

City of Huntsville, Texas

Annual Comprehensive Financial Report

For the year ended September 30, 2022



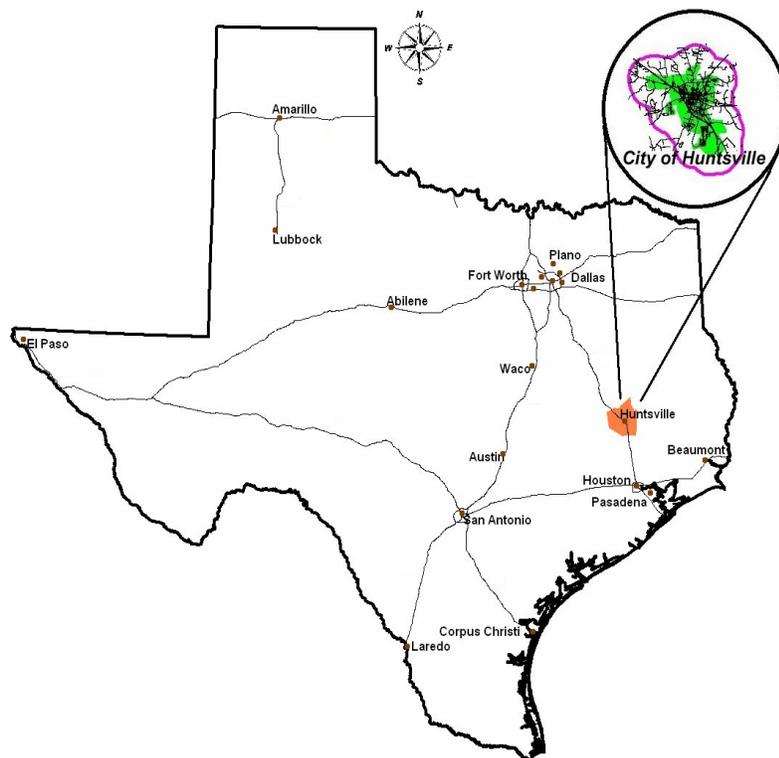
SAM HOUSTON

CITY OF HUNTSVILLE, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2022

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 2020 census was 45,941, a 19% increase from the 2010 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 2020 census for the county was 76,400, an increase of 12.6% from the 2010 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 2020 per capita income for Walker County was \$32,334, compared to the state median of \$55,129. 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, 2022 was 5.5%.

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2022

**Page
Number**

INTRODUCTORY SECTION

Letter of Transmittal	i – v
GFOA Certificate of Achievement	vi
Organizational Chart	vii
List of Principal Officials.....	viii

FINANCIAL SECTION

Independent Auditor’s Report.....	1 – 3
Management’s Discussion and Analysis.....	4 – 10
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12 – 13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14 – 15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17 – 18
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds To the Statement of Activities	19
Statement of Net Position – Proprietary Funds	20 – 21
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	22 – 23
Statement of Cash Flows – Proprietary Funds.....	24 – 27
Notes to the Financial Statements	28 - 55
Required Supplementary Information	
Budgetary Comparison Information	
General Fund	56 – 57

FINANCIAL SECTION

Schedule of Changes in TMRS Net Pension Liability and Related Ratios	58 – 59
Schedule of Pension Contributions	60 – 61
Schedule of Changes in Total OPEB Liability and Related Ratios	62
Schedule of Changes in Net OPEB Liability and Related Ratios	63
Notes to Budgetary Schedules	64
Combining Statements and Budgetary Comparisons	
Nonmajor Governmental Funds:	
Combining Balance Sheet	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	66
Special Revenue Funds:	
Combining Balance Sheet	67 – 69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	70 – 72
Budgetary Comparison Schedules:	
Municipal Court Security and Technology Fund	73
Police Forfeiture Fund	74
Airport Fund	75
Library Special Donations Fund	76
School Resource Officer Fund	77
Police Grants Fund	78
Arts Center Fund	79
Area Revitalization Fund	80
Tax Increment Reinvestment Zone #1 Fund.....	81
Hotel/Motel – Tourism Fund	82
Debt Service Funds:	
Budgetary Comparison Schedule.....	83
Capital Projects Funds:	
Combining Balance Sheet	84 – 85
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	86 – 87
Permanent Funds:	
Combining Balance Sheet	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	89

FINANCIAL SECTION

Budgetary Comparison Schedules:

Library Endowment Fund	90
Oakwood Cemetery Endowment Fund.....	91

Internal Service Funds:

Combining Statement of Net Position	92
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	93
Combining Statement of Cash Flows	94

STATISTICAL SECTION

Table

Net Position by Component.....	1	95 – 96
Changes in Net Position.....	2	97 – 100
Fund Balances – Governmental Funds	3	101 – 102
Changes in Fund Balances	4	103 – 104
Tax Revenues by Source, Governmental Funds	5	105
Assessed Value and Estimated Actual Value of Taxable Property	6	106 – 107
Direct and Overlapping Property Tax Rates	7	108 – 109
Principal Property Taxpayers	8	110
Property Tax Levies and Collections	9	111
Direct and Overlapping Sales Tax Rates.....	10	112
Ratios of Outstanding Debt by Type	11	113 – 114
Ratios of Net General Bonded Debt	12	115 – 116
Direct and Overlapping Governmental Activities Debt	13	117
Legal Debt Margin Information	14	118 – 119
Pledged Revenue Coverage.....	15	120
Demographic and Economic Statistics	16	121 – 122
Principal Employers.....	17	123
Fulltime Equivalent City Government Employees by Function	18	124 – 128
Operating Indicators by Function/Program	19	128 – 131
Capital Asset Statistics by Function/Program.....	20	132 – 133

SINGLE AUDIT SECTION

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	134 – 135
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	136 – 138
Schedule of Expenditures of Federal Awards	139
Notes to Schedule of Expenditure of Federal Awards	140
Schedule of Findings and Questioned Costs.....	141
Summary Schedule of Prior Audit Findings.....	142

INTRODUCTORY SECTION



March 21, 2023

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

The Annual Comprehensive Financial Report (ACFR) of the City of Huntsville, Texas, for the fiscal year ended September 30, 2022 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 ACFR is the responsibility of Management of the City of Huntsville.

Financial Statement Overview

The ACFR is presented in four sections: introductory, financial, statistical, and single audit. 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. The single audit section includes all necessary disclosures pertaining to the City's single audit, including the Schedule of Expenditures of Federal Awards. This report includes all city funds.

The report is in the eighteenth compliance year under Rule 34 as established by the Governmental Accounting Standards Board (GASB34). 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 eleventh 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 seventh 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 Utility 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 issued \$19,115,000 of debt (General Obligation Bonds) for the facilities. Design on the projects began in mid FY 19-20 and construction began on the Service Center in March of 2022. Construction on the City Hall facility should begin in March of 2023.

The City has completed 99% of the \$45.8M of Revenue Bond projects from bonds issued in June 2018.

Grant activity through the City’s Grants Management Division in FY 21 – 22 saw more than \$10,700,000 of grant funds received by the City with \$10,487,000 related to American Rescue Plan Act (ARPA) funds and another \$245K for assisting with various operational costs and CIP project costs. The City designated approximately \$8M of the ARPA funds towards allowable Water and Sewer infrastructure projects.

The property tax rate for FY 22 was increased to \$0.3075 from the 2021 rate of \$0.3062 per \$100 valuation. Water rates were increased according to the rate study financial plan which was completed in fiscal year 2011 which amounted to about a 3% increase. Wastewater rates were not changed for FY 22.

Summary of Financial Activities

The General Fund posted a net increase in its Fund Balance of \$591,974.

The Utility Fund’s operational revenue decreased by approximately \$1.0M (roughly 3.4%) compared to the prior year. The Utility Fund had an increase in net position for the year in the amount of \$12.8 million. Net position for the Solid Waste Fund decreased by roughly \$220K.

On a government-wide basis, net position for Government activities increased almost \$6.0 million from operations. Net position for business-type activities increased \$12.6 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 2022 was \$56,023,230. The FY 2022 value was up \$5,576,140 (11%) over the previous FY 2021 value. In fiscal year 2022 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 2022 were \$479,679 for tourism, \$219,330 for the Arts center, \$215,993 for Visitors Center operations. Total revenues for these operations for FY 21-22 were \$956,327.

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 \$5,230,938 in construction. The Solid Waste Fund did not have any construction. Governmental Activities improvements totaled \$4,559,401.

Completed Capital Projects for the fiscal year were:

- Water projects \$10,083,975
- Wastewater projects \$24,185,073
- Governmental Activities projects \$58,767

Debt Issues

The City issued \$19,575,000 Revenue Bonds in the Utility Fund in the 2022 Fiscal Year. Proceeds from the debt issue are designated for major sewer line projects. There were no debt refundings during the year. General Obligation/Tax Debt at 9/30/2022 was \$40,710,000. Utility Fund Debt totaled \$60,235,000 at 9/30/2022. Solid Waste Fund Debt was \$2,090,000 at 9/30/2022.

Debt Service Fund

The fund balance for the Debt Service Fund servicing general obligation debt increased \$17,958 to \$528,418.

Utility and Tax Rates

The adopted property tax rate for fiscal year 2022 was \$0.3075 which was a slight increase from the previous fiscal year rate of \$0.3062. The calculated "No New Revenue Rate" for FY 22 was \$.2975 and the calculated "Voter Approval Rate" was \$0.3392. 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 \$0.3654.

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 2022 approximately 3% in accordance with rates from a rate study performed by a consultant. Wastewater rates were not increased. Solid Waste rates for FY 2022 were not changed.

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 the 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. The 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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2021. This was the 46th year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the governmental body must publish a ACFR 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 ACFR 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 34 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, 2022 (FY 22-23), 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

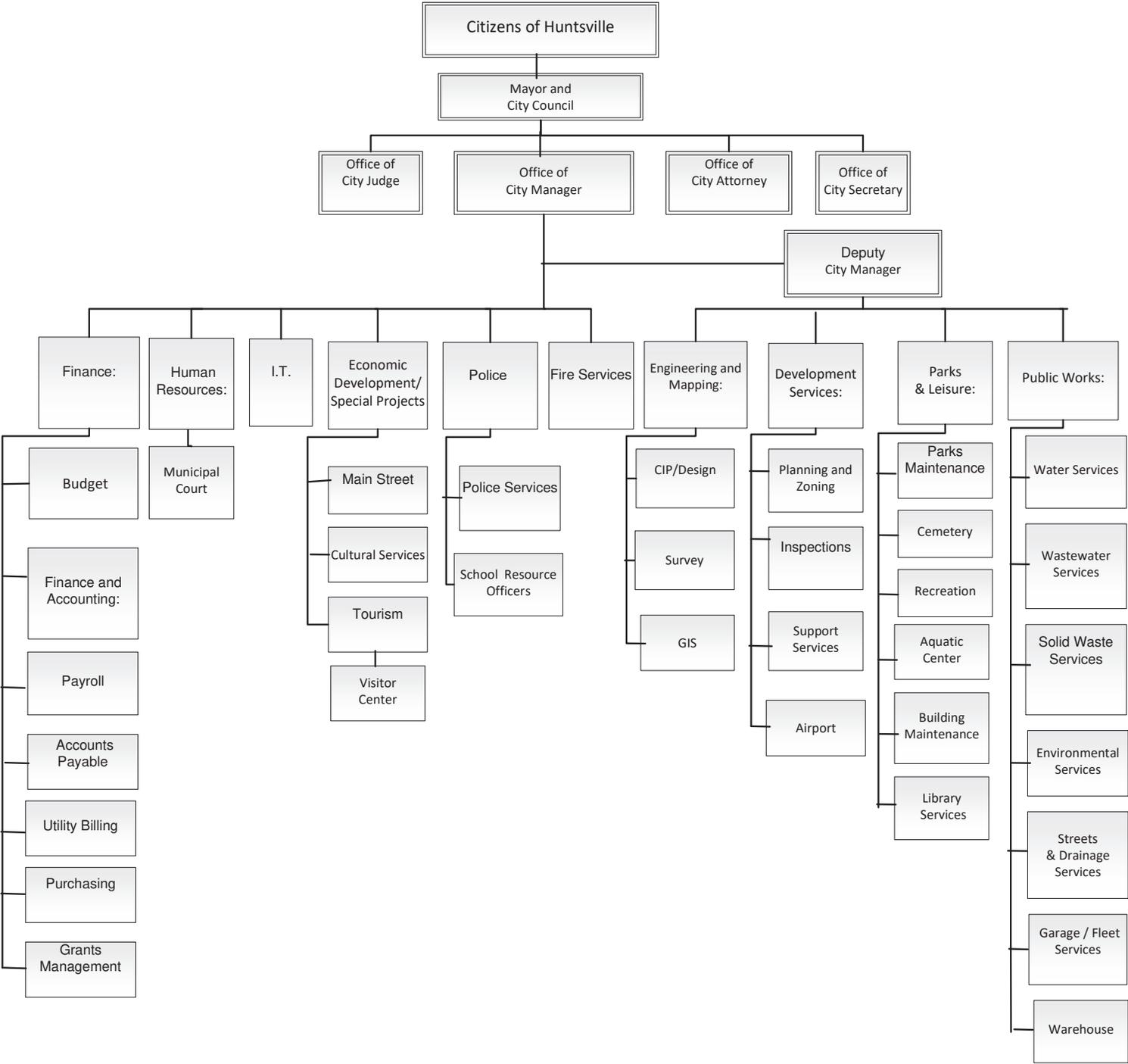
Christopher P. Morill

Executive Director/CEO

Organizational Chart



FY 22 - 2023



Leadership Team

Aron Kulhavy	City Manager
Leonard Schneider	City Attorney
Kristy Doll	City Secretary
John Gaines	City Judge
Darryle Slaven	Interim Police Chief
Brent Sherrod	Public Works Director
Kevin Byal	Development Services Director
Penny Joiner	Parks and Leisure Director
Darren Drastata	Human Resources Director
Bill Wavra	Information Technology Director
Kathlie Jeng-Bulloch	City Engineer
Steve Ritter	Finance Director
Tamara Gann	Special Projects, Economic Development & Tourism Director
Greg Mathis	Fire Chief

Budget Document Preparation

Laurie O'Brien

Budget Manager

Huntsville, Texas

City Council



Andy Brauning, Mayor



Daiquiri Beebe, Ward 1



Russell Humphrey, Ward 2



Delores Massey, Ward 3



Jon Strong, Ward 4



Bert Lyle,
Position 1 at Large



Dee Howard Mullins,
Position 2 at Large



Vicki McKenzie,
Position 3 at Large



Pat Graham,
Position 4 at Large

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 Audit of the Financial Statements

Opinions

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Change of Accounting Principle

As discussed in the notes to the financial statements, in the year ending September 30, 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

OFFICE LOCATIONS

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information 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.

Supplementary 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 combining and individual fund statements and schedules and the Schedule of Expenditures of Federal Awards, as required by 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), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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 fund 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.

Other Information Included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2023, 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 13, 2023

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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, 2022. 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 2022 fiscal year by \$210,730,904 (net position). Of this amount, \$64,738,114 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of fiscal year 2022, the City's governmental funds reported combined ending fund balances of \$51,822,064, a decrease of \$295,133 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 \$13,191,940 or 47% of total General Fund expenditures.
- The City's total capital assets net of accumulated depreciation increased by \$4,009,903. 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.

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 two categories: governmental funds and proprietary funds. The fund financial statements for governmental funds and proprietary 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 24 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 21 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.

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, 2022, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$210,730,904.

The largest portion of the City's net position (67%) 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 (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$64,738,114, may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2022, 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	
	2022	2021	2022	2021	2022	2021
Current and other assets \$	66,733,953	\$ 67,123,549	\$ 65,990,357	\$ 40,923,196	\$ 132,724,310	\$ 108,046,745
Capital assets	<u>58,021,228</u>	<u>54,949,286</u>	<u>159,253,628</u>	<u>158,315,667</u>	<u>217,274,856</u>	<u>213,264,953</u>
Total assets	<u>124,755,181</u>	<u>122,072,835</u>	<u>225,243,985</u>	<u>199,238,863</u>	<u>349,999,166</u>	<u>321,311,698</u>
Deferred outflows of resources	<u>3,896,010</u>	<u>2,833,893</u>	<u>980,097</u>	<u>740,194</u>	<u>4,876,107</u>	<u>3,574,087</u>
Long-term liabilities outstanding	59,834,361	63,491,596	69,109,848	51,748,620	128,944,209	115,240,216
Other liabilities	<u>4,939,249</u>	<u>6,088,708</u>	<u>2,693,345</u>	<u>7,046,139</u>	<u>7,632,594</u>	<u>13,134,847</u>
Total liabilities	<u>64,773,610</u>	<u>69,580,304</u>	<u>71,803,193</u>	<u>58,794,759</u>	<u>136,576,803</u>	<u>128,375,063</u>
Deferred inflows of resources	<u>6,046,486</u>	<u>3,491,802</u>	<u>1,521,080</u>	<u>912,034</u>	<u>7,567,566</u>	<u>4,403,836</u>
Net position:						
Net investment, in capital assets	25,377,974	25,812,712	114,956,441	111,581,369	140,334,415	137,394,081
Restricted	3,518,827	3,398,125	2,139,548	2,122,231	5,658,375	5,520,356
Unrestricted	<u>28,934,294</u>	<u>22,623,785</u>	<u>35,803,820</u>	<u>26,568,664</u>	<u>64,738,114</u>	<u>49,192,449</u>
Total net position \$	<u>57,831,095</u>	<u>51,834,622</u>	<u>152,899,809</u>	<u>140,272,264</u>	<u>210,730,904</u>	<u>192,106,886</u>

Governmental activities. Net position increased by \$5,996,473 in fiscal year 2022. This is compared to an increase of \$7,081,911 in fiscal year 2021. The increase in net position as compared to the prior year is comprised of various factors. Related to revenues, the major factors include increases to property, sales, and hotel/motel taxes. The City has continually grown in population, and the resulting increased property base and economic activity led to the increases. Additionally, the hotel/motel taxes continued to rebound following the COVID-19-related closures in 2020; as large events at Sam Houston State University returned to full capacity, increased tourism to the City resulted. On the expense side, expenses increased compared to the prior year due primarily to increases to salaries and supplies expenses due to continued cost increases industrywide.

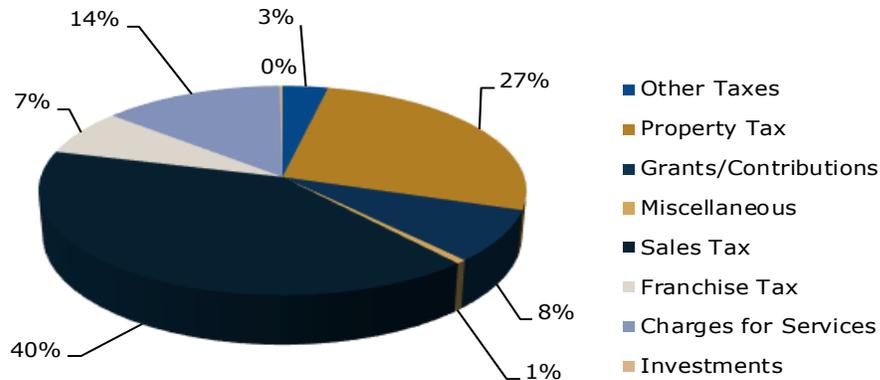
Business-type activities. Net position increased by \$12,627,545 in the current year compared to a \$6,703,593 increase in fiscal year 2021. The major factor contributing to the larger increase in net position for fiscal year 2022 was an increase in grants funding; specifically, almost \$10M in American Rescue Plan Act grant funds. Another component of the increase in net position was an increase in charge for services related to both small rates 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, 2022. Overall, the City had an increase in net position of \$18,624,018. Major factors contributing to the increase are explained in the previous two paragraphs.

