

# *City of Huntsville, Texas*

*Annual Comprehensive Financial Report*

*For the year ended September 30, 2023*



SAM HOUSTON



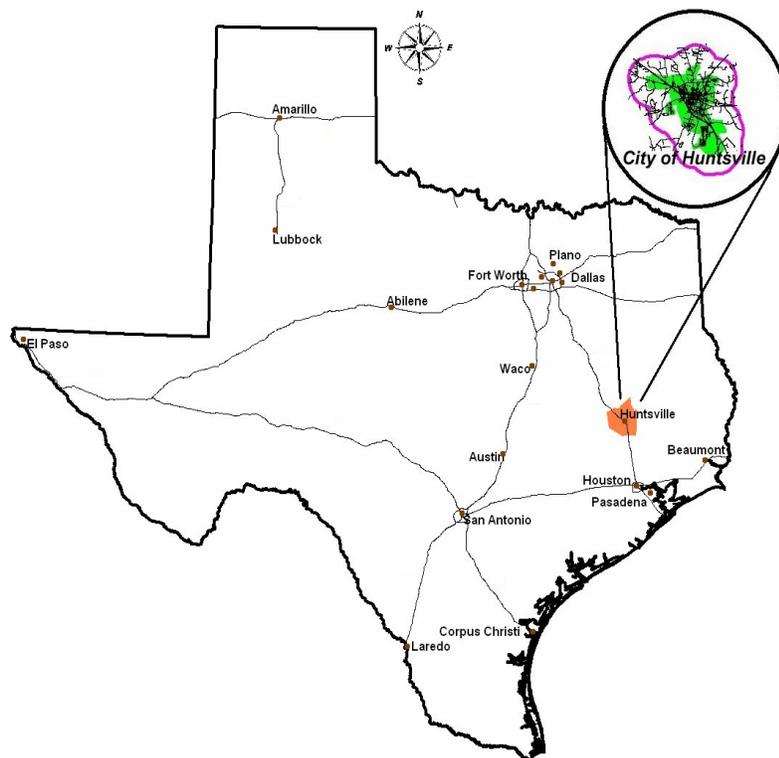
**CITY OF HUNTSVILLE, TEXAS**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**SEPTEMBER 30, 2023**

**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, 2023 was 4.6%.

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, 2023

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## **INTRODUCTORY SECTION**

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March 19, 2024

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, 2023 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 nineteenth 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 twelfth 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 eighth 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 began 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 22 – 23 saw more than \$1,841,000 of grant funds received by the City with almost \$179,000 related to Police functions and another \$1,663,000 for assisting CIP project costs.

The property tax rate for FY 23 was decreased to \$0.2926 from the 2022 rate of \$0.3075 per \$100 valuation. Water rates were increased according to the rate study financial plan which was completed in fiscal year 2011 and additional needs for the Fund which amounted to a 7.5% increase. Wastewater rates were increased 5% for FY 23.

### **Summary of Financial Activities**

The General Fund posted a net increase in its Fund Balance of \$543,634.

The Utility Fund’s operational revenue increased by approximately \$1.8M (roughly 6.0%) compared to the prior year. The Utility Fund had an increase in net position for the year in the amount of \$4.254 million. Net position for the Solid Waste Fund increased by roughly \$429K.

On a government-wide basis, net position for Government activities increased almost \$5.9 million from operations. Net position for business-type activities increased almost \$4.4 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 an 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 2023 was \$63,745,990. The FY 2023 value was up \$7,722,660 (13.8%) over the previous FY 2022 value. In fiscal year 2023 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 2023 were \$436,320 for tourism, \$194,009 for the Arts center, \$322,099 for Visitors Center operations. Total revenues for these operations for FY 22-23 were \$1,100,099.

## **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 \$8,132,273 in construction. The Solid Waste Fund did not have any construction. Governmental Activities improvements totaled \$12,901,711.

Completed Capital Projects for the fiscal year were:

- Wastewater projects \$425,653
- Governmental Activities projects \$25,642,679

## **Debt Issues**

The City issued \$3,780,000 General Obligation/Tax Bonds in the 2023 Fiscal Year. Proceeds from the debt issue are designated for a new City Hall construction project; proceeds from this issue were added to \$12M of proceeds from a 2020 debt issue. There were no debt refundings during the year. General Obligation/Tax Debt at 9/30/2023 was \$43,235,000. Utility Fund Debt totaled \$58,980,000 at 9/30/2023. Solid Waste Fund Debt was \$1,960,000 at 9/30/2023.

## **Debt Service Fund**

The fund balance for the Debt Service Fund servicing general obligation debt increased \$58,129 to \$586,546.

## **Utility and Tax Rates**

The adopted property tax rate for fiscal year 2023 was \$0.2926 which was a slight decrease from the previous fiscal year rate of \$0.3075. The calculated "No New Revenue Rate" for FY 23 was \$.2836 and the calculated "Voter Approval Rate" was \$0.3179. 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 \$0.3526.

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 2023 approximately 7.5% in accordance with rates from a rate study performed by a consultant in 2011 along with consideration of additional expenses for FY 22-23. Wastewater rates were increased 5%. Solid Waste rates for FY 2023 increased 13.5%.

## **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, 2022. This was the 47th 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 35 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, 2023 (FY 23-24), 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, 2022

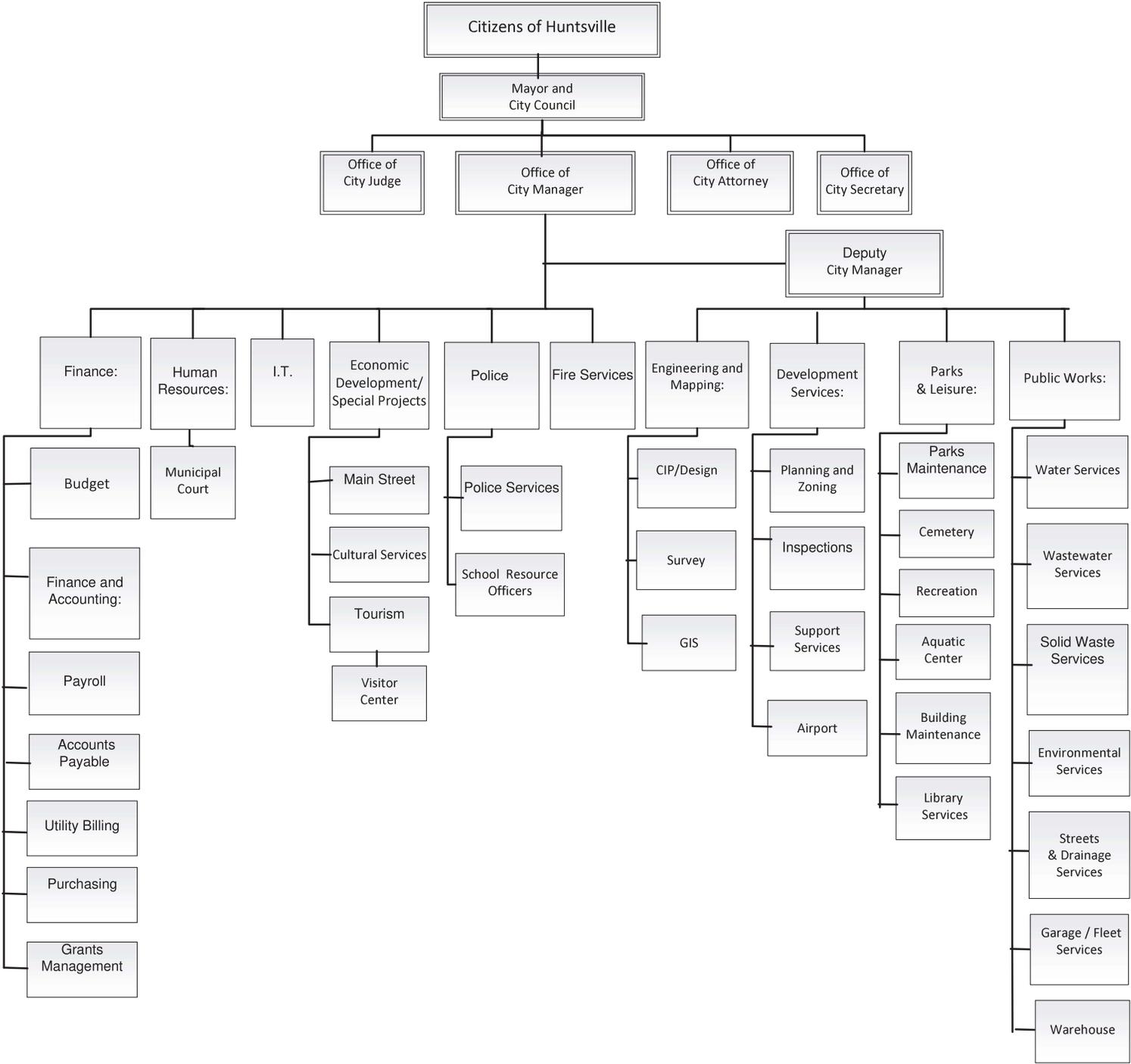
*Christopher P. Morill*

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	Police Chief
Brent Sherrod	Public Works Director
Kevin Byal	Development Services Director
Penny Joiner	Parks and Leisure Director
Vacant	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



From Left to Right

Karen Denman, Position 2 at Large, Bert Lyle, Position 1 at Large , Pat Graham, Position 4 at Large, Jon Strong, Ward 4, , Andy Brauning, Mayor, Vicki McKenzie, Position 3 at Large, Russell Humphrey, Ward 2, Daiquiri Beebe, Ward 1 (resigned March 7,2023), Deloris Massey, Ward 3.

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## **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, 2023, 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 accompanying financial statements 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, 2023, 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.

#### **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 19, 2024, 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 19, 2024

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**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

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## MANAGEMENT DISCUSSION AND ANALYSIS

As management of the City of Huntsville, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended September 30, 2023. 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 2023 fiscal year by \$220,945,785 (net position). Of this amount, \$54,507,018 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of fiscal year 2023, the City's governmental funds reported combined ending fund balances of \$47,854,054, a decrease of \$3,968,010 from the prior year. Approximately 27% of this total amount is unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,987,017 or 43% of total General Fund expenditures.
- The City's total capital assets net of accumulated depreciation increased by \$14,080,561. 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 23 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 20 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, both 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, 2023, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$220,945,785.

The largest portion of the City's net position (73%) 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, \$54,507,018, may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2023, 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 65,797,104	\$ 66,733,953	\$ 66,614,076	\$ 65,990,357	\$ 132,411,180	\$ 132,724,310
Capital assets	<u>68,702,811</u>	<u>58,021,228</u>	<u>162,652,606</u>	<u>159,253,628</u>	<u>231,355,417</u>	<u>217,274,856</u>
Total assets	<u>134,499,915</u>	<u>124,755,181</u>	<u>229,266,682</u>	<u>225,243,985</u>	<u>363,766,597</u>	<u>349,999,166</u>
Deferred outflows of resources	<u>8,231,012</u>	<u>3,896,010</u>	<u>2,094,201</u>	<u>980,097</u>	<u>10,325,213</u>	<u>4,876,107</u>
Long-term liabilities outstanding	72,850,772	59,834,361	70,186,959	69,109,848	143,037,731	128,944,209
Other liabilities	<u>5,304,237</u>	<u>4,939,249</u>	<u>3,698,577</u>	<u>2,693,345</u>	<u>9,002,814</u>	<u>7,632,594</u>
Total liabilities	<u>78,155,009</u>	<u>64,773,610</u>	<u>73,885,536</u>	<u>71,803,193</u>	<u>152,040,545</u>	<u>136,576,803</u>
Deferred inflows of resources	<u>881,261</u>	<u>6,046,486</u>	<u>224,219</u>	<u>1,521,080</u>	<u>1,105,480</u>	<u>7,567,566</u>
Net position:						
Net investment in capital assets	26,123,612	25,377,974	134,714,424	114,956,441	160,838,036	140,334,415
Restricted	3,356,365	3,518,827	2,244,366	2,139,548	5,600,731	5,658,375
Unrestricted	<u>34,214,680</u>	<u>28,934,294</u>	<u>20,292,338</u>	<u>35,803,820</u>	<u>54,507,018</u>	<u>64,738,114</u>
Total net position	<u>\$ 63,694,657</u>	<u>\$ 57,831,095</u>	<u>\$ 157,251,128</u>	<u>\$ 152,899,809</u>	<u>\$ 220,945,785</u>	<u>\$ 210,730,904</u>

**Governmental activities.** Net position increased by \$5,863,562 in fiscal year 2023. This is compared to an increase of \$5,996,473 in fiscal year 2022. 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. 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.

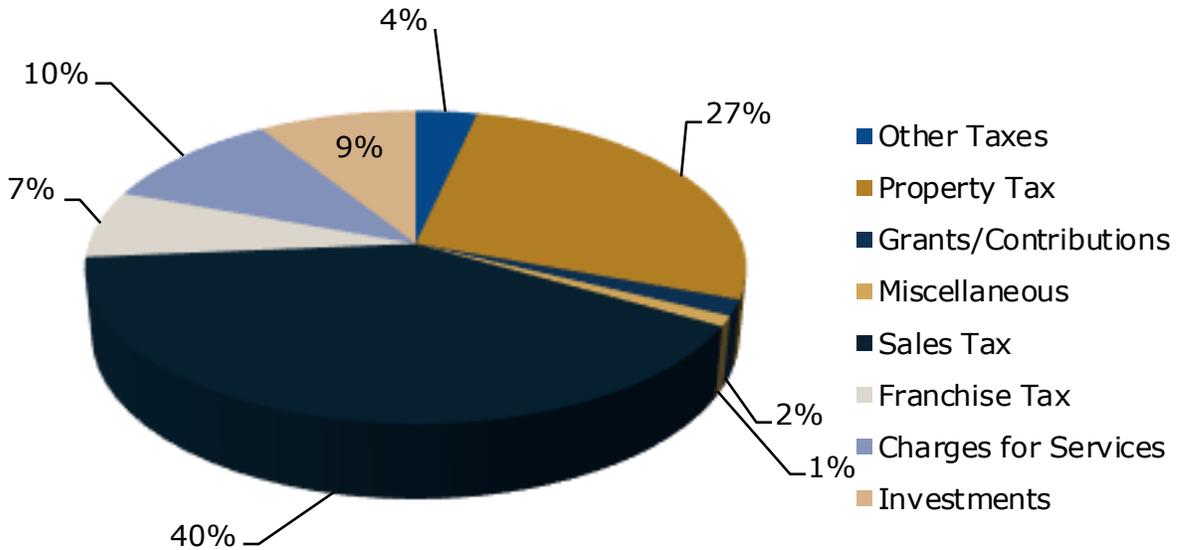
**Business-type activities.** Net position increased by \$4,351,319 in the current year compared to a \$12,627,545 increase in fiscal year 2022. The major factor contributing to the smaller increase in net position for fiscal year 2023 was the prior year recognition of almost \$10M in American Rescue 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 due to growth within the City.

**Analysis of the City's Operations.** The following table provides a summary of the City's operations for the year ended September 30, 2023. Overall, the City had an increase in net position of \$10,214,881. Major factors contributing to the increase are explained in the previous two paragraphs.

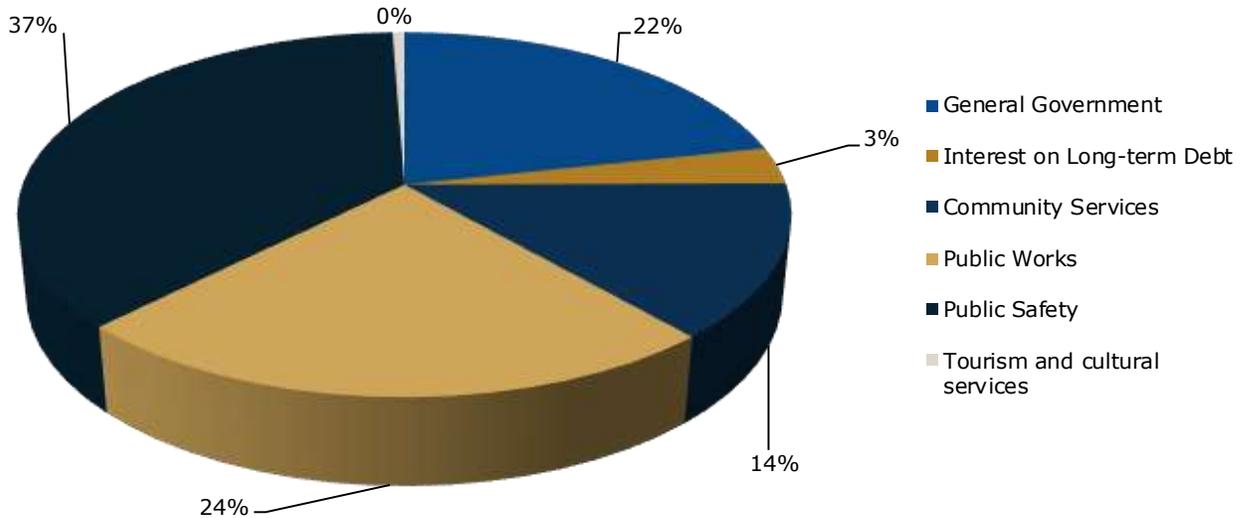
**City of Huntsville, Texas'  
Changes in Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,206,352	\$ 3,962,638	\$ 38,308,425	\$ 34,995,973	\$ 41,514,777	\$ 38,958,611
Operating grants and contributions	395,901	2,240,986	-	-	395,901	2,240,986
Capital grants and contributions	115,667	113,865	1,982,182	10,849,354	2,097,849	10,963,219
General revenues:						
Property taxes	8,330,026	7,748,279	-	-	8,330,026	7,748,279
Sales taxes	12,367,534	11,777,879	-	-	12,367,534	11,777,879
Franchise taxes	2,142,182	2,078,992	-	-	2,142,182	2,078,992
Other taxes	1,067,639	996,220	-	-	1,067,639	996,220
Investment earnings	2,900,965	208,622	2,159,209	211,161	5,060,174	419,783
Miscellaneous	320,466	173,070	433,988	721,885	754,454	894,955
Total revenues	<u>30,846,732</u>	<u>29,300,551</u>	<u>42,883,804</u>	<u>46,778,373</u>	<u>73,730,536</u>	<u>76,078,924</u>
<b>Expenses:</b>						
General government	7,454,308	7,427,896	-	-	7,454,308	7,427,896
Public works	8,261,163	7,365,943	-	-	8,261,163	7,365,943
Community services	4,710,776	4,554,107	-	-	4,710,776	4,554,107
Public safety	12,753,506	10,707,475	-	-	12,753,506	10,707,475
Tourism and cultural services	198,428	159,207	-	-	198,428	159,207
Interest on long-term debt	1,135,091	1,098,979	-	-	1,135,091	1,098,979
Utility	-	-	22,869,591	20,660,727	22,869,591	20,660,727
Solid waste	-	-	6,132,792	5,480,572	6,132,792	5,480,572
Total expenses	<u>34,513,272</u>	<u>31,313,607</u>	<u>29,002,383</u>	<u>26,141,299</u>	<u>63,515,655</u>	<u>57,454,906</u>
Increase in net position before transfers	(3,666,540)	(2,013,056)	13,881,421	20,637,074	10,214,881	18,624,018
Transfers	9,530,102	8,009,529	(9,530,102)	(8,009,529)	-	-
Increase in net position	5,863,562	5,996,473	4,351,319	12,627,545	10,214,881	18,624,018
Net position, beginning	57,831,095	51,834,622	152,899,809	140,272,264	210,730,904	192,106,886
Net position, ending	<u>\$ 63,694,657</u>	<u>\$ 57,831,095</u>	<u>\$ 157,251,128</u>	<u>\$ 152,899,809</u>	<u>\$ 220,945,785</u>	<u>\$ 210,730,904</u>

**Revenues - Governmental Activities  
Fiscal Year 23 (excludes transfers)**



**Primary Government Functional Expenses for Governmental Activities - Fiscal Year 2023**



**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 2023 fiscal year, the City’s governmental funds reported combined ending fund balances of \$47,854,054, a decrease of \$3,968,010 from the prior year. Approximately 27% 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 \$12,987,017, while the total fund balance was \$15,114,181. 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 43% of the General Fund expenditures, while total fund balance represents 51% of that same amount.

