferred inflow related to retiree health OPEB	125,684	43,624
Total deferred inflows of resources	568,254	194,648
NET POSITION		
Net investment in capital assets	102,987,750	1,781,369
Unrestricted	25,243,408	3,556,144
Total net position	\$ 128,231,158	\$ 5,337,513

The accompanying notes are an integral part of these financial statements.

<u>Total Enterprise</u>	<u>Internal Service</u>
\$ 28,957,621	\$ 8,449,251
3,828,769	-
629,163	-
72,324	34,224
319,735	-
<u>5,087,847</u>	<u>-</u>
<u>38,895,459</u>	<u>8,483,475</u>
43,571,190	-
<u>111,950,686</u>	<u>4,176,408</u>
<u>155,521,876</u>	<u>4,176,408</u>
<u>194,417,335</u>	<u>12,659,883</u>
25,317	-
481,861	-
191,018	-
<u>40,979</u>	<u>-</u>
<u>739,175</u>	<u>-</u>
3,069,559	189,219
116,126	-
1,236,430	-
239,916	-
29,526	-
<u>3,695,978</u>	<u>-</u>
<u>8,387,535</u>	<u>189,219</u>
47,245,016	-
3,602,697	-
242,484	-
<u>1,347,205</u>	<u>-</u>
<u>52,437,402</u>	<u>-</u>
<u>60,824,937</u>	<u>189,219</u>
576,287	-
17,307	-
<u>169,308</u>	<u>-</u>
<u>762,902</u>	<u>-</u>
104,769,119	4,176,408
<u>28,799,552</u>	<u>8,294,256</u>
<u>\$ 133,568,671</u>	<u>\$ 12,470,664</u>

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Funds	
	Utility	Solid Waste
OPERATING REVENUES		
Charges for services:		
Water and wastewater sales	\$ 27,724,684	\$ -
Solid waste fees - residential and commercial	-	4,701,961
Solid waste fees - disposal	-	1,226,060
Inter-department services	-	-
Miscellaneous	-	8,315
Total service charges	<u>27,724,684</u>	<u>5,936,336</u>
Service fees and miscellaneous:		
Tap and connection fees	298,199	-
Customer penalties and miscellaneous	2,422,102	65,991
Total service fees and miscellaneous	<u>2,720,301</u>	<u>65,991</u>
Total operating revenues	<u>30,444,985</u>	<u>6,002,327</u>
OPERATING EXPENSES		
Administration	1,025,973	712,686
Water production and distribution	7,139,225	-
Wastewater collection and treatment	2,827,727	-
Solid waste collection and disposal	-	3,604,500
Utility billing/customer service	673,963	-
Equipment replacement	-	-
Depreciation	3,581,909	241,240
Total operating expenses	<u>15,248,797</u>	<u>4,558,426</u>
OPERATING INCOME (LOSS)	<u>15,196,188</u>	<u>1,443,901</u>
NONOPERATING REVENUES (EXPENSES)		
Grants and contributions	321,689	-
Gain on disposal of capital assets	-	-
Investment earnings	603,923	79,177
Interest expense	(1,728,033)	(78,507)
Total nonoperating revenues (expenses)	<u>(802,421)</u>	<u>670</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>14,393,767</u>	<u>1,444,571</u>
Transfers in	52,648	-
Transfers out	(7,264,609)	(1,060,767)
CHANGE IN NET POSITION	7,181,806	383,804
NET POSITION, BEGINNING	<u>121,049,352</u>	<u>4,953,709</u>
NET POSITION, ENDING	<u>\$ 128,231,158</u>	<u>\$ 5,337,513</u>

The accompanying notes are an integral part of these financial statements.

<u>Total Enterprise</u>	<u>Internal Service</u>
\$ 27,724,684	\$ -
4,701,961	-
1,226,060	-
-	5,900,957
8,315	-
<u>33,661,020</u>	<u>5,900,957</u>
298,199	-
<u>2,488,093</u>	<u>1,807</u>
<u>2,786,292</u>	<u>1,807</u>
<u>36,447,312</u>	<u>5,902,764</u>
1,738,659	3,631,237
7,139,225	-
2,827,727	-
3,604,500	-
673,963	-
-	33,635
3,823,149	1,277,028
<u>19,807,223</u>	<u>4,941,900</u>
<u>16,640,089</u>	<u>960,864</u>
321,689	-
-	132,873
683,100	138,721
(1,806,540)	-
(801,751)	<u>271,594</u>
15,838,338	1,232,458
52,648	-
(8,325,376)	-
7,565,610	1,232,458
<u>126,003,061</u>	<u>11,238,206</u>
\$ <u>133,568,671</u>	\$ <u>12,470,664</u>

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Funds	
	Utility	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 29,811,495	\$ 6,237,184
Interfund services provided and used	-	-
Cash payments to employees for services	(2,204,029)	(933,215)
Cash payments to suppliers for goods and services	(13,976,203)	(3,599,372)
Net cash provided by operating activities	13,631,263	1,704,597
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants	321,689	-
Transfers from other funds	52,648	-
Transfers to funds	(7,264,609)	(1,060,767)
Net cash used by noncapital financing activities	(6,890,272)	(1,060,767)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal repayment on long-term debt	(4,370,000)	(115,000)
Interest and fiscal charges on debt	(2,367,505)	(93,050)
Proceeds from sale of capital assets	-	-
Acquisition or construction of capital assets	(13,872,124)	(827,327)
Net cash used by capital and related financing activities	(20,609,629)	(1,035,377)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	615,655	79,133
Net cash provided by investing activities	615,655	79,133
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(13,252,983)	(312,414)
CASH AND CASH EQUIVALENTS, BEGINNING	42,379,749	5,231,116
CASH AND CASH EQUIVALENTS, ENDING	\$ 29,126,766	\$ 4,918,702

Total Enterprise	Internal Service
\$ 36,048,679	\$ -
-	6,011,256
(3,137,244)	(32,141)
(17,575,575)	(3,703,882)
15,335,860	2,275,233
321,689	-
52,648	-
(8,325,376)	-
(7,951,039)	-
(4,485,000)	-
(2,460,555)	-
-	132,873
(14,699,451)	(1,907,248)
(21,645,006)	(1,774,375)
694,788	112,660
694,788	112,660
(13,565,397)	613,518
47,610,865	7,835,733
\$ 34,045,468	\$ 8,449,251

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Funds	
	Utility	Solid Waste
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 15,196,188	\$ 1,443,901
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation	3,581,909	241,240
Change in assets and liabilities:		
Decrease (increase) in receivables	(634,194)	234,857
Decrease (increase) in inventories	(66,468)	-
Decrease (increase) in deferred loss related to bond refunding	25,321	-
Decrease (increase) in deferred outflows related to pensions	582,314	220,182
Decrease (increase) in deferred outflows related to retiree health OPEB	(125,256)	(45,334)
Decrease (increase) in deferred outflows related to SDBF OPEB	(21,493)	(7,678)
Increase (decrease) in accounts payable	(4,484,057)	(96,960)
Increase (decrease) in accrued liabilities	21,899	8,679
Increase (decrease) in customer deposits	57,872	6,540
Increase (decrease) in compensated absences	(6,643)	(2,187)
Increase (decrease) in interfund payables	(14,591)	(18,584)
Increase (decrease) in net pension liability	(935,295)	(401,977)
Increase (decrease) in net retiree health OPEB liability	108,507	16,477
Increase (decrease) in net SDBF OPEB liability	34,492	8,412
Increase (decrease) in deferred inflows related to retiree health OPEB	(58,035)	(23,246)
Increase (decrease) in deferred inflows related to SDBF OPEB	324	(98)
Increase (decrease) in deferred inflows related to pensions	<u>357,765</u>	<u>120,373</u>
Total adjustments	<u>(1,564,925)</u>	<u>260,696</u>
Net cash provided by operating activities	\$ <u>13,631,263</u>	\$ <u>1,704,597</u>

<u>Total Enterprise</u>	<u>Internal Service</u>
\$ 16,640,089	\$ 960,864
3,823,149	1,277,028
(399,337)	108,492
(66,468)	-
25,321	-
802,496	-
(170,590)	-
(29,171)	-
(4,581,017)	(71,151)
30,578	-
64,412	-
(8,830)	-
(33,175)	-
(1,337,272)	-
124,984	-
42,904	-
(81,281)	-
226	-
<u>478,138</u>	<u>-</u>
<u>(1,304,229)</u>	<u>1,314,369</u>
\$ <u>15,335,860</u>	\$ <u>2,275,233</u>

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2020

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>48,123</u>
Total assets	<u>48,123</u>
LIABILITIES	
Accounts payable	<u>48,123</u>
Total liabilities	<u>\$ 48,123</u>

**NOTES TO THE
FINANCIAL STATEMENTS**

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CITY OF HUNTSVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Huntsville, Texas ("the City"), included in the accompanying basic financial statements conform to the generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the City's Comprehensive Annual Financial Report.

A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and eight-member council. As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City (the primary government). Each blended component unit has a September 30 year-end.

The following blended component unit is reported as a Special Revenue Fund:

Huntsville Natural & Cultural Resources, Inc. (HNCR) is a nonprofit corporation created by the City to receive donations of land and money to provide park facilities and protection of cultural/historic amenities of the City. The City's Parks Advisory Board (all members of which are appointed by City Council) acts as Board of Directors. All decisions (financial etc.) of HNCR require the approval of the City of Huntsville's City Council. HNCR does not issue separate financial statements but financial information relating to HNCR, including its 990 (Internal Revenue Service "Return of Organization Exempt from Income Tax"), may be obtained from the City of Huntsville, 1212 Avenue M, Huntsville, Texas 77340. HNCR has only received donations of land during its existence which the City has included in its Capital Assets. No other activity occurred which would be recorded as revenue or expenditure. Consequently, no Special Revenue Fund statements have been prepared for HNCR.

B. Government-wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for the governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Government-wide Financial Statements – The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given program or function is offset by the program's revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given program and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The effect of interfund activity within the governmental and business-type activities columns has been removed from these statements.

Fund Financial Statements – The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Each fund is considered a separate accounting entity and the operations of each fund are accounted for using a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriated. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Separate statements are presented for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. These statements present each major fund as a separate column on the fund financial statements; all nonmajor funds are aggregated and presented in a single column.

The government wide focus is on the sustainability of the City as an entity and the change in net financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides a different focus, which allows the reader to compare and analyze the information to enhance the usefulness of the statements.

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

Governmental Fund Types

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds (in the fund financial statements) is on the sources, uses and balance of current financial resources and include the General Fund, General Improvements Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. The individual funds are described as follows:

Major Governmental Funds

General Fund – The General Fund is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

General Improvements Fund – The General Improvements Fund is used to account for the financial resources of general capital projects (including parks, general government facilities, fire stations, and the aquatic center), except those required to be accounted for in another fund.

Major Proprietary Funds

Utility Fund – This fund accounts for the provision of water/wastewater services to the residents of the City and some residents of the county. All activities necessary to provide such services are accounted for in these funds including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Solid Waste Fund – This fund accounts for all solid waste collection and disposal services the City provided to residents (residential and commercial) of the City and some residents of the County. All activities necessary to provide such services are accounted for in these funds including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Additionally, the government reports the following fund types:

Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted to expenditures for specified purposes.

Capital Projects Funds – The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the proprietary fund types. Such resources are derived from proceeds of general obligation bonds or other sources of revenue specifically set aside for capital projects.

Permanent Funds – The Permanent Funds are used to report resources that are legally restricted to the extent that only earnings and not principal, may be used for purposes that support the City’s Library and Cemetery operations.

Internal Service Funds – The Internal Service Funds, which provide services primarily to other funds of the government, are presented in the summary form as part of the proprietary fund financial statements. The financial statements of the Internal Service Funds are allocated by percentage of use to the governmental and business-type columns when presented at the government wide level. Various operations are accounted for as Internal Service Funds, such as operational costs associated with automobile and heavy equipment and repairing City owned facilities, operational costs associated with the City’s computer equipment within various departments, as well as jointly shared administrative departments.

Agency Funds – This fund is used to accumulate resources for scholarships and employee assistance that the City is holding on-behalf of other individuals and entities.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus refers to what is being measured and basis of accounting refers to timing of revenue and expenditure recognition in the financial statements.

The government-wide statements and proprietary funds fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and operating statements present increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled utility services which are accrued. Expenses are recognized at the time the liability is incurred. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues available if they are collected within sixty (60) days after year-end. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from currently available financial resources.

Ad valorem, sales, hotel, and franchise tax revenues recorded in the Governmental Funds are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earning on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities and Net Position or Fund Balance

Cash and Investments

For cash flow purposes, cash and cash equivalents consist of demand deposits, certificates of deposits and deposits in authorized investment pools.

Texas State law requires the City to adopt written investment policies. The City's investment policies are reviewed each year by Council and were last amended on September 18, 2018. The investment policy was first adopted in March, 1990, and also amended October 1, 1990, February 8, 1994, December 12, 1995, February 19, 1998, February 8, 2000, and September 28, 2001. Authorized investments include those outlined in the Texas Government Code. Authorized investments include:

- Obligations of the United States or its agencies and instrumentalities;
- Direct obligations of the State of Texas or its agencies and instrumentalities;
- Obligations that the principal of and interest in which are unconditionally guaranteed by the State of Texas, or the United States or its agencies and instrumentalities;
- Certain certificates of deposit issued by state and national banks domiciled in Texas;
- Certain prime domestic bankers' acceptances (Texas Government Code Section 2256.009);
- Commercial paper with a stated maturity of 270 days or less rated not less than A-1 or P-1;
- Fully collateralized repurchase agreements; and
- Public funds investment pools approved by resolution of the City Council.

Investments for the City are reported at fair value, except for the position in investment pools. The City's investment in pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its share.

Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or legal agreements. The "Construction funds account" is used to report those proceeds of revenue bond issuance and/or certificate of obligation issuances that are restricted for use in construction. The "revenue bond interest and sinking account" is used to segregate resources accumulated for debt service payments over the next twelve months. The "bond reserve account" is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account.

Property Taxes and Other Receivables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade receivables are reviewed at year-end to establish or update the provisions for estimated uncollectible receivables. These provisions are estimated based on an analysis of an aging of the year-end accounts receivable balance and/or the historical rate of uncollectibility.

Property taxes levied for the current year are recorded on the balance sheet as taxes receivable and deferred revenue at the beginning of the year. The net receivables collected during 2020 and those considered "available" at year-end are recognized as revenues in 2020. The City considers property taxes available if they are collected within 60 days after year-end. Prior year levies were recorded using these same principles. The remaining receivables are reflected as unavailable revenue.

In accordance with governing statutes, property taxes were levied on October 1, 2019, to provide a revenue source to be used to finance the current year's budget. Taxes levied on October 1, 2019, were due and payable by January 31, 2020. On January 1, 2020, a tax lien is attached to property to secure the payment of all taxes, penalties and interest ultimately imposed for one year on that property. After January 31, 2020, unpaid taxes began to accrue a penalty and interest charge until paid. On July 1, 2020, after levy, delinquent taxes were turned over to the City's delinquent tax attorney for collection and/or filing of suit for collection. The City is prohibited from charging off real property taxes without specific statutory authority from the Texas Legislature.

Inventories and Prepaid Items

Inventories are valued at cost using the average cost method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used and reimbursements, are reported as transfers. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City is reporting balances for deferred losses on bond refundings in both the government-wide Statement of Net Position and the Statement of Net Position – Proprietary Funds. A deferred loss on a bond refunding results when the reacquisition price of the refunded debt exceeds the carrying value. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Additionally, pension and OPEB contributions subsequent to the measurement date are deferred and recognized in the following fiscal year. The changes in actuarial assumptions are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date. Differences between projected and actual investment earnings on pension and OPEB assets are deferred and amortized over a closed five-year period.

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 so will not be recognized as an inflow of resources (revenue) until then. The City has three types of items that qualify for reporting in this category. One of these items arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources that require deferral: property taxes, municipal court fines, and penalties and interest on taxes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items are only recorded in the full accrual basis of accounting and results from the difference between expected and actual pension earnings and the difference in projected and actual earnings on OPEB assets. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date and deferred and amortized over a closed five-year period, respectively. Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
Property taxes	\$ 160,177	\$ 59,289	\$ 219,466
Property tax penalties and interest	72,943	34,895	107,838
Court fines and fees receivable	<u>102,154</u>	<u>-</u>	<u>102,154</u>
Total	<u>\$ 335,274</u>	<u>\$ 94,184</u>	<u>\$ 429,458</u>

Compensated Absences

Vested or accumulated vacation leave is reported as an expenditure and a fund liability of the governmental fund that will pay what has matured, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to permit employees to accumulate unused sick pay benefits. The City has a policy to pay a portion of unused sick pay benefits when employees separate from service. In the government wide financial statements and proprietary fund types, the liabilities are included in the statements.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available. Donated assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and an expected useful life of over one year.

Depreciation of assets not following the modified approach is computed using the straight-line method on the composite assets based upon the estimated useful lives as follows:

Water production and distribution systems	10-50 years
Wastewater collection and disposal systems	10-50 years
Buildings and improvements	25 years
Machinery, tools and equipment	5-10 years
Automotive equipment	5 years
Office furniture and equipment	3-5 years

Long-term Obligations

The portion of long-term general obligation debt used to finance proprietary fund operations and payable from the revenues of the Enterprise Funds is recorded in such funds. General obligation bonds and other forms of long-term debt supported by general revenues are obligations of the City as a whole and not its individual funds. Accordingly, such unmatured obligations of the City are accounted for on the statement of net position and payments of principal and interest relating to the general obligation bonds are recorded as expenditures when they are paid in the fund statements. Self-supporting general obligation debt, which will be repaid from non-general revenue sources, is recorded in the appropriate proprietary fund.

Bond Premiums and Discounts

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period on the fund financial statements. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

For proprietary fund types and on the government-wide statements, premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

The proprietary fund types are used to account for the City's organization and activities which are similar to those often found in the private sector. These funds are financed and operated in a manner similar to private business enterprises - where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered mainly through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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 the proprietary funds principle on-going operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council (Council) has by resolution authorized the finance director to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Minimum Fund Balance Policy

The City Council has adopted a financial policy to maintain a minimum level of unassigned fund balance or unrestricted net position in all operating funds excluding internal service funds, capital projects funds, and special revenue funds. These funds shall maintain unassigned fund balance or unrestricted net position at a minimum amount of 25% of the annual budget (less transfers to capital projects funds) for each fund. This amount is intended to provide fiscal stability when economic downturns or other unexpected events occur.

Pensions

For purposes of measuring the net pension liability for the Texas Municipal Retirement System (TMRS), pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the 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.

Post-Employment Benefits Other Than Pensions (OPEB)

Supplemental Death Benefit. For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total TMRS SDBF liability and additions to/deductions from the City's total TMRS SDBF liability have been determined on the same basis as they are reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

Retiree Health Insurance. For purposes of measuring the net OPEB liability, OPEB related deferred inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the City for benefits due and payable that are not reimbursed by plan assets. Information regarding the City's net OPEB liability is obtained from a report prepared by a consulting actuary, Lewis & Ellis.

II. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

A reconciliation of cash and investments as shown on the Statement of Net Position for the City follows:

<u>Investment Type</u>	<u>Total Reported Value</u>	<u>Fair Value Measurement Level</u>	<u>Weighted Average Maturity (Days)</u>
Cash deposits	\$ 7,267,050	N/A	-
Money market	5,145,539	2	772
TexPool Prime	18,184,982	N/A	63
Texas CLASS	51,298,972	N/A	72
Texas Term	8,121,818	N/A	101
LOGIC	24,705	N/A	86
U. S. agency securities	3,856,313	2	1,034
Municipal bonds	<u>11,315,332</u>	2	399
Total portfolio	<u>\$ 105,214,711</u>		
Portfolio weighted average maturity (days)			361

TexPool, Texas Class, and Logic have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

The City invests in external investment pools with a credit rating of AAA.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All of the City's fair value investments were valued using either documented trade history in exact security pricing, option-adjusted discounted cash flow, or present value of expected future cash flow pricing models (Level 2 inputs).

