

City of Huntsville, Texas

Annual Comprehensive Financial Report

For the year ended September 30, 2024



SAM HOUSTON

CITY OF HUNTSVILLE, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2024

Prepared By:
City of Huntsville, Texas
Finance Department

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CITY OF HUNTSVILLE, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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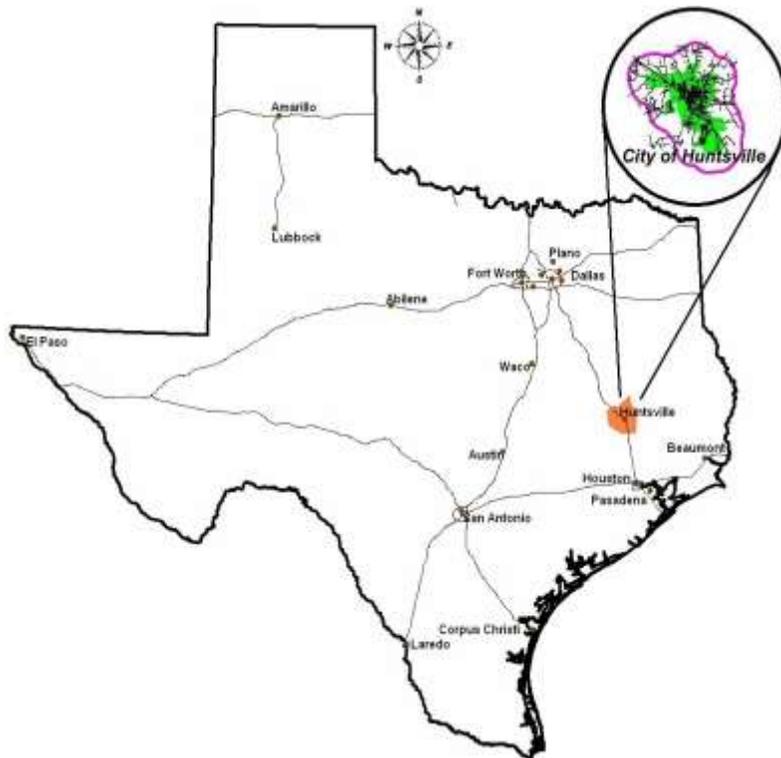
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***WELCOME TO
THE CITY OF HUNTSVILLE, TEXAS***

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.

INTRODUCTORY SECTION

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March 18, 2025

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, 2024 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 are the responsibility of Management of the City of Huntsville.

Financial Statement Overview

The ACFR is presented in four sections: introductory, financial, statistical, and compliance. 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 the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed on Accordance with Government Auditing Standards. This report includes all city funds.

The report is in the twentieth 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 thirteenth 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 ninth 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. The City issued an additional \$3,780,000 of debt (General Obligation Bonds) in Fiscal Year 2023 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, and it anticipates completion of the facility will be in March or April 2025.

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 23 – 24 saw more than \$300,000 of grant funds received by the City with about \$256,000 related to Police functions and another \$48,000 for related to the City airport. Additionally, Grants Management provided compliance oversight to roughly \$3,490,000 of grant expenditures.

The property tax rate for FY 24 was increased to \$0.3074 from the 2023 rate of \$0.2926 per \$100 valuation. Water rates were increased 8% according to the rate study financial plan which was completed in fiscal year 2023. Wastewater rates were increased 10% for FY 24.

Summary of Financial Activities

The General Fund posted a net decrease in its Fund Balance of roughly \$782,000.

The Utility Fund's operational revenue increased by approximately \$3.2M (roughly 10.2%) compared to the prior year. The Utility Fund had an increase in net position for the year in the amount of \$3.5 million. Net position for the Solid Waste Fund increased by roughly \$1.3M.

On a government-wide basis, net position for Government activities increased \$6.8 million from operations. Net position for business-type activities increased \$4.8 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 is seeing development on an ongoing basis with an agreement with a developer for a 140 home development recently approved. A development creating a Municipal Utility District (MUD) and providing for the possibility of 1,200 homes and some commercial properties (office space and/or retail) was recently approved. There are 3 other developments in the discussion stage that provide for single family homes (in excess of 1,200 homes and commercial development and one with a golf course and with other city amenities (parks and greenspaces). In the last 2 years the taxable values for property within the City limits has increased 25.9% with 6.4% coming from new construction. There has been almost \$217M of value submitted for permitting in the last 2 fiscal years.

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 2024 were \$474,679 for tourism, \$135,729 for the Arts center, \$359,917 for Visitors Center operations. Total revenues for these operations for FY 23-24 were \$1,266,115.

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 \$15,963,798 in construction. The Solid Waste Fund did not have any construction. Governmental Activities improvements totaled \$13,904,047.

Completed Capital Projects for the fiscal year were:

- Wastewater projects \$3,559,832
- Governmental Activities projects \$15,196,203

Debt Issues

There was \$4,095,000 of Trinity River Authority (TRA) Contract Revenue Bonds issued in FY 23-24. The City is responsible for the debt service on the bonds and in return the City has 100% of rights to all water coming from the Huntsville Regional Water Supply System. There were no debt refundings during the year. General Obligation/Tax Debt at 9/30/2024 was \$41,895,000. Utility Fund Debt totaled \$60,965,000 at 9/30/2024. Solid Waste Fund Debt was \$1,830,000 at 9/30/2024.

Debt Service Fund

The fund balance for the Debt Service Fund servicing general obligation debt increased \$36,731 to \$623,277.

Utility and Tax Rates

The adopted property tax rate for fiscal year 2024 was \$0.3074 which was a slight increase from the previous fiscal year rate of \$0.2926. The calculated "No New Revenue Rate" for FY 24 was \$.2679 and the calculated "Voter Approval Rate" was \$0.3466. The highest rate in the previous 10 years was for fiscal year 2015 in the amount of \$0.4106. The average rate in the last 10 years is \$0.3413.

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 rates for both the base and volumetric were increased for fiscal year 2024 8.0% in accordance with rates from a rate study performed by a consultant in 2023 along with consideration of additional expenses for FY 23-24. Wastewater rates were increased 10.0%. Solid Waste rates for FY 2024 were not changed.

Cash Management

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

Budget Process

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

Internal Controls

The City relies on certain internal financial controls as identified in the financial, purchasing, personnel, and capital 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 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

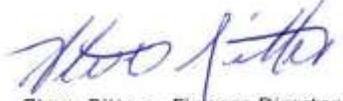
The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Huntsville for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2023. This was the 48th year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the governmental body must publish an 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 36 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, 2024 (FY 24-25), has been submitted for review.

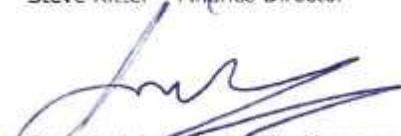
Acknowledgements

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 - Finance Director



Sam Masiel - Interim 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, 2023

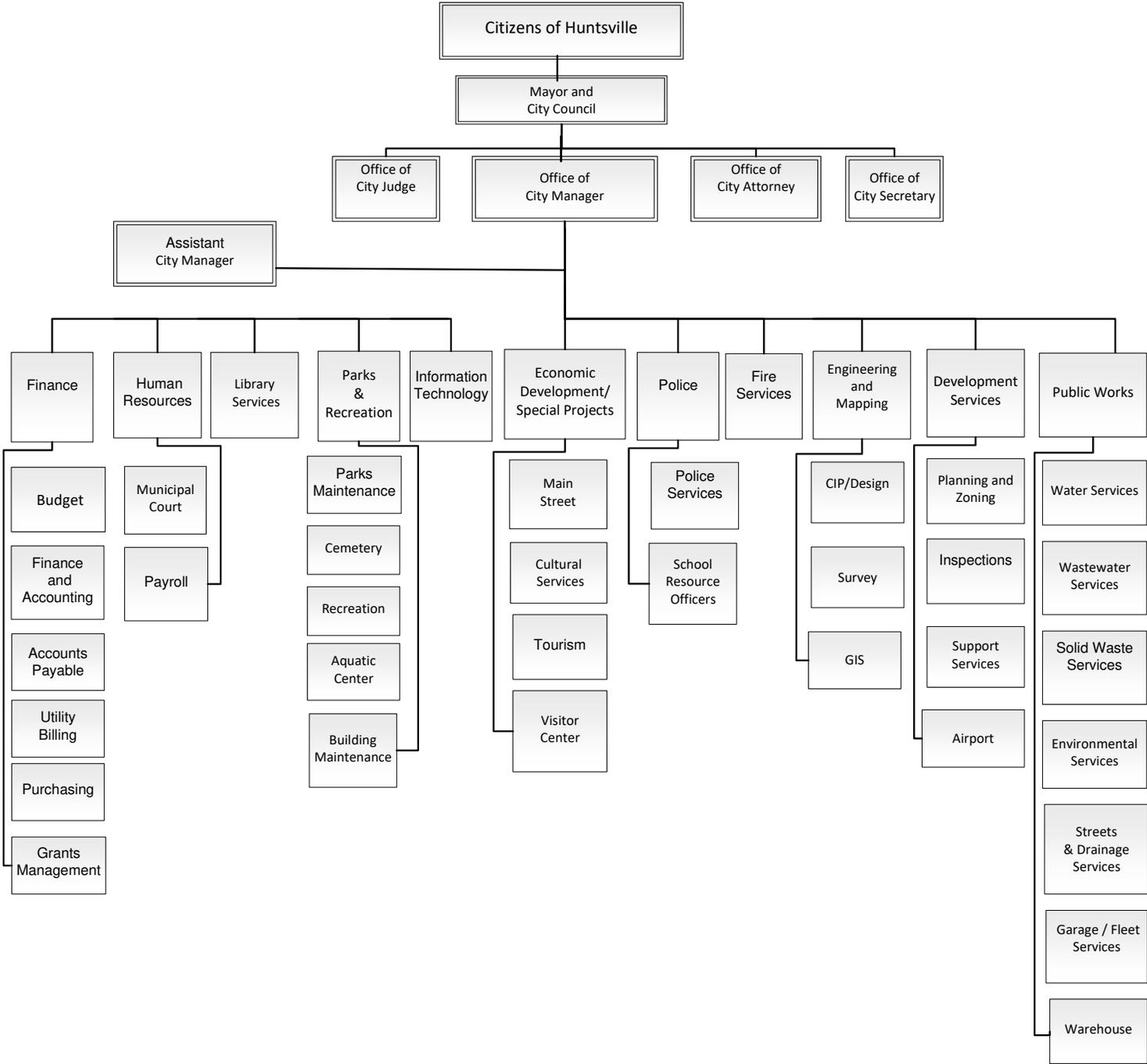
Christopher P. Morill

Executive Director/CEO

Organizational Chart



FY 23 - 2024



Leadership Team

| | |
|----------------------|---|
| Sam Masiel | Interim 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 |
| Brian Beasley | 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

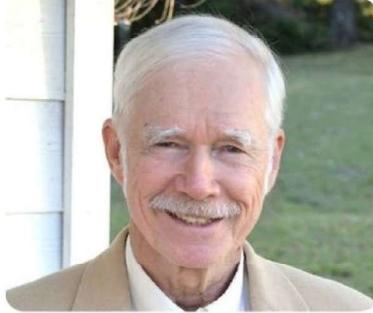
| | |
|----------------|----------------|
| Laurie O'Brien | Budget Manager |
|----------------|----------------|

Huntsville, Texas

City Council



**Mayor,
Russell Humphrey**



**Ward 1,
Tore Fossum**



**Ward 2,
Casey Cox**



**Ward 3,
Anissa Antwine**



**Ward 4,
Jon Strong**



**At-Large Position 1,
Bert Lyle**



**At-Large Position 2,
Karen Denman**



**Mayor Pro Tem At- Large Position 3,
Vicki McKenzie**



**At- Large Position 4,
Pat Graham**

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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, 2024, 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, 2024, 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 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 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 18, 2025, 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 18, 2025

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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, 2024. 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 2024 fiscal year by \$232,551,396 (net position). Of this amount, \$54,113,318 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of fiscal year 2024, the City's governmental funds reported combined ending fund balances of \$36,568,809, a decrease of \$11,285,245 from the prior year. Approximately 39% of this total amount is unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$14,168,007 or 43% of total General Fund expenditures.
- The City's total capital assets net of accumulated depreciation increased by \$30,686,808. 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, 2024, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$232,551,396.

The largest portion of the City's net position (74%) 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, \$54,113,318, may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2024, 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 | |
|-----------------------------------|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current and other assets | \$ 55,644,268 | \$ 65,797,104 | \$ 57,359,830 | \$ 66,614,076 | \$ 113,004,098 | \$ 132,411,180 |
| Capital assets | <u>83,564,404</u> | <u>68,702,811</u> | <u>178,477,821</u> | <u>162,652,606</u> | <u>262,042,225</u> | <u>231,355,417</u> |
| Total assets | <u>139,208,672</u> | <u>134,499,915</u> | <u>235,837,651</u> | <u>229,266,682</u> | <u>375,046,323</u> | <u>363,766,597</u> |
| Deferred outflows of resources | <u>5,404,048</u> | <u>8,231,012</u> | <u>1,322,425</u> | <u>2,094,201</u> | <u>6,726,473</u> | <u>10,325,213</u> |
| Long-term liabilities outstanding | 67,029,471 | 72,850,772 | 71,446,324 | 70,186,959 | 138,475,795 | 143,037,731 |
| Other liabilities | <u>4,938,523</u> | <u>5,304,237</u> | <u>3,144,740</u> | <u>3,698,577</u> | <u>8,083,263</u> | <u>9,002,814</u> |
| Total liabilities | <u>71,967,994</u> | <u>78,155,009</u> | <u>74,591,064</u> | <u>73,885,536</u> | <u>146,559,058</u> | <u>152,040,545</u> |
| Deferred inflows of resources | <u>2,138,925</u> | <u>881,261</u> | <u>523,417</u> | <u>224,219</u> | <u>2,662,342</u> | <u>1,105,480</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 39,552,929 | 26,123,612 | 132,313,066 | 134,714,424 | 171,865,995 | 160,838,036 |
| Restricted | 3,775,428 | 3,356,365 | 2,796,655 | 2,244,366 | 6,572,083 | 5,600,731 |
| Unrestricted | <u>27,177,444</u> | <u>34,214,680</u> | <u>26,935,874</u> | <u>20,292,338</u> | <u>54,113,318</u> | <u>54,507,018</u> |
| Total net position | <u>\$ 70,505,801</u> | <u>\$ 63,694,657</u> | <u>\$ 162,045,595</u> | <u>\$ 157,251,128</u> | <u>\$ 232,551,396</u> | <u>\$ 220,945,785</u> |

Governmental activities. Net position increased by \$6,811,144 in fiscal year 2024. This is compared to an increase of \$5,863,562 in fiscal year 2023. 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 in salaries and supplies expenses due to continued cost increases industrywide.

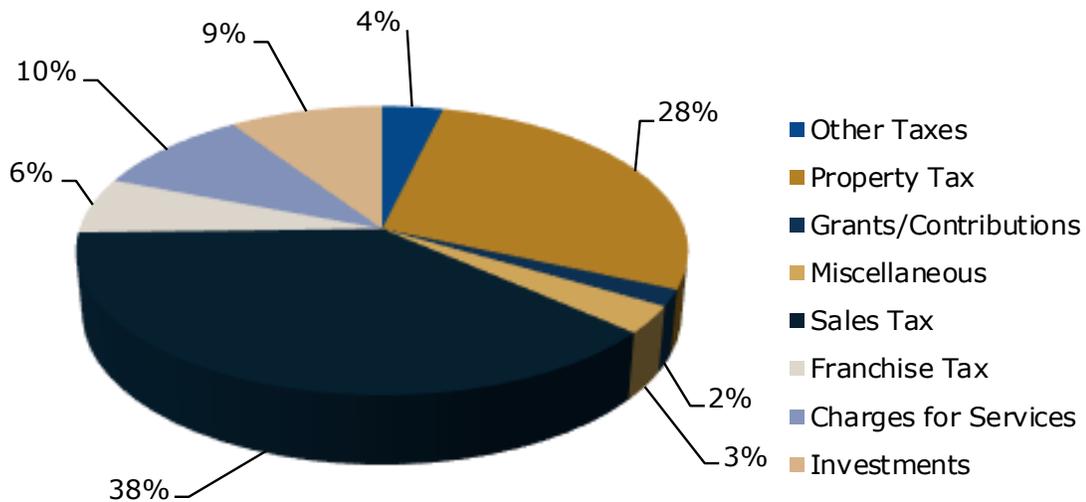
Business-type activities. Net position increased by \$4,794,467 in the current year compared to a \$4,351,319 increase in fiscal year 2023. The business-type activities have reported consistent increases the last several years, primarily due to capital asset purchases and increasing reserve amounts.

Analysis of the City's Operations. The following table provides a summary of the City's operations for the year ended September 30, 2024. Overall, the City had an increase in net position of \$11,605,611. Major factors contributing to the increase are explained in the previous two paragraphs.

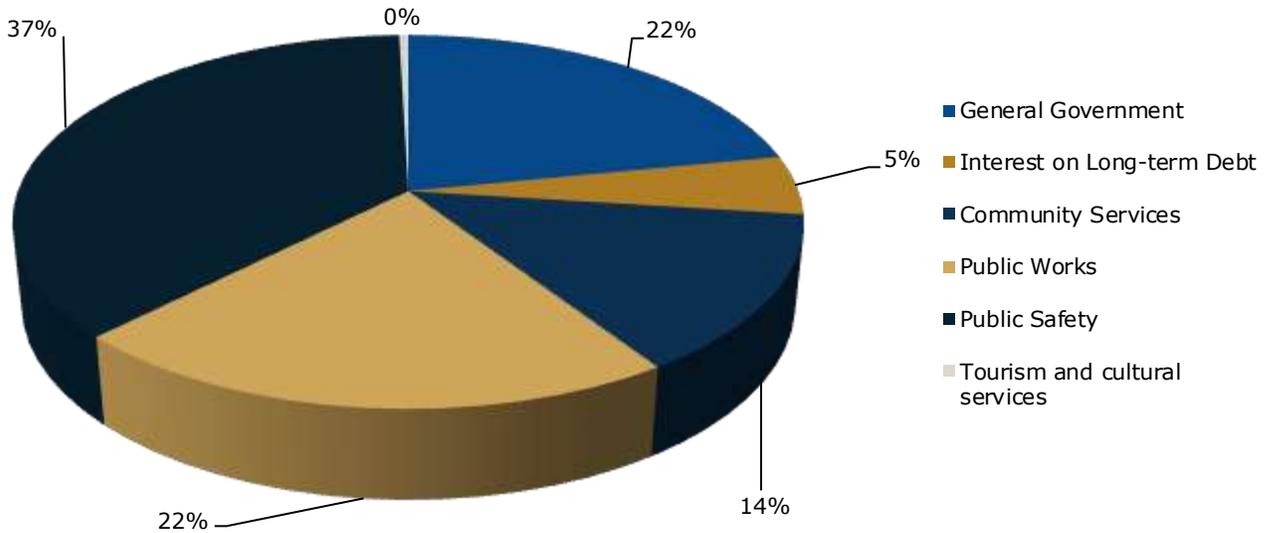
**City of Huntsville, Texas'
Changes in Net Position**

| | Governmental Activities | | Business-type Activities | | Totals | |
|---|-----------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 3,210,656 | \$ 3,206,352 | \$ 41,650,744 | \$ 38,308,425 | \$ 44,861,400 | \$ 41,514,777 |
| Operating grants and contributions | 448,147 | 395,901 | - | - | 448,147 | 395,901 |
| Capital grants and contributions | 155,752 | 115,667 | 1,297,877 | 1,982,182 | 1,453,629 | 2,097,849 |
| General revenues: | | | | | | |
| Property taxes | 9,189,734 | 8,330,026 | - | - | 9,189,734 | 8,330,026 |
| Sales taxes | 12,543,849 | 12,367,534 | - | - | 12,543,849 | 12,367,534 |
| Franchise taxes | 2,063,173 | 2,142,182 | - | - | 2,063,173 | 2,142,182 |
| Other taxes | 1,228,192 | 1,067,639 | - | - | 1,228,192 | 1,067,639 |
| Investment earnings | 3,258,974 | 2,900,965 | 2,256,637 | 2,159,209 | 5,515,611 | 5,060,174 |
| Miscellaneous | <u>1,009,032</u> | <u>320,466</u> | <u>695,760</u> | <u>433,988</u> | <u>1,704,792</u> | <u>754,454</u> |
| Total revenues | <u>33,107,509</u> | <u>30,846,732</u> | <u>45,901,018</u> | <u>42,883,804</u> | <u>79,008,527</u> | <u>73,730,536</u> |
| Expenses: | | | | | | |
| General government | 7,696,095 | 7,454,308 | - | - | 7,696,095 | 7,454,308 |
| Public works | 7,646,508 | 8,261,163 | - | - | 7,646,508 | 8,261,163 |
| Community services | 4,823,401 | 4,710,776 | - | - | 4,823,401 | 4,710,776 |
| Public safety | 13,045,594 | 12,753,506 | - | - | 13,045,594 | 12,753,506 |
| Tourism and cultural services | 152,778 | 198,428 | - | - | 152,778 | 198,428 |
| Interest on long-term debt | 1,794,880 | 1,135,091 | - | - | 1,794,880 | 1,135,091 |
| Utility | - | - | 26,358,953 | 22,869,591 | 26,358,953 | 22,869,591 |
| Solid waste | - | - | <u>5,884,707</u> | <u>6,132,792</u> | <u>5,884,707</u> | <u>6,132,792</u> |
| Total expenses | <u>35,159,256</u> | <u>34,513,272</u> | <u>32,243,660</u> | <u>29,002,383</u> | <u>67,402,916</u> | <u>63,515,655</u> |
| Increase in net position before transfers | (2,051,747) | (3,666,540) | 13,657,358 | 13,881,421 | 11,605,611 | 10,214,881 |
| Transfers | <u>8,862,891</u> | <u>9,530,102</u> | <u>(8,862,891)</u> | <u>(9,530,102)</u> | - | - |
| Increase in net position | 6,811,144 | 5,863,562 | 4,794,467 | 4,351,319 | 11,605,611 | 10,214,881 |
| Net position, beginning | <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> |
| Net position, ending | <u>\$ 70,505,801</u> | <u>\$ 63,694,657</u> | <u>\$ 162,045,595</u> | <u>\$ 157,251,128</u> | <u>\$ 232,551,396</u> | <u>\$ 220,945,785</u> |

**Revenues - Governmental Activities
Fiscal Year 24 (excludes transfers)**



Primary Government Functional Expenses for Governmental Activities- Fiscal Year 2024



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 2024 fiscal year, the City’s governmental funds reported combined ending fund balances of \$36,568,809, a decrease of \$11,285,245 from the prior year. Approximately 39% 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 \$14,168,007, while the total fund balance was \$14,331,600. 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 44% of that same amount.