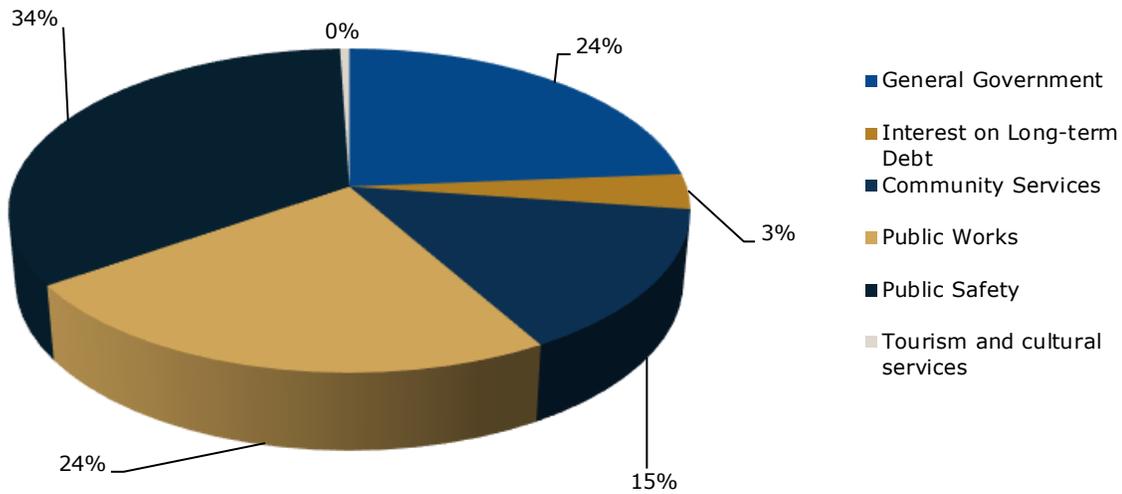
City of Huntsville, Texas' Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 3,962,638	\$ 3,236,096	\$ 34,995,973	\$ 33,351,817	\$ 38,958,611	\$ 36,587,913
Operating grants and contributions	2,240,986	930,616	-	-	2,240,986	930,616
Capital grants and contributions	113,865	63,032	10,849,354	3,362,772	10,963,219	3,425,804
General revenues:						
Property taxes	7,748,279	7,327,913	-	-	7,748,279	7,327,913
Sales taxes	11,777,879	11,021,419	-	-	11,777,879	11,021,419
Franchise taxes	2,078,992	2,014,673	-	-	2,078,992	2,014,673
Other taxes	996,220	870,942	-	-	996,220	870,942
Investment earnings	208,622	219,934	211,161	167,963	419,783	387,897
Miscellaneous	173,070	622,989	721,885	2,635,934	894,955	3,258,923
Total revenues	29,300,551	26,307,614	46,778,373	39,518,486	76,078,924	65,826,100
Expenses:						
General government	7,427,896	7,799,582	-	-	7,427,896	7,799,582
Public works	7,365,943	5,665,502	-	-	7,365,943	5,665,502
Community services	4,554,107	4,060,686	-	-	4,554,107	4,060,686
Public safety	10,707,475	10,828,014	-	-	10,707,475	10,828,014
Tourism and cultural services	159,207	115,522	-	-	159,207	115,522
Interest on long-term debt	1,098,979	1,054,462	-	-	1,098,979	1,054,462
Utility	-	-	20,660,727	17,965,824	20,660,727	17,965,824
Solid waste	-	-	5,480,572	4,551,004	5,480,572	4,551,004
Total expenses	31,313,607	29,523,768	26,141,299	22,516,828	57,454,906	52,040,596
Increase in net position before transfers	(2,013,056)	(3,216,154)	20,637,074	17,001,658	18,624,018	13,785,504
Transfers	8,009,529	10,298,065	(8,009,529)	(10,298,065)	-	-
Increase in net position	5,996,473	7,081,911	12,627,545	6,703,593	18,624,018	13,785,504
Net position, beginning	51,834,622	44,752,711	140,272,264	133,568,671	192,106,886	178,321,382
Net position, ending	\$ 57,831,095	\$ 51,834,622	\$ 152,899,809	\$ 140,272,264	\$ 210,730,904	\$ 192,106,886

Revenues - Governmental Activities Fiscal Year 22 (excludes transfers)



Primary Government Functional Expenses for Governmental Activities - Fiscal Year 2022



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 2022 fiscal year, the City’s governmental funds reported combined ending fund balances of \$51,822,064, a decrease of \$295,133 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 or 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 \$13,191,940, while the total fund balance was \$14,570,547. 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 47% of the General Fund expenditures, while total fund balance represents 51% of that same amount.

The final budget for fiscal year 2022 reflected a \$5,265,248 decrease of fund balance, while still providing for a sufficient reserve balance. The budgeted decrease was projected based on conservative estimates. The actual change in fund balance was an increase of \$591,974. Key factors affecting fund balance are as follows:

- Total General Fund revenues of \$25,304,296 were increased from FY 2021 by \$2,842,354.
 - Property tax revenue increased \$435,873 from FY 2021 actuals due primarily to new construction and an increase in values.
 - The City recognized grant revenue from the American Rescue Plan Act of \$1.9 million.
 - Sales tax revenue increased by \$895,878 due to the population and economic growth discussed previously.
- Total General Fund expenditures of \$28,332,847 increased from FY 2021 by \$2,271,059. The increase in expenditures was primarily related to salary increases.

- The General Fund made planned one-time transfers to the General Improvements Fund to support capital projects funding of approximately \$2.7 million.

The actual revenues of \$25,304,296 were more than the budgeted revenues by \$1,614,477. Sales tax revenue and licenses and permits revenue exceeded the budgeted amounts by \$1,122,879 and \$752,613, respectively. The actual expenditures of \$28,332,847 were \$4,242,745 less than the budgeted expenditures of \$32,575,592. Debt Service fund balance increased by \$17,958. Fund balance was projected to increase in the final budget. This was largely due to transfers in from other funds.

General Improvements fund balance decreased by \$1,084,959 because of the planned spending of bond funds that were received in prior years. The fund expended approximately \$4.5 million in project costs, primarily related to the construction of new Service Center facilities.

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 – \$32,354,635 and Solid Waste – \$3,449,185. The net position for Utility increased \$12,847,497 and Solid Waste decreased \$219,952. The overall change in net position for business-type activities increased by \$12,627,545 which is an increase from the FY 2021 change in net position of \$6,703,593. Overall Enterprise operating revenues of \$35,717,858 reflected an increase compared to the prior year, primarily relating to increased water volume sales. Enterprise operating expenses of \$23,822,477 reflected an increase of \$3,168,947 over FY 2021. 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 2022, the City had \$217,274,856 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 1.88% over the amounts for the prior fiscal year.

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,872,245	\$ 1,872,245	\$ 782,325	\$ 782,325	\$ 2,654,570	\$ 2,654,570
Construction in progress	31,189,096	26,688,462	10,080,643	39,028,755	41,269,739	65,717,217
Buildings and improvements	5,663,568	5,950,184	4,240,586	4,521,471	9,904,154	10,471,655
Improvements other than buildings	7,099,558	7,603,917	887,301	887,301	7,986,859	8,491,218
Machinery, furniture and equipment	7,051,647	7,111,049	115,612	143,234	7,167,259	7,254,283
Water rights	-	-	25,776,000	26,767,385	25,776,000	26,767,385
Infrastructure	5,145,114	5,723,429	117,371,161	86,185,196	122,516,275	91,908,625
Total	\$ 58,021,228	\$ 54,949,286	\$ 159,253,628	\$ 158,315,667	\$ 217,274,856	\$ 213,264,953

Major capital asset events during the 2022 fiscal year include the following:

- \$4.1 million was spent on construction of new City buildings, including a new service center and a city hall.
- \$2.1 million was spent on various City vehicles and equipment.
- \$5.3 million was spent on water & sewer projects related to Revenue Bonds issued in 2020 and 2022. Of this amount, approximately \$2.6 million was spent on utility relocations along Interstate Highway 45 to accommodate construction by other entities.

Additional information on the City’s capital assets can be found in Note II beginning on page 39 of this report.

Debt Administration

At the end of the current fiscal year, the City had total bonded debt outstanding of \$103,035,000. The remainder of the City’s long-term obligations primarily comprises compensated absences.

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 37,635,000	\$ 38,785,220	\$ -	\$ 449,780	\$ 37,635,000	\$ 39,235,000
Certificates of obligation	3,075,000	3,170,000	2,090,000	2,215,000	5,165,000	5,385,000
Revenue bonds	-	-	60,235,000	42,565,000	60,235,000	42,565,000
Premium on bonds issued	1,944,661	2,029,529	2,513,842	1,504,518	4,458,503	3,534,047
Compensated absences	1,449,520	1,448,220	313,853	297,534	1,763,373	1,745,754
	<u>\$ 44,104,181</u>	<u>\$ 45,432,969</u>	<u>\$ 65,152,695</u>	<u>\$ 47,031,832</u>	<u>\$ 109,256,876</u>	<u>\$ 92,464,801</u>

The long-term liabilities for the City increased overall by -\$16,792,075 in the current year, primarily due to the issuance of \$19,575,000 of new revenue bonds for utility projects.

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 2022-2023 fiscal year budget.

Sales Tax revenue makes up approximately 36% of the Revenues for the General Fund. These revenues were budgeted to increase by \$850,000 (8.1%) in FY 2023 from the 2022 fiscal year budgeted amount of \$10,500,000.

A 3% increase in water volumetric rates beginning October 1, 2022 was approved. This was the eleventh 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 \$0.3075 per \$100 valuation for FY 2022 was decreased for FY 2023 to \$0.2926. For fiscal year 2023 General Fund’s budgeted expenditures for regular operations were increased by approximately 9.24% (\$2,608,287) from FY 2022.

Interest rates are expected to increase during fiscal year 2022-23.

The unemployment rate for the City of Huntsville in September 2022 was about 5.5 percent, which is significantly reduced from the September 2021 rate of about 5.6%.

REQUESTS 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.

**BASIC
FINANCIAL STATEMENTS**

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CITY OF HUNTSVILLE, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 56,507,225	\$ 50,620,411	\$ 107,127,636
Investments	5,739,213	3,095,804	8,835,017
Accounts receivable (net of allowances for uncollectable):			
Accounts	281,025	3,628,927	3,909,952
Taxes	3,085,866	-	3,085,866
Intergovernmental	124,192	5,784,520	5,908,712
Interest	21,109	5,688	26,797
Other	1,029	-	1,029
Internal balances	186,105	(186,105)	-
Prepays	166,452	351,090	517,542
Inventories	98,629	550,474	649,103
Property held for sale	14,253	-	14,253
Restricted assets:			
Cash and cash equivalents	-	2,139,548	2,139,548
Investment in joint venture	508,855	-	508,855
Capital assets not being depreciated	33,061,341	10,862,968	43,924,309
Capital assets (net of accumulated depreciation)	24,959,887	148,390,660	173,350,547
Total assets	<u>124,755,181</u>	<u>225,243,985</u>	<u>349,999,166</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	2,339,962	588,651	2,928,613
Deferred outflows of resources related to retiree health OPEB	1,363,846	343,095	1,706,941
Deferred outflows of resources related to SDBF OPEB	192,202	48,351	240,553
Total deferred outflows of resources	<u>3,896,010</u>	<u>980,097</u>	<u>4,876,107</u>
LIABILITIES			
Accounts payable	2,786,815	740,931	3,527,746
Accrued liabilities	1,020,063	163,542	1,183,605
Accrued interest	138,588	-	138,588
Liabilities payable from restricted assets:			
Accrued interest	-	286,880	286,880
Due to other governments	194,399	31,179	225,578
Unearned revenue	693,212	-	693,212
Other liabilities	106,172	-	106,172
Customer deposits	-	1,470,813	1,470,813
Noncurrent liabilities:			
Due within one year:			
Long-term debt	1,702,249	1,964,320	3,666,569
Due in more than one year:			
Long-term debt	42,401,932	63,188,375	105,590,307
Net pension liability	10,485,773	2,637,847	13,123,620
Total SDBF OPEB liability	1,160,332	291,898	1,452,230
Net retiree health OPEB liability	4,084,075	1,027,408	5,111,483
Total liabilities	<u>64,773,610</u>	<u>71,803,193</u>	<u>136,576,803</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	4,488,644	1,129,183	5,617,827
Deferred inflows of resources related to SDBF OPEB	53,546	13,470	67,016
Deferred inflows of resources related to retiree health OPEB	1,504,296	378,427	1,882,723
Total deferred inflows of resources	<u>6,046,486</u>	<u>1,521,080</u>	<u>7,567,566</u>
NET POSITION			
Net investment in capital assets	25,377,974	114,956,441	140,334,415
Restricted for:			
Library - nonspendable	89,081	-	89,081
Cemetery - nonspendable	461,787	-	461,787
Debt service	493,206	2,139,548	2,632,754
Promotion of tourism	1,083,162	-	1,083,162
Court technology and security	162,201	-	162,201
Purpose of grantors, trustees and donors	769,408	-	769,408
Law enforcement	459,982	-	459,982
Unrestricted	28,934,294	35,803,820	64,738,114
Total net position	<u>\$ 57,831,095</u>	<u>\$ 152,899,809</u>	<u>\$ 210,730,904</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, 2022

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 7,427,896	\$ 211,878	\$ 158	\$ -
Public safety	10,707,475	1,733,130	2,215,775	113,865
Public works	7,365,943	1,662,584	-	-
Community services	4,554,107	278,667	18,475	-
Tourism and cultural services	159,207	76,379	6,578	-
Interest on long-term debt	1,098,979	-	-	-
Total governmental activities	<u>31,313,607</u>	<u>3,962,638</u>	<u>2,240,986</u>	<u>113,865</u>
Business-type activities:				
Utility	20,660,727	28,700,185	-	10,849,354
Solid waste	5,480,572	6,295,788	-	-
Total business-type activities	<u>26,141,299</u>	<u>34,995,973</u>	<u>-</u>	<u>10,849,354</u>
Total primary government	\$ <u>57,454,906</u>	\$ <u>38,958,611</u>	\$ <u>2,240,986</u>	\$ <u>10,963,219</u>

General revenues:

Taxes:

 Property

 Sales

 Franchise

 Other

Unrestricted investment earnings

Gain on disposal of capital assets

Miscellaneous

Transfers

 Total general revenues and transfers

 Change in net position

Net position, beginning

Net position, ending

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

Net (Expense) Revenues and Changes in Net Position

Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$(7,215,860)	\$ -	\$(7,215,860)
(6,644,705)	-	(6,644,705)
(5,703,359)	-	(5,703,359)
(4,256,965)	-	(4,256,965)
(76,250)	-	(76,250)
(1,098,979)	-	(1,098,979)
<u>(24,996,118)</u>	<u>-</u>	<u>(24,996,118)</u>
-	18,888,812	18,888,812
-	815,216	815,216
<u>-</u>	<u>19,704,028</u>	<u>19,704,028</u>
(24,996,118)	19,704,028	(5,292,090)
7,748,279	-	7,748,279
11,777,879	-	11,777,879
2,078,992	-	2,078,992
996,220	-	996,220
208,622	211,161	419,783
42,551	-	42,551
130,519	721,885	852,404
<u>8,009,529</u>	<u>(8,009,529)</u>	<u>-</u>
<u>30,992,591</u>	<u>(7,076,483)</u>	<u>23,916,108</u>
5,996,473	12,627,545	18,624,018
<u>51,834,622</u>	<u>140,272,264</u>	<u>192,106,886</u>
<u>\$ 57,831,095</u>	<u>\$ 152,899,809</u>	<u>\$ 210,730,904</u>

CITY OF HUNTSVILLE, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects Fund General Improvements</u>
ASSETS			
Cash and cash equivalents	\$ 9,440,626	\$ 528,418	\$ 34,808,045
Investments	4,414,062	-	-
Receivables (net of allowance for uncollectibles):			
Accounts	168,322	-	-
Taxes	2,907,840	103,376	-
Intergovernmental	25,018	-	-
Interest	10,752	-	-
Other	1,029	-	-
Due from other funds	214,078	-	-
Inventory	89,081	-	-
Prepaid items	84,891	-	-
Property held for sale	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>17,355,699</u>	<u>631,794</u>	<u>34,808,045</u>
LIABILITIES			
Accounts payable	467,568	-	1,859,785
Accrued liabilities	981,402	-	-
Due to other governments	131,464	-	-
Due to other funds	-	-	27,529
Unearned revenue	693,212	-	-
Other liabilities	<u>106,172</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,379,818</u>	<u>-</u>	<u>1,887,314</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>405,334</u>	<u>103,376</u>	<u>-</u>
Total deferred inflows of resources	<u>405,334</u>	<u>103,376</u>	<u>-</u>
Fund balances:			
Nonspendable:			
Inventory	89,081	-	-
Prepaid items	84,891	-	-
Permanent endowments	-	-	-
Restricted:			
Debt service	-	528,418	-
Promotion of tourism	-	-	-
Court technology and security	-	-	-
Purpose of grantors, trustees and donors	-	-	-
Law enforcement	-	-	-
Capital projects	-	-	10,011,407
Assigned:			
Subsequent year's budget	1,204,635	-	-
Capital projects	-	-	22,909,324
Unassigned	<u>13,191,940</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>14,570,547</u>	<u>528,418</u>	<u>32,920,731</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>17,355,699</u>	\$ <u>631,794</u>	\$ <u>34,808,045</u>

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

Other Governmental	Total Governmental Funds
\$ 3,657,688	\$ 48,434,777
-	4,414,062
112,703	281,025
74,650	3,085,866
99,174	124,192
3,547	14,299
-	1,029
-	214,078
9,548	98,629
-	84,891
<u>14,253</u>	<u>14,253</u>
<u>3,971,563</u>	<u>56,767,101</u>
67,155	2,394,508
38,661	1,020,063
62,935	194,399
444	27,973
-	693,212
-	<u>106,172</u>
<u>169,195</u>	<u>4,436,327</u>
-	<u>508,710</u>
<u>-</u>	<u>508,710</u>
-	89,081
-	84,891
461,787	461,787
-	528,418
1,083,162	1,083,162
162,201	162,201
769,408	769,408
459,982	459,982
-	10,011,407
-	1,204,635
865,828	23,775,152
-	<u>13,191,940</u>
<u>3,802,368</u>	<u>51,822,064</u>
\$ <u>3,971,563</u>	\$ <u>56,767,101</u>

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CITY OF HUNTSVILLE, TEXAS

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

SEPTEMBER 30, 2022

Total fund balances - governmental funds balance sheet	\$ 51,822,064
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.	52,848,963
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.	382,463
Court fines receivable unavailable to pay for current period expenditures are reported as deferred inflows of resources in the funds.	126,247
Payables for bond interest which are not due in the current period are not reported in the funds.	(138,588)
The investment in joint venture is not considered a financial asset. Therefore, this is not reported in the governmental funds balance sheet.	508,855
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	(40,710,000)
Bond premiums	(1,944,661)
Compensated absences	(1,449,520)
Net pension liability	(10,485,773)
Total SDBF OPEB liability	(1,160,332)
Net retiree health OPEB liability	(4,084,075)
Deferred outflows (inflows) related to pensions	(2,148,682)
Deferred outflows (inflows) related to total SDBF liability	138,656
Deferred outflows (inflows) related to net retiree health OPEB liability	(140,450)
The assets and liabilities of Internal Service Funds are included in governmental activities in the statement of net position.	<u>14,265,928</u>
Net position of governmental activities - statement of net position	\$ <u>57,831,095</u>

CITY OF HUNTSVILLE, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects Fund General Improvements</u>
REVENUES			
Taxes:			
Property	\$ 5,926,294	\$ 1,454,344	\$ -
Sales	11,777,879	-	-
Franchise	2,078,992	-	-
Other	122,854	-	-
Licenses and permits	1,672,051	-	-
Charges for sales and services	406,397	-	-
Fines, fees, and forfeitures	1,395,941	-	-
Donations, contributions, and grants	1,956,938	-	-
Investment earnings	(115,483)	5,176	320,863
Miscellaneous	82,433	-	-
Total revenues	<u>25,304,296</u>	<u>1,459,520</u>	<u>320,863</u>
EXPENDITURES			
Current:			
General government	7,445,926	-	-
Public safety	10,040,935	-	-
Public works	7,062,752	-	4,337,886
Community services	3,626,297	-	274,228
Tourism and cultural services	156,937	-	-
Debt service:			
Principal retirement	-	1,245,220	-
Interest and fiscal charges	-	1,147,892	-
Total expenditures	<u>28,332,847</u>	<u>2,393,112</u>	<u>4,612,114</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,028,551)</u>	<u>(933,592)</u>	<u>(4,291,251)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	7,367,180	951,550	3,206,292
Transfers out	<u>(3,746,655)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>3,620,525</u>	<u>951,550</u>	<u>3,206,292</u>
NET CHANGE IN FUND BALANCES	591,974	17,958	(1,084,959)
FUND BALANCES, BEGINNING	<u>13,978,573</u>	<u>510,460</u>	<u>34,005,690</u>
FUND BALANCES, ENDING	<u>\$ 14,570,547</u>	<u>\$ 528,418</u>	<u>\$ 32,920,731</u>