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Analysis of Specific Deposit and Investment Risks

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year-end, the City was not significantly exposed to credit risk. The City's investment in Municipal Bond securities were rated by Moody's Investor Service. For Municipal Bond securities, 20% of the dollar value were rated A and 40% were rated Aa. The remaining 40% were rated AA by Standard and Poor's. The City's investment in U.S. Agency securities were rated AA by Standard and Poor's.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

As of September 30, 2020, the City's deposit balances were fully collateralized by securities held by the financial institution in the City's name or by Federal Deposit Insurance Corporation ("FDIC") insurance.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

Foreign Currency Risk – This is the risk that exchange rates will adversely affect the fair value of an investment. At year-end, the City was not exposed to foreign currency risk.

Receivables

Receivables as of year-end for the City, including applicable allowances for uncollectible accounts, are as follows:

Governmental Funds

	<u>General</u>	<u>Debt Service</u>	<u>General Improvements</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Accounts	\$ 547,165	\$ -	\$ -	\$ 49,471	\$ 596,636
Taxes	2,390,733	130,811	-	74,788	2,596,332
Intergovernmental	1,306,193	-	-	205,958	1,512,151
Interest	60,670	-	3,288	6,736	70,694
Travel advances	<u>1,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,244</u>
Gross Receivables	<u>4,306,005</u>	<u>130,811</u>	<u>3,288</u>	<u>336,953</u>	<u>4,777,057</u>
Less: Allowance for uncollectibles	(499,272)	(36,627)	-	(138)	(536,037)
Net receivables	<u>\$ 3,806,733</u>	<u>\$ 94,184</u>	<u>\$ 3,288</u>	<u>\$ 336,815</u>	<u>\$ 4,241,020</u>

Proprietary Funds

	<u>Utility</u>	<u>Solid Waste</u>	<u>Internal Service</u>	<u>Total</u>
Customer accounts	\$ 2,673,575	\$ 481,596	\$ -	\$ 3,155,171
Unbilled customer accounts	665,423	137,658	-	803,081
Intergovernmental	629,163	-	-	629,163
Interest	<u>63,599</u>	<u>8,725</u>	<u>34,224</u>	<u>106,548</u>
Gross Receivables	<u>4,031,760</u>	<u>627,979</u>	<u>34,224</u>	<u>4,693,963</u>
Less: Allowance for uncollectibles	(86,106)	(43,377)	-	(129,483)
Net receivables	<u>\$ 3,945,654</u>	<u>\$ 584,602</u>	<u>\$ 34,224</u>	<u>\$ 4,564,480</u>

Interfund Balances and Transfers to and From Other Funds

Interfund balances at September 30, 2020, were for the purpose of covering short-term cash needs, and they consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	<u>\$ 78,055</u>

Transfers to and from other funds at September 30, 2020, consisted of the following:

	Transfers out				Total
	General	Utility	Solid Waste	Nonmajor Governmental	
Transfers in:					
General	\$ -	\$ 5,864,609	\$ 1,008,119	\$ 93,624	\$ 6,966,352
General Improvements	1,225,000	1,400,000	-	-	2,625,000
Debt service	607,009	-	-	-	607,009
Nonmajor governmental	356,627	-	-	-	356,627
Utility	-	-	52,648	-	52,648
Total	<u>\$ 2,188,636</u>	<u>\$ 7,264,609</u>	<u>\$ 1,060,767</u>	<u>\$ 93,624</u>	<u>\$ 10,607,636</u>

The primary purpose of interfund transfers is to transfer funds from one fund to support the expenditures of another fund in accordance with the authority established for the individual fund. A detail of significant activities is as follows:

- The City's budget provides that the General Fund will contribute funding to various funds where budgeted expenditures are in excess of expected revenues. The General Fund contributed to the following funds:
 - School Resource Officer Fund - \$128,338
 - Arts Center Fund - \$92,264
 - Airport Fund - \$39,050
 - General Improvements Fund - \$1,275,000
- Transfers paid by the Utility and Solid Waste Funds to the General Fund are paid to help fund the cost of various operating expenditures in the General Fund.

Capital Assets

Capital asset activity for the year ended September 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,872,245	\$ -	\$ -	\$ 1,872,245
Construction in progress	5,311,332	10,967,526	2,359,957	13,918,901
Total capital assets not being depreciated	<u>7,183,577</u>	<u>10,967,526</u>	<u>2,359,957</u>	<u>15,791,146</u>
Capital assets being depreciated:				
Buildings and improvements	15,598,985	-	777,727	14,821,258
Machinery, furniture, and equipment	23,320,549	2,576,069	400,085	25,496,533
Improvements other than buildings	19,011,913	206,534	4,841,485	14,376,962
Infrastructure	37,316,618	1,899,596	-	39,216,214
Total capital assets being depreciated	<u>95,248,065</u>	<u>4,682,199</u>	<u>6,019,297</u>	<u>93,910,967</u>
Less accumulated depreciation for:				
Buildings and improvements	8,590,535	347,745	413,870	8,524,410
Machinery, furniture, and equipment	18,407,467	1,435,617	400,085	19,442,999
Improvements other than buildings	8,765,699	378,773	2,644,203	6,500,269
Infrastructure	32,264,400	867,837	-	33,132,237
Total accumulated depreciation	<u>68,028,101</u>	<u>3,029,972</u>	<u>3,458,158</u>	<u>67,599,915</u>
Total capital assets being depreciated, net	<u>27,219,964</u>	<u>1,652,227</u>	<u>2,561,139</u>	<u>26,311,052</u>
Governmental activities capital assets, net	<u>\$ 34,403,541</u>	<u>\$ 12,619,753</u>	<u>\$ 4,921,096</u>	<u>\$ 42,102,198</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 782,325	\$ -	\$ -	\$ 782,325
Construction in progress	<u>47,227,217</u>	<u>14,338,785</u>	<u>18,777,137</u>	<u>42,788,865</u>
Total capital assets not being depreciated	<u>48,009,542</u>	<u>14,338,785</u>	<u>18,777,137</u>	<u>43,571,190</u>
Capital assets being depreciated:				
Buildings and improvements	5,726,782	1,027,711	-	6,754,493
Machinery, furniture, and equipment	2,881,298	234,314	-	3,115,612
Improvements other than buildings	1,900,168	-	-	1,900,168
Water rights	51,336,066	-	-	51,336,066
Infrastructure	<u>114,372,334</u>	<u>17,875,778</u>	<u>-</u>	<u>132,248,112</u>
Total capital assets being depreciated	<u>176,216,648</u>	<u>19,137,803</u>	<u>-</u>	<u>195,354,451</u>
Less accumulated depreciation for:				
Buildings and improvements	1,848,588	243,592	-	2,092,180
Machinery, furniture, and equipment	2,860,380	131,556	-	2,991,936
Improvements other than buildings	913,248	99,619	-	1,012,867
Water rights	22,585,911	991,385	-	23,577,296
Infrastructure	<u>51,372,489</u>	<u>2,356,997</u>	<u>-</u>	<u>53,729,486</u>
Total accumulated depreciation	<u>79,580,616</u>	<u>3,823,149</u>	<u>-</u>	<u>83,403,765</u>
Total capital assets being depreciated, net	<u>96,636,032</u>	<u>15,314,654</u>	<u>-</u>	<u>111,950,686</u>
Business-type activities capital assets, net	<u>\$ 144,645,574</u>	<u>\$ 29,653,439</u>	<u>\$ 18,777,137</u>	<u>\$ 155,521,876</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 935,240
Public works	1,399,385
Community services	454,704
Public safety	<u>240,643</u>
Total governmental activities depreciation	<u>\$ 3,029,972</u>
Business-type activities:	
Water production and distribution	\$ 3,581,909
Solid waste disposal and collection	<u>241,240</u>
Total business-type activities depreciation	<u>\$ 3,823,149</u>

Long-term Obligations

Long-term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2020, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
General obligation bonds	\$ 21,974,127	\$ 19,115,000	\$(1,128,351)	\$ 39,960,776	\$ 1,175,555
Certificates of obligation	3,180,000	3,285,000	(3,180,000)	3,285,000	115,000
Premium on bond issuance	929,163	1,270,102	(84,868)	2,114,397	-
Compensated absences	<u>1,304,698</u>	<u>188,667</u>	<u>(43,595)</u>	<u>1,449,770</u>	<u>362,443</u>
Total governmental activities	<u>\$ 27,387,988</u>	<u>\$ 23,858,769</u>	<u>\$(4,436,814)</u>	<u>\$ 46,809,943</u>	<u>\$ 1,652,998</u>
<u>Business-type activities:</u>					
TRA contract revenue bonds	\$ 5,085,000	\$ -	\$(3,165,000)	\$ 1,920,000	\$ 1,920,000
Revenue bonds	44,800,000	-	(1,090,000)	43,710,000	1,145,000
General obligation bonds	1,340,873	-	(456,649)	884,224	434,445
Certificates of obligation	2,450,000	-	(115,000)	2,335,000	120,000
Premium on bond issuance	2,066,786	-	(281,134)	1,785,652	-
Compensated absences	<u>314,966</u>	<u>786</u>	<u>(9,634)</u>	<u>306,118</u>	<u>76,533</u>
Total business-type activities	<u>\$ 56,057,625</u>	<u>\$ 786</u>	<u>\$(5,117,417)</u>	<u>\$ 50,940,994</u>	<u>\$ 3,695,978</u>

For governmental activities, compensated absences, the net pension liability, and net OPEB liability are generally liquidated by the General Fund. In the business-type activities, those liabilities are liquidated by both the Utility and Sold Waste Funds along with normal salary expenses.

Debt Service Requirements

Year Ending September 30,	Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,290,555	\$ 1,140,694	\$ 2,431,249
2022	1,245,221	1,147,892	2,393,113
2023	1,255,000	1,108,705	2,363,705
2024	1,295,000	1,068,425	2,363,425
2025	1,340,000	1,026,253	2,366,253
2026-2030	5,805,000	4,547,410	10,352,410
2031-2035	6,765,000	3,568,260	10,333,260
2036-2040	7,675,000	2,656,560	10,331,560
2041-2045	8,680,000	1,661,204	10,341,204
2046-2050	<u>7,895,000</u>	<u>553,657</u>	<u>8,448,657</u>
Total	<u>\$ 43,245,776</u>	<u>\$ 18,479,060</u>	<u>\$ 61,724,836</u>

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2021	\$ 3,619,445	\$ 1,886,152	\$ 5,505,597
2022	1,774,779	1,754,586	3,529,365
2023	1,395,000	1,677,488	3,072,488
2024	1,455,000	1,609,688	3,064,688
2025	1,525,000	1,538,888	3,063,888
2026-2030	8,820,000	6,513,865	15,333,865
2031-2035	10,695,000	4,642,976	15,337,976
2036-2040	11,575,000	2,718,838	14,293,838
2041-2043	<u>7,990,000</u>	<u>586,163</u>	<u>8,576,163</u>
Total	\$ <u>48,849,224</u>	\$ <u>22,928,644</u>	\$ <u>71,777,868</u>

At September 30, 2020, there were no authorized or unissued general obligation or revenue bonds, and the City is in compliance with all bond ordinances.

Revenue Debt

A summary of revenue debt outstanding at September 30, 2020, follows:

\$19,190,000 2012 IRA Contract Revenue Bonds due in installments of \$1,920,000 to \$2,340,000 through 2021, interest rates from 2.00% - 4.00%.	1,920,000
\$45,840,000 2018 Water and Wastewater System Revenue Bonds due in installments of \$1,040,000 to \$2,390,000 through 2043, interest rates from 1.750% - 3.625%.	<u>43,710,000</u>
Total outstanding revenue debt as of September 30, 2020	\$ <u>45,630,000</u>

Tax Supported Debt

A summary of tax-supported debt outstanding at September 30, 2020, follows:

\$3,500,000 General Obligation Bonds, Series 2010, dated April 15, 2010, to finance expansion and renovation of the municipal library. Due in annual installments of \$170,000 - \$295,000 with interest rates of 0.60% - 4.15%.	1,355,000
\$8,150,000 General Obligation Bonds, Series 2012, dated July 23, 2012, to refund Waterworks and Sewer System Revenue Bonds, Series 2002 in the amount of \$4,440,000, Combination Tax and Revenue Certificates of Obligation, Series 2004 in the amount of \$270,000, and General Obligation Refunding Bonds, Series 2005 in the amount of \$2,575,000. Due in annual installments of \$475,000 - \$1,060,000 with interest rates of 2.0% - 3.0%.	935,000
\$2,900,000 Combination Tax and Revenue Certificates of Obligation, Series 2015, dated September 15, 2015, to be used to construct a transfer station. Due in installments of \$120,000 - \$200,000 with interest rates of 3.0% - 4.0%.	2,335,000
\$19,890,000 General Obligation Bonds, Series 2019, dated August 6, 2019, to finance construction of new public safety facilities for police and fire protection including the acquisition of any necessary sites and related infrastructure. Due in annual installments of \$435,000 - \$985,000 with an interest rate of 3.0%.	19,440,000
\$19,115,000 General Obligation Bonds, Series 2020, dated August 18, 2020, to demolish and construct a new City service center and relocate certain City services to the City Hall, including related water, wastewater, drainage, streets, sidewalks, parking infrastructure and other related costs. Due in annual installments of \$470,000 - \$860,000 with an interest rate of 3.0%.	19,115,000
\$3,285,000 Combination Tax and Revenue Certificates of Obligation, Series 2020, dated August 18, 2020, to construct, improve, renovate, and equip the City park and recreational facilities including the City's existing MLK Community Center. The proceeds will also finance the construction of an animal shelter including the purchase of necessary land and fees in connection with these projects. Due in annual installments of \$115,000 - \$170,000 with an interest rate of 2.0%.	3,285,000

Joint Ventures

Trinity River Authority

Pursuant to the agreement with Trinity River Authority (TRA) dated September 28, 1976, the City has endorsed Contract Revenue Bonds through TRA and is unconditionally obligated to pay, from the operating revenues of the City's waterworks, wastewater system, all debt service payments on these bonds; all operation and maintenance expenses of the facilities the bonds were used to build; and the amounts necessary to restore any deficiencies in funds required to be accumulated under the bond resolutions. As consideration for the aforementioned obligations, the City shall have an exclusive right to the use of the transmission and clear well storage facilities constructed. Upon the expiration of the contract, the City shall have the right to continued service for an additional period of fifty (50) years, or for such other time as may be agreed. Because the agreement does not confer a specified equity interest, no investment in joint venture has been recorded in the financial statements.

Financial statements for this joint venture may be obtained at Trinity River Authority of Texas, P. O. Box 60, Arlington, Texas 76004-0060.

Walker County Public Safety Communications Center

On July 29, 1997, the City entered into an interlocal agreement with Walker County, Texas to construct, maintain, and operate a centralized and combined communications/dispatch center, hereafter called Walker County Public Safety Communication Center ("WCPSCC"). The County and the City have both agreed to fund 50% of the approved budget of the WCPSCC. Should this agreement be terminated, or declared invalid for any reason, all assets of the WCPSCC shall be determined and deemed to be jointly owned by Walker County, Texas and the City. This agreement was initially effective for three years beginning October 1, 1997 and from that point the agreement would automatically renew for successive one-year terms unless otherwise terminated. Financial statements for this joint venture may be obtained from Walker County, Texas, 1100 University Avenue, Huntsville, Texas 77340.

For the year ended September 30, 2020, the City paid \$686,958 for its share of WCPSCC's operating costs. These costs are recorded as public safety expenditures in the general fund; as such, the investment in joint venture is recorded in the governmental activities on the government-wide financial statements.

Raw Water Supply Contract

On August 24, 1976, the City of Huntsville entered into a contract with the Trinity River Authority of Texas to purchase from the Authority amounts of raw water impounded in the Livingston Reservoir. The City is obligated to pay an annual standby charge on or before the tenth of each April and October. Annual standby charges are calculated by multiplying the current annual average daily amount the Authority is obligated to sell by the Authority's rates for sale of raw water to municipalities. On April 22, 1998, the City contracted with the Authority for an additional 6.0 MGD for industrial purposes. On November 1, 2006, the City contracted for an additional amount bringing the total to 20.0 MGD that the Authority is obligated to sell.

Annual average daily amounts of raw water that the Authority is obligated to sell to the City is set forth in the following schedule:

	<u>Annual Average Daily Amounts</u>
2001 through 2020	20.0 MGD

Defined Benefit Pension Policies

Plan Descriptions. The City participates as one of 888 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.

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.

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
Service retirement eligibility	20 years to any age, 5 years at age 60 and above
Updated service credit	50% Repeating
Annuity increase to retirees	50% of CPI, repeating

Employees covered by benefit terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	213
Inactive employees entitled to but not yet receiving benefits	166
Active employees	<u>255</u>
	<u>634</u>

Contributions. The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are with 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contributions 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 18.58% and 18.80% in calendar years 2019 and 2020, respectively. The City’s contributions to TMRS for the year ended September 30, 2020, were \$2,724,340, and were equal to the required contributions.

Net Pension Liability. The City’s Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.45% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 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. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
International Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2018	\$ 91,675,780	\$ 69,025,761	\$ 22,650,019
Changes for the year:			
Service cost	2,161,908	-	2,161,908
Interest	6,107,614	-	6,107,614
Difference between expected and actual experience	(30,803)	-	(30,803)
Changes of assumptions	177,814	-	177,814
Contributions - employer	-	2,619,671	(2,619,671)
Contributions - employee	-	998,243	(998,243)
Net investment income	-	10,667,844	(10,667,844)
Benefit payments, including refunds of employee contributions	(4,547,117)	(4,547,117)	-
Administrative expense	-	(60,297)	60,297
Other changes	-	(1,811)	1,811
Net changes	<u>3,869,416</u>	<u>9,676,530</u>	<u>(5,807,114)</u>
Balance at 12/31/2019	<u>\$ 95,545,196</u>	<u>\$ 78,702,291</u>	<u>\$ 16,842,905</u>

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%) of 1-percentage-higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
	City's net pension liability	\$ 29,731,028	\$ 16,842,905

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2020, the city recognized pension expense of \$2,797,500.

At September 30, 2020, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 14,499	\$ 282,355
Changes in actuarial assumptions	130,397	-
Difference between projected and actual investment earnings	-	2,411,831
Contributions subsequent to the measurement date	<u>2,107,841</u>	<u>-</u>
Total	<u>\$ 2,252,737</u>	<u>\$ 2,694,186</u>

\$2,107,841 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

For the Year Ended September 30:	
2020	\$(834,973)
2021	(742,909)
2022	230,312
2023	<u>(1,201,720)</u>
Total	\$(<u>2,549,290</u>)

Postemployment Benefits Other Than Pensions (OPEB) - TMRS Supplemental Death Benefits Fund

Plan Description. The City voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City’s pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided. The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and 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.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. 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). The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	174
Inactive employees entitled to but not yet receiving benefits	42
Active employees	<u>255</u>
Total	<u>471</u>

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.22% for 2020 and 0.21% for 2019, of which 0.06% and 0.05%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. 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 prefund retiree term life insurance during employees’ entire careers. The City’s contributions to the SDBF for the years ended September 30, 2020 and 2019 were \$31,124 and \$28,953, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Total OPEB Liability

The City’s total OPEB liability of \$1,133,631 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50% per annum
Discount rate	2.75%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 11.5% including inflation

Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate. The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 2.75% was used to measure the Total OPEB Liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2019.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.75%) in measuring the Total OPEB Liability.