The General Fund’s revenues increased primarily from increased interest income, as well as a slight increase to sales taxes and permits revenues. The City has continued a trend of slow growth in population that leads to increased economic activity and items like permits and charges for services. Expenditures increased primarily due to salary increases across the board. Overall, fund balance decreased by approximately \$800,000 due to transfers out to other funds. Key factors affecting fund balance are as follows:

- Total General Fund revenues of \$25,267,690 were increased from FY 2023 by \$1,048,562.
 - Property tax revenue increased \$512,103 from FY 2023 actuals due primarily to new construction and an increase in values.
 - Sales tax revenue increased by \$176,495 due to continued population and economic growth.
- Total General Fund expenditures of \$32,641,843 increased from FY 2023 by \$2,726,818. The increase in expenditures was primarily related to salary increases.

Debt Service Fund. Debt Service fund balance increased by \$36,731. Expenditures increased slightly compared to the prior year due to the debt issuance in 2023 having debt service payments come due in 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 \$11,437,178 because of the planned spending of bond funds. The fund expended approximately \$12.0 million in project costs, primarily related to the construction of new facilities.

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

Unrestricted net position of the respective proprietary funds are Utility – \$21,567,527 and Solid Waste – \$5,368,347. The net position for Utility increased \$3,469,703 and Solid Waste increased \$1,324,764. The overall change in net position for business-type activities was an increase of \$4,794,467 which is a decrease from the FY 2023 change in net position of \$4,351,319. Overall Enterprise operating revenues of \$42,346,504 reflected an increase compared to the prior year, primarily relating to increased water volume sales. Enterprise operating expenses of \$29,898,517 reflected an increase of \$3.0 million over FY 2023 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.

General Fund Budgetary Highlights

The final budget for fiscal year 2024 reflected a -\$4,513,291 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 a decrease of -\$782,581. The actual revenues of \$25,267,690 were more than the budgeted revenues by \$647,281. Sales tax revenue and investment revenue exceeded the budgeted amounts by \$343,849 and \$426,119, respectively. The actual expenditures of \$32,641,843 were \$3,058,286 less than the budgeted expenditures of \$35,700,129. This variance is similar to prior year and primarily relates to conservative estimates and unspent contingency funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2024, the City had \$262,042,225 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 13.26% over the amounts for the prior fiscal year.

| | Governmental Activities | | Business-type Activities | | Totals | |
|------------------------------------|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Land | \$ 2,556,579 | \$ 1,872,245 | \$ 782,325 | \$ 782,325 | \$ 3,338,904 | \$ 2,654,570 |
| Construction in progress | 17,155,972 | 18,448,128 | 29,921,231 | 17,787,265 | 47,077,203 | 36,235,393 |
| Buildings and improvements | 44,515,882 | 30,389,086 | 3,682,153 | 3,956,290 | 48,198,035 | 34,345,376 |
| Improvements other than buildings | 6,328,550 | 6,696,728 | 743,254 | 887,301 | 7,071,804 | 7,584,029 |
| Machinery, furniture and equipment | 8,370,225 | 6,432,858 | 173,238 | 85,112 | 8,543,463 | 6,517,970 |
| Water rights | - | - | 27,732,230 | 24,784,615 | 27,732,230 | 24,784,615 |
| Infrastructure | <u>4,637,196</u> | <u>4,863,766</u> | <u>115,443,390</u> | <u>114,369,698</u> | <u>120,080,586</u> | <u>119,233,464</u> |
| Total | <u>\$ 83,564,404</u> | <u>\$ 68,702,811</u> | <u>\$ 178,477,821</u> | <u>\$ 162,652,606</u> | <u>\$ 262,042,225</u> | <u>\$ 231,355,417</u> |

Major capital asset events during the 2024 fiscal year include the following:

- \$14.3 million was spent on construction of new City buildings, including a new service center (\$1.1 million), City Hall (\$12.3 million), and MLK Community Center (\$0.3 million).
- Completed building projects included the Service Center, MLK Community Center, and Animal Shelter, with final recognized costs of \$9.9 million, 3.4 million, and 1.7 million, respectively.
- Various water & sewer projects totaled \$15.1 million.
- Various vehicles and other equipment were purchased totaling \$3.3 million.

Additional information on the City’s capital assets can be found in Note II to the financial statements.

Debt Administration

At the end of the current fiscal year, the City had total bonded debt outstanding of \$104,690,000. The remainder of the City’s long-term obligations primarily comprises compensated absences.

| | Governmental Activities | | Business-type Activities | | Totals | |
|----------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| General obligation bonds | \$ 39,015,000 | \$ 40,255,000 | \$ - | \$ - | \$ 39,015,000 | \$ 40,255,000 |
| Certificates of obligation | 2,880,000 | 2,980,000 | 1,830,000 | 1,960,000 | 4,710,000 | 4,940,000 |
| Revenue bonds | - | - | 60,965,000 | 58,590,000 | 60,965,000 | 58,590,000 |
| Premium on bonds issued | 2,116,475 | 2,204,975 | 2,304,016 | 2,402,983 | 4,420,491 | 4,607,958 |
| Compensated absences | 1,763,886 | 1,531,899 | 336,615 | 317,987 | 2,100,501 | 1,849,886 |
| | <u>\$ 45,775,361</u> | <u>\$ 46,971,874</u> | <u>\$ 65,435,631</u> | <u>\$ 63,270,970</u> | <u>\$ 111,210,992</u> | <u>\$ 110,242,844</u> |

The long-term liabilities for the City increased overall by \$968,148 in the current year, primarily due to the recognition of \$4.0 million of contractual obligations to support the debt service on bonds issued by the Trinity River Authority.

Additional information on the City’s long-term debt can be found in Note II to the financial statements.

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 2024-2025 fiscal year budget.

Sales Tax revenue makes up approximately 35% of the Revenues for the General Fund. These revenues were budgeted to remain flat in 2025 from the 2024 fiscal year budgeted amount of \$12,200,000. The decision to keep the revenue source flat was due to Sales Tax revenue in the last quarter of 2024 coming in slightly under what was budgeted and anticipating a continued lull in the economy nationwide.

A 20% increase in water rates (both base rate and volumetric rate) beginning October 1, 2024 was approved. This was the twelfth year of increases in the volumetric rates and the second year for an increase to the base rate. The rates adopted were rates from a rate study performed by a consultant completed in FY 2023 with inflation above the level used in the rate study and along with additional debt service for debt issued for capital projects for the expansion and improvement of the drinking water treatment plant from which the City obtains 85% of its water. An 18% increase in sewer rates (both base rate and volumetric rates) was approved for the 24-25 fiscal year. The same rate study completed in FY 2023 was used as a basis for the increase. Again, debt service on debt issued for capital projects for the sewer/wastewater system was a major driver in the rate increase.

The property tax rate of \$0.3074 per \$100 valuation for FY 2024 was increased for FY 2025 to \$0.3445. For fiscal year 2025 General Fund’s budgeted expenditures for regular operations were increased by approximately 6.6% (\$2,182,687) from FY 2024.

Interest rates are expected to continue to remain flat during fiscal year 2024-25.

The unemployment rate for the City of Huntsville in September 2024 was about 5.4 percent, which is somewhat increased from the September 2023 rate of about 5.1% (rates are from “texaslmi.com”).

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, 2024

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|-----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 50,900,330 | \$ 21,680,520 | \$ 72,580,850 |
| Accounts receivable (net of allowances for uncollectable): | | | |
| Accounts | 356,030 | 5,334,150 | 5,690,180 |
| Taxes | 3,146,355 | - | 3,146,355 |
| Intergovernmental | 123,504 | 7,310,840 | 7,434,344 |
| Interest | 8,584 | 1,434 | 10,018 |
| Other | 1,029 | - | 1,029 |
| Prepays | 95,588 | 30,812 | 126,400 |
| Inventories | 125,088 | 733,757 | 858,845 |
| Restricted cash and cash equivalents | - | 22,268,317 | 22,268,317 |
| Investment in joint venture | 873,507 | - | 873,507 |
| Property held for sale | 14,253 | - | 14,253 |
| Capital assets not being depreciated | 19,712,551 | 30,703,555 | 50,416,106 |
| Capital assets (net of accumulated depreciation) | <u>63,851,853</u> | <u>147,774,266</u> | <u>211,626,119</u> |
| Total assets | <u>139,208,672</u> | <u>235,837,651</u> | <u>375,046,323</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Related to pensions | 4,794,099 | 1,173,164 | 5,967,263 |
| Related to SDBF OPEB | 95,999 | 23,492 | 119,491 |
| Related to retiree health OPEB | <u>513,950</u> | <u>125,769</u> | <u>639,719</u> |
| Total deferred outflows of resources | <u>5,404,048</u> | <u>1,322,425</u> | <u>6,726,473</u> |
| LIABILITIES | | | |
| Accounts payable | 2,544,850 | 1,160,369 | 3,705,219 |
| Accrued liabilities | 1,290,247 | 178,811 | 1,469,058 |
| Accrued interest | 128,282 | - | 128,282 |
| Accrued interest - payable from restricted assets | - | 265,680 | 265,680 |
| Due to other governments | 194,112 | 37,951 | 232,063 |
| Unearned revenue | 649,493 | - | 649,493 |
| Other liabilities | 128,789 | - | 128,789 |
| Customer deposits | 2,750 | 1,501,929 | 1,504,679 |
| Noncurrent liabilities: | | | |
| Due within one year: | | | |
| Long-term debt | 1,905,972 | 2,194,154 | 4,100,126 |
| Due in more than one year: | | | |
| Arbitrage rebate | 606,474 | 958,011 | 1,564,485 |
| Long-term debt | 43,869,389 | 63,241,477 | 107,110,866 |
| Net pension liability | 17,653,962 | 4,320,101 | 21,974,063 |
| Total SDBF OPEB liability | 870,494 | 213,018 | 1,083,512 |
| Net retiree health OPEB liability | <u>2,123,180</u> | <u>519,563</u> | <u>2,642,743</u> |
| Total liabilities | <u>71,967,994</u> | <u>74,591,064</u> | <u>146,559,058</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Related to pensions | 485,848 | 118,892 | 604,740 |
| Related to SDBF OPEB | 253,690 | 62,081 | 315,771 |
| Related to retiree health OPEB | <u>1,399,387</u> | <u>342,444</u> | <u>1,741,831</u> |
| Total deferred inflows of resources | <u>2,138,925</u> | <u>523,417</u> | <u>2,662,342</u> |
| NET POSITION | | | |
| Net investment in capital assets | 39,552,929 | 132,313,066 | 171,865,995 |
| Restricted for: | | | |
| Debt service | 598,371 | 2,796,655 | 3,395,026 |
| Promotion of tourism | 1,519,265 | - | 1,519,265 |
| Court technology and security | 154,026 | - | 154,026 |
| Purpose of grantors, trustees and donors | 1,030,716 | - | 1,030,716 |
| Law enforcement | 473,050 | - | 473,050 |
| Unrestricted | <u>27,177,444</u> | <u>26,935,874</u> | <u>54,113,318</u> |
| Total net position | <u>\$ 70,505,801</u> | <u>\$ 162,045,595</u> | <u>\$ 232,551,396</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, 2024

| Function/Program Activities | Expenses | Program Revenues | | |
|--------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government | | | | |
| Governmental activities: | | | | |
| General government | \$ 7,696,095 | \$ 244,260 | \$ 172 | \$ - |
| Public safety | 13,045,594 | 1,535,290 | 363,507 | 155,752 |
| Public works | 7,646,508 | 1,091,096 | 48,015 | - |
| Community services | 4,823,401 | 238,997 | 28,259 | - |
| Tourism and cultural services | 152,778 | 101,013 | 8,194 | - |
| Interest on long-term debt | 1,794,880 | - | - | - |
| Total governmental activities | <u>35,159,256</u> | <u>3,210,656</u> | <u>448,147</u> | <u>155,752</u> |
| Business-type activities: | | | | |
| Utility | 26,358,953 | 33,706,822 | - | 1,297,877 |
| Solid waste | 5,884,707 | 7,943,922 | - | - |
| Total business-type activities | <u>32,243,660</u> | <u>41,650,744</u> | <u>-</u> | <u>1,297,877</u> |
| Total primary government | <u>\$ 67,402,916</u> | <u>\$ 44,861,400</u> | <u>\$ 448,147</u> | <u>\$ 1,453,629</u> |

General revenues:

Taxes:

- Property
- Sales
- Franchise
- Other

Unrestricted investment earnings

Gain on disposal of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

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

Net (Expense) Revenues and Changes in Net Position

Primary Government

| <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|------------------------------------|-------------------------------------|-----------------------|
| \$ (7,451,663) | \$ - | \$ (7,451,663) |
| (10,991,045) | - | (10,991,045) |
| (6,507,397) | - | (6,507,397) |
| (4,556,145) | - | (4,556,145) |
| (43,571) | - | (43,571) |
| (1,794,880) | - | (1,794,880) |
| <u>(31,344,701)</u> | <u>-</u> | <u>(31,344,701)</u> |
| - | 8,645,746 | 8,645,746 |
| - | <u>2,059,215</u> | <u>2,059,215</u> |
| - | <u>10,704,961</u> | <u>10,704,961</u> |
| (31,344,701) | 10,704,961 | (20,639,740) |
| 9,189,734 | - | 9,189,734 |
| 12,543,849 | - | 12,543,849 |
| 2,063,173 | - | 2,063,173 |
| 1,228,192 | - | 1,228,192 |
| 3,258,974 | 2,256,637 | 5,515,611 |
| 345,054 | - | 345,054 |
| 663,978 | 695,760 | 1,359,738 |
| <u>8,862,891</u> | <u>(8,862,891)</u> | <u>-</u> |
| <u>38,155,845</u> | <u>(5,910,494)</u> | <u>32,245,351</u> |
| 6,811,144 | 4,794,467 | 11,605,611 |
| <u>63,694,657</u> | <u>157,251,128</u> | <u>220,945,785</u> |
| <u>\$ 70,505,801</u> | <u>\$ 162,045,595</u> | <u>\$ 232,551,396</u> |

CITY OF HUNTSVILLE, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects Fund General Improvements</u> |
|---|----------------------|-------------------------|---|
| ASSETS | | | |
| Cash and cash equivalents | \$ 14,451,142 | \$ 623,277 | \$ 17,590,586 |
| Receivables (net of allowance for uncollectibles): | | | |
| Accounts | 132,678 | - | - |
| Taxes | 2,966,618 | 103,376 | - |
| Intergovernmental | 36,890 | - | - |
| Interest | 5,934 | - | - |
| Other | 1,029 | - | - |
| Due from other funds | 42,020 | - | - |
| Inventory | 100,035 | - | - |
| Prepaid items | 63,558 | - | - |
| Property held for sale | 14,253 | - | - |
| Total assets | <u>17,814,157</u> | <u>726,653</u> | <u>17,590,586</u> |
| LIABILITIES | | | |
| Accounts payable | 919,033 | - | 1,012,437 |
| Accrued liabilities | 1,242,312 | - | - |
| Customer deposit | - | - | - |
| Due to other governments | 144,619 | - | - |
| Due to other funds | - | - | - |
| Unearned revenue | 649,493 | - | - |
| Other liabilities | 128,789 | - | - |
| Total liabilities | <u>3,084,246</u> | <u>-</u> | <u>1,012,437</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue | 398,311 | 103,376 | - |
| Total deferred inflows of resources | <u>398,311</u> | <u>103,376</u> | <u>-</u> |
| Fund balances: | | | |
| Nonspendable: | | | |
| Inventory | 100,035 | - | - |
| Prepaid items | 63,558 | - | - |
| Permanent endowments | - | - | - |
| Restricted: | | | |
| Debt service | - | 623,277 | - |
| Promotion of tourism | - | - | - |
| Court technology and security | - | - | - |
| Purpose of grantors, trustees and donors | - | - | - |
| Law enforcement | - | - | - |
| Arbitrage rebate | - | - | 606,474 |
| Assigned: | | | |
| Capital projects | - | - | 15,971,675 |
| Unassigned | 14,168,007 | - | - |
| Total fund balances | <u>14,331,600</u> | <u>623,277</u> | <u>16,578,149</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 17,814,157</u> | <u>\$ 726,653</u> | <u>\$ 17,590,586</u> |

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

| <u>Other Governmental</u> | <u>Total Governmental Funds</u> |
|-------------------------------|---|
| \$ 4,862,799 | \$ 37,527,804 |
| 223,352 | 356,030 |
| 76,361 | 3,146,355 |
| 86,614 | 123,504 |
| - | 5,934 |
| - | 1,029 |
| - | 42,020 |
| 25,053 | 125,088 |
| 400 | 63,958 |
| - | 14,253 |
| <u>5,274,579</u> | <u>41,405,975</u> |
| 96,598 | 2,028,068 |
| 47,935 | 1,290,247 |
| 2,750 | 2,750 |
| 49,493 | 194,112 |
| 42,020 | 42,020 |
| - | 649,493 |
| - | 128,789 |
| <u>238,796</u> | <u>4,335,479</u> |
| - | <u>501,687</u> |
| - | <u>501,687</u> |
| 25,053 | 125,088 |
| - | 63,558 |
| 461,787 | 461,787 |
| - | 623,277 |
| 1,519,265 | 1,519,265 |
| 154,026 | 154,026 |
| 1,030,716 | 1,030,716 |
| 473,050 | 473,050 |
| - | 606,474 |
| 1,371,886 | 17,343,561 |
| - | 14,168,007 |
| <u>5,035,783</u> | <u>36,568,809</u> |
| <u>\$ 5,274,579</u> | <u>\$ 41,405,975</u> |

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CITY OF HUNTSVILLE, TEXAS

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

SEPTEMBER 30, 2024

| | |
|--|----------------------|
| Total fund balances - governmental funds balance sheet | \$ 36,568,809 |
| 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. | 77,230,886 |
| Property taxes receivable, related penalties and interest, and franchise fees are unavailable to pay for current period expenditures are reported as deferred inflows of resources in the funds. | 382,463 |
| Court fines receivable unavailable to pay for current period expenditures are reported as deferred inflows of resources in the funds. | 119,224 |
| Payables for bond interest and arbitrage rebates which are not due in the current period are not reported in the funds. | |
| Accrued interest | (128,282) |
| Arbitrage rebate | (606,474) |
| The investment in joint venture is not considered a financial asset. Therefore, this is not reported in the governmental funds balance sheet. | 873,507 |
| 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 | (41,895,000) |
| Bond premiums | (2,116,475) |
| Compensated absences | (1,763,886) |
| Net pension liability | (17,653,962) |
| Total SDBF OPEB liability | (870,494) |
| Net retiree health OPEB liability | (2,123,180) |
| Deferred outflows (inflows) related to pensions | 4,308,251 |
| Deferred outflows (inflows) related to total SDBF liability | (157,691) |
| Deferred outflows (inflows) related to net retiree health OPEB liability | (885,437) |
| The assets and liabilities of Internal Service Funds are included in governmental activities in the statement of net position. | <u>19,223,542</u> |
| Net position of governmental activities - statement of net position | <u>\$ 70,505,801</u> |

CITY OF HUNTSVILLE, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects Fund General Improvements</u> |
|--|----------------------|-------------------------|---|
| REVENUES | | | |
| Taxes: | | | |
| Property | \$ 6,877,788 | \$ 2,063,135 | \$ - |
| Sales | 12,543,849 | - | - |
| Franchise | 2,063,173 | - | - |
| Other | 148,282 | - | - |
| Licenses and permits | 1,074,091 | - | - |
| Charges for sales and services | 447,835 | - | - |
| Fines, fees, and forfeitures | 1,127,429 | - | - |
| Donations, contributions, and grants | 92,459 | - | - |
| Investment earnings | 826,119 | 40,412 | 1,651,629 |
| Miscellaneous | 66,665 | - | 434,980 |
| Total revenues | <u>25,267,690</u> | <u>2,103,547</u> | <u>2,086,609</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 8,526,511 | - | - |
| Public safety | 12,564,006 | - | - |
| Public works | 7,374,725 | - | 13,803,351 |
| Community services | 4,023,520 | - | 266,914 |
| Tourism and cultural services | 153,081 | - | - |
| Capital outlay | - | - | - |
| Debt service: | | | |
| Principal retirement | - | 1,340,000 | - |
| Interest and fiscal charges | - | 1,317,179 | - |
| Total expenditures | <u>32,641,843</u> | <u>2,657,179</u> | <u>14,070,265</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(7,374,153)</u> | <u>(553,632)</u> | <u>(11,983,656)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 8,633,509 | 590,363 | 611,277 |
| Transfers out | (2,122,536) | - | (64,799) |
| Sale of capital assets | 80,599 | - | - |
| Total other financing sources (uses) | <u>6,591,572</u> | <u>590,363</u> | <u>546,478</u> |
| NET CHANGE IN FUND BALANCES | (782,581) | 36,731 | (11,437,178) |
| FUND BALANCES, BEGINNING | <u>15,114,181</u> | <u>586,546</u> | <u>28,015,327</u> |
| FUND BALANCES, ENDING | <u>\$ 14,331,600</u> | <u>\$ 623,277</u> | <u>\$ 16,578,149</u> |

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

| Other Governmental | Total Governmental Funds |
|-----------------------|--------------------------------|
| \$ 333,012 | \$ 9,273,935 |
| - | 12,543,849 |
| - | 2,063,173 |
| 1,079,910 | 1,228,192 |
| - | 1,074,091 |
| 777,837 | 1,225,672 |
| 61,262 | 1,188,691 |
| 262,581 | 355,040 |
| 170,354 | 2,688,514 |
| 10,324 | 511,969 |
| <u>2,695,280</u> | <u>32,153,126</u> |
| 36,459 | 8,562,970 |
| 961,963 | 13,525,969 |
| 480,704 | 21,658,780 |
| 856,114 | 5,146,548 |
| - | 153,081 |
| 684,334 | 684,334 |
| - | 1,340,000 |
| - | 1,317,179 |
| <u>3,019,574</u> | <u>52,388,861</u> |
| <u>(324,294)</u> | <u>(20,235,735)</u> |
| 1,688,536 | 11,523,685 |
| (473,459) | (2,660,794) |
| 7,000 | 87,599 |
| <u>1,222,077</u> | <u>8,950,490</u> |
| 897,783 | (11,285,245) |
| <u>4,138,000</u> | <u>47,854,054</u> |
| <u>\$ 5,035,783</u> | <u>\$ 36,568,809</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, 2024

| | |
|---|---------------------|
| Net change in fund balances - total governmental funds | \$ (11,285,245) |
| 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. | 15,355,585 |
| 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. | (2,106,662) |
| Debt issued or incurred: | |
| Bond premium | 88,500 |
| Repayment of principal of long-term debt | 1,340,000 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | |
| Property taxes | 99,875 |
| Property tax penalties and interest | (184,076) |
| Change in equity interest in joint venture | 23,188 |
| Court fines and fees | 12,283 |
| 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 | (231,987) |
| Net pension liability | 284,227 |
| Total SDBF OPEB liability | (33,418) |
| Net retiree health OPEB liability | 895,825 |
| 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. | (566,201) |
| The net revenue (expense) of internal service funds is reported with governmental activities. | <u>3,119,250</u> |
| Change in net position of governmental activities - statement of activities | <u>\$ 6,811,144</u> |

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF NET POSITION
 PROPRIETARY FUND