The final budget for fiscal year 2023 reflected a \$4,431,460 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 \$543,634. Key factors affecting fund balance are as follows:

- Total General Fund revenues of \$24,219,128 were decreased from FY 2022 by \$1.1 million.
  - Property tax revenue increased \$492,524 from FY 2022 actuals due primarily to new construction and an increase in values.
  - In 2022, the City recognized grant revenue from the American Rescue Plan Act of \$1.9 million. This was a one-time grant that did not recur in 2023.
  - Sales tax revenue increased by \$589,655 due to the population and economic growth discussed previously.
- Total General Fund expenditures of \$29,915,025 increased from FY 2022 by \$1.6 million. 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 \$1.3 million.

The actual revenues of \$24,219,128 were more than the budgeted revenues by \$1,024,394. Sales tax revenue and investment revenue exceeded the budgeted amounts by \$1.1 million and \$0.5 million, respectively. The actual expenditures of \$29,915,025 were \$3,867,602 less than the budgeted expenditures of \$33,782,627. This variance is similar to prior year and primarily relates to conservative estimates and unspent contingency funds.

**Debt Service Fund.** Debt Service fund balance increased by \$58,128. Expenditures were flat compared to the prior year due to the debt issuance in 2023 not having debt service payments until 2024; in contrast, revenues increased due to property tax values and interest rate increases, both as discussed previously. The net result was a slight increase in fund balance.

**General Improvements Fund.** The General Improvements fund balance decreased by \$4,905,404 because of the planned spending of bond funds that was greater than the new bond proceeds of \$4 million. The fund expended approximately \$13.0 million in project costs, primarily related to the construction of new facilities: a City service center, a new City Hall, the MLK center, and an animal control facility.

**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 – \$16,326,443 and Solid Waste – \$3,965,895. The net position for Utility increased \$3,922,465 and Solid Waste increased \$428,854. The overall change in net position for business-type activities was an increase of \$4,351,319 which is a decrease from the FY 2022 change in net position of \$12,627,545. The increase in net position is less than 2022 because of a large one-time capital contribution received in FY 2022 of \$10.8 million. Overall Enterprise operating revenues of \$38,742,413 reflected an increase compared to the prior year, primarily relating to increased water volume sales. Enterprise operating expenses of \$26,828,577 reflected an increase of \$3.0 million over FY 2022 primarily due to increased water purchase cost that coincided with the increased water sales. 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 2023, the City had \$231,355,417 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 6.48% over the amounts for the prior fiscal year.

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,872,245	\$ 1,872,245	\$ 782,325	\$ 782,325	\$ 2,654,570	\$ 2,654,570
Construction in progress	18,448,128	31,189,096	17,787,265	10,080,643	36,235,393	41,269,739
Buildings and improvements	30,389,086	5,663,568	3,956,290	4,240,586	34,345,376	9,904,154
Improvements other than buildings	6,696,728	7,099,558	887,301	887,301	7,584,029	7,986,859
Machinery, furniture and equipment	6,432,858	7,051,647	85,112	115,612	6,517,970	7,167,259
Water rights	-	-	24,784,615	25,776,000	24,784,615	25,776,000
Infrastructure	<u>4,863,766</u>	<u>5,145,114</u>	<u>114,369,698</u>	<u>117,371,161</u>	<u>119,233,464</u>	<u>122,516,275</u>
Total	\$ <u>68,702,811</u>	\$ <u>58,021,228</u>	\$ <u>162,652,606</u>	\$ <u>159,253,628</u>	\$ <u>231,355,417</u>	\$ <u>217,274,856</u>

Major capital asset events during the 2023 fiscal year include the following:

- \$12.6 million was spent on construction of new City buildings, including a new service center (\$5.9 million), City Hall (\$2.4 million), MLK Community Center (\$2.7 million), and Animal Control Facility (\$1.5 million).
- \$6.3 million was spent on water & sewer projects, and \$1.8 million was spent on drainage projects.
- Various vehicles and other equipment were purchased totaling \$1.3 million.

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 \$103,785,000. The remainder of the City’s long-term obligations primarily comprises compensated absences.

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 40,255,000	\$ 37,635,000	\$ -	\$ -	\$ 40,255,000	\$ 37,635,000
Certificates of obligation	2,980,000	3,075,000	1,960,000	2,090,000	4,940,000	5,165,000
Revenue bonds	-	-	58,590,000	60,235,000	58,590,000	60,235,000
Premium on bonds issued	2,204,975	1,944,661	2,402,983	2,513,842	4,607,958	4,458,503
Compensated absences	<u>1,531,899</u>	<u>1,449,520</u>	<u>317,987</u>	<u>313,853</u>	<u>1,849,886</u>	<u>1,763,373</u>
	<u>\$ 46,971,874</u>	<u>\$ 44,104,181</u>	<u>\$ 63,270,970</u>	<u>\$ 65,152,695</u>	<u>\$ 110,242,844</u>	<u>\$ 109,256,876</u>

The long-term liabilities for the City increased overall by \$985,968 in the current year, primarily due to the issuance of \$3.7 million of new general obligation bonds to provide additional funds required for the new City Hall. Principal payments for the year totaled \$3,030,000.

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 2023-2024 fiscal year budget.

Sales Tax revenue makes up approximately 37% of the Revenues for the General Fund. These revenues were budgeted to increase by \$850,000 (7.5%) in FY 2024 from the 2023 fiscal year budgeted amount of \$11,350,000.

An 8% increase in water rates (both base rate and volumetric rate) beginning October 1, 2023 was approved. This was the twelfth year of increases in the volumetric rates and the first year in over a decade for an increase to the base rate. The rates adopted were rates primarily from a rate study performed by a consultant completed in FY 2011 along with higher inflation rates. 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 inflation increases to operating costs.

The property tax rate of \$0.2926 per \$100 valuation for FY 2023 was increased for FY 2024 to \$0.3074. For fiscal year 2024 General Fund’s budgeted expenditures for regular operations were increased by approximately 6% (\$1,866,288) from FY 2023.

Interest rates are expected to continue to increase during fiscal year 2023-24.

The unemployment rate for the City of Huntsville in September 2023 was about 4.6 percent, which is significantly reduced from the September 2022 rate of about 5.5%.

**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.

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**BASIC  
FINANCIAL STATEMENTS**

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**CITY OF HUNTSVILLE, TEXAS**

**STATEMENT OF NET POSITION**

SEPTEMBER 30, 2023

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 56,298,923	\$ 14,114,234	\$ 70,413,157
Investments	4,934,213	2,690,804	7,625,017
Accounts receivable (net of allowances for uncollectable):			
Accounts	268,983	4,189,767	4,458,750
Taxes	3,192,351	-	3,192,351
Intergovernmental	100,045	7,702,935	7,802,980
Interest	8,584	1,434	10,018
Other	1,029	-	1,029
Internal balances	6,805	(6,805)	-
Prepays	1,223	-	1,223
Inventories	120,376	662,538	782,914
Property held for sale	14,253	-	14,253
Restricted cash and cash equivalents	-	37,259,169	37,259,169
Investment in joint venture	850,319	-	850,319
Capital assets not being depreciated	20,320,373	18,569,590	38,889,963
Capital assets (net of accumulated depreciation)	<u>48,382,438</u>	<u>144,083,016</u>	<u>192,465,454</u>
Total assets	<u>134,499,915</u>	<u>229,266,682</u>	<u>363,766,597</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions	7,751,947	1,972,313	9,724,260
Related to SDBF OPEB	147,587	37,551	185,138
Related to retiree health OPEB	<u>331,478</u>	<u>84,337</u>	<u>415,815</u>
Total deferred outflows of resources	<u>8,231,012</u>	<u>2,094,201</u>	<u>10,325,213</u>
<b>LIABILITIES</b>			
Accounts payable	3,125,488	1,731,379	4,856,867
Accrued liabilities	1,058,434	162,663	1,221,097
Accrued interest	133,553	-	133,553
Accrued interest - payable from restricted assets	-	276,505	276,505
Due to other governments	203,340	35,941	239,281
Unearned revenue	643,096	-	643,096
Other liabilities	105,324	-	105,324
Customer deposits	-	1,492,088	1,492,088
Noncurrent liabilities:			
Due within one year:			
Long-term debt	1,811,476	2,040,353	3,851,829
Due in more than one year:			
Arbitrage rebate	35,002	331,673	366,675
Long-term debt	45,160,398	61,230,617	106,391,015
Net pension liability	21,381,885	5,440,151	26,822,036
Total SDBF OPEB liability	784,329	199,555	983,884
Net retiree health OPEB liability	<u>3,712,684</u>	<u>944,611</u>	<u>4,657,295</u>
Total liabilities	<u>78,155,009</u>	<u>73,885,536</u>	<u>152,040,545</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to SDBF OPEB	358,025	91,093	449,118
Related to retiree health OPEB	<u>523,236</u>	<u>133,126</u>	<u>656,362</u>
Total deferred inflows of resources	<u>881,261</u>	<u>224,219</u>	<u>1,105,480</u>
<b>NET POSITION</b>			
Net investment in capital assets	26,123,612	134,714,424	160,838,036
Restricted for:			
Debt service	570,402	2,244,366	2,814,768
Promotion of tourism	1,259,150	-	1,259,150
Court technology and security	160,551	-	160,551
Purpose of grantors, trustees and donors	904,566	-	904,566
Law enforcement	461,696	-	461,696
Unrestricted	<u>34,214,680</u>	<u>20,292,338</u>	<u>54,507,018</u>
Total net position	<u>\$ 63,694,657</u>	<u>\$ 157,251,128</u>	<u>\$ 220,945,785</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, 2023

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 7,454,308	\$ 536,517	\$ 7,291	\$ -
Public safety	12,753,506	1,580,068	370,224	115,667
Public works	8,261,163	772,595	-	-
Community services	4,710,776	221,275	11,687	-
Tourism and cultural services	198,428	95,897	6,699	-
Interest on long-term debt	<u>1,135,091</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>34,513,272</u>	<u>3,206,352</u>	<u>395,901</u>	<u>115,667</u>
Business-type activities:				
Utility	22,869,591	30,737,505	-	1,982,182
Solid waste	<u>6,132,792</u>	<u>7,570,920</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>29,002,383</u>	<u>38,308,425</u>	<u>-</u>	<u>1,982,182</u>
Total primary government	<u>\$ 63,515,655</u>	<u>\$ 41,514,777</u>	<u>\$ 395,901</u>	<u>\$ 2,097,849</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

Net (Expense) Revenues and Changes in Net Position

Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (6,910,500)	\$ -	\$ (6,910,500)
(10,687,547)	-	(10,687,547)
(7,488,568)	-	(7,488,568)
(4,477,814)	-	(4,477,814)
(95,832)	-	(95,832)
<u>(1,135,091)</u>	<u>-</u>	<u>(1,135,091)</u>
<u>(30,795,352)</u>	<u>-</u>	<u>(30,795,352)</u>
-	9,850,096	9,850,096
-	<u>1,438,128</u>	<u>1,438,128</u>
-	<u>11,288,224</u>	<u>11,288,224</u>
(30,795,352)	11,288,224	(19,507,128)
8,330,026	-	8,330,026
12,367,534	-	12,367,534
2,142,182	-	2,142,182
1,067,639	-	1,067,639
2,900,965	2,159,209	5,060,174
166,440	-	166,440
154,026	433,988	588,014
<u>9,530,102</u>	<u>(9,530,102)</u>	<u>-</u>
<u>36,658,914</u>	<u>(6,936,905)</u>	<u>29,722,009</u>
5,863,562	4,351,319	10,214,881
<u>57,831,095</u>	<u>152,899,809</u>	<u>210,730,904</u>
<u>\$ 63,694,657</u>	<u>\$ 157,251,128</u>	<u>\$ 220,945,785</u>

**CITY OF HUNTSVILLE, TEXAS**

BALANCE SHEET  
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects Fund General Improvements</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,565,154	\$ 586,546	\$ 29,866,718
Investments	3,759,062	-	-
Receivables (net of allowance for uncollectibles):			
Accounts	128,185	-	-
Taxes	2,998,581	117,409	-
Intergovernmental	33,946	-	-
Interest	5,934	-	-
Other	1,029	-	-
Due from other funds	22,340	-	-
Inventory	93,480	-	-
Prepaid items	1,223	-	-
Property held for sale	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	18,608,934	703,955	29,866,718
<b>LIABILITIES</b>			
Accounts payable	1,130,869	-	1,851,391
Accrued liabilities	1,018,684	-	-
Due to other governments	140,584	-	-
Due to other funds	-	-	-
Unearned revenue	643,096	-	-
Other liabilities	105,324	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	3,038,557	-	1,851,391
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	456,196	117,409	-
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	456,196	117,409	-
Fund balances:			
Nonspendable:			
Inventory	93,480	-	-
Prepaid items	1,223	-	-
Permanent endowments	-	-	-
Restricted:			
Debt service	-	586,546	-
Promotion of tourism	-	-	-
Court technology and security	-	-	-
Purpose of grantors, trustees and donors	-	-	-
Law enforcement	-	-	-
Capital projects	-	-	2,860,776
Assigned:			
Subsequent year's budget	2,032,461	-	-
Capital projects	-	-	25,154,551
Unassigned	12,987,017	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	15,114,181	586,546	28,015,327
Total liabilities, deferred inflows of resources and fund balances	\$ 18,608,934	\$ 703,955	\$ 29,866,718

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

Other Governmental	Total Governmental Funds
\$ 3,983,272	\$ 46,001,690
-	3,759,062
140,798	268,983
76,361	3,192,351
66,099	100,045
-	5,934
-	1,029
-	22,340
26,896	120,376
-	1,223
<u>14,253</u>	<u>14,253</u>
<u>4,307,679</u>	<u>53,487,286</u>
51,638	3,033,898
39,750	1,058,434
62,756	203,340
15,535	15,535
-	643,096
-	105,324
<u>169,679</u>	<u>5,059,627</u>
<u>-</u>	<u>573,605</u>
<u>-</u>	<u>573,605</u>
26,896	120,376
-	1,223
461,787	461,787
-	586,546
1,259,150	1,259,150
160,551	160,551
904,566	904,566
461,696	461,696
-	2,860,776
-	2,032,461
863,354	26,017,905
<u>-</u>	<u>12,987,017</u>
<u>4,138,000</u>	<u>47,854,054</u>
\$ <u>4,307,679</u>	\$ <u>53,487,286</u>

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**CITY OF HUNTSVILLE, TEXAS**

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

SEPTEMBER 30, 2023

Total fund balances - governmental funds balance sheet	\$ 47,854,054
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.	63,981,963
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.	466,664
Court fines receivable unavailable to pay for current period expenditures are reported as deferred inflows of resources in the funds.	106,941
Payables for bond interest and arbitrage rebates which are not due in the current period are not reported in the funds.	
Accrued interest	(133,553)
Arbitrage rebate	(35,002)
The investment in joint venture is not considered a financial asset. Therefore, this is not reported in the governmental funds balance sheet.	850,319
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities consist of:	
Bonds payable	(43,235,000)
Bond premiums	(2,204,975)
Compensated absences	(1,531,899)
Net pension liability	(21,381,885)
Total SDBF OPEB liability	(784,329)
Net retiree health OPEB liability	(3,712,684)
Deferred outflows (inflows) related to pensions	7,751,947
Deferred outflows (inflows) related to total SDBF liability	(210,438)
Deferred outflows (inflows) related to net retiree health OPEB liability	(191,758)
The assets and liabilities of Internal Service Funds are included in governmental activities in the statement of net position.	<u>16,104,292</u>
Net position of governmental activities - statement of net position	\$ <u>63,694,657</u>

**CITY OF HUNTSVILLE, TEXAS**

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects Fund General Improvements</u>
<b>REVENUES</b>			
Taxes:			
Property	\$ 6,418,818	\$ 1,493,496	\$ -
Sales	12,367,534	-	-
Franchise	2,142,182	-	-
Other	125,621	-	-
Licenses and permits	793,880	-	-
Charges for sales and services	383,048	-	-
Fines, fees, and forfeitures	1,202,030	-	-
Donations, contributions, and grants	105,675	-	-
Investment earnings	591,761	46,673	1,741,071
Miscellaneous	88,579	-	6,435
Total revenues	<u>24,219,128</u>	<u>1,540,169</u>	<u>1,747,506</u>
<b>EXPENDITURES</b>			
Current:			
General government	7,308,621	-	-
Public safety	11,256,212	-	-
Public works	7,516,276	-	8,672,442
Community services	3,564,203	-	4,280,468
Tourism and cultural services	195,507	-	-
Debt service:			
Principal retirement	-	1,255,000	-
Interest and fiscal charges	-	1,108,704	-
Bond issuance costs	74,206	-	29,106
Total expenditures	<u>29,915,025</u>	<u>2,363,704</u>	<u>12,982,016</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(5,695,897)</u>	<u>(823,535)</u>	<u>(11,234,510)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	8,104,340	881,663	2,300,000
Transfers out	(1,947,907)	-	-
Issuance of long-term debt	-	-	3,780,000
Premium on bonds	83,098	-	249,106
Total other financing sources (uses)	<u>6,239,531</u>	<u>881,663</u>	<u>6,329,106</u>
<b>NET CHANGE IN FUND BALANCES</b>	543,634	58,128	(4,905,404)
<b>FUND BALANCES, BEGINNING</b>	<u>14,570,547</u>	<u>528,418</u>	<u>32,920,731</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 15,114,181</u>	<u>\$ 586,546</u>	<u>\$ 28,015,327</u>

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

Other Governmental	Total Governmental Funds
\$ 333,511	\$ 8,245,825
-	12,367,534
-	2,142,182
942,018	1,067,639
-	793,880
744,118	1,127,166
61,941	1,263,971
155,744	261,419
141,216	2,520,721
8,338	103,352
<u>2,386,886</u>	<u>29,893,689</u>
40,050	7,348,671
953,627	12,209,839
361,092	16,549,810
888,491	8,733,162
-	195,507
-	1,255,000
-	1,108,704
-	103,312
<u>2,243,260</u>	<u>47,504,005</u>
<u>143,626</u>	<u>(17,610,316)</u>
359,657	11,645,660
(167,651)	(2,115,558)
-	3,780,000
-	332,204
<u>192,006</u>	<u>13,642,306</u>
335,632	(3,968,010)
<u>3,802,368</u>	<u>51,822,064</u>
<u>\$ 4,138,000</u>	<u>\$ 47,854,054</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, 2023

