

# *City of Huntsville, Texas*

## *Comprehensive Annual Financial Report*

*For the year ended September 30, 2009*



SAM HOUSTON

**CITY OF HUNTSVILLE, TEXAS**

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED SEPTEMBER 30, 2009*

**Kenneth C. Davis & Company, P.C.**

*Certified Public Accountants*

1300 11th Street Suite 400

Huntsville, Texas 77340

(936) 291-3020

*Introductory Section*

City of Huntsville, Texas  
 Comprehensive Annual Financial Report  
 For The Year Ended September 30, 2009

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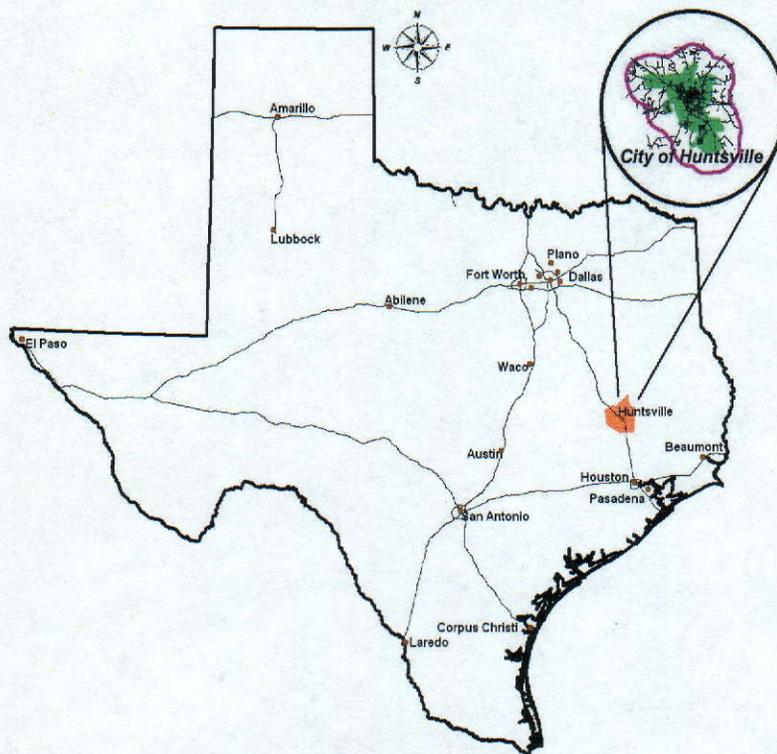
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***WELCOME TO  
THE CITY OF HUNTSVILLE, TEXAS***

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 2000 census was 35,078, a 25.6% increase from the 1990 census. Population estimates include inmates within the Texas Department of Criminal Justice (TDCJ) system.



Walker County is in 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 2000 census for the county was 61,758, an increase of 21.3% from the 1990 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 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 (over 13,000 inmates are housed in the area with TDCJ employment over 6,000 within Walker County).

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 16,000 students and over 2,880 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 272 acres, including part of the original home site of the Houston family. With five colleges (Arts and Science, Business, Criminal Justice, Education, and Humanities and Social Science), the university offers seventy-nine undergraduate degree programs, fifty-four masters' programs, and five doctoral programs.

According to the United States Census Bureau, the 2008 median income for Walker County was \$31,952 per household, compared to the state median of \$39,967. The Bureau of Labor Statistics reported 25,084 persons employed in Walker County in 2009. Fifty-one percent (51.1%) 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 December, 2009 was 6%.

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



# CITY OF Huntsville

Incorporated in 1845 under the Republic of Texas

March 29, 2010

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

The Comprehensive Annual Financial Report (CAFR) of the City of Huntsville, Texas, for the fiscal year ended September 30, 2009 is presented herein. Disclosures necessary to enable the reader to gain an understanding of the City of Huntsville's financial activities have been included.

## Financial Statement Overview

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

The report is the seventh compliance year under Rule 34 as established by the Governmental Accounting Standards Board (GASB31). Under this rule, an entity-wide statement of net assets 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 government-wide.

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 Assets and a Statement of Activities with supplemental information provided in the Fund statements. The Statement of Net Assets reports changes in assets, presenting all assets and liabilities of the city. The Statement of Activities presents revenues and expenses by function, demonstrating how those assets 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.

## FINANCE

1212 Avenue M • Huntsville, TX 77340-4608 • 936.291.5440 • 936.291.5489 fax • [www.ci.huntsville.tx.us](http://www.ci.huntsville.tx.us)

*Our vision for the City of Huntsville is a community that is beautiful, historic, culturally diverse, affordable, safe, and well planned with great opportunity for our citizens.*

## **City Services**

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

In the fiscal year, the City completed transition to an Automated Solid waste system.

## **Priorities and Objectives**

Council priorities were transitioning to automated solid waste collection, and planning for a successful recycling program. Infrastructure extensions to underserved areas and reviewing the health insurance fund to ensure adequacy of funding were other priorities. A primary priority was to meet objectives while maintaining tax and utility rates. To this end, the effective tax rate was adopted and utility rates remained the same.

Objectives completed included: 1) transition to automated waste system, 2) changes in health insurance providers 3) the addition of two public safety personnel, 4) initiation of capital project additions, 5) progress toward franchise agreement negotiations, 6) began construction of new fire station, and 7) funding for retiree medical insurance

## **Hurricane Relief**

As part of the relief effort, the City installed five generators, four at sewer lift stations and one mobile generator for emergencies and backup. The City received federal and state reimbursements of approximately \$1.1 million in the 2009 calendar year.

## **Transition Factors and Operations**

Transition of management and implementation of the automated solid waste system were primary management efforts.

## **Summary of Financial Activities**

Meeting council objectives of a balanced budget and balancing operating revenues versus expenditures, the fund balances of all major operating funds increased. Project expenditures were concluded for the following:

- Addition of two police officers,
- Automated Waste transition

The fiscal year represented the fourth year that the budget was presented balanced between revenues and expenditures in each major operating fund, including the General Fund. Sales tax showed higher than average growth and the City received higher permit fees due to apartment building in the year although the area is experiencing a slowdown in construction with the completion of apartments and the economy. With increased revenue from sales tax and a reduction in operating expenditures, the General Fund posted a net increase of \$1.05 million. The Street Fund budget was balanced, and the fund balance increased by \$4,602. Anticipated franchise revenue from additional electric usage fees will increase revenue beginning in the latter part of the fiscal year. The City anticipates continued future revenue from this source.

The Water Fund had increased revenue compared to budget but expenditures increased. As a result, the change in net assets for the Water Fund was a decrease of \$202,580. Wastewater had an increase in net assets of \$924,023. Solid Waste Fund increased net assets by \$378,414.

On a government-wide basis, net assets for Government activities increased from \$28.9 million to \$30.7 million. Net assets for business-type activities increased from \$58.5 million to \$59.6 million.

## **Comprehensive Plan**

The City initiated a process for public involvement in the development of a Comprehensive Plan that was completed in the prior year. Public and committee meetings were held to discuss City issues and priorities, and to finalize strategic objectives and priorities in developing the plan. Plan changes were made in the map section showing land use areas. The plan and the annual strategic planning meeting were incorporated into the budget process.

## **Economic Development**

The City participated in a TIRZ (Tax Increment Reinvestment Zone) with the county. In the summer of 2009, Target opened in the developed area. The city anticipates increased tax appraisals in the development in the upcoming year and continued sales tax growth. The council enacted change to the boundary and property and sales tax reimbursement to the developer based on changes in the project scope.

## **Tourism, Cultural Services, and Visitors Center**

The City formulated a governing board to review and administer expenditures from the hotel/motel tax revenues. As a result, an audit of tourism, the Visitor's Center and gift shop functions was conducted by an external consultant firm and a review by the Hotel/Motel oversight board (HOT Board).

As a result of the audit the city cancelled the contract with the local Chamber of Commerce and initiated management of the operations as an internal department within the City. A Director of Tourism heads operations of the Visitors Center, gift shop, and tourism expenditures, as well as management of the Wynne Home Arts Center and Main Street.

## **Capital Projects**

Construction-in-progress for enterprise fund projects in the Water and Wastewater Funds are recorded in their respective funds. The Water Fund recorded \$730,000 in construction and the Wastewater Fund, \$443,000 in construction.

Completed Capital Projects for the fiscal year were:

- The painting of the 2 million gallon Hydro pillar as well as the painting of two (2) one million gallon ground storage tanks at the Palm Street Water plant;
- Installation of a new filter at the Spring Creek Water Plant;
- Two new chemical storage buildings were built at our water plants; one at Palm Street and one at Spring Creek;
- A generator was purchased for the Spring Creek Water Plant;
- Generators were purchased and installed at 7 lift stations to be used in emergencies;
- Drainage repairs to headwalls at 13<sup>th</sup> Street and 14<sup>th</sup> Street were completed;
- Completion of Old Colony Road Phase III;
- Aerial Mapping;
- Completion of the West Ridge and McGraw Interceptor projects;
- Installation of a restroom facility at Eastham Thompson Park;
- Service Center Yard repaving was completed;
- Completion of the Fire Station on Veterans Memorial.

## **Debt Issues**

A voter approved general obligation bond for a Northeast fire station was issued for \$1,850,000 in February, 2009. A refunding bond issue, Series 2009 in the amount of \$6,405,000 was issued in March, 2009 refinancing the Series 1998 Certificates of Obligation. In November, 2008 voters had approved the bond for library expansion. The issue is scheduled to be funded in the amount of \$3.5 million in 2010.

The City issued a \$2.0 million water revenue bond in November of 2007 for a water filter project and engineering study of the water plant. The bond is callable in next fiscal year.

The City issued debt in the form of a \$1.1 million tax note for seven years for the construction of the Aquatic Center in 2005. Payments are budgeted in future years from operating revenue and available fund balances. No additional taxes were levied for the retirement of this debt.

The City had refunded debt in 2005 in the amount of \$3,820,000 for a portion of the 2000 street arterial issue. Debt service is funded in the Debt Service Fund from existing tax levies for the 2000 street certificates of obligation. The City implemented an automated waste program during the year. The purchases of the solid waste trucks were financed with a capital lease of approximately \$986,000.

The fund balance for the Debt Service Fund servicing general obligation debt increased \$163,093 to \$388,953.

### **Utility and Tax Rates**

City Council has actively sought to maintain the ad valorem property tax rates. In FY 1998–99, the ad valorem tax rate was increased to \$0.4300 per \$100 assessed valuation to fund a Street Arterial Capital Project. In FY 1999–00, the rate was adjusted to \$0.4125 because of an increase in the assessed valuation. The Tax rate adopted in FY 2001–02 was \$0.4325, providing additional funds for the capital streets program. The FY 2002-03 rate was \$0.4500, 0.42500 for FY 2003-04, and \$0.4375 for FY 2004-05. For FY 2005-06 the tax rate adopted was \$0.4319, a reduction of one-half cent. For FY 2006-07, the adopted tax rate was decreased to \$0.4192. The rate for Fiscal Year 2007-08 was decreased to \$0.4135. The tax rate for FY 2008-09 was \$0.4507.

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 wastewater rates were adjusted in FY 1992–93 as result of USEPA mandated modifications to the two wastewater treatment plants and again in FY 1995–96 and FY 1996–97 to fund the Capital Improvements budget. Beginning October 1, 2000, following a rate study and approval of a capital improvement initiative, water and wastewater rates were adjusted. Solid waste collection charges and disposal rates were adjusted during 2002, following the Solid Waste Rate Study. Utility rates remained the same for FY 2004-05, FY 2005-06, FY 2006-07. Solid waste base fess were raised \$2.00 in FY 2007-08, with no change for FY 2008-09.

### **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 with the remainder invested in approved government pools or short-term agencies. Investment rates decreased during the last quarter of the fiscal year; consequently, investment revenue was under budget but was decreasing with the downward trend in rates.

### **Budget Process**

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

### **Internal Controls**

The City relies on certain internal financial controls as identified in the financial, purchasing, personnel, and fixed asset policies. Adopted by ordinance, they provide the basis for reliance on the financial statements. Such assurances do not, themselves, guarantee the prevention of fraud. By monitoring internal controls, the basis of reliance on the financial statement as a fair

presentation in all material respects is provided. The 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 Kenneth C. Davis and Company, P.C. was recommended by the City Council Finance Committee and selected by the Council. In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of Government Auditing Standards. The auditor's report on the general purpose financial statements is in the financial section of this report. The auditor's report on compliance and on internal control over financial reporting and additional reports are provided in the other supplementary information section.

### **Awards**

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Huntsville for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2008. This was the 32<sup>nd</sup> year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the governmental body must publish a CAFR with required criteria for management discussion and analysis in conformity with generally accepted accounting standards under GASB (the Governmental Accounting Standards Board) and in conformity with GFOA requirements.

This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. In addition, the City of Huntsville also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for the past 22 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, 2009 (FY 2009-10), 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,



Winston Duke  
Director of Finance



Bill Baine  
City Manager

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Huntsville  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

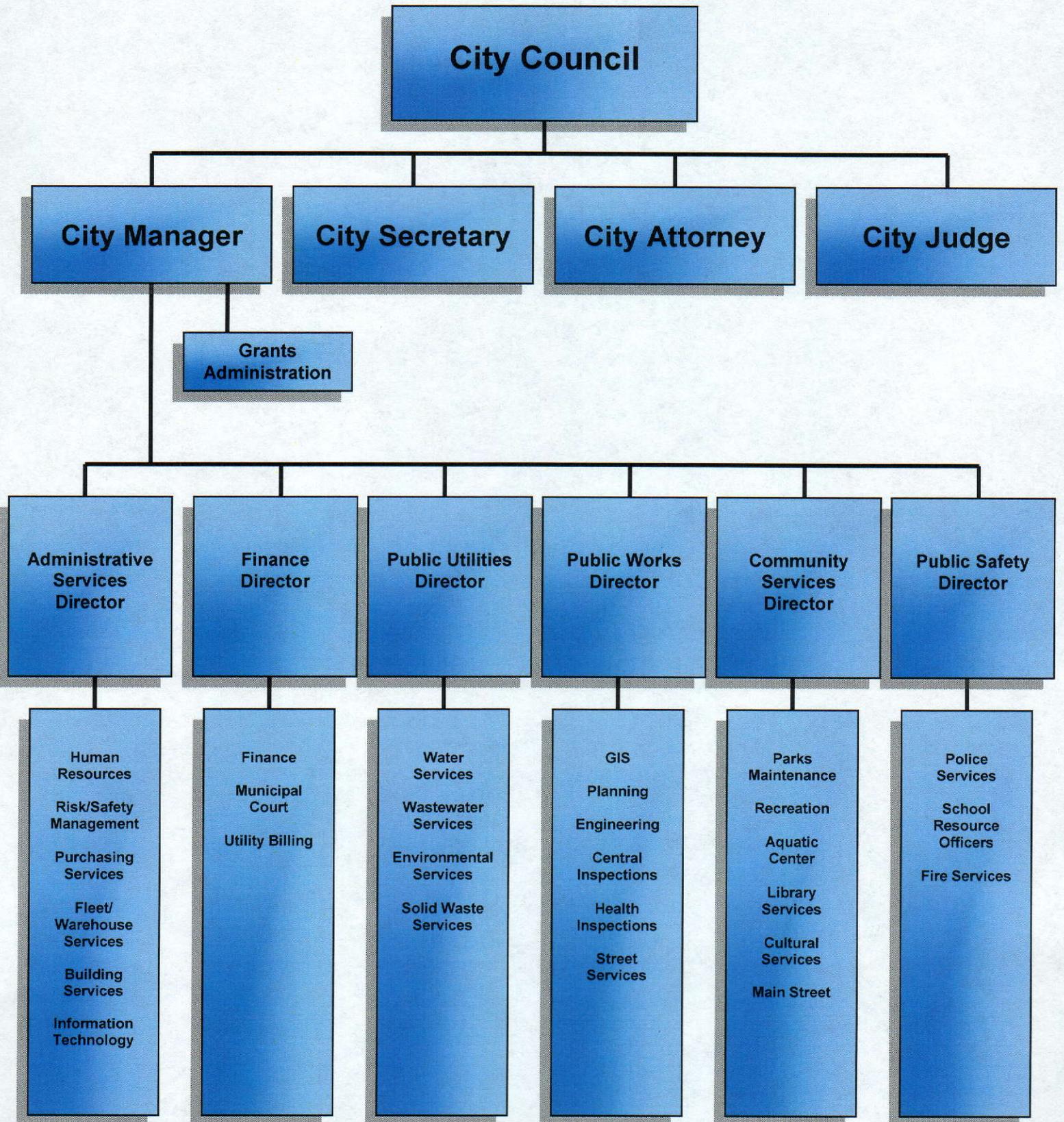


A stylized, handwritten signature in black ink, appearing to be "JRE".

President

A handwritten signature in black ink, appearing to be "Jeffrey R. Emer".

Executive Director



**CITY OF HUNTSVILLE, TEXAS**

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2009

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Elected Officials

---

<u>Name</u>	<u>Office</u>
J. Turner	Mayor
Dr. Thomas C. Cole, Jr.	Councilmember - Ward 1
Mac Woodward	Councilmember - Ward 2
Jack Wagamon	Councilmember - Ward 3
Dr. Wayne Barrett	Councilmember - Ward 4
Dalene Zender	Councilmember - Position 1
Melissa Templeton-Mahaffey	Councilmember - Position 2
Charles Forbus	Councilmember - Position 3
Lanny Ray	Councilmember - Position 4

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Appointed Officials & Directors

---

<u>Name</u>	<u>Position</u>
William (Bill) Baine	City Manager
Lee Woodward	City Secretary
Leonard Schneider	City Attorney
John Gaines	Municipal Court Judge
Winston Duke	Director of Finance
Matt Lumpkins	Director of Community Services
Alwin Barrow	Director of Public Safety
Vacant	Director of Public Works
Carol Reed	Director of Public Utilities

*Financial Section*

# Kenneth C. Davis & Company

A Professional Corporation  
*Certified Public Accountants*  
1300 11TH STREET, SUITE 400  
P.O. BOX 6308  
HUNTSVILLE, TEXAS 77342  
PHONE (936) 291-3020  
FAX (936) 291-9607

## Independent Auditor's Report on Financial Statements

City Council  
City of Huntsville, Texas  
1212 Avenue M  
Huntsville, Texas 77340-4608

Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Huntsville, Texas as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Huntsville, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

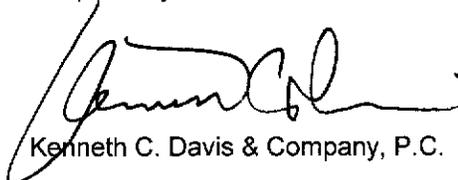
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Huntsville, Texas as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2010, on our consideration of City of Huntsville, Texas' 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 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the City of Huntsville, Texas' basic financial statements. The accompanying schedule of expenditures of federal awards required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the combining and individual fund financial statements and supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,



Kenneth C. Davis & Company, P.C.

February 19, 2010

## MANAGEMENT DISCUSSION AND ANALYSIS

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

A large portion of the land located within the city limits is State owned and, therefore, tax exempt. Huntsville is the home of Sam Houston State University and the Texas Department of Criminal Justice. The governmental payroll generated by these two principal employers comprise the backbone of the local economy, providing stability and a viable alternative to limited property tax revenues through the sales tax option. Huntsville is the center of commerce for Walker County and our region.

### GENERAL GOVERNMENTAL FUNCTIONS

Revenues and other financing sources for 2009 general governmental functions - General Fund, Streets, and Other Governmental Funds (Capital Project, Debt Service, and non-major Special Revenue Funds) - totaled \$23,046,461 for the fiscal year ended September 30, 2009. Comparative revenues for the prior year were \$21,857,121.

The following table details the revenue categories of total general governmental revenues. The increases/decreases in amounts from prior years are shown, along with the percentage of change.

REVENUES	AMOUNT FY 2008-09	AMOUNT FY 2007-08	AMOUNT FY 2006-07	AMOUNT FY 2005-06	INCREASE (DECREASE) FROM FY 07-08	PERCENT OF INCREASE FROM FY 07-08
Taxes and Franchises	\$ 14,228,818	\$ 13,674,901	\$ 12,776,640	\$ 12,110,807	\$ 553,917	4.05%
Permits and Licenses	392,167	313,952	444,643	284,860	78,215	24.91
Fines and Fees	858,241	878,632	889,400	827,609	(20,391)	(2.32)
Charges for Service	834,379	609,287	636,241	568,879	225,092	36.94
Administrative Reimbursement	5,132,427	4,958,864	4,653,361	4,215,525	173,563	3.50
Interest Earnings	163,418	443,066	571,586	481,777	(279,648)	(63.11)
Grants/Contributions	517,668	473,502	832,626	843,689	44,166	9.33
Other	919,343	504,917	445,751	919,297	414,426	82.08
<b>TOTAL</b>	<b><u>\$ 23,046,461</u></b>	<b><u>\$ 21,857,121</u></b>	<b><u>\$ 21,250,248</u></b>	<b><u>\$ 20,252,443</u></b>	<b><u>\$ 1,189,340</u></b>	<b><u>5.44%</u></b>

The percentage of revenues collected from sales tax has historically been larger than revenues collected from property taxes because of the limited ad-valorem tax base in Huntsville. Taxes and franchise fees increased due to increased sales tax, increased apartment building, and growth of the local university. The economy remained healthy with slow down from the prior year due to completion of apartment building. Sales tax growth maintained a steady up trend. (7.3% versus 2.9% prior year). Franchise income increased \$259,997.

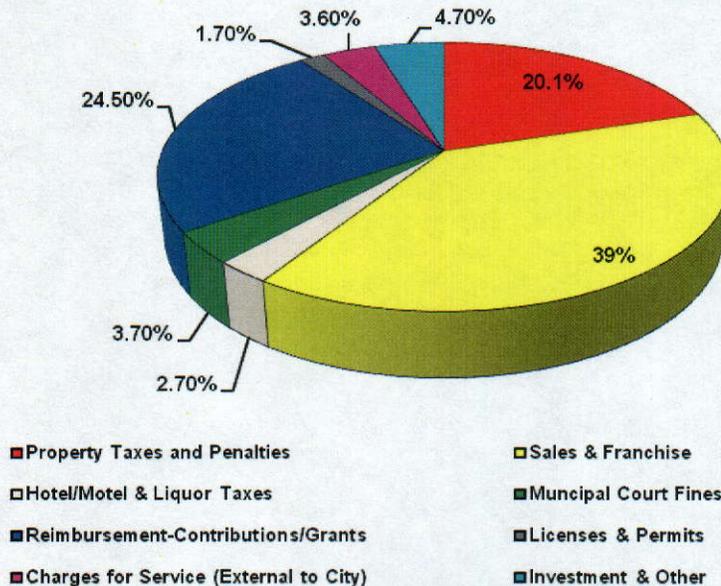
Comparative data on taxable assessed valuations and property tax collection is presented in the following schedule.

	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
Assessed Valuation	\$1,124,988,600	\$1,071,063,985	\$ 987,649,140	\$ 916,559,997	\$ 879,693,723
Property Tax Collections	4,623,077	4,725,708	5,134,519	3,981,537	3,847,994
Outstanding Delinquent Taxes	229,976	210,785	424,435	336,207	269,809
Tax Rate	0.4007	0.4135	0.4192	0.4319	0.4375

The Governmental Fund revenues are comprised of the following categories and percentages:

	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Property Taxes and Penalties	20.1%	21.6%	19.5%	19.7%
Sales & Franchise Taxes	39.0%	37.9%	37.9%	37.4%
Hotel/Motel & Liquor Taxes	2.7%	3.1%	2.7%	2.8%
Municipal Court Fines	3.7%	4.0%	4.2%	4.0%
Reimbursement -Contributions/Grants	24.5%	24.9%	25.8%	25.9%
Licenses & Permits	1.7%	1.4%	2.1%	1.4%
Charges for Service (External to City)	3.6%	2.8%	3.0%	2.8%
Investment & Other	<u>4.7%</u>	<u>4.3%</u>	<u>4.8%</u>	<u>6.0%</u>
	<b>100%</b>	<b>100%</b>	<b>100.0%</b>	<b>100.0%</b>

Increased sales taxes revenue contributed to the increase in the combined sales and franchise tax category. Excluding internal administrative reimbursements, contributions and grants and interest decreased. Fines were down slightly and service charges were up.



The Water and Wastewater Fund and Solid Waste Fund reimburse the General Fund a portion of their administrative costs. Administrative functions, including the Charter Offices, Finance, Information Technology, Human Resources and other Administrative Services divisions, and Public Works divisions, etc., are budgeted in the General Fund. The amount of the administrative cost reimbursement is based to the largest degree possible on quantitative measurements. Human Resources costs are reimbursed based on the numbers of employees in each fund. Administrative, Charter Offices, and Finance costs are based on the various budgets as a percentage of the total budget. The Street Fund receives right-of-way fees from utilities paying franchise fees and from the Waste, Wastewater, and Solid Waste Funds. The Wastewater and Solid Waste Funds reimburse the Water Fund for utility billing and meter reading costs. After review of allocations, the administrative cost reimbursements increased compared to the prior year as expenditures supporting allocations also increased. The Water Fund reimburses the Wastewater Fund for environmental services costs. Administrative cost reimbursements totaled \$5,132,427 for

the year.

**GOVERNMENTAL FUND EXPENDITURES BY ACTIVITY**

**Major and Non-major Funds**

The City's major governmental funds are the General Fund, Debt Service Fund, and the Street Special Revenue Fund. Total expenditures for the General Fund were \$14,923,830 and total expenditures for the Street Special Revenue Fund were \$2,925,568. The Debt Service Fund had expenditures of \$8,271,977 which includes refunded principal of \$6,260,000. Ending fund balance for the General Fund and the Street Fund were \$9,017,858 and \$1,198,376, respectively. Ending balance for the Debt Service Fund was \$388,953.

Non-major funds included Special Revenue, Capital Projects, and Permanent Funds. Special Revenue Fund expenditures totaled \$1,248,323, Capital Projects Funds totaled \$909,054, and Permanent Funds had no expenditures for the year. . The combined fund balance of the non-major funds was \$5,628,916 at year-end with total expenditures of \$10,429,354.

Excluding the refunded principal of \$6,260,000, expenditures in Governmental Funds were up 9.5% from the prior year. Community Services expenditures increased from the prior year due to various capital projects. Administrative services includes non-departmental expenditures.

The following schedule presents a summary of the increases and decreases in relation to the prior year amounts.

<b>EXPENDITURES AND OTHER USES</b>	<b>AMOUNT FY 2008-09</b>	<b>AMOUNT FY 2007-08</b>	<b>AMOUNT FY 2006-07</b>	<b>AMOUNT FY 2005-06</b>	<b>INCREASE (DECREASE) FROM FY 07-08</b>	<b>PERCENT OF INCREASE (DECREASE)</b>
Charter Offices	\$ 811,467	\$ 972,581	\$ 909,677	\$ 777,808	\$ (161,114)	(16.6)
Finance	1,302,213	1,211,277	1,080,643	1,178,178	90,936	7.5
Public Works	5,161,730	4,677,737	4,519,255	4,519,442	483,993	10.3
Community Services	3,368,954	2,710,219	2,921,226	4,185,919	658,735	24.3
Public Safety	6,075,462	5,846,042	6,259,719	4,943,415	229,420	3.9
Administrative Services	3,128,099	2,886,470	2,529,657	2,633,073	241,629	8.4
Debt Service:						
<i>Principal Retirement</i>	7,504,000	976,916	944,848	1,079,681	6,527,084	668.1
<i>Interest</i>	926,827	795,365	829,343	886,283	131,462	16.5
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<b><u>\$28,278,752</u></b>	<b><u>\$20,076,607</u></b>	<b><u>\$19,994,368</u></b>	<b><u>\$ 20,203,799</u></b>	<b><u>\$8,202,145</u></b>	

**Resource Availability and Future Outlook**

Revenues in the General Fund are stable and trending upward, with sales taxes showing a healthy increase. Assessed valuation continued to increase slightly over the prior year. However, adoption of the effective tax rate maintains revenue at the current level for existing property with the addition of new property. Inflation is not factored into rate considerations. Funds are available for basic services and the City continues to maintain adequate reserves. Unrestricted net assets available for governmental activities were \$13,351,672 and \$25,990,476 for business-type activities for the year ending September 30, 2009. General Fund unreserved fund balance totaled \$8,685,056.

Revenue from sales tax exceeded budget by 6.6% and license/permit revenue by 35.7%. Overall revenue was increased 3.3% compared to budget. Fund balances increased with increased revenues, especially from sales taxes, while expenditures were substantially reduced with differences attributable to turnover and management changes.

The City expects to be able to meet citizens' needs as in the past. Huntsville is fortunate in two major respects: (1) the economic base is stable; and (2) the City's financial planning has been well defined and monitored by the elected officials. The fund balances of the General and Governmental Funds remains healthy and in conformance with the City's Fiscal and Budgetary Policies.

**Debt Service – General Obligation**

Total outstanding debt as of September 30, 2009, is \$18,838,000 approximately 16% of the legal debt limit.

In 2001, certificates of obligation were issued for a golf course. The City retains the responsibility for the debt but collects revenue in a golf course lease agreement with Sam Houston State University that offsets the debt service. Refunding obligations were issued in 2009 for \$6.4 million to achieve interest savings.

Tax notes of \$1.1 million were issued in 2005 for the construction of an aquatics center complex; no additional tax levy was required for debt service related to the notes. Tax note obligations at September 30, 2009 totaled \$450,000. The City issued a voter approved bond in the amount of \$1,850,000 in February, 2009 for the construction of the NE Fire Station.