SEPTEMBER 30, 2024

| | Enterprise Funds | |
|--|------------------|--------------|
| | Utility | Solid Waste |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 15,018,118 | \$ 6,662,402 |
| Accounts receivable (net of allowance for uncollectibles): | | |
| Accounts | 4,579,554 | 754,596 |
| Intergovernmental | 7,310,840 | - |
| Interest | 1,034 | 400 |
| Prepaid items | 30,812 | - |
| Inventories | 733,757 | - |
| Restricted cash and cash equivalents: | | |
| Unspent bond proceeds | 19,471,662 | - |
| Bond sinking funds | 2,088,640 | 708,015 |
| Total current assets | 49,234,417 | 8,125,413 |
| Noncurrent assets: | | |
| Capital assets not being depreciated | 30,703,555 | - |
| Capital assets (net of accumulated depreciation) | 144,266,498 | 3,507,768 |
| Total noncurrent assets | 174,970,053 | 3,507,768 |
| Total assets | 224,204,470 | 11,633,181 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Related to pensions | 877,188 | 295,976 |
| Related to SDBF OPEB | 17,565 | 5,927 |
| Related to retiree health OPEB | 94,039 | 31,730 |
| Total deferred outflows of resources | 988,792 | 333,633 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 948,163 | 212,206 |
| Accrued liabilities | 130,622 | 48,189 |
| Customer deposits | 933,878 | 568,051 |
| Accrued interest - payable from restricted assets | 256,614 | 9,066 |
| Due to other governments | - | 37,951 |
| Long-term debt | 2,048,154 | 146,000 |
| Total current liabilities | 4,317,431 | 1,021,463 |
| Noncurrent liabilities: | | |
| Arbitrage rebate | 958,011 | - |
| Long-term debt | 61,301,849 | 1,939,628 |
| Net pension liability | 3,230,187 | 1,089,914 |
| Total SDBF OPEB liability | 159,276 | 53,742 |
| Net retiree health OPEB liability | 388,483 | 131,080 |
| Total noncurrent liabilities | 66,037,806 | 3,214,364 |
| Total liabilities | 70,355,237 | 4,235,827 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Related to pensions | 88,897 | 29,995 |
| Related to SDBF OPEB | 46,419 | 15,662 |
| Related to retiree health OPEB | 256,049 | 86,395 |
| Total deferred inflows of resources | 391,365 | 132,052 |
| NET POSITION | | |
| Net investment in capital assets | 130,790,493 | 1,522,573 |
| Restricted for debt service | 2,088,640 | 708,015 |
| Unrestricted | 21,567,527 | 5,368,347 |
| Total net position | \$ 154,446,660 | \$ 7,598,935 |

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

| <u>Total Enterprise</u> | <u>Internal Service</u> |
|-----------------------------|-----------------------------|
| \$ 21,680,520 | \$ 13,372,526 |
| 5,334,150 | - |
| 7,310,840 | - |
| 1,434 | 2,650 |
| 30,812 | 31,630 |
| 733,757 | - |
| 19,471,662 | - |
| <u>2,796,655</u> | <u>-</u> |
| <u>57,359,830</u> | <u>13,406,806</u> |
| 30,703,555 | - |
| <u>147,774,266</u> | <u>6,333,518</u> |
| <u>178,477,821</u> | <u>6,333,518</u> |
| <u>235,837,651</u> | <u>19,740,324</u> |
| 1,173,164 | - |
| 23,492 | - |
| 125,769 | - |
| <u>1,322,425</u> | <u>-</u> |
| 1,160,369 | 516,782 |
| 178,811 | - |
| 1,501,929 | - |
| 265,680 | - |
| 37,951 | - |
| <u>2,194,154</u> | <u>-</u> |
| <u>5,338,894</u> | <u>516,782</u> |
| 958,011 | - |
| 63,241,477 | - |
| 4,320,101 | - |
| 213,018 | - |
| <u>519,563</u> | <u>-</u> |
| <u>69,252,170</u> | <u>-</u> |
| <u>74,591,064</u> | <u>516,782</u> |
| 118,892 | - |
| 62,081 | - |
| <u>342,444</u> | <u>-</u> |
| <u>523,417</u> | <u>-</u> |
| 132,313,066 | 6,333,518 |
| 2,796,655 | - |
| <u>26,935,874</u> | <u>12,890,024</u> |
| <u>\$ 162,045,595</u> | <u>\$ 19,223,542</u> |

CITY OF HUNTSVILLE, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

| | Enterprise Funds | |
|---|-----------------------|---------------------|
| | Utility | Solid Waste |
| OPERATING REVENUES | | |
| Charges for services: | | |
| Water and wastewater sales | \$ 33,328,561 | \$ - |
| Solid waste fees - residential and commercial | - | 6,133,617 |
| Solid waste fees - disposal | - | 1,810,305 |
| Inter-department services | - | - |
| Miscellaneous | 11,205 | - |
| Total service charges | <u>33,339,766</u> | <u>7,943,922</u> |
| Service fees and miscellaneous: | | |
| Tap and connection fees | 367,056 | - |
| Customer penalties and miscellaneous | 544,268 | 151,492 |
| Total service fees and miscellaneous | <u>911,324</u> | <u>151,492</u> |
| Total operating revenues | <u>34,251,090</u> | <u>8,095,414</u> |
| OPERATING EXPENSES | | |
| Administration | 2,326,603 | 957,516 |
| Water production and distribution | 12,650,328 | - |
| Wastewater collection and treatment | 4,290,946 | - |
| Solid waste collection and disposal | - | 4,593,516 |
| Utility billing/customer service | 641,481 | - |
| Equipment replacement | - | - |
| Depreciation | 4,166,851 | 271,276 |
| Total operating expenses | <u>24,076,209</u> | <u>5,822,308</u> |
| OPERATING INCOME (LOSS) | <u>10,174,881</u> | <u>2,273,106</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Gain on disposal of capital assets | - | - |
| Investment earnings | 1,907,784 | 348,853 |
| Interest expense | (2,282,744) | (62,399) |
| Total nonoperating revenues (expenses) | <u>(374,960)</u> | <u>286,454</u> |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | <u>9,799,921</u> | <u>2,559,560</u> |
| Capital contributions - intergovernmental | 1,297,877 | - |
| Transfers in | 56,256 | - |
| Transfers out | (7,684,351) | (1,234,796) |
| CHANGE IN NET POSITION | <u>3,469,703</u> | <u>1,324,764</u> |
| NET POSITION, BEGINNING | <u>150,976,957</u> | <u>6,274,171</u> |
| NET POSITION, ENDING | <u>\$ 154,446,660</u> | <u>\$ 7,598,935</u> |

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

| <u>Total Enterprise</u> | <u>Internal Service</u> |
|-----------------------------|-----------------------------|
| \$ 33,328,561 | \$ - |
| 6,133,617 | - |
| 1,810,305 | - |
| - | 8,255,549 |
| 11,205 | - |
| <u>41,283,688</u> | <u>8,255,549</u> |
| 367,056 | - |
| <u>695,760</u> | <u>67,880</u> |
| <u>1,062,816</u> | <u>67,880</u> |
| <u>42,346,504</u> | <u>8,323,429</u> |
| 3,284,119 | 4,216,828 |
| 12,650,328 | - |
| 4,290,946 | - |
| 4,593,516 | - |
| 641,481 | - |
| - | 132,671 |
| <u>4,438,127</u> | <u>1,770,194</u> |
| <u>29,898,517</u> | <u>6,119,693</u> |
| <u>12,447,987</u> | <u>2,203,736</u> |
| - | 345,054 |
| 2,256,637 | 570,460 |
| <u>(2,345,143)</u> | <u>-</u> |
| <u>(88,506)</u> | <u>915,514</u> |
| 12,359,481 | 3,119,250 |
| 1,297,877 | - |
| 56,256 | - |
| <u>(8,919,147)</u> | <u>-</u> |
| 4,794,467 | 3,119,250 |
| <u>157,251,128</u> | <u>16,104,292</u> |
| <u>\$ 162,045,595</u> | <u>\$ 19,223,542</u> |

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

| | Enterprise Funds | |
|---|------------------|--------------|
| | Utility | Solid Waste |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | \$ 33,553,004 | \$ 8,044,514 |
| Interfund services provided | - | - |
| Cash payments to employees for services | (2,420,415) | (994,067) |
| Cash payments to suppliers for goods and services | (18,436,414) | (4,706,674) |
| Net cash provided by operating activities | 12,696,175 | 2,343,773 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfers from other funds | 56,256 | - |
| Transfers to other funds | (7,684,351) | (1,234,796) |
| Net cash used by noncapital financing activities | (7,628,095) | (1,234,796) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Cash received for capital grants | 1,297,877 | - |
| Principal repayment on long-term debt | (1,720,000) | (130,000) |
| Interest and fiscal charges on debt | (2,389,750) | (77,075) |
| Proceeds from sale of capital assets | - | - |
| Acquisition or construction of capital assets | (16,144,696) | (11,758) |
| Net cash used by capital and related financing activities | (18,956,569) | (218,833) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Sale of securities | 1,946,408 | 744,396 |
| Interest and dividends on investments | 2,534,122 | 348,853 |
| Net cash provided by investing activities | 4,480,530 | 1,093,249 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (9,407,959) | 1,983,393 |
| CASH AND CASH EQUIVALENTS, BEGINNING | 45,986,379 | 5,387,024 |
| CASH AND CASH EQUIVALENTS, ENDING | \$ 36,578,420 | \$ 7,370,417 |

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

| Total Enterprise | Internal Service |
|----------------------|----------------------|
| \$ 41,597,518 | \$ - |
| - | 8,291,799 |
| (3,414,482) | (39,002) |
| <u>(23,143,088)</u> | <u>(3,885,305)</u> |
| <u>15,039,948</u> | <u>4,367,492</u> |
| 56,256 | - |
| <u>(8,919,147)</u> | <u>-</u> |
| <u>(8,862,891)</u> | <u>-</u> |
| 1,297,877 | - |
| (1,850,000) | - |
| (2,466,825) | - |
| - | 345,054 |
| <u>(16,156,454)</u> | <u>(3,382,864)</u> |
| <u>(19,175,402)</u> | <u>(3,037,810)</u> |
| 2,690,804 | 1,175,151 |
| <u>2,882,975</u> | <u>570,460</u> |
| <u>5,573,779</u> | <u>1,745,611</u> |
| (7,424,566) | 3,075,293 |
| <u>51,373,403</u> | <u>10,297,233</u> |
| \$ <u>43,948,837</u> | \$ <u>13,372,526</u> |

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

| | Enterprise Funds | |
|---|----------------------|---------------------|
| | Utility | Solid Waste |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| Operating income (loss) | \$ 10,174,881 | \$ 2,273,106 |
| Adjustments to reconcile operating income to net cash used by operating activities: | | |
| Depreciation | 4,166,851 | 271,276 |
| Change in assets and liabilities: | | |
| Decrease (increase) in prepaid expenses | (30,812) | - |
| Decrease (increase) in receivables | (698,086) | (54,202) |
| Decrease (increase) in inventories | (71,219) | - |
| Decrease (increase) in interfund receivables | - | 3,302 |
| Decrease (increase) in deferred loss related to bond refunding | - | - |
| Decrease (increase) in deferred outflows related to pensions | 570,404 | 228,745 |
| Decrease (increase) in deferred outflows related to retiree health OPEB | (32,139) | (9,293) |
| Decrease (increase) in deferred outflows related to SDBF OPEB | 9,996 | 4,063 |
| Increase (decrease) in accounts payable | (563,244) | (7,766) |
| Increase (decrease) in accrued liabilities | 10,968 | 7,190 |
| Increase (decrease) in customer deposits | (14,282) | 24,123 |
| Increase (decrease) in compensated absences | 10,822 | 7,808 |
| Increase (decrease) in interfund payables | (10,107) | - |
| Increase (decrease) in net pension liability | (762,647) | (357,403) |
| Increase (decrease) in net retiree health OPEB liability | (304,820) | (120,228) |
| Increase (decrease) in net SDBF OPEB liability | 12,811 | 652 |
| Increase (decrease) in deferred inflows related to retiree health OPEB | 158,340 | 50,978 |
| Increase (decrease) in deferred inflows related to SDBF OPEB | (20,439) | (8,573) |
| Increase (decrease) in deferred inflows related to pensions | 88,897 | 29,995 |
| Total adjustments | <u>2,521,294</u> | <u>70,667</u> |
| Net cash provided by operating activities | <u>\$ 12,696,175</u> | <u>\$ 2,343,773</u> |
| NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES | | |
| Intangible assets recognized with contractual liability | <u>\$ 3,939,000</u> | <u>\$ -</u> |

| <u>Total Enterprise</u> | <u>Internal Service</u> |
|-----------------------------|-----------------------------|
| \$ 12,447,987 | \$ 2,203,736 |
| 4,438,127 | 1,770,194 |
| (30,812) | (31,630) |
| (752,288) | - |
| (71,219) | - |
| 3,302 | - |
| - | - |
| 799,149 | - |
| (41,432) | - |
| 14,059 | - |
| (571,010) | 425,192 |
| 18,158 | - |
| 9,841 | - |
| 18,630 | - |
| (10,107) | - |
| (1,120,050) | - |
| (425,048) | - |
| 13,463 | - |
| 209,318 | - |
| (29,012) | - |
| <u>118,892</u> | <u>-</u> |
| <u>2,591,961</u> | <u>2,163,756</u> |
| \$ <u>15,039,948</u> | \$ <u>4,367,492</u> |
| | |
| \$ <u>3,939,000</u> | \$ <u>-</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, 2024

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 2024 and those considered "available" at year-end are recognized as revenues in 2024. 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 | \$ 279,087 | \$ 103,376 | \$ 382,463 |
| Court fines and fees receivable | <u>119,224</u> | <u>-</u> | <u>119,224</u> |
| Total | <u>\$ 398,311</u> | <u>\$ 103,376</u> | <u>\$ 501,687</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 \$34,729, and the Retiree Health Insurance plan had an OPEB expense of \$650,126. Aggregate OPEB expense for the two plans was \$684,855.

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 | \$ 3,773,946 | N/A | - |
| TexPool Prime | 29,468,939 | N/A | 38 |
| TexPool | 9,939 | N/A | 31 |
| Texas CLASS | <u>61,596,343</u> | N/A | 83 |
| Total portfolio | <u>\$ 94,849,167</u> | | |

TexPool Prime, TexPool, and Texas Class 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, 2024, 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 | \$ 660,756 | \$ - | \$ 223,352 | \$ 884,108 |
| Taxes | 3,075,152 | 127,108 | 76,361 | 3,278,621 |
| Intergovernmental | 36,890 | - | 86,614 | 123,504 |
| Interest | 5,934 | - | - | 5,934 |
| Travel advances | 1,029 | - | - | 1,029 |
| Gross Receivables | <u>3,779,761</u> | <u>127,108</u> | <u>386,327</u> | <u>4,293,196</u> |
| Less: Allowance for uncollectibles | <u>(636,612)</u> | <u>(23,732)</u> | <u>-</u> | <u>(660,344)</u> |
| Net receivables | <u>\$ 3,143,149</u> | <u>\$ 103,376</u> | <u>\$ 386,327</u> | <u>\$ 3,632,852</u> |

Proprietary Funds

| | Utility | Solid Waste | Internal Service | Total |
|---------------------------------------|----------------------|-------------------|---------------------|----------------------|
| Customer accounts | \$ 4,263,701 | \$ 718,246 | \$ - | \$ 4,981,947 |
| Unbilled customer accounts | 370,015 | 63,635 | - | 433,650 |
| Intergovernmental | 7,310,840 | - | - | 7,310,840 |
| Interest | 1,034 | 400 | 2,650 | 4,084 |
| Gross Receivables | <u>11,945,590</u> | <u>782,281</u> | <u>2,650</u> | <u>12,730,521</u> |
| Less: Allowance for uncollectibles | <u>(54,162)</u> | <u>(27,285)</u> | <u>-</u> | <u>(81,447)</u> |
| Net receivables | <u>\$ 11,891,428</u> | <u>\$ 754,996</u> | <u>\$ 2,650</u> | <u>\$ 12,649,074</u> |

Interfund Balances and Transfers to and From Other Funds

Interfund balances at September 30, 2024, were for the purpose of covering short-term cash needs, and they consisted of the following:

| Receivable Fund | Payable Fund | Amount |
|-----------------|-----------------------|-----------|
| General | Nonmajor governmental | \$ 42,020 |

Transfers to and from other funds at September 30, 2024, consisted of the following:

| | Transfers out | | | | | Total |
|-----------------------|---------------------|---------------------|---------------------|-----------------------|----------------------|----------------------|
| | General | Utility | Solid Waste | Nonmajor Governmental | General Improvements | |
| Transfers in: | | | | | | |
| General | \$ - | \$ 7,093,988 | \$ 1,234,796 | \$ 239,926 | \$ 64,799 | \$ 8,633,509 |
| General Improvements | 434,000 | - | - | 177,277 | - | 611,277 |
| Debt service | - | 590,363 | - | - | - | 590,363 |
| Nonmajor governmental | 1,688,536 | - | - | - | - | 1,688,536 |
| Utility | - | - | - | 56,256 | - | 56,256 |
| Total | <u>\$ 2,122,536</u> | <u>\$ 7,684,351</u> | <u>\$ 1,234,796</u> | <u>\$ 473,459</u> | <u>\$ 64,799</u> | <u>\$ 11,579,941</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 – \$152,662
 - Arts Center operating costs – \$89,704
 - Airport capital project – \$685,000
 - Capital Projects / Street Materials CIP – \$761,170
 - Capital Projects / General Improvements Fund - \$284,000
- 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, 2024, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|----------------------|----------------------|----------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,872,245 | \$ 684,334 | \$ - | \$ 2,556,579 |
| Construction in progress | <u>18,448,128</u> | <u>13,904,047</u> | <u>15,196,203</u> | <u>17,155,972</u> |
| Total capital assets not being depreciated | <u>20,320,373</u> | <u>14,588,381</u> | <u>15,196,203</u> | <u>19,712,551</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 40,538,939 | 15,196,203 | - | 55,735,142 |
| Machinery, furniture, and equipment | 29,650,616 | 4,150,066 | 1,616,479 | 32,184,203 |
| 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>124,425,377</u> | <u>19,346,269</u> | <u>1,616,479</u> | <u>142,155,167</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 10,149,853 | 1,140,543 | 71,136 | 11,219,260 |
| Machinery, furniture, and equipment | 23,217,758 | 2,141,563 | 1,545,343 | 23,813,978 |
| Improvements other than buildings | 7,808,027 | 368,178 | - | 8,176,205 |
| Infrastructure | <u>34,867,301</u> | <u>226,570</u> | <u>-</u> | <u>35,093,871</u> |
| Total accumulated depreciation | <u>76,042,939</u> | <u>3,876,854</u> | <u>1,616,479</u> | <u>78,303,314</u> |
| Total capital assets being depreciated, net | <u>48,382,438</u> | <u>15,469,415</u> | <u>-</u> | <u>63,851,853</u> |
| Governmental activities capital assets, net | <u>\$ 68,702,811</u> | <u>\$ 30,057,796</u> | <u>\$ 15,196,203</u> | <u>\$ 83,564,404</u> |

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|-----------------------|----------------------|---------------------|-----------------------|
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 782,325 | \$ - | \$ - | \$ 782,325 |
| Construction in progress | <u>17,787,265</u> | <u>15,693,798</u> | <u>3,559,832</u> | <u>29,921,231</u> |
| Total capital assets not being depreciated | <u>18,569,590</u> | <u>15,693,798</u> | <u>3,559,832</u> | <u>30,703,556</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 6,884,153 | - | - | 6,884,153 |
| Machinery, furniture, and equipment | 3,234,210 | 147,799 | 10,406 | 3,371,603 |
| Improvements other than buildings | 1,900,168 | - | - | 1,900,168 |
| Water rights | 51,336,066 | 3,939,000 | - | 55,275,066 |
| Infrastructure | <u>177,247,134</u> | <u>4,042,577</u> | <u>-</u> | <u>181,289,711</u> |
| Total capital assets being depreciated | <u>240,601,731</u> | <u>8,129,376</u> | <u>10,406</u> | <u>248,720,701</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 2,927,863 | 274,137 | - | 3,202,000 |
| Machinery, furniture, and equipment | 3,149,098 | 59,673 | 10,406 | 3,198,365 |
| Improvements other than buildings | 1,012,867 | 144,047 | - | 1,156,914 |
| Water rights | 26,551,451 | 991,385 | - | 27,542,836 |
| Infrastructure | <u>62,877,436</u> | <u>2,968,885</u> | <u>-</u> | <u>65,846,321</u> |
| Total accumulated depreciation | <u>96,518,715</u> | <u>4,438,127</u> | <u>10,406</u> | <u>100,946,436</u> |
| Total capital assets being depreciated, net | <u>144,083,016</u> | <u>3,691,249</u> | <u>-</u> | <u>147,774,265</u> |
| Business-type activities capital assets, net | <u>\$ 162,652,606</u> | <u>\$ 19,385,047</u> | <u>\$ 3,559,832</u> | <u>\$ 178,477,821</u> |

Depreciation was charged to functions as follows:

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 1,140,543 |
| Public works | 2,141,563 |
| Community services | 368,178 |
| Public safety | <u>226,570</u> |
| Total governmental activities depreciation | <u>\$ 3,876,854</u> |
| Business-type activities: | |
| Water production and distribution | \$ 4,166,851 |
| Solid waste disposal and collection | <u>271,276</u> |
| Total business-type activities depreciation | <u>\$ 4,438,127</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 recognized a contractual obligation for future debt service on the Trinity River Authority's Contract Revenue Bonds, Series 2024, in the amount of \$4,095,000. The net proceeds of \$3,939,000 (including an issuance premium and of costs of issuance) were recognized as water rights that will be amortized over the life of the bonds. The City 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. The City will make annual payments through 2033; interest rates range from 4.0-5.0%.

Changes in long-term debt for the year ended September 30, 2024, are as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|----------------------------------|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 40,255,000 | \$ - | \$ (1,240,000) | \$ 39,015,000 | \$ 1,365,000 |
| Certificates of obligation | 2,980,000 | - | (100,000) | 2,880,000 | 100,000 |
| Premium on bond issuance | 2,204,975 | - | (88,500) | 2,116,475 | - |
| Compensated absences | 1,531,899 | 291,224 | (59,237) | 1,763,886 | 440,972 |
| Total governmental activities | <u>\$ 46,971,874</u> | <u>\$ 291,224</u> | <u>\$ (1,487,737)</u> | <u>\$ 45,775,361</u> | <u>\$ 1,905,972</u> |
| Business-type activities: | | | | | |
| Revenue bonds | \$ 58,590,000 | \$ - | \$ (1,720,000) | \$ 56,870,000 | \$ 1,805,000 |
| Contractual obligations | - | 4,095,000 | - | 4,095,000 | 170,000 |
| Certificates of obligation | 1,960,000 | - | (130,000) | 1,830,000 | 135,000 |
| Premium on bond issuance | 2,402,983 | 11,890 | (110,857) | 2,304,016 | - |
| Compensated absences | 317,987 | 37,874 | (19,246) | 336,615 | 84,154 |
| Total business-type activities | <u>\$ 63,270,970</u> | <u>\$ 4,144,764</u> | <u>\$ (1,980,103)</u> | <u>\$ 65,435,631</u> | <u>\$ 2,194,154</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, 2024, liabilities for arbitrage rebate were reported for \$606,474 and \$958,011 in the governmental activities and business-type activities, respectively.