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

<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 306,758	\$ 7,687,396
-	11,777,879
-	2,078,992
873,366	996,220
-	1,672,051
707,018	1,113,415
82,525	1,478,466
136,489	2,093,427
21,251	231,807
158	82,591
<u>2,127,565</u>	<u>29,212,244</u>
52,836	7,498,762
928,471	10,969,406
252,899	11,653,537
944,627	4,845,152
-	156,937
-	1,245,220
-	1,147,892
<u>2,178,833</u>	<u>37,516,906</u>
(51,268)	(8,304,662)
327,113	11,852,135
(95,951)	(3,842,606)
<u>231,162</u>	<u>8,009,529</u>
179,894	(295,133)
<u>3,622,474</u>	<u>52,117,197</u>
\$ <u>3,802,368</u>	\$ <u>51,822,064</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, 2022

Net change in fund balances - total governmental funds	\$ (295,133)
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.	6,347,642
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.	(3,668,710)
Debt issued or incurred:	
Bond premium	84,868
Repayment of principal of long-term debt	1,245,220
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	26,491
Property tax penalties and interest	34,392
Change in equity interest in joint venture	8,058
Court fines and fees	23,346
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	(1,300)
Net pension liability	(115,340)
Total SDBF OPEB liability	(108,035)
Net retiree health OPEB liability	1,059,255
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.	(35,955)
The net revenue (expense) of internal service funds is reported with governmental activities.	<u>1,391,674</u>
Change in net position of governmental activities - statement of activities	\$ <u><u>5,996,473</u></u>

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUND

SEPTEMBER 30, 2022

	Enterprise Funds	
	Utility	Solid Waste
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 46,520,309	\$ 4,100,102
Investments	2,351,408	744,396
Accounts receivable (net of allowance for uncollectibles):		
Accounts	3,059,860	569,067
Intergovernmental	5,784,520	-
Interest	5,288	400
Prepaid items	351,090	-
Inventories	550,474	-
Restricted assets:		
Cash and cash equivalents	1,500,560	638,988
Total current assets	60,123,509	6,052,953
Noncurrent assets:		
Capital assets not being depreciated	10,862,968	-
Capital assets (net of accumulated depreciation)	144,360,105	4,030,555
Total noncurrent assets	155,223,073	4,030,555
Total assets	215,346,582	10,083,508
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions	440,463	148,188
Deferred outflow related to retiree health OPEB	256,724	86,371
Deferred outflow related to SDBF OPEB	36,179	12,172
Total deferred outflows of resources	733,366	246,731
LIABILITIES		
Current liabilities:		
Accounts payable	627,213	113,718
Accrued liabilities	120,743	42,799
Customer deposits	955,037	515,776
Due to other funds	170,538	15,567
Liabilities payable from restricted assets:		
Accrued interest payable	276,676	10,204
Due to other governments	-	31,179
Noncurrent liabilities due within one year	1,794,420	169,900
Total current liabilities	3,944,627	899,143
Noncurrent liabilities:		
Due in more than one year:		
Long-term debt	60,981,694	2,206,681
Net pension liability	1,973,792	664,055
Total SDBF OPEB liability	218,415	73,483
Net retiree health OPEB liability	768,767	258,641
Total noncurrent liabilities	63,942,668	3,202,860
Total liabilities	67,887,295	4,102,003
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pensions	844,921	284,262
Deferred inflow related to SDBF OPEB	10,079	3,391
Deferred inflow related to retiree health OPEB	283,161	95,266
Total deferred inflows of resources	1,138,161	382,919
NET POSITION		
Net investment in capital assets	113,199,297	1,757,144
Restricted for debt service	1,500,560	638,988
Unrestricted	32,354,635	3,449,185
Total net position	\$ 147,054,492	\$ 5,845,317

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

<u>Total Enterprise</u>		<u>Internal Service</u>	
\$	50,620,411	\$	8,072,448
	3,095,804		1,325,151
	3,628,927		-
	5,784,520		-
	5,688		6,810
	351,090		81,561
	550,474		-
	<u>2,139,548</u>		<u>-</u>
	<u>66,176,462</u>		<u>9,485,970</u>
	10,862,968		-
	<u>148,390,660</u>		<u>5,172,265</u>
	<u>159,253,628</u>		<u>5,172,265</u>
	<u>225,430,090</u>		<u>14,658,235</u>
	588,651		-
	343,095		-
	<u>48,351</u>		<u>-</u>
	<u>980,097</u>		<u>-</u>
	740,931		392,307
	163,542		-
	1,470,813		-
	186,105		-
	286,880		-
	31,179		-
	<u>1,964,320</u>		<u>-</u>
	<u>4,843,770</u>		<u>392,307</u>
	63,188,375		-
	2,637,847		-
	291,898		-
	<u>1,027,408</u>		<u>-</u>
	<u>67,145,528</u>		<u>-</u>
	<u>71,989,298</u>		<u>392,307</u>
	1,129,183		-
	13,470		-
	<u>378,427</u>		<u>-</u>
	<u>1,521,080</u>		<u>-</u>
	114,956,441		5,172,265
	2,139,548		-
	<u>35,803,820</u>		<u>9,093,663</u>
\$	<u>152,899,809</u>	\$	<u>14,265,928</u>

CITY OF HUNTSVILLE, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Enterprise Funds	
	Utility	Solid Waste
OPERATING REVENUES		
Charges for services:		
Water and wastewater sales	\$ 28,175,250	\$ -
Solid waste fees - residential and commercial	-	5,088,427
Solid waste fees - disposal	-	1,207,361
Inter-department services	-	-
Miscellaneous	5,539	-
Total service charges	28,180,789	6,295,788
Service fees and miscellaneous:		
Tap and connection fees	519,396	-
Customer penalties and miscellaneous	593,494	128,391
Total service fees and miscellaneous	1,112,890	128,391
Total operating revenues	29,293,679	6,424,179
OPERATING EXPENSES		
Administration	1,181,240	732,905
Water production and distribution	5,848,136	-
Wastewater collection and treatment	6,634,949	-
Solid waste collection and disposal	-	4,398,514
Utility billing/customer service	627,891	-
Equipment replacement	-	-
Depreciation	4,121,035	277,807
Total operating expenses	18,413,251	5,409,226
OPERATING INCOME (LOSS)	10,880,428	1,014,953
NONOPERATING REVENUES (EXPENSES)		
Gain on disposal of capital assets	-	-
Investment earnings	228,086	(16,925)
Interest expense	(2,247,476)	(71,346)
Total nonoperating revenues (expenses)	(2,019,390)	(88,271)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	8,861,038	926,682
Capital contributions - intergovernmental	10,849,354	-
Transfers in	473,358	-
Transfers out	(7,336,253)	(1,146,634)
CHANGE IN NET POSITION	12,847,497	(219,952)
NET POSITION, BEGINNING	134,206,995	6,065,269
NET POSITION, ENDING	\$ 147,054,492	\$ 5,845,317

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

<u>Total Enterprise</u>	<u>Internal Service</u>
\$ 28,175,250	\$ -
5,088,427	-
1,207,361	-
-	6,571,700
5,539	-
<u>34,476,577</u>	<u>6,571,700</u>
519,396	-
721,885	23,438
<u>1,241,281</u>	<u>23,438</u>
<u>35,717,858</u>	<u>6,595,138</u>
1,914,145	3,496,895
5,848,136	-
6,634,949	-
4,398,514	-
627,891	-
-	104,760
4,398,842	1,621,175
<u>23,822,477</u>	<u>5,222,830</u>
<u>11,895,381</u>	<u>1,372,308</u>
-	42,551
211,161	(23,185)
(2,318,822)	-
<u>(2,107,661)</u>	<u>19,366</u>
9,787,720	1,391,674
10,849,354	-
473,358	-
(8,482,887)	-
12,627,545	1,391,674
<u>140,272,264</u>	<u>12,874,254</u>
\$ <u>152,899,809</u>	\$ <u>14,265,928</u>

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Enterprise Funds	
	Utility	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 27,353,846	\$ 6,414,754
Interfund services provided	-	-
Cash payments to employees for services	(2,454,721)	(878,119)
Cash payments to suppliers for goods and services	(13,672,932)	(4,212,596)
Net cash provided by operating activities	11,226,193	1,324,039
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	473,358	-
Transfers to other funds	(7,336,253)	(1,146,634)
Net cash used by noncapital financing activities	(6,862,895)	(1,146,634)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash received for capital grants	7,101,901	-
Principal repayment on long-term debt	(2,326,779)	(125,000)
Interest and fiscal charges on debt	18,391,078	(86,000)
Proceeds from sale of capital assets	-	-
Acquisition or construction of capital assets	(5,336,803)	-
Net cash used by capital and related financing activities	17,829,397	(211,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of securities	1,746,125	439,446
Interest and dividends on investments	438,884	14,989
Net cash provided by investing activities	2,185,009	454,435
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	24,377,704	420,840
CASH AND CASH EQUIVALENTS, BEGINNING	23,643,165	4,318,250
CASH AND CASH EQUIVALENTS, ENDING	\$ 48,020,869	\$ 4,739,090

Total Enterprise	Internal Service
\$ 33,768,600	\$ -
-	6,513,577
(3,332,840)	(30,978)
(17,885,528)	(3,379,715)
<u>12,550,232</u>	<u>3,102,884</u>
473,358	-
(8,482,887)	-
(8,009,529)	-
7,101,901	-
(2,451,779)	-
18,305,078	-
-	42,551
(5,336,803)	(2,014,185)
<u>17,618,397</u>	(1,971,634)
2,185,571	-
453,873	72,074
<u>2,639,444</u>	<u>72,074</u>
24,798,544	1,203,324
<u>27,961,415</u>	<u>6,869,124</u>
\$ <u>52,759,959</u>	\$ <u>8,072,448</u>

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Enterprise Funds	
	Utility	Solid Waste
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 10,880,428	\$ 1,014,953
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation	4,121,035	277,807
Change in assets and liabilities:		
Decrease (increase) in prepaid expenses	-	-
Decrease (increase) in receivables	(2,290,923)	(21,377)
Decrease (increase) in inventories	(219,615)	-
Decrease (increase) in interfund receivables	-	11,952
Decrease (increase) in deferred loss related to bond refunding	-	-
Decrease (increase) in deferred outflows related to pensions	(96,772)	(35,898)
Decrease (increase) in deferred outflows related to retiree health OPEB	(88,580)	(31,436)
Decrease (increase) in deferred outflows related to SDBF OPEB	9,900	2,883
Increase (decrease) in accounts payable	(1,219,887)	3,735
Increase (decrease) in accrued liabilities	20,565	10,834
Increase (decrease) in customer deposits	88,682	72,083
Increase (decrease) in compensated absences	6,320	9,979
Increase (decrease) in interfund payables	158,586	15,567
Increase (decrease) in net pension liability	(471,593)	(134,886)
Increase (decrease) in net retiree health OPEB liability	(125,316)	(33,468)
Increase (decrease) in net SDBF OPEB liability	2,641	2,987
Increase (decrease) in deferred inflows related to retiree health OPEB	(31,129)	(7,417)
Increase (decrease) in deferred inflows related to SDBF OPEB	(96)	67
Increase (decrease) in deferred inflows related to pensions	481,947	165,674
Total adjustments	<u>345,765</u>	<u>309,086</u>
Net cash provided by operating activities	\$ <u>11,226,193</u>	\$ <u>1,324,039</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Change in fair value of investments	\$ <u>201,502</u>	\$ <u>19,752</u>

<u>Total Enterprise</u>	<u>Internal Service</u>
\$ 11,895,381	\$ 1,372,308
4,398,842	1,621,175
-	(81,561)
(2,312,300)	-
(219,615)	-
11,952	-
-	-
(132,670)	-
(120,016)	-
12,783	-
(1,216,152)	190,962
31,399	-
160,765	-
16,299	-
174,153	-
(606,479)	-
(158,784)	-
5,628	-
(38,546)	-
(29)	-
<u>647,621</u>	<u>-</u>
<u>654,851</u>	<u>1,730,576</u>
\$ <u>12,550,232</u>	\$ <u>3,102,884</u>
\$ <u>221,254</u>	\$ <u>95,259</u>

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**NOTES TO THE
FINANCIAL STATEMENTS**

CITY OF HUNTSVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 Annual Comprehensive 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 are 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 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.

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.

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 fair 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 2022 and those considered "available" at year-end are recognized as revenues in 2022. 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, 2021, to provide a revenue source to be used to finance the current year's budget. Taxes levied on October 1, 2021, were due and payable by January 31, 2022. On January 1, 2022, 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, 2022, unpaid taxes began to accrue a penalty and interest charge until paid. On July 1, 2022, 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. 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 assets 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 result 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	\$ 179,333	\$ 61,026	\$ 240,359
Property tax penalties and interest	99,754	42,350	142,104
Court fines and fees receivable	<u>126,247</u>	<u>-</u>	<u>126,247</u>
Total	<u>\$ 405,334</u>	<u>\$ 103,376</u>	<u>\$ 508,710</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. Issuance costs are expensed in the period incurred. 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)

The City participates in two defined-benefit OPEB plans, which are individually described below. The TMRS Supplemental Death Benefits Fund ended with an OPEB expense of \$150,337, and the Retiree Health Insurance plan had an OPEB expense of \$334,783. Aggregate OPEB expense for the two plans was \$485,120.

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.

Use of Estimates. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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	\$ 2,710,111	N/A	-
TexPool Prime	38,924,703	N/A	14
Texas CLASS	64,652,543	N/A	82
Texas Term	2,140,195	N/A	48
LOGIC	24,918	N/A	14
U. S. Agency securities	3,762,410	2	581
Municipal bonds	<u>5,887,321</u>	2	477
Total portfolio	<u>\$ 118,102,201</u>		

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, 2022, 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

	General	Debt Service	Nonmajor Governmental	Total
Accounts	\$ 950,668	\$ -	\$ 112,703	\$ 1,063,371
Taxes	3,016,374	143,577	74,788	3,234,739
Intergovernmental	25,018	-	99,174	124,192
Interest	10,752	-	3,547	14,299
Travel advances	<u>1,029</u>	<u>-</u>	<u>-</u>	<u>1,029</u>
Gross Receivables	<u>4,003,841</u>	<u>143,577</u>	<u>290,212</u>	<u>4,437,630</u>
Less: Allowance for uncollectibles	<u>(890,880)</u>	<u>(40,201)</u>	<u>(138)</u>	<u>(931,219)</u>
Net receivables	<u>\$ 3,112,961</u>	<u>\$ 103,376</u>	<u>\$ 290,074</u>	<u>\$ 3,506,411</u>

Proprietary Funds

	Utility	Solid Waste	Internal Service	Total
Customer accounts	\$ 2,297,861	\$ 492,681	\$ -	\$ 2,790,542
Unbilled customer accounts	946,980	153,695	-	1,100,675
Intergovernmental	5,784,520	-	-	5,784,520
Interest	<u>5,288</u>	<u>400</u>	<u>6,810</u>	<u>12,498</u>
Gross Receivables	<u>9,034,649</u>	<u>646,776</u>	<u>6,810</u>	<u>9,688,235</u>
Less: Allowance for uncollectibles	<u>(184,981)</u>	<u>(77,309)</u>	<u>-</u>	<u>(262,290)</u>
Net receivables	<u>\$ 8,849,668</u>	<u>\$ 569,467</u>	<u>\$ 6,810</u>	<u>\$ 9,425,945</u>

Interfund Balances and Transfers to and From Other Funds

Interfund balances at September 30, 2022, were for the purpose of covering short-term cash needs, and they consisted of the following:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 444
General	General Improvements	27,529
General	Utility	170,538
General	Solid Waste	15,567
		<u>\$ 214,078</u>

Transfers to and from other funds at September 30, 2022, consisted of the following:

	Transfers out				
	General	Utility	Solid Waste	Nonmajor Governmental	Total
Transfers in:					
General	\$ -	\$ 6,172,953	\$ 1,098,276	\$ 95,951	\$ 7,367,180
General Improvements	2,706,292	500,000	-	-	3,206,292
Debt service	288,250	663,300	-	-	951,550
Nonmajor governmental	327,113	-	-	-	327,113
Utility	425,000	-	48,358	-	473,358
Total	<u>\$ 3,746,655</u>	<u>\$ 7,336,253</u>	<u>\$ 1,146,634</u>	<u>\$ 95,951</u>	<u>\$ 12,325,493</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 – \$147,709
 - Arts Center Fund – \$85,954
 - Sidewalks - \$50,000
 - General Improvements Fund - \$3,789,128
- 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, 2022, 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	<u>26,688,462</u>	<u>4,559,401</u>	<u>58,767</u>	<u>31,189,096</u>
Total capital assets not being depreciated	<u>28,560,707</u>	<u>4,559,401</u>	<u>58,767</u>	<u>33,061,341</u>
Capital assets being depreciated:				
Buildings and improvements	14,821,258	58,767	-	14,880,025
Machinery, furniture, and equipment	27,284,102	2,070,853	282,611	29,072,344
Improvements other than buildings	14,494,005	10,750	-	14,504,755
Infrastructure	<u>39,731,067</u>	<u>-</u>	<u>-</u>	<u>39,731,067</u>
Total capital assets being depreciated	<u>96,330,432</u>	<u>2,140,370</u>	<u>282,611</u>	<u>98,188,191</u>
Less accumulated depreciation for:				
Buildings and improvements	8,871,074	345,383	-	9,216,457
Machinery, furniture, and equipment	20,173,053	2,130,255	282,611	22,020,697
Improvements other than buildings	6,890,088	515,109	-	7,405,197
Infrastructure	<u>34,007,638</u>	<u>578,315</u>	<u>-</u>	<u>34,585,953</u>
Total accumulated depreciation	<u>69,941,853</u>	<u>3,569,062</u>	<u>282,611</u>	<u>73,228,304</u>
Total capital assets being depreciated, net	<u>26,388,579</u>	<u>(1,428,692)</u>	<u>-</u>	<u>24,959,887</u>
Governmental activities capital assets, net	<u>\$ 54,949,286</u>	<u>\$ 3,130,709</u>	<u>\$ 58,767</u>	<u>\$ 58,021,228</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 782,325	\$ -	\$ -	\$ 782,325
Construction in progress	<u>39,028,754</u>	<u>5,320,938</u>	<u>34,269,049</u>	<u>10,080,643</u>
Total capital assets not being depreciated	<u>39,811,079</u>	<u>5,320,938</u>	<u>34,269,049</u>	<u>10,862,968</u>
Capital assets being depreciated:				
Buildings and improvements	6,884,153	-	-	6,884,153
Machinery, furniture, and equipment	3,204,237	15,865	-	3,220,102
Improvements other than buildings	1,900,168	-	-	1,900,168
Water rights	51,336,066	-	-	51,336,066
Infrastructure	<u>142,552,432</u>	<u>34,269,049</u>	<u>-</u>	<u>176,821,481</u>
Total capital assets being depreciated	<u>205,877,056</u>	<u>34,284,914</u>	<u>-</u>	<u>240,161,970</u>
Less accumulated depreciation for:				
Buildings and improvements	2,362,682	280,885	-	2,643,567
Machinery, furniture, and equipment	3,061,003	43,487	-	3,104,490
Improvements other than buildings	1,012,867	-	-	1,012,867
Water rights	24,568,681	991,385	-	25,560,066
Infrastructure	<u>56,367,235</u>	<u>3,083,085</u>	<u>-</u>	<u>59,450,320</u>
Total accumulated depreciation	<u>87,372,468</u>	<u>4,398,842</u>	<u>-</u>	<u>91,771,310</u>
Total capital assets being depreciated, net	<u>118,504,588</u>	<u>29,886,072</u>	<u>-</u>	<u>148,390,660</u>
Business-type activities capital assets, net	<u>\$ 158,315,667</u>	<u>\$ 35,207,010</u>	<u>\$ 34,269,049</u>	<u>\$ 159,253,628</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 1,101,637
Public works	1,648,362
Community services	535,605
Public safety	<u>283,458</u>
Total governmental activities depreciation	\$ <u>3,569,062</u>
Business-type activities:	
Water production and distribution	\$ 4,121,035
Solid waste disposal and collection	<u>277,807</u>
Total business-type activities depreciation	\$ <u>4,398,842</u>

Long-term Debt

Long-term Debt Activity

Long-term debt includes general obligation bonds and certificates of obligation, which are tax-supported, and revenue bonds that are supported by net revenues of the water and wastewater system.

During the current year, the City issued its Water and Wastewater System Revenue Bonds, Series 2022, in the amount of \$19,575,000. The net proceeds of \$20,370,000 (including an issuance premium of \$1,120,179 net of costs of issuance) were placed in the Utility Enterprise Fund for the construction and improvement of various water and wastewater infrastructure. The bonds mature in series from 2022 through 2051 and bear interest rates from 3.0-4.0%.