	<u>1% Decrease in Discount Rate (1.75%)</u>	<u>Discount Rate (2.75%)</u>	<u>1% Increase in Discount Rate (3.75%)</u>
Total OPEB Liability	\$ 1,385,259	\$ 1,133,631	\$ 939,849

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2020, the City reported a liability of \$1,133,631 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2019. For the year ended September 30, 2020, the City recognized OPEB expense of \$94,693. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2018	\$ 915,086
Changes for the year:	
Service cost	31,373
Interest	34,399
Difference between expected and actual experience	(26,839)
Changes of assumptions	186,742
Benefit payments	(7,130)
Net changes	<u>218,545</u>
Balance at 12/31/2019	<u>\$ 1,133,631</u>

At September 30, 2020, the City reported deferred outflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 37,660
Changes in actuarial assumptions	181,844	42,831
Contributions subsequent to the measurement date	<u>6,810</u>	<u>-</u>
Totals	<u>\$ 188,654</u>	<u>\$ 80,491</u>

\$6,810 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2021. Other amounts reported as deferred outflows related to OPEB will be recognized in OPEB expense as follows:

	For the Year Ended September 30,
2020	\$ 28,920
2021	28,920
2022	14,171
2023	29,342

Postemployment Benefits Other Than Pensions (OPEB) – Retiree Health Plan

Plan Description. The City provides post-retirement medical, dental, vision and life insurance benefits on behalf of its eligible retirees. The City established by ordinance the healthcare plan that covers eligible retired employees of the City. The City established an irrevocable trust (PEB Trust) and contracted with an administrator, Public Agencies Retirement Services (PARS), as well as a custodial bank, to manage the plan’s assets. Because plan assets are pooled by PARS with those of other plans for investment, the City’s plan assets meet the criteria of an agent multiple-employer plan under GASB Statement No. 75.

Benefits Provided. The City maintains medical, dental, vision and life insurance plans covering current and retired employees and their dependents. For pre-65 retirees, the medical plan is the same as the active plan. There are two options offered: a traditional medical plan with a deductible and copay and a high deductible plan. For most of the post-65 retirees, the medical plan is a fully-insured Medicare Supplement plan. However, there are fourteen current retirees that have never participated in the Medicare program and consequently, they will continue on the active plan which will be the primary payer throughout their lifetime. The dental plan is also self-insured with two options available to retirees and active employees alike: Dental with and without Orthodontia. Retirees may remain in the dental plan regardless of age.

The vision plan is fully-insured while the dental plan is self-insured. The vision plan is 100% funded through retiree contributions. Since the retiree must pay the full premium and there is not a material implicit subsidy for these benefits, there is no liability for the City. Therefore, the vision plan was excluded from our valuation. The life insurance plan is a Supplemental Death Benefit Fund administered by TMRS. The benefit is one times the annual salary for active employees and \$7,500 for retirees. A separate GASB 75 valuation was provided by TMRS (performed by GRS Retirement Consulting) which includes the required disclosures related to the life benefit. Therefore, we have excluded it from our valuation as well.

Effective January 1, 2018, a revision was made to the plan. For current and future employees hired after January 1, 2016, Retirees are only eligible to remain in the plan until age 65. In addition, these retirees are required to pay 100% of the premium cost (equivalent to the COBRA premiums). Therefore, these members' costs were assumed to be zero once attaining age 65.

For current employees hired prior to January 1, 2016, Retirees are eligible to remain on the self-funded plan prior to age 65 and may enroll in the Medicare Supplement plan once attaining Medicare eligibility; however, the City's subsidization of the cost of coverage will be eliminated effective January 1, 2028 or age 65 (whichever comes first). Therefore, these members' costs were assumed to be zero once attaining age 65. In addition, these retirees will be required to pay the COBRA premiums in order to continue to receive pre-65 coverage after January 1, 2028.

In addition, retirees will receive 67% of their remaining sick leave balance in a Retirement Health Savings Program through ICMA-RC (RHS benefit) if they are under the age of 65 on the effective date of retirement.

For current retirees, their coverage has not changed since the prior valuation. Members eligible for the subsidy will continue paying the posted premium rates paid by eligible active employees for pre-65 coverage (and post-65 coverage assuming they are not eligible for Medicare), and once attaining Medicare eligibility, retirees may enroll in the Medicare Supplement plan until death at the posted premium rates less the City's subsidy which will not exceed \$412.50 per month.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	87
Active members	<u>239</u>
Total	<u>326</u>

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	September 30, 2020
Actuarial Cost Method	Individual Entry Age
Inflation Rate	3.00%
Salary Scale	3.00%
Demographic Assumptions	Based on the experience study covering the four year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	Mortality rates for active employees were based on the RPH-2014 Employee Mortality Table, Generational with Projection Scale MP-2020 for males or females, as appropriate. Mortality rates for retirees were based on on the RPH-2014 Health Annuitant Mortality Table, Generational with Projection Scale MP-2020 for males or females, as appropriate.
Health care cost trend rates	The medical (including stop loss) and dental claims costs as well as expenses are assumed to go from 6.00% in 2020 to 4.50% and 3.00% in medical and dental, respectively. Medical and dental retiree contributions are assumed to increase at the same rate as claim costs.
Participation rates	It was assumed that 95% of retirees who are eligible for the City subsidy and 5% of those who are not eligible for the City subsidy would choose to receive health care benefits through the City.
Discount rate	The discount rate used to measure the the Total OPEB liability was 7.0%. The projection of cash flows used to determine the discount assumed that Service contributions will be made that will cover all required annual benefit payments as they come due with the exception of HRA contributions the City makes to eligible employees' accounts upon retirement.

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

There is no separately issued audited benefit plan report available for the City's OPEB plan.

Discount Rate. The discount rate used to measure the Total OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that Service contributions will be made that will cover all required annual benefit payments as they become due with the exception of HRA contributions the City makes to eligible employees' accounts upon retirement. Those will be paid via PEB Trust. Based on these assumptions, the OPEB plan's Fiduciary Net Position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB liability.

Changes in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 9/30/2019	\$ 9,738,620	\$ 4,134,673	\$ 5,603,947
Changes for the year:			
Service cost	26,704	-	26,704
Interest	660,901	-	660,901
Difference between expected and actual experience	353,645	-	353,645
Changes in assumptions and other inputs	722,263	-	722,263
Contributions for benefits due	-	544,140	(544,140)
Net investment income	-	525,022	(525,022)
Benefit payments	(647,756)	(647,756)	-
Net changes	<u>1,115,757</u>	<u>421,406</u>	<u>694,351</u>
Balance at 9/30/2020	<u>\$ 10,854,377</u>	<u>\$ 4,556,079</u>	<u>\$ 6,298,298</u>

Changes in assumptions reflect updated assumptions related to claim costs, salary increases, mortality rates, and the percentage of retirees with children. These changes were based in part on the results of the experience study performed by TMRS and reflected in the December 31, 2019 actuarial valuation.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.00%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
City's net OPEB liability	\$ 7,359,031	\$ 6,298,298	\$ 5,390,985

Healthcare Cost Trend Rate Sensitivity Analysis. The following schedule shows the impact of the net OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the net OPEB liability.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
City's net OPEB liability	\$ 5,394,922	\$ 6,298,298	\$ 7,350,656

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2020, the City reported a liability of \$6,298,298 for its net OPEB Liability. The net OPEB Liability was determined by an actuarial valuation as of September 30, 2020. For the year ended September 30, 2020, the City recognized OPEB expense of \$93,484. There were no changes of benefit terms that affected measurement of the net OPEB liability during the measurement period.

At September 30, 2020, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 265,234	\$ 183,909
Changes in actuarial assumptions	541,697	371,443
Difference between projected and actual investment earnings	<u>70,247</u>	<u>232,118</u>
Total	<u>\$ 877,178</u>	<u>\$ 787,470</u>

There were no contributions subsequent to the measurement date as the City's measurement date and fiscal year is September 30. Other amounts of the reported deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended September 30,</u>	
2021	\$(327,366)
2022	227,987
2023	240,739
2024	(51,652)

Risk Management

Medical Insurance Fund

Claims incurred but not reported have been estimated based on information available from the fund administrator and recorded as an account payable of the fund.

The total amount for service charges (to other funds) is computed based on an actuarial method which is adjusted annually. A stop-loss insurance policy limits the City's liability on catastrophic claims. Effective January 1, 2015, the City's limit is increased from \$125,000 to \$150,000 per employee. There were no settlements in excess of the insurance coverage in any of the prior three fiscal years.

Changes in the balance of aggregate liabilities during the year are as follows:

	<u>2020</u>	<u>2019</u>
Aggregate liabilities October 1	\$ 217,742	\$ 265,812
Incurred liabilities	2,536,123	2,808,908
Paid liabilities	<u>(2,580,314)</u>	<u>(2,856,978)</u>
Aggregate liabilities September 30	\$ <u>173,551</u>	\$ <u>217,742</u>

Public Entity Risk Pool

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. In order to properly address this risk, the City is a member of the Texas Municipal League Intergovernmental Risk Pool (TML), a public entity risk pool. The City pays an annual premium to TML. The agreement with TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of established amounts. The City's liability for any covered claims is limited to its annual deductible.

Deferred Compensation Plan

The City offers employees a deferred compensation plan created in accordance with Internal Service Code Section 457. The plan, available to employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In accordance with federal legislation passed in August 1996, the City amended its deferred compensation agreement, so that effective November 1996, the assets of the plan are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries, and the assets will be used for no other purpose. In no event will be City's liability to pay benefits to a participant under the plan exceed the value of the amounts created to the participants' account.

The City in previous years has reported this fund in the Trust and Agency Funds. As a result of the November 1996 legislative changes, this fund has been excluded from the Financial Reports.

Commitments and Contingencies

1. Construction Commitments

The City has various construction projects as of September 30, 2020. The City's remaining commitment to contractors for all projects is at \$17,505,705 at year-end. Projects include water and wastewater line extensions, storm water drainage, street construction and renovation, and sidewalk construction.

2. Grants

Amounts received or receivable from grantor 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. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Tax Abatements

The City enters into economic development agreements designed to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. This program reduces the assessed property values and refunds sales tax as authorized under Chapter 380 of the Texas Local Government Code.

The City has entered into various agreements that reduce property and sales taxes. Agreements for a reduction of taxable property values on incremental values call for a reduction of 50% for 10 years. The agreements for sales tax provide rebates of 50% for 10 years. Each agreement requires a developer commitment of \$250 thousand to \$12 million in improvements and minimum employment requirements. For fiscal year 2020, the City rebated property taxes of \$161,161.

Closure and Postclosure Care Cost

The City closed its landfill during the year ended September 30, 1994, and began transferring its solid waste to a privately operated landfill. The City has met certain deadline dates of the Environmental Protection Agency's Subtitle D landfill closure requirements and, as such, the City is exempt from any postclosure care and/or monitoring. Therefore, the City has not recorded any liability for postclosure care or monitoring. All closure costs are expensed as incurred. There were no landfill related expenses during the year ended September 30, 2020.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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CITY OF HUNTSVILLE, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 5,182,700	\$ 5,182,700	\$ 5,256,322	\$ 73,622
Sales tax	8,802,500	8,802,500	9,655,816	853,316
Franchise taxes	2,047,000	2,047,000	2,038,405	(8,595)
Other taxes	114,000	114,000	98,552	(15,448)
Licenses and permits	607,100	607,100	855,484	248,384
Charges for sales and services	405,992	405,992	420,389	14,397
Fines, fees, and forfeitures	1,347,550	1,347,550	1,019,046	(328,504)
Donations, contributions, and grants	104,490	502,112	1,983,127	1,481,015
Investment income	170,000	170,000	357,240	187,240
Miscellaneous	95,000	349,037	117,481	(231,556)
Total revenue	<u>18,876,332</u>	<u>19,527,991</u>	<u>21,801,862</u>	<u>2,273,871</u>
EXPENDITURES				
Current:				
General government				
Charter offices				
City Council	132,465	319,640	318,996	644
City Manager	401,613	541,664	533,123	8,541
City Secretary	186,516	188,449	140,469	47,980
City Attorney	200,000	462,246	462,246	-
City Judge	66,145	68,386	67,343	1,043
Finance				
Finance and accounting	894,634	935,443	914,089	21,354
Office services	96,000	93,000	80,877	12,123
Municipal court	393,978	399,079	363,190	35,889
Purchasing	109,890	111,928	108,369	3,559
Warehouse	58,699	59,381	58,616	765
Human resources	522,654	528,973	495,396	33,577
Information technology	1,162,670	1,177,666	1,134,103	43,563
Community development	226,100	613,557	588,741	24,816
Non-departmental	1,743,628	1,137,870	1,518,788	(380,918)
Public safety				
Public safety administration	1,146,482	1,159,233	1,157,253	1,980
Police	6,244,941	6,035,909	5,905,807	130,102
Fire	2,255,405	3,025,281	2,206,266	819,015
Victim's services	87,320	88,214	74,552	13,662
Public works				
Public utilities administration	371,654	381,225	374,015	7,210
Streets	3,311,055	3,192,533	2,754,827	437,706
GIS	248,507	250,541	240,313	10,228
Customer service center	172,397	174,747	167,599	7,148
Planning	202,039	208,219	205,270	2,949
Engineering	841,593	918,918	889,069	29,849
Surveying	263,746	276,203	268,768	7,435
Central inspection	655,507	667,593	654,436	13,157
Health	143,336	144,974	211,832	(66,858)

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CITY OF HUNTSVILLE, TEXAS

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

GENERAL FUND
(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Community services				
Community services administration	\$ 250,850	\$ 223,841	\$ 192,004	\$ 31,837
Recreation	52,522	42,141	40,730	1,411
Parks maintenance	991,042	970,610	914,627	55,983
Aquatic center	257,830	275,880	181,533	94,347
Building services	507,913	556,027	482,029	73,998
Cemetery	98,121	117,371	99,784	17,587
Library services	637,120	643,510	452,310	191,200
Community service assist	39,800	39,800	19,698	20,102
Garage	539,286	545,998	511,901	34,097
Tourism and cultural services				
Main street	132,030	143,608	112,654	30,954
Gift shop	720	1,365	1,371	(6)
Total expenditures	<u>25,646,208</u>	<u>26,721,023</u>	<u>24,902,994</u>	<u>1,818,029</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,769,876)</u>	<u>(7,193,032)</u>	<u>(3,101,132)</u>	<u>4,091,900</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,966,353	6,966,353	6,966,352	(1)
Transfers out	(1,822,902)	(2,188,636)	(2,188,636)	-
Sale of capital assets	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total other financing sources (uses)	<u>5,144,451</u>	<u>4,778,717</u>	<u>4,777,716</u>	<u>(1,001)</u>
NET CHANGE IN FUND BALANCE	<u>(1,625,425)</u>	<u>(2,414,315)</u>	<u>1,676,584</u>	<u>4,090,899</u>
FUND BALANCE, BEGINNING	<u>14,590,447</u>	<u>14,590,447</u>	<u>14,590,447</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 12,965,022</u>	<u>\$ 12,176,132</u>	<u>\$ 16,267,031</u>	<u>\$ 4,090,899</u>

CITY OF HUNTSVILLE, TEXAS

SCHEDULE OF CHANGES IN TMRS NET PENSION LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Measurement Date December 31,	<u>2014</u>	<u>2015</u>
A. Total pension liability		
Service Cost	\$ 1,618,547	\$ 1,748,260
Interest (on the Total Pension Liability)	5,052,504	5,264,932
Difference between expected and actual experience	(379,732)	(99,924)
Changes of assumptions	-	1,388,066
Benefit payments, including refunds of employee contributions	<u>(3,168,397)</u>	<u>(3,474,572)</u>
Net change in total pension liability	3,122,922	4,826,762
Total pension liability - beginning	<u>72,953,549</u>	<u>76,076,471</u>
Total pension liability - ending (a)	<u>\$ 76,076,471</u>	<u>\$ 80,903,233</u>
B. Plan fiduciary net position		
Contributions - Employer	\$ 2,053,801	\$ 2,126,131
Contributions - Employee	846,679	862,278
Net Investment Income	3,289,610	89,250
Benefit payments, including refunds of employee contributions	(3,168,397)	(3,474,572)
Administrative Expenses	(34,349)	(54,371)
Other	<u>(2,824)</u>	<u>(2,686)</u>
Net change in plan fiduciary net position	2,984,520	(453,970)
Plan fiduciary net position - beginning	<u>57,510,341</u>	<u>60,494,861</u>
Plan fiduciary net position - ending (b)	<u>\$ 60,494,861</u>	<u>\$ 60,040,891</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 15,581,610</u>	<u>\$ 20,862,342</u>
D. Plan fiduciary net position as a percentage of total pension liability	79.52%	74.21%
E. Covered payroll	\$ 12,095,412	\$ 12,303,029
F. Net pension liability as a percentage of covered payroll	128.82%	169.57%

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 1,967,624	\$ 2,005,970	\$ 2,059,799
5,411,590	5,674,192	5,873,938
207,820	-	(137,630)
-	(635,663)	-
(3,430,679)	(4,000,952)	(4,223,462)
4,156,355	3,043,547	3,572,645
<u>80,903,233</u>	<u>85,059,588</u>	<u>88,103,135</u>
\$ <u>85,059,588</u>	\$ <u>88,103,135</u>	\$ <u>91,675,780</u>
\$ 2,233,194	\$ 2,481,100	\$ 2,530,335
915,782	935,151	949,216
4,055,924	8,834,783	(2,155,263)
(3,430,679)	(4,000,952)	(4,223,462)
(45,826)	(45,802)	(41,665)
(2,469)	(2,321)	(2,176)
3,725,926	8,201,959	(2,943,015)
<u>60,040,891</u>	<u>63,766,817</u>	<u>71,968,776</u>
\$ <u>63,766,817</u>	\$ <u>71,968,776</u>	\$ <u>69,025,761</u>
\$ <u>21,292,771</u>	\$ <u>16,134,359</u>	\$ <u>22,650,019</u>
74.97%	81.69%	75.29%
\$ 13,082,605	\$ 13,346,443	\$ 13,560,229
162.76%	120.89%	167.03%

CITY OF HUNTSVILLE, TEXAS

SCHEDULE OF PENSION CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Fiscal Year Ended September 30,	2014	2015	2016
Actuarial determined contribution	\$ 1,934,620	\$ 2,082,681	\$ 2,290,870
Contributions in relation to the actuarially determined contribution	<u>(1,934,620)</u>	<u>(2,082,681)</u>	<u>(2,290,870)</u>
Contribution deficiency (excess)	-	-	-
Covered payroll	11,764,506	12,095,412	13,889,084
Contributions as a percentage of covered payroll	16.44%	17.22%	16.49%

NOTES TO SCHEDULE OF CONTRIBUTIONS

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% 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 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information: There were no benefit changes during the year.

Note: These schedules are required to have 10 years of information, but the information prior to 2014 is not available.