Debt Service Requirements

| Year Ending September 30, | Governmental Activities | | |
|------------------------------|-------------------------|----------------------|----------------------|
| | Principal | Interest | Total |
| 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 | 1,350,000 | 1,014,382 | 2,364,382 |
| 2030-2034 | 7,455,000 | 4,357,160 | 11,812,160 |
| 2035-2039 | 8,605,000 | 3,204,560 | 11,809,560 |
| 2040-2044 | 9,530,000 | 1,979,560 | 11,509,560 |
| 2045-2049 | 8,860,000 | 781,558 | 9,641,558 |
| 2050 | 860,000 | 18,275 | 878,275 |
| Total | <u>\$ 41,895,000</u> | <u>\$ 15,878,744</u> | <u>\$ 57,773,744</u> |

| Year Ending September 30, | Business-type Activities | | |
|------------------------------|--------------------------|----------------------|----------------------|
| | Principal | Interest | Total |
| 2025 | \$ 2,110,000 | \$ 2,323,438 | \$ 4,433,438 |
| 2026 | 2,620,000 | 2,224,113 | 4,844,113 |
| 2027 | 2,740,000 | 2,098,813 | 4,838,813 |
| 2028 | 2,880,000 | 1,967,713 | 4,847,713 |
| 2029 | 3,010,000 | 1,829,913 | 4,839,913 |
| 2030-2034 | 13,410,000 | 7,594,614 | 21,004,614 |
| 2035-2039 | 15,040,000 | 5,120,775 | 20,160,775 |
| 2040-2044 | 14,770,000 | 2,329,501 | 17,099,501 |
| 2045-2049 | 4,305,000 | 681,750 | 4,986,750 |
| 2050-2051 | <u>1,910,000</u> | <u>86,400</u> | <u>1,996,400</u> |
| Total | <u>\$ 62,795,000</u> | <u>\$ 26,257,030</u> | <u>\$ 89,052,030</u> |

At September 30, 2024, 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, 2024, follows:

Revenue Bonds:

\$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%. \$ 38,775,000

\$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%. 18,095,000

Contractual Obligations:

\$4,095,000 2024 Trinity River Authority Contract Revenue Bonds due in installments of \$53,900 to \$779,000 through 2044, interest rates from 4.00% - 5.00%. 4,095,000

Total outstanding revenue debt as of September 30, 2024 \$ 60,965,000

The contractual obligation relates to bonds issued by the Trinity River Authority (TRA), the City's primary water supplier. The bonds were issued to construct infrastructure to expand the capacity of water that can be provided to the City. The City 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. TRA owns and operates all related assets. As such, the bonds do not qualify as conduit debt; however, the City has recognized a contractual obligation for the amount of the bond principal the City will be obligated to pay in the future. The City recognized an asset for water rights that has been reported with capital assets.

Tax Supported Debt

A summary of tax-supported debt outstanding at September 30, 2024, 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%. | \$ 295,000 |
| \$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%. | 1,830,000 |
| \$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%. | 17,645,000 |
| \$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%. | 17,340,000 |
| \$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%. | 2,880,000 |
| \$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%. | <u>3,735,000</u> |
| Total outstanding tax supported debt as of September 30, 2024 | <u>\$ 43,725,000</u> |

Joint Venture

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, 2024, the City paid \$784,806 for its share of WCPSCC's operating costs. These costs are recorded as public safety expenditures in the general fund; as such, the investment in joint venture is recorded in the governmental activities on the government-wide financial statements.

Raw Water Supply Contract

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

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

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

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

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

Defined Benefit Pension Policies

Plan Descriptions. The City participates as one of 934 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmr.com.

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

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

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

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

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

Employees covered by benefit terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 245 |
| Inactive employees entitled to but not yet receiving benefits | 257 |
| Active employees | <u>283</u> |
| | <u>785</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 19.37% and 19.91% in calendar years 2023 and 2024, respectively. The City’s contributions to TMRS for the year ended September 30, 2024, were \$3,680,200, and were equal to the required contributions.

Net Pension Liability. The City’s Net Pension Liability (NPL) was measured as of December 31, 2023, 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, 2023, actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|-------------------------------------|
| Inflation | 2.5% per year |
| Overall payroll growth | 3.60% to 11.85% 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 110% the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 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 a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in December 31, 2023, 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 by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

The target allocation and best estimates of the expected return for each major asset class in fiscal year 2024 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|-----------------------|-------------------|---|
| International Equity | 35.0% | 6.70% |
| Core Fixed Income | 6.0% | 4.70% |
| Non-Core Fixed Income | 20.0% | 8.00% |
| Real Return | 12.0% | 8.00% |
| Real Estate | 12.0% | 7.60% |
| Absolute Return | 5.0% | 6.40% |
| Private Equity | 10.0% | 11.60% |
| 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 (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| | (a) | (b) | (a) - (b) |
| Balance at 12/31/2022 | \$ 112,716,885 | \$ 85,894,849 | \$ 26,822,036 |
| Changes for the year: | | | |
| Service cost | 2,694,033 | - | 2,694,033 |
| Interest | 7,515,670 | - | 7,515,670 |
| Change of benefit terms | - | - | - |
| Difference between expected and actual experience | 272,129 | - | 272,129 |
| Contributions - employer | - | 3,375,382 | (3,375,382) |
| Contributions - employee | - | 1,219,808 | (1,219,808) |
| Net investment income | - | 9,934,017 | (9,934,017) |
| Change in assumptions | (864,285) | - | (864,285) |
| Benefit payments, including refunds of employee contributions | (5,441,297) | (5,441,297) | - |
| Administrative expense | - | (63,245) | 63,245 |
| Other changes | - | (442) | 442 |
| Net changes | <u>4,176,250</u> | <u>9,024,223</u> | <u>(4,847,973)</u> |
| Balance at 12/31/2023 | <u>\$ 116,893,135</u> | <u>\$ 94,919,072</u> | <u>\$ 21,974,063</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 | | 1% Increase in | |
|------------------------------|-----------------------|-----------------------|-----------------------|--|
| | Discount Rate (5.75%) | Discount Rate (6.75%) | Discount Rate (7.75%) | |
| City's net pension liability | \$ 36,912,928 | \$ 21,974,063 | \$ 9,588,004 | |

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2024, the city recognized pension expense of \$3,189,199.

At September 30, 2024, 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 | \$ 938,254 | \$ - |
| Changes in actuarial assumptions | - | 604,740 |
| Difference between projected and actual investment earnings | 2,349,893 | - |
| Contributions subsequent to the measurement date | 2,679,116 | - |
| Total | <u>\$ 5,967,263</u> | <u>\$ 604,740</u> |

\$2,679,116 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

| For the Year | |
|----------------------------|---------------------|
| <u>Ended September 30:</u> | |
| 2025 | \$ 1,040,073 |
| 2026 | 723,725 |
| 2027 | 1,746,834 |
| 2028 | <u>(827,225)</u> |
| Total | <u>\$ 2,683,407</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 | 196 |
| Inactive employees entitled to but not yet receiving benefits | 54 |
| Active employees | <u>283</u> |
| Total | <u>533</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 both 2024 and 2023, of which 0.17% 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, 2024 and 2023 were \$29,624 and \$28,262, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Total OPEB Liability. The City’s total OPEB liability of \$1,083,512 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The Total OPEB Liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions:

| | |
|-------------------------------------|--|
| Inflation | 2.50% |
| Salary Increases | 3.60% to 11.85% Including Inflation |
| Discount Rate | 3.77% (Based on Fidelity Index's 20-Year Municipal GO AA Index as of December 31, 2023) |
| Administrative Expenses | All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68. |
| Mortality Rates - Service Retirees | 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). |
| Mortality Rates - Disabled Retirees | 2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis with Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor. |

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.

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 Discount Rate (2.77%) | Discount Rate (3.77%) | 1% Increase in Discount Rate (4.77%) |
|----------------------|---|-----------------------|---|
| Total OPEB Liability | \$ 1,288,239 | \$ 1,083,512 | \$ 922,265 |

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEB. At September 30, 2024, the City reported a liability of \$1,083,512 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2023. For the year ended September 30, 2024, the City recognized OPEB expense of \$34,729. 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 12/31/2022 | \$ 983,884 |
| Changes for the year: | |
| Service cost | 31,366 |
| Interest | 39,883 |
| Difference between expected and actual experience | 3,914 |
| Changes of assumptions | 54,089 |
| Benefit payments | <u>(29,624)</u> |
| Net changes | <u>99,628</u> |
| Balance at 12/31/2023 | <u>\$ 1,083,512</u> |

At September 30, 2024, the City reported deferred outflows of resources related to other post-employment benefits from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual economic experience | \$ 3,090 | \$ 39,439 |
| Changes in actuarial assumptions | 93,057 | 276,332 |
| Contributions subsequent to the measurement date | <u>23,344</u> | <u>-</u> |
| Totals | <u>\$ 119,491</u> | <u>\$ 315,771</u> |

\$23,344 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, 2025. Other amounts reported as deferred outflows related to OPEB will be recognized in OPEB expense as follows:

| <u>For the Year Ended September 30,</u> | |
|---|---------------------|
| 2025 | \$ (71,375) |
| 2026 | (103,064) |
| 2027 | (54,344) |
| 2028 | <u>9,159</u> |
| Total | <u>\$ (219,624)</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 | 88 |
| Active members | <u>273</u> |
| Total | <u><u>361</u></u> |

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

| | |
|------------------------------|---|
| Actuarial Valuation Date | September 30, 2024 |
| 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 7.00%. 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 9/30/2023 | \$ 9,702,854 | \$ 5,045,559 | \$ 4,657,295 |
| Changes for the year: | | | |
| Service cost | 27,634 | - | 27,634 |
| Interest | 662,028 | - | 662,028 |
| Difference between expected and actual experience | (314,654) | - | (314,654) |
| Changes in assumptions and other inputs | (538,825) | - | (538,825) |
| Contributions for benefits due | - | 545,900 | (545,900) |
| Net investment income | - | 1,347,872 | (1,347,872) |
| Benefit payments | (545,900) | (588,937) | 43,037 |
| Net changes | (709,717) | 1,304,835 | (2,014,552) |
| Balance at 9/30/2024 | <u>\$ 8,993,137</u> | <u>\$ 6,350,394</u> | <u>\$ 2,642,743</u> |

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 6.00% | Discount Rate 7.00% | 1% Increase 8.00% |
|---------------------------|----------------------|------------------------|----------------------|
| City's net OPEB liability | \$ 3,483,297 | \$ 2,642,743 | \$ 1,919,423 |

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 | \$ 1,949,266 | \$ 2,642,743 | \$ 3,441,002 |

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2024, the City reported a liability of \$2,642,743 for its net OPEB Liability. The net OPEB Liability was determined by an actuarial valuation as of September 30, 2024. For the year ended September 30, 2024, the City recognized OPEB expense of \$650,126. There were no changes of benefit terms that affected measurement of the net OPEB liability during the measurement period.

At September 30, 2024, 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 | \$ - | \$ 209,769 |
| Changes in actuarial assumptions | - | 359,217 |
| Difference between projected and actual investment earnings | <u>639,719</u> | <u>1,172,845</u> |
| Total | <u>\$ 639,719</u> | <u>\$ 1,741,831</u> |

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

| | <u>For the Year Ended September 30,</u> | |
|-------|---|---------------------------|
| 2025 | \$ | (387,224) |
| 2026 | | (238,231) |
| 2027 | | (273,597) |
| 2028 | | <u>(203,060)</u> |
| Total | \$ | <u><u>(1,102,112)</u></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 four fiscal years.

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

| | <u>2024</u> | <u>2023</u> |
|------------------------------------|--------------------|--------------------|
| Aggregate liabilities October 1 | \$ 88,631 | \$ 363,487 |
| Incurred liabilities | 2,989,461 | 1,889,923 |
| Paid liabilities | <u>(2,585,626)</u> | <u>(2,164,779)</u> |
| Aggregate liabilities September 30 | <u>\$ 492,466</u> | <u>\$ 88,631</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, 2024. The City's remaining commitment to contractors for all projects is at \$22,528,953 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 2024, the City rebated property taxes of \$14,642.

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, 2024.

New Accounting Guidance

Significant new accounting guidance issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the City include the following:

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.

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. This Statement will become effective for reporting periods after June 15, 2024, and the impact has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential to their analyses for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, 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, 2024

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|--------------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 6,930,921 | \$ 6,930,921 | \$ 6,877,788 | \$ (53,133) |
| Sales tax | 12,200,000 | 12,200,000 | 12,543,849 | 343,849 |
| Franchise taxes | 2,110,000 | 2,110,000 | 2,063,173 | (46,827) |
| Other taxes | 120,000 | 120,000 | 148,282 | 28,282 |
| Licenses and permits | 1,015,800 | 1,015,800 | 1,074,091 | 58,291 |
| Charges for sales and services | 351,792 | 351,792 | 447,835 | 96,043 |
| Fines, fees, and forfeitures | 1,295,300 | 1,295,300 | 1,127,429 | (167,871) |
| Donations, contributions, and grants | 127,546 | 127,546 | 92,459 | (35,087) |
| Investment income | 400,000 | 400,000 | 826,119 | 426,119 |
| Miscellaneous | 53,900 | 69,050 | 66,665 | (2,385) |
| Total revenue | <u>24,605,259</u> | <u>24,620,409</u> | <u>25,267,690</u> | <u>647,281</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | | | | |
| Charter offices | | | | |
| City Council | 163,765 | 163,765 | 136,402 | 27,363 |
| City Manager | 675,058 | 700,900 | 684,298 | 16,602 |
| City Secretary | 329,344 | 343,267 | 309,768 | 33,499 |
| City Attorney | 300,000 | 300,000 | 238,772 | 61,228 |
| City Judge | 72,309 | 76,640 | 75,745 | 895 |
| Finance | | | | |
| Finance and accounting | 1,098,022 | 1,131,303 | 1,082,570 | 48,733 |
| Office services | 98,700 | 98,700 | 86,287 | 12,413 |
| Municipal court | 385,427 | 398,619 | 388,269 | 10,350 |
| Purchasing | 102,161 | 107,725 | 106,548 | 1,177 |
| Warehouse | 67,398 | 72,829 | 72,249 | 580 |
| Human resources | 687,307 | 766,077 | 747,715 | 18,362 |
| Information technology | 1,744,369 | 1,783,051 | 1,629,080 | 153,971 |
| Community development | 390,005 | 435,241 | 393,667 | 41,574 |
| Non-departmental | 3,248,524 | 2,841,316 | 2,575,141 | 266,175 |
| Public safety | | | | |
| Public safety administration | 1,356,814 | 1,408,894 | 1,389,664 | 19,230 |
| Police | 7,221,841 | 7,169,884 | 7,068,091 | 101,793 |
| Fire | 4,385,328 | 5,174,686 | 4,004,975 | 1,169,711 |
| Victim's services | 109,547 | 112,477 | 101,276 | 11,201 |
| Public works | | | | |
| Public utilities administration | 448,953 | 468,252 | 462,156 | 6,096 |
| Streets | 3,868,536 | 3,952,797 | 3,619,148 | 333,649 |
| GIS | 280,795 | 294,081 | 281,920 | 12,161 |
| Customer service center | 200,500 | 208,239 | 182,989 | 25,250 |
| Planning | 263,710 | 281,632 | 277,301 | 4,331 |
| Engineering | 1,277,634 | 1,291,793 | 1,191,460 | 100,333 |
| Surveying | 292,282 | 307,112 | 291,857 | 15,255 |
| Central inspection | 895,069 | 932,631 | 918,826 | 13,805 |
| Health | 148,137 | 156,219 | 149,068 | 7,151 |

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, 2024

| EXPENDITURES (cont'd) | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With Final Budget - Positive (Negative)</u> |
|--|-------------------------|----------------------|----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Community services | | | | |
| Community services administration | \$ 274,679 | \$ 289,370 | \$ 285,761 | \$ 3,609 |
| Recreation | 76,897 | 83,397 | 78,871 | 4,526 |
| Parks maintenance | 1,128,767 | 1,172,930 | 1,075,355 | 97,575 |
| Aquatic center | 281,895 | 374,304 | 316,119 | 58,185 |
| Building services | 863,868 | 934,846 | 877,434 | 57,412 |
| Cemetery | 130,251 | 136,939 | 124,227 | 12,712 |
| Library services | 711,838 | 712,450 | 661,319 | 51,131 |
| Community service assist | 27,200 | 27,200 | 19,262 | 7,938 |
| Garage | 621,975 | 810,249 | 585,172 | 225,077 |
| Tourism and cultural services | | | | |
| Main street | 175,475 | 180,314 | 152,538 | 27,776 |
| Gift shop | - | - | 543 | (543) |
| Total expenditures | <u>34,404,380</u> | <u>35,700,129</u> | <u>32,641,843</u> | <u>3,058,286</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(9,799,121)</u> | <u>(11,079,720)</u> | <u>(7,374,153)</u> | <u>3,705,567</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 8,369,027 | 8,538,965 | 8,633,509 | 94,544 |
| Transfers out | (602,366) | (1,972,536) | (2,122,536) | (150,000) |
| Sale of capital assets | - | - | 80,599 | 80,599 |
| Total other financing sources (uses) | <u>7,766,661</u> | <u>6,566,429</u> | <u>6,591,572</u> | <u>25,143</u> |
| NET CHANGE IN FUND BALANCE | <u>(2,032,460)</u> | <u>(4,513,291)</u> | <u>(782,581)</u> | <u>3,730,710</u> |
| FUND BALANCE, BEGINNING | <u>15,114,181</u> | <u>15,114,181</u> | <u>15,114,181</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 13,081,721</u> | <u>\$ 10,600,890</u> | <u>\$ 14,331,600</u> | <u>\$ 3,730,710</u> |

CITY OF HUNTSVILLE, TEXAS

**SCHEDULE OF CHANGES IN TMRS NET PENSION LIABILITY
AND RELATED RATIOS**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

| Measurement Date December 31, | 2014 | 2015 | 2016 | 2017 |
|--|----------------------|----------------------|----------------------|----------------------|
| A. Total pension liability | | | | |
| Service Cost | \$ 1,618,547 | \$ 1,748,260 | \$ 1,967,624 | \$ 2,005,970 |
| Interest (on the Total Pension Liability) | 5,052,504 | 5,264,932 | 5,411,590 | 5,674,192 |
| Difference between expected and actual experience | (379,732) | (99,924) | 207,820 | - |
| Changes of assumptions | - | 1,388,066 | - | (635,663) |
| Benefit payments, including refunds of employee contributions | <u>(3,168,397)</u> | <u>(3,474,572)</u> | <u>(3,430,679)</u> | <u>(4,000,952)</u> |
| Net change in total pension liability | 3,122,922 | 4,826,762 | 4,156,355 | 3,043,547 |
| Total pension liability - beginning | <u>72,953,549</u> | <u>76,076,471</u> | <u>80,903,233</u> | <u>85,059,588</u> |
| Total pension liability - ending (a) | <u>\$ 76,076,471</u> | <u>\$ 80,903,233</u> | <u>\$ 85,059,588</u> | <u>\$ 88,103,135</u> |
| B. Plan fiduciary net position | | | | |
| Contributions - Employer | \$ 2,053,801 | \$ 2,126,131 | \$ 2,233,194 | \$ 2,481,100 |
| Contributions - Employee | 846,679 | 862,278 | 915,782 | 935,151 |
| Net Investment Income | 3,289,610 | 89,250 | 4,055,924 | 8,834,783 |
| Benefit payments, including refunds of employee contributions | (3,168,397) | (3,474,572) | (3,430,679) | (4,000,952) |
| Administrative Expenses | (34,349) | (54,371) | (45,826) | (45,802) |
| Other | <u>(2,824)</u> | <u>(2,686)</u> | <u>(2,469)</u> | <u>(2,321)</u> |
| Net change in plan fiduciary net position | 2,984,520 | (453,970) | 3,725,926 | 8,201,959 |
| Plan fiduciary net position - beginning | <u>57,510,341</u> | <u>60,494,861</u> | <u>60,040,891</u> | <u>63,766,817</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 60,494,861</u> | <u>\$ 60,040,891</u> | <u>\$ 63,766,817</u> | <u>\$ 71,968,776</u> |
| C. Net pension liability - ending (a) - (b) | <u>\$ 15,581,610</u> | <u>\$ 20,862,342</u> | <u>\$ 21,292,771</u> | <u>\$ 16,134,359</u> |
| D. Plan fiduciary net position as a percentage of total pension liability | 79.52% | 74.21% | 74.97% | 81.69% |
| E. Covered payroll | \$ 12,095,412 | \$ 12,303,029 | \$ 13,082,605 | \$ 13,346,443 |
| F. Net pension liability as a percentage of covered payroll | 128.82% | 169.57% | 162.76% | 120.89% |

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| \$ 2,059,799 | \$ 2,161,908 | \$ 2,280,952 | \$ 2,422,915 | \$ 2,560,813 | \$ 2,694,033 |
| 5,873,938 | 6,107,614 | 6,366,474 | 6,790,485 | 7,115,860 | 7,515,670 |
| (137,630) | (30,803) | 49,717 | 720,367 | 1,598,981 | 272,129 |
| - | 177,814 | - | 2,364,914 | - | (864,285) |
| <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> | <u>(5,441,297)</u> |
| 3,572,645 | 3,869,416 | 3,962,059 | 7,330,994 | 5,878,636 | 4,176,250 |
| <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> |
| <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> | <u>\$ 116,893,135</u> |
| \$ 2,530,335 | \$ 2,619,671 | \$ 2,863,520 | \$ 2,867,944 | \$ 3,241,257 | \$ 3,375,382 |
| 949,216 | 998,243 | 1,078,829 | 1,094,926 | 1,162,496 | 1,219,808 |
| (2,155,263) | 10,667,844 | 5,972,362 | 10,927,920 | (6,837,959) | 9,934,017 |
| (4,223,462) | (4,547,117) | (4,735,084) | (4,967,687) | (5,397,018) | (5,441,297) |
| (41,665) | (60,297) | (38,656) | (50,573) | (59,196) | (63,245) |
| <u>(2,176)</u> | <u>(1,811)</u> | <u>(1,506)</u> | <u>346</u> | <u>70,639</u> | <u>(442)</u> |
| (2,943,015) | 9,676,530 | 5,139,462 | 9,872,876 | (7,819,781) | 9,024,223 |
| <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>85,894,849</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>\$ 94,919,072</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> | <u>\$ 21,974,063</u> |
| 75.29% | 82.37% | 84.26% | 87.72% | 76.20% | 81.20% |
| \$ 13,560,229 | \$ 14,260,608 | \$ 15,411,836 | \$ 15,672,183 | \$ 16,605,142 | \$ 17,425,821 |
| 167.03% | 118.11% | 101.65% | 83.74% | 161.53% | 126.10% |

CITY OF HUNTSVILLE, TEXAS

SCHEDULE OF PENSION CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

| Fiscal Year Ended September 30, | 2015 | 2016 | 2017 | 2018 |
|--|--------------------|--------------------|--------------------|--------------------|
| Actuarial determined contribution | \$ 2,082,681 | \$ 2,290,870 | \$ 2,440,874 | \$ 2,503,097 |
| Contributions in relation to the actuarially determined contribution | <u>(2,082,681)</u> | <u>(2,290,870)</u> | <u>(2,440,874)</u> | <u>(2,503,097)</u> |
| Contribution deficiency (excess) | - | - | - | - |
| Covered payroll | 12,095,412 | 13,889,084 | 13,390,464 | 13,425,685 |
| Contributions as a percentage of covered payroll | 17.22% | 16.49% | 18.23% | 18.64% |

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 | 22 years |
| Asset Valuation Method | 10 Year smoothed fair value; 12% soft corridor |
| Inflation | 2.50% |
| Salary Increases | 3.60% to 11.85% 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 2023 valuation pursuant to an experience study of the period ending 2022. |

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information There were no benefit changes during the year.

