

City of Huntsville, Texas

Comprehensive Annual Financial Report

For the year ended September 30, 2013

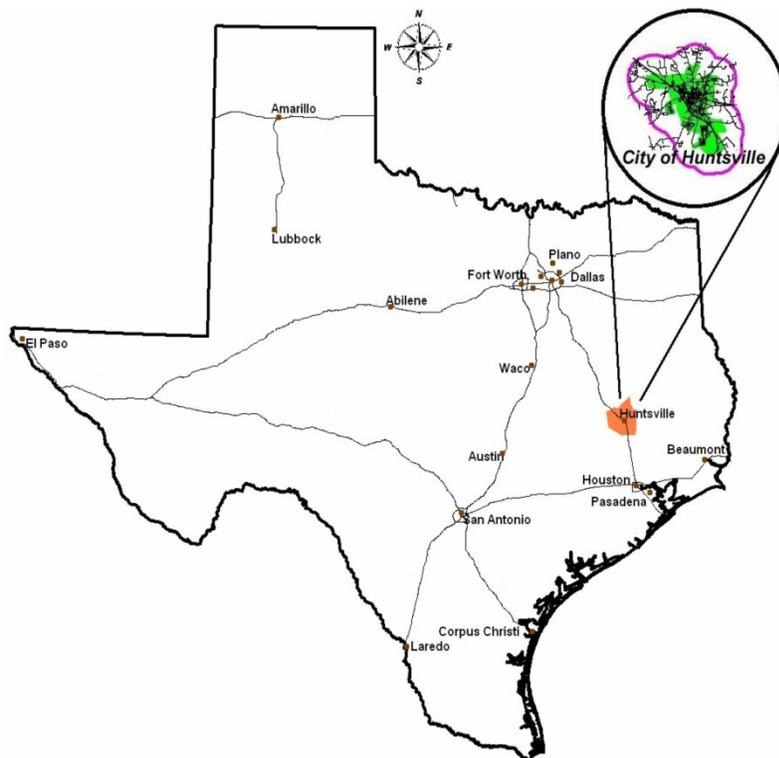


CITY OF HUNTSVILLE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2013

Prepared By:
City of Huntsville, Texas
Finance Department

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

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



Walker County is 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 2010 census for the county was 67,861, an increase of 10% from the 2000 census. The Sam Houston National Forest covers 53,461 acres of Walker County.

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

Huntsville is the headquarters for 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 17,291 students and over 3,300 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 5 colleges (Arts and Science, Business, Criminal Justice, Education, and Humanities and Social Science), the university offers 79 undergraduate degree programs, 54 masters' programs, and 5 doctoral programs.

According to the United States Census Bureau, the 2008 per capita income for Walker County was \$27,130 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, 2010 was 8%.

Other governmental presence in Huntsville includes Region VI Educational Service Center, Gulf Coast Trades Center, Sam Houston State Park and nonprofit 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.

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INTRODUCTORY SECTION

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City of Huntsville

Incorporated in 1845 under the Republic of Texas

February 26, 2014

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, 2013 is presented herein. Disclosures necessary to enable the reader to gain an understanding of the City of Huntsville's financial activities have been included. The contents of the CAFR is the responsibility of management of the City of Huntsville.

Financial Statement Overview

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

The report is in the tenth compliance year under GASB 34 as established by the Governmental Accounting Standards Board. 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 report is in its third year of compliance with GASB 54. Under this rule, governmental fund balances are designated in restricted, committed, or assigned categories, according to levels established under statute, judicial decrees council or internal administrative commitments.

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.

The government-wide statements report on the city as a whole using the accrual basis of accounting. The statements are comprised of a Statement of Net Position and a Statement of Activities with supplemental information provided in the fund statements. The Statement of Net Position reports changes in position, 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.

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.

Priorities and Objectives

Council expanded recycling to new areas within the City. Infrastructure improvements were continued to underserved areas. Health insurance and wellness initiatives were researched and costs were increased to dependents.

Primary priorities were to review the health insurance and retirement program, and to present options to reduce costs and unfunded liabilities while maintaining affordable benefits comparable with other governmental and commercial entities in the City.

Grant activity through the City's Community Development division oversaw the following projects:

- In fiscal year 2011, a neighborhood stabilization grant of \$1,050,000 that was awarded to the City for the construction of twelve houses for qualified first time homebuyers. In fiscal year 2013 the City expended almost \$200,000 (in FY 2012 \$816,000 was spent towards the grant project). All expenditures were 100% reimbursable by grant funds.
- A FEMA grant of \$11.1 million was awarded in fiscal year 2011 for drainage restoration along Town Creek, contingent on release of federal funding. In fiscal year 2013 \$15,800 was spent on engineering fees.

The property tax rate was raised in 2013 by \$0.0291 per \$100 valuation. Water rates were increased according to the rate study financial plan.

An additional \$395,000 was contributed to the medical trust for retirees which was implemented under GASB 45. This brings total contributions to the irrevocable trust to \$2,195,000.

Disaster and Hazard Preparation

Huntsville and most parts of Texas incurred damage from forest fires in the last 2 years. Labor was expended on relief efforts near the City and other communities. As part of the continued relief effort, the City prepared fire lanes around key structures, and housing developments.

Summary of Financial Activities

The General Fund posted a net increase in its fund balance of \$1,430,043 (\$650,000 related to the sale of a piece of City property). The Street Fund budget was balanced, and the fund balance increased from operations by \$256,723.

The Water Fund had increased revenue compared to the prior year by \$2.1 million primarily due to the rate increase. Water Fund had an increase in net position for the year in the amount of \$3,428,688, Wastewater had an increase in net position of \$1,553,810 from operations, and net position for the Solid Waste Fund increased by \$475,275.

On a government-wide basis, net position for government activities increased \$1,762,074 from operations. Net position for business-type activities increased \$5,457,773 from operations.

Comprehensive Plan

The City initiated a process for public involvement in the development of a Comprehensive Plan that was completed in two years prior. 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 council meets annually to establish strategic objectives. The plan and the annual strategic planning meeting were incorporated into the budget process.

Economic Development

The City participated in a TIRZ (Tax Increment Reinvestment Zone) with the county pursuant to agreement with the developer. The TIRZ Fund reimbursed infrastructure costs. In the summer of 2009, Target opened in the developed area. In 2004 when the TIRZ was created the taxable value of the property in area was approximately \$360,000. The value of the property within the TIRZ for FY 2013 was \$14,167,000. The FY 2013 value was up \$990,000 (7.5%) over the previous FY 2012 value. Sales tax revenue from businesses within the TIRZ area for FY 2013 totaled \$376,000 which was a 5.6% increase over the prior fiscal year. Per a “380 Agreement” with the TIRZ developer one half of the Sales Tax received from business within the TIRZ are paid to the developer. The “380 Agreement” is in effect through FY 2019. In fiscal year 2013 there were 9 businesses operating within the TIRZ. Four additional businesses are expected to start construction of buildings in FY 2014 and potentially open for business also in FY 2014.

Tourism, Cultural Services, and Visitors Center

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. The department had expenditures of \$274,395 for tourism, \$178,275 for the Arts center, \$91,901 for Visitors Center operations, and \$117,307 for the gift shop with total revenues for these divisions of \$1,004,470.

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 \$927,172 in construction and the Wastewater Fund \$805,456 in construction. Governmental activities improvements totaled \$1,438,295.

Completed capital projects for the fiscal year were:

- Streets for \$769,000
- Sidewalks for \$70,000
- Water extension projects \$290,000
- Wastewater extension projects \$780,000
- Drainage projects \$215,000

Debt Issues

The City did not issue any new debt in the 2013 Fiscal Year. Nor were there any debt refundings during the year. General obligation/tax debt at 9/30/2013 was \$15,527,853. Water Fund debt totaled \$24,516,524. Wastewater Fund debt was \$6,919,623.

Debt Service Fund

The fund balance for the Debt Service Fund servicing general obligation debt increased \$256,723 to \$407,080.

Utility and Tax Rates

The adopted property tax rate for fiscal year 2013 was \$0.4206 which was an increase from the \$0.3915 rate of the previous fiscal year. The calculated effective tax rate for FY 2013 was \$0.3806 and the calculated rollback rate was \$0.4244. The highest rate in the previous 10 years was for fiscal year 2003 in the amount of \$0.4500. The average rate in the last 10 years is \$0.41707.

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

The City water volumetric rates were increased for fiscal year 2013 in accordance with rates from a rate study performed by a consultant. Wastewater and Solid Waste rates remained unchanged from the previous 2 fiscal years. In fiscal year 2010 the minimum billing amounts for Water and Wastewater were reduced from \$15 to \$13 each per month and the minimum bill amount has not changed since.

Budget Process

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

Internal Controls

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

Independent Audit

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

Awards

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Huntsville for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2012. This was the 37th 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 26 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, 2013 (FY 2013-14), has been submitted for review.

Acknowledgements

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

Respectfully submitted,

Steve Ritter
Director of Finance



Matt Benoit
City Manager





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Huntsville
Texas**

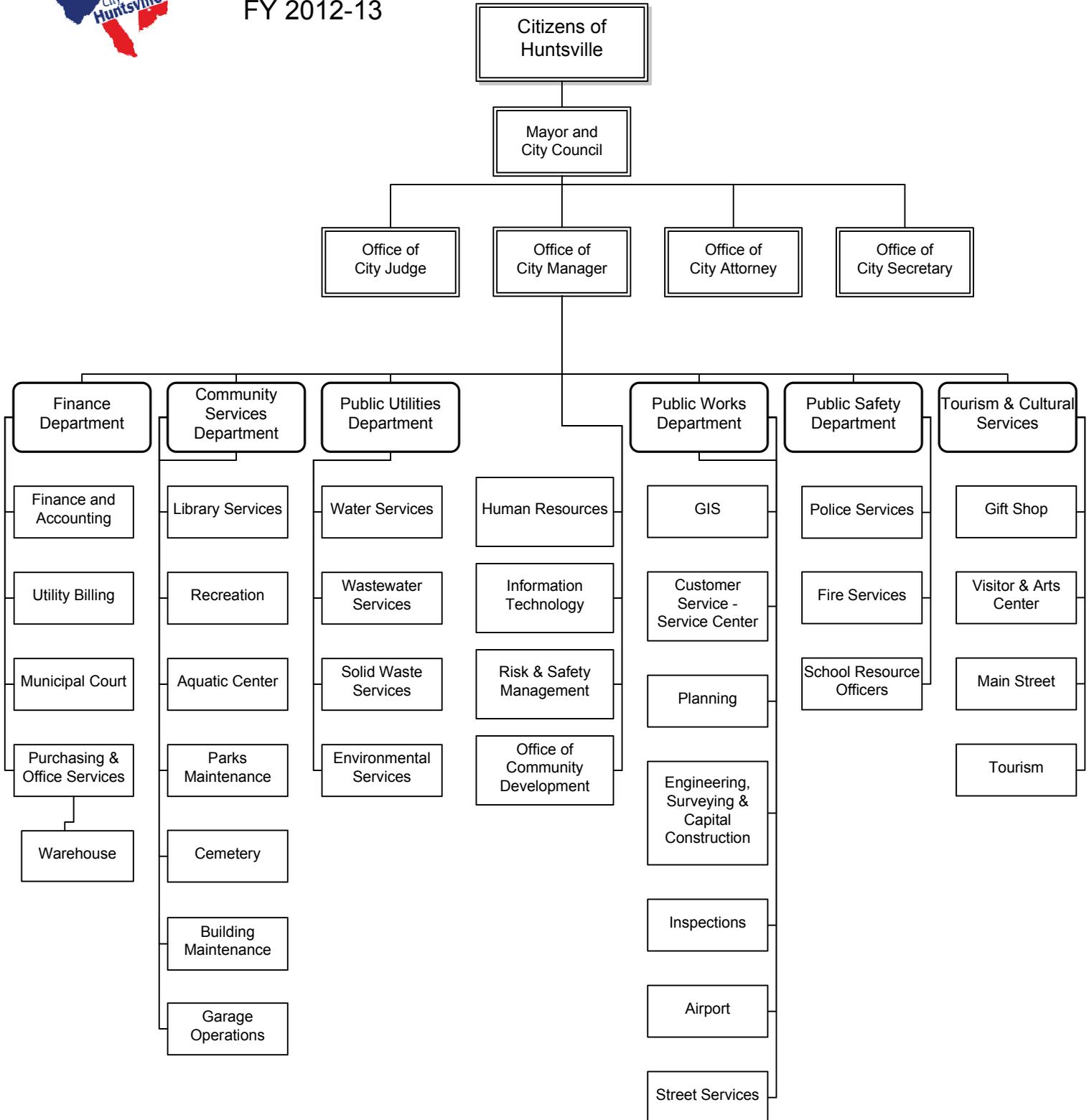
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO



Organizational Chart FY 2012-13



CITY OF HUNTSVILLE, TEXAS

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2013

Elected Officials

<u>Name</u>	<u>Office</u>
Mac Woodward	Mayor
Joe Emmett	Councilmember - Ward 1
Tish Humphrey	Councilmember - Ward 2
Ronald Allen	Councilmember - Ward 3
Clyde Loll	Councilmember - Ward 4
James Fitch	Councilmember - Position 1
Lydia Montgomery	Councilmember - Position 2
Don Johnson	Councilmember - Position 3
Keith Olson	Councilmember - Position 4

Appointed Officials & Directors

<u>Name</u>	<u>Office</u>
Matt Benoit	City Manager
Lee Woodward	City Secretary
Leonard Schneider	City Attorney
John Gaines	Municipal Court Judge
Steve Ritter	Director of Finance
Matt Lumpkins	Director of Community Services
Kevin Lunsford	Director of Public Safety
Aron Kulhavy	Director of Public Works
Carol Reed	Director of Public Utilities
Kimm Thomas	Director of Tourism and Cultural Services
Chris Vasquez	Director of Information Technology
Missy Davidson	Interim Director of Human Resources

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntsville, Texas (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual—General Fund, the Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual—Street Special Revenue Fund, the Schedule of Funding Progress for Participation in the Texas Municipal Retirement System, and the Schedule of Funding Progress – Post-Retirement Health Care Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Waco, Texas
February 26, 2014

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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MANAGEMENT DISCUSSION AND ANALYSIS

As management of the City of Huntsville, Texas (the “City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the year ended September 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i to vii of this report, and the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the 2013 fiscal year by \$105,808,533 (net position). Of this amount, \$32,824,351 (unrestricted net position) may be used to meet the government’s ongoing obligations to citizens and creditors.
- As of the close of fiscal year 2013, the City’s governmental funds reported combined ending fund balances of \$15,829,856, an increase of \$1,119,522 from the prior year. Approximately 48% of this total amount is unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,600,341 or 48% of total General Fund expenditures.
- The City’s total capital assets net of accumulated depreciation decreased by \$2,396,874. This is primarily due to the fact that additions to capital assets did not exceed the value of capital asset deletions and depreciation expense for the current year.
- The City’s governmental and business-type activities long-term liabilities decreased \$6,901,833 due to debt service payments for TRA contract revenue bonds, certificates of obligations, and general obligation refunding bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements. The City’s basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information in order to present how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will only result in changes in cash flows for future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and community services. The business-type activities of the City include water, wastewater, and solid waste operations.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The fund financial statements for governmental funds, proprietary funds and fiduciary funds can be found in the financial section of this report.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 27 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Special Revenue Fund, and Debt Service Fund, which are considered to be major funds. Data from the other 24 governmental funds are combined into a single aggregate presentation.

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to the accounting used for proprietary funds. See Note 1 for additional information pertaining to fiduciary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 29 of this report.

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2013, the City's assets exceeded liabilities by \$105,808,533.

The largest portion of the City's net position (66%) reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$32,824,351, may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2013, the City is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

City of Huntsville, Texas'
Summary Statement of Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 21,531	\$ 20,528	\$ 25,724	\$ 23,940	\$ 47,255	\$ 44,468
Capital assets	<u>32,821</u>	<u>33,984</u>	<u>85,621</u>	<u>86,855</u>	<u>118,442</u>	<u>120,839</u>
Total assets	<u>54,352</u>	<u>54,512</u>	<u>111,345</u>	<u>110,795</u>	<u>165,697</u>	<u>165,307</u>
Long-term liabilities						
outstanding	21,936	23,808	34,048	39,079	55,984	62,887
Other liabilities	<u>2,223</u>	<u>2,273</u>	<u>1,682</u>	<u>1,558</u>	<u>3,905</u>	<u>3,831</u>
Total liabilities	<u>24,159</u>	<u>26,081</u>	<u>35,730</u>	<u>40,637</u>	<u>59,889</u>	<u>66,718</u>
Net position:						
Net investment,						
in capital assets	17,384	17,068	52,727	48,911	70,111	65,979
Restricted	2,872	2,147	-	-	2,872	2,147
Unrestricted	<u>9,937</u>	<u>9,216</u>	<u>22,888</u>	<u>21,247</u>	<u>32,825</u>	<u>30,463</u>
Total net position	<u>\$ 30,193</u>	<u>\$ 28,431</u>	<u>\$ 75,615</u>	<u>\$ 70,158</u>	<u>\$ 105,808</u>	<u>\$ 98,589</u>

Governmental activities. Net position increased by \$1,762,074 in fiscal year 2013. This is compared to a decrease of \$199,579 in fiscal year 2012. The increase in net position as compared to the prior year is a result of an increase in property tax and sales tax collections and a decrease in expenses.

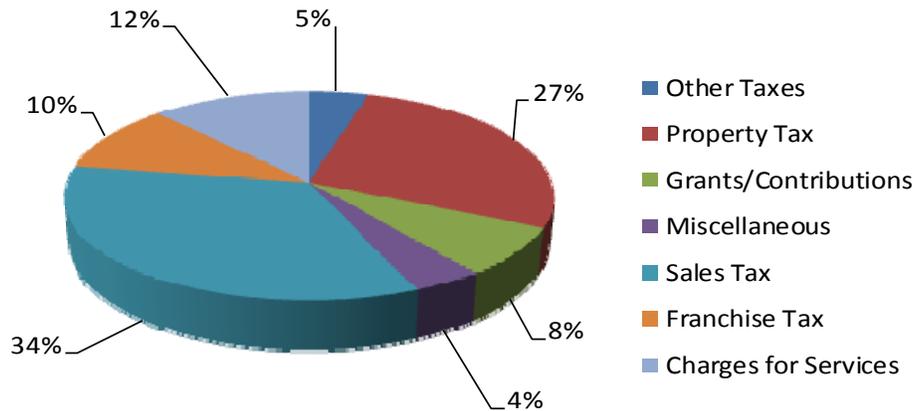
Business-type activities. Net position increased by \$5,457,773 in the current year compared to a \$3,693,451 increase in fiscal year 2012. Overall, revenues exceeded total operating expenses/transfers for fiscal year 2013. Increases in charges for services coupled with decreases for grants and contributions were the primary drivers for the difference in net position as compared to prior year.

Analysis of the City's Operations. The following table provides a summary of the City's operations for the year ended September 30, 2013. Overall, the City had an increase in net position of \$7,219,847. This is due in part to an increase in charges for services.

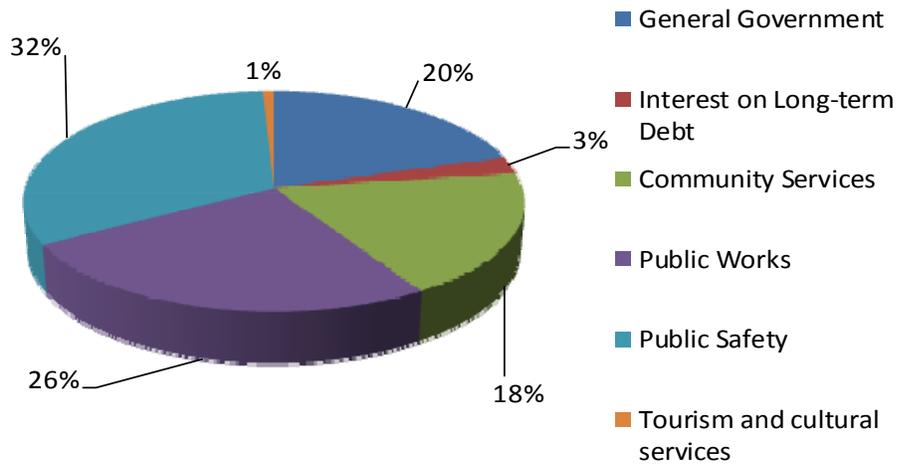
City of Huntsville, Texas'
Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 2,187	\$ 2,106	\$ 27,652	\$ 25,919	\$ 29,839	\$ 28,025
Operating grants and contributions	1,273	1,924	65	129	1,338	2,053
Capital grants and contributions	229	598	104	378	333	976
General revenues:						
Property taxes	5,433	4,951	-	-	5,433	4,951
Sales taxes	6,727	6,516	-	-	6,727	6,516
Franchise taxes	2,073	2,068	-	-	2,073	2,068
Other taxes	889	652	-	-	889	652
Investment earnings	274	191	53	237	327	428
Miscellaneous	828	83	474	214	1,302	297
Total revenues	<u>19,913</u>	<u>19,089</u>	<u>28,348</u>	<u>26,877</u>	<u>48,261</u>	<u>45,966</u>
Expenses:						
General government	4,865	6,138	-	-	4,865	6,138
Public works	6,155	5,976	-	-	6,155	5,976
Community services	4,343	4,995	-	-	4,343	4,995
Public safety	7,675	7,042	-	-	7,675	7,042
Tourism and cultural services	206	-	-	-	206	-
Interest on long-term debt	582	687	-	-	582	687
Water production and distribution	-	-	9,096	8,509	9,096	8,509
Wastewater collection and treatment	-	-	4,779	5,249	4,779	5,249
Solid waste	-	-	3,341	3,875	3,341	3,875
Total expenses	<u>23,826</u>	<u>24,838</u>	<u>17,216</u>	<u>17,633</u>	<u>41,042</u>	<u>42,471</u>
Increase in net position before transfers	(3,913)	(5,749)	11,132	9,244	7,219	3,495
Transfers	<u>5,675</u>	<u>5,550</u>	<u>(5,675)</u>	<u>(5,550)</u>	<u>-</u>	<u>-</u>
Increase in net position	1,762	(199)	5,457	3,694	7,219	3,495
Net position, beginning	28,431	28,040	70,158	66,246	98,589	94,286
Prior period adjustment	<u>-</u>	<u>590</u>	<u>-</u>	<u>219</u>	<u>-</u>	<u>809</u>
Net position, beginning, as restated	28,431	28,630	70,158	66,465	98,589	95,095
Net position, ending	<u>\$ 30,193</u>	<u>\$ 28,431</u>	<u>\$ 75,615</u>	<u>\$ 70,159</u>	<u>\$ 105,808</u>	<u>\$ 98,590</u>

**Revenues - Governmental Activities
Fiscal Year 2013 (excludes transfers)**



**Primary Government Functional Expenses for
Governmental Activities - Fiscal Year 2013**



Financial Analysis and Budgetary Highlights of City Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City’s net resources available for spending at the end of the fiscal year.