Net change in fund balances - total governmental funds	\$ (3,968,010)
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.	13,062,598
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.	(1,929,598)
Debt issued or incurred:	
Bond Issuance	(4,112,204)
Bond premium	71,890
Repayment of principal of long-term debt	1,255,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	3,501
Property tax penalties and interest	80,700
Change in equity interest in joint venture	341,464
Court fines and fees	(19,306)
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	(82,379)
Net pension liability	(995,483)
Total SDBF OPEB liability	26,909
Net retiree health OPEB liability	320,083
Interest and arbitrage are accrued in the government-wide financial statements but not at the fund level. This represents the change in the accruals during the period.	(29,967)
The net revenue (expense) of internal service funds is reported with governmental activities.	<u>1,838,364</u>
Change in net position of governmental activities - statement of activities	<u>\$ 5,863,562</u>

**CITY OF HUNTSVILLE, TEXAS**

STATEMENT OF NET POSITION  
PROPRIETARY FUND

SEPTEMBER 30, 2023

	Enterprise Funds	
	Utility	Solid Waste
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 9,397,503	\$ 4,716,731
Investments	1,946,408	744,396
Accounts receivable (net of allowance for uncollectibles):		
Accounts	3,489,373	700,394
Intergovernmental	7,702,935	-
Interest	1,034	400
Inventories	662,538	-
Due from other funds	-	3,302
Restricted cash and cash equivalents:		
Unspent bond proceeds	35,014,803	-
Bond sinking funds	1,574,073	670,293
Total current assets	<u>59,788,667</u>	<u>6,835,516</u>
Noncurrent assets:		
Capital assets not being depreciated	18,569,590	-
Capital assets (net of accumulated depreciation)	140,315,730	3,767,286
Total noncurrent assets	<u>158,885,320</u>	<u>3,767,286</u>
Total assets	<u>218,673,987</u>	<u>10,602,802</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related to pensions	1,447,592	524,721
Related to SDBF OPEB	27,561	9,990
Related to retiree health OPEB	61,900	22,437
Total deferred outflows of resources	<u>1,537,053</u>	<u>557,148</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	1,511,407	219,972
Accrued liabilities	119,654	43,009
Customer deposits	948,160	543,928
Due to other funds	10,107	-
Accrued interest - payable from restricted assets	266,871	9,634
Due to other governments	-	35,941
Noncurrent liabilities due within one year	1,873,089	167,264
Total current liabilities	<u>4,729,288</u>	<u>1,019,748</u>
Noncurrent liabilities:		
Arbitrage rebate	331,673	-
Long-term debt	59,175,953	2,054,664
Net pension liability	3,992,834	1,447,317
Total SDBF OPEB liability	146,465	53,090
Net retiree health OPEB liability	693,303	251,308
Total noncurrent liabilities	<u>64,340,228</u>	<u>3,806,379</u>
Total liabilities	<u>69,069,516</u>	<u>4,826,127</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to SDBF OPEB	66,858	24,235
Related to retiree health OPEB	97,709	35,417
Total deferred inflows of resources	<u>164,567</u>	<u>59,652</u>
<b>NET POSITION</b>		
Net investment in capital assets	133,076,441	1,637,983
Restricted for debt service	1,574,073	670,293
Unrestricted	16,326,443	3,965,895
Total net position	<u>\$ 150,976,957</u>	<u>\$ 6,274,171</u>

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

Total Enterprise	Internal Service
\$ 14,114,234	\$ 10,297,233
2,690,804	1,175,151
4,189,767	-
7,702,935	-
1,434	2,650
662,538	-
3,302	-
35,014,803	-
2,244,366	-
<u>66,624,183</u>	<u>11,475,034</u>
18,569,590	-
<u>144,083,016</u>	<u>4,720,848</u>
<u>162,652,606</u>	<u>4,720,848</u>
<u>229,276,789</u>	<u>16,195,882</u>
1,972,313	-
37,551	-
84,337	-
<u>2,094,201</u>	<u>-</u>
1,731,379	91,590
162,663	-
1,492,088	-
10,107	-
276,505	-
35,941	-
<u>2,040,353</u>	<u>-</u>
<u>5,749,036</u>	<u>91,590</u>
331,673	-
61,230,617	-
5,440,151	-
199,555	-
<u>944,611</u>	<u>-</u>
<u>68,146,607</u>	<u>-</u>
<u>73,895,643</u>	<u>91,590</u>
91,093	-
<u>133,126</u>	<u>-</u>
<u>224,219</u>	<u>-</u>
134,714,424	4,720,848
2,244,366	-
<u>20,292,338</u>	<u>11,383,444</u>
<u>\$ 157,251,128</u>	<u>\$ 16,104,292</u>

**CITY OF HUNTSVILLE, TEXAS**

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Funds	
	Utility	Solid Waste
<b>OPERATING REVENUES</b>		
Charges for services:		
Water and wastewater sales	\$ 30,371,920	\$ -
Solid waste fees - residential and commercial	-	5,872,742
Solid waste fees - disposal	-	1,694,876
Inter-department services	-	-
Miscellaneous	7,687	3,302
Total service charges	30,379,607	7,570,920
Service fees and miscellaneous:		
Tap and connection fees	357,898	-
Customer penalties and miscellaneous	325,185	108,803
Total service fees and miscellaneous	683,083	108,803
Total operating revenues	31,062,690	7,679,723
<b>OPERATING EXPENSES</b>		
Administration	1,340,696	889,247
Water production and distribution	10,707,628	-
Wastewater collection and treatment	3,311,370	-
Solid waste collection and disposal	-	4,899,220
Utility billing/customer service	933,011	-
Equipment replacement	-	-
Depreciation	4,470,027	277,378
Total operating expenses	20,762,732	6,065,845
<b>OPERATING INCOME (LOSS)</b>	10,299,958	1,613,878
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Gain on disposal of capital assets	-	-
Investment earnings	1,951,265	207,944
Interest expense	(2,106,859)	(66,947)
Total nonoperating revenues (expenses)	(155,594)	140,997
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	10,144,364	1,754,875
Capital contributions - intergovernmental	1,982,182	-
Transfers in	54,668	-
Transfers out	(8,258,749)	(1,326,021)
<b>CHANGE IN NET POSITION</b>	3,922,465	428,854
<b>NET POSITION, BEGINNING</b>	147,054,492	5,845,317
<b>NET POSITION, ENDING</b>	\$ 150,976,957	\$ 6,274,171

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

<u>Total Enterprise</u>	<u>Internal Service</u>
\$ 30,371,920	\$ -
5,872,742	-
1,694,876	-
-	6,553,013
10,989	-
<u>37,950,527</u>	<u>6,553,013</u>
357,898	-
<u>433,988</u>	<u>40,457</u>
<u>791,886</u>	<u>40,457</u>
<u>38,742,413</u>	<u>6,593,470</u>
2,229,943	3,589,042
10,707,628	-
3,311,370	-
4,899,220	-
933,011	-
-	183,051
<u>4,747,405</u>	<u>1,564,699</u>
<u>26,828,577</u>	<u>5,336,792</u>
<u>11,913,836</u>	<u>1,256,678</u>
-	166,440
2,159,209	415,246
<u>(2,173,806)</u>	<u>-</u>
<u>(14,597)</u>	<u>581,686</u>
11,899,239	1,838,364
1,982,182	-
54,668	-
<u>(9,584,770)</u>	<u>-</u>
4,351,319	1,838,364
<u>152,899,809</u>	<u>14,265,928</u>
<u>\$ 157,251,128</u>	<u>\$ 16,104,292</u>

**CITY OF HUNTSVILLE, TEXAS**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Funds	
	Utility	Solid Waste
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 28,714,762	\$ 7,545,094
Interfund services provided	-	-
Cash payments to employees for services	(2,054,673)	(714,474)
Cash payments to suppliers for goods and services	(13,174,185)	(4,838,875)
Net cash provided by operating activities	13,485,904	1,991,745
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	54,668	-
Transfers to other funds	(8,258,749)	(1,326,021)
Net cash used by noncapital financing activities	(8,204,081)	(1,326,021)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Cash received for capital grants	1,982,182	-
Principal repayment on long-term debt	(1,645,000)	(130,000)
Interest and fiscal charges on debt	(2,213,413)	(81,625)
Proceeds from sale of capital assets	-	-
Acquisition or construction of capital assets	(8,132,274)	(14,109)
Net cash used by capital and related financing activities	(10,008,505)	(225,734)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of securities	405,000	-
Interest and dividends on investments	2,287,192	207,944
Net cash provided by investing activities	2,692,192	207,944
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(2,034,490)	647,934
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	48,020,869	4,739,090
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ 45,986,379	\$ 5,387,024

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

Total Enterprise	Internal Service
\$ 36,259,856	\$ -
-	6,675,181
(2,769,147)	(29,098)
<u>(18,013,060)</u>	<u>(4,043,712)</u>
<u>15,477,649</u>	<u>2,602,371</u>
54,668	-
<u>(9,584,770)</u>	<u>-</u>
<u>(9,530,102)</u>	<u>-</u>
1,982,182	-
(1,775,000)	-
(2,295,038)	-
-	166,440
<u>(8,146,383)</u>	<u>(1,113,282)</u>
<u>(10,234,239)</u>	<u>(946,842)</u>
405,000	-
<u>2,495,136</u>	<u>569,256</u>
<u>2,900,136</u>	<u>569,256</u>
(1,386,556)	2,224,785
<u>52,759,959</u>	<u>8,072,448</u>
<u>\$ 51,373,403</u>	<u>\$ 10,297,233</u>

**CITY OF HUNTSVILLE, TEXAS**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Funds	
	Utility	Solid Waste
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 10,299,958	\$ 1,613,878
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation	4,470,027	277,378
Change in assets and liabilities:		
Decrease (increase) in prepaid expenses	351,090	-
Decrease (increase) in receivables	(2,347,928)	(131,327)
Decrease (increase) in inventories	(112,064)	-
Decrease (increase) in interfund receivables	-	(3,302)
Decrease (increase) in deferred loss related to bond refunding	-	-
Decrease (increase) in deferred outflows related to pensions	(1,007,129)	(376,533)
Decrease (increase) in deferred outflows related to retiree health OPEB	194,824	63,934
Decrease (increase) in deferred outflows related to SDBF OPEB	8,618	2,182
Increase (decrease) in accounts payable	884,194	106,254
Increase (decrease) in accrued liabilities	(1,089)	4,972
Increase (decrease) in customer deposits	(6,877)	28,152
Increase (decrease) in compensated absences	14,677	(10,545)
Increase (decrease) in interfund payables	(160,431)	(15,567)
Increase (decrease) in net pension liability	2,019,042	783,262
Increase (decrease) in net retiree health OPEB liability	(75,464)	(7,333)
Increase (decrease) in net SDBF OPEB liability	(71,950)	(20,393)
Increase (decrease) in deferred inflows related to retiree health OPEB	(185,452)	(59,849)
Increase (decrease) in deferred inflows related to SDBF OPEB	56,779	20,844
Increase (decrease) in deferred inflows related to pensions	(844,921)	(284,262)
Total adjustments	<u>3,185,946</u>	<u>377,867</u>
Net cash provided by operating activities	\$ <u>13,485,904</u>	\$ <u>1,991,745</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Change in fair value of investments	\$ <u>-</u>	\$ <u>-</u>

<u>Total Enterprise</u>	<u>Internal Service</u>
\$ 11,913,836	\$ 1,256,678
4,747,405	1,564,699
351,090	81,561
(2,479,255)	150
(112,064)	-
(3,302)	-
-	-
(1,383,662)	-
258,758	-
10,800	-
990,448	(300,717)
3,883	-
21,275	-
4,132	-
(175,998)	-
2,802,304	-
(82,797)	-
(92,343)	-
(245,301)	-
77,623	-
<u>(1,129,183)</u>	<u>-</u>
<u>3,563,813</u>	<u>1,345,693</u>
\$ <u>15,477,649</u>	\$ <u>2,602,371</u>
\$ <u>-</u>	\$ <u>150,000</u>

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**NOTES TO THE  
FINANCIAL STATEMENTS**

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**CITY OF HUNTSVILLE, TEXAS**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

**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 the 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 2023 and those considered "available" at year-end are recognized as revenues in 2023. 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, 2022, to provide a revenue source to be used to finance the current year's budget. Taxes levied on October 1, 2022, were due and payable by January 31, 2023. On January 1, 2023, 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, 2023, unpaid taxes began to accrue a penalty and interest charge until paid. On July 1, 2023, 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	\$ 212,883	\$ 69,705	\$ 282,588
Property tax penalties and interest	136,372	47,704	184,076
Court fines and fees receivable	<u>106,941</u>	<u>-</u>	<u>106,941</u>
Total	<u>\$ 456,196</u>	<u>\$ 117,409</u>	<u>\$ 573,605</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 \$26,280, and the Retiree Health Insurance plan had an OPEB expense of \$260,054. Aggregate OPEB expense for the two plans was \$286,334.

**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	\$ 7,881,486	N/A	-
TexPool Prime	30,455,017	N/A	46
Texpool	9,424	N/A	28
Texas CLASS	69,326,399	N/A	72
U. S. Agency securities	3,902,873	2	581
Municipal bonds	<u>3,722,144</u>	2	477
Total portfolio	<u>\$ 115,297,343</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, 2023, 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	\$ 616,922	\$ -	\$ 140,798	\$ 757,720
Taxes	3,134,403	163,068	76,361	3,373,832
Intergovernmental	33,946	-	66,099	100,045
Interest	8,584	-	-	8,584
Travel advances	1,029	-	-	1,029
Gross Receivables	<u>3,794,884</u>	<u>163,068</u>	<u>283,258</u>	<u>4,241,210</u>
Less: Allowance for uncollectibles	<u>(624,559)</u>	<u>(45,659)</u>	<u>-</u>	<u>(670,218)</u>
Net receivables	<u>\$ 3,170,325</u>	<u>\$ 117,409</u>	<u>\$ 283,258</u>	<u>\$ 3,570,992</u>

**Proprietary Funds**

	Utility	Solid Waste	Internal Service	Total
Customer accounts	\$ 3,323,860	\$ 682,397	\$ -	\$ 4,006,257
Unbilled customer accounts	301,253	67,627	-	368,880
Intergovernmental	7,702,935	-	-	7,702,935
Interest	1,034	400	2,650	4,084
Gross Receivables	<u>11,329,082</u>	<u>750,424</u>	<u>2,650</u>	<u>12,082,156</u>
Less: Allowance for uncollectibles	<u>(135,740)</u>	<u>(49,630)</u>	<u>-</u>	<u>(185,370)</u>
Net receivables	<u>\$ 11,193,342</u>	<u>\$ 700,794</u>	<u>\$ 2,650</u>	<u>\$ 11,896,786</u>

**Interfund Balances and Transfers to and From Other Funds**

Interfund balances at September 30, 2023, were for the purpose of covering short-term cash needs, and they consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 12,233
General	Utility	10,107
Solid Waste	Nonmajor governmental	3,302
		<u>\$ 25,642</u>

Transfers to and from other funds at September 30, 2023, consisted of the following:

	<u>Transfers out</u>				
	<u>General</u>	<u>Utility</u>	<u>Solid Waste</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers in:					
General	\$ -	\$ 6,665,336	\$ 1,271,353	\$ 167,651	\$ 8,104,340
General Improvements	1,300,000	1,000,000	-	-	2,300,000
Debt service	288,250	593,413	-	-	881,663
Nonmajor governmental	359,657	-	-	-	359,657
Utility	-	-	54,668	-	54,668
Total	<u>\$ 1,947,907</u>	<u>\$ 8,258,749</u>	<u>\$ 1,326,021</u>	<u>\$ 167,651</u>	<u>\$ 11,700,328</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 – \$160,677
  - Arts Center operating costs – \$82,230
  - Airport grant match - \$46,750
  - General Improvements Fund - \$1,370,000
- Transfers paid by the Utility and Solid Waste Funds to the General Fund are payments in lieu or franchise fees to help fund the cost of various operating expenditures in the General Fund.

## **Capital Assets**

Capital asset activity for the year ended September 30, 2023, 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>31,189,096</u>	<u>12,901,711</u>	<u>25,642,679</u>	<u>18,448,128</u>
Total capital assets not being depreciated	<u>33,061,341</u>	<u>12,901,711</u>	<u>25,642,679</u>	<u>20,320,373</u>
Capital assets being depreciated:				
Buildings and improvements	14,880,025	25,658,914	-	40,538,939
Machinery, furniture, and equipment	29,072,344	1,257,934	679,662	29,650,616
Improvements other than buildings	14,504,755	-	-	14,504,755
Infrastructure	<u>39,731,067</u>	<u>-</u>	<u>-</u>	<u>39,731,067</u>
Total capital assets being depreciated	<u>98,188,191</u>	<u>26,916,848</u>	<u>679,662</u>	<u>124,425,377</u>
Less accumulated depreciation for:				
Buildings and improvements	9,216,457	933,396	-	10,149,853
Machinery, furniture, and equipment	22,020,697	1,876,723	679,662	23,217,758
Improvements other than buildings	7,405,197	402,830	-	7,808,027
Infrastructure	<u>34,585,953</u>	<u>281,348</u>	<u>-</u>	<u>34,867,301</u>
Total accumulated depreciation	<u>73,228,304</u>	<u>3,494,297</u>	<u>679,662</u>	<u>76,042,939</u>
Total capital assets being depreciated, net	<u>24,959,887</u>	<u>23,422,551</u>	<u>-</u>	<u>48,382,438</u>
Governmental activities capital assets, net	<u>\$ 58,021,228</u>	<u>\$ 36,324,262</u>	<u>\$ 25,642,679</u>	<u>\$ 68,702,811</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 782,325	\$ -	\$ -	\$ 782,325
Construction in progress	<u>10,080,643</u>	<u>8,132,275</u>	<u>425,653</u>	<u>17,787,265</u>
Total capital assets not being depreciated	<u>10,862,968</u>	<u>8,132,275</u>	<u>425,653</u>	<u>18,569,590</u>
Capital assets being depreciated:				
Buildings and improvements	6,884,153	-	-	6,884,153
Machinery, furniture, and equipment	3,220,102	14,108	-	3,234,210
Improvements other than buildings	1,900,168	-	-	1,900,168
Water rights	51,336,066	-	-	51,336,066
Infrastructure	<u>176,821,481</u>	<u>425,653</u>	<u>-</u>	<u>177,247,134</u>
Total capital assets being depreciated	<u>240,161,970</u>	<u>439,761</u>	<u>-</u>	<u>240,601,731</u>
Less accumulated depreciation for:				
Buildings and improvements	2,643,567	284,296	-	2,927,863
Machinery, furniture, and equipment	3,104,490	44,608	-	3,149,098
Improvements other than buildings	1,012,867	-	-	1,012,867
Water rights	25,560,066	991,385	-	26,551,451
Infrastructure	<u>59,450,320</u>	<u>3,427,116</u>	<u>-</u>	<u>62,877,436</u>
Total accumulated depreciation	<u>91,771,310</u>	<u>4,747,405</u>	<u>-</u>	<u>96,518,715</u>
Total capital assets being depreciated, net	<u>148,390,660</u>	<u>(4,307,644)</u>	<u>-</u>	<u>144,083,016</u>
Business-type activities capital assets, net	<u>\$159,253,628</u>	<u>\$ 3,824,631</u>	<u>\$ 425,653</u>	<u>\$ 162,652,606</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 1,078,560
Public works	1,613,832
Community services	524,385
Public safety	<u>277,520</u>
Total governmental activities depreciation	<u>\$ 3,494,297</u>
Business-type activities:	
Water production and distribution	\$ 4,470,027
Solid waste disposal and collection	<u>277,378</u>
Total business-type activities depreciation	<u>\$ 4,747,405</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 General Obligation Bonds, Series 2023, in the amount of \$3,780,000. The net proceeds of \$4,000,000 (including an issuance premium of \$332,204 net of costs of issuance) were placed in the General Improvements Fund for the construction of a new City service center and certain infrastructure relocation costs. The bonds mature in series from 2024 through 2043 and bear interest rates from 4.0-5.0%.

