

City of Huntsville, Texas

Comprehensive Annual Financial Report

For the year ended September 30, 2014



CITY OF HUNTSVILLE, TEXAS

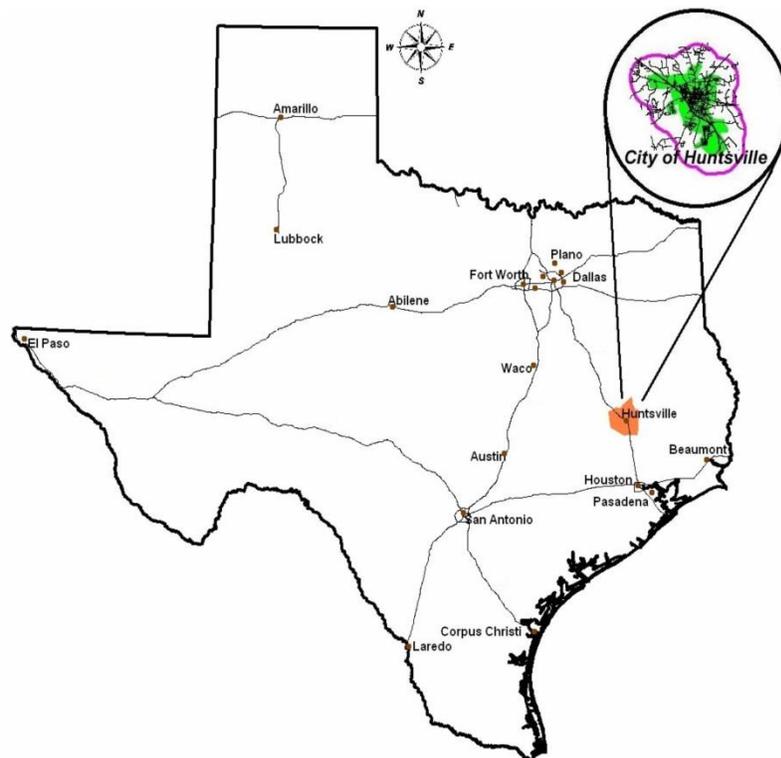
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2014

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.

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 19,000 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 316 acres, including part of the original home site of the Houston family. With six colleges (Arts and Mass Communications, Business, Criminal Justice, Education, Humanities and Social Science, Health Sciences, and College of Sciences), the university offers over eighty undergraduate degree programs, fifty-six masters' programs, and six doctoral programs.

According to the United States Bureau of Economic Analysis, the 2013 per capita income for Walker County was \$28,055, compared to the state median of \$43,862. 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 September, 2014 was 5.1%.

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

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INTRODUCTORY SECTION

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City of Huntsville

Incorporated in 1845 under the Republic of Texas

March 6, 2015

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, 2014 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 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 eleventh compliance year under GASB 34 as established by the Governmental Accounting Standards Board. Under this rule, an entity-wide statement of net position is presented with depreciation of assets. Under the rule, statements are presented on a government-wide and fund statement basis. Both the government-wide and the fund financials present information supporting the other, and the fund financials provide additional information not reported government-wide.

The report is in its fourth 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, deferred outflows of resources and liabilities and deferred inflows of resources 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 and now all areas of the City have recycling service. Infrastructure improvements were continued to underserved areas. Health insurance and wellness initiatives were researched and costs were held at previous year levels.

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 Neighborhood Resources Department oversaw the following projects:

- In fiscal year 2014, a "Safe Routes to Schools" sidewalks grant with costs totaling more than \$1,100,000 was moved forward.
- A Community Development Block Grant ("CDBG") Disaster Recovery grant for installing generators for backup power at various City water wells was implemented and \$433,000 of grant funds were earned.

The property tax rate was held at the 2013 rate of \$0.4206 per \$100 valuation. Water rates were increased according to the rate study financial plan which was completed in fiscal year 2011.

Summary of Financial Activities

The General Fund posted a net increase in its fund balance of \$451,214. The Street Special Revenue Fund budget was balanced, and the fund balance increased from operations by \$436,090.

The Water Fund revenue essentially remained flat at approximately \$15,400,000. Water Fund had an increase in net position for the year in the amount of \$4,184,551, Wastewater had an increase in net position of \$1,882,312 from operations, and net position for the Solid Waste Fund increased by \$352,940.

On a government-wide basis, net position for government activities increased \$4,067,069 from operations. Net position for business-type activities increased \$6,419,803 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 2014 was \$16,549,000. The FY 2014 value was up \$2,382,000 (16.8%) over the previous FY 2013 value. Sales tax revenue from businesses within the TIRZ area for FY 2014

totaled \$367,000 which was essentially unchanged from 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 2014 there were 12 businesses operating within the TIRZ. Two additional businesses are expected to start construction of buildings in FY 2015 and potentially open for business also in FY 2015.

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 \$290,717 for tourism, \$215,077 for the Arts center, \$90,235 for Visitors Center operations, and \$116,721 for the Gift shop with total revenues for these divisions of \$1,058,141.

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 \$2,104,029 in construction and the Wastewater Fund \$615,765 in construction. Governmental Activities improvements totaled \$1,602,340.

Completed Capital Projects for the fiscal year were:

- Water extension projects \$1,827,000
- Wastewater extension projects \$1,232,000

Debt Issues

The City did not issue any new debt in the 2014 Fiscal Year. Nor were there any debt refundings during the year. The City did call \$440,000 of Certificates of Obligation and paid off this liability early saving \$98,000 of interest expense over the next 10 years. General Obligation/Tax Debt at 9/30/2014 was \$13,539,654. Water Fund Debt totaled \$21,254,494. Wastewater Fund Debt was \$5,532,852.

Debt Service Fund

The fund balance for the Debt Service Fund servicing general obligation debt decreased \$23,140 to \$257,347.

Utility and Tax Rates

The adopted property tax rate for fiscal year 2014 was \$0.4206 which was unchanged from the previous fiscal year. The calculated Effective Tax Rate for FY 2014 was \$0.4562 and the calculated Rollback Rate was \$0.4503. The highest rate in the previous 10 years was for fiscal year 2005 in the amount of \$0.4375. The average rate in the last 10 years is \$0.4127.

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 2014 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.

Cash Management

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

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 completed a revision of purchasing process controls during the year. The financial position of governmental and business-type activities of each fund, and the reliance on the compliance with laws, regulations, contracts, grants, ordinances, and policies is provided.

Independent Audit

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

Awards

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Huntsville for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2013. This was the 38th 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 27 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, 2014 (FY 2014-15), 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, 2013

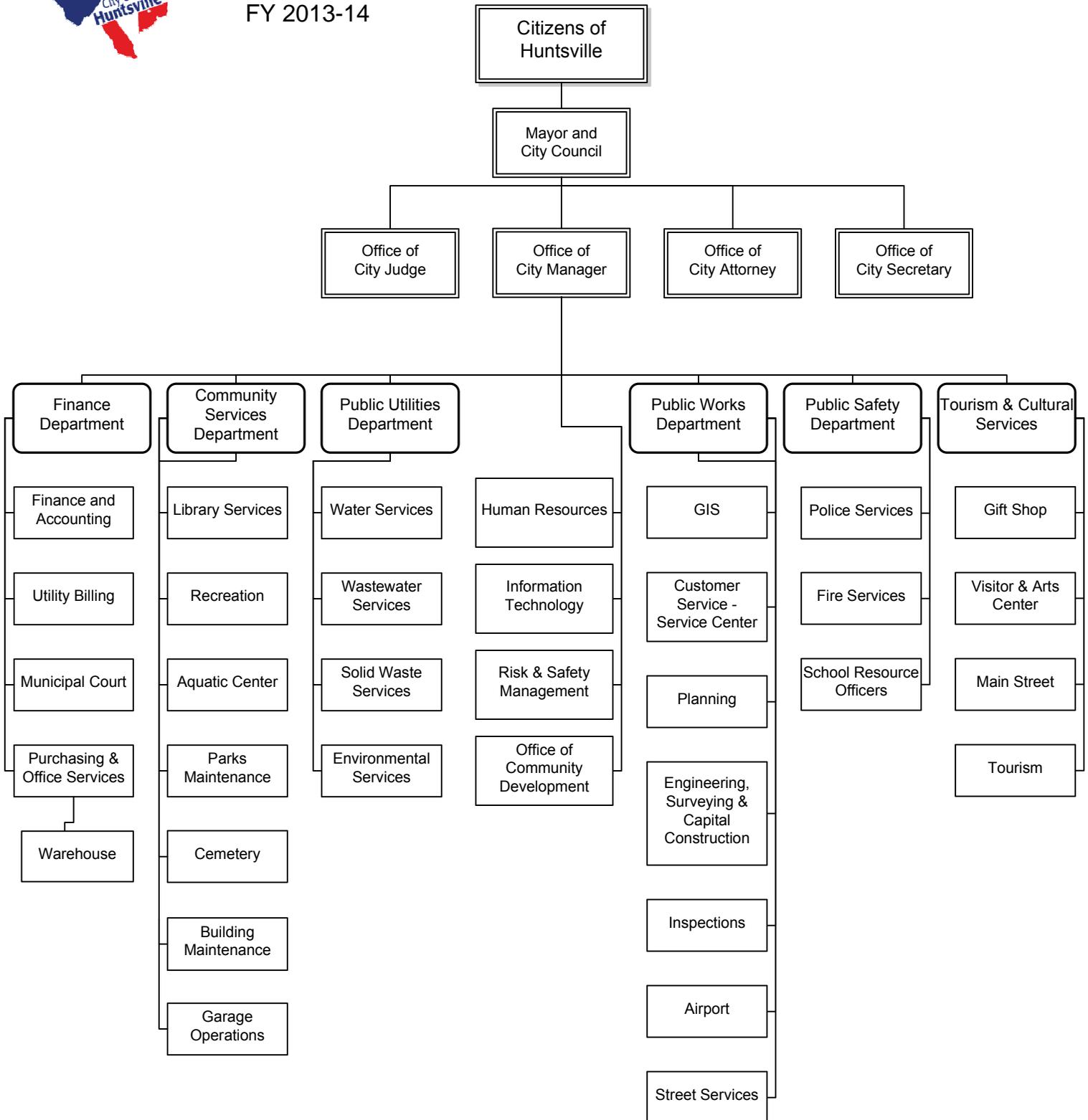


Executive Director/CEO



Organizational Chart

FY 2013-14



CITY OF HUNTSVILLE, TEXAS

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2014

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
Joe Rodriquez	Councilmember - Ward 4
Andy Brauningner	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
Joseph Wiggs	Director of Parks & Leisure
Kevin Lunsford	Director of Public Safety
Aron Kulhavy	Director of Community & Economic Development
Carol Reed	Director of Public Works
Kimm Thomas	Director of Tourism and Cultural Services
Chris Vasquez	Director of Information Technology
Julie O'Connell	Director of Human Resources
Sherry McKibben	Director of Neighborhood Resources
Y.S. Ramachandra	City Engineer

FINANCIAL SECTION

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

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, 2014, 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, 2014, 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.

Change in Accounting Principle

As discussed in Note I to the financial statements, in 2014 the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

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 March 6, 2015, 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
March 6, 2015

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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, 2014. 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 and deferred outflows of resources of the City exceeded its liabilities at the close of the 2014 fiscal year by \$115,315,199 (net position). Of this amount, \$35,623,561 (unrestricted net position) may be used to meet the government’s ongoing obligations to citizens and creditors.
- As of the close of fiscal year 2014, the City’s governmental funds reported combined ending fund balances of \$17,707,882, an increase of \$2,062,596 from the prior year. Approximately 53% of this total amount is unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,419,440 or 56% of total General Fund expenditures.
- The City’s total capital assets net of accumulated depreciation decreased by \$1,253,797. 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 \$6,112,217 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, 2014, the City's assets and deferred outflows of resources exceeded liabilities by \$115,315,199.

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, \$35,623,561, may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2014, the City is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

City of Huntsville, Texas'
Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 24,369,379	\$ 21,531,651	\$ 27,925,438	\$ 25,724,264	\$ 52,294,817	\$ 47,255,915
Capital assets	<u>32,277,888</u>	<u>32,820,924</u>	<u>84,910,660</u>	<u>85,621,421</u>	<u>117,188,548</u>	<u>118,442,345</u>
Total assets	<u>56,647,267</u>	<u>54,352,575</u>	<u>112,836,098</u>	<u>111,345,685</u>	<u>169,483,365</u>	<u>165,698,260</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>177,243</u>	<u>202,565</u>	<u>177,243</u>	<u>202,565</u>
Long-term liabilities outstanding	20,475,531	21,936,345	29,599,643	34,251,048	50,075,174	56,187,393
Other liabilities	<u>2,387,375</u>	<u>2,223,062</u>	<u>1,882,860</u>	<u>1,681,837</u>	<u>4,270,235</u>	<u>3,904,899</u>
Total liabilities	<u>22,862,906</u>	<u>24,159,407</u>	<u>31,482,503</u>	<u>35,932,885</u>	<u>54,345,409</u>	<u>60,092,292</u>
Net position:						
Net investment, in capital assets	18,676,713	17,385,414	57,024,487	52,726,906	75,701,200	70,112,320
Restricted	3,990,438	2,871,862	-	-	3,990,438	2,871,862
Unrestricted	<u>11,117,210</u>	<u>9,935,892</u>	<u>24,506,351</u>	<u>22,888,459</u>	<u>35,623,561</u>	<u>32,824,351</u>
Total net position	<u>\$ 33,784,361</u>	<u>\$ 30,193,168</u>	<u>\$ 81,530,838</u>	<u>\$ 75,615,365</u>	<u>\$ 115,315,199</u>	<u>\$ 105,808,533</u>

Governmental activities. Net position increased by \$4,067,068 in fiscal year 2014. This is compared to an increase of \$1,762,074 in fiscal year 2013. The increase in net position as compared to the prior year is comprised of various factors. Related to revenues, the major factors include an increase in property taxes of \$275,000, an increase in sales tax of \$565,000, and an increase in grant reimbursements related to capital projects of over \$1 million. On the expense side, there was a decrease of over \$800,000 related to expenditures for operating grants. Also, expenses related to capital projects decreased by over \$300,000. Additionally, the net reduction of long-term liabilities in the governmental activities by almost \$1.5 million has had a positive impact on net position.

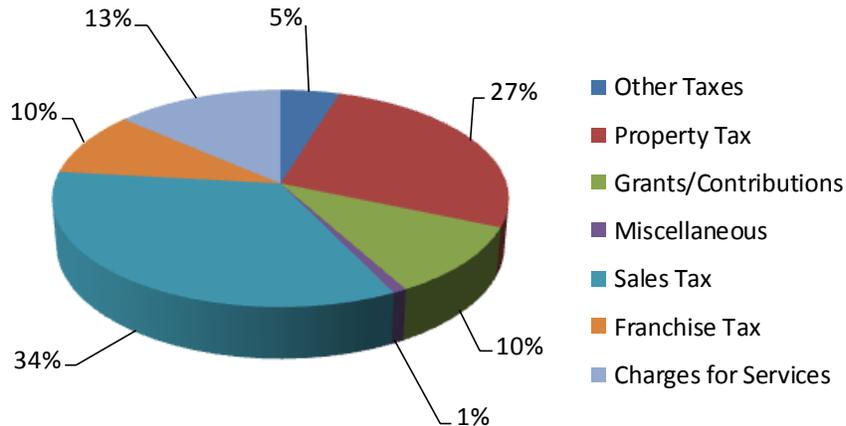
Business-type activities. Net position increased by \$6,419,803 in the current year compared to a \$5,457,773 increase in fiscal year 2013. Major factors contributing to the increase in net position for fiscal year 2014 were increased charges for services revenues of over \$175,000, operating grant reimbursements increased \$400,000, and miscellaneous revenues increased by over \$200,000. All of these revenues increased due to an increase in economic activity in the City which has caused an increased demand for the City's public utilities. Additionally, the business-type activities reduced long-term liabilities in the current year by almost \$4.7 million. This reduction is reflected positively in the net position balance for the business-type activities for fiscal year end 2014.

Analysis of the City's Operations. The following table provides a summary of the City's operations for the year ended September 30, 2014. Overall, the City had an increase in net position of \$10,486,871. Major factors contributing to the increase are explained in the previous two paragraphs.

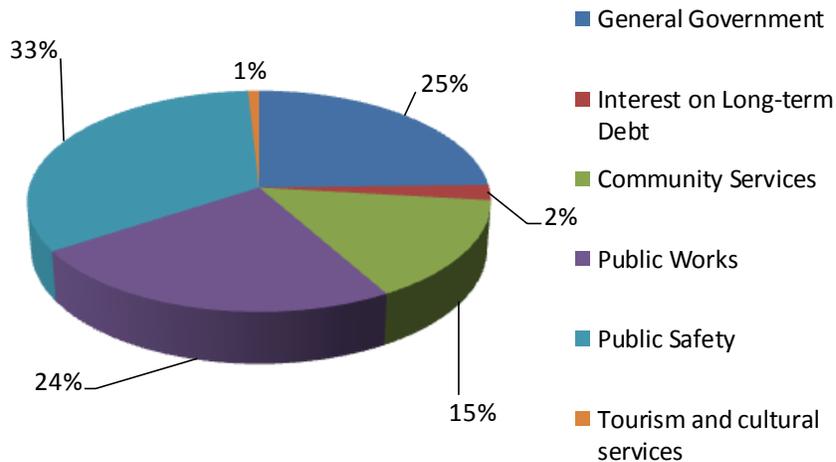
City of Huntsville, Texas' Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 2,491,369	\$ 2,186,781	\$ 27,830,226	\$ 27,653,629	\$ 30,321,595	\$ 29,840,410
Operating grants and contributions	1,012,255	1,272,518	462,175	64,530	1,474,430	1,337,048
Capital grants and contributions	1,240,972	228,627	-	103,632	1,240,972	332,259
General revenues:						
Property taxes	5,708,473	5,432,756	-	-	5,708,473	5,432,756
Sales taxes	7,292,731	6,726,868	-	-	7,292,731	6,726,868
Franchise taxes	2,065,187	2,073,036	-	-	2,065,187	2,073,036
Other taxes	1,025,696	889,203	-	-	1,025,696	889,203
Investment earnings	373,492	274,573	304,479	53,314	677,971	327,887
Miscellaneous	<u>185,946</u>	<u>828,685</u>	<u>680,754</u>	<u>474,384</u>	<u>866,700</u>	<u>1,303,069</u>
Total revenues	<u>21,396,121</u>	<u>19,913,047</u>	<u>29,277,634</u>	<u>28,349,489</u>	<u>50,673,755</u>	<u>48,262,536</u>
Expenses:						
General government	5,587,459	4,865,299	-	-	5,587,459	4,865,299
Public works	5,459,928	6,155,206	-	-	5,459,928	6,155,206
Community services	3,387,747	4,343,053	-	-	3,387,747	4,343,053
Public safety	7,571,741	7,674,754	-	-	7,571,741	7,674,754
Tourism and cultural services	194,889	205,896	-	-	194,889	205,896
Interest on long-term debt	508,431	582,045	-	-	508,431	582,045
Water production and distribution	-	-	9,065,085	9,096,273	9,065,085	9,096,273
Wastewater collection and treatment	-	-	4,809,679	4,779,128	4,809,679	4,779,128
Solid waste	<u>-</u>	<u>-</u>	<u>3,601,925</u>	<u>3,341,035</u>	<u>3,601,925</u>	<u>3,341,035</u>
Total expenses	<u>22,710,195</u>	<u>23,826,253</u>	<u>17,476,689</u>	<u>17,216,436</u>	<u>40,186,884</u>	<u>41,042,689</u>
Increases in net position						
before transfers	(1,314,074)	(3,913,206)	11,800,945	11,133,053	10,486,871	7,219,847
Transfers	<u>5,381,142</u>	<u>5,675,280</u>	<u>(5,381,142)</u>	<u>(5,675,280)</u>	<u>-</u>	<u>-</u>
Increase in net position	4,067,068	1,762,074	6,419,803	5,457,773	10,486,871	7,219,847
Net position, beginning	30,193,168	28,431,094	75,615,365	70,157,592	105,808,533	98,588,686
Prior period adjustment	(184,570)	-	-	-	(184,570)	-
Change in accounting principle	<u>(291,305)</u>	<u>-</u>	<u>(504,330)</u>	<u>-</u>	<u>(795,635)</u>	<u>-</u>
Net position, beginning, as restated	29,717,293	28,431,094	75,111,035	70,157,592	104,828,328	98,588,686
Net position, ending	<u>\$ 33,784,361</u>	<u>\$ 30,193,168</u>	<u>\$ 81,530,838</u>	<u>\$ 75,615,365</u>	<u>\$ 115,315,199</u>	<u>\$ 105,808,533</u>

**Revenues - Governmental Activities
Fiscal Year 2014 (excludes transfers)**



**Primary Government Functional Expenses for
Governmental Activities - Fiscal Year 2014**



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 2014 fiscal year, the City's governmental funds reported combined ending fund balances of \$17,707,882, an increase of \$2,062,596 from the prior year. Approximately 53% 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 (\$257,347) 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 \$9,419,440, while the total fund balance was \$11,096,526. 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 56% of the General Fund expenditures, while total fund balance represents 66% of that same amount.