At the end of the 2013 fiscal year, the City's governmental funds reported combined ending fund balances of \$15,829,856, an increase of \$1,119,522 from the prior year. Approximately 48% of this total amount is available for spending at the City's discretion. The remainder of fund balance is not available for new spending because it is restricted to pay debt service (\$280,487) and for a variety of other purposes.

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,600,341, while the total fund balance was \$10,645,312. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 48% of the General Fund expenditures, while total fund balance represents 68% of that same amount.

The final budget for fiscal year 2013 reflected an \$854,690 drawdown of fund balance, while still providing for a sufficient reserve balance. The actual change in fund balance was an increase of \$1,430,043. Contributing factors was the realization of revenues \$593,009 over the budgeted amounts and overall expenditures \$954,336 under budgeted amounts. Key factors affecting fund balance are as follows:

- Total General Fund revenues of \$12,608,912 were increased from FY 2012 by \$370,600.
 - Property tax revenue increased \$332,001 from FY 2012 actuals.
 - Sales tax revenue increases by \$210,978.
 - Donations, contributions and grants increased by \$115,877.
 - Charges for services increased by \$13,995 while licenses and permits increased by \$99,571.
 - Fines and forfeitures decreased by \$360,236 this was primarily due to a decrease in the number of positions in the police department for traffic enforcement.
- Total General Fund expenditures of \$15,736,988 increased from FY 2012 by \$8,828.
 - General government expenditures increased by \$252,026 from FY 2012. The most significant reason for this increase is that the City had to refund \$265,381 in prior year property tax collections.
 - Total public safety expenditures increased by \$81,398 from FY 2012.
 - Community services expenditures decreased by \$291,897 from FY 2012.
 - Public works expenditures decreased by \$37,066 from FY 2012.

The actual revenues of \$12,608,912 were more than the budgeted revenues by \$593,009. Property tax revenue, sales tax revenue, and donations, contributions and grants exceeded the budgeted amounts. The actual expenditures of \$15,736,988 were \$954,336 less than the budgeted expenditures of \$16,691,324.

The fund balance of the Street Special Revenue fund increased by \$256,723. Fund balance was projected to increase by \$50,010 in the final budget, but expenditures were less than final budget by \$251,217.

Debt Service fund balance decreased by \$35,623. Fund balance was projected to decrease by \$404,755 in the final budget, but property tax revenues exceeded final budgeted amounts by \$205,619.

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

Unrestricted net position of the respective proprietary funds are Water – \$10,532,645, Wastewater – \$9,939,748, and Solid Waste – \$2,416,066. The net position for Water increased \$3,428,688; Wastewater increased \$1,553,810 and Solid Waste increased \$475,275. The overall change in net position for business-type activities increased by \$5,457,773 which is an increase of \$1,764,322 from the FY 2012 change in net position of \$3,693,451. Overall Utility operating revenues of \$28,128,013 reflected an increase of \$1,994,897 or an increase of 7.63% compared to FY 2012. Utility operating expenses of \$16,238,088 reflected a decrease of \$574,298 or a decrease of 3.42% over FY 2012. The increase in net position for each of the enterprise funds can be attributed to an increase in charges for services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2013, the City had over \$118,442,345 invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, and water and sewer lines. This amount represents a net decrease of approximately 2% over the amounts for the prior fiscal year.

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,872,245	\$ 1,872,245	\$ 782,325	\$ 782,325	\$ 2,654,570	\$ 2,654,570
Construction in progress	1,659,951	1,066,880	3,397,006	2,763,404	5,056,957	3,830,284
Buildings and improvements	8,233,486	8,806,931	611,303	646,629	8,844,789	9,453,560
Improvements other than buildings	7,254,762	7,602,635	242,337	260,518	7,497,099	7,863,153
Machinery, furniture and equipment	5,181,566	5,829,081	563,002	706,010	5,744,568	6,535,091
Water rights	-	-	34,739,392	35,771,704	34,739,392	35,771,704
Infrastructure	8,618,914	8,806,305	45,286,056	45,924,552	53,904,970	54,730,857
Total	<u>\$ 32,820,924</u>	<u>\$ 33,984,077</u>	<u>\$ 85,621,421</u>	<u>\$ 86,855,142</u>	<u>\$ 118,442,345</u>	<u>\$ 120,839,219</u>

Major capital asset events during the 2013 fiscal year include the following:

- A \$1.5 million project for the construction of a new water well was started in fiscal year 2012 and \$751,000 was spent in this fiscal year while \$663,000 was spent in the prior fiscal year. The project is scheduled to be completed early in FY 2014.
- \$232,500 was spent on various drainage projects and \$573,000 was spent on various wastewater projects.
- \$927,000 was spent on water projects
- \$382,000 was spent on street projects.
- A \$1.6 million project for sidewalks to provide “Safe Routes to Schools” was started in FY 2012 with \$182,000 being spent that year. Approximately \$294,000 was spent in fiscal year 2013. The project should be completed in FY 13-14.

- In FY 13 the City purchased new equipment and vehicles for various operations totaling approximately \$925,000. One of the major purchases was for an automated side loader solid waste truck in the amount of \$269,000.

Additional information on the City’s capital assets can be found in Note II beginning on page 43 of this report.

Debt Administration

At the end of the current fiscal year, the City had total bonded debt outstanding of \$48,539,168 . The remainder of the City’s long-term obligations comprises compensated absences, the net OPEB obligation, legal judgments, and contractual obligations.

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 10,977,852	\$ 12,279,852	\$ 4,786,148	\$ 5,396,148	\$ 15,764,000	\$ 17,676,000
Certificates of obligation	4,550,000	4,725,000	-	-	4,550,000	4,725,000
Revenue bonds	-	-	26,650,000	30,970,000	26,650,000	30,970,000
Premium on bonds issued	116,801	129,779	1,660,932	1,868,549	1,777,733	1,998,328
Deferred loss on refunding	-	-	(202,565)	(227,885)	(202,565)	(227,885)
Compensated absences	1,130,332	1,240,156	336,729	349,135	1,467,061	1,589,291
Legal judgment - tax refund	-	434,708	-	-	-	434,708
Net OPEB obligation	2,285,444	2,019,081	817,239	722,575	3,102,683	2,741,656
Developer TIRZ	2,875,916	2,979,563	-	-	2,875,916	2,979,563
	<u>\$ 21,936,345</u>	<u>\$ 23,808,139</u>	<u>\$ 34,048,483</u>	<u>\$ 39,078,522</u>	<u>\$ 55,984,828</u>	<u>\$ 62,886,661</u>

The long-term liabilities for the City decreased overall by \$6,901,833 for fiscal year 2013. This was due to regularly scheduled debt service payments, as no new long-term debt was issued by the City in FY 13.

Additional information on the City’s long-term debt can be found in Note II beginning on page 45 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The following economic factors currently affect the City of Huntsville and were considered in developing the 2013-2014 fiscal year budget.

Sales Tax revenue makes up approximately 38% of the Revenues for General Fund. These revenues were budgeted to increase \$200,000 (3.125%) in FY 2014 from the 2013 fiscal year budgeted amount of \$6.4 million.

A 5 percent increase in water volumetric rates beginning October 1, 2013 was approved. This was the third year of an increase in the volumetric rates. The rates adopted were rates received from a rate study performed by a consultant. The major factors the consultant used in developing proposed rates for the City thru fiscal year 2030 were 1) almost \$20,000,000 of debt issued in fiscal year 2012 for the expansion and improvement of the drinking water treatment plant from which the City obtains 75% of its water and 2) projection for the need of approximately \$650,000 annually for the replacement and renewal of decades old existing water distribution infrastructure. Also included in developing the rate are anticipated expenditure increases due to normal inflation increases to operating costs.

The property tax rate of \$0.4206 per \$100 valuation for FY 2013 was not changed for FY 2014. For fiscal year 2014 General Fund's budgeted expenditures for regular operations were decreased by approximately 2.3% (\$407,000) from FY 2013. Also, there were \$2,929,319 of General Fund one time only non-operational expenditures budgeted to be paid from Fund Balance.

Interest rates are expected to remain at record low levels throughout fiscal year 2013-14.

The unemployment rate for the City of Huntsville in September 2012 was 6.5 percent, which is a decrease from a rate of 8.3 percent in September 2011.

Request for Information

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

**BASIC
FINANCIAL STATEMENTS**

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CITY OF HUNTSVILLE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 6,549,523	\$ 8,565,044	\$ 15,114,567
Investments	11,520,685	10,510,651	22,031,336
Prepaid expenses	16,085	-	16,085
Accounts receivable (net of allowances for uncollectable):			
Accounts	114,539	3,027,320	3,141,859
Taxes	1,933,685	-	1,933,685
Intergovernmental	536,595	91,692	628,287
Interest	73,883	63,094	136,977
Other	2,172	-	2,172
Internal balances	114,595	(114,595)	-
Inventories	128,892	169,744	298,636
Property held for sale	14,253	-	14,253
Restricted assets:			
Cash and cash equivalents	-	1,400,937	1,400,937
Investments	-	1,500,000	1,500,000
Investment in joint venture	235,439	6,047	241,486
Deferred charges	291,305	504,330	795,635
Capital assets not being depreciated	3,532,196	4,179,331	7,711,527
Capital assets (net of accumulated depreciation)	<u>29,288,728</u>	<u>81,442,090</u>	<u>110,730,818</u>
Total assets	<u>54,352,575</u>	<u>111,345,685</u>	<u>165,698,260</u>
LIABILITIES			
Accounts payable	874,727	415,381	1,290,108
Accrued liabilities	442,970	139,172	582,142
Accrued interest	67,602	-	67,602
Liabilities payable from restricted assets:			
Accrued interest	-	158,909	158,909
Due to other governments	149,153	33,243	182,396
Unearned revenue	608,968	-	608,968
Other liabilities	79,642	-	79,642
Customer deposits	-	935,132	935,132
Noncurrent liabilities:			
Due within one year	1,949,453	4,732,984	6,682,437
Due in more than one year	<u>19,986,892</u>	<u>29,315,499</u>	<u>49,302,391</u>
Total liabilities	<u>24,159,407</u>	<u>35,730,320</u>	<u>59,889,727</u>
NET POSITION			
Net investment in capital assets	17,385,414	52,726,906	70,112,320
Restricted for:			
Library - nonspendable	106,914	-	106,914
Cemetery - nonspendable	354,873	-	354,873
Street improvements and repairs	407,080	-	407,080
Promotion of tourism	1,065,533	-	1,065,533
Court technology and security	135,414	-	135,414
Purpose of grantors, trustees and donors	475,291	-	475,291
Law enforcement	111,161	-	111,161
Unrestricted	<u>9,935,892</u>	<u>22,888,459</u>	<u>32,824,351</u>
Total net position	<u>\$ 30,193,168</u>	<u>\$ 75,615,365</u>	<u>\$ 105,808,533</u>

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

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 4,865,299	\$ 461,307	\$ -	\$ 116,047
Public safety	7,674,754	1,152,995	595,514	112,580
Public works	6,155,206	359,429	-	-
Community services	4,343,053	80,771	652,691	-
Tourism and cultural services	205,896	132,279	24,313	-
Interest on long-term debt	582,045	-	-	-
Total governmental activities	<u>23,826,253</u>	<u>2,186,781</u>	<u>1,272,518</u>	<u>228,627</u>
Business-type activities:				
Water	9,096,273	14,953,542	20,169	-
Wastewater	4,779,128	8,110,864	44,361	103,632
Solid waste	3,341,035	4,589,223	-	-
Total business-type activities	<u>17,216,436</u>	<u>27,653,629</u>	<u>64,530</u>	<u>103,632</u>
Total primary government	<u>\$ 41,042,689</u>	<u>\$ 29,840,410</u>	<u>\$ 1,337,048</u>	<u>\$ 332,259</u>

General revenues:

Taxes:

- Property
- Sales
- Franchise
- Other

Unrestricted investment earnings

Gain on disposal of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

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

Net (Expense) Revenues and Changes in Net Position

Primary Government		
Governmental Activities	Business-type Activities	Total
\$(4,287,945)	\$ -	\$(4,287,945)
(5,813,665)	-	(5,813,665)
(5,795,777)	-	(5,795,777)
(3,609,591)	-	(3,609,591)
(49,304)	-	(49,304)
(582,045)	-	(582,045)
<u>(20,138,327)</u>	<u>-</u>	<u>(20,138,327)</u>
-	5,877,438	5,877,438
-	3,479,729	3,479,729
<u>-</u>	<u>1,248,188</u>	<u>1,248,188</u>
<u>-</u>	<u>10,605,355</u>	<u>10,605,355</u>
(20,138,327)	10,605,355	(9,532,972)
5,432,756	-	5,432,756
6,726,868	-	6,726,868
2,073,036	-	2,073,036
889,203	-	889,203
274,573	53,314	327,887
670,466	-	670,466
158,219	474,384	632,603
<u>5,675,280</u>	<u>(5,675,280)</u>	<u>-</u>
<u>21,900,401</u>	<u>(5,147,582)</u>	<u>16,752,819</u>
1,762,074	5,457,773	7,219,847
28,431,094	70,157,592	98,588,686
<u>\$ 30,193,168</u>	<u>\$ 75,615,365</u>	<u>\$ 105,808,533</u>

CITY OF HUNTSVILLE, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

	<u>General</u>	<u>Street Special Revenue</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 2,670,947	\$ 724,373	\$ 274,046	\$ 2,005,778	\$ 5,675,144
Investments	6,800,218	136,932	-	2,545,336	9,482,486
Receivables (net of allowance for uncollectibles):					
Accounts	96,534	1,021	-	259	97,814
Taxes	1,428,630	312,482	127,835	64,738	1,933,685
Intergovernmental	255,421	-	-	281,174	536,595
Interest	34,929	646	-	18,715	54,290
Other	2,172	-	-	-	2,172
Due from other funds	405,033	3,420	-	2,754	411,207
Inventory	111,172	17,720	-	-	128,892
Property held for sale	-	-	-	14,253	14,253
Prepays	<u>4,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,480</u>
 Total assets	 <u>\$ 11,809,536</u>	 <u>\$ 1,196,594</u>	 <u>\$ 401,881</u>	 <u>\$ 4,933,007</u>	 <u>\$ 18,341,018</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	354,855	139,730	-	265,596	760,181
Accrued liabilities	372,431	40,816	-	29,723	442,970
Due to other funds	-	-	-	103,674	103,674
Due to other governments	112,116	-	-	37,037	149,153
Deferred revenue	245,180	608,968	121,394	-	975,542
Other liabilities	<u>79,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,642</u>
Total liabilities	<u>1,164,224</u>	<u>789,514</u>	<u>121,394</u>	<u>436,030</u>	<u>2,511,162</u>
Fund balances:					
Nonspendable	115,652	17,720	-	461,787	595,159
Restricted	-	389,360	280,487	1,829,701	2,499,548
Assigned	2,929,319	-	-	2,205,489	5,134,808
Unassigned	<u>7,600,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,600,341</u>
Total fund balances	<u>10,645,312</u>	<u>407,080</u>	<u>280,487</u>	<u>4,496,977</u>	<u>15,829,856</u>
 Total liabilities and fund balances	 <u>\$ 11,809,536</u>	 <u>\$ 1,196,594</u>	 <u>\$ 401,881</u>	 <u>\$ 4,933,007</u>	 <u>\$ 18,341,018</u>

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

CITY OF HUNTSVILLE, TEXAS

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

SEPTEMBER 30, 2013

Total fund balances - governmental funds balance sheet	\$ 15,829,856
Amounts reported for governmental activities in the statement of net assets are different	
Capital assets used in governmental activities are not reported in the funds.	29,099,791
Property taxes receivable and related penalties and interest are unavailable to pay for current period expenditures are determined in the funds.	270,979
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	95,595
Payables for bond interest which are not due in the current period are not reported in the funds.	(67,602)
The investment in joint venture is not considered a financial asset. Therefore, this is not reported in the governmental funds balance sheet.	235,439
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities consist of:	
Bonds payable	(15,527,852)
Bond premiums	(116,801)
Compensated absences	(1,130,332)
Net OPEB obligation	(2,285,444)
Contractual obligation	(2,875,916)
Deferred charges recognized on Statement of Net Position, not recognized in governmental balance sheet: Deferred bond issue costs	291,305
The assets and liabilities of Internal Service Funds are included in governmental activities in the statement of net position.	<u>6,374,150</u>
Net position of governmental activities - statement of net position	\$ <u><u>30,193,168</u></u>

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

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	General	Street Special Revenue	Debt Service	Other Governmental	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 3,336,837	\$ -	\$ 1,846,966	\$ 101,213	\$ 5,285,016
Sales	6,726,868	-	-	-	6,726,868
Franchise	-	2,073,036	-	-	2,073,036
Other	100,670	-	-	788,533	889,203
Licenses and permits	358,849	-	-	-	358,849
Charges for sales and services	452,214	67,838	-	396,315	916,367
Fines, fees, and forfeitures	805,519	-	-	53,242	858,761
Donations, contributions, and grants	362,680	-	-	877,449	1,240,129
Investment income	26,672	1,002	71	11,391	39,136
Miscellaneous	438,603	1,901	-	21,964	462,468
Total revenues	12,608,912	2,143,777	1,847,037	2,250,107	18,849,833
EXPENDITURES					
Current:					
General government	4,620,721	-	-	157	4,620,878
Public safety	5,968,361	-	-	878,906	6,847,267
Public works	2,054,860	2,500,926	-	1,386,602	5,942,388
Community services	2,887,150	-	-	1,440,141	4,327,291
Tourism and cultural services	205,896	-	-	-	205,896
Debt service:					
Principal retirement	-	-	1,477,000	-	1,477,000
Interest and fiscal charges	-	-	572,501	-	572,501
Total expenditures	15,736,988	2,500,926	2,049,501	3,705,806	23,993,221
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,128,076)	(357,149)	(202,464)	(1,455,699)	(5,143,388)
OTHER FINANCING SOURCES (USES)					
Transfers in	4,880,814	1,344,946	166,841	1,188,543	7,581,144
Transfers out	(989,185)	(731,074)	-	(280,605)	(2,000,864)
Sale of capital assets	666,490	-	-	16,140	682,630
Total other financing sources (uses)	4,558,119	613,872	166,841	924,078	6,262,910
NET CHANGE IN FUND BALANCES	1,430,043	256,723	(35,623)	(531,621)	1,119,522
FUND BALANCES, BEGINNING	9,215,269	150,357	316,110	5,028,598	14,710,334
FUND BALANCES, ENDING	\$ 10,645,312	\$ 407,080	\$ 280,487	\$ 4,496,977	\$ 15,829,856

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

CITY OF HUNTSVILLE, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Net change in fund balances - total governmental funds	\$ 1,119,522
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount of capital assets recorded in the current period.	1,524,051
Depreciation on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds.	(2,106,278)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Repayment of principal of long-term debt	1,477,000
Amortization of:	
Bond issuance costs - deferred charges	(40,611)
Bond premium	12,978
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	44,771
Property tax penalties and interest	102,969
Change in equity interest in joint venture	235,439
Court fines and fees	9,569
Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	109,824
Net OPEB obligation	(266,363)
Legal judgment	434,708
Contractual obligation	103,647
Interest is accrued in the government-wide financial statements but not at the fund level. This represents the change in the accrual during the period.	18,089
The net revenue (expense) of internal service funds is reported with governmental activities.	(1,017,241)
Change in net position of governmental activities - statement of activities	\$ <u>1,762,074</u>

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

CITY OF HUNTSVILLE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2013

	Enterprise Funds		
	Water	Wastewater	Solid Waste
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,654,949	\$ 2,873,587	\$ 1,036,508
Investments	3,812,926	4,732,157	1,965,568
Accounts receivable (net of allowance for uncollectibles):			
Accounts	1,735,010	824,470	467,840
Intergovernmental	103	91,589	-
Interest	18,190	38,074	6,830
Due from other funds	238,017	-	-
Inventories	157,359	12,385	-
Prepays	-	-	-
Restricted assets:			
Cash and cash equivalents	416,127	952,371	32,439
Investments	200,000	1,300,000	-
Total current assets	<u>11,232,681</u>	<u>10,824,633</u>	<u>3,509,185</u>
Noncurrent assets:			
Investment in joint venture	-	6,047	-
Deferred charges	441,715	62,615	-
Capital assets not being depreciated	2,047,144	2,132,187	-
Capital assets (net of accumulated depreciation)	49,369,076	31,583,670	489,344
Total noncurrent assets	<u>51,857,935</u>	<u>33,784,519</u>	<u>489,344</u>
Total assets	<u>63,090,616</u>	<u>44,609,152</u>	<u>3,998,529</u>
LIABILITIES			
Current liabilities:			
Accounts payable	185,537	160,681	69,163
Accrued liabilities	57,630	47,739	33,803
Customer deposits	321,306	283,994	329,832
Liabilities payable from restricted assets:			
Accrued interest payable	137,499	21,410	-
Due to other funds	-	73,264	279,348
Due to other governments	-	8,551	24,692
Noncurrent liabilities due with one year	3,292,374	1,409,914	30,696
Total current liabilities	<u>3,994,346</u>	<u>2,005,553</u>	<u>767,534</u>
Noncurrent liabilities:			
Due in more than one year	23,066,516	5,923,398	325,585
Total noncurrent liabilities	<u>23,066,516</u>	<u>5,923,398</u>	<u>325,585</u>
Total liabilities	<u>27,060,862</u>	<u>7,928,951</u>	<u>1,093,119</u>
NET POSITION			
Net investment in capital assets	25,497,109	26,740,453	489,344
Unrestricted	10,532,645	9,939,748	2,416,066
Total net position	<u>\$ 36,029,754</u>	<u>\$ 36,680,201</u>	<u>\$ 2,905,410</u>

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

<u>Total Enterprise</u>	<u>Internal Service</u>
\$ 8,565,044	\$ 874,379
10,510,651	2,038,199
3,027,320	16,725
91,692	-
63,094	19,593
238,017	-
169,744	-
-	11,605
1,400,937	-
<u>1,500,000</u>	<u>-</u>
<u>25,566,499</u>	<u>2,960,501</u>
6,047	-
504,330	-
4,179,331	-
<u>81,442,090</u>	<u>3,721,133</u>
<u>86,131,798</u>	<u>3,721,133</u>
<u>111,698,297</u>	<u>6,681,634</u>
415,381	114,546
139,172	-
935,132	-
158,909	-
352,612	192,938
33,243	-
4,732,984	-
<u>6,767,433</u>	<u>307,484</u>
<u>29,315,499</u>	<u>-</u>
<u>29,315,499</u>	<u>-</u>
<u>36,082,932</u>	<u>307,484</u>
52,726,906	3,721,133
<u>22,888,459</u>	<u>2,653,017</u>
<u>\$ 75,615,365</u>	<u>\$ 6,374,150</u>