Changes in long-term debt for the year ended September 30, 2023, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b><u>Governmental activities:</u></b>					
General obligation bonds	\$ 37,635,000	\$ 3,780,000	\$ (1,160,000)	\$ 40,255,000	\$ 1,240,000
Certificates of obligation	3,075,000	-	(95,000)	2,980,000	100,000
Premium on bond issuance	1,944,661	332,204	(71,890)	2,204,975	88,500
Compensated absences	<u>1,449,520</u>	<u>129,827</u>	<u>(47,448)</u>	<u>1,531,899</u>	<u>382,976</u>
Total governmental activities	<u>\$ 44,104,181</u>	<u>\$ 4,242,031</u>	<u>\$ (1,374,338)</u>	<u>\$ 46,971,874</u>	<u>\$ 1,811,476</u>
<b><u>Business-type activities:</u></b>					
Revenue bonds	\$ 60,235,000	\$ -	\$ (1,645,000)	\$ 58,590,000	\$ 1,720,000
Certificates of obligation	2,090,000	-	(130,000)	1,960,000	130,000
Premium on bond issuance	2,513,840	-	(110,857)	2,402,983	110,857
Compensated absences	<u>313,853</u>	<u>16,730</u>	<u>(12,596)</u>	<u>317,987</u>	<u>79,496</u>
Total business-type activities	<u>\$ 65,152,693</u>	<u>\$ 16,730</u>	<u>\$ (1,898,453)</u>	<u>\$ 63,270,970</u>	<u>\$ 2,040,353</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 Solid Waste Funds along with normal salary expenses.

### **Arbitrage Rebate**

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt subsequent to August 1986 calculate and rebate arbitrage earnings to the federal government. Specifically, the excess of the aggregated amount earned on investments purchased with bond proceeds over the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield, is to be rebated to the federal government. As of September 30, 2023, a liability for arbitrage rebate existed in the amount of \$366,675.

**Debt Service Requirements**

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 1,340,000	\$ 1,317,180	\$ 2,657,180
2025	1,465,000	1,197,553	2,662,553
2026	1,210,000	1,153,832	2,363,832
2027	1,255,000	1,109,132	2,364,132
2028	1,305,000	1,062,732	2,367,732
2029-2033	7,225,000	4,594,510	11,819,510
2034-2038	8,370,000	3,434,760	11,804,760
2039-2043	9,565,000	2,235,910	11,800,910
2044-2048	8,810,000	1,006,259	9,816,259
2049-2051	<u>2,690,000</u>	<u>84,056</u>	<u>2,774,056</u>
Total	<u>\$ 43,235,000</u>	<u>\$ 17,195,924</u>	<u>\$ 60,430,924</u>

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
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	2,230,000	1,838,463	4,068,463
2029-2033	12,590,000	7,741,377	20,331,377
2034-2038	14,310,000	5,392,800	19,702,800
2039-2043	16,470,000	2,813,976	19,283,976
2044-2048	4,180,000	807,150	4,987,150
2049-2052	<u>2,825,000</u>	<u>171,150</u>	<u>2,996,150</u>
Total	<u>\$ 60,550,000</u>	<u>\$ 27,075,818</u>	<u>\$ 87,625,818</u>

At September 30, 2023, 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 subjective 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, 2023, 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%.	\$ 40,100,000
\$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>18,490,000</u>
Total outstanding revenue debt as of September 30, 2023	<u>\$ 58,590,000</u>

## **Tax Supported Debt**

A summary of tax-supported debt outstanding at September 30, 2023, 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%.	\$ 575,000
\$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%.	1,960,000
\$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%.	18,115,000
\$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%.	17,785,000
\$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%.	2,980,000
\$3,780,000 General Obligation Bonds, Series 2023, dated February 7, 2023, to construct, acquire, improve, renovate and equip a City services facilities project to include demolition, construction, renovation and equipping a new City service center at the existing site and relocation of certain City services to City Hall, including related water, wastewater, drainage, streets, sidewalks, parking infrastructure and other related costs. Due in annual installments of \$45,000 - \$285,000 with an interest rate of 5.0%.	3,780,000
Total outstanding tax supported debt as of September 30, 2023	<u>\$ 45,195,000</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, 2023, the City paid \$1,318,044 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 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.tmrs.com](http://www.tmrs.com).

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

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

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

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

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years to any age, 5 years at age 60 and above
Updated service credit	75% Repeating
Annuity increase to retirees	50% of CPI, repeating

***Employees covered by benefit terms***

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	235
Inactive employees entitled to but not yet receiving benefits	220
Active employees	<u>279</u>
	<u><u>734</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 19.64% and 19.77% in calendar years 2022 and 2023, respectively. The City’s contributions to TMRS for the year ended September 30, 2023, were \$3,338,181, and were equal to the required contributions.

**Net Pension Liability.** The City’s Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022, 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 table. 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 is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on 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 Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. 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 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
International Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Real Return	12.0%	8.10%
Real Estate	12.0%	5.80%
Absolute Return	5.0%	6.90%
Private Equity	10.0%	11.80%
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 12/31/2021	\$ 106,838,249	\$ 93,714,630	\$ 13,123,619
Changes for the year:			
Service cost	2,560,813	-	2,560,813
Interest	7,115,860	-	7,115,860
Change of benefit terms	-	-	-
Difference between expected and actual experience	1,598,981	-	1,598,981
Contributions - employer	-	3,241,257	(3,241,257)
Contributions - employee	-	1,162,496	(1,162,496)
Net investment income	-	(6,837,959)	6,837,959
Benefit payments, including refunds of employee contributions	(5,397,018)	(5,397,018)	-
Administrative expense	-	(59,196)	59,196
Other changes	-	70,639	(70,639)
Net changes	<u>5,878,636</u>	<u>(7,819,781)</u>	<u>13,698,417</u>
Balance at 12/31/2022	<u>\$ 112,716,885</u>	<u>\$ 85,894,849</u>	<u>\$ 26,822,036</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	\$ 41,727,838	\$ 26,822,036	\$ 26,822,036	\$ 14,521,758

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. The report may be obtained on the Internet at [www.tmr.com](http://www.tmr.com).

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

For the year ended September 30, 2023, the city recognized pension expense of \$4,552,968.

At September 30, 2023, 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	\$ 1,441,106	\$ -
Difference between projected and actual investment earnings	5,904,094	-
Contributions subsequent to the measurement date	<u>2,379,060</u>	<u>-</u>
Total	<u>\$ 9,724,260</u>	<u>\$ -</u>

\$2,379,060 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

For the Year Ended September 30:	
2024	\$ 938,568
2025	2,045,120
2026	1,728,773
2027	<u>2,632,739</u>
Total	<u>\$ 7,345,200</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	191
Inactive employees entitled to but not yet receiving benefits	45
Active employees	<u>279</u>
Total	<u>515</u>

**Contributions.** The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.40% for 2023 and 0.26% for 2022, of which 0.17% and 0.15%, 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, 2023 and 2022 were \$28,262 and \$23,964, 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 \$983,884 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions and Other Inputs.** The Total OPEB Liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50% per annum
Discount rate	4.05%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 11.5% including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females.

In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor. 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.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. Changes in assumptions reflect the annual change in the municipal bond rate.

**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, 2022.

**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 (4.05%) in measuring the Total OPEB Liability.

	1% Decrease in <u>Discount Rate (3.05%)</u>	1% Increase in <u>Discount Rate (5.05%)</u>
Total OPEB Liability	\$ 1,172,697	\$ 835,957

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs.** At September 30, 2023, the City reported a liability of \$983,884 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2022. For the year ended September 30, 2023, the City recognized OPEB expense of \$26,280. 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 12/31/2021	\$ 1,452,230
Changes for the year:	
Service cost	63,107
Interest	27,072
Difference between expected and actual experience	(42,237)
Changes of assumptions	(491,377)
Benefit payments	<u>(24,911)</u>
Net changes	<u>(468,346)</u>
Balance at 12/31/2022	<u>\$ 983,884</u>

At September 30, 2023, 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	\$ -	\$ 64,286
Changes in actuarial assumptions	134,973	384,832
Contributions subsequent to the measurement date	<u>50,165</u>	<u>-</u>
Totals	<u>\$ 185,138</u>	<u>\$ 449,118</u>

\$50,165 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, 2024. Other amounts reported as deferred outflows related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2024	\$ (48,728)
2025	(83,586)
2026	(115,275)
2027	<u>(66,556)</u>
Total	<u>\$ (314,145)</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 PubG.H-2010 Employee Mortality Table, Generational with Projection Scale MP-2021 for males or females, as appropriate. Mortality rates for retirees/disabled employees were based on the PubG.H-2010 Healthy Retiree 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 claim costs as well as expenses are assumed to increase as follows. Medical and dental retiree contributions are assumed to increase at the same rate as claim costs. See Appendix G for a listing of retiree contributions. Trends for 2022 based on actual increases to stop loss premiums, dental premiums and expenses.
Participation rates	Assumed to persist based on current elections. Future Retirees: Hired prior to 1/1/2016: 75% of those eligible will participate in the medical and dental plans; 100% will take the RHS Benefit. Hired after to 1/1/2016: 25% will participate. 90% participating will elect the traditional plan. 10% participating will elect the HDHP plan. 100% participating will elect the dental plan..
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 9/30/2022	\$ 9,579,660	\$ 4,468,177	\$ 5,111,483
Changes for the year:			
Service cost	24,915	-	24,915
Interest	647,451	-	647,451
Difference between expected and actual experience	(14,680)	-	(14,680)
Changes in assumptions and other inputs	176,057	-	176,057
Contributions for benefits due	-	710,549	(710,549)
Net investment income	-	638,456	(638,456)
Benefit payments	(710,549)	(771,623)	61,074
Net changes	123,194	577,382	(454,188)
Balance at 9/30/2023	\$ 9,702,854	\$ 5,045,559	\$ 4,657,295

Changes in assumptions include updates to the first-year retiree contribution, stop loss premiums, and expense trends.

**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 6.0%	Discount Rate 7.00%	1% Increase 8.0%
City's net OPEB liability	\$ 5,554,478	\$ 4,657,295	\$ 3,885,553

**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	\$ 3,834,698	\$ 4,657,295	\$ 5,608,757

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs.** At September 30, 2023, the City reported a liability of \$4,657,295 for its net OPEB Liability. The net OPEB Liability was determined by an actuarial valuation as of September 30, 2023. For the year ended September 30, 2023, the City recognized OPEB expense of \$260,054. There were no changes of benefit terms that affected measurement of the net OPEB liability during the measurement period.

At September 30, 2023, 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	\$ -	\$ 140,234
Changes in actuarial assumptions	88,029	516,128
Difference between projected and actual investment earnings	327,786	-
Total	\$ 415,815	\$ 656,362

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,	
2024	\$ (519,659)
2025	100,329
2026	249,321
2027	<u>(70,538)</u>
Total	<u>\$ (240,547)</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>2023</u>	<u>2022</u>
Aggregate liabilities October 1	\$ 363,487	\$ 201,345
Incurred liabilities	2,451,503	2,369,702
Paid liabilities	<u>(2,726,359)</u>	<u>(2,207,560)</u>
Aggregate liabilities September 30	<u>\$ 88,631</u>	<u>\$ 363,487</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, 2023. 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 2023, 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, 2023.

## **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.

The GASB has amended the existing standards regarding capitalization thresholds for assets. The amended guidance for the capitalization threshold comes from GASB Implementation Guide 2021-1, Question 5.1. Capitalization policies adopted by governments include many considerations such as finding an appropriate balance between ensuring that all significant capital assets, collectively, are capitalized and minimizing the cost of recordkeeping for capital assets. A government should capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers, classroom furniture and library books are examples of asset types that may not meet a capitalization policy on an individual basis yet could be significantly collectively. In this example, if the \$150,000 aggregate amount (100 computers costing \$1,500 each) is significant, the government should capitalize the computers. The amended guidance is effective for reporting periods beginning after June 15, 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.

**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, 2023

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 6,499,500	\$ 6,499,500	\$ 6,418,818	\$ (80,682)
Sales tax	11,350,000	11,350,000	12,367,534	1,017,534
Franchise taxes	2,125,000	2,125,000	2,142,182	17,182
Other taxes	124,000	124,000	125,621	1,621
Licenses and permits	1,099,800	1,099,800	793,880	(305,920)
Charges for sales and services	359,792	359,792	383,048	23,256
Fines, fees, and forfeitures	1,350,300	1,350,300	1,202,030	(148,270)
Donations, contributions, and grants	71,000	92,707	105,675	12,968
Investment income	100,000	100,000	591,761	491,761
Miscellaneous	53,900	93,635	88,579	(5,056)
Total revenue	<u>23,133,292</u>	<u>23,194,734</u>	<u>24,219,128</u>	<u>1,024,394</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Charter offices				
City Council	149,314	249,314	206,559	42,755
City Manager	714,427	775,735	676,942	98,793
City Secretary	269,391	276,677	241,145	35,532
City Attorney	260,000	377,897	377,896	1
City Judge	70,585	73,345	71,239	2,106
Finance				
Finance and accounting	1,034,593	1,039,795	1,028,732	11,063
Office services	96,700	96,700	71,305	25,395
Municipal court	429,993	455,352	428,287	27,065
Purchasing	98,029	101,264	99,959	1,305
Warehouse	64,936	68,061	67,842	219
Human resources	586,553	686,250	559,055	127,195
Information technology	1,419,380	1,549,736	1,442,325	107,411
Community development	436,236	446,676	294,752	151,924
Non-departmental	2,701,170	1,780,360	1,742,583	37,777
Public safety				
Public safety administration	1,330,075	1,848,511	1,751,251	97,260
Police	7,271,116	7,460,215	6,825,216	634,999
Fire	2,807,361	3,619,476	2,575,697	1,043,779
Victim's services	86,822	108,979	104,048	4,931
Public works				
Public utilities administration	431,821	447,843	436,845	10,998
Streets	3,593,589	4,451,225	4,132,027	319,198
GIS	274,284	282,967	268,071	14,896
Customer service center	195,910	203,875	187,870	16,005
Planning	254,473	265,203	255,894	9,309
Engineering	1,234,773	1,248,766	978,798	269,968
Surveying	286,085	296,698	282,683	14,015
Central inspection	895,680	919,285	839,282	80,003
Health	141,933	146,139	134,806	11,333

**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, 2023

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Community services				
Community services administration	\$ 263,904	\$ 273,208	\$ 269,674	\$ 3,534
Recreation	76,485	77,311	74,557	2,754
Parks maintenance	1,084,637	1,132,090	977,174	154,916
Aquatic center	281,844	298,287	230,136	68,151
Building services	725,497	756,913	712,766	44,147
Cemetery	117,862	120,363	88,155	32,208
Library services	711,805	721,595	665,930	55,665
Community service assist	35,786	35,786	18,759	17,027
Garage	777,653	795,943	527,052	268,891
Tourism and cultural services				
Main street	173,303	219,860	195,207	24,653
Gift shop	720	720	300	420
Bond Issuance Cost	-	74,207	74,206	1
Total expenditures	<u>31,384,725</u>	<u>33,782,627</u>	<u>29,915,025</u>	<u>3,867,602</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(8,251,433)</u>	<u>(10,587,893)</u>	<u>(5,695,897)</u>	<u>4,891,996</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	7,974,706	8,104,340	8,104,340	-
Transfers out	(927,907)	(1,947,907)	(1,947,907)	-
Premium on bond issuance	-	-	83,098	83,098
Total other financing sources (uses)	<u>7,046,799</u>	<u>6,156,433</u>	<u>6,239,531</u>	<u>83,098</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,204,634)	(4,431,460)	543,634	4,975,094
<b>FUND BALANCE, BEGINNING</b>	<u>14,570,547</u>	<u>14,570,547</u>	<u>14,570,547</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 13,365,913</u>	<u>\$ 10,139,087</u>	<u>\$ 15,114,181</u>	<u>\$ 4,975,094</u>

**CITY OF HUNTSVILLE, TEXAS**

SCHEDULE OF CHANGES IN TMRS NET PENSION LIABILITY  
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

<b>Measurement Date December 31,</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>A. Total pension liability</b>			
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>B. Plan fiduciary net position</b>			
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>
<b>C. Net pension liability - ending (a) - (b)</b>	<u>\$ 15,581,610</u>	<u>\$ 20,862,342</u>	<u>\$ 21,292,771</u>
<b>D. Plan fiduciary net position as a percentage of total pension liability</b>	79.52%	74.21%	74.97%
<b>E. Covered payroll</b>	\$ 12,095,412	\$ 12,303,029	\$ 13,082,605
<b>F. Net pension liability as a percentage of covered payroll</b>	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.

<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$ 2,005,970	\$ 2,059,799	\$ 2,161,908	\$ 2,280,952	\$ 2,422,915	\$ 2,560,813
5,674,192	5,873,938	6,107,614	6,366,474	6,790,485	7,115,860
-	(137,630)	(30,803)	49,717	720,367	1,598,981
(635,663)	-	177,814	-	2,364,914	-
<u>(4,000,952)</u>	<u>(4,223,462)</u>	<u>(4,547,117)</u>	<u>(4,735,084)</u>	<u>(4,967,687)</u>	<u>(5,397,018)</u>
3,043,547	3,572,645	3,869,416	3,962,059	7,330,994	5,878,636
<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>106,838,249</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>	<u>\$ 112,716,885</u>
\$ 2,481,100	\$ 2,530,335	\$ 2,619,671	\$ 2,863,520	\$ 2,867,944	\$ 3,241,257
935,151	949,216	998,243	1,078,829	1,094,926	1,162,496
8,834,783	(2,155,263)	10,667,844	5,972,362	10,927,920	(6,837,959)
(4,000,952)	(4,223,462)	(4,547,117)	(4,735,084)	(4,967,687)	(5,397,018)
(45,802)	(41,665)	(60,297)	(38,656)	(50,573)	(59,196)
<u>(2,321)</u>	<u>(2,176)</u>	<u>(1,811)</u>	<u>(1,506)</u>	<u>346</u>	<u>70,639</u>
8,201,959	(2,943,015)	9,676,530	5,139,462	9,872,876	(7,819,781)
<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>93,714,630</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>\$ 85,894,849</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>	<u>\$ 26,822,036</u>
81.69%	75.29%	82.37%	84.26%	87.72%	76.20%
\$ 13,346,443	\$ 13,560,229	\$ 14,260,608	\$ 15,411,836	\$ 15,672,183	\$ 16,605,142
120.89%	167.03%	118.11%	101.65%	83.74%	161.53%

**CITY OF HUNTSVILLE, TEXAS**

SCHEDULE OF PENSION CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

<b>Fiscal Year Ended September 30,</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Actuarial determined contribution	\$ 1,934,620	\$ 2,082,681	\$ 2,290,870	\$ 2,440,874
Contributions in relation to the actuarially determined contribution	<u>(1,934,620)</u>	<u>(2,082,681)</u>	<u>(2,290,870)</u>	<u>(2,440,874)</u>
Contribution deficiency (excess)	-	-	-	-
Covered payroll	11,764,506	12,095,412	13,889,084	13,390,464
Contributions as a percentage of covered payroll	16.44%	17.22%	16.49%	18.23%

**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	23 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	There were no benefit changes during the year.