Past Council practice has been to issue short term certificates of obligation for equipment purchases, with funding for a period equal to or less than anticipated life. With the use of the accumulated equipment replacement funds, the need for short-term debt has been reduced. Lease purchase covered by operating revenues is the preferred method in the event a cash purchase is not feasible. This method is used primarily for more expensive equipment with a long-term useful life.

	OUTSTANDING SEPTEMBER 30, 2009	OUTSTANDING SEPTEMBER 30, 2008	OUTSTANDING SEPTEMBER 30, 2007
<u>Bonds:</u>			
2004 Portion of Refunding	\$ -	\$ 85,000	\$ 391,916
2005 Refunding	3,730,000	3,755,000	3,780,000
2009 Refunding	6,405,000	-	-
2009 Fire Station	1,646,000	-	-
<b>TOTAL BONDS</b>	<b>11,781,000</b>	<b>3,840,000</b>	<b>4,171,916</b>
<u>Certificates of Obligation:</u>			
1998 Street Arterial	-	6,655,000	6,760,000
2000 Street Arterials	340,000	675,000	860,000
2001 Golf Course	4,495,000	4,590,000	4,680,000
2004 Fire Station	980,000	1,030,000	1,080,000
2005 Tax Notes	450,000	590,000	720,000
<b>TOTAL CERTIFICATES OF OBLIGATION</b>	<b>6,265,000</b>	<b>13,540,000</b>	<b>14,100,000</b>
<b>TOTAL</b>	<b>\$ 18,046,000</b>	<b>\$ 17,380,000</b>	<b>\$ 18,271,916</b>

Capital lease debt is \$791,974. Liability for compensated absences is \$1,036,573.

A comparison of the property tax rate and the allocation between operations and debt service is as follows (per \$100 assessed valuation):

<u>FISCAL YEAR</u>	<u>OPERATIONS RATE</u>	<u>DEBT RATE</u>	<u>TOTAL RATE</u>
1993-94	\$ 0.18811	\$ 0.19629	\$ 0.3844
1994-95	0.21682	0.16758	0.3844
1995-96	0.27923	0.10517	0.3844
1996-97	0.26900	0.11540	0.3844
1997-98	0.28312	0.10128	0.3844
1998-99	0.32718	0.10282	0.4300
1999-00	0.27609	0.13641	0.4125
2000-01	0.30763	0.12487	0.4325
2001-02	0.27785	0.15465	0.4325
2002-03	0.28397	0.16603	0.4500
2003-04	0.23223	0.19277	0.4250
2004-05	0.24473	0.19277	0.4375
2005-06	0.23913	0.19277	0.4319
2006-07	0.23810	0.18110	0.4192
2007-08	0.24050	0.17300	0.4135
2008-09	0.21080	0.18990	0.4007

#### FY 2008-2009 Debt

The City's legal debt limit is 10% of assessed value. Based on current assessed value, the legal debt limit is \$112,498,860. Council expects to be able to meet current outstanding debt payments with the \$0.1899 per \$100 assessed tax rate for debt.

A voter-approved bond for construction of a fire station was issued for \$1,850,000 in 2008-09.

#### Prior Years' Debt

The City borrowed \$ 986,353 under a five year capital lease funded by solid waste fees in FY 2007-08.

The City issued debt in FY 2003-04 in the amount of \$1,200,000 for fire station construction. In FY 2003-04, debt in the amount of \$2,135,000 was refinanced with a refunding issue in the amount of \$2,220,000 for interest savings. The debt refinanced related to the following funds for these amounts: General - \$1,150,000, Water - \$115,000, Waste Water - \$480,000, and Solid Waste - \$390,000. In FY 2005-06 a refunding issue in the amount of \$3,820,000 was financed for street arterials to achieve interest savings.

### FINANCIAL HIGHLIGHTS

#### Governmental Fund Financial Basis

##### General Fund

- At the end of the current fiscal year, fund balance for the General Fund was \$9.02 million, an increase of \$1.05 million from the prior year.
- General Fund revenue increased by \$369,501, an increase of 2.3% from FY 2008. This increase was due primarily to increased sales tax collection.
- General Fund expenditures increased by \$804,782, an increase of 5.7% from FY 2008. Overall, FY 2009 expenditures were \$1,050,530, or 6.6% less than the amended budget.

### Other Governmental Funds

- Total Governmental Funds had a net change of \$2.9 million in additional fund balance with a \$1.05 million increase in the General Fund.
- Hotel/Motel – Tourism had revenue of \$485,866 versus expenditures and transfers of \$609,850 and an ending balance of \$498,332. The net change in fund balance was (\$123,984). Revenue decreased \$67,590 from the prior year.
- Arts Center Special Revenue Fund had revenue of \$95,743 and expenditures of \$226,921. With transfers-in of \$133,644, the ending fund balance increased to \$84,578. The fund accounts for operations of the Wynne Home and other arts programs. Transfers from the General Fund provided a source of funds to balance revenue and expenditures.
- Police school resource officer fund had expenditures of \$486,008 (\$475,549 for FY 2007-08).
- Total Special Revenue non-major fund expenditures were \$1,248,323 an increase of \$119,414 from the prior year.
- Capital Project expenditures were \$909,054 increased from \$282,650 with completion of the west side fire station. Sources of revenue for these funds include grants, city revenue, donations, and developer contributions.

### Proprietary Funds – Enterprise and Internal Service Funds

The net assets of the City's enterprise funds increased by \$1,148,170 in FY 2009, with increased operating expenditures for capital and operations. Internal Service Funds (Medical, Equipment, and Computer Replacement Funds) recorded a net asset increase of \$1.4 million with transfers for equipment purchases and medical fund contingency.

### **GOVERNMENT-WIDE FINANCIAL BASIS**

The government-wide financial statements report financials for the city, as a whole, similar to a private enterprise, on the accrual basis of accounting. The Statement of Net Assets and Statement of Activities are government-wide statements. The Statement of Net Assets reports total assets and liabilities and changes in those assets. The Statement of Activities reports revenues and expenses by showing how assets have changed according to the various functions of the city. The assets and activities are divided between governmental activities and business-type activities, commonly known as Enterprise funds, when reporting on the Governmental fund and modified accrual basis of accounting. Proprietary fund information reinforces the business-type information presented in the government-wide statements. Conversely, information as summarized above for the governmental funds supplements information not provided in the government-wide statements.

In the Statement of Activities, revenues are presented by programs—service charges, grants, contributions—and expenses by function. Functions distinguish between expenses that are supported by user fees and other revenue and those supported by taxes and intergovernmental sources. A synopsis of government-wide activities is presented in the summary and tables below.

- On a government-wide basis for governmental activities, the City had expenses net of program revenue of \$12.5 million. General revenues and transfers totaled \$15.4 million, resulting in an increase in net assets of \$2.9 million.
- As of September 30, 2009, the City's governmental activities reported combined ending net asset balances of \$30.7 million, an increase of \$1.8 million in net assets compared to prior year. Restricted amounts of the net asset balance were \$4.2 million for federal programs, debt service, and capital projects.
- The City's total net assets on a governmental-wide basis totaled \$90.3 million, of which \$30.7 million was from governmental activities and \$59.6 million was from business-type activities at September 30, 2009.
- Government-wide revenue totaled \$42.4 million, of which \$27.2 million was program revenue (an increase of \$1 million overall from the prior year). Expenditures were \$17.2 million for governmental and \$22.5 million for business-type activities for a total of \$39.7 million.

## Summary Statement of Activities

	Government Activities		Business-Type Activities		Total Primary Government Comparative Comparative	
	FY2008-09	FY2007-08	FY2008-09	FY2007-08	FY2008-09	FY2007-08
<b>Program Revenues:</b>						
Charges for Services	\$ 1,954,986	\$ 1,677,845	\$ 23,774,602	\$ 23,398,372	\$ 25,729,588	\$ 25,076,217
Grants and Contributions	853,861	734,012	577,216	358,290	1,431,077	1,092,302
<b>Total Program Revenues</b>	<b>2,808,847</b>	<b>2,411,857</b>	<b>24,351,818</b>	<b>23,756,662</b>	<b>27,160,665</b>	<b>26,168,519</b>
<b>General Revenues</b>						
Property Taxes	4,642,267	4,512,407	-	-	4,642,267	4,512,407
Sales Taxes	6,516,515	6,072,299	-	-	6,516,515	6,072,299
Franchise Taxes	2,464,364	2,204,367	-	-	2,464,364	2,204,367
Other Taxes	624,862	672,527	-	-	624,862	672,527
Investment Earnings	163,418	443,065	210,752	683,014	374,170	1,1260,079
Other	804,416	495,382	-	257	804,416	495,638
<b>Total General Revenues</b>	<b>15,215,842</b>	<b>14,400,047</b>	<b>210,752</b>	<b>683,271</b>	<b>15,426,594</b>	<b>15,083,318</b>
<b>Total Revenues</b>	<b>18,024,689</b>	<b>16,811,904</b>	<b>24,562,570</b>	<b>24,439,933</b>	<b>42,587,259</b>	<b>41,251,837</b>
<b>Primary Government Expenses:</b>						
Charter Offices	200,849	252,387	-	-	200,849	252,387
Administrative Services	1,830,932	1,039,121	-	-	1,830,932	1,039,121
Finance	578,505	578,053	-	-	578,505	578,053
Public Works	4,981,472	3,671,852	-	-	4,981,472	3,671,852
Community Services	2,761,093	2,878,653	-	-	2,761,093	2,878,653
Public Safety	6,063,508	5,884,539	-	-	6,063,508	5,884,539
Interest on Long-Term Debt	756,682	790,282	-	-	756,682	790,282
Water Production and Distribution			10,809,836	9,838,924	10,809,836	9,838,924
Wastewater Collection and Treatment			7,598,209	8,186,346	7,598,209	8,186,346
Solid Waste			3,935,369	4,364,518	3,935,369	4,364,518
Oakwood Cemetery Operating			132,887	122,322	132,887	122,322
<b>Total Primary Government Expenses</b>	<b>17,173,041</b>	<b>15,094,887</b>	<b>22,476,301</b>	<b>22,512,110</b>	<b>39,649,342</b>	<b>37,606,997</b>
Excess (deficiency) Before Transfers	851,648	1,717,019	2,086,269	1,927,823	2,937,917	3,464,860
Transfers	938,099	2,561,493	(938,099)	(2,561,493)	-	-
<b>Changes in Net Assets</b>	<b>1,789,747</b>	<b>4,278,510</b>	<b>1,148,170</b>	<b>(633,670)</b>	<b>2,937,917</b>	<b>3,644,860</b>
Net Assets - Beginning	28,914,871	24,636,356	58,467,941	59,101,610	87,382,812	83,737,966
Prior Period Capital Asset Adjustment	-	-	-	-	-	-
<b>Net Assets - Ending</b>	<b>\$30,704,618</b>	<b>\$28,914,866</b>	<b>\$59,616,111</b>	<b>\$58,467,940</b>	<b>\$90,320,729</b>	<b>\$87,382,826</b>

**Summary Statement of Net Assets**  
(in thousands rounded)

	Government Activities		Business-Type Activities		Total Primary Government	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Current and other assets	\$ 21,082	\$ 16,873	\$ 21,091	\$ 22,222	\$ 42,173	\$ 39,095
Capital assets	<u>31,975</u>	<u>33,281</u>	<u>65,610</u>	<u>66,467</u>	<u>97,585</u>	<u>99,748</u>
<b>Total assets</b>	<b><u>53,057</u></b>	<b><u>50,154</u></b>	<b><u>86,701</u></b>	<b><u>88,689</u></b>	<b><u>139,758</u></b>	<b><u>138,843</u></b>
Long-term liabilities	20,843	19,471	25,371	27,780	46,214	47,251
Other liabilities	<u>1,510</u>	<u>1,768</u>	<u>1,714</u>	<u>2,441</u>	<u>3,224</u>	<u>4,209</u>
<b>Total liabilities</b>	<b><u>22,353</u></b>	<b><u>21,239</u></b>	<b><u>27,085</u></b>	<b><u>30,221</u></b>	<b><u>49,438</u></b>	<b><u>51,460</u></b>
Net assets:						
Invested in capital assets, net of related debt	13,137	14,999	33,626	32,580	46,763	47,579
Restricted	4,216	2,271	-	-	4,216	2,271
Unrestricted	<u>13,352</u>	<u>11,645</u>	<u>25,990</u>	<u>25,888</u>	<u>39,342</u>	<u>37,533</u>
<b>Total net assets</b>	<b><u>\$ 30,705</u></b>	<b><u>\$ 28,915</u></b>	<b><u>\$ 59,616</u></b>	<b><u>\$ 58,468</u></b>	<b><u>\$ 90,321</u></b>	<b><u>\$ 87,383</u></b>

**Government-Wide Net Assets**

- Net assets of the governmental funds are \$30.7 million.
- The City's unrestricted net assets for governmental activities, which can be used to finance day to day operations, totaled \$13.4 million.
- Restricted net assets for governmental activities are fund balances that are earmarked for particular purposes, such as debt service or capital projects. The balance of the funds was \$4.2 million, an increase of \$1.9 million from the prior year.
- Net assets of business-type funds totaled \$59.6 million, representing an investment in capital improvements and assets of \$33.6 million. Total assets decreased \$2 million, of which \$857,000 was capital assets.

The government's overall financial health has improved with increases in net assets of both governmental and business-type activities.

**Government-wide revenues**

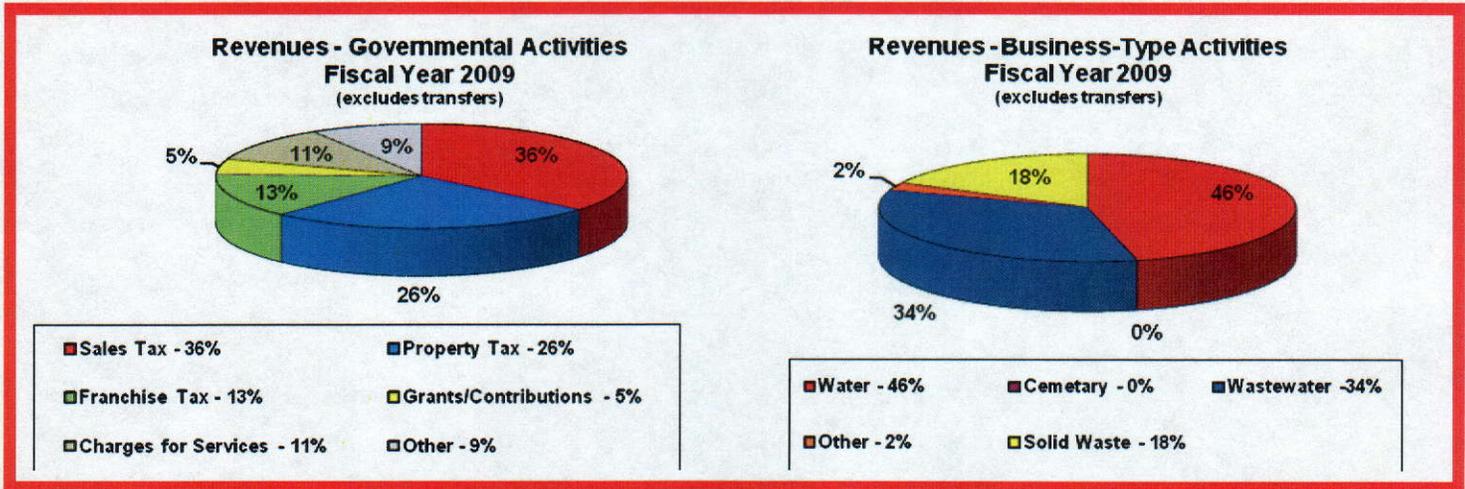
Total government-wide revenue on the statement of net assets is summarized below:

Service Charges	\$ 25,729,588
Grants and Contributions	<u>1,431,077</u>
Program Revenues	27,160,665
General Revenue	<u>15,426,594</u>
<b>Total Revenue</b>	<b><u>\$ 42,587,259</u></b>

- General property taxes totaled \$4.6 million. Included in these taxes are real and personal property levies which are assessed October 1 and payable on or before the following January 31.
- Sales tax totaled \$6.5 million for fiscal year 2009, representing 15.2% of the government wide total.
- Franchise taxes totaled \$2.5 million for fiscal year 2009 which funded street improvements. Revenue was up 13% over the prior year.
- Other taxes, which include hotel/motel taxes and liquor taxes, totaled \$624,862 or a decrease of \$47,665.

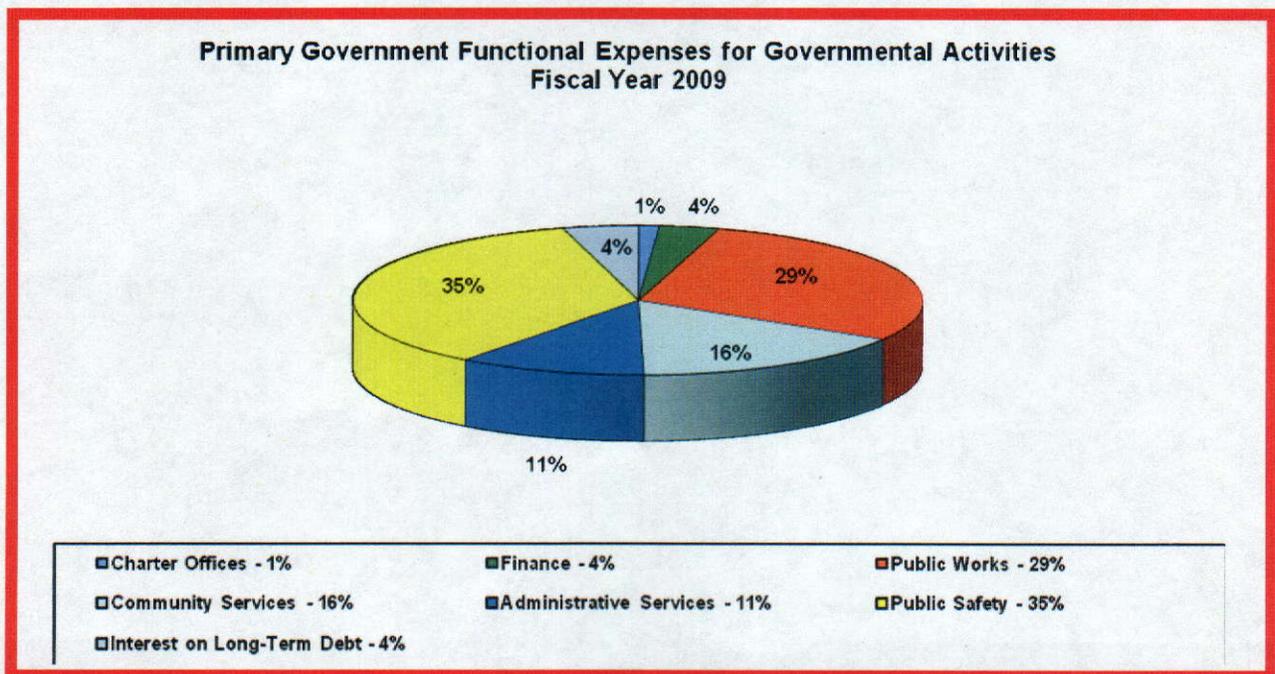
Program revenues are derived from the program itself and reduce the cost of the function to the City. Total program revenues for both governmental and business-type activities are described below.

- **Governmental activities program revenue** was \$2.8 million. About 70% of these revenues are reported in the category "Charges for Services", which primarily represent receipts from development and building inspection fees, parks fees, fire services, and court fines. This compares to 70% of revenue for the previous year, 60% two years prior, and 75% three years ago. Other governmental program revenues include operating grants for parks, fire, and police programs, and public works.
- **Business-type activities program revenues** totaled \$23.8 million (excludes Internal Service Funds). The most significant of these revenues is reported in the category "Charges for Services", which represent receipts from utility customers for water, sewer, and sanitation use.



**EXPENSES**

- **Expenses for governmental activities** totaled \$17.2 million, primarily from salaries to provide services in the public safety and public works areas, as well as for public library, recreation programs, and administration. This represents an increase of \$1.9 million.
- **Expenses for business-type activities** which provided water (48.1%), wastewater (33.8%), and solid waste service (17.5%) totaled \$22.5 million which is a \$0 increase from the prior year.



## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

For the fiscal year ended September 30, 2009, the City's governmental funds reflect a combined fund balance of \$15.8 million. (Refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.) The governmental funds net increase in fund balance is \$2.9 million, compared to an increase of \$2.7 million the prior year. General Fund revenues exceeded expenditures by \$1.6 million. Operating transfers decreased fund balance by a net (\$561,000). The Street governmental fund increased \$4,602, with a net excess of revenues over expenditures of (\$151,512) and net transfers of (\$146,910). Street fund had an operating deficiency before transfers of (\$535,626) in the previous fiscal year.

Fund balance of non-major Special Revenue funds decreased (\$60,927), while Capital Project Fund increased its fund balance by \$1.8 million. The Hotel/Motel Fund decreased fund balance by (\$123,984). The Arts Center's fund balance increased \$2,466 composed of expenditures over revenues of (\$131,178) and transfers of \$133,644. Hotel/motel tax contributed revenue of \$77,669.

Fund balances retained at year end were 60% of actual expenditures for the General Fund, 5% for the Debt Fund, and 41% for the Street Fund. The percentage for the General Fund excludes amounts not budgeted due to policy related to inventory, compensating balance, and cash flow needs.

## **CAPITAL ASSETS**

The City's governmental activities (including a percentage of internal service activities) had invested \$74.3 million in a variety of capital assets and infrastructure. The City has \$81.5 million invested in its business-type activities.

The current FY 2008-09 marks a year of full inclusion of all infrastructure under Government Accounting Standard Board (GASB) promulgation 34 requiring the accounting and depreciation of infrastructure. Infrastructure includes streets, bridges, street lights, and sidewalks. Accumulated depreciation was \$42.3 million at 9/30/2009 for infrastructure in the governmental funds.

Governmental activities for the year included a net decrease of \$1.3 million to capital assets.

The City records infrastructure for Enterprise activities in the Water, Wastewater, Solid Waste, and Cemetery funds. Infrastructure has been recorded in these funds for prior years and includes water, drainage, and sewer lines and related assets, and other plant and equipment related to water and wastewater services. The City water plant and distribution facilities are recorded in the Water Fund.

Total business type assets were \$81.5 million with accumulated depreciation of \$32.8 million.

Vehicles and heavy machinery are recorded in the Internal Service funds and included as governmental fund activity.

Details are reflected in the following schedule, including Internal Service fund assets, which are allocated to governmental activities.

**Governmental Activities  
Change in Capital Assets  
(in thousands)**

	Balance 9/30/08	Additions	Retirements & Transfers	Balance 9/30/09
<i>Non-depreciable Assets:</i>				
Land	\$ 1,808	\$ 1	\$ -	\$ 1,809
Construction in Progress	205	743	488	460
<b>Total Non-depreciable Assets</b>	<u>2,013</u>	<u>744</u>	<u>488</u>	<u>2,269</u>
<i>Other Capital Assets:</i>				
Buildings	8,024	133	62	8,095
Equipment	17,455	1,322	479	18,298
Improvements	11,828	372	-	12,200
Infrastructure	33,458	-	-	33,458
<b>Total Assets Being Depreciated</b>	<u>70,765</u>	<u>1,827</u>	<u>541</u>	<u>72,051</u>
<i>Less accumulated depreciation</i>	<u>(39,498)</u>	<u>(3,348)</u>	<u>502</u>	<u>(42,344)</u>
<b>Total Net Assets – Governmental Being Depreciated</b>	<u>31,267</u>	<u>(1,521)</u>	<u>39</u>	<u>29,707</u>
<b>Total Assets- Governmental</b>	<u>\$ 33,280</u>	<u>\$ (777)</u>	<u>\$ 527</u>	<u>\$ 31,976</u>

**Business-Type Activities  
Change in Capital Assets  
(in thousands)**

	Balance 9/30/08	Additions	Retirements & Transfers	Balance 9/30/09
<i>Non-depreciable Assets:</i>				
Land	\$ 782	\$ -	\$ -	\$ 782
Construction in Progress	6,830	1,173	6,855	1,148
<b>Total Non-depreciable Assets</b>	<u>7,612</u>	<u>1,173</u>	<u>6,855</u>	<u>1,930</u>
<i>Other Capital Assets:</i>				
Buildings	1,652	-	-	1,652
Equipment	1,406	46	-	1,452
Improvements	399	-	-	399
Utility Systems	69,091	7,057	75	76,073
<b>Total Assets Being Depreciated</b>	<u>72,548</u>	<u>7,103</u>	<u>75</u>	<u>79,576</u>
<i>Less accumulated depreciation</i>	<u>(30,870)</u>	<u>(2,030)</u>	<u>75</u>	<u>(32,825)</u>
<b>Total Net Assets Being Depreciated</b>	<u>\$ 41,678</u>	<u>\$ 5,073</u>	<u>-</u>	<u>\$ 46,751</u>
<b>Total Net Assets – Business Type Activities Capital Assets</b>	<u>\$ 49,290</u>	<u>\$ 6,246</u>	<u>6,855</u>	<u>\$ 48,681</u>

## ENTERPRISE FUNDS

### Water and Wastewater Funds

The Water and Wastewater Funds comprise major sources of revenue. A summary of revenue, net income, and income available for debt service and bond coverage is presented below.

Debt for the Water and Wastewater Funds totals \$25,040,000. This includes contract debt paid by the City and billed to The Trinity River Authority of Texas by contract (refer to footnote F – Long-Term Obligations).

Comparative data for the Water and Wastewater Fund is as follows:

	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Revenues	\$ 19,861,152	\$ 19,597,124	\$ 18,655,458	\$ 18,592,889
Net Operating Income	2,848,363	3,063,821	3,868,782	4,851,146
Income Available for Debt Service	4,785,625	5,696,374	5,639,580	6,637,940
Annual Debt Requirements	3,715,256	3,726,967	3,531,392	4,431,734
Bond Coverage	1.29	1.53	1.60	1.76

Revenues from Water and Wastewater increased 6.2% (2.3% per year) from FY 2005-06 to FY 2008-09. The table shows that revenues were volatile during the period. For Fiscal year 2007-08 revenue increased \$941,666; net operating income decreased \$804,961 the same period with increased depreciation costs in wastewater. In FY 2008-09, revenue increased slightly with a reduction in net operating income.

### Water & Wastewater Fund Debt

In 1976, the City of Huntsville entered into a contract with the Trinity River Authority of Texas (TRA) to purchase raw water impounded in the Livingston Reservoir. A contract was also signed for the operation of a water treatment plant for the raw water. Pursuant to these agreements, the City has endorsed contract revenue bonds through TRA and is unconditionally obligated to pay, from the gross operating revenues of the City, all debt service payments on these bonds, all operation and maintenance expenses of the facilities the bonds were used to build, and amounts necessary to restore any deficiencies in funds required to be accumulated under the bond resolutions.

The contract with TRA is effective until the year 2020. In 1998, the contracts were amended to increase the raw water purchases by 6 million gallons per day (MGD), to a total of 16 MGD. The City and TRA provide Tenaska, a power plant in Grimes County, up to 7 MGD. Major improvements were made to the Huntsville Regional Water Supply System (HRWSS) to provide the system resources necessary to supply the additional water to Tenaska and to increase the production/treatment capabilities to the system for future use by the City of Huntsville. In FY 2006-07, the contract was again amended to allow for additional water supply through 2020, up to 20 MGD. The additional payments equal the amount of previous contracts began during the current year.

Contract debt with the TRA includes a debt issue of \$3,905,000 issued in 1996 to provide water to the TDCJ Ellis and Estelle Units and the TDCJ Medical Facility. Delivery of water to these units required construction of pumping, metering, and pipeline facilities. TDCJ pays a monthly minimum service charge equal to the amount necessary to amortize the debt and purchase water from the City at the rate of \$2.35/1000 gallons. In 1997, the City issued \$3,120,000 in debt through TRA for improvements to the water treatment plant, including adding an additional clarifier, modifying two existing clarifiers, and modifying existing filters. In early 1999, the City issued contract debt in the amount of \$9.26 million that was used for expansion of the water treatment plant to serve Tenaska. In 2003, contract revenue bonds of \$3,125,000 were issued. Debt service is paid through contracts providing water to a private vendor.

Revenue bond covenants require that net revenues of the Water and Wastewater Funds equal at least one and one-fourth times the average annual requirements for the payment of principal and interest on the bonds. The City meets this requirement. Both principal and interest on the TRA surface water treatment plant debt, TRA water debt, and TRA wastewater debt is considered an operating expense. Refer to pages 54 of the footnotes for detail on Water and Wastewater debt.

Enterprise Debt Summary:

A summary of debt by type as of September 30, 2009 follows:

	<b>REVENUE BONDS</b>	<b>CONTRACT DEBT</b>	<b>TOTAL</b>
Water Fund	\$ 1,645,000	\$ 9,985,000	\$ 11,630,000
Wastewater Fund	11,995,000	1,415,000	13,410,000
<b>TOTAL</b>	<b><u>\$ 13,640,000</u></b>	<b><u>\$ 11,400,000</u></b>	<b><u>\$ 25,040,000</u></b>

Future Outlook – Water and Wastewater Fund

City staff began preliminary discussions with TRA in 2001 to expand the treatment capacity of the surface water plant by eight million gallons per day and to upgrade the filter system. A study was performed in 2002 and updated in 2005 to assess plant capacity. The City is researching various operations related to overall city needs, including whether to upgrade facilities while attending to deferred maintenance, or whether the plant requires expansion or additional equipment. An engineering study was completed in 2009 related to the study.

