



# **CITY OF HUNTSVILLE, ALABAMA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT 2018**

**Fiscal Year Ended  
September 30, 2018**

**Prepared by  
Finance Department**

# City of Huntsville

## Comprehensive Annual Financial Report

SEPTEMBER 30, 2018

### TABLE OF CONTENTS

<b>Part I – Introductory Section:</b>	<b>Page</b>
Letter of Transmittal .....	1
GFOA Certificate of Achievement .....	6
Organizational Chart .....	7
List of Elected Officials .....	8
<b>Part II – Financial Section:</b>	
Independent Auditors’ Report .....	11
Management’s Discussion and Analysis .....	15
<b>Basic Financial Statements:</b>	
Government-Wide Financial Statements	
Statement of Net Position .....	28
Statement of Activities .....	29
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	30
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	31
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	32
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Budget and Actual .....	33
Statement of Net Position – Proprietary Funds .....	35
Statement of Revenue, Expenses, and Changes – Proprietary Funds .....	36
Statement of Cash Flows – Proprietary Funds .....	37
Statement of Fiduciary Net Position – Fiduciary Fund .....	39
Statement of Changes in Fiduciary Net Position – Fiduciary Fund .....	40
Combining Financial Statements	
Combining Statement of Net Position – Discretely Presented Component Units .....	42
Combining Statement of Activities – Discretely Presented Component Units .....	43
Notes to the Financial Statements .....	44
Required Supplementary Information	
Schedule of Changes in Net Pension Liability .....	100
Schedule of Employer Contributions .....	101
Schedule of Changes in Net Pension Liability – Discretely Presented Component Units .....	102
Schedule of Employer Contributions – Discretely Presented Component Units .....	103
Schedule of Changes in Net OPEB Liability .....	104
Schedule of Employer Contributions to OPEB Plan .....	105
Supplementary Information	
Combining and Individual Fund Financial Statements	
Balance Sheet – General Fund .....	107

# City of Huntsville

## Comprehensive Annual Financial Report

SEPTEMBER 30, 2018

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual – General Fund .....	108
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – By Activity – General Fund.....	109
Schedule of Special Appropriations – Budget and Actual – General Fund .....	116
Introduction of Nonmajor Governmental Funds.....	118
Combining Balance Sheet – Nonmajor Governmental Funds .....	119
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds .....	120
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – By Activity – The Special Revenue Fund .....	121
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – By Activity – Other Governmental Funds .....	127
 <b>Part III – Statistical Section:</b>	
Introduction .....	131
Net Position by Component .....	132
Changes in Net Position.....	133
Fund Balances of Governmental Funds.....	135
Changes in Fund Balances of Governmental Funds.....	136
Governmental Activities Tax Revenues by Source .....	137
Sales and Property Tax Rates .....	138
Property Taxes Levies and Collections .....	139
Estimated Assessed and Estimated Actual Value of Taxable Property (Thousands).....	140
Principal Taxpayers – Sales and Property Taxes.....	141
Ratios of Outstanding Debt by Type .....	142
Ratios of General Obligation Debt Outstanding .....	143
Legal Debt Margin Information.....	144
Computation of Direct and Overlapping Debt.....	145
Revenue Warrant Coverage – Water Pollution Control Fund Warrants .....	146
Demographic and Economic Statistics .....	147
Principal Employers .....	148
City Government Employers by Function .....	149
Operating Indicators and Capital Asset Statistics by Function .....	150

## **INTRODUCTORY SECTION**



March 28, 2019

The Honorable Tommy Battle, Mayor,  
Members of the City Council, and  
Citizens of Huntsville  
City of Huntsville, Alabama

Honorable Mayor and Council, and Citizens:

This Comprehensive Annual Financial Report of the City of Huntsville, Alabama, for the fiscal year ended September 30, 2018, is hereby presented to you. This report has been prepared to summarize the financial results of the City's operations in 2018, and to help you understand its financial condition.

City management, primarily the Finance Director and Clerk-Treasurer are responsible for this report, because it is based on the information they have provided about City finances. To help insure that this information is reasonable and reliable, management has established a system of controls that is designed to protect the City's assets from loss, theft, or misuse, and produce reliable financial information. Because the cost of such controls should not outweigh their benefits, the City's system is intended to provide reasonable, not absolute, confidence that the City's financial statements are materially accurate. As Finance Director and Clerk-Treasurer, we have primary responsibility for City financial matters, and to the best of our knowledge and belief, this report is complete and reliable in all material respects.

State law requires an annual audit of the City's financial statements by independent certified public accountants, who must conduct the audit in accordance with established standards. Warren Averett, LLC, a certified public accounting firm in Huntsville, conducted the audit and their report on the City's basic financial statements is included herein. It contains an "unmodified opinion," commonly known as a "clean opinion," regarding the City's financial statements, meaning the auditors have concluded the City's financial statements conform with established accounting principles. The auditors are required to report on the City's system of controls and the City's compliance with legal requirements, and they have issued their reports to City management. Also, the City is required by federal law to conduct a "Single Audit," or audit of the City's compliance with the requirements of federal grants it has received. The results of that audit are included within the Compliance Section of this package as noted within the table of contents.

Accounting standards require management to provide a narrative introduction, overview, and analysis with the financial statements, in the form of Management's Discussion and Analysis (MD&A), which can be found on page 13.

### **Profile of the Government**

The City was incorporated on December 9, 1811, and is operated under a Mayor-Council form of government. The City currently has a land area of about 215 square miles and a population of about 196,000. The City is empowered to levy taxes on real and personal property and to extend its corporate limits through annexation.

Policy making and legislature authority are vested in a five-member City Council who are, among other things, responsible for passing local ordinances, adopting budgets, appointing committees and board members of related organizations, and approving the appointment of department heads. The Mayor is responsible for carrying out the policies and ordinances of the City Council, supervising the operations of the City, and appointing department heads. The Mayor and Council members are elected to four-year staggered terms with elections every two years for three of the six positions. All Council members are elected from within their respective districts.

The City provides a full range of services through its various departments. Several important public services are provided by organizations for which the City has some legal oversight responsibility. The Huntsville Public Library, Art Museum, Alabama Constitution Village Museums, Burritt Museum, Public Building Authority, Huntsville Tennis Center, Von Braun Center, and Benton H. Wilcoxon Municipal Iceplex were established by the City to be managed by separate boards. Because the City has some financial and legal responsibility for their operations, they are included in the City's financial statements. Also, the Huntsville Utilities Electric, Gas and Water Systems, the Huntsville/Madison County Convention & Visitors' Bureau, and the Downtown Redevelopment Authority are included in the City's financial statements because of the City's oversight responsibilities, although they are legally separate entities. The debt of Huntsville City Schools and the Department of Water Pollution Control are also included in the financial statements, but are funded through dedicated property tax and enterprise funds, respectively.

The annual budget serves as the foundation for the City's financial planning and control. The Mayor is required to submit a budget proposal to the City Council for most of the City's departments and funds by September 1 of each fiscal year. The Council, after public comment and evaluation, must adopt a balanced operating budget by the beginning of the fiscal year each October 1. The budget is adopted by fund, department (e.g. urban development), division (e.g. engineering), activity (personnel, operating and capital), and object (e.g. salaries). For funds which include the City's operating departments (e.g. General Fund), the Mayor and department heads are authorized to make budget transfers within departments' objects, but the Council must approve transfers between activities and funds. Comparisons of department and fund budgets to actual amounts are provided in this report for major funds beginning on page 27, in more expansive detail for the General Fund beginning on page 99, and for The Special Revenue Fund and the remaining nonmajor funds beginning on page 118.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. Many factors affect the City's financial strength and operations, including the national economy, spending by the large federal agencies based in Huntsville, local economic development, quality of local education systems, and effectiveness of City management in its use of resources.

#### Economic Conditions

The City has continued to strengthen its financial position through 2018, as it has ever since the last national recession ending in 2010. An important factor that has helped the City managing through both prosperous and tough economic conditions is the City's economic development efforts. Strategic planning that focuses far into the future has helped promote revenue stability through business diversification and residential growth.

The City's population, business base, and revenue grew at an accelerated rate through early 2008. With the recession, City revenues first stagnated in February 2008, then decreased, and began to stabilize in early 2010. The greatest impact was from lower consumer and construction industry spending that decreased sales tax and license revenue. Interest rates dropped sharply and City interest earnings followed. Federal government program spending in Huntsville remained basically stable throughout the recession, which lessened the recession's effects on the City. The City is experiencing some reductions in local federal spending due to federal budget reductions, which is expected to continue, although the effect is uncertain. Offsetting some of this, however, is the broad diversity of federal activities in Huntsville, which is more than the well-known military and space research and development programs. Through evolving mission sets, employment on Redstone Arsenal has increased. The number of jobs on Redstone Arsenal has gone from approximately 32,000 a decade ago to more than 43,000 today.

The most recent growth on Redstone Arsenal has come from the FBI, which is moving significant operations from around the country.

The local unemployment rate continues to improve, and is below state and national figures. In December 2018, the unemployment rate of the Huntsville MSA hit 3.0%. A growing labor force and employment opportunities are a positive sign for local business conditions. The median family income of Huntsville residents exceeds national and state figures.

City resources have been found, historically to be steady and predictable, even with more than 40% of total City revenue linked to consumer spending activity, e.g. sales tax. As such, diversification of our business base has been critical, so that employment and spending will not be concentrated in too narrow a manner.

Huntsville believes in reinvesting in the community through investments in infrastructure. The City aggressively cultivates partnerships with state and federal agencies and, as a result, a significant number of local road projects include state and federal funding. Most notably, in 2014 the City and State agreed upon a \$250 million road improvement program, with each providing one-half of the cost. The City increased its sales tax by 1% on March 1, 2014, to finance its share. This five-year plan will greatly enhance major thoroughfares across the City, maintaining our short-commute reputation.