Changes in long-term debt for the year ended September 30, 2022, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 38,785,220	\$ -	\$(1,150,220)	\$ 37,635,000	\$ 1,160,000
Certificates of obligation	3,170,000	-	(95,000)	3,075,000	95,000
Premium on bond issuance	2,029,529	-	(84,868)	1,944,661	84,868
Compensated absences	<u>1,448,220</u>	<u>69,420</u>	<u>(68,120)</u>	<u>1,449,520</u>	<u>362,381</u>
Total governmental activities	\$ <u>45,432,969</u>	\$ <u>69,420</u>	\$ <u>(1,398,208)</u>	\$ <u>44,104,181</u>	\$ <u>1,702,249</u>
<u>Business-type activities:</u>					
Revenue bonds	42,565,000	19,575,000	(1,905,000)	60,235,000	1,645,000
General obligation bonds	449,780	-	(449,780)	-	-
Certificates of obligation	2,215,000	-	(125,000)	2,090,000	130,000
Premium on bond issuance	1,504,518	1,120,179	(110,855)	2,513,842	110,857
Compensated absences	<u>297,534</u>	<u>24,205</u>	<u>(7,886)</u>	<u>313,853</u>	<u>78,463</u>
Total business-type activities	\$ <u>47,031,832</u>	\$ <u>20,719,384</u>	\$ <u>(2,598,521)</u>	\$ <u>65,152,695</u>	\$ <u>1,964,320</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		
	Principal	Interest	Total
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	1,080,000	988,782	2,068,782
2027- 2031	6,000,000	4,347,310	10,347,310
2032- 2036	6,950,000	3,384,610	10,334,610
2037- 2041	7,865,000	2,467,510	10,332,510
2042- 2046	8,720,000	1,445,935	10,165,935
2047- 2050	<u>6,205,000</u>	<u>352,944</u>	<u>6,557,944</u>
Total	<u>\$ 40,710,000</u>	<u>\$ 16,190,474</u>	<u>\$ 56,900,474</u>

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2023	\$ 1,775,000	\$ 2,295,038	\$ 4,070,038
2024	1,850,000	2,212,038	4,062,038
2025	1,940,000	2,125,438	4,065,438
2026	2,030,000	2,034,613	4,064,613
2027	2,125,000	1,938,813	4,063,813
2028- 2032	12,120,000	8,212,127	20,332,127
2033- 2037	14,040,000	5,875,238	19,915,238
2038- 2042	15,915,000	3,366,101	19,281,101
2043- 2047	6,820,000	1,029,000	7,849,000
2048- 2052	<u>3,710,000</u>	<u>282,450</u>	<u>3,992,450</u>
Total	<u>\$ 62,325,000</u>	<u>\$ 29,370,856</u>	<u>\$ 91,695,856</u>

At September 30, 2022, there were no authorized or unissued general obligation or revenue bonds, and the City is in compliance with all bond ordinances.

General obligation bonds and certificates of obligation are generally secured by pledged tax revenues; revenue bond pledges are generally limited to nominal amounts but are fully expected to be paid with utility revenues. The obligations do not have substantive acceleration clauses; should the City default on these bonds or certificates, any registered owner of the obligations is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make payment.

Revenue Debt

A summary of revenue debt outstanding as of September 30, 2022, follows:

\$45,840,000 2018 Water and Wastewater System Revenue Bonds due in installments of \$1,040,000 to \$2,760,000 through 2043, interest rates from 1.750% - 3.625%.	41,365,000
\$19,575,000 2022 Water and Wastewater System Revenue Bonds due in installments of \$705,000 to \$970,000 through 2051, interest rates from 3.00% - 4.00%.	<u>18,870,000</u>
Total outstanding revenue debt as of September 30, 2021	<u>\$ 60,235,000</u>

Tax Supported Debt

A summary of tax-supported debt outstanding at September 30, 2022, 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%.	845,000
\$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%.	2,090,000
\$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%.	18,570,000
\$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%.	18,220,000
\$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%.	3,075,000
Total outstanding tax supported debt as of September 30, 2022	<u>\$ 42,800,000</u>

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 continue 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, 2022, the City paid \$701,958 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

The Huntsville Regional Water Supply was established in 1976 with the approval of a service contract between the City and the Trinity River Authority (TRA). The contract provided for the TRA to design, finance, construct, and operate a surface water treatment plant capable of producing a peak flow of eight million gallons per day of treated water to the City. The plant was completed and placed into service in September 1980 at a cost of \$12.8 million.

In 1996 the TRA also issued \$3,905,000 in Contract Revenue Bonds for the City for improvement to the plant and to allow the addition of the Texas Department of Criminal Justice's (TDCJ) Ellis, Estelle and Hospital facilities to be added as customers. The improvements were completed in September of 1996 and the facilities now average 1.4 mgd water usage, generating a revenue to the City in excess of \$3,000,000 annually.

In 1998, treatment plant modifications were completed to optimize plant performance and to provide non potable water to the Tenaska power generating plant located 32 miles west of Huntsville. Tenaska paid for a plant expansion, the installation of the transmission line to the plant, and many upgrades, including moving the intake structure further into the Trinity River and installing new clarifiers, which resulted in a significant improvement to the quality of water being delivered to the citizens of Huntsville and estimated annual revenue of approximately \$770,000.

In 2016 an expansion and improvement project for \$21M was completed at the Trinity River Authority Huntsville Regional Water Supply plant. The project expanded the delivery capacity of the plant to "a firm 12.0 MGD" of treated/potable water for the City. The project provided for improvements that included new filters, chemical and electrical feed systems, a 1.2 million gallon clearwell and high service pumps, an additional 8 MGD raw water pump and the upsizing of approximately 2,000 feet of existing 30" raw water pipeline to 36" pipe.

In association with the 1980 contract the City agreed to pay TRA an annual fee of \$103,295 to reserve up to 10 million gallons per day of water (mgd). There were various addendums to the original contract throughout the years. The original contract, with addendums, expired on December 31, 2020. The City and TRA entered into a new contract effective January 1, 2021. This new contract provides for the City to initially take and use "11,210 acre-feet" annually at \$95 per acre-foot (this converts to essentially to 10 million gallons daily at \$0.30 per 1,000 gallons) and also allows for the City to reserve an additional "17,936 acre-feet" annually at 30% of \$95 per acre-foot (\$28.50) (this converts to essentially 16 million gallons daily reserved at \$0.09 per 1,000 gallons). The cost for water to the City from TRA per this new contract will be approximately \$1,860,000 annually on average over the next 30 years with the cost for the first year being \$1,612,000.

Defined Benefit Pension Policies

Plan Descriptions. The City participates as one of 901 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 annual comprehensive financial report (ACFR) that can be obtained at www.tmr.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	75% Repeating
Annuity increase to retirees	50% of CPI, repeating

Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	229
Inactive employees entitled to but not yet receiving benefits	204
Active employees	<u>272</u>
	<u><u>705</u></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 18.40% and 19.64% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were \$3,129,920, and were equal to the required contributions.

Net Pension Liability. The City's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Within the governmental activities, the General Fund generally liquidates the net pension liability. In the business-type activities, the net pension liability is liquidated by the Utility and Solid Waste fund.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%

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 2022 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 12/31/2020	\$ 99,507,255	\$ 83,841,753	\$ 15,665,502
Changes for the year:			
Service cost	2,422,915	-	2,422,915
Interest	6,790,485	-	6,790,485
Change of benefit terms	2,364,914	-	2,364,914
Difference between expected and actual experience	720,367	-	720,367
Contributions - employer	-	2,867,944	(2,867,944)
Contributions - employee	-	1,094,926	(1,094,926)
Net investment income	-	10,927,920	(10,927,920)
Benefit payments, including refunds of employee contributions	(4,967,687)	(4,967,687)	-
Administrative expense	-	(50,573)	50,573
Other changes	-	346	(346)
Net changes	<u>7,330,994</u>	<u>9,872,876</u>	<u>(2,541,882)</u>
Balance at 12/31/2021	<u>\$ 106,838,249</u>	<u>\$ 93,714,629</u>	<u>\$ 13,123,620</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%)		1% Increase in Discount Rate (7.75%)	
	Discount Rate (5.75%)	Discount Rate (6.75%)	Discount Rate (6.75%)	Discount Rate (7.75%)
City's net pension liability	\$ 27,402,886	\$ 13,123,620	\$ 13,123,620	\$ 1,354,056

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.tmrs.com.

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

For the year ended September 30, 2022, the city recognized pension expense of \$3,161,233.

At September 30, 2022, 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	\$ 540,756	\$ 6,161
Changes in actuarial assumptions	35,563	-
Difference between projected and actual investment earnings	-	5,611,666
Contributions subsequent to the measurement date	<u>2,352,294</u>	<u>-</u>
Total	<u>\$ 2,928,613</u>	<u>\$ 5,617,827</u>

\$2,352,294 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

For the Year	
<u>Ended September 30:</u>	
2023	\$(739,845)
2024	(2,177,248)
2025	(1,070,695)
2026	<u>(1,053,720)</u>
Total	<u>\$(5,041,508)</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 identical 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	190
Inactive employees entitled to but not yet receiving benefits	49
Active employees	<u>272</u>
Total	<u><u>511</u></u>

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.26% for 2022 and 0.25% for 2021, of which 0.15% and 0.14%, 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, 2022 and 2021 were \$23,964 and \$17,973, 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 \$1,452,230 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The Total OPEB Liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50% per annum
Discount rate	1.84%
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. Therefore, the plan is considered to have no assets accumulated in a trust in accordance with paragraph 4 of GASB Statement No. 75.

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, 2021 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 active and retirees and the assets are not segregated for these groups. As such, a single discount rate of 1.84% 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, 2021.

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 (0.84%)</u>	<u>Discount Rate (1.84%)</u>	<u>1% Increase in Discount Rate (2.84%)</u>
Total OPEB Liability	\$ 1,787,339	\$ 1,452,230	\$ 1,196,019

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2022, the City reported a liability of \$1,452,230 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2021. For the year ended September 30, 2022, the City recognized OPEB expense of \$150,337. 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 12/31/2020	\$ 1,382,282
Changes for the year:	
Service cost	54,747
Interest	27,974
Difference between expected and actual experience	(36,579)
Changes of assumptions	45,705
Benefit payments	(21,899)
Net changes	<u>69,948</u>
Balance at 12/31/2021	<u>\$ 1,452,230</u>

At September 30, 2022, 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	\$ -	\$ 52,087
Changes in actuarial assumptions	222,587	14,929
Contributions subsequent to the measurement date	<u>17,966</u>	<u>-</u>
Totals	<u>\$ 240,553</u>	<u>\$ 67,016</u>

\$17,966 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, 2023. Other amounts reported as deferred outflows related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2023	\$ 52,867
2024	68,037
2025	33,178
2026	<u>1,489</u>
Total	<u>\$ 155,571</u>

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. Effective 1/1/2021, the dental plan is fully insured with one option currently available to retirees and active employees alike. 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	92
Active members	<u>252</u>
Total	<u><u>344</u></u>

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	September 30, 2022
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-2010 Employee Mortality Table, Generational with Projection Scale MP-2021 for males or females, as appropriate. Mortality rates for retirees were based on on the RPH-2010 Health Annuitant Mortality Table, Generational with Projection Scale MP-2021 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 5.50% in 2021 to 6.00% and 6.00% 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 90% of retirees who are eligible for the City subsidy and 10% 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 9/30/2021	\$ 11,325,174	\$ 5,597,543	\$ 5,727,631
Changes for the year:			
Service cost	77,850	-	77,850
Interest	775,402	-	775,402
Difference between expected and actual experience	(398,683)	-	(398,683)
Changes in assumptions and other inputs	(1,548,386)	-	(1,548,386)
Contributions for benefits due	-	752,609	(752,609)
Net investment income	-	(1,230,278)	1,230,278
Benefit payments	(651,697)	(651,697)	-
Net changes	(1,745,514)	(1,129,366)	(616,148)
Balance at 9/30/2022	<u>\$ 9,579,660</u>	<u>\$ 4,468,177</u>	<u>\$ 5,111,483</u>

Changes in assumptions reflect updated assumptions related to claim costs, 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, 2021 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	\$ 6,023,779	\$ 5,111,483	\$ 4,328,814

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	\$ 4,362,387	\$ 5,111,483	\$ 5,977,864

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2022, the City reported a liability of \$5,111,483 for its net OPEB Liability. The net OPEB Liability was determined by an actuarial valuation as of September 30, 2022. For the year ended September 30, 2022, the City recognized OPEB expense of \$334,783. There were no changes of benefit terms that affected measurement of the net OPEB liability during the measurement period.

At September 30, 2022, 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	\$ 88,411	\$ 300,181
Changes in actuarial assumptions	315,677	1,032,257
Difference between projected and actual investment earnings	<u>1,302,853</u>	<u>550,285</u>
Total	<u>\$ 1,706,941</u>	<u>\$ 1,882,723</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:

For the Year Ended September 30,	
2023	\$(136,697)
2024	(529,810)
2025	170,867
2026	<u>319,858</u>
Total	<u>\$(175,782)</u>

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>2022</u>	<u>2021</u>
Aggregate liabilities October 1	\$ 201,345	\$ 173,551
Incurred liabilities	2,369,702	2,508,696
Paid liabilities	<u>(2,207,560)</u>	<u>(2,480,902)</u>
Aggregate liabilities September 30	<u>\$ 363,487</u>	<u>\$ 201,345</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 the City's liability to pay benefits to a participant under the plan exceed the value of the amounts created to the participants' account.

Commitments and Contingencies

1. Construction Commitments

The City has various construction projects as of September 30, 2022. The City's remaining commitment to contractors for all projects is at \$9,058,314 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 2022, the City rebated property taxes of \$172,271.

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, 2022.

Implementation of New Accounting Statements

The following statements for the GASB are effective for future fiscal years ending as listed below. The City is in the process of reviewing and evaluating these statements and their potential impact on the City's financial statements.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. GASB 94 will be implemented in fiscal year 2023 and the impact has not yet been determined.

Statement No. 96, *Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. GASB 96 will be implemented in fiscal year 2023 and the impact has not yet been determined.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62* – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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, 2022

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 5,845,000	\$ 5,845,000	\$ 5,926,294	\$ 81,294
Sales tax	10,500,000	10,655,000	11,777,879	1,122,879
Franchise taxes	2,125,000	2,125,000	2,078,992	(46,008)
Other taxes	114,000	114,000	122,854	8,854
Licenses and permits	861,438	919,438	1,672,051	752,613
Charges for sales and services	364,292	364,292	406,397	42,105
Fines, fees, and forfeitures	1,272,400	1,272,400	1,395,941	123,541
Donations, contributions, and grants	71,500	2,144,715	1,956,938	(187,777)
Investment income	100,000	100,000	(115,483)	(215,483)
Miscellaneous	88,900	149,974	82,433	(67,541)
Total revenue	<u>21,342,530</u>	<u>23,689,819</u>	<u>25,304,296</u>	<u>1,614,477</u>
EXPENDITURES				
Current:				
General government				
Charter offices				
City Council	157,497	755,527	511,710	243,817
City Manager	686,797	695,873	695,499	374
City Secretary	239,861	246,998	217,952	29,046
City Attorney	215,000	315,620	315,620	-
City Judge	68,689	71,079	70,547	532
Finance				
Finance and accounting	960,971	987,755	948,575	39,180
Office services	108,294	117,339	95,661	21,678
Municipal court	401,077	423,736	409,964	13,772
Purchasing	93,756	98,004	94,797	3,207
Warehouse	61,474	66,122	65,479	643
Human resources	566,067	616,159	582,507	33,652
Information technology	1,353,577	1,385,525	1,288,872	96,653
Community development	281,393	335,604	258,152	77,452
Non-departmental	2,353,556	1,924,940	1,890,591	34,349
Public safety				
Public safety administration	1,182,951	1,781,946	1,280,885	501,061
Police	6,594,699	6,620,048	6,318,204	301,844
Fire	3,196,269	3,271,848	2,353,052	918,796
Victim's services	77,473	89,005	88,794	211
Public works				
Public utilities administration	397,523	416,121	414,519	1,602
Streets	3,292,632	4,924,095	3,941,394	982,701
GIS	262,307	274,179	266,043	8,136
Customer service center	183,875	190,813	175,194	15,619
Planning	244,428	252,217	215,517	36,700
Engineering	964,106	1,307,018	881,241	425,777
Surveying	271,983	284,019	271,456	12,563
Central inspection	790,715	872,888	769,205	103,683
Health	135,510	140,503	128,183	12,320

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, 2022

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Community services				
Community services administration	\$ 252,776	\$ 263,063	\$ 255,775	\$ 7,288
Recreation	64,050	64,050	60,445	3,605
Parks maintenance	1,076,735	1,105,242	1,015,995	89,247
Aquatic center	256,118	261,142	203,425	57,717
Building services	641,150	722,590	696,219	26,371
Cemetery	94,966	125,675	105,493	20,182
Library services	624,230	663,359	629,853	33,506
Community service assist	38,200	38,200	14,220	23,980
Garage	660,581	701,085	644,872	56,213
Tourism and cultural services				
Main street	161,834	165,485	156,274	9,211
Gift shop	720	720	663	57
Total expenditures	<u>29,013,840</u>	<u>32,575,592</u>	<u>28,332,847</u>	<u>4,242,745</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,671,310)</u>	<u>(8,885,773)</u>	<u>(3,028,551)</u>	<u>5,857,222</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,332,181	7,367,180	7,367,180	-
Transfers out	<u>(1,036,813)</u>	<u>(3,746,655)</u>	<u>(3,746,655)</u>	<u>-</u>
Total other financing sources (uses)	<u>6,295,368</u>	<u>3,620,525</u>	<u>3,620,525</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(1,375,942)</u>	<u>(5,265,248)</u>	<u>591,974</u>	<u>5,857,222</u>
FUND BALANCE, BEGINNING	<u>13,978,573</u>	<u>13,978,573</u>	<u>13,978,573</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 12,602,631</u>	<u>\$ 8,713,325</u>	<u>\$ 14,570,547</u>	<u>\$ 5,857,222</u>

CITY OF HUNTSVILLE, TEXAS

SCHEDULE OF CHANGES IN TMRS NET PENSION LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Measurement Date December 31,	<u>2014</u>	<u>2015</u>	<u>2016</u>
A. Total pension liability			
Service Cost	\$ 1,618,547	\$ 1,748,260	\$ 1,967,624
Interest (on the Total Pension Liability)	5,052,504	5,264,932	5,411,590
Difference between expected and actual experience	(379,732)	(99,924)	207,820
Changes of assumptions	-	1,388,066	-
Benefit payments, including refunds of employee contributions	<u>(3,168,397)</u>	<u>(3,474,572)</u>	<u>(3,430,679)</u>
Net change in total pension liability	3,122,922	4,826,762	4,156,355
Total pension liability - beginning	<u>72,953,549</u>	<u>76,076,471</u>	<u>80,903,233</u>
Total pension liability - ending (a)	<u>\$ 76,076,471</u>	<u>\$ 80,903,233</u>	<u>\$ 85,059,588</u>
B. Plan fiduciary net position			
Contributions - Employer	\$ 2,053,801	\$ 2,126,131	\$ 2,233,194
Contributions - Employee	846,679	862,278	915,782
Net Investment Income	3,289,610	89,250	4,055,924
Benefit payments, including refunds of employee contributions	(3,168,397)	(3,474,572)	(3,430,679)
Administrative Expenses	(34,349)	(54,371)	(45,826)
Other	<u>(2,824)</u>	<u>(2,686)</u>	<u>(2,469)</u>
Net change in plan fiduciary net position	2,984,520	(453,970)	3,725,926
Plan fiduciary net position - beginning	<u>57,510,341</u>	<u>60,494,861</u>	<u>60,040,891</u>
Plan fiduciary net position - ending (b)	<u>\$ 60,494,861</u>	<u>\$ 60,040,891</u>	<u>\$ 63,766,817</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 15,581,610</u>	<u>\$ 20,862,342</u>	<u>\$ 21,292,771</u>
D. Plan fiduciary net position as a percentage of total pension liability	79.52%	74.21%	74.97%
E. Covered payroll	\$ 12,095,412	\$ 12,303,029	\$ 13,082,605
F. Net pension liability as a percentage of covered payroll	128.82%	169.57%	162.76%

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

2017	2018	2019	2020	2021
\$ 2,005,970	\$ 2,059,799	\$ 2,161,908	\$ 2,280,952	\$ 2,422,915
5,674,192	5,873,938	6,107,614	6,366,474	6,790,485
-	(137,630)	(30,803)	49,717	720,367
(635,663)	-	177,814	-	2,364,914
(4,000,952)	(4,223,462)	(4,547,117)	(4,735,084)	(4,967,687)
3,043,547	3,572,645	3,869,416	3,962,059	7,330,994
<u>85,059,588</u>	<u>88,103,135</u>	<u>91,675,780</u>	<u>95,545,196</u>	<u>99,507,255</u>
<u>\$ 88,103,135</u>	<u>\$ 91,675,780</u>	<u>\$ 95,545,196</u>	<u>\$ 99,507,255</u>	<u>\$ 106,838,249</u>
\$ 2,481,100	\$ 2,530,335	\$ 2,619,671	\$ 2,863,520	\$ 2,867,944
935,151	949,216	998,243	1,078,829	1,094,926
8,834,783	(2,155,263)	10,667,844	5,972,362	10,927,920
(4,000,952)	(4,223,462)	(4,547,117)	(4,735,084)	(4,967,687)
(45,802)	(41,665)	(60,297)	(38,656)	(50,573)
(2,321)	(2,176)	(1,811)	(1,506)	346
8,201,959	(2,943,015)	9,676,530	5,139,462	9,872,876
<u>63,766,817</u>	<u>71,968,776</u>	<u>69,025,761</u>	<u>78,702,291</u>	<u>83,841,753</u>
<u>\$ 71,968,776</u>	<u>\$ 69,025,761</u>	<u>\$ 78,702,291</u>	<u>\$ 83,841,753</u>	<u>\$ 93,714,629</u>
<u>\$ 16,134,359</u>	<u>\$ 22,650,019</u>	<u>\$ 16,842,905</u>	<u>\$ 15,665,502</u>	<u>\$ 13,123,620</u>
81.69%	75.29%	82.37%	84.26%	87.72%
\$ 13,346,443	\$ 13,560,229	\$ 14,260,608	\$ 15,411,836	\$ 15,672,183
120.89%	167.03%	118.11%	101.65%	83.74%

CITY OF HUNTSVILLE, TEXAS

SCHEDULE OF PENSION CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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	24 years
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.5% 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 Increased repeating USC from 50% to 75%.