A large percentage of the water consumption is by State institutions. Infrastructure is in place to serve future expansion for State facilities. The City is fortunate to have ample water supply to provide service to these areas. The water well system has also been well maintained and is available to supply water to potential customers. The City has access to a sufficient water supply to meet the needs of the City for many years into the future. The contract with TRA provided for the City to pay \$0.0283 per 1,000 gallons per day for the rights to 10 million gallons per day. Future purchases of water rights could cost as much as \$0.30 per 1,000 gallons. Consequently, in October 2006, approval was obtained for the purchase of an additional 10 million gallons in water rights at the current rate of \$0.0283 per day.

The 77<sup>th</sup> Legislature passed H.B. 3655 which created the Bluebonnet Groundwater Conservation District (the "District"). The District covers Anderson, Grimes, and Walker counties. The District assesses fees for its operations on groundwater producers in excess of 10 million gallons annually. The District assesses a 3.5 cent per thousand gallons fee. Huntsville pays approximately \$26,000 per year to the District for its groundwater pumpage.

Solid Waste Fund

The Solid Waste Fund is an Enterprise Fund which provides for the collection and disposal of solid waste, in accordance with standards established by the Texas Commission on Environmental Quality, the United States Environmental Protection Agency, and City ordinances. This fund accounts for the cost of providing this service with user fees as the source of income. The City operates the only solid waste disposal facility in Walker County. A program to recycle white goods, tires, metals, yard waste, wood pallets, oil and oil filters has been in the operation at the solid waste disposal facility since March 1990.

In 1993, the City issued \$1,600,000 in certificates of obligation (CO's) to finance the closing of the City landfill, the construction of a transfer station, the purchase of equipment for use in transferring the waste, and the related engineering costs of the change. The certificates were refunded in FY 2004. Solid waste's share of the refunding issue at September 30, 2007 is \$188,108, which is the total outstanding debt for the Solid Waste Fund.

The primary sources of revenue are charges to customers for collection and disposal services. In addition to residential collection services, the City operates a commercial container collection system. Rates for commercial containers are based on the size of the containers and the number of pick-ups per month.

Comparative analytical data is presented below for the Solid Waste Fund:

	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>	<b>2005-06</b>	<b>2004-05</b>
<b>Net Operating Income (loss)*</b>	\$ 548,092	\$ (206,940)	\$ 194,567	\$ 255,146	\$ 232,549
<b>Working Capital</b>	1,812,154	1,296,925	1,653,411	1,466,265	1,217,008
<b>Net Assets-Unreserved</b>	1,687,113	1,301,254	1,559,530	1,454,978	1,169,554

\*Before operating transfers

Working capital increased \$515,229 from the prior year and unreserved net assets increased \$385,859.

Future Outlook – Solid Waste

The City completed implemented of a new, automated system of residential collection to replace the current manual system. Implementation continued into the subsequent fiscal year. The City will continue to look at waste minimization through composting, recycling, and other methods of solid waste reduction to make disposal as efficient as possible. A recycling pilot program began in 2009. Expansion of the program is anticipated late in the year. The City actively researches new disposal methods and seeks commercial customers providing additional income.

**INTERNAL SERVICE FUNDS**

Internal Service Funds (ISF) are used to charge other City funds for services they provide within the organization. The City uses Internal Service Funds in two primary ways: (1) to accumulate funds for the replacement of equipment; and (2) to account for the cost of providing service to other user departments. The City has the following Internal Service Funds: Medical Insurance, Equipment Replacement, and Computer Equipment Replacement.

**Equipment Replacement Funds**

The Equipment Replacement Fund provides fleet and rolling stock equipment for the City. The Computer Equipment Replacement Fund provides computer equipment and software for the City. The funds receive lease charges from user divisions based on the economic life of the equipment and vehicles. The funds then used to purchase replacement equipment as scheduled and/or as conditions warrant. 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 schedules are reviewed annually, as part of the budget process. The revenues are transferred from user division budgets to ensure that sufficient funds are available to fund expenses. A lease charge is assessed the following year of a new purchase to fund replacement of the equipment in future years. The new items are accounted for as assets in the equipment replacement funds. Initial funding for additional equipment is budgeted in the user divisions. The equipment is purchased and accounted for in the equipment replacement internal service funds. The Capital Equipment and Computer Replacement Funds had total net assets of \$4,324,283 and \$769,793, respectively, at year end for a total of \$5,094,076.

**Medical Insurance Fund**

In accordance with the Government Accounting Standard Board (GASB) Statement 10, the City classifies its Medical Insurance Fund as an Internal Service Fund. The City has been self-funded for medical insurance since 1985, and during the budget process each year has reviewed funding requirements, fund equity, and plan provisions. This fund is used to account for the accumulation of resources for medical, dental, and selected benefit coverage for employees and dependents. The employees, at their option, may elect to purchase dependent coverage at their expense. Fund equity on September 30, 2009 was \$1,927,634. Rates have been increased to cover increasing costs and to provide sufficient reserves. Employees' contributions began in FY 2006. Aggregate liabilities were \$85,049 at year end. In preparation for implementation of Government Accounting and Standards Board (GASB) Statement 45, the City contracted for an independent actuarial study to assess liability related to funding retirees' insurance. Future annual reports will reflect liabilities pursuant to the study and City policies. FY 2008-2009 marks the first year of reporting under GASB45.

**Internal Service Fund Activity  
as of September 30, 2009  
(in thousands)**

	<b>Medical Insurance Fund</b>	<b>Equipment Replacement Fund</b>	<b>Computer Replacement Fund</b>	<b>Total</b>
Revenues, Interest & Transfers	\$ 3,354,575	\$ 1,731,941	\$ 127,534	\$ 5,214,050
Operating Expenses	<u>2,482,039</u>	<u>1,086,584</u>	<u>234,472</u>	<u>3,803,095</u>
Change in Net Assets	872,536	645,357	(106,938)	1,410,955
Net Assets – Beginning	<u>1,055,098</u>	<u>3,678,926</u>	<u>876,731</u>	<u>5,610,755</u>
Net Assets - Ending	\$ <u>1,927,634</u>	\$ <u>4,324,283</u>	\$ <u>769,793</u>	\$ <u>7,021,710</u>

**Internal Service Fund Activity cont.**  
**as of September 30, 2009**  
(in thousands)

**Cash flows from Capital and Related Financing Activities**

	Medical Insurance Fund	Equipment Replacement Fund	Computer Replacement Fund	Total
Principal and Interest Paid	\$ -	\$ (215,339)	\$ -	\$ (215,339)
Proceeds from Capital Lease	-	-	-	-
Acquisition of Assets	-	(1,149,484)	(92,176)	(1,241,660)
Proceeds from Sales	-	136,718	-	136,718
Cash Used for Capital	\$ -	\$ (1,228,105)	\$ (92,176)	\$ (1,320,281)

**RETIREMENT PLAN & POST EMPLOYMENT BENEFITS**

On October 1, 1989, the City became a member of the Texas Municipal Retirement System. The City of Huntsville is not part of the Federal Social Security System. Note "I" to the Financial Statements (Pension Plan) gives a detailed overview of the plan, the City's contributions, and the contingent liability. Annual pension costs were \$2,379,666, increasing \$535,649.

Effective for fiscal year 2009, the City implemented GASB 45 accounting for postemployment insurance benefits for retirees. Pursuant to the accounting requirement, an actuarial study was conducted. The net pension obligation recorded for the year was \$968,747, and the accrued liability described in the footnotes is \$20,357,239. The City has made changes to its insurance program as a result of the study, including implementing a separate program for new hires and providing options with varied costs for active employees.

**FUND BALANCES AND FUND EQUITY**

The City continues the policy that all fund balances maintain sufficient reserve to meet cash flow requirements and to fund emergency needs. The city's balances are adequate for these needs. It is the policy of the City to generate the required funds for current year operating expenses (excluding depreciation) in the Enterprise funds. Funds available from the prior year less appropriate amounts for cash flow and emergencies may be used for capital purchases or transferred to the Capital Projects Fund. Fund balances and unallocated funds are reviewed each year.

The General Fund balance increased \$1.05 million, with \$1.6 million in revenues over expenditures. Revenues exceeded budget, and expenditures were substantially under budget. Sales tax revenue was \$405,000 over projections. Sales tax revenues have risen at a steady pace for the past two years with growth in the local university and more students living in the city.

The Debt Service Fund balance increased \$163,093. Property tax revenue exceeded budget by \$125,305.

The Street Fund balance increased \$4,602 with increased spending in operations. Other governmental funds experienced fund balance increases for a combination of \$1.7 million with expenditures for capital projects and the inclusion of Capital Project Funds in this group.

The Water Fund posted an asset equity decrease of (\$202,580) and Wastewater an increase of \$924,028. Revenues increased, but an increase in operating expenses were experienced. Water revenue increased \$408,000 following an increase of \$700,798 the prior year while wastewater revenue decreased (\$144,000) vs. a \$243,860 increase in the prior year. Revenues for the Water Fund reflect volatility related to the weather.

The Solid Waste enterprise fund posted an asset equity increase of \$378,414. Revenue increased \$326,000 from the prior year due to increases in commercial and other disposal revenue. Residential revenue remained flat. Operating income increased \$548,082 due to decreased expenditures.

*Basic Financial Statements*

## CITY OF HUNTSVILLE, TEXAS

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2009

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 12,240,262	\$ 5,615,271	\$ 17,855,533
Investments	6,773,788	7,264,527	14,038,315
Accounts receivable:			
Receivables (net of allowances for uncollectibles)	53,272	1,740,962	1,794,234
Sales tax	479,613	--	479,613
Property taxes	229,976	--	229,976
Grants	26,000	214	26,214
Other	281,189	775	281,964
Fines and Fees (net)	409,449	--	409,449
Internal balances	107,574	(107,574)	--
Due from other governments	14,082	--	14,082
Inventories	145,121	100,959	246,080
Restricted assets:			
Cash and cash equivalents	--	6,167,273	6,167,273
Investment in joint venture	--	16,929,760	16,929,760
Deferred charges - bond issuance costs	322,093	308,235	630,328
Capital assets not being depreciated	2,268,379	1,930,153	4,198,532
Capital assets (net of accumulated depreciation)	29,706,609	46,750,482	76,457,091
<b>Total Assets</b>	<b>53,057,407</b>	<b>56,701,037</b>	<b>109,758,444</b>
<b>LIABILITIES:</b>			
Accounts payable	751,650	532,566	1,284,216
Accrued interest	96,118	30,141	126,259
Liabilities payable from restricted assets:			
Customer deposits	--	803,561	803,561
Accrued interest	--	162,679	162,679
Accrued liabilities	513,865	159,460	673,325
Due to other governments	102,902	25,859	128,761
Due to others	44,960	--	44,960
Noncurrent Liabilities-			
Due within one year	1,843,386	2,536,088	4,379,474
Due in more than one year	18,999,908	22,834,572	41,834,480
<b>Total Liabilities</b>	<b>22,352,789</b>	<b>27,084,926</b>	<b>49,437,715</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	13,137,014	33,625,635	46,762,649
Restricted For:			
Debt Service	488,301	--	488,301
Capital Projects	3,727,631	--	3,727,631
Unrestricted	13,351,672	25,990,476	39,342,148
<b>Total Net Assets</b>	<b>\$ 30,704,618</b>	<b>\$ 59,616,111</b>	<b>\$ 90,320,729</b>

The accompanying notes are an integral part of this statement.

**CITY OF HUNTSVILLE, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>			
<b>Governmental Activities:</b>			
<i>Charter offices</i>	\$ 200,849	\$ --	\$ --
<i>Administrative services</i>	1,830,932	--	--
<i>Finance</i>	578,505	815,659	--
<i>Public works</i>	4,981,472	545,732	191,423
<i>Community services</i>	2,761,093	132,403	395,952
<i>Public safety</i>	6,063,508	461,192	266,486
<i>Interest on Long-term Debt</i>	756,682	--	--
<b>Total Governmental Activities</b>	<u>17,173,041</u>	<u>1,954,986</u>	<u>853,861</u>
<b>Business-type Activities:</b>			
<i>Water</i>	10,809,836	11,236,725	51,602
<i>Wastewater</i>	7,598,209	8,264,083	308,742
<i>Solid Waste</i>	3,935,369	4,257,337	216,732
<i>Oakwood Cemetery - Operating</i>	132,887	16,457	140
<b>Total Business-type Activities</b>	<u>22,476,301</u>	<u>23,774,602</u>	<u>577,216</u>
<b>Total Primary Government</b>	<u>\$ 39,649,342</u>	<u>\$ 25,729,588</u>	<u>\$ 1,431,077</u>

**General Revenues:**

*Property Taxes*  
*Sales Taxes*  
*Franchise Taxes*  
*Other Taxes*  
*Unrestricted Investment Earnings*  
*Gain/(Loss) on Disposal of Assets*  
*Other*

**Transfers**

**Total General Revenues**

**Change in Net Assets**

**Net Assets - Beginning**

**Net Assets - Ending**

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (200,849)		\$ (200,849)
(1,830,932)		(1,830,932)
237,154		237,154
(4,244,317)		(4,244,317)
(2,232,738)		(2,232,738)
(5,335,830)		(5,335,830)
(756,682)		(756,682)
<u>(14,364,194)</u>		<u>(14,364,194)</u>
--	\$ 478,491	478,491
--	974,616	974,616
--	538,700	538,700
--	(116,290)	(116,290)
--	<u>1,875,517</u>	<u>1,875,517</u>
<u>(14,364,194)</u>	<u>1,875,517</u>	<u>(12,488,677)</u>
4,642,267	--	4,642,267
6,516,515	--	6,516,515
2,464,364	--	2,464,364
624,862	--	624,862
163,418	210,752	374,170
(18,077)	--	(18,077)
822,493	--	822,493
938,099	(938,099)	--
16,153,941	<u>(727,347)</u>	15,426,594
<u>1,789,747</u>	<u>1,148,170</u>	<u>2,937,917</u>
28,914,871	58,467,941	87,382,812
<u>\$ 30,704,618</u>	<u>\$ 59,616,111</u>	<u>\$ 90,320,729</u>

**CITY OF HUNTSVILLE, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2009**

	General Fund	Debt Service Fund
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 2,202,788	\$ 388,953
Investments	6,773,788	--
Accounts receivable:		
Receivables (net of allowances for uncollectibles)	18,687	--
Sales tax	479,613	--
Property taxes	130,628	99,348
Grants	--	--
Other	42,359	--
Due from other funds	101,805	--
Due from other governments	14,082	--
Inventories	112,573	--
<b>Total Assets</b>	<b>\$ 9,876,323</b>	<b>\$ 488,301</b>
<b>LIABILITIES:</b>		
Accounts payable	\$ 169,746	\$ --
Deferred revenue	130,628	99,348
Accrued liabilities	443,951	--
Due to other funds	554	--
Due to other governments	68,941	--
Due to others	44,645	--
<b>Total Liabilities</b>	<b>858,465</b>	<b>99,348</b>
<b>FUND BALANCES:</b>		
Reserved for inventory	112,573	--
Reserved for debt service	--	219,626
Reserved for contested property taxes	220,229	169,327
Unreserved, reported in:		
General Fund	8,685,056	--
Special revenue funds	--	--
Capital projects funds	--	--
Permanent funds	--	--
<b>Total Fund Balances</b>	<b>9,017,858</b>	<b>388,953</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 9,876,323</b>	<b>\$ 488,301</b>

The accompanying notes are an integral part of this statement.

Street	Other Governmental Funds	Total Governmental Funds
\$ 1,105,220	\$ 5,390,309	\$ 9,087,270
--	--	6,773,788
544	34,041	53,272
--	--	479,613
--	--	229,976
--	26,000	26,000
182,133	56,696	281,188
27,149	--	128,954
--	--	14,082
32,548	--	145,121
<u>\$ 1,347,594</u>	<u>\$ 5,507,046</u>	<u>\$ 17,219,264</u>
\$ 83,132	\$ 208,154	\$ 461,032
--	--	229,976
48,541	21,373	513,865
17,545	3,280	21,379
--	33,961	102,902
--	315	44,960
<u>149,218</u>	<u>267,083</u>	<u>1,374,114</u>
32,548	--	145,121
--	--	219,626
--	--	389,556
--	--	8,685,056
1,165,828	1,049,122	2,214,950
--	3,727,631	3,727,631
--	463,210	463,210
<u>1,198,376</u>	<u>5,239,963</u>	<u>15,845,150</u>
<u>\$ 1,347,594</u>	<u>\$ 5,507,046</u>	<u>\$ 17,219,264</u>

**CITY OF HUNTSVILLE, TEXAS**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2009

Total fund balances - governmental funds balance sheet	\$ 15,845,150
Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	27,008,501
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	229,976
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	7,021,711
Payables for bond principal which are not due in the current period are not reported in the funds.	(4,646,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(80,941)
Payables for notes which are not due in the current period are not reported in the funds.	(13,400,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,036,573)
Payables for contracts which are not due in the current period are not reported in the funds.	(968,747)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	322,093
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	409,449
Rounding difference	(1)
Net assets of governmental activities - statement of net assets	<u>\$ 30,704,618</u>

The accompanying notes are an integral part of this statement.

**CITY OF HUNTSVILLE, TEXAS**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	General Fund	Debt Service Fund
<b>REVENUES:</b>		
<i>Property taxes</i>	\$ 2,435,688	\$ 2,181,805
<i>Sales tax</i>	6,516,515	--
<i>Franchise fees</i>	--	--
<i>Other taxes</i>	81,172	--
<i>Licenses and permits</i>	392,167	--
<i>Charges for sales and services</i>	324,104	--
<i>Fines, fees, and forfeitures</i>	744,958	--
<i>Donations, contributions, and grants</i>	250,569	--
<i>Investment income</i>	113,606	7,115
<i>Other</i>	546,405	--
<i>Administrative cost reimbursement</i>	5,132,427	--
<b>Total Revenues</b>	<u>16,537,611</u>	<u>2,188,920</u>
<b>EXPENDITURES:</b>		
<i>Charter office</i>	811,467	--
<i>Administrative services</i>	3,128,099	--
<i>Finance</i>	1,233,598	--
<i>Public works</i>	2,011,313	--
<i>Community services</i>	2,005,629	--
<i>Public safety</i>	5,574,874	--
<b>Debt Service:</b>		
<i>Principal retirement</i>	140,000	7,364,000
<i>Interest and fiscal charges</i>	18,850	907,977
<b>Total Expenditures</b>	<u>14,923,830</u>	<u>8,271,977</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,613,781</u>	<u>(6,083,057)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
<i>Issuance of Notes and Bonds</i>	--	6,405,000
<i>Transfers in</i>	339,403	--
<i>Transfers out</i>	(900,212)	(158,850)
<b>Total other financing sources (uses)</b>	<u>(560,809)</u>	<u>6,246,150</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,052,972	163,093
<b>FUND BALANCE, Beginning of period</b>	7,964,886	225,860
<b>FUND BALANCE, End of period</b>	<u>\$ 9,017,858</u>	<u>\$ 388,953</u>

The accompanying notes are an integral part of this statement.

Street	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 5,584	\$ 4,623,077
--	--	6,516,515
2,464,364	--	2,464,364
--	543,690	624,862
--	--	392,167
115,249	395,026	834,379
--	113,283	858,241
133,396	133,703	517,668
7,703	34,994	163,418
356,368	16,570	919,343
--	--	5,132,427
<u>3,077,080</u>	<u>1,242,850</u>	<u>23,046,461</u>
--	--	811,467
--	--	3,128,099
--	68,615	1,302,213
2,925,568	224,849	5,161,730
--	1,363,325	3,368,954
--	500,588	6,075,462
--	--	7,504,000
--	--	926,827
<u>2,925,568</u>	<u>2,157,377</u>	<u>28,278,752</u>
151,512	(914,527)	(5,232,291)
--	1,850,000	8,255,000
38,206	1,829,784	2,207,393
(185,116)	(1,047,791)	(2,291,969)
<u>(146,910)</u>	<u>2,631,993</u>	<u>8,170,424</u>
4,602	1,717,466	2,938,133
1,193,774	3,522,497	12,907,017
<u>\$ 1,198,376</u>	<u>\$ 5,239,963</u>	<u>\$ 15,845,150</u>

**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 YEAR ENDED SEPTEMBER 30, 2009

Net change in fund balances - total governmental funds	\$ 2,938,133
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	840,199
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,113,702)
The gain or loss on the sale of capital assets is not reported in the funds.	(18,077)
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(20,994)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	19,191
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(968,747)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	7,364,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	140,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	157,197
(Increase) decrease in accrued interest from beginning of period to end of period.	12,948
The net revenue (expense) of internal service funds is reported with governmental activities.	1,410,955
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	153,109
Uncollected court fines are not recorded as revenue in the funds.	130,536
Proceeds of long-term debt is recognized as other financial resources in the funds but not revenue in the SOA.	(6,405,000)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(1,850,000)
Rounding difference	(1)
Change in net assets of governmental activities - statement of activities	\$ <u>1,789,747</u>

The accompanying notes are an integral part of this statement.

# CITY OF HUNTSVILLE, TEXAS

## STATEMENT OF NET ASSETS

### PROPRIETARY FUNDS

SEPTEMBER 30, 2009

	Enterprise Fund	Enterprise Fund
	Water Fund	Wastewater Fund
<b>ASSETS:</b>		
<b>Current Assets:</b>		
<i>Cash and cash equivalents</i>	\$ 2,545,077	\$ 1,785,577
<i>Investments</i>	3,801,286	2,729,295
<b>Accounts receivable:</b>		
<i>Receivables (net of allowances for uncollectibles)</i>	835,293	617,205
<i>Grants</i>	103	111
<i>Other</i>	742	-
<i>Due from other funds</i>	3,064	671
<i>Inventories</i>	92,070	8,889
<b>Restricted assets:</b>		
<i>Cash and cash equivalents</i>	1,353,523	4,813,750
<b>Total Current Assets</b>	<u>8,631,158</u>	<u>9,955,498</u>
<b>Noncurrent Assets</b>		
<i>Investment in joint venture</i>	16,929,760	-
<i>Deferred charges - bond issuance costs</i>	48,758	250,802
<i>Capital assets not being depreciated</i>	1,268,496	661,657
<i>Capital assets (net of accumulated depreciation)</i>	14,161,622	31,988,245
<b>Total Noncurrent Assets</b>	<u>32,408,636</u>	<u>32,900,704</u>
<b>Total Assets</b>	<u>\$ 41,039,794</u>	<u>\$ 42,856,202</u>
<b>LIABILITIES:</b>		
<b>Current Liabilities:</b>		
<i>Accounts payable</i>	\$ 418,962	\$ 51,373
<i>Accrued interest</i>	30,141	-
<b>Liabilities payable from restricted assets:</b>		
<i>Customer deposits</i>	283,950	267,722
<i>Accrued interest</i>	84,969	77,710
<i>Accrued liabilities</i>	56,681	50,947
<i>Due to other funds</i>	38,448	17,100
<i>Due to other governments</i>	-	8,551
<i>Noncurrent liabilities due within one year</i>	1,076,088	1,460,000
<b>Total Current Liabilities</b>	<u>1,989,239</u>	<u>1,933,403</u>
<b>Noncurrent Liabilities-</b>		
<i>Due in more than one year</i>	10,670,365	12,022,954
<b>Total Noncurrent Liabilities</b>	<u>10,670,365</u>	<u>12,022,954</u>
<b>Total Liabilities</b>	<u>12,659,604</u>	<u>13,956,357</u>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	13,785,118	19,239,902
Unrestricted	14,595,072	9,659,943
<b>Total Net Assets</b>	<u>28,380,190</u>	<u>28,899,845</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 41,039,794</u>	<u>\$ 42,856,202</u>

The accompanying notes are an integral part of this statement.

Enterprise Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Funds
Solid Waste Fund	Oakwood Cemetery Fund		
\$ 1,223,800	\$ 60,817	\$ 5,615,271	\$ 3,139,227
733,946	--	7,264,527	--
288,464	--	1,740,962	--
--	--	214	--
33	--	775	--
46	--	3,781	--
--	--	100,959	--
--	--	6,167,273	--
<u>2,246,289</u>	<u>60,817</u>	<u>20,893,762</u>	<u>3,139,227</u>
--	--	16,929,760	--
8,675	--	308,235	--
--	--	1,930,153	--
600,615	--	46,750,482	4,966,487
609,290	--	65,918,630	4,966,487
<u>\$ 2,855,579</u>	<u>\$ 60,817</u>	<u>\$ 86,812,392</u>	<u>\$ 8,105,714</u>
\$ 61,305	\$ 926	\$ 532,566	\$ 276,853
--	--	30,141	15,177
251,889	--	803,561	--
--	--	162,679	--
48,703	3,129	159,460	--
54,930	877	111,355	--
17,308	--	25,859	--
--	--	2,536,088	188,048
<u>434,135</u>	<u>4,932</u>	<u>4,361,709</u>	<u>480,078</u>
133,716	7,537	22,834,572	603,926
133,716	7,537	22,834,572	603,926
567,851	12,469	27,196,281	1,084,004
600,615	--	33,625,635	4,171,513
1,687,113	48,348	25,990,476	2,850,197
<u>2,287,728</u>	<u>48,348</u>	<u>59,616,111</u>	<u>7,021,710</u>
<u>\$ 2,855,579</u>	<u>\$ 60,817</u>	<u>\$ 86,812,392</u>	<u>\$ 8,105,714</u>

**CITY OF HUNTSVILLE, TEXAS**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Enterprise Fund	Enterprise Fund
	Water Fund	Wastewater Fund
<b>OPERATING REVENUES:</b>		
Service Charges:		
<i>Water sales</i>	\$ 10,719,332	\$ --
<i>Wastewater sales and services</i>	--	8,103,596
<i>Solid waste fees - residential and commercial</i>	--	--
<i>Solid waste fees - disposal</i>	--	--
<i>Cemetery operations</i>	--	--
<i>Inter-department sales and services</i>	317,134	65,000
<b>Total service charges</b>	<u>11,036,466</u>	<u>8,168,596</u>
Service Fees and Miscellaneous:		
<i>Tap and connection fees</i>	131,138	37,531
<i>Customer penalties and miscellaneous</i>	69,121	57,956
<i>Grants and contributions</i>	51,602	308,742
<b>Total service fees and miscellaneous</b>	<u>251,861</u>	<u>404,229</u>
<b>Total Operating Revenues</b>	<u>11,288,327</u>	<u>8,572,825</u>
<b>OPERATING EXPENSES:</b>		
<i>Administration</i>	2,255,176	2,505,236
<i>Water production and distribution</i>	2,416,828	--
<i>Wastewater collection and treatment</i>	--	2,907,511
<i>Solid waste collection and disposal</i>	--	--
<i>Cemetery operations</i>	--	--
<i>TRA joint venture</i>	4,141,779	--
<i>Utility billing/customer service</i>	633,568	--
<i>Lab/compliance</i>	--	215,429
<i>Equipment replacement</i>	--	--
<i>Depreciation expense</i>	643,159	1,294,103
<b>Total Expenditures</b>	<u>10,090,510</u>	<u>6,922,279</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,197,817</u>	<u>1,650,546</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
<i>Interest income</i>	91,536	95,843
<i>Interest expense</i>	(719,326)	(675,930)
<i>Gain (Loss) on asset disposition</i>	--	--
<b>Total Non-operating Revenues (Expenses)</b>	<u>(627,790)</u>	<u>(580,087)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS</b>	<u>570,027</u>	<u>1,070,459</u>
<b>CONTRIBUTIONS AND TRANSFERS :</b>		
<i>Transfers in</i>	25,000	535,723
<i>Transfers out</i>	(797,607)	(682,154)
<b>Total Contributions and Transfers</b>	<u>(772,607)</u>	<u>(146,431)</u>
<b>CHANGE IN NET ASSETS</b>	(202,580)	924,028
<b>TOTAL NET ASSETS - beginning</b>	28,582,770	27,975,817
<b>TOTAL NET ASSETS - end</b>	<u>\$ 28,380,190</u>	<u>\$ 28,899,845</u>

The accompanying notes are an integral part of this statement.