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 2,503,097	\$ 2,597,663	\$ 2,724,340	\$ 2,837,362	\$ 3,129,920	\$ 3,338,181
<u>(2,503,097)</u>	<u>(2,597,663)</u>	<u>(2,724,340)</u>	<u>(2,837,362)</u>	<u>(3,129,920)</u>	<u>(3,338,181)</u>
-	-	-	-	-	-
13,425,685	14,090,493	14,706,798	15,448,799	16,261,498	17,169,256
18.64%	18.44%	18.52%	18.37%	19.25%	19.44%

**CITY OF HUNTSVILLE, TEXAS**

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

**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 2017 is not available.
- Changes in assumptions reflect changes in the discount rate.

	<u>2021</u>		<u>2022</u>
\$	54,747	\$	63,107
	27,974		27,072
	(36,579)		(42,237)
	45,705		(491,377)
	<u>(21,899)</u>		<u>(24,911)</u>
	69,948		(468,346)
	<u>1,382,282</u>		<u>1,452,230</u>
	<u>1,452,230</u>		<u>983,884</u>
\$	15,672,183	\$	16,605,142
	9.27%		5.93%

**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, 2023

<b>Measurement Date September 30,</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>A. Total OPEB liability</b>				
Service Cost	\$ 43,312	\$ 44,395	\$ 26,704	\$ 67,273
Interest (on the Total OPEB Liability)	731,662	742,356	660,901	742,090
Difference between expected and actual experience	(295,877)	(329,820)	353,645	(103,177)
Changes of assumptions	-	(1,114,330)	722,263	405,336
Benefit payments	<u>(325,462)</u>	<u>(329,347)</u>	<u>(647,756)</u>	<u>(640,725)</u>
Net change in total OPEB liability	153,635	(986,746)	1,115,757	470,797
Total OPEB liability - beginning	<u>10,571,731</u>	<u>10,725,366</u>	<u>9,738,620</u>	<u>10,854,377</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>
<b>B. Plan fiduciary net position</b>				
Contributions for benefits due	283,929	329,347	544,140	640,725
Net Investment Income	312,323	150,300	525,022	1,041,464
Benefit payments	<u>(325,462)</u>	<u>(329,347)</u>	<u>(647,756)</u>	<u>(640,725)</u>
Net change in plan fiduciary net position	270,790	150,300	421,406	1,041,464
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>
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>
<b>C. Net OPEB liability - ending (a) - (b)</b>	<u>\$ 6,740,993</u>	<u>\$ 5,603,947</u>	<u>\$ 6,298,298</u>	<u>\$ 5,727,631</u>
<b>D. Plan fiduciary net position as a percentage of total OPEB liability</b>	37.15%	42.46%	41.97%	49.43%

**Notes to Schedule:**

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

<u>2022</u>	<u>2023</u>
\$ 77,850	\$ 24,915
775,402	647,451
(398,683)	(14,680)
(1,548,386)	176,057
<u>(651,697)</u>	<u>(710,549)</u>
(1,745,514)	123,194
<u>11,325,174</u>	<u>9,579,660</u>
<u>9,579,660</u>	<u>9,702,854</u>
752,609	710,549
(1,230,278)	638,456
<u>(651,697)</u>	<u>(771,623)</u>
(1,129,366)	577,382
<u>5,597,543</u>	<u>4,468,177</u>
<u>\$ 4,468,177</u>	<u>\$ 5,045,559</u>
<u>\$ 5,111,483</u>	<u>\$ 4,657,295</u>
46.64%	52.00%

**CITY OF HUNTSVILLE, TEXAS**

NOTES TO BUDGETARY SCHEDULES

SEPTEMBER 30, 2023

**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 27<sup>th</sup> 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 a basis consistent with generally accepted accounting principles. Formal budgets are not adopted for capital projects funds and the following special revenue funds: Federal Grants Fund, Library Grants Fund, Hotel/Motel Tourism Fund and Public Improvement District Fund. Budgetary control is exercised at the function level.

Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of the 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, 2023

	Special Revenue	Capital Projects	Permanent Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,593,841	\$ 863,353	\$ 526,078	\$ 3,983,272
Investments	-	-	-	-
Accounts receivable (net of allowance for uncollectibles):				
Accounts	140,798	-	-	140,798
Taxes	76,361	-	-	76,361
Intergovernmental	66,098	1	-	66,099
Inventory	26,896	-	-	26,896
Property held for sale	14,253	-	-	14,253
Total assets	<u>2,918,247</u>	<u>863,354</u>	<u>526,078</u>	<u>4,307,679</u>
<b>LIABILITIES</b>				
Accounts payable	51,638	-	-	51,638
Accrued liabilities	39,750	-	-	39,750
Due to other governments	62,756	-	-	62,756
Total liabilities	<u>169,679</u>	<u>-</u>	<u>-</u>	<u>169,679</u>
<b>FUND BALANCES</b>				
Nonspendable - permanent endowments				
Inventory	26,896	-	-	26,896
Permanent endowments	-	-	461,787	461,787
Restricted for:				
Promotion of tourism	1,259,150	-	-	1,259,150
Court technology and security	160,551	-	-	160,551
Purpose of grantors, trustees and donors	840,275	-	64,291	904,566
Law enforcement	461,696	-	-	461,696
Assigned to:				
Construction of capital assets	-	863,354	-	863,354
Total fund balances	<u>2,748,568</u>	<u>863,354</u>	<u>526,078</u>	<u>4,138,000</u>
 Total liabilities and fund balances	 <u>\$ 2,918,247</u>	 <u>\$ 863,354</u>	 <u>\$ 526,078</u>	 <u>\$ 4,307,679</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, 2023

	Special Revenue	Capital Projects	Permanent Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 333,511	\$ -	\$ -	\$ 333,511
Other taxes	942,018	-	-	942,018
Charges for sales and services	744,118	-	-	744,118
Fines, fees, and forfeitures	61,941	-	-	61,941
Donations, contributions, and grants	155,744	-	-	155,744
Investment income	97,053	22,526	21,637	141,216
Miscellaneous	8,338	-	-	8,338
Total revenues	<u>2,342,723</u>	<u>22,526</u>	<u>21,637</u>	<u>2,386,886</u>
<b>EXPENDITURES</b>				
General government	40,050	-	-	40,050
Public works	361,092	-	-	361,092
Community services	888,491	-	-	888,491
Public safety	953,627	-	-	953,627
Total expenditures	<u>2,243,260</u>	<u>-</u>	<u>-</u>	<u>2,243,260</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (OVER) UNDER EXPENDITURES</b>	<u>99,463</u>	<u>22,526</u>	<u>21,637</u>	<u>143,626</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	309,657	50,000	-	359,657
Transfers out	<u>(92,651)</u>	<u>(75,000)</u>	<u>-</u>	<u>(167,651)</u>
Total other financing sources (uses)	<u>217,006</u>	<u>(25,000)</u>	<u>-</u>	<u>192,006</u>
<b>NET CHANGE IN FUND BALANCES</b>	316,469	(2,474)	21,637	335,632
<b>FUND BALANCES, BEGINNING</b>	<u>2,432,099</u>	<u>865,828</u>	<u>504,441</u>	<u>3,802,368</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 2,748,568</u>	<u>\$ 863,354</u>	<u>\$ 526,078</u>	<u>\$ 4,138,000</u>

**CITY OF HUNTSVILLE, TEXAS**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2023

	Municipal Court Security and Technology	Police Forfeiture	Airport	Library Special Donations
<b>ASSETS</b>				
Cash	\$ 166,439	\$ 248,482	\$ 134,787	\$ 175,666
Accounts receivable (net of allowance for uncollectibles):				
Accounts	-	-	10,418	-
Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Inventory	-	-	-	-
Property held for sale	-	-	-	-
	<u>166,439</u>	<u>248,482</u>	<u>145,205</u>	<u>175,666</u>
Total assets				
<b>LIABILITIES</b>				
Accounts payable	2,790	480	893	144
Accrued liabilities	3,098	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	62,228	-	-
	<u>5,888</u>	<u>62,708</u>	<u>893</u>	<u>144</u>
Total liabilities				
<b>FUND BALANCES</b>				
Nonspendable:				
Inventory	-	-	-	-
Restricted for:				
Promotion of tourism	-	-	-	-
Court security and technology	160,551	-	-	-
Purpose of grantors, trustees and donors	-	-	144,312	175,522
Law enforcement	-	185,774	-	-
	<u>160,551</u>	<u>185,774</u>	<u>144,312</u>	<u>175,522</u>
Total fund balances				
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 166,439</u>	<u>\$ 248,482</u>	<u>\$ 145,205</u>	<u>\$ 175,666</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	\$ 197,909	\$ 100,830	\$ 197,925	\$ 65,679	\$ 20,189
-	104,845	-	-	-	-
-	-	-	10,684	-	-
-	-	61,644	-	4,454	-
-	-	-	-	-	-
-	-	-	-	14,253	-
<u>5,353</u>	<u>302,754</u>	<u>162,474</u>	<u>208,609</u>	<u>84,386</u>	<u>20,189</u>
-	2,511	-	3,236	-	-
-	24,321	-	697	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>26,832</u>	<u>-</u>	<u>3,933</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,353	-	162,474	204,676	84,386	20,189
-	275,922	-	-	-	-
<u>5,353</u>	<u>275,922</u>	<u>162,474</u>	<u>204,676</u>	<u>84,386</u>	<u>20,189</u>
<u>\$ 5,353</u>	<u>\$ 302,754</u>	<u>\$ 162,474</u>	<u>\$ 208,609</u>	<u>\$ 84,386</u>	<u>\$ 20,189</u>

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**CITY OF HUNTSVILLE, TEXAS**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2023

	Tax Increment Reinvestment Zone #1	Hotel/ Motel Tourism	Public Improvement District	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>				
Cash	\$ 43,363	\$ 1,237,219	\$ -	\$ 2,593,841
Accounts receivable (net of allowance for uncollectibles):				
Accounts	-	-	25,535	140,798
Taxes	-	65,677	-	76,361
Intergovernmental	-	-	-	66,098
Inventory	-	26,896	-	26,896
Property held for sale	-	-	-	14,253
	<u>43,363</u>	<u>1,329,792</u>	<u>25,535</u>	<u>2,918,247</u>
Total assets				
	<u>43,363</u>	<u>1,329,792</u>	<u>25,535</u>	<u>2,918,247</u>
<b>LIABILITIES</b>				
Accounts payable	-	31,584	10,000	51,638
Accrued liabilities	-	11,634	-	39,750
Due to other funds	-	-	15,535	15,535
Due to other governments	-	528	-	62,756
Total liabilities	<u>-</u>	<u>43,746</u>	<u>25,535</u>	<u>169,679</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventory	-	26,896	-	26,896
Restricted for:				
Promotion of tourism	-	1,259,150	-	1,259,150
Court security and technology	-	-	-	160,551
Purpose of grantors, trustees and donors	43,363	-	-	840,275
Law enforcement	-	-	-	461,696
Total fund balances	<u>43,363</u>	<u>1,286,046</u>	<u>-</u>	<u>2,748,568</u>
Total liabilities and fund balances	<u>\$ 43,363</u>	<u>\$ 1,329,792</u>	<u>\$ 25,535</u>	<u>\$ 2,918,247</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, 2023

	Municipal Court Security and Technology	Police Forfeiture	Airport	Library Special Donations
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Charges for sales and services	-	-	9,134	-
Fines, fees, and forfeitures	55,954	1,956	-	-
Donations, contributions, and grants	-	-	-	9,660
Investment earnings	9,837	10,039	676	3,891
Miscellaneous	-	-	-	-
Total revenues	<u>65,791</u>	<u>11,995</u>	<u>9,810</u>	<u>13,551</u>
<b>EXPENDITURES</b>				
General government	40,050	-	-	-
Public works	-	-	28,795	-
Community services	-	-	-	-
Public safety	-	35,982	-	-
Total expenditures	<u>40,050</u>	<u>35,982</u>	<u>28,795</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>25,741</u>	<u>(23,987)</u>	<u>(18,985)</u>	<u>13,551</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	66,750	-
Transfers out	<u>(27,391)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(27,391)</u>	<u>-</u>	<u>66,750</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,650)	(23,987)	47,765	13,551
<b>FUND BALANCES, BEGINNING</b>	<u>162,201</u>	<u>209,761</u>	<u>96,547</u>	<u>161,971</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 160,551</u>	<u>\$ 185,774</u>	<u>\$ 144,312</u>	<u>\$ 175,522</u>

Library Grants	School Resource Officer	Police Grants	Arts Center	Federal Grants	Area Revitalization
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	134,574	-	-
-	642,705	-	-	-	-
-	-	-	470	-	-
-	-	140,980	2,213	-	-
-	11,393	2,203	5,063	3,024	1,010
-	-	-	1,047	-	-
<u>-</u>	<u>654,098</u>	<u>143,183</u>	<u>143,367</u>	<u>3,024</u>	<u>1,010</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	194,010	-	-
-	789,074	128,571	-	-	-
<u>-</u>	<u>789,074</u>	<u>128,571</u>	<u>194,010</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>(134,976)</u>	<u>14,612</u>	<u>(50,643)</u>	<u>3,024</u>	<u>1,010</u>
-	160,677	-	82,230	-	-
-	-	-	-	-	-
<u>-</u>	<u>160,677</u>	<u>-</u>	<u>82,230</u>	<u>-</u>	<u>-</u>
-	25,701	14,612	31,587	3,024	1,010
<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>275,922</u>	\$ <u>162,474</u>	\$ <u>204,676</u>	\$ <u>84,386</u>	\$ <u>20,189</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, 2023

	Tax Increment Reinvestment Zone #1	Hotel/ Motel Tourism	Public Improvement District	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>				
Property taxes	\$ 333,511	\$ -	\$ -	\$ 333,511
Other taxes	-	807,444	-	942,018
Charges for sales and services	-	92,279	-	744,118
Fines, fees, and forfeitures	-	3,561	-	61,941
Donations, contributions, and grants	-	2,891	-	155,744
Investment income	1,973	47,944	-	97,053
Miscellaneous	-	7,291	-	8,338
Total revenues	<u>335,484</u>	<u>961,410</u>	<u>-</u>	<u>2,342,723</u>
<b>EXPENDITURES</b>				
General government	-	-	-	40,050
Public works	-	332,297	-	361,092
Community services	333,512	360,969	-	888,491
Public safety	-	-	-	953,627
Total expenditures	<u>333,512</u>	<u>693,266</u>	<u>-</u>	<u>2,243,260</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,972</u>	<u>268,144</u>	<u>-</u>	<u>99,463</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	309,657
Transfers out	-	(65,260)	-	(92,651)
Total other financing sources (uses)	<u>-</u>	<u>(65,260)</u>	<u>-</u>	<u>217,006</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,972	202,884	-	316,469
<b>FUND BALANCES, BEGINNING</b>	<u>41,391</u>	<u>1,083,162</u>	<u>-</u>	<u>2,432,099</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 43,363</u>	<u>\$ 1,286,046</u>	<u>\$ -</u>	<u>\$ 2,748,568</u>

**CITY OF HUNTSVILLE, TEXAS**

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines, fees, and forfeiture	\$ 55,000	\$ 55,000	\$ 55,954	\$ 954
Investment income	<u>          -</u>	<u>          -</u>	<u>      9,837</u>	<u>      9,837</u>
Total revenue	<u>      55,000</u>	<u>      55,000</u>	<u>      65,791</u>	<u>      10,791</u>
<b>EXPENDITURES</b>				
General government	<u>      61,000</u>	<u>      61,000</u>	<u>      40,050</u>	<u>      20,950</u>
Total expenditures	<u>      61,000</u>	<u>      61,000</u>	<u>      40,050</u>	<u>      20,950</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>      (6,000)</u>	<u>      (6,000)</u>	<u>      25,741</u>	<u>      31,741</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>     (27,391)</u>	<u>     (27,391)</u>	<u>     (27,391)</u>	<u>          -</u>
Total other financing sources (uses)	<u>     (27,391)</u>	<u>     (27,391)</u>	<u>     (27,391)</u>	<u>          -</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>     (33,391)</u>	<u>     (33,391)</u>	<u>     (1,650)</u>	<u>      31,741</u>
<b>FUND BALANCE, BEGINNING</b>	<u>     162,201</u>	<u>     162,201</u>	<u>     162,201</u>	<u>          -</u>
<b>FUND BALANCE, ENDING</b>	<u>    \$ 128,810</u>	<u>    \$ 128,810</u>	<u>    \$ 160,551</u>	<u>    \$ 31,741</u>

**CITY OF HUNTSVILLE, TEXAS**

BUDGETARY COMPARISON SCHEDULE  
POLICE FORFEITURE FUND  
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines, fees, and forfeitures	\$ -	\$ -	\$ 1,956	\$ 1,956
Investment income	-	-	10,039	10,039
Total revenues	<u>-</u>	<u>-</u>	<u>11,995</u>	<u>11,995</u>
<b>EXPENDITURES</b>				
Public safety	<u>162,943</u>	<u>162,943</u>	<u>35,982</u>	<u>126,961</u>
Total expenditures	<u>162,943</u>	<u>162,943</u>	<u>35,982</u>	<u>126,961</u>
<b>NET CHANGE IN FUND BALANCE</b>	(162,943)	(162,943)	(23,987)	138,956
<b>FUND BALANCE, BEGINNING</b>	<u>209,761</u>	<u>209,761</u>	<u>209,761</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 46,818</u>	<u>\$ 46,818</u>	<u>\$ 185,774</u>	<u>\$ 138,956</u>

**CITY OF HUNTSVILLE, TEXAS**

BUDGETARY COMPARISON SCHEDULE  
AIRPORT FUND  
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for sales and services	\$ 18,150	\$ 18,150	\$ 9,134	\$ (9,016)
Donations, contributions, and grants	27,500	27,500	-	(27,500)
Investment income	-	-	676	676
Total revenues	<u>45,650</u>	<u>45,650</u>	<u>9,810</u>	<u>(35,840)</u>
<b>EXPENDITURES</b>				
Public works	<u>92,400</u>	<u>112,400</u>	<u>28,795</u>	<u>83,605</u>
Total expenditures	<u>92,400</u>	<u>112,400</u>	<u>28,795</u>	<u>83,605</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(46,750)</u>	<u>(66,750)</u>	<u>(18,985)</u>	<u>47,765</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>46,750</u>	<u>66,750</u>	<u>66,750</u>	<u>-</u>
Total other financing sources (uses)	<u>46,750</u>	<u>66,750</u>	<u>66,750</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	47,765	47,765
<b>FUND BALANCE, BEGINNING</b>	<u>96,547</u>	<u>96,547</u>	<u>96,547</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 96,547</u>	<u>\$ 96,547</u>	<u>\$ 144,312</u>	<u>\$ 47,765</u>

**CITY OF HUNTSVILLE, TEXAS**

BUDGETARY COMPARISON SCHEDULE  
LIBRARY SPECIAL DONATIONS FUND  
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Donations, contributions, and grants	\$ 16,500	\$ 16,500	\$ 9,660	\$ (6,840)
Investment income	<u>-</u>	<u>-</u>	<u>3,891</u>	<u>3,891</u>
Total revenues	<u>16,500</u>	<u>16,500</u>	<u>13,551</u>	<u>(2,949)</u>
<b>EXPENDITURES</b>				
Community services	<u>55,408</u>	<u>55,408</u>	<u>-</u>	<u>55,408</u>
Total expenditures	<u>55,408</u>	<u>55,408</u>	<u>-</u>	<u>55,408</u>
<b>NET CHANGE IN FUND BALANCE</b>	(38,908)	(38,908)	13,551	52,459
<b>FUND BALANCE, BEGINNING</b>	<u>161,971</u>	<u>161,971</u>	<u>161,971</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 123,063</u>	<u>\$ 123,063</u>	<u>\$ 175,522</u>	<u>\$ 52,459</u>