The final budget for fiscal year 2014 reflected a \$3,389,675 drawdown of fund balance, while still providing for a sufficient reserve balance. The actual change in fund balance was an increase of \$451,214. Contributing factors was the realization of revenues \$1,380,942 over the budgeted amounts and overall expenditures \$2,259,447 under budgeted amounts. Key factors affecting fund balance are as follows:

- Total General Fund revenues of \$13,894,015 were increased from FY 2013 by \$1,285,103.
 - Property tax revenue increased \$561,208 from FY 2013 actuals due to an increase in collections.
 - Sales tax revenue increases by \$565,863 due to increased economic activity within the City.
 - Donations, contributions and grants increased by \$67,792.
 - Charges for services decreased by \$20,654 while licenses and permits increased by \$16,084.
 - Fines and forfeitures increased by \$298,620 this was primarily due to an increase in the number of positions in the police department for traffic enforcement from the prior year.
- Total General Fund expenditures of \$16,733,399 increased from FY 2013 by \$996,411.
 - General government expenditures increased by \$630,488 from FY 2013. The most significant reason for this increase is the funding of a purchase of a new fire truck for over \$700,000.
 - Total public safety expenditures increased by \$709,983 from FY 2013. This was primarily due to an increase in the number of positions in the police department for traffic enforcement from the prior year and being closer to fully staffed throughout the year.
 - Community services expenditures decreased by \$223,451 from FY 2013. This decrease is primarily the result of a reduction in positions in the Parks Department.
 - Public works expenditures decreased by \$109,602 from FY 2013. This decrease is primarily the result of a reduction in positions in the Public Works Department.

The actual revenues of \$13,894,015 were more than the budgeted revenues by \$1,380,942. Property tax revenue, sales tax revenue, and donations, contributions and grants exceeded the budgeted amounts. The actual expenditures of \$16,733,399 were \$2,259,447 less than the budgeted expenditures of \$18,992,846.

The fund balance of the Street Special Revenue fund increased by \$436,090. Fund balance was projected to decrease by \$35,000 in the final budget, but expenditures for street maintenance were less than final budget by \$382,643.

Debt Service fund balance decreased by \$23,140. Fund balance was projected to increase by \$48,337 in the final budget, but property tax revenues were less than final budgeted amounts by \$68,551.

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 – \$10,530,324, Wastewater – \$11,118,281, and Solid Waste – \$2,857,746. The net position for Water increased \$4,184,551; Wastewater increased \$1,882,312 and Solid Waste increased \$352,940. The overall change in net position for business-type activities increased by \$6,419,803 which is an increase of \$962,030 from the FY 2013 change in net position of \$5,457,773. Overall Utility operating revenues of \$28,510,980 reflected an increase of \$382,967 or an increase of 1.36% compared to FY 2013. Utility operating expenses of \$16,671,008 reflected an increase of \$432,920 or an increase of 2.67% over FY 2013. The increase in net position for each of the enterprise funds can be attributed to an increase in charges for services for public utility service provided.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2014, the City had over \$117,188,548 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 1% over the amounts for the prior fiscal year.

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,872,245	\$ 1,872,245	\$ 782,325	\$ 782,325	\$ 2,654,570	\$ 2,654,570
Construction in progress	1,671,041	1,659,951	3,006,478	3,397,006	4,677,519	5,056,957
Buildings and improvements	8,076,216	8,233,486	591,267	611,303	8,667,483	8,844,789
Improvements other than buildings	7,993,899	7,254,762	198,643	242,337	8,192,542	7,497,099
Machinery, furniture and equipment	5,001,641	5,181,566	383,675	563,002	5,385,316	5,744,568
Water rights	-	-	33,707,081	34,739,392	33,707,081	34,739,392
Infrastructure	<u>7,662,846</u>	<u>8,618,914</u>	<u>46,241,191</u>	<u>45,286,056</u>	<u>53,904,037</u>	<u>53,904,970</u>
Total	<u>\$ 32,277,888</u>	<u>\$ 32,820,924</u>	<u>\$ 84,910,660</u>	<u>\$ 85,621,421</u>	<u>\$ 117,188,548</u>	<u>\$ 118,442,345</u>

Major capital asset events during the 2014 fiscal year include the following:

- A \$1.5 million project for a new water well which was started in fiscal year 2012 was completed in FY 2014 at a total cost of \$1,501,218.
- \$82,000 was spent on various drainage projects. \$489,000 was spent on various wastewater projects.
- \$2,104,000 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 and approximately \$294,000 was spent in fiscal year 2013. Another \$693,000 was spent in FY 2014. The project should be completed in FY 14-15.
- In FY 14 the City purchased new equipment and vehicles for various operations totaling approximately \$1,436,000. Major purchases included a Fire Department Ladder Truck for \$715,000 and an automated side loader solid waste truck in the amount of \$283,000.

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 \$41,884,138 . 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	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 9,614,654	\$ 10,977,852	\$ 4,162,346	\$ 4,786,148	\$ 13,777,000	\$ 15,764,000
Certificates of obligation	3,925,000	4,550,000	-	-	3,925,000	4,550,000
Revenue bonds	-	-	22,625,000	26,650,000	22,625,000	26,650,000
Premium on bonds issued	103,823	116,801	1,453,315	1,660,932	1,557,138	1,777,733
Compensated absences	1,204,865	1,130,332	310,556	336,729	1,515,421	1,467,061
Net OPEB obligation	2,869,945	2,285,444	1,048,428	817,239	3,918,373	3,102,683
Developer TIRZ	<u>2,757,244</u>	<u>2,875,916</u>	<u>-</u>	<u>-</u>	<u>2,757,244</u>	<u>2,875,916</u>
	<u>\$ 20,475,531</u>	<u>\$ 21,936,345</u>	<u>\$ 29,599,645</u>	<u>\$ 34,251,048</u>	<u>\$ 50,075,176</u>	<u>\$ 56,187,393</u>

The long-term liabilities for the City decreased overall by \$6,112,217 for fiscal year 2014. 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 2014-2015 fiscal year budget.

Sales Tax revenue makes up approximately 39% of the Revenues for General Fund. These revenues were budgeted to increase \$200,000 (3.030%) in FY 2015 from the 2014 fiscal year budgeted amount of \$6.6 million.

A 5 percent increase in water volumetric rates beginning October 1, 2014 was approved. This was the fourth year of increases in the volumetric rates. The rates adopted were rates received from a rate study performed by a consultant completed in FY 2011. The major factors the consultant used in developing proposed rates for the City thru fiscal year 2030 were 1) almost \$20,000,000 of debt issued in fiscal year 2012 for the expansion and improvement of the drinking water treatment plant from which the City obtains 75% of its water and 2) projection for the need of approximately \$650,000 annually for the replacement and renewal of decades old existing water distribution infrastructure. Also included in developing the rate are anticipated expenditure increases due to normal inflation increases to operating costs.

The property tax rate of \$0.4206 per \$100 valuation for FY 2014 was reduced for FY 2015 to \$0.4106. For fiscal year 2015 General Fund's budgeted expenditures for regular operations were increased by approximately 0.5% (\$82,700) from FY 2014. Also, there were \$1,537,355 of General Fund one time only non-operational expenditures budgeted to be paid from Fund Balance.

Interest rates are expected to remain at low levels throughout fiscal year 2014-15.

The unemployment rate for the City of Huntsville in September 2014 was 5.2 percent, which is a decrease from a rate of 6.4 percent in September 2013.

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, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 9,344,336	\$ 10,631,468	\$ 19,975,804
Investments	11,335,265	11,374,879	22,710,144
Prepaid expenses	2,280	-	2,280
Accounts receivable (net of allowances for uncollectable):			
Accounts	139,605	2,872,929	3,012,534
Taxes	2,059,873	-	2,059,873
Intergovernmental	443,870	218,502	662,372
Interest	66,596	76,182	142,778
Other	90,367	-	90,367
Internal balances	335,306	(335,306)	-
Inventories	149,979	174,958	324,937
Property held for sale	14,253	-	14,253
Restricted assets:			
Cash and cash equivalents	-	1,411,826	1,411,826
Investments	-	1,500,000	1,500,000
Investment in joint venture	387,649	-	387,649
Capital assets not being depreciated	3,543,284	3,788,803	7,332,087
Capital assets (net of accumulated depreciation)	<u>28,734,604</u>	<u>81,121,857</u>	<u>109,856,461</u>
Total assets	<u>56,647,267</u>	<u>112,836,098</u>	<u>169,483,365</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refunding	-	177,243	177,243
Total deferred outflows of resources	<u>-</u>	<u>177,243</u>	<u>177,243</u>
LIABILITIES			
Accounts payable	843,302	573,540	1,416,842
Accrued liabilities	493,499	158,851	652,350
Accrued interest	62,584	-	62,584
Liabilities payable from restricted assets:			
Accrued interest	-	140,115	140,115
Due to other governments	249,962	34,875	284,837
Unearned revenue	631,286	-	631,286
Other liabilities	106,742		106,742
Customer deposits	-	975,479	975,479
Noncurrent liabilities:			
Due within one year	1,972,800	4,833,571	6,806,371
Due in more than one year	<u>18,502,731</u>	<u>24,766,072</u>	<u>43,268,803</u>
Total liabilities	<u>22,862,906</u>	<u>31,482,503</u>	<u>54,345,409</u>
NET POSITION			
Net investment in capital assets	18,676,713	57,024,487	75,701,200
Restricted for:			
Library - nonspendable	106,914	-	106,914
Cemetery - nonspendable	354,873	-	354,873
Street improvements and repairs	843,170	-	843,170
Debt service	299,819	-	299,819
Promotion of tourism	1,469,584	-	1,469,584
Court technology and security	169,694	-	169,694
Purpose of grantors, trustees and donors	581,323	-	581,323
Law enforcement	165,061	-	165,061
Unrestricted	<u>11,117,210</u>	<u>24,506,351</u>	<u>35,623,561</u>
Total net position	<u>\$ 33,784,361</u>	<u>\$ 81,530,838</u>	<u>\$ 115,315,199</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, 2014

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 5,587,459	\$ 135,251	\$ 793	\$ 1,131,553
Public safety	7,571,741	1,466,846	875,493	109,419
Public works	5,459,928	360,479	-	-
Community services	3,387,747	79,355	119,990	-
Tourism and cultural services	194,889	449,438	15,979	-
Interest on long-term debt	508,431	-	-	-
Total governmental activities	<u>22,710,195</u>	<u>2,491,369</u>	<u>1,012,255</u>	<u>1,240,972</u>
Business-type activities:				
Water	9,065,085	14,834,188	433,527	-
Wastewater	4,809,679	8,319,330	28,648	-
Solid waste	3,601,925	4,676,708	-	-
Total business-type activities	<u>17,476,689</u>	<u>27,830,226</u>	<u>462,175</u>	<u>-</u>
Total primary government	<u>\$ 40,186,884</u>	<u>\$ 30,321,595</u>	<u>\$ 1,474,430</u>	<u>\$ 1,240,972</u>

General revenues:
 Taxes:
 Property
 Sales
 Franchise
 Other
 Unrestricted investment earnings
 Miscellaneous
 Transfers
 Total general revenues and transfers

Change in net position

Net position, beginning
 Prior period adjustment
 Change in accounting principle
 Net position, beginning as restated
 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
\$(4,319,862)	\$ -	\$(4,319,862)
(5,119,983)	-	(5,119,983)
(5,099,449)	-	(5,099,449)
(3,188,402)	-	(3,188,402)
270,528	-	270,528
<u>(508,431)</u>	<u>-</u>	<u>(508,431)</u>
<u>(17,965,599)</u>	<u>-</u>	<u>(17,965,599)</u>
-	6,202,630	6,202,630
-	3,538,299	3,538,299
<u>-</u>	<u>1,074,783</u>	<u>1,074,783</u>
<u>-</u>	<u>10,815,712</u>	<u>10,815,712</u>
(17,965,599)	10,815,712	(7,149,887)
5,708,473	-	5,708,473
7,292,731	-	7,292,731
2,065,187	-	2,065,187
1,025,696	-	1,025,696
373,492	304,479	677,971
185,946	680,754	866,700
<u>5,381,142</u>	<u>(5,381,142)</u>	<u>-</u>
<u>22,032,667</u>	<u>(4,395,909)</u>	<u>17,636,758</u>
4,067,068	6,419,803	10,486,871
30,193,168	75,615,365	105,808,533
(184,570)	-	(184,570)
<u>(291,305)</u>	<u>(504,330)</u>	<u>(795,635)</u>
<u>29,717,293</u>	<u>75,111,035</u>	<u>104,828,328</u>
<u>\$ 33,784,361</u>	<u>\$ 81,530,838</u>	<u>\$ 115,315,199</u>

CITY OF HUNTSVILLE, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	<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	\$ 1,831,262	\$ 1,166,503	\$ 247,408	\$ 4,022,259	\$ 7,267,432
Investments	7,979,891	137,126	-	1,581,717	9,698,734
Receivables (net of allowance for uncollectibles):					
Accounts	137,520	1,071	-	1,014	139,605
Taxes	1,566,677	298,084	114,995	80,117	2,059,873
Intergovernmental	128,808	-	-	315,062	443,870
Interest	45,421	668	-	11,920	58,009
Other	1,802	-	-	-	1,802
Due from other funds	510,209	-	-	1,650	511,859
Inventory	137,451	12,528	-	-	149,979
Property held for sale	-	-	-	14,253	14,253
Prepays	<u>2,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,280</u>
 Total assets	 <u>\$ 12,341,321</u>	 <u>\$ 1,615,980</u>	 <u>\$ 362,403</u>	 <u>\$ 6,027,992</u>	 <u>\$ 20,347,696</u>
LIABILITIES					
Accounts payable	330,991	81,435	-	222,605	635,031
Accrued liabilities	426,980	32,122	-	34,397	493,499
Due to other funds	-	27,967	-	148,305	176,272
Due to other governments	138,116	-	-	111,846	249,962
Unearned revenue	-	631,286	-	-	631,286
Other liabilities	<u>106,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,742</u>
Total liabilities	<u>1,002,829</u>	<u>772,810</u>	<u>-</u>	<u>517,153</u>	<u>2,292,792</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>241,966</u>	<u>-</u>	<u>105,056</u>	<u>-</u>	<u>347,022</u>
Total deferred inflows of resources	<u>241,966</u>	<u>-</u>	<u>105,056</u>	<u>-</u>	<u>347,022</u>
Fund balances:					
Nonspendable	139,731	12,528	-	461,787	614,046
Restricted	-	830,642	257,347	2,427,964	3,515,953
Assigned	1,537,355	-	-	2,621,088	4,158,443
Unassigned	<u>9,419,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,419,440</u>
Total fund balances	<u>11,096,526</u>	<u>843,170</u>	<u>257,347</u>	<u>5,510,839</u>	<u>17,707,882</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 12,341,321</u>	 <u>\$ 1,615,980</u>	 <u>\$ 362,403</u>	 <u>\$ 6,027,992</u>	 <u>\$ 20,347,696</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, 2014

Total fund balances - governmental funds balance sheet	\$ 17,707,882
Amounts reported for governmental activities in the statement of net position are different	
Capital assets used in governmental activities are not reported in the funds.	28,635,844
Property taxes receivable and related penalties and interest are unavailable to pay for current period expenditures are reported as deferred inflows of resources in the funds.	238,353
Court fines receivable unavailable to pay for current period expenditures are reported as deferred inflows of resources in the funds.	108,669
Payables for bond interest which are not due in the current period are not reported in the funds.	(62,584)
The investment in joint venture is not considered a financial asset. Therefore, this is not reported in the governmental funds balance sheet.	387,649
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	(13,539,654)
Bond premiums	(103,823)
Compensated absences	(1,204,865)
Net OPEB obligation	(2,869,945)
Contractual obligation	(2,757,244)
The assets and liabilities of Internal Service Funds are included in governmental activities in the statement of net position.	<u>7,244,079</u>
Net position of governmental activities - statement of net position	\$ <u><u>33,784,361</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, 2014

	General	Street Special Revenue	Debt Service	Other Governmental	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 3,898,045	\$ -	\$ 1,724,382	\$ 118,672	\$ 5,741,099
Sales	7,292,731	-	-	-	7,292,731
Franchise	-	2,065,187	-	-	2,065,187
Other	103,964	-	-	921,732	1,025,696
Licenses and permits	374,933	-	-	-	374,933
Charges for sales and services	431,650	51,071	325,067	418,279	1,226,067
Fines, fees, and forfeitures	1,104,139	-	-	166,766	1,270,905
Donations, contributions, and grants	430,472	-	-	1,463,876	1,894,348
Investment income	167,314	3,938	36	49,994	221,282
Miscellaneous	90,767	31	-	60,417	151,215
Total revenues	13,894,015	2,120,227	2,049,485	3,199,736	21,263,463
EXPENDITURES					
Current:					
General government	5,251,209	-	3,000	1,408	5,255,617
Public safety	6,678,344	-	-	772,844	7,451,188
Public works	1,945,258	2,261,229	-	1,452,665	5,659,152
Community services	2,663,699	-	-	842,839	3,506,538
Tourism and cultural services	194,889	-	-	-	194,889
Debt service:					
Principal retirement	-	-	1,988,198	-	1,988,198
Interest and fiscal charges	-	-	526,427	-	526,427
Total expenditures	16,733,399	2,261,229	2,517,625	3,069,756	24,582,009
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,839,384)	(141,002)	(468,140)	129,980	(3,318,546)
OTHER FINANCING SOURCES (USES)					
Transfers in	4,823,575	1,329,607	445,000	1,305,977	7,904,159
Transfers out	(1,532,977)	(752,515)	-	(237,525)	(2,523,017)
Total other financing sources (uses)	3,290,598	577,092	445,000	1,068,452	5,381,142
NET CHANGE IN FUND BALANCES	451,214	436,090	(23,140)	1,198,432	2,062,596
FUND BALANCES, BEGINNING	10,645,312	407,080	280,487	4,496,977	15,829,856
PRIOR PERIOD ADJUSTMENT	-	-	-	(184,570)	(184,570)
FUND BALANCES, BEGINNING AS RESTATED	10,645,312	407,080	280,487	4,312,407	15,645,286
FUND BALANCES, ENDING	\$ 11,096,526	\$ 843,170	\$ 257,347	\$ 5,510,839	\$ 17,707,882