CITY OF HUNTSVILLE, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Enterprise Funds		
	Water	Wastewater	Solid Waste
OPERATING REVENUES			
Charges for services:			
Water sales	\$ 14,768,995	\$ -	\$ -
Wastewater sales and services	-	8,033,870	-
Solid waste fees - residential and commercial	-	-	3,751,972
Solid waste fees - disposal	-	-	837,251
Inter-department services	-	-	-
Total service charges	<u>14,768,995</u>	<u>8,033,870</u>	<u>4,589,223</u>
Service fees and miscellaneous:			
Tap and connection fees	184,547	76,994	-
Customer penalties and miscellaneous	174,909	232,607	66,868
Total service fees and miscellaneous	<u>359,456</u>	<u>309,601</u>	<u>66,868</u>
Total operating revenues	<u>15,128,451</u>	<u>8,343,471</u>	<u>4,656,091</u>
OPERATING EXPENSES			
Administration	95,317	427,811	478,533
Water production and distribution	5,877,720	-	-
Wastewater collection and treatment	-	2,449,922	-
Solid waste collection and disposal	-	-	2,770,359
Utility billing/customer service	463,044	-	-
Lab/compliance	-	256,775	-
Equipment replacement	-	-	-
Depreciation	1,907,205	1,419,259	92,143
Total operating expenses	<u>8,343,286</u>	<u>4,553,767</u>	<u>3,341,035</u>
OPERATING INCOME (LOSS)	<u>6,785,165</u>	<u>3,789,704</u>	<u>1,315,056</u>
NONOPERATING REVENUES (EXPENSES)			
Grants and contributions	20,169	44,361	-
Interest income	54,754	(3,821)	2,381
Loss on disposal of property	-	(2,057)	-
Interest expense	(752,987)	(223,304)	-
Total nonoperating revenues (expenses)	<u>(678,064)</u>	<u>(184,821)</u>	<u>2,381</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	6,107,101	3,604,883	1,317,437
Capital contributions	-	103,632	-
Loss on disposal of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	(2,678,413)	(2,154,705)	(842,162)
CHANGE IN NET POSITION	3,428,688	1,553,810	475,275
NET POSITION, BEGINNING	<u>32,601,066</u>	<u>35,126,391</u>	<u>2,430,135</u>
NET POSITION, ENDING	<u>\$ 36,029,754</u>	<u>\$ 36,680,201</u>	<u>\$ 2,905,410</u>

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

<u>Total Enterprise</u>	<u>Internal Service</u>
\$ 14,768,995	\$ -
8,033,870	-
3,751,972	-
837,251	-
-	4,049,633
<u>27,392,088</u>	<u>4,049,633</u>
261,541	-
474,384	33,680
<u>735,925</u>	<u>33,680</u>
<u>28,128,013</u>	<u>4,083,313</u>
1,001,661	3,699,252
5,877,720	-
2,449,922	-
2,770,359	-
463,044	-
256,775	-
-	115,746
<u>3,418,607</u>	<u>1,393,813</u>
<u>16,238,088</u>	<u>5,208,811</u>
<u>11,889,925</u>	<u>(1,125,498)</u>
64,530	-
53,314	25,421
(2,057)	-
(976,291)	-
<u>(860,504)</u>	<u>25,421</u>
11,029,421	(1,100,077)
103,632	(12,164)
-	95,000
(5,675,280)	-
5,457,773	(1,017,241)
<u>70,157,592</u>	<u>7,391,391</u>
<u>\$ 75,615,365</u>	<u>\$ 6,374,150</u>

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Enterprise Funds			Total Enterprise	Internal Service
	Water	Wastewater	Solid Waste		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 14,990,276	\$ 8,361,147	\$ 4,642,627	\$ 27,994,050	\$ -
Interfund services provided and used	-	-	-	-	4,643,992
Cash payments to employees for services	(1,478,395)	(1,341,265)	(1,285,157)	(4,104,817)	-
Cash payments to suppliers for goods and services	(4,882,139)	(1,744,740)	(2,157,528)	(8,784,407)	(3,870,367)
Net cash provided by operating activities	<u>8,629,742</u>	<u>5,275,142</u>	<u>1,199,942</u>	<u>15,104,826</u>	<u>773,625</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants	20,169	44,361	-	64,530	-
Transfers from other funds	-	-	-	-	95,000
Transfers to funds	(2,678,413)	(2,154,705)	(842,162)	(5,675,280)	-
Net cash provided (used) by noncapital financing activities	<u>(2,658,244)</u>	<u>(2,110,344)</u>	<u>(842,162)</u>	<u>(5,610,750)</u>	<u>95,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital grants	-	103,632	-	103,632	-
Principal repayment on long-term debt	(3,200,929)	(1,729,071)	-	(4,930,000)	-
Interest and fiscal charges on debt	(884,002)	(124,598)	-	(1,008,600)	-
Acquisition or construction of capital assets	(1,326,081)	(822,243)	(39,939)	(2,188,263)	(946,351)
Proceeds from the disposition of capital assets	-	-	-	-	121,300
Net used for capital and related financing activities	<u>(5,411,012)</u>	<u>(2,572,280)</u>	<u>(39,939)</u>	<u>(8,023,231)</u>	<u>(825,051)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	1,523,735	(550,166)	-	973,569	233,595
Proceeds from sale and maturities of securities	-	-	(505,452)	(505,452)	80,756
Interest and dividends on investments	66,451	(15,258)	154	51,347	20,318
Net cash provided (used) by investing activities	<u>1,590,186</u>	<u>(565,424)</u>	<u>(505,298)</u>	<u>519,464</u>	<u>334,669</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	2,150,672	27,094	(187,457)	1,990,309	378,243
CASH AND CASH EQUIVALENTS, BEGINNING					
	<u>2,920,404</u>	<u>3,798,864</u>	<u>1,256,404</u>	<u>7,975,672</u>	<u>496,136</u>
CASH AND CASH EQUIVALENTS, ENDING					
	<u>\$ 5,071,076</u>	<u>\$ 3,825,958</u>	<u>\$ 1,068,947</u>	<u>\$ 9,965,981</u>	<u>\$ 874,379</u>

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

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Enterprise Funds			Total Enterprise	Internal Service
	Water	Wastewater	Solid Waste		
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 6,785,165	\$ 3,789,704	\$ 1,315,056	\$ 11,889,925	\$(1,125,498)
Adjustments to reconcile operating income to net cash used by operating activities:					
Depreciation	1,907,205	1,419,259	92,143	3,418,607	1,393,813
Change in assets and liabilities:					
Decrease (increase) in prepaid expenses	-	-	-	-	(11,605)
Decrease (increase) in receivables	(384,463)	17,676	(14,087)	(380,874)	137,017
Decrease (increase) in inventories	(34,908)	(8,854)	-	(43,762)	-
Decrease (increase) in interfund receivables	246,288	-	-	246,288	257,981
Increase (decrease) in accounts payable	50,673	42,338	3,861	96,872	(12,126)
Increase (decrease) in accrued liabilities	(12,182)	(14,771)	(22,760)	(49,713)	-
Increase (decrease) in customer deposits	35,082	23,257	32,734	91,073	-
Increase (decrease) in compensated absences	-	-	(15,282)	(15,282)	-
Increase (decrease) in interfund payables	-	(24,202)	(218,770)	(242,972)	134,043
Increase (decrease) in net OPEB obligation	<u>36,882</u>	<u>30,735</u>	<u>27,047</u>	<u>94,664</u>	<u>-</u>
Total adjustments	<u>1,844,577</u>	<u>1,485,438</u>	<u>(115,114)</u>	<u>3,214,901</u>	<u>1,899,123</u>
Net cash provided (used) by operating activities	<u>\$ 8,629,742</u>	<u>\$ 5,275,142</u>	<u>\$ 1,199,942</u>	<u>\$ 15,104,826</u>	<u>\$ 773,625</u>

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CITY OF HUNTSVILLE, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2013

	<u>PEB Trust Medical</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 15,354
Restricted assets:		
Cash and cash equivalents	7	-
Investments:		
Money market	12,409	-
Mutual funds	<u>2,678,165</u>	<u>-</u>
Total assets	<u>2,690,581</u>	<u>15,354</u>
LIABILITIES		
Accounts payable	<u>-</u>	<u>15,354</u>
Total liabilities	<u>-</u>	<u>15,354</u>
NET POSITION		
Held in trust for other postemployment benefits	<u>\$ 2,690,581</u>	<u>\$ -</u>

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

CITY OF HUNTSVILLE, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	PEB Trust Medical
ADDITIONS	
Investment income	\$ 66,300
Net increase in fair value of investments	238,106
Employer contributions	395,000
Total additions	699,406
DEDUCTIONS	
Total deductions	-
CHANGE IN NET POSITION	699,406
NET POSITION, BEGINNING	1,991,175
NET POSITION, ENDING	\$ 2,690,581

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

**NOTES TO THE
FINANCIAL STATEMENTS**

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CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

Governmental Fund Types

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds (in the fund financial statements) is on the sources, uses and balance of current financial resources and include the General Fund, 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 franchise tax revenues which have been restricted by enabling legislation for expenditures for street repairs and improvements.

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.

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.

Additionally, the government reports the following fund types:

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

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

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

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

Other Post-Employment Benefits (OPEB) Trust – The PEB Trust Medical fund is used to account for the City’s other post-employment benefit trust fund, which accumulates resources for the payment of medical costs associated with the City’s other post-employment benefit plan.

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

Measurement Focus and Basis of Accounting

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

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

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

Ad valorem, sales, hotel, and franchise tax revenues recorded in the Governmental 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.

D. Assets, Liabilities and Net Position or Equity

Cash and Investments

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

Texas State law requires the City to adopt written investment policies. The City's investment policies are reviewed each year by Council and were last amended on September 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; and
- 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's 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.

Restricted Assets

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

Property Taxes and Other Receivables

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

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

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. The net receivables collected during 2013 and those considered “available” at year-end are recognized as revenues in 2013. The City considers property taxes available if they are collected within 60 days after year-end. Prior year levies were recorded using these same principles. The remaining receivables are reflected as deferred revenue.

In accordance with governing statutes, property taxes were levied on October 1, 2012, to provide a revenue source to be used to finance the current year's budget. Taxes levied on October 1, 2012, were due and payable by January 31, 2013. On January 1, 2013, 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, 2013, unpaid taxes began to accrue a penalty and interest charge until paid. On July 1, 2013, after levy, delinquent taxes were turned over to the City's delinquent tax attorney for collection and/or filing of suit for collection. The City is prohibited from charging off real property taxes without specific statutory authority from the Texas Legislature.

Inventories

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.

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.

Compensated Absences

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

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available. Donated assets are 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

Long-term Obligations

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

Bond 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 another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types and on the government-wide statements, premiums and discounts, 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.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principle on-going operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fund Balance Classification

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used. The classifications, promulgated by GASB 54, apply to the governmental fund types.

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

In the General Fund, the City strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 16.67% of annual budgeted expenditures.

New Accounting Principles

Significant new accounting standards not yet implemented by the City include the following.

Statement No. 65 (“GASB 65”), *Items Previously Reported as Assets and Liabilities*, is effective for periods beginning after December 15, 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Statement No. 68 (“GASB 68”), *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, is effective for periods beginning after June 15, 2014. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

II. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Cash Deposits	\$ 1,540,699	-
Certificates of Deposit	6,014,901	-
Money Market	7,873,670	-
Mutual Funds	5,664,481	-
TexPool Prime	613,850	38
Texas CLASS	464,924	34
LOGIC	23,009	57
U. S. Agency Securities	4,518,059	1,449
Municipal Bonds	<u>16,039,182</u>	712
Total portfolio	<u>\$ 42,752,775</u>	
Portfolio weighted average maturity (days)		458

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

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.

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

As of September 30, 2013, the City's deposit balances were fully collateralized by securities held by the financial institution in the City's name or by Federal Deposit Insurance Corporation ("FDIC") insurance.

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

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

Receivables

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

Governmental Funds	Street				Total
	General	Special Revenue	Debt Service	Nonmajor Governmental	
Accounts	\$ 478,915	\$ 1,021	\$ -	\$ 259	\$ 480,195
Taxes	1,484,999	312,482	172,750	64,738	2,034,969
Intergovernmental	255,421	-	-	281,174	536,595
Interest	34,929	646	-	18,715	54,290
Other	2,172	-	-	-	2,172
Gross Receivables	2,256,436	314,149	172,750	364,886	3,108,221
Less: Allowance for uncollectibles	(438,750)	-	(44,915)	-	(483,665)
Net receivables	<u>\$ 1,817,686</u>	<u>\$ 314,149</u>	<u>\$ 127,835</u>	<u>\$ 364,886</u>	<u>\$ 2,624,556</u>

Proprietary Funds

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Internal Service</u>	<u>Total</u>
Accounts	\$ 1,742,746	\$ 838,624	\$ 478,867	\$ 16,725	\$ 3,076,962
Intergovernmental	103	91,589	-	-	91,692
Interest	<u>18,190</u>	<u>38,074</u>	<u>6,830</u>	<u>19,593</u>	<u>82,687</u>
Gross Receivables	1,761,039	968,287	485,697	36,318	3,251,341
Less: Allowance for uncollectibles	<u>(7,736)</u>	<u>(14,154)</u>	<u>(11,027)</u>	<u>-</u>	<u>(32,917)</u>
Net receivables	<u>\$ 1,753,303</u>	<u>\$ 954,133</u>	<u>\$ 474,670</u>	<u>\$ 36,318</u>	<u>\$ 3,218,424</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Governmental funds:		
Franchise taxes	\$ -	\$ 608,968
Delinquent property taxes receivable - general	88,969	-
Delinquent property taxes receivable - debt service	79,041	-
Property tax penalties and interest receivable - general	60,616	-
Property tax penalties and interest receivable - debt service	42,353	-
Municipal court fines	<u>95,595</u>	<u>-</u>
Total	<u>\$ 366,574</u>	<u>\$ 608,968</u>

Interfund Balances and Activity

Due to and From Other Funds

Balances due to and due from other funds at September 30, 2013, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 97,500
	Solid waste	114,595
	Internal service	<u>192,938</u>
	Total General	<u>405,033</u>
Water	Wasterwater	73,264
	Solid waste	<u>164,753</u>
	Total Water	<u>238,017</u>
Street Special Revenue	Nonmajor governmental	3,420
Nonmajor governmental	Nonmajor governmental	<u>2,754</u>
		<u>\$ 649,224</u>

Interfund balances for all of the funds are created by short-term deficiencies in cash position in the individual fund. It is anticipated that the balances will be repaid within one year or less.

Transfers to and From Other Funds

Transfers to and from other funds at September 30, 2013, consisted of the following:

	<u>Transfers to</u>					<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Street Special Revenue</u>	<u>Nonmajor Governmental</u>	<u>Internal Service</u>	
Transfers from:						
General	\$ -	\$ -	\$ -	\$ 988,685	\$ 500	\$ 989,185
Street special revenue	709,354	-	-		21,720	731,074
Nonmajor governmental	51,746	166,841	-	59,858	2,160	280,605
Water	2,037,537	-	555,046	60,000	25,830	2,678,413
Wastewater	1,439,860	-	630,995	60,000	23,850	2,154,705
Solid waste	<u>642,317</u>	<u>-</u>	<u>158,905</u>	<u>20,000</u>	<u>20,940</u>	<u>842,162</u>
Total	<u>\$ 4,880,814</u>	<u>\$ 166,841</u>	<u>\$ 1,344,946</u>	<u>\$ 1,188,543</u>	<u>\$ 95,000</u>	<u>\$ 7,676,144</u>

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

- Transfers from the Water fund for \$555,046, Wastewater fund for \$294,388 and Solid Waste fund for \$158,905 to the Street Special Revenue fund in order to offset the Street Special Revenue fund's cost of maintaining public streets and right-of-ways for use in operating the water, wastewater, and solid waste utilities. Also, the Wastewater fund transferred \$336,607 to the Street Special Revenue fund to cover drainage expenditures related to maintenance and street sweeping.
- The City's budget provides that the General fund will contribute funding to various funds where budgeted expenditures are in excess of expected revenues. The General fund contributed to the following funds:
 - Airport fund – \$331,880
 - School Resource Officer fund – \$101,682
 - Arts Center fund – \$52,123
- The General fund received transfers of \$2,032,797 from the Water fund, \$1,434,990 from the Wastewater fund, \$630,957 from the Solid Waste fund, and \$702,984 from the Street Special Revenue fund. These transfers were paid to help offset the cost of various operating expenditures in the General fund.
- Additionally, \$680,302 was transferred into various capital project funds to fund construction and capital acquisition projects for the City.

Fund Balance

As of September 30, 2013, governmental fund balance consisted of the following:

	General	Street Special Revenue	Debt Service	Other Governmental	Total Governmental Funds
Fund balances:					
Nonspendable					
Inventory	\$ 111,172	\$ 17,720	\$ -	\$ -	\$ 128,892
Prepays	4,480	-	-	-	4,480
Library endowment	-	-	-	106,914	106,914
Cemetery endowment	-	-	-	354,873	354,873
Restricted for:					
Street improvements and repairs	-	389,360	-	-	389,360
Debt service	-	-	280,487	-	280,487
Promotion of tourism	-	-	-	1,065,533	1,065,533
Court technology and security	-	-	-	135,414	135,414
Purpose of grantors, trustees and donors	-	-	-	475,291	475,291
Law enforcement	-	-	-	111,161	111,161
Construction of capital assets	-	-	-	42,302	42,302
Assigned for:					
Subsequent year's budget					
appropriation of fund balance	2,929,319	-	-	-	2,929,319
Construction of capital assets	-	-	-	2,205,489	2,205,489
Unassigned	<u>7,600,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,600,341</u>
Total fund balances	<u>\$ 10,645,312</u>	<u>\$ 407,080</u>	<u>\$ 280,487</u>	<u>\$ 4,496,977</u>	<u>\$ 15,829,856</u>

Capital Assets

Capital asset activity for the year ended September 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,872,245	\$ -	\$ -	\$ 1,872,245
Construction in progress	<u>1,066,880</u>	<u>1,433,774</u>	<u>840,703</u>	<u>1,659,951</u>
Total capital assets not being depreciated	<u>2,939,125</u>	<u>1,433,774</u>	<u>840,703</u>	<u>3,532,196</u>
Capital assets being depreciated:				
Buildings and improvements	13,803,569	-	-	13,803,569
Machinery, furniture, and equipment	20,872,049	1,036,629	785,354	21,123,324
Improvements other than buildings	13,296,212	71,304	-	13,367,516
Infrastructure	<u>34,458,849</u>	<u>769,398</u>	<u>-</u>	<u>35,228,247</u>
Total capital assets being depreciated	<u>82,430,679</u>	<u>1,877,331</u>	<u>785,354</u>	<u>83,522,656</u>
Less accumulated depreciation for:				
Buildings and improvements	4,996,638	573,445	-	5,570,083
Machinery, furniture, and equipment	15,042,968	1,550,680	651,890	15,941,758
Improvements other than buildings	5,693,577	419,177	-	6,112,754
Infrastructure	<u>25,652,544</u>	<u>956,789</u>	<u>-</u>	<u>26,609,333</u>
Total accumulated depreciation	<u>51,385,727</u>	<u>3,500,091</u>	<u>651,890</u>	<u>54,233,928</u>
Total capital assets being depreciated, net	<u>31,044,952</u>	<u>(1,622,760)</u>	<u>133,464</u>	<u>29,288,728</u>
Governmental activities capital assets, net	<u>\$ 33,984,077</u>	<u>\$ (188,986)</u>	<u>\$ 974,167</u>	<u>\$ 32,820,924</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 782,325	\$ -	\$ -	\$ 782,325
Construction in progress	2,763,404	1,722,917	1,089,315	3,397,006
Total capital assets not being depreciated	<u>3,545,729</u>	<u>1,722,917</u>	<u>1,089,315</u>	<u>4,179,331</u>
Capital assets being depreciated:				
Buildings and improvements	1,887,041	36,000	-	1,923,041
Machinery, furniture, and equipment	2,286,886	61,283	4,800	2,343,369
Improvements other than buildings	398,950	-	-	398,950
Water rights	51,336,066	-	-	51,336,066
Infrastructure	82,660,879	1,456,060	-	84,116,939
Total capital assets being depreciated	<u>138,569,822</u>	<u>1,553,343</u>	<u>4,800</u>	<u>140,118,365</u>
Less accumulated depreciation for:				
Buildings and improvements	1,240,412	71,326	-	1,311,738
Machinery, furniture, and equipment	1,580,876	202,232	2,741	1,780,367
Improvements other than buildings	138,432	18,181	-	156,613
Water rights	15,564,362	1,032,312	-	16,596,674
Infrastructure	36,736,327	2,094,556	-	38,830,883
Total accumulated depreciation	<u>55,260,409</u>	<u>3,418,607</u>	<u>2,741</u>	<u>58,676,275</u>
Total capital assets being depreciated, net	<u>83,309,413</u>	<u>(1,865,264)</u>	<u>2,059</u>	<u>81,442,090</u>
Business-type activities capital assets, net	<u>\$ 86,855,142</u>	<u>\$(142,347)</u>	<u>\$ 1,091,374</u>	<u>\$ 85,621,421</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 1,251,721
Public works	1,495,129
Community services	485,814
Public safety	<u>267,427</u>
Total governmental activities depreciation	<u>\$ 3,500,091</u>
Business-type activities:	
Water production and distribution	\$ 1,907,205
Wastewater collection and treatment	1,419,259
Solid waste disposal and collection	<u>92,143</u>
Total business-type activities depreciation	<u>\$ 3,418,607</u>

Long-term Obligations

Long-term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2013, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>						
General obligation bonds	\$ 12,279,852	\$ -	\$(1,302,000)	\$ -	\$ 10,977,852	\$ 1,363,198
Certificates of obligation	4,725,000	-	(175,000)	-	4,550,000	185,000
Premium on bond issuance	129,779	-	(12,978)	-	116,801	-
Compensated absences	1,240,156	1,017,463	(1,127,287)	-	1,130,332	282,583
Legal judgment - taxrefund	434,708	-	-	(434,708)	-	-
OPEB obligations	2,019,081	266,363	-	-	2,285,444	-
Developer TIRZ	2,979,563	-	(101,214)	(2,433)	2,875,916	118,672
Total governmental activities	<u>\$ 23,808,139</u>	<u>\$ 1,283,826</u>	<u>\$(2,718,479)</u>	<u>\$(437,141)</u>	<u>\$ 21,936,345</u>	<u>\$ 1,949,453</u>
<u>Business-type activities:</u>						
TRA contract revenue bonds	\$ 26,970,000	\$ -	\$(3,360,000)	\$ -	\$ 23,610,000	\$ 1,040,000
Revenue bonds	4,000,000	-	(960,000)	-	3,040,000	2,985,000
General obligation bonds	5,396,148	-	(610,000)	-	4,786,148	623,802
Premium on bond issuance	1,868,549	-	(207,617)	-	1,660,932	-
Deferred loss on refunding	(227,885)	-	25,320	-	(202,565)	-
Compensated absences	349,135	357,281	(369,687)	-	336,729	84,182
OPEB obligations	722,575	94,664	-	-	817,239	-
Total business-type activities	<u>\$ 39,078,522</u>	<u>\$ 451,945</u>	<u>\$(5,481,984)</u>	<u>\$ -</u>	<u>\$ 34,048,483</u>	<u>\$ 4,732,984</u>

For governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated absences	Governmental	General
OPEB Obligations	Governmental	General
Developer TIRZ	Governmental	General

Debt Service Requirements

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,548,198	\$ 524,464	\$ 2,072,662
2015	1,591,069	483,673	2,074,742
2016	1,631,813	439,484	2,071,297
2017	1,694,152	390,749	2,084,901
2018	1,744,889	337,707	2,082,596
2019-2023	4,267,731	1,072,606	5,340,337
2024-2028	1,830,000	516,647	2,346,647
2029-2032	1,220,000	156,750	1,376,750
Total	<u>\$ 15,527,852</u>	<u>\$ 3,922,080</u>	<u>\$ 19,449,932</u>

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2014	\$ 4,648,802	\$ 485,891	\$ 5,134,693
2015	4,755,931	436,725	5,192,656
2016	4,874,187	384,770	5,258,957
2017	3,681,849	309,048	3,990,897
2018	3,571,111	245,735	3,816,846
2019-2022	<u>9,904,268</u>	<u>336,910</u>	<u>10,241,178</u>
Total	<u>\$ 31,436,148</u>	<u>\$ 2,199,079</u>	<u>\$ 33,635,227</u>

At September 30, 2013, there were no authorized or unissued general obligation or revenue bonds, and the City is in compliance with all bond ordinances.