<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 2,440,874	\$ 2,503,097	\$ 2,597,663
<u>(2,440,874)</u>	<u>(2,503,097)</u>	<u>(2,597,663)</u>
-	-	-
13,390,464	13,425,685	14,090,493
18.23%	18.64%	18.44%

CITY OF HUNTSVILLE, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Measurement Date December 31,	<u>2018</u>	<u>2019</u>	<u>2020</u>
A. Total OPEB liability			
Service Cost	\$ 28,028	\$ 32,545	\$ 31,373
Interest (on the Total OPEB Liability)	31,388	32,010	34,399
Difference between expected and actual experience	-	(26,825)	(26,839)
Changes of assumptions	80,403	(70,734)	186,742
Benefit payments, including refunds of employee	<u>(5,339)</u>	<u>(5,423)</u>	<u>(7,130)</u>
Net change in Total OPEB liability	134,480	(38,427)	218,545
Total OPEB liability - beginning	<u>819,033</u>	<u>953,513</u>	<u>915,086</u>
Total OPEB liability - ending	<u>953,513</u>	<u>915,086</u>	<u>1,133,631</u>
B. Covered-employee payroll	\$ 13,346,443	\$ 13,560,229	\$ 14,260,608
C. Total OPEB liability as a percentage of covered-employee payroll	7.14%	6.75%	7.95%

Notes to Schedule:

- No assets are accumulated in a trust for the SDB plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.
- This schedule is required to have 10 years of information, but the information prior to 2018 is not available.
- Changes in assumptions reflect changes in the discount rate.

CITY OF HUNTSVILLE, TEXAS

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS
RETIREE HEALTH CARE BENEFIT PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Measurement Date September 30,	<u>2018</u>	<u>2019</u>	<u>2020</u>
A. Total OPEB liability			
Service Cost	\$ 43,312	\$ 44,395	\$ 26,704
Interest (on the Total OPEB Liability)	731,662	742,356	660,901
Difference between expected and actual experience	(295,877)	(329,820)	353,645
Changes of assumptions	-	(1,114,330)	722,263
Benefit payments	<u>(325,462)</u>	<u>(329,347)</u>	<u>(647,756)</u>
Net change in total OPEB liability	153,635	(986,746)	1,115,757
Total OPEB liability - beginning	<u>10,571,731</u>	<u>10,725,366</u>	<u>9,738,620</u>
Total OPEB liability - ending (a)	<u>10,725,366</u>	<u>9,738,620</u>	<u>10,854,377</u>
B. Plan fiduciary net position			
Contributions for benefits due	283,929	329,347	544,140
Net Investment Income	312,323	150,300	525,022
Benefit payments	<u>(325,462)</u>	<u>(329,347)</u>	<u>(647,756)</u>
Net change in plan fiduciary net position	270,790	150,300	421,406
Plan fiduciary net position - beginning	<u>3,713,583</u>	<u>3,984,373</u>	<u>4,134,673</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,984,373</u>	<u>\$ 4,134,673</u>	<u>\$ 4,556,079</u>
C. Net OPEB liability - ending (a) - (b)	<u>\$ 6,740,993</u>	<u>\$ 5,603,947</u>	<u>\$ 6,298,298</u>
D. Plan fiduciary net position as a percentage of total OPEB liability			
	37.15%	42.46%	41.97%
E. Covered-employee payroll	\$ 12,248,001	\$ 12,554,201	\$ 12,743,295
F. Net OPEB liability as a percentage of covered-employee payroll	55.04%	44.64%	49.42%

Notes to Schedule:

- This schedule is required to have 10 years of information, but the information prior to 2018 is not available.

CITY OF HUNTSVILLE, TEXAS

NOTES TO BUDGETARY SCHEDULES

SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets

At least 30 days prior to the end of each fiscal year, the City Manager submits a proposed budget presenting a complete financial plan for the ensuing fiscal year to the City Council (the Council). Public hearings are conducted, at which time all interested persons' comments concerning the budget are heard. The budget must be legally adopted by the Council through passage of an ordinance no later than the 27th day of the last month of the fiscal year.

Formal budgetary integration is employed as a management control device during the year for all governmental and proprietary fund types. All budgets are adopted on basis consistent with generally accepted accounting principles. Formal budgets are not adopted for capital projects funds and the following special revenue funds: Tax Increment Reinvestment Zone #1, Federal Grants fund and Library Grants fund. Budgetary control is exercised at the function level.

Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of City Council. The City Manager is authorized to make budget transfers within any function. An amount is budgeted each year for contingencies which may arise, and the same budgetary controls apply to it also. In accordance with the legally adopted budget document and for state statute compliance purposes expenditures may not legally exceed budgeted appropriations at the function level. During the year, several supplementary appropriations were necessary.

The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures in the General Government function of the General Fund exceeded appropriations by \$147,064. This overage was funded with revenues greater than budgeted.

**COMBINING STATEMENTS
AND BUDGETARY COMPARISONS**

CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	Special Revenue	Capital Projects	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 2,106,930	\$ 764,605	\$ 502,851	\$ 3,374,386
Accounts receivable (net of allowance for uncollectibles):				
Accounts	49,471	-	-	49,471
Taxes	74,650	-	-	74,650
Intergovernmental	4,454	201,504	-	205,958
Interest	-	4,001	2,735	6,736
Property held for sale	<u>14,253</u>	<u>-</u>	<u>-</u>	<u>14,253</u>
 Total assets	 <u>2,249,758</u>	 <u>970,110</u>	 <u>505,586</u>	 <u>3,725,454</u>
LIABILITIES				
Accounts payable	60,455	32,279	-	92,734
Accrued liabilities	29,080	-	-	29,080
Due to other governments	74,479	-	-	74,479
Due to other funds	<u>-</u>	<u>78,055</u>	<u>-</u>	<u>78,055</u>
Total liabilities	<u>164,014</u>	<u>110,334</u>	<u>-</u>	<u>274,348</u>
FUND BALANCES				
Nonspendable - permanent endowments	-	-	461,787	461,787
Restricted for:				
Promotion of tourism	821,006	-	-	821,006
Court technology and security	176,648	-	-	176,648
Purpose of grantors, trustees and donors	649,649	-	43,799	693,448
Law enforcement	438,441	-	-	438,441
Assigned to:				
Construction of capital assets	<u>-</u>	<u>859,776</u>	<u>-</u>	<u>859,776</u>
Total fund balances	<u>2,085,744</u>	<u>859,776</u>	<u>505,586</u>	<u>3,451,106</u>
 Total liabilities and fund balances	 <u>\$ 2,249,758</u>	 <u>\$ 970,110</u>	 <u>\$ 505,586</u>	 <u>\$ 3,725,454</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue	Capital Projects	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	\$ 282,103	\$ -	\$ -	\$ 282,103
Other taxes	760,687	-	-	760,687
Charges for sales and services	653,916	-	-	653,916
Fines, fees, and forfeitures	122,852	-	-	122,852
Donations, contributions, and grants	142,132	201,504	-	343,636
Investment income	17,389	38,924	8,693	65,006
Miscellaneous	3,128	-	-	3,128
Total revenues	<u>1,982,207</u>	<u>240,428</u>	<u>8,693</u>	<u>2,231,328</u>
EXPENDITURES				
General government	90,501	-	-	90,501
Public works	213,495	310,621	-	524,116
Community services	790,256	-	-	790,256
Public safety	783,877	-	-	783,877
Total expenditures	<u>1,878,129</u>	<u>310,621</u>	<u>-</u>	<u>2,188,750</u>
EXCESS (DEFICIENCY) OF REVENUES (OVER) UNDER EXPENDITURES	<u>104,078</u>	<u>(70,193)</u>	<u>8,693</u>	<u>42,578</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	306,627	50,000	-	356,627
Transfers out	<u>(90,624)</u>	<u>-</u>	<u>(3,000)</u>	<u>(93,624)</u>
Total other financing sources (uses)	<u>216,003</u>	<u>50,000</u>	<u>(3,000)</u>	<u>263,003</u>
NET CHANGE IN FUND BALANCES	320,081	(20,193)	5,693	305,581
FUND BALANCES, BEGINNING	<u>1,765,663</u>	<u>879,969</u>	<u>499,893</u>	<u>3,145,525</u>
FUND BALANCES, ENDING	\$ <u>2,085,744</u>	\$ <u>859,776</u>	\$ <u>505,586</u>	\$ <u>3,451,106</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2020

	Municipal Court Security and Technology	Police Forfeiture	Airport	Library Special Donations
ASSETS				
Cash and investments	\$ 179,746	\$ 346,884	\$ 60,436	\$ 176,653
Accounts receivable (net of allowance for uncollectibles):				
Accounts	-	-	-	-
Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Property held for sale	-	-	-	-
	<u>179,746</u>	<u>346,884</u>	<u>60,436</u>	<u>176,653</u>
Total assets				
	<u>179,746</u>	<u>346,884</u>	<u>60,436</u>	<u>176,653</u>
LIABILITIES				
Accounts payable	-	31,041	957	138
Accrued liabilities	3,098	-	-	-
Due to other governments	-	73,874	-	-
	<u>3,098</u>	<u>104,915</u>	<u>957</u>	<u>138</u>
Total liabilities				
	<u>3,098</u>	<u>104,915</u>	<u>957</u>	<u>138</u>
FUND BALANCES				
Restricted for:				
Promotion of tourism	-	-	-	-
Court security and technology	176,648	-	-	-
Purpose of grantors, trustees and donors	-	-	59,479	176,515
Law enforcement	-	241,969	-	-
	<u>176,648</u>	<u>241,969</u>	<u>59,479</u>	<u>176,515</u>
Total fund balances				
	<u>176,648</u>	<u>241,969</u>	<u>59,479</u>	<u>176,515</u>
Total liabilities, deferred inflows of resources and fund balance	\$ <u>179,746</u>	\$ <u>346,884</u>	\$ <u>60,436</u>	\$ <u>176,653</u>

<u>Library Grants</u>	<u>School Resource Officer</u>	<u>Police Grants</u>	<u>Arts Center</u>	<u>Federal Grants</u>	<u>Area Revitalization</u>
\$ 5,353	\$ 170,694	\$ 134,071	\$ 132,503	\$ 62,088	\$ 18,990
-	49,471	-	-	-	-
-	-	-	10,684	-	-
-	-	-	-	4,454	-
-	-	-	-	14,253	-
<u>5,353</u>	<u>220,165</u>	<u>134,071</u>	<u>143,187</u>	<u>80,795</u>	<u>18,990</u>
-	6,732	-	7,707	-	-
-	16,961	-	2,058	-	-
-	-	-	-	-	-
-	<u>23,693</u>	-	<u>9,765</u>	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,353	-	134,071	133,422	80,795	18,990
-	<u>196,472</u>	-	-	-	-
<u>5,353</u>	<u>196,472</u>	<u>134,071</u>	<u>133,422</u>	<u>80,795</u>	<u>18,990</u>
\$ <u>5,353</u>	\$ <u>220,165</u>	\$ <u>134,071</u>	\$ <u>143,187</u>	\$ <u>80,795</u>	\$ <u>18,990</u>

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CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2020

	Tax Increment Reinvestment Zone #1	Hotel/ Motel Tourism	Total Nonmajor Special Revenue Funds
ASSETS			
Cash and investments	\$ 41,024	\$ 778,488	\$ 2,106,930
Accounts receivable (net of allowance for uncollectibles):			
Accounts	-	-	49,471
Taxes	-	63,966	74,650
Intergovernmental	-	-	4,454
Property held for sale	-	-	14,253
	<u>41,024</u>	<u>842,454</u>	<u>2,249,758</u>
Total assets			
	<u>41,024</u>	<u>842,454</u>	<u>2,249,758</u>
LIABILITIES			
Accounts payable	-	13,880	60,455
Accrued liabilities	-	6,963	29,080
Due to other governments	-	605	74,479
Total liabilities	<u>-</u>	<u>21,448</u>	<u>164,014</u>
FUND BALANCES			
Restricted for:			
Promotion of tourism	-	821,006	821,006
Court security and technology	-	-	176,648
Purpose of grantors, trustees and donors	41,024	-	649,649
Law enforcement	-	-	438,441
Total fund balances	<u>41,024</u>	<u>821,006</u>	<u>2,085,744</u>
Total liabilities and fund balances	\$ <u>41,024</u>	\$ <u>842,454</u>	\$ <u>2,249,758</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Municipal Court Security and Technology	Police Forfeiture	Airport	Library Special Donations
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Charges for sales and services	-	-	18,150	-
Fines, fees, and forfeitures	45,457	76,523	-	-
Donations, contributions, and grants	-	-	-	76,640
Investment earnings	2,304	2,375	153	925
Miscellaneous	-	-	-	1,676
Total revenues	<u>47,761</u>	<u>78,898</u>	<u>18,303</u>	<u>79,241</u>
EXPENDITURES				
General government	90,409	-	-	92
Public works	-	-	28,879	-
Community services	-	-	-	2,335
Public safety	-	4,320	-	-
Total expenditures	<u>90,409</u>	<u>4,320</u>	<u>28,879</u>	<u>2,427</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(42,648)</u>	<u>74,578</u>	<u>(10,576)</u>	<u>76,814</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	39,050	-
Transfers out	<u>(17,249)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(17,249)</u>	<u>-</u>	<u>39,050</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(59,897)</u>	<u>74,578</u>	<u>28,474</u>	<u>76,814</u>
FUND BALANCES, BEGINNING	<u>236,545</u>	<u>167,391</u>	<u>31,005</u>	<u>99,701</u>
FUND BALANCES, ENDING	<u>\$ 176,648</u>	<u>\$ 241,969</u>	<u>\$ 59,479</u>	<u>\$ 176,515</u>

<u>Library Grants</u>	<u>School Resource Officer</u>	<u>Police Grants</u>	<u>Arts Center</u>	<u>Federal Grants</u>	<u>Area Revitalization</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	108,670	-	-
-	591,859	-	-	-	-
-	-	-	532	-	-
-	-	63,153	811	-	-
-	1,568	534	1,216	707	236
-	<u>1,452</u>	-	-	-	-
-	<u>594,879</u>	<u>63,687</u>	<u>111,229</u>	<u>707</u>	<u>236</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	170,321	-	2,195
-	<u>710,178</u>	<u>69,379</u>	-	-	-
-	<u>710,178</u>	<u>69,379</u>	<u>170,321</u>	-	<u>2,195</u>
-	(115,299)	(5,692)	(59,092)	707	(1,959)
-	128,338	46,975	92,264	-	-
-	-	-	-	-	-
-	<u>128,338</u>	<u>46,975</u>	<u>92,264</u>	-	-
-	13,039	41,283	33,172	707	(1,959)
<u>5,353</u>	<u>183,433</u>	<u>92,788</u>	<u>100,250</u>	<u>80,088</u>	<u>20,949</u>
<u>\$ 5,353</u>	<u>\$ 196,472</u>	<u>\$ 134,071</u>	<u>\$ 133,422</u>	<u>\$ 80,795</u>	<u>\$ 18,990</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Tax Increment Reinvestment Zone #1	Hotel/ Motel Tourism	Total Nonmajor Special Revenue Funds
REVENUES			
Property taxes	\$ 282,103	\$ -	\$ 282,103
Other taxes	-	652,017	760,687
Charges for sales and services	-	43,907	653,916
Fines, fees, and forfeitures	-	340	122,852
Donations, contributions, and grants	-	1,528	142,132
Investment income	461	6,910	17,389
Miscellaneous	-	-	3,128
Total revenues	<u>282,564</u>	<u>704,702</u>	<u>1,982,207</u>
EXPENDITURES			
General government	-	-	90,501
Public works	-	184,616	213,495
Community services	282,113	333,292	790,256
Public safety	-	-	783,877
Total expenditures	<u>282,113</u>	<u>517,908</u>	<u>1,878,129</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>451</u>	<u>186,794</u>	<u>104,078</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	306,627
Transfers out	-	(73,375)	(90,624)
Total other financing sources (uses)	<u>-</u>	<u>(73,375)</u>	<u>216,003</u>
NET CHANGE IN FUND BALANCES	451	113,419	320,081
FUND BALANCES, BEGINNING	<u>40,573</u>	<u>707,587</u>	<u>1,765,663</u>
FUND BALANCES, ENDING	<u>\$ 41,024</u>	<u>\$ 821,006</u>	<u>\$ 2,085,744</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
MUNICIPAL COURT SECURITY AND TECHNOLOGY FUND
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines, fees, and forfeiture	\$ 70,000	\$ 70,000	\$ 45,457	\$(24,543)
Investment income	-	-	2,304	2,304
Total revenue	<u>70,000</u>	<u>70,000</u>	<u>47,761</u>	<u>(22,239)</u>
EXPENDITURES				
General government	98,049	98,049	90,409	7,640
Total expenditures	<u>98,049</u>	<u>98,049</u>	<u>90,409</u>	<u>7,640</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(28,049)</u>	<u>(28,049)</u>	<u>(42,648)</u>	<u>(14,599)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(17,249)</u>	<u>(17,249)</u>	<u>(17,249)</u>	<u>-</u>
Total other financing sources (uses)	<u>(17,249)</u>	<u>(17,249)</u>	<u>(17,249)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(45,298)</u>	<u>(45,298)</u>	<u>(59,897)</u>	<u>(14,599)</u>
FUND BALANCE, BEGINNING	<u>236,545</u>	<u>236,545</u>	<u>236,545</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 191,247</u>	<u>\$ 191,247</u>	<u>\$ 176,648</u>	<u>\$(14,599)</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
POLICE FORFEITURE FUND
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines, fees, and forfeitures	\$ -	\$ -	\$ 76,523	\$ 76,523
Investment income	-	-	2,375	2,375
Total revenues	<u>-</u>	<u>-</u>	<u>78,898</u>	<u>78,898</u>
EXPENDITURES				
Public safety	101,836	101,836	4,320	97,516
Total expenditures	<u>101,836</u>	<u>101,836</u>	<u>4,320</u>	<u>97,516</u>
NET CHANGE IN FUND BALANCE	(101,836)	(101,836)	74,578	176,414
FUND BALANCE, BEGINNING	<u>167,391</u>	<u>167,391</u>	<u>167,391</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 65,555</u>	<u>\$ 65,555</u>	<u>\$ 241,969</u>	<u>\$ 176,414</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
AIRPORT FUND
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for sales and services	\$ 18,150	\$ 18,150	\$ 18,150	\$ -
Donations, contributions, and grants	25,000	25,000	-	(25,000)
Investment income	-	-	153	153
Total revenues	<u>43,150</u>	<u>43,150</u>	<u>18,303</u>	<u>(24,847)</u>
EXPENDITURES				
Public works	<u>82,200</u>	<u>82,200</u>	<u>28,879</u>	<u>53,321</u>
Total expenditures	<u>82,200</u>	<u>82,200</u>	<u>28,879</u>	<u>53,321</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(39,050)</u>	<u>(39,050)</u>	<u>(10,576)</u>	<u>28,474</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>39,050</u>	<u>39,050</u>	<u>39,050</u>	<u>-</u>
Total other financing sources (uses)	<u>39,050</u>	<u>39,050</u>	<u>39,050</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	28,474	28,474
FUND BALANCE, BEGINNING	<u>31,005</u>	<u>31,005</u>	<u>31,005</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 31,005</u>	<u>\$ 31,005</u>	<u>\$ 59,479</u>	<u>\$ 28,474</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
LIBRARY SPECIAL DONATIONS FUND
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Donations, contributions, and grants	\$ 35,900	\$ 35,900	\$ 76,640	\$ 40,740
Investment income	100	100	925	825
Miscellaneous	-	-	1,676	1,676
Total revenues	<u>36,000</u>	<u>36,000</u>	<u>79,241</u>	<u>43,241</u>
EXPENDITURES				
General government	5,500	5,500	92	5,408
Community services	<u>32,500</u>	<u>32,500</u>	<u>2,335</u>	<u>30,165</u>
Total expenditures	<u>38,000</u>	<u>38,000</u>	<u>2,427</u>	<u>35,573</u>
NET CHANGE IN FUND BALANCE	(2,000)	(2,000)	76,814	78,814
FUND BALANCE, BEGINNING	<u>99,701</u>	<u>99,701</u>	<u>99,701</u>	<u>-</u>
FUND BALANCE, ENDING	\$ <u>97,701</u>	\$ <u>97,701</u>	\$ <u>176,515</u>	\$ <u>78,814</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
SCHOOL RESOURCE OFFICER FUND
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for sales and services	\$ 591,859	\$ 591,859	\$ 591,859	\$ -
Investment income	100	100	1,568	1,468
Total revenues	<u>591,959</u>	<u>591,959</u>	<u>594,879</u>	<u>2,920</u>
EXPENDITURES				
Public safety	<u>702,121</u>	<u>729,254</u>	<u>710,178</u>	<u>19,076</u>
Total expenditures	<u>702,121</u>	<u>729,254</u>	<u>710,178</u>	<u>19,076</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(110,162)</u>	<u>(137,295)</u>	<u>(115,299)</u>	<u>21,996</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>128,338</u>	<u>128,338</u>	<u>128,338</u>	<u>-</u>
Total other financing sources (uses)	<u>128,338</u>	<u>128,338</u>	<u>128,338</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	18,176	(8,957)	13,039	21,996
FUND BALANCE, BEGINNING	<u>183,433</u>	<u>183,433</u>	<u>183,433</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 201,609</u>	<u>\$ 174,476</u>	<u>\$ 196,472</u>	<u>\$ 21,996</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
POLICE GRANTS
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Donations, contributions, and grants	\$ -	\$ 69,836	\$ 63,153	\$(6,683)
Investment income	-	-	534	534
Total revenues	<u>-</u>	<u>69,836</u>	<u>63,687</u>	<u>(6,149)</u>
EXPENDITURES				
Public safety	<u>60,035</u>	<u>129,871</u>	<u>69,379</u>	<u>60,492</u>
Total expenditures	<u>60,035</u>	<u>129,871</u>	<u>69,379</u>	<u>60,492</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(60,035)</u>	<u>(60,035)</u>	<u>(5,692)</u>	<u>54,343</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>46,975</u>	<u>46,975</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>46,975</u>	<u>46,975</u>
NET CHANGE IN FUND BALANCE	<u>(60,035)</u>	<u>(60,035)</u>	<u>41,283</u>	<u>101,318</u>
FUND BALANCE, BEGINNING	<u>92,788</u>	<u>92,788</u>	<u>92,788</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 32,753</u>	<u>\$ 32,753</u>	<u>\$ 134,071</u>	<u>\$ 101,318</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
ARTS CENTER FUND
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		(Negative)
REVENUES				
Other taxes	\$ 116,000	\$ 116,000	\$ 108,670	\$(7,330)
Fines, fees, and forfeitures	1,000	1,000	532	(468)
Donations, contributions, and grants	2,648	2,648	811	(1,837)
Investment income	-	-	1,216	1,216
Total revenues	119,648	119,648	111,229	(8,419)
EXPENDITURES				
Community services	204,339	213,451	170,321	43,130
Total expenditures	204,339	213,451	170,321	43,130
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(84,691)	(93,803)	(59,092)	34,711
OTHER FINANCING SOURCES (USES)				
Transfers in	92,264	92,264	92,264	-
Total other financing sources (uses)	92,264	92,264	92,264	-
NET CHANGE IN FUND BALANCE	7,573	(1,539)	33,172	34,711
FUND BALANCE, BEGINNING	100,250	100,250	100,250	-
FUND BALANCE, ENDING	\$ 107,823	\$ 98,711	\$ 133,422	\$ 34,711