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, 2014

Net change in fund balances - total governmental funds	\$ 2,062,596
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.	1,646,974
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.	(2,110,921)
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	1,988,198
Amortization of:	
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	(35,132)
Property tax penalties and interest	2,506
Change in equity interest in joint venture	152,210
Court fines and fees	13,074
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	(74,533)
Net OPEB obligation	(584,501)
Legal judgment	-
Contractual obligation	118,672
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.	5,018
The net revenue (expense) of internal service funds is reported with governmental activities.	<u>869,929</u>
Change in net position of governmental activities - statement of activities	<u>\$ 4,067,068</u>

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

CITY OF HUNTSVILLE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2014

	Enterprise Funds		
	Water	Wastewater	Solid Waste
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,517,885	\$ 4,485,479	\$ 1,628,104
Investments	4,937,997	4,517,869	1,919,013
Accounts receivable (net of allowance for uncollectibles):			
Accounts	1,518,761	847,915	506,253
Intergovernmental	122,053	96,449	-
Interest	28,535	36,599	11,048
Other	-	-	-
Due from other funds	36,198	-	-
Inventories	161,508	13,450	-
Restricted assets:			
Cash and cash equivalents	416,787	963,795	31,244
Investments	200,000	1,300,000	-
Total current assets	<u>11,939,724</u>	<u>12,261,556</u>	<u>4,095,662</u>
Noncurrent assets:			
Capital assets not being depreciated	2,324,365	1,464,438	-
Capital assets (net of accumulated depreciation)	49,328,686	31,392,567	400,604
Total noncurrent assets	<u>51,653,051</u>	<u>32,857,005</u>	<u>400,604</u>
Total assets	<u>63,592,775</u>	<u>45,118,561</u>	<u>4,496,266</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refunding	70,971	106,272	-
Total deferred outflows of resources	<u>70,971</u>	<u>106,272</u>	<u>-</u>
LIABILITIES			
Current liabilities:			
Accounts payable	320,515	173,865	79,160
Accrued liabilities	53,711	54,154	50,986
Customer deposits	329,355	284,833	361,291
Liabilities payable from restricted assets:			
Accrued interest payable	124,200	15,915	-
Due to other funds	-	88,162	283,342
Due to other governments	-	8,551	26,324
Noncurrent liabilities due with one year	3,363,150	1,436,213	34,208
Total current liabilities	<u>4,190,931</u>	<u>2,061,693</u>	<u>835,311</u>
Noncurrent liabilities:			
Due in more than one year	19,700,225	4,663,242	402,605
Total noncurrent liabilities	<u>19,700,225</u>	<u>4,663,242</u>	<u>402,605</u>
Total liabilities	<u>23,891,156</u>	<u>6,724,935</u>	<u>1,237,916</u>
NET POSITION			
Net investment in capital assets	29,242,266	27,381,617	400,604
Unrestricted	10,530,324	11,118,281	2,857,746
Total net position	<u>\$ 39,772,590</u>	<u>\$ 38,499,898</u>	<u>\$ 3,258,350</u>

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

<u>Total Enterprise</u>	<u>Internal Service</u>
\$ 10,631,468	\$ 2,076,904
11,374,879	1,636,531
2,872,929	-
218,502	-
76,182	8,587
-	88,565
36,198	-
174,958	-
1,411,826	-
1,500,000	-
<u>28,296,942</u>	<u>3,810,587</u>
3,788,803	-
81,121,857	3,642,044
<u>84,910,660</u>	<u>3,642,044</u>
<u>113,207,602</u>	<u>7,452,631</u>
177,243	-
<u>177,243</u>	<u>-</u>
573,540	208,271
158,851	-
975,479	-
140,115	-
371,504	281
34,875	-
4,833,571	-
<u>7,087,935</u>	<u>208,552</u>
24,766,072	-
<u>24,766,072</u>	<u>-</u>
<u>31,854,007</u>	<u>208,552</u>
57,024,487	3,642,044
24,506,351	3,602,035
<u>\$ 81,530,838</u>	<u>\$ 7,244,079</u>

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

PROPRIETARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Enterprise Funds		
	Water	Wastewater	Solid Waste
OPERATING REVENUES			
Charges for services:			
Water sales	\$ 14,680,905	\$ -	\$ -
Wastewater sales and services	-	8,258,834	-
Solid waste fees - residential and commercial	-	-	3,876,210
Solid waste fees - disposal	-	-	800,498
Inter-department services	-	-	-
Total service charges	<u>14,680,905</u>	<u>8,258,834</u>	<u>4,676,708</u>
Service fees and miscellaneous:			
Tap and connection fees	153,283	60,496	-
Customer penalties and miscellaneous	530,768	86,402	63,584
Total service fees and miscellaneous	<u>684,051</u>	<u>146,898</u>	<u>63,584</u>
Total operating revenues	<u>15,364,956</u>	<u>8,405,732</u>	<u>4,740,292</u>
OPERATING EXPENSES			
Administration	274,618	497,878	735,976
Water production and distribution	5,820,773	-	-
Wastewater collection and treatment	-	2,470,302	-
Solid waste collection and disposal	-	-	2,777,209
Utility billing/customer service	461,531	-	-
Lab/compliance	-	259,407	-
Equipment replacement	-	-	-
Depreciation	1,867,198	1,423,276	82,840
Total operating expenses	<u>8,424,120</u>	<u>4,650,863</u>	<u>3,596,025</u>
OPERATING INCOME (LOSS)	<u>6,940,836</u>	<u>3,754,869</u>	<u>1,144,267</u>
NONOPERATING REVENUES (EXPENSES)			
Grants and contributions	433,527	28,648	-
Interest income	92,143	171,270	41,066
Loss on disposal of capital assets	-	-	(5,900)
Interest expense	(640,965)	(158,816)	-
Total nonoperating revenues (expenses)	<u>(115,295)</u>	<u>41,102</u>	<u>35,166</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS			
	6,825,541	3,795,971	1,179,433
Transfers out	(2,640,990)	(1,913,659)	(826,493)
CHANGE IN NET POSITION	<u>4,184,551</u>	<u>1,882,312</u>	<u>352,940</u>
NET POSITION, BEGINNING	36,029,754	36,680,201	2,905,410
CHANGE IN ACCOUNTING PRINCIPLE	(441,715)	(62,615)	-
NET POSITION, BEGINNING, AS RESTATED	<u>35,588,039</u>	<u>36,617,586</u>	<u>2,905,410</u>
NET POSITION, ENDING	<u>\$ 39,772,590</u>	<u>\$ 38,499,898</u>	<u>\$ 3,258,350</u>

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

<u>Total Enterprise</u>	<u>Internal Service</u>
\$ 14,680,905	\$ -
8,258,834	-
3,876,210	-
800,498	-
-	5,232,112
27,616,447	5,232,112
213,779	-
680,754	140,679
894,533	140,679
28,510,980	5,372,791
1,508,472	3,000,851
5,820,773	-
2,470,302	-
2,777,209	-
461,531	-
259,407	-
-	66,360
3,373,314	1,360,243
16,671,008	4,427,454
11,839,972	945,337
462,175	-
304,479	34,766
(5,900)	(110,174)
(799,781)	-
(39,027)	(75,408)
11,800,945	869,929
(5,381,142)	-
6,419,803	869,929
75,615,365	6,374,150
(504,330)	-
75,111,035	6,374,150
\$ 81,530,838	\$ 7,244,079

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Enterprise Funds			Total Enterprise	Internal Service
	Water	Wastewater	Solid Waste		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 15,661,074	\$ 8,377,427	\$ 4,703,511	\$ 28,742,012	\$ -
Interfund services provided and used	-	-	-	-	5,120,768
Cash payments to employees for services	(1,444,408)	(1,318,385)	(1,216,390)	(3,979,183)	-
Cash payments to suppliers for goods and services	(4,906,686)	(1,821,316)	(2,153,630)	(8,881,632)	(2,974,355)
Net cash provided by operating activities	<u>9,309,980</u>	<u>5,237,726</u>	<u>1,333,491</u>	<u>15,881,197</u>	<u>2,146,413</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants	433,527	28,648	-	462,175	-
Transfers to funds	(2,640,990)	(1,913,659)	(826,493)	(5,381,142)	-
Net cash provided (used) by noncapital financing activities	<u>(2,207,463)</u>	<u>(1,885,011)</u>	<u>(826,493)</u>	<u>(4,918,967)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal repayment on long-term debt	(3,262,031)	(1,386,771)	-	(4,648,802)	-
Interest and fiscal charges on debt	(829,588)	(165,237)	-	(994,825)	-
Acquisition or construction of capital assets	(2,104,029)	(608,303)	-	(2,712,332)	(1,556,755)
Proceeds from the disposition of capital assets	-	43,879	-	-	165,427
Net used for capital and related financing activities	<u>(6,195,648)</u>	<u>(2,116,432)</u>	<u>-</u>	<u>(8,355,959)</u>	<u>(1,391,328)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(1,125,071)	214,288	-	(910,783)	40,927
Proceeds from sale and maturities of securities	-	-	46,555	46,555	360,741
Interest and dividends on investments	81,798	172,745	36,848	291,391	45,772
Net cash provided (used) by investing activities	<u>(1,043,273)</u>	<u>387,033</u>	<u>83,403</u>	<u>(572,837)</u>	<u>447,440</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(136,404)	1,623,316	590,401	2,077,313	1,202,525
CASH AND CASH EQUIVALENTS, BEGINNING	<u>5,071,076</u>	<u>3,825,958</u>	<u>1,068,947</u>	<u>9,965,981</u>	<u>874,379</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 4,934,672</u>	<u>\$ 5,449,274</u>	<u>\$ 1,659,348</u>	<u>\$ 12,043,294</u>	<u>\$ 2,076,904</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, 2014

	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)	\$ 6,940,836	\$ 3,754,869	\$ 1,144,267	\$ 11,839,972	\$ 945,337
Adjustments to reconcile operating income to net cash used by operating activities:					
Depreciation	1,867,198	1,423,276	82,840	3,373,314	1,360,243
Change in assets and liabilities:					
Decrease (increase) in prepaid expenses	-	-	-	-	11,605
Decrease (increase) in receivables	94,299	(28,305)	(38,413)	27,581	(71,840)
Decrease (increase) in inventories	(4,149)	(1,065)	-	(5,214)	-
Decrease (increase) in interfund receivables	201,819	-	-	201,819	-
Increase (decrease) in accounts payable	134,978	13,184	9,997	158,159	93,725
Increase (decrease) in accrued liabilities	(3,919)	6,415	18,815	21,311	-
Increase (decrease) in customer deposits	8,049	839	31,459	40,347	-
Increase (decrease) in compensated absences	(18,282)	(21,937)	14,046	(26,173)	-
Increase (decrease) in interfund payables	-	14,898	3,994	18,892	(192,657)
Increase (decrease) in net OPEB obligation	89,151	75,552	66,486	231,189	-
Total adjustments	<u>2,369,144</u>	<u>1,482,857</u>	<u>189,224</u>	<u>4,041,225</u>	<u>1,201,076</u>
Net cash provided (used) by operating activities	<u>\$ 9,309,980</u>	<u>\$ 5,237,726</u>	<u>\$ 1,333,491</u>	<u>\$ 15,881,197</u>	<u>\$ 2,146,413</u>

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CITY OF HUNTSVILLE, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2014

	<u>PEB Trust Medical</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 16,086
Restricted assets:		
Cash and cash equivalents	-	-
Investments:		
Money market	12,420	-
Mutual funds	<u>2,985,735</u>	<u>-</u>
Total assets	<u>2,998,155</u>	<u>16,086</u>
LIABILITIES		
Accounts payable	<u>-</u>	<u>16,086</u>
Total liabilities	<u>-</u>	<u>16,086</u>
NET POSITION		
Held in trust for other postemployment benefits	<u>\$ 2,998,155</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, 2014

	PEB Trust Medical
ADDITIONS	
Investment income	\$ 21,334
Net increase in fair value of investments	286,240
Employer contributions	-
Total additions	307,574
DEDUCTIONS	
Total deductions	-
CHANGE IN NET POSITION	307,574
NET POSITION, BEGINNING	2,690,581
NET POSITION, ENDING	\$ 2,998,155

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, 2014

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, deferred outflows/inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriated. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Separate statements are presented for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. These statements present each major fund as a separate column on the fund financial statements; all nonmajor funds are aggregated and presented in a single column.

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

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

Governmental Fund Types

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds (in the fund financial statements) is on the sources, uses and balance of current financial resources and include the General Fund, 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, Deferred Outflows/Inflows of Resources, 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 2014 and those considered "available" at year-end are recognized as revenues in 2014. 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, 2013, to provide a revenue source to be used to finance the current year's budget. Taxes levied on October 1, 2013, were due and payable by January 31, 2014. On January 1, 2014, 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, 2014, unpaid taxes began to accrue a penalty and interest charge until paid. On July 1, 2014, 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City is reporting balances for deferred losses on bond refundings in both the government-wide Statement of Net Position and the Statement of Net Position – Proprietary Funds. A deferred loss on a bond refunding results when the reacquisition price of the refunded debt exceeds the carrying value. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
Property taxes	\$ 66,930	\$ 65,948	\$ 132,878
Property tax penalties and interest	66,367	39,108	105,475
Court fines and fees receivable	<u>108,669</u>	<u>-</u>	<u>108,669</u>
Total	<u>\$ 241,966</u>	<u>\$ 105,056</u>	<u>\$ 347,022</u>

Compensated Absences

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

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

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period on the fund financial statements. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types and on the government-wide statements, premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

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

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. The City has not adopted a formal fund balance policy, therefore, according to GASB Statement No. 54, this intent can only 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.

New Accounting Principles

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

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.

Change in Accounting Principles

As the result of implementing GASB Statement No. 65, the City has restated the beginning net position, effectively decreasing net position as of October 1, 2013 by \$291,305 for the governmental activities and by \$504,330 for the business-type activities and proprietary funds. These decreases result from no longer deferring and amortizing bond issuance costs.

Further, the City has restated its long-term liabilities to reflect that components of those liabilities as of October 1, 2013, deferred loss on bond refunding, is now reported as deferred outflows of resources in the government-wide and proprietary fund financial statements. The effect of this change increases the long-term liabilities of the business-type activities by \$202,565. These increases in long-term liabilities correspond to an increase in deferred outflows of resources.

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	\$ 2,312,535	-
Cash on hand	3,620	-
Certificates of deposit	8,459,796	-
Money market	10,482,538	-
Mutual funds	2,985,735	-
TexPool Prime	614,236	46
Texas CLASS	475,830	43
LOGIC	23,031	59
U. S. agency securities	5,542,294	979
Municipal bonds	<u>17,712,400</u>	1771
Total portfolio	<u>\$ 48,612,015</u>	
Portfolio weighted average maturity (days)		580

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, 2014, 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					Total
	General	Street Special Revenue	Debt Service	Nonmajor Governmental	
Accounts	\$ 572,197	\$ 1,071	\$ -	\$ 1,014	\$ 574,282
Taxes	1,638,288	298,084	176,915	80,117	2,193,404
Intergovernmental	128,808	-	-	315,062	443,870
Interest	45,421	668	-	11,920	58,009
Other	<u>1,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,802</u>
Gross Receivables	2,386,516	299,823	176,915	408,113	3,271,367
Less: Allowance for uncollectibles	<u>(506,288)</u>	<u>-</u>	<u>(61,920)</u>	<u>-</u>	<u>(568,208)</u>
Net receivables	<u>\$ 1,880,228</u>	<u>\$ 299,823</u>	<u>\$ 114,995</u>	<u>\$ 408,113</u>	<u>\$ 2,703,159</u>

Proprietary Funds

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Internal Service</u>	<u>Total</u>
Accounts	\$ 1,527,232	\$ 863,416	\$ 518,329	\$ -	\$ 2,908,977
Intergovernmental	122,053	96,449	-	-	218,502
Interest	28,535	36,599	11,048	8,587	173,334
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,565</u>	<u>-</u>
Gross Receivables	1,677,820	996,464	529,377	97,152	3,300,813
Less: Allowance for uncollectibles	<u>(8,471)</u>	<u>(15,501)</u>	<u>(12,076)</u>	<u>-</u>	<u>(36,048)</u>
Net receivables	<u>\$ 1,669,349</u>	<u>\$ 980,963</u>	<u>\$ 517,301</u>	<u>\$ 97,152</u>	<u>\$ 3,264,765</u>

Interfund Balances and Activity**Due to and From Other Funds**

Balances due to and due from other funds at September 30, 2014, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Street Special Revenue	\$ 27,038
	Nonmajor governmental	147,584
	Wastewater	51,964
	Solid waste	283,342
	Internal service	<u>281</u>
Total General		<u>510,209</u>
Water	Wasterwater	<u>36,198</u>
	Total Water	<u>36,198</u>
Nonmajor governmental	Street Special Revenue	929
	Nonmajor governmental	<u>721</u>
Total nonmajor governmental		1,650
Total		<u>\$ 548,057</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, 2014, consisted of the following:

	Transfers to				Total
	General	Debt Service	Street Special Revenue	Nonmajor Governmental	
Transfers from:					
General	\$ -	\$ 445,000	\$ -	\$ 1,087,977	\$ 1,532,977
Street special revenue	752,515	-	-		752,515
Nonmajor governmental	19,525	-	-	218,000	237,525
Water	2,097,248	-	543,742	-	2,640,990
Wastewater	1,291,678	-	621,981	-	1,913,659
Solid waste	<u>662,609</u>	<u>-</u>	<u>163,884</u>	<u>-</u>	<u>826,493</u>
Total	<u>\$ 4,823,575</u>	<u>\$ 445,000</u>	<u>\$ 1,329,607</u>	<u>\$ 1,305,977</u>	<u>\$ 7,904,159</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 \$543,742, Wastewater fund for \$294,346 and Solid Waste fund for \$163,884 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 \$327,635 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 – \$32,746
 - School Resource Officer fund – \$101,710
 - Arts Center fund – \$102,521
- The General fund received transfers of \$2,097,248 from the Water fund, \$1,291,678 from the Wastewater fund, \$662,609 from the Solid Waste fund, and \$752,515 from the Street Special Revenue fund. These transfers were paid to help offset the cost of various operating expenditures in the General fund.
- Additionally, \$1,069,000 was transferred into various capital project funds to fund construction and capital acquisition projects for the City.