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ 2,597,663 | \$ 2,724,340 | \$ 2,837,362 | \$ 3,129,920 | \$ 3,338,181 | \$ 3,680,200 |
| <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> | <u>(3,680,200)</u> |
| - | - | - | - | - | - |
| 14,090,493 | 14,706,798 | 15,448,799 | 16,261,498 | 17,169,256 | 18,616,662 |
| 18.44% | 18.52% | 18.37% | 19.25% | 19.44% | 19.77% |

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, 2024

| Measurement Date December 31, | 2017 | 2018 | 2019 | 2020 |
|--|----------------------|----------------------|----------------------|----------------------|
| A. Total OPEB liability | | | | |
| 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. Covered-employee payroll | <u>\$ 13,346,443</u> | <u>\$ 13,560,229</u> | <u>\$ 14,260,608</u> | <u>\$ 15,411,836</u> |
| C. Total OPEB liability as a percentage of covered-employee payroll | 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.

| | 2021 | 2022 | 2023 |
|-----------|--------------------------|--------------------------|--------------------------|
| \$ | 54,747 | \$ 63,107 | \$ 31,366 |
| | 27,974 | 27,072 | 39,883 |
| | (36,579) | (42,237) | 3,914 |
| | 45,705 | (491,377) | 54,089 |
| | <u>(21,899)</u> | <u>(24,911)</u> | <u>(29,624)</u> |
| | 69,948 | (468,346) | 99,628 |
| | <u>1,382,282</u> | <u>1,452,230</u> | <u>983,884</u> |
| | <u>1,452,230</u> | <u>983,884</u> | <u>1,083,512</u> |
| \$ | <u>15,672,183</u> | <u>16,605,142</u> | <u>17,425,821</u> |
| | 9.27% | 5.93% | 6.22% |

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, 2024

| Measurement Date September 30, | 2018 | 2019 | 2020 | 2021 |
|---|---------------------|---------------------|---------------------|---------------------|
| A. Total OPEB liability | | | | |
| 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. Plan fiduciary net position | | | | |
| 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> |
| C. Net OPEB liability - ending (a) - (b) | <u>\$ 6,740,993</u> | <u>\$ 5,603,947</u> | <u>\$ 6,298,298</u> | <u>\$ 5,727,631</u> |
| D. Plan fiduciary net position as a percentage of total OPEB liability | 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> | <u>2024</u> |
|---------------------|---------------------|---------------------|
| \$ 77,850 | \$ 24,915 | \$ 27,634 |
| 775,402 | 647,451 | 662,028 |
| (398,683) | (14,680) | (314,654) |
| (1,548,386) | 176,057 | (538,825) |
| <u>(651,697)</u> | <u>(710,549)</u> | <u>(545,900)</u> |
| (1,745,514) | 123,194 | (709,717) |
| <u>11,325,174</u> | <u>9,579,660</u> | <u>9,702,854</u> |
| <u>9,579,660</u> | <u>9,702,854</u> | <u>8,993,137</u> |
| 752,609 | 710,549 | 545,900 |
| (1,230,278) | 638,456 | 1,347,872 |
| <u>(651,697)</u> | <u>(771,623)</u> | <u>(588,937)</u> |
| (1,129,366) | 577,382 | 1,304,835 |
| <u>5,597,543</u> | <u>4,468,177</u> | <u>5,045,559</u> |
| <u>\$ 4,468,177</u> | <u>\$ 5,045,559</u> | <u>\$ 6,350,394</u> |
| <u>\$ 5,111,483</u> | <u>\$ 4,657,295</u> | <u>\$ 2,642,743</u> |
| 46.64% | 52.00% | 70.61% |

CITY OF HUNTSVILLE, TEXAS

NOTES TO BUDGETARY SCHEDULES

SEPTEMBER 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets

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

Formal budgetary integration is employed as a management control device during the year for all governmental and proprietary fund types. All budgets are adopted on 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, and the 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**

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Court Security and Court Technology Special Revenue Funds - to account for the municipal court security and technology fees authorized by the Texas Code of Criminal Procedures. The code authorizes a municipality to require a defendant convicted of a misdemeanor offense in the municipal court, to pay a \$3.00 security fee and up to a \$4,00 technology fee as a cost of court. The revenue from these fees can only be used for purposes outlined in Articles 102.017 and 102.0172 of the Texas Code of Criminal Procedure.

Airport Fund - to account for the costs of airport maintenance and projects with grant funds and with revenue collected from the operator of the airport whose contract requires a fee to be paid based on total square feet at the airport. Any difference between budgeted expenditures and expected revenues is funded through a transfer from the General Fund.

Library Fund - to account for grants and donations received for library related purposes.

Police Forfeiture and Police Federal Equitable Sharing Fund - to account for retain funds received for police participation in drug arrests to be used for law enforcement purposes.

School Resource Officer Fund - to account for police security services provided by the Huntsville Police Department to Huntsville Independent School District (HISD) with revenues received through a contract with HISD.

Public Safety Grants Fund - to account for state and federal grants received for public safety related purposes usually for the purchase of equipment.

Arts Center Fund - to account for the operation and programs of the Visitors Center and Wynne Home Arts Center with revenue received from the arts portion (1/7th of the 7% tax rate) of the hotel/motel tax and transfers from General Fund.

H/M Tax Tourism & Visitors Center Fund - to account for the expenditures for tourism operations and operating the Visitors Center. Revenues are generated from the 7% hotel/motel occupancy tax; of which 3% is designated for tourism and 3% is designated for operations of a visitor center; these designations are per State statutes.

CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for the capital improvement projects are budgeted for the length of the project. All City revenue sources are funded at the time of budget passage. General capital projects include parks, general government facilities, fire stations, and the aquatic center. Street projects are accounted for as general capital projects

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PERMANENT FUNDS

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs, that is, for the benefit of the government or its citizenry.

Oakwood Cemetery Endowment Fund - to account for endowments received by the City. Money available for expenditures in these funds are the accumulated interest earnings.

Library Endowment Fund - to account for endowments received by the City. Money available for expenditures in these funds are the accumulated interest earnings.

CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

| | Special Revenue | Capital Projects | Permanent Funds | Total Nonmajor Governmental Funds |
|---|-------------------------|-------------------------|-----------------------|--|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,938,657 | \$ 1,371,885 | \$ 552,257 | \$ 4,862,799 |
| Accounts receivable (net of allowance for uncollectibles): | | | | |
| Accounts | 223,352 | - | - | 223,352 |
| Taxes | 76,361 | - | - | 76,361 |
| Intergovernmental | 86,613 | 1 | - | 86,614 |
| Inventory | 25,053 | - | - | 25,053 |
| Prepaid items | 400 | - | - | 400 |
| Total assets | <u>3,350,436</u> | <u>1,371,886</u> | <u>552,257</u> | <u>5,274,579</u> |
| LIABILITIES | | | | |
| Accounts payable | 96,598 | - | - | 96,598 |
| Accrued liabilities | 47,935 | - | - | 47,935 |
| Customer desposits | 2,750 | - | - | 2,750 |
| Due to other governments | 49,493 | - | - | 49,493 |
| Due to other funds | 42,020 | - | - | 42,020 |
| Total liabilities | <u>238,796</u> | <u>-</u> | <u>-</u> | <u>238,796</u> |
| FUND BALANCES | | | | |
| Nonspendable - permanent endowments | | | | |
| Inventory | 25,053 | - | - | 25,053 |
| Permanent endowments | - | - | 461,787 | 461,787 |
| Restricted for: | | | | |
| Promotion of tourism | 1,519,265 | - | - | 1,519,265 |
| Court technology and security | 154,026 | - | - | 154,026 |
| Purpose of grantors, trustees and donors | 940,246 | - | 90,470 | 1,030,716 |
| Law enforcement | 473,050 | - | - | 473,050 |
| Assigned to: | | | | |
| Construction of capital assets | - | 1,371,886 | - | 1,371,886 |
| Total fund balances | <u>3,111,640</u> | <u>1,371,886</u> | <u>552,257</u> | <u>5,035,783</u> |
| Total liabilities and fund balances | <u>\$ 3,350,436</u> | <u>\$ 1,371,886</u> | <u>\$ 552,257</u> | <u>\$ 5,274,579</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, 2024

| | Special Revenue | Capital Projects | Permanent Funds | Total Nonmajor Governmental Funds |
|--|---------------------|---------------------|--------------------|--|
| REVENUES | | | | |
| Property taxes | \$ 333,012 | \$ - | \$ - | \$ 333,012 |
| Other taxes | 1,079,910 | - | - | 1,079,910 |
| Charges for sales and services | 777,837 | - | - | 777,837 |
| Fines, fees, and forfeitures | 61,262 | - | - | 61,262 |
| Donations, contributions, and grants | 262,581 | - | - | 262,581 |
| Investment income | 119,916 | 24,259 | 26,179 | 170,354 |
| Miscellaneous | 10,324 | - | - | 10,324 |
| Total revenues | <u>2,644,842</u> | <u>24,259</u> | <u>26,179</u> | <u>2,695,280</u> |
| EXPENDITURES | | | | |
| General government | 36,459 | - | - | 36,459 |
| Public works | 471,704 | 9,000 | - | 480,704 |
| Community services | 856,114 | - | - | 856,114 |
| Public safety | 961,963 | - | - | 961,963 |
| Capital Outlay | 684,334 | - | - | 684,334 |
| Total expenditures | <u>3,010,574</u> | <u>9,000</u> | <u>-</u> | <u>3,019,574</u> |
| EXCESS (DEFICIENCY) OF REVENUES (OVER) UNDER EXPENDITURES | <u>(365,732)</u> | <u>15,259</u> | <u>26,179</u> | <u>(324,294)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 927,366 | 761,170 | - | 1,688,536 |
| Transfers out | (205,562) | (267,897) | - | (473,459) |
| Sale of capital assets | 7,000 | - | - | 7,000 |
| Total other financing sources (uses) | <u>728,804</u> | <u>493,273</u> | <u>-</u> | <u>1,222,077</u> |
| NET CHANGE IN FUND BALANCES | 363,072 | 508,532 | 26,179 | 897,783 |
| FUND BALANCES, BEGINNING | <u>2,748,568</u> | <u>863,354</u> | <u>526,078</u> | <u>4,138,000</u> |
| FUND BALANCES, ENDING | <u>\$ 3,111,640</u> | <u>\$ 1,371,886</u> | <u>\$ 552,257</u> | <u>\$ 5,035,783</u> |

CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2024

| | Municipal Court Security and Technology | Police Forfeiture | Airport | Library Special Donations |
|--|---|----------------------|-------------------|---------------------------------|
| ASSETS | | | | |
| Cash | \$ 157,124 | \$ 253,220 | \$ 73,298 | \$ 200,800 |
| Accounts receivable (net of allowance for uncollectibles): | | | | |
| Accounts | - | - | 25,787 | - |
| Taxes | - | - | - | - |
| Intergovernmental | - | - | 48,015 | - |
| Inventory | - | - | - | - |
| Prepaids items | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total assets | <u>157,124</u> | <u>253,220</u> | <u>147,100</u> | <u>200,800</u> |
| LIABILITIES | | | | |
| Accounts payable | - | 720 | 7,449 | - |
| Accrued liabilities | 3,098 | - | - | - |
| Customer deposits | - | - | 2,750 | - |
| Due to other funds | - | - | - | - |
| Due to other governments | - | 48,913 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total liabilities | <u>3,098</u> | <u>49,633</u> | <u>10,199</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Inventory | - | - | - | - |
| Restricted for: | | | | |
| Promotion of tourism | - | - | - | - |
| Court security and technology | 154,026 | - | - | - |
| Purpose of grantors, trustees and donors | - | - | 136,901 | 200,800 |
| Law enforcement | - | 203,587 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total fund balances | <u>154,026</u> | <u>203,587</u> | <u>136,901</u> | <u>200,800</u> |
| | | | | |
| Total liabilities, deferred inflows of resources and fund balance | <u>\$ 157,124</u> | <u>\$ 253,220</u> | <u>\$ 147,100</u> | <u>\$ 200,800</u> |

| Library Grants | School Resource Officer | Police Grants | Arts Center | Federal Grants | Area Revitalization |
|-----------------|-------------------------|-------------------|-------------------|----------------|---------------------|
| \$ 5,353 | \$ 201,118 | \$ 175,439 | \$ 337,352 | \$ - | \$ - |
| - | 105,545 | - | - | - | - |
| - | - | - | 10,684 | - | - |
| - | - | 38,598 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>5,353</u> | <u>306,663</u> | <u>214,037</u> | <u>348,036</u> | <u>-</u> | <u>-</u> |
| - | 10,365 | - | 6,565 | - | - |
| - | 26,835 | - | 4,069 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>-</u> | <u>37,200</u> | <u>-</u> | <u>10,634</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 5,353 | - | 214,037 | 337,402 | - | - |
| <u>-</u> | <u>269,463</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>5,353</u> | <u>269,463</u> | <u>214,037</u> | <u>337,402</u> | <u>-</u> | <u>-</u> |
| <u>\$ 5,353</u> | <u>\$ 306,663</u> | <u>\$ 214,037</u> | <u>\$ 348,036</u> | <u>\$ -</u> | <u>\$ -</u> |

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CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2024

| | Tax Increment Reinvestment Zone #1 | Hotel/ Motel Tourism | Public Improvement District | Total Nonmajor Special Revenue Funds |
|---|---|----------------------------|-----------------------------------|---|
| ASSETS | | | | |
| Cash | \$ 45,753 | \$ 1,489,200 | \$ - | \$ 2,938,657 |
| Accounts receivable (net of allowance for uncollectibles): | | | | |
| Accounts | - | - | 92,020 | 223,352 |
| Taxes | - | 65,677 | - | 76,361 |
| Intergovernmental | - | - | - | 86,613 |
| Inventory | - | 25,053 | - | 25,053 |
| Prepays items | - | 400 | - | 400 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total assets | 45,753 | 1,580,330 | 92,020 | 3,350,436 |
| LIABILITIES | | | | |
| Accounts payable | - | 21,499 | 50,000 | 96,598 |
| Accrued liabilities | - | 13,933 | - | 47,935 |
| Customer deposits | - | - | - | 2,750 |
| Due to other funds | - | - | 42,020 | 42,020 |
| Due to other governments | - | 580 | - | 49,493 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total liabilities | - | 36,012 | 92,020 | 238,796 |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Inventory | - | 25,053 | - | 25,053 |
| Restricted for: | | | | |
| Promotion of tourism | - | 1,519,265 | - | 1,519,265 |
| Court security and technology | - | - | - | 154,026 |
| Purpose of grantors, trustees and donors | 45,753 | - | - | 940,246 |
| Law enforcement | - | - | - | 473,050 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total fund balances | 45,753 | 1,544,318 | - | 3,111,640 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total liabilities and fund balances | \$ 45,753 | \$ 1,580,330 | \$ 92,020 | \$ 3,350,436 |

CITY OF HUNTSVILLE, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | Municipal Court Security and Technology | Police Forfeiture | Airport | Library Special Donations |
|--|---|----------------------|-------------------|---------------------------------|
| REVENUES | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Other taxes | - | - | - | - |
| Charges for sales and services | - | - | 31,918 | - |
| Fines, fees, and forfeitures | 51,430 | 2,444 | - | - |
| Donations, contributions, and grants | - | - | 48,015 | 24,607 |
| Investment earnings | 6,554 | 12,209 | 759 | 4,715 |
| Miscellaneous | - | - | 120 | (6) |
| Total revenues | <u>57,984</u> | <u>14,653</u> | <u>80,812</u> | <u>29,316</u> |
| EXPENDITURES | | | | |
| General government | 36,459 | - | - | - |
| Public works | - | - | 88,889 | - |
| Community services | - | - | - | 4,038 |
| Public safety | - | 3,840 | - | - |
| Capital Outlay | - | - | 684,334 | - |
| Total expenditures | <u>36,459</u> | <u>3,840</u> | <u>773,223</u> | <u>4,038</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>21,525</u> | <u>10,813</u> | <u>(692,411)</u> | <u>25,278</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 685,000 | - |
| Transfers out | (28,050) | - | - | - |
| Sale of capital assets | - | 7,000 | - | - |
| Total other financing sources (uses) | <u>(28,050)</u> | <u>7,000</u> | <u>685,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | (6,525) | 17,813 | (7,411) | 25,278 |
| FUND BALANCES, BEGINNING | <u>160,551</u> | <u>185,774</u> | <u>144,312</u> | <u>175,522</u> |
| FUND BALANCES, ENDING | <u>\$ 154,026</u> | <u>\$ 203,587</u> | <u>\$ 136,901</u> | <u>\$ 200,800</u> |

| Library Grants | School Resource Officer | Police Grants | Arts Center | Federal Grants | Area Revitalization |
|-----------------|-------------------------|-------------------|-------------------|-----------------|---------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | 154,273 | - | - |
| - | 651,108 | - | - | - | - |
| - | - | - | 1,240 | - | - |
| - | - | 179,485 | 6,737 | - | - |
| - | 17,306 | 2,666 | 6,460 | 3,366 | 1,125 |
| - | - | - | 10,042 | - | - |
| - | <u>668,414</u> | <u>182,151</u> | <u>178,752</u> | <u>3,366</u> | <u>1,125</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 135,730 | - | - |
| - | 827,535 | 130,588 | - | - | - |
| - | - | - | - | - | - |
| - | <u>827,535</u> | <u>130,588</u> | <u>135,730</u> | <u>-</u> | <u>-</u> |
| - | (159,121) | 51,563 | 43,022 | 3,366 | 1,125 |
| - | 152,662 | - | 89,704 | - | - |
| - | - | - | - | (87,752) | (21,314) |
| - | - | - | - | - | - |
| - | <u>152,662</u> | <u>-</u> | <u>89,704</u> | <u>(87,752)</u> | <u>(21,314)</u> |
| - | (6,459) | 51,563 | 132,726 | (84,386) | (20,189) |
| <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>269,463</u> | \$ <u>214,037</u> | \$ <u>337,402</u> | \$ <u>-</u> | \$ <u>-</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, 2024

| | Tax Increment Reinvestment Zone #1 | Hotel/ Motel Tourism | Public Improvement District | Total Nonmajor Special Revenue Funds |
|--|---|----------------------------|-----------------------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 333,012 | \$ - | \$ - | \$ 333,012 |
| Other taxes | - | 925,637 | - | 1,079,910 |
| Charges for sales and services | - | 94,811 | - | 777,837 |
| Fines, fees, and forfeitures | - | 6,148 | - | 61,262 |
| Donations, contributions, and grants | - | 3,737 | - | 262,581 |
| Investment income | 2,391 | 62,365 | - | 119,916 |
| Miscellaneous | - | 168 | - | 10,324 |
| Total revenues | <u>335,403</u> | <u>1,092,866</u> | <u>-</u> | <u>2,644,842</u> |
| EXPENDITURES | | | | |
| General government | - | - | - | 36,459 |
| Public works | - | 382,815 | - | 471,704 |
| Community services | 333,013 | 383,333 | - | 856,114 |
| Public safety | - | - | - | 961,963 |
| Capital Outlay | - | - | - | 684,334 |
| Total expenditures | <u>333,013</u> | <u>766,148</u> | <u>-</u> | <u>3,010,574</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>2,390</u> | <u>326,718</u> | <u>-</u> | <u>(365,732)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | 927,366 |
| Transfers out | - | (68,446) | - | (205,562) |
| Sale of capital assets | - | - | - | 7,000 |
| Total other financing sources (uses) | <u>-</u> | <u>(68,446)</u> | <u>-</u> | <u>728,804</u> |
| NET CHANGE IN FUND BALANCES | 2,390 | 258,272 | - | 363,072 |
| FUND BALANCES, BEGINNING | <u>43,363</u> | <u>1,286,046</u> | <u>-</u> | <u>2,748,568</u> |
| FUND BALANCES, ENDING | <u>\$ 45,753</u> | <u>\$ 1,544,318</u> | <u>\$ -</u> | <u>\$ 3,111,640</u> |

CITY OF HUNTSVILLE, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

| | Budgeted Amounts | | Actual | Variance With |
|--|-------------------|-------------------|-------------------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Fines, fees, and forfeiture | \$ 55,000 | \$ 55,000 | \$ 51,430 | \$ (3,570) |
| Investment income | 6,000 | 6,000 | 6,554 | 554 |
| Total revenue | <u>61,000</u> | <u>61,000</u> | <u>57,984</u> | <u>(3,016)</u> |
| EXPENDITURES | | | | |
| General government | <u>51,500</u> | <u>51,500</u> | <u>36,459</u> | <u>15,041</u> |
| Total expenditures | <u>51,500</u> | <u>51,500</u> | <u>36,459</u> | <u>15,041</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>9,500</u> | <u>9,500</u> | <u>21,525</u> | <u>12,025</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(28,050)</u> | <u>(28,050)</u> | <u>(28,050)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(28,050)</u> | <u>(28,050)</u> | <u>(28,050)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (18,550) | (18,550) | (6,525) | 12,025 |
| FUND BALANCE, BEGINNING | <u>160,551</u> | <u>160,551</u> | <u>160,551</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 142,001</u> | <u>\$ 142,001</u> | <u>\$ 154,026</u> | <u>\$ 12,025</u> |

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
POLICE FORFEITURE FUND
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|--|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Fines, fees, and forfeitures | \$ - | \$ - | \$ 2,444 | \$ 2,444 |
| Investment income | <u>5,000</u> | <u>5,000</u> | <u>12,209</u> | <u>7,209</u> |
| Total revenues | <u>5,000</u> | <u>5,000</u> | <u>14,653</u> | <u>9,653</u> |
| EXPENDITURES | | | | |
| Public safety | <u>114,248</u> | <u>114,248</u> | <u>3,840</u> | <u>110,408</u> |
| Total expenditures | <u>114,248</u> | <u>114,248</u> | <u>3,840</u> | <u>110,408</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (109,248) | (109,248) | 10,813 | 120,061 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | <u>-</u> | <u>-</u> | <u>7,000</u> | <u>7,000</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>7,000</u> | <u>7,000</u> |
| NET CHANGE IN FUND BALANCE | (109,248) | (109,248) | 17,813 | 127,061 |
| FUND BALANCE, BEGINNING | <u>185,774</u> | <u>185,774</u> | <u>185,774</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 76,526</u> | <u>\$ 76,526</u> | <u>\$ 203,587</u> | <u>\$ 127,061</u> |