Revenue Debt

A summary of revenue debt outstanding at September 30, 2013, follows:

\$1,795,000 2010A TRA Refunding Contract Revenue Bonds due in installments of \$220,000 to \$275,000 through 2016, interest rates from 2.00% - 2.25%.	\$ 810,000
\$1,755,000 2010B TRA Refunding Contract Revenue Bonds due in installments of \$160,000 to \$215,000 through 2018, interest rates from 2.00% - 3.00%.	1,030,000
\$6,725,000 2010C TRA Contract Refunding Revenue Bonds due in installments of \$490,000 to \$730,000 through 2020, interest rates from 1.00% - 4.79%.	4,540,000
\$4,970,000 2011 Waterworks and Sewer System Revenue Refunding Bonds, Series 2011 due in installments of \$40,000 to \$1,045,000, with an interest rate of 2.40%.	3,040,000
\$19,190,000 2012 TRA Contract Revenue Bonds due in installments of \$1,920,000 to \$2,340,000 through 2021, interest rates from 2.00% - 4.00%.	<u>17,230,000</u>
Total outstanding revenue debt as of September 30, 2013	<u>\$ 26,650,000</u>

Tax Supported Debt

A summary of tax-supported debt outstanding at September 30, 2013, follows:

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.	\$ 4,050,000
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 principal each February 15, beginning February 15, 2005, and interest payments due each February 15 and August 15, beginning February 15, 2005.	500,000
\$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%.	1,044,000
\$6,405,000 General Obligation Refunding Bonds, Series 2009, dated March 15, 2009, to refund Certificate of Obligation Series 1992 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%.	4,260,000
\$3,500,000 General Obligation Bonds, Series 2010, dated April 15, 2010, to finance expansion and renovation of the municipal library. Due in annual installments of \$170,000 - \$295,000 with interest rates of 0.60% - 4.15%.	2,920,000
\$8,150,000 General Obligation Bonds, Series 2012, dated July 23, 2012, to refund Waterworks and Sewer System Revenue Bonds, Series 2002 in the amount of \$4,440,000, Combination Tax and Revenue Certificates of Obligation, Series 2004 in the amount of \$270,000, and General Obligation Refunding Bonds, Series 2005 in the amount of \$2,575,000. Due in annual installments of \$475,000 - \$1,060,000 with interest rates of 2.0% - 3.0%.	<u>7,540,000</u>
Total outstanding tax supported debt as of September 30, 2013	\$ <u>20,314,000</u>

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 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.

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

Raw Water Supply Contract

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

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

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

Pension Plan

Plan Description

The City provides benefits for all of its fulltime employees through a nontraditional, joint contributory hybrid, defined benefit plan in the statewide 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, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at 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:

	<u>Plan Year 2012</u>	<u>Plan Year 2013</u>
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	0%	100% Repeating, Transfers
Annuity Increase	0% of CPI	50% of CPI

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 the net pension obligation (asset) are as follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution Made</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation/ (Assets)</u>
2011	2,179,594	2,179,594	100.00%	-
2012	1,382,723	1,382,723	100.00%	-
2013	1,519,165	1,519,165	100.00%	-

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

Valuation date	12/31/10	12/30/11	12/30/12
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 equivalent single amortization period	24.9 years; closed period	24.3 years; closed period	23.2 years; closed period
Amortization period for new gains/losses	30 years	30 years	30 years
Asset valuation method	10-year smoothed market	10-year smoothed market	10-year smoothed market
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	0%	1.5%	0%

The funded status as of December 31, 2012, 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
12/31/12	\$ 51,179,687	\$ 60,234,325	85.0%	\$ 9,054,638	\$ 12,125,250	74.7%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include the techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. 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.

Supplemental Death Benefit Plan

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 2013, 2012 and 2011, were \$3,578, \$3,552, and \$3,533, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates

<u>Plan/ Calendar Year</u>	<u>Annual Required Contribution (Rate)</u>	<u>Actual Contribution Made (Rate)</u>	<u>Percentage of ARC Contributed</u>
2011	0.03%	0.03%	100.0%
2012	0.03%	0.03%	100.0%
2013	0.03%	0.03%	100.0%

Other Postemployment Benefits

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).

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.

Retirees are eligible to participate in the plan by paying the following costs:

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

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. In fiscal year 2010-11, the City established an irrevocable trust to fund OPEB medical liabilities for retirees. The trust is reported on the statements of fiduciary net position.

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 2013 contribute \$18.00 per month depending on the coverage levels selected. For the year ended September 30, 2013, there were a total of 61 retirees in the City's health plan. Of these 61, 14 carried dependent coverage. In fiscal year 2013, total retiree contributions for retirees and dependents were \$90,661. The City contributions to the plan for fiscal year 2013, which are also equal to premiums paid in excess of premiums collected from retirees, were \$784,528.

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 Gallagher Basset. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (for funding excess) over a period not to exceed 30 years.

Annual Required Contribution (ARC)	\$ 1,115,444
Interest on net OPEB obligation	164,499
Adjustment to annual required contribution	(134,388)
Annual OPEB cost (expense)	1,145,555
Contributions made	(784,528)
Increase in net OPE B	361,027
Net OPEB obligation - beginning of year	<u>2,741,656</u>
Net OPEB obligation - end of year	<u>\$ 3,102,683</u>

The City's annual OPEB cost, the percentage of annual OPEB costs contributed to the plan, and the net OPEB obligation for the fiscal years ending 2013, 2012, and 2011 are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution Made</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net Pension Obligation/ (Assets)</u>
2011	\$ 1,616,743	\$ 1,925,825	119.12%	\$ 1,647,478
2012	1,691,662	597,484	35.32%	2,741,656
2013	1,145,555	784,528	68.48%	3,102,683

Funded Status and Funding Progress

The funded status of the plan based on an actuarial update using age-adjusted premiums as of October 1, 2012, was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL (UAAL)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
10/1/2012	\$ 2,410,646	\$ 20,630,459	11.7%	\$ 18,219,813	\$ 11,936,619	152.6%

Actuarial valuations for an ongoing plan estimate 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, medical 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.

Actuarial Methods and Assumptions

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions:

Actuarial valuation date	10/1/2011	10/1/2012
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level percent of payroll	Level percent of payroll
Remaining amortization periods	Open; 30 years	Open; 30 years
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Investment rate of return	6.00%	6.00%
Projected salary increases	3.00%	3.00%
Health care cost trend rate	10.0% initial, 4.5% ultimate	10.0% initial, 4.5% ultimate
Inflation rate	0.00%	0.00%

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:

	2013	2012
Aggregate liabilities October 1	\$ 126,672	\$ 161,200
Incurred liabilities	2,294,051	2,426,561
Paid liabilities	<u>(2,306,177)</u>	<u>(2,461,089)</u>
Aggregate liabilities September 30	\$ <u>114,546</u>	\$ <u>126,672</u>

Public Entity Risk Pool

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. In order to properly address this risk, the City is a member of the Texas Municipal League Intergovernmental Risk Pool (TML), a public entity risk pool. The City pays an annual premium to TML. The agreement with TML provides that

TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of established amounts. The City's liability for any covered claims is limited to its annual deductible.

Deferred Compensation Plan

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

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

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

Commitments and Contingencies

1. Construction Commitments

The City has various construction projects as of September 30, 2013. The City's remaining commitment to contractors for all projects is at \$1,962,362 at year-end. Projects include water and wastewater line extensions, construction of library expansion and renovation, sidewalk construction, and damage.

2. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Closure and Postclosure Care Cost

The City closed its landfill during the year ended September 30, 1994, and began transferring its solid waste to a privately operated landfill. The City has met certain deadline dates of the Environmental Protection Agency's Subtitle D landfill closure requirements and, as such, the City is exempt from any postclosure care and/or monitoring. Therefore, the City has not recorded any liability for postclosure care or monitoring. All closure costs are expensed as incurred. There were no landfill related expenses during the year ended September 30, 2013.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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CITY OF HUNTSVILLE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 3,363,009	\$ 3,363,009	\$ 3,336,837	\$(26,172)
Sales tax	6,400,000	6,400,000	6,726,868	326,868
Other taxes	90,000	90,000	100,670	10,670
Licenses and permits	316,300	316,300	358,849	42,549
Charges for sales and services	402,200	402,200	452,214	50,014
Fines, fees, and forfeitures	914,050	914,050	805,519	(108,531)
Donations, contributions, and grants	147,000	298,044	362,680	64,636
Investment income	120,300	120,300	26,672	(93,628)
Miscellaneous	112,000	112,000	438,603	326,603
Total revenue	11,864,859	12,015,903	12,608,912	593,009
EXPENDITURES				
Current:				
General government				
Charter offices				
City Council	56,875	53,875	34,451	19,424
City Manager	279,733	317,446	307,372	10,074
City Secretary	159,344	153,063	163,592	(10,529)
City Attorney	150,000	150,000	201,386	(51,386)
City Judge	50,868	53,123	49,867	3,256
Finance				
Finance and accounting	1,029,422	1,038,924	918,233	120,691
Office services	119,500	117,500	85,584	31,916
Municipal court	422,871	358,919	332,865	26,054
Purchasing	146,127	102,233	84,368	17,865
Warehouse	62,365	49,134	49,407	(273)
Human resources	388,498	368,498	348,138	20,360
Risk and safety management	207,109	207,109	130,041	77,068
Information technology	883,429	840,856	816,440	24,416
Community development	220,401	266,898	242,175	24,723
Non-departmental	466,014	632,240	856,802	(224,562)
Public safety				
Public safety administration	712,565	716,239	711,327	4,912
Police	4,454,851	4,186,411	4,029,308	157,103
Fire	1,226,133	1,351,425	1,227,726	123,699
Public works				
Public utilities administration	168,962	179,759	178,245	1,514
GIS	206,794	210,865	209,485	1,380
Customer service center	184,803	172,662	163,299	9,363
Planning	98,291	84,384	76,134	8,250
Public works administration	303,528	299,594	296,506	3,088
Engineering	404,859	421,741	349,357	72,384
Surveying	353,155	351,075	323,005	28,070
Central inspection	411,141	370,611	328,909	41,702
Health	134,194	132,046	129,920	2,126

CITY OF HUNTSVILLE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Community services				
Community services administration	262,216	249,672	243,442	6,230
Recreation	119,904	83,266	50,693	32,573
Parks maintenance	968,583	884,296	805,489	78,807
Aquatic center	225,112	230,033	203,505	26,528
Building services	571,341	545,530	389,069	156,461
Cemetery	126,490	84,250	71,373	12,877
Library services	551,724	551,724	514,268	37,456
Community service assist	-	41,550	52,329	(10,779)
Garage	597,630	601,603	556,982	44,621
Tourism and cultural services				
Gift shop	77,275	103,196	86,232	16,964
Main street	133,324	127,574	117,531	10,043
Tour guides	4,000	2,000	2,133	(133)
Total expenditures	<u>16,939,431</u>	<u>16,691,324</u>	<u>15,736,988</u>	<u>954,336</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,074,572)</u>	<u>(4,675,421)</u>	<u>(3,128,076)</u>	<u>1,547,345</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,880,814	4,880,814	4,880,814	-
Transfers out	(797,185)	(1,060,083)	(989,185)	70,898
Sale of capital assets	-	-	666,490	666,490
Total other financing sources (uses)	<u>4,083,629</u>	<u>3,820,731</u>	<u>4,558,119</u>	<u>737,388</u>
NET CHANGE IN FUND BALANCE	<u>(990,943)</u>	<u>(854,690)</u>	1,430,043	2,284,733
FUND BALANCE, BEGINNING	9,215,269	9,215,269	9,215,269	-
FUND BALANCE, ENDING	<u>\$ 8,224,326</u>	<u>\$ 8,360,579</u>	<u>\$ 10,645,312</u>	<u>\$ 2,284,733</u>

CITY OF HUNTSVILLE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STREET SPECIAL REVENUE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget - Positive (Negative)
	<u>Budget</u>	<u>Final</u>		
REVENUES				
Franchise fees	\$ 2,095,000	\$ 2,095,000	\$ 2,073,036	\$(21,964)
Charges for sales and services	92,500	92,500	67,838	(24,662)
Investment income	1,000	1,000	1,002	2
Miscellaneous	-	-	1,901	1,901
Total revenue	<u>2,188,500</u>	<u>2,188,500</u>	<u>2,143,777</u>	<u>(44,723)</u>
EXPENDITURES				
Public works	<u>2,731,745</u>	<u>2,752,143</u>	<u>2,500,926</u>	<u>251,217</u>
Total expenditures	<u>2,731,745</u>	<u>2,752,143</u>	<u>2,500,926</u>	<u>251,217</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES				
	<u>(543,245)</u>	<u>(563,643)</u>	<u>(357,149)</u>	<u>206,494</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,344,727	1,344,727	1,344,946	219
Transfers out	<u>(731,074)</u>	<u>(731,074)</u>	<u>(731,074)</u>	<u>-</u>
Total other financing sources (uses)	<u>613,653</u>	<u>613,653</u>	<u>613,872</u>	<u>219</u>
NET CHANGE IN FUND BALANCE				
	70,408	50,010	256,723	206,713
FUND BALANCE, BEGINNING				
	<u>150,357</u>	<u>150,357</u>	<u>150,357</u>	<u>-</u>
FUND BALANCE, ENDING				
	<u>\$ 220,765</u>	<u>\$ 200,367</u>	<u>\$ 407,080</u>	<u>\$ 206,713</u>

CITY OF HUNTSVILLE, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

SEPTEMBER 30, 2013

TEXAS MUNICIPAL RETIREMENT SYSTEM SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/95	\$ 6,020,018	\$ 11,448,894	\$ 5,428,876	52.6%	\$ 6,645,505	81.7%
12/31/96	7,486,917	14,716,980	7,230,063	50.9%	6,969,972	103.7%
12/31/97	9,482,548	16,148,307	10,339,130	58.7%	7,371,413	90.4%
12/31/98	11,840,882	19,146,847	7,305,965	61.8%	7,994,046	91.4%
12/31/99	14,033,005	21,674,979	7,641,974	64.7%	8,002,647	95.5%
12/31/00	15,957,208	23,848,886	7,891,678	66.9%	8,369,082	94.3%
12/31/01	17,983,122	26,223,426	8,240,304	68.6%	8,849,367	93.1%
12/31/02	20,172,871	29,786,372	9,613,501	67.7%	9,767,300	98.4%
12/31/03	21,317,292	33,504,263	12,186,971	63.6%	8,753,684	139.2%
12/31/04	23,461,827	35,599,317	12,137,490	65.9%	9,602,604	126.4%
12/31/05	24,386,073	37,120,033	12,733,960	65.7%	9,655,475	131.9%
12/31/06	25,314,524	38,560,912	13,246,388	65.6%	10,198,416	129.9%
12/31/07	25,879,876	47,764,663	21,884,787	54.2%	10,742,813	203.7%
12/31/08	27,501,940	50,842,530	23,340,590	54.1%	12,209,814	191.2%
12/31/09	30,111,640	42,072,614	11,960,974	71.6%	11,583,294	103.3%
12/31/10	44,443,575	52,324,084	7,880,509	84.9%	11,777,752	66.9%
12/31/11	48,054,476	54,908,861	6,854,385	87.5%	11,840,076	57.9%
12/31/12	51,179,687	60,234,325	9,054,638	85.0%	12,125,520	74.7%

OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
10/01/10	1,500,000	20,357,239	18,857,239	7%	10,609,972	177.7%
10/01/11	1,991,175	19,653,745	17,662,570	10%	11,588,950	152.4%
10/01/12	2,410,646	20,630,459	18,219,813	12%	11,936,619	152.6%

CITY OF HUNTSVILLE, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets

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

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

Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of City Council. The City Manager is authorized to make budget transfers within any fund except for salaries and benefits budgets. 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 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund and the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Street Special Revenue Fund present a comparison of budgetary data to actual results. The General Fund and Street Special Revenue Fund utilize the same basis of accounting for both budgetary purposes and actual results.

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**COMBINING STATEMENTS
AND BUDGETARY COMPARISONS**

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CITY OF HUNTSVILLE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 931,279	\$ 1,069,007	\$ 5,492	\$ 2,005,778
Investments	783,469	1,299,861	462,006	2,545,336
Accounts receivable (net of allowance for uncollectibles):				
Accounts	159	100	-	259
Taxes	64,738	-	-	64,738
Intergovernmental	272,764	8,410	-	281,174
Interest	3,771	9,299	5,645	18,715
Due from other funds	252	2,502	-	2,754
Property held for sale	<u>14,253</u>	<u>-</u>	<u>-</u>	<u>14,253</u>
 Total assets	 <u>\$ 2,070,685</u>	 <u>\$ 2,389,179</u>	 <u>\$ 473,143</u>	 <u>\$ 4,933,007</u>
LIABILITIES				
Accounts payable	\$ 124,256	\$ 141,340	\$ -	\$ 265,596
Accrued liabilities	29,723	-	-	29,723
Due to other funds	102,626	48	1,000	103,674
Due to other governments	<u>37,037</u>	<u>-</u>	<u>-</u>	<u>37,037</u>
Total liabilities	<u>293,642</u>	<u>141,388</u>	<u>1,000</u>	<u>436,030</u>
FUND BALANCES				
Nonspendable permanent funds	-	-	461,787	461,787
Restricted for:				
Promotion of tourism	1,065,533	-	-	1,065,533
Court technology and security	135,414	-	-	135,414
Purpose of grantors, trustees and donors	464,935	-	10,356	475,291
Law enforcement	111,161	-	-	111,161
Construction of capital assets	-	42,302	-	42,302
Assigned to:				
Construction of capital assets	<u>-</u>	<u>2,205,489</u>	<u>-</u>	<u>2,205,489</u>
Total fund balances	<u>1,777,043</u>	<u>2,247,791</u>	<u>472,143</u>	<u>4,496,977</u>
 Total liabilities and fund balances	 <u>\$ 2,070,685</u>	 <u>\$ 2,389,179</u>	 <u>\$ 473,143</u>	 <u>\$ 4,933,007</u>

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CITY OF HUNTSVILLE, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Property taxes	\$ 101,213	\$ -	\$ -	\$ 101,213
Other taxes	788,533	-	-	788,533
Charges for sales and services	396,315	-	-	396,315
Fines, fees, and forfeitures	53,242	-	-	53,242
Donations, contributions, and grants	788,769	88,680	-	877,449
Investment income	1,677	164	9,550	11,391
Miscellaneous	21,964	-	-	21,964
Total revenues	<u>2,151,713</u>	<u>88,844</u>	<u>9,550</u>	<u>2,250,107</u>
EXPENDITURES				
General government	157	-	-	157
Public works	417,392	969,210	-	1,386,602
Community services	1,203,495	236,646	-	1,440,141
Public safety	635,584	243,322	-	878,906
Total expenditures	<u>2,256,628</u>	<u>1,449,178</u>	<u>-</u>	<u>3,705,806</u>
EXCESS (DEFICIENCY) OF REVENUES (OVER) UNDER EXPENDITURES	<u>(104,915)</u>	<u>(1,360,334)</u>	<u>9,550</u>	<u>(1,455,699)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	508,241	680,302	-	1,188,543
Transfers out	(44,906)	(226,699)	(9,000)	(280,605)
Sale of capital assets	16,140	-	-	16,140
Total other financing sources (uses)	<u>479,475</u>	<u>453,603</u>	<u>(9,000)</u>	<u>924,078</u>
NET CHANGE IN FUND BALANCES	374,560	(906,731)	550	(531,621)
FUND BALANCES, BEGINNING	<u>1,402,483</u>	<u>3,154,522</u>	<u>471,593</u>	<u>5,028,598</u>
FUND BALANCES, ENDING	<u>\$ 1,777,043</u>	<u>\$ 2,247,791</u>	<u>\$ 472,143</u>	<u>\$ 4,496,977</u>