Fund Balance

As of September 30, 2014, governmental fund balance consisted of the following:

	<u>General</u>	<u>Street Special Revenue</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Fund balances:					
Nonspendable					
Inventory	\$ 137,451	\$ 12,528	\$ -	\$ -	\$ 149,979
Prepays	2,280	-	-	-	2,280
Library endowment	-	-	-	106,914	106,914
Cemetery endowment	-	-	-	354,873	354,873
Restricted for:					
Street improvements and repairs	-	820,142	-	-	820,142
Debt service	-	-	257,347	-	257,347
Promotion of tourism	-	-	-	1,467,334	1,467,334
Court technology and security	-	-	-	169,694	169,694
Purpose of grantors, trustees and donors	-	-	-	579,823	579,823
Law enforcement	-	-	-	160,557	160,557
Construction of capital assets	-	-	-	42,302	42,302
Assigned for:					
Subsequent year's budget appropriation of fund balance	1,537,355	-	-	-	1,537,355
Construction of capital assets	-	-	-	2,621,088	2,621,088
Unassigned	<u>9,310,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,310,615</u>
Total fund balances	<u>\$ 10,987,701</u>	<u>\$ 832,670</u>	<u>\$ 257,347</u>	<u>\$ 5,502,585</u>	<u>\$ 17,580,303</u>

Minimum Fund Balance Policy

The City Council has adopted a financial policy to maintain a minimum level of unassigned fund balance or unrestricted net position in all operating funds excluding internal service funds, capital projects funds, and special revenue funds (excluding the Street Special Revenue Fund). These funds shall maintain unassigned fund balance or unrestricted net position at a minimum amount of 25% of the annual budget (less transfers to capital projects funds) for each fund. This amount is intended to provide fiscal stability when economic downturns or other unexpected events occur.

Capital Assets

Capital asset activity for the year ended September 30, 2014, 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>1,659,951</u>	<u>1,602,340</u>	<u>1,591,252</u>	<u>1,671,039</u>
Total capital assets not being depreciated	<u>3,532,196</u>	<u>1,602,340</u>	<u>1,591,252</u>	<u>3,543,284</u>
Capital assets being depreciated:				
Buildings and improvements	13,803,569	220,808	-	14,024,377
Machinery, furniture, and equipment	21,123,324	1,435,963	748,093	21,811,194
Improvements other than buildings	13,367,516	1,361,944	-	14,729,460
Infrastructure	<u>35,228,247</u>	<u>8,500</u>	<u>-</u>	<u>35,236,747</u>
Total capital assets being depreciated	<u>83,522,656</u>	<u>3,027,215</u>	<u>748,093</u>	<u>85,801,778</u>
Less accumulated depreciation for:				
Buildings and improvements	5,570,083	378,078	-	5,948,161
Machinery, furniture, and equipment	15,941,758	1,505,713	637,918	16,809,553
Improvements other than buildings	6,112,754	622,805	-	6,735,559
Infrastructure	<u>26,609,333</u>	<u>964,568</u>	<u>-</u>	<u>27,573,901</u>
Total accumulated depreciation	<u>54,233,928</u>	<u>3,471,164</u>	<u>637,918</u>	<u>57,067,174</u>
Total capital assets being depreciated, net	<u>29,288,728</u>	<u>(443,949)</u>	<u>110,175</u>	<u>28,734,604</u>
Governmental activities capital assets, net	<u>\$ 32,820,924</u>	<u>\$ 1,158,391</u>	<u>\$ 1,701,427</u>	<u>\$ 32,277,888</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 782,325	\$ -	\$ -	\$ 782,325
Construction in progress	<u>3,397,006</u>	<u>2,675,082</u>	<u>3,065,610</u>	<u>3,006,478</u>
Total capital assets not being depreciated	<u>4,179,331</u>	<u>2,675,082</u>	<u>3,065,610</u>	<u>3,788,803</u>
Capital assets being depreciated:				
Buildings and improvements	1,923,041	54,354	-	1,977,395
Machinery, furniture, and equipment	2,343,369	-	52,000	2,291,369
Improvements other than buildings	398,950	-	-	398,950
Water rights	51,336,066	-	-	51,336,066
Infrastructure	<u>84,116,939</u>	<u>3,004,627</u>	<u>-</u>	<u>87,121,566</u>
Total capital assets being depreciated	<u>140,118,365</u>	<u>3,058,981</u>	<u>52,000</u>	<u>143,125,346</u>
Less accumulated depreciation for:				
Buildings and improvements	1,311,738	74,390	-	1,386,128
Machinery, furniture, and equipment	1,780,367	173,427	46,100	1,907,694
Improvements other than buildings	156,613	43,693	-	200,306
Water rights	16,596,674	1,032,312	-	17,628,986
Infrastructure	<u>38,830,883</u>	<u>2,049,492</u>	<u>-</u>	<u>40,880,375</u>
Total accumulated depreciation	<u>58,676,275</u>	<u>3,373,314</u>	<u>46,100</u>	<u>62,003,489</u>
Total capital assets being depreciated, net	<u>81,442,090</u>	<u>(314,333)</u>	<u>5,900</u>	<u>81,121,857</u>
Business-type activities capital assets, net	<u>\$ 85,621,421</u>	<u>\$ 2,360,749</u>	<u>\$ 3,071,510</u>	<u>\$ 84,910,660</u>

Depreciation was charged to functions as follows:

Governmental activities:

General government	\$ 1,241,376
Public works	1,482,771
Community services	481,799
Public safety	<u>265,218</u>

Total governmental activities depreciation \$ 3,471,164

Business-type activities:

Water production and distribution	\$ 1,867,198
Wastewater collection and treatment	1,423,276
Solid waste disposal and collection	<u>82,840</u>

Total business-type activities depreciation \$ 3,373,314

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, 2014, are as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance	Due Within One Year
<u>Governmental activities:</u>						
General obligation bonds	\$ 10,977,852	\$ -	\$(1,363,198)	\$ -	\$ 9,614,654	\$ 1,421,069
Certificates of obligation	4,550,000	-	(625,000)	-	3,925,000	135,000
Premium on bond issuance	116,801	-	(12,978)	-	103,823	-
Compensated absences	1,130,332	1,201,820	(1,127,287)	-	1,204,865	301,216
OPEB obligations	2,285,444	584,501	-	-	2,869,945	-
Developer TIRZ	2,875,916	-	(118,672)	-	2,757,244	115,515
Total governmental activities	\$ <u>21,936,345</u>	\$ <u>1,786,321</u>	\$(<u>3,247,135</u>)	\$ <u>-</u>	\$ <u>20,475,531</u>	\$ <u>1,972,800</u>
<u>Business-type activities:</u>						
TRA contract revenue bonds	\$ 23,610,000	\$ -	\$(3,040,000)	\$ -	\$ 20,570,000	\$ 3,115,000
Revenue bonds	3,040,000	-	(985,000)	-	2,055,000	1,010,000
General obligation bonds	4,786,148	-	(623,802)	-	4,162,346	630,931
Premium on bond issuance	1,660,932	-	(207,617)	-	1,453,315	-
Compensated absences	336,729	343,512	(369,687)	-	310,554	77,640
OPEB obligations	817,239	231,189	-	-	1,048,428	-
Total business-type activities	\$ <u>34,251,048</u>	\$ <u>574,701</u>	\$(<u>5,226,106</u>)	\$ <u>-</u>	\$ <u>29,599,643</u>	\$ <u>4,833,571</u>

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

Liability	Activity Type	Fund
Compensated absences	Governmental	General
OPEB Obligations	Governmental	General
Developer TIRZ	Governmental	General

Debt Service Requirements

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2015	\$ 1,556,069	\$ 466,638	\$ 2,022,707
2016	1,596,813	423,709	2,020,522
2017	1,654,152	376,364	2,030,516
2018	1,704,889	324,842	2,029,731
2019	1,763,604	268,938	2,032,542
2020-2024	2,764,127	905,335	3,669,462
2025-2029	1,560,000	437,621	1,997,621
2030-2032	940,000	95,750	1,035,750
Total	\$ <u>13,539,654</u>	\$ <u>3,299,197</u>	\$ <u>16,838,851</u>

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2015	\$ 4,755,931	\$ 436,725	\$ 5,192,656
2016	4,874,187	384,770	5,258,957
2017	3,681,848	309,048	3,990,896
2018	3,571,112	245,735	3,816,847
2019	3,478,396	180,998	3,659,394
2020-2022	<u>6,425,872</u>	<u>113,109</u>	<u>6,538,981</u>
Total	<u>\$ 26,787,346</u>	<u>\$ 1,670,385</u>	<u>\$ 28,457,731</u>

At September 30, 2014, 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, 2014, 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%.	\$ 545,000
\$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%.	835,000
\$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%.	3,960,000
\$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%.	2,055,000
installments of \$1,920,000 to \$2,340,000 through 2021, interest rates from 2.00% - 4.00%.	<u>15,230,000</u>
Total outstanding revenue debt as of September 30, 2014	<u>\$ 22,625,000</u>

Tax Supported Debt

A summary of tax-supported debt outstanding at September 30, 2014, 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.	\$ 3,925,000
\$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%.	882,000
\$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%.	3,660,000
\$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%.	2,710,000
\$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>6,525,000</u>
Total outstanding tax supported debt as of September 30, 2014	<u>\$ 17,702,000</u>

Joint Venture

Trinity River Authority

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

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

Walker County Public Safety Communications Center

On July 29, 1997, the City entered into an interlocal agreement with Walker County, Texas to construct, maintain, and operate a centralized and combined communications/dispatch center, hereafter called Walker County Public Safety Communication Center (“WCPSCC”). The County and the City have both agreed to fund 50% of the approved budget of the WCPSCC. Should this agreement be terminated, or declared invalid for any reason, all assets of the WCPSCC shall be determined and deemed to be jointly owned by Walker County, Texas and the City. This agreement was initially effective for three years beginning October 1, 1997 and from that point the agreement would automatically renew for successive one year terms unless otherwise terminated.

Financial statements for this joint venture may be obtained from Walker County, Texas, 1100 University Avenue, Huntsville, Texas 77340.

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 required 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 from 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 2013</u>	<u>Plan Year 2014</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
	100%	50%
Updated service credit	Repeating, Transfers	Repeating, Transfers
Annuity Increase	50% of CPI	50% of CPI

Contributions

Under the state law governing the TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method has been used). 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 for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. 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 Credits 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 (i.e., the December 31, 2013 valuation will determine the contribution rate beginning January 1, 2015).

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>
2012	1,382,723	1,382,723	100.00%	-
2013	1,519,165	1,519,165	100.00%	-
2014	1,934,620	1,934,620	100.00%	-

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Valuation date	12/31/11	12/30/12	12/30/13
Actuarial cost method	Projected unit credit	Projected unit credit	Entry age normal
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 equivalent single amortization period	24.3 years; closed period	25.6 years; closed period	22.9 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	1.5%	1.5%	1.5%

Funded Status and Funding Progress

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see December 31, 2013, *TMRS Comprehensive Annual Financial Report (CAFR)*.

The funded status as of December 31, 2013, 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
12/31/13	\$ 54,097,114	\$ 72,953,549	74.2%	\$ 18,856,435	\$ 11,764,506	160.3%

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 2014, 2013 and 2012, were \$3,606, \$3,578, and \$3,552, 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>
2012	0.03%	0.03%	100.0%
2013	0.03%	0.03%	100.0%
2014	0.04%	0.04%	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 2014 contribute \$18.00 per month depending on the coverage levels selected. For the year ended September 30, 2014, there were a total of 61 retirees in the City's health plan. Of these 61, 14 carried dependent coverage. In fiscal year 2014, total retiree contributions for retirees and dependents were \$89,417. The City contributions to the plan for fiscal year 2014, which are also equal to premiums paid in excess of premiums collected from retirees, were \$507,584.

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 Lewis & Ellis, Actuaries & Consultants. 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)	\$ 1,309,690
Interest on net OPEB obligation	155,134
Adjustment to annal required contribution	<u>(141,550)</u>
Annual OPEB cost (expense)	1,323,274
Contributions made	<u>(507,584)</u>
Increase in net OPEB	815,690
Net OPEB obligation - beginning of year	<u>3,102,683</u>
Net OPEB obligation - end of year	<u>\$ 3,918,373</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 2014, 2013, and 2012 are as follows:

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution Made	Percentage of OPEB Cost Contributed	Net Pension Obligation/ (Assets)
2012	\$ 1,691,662	\$ 597,484	35.32%	\$ 2,741,656
2013	1,145,555	784,528	68.50%	3,102,683
2014	1,323,274	507,584	38.36%	3,918,373

Funded Status and Funding Progress

The funded status of the plan based on an actuarial update using age-adjusted premiums as of September 30, 2014, was 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
9/30/2014	\$ 2,998,155	\$ 22,467,067	13.3%	\$ 19,468,912	\$ 10,996,048	177.1%

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	10/1/2012	9/30/2014
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%	5.00%
Projected salary increases	3.00%	3.00%
Health care cost trend rate	10.0% initial, 4.5% ultimate	9.5% initial, 4.5% ultimate
Inflation rate	0.00%	3.00%

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. There were no settlements in excess of the insurance coverage in any of the prior three fiscal years.

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

	2014	2013
Aggregate liabilities October 1	\$ 114,546	\$ 126,672
Incurred liabilities	2,243,523	2,294,051
Paid liabilities	<u>(2,155,470)</u>	<u>(2,306,177)</u>
Aggregate liabilities September 30	<u>\$ 202,599</u>	<u>\$ 114,546</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, 2014. The City's remaining commitment to contractors for all projects is at \$768,565 at year-end. Projects include water and wastewater line extensions, street construction and renovation, and sidewalk construction.

2. Grants

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

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, 2014.

Prior Period Adjustment

The beginning net position of the governmental activities and the beginning fund balance of the Airport nonmajor special revenue fund have been restated to record a prior period adjustment to correct the intergovernmental receivables recorded in the Airport fund. The effect of this adjustment will decrease beginning fund balance and net position by \$184,570. The restated fund balance of the Airport fund is \$44,184 and the restated net position of the governmental activities is \$30,008,598 as a result of this change.

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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, 2014

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 3,725,067	\$ 3,725,067	\$ 3,898,045	\$ 172,978
Sales tax	6,600,000	6,600,000	7,292,731	692,731
Other taxes	83,000	83,000	103,964	20,964
Licenses and permits	275,700	275,700	374,933	99,233
Charges for sales and services	437,404	437,404	431,650	(5,754)
Fines, fees, and forfeitures	916,700	916,700	1,104,139	187,439
Donations, contributions, and grants	307,202	309,202	430,472	121,270
Investment income	101,000	101,000	167,314	66,314
Miscellaneous	60,000	65,000	90,767	25,767
Total revenue	12,506,073	12,513,073	13,894,015	1,380,942
EXPENDITURES				
Current:				
General government				
Charter offices				
City Council	105,750	125,750	111,331	14,419
City Manager	315,078	317,163	304,020	13,143
City Secretary	164,119	175,740	174,167	1,573
City Attorney	150,000	150,000	147,377	2,623
City Judge	51,033	55,355	54,273	1,082
Finance				
Finance and accounting	979,633	814,364	813,323	1,041
Office services	107,107	104,649	86,386	18,263
Municipal court	348,115	285,376	270,280	15,096
Purchasing	97,332	92,004	91,059	945
Warehouse	50,392	51,710	38,232	13,478
Human resources	409,738	425,090	347,343	77,747
Risk and safety management	138,845	138,853	116,228	22,625
Information technology	894,855	920,062	882,220	37,842
Community development	229,579	187,693	181,509	6,184
Non-departmental	2,837,459	2,772,273	1,633,461	1,138,812
Public safety				
Public safety administration	844,450	864,779	864,778	1
Police	4,457,675	4,574,538	4,431,079	143,459
Fire	1,422,689	1,504,084	1,382,487	121,597
Public works				
Public utilities administration	180,822	189,768	187,624	2,144
GIS	200,749	149,869	144,801	5,068
Customer service center	168,456	177,417	171,029	6,388
Planning	79,994	83,030	73,458	9,572
Public works administration	382,503	403,096	310,784	92,312
Engineering	355,794	299,646	289,828	9,818
Surveying	354,741	285,405	273,947	11,458
Central inspection	359,494	377,697	362,475	15,222
Health	127,333	133,343	131,312	2,031

CITY OF HUNTSVILLE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
(Continued)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Community services				
Community services administration	192,011	199,011	181,299	17,712
Recreation	72,647	73,937	25,944	47,993
Parks maintenance	922,002	908,126	760,125	148,001
Aquatic center	234,911	255,650	225,857	29,793
Building services	476,763	488,042	486,814	1,228
Cemetery	78,003	80,803	68,646	12,157
Library services	562,421	578,337	459,889	118,448
Community service assist	40,050	40,050	37,869	2,181
Garage	574,069	480,364	417,256	63,108
Tourism and cultural services				
Gift shop	105,711	87,860	74,224	13,636
Main street	136,912	136,912	116,713	20,199
Tour guides	5,000	5,000	3,952	1,048
Total expenditures	<u>19,214,235</u>	<u>18,992,846</u>	<u>16,733,399</u>	<u>2,259,447</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,708,162)</u>	<u>(6,479,773)</u>	<u>(2,839,384)</u>	<u>3,640,389</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,823,575	4,823,575	4,823,575	-
Transfers out	<u>(1,044,732)</u>	<u>(1,733,477)</u>	<u>(1,532,977)</u>	<u>200,500</u>
Total other financing sources (uses)	<u>3,778,843</u>	<u>3,090,098</u>	<u>3,290,598</u>	<u>200,500</u>
NET CHANGE IN FUND BALANCE	<u>(2,929,319)</u>	<u>(3,389,675)</u>	451,214	3,840,889
FUND BALANCE, BEGINNING	<u>10,645,312</u>	<u>10,645,312</u>	<u>10,645,312</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 7,715,993</u>	<u>\$ 7,255,637</u>	<u>\$ 11,096,526</u>	<u>\$ 3,840,889</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With
	<u>Budget</u>	<u>Final</u>		Final Budget - Positive (Negative)
REVENUES				
Franchise fees	\$ 1,980,000	\$ 1,980,000	\$ 2,065,187	\$ 85,187
Charges for sales and services	72,500	72,500	51,071	(21,429)
Investment income	1,000	1,000	3,938	2,938
Miscellaneous	-	-	31	31
Total revenue	<u>2,053,500</u>	<u>2,053,500</u>	<u>2,120,227</u>	<u>66,727</u>
EXPENDITURES				
Public works	<u>2,631,872</u>	<u>2,643,872</u>	<u>2,261,229</u>	<u>382,643</u>
Total expenditures	<u>2,631,872</u>	<u>2,643,872</u>	<u>2,261,229</u>	<u>382,643</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES				
	<u>(578,372)</u>	<u>(590,372)</u>	<u>(141,002)</u>	<u>449,370</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,329,607	1,329,607	1,329,607	-
Transfers out	<u>(774,235)</u>	<u>(774,235)</u>	<u>(752,515)</u>	<u>21,720</u>
Total other financing sources (uses)	<u>555,372</u>	<u>555,372</u>	<u>577,092</u>	<u>21,720</u>
NET CHANGE IN FUND BALANCE				
	(23,000)	(35,000)	436,090	471,090
FUND BALANCE, BEGINNING				
	<u>407,080</u>	<u>407,080</u>	<u>407,080</u>	<u>-</u>
FUND BALANCE, ENDING				
	<u>\$ 384,080</u>	<u>\$ 372,080</u>	<u>\$ 843,170</u>	<u>\$ 471,090</u>