2017	2018	2019	2020	2021	2022
\$ 2,440,874	\$ 2,503,097	\$ 2,597,663	\$ 2,724,340	\$ 2,837,362	\$ 3,129,920
(2,440,874)	(2,503,097)	(2,597,663)	(2,724,340)	(2,837,362)	(3,129,920)
-	-	-	-	-	-
13,390,464	13,425,685	14,090,493	14,706,798	15,448,799	16,261,498
18.23%	18.64%	18.44%	18.52%	18.37%	19.25%

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, 2022

Measurement Date December 31,	2017	2018	2019	2020	2021
A. Total OPEB liability					
Service Cost	\$ 28,028	\$ 32,545	\$ 31,373	\$ 46,236	\$ 54,747
Interest (on the Total OPEB Liability)	31,388	32,010	34,399	31,705	27,974
Difference between expected and actual experience	-	(26,825)	(26,839)	(11,787)	(36,579)
Changes of assumptions	80,403	(70,734)	186,742	190,204	45,705
Benefit payments, including refunds of employee contributions	(5,339)	(5,423)	(7,130)	(7,707)	(21,899)
Net change in Total OPEB liability	134,480	(38,427)	218,545	248,651	69,948
Total OPEB liability - beginning	<u>819,033</u>	<u>953,513</u>	<u>915,086</u>	<u>1,133,631</u>	<u>1,382,282</u>
Total OPEB liability - ending	<u>953,513</u>	<u>915,086</u>	<u>1,133,631</u>	<u>1,382,282</u>	<u>1,452,230</u>
B. Covered-employee payroll	\$ 13,346,443	\$ 13,560,229	\$ 14,260,608	\$ 15,411,836	\$ 15,672,183
C. Total OPEB liability as a percentage of covered-employee payroll	7.14%	6.75%	7.95%	8.97%	9.27%

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, 2022

Measurement Date September 30,	2018	2019	2020	2021	2022
A. Total OPEB liability					
Service Cost	\$ 43,312	\$ 44,395	\$ 26,704	\$ 67,273	\$ 77,850
Interest (on the Total OPEB Liability)	731,662	742,356	660,901	742,090	775,402
Difference between expected and actual experience	(295,877)	(329,820)	353,645	(103,177)	(398,683)
Changes of assumptions	-	(1,114,330)	722,263	405,336	(1,548,386)
Benefit payments	(325,462)	(329,347)	(647,756)	(640,725)	(651,697)
Net change in total OPEB liability	153,635	(986,746)	1,115,757	470,797	(1,745,514)
Total OPEB liability - beginning	<u>10,571,731</u>	<u>10,725,366</u>	<u>9,738,620</u>	<u>10,854,377</u>	<u>11,325,174</u>
Total OPEB liability - ending (a)	<u>10,725,366</u>	<u>9,738,620</u>	<u>10,854,377</u>	<u>11,325,174</u>	<u>9,579,660</u>
B. Plan fiduciary net position					
Contributions for benefits due	283,929	329,347	544,140	640,725	752,609
Net Investment Income	312,323	150,300	525,022	1,041,464	(1,230,278)
Benefit payments	(325,462)	(329,347)	(647,756)	(640,725)	(651,697)
Net change in plan fiduciary net position	270,790	150,300	421,406	1,041,464	(1,129,366)
Plan fiduciary net position - beginning	<u>3,713,583</u>	<u>3,984,373</u>	<u>4,134,673</u>	<u>4,556,079</u>	<u>5,597,543</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,984,373</u>	<u>\$ 4,134,673</u>	<u>\$ 4,556,079</u>	<u>\$ 5,597,543</u>	<u>\$ 4,468,177</u>
C. Net OPEB liability - ending (a) - (b)	<u>\$ 6,740,993</u>	<u>\$ 5,603,947</u>	<u>\$ 6,298,298</u>	<u>\$ 5,727,631</u>	<u>\$ 5,111,483</u>
D. Plan fiduciary net position as a percentage of total OPEB liability					
	37.15%	42.46%	41.97%	49.43%	46.64%

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, 2022

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, Library Grants fund, and Public Improvement District. 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.

**COMBINING STATEMENTS
AND BUDGETARY COMPARISONS**

CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	Special Revenue	Capital Projects	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,290,967	\$ 862,280	\$ 504,441	\$ 3,657,688
Investments	-	-	-	-
Accounts receivable (net of allowance for uncollectibles):				
Accounts	112,703	-	-	112,703
Taxes	74,650	-	-	74,650
Intergovernmental	99,173	1	-	99,174
Interest	-	3,547	-	3,547
Inventory	9,548	-	-	9,548
Property held for sale	<u>14,253</u>	<u>-</u>	<u>-</u>	<u>14,253</u>
 Total assets	 <u>2,601,294</u>	 <u>865,828</u>	 <u>504,441</u>	 <u>3,971,563</u>
LIABILITIES				
Accounts payable	67,155	-	-	67,155
Accrued liabilities	38,661	-	-	38,661
Due to other governments	62,935	-	-	62,935
Due to other funds	<u>444</u>	<u>-</u>	<u>-</u>	<u>444</u>
Total liabilities	<u>169,195</u>	<u>-</u>	<u>-</u>	<u>169,195</u>
FUND BALANCES				
Nonspendable - permanent endowments	-	-	461,787	461,787
Restricted for:				
Promotion of tourism	1,083,162	-	-	1,083,162
Court technology and security	162,201	-	-	162,201
Purpose of grantors, trustees and donors	726,754	-	42,654	769,408
Law enforcement	459,982	-	-	459,982
Assigned to:				
Construction of capital assets	<u>-</u>	<u>865,828</u>	<u>-</u>	<u>865,828</u>
Total fund balances	<u>2,432,099</u>	<u>865,828</u>	<u>504,441</u>	<u>3,802,368</u>
 Total liabilities and fund balances	 <u>\$ 2,601,294</u>	 <u>\$ 865,828</u>	 <u>\$ 504,441</u>	 <u>\$ 3,971,563</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, 2022

	Special Revenue	Capital Projects	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	\$ 306,758	\$ -	\$ -	\$ 306,758
Other taxes	873,366	-	-	873,366
Charges for sales and services	707,018	-	-	707,018
Fines, fees, and forfeitures	82,525	-	-	82,525
Donations, contributions, and grants	136,489	-	-	136,489
Investment income	10,934	8,320	1,997	21,251
Miscellaneous	158	-	-	158
Total revenues	<u>2,117,248</u>	<u>8,320</u>	<u>1,997</u>	<u>2,127,565</u>
EXPENDITURES				
General government	52,836	-	-	52,836
Public works	252,899	-	-	252,899
Community services	944,627	-	-	944,627
Public safety	928,471	-	-	928,471
Total expenditures	<u>2,178,833</u>	<u>-</u>	<u>-</u>	<u>2,178,833</u>
EXCESS (DEFICIENCY) OF REVENUES (OVER) UNDER EXPENDITURES	<u>(61,585)</u>	<u>8,320</u>	<u>1,997</u>	<u>(51,268)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	277,113	50,000	-	327,113
Transfers out	<u>(93,951)</u>	<u>-</u>	<u>(2,000)</u>	<u>(95,951)</u>
Total other financing sources (uses)	<u>183,162</u>	<u>50,000</u>	<u>(2,000)</u>	<u>231,162</u>
NET CHANGE IN FUND BALANCES	121,577	58,320	(3)	179,894
FUND BALANCES, BEGINNING	<u>2,310,522</u>	<u>807,508</u>	<u>504,444</u>	<u>3,622,474</u>
FUND BALANCES, ENDING	\$ <u>2,432,099</u>	\$ <u>865,828</u>	\$ <u>504,441</u>	\$ <u>3,802,368</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2022

	Municipal Court Security and Technology	Police Forfeiture	Airport	Library Special Donations
ASSETS				
Cash	\$ 180,455	\$ 272,202	\$ 84,344	\$ 163,605
Accounts receivable (net of allowance for uncollectibles):				
Accounts	-	-	12,834	-
Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Inventory	-	-	-	-
Property held for sale	-	-	-	-
	<u>180,455</u>	<u>272,202</u>	<u>97,178</u>	<u>163,605</u>
Total assets				
	<u>180,455</u>	<u>272,202</u>	<u>97,178</u>	<u>163,605</u>
LIABILITIES				
Accounts payable	15,156	99	631	1,634
Accrued liabilities	3,098	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	62,342	-	-
Total liabilities	<u>18,254</u>	<u>62,441</u>	<u>631</u>	<u>1,634</u>
FUND BALANCES				
Restricted for:				
Promotion of tourism	-	-	-	-
Court security and technology	162,201	-	-	-
Purpose of grantors, trustees and donors	-	-	96,547	161,971
Law enforcement	-	209,761	-	-
Total fund balances	<u>162,201</u>	<u>209,761</u>	<u>96,547</u>	<u>161,971</u>
Total liabilities, deferred inflows of resources and fund balance	\$ <u>180,455</u>	\$ <u>272,202</u>	\$ <u>97,178</u>	\$ <u>163,605</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	\$ 176,036	\$ 53,143	\$ 178,644	\$ 62,655	\$ 19,179
-	99,869	-	-	-	-
-	-	-	10,684	-	-
-	-	94,719	-	4,454	-
-	-	-	-	-	-
-	-	-	-	14,253	-
<u>5,353</u>	<u>275,905</u>	<u>147,862</u>	<u>189,328</u>	<u>81,362</u>	<u>19,179</u>
-	1,093	-	13,023	-	-
-	24,346	-	3,216	-	-
-	245	-	-	-	-
-	-	-	-	-	-
-	<u>25,684</u>	-	<u>16,239</u>	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,353	-	147,862	173,089	81,362	19,179
-	<u>250,221</u>	-	-	-	-
<u>5,353</u>	<u>250,221</u>	<u>147,862</u>	<u>173,089</u>	<u>81,362</u>	<u>19,179</u>
<u>\$ 5,353</u>	<u>\$ 275,905</u>	<u>\$ 147,862</u>	<u>\$ 189,328</u>	<u>\$ 81,362</u>	<u>\$ 19,179</u>

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CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2022

	Tax Increment Reinvestment Zone #1	Hotel/ Motel Tourism	Public Improvement District	Total Nonmajor Special Revenue Funds
ASSETS				
Cash	\$ 41,391	\$ 1,043,960	\$ 10,000	\$ 2,290,967
Accounts receivable (net of allowance for uncollectibles):				
Accounts	-	-	-	112,703
Taxes	-	63,966	-	74,650
Intergovernmental	-	-	-	99,173
Inventory	-	9,548	-	9,548
Property held for sale	-	-	-	14,253
	<u>41,391</u>	<u>1,117,474</u>	<u>10,000</u>	<u>2,601,294</u>
Total assets				
LIABILITIES				
Accounts payable	-	25,519	10,000	67,155
Accrued liabilities	-	8,001	-	38,661
Due to other funds	-	199	-	444
Due to other governments	-	593	-	62,935
Total liabilities	<u>-</u>	<u>34,312</u>	<u>10,000</u>	<u>169,195</u>
FUND BALANCES				
Restricted for:				
Promotion of tourism	-	1,083,162	-	1,083,162
Court security and technology	-	-	-	162,201
Purpose of grantors, trustees and donors	41,391	-	-	726,754
Law enforcement	-	-	-	459,982
Total fund balances	<u>41,391</u>	<u>1,083,162</u>	<u>-</u>	<u>2,432,099</u>
Total liabilities and fund balances	<u>\$ 41,391</u>	<u>\$ 1,117,474</u>	<u>\$ 10,000</u>	<u>\$ 2,601,294</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, 2022

	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	68,103	10,883	-	-
Donations, contributions, and grants	-	-	-	16,416
Investment earnings	1,632	1,551	54	645
Miscellaneous	-	-	-	-
Total revenues	<u>69,735</u>	<u>12,434</u>	<u>18,204</u>	<u>17,061</u>
EXPENDITURES				
General government	52,836	-	-	-
Public works	-	-	26,705	-
Community services	-	-	-	15,714
Public safety	-	51,884	-	-
Total expenditures	<u>52,836</u>	<u>51,884</u>	<u>26,705</u>	<u>15,714</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>16,899</u>	<u>(39,450)</u>	<u>(8,501)</u>	<u>1,347</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	39,900	-
Transfers out	<u>(26,617)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(26,617)</u>	<u>-</u>	<u>39,900</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(9,718)</u>	<u>(39,450)</u>	<u>31,399</u>	<u>1,347</u>
FUND BALANCES, BEGINNING	<u>171,919</u>	<u>249,211</u>	<u>65,148</u>	<u>160,624</u>
FUND BALANCES, ENDING	<u>\$ 162,201</u>	<u>\$ 209,761</u>	<u>\$ 96,547</u>	<u>\$ 161,971</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	127,401	-	-
-	615,432	-	-	-	-
-	-	-	654	-	-
-	-	116,945	29	-	-
-	1,049	365	838	502	167
-	-	-	-	-	-
<u>-</u>	<u>616,481</u>	<u>117,310</u>	<u>128,922</u>	<u>502</u>	<u>167</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	219,329	-	-
-	<u>770,603</u>	<u>105,984</u>	-	-	-
-	<u>770,603</u>	<u>105,984</u>	<u>219,329</u>	-	-
-	(154,122)	11,326	(90,407)	502	167
-	147,709	3,550	85,954	-	-
-	-	-	-	-	-
-	<u>147,709</u>	<u>3,550</u>	<u>85,954</u>	-	-
-	(6,413)	14,876	(4,453)	502	167
<u>5,353</u>	<u>256,634</u>	<u>132,986</u>	<u>177,542</u>	<u>80,860</u>	<u>19,012</u>
<u>\$ 5,353</u>	<u>\$ 250,221</u>	<u>\$ 147,862</u>	<u>\$ 173,089</u>	<u>\$ 81,362</u>	<u>\$ 19,179</u>

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CITY OF HUNTSVILLE, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Tax Increment Reinvestment Zone #1	Hotel/ Motel Tourism	Public Improvement District	Total Nonmajor Special Revenue Funds
REVENUES				
Property taxes	\$ 306,758	\$ -	\$ -	\$ 306,758
Other taxes	-	745,965	-	873,366
Charges for sales and services	-	73,436	-	707,018
Fines, fees, and forfeitures	-	2,885	-	82,525
Donations, contributions, and grants	-	3,099	-	136,489
Investment income	329	3,802	-	10,934
Miscellaneous	-	158	-	158
Total revenues	<u>307,087</u>	<u>829,345</u>	<u>-</u>	<u>2,117,248</u>
EXPENDITURES				
General government	-	-	-	52,836
Public works	-	226,194	-	252,899
Community services	306,762	402,822	-	944,627
Public safety	-	-	-	928,471
Total expenditures	<u>306,762</u>	<u>629,016</u>	<u>-</u>	<u>2,178,833</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>325</u>	<u>200,329</u>	<u>-</u>	<u>(61,585)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	277,113
Transfers out	-	(67,334)	-	(93,951)
Total other financing sources (uses)	<u>-</u>	<u>(67,334)</u>	<u>-</u>	<u>183,162</u>
NET CHANGE IN FUND BALANCES	325	132,995	-	121,577
FUND BALANCES, BEGINNING	<u>41,066</u>	<u>950,167</u>	<u>-</u>	<u>2,310,522</u>
FUND BALANCES, ENDING	<u>\$ 41,391</u>	<u>\$ 1,083,162</u>	<u>\$ -</u>	<u>\$ 2,432,099</u>

CITY OF HUNTSVILLE, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines, fees, and forfeiture	\$ 44,000	\$ 44,000	\$ 68,103	\$ 24,103
Investment income	-	-	1,632	1,632
Total revenue	<u>44,000</u>	<u>44,000</u>	<u>69,735</u>	<u>25,735</u>
EXPENDITURES				
General government	<u>61,079</u>	<u>61,079</u>	<u>52,836</u>	<u>8,243</u>
Total expenditures	<u>61,079</u>	<u>61,079</u>	<u>52,836</u>	<u>8,243</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(17,079)</u>	<u>(17,079)</u>	<u>16,899</u>	<u>33,978</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(26,617)</u>	<u>(26,617)</u>	<u>(26,617)</u>	<u>-</u>
Total other financing sources (uses)	<u>(26,617)</u>	<u>(26,617)</u>	<u>(26,617)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(43,696)</u>	<u>(43,696)</u>	<u>(9,718)</u>	<u>33,978</u>
FUND BALANCE, BEGINNING	<u>171,919</u>	<u>171,919</u>	<u>171,919</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 128,223</u>	<u>\$ 128,223</u>	<u>\$ 162,201</u>	<u>\$ 33,978</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
POLICE FORFEITURE FUND
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines, fees, and forfeitures	\$ -	\$ -	\$ 10,883	\$ 10,883
Investment income	-	-	1,551	1,551
Total revenues	-	-	12,434	12,434
EXPENDITURES				
Public safety	241,900	241,900	51,884	190,016
Total expenditures	241,900	241,900	51,884	190,016
NET CHANGE IN FUND BALANCE	(241,900)	(241,900)	(39,450)	202,450
FUND BALANCE, BEGINNING	249,211	249,211	249,211	-
FUND BALANCE, ENDING	\$ 7,311	\$ 7,311	\$ 209,761	\$ 202,450