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
 AREA REVITALIZATION
 SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Donations, contributions, and grants	\$ -	\$ -	\$ -	\$ -
Investment income	<u>400</u>	<u>400</u>	<u>236</u>	<u>(164)</u>
Total revenues	<u>400</u>	<u>400</u>	<u>236</u>	<u>(164)</u>
EXPENDITURES				
Community services	<u>3,000</u>	<u>3,000</u>	<u>2,195</u>	<u>805</u>
Total expenditures	<u>3,000</u>	<u>3,000</u>	<u>2,195</u>	<u>805</u>
NET CHANGE IN FUND BALANCE	(2,600)	(2,600)	(1,959)	641
FUND BALANCE, BEGINNING	<u>20,949</u>	<u>20,949</u>	<u>20,949</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 18,349</u>	<u>\$ 18,349</u>	<u>\$ 18,990</u>	<u>\$ 641</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
 TAX INCREMENT REINVESTMENT ZONE #1
 SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 265,100	\$ 265,100	\$ 282,103	\$ 17,003
Investment income	-	-	461	461
Total revenues	<u>265,100</u>	<u>265,100</u>	<u>282,564</u>	<u>17,464</u>
EXPENDITURES				
Community services	<u>265,100</u>	<u>265,100</u>	<u>282,113</u>	(17,013)
Total expenditures	<u>265,100</u>	<u>265,100</u>	<u>282,113</u>	(17,013)
NET CHANGE IN FUND BALANCE	-	-	451	451
FUND BALANCE, BEGINNING	<u>40,573</u>	<u>40,573</u>	<u>40,573</u>	-
FUND BALANCE, ENDING	<u>\$ 40,573</u>	<u>\$ 40,573</u>	<u>\$ 41,024</u>	<u>\$ 451</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
HOTEL MOTEL - TOURISM
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Hotel/Motel taxes	\$ 700,000	\$ 700,000	\$ 652,017	\$(47,983)
Charges for sales and services	40,000	40,000	43,907	3,907
Fines, fees, and forfeitures	-	-	340	340
Donations, contributions, and grants	2,000	2,000	1,528	(472)
Investment income	-	-	6,910	6,910
Total revenues	<u>742,000</u>	<u>742,000</u>	<u>704,702</u>	<u>(37,298)</u>
EXPENDITURES				
Public works	162,718	189,672	184,616	5,056
Community services	<u>343,522</u>	<u>377,922</u>	<u>333,292</u>	<u>44,630</u>
Total expenditures	<u>506,240</u>	<u>567,594</u>	<u>517,908</u>	<u>49,686</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>235,760</u>	<u>174,406</u>	<u>186,794</u>	<u>12,388</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(73,375)	(73,375)	(73,375)	-
Total other financing sources (uses)	<u>(73,375)</u>	<u>(73,375)</u>	<u>(73,375)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	162,385	101,031	113,419	12,388
FUND BALANCE, BEGINNING	<u>707,587</u>	<u>707,587</u>	<u>707,587</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 869,972</u>	<u>\$ 808,618</u>	<u>\$ 821,006</u>	<u>\$ 12,388</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,323,000	\$ 1,323,000	\$ 1,359,556	\$ 36,556
Charges for services	333,600	333,600	330,502	(3,098)
Donations, contributions, and grants	-	2,705,000	2,705,000	-
Investment income	4,000	4,000	8,602	4,602
Total revenues	<u>1,660,600</u>	<u>4,365,600</u>	<u>4,403,660</u>	<u>38,060</u>
EXPENDITURES				
Debt service:				
Principal retirement	1,248,350	4,308,351	4,308,351	-
Interest and fiscal charges	877,810	841,568	805,926	35,642
Total expenditures	<u>2,126,160</u>	<u>5,149,919</u>	<u>5,114,277</u>	<u>35,642</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(465,560)</u>	<u>(784,319)</u>	<u>(710,617)</u>	<u>73,702</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	288,250	607,009	607,009	-
Total other financing sources (uses)	<u>288,250</u>	<u>607,009</u>	<u>607,009</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(177,310)</u>	<u>(177,310)</u>	<u>(103,608)</u>	<u>73,702</u>
FUND BALANCE, BEGINNING	<u>398,030</u>	<u>398,030</u>	<u>398,030</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 220,720</u>	<u>\$ 220,720</u>	<u>\$ 294,422</u>	<u>\$ 73,702</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

SEPTEMBER 30, 2020

	<u>Street Capital Projects</u>	<u>Sidewalks</u>	<u>IS Computer CIP</u>
ASSETS			
Cash and investments	\$ 655,176	\$ -	\$ 58,368
Interest receivable	<u>1,957</u>	<u>-</u>	<u>2,044</u>
 Total assets	 <u>657,133</u>	 <u>201,504</u>	 <u>60,412</u>
 LIABILITIES			
Accounts Payable	-	32,279	-
Due to other funds	<u>-</u>	<u>78,055</u>	<u>-</u>
 Total assets	 <u>-</u>	 <u>110,334</u>	 <u>-</u>
 FUND BALANCES			
Assigned for:			
Construction of capital assets	<u>657,133</u>	<u>91,170</u>	<u>60,412</u>
Total fund balances	<u>657,133</u>	<u>91,170</u>	<u>60,412</u>
 Total liabilities and fund balances	 <u>\$ 657,133</u>	 <u>\$ 91,170</u>	 <u>\$ 60,412</u>

<u>Cemetery Projects</u>	<u>Land Acquisition</u>	<u>Total Nonmajor Capital Projects</u>
\$ 11,268	\$ 39,793	\$ 764,605
<u>-</u>	<u>-</u>	<u>4,001</u>
<u>11,268</u>	<u>39,793</u>	<u>970,110</u>
-	-	32,279
<u>-</u>	<u>-</u>	<u>78,055</u>
<u>-</u>	<u>-</u>	<u>110,334</u>
<u>11,268</u>	<u>39,793</u>	<u>859,776</u>
<u>11,268</u>	<u>39,793</u>	<u>859,776</u>
\$ <u>11,268</u>	\$ <u>39,793</u>	\$ <u>859,776</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Street Capital Projects	Sidewalks	IS Computer CIP
REVENUES			
Donations, contributions, and grants	\$ -	\$ 201,504	\$ -
Investment earnings	<u>24,967</u>	<u>1,160</u>	<u>12,217</u>
Total revenues	<u>24,967</u>	<u>202,664</u>	<u>12,217</u>
EXPENDITURES			
Public works	<u>-</u>	<u>310,621</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>310,621</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>24,967</u>	<u>(107,957)</u>	<u>12,217</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>-</u>	<u>50,000</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>50,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>24,967</u>	<u>(57,957)</u>	<u>12,217</u>
FUND BALANCES, BEGINNING	<u>632,166</u>	<u>149,127</u>	<u>48,195</u>
FUND BALANCES, ENDING	<u>\$ 657,133</u>	<u>\$ 91,170</u>	<u>\$ 60,412</u>

<u>Cemetery Projects</u>	<u>Land Acquisition</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 201,504
<u>115</u>	<u>465</u>	<u>38,924</u>
<u>115</u>	<u>465</u>	<u>240,428</u>
<u>-</u>	<u>-</u>	<u>310,621</u>
<u>-</u>	<u>-</u>	<u>310,621</u>
<u>115</u>	<u>465</u>	<u>(70,193)</u>
<u>-</u>	<u>-</u>	<u>50,000</u>
<u>-</u>	<u>-</u>	<u>50,000</u>
<u>115</u>	<u>465</u>	<u>(20,193)</u>
<u>11,153</u>	<u>39,328</u>	<u>879,969</u>
\$ <u>11,268</u>	\$ <u>39,793</u>	\$ <u>859,776</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS

SEPTEMBER 30, 2020

	Library Endowment Nonexpendable Trust	Oakwood Cemetery Endowment	Total Nonmajor Permanent Funds
ASSETS			
Cash and investments	\$ 118,859	\$ 383,992	\$ 502,851
Interest receivable	<u>-</u>	<u>2,735</u>	<u>2,735</u>
Total assets	<u>118,859</u>	<u>386,727</u>	<u>505,586</u>
LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Permanent funds	106,914	354,873	461,787
Restricted for:			
Purpose of grantors, trustees and donors	<u>11,945</u>	<u>31,854</u>	<u>43,799</u>
Total fund balances	<u>118,859</u>	<u>386,727</u>	<u>505,586</u>
Total liabilities and fund balances	<u>\$ 118,859</u>	<u>\$ 386,727</u>	<u>\$ 505,586</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Library Endowment Nonexpendable Trust	Oakwood Cemetery Endowment	Total Nonmajor Permanent Funds
REVENUES			
Investment income	\$ 1,369	\$ 7,324	\$ 8,693
Total revenues	<u>1,369</u>	<u>7,324</u>	<u>8,693</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,369</u>	<u>7,324</u>	<u>8,693</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>(3,000)</u>	<u>(3,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>(3,000)</u>	<u>(3,000)</u>
NET CHANGE IN FUND BALANCES	1,369	4,324	5,693
FUND BALANCES, BEGINNING	<u>117,490</u>	<u>382,403</u>	<u>499,893</u>
FUND BALANCES, ENDING	\$ <u>118,859</u>	\$ <u>386,727</u>	\$ <u>505,586</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
LIBRARY ENDOWMENT
PERMANENT FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ <u>750</u>	\$ <u>750</u>	\$ <u>1,369</u>	\$ <u>619</u>
Total revenues	<u>750</u>	<u>750</u>	<u>1,369</u>	<u>619</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	750	750	1,369	619
FUND BALANCE, BEGINNING	<u>117,490</u>	<u>117,490</u>	<u>117,490</u>	<u>-</u>
FUND BALANCE, ENDING	\$ <u>118,240</u>	\$ <u>118,240</u>	\$ <u>118,859</u>	\$ <u>619</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
OAKWOOD CEMETERY ENDOWMENT
PERMANENT FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 3,000	\$ 3,000	\$ 7,324	\$ 4,324
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>7,324</u>	<u>4,324</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,000</u>	<u>3,000</u>	<u>7,324</u>	<u>4,324</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,000)	(3,000)	(3,000)	<u>-</u>
Total other financing sources (uses)	<u>(3,000)</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	4,324	4,324
FUND BALANCE, BEGINNING	<u>382,403</u>	<u>382,403</u>	<u>382,403</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 382,403</u>	<u>\$ 382,403</u>	<u>\$ 386,727</u>	<u>\$ 4,324</u>

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2020

	<u>Medical Insurance</u>	<u>Equipment Replacement</u>	<u>Computer Replacement</u>	<u>Total Internal Service</u>
ASSETS				
Current assets:				
Cash and investments	\$ 2,892,700	\$ 4,920,423	\$ 636,128	\$ 8,449,251
Interest	<u>6,911</u>	<u>27,313</u>	<u>-</u>	<u>34,224</u>
Total current assets	<u>2,899,611</u>	<u>4,947,736</u>	<u>636,128</u>	<u>8,483,475</u>
Noncurrent assets:				
Capital assets				
(net of accumulated depreciation)	<u>-</u>	<u>3,934,870</u>	<u>241,538</u>	<u>4,176,408</u>
Total noncurrent assets	<u>-</u>	<u>3,934,870</u>	<u>241,538</u>	<u>4,176,408</u>
Total assets	<u>\$ 2,899,611</u>	<u>\$ 8,882,606</u>	<u>\$ 877,666</u>	<u>\$ 12,659,883</u>
LIABILITIES				
Current assets:				
Accounts payable	<u>\$ 180,179</u>	<u>\$ -</u>	<u>\$ 9,040</u>	<u>\$ 189,219</u>
Total current liabilities	<u>180,179</u>	<u>-</u>	<u>9,040</u>	<u>189,219</u>
Total liabilities	<u>180,179</u>	<u>-</u>	<u>9,040</u>	<u>189,219</u>
NET POSITION				
Net investment in capital assets	<u>-</u>	<u>3,934,870</u>	<u>241,538</u>	<u>4,176,408</u>
Unrestricted	<u>2,719,432</u>	<u>4,947,736</u>	<u>627,088</u>	<u>8,294,256</u>
Total net position	<u>\$ 2,719,432</u>	<u>\$ 8,882,606</u>	<u>\$ 868,626</u>	<u>\$ 12,470,664</u>

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>Medical Insurance</u>	<u>Equipment Replacement</u>	<u>Computer Replacement</u>	<u>Total Internal Service</u>
OPERATING REVENUES				
Charges for services:				
Inter-department services	\$ 3,820,357	\$ 1,837,210	\$ 243,390	\$ 5,900,957
Total service charges	<u>3,820,357</u>	<u>1,837,210</u>	<u>243,390</u>	<u>5,900,957</u>
Service fees and miscellaneous:				
Customer penalties and miscellaneous	1,473	334	-	1,807
Total service fees and miscellaneous	<u>1,473</u>	<u>334</u>	<u>-</u>	<u>1,807</u>
Total operating revenues	<u>3,821,830</u>	<u>1,837,544</u>	<u>243,390</u>	<u>5,902,764</u>
OPERATING EXPENSES				
Administration	3,599,096	-	32,141	3,631,237
Equipment replacement	-	1,620	32,015	33,635
Depreciation	-	1,194,308	82,720	1,277,028
Total operating expenses	<u>3,599,096</u>	<u>1,195,928</u>	<u>146,876</u>	<u>4,941,900</u>
OPERATING INCOME (LOSS)	<u>222,734</u>	<u>641,616</u>	<u>96,514</u>	<u>960,864</u>
NONOPERATING REVENUES (EXPENSES)				
Gain on disposal of capital assets	-	132,873	-	132,873
Interest income	46,307	88,314	4,100	138,721
Total nonoperating revenues (expenses)	<u>46,307</u>	<u>221,187</u>	<u>4,100</u>	<u>271,594</u>
CHANGE IN NET POSITION	269,041	862,803	100,614	1,232,458
NET POSITION, BEGINNING	<u>2,450,391</u>	<u>8,019,803</u>	<u>768,012</u>	<u>11,238,206</u>
NET POSITION, ENDING	\$ <u>2,719,432</u>	\$ <u>8,882,606</u>	\$ <u>868,626</u>	\$ <u>12,470,664</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>Medical Insurance</u>	<u>Equipment Replacement</u>	<u>Computer Replacement</u>	<u>Total Internal Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Interfund services provided and used	\$ 3,930,322	\$ 1,837,544	\$ 243,390	\$ 6,011,256
Cash payments to employees for services	-	-	(32,141)	(32,141)
for goods and services	<u>(3,676,675)</u>	<u>(1,620)</u>	<u>(25,587)</u>	<u>(3,703,882)</u>
Net cash provided by operating activities	<u>253,647</u>	<u>1,835,924</u>	<u>185,662</u>	<u>2,275,233</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition or construction of capital assets	-	(1,800,933)	(106,315)	(1,907,248)
Proceeds from the sale of capital assets	<u>-</u>	<u>132,873</u>	<u>-</u>	<u>132,873</u>
Net used for capital and related financing activities	<u>-</u>	<u>(1,668,060)</u>	<u>(106,315)</u>	<u>(1,774,375)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	<u>46,842</u>	<u>61,718</u>	<u>4,100</u>	<u>112,660</u>
Net cash provided by investing activities	<u>46,842</u>	<u>61,718</u>	<u>4,100</u>	<u>112,660</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	300,489	229,582	83,447	613,518
CASH AND CASH EQUIVALENTS, BEGINNING	<u>2,592,211</u>	<u>4,690,841</u>	<u>552,681</u>	<u>7,835,733</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 2,892,700</u>	<u>\$ 4,920,423</u>	<u>\$ 636,128</u>	<u>\$ 8,449,251</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 222,734	\$ 641,616	\$ 96,514	\$ 960,864
Adjustments to reconcile operating income to net cash used by operating activities:				
Depreciation	-	1,194,308	82,720	1,277,028
Change in assets and liabilities:				
Decrease (increase) in receivables	108,492	-	-	108,492
Increase (decrease) in accounts payable	<u>(77,579)</u>	<u>-</u>	<u>6,428</u>	<u>(71,151)</u>
Total adjustments	<u>30,913</u>	<u>1,194,308</u>	<u>89,148</u>	<u>1,314,369</u>
Net cash provided by operating activities	<u>\$ 253,647</u>	<u>\$ 1,835,924</u>	<u>\$ 185,662</u>	<u>\$ 2,275,233</u>