CITY OF HUNTSVILLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2014

TEXAS MUNICIPAL RETIREMENT SYSTEM SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/1995	\$ 6,020,018	\$ 11,448,894	\$ 5,428,876	52.6%	\$ 6,645,505	81.7%
12/31/1996	7,486,917	14,716,980	7,230,063	50.9%	6,969,972	103.7%
12/31/1997	9,482,548	16,148,307	10,339,130	58.7%	7,371,413	90.4%
12/31/1998	11,840,882	19,146,847	7,305,965	61.8%	7,994,046	91.4%
12/31/1999	14,033,005	21,674,979	7,641,974	64.7%	8,002,647	95.5%
12/31/2000	15,957,208	23,848,886	7,891,678	66.9%	8,369,082	94.3%
12/31/2001	17,983,122	26,223,426	8,240,304	68.6%	8,849,367	93.1%
12/31/2002	20,172,871	29,786,372	9,613,501	67.7%	9,767,300	98.4%
12/31/2003	21,317,292	33,504,263	12,186,971	63.6%	8,753,684	139.2%
12/31/2004	23,461,827	35,599,317	12,137,490	65.9%	9,602,604	126.4%
12/31/2005	24,386,073	37,120,033	12,733,960	65.7%	9,655,475	131.9%
12/31/2006	25,314,524	38,560,912	13,246,388	65.6%	10,198,416	129.9%
12/31/2007	25,879,876	47,764,663	21,884,787	54.2%	10,742,813	203.7%
12/31/2008	27,501,940	50,842,530	23,340,590	54.1%	12,209,814	191.2%
12/31/2009	30,111,640	42,072,614	11,960,974	71.6%	11,583,294	103.3%
12/31/2010	44,443,575	52,324,084	7,880,509	84.9%	11,777,752	66.9%
12/31/2011	48,054,476	54,908,861	6,854,385	87.5%	11,840,076	57.9%
12/31/2012	51,179,687	60,234,325	9,054,638	85.0%	12,125,520	74.7%
12/31/2013	54,097,114	72,953,549	18,856,435	74.2%	11,764,506	160.3%

OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2010	1,991,175	19,653,745	17,662,570	10%	11,588,950	152.4%
10/1/2012	2,410,646	20,630,459	18,219,813	12%	11,936,619	152.6%
9/30/2014	2,998,155	22,467,067	19,468,912	13%	10,996,048	177.1%

CITY OF HUNTSVILLE, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2014

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, 2014

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,793,930	\$ 1,915,245	\$ 313,084	\$ 4,022,259
Investments	726,057	696,909	158,751	1,581,717
Accounts receivable (net of allowance for uncollectibles):				
Accounts	914	100	-	1,014
Taxes	80,117	-	-	80,117
Intergovernmental	82,019	233,043	-	315,062
Interest	6,017	4,709	1,194	11,920
Due from other funds	721	929	-	1,650
Property held for sale	<u>14,253</u>	<u>-</u>	<u>-</u>	<u>14,253</u>
 Total assets	 <u>\$ 2,704,028</u>	 <u>\$ 2,850,935</u>	 <u>\$ 473,029</u>	 <u>\$ 6,027,992</u>
LIABILITIES				
Accounts payable	\$ 35,060	\$ 187,545	\$ -	\$ 222,605
Accrued liabilities	34,397	-	-	34,397
Due to other funds	148,305	-	-	148,305
Due to other governments	<u>111,846</u>	<u>-</u>	<u>-</u>	<u>111,846</u>
Total liabilities	<u>329,608</u>	<u>187,545</u>	<u>-</u>	<u>517,153</u>
FUND BALANCES				
Nonspendable permanent funds	-	-	461,787	461,787
Restricted for:				
Promotion of tourism	1,469,584	-	-	1,469,584
Court technology and security	169,694	-	-	169,694
Purpose of grantors, trustees and donors	570,081	-	11,242	581,323
Law enforcement	165,061	-	-	165,061
Construction of capital assets	-	42,302	-	42,302
Assigned to:				
Construction of capital assets	<u>-</u>	<u>2,621,088</u>	<u>-</u>	<u>2,621,088</u>
Total fund balances	<u>2,374,420</u>	<u>2,663,390</u>	<u>473,029</u>	<u>5,510,839</u>
 Total liabilities and fund balances	 <u>\$ 2,704,028</u>	 <u>\$ 2,850,935</u>	 <u>\$ 473,029</u>	 <u>\$ 6,027,992</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, 2014

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Property taxes	\$ 118,672	\$ -	\$ -	\$ 118,672
Other taxes	921,732	-	-	921,732
Charges for sales and services	418,279	-	-	418,279
Fines, fees, and forfeitures	166,766	-	-	166,766
Donations, contributions, and grants	340,961	1,122,915	-	1,463,876
Investment income	11,789	32,319	5,886	49,994
Miscellaneous	22,054	38,363	-	60,417
Total revenues	<u>2,000,253</u>	<u>1,193,597</u>	<u>5,886</u>	<u>3,199,736</u>
EXPENDITURES				
General government	1,408	-	-	1,408
Public works	104,975	1,347,690	-	1,452,665
Community services	699,795	143,044	-	842,839
Public safety	634,580	138,264	-	772,844
Total expenditures	<u>1,440,758</u>	<u>1,628,998</u>	<u>-</u>	<u>3,069,756</u>
EXCESS (DEFICIENCY) OF REVENUES (OVER) UNDER EXPENDITURES	<u>559,495</u>	<u>(435,401)</u>	<u>5,886</u>	<u>129,980</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	236,977	1,069,000	-	1,305,977
Transfers out	<u>(14,525)</u>	<u>(218,000)</u>	<u>(5,000)</u>	<u>(237,525)</u>
Total other financing sources (uses)	<u>222,452</u>	<u>851,000</u>	<u>(5,000)</u>	<u>1,068,452</u>
NET CHANGE IN FUND BALANCES	781,947	415,599	886	1,198,432
FUND BALANCES, BEGINNING	<u>1,777,043</u>	<u>2,247,791</u>	<u>472,143</u>	<u>4,496,977</u>
PRIOR PERIOD ADJUSTMENT	<u>(184,570)</u>	<u>-</u>	<u>-</u>	<u>(184,570)</u>
FUND BALANCE, BEGINNING AS RESTATED	<u>1,592,473</u>	<u>2,247,791</u>	<u>472,143</u>	<u>4,312,407</u>
FUND BALANCES, ENDING	<u>\$ 2,374,420</u>	<u>\$ 2,663,390</u>	<u>\$ 473,029</u>	<u>\$ 5,510,839</u>

CITY OF HUNTSVILLE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2014

	<u>Municipal Court Security and Technology</u>	<u>Police Forfeiture</u>	<u>Airport</u>	<u>Library Special Donations</u>
ASSETS				
Cash and cash equivalents	\$ 173,513	\$ 247,019	\$ 75,301	\$ 59,639
Investments	-	-	-	-
Accounts receivable (net of allowance for uncollectibles):				
Accounts	-	-	-	-
Taxes	-	-	-	-
Intergovernmental	-	-	1,430	-
Interest	-	-	-	-
Due from other funds	-	-	-	721
Property held for sale	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 173,513</u>	<u>\$ 247,019</u>	<u>\$ 76,731</u>	<u>\$ 60,360</u>
LIABILITIES				
Accounts payable	\$ -	\$ 653	\$ 907	\$ 319
Accrued liabilities	3,098	-	711	-
Due to other funds	721	-	-	-
Due to other governments	<u>-</u>	<u>111,846</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,819</u>	<u>112,499</u>	<u>1,618</u>	<u>319</u>
FUND BALANCES				
Restricted for:				
Promotion of tourism	-	-	-	-
Court security and technology	169,694	-	-	-
Purpose of grantors, trustees and donors	-	-	75,113	60,041
Law enforcement	<u>-</u>	<u>134,520</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>169,694</u>	<u>134,520</u>	<u>75,113</u>	<u>60,041</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 173,513</u>	<u>\$ 247,019</u>	<u>\$ 76,731</u>	<u>\$ 60,360</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	\$ 64,296	\$ 124,453	\$ 5,104	\$ 109,565	\$ 160,246
-	-	-	-	-	-
-	150	9	-	-	755
-	-	-	-	11,431	-
-	-	66,156	-	-	14,433
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	14,253
<u>\$ 5,353</u>	<u>\$ 64,446</u>	<u>\$ 190,618</u>	<u>\$ 5,104</u>	<u>\$ 120,996</u>	<u>\$ 189,687</u>
\$ -	\$ 1,211	\$ -	\$ -	\$ 6,833	\$ -
-	18,839	-	-	4,341	-
-	13,855	16,000	-	1,937	112,000
-	-	-	-	-	-
-	33,905	16,000	-	13,111	112,000
-	-	-	-	-	-
-	-	-	-	-	-
5,353	-	174,618	5,104	107,885	77,687
-	30,541	-	-	-	-
<u>5,353</u>	<u>30,541</u>	<u>174,618</u>	<u>5,104</u>	<u>107,885</u>	<u>77,687</u>
<u>\$ 5,353</u>	<u>\$ 64,446</u>	<u>\$ 190,618</u>	<u>\$ 5,104</u>	<u>\$ 120,996</u>	<u>\$ 189,687</u>

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CITY OF HUNTSVILLE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2014

	<u>Area Revitalization</u>	<u>Tax Increment Reinvestment Zone #1</u>	<u>Hotel/ Motel Tourism</u>	<u>Total Nonmajor Special Revenue Funds</u>
ASSETS				
Cash and cash equivalents	\$ 25,720	\$ 38,560	\$ 705,161	\$ 1,793,930
Investments	-	-	726,057	726,057
Accounts receivable (net of allowance for uncollectibles):				
Accounts	-	-	-	914
Taxes	-	-	68,686	80,117
Intergovernmental	-	-	-	82,019
Interest	-	-	6,017	6,017
Due from other funds	-	-	-	721
Property held for sale	-	-	-	14,253
	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,253</u>
Total assets	<u>\$ 25,720</u>	<u>\$ 38,560</u>	<u>\$ 1,505,921</u>	<u>\$ 2,704,028</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 25,137	\$ 35,060
Accrued liabilities	-	-	7,408	34,397
Due to other funds	-	-	3,792	148,305
Due to other governments	-	-	-	111,846
Total liabilities	<u>-</u>	<u>-</u>	<u>36,337</u>	<u>329,608</u>
FUND BALANCES				
Restricted for:				
Promotion of tourism	-	-	1,469,584	1,469,584
Court security and technology	-	-	-	169,694
Purpose of grantors, trustees and donors	25,720	38,560	-	570,081
Law enforcement	-	-	-	165,061
Total fund balances	<u>25,720</u>	<u>38,560</u>	<u>1,469,584</u>	<u>2,374,420</u>
	<u>25,720</u>	<u>38,560</u>	<u>1,505,921</u>	<u>2,704,028</u>
Total liabilities and fund balances	<u>\$ 25,720</u>	<u>\$ 38,560</u>	<u>\$ 1,505,921</u>	<u>\$ 2,704,028</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, 2014

	<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	49,025	98,821	-	-
Donations, contributions, and grants	-	-	1,430	11,899
Investment income	1,188	(1,864)	-	83
Miscellaneous	-	-	-	-
Total revenues	<u>50,213</u>	<u>96,957</u>	<u>12,980</u>	<u>11,982</u>
EXPENDITURES				
General government	1,408	-	-	-
Public works	-	-	14,797	-
Community services	-	-	-	5,813
Public safety	-	36,892	-	-
Total expenditures	<u>1,408</u>	<u>36,892</u>	<u>14,797</u>	<u>5,813</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>48,805</u>	<u>60,065</u>	<u>(1,817)</u>	<u>6,169</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	32,746	-
Transfers out	(14,525)	-	-	-
Total other financing sources (uses)	<u>(14,525)</u>	<u>-</u>	<u>32,746</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	34,280	60,065	30,929	6,169
FUND BALANCES, BEGINNING	135,414	74,455	228,754	53,872
PRIOR PERIOD ADJUSTMENT	-	-	(184,570)	-
FUND BALANCE, BEGINNING AS RESTATED	<u>135,414</u>	<u>74,455</u>	<u>44,184</u>	<u>53,872</u>
FUND BALANCES, ENDING	<u>\$ 169,694</u>	<u>\$ 134,520</u>	<u>\$ 75,113</u>	<u>\$ 60,041</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	131,676	-
-	406,729	-	-	-	-
-	-	-	-	18,920	-
-	-	208,582	25,179	10,178	76,760
-	48	77	-	8	-
-	-	-	-	-	21,261
<u>-</u>	<u>406,777</u>	<u>208,659</u>	<u>25,179</u>	<u>160,782</u>	<u>98,021</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	25,689	215,075	20,393
-	514,652	83,036	-	-	-
<u>-</u>	<u>514,652</u>	<u>83,036</u>	<u>25,689</u>	<u>215,075</u>	<u>20,393</u>
<u>-</u>	<u>(107,875)</u>	<u>125,623</u>	<u>(510)</u>	<u>(54,293)</u>	<u>77,628</u>
-	101,710	-	-	102,521	-
-	-	-	-	-	-
<u>-</u>	<u>101,710</u>	<u>-</u>	<u>-</u>	<u>102,521</u>	<u>-</u>
-	(6,165)	125,623	(510)	48,228	77,628
5,353	36,706	48,995	5,614	59,657	59
-	-	-	-	-	-
<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>\$ 30,541</u>	<u>\$ 174,618</u>	<u>\$ 5,104</u>	<u>\$ 107,885</u>	<u>\$ 77,687</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, 2014

	<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	\$ -	118,672	\$ -	\$ 118,672
Other taxes	-	-	790,056	921,732
Charges for sales and services	-	-	-	418,279
Fines, fees, and forfeitures	-	-	-	166,766
Donations, contributions, and grants	3,973	-	2,960	340,961
Investment income	28	28	12,193	11,789
Miscellaneous	-	-	793	22,054
Total revenues	<u>4,001</u>	<u>118,700</u>	<u>806,002</u>	<u>2,000,253</u>
EXPENDITURES				
General government	-	-	-	1,408
Public works	-	-	90,178	104,975
Community services	2,130	118,922	311,773	699,795
Public safety	-	-	-	634,580
Total expenditures	<u>2,130</u>	<u>118,922</u>	<u>401,951</u>	<u>1,440,758</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>1,871</u>	<u>(222)</u>	<u>404,051</u>	<u>559,495</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	236,977
Transfers out	-	-	-	<u>(14,525)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>222,452</u>
NET CHANGE IN FUND BALANCES	1,871	(222)	404,051	781,947
FUND BALANCES, BEGINNING	23,849	38,782	1,065,533	1,777,043
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>(184,570)</u>
FUND BALANCE, BEGINNING AS RESTATED	<u>23,849</u>	<u>38,782</u>	<u>1,065,533</u>	<u>1,592,473</u>
FUND BALANCES, ENDING	<u>\$ 25,720</u>	<u>\$ 38,560</u>	<u>\$ 1,469,584</u>	<u>\$ 2,374,420</u>

CITY OF HUNTSVILLE, TEXAS
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL COURT SECURITY AND TECHNOLOGY FUND
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines, fees, and forfeiture	\$ 35,000	\$ 35,000	\$ 49,025	\$ 14,025
Investment income	<u>330</u>	<u>330</u>	<u>1,188</u>	<u>858</u>
Total revenue	<u>35,330</u>	<u>35,330</u>	<u>50,213</u>	<u>14,883</u>
EXPENDITURES				
General government	<u>10,000</u>	<u>10,000</u>	<u>1,408</u>	<u>8,592</u>
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>1,408</u>	<u>8,592</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>25,330</u>	<u>25,330</u>	<u>48,805</u>	<u>23,475</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(14,525)	(14,525)	(14,525)	-
Total other financing sources (uses)	<u>(14,525)</u>	<u>(14,525)</u>	<u>(14,525)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE				
	10,805	10,805	34,280	23,475
FUND BALANCE, BEGINNING				
	<u>135,414</u>	<u>135,414</u>	<u>135,414</u>	<u>-</u>
FUND BALANCE, ENDING				
	<u>\$ 146,219</u>	<u>\$ 146,219</u>	<u>\$ 169,694</u>	<u>\$ 23,475</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

**POLICE FORFEITURE FUND
SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines, fees, and forfeitures	\$ -	\$ -	\$ 98,821	\$ 98,821
Investment income	<u>1,000</u>	<u>1,000</u>	(1,864)	(2,864)
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>96,957</u>	<u>95,957</u>
EXPENDITURES				
Public safety	<u>45,760</u>	<u>45,760</u>	<u>36,892</u>	<u>8,868</u>
Total expenditures	<u>45,760</u>	<u>45,760</u>	<u>36,892</u>	<u>8,868</u>
NET CHANGE IN FUND BALANCE	(44,760)	(44,760)	60,065	104,825
FUND BALANCE, BEGINNING	<u>74,455</u>	<u>74,455</u>	<u>74,455</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 29,695</u>	<u>\$ 29,695</u>	<u>\$ 134,520</u>	<u>\$ 104,825</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

**AIRPORT FUND
SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	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>30,000</u>	<u>30,000</u>	<u>1,430</u>	<u>(28,570)</u>
Total revenues	<u>41,550</u>	<u>41,550</u>	<u>12,980</u>	<u>(28,570)</u>
EXPENDITURES				
Public works	<u>73,296</u>	<u>73,296</u>	<u>14,797</u>	<u>58,499</u>
Total expenditures	<u>73,296</u>	<u>73,296</u>	<u>14,797</u>	<u>58,499</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(31,746)</u>	<u>(31,746)</u>	<u>(1,817)</u>	<u>29,929</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>32,746</u>	<u>32,746</u>	<u>32,746</u>	<u>-</u>
Total other financing sources (uses)	<u>32,746</u>	<u>32,746</u>	<u>32,746</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,000	1,000	30,929	29,929
FUND BALANCE, BEGINNING	<u>228,754</u>	<u>228,754</u>	<u>228,754</u>	<u>-</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>(184,570)</u>	<u>(184,570)</u>
FUND BALANCE, BEGINNING, AS RESTATED	<u>228,754</u>	<u>228,754</u>	<u>44,184</u>	<u>(184,570)</u>
FUND BALANCE, ENDING	<u>\$ 229,754</u>	<u>\$ 229,754</u>	<u>\$ 75,113</u>	<u>\$ (154,641)</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

**LIBRARY SPECIAL DONATIONS FUND
SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Donations, contributions, and grants	\$ 7,700	\$ 7,700	\$ 11,899	\$ 4,199
Investment income	<u>120</u>	<u>120</u>	<u>83</u>	<u>(37)</u>
Total revenues	<u>7,820</u>	<u>7,820</u>	<u>11,982</u>	<u>4,162</u>
EXPENDITURES				
Community services	<u>12,500</u>	<u>12,500</u>	<u>5,813</u>	<u>6,687</u>
Total expenditures	<u>12,500</u>	<u>12,500</u>	<u>5,813</u>	<u>6,687</u>
NET CHANGE IN FUND BALANCE	(4,680)	(4,680)	6,169	10,849
FUND BALANCE, BEGINNING	<u>53,872</u>	<u>53,872</u>	<u>53,872</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 49,192</u>	<u>\$ 49,192</u>	<u>\$ 60,041</u>	<u>\$ 10,849</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