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
AIRPORT FUND
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for sales and services	\$ 18,150	\$ 18,150	\$ 18,150	\$ -
Donations, contributions, and grants	25,000	25,000	-	(25,000)
Investment income	100	100	54	(46)
Total revenues	<u>43,250</u>	<u>43,250</u>	<u>18,204</u>	<u>(25,046)</u>
EXPENDITURES				
Public works	<u>83,150</u>	<u>83,150</u>	<u>26,705</u>	<u>56,445</u>
Total expenditures	<u>83,150</u>	<u>83,150</u>	<u>26,705</u>	<u>56,445</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(39,900)</u>	<u>(39,900)</u>	<u>(8,501)</u>	<u>31,399</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>39,900</u>	<u>39,900</u>	<u>39,900</u>	<u>-</u>
Total other financing sources (uses)	<u>39,900</u>	<u>39,900</u>	<u>39,900</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	31,399	31,399
FUND BALANCE, BEGINNING	<u>65,148</u>	<u>65,148</u>	<u>65,148</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 65,148</u>	<u>\$ 65,148</u>	<u>\$ 96,547</u>	<u>\$ 31,399</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
LIBRARY SPECIAL DONATIONS FUND
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Donations, contributions, and grants	\$ 5,300	\$ 8,439	\$ 16,416	\$ 7,977
Investment income	400	400	645	245
Total revenues	<u>5,700</u>	<u>8,839</u>	<u>17,061</u>	<u>8,222</u>
EXPENDITURES				
Community services	<u>41,545</u>	<u>52,525</u>	<u>15,714</u>	<u>36,811</u>
Total expenditures	<u>41,545</u>	<u>52,525</u>	<u>15,714</u>	<u>36,811</u>
NET CHANGE IN FUND BALANCE	(35,845)	(43,686)	1,347	45,033
FUND BALANCE, BEGINNING	<u>160,624</u>	<u>160,624</u>	<u>160,624</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 124,779</u>	<u>\$ 116,938</u>	<u>\$ 161,971</u>	<u>\$ 45,033</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
SCHOOL RESOURCE OFFICER FUND
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for sales and services	\$ 615,432	\$ 615,432	\$ 615,432	\$ -
Investment income	-	-	1,049	1,049
Total revenues	<u>615,432</u>	<u>615,432</u>	<u>616,481</u>	<u>1,049</u>
EXPENDITURES				
Public safety	<u>769,290</u>	<u>782,203</u>	<u>770,603</u>	<u>11,600</u>
Total expenditures	<u>769,290</u>	<u>782,203</u>	<u>770,603</u>	<u>11,600</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(153,858)</u>	<u>(166,771)</u>	<u>(154,122)</u>	<u>12,649</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>147,709</u>	<u>147,709</u>	<u>147,709</u>	<u>-</u>
Total other financing sources (uses)	<u>147,709</u>	<u>147,709</u>	<u>147,709</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(6,149)</u>	<u>(19,062)</u>	<u>(6,413)</u>	<u>12,649</u>
FUND BALANCE, BEGINNING	<u>256,634</u>	<u>256,634</u>	<u>256,634</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 250,485</u>	<u>\$ 237,572</u>	<u>\$ 250,221</u>	<u>\$ 12,649</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
POLICE GRANTS
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Donations, contributions, and grants	\$ -	\$ 104,683	\$ 116,945	\$ 12,262
Investment income	-	-	365	365
Total revenues	<u>-</u>	<u>104,683</u>	<u>117,310</u>	<u>12,627</u>
EXPENDITURES				
Public safety	<u>99,139</u>	<u>203,822</u>	<u>105,984</u>	<u>97,838</u>
Total expenditures	<u>99,139</u>	<u>203,822</u>	<u>105,984</u>	<u>97,838</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(99,139)</u>	<u>(99,139)</u>	<u>11,326</u>	<u>110,465</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>3,550</u>	<u>3,550</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,550</u>	<u>3,550</u>
NET CHANGE IN FUND BALANCE	<u>(99,139)</u>	<u>(99,139)</u>	<u>14,876</u>	<u>114,015</u>
FUND BALANCE, BEGINNING	<u>132,986</u>	<u>132,986</u>	<u>132,986</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 33,847</u>	<u>\$ 33,847</u>	<u>\$ 147,862</u>	<u>\$ 114,015</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
ARTS CENTER FUND
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other taxes	\$ 100,000	\$ 100,000	\$ 127,401	\$ 27,401
Fines, fees, and forfeitures	2,052	2,052	654	(1,398)
Donations, contributions, and grants	6,000	6,000	29	(5,971)
Investment income	-	-	838	838
Total revenues	<u>108,052</u>	<u>108,052</u>	<u>128,922</u>	<u>20,870</u>
EXPENDITURES				
Community services	<u>227,695</u>	<u>227,695</u>	<u>219,329</u>	<u>8,366</u>
Total expenditures	<u>227,695</u>	<u>227,695</u>	<u>219,329</u>	<u>8,366</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(119,643)</u>	<u>(119,643)</u>	<u>(90,407)</u>	<u>29,236</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>85,954</u>	<u>85,954</u>	<u>85,954</u>	<u>-</u>
Total other financing sources (uses)	<u>85,954</u>	<u>85,954</u>	<u>85,954</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(33,689)</u>	<u>(33,689)</u>	<u>(4,453)</u>	<u>29,236</u>
FUND BALANCE, BEGINNING	<u>177,542</u>	<u>177,542</u>	<u>177,542</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 143,853</u>	<u>\$ 143,853</u>	<u>\$ 173,089</u>	<u>\$ 29,236</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
 AREA REVITALIZATION
 SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	-	-	167	167
Total revenues	-	-	167	167
EXPENDITURES				
Total expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	167	167
FUND BALANCE, BEGINNING	19,012	19,012	19,012	-
FUND BALANCE, ENDING	\$ 19,012	\$ 19,012	\$ 19,179	\$ 167

CITY OF HUNTSVILLE, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 172,200	\$ 172,200	\$ 306,758	\$ 134,558
Investment income	-	-	329	329
Total revenues	<u>172,200</u>	<u>172,200</u>	<u>307,087</u>	<u>134,887</u>
EXPENDITURES				
Community services	-	-	306,762	(306,762)
Total expenditures	<u>-</u>	<u>-</u>	<u>306,762</u>	<u>(306,762)</u>
NET CHANGE IN FUND BALANCE	172,200	172,200	325	(171,875)
FUND BALANCE, BEGINNING	<u>41,066</u>	<u>41,066</u>	<u>41,066</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 213,266</u>	<u>\$ 213,266</u>	<u>\$ 41,391</u>	<u>\$ (171,875)</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
HOTEL MOTEL - TOURISM
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Hotel/Motel taxes	\$ 600,000	\$ 600,000	\$ 745,965	\$ 145,965
Charges for sales and services	43,105	43,105	73,436	30,331
Fines, fees, and forfeitures	2,500	2,500	2,885	385
Donations, contributions, and grants	500	500	3,099	2,599
Investment income	-	-	3,802	3,802
Miscellaneous	-	-	158	158
Total revenues	<u>646,105</u>	<u>646,105</u>	<u>829,345</u>	<u>183,240</u>
EXPENDITURES				
Public works	207,247	248,346	226,194	22,152
Community services	395,210	419,788	402,822	16,966
Total expenditures	<u>602,457</u>	<u>668,134</u>	<u>629,016</u>	<u>39,118</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>43,648</u>	<u>(22,029)</u>	<u>200,329</u>	<u>222,358</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(67,334)	(67,334)	(67,334)	-
Total other financing sources (uses)	<u>(67,334)</u>	<u>(67,334)</u>	<u>(67,334)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(23,686)</u>	<u>(89,363)</u>	<u>132,995</u>	<u>222,358</u>
FUND BALANCE, BEGINNING	<u>950,167</u>	<u>950,167</u>	<u>950,167</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 926,481</u>	<u>\$ 860,804</u>	<u>\$ 1,083,162</u>	<u>\$ 222,358</u>

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CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,471,600	\$ 1,471,600	\$ 1,454,344	\$ (17,256)
Investment income	1,000	1,000	5,176	4,176
Total revenues	<u>1,472,600</u>	<u>1,472,600</u>	<u>1,459,520</u>	<u>(13,080)</u>
EXPENDITURES				
Debt service:				
Principal retirement	1,245,221	1,245,220	1,245,220	-
Interest and fiscal charges	1,147,892	1,147,892	1,147,892	-
Total expenditures	<u>2,393,113</u>	<u>2,393,112</u>	<u>2,393,112</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(920,513)</u>	<u>(920,512)</u>	<u>(933,592)</u>	<u>(13,080)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	951,550	951,550	951,550	-
Total other financing sources (uses)	<u>951,550</u>	<u>951,550</u>	<u>951,550</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	31,037	31,038	17,958	(13,080)
FUND BALANCE, BEGINNING	<u>510,460</u>	<u>510,460</u>	<u>510,460</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 541,497</u>	<u>\$ 541,498</u>	<u>\$ 528,418</u>	<u>\$ (13,080)</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

SEPTEMBER 30, 2022

	<u>Street Capital Projects</u>	<u>Sidewalks</u>	<u>Swimming Pool</u>	<u>IS Computer CIP</u>
ASSETS				
Cash	\$ 619,736	\$ 132,605	\$ -	\$ 58,433
Receivables (net of allowance for uncollectibles):				
Intergovernmental	-	1	-	-
Interest receivable	<u>1,488</u>	<u>-</u>	<u>-</u>	<u>2,059</u>
 Total assets	 <u>621,224</u>	 <u>132,606</u>	 <u>-</u>	 <u>60,492</u>
 FUND BALANCES				
Assigned for:				
Construction of capital assets	<u>621,224</u>	<u>132,606</u>	<u>-</u>	<u>60,492</u>
Total fund balances	<u>\$ 621,224</u>	<u>\$ 132,606</u>	<u>\$ -</u>	<u>\$ 60,492</u>

<u>Cemetery Projects</u>	<u>Land Acquisition</u>	<u>Total Nonmajor Capital Projects</u>
\$ 11,357	\$ 40,149	\$ 862,280
-	-	1
<u>-</u>	<u>-</u>	<u>3,547</u>
<u>11,357</u>	<u>40,149</u>	<u>865,828</u>
<u>11,357</u>	<u>40,149</u>	<u>865,828</u>
\$ <u>11,357</u>	\$ <u>40,149</u>	\$ <u>865,828</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, 2022

	<u>Street Capital Projects</u>	<u>Sidewalks</u>	<u>Swimming Pool</u>	<u>IS Computer CIP</u>
REVENUES				
Investment earnings	\$ <u>7,612</u>	\$ <u>274</u>	\$ <u>-</u>	\$ <u>38</u>
Total revenues	<u>7,612</u>	<u>274</u>	<u>-</u>	<u>38</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,612</u>	<u>274</u>	<u>-</u>	<u>38</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>7,612</u>	<u>50,274</u>	<u>-</u>	<u>38</u>
FUND BALANCES, BEGINNING	<u>613,612</u>	<u>82,332</u>	<u>-</u>	<u>60,454</u>
FUND BALANCES, ENDING	\$ <u>621,224</u>	\$ <u>132,606</u>	\$ <u>-</u>	\$ <u>60,492</u>

<u>Cemetery Projects</u>	<u>Land Acquisition</u>	<u>Total Nonmajor Governmental Funds</u>
\$ <u>79</u>	\$ <u>317</u>	\$ <u>8,320</u>
<u>79</u>	<u>317</u>	<u>8,320</u>
<u>79</u>	<u>317</u>	<u>8,320</u>
<u>-</u>	<u>-</u>	<u>50,000</u>
<u>-</u>	<u>-</u>	<u>50,000</u>
<u>79</u>	<u>317</u>	<u>58,320</u>
<u>11,278</u>	<u>39,832</u>	<u>807,508</u>
\$ <u>11,357</u>	\$ <u>40,149</u>	\$ <u>865,828</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS

SEPTEMBER 30, 2022

	Library Endowment Nonexpendable Trust	Oakwood Cemetery Endowment	Total Nonmajor Permanent Funds
ASSETS			
Cash and cash equivalents	\$ <u>119,956</u>	\$ <u>384,485</u>	\$ <u>504,441</u>
Total assets	<u>119,956</u>	<u>384,485</u>	<u>504,441</u>
FUND BALANCES			
Nonspendable:			
Permanent funds	106,914	354,873	461,787
Restricted for:			
Purpose of grantors, trustees and donors	<u>13,042</u>	<u>29,612</u>	<u>42,654</u>
Total fund balances	<u>\$ 119,956</u>	<u>\$ 384,485</u>	<u>\$ 504,441</u>

CITY OF HUNTSVILLE, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Library Endowment Nonexpendable Trust	Oakwood Cemetery Endowment	Total Nonmajor Permanent Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Investment income	\$ 971	\$ 1,026	\$ 1,997
Total revenues	<u>971</u>	<u>1,026</u>	<u>1,997</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>971</u>	<u>1,026</u>	<u>1,997</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>(2,000)</u>	<u>(2,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>(2,000)</u>	<u>(2,000)</u>
NET CHANGE IN FUND BALANCES	971	(974)	(3)
FUND BALANCES, BEGINNING	<u>118,985</u>	<u>385,459</u>	<u>504,444</u>
FUND BALANCES, ENDING	<u>\$ 119,956</u>	<u>\$ 384,485</u>	<u>\$ 504,441</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
LIBRARY ENDOWMENT
PERMANENT FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 971	\$ 971
Total revenues	-	-	971	971
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	971	971
FUND BALANCE, BEGINNING	118,985	118,985	118,985	-
FUND BALANCE, ENDING	\$ 118,985	\$ 118,985	\$ 119,956	\$ 971

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
OAKWOOD CEMETERY ENDOWMENT
PERMANENT FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ <u>2,000</u>	\$ <u>2,000</u>	\$ <u>1,026</u>	\$ (<u>974</u>)
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>1,026</u>	(<u>974</u>)
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,000</u>	<u>2,000</u>	<u>1,026</u>	(<u>974</u>)
OTHER FINANCING SOURCES (USES)				
Transfers out	(<u>2,000</u>)	(<u>2,000</u>)	(<u>2,000</u>)	<u>-</u>
Total other financing sources (uses)	(<u>2,000</u>)	(<u>2,000</u>)	(<u>2,000</u>)	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	(<u>974</u>)	(<u>974</u>)
FUND BALANCE, BEGINNING	<u>385,459</u>	<u>385,459</u>	<u>385,459</u>	<u>-</u>
FUND BALANCE, ENDING	\$ <u><u>385,459</u></u>	\$ <u><u>385,459</u></u>	\$ <u><u>384,485</u></u>	\$ (<u><u>974</u></u>)

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2022

	<u>Medical Insurance</u>	<u>Equipment Replacement</u>	<u>Computer Replacement</u>	<u>Total Internal Service</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,576,996	\$ 4,066,046	\$ 429,406	\$ 8,072,448
Investments	342,105	983,046	-	1,325,151
Accrued interest receivable	2,388	4,272	150	6,810
Prepaid items	<u>81,561</u>	<u>-</u>	<u>-</u>	<u>81,561</u>
Total current assets	<u>4,003,050</u>	<u>5,053,364</u>	<u>429,556</u>	<u>9,485,970</u>
Noncurrent assets:				
Capital assets				
(net of accumulated depreciation)	<u>-</u>	<u>4,613,827</u>	<u>558,438</u>	<u>5,172,265</u>
Total noncurrent assets	<u>-</u>	<u>4,613,827</u>	<u>558,438</u>	<u>5,172,265</u>
Total assets	\$ <u>4,003,050</u>	\$ <u>9,667,191</u>	\$ <u>987,994</u>	\$ <u>14,658,235</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ <u>363,487</u>	\$ <u>28,820</u>	\$ <u>-</u>	\$ <u>392,307</u>
Total current liabilities	<u>363,487</u>	<u>28,820</u>	<u>-</u>	<u>392,307</u>
Total liabilities	<u>363,487</u>	<u>28,820</u>	<u>-</u>	<u>392,307</u>
NET POSITION				
Net investment in capital assets	-	4,613,827	558,438	5,172,265
Unrestricted	<u>3,639,563</u>	<u>5,024,544</u>	<u>429,556</u>	<u>9,093,663</u>
Total net position	\$ <u>3,639,563</u>	\$ <u>9,638,371</u>	\$ <u>987,994</u>	\$ <u>14,265,928</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, 2022

	<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	\$ 4,064,155	\$ 2,225,439	\$ 282,106	\$ 6,571,700
Total service charges	<u>4,064,155</u>	<u>2,225,439</u>	<u>282,106</u>	<u>6,571,700</u>
Service fees and miscellaneous:				
Customer penalties and miscellaneous	5,439	17,250	749	23,438
Total service fees and miscellaneous	<u>5,439</u>	<u>17,250</u>	<u>749</u>	<u>23,438</u>
Total operating revenues	<u>4,069,594</u>	<u>2,242,689</u>	<u>282,855</u>	<u>6,595,138</u>
OPERATING EXPENSES				
Administration	3,465,917	-	30,978	3,496,895
Equipment replacement	-	37,493	67,267	104,760
Depreciation	-	1,497,166	124,009	1,621,175
Total operating expenses	<u>3,465,917</u>	<u>1,534,659</u>	<u>222,254</u>	<u>5,222,830</u>
OPERATING INCOME (LOSS)	<u>603,677</u>	<u>708,030</u>	<u>60,601</u>	<u>1,372,308</u>
NONOPERATING REVENUES (EXPENSES)				
Gain on disposal of capital assets	-	42,551	-	42,551
Interest income	11,324	(36,244)	1,735	(23,185)
Total nonoperating revenues (expenses)	<u>11,324</u>	<u>6,307</u>	<u>1,735</u>	<u>19,366</u>
CHANGE IN NET POSITION	615,001	714,337	62,336	1,391,674
NET POSITION, BEGINNING	<u>3,024,562</u>	<u>8,924,034</u>	<u>925,658</u>	<u>12,874,254</u>
NET POSITION, ENDING	<u>\$ 3,639,563</u>	<u>\$ 9,638,371</u>	<u>\$ 987,994</u>	<u>\$ 14,265,928</u>

CITY OF HUNTSVILLE, TEXAS

**COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Medical Insurance	Equipment Replacement	Computer Replacement	Total Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
Interfund services provided	\$ 3,988,033	\$ 2,242,689	\$ 282,855	\$ 6,513,577
Cash payments to employees for services	-	-	(30,978)	(30,978)
Cash payments to suppliers for goods and services	<u>(3,303,775)</u>	<u>(8,673)</u>	<u>(67,267)</u>	<u>(3,379,715)</u>
Net cash provided by operating activities	<u>684,258</u>	<u>2,234,016</u>	<u>184,610</u>	<u>3,102,884</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition or construction of capital assets	-	(1,805,184)	(209,001)	(2,014,185)
Proceeds from the sale of capital assets	<u>-</u>	<u>42,551</u>	<u>-</u>	<u>42,551</u>
Net used for capital and related financing activities	<u>-</u>	<u>(1,762,633)</u>	<u>(209,001)</u>	<u>(1,971,634)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	<u>30,793</u>	<u>39,546</u>	<u>1,735</u>	<u>72,074</u>
Net cash provided by investing activities	<u>30,793</u>	<u>39,546</u>	<u>1,735</u>	<u>72,074</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	715,051	510,929	(22,656)	1,203,324
CASH AND CASH EQUIVALENTS, BEGINNING	<u>2,861,945</u>	<u>3,555,117</u>	<u>452,062</u>	<u>6,869,124</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 3,576,996</u>	<u>\$ 4,066,046</u>	<u>\$ 429,406</u>	<u>\$ 8,072,448</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 603,677	\$ 708,030	\$ 60,601	\$ 1,372,308
Adjustments to reconcile operating income to net cash used by operating activities:				
Depreciation	-	1,497,166	124,009	1,621,175
Change in assets and liabilities:				
Decrease (increase) in prepaid expenses	(81,561)	-	-	(81,561)
Increase (decrease) in accounts payable	<u>162,142</u>	<u>28,820</u>	<u>-</u>	<u>190,962</u>
Total adjustments	<u>80,581</u>	<u>1,525,986</u>	<u>124,009</u>	<u>1,730,576</u>
Net cash provided by operating activities	<u>\$ 684,258</u>	<u>\$ 2,234,016</u>	<u>\$ 184,610</u>	<u>\$ 3,102,884</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Change in fair value of investments	<u>\$ 19,469</u>	<u>\$ 75,790</u>	<u>\$ -</u>	<u>\$ 95,259</u>

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Huntsville, Texas' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

	Page
Financial Trends	95 – 104
<p>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</p>	
Revenue Capacity	105 – 112
<p>These schedules contain information to help the reader assess the City's most significant local revenue sources. Although sales taxes are the City's most significant local revenue source. Information about revenue base is unavailable and information about principal revenue payers is confidential under Texas statutes. Trend information about sales tax revenues is provided in Table 2. Additionally, information about the City's second most significant local revenue source, the property tax, is provided.</p>	
Debt Capacity	113 – 120
<p>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</p>	
Demographic and Economic Information	121 – 127
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</p>	
Operating Information	128 – 133
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</p>	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF HUNTSVILLE, TEXAS

NET POSITION BY COMPONENT

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

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities:				
Net investment in capital assets	\$ 17,385	\$ 18,677	\$ 13,061	\$ 21,330
Restricted	2,872	3,990	3,048	3,598
Unrestricted	<u>9,936</u>	<u>11,117</u>	<u>4,631</u>	<u>4,221</u>
Total governmental activities net position	<u>\$ 30,193</u>	<u>\$ 33,784</u>	<u>\$ 20,740</u>	<u>\$ 29,149</u>
Business-type activities:				
Net investment in capital assets	\$ 52,727	\$ 57,024	\$ 593	\$ 71,213
Restricted	-	-	-	-
Unrestricted	<u>22,888</u>	<u>24,506</u>	<u>80,937</u>	<u>22,885</u>
Total business-type activities net position	<u>\$ 75,615</u>	<u>\$ 81,530</u>	<u>\$ 81,531</u>	<u>\$ 94,098</u>
Primary government:				
Net investment in capital assets	\$ 70,112	\$ 75,701	\$ 13,654	\$ 92,543
Restricted	2,872	3,990	3,048	3,598
Unrestricted	<u>32,824</u>	<u>35,623</u>	<u>85,568</u>	<u>27,106</u>
Total primary government net position	<u>\$ 105,808</u>	<u>\$ 115,314</u>	<u>\$ 102,271</u>	<u>\$ 123,247</u>