The following significant economic development projects have developed over the past few years, due largely to incentives by the City and its valuable State and local government partners:

- In 2016 work began on a mixed-use project called MidCity. An amenity-rich, walkable, mixed-use development replacing a declining regional mall. Phase I includes a boutique hotel, multiple restaurants, living space, office space and family entertainment such as TopGolf and Dave and Busters.
- In 2017, Google Fiber brought its services to Huntsville, making it just the 10<sup>th</sup> US City to receive the service. Google Fiber is the first of possibly many ISPs to lease excess dark fiber on a planned Huntsville Utilities constructed network.
- In 2017, Boeing, the world's largest aerospace company and leading manufacturer of commercial jetliners and defense, space and security systems, expanded its presence in Huntsville creating 400 jobs and investing \$70 million in total capital expenditures.

2018 was another banner year for Huntsville with no less than 15 new or expanding businesses in the area. Among those are:

- Mazda Motor Corporation and Toyota Motor Corporation established a new joint-venture company "Mazda Toyota Manufacturing, U.S.A., Inc." (MTMUS) that will produce vehicles in Huntsville, Alabama, starting in 2021. The facility is expected to create up to 4,000 jobs. Toyota and Mazda are investing \$1.6 billion towards this project with equal funding contributions. This comes in addition to the \$1B Toyota's Toyota Motor Manufacturing Alabama unit has invested since the early 2000s.
- Facebook announced it will invest \$750 million to build a data center in North Huntsville. Once construction is finished, the data center will employ approximately 100 people. The company said it chose Huntsville because of the quality of life, a pro-business environment, emphasis on digital infrastructure, and a talented and available workforce.
- Kohler announced the expansion of their Huntsville manufacturing facilities in 2018, with an investment of approximately \$178 million.
- Bocar, a global auto supplier, announced that it planned to construct a new \$117 million manufacturing facility in the Limestone County portion of Huntsville on Bibb Garrett Road which will bring over 300 jobs to the area with construction beginning in spring of 2018.
- AerojetRocketdyne, one of the world's leading rocket engine companies, announced plans to make Huntsville the headquarters for its Defense Business Unit and broke ground on the 136,000 square-foot manufacturing facility in late 2017.

- Blue Origin, an American privately funded aerospace manufacturer and spaceflight services company backed by Amazon founder Jeff Bezos, announced plans to make a \$200 million capital investment that will bring 350 jobs to the area to manufacture jet engines.
- Israeli-based IT company High Sec Labs established a new U.S. presence with a facility in Huntsville. The company manufactures products for the data center industry.

The Marshall Space Flight Center in Huntsville was established in 1960 as the lead agency for the National Aeronautics and Space Administration (NASA) for development of the Saturn rockets for travel to the moon. Building on the successes of past programs including Saturn and the Space Shuttle, the center provides the engineering expertise behind propulsion and transportation systems and has recently begun development of the Space Launch System (SLS), the most powerful rocket system ever. SLS will enable exploration beyond low-earth orbit via cargo and eventually crewed flights.

The City's work is mostly complete for the current infrastructure phase at Redstone Gateway Park, a partnership with Redstone Arsenal through its enhanced use lease program, and private developers. The 4.2 million square foot, \$1 billion office park at Redstone's primary entrance will expand the City's ability to meet the needs of the local defense industry and highly complements our Cummings Research Park, which is seeing a significant uptick in both occupancy of office space and new land sales. Much of the public infrastructure has been completed through the City's TIF 5, and office buildings are complete and occupied with new ones under construction.

Huntsville City Schools has built or rebuilt \$200 million of school facilities across the city. This, combined with improvements in educational achievement throughout the system, is further enhancing the City's reputation as a place for quality public education.

In summary, the local economic outlook is positive. As can be reasonably expected, growth in the demand for public services from new population and more businesses will exert pressure on spending requirements. The City will also experience growing pressure from increasing pension contributions and the rising cost of retiree healthcare benefits.

### Management of City Resources

**Long-term capital planning.** Much of the City's growth and vitality depend on public infrastructure, and the Mayor and Council continue to plan comprehensively for development and maintenance of this improvement plans establish spending priorities and identifies funding needs, primarily long-term debt, and is updated every year.

**Long-term debt management.** Most of the City's capital and school construction projects are financed with long-term debt. Managing debt size and complexity within available revenues requires careful long-term planning. The City's ten-year capital plans provide the framework for managing existing debt for current and upcoming capital projects. Capital spending pressure, however, will remain high because of budgetary reductions undertaken during the recession.

The City issued new debt in 2017 and 2018, for a variety of capital projects, such as parks, infrastructure supporting the Mazda-Toyota project and additional work at Redstone Gateway. The office complex's private developers are providing the financing.

An important factor in assessing the economic health of the City of Huntsville, and the City's finances, is the credit rating assigned by credit rating agencies because of their in-depth review of economic conditions and City financial performance. The City most recently received a Aaa rating from Moody's Investors Service, Inc. and a AAA rating from Standard & Poor's Rating Services in March 2018, which is ten years in a row the City has achieved this respectable accomplishment. The manner in which city leaders respond to our economic challenges will be a critical factor in maintaining this high rating.



**General Fund reserves.** City ordinance generally requires that at least 11.5% of General Fund revenue budget be kept in unassigned fund balance so the City has adequate working capital and can respond to unexpected financial changes. The City met this requirement in 2018, and had fund balance in excess of the statutory requirement.

**Cash management.** The City's investment policy intends to maximize earnings while protecting cash assets. The City invests operating funds conservatively, and only in certificates of deposit, money market accounts, and Federal securities, as required by state and city law.

**Operational efficiency.** Mayor Battle has continually challenged all City departments to improve operational quality and efficiency, which has been effective as personnel and operating costs in 2018 were generally lower than budget plans. Financial challenges remain due to increasing demand for public services and new infrastructure as the City grows more rapidly than in recent years.

**Financial and risk management.** Sound financial management practices are a very important part of the City meeting its obligation for public services. The City is regarded by credit rating firms such as Standard and Poors and Moody's Investors Service for conservative financial management amidst its financial challenges. Maintaining these practices will require careful prioritization of spending desires.

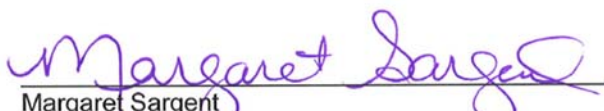
**Pension and other postemployment benefits.** The cost of providing benefits to City retirees is a significant commitment of current and future resources. There is a misperception that the State of Alabama provides financial assistance for these pension benefits through the Retirement Systems of Alabama, but the City pays 100% of benefit costs after employee contributions and plan earnings. The City has met all of its obligations and incorporates the effect of expected benefit cost increases in making annual budget decisions. Information about the retirement plans is found beginning on page 69 of this report. Because of benefit increases and plan earnings in recent years, the amount of City pension benefits that are considered "funded" has dropped significantly, and the City's costs have risen accordingly. Future increases may occur. Also, given the increasing cost of healthcare and the number of employees eligible to retire, management of retiree benefits must be very intentional and consider all issues to help provide balance between retiree benefits and other financial obligations of the City.


Awards and Acknowledgement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2017. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

The staff of the Finance Department assisted in the preparation of this report. We appreciate their hard work and the support of the Mayor and City Council members, whose commitment to good financial stewardship makes our financial success possible.

Respectfully,

  
Margaret Sargent  
Director of Finance

  
Kenneth Benion  
Clerk-Treasurer



The Government Finance Officers Association  
of the United States and Canada

*presents this*

**AWARD OF FINANCIAL REPORTING ACHIEVEMENT**

*to*

**Finance Department**  
City of Huntsville, Alabama

*The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.*

Executive Director

*Christopher P. Merrill*

Date November 20, 2018



## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members  
Of the City Council  
City of Huntsville  
Huntsville, Alabama

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Huntsville, Alabama (the City), as of and for the year ended September 30, 2018, 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Huntsville Electric, Natural Gas, and Water Systems (Huntsville Utilities), and the Huntsville/Madison County Convention and Visitors Bureau, which are component units of the City, or the financial statements of the Public Library Special Revenue Fund, the Huntsville Museum of Art – Board Special Revenue Fund, and the Municipal IcePlex Enterprise Fund. Those financial statements represent 100% of the total assets and 100% of the revenues of the discretely presented component units; 28.3% of the total assets and 46.2% of the revenues of the other nonmajor governmental funds; and 0.5% of the total assets and 2.4% of the operating revenues of the enterprise funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based on the reports of the other auditors.

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. The financial statements of the Huntsville/Madison County Convention and Visitors Bureau, which is a component unit of the City, and the Huntsville Museum of Art—Board Special Revenue Fund were not audited in accordance with *Government Auditing Standards*. 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, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Huntsville, Alabama, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and The Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 15, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other Than Pensions*, as of October 1, 2017. These standards significantly changed the accounting for the City's other postemployment benefits liability and related disclosures. Our opinions are 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 pension information, and other post-employment benefit information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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 of Huntsville, Alabama's basic financial statements. The introductory section, supplementary information section, and statistical section, as listed in the table of contents, and collectively referred to as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and the schedules of revenues, expenditures and changes in fund balance budgetary comparisons 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 by us and the other auditors 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the information is fairly stated in all material respects in relation to the basic financial statements taken 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 Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2019, on our consideration of the City of Huntsville'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.



Warren Averett, LLC  
Huntsville, Alabama

March 28, 2019

THIS PAGE INTENTIONALLY LEFT BLANK





## Management's Discussion and Analysis

As management of Huntsville City (the City), we offer readers this narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here and in the letter of transmittal at the front of this report, and the City's financial statements that follow.

### Financial Highlights

As explained in more detail below, City financial activities are presented in two ways:

- The *government-wide financial statements* provide a broad overview of the City's finances, in a manner similar to private-sector businesses.
- The *fund financial statements* provide information about City financial resources that have been segregated for specific activities or objectives.