Enterprise Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Funds
Solid Waste Fund	Oakwood Cemetery Fund		
\$ --	\$ --	\$ 10,719,332	\$ --
--	--	8,103,596	--
3,362,497	--	3,362,497	--
791,584	--	791,584	--
--	16,457	16,457	--
--	--	382,134	4,017,735
<u>4,154,081</u>	<u>16,457</u>	<u>23,375,600</u>	<u>4,017,735</u>
--	--	168,669	--
103,256	--	230,333	17,871
216,732	140	577,216	18,384
<u>319,988</u>	<u>140</u>	<u>976,218</u>	<u>36,255</u>
<u>4,474,069</u>	<u>16,597</u>	<u>24,351,818</u>	<u>4,053,990</u>
1,363,110	--	6,123,522	2,482,039
--	--	2,416,828	--
--	--	2,907,511	--
2,470,424	--	2,470,424	--
--	132,887	132,887	--
--	--	4,141,779	--
--	--	633,568	--
--	--	215,429	--
--	--	--	86,592
92,443	--	2,029,705	1,234,464
<u>3,925,977</u>	<u>132,887</u>	<u>21,071,653</u>	<u>3,803,095</u>
<u>548,092</u>	<u>(116,290)</u>	<u>3,280,165</u>	<u>250,895</u>
23,026	347	210,752	21,628
(9,392)	--	(1,404,648)	(20,960)
--	--	--	136,718
<u>13,634</u>	<u>347</u>	<u>(1,193,896)</u>	<u>137,386</u>
<u>561,726</u>	<u>(115,943)</u>	<u>2,086,269</u>	<u>388,281</u>
--	164,251	724,974	1,022,674
(183,312)	--	(1,663,073)	--
<u>(183,312)</u>	<u>164,251</u>	<u>(938,099)</u>	<u>1,022,674</u>
378,414	48,308	1,148,170	1,410,955
1,909,314	40	58,467,941	5,610,755
<u>\$ 2,287,728</u>	<u>\$ 48,348</u>	<u>\$ 59,616,111</u>	<u>\$ 7,021,710</u>

**CITY OF HUNTSVILLE, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Enterprise Funds			
	Water Fund	Waste Water Fund	Solid Waste Fund	NonMajor Funds
<b>Cash Flows from Operating Activities:</b>				
<i>Cash Received from Customers</i>	\$ 10,971,669	\$ 8,199,242	\$ 4,265,198	\$ 16,457
<i>Cash Received from Grants and Contributions</i>	125,313	533,658	216,732	140
<i>Interfund Services Provided and Used</i>	340,475	60,977	--	--
<i>Cash Payments to Employees for Services</i>	(1,325,359)	(1,357,113)	(1,299,392)	(93,181)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(5,504,799)	(4,645,159)	(2,754,418)	(37,266)
<i>Cash Payments for TRA Joint Venture</i>	(2,952,850)	--	--	--
Net Cash Provided (Used) by Operating Activities	<u>1,654,449</u>	<u>2,791,605</u>	<u>428,120</u>	<u>(113,850)</u>
<b>Cash Flows from Non-capital Financing Activities:</b>				
<i>Transfers From Other Funds</i>	25,000	535,723	--	164,251
<i>Transfers To Funds</i>	(797,607)	(682,154)	(183,312)	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(772,607)</u>	<u>(146,431)</u>	<u>(183,312)</u>	<u>164,251</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
<i>Principal and Interest Paid</i>	(1,640,309)	(2,058,716)	(85,956)	--
<i>Proceeds from Bonds</i>	--	--	--	--
<i>Acquisition or Construction of Capital Assets</i>	(948,827)	(471,568)	--	--
<i>Proceeds for the Disposition of Capital Assets</i>	--	--	--	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(2,589,136)</u>	<u>(2,530,284)</u>	<u>(85,956)</u>	<u>--</u>
<b>Cash Flows from Investing Activities:</b>				
<i>Interest and Dividends on Investments</i>	91,536	95,843	23,026	347
Net Cash Provided (Used) for Investing Activities	<u>91,536</u>	<u>95,843</u>	<u>23,026</u>	<u>347</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,615,758)	210,733	181,878	50,748
Cash and Cash Equivalents at Beginning of Year	9,315,644	8,987,137	1,775,868	10,069
Cash and Cash Equivalents at End of Year	<u>\$ 7,699,886</u>	<u>\$ 9,197,870</u>	<u>\$ 1,957,746</u>	<u>\$ 60,817</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>				
Operating Income (Loss)	\$ 1,197,817	\$ 1,649,637	\$ 548,092	\$ (116,290)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
<i>Depreciation/Amortization</i>	643,159	1,294,103	92,443	--
Change in Assets and Liabilities:				
<i>Decrease (Increase) in Prepaid Expenses</i>	--	--	--	--
<i>Decrease (Increase) in Receivables</i>	51,549	159	7,828	--
<i>Decrease (Increase) in Inventories</i>	1,971	(692)	--	--
<i>Decrease (Increase) in Joint Venture</i>	(102,420)	(130,751)	--	--
<i>Decrease (Increase) in Bond Issue Costs</i>	7,422	25,080	8,675	--
<i>Increase (Decrease) in Accounts Payable</i>	(236,966)	(248,742)	(247,481)	476
<i>Increase (Decrease) in Customer Deposits</i>	(5,125)	(3,420)	16,332	--
<i>Increase (Decrease) in Compensated Absences</i>	(394)	4,576	(8,349)	(135)
<i>Increase (Decrease) in Interfund Payables</i>	23,341	(4,023)	17,320	40
<i>Increase (Decrease) in Due to Other Governments</i>	73,711	224,916	(581)	--
<i>Increase (Decrease) in Accrued Expenses</i>	384	(19,238)	(6,159)	2,059
Total Adjustments	<u>456,632</u>	<u>1,141,968</u>	<u>(119,972)</u>	<u>2,440</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,654,449</u>	<u>\$ 2,791,605</u>	<u>\$ 428,120</u>	<u>\$ (113,850)</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-9

<u>Totals</u>	<u>Internal Service Funds</u>
\$ 23,452,566	\$ 17,125
875,843	196,878
401,452	4,017,735
(4,075,045)	--
(12,941,642)	(2,880,057)
(2,952,850)	--
<u>4,760,324</u>	<u>1,351,681</u>
724,974	1,022,674
(1,663,073)	--
<u>(938,099)</u>	<u>1,022,674</u>
(3,784,981)	(215,339)
--	--
(1,420,395)	(1,241,660)
--	136,718
<u>(5,205,376)</u>	<u>(1,320,281)</u>
210,752	21,629
<u>210,752</u>	<u>21,629</u>
(1,172,399)	1,075,703
20,088,718	1,383,721
\$ <u>18,916,319</u>	\$ <u>2,459,424</u>
\$ <u>3,279,256</u>	\$ <u>250,895</u>
2,029,705	1,234,464
--	49,068
59,536	184,494
1,279	--
(233,171)	--
41,177	--
(732,713)	(367,240)
7,787	--
(4,302)	--
36,678	--
298,046	--
(22,954)	--
<u>1,481,068</u>	<u>1,100,786</u>
\$ <u>4,760,324</u>	\$ <u>1,351,681</u>

**CITY OF HUNTSVILLE, TEXAS**  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2009

	Agency Funds
<b>ASSETS:</b>	
<i>Cash and cash equivalents</i>	\$ 13,765
<b>Total Assets</b>	<u>\$ 13,765</u>
<b>LIABILITIES:</b>	
<i>Accounts payable</i>	\$ 13,765
<b>Total Liabilities</b>	13,765
<b>Total Liabilities</b>	<u>\$ 13,765</u>

The accompanying notes are an integral part of this statement.

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**A. Summary of Significant Accounting Policies**

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

**1. 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.

**2. Basis of Presentation**

**BASIC FINANCIAL STATEMENTS**

The basic financial statements include both government-wide financial statements (based on the City as a whole) and fund financial statements. Both sets of financial statements classify activities as either governmental, which are supported by taxes and intergovernmental revenues, or business-type activities, which rely on fees and charges for support.

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 in order to aid financial management and to demonstrate legal compliance. Each fund is considered a separate accounting entity and the operations of each fund are accounted for using a separate set of self-balancing accounts that comprise its assets, liabilities, 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

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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 non-major 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.

**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, 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.

Street Special Revenue Fund - The Street Special Revenue Fund is used to account for the proceeds of revenue sources that are restricted to expenditures for street repairs and improvements.

Non-major Governmental Funds

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.

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.

**PROPRIETARY FUND TYPES**

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.

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Major Proprietary Funds

Water Fund - This fund accounts for the provision of water 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.

Wastewater Fund - This fund accounts for the provision of 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.

Non-major Proprietary Funds

Enterprise Funds - The fund that is operated as an enterprise fund within the City but is not considered a major fund is the Oakwood Cemetery Operation Fund.

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.

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.

3. Measurement Focus/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 fund financial statements for proprietary funds 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 assets and operating statements present increases (revenues) and decreases (expenses) in net total assets. 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.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow private-sector guidance issued subsequent to November 30, 1989.

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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 Fund Types 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.

4. 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 twenty-seventh 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 prepared on the budgetary basis, except Capital Project Funds and the following Special Revenue Funds: Police Forfeiture Fund, Federal Grants Fund, and the Area Revitalization Special Revenue Fund. Budgetary control is exercised at the division level. The encumbrances outstanding at year are recognized as expenditures against that year's appropriation. These encumbrances are reconciled to generally accepted accounting principles where appropriate.

Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of City Council. The City Manager is authorized to make budget transfers within any fund up to \$3,000. Amendments between divisions in excess of \$3,000 must have Council approval, as must any revisions which alter the total expenditures of any fund. 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 division level. During the year, several supplementary appropriations were necessary.

The Statement 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, except for the effect of encumbrances and unrealized investment gains and losses, which are reconciled to the actual results for this comparison.

5. Encumbrances.

Encumbrance accounting is employed as an extension of formal budgetary control in all funds. Encumbrance accounting is a process whereby purchase orders, contracts and other commitments for the expending of monies are recorded in order to reserve that portion of the applicable appropriation. Outstanding year-end encumbrances are reported as reservation of fund balances and do not constitute expenditures or liabilities because the commitments are carried forward into the subsequent fiscal year.

6. Cash and Investments.

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

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Texas State law requires the City to adopt written investment policies. The City's investment policies are reviewed each year by Council and was last amended on September 5, 2007. 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;
- public funds investment pools approved by resolution of the City Council

The City currently invests in local government pools, and obligations of the United States or State of Texas or its agencies and instrumentalities, exclusively. Investments are reported at fair value. The City follows the provisions GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" ("Statement"). Those provisions require that certain investments be reported at fair value, rather than at cost or amortized cost, and that the changes in fair value of investments be recognized as investment revenue. The statement further provides that the City has the option of continuing to report certain investments at cost or amortized cost but must disclose its policy in this regard. In accordance with GASB Statement No. 31, the City's general policy is to report all investments at fair value.

Public Funds Investment Pools

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

The City investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a-7 like, in which case they are reported at share value. A 2a-7 like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940.

7. **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 "customer deposit account" is used to report utility customer deposits required to be

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

segregated by the deposit agreement. "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" are used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account.

**8. Receivables and Payables**

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 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.

Taxes Receivable - 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. Property taxes are recognized as revenue when collected in cash at which time the balance sheet accounts, taxes receivable and deferred revenue are reduced by the amount of the collection. The amount of taxes receivable at year-end that would be collected soon enough to be used to pay liabilities of the current period is immaterial. At year-end, all uncollected property taxes are reported on the balance sheet as taxes receivable and deferred revenue. In accordance with governing statutes, property taxes were levied on October 1, 2008, to provide a revenue source to be used to finance the current year's budget. Taxes levied on October 1, 2008, were due and payable by January 31, 2009. On January 1, 2009 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, 2009, unpaid taxes began to accrue a penalty and interest charge until paid. On July 1, 2009 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.

**9. Inventories**

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.

**10. 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.

**11. 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

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

portion of unused sick pay benefits when employees separate from service. In the government wide financial statements and proprietary fund types a liabilities are included in the statements.

12. Capital Assets

Capital Assets other than Streets and Drainage:

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 valued at their fair market value on the date donated. 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.

Interest incurred during the construction phase of capital assets of business-type activities is capitalized.

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

13. 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 assets 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.

14. Bond Issuance Costs

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 an other 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, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

15. Nature and Purpose of Reservations and Designation of Fund Equity

In fund financial statements, governmental funds report reservations for amounts that are not available for appropriation or are legally restricted by outside parties for specific purpose.

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Fund balances and net assets are restricted and/or reserved for the following purposes:

Restrictions:

- Debt Service - tax funds reserved for retirement of general long-term debt.
- Capital Projects - funds identified for capital outlay including infrastructure and other capital projects.

Reservations:

- Encumbrances - funds reserved for payment of outstanding commitments related to unperformed contracts for goods or services, i.e. open purchase orders.
- Prepaid Items and Inventories - assets such as supplies and fuel that are unavailable for spending.
- Special Programs - funds relating to grants, hotel/motel tax, and other restricted sources.

**B. Deposits and Investments**

At year-end the carrying amount of the City's bank deposits was \$1,381,161 and the bank's balance was \$1,687,836. Of the bank balance, \$232,875 was covered by federal depository insurance and the balance of collateral was held by the bank's agent in the City's name.

There was no difference in the "Carrying Amount" and "Fair Value" of the City's investments at year end.

A reconciliation of cash and investments as shown on the Balance Sheet for the City follows:

Cash on hand	\$ 2,900
Carrying amount of deposits	679,810
Carrying amount of investments	<u>23,340,096</u>
<b>Total</b>	<b>\$ <u>24,022,806</u></b>
Cash and Cash Equivalents	\$ 17,855,533
Cash and Cash Equivalents - restricted	<u>6,167,273</u>
<b>Total</b>	<b>\$ <u>24,022,806</u></b>

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

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

a. 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.

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

b. 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

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. 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.

e. 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.

C. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
Not applicable	Not applicable

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Not applicable	Not applicable	

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

D. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2009, consisted of the following:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Water Fund	\$ 13,869	Short-term loans
Water Fund	General Fund	554	Short-term loans
Water Fund	Wastewater Fund	412	Short-term loans
General Fund	Wastewater Fund	11,461	Short-term loans
General Fund	Special Revenue	20,722	Short-term loans
General Fund	Oakwood Cemetary Fund	877	Short-term loans
General Fund	Capital Projects Fund	5	Short-term loans
Wastewater Fund	Water Fund	573	Short-term loans
Wastewater Fund	Solid Waste Fund	85	Short-term loans
Wastewater Fund	Capital Projects Fund	13	Short-term loans
Solid Waste Fund	Street Fund	85	Short-term loans
General Fund	Solid Waste Fund	54,871	Short-term loans
Water Fund	Solid Waste Fund	13	Short-term loans
Water Fund	Capital Projects Fund	2,085	Short-term loans
Street Fund	Wastewater Fund	5,228	Short-term loans
Street Fund	Water Fund	21,921	Short-term loans
	Total	\$ <u>132,774</u>	

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2009, consisted of the following:

Transfers From	Transfers To	Purpose	Amount
Water Fund	General Fund	Provide supplemental funding	\$ 30,619
Special Revenue Funds	General Fund	Provide supplemental funding	140,714
General Fund	Capital Projects	Provide supplemental funding	504,150
Debt Service Fund	General Fund	Provide supplemental funding	158,850
General Fund	Oakwood Cemetary Fund	Provide supplemental funding	113,985
General Fund	Special Revenue Funds	Provide supplemental funding	282,077
Water Fund	Capital Projects	Provide supplemental funding	116,691
Wastewater Fund	Capital Projects	Provide supplemental funding	289,500
Solid Waste Fund	General Fund	Provide supplemental funding	3,610
Wastewater Fund	General Fund	Provide supplemental funding	5,610
Capital Projects	Special Revenue Funds	Provide supplemental funding	38,206
Wastewater Fund	Equipment Replacement Fund	Provide supplemental funding	254,893
Solid Waste Fund	Equipment Replacement Fund	Provide supplemental funding	179,702
Special Revenue Funds	Oakwood Cemetary Fund	Provide supplemental funding	50,266
Medical Insurance Fund	Capital Projects	Provide supplemental funding	300,000
Capital Projects	Equipment Replacement Fund	Provide supplemental funding	252,327
Special Revenue Funds	Equipment Replacement Fund	Provide supplemental funding	35,753
Special Revenue Funds	Capital Projects	Provide supplemental funding	167,135
Capital Projects	Capital Projects	Provide supplemental funding	1,030,954
	Total		\$ <u>3,955,042</u>

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**E. Capital Assets**

Capital asset activity for the year ended September 30, 2009, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,808,042	\$ 500	\$ --	\$ 1,808,542
Construction in progress	204,818	743,437	488,418	459,837
Total capital assets not being depreciated	<u>2,012,860</u>	<u>743,937</u>	<u>488,418</u>	<u>2,268,379</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	8,024,467	132,633	61,691	8,095,409
Machinery, furniture, and equipment	17,455,153	1,321,879	479,145	18,297,887
Improvements other than buildings	11,827,758	371,830	--	12,199,588
Infrastructure	33,457,786	--	--	33,457,786
Total capital assets being depreciated	<u>70,765,164</u>	<u>1,826,342</u>	<u>540,836</u>	<u>72,050,670</u>
Less accumulated depreciation for:				
Buildings and improvements	3,877,558	264,352	22,620	4,119,290
Machinery, furniture, and equipment	10,315,512	1,591,257	479,144	11,427,625
Improvements other than buildings	3,460,538	533,736	--	3,994,274
Infrastructure	21,844,051	958,821	--	22,802,872
Total accumulated depreciation	<u>39,497,659</u>	<u>3,348,166</u>	<u>501,764</u>	<u>42,344,061</u>
Total capital assets being depreciated, net	<u>31,267,505</u>	<u>(1,521,824)</u>	<u>39,072</u>	<u>29,706,609</u>
Governmental activities capital assets, net	<u>\$ 33,280,365</u>	<u>\$ (777,887)</u>	<u>\$ 527,490</u>	<u>\$ 31,974,988</u>
	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 782,324	\$ --	\$ --	\$ 782,324
Construction in progress	6,829,910	1,172,713	6,854,794	1,147,829
Total capital assets not being depreciated	<u>7,612,234</u>	<u>1,172,713</u>	<u>6,854,794</u>	<u>1,930,153</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	1,651,624	--	--	1,651,624
Machinery, furniture, and equipment	1,406,524	45,743	--	1,452,267
Improvements other than buildings	398,950	--	--	398,950
Utility systems	69,090,556	7,056,638	74,504	76,072,690
Total capital assets being depreciated	<u>72,547,654</u>	<u>7,102,381</u>	<u>74,504</u>	<u>79,575,531</u>
Less accumulated depreciation for:				
Buildings and improvements	1,013,560	178,178	--	1,191,738
Machinery, furniture, and equipment	954,742	132,427	--	1,087,169
Improvements other than buildings	52,083	13,255	--	65,338
Utility systems	28,849,463	1,705,845	74,504	30,480,804
Total accumulated depreciation	<u>30,869,848</u>	<u>2,029,705</u>	<u>74,504</u>	<u>32,825,049</u>
Total capital assets being depreciated, net	<u>41,677,806</u>	<u>5,072,676</u>	<u>--</u>	<u>46,750,482</u>
Business-type activities capital assets, net	<u>\$ 49,290,040</u>	<u>\$ 6,245,389</u>	<u>\$ 6,854,794</u>	<u>\$ 48,680,635</u>

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Depreciation was charged to functions as follows:

Governmental activities:	
Administrative services	\$ 1,309,132
Finance	40,178
Public works	1,329,222
Community services	431,914
Public safety	237,720
Total Governmental activities depreciation	<u>\$ 3,348,166</u>

Business-type activities:	
Water Production and Distribution	\$ 643,159
Wastewater Collection and Treatment	1,294,103
Solid Waste Disposal and Collection	92,443
	<u>\$ 2,029,705</u>

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2009, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 3,755,000	\$ 8,255,000	\$ 229,000	\$ 11,781,000	\$ 699,000
Certificates of obligations	12,950,000	--	7,135,000	5,815,000	490,000
Tax Note	590,000	--	140,000	450,000	145,000
Capital leases	986,353	--	194,379	791,974	188,048
Compensated absences *	1,189,682	--	153,109	1,036,573	321,338
OPEB Obligations *	--	968,747	--	968,747	--
Total governmental activities	<u>\$ 19,471,035</u>	<u>\$ 9,223,747</u>	<u>\$ 7,851,488</u>	<u>\$ 20,843,294</u>	<u>\$ 1,843,386</u>
<u>Business-type activities:</u>					
TRA Contract Revenue Bonds	\$ 12,465,000	\$ --	\$ 1,065,000	\$ 11,400,000	\$ 1,125,000
Revenue Bonds	14,895,000	--	1,255,000	13,640,000	1,310,000
General obligation bonds	85,000	--	85,000	--	--
Compensated absences *	334,960	--	4,300	330,660	101,088
Total business-type activities	<u>\$ 27,779,960</u>	<u>\$ --</u>	<u>\$ 2,409,300</u>	<u>\$ 25,370,660</u>	<u>\$ 2,536,088</u>

\* Other long-term liabilities

For governmental activities, claims and judgements and compensated absences are generally liquidated by the general fund.

Compensated absences	Governmental
OPEB Obligations	Governmental
Compensated absences	Business-type

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2. Debt Service Requirements

Debt service requirements on long-term debt (excluding compensated absences and capital leases) at year end are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2010	\$ 1,522,048	\$ 681,020	\$ 2,203,068
2011	1,537,528	629,732	2,167,260
2012	1,599,231	579,736	2,178,967
2013	1,480,167	531,867	2,012,034
2014	1,317,000	483,881	1,800,881
2015	1,367,000	440,292	1,807,292
2016	1,411,000	393,636	1,804,636
2017	1,476,000	343,222	1,819,222
2018	1,526,000	289,324	1,815,324
2019	1,592,000	232,149	1,824,149
Thereafter	4,010,000	1,287,706	5,297,706
Totals	\$ 18,837,974	\$ 5,892,565	\$ 24,730,539

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2010	\$ 2,435,000	\$ 1,272,003	\$ 3,707,003
2011	2,560,000	1,155,458	3,715,458
2012	2,695,000	1,032,761	3,727,761
2013	2,815,000	902,409	3,717,409
2014	2,560,000	764,881	3,324,881
2015	2,690,000	637,846	3,327,846
2016	2,840,000	503,002	3,343,002
2017	1,540,000	359,529	1,899,529
2018	1,380,000	275,900	1,655,900
2019	1,205,000	197,405	1,402,405
Thereafter	2,320,000	206,775	2,526,775
Totals	\$ 25,040,000	\$ 7,307,969	\$ 32,347,969

At September 30, 2009 there were no authorized, or unissued general obligation or revenue bonds, and the City is in compliance with all bond ordinances.

General Obligation Debt

A summary of Tax-Supported General Obligation Debt outstanding at September 30, 2009 follows:

Certificate Series 2000 issued on December 21, 2000, at an interest rate of 5.2804% to finance the construction and acquisition of rights-of-way for arterial streets, due in installments of \$35,000 - \$460,000 for principal each August 15, beginning August 15, 2003 and interest payments due each February 15 and August 15, beginning February 15, 2001.	\$ 340,000
Certificate Series 2001 issued on November 15, 2001, at an interest rate of 4.75-6.00% to finance the construction and related expenses of a new golf course, due in installments of \$75,000 - \$330,000 for principal each August 15, beginning August 15, 2004 and interest payments due each February 15 and August 15, beginning August 15, 2004	4,495,000
Certificate Series 2004 issued on March 15, 2004, at an interest rate of 2.50 - 4.40% to finance the construction and equipping of a new fire station, and improve existing facilities, due in installments of \$30,000 - \$165,000 for	

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principal each February 15, beginning February 15, 2005 and interest payments due each February 15 and August 15, beginning February 15, 2005. 980,000

\$3,820,000 General Obligation Refunding Bonds, Series 2005 due in installments of \$15,000 to \$440,000 through 2020, interest rate of 3.52% 3,730,000

\$1,145,000 2005 Tax NoteS, Series 2005, dated October 20, 2005 to finance the construction of an aquatic facility, due in annual installments of \$300,000-\$155,000 beginning March 15, 2006 with an interest rate of 3.00%-3.75%. 450,000

\$1,850,000 General Obligation Bonds, Series 2009, dated February 24, 2009 to finance construction of a new fire station located in the northeast area of the City due in annual installments of \$144,000 - \$204,000 beginning in August 2009 with an interest rate of 2.90%. 1,646,000

\$6,405,000 General Obligation Refunding Bonds, Series 2009, dated March 15, 2009 to refund Certificate of Obligation Series 1998 in the amount of \$6,260,000. Due in annual installments of \$510,000 - \$870,000 beginning February 2010 with interest rates of 2.00% - 3.75%. 6,405,000

Subtotal Tax Supported General Obligation Debt \$ 18,046,000

Total outstanding General Obligation Debt as of September 30, 2009 \$ 18,046,000

Revenue Debt

A summary of Revenue Debt outstanding at September 30, 2009 follows:

\$14,395,000 1997 Water and Wastewater System due in installments of \$475,000 to \$1,075,000 through 2016, interest rates from 2.75% to 4.55% \$ 6,535,000

\$7,255,000 2002 Water and Wastewater System due in installments of \$80,000 to \$535,000 through 2022, interest rates from 4.50-5.00% 5,460,000

\$1,995,000 2007 Water and Wastewater System due in installments of \$170,000 to \$235,000 through 2017, interest rates of 4.025% 1,645,000

\$3,905,000 1996 TRA Contract Revenue Bonds due in installments of \$125,000 to \$300,000 through 2016, interest rates from 3.6-5.40% 1,810,000

\$3,120,000 1997 TRA Contract Revenue Bonds due in installments of \$90,000 to \$240,000 through 2018, interest rates from 4.70-5.30% 1,750,000

\$9,260,000 1999 TRA Contract Revenue Bonds due in installments of \$245,000 to \$785,000 through 2006, interest rates from 5.40-6.00% 6,425,000

\$3,125,000 2003 TRA Contract Revenue Bonds due in installments of \$240,000 to \$375,000 through 2013, interest rates from 3.50-4.75% 1,415,000

Total outstanding Revenue Debt as of September 30, 2009 \$ 25,040,000

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3. Capital Leases

Commitments under capitalized lease agreements for equipment originally acquired under capital leases in the amount of \$791,974 provide for minimum future lease payments as of September 30, 2009, as follows:

<u>Year Ending September 30:</u>	
2010	\$ 215,339
2011	215,340
2012	215,339
2013	215,340
Total Minimum Rentals	<u>\$ 861,358</u>

The effective interest rate on capital leases is 3.45%.

G. Joint Venture

Proprietary Funds: Pursuant to the agreement with Trinity River Authority (TRA) dated September 28, 1976, the City has endorsed Contract Revenue Bonds through TRA and is unconditionally obligated to pay, from the gross operating revenues of the City's waterworks, wastewater system, all debt service payments on these bonds; all operation and maintenance expenses of the facilities the bonds were used to build; and the amounts necessary to restore any deficiencies in funds required to be accumulated under the bond resolutions. As consideration for the aforementioned obligations, the City shall have an exclusive right to the use of the transmission and clear well storage facilities constructed. Upon the expiration of the contract, the City shall have the right to continued service for an additional period of fifty (50) years, or for such other time as may be agreed. In addition to funding provided by the sale of TRA bonds, the City acquired an Environmental Protection Agency Grant for \$4,417,500.

In accordance with GASB Statement 14, the equity interest in this joint venture is reported as an asset of the enterprise fund that participates. All profit on the operating transactions between TRA and the City's Water and Wastewater Funds have been eliminated. Since aggregating the contract bond reserve account and contract bonded indebtedness into the "net equity in joint venture" would be misleading, those two items have been separately stated. The City is solely liable for that debt even though the funds were used to build facilities owned and used by the joint venture. Additionally, the City's share of the net loss is reported as an operating expense since it actually represents the cost providing water and wastewater treatment, the integral function of these funds. Those costs are expected to be recovered through user fees.

The individual components of the asset account "investment in joint venture" are as follows:

	<u>For the Year Ended September 30, 2009</u>
Contract Water Facilities/Equipment	\$ 29,107,305
Allowance for Depreciation	(13,105,993)
Bond Issuance Costs	<u>249,242</u>
Total Investment in Joint Venture	<u>\$ 16,250,554</u>

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The individual components of the operating expense "TRA Joint Venture" are:

	For the Year Ended September 30, 2009
Operating Expenses	\$ 2,789,919
Contract Bond Interest	639,705
Depreciation/Amortization Expense	<u>712,155</u>
Total operating expenses Joint Venture	<u>\$ 4,141,779</u>

Summarized financial information for this joint venture from TRA's most recent audited financial statements is as follows:

	For the Year Ended November 30, 2008
<b>ASSETS</b>	
Current Assets	\$ 497,468
Restricted Assets	1,061,338
Capital Assets (net of Accumulated Depreciation)	16,348,148
Deferred Charges	<u>249,242</u>
TOTAL ASSETS	<u>\$ 18,156,196</u>
<b>LIABILITIES</b>	
Current Liabilities	
Payable from Current Assets	\$ 287,900
Payable from Restricted Assets	976,746
Long-Term Debt	<u>9,987,485</u>
TOTAL LIABILITIES	<u>\$ 11,252,131</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	\$ 5,873,696
Restricted for Debt Service	832,586
Unrestricted	<u>197,783</u>
TOTAL NET ASSETS	<u>\$ 6,904,065</u>

	For the Year Ended November 30, 2008
Operating Revenue	\$ 4,376,750
Operating Expenses Before Depreciation	<u>3,007,898</u>
Operating Income Before Depreciation	1,368,852
Depreciation Expense	718,828
Operating Income	<u>650,024</u>
Net Non-Operating Revenues/(Expenses)	(653,666)
Income before Transfers & Contributions	(3,642)
Transfers & Contributions	758,325
Net Assets - Beginning of Year	<u>6,149,382</u>
Net Assets - End of Year	<u>\$ 6,904,065</u>

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

**H. Raw Water Supply Contract**

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

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

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

**I. Pension Plan**

**1. Plan Description**

The City provides benefits for all of its full-time employees through a nontraditional, joint contributory hybrid, defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and requires supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2008	Plan Year 2009
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% repeating, Transfers	100% repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

**2. Benefits**

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, October 1, 1989, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been

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contributed by the employee at a 5% contribution rate, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percentage of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at age 60 and above with 5 or more years of service, or with 20 years of service regardless of age. The plan also provides death and disability benefits. A member is vested after 5 years, but must leave their accumulated contribution in the plan. If members withdraw their own money, they are not entitled to the employer-financed monetary credits, even if they were vested. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

**3. Contributions**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credit and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
2007	1,783,224	1,783,224	100.00%	--
2008	1,844,017	1,844,017	100.00%	--
2009	2,379,666	2,379,666	100.00%	--

The required contribution rates for fiscal year 2009 were determined as part of the December 31, 2006 and 2007 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2008, also follows:

Valuation Date	12/31/2006	12/31/2007	12/31/2008
Actuarial Cost Method	Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	25 Years; Open period	30 Years; closed period	29 Years; closed period
Asset Valuation Method	Amortized Cost	Amortized Cost	Amortized Cost

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Actuarial Assumptions:			
Investment Rate of Return*	7.0%	7.0%	7.0%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
*Includes Inflation At	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	N/A	2.1%	2.1%

The funded status as of December 31, 2008, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2008	27,501,940	50,842,530	54.1%	23,340,590	12,209,814	191.2%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits. Please see Schedule of Funding Progress in the Required Supplementary Information section.