Source: Annual Comprehensive Financial Reports

TABLE 1

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 23,318	\$ 25,703	\$ 28,820	\$ 36,312	\$ 25,813	\$ 25,378
2,432	2,793	2,692	2,978	3,398	3,519
<u>4,761</u>	<u>5,488</u>	<u>7,312</u>	<u>5,463</u>	<u>22,624</u>	<u>28,934</u>
<u>\$ 30,510</u>	<u>\$ 33,983</u>	<u>\$ 38,824</u>	<u>\$ 44,752</u>	<u>\$ 51,835</u>	<u>\$ 57,831</u>
\$ 86,447	\$ 93,000	\$ 105,888	\$ 104,769	\$ 111,581	\$ 114,956
-	-	-	-	-	2,140
<u>23,333</u>	<u>24,927</u>	<u>20,115</u>	<u>28,800</u>	<u>28,691</u>	<u>35,804</u>
<u>\$ 109,780</u>	<u>\$ 117,927</u>	<u>\$ 126,003</u>	<u>\$ 133,569</u>	<u>\$ 140,272</u>	<u>\$ 152,900</u>
\$ 109,765	\$ 118,703	\$ 134,708	\$ 141,081	\$ 137,394	\$ 140,334
2,432	2,793	2,692	2,978	3,398	5,658
<u>28,094</u>	<u>30,415</u>	<u>27,427</u>	<u>34,262</u>	<u>51,315</u>	<u>64,738</u>
<u>\$ 140,290</u>	<u>\$ 151,910</u>	<u>\$ 164,827</u>	<u>\$ 178,321</u>	<u>\$ 192,107</u>	<u>\$ 210,731</u>

CITY OF HUNTSVILLE, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year			
	2013	2014	2015	2016
EXPENSES				
Governmental activities:				
General government	\$ 4,865,299	\$ 5,587,458	\$ 5,012,803	\$ 5,947,780
Public works	6,155,206	5,459,928	5,249,265	5,632,124
Community services	4,343,053	3,387,747	3,213,392	3,940,687
Public safety	7,674,754	7,571,741	7,737,532	8,725,431
Tourism and cultural services	205,896	194,889	197,046	236,656
Interest on long-term debt	<u>582,045</u>	<u>508,431</u>	<u>449,561</u>	<u>376,667</u>
Total governmental activities expenses	<u>23,826,253</u>	<u>22,710,194</u>	<u>21,859,599</u>	<u>24,859,345</u>
Business-type activities:				
Utility	13,875,401	13,874,764	13,902,621	14,231,770
Solid waste	<u>3,341,035</u>	<u>3,601,925</u>	<u>4,115,979</u>	<u>4,145,426</u>
Total business-type activities expenses	<u>17,216,436</u>	<u>17,476,689</u>	<u>18,018,600</u>	<u>18,377,196</u>
Total primary government expenses	<u>\$ 41,042,689</u>	<u>\$ 40,186,883</u>	<u>\$ 39,878,199</u>	<u>\$ 43,236,541</u>
PROGRAM REVENUES				
Governmental activities:				
Fees, fines, and charges for services:				
General government	\$ 461,307	\$ 135,251	\$ 169,780	\$ 225,747
Public works	359,429	360,479	444,576	511,621
Community services	80,771	79,355	85,303	111,518
Public safety	1,152,995	1,466,846	1,355,814	1,587,548
Tourism and cultural services	132,279	449,438	448,438	455,529
Operating grants and contributions	1,272,518	1,012,255	678,290	430,311
Capital grants and contributions	<u>228,627</u>	<u>1,240,972</u>	<u>461,936</u>	<u>121,190</u>
Total governmental activities program revenues	<u>3,687,926</u>	<u>4,744,596</u>	<u>3,644,137</u>	<u>3,443,464</u>

TABLE 2

		Fiscal Year									
		2017	2018	2019	2020	2021	2022				
\$	6,189,702	\$	5,897,776	\$	4,625,762	\$	5,385,318	\$	7,799,582	\$	7,427,896
	6,748,483		7,117,826		8,350,736		12,069,947		5,665,502		7,365,943
	3,618,287		3,019,702		3,541,714		2,891,507		4,060,686		4,554,107
	9,594,739		8,595,311		9,138,854		9,253,318		10,828,014		10,707,475
	219,586		220,077		220,995		89,405		115,522		159,207
	341,943		295,010		565,299		1,029,049		1,054,462		1,098,979
	<u>26,712,740</u>		<u>25,145,702</u>		<u>26,443,360</u>		<u>30,718,544</u>		<u>29,523,768</u>		<u>31,313,607</u>
	14,946,001		16,013,857		16,842,872		16,976,830		17,965,824		20,660,727
	<u>4,185,864</u>		<u>4,526,414</u>		<u>4,688,328</u>		<u>4,636,933</u>		<u>4,551,004</u>		<u>5,480,572</u>
	<u>19,131,865</u>		<u>20,540,271</u>		<u>21,531,200</u>		<u>21,613,763</u>		<u>22,516,828</u>		<u>26,141,299</u>
\$	<u>45,844,605</u>	\$	<u>45,685,973</u>	\$	<u>47,974,560</u>	\$	<u>52,332,307</u>	\$	<u>52,040,596</u>	\$	<u>57,454,906</u>
\$	175,178	\$	247,303	\$	349,736	\$	249,005	\$	163,128	\$	211,878
	750,952		814,881		774,599		867,758		1,366,183		1,662,584
	165,472		230,827		291,440		197,018		179,819		278,667
	1,752,123		1,607,079		1,660,969		1,393,341		1,459,387		1,733,130
	441,191		417,508		409,716		374,879		67,579		76,379
	370,234		644,076		459,697		2,392,954		930,616		2,240,986
	<u>113,643</u>		<u>104,915</u>		<u>47,086</u>		<u>3,020,749</u>		<u>63,032</u>		<u>113,865</u>
	<u>3,768,793</u>		<u>4,066,589</u>		<u>3,993,243</u>		<u>8,495,704</u>		<u>4,229,744</u>		<u>6,317,489</u>

CITY OF HUNTSVILLE, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year			
	2013	2014	2015	2016
Business-type activities:				
Charges for services:				
Water	\$ 14,953,542	\$ 14,834,188	\$ 15,736,699	\$ 16,129,760
Wastewater	8,110,864	8,319,330	8,581,175	8,793,130
Solid waste	4,589,223	4,676,708	4,888,187	5,251,611
Operating grants and contributions	64,530	462,175	105,698	1,449,514
Capital grants and contributions	<u>103,632</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities program revenues	<u>27,821,791</u>	<u>28,292,401</u>	<u>29,311,759</u>	<u>31,624,015</u>
 Total primary government program revenues	 \$ <u>31,509,717</u>	 \$ <u>33,036,997</u>	 \$ <u>32,955,896</u>	 \$ <u>35,067,479</u>
NET (EXPENSE) REVENUES				
Governmental activities	\$ (20,138,327)	\$ (17,965,598)	\$ (18,215,462)	\$ (21,415,881)
Business-type activities	<u>10,605,355</u>	<u>10,815,712</u>	<u>11,293,159</u>	<u>13,246,819</u>
Total primary government net expense	<u>(9,532,972)</u>	<u>(7,149,886)</u>	<u>(6,922,303)</u>	<u>(8,169,062)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	5,432,756	5,708,473	5,840,689	5,816,471
Franchise	2,073,036	2,065,187	2,741,577	2,083,559
Sales	6,726,868	7,292,731	7,942,631	7,956,186
Other	889,203	1,025,696	1,013,999	980,206
Investment earnings	274,573	373,492	337,682	210,191
Gain on sale of capital assets	670,466	-	-	-
Miscellaneous	158,219	185,946	621,758	125,828
Transfers	<u>5,675,280</u>	<u>5,381,142</u>	<u>5,145,966</u>	<u>5,005,447</u>
Total governmental activities	<u>21,900,401</u>	<u>22,032,667</u>	<u>23,644,302</u>	<u>22,177,888</u>
 Business-type activities:				
Investment earnings	53,314	304,479	196,447	327,113
Miscellaneous	474,384	680,754	561,630	404,109
Transfers	<u>(5,675,280)</u>	<u>(5,381,142)</u>	<u>(5,145,966)</u>	<u>(5,005,447)</u>
Total business-type activities	<u>(5,147,582)</u>	<u>(4,395,909)</u>	<u>(4,387,889)</u>	<u>(4,274,225)</u>
 Total primary government	 <u>16,752,819</u>	 <u>17,636,758</u>	 <u>19,256,413</u>	 <u>17,903,663</u>
CHANGE IN NET POSITION				
Governmental activities	1,762,074	4,067,069	5,428,840	762,007
Business-type activities	<u>5,457,773</u>	<u>6,419,803</u>	<u>6,905,270</u>	<u>8,972,594</u>
 Total primary government	 \$ <u>7,219,847</u>	 \$ <u>10,486,872</u>	 \$ <u>12,334,110</u>	 \$ <u>9,734,601</u>

Notes:

Source: Annual Comprehensive Financial Reports

TABLE 2

		Fiscal Year									
		2017	2018	2019	2020	2021	2022				
\$	17,802,407	\$	26,765,735	\$	26,773,720	\$	28,022,883	\$	27,176,639	\$	28,700,185
	8,654,704		-		-		-		-		-
	5,573,443		5,716,681		5,826,332		5,936,336		6,175,178		6,295,788
	7,123,788		697,753		3,414		321,689		-		-
	-		-		-		-		3,362,772		10,849,354
	<u>39,154,342</u>		<u>33,180,169</u>		<u>32,603,466</u>		<u>34,280,908</u>		<u>36,714,589</u>		<u>45,845,327</u>
\$	<u>42,923,135</u>	\$	<u>37,246,758</u>	\$	<u>36,596,709</u>	\$	<u>42,776,612</u>	\$	<u>40,944,333</u>	\$	<u>52,162,816</u>
\$(	22,943,947)	\$(	21,079,113)	\$(	22,450,117)	\$(	22,222,840)	\$(	25,294,024)	\$(	24,996,118)
	<u>20,022,477</u>		<u>12,639,898</u>		<u>11,072,266</u>		<u>12,667,145</u>		<u>14,197,761</u>		<u>19,704,028</u>
	<u>(2,921,470)</u>		<u>(8,439,215)</u>		<u>(11,377,851)</u>		<u>(9,555,695)</u>		<u>(11,096,263)</u>		<u>(5,292,090)</u>
	6,124,340		6,271,809		6,592,105		6,921,764		7,327,913		7,748,279
	2,094,257		2,150,356		2,150,485		1,402,475		2,014,673		2,078,992
	9,001,502		8,973,222		9,537,153		9,655,816		11,021,419		11,777,879
	824,729		995,248		971,637		859,239		870,942		996,220
	297,980		302,390		876,048		841,721		219,934		208,622
	-		-		-		-		214,100		42,551
	223,297		228,846		532,674		197,519		408,889		130,519
	<u>5,739,002</u>		<u>6,065,950</u>		<u>6,631,289</u>		<u>8,272,728</u>		<u>10,298,065</u>		<u>8,009,529</u>
	<u>24,305,107</u>		<u>24,987,821</u>		<u>27,291,391</u>		<u>28,151,262</u>		<u>32,375,935</u>		<u>30,992,591</u>
	267,211		450,320		1,799,267		683,100		167,963		211,161
	1,131,561		942,917		1,835,370		2,488,093		2,635,934		721,885
	<u>(5,739,002)</u>		<u>(6,065,950)</u>		<u>(6,631,289)</u>		<u>(8,272,728)</u>		<u>(10,298,065)</u>		<u>(8,009,529)</u>
	<u>(4,340,230)</u>		<u>(4,672,713)</u>		<u>(2,996,652)</u>		<u>(5,101,535)</u>		<u>(7,494,168)</u>		<u>(7,076,483)</u>
	<u>19,964,877</u>		<u>20,315,108</u>		<u>24,294,739</u>		<u>23,049,727</u>		<u>24,881,767</u>		<u>(38,069,074)</u>
	1,361,160		3,908,708		4,841,274		5,928,422		7,081,911		5,996,473
	<u>15,682,247</u>		<u>7,967,185</u>		<u>8,075,614</u>		<u>7,565,610</u>		<u>6,703,593</u>		<u>12,627,545</u>
\$	<u>17,043,407</u>	\$	<u>11,875,893</u>	\$	<u>12,916,888</u>	\$	<u>13,494,032</u>	\$	<u>13,785,504</u>	\$	<u>18,624,018</u>

CITY OF HUNTSVILLE, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year			
	2013	2014	2015	2016
General fund				
Nonspendable*	\$ 191,710	\$ 139,731	\$ -	\$ 174,505
Assigned	990,943	1,537,355	1,042,101	2,560,581
Unassigned	<u>8,032,616</u>	<u>9,107,957</u>	<u>10,897,595</u>	<u>10,686,739</u>
Total general fund	<u>\$ 9,215,269</u>	<u>\$ 10,785,043</u>	<u>\$ 11,939,696</u>	<u>\$ 13,421,825</u>
All other governmental funds				
Nonspendable	\$ 480,517	\$ 474,315	\$ 461,787	\$ 461,787
Restricted	1,860,026	3,515,953	2,643,009	3,115,047
Assigned	<u>3,154,522</u>	<u>2,621,088</u>	<u>2,663,390</u>	<u>3,463,729</u>
Total all other governmental funds	<u>\$ 5,495,065</u>	<u>\$ 6,611,356</u>	<u>\$ 5,768,186</u>	<u>\$ 7,040,563</u>

Note:

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

Source: Annual Comprehensive Financial Reports

TABLE 3

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 114,287	\$ 125,087	\$ 120,083	\$ 101,928	\$ 100,071	\$ 173,972
1,096,888	1,672,971	1,756,206	1,065,725	1,375,943	1,204,635
<u>10,443,697</u>	<u>12,013,170</u>	<u>12,714,158</u>	<u>15,099,378</u>	<u>12,502,559</u>	<u>13,191,940</u>
<u>\$ 11,654,872</u>	<u>\$ 13,811,228</u>	<u>\$ 14,590,447</u>	<u>\$ 16,267,031</u>	<u>\$ 13,978,573</u>	<u>\$ 14,570,547</u>
\$ 461,787	\$ 461,787	\$ 461,787	\$ 461,787	\$ 461,787	\$ 461,787
1,928,584	4,744,266	26,104,976	41,994,201	17,711,814	13,014,578
<u>7,518,544</u>	<u>2,917,443</u>	<u>879,969</u>	<u>859,776</u>	<u>19,965,023</u>	<u>23,775,152</u>
<u>\$ 9,908,915</u>	<u>\$ 8,123,496</u>	<u>\$ 27,446,732</u>	<u>\$ 43,315,764</u>	<u>\$ 38,138,624</u>	<u>\$ 37,251,517</u>

CITY OF HUNTSVILLE, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year			
	2013	2014	2015	2016
REVENUES				
Taxes	\$ 14,974,123	\$ 16,124,713	\$ 16,883,148	\$ 16,919,724
Licenses, fees and permits	358,849	374,933	465,897	565,430
Fines, fees and forfeitures	858,761	1,270,905	1,105,652	1,244,894
Charges for services	916,367	1,226,067	1,257,516	1,274,026
Donations, contributions and grants	1,240,129	1,894,348	881,160	332,022
Investment earnings	39,136	221,282	161,675	210,191
Miscellaneous	462,468	151,215	588,020	90,946
Total revenues	<u>18,849,833</u>	<u>21,263,463</u>	<u>21,343,068</u>	<u>20,637,233</u>
EXPENDITURES				
General government	4,620,878	5,255,617	4,776,528	5,226,478
Public works	5,942,388	5,659,152	5,625,395	5,628,818
Community services	4,327,291	3,506,538	3,428,744	4,020,172
Public safety	6,847,267	7,451,188	7,524,292	7,968,972
Tourism and cultural services	205,896	194,889	197,046	236,656
Debt service:				
Interest and fiscal charges	572,501	526,427	468,368	402,975
Principal	<u>1,477,000</u>	<u>1,988,198</u>	<u>2,271,069</u>	<u>1,425,813</u>
Total expenditures	<u>23,993,221</u>	<u>24,582,009</u>	<u>24,291,442</u>	<u>24,909,884</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURE	<u>(5,143,388)</u>	<u>(3,318,546)</u>	<u>(2,948,374)</u>	<u>(4,272,651)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of bonds/notes payable	-	-	-	-
Premium on issuance of debt	-	-	-	-
Sale of capital assets	682,630	-	13,555	11,713
Transfers in	7,581,144	7,904,159	7,552,327	7,862,787
Transfers out	<u>(2,000,864)</u>	<u>(2,523,017)</u>	<u>(2,406,361)</u>	<u>(2,857,340)</u>
Total other financing sources (uses)	<u>6,262,910</u>	<u>5,381,142</u>	<u>5,159,521</u>	<u>5,017,160</u>
NET CHANGE IN FUND BALANCES	<u>\$ 1,119,522</u>	<u>\$ 2,062,596</u>	<u>\$ 2,211,147</u>	<u>\$ 744,509</u>
DEBT SERVICE AS A PERCENTAGE OF NON CAPITAL EXPENDITURES	<u>8.5%</u>	<u>7.5%</u>	<u>12.0%</u>	<u>8.0%</u>

Source: Annual Comprehensive Financial Reports

TABLE 4

		Fiscal Year									
		2017	2018	2019	2020	2021	2022				
\$	17,983,220	\$	18,373,556	\$	19,201,415	\$	19,451,441	\$	21,240,671	\$	22,540,487
	791,402		849,707		805,755		855,484		1,383,035		1,672,051
	1,499,185		1,558,824		1,482,059		1,141,898		1,111,446		1,478,466
	1,268,476		1,311,264		1,357,172		1,404,807		1,071,016		1,113,415
	229,126		350,034		240,859		5,086,763		754,958		2,093,427
	297,980		302,390		876,048		703,000		192,150		231,807
	199,531		108,131		503,621		145,082		352,306		82,591
	<u>22,268,920</u>		<u>22,853,906</u>		<u>24,466,929</u>		<u>28,788,475</u>		<u>26,105,582</u>		<u>29,212,244</u>
	5,656,748		5,983,985		6,455,019		6,874,847		7,731,852		7,498,762
	6,683,958		7,887,838		9,567,338		16,999,811		18,522,655		11,653,537
	3,834,098		3,815,330		3,968,211		3,684,872		4,262,773		4,845,152
	8,675,057		8,884,438		9,437,370		10,127,755		10,807,907		10,969,406
	219,586		220,077		230,706		114,025		112,809		156,937
	360,589		314,170		573,419		1,076,028		1,140,693		1,147,892
	<u>1,478,152</u>		<u>1,523,889</u>		<u>1,576,604</u>		<u>4,308,351</u>		<u>1,290,556</u>		<u>1,245,220</u>
	<u>26,908,188</u>		<u>28,629,727</u>		<u>31,808,667</u>		<u>43,185,689</u>		<u>43,869,245</u>		<u>37,516,906</u>
(	<u>4,639,268</u>)	(	<u>5,775,821</u>)	(	<u>7,341,738</u>)	(	<u>14,397,214</u>)	(	<u>17,763,663</u>)	(	<u>8,304,662</u>)
	-		-		19,890,000		22,400,000		-		-
	-		-		919,904		1,270,102		-		-
	1,665		80,808		-		-		-		-
	11,607,735		8,046,880		9,603,509		10,554,988		15,873,378		11,852,135
(	<u>5,868,733</u>)	(	<u>1,980,930</u>)	(	<u>2,969,220</u>)	(	<u>2,282,260</u>)	(	<u>5,575,313</u>)	(	<u>3,842,606</u>)
	<u>5,740,667</u>		<u>6,146,758</u>		<u>27,444,193</u>		<u>31,942,830</u>		<u>10,298,065</u>		<u>8,009,529</u>
\$	<u>1,101,399</u>	\$	<u>370,937</u>	\$	<u>20,102,455</u>	\$	<u>17,545,616</u>	\$	<u>(7,465,598)</u>	\$	<u>(295,133)</u>
	<u>7.3%</u>		<u>7.2%</u>		<u>7.7%</u>		<u>14.7%</u>		<u>6.5%</u>		<u>7.7%</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>
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
2021	7,333,637	11,021,419	2,885,615	21,240,671
2022	7,687,396	11,777,879	3,075,212	22,540,487

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: Annual Comprehensive 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>
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
2021	1,526,155,074	568,164,312	52,254,490	95,164,083
2022	1,646,164,137	634,319,129	49,405,202	106,306,411

Source: Walker County Appraisal District

(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>
\$ 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
447,844,345	443,063,332	2,246,518,972	0.30620
539,796,127	514,476,892	2,461,514,114	0.30750