**SCHOOL RESOURCE OFFICER FUND
SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Charges for sales and services	\$ 406,729	\$ 406,729	\$ 406,729	\$ -
Investment income	<u>50</u>	<u>50</u>	<u>48</u>	<u>(2)</u>
Total revenues	<u>406,779</u>	<u>406,779</u>	<u>406,777</u>	<u>(2)</u>
EXPENDITURES				
Public safety	<u>529,752</u>	<u>530,356</u>	<u>514,652</u>	<u>15,704</u>
Total expenditures	<u>529,752</u>	<u>530,356</u>	<u>514,652</u>	<u>15,704</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(122,973)</u>	<u>(123,577)</u>	<u>(107,875)</u>	<u>15,702</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>101,710</u>	<u>101,710</u>	<u>101,710</u>	<u>-</u>
Total other financing sources (uses)	<u>101,710</u>	<u>101,710</u>	<u>101,710</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(21,263)</u>	<u>(21,867)</u>	<u>(6,165)</u>	<u>15,702</u>
FUND BALANCE, BEGINNING	<u>36,706</u>	<u>36,706</u>	<u>36,706</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 15,443</u>	<u>\$ 14,839</u>	<u>\$ 30,541</u>	<u>\$ 15,702</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

**POLICE GRANTS
SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Donations, contributions, and grants	\$ 65,000	\$ 81,549	\$ 208,582	\$ 127,033
Investment income	<u>50</u>	<u>50</u>	<u>77</u>	<u>27</u>
Total revenues	<u>65,050</u>	<u>81,599</u>	<u>208,659</u>	<u>127,060</u>
EXPENDITURES				
Public safety	<u>65,000</u>	<u>84,719</u>	<u>83,036</u>	<u>1,683</u>
Total expenditures	<u>65,000</u>	<u>84,719</u>	<u>83,036</u>	<u>1,683</u>
NET CHANGE IN FUND BALANCE	50	(3,120)	125,623	128,743
FUND BALANCE, BEGINNING	<u>48,995</u>	<u>48,995</u>	<u>48,995</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 49,045</u>	<u>\$ 45,875</u>	<u>\$ 174,618</u>	<u>\$ 128,743</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

**ARTS CENTER FUND
SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Other taxes	\$ 87,500	\$ 87,500	\$ 131,676	\$ 44,176
Fines, fees, and forfeitures	10,800	10,800	18,920	8,120
Donations, contributions, and grants	20,000	20,000	10,178	(9,822)
Investment income	100	100	8	(92)
Total revenues	<u>118,400</u>	<u>118,400</u>	<u>160,782</u>	<u>42,382</u>
EXPENDITURES				
Community services	<u>234,639</u>	<u>234,652</u>	<u>215,075</u>	<u>19,577</u>
Total expenditures	<u>234,639</u>	<u>234,652</u>	<u>215,075</u>	<u>19,577</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(116,239)</u>	<u>(116,252)</u>	<u>(54,293)</u>	<u>61,959</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	108,776	102,521	102,521	-
Transfers out	<u>(2,160)</u>	<u>(2,160)</u>	<u>-</u>	<u>2,160</u>
Total other financing sources (uses)	<u>106,616</u>	<u>100,361</u>	<u>102,521</u>	<u>2,160</u>
NET CHANGE IN FUND BALANCE	<u>(9,623)</u>	<u>(15,891)</u>	<u>48,228</u>	<u>64,119</u>
FUND BALANCE, BEGINNING	<u>59,657</u>	<u>59,657</u>	<u>59,657</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 50,034</u>	<u>\$ 43,766</u>	<u>\$ 107,885</u>	<u>\$ 64,119</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

**AREA REVITALIZATION
SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Donations, contributions, and grants	\$ 2,500	\$ 2,500	\$ 3,973	\$ 1,473
Investment income	<u>50</u>	<u>50</u>	<u>28</u>	<u>(22)</u>
Total revenues	<u>2,550</u>	<u>2,550</u>	<u>4,001</u>	<u>1,451</u>
EXPENDITURES				
Community services	<u>2,500</u>	<u>2,500</u>	<u>2,130</u>	<u>370</u>
Total expenditures	<u>2,500</u>	<u>2,500</u>	<u>2,130</u>	<u>370</u>
NET CHANGE IN FUND BALANCE	50	50	1,871	1,821
FUND BALANCE, BEGINNING	<u>23,849</u>	<u>23,849</u>	<u>23,849</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 23,899</u>	<u>\$ 23,899</u>	<u>\$ 25,720</u>	<u>\$ 1,821</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

**HOTEL MOTEL - TOURISM
SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Other taxes	\$ 495,834	\$ 495,834	\$ 790,056	\$ 294,222
Donations, contributions, and grants	1,000	1,000	2,960	1,960
Investment income	1,100	1,100	12,193	11,093
Miscellaneous	<u>-</u>	<u>-</u>	<u>793</u>	<u>793</u>
Total revenues	<u>497,934</u>	<u>497,934</u>	<u>806,002</u>	<u>308,068</u>
EXPENDITURES				
Public works	98,610	100,668	90,178	10,490
Community services	<u>343,073</u>	<u>389,650</u>	<u>311,773</u>	<u>77,877</u>
Total expenditures	<u>441,683</u>	<u>490,318</u>	<u>401,951</u>	<u>88,367</u>
NET CHANGE IN FUND BALANCE	56,251	7,616	404,051	396,435
FUND BALANCE, BEGINNING	<u>1,065,533</u>	<u>1,065,533</u>	<u>1,065,533</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,121,784</u>	<u>\$ 1,073,149</u>	<u>\$ 1,469,584</u>	<u>\$ 396,435</u>

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CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Property taxes	\$ 1,792,933	\$ 1,792,933	\$ 1,724,382	\$(68,551)
Charges for services	325,067	325,067	325,067	-
Investment income	3,000	3,000	36	(2,964)
Total revenues	<u>2,121,000</u>	<u>2,121,000</u>	<u>2,049,485</u>	<u>(71,515)</u>
EXPENDITURES				
Current:				
General government	-	3,000	3,000	-
Debt service:				
Principal retirement	1,548,198	1,988,198	1,988,198	-
Interest and fiscal charges	<u>524,465</u>	<u>526,465</u>	<u>526,427</u>	<u>38</u>
Total expenditures	<u>2,072,663</u>	<u>2,517,663</u>	<u>2,517,625</u>	<u>38</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>48,337</u>	<u>(396,663)</u>	<u>(468,140)</u>	<u>(71,477)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	445,000	445,000	-
Total other financing sources (uses)	<u>-</u>	<u>445,000</u>	<u>445,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	48,337	48,337	(23,140)	(71,477)
FUND BALANCE, BEGINNING	<u>280,487</u>	<u>280,487</u>	<u>280,487</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 328,824</u>	<u>\$ 328,824</u>	<u>\$ 257,347</u>	<u>\$(71,477)</u>

CITY OF HUNTSVILLE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2014

	<u>Street Capital Projects</u>	<u>Sidewalks</u>	<u>General Improvements</u>	<u>Swimming Pool</u>
ASSETS				
Cash and cash equivalents	\$ 539,381	\$ 384,277	\$ 568,787	\$ 1,757
Investments	192,785	-	247,531	-
Receivables (net of allowance for uncollectibles):				
Accounts	-	-	-	100
Intergovernmental	-	233,043	-	-
Interest	1,998	-	1,865	-
Due from other funds	-	929	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 734,164</u>	<u>\$ 618,249</u>	<u>\$ 818,183</u>	<u>\$ 1,857</u>
LIABILITIES				
Accounts payable	<u>\$ 122,474</u>	<u> </u>	<u>\$ 60,438</u>	<u> </u>
Total liabilities	<u>122,474</u>	<u> </u>	<u>60,438</u>	<u> </u>
FUND BALANCES				
Restricted for:				
Construction of capital assets	-	-	42,302	-
Assigned to:				
Construction of capital assets	<u>611,690</u>	<u>618,249</u>	<u>715,443</u>	<u>1,857</u>
Total fund balances	<u>611,690</u>	<u>618,249</u>	<u>757,745</u>	<u>1,857</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 734,164</u>	<u>\$ 618,249</u>	<u>\$ 818,183</u>	<u>\$ 1,857</u>

<u>IS Computer CIP</u>	<u>NE Fire Station Construction</u>	<u>Cemetery Projects</u>	<u>Land Acquisition</u>	<u>Total Nonmajor Capital Projects</u>
\$ 180,224	\$ 60	\$ 9,308	\$ 231,451	\$ 1,915,245
256,593	-	-	-	696,909
-	-	-	-	100
-	-	-	-	233,043
615	231	-	-	4,709
-	-	-	-	929
<u>\$ 437,432</u>	<u>\$ 291</u>	<u>\$ 9,308</u>	<u>\$ 231,451</u>	<u>\$ 2,850,935</u>
\$ 4,633	\$ -	\$ -	\$ -	\$ 187,545
<u>4,633</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,545</u>
-	-	-	-	42,302
<u>432,799</u>	<u>291</u>	<u>9,308</u>	<u>231,451</u>	<u>2,621,088</u>
<u>432,799</u>	<u>291</u>	<u>9,308</u>	<u>231,451</u>	<u>2,663,390</u>
<u>\$ 437,432</u>	<u>\$ 291</u>	<u>\$ 9,308</u>	<u>\$ 231,451</u>	<u>\$ 2,850,935</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, 2014

	<u>Street Capital Projects</u>	<u>Sidewalks</u>	<u>General Improvements</u>	<u>Swimming Pool</u>
REVENUES				
Donations, contributions, and grants	\$ -	\$ 1,122,890	\$ -	\$ -
Investment earnings	17,033	1,303	6,885	-
Miscellaneous revenue	<u>38,363</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>55,396</u>	<u>1,124,193</u>	<u>6,885</u>	<u>-</u>
EXPENDITURES				
Public works	382,187	869,236	96,267	-
Community services	-	-	143,044	-
Public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>382,187</u>	<u>869,236</u>	<u>239,311</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(326,791)</u>	<u>254,957</u>	<u>(232,426)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	360,000	259,000	250,000	-
Transfers out	<u>(218,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>142,000</u>	<u>259,000</u>	<u>250,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES				
	<u>(184,791)</u>	<u>513,957</u>	<u>17,574</u>	<u>-</u>
FUND BALANCES, BEGINNING				
	<u>796,481</u>	<u>104,292</u>	<u>740,171</u>	<u>1,857</u>
FUND BALANCES, ENDING				
	<u>\$ 611,690</u>	<u>\$ 618,249</u>	<u>\$ 757,745</u>	<u>\$ 1,857</u>

<u>IS Computer CIP</u>	<u>NE Fire Station Construction</u>	<u>Cemetery Projects</u>	<u>Land Acquisition</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 25	\$ -	\$ 1,122,915
6,533	56	-	509	32,319
-	-	-	-	38,363
<u>6,533</u>	<u>56</u>	<u>25</u>	<u>509</u>	<u>1,193,597</u>
-	-	-	-	1,347,690
-	-	-	-	143,044
138,264	-	-	-	138,264
<u>138,264</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,628,998</u>
(131,731)	<u>56</u>	<u>25</u>	<u>509</u>	(435,401)
-	-	-	200,000	1,069,000
-	-	-	-	(218,000)
-	-	-	<u>200,000</u>	<u>851,000</u>
(131,731)	56	25	200,509	415,599
<u>564,530</u>	<u>235</u>	<u>9,283</u>	<u>30,942</u>	<u>2,247,791</u>
<u>\$ 432,799</u>	<u>\$ 291</u>	<u>\$ 9,308</u>	<u>\$ 231,451</u>	<u>\$ 2,663,390</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR PERMANENT FUNDS

SEPTEMBER 30, 2014

	Library Endowment Nonexpendable Trust	Oakwood Cemetery Endowment	Total Nonmajor Permanent Funds
ASSETS			
Cash and cash equivalents	\$ 31,143	\$ 281,941	\$ 313,084
Investments	78,371	80,380	158,751
Interest receivable	<u>572</u>	<u>622</u>	<u>1,194</u>
Total assets	<u>\$ 110,086</u>	<u>\$ 362,943</u>	<u>\$ 473,029</u>
LIABILITIES AND FUND BALANCES			
Due to other funds	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
FUND BALANCES			
Nonspendable:			
Permanent funds	106,914	354,873	461,787
Restricted for:			
Purpose of grantors, trustees and donors	<u>3,172</u>	<u>8,070</u>	<u>11,242</u>
Total fund balances	<u>110,086</u>	<u>362,943</u>	<u>473,029</u>
Total liabilities and fund balances	<u>\$ 110,086</u>	<u>\$ 362,943</u>	<u>\$ 473,029</u>

CITY OF HUNTSVILLE, TEXAS

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

NONMAJOR PERMANENT FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Library Endowment Nonexpendable Trust	Oakwood Cemetery Endowment	Total Nonmajor Permanent Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Investment income	\$ 1,707	\$ 4,179	\$ 5,886
Total revenues	<u>1,707</u>	<u>4,179</u>	<u>5,886</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,707</u>	<u>4,179</u>	<u>5,886</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>
NET CHANGE IN FUND BALANCES	1,707	(821)	886
FUND BALANCES, BEGINNING	<u>108,379</u>	<u>363,764</u>	<u>472,143</u>
FUND BALANCES, ENDING	<u>\$ 110,086</u>	<u>\$ 362,943</u>	<u>\$ 473,029</u>

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

**LIBRARY ENDOWMENT
PERMANENT FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Investment income	\$ 1,500	\$ 1,500	\$ 1,707	\$ 207
Total revenues	1,500	1,500	1,707	207
EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,500	1,500	1,707	207
NET CHANGE IN FUND BALANCE	1,500	1,500	1,707	207
FUND BALANCE, BEGINNING	108,379	108,379	108,379	-
FUND BALANCE, ENDING	\$ 109,879	\$ 109,879	\$ 110,086	\$ 207

CITY OF HUNTSVILLE, TEXAS

BUDGETARY COMPARISON SCHEDULE

**OAKWOOD CEMETERY ENDOWMENT
PERMANENT FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Investment income	\$ 5,000	\$ 5,000	\$ 4,179	\$(821)
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>4,179</u>	<u>(821)</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,000	5,000	4,179	(821)
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,000)	(5,000)	(5,000)	<u>-</u>
Total other financing sources (uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	(821)	(821)
FUND BALANCE, BEGINNING	<u>363,764</u>	<u>363,764</u>	<u>363,764</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 363,764</u>	<u>\$ 363,764</u>	<u>\$ 362,943</u>	<u>\$(821)</u>

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2014

	<u>Medical Insurance</u>	<u>Equipment Replacement</u>	<u>Computer Replacement</u>	<u>Total Internal Service</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 753,762	\$ 1,223,614	\$ 99,528	\$ 2,076,904
Investments	1,509,936	126,595	-	1,636,531
Accounts receivable (net of allowances for uncollectable):				
Interest	7,777	810	-	8,587
Other	<u>88,565</u>	<u>-</u>	<u>-</u>	<u>88,565</u>
Total current assets	<u>2,360,040</u>	<u>1,351,019</u>	<u>99,528</u>	<u>3,810,587</u>
Noncurrent assets:				
Capital assets (net of accumulated depreciation)	<u>-</u>	<u>3,372,158</u>	<u>269,886</u>	<u>3,642,044</u>
Total noncurrent assets	<u>-</u>	<u>3,372,158</u>	<u>269,886</u>	<u>3,642,044</u>
Total assets	<u>2,360,040</u>	<u>4,723,177</u>	<u>369,414</u>	<u>7,452,631</u>
LIABILITIES				
Current assets:				
Accounts payable	\$ 208,271	\$ -	\$ -	\$ 208,271
Due to other funds	<u>281</u>	<u>-</u>	<u>-</u>	<u>281</u>
Total liabilities	<u>208,552</u>	<u>-</u>	<u>-</u>	<u>208,552</u>
NET POSITION				
Net investment in capital assets	-	3,372,158	269,886	3,642,044
Unrestricted	<u>2,151,488</u>	<u>1,351,019</u>	<u>99,528</u>	<u>3,602,035</u>
Total net position	<u>\$ 2,151,488</u>	<u>\$ 4,723,177</u>	<u>\$ 369,414</u>	<u>\$ 7,244,079</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, 2014

	<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	\$ 3,120,922	\$ 1,896,090	\$ 215,100	\$ 5,232,112
Total service charges	<u>3,120,922</u>	<u>1,896,090</u>	<u>215,100</u>	<u>5,232,112</u>
Service fees and miscellaneous:				
Customer penalties and miscellaneous	<u>47</u>	<u>140,632</u>	<u>-</u>	<u>140,679</u>
Total service fees and miscellaneous	<u>47</u>	<u>140,632</u>	<u>-</u>	<u>140,679</u>
Total operating revenues	<u>3,120,969</u>	<u>2,036,722</u>	<u>215,100</u>	<u>5,372,791</u>
OPERATING EXPENSES				
Administration	3,000,851	-	-	3,000,851
Equipment replacement	-	-	66,360	66,360
Depreciation	<u>-</u>	<u>1,151,980</u>	<u>208,263</u>	<u>1,360,243</u>
Total operating expenses	<u>3,000,851</u>	<u>1,151,980</u>	<u>274,623</u>	<u>4,427,454</u>
OPERATING INCOME (LOSS)	<u>120,118</u>	<u>884,742</u>	<u>(59,523)</u>	<u>945,337</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	<u>29,474</u>	<u>5,292</u>	<u>-</u>	<u>34,766</u>
Total nonoperating revenues (expenses)	<u>29,474</u>	<u>5,292</u>	<u>-</u>	<u>34,766</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	149,592	890,034	(59,523)	980,103
Loss on disposal of capital assets	<u>-</u>	<u>(110,174)</u>	<u>-</u>	<u>(110,174)</u>
CHANGE IN NET POSITION	149,592	779,860	(59,523)	869,929
NET POSITION, BEGINNING	<u>2,001,896</u>	<u>3,943,317</u>	<u>428,937</u>	<u>6,374,150</u>
NET POSITION, ENDING	<u>\$ 2,151,488</u>	<u>\$ 4,723,177</u>	<u>\$ 369,414</u>	<u>\$ 7,244,079</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF CASH FLOWS