#### ***From the Government-Wide Financial Statements:***

- The City's net position was \$748 million at the close of fiscal year 2018, a decrease of \$21 million from 2017. The net position of the governmental activities decreased by \$23 million and the net position of the business-type activities increased \$2.3 million.
- The unrestricted net position of the governmental activities are negative \$362 million, which means the City must meet its ongoing obligations to citizens and creditors from future revenues. The largest reason for this negative unrestricted portion is related to the net pension and other post-employment benefits liabilities and debt incurred by the City to acquire assets for the Huntsville City School System.
- Total revenues of the governmental activities increased \$54 million from 2017 to 2018, or 14.4%, and total expenditures increased \$13.3 million, or 3.6%.
- The City's business-type activities have a total net position of \$328 million, and \$19 million is unrestricted. Revenues of the business-type activities increased \$878 thousand in 2018, or 1.8%, and their expenses increased \$10.4 million, or 24.5 %

### ***From the Fund Financial Statements:***

- As of September 30, 2018, the governmental funds reported a combined ending fund balance of \$293 million, an increase of \$52 million from the prior year, which included the following significant changes:
  - General Fund – \$9.6 million surplus.
  - Debt Service Fund – a \$893 thousand surplus.
  - The Special Revenue Fund – a \$6.6 million surplus.
  - Capital Improvement Fund – a \$14.6 million surplus, due to issuance of debt for ongoing capital projects.
  - 2014 Capital Improvement Fund – a \$20.6 million surplus, due to continued collections on the new one percent sales and use tax levied in 2014, which will be spent in future years on the issuance of debt.

More detailed information for each of the above is provided beginning on page 18.

- Of the \$292.9 million fund balance, \$255.2 million is restricted or has been allocated for certain purposes by the City Council, leaving a \$37.7 million balance (including \$24.9 million for General Fund contingencies).
- The General Fund has a fund balance of \$59.3 million which is \$34.4 million in excess of the City's stated reserve and, therefore, available for any purpose.
- The net change in the principal amount of the City's debt associated with governmental activities was an increase of \$76.5 million from 2017, representing \$170.9 million of new debt and \$94.4 million paid in principal or transferred to escrow agents for advance refundings on existing debt.

### **Using this Annual Report**

This discussion and analysis is an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

### ***Reporting the City as a Whole***

The *government-wide financial statements* consist of the Statement of Net Position and the Statement of Activities, and provide readers with a longer-term view of the City's finances. One of the most important questions asked about City finances is, "Is the City as a whole better or worse off as a result of the year's activities?" These statements report information in a way that helps answer this question. They include all assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting used by private-sector businesses – all revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents one measure of the City's financial health or financial position, by showing the difference between the City assets and deferred outflows of resources, and the City's liabilities and deferred inflows of resources, or net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating, along with considering nonfinancial factors such changes as in the property tax base or the condition of City assets used by the public.

The Statement of Activities shows how the City's net position changed during the most recent fiscal year.

In both of the above statements, we divide the City's activities into three components:

- **Governmental Activities** – Most of the City's basic service operations are reported here, including police, fire, public works, and the administrative departments. Taxes, business licenses, and customer charges finance most of these activities.
- **Business-Type Activities** – The City charges fees to customers to cover most of the cost of certain activities, such as for sanitary sewer service and Von Braun Center events, and these activities are reported here.
- **Component Units** – The City includes two legally separate entities in this report, Huntsville Utilities and the Huntsville/Madison County Conventions & Visitors' Bureau. Although legally separate, these "component units" are included because the City is financially accountable for them.

The government-wide financial statements can be found on beginning on page 25 of this report



## ***Reporting the City's Funds***

A “fund” is a set of related accounts that is used to help the City control and manage money for particular purposes. The City, like other state and local governments, uses “fund accounting” to show that it is meeting legal responsibilities for using certain revenue or to support other objectives of City management. Some funds are required to be established by State law (like state gasoline taxes) or debt agreements, and the City Council establishes all other funds (like the Capital Improvement Fund). The City has two kinds of funds that use different accounting methods:

- Governmental funds – Most of the City’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash. The governmental funds statements provide a detailed short-term view of the City’s administrative and basic service operations, helping a reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s activities. Because the fund financial statements use a different accounting method than the government-wide statements described above, we provide an explanation of the differences at the bottom of the fund financial statements.

The first governmental fund financial statements appear beginning on page 27.

- Proprietary Funds – When the City charges customers for the services it provides and intends for these charges to cover most of the cost of those services, these are generally reported in proprietary funds. In the City’s case, all such activities are reported as enterprise funds, a type of proprietary fund. These fund financial statements report the same information as the government-wide statements for business-type activities.

The proprietary fund financial statements appear beginning on page 32.

## ***The City as Trustee***

The City is trustee, or “fiduciary,” for its retirees’ post-retirement healthcare benefits. Because the assets in this trust arrangement can only be used to provide retiree benefits, and not to finance other City activities, the trust’s activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position, beginning on page 36. The City is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

## ***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 42.

## ***Other Information***

In addition to the financial statements and accompanying notes, this report also presents certain supplementary information. Because the City adopts an annual operating budget for certain funds, a comparison of budget to actual by activity (i.e. personnel, operating, capital, and other) is provided for the applicable funds to demonstrate compliance with this budget. This information and the information on smaller governmental funds can be found beginning on page 99.

## ***The City as a Whole***

As noted earlier, net position may serve as a useful indicator of the City's financial position. The City's net position was \$748 million at the close of the most recent fiscal year, a decrease of \$21 million. It is important to note that this net position is largely restricted in some manner and not available to finance City activities. The most significant restriction is the \$854 million invested in capital assets (e.g. land, buildings, streets, and bridges), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available as an economic resource as are other components of net position. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities. An additional \$237 million of the City's net position is subject to restrictions concerning its use, as required by state or federal law (not City Council restrictions).

After considering the restricted net position above, the remainder of net position is *unrestricted*, which in the City's case is negative. This is because, for the City's governmental activities, the unrestricted assets and deferred outflows of resources are less than unrestricted liabilities. This is caused by the items noted above and also in relation to the significant amount of liability required to be accrued in relation to the City's pension plan.

The long-term debt detailed above was used to construct assets that are not owned by the City governmental activities, but the City's governmental activities are responsible for repayment of the debt. While assets are not currently on hand to pay these liabilities, the City expects to pay the debt from annually-recurring revenues established for that purpose. For example, the long-term debt issued for the Huntsville City Schools is expected to be repaid from the collection of a 6.5 mill property tax restricted for school purposes. The other liabilities detailed above must be paid from other revenues of future periods.

An overview of the City's net position and changes to net position is as follows:

### **Net Position:**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Current and other assets	\$ 347,349,285	\$ 276,063,386	\$ 47,635,066	\$ 41,099,019	\$ 394,984,351	\$ 317,162,405
Capital assets	1,237,873,215	1,155,689,544	381,034,923	378,330,568	1,618,908,138	1,534,020,112
<b>Total assets</b>	<b>1,585,222,500</b>	<b>1,431,752,930</b>	<b>428,669,989</b>	<b>419,429,587</b>	<b>2,013,892,489</b>	<b>1,851,182,517</b>
<b>Deferred outflows of resources</b>	<b>49,711,073</b>	<b>57,752,077</b>	<b>4,870,558</b>	<b>4,813,195</b>	<b>54,581,631</b>	<b>62,565,272</b>
Long-term liabilities	1,135,508,623	1,000,076,646	98,760,235	93,646,036	1,234,268,858	1,093,722,682
Other liabilities	61,730,340	44,344,481	5,231,049	4,687,749	66,961,389	49,032,230
<b>Total liabilities</b>	<b>1,197,238,963</b>	<b>1,044,421,127</b>	<b>103,991,284</b>	<b>98,333,785</b>	<b>1,301,230,247</b>	<b>1,142,754,912</b>
<b>Deferred inflows of resources</b>	<b>17,756,995</b>	<b>2,157,443</b>	<b>1,539,000</b>	<b>188,539</b>	<b>19,295,995</b>	<b>2,345,982</b>
Net position:						
Net invest. in capital assets	544,768,278	845,513,121	309,021,803	302,449,760	853,790,081	1,147,962,881
Restricted	236,973,783	41,377,635	9,124	143,098	236,982,907	41,520,733
Unrestricted	(361,804,446)	(443,964,319)	18,979,336	23,127,600	(342,825,110)	(420,836,719)
<b>Total net position</b>	<b>\$ 419,937,615</b>	<b>\$ 442,926,437</b>	<b>\$ 328,010,263</b>	<b>\$ 325,720,458</b>	<b>\$ 747,947,878</b>	<b>\$ 768,646,895</b>

The increase (decrease) for the various components of net position shown in the previous table is as follows:

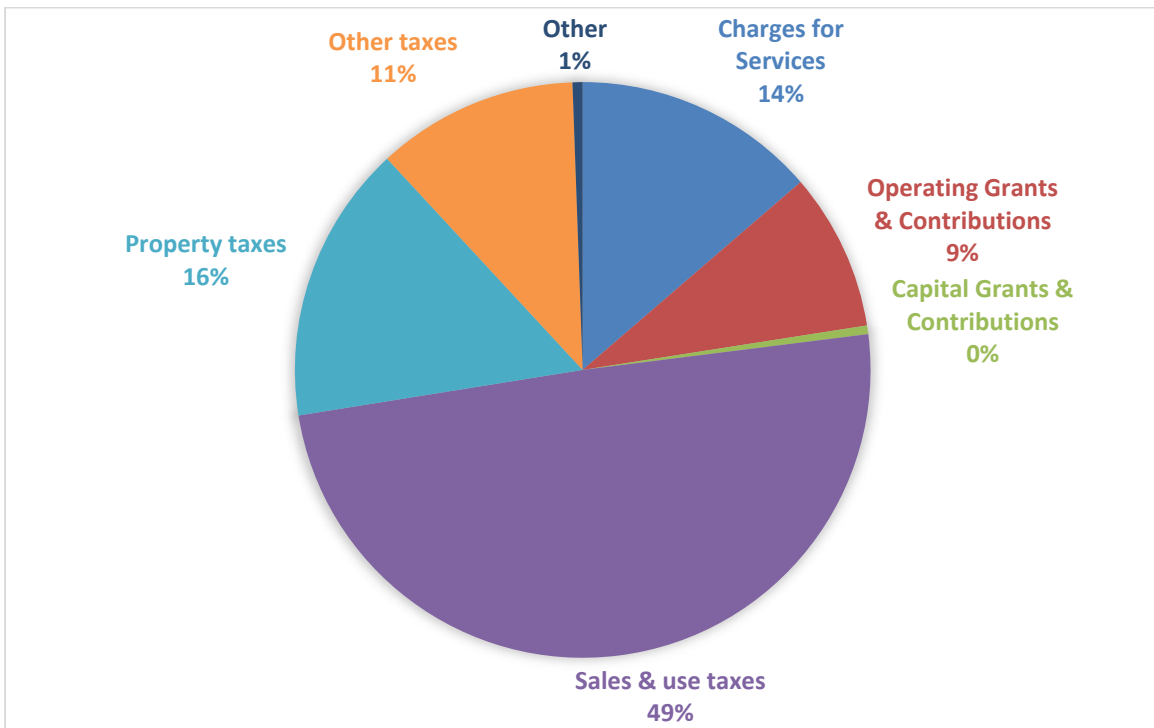
**Changes in Net Position:**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 57,588,687	\$ 51,430,089	\$ 51,041,167	\$ 50,191,023	\$ 108,629,854	\$ 101,621,112
Operating grants & contrib.	37,398,120	12,484,743	-	-	37,398,120	12,484,743
Capital grants & contrib.	2,051,939	5,524,756	-	9,090	2,051,939	5,533,846
General revenues:						
Sales taxes	208,966,293	195,327,025	-	-	208,966,293	195,327,025
Property taxes	66,083,001	59,604,053	-	-	66,083,001	59,604,053
Other taxes	47,855,650	43,967,500	-	-	47,855,650	43,967,500
Interest on investments	2,383,639	585,804	68,739	52,909	2,452,378	638,713
Other	2,703,551	2,270,298	12,378	-	2,715,929	2,270,298
Gains (losses) on sales of assets	580,750	863,000	-	-	580,750	863,000
<b>Total revenues</b>	<b>425,611,630</b>	<b>372,057,268</b>	<b>51,122,284</b>	<b>50,253,022</b>	<b>476,733,914</b>	<b>422,310,290</b>
<b>Expenses</b>						
General government	40,753,794	34,640,871	-	-	40,753,794	34,640,871
Public safety	109,340,713	101,454,111	-	-	109,340,713	101,454,111
Public services	131,024,399	144,445,066	-	-	131,024,399	144,445,066
Urban development	39,928,608	27,486,329	-	-	39,928,608	27,486,329
Interest on long-term debt	29,840,153	29,881,615	-	-	29,840,153	29,881,615
Unallocated depreciation	30,364,378	30,071,644	-	-	30,364,378	30,071,644
Water pollution control	-	-	37,403,132	27,991,809	37,403,132	27,991,809
Other	-	-	15,226,033	14,279,041	15,226,033	14,279,041
<b>Total expenses</b>	<b>381,252,045</b>	<b>367,979,636</b>	<b>52,629,165</b>	<b>42,270,850</b>	<b>433,881,210</b>	<b>410,250,486</b>
Net change before transfers	44,359,585	4,077,632	(1,506,881)	7,982,172	42,852,704	12,059,804
Transfers	(10,716,842)	(2,857,457)	8,202,574	2,857,457	(2,514,268)	-
<b>Change in net position</b>	<b>33,642,743</b>	<b>1,220,175</b>	<b>6,695,693</b>	<b>10,839,629</b>	<b>40,338,436</b>	<b>12,059,804</b>
Net position, beginning	386,294,872	441,706,262	321,314,570	314,880,829	707,609,442	756,587,091
<b>Net position, ending</b>	<b>\$ 419,937,615</b>	<b>\$ 442,926,437</b>	<b>\$ 328,010,263</b>	<b>\$ 325,720,458</b>	<b>\$ 747,947,878</b>	<b>\$ 768,646,895</b>

## Governmental Activities

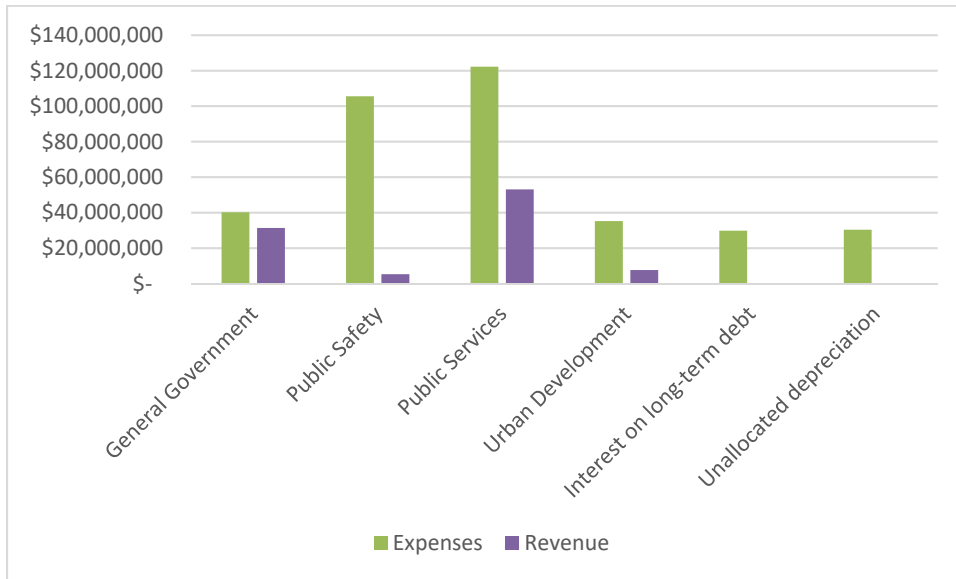
Total revenues from governmental activities were \$53.6 million more in 2018 compared to 2017. The majority of this increase was a contribution received for the Mazda Toyota Manufacturing USA facility. Sales taxes continued to increase as the City continued to expand and move in positive directions. Total Sales taxes increased by \$13.6 million or 7%. This was also seen in property taxes as they increased \$6.5 million or 11% from 2017 to 2018. Other taxes also increased by \$3.9 million or 9% from the prior year.

Revenues from governmental activities can be illustrated as follows:



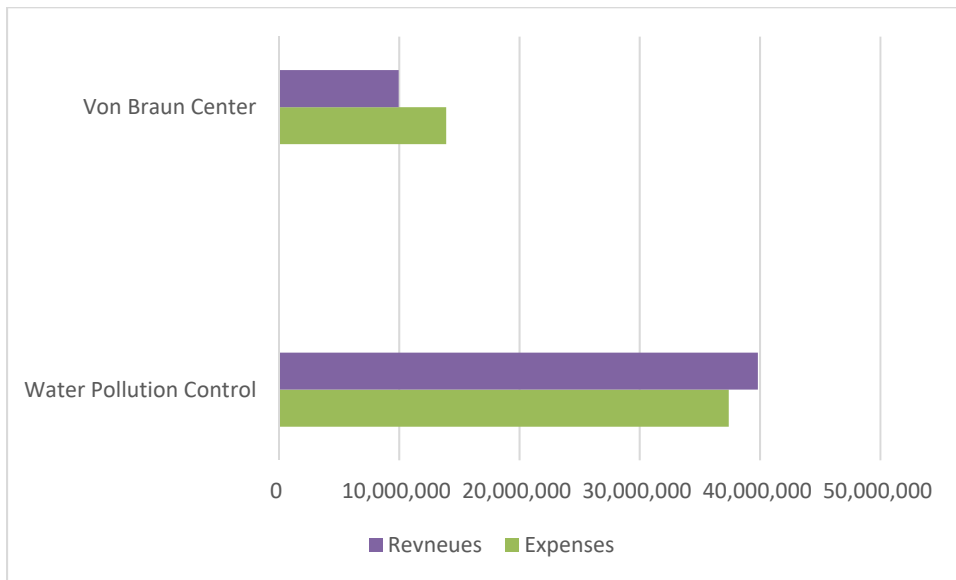
Expenses were \$13.3 million higher in 2018 with most increases and decreases to functional expenses netting out with one another. The Public Services changes mainly related to the allocations of pension and other post-employment expenses in relation to other functions of the City. Public Safety and Urban Development expenses varied with fluctuations mainly being related to project specific items within each category and the mix of depreciation allocated to each category as well as an increase in the overall allocation of pension and other post-employment benefit expenses across functional expenses.

Revenues and expenses for the governmental activities can be illustrated as follows:



### ***Business-Type Activities***

Total revenues increased \$869 thousand, or 1.7%. This was primarily attributable to the one major proprietary fund, the Von Braun Center Fund, which increased by \$982 thousand, with this being slightly offset by a net decrease in the Water Pollution Control proprietary fund. Expenses for total activities increased \$10.4 million, or 24.5%, mainly due to pension and OPEB expenses.



(a) The Ice Complex is not comparatively significant for purposes of this chart

As noted earlier, the City uses fund accounting to show that it is meeting legal responsibilities for using certain revenue or to support other objectives of City management.