CITY OF HUNTSVILLE, TEXAS

**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS**

SEPTEMBER 30, 2020

	<u>Employee Assistance Trust</u>	<u>Scholarship Trust</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ <u>27,737</u>	\$ <u>20,386</u>	\$ <u>48,123</u>
Total assets	\$ <u>27,737</u>	\$ <u>20,386</u>	\$ <u>48,123</u>
LIABILITIES			
Accounts payable	\$ <u>27,737</u>	\$ <u>20,386</u>	\$ <u>48,123</u>
Total liabilities	\$ <u>27,737</u>	\$ <u>20,386</u>	\$ <u>48,123</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS

YEAR ENDED SEPTEMBER 30, 2020

	<u>Balance October 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2020</u>
EMPLOYEE ASSISTANCE TRUST FUND				
Assets				
Cash and investments	\$ <u>24,364</u>	\$ <u>4,873</u>	\$ <u>1,500</u>	\$ <u>27,737</u>
Total assets	\$ <u>24,364</u>	\$ <u>4,873</u>	\$ <u>1,500</u>	\$ <u>27,737</u>
Liabilities				
Accounts payable	\$ <u>24,364</u>	\$ <u>4,873</u>	\$ <u>1,500</u>	\$ <u>27,737</u>
Total liabilities	\$ <u>24,364</u>	\$ <u>4,873</u>	\$ <u>1,500</u>	\$ <u>27,737</u>
SCHOLARSHIP TRUST FUND				
Assets				
Cash and investments	\$ <u>14,642</u>	\$ <u>11,811</u>	\$ <u>6,067</u>	\$ <u>20,386</u>
Total assets	\$ <u>14,642</u>	\$ <u>11,811</u>	\$ <u>6,067</u>	\$ <u>20,386</u>
Liabilities				
Accounts payable	\$ <u>14,642</u>	\$ <u>11,811</u>	\$ <u>6,067</u>	\$ <u>20,386</u>
Total liabilities	\$ <u>14,642</u>	\$ <u>11,811</u>	\$ <u>6,067</u>	\$ <u>20,386</u>
TOTAL AGENCY FUNDS				
Assets				
Cash and investments	\$ <u>39,006</u>	\$ <u>16,684</u>	\$ <u>7,567</u>	\$ <u>48,123</u>
Total assets	\$ <u>39,006</u>	\$ <u>16,684</u>	\$ <u>7,567</u>	\$ <u>48,123</u>
Liabilities				
Accounts payable	\$ <u>39,006</u>	\$ <u>16,684</u>	\$ <u>7,567</u>	\$ <u>48,123</u>
Total liabilities	\$ <u>39,006</u>	\$ <u>16,684</u>	\$ <u>7,567</u>	\$ <u>48,123</u>

STATISTICAL SECTION

CITY OF HUNTSVILLE, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities:				
Net investment in capital assets	\$ 14,982	\$ 17,068	\$ 17,385	\$ 18,677
Restricted	3,605	2,147	2,872	3,990
Unrestricted	<u>9,453</u>	<u>9,216</u>	<u>9,936</u>	<u>11,117</u>
Total governmental activities net position	<u>\$ 28,040</u>	<u>\$ 28,431</u>	<u>\$ 30,193</u>	<u>\$ 33,784</u>
Business-type activities:				
Net investment in capital assets	\$ 41,168	\$ 48,911	\$ 52,727	\$ 57,024
Unrestricted	<u>25,078</u>	<u>21,247</u>	<u>22,888</u>	<u>24,506</u>
Total business-type activities net position	<u>\$ 66,246</u>	<u>\$ 70,158</u>	<u>\$ 75,615</u>	<u>\$ 81,530</u>
Primary government:				
Net investment in capital assets	\$ 56,150	\$ 65,979	\$ 70,112	\$ 75,701
Restricted	3,605	2,147	2,872	3,990
Unrestricted	<u>34,531</u>	<u>30,463</u>	<u>32,824</u>	<u>35,623</u>
Total primary government net position	<u>\$ 94,286</u>	<u>\$ 98,589</u>	<u>\$ 105,808</u>	<u>\$ 115,314</u>

Source: Comprehensive Annual Financial Reports

TABLE 1

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 13,061	\$ 21,330	\$ 23,318	\$ 25,703	\$ 28,820	\$ 36,312
3,048	3,598	2,432	2,793	2,692	2,978
<u>4,631</u>	<u>4,221</u>	<u>4,761</u>	<u>5,488</u>	<u>7,312</u>	<u>5,463</u>
\$ <u>20,740</u>	\$ <u>29,149</u>	\$ <u>30,510</u>	\$ <u>33,983</u>	\$ <u>38,824</u>	\$ <u>44,752</u>
\$ 593	\$ 71,213	\$ 86,447	\$ 93,000	\$ 105,888	\$ 104,769
<u>80,937</u>	<u>22,885</u>	<u>23,333</u>	<u>24,927</u>	<u>20,115</u>	<u>28,800</u>
\$ <u>81,531</u>	\$ <u>94,098</u>	\$ <u>109,780</u>	\$ <u>117,927</u>	\$ <u>126,003</u>	\$ <u>133,569</u>
\$ 13,654	\$ 92,543	\$ 109,765	\$ 118,703	\$ 134,708	\$ 141,081
3,048	3,598	2,432	2,793	2,692	2,978
<u>85,568</u>	<u>27,106</u>	<u>28,094</u>	<u>30,415</u>	<u>27,427</u>	<u>34,262</u>
\$ <u>102,271</u>	\$ <u>123,247</u>	\$ <u>140,290</u>	\$ <u>151,910</u>	\$ <u>164,827</u>	\$ <u>178,321</u>

CITY OF HUNTSVILLE, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year			
	2011	2012	2013	2014
EXPENSES				
Governmental activities:				
General government	\$ -	\$ 3,104,243	\$ 4,865,299	\$ 5,587,458
Charter offices	219,632	-	-	-
Finance	959,422	-	-	-
Public works	8,191,939	4,826,684	6,155,206	5,459,928
Administrative services	553,173	-	-	-
Community services	2,745,391	4,995,176	4,343,053	3,387,747
Public safety	6,772,314	7,042,470	7,674,754	7,571,741
Tourism and cultural services	-	-	205,896	194,889
Interest on long-term debt	735,374	686,724	582,045	508,431
Total governmental activities expenses	<u>20,177,245</u>	<u>20,655,297</u>	<u>23,826,253</u>	<u>22,710,194</u>
Business-type activities:				
Utility	17,878,288	17,308,634	13,875,401	13,874,764
Solid waste	4,246,715	4,508,492	3,341,035	3,601,925
Total business-type activities expenses	<u>22,125,003</u>	<u>21,817,126</u>	<u>17,216,436</u>	<u>17,476,689</u>
Total primary government expenses	<u>\$ 42,302,248</u>	<u>\$ 42,472,423</u>	<u>\$ 41,042,689</u>	<u>\$ 40,186,883</u>
PROGRAM REVENUES				
Governmental activities:				
Fees, fines, and charges for services:				
General government	\$ -	\$ 466,973	\$ 461,307	\$ 135,251
Finance	902,445	-	-	-
Public works	735,745	280,187	359,429	360,479
Community services	545,891	196,991	80,771	79,355
Public safety	399,662	1,162,227	1,152,995	1,466,846
Tourism and cultural services	-	-	132,279	449,438
Operating grants and contributions	1,319,661	1,923,813	1,272,518	1,012,255
Capital grants and contributions	-	597,817	228,627	1,240,972
Total governmental activities program revenues	<u>3,903,404</u>	<u>4,628,008</u>	<u>3,687,926</u>	<u>4,744,596</u>

TABLE 2

		Fiscal Year									
		2015	2016	2017	2018	2019	2020				
\$	5,012,803	\$	5,947,780	\$	6,189,702	\$	5,897,776	\$	4,625,762	\$	5,385,318
	-		-		-		-		-		-
	-		-		-		-		-		-
	5,249,265		5,632,124		6,748,483		7,117,826		8,350,736		12,069,947
	-		-		-		-		-		-
	3,213,392		3,940,687		3,618,287		3,019,702		3,541,714		2,891,507
	7,737,532		8,725,431		9,594,739		8,595,311		9,138,854		9,253,318
	197,046		236,656		219,586		220,077		220,995		89,405
	449,561		376,667		341,943		295,010		565,299		1,029,049
	<u>21,859,599</u>		<u>24,859,345</u>		<u>26,712,740</u>		<u>25,145,702</u>		<u>26,443,360</u>		<u>30,718,544</u>
	13,902,621		14,231,770		14,946,001		16,013,857		16,842,872		16,976,830
	<u>4,115,979</u>		<u>4,145,426</u>		<u>4,185,864</u>		<u>4,526,414</u>		<u>4,688,328</u>		<u>4,636,933</u>
	<u>18,018,600</u>		<u>18,377,196</u>		<u>19,131,865</u>		<u>20,540,271</u>		<u>21,531,200</u>		<u>21,613,763</u>
\$	<u>39,878,199</u>	\$	<u>43,236,541</u>	\$	<u>45,844,605</u>	\$	<u>45,685,973</u>	\$	<u>47,974,560</u>	\$	<u>52,332,307</u>
\$	169,780	\$	225,747	\$	175,178	\$	247,303	\$	349,736	\$	249,005
	-		-		-		-		-		-
	444,576		511,621		750,952		814,881		774,599		867,758
	85,303		111,518		165,472		230,827		291,440		197,018
	1,355,814		1,587,548		1,752,123		1,607,079		1,660,969		1,393,341
	448,438		455,529		441,191		417,508		409,716		374,879
	678,290		430,311		370,234		644,076		459,697		2,392,954
	<u>461,936</u>		<u>121,190</u>		<u>113,643</u>		<u>104,915</u>		<u>47,086</u>		<u>3,020,749</u>
	<u>3,644,137</u>		<u>3,443,464</u>		<u>3,768,793</u>		<u>4,066,589</u>		<u>3,993,243</u>		<u>8,495,704</u>

CITY OF HUNTSVILLE, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Unaudited)

	Fiscal Year			
	2011	2012	2013	2014
Business-type activities:				
Charges for services:				
Water	\$ 11,475,640	\$ 12,899,947	\$ 14,953,542	\$ 14,834,188
Wastewater	8,387,721	8,554,235	8,110,864	8,319,330
Solid waste	4,300,845	4,464,921	4,589,223	4,676,708
Oakwood cemetery - operating	-	-	-	-
Operating grants and contributions	1,339,979	129,421	64,530	462,175
Capital grants and contributions	-	377,791	103,632	-
Total business-type activities program revenues	<u>25,504,185</u>	<u>26,426,315</u>	<u>27,821,791</u>	<u>28,292,401</u>
Total primary government program revenues	\$ <u>29,407,589</u>	\$ <u>31,054,323</u>	\$ <u>31,509,717</u>	\$ <u>33,036,997</u>
NET (EXPENSE) REVENUES				
Governmental activities	\$(16,273,841)	\$(16,027,289)	\$(20,138,327)	\$(17,965,598)
Business-type activities	<u>3,379,182</u>	<u>4,609,189</u>	<u>10,605,355</u>	<u>10,815,712</u>
Total primary government net expense	<u>(12,894,659)</u>	<u>(11,418,100)</u>	<u>(9,532,972)</u>	<u>(7,149,886)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	4,945,427	4,950,887	5,432,756	5,708,473
Franchise	2,893,671	2,067,884	2,073,036	2,065,187
Sales	6,443,698	6,515,890	6,726,868	7,292,731
Other	647,106	652,479	889,203	1,025,696
Investment earnings	182,986	191,187	274,573	373,492
Gain on sale of capital assets	-	7,485	670,466	-
Miscellaneous	256,999	75,453	158,219	185,946
Transfers	16,745	1,366,445	5,675,280	5,381,142
Total governmental activities	<u>15,386,632</u>	<u>15,827,710</u>	<u>21,900,401</u>	<u>22,032,667</u>
Business-type activities:				
Investment earnings	141,713	236,694	53,314	304,479
Miscellaneous	21,557	214,013	474,384	680,754
Transfers	(16,745)	(1,366,445)	(5,675,280)	(5,381,142)
Total business-type activities	<u>146,525</u>	<u>(915,738)</u>	<u>(5,147,582)</u>	<u>(4,395,909)</u>
Total primary government	<u>15,533,157</u>	<u>14,911,972</u>	<u>16,752,819</u>	<u>17,636,758</u>
CHANGE IN NET POSITION				
Governmental activities	(887,209)	(199,579)	1,762,074	4,067,069
Business-type activities	<u>3,525,707</u>	<u>3,693,451</u>	<u>5,457,773</u>	<u>6,419,803</u>
Total primary government	\$ <u>2,638,498</u>	\$ <u>3,493,872</u>	\$ <u>7,219,847</u>	\$ <u>10,486,872</u>

Notes:

Source: Comprehensive Annual Financial Reports

TABLE 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 15,736,699	\$ 16,129,760	\$ 17,802,407	\$ 26,765,735	\$ 26,773,720	\$ 28,022,883
8,581,175	8,793,130	8,654,704	-	-	-
4,888,187	5,251,611	5,573,443	5,716,681	5,826,332	5,936,336
-	-	-	-	-	-
105,698	1,449,514	7,123,788	697,753	3,414	321,689
-	-	-	-	-	-
<u>29,311,759</u>	<u>31,624,015</u>	<u>39,154,342</u>	<u>33,180,169</u>	<u>32,603,466</u>	<u>34,280,908</u>
<u>\$ 32,955,896</u>	<u>\$ 35,067,479</u>	<u>\$ 42,923,135</u>	<u>\$ 37,246,758</u>	<u>\$ 36,596,709</u>	<u>\$ 42,776,612</u>
\$(18,215,462)	\$(21,415,881)	\$(22,943,947)	\$(21,079,113)	\$(22,450,117)	\$(22,222,840)
<u>11,293,159</u>	<u>13,246,819</u>	<u>20,022,477</u>	<u>12,639,898</u>	<u>11,072,266</u>	<u>12,667,145</u>
<u>(6,922,303)</u>	<u>(8,169,062)</u>	<u>(2,921,470)</u>	<u>(8,439,215)</u>	<u>(11,377,851)</u>	<u>(9,555,695)</u>
5,840,689	5,816,471	6,124,340	6,271,809	6,592,105	6,921,764
2,741,577	2,083,559	2,094,257	2,150,356	2,150,485	1,402,475
7,942,631	7,956,186	9,001,502	8,973,222	9,537,153	9,655,816
1,013,999	980,206	824,729	995,248	971,637	859,239
337,682	210,191	297,980	302,390	876,048	841,721
-	-	-	-	-	-
621,758	125,828	223,297	228,846	532,674	197,519
<u>5,145,966</u>	<u>5,005,447</u>	<u>5,739,002</u>	<u>6,065,950</u>	<u>6,631,289</u>	<u>8,272,728</u>
<u>23,644,302</u>	<u>22,177,888</u>	<u>24,305,107</u>	<u>24,987,821</u>	<u>27,291,391</u>	<u>28,151,262</u>
196,447	327,113	267,211	450,320	1,799,267	683,100
561,630	404,109	1,131,561	942,917	1,835,370	2,488,093
<u>(5,145,966)</u>	<u>(5,005,447)</u>	<u>(5,739,002)</u>	<u>(6,065,950)</u>	<u>(6,631,289)</u>	<u>(8,272,728)</u>
<u>(4,387,889)</u>	<u>(4,274,225)</u>	<u>(4,340,230)</u>	<u>(4,672,713)</u>	<u>(2,996,652)</u>	<u>(5,101,535)</u>
<u>19,256,413</u>	<u>17,903,663</u>	<u>19,964,877</u>	<u>20,315,108</u>	<u>24,294,739</u>	<u>23,049,727</u>
5,428,840	762,007	1,361,160	3,908,708	4,841,274	5,928,422
<u>6,905,270</u>	<u>8,972,594</u>	<u>15,682,247</u>	<u>7,967,185</u>	<u>8,075,614</u>	<u>7,565,610</u>
<u>\$ 12,334,110</u>	<u>\$ 9,734,601</u>	<u>\$ 17,043,407</u>	<u>\$ 11,875,893</u>	<u>\$ 12,916,888</u>	<u>\$ 13,494,032</u>

CITY OF HUNTSVILLE, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year			
	2011	2012	2013	2014
General fund				
Reserved*	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable*	112,643	191,710	191,710	139,731
Committed	220,230	-	-	-
Assigned	-	990,943	990,943	1,537,355
Unassigned	<u>8,788,354</u>	<u>8,032,616</u>	<u>8,032,616</u>	<u>9,107,957</u>
Total general fund	\$ <u>9,121,227</u>	\$ <u>9,215,269</u>	\$ <u>9,215,269</u>	\$ <u>10,785,043</u>
All other governmental funds				
Reserved*	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Debt service funds	-	-	-	-
Permanent funds	-	-	-	-
Nonspendable	469,485	480,517	480,517	474,315
Restricted	1,452,211	1,860,026	1,860,026	3,515,953
Committed	860,588	-	-	-
Assigned	<u>2,898,732</u>	<u>3,154,522</u>	<u>3,154,522</u>	<u>2,621,088</u>
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	\$ <u>5,681,016</u>	\$ <u>5,495,065</u>	\$ <u>5,495,065</u>	\$ <u>6,611,356</u>

Note:

* Includes inventory, advances to other funds, and prepaid items.