CITY OF HUNTSVILLE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2013

	<u>Municipal Court Security and Technology</u>	<u>Police Forfeiture</u>	<u>Airport</u>	<u>Library Special Donations</u>
ASSETS				
Cash and cash equivalents	\$ 138,512	\$ 35,154	\$ 44,534	\$ 54,796
Investments	-	102,848	-	-
Accounts receivable (net of allowance for uncollectibles):				
Accounts	-	-	-	-
Taxes	-	-	-	-
Intergovernmental	-	-	192,915	-
Interest	-	343	-	-
Due from other funds	-	-	-	-
Property held for sale	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 138,512</u>	<u>\$ 138,345</u>	<u>\$ 237,449</u>	<u>\$ 54,796</u>
LIABILITIES				
Accounts payable	\$ -	\$ 480	\$ 150	\$ 924
Accrued liabilities	3,098	-	737	-
Due to other funds	-	26,373	7,808	-
Due to other governments	-	37,037	-	-
Total liabilities	<u>3,098</u>	<u>63,890</u>	<u>8,695</u>	<u>924</u>
FUND BALANCES				
Restricted for:				
Promotion of tourism	-	-	-	-
Court security and technology	135,414	-	-	-
Purpose of grantors, trustees and donors	-	-	228,754	53,872
Law enforcement	-	74,455	-	-
Total fund balances	<u>135,414</u>	<u>74,455</u>	<u>228,754</u>	<u>53,872</u>
Total liabilities and fund balances	<u>\$ 138,512</u>	<u>\$ 138,345</u>	<u>\$ 237,449</u>	<u>\$ 54,796</u>

<u>Library Grants</u>	<u>School Resource Officer</u>	<u>Police Grants</u>	<u>Library Donations</u>	<u>Arts Center</u>	<u>Federal Grants</u>
\$ 5,353	\$ 61,835	\$ 7,724	\$ 5,614	\$ 61,703	\$ 7,584
-	-	-	-	-	-
-	150	9	-	-	-
-	-	-	-	9,248	-
-	-	59,075	-	-	20,774
-	-	-	-	-	-
-	-	-	-	252	-
-	-	-	-	-	14,253
<u>\$ 5,353</u>	<u>\$ 61,985</u>	<u>\$ 66,808</u>	<u>\$ 5,614</u>	<u>\$ 71,203</u>	<u>\$ 42,611</u>
\$ -	\$ 224	\$ -	\$ -	\$ 7,898	\$ 431
-	16,627	-	-	3,648	-
-	8,428	17,813	-	-	42,121
-	-	-	-	-	-
-	25,279	17,813	-	11,546	42,552
-	-	-	-	-	-
-	-	-	-	-	-
5,353	-	48,995	5,614	59,657	59
-	36,706	-	-	-	-
<u>5,353</u>	<u>36,706</u>	<u>48,995</u>	<u>5,614</u>	<u>59,657</u>	<u>59</u>
<u>\$ 5,353</u>	<u>\$ 61,985</u>	<u>\$ 66,808</u>	<u>\$ 5,614</u>	<u>\$ 71,203</u>	<u>\$ 42,611</u>

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CITY OF HUNTSVILLE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2013

	Area Revitalization	Tax Increment Reinvestment Zone #1	Hotel/ Motel Tourism	Total Nonmajor Special Revenue Funds
ASSETS				
Cash and cash equivalents	\$ 23,849	\$ 139,996	\$ 344,625	\$ 931,279
Investments	-	-	680,621	783,469
Accounts receivable (net of allowance for uncollectibles):				
Accounts	-	-	-	159
Taxes	-	-	55,490	64,738
Intergovernmental	-	-	-	272,764
Interest	-	-	3,428	3,771
Due from other funds	-	-	-	252
Property held for sale	-	-	-	14,253
	-	-	-	14,253
Total assets	\$ 23,849	\$ 139,996	\$ 1,084,164	\$ 2,070,685
LIABILITIES				
Accounts payable	\$ -	\$ 101,214	\$ 12,935	\$ 124,256
Accrued liabilities	-	-	5,613	29,723
Due to other funds	-	-	83	102,626
Due to other governments	-	-	-	37,037
Total liabilities	-	101,214	18,631	293,642
FUND BALANCES				
Restricted for:				
Promotion of tourism	-	-	1,065,533	1,065,533
Court security and technology	-	-	-	135,414
Purpose of grantors, trustees and donors	23,849	38,782	-	464,935
Law enforcement	-	-	-	111,161
Total fund balances	23,849	38,782	1,065,533	1,777,043
Total liabilities and fund balances	\$ 23,849	\$ 139,996	\$ 1,084,164	\$ 2,070,685

CITY OF HUNTSVILLE, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Municipal Court Security and Technology</u>	<u>Police Forfeiture</u>	<u>Airport</u>	<u>Library Special Donations</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Charges for sales and services	-	-	11,550	-
Fines, fees, and forfeitures	33,276	847	-	-
Donations, contributions, and grants	-	-	8,345	11,741
Investment income	817	2,614	-	58
Miscellaneous	-	-	-	-
Total revenues	<u>34,093</u>	<u>3,461</u>	<u>19,895</u>	<u>11,799</u>
EXPENDITURES				
General government	157	-	-	-
Public works	-	-	325,147	-
Community services	-	-	-	7,897
Public safety	-	34,796	-	-
Total expenditures	<u>157</u>	<u>34,796</u>	<u>325,147</u>	<u>7,897</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>33,936</u>	<u>(31,335)</u>	<u>(305,252)</u>	<u>3,902</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	349,436	-
Transfers out	(13,593)	-	-	-
Sale of capital assets	-	16,140	-	-
Total other financing sources (uses)	<u>(13,593)</u>	<u>16,140</u>	<u>349,436</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	20,343	(15,195)	44,184	3,902
FUND BALANCES, BEGINNING	<u>115,071</u>	<u>89,650</u>	<u>184,570</u>	<u>49,970</u>
FUND BALANCES, ENDING	<u>\$ 135,414</u>	<u>\$ 74,455</u>	<u>\$ 228,754</u>	<u>\$ 53,872</u>

<u>Library Grants</u>	<u>School Resource Officer</u>	<u>Police Grants</u>	<u>Library Donations</u>	<u>Arts Center</u>	<u>Federal Grants</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	112,647	-
-	384,765	-	-	-	-
-	-	-	-	19,119	-
-	-	75,227	32,158	16,675	637,276
-	33	53	-	13	-
-	21,964	-	-	-	-
<u>-</u>	<u>406,762</u>	<u>75,280</u>	<u>32,158</u>	<u>148,454</u>	<u>637,276</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	26,575	176,115	642,276
-	516,168	84,620	-	-	-
<u>-</u>	<u>516,168</u>	<u>84,620</u>	<u>26,575</u>	<u>176,115</u>	<u>642,276</u>
-	(109,406)	(9,340)	5,583	(27,661)	(5,000)
-	101,682	-	-	52,123	5,000
-	-	-	-	(2,160)	-
-	-	-	-	-	-
<u>-</u>	<u>101,682</u>	<u>-</u>	<u>-</u>	<u>49,963</u>	<u>5,000</u>
-	(7,724)	(9,340)	5,583	22,302	-
<u>5,353</u>	<u>44,430</u>	<u>58,335</u>	<u>31</u>	<u>37,355</u>	<u>59</u>
<u>\$ 5,353</u>	<u>\$ 36,706</u>	<u>\$ 48,995</u>	<u>\$ 5,614</u>	<u>\$ 59,657</u>	<u>\$ 59</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, 2013

	<u>Area Revitalization</u>	<u>Tax Increment Reinvestment Zone #1</u>	<u>Hotel/ Motel Tourism</u>	<u>Total Nonmajor Special Revenue Funds</u>
REVENUES				
Property taxes	\$ -	101,213	\$ -	\$ 101,213
Other taxes	-	-	675,886	788,533
Charges for sales and services	-	-	-	396,315
Fines, fees, and forfeitures	-	-	-	53,242
Donations, contributions, and grants	3,847	-	3,500	788,769
Investment income	20	(5,230)	3,299	1,677
Miscellaneous	-	-	-	21,964
Total revenues	<u>3,867</u>	<u>95,983</u>	<u>682,685</u>	<u>2,151,713</u>
EXPENDITURES				
General government	-	-	-	157
Public works	-	-	92,245	417,392
Community services	2,579	104,294	243,759	1,203,495
Public safety	-	-	-	635,584
Total expenditures	<u>2,579</u>	<u>104,294</u>	<u>336,004</u>	<u>2,256,628</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>1,288</u>	<u>(8,311)</u>	<u>346,681</u>	<u>(104,915)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	508,241
Transfers out	-	-	(29,153)	(44,906)
Sale of capital assets	-	-	-	16,140
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(29,153)</u>	<u>479,475</u>
NET CHANGE IN FUND BALANCES	1,288	(8,311)	317,528	374,560
FUND BALANCES, BEGINNING	<u>22,561</u>	<u>47,093</u>	<u>748,005</u>	<u>1,402,483</u>
FUND BALANCES, ENDING	<u>\$ 23,849</u>	<u>\$ 38,782</u>	<u>\$ 1,065,533</u>	<u>\$ 1,777,043</u>

CITY OF HUNTSVILLE, TEXAS
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL COURT SECURITY AND TECHNOLOGY FUND
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines, fees, and forfeiture	\$ 54,000	\$ 54,000	\$ 33,276	\$(20,724)
Investment income	<u>195</u>	<u>195</u>	<u>817</u>	<u>622</u>
Total revenue	<u>54,195</u>	<u>54,195</u>	<u>34,093</u>	<u>(20,102)</u>
EXPENDITURES				
General government	<u>10,000</u>	<u>10,000</u>	<u>157</u>	<u>9,843</u>
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>157</u>	<u>9,843</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>44,195</u>	<u>44,195</u>	<u>33,936</u>	<u>(10,259)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(13,593)</u>	<u>(13,593)</u>	<u>(13,593)</u>	<u>-</u>
Total other financing sources (uses)	<u>(13,593)</u>	<u>(13,593)</u>	<u>(13,593)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE				
	30,602	30,602	20,343	(10,259)
FUND BALANCE, BEGINNING				
	<u>115,071</u>	<u>115,071</u>	<u>115,071</u>	<u>-</u>
FUND BALANCE, ENDING				
	<u>\$ 145,673</u>	<u>\$ 145,673</u>	<u>\$ 135,414</u>	<u>\$(10,259)</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

**POLICE FORFEITURE FUND
SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines, fees, and forfeitures	\$ 10,000	\$ 10,000	\$ 847	\$(9,153)
Investment income	<u>2,000</u>	<u>2,000</u>	<u>2,614</u>	<u>614</u>
Total revenues	<u>12,000</u>	<u>12,000</u>	<u>3,461</u>	<u>(8,539)</u>
EXPENDITURES				
Public safety	<u>85,760</u>	<u>59,574</u>	<u>34,796</u>	<u>24,778</u>
Total expenditures	<u>85,760</u>	<u>59,574</u>	<u>34,796</u>	<u>24,778</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(73,760)	(47,574)	(31,335)	16,239
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	<u>-</u>	<u>-</u>	<u>16,140</u>	<u>16,140</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>16,140</u>	<u>16,140</u>
NET CHANGE IN FUND BALANCE	(73,760)	(47,574)	(15,195)	32,379
FUND BALANCE, BEGINNING	<u>89,650</u>	<u>89,650</u>	<u>89,650</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 15,890</u>	<u>\$ 42,076</u>	<u>\$ 74,455</u>	<u>\$ 32,379</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

**AIRPORT FUND
SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Charges for sales and services	\$ 11,550	\$ 11,550	\$ 11,550	\$ -
Donations, contributions, and grants	<u>50,000</u>	<u>30,380</u>	<u>8,345</u>	(22,035)
Total revenues	<u>61,550</u>	<u>41,930</u>	<u>19,895</u>	(22,035)
EXPENDITURES				
Public works	<u>393,430</u>	<u>370,986</u>	<u>325,147</u>	<u>45,839</u>
Total expenditures	<u>393,430</u>	<u>370,986</u>	<u>325,147</u>	<u>45,839</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(331,880)	(329,056)	(305,252)	<u>23,804</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>331,880</u>	<u>340,606</u>	<u>349,436</u>	<u>8,830</u>
Total other financing sources (uses)	<u>331,880</u>	<u>340,606</u>	<u>349,436</u>	<u>8,830</u>
NET CHANGE IN FUND BALANCE	-	11,550	44,184	32,634
FUND BALANCE, BEGINNING	<u>184,570</u>	<u>184,570</u>	<u>184,570</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 184,570</u>	<u>\$ 196,120</u>	<u>\$ 228,754</u>	<u>\$ 32,634</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

**LIBRARY SPECIAL DONATIONS FUND
SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Donations, contributions, and grants	\$ 8,100	\$ 8,100	\$ 11,741	\$ 3,641
Investment income	<u>180</u>	<u>180</u>	<u>58</u>	<u>(122)</u>
Total revenues	<u>8,280</u>	<u>8,280</u>	<u>11,799</u>	<u>3,519</u>
EXPENDITURES				
Community services	<u>10,300</u>	<u>10,300</u>	<u>7,897</u>	<u>2,403</u>
Total expenditures	<u>10,300</u>	<u>10,300</u>	<u>7,897</u>	<u>2,403</u>
NET CHANGE IN FUND BALANCE	(2,020)	(2,020)	3,902	5,922
FUND BALANCE, BEGINNING	<u>49,970</u>	<u>49,970</u>	<u>49,970</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 47,950</u>	<u>\$ 47,950</u>	<u>\$ 53,872</u>	<u>\$ 5,922</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

**SCHOOL RESOURCE OFFICER FUND
SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Charges for sales and services	\$ 384,765	\$ 384,765	\$ 384,765	\$ -
Investment income	45	45	33	(12)
Miscellaneous	<u>21,964</u>	<u>21,964</u>	<u>21,964</u>	<u>-</u>
Total revenues	<u>406,774</u>	<u>406,774</u>	<u>406,762</u>	<u>(12)</u>
EXPENDITURES				
Public safety	<u>465,424</u>	<u>465,424</u>	<u>516,168</u>	<u>(50,744)</u>
Total expenditures	<u>465,424</u>	<u>465,424</u>	<u>516,168</u>	<u>(50,744)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(58,650)</u>	<u>(58,650)</u>	<u>(109,406)</u>	<u>(50,756)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	101,682	101,682	101,682	-
Transfers out	<u>(21,964)</u>	<u>(37,948)</u>	<u>-</u>	<u>37,948</u>
Total other financing sources (uses)	<u>79,718</u>	<u>63,734</u>	<u>101,682</u>	<u>37,948</u>
NET CHANGE IN FUND BALANCE	21,068	5,084	(7,724)	(12,808)
FUND BALANCE, BEGINNING	<u>44,430</u>	<u>44,430</u>	<u>44,430</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 65,498</u>	<u>\$ 49,514</u>	<u>\$ 36,706</u>	<u>\$(12,808)</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

**POLICE GRANTS
SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Donations, contributions, and grants	\$ 2,000	\$ 87,607	\$ 75,227	\$(12,380)
Investment income	<u>75</u>	<u>75</u>	<u>53</u>	<u>(22)</u>
Total revenues	<u>2,075</u>	<u>87,682</u>	<u>75,280</u>	<u>(12,402)</u>
EXPENDITURES				
Public safety	<u>-</u>	<u>85,607</u>	<u>84,620</u>	<u>987</u>
Total expenditures	<u>-</u>	<u>85,607</u>	<u>84,620</u>	<u>987</u>
NET CHANGE IN FUND BALANCE	2,075	2,075	(9,340)	(11,415)
FUND BALANCE, BEGINNING	<u>58,335</u>	<u>58,335</u>	<u>58,335</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 60,410</u>	<u>\$ 60,410</u>	<u>\$ 48,995</u>	<u>\$(11,415)</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

**ARTS CENTER FUND
SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Other taxes	\$ 78,000	\$ 78,000	\$ 112,647	\$ 34,647
Fines, fees, and forfeitures	4,600	21,540	19,119	(2,421)
Donations, contributions, and grants	15,000	25,000	16,675	(8,325)
Investment income	100	100	13	(87)
Total revenues	<u>97,700</u>	<u>124,640</u>	<u>148,454</u>	<u>23,814</u>
EXPENDITURES				
Community services	<u>159,448</u>	<u>188,441</u>	<u>176,115</u>	<u>12,326</u>
Total expenditures	<u>159,448</u>	<u>188,441</u>	<u>176,115</u>	<u>12,326</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(61,748)</u>	<u>(63,801)</u>	<u>(27,661)</u>	<u>36,140</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	52,123	52,123	52,123	-
Transfers out	<u>(2,160)</u>	<u>(2,160)</u>	<u>(2,160)</u>	<u>-</u>
Total other financing sources (uses)	<u>49,963</u>	<u>49,963</u>	<u>49,963</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(11,785)</u>	<u>(13,838)</u>	<u>22,302</u>	<u>36,140</u>
FUND BALANCE, BEGINNING	<u>37,355</u>	<u>37,355</u>	<u>37,355</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 25,570</u>	<u>\$ 23,517</u>	<u>\$ 59,657</u>	<u>\$ 36,140</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

**AREA REVITALIZATION
SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Donations, contributions, and grants	\$ 2,500	\$ 2,500	\$ 3,847	\$ 1,347
Investment income	<u>60</u>	<u>60</u>	<u>20</u>	<u>(40)</u>
Total revenues	<u>2,560</u>	<u>2,560</u>	<u>3,867</u>	<u>1,307</u>
EXPENDITURES				
Community services	<u>2,500</u>	<u>2,500</u>	<u>2,579</u>	<u>(79)</u>
Total expenditures	<u>2,500</u>	<u>2,500</u>	<u>2,579</u>	<u>(79)</u>
NET CHANGE IN FUND BALANCE	60	60	1,288	1,228
FUND BALANCE, BEGINNING	<u>22,561</u>	<u>22,561</u>	<u>22,561</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 22,621</u>	<u>\$ 22,621</u>	<u>\$ 23,849</u>	<u>\$ 1,228</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

**HOTEL MOTEL - TOURISM
SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Other taxes	\$ 460,000	\$ 460,000	\$ 675,886	\$ 215,886
Donations, contributions, and grants	3,500	3,500	3,500	-
Investment income	<u>1,575</u>	<u>1,575</u>	<u>3,299</u>	<u>1,724</u>
Total revenues	<u>465,075</u>	<u>465,075</u>	<u>682,685</u>	<u>217,610</u>
EXPENDITURES				
Public works	116,882	116,882	92,245	24,637
Community services	<u>251,146</u>	<u>278,146</u>	<u>243,759</u>	<u>34,387</u>
Total expenditures	<u>368,028</u>	<u>395,028</u>	<u>336,004</u>	<u>59,024</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>97,047</u>	<u>70,047</u>	<u>346,681</u>	<u>276,634</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(29,153)	(29,153)	(29,153)	-
Total other financing sources (uses)	<u>(29,153)</u>	<u>(29,153)</u>	<u>(29,153)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	67,894	40,894	317,528	276,634
FUND BALANCE, BEGINNING	<u>748,005</u>	<u>748,005</u>	<u>748,005</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 815,899</u>	<u>\$ 788,899</u>	<u>\$ 1,065,533</u>	<u>\$ 276,634</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Property taxes	\$ 1,810,674	\$ 1,641,347	\$ 1,846,966	\$ 205,619
Investment income	3,400	3,400	71	(3,329)
Total revenues	<u>1,814,074</u>	<u>1,644,747</u>	<u>1,847,037</u>	<u>202,290</u>
EXPENDITURES				
Debt service:				
Principal retirement	1,477,000	1,477,000	1,477,000	-
Interest and fiscal charges	<u>572,502</u>	<u>572,502</u>	<u>572,501</u>	<u>1</u>
Total expenditures	<u>2,049,502</u>	<u>2,049,502</u>	<u>2,049,501</u>	<u>1</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(235,428)</u>	<u>(404,755)</u>	<u>(202,464)</u>	<u>202,291</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	166,841	166,841
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>166,841</u>	<u>166,841</u>
NET CHANGE IN FUND BALANCE	<u>(235,428)</u>	<u>(404,755)</u>	<u>(35,623)</u>	<u>369,132</u>
FUND BALANCE, BEGINNING	<u>316,110</u>	<u>316,110</u>	<u>316,110</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 80,682</u>	<u>\$(88,645)</u>	<u>\$ 280,487</u>	<u>\$ 369,132</u>

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CITY OF HUNTSVILLE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2013

	<u>Street Capital Projects</u>	<u>Sidewalks</u>	<u>General Improvements</u>	<u>Swimming Pool</u>
ASSETS				
Cash and cash equivalents	\$ 384,580	\$ 230,990	\$ 300,882	\$ 1,757
Investments	406,682	-	441,223	-
Receivables (net of allowance for uncollectibles):				
Accounts	-	-	-	100
Intergovernmental	-	8,410	-	-
Interest	2,717	-	4,346	-
Due from other funds	<u>2,502</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 796,481</u>	 <u>\$ 239,400</u>	 <u>\$ 746,451</u>	 <u>\$ 1,857</u>
LIABILITIES				
Accounts payable	\$ -	\$ 135,108	\$ 6,232	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>48</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>135,108</u>	<u>6,280</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Construction of capital assets	-	-	42,302	-
Assigned to:				
Construction of capital assets	<u>796,481</u>	<u>104,292</u>	<u>697,869</u>	<u>1,857</u>
Total fund balances	<u>796,481</u>	<u>104,292</u>	<u>740,171</u>	<u>1,857</u>
 Total liabilities and fund balances	 <u>\$ 796,481</u>	 <u>\$ 239,400</u>	 <u>\$ 746,451</u>	 <u>\$ 1,857</u>

<u>IS Computer CIP</u>	<u>Fire Station West Side</u>	<u>NE Fire Station Construction</u>	<u>Cemetery Projects</u>	<u>Land Acquisition</u>	<u>Total Nonmajor Capital Projects</u>
\$ 110,569	\$ -	\$ 4	\$ 9,283	\$ 30,942	\$ 1,069,007
451,956	-	-	-	-	1,299,861
-	-	-	-	-	100
-	-	-	-	-	8,410
2,005	-	231	-	-	9,299
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,502</u>
<u>\$ 564,530</u>	<u>\$ -</u>	<u>\$ 235</u>	<u>\$ 9,283</u>	<u>\$ 30,942</u>	<u>\$ 2,389,179</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,340
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,388</u>
-	-	-	-	-	42,302
<u>564,530</u>	<u>-</u>	<u>235</u>	<u>9,283</u>	<u>30,942</u>	<u>2,205,489</u>
<u>564,530</u>	<u>-</u>	<u>235</u>	<u>9,283</u>	<u>30,942</u>	<u>2,247,791</u>
<u>\$ 564,530</u>	<u>\$ -</u>	<u>\$ 235</u>	<u>\$ 9,283</u>	<u>\$ 30,942</u>	<u>\$ 2,389,179</u>

CITY OF HUNTSVILLE, TEXAS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES**