## Governmental Funds

The focus of the City's governmental funds is to provide information about financial resources that can be spent in the near future to finance the City's activities. The combined fund balances of the City's governmental funds as of September 30, 2018, was \$293 million. This amount is available for spending but is subject to certain restrictions or limitations, as follows:

<b>Nonspendable</b> – amounts that cannot be spent because they are not in spendable form or for which there are obligations to keep the amounts intact.	\$ 4,417,576
<b>Restricted</b> – amounts that are restricted for specific purposes by federal or state law, or contractual obligations.	236,973,783
<b>Committed</b> – amounts that can only be used for specific purposes enumerated in City Council ordinances related to the levying or earmarking of specific revenue sources.	7,198,253
<b>Assigned</b> – amounts based on the City's intent to use them for certain purposes, including positive fund balances of the entities managed by City Council-appointed boards.	6,672,188
<b>Unassigned</b> – amounts that cannot be classified otherwise, including certain fund balances of the Board-managed entities and the 11.5% contingency reserve of the General Fund.	37,721,086
<b>Total</b>	<b>\$ 292,982,886</b>

More detail concerning the above fund balances may be found on page 63. The total fund balances of the governmental funds increased \$52.1 million in 2018, and the significant changes were as follows:

**General Fund.** The General Fund, as the City's primary operating fund, accounts for many diverse activities, and the 2018 highlights were:

- The budgeting process for the General Fund continued to change as in the prior year as many revenues collected for special purposes, such as capital improvements, schools, etc. that were previously captured within the General Fund were shifted to other funds such as the Capital Improvement Fund and the 2014 Capital Improvement Fund. This was not as dramatic of a change as in the prior year and, for that reason, there were not significant variances as in the prior year for comparative purposes.
- The fund balance of the General Fund increased \$9.6 million in 2018, to \$59.3 million at year-end, which includes a \$53.5 million unassigned balance, although \$24.9 million of this amount is held for contingencies.
- The original revenue budget was \$217 million and expenditures were \$193 million, with a \$24 million planned surplus. Significant changes were made to the budget totaling \$12.8 million (see page 21), so the final budget reflected a \$3 million surplus.
- Actual revenues were \$12.2 million more than the final revenue budget, and the significant deviations from the budget were as follows:

	Over (Under) Budget
Sales/use taxes	\$ 6,485,220
Property taxes	1,739,927
Other taxes	1,662,839
Licenses and permits	3,123,548
Revenue from money and property	1,085,504
All other accounts	(1,938,212)
<b>Total</b>	<b>\$ 12,158,826</b>

- Actual expenditures were \$2.8 million more than the final budget, and the significant deviations from the budget were as follows:

	(Over) Under Budget
Utilities	\$814,896
Fair Trial tax	600,822
Outside legal services	337,494
Outside professional services	324,305
R&M motor equipment	845,492
1990 subsidy payback	6,998,156
Personnel	1,368,193
1% lodging tax to HCVB	(1,277,587)
1% lodging tax to HSC	(367,864)
IT software purchases	(784,003)
VBC Reno Music Hall (17-456)	(3,831,678)
Motor equipment purchases	(1,383,414)
Misc capital projects	(843,412)

**Capital Improvement Fund – reported a \$14.6 million increase**, primarily because of the additional debt incurred in the current year. The debt issued was in accordance with planned capital spending in relation to the City's overall capital plan. Generally, the fund will report an increase when new debt issued is more than the spending of such in subsequent years.

**2014 Capital Improvement Fund – reported a \$20.6 million increase**, due to continued collections of the one percent sales/taxes initiated in 2014 as well as additional debt issued. The amounts of these funds received in the current year exceed expenditures on allowable capital and economic development projects. The remaining funds and future collections will continue to support capital and economic development projects in future years.

## ***Proprietary Funds***

The focus of the City's enterprise funds is to provide the same type of information as found in the government-wide financial statements, but in more detail.

The net position of the enterprise funds increased \$6.7 million in 2018. The Water Pollution Control Fund net position increased \$12.4 million from operations; operating revenues increased \$1.1 million and operating expenses decreased \$1.1 million. The overall change in net position is \$9.7 million less than 2017 primarily attributable to the allocation of the OPEB and Pension liabilities recorded in 2018.

The Von Braun Center Fund net position increased \$4.2 million from transfers in. Liquor/lodging tax transfers increased significantly in 2018, of which \$3.7 million was related to the VBC Music Hall renovation. Overall operating expenses increased by \$1 million, but were offset by the increase to operating revenue of \$982 thousand. As noted in prior years, the depreciation expense of \$2.5 million is not covered by normal revenue and transfers from the City's General Fund, which is a continuing matter for future consideration (i.e. maintaining the condition of the Center's assets at acceptable levels). Given this reality, the City has often constructed improvements to the Center's assets using other City resources

General Fund Budgetary Highlights

Variations between General Fund budget and actual amounts as detailed further in the supplementary schedules, and the net differences between the original and final budget is summarized below. An amount shown in the "Net Change to Budget" column was an increase or (decrease) in the net budget.

	<b>Net Change to Budget</b>
Re-appropriation of ERP system project	\$ 1,220,732
Increase in amounts paid out from lodging tax collections	1,189,995
Increase for SCBA laundry grant	459,742
Increase for Special Appropriation to Sports Commission	120,000
Increase for Special Appropriation to Convention and Visitors Bureau	493,927
<b>Total change</b>	<b>\$ 3,484,396</b>

***Capital Asset and Debt Administration***

**Capital Assets.** The City's investment in capital assets for governmental and business-type activities as of September 30, 2018, totals \$1.6 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, curbs and gutters, streets and sidewalks, greenways, drainage, and sewer systems. Total capital assets increased \$84.5 million in 2018 – \$143 million of net additions less \$58.5 million of depreciation.

The largest capital acquisitions during the year were as follows:

Project New World Toyota/Mazda	\$ 79,936,681
Mid City Development	5,271,089
John Hunt Park Improvements	5,332,363
Aquatic Center	2,582,019
Merrimack Park Improvements	5,693,079

A summary of the City's capital assets is as follows:

**City of Huntsville's Capital Assets**  
(net of accumulated depreciation)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Land	\$ 174,766,739	\$ 107,625,874	\$ 7,785,116	\$ 7,785,116	\$ 182,551,855	\$ 115,410,990
Construction in process	96,729,392	61,145,098	5,305,855	682,507	102,035,247	61,827,605
Land improvements	28,199,597	27,270,355	-	-	28,199,597	27,270,355
Buildings and improvements	179,885,324	184,418,154	365,850,243	364,663,810	545,735,567	549,081,964
Infrastructure	728,641,026	744,346,921	-	-	728,641,026	744,346,921
Other	29,651,137	30,883,142	2,093,708	5,199,135	31,744,845	36,082,277
<b>Total</b>	<b>\$ 1,237,873,215</b>	<b>\$ 1,155,689,544</b>	<b>\$ 381,034,922</b>	<b>\$ 378,330,568</b>	<b>\$ 1,618,908,137</b>	<b>\$ 1,534,020,112</b>

Additional information on the City's capital assets can be found in Note 5.



**Long-Term debt.** As of September 30, 2018, the City had \$853 million of long-term debt outstanding. Of this amount, \$742 million is debt backed by the full faith and credit of the City, and \$111 million is comprised of revenue bonds and warrants secured solely by specific revenue sources (e.g. sewer system charges).

**City of Huntsville's Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation warrants	\$ 693,104,937	\$ 607,046,393	\$ 48,960,065	\$ 52,608,609	\$ 742,065,002	\$ 659,655,002
Revenue warrants	50,981,814	50,201,757	12,810,000	16,835,000	63,791,814	67,036,757
Lease revenue bonds	46,965,000	57,310,000	-	-	46,965,000	57,310,000
<b>Total</b>	<b>\$ 791,051,751</b>	<b>\$ 714,558,150</b>	<b>\$ 61,770,065</b>	<b>\$ 69,443,609</b>	<b>\$ 852,821,816</b>	<b>\$ 784,001,759</b>

In 2018, the City issued \$170 million of debt of which \$47 million was used to advance refund older debt issues to take advantage of costs savings over the life of new terms. The remaining \$134 million was used to fund various capital projects within the City. The City paid \$32 million towards principal of general obligation warrants of governmental activities and \$3.6 million and \$4 million towards principal of general obligation and sewer revenue warrants of the business-type activities, respectively, in 2018.

The City's general obligation bond rating by Moody's Investors Service, Inc. and Standard & Poor's Corporation is Aaa and AAA, respectively.

Other than debt paid from proprietary fund revenue sources (e.g. sewer debt and revenue bonds), State of Alabama law limits the amount of general obligation debt cities can issue for purposes other than schools and drainage systems to 20% of the assessed value of real and personal property. As of September 30, 2018, the City's allocable debt outstanding was \$234 million less than the legal debt limit.

Additional information regarding the City's long-term debt can be found in Note 7.

2019 Budget

The Mayor and City Council considered many factors when developing the fiscal year 2019 budget. Although the City has recovered from the 2008 recession, the more conservative revenue approach adopted during that time has carried over for the past few years. A 2019 General Fund recurring revenue budget of \$253.7 million was adopted, which is on par with 2018 actual recurring revenues in the General Fund and \$13.4m or 5.8% more than the 2018 budget. Expenditures in the 2019 budget were balanced within revenues. As of March 28, 2019, revenues and expenditures are within budgetary goals.

Request for Information

This financial report is designed with a general overview of the City's finances and to demonstrate accountability for the money it receives from taxpayers, customers, and creditors. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, P.O. Box 308, Huntsville, Alabama, 35804, by calling (256) 427-5080, or by sending an email to [HsvFinance@huntsvilleal.gov](mailto:HsvFinance@huntsvilleal.gov). This report and other City financial information is available on the City's website at [www.huntsvilleal.gov/finance](http://www.huntsvilleal.gov/finance).

## **BASIC FINANCIAL STATEMENTS**

**CITY OF HUNTSVILLE**  
**STATEMENT OF NET POSITION**  
**September 30, 2018**

	<b>Primary Government</b>			<b>Component Units</b>
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash & investments	\$ 227,049,593	\$ 6,947,297	\$ 233,996,890	\$ 90,916,533
Receivables (net of allowances)	35,915,970	8,191,361	44,107,331	67,030,408
Due from governmental entities	4,382,069	-	4,382,069	-
Inventories	138,458	897,505	1,035,963	17,406,340
Prepaid items	3,885,044	389,339	4,274,383	209,055
Internal balances	(31,523,739)	31,209,564	(314,175)	-
Restricted assets:				
Cash & investments	107,501,890	-	107,501,890	83,433,958
Capital assets:				
Land, collections, and construction in process	271,496,131	13,090,971	284,587,102	63,415,575
Other assets, net of accum. depreciation	966,377,084	367,943,952	1,334,321,036	660,700,704
Other assets:				
Regulatory asset - bond issuance costs	-	-	-	942,738
<b>Total assets</b>	<b>1,585,222,500</b>	<b>428,669,989</b>	<b>2,013,892,489</b>	<b>984,055,311</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Losses on debt refundings	21,009,812	1,700,828	22,710,640	2,319,742
OPEB items	483,867			
Pension plan items	28,217,394	3,169,730	31,387,124	14,611,069
Total deferred outflows of resources	49,711,073	4,870,558	54,097,764	16,930,811
<b>LIABILITIES</b>				
Accounts payable	27,202,936	1,681,455	28,884,391	54,252,035
Accrued liabilities	10,431,093	1,005,789	11,436,882	13,517,990
Contract retainages	7,700,200	-	7,700,200	-
Due to governmental entities	850,898	-	850,898	-
Unearned revenue	401,695	2,543,805	2,945,500	8,545,217
Other	15,143,518	-	15,143,518	-
Liabilities payable from restricted assets:				
Other	-	-	-	-
Noncurrent liabilities				
Due within one year	38,886,146	8,421,376	47,307,522	13,762,941
Due in more than one year	1,096,622,477	90,338,859	1,186,961,336	366,202,819
<b>Total liabilities</b>	<b>1,197,238,963</b>	<b>103,991,284</b>	<b>1,301,230,247</b>	<b>456,281,002</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
OPEB items	3,731,596			
Pension plan items	14,025,399	1,539,000	15,564,399	3,900,062
Total deferred inflows of resources	17,756,995	1,539,000	15,564,399	3,900,062
<b>NET POSITION</b>				
Net investment in capital assets	544,768,278	309,021,803	853,790,081	520,987,507
Restricted for:				
Capital projects	216,533,089	9,124	216,542,213	208,008
City schools	6,033,676	-	6,033,676	-
Debt service	894,321	-	894,321	-
Other	13,512,697	-	13,512,697	85,100,608
Unrestricted	(361,804,446)	18,979,336	(342,825,110)	(65,491,065)
<b>Total net position</b>	<b>\$ 419,937,615</b>	<b>\$ 328,010,263</b>	<b>\$ 747,947,878</b>	<b>\$ 540,805,058</b>