4. Annual Pension Cost

The City's annual pension cost for the Plan for the years ending September 30, 2009, 2008 and 2007 was \$2,379,666, \$1,844,017 and \$1,783,224, respectively.

J. Supplemental Death Benefit Plan

1. Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The city 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.

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); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. 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 pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2009, 2008 and 2007 were \$22,008, \$30,109 and \$27,651, respectively, which equaled the required contributions each year.

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Schedule of Contribution Rates

Plan/Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2006	0.02%	0.02%	100.00%
2007	0.03%	0.03%	100.00%
2008	0.04%	0.04%	100.00%
2009	0.04%	0.04%	100.00%

K. Other Postemployment Benefits

1. Postemployment Benefits

Effective for fiscal year 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)" prospectively (no beginning net OPEB obligation).

2. Plan Description

In addition to the pension benefits described above, as required by state law and defined by City Policy, the City makes available health care benefits to all employees who retire from the City and who are receiving benefits from a City-sponsored retirement program (Texas Municipal Retirement System) through a single-employer healthcare plan. This healthcare plan provides lifetime insurance, to eligible retirees, their spouses and dependents through the City's group health insurance plan, which covers both active and retired members. The plan is secondary at the age of Medicare eligibility.

An employee is able to retire pursuant to TMRS rules:

- 1) After they reach age 60 with at least 5 Years of Service or
- 2) They may retire at any age with at least 20 Years of Service or
- 3) Retire at any age with at least 5 Years of Service if disabled

Current retirees in the health plan and active employees with 20 years or more of service employed prior to October 1, 2008 are considered Platinum level employees.

Platinum level employees that retiree with eighty (80) or more points (age plus service) are eligible to remain in the health plan at the same cost that the City sets for regular employees, not to exceed 10% of the cost.

Retiring Platinum Level employees with less than eighty (80) points (age plus service) may continue health plan coverage at the rate of one-hundred (100%) percent of the City's actual cost plus a (2%) percent administrative fee according to the policy.

A Gold Level employee is defined as employees hired on or after October 1, 2008.

Retiring Gold Level employees may continue health plan coverage if receiving the TMRS benefits annuity, normal, or disability retirement as defined by TMRS and have a least five (5) years of continuous full time employment with the City.

Retiring Gold Level employees who meet the eligibility requirements and have at least (10) years of continuous full time employment with the City will qualify for an 85% reduction in healthcare premium.

Gold level employees that are retiring are given the option to purchase a higher level healthcare plan than the base healthcare plan that they are offered.

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Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The City plans to initiate a trust in the next fiscal year. The plan does not issue a separate financial report. Benefit provisions for retirees are not mandated by any form of employment agreement. The continued provision of these benefits is based entirely on the discretion of the City of Huntsville City Council.

3. Funding Policy

The City contribution to the health plan consists of total premiums in excess of the retiree contributions. Retirees receiving medical benefits during fiscal year 2009 contribute \$15.00 per month depending on the coverage levels selected. There are no employees currently retired under the Gold Plan. In Fiscal year 2009, total retiree contributions for retirees and dependents were \$ 72,216. The City contributions to the plan for fiscal year 2009, which are also equal to premiums paid in excess of premiums collected from retirees, were \$464,038.

4. Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) for the health plan is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The City of Huntsville utilized the actuarial services of Gabriel, Roeder, Smith & Company (GRS), a company who has been providing actuarial consulting services since 1938, under the shared services arrangement provided by GRS and North Central Texas Council of Governments (NCTCOG). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (for funding excess) over a period not to exceed thirty years.

Annual Required Contribution (ARC)	\$ 1,432,785
Interest on net OPEB obligation	--
Adjustment to annual required contribution	<u>          --</u>
Annual OPEB cost (expense)	1,432,785
Contributions made	<u>(464,038)</u>
Increase in net OPEB obligation	968,747
Net OPEB obligation - beginning of year	<u>          --</u>
Net OPEB obligation - end of year	<u>\$ 968,747</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 are as follows:

Fiscal Year Ending September 30, 2009	
Annual OPEB Cost	\$ 1,432,785
Percentage of OPEB Cost Contributed	32.39%
Net Pension Obligation	\$ 968,747

Fiscal year 2009 was the year of implementation of GASB Statements Nos. 43 and 45 and the City has elected to implement prospectively. In future years, three-year trend information will be presented.

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

5. Funded Status and Funding Progress

The funded status of the plan based on an actuarial update using age-adjusted premiums as of October 1, 2008, was as follows:

Actuarial accrued liability (AAL)	\$ 20,357,239
Actuarial value of plan assets	<u>          --</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 20,357,239</u>
Funded ratio (actuarial value of plan assets/AAL)	--
Covered payroll (active plan members)	\$ 10,502,531
UAAL as a percentage of covered payroll	193.83%

Actuarial valuations for an ongoing plan estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the City's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated. GASB 45 requires governments to report the "implicit rate study" that is provided to retirees who remain with the health plan provided to employees. The actuarial accrued liability due to 11.88% of the total actuarial liability of \$2,418,440.

L. 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 October 1, 2002 the City's limit is increased from \$60,000 to \$75,000 per employee.

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

	2009	2008
Aggregate Liabilities October 1	\$ 249,260	\$ 318,287
Incurred Liabilities	2,646,279	2,509,065
Paid Liabilities	<u>(2,810,460)</u>	<u>(2,578,092)</u>
Aggregate Liabilities September 30	<u>\$ 85,079</u>	<u>\$ 249,260</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

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

covered claims is limited to its annual deductible.

**M. Deferred Compensation Plan**

The City offers employees a deferred compensation plan created in accordance with Internal Revenue 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 credited to the participants account.

The City in previous years has reported this fund in the Trust and Agency Funds. As a result of the November 1996 legislative changes, this fund has been excluded from the Financial Reports. Activity by participants for the period October 1, 2008 through September 2009 is as follows:

	Balance 10/1/2008	Additions	Deletions	Balance 9/30/2009
Investments	\$ 2,505,689	\$ 340,060	\$ 330,068	\$ 2,515,681

**N. Commitments and Contingencies**

**1. Retired Employees' Medical Coverage**

A retired employee may continue health plan coverage at the same cost that the City sets for regular employees or employee dependents if the retired employee retires with 80 or more points (age plus years of service). If an employee retires under the Texas Municipal Retirement System with more than 70 points, but less than 80, the retiree may purchase health plan benefits through the City's health plan to continue the health coverage for the retired employee, spouse, or dependent that they maintained at the time of the employee's retirement from the City.

For the year ended September 30, 2009, there were a total of 51 retirees in the City's health plan. Of these 51, nineteen carried dependent coverage. The Medical Insurance Fund paid out approximately \$520,588 in claims for retirees and their dependents. The City paid into the Medical Insurance Fund approximately \$366,815 in premiums for the 51 retirees, and the retirees paid in \$168,695.

**2. Other Commitments**

On October 9, 2001, City Council approved the creation of the Raven Hills Higher Education Corporation (RHHEC), a nonprofit corporation, pursuant to Chapter 53 of the Texas Education Code. The corporation is organized solely and exclusively for the purpose of aiding nonprofit institutions of higher education and accredited primary and secondary schools in providing education and housing facilities and facilities which are incidental, subordinate, or related thereto or appropriate in connection therewith in accordance with and subject to the provisions of the Higher Education Authority Act (Chapter 53) (the "Act"). More specifically and although not so limited by its Articles of Incorporation or the Act, it is anticipated that RHHEC will primarily aid the institutions composing the Texas State University System. Those institutions are Sam Houston State University, Southwest Texas State University, Angelo State University, Sul Ross State University, Rio Grand College, Lamar University, Lamar Institute of Technology, Lamar State College - Orange, and Lamar State College - Port Arthur.

The Corporation has the authority to issue bonds for the purposes stated in the above paragraph, and in 2001, RHHEC issued three different sets of bonds: two were for the benefit of Southwest Texas State University and are referred to as San Marcos Hall and Bobcat Village; and one was for the benefit of Lamar University and is

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

referred to as Cardinal Village. The San Marcos Hall issue was \$19,990,000 for Series 2001A and \$300,000 for Series 2001B; the Bobcat Village was \$43,830,000 for Series 2001A and \$230,000 for Series 2001B; and Cardinal Village was \$12,655,000 for Series 2001A and \$120,000 for Series 2001B.

In 2002 RHHEC issued four different sets of bonds: two were issued for the benefit of Lamar University and are referred to as Cardinal Village; one was for the benefit of Angelo State University and are referred to as Texan Hall; and one is for the benefit of Southwest Texas State and are referred to as San Marcos Hall. The Cardinal Village issues are \$14,985,000 Series 2002A and \$310,000 Taxable Series 2002B; \$20,655,000 for series 2003A and \$255,000 Taxable Series 2003B; The Texan Hall issues is \$18,310,000 for series 2002A and \$375,000 for Series 2002B; the San Marcos Hall issue is \$22,940,000 Series 2003A and \$320,000 Taxable Series 2003B. All bonds have been defeased. RHHEC was officially dissolved by the City on October 6, 2009.

3. Construction Commitments

The City has various construction projects as of September 30, 2009. The City's remaining commitment to contractors for all projects is \$1,902,332 at year end. Projects include water and wastewater line extensions, construction of a fire station, sidewalk construction, and drainage.

4. 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.

O. 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 post-closure care and/or monitoring. Therefore, the City has not recorded any liability for post-closure care or monitoring. All closure costs are expensed as incurred. There were no landfill related expenses during the year ended September 30, 2009.

### *Required Supplementary Information*

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

**CITY OF HUNTSVILLE, TEXAS**

**EXHIBIT B-1**

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
<i>Property taxes</i>	\$ 2,561,000	\$ 2,561,000	\$ 2,435,688	\$ (125,312)
<i>Sales tax</i>	6,111,000	6,111,000	6,516,515	405,515
<i>Other taxes</i>	71,150	71,150	81,172	10,022
<i>Licenses and permits</i>	289,050	289,050	392,167	103,117
<i>Charges for sales and services</i>	275,787	275,787	324,104	48,317
<i>Fines, fees, and forfeitures</i>	860,650	860,650	744,958	(115,692)
<i>Donations, contributions, and grants</i>	50,150	56,472	250,569	194,097
<i>Investment income</i>	282,500	282,500	113,606	(168,894)
<i>Other</i>	372,080	373,602	546,405	172,803
<i>Administrative cost reimbursement</i>	5,132,427	5,132,427	5,132,427	--
<b>Total Revenues</b>	<u>16,005,794</u>	<u>16,013,638</u>	<u>16,537,611</u>	<u>523,973</u>
<b>EXPENDITURES:</b>				
<i>Charter office</i>	805,360	881,473	811,467	70,006
<i>Finance</i>	1,286,685	1,286,685	1,233,598	53,087
<i>Administrative services</i>	3,587,425	3,455,933	3,128,099	327,834
<i>Public works</i>	2,040,905	2,070,587	2,011,313	59,274
<i>Community services</i>	2,194,577	2,239,806	2,005,629	234,177
<i>Public safety</i>	5,882,979	5,881,026	5,574,874	306,152
<b>Debt Service:</b>				
<i>Principal retirement</i>	140,000	140,000	140,000	--
<i>Interest and fiscal charges</i>	18,850	18,850	18,850	--
<b>Total Expenditures</b>	<u>15,956,781</u>	<u>15,974,360</u>	<u>14,923,830</u>	<u>1,050,530</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>49,013</u>	<u>39,278</u>	<u>1,613,781</u>	<u>1,574,503</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
<i>Transfers in</i>	206,750	315,376	339,403	24,027
<i>Transfers out</i>	(434,640)	(885,934)	(900,212)	(14,278)
<b>Total other financing sources (uses)</b>	<u>(227,890)</u>	<u>(570,558)</u>	<u>(560,809)</u>	<u>9,749</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(178,877)</u>	<u>(531,280)</u>	<u>1,052,972</u>	<u>1,584,252</u>
<b>FUND BALANCE, Beginning of period</b>	7,964,886	7,964,886	7,964,886	--
<b>FUND BALANCE, End of period</b>	<u>\$ 7,786,009</u>	<u>\$ 7,433,606</u>	<u>\$ 9,017,858</u>	<u>\$ 1,584,252</u>

**CITY OF HUNTSVILLE, TEXAS**  
**STREET SPECIAL REVENUE**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**EXHIBIT B-2**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
<i>Franchise fees</i>	\$ 2,271,334	\$ 2,271,334	\$ 2,464,364	\$ 193,030
<i>Charges for sales and services</i>	48,000	48,000	115,249	67,249
<i>Donations, contributions, and grants</i>	--	38,205	133,396	95,191
<i>Investment income</i>	57,000	57,000	7,703	(49,297)
<i>Other</i>	352,012	352,012	356,368	4,356
<b>Total Revenues</b>	<b>2,728,346</b>	<b>2,766,551</b>	<b>3,077,080</b>	<b>310,529</b>
<b>EXPENDITURES:</b>				
<i>Public works</i>	2,754,742	2,821,233	2,925,568	(104,335)
<b>Total Expenditures</b>	<b>2,754,742</b>	<b>2,821,233</b>	<b>2,925,568</b>	<b>(104,335)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(26,396)</b>	<b>(54,682)</b>	<b>151,512</b>	<b>206,194</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
<i>Transfers in</i>	--	38,206	38,206	--
<i>Transfers out</i>	(169,209)	(328,764)	(185,116)	143,648
<b>Total other financing sources (uses)</b>	<b>(169,209)</b>	<b>(290,558)</b>	<b>(146,910)</b>	<b>143,648</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(195,605)</b>	<b>(345,240)</b>	<b>4,602</b>	<b>349,842</b>
<b>FUND BALANCE, Beginning of period</b>	<b>1,193,774</b>	<b>1,193,774</b>	<b>1,193,774</b>	<b>--</b>
<b>FUND BALANCE, End of period</b>	<b>\$ 998,169</b>	<b>\$ 848,534</b>	<b>\$ 1,198,376</b>	<b>\$ 349,842</b>

**CITY OF HUNTSVILLE, TEXAS**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS  
 TEXAS MUNICIPAL RETIREMENT SYSTEM  
 YEAR ENDED SEPTEMBER 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/95	\$ 6,020,018	\$ 11,448,894	\$ 5,428,876	52.6%	\$ 6,645,505	81.69%
12/31/96	7,486,917	14,716,980	7,230,063	50.9%	6,969,972	103.73%
12/31/97	9,482,548	16,148,307	6,665,759	58.7%	7,371,413	90.43%
12/31/98	11,840,882	19,146,847	7,305,965	61.8%	7,994,046	91.39%
12/31/99	14,033,005	21,674,979	7,641,974	64.7%	8,002,647	95.49%
12/31/00	15,957,208	23,848,886	7,891,678	66.9%	8,369,082	94.30%
12/31/01	17,983,122	26,223,426	8,240,304	68.6%	8,849,367	93.12%
12/31/02	20,172,871	29,786,372	9,613,501	67.7%	9,767,300	98.43%
12/31/03	21,317,292	33,504,263	12,186,971	63.6%	8,753,684	139.22%
12/31/04	23,461,827	35,599,317	12,137,490	65.9%	9,602,604	126.40%
12/31/05	24,386,073	37,120,033	12,733,960	65.7%	9,655,475	131.88%
12/31/06	25,314,524	38,560,912	13,246,388	65.6%	10,198,416	129.89%
12/31/07	25,879,876	47,764,663	21,884,787	54.2%	10,742,813	203.72%
12/31/08	27,501,940	50,842,530	23,340,590	54.1%	12,209,814	191.16%

*Combining Statements and Budget Comparisons  
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

## CITY OF HUNTSVILLE, TEXAS

## COMBINING BALANCE SHEET

## NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2009

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS:</b>				
<i>Cash and cash equivalents</i>	\$ 1,044,199	\$ 3,882,900	\$ 463,210	\$ 5,390,309
<i>Accounts receivable:</i>				
<i>Receivables (net of allowances for uncollectibles)</i>	33,891	150	--	34,041
<i>Grants</i>	--	26,000	--	26,000
<i>Other</i>	56,696	--	--	56,696
<b>Total Assets</b>	<b>\$ 1,134,786</b>	<b>\$ 3,909,050</b>	<b>\$ 463,210</b>	<b>\$ 5,507,046</b>
<b>LIABILITIES:</b>				
<i>Accounts payable</i>	\$ 26,753	\$ 181,401	\$ --	\$ 208,154
<i>Accrued liabilities</i>	21,373	--	--	21,373
<i>Due to other funds</i>	3,262	18	--	3,280
<i>Due to other governments</i>	33,961	--	--	33,961
<i>Due to others</i>	315	--	--	315
<b>Total Liabilities</b>	<b>85,664</b>	<b>181,419</b>	<b>--</b>	<b>267,083</b>
<b>FUND BALANCES:</b>				
<i>Unreserved, reported in:</i>				
<i>Special revenue funds</i>	1,049,122	--	--	1,049,122
<i>Capital projects funds</i>	--	3,727,631	--	3,727,631
<i>Permanent funds</i>	--	--	463,210	463,210
<b>Total Fund Balances</b>	<b>1,049,122</b>	<b>3,727,631</b>	<b>463,210</b>	<b>5,239,963</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,134,786</b>	<b>\$ 3,909,050</b>	<b>\$ 463,210</b>	<b>\$ 5,507,046</b>

**CITY OF HUNTSVILLE, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
<b>REVENUES:</b>				
<i>Property taxes</i>	\$ 5,584	\$ --	\$ --	\$ 5,584
<i>Other taxes</i>	543,690	--	--	543,690
<i>Charges for sales and services</i>	395,026	--	--	395,026
<i>Fines, fees, and forfeitures</i>	113,283	--	--	113,283
<i>Donations, contributions, and grants</i>	46,526	86,477	700	133,703
<i>Investment income</i>	8,393	22,784	3,817	34,994
<i>Other</i>	1,569	15,001	--	16,570
<b>Total Revenues</b>	<u>1,114,071</u>	<u>124,262</u>	<u>4,517</u>	<u>1,242,850</u>
<b>EXPENDITURES:</b>				
<i>Finance</i>	68,615	--	--	68,615
<i>Public works</i>	6,419	218,430	--	224,849
<i>Community services</i>	664,182	687,203	--	1,351,385
<i>Public safety</i>	497,167	3,421	--	500,588
<i>Non-departmental</i>	11,940	--	--	11,940
<b>Total Expenditures</b>	<u>1,248,323</u>	<u>909,054</u>	<u>--</u>	<u>2,157,377</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(134,252)</u>	<u>(784,792)</u>	<u>4,517</u>	<u>(914,527)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
<i>Issuance of Notes</i>	--	1,850,000	--	1,850,000
<i>Transfers in</i>	282,077	1,547,707	--	1,829,784
<i>Transfers out</i>	(208,752)	(839,039)	--	(1,047,791)
<b>Total other financing sources (uses)</b>	<u>73,325</u>	<u>2,558,668</u>	<u>--</u>	<u>2,631,993</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(60,927)</u>	<u>1,773,876</u>	<u>4,517</u>	<u>1,717,466</u>
<b>FUND BALANCE, Beginning of period</b>	<u>1,110,049</u>	<u>1,953,755</u>	<u>458,693</u>	<u>3,522,497</u>
<b>FUND BALANCE, End of period</b>	<u>\$ 1,049,122</u>	<u>\$ 3,727,631</u>	<u>\$ 463,210</u>	<u>\$ 5,239,963</u>

**CITY OF HUNTSVILLE, TEXAS**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 SEPTEMBER 30, 2009

	Municipal Court Security & Technology	Police Forfeiture Fund	Hotel Motel Tourism
<b>ASSETS:</b>			
<i>Cash and cash equivalents</i>	\$ 129,220	\$ 118,731	\$ 466,895
<b>Accounts receivable:</b>			
<i>Receivables (net of allowances for uncollectibles)</i>	--	--	138
<i>Other</i>	--	--	46,666
<b>Total Assets</b>	<u>\$ 129,220</u>	<u>\$ 118,731</u>	<u>\$ 513,699</u>
<b>LIABILITIES:</b>			
<i>Accounts payable</i>	\$ 74	\$ --	\$ 14,773
<i>Accrued liabilities</i>	2,325	--	--
<i>Due to other funds</i>	476	--	324
<i>Due to other governments</i>	--	33,961	--
<i>Due to others</i>	--	--	270
<b>Total Liabilities</b>	<u>2,875</u>	<u>33,961</u>	<u>15,367</u>
<b>FUND BALANCES:</b>			
<i>Unreserved, reported in:</i>			
<i>Special revenue funds</i>	126,345	84,770	498,332
<b>Total Fund Balances</b>	<u>126,345</u>	<u>84,770</u>	<u>498,332</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 129,220</u>	<u>\$ 118,731</u>	<u>\$ 513,699</u>

<u>Airport</u>	<u>Library</u>	<u>School Resource Officer</u>	<u>Police Grants</u>
\$ 36,181	\$ 52,241	\$ (15,128)	\$ 51,061
--	--	31,680	--
--	--	--	--
<u>\$ 36,181</u>	<u>\$ 52,241</u>	<u>\$ 16,552</u>	<u>\$ 51,061</u>
\$ --	\$ 317	\$ 156	\$ --
400	--	13,934	--
--	--	2,462	--
--	--	--	--
--	--	--	--
<u>400</u>	<u>317</u>	<u>16,552</u>	<u>--</u>
<u>35,781</u>	<u>51,924</u>	<u>--</u>	<u>51,061</u>
<u>35,781</u>	<u>51,924</u>	<u>--</u>	<u>51,061</u>
<u>\$ 36,181</u>	<u>\$ 52,241</u>	<u>\$ 16,552</u>	<u>\$ 51,061</u>

**CITY OF HUNTSVILLE, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2009**

	Arts Center	Area Revitalization Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
<b>ASSETS:</b>			
<i>Cash and cash equivalents</i>	\$ 92,969	\$ 112,029	\$ 1,044,199
<i>Accounts receivable:</i>			
<i>Receivables (net of allowances for uncollectibles)</i>	23	2,050	33,891
<i>Other</i>	7,778	2,252	56,696
<b>Total Assets</b>	<b>\$ 100,770</b>	<b>\$ 116,331</b>	<b>\$ 1,134,786</b>
<b>LIABILITIES:</b>			
<i>Accounts payable</i>	\$ 11,433	\$ --	\$ 26,753
<i>Accrued liabilities</i>	4,714	--	21,373
<i>Due to other funds</i>	--	--	3,262
<i>Due to other governments</i>	--	--	33,961
<i>Due to others</i>	45	--	315
<b>Total Liabilities</b>	<b>16,192</b>	<b>--</b>	<b>85,664</b>
<b>FUND BALANCES:</b>			
<i>Unreserved, reported in:</i>			
<i>Special revenue funds</i>	84,578	116,331	1,049,122
<b>Total Fund Balances</b>	<b>84,578</b>	<b>116,331</b>	<b>1,049,122</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 100,770</b>	<b>\$ 116,331</b>	<b>\$ 1,134,786</b>

**CITY OF HUNTSVILLE, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Municipal Court Security & Technology	Police Forfeiture Fund	Hotel Motel Tourism
<b>REVENUES:</b>			
<i>Property taxes</i>	\$ --	\$ --	\$ --
<i>Other taxes</i>	--	--	466,021
<i>Charges for sales and services</i>	--	--	12,093
<i>Fines, fees, and forfeitures</i>	30,409	76,529	--
<i>Donations, contributions, and grants</i>	--	--	4,165
<i>Investment income</i>	1,017	1,107	3,587
<i>Other</i>	--	--	--
<b>Total Revenues</b>	<u>31,426</u>	<u>77,636</u>	<u>485,866</u>
<b>EXPENDITURES:</b>			
<i>Finance</i>	68,615	--	--
<i>Public works</i>	--	--	--
<i>Community services</i>	--	--	414,991
<i>Public safety</i>	--	--	--
<i>Non-departmental</i>	--	--	11,940
<b>Total Expenditures</b>	<u>68,615</u>	<u>--</u>	<u>426,931</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(37,189)</u>	<u>77,636</u>	<u>58,935</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
<i>Transfers in</i>	42,634	--	--
<i>Transfers out</i>	--	(25,833)	(182,919)
<b>Total other financing sources (uses)</b>	<u>42,634</u>	<u>(25,833)</u>	<u>(182,919)</u>
<b>NET CHANGE IN FUND BALANCES</b>	5,445	51,803	(123,984)
<b>FUND BALANCE, Beginning of period</b>	120,900	32,967	622,316
<b>FUND BALANCE, End of period</b>	<u>\$ 126,345</u>	<u>\$ 84,770</u>	<u>\$ 498,332</u>

Airport	Library	School Resource Officer	Police Grants
\$ --	\$ --	\$ --	\$ --
--	--	--	--
--	--	380,164	--
834	947	--	--
--	25,499	--	6,967
321	405	27	412
--	--	--	--
<u>1,155</u>	<u>26,851</u>	<u>380,191</u>	<u>7,379</u>
--	--	--	--
6,419	--	--	--
--	22,170	--	--
--	--	486,008	11,159
--	--	--	--
<u>6,419</u>	<u>22,170</u>	<u>486,008</u>	<u>11,159</u>
<u>(5,264)</u>	<u>4,681</u>	<u>(105,817)</u>	<u>(3,780)</u>
--	--	105,799	--
--	--	--	--
--	--	<u>105,799</u>	<u>--</u>
<u>(5,264)</u>	<u>4,681</u>	<u>(18)</u>	<u>(3,780)</u>
41,045	47,243	18	54,841
<u>\$ 35,781</u>	<u>\$ 51,924</u>	<u>\$ --</u>	<u>\$ 51,081</u>

**CITY OF HUNTSVILLE, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Arts Center	Area Revitalization Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
<b>REVENUES:</b>			
<i>Property taxes</i>	\$ --	\$ 5,584	\$ 5,584
<i>Other taxes</i>	77,669	--	543,690
<i>Charges for sales and services</i>	2,769	--	395,026
<i>Fines, fees, and forfeitures</i>	4,564	--	113,283
<i>Donations, contributions, and grants</i>	8,486	1,409	46,526
<i>Investment income</i>	686	831	8,393
<i>Other</i>	1,569	--	1,569
<b>Total Revenues</b>	<u>95,743</u>	<u>7,824</u>	<u>1,114,071</u>
<b>EXPENDITURES:</b>			
<i>Finance</i>	--	--	68,615
<i>Public works</i>	--	--	6,419
<i>Community services</i>	226,921	100	664,182
<i>Public safety</i>	--	--	497,167
<i>Non-departmental</i>	--	--	11,940
<b>Total Expenditures</b>	<u>226,921</u>	<u>100</u>	<u>1,248,323</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(131,178)</u>	<u>7,724</u>	<u>(134,252)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
<i>Transfers in</i>	133,644	--	282,077
<i>Transfers out</i>	--	--	(208,752)
<b>Total other financing sources (uses)</b>	<u>133,644</u>	<u>--</u>	<u>73,325</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,466	7,724	(60,927)
<b>FUND BALANCE, Beginning of period</b>	82,112	108,607	1,110,049
<b>FUND BALANCE, End of period</b>	<u>\$ 84,578</u>	<u>\$ 116,331</u>	<u>\$ 1,049,122</u>

**CITY OF HUNTSVILLE, TEXAS**

MUNICIPAL COURT SECURITY & TECHNOLOGY FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
<i>Fines, fees, and forfeitures</i>	\$ 35,000	\$ 35,000	\$ 30,409	\$ (4,591)
<i>Investment income</i>	3,500	3,500	1,017	(2,483)
<b>Total Revenues</b>	<u>38,500</u>	<u>38,500</u>	<u>31,426</u>	<u>(7,074)</u>
<b>EXPENDITURES:</b>				
<i>Finance</i>	88,052	88,052	68,615	19,437
<b>Total Expenditures</b>	<u>88,052</u>	<u>88,052</u>	<u>68,615</u>	<u>19,437</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(49,552)</u>	<u>(49,552)</u>	<u>(37,189)</u>	<u>12,363</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
<i>Transfers in</i>	42,634	42,634	42,634	--
<b>Total other financing sources (uses)</b>	<u>42,634</u>	<u>42,634</u>	<u>42,634</u>	<u>--</u>
<b>NET CHANGE IN FUND BALANCES</b>	(6,918)	(6,918)	5,445	12,363
<b>FUND BALANCE, Beginning of period</b>	120,900	120,900	120,900	--
<b>FUND BALANCE, End of period</b>	<u>\$ 113,982</u>	<u>\$ 113,982</u>	<u>\$ 126,345</u>	<u>\$ 12,363</u>