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
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
2021	0.23990	0.06630	0.30620
2022	0.24820	0.05930	0.30750

Source: County Board of Equalization and Assessment

TABLE 7

Overlapping Rates			Total Direct and Overlapping Rates
Huntsville ISD	Walker County	Hospital District	
1.21000	0.63550	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
1.03780	0.48080	0.11360	1.93840
1.05990	0.47990	0.11360	1.96090

TABLE 8**CITY OF HUNTSVILLE, TEXAS**

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Taxpayer	FY 2022			FY 2013		
	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed
	Value		Value	Value		Value
Sterling - Huntsville LLC	\$ 39,165,170	1	1.87%	N/A	N/A	N/A
PEP-SHSU LLC	37,093,010	2	1.77%	N/A	N/A	N/A
Entergy Texas Inc.	35,780,660	3	1.71%	13,365,770	5	1.04%
C150 1300 Smither Drive LLC	32,846,980	4	1.57%	N/A	N/A	N/A
Breckenridge Group Huntsville TX LP	31,285,380	5	1.50%	N/A	N/A	N/A
American Campus Community	30,565,160	6	1.46%	N/A	N/A	N/A
SFG Huntsville LLC	26,813,040	7	1.28%	N/A	N/A	N/A
THP The Forum at Sam Houston LLC	26,344,320	8	1.26%	N/A	N/A	N/A
Waypoint Sam Houston Owner LLC	25,847,380	9	1.24%	N/A	N/A	N/A
Haven At M LLC	<u>22,875,450</u>	<u>10</u>	<u>1.09%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total	\$ <u>308,616,550</u>		<u>14.76%</u>	\$ <u>13,365,770</u>		<u>1.04%</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
2013	\$ 5,394,367	\$ 5,317,813	98.58%	\$ 5,972	\$ 5,323,785	98.7%
2014	5,621,790	5,557,846	98.86%	6,671	5,564,517	99.3%
2015	5,686,861	5,631,453	99.03%	9,458	5,640,911	99.2%
2016	5,775,552	5,697,051	98.64%	45,681	5,742,732	99.4%
2017	5,963,403	5,888,789	98.75%	44,644	5,933,433	99.5%
2018	6,139,308	6,041,044	98.40%	30,954	6,071,998	98.9%
2019	6,394,331	6,300,137	98.53%	76,923	6,377,060	99.4%
2020	6,761,285	6,635,971	98.15%	78,077	6,714,048	98.5%
2021	7,018,407	6,976,100	99.40%	20,386	6,996,486	99.7%
2022	7,569,156	7,491,735	98.98%	-	7,491,735	99.0%

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>
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%
2021	1.50%	0.50%	6.25%
2022	1.50%	50.00%	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
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	39,940,776	3,285,000	-	45,630,000	884,224	2,335,000
2021	38,785,220	3,170,000	-	42,565,000	449,780	2,215,000
2022	39,402,173	3,252,488	-	62,748,842	-	2,090,000

Source: Annual Comprehensive 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>
\$ 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
92,075,000	4.24%	2,182
87,185,000	3.74%	2,023
107,493,503	4.49%	2,362

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
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	39,940,776	3,285,000	-	43,225,776	884,224	2,335,000
2021	38,785,220	3,170,000	-	41,955,220	449,780	2,215,000
2022	39,402,173	3,252,488	-	42,654,661	-	2,090,000

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

TABLE 12

<u>Business-type Activities</u>	Revenue Bonds	Gross Bonded Debt	Less: Amounts Available for Debt Service	Net Bonded Debt	Assessed Value	Percentage of Actual Taxable Value of Property	Population	Per Capita
	\$ 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
	45,630,000	46,445,000	284,610	46,160,390	2,091,259,453	2.21%	42,200	1,094
	42,565,000	44,620,000	510,460	44,109,540	2,246,518,972	1.96%	43,100	1,023
	62,748,842	44,744,661	493,206	44,251,455	2,461,514,114	1.80%	45,500	973

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CITY OF HUNTSVILLE, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2022
(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	\$ 10,480,000	57.00%	\$ 5,973,600
Huntsville Independent School District	94,500,000	77.15%	77,173,145
Subtotal overlapping debt			83,146,745
Total direct - City of Huntsville	42,654,661	100.00%	<u>42,654,661</u>
Direct and Overlapping Debt			<u>\$ 125,801,406</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)

	Fiscal Year			
	2013	2014	2015	2016
Debt limit	\$ 133,760,957	\$ 135,340,996	\$ 140,768,445	\$ 146,526,309
Total net debt applicable to limit	<u>15,925,140</u>	<u>13,838,240</u>	<u>11,542,072</u>	<u>9,513,485</u>
Legal debt margin	\$ <u>117,835,817</u>	\$ <u>121,502,756</u>	\$ <u>129,226,373</u>	\$ <u>137,012,824</u>
Total net debt applicable to the limit as a percentage of debt limit.	11.91%	10.22%	8.20%	6.49%

TABLE 14

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 158,751,905	\$ 163,236,004	\$ 185,948,882	\$ 209,125,945	\$ 224,651,897	\$ 246,151,411
<u>9,497,850</u>	<u>11,190,000</u>	<u>6,840,732</u>	<u>46,160,390</u>	<u>44,109,540</u>	<u>40,181,584</u>
<u>\$ 149,254,055</u>	<u>\$ 152,046,004</u>	<u>\$ 179,108,150</u>	<u>\$ 162,965,555</u>	<u>\$ 180,542,357</u>	<u>\$ 205,969,827</u>
5.98%	6.86%	3.68%	22.07%	19.63%	16.32%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	\$ 2,461,514,114
Debt limit (10% of assessed value)	246,151,411
Debt applicable to limit:	
General obligation bonds and certificates of obligation	40,710,000
Less: Amount set aside for repayment of general obligation debt	(493,206)
Total net debt applicable to limit	<u>40,216,794</u>
Legal debt margin	<u>\$ 205,934,617</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		
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	30,444,985	22,513,406	7,931,579	3,244,859	2.44	
2021	29,686,823	22,468,133	7,218,690	3,031,318	2.38	
2022	29,293,679	21,628,469	7,665,210	4,260,914	1.80	

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: Annual Comprehensive 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		
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
2021	43,100	75,949	2,333,372	30,723
2022	45,500	76,400	2,394,182	31,337

Sources: Population information is from estimates by the US Census Bureau. 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%	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%
30.8	87.2%	86.0%	6,302	5.6%
33.3	89.0%	86.0%	6,300	5.5%

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CITY OF HUNTSVILLE, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Employer	2022			2013		
	Employees	Rank	Percentage of of Total City Employment	Employees	Rank	Percentage of of Total City Employment
Texas Department of Criminal Justice	6,061	1	35.03%	6,271	1	36.89%
Sam Houston State University	2,588	2	14.96%	2,091	2	18.23%
Huntsville Independent School District	980	3	5.67%	851	3	5.01%
Huntsville Memorial Hospital	552	4	3.19%	400	5	2.35%
Wal-Mart	485	5	2.80%	488	4	2.87%
H-E-B Grocery	371	6	2.14%	N/A	N/A	N/A
Walker County	306	7	1.77%	287	6	1.69%
City of Huntsville	288	8	1.66%	261	7	1.53%
Weatherford Completion and Oilfield Services	262	9	1.51%	210	8	1.24%
Bayes Achievement Center	<u>185</u>	10	<u>1.07%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	<u>12,078</u>		<u>69.80%</u>	<u>10,859</u>		<u>69.81%</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	Fiscal Year			
	2013	2014	2015	2016
General government				
Charter offices				
Office of the City Manager	2.50	2.00	2.00	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	7.00	7.00	7.00
Purchasing	2.50	1.00	1.00	1.00
Grants Mgmt. (formerly Neighborhood Res.	3.00	2.00	2.00	2.00
Utility billing	6.00	5.50	5.50	5.50
Risk/safety management	-	-	-	-
Human resources	3.00	4.00	3.00	4.00
Municipal court	7.00	4.50	4.50	4.50
Information technology	4.00	4.00	4.00	5.00
Public Works				
Administration	2.00	2.00	2.00	3.00
Water production	3.00	3.00	3.00	3.00
Water distribution	13.00	13.00	13.00	13.00
Meter reading	4.00	4.00	4.00	4.00
Wastewater collection	9.00	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	6.00	6.00
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	6.00	6.50	7.50
Fleet/Warehouse	1.00	1.00	1.00	1.00
Streets	19.00	11.00	11.00	11.00
Drainage maintenance	4.00	3.00	3.00	3.00
Street sweeping	1.00	1.00	1.00	1.00

TABLE 18

Fiscal Year						
2017	2018	2019	2020	2021	2022	
2.00	2.00	2.00	2.00	3.00	3.00	
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	7.00	
1.00	1.00	1.00	1.00	1.00	1.00	
3.00	2.00	1.00	1.00	1.00	1.00	
5.50	5.50	5.50	5.50	5.50	5.50	
4.00	4.00	4.00	4.00	4.00	4.00	
4.50	5.50	5.50	5.50	5.50	5.50	
5.00	5.00	5.00	5.00	5.00	6.00	
3.00	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	16.00	
4.00	3.00	3.00	3.00	3.00	3.00	
9.00	9.00	9.00	10.00	10.00	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	7.00	
9.00	9.00	4.50	4.50	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	
7.50	7.50	7.50	7.50	7.50	7.50	
1.00	1.00	1.00	1.00	1.00	1.00	
11.00	10.00	11.00	12.00	12.00	13.00	
3.00	3.00	3.00	3.00	3.00	3.00	
1.00	1.00	1.00	1.00	1.00	2.00	

CITY OF HUNTSVILLE, TEXAS

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

Function/Program	Fiscal Year			
	2013	2014	2015	2016
Community & Economic Development				
Administration	3.00	3.00	1.00	-
Customer Service - Service Center	-	-	3.50	3.50
Planning and development	18.00	13.00	1.00	2.50
Central inspection	5.00	5.00	5.00	5.00
Health inspection	2.00	2.00	2.00	2.00
Construction crew	4.00	4.00	-	-
Main street	1.00	1.00	1.00	1.00
Engineering				
Engineering	-	-	7.00	6.00
GIS	-	-	2.00	3.00
Survey	-	-	3.00	3.00
Parks & Leisure				
Administration	2.00	2.00	2.00	2.00
Recreation	1.50	1.00	0.75	-
Parks maintenance	16.16	11.66	10.66	10.75
Aquatic center	1.00	2.00	2.50	2.50
Cemetery operations	2.00	1.00	1.00	1.00
Building services	3.00	2.00	2.00	2.00
Library	9.00	9.00	9.66	9.66
Urban forestry	-	-	-	-
Public safety				
Administration	2.00	2.00	2.00	2.00
Police	57.00	58.00	58.00	58.00
Fire	13.00	16.00	16.00	16.00
School resource officers	6.00	6.00	6.00	6.00
Cultural services and tourism				
Economic Deveopment	-	-	-	-
Tourism	1.50	2.00	2.00	2.00
Visitor center	3.50	2.50	2.50	2.50
Gift shop	-	1.00	1.00	1.00
Cultural services	1.00	1.75	1.75	1.75
Total	<u>275.66</u>	<u>270.41</u>	<u>143.32</u>	<u>143.16</u>

Source: City of Huntsville budget documents

TABLE 18

Fiscal Year						
2017	2018	2019	2020	2021	2022	
-	-	-	-	-	1.00	1.00
3.50	3.50	3.50	3.00	3.00	3.00	3.00
2.50	2.50	2.50	2.50	2.50	2.50	2.50
6.00	5.50	5.50	6.50	6.50	7.50	7.50
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	1.00
6.00	8.00	8.00	8.00	8.00	8.00	8.00
3.00	3.00	3.00	3.00	3.00	3.00	3.00
3.00	2.00	3.00	3.00	3.00	3.00	3.00
2.00	2.00	2.00	2.00	2.00	2.00	2.00
-	-	-	-	-	-	-
10.75	10.75	10.75	10.75	10.75	10.75	12.75
2.50	2.50	2.50	2.50	2.50	2.50	2.50
1.00	1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	4.00	4.00	5.50	5.50
9.66	9.66	9.66	9.66	9.66	9.66	9.16
-	-	-	-	-	-	-
2.00	2.00	2.00	2.00	2.00	2.00	2.00
58.00	59.00	59.00	61.00	61.00	62.00	62.00
16.00	16.00	17.00	18.00	18.00	23.00	23.00
6.00	6.00	6.00	6.00	6.00	6.00	6.00
-	-	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	1.00	1.00	1.00	1.00
2.50	2.50	2.50	4.00	4.00	4.00	4.00
1.00	1.00	1.00	-	-	-	-
1.75	1.75	1.75	1.75	1.75	1.75	1.75
<u>144.16</u>	<u>268.66</u>	<u>273.66</u>	<u>279.66</u>	<u>287.66</u>	<u>297.66</u>	

CITY OF HUNTSVILLE, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	Fiscal year			
	2013	2014	2015	2016
Finance				
Invoices processed	13,975	14,023	12,628	
Payroll checks/Direct Deposits issued	2,250	7,514	8,315	
Purchase orders issued	510	473	481	
Formal bids issued	35	27	29	
Utility bills generated	107,200	108,000	108,024	
Utility payments received	102,100	105,000	106,920	
Meter reading service orders generated	13,415	13,520	13,101	
Human Resources				
Workers compensation claims filed	-	11	9	
On-site property inspections conducted	N/A	N/A	N/A	
Number of Applications received	N/A	N/A	N/A	
Employee Turnover Rate	N/A	N/A	N/A	
Municipal Court (reports to HR)				
Court cases filed and processed	9,500	10,031	10,031	
Warrants issued	3,600	3,820	3,820	
Information Technology				
Computer help desk requests completed	1,800	2,050	2,102	
Public Works				
Gallons of water produced (in billions)	3	3	3	
Water main leaks repaired	250	253	228	
New water connections installed	90	95	89	
New sewer taps installed	90	95	85	
Gallons wastewater treated (in billions)	1	2	2	
Manholes inspected and serviced	425	430	426	
Commercial waste collected (in tons)	22,104	22,900	23,500	
Residential waste collected (in tons)	6,500	6,750	7,200	
Waste transferred to landfill (in tons)	38,200	37,500	38,500	
Waste recycled (in tons)	7,200	7,400	7,475	
Lane miles of existing streets seal coated	15	12	N/A	
Tons of debris removed from drainage ways	50	60	60	
Tons of debris removed -Public right-of-ways	N/A	N/A	N/A	
Curb miles swept by street sweeper	2,600	2,600	2,600	
Development Services				
Code enforcement complaints investigated	525	551	547	
Food establishment inspections performed	548	567	576	

TABLE 19

Fiscal year					
2017	2018	2019	2020	2021	2022
11,510	11,072	11,350	10,615	10,787	13,472
9,798	9,600	9,500	9,441	9,568	9,611
459	553	560	452	502	510
42	39	39	33	37	42
113,219	114,059	114,400	115,544	116,602	118,351
105,806	105,500	105,800	109,767	112,083	113,764
12,025	10,272	10,700	11,166	11,322	11,548
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
4,832	2,652	2,500	2,611	2,702	2,999
0	0	0	0	N/A	N/A
14,906	15,904	15,000	14,897	15,872	16,632
5,864	7,983	5,300	5,776	5,801	5,815
1,610	1,700	1,700	1,811	1,911	2,105
3	3	3	3	3	3
188	268	250	262	212	223
132	135	135	141	202	272
146	135	135	157	173	188
2	2	2	2	2	2
368	776	302	427	338	387
20,251	20,562	23,308	23,626	24,809	26,049
6,433	6,909	7,555	7,647	7,709	8,094
41,004	45,153	48,233	49,444	50,712	52,233
3,372	3,583	3,808	3,888	3,914	4,305
N/A	N/A	N/A	N/A	N/A	N/A
60	60	60	60	64	64
649	428	340	340	357	360
N/A	2,326	2,500	2,500	2,612	2,612
458	546	512	507	551	537
422	658	525	529	578	556

CITY OF HUNTSVILLE, TEXAS

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

Function/Program	Fiscal year			
	2013	2014	2015	2016
Community services				
In-house recreation programs offered	44	48	46	N/A
Contract recreation programs offered	4	2	2	N/A
Playground safety inspections performed	140	142	142	144
Library items circulated	135,000	137,836	139,200	169,550
Library visitors	160,000	160,215	161,100	102,827
Wynne Home visitors	30,000	29,855	30,154	40,705
Art and cultural events held	300	288	288	382
Business in Main Street downtown district	93	93	93	94
Main Street events held	5	5	5	6
Public safety				
Police calls for service	52,000	51,401	43,985	50,595
Arrests made	2,500	2,741	2,500	2,130
Citations issued	8,000	7,777	5,357	9,596
Offenses/incidents reported	4,700	3,096	2,981	3,230
Fire calls for service	1,525	1,378	1,300	1,431
Main alarms answered	190	311	200	224
Fire inspections conducted	190	156	130	144

Note: N/A - data not available.

Source: City departments

TABLE 19

Fiscal year					
2017	2018	2019	2020	2021	2022
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
144	144	144	144	187	166
158,258	147,000	115,521	115,521	116,823	117,821
102,288	88,314	89,197	89,197	91,332	91,517
41,000	42,000	42,559	42,559	37,500	38,001
416	445	445	445	380	357
98	N/A	N/A	N/A	N/A	N/A
5	5	5	5	3	6
60,939	59,112	60,352	56,142	62,388	50,554
2,473	2,436	2,654	2,416	2,501	2,056
7,788	7,714	8,044	7,420	8,108	10,182
3,853	2,455	2,584	2,432	2,537	5,878
1,474	1,480	1,498	1,550	1,566	1,609
244	220	196	196	214	288
141	124	136	201	219	460

CITY OF HUNTSVILLE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	Fiscal Year			
	2013	2014	2015	2016
Public utilities				
Water line (approximate miles)	205	245	245	245
Sewer line (approximate miles)	210	250	250	250
Lift stations	29	31	28	28
Water plants	2	3	3	3
Wastewater treatment plants	3	3	3	3
Solid waste recycling facilities	1	1	1	1
Public works				
Streets (centerline miles)	145	142	142	142
Community services				
Parks	26	27	27	27
Park acreage	282	414	414	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

Fiscal Year					
2017	2018	2019	2020	2021	2022
245	246	246	253	263	263
250	252	252	252	260	260
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, 2022, 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 13, 2023.

Report on 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 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 or significant deficiencies may exist that were not identified.

Report on 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 13, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT 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

Opinion on Each Major Federal Program

We have audited the City of Huntsville, Texas' (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2022. 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.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

Waco, Texas
March 13, 2023

CITY OF HUNTSVILLE, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Expenditures	Pass-through Expenditures
FEDERAL AWARDS				
<u>U. S. Department of Justice</u>				
Direct Programs:				
Bullet Proof Vest Partnership	16.607	Huntsville City, TX	\$ 989	\$ -
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-01881-JAGX	12,700	-
Justice Assistance Grant Program	16.739	4324201	<u>82,019</u>	<u>-</u>
Total Direct Programs			<u>95,708</u>	<u>-</u>
Passed through the Texas Office of the Governor, Criminal Justice Division:				
Victims of Crime Act Formula Grant Program	16.575	2463208	<u>89,704</u>	<u>-</u>
Total Passed through the Texas Office of the Governor, Criminal Justice Division			<u>89,704</u>	<u>-</u>
Total U. S. Department of Justice			<u>185,412</u>	<u>-</u>
<u>U.S. Department of Treasury</u>				
Passed through the Texas Division of Emergency Management:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	TX-Huntsville	<u>10,487,412</u>	<u>-</u>
Total Passed through the Texas Division of Emergency Management			<u>10,487,412</u>	<u>-</u>
Total U.S. Department of Treasury			<u>10,487,412</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-00-19-0044-19	<u>1,715</u>	<u>-</u>
Total Passed through the Texas Texas State Library and Archives Commission			<u>1,715</u>	<u>-</u>
Total National Endowment for the Humanities			<u>1,715</u>	<u>-</u>
<u>U. S. Department of Homeland Security</u>				
Homeland Security Grant Program	97.067	4006401	<u>9,900</u>	<u>-</u>
Total Passed through the Texas Division of Emergency Management			<u>9,900</u>	<u>-</u>
Total U. S. Department of Homeland Security			<u>9,900</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 10,684,439</u>	<u>\$ -</u>

CITY OF HUNTSVILLE, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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, 2022, 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, 2022

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
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Identification of major programs:

Assistance Listing Number(s) 21.027	Name of Federal Program or Cluster: COVID-19 - Coronavirus State and Local Fiscal Recovery Fund
--	--

Dollar threshold used to distinguish between type A and type B programs	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

None

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