**CITY OF HUNTSVILLE**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expense) & Changes in Net Position			Component Units
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Primary Government</b>								
<b>Governmental activities</b>								
General government	\$ 40,753,794	\$ 29,595,713	\$ -	\$ 1,528,048	\$ (9,630,033)	\$ -	\$ (9,630,033)	\$ -
Public safety	109,340,713	4,048,868	1,221,366	-	(104,070,479)	-	(104,070,479)	-
Public services	131,024,399	19,077,338	33,919,069	50,000	(77,977,992)	-	(77,977,992)	-
Urban development	39,928,608	4,866,768	2,257,685	473,891	(32,330,264)	-	(32,330,264)	-
Interest on long-term debt	29,840,153	-	-	-	(29,840,153)	-	(29,840,153)	-
Unallocated depreciation	30,364,378	-	-	-	(30,364,378)	-	(30,364,378)	-
<b>Total governmental activities</b>	<b>381,252,045</b>	<b>57,588,687</b>	<b>37,398,120</b>	<b>2,051,939</b>	<b>(284,213,299)</b>	<b>-</b>	<b>(284,213,299)</b>	<b>-</b>
<b>Business-type activities</b>								
Water pollution control	37,403,132	39,824,923	-	-	-	2,421,791	2,421,791	-
Civic center	13,987,414	9,962,346	-	-	-	(4,025,068)	(4,025,068)	-
Ice complex	1,238,619	1,253,898	-	-	-	15,279	15,279	-
<b>Total business-type activities</b>	<b>52,629,165</b>	<b>51,041,167</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,587,998)</b>	<b>(1,587,998)</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 433,881,210</b>	<b>\$ 108,629,854</b>	<b>\$ 37,398,120</b>	<b>\$ 2,051,939</b>	<b>(284,213,299)</b>	<b>(1,587,998)</b>	<b>(285,801,297)</b>	<b>0</b>
<b>Component Units</b>								
All	\$ 588,067,219	\$ 618,727,703	\$ -	\$ -	-	-	-	30,660,484
<b>Total component units</b>	<b>\$ 588,067,219</b>	<b>\$ 618,727,703</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,660,484</b>
<b>General Revenues</b>								
Sales & use taxes					208,966,293	-	208,966,293	-
Property taxes					66,083,001	-	66,083,001	-
Other taxes					47,855,650	-	47,855,650	585,099
Interest on investments					2,383,639	68,739	2,452,378	329,748
Other					2,703,551	12,378	2,715,929	2,519,715
Gain (loss) on sales of assets					580,750	-	580,750	247,378
Transfers					(10,716,842)	8,202,574	(2,514,268)	-
<b>Total general revenues &amp; transfers</b>					<b>317,856,042</b>	<b>8,283,691</b>	<b>326,139,733</b>	<b>3,681,940</b>
<b>Change in net position</b>					<b>33,642,743</b>	<b>6,695,693</b>	<b>40,338,436</b>	<b>34,342,424</b>
Net position, beginning - restated					386,294,872	321,314,570	707,609,442	506,462,634
<b>Net position, ending</b>					<b>\$ 419,937,615</b>	<b>\$ 328,010,263</b>	<b>\$ 747,947,878</b>	<b>\$ 540,805,058</b>

**CITY OF HUNTSVILLE  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
September 30, 2018**

	General Fund	Debt Service	The Special Revenue	Capital Improvements	2014 Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash & investments	\$ 72,855,427	\$ 3,738	\$ 13,324,902	\$ 27,253,180	\$ 101,514,532	\$ 12,097,814	\$ 227,049,593
Receivables (net of allowances)							
Accounts	18,925,398	-	3,845,868	4,453,362	5,694,287	867,798	33,786,713
Notes	-	-	-	-	-	2,129,257	2,129,257
Due from other funds	117,793,477	-	15,849,196	37,104,640	31,971,821	2,693,381	205,412,515
Due from governmental entities	1,237,201	-	-	2,736,176	-	408,692	4,382,069
Restricted assets:							
Cash & investments	-	-	12,905,893	94,595,997	-	-	107,501,890
Inventories	63,504	-	-	-	-	74,954	138,458
Prepaid items	438,750	-	18,333	-	-	3,427,961	3,885,044
<b>Total assets</b>	<b>\$ 211,313,757</b>	<b>\$ 3,738</b>	<b>\$ 45,944,192</b>	<b>\$ 166,143,355</b>	<b>\$ 139,180,640</b>	<b>\$ 21,699,857</b>	<b>\$ 584,285,539</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>							
<b>Liabilities</b>							
Accounts payable	\$ 5,790,827	\$ -	\$ 573,934	\$ 6,772,927	\$ 13,730,874	\$ 334,374	\$ 27,202,936
Accrued liabilities	9,939,087	-	-	-	-	492,006	10,431,093
Contract retainages	5,108,836	-	467	861,722	1,729,175	-	7,700,200
Due to other funds	127,441,800	5,086	30,657,445	76,768,990	-	2,062,933	236,936,254
Due to governmental entities	850,898	-	-	-	-	-	850,898
Unearned revenue	42,741	-	-	-	-	358,954	401,695
Other	1,862,985	-	-	-	-	-	1,862,985
<b>Total liabilities</b>	<b>151,037,174</b>	<b>5,086</b>	<b>31,231,846</b>	<b>84,403,639</b>	<b>15,460,049</b>	<b>3,248,267</b>	<b>285,386,061</b>
<b>Deferred inflows of resources</b>							
Unavailable revenue	966,393	-	-	2,736,176	1,783,499	430,524	5,916,592
<b>Fund balance</b>							
Nonspendable	502,254	-	18,333	-	-	3,896,989	4,417,576
Restricted	-	-	14,694,013	94,595,997	121,937,092	5,746,681	236,973,783
Committed	4,310,285	-	-	-	-	2,887,968	7,198,253
Assigned	1,000,000	-	-	-	-	5,672,188	6,672,188
Unassigned	53,497,651	(1,348)	-	(15,592,457)	-	(182,760)	37,721,086
<b>Total fund balance - restated</b>	<b>59,310,190</b>	<b>(1,348)</b>	<b>14,712,346</b>	<b>79,003,540</b>	<b>121,937,092</b>	<b>18,021,066</b>	<b>292,982,886</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 211,313,757</b>	<b>\$ 3,738</b>	<b>\$ 45,944,192</b>	<b>\$ 166,143,355</b>	<b>\$ 139,180,640</b>	<b>\$ 21,699,857</b>	<b>\$ 584,285,539</b>

**Amounts reported for governmental activities in the Statement of Net Position are different because:**

Fund balance of governmental funds	\$ 292,982,886
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	1,237,873,215
Losses on the refunding of governmental activities debt are reported as deferred outflows in the government-wide statements, but do not represent financial resources and are therefore not reported in the funds.	21,009,812
Certain revenues related to long-term receivables in the government-wide statements. These receivables are not available to pay current period expenditures in the funds, and are therefore not reported as revenue but as deferred inflows in the funds.	5,916,592
Long-term debt is not due and payable in the current period and is therefore not reported in the funds:	
Bonds and warrants payable, face value	\$ (872,865,106)
Plus issuance premiums to be amortized as interest expense	(6,940,131)
Deferred outflows related to the City's pension plan	28,217,394
Deferred inflows related to the City's pension plan	(14,025,399)
Deferred outflows related to the City's OPEB plan	483,868
Deferred inflows related to the City's OPEB plan	(3,731,596)
Other long-term liabilities are not due and payable in the current period and are therefore not reported in the funds:	
Pension liability	(175,542,419)
Accrued interest payable	(13,280,534)
OPEB liability	(57,500,967)
Claims and judgments	(520,000)
Compensated absences	(22,140,000)
<b>Net position of governmental activities</b>	<b>\$ 419,937,615</b>