ALL INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<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	\$ 3,044,009	\$ 1,861,659	\$ 215,100	\$ 5,120,768
Cash payments to suppliers for goods and services	(2,906,845)	-	(67,510)	(2,974,355)
Net cash provided (used) by operating activities	<u>137,164</u>	<u>1,861,659</u>	<u>147,590</u>	<u>2,146,413</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition or construction of capital assets	-	(1,423,910)	(132,845)	(1,556,755)
Proceeds from the disposition of capital assets	-	165,427	-	165,427
Net used for capital and related financing activities	<u>-</u>	<u>(1,258,483)</u>	<u>(132,845)</u>	<u>(1,391,328)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	40,927	-	-	40,927
Proceeds from sale and maturities of securities	-	360,741	-	360,741
Interest and dividends on investments	30,980	14,792	-	45,772
Net cash provided (used) by investing activities	<u>71,907</u>	<u>375,533</u>	<u>-</u>	<u>447,440</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	209,071	978,709	14,745	1,202,525
CASH AND CASH EQUIVALENTS, BEGINNING	<u>544,691</u>	<u>244,905</u>	<u>84,783</u>	<u>874,379</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 753,762</u>	<u>\$ 1,223,614</u>	<u>\$ 99,528</u>	<u>\$ 2,076,904</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 120,118	\$ 884,742	\$(59,523)	\$ 945,337
Adjustments to reconcile operating income to net cash used by operating activities:				
Depreciation	-	1,151,980	208,263	1,360,243
Change in assets and liabilities:				
Decrease (increase) in prepaid expenses	11,605	-	-	11,605
Decrease (increase) in receivables	(88,565)	16,725	-	(71,840)
Increase (decrease) in accounts payable	93,725	-	-	93,725
Increase (decrease) in interfund payables	281	(191,788)	(1,150)	(192,657)
Total adjustments	<u>17,046</u>	<u>976,917</u>	<u>207,113</u>	<u>1,201,076</u>
Net cash provided (used) by operating activities	<u>\$ 137,164</u>	<u>\$ 1,861,659</u>	<u>\$ 147,590</u>	<u>\$ 2,146,413</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

SEPTEMBER 30, 2014

	<u>Employee Assistance Trust</u>	<u>Scholarship Trust</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ <u>7,613</u>	\$ <u>8,473</u>	\$ <u>16,086</u>
Total assets	\$ <u>7,613</u>	\$ <u>8,473</u>	\$ <u>16,086</u>
LIABILITIES			
Accounts payable	\$ <u>7,613</u>	\$ <u>8,473</u>	\$ <u>16,086</u>
Total liabilities	\$ <u>7,613</u>	\$ <u>8,473</u>	\$ <u>16,086</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

YEAR ENDED SEPTEMBER 30, 2014

	<u>Balance October 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2014</u>
EMPLOYEE ASSISTANCE TRUST FUND				
Assets				
Cash and investments	\$ <u>6,153</u>	\$ <u>2,031</u>	\$ <u>571</u>	\$ <u>7,613</u>
Total assets	\$ <u>6,153</u>	\$ <u>2,031</u>	\$ <u>571</u>	\$ <u>7,613</u>
Liabilities				
Accounts payable	\$ <u>6,153</u>	\$ <u>2,031</u>	\$ <u>571</u>	\$ <u>7,613</u>
Total liabilities	\$ <u>6,153</u>	\$ <u>2,031</u>	\$ <u>571</u>	\$ <u>7,613</u>
SCHOLARSHIP TRUST FUND				
Assets				
Cash and investments	\$ <u>9,201</u>	\$ <u>4,677</u>	\$ <u>5,405</u>	\$ <u>8,473</u>
Total assets	\$ <u>9,201</u>	\$ <u>4,677</u>	\$ <u>5,405</u>	\$ <u>8,473</u>
Liabilities				
Accounts payable	\$ <u>9,201</u>	\$ <u>4,677</u>	\$ <u>5,405</u>	\$ <u>8,473</u>
Total liabilities	\$ <u>9,201</u>	\$ <u>4,677</u>	\$ <u>5,405</u>	\$ <u>8,473</u>
TOTAL AGENCY FUNDS				
Assets				
Cash and investments	\$ <u>15,354</u>	\$ <u>6,708</u>	\$ <u>5,976</u>	\$ <u>16,086</u>
Total assets	\$ <u>15,354</u>	\$ <u>6,708</u>	\$ <u>5,976</u>	\$ <u>16,086</u>
Liabilities				
Accounts payable	\$ <u>15,354</u>	\$ <u>6,708</u>	\$ <u>5,976</u>	\$ <u>16,086</u>
Total liabilities	\$ <u>15,354</u>	\$ <u>6,708</u>	\$ <u>5,976</u>	\$ <u>16,086</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	92 – 103
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	104 – 109
These schedules contain information to help the reader assess the City's most significant local revenue sources.	
Debt Capacity	110 – 114
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	115 – 116
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	117 – 121
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		
	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities:			
Net investment in capital assets	\$ 11,379	\$ 14,371	\$ 14,125
Restricted	2,684	1,950	1,367
Unrestricted	<u>5,167</u>	<u>7,141</u>	<u>9,144</u>
Total governmental activities net position	<u>\$ 19,230</u>	<u>\$ 23,462</u>	<u>\$ 24,636</u>
Business-type activities:			
Net investment in capital assets	\$ 30,039	\$ 30,650	\$ 30,572
Restricted	-	-	-
Unrestricted	<u>21,769</u>	<u>25,383</u>	<u>28,530</u>
Total business-type activities net position	<u>\$ 51,808</u>	<u>\$ 56,033</u>	<u>\$ 59,102</u>
Primary government:			
Net investment in capital assets	\$ 41,418	\$ 45,021	\$ 44,697
Restricted	2,684	1,950	1,367
Unrestricted	<u>26,936</u>	<u>32,524</u>	<u>37,674</u>
Total primary government net position	<u>\$ 71,038</u>	<u>\$ 79,495</u>	<u>\$ 83,738</u>

Source: Comprehensive Annual Financial Reports

TABLE 1

							Fiscal Year
2008	2009	2010	2011	2012	2013	2014	
\$ 14,999	\$ 13,137	\$ 15,282	\$ 14,982	\$ 17,068	\$ 17,385	\$ 18,677	
2,271	4,216	6,662	3,605	2,147	2,872	3,990	
<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>11,117</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>	<u>\$ 33,785</u>	
\$ 32,580	\$ 33,626	\$ 38,447	\$ 41,168	\$ 48,911	\$ 52,727	\$ 57,024	
-	-	-	-	-	-	-	
<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>24,506</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>	<u>\$ 81,531</u>	
\$ 47,579	\$ 46,763	\$ 53,729	\$ 56,150	\$ 65,979	\$ 70,112	\$ 75,701	
2,271	4,216	6,662	3,605	2,147	2,872	3,990	
<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>35,624</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>	<u>\$ 115,315</u>	

CITY OF HUNTSVILLE, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Unaudited)

	Fiscal Year			
	2005	2006	2007	2008
EXPENSES				
Governmental activities:				
General government	\$ -	\$ -	\$ -	\$ -
Charter offices	234,145	225,564	355,117	252,387
Finance	467,116	512,507	514,249	578,053
Public works	2,817,160	2,947,577	4,390,108	3,671,852
Planning and development	532,233	368,452	-	-
Administrative services	-	-	927,606	1,039,121
Community services	1,980,942	2,097,339	2,840,771	2,878,653
Public safety	4,592,788	4,652,795	5,261,792	5,884,539
Tourism and cultural services	-	-	-	-
Economic development	110,600	39,160	-	-
Information technology services	149,582	451,404	-	-
Organization and staff development	59,033	93,335	-	-
Non-departmental	482,963	1,001,188	-	-
Other	466,855	367,129	-	-
Interest on long-term debt	865,744	883,950	823,536	790,282
Total governmental activities expenses	<u>12,759,161</u>	<u>13,640,400</u>	<u>15,113,179</u>	<u>15,094,887</u>
Business-type activities:				
Water	8,495,061	8,600,477	9,418,778	9,838,924
Wastewater	6,498,942	6,743,995	6,865,550	8,186,346
Solid waste	3,543,587	3,498,996	3,653,569	4,364,518
Golf course	1,053,620	-	-	-
Oakwood cemetery - operating	84,286	96,891	104,349	122,322
Total business-type activities expenses	<u>19,675,496</u>	<u>18,940,359</u>	<u>20,042,246</u>	<u>22,512,110</u>
Total primary government expenses	<u>\$ 32,434,657</u>	<u>\$ 32,580,759</u>	<u>\$ 35,155,425</u>	<u>\$ 37,606,997</u>
PROGRAM REVENUES				
Governmental activities:				
Fees, fines, and charges for services:				
General government	\$ -	\$ -	\$ -	\$ -
Finance	732,291	742,856	696,960	869,337
Public works	65,263	69,796	551,018	397,595
Planning and development	12,518	12,781	-	-
Community services	37,960	45,677	126,987	156,246
Public safety	229,457	265,943	261,730	254,667
Tourism and cultural services	-	-	-	-
Information technology services	-	20,422	-	-
Non-departmental	243,499	288,280	-	-
Other	139,006	-	-	-
Operating grants and contributions	1,427,022	1,104,914	618,778	709,012
Capital grants and contributions	-	-	475,000	25,000
Total governmental activities program revenues	<u>2,887,016</u>	<u>2,550,669</u>	<u>2,730,473</u>	<u>2,411,857</u>

TABLE 2

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ -	\$ -	\$ -	\$ 3,104,243	\$ 4,865,299	\$ 5,587,459
200,849	257,439	219,632	-	-	-
578,505	490,313	959,422	-	-	-
4,981,472	5,013,011	8,191,939	4,826,684	6,155,206	5,459,928
-	-	-	-	-	-
1,830,932	1,890,358	553,173	-	-	-
2,761,093	2,949,856	2,745,391	4,995,176	4,343,053	3,387,747
6,063,508	6,413,503	6,772,314	7,042,470	7,674,754	7,571,741
-	-	-	-	205,896	194,889
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>756,682</u>	<u>657,074</u>	<u>735,374</u>	<u>686,724</u>	<u>582,045</u>	<u>508,431</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>	<u>22,710,195</u>
10,809,836	11,240,528	10,553,087	10,518,861	9,096,273	9,065,085
7,598,209	7,202,096	7,325,201	6,789,773	4,779,128	4,809,679
3,935,369	4,153,125	4,246,715	4,508,492	3,341,035	3,601,925
-	-	-	-	-	-
<u>132,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>17,476,689</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>	<u>\$ 40,186,884</u>
\$ -	\$ -	\$ -	\$ 466,973	\$ 461,307	\$ 135,251
815,659	742,152	902,445	-	-	-
545,732	646,211	735,745	280,187	359,429	360,479
-	-	-	-	-	-
132,403	543,111	545,891	196,991	80,771	79,355
461,192	387,252	399,662	1,162,227	1,152,995	1,466,846
-	-	-	-	132,279	449,438
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
853,861	906,869	1,319,661	1,923,813	1,272,518	1,012,255
-	-	-	<u>597,817</u>	<u>228,627</u>	<u>1,240,972</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>	<u>4,744,596</u>

CITY OF HUNTSVILLE, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Unaudited)

	Fiscal Year			
	2005	2006	2007	2008
Business-type activities:				
Charges for services:				
Water	\$ 10,429,286	\$ 10,368,491	\$ 10,041,283	\$ 10,777,639
Wastewater	7,551,567	7,706,381	8,258,369	8,471,967
Solid waste	3,590,668	3,749,599	3,845,390	4,136,836
Golf course	556,896	-	-	-
Oakwood cemetery - operating	24,732	10,749	23,930	11,930
Operating grants and contributions	1,442,555	518,343	357,206	358,290
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>23,595,704</u>	<u>22,353,563</u>	<u>22,526,178</u>	<u>23,756,662</u>
Total primary government program revenues	<u>\$ 26,482,720</u>	<u>\$ 24,904,232</u>	<u>\$ 25,256,651</u>	<u>\$ 26,168,519</u>
NET (EXPENSE) REVENUES				
Governmental activities	\$(9,872,145)	\$(11,089,731)	\$(12,382,706)	\$(12,683,030)
Business-type activities	<u>3,920,208</u>	<u>3,413,204</u>	<u>2,483,932</u>	<u>1,244,552</u>
Total primary government net expense	<u>(5,951,937)</u>	<u>(7,676,527)</u>	<u>(9,898,774)</u>	<u>(11,438,478)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	3,891,063	4,047,933	4,222,399	4,512,407
Franchise	1,908,146	2,061,344	2,157,839	2,204,367
Sales	5,127,306	5,511,003	5,902,325	6,072,299
Other	466,001	556,923	581,957	672,527
Investment earnings	251,741	481,777	571,588	443,065
Gain on sale of capital assets	-	-	-	-
Miscellaneous	187,608	859,883	445,494	495,382
Transfers	<u>(654,410)</u>	<u>481,703</u>	<u>490,458</u>	<u>2,561,493</u>
Total governmental activities	<u>11,177,455</u>	<u>14,000,566</u>	<u>14,372,060</u>	<u>16,961,540</u>
Business-type activities:				
Investment earnings	564,915	1,294,075	1,074,767	683,014
Miscellaneous	64,315	-	-	257
Transfers	<u>654,410</u>	<u>(481,703)</u>	<u>(490,458)</u>	<u>(2,561,493)</u>
Total business-type activities	<u>1,283,640</u>	<u>812,372</u>	<u>584,309</u>	<u>(1,878,222)</u>
Total primary government	<u>12,461,095</u>	<u>14,812,938</u>	<u>14,956,369</u>	<u>15,083,318</u>
CHANGE IN NET POSITION				
Governmental activities	1,305,310	2,910,835	1,989,354	4,278,510
Business-type activities	<u>5,203,848</u>	<u>4,225,576</u>	<u>3,068,241</u>	<u>(633,670)</u>
Total primary government	<u>\$ 6,509,158</u>	<u>\$ 7,136,411</u>	<u>\$ 5,057,595</u>	<u>\$ 3,644,840</u>

Notes:

Source: Comprehensive Annual Financial Reports

TABLE 2

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 11,236,725	\$ 10,686,144	\$ 11,475,640	\$ 12,899,947	\$ 14,953,542	\$ 14,834,188
8,264,083	8,320,895	8,387,721	8,554,235	8,110,864	8,319,330
4,257,337	4,246,461	4,300,845	4,464,921	4,589,223	4,676,708
-	-	-	-	-	-
16,457	-	-	-	-	-
577,216	190,023	1,339,979	129,421	64,530	462,175
-	-	-	377,791	103,632	-
<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>28,292,401</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>	<u>\$ 33,036,997</u>
\$(14,364,194)	\$(14,445,959)	\$(16,273,841)	\$(16,027,289)	\$(20,138,327)	\$(17,965,599)
<u>1,875,517</u>	<u>847,774</u>	<u>3,379,182</u>	<u>4,609,189</u>	<u>10,605,355</u>	<u>10,815,712</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>	<u>(7,149,887)</u>
4,642,267	4,910,022	4,945,427	4,950,887	5,432,756	5,708,473
2,464,364	2,933,589	2,893,671	2,067,884	2,073,036	2,065,187
6,516,515	5,989,793	6,443,698	6,515,890	6,726,868	7,292,731
624,862	614,394	647,106	652,479	889,203	1,025,696
163,418	201,656	182,986	191,187	274,573	373,492
(18,077)	-	-	7,485	670,466	-
822,493	132,978	256,999	75,453	158,219	185,946
<u>938,099</u>	<u>(2,113,407)</u>	<u>16,745</u>	<u>1,366,445</u>	<u>5,675,280</u>	<u>5,381,142</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>	<u>22,032,667</u>
210,752	142,636	141,713	236,694	53,314	304,479
-	-	21,557	214,013	474,384	680,754
<u>(938,099)</u>	<u>2,113,407</u>	<u>(16,745)</u>	<u>(1,366,445)</u>	<u>(5,675,280)</u>	<u>(5,381,142)</u>
<u>(727,347)</u>	<u>2,256,043</u>	<u>146,525</u>	<u>(915,738)</u>	<u>(5,147,582)</u>	<u>(4,395,909)</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>	<u>17,636,758</u>
1,789,747	(1,776,934)	(887,209)	(199,579)	1,762,074	4,067,068
<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>6,419,803</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>	<u>\$ 10,486,871</u>

CITY OF HUNTSVILLE, TEXAS

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

	Fiscal Year			
	2005	2006	2007	2008
General fund				
Reserved*	\$ 114,235	\$ 88,110	\$ 103,991	\$ 106,642
Unreserved	2,848,143	4,172,594	6,169,366	7,858,244
Nonspendable*	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 2,962,378</u>	<u>\$ 4,260,704</u>	<u>\$ 6,273,357</u>	<u>\$ 7,964,886</u>
All other governmental funds				
Reserved*	\$ 476,455	\$ 152,525	\$ 49,537	\$ 291,188
Unreserved, reported in:				
Special revenue funds	1,909,801	2,339,591	2,262,452	2,238,495
Capital project funds	1,995,204	1,612,793	1,065,296	1,953,751
Debt service funds	476,455	152,525	94,498	-
Permanent funds	440,727	440,344	454,218	458,694
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	<u>\$ 5,298,642</u>	<u>\$ 4,697,778</u>	<u>\$ 3,926,001</u>	<u>\$ 4,942,128</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					
2009	2010	2011	2012	2013	2014
\$ 332,802	\$ 318,410	\$ -	\$ -	\$ -	\$ -
8,685,056	8,721,665	-	-	-	-
-	-	112,643	191,710	191,710	139,731
-	-	220,230	-	-	-
-	-	-	990,943	990,943	1,537,355
-	-	<u>8,788,354</u>	<u>8,032,616</u>	<u>8,032,616</u>	<u>9,419,440</u>
<u>\$ 9,017,858</u>	<u>\$ 9,040,075</u>	<u>\$ 9,121,227</u>	<u>\$ 9,215,269</u>	<u>\$ 9,215,269</u>	<u>\$ 11,096,526</u>
\$ 421,501	\$ 178,950	\$ -	\$ -	\$ -	\$ -
2,214,950	2,299,640	-	-	-	-
3,727,631	5,985,616	-	-	-	-
-	388,653	-	-	-	-
463,210	459,190	-	-	-	-
-	-	469,485	480,517	480,517	474,315
-	-	1,452,211	1,860,026	1,860,026	3,515,953
-	-	860,588	-	-	-
-	-	<u>2,898,732</u>	<u>3,154,522</u>	<u>3,154,522</u>	<u>2,621,088</u>
<u>\$ 6,827,292</u>	<u>\$ 9,312,049</u>	<u>\$ 5,681,016</u>	<u>\$ 5,495,065</u>	<u>\$ 5,495,065</u>	<u>\$ 6,611,356</u>

CITY OF HUNTSVILLE, TEXAS

**CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS

(Unaudited)

	Fiscal Year			
	2005	2006	2007	2008
REVENUES				
Taxes	\$ 11,349,448	\$ 12,110,807	\$ 12,776,640	\$ 13,674,901
Licenses, fees and permits	242,684	284,860	444,643	313,952
Fines, fees and forfeitures	779,967	827,609	889,400	878,632
Charges for services	676,585	568,879	636,241	609,287
Contributions, grants and donations	1,124,133	843,689	832,626	473,502
Administrative cost reimbursement	3,696,776	4,215,525	4,653,361	4,958,864
Investment earnings	251,741	481,777	571,586	443,066
Miscellaneous	252,426	919,297	445,751	504,917
Total revenues	<u>18,373,760</u>	<u>20,252,443</u>	<u>21,250,248</u>	<u>21,857,121</u>
EXPENDITURES				
General government	-	-	-	-
Charter offices	808,611	777,808	909,677	972,581
Finance	1,073,657	1,178,178	1,080,643	1,211,277
Public works	3,878,094	4,434,253	4,385,291	4,650,329
Administrative services	-	-	2,529,657	2,886,470
Community services	2,049,479	2,104,560	2,576,927	2,680,927
Public safety	4,758,577	4,673,004	5,291,327	5,660,044
Tourism and cultural services	-	-	-	-
Information technology services	774,743	776,754	-	-
Non-departmental	1,390,944	1,611,146	-	-
Capital outlay	2,212,789	2,682,132	1,446,655	242,698
Debt service:				
Interest and fiscal charges	861,679	886,283	829,343	976,916
Principal	4,296,631	1,079,681	944,848	795,365
Total expenditures	<u>22,105,204</u>	<u>20,203,799</u>	<u>19,994,368</u>	<u>20,076,607</u>