The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

Source: Comprehensive Annual Financial Reports

TABLE 3

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	174,505	114,287	125,087	120,083	101,928
-	-	-	-	-	-
1,042,101	2,560,581	1,096,888	1,672,971	1,756,206	1,065,725
<u>10,897,595</u>	<u>10,686,739</u>	<u>10,443,697</u>	<u>12,013,170</u>	<u>12,714,158</u>	<u>15,099,378</u>
<u>\$ 11,939,696</u>	<u>\$ 13,421,825</u>	<u>\$ 11,654,872</u>	<u>\$ 13,811,228</u>	<u>\$ 14,590,447</u>	<u>\$ 16,267,031</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
461,787	461,787	461,787	461,787	461,787	461,787
2,643,009	3,115,047	1,928,584	4,744,266	26,104,976	41,994,201
-	-	-	-	-	-
<u>2,663,390</u>	<u>3,463,729</u>	<u>7,518,544</u>	<u>2,917,443</u>	<u>879,969</u>	<u>859,776</u>
-	-	-	-	-	-
<u>\$ 5,768,186</u>	<u>\$ 7,040,563</u>	<u>\$ 9,908,915</u>	<u>\$ 8,123,496</u>	<u>\$ 27,446,732</u>	<u>\$ 43,315,764</u>

CITY OF HUNTSVILLE, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year			
	2011	2012	2013	2014
REVENUES				
Taxes	\$ 14,907,890	\$ 14,298,498	\$ 14,974,123	\$ 16,124,713
Licenses, fees and permits	279,085	259,278	358,849	374,933
Fines, fees and forfeitures	941,449	1,222,931	858,761	1,270,905
Charges for services	893,643	938,218	916,367	1,226,067
Donations, contributions and grants	1,048,495	1,903,849	1,240,129	1,894,348
Administrative cost reimbursement	4,894,039	-	-	-
Investment earnings	182,986	191,187	39,136	221,282
Miscellaneous	932,790	765,322	462,468	151,215
Total revenues	<u>24,080,377</u>	<u>19,579,283</u>	<u>18,849,833</u>	<u>21,263,463</u>
EXPENDITURES				
General government	-	2,047,989	4,620,878	5,255,617
Charter offices	740,769	-	-	-
Finance	1,367,720	-	-	-
Public works	6,631,987	4,808,254	5,942,388	5,659,152
Administrative services	3,140,407	-	-	-
Community services	6,517,329	5,282,411	4,327,291	3,506,538
Public safety	6,772,314	6,526,579	6,847,267	7,451,188
Tourism and cultural services	-	-	205,896	194,889
Debt service:				
Interest and fiscal charges	736,974	705,805	572,501	526,427
Principal	<u>1,513,000</u>	<u>1,603,000</u>	<u>1,477,000</u>	<u>1,988,198</u>
Total expenditures	<u>27,420,500</u>	<u>20,974,038</u>	<u>23,993,221</u>	<u>24,582,009</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURE	<u>(3,340,123)</u>	<u>(1,394,755)</u>	<u>(5,143,388)</u>	<u>(3,318,546)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of bonds/notes payable	-	2,753,852	-	-
Payments to escrow agent	-	(2,845,716)	-	-
Premium on issuance of debt	-	142,757	-	-
Sale of capital assets	-	7,527	682,630	-
Transfers in	1,903,386	3,615,265	7,581,144	7,904,159
Transfers out	<u>(2,113,141)</u>	<u>(2,526,840)</u>	<u>(2,000,864)</u>	<u>(2,523,017)</u>
Total other financing sources (uses)	<u>(209,755)</u>	<u>1,146,845</u>	<u>6,262,910</u>	<u>5,381,142</u>
NET CHANGE IN FUND BALANCES	<u>\$(3,549,878)</u>	<u>\$(247,910)</u>	<u>\$ 1,119,522</u>	<u>\$ 2,062,596</u>
DEBT SERVICE AS A PERCENTAGE OF NON CAPITAL EXPENDITURES	<u>8.2%</u>	<u>12.1%</u>	<u>8.5%</u>	<u>7.5%</u>

Source: Comprehensive Annual Financial Reports

TABLE 4

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 16,883,148	\$ 16,919,724	\$ 17,983,220	\$ 18,373,556	\$ 19,201,415	\$ 19,451,441	
465,897	565,430	791,402	849,707	805,755	855,484	
1,105,652	1,244,894	1,499,185	1,558,824	1,482,059	1,141,898	
1,257,516	1,274,026	1,268,476	1,311,264	1,357,172	1,404,807	
881,160	332,022	229,126	350,034	240,859	5,086,763	
-	-	-	-	-	-	
161,675	210,191	297,980	302,390	876,048	703,000	
588,020	90,946	199,531	108,131	503,621	145,082	
<u>21,343,068</u>	<u>20,637,233</u>	<u>22,268,920</u>	<u>22,853,906</u>	<u>24,466,929</u>	<u>28,788,475</u>	
4,776,528	5,226,478	5,656,748	5,983,985	6,455,019	6,874,847	
-	-	-	-	-	-	
-	-	-	-	-	-	
5,625,395	5,628,818	6,683,958	7,887,838	9,567,338	16,999,811	
-	-	-	-	-	-	
3,428,744	4,020,172	3,834,098	3,815,330	3,968,211	3,684,872	
7,524,292	7,968,972	8,675,057	8,884,438	9,437,370	10,127,755	
197,046	236,656	219,586	220,077	230,706	114,025	
468,368	402,975	360,589	314,170	573,419	1,076,028	
<u>2,271,069</u>	<u>1,425,813</u>	<u>1,478,152</u>	<u>1,523,889</u>	<u>1,576,604</u>	<u>4,308,351</u>	
<u>24,291,442</u>	<u>24,909,884</u>	<u>26,908,188</u>	<u>28,629,727</u>	<u>31,808,667</u>	<u>43,185,689</u>	
(2,948,374)	(4,272,651)	(4,639,268)	(5,775,821)	(7,341,738)	(14,397,214)	
-	-	-	-	19,890,000	22,400,000	
-	-	-	-	-	-	
-	-	-	-	919,904	1,270,102	
13,555	11,713	1,665	80,808	-	-	
7,552,327	7,862,787	11,607,735	8,046,880	9,603,509	10,554,988	
(2,406,361)	(2,857,340)	(5,868,733)	(1,980,930)	(2,969,220)	(2,282,260)	
<u>5,159,521</u>	<u>5,017,160</u>	<u>5,740,667</u>	<u>6,146,758</u>	<u>27,444,193</u>	<u>31,942,830</u>	
\$ <u>2,211,147</u>	\$ <u>744,509</u>	\$ <u>1,101,399</u>	\$ <u>370,937</u>	\$ <u>20,102,455</u>	\$ <u>17,545,616</u>	
<u>12.0%</u>	<u>8.0%</u>	<u>7.3%</u>	<u>7.2%</u>	<u>7.7%</u>	<u>14.7%</u>	

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CITY OF HUNTSVILLE, TEXAS

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Unaudited)

<u>Fiscal Year</u>	<u>Property Taxes ^a</u>	<u>Sales & Use Taxes</u>	<u>Franchise and Other Taxes ^b</u>	<u>Total</u>
2011	\$ 4,923,415	\$ 6,443,698	\$ 3,540,777	\$ 14,907,890
2012	5,062,245	6,515,890	2,720,363	14,298,498
2013	5,285,016	6,726,868	2,962,239	14,974,123
2014	5,741,099	7,292,731	3,090,883	16,124,713
2015	5,799,429	7,942,631	3,141,088	16,883,148
2016	5,862,030	7,899,538	4,084,947	17,846,515
2017	6,068,233	9,001,502	2,913,485	17,983,220
2018	6,274,316	8,973,222	3,126,019	18,373,557
2019	6,557,951	9,537,152	3,094,070	18,455,680
2020	6,897,981	9,655,816	2,897,644	19,451,441

Notes:

a Includes current taxes, delinquent taxes, penalties and interest.

b Includes franchise fees and gross receipt taxes, mixed drink taxes, hotel occupancy taxes.

Source: Comprehensive Annual Financial Report

CITY OF HUNTSVILLE, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(Unaudited)

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Agricultural Property</u>	<u>Industrial Property</u>
2011	\$ 858,425,842	\$ 356,128,990	\$ 30,755,600	\$ 132,804,650
2012	844,689,140	366,391,795	31,148,750	135,247,130
2013	873,754,885	385,487,911	29,604,530	123,444,160
2014	880,348,062	410,947,810	38,504,610	149,584,710
2015	893,265,917	422,394,689	38,816,940	151,484,910
2016	985,778,494	435,537,871	27,868,370	138,574,490
2017	980,618,840	469,141,574	28,985,260	99,763,310
2018	1,128,262,950	449,320,524	30,415,800	76,208,180
2019	1,260,649,858	454,721,175	45,235,577	70,068,790
2020	1,448,958,520	518,777,696	51,368,820	72,850,147

Source: Walker County Appraisal District

Note: Reclassification of industrial and other in 2010.

(1) - includes Tax Exempt Property

TABLE 6

<u>Other Property (1)</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Rate</u>
\$ 107,442,930	\$ 90,422,700	\$ 1,395,135,312	0.40070
108,312,970	90,470,250	1,395,319,535	0.39150
110,611,040	92,646,480	1,430,256,046	0.42060
151,794,277	138,885,027	1,492,294,982	0.42060
161,646,909	149,104,749	1,518,504,616	0.41060
68,658,213	159,720,806	1,587,519,051	0.38380
187,457,946	171,366,646	1,594,600,284	0.38090
178,333,387	230,180,804	1,632,360,037	0.36660
309,872,118	281,058,701	1,859,488,817	0.34220
284,005,115	284,700,845	2,091,259,453	0.31480

CITY OF HUNTSVILLE, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	City Direct Rates		
	Operating/ General Rate	General Obligation Debt Service	Total Direct Rate
2011	0.21340	0.18730	0.40070
2012	0.23810	0.15340	0.39150
2013	0.26390	0.15670	0.42060
2014	0.29200	0.12860	0.42060
2015	0.28620	0.12440	0.41060
2016	0.28330	0.10050	0.38380
2017	0.28380	0.09710	0.38090
2018	0.27450	0.09210	0.36660
2019	0.26200	0.08020	0.34220
2020	0.25190	0.06290	0.31480

Source: County Board of Equalization and Assessment

TABLE 7

Overlapping Rates			Total Direct and Overlapping Rates
Huntsville ISD	Walker County	Hospital District	
1.21000	0.57930	0.15300	2.34300
1.21000	0.55360	0.15680	2.31190
1.21000	0.63550	0.15540	2.42150
1.21000	0.67780	0.15900	2.46740
1.21000	0.65890	0.15370	2.43320
1.18000	0.62060	0.14270	2.32700
1.18000	0.61570	0.13460	2.31120
1.18000	0.58150	0.12540	2.25350
1.17500	0.54940	0.11870	2.18530
1.09800	0.50180	0.11620	2.03080

CITY OF HUNTSVILLE, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Taxpayer	FY 2020			FY 2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Weatherford US LP	47,218,690	1	2.26%	N/A	N/A	N/A
PEP-SHSU LLC	\$ 36,307,850	2	1.74%	N/A	N/A	N/A
C150 1300 Smither Drive LLC	35,216,720	3	1.68%	N/A	N/A	N/A
Breckenridge Group Huntsville TX LF	31,607,290	4	1.51%	N/A	N/A	N/A
American Campus Community	30,149,230	5	1.44%	N/A	N/A	N/A
Waypoint Sam Houston Owner LLC	25,776,335	6	1.23%	N/A	N/A	N/A
THP The Forum at Sam Houston LLC	25,348,920	7	1.21%	N/A	N/A	N/A
SFG Huntsville LLC	25,285,630	8	1.21%	N/A	N/A	N/A
Campus Crest at Huntsville LP	22,326,690	9	1.07%	12,943,800	9	1.00%
Entergy Texas Inc.	<u>20,694,160</u>	10	<u>0.99%</u>	<u>13,365,770</u>	<u>5</u>	<u>1.04%</u>
Total	\$ <u>299,931,515</u>		<u>14.34%</u>	\$ <u>26,309,570</u>		<u>2.04%</u>

Source: Walker County Appraisal District

TABLE 9**CITY OF HUNTSVILLE, TEXAS**

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy Collected		Amount	Percentage of Levy
2011	\$ 4,862,674	\$ 4,785,780	98.42%	1,193	\$ 4,786,973	98.4%
2012	4,933,221	4,870,973	98.74%	1,963	4,872,936	98.8%
2013	5,394,367	5,317,813	98.58%	3,840	5,321,653	98.7%
2014	5,621,790	5,557,846	98.86%	3,921	5,561,767	99.3%
2015	5,686,861	5,631,453	99.03%	6,540	5,637,993	99.1%
2016	5,775,552	5,697,051	98.64%	39,949	5,737,000	99.3%
2017	5,963,403	5,888,789	98.75%	37,772	5,926,561	99.4%
2018	6,139,308	6,041,044	98.40%	21,457	6,062,501	98.7%
2019	6,394,331	6,300,137	98.53%	57,062	6,357,199	99.4%
2020	6,761,285	6,635,971	98.15%	-	6,635,971	98.5%

Source: Walker County Appraisal District

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CITY OF HUNTSVILLE, TEXAS

DIRECT AND OVERLAPPING SALES TAX RATES

LAST TEN FISCAL YEARS
(Unaudited)

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Walker County</u>	<u>State of Texas</u>
2011	1.50%	0.50%	6.25%
2012	1.50%	0.50%	6.25%
2013	1.50%	0.50%	6.25%
2014	1.50%	0.50%	6.25%
2015	1.50%	0.50%	6.25%
2016	1.50%	0.50%	6.25%
2017	1.50%	0.50%	6.25%
2018	1.50%	0.50%	6.25%
2019	1.50%	0.50%	6.25%
2020	1.50%	0.50%	6.25%

Source: City Budget Documents and Texas Comptroller

CITY OF HUNTSVILLE, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Governmental Activities			Business-type Activities		
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Revenue Bonds	General Obligation Bonds	Certificates of Obligation
2011	\$ 13,379,000	\$ 5,320,000	\$ 409,398	\$ 20,160,000	\$ -	\$ -
2012	12,279,852	4,725,000	-	30,970,000	5,396,148	-
2013	11,094,653	4,550,000	-	28,087,146	4,807,369	-
2014	9,718,477	3,925,000	-	23,882,505	4,358,159	-
2015	7,478,585	3,790,000	-	18,504,636	3,531,415	2,900,000
2016	6,270,639	3,650,000	-	15,127,158	3,072,788	3,048,058
2017	4,929,509	3,500,000	-	11,937,653	2,372,827	2,928,950
2018	3,495,731	3,345,000	-	53,960,000	1,784,269	2,565,000
2019	21,974,127	3,180,000	-	49,885,000	1,340,873	2,450,000
2020	41,882,252	3,477,921	-	47,176,056	1,123,820	2,335,000

Source: Comprehensive Annual Financial Report

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

* See Table 16 for personal income and population data.

TABLE 11

<u>Total Primary Government Debt</u>	<u>Percentage of Personal Income *</u>	<u>Per Capita*</u>
\$ 39,268,398	2.26%	1,019
53,371,000	3.02%	1,346
48,539,168	2.70%	1,224
41,884,141	2.17%	1,056
36,204,636	2.03%	903
31,168,643	1.70%	786
25,668,939	1.35%	617
65,150,000	3.30%	1,562
78,830,000	3.88%	1,877
95,995,049	4.42%	2,275

CITY OF HUNTSVILLE, TEXAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(Unaudited) (Amounts Expressed in Thousands except
Percentage of Actual Taxable Value of Property and Per Capita)

Fiscal Year	Governmental Activities				Business-type Activities	
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Total	General Obligation Bonds	Certificates of Obligation
2011	\$ 13,379,000	\$ 5,320,000	\$ 409,398	\$ 19,108,398	\$ -	\$ -
2012	12,279,852	4,725,000	-	17,004,852	5,396,148	-
2013	11,094,653	4,550,000	-	15,644,653	4,807,369	-
2014	9,718,477	3,925,000	-	13,643,477	4,358,159	-
2015	7,478,585	3,790,000	-	11,268,585	3,531,415	2,900,000
2016	6,270,639	3,650,000	-	9,920,639	3,072,788	3,048,058
2017	4,929,509	3,500,000	-	8,429,509	2,372,827	2,928,950
2018	3,495,731	3,345,000	-	6,840,731	1,784,269	2,565,000
2019	21,974,127	3,180,000	-	25,154,127	1,340,873	2,450,000
2020	41,882,252	3,477,921	-	45,360,173	1,123,820	2,335,000

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

TABLE 12

<u>Business-type Activities</u>							
<u>Revenue Bonds</u>	<u>Gross Bonded Debt</u>	<u>Less: Amounts Available for Debt Service</u>	<u>Net Bonded Debt</u>	<u>Assessed Value</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Population</u>	<u>Per Capita</u>
\$ 20,160,000	19,108,398	\$ 596,149	\$ 18,512,249	\$ 1,346,993,723	1.37%	38,548	480
30,970,000	22,401,000	316,110	22,084,890	1,395,135,312	1.58%	39,666	557
28,087,146	20,452,022	280,487	20,171,535	1,430,256,046	1.41%	39,666	509
23,882,505	18,001,636	194,763	17,806,873	1,492,294,982	1.19%	39,666	449
18,504,636	17,700,000	280,487	17,419,513	1,518,504,616	1.15%	40,100	434
15,127,158	16,041,485	280,487	15,760,998	1,587,519,051	0.99%	41,208	382
11,937,653	13,731,286	344,931	13,386,355	1,594,600,284	0.84%	41,620	322
53,960,000	11,190,000	371,063	10,818,937	1,632,360,037	0.66%	41,710	259
49,885,000	28,945,000	356,209	28,588,791	1,859,488,817	1.54%	42,000	681
47,176,056	48,818,993	284,610	48,534,383	2,091,259,453	2.32%	42,200	1,150

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CITY OF HUNTSVILLE, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2020
(Unaudited)

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Walker County	\$ 13,370,000	57.00%	\$ 7,620,900
Huntsville Independent School District	17,585,000	77.15%	15,534,153
Subtotal overlapping debt			23,155,053
Total direct - City of Huntsville	46,483,993	100.00%	<u>46,483,993</u>
Direct and Overlapping Debt			<u>\$ 69,639,046</u>

- a) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

- b) 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 businesses of City of Huntsville. This process recognizes that, when considering City of Huntsville's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

CITY OF HUNTSVILLE, TEXAS

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
(Unaudited)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt limit	\$ 128,878,748	\$ 134,699,372	\$ 133,760,957	\$ 135,340,996
Total net debt applicable to limit	<u>18,512,249</u>	<u>17,320,962</u>	<u>15,925,140</u>	<u>13,838,240</u>
Legal debt margin	\$ <u>110,366,499</u>	\$ <u>117,378,410</u>	\$ <u>117,835,817</u>	\$ <u>121,502,756</u>
Total net debt applicable to the limit as a percentage of debt limit.	14.36%	12.86%	11.91%	10.22%

TABLE 14

	2015	2016	2017	2018	2019	2020
\$	140,768,445	\$ 146,526,309	\$ 158,751,905	\$ 163,236,004	\$ 185,948,882	\$ 209,125,945
	<u>11,542,072</u>	<u>9,513,485</u>	<u>9,497,850</u>	<u>11,190,000</u>	<u>6,840,732</u>	<u>46,160,390</u>
\$	<u>129,226,373</u>	<u>\$ 137,012,824</u>	<u>\$ 149,254,055</u>	<u>\$ 152,046,004</u>	<u>\$ 179,108,150</u>	<u>\$ 162,965,555</u>
	8.20%	6.49%	5.98%	6.86%	3.68%	6.86%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 2,091,259,453
Debt limit (10% of assessed value)	209,125,945
Debt applicable to limit:	
General obligation bonds	46,445,000
Less: Amount set aside for repayment of general obligation debt	(<u>284,610</u>)
Total net debt applicable to limit	<u>46,160,390</u>
Legal debt margin	\$ <u>162,965,555</u>

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CITY OF HUNTSVILLE, TEXAS

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Proprietary Fund - Waterworks and Sewer System Revenue Bonds					Coverage
	Utility Operating Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue	Principal and Interest Payments		
2011	\$ 19,184,481	\$ 15,059,681	\$ 4,124,800	\$ 1,911,129	2.16	
2012	21,600,247	13,160,117	8,440,130	3,667,193	2.30	
2013	23,471,922	14,403,707	9,068,215	3,933,276	2.31	
2014	23,760,613	14,371,411	9,389,202	4,909,165	1.91	
2015	24,816,032	14,166,110	10,649,922	4,920,376	2.16	
2016	25,700,021	14,092,735	11,607,286	4,926,334	2.36	
2017	27,509,569	16,327,482	11,182,087	3,579,316	3.12	
2018	27,383,465	16,718,710	10,664,755	3,848,343	2.77	
2019	27,489,600	20,235,120	7,254,480	3,261,996	2.22	
2020	36,447,312	19,934,109	16,513,203	3,244,859	5.09	

Notes:

^a Revenues pledged for Wastewater bonds include Wastewater operations and Water operations. Therefore, revenues and expenditures for the Utility fund is included above.

^b Includes operating expenses minus depreciation plus transfers out.