**CITY OF HUNTSVILLE  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended September 30, 2018**

	General Fund	Debt Service	The Special Revenue	Capital Improvements	2014 Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>REVENUE</b>							
Sales & use taxes	\$ 111,892,511	\$ -	\$ -	\$ 53,432,614	\$ 43,641,168	\$ -	\$ 208,966,293
Property taxes	18,889,927	-	47,193,074	-	-	-	66,083,001
Other taxes	44,232,158	-	3,564,534	-	-	-	47,796,692
Licenses & permits	28,208,646	-	-	-	-	-	28,208,646
Fines & forfeitures	3,092,565	-	409,880	-	-	323,595	3,826,040
Revenues from money & property	2,158,919	24,230	45,320	1,540,729	511,080	2,692,438	6,972,716
Charges for services	18,262,502	-	-	-	24,087,447	-	42,349,949
Intergovernmental	3,610,290	-	-	1,795,854	-	5,838,435	11,244,579
Gifts & donations	43,558	-	-	278,554	248,744	1,869,788	2,440,644
Other revenues	402,702	-	302,263	720,402	-	381,110	1,806,477
<b>Total revenues</b>	<b>230,793,778</b>	<b>24,230</b>	<b>51,515,071</b>	<b>57,768,153</b>	<b>68,488,439</b>	<b>11,105,366</b>	<b>419,695,037</b>
<b>EXPENDITURES</b>							
Current							
General government	29,185,821	-	563	298,033	383	3,228	29,488,028
Public safety	92,527,106	-	338,510	-	-	-	92,865,616
Public services	61,438,722	-	275,727	6,383,688	6,989,696	13,085,231	88,173,064
Urban development	13,554,105	-	3,050,185	279,631	-	3,519,416	20,403,337
Debt service							
Principal	-	31,901,456	5,342,500	-	-	-	37,243,956
Interest	-	25,573,922	389,312	-	-	753,097	26,716,331
Fiscal charges	-	624	-	-	-	-	624
Debt issuance costs	-	-	55,500	609,784	604,662	-	1,269,946
Capital projects construction and outlay	-	-	1,599,731	38,435,837	126,217,226	2,500	166,255,294
Intergovernmental assistance	4,453,667	-	(900,000)	25,010,704	-	1,105,852	29,670,223
<b>Total expenditures</b>	<b>201,159,422</b>	<b>57,476,002</b>	<b>10,152,028</b>	<b>71,017,677</b>	<b>133,811,967</b>	<b>18,469,324</b>	<b>492,086,420</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>29,634,356</b>	<b>(57,451,772)</b>	<b>41,363,043</b>	<b>(13,249,524)</b>	<b>(65,323,528)</b>	<b>(7,363,958)</b>	<b>(72,391,383)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Long-term debt issued	6,198,500	-	7,069,194	77,957,500	75,384,000	-	166,609,194
Premium on debt issue	1,033,772	-	-	13,824,341	13,024,135	-	27,882,248
Transfer to refunding escrow agent	-	-	-	(55,291,484)	-	-	(55,291,484)
Transfers in	-	58,344,745	924,387	5,353,500	1,350,000	11,111,335	77,083,967
Transfers (out)	(27,261,240)	-	(42,743,005)	(13,979,899)	(3,801,813)	(14,852)	(87,800,809)
Total other financing sources (uses)	(20,028,968)	58,344,745	(34,749,424)	27,863,958	85,956,322	11,096,483	128,483,116
<b>Net change in fund balance</b>	<b>9,605,388</b>	<b>892,973</b>	<b>6,613,619</b>	<b>14,614,434</b>	<b>20,632,794</b>	<b>3,732,525</b>	<b>56,091,733</b>
Fund balance, beginning	49,704,802	(894,321)	8,098,727	64,389,106	101,304,298	14,288,541	236,891,153
<b>Fund balance, ending</b>	<b>\$ 59,310,190</b>	<b>\$ (1,348)</b>	<b>\$ 14,712,346</b>	<b>\$ 79,003,540</b>	<b>\$ 121,937,092</b>	<b>\$ 18,021,066</b>	<b>\$ 292,982,886</b>

**CITY OF HUNTSVILLE  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2018**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds \$56,091,733

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 expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	166,255,294	
Depreciation expense	<u>(45,792,363)</u>	120,462,931

The proceeds from the issuance of long-term debt provides current financial resources to the governmental funds, and the repayment of long-term debt is an expenditure, which are reported above. In the government-wide statements, however, issuing debt increases long-term liabilities and repayment of debt reduces long-term liabilities in the Statement of Net Position. Also, the premium received is amortized as a reduction in interest expense over time in the Statement of Activities. The differences are as follows:

Long-term debt issued or incurred	(166,609,194)	
Premiums received on long-term debt issued	(27,882,248)	
Principal repayments	37,243,956	
Amortization of premium as interest expense	<u>(7,467,997)</u>	(164,715,483)

Amounts paid to refund old debt consumes current financial resources and are reported as an expenditure in the governmental funds. In the government-wide statements, however, the difference between the carrying value of the refunded debt and new debt is reported as a deferred inflow or outflow in the Statement of Net Position, and amortized as interest expense over time in the Statement of Activities. The differences are as follows:

Transfers to escrow agent on refunded debt	55,291,484	
Amortization of refunding gain/loss as interest expense	<u>(2,077,993)</u>	53,213,491

For governmental funds, certain revenues have been earned, but because they are not received within a defined period of time after year-end, they are not considered available to finance the expenditures of the year ended. These revenues are not included in governmental fund revenues but are included in revenue of the governmental activities in the Statement of Activities. 5,916,592

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds:

Change in accrued interest	(1,853,251)	
Change in compensated absences liability	213,000	
Change in net pension liability	(13,530,532)	
Change in OPEB liability	<u>(22,155,738)</u>	(37,326,521)

**Change In Net Position Of Governmental Activities**

\$33,642,743

**CITY OF HUNTSVILLE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET & ACTUAL  
For the Year Ended September 30, 2018**

	Budget		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes and payments in lieu of taxes	\$ 165,126,609	\$ 165,126,610	\$ 175,014,596	\$ 9,887,986
Licenses and permits	25,085,098	25,085,098	28,208,646	3,123,548
Fines and forfeitures	3,721,828	3,721,828	3,092,565	(629,263)
Revenues from money and property	1,073,415	1,073,415	2,158,919	1,085,504
Charges for services	18,112,176	18,112,176	18,262,502	150,326
Intergovernmental	2,955,301	4,821,050	3,610,290	(1,210,760)
Gifts and donations	4,000	4,000	43,558	39,558
Other revenues	690,775	690,775	402,702	(288,073)
<b>Total revenues</b>	<b>216,769,202</b>	<b>218,634,952</b>	<b>230,793,778</b>	<b>12,158,826</b>
<b>EXPENDITURES</b>				
Current				
General government	31,062,595	31,947,049	29,185,821	2,761,227
Public safety	88,705,714	90,559,082	92,527,106	(1,968,024)
Public services	60,106,890	63,241,058	61,438,722	1,802,336
Urban development	13,205,993	13,294,082	13,554,105	(260,023)
Capital projects construction	-	-	-	-
Intergovernmental assistance	-	-	4,453,667	(4,453,667)
<b>Total expenditures</b>	<b>193,081,192</b>	<b>199,041,271</b>	<b>201,159,422</b>	<b>(2,118,151)</b>
<b>Excess of revenues over expenditures</b>	<b>23,688,010</b>	<b>19,593,681</b>	<b>29,634,356</b>	<b>10,040,675</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	6,198,500	6,198,500
Premium on debt issue	-	-	1,033,772	1,033,772
Capital lease proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(13,277,367)	(13,413,921)	(27,261,240)	(13,847,319)
<b>Total other financing sources (uses)</b>	<b>(13,277,367)</b>	<b>(13,413,921)</b>	<b>(20,028,968)</b>	<b>(6,615,047)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>10,410,643</b>	<b>6,179,760</b>	<b>9,605,388</b>	<b>3,425,628</b>
Fund balance, beginning	49,353,762	42,523,467	49,704,802	3,875,348
<b>Fund balance, ending</b>	<b>\$ 59,764,405</b>	<b>\$ 48,703,227</b>	<b>\$ 59,310,190</b>	<b>\$ 7,300,976</b>



**CITY OF HUNTSVILLE**  
**THE SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET & ACTUAL**  
**For the Year Ended September 30, 2018**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes and payments in lieu of taxes	\$ 46,397,245	\$ 46,397,245	\$ 50,757,608	\$ 4,360,363
Fines and forfeitures	-	-	409,880	409,880
Revenues from money and property	-	-	45,320	45,320
Intergovernmental	-	-	-	-
Other revenues	-	-	302,263	302,263
<b>Total revenues</b>	<b>46,397,245</b>	<b>46,397,245</b>	<b>51,515,071</b>	<b>5,117,826</b>
<b>EXPENDITURES</b>				
Current				
General government	-	-	563	(563)
Public safety	330,000	330,000	338,510	(8,510)
Public services	275,000	275,000	275,727	(727)
Urban development	3,830,000	3,461,838	3,050,185	411,653
Capital projects construction	1,086,586	9,586,586	1,599,731	7,986,855
Debt service				
Principal	-	-	5,342,500	(5,342,500)
Interest	-	-	389,312	(389,312)
Debt issuance costs	-	-	55,500	(55,500)
Intergovernmental assistance	(242,000)	(242,000)	(900,000)	658,000
<b>Total expenditures</b>	<b>5,279,586</b>	<b>13,411,424</b>	<b>10,152,028</b>	<b>3,259,396</b>
<b>Excess of revenues over expenditures</b>	<b>41,117,659</b>	<b>32,985,821</b>	<b>41,363,043</b>	<b>8,377,222</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	7,069,194	7,069,194
Premium on debt issue	-	-	-	-
Transfers in	-	-	924,387	924,387
Transfers (out)	(41,428,475)	(41,428,475)	(42,743,005)	(1,314,530)
Total other financing sources (uses)	(41,428,475)	(41,428,475)	(34,749,424)	6,679,051
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(310,815)</b>	<b>(8,442,653)</b>	<b>6,613,619</b>	<b>15,056,272</b>
Fund balance, beginning	7,971,088	3,170,389	8,098,727	4,928,338
<b>Fund balance, ending</b>	<b>\$ 7,660,273</b>	<b>\$ (5,272,264)</b>	<b>\$ 14,712,346</b>	<b>\$ 19,984,610</b>