NONMAJOR CAPITAL PROJECTS FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Street Capital Projects</u>	<u>Sidewalks</u>	<u>General Improvements</u>	<u>Swimming Pool</u>
REVENUES				
Donations, contributions, and grants	\$ 83	\$ 88,108	\$ -	\$ -
Investment earnings	<u>(112)</u>	<u>1,312</u>	<u>(4,301)</u>	<u>-</u>
Total revenues	<u>(29)</u>	<u>89,420</u>	<u>(4,301)</u>	<u>-</u>
EXPENDITURES				
Public works	382,046	481,224	105,940	-
Community services	-	-	230,077	6,569
Public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>382,046</u>	<u>481,224</u>	<u>336,017</u>	<u>6,569</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(382,075)</u>	<u>(391,804)</u>	<u>(340,318)</u>	<u>(6,569)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	140,000	10,000	430,302	-
Transfers out	<u>-</u>	<u>-</u>	<u>(17,556)</u>	<u>-</u>
Total other financing sources (uses)	<u>140,000</u>	<u>10,000</u>	<u>412,746</u>	<u>-</u>
NET CHANGE IN FUND BALANCES				
	<u>(242,075)</u>	<u>(381,804)</u>	72,428	<u>(6,569)</u>
FUND BALANCES, BEGINNING				
	<u>1,038,556</u>	<u>486,096</u>	<u>667,743</u>	<u>8,426</u>
FUND BALANCES, ENDING				
	<u>\$ 796,481</u>	<u>\$ 104,292</u>	<u>\$ 740,171</u>	<u>\$ 1,857</u>

<u>IS Computer CIP</u>	<u>Fire Station West Side</u>	<u>NE Fire Station Construction</u>	<u>Cemetery Projects</u>	<u>Land Acquisition</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 489	\$ -	\$ 88,680
<u>2,686</u>	<u>-</u>	<u>229</u>	<u>-</u>	<u>350</u>	<u>164</u>
<u>2,686</u>	<u>-</u>	<u>229</u>	<u>489</u>	<u>350</u>	<u>88,844</u>
-	-	-	-	-	969,210
-	-	-	-	-	236,646
<u>233,568</u>	<u>3,468</u>	<u>6,286</u>	<u>-</u>	<u>-</u>	<u>243,322</u>
<u>233,568</u>	<u>3,468</u>	<u>6,286</u>	<u>-</u>	<u>-</u>	<u>1,449,178</u>
<u>(230,882)</u>	<u>(3,468)</u>	<u>(6,057)</u>	<u>489</u>	<u>350</u>	<u>(1,360,334)</u>
100,000	-	-	-	-	680,302
<u>-</u>	<u>(42,302)</u>	<u>(166,841)</u>	<u>-</u>	<u>-</u>	<u>(226,699)</u>
<u>100,000</u>	<u>(42,302)</u>	<u>(166,841)</u>	<u>-</u>	<u>-</u>	<u>453,603</u>
<u>(130,882)</u>	<u>(45,770)</u>	<u>(172,898)</u>	<u>489</u>	<u>350</u>	<u>(906,731)</u>
<u>695,412</u>	<u>45,770</u>	<u>173,133</u>	<u>8,794</u>	<u>30,592</u>	<u>3,154,522</u>
<u>\$ 564,530</u>	<u>\$ -</u>	<u>\$ 235</u>	<u>\$ 9,283</u>	<u>\$ 30,942</u>	<u>\$ 2,247,791</u>

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CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR PERMANENT FUNDS

SEPTEMBER 30, 2013

	Library Endowment Nonexpendable Trust	Oakwood Cemetery Endowment	Total Nonmajor Permanent Funds
ASSETS			
Cash and cash equivalents	\$ 3,614	\$ 1,878	\$ 5,492
Investments	104,958	357,048	462,006
Interest receivable	<u>807</u>	<u>4,838</u>	<u>5,645</u>
Total assets	<u>\$ 109,379</u>	<u>\$ 363,764</u>	<u>\$ 473,143</u>
LIABILITIES AND FUND BALANCES			
Due to other funds	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,000</u>
FUND BALANCES			
Nonspendable:			
Permanent funds	106,914	354,873	461,787
Restricted for:			
Purpose of grantors, trustees and donors	<u>1,465</u>	<u>8,891</u>	<u>10,356</u>
Total fund balances	<u>108,379</u>	<u>363,764</u>	<u>472,143</u>
Total liabilities and fund balances	<u>\$ 109,379</u>	<u>\$ 363,764</u>	<u>\$ 473,143</u>

CITY OF HUNTSVILLE, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Library Endowment Nonexpendable Trust</u>	<u>Oakwood Cemetery Endowment</u>	<u>Total Nonmajor Permanent Funds</u>
REVENUES			
Investment income	\$ 1,465	\$ 8,085	\$ 9,550
Total revenues	<u>1,465</u>	<u>8,085</u>	<u>9,550</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,465</u>	<u>8,085</u>	<u>9,550</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>(9,000)</u>	<u>(9,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>(9,000)</u>	<u>(9,000)</u>
NET CHANGE IN FUND BALANCES	1,465	(915)	550
FUND BALANCES, BEGINNING	<u>106,914</u>	<u>364,679</u>	<u>471,593</u>
FUND BALANCES, ENDING	<u>\$ 108,379</u>	<u>\$ 363,764</u>	<u>\$ 472,143</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

**LIBRARY ENDOWMENT
PERMANENT FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Investment income	\$ <u>1,000</u>	\$ <u>1,000</u>	\$ <u>1,465</u>	\$ <u>465</u>
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>1,465</u>	<u>465</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,000	1,000	1,465	465
NET CHANGE IN FUND BALANCE	1,000	1,000	1,465	465
FUND BALANCE, BEGINNING	<u>106,914</u>	<u>106,914</u>	<u>106,914</u>	<u>-</u>
FUND BALANCE, ENDING	\$ <u><u>107,914</u></u>	\$ <u><u>107,914</u></u>	\$ <u><u>108,379</u></u>	\$ <u><u>465</u></u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

**OAKWOOD CEMETERY ENDOWMENT
PERMANENT FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Investment income	\$ 9,000	\$ 9,000	\$ 8,085	\$(915)
Total revenues	<u>9,000</u>	<u>9,000</u>	<u>8,085</u>	<u>(915)</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	9,000	9,000	8,085	(915)
OTHER FINANCING SOURCES (USES)				
Transfers out	(9,000)	(9,000)	(9,000)	<u>-</u>
Total other financing sources (uses)	<u>(9,000)</u>	<u>(9,000)</u>	<u>(9,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	(915)	(915)
FUND BALANCE, BEGINNING	<u>364,679</u>	<u>364,679</u>	<u>364,679</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 364,679</u>	<u>\$ 364,679</u>	<u>\$ 363,764</u>	<u>\$(915)</u>

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2013

	<u>Medical Insurance</u>	<u>Equipment Replacement</u>	<u>Computer Replacement</u>	<u>Total Internal Service</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 544,691	\$ 244,905	\$ 84,783	\$ 874,379
Investments	1,550,863	487,336	-	2,038,199
Accounts receivable (net of allowances for uncollectable):				
Accounts	-	16,725	-	16,725
Interest	9,283	10,310	-	19,593
Prepays	<u>11,605</u>	<u>-</u>	<u>-</u>	<u>11,605</u>
Total current assets	<u>2,116,442</u>	<u>759,276</u>	<u>84,783</u>	<u>2,960,501</u>
Noncurrent assets:				
Capital assets (net of accumulated depreciation)	<u>-</u>	<u>3,375,829</u>	<u>345,304</u>	<u>3,721,133</u>
Total noncurrent assets	<u>-</u>	<u>3,375,829</u>	<u>345,304</u>	<u>3,721,133</u>
 Total assets	 <u>2,116,442</u>	 <u>4,135,105</u>	 <u>430,087</u>	 <u>6,681,634</u>
LIABILITIES				
Current assets:				
Accounts payable	\$ 114,546	\$ -	\$ -	\$ 114,546
Due to other funds	<u>-</u>	<u>191,788</u>	<u>1,150</u>	<u>192,938</u>
Total liabilities	<u>114,546</u>	<u>191,788</u>	<u>1,150</u>	<u>307,484</u>
NET POSITION				
Net investment in capital assets	-	3,375,829	345,304	3,721,133
Unrestricted	<u>2,001,896</u>	<u>567,488</u>	<u>83,633</u>	<u>2,653,017</u>
 Total net position	 <u>\$ 2,001,896</u>	 <u>\$ 3,943,317</u>	 <u>\$ 428,937</u>	 <u>\$ 6,374,150</u>

CITY OF HUNTSVILLE, TEXAS

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

INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Medical Insurance</u>	<u>Equipment Replacement</u>	<u>Computer Replacement</u>	<u>Total Internal Service</u>
OPERATING REVENUES				
Charges for services:				
Inter-department services	\$ 3,365,479	\$ 422,318	\$ 261,836	\$ 4,049,633
Total service charges	<u>3,365,479</u>	<u>422,318</u>	<u>261,836</u>	<u>4,049,633</u>
Service fees and miscellaneous:				
Customer penalties and miscellaneous	<u>228</u>	<u>33,452</u>	<u>-</u>	<u>33,680</u>
Total service fees and miscellaneous	<u>228</u>	<u>33,452</u>	<u>-</u>	<u>33,680</u>
Total operating revenues	<u>3,365,707</u>	<u>455,770</u>	<u>261,836</u>	<u>4,083,313</u>
OPERATING EXPENSES				
Administration	3,699,252	-	-	3,699,252
Equipment replacement	-	-	115,746	115,746
Depreciation	<u>-</u>	<u>1,185,654</u>	<u>208,159</u>	<u>1,393,813</u>
Total operating expenses	<u>3,699,252</u>	<u>1,185,654</u>	<u>323,905</u>	<u>5,208,811</u>
OPERATING INCOME (LOSS)	<u>(333,545)</u>	<u>(729,884)</u>	<u>(62,069)</u>	<u>(1,125,498)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	<u>8,648</u>	<u>16,773</u>	<u>-</u>	<u>25,421</u>
Total nonoperating revenues (expenses)	<u>8,648</u>	<u>16,773</u>	<u>-</u>	<u>25,421</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>(324,897)</u>	<u>(713,111)</u>	<u>(62,069)</u>	<u>(1,100,077)</u>
Transfers in	95,000	-	-	95,000
Loss on disposal of capital assets	<u>-</u>	<u>(12,164)</u>	<u>-</u>	<u>(12,164)</u>
CHANGE IN NET POSITION	<u>(229,897)</u>	<u>(725,275)</u>	<u>(62,069)</u>	<u>(1,017,241)</u>
NET POSITION, BEGINNING	<u>2,231,793</u>	<u>4,668,592</u>	<u>491,006</u>	<u>7,391,391</u>
NET POSITION, ENDING	<u>\$ 2,001,896</u>	<u>\$ 3,943,317</u>	<u>\$ 428,937</u>	<u>\$ 6,374,150</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF CASH FLOWS

ALL INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Medical Insurance</u>	<u>Equipment Replacement</u>	<u>Computer Replacement</u>	<u>Total Internal Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Interfund services provided and used	\$ 3,734,875	\$ 647,281	\$ 261,836	\$ 4,643,992
Cash payments to suppliers for goods and services	<u>(3,711,378)</u>	<u>-</u>	<u>(158,989)</u>	<u>(3,870,367)</u>
Net cash provided (used) by operating activities	<u>23,497</u>	<u>647,281</u>	<u>102,847</u>	<u>773,625</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	<u>95,000</u>	<u>-</u>	<u>-</u>	<u>95,000</u>
Net cash provided (used) by noncapital financing activities	<u>95,000</u>	<u>-</u>	<u>-</u>	<u>95,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition or construction of capital assets	-	<u>(863,207)</u>	<u>(83,144)</u>	<u>(946,351)</u>
Proceeds from the disposition of capital assets	<u>-</u>	<u>121,300</u>	<u>-</u>	<u>121,300</u>
Net used for capital and related financing activities	<u>-</u>	<u>(741,907)</u>	<u>(83,144)</u>	<u>(825,051)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	168,515	-	65,080	233,595
Proceeds from sale and maturities of securities	-	80,756	-	80,756
Interest and dividends on investments	<u>3,545</u>	<u>16,773</u>	<u>-</u>	<u>20,318</u>
Net cash provided (used) by investing activities	<u>172,060</u>	<u>97,529</u>	<u>65,080</u>	<u>334,669</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	290,557	2,903	84,783	378,243
CASH AND CASH EQUIVALENTS, BEGINNING	<u>254,134</u>	<u>242,002</u>	<u>-</u>	<u>496,136</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 544,691</u>	<u>\$ 244,905</u>	<u>\$ 84,783</u>	<u>\$ 874,379</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF CASH FLOWS

ALL INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Medical Insurance</u>	<u>Equipment Replacement</u>	<u>Computer Replacement</u>	<u>Total Internal Service</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (333,545)	\$ (729,884)	\$ (62,069)	\$ (1,125,498)
Adjustments to reconcile operating income to net cash used by operating activities:				
Depreciation	-	1,185,654	208,159	1,393,813
Change in assets and liabilities:				
Decrease (increase) in prepaid expenses	(11,605)	-	-	(11,605)
Decrease (increase) in receivables	122,792	14,225	-	137,017
Decrease (increase) in interfund receivables	257,981	-	-	257,981
Increase (decrease) in accounts payable	(12,126)	-	-	(12,126)
Increase (decrease) in interfund payables	-	177,286	(43,243)	134,043
Total adjustments	<u>357,042</u>	<u>1,377,165</u>	<u>164,916</u>	<u>1,899,123</u>
Net cash provided (used) by operating activities	<u>\$ 23,497</u>	<u>\$ 647,281</u>	<u>\$ 102,847</u>	<u>\$ 773,625</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

SEPTEMBER 30, 2013

	<u>Employee Assistance Trust</u>	<u>Scholarship Trust</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ <u>6,153</u>	\$ <u>9,201</u>	\$ <u>15,354</u>
Total assets	\$ <u>6,153</u>	\$ <u>9,201</u>	\$ <u>15,354</u>
LIABILITIES			
Accounts payable	\$ <u>6,153</u>	\$ <u>9,201</u>	\$ <u>15,354</u>
Total liabilities	\$ <u>6,153</u>	\$ <u>9,201</u>	\$ <u>15,354</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

YEAR ENDED SEPTEMBER 30, 2013

	<u>Balance October 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2013</u>
EMPLOYEE ASSISTANCE TRUST FUND				
Assets				
Cash and investments	\$ <u>6,330</u>	\$ <u>2,323</u>	\$ <u>2,500</u>	\$ <u>6,153</u>
Total assets	\$ <u>6,330</u>	\$ <u>2,323</u>	\$ <u>2,500</u>	\$ <u>6,153</u>
Liabilities				
Accounts payable	\$ <u>6,330</u>	\$ <u>2,323</u>	\$ <u>2,500</u>	\$ <u>6,153</u>
Total liabilities	\$ <u>6,330</u>	\$ <u>2,323</u>	\$ <u>2,500</u>	\$ <u>6,153</u>
SCHOLARSHIP TRUST FUND				
Assets				
Cash and investments	\$ <u>10,003</u>	\$ <u>5,337</u>	\$ <u>6,139</u>	\$ <u>9,201</u>
Total assets	\$ <u>10,003</u>	\$ <u>5,337</u>	\$ <u>6,139</u>	\$ <u>9,201</u>
Liabilities				
Accounts payable	\$ <u>10,003</u>	\$ <u>5,337</u>	\$ <u>6,139</u>	\$ <u>9,201</u>
Total liabilities	\$ <u>10,003</u>	\$ <u>5,337</u>	\$ <u>6,139</u>	\$ <u>9,201</u>
TOTAL AGENCY FUNDS				
Assets				
Cash and investments	\$ <u>16,333</u>	\$ <u>7,660</u>	\$ <u>8,639</u>	\$ <u>15,354</u>
Total assets	\$ <u>16,333</u>	\$ <u>7,660</u>	\$ <u>8,639</u>	\$ <u>15,354</u>
Liabilities				
Accounts payable	\$ <u>16,333</u>	\$ <u>7,660</u>	\$ <u>8,639</u>	\$ <u>15,354</u>
Total liabilities	\$ <u>16,333</u>	\$ <u>7,660</u>	\$ <u>8,639</u>	\$ <u>15,354</u>

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Huntsville, Texas' 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.

Contents

	Page
Financial Trends	93 – 104
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	105 – 110
These schedules contain information to help the reader assess the City's most significant local revenue sources.	
Debt Capacity	111 – 115
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	116 – 117
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	118 – 122
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

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

CITY OF HUNTSVILLE, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(Unaudited) (Amounts Expressed in Thousands)

	Fiscal Year		
	2004	2005	2006
Governmental activities:			
Net investment in capital assets	\$ 8,816	\$ 11,379	\$ 14,371
Restricted	2,825	2,684	1,950
Unrestricted	6,284	5,167	7,141
Total governmental activities net position	\$ 17,925	\$ 19,230	\$ 23,462
Business-type activities:			
Net investment in capital assets	\$ 26,518	\$ 30,039	\$ 30,650
Restricted	-	-	-
Unrestricted	20,086	21,769	25,383
Total business-type activities net position	\$ 46,604	\$ 51,808	\$ 56,033
Primary government:			
Net investment in capital assets	\$ 35,334	\$ 41,418	\$ 45,021
Restricted	2,825	2,684	1,950
Unrestricted	26,370	26,936	32,524
Total primary government net position	\$ 64,529	\$ 71,038	\$ 79,495

Source: Comprehensive Annual Financial Reports

TABLE 1

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$ 14,125	\$ 14,999	\$ 13,137	\$ 15,282	\$ 14,982	\$ 17,068	\$ 17,385
1,367	2,271	4,216	6,662	3,605	2,147	2,872
<u>9,144</u>	<u>11,645</u>	<u>13,352</u>	<u>6,984</u>	<u>9,453</u>	<u>9,216</u>	<u>9,936</u>
<u>\$ 24,636</u>	<u>\$ 28,915</u>	<u>\$ 30,705</u>	<u>\$ 28,928</u>	<u>\$ 28,040</u>	<u>\$ 28,431</u>	<u>\$ 30,193</u>
\$ 30,572	\$ 32,580	\$ 33,626	\$ 38,447	\$ 41,168	\$ 48,911	\$ 52,727
-	-	-	-	-	-	-
<u>28,530</u>	<u>25,888</u>	<u>25,990</u>	<u>24,273</u>	<u>25,078</u>	<u>21,247</u>	<u>22,888</u>
<u>\$ 59,102</u>	<u>\$ 58,468</u>	<u>\$ 59,616</u>	<u>\$ 62,720</u>	<u>\$ 66,246</u>	<u>\$ 70,158</u>	<u>\$ 75,615</u>
\$ 44,697	\$ 47,579	\$ 46,763	\$ 53,729	\$ 56,150	\$ 65,979	\$ 70,112
1,367	2,271	4,216	6,662	3,605	2,147	2,872
<u>37,674</u>	<u>37,533</u>	<u>39,342</u>	<u>31,257</u>	<u>34,531</u>	<u>30,463</u>	<u>32,824</u>
<u>\$ 83,738</u>	<u>\$ 87,383</u>	<u>\$ 90,321</u>	<u>\$ 91,648</u>	<u>\$ 94,286</u>	<u>\$ 98,589</u>	<u>\$ 105,808</u>

CITY OF HUNTSVILLE, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Unaudited)

	Fiscal Year			
	2004	2005	2006	2007
EXPENSES				
Governmental activities:				
General government	\$ -	\$ -	\$ -	\$ -
Charter offices	526,118	234,145	225,564	355,117
Finance	507,637	467,116	512,507	514,249
Public works	3,419,677	2,817,160	2,947,577	4,390,108
Planning and development	530,927	532,233	368,452	-
Administrative services	-	-	-	927,606
Community services	2,351,859	1,980,942	2,097,339	2,840,771
Public safety	4,299,561	4,592,788	4,652,795	5,261,792
Tourism and cultural services	-	-	-	-
Economic development	103,614	110,600	39,160	-
Information technology services	395,067	149,582	451,404	-
Organization and staff development	204,211	59,033	93,335	-
Non-departmental	194,913	482,963	1,001,188	-
Other	498,007	466,855	367,129	-
Interest on long-term debt	679,692	865,744	883,950	823,536
Total governmental activities expenses	<u>13,711,283</u>	<u>12,759,161</u>	<u>13,640,400</u>	<u>15,113,179</u>
Business-type activities:				
Water	8,515,828	8,495,061	8,600,477	9,418,778
Wastewater	6,199,501	6,498,942	6,743,995	6,865,550
Solid waste	3,316,718	3,543,587	3,498,996	3,653,569
Golf course	1,349,473	1,053,620	-	-
Oakwood cemetery - operating	78,315	84,286	96,891	104,349
Total business-type activities expenses	<u>19,459,835</u>	<u>19,675,496</u>	<u>18,940,359</u>	<u>20,042,246</u>
Total primary government expenses	<u>\$ 33,171,118</u>	<u>\$ 32,434,657</u>	<u>\$ 32,580,759</u>	<u>\$ 35,155,425</u>
PROGRAM REVENUES				
Governmental activities:				
Fees, fines, and charges for services:				
General government	\$ -	\$ -	\$ -	\$ -
Finance	965,298	732,291	742,856	696,960
Public works	52,625	65,263	69,796	551,018
Planning and development	12,054	12,518	12,781	-
Community services	34,782	37,960	45,677	126,987
Public safety	476,810	229,457	265,943	261,730
Tourism and cultural services	-	-	-	-
Information technology services	-	-	20,422	-
Non-departmental	246,108	243,499	288,280	-
Other	127,568	139,006	-	-
Operating grants and contributions	557,824	1,427,022	1,104,914	618,778
Capital grants and contributions	-	-	-	475,000
Total governmental activities program revenues	<u>2,473,069</u>	<u>2,887,016</u>	<u>2,550,669</u>	<u>2,730,473</u>