**CITY OF HUNTSVILLE, TEXAS**

BUDGETARY COMPARISON SCHEDULE  
SCHOOL RESOURCE OFFICER FUND  
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for sales and services	\$ 642,705	\$ 642,705	\$ 642,705	\$ -
Investment income	-	-	11,393	11,393
Total revenues	<u>642,705</u>	<u>642,705</u>	<u>654,098</u>	<u>11,393</u>
<b>EXPENDITURES</b>				
Public safety	<u>835,179</u>	<u>835,179</u>	<u>789,074</u>	<u>46,105</u>
Total expenditures	<u>835,179</u>	<u>835,179</u>	<u>789,074</u>	<u>46,105</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(192,474)</u>	<u>(192,474)</u>	<u>(134,976)</u>	<u>57,498</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>160,677</u>	<u>160,677</u>	<u>160,677</u>	<u>-</u>
Total other financing sources (uses)	<u>160,677</u>	<u>160,677</u>	<u>160,677</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(31,797)	(31,797)	25,701	57,498
<b>FUND BALANCE, BEGINNING</b>	<u>250,221</u>	<u>250,221</u>	<u>250,221</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 218,424</u>	<u>\$ 218,424</u>	<u>\$ 275,922</u>	<u>\$ 57,498</u>

**CITY OF HUNTSVILLE, TEXAS**

BUDGETARY COMPARISON SCHEDULE  
POLICE GRANTS  
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Donations, contributions, and grants	\$ -	\$ 130,556	\$ 140,980	\$ 10,424
Investment income	-	-	2,203	2,203
Total revenues	-	130,556	143,183	12,627
<b>EXPENDITURES</b>				
Public safety	104,000	234,556	128,571	105,985
Total expenditures	104,000	234,556	128,571	105,985
<b>NET CHANGE IN FUND BALANCE</b>	(104,000)	(104,000)	14,612	118,612
<b>FUND BALANCE, BEGINNING</b>	147,862	147,862	147,862	-
<b>FUND BALANCE, ENDING</b>	\$ 43,862	\$ 43,862	\$ 162,474	\$ 118,612

**CITY OF HUNTSVILLE, TEXAS**

BUDGETARY COMPARISON SCHEDULE  
ARTS CENTER FUND  
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Other taxes	\$ 125,000	\$ 125,000	\$ 134,574	\$ 9,574
Fines, fees, and forfeitures	3,533	3,533	470	(3,063)
Donations, contributions, and grants	6,000	6,000	2,213	(3,787)
Investment income	-	-	5,063	5,063
Miscellaneous	-	-	1,047	1,047
Total revenues	<u>134,533</u>	<u>134,533</u>	<u>143,367</u>	<u>8,834</u>
<b>EXPENDITURES</b>				
Community services	<u>218,512</u>	<u>248,344</u>	<u>194,010</u>	<u>54,334</u>
Total expenditures	<u>218,512</u>	<u>248,344</u>	<u>194,010</u>	<u>54,334</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(83,979)</u>	<u>(113,811)</u>	<u>(50,643)</u>	<u>63,168</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>82,230</u>	<u>82,230</u>	<u>82,230</u>	<u>-</u>
Total other financing sources (uses)	<u>82,230</u>	<u>82,230</u>	<u>82,230</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,749)	(31,581)	31,587	63,168
<b>FUND BALANCE, BEGINNING</b>	<u>173,089</u>	<u>173,089</u>	<u>173,089</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 171,340</u>	<u>\$ 141,508</u>	<u>\$ 204,676</u>	<u>\$ 63,168</u>

**CITY OF HUNTSVILLE, TEXAS**

BUDGETARY COMPARISON SCHEDULE  
 AREA REVITALIZATION  
 SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 1,010	\$ 1,010
Total revenues	<u>-</u>	<u>-</u>	<u>1,010</u>	<u>1,010</u>
<b>EXPENDITURES</b>				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	1,010	1,010
<b>FUND BALANCE, BEGINNING</b>	<u>19,179</u>	<u>19,179</u>	<u>19,179</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 19,179</u>	<u>\$ 19,179</u>	<u>\$ 20,189</u>	<u>\$ 1,010</u>

**CITY OF HUNTSVILLE, TEXAS**

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 340,000	\$ 340,000	\$ 333,511	\$ (6,489)
Investment income	<u>-</u>	<u>-</u>	<u>1,973</u>	<u>1,973</u>
Total revenues	<u>340,000</u>	<u>340,000</u>	<u>335,484</u>	<u>(4,516)</u>
<b>EXPENDITURES</b>				
Community services	<u>-</u>	<u>-</u>	<u>333,512</u>	<u>(333,512)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>333,512</u>	<u>(333,512)</u>
<b>NET CHANGE IN FUND BALANCE</b>	340,000	340,000	1,972	(338,028)
<b>FUND BALANCE, BEGINNING</b>	<u>41,391</u>	<u>41,391</u>	<u>41,391</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 381,391</u>	<u>\$ 381,391</u>	<u>\$ 43,363</u>	<u>\$ (338,028)</u>

**CITY OF HUNTSVILLE, TEXAS**

BUDGETARY COMPARISON SCHEDULE  
HOTEL MOTEL - TOURISM  
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Hotel/Motel taxes	\$ 750,000	\$ 750,000	\$ 807,444	\$ 57,444
Charges for sales and services	65,000	65,000	92,279	27,279
Fines, fees, and forfeitures	2,000	2,000	3,561	1,561
Donations, contributions, and grants	2,500	2,500	2,891	391
Investment income	-	-	47,944	47,944
Miscellaneous	-	-	7,291	7,291
Total revenues	<u>819,500</u>	<u>819,500</u>	<u>961,410</u>	<u>141,910</u>
<b>EXPENDITURES</b>				
Public works	259,970	397,739	332,297	65,442
Community services	400,264	384,771	360,969	23,802
Total expenditures	<u>660,234</u>	<u>782,510</u>	<u>693,266</u>	<u>89,244</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>159,266</u>	<u>36,990</u>	<u>268,144</u>	<u>231,154</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(65,260)</u>	<u>(65,260)</u>	<u>(65,260)</u>	<u>-</u>
Total other financing sources (uses)	<u>(65,260)</u>	<u>(65,260)</u>	<u>(65,260)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	94,006	(28,270)	202,884	231,154
<b>FUND BALANCE, BEGINNING</b>	<u>1,083,162</u>	<u>1,083,162</u>	<u>1,083,162</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,177,168</u>	<u>\$ 1,054,892</u>	<u>\$ 1,286,046</u>	<u>\$ 231,154</u>

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**CITY OF HUNTSVILLE, TEXAS**

BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 1,479,200	\$ 1,479,200	\$ 1,493,496	\$ 14,296
Investment income	-	-	46,673	46,673
Total revenues	<u>1,479,200</u>	<u>1,479,200</u>	<u>1,540,169</u>	<u>60,969</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	1,255,000	1,255,000	1,255,000	-
Interest and fiscal charges	<u>1,108,704</u>	<u>1,108,704</u>	<u>1,108,704</u>	<u>-</u>
Total expenditures	<u>2,363,704</u>	<u>2,363,704</u>	<u>2,363,704</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(884,504)</u>	<u>(884,504)</u>	<u>(823,535)</u>	<u>60,969</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>881,663</u>	<u>881,663</u>	<u>881,663</u>	<u>-</u>
Total other financing sources (uses)	<u>881,663</u>	<u>881,663</u>	<u>881,663</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,841)	(2,841)	58,128	60,969
<b>FUND BALANCE, BEGINNING</b>	<u>528,418</u>	<u>528,418</u>	<u>528,418</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 525,577</u>	<u>\$ 525,577</u>	<u>\$ 586,546</u>	<u>\$ 60,969</u>

**CITY OF HUNTSVILLE, TEXAS**

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS

SEPTEMBER 30, 2023

	<u>Street Capital Projects</u>	<u>Sidewalks</u>	<u>IS Computer CIP</u>
<b>ASSETS</b>			
Cash	\$ 564,065	\$ 184,270	\$ 61,115
Receivables (net of allowance for uncollectibles):			
Intergovernmental	<u>-</u>	<u>1</u>	<u>-</u>
Total assets	<u>564,065</u>	<u>184,271</u>	<u>61,115</u>
 <b>FUND BALANCES</b>			
Assigned for:			
Construction of capital assets	<u>564,065</u>	<u>184,271</u>	<u>61,115</u>
Total fund balances	<u>\$ 564,065</u>	<u>\$ 184,271</u>	<u>\$ 61,115</u>

<u>Cemetery Projects</u>	<u>Land Acquisition</u>	<u>Total Nonmajor Capital Projects</u>
\$ 11,834	\$ 42,069	\$ 863,353
<u>-</u>	<u>-</u>	<u>1</u>
<u>11,834</u>	<u>42,069</u>	<u>863,354</u>
 11,834	 42,069	 863,354
<u>\$ 11,834</u>	<u>\$ 42,069</u>	<u>\$ 863,354</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, 2023

	Street Capital Projects	Sidewalks	IS Computer CIP
<b>REVENUES</b>			
Investment earnings	\$ 17,841	\$ 1,665	\$ 623
Total revenues	<u>17,841</u>	<u>1,665</u>	<u>623</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>17,841</u>	<u>1,665</u>	<u>623</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	50,000	-
Transfers out	<u>(75,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(75,000)</u>	<u>50,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(57,159)</u>	<u>51,665</u>	<u>623</u>
<b>FUND BALANCES, BEGINNING</b>	<u>621,224</u>	<u>132,606</u>	<u>60,492</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 564,065</u>	<u>\$ 184,271</u>	<u>\$ 61,115</u>

<u>Cemetery Projects</u>	<u>Land Acquisition</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 477	\$ 1,920	\$ 22,526
<u>477</u>	<u>1,920</u>	<u>22,526</u>
 477	 1,920	 22,526
 -	 -	 50,000
<u>-</u>	<u>-</u>	<u>(75,000)</u>
 -	 -	 (25,000)
 477	 1,920	 (2,474)
<u>11,357</u>	<u>40,149</u>	<u>865,828</u>
 \$ 11,834	 \$ 42,069	 \$ 863,354

**CITY OF HUNTSVILLE, TEXAS**

COMBINING BALANCE SHEET  
NONMAJOR PERMANENT FUNDS

SEPTEMBER 30, 2023

	Library Endowment Nonexpendable Trust	Oakwood Cemetery Endowment	Total Nonmajor Permanent Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 125,810	\$ 400,268	\$ 526,078
Total assets	<u>125,810</u>	<u>400,268</u>	<u>526,078</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Permanent funds	106,914	354,873	461,787
Restricted for:			
Purpose of grantors, trustees and donors	<u>18,896</u>	<u>45,395</u>	<u>64,291</u>
Total fund balances	<u>\$ 125,810</u>	<u>\$ 400,268</u>	<u>\$ 526,078</u>

**CITY OF HUNTSVILLE, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Library Endowment Nonexpendable Trust	Oakwood Cemetery Endowment	Total Nonmajor Permanent Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>REVENUES</b>			
Investment income	\$ 5,854	\$ 15,783	\$ 21,637
Total revenues	<u>5,854</u>	<u>15,783</u>	<u>21,637</u>
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	5,854	15,783	21,637
<b>FUND BALANCES, BEGINNING</b>	<u>119,956</u>	<u>384,485</u>	<u>504,441</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 125,810</u>	<u>\$ 400,268</u>	<u>\$ 526,078</u>

**CITY OF HUNTSVILLE, TEXAS**

BUDGETARY COMPARISON SCHEDULE  
LIBRARY ENDOWMENT  
PERMANENT FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 5,854	\$ 5,854
Total revenues	-	-	5,854	5,854
<b>EXPENDITURES</b>	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	5,854	5,854
<b>FUND BALANCE, BEGINNING</b>	119,956	119,956	119,956	-
<b>FUND BALANCE, ENDING</b>	\$ 119,956	\$ 119,956	\$ 125,810	\$ 5,854

**CITY OF HUNTSVILLE, TEXAS**

BUDGETARY COMPARISON SCHEDULE  
OAKWOOD CEMETERY ENDOWMENT  
PERMANENT FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 15,783	\$ 15,783
Total revenues	<u>-</u>	<u>-</u>	<u>15,783</u>	<u>15,783</u>
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	15,783	15,783
<b>FUND BALANCE, BEGINNING</b>	<u>384,485</u>	<u>384,485</u>	<u>384,485</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 384,485</u>	<u>\$ 384,485</u>	<u>\$ 400,268</u>	<u>\$ 15,783</u>

**CITY OF HUNTSVILLE, TEXAS**

STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2023

	<u>Medical Insurance</u>	<u>Equipment Replacement</u>	<u>Computer Replacement</u>	<u>Total Internal Service</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 4,232,149	\$ 5,518,957	\$ 546,127	\$ 10,297,233
Investments	192,105	983,046	-	1,175,151
Accrued interest receivable	<u>100</u>	<u>2,550</u>	<u>-</u>	<u>2,650</u>
Total current assets	<u>4,424,354</u>	<u>6,504,553</u>	<u>546,127</u>	<u>11,475,034</u>
Noncurrent assets:				
Capital assets				
(net of accumulated depreciation)	<u>-</u>	<u>4,163,718</u>	<u>557,130</u>	<u>4,720,848</u>
Total noncurrent assets	<u>-</u>	<u>4,163,718</u>	<u>557,130</u>	<u>4,720,848</u>
Total assets	<u>\$ 4,424,354</u>	<u>\$ 10,668,271</u>	<u>\$ 1,103,257</u>	<u>\$ 16,195,882</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	<u>\$ 88,631</u>	<u>\$ -</u>	<u>\$ 2,959</u>	<u>\$ 91,590</u>
Total current liabilities	<u>88,631</u>	<u>-</u>	<u>2,959</u>	<u>91,590</u>
Total liabilities	<u>88,631</u>	<u>-</u>	<u>2,959</u>	<u>91,590</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	4,163,718	557,130	4,720,848
Unrestricted	<u>4,335,723</u>	<u>6,504,553</u>	<u>543,168</u>	<u>11,383,444</u>
Total net position	<u>\$ 4,335,723</u>	<u>\$ 10,668,271</u>	<u>\$ 1,100,298</u>	<u>\$ 16,104,292</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, 2023

	<u>Medical Insurance</u>	<u>Equipment Replacement</u>	<u>Computer Replacement</u>	<u>Total Internal Service</u>
<b>OPERATING REVENUES</b>				
Charges for services:				
Inter-department services	\$4,077,416	\$ 2,095,326	\$ 380,271	\$ 6,553,013
Total service charges	<u>4,077,416</u>	<u>2,095,326</u>	<u>380,271</u>	<u>6,553,013</u>
Service fees and miscellaneous:				
Customer penalties and miscellaneous	9,452	31,005	-	40,457
Total service fees and miscellaneous	<u>9,452</u>	<u>31,005</u>	<u>-</u>	<u>40,457</u>
Total operating revenues	<u>4,086,868</u>	<u>2,126,331</u>	<u>380,271</u>	<u>6,593,470</u>
<b>OPERATING EXPENSES</b>				
Administration	3,559,944	-	29,098	3,589,042
Equipment replacement	-	78,236	104,815	183,051
Depreciation	-	1,412,802	151,897	1,564,699
Total operating expenses	<u>3,559,944</u>	<u>1,491,038</u>	<u>285,810</u>	<u>5,336,792</u>
<b>OPERATING INCOME (LOSS)</b>	<u>526,924</u>	<u>635,293</u>	<u>94,461</u>	<u>1,256,678</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Gain on disposal of capital assets	-	166,440	-	166,440
Interest income	169,236	228,167	17,843	415,246
Total nonoperating revenues (expenses)	<u>169,236</u>	<u>394,607</u>	<u>17,843</u>	<u>581,686</u>
<b>CHANGE IN NET POSITION</b>	696,160	1,029,900	112,304	1,838,364
<b>NET POSITION, BEGINNING</b>	<u>3,639,563</u>	<u>9,638,371</u>	<u>987,994</u>	<u>14,265,928</u>
<b>NET POSITION, ENDING</b>	<u>\$4,335,723</u>	<u>\$10,668,271</u>	<u>\$1,100,298</u>	<u>\$ 16,104,292</u>

**CITY OF HUNTSVILLE, TEXAS**

COMBINING STATEMENT OF CASH FLOWS  
ALL INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Medical Insurance	Equipment Replacement	Computer Replacement	Total Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interfund services provided	\$ 4,168,429	\$ 2,126,331	\$ 380,421	\$ 6,675,181
Cash payments to employees for services	-	-	(29,098)	(29,098)
Cash payments to suppliers for goods and services	<u>(3,834,800)</u>	<u>(107,056)</u>	<u>(101,856)</u>	<u>(4,043,712)</u>
Net cash provided by operating activities	<u>333,629</u>	<u>2,019,275</u>	<u>249,467</u>	<u>2,602,371</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition or construction of capital assets	-	(962,693)	(150,589)	(1,113,282)
Proceeds from the sale of capital assets	<u>-</u>	<u>166,440</u>	<u>-</u>	<u>166,440</u>
Net used for capital and related financing activities	<u>-</u>	<u>(796,253)</u>	<u>(150,589)</u>	<u>(946,842)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends on investments	<u>321,524</u>	<u>229,889</u>	<u>17,843</u>	<u>569,256</u>
Net cash provided by investing activities	<u>321,524</u>	<u>229,889</u>	<u>17,843</u>	<u>569,256</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	655,153	1,452,911	116,721	2,224,785
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>3,576,996</u>	<u>4,066,046</u>	<u>429,406</u>	<u>8,072,448</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 4,232,149</u>	<u>\$ 5,518,957</u>	<u>\$ 546,127</u>	<u>\$ 10,297,233</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 526,924	\$ 635,293	\$ 94,461	\$ 1,256,678
Adjustments to reconcile operating income to net cash used by operating activities:				
Depreciation	-	1,412,802	151,897	1,564,699
Change in assets and liabilities:				
Decrease (increase) in prepaid expenses	81,561	-	-	81,561
Increase (decrease) in accounts payable	<u>(274,856)</u>	<u>(28,820)</u>	<u>2,959</u>	<u>(300,717)</u>
Total adjustments	<u>(193,295)</u>	<u>1,383,982</u>	<u>155,006</u>	<u>1,345,693</u>
Net cash provided by operating activities	<u>\$ 333,629</u>	<u>\$ 2,019,275</u>	<u>\$ 249,467</u>	<u>\$ 2,602,371</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Change in fair value of investments	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,000</u>

## **STATISTICAL SECTION**

**CITY OF HUNTSVILLE, TEXAS**

NET POSITION BY COMPONENT

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

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities:				
Net investment in capital assets	\$ 18,677	\$ 13,061	\$ 21,330	\$ 23,318
Restricted	3,990	3,048	3,598	2,432
Unrestricted	<u>11,117</u>	<u>4,631</u>	<u>4,221</u>	<u>4,761</u>
Total governmental activities net position	<u>\$ 33,784</u>	<u>\$ 20,740</u>	<u>\$ 29,149</u>	<u>\$ 30,510</u>
Business-type activities:				
Net investment in capital assets	\$ 57,024	\$ 593	\$ 71,213	\$ 86,447
Restricted	-	-	-	-
Unrestricted	<u>24,506</u>	<u>80,937</u>	<u>22,885</u>	<u>23,333</u>
Total business-type activities net position	<u>\$ 81,530</u>	<u>\$ 81,531</u>	<u>\$ 94,098</u>	<u>\$ 109,780</u>
Primary government:				
Net investment in capital assets	\$ 75,701	\$ 13,654	\$ 92,543	\$ 109,765
Restricted	3,990	3,048	3,598	2,432
Unrestricted	<u>35,623</u>	<u>85,568</u>	<u>27,106</u>	<u>28,094</u>
Total primary government net position	<u>\$ 115,314</u>	<u>\$ 102,271</u>	<u>\$ 123,247</u>	<u>\$ 140,290</u>