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
AIRPORT FUND
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|--|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for sales and services | \$ 18,150 | \$ 18,150 | \$ 31,918 | \$ 13,768 |
| Donations, contributions, and grants | 50,000 | 50,000 | 48,015 | (1,985) |
| Investment income | <u>400</u> | <u>400</u> | <u>759</u> | <u>359</u> |
| Total revenues | <u>68,550</u> | <u>68,550</u> | <u>80,812</u> | <u>12,262</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | 159,424 | 159,424 | 88,889 | 70,535 |
| Capital outlay | <u>-</u> | <u>685,000</u> | <u>684,334</u> | <u>666</u> |
| Total expenditures | <u>159,424</u> | <u>844,424</u> | <u>773,223</u> | <u>71,201</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(90,874)</u> | <u>(775,874)</u> | <u>(692,411)</u> | <u>83,463</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>-</u> | <u>685,000</u> | <u>685,000</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>685,000</u> | <u>685,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (90,874) | (90,874) | (7,411) | 83,463 |
| FUND BALANCE, BEGINNING | <u>144,312</u> | <u>144,312</u> | <u>144,312</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 53,438</u> | <u>\$ 53,438</u> | <u>\$ 136,901</u> | <u>\$ 83,463</u> |

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
LIBRARY SPECIAL DONATIONS FUND
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|--------------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Donations, contributions, and grants | \$ 7,000 | \$ 7,000 | \$ 24,607 | \$ 17,607 |
| Investment income | 1,500 | 1,500 | 4,715 | 3,215 |
| Total revenues | <u>8,500</u> | <u>8,500</u> | <u>29,316</u> | <u>20,816</u> |
| EXPENDITURES | | | | |
| Community services | - | 4,040 | 4,038 | 2 |
| Total expenditures | <u>-</u> | <u>4,040</u> | <u>4,038</u> | <u>2</u> |
| NET CHANGE IN FUND BALANCE | 8,500 | 4,460 | 25,278 | 20,818 |
| FUND BALANCE, BEGINNING | <u>175,522</u> | <u>175,522</u> | <u>175,522</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 184,022</u> | <u>\$ 179,982</u> | <u>\$ 200,800</u> | <u>\$ 20,818</u> |

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
SCHOOL RESOURCE OFFICER FUND
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

| | Budgeted Amounts | | Actual | Variance With |
|--|------------------|------------|------------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Charges for sales and services | \$ 651,108 | \$ 651,108 | \$ 651,108 | \$ - |
| Investment income | 8,000 | 8,000 | 17,306 | 9,306 |
| Total revenues | 659,108 | 659,108 | 668,414 | 9,306 |
| EXPENDITURES | | | | |
| Public safety | 817,556 | 840,888 | 827,535 | 13,353 |
| Total expenditures | 817,556 | 840,888 | 827,535 | 13,353 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (158,448) | (181,780) | (159,121) | 22,659 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 152,662 | 152,662 | 152,662 | - |
| Total other financing sources (uses) | 152,662 | 152,662 | 152,662 | - |
| NET CHANGE IN FUND BALANCE | (5,786) | (29,118) | (6,459) | 22,659 |
| FUND BALANCE, BEGINNING | 275,922 | 275,922 | 275,922 | - |
| FUND BALANCE, ENDING | \$ 270,136 | \$ 246,804 | \$ 269,463 | \$ 22,659 |

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
POLICE GRANTS
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|--------------------------------------|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Donations, contributions, and grants | \$ 96,000 | \$ 113,142 | \$ 179,485 | \$ 66,343 |
| Investment income | - | - | 2,666 | 2,666 |
| Total revenues | <u>96,000</u> | <u>113,142</u> | <u>182,151</u> | <u>69,009</u> |
| EXPENDITURES | | | | |
| Public safety | <u>225,312</u> | <u>247,400</u> | <u>130,588</u> | <u>116,812</u> |
| Total expenditures | <u>225,312</u> | <u>247,400</u> | <u>130,588</u> | <u>116,812</u> |
| NET CHANGE IN FUND BALANCE | (129,312) | (134,258) | 51,563 | 185,821 |
| FUND BALANCE, BEGINNING | <u>162,474</u> | <u>162,474</u> | <u>162,474</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 33,162</u> | <u>\$ 28,216</u> | <u>\$ 214,037</u> | <u>\$ 185,821</u> |

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
ARTS CENTER FUND
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

| | Budgeted Amounts | | Actual | Variance With |
|--|-------------------|-------------------|-------------------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Other taxes | \$ 125,000 | \$ 125,000 | \$ 154,273 | \$ 29,273 |
| Fines, fees, and forfeitures | 2,050 | 2,050 | 1,240 | (810) |
| Donations, contributions, and grants | 6,000 | 6,000 | 6,737 | 737 |
| Investment income | 3,000 | 3,000 | 6,460 | 3,460 |
| Miscellaneous | 1,000 | 1,000 | 10,042 | 9,042 |
| Total revenues | <u>137,050</u> | <u>137,050</u> | <u>178,752</u> | <u>41,702</u> |
| EXPENDITURES | | | | |
| Community services | 244,199 | 267,799 | 135,730 | 132,069 |
| Total expenditures | <u>244,199</u> | <u>267,799</u> | <u>135,730</u> | <u>132,069</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(107,149)</u> | <u>(130,749)</u> | <u>43,022</u> | <u>173,771</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 89,704 | 89,704 | 89,704 | - |
| Total other financing sources (uses) | <u>89,704</u> | <u>89,704</u> | <u>89,704</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (17,445) | (41,045) | 132,726 | 173,771 |
| FUND BALANCE, BEGINNING | <u>204,676</u> | <u>204,676</u> | <u>204,676</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 187,231</u> | <u>\$ 163,631</u> | <u>\$ 337,402</u> | <u>\$ 173,771</u> |

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
 AREA REVITALIZATION
 SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|--|------------------|-------------------|-----------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Investment income | \$ - | \$ - | \$ 1,125 | \$ 1,125 |
| Total revenues | <u>-</u> | <u>-</u> | <u>1,125</u> | <u>1,125</u> |
| EXPENDITURES | | | | |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | - | - | 1,125 | 1,125 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (21,500) | (21,314) | 186 |
| Total other financing sources (uses) | <u>-</u> | <u>(21,500)</u> | <u>(21,314)</u> | <u>186</u> |
| NET CHANGE IN FUND BALANCE | - | (21,500) | (20,189) | 1,311 |
| FUND BALANCE, BEGINNING | <u>20,189</u> | <u>20,189</u> | <u>20,189</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 20,189</u> | <u>\$ (1,311)</u> | <u>\$ -</u> | <u>\$ 1,311</u> |

CITY OF HUNTSVILLE, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

| | Budgeted Amounts | | Actual | Variance With |
|-----------------------------------|-------------------|-------------------|------------------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Property taxes | \$ 185,000 | \$ 185,000 | \$ 333,012 | \$ 148,012 |
| Investment income | 1,300 | 1,300 | 2,391 | 1,091 |
| Total revenues | <u>186,300</u> | <u>186,300</u> | <u>335,403</u> | <u>149,103</u> |
| EXPENDITURES | | | | |
| Community services | - | - | 333,013 | (333,013) |
| Total expenditures | <u>-</u> | <u>-</u> | <u>333,013</u> | <u>(333,013)</u> |
| NET CHANGE IN FUND BALANCE | 186,300 | 186,300 | 2,390 | (183,910) |
| FUND BALANCE, BEGINNING | <u>43,363</u> | <u>43,363</u> | <u>43,363</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 229,663</u> | <u>\$ 229,663</u> | <u>\$ 45,753</u> | <u>\$ (183,910)</u> |

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
HOTEL MOTEL - TOURISM
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Hotel/Motel taxes | \$ 750,000 | \$ 750,000 | \$ 925,637 | \$ 175,637 |
| Charges for sales and services | 80,000 | 80,000 | 94,811 | 14,811 |
| Fines, fees, and forfeitures | 2,000 | 2,000 | 6,148 | 4,148 |
| Donations, contributions, and grants | 2,500 | 2,500 | 3,737 | 1,237 |
| Investment income | 21,500 | 21,500 | 62,365 | 40,865 |
| Miscellaneous | - | - | 168 | 168 |
| Total revenues | <u>856,000</u> | <u>856,000</u> | <u>1,092,866</u> | <u>236,866</u> |
| EXPENDITURES | | | | |
| Public works | 398,763 | 398,312 | 382,815 | 15,497 |
| Community services | <u>426,541</u> | <u>426,992</u> | <u>383,333</u> | <u>43,659</u> |
| Total expenditures | <u>825,304</u> | <u>825,304</u> | <u>766,148</u> | <u>59,156</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>30,696</u> | <u>30,696</u> | <u>326,718</u> | <u>296,022</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(68,446)</u> | <u>(68,446)</u> | <u>(68,446)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(68,446)</u> | <u>(68,446)</u> | <u>(68,446)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (37,750) | (37,750) | 258,272 | 296,022 |
| FUND BALANCE, BEGINNING | <u>1,286,046</u> | <u>1,286,046</u> | <u>1,286,046</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 1,248,296</u> | <u>\$ 1,248,296</u> | <u>\$ 1,544,318</u> | <u>\$ 296,022</u> |

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CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 2,059,400 | \$ 2,059,400 | \$ 2,063,135 | \$ 3,735 |
| Investment income | 10,000 | 10,000 | 40,412 | 30,412 |
| Total revenues | <u>2,069,400</u> | <u>2,069,400</u> | <u>2,103,547</u> | <u>34,147</u> |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal retirement | 1,420,000 | 1,420,000 | 1,340,000 | 80,000 |
| Interest and fiscal charges | <u>1,239,754</u> | <u>1,239,754</u> | <u>1,317,179</u> | <u>(77,425)</u> |
| Total expenditures | <u>2,659,754</u> | <u>2,659,754</u> | <u>2,657,179</u> | <u>2,575</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(590,354)</u> | <u>(590,354)</u> | <u>(553,632)</u> | <u>36,722</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>590,363</u> | <u>590,363</u> | <u>590,363</u> | <u>-</u> |
| Total other financing sources (uses) | <u>590,363</u> | <u>590,363</u> | <u>590,363</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | 9 | 9 | 36,731 | 36,722 |
| FUND BALANCE, BEGINNING | <u>586,546</u> | <u>586,546</u> | <u>586,546</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 586,555</u> | <u>\$ 586,555</u> | <u>\$ 623,277</u> | <u>\$ 36,722</u> |

CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

SEPTEMBER 30, 2024

| | <u>Street Capital Projects</u> | <u>Sidewalks</u> | <u>IS Computer CIP</u> |
|---|--|-----------------------|--------------------------------|
| ASSETS | | | |
| Cash | \$ 1,066,416 | \$ 186,276 | \$ 62,397 |
| Receivables (net of allowance for uncollectibles): | | | |
| Intergovernmental | <u>-</u> | <u>1</u> | <u>-</u> |
| Total assets | <u>1,066,416</u> | <u>186,277</u> | <u>62,397</u> |
| FUND BALANCES | | | |
| Assigned for: | | | |
| Construction of capital assets | <u>1,066,416</u> | <u>186,277</u> | <u>62,397</u> |
| Total fund balances | <u>\$ 1,066,416</u> | <u>\$ 186,277</u> | <u>\$ 62,397</u> |
| Total liabilities and fund balances | <u>\$ 1,066,416</u> | <u>\$ 186,277</u> | <u>\$ 62,397</u> |

| <u>Cemetery Projects</u> | <u>Land Acquisition</u> | <u>Total Nonmajor Capital Projects</u> |
|------------------------------|-----------------------------|--|
| \$ 12,410 | \$ 44,386 | \$ 1,371,885 |
| <u>-</u> | <u>-</u> | <u>1</u> |
| <u>12,410</u> | <u>44,386</u> | <u>1,371,886</u> |
| <u>12,410</u> | <u>44,386</u> | <u>1,371,886</u> |
| <u>\$ 12,410</u> | <u>\$ 44,386</u> | <u>\$ 1,371,886</u> |
| <u>\$ 12,410</u> | <u>\$ 44,386</u> | <u>\$ 1,371,886</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, 2024

| | Street Capital Projects | Sidewalks | IS Computer CIP |
|--|-------------------------------|-------------------|-----------------------|
| REVENUES | | | |
| Investment earnings | \$ 18,078 | \$ 2,006 | \$ 1,282 |
| Total revenues | <u>18,078</u> | <u>2,006</u> | <u>1,282</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>9,078</u> | <u>2,006</u> | <u>1,282</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 761,170 | - | - |
| Transfers out | <u>(267,897)</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>493,273</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>502,351</u> | <u>2,006</u> | <u>1,282</u> |
| FUND BALANCES, BEGINNING | <u>564,065</u> | <u>184,271</u> | <u>61,115</u> |
| FUND BALANCES, ENDING | <u>\$ 1,066,416</u> | <u>\$ 186,277</u> | <u>\$ 62,397</u> |

| <u>Cemetery Projects</u> | <u>Land Acquisition</u> | <u>Total Nonmajor Governmental Funds</u> |
|------------------------------|-----------------------------|--|
| \$ 576 | \$ 2,317 | \$ 24,259 |
| <u>576</u> | <u>2,317</u> | <u>24,259</u> |
| <u>576</u> | <u>2,317</u> | <u>15,259</u> |
| - | - | 761,170 |
| <u>-</u> | <u>-</u> | <u>(267,897)</u> |
| <u>-</u> | <u>-</u> | <u>493,273</u> |
| <u>576</u> | <u>2,317</u> | <u>508,532</u> |
| <u>11,834</u> | <u>42,069</u> | <u>863,354</u> |
| <u>\$ 12,410</u> | <u>\$ 44,386</u> | <u>\$ 1,371,886</u> |

CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS

SEPTEMBER 30, 2024

| | Library Endowment Nonexpendable Trust | Oakwood Cemetery Endowment | Total Nonmajor Permanent Funds |
|--|--|----------------------------------|---|
| ASSETS | | | |
| Cash and cash equivalents | \$ 132,902 | \$ 419,355 | \$ 552,257 |
| Total assets | <u>132,902</u> | <u>419,355</u> | <u>552,257</u> |
| FUND BALANCES | | | |
| Nonspendable: | | | |
| Permanent funds | 106,914 | 354,873 | 461,787 |
| Restricted for: | | | |
| Purpose of grantors, trustees and donors | <u>25,988</u> | <u>64,482</u> | <u>90,470</u> |
| Total fund balances | <u>\$ 132,902</u> | <u>\$ 419,355</u> | <u>\$ 552,257</u> |

CITY OF HUNTSVILLE, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | Library Endowment Nonexpendable Trust | Oakwood Cemetery Endowment | Total Nonmajor Permanent Funds |
|------------------------------------|--|----------------------------------|---|
| REVENUES | | | |
| Investment income | \$ 7,092 | \$ 19,087 | \$ 26,179 |
| Total revenues | <u>7,092</u> | <u>19,087</u> | <u>26,179</u> |
| EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 7,092 | 19,087 | 26,179 |
| FUND BALANCES, BEGINNING | <u>125,810</u> | <u>400,268</u> | <u>526,078</u> |
| FUND BALANCES, ENDING | <u>\$ 132,902</u> | <u>\$ 419,355</u> | <u>\$ 552,257</u> |

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
LIBRARY ENDOWMENT
PERMANENT FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|-----------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Investment income | \$ - | \$ - | \$ 7,092 | \$ 7,092 |
| Total revenues | <u>-</u> | <u>-</u> | <u>7,092</u> | <u>7,092</u> |
| EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | - | - | 7,092 | 7,092 |
| FUND BALANCE, BEGINNING | <u>125,810</u> | <u>125,810</u> | <u>125,810</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 125,810</u> | <u>\$ 125,810</u> | <u>\$ 132,902</u> | <u>\$ 7,092</u> |

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE
OAKWOOD CEMETERY ENDOWMENT
PERMANENT FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|-----------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Investment income | \$ 5,000 | \$ 5,000 | \$ 19,087 | \$ 14,087 |
| Total revenues | <u>5,000</u> | <u>5,000</u> | <u>19,087</u> | <u>14,087</u> |
| EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | 5,000 | 5,000 | 19,087 | 14,087 |
| FUND BALANCE, BEGINNING | <u>400,268</u> | <u>400,268</u> | <u>400,268</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 405,268</u> | <u>\$ 405,268</u> | <u>\$ 419,355</u> | <u>\$ 14,087</u> |

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, and to other government units, on a cost-reimbursement basis.

Medical Insurance Fund – to account for the City of Huntsville’s self-funded medical insurance program. Other operating funds pay into the fund for coverage for full-time employees. Dependent coverage is provided at a cost to the employee. The Medical Insurance Fund pays for claims and administration fees for health, dental, and vision insurance.

Equipment Replacement Fund and Computer Replacement Fund - to provide fleet, capital equipment, and computer equipment replacements for the City of Huntsville. User divisions are charged an annual lease fee, based on the useful life and anticipated replacement cost for assets assigned to the division. The replacement Funds then purchase replacement equipment as scheduled and/or as conditions warrant.

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2024

| | <u>Medical Insurance</u> | <u>Equipment Replacement</u> | <u>Computer Replacement</u> | <u>Total Internal Service</u> |
|-----------------------------------|------------------------------|----------------------------------|---------------------------------|---------------------------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 5,005,686 | \$ 7,615,981 | \$ 750,859 | \$ 13,372,526 |
| Accrued interest receivable | <u>100</u> | <u>2,550</u> | <u>-</u> | <u>2,650</u> |
| Total current assets | <u>5,037,416</u> | <u>7,618,531</u> | <u>750,859</u> | <u>13,406,806</u> |
| Noncurrent assets: | | | | |
| Capital assets | | | | |
| (net of accumulated depreciation) | <u>-</u> | <u>5,756,579</u> | <u>576,939</u> | <u>6,333,518</u> |
| Total noncurrent assets | <u>-</u> | <u>5,756,579</u> | <u>576,939</u> | <u>6,333,518</u> |
| Total assets | <u>\$ 5,037,416</u> | <u>\$ 13,375,110</u> | <u>\$ 1,327,798</u> | <u>\$ 19,740,324</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | <u>\$ 492,466</u> | <u>\$ -</u> | <u>\$ 24,316</u> | <u>\$ 516,782</u> |
| Total current liabilities | <u>492,466</u> | <u>-</u> | <u>24,316</u> | <u>516,782</u> |
| Total liabilities | <u>492,466</u> | <u>-</u> | <u>24,316</u> | <u>516,782</u> |
| NET POSITION | | | | |
| Net investment in capital assets | - | 5,756,579 | 576,939 | 6,333,518 |
| Unrestricted | <u>4,544,950</u> | <u>7,618,531</u> | <u>726,543</u> | <u>12,890,024</u> |
| Total net position | <u>\$ 4,544,950</u> | <u>\$ 13,375,110</u> | <u>\$ 1,303,482</u> | <u>\$ 19,223,542</u> |

CITY OF HUNTSVILLE, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

| | <u>Medical Insurance</u> | <u>Equipment Replacement</u> | <u>Computer Replacement</u> | <u>Total Internal Service</u> |
|---|------------------------------|----------------------------------|---------------------------------|---------------------------------------|
| OPERATING REVENUES | | | | |
| Charges for services: | | | | |
| Inter-department services | \$ 4,159,838 | \$ 3,589,170 | \$ 506,541 | \$ 8,255,549 |
| Total service charges | <u>4,159,838</u> | <u>3,589,170</u> | <u>506,541</u> | <u>8,255,549</u> |
| Service fees and miscellaneous: | | | | |
| Customer penalties and miscellaneous | <u>11,455</u> | <u>55,575</u> | <u>850</u> | <u>67,880</u> |
| Total service fees and miscellaneous | <u>11,455</u> | <u>55,575</u> | <u>850</u> | <u>67,880</u> |
| Total operating revenues | <u>4,171,293</u> | <u>3,644,745</u> | <u>507,391</u> | <u>8,323,429</u> |
| OPERATING EXPENSES | | | | |
| Administration | 4,177,826 | - | 39,002 | 4,216,828 |
| Equipment replacement | - | - | 132,671 | 132,671 |
| Depreciation | <u>-</u> | <u>1,614,756</u> | <u>155,438</u> | <u>1,770,194</u> |
| Total operating expenses | <u>4,177,826</u> | <u>1,614,756</u> | <u>327,111</u> | <u>6,119,693</u> |
| OPERATING INCOME (LOSS) | <u>(6,533)</u> | <u>2,029,989</u> | <u>180,280</u> | <u>2,203,736</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Gain on disposal of capital assets | - | 345,054 | - | 345,054 |
| Interest income | <u>215,760</u> | <u>331,796</u> | <u>22,904</u> | <u>570,460</u> |
| Total nonoperating revenues (expenses) | <u>215,760</u> | <u>676,850</u> | <u>22,904</u> | <u>915,514</u> |
| CHANGE IN NET POSITION | 209,227 | 2,706,839 | 203,184 | 3,119,250 |
| NET POSITION, BEGINNING | <u>4,335,723</u> | <u>10,668,271</u> | <u>1,100,298</u> | <u>16,104,292</u> |
| NET POSITION, ENDING | <u>\$ 4,544,950</u> | <u>\$ 13,375,110</u> | <u>\$ 1,303,482</u> | <u>\$ 19,223,542</u> |

CITY OF HUNTSVILLE, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

| | <u>Medical Insurance</u> | <u>Equipment Replacement</u> | <u>Computer Replacement</u> | <u>Total Internal Service</u> |
|--|------------------------------|----------------------------------|---------------------------------|---------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Interfund services provided | \$ 4,139,663 | \$ 3,644,745 | \$ 507,391 | \$ 8,291,799 |
| Cash payments to employees for services | - | - | (39,002) | (39,002) |
| Cash payments to suppliers for goods and services | <u>(3,773,991)</u> | <u>-</u> | <u>(111,314)</u> | <u>(3,885,305)</u> |
| Net cash provided by operating activities | <u>365,672</u> | <u>3,644,745</u> | <u>357,075</u> | <u>4,367,492</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition or construction of capital assets | - | (3,207,617) | (175,247) | (3,382,864) |
| Proceeds from the sale of capital assets | <u>-</u> | <u>345,054</u> | <u>-</u> | <u>345,054</u> |
| Net used for capital and related financing activities | <u>-</u> | <u>(2,862,563)</u> | <u>(175,247)</u> | <u>(3,037,810)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Sale of investments | 192,105 | 983,046 | - | 1,175,151 |
| Interest and dividends on investments | <u>215,760</u> | <u>331,796</u> | <u>22,904</u> | <u>570,460</u> |
| Net cash provided by investing activities | <u>407,865</u> | <u>1,314,842</u> | <u>22,904</u> | <u>1,745,611</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 773,537 | 2,097,024 | 204,732 | 3,075,293 |
| CASH AND CASH EQUIVALENTS, BEGINNING | <u>4,232,149</u> | <u>5,518,957</u> | <u>546,127</u> | <u>10,297,233</u> |
| CASH AND CASH EQUIVALENTS, ENDING | <u>\$ 5,005,686</u> | <u>\$ 7,615,981</u> | <u>\$ 750,859</u> | <u>\$ 13,372,526</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Operating income (loss) | \$ (6,533) | \$ 2,029,989 | \$ 180,280 | \$ 2,203,736 |
| Adjustments to reconcile operating income to net cash used by operating activities: | | | | |
| Depreciation | - | 1,614,756 | 155,438 | 1,770,194 |
| Change in assets and liabilities: | | | | |
| Decrease (increase) in prepaid expenses | (31,630) | - | - | (31,630) |
| Increase (decrease) in accounts payable | <u>403,835</u> | <u>-</u> | <u>21,357</u> | <u>425,192</u> |
| Total adjustments | <u>372,205</u> | <u>1,614,756</u> | <u>176,795</u> | <u>2,163,756</u> |
| Net cash provided by operating activities | <u>\$ 365,672</u> | <u>\$ 3,644,745</u> | <u>\$ 357,075</u> | <u>\$ 4,367,492</u> |