TABLE 2

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ -	\$ -	\$ -	\$ -	\$ 3,104,243	\$ 4,865,299
252,387	200,849	257,439	219,632	-	-
578,053	578,505	490,313	959,422	-	-
3,671,852	4,981,472	5,013,011	8,191,939	4,826,684	6,155,206
-	-	-	-	-	-
1,039,121	1,830,932	1,890,358	553,173	-	-
2,878,653	2,761,093	2,949,856	2,745,391	4,995,176	4,343,053
5,884,539	6,063,508	6,413,503	6,772,314	7,042,470	7,674,754
-	-	-	-	-	205,896
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
790,282	756,682	657,074	735,374	686,724	582,045
<u>15,094,887</u>	<u>17,173,041</u>	<u>17,671,554</u>	<u>20,177,245</u>	<u>20,655,297</u>	<u>23,826,253</u>
9,838,924	10,809,836	11,240,528	10,553,087	10,518,861	9,096,273
8,186,346	7,598,209	7,202,096	7,325,201	6,789,773	4,779,128
4,364,518	3,935,369	4,153,125	4,246,715	4,508,492	3,341,035
-	-	-	-	-	-
122,322	132,887	-	-	-	-
<u>22,512,110</u>	<u>22,476,301</u>	<u>22,595,749</u>	<u>22,125,003</u>	<u>21,817,126</u>	<u>17,216,436</u>
<u>\$ 37,606,997</u>	<u>\$ 39,649,342</u>	<u>\$ 40,267,303</u>	<u>\$ 42,302,248</u>	<u>\$ 42,472,423</u>	<u>\$ 41,042,689</u>
\$ -	\$ -	\$ -	\$ -	\$ 466,973	\$ 461,307
869,337	815,659	742,152	902,445	-	-
397,595	545,732	646,211	735,745	280,187	359,429
-	-	-	-	-	-
156,246	132,403	543,111	545,891	196,991	80,771
254,667	461,192	387,252	399,662	1,162,227	1,152,995
-	-	-	-	-	132,279
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
709,012	853,861	906,869	1,319,661	1,923,813	1,272,518
25,000	-	-	-	597,817	228,627
<u>2,411,857</u>	<u>2,808,847</u>	<u>3,225,595</u>	<u>3,903,404</u>	<u>4,628,008</u>	<u>3,687,926</u>

CITY OF HUNTSVILLE, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Unaudited)

	Fiscal Year			
	2004	2005	2006	2007
Business-type activities:				
Charges for services:				
Water	\$ 9,647,002	\$ 10,429,286	\$ 10,368,491	\$ 10,041,283
Wastewater	7,522,863	7,551,567	7,706,381	8,258,369
Solid waste	3,623,527	3,590,668	3,749,599	3,845,390
Golf course	649,014	556,896	-	-
Oakwood cemetery - operating	12,713	24,732	10,749	23,930
Operating grants and contributions	146,889	1,442,555	518,343	357,206
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>21,602,008</u>	<u>23,595,704</u>	<u>22,353,563</u>	<u>22,526,178</u>
Total primary government program revenues	<u>\$ 24,075,077</u>	<u>\$ 26,482,720</u>	<u>\$ 24,904,232</u>	<u>\$ 25,256,651</u>
NET (EXPENSE) REVENUES				
Governmental activities	\$(11,238,214)	\$(9,872,145)	\$(11,089,731)	\$(12,382,706)
Business-type activities	<u>2,142,173</u>	<u>3,920,208</u>	<u>3,413,204</u>	<u>2,483,932</u>
Total primary government net expense	<u>(9,096,041)</u>	<u>(5,951,937)</u>	<u>(7,676,527)</u>	<u>(9,898,774)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	3,601,495	3,891,063	4,047,933	4,222,399
Franchise	1,717,886	1,908,146	2,061,344	2,157,839
Sales	4,920,554	5,127,306	5,511,003	5,902,325
Other	444,255	466,001	556,923	581,957
Investment earnings	97,467	251,741	481,777	571,588
Gain on sale of capital assets	-	-	-	-
Miscellaneous	106,061	187,608	859,883	445,494
Transfers	<u>1,372,195</u>	<u>(654,410)</u>	<u>481,703</u>	<u>490,458</u>
Total governmental activities	<u>12,259,913</u>	<u>11,177,455</u>	<u>14,000,566</u>	<u>14,372,060</u>
Business-type activities:				
Investment earnings	227,585	564,915	1,294,075	1,074,767
Miscellaneous	74,101	64,315	-	-
Transfers	<u>(1,372,195)</u>	<u>654,410</u>	<u>(481,703)</u>	<u>(490,458)</u>
Total business-type activities	<u>(1,070,509)</u>	<u>1,283,640</u>	<u>812,372</u>	<u>584,309</u>
Total primary government	<u>11,189,404</u>	<u>12,461,095</u>	<u>14,812,938</u>	<u>14,956,369</u>
CHANGE IN NET POSITION				
Governmental activities	1,021,699	1,305,310	2,910,835	1,989,354
Business-type activities	<u>1,071,664</u>	<u>5,203,848</u>	<u>4,225,576</u>	<u>3,068,241</u>
Total primary government	<u>\$ 2,093,363</u>	<u>\$ 6,509,158</u>	<u>\$ 7,136,411</u>	<u>\$ 5,057,595</u>

Notes:

Source: Comprehensive Annual Financial Reports

TABLE 2

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 10,777,639	\$ 11,236,725	\$ 10,686,144	\$ 11,475,640	\$ 12,899,947	\$ 14,953,542
8,471,967	8,264,083	8,320,895	8,387,721	8,554,235	8,110,864
4,136,836	4,257,337	4,246,461	4,300,845	4,464,921	4,589,223
-	-	-	-	-	-
11,930	16,457	-	-	-	-
358,290	577,216	190,023	1,339,979	129,421	64,530
-	-	-	-	377,791	103,632
<u>23,756,662</u>	<u>24,351,818</u>	<u>23,443,523</u>	<u>25,504,185</u>	<u>26,426,315</u>	<u>27,821,791</u>
<u>\$ 26,168,519</u>	<u>\$ 27,160,665</u>	<u>\$ 26,669,118</u>	<u>\$ 29,407,589</u>	<u>\$ 31,054,323</u>	<u>\$ 31,509,717</u>
\$(12,683,030)	\$(14,364,194)	\$(14,445,959)	\$(16,273,841)	\$(16,027,289)	\$(20,138,327)
1,244,552	1,875,517	847,774	3,379,182	4,609,189	10,605,355
<u>(11,438,478)</u>	<u>(12,488,677)</u>	<u>(13,598,185)</u>	<u>(12,894,659)</u>	<u>(11,418,100)</u>	<u>(9,532,972)</u>
4,512,407	4,642,267	4,910,022	4,945,427	4,950,887	5,432,756
2,204,367	2,464,364	2,933,589	2,893,671	2,067,884	2,073,036
6,072,299	6,516,515	5,989,793	6,443,698	6,515,890	6,726,868
672,527	624,862	614,394	647,106	652,479	889,203
443,065	163,418	201,656	182,986	191,187	274,573
-	(18,077)	-	-	7,485	670,466
495,382	822,493	132,978	256,999	75,453	158,219
2,561,493	938,099	(2,113,407)	16,745	1,366,445	5,675,280
<u>16,961,540</u>	<u>16,153,941</u>	<u>12,669,025</u>	<u>15,386,632</u>	<u>15,827,710</u>	<u>21,900,401</u>
683,014	210,752	142,636	141,713	236,694	53,314
257	-	-	21,557	214,013	474,384
<u>(2,561,493)</u>	<u>(938,099)</u>	<u>2,113,407</u>	<u>(16,745)</u>	<u>(1,366,445)</u>	<u>(5,675,280)</u>
<u>(1,878,222)</u>	<u>(727,347)</u>	<u>2,256,043</u>	<u>146,525</u>	<u>(915,738)</u>	<u>(5,147,582)</u>
<u>15,083,318</u>	<u>15,426,594</u>	<u>14,925,068</u>	<u>15,533,157</u>	<u>14,911,972</u>	<u>16,752,819</u>
4,278,510	1,789,747	(1,776,934)	(887,209)	(199,579)	1,762,074
<u>(633,670)</u>	<u>1,148,170</u>	<u>3,103,817</u>	<u>3,525,707</u>	<u>3,693,451</u>	<u>5,457,773</u>
<u>\$ 3,644,840</u>	<u>\$ 2,937,917</u>	<u>\$ 1,326,883</u>	<u>\$ 2,638,498</u>	<u>\$ 3,493,872</u>	<u>\$ 7,219,847</u>

CITY OF HUNTSVILLE, TEXAS

**FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)**

	Fiscal Year			
	2004	2005	2006	2007
General fund				
Reserved*	\$ 110,273	\$ 114,235	\$ 88,110	\$ 103,991
Unreserved	3,548,607	2,848,143	4,172,594	6,169,366
Nonspendable*	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 3,658,880</u>	<u>\$ 2,962,378</u>	<u>\$ 4,260,704</u>	<u>\$ 6,273,357</u>
All other governmental funds				
Reserved*	\$ 526,226	\$ 476,455	\$ 152,525	\$ 49,537
Unreserved, reported in:				
Special revenue funds	1,434,916	1,909,801	2,339,591	2,262,452
Capital project funds	3,092,004	1,995,204	1,612,793	1,065,296
Debt service funds	526,226	476,455	152,525	94,498
Permanent funds	442,913	440,727	440,344	454,218
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	<u>\$ 6,022,285</u>	<u>\$ 5,298,642</u>	<u>\$ 4,697,778</u>	<u>\$ 3,926,001</u>

Note:

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

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

Source: Comprehensive Annual Financial Reports

TABLE 3

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 106,642	\$ 332,802	\$ 318,410	\$ -	\$ -	\$ -
7,858,244	8,685,056	8,721,665	-	-	-
-	-	-	112,643	191,710	115,652
-	-	-	220,230	-	-
-	-	-	-	990,943	2,929,319
-	-	-	8,788,354	8,032,616	7,600,341
<u>\$ 7,964,886</u>	<u>\$ 9,017,858</u>	<u>\$ 9,040,075</u>	<u>\$ 9,121,227</u>	<u>\$ 9,215,269</u>	<u>\$ 10,645,312</u>
\$ 291,188	\$ 421,501	\$ 178,950	\$ -	\$ -	\$ -
2,238,495	2,214,950	2,299,640	-	-	-
1,953,751	3,727,631	5,985,616	-	-	-
-	-	388,653	-	-	-
458,694	463,210	459,190	-	-	-
-	-	-	469,485	480,517	479,507
-	-	-	1,452,211	1,860,026	2,499,548
-	-	-	860,588	-	-
-	-	-	2,898,732	3,154,522	2,205,489
<u>\$ 4,942,128</u>	<u>\$ 6,827,292</u>	<u>\$ 9,312,049</u>	<u>\$ 5,681,016</u>	<u>\$ 5,495,065</u>	<u>\$ 5,184,544</u>

CITY OF HUNTSVILLE, TEXAS

**CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS
(Unaudited)**

	Fiscal Year			
	2004	2005	2006	2007
REVENUES				
Taxes	\$ 10,627,961	\$ 11,349,448	\$ 12,110,807	\$ 12,776,640
Licenses, fees and permits	226,406	242,684	284,860	444,643
Fines, fees and forfeitures	834,062	779,967	827,609	889,400
Charges for services	650,709	676,585	568,879	636,241
Contributions, grants and donations	557,824	1,124,133	843,689	832,626
Administrative cost reimbursement	2,993,567	3,696,776	4,215,525	4,653,361
Investment earnings	97,467	251,741	481,777	571,586
Miscellaneous	132,412	252,426	919,297	445,751
Total revenues	<u>16,120,408</u>	<u>18,373,760</u>	<u>20,252,443</u>	<u>21,250,248</u>
EXPENDITURES				
General government	-	-	-	-
Charter offices	728,146	808,611	777,808	909,677
Finance	917,304	1,073,657	1,178,178	1,080,643
Public works	4,195,014	3,878,094	4,434,253	4,385,291
Administrative services	-	-	-	2,529,657
Community services	1,910,635	2,049,479	2,104,560	2,576,927
Public safety	4,086,565	4,758,577	4,673,004	5,291,327
Tourism and cultural services	-	-	-	-
Information technology services	1,087,422	774,743	776,754	-
Non-departmental	1,008,322	1,390,944	1,611,146	-
Capital outlay	1,058,033	2,212,789	2,682,132	1,446,655
Debt service:				
Interest and fiscal charges	787,652	861,679	886,283	829,343
Principal	<u>605,000</u>	<u>4,296,631</u>	<u>1,079,681</u>	<u>944,848</u>
Total expenditures	<u>16,384,093</u>	<u>22,105,204</u>	<u>20,203,799</u>	<u>19,994,368</u>

TABLE 4

		Fiscal Year									
		2008	2009	2010	2011	2012	2013				
\$	13,674,901	\$	14,228,818	\$	14,465,189	\$	14,907,890	\$	14,298,498	\$	14,974,123
	313,952		392,167		539,268		279,085		259,278		358,849
	878,632		858,241		857,412		941,449		1,222,931		858,761
	609,287		834,379		862,328		893,643		938,218		916,367
	473,502		517,668		634,157		1,048,495		1,903,849		1,240,129
	4,958,864		5,132,427		5,272,643		4,894,039		-		-
	443,066		163,418		201,656		182,986		191,187		39,136
	504,917		919,343		467,635		932,790		765,322		462,468
	<u>21,857,121</u>		<u>23,046,461</u>		<u>23,300,288</u>		<u>24,080,377</u>		<u>19,579,283</u>		<u>18,849,833</u>
	-		-		-		-		2,047,989		4,620,878
	972,581		811,467		899,605		740,769		-		-
	1,211,277		1,302,213		1,393,646		1,367,720		-		-
	4,650,329		5,161,730		5,422,205		6,631,987		4,808,254		5,942,388
	2,886,470		3,128,099		3,123,750		3,140,407		-		-
	2,680,927		3,368,954		5,405,665		6,517,329		5,282,411		4,327,291
	5,660,044		6,075,462		6,448,506		6,772,314		6,526,579		6,847,267
	-		-		-		-		-		205,896
	-		-		-		-		-		-
	-		-		-		-		-		-
	242,698		-		-		-		-		-
	976,916		926,827		653,729		736,974		705,805		572,501
	<u>795,365</u>		<u>7,504,000</u>		<u>1,334,000</u>		<u>1,513,000</u>		<u>1,603,000</u>		<u>1,477,000</u>
	<u>20,076,607</u>		<u>28,278,752</u>		<u>24,681,106</u>		<u>27,420,500</u>		<u>20,974,038</u>		<u>23,993,221</u>

CITY OF HUNTSVILLE, TEXAS

**CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year			
	2004	2005	2006	2007
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (263,685)	\$ (3,731,444)	\$ 48,644	\$ 1,255,880
OTHER FINANCING SOURCES (USES)				
Issuance of bonds/notes payable	2,453,076	3,820,000	1,145,000	-
Payments to escrow agent	(1,183,208)	-	-	-
Premium on issuance of debt	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	2,663,545	701,991	2,350,717	951,915
Transfers out	(2,531,631)	(2,160,921)	(2,522,969)	(814,391)
Total other financing sources (uses)	<u>1,401,782</u>	<u>2,361,070</u>	<u>972,748</u>	<u>137,524</u>
NET CHANGE IN FUND BALANCES	<u>\$ 1,138,097</u>	<u>\$ (1,370,374)</u>	<u>\$ 1,021,392</u>	<u>\$ 1,393,404</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>9.1%</u>	<u>25.9%</u>	<u>11.2%</u>	<u>9.6%</u>

Source: Comprehensive Annual Financial Reports

TABLE 4

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ <u>1,780,514</u>	\$(<u>5,232,291</u>)	\$(<u>1,380,818</u>)	\$(<u>3,340,123</u>)	\$(<u>1,394,755</u>)	\$(<u>5,143,388</u>)
-	8,255,000	3,500,000	-	2,753,852	-
-	-	-	-	(2,845,716)	-
-	-	-	-	142,757	-
-	-	-	-	7,527	682,630
2,924,903	2,207,393	2,391,521	1,903,386	3,615,265	7,581,144
(<u>1,997,764</u>)	(<u>2,291,969</u>)	(<u>2,003,729</u>)	(<u>2,113,141</u>)	(<u>2,526,840</u>)	(<u>2,000,864</u>)
<u>927,139</u>	<u>8,170,424</u>	<u>3,887,792</u>	<u>(209,755)</u>	<u>1,146,845</u>	<u>6,262,910</u>
\$ <u><u>2,707,653</u></u>	\$ <u><u>2,938,133</u></u>	\$ <u><u>2,506,974</u></u>	\$(<u><u>3,549,878</u></u>)	\$(<u><u>247,910</u></u>)	\$ <u><u>1,119,522</u></u>
<u>8.9%</u>	<u>29.8%</u>	<u>8.1%</u>	<u>8.2%</u>	<u>12.1%</u>	<u>8.5%</u>

CITY OF HUNTSVILLE, TEXAS

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Unaudited)

<u>Fiscal Year</u>	<u>Property Taxes ^a</u>	<u>Sales & Use Taxes</u>	<u>Franchise and Other Taxes</u>	<u>Total</u>
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
2010	4,927,413	5,989,793	3,547,983	14,465,189
2011	4,923,415	6,443,698	3,540,777	14,907,890
2012	5,062,245	6,515,890	2,720,363	14,298,498
2013	5,285,016	6,726,868	2,962,239	14,974,123

Notes:

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

b Includes franchise and gross receipt taxes, mixed drink taxes, hotel occupancy taxes, and use of right-of-way.

Source: Comprehensive Annual Financial Report

TABLE 6

CITY OF HUNTSVILLE, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

(Unaudited)

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Agricultural Property</u>	<u>Industrial Property</u>	<u>Other Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Rate</u>
2004	\$ 525,955,569	\$ 274,367,340	\$ 13,453,940	\$ 23,791,720	\$ 32,645,762	\$ 50,283,554	\$ 819,930,777	\$ 0.42500
2005	549,917,299	323,799,290	13,769,880	11,605,650	34,859,152	54,257,548	879,693,723	0.43750
2006	591,101,352	326,560,700	14,961,910	12,552,400	37,624,120	66,240,485	916,559,997	0.43190
2007	646,884,721	309,698,960	16,063,020	47,323,330	44,745,620	77,066,511	987,649,140	0.41920
2008	702,770,713	315,173,801	20,390,420	53,218,390	49,468,812	70,263,493	1,070,758,643	0.41350
2009	740,510,737	345,938,999	30,910,310	69,853,920	13,690,524	75,915,900	1,124,988,590	0.40070
2010	755,466,498	440,156,531	31,403,390	35,289,770	17,716,340	80,973,670	1,199,058,859	0.40070
2011	858,425,842	356,128,990	30,755,600	132,804,650	17,020,230	90,422,700	1,304,712,612	0.40070
2012	844,689,140	366,391,795	31,148,750	135,247,130	17,842,720	90,470,250	1,304,849,285	0.39150
2013	873,754,885	385,487,911	29,604,530	123,444,160	17,964,560	92,646,480	1,337,609,566	0.42060

Source: Walker County Appraisal District

Note: Reclassification of industrial and other in 2010.

TABLE 7

CITY OF HUNTSVILLE, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	City Direct Rates			Overlapping Rates			Total Direct and Overlapping Rates
	Operating/ General Rate	General Obligation Debt Service	Total Direct Rate	Huntsville ISD	Walker County	Hospital District	
2004	\$ 0.23223	\$ 0.19277	\$ 0.42500	\$ 1.66000	\$ 0.62500	\$ 0.18500	\$ 2.89500
2005	0.24473	0.19277	0.43750	1.66000	0.62500	0.19220	2.91470
2006	0.23913	0.19277	0.43190	1.66000	0.59970	0.18250	2.87410
2007	0.23810	0.18110	0.41920	1.53000	0.56670	0.17200	2.68790
2008	0.24050	0.17300	0.41350	1.21000	0.54500	0.15370	2.32220
2009	0.21080	0.18990	0.40070	1.34000	0.54500	0.15370	2.43940
2010	0.22490	0.17580	0.40070	1.34000	0.57700	0.15370	2.47140
2011	0.21340	0.18730	0.40070	1.21000	0.57930	0.15300	2.34300
2012	0.23810	0.15340	0.39150	1.21000	0.55360	0.15680	2.31190
2013	0.26390	0.15670	0.42060	1.21000	0.63550	0.15540	2.42150

Source: County Board of Equalization and Assessment

TABLE 8

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

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Weatherford US LP	\$ 26,194,616	1	1.95%	\$ 15,675,105	2	1.91%
Diamond URS Huntsville LLC	21,013,610	2	1.56%	N/A	N/A	N/A
Sycamore Avenue Associates LLC	18,746,530	3	1.39%	N/A	N/A	N/A
University House Huntsville LLC	18,709,220	4	1.39%	N/A	N/A	N/A
Vesper Form LLC	15,337,140	5	1.14%	N/A	N/A	N/A
Entergy Texas, Inc.	14,441,750	6	1.07%	11,590,170	3	1.41%
Huntsville Place LP	14,297,660	7	1.06%	N/A	N/A	N/A
Campus Crest at Huntsville LP	13,384,850	8	0.99%	N/A	N/A	N/A
Vesper Encore Huntsville LLC	12,305,450	9	0.91%	N/A	N/A	N/A
Hyponex Corporation	<u>10,484,445</u>	10	<u>0.78%</u>	<u>N/A</u>	N/A	<u>N/A</u>
Total	\$ <u>164,915,271</u>		<u>12.25%</u>	\$ <u>27,265,275</u>		<u>3.33%</u>

Source: Walker County Appraisal District

CITY OF HUNTSVILLE, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy Collected		Amount	Percentage of Levy
2004	\$ 3,536,589	\$ 3,423,539	96.80%	\$ 104,140	\$ 3,527,679	99.7%
2005	3,842,132	3,717,347	96.75%	113,741	3,831,088	99.7%
2006	3,987,376	3,835,272	96.19%	139,363	3,974,635	99.7%
2007	4,161,024	4,003,075	96.20%	143,726	4,146,801	99.7%
2008	4,345,730	4,279,765	98.48%	44,316	4,324,081	99.5%
2009	4,601,736	4,532,532	98.50%	41,796	4,574,328	99.4%
2010	4,826,650	4,748,093	98.37%	38,025	4,786,118	99.2%
2011	4,862,674	4,785,780	98.42%	14,645	4,800,425	98.7%
2012	4,933,221	4,870,973	98.74%	29,821	4,900,794	99.3%
2013	5,394,367	5,317,813	98.58%	-	5,317,813	98.6%

Source: Walker County Appraisal District

TABLE 10

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

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Walker County</u>	<u>State of Texas</u>
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%
2010	1.50%	0.50%	6.25%
2011	1.50%	0.50%	6.25%
2012	1.50%	0.50%	6.25%
2013	1.50%	0.50%	6.25%

Source: City Budget Documents and Texas Comptroller

CITY OF HUNTSVILLE, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government Debt	Percentage of Personal Income *	Per Capita*
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Revenue Bonds	General Obligation Bonds	Certificates of Obligation			
2004	\$ 1,403,076	\$ 13,380,000	\$ 981,692	\$ 35,981,925	\$ -	\$ 5,010,000	\$ 56,756,693	4.88%	\$ 1,557
2005	5,011,445	14,140,000	772,719	32,883,555	-	-	52,807,719	4.34%	1,439
2006	4,611,764	13,760,000	1,094,888	29,953,236	-	-	49,419,888	3.79%	1,327
2007	4,171,916	13,380,000	1,038,929	27,788,084	-	-	46,378,929	3.39%	1,251
2008	4,345,000	12,950,000	772,489	27,445,000	-	-	45,512,489	2.94%	1,204
2009	11,781,000	6,265,000	986,353	25,040,000	-	-	44,072,353	2.81%	1,164
2010	14,582,000	5,630,000	791,974	22,820,000	-	-	43,823,974	2.62%	1,137
2011	13,379,000	5,320,000	409,398	20,160,000	-	-	39,268,398	2.26%	1,019
2012	12,279,852	4,725,000	-	30,970,000	5,396,148	-	53,371,000	N/A	1,346
2013	11,094,653	4,550,000	-	28,087,146	4,807,369	-	48,539,168	N/A	1,224

Source: Comprehensive Annual Financial Report

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Personal income not available for 2012 and 2013.