Source: Annual Comprehensive Financial Reports

**TABLE 1**

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 25,703	\$ 28,820	\$ 36,312	\$ 25,813	\$ 25,378	\$ 26,124
2,793	2,692	2,978	3,398	3,519	3,356
<u>5,488</u>	<u>7,312</u>	<u>5,463</u>	<u>22,624</u>	<u>28,934</u>	<u>34,215</u>
<u>\$ 33,983</u>	<u>\$ 38,824</u>	<u>\$ 44,752</u>	<u>\$ 51,835</u>	<u>\$ 57,831</u>	<u>\$ 63,695</u>
\$ 93,000	\$ 105,888	\$ 104,769	\$ 111,581	\$ 114,956	\$ 134,714
-	-	-	-	2,140	2,244
<u>24,927</u>	<u>20,115</u>	<u>28,800</u>	<u>28,691</u>	<u>35,804</u>	<u>20,292</u>
<u>\$ 117,927</u>	<u>\$ 126,003</u>	<u>\$ 133,569</u>	<u>\$ 140,272</u>	<u>\$ 152,900</u>	<u>\$ 157,251</u>
\$ 118,703	\$ 134,708	\$ 141,081	\$ 137,394	\$ 140,334	\$ 160,838
2,793	2,692	2,978	3,398	3,519	5,601
<u>30,415</u>	<u>27,427</u>	<u>34,262</u>	<u>51,315</u>	<u>64,738</u>	<u>54,507</u>
<u>\$ 151,910</u>	<u>\$ 164,827</u>	<u>\$ 178,321</u>	<u>\$ 192,107</u>	<u>\$ 208,591</u>	<u>\$ 220,946</u>

**CITY OF HUNTSVILLE, TEXAS**

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS  
(Unaudited)

	Fiscal Year			
	2014	2015	2016	2017
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 5,587,458	\$ 5,012,803	\$ 5,947,780	\$ 6,189,702
Public works	5,459,928	5,249,265	5,632,124	6,748,483
Community services	3,387,747	3,213,392	3,940,687	3,618,287
Public safety	7,571,741	7,737,532	8,725,431	9,594,739
Tourism and cultural services	194,889	197,046	236,656	219,586
Interest on long-term debt	508,431	449,561	376,667	341,943
Total governmental activities expenses	<u>22,710,194</u>	<u>21,859,599</u>	<u>24,859,345</u>	<u>26,712,740</u>
Business-type activities:				
Utility	13,874,764	13,902,621	14,231,770	14,946,001
Solid waste	<u>3,601,925</u>	<u>4,115,979</u>	<u>4,145,426</u>	<u>4,185,864</u>
Total business-type activities expenses	<u>17,476,689</u>	<u>18,018,600</u>	<u>18,377,196</u>	<u>19,131,865</u>
Total primary government expenses	<u>\$ 40,186,883</u>	<u>\$ 39,878,199</u>	<u>\$ 43,236,541</u>	<u>\$ 45,844,605</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Fees, fines, and charges for services:				
General government	\$ 135,251	\$ 169,780	\$ 225,747	\$ 175,178
Public works	360,479	444,576	511,621	750,952
Community services	79,355	85,303	111,518	165,472
Public safety	1,466,846	1,355,814	1,587,548	1,752,123
Tourism and cultural services	449,438	448,438	455,529	441,191
Operating grants and contributions	1,012,255	678,290	430,311	370,234
Capital grants and contributions	<u>1,240,972</u>	<u>461,936</u>	<u>121,190</u>	<u>113,643</u>
Total governmental activities program revenues	<u>4,744,596</u>	<u>3,644,137</u>	<u>3,443,464</u>	<u>3,768,793</u>

**TABLE 2**

		Fiscal Year									
		2018	2019	2020	2021	2022	2023				
\$	5,897,776	\$	4,625,762	\$	5,385,318	\$	7,799,582	\$	7,427,896	\$	7,454,308
	7,117,826		8,350,736		12,069,947		5,665,502		7,365,943		8,261,163
	3,019,702		3,541,714		2,891,507		4,060,686		4,554,107		4,710,776
	8,595,311		9,138,854		9,253,318		10,828,014		10,707,475		12,753,506
	220,077		220,995		89,405		115,522		159,207		198,428
	295,010		565,299		1,029,049		1,054,462		1,098,979		1,135,091
	<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>		<u>34,513,272</u>
	16,013,857		16,842,872		16,976,830		17,965,824		20,660,727		22,869,591
	<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>6,132,792</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>29,002,383</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>	\$	<u>63,515,655</u>
\$	247,303	\$	349,736	\$	249,005	\$	163,128	\$	211,878	\$	536,517
	814,881		774,599		867,758		1,366,183		1,662,584		772,595
	230,827		291,440		197,018		179,819		278,667		221,275
	1,607,079		1,660,969		1,393,341		1,459,387		1,733,130		1,580,068
	417,508		409,716		374,879		67,579		76,379		95,897
	644,076		459,697		2,392,954		930,616		2,240,986		395,901
	<u>104,915</u>		<u>47,086</u>		<u>3,020,749</u>		<u>63,032</u>		<u>113,865</u>		<u>115,667</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>		<u>3,717,920</u>

**CITY OF HUNTSVILLE, TEXAS**

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS  
(Unaudited)

	Fiscal Year			
	2014	2015	2016	2017
Business-type activities:				
Charges for services:				
Water	\$ 14,834,188	\$ 15,736,699	\$ 16,129,760	\$ 17,802,407
Wastewater	8,319,330	8,581,175	8,793,130	8,654,704
Solid waste	4,676,708	4,888,187	5,251,611	5,573,443
Operating grants and contributions	462,175	105,698	1,449,514	7,123,788
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>28,292,401</u>	<u>29,311,759</u>	<u>31,624,015</u>	<u>39,154,342</u>
Total primary government program revenues	<u>\$ 33,036,997</u>	<u>\$ 32,955,896</u>	<u>\$ 35,067,479</u>	<u>\$ 42,923,135</u>
<b>NET (EXPENSE) REVENUES</b>				
Governmental activities	\$ (17,965,598)	\$ (18,215,462)	\$ (21,415,881)	\$ (22,943,947)
Business-type activities	<u>10,815,712</u>	<u>11,293,159</u>	<u>13,246,819</u>	<u>20,022,477</u>
Total primary government net expense	<u>(7,149,886)</u>	<u>(6,922,303)</u>	<u>(8,169,062)</u>	<u>(2,921,470)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Taxes				
Property	5,708,473	5,840,689	5,816,471	6,124,340
Franchise	2,065,187	2,741,577	2,083,559	2,094,257
Sales	7,292,731	7,942,631	7,956,186	9,001,502
Other	1,025,696	1,013,999	980,206	824,729
Investment earnings	373,492	337,682	210,191	297,980
Gain on sale of capital assets	-	-	-	-
Miscellaneous	185,946	621,758	125,828	223,297
Transfers	<u>5,381,142</u>	<u>5,145,966</u>	<u>5,005,447</u>	<u>5,739,002</u>
Total governmental activities	<u>22,032,667</u>	<u>23,644,302</u>	<u>22,177,888</u>	<u>24,305,107</u>
Business-type activities:				
Investment earnings	304,479	196,447	327,113	267,211
Miscellaneous	680,754	561,630	404,109	1,131,561
Transfers	<u>(5,381,142)</u>	<u>(5,145,966)</u>	<u>(5,005,447)</u>	<u>(5,739,002)</u>
Total business-type activities	<u>(4,395,909)</u>	<u>(4,387,889)</u>	<u>(4,274,225)</u>	<u>(4,340,230)</u>
Total primary government	<u>17,636,758</u>	<u>19,256,413</u>	<u>17,903,663</u>	<u>19,964,877</u>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	4,067,069	5,428,840	762,007	1,361,160
Business-type activities	<u>6,419,803</u>	<u>6,905,270</u>	<u>8,972,594</u>	<u>15,682,247</u>
Total primary government	<u>\$ 10,486,872</u>	<u>\$ 12,334,110</u>	<u>\$ 9,734,601</u>	<u>\$ 17,043,407</u>

Notes:

Source: Annual Comprehensive Financial Reports

TABLE 2

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 26,765,735	\$ 26,773,720	\$ 28,022,883	\$ 27,176,639	\$ 28,700,185	\$ 30,737,505
-	-	-	-	-	-
5,716,681	5,826,332	5,936,336	6,175,178	6,295,788	7,570,920
697,753	3,414	321,689	-	-	-
-	-	-	3,362,772	10,849,354	1,982,182
<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>40,290,607</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>	<u>\$ 44,008,527</u>
\$ (21,079,113)	\$ (22,450,117)	\$ (22,222,840)	\$ (25,294,024)	\$ (24,996,118)	\$ (30,795,352)
<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>11,288,224</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>	<u>(19,507,128)</u>
6,271,809	6,592,105	6,921,764	7,327,913	7,748,279	8,330,026
2,150,356	2,150,485	1,402,475	2,014,673	2,078,992	2,142,182
8,973,222	9,537,153	9,655,816	11,021,419	11,777,879	12,367,534
995,248	971,637	859,239	870,942	996,220	1,067,639
302,390	876,048	841,721	219,934	208,622	2,900,965
-	-	-	214,100	42,551	166,440
228,846	532,674	197,519	408,889	130,519	154,026
<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>9,530,102</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>	<u>36,658,914</u>
450,320	1,799,267	683,100	167,963	211,161	2,159,209
942,917	1,835,370	2,488,093	2,635,934	721,885	433,988
<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>(9,530,102)</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>(6,936,905)</u>
<u>20,315,108</u>	<u>24,294,739</u>	<u>23,049,727</u>	<u>24,881,767</u>	<u>23,916,108</u>	<u>(43,595,819)</u>
3,908,708	4,841,274	5,928,422	7,081,911	5,996,473	5,863,562
<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>4,351,319</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>	<u>\$ 10,214,881</u>

**CITY OF HUNTSVILLE, TEXAS**

FUND BALANCES  
GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Unaudited)

	Fiscal Year			
	2014	2015	2016	2017
General fund				
Nonspendable*	\$ 139,731	\$ -	\$ 174,505	\$ 114,287
Assigned	1,537,355	1,042,101	2,560,581	1,096,888
Unassigned	<u>9,107,957</u>	<u>10,897,595</u>	<u>10,686,739</u>	<u>10,443,697</u>
Total general fund	<u>\$ 10,785,043</u>	<u>\$ 11,939,696</u>	<u>\$ 13,421,825</u>	<u>\$ 11,654,872</u>
All other governmental funds				
Nonspendable	\$ 474,315	\$ 461,787	\$ 461,787	\$ 461,787
Restricted	3,515,953	2,643,009	3,115,047	1,928,584
Assigned	<u>2,621,088</u>	<u>2,663,390</u>	<u>3,463,729</u>	<u>7,518,544</u>
Total all other governmental funds	<u>\$ 6,611,356</u>	<u>\$ 5,768,186</u>	<u>\$ 7,040,563</u>	<u>\$ 9,908,915</u>

Note:

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

Source: Annual Comprehensive Financial Reports

**TABLE 3**

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 125,087	\$ 120,083	\$ 101,928	\$ 100,071	\$ 173,972	\$ 94,703
1,672,971	1,756,206	1,065,725	1,375,943	1,204,635	2,032,461
<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>12,987,017</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>	<u>\$ 15,114,181</u>
\$ 461,787	\$ 461,787	\$ 461,787	\$ 461,787	\$ 461,787	\$ 488,683
4,744,266	26,104,976	41,994,201	17,711,814	13,014,578	6,233,285
<u>2,917,443</u>	<u>879,969</u>	<u>859,776</u>	<u>19,965,023</u>	<u>23,775,152</u>	<u>26,017,905</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>	<u>\$ 32,739,873</u>

**CITY OF HUNTSVILLE, TEXAS**

CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(Unaudited)

	Fiscal Year			
	2014	2015	2016	2017
<b>REVENUES</b>				
Taxes	\$ 16,124,713	\$ 16,883,148	\$ 16,919,724	\$ 17,983,220
Licenses, fees and permits	374,933	465,897	565,430	791,402
Fines, fees and forfeitures	1,270,905	1,105,652	1,244,894	1,499,185
Charges for services	1,226,067	1,257,516	1,274,026	1,268,476
Donations, contributions and grants	1,894,348	881,160	332,022	229,126
Investment earnings	221,282	161,675	210,191	297,980
Miscellaneous	151,215	588,020	90,946	199,531
Total revenues	<u>21,263,463</u>	<u>21,343,068</u>	<u>20,637,233</u>	<u>22,268,920</u>
<b>EXPENDITURES</b>				
General government	5,255,617	4,776,528	5,226,478	5,656,748
Public works	5,659,152	5,625,395	5,628,818	6,683,958
Community services	3,506,538	3,428,744	4,020,172	3,834,098
Public safety	7,451,188	7,524,292	7,968,972	8,675,057
Tourism and cultural services	194,889	197,046	236,656	219,586
Debt service:				
Interest and fiscal charges	526,427	468,368	402,975	360,589
Principal	<u>1,988,198</u>	<u>2,271,069</u>	<u>1,425,813</u>	<u>1,478,152</u>
Total expenditures	<u>24,582,009</u>	<u>24,291,442</u>	<u>24,909,884</u>	<u>26,908,188</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURE</b>	<u>(3,318,546)</u>	<u>(2,948,374)</u>	<u>(4,272,651)</u>	<u>(4,639,268)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of bonds/notes payable	-	-	-	-
Premium on issuance of debt	-	-	-	-
Sale of capital assets	-	13,555	11,713	1,665
Transfers in	7,904,159	7,552,327	7,862,787	11,607,735
Transfers out	<u>(2,523,017)</u>	<u>(2,406,361)</u>	<u>(2,857,340)</u>	<u>(5,868,733)</u>
Total other financing sources (uses)	<u>5,381,142</u>	<u>5,159,521</u>	<u>5,017,160</u>	<u>5,740,667</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 2,062,596</u>	<u>\$ 2,211,147</u>	<u>\$ 744,509</u>	<u>\$ 1,101,399</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NON CAPITAL EXPENDITURES</b>	<u>7.5%</u>	<u>12.0%</u>	<u>8.0%</u>	<u>7.3%</u>

Source: Annual Comprehensive Financial Reports

TABLE 4

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 18,373,556	\$ 19,201,415	\$ 19,451,441	\$ 21,240,671	\$ 22,540,487	\$ 23,823,180
849,707	805,755	855,484	1,383,035	1,672,051	793,880
1,558,824	1,482,059	1,141,898	1,111,446	1,478,466	1,263,971
1,311,264	1,357,172	1,404,807	1,071,016	1,113,415	1,127,166
350,034	240,859	5,086,763	754,958	2,093,427	261,419
302,390	876,048	703,000	192,150	231,807	2,520,721
<u>108,131</u>	<u>503,621</u>	<u>145,082</u>	<u>352,306</u>	<u>82,591</u>	<u>103,352</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>	<u>29,893,689</u>
5,983,985	6,455,019	6,874,847	7,731,852	7,498,762	7,348,671
7,887,838	9,567,338	16,999,811	18,522,655	11,653,537	16,549,810
3,815,330	3,968,211	3,684,872	4,262,773	4,845,152	8,733,162
8,884,438	9,437,370	10,127,755	10,807,907	10,969,406	12,209,839
220,077	230,706	114,025	112,809	156,937	195,507
314,170	573,419	1,076,028	1,140,693	1,147,892	1,212,016
<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>1,255,000</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>47,504,005</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>	<u>(17,610,316)</u>
-	19,890,000	22,400,000	-	-	3,780,000
-	919,904	1,270,102	-	-	332,204
80,808	-	-	-	-	-
8,046,880	9,603,509	10,554,988	15,873,378	11,852,135	11,645,660
<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>(2,115,558)</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>13,642,306</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>\$ (3,968,010)</u>
<u>7.2%</u>	<u>7.7%</u>	<u>14.7%</u>	<u>7.9%</u>	<u>9.8%</u>	<u>7.2%</u>

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## CITY OF HUNTSVILLE, TEXAS

## TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(Unaudited)

Fiscal Year	Property Taxes <sup>a</sup>	Sales & Use Taxes	Franchise and Other Taxes <sup>b</sup>	Total
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
2023	8,245,825	12,367,534	3,209,821	23,823,180

## 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>
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
2023	1,843,275,519	718,088,445	54,345,722	135,538,429

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>
\$ 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
863,980,463	747,000,818	2,868,227,760	0.29260

**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
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
2023	0.23850	0.05410	0.29260

Source: County Board of Equalization and Assessment

**TABLE 7**

Overlapping Rates				Total Direct and Overlapping Rates
Huntsville ISD	Walker County	Hospital District		
\$ 1.21000	\$ 0.67780	\$ 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	
1.04250	0.44900	0.10272	1.88682	

**CITY OF HUNTSVILLE, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
**(Unaudited)**

Taxpayer	FY 2023			FY 2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Entergy Texas Inc.	\$ 43,777,890	1	1.59%	\$ 13,365,770	5	1.04%
PEP-SHSU LLC	38,263,100	2	1.39%	N/A	N/A	N/A
Sterling - Huntsville LLC	37,202,560	3	1.35%	N/A	N/A	N/A
American Campus Community	34,003,720	4	1.24%	N/A	N/A	N/A
Breckenridge Group Huntsville TX LP	31,729,804	5	1.15%	N/A	N/A	N/A
C150 1300 Smither Drive LLC	30,110,550	6	1.09%	N/A	N/A	N/A
THP The Forum at Sam Houston LLC	29,398,710	7	1.07%	N/A	N/A	N/A
SZ Sam Houston Ave Apartments LLC	28,603,380	8	1.04%	N/A	N/A	N/A
SFG Huntsville LLC	26,405,210	9	0.96%	N/A	N/A	N/A
Campus Crest At Huntsville I LP	<u>26,340,790</u>	<u>10</u>	0.96%	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<b>Total</b>	<b>\$ <u>243,794,724</u></b>		<b><u>8.86%</u></b>	<b>\$ <u>-</u></b>		<b><u>-</u> %</b>

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
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%	3,210	7,494,945	99.0%
2023	8,126,618	8,005,789	98.51%	-	8,005,789	98.5%

Source: Walker County Appraisal District

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**CITY OF HUNTSVILLE, TEXAS**

DIRECT AND OVERLAPPING SALES TAX RATES

LAST TEN FISCAL YEARS  
(Unaudited)

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Walker County</u>	<u>State of Texas</u>
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%	0.50%	6.25%
2023	1.50%	0.50%	6.25%

Source: City Budget Documents and Texas Comptroller

**CITY OF HUNTSVILLE, TEXAS**

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS  
(Unaudited)

Fiscal Year	Governmental Activities			Business-type Activities		
	General Obligation Bonds	Certificates of Obligation	Premiums	Revenue Bonds	General Obligation Bonds	Certificates of Obligation
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	37,635,000	3,075,000	1,944,661	60,235,000	-	2,090,000
2023	40,255,000	2,980,000	2,204,975	58,590,000	-	1,960,000