STATISTICAL SECTION

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STATISTICAL SECTION

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

Contents

| | Page |
|---|-------------|
| Financial Trends | 97 – 106 |
| These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | |
| Revenue Capacity | 107 – 114 |
| These schedules contain information to help the reader assess the City's most significant local revenue sources. Although sales taxes are the City's most significant local revenue source. Information about revenue base is unavailable and information about principal revenue payers is confidential under Texas statutes. Trend information about sales tax revenues is provided in Table 2. Additionally, information about the City's second most significant local revenue source, the property tax, is provided. | |
| Debt Capacity | 115 – 122 |
| These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | |
| Demographic and Economic Information | 123 – 129 |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | |
| Operating Information | 130 – 135 |
| These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | |

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

CITY OF HUNTSVILLE, TEXAS

NET POSITION BY COMPONENT

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

| | Fiscal Year | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2015 | 2016 | 2017 | 2018 |
| Governmental activities: | | | | |
| Net investment in capital assets | \$ 13,061 | \$ 21,330 | \$ 23,318 | \$ 25,703 |
| Restricted | 3,048 | 3,598 | 2,432 | 2,793 |
| Unrestricted | <u>4,631</u> | <u>4,221</u> | <u>4,761</u> | <u>5,488</u> |
| Total governmental activities net position | <u>\$ 20,740</u> | <u>\$ 29,149</u> | <u>\$ 30,510</u> | <u>\$ 33,983</u> |
| Business-type activities: | | | | |
| Net investment in capital assets | \$ 593 | \$ 71,213 | \$ 86,447 | \$ 93,000 |
| Restricted | - | - | - | - |
| Unrestricted | <u>80,937</u> | <u>22,885</u> | <u>23,333</u> | <u>24,927</u> |
| Total business-type activities net position | <u>\$ 81,531</u> | <u>\$ 94,098</u> | <u>\$ 109,780</u> | <u>\$ 117,927</u> |
| Primary government: | | | | |
| Net investment in capital assets | \$ 13,654 | \$ 92,543 | \$ 109,765 | \$ 118,703 |
| Restricted | 3,048 | 3,598 | 2,432 | 2,793 |
| Unrestricted | <u>85,568</u> | <u>27,106</u> | <u>28,094</u> | <u>30,415</u> |
| Total primary government net position | <u>\$ 102,271</u> | <u>\$ 123,247</u> | <u>\$ 140,290</u> | <u>\$ 151,910</u> |

Source: Annual Comprehensive Financial Reports

TABLE 1

| Fiscal Year | | | | | |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| \$ 28,820 | \$ 36,312 | \$ 25,813 | \$ 25,378 | \$ 26,124 | \$ 39,553 |
| 2,692 | 2,978 | 3,398 | 3,519 | 3,356 | 3,775 |
| <u>7,312</u> | <u>5,463</u> | <u>22,624</u> | <u>28,934</u> | <u>34,215</u> | <u>27,177</u> |
| <u>\$ 38,824</u> | <u>\$ 44,752</u> | <u>\$ 51,835</u> | <u>\$ 57,831</u> | <u>\$ 63,695</u> | <u>\$ 70,506</u> |
| \$ 105,888 | \$ 104,769 | \$ 111,581 | \$ 114,956 | \$ 134,714 | \$ 132,313 |
| - | - | - | 2,140 | 2,244 | 2,797 |
| <u>20,115</u> | <u>28,800</u> | <u>28,691</u> | <u>35,804</u> | <u>20,292</u> | <u>26,936</u> |
| <u>\$ 126,003</u> | <u>\$ 133,569</u> | <u>\$ 140,272</u> | <u>\$ 152,900</u> | <u>\$ 157,251</u> | <u>\$ 162,046</u> |
| \$ 134,708 | \$ 141,081 | \$ 137,394 | \$ 140,334 | \$ 160,838 | \$ 171,866 |
| 2,692 | 2,978 | 3,398 | 3,519 | 5,601 | 6,572 |
| <u>27,427</u> | <u>34,262</u> | <u>51,315</u> | <u>64,738</u> | <u>54,507</u> | <u>54,113</u> |
| <u>\$ 164,827</u> | <u>\$ 178,321</u> | <u>\$ 192,107</u> | <u>\$ 208,591</u> | <u>\$ 220,946</u> | <u>\$ 232,551</u> |

CITY OF HUNTSVILLE, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Unaudited)

| | Fiscal Year | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2015 | 2016 | 2017 | 2018 |
| EXPENSES | | | | |
| Governmental activities: | | | | |
| General government | \$ 5,012,803 | \$ 5,947,780 | \$ 6,189,702 | \$ 5,897,776 |
| Public works | 5,249,265 | 5,632,124 | 6,748,483 | 7,117,826 |
| Community services | 3,213,392 | 3,940,687 | 3,618,287 | 3,019,702 |
| Public safety | 7,737,532 | 8,725,431 | 9,594,739 | 8,595,311 |
| Tourism and cultural services | 197,046 | 236,656 | 219,586 | 220,077 |
| Interest on long-term debt | 449,561 | 376,667 | 341,943 | 295,010 |
| Total governmental activities expenses | <u>21,859,599</u> | <u>24,859,345</u> | <u>26,712,740</u> | <u>25,145,702</u> |
| Business-type activities: | | | | |
| Utility | 13,902,621 | 14,231,770 | 14,946,001 | 16,013,857 |
| Solid waste | <u>4,115,979</u> | <u>4,145,426</u> | <u>4,185,864</u> | <u>4,526,414</u> |
| Total business-type activities expenses | <u>18,018,600</u> | <u>18,377,196</u> | <u>19,131,865</u> | <u>20,540,271</u> |
| Total primary government expenses | <u>\$ 39,878,199</u> | <u>\$ 43,236,541</u> | <u>\$ 45,844,605</u> | <u>\$ 45,685,973</u> |
| PROGRAM REVENUES | | | | |
| Governmental activities: | | | | |
| Fees, fines, and charges for services: | | | | |
| General government | \$ 169,780 | \$ 225,747 | \$ 175,178 | \$ 247,303 |
| Public works | 444,576 | 511,621 | 750,952 | 814,881 |
| Community services | 85,303 | 111,518 | 165,472 | 230,827 |
| Public safety | 1,355,814 | 1,587,548 | 1,752,123 | 1,607,079 |
| Tourism and cultural services | 448,438 | 455,529 | 441,191 | 417,508 |
| Operating grants and contributions | 678,290 | 430,311 | 370,234 | 644,076 |
| Capital grants and contributions | <u>461,936</u> | <u>121,190</u> | <u>113,643</u> | <u>104,915</u> |
| Total governmental activities program revenues | <u>3,644,137</u> | <u>3,443,464</u> | <u>3,768,793</u> | <u>4,066,589</u> |

TABLE 2

| Fiscal Year | | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--|
| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | |
| \$ 4,625,762 | \$ 5,385,318 | \$ 7,799,582 | \$ 7,427,896 | \$ 7,454,308 | \$ 7,696,095 | |
| 8,350,736 | 12,069,947 | 5,665,502 | 7,365,943 | 8,261,163 | 7,646,508 | |
| 3,541,714 | 2,891,507 | 4,060,686 | 4,554,107 | 4,710,776 | 4,823,401 | |
| 9,138,854 | 9,253,318 | 10,828,014 | 10,707,475 | 12,753,506 | 13,045,594 | |
| 220,995 | 89,405 | 115,522 | 159,207 | 198,428 | 152,778 | |
| 565,299 | 1,029,049 | 1,054,462 | 1,098,979 | 1,135,091 | 1,794,880 | |
| <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> | <u>35,159,256</u> | |
| 16,842,872 | 16,976,830 | 17,965,824 | 20,660,727 | 22,869,591 | 26,358,953 | |
| <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>5,884,707</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>32,243,660</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> | <u>\$ 67,402,916</u> | |
| \$ 349,736 | \$ 249,005 | \$ 163,128 | \$ 211,878 | \$ 536,517 | \$ 244,260 | |
| 774,599 | 867,758 | 1,366,183 | 1,662,584 | 772,595 | 1,091,096 | |
| 291,440 | 197,018 | 179,819 | 278,667 | 221,275 | 238,997 | |
| 1,660,969 | 1,393,341 | 1,459,387 | 1,733,130 | 1,580,068 | 1,535,290 | |
| 409,716 | 374,879 | 67,579 | 76,379 | 95,897 | 101,013 | |
| 459,697 | 2,392,954 | 930,616 | 2,240,986 | 395,901 | 448,147 | |
| <u>47,086</u> | <u>3,020,749</u> | <u>63,032</u> | <u>113,865</u> | <u>115,667</u> | <u>155,752</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> | <u>3,814,555</u> | |

CITY OF HUNTSVILLE, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Unaudited)

| | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2015 | 2016 | 2017 | 2018 |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water | \$ 15,736,699 | \$ 16,129,760 | \$ 17,802,407 | \$ 26,765,735 |
| Wastewater | 8,581,175 | 8,793,130 | 8,654,704 | - |
| Solid waste | 4,888,187 | 5,251,611 | 5,573,443 | 5,716,681 |
| Operating grants and contributions | 105,698 | 1,449,514 | 7,123,788 | 697,753 |
| Capital grants and contributions | - | - | - | - |
| Total business-type activities program revenues | <u>29,311,759</u> | <u>31,624,015</u> | <u>39,154,342</u> | <u>33,180,169</u> |
| Total primary government program revenues | <u>\$ 32,955,896</u> | <u>\$ 35,067,479</u> | <u>\$ 42,923,135</u> | <u>\$ 37,246,758</u> |
| NET (EXPENSE) REVENUES | | | | |
| Governmental activities | \$ (18,215,462) | \$ (21,415,881) | \$ (22,943,947) | \$ (21,079,113) |
| Business-type activities | <u>11,293,159</u> | <u>13,246,819</u> | <u>20,022,477</u> | <u>12,639,898</u> |
| Total primary government net expense | <u>(6,922,303)</u> | <u>(8,169,062)</u> | <u>(2,921,470)</u> | <u>(8,439,215)</u> |
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property | 5,840,689 | 5,816,471 | 6,124,340 | 6,271,809 |
| Franchise | 2,741,577 | 2,083,559 | 2,094,257 | 2,150,356 |
| Sales | 7,942,631 | 7,956,186 | 9,001,502 | 8,973,222 |
| Other | 1,013,999 | 980,206 | 824,729 | 995,248 |
| Investment earnings | 337,682 | 210,191 | 297,980 | 302,390 |
| Gain on sale of capital assets | - | - | - | - |
| Miscellaneous | 621,758 | 125,828 | 223,297 | 228,846 |
| Transfers | <u>5,145,966</u> | <u>5,005,447</u> | <u>5,739,002</u> | <u>6,065,950</u> |
| Total governmental activities | <u>23,644,302</u> | <u>22,177,888</u> | <u>24,305,107</u> | <u>24,987,821</u> |
| Business-type activities: | | | | |
| Investment earnings | 196,447 | 327,113 | 267,211 | 450,320 |
| Miscellaneous | 561,630 | 404,109 | 1,131,561 | 942,917 |
| Transfers | <u>(5,145,966)</u> | <u>(5,005,447)</u> | <u>(5,739,002)</u> | <u>(6,065,950)</u> |
| Total business-type activities | <u>(4,387,889)</u> | <u>(4,274,225)</u> | <u>(4,340,230)</u> | <u>(4,672,713)</u> |
| Total primary government | <u>19,256,413</u> | <u>17,903,663</u> | <u>19,964,877</u> | <u>20,315,108</u> |
| CHANGE IN NET POSITION | | | | |
| Governmental activities | 5,428,840 | 762,007 | 1,361,160 | 3,908,708 |
| Business-type activities | <u>6,905,270</u> | <u>8,972,594</u> | <u>15,682,247</u> | <u>7,967,185</u> |
| Total primary government | <u>\$ 12,334,110</u> | <u>\$ 9,734,601</u> | <u>\$ 17,043,407</u> | <u>\$ 11,875,893</u> |

Notes:

Source: Annual Comprehensive Financial Reports

TABLE 2

| | | Fiscal Year | | | | | | | | | |
|----|---------------------|-------------|--------------------|------|---------------------|------|--------------------|----|---------------------|----|---------------------|
| | | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | | | | |
| \$ | 26,773,720 | \$ | 28,022,883 | \$ | 27,176,639 | \$ | 28,700,185 | \$ | 30,737,505 | \$ | 33,706,822 |
| | - | | - | | - | | - | | - | | - |
| | 5,826,332 | | 5,936,336 | | 6,175,178 | | 6,295,788 | | 7,570,920 | | 7,943,922 |
| | 3,414 | | 321,689 | | - | | - | | - | | - |
| | - | | - | | 3,362,772 | | 10,849,354 | | 1,982,182 | | 1,297,877 |
| | <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>42,948,621</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> | \$ | <u>46,763,176</u> |
| \$ | (22,450,117) | \$ | (22,222,840) | \$ | (25,294,024) | \$ | (24,996,118) | \$ | (30,795,352) | \$ | (31,344,701) |
| | <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>10,704,961</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> | | <u>(20,639,740)</u> |
| | 6,592,105 | | 6,921,764 | | 7,327,913 | | 7,748,279 | | 8,330,026 | | 9,189,734 |
| | 2,150,485 | | 1,402,475 | | 2,014,673 | | 2,078,992 | | 2,142,182 | | 2,063,173 |
| | 9,537,153 | | 9,655,816 | | 11,021,419 | | 11,777,879 | | 12,367,534 | | 12,543,849 |
| | 971,637 | | 859,239 | | 870,942 | | 996,220 | | 1,067,639 | | 1,228,192 |
| | 876,048 | | 841,721 | | 219,934 | | 208,622 | | 2,900,965 | | 3,258,974 |
| | - | | - | | 214,100 | | 42,551 | | 166,440 | | 345,054 |
| | 532,674 | | 197,519 | | 408,889 | | 130,519 | | 154,026 | | 663,978 |
| | <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>8,862,891</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> | | <u>38,155,845</u> |
| | 1,799,267 | | 683,100 | | 167,963 | | 211,161 | | 2,159,209 | | 2,256,637 |
| | 1,835,370 | | 2,488,093 | | 2,635,934 | | 721,885 | | 433,988 | | 695,760 |
| | <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>(8,862,891)</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>(5,910,494)</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> | | <u>(44,066,339)</u> |
| | 4,841,274 | | 5,928,422 | | 7,081,911 | | 5,996,473 | | 5,863,562 | | 6,811,144 |
| | <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>4,794,467</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> | \$ | <u>11,605,611</u> |

CITY OF HUNTSVILLE, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)

| | Fiscal Year | | | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2015 | 2016 | 2017 | 2018 |
| General fund | | | | |
| Nonspendable* | \$ - | \$ 174,505 | \$ 114,287 | \$ 125,087 |
| Assigned | 1,042,101 | 2,560,581 | 1,096,888 | 1,672,971 |
| Unassigned | <u>10,897,595</u> | <u>10,686,739</u> | <u>10,443,697</u> | <u>12,013,170</u> |
| Total general fund | <u>\$ 11,939,696</u> | <u>\$ 13,421,825</u> | <u>\$ 11,654,872</u> | <u>\$ 13,811,228</u> |
| All other governmental funds | | | | |
| Nonspendable | \$ 461,787 | \$ 461,787 | \$ 461,787 | \$ 461,787 |
| Restricted | 2,643,009 | 3,115,047 | 1,928,584 | 4,744,266 |
| Assigned | <u>2,663,390</u> | <u>3,463,729</u> | <u>7,518,544</u> | <u>2,917,443</u> |
| Total all other governmental funds | <u>\$ 5,768,186</u> | <u>\$ 7,040,563</u> | <u>\$ 9,908,915</u> | <u>\$ 8,123,496</u> |

Note:

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

Source: Annual Comprehensive Financial Reports

TABLE 3

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| \$ 120,083 | \$ 101,928 | \$ 100,071 | \$ 173,972 | \$ 94,703 | \$ 163,593 |
| 1,756,206 | 1,065,725 | 1,375,943 | 1,204,635 | 2,032,461 | - |
| <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>14,168,007</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> | <u>\$ 14,331,600</u> |
| \$ 461,787 | \$ 461,787 | \$ 461,787 | \$ 461,787 | \$ 488,683 | \$ 486,840 |
| 26,104,976 | 41,994,201 | 17,711,814 | 13,014,578 | 6,233,285 | 4,406,808 |
| <u>879,969</u> | <u>859,776</u> | <u>19,965,023</u> | <u>23,775,152</u> | <u>26,017,905</u> | <u>17,343,561</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> | <u>\$ 22,237,209</u> |

CITY OF HUNTSVILLE, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Unaudited)

| | Fiscal Year | | | |
|---|---------------------|--------------------|---------------------|--------------------|
| | 2015 | 2016 | 2017 | 2018 |
| REVENUES | | | | |
| Taxes | \$ 16,883,148 | \$ 16,919,724 | \$ 17,983,220 | \$ 18,373,556 |
| Licenses, fees and permits | 465,897 | 565,430 | 791,402 | 849,707 |
| Fines, fees and forfeitures | 1,105,652 | 1,244,894 | 1,499,185 | 1,558,824 |
| Charges for services | 1,257,516 | 1,274,026 | 1,268,476 | 1,311,264 |
| Donations, contributions and grants | 881,160 | 332,022 | 229,126 | 350,034 |
| Investment earnings | 161,675 | 210,191 | 297,980 | 302,390 |
| Miscellaneous | 588,020 | 90,946 | 199,531 | 108,131 |
| Total revenues | <u>21,343,068</u> | <u>20,637,233</u> | <u>22,268,920</u> | <u>22,853,906</u> |
| EXPENDITURES | | | | |
| General government | 4,776,528 | 5,226,478 | 5,656,748 | 5,983,985 |
| Public works | 5,625,395 | 5,628,818 | 6,683,958 | 7,887,838 |
| Community services | 3,428,744 | 4,020,172 | 3,834,098 | 3,815,330 |
| Public safety | 7,524,292 | 7,968,972 | 8,675,057 | 8,884,438 |
| Tourism and cultural services | 197,046 | 236,656 | 219,586 | 220,077 |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Interest and fiscal charges | 468,368 | 402,975 | 360,589 | 314,170 |
| Principal | 2,271,069 | 1,425,813 | 1,478,152 | 1,523,889 |
| Total expenditures | <u>24,291,442</u> | <u>24,909,884</u> | <u>26,908,188</u> | <u>28,629,727</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURE | <u>(2,948,374)</u> | <u>(4,272,651)</u> | <u>(4,639,268)</u> | <u>(5,775,821)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of bonds/notes payable | - | - | - | - |
| Premium on issuance of debt | - | - | - | - |
| Sale of capital assets | 13,555 | 11,713 | 1,665 | 80,808 |
| Transfers in | 7,552,327 | 7,862,787 | 11,607,735 | 8,046,880 |
| Transfers out | (2,406,361) | (2,857,340) | (5,868,733) | (1,980,930) |
| Total other financing sources (uses) | <u>5,159,521</u> | <u>5,017,160</u> | <u>5,740,667</u> | <u>6,146,758</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ 2,211,147</u> | <u>\$ 744,509</u> | <u>\$ 1,101,399</u> | <u>\$ 370,937</u> |
| DEBT SERVICE AS A PERCENTAGE OF NON CAPITAL EXPENDITURES | <u>12.0%</u> | <u>8.0%</u> | <u>7.3%</u> | <u>7.2%</u> |

Source: Annual Comprehensive Financial Reports

TABLE 4

| | | Fiscal Year | | | | | | | | | |
|----|--------------------|-------------|---------------------|------|---------------------|------|--------------------|----|---------------------|----|---------------------|
| | | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | | | | |
| \$ | 19,201,415 | \$ | 19,451,441 | \$ | 21,240,671 | \$ | 22,540,487 | \$ | 23,823,180 | \$ | 25,109,149 |
| | 805,755 | | 855,484 | | 1,383,035 | | 1,672,051 | | 793,880 | | 1,074,091 |
| | 1,482,059 | | 1,141,898 | | 1,111,446 | | 1,478,466 | | 1,263,971 | | 1,188,691 |
| | 1,357,172 | | 1,404,807 | | 1,071,016 | | 1,113,415 | | 1,127,166 | | 1,225,672 |
| | 240,859 | | 5,086,763 | | 754,958 | | 2,093,427 | | 261,419 | | 355,040 |
| | 876,048 | | 703,000 | | 192,150 | | 231,807 | | 2,520,721 | | 2,688,514 |
| | <u>503,621</u> | | <u>145,082</u> | | <u>352,306</u> | | <u>82,591</u> | | <u>103,352</u> | | <u>511,969</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> | | <u>32,153,126</u> |
| | 6,455,019 | | 6,874,847 | | 7,731,852 | | 7,498,762 | | 7,348,671 | | 8,562,970 |
| | 9,567,338 | | 16,999,811 | | 18,522,655 | | 11,653,537 | | 16,549,810 | | 21,658,780 |
| | 3,968,211 | | 3,684,872 | | 4,262,773 | | 4,845,152 | | 8,733,162 | | 5,146,548 |
| | 9,437,370 | | 10,127,755 | | 10,807,907 | | 10,969,406 | | 12,209,839 | | 13,525,969 |
| | 230,706 | | 114,025 | | 112,809 | | 156,937 | | 195,507 | | 153,081 |
| | - | | - | | - | | - | | - | | 684,334 |
| | 573,419 | | 1,076,028 | | 1,140,693 | | 1,147,892 | | 1,212,016 | | 1,317,179 |
| | <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>1,340,000</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>52,388,861</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> | | <u>(20,235,735)</u> |
| | 19,890,000 | | 22,400,000 | | - | | - | | 3,780,000 | | - |
| | 919,904 | | 1,270,102 | | - | | - | | 332,204 | | - |
| | - | | - | | - | | - | | - | | 87,599 |
| | 9,603,509 | | 10,554,988 | | 15,873,378 | | 11,852,135 | | 11,645,660 | | 11,523,685 |
| | <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>(2,660,794)</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>8,950,490</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>(11,285,245)</u> |
| | <u>7.7%</u> | | <u>14.7%</u> | | <u>8.5%</u> | | <u>10.8%</u> | | <u>7.2%</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 ^a | Sales & Use Taxes | Franchise and Other Taxes ^b | Total |
|----------------|--------------------------------|----------------------|---|---------------|
| 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 | 8,245,824 | 12,347,659 | 3,209,820 | 23,803,303 |
| 2024 | 9,273,935 | 12,543,849 | 3,291,365 | 25,109,149 |

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> |
|--------------------|-----------------------------|----------------------------|------------------------------|----------------------------|
| 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 |
| 2024 | 2,015,407,843 | 801,400,563 | 43,453,142 | 163,934,547 |

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> |
|-------------------------------|--|---|----------------------------------|
| \$ 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 |
| 1,019,730,485 | 830,766,953 | 3,213,159,627 | 0.30740 |

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 |
| 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 |
| 2024 | 0.23770 | 0.06970 | 0.30740 |

Source: County Board of Equalization and Assessment

TABLE 7

| Overlapping Rates | | | Total Direct and Overlapping Rates |
|-------------------|------------------|----------------------|---|
| Huntsville ISD | Walker County | Hospital District | |
| 1.21000 | 0.65890 | 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 |
| 0.85710 | 0.41270 | 0.09772 | 1.67492 |

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

| Taxpayer | FY 2024 | | | FY 2015 | | |
|-------------------------------------|------------------------------|-----------|---|-----------------------------|------|---|
| | 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. | \$ 58,452,350 | 1 | 1.93% | \$ 17,582,540 | 6 | 1.27% |
| Sterling - Huntsville LLC | 37,921,632 | 2 | 1.25% | N/A | N/A | N/A |
| PEP-SHSU LLC | 35,061,179 | 3 | 1.16% | N/A | N/A | N/A |
| American Campus Community | 31,839,438 | 4 | 1.05% | N/A | N/A | N/A |
| Breckenridge Group Huntsville TX LP | 30,935,213 | 5 | 1.02% | N/A | N/A | N/A |
| Weatherford US LP | 29,918,537 | 6 | 0.99% | 23,945,037 | 1 | 1.73% |
| C150 1300 Smither Drive LLC | 28,194,047 | 7 | 0.93% | 20,202,460 | 3 | 1.46% |
| THP The Forum at Sam Houston LLC | 27,527,531 | 8 | 0.91% | N/A | N/A | N/A |
| SZ Sam Houston Ave Apartments LLC | 26,000,000 | 9 | 0.86% | N/A | N/A | N/A |
| SFG Huntsville LLC | <u>25,759,833</u> | <u>10</u> | 0.85% | <u>N/A</u> | N/A | <u>N/A</u> |
| Total | \$ <u>273,157,410</u> | | <u>9.01%</u> | \$ <u>44,147,497</u> | | <u>4.46%</u> |

Source: Walker County Appraisal District

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 |
| 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% | 4,662 | 8,010,451 | 98.6% |
| 2024 | 9,272,585 | 9,222,381 | 99.46% | - | 9,222,381 | 99.5% |

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> |
|--------------------|-----------------------------|--------------------------|---------------------------|
| 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% |
| 2024 | 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 | Revenue Bonds | General Obligation Bonds | Certificates of Obligation |
| 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 | 60,235,000 | - | 2,090,000 |
| 2023 | 40,255,000 | 2,980,000 | 58,590,000 | - | 1,960,000 |
| 2024 | 40,969,420 | 3,042,055 | 63,269,016 | - | 1,830,000 |

Source: Annual Comprehensive Financial Report

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

* See Table 16 for personal income and population data.