TABLE 4

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 14,228,818	\$ 14,465,189	\$ 14,907,890	\$ 14,298,498	\$ 14,974,123	\$ 16,124,713	
392,167	539,268	279,085	259,278	358,849	374,933	
858,241	857,412	941,449	1,222,931	858,761	1,270,905	
834,379	862,328	893,643	938,218	916,367	1,226,067	
517,668	634,157	1,048,495	1,903,849	1,240,129	1,894,348	
5,132,427	5,272,643	4,894,039	-	-	-	
163,418	201,656	182,986	191,187	39,136	221,282	
919,343	467,635	932,790	765,322	462,468	151,215	
<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>	<u>21,263,463</u>	
-	-	-	2,047,989	4,620,878	5,255,617	
811,467	899,605	740,769	-	-	-	
1,302,213	1,393,646	1,367,720	-	-	-	
5,161,730	5,422,205	6,631,987	4,808,254	5,942,388	5,659,152	
3,128,099	3,123,750	3,140,407	-	-	-	
3,368,954	5,405,665	6,517,329	5,282,411	4,327,291	3,506,538	
6,075,462	6,448,506	6,772,314	6,526,579	6,847,267	7,451,188	
-	-	-	-	205,896	194,889	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
926,827	653,729	736,974	705,805	572,501	526,427	
<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>1,988,198</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>	<u>24,582,009</u>	

CITY OF HUNTSVILLE, TEXAS

**CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year			
	2005	2006	2007	2008
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (3,731,444)</u>	<u>\$ 48,644</u>	<u>\$ 1,255,880</u>	<u>\$ 1,780,514</u>
OTHER FINANCING SOURCES (USES)				
Issuance of bonds/notes payable	3,820,000	1,145,000	-	-
Payments to escrow agent	-	-	-	-
Premium on issuance of debt	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	701,991	2,350,717	951,915	2,924,903
Transfers out	<u>(2,160,921)</u>	<u>(2,522,969)</u>	<u>(814,391)</u>	<u>(1,997,764)</u>
Total other financing sources (uses)	<u>2,361,070</u>	<u>972,748</u>	<u>137,524</u>	<u>927,139</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ (1,370,374)</u></u>	<u><u>\$ 1,021,392</u></u>	<u><u>\$ 1,393,404</u></u>	<u><u>\$ 2,707,653</u></u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>25.9%</u>	<u>11.2%</u>	<u>9.6%</u>	<u>8.9%</u>

Source: Comprehensive Annual Financial Reports

TABLE 4

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$(5,232,291)	\$(1,380,818)	\$(3,340,123)	\$(1,394,755)	\$(5,143,388)	\$(3,318,546)
8,255,000	3,500,000	-	2,753,852	-	-
-	-	-	(2,845,716)	-	-
-	-	-	142,757	-	-
-	-	-	7,527	682,630	-
2,207,393	2,391,521	1,903,386	3,615,265	7,581,144	7,904,159
(2,291,969)	(2,003,729)	(2,113,141)	(2,526,840)	(2,000,864)	(2,523,017)
<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>5,381,142</u>
<u>\$ 2,938,133</u>	<u>\$ 2,506,974</u>	<u>\$(3,549,878)</u>	<u>\$(247,910)</u>	<u>\$ 1,119,522</u>	<u>\$ 2,062,596</u>
<u>29.8%</u>	<u>8.1%</u>	<u>8.2%</u>	<u>12.1%</u>	<u>8.5%</u>	<u>10.2%</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>
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
2014	5,741,099	7,292,731	3,090,883	16,124,713

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>
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
2014	880,348,062	410,947,810	38,504,610	149,584,710	12,909,250	138,885,027	1,353,409,955	0.41060

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	
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
2014	0.28620	0.12440	0.41060	1.21000	0.65890	0.15370	2.43320

Source: County Board of Equalization and Assessment

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

Taxpayer	2014			2005		
	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	\$ 23,564,033	1	1.74%	\$ 14,597,648	2	1.59%
Diamond URS Huntsville LLC	21,722,510	2	1.61%	N/A	N/A	N/A
University House Huntsville LLC	19,427,270	3	1.44%	6,786,680	7	N/A
Sycamore Avenue Associates	18,759,030	4	1.39%	N/A	N/A	N/A
Wal-mart Stores Texas LLC	18,312,010	5	1.35%	16,271,230	1	N/A
Vesper Forum LLC	15,936,020	6	1.18%	11,590,170	N/A	1.26%
Entergy Texas Inc.	15,729,160	7	1.16%	11,180,440	3	N/A
Campus Crest at Huntsville LP	13,680,740	8	1.01%	N/A	N/A	N/A
Huntsville Place LP	13,661,600	9	1.01%	N/A	N/A	N/A
Hyponex Corporation	<u>12,327,563</u>	10	<u>0.91%</u>	<u>N/A</u>	N/A	<u>N/A</u>
Total	\$ <u>173,119,936</u>		<u>12.79%</u>	\$ <u>60,426,168</u>		<u>2.86%</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
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%	24,731	4,900,794	99.3%
2013	5,394,367	5,317,813	98.58%	27,622	5,345,435	99.1%
2014	5,621,790	5,557,846	98.86%	-	5,591,097	99.5%

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>
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%
2014	1.50%	0.50%	6.25%

Source: City Budget Documents and Texas Comptroller

TABLE 11

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			
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
2014	9,718,477	3,925,000	-	23,882,505	4,358,159	-	41,884,141	N/A	1,056

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						
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
2014	9,718,477	3,925,000	-	13,643,477	4,358,159	18,001,636	194,763	17,806,873	1,353,409,955	1.32%	39,666	449

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, 2014
(Unaudited)

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt Repaid with Property Taxes:			
Walker County	\$ 18,515,000	57.00%	\$ 10,553,550
Huntsville Independent School District	36,215,491	77.15%	27,940,251
Subtotal overlapping debt			38,493,801
Total direct - City of Huntsville	13,643,477	100.00%	<u>13,643,477</u>
Direct and Overlapping Debt			<u>\$ 52,137,278</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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 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	\$ 135,340,996
Total net debt applicable to limit	<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>	<u>13,838,240</u>
Legal debt margin	<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>	<u>\$ 121,502,756</u>
Total net debt applicable to the limit as a percentage of debt limit.	17.74%	21.01%	18.46%	16.31%	16.40%	17.29%	14.36%	12.86%	11.91%	10.22%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	\$ 1,353,409,955
Debt limit (10% of assessed value)	135,340,996
Debt applicable to limit:	
General obligation bonds	13,643,477
Less: Amount set aside for repayment of general obligation debt	<u>194,763</u>
Total net debt applicable to limit	<u>13,838,240</u>
Legal debt margin	<u>\$ 121,502,756</u>

CITY OF HUNTSVILLE, TEXAS

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Proprietary Fund - Waterworks and Sewer System Revenue Bonds				
	Utility Operating Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue	Principal and Interest Payments	Coverage
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
2014	23,760,613	14,371,411	9,389,202	4,909,165	1.91

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

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
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%
2014	39,666	68,861	1,930,692	29,527	28.6	72.4%	78.9%	6,276	7.9%

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	2014			2005		
	Employees	Rank	Percentage of of Total City Employment	Employees	Rank	Percentage of of Total City Employment
Texas Department of Criminal Justice	6,823	1	43.49%			N/A
Sam Houston State University	3,817	2	24.33%			N/A
Huntsville Independent School District	878	3	5.59%			N/A
Huntsville Memorial Hospital	533	4	3.40%			N/A
Wal-Mart	485	5	3.09%			N/A
Walker County	296	6	1.89%			N/A
City of Huntsville	270	7	1.72%			N/A
Weatherford Completion and Oilfield Services	188	8	1.20%			N/A
Gulf Coast Trade Center	186	9	1.19%			N/A
Education Service Center - Region VI	<u>136</u>	10	<u>0.87%</u>			N/A
	<u>13,612</u>		<u>86.77%</u>			N/A

Sources: City of Huntsville budget document

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,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Charter offices										
Office of the City Manager	3.50	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.50	2.00
Office of the City Secretary	2.00	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	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-
Finance										
Finance	6.50	8.00	8.00	9.00	9.00	9.00	9.00	9.00	9.00	7.00
Purchasing	1.00	1.00	2.00	2.50	2.50	2.50	2.50	2.50	2.50	1.00
Fleet/Warehouse	3.00	3.00	3.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00
Municipal court	4.00	4.50	5.50	5.50	5.50	6.50	6.50	6.50	7.00	4.50
Court security	-	1.00	1.00	1.00	1.00	-	-	-	1.00	-
Utility billing	5.50	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.50
Risk/safety management	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-
Human resources	3.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	4.00
Information technology	5.00	5.00	5.00	5.00	6.00	6.00	4.00	4.00	4.00	4.00
Neighborhood Resources	-	-	-	-	-	-	-	3.00	3.00	2.00
Public Works										
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	3.00	3.00	3.00
Water distribution	10.00	10.00	10.00	10.00	10.00	10.00	10.00	13.00	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	10.00	10.00	11.00	11.00	11.00	11.00	9.00	9.00	9.00
AJ Brown WWTP	5.50	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
NB Davidson WWTP	3.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Robinson Creek WWTP	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Environmental services	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Commercial collection	7.00	7.00	7.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Solid waste disposal	9.00	9.00	9.00	8.00	9.00	9.00	9.00	9.00	9.00	9.00
Residential collection	13.00	13.00	13.00	8.00	7.00	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
Garage services	7.00	6.00	6.00	7.00	7.00	7.00	8.00	8.00	8.00	6.00

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,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Community & Economic Development										
Administration	6.00	6.50	6.50	6.00	3.00	3.00	3.00	3.00	3.00	3.00
Planning and development	15.00	14.00	12.00	15.50	18.50	18.50	18.00	18.00	18.00	13.00
Central inspection	6.00	6.00	6.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00
Health inspection	2.00	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	11.00
Drainage maintenance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00
Street sweeping	1.00	1.00	1.00	1.00	1.00	1.00	1.00	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
Parks & Leisure										
Administration	2.00	2.00	4.50	4.00	2.00	2.00	2.00	2.00	2.00	2.00
Recreation	4.00	4.50	-	0.50	1.50	1.50	1.50	1.50	1.50	1.00
Parks maintenance	8.66	8.66	13.66	16.16	16.16	16.16	16.16	16.16	16.16	11.66
Aquatic center	-	-	-	0.66	0.66	1.00	1.00	1.00	1.00	2.00
Cemetery operations	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00
Building services	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00
Library	9.00	9.00	9.00	9.50	9.00	9.00	9.00	9.00	9.00	9.00
Urban forestry	1.00	1.00	-	-	-	-	-	-	-	-
Golf course operations	9.50	-	-	-	-	-	-	-	-	-
Golf course pro shop operations	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	48.00	52.00	54.00	54.00	54.00	58.00	57.00	58.00
Fire	6.00	7.00	8.00	12.00	12.00	12.00	12.00	12.00	13.00	16.00
School resource officers	5.00	5.00	6.00	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	2.00
Visitor center	-	-	-	-	-	1.00	3.50	3.50	3.50	2.50
Gift shop	-	-	-	-	-	3.50	-	-	-	1.00
Cultural services	2.00	2.00	2.00	2.00	2.00	1.50	1.00	1.00	1.00	1.75
Total	284.16	272.16	278.16	284.32	283.82	289.16	284.16	292.16	294.66	269.91

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Finance										
Invoices processed	9,423	9,847	8,622	9,500	10,109	11,673	13,950	13,882	13,975	14,023
Payroll checks issued	3,909	3,526	3,430	3,100	2,521	2,600	2,267	2,104	2,250	7,514
Court cases filed and processed	8,698	7,833	7,393	8,000	7,341	7,300	9,508	9,967	9,500	10,031
Warrants issued	3,590	2,870	2,816	3,000	2,982	2,880	3,308	3,753	3,600	3,820
Utility bills generated	N/A	98,273	100,948	103,218	106,807	103,500	103,800	106,186	107,200	108,000
Utility payments received	N/A	82,025	81,499	95,501	95,964	96,000	96,500	99,893	102,100	105,000
Meter reading service orders generated	N/A	13,718	14,993	10,966	10,967	11,000	10,500	13,207	13,415	13,520
Administrative services										
Workers compensation claims filed	40	21	24	30	30	25	20	22	-	11
On-site property inspections conducted	9	8	91	80	N/A	N/A	N/A	N/A	N/A	N/A
Purchase orders issued	N/A	214	237	298	394	378	414	564	510	473
Formal bids issued	13	18	21	35	41	17	30	30	35	27
Computer help desk requests completed	2,457	3,081	3,191	3,000	2,743	2,700	1,743	1,743	1,800	2,050
Garage work orders processed	3,949	3,419	1,333	1,100	1,500	1,542	1,900	2,416	2,300	2,350
Public utilities										
Gallons of water produced (in billions)	2.12	2.82	2.58	2.84	2.81	2.70	2.70	2.70	2.70	3.16
Water main leaks repaired	30	80	87	277	573	210	200	245	250	253
New water connections installed	91	150	106	136	118	100	100	89	90	95
New sewer taps installed	72	80	150	130	124	124	120	80	90	95
Gallons wastewater treated (in billions)	1.35	1.53	1.57	1.45	1.33	1.35	1.30	1.30	1.30	1.50
Manholes inspected and serviced	N/A	318	756	760	465	310	426	426	425	430
Commercial waste collected (in tons)	16,871	17,100	19,501	20,765	19,299	19,500	20,388	20,085	22,104	22,900
Residential waste collected (in tons)	7,372	7,098	7,177	7,083	6,866	6,508	6,874	6,417	6,500	6,750
Waste transferred to landfill (in tons)	34,334	34,064	36,636	37,608	37,642	39,013	38,172	35,055	38,200	37,500
Waste recycled (in tons)	2,223	2,486	2,704	2,254	3,731	3,573	3,209	6,635	7,200	7,400
Public works										
Code enforcement complaints investigated	485	594	377	333	327	172	193	593	525	551
Food establishment inspections performed	257	422	461	455	563	586	604	492	548	567
Lane miles of existing streets seal coated	8.08	-	13.77	23.34	-	18.97	11.22	14.04	14.60	12.10
Tons of debris removed from drainage ways	5,074	6,020	3,547	2,763	1,628	2,500	150	33	50	60
Curb miles swept by street sweeper	3,786	3,216	3,037	2,770	2,642	2,700	2,890	2,464	2,600	2,600

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

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Community services										
In-house recreation programs offered	N/A	N/A	30	69	30	44	47	44	44	48
Contract recreation programs offered	N/A	N/A	4	2	2	6	4	4	4	2
Playground safety inspections performed	N/A	N/A	141	144	144	144	144	144	140	142
Library items circulated	103,256	96,974	103,303	144,162	129,953	133,266	99,950	117,495	135,000	137,836
Library visitors	173,245	156,067	144,439	163,076	157,459	160,409	120,307	157,567	160,000	160,215
Wynne Home visitors	N/A	650	4,370	5,019	14,835	14,000	30,216	30,516	30,000	29,855
Art and cultural events held	150	270	165	245	361	350	370	370	300	288
Business in Main Street downtown district	67	70	86	85	85	85	93	93	93	93
Main Street events held	5	7	6	4	5	5	5	6	5	5
Public safety										
Police calls for service	44,666	38,078	36,921	44,220	49,501	45,496	47,005	52,013	52,000	51,401
Arrests made	1,446	1,339	1,621	1,669	1,916	2,173	2,430	2,401	2,500	2,741
Citations issued	7,168	6,793	6,323	6,457	6,181	5,893	5,900	7,854	8,000	7,777
Offenses/incidents reported	3,479	3,344	3,323	3,381	4,345	4,068	4,200	4,653	4,700	3,096
Fire calls for service	1,275	1,522	1,324	1,458	1,417	1,194	1,254	1,501	1,525	1,378
Main alarms answered	249	330	304	248	278	201	220	185	190	311
Fire inspections conducted	210	248	310	173	183	176	188	184	190	156

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public utilities										
Water line (approximate miles)	N/A	200	200	200	200	205	205	205	205	245
Sewer line (approximate miles)	N/A	190	205	205	205	210	210	210	210	250
Lift stations	N/A	26	28	29	29	29	29	29	29	31
Water plants	3	3	3	2	2	2	2	2	2	3
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	139	139	142	144	145	145	145	145	142
Community services										
Parks	26	26	26	26	26	26	26	26	26	27
Park acreage	265.41	281.94	281.94	281.94	281.94	281.94	281.94	281.94	281.94	414
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	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	4	4	4	4	4

Note: N/A - data not available.

Source: City departments

SINGLE AUDIT SECTION

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P A T T I L L O , B R O W N & H I L L , 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 6, 2015.

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
March 6, 2015



P A T T I L L O , B R O W N & H I L L , 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, 2014. 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, 2014.

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
March 6, 2015

CITY OF HUNTSVILLE, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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 General Land Office			
Community Development Block Grant - Disaster Recovery Program	14.228	12-441-000-6526	433,527
Total Passed through the Texas General Land Office			<u>433,527</u>
Passed through the Texas Department of Housing and Community Affairs			
Community Development Block Grant - NSP	14.228	77099999126	\$ 63,702
Total Passed through the Texas Department of Housing and Community Affairs			<u>63,702</u>
Passed through the Texas Department of Housing and Community Affairs			
Home Investment Partnership Program	14.239	1001869	244
Total Passed through the Texas Department of Housing and Community Affairs			<u>244</u>
Total U. S. Department of Housing and Urban Development			<u>497,473</u>
<u>U. S. Department of Justice</u>			
Direct Program			
COPS Hiring Program	16.710	2011UMWX0178	125,379
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0355	13,549
Total Direct Program			<u>138,928</u>
Passed through the Office of the Governor, Criminal Justice Division			
Victims of Crime Act Formula Grant Program	16.575	VA-13-V30-24632-01	44,085
Victims of Crime Act Formula Grant Program	16.575	VA-14-V30-24632-01	4,124
Total Passed through the Office of the Governor, Criminal Justice Division			<u>48,209</u>
Total U. S. Department of Justice			<u>187,137</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	1,122,890
Total Passed through the Texas Department of Transportation			<u>1,122,890</u>

CITY OF HUNTSVILLE, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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	<u>245,145</u>
Total Direct Program			<u>245,145</u>
Passed through the Texas Department of Public Safety			
Hazard Mitigation Grant	97.039	DR-1791-120	8,378
Hazard Mitigation Grant	97.039	DR-1791-283	9,415
Emergency Management Performance Grants	97.042	13TX-EMPG-0484	5,069
Homeland Security Grant Program	97.073	EMW-2012-SS-00018-S01	<u>86,291</u>
Total Passed through the Texas Department of Public Safety			<u>109,153</u>
Total U. S. Department of Homeland Security			<u>354,298</u>
Total Expenditures of Federal Awards			<u>\$ 2,161,798</u>

CITY OF HUNTSVILLE, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2014

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, 2014

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

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:
#20.205	Safe Routes to School

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