Source: Comprehensive Annual Financial Report

CITY OF HUNTSVILLE, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(Unaudited)

Calendar Year	Estimated Population		Personal Income ^a (thousands)	(1) Personal Income Per Capita ^a
	City of Huntsville	Walker County		
2011	38,548	67,861	1,737,000	\$ 25,508
2012	39,666	68,408	1,765,500	25,809
2013	39,666	68,408	1,794,500	26,200
2014	39,666	68,861	1,930,692	29,527
2015	40,100	70,699	1,781,973	25,603
2016	41,208	71,406	1,838,532	25,747
2017	41,620	72,120	1,896,886	26,302
2018	41,710	72,245	1,972,461	27,302
2019	42,000	72,480	2,030,607	28,016
2020	42,200	72,825	2,172,952	29,838

Sources: 2010-2013 population information is from the 2010 Census. Personal income information provided by the US Bureau of Economic Analysis. Unemployment rate data is provided by the Texas Workforce Commission. School enrollment is provided by the Texas Education Agency and National Center for Education Statistical for private schools.

Notes: ^(a) For Walker County

TABLE 16

<u>(1) Median Age</u>	<u>Population 21 Years and Older</u>	<u>High School Graduate or Higher</u>	<u>(2) School Enrollment</u>	<u>(3) Unemployment Rate</u>
28.6	72.4%	80.0%	6,502	8.3%
28.6	72.4%	80.0%	6,276	6.5%
28.6	72.4%	78.6%	6,291	6.7%
28.6	72.4%	78.9%	6,276	5.4%
28.6	72.4%	78.9%	6,276	5.1%
28.6	73.5%	78.9%	6,276	5.3%
28.4	81.5%	82.6%	6,276	5.3%
28.4	81.0%	83.6%	6,300	4.1%
28.6	81.0%	78.9%	6,276	3.7%
28.6	81.0%	78.2%	6,276	8.0%

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CITY OF HUNTSVILLE, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Employer	2020			2011		
	Employees	Rank	Percentage of of Total City Employment	Employees	Rank	Percentage of of Total City Employment
Texas Department of Criminal Justice	6,823	1	38.98%	6,271	1	36.89%
Sam Houston State University	3,817	2	21.81%	3,099	2	18.23%
Huntsville Independent School District	878	3	5.02%	851	3	5.01%
Huntsville Memorial Hospital	533	4	3.05%	400	5	2.35%
Wal-Mart	485	5	2.77%	488	4	2.87%
Walker County	296	6	1.69%	287	7	1.69%
City of Huntsville	271	7	1.55%	261	8	1.53%
Education Service Center - Region VI	200	8	1.14%	189	6	1.11%
Weatherford Completion and Oilfield Services	188	9	1.07%	210	9	1.24%
Bayes Achievement Center	<u>185</u>	10	<u>1.05%</u>	<u>N/A</u>		<u>N/A</u>
	<u>13,676</u>		<u>78.13%</u>	<u>12,056</u>		<u>70.92%</u>

Sources: City of Huntsville budget document

CITY OF HUNTSVILLE, TEXAS

FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	2011	2012	2013	2014
General government				
Charter offices				
Office of the City Manager	2.00	2.00	2.50	2.00
Office of the City Secretary	2.00	2.00	2.00	2.00
Office of the City Judge	1.00	1.00	1.00	1.00
Finance				
Finance	9.00	9.00	9.00	7.00
Purchasing	2.50	2.50	2.50	1.00
Grants Mgmt. (formerly Neighborhood Res.)	-	3.00	3.00	2.00
Utility billing	6.00	6.00	6.00	5.50
Risk/safety management	-	-	-	-
Human resources	3.00	3.00	3.00	4.00
Municipal court	6.50	6.50	7.00	4.50
Information technology	4.00	4.00	4.00	4.00
Public Works				
Administration	2.00	2.00	2.00	2.00
Water production	4.00	3.00	3.00	3.00
Water distribution	10.00	13.00	13.00	13.00
Meter reading	4.00	4.00	4.00	4.00
Wastewater collection	11.00	9.00	9.00	9.00
AJ Brown WWTP	5.00	5.00	5.00	5.00
NB Davidson WWTP	4.00	4.00	4.00	4.00
Robinson Creek WWTP	4.00	4.00	4.00	4.00
Environmental services	3.00	3.00	3.00	3.00
Commercial collection	5.00	5.00	5.00	5.00
Solid waste disposal	9.00	9.00	9.00	9.00
Residential collection	7.00	7.00	7.00	7.00
Recycling	1.00	1.00	1.00	1.00
Garage services	8.00	8.00	8.00	6.00
Fleet/Warehouse	1.00	1.00	1.00	1.00
Streets	19.00	19.00	19.00	11.00
Drainage maintenance	4.00	4.00	4.00	3.00
Street sweeping	1.00	1.00	1.00	1.00

TABLE 18

2015	2016	2017	2018	2019	2020
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00	1.00
7.00	7.00	7.00	7.00	7.00	6.00
1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	3.00	2.00	1.00	1.00
5.50	5.50	5.50	5.50	5.50	5.50
-					
3.00	4.00	4.00	4.00	4.00	4.00
4.50	4.50	4.50	5.50	5.50	5.50
4.00	5.00	5.00	5.00	5.00	5.00
2.00	3.00	3.00	3.00	3.00	3.00
3.00	3.00	3.00	3.00	3.00	3.00
13.00	13.00	13.00	13.00	13.00	13.00
4.00	4.00	4.00	3.00	3.00	3.00
9.00	9.00	9.00	9.00	9.00	10.00
5.00	5.00	5.00	5.00	5.00	5.00
4.00	4.00	4.00	4.00	4.00	4.00
4.00	4.00	4.00	4.00	4.00	4.00
3.00	3.00	3.00	3.00	3.00	3.00
6.00	6.00	6.00	6.00	6.00	6.00
9.00	9.00	9.00	9.00	4.50	4.50
7.00	7.00	7.00	7.00	7.00	7.00
1.00	1.00	1.00	1.00	1.00	1.00
6.50	7.50	7.50	7.50	7.50	7.50
1.00	1.00	1.00	1.00	1.00	1.00
11.00	11.00	11.00	10.00	11.00	12.00
3.00	3.00	3.00	3.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00	1.00

CITY OF HUNTSVILLE, TEXAS
FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
 (continued)
LAST TEN FISCAL YEARS
 (Unaudited)

Function/Program	2011	2012	2013	2014
Community & Economic Development				
Administration	3.00	3.00	3.00	3.00
Customer Service - Service Center	-	-	-	-
Planning and development	18.00	18.00	18.00	13.00
Central inspection	4.00	5.00	5.00	5.00
Health inspection	2.00	2.00	2.00	2.00
Construction crew	4.00	4.00	4.00	4.00
Main street	1.00	1.00	1.00	1.00
Engineering				
Engineering	-	-	-	-
GIS	-	-	-	-
Survey	-	-	-	-
Parks & Leisure				
Administration	2.00	2.00	2.00	2.00
Recreation	1.50	1.50	1.50	1.00
Parks maintenance	16.16	16.16	16.16	11.66
Aquatic center	1.00	1.00	1.00	2.00
Cemetery operations	2.00	2.00	2.00	1.00
Building services	3.00	3.00	3.00	2.00
Library	9.00	9.00	9.00	9.00
Urban forestry	-	-	-	-
Public safety				
Administration	2.00	2.00	2.00	2.00
Police	54.00	58.00	57.00	58.00
Fire	12.00	12.00	13.00	16.00
School resource officers	6.00	6.00	6.00	6.00
Cultural services and tourism				
Economic Deveopment	-	-	-	-
Tourism	1.00	1.00	1.50	2.00
Visitor center	3.50	3.50	3.50	2.50
Gift shop	-	-	-	1.00
Cultural services	1.00	1.00	1.00	1.75
Total	<u>259.16</u>	<u>267.16</u>	<u>268.66</u>	<u>269.91</u>

Source: City of Huntsville budget documents

TABLE 18

2015	2016	2017	2018	2019	2019
1.00	-	-	-	-	-
3.50	3.50	3.50	3.50	3.50	3.00
1.00	2.50	2.50	2.50	2.50	2.50
5.00	5.00	6.00	5.50	5.50	6.50
2.00	2.00	2.00	2.00	2.00	2.00
-	-	-	-	-	-
1.00	1.00	1.00	1.00	1.00	1.00
7.00	6.00	6.00	8.00	8.00	8.00
2.00	3.00	3.00	3.00	3.00	3.00
3.00	3.00	3.00	2.00	3.00	3.00
2.00	2.00	2.00	2.00	2.00	2.00
0.75	-	-	-	-	-
10.66	10.75	10.75	10.75	10.75	10.75
2.50	2.50	2.50	2.50	2.50	2.50
1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	4.00
9.66	9.66	9.66	9.66	9.66	9.66
-	-	-	-	-	-
2.00	2.00	2.00	2.00	2.00	2.00
58.00	58.00	58.00	59.00	59.00	61.00
16.00	16.00	16.00	16.00	17.00	18.00
6.00	6.00	6.00	6.00	6.00	6.00
-	-	-	-	1.00	1.00
2.00	2.00	2.00	2.00	2.00	1.00
2.50	2.50	2.50	2.50	2.50	4.00
1.00	1.00	1.00	1.00	1.00	-
1.75	1.75	1.75	1.75	1.75	1.75
<u>267.82</u>	<u>271.66</u>	<u>273.66</u>	<u>273.16</u>	<u>271.66</u>	<u>277.41</u>

CITY OF HUNTSVILLE, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	2011	2012	2013	2014
Finance				
Invoices processed	13,950	13,882	13,975	14,023
Payroll checks/Direct Deposits issued	2,267	2,104	2,250	7,514
Purchase orders issued	414	564	510	473
Formal bids issued	30	30	35	27
Utility bills generated	103,800	106,186	107,200	108,000
Utility payments received	96,500	99,893	102,100	105,000
Meter reading service orders generated	10,500	13,207	13,415	13,520
Human Resources				
Workers compensation claims filed	20	22	-	11
On-site property inspections conducted	N/A	N/A	N/A	N/A
Number of Applications received	N/A	N/A	N/A	N/A
Employee Turnover Rate	N/A	N/A	N/A	N/A
Municipal Court (reports to HR)				
Court cases filed and processed	9,508	9,967	9,500	10,031
Warrants issued	3,308	3,753	3,600	3,820
Information Technology				
Computer help desk requests completed	1,743	1,743	1,800	2,050
Public Works				
Gallons of water produced (in billions)	3	3	3	3
Water main leaks repaired	200	245	250	253
New water connections installed	100	89	90	95
New sewer taps installed	120	80	90	95
Gallons wastewater treated (in billions)	1	1	1	2
Manholes inspected and serviced	426	426	425	430
Commercial waste collected (in tons)	20,388	20,085	22,104	22,900
Residential waste collected (in tons)	6,874	6,417	6,500	6,750
Waste transferred to landfill (in tons)	38,172	35,055	38,200	37,500
Waste recycled (in tons)	3,209	6,635	7,200	7,400
Lane miles of existing streets seal coated	11	14	15	12
Tons of debris removed from drainage ways	150	33	50	60
Tons of debris removed -Public right-of-way	N/A	N/A	N/A	N/A
Curb miles swept by street sweeper	2,890	2,464	2,600	2,600
Development Services				
Code enforcement complaints investigated	193	593	525	551
Food establishment inspections performed	604	492	548	567

TABLE 19

2015	2016	2017	2018	2019	2020
12,628	12,112	11,510	11,072	11,350	10,615
8,315	9,375	9,798	9,600	9,500	9,441
481	455	459	553	560	452
29	45	42	39	39	33
108,024	111,787	113,219	114,059	114,400	115,544
106,920	105,836	105,806	105,500	105,800	109,767
13,101	14,734	12,025	10,272	10,700	11,166
9	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	2,400	4,832	2,652	2,500	2,611
N/A	0	0	0	0	0
10,031	12,761	14,906	15,904	15,000	14,897
3,820	5,164	5,864	7,983	5,300	5,776
2,102	1,540	1,610	1,700	1,700	1,811
3	3	3	3	3	3
228	128	188	268	250	262
89	135	132	135	135	141
85	128	146	135	135	157
2	2	2	2	2	2
426	899	368	776	302	427
23,500	19,942	20,251	20,562	23,308	23,626
7,200	5,989	6,433	6,909	7,555	7,647
38,500	37,234	41,004	45,153	48,233	49,444
7,475	3,173	3,372	3,583	3,808	3,888
N/A	N/A	N/A	N/A	N/A	N/A
60	60	60	60	60	60
N/A	N/A	649	428	340	340
2,600	N/A	N/A	2,326	2,500	2,500
547	517	458	546	512	507
576	503	422	658	525	529

CITY OF HUNTSVILLE, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM
(continued)
LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	2011	2012	2013	2014
Community services				
In-house recreation programs offered	47	44	44	48
Contract recreation programs offered	4	4	4	2
Playground safety inspections performed	144	144	140	142
Library items circulated	99,950	117,495	135,000	137,836
Library visitors	120,307	157,567	160,000	160,215
Wynne Home visitors	30,216	30,516	30,000	29,855
Art and cultural events held	370	370	300	288
Business in Main Street downtown district	93	93	93	93
Main Street events held	5	6	5	5
Public safety				
Police calls for service	47,005	52,013	52,000	51,401
Arrests made	2,430	2,401	2,500	2,741
Citations issued	5,900	7,854	8,000	7,777
Offenses/incidents reported	4,200	4,653	4,700	3,096
Fire calls for service	1,254	1,501	1,525	1,378
Main alarms answered	220	185	190	311
Fire inspections conducted	188	184	190	156

Note: N/A - data not available.

Source: City departments

TABLE 19

2015	2016	2017	2018	2019	2020
46	N/A	N/A	N/A	N/A	N/A
2	N/A	N/A	N/A	N/A	N/A
142	144	144	144	144	144
139,200	169,550	158,258	147,000	115,521	115,521
161,100	102,827	102,288	88,314	89,197	89,197
30,154	40,705	41,000	42,000	42,559	42,559
288	382	416	445	445	445
93	94	98	N/A	N/A	N/A
5	6	5	5	5	5
43,985	50,595	60,939	59,112	60,352	56,142
2,500	2,130	2,473	2,436	2,654	2,416
5,357	9,596	7,788	7,714	8,044	7,420
2,981	3,230	3,853	2,455	2,584	2,432
1,300	1,431	1,474	1,480	1,498	1,550
200	224	244	220	196	196
130	144	141	124	136	201

CITY OF HUNTSVILLE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	2011	2012	2013	2014
Public utilities				
Water line (approximate miles)	205	205	205	245
Sewer line (approximate miles)	210	210	210	250
Lift stations	29	29	29	31
Water plants	2	2	2	3
Wastewater treatment plants	3	3	3	3
Solid waste recycling facilities	1	1	1	1
Public works				
Streets (centerline miles)	145	145	145	142
Community services				
Parks	26	26	26	27
Park acreage	282	282	282	414
City pool (1997-2004)/aquatic centers	1	1	1	1
Community centers (MLK Building)	1	1	1	1
Arts center	1	1	1	1
Libraries	1	1	1	1
Public safety				
Police stations	1	1	1	1
Fire stations	4	4	4	4

Note: N/A - data not available.

Source: City departments

TABLE 20

2015	2016	2017	2018	2019	2020
245	245	245	246	246	253
250	250	250	252	252	252
28	28	28	28	28	28
3	3	3	3	3	3
3	3	3	3	3	3
1	1	1	1	1	1
142	142	142	142	142	142
27	27	27	27	27	27
414	414	414	414	414	414
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
4	4	4	4	4	4

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SINGLE AUDIT SECTION

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INDEPENDENT AUDITORS' 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

Honorable Mayor and
Members of the City Council
City of Huntsville, Texas

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of the City of Huntsville, Texas (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 9, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. 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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 9, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE *UNIFORM GUIDANCE***

Honorable Mayor and Members
Of the City Council and Citizens
City of Huntsville, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Huntsville, Texas' (the "City") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("*Uniform Guidance*"). Those standards and the *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Huntsville, Texas, complied, in all material respects, with the types of 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, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 9, 2021

CITY OF HUNTSVILLE, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Pass-through Expenditures
FEDERAL AWARDS				
<u>U. S. Department of Housing & Urban Development</u>				
Direct Programs:				
Community Development Block Grant	14.228	7217094	\$ 55,000	\$ -
Community Development Block Grant	14.228	7218222	201,504	-
Community Development Block Grant	14.228	7218221	321,688	-
Total Direct Programs			<u>578,192</u>	<u>-</u>
Total U. S. Department of Housing & Urban Development			<u>578,192</u>	<u>-</u>
<u>U. S. Department of Justice</u>				
Direct Programs:				
Bullet Proof Vest Partnership	16.607	N/A	5,185	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0355	12,451	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ17A103776301	10,134	-
Total Direct Programs			<u>27,770</u>	<u>-</u>
Passed through the Texas Office of the Governor, Criminal Justice Division:				
Victims of Crime Act Formula Grant Program	16.575	VA-16-V30-24632-06	103,027	-
Total Passed through the Texas Office of the Governor, Criminal Justice Division			<u>103,027</u>	<u>-</u>
Total U. S. Department of Justice			<u>130,797</u>	<u>-</u>
<u>U.S. Department of Treasury</u>				
Passed through the Texas Division of Emergency Management:				
Coronavirus Revlief Fund - COVID-19	21.019	TX-Huntsville	1,711,416	-
Total Passed through the Texas Division of Emergency Management			<u>1,711,416</u>	<u>-</u>
Total U.S. Department of Treasury			<u>1,711,416</u>	<u>-</u>
<u>National Endowment for the Humanities</u>				
Passed through the Texas State Library and Archives Commission:				
Interlibrary Loan Lending	45.310	LS-00-19-044-19	1,457	-
Total Passed through the Texas State Library and Archives Commission			<u>1,457</u>	<u>-</u>
Total National Endowment for the Humanities			<u>1,457</u>	<u>-</u>
<u>U.S. Department of Education</u>				
Passed through the Texas Division of Emergency Management:				
Education Stabilization Fund - COVID-19	84.425	2020-VD-BX-0915	30,800	-
Total Passed through the Texas Department of Emergency Management			<u>30,800</u>	<u>-</u>
Total U.S. Department of Education			<u>30,800</u>	<u>-</u>
<u>U. S. Department of Homeland Security</u>				
Passed through the Texas Division of Emergency Management:				
Disaster Grants - Public Assistance	97.036	DR-4029-TX	2,228	-
Emergency Management Performance Grants	97.042	PDM16-004	39,143	-
Emergency Management Performance Grants	97.042	EMT-2019-EP-00005	22,641	-
Emergency Management Performance Grants	97.042	EMT-2020-EP-00004	20,037	-
Homeland Security Grant Program	97.073	2772401	20,568	-
Total Passed through the Texas Department of Emergency Management			<u>104,617</u>	<u>-</u>
Total U. S. Department of Homeland Security			<u>104,617</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 2,557,279</u>	<u>\$ -</u>

CITY OF HUNTSVILLE, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all applicable federal awards of the City of Huntsville, Texas. The City's reporting entity is defined in Note I to the City's basic financial statements. Federal awards received directly from federal and state agencies as well as federal awards passed through other government agencies are included in the respective schedule.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using modified accrual basis of accounting, which is described in Note I to the City's basic financial statements.

3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Grant expenditure reports as of September 30, 2020, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

4. INDIRECT COSTS

The City has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

5. PASS-THROUGH EXPENDITURES

None of the federal programs expended by the City were passed through to subrecipients.

CITY OF HUNTSVILLE, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Summary of Auditor's Results

Financial Statements:

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? None reported

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted?

None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? None reported

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) of Uniform Guidance

None

Identification of major programs:

CFDA Number(s)

21.019

Name of Federal Program or Cluster:

Coronavirus Relief Fund - COVID-19

Dollar threshold used to distinguish between type A and type B programs

\$750,000

Auditee qualified as low-risk auditee?

No

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal Awards

None

CITY OF HUNTSVILLE, TEXAS

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

None