* See Table 16 for personal income and population data.

CITY OF HUNTSVILLE, TEXAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

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

Fiscal Year	Governmental Activities				Business-type Activities		Less: Amounts Available for Debt Service	Net Bonded Debt	Assessed Value	Percentage of Actual Taxable Value of Property	Population	Per Capita
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Total	General Obligation Bonds	Gross Bonded Debt						
2004	\$ 1,403,076	\$ 13,380,000	\$ 772,719	\$ 15,555,795	\$ -	\$ 15,555,795	\$ 526,226	\$ 15,029,569	\$ 819,930,777	1.83%	36,442	\$ 408
2005	5,011,445	14,140,000	1,094,888	20,246,333	-	20,246,333	476,455	19,769,878	879,693,723	2.25%	36,699	521
2006	4,611,764	13,760,000	1,038,929	19,410,693	-	19,410,693	152,525	19,258,168	916,559,997	2.10%	37,237	512
2007	4,171,916	13,380,000	772,489	18,324,405	-	18,324,405	94,498	18,229,907	987,649,140	1.85%	37,059	486
2008	4,345,000	12,950,000	986,353	18,281,353	-	18,281,353	-	18,281,353	1,070,758,643	1.71%	37,790	484
2009	11,781,000	6,265,000	791,974	18,837,974	-	18,837,974	-	18,837,974	1,124,988,590	1.67%	37,867	495
2010	14,582,000	5,630,000	603,926	20,815,926	-	20,815,926	388,653	20,427,273	1,199,058,859	1.70%	38,548	530
2011	13,379,000	5,320,000	409,398	19,108,398	-	19,108,398	596,149	18,512,249	1,304,712,612	1.42%	38,548	480
2012	12,279,852	4,725,000	-	17,004,852	5,396,148	22,401,000	316,110	22,084,890	1,346,993,723	1.64%	39,666	573
2013	11,094,653	4,550,000	-	15,644,653	4,807,369	20,452,022	280,487	20,171,535	1,337,609,566	1.51%	39,666	509

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

CITY OF HUNTSVILLE, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2013
(Unaudited)

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt Repaid with Property Taxes:			
Walker County	\$ 19,315,000	57.00%	\$ 11,009,550
Huntsville Independent School District	37,631,989	77.15%	29,033,080
Subtotal overlapping debt			40,042,630
Total direct - City of Huntsville	15,644,653	100.00%	<u>15,644,653</u>
Direct and Overlapping Debt			<u>\$ 55,687,283</u>

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

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 81,992,078	\$ 87,693,223	\$ 91,655,999	\$ 98,764,914	\$ 107,075,864	\$ 112,498,860	\$ 117,174,274	\$ 128,878,748	\$ 134,699,372	\$ 133,760,957
Total net debt applicable to limit	<u>15,066,992</u>	<u>15,555,975</u>	<u>19,256,095</u>	<u>18,229,907</u>	<u>17,465,493</u>	<u>18,449,022</u>	<u>20,257,947</u>	<u>18,512,249</u>	<u>17,320,962</u>	<u>15,925,140</u>
Legal debt margin	<u>\$ 66,925,086</u>	<u>\$ 72,137,248</u>	<u>\$ 72,399,904</u>	<u>\$ 80,535,007</u>	<u>\$ 89,610,371</u>	<u>\$ 94,049,838</u>	<u>\$ 96,916,327</u>	<u>\$ 110,366,499</u>	<u>\$ 117,378,410</u>	<u>\$ 117,835,817</u>
Total net debt applicable to the limit as a percentage of debt limit.	18.38%	17.74%	21.01%	18.46%	16.31%	16.40%	17.29%	14.36%	12.86%	11.91%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	\$ 1,337,609,566
Debt limit (10% of assessed value)	133,760,957
Debt applicable to limit:	
General obligation bonds	15,644,653
Less: Amount set aside for repayment of general obligation debt	<u>280,487</u>
Total net debt applicable to limit	<u>15,925,140</u>
Legal debt margin	<u>\$ 117,835,817</u>

CITY OF HUNTSVILLE, TEXAS

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Proprietary Fund - Waterworks and Sewer System Revenue Bonds				Coverage
	Utility Operating Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue	Principal and Interest Payments	
2004	\$ 17,332,664	\$ 11,282,537	\$ 6,050,127	\$ 1,391,918	4.35
2005	17,407,743	13,031,755	4,375,988	1,654,078	2.65
2006	18,530,513	13,641,064	4,889,449	1,654,748	2.95
2007	19,807,892	14,168,876	5,639,016	1,653,410	3.41
2008	19,629,946	15,228,807	4,401,139	1,655,015	2.66
2009	20,020,455	15,689,469	4,330,986	1,905,744	2.27
2010	20,421,875	16,859,881	3,561,994	1,898,399	1.88
2011	19,184,481	15,059,681	4,124,800	1,911,129	2.16
2012	21,600,247	13,160,117	8,440,130	3,667,193	2.30
2013	23,471,922	14,403,707	9,068,215	3,933,276	2.31

Notes:

^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.

^b Includes operating expenses minus depreciation plus transfers out.

Source: Comprehensive Annual Financial Report

TABLE 16

CITY OF HUNTSVILLE, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

(Unaudited)

Calendar Year	Estimated Population		Personal Income ^a (thousands)	(1)	(1)	Population 21 Years and Older	High School Graduate or Higher	(2)	(3)
	City of Huntsville	Walker County		Personal Income Per Capita ^a	Median Age			School Enrollment	Unemployment Rate
2004	36,798	62,904	\$ 1,159,211	\$ 18,470	N/A	N/A	N/A	6,917	5.7%
2005	37,937	62,945	1,217,000	19,223	N/A	N/A	N/A	6,878	5.2%
2006	37,614	64,480	1,304,000	20,374	N/A	N/A	N/A	6,790	5.5%
2007	37,508	64,245	1,367,000	21,385	28.8	N/A	79.4%	6,528	4.8%
2008	37,761	64,239	1,547,453	23,130	29.7	N/A	76.4%	6,494	5.1%
2009	38,087	64,739	1,569,000	23,503	28.3	72.3%	78.2%	6,577	6.0%
2010	38,548	67,861	1,671,000	24,547	28.8	72.4%	N/A	6,502	7.5%
2011	38,548	67,861	1,737,000	25,508	28.6	72.4%	80.0%	6,502	8.3%
2012	39,666	68,408	1,765,500	25,809	28.6	72.4%	80.0%	6,276	6.5%
2013	39,666	68,408	1,794,500	26,200	28.6	72.4%	78.6%	6,291	6.7%

Sources: 2002-2005 population information provided by the US Census Bureau. 2006-2009 population information provided by the Texas Office of the State Demographer. 2010-2013 population information is from the 2010 Census. Personal income information provided by the US Bureau of Economic Analysis. Unemployment rate data is provided by the Texas Workforce Commission. School enrollment is provided by the Texas Education Agency and National Center for Education Statistical for private schools.

Notes: ^(a) For Walker County

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

Employer	2013			2004		
	Employees	Rank	Percentage of of Total City Employment	Employees	Rank	Percentage of of Total City Employment
Texas Department of Criminal Justice	6,783	1	45.29%			N/A
Sam Houston State University	3,364	2	22.46%			N/A
Huntsville Independent School District	900	3	6.01%			N/A
Huntsville Memorial Hospital	522	4	3.49%			N/A
Wal-Mart	485	5	3.24%			N/A
Walker County	389	6	2.60%			N/A
Education Service Center - Region VI	375	7	2.50%			N/A
City of Huntsville	295	8	2.00%			N/A
Weatherford Completion and Oilfield Services	188	9	1.26%			N/A
Gulf Coast Trade Center	<u>186</u>	10	<u>1.24%</u>			N/A
	<u>13,487</u>		<u>90.09%</u>			N/A

Sources: City of Huntsville budget document

TABLE 18

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

Function/Program	Fulltime Equivalent Employees as of September 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Charter offices										
Office of the City Manager	2.50	3.50	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.50
Office of the City Secretary	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Office of the City Attorney	1.00	1.00	1.00	1.00	1.00	-	-	-	-	-
Office of the 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	-	-	-	-	-	-	-	-	-	-
Economic development	2.00	-	-	-	-	-	-	-	-	-
Finance										
Finance	5.50	6.50	8.00	8.00	9.00	9.00	9.00	9.00	9.00	9.00
Purchasing	1.00	1.00	1.00	2.00	2.50	2.50	2.50	2.50	2.50	2.50
Fleet/Warehouse										
Administration	3.00	3.00	3.00	3.00	2.00	2.00	2.00	1.00	1.00	1.00
Municipal court	4.00	4.00	4.50	5.50	5.50	5.50	6.50	6.50	6.50	7.00
Court security	-	-	1.00	1.00	1.00	1.00	-	-	-	1.00
Utility billing	5.00	5.50	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Administrative services										
Human resources	2.00	3.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00
Risk/safety management	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-
Information technology	6.00	5.00	5.00	5.00	5.00	6.00	6.00	4.00	4.00	4.00
Community development	-	-	-	-	-	-	-	-	3.00	3.00
Public utilities										
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	3.00	3.00
Water distribution	9.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	13.00	13.00
Meter reading	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Wastewater collection	11.00	11.00	10.00	10.00	11.00	11.00	11.00	11.00	9.00	9.00
AJ Brown WWTP	5.50	5.50	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
NB Davidson WWTP	3.50	3.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Robinson Creek WWTP	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Environmental services	3.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Commercial collection	7.00	7.00	7.00	7.00	5.00	5.00	5.00	5.00	5.00	5.00
Solid waste disposal	9.00	9.00	9.00	9.00	8.00	9.00	9.00	9.00	9.00	9.00
Residential collection	13.00	13.00	13.00	13.00	8.00	7.00	7.00	7.00	7.00	7.00
Recycling	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

TABLE 18

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

Function/Program	Fulltime Equivalent Employees as of September 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public works										
Administration	6.00	6.00	6.50	6.50	6.00	3.00	3.00	3.00	3.00	3.00
Planning and development	14.00	15.00	14.00	12.00	15.50	18.50	18.50	18.00	18.00	18.00
Central inspection	5.00	6.00	6.00	6.00	4.00	4.00	4.00	4.00	5.00	5.00
Health inspection	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Construction crew	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Streets	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Drainage maintenance	-	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Street sweeping	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Community services										
Administration	1.00	2.00	2.00	4.50	4.00	2.00	2.00	2.00	2.00	2.00
Recreation	4.00	4.00	4.50	-	0.50	1.50	1.50	1.50	1.50	1.50
Parks maintenance	8.66	8.66	8.66	13.66	16.16	16.16	16.16	16.16	16.16	16.16
Aquatic center	-	-	-	-	0.66	0.66	1.00	1.00	1.00	1.00
Cemetery operations	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Building services	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Garage services	7.00	7.00	6.00	6.00	7.00	7.00	7.00	8.00	8.00	8.00
Library	9.00	9.00	9.00	9.00	9.50	9.00	9.00	9.00	9.00	9.00
Urban forestry	1.00	1.00	1.00	-	-	-	-	-	-	-
Golf course operations	9.50	9.50	-	-	-	-	-	-	-	-
Golf course pro shop operations	10.00	5.50	-	-	-	-	-	-	-	-
Public safety										
Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Police	47.00	47.00	47.00	48.00	52.00	54.00	54.00	54.00	58.00	57.00
Fire	5.00	6.00	7.00	8.00	12.00	12.00	12.00	12.00	12.00	13.00
School resource officers	5.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Cultural services and tourism										
Tourism	-	-	-	-	-	-	1.00	1.00	1.00	1.50
Visitor center	-	-	-	-	-	-	1.00	3.50	3.50	3.50
Gift shop	-	-	-	-	-	-	3.50	-	-	-
Cultural services	2.00	2.00	2.00	2.00	2.00	2.00	1.50	1.00	1.00	1.00
Main street	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	<u>276.16</u>	<u>284.16</u>	<u>272.16</u>	<u>278.16</u>	<u>284.32</u>	<u>283.82</u>	<u>289.16</u>	<u>284.16</u>	<u>292.16</u>	<u>294.66</u>

Source: City of Huntsville budget documents

TABLE 19

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Finance										
Invoices processed	N/A	9,423	9,847	8,622	9,500	10,109	11,673	13,950	13,882	13,975
Payroll checks issued	4,377	3,909	3,526	3,430	3,100	2,521	2,600	2,267	2,104	2,250
Court cases filed and processed	9,168	8,698	7,833	7,393	8,000	7,341	7,300	9,508	9,967	9,500
Warrants issued	N/A	3,590	2,870	2,816	3,000	2,982	2,880	3,308	3,753	3,600
Utility bills generated	N/A	N/A	98,273	100,948	103,218	106,807	103,500	103,800	106,186	107,200
Utility payments received	N/A	N/A	82,025	81,499	95,501	95,964	96,000	96,500	99,893	102,100
Meter reading service orders generated	5,382	N/A	13,718	14,993	10,966	10,967	11,000	10,500	13,207	13,415
Administrative services										
Workers compensation claims filed	42	40	21	24	30	30	25	20	22	
On-site property inspections conducted	N/A	9	8	91	80	N/A	N/A	N/A	N/A	N/A
Purchase orders issued	N/A	N/A	214	237	298	394	378	414	564	510
Formal bids issued	N/A	13	18	21	35	41	17	30	30	35
Computer help desk requests completed	N/A	2,457	3,081	3,191	3,000	2,743	2,700	1,743	1,743	1,800
Garage work orders processed	N/A	3,949	3,419	1,333	1,100	1,500	1,542	1,900	2,416	2,300
Public utilities										
Gallons of water produced (in billions)	N/A	2.12	2.82	2.58	2.84	2.81	2.70	2.70	2.70	2.70
Water main leaks repaired	N/A	30	80	87	277	573	210	200	245	250
New water connections installed	N/A	91	150	106	136	118	100	100	89	90
New sewer taps installed	N/A	72	80	150	130	124	124	120	80	90
Gallons wastewater treated (in billions)	N/A	1.35	1.53	1.57	1.45	1.33	1.35	1.30	1.30	1.30
Manholes inspected and serviced	N/A	N/A	318	756	760	465	310	426	426	425
Commercial waste collected (in tons)	N/A	16,871	17,100	19,501	20,765	19,299	19,500	20,388	20,085	22,104
Residential waste collected (in tons)	N/A	7,372	7,098	7,177	7,083	6,866	6,508	6,874	6,417	6,500
Waste transferred to landfill (in tons)	N/A	34,334	34,064	36,636	37,608	37,642	39,013	38,172	35,055	38,200
Waste recycled (in tons)	N/A	2,223	2,486	2,704	2,254	3,731	3,573	3,209	6,635	7,200
Public works										
Code enforcement complaints investigated	273	485	594	377	333	327	172	193	593	525
Food establishment inspections performed	N/A	257	422	461	455	563	586	604	492	548
Lane miles of existing streets seal coated	N/A	8.08	-	13.77	23.34	-	18.97	11.22	14.04	14.60
Tons of debris removed from drainage ways	N/A	5,074	6,020	3,547	2,763	1,628	2,500	150	33	50
Curb miles swept by street sweeper	3,617	3,786	3,216	3,037	2,770	2,642	2,700	2,890	2,464	2,600

TABLE 19

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Community services										
In-house recreation programs offered	N/A	N/A	N/A	30	69	30	44	47	44	44
Contract recreation programs offered	N/A	N/A	N/A	4	2	2	6	4	4	4
Playground safety inspections performed	12	N/A	N/A	141	144	144	144	144	144	140
Library items circulated	N/A	103,256	96,974	103,303	144,162	129,953	133,266	99,950	117,495	135,000
Library visitors	145,543	173,245	156,067	144,439	163,076	157,459	160,409	120,307	157,567	160,000
Wynne Home visitors	N/A	N/A	650	4,370	5,019	14,835	14,000	30,216	30,516	30,000
Art and cultural events held	N/A	150	270	165	245	361	350	370	370	300
Business in Main Street downtown district	N/A	67	70	86	85	85	85	93	93	93
Main Street events held	N/A	5	7	6	4	5	5	5	6	5
Public safety										
Police calls for service	45,170	44,666	38,078	36,921	44,220	49,501	45,496	47,005	52,013	52,000
Arrests made	N/A	1,446	1,339	1,621	1,669	1,916	2,173	2,430	2,401	2,500
Citations issued	9,133	7,168	6,793	6,323	6,457	6,181	5,893	5,900	7,854	8,000
Offenses/incidents reported	N/A	3,479	3,344	3,323	3,381	4,345	4,068	4,200	4,653	4,700
Fire calls for service	794	1,275	1,522	1,324	1,458	1,417	1,194	1,254	1,501	1,525
Main alarms answered	N/A	249	330	304	248	278	201	220	185	190
Fire inspections conducted	210	210	248	310	173	183	176	188	184	190

Note: N/A - data not available.

Source: City departments

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public utilities										
Water line (approximate miles)	N/A	N/A	200	200	200	200	205	205	205	205
Sewer line (approximate miles)	N/A	N/A	190	205	205	205	210	210	210	210
Lift stations	N/A	N/A	26	28	29	29	29	29	29	29
Water plants	3	3	3	3	2	2	2	2	2	2
Wastewater treatment plants	3	3	3	3	3	3	3	3	3	3
Solid waste recycling facilities	1	1	1	1	1	1	1	1	1	1
Public works										
Streets (centerline miles)	N/A	N/A	139	139	142	144	145	145	145	145
Community services										
Parks	25	26	26	26	26	26	26	26	26	26
Park acreage	406.72	265.41	281.94	281.94	281.94	281.94	281.94	281.94	281.94	281.94
City pool (1997-2004)/aquatic centers	1	1	1	1	1	1	1	1	1	1
Community centers (MLK Building)	1	1	1	1	1	1	1	1	1	1
Arts center	-	-	1	1	1	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	3	3	3	3	3	3	4	4	4	4

Note: N/A - data not available.

Source: City departments

SINGLE AUDIT SECTION

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntsville, Texas (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 26, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Waco, Texas
February 26, 2014



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Huntsville, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Huntsville, Texas' (the "City") major federal programs for the year ended September 30, 2013. The City's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Waco, Texas
February 26, 2014

CITY OF HUNTSVILLE, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
FEDERAL AWARDS			
<u>U. S. Department of Housing and Urban Development</u>			
Passed through the Texas Department of Housing and Community Affairs			
Community Development Block Grant - NSP	14.228	77099999126	\$ 207,489
Total Passed through the Texas Department of Housing and Community Affairs			<u>207,489</u>
Passed through the Texas Department of Housing and Community Affairs			
Home Investment Partnership Program	14.239	1001869	408,796
Total Passed through the Texas Department of Housing and Community Affairs			<u>408,796</u>
Total U. S. Department of Housing and Urban Development			<u>616,285</u>
<u>U. S. Department of Justice</u>			
Direct Program			
Bullet Proof Vest Partnership	16.607	N/A	6,620
COPS Hiring Program	16.710	2011UMWX0178	106,716
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2912	39
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0840	13,318
Total Direct Program			<u>126,693</u>
Passed through the Office of the Governor, Criminal Justice Division			
Victims of Crime Act Formula Grant Program	16.575	VA-12-V30-24632-01	46,792
Victims of Crime Act Formula Grant Program	16.575	VA-13-V30-24632-01	1,019
Total Passed through the Office of the Governor, Criminal Justice Division			<u>47,811</u>
Total U. S. Department of Justice			<u>174,504</u>
<u>U. S. Department of Transportation</u>			
Passed through the Texas Department of Transportation			
Highway Planning and Construction - Safe Routes to Schools	20.205	0917-27-038	88,108
Total Passed through the Texas Department of Transportation			<u>88,108</u>
<u>National Endowment for the Humanities</u>			
Direct Programs			
Promotion of the Arts - Grants to Organizations and Individuals	45.024	12-5900-8061	10,000
Total Direct Programs			<u>10,000</u>
Total National Endowment for the Humanities			<u>10,000</u>

CITY OF HUNTSVILLE, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
<u>U. S. Department of Homeland Security</u>			
Direct Program			
Staffing for Adequate Fire and Emergency Response Grant	97.044	EMW-2007-FF-01003	108,009
Total Direct Program			<u>108,009</u>
Passed through the Texas Department of Public Safety			
Hazard Mitigation Grant	97.039	DR-1791-120	103,632
Hazard Mitigation Grant	97.039	DR-1791-283	43,908
Emergency Management Performance Grants	97.042	13TX-EMPG-0484	33,723
Homeland Security Grant Program	97.073	EMW-2012-SS-00018-S01	52,959
Total Passed through the Texas Department of Public Safety			<u>234,222</u>
 Total U. S. Department of Homeland Security			 <u>342,231</u>
 Total Expenditures of Federal Awards			 \$ <u>1,231,128</u>

CITY OF HUNTSVILLE, TEXAS

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

YEAR ENDED SEPTEMBER 30, 2013

1. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards (the “Schedule”) is prepared 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 basic financial statements.

2. REPORTING ENTITY

The City of Huntsville, Texas (the City), for purposes of the Schedule of Expenditures of Federal Awards, includes all the funds of the primary government.

3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The information included in the Schedule may not fully agree with other federal award reports that the City submits to granting agencies because, among other reasons, the award reports may be prepared for a different fiscal period and may include cumulative (from prior years) data rather than data for the current year only.

CITY OF HUNTSVILLE, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None

Federal Awards:

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported

Type of auditors' report issued on compliance for major programs	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	None
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Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster:
#14.228	Community Development Block Grant
#14.239	Home Investment Partnership Program

Dollar threshold used to distinguish between type A and type B programs	\$300,000
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Auditee qualified as low-risk auditee?	No
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**Findings Relating to the Financial Statements Which are
Required to be Reported in Accordance With Generally
Accepted Government Auditing Standards**

None

Findings and Questioned Costs for Federal Awards

None