TABLE 11

| | <u>Total Primary Government Debt</u> | <u>Percentage of Personal Income *</u> | <u>Per Capita*</u> |
|----|--|--|--------------------|
| \$ | 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 |
| | 103,035,000 | 4.30% | 2,265 |
| | 103,785,000 | 3.91% | 2,192 |
| | 109,110,491 | 3.76% | 2,247 |

CITY OF HUNTSVILLE, TEXAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

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

| Fiscal Year | Governmental Activities | | | Business-type Activities | | Business-type Activities |
|-------------|--------------------------|----------------------------|---------------|--------------------------|----------------------------|--------------------------|
| | General Obligation Bonds | Certificates of Obligation | Total | General Obligation Bonds | Certificates of Obligation | Revenue Bonds |
| 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 | 34,454,316 | 3,285,000 | 37,739,316 | 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 |
| 2024 | 40,969,420 | 3,042,055 | 44,011,475 | - | 1,830,000 | 63,269,016 |

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 |
|-------------------|--|-----------------|------------------|--|------------|------------|
| \$ 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 |
| 40,958,540 | 284,610 | 40,673,930 | 2,091,259,453 | 1.94% | 42,200 | 964 |
| 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 | 586,546 | 44,608,454 | 2,868,227,760 | 1.56% | 47,350 | 942 |
| 45,841,475 | 3,419,932 | 42,421,543 | 3,213,159,627 | 1.32% | 48,550 | 874 |

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CITY OF HUNTSVILLE, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2024
(Unaudited)

| Government Unit | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Direct and Overlapping Debt |
|--|---------------------|---------------------------------------|--|
| Debt Repaid with Property Taxes: | | | |
| Walker County | \$ 9,460,000 | 57.00% | \$ 5,392,200 |
| Huntsville Independent School District | 123,995,000 | 77.15% | 95,662,143 |
| Subtotal overlapping debt | | | 101,054,343 |
| Total direct - City of Huntsville | 44,011,475 | 100.00% | <u>44,011,475</u> |
| Direct and Overlapping Debt | | | <u>\$ 145,065,818</u> |

- a) The percentage of overlapping debt applicable is estimated using taxable assed 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 goernments 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 shoudlbe 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 | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2015 | 2016 | 2017 | 2018 |
| Debt limit | \$ 140,768,445 | \$ 146,526,309 | \$ 158,751,905 | \$ 163,236,004 |
| Total net debt applicable to limit | <u>11,542,072</u> | <u>9,513,485</u> | <u>9,497,850</u> | <u>11,190,000</u> |
| Legal debt margin | <u>\$ 129,226,373</u> | <u>\$ 137,012,824</u> | <u>\$ 149,254,055</u> | <u>\$ 152,046,004</u> |
| Total net debt applicable to the limit as a percentage of debt limit. | 8.20% | 6.49% | 5.98% | 6.86% |

TABLE 14

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| \$ 185,948,882 | \$ 209,125,945 | \$ 224,651,897 | \$ 246,151,411 | \$ 286,822,776 | \$ 321,315,963 |
| <u>6,840,732</u> | <u>46,160,390</u> | <u>44,109,540</u> | <u>42,306,794</u> | <u>44,608,454</u> | <u>41,271,723</u> |
| <u>\$ 179,108,150</u> | <u>\$ 162,965,555</u> | <u>\$ 180,542,357</u> | <u>\$ 203,844,617</u> | <u>\$ 242,214,322</u> | <u>\$ 280,044,240</u> |
| 3.68% | 22.07% | 19.63% | 17.18% | 15.55% | 12.84% |

Legal Debt Margin Calculation for Fiscal Year 2024

| | |
|---|-----------------------|
| Assessed value | \$ 3,213,159,627 |
| Debt limit (10% of assessed value) | 321,315,963 |
| Debt applicable to limit: | |
| General obligation bonds and certificates of obligation | 41,895,000 |
| Less: Amount set aside for repayment of general obligation debt | <u>(623,277)</u> |
| Total net debt applicable to limit | <u>41,271,723</u> |
| Legal debt margin | <u>\$ 280,044,240</u> |

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CITY OF HUNTSVILLE, TEXAS

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS
(Unaudited)

| Fiscal Year | Proprietary Fund - Waterworks and Sewer System Revenue Bonds | | | | | Coverage |
|-------------|--|---------------------------------------|-----------------------|---------------------------------|------|----------|
| | Utility Operating Revenues ^a | Less: Operating Expenses ^b | Net Available Revenue | Principal and Interest Payments | | |
| 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 | 20,762,732 | 10,299,958 | 3,848,608 | 2.68 | |
| 2024 | 34,251,090 | 27,593,709 | 6,657,381 | 4,206,498 | 1.58 | |

Notes:

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

^b Includes operating expenses minus depreciation plus transfers out.

Source: Annual Comprehensive Financial Report

CITY OF HUNTSVILLE, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(Unaudited)

| Calendar Year | Estimated Population | | Personal Income ^a (thousands) | (1) Personal Income Per Capita ^a |
|---------------|----------------------|---------------|---|---|
| | City of Huntsville | Walker County | | |
| 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 |
| 2024 | 48,550 | 80,850 | 2,903,566 | 35,913 |

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

Notes: ^(a) For Walker County

TABLE 16

| <u>(1) Median Age</u> | <u>Population 21 Years and Older</u> | <u>High School Graduate or Higher</u> | <u>(2) School Enrollment</u> | <u>(3) Unemployment Rate</u> |
|-------------------------------|--|---|--------------------------------------|--------------------------------------|
| 28.6 | 72.4% | 78.9% | 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% |
| 31.5 | 86.2% | 84.1% | 6,600 | 5.1% |

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CITY OF HUNTSVILLE, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

| Employer | 2024 | | | 2015 | | |
|--|---------------|------|--|---------------|------|--|
| | Employees | Rank | Percentage of of Total City Employment | Employees | Rank | Percentage of of Total City Employment |
| Texas Department of Criminal Justice | 6,744 | 1 | 28.43% | 6,823 | 1 | 36.51% |
| Sam Houston State University | 2,391 | 2 | 10.08% | 2,817 | 2 | 15.07% |
| Huntsville Independent School District | 886 | 3 | 3.74% | 878 | 3 | 4.69% |
| Huntsville Memorial Hospital | 606 | 4 | 2.55% | 533 | 4 | 2.85% |
| Wal-Mart | 485 | 5 | 2.04% | 485 | 5 | 2.59% |
| Walker County | 400 | 6 | 1.69% | 296 | 6 | 1.58% |
| H-E-B Grocery | 393 | 7 | 1.66% | N/A | N/A | N/A |
| City of Huntsville | 311 | 8 | 1.31% | 270 | 7 | 1.44% |
| Weatherford Completion and Oilfield Services | 260 | 9 | 1.10% | 188 | 8 | 1.01% |
| Bayes Achievement Center | <u>200</u> | 10 | 0.84% | <u>N/A</u> | N/A | <u>N/A</u> |
| | <u>12,676</u> | | <u>53.44%</u> | <u>12,290</u> | | <u>65.74%</u> |

Sources: State agencies, entity HR, Workforce Solutions

CITY OF HUNTSVILLE, TEXAS

FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(Unaudited)

| Function/Program | Fiscal Year | | | |
|---|-------------|-------|-------|-------|
| | 2015 | 2016 | 2017 | 2018 |
| 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 Res.) | 2.00 | 2.00 | 3.00 | 2.00 |
| Utility billing | 5.50 | 5.50 | 5.50 | 5.50 |
| Risk/safety management | - | | | |
| Human resources | 3.00 | 4.00 | 4.00 | 4.00 |
| Municipal court | 4.50 | 4.50 | 4.50 | 5.50 |
| Information technology | 4.00 | 5.00 | 5.00 | 5.00 |
| Public Works | | | | |
| Administration | 2.00 | 3.00 | 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 | 3.00 |
| 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 | 6.00 | 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 | 6.50 | 7.50 | 7.50 | 7.50 |
| Fleet/Warehouse | 1.00 | 1.00 | 1.00 | 1.00 |
| Streets | 11.00 | 11.00 | 11.00 | 10.00 |
| Drainage maintenance | 3.00 | 3.00 | 3.00 | 3.00 |
| Street sweeping | 1.00 | 1.00 | 1.00 | 1.00 |

TABLE 18

| Fiscal Year | | | | | |
|-------------|-------|-------|-------|-------|-------|
| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| 2.00 | 2.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| 2.00 | 2.00 | 2.00 | 2.00 | 2.50 | 3.00 |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 6.00 |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.50 | 1.00 |
| 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 |
| 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 5.00 |
| 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 |
| 5.00 | 5.00 | 5.00 | 6.00 | 6.00 | 7.00 |
| 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 | 16.00 | 16.00 | 16.00 |
| 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 4.00 |
| 9.00 | 10.00 | 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 | 7.00 | 8.00 | 8.00 |
| 4.50 | 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 |
| 11.00 | 12.00 | 12.00 | 13.00 | 13.00 | 13.00 |
| 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| 1.00 | 1.00 | 1.00 | 2.00 | 2.00 | 2.00 |

CITY OF HUNTSVILLE, TEXAS

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

| Function/Program | Fiscal Year | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|
| | 2015 | 2016 | 2017 | 2018 |
| Community Development | | | | |
| Administration | 1.00 | - | - | - |
| Customer Service - Service Center | 3.50 | 3.50 | 3.50 | 3.50 |
| Planning and development | 1.00 | 2.50 | 2.50 | 2.50 |
| Central inspection | 5.00 | 5.00 | 6.00 | 5.50 |
| Health inspection | 2.00 | 2.00 | 2.00 | 2.00 |
| Main street | 1.00 | 1.00 | 1.00 | 1.00 |
| Engineering | | | | |
| Engineering | 7.00 | 6.00 | 6.00 | 8.00 |
| GIS | 2.00 | 3.00 | 3.00 | 3.00 |
| Survey | 3.00 | 3.00 | 3.00 | 2.00 |
| Parks & Leisure | | | | |
| Administration | 2.00 | 2.00 | 2.00 | 2.00 |
| Recreation | 0.75 | - | - | - |
| Parks maintenance | 10.66 | 10.75 | 10.75 | 10.75 |
| Aquatic center | 2.50 | 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 | 9.66 | 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 | 59.00 |
| 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 Deveelopment | - | - | - | - |
| 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>143.32</u> | <u>143.16</u> | <u>144.16</u> | <u>268.66</u> |

Source: City of Huntsville budget documents

TABLE 18

| Fiscal Year | | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|-------|
| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | |
| - | - | 1.00 | 1.00 | 1.00 | - | |
| 3.50 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 3.00 | 3.00 |
| 5.50 | 6.50 | 6.50 | 7.50 | 8.50 | 8.50 | 8.50 |
| 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 8.00 | 8.00 | 8.00 | 8.00 | 11.00 | 11.00 | 11.00 |
| 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| - | - | - | - | - | - | - |
| 10.75 | 10.75 | 10.75 | 12.75 | 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 | 4.00 | 4.00 | 5.50 | 6.00 | 4.00 | 4.00 |
| 9.66 | 9.66 | 9.66 | 9.16 | 9.16 | 9.16 | 9.16 |
| - | - | - | - | - | - | - |
| 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| 59.00 | 61.00 | 61.00 | 62.00 | 65.00 | 65.00 | 65.00 |
| 17.00 | 18.00 | 18.00 | 23.00 | 25.00 | 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 | 2.00 | 2.00 |
| 2.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 2.50 | 4.00 | 4.00 | 4.00 | 5.50 | 5.50 | 5.50 |
| 1.00 | - | - | - | - | - | - |
| 1.75 | 1.75 | 1.75 | 1.75 | 1.75 | 1.50 | 1.50 |
| <u>273.66</u> | <u>279.66</u> | <u>287.66</u> | <u>297.66</u> | <u>310.66</u> | <u>310.91</u> | |

CITY OF HUNTSVILLE, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(Unaudited)

| Function/Program | Fiscal Year | | | |
|--|-------------|---------|---------|---------|
| | 2015 | 2016 | 2017 | 2018 |
| Finance | | | | |
| Invoices processed | 12,628 | 11,801 | 11,510 | 11,072 |
| Payroll checks/Direct Deposits issued | 8,315 | 8,576 | 9,798 | 9,600 |
| Purchase orders issued | 481 | 517 | 459 | 553 |
| Formal bids issued | 29 | 35 | 42 | 39 |
| Utility bills generated | 108,024 | 110,100 | 113,219 | 114,059 |
| Utility payments received | 106,920 | 106,001 | 105,806 | 105,500 |
| Meter reading service orders generated | 13,101 | 12,550 | 12,025 | 10,272 |
| Human Resources | | | | |
| Workers compensation claims filed | 9 | N/A | N/A | N/A |
| On-site property inspections conducted | N/A | N/A | N/A | N/A |
| Number of Applications received | N/A | 3,367 | 4,832 | 2,652 |
| Employee Turnover Rate | N/A | N/A | 0 | 0 |
| Municipal Court (reports to HR) | | | | |
| Court cases filed and processed | 10,031 | 12,613 | 14,906 | 15,904 |
| Warrants issued | 3,820 | 4,919 | 5,864 | 7,983 |
| Information Technology | | | | |
| Computer help desk requests completed | 2,102 | 1811 | 1,610 | 1,700 |
| Public Works | | | | |
| Gallons of water produced (in billions) | 3 | 3 | 3 | 3 |
| Water main leaks repaired | 228 | 201 | 188 | 268 |
| New water connections installed | 89 | 127 | 132 | 135 |
| New sewer taps installed | 85 | 131 | 146 | 135 |
| Gallons wastewater treated (in billions) | 2 | 2 | 2 | 2 |
| Manholes inspected and serviced | 426 | 354 | 368 | 776 |
| Commercial waste collected (in tons) | 23,500 | 22,000 | 20,251 | 20,562 |
| Residential waste collected (in tons) | 7,200 | 7,000 | 6,433 | 6,909 |
| Waste transferred to landfill (in tons) | 38,500 | 39,750 | 41,004 | 45,153 |
| Waste recycled (in tons) | 7,475 | 3,100 | 3,372 | 3,583 |
| Tons of debris removed from drainage ways | 60 | 60 | 60 | 60 |
| Tons of debris removed -Public right-of-ways | N/A | N/A | 649 | 428 |
| Curb miles swept by street sweeper | 2,600 | 2,400 | N/A | 2,326 |
| Development Services | | | | |
| Code enforcement complaints investigated | 547 | 526 | 458 | 546 |
| Food establishment inspections performed | 576 | 479 | 422 | 658 |

TABLE 19

| Fiscal Year | | | | | |
|-------------|---------|---------|---------|---------|---------|
| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| 11,350 | 10,615 | 10,787 | 13,472 | 13,741 | 14,125 |
| 9,500 | 9,441 | 9,568 | 9,611 | 9,581 | 9,841 |
| 560 | 452 | 502 | 510 | 513 | 521 |
| 39 | 33 | 37 | 42 | 40 | 45 |
| 114,400 | 115,544 | 116,602 | 118,351 | 120,718 | 123,133 |
| 105,800 | 109,767 | 112,083 | 113,764 | 117,304 | 119,650 |
| 10,700 | 11,166 | 11,322 | 11,548 | 11,663 | 11,788 |
| N/A | N/A | N/A | N/A | N/A | N/A |
| N/A | N/A | N/A | N/A | N/A | N/A |
| 2,500 | 2,611 | 2,702 | 2,999 | 2,271 | 1,249 |
| 0 | 0 | N/A | N/A | N/A | N/A |
| 15,000 | 14,897 | 15,872 | 16,632 | 16,458 | 11,100 |
| 5,300 | 5,776 | 5,801 | 5,815 | 4,024 | 3,306 |
| 1,700 | 1,811 | 1,911 | 2,105 | 2,316 | 1,360 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 250 | 262 | 212 | 223 | 217 | 171 |
| 135 | 141 | 202 | 272 | 278 | 193 |
| 135 | 157 | 173 | 188 | 191 | 155 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 302 | 427 | 338 | 387 | 387 | 1,198 |
| 23,308 | 23,626 | 24,809 | 26,049 | 27,351 | 29,304 |
| 7,555 | 7,647 | 7,709 | 8,094 | 8,256 | 8,392 |
| 48,233 | 49,444 | 50,712 | 52,233 | 53,278 | 48,985 |
| 3,808 | 3,888 | 3,914 | 4,305 | 4,348 | 4,330 |
| 60 | 60 | 64 | 64 | 65 | 263 |
| 340 | 340 | 357 | 360 | 368 | 1,678 |
| 2,500 | 2,500 | 2,612 | 2,612 | 2,612 | 4,468 |
| 512 | 507 | 551 | 537 | 542 | 542 |
| 525 | 529 | 578 | 556 | 573 | 573 |

CITY OF HUNTSVILLE, TEXAS

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

| Function/Program | Fiscal year | | | |
|---|-------------|---------|---------|---------|
| | 2015 | 2016 | 2017 | 2018 |
| Community services | | | | |
| In-house recreation programs offered | 46 | N/A | N/A | N/A |
| Contract recreation programs offered | 2 | N/A | N/A | N/A |
| Playground safety inspections performed | 142 | 144 | 144 | 144 |
| Library items circulated | 139,200 | 169,550 | 158,258 | 147,000 |
| Library visitors | 161,100 | 102,827 | 102,288 | 88,314 |
| Main Street events held | 5 | 6 | 5 | 5 |
| Public safety | | | | |
| Police calls for service | 43,985 | 50,595 | 60,939 | 59,112 |
| Arrests made | 2,500 | 2,130 | 2,473 | 2,436 |
| Citations issued | 5,357 | 9,596 | 7,788 | 7,714 |
| Offenses/incidents reported | 2,981 | 3,230 | 3,853 | 2,455 |
| Fire calls for service | 1,300 | 1,431 | 1,474 | 1,480 |
| Main alarms answered | 200 | 224 | 244 | 220 |
| Fire inspections conducted | 130 | 144 | 141 | 124 |

Note: N/A - data not available.

Source: City departments

TABLE 19

| Fiscal Year | | | | | |
|-------------|---------|---------|---------|---------|---------|
| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| 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 | 187 | 166 | 174 | 171 |
| 115,521 | 115,521 | 116,823 | 117,821 | 121,355 | 232,862 |
| 89,197 | 89,197 | 91,332 | 91,517 | 96,096 | 53,870 |
| 5 | 5 | 3 | 6 | 6 | 8 |
| 60,352 | 56,142 | 62,388 | 50,554 | 47,396 | 44,527 |
| 2,654 | 2,416 | 2,501 | 2,056 | 2,022 | 2,004 |
| 8,044 | 7,420 | 8,108 | 10,182 | 7,627 | 7,407 |
| 2,584 | 2,432 | 2,537 | 5,878 | 6,535 | 8,598 |
| 1,498 | 1,550 | 1,566 | 1,609 | 1,894 | 2,119 |
| 196 | 196 | 214 | 228 | 243 | 226 |
| 136 | 201 | 219 | 460 | 111 | 92 |

CITY OF HUNTSVILLE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(Unaudited)

| Function/Program | Fiscal Year | | | |
|---------------------------------------|-------------|------|------|------|
| | 2015 | 2016 | 2017 | 2018 |
| Public utilities | | | | |
| Water line (approximate miles) | 245 | 245 | 245 | 246 |
| Sewer line (approximate miles) | 250 | 250 | 250 | 252 |
| Lift stations | 28 | 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 | 427 | 414 | 414 | 414 |
| City pool (1997-2004)/aquatic centers | 1 | 1 | 1 | 1 |
| Community centers (MLK Building) | 1 | 1 | 1 | 1 |
| Arts center | 1 | 1 | 1 | 1 |
| Libraries | 1 | 1 | 1 | 1 |
| Public safety | | | | |
| Police stations | 1 | 1 | 1 | 1 |
| Fire stations | 4 | 4 | 4 | 4 |

Note: N/A - data not available.

Source: City departments

TABLE 20

| Fiscal Year | | | | | |
|-------------|------|------|------|------|------|
| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| 246 | 253 | 263 | 263 | 263 | 263 |
| 252 | 252 | 260 | 260 | 262 | 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 | 143 | 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, 2024, 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 18, 2025.

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.

OFFICE LOCATIONS

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

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 18, 2025