**CITY OF HUNTSVILLE, TEXAS**

**EXHIBIT C-6**

HOTEL MOTEL - TOURISM  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
<i>Other taxes</i>	\$ 440,000	\$ 440,000	\$ 466,021	\$ 26,021
<i>Charges for sales and services</i>	--	--	12,093	12,093
<i>Donations, contributions, and grants</i>	3,000	3,000	4,165	1,165
<i>Investment income</i>	8,500	8,500	3,587	(4,913)
<b>Total Revenues</b>	<u>451,500</u>	<u>451,500</u>	<u>485,866</u>	<u>34,366</u>
<b>EXPENDITURES:</b>				
<i>Community services</i>	408,590	439,852	414,991	24,861
<i>Non-departmental</i>	--	11,940	11,940	--
<b>Total Expenditures</b>	<u>408,590</u>	<u>451,792</u>	<u>426,931</u>	<u>24,861</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>42,910</u>	<u>(292)</u>	<u>58,935</u>	<u>59,227</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
<i>Transfers out</i>	(137,521)	(153,692)	(182,919)	(29,227)
<b>Total other financing sources (uses)</b>	<u>(137,521)</u>	<u>(153,692)</u>	<u>(182,919)</u>	<u>(29,227)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(94,611)</u>	<u>(153,984)</u>	<u>(123,984)</u>	<u>30,000</u>
<b>FUND BALANCE, Beginning of period</b>	<u>622,316</u>	<u>622,316</u>	<u>622,316</u>	<u>--</u>
<b>FUND BALANCE, End of period</b>	<u>\$ 527,705</u>	<u>\$ 468,332</u>	<u>\$ 498,332</u>	<u>\$ 30,000</u>

**CITY OF HUNTSVILLE, TEXAS**

**EXHIBIT C-7**

AIRPORT FUND  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
<i>Fines, fees, and forfeitures</i>	\$ 500	\$ 500	\$ 834	\$ 334
<i>Investment income</i>	1,400	1,400	321	(1,079)
<i>Other</i>	10,000	10,000	--	(10,000)
Total Revenues	<u>11,900</u>	<u>11,900</u>	<u>1,155</u>	<u>(10,745)</u>
<b>EXPENDITURES:</b>				
<i>Public works</i>	44,280	44,280	6,419	37,861
Total Expenditures	<u>44,280</u>	<u>44,280</u>	<u>6,419</u>	<u>37,861</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(32,380)</u>	<u>(32,380)</u>	<u>(5,264)</u>	<u>27,116</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(32,380)</u>	<u>(32,380)</u>	<u>(5,264)</u>	<u>27,116</u>
<b>FUND BALANCE, Beginning of period</b>	41,045	41,045	41,045	--
<b>FUND BALANCE, End of period</b>	<u>\$ 8,665</u>	<u>\$ 8,665</u>	<u>\$ 35,781</u>	<u>\$ 27,116</u>

**CITY OF HUNTSVILLE, TEXAS**

**EXHIBIT C-8**

LIBRARY PROJECT FUND  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
<i>Fines, fees, and forfeitures</i>	\$ --	\$ --	\$ 947	\$ 947
<i>Donations, contributions, and grants</i>	18,939	18,939	25,499	6,560
<i>Investment income</i>	1,000	1,000	405	(595)
<b>Total Revenues</b>	<u>19,939</u>	<u>19,939</u>	<u>26,851</u>	<u>6,912</u>
<b>EXPENDITURES:</b>				
<i>Community services</i>	16,939	31,141	22,170	8,971
<b>Total Expenditures</b>	<u>16,939</u>	<u>31,141</u>	<u>22,170</u>	<u>8,971</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,000</u>	<u>(11,202)</u>	<u>4,681</u>	<u>15,883</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Total other financing sources (uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>3,000</u>	<u>(11,202)</u>	<u>4,681</u>	<u>15,883</u>
<b>FUND BALANCE, Beginning of period</b>	<u>47,243</u>	<u>47,243</u>	<u>47,243</u>	<u>--</u>
<b>FUND BALANCE, End of period</b>	<u>\$ 50,243</u>	<u>\$ 36,041</u>	<u>\$ 51,924</u>	<u>\$ 15,883</u>

**CITY OF HUNTSVILLE, TEXAS**  
 POLICE DEPARTMENT SCHOOL RESOURCE OFFICER  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-9

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
<i>Charges for sales and services</i>	\$ 375,684	\$ 375,684	\$ 380,164	\$ 4,480
<i>Investment income</i>	8,000	8,000	27	(7,973)
<b>Total Revenues</b>	<u>383,684</u>	<u>383,684</u>	<u>380,191</u>	<u>(3,493)</u>
<b>EXPENDITURES:</b>				
<i>Public safety</i>	475,205	486,104	486,008	96
<b>Total Expenditures</b>	<u>475,205</u>	<u>486,104</u>	<u>486,008</u>	<u>96</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(91,521)</u>	<u>(102,420)</u>	<u>(105,817)</u>	<u>(3,397)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
<i>Transfers in</i>	91,521	91,521	105,799	14,278
<b>Total other financing sources (uses)</b>	<u>91,521</u>	<u>91,521</u>	<u>105,799</u>	<u>14,278</u>
<b>NET CHANGE IN FUND BALANCES</b>	--	(10,899)	(18)	10,881
<b>FUND BALANCE, Beginning of period</b>	18	18	18	--
<b>FUND BALANCE, End of period</b>	<u>\$ 18</u>	<u>\$ (10,881)</u>	<u>\$ --</u>	<u>\$ 10,881</u>

**CITY OF HUNTSVILLE, TEXAS**

POLICE GRANTS  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Donations, contributions, and grants</i>	\$ 51,680	\$ 51,680	\$ 6,967	\$ (44,713)
<i>Investment income</i>	1,000	1,000	412	(588)
<b>Total Revenues</b>	<u>52,680</u>	<u>52,680</u>	<u>7,379</u>	<u>(45,301)</u>
EXPENDITURES:				
<i>Public safety</i>	51,680	53,205	11,159	42,046
<b>Total Expenditures</b>	<u>51,680</u>	<u>53,205</u>	<u>11,159</u>	<u>42,046</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,000</u>	<u>(525)</u>	<u>(3,780)</u>	<u>(3,255)</u>
OTHER FINANCING SOURCES (USES)				
<b>Total other financing sources (uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	1,000	(525)	(3,780)	(3,255)
FUND BALANCE, Beginning of period	54,841	54,841	54,841	--
<b>FUND BALANCE, End of period</b>	<u>\$ 55,841</u>	<u>\$ 54,316</u>	<u>\$ 51,061</u>	<u>\$ (3,255)</u>

**CITY OF HUNTSVILLE, TEXAS**

**EXHIBIT C-11**

ARTS CENTER SRF  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
<i>Other taxes</i>	\$ 85,000	\$ 85,000	\$ 77,669	\$ (7,331)
<i>Charges for sales and services</i>	400	400	2,769	2,369
<i>Fines, fees, and forfeitures</i>	7,000	7,000	4,564	(2,436)
<i>Donations, contributions, and grants</i>	2,000	2,000	8,486	6,486
<i>Investment income</i>	3,000	3,000	686	(2,314)
<i>Other</i>	--	--	1,569	1,569
<b>Total Revenues</b>	<b>97,400</b>	<b>97,400</b>	<b>95,743</b>	<b>(1,657)</b>
<b>EXPENDITURES:</b>				
<i>Community services</i>	255,821	256,221	226,921	29,300
<b>Total Expenditures</b>	<b>255,821</b>	<b>256,221</b>	<b>226,921</b>	<b>29,300</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(158,421)</b>	<b>(158,821)</b>	<b>(131,178)</b>	<b>27,643</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
<i>Transfers in</i>	137,521	133,644	133,644	--
<b>Total other financing sources (uses)</b>	<b>137,521</b>	<b>133,644</b>	<b>133,644</b>	<b>--</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(20,900)</b>	<b>(25,177)</b>	<b>2,466</b>	<b>27,643</b>
<b>FUND BALANCE, Beginning of period</b>	<b>82,112</b>	<b>82,112</b>	<b>82,112</b>	<b>--</b>
<b>FUND BALANCE, End of period</b>	<b>\$ 61,212</b>	<b>\$ 56,935</b>	<b>\$ 84,578</b>	<b>\$ 27,643</b>

**CITY OF HUNTSVILLE, TEXAS**

**EXHIBIT C-12**

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
<i>Property taxes</i>	\$ 2,056,500	\$ 2,056,500	\$ 2,181,805	\$ 125,305
<i>Investment income</i>	20,000	20,000	7,115	(12,885)
<b>Total Revenues</b>	<u>2,076,500</u>	<u>2,076,500</u>	<u>2,188,920</u>	<u>112,420</u>
<b>EXPENDITURES:</b>				
<b>Debt Service:</b>				
<i>Principal retirement</i>	1,090,000	7,364,000	7,364,000	--
<i>Interest and fiscal charges</i>	804,320	947,518	907,977	39,541
<b>Total Expenditures</b>	<u>1,894,320</u>	<u>8,311,518</u>	<u>8,271,977</u>	<u>39,541</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>182,180</u>	<u>(6,235,018)</u>	<u>(6,083,057)</u>	<u>151,961</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
<i>Issuance of Bonds</i>	--	6,405,000	6,405,000	--
<i>Transfers out</i>	(158,850)	(158,850)	(158,850)	--
<b>Total other financing sources (uses)</b>	<u>(158,850)</u>	<u>6,246,150</u>	<u>6,246,150</u>	<u>--</u>
<b>NET CHANGE IN FUND BALANCES</b>	23,330	11,132	163,093	151,961
<b>FUND BALANCE, Beginning of period</b>	225,860	225,860	225,860	--
<b>FUND BALANCE, End of period</b>	<u>\$ 249,190</u>	<u>\$ 236,992</u>	<u>\$ 388,953</u>	<u>\$ 151,961</u>

**CITY OF HUNTSVILLE, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**SEPTEMBER 30, 2009**

	Street Capital Projects	General Capital Improvements	Swimming Pool
<b>ASSETS:</b>			
<i>Cash and cash equivalents</i>	\$ 63,337	\$ 1,734,597	\$ 185,436
<b>Accounts receivable:</b>			
<i>Receivables (net of allowances for uncollectibles)</i>	--	--	150
<i>Grants</i>	--	26,000	--
<b>Total Assets</b>	<b>\$ 63,337</b>	<b>\$ 1,760,597</b>	<b>\$ 185,586</b>
<b>LIABILITIES:</b>			
<i>Accounts payable</i>	\$ --	\$ 102,870	\$ --
<i>Due to other funds</i>	--	18	--
<b>Total Liabilities</b>	<b>--</b>	<b>102,888</b>	<b>--</b>
<b>FUND BALANCES:</b>			
<i>Unreserved, reported in:</i>			
<i>Capital projects funds</i>	63,337	1,657,709	185,586
<b>Total Fund Balances</b>	<b>63,337</b>	<b>1,657,709</b>	<b>185,586</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 63,337</b>	<b>\$ 1,760,597</b>	<b>\$ 185,586</b>

Fire Station West Side	NE Fire Station Construction	Cemetery Projects	Land Acquisition	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
\$ 75,813	\$ 1,679,268	\$ 15,339	\$ 129,110	\$ 3,882,900
--	--	--	--	150
--	--	--	--	26,000
<u>\$ 75,813</u>	<u>\$ 1,679,268</u>	<u>\$ 15,339</u>	<u>\$ 129,110</u>	<u>\$ 3,909,050</u>
\$ --	\$ 77,611	\$ 920	\$ --	\$ 181,401
--	--	--	--	18
<u>--</u>	<u>77,611</u>	<u>920</u>	<u>--</u>	<u>181,419</u>
75,813	1,601,657	14,419	129,110	3,727,631
<u>75,813</u>	<u>1,601,657</u>	<u>14,419</u>	<u>129,110</u>	<u>3,727,631</u>
<u>\$ 75,813</u>	<u>\$ 1,679,268</u>	<u>\$ 15,339</u>	<u>\$ 129,110</u>	<u>\$ 3,909,050</u>

**CITY OF HUNTSVILLE, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Street Capital Projects	General Capital Improvements	Swimming Pool
<b>REVENUES:</b>			
<i>Donations, contributions, and grants</i>	\$ --	\$ 84,027	\$ 1,500
<i>Investment income</i>	69	13,061	2,658
<i>Other</i>	--	--	--
<b>Total Revenues</b>	<u>69</u>	<u>97,088</u>	<u>4,158</u>
<b>EXPENDITURES:</b>			
<i>Public works</i>	--	217,157	--
<i>Community services</i>	--	367,258	--
<i>Public safety</i>	--	--	--
<b>Total Expenditures</b>	<u>--</u>	<u>584,415</u>	<u>--</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>69</u>	<u>(487,327)</u>	<u>4,158</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
<i>Issuance of Notes</i>	--	--	--
<i>Transfers in</i>	64,531	1,183,176	--
<i>Transfers out</i>	(1,314)	(415,790)	(169,608)
<b>Total other financing sources (uses)</b>	<u>63,217</u>	<u>767,386</u>	<u>(169,608)</u>
<b>NET CHANGE IN FUND BALANCES</b>	63,286	280,059	(165,450)
<b>FUND BALANCE, Beginning of period</b>	51	1,377,650	351,036
<b>FUND BALANCE, End of period</b>	<u>\$ 63,337</u>	<u>\$ 1,657,709</u>	<u>\$ 185,586</u>

Fire Station West Side	NE Fire Station Construction	Cemetery Projects	Land Acquisition	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
\$ --	\$ --	\$ 950	\$ --	\$ 86,477
620	5,334	99	943	22,784
--	--	--	15,001	15,001
<u>620</u>	<u>5,334</u>	<u>1,049</u>	<u>15,944</u>	<u>124,262</u>
--	--	--	1,273	218,430
--	301,350	18,595	--	687,203
3,421	--	--	--	3,421
<u>3,421</u>	<u>301,350</u>	<u>18,595</u>	<u>1,273</u>	<u>909,054</u>
<u>(2,801)</u>	<u>(296,016)</u>	<u>(17,546)</u>	<u>14,671</u>	<u>(784,792)</u>
--	1,850,000	--	--	1,850,000
--	300,000	--	--	1,547,707
--	(252,327)	--	--	(839,039)
<u>--</u>	<u>1,897,673</u>	<u>--</u>	<u>--</u>	<u>2,558,668</u>
(2,801)	1,601,657	(17,546)	14,671	1,773,876
78,614	--	31,965	114,439	1,953,755
<u>\$ 75,813</u>	<u>\$ 1,601,657</u>	<u>\$ 14,419</u>	<u>\$ 129,110</u>	<u>\$ 3,727,631</u>

## CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET  
 NONMAJOR PERMANENT FUNDS  
 SEPTEMBER 30, 2009

	Library Endowment Nonexpendable Trust Fund	Oakwood Cemetery Endowment	Total Nonmajor Permanent Funds (See Exhibit C-1)
<b>ASSETS:</b>			
<i>Cash and cash equivalents</i>	\$ 105,191	\$ 358,019	\$ 463,210
<b>Total Assets</b>	<u>\$ 105,191</u>	<u>\$ 358,019</u>	<u>\$ 463,210</u>
<b>LIABILITIES:</b>			
<b>Total Liabilities</b>	<u>--</u>	<u>--</u>	<u>--</u>
<b>FUND BALANCES:</b>			
<i>Unreserved, reported in:</i>			
<i>Permanent funds</i>	\$ 105,191	\$ 358,019	\$ 463,210
<b>Total Fund Balances</b>	<u>105,191</u>	<u>358,019</u>	<u>463,210</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 105,191</u>	<u>\$ 358,019</u>	<u>\$ 463,210</u>

**CITY OF HUNTSVILLE, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Library Endowment Nonexpendable Trust Fund	Oakwood Cemetery Endowment	Total Nonmajor Permanent Funds (See Exhibit C-2)
REVENUES:			
<i>Donations, contributions, and grants</i>	\$ --	\$ 700	\$ 700
<i>Investment income</i>	872	2,945	3,817
Total Revenues	<u>872</u>	<u>3,645</u>	<u>4,517</u>
EXPENDITURES:			
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>872</u>	<u>3,645</u>	<u>4,517</u>
OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	872	3,645	4,517
FUND BALANCE, Beginning of period	104,319	354,374	458,693
FUND BALANCE, End of period	<u>\$ 105,191</u>	<u>\$ 358,019</u>	<u>\$ 463,210</u>

**CITY OF HUNTSVILLE, TEXAS**

**EXHIBIT C-17**

LIBRARY ENDOWMENT

PERMANENT FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Investment income</i>	\$ 11,800	\$ 11,800	\$ 872	\$ (10,928)
Total Revenues	11,800	11,800	872	(10,928)
EXPENDITURES:				
Total Expenditures	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	11,800	11,800	872	(10,928)
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	--	--	--	--
NET CHANGE IN FUND BALANCES	11,800	11,800	872	(10,928)
FUND BALANCE, Beginning of period	104,319	104,319	104,319	--
FUND BALANCE, End of period	\$ 116,119	\$ 116,119	\$ 105,191	\$ (10,928)

**CITY OF HUNTSVILLE, TEXAS**  
 OAKWOOD CEMETERY ENDOWMENT  
 PERMANENT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-18

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
<i>Donations, contributions, and grants</i>	\$ --	\$ --	\$ 700	\$ 700
<i>Investment income</i>	11,800	11,800	2,945	(8,855)
<b>Total Revenues</b>	<u>11,800</u>	<u>11,800</u>	<u>3,645</u>	<u>(8,155)</u>
<b>EXPENDITURES:</b>				
<b>Total Expenditures</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>11,800</u>	<u>11,800</u>	<u>3,645</u>	<u>(8,155)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
<i>Transfers out</i>	(11,800)	(11,800)	--	11,800
<b>Total other financing sources (uses)</b>	<u>(11,800)</u>	<u>(11,800)</u>	<u>--</u>	<u>11,800</u>
<b>NET CHANGE IN FUND BALANCES</b>	--	--	3,645	3,645
<b>FUND BALANCE, Beginning of period</b>	354,374	354,374	354,374	--
<b>FUND BALANCE, End of period</b>	<u>\$ 354,374</u>	<u>\$ 354,374</u>	<u>\$ 358,019</u>	<u>\$ 3,645</u>

**CITY OF HUNTSVILLE, TEXAS**  
**WATER FUND**  
**ENTERPRISE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**EXHIBIT C-19**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES:</b>				
Service Charges:				
<i>Water sales</i>	\$ 9,884,838	\$ 9,884,838	\$ 10,719,332	\$ 834,494
<i>Inter-department sales and services</i>	317,505	317,505	317,134	(371)
<b>Total service charges</b>	<b>10,202,343</b>	<b>10,202,343</b>	<b>11,036,466</b>	<b>834,123</b>
Service Fees and Miscellaneous:				
<i>Tap and connection fees</i>	138,175	138,175	131,138	(7,037)
<i>Customer penalties and miscellaneous</i>	53,500	53,500	69,121	15,621
<i>Grants and contributions</i>	--	--	51,602	51,602
<b>Total service fees and miscellaneous</b>	<b>191,675</b>	<b>191,675</b>	<b>251,861</b>	<b>60,186</b>
<b>Total Operating Revenues</b>	<b>10,394,018</b>	<b>10,394,018</b>	<b>11,288,327</b>	<b>894,309</b>
<b>OPERATING EXPENSES:</b>				
<i>Administration</i>	3,054,547	2,998,627	2,255,176	743,451
<i>Water production and distribution</i>	1,913,257	2,098,811	2,416,828	(318,017)
<i>TRA joint venture</i>	3,350,500	3,391,142	4,141,779	(750,637)
<i>Utility billing/customer service</i>	655,212	639,512	633,568	5,944
<i>Principal payments</i>	920,000	920,000	--	920,000
<i>Depreciation expense</i>	--	--	643,159	(643,159)
<b>Total Expenditures</b>	<b>9,893,516</b>	<b>10,048,092</b>	<b>10,090,510</b>	<b>(42,418)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>500,502</b>	<b>345,926</b>	<b>1,197,817</b>	<b>851,891</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
<i>Interest income</i>	195,000	195,000	91,536	(103,464)
<i>Interest expense</i>	(720,310)	(720,310)	(719,326)	984
<b>Total Non-operating Revenues (Expenses)</b>	<b>(525,310)</b>	<b>(525,310)</b>	<b>(627,790)</b>	<b>(102,480)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS</b>	<b>(24,808)</b>	<b>(179,384)</b>	<b>570,027</b>	<b>749,411</b>
<b>CONTRIBUTIONS AND TRANSFERS :</b>				
<i>Transfers in</i>	--	--	25,000	25,000
<i>Transfers out</i>	(48,119)	(147,310)	(797,607)	(650,297)
<b>Total Contributions and Transfers</b>	<b>(48,119)</b>	<b>(147,310)</b>	<b>(772,607)</b>	<b>(625,297)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(72,927)</b>	<b>(326,694)</b>	<b>(202,580)</b>	<b>124,114</b>
<b>TOTAL NET ASSETS - beginning</b>	<b>25,582,770</b>	<b>28,582,770</b>	<b>28,582,770</b>	<b>--</b>
<b>TOTAL NET ASSETS - end</b>	<b>\$ 25,509,843</b>	<b>\$ 28,256,076</b>	<b>\$ 28,380,190</b>	<b>\$ 124,114</b>

**CITY OF HUNTSVILLE, TEXAS**  
**WASTEWATER FUND**  
**ENTERPRISE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**EXHIBIT C-20**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES:</b>				
Service Charges:				
Wastewater sales and services	\$ 8,100,000	\$ 8,100,000	\$ 8,103,596	\$ 3,596
Inter-department sales and services	65,000	65,000	65,000	--
Total service charges	<u>8,165,000</u>	<u>8,165,000</u>	<u>8,168,596</u>	<u>3,596</u>
Service Fees and Miscellaneous:				
Tap and connection fees	45,000	45,000	37,531	(7,469)
Customer penalties and miscellaneous	52,000	52,000	57,956	5,956
Grants and contributions	--	--	308,742	308,742
Total service fees and miscellaneous	<u>97,000</u>	<u>97,000</u>	<u>404,229</u>	<u>307,229</u>
Total Operating Revenues	<u>8,262,000</u>	<u>8,262,000</u>	<u>8,572,825</u>	<u>310,825</u>
<b>OPERATING EXPENSES:</b>				
Administration	2,539,195	2,539,195	2,505,236	33,959
Wastewater collection and treatment	2,646,923	2,646,923	2,907,511	(260,588)
Lab/compliance	260,304	260,304	215,429	44,875
Principal payments	1,400,000	1,400,000	--	1,400,000
Depreciation expense	--	--	1,294,103	(1,294,103)
Total Expenditures	<u>6,896,422</u>	<u>6,896,422</u>	<u>6,922,279</u>	<u>(25,857)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,365,578</u>	<u>1,365,578</u>	<u>1,650,546</u>	<u>284,968</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest income	307,800	307,800	95,843	(211,957)
Interest expense	(658,717)	(658,717)	(675,930)	(17,213)
Total Non-operating Revenues (Expenses)	<u>(350,917)</u>	<u>(350,917)</u>	<u>(580,087)</u>	<u>(229,170)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS</b>	<u>1,014,661</u>	<u>1,014,661</u>	<u>1,070,459</u>	<u>55,798</u>
<b>CONTRIBUTIONS AND TRANSFERS :</b>				
Transfers in	--	--	535,723	535,723
Transfers out	(436,475)	(963,368)	(682,154)	281,214
Total Contributions and Transfers	<u>(436,475)</u>	<u>(963,368)</u>	<u>(146,431)</u>	<u>816,937</u>
<b>CHANGE IN NET ASSETS</b>	<u>578,186</u>	<u>51,293</u>	<u>924,028</u>	<u>872,735</u>
<b>TOTAL NET ASSETS - beginning</b>	<u>27,975,817</u>	<u>27,975,817</u>	<u>27,975,817</u>	<u>--</u>
<b>TOTAL NET ASSETS - end</b>	<u>\$ 28,554,003</u>	<u>\$ 28,027,110</u>	<u>\$ 28,899,845</u>	<u>\$ 872,735</u>

**CITY OF HUNTSVILLE, TEXAS**

EXHIBIT C-21

SOLID WASTE FUND  
 ENTERPRISE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES:</b>				
<b>Service Charges:</b>				
<i>Solid waste fees - residential and commercial</i>	\$ 3,261,474	\$ 3,261,474	\$ 3,362,497	\$ 101,023
<i>Solid waste fees - disposal</i>	728,000	728,000	791,584	63,584
<b>Total service charges</b>	<b>3,989,474</b>	<b>3,989,474</b>	<b>4,154,081</b>	<b>164,607</b>
<b>Service Fees and Miscellaneous:</b>				
<i>Customer penalties and miscellaneous</i>	82,487	82,487	103,256	20,769
<i>Grants and contributions</i>	--	--	216,732	216,732
<b>Total service fees and miscellaneous</b>	<b>82,487</b>	<b>82,487</b>	<b>319,988</b>	<b>237,501</b>
<b>Total Operating Revenues</b>	<b>4,071,961</b>	<b>4,071,961</b>	<b>4,474,069</b>	<b>402,108</b>
<b>OPERATING EXPENSES:</b>				
<i>Administration</i>	2,327,810	2,317,799	1,363,110	954,689
<i>Solid waste collection and disposal</i>	2,539,904	2,530,587	2,470,424	60,163
<i>Principal payments</i>	85,000	85,000	--	85,000
<i>Depreciation expense</i>	--	--	92,443	(92,443)
<b>Total Expenditures</b>	<b>4,952,714</b>	<b>4,933,386</b>	<b>3,925,977</b>	<b>1,007,409</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(880,753)</b>	<b>(861,425)</b>	<b>548,092</b>	<b>1,409,517</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
<i>Interest income</i>	57,000	57,000	23,026	(33,974)
<i>Interest expense</i>	(957)	(957)	(9,392)	(8,435)
<b>Total Non-operating Revenues (Expenses)</b>	<b>56,043</b>	<b>56,043</b>	<b>13,634</b>	<b>(42,409)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS</b>	<b>(824,710)</b>	<b>(805,382)</b>	<b>561,726</b>	<b>1,367,108</b>
<b>CONTRIBUTIONS AND TRANSFERS :</b>				
<i>Transfers out</i>	(387,005)	(566,707)	(183,312)	383,395
<b>Total Contributions and Transfers</b>	<b>(387,005)</b>	<b>(566,707)</b>	<b>(183,312)</b>	<b>383,395</b>
<b>CHANGE IN NET ASSETS</b>	<b>(1,211,715)</b>	<b>(1,372,089)</b>	<b>378,414</b>	<b>1,750,503</b>
<b>TOTAL NET ASSETS - beginning</b>	<b>1,909,314</b>	<b>1,909,314</b>	<b>1,909,314</b>	<b>--</b>
<b>TOTAL NET ASSETS - end</b>	<b>\$ 697,599</b>	<b>\$ 537,225</b>	<b>\$ 2,287,728</b>	<b>\$ 1,750,503</b>

**CITY OF HUNTSVILLE, TEXAS**  
**OAKWOOD CEMETERY - OPERATING FUND**  
**ENTERPRISE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

EXHIBIT C-22

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES:</b>				
Service Charges:				
<i>Cemetery operations</i>	\$ 12,000	\$ 12,000	\$ 16,457	\$ 4,457
Total service charges	12,000	12,000	16,457	4,457
Service Fees and Miscellaneous:				
<i>Grants and contributions</i>	100	100	140	40
Total service fees and miscellaneous	100	100	140	40
Total Operating Revenues	12,100	12,100	16,597	4,497
<b>OPERATING EXPENSES:</b>				
<i>Cemetery operations</i>	150,677	150,677	132,887	17,790
Total Expenditures	150,677	150,677	132,887	17,790
<b>OPERATING INCOME (LOSS)</b>	(138,577)	(138,577)	(116,290)	22,287
<b>NONOPERATING REVENUES (EXPENSES):</b>				
<i>Interest income</i>	450	450	347	(103)
Total Non-operating Revenues (Expenses)	450	450	347	(103)
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS</b>	(138,127)	(138,127)	(115,943)	22,184
<b>CONTRIBUTIONS AND TRANSFERS :</b>				
<i>Transfers in</i>	125,785	176,051	164,251	(11,800)
Total Contributions and Transfers	125,785	176,051	164,251	(11,800)
<b>CHANGE IN NET ASSETS</b>	(12,342)	37,924	48,308	10,384
<b>TOTAL NET ASSETS - beginning</b>	40	40	40	--
<b>TOTAL NET ASSETS - end</b>	\$ (12,302)	\$ 37,964	\$ 48,348	\$ 10,384

**CITY OF HUNTSVILLE, TEXAS**  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 SEPTEMBER 30, 2009

	Medical Insurance Fund	Equipment Replacement Fund	Computer Replacement Fund	Total Internal Service Funds (See Exhibit A-7)
<b>ASSETS:</b>				
<b>Current Assets:</b>				
<i>Cash and cash equivalents</i>	\$ 2,012,683	\$ 1,093,335	\$ 33,209	\$ 3,139,227
Total Current Assets	2,012,683	1,093,335	33,209	3,139,227
<b>Noncurrent Assets</b>				
<i>Capital assets (net of accumulated depreciation)</i>	--	4,229,903	736,584	4,966,487
Total Noncurrent Assets	--	4,229,903	736,584	4,966,487
<b>Total Assets</b>	<b>\$ 2,012,683</b>	<b>\$ 5,323,238</b>	<b>\$ 769,793</b>	<b>\$ 8,105,714</b>
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
<i>Accounts payable</i>	\$ 85,049	\$ 191,804	\$ --	\$ 276,853
<i>Accrued interest</i>	--	15,177	--	15,177
<i>Noncurrent liabilities due within one year</i>	--	188,048	--	188,048
Total Current Liabilities	85,049	395,029	--	480,078
<b>Noncurrent Liabilities-</b>				
<i>Due in more than one year</i>	--	603,926	--	603,926
Total Noncurrent Liabilities	--	603,926	--	603,926
Total Liabilities	85,049	998,955	--	1,084,004
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	--	3,434,929	736,584	4,171,513
Unrestricted	1,927,634	889,354	33,209	2,850,197
Total Net Assets	1,927,634	4,324,283	769,793	7,021,710
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,012,683</b>	<b>\$ 5,323,238</b>	<b>\$ 769,793</b>	<b>\$ 8,105,714</b>