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>Premiums</u>	<u>Total Primary Government Debt</u>	<u>Percentage of Personal Income *</u>	<u>Per Capita*</u>
\$ -	\$ 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
2,513,842	107,493,503	4.49%	2,362
2,402,983	108,392,958	4.09%	2,289

**CITY OF HUNTSVILLE, TEXAS**

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS  
(Unaudited)

Fiscal Year	Governmental Activities			Business-type Activities		
	General Obligation Bonds	Certificates of Obligation	Total	General Obligation Bonds	Certificates of Obligation	Revenue Bonds
2014	\$ 9,718,477	\$ 3,925,000	\$ 13,643,477	\$ 4,358,159	\$ -	\$ 23,882,505
2015	7,478,585	3,790,000	11,268,585	3,531,415	2,900,000	18,504,636
2016	6,270,639	3,650,000	9,920,639	3,072,788	3,048,058	15,127,158
2017	4,929,509	3,500,000	8,429,509	2,372,827	2,928,950	11,937,653
2018	3,495,731	3,345,000	6,840,731	1,784,269	2,565,000	53,960,000
2019	21,974,127	3,180,000	25,154,127	1,340,873	2,450,000	49,885,000
2020	44,172,793	3,285,000	47,457,793	884,224	2,335,000	45,630,000
2021	38,785,220	3,170,000	41,955,220	449,780	2,215,000	42,565,000
2022	37,635,000	3,075,000	40,710,000	-	2,090,000	60,235,000
2023	40,255,000	2,980,000	43,235,000	-	1,960,000	58,590,000

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

**TABLE 12**

Gross Bonded Debt	Less: Amounts Available for Debt Service	Net Bonded Debt	Assessed Value	Percentage of Actual Taxable Value of Property	Population	Per Capita
\$ 18,001,636	\$ 194,763	\$ 17,806,873	\$ 1,492,294,982	1.19%	39,666	449
17,700,000	280,487	17,419,513	1,518,504,616	1.15%	40,100	434
16,041,485	280,487	15,760,998	1,587,519,051	0.99%	41,208	382
13,731,286	344,931	13,386,355	1,594,600,284	0.84%	41,620	322
11,190,000	371,063	10,818,937	1,632,360,037	0.66%	41,710	259
28,945,000	356,209	28,588,791	1,859,488,817	1.54%	42,000	681
50,677,017	284,610	50,392,407	2,091,259,453	2.41%	42,200	1,194
44,620,000	510,460	44,109,540	2,246,518,972	1.96%	43,100	1,023
42,800,000	493,206	42,306,794	2,461,514,114	1.72%	45,500	930
45,195,000	570,402	44,624,598	2,868,227,760	1.56%	47,350	942

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**CITY OF HUNTSVILLE, TEXAS**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2023  
(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	\$ 9,460,000	57.00%	\$ 5,392,200
Huntsville Independent School District	127,640,000	77.15%	98,474,260
Subtotal overlapping debt			103,866,460
Total direct - City of Huntsville	43,235,000	100.00%	<u>43,235,000</u>
Direct and Overlapping Debt			<u>\$ 147,101,460</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			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 135,340,996	\$ 140,768,445	\$ 146,526,309	\$ 158,751,905
Total net debt applicable to limit	<u>13,838,240</u>	<u>11,542,072</u>	<u>9,513,485</u>	<u>9,497,850</u>
Legal debt margin	<u>\$ 121,502,756</u>	<u>\$ 129,226,373</u>	<u>\$ 137,012,824</u>	<u>\$ 149,254,055</u>
Total net debt applicable to the limit as a percentage of debt limit.	10.22%	8.20%	6.49%	5.98%

**TABLE 14**

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 163,236,004	\$ 185,948,882	\$ 209,125,945	\$ 224,651,897	\$ 246,151,411	\$ 286,822,776
<u>11,190,000</u>	<u>6,840,732</u>	<u>46,160,390</u>	<u>44,109,540</u>	<u>42,306,794</u>	<u>42,664,598</u>
<u>\$ 152,046,004</u>	<u>\$ 179,108,150</u>	<u>\$ 162,965,555</u>	<u>\$ 180,542,357</u>	<u>\$ 203,844,617</u>	<u>\$ 244,158,178</u>
6.86%	3.68%	22.07%	19.63%	17.18%	14.87%

**Legal Debt Margin Calculation for Fiscal Year 2023**

Assessed value	\$ 2,868,227,760
Debt limit (10% of assessed value)	286,822,776
Debt applicable to limit:	
General obligation bonds and certificates of obligation	43,235,000
Less: Amount set aside for repayment of general obligation debt	<u>570,402</u>
Total net debt applicable to limit	<u>42,664,598</u>
Legal debt margin	<u>\$ 244,158,178</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 <sup>a</sup>	Less: Operating Expenses <sup>b</sup>	Net Available Revenue	Principal and Interest Payments		
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	
2023	31,062,690	24,551,454	6,511,236	3,848,608	1.69	

Notes:

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

<sup>b</sup> 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 <sup>a</sup> (thousands)	(1) Personal Income Per Capita <sup>a</sup>
	City of Huntsville	Walker County		
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
2023	47,350	78,870	2,652,494	33,631

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: <sup>(a)</sup> 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%	78.9%	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%
32.0	86.3%	83.0%	6,300	4.6%

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CITY OF HUNTSVILLE, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)

Employer	2023			2014		
	Employees	Rank	Percentage of of Total City Employment	Employees	Rank	Percentage of of Total City Employment
Texas Department of Criminal Justice	6,102	1	33.34%	6,271	1	36.89%
Sam Houston State University	2,601	2	14.21%	2,091	2	18.23%
Huntsville Independent School District	983	3	5.37%	851	3	5.01%
Huntsville Memorial Hospital	557	4	3.04%	400	5	2.35%
Wal-Mart	492	5	2.69%	488	4	2.87%
H-E-B Grocery	377	6	2.06%	N/A	N/A	N/A
Walker County	312	7	1.70%	287	6	1.69%
City of Huntsville	288	8	1.57%	261	7	1.53%
Weatherford Completion and Oilfield Services	262	9	1.43%	210	8	1.24%
Bayes Achievement Center	<u>185</u>	10	1.01%	<u>N/A</u>	N/A	<u>N/A</u>
	<u>12,159</u>		<u>66.44%</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			
	2014	2015	2016	2017
General government				
Charter offices				
Office of the City Manager	2.00	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	7.00	7.00	7.00	7.00
Purchasing	1.00	1.00	1.00	1.00
Grants Mgmt. (formerly Neighborhood)	2.00	2.00	2.00	3.00
Utility billing	5.50	5.50	5.50	5.50
Risk/safety management	-	-		
Human resources	4.00	3.00	4.00	4.00
Municipal court	4.50	4.50	4.50	4.50
Information technology	4.00	4.00	5.00	5.00
Public Works				
Administration	2.00	2.00	3.00	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	6.00	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	6.00	6.50	7.50	7.50
Fleet/Warehouse	1.00	1.00	1.00	1.00
Streets	11.00	11.00	11.00	11.00
Drainage maintenance	3.00	3.00	3.00	3.00
Street sweeping	1.00	1.00	1.00	1.00

**TABLE 18**

Fiscal Year						
2018	2019	2020	2021	2022	2023	
2.00	2.00	2.00	3.00	3.00	3.00	
2.00	2.00	2.00	2.00	2.00	2.50	
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	
2.00	1.00	1.00	1.00	1.00	1.50	
5.50	5.50	5.50	5.50	5.50	5.50	
4.00	4.00	4.00	4.00	4.00	4.00	
5.50	5.50	5.50	5.50	5.50	5.50	
5.00	5.00	5.00	5.00	6.00	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	16.00	16.00	
3.00	3.00	3.00	3.00	3.00	3.00	
9.00	9.00	10.00	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	7.00	8.00	
9.00	4.50	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	
10.00	11.00	12.00	12.00	13.00	13.00	
3.00	3.00	3.00	3.00	3.00	3.00	
1.00	1.00	1.00	1.00	2.00	2.00	

**CITY OF HUNTSVILLE, TEXAS**

FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES  
BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS  
(Unaudited)

Function/Program	Fiscal Year			
	2014	2015	2016	2017
Community & Economic Development				
Administration	3.00	1.00	-	-
Customer Service - Service Center	-	3.50	3.50	3.50
Planning and development	13.00	1.00	2.50	2.50
Central inspection	5.00	5.00	5.00	6.00
Health inspection	2.00	2.00	2.00	2.00
Construction crew	4.00	-	-	-
Main street	1.00	1.00	1.00	1.00
Engineering				
Engineering	-	7.00	6.00	6.00
GIS	-	2.00	3.00	3.00
Survey	-	3.00	3.00	3.00
Parks & Leisure				
Administration	2.00	2.00	2.00	2.00
Recreation	1.00	0.75	-	-
Parks maintenance	11.66	10.66	10.75	10.75
Aquatic center	2.00	2.50	2.50	2.50
Cemetery operations	1.00	1.00	1.00	1.00
Building services	2.00	2.00	2.00	2.00
Library	9.00	9.66	9.66	9.66
Urban forestry	-	-	-	-
Public safety				
Administration	2.00	2.00	2.00	2.00
Police	58.00	58.00	58.00	58.00
Fire	16.00	16.00	16.00	16.00
School resource officers	6.00	6.00	6.00	6.00
Cultural services and tourism				
Economic Deveopment	-	-	-	-
Tourism	2.00	2.00	2.00	2.00
Visitor center	2.50	2.50	2.50	2.50
Gift shop	1.00	1.00	1.00	1.00
Cultural services	1.75	1.75	1.75	1.75
Total	<u>270.41</u>	<u>143.32</u>	<u>143.16</u>	<u>144.16</u>

Source: City of Huntsville budget documents

**TABLE 18**

Fiscal Year						
2018	2019	2020	2021	2022	2023	
-	-	-	1.00	1.00	1.00	
3.50	3.50	3.00	3.00	3.00	3.00	
2.50	2.50	2.50	2.50	2.50	2.50	
5.50	5.50	6.50	6.50	7.50	8.50	
2.00	2.00	2.00	2.00	2.00	2.00	
-	-	-	-	-	-	
1.00	1.00	1.00	1.00	1.00	1.00	
8.00	8.00	8.00	8.00	8.00	8.00	11.00
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	3.00
2.00	2.00	2.00	2.00	2.00	2.00	2.00
-	-	-	-	-	-	-
10.75	10.75	10.75	10.75	12.75	12.75	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	4.00	4.00	5.50	6.00	6.00
9.66	9.66	9.66	9.66	9.16	9.16	9.16
-	-	-	-	-	-	-
2.00	2.00	2.00	2.00	2.00	2.00	2.00
59.00	59.00	61.00	61.00	62.00	65.00	65.00
16.00	17.00	18.00	18.00	23.00	25.00	25.00
6.00	6.00	6.00	6.00	6.00	6.00	6.00
-	1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	1.00	1.00	1.00	1.00	1.00
2.50	2.50	4.00	4.00	4.00	5.50	5.50
1.00	1.00	-	-	-	-	-
1.75	1.75	1.75	1.75	1.75	1.75	1.75
<u>268.66</u>	<u>273.66</u>	<u>279.66</u>	<u>287.66</u>	<u>297.66</u>	<u>310.66</u>	

**CITY OF HUNTSVILLE, TEXAS**

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS  
(Unaudited)

Function/Program	Fiscal year			
	2014	2015	2016	2017
<b>Finance</b>				
Invoices processed	14,023	12,628		11,510
Payroll checks/Direct Deposits issued	7,514	8,315		9,798
Purchase orders issued	473	481		459
Formal bids issued	27	29		42
Utility bills generated	108,000	108,024		113,219
Utility payments received	105,000	106,920		105,806
Meter reading service orders generated	13,520	13,101		12,025
<b>Human Resources</b>				
Workers compensation claims filed	11	9		N/A
On-site property inspections conducted	N/A	N/A		N/A
Number of Applications received	N/A	N/A		4,832
Employee Turnover Rate	N/A	N/A		0
<b>Municipal Court (reports to HR)</b>				
Court cases filed and processed	10,031	10,031		14,906
Warrants issued	3,820	3,820		5,864
<b>Information Technology</b>				
Computer help desk requests completed	2,050	2,102		1,610
<b>Public Works</b>				
Gallons of water produced (in billions)	3	3		3
Water main leaks repaired	253	228		188
New water connections installed	95	89		132
New sewer taps installed	95	85		146
Gallons wastewater treated (in billions)	2	2		2
Manholes inspected and serviced	430	426		368
Commercial waste collected (in tons)	22,900	23,500		20,251
Residential waste collected (in tons)	6,750	7,200		6,433
Waste transferred to landfill (in tons)	37,500	38,500		41,004
Waste recycled (in tons)	7,400	7,475		3,372
Lane miles of existing streets seal coated	12	N/A		N/A
Tons of debris removed from drainage ways	60	60		60
Tons of debris removed -Public right-of-ways	N/A	N/A		649
Curb miles swept by street sweeper	2,600	2,600		N/A
<b>Development Services</b>				
Code enforcement complaints investigated	551	547		458
Food establishment inspections performed	567	576		422

**TABLE 19**

Fiscal year					
2018	2019	2020	2021	2022	2023
11,072	11,350	10,615	10,787	13,472	13,741
9,600	9,500	9,441	9,568	9,611	9,581
553	560	452	502	510	513
39	39	33	37	42	40
114,059	114,400	115,544	116,602	118,351	120,718
105,500	105,800	109,767	112,083	113,764	117,304
10,272	10,700	11,166	11,322	11,548	11,663
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
2,652	2,500	2,611	2,702	2,999	2,271
0	0	0	N/A	N/A	N/A
15,904	15,000	14,897	15,872	16,632	16,458
7,983	5,300	5,776	5,801	5,815	4,024
1,700	1,700	1,811	1,911	2,105	2,316
3	3	3	3	3	3
268	250	262	212	223	217
135	135	141	202	272	278
135	135	157	173	188	191
2	2	2	2	2	2
776	302	427	338	387	387
20,562	23,308	23,626	24,809	26,049	27,351
6,909	7,555	7,647	7,709	8,094	8,256
45,153	48,233	49,444	50,712	52,233	53,278
3,583	3,808	3,888	3,914	4,305	4,348
N/A	N/A	N/A	N/A	N/A	N/A
60	60	60	64	64	65
428	340	340	357	360	368
2,326	2,500	2,500	2,612	2,612	2,612
546	512	507	551	537	542
658	525	529	578	556	573

**CITY OF HUNTSVILLE, TEXAS**

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS  
(Unaudited)

Function/Program	Fiscal year			
	2014	2015	2016	2017
<b>Community services</b>				
In-house recreation programs offered	48	46	N/A	N/A
Contract recreation programs offered	2	2	N/A	N/A
Playground safety inspections performed	142	142	144	144
Library items circulated	137,836	139,200	169,550	158,258
Library visitors	160,215	161,100	102,827	102,288
Wynne Home visitors	29,855	30,154	40,705	41,000
Art and cultural events held	288	288	382	416
Business in Main Street downtown district	93	93	94	98
Main Street events held	5	5	6	5
<b>Public safety</b>				
Police calls for service	51,401	43,985	50,595	60,939
Arrests made	2,741	2,500	2,130	2,473
Citations issued	7,777	5,357	9,596	7,788
Offenses/incidents reported	3,096	2,981	3,230	3,853
Fire calls for service	1,378	1,300	1,431	1,474
Main alarms answered	311	200	224	244
Fire inspections conducted	156	130	144	141

Note: N/A - data not available.

Source: City departments

**TABLE 19**

Fiscal year					
2018	2019	2020	2021	2022	2023
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	187	166	174
147,000	115,521	115,521	116,823	117,821	121,355
88,314	89,197	89,197	91,332	91,517	96,096
42,000	42,559	42,559	37,500	38,001	38,761
445	445	445	380	357	362
N/A	N/A	N/A	N/A	N/A	N/A
5	5	5	3	6	6
59,112	60,352	56,142	62,388	50,554	47,396
2,436	2,654	2,416	2,501	2,056	2,022
7,714	8,044	7,420	8,108	10,182	7,627
2,455	2,584	2,432	2,537	5,878	6,535
1,480	1,498	1,550	1,566	1,609	1,894
220	196	196	214	228	243
124	136	201	219	460	111

**CITY OF HUNTSVILLE, TEXAS**

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS  
(Unaudited)

Function/Program	Fiscal Year			
	2014	2015	2016	2017
Public utilities				
Water line (approximate miles)	245	245	245	245
Sewer line (approximate miles)	250	250	250	250
Lift stations	31	28	28	28
Water plants	3	3	3	3
Wastewater treatment plants	3	3	3	3
Solid waste recycling facilities	1	1	1	1
Public works				
Streets (centerline miles)	142	142	142	142
Community services				
Parks	27	27	27	27
Park acreage	414	427	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					
2018	2019	2020	2021	2022	2023
246	246	253	263	263	263
252	252	252	260	260	262
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	143	143
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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## **COMPLIANCE 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, 2023, 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 19, 2024.

***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 19, 2024

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**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  
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, 2023. 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, 2023.

***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 19, 2024

**CITY OF HUNTSVILLE, TEXAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Expenditures	Pass-through Expenditures
<b>FEDERAL AWARDS</b>				
<b><u>U. S. Department of Housing &amp; Urban Development</u></b>				
Passed through the Texas General Land Office:				
CDBG DR-4332	14.228	20-065-128-C439	\$ 1,822,724	\$ -
Total Passed through the Texas General Land Office			<u>1,822,724</u>	<u>-</u>
Subtotal Assistance Listing Number 14.228			<u>1,822,724</u>	<u>-</u>
Total U. S. Department of Housing & Urban Development			<u>1,822,724</u>	<u>-</u>
<b><u>U. S. Department of Justice</u></b>				
Direct Programs:				
Bullet Proof Vest Partnership	16.607	Huntsville City, TX	1,978	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-01881-JAGX	12,500	-
Justice Assistance Grant Program	16.739	4324201	54,023	-
Total Direct Programs			<u>68,501</u>	<u>-</u>
Passed through the Texas Office of the Governor, Criminal Justice Division:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	4484501	36,444	-
Victims of Crime Act Formula Grant Program	16.575	2463208	21,446	-
Total Passed through the Texas Office of the Governor, Criminal Justice Division			<u>57,890</u>	<u>-</u>
Total U. S. Department of Justice			<u>126,391</u>	<u>-</u>
<b><u>National Endowment for the Humanities</u></b>				
Passed through the Texas State Library and Archives Commission:				
Interlibrary Loan Lending	45.310	LS-00-19-0044-19	150	-
Total Passed through the Texas State Library and Archives Commission			<u>150</u>	<u>-</u>
Total National Endowment for the Humanities			<u>150</u>	<u>-</u>
<b><u>U. S. Department of Homeland Security</u></b>				
Passed through the Texas Office of the Governor, Criminal Justice Division				
Homeland Security Grant Program	97.067	4484501	25,200	-
Total Passed through the Texas Office of the Governor, Criminal Justice Division			<u>25,200</u>	<u>-</u>
Total U. S. Department of Homeland Security			<u>25,200</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,974,465</u>	<u>\$ -</u>

## **CITY OF HUNTSVILLE, TEXAS**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

#### **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, 2023, 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.

#### **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, 2023

**Summary of Auditor's Results**

Financial Statements:

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? None reported

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted?

None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? None reported

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs

Unmodified

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

None

Identification of major programs:

Assistance Listing Number(s)

14.228

Name of Federal Program or Cluster:

CDBG DR-4332

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

\$750,000

Auditee qualified as low-risk auditee?

Yes

**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, 2023

None

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