**CITY OF HUNTSVILLE, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Medical Insurance Fund	Equipment Replacement Fund	Computer Replacement Fund	Total Internal Service Funds (See Exhibit A-8)
<b>OPERATING REVENUES:</b>				
Service Charges:				
<i>Inter-department sales and services</i>	\$ 3,038,803	\$ 852,891	\$ 126,041	\$ 4,017,735
Total service charges	<u>3,038,803</u>	<u>852,891</u>	<u>126,041</u>	<u>4,017,735</u>
Service Fees and Miscellaneous:				
<i>Customer penalties and miscellaneous</i>	746	17,125	--	17,871
<i>Grants and contributions</i>	--	17,384	1,000	18,384
Total service fees and miscellaneous	<u>746</u>	<u>34,509</u>	<u>1,000</u>	<u>36,255</u>
Total Operating Revenues	<u>3,039,549</u>	<u>887,400</u>	<u>127,041</u>	<u>4,053,990</u>
<b>OPERATING EXPENSES:</b>				
<i>Administration</i>	2,482,039	--	--	2,482,039
<i>Equipment replacement</i>	--	13,327	73,265	86,592
<i>Depreciation expense</i>	--	1,073,257	161,207	1,234,464
Total Expenditures	<u>2,482,039</u>	<u>1,086,584</u>	<u>234,472</u>	<u>3,803,095</u>
OPERATING INCOME (LOSS)	<u>557,510</u>	<u>(199,184)</u>	<u>(107,431)</u>	<u>250,895</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
<i>Interest income</i>	15,026	6,109	493	21,628
<i>Interest expense</i>	--	(20,960)	--	(20,960)
<i>Gain (Loss) on asset disposition</i>	--	136,718	--	136,718
Total Non-operating Revenues (Expenses)	<u>15,026</u>	<u>121,867</u>	<u>493</u>	<u>137,386</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFER	<u>572,536</u>	<u>(77,317)</u>	<u>(106,938)</u>	<u>388,281</u>
<b>CONTRIBUTIONS AND TRANSFERS :</b>				
<i>Transfers in</i>	300,000	722,674	--	1,022,674
Total Contributions and Transfers	<u>300,000</u>	<u>722,674</u>	<u>--</u>	<u>1,022,674</u>
CHANGE IN NET ASSETS	872,536	645,357	(106,938)	1,410,955
TOTAL NET ASSETS - beginning	1,055,098	3,678,926	876,731	5,610,755
<b>TOTAL NET ASSETS - end</b>	<b>\$ 1,927,634</b>	<b>\$ 4,324,283</b>	<b>\$ 769,793</b>	<b>\$ 7,021,710</b>

## CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF CASH FLOWS

ALL INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Medical Insurance Fund	Equipment Replacement Fund	Computer Replacement Fund	Total Internal Service Funds (See Exhibit A-9)
<b>Cash Flows from Operating Activities:</b>				
<i>Cash Received from Customers</i>	\$ --	\$ 17,125	\$ --	\$ 17,125
<i>Cash Received from Grants</i>	--	196,878	--	196,878
<i>Interfund Services Provided and Used</i>	3,038,803	852,891	126,041	4,017,735
<i>Cash Payments to Employees</i>	--	--	--	--
<i>Cash Payments to Suppliers for Goods and Services</i>	(2,596,435)	(205,065)	(78,557)	(2,880,057)
Net Cash Provided (Used) by Operating Activities	<u>442,368</u>	<u>861,829</u>	<u>47,484</u>	<u>1,351,681</u>
<b>Cash Flows from Non-capital Financing Activities:</b>				
<i>Transfers From (To) Other Funds</i>	300,000	722,674	--	1,022,674
Net Cash Provided (Used) by Non-capital Financing Activities	<u>300,000</u>	<u>722,674</u>	<u>--</u>	<u>1,022,674</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
<i>Principal and Interest Paid</i>	--	(215,339)	--	(215,339)
<i>Proceeds from Capital Lease</i>	--	--	--	--
<i>Acquisition or Construction of Capital Assets</i>	--	(1,149,484)	(92,176)	(1,241,660)
<i>Proceeds from Sale of Capital Assets</i>	--	136,718	--	136,718
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>--</u>	<u>(1,228,105)</u>	<u>(92,176)</u>	<u>(1,320,281)</u>
<b>Cash Flows from Investing Activities:</b>				
<i>Interest and Dividends on Investments</i>	15,026	6,110	493	21,629
Net Cash Provided (Used) for Investing Activities	<u>15,026</u>	<u>6,110</u>	<u>493</u>	<u>21,629</u>
Net Increase (Decrease) in Cash and Cash Equivalents	757,394	362,508	(44,199)	1,075,703
Cash and Cash Equivalents at Beginning of Year	1,255,289	730,827	77,408	2,063,524
Cash and Cash Equivalents at End of Year	<u>\$ 2,012,683</u>	<u>\$ 1,093,335</u>	<u>\$ 33,209</u>	<u>\$ 3,139,227</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>				
Operating Income (Loss)	\$ 557,510	\$ (199,184)	\$ (107,431)	\$ 250,895
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
<i>Depreciation</i>	--	1,073,257	161,207	1,234,464
<i>Amortization</i>	--	--	--	--
Change in Assets and Liabilities:				
<i>Decrease (Increase) in Prepaid Expenses</i>	49,068	--	--	49,068
<i>Decrease (Increase) in Receivables</i>	--	184,494	--	184,494
<i>Increase (Decrease) in Accounts Payable</i>	(164,210)	(196,738)	(6,292)	(367,240)
<i>Increase (Decrease) in Interfund Payables</i>	--	--	--	--
<i>Increase (Decrease) in Due to Other Governments</i>	--	--	--	--
<i>Increase (Decrease) in Accrued Expenses</i>	--	--	--	--
Total Adjustments	(115,142)	1,061,013	154,915	1,100,786
Net Cash Provided (Used) by Operating Activities	<u>\$ 442,368</u>	<u>\$ 861,829</u>	<u>\$ 47,484</u>	<u>\$ 1,351,681</u>

**CITY OF HUNTSVILLE, TEXAS**  
 MEDICAL INSURANCE  
 INTERNAL SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-26

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES:</b>				
Service Charges:				
<i>Inter-department sales and services</i>	\$ 2,976,805	\$ 2,976,805	\$ 3,038,803	\$ 61,998
Total service charges	2,976,805	2,976,805	3,038,803	61,998
Service Fees and Miscellaneous:				
<i>Customer penalties and miscellaneous</i>	--	--	746	746
Total service fees and miscellaneous	--	--	746	746
Total Operating Revenues	2,976,805	2,976,805	3,039,549	62,744
<b>OPERATING EXPENSES:</b>				
Administration	2,882,161	2,882,161	2,482,039	400,122
Total Expenditures	2,882,161	2,882,161	2,482,039	400,122
<b>OPERATING INCOME (LOSS)</b>	94,644	94,644	557,510	462,866
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest income	24,000	24,000	15,026	(8,974)
Total Non-operating Revenues (Expenses)	24,000	24,000	15,026	(8,974)
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS</b>	118,644	118,644	572,536	453,892
<b>CONTRIBUTIONS AND TRANSFERS :</b>				
Transfers in	5,110	--	300,000	300,000
Total Contributions and Transfers	5,110	--	300,000	300,000
<b>CHANGE IN NET ASSETS</b>	123,754	118,644	872,536	753,892
<b>TOTAL NET ASSETS - beginning</b>	1,055,098	1,055,098	1,055,098	--
<b>TOTAL NET ASSETS - end</b>	\$ 1,178,852	\$ 1,173,742	\$ 1,927,634	\$ 753,892

**CITY OF HUNTSVILLE, TEXAS**

**EXHIBIT C-27**

CAPITAL EQUIPMENT  
 INTERNAL SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES:</b>				
Service Charges:				
<i>Inter-department sales and services</i>	\$ 852,891	\$ 852,891	\$ 852,891	\$ --
<b>Total service charges</b>	<b>852,891</b>	<b>852,891</b>	<b>852,891</b>	<b>--</b>
Service Fees and Miscellaneous:				
<i>Customer penalties and miscellaneous</i>	52,000	52,000	17,125	(34,875)
<i>Grants and contributions</i>	--	5,000	17,384	12,384
<b>Total service fees and miscellaneous</b>	<b>52,000</b>	<b>57,000</b>	<b>34,509</b>	<b>(22,491)</b>
<b>Total Operating Revenues</b>	<b>904,891</b>	<b>909,891</b>	<b>887,400</b>	<b>(22,491)</b>
<b>OPERATING EXPENSES:</b>				
<i>Equipment replacement</i>	689,550	1,417,224	13,327	1,403,897
<i>Principal payments</i>	194,380	194,380	--	194,380
<i>Depreciation expense</i>	--	--	1,073,257	(1,073,257)
<b>Total Expenditures</b>	<b>883,930</b>	<b>1,611,604</b>	<b>1,086,584</b>	<b>525,020</b>
<b>OPERATING INCOME (LOSS)</b>	<b>20,961</b>	<b>(701,713)</b>	<b>(199,184)</b>	<b>502,529</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
<i>Interest income</i>	30,000	30,000	6,109	(23,891)
<i>Interest expense</i>	(20,961)	(20,961)	(20,960)	1
<i>Gain (Loss) on asset disposition</i>	--	--	136,718	136,718
<b>Total Non-operating Revenues (Expenses)</b>	<b>9,039</b>	<b>9,039</b>	<b>121,867</b>	<b>112,828</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS</b>	<b>30,000</b>	<b>(692,674)</b>	<b>(77,317)</b>	<b>615,357</b>
<b>CONTRIBUTIONS AND TRANSFERS :</b>				
<i>Transfers in</i>	--	722,674	722,674	--
<b>Total Contributions and Transfers</b>	<b>--</b>	<b>722,674</b>	<b>722,674</b>	<b>--</b>
<b>CHANGE IN NET ASSETS</b>	<b>30,000</b>	<b>30,000</b>	<b>645,357</b>	<b>615,357</b>
<b>TOTAL NET ASSETS - beginning</b>	<b>3,678,926</b>	<b>3,678,926</b>	<b>3,678,926</b>	<b>--</b>
<b>TOTAL NET ASSETS - end</b>	<b>\$ 3,708,926</b>	<b>\$ 3,708,926</b>	<b>\$ 4,324,283</b>	<b>\$ 615,357</b>

**CITY OF HUNTSVILLE, TEXAS**  
**COMPUTER EQUIPMENT REPLACEMENT**  
**INTERNAL SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

EXHIBIT C-28

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES:</b>				
<b>Service Charges:</b>				
<i>Inter-department sales and services</i>	\$ 126,041	\$ 126,041	\$ 126,041	\$ --
<b>Total service charges</b>	<u>126,041</u>	<u>126,041</u>	<u>126,041</u>	<u>--</u>
<b>Service Fees and Miscellaneous:</b>				
<i>Grants and contributions</i>	--	--	1,000	1,000
<b>Total service fees and miscellaneous</b>	<u>--</u>	<u>--</u>	<u>1,000</u>	<u>1,000</u>
<b>Total Operating Revenues</b>	<u>126,041</u>	<u>126,041</u>	<u>127,041</u>	<u>1,000</u>
<b>OPERATING EXPENSES:</b>				
<i>Equipment replacement</i>	110,042	163,368	73,266	90,103
<i>Depreciation expense</i>	--	--	161,207	(161,207)
<b>Total Expenditures</b>	<u>110,042</u>	<u>163,368</u>	<u>234,472</u>	<u>(71,104)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>15,999</u>	<u>(37,327)</u>	<u>(107,431)</u>	<u>(70,104)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
<i>Interest income</i>	2,600	2,600	493	(2,107)
<b>Total Non-operating Revenues (Expenses)</b>	<u>2,600</u>	<u>2,600</u>	<u>493</u>	<u>(2,107)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS</b>	<u>18,599</u>	<u>(34,727)</u>	<u>(106,938)</u>	<u>(72,211)</u>
<b>CONTRIBUTIONS AND TRANSFERS :</b>				
<b>CHANGE IN NET ASSETS</b>	<u>18,599</u>	<u>(34,727)</u>	<u>(106,938)</u>	<u>(72,211)</u>
<b>TOTAL NET ASSETS - beginning</b>	<u>876,731</u>	<u>876,731</u>	<u>876,731</u>	<u>--</u>
<b>TOTAL NET ASSETS - end</b>	<u>\$ 895,330</u>	<u>\$ 842,004</u>	<u>\$ 769,793</u>	<u>\$ (72,211)</u>

**CITY OF HUNTSVILLE, TEXAS**

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

SEPTEMBER 30, 2009

	Employee Assistance Trust Fund	Scholarship Trust Fund	Total Agency Funds (See Exhibit A-10)
<b>ASSETS:</b>			
<i>Cash and cash equivalents</i>	\$ 5,904	\$ 7,861	\$ 13,765
<b>Total Assets</b>	<b>\$ 5,904</b>	<b>\$ 7,861</b>	<b>\$ 13,765</b>
<b>LIABILITIES:</b>			
<i>Accounts payable</i>	\$ 5,904	\$ 7,861	\$ 13,765
<b>Total Liabilities</b>	<b>5,904</b>	<b>7,861</b>	<b>13,765</b>
<b>Total Liabilities</b>	<b>\$ 5,904</b>	<b>\$ 7,861</b>	<b>\$ 13,765</b>

**CITY OF HUNTSVILLE, TEXAS**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

YEAR ENDED SEPTEMBER 30, 2009

	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009
<b>Employee Assistance Trust Fund</b>				
<b>ASSETS</b>				
Cash & Investments	\$ 7,090	\$ 2,317	\$ 3,503	\$ 5,904
Total Assets	\$ 7,090	\$ 2,317	\$ 3,503	\$ 5,904
<b>LIABILITIES</b>				
Accounts Payable	\$ 7,090	\$ 2,317	\$ 3,503	\$ 5,904
Total Liabilities	\$ 7,090	\$ 2,317	\$ 3,503	\$ 5,904
<b>Scholarship Trust Fund</b>				
<b>ASSETS</b>				
Cash & Investments	\$ 6,356	\$ 5,730	\$ 4,225	\$ 7,861
Total Assets	\$ 6,356	\$ 5,730	\$ 4,225	\$ 7,861
<b>LIABILITIES</b>				
Accounts Payable	\$ 6,356	\$ 5,730	\$ 4,225	\$ 7,861
Total Liabilities	\$ 6,356	\$ 5,730	\$ 4,225	\$ 7,861
<b>TOTAL AGENCY FUNDS:</b>				
<b>ASSETS</b>				
Cash & Investments	\$ 13,446	\$ 8,047	\$ 7,728	\$ 13,765
Total Assets	\$ 13,446	\$ 8,047	\$ 7,728	\$ 13,765
<b>LIABILITIES</b>				
Accounts Payable	\$ 13,446	\$ 8,047	\$ 7,728	\$ 13,765
Total Liabilities	\$ 13,446	\$ 8,047	\$ 7,728	\$ 13,765

### *Other Supplementary Information*

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

# **Kenneth C. Davis & Company**

A Professional Corporation

*Certified Public Accountants*

1300 11TH STREET, SUITE 400

P.O. BOX 6308

**HUNTSVILLE, TEXAS 77342**

**PHONE (936) 291-3020**

**FAX (936) 291-9607**

## **Independent Auditor's Report**

### 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

City Council  
City of Huntsville, Texas  
1212 Avenue M  
Huntsville, Texas 77340-4608

#### Members of the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Huntsville, Texas as of and for the year ended September 30, 2009, which collectively comprise the City of Huntsville, Texas' basic financial statements and have issued our report thereon dated February 19, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Huntsville, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City of Huntsville, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Huntsville, Texas' internal control over financial reporting. A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Huntsville, Texas' ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Huntsville, Texas' financial statements that is more than inconsequential will not be prevented by the City of Huntsville, Texas' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Huntsville, Texas' internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

Respectfully submitted,



Kenneth C. Davis & Company, P.C.

February 19, 2010

# Kenneth C. Davis & Company

A Professional Corporation

*Certified Public Accountants*

1300 11TH STREET, SUITE 400

P.O. BOX 6308

HUNTSVILLE, TEXAS 77342

PHONE (936) 291-3020

FAX (936) 291-9607

## Independent Auditor's Report

Report on Compliance with Requirements Applicable  
To each Major Program and on Internal Control over Compliance  
In Accordance With OMB Circular A-133

City Council  
City of Huntsville, Texas  
1212 Avenue M  
Huntsville, Texas 77340-4608

Members of the City Council:

### Compliance

We have audited the compliance of City of Huntsville, Texas with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. City of Huntsville, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Huntsville, Texas' management. Our responsibility is to express an opinion on City of Huntsville, Texas' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Huntsville, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Huntsville, Texas' compliance with those requirements.

In our opinion, City of Huntsville, Texas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

### Internal Control Over Compliance

The management of City of Huntsville, Texas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Huntsville, Texas' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Huntsville, Texas'

internal control over compliance.

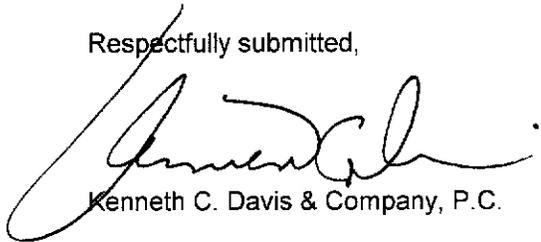
A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kenneth C. Davis', is written over the typed name below.

Kenneth C. Davis & Company, P.C.

February 19, 2010

**CITY OF HUNTSVILLE, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**A. Summary of Auditor's Results**

**1. Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified?        Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None Reported

Noncompliance material to financial statements noted?        Yes   X   No

**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified?        Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?        Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants - Public Assistance

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?   X   Yes        No

**B. Financial Statement Findings**

NONE

**C. Federal Award Findings and Questioned Costs**

NONE

**CITY OF HUNTSVILLE, TEXAS**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2009*

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None reported.		

**CITY OF HUNTSVILLE, TEXAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT D-1

Page 1 of 2

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF JUSTICE</b>			
Passed Through Bureau of Justice Assistance:			
Bullet Proof Vest	16.607	N/A	\$ 2,650
Justice Assistance Grant	16.738	2007-DJ-BX-1020	2,495
Total U. S. Department of Justice			<u>5,145</u>
<b>U. S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through Federal Emergency Management Agency:			
Staffing for Adequate Fire and Emergency Response	97.044	EMW-2006-FF-04180	43,096
Staffing for Adequate Fire and Emergency Response	97.044	EMW-2007-FF-01003	28,463
Disaster Grants - Public Assistance	97.036	PA-06-TX-1791-PW-00807	386,158
Disaster Grants - Public Assistance	97.036	PA-06-TX-1791-PW-03195	342,563
Disaster Grants - Public Assistance	97.036	PA-06-TX-1791-PW-06599	333,371
Total U. S. Department of Homeland Security			<u>1,133,651</u>
<b>NATIONAL ENDOWMENT FOR THE ARTS</b>			
Passed Through Arts Midwest:			
The Big Read Program	45.024	43776	10,000
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>			
Passed Through Texas Department of Public Safety:			
Emergency Management Assistance Program	83.552	09TX-EMPG-0484	11,606
Total Federal Emergency Management Agency			<u>11,606</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 1,160,402</u>
<b>STATE AWARDS</b>			
Passed Through Texas Forest Service:			
Rural Volunteer Fire Department Assistance Program	N/A	1067	\$ 3,929
Education	N/A	N/A	200
Total Texas Forest Service			<u>4,129</u>
Passed Through Texas State Libraries and Archives Commission:			
Loan Star Library	N/A	442-09239	<u>8,776</u>
Passed Through Texas Commission on Fire Protection:			
Fire Department Emergency Program		09-0065	<u>1,960</u>
Passed Through Texas Department of Transportation:			
Labor Day Impaired Driving Mobilization	N/A	587XXF6115	3,307
"Click It or Ticket" Mobilization	N/A	N/A	6,447
Ramp Grant	N/A	M917HUNTS	26,000
Total Texas Department of Transportation			<u>35,754</u>
Passed Through Texas Commission on the Arts:			
2009 Cultural District Designation Pilot Program		10045620	<u>5,000</u>
Passed Through Texas Commission on Environmental Quality:			
SEP	N/A	SAM010	884
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<u>\$ 56,503</u>

The accompanying notes are an integral part of this schedule.

**CITY OF HUNTSVILLE, TEXAS**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Huntsville, Texas and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

# STATISTICAL SECTION

This part of the City of Huntsville, Texas's comprehensive annual 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.

<b>Contents</b>	<b>Page</b>
Financial Trends	113
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	119
<i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	
Debt Capacity	125
<i>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.</i>	
Demographic and Economic Information	130
<i>These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	132
<i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</i>	

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

TABLE E-1

**CITY OF HUNTSVILLE, TEXAS**  
**NET ASSETS BY COMPONENT**  
**LAST FIVE FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2005	2006	2007	2009
<b>Governmental Activities</b>				
Invested in Capital Assets,				
Net of Related Debt	\$ 11,379 \$	14,371 \$	14,125 \$	14,999 \$
Restricted	2,684	1,950	1,367	2,271
Unrestricted	5,167	7,141	9,144	11,645
<b>Total Governmental Activities Net Assets</b>	<b>\$ 19,230 \$</b>	<b>23,462 \$</b>	<b>24,636 \$</b>	<b>28,915 \$</b>
<b>Business-type Activities</b>				
Invested in Capital Assets,				
Net of Related Debt	\$ 30,039 \$	30,650 \$	30,572 \$	32,580 \$
Restricted	--	--	--	--
Unrestricted	21,769	25,383	28,530	25,888
<b>Total Business-type Activities Net Assets</b>	<b>\$ 51,808 \$</b>	<b>56,033 \$</b>	<b>59,102 \$</b>	<b>58,468 \$</b>
<b>Primary Government</b>				
Invested in Capital Assets,				
Net of Related Debt	\$ 41,418 \$	45,021 \$	44,697 \$	47,579 \$
Restricted	2,684	1,950	1,367	2,271
Unrestricted	26,936	32,524	37,674	37,533
<b>Total Primary Government Net Assets</b>	<b>\$ 71,038 \$</b>	<b>79,495 \$</b>	<b>83,738 \$</b>	<b>87,383 \$</b>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

TABLE E-2

**CITY OF HUNTSVILLE, TEXAS**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST FIVE FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Expenses</b>					
Governmental Activities:					
Charter Offices	\$ 234,145	\$ 225,564	\$ 355,117	\$ 252,387	\$ 200,849
Finance	467,116	512,507	514,249	578,053	578,505
Public Works	2,817,160	2,947,577	4,390,108	3,671,852	4,981,472
Administrative Services	532,233	368,452	927,606	1,039,121	1,830,932
Community services	1,980,942	2,097,339	2,840,771	2,878,653	2,761,093
Public Safety	4,592,788	4,652,795	5,261,792	5,884,539	6,063,508
Economic Development	110,600	39,160	--	--	--
Information Technology Services	149,582	451,404	--	--	--
Organization and Staff Development	59,033	93,335	--	--	--
Non-Departmental	482,963	1,001,188	--	--	--
Other	466,855	367,129	--	--	--
Interest on Long-Term Debt	865,744	883,950	823,536	790,282	756,682
Total Governmental Activities Expenses	12,759,161	13,640,400	15,113,179	15,094,887	17,173,041
Business-type Activities					
Water	8,495,061	8,600,477	9,418,778	9,838,924	10,809,836
Wastewater	6,498,942	6,743,995	6,865,550	8,186,346	7,598,209
Solid Waste	3,543,587	3,498,996	3,653,569	4,364,518	3,935,369
Golf Course	1,053,620	--	--	--	--
Oakwood Cemetery - Operating	84,286	96,891	104,349	122,322	132,887
Total Business-type Activities Expenses	19,675,496	18,940,359	20,042,246	22,512,110	22,476,301
Total Primary Government Expenses	\$ 32,434,657	\$ 32,580,759	\$ 35,155,425	\$ 37,606,997	\$ 39,649,342
<b>Program Revenues</b>					
Governmental Activities:					
Charter Offices	\$ --	\$ --	\$ --	\$ --	\$ --
Finance	732,291	742,866	696,960	869,337	815,659
Public Works	65,263	69,796	551,018	397,595	545,732
Administrative Services	12,518	12,781	--	--	--
Community services	37,960	45,677	126,987	156,246	132,403
Public Safety	229,457	265,943	261,730	254,667	461,192
Economic Development	--	--	--	--	--
Information Technology Services	--	20,422	--	--	--
Organization and Staff Development	--	--	--	--	--
Non-Departmental	243,499	288,280	--	--	--
Other	139,006	--	--	--	--
Capital Grants and Contributions	--	--	475,000	25,000	--
Operating Grants and Contributions	1,427,022	1,104,914	618,778	709,012	853,861
Total Governmental Activities Program Revenues	2,857,016	2,550,669	2,730,473	2,411,857	2,808,847

Business-type Activities:									
Charges for Services:									
Water	10,429,286	10,368,491	10,041,283	10,777,639	11,236,725				
Wastewater	7,551,567	7,706,381	8,258,369	8,471,967	8,264,083				
Solid Waste	3,590,668	3,749,599	3,845,390	4,136,836	4,257,337				
Golf Course	566,896	--	--	--	--				
Oakwood Cemetery - Operating	24,732	10,749	23,930	11,930	16,457				
Operating Grants and Contributions	1,442,555	518,343	357,206	358,290	577,216				
Total Business-type Activities Program Revenues	23,595,704	22,353,563	22,526,178	23,756,662	24,351,818				
Total Primary Government Program Revenues	\$ 26,482,720	\$ 24,904,232	\$ 25,256,651	\$ 26,168,519	\$ 27,160,665				
<b>Net (Expense)/Revenue</b>									
Governmental Activities	\$ (9,872,145)	\$ (11,089,731)	\$ (12,382,706)	\$ (12,683,030)	\$ (14,364,194)				
Business-type Activities	3,920,208	3,413,204	2,483,932	1,244,552	1,875,517				
Total Primary Government Net Expense	\$ (5,951,937)	\$ (7,676,527)	\$ (9,898,774)	\$ (11,438,478)	\$ (12,488,677)				

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

TABLE E-3

**CITY OF HUNTSVILLE, TEXAS**  
**GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS**  
**LAST FIVE FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (9,872,145)	\$ (11,089,731)	\$ (12,382,706)	\$ (12,683,030)	\$ (14,364,194)
Business-type Activities	3,920,208	3,413,204	2,483,932	1,244,552	1,875,517
Total Primary Government Net Expense	\$ (5,951,937)	\$ (7,676,527)	\$ (9,898,774)	\$ (11,438,478)	\$ (12,488,677)
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental Activities:					
Taxes					
Property Taxes	\$ 3,891,063	\$ 4,047,933	\$ 4,222,399	\$ 4,512,407	\$ 4,642,267
Franchise Taxes	1,908,146	2,061,344	2,157,839	2,204,367	2,464,364
Sales Taxes	5,127,306	5,511,003	5,902,325	6,072,299	6,516,515
Other Taxes	466,001	556,923	581,957	672,527	624,862
Unrestricted Grants and Contributions	--	--	--	--	--
Payments in Lieu of Taxes	--	--	--	--	--
Investment Earnings	251,741	481,777	571,588	443,065	163,418
Gain/(Loss) on Disposal of Assets	--	--	--	--	(18,077)
Other Revenues	187,608	859,883	445,494	495,382	822,493
Transfers	(654,410)	481,703	490,458	2,561,493	938,099
Total Governmental Activities	\$ 11,177,455	\$ 14,000,566	\$ 14,372,060	\$ 16,961,540	\$ 16,153,941
Business-type Activities:					
Investment Earnings	564,915	1,294,075	1,074,767	683,014	210,752
Other Revenues	64,315	--	--	257	--
Transfers	654,410	(481,703)	(490,458)	(2,561,493)	(938,099)
Total Business-type Activities	1,283,640	812,372	584,309	(1,878,222)	(727,347)
Total Primary Government	\$ 12,461,095	\$ 14,812,938	\$ 14,956,369	\$ 15,083,318	\$ 15,426,594
<b>Change in Net Assets</b>					
Governmental Activities	\$ 1,305,310	\$ 2,910,835	\$ 1,989,354	\$ 4,278,510	\$ 1,789,747
Business-type Activities	5,203,848	4,225,576	3,068,241	(633,670)	1,148,170
Total Primary Government	\$ 6,509,158	\$ 7,136,411	\$ 5,057,595	\$ 3,644,840	\$ 2,937,917

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

**CITY OF HUNTSVILLE, TEXAS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Fund</b>										
Reserved	\$ 673,451	\$ 502,148	\$ 47,377	\$ 98,141	\$ 110,273	\$ 114,235	\$ 88,110	\$ 103,991	\$ 106,642	\$ 332,802
Unreserved	4,013,080	3,697,691	3,950,520	4,267,861	3,548,607	2,848,143	4,172,594	6,169,366	7,858,244	8,685,056
<b>Total General Fund</b>	<b>\$ 4,686,531</b>	<b>\$ 4,199,839</b>	<b>\$ 3,997,897</b>	<b>\$ 4,366,002</b>	<b>\$ 3,658,880</b>	<b>\$ 2,962,378</b>	<b>\$ 4,260,704</b>	<b>\$ 6,273,357</b>	<b>\$ 7,964,886</b>	<b>\$ 9,017,858</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ 474,893	\$ 474,349	\$ 492,562	\$ 503,054	\$ 526,226	\$ 476,455	\$ 152,525	\$ 144,035	\$ 291,188	\$ 421,501
Unreserved, Reported In:										
Special Revenue Funds	751,824	1,688,975	1,369,726	1,175,373	1,434,916	1,909,801	2,339,591	2,262,452	2,238,495	2,214,950
Capital Projects Funds	6,387,373	5,417,796	2,740,551	1,531,268	3,092,004	1,995,204	1,612,793	1,065,296	1,953,751	3,727,631
Permanent Funds	--	--	--	441,142	442,913	440,727	440,344	454,218	458,694	463,210
<b>Total All Other Governmental Funds</b>	<b>\$ 7,614,090</b>	<b>\$ 7,581,120</b>	<b>\$ 4,602,839</b>	<b>\$ 3,650,837</b>	<b>\$ 5,496,059</b>	<b>\$ 4,822,187</b>	<b>\$ 4,545,253</b>	<b>\$ 3,926,001</b>	<b>\$ 4,942,128</b>	<b>\$ 6,827,292</b>

**CITY OF HUNTSVILLE, TEXAS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>										
Taxes	\$ 8,905,558	\$ 9,837,428	\$ 9,908,749	\$ 10,284,507	\$ 10,627,961	\$ 11,349,448	\$ 12,110,807	\$ 12,776,640	\$ 13,674,901	\$ 14,228,818
Licenses, Fees and Permits	212,214	238,440	212,361	184,436	226,406	242,684	284,860	444,643	313,952	392,167
Fines, Fees and Foreitures	408,163	537,266	768,734	884,086	834,062	779,967	827,609	889,400	878,632	858,241
Charges for Services	470,208	496,335	575,794	468,196	650,709	676,585	568,879	636,241	609,287	834,379
Contributions, Grants and Donations	241,309	1,349,056	1,412,826	1,612,837	557,824	1,124,133	843,689	832,626	473,502	517,668
Administrative Cost Reimbursement	1,547,575	1,496,499	2,791,636	2,720,752	2,993,567	3,696,776	4,215,525	4,653,361	4,958,864	5,132,427
Investment Earnings	765,433	857,318	300,644	150,186	97,467	251,741	481,777	571,586	443,066	163,418
Other Revenues	13,945	24,112	121,651	63,143	132,412	252,426	919,297	445,751	504,917	919,343
<b>Total Revenues</b>	<b>12,564,405</b>	<b>14,836,454</b>	<b>16,092,395</b>	<b>16,368,143</b>	<b>16,120,408</b>	<b>18,373,760</b>	<b>20,252,443</b>	<b>21,250,248</b>	<b>21,857,121</b>	<b>23,046,481</b>
<b>Expenditures</b>										
Charter Offices	639,702	658,080	691,030	650,215	728,146	808,611	777,808	909,677	972,581	811,467
Finance	438,966	566,769	1,013,384	1,060,367	917,304	1,073,657	1,178,178	1,080,643	1,211,277	1,302,213
Public Works	3,611,576	3,458,098	4,020,828	4,605,281	4,195,014	3,878,094	4,434,253	4,385,291	4,650,329	5,161,730
Administrative Services	--	--	--	--	--	--	--	2,529,657	2,886,470	3,128,099
Community Services	1,575,738	2,239,573	2,127,973	2,279,377	1,910,635	2,049,479	2,104,560	2,576,927	2,680,927	3,368,954
Public Safety	3,153,255	3,569,082	4,128,532	4,193,602	4,086,565	4,758,577	4,673,004	5,291,327	5,660,044	6,075,482
Information Technology Services	--	--	--	1,229,269	1,087,422	774,743	776,754	--	--	--
Non-Departmental	485,554	1,050,909	2,261,009	837,978	1,008,322	1,390,944	1,611,146	--	--	--
Capital Outlay	3,502,589	7,750,051	3,699,620	23,995	1,058,033	2,212,789	2,682,132	1,446,655	242,698	--
Debt Service	--	--	--	--	--	--	--	--	--	--
Interest	597,586	732,014	789,741	755,086	787,652	861,679	886,283	829,343	976,916	926,827
Principal	404,738	409,737	409,738	565,000	605,000	4,296,631	1,079,681	944,848	795,365	7,504,000
<b>Total Expenditures</b>	<b>14,409,704</b>	<b>20,434,293</b>	<b>19,141,855</b>	<b>16,200,170</b>	<b>16,384,093</b>	<b>22,105,204</b>	<b>20,203,799</b>	<b>19,994,368</b>	<b>20,076,607</b>	<b>28,278,752</b>
Excess of Revenues	(1,845,299)	(5,597,839)	(3,049,460)	167,973	(263,685)	(3,731,444)	48,644	1,255,880	1,780,514	(5,232,291)
<b>Other Financing Sources (Uses)</b>										
Issuance Bonds/Notes	--	5,000,000	--	--	1,253,076	3,820,000	1,145,000	--	--	8,255,000
Issuance of Certificates of Obligation	--	--	--	--	1,200,000	--	--	--	--	--
Payment of Refunded Bond Esc Agent	--	--	--	--	(1,183,208)	--	--	--	--	--
Cost of Issuance	--	--	--	--	--	--	--	--	--	--
Capital Lease Proceeds	--	--	--	--	--	--	--	--	--	--
Transfers In	1,000,352	1,744,616	716,161	1,175,617	2,663,545	701,991	2,350,717	951,915	2,924,903	2,207,393
Transfers Out	(1,151,971)	(1,666,439)	(1,015,817)	(2,014,346)	(2,531,631)	(2,160,921)	(2,522,969)	(814,391)	(1,997,764)	(2,291,969)
<b>Total Other Financing Sources (Uses)</b>	<b>(151,619)</b>	<b>5,078,177</b>	<b>(299,656)</b>	<b>(838,729)</b>	<b>1,401,782</b>	<b>2,361,070</b>	<b>972,748</b>	<b>137,524</b>	<b>927,139</b>	<b>8,170,424</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,996,918)</b>	<b>\$ (519,662)</b>	<b>\$ (3,349,116)</b>	<b>\$ (670,756)</b>	<b>\$ 1,138,097</b>	<b>\$ (1,370,374)</b>	<b>\$ 1,021,392</b>	<b>\$ 1,393,404</b>	<b>\$ 2,707,653</b>	<b>\$ 2,938,133</b>
Debt Service As A Percentage Of Noncapital Expenditures	9.2%	9.0%	7.8%	8.2%	9.1%	25.9%	11.2%	9.6%	8.9%	29.8% **

\*\*Due to a refunding issue of \$6.3M

TABLE E-6

**CITY OF HUNTSVILLE, TEXAS**  
**TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

Fiscal Year	Property Tax	Sales & Use Tax	Franchise and Other Taxes	Total
2000	\$ 2,665,417	\$ 4,449,976	\$ 1,790,165	\$ 8,905,558
2001	2,931,548	4,585,249	2,320,631	9,837,428
2002	3,196,855	4,630,276	2,081,618	9,908,749
2003	3,425,938	4,708,826	2,149,743	10,284,507
2004	3,545,266	4,920,554	2,162,141	10,627,961
2005	3,847,994	5,127,306	2,374,148	11,349,448
2006	3,916,022	5,511,003	2,061,344	11,488,369
2007	4,134,519	5,902,325	2,739,796	12,776,640
2008	4,725,708	6,072,299	2,876,894	13,674,901
2009	4,623,075	6,516,515	3,089,227	14,228,817

Source: City of Huntsville Budget Documents and Comprehensive Annual Financial Report

- 1) Includes current taxes, delinquent taxes, penalties and interest.
- 2) Includes franchise and gross receipt taxes, mixed drink taxes and hotel-motel occupancy taxes.
- 3) Includes Use of Right-of-Way.

**CITY OF HUNTSVILLE, TEXAS**  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS

Fiscal Year	Residential Property	Commercial Property	Agricultural Property	Industrial Property	Other Property	Less:		Total Taxable Assessed Value
						Tax-Exempt Property	Property Value	
2001	\$ 405,490,601	\$ 242,680,480	\$ 10,871,180	\$ 17,800,490	\$ 27,017,020	\$ 31,650,337	\$	672,209,434
2002	450,819,860	273,682,710	10,187,080	20,871,710	30,868,800	40,163,661		746,266,499
2003	467,036,552	262,242,030	12,076,640	22,238,680	30,545,570	38,158,512		755,980,960
2004	525,955,569	274,367,340	13,453,940	23,791,720	32,645,762	50,283,554		819,930,777
2005	549,917,299	323,799,290	13,769,880	11,605,650	34,859,152	54,257,548		879,693,723
2006	591,101,352	326,560,700	14,961,910	12,552,400	37,624,120	66,240,485		916,559,997
2007	646,884,721	309,698,960	16,063,020	47,323,330	44,745,620	77,066,511		987,649,140
2008	702,770,713	315,173,801	20,390,420	53,218,390	49,468,812	70,263,493		1,070,758,643
2009	740,510,737	345,938,999	30,910,310	69,853,920	13,690,524	75,915,900		1,124,988,590

Note: Fiscal Year ending 2000 is not available from Walker County Appraisal District due to a computer conversion.  
 Source: Walker County Appraisal District certified by Chief Appraiser as of July 24, 2008

TABLE E-8

**CITY OF HUNTSVILLE, TEXAS**  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rates			Overlapping Rates		
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Huntsville ISD	Walker County	Hospital District
2000	\$ 0.27609	\$ 0.13641	\$ 0.41250	\$ 1.69000	\$ 0.58500	\$ 0.13550
2001	0.30763	0.12487	0.43250	1.69000	0.58500	0.14450
2002	0.27785	0.15465	0.43250	1.66000	0.58500	0.15000
2003	0.28397	0.16603	0.45000	1.66000	0.62500	0.16000
2004	0.23223	0.19277	0.42500	1.66000	0.62500	0.18500
2005	0.24473	0.19277	0.43750	1.66000	0.62500	0.19220
2006	0.23913	0.19277	0.43190	1.66000	0.59970	0.18250
2007	0.23810	0.18110	0.41920	1.53000	0.56670	0.17200
2008	0.24050	0.17300	0.41350	1.21000	0.54500	0.16000
2009	0.21080	0.18990	0.40070	1.34000	0.54500	0.15370

Source: County Board of Equalization and Assessment

TABLE E-9

**CITY OF HUNTSVILLE, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Fairfield Huntsville Exchange LP	\$ 22,027,760	1	1.88%	N/A	N/A	N/A
University House Huntsville LLC	20,324,431	2	1.74%	N/A	N/A	N/A
Weatherford Completion & Oilfield Svcs	18,760,927	3	1.60%	10,002,800	2	0.85%
Wal-Mart Stores Texas LP	16,376,490	4	1.40%	17,393,760	1	1.48%
Huntsville Aberdeen Place LP	14,788,360	5	1.26%	N/A	N/A	N/A
Huntsville Place LP	13,430,650	6	1.15%	N/A	N/A	N/A
SCI Gateway at Huntsville	12,638,450	7	1.08%	N/A	N/A	N/A
Entergy Texas Inc.	11,667,750	8	1.00%	9,956,040	3	0.85%
Arbors of Huntsville	10,032,160	9	0.85%	6,258,740	4	0.53%
University House at Sam Houston Ph 2	8,357,600	10	0.71%	N/A	N/A	N/A
<b>Total</b>	<b>\$ 148,404,578</b>		<b>12.67%</b>	<b>\$ 43,611,340</b>		<b>3.71%</b>

Source: Walker County Appraisal District

**CITY OF HUNTSVILLE, TEXAS**  
 PROPERTY TAX LEVIES AND COLLECTIONS  
 LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
	Amount	Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 2,626,477	\$ 2,577,036	98.1%	\$ 44,688	\$ 2,621,724	99.8%
2001	2,907,066	2,842,522	97.8%	54,369	2,896,891	99.6%
2002	3,162,188	3,102,772	98.1%	48,676	3,151,448	99.7%
2003	3,407,218	3,330,628	97.8%	62,838	3,393,466	99.6%
2004	3,536,589	3,423,539	96.8%	90,707	3,514,246	99.4%
2005	3,842,132	3,717,347	96.8%	17,817	3,735,164	97.2%
2006	3,987,376	3,835,272	96.2%	131,562	3,966,834	99.5%
2007	4,161,024	4,003,075	96.2%	147,249	4,150,324	99.7%
2008	4,345,730	4,279,765	98.5%	34,123	4,313,888	99.3%
2009	4,565,825	4,532,532	99.3%	N/A	4,532,532	99.3%

\* Adjusted for taxes levied

Sources: Walker County Appraisal District

TABLE E-11

**CITY OF HUNTSVILLE, TEXAS**  
 DIRECT AND OVERLAPPING SALES TAX RATES  
 LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rate	Walker County	State Rate
2000	1.50%	0.50%	6.25%
2001	1.50%	0.50%	6.25%
2002	1.50%	0.50%	6.25%
2003	1.50%	0.50%	6.25%
2004	1.50%	0.50%	6.25%
2005	1.50%	0.50%	6.25%
2006	1.50%	0.50%	6.25%
2007	1.50%	0.50%	6.25%
2008	1.50%	0.50%	6.25%
2009	1.50%	0.50%	6.25%

Sources: City of Huntsville Budget Documents

**CITY OF HUNTSVILLE, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

General Bonded Debt				Capital Leases	Total Primary Government	Percentage of personal Income	Per Capita
Fiscal Year	General Obligation Bonds	Certificates of Obligation					
2000	\$ 2,750,000	\$ 7,719,474	\$	--	\$ 52,455,575	5.01	\$ 1,496
2001	2,425,000	12,634,738	--	--	53,873,113	5.10	1,528
2002	2,100,000	12,550,000	--	--	55,446,534	5.11	1,589
2003	1,700,000	12,385,000		981,692	58,355,000	5.34	1,652
2004	1,403,076	13,380,000		772,719	56,547,720	4.88	1,552
2005	5,011,445	14,140,000		1,094,888	53,129,888	N/A	1,448
2006	4,611,764	13,760,000		1,038,929	49,363,929	N/A	1,345
2007	4,171,916	13,380,000		772,489	46,112,489	N/A	1,246
2008	4,345,000	12,950,000		986,353	45,726,353	N/A	1,184
2009	11,781,000	6,265,000		791,974	43,877,974	N/A	1,159

Business-type Activities				Anticipated Notes Payable	Total Primary Government	Percentage of personal Income	Per Capita
Fiscal Year	Water Revenue Bonds	Certificates of Obligation					
2000	\$ 40,665,000	\$ 963,283	\$	357,818	\$ 52,455,575	5.01	\$ 1,496
2001	37,835,000	793,695		184,680	53,873,113	5.10	1,528
2002	35,130,000	5,666,534		--	55,446,534	5.11	1,589
2003	38,715,000	5,555,000		--	58,355,000	5.34	1,652
2004	35,981,925	5,010,000		--	56,547,720	4.88	1,552
2005	32,883,555	--		--	53,129,888	N/A	1,448
2006	29,953,236	--		--	49,363,929	N/A	1,345
2007	27,788,084	--		--	46,112,489	N/A	1,246
2008	27,445,000	--		--	45,726,353	N/A	1,184
2009	25,040,000	--		--	43,877,974	N/A	1,159

Note: Personal income not available for 2005-2009.

Source: City of Huntsville Comprehensive Annual Financial Statements

TABLE E-13

**CITY OF HUNTSVILLE, TEXAS**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

Fiscal Year	General Bonded Debt Outstanding					Total Debt	Assessed Value	Percentage of Actual Taxable Value of Property	Population	Per Capita
	General Obligation Bonds	Certificates of Obligation	Capital Leases							
2000	\$ 2,750,000	\$ 7,719,474	\$ --	\$ 10,469,474	\$ 638,054,799	1.64%	35,074	\$ 338.25		
2001	2,425,000	12,634,738	--	15,059,738	672,209,434	2.24%	35,262	298.50		
2002	2,100,000	12,550,000	--	14,650,000	746,266,499	1.96%	34,890	427.08		
2003	1,700,000	12,385,000	981,692	15,066,692	755,980,960	1.99%	35,926	419.89		
2004	1,403,076	13,380,000	772,719	15,555,795	819,930,777	1.90%	36,442	419.38		
2005	5,011,445	14,140,000	1,094,888	20,246,333	879,693,723	2.30%	36,699	426.86		
2006	4,611,764	13,760,000	1,038,929	19,410,693	916,559,997	2.12%	37,237	551.69		
2007	4,171,916	13,380,000	772,489	18,324,405	987,649,140	1.86%	37,059	528.92		
2008	4,345,000	12,950,000	986,353	18,281,353	1,070,758,643	1.71%	37,790	483.76		
2009	11,781,000	6,265,000	791,974	18,837,974	1,124,988,600	1.67%	37,867	497.48		

**Source: City of Huntsville Comprehensive Annual Financial Statements**

(a) Assessed Value in this table is the new value assessed for that year (e.g. 2007) and at the end of the fiscal year for which the bonds are outstanding.

**CITY OF HUNTSVILLE, TEXAS**  
**DIRECT AND OVERLAPPING**  
**GOVERNMENTAL ACTIVITIES DEBT**

**TABLE E-14**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
<b>Debt Repaid With Property Taxes</b>			
Walker County	\$ 1,671,056	57.00%	\$ 952,502
Huntsville Independent School District	40,487,132	77.15%	31,235,822
<b>Subtotal, Overlapping Debt</b>			<b>32,188,324</b>
<b>City governmental activities direct debt</b>			<b>18,837,974</b>
<b>Total Direct and Overlapping Debt</b>			<b>\$ 51,026,298</b>

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

b) Overlapping governments are those that coincide, at least, in part with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of City of Huntsville. This process recognizes that, when considering City of Huntsville's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

**CITY OF HUNTSVILLE, TEXAS**  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 63,805,479	\$ 67,220,943	\$ 74,626,699	\$ 75,598,096	\$ 81,992,078	\$ 87,693,223	\$ 91,655,999	\$ 98,764,914	107,075,864	112,498,860
Total Net Debt Applicable to Limit	10,874,212	10,649,474	15,059,738	14,650,000	15,066,992	15,555,795	19,256,095	18,229,907	17,465,493	18,449,022
Legal Debt Margin	52,931,267	56,571,469	59,566,961	60,948,096	66,925,086	72,137,428	72,399,904	80,535,007	89,610,371	94,049,838
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	17.04%	15.84%	20.18%	19.38%	18.38%	17.74%	21.01%	18.46%	16.31%	16.40%

**Legal Debt Margin Calculation for the Current Fiscal Year**

Assessed Value	\$ 1,124,988,600
Debt Limit (10% of Assessed Value)	112,498,860
Debt Applicable to Limit:	
General Obligation Debt	18,837,974
Less: Amount Set Aside for Repayment of General Obligation Debt	(388,952)
Total Net Debt Applicable to Limit	18,449,022
Legal Debt Margin	\$ 94,049,838

Source: City of Huntsville Comprehensive Annual Financial Statements

**CITY OF HUNTSVILLE, TEXAS**  
**PLEGGED-REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Wastewater Revenue Bonds						Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Debt Service Interest		
2000	\$ 12,014,877	\$ 8,795,636	\$ 3,219,241	\$ 920,000	\$ 552,236	2.38	
2001	14,279,177	10,745,681	3,533,496	970,000	520,018	2.19	
2002	15,077,613	11,233,851	3,843,762	570,000	490,938	2.37	
2003	17,332,664	11,282,537	6,050,127	675,000	716,918	3.62	
2004	17,407,743	13,031,755	4,375,988	880,000	774,078	4.35	
2005	18,530,513	13,641,064	4,889,449	915,000	739,748	2.65	
2006	19,807,892	14,168,876	5,639,016	950,000	703,410	2.95	
2007	19,629,946	15,228,807	4,401,139	990,000	665,015	3.41	
2008	20,218,425	15,689,469	4,330,986	1,215,000	690,744	2.66	
2009	20,421,875	16,859,881	3,561,994	1,255,000	643,399	1.88	

a) Revenues pledged for Wastewater Bonds include Wastewater operations and Water operations. Therefore, Revenues and Expenditures for both the Water Fund and Wastewater Fund are included above. "Operating Expenses" for the calculation are defined as:

	2009
Operating Expenses (excluding transfers)	17,012,789
Less: Depreciation	(1,937,262)
Bad Debt	--
Add: Principal on TRA contract debt (not included)	1,065,000
Interest applicable to contract debt (not in operating)	719,354
Interest applicable to coverage (not in operating)	--
	<u>16,859,881</u>

b) Details regarding City of Huntsville's outstanding debt can be found in Note F of the current financial statements of the City.

Source: City of Huntsville Comprehensive Annual Financial Statements

**CITY OF HUNTSVILLE, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN CALENDAR YEARS**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Population										
Huntsville	35,074	35,262	34,890	35,926	36,442	36,699	36,999	37,059	37,790	38,480
Walker County	61,758	61,916	61,309	62,336	62,761	62,735	64,026	64,245	64,239	64,739
a) Personal Income (thousands)	\$ 1,047,710	\$ 1,056,829	\$ 1,084,658	\$ 1,111,911	\$ 1,159,211	\$ 1,217,153	\$ 1,285,296	\$ 1,368,126	\$ not available	\$ not available
a) Per Capita Personal Income	\$ 16,982	\$ 17,069	\$ 17,692	\$ 17,837	\$ 18,470	\$ 19,223	\$ 20,107	\$ 21,385	\$ not available	\$ not available
Median Age	28.3	--	--	--	--	--	--	28.8	29.7	--
Population 25 Years and Over										
High School Graduate or Higher	72.2%	--	--	--	--	--	--	79.4%	76.4%	--
School Enrollment	6,791	6,714	6,809	6,907	6,917	6,878	6,790	6,528	6,494	6,577
Unemployment	4.8%	5.2%	5.7%	6.3%	5.7%	5.2%	5.5%	4.8%	5.1%	6.0%

Sources: 2000-2005 population information provided by the US Census Bureau. 2006-2009 population information provided by the Texas Office of the State Demographer. Personal income information provided by the US Bureau of Economic Analysis. Unemployment rate information provided by the Texas Workforce Commission.

Note: a) For Walker County

TABLE E-18

**CITY OF HUNTSTVILLE, TEXAS**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Texas Dept of Criminal Justice	6,438	1	45.47%	Not Available	Not Available	Not Available
Sam Houston State University	3,241	2	22.89%	Not Available	Not Available	Not Available
Huntsville Independent School Dist	1,000	3	7.06%	Not Available	Not Available	Not Available
Huntsville Memorial Hospital	563	4	3.98%	Not Available	Not Available	Not Available
Wal-Mart	507	5	3.58%	Not Available	Not Available	Not Available
Region VI Education Service Cntr	375	6	2.65%	Not Available	Not Available	Not Available
Walker County	354	7	2.50%	Not Available	Not Available	Not Available
City of Huntsville	300	8	2.12%	Not Available	Not Available	Not Available
Weatherford Completion Services	224	9	1.58%	Not Available	Not Available	Not Available
Gulf Coast Trades Center	196	10	1.38%	Not Available	Not Available	Not Available

Source: City employment information provided by Texas Workforce Commission. Principal employers information provided by Walker County Chamber of Commerce.

**CITY OF HUNTSVILLE, TEXAS**  
**FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	Full-Time-Equivalent Employees as of Year End									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Charter Offices</b>										
Office of City Manager	1.00	1.00	2.00	2.50	2.50	3.50	3.00	3.00	2.00	2.00
Office of City Secretary	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Office of City Attorney	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	--
Office of City Judge	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Charter Offices Support	2.00	2.00	--	--	--	--	--	--	--	--
Economic Development	--	--	2.00	2.00	2.00	--	--	--	--	--
<b>Finance</b>										
Finance	6.00	6.63	7.00	6.00	5.50	6.50	8.00	8.00	9.00	9.00
Municipal Court	4.00	4.00	4.00	4.00	4.00	4.00	4.50	5.50	5.50	5.50
Court Security	--	--	--	--	--	--	1.00	1.00	1.00	1.00
Utility Billing	4.63	5.00	5.00	5.00	5.00	5.50	6.00	6.00	6.00	6.00
<b>Administrative Services</b>										
Human Resources	1.00	1.00	2.00	2.00	2.00	3.00	4.00	4.00	4.00	3.00
Risk/Safety Management	--	--	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Purchasing	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.50	2.50
Fleet/Warehouse	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00
Garage Services	8.00	8.00	8.00	6.00	7.00	7.00	6.00	6.00	7.00	7.00
Building Services	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Information Technology	4.00	4.00	5.00	6.00	6.00	5.00	5.00	5.00	5.00	6.00
<b>Public Utilities</b>										
Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Water Production	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Water Distribution	9.00	9.00	12.00	9.00	9.00	10.00	10.00	10.00	10.00	10.00
Meter Reading	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Construction Crew	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Wastewater Collection	11.00	11.00	11.00	11.00	11.00	11.00	10.00	10.00	11.00	11.00
AJ Brown WWTP	6.00	6.00	6.00	6.00	5.50	5.50	5.00	5.00	5.00	5.00
NB Davidson WWTP	3.50	3.50	3.50	3.50	3.50	3.50	4.00	4.00	4.00	4.00
Robinson Creek WWTP	--	--	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00
Environmental Services	2.50	2.50	3.00	3.00	3.00	4.00	3.00	3.00	3.00	3.00
Commercial Collection	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	5.00	5.00
Solid Waster Disposal	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	8.00	9.00
Residential Collection	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	8.00	7.00
Recycling	--	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00



TABLE E-20

**CITY OF HUNTSVILLE, TEXAS**  
 OPERATING INDICATORS BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Finance</b>										
Invoices Processed	17,558	18,239	17,619	not available	not available	9,423	9,847	8,622	9,500	10,109
Payroll Checks Issued	4,375	5,820	4,376	5,231	4,377	3,909	3,526	3,430	3,100	2,521
Court Cases Filed and Processed	not available	not available	not available	10,788	9,168	8,698	7,833	7,393	8,000	7,341
Warrants Issued	1,706	not available	not available	not available	not available	3,590	2,870	2,816	3,000	2,982
Utility Bills Generated	not available	98,273	100,948	103,218	106,807					
Utility Payment Received	not available	82,025	81,499	95,501	95,964					
Meter Reading Service Orders Generated	6,503	6,050	6,323	5,277	5,382	not available	13,718	14,993	10,966	10,967
<b>Administrative Services</b>										
Workers Compensation Claims Filed	54	52	50	48	42	40	21	24	30	30
On Site Property Inspections Conducted	not available	9	8	91	80	unknown				
Purchase Orders Issued	not available	214	237	298	394					
Formal Bids Issued	15	not available	not available	not available	not available	13	18	21	35	41
Computer Help Desk Request Completed	not available	2,457	3,081	3,191	3,000	2,743				
Garage Work Orders Processed	not available	3,949	3,419	1,333	1,100	1,500				
<b>Public Utilities</b>										
Gallons Water Produced (in billions)	2.65	2.70	2.80	not available	not available	2.12	2.82	2.58	2.84	2.81
Water Main Leaks Repaired	57	90	not available	not available	not available	30	80	87	277	573
New Water Connections Installed	198	123	not available	not available	not available	91	150	106	136	118
New Sewer Taps Installed	127	97	not available	not available	not available	72	80	150	130	124
Gallons Wastewater Treated (in billions)	1.42	1.19	1.19	not available	not available	1.35	1.53	1.57	1.45	1.33
Manholes Inspected and Serviced	not available	318	756	760	465					
Commercial Waste Collected (in tons)	15,478	not available	not available	not available	not available	16,871	17,100	19,501	20,765	19,299
Residential Waste Collected (in tons)	6,313	not available	not available	not available	not available	7,372	7,098	7,177	7,083	6,866
Waste Transferred to Landfill (in tons)	34,139	35,443	35,226	not available	not available	34,334	34,064	36,636	37,608	37,642
Waste Recycled (in tons)	1,632	2,046	1,974	not available	not available	2,223	2,486	2,704	2,254	3,731
<b>Public Works</b>										
Code Enforcement Complaints Investigated	211	315	not available	260	273	485	594	377	333	327
Food Establishment Inspections Performed	692	not available	not available	not available	not available	257	422	461	455	563
Lane Miles of Existing Streets Seal Coated	26.00	4.50	23.03	not available	not available	8.08	--	13.77	23.34	--
Tons Debris Removed from Drainage Ways	not available	5,074	6,020	3,547	2,763	1,628				
Curb Miles Swept by Street Sweeper	not available	not available	4,354	not available	3,617	3,786	3,216	3,037	2,770	2,642



**CITY OF HUNTSVILLE, TEXAS**  
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Public Utilities:</b>										
Water Line (approximate miles)	not available	200	200	200	200					
Sewer Line (approximate miles)	not available	190	205	205	205					
Liftstations	not available	26	28	29	29					
Water Plants	3	3	3	3	3	3	3	3	2	2
Wastewater Treatment Plants	2	2	3	3	3	3	3	3	3	3
Solid Waste Recycling Facilities	0	0	0	1	1	1	1	1	1	1
<b>Public Works</b>										
Street (centerline miles)	not available	139	139	142	144					
<b>Community Services</b>										
Parks	21	22	25	25	25	25	26	26	26	26
Park Acreage	180.17	229.30	406.72	406.72	406.72	406.72	281.94	281.94	281.94	281.94
City Pool (1997-2004)/Aquatic Centers	1	1	1	1	1	1	--	--	1	1
Community Centers ( MLK Building)	1	1	1	1	1	1	1	1	1	1
Arts Center	0	0	0	0	0	0	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1
<b>Public Safety:</b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	3	3	3	3	3	3	3	3	3	3

Sources: Various city departments  
 Note: Capital Asset Statistics for Charter Offices, Finance and Administrative Services are not available.