**CITY OF HUNTSVILLE  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 September 30, 2018**

	<b>Business-Type Activities – Enterprise Funds</b>			
	Water Pollution Control	Von Braun Center	Municipal IcePlex (Nonmajor) (1)	Totals
<b>ASSETS</b>				
<b>Current assets</b>				
Cash & investments, at cost	\$ 799,384	\$ 5,919,744	\$ 228,169	\$ 6,947,297
Receivables (net of allowance)			-	
Accounts	6,799,301	1,318,104	73,956	8,191,361
Due from other funds	62,231,142	-	-	62,231,142
Due from other governments	-	-	-	-
Inventories, at cost	696,949	198,421	2,135	897,505
Prepaid items	-	382,126	7,213	389,339
Total current assets	<u>70,526,776</u>	<u>7,818,395</u>	<u>311,473</u>	<u>78,656,644</u>
<b>Noncurrent assets</b>				
Capital assets:				
Land	4,558,419	3,226,697	-	7,785,116
Buildings	217,063,528	78,284,915	4,481,759	299,830,202
Improvements other than buildings	313,120,108	17,835,592	-	330,955,700
Furniture & equipment	12,694,945	4,831,157	614,171	18,140,273
Construction work in progress	-	5,305,855	-	5,305,855
Less accumulated depreciation	(242,002,677)	(35,679,879)	(3,299,667)	(280,982,223)
Total noncurrent assets	<u>305,434,323</u>	<u>73,804,337</u>	<u>1,796,263</u>	<u>381,034,923</u>
Total assets	<u>375,961,099</u>	<u>81,622,732</u>	<u>2,107,736</u>	<u>459,691,567</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Losses on debt refundings	1,700,828	-	-	1,700,828
Pension plan items	1,174,288	419,889	-	1,594,177
Pension contributions subsequent to measurement date	1,092,698	482,855	-	1,575,553
Total deferred outflows of resources	<u>3,967,814</u>	<u>902,744</u>	<u>-</u>	<u>4,870,558</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	932,222	724,381	24,852	1,681,455
Accrued liabilities	527,687	435,260	42,842	1,005,789
Compensated absences	82,000	431,520	-	513,520
General obligations warrants payable - current	3,732,856	-	-	3,732,856
Revenue warrants payable - current	4,175,000	-	-	4,175,000
Unearned revenue	-	2,449,130	94,675	2,543,805
Due to other funds	31,021,578	-	-	31,021,578
Total current liabilities	<u>40,471,343</u>	<u>4,040,291</u>	<u>162,369</u>	<u>44,674,003</u>
<b>Noncurrent liabilities</b>				
General obligation warrants payable (net of unamortized premium)	51,295,264	-	-	51,295,264
Revenue warrants payable	12,810,000	-	-	12,810,000
Net pension obligation liability	15,335,102	5,478,114	-	20,813,216
Note payable, noncurrent portion	-	-	20,138	20,138
OPEB liability	4,662,241	-	-	4,662,241
Compensated absences	738,000	-	-	738,000
Total noncurrent liabilities	<u>84,840,607</u>	<u>5,478,114</u>	<u>20,138</u>	<u>90,338,859</u>
Total liabilities	<u>125,311,950</u>	<u>9,518,405</u>	<u>182,507</u>	<u>135,012,862</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension plan items	1,126,801	412,199	-	1,539,000
Total deferred inflows of resources	<u>1,126,801</u>	<u>412,199</u>	<u>-</u>	<u>1,539,000</u>
<b>NET POSITION</b>				
Net investment in capital assets	233,421,203	73,804,337	1,796,263	309,021,803
Restricted for capital projects	-	-	9,124	9,124
Unrestricted	20,068,959	(1,209,465)	119,842	18,979,336
Total net position	<u>\$ 253,490,162</u>	<u>\$ 72,594,872</u>	<u>\$ 1,925,229</u>	<u>\$ 328,010,263</u>

(1) The Municipal IcePlex Fund is the only nonmajor proprietary fund

**CITY OF HUNTSVILLE  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION  
 For the Year Ended September 30, 2018**

	<b>Business-Type Activities – Enterprise Funds</b>			
	Water Pollution Control	Von Braun Center	Municipal IcePlex (Nonmajor) (1)	Totals
<b>Operating revenue</b>				
Charges for services	\$ 39,824,923	\$ 9,962,346	\$ 1,253,898	\$ 51,041,167
<b>Total operating revenue</b>	<b>39,824,923</b>	<b>9,962,346</b>	<b>1,253,898</b>	<b>51,041,167</b>
<b>Operating expenses</b>				
Personnel, operations & maintenance	22,566,982	9,760,716	824,536	33,152,234
Utilities	2,460,047	1,520,108	240,515	4,220,670
Depreciation and amortization	9,949,358	2,621,509	173,573	12,744,440
<b>Total operating expenses</b>	<b>34,976,387</b>	<b>13,902,333</b>	<b>1,238,624</b>	<b>50,117,344</b>
<b>Operating income (loss)</b>	<b>4,848,536</b>	<b>(3,939,987)</b>	<b>15,274</b>	<b>923,823</b>
<b>Nonoperating revenue (expenses)</b>				
Intergovernmental grants-operating	-	-	6,138	6,138
Gain on disposal of assets	-	-	6,240	6,240
Interest income	1,136	67,033	570	68,739
Interest expense	(2,436,800)	-	-	(2,436,800)
Miscellaneous revenue (expense)	10,055	(85,081)	5	(75,021)
Total nonoperating revenue (expenses)	(2,425,609)	(18,048)	12,953	(2,430,704)
<b>Income before contributions, transfers &amp; special items</b>	<b>2,422,927</b>	<b>(3,958,035)</b>	<b>28,227</b>	<b>(1,506,881)</b>
Transfers in	-	8,202,574	-	8,202,574
Transfers (out)	-	-	-	-
<b>Change in net position</b>	<b>2,422,927</b>	<b>4,244,539</b>	<b>28,227</b>	<b>6,695,693</b>
Total net position, beginning - restated	251,067,235	68,350,333	1,897,002	321,314,570
<b>Total net position, ending</b>	<b>\$ 253,490,162</b>	<b>\$ 72,594,872</b>	<b>\$ 1,925,229</b>	<b>\$ 328,010,263</b>

(1) The Municipal IcePlex Fund is the only nonmajor proprietary fund

**CITY OF HUNTSVILLE  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 For the Year Ended September 30, 2018**

	<b>Business-Type Activities – Enterprise Funds</b>			
	Water Pollution Control	Von Braun Center	Municipal IcePlex (Nonmajor) (1)	Totals
<b>Operating activities</b>				
Receipts from customers and users	\$ 36,454,577	\$ 11,246,825	\$ 1,369,668	\$ 49,071,070
Payments to suppliers	(26,039,848)	(7,976,177)	(613,830)	(34,629,855)
Payments to employees	5,348,048	(4,236,784)	(548,075)	563,189
Receipts (payments) from interfund services provided	10,055	-	-	10,055
Other	-	-	19,895	19,895
<b>Net cash provided (used) by operating activities</b>	<b>15,772,833</b>	<b>(966,136)</b>	<b>227,658</b>	<b>15,034,355</b>
<b>Noncapital financing activities</b>				
Transfers in	-	3,014,671	-	3,014,671
Transfers (out)	-	(85,081)	-	(85,081)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>-</b>	<b>2,929,590</b>	<b>-</b>	<b>2,929,590</b>
<b>Capital and related financing activities</b>				
Acquisition and construction of capital assets	(5,662,489)	(2,249,686)	(218,049)	(8,130,224)
Intergovernmental grants-capital	-	-	-	-
Proceeds from line of credit, net	-	-	(12,213)	(12,213)
Proceeds from issuing warrants, net	-	-	-	-
Principal payments on notes and warrants	(7,673,544)	-	(2,952)	(7,676,496)
Interest paid on notes and warrants	(2,436,800)	-	-	(2,436,800)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(15,772,833)</b>	<b>(2,249,686)</b>	<b>(233,214)</b>	<b>(18,255,733)</b>
<b>Investing activities</b>				
Interest received	1,136	67,033	570	68,739
<b>Net cash provided (used) by investing activities</b>	<b>1,136</b>	<b>67,033</b>	<b>570</b>	<b>68,739</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,136</b>	<b>(219,199)</b>	<b>(4,986)</b>	<b>(223,049)</b>
Cash and cash equivalents, beginning	798,248	6,138,943	233,155	7,170,346
<b>Cash and cash equivalents, ending</b>	<b>\$ 799,384</b>	<b>\$ 5,919,744</b>	<b>\$ 228,169</b>	<b>\$ 6,947,297</b>

**CITY OF HUNTSVILLE  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 For the Year Ended September 30, 2018**

	<b>Business-Type Activities— Enterprise Funds</b>			
	Water Pollution Control	Von Braun Center	Municipal IcePlex (Nonmajor) (1)	Totals
<b>Operating income (loss)</b>	\$ 4,848,536	\$ (3,939,987)	\$ 15,274	\$ 923,823
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>				
Depreciation and amortization	9,949,358	2,621,509	173,573	12,744,440
Miscellaneous items	10,055	2,878	3,364	16,297
Pension expense	-	70,795	-	70,795
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:				
Change in assets and liabilities:				
Receivables	(3,370,346)	(584,795)	(25,178)	(3,980,319)
Accounts payable	(269,776)	299,404	(19,498)	10,130
Accrued liabilities	(127,318)	-	-	(127,318)
Prepaid items	-	(34,925)	(2,225)	(37,150)
Inventory	(246,200)	(13,688)	2,883	(257,005)
Due to (from) other funds	(369,525)	-	-	(369,525)
Compensated absences	38,000	47,768	(2,068)	83,700
Unearned revenue	-	564,905	81,533	646,438
Net pension liability	5,310,048	-	-	5,310,048
<b>Net cash provided (used) by operating activities</b>	<b>\$ 15,772,833</b>	<b>\$ (966,136)</b>	<b>\$ 227,658</b>	<b>\$ 15,034,355</b>

**CITY OF HUNTSVILLE  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
September 30, 2018**

	<u>Post-Retirement Benefits Trust</u>
<b>ASSETS</b>	
Cash & cash equivalents	\$ 197,036
Due from other funds	1,047,140
Investments, at fair value:	
U.S. Treasury & agency obligations	1,814,081
Corporate bonds	4,881,679
Corporate stocks	3,851,086
Mortgage-backed securities	1,808,445
Other investments	<u>-</u>
<b>Total assets</b>	<u>13,599,467</u>
<b>LIABILITIES</b>	
Accounts payable	264,375
Due to other funds	<u>732,968</u>
<b>Total liabilities</b>	<u>997,343</u>
<b>NET POSITION</b>	
Restricted for other postemployment benefits	<u>\$12,602,124</u>

**CITY OF HUNTSVILLE  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
For the Year Ended September 30, 2018**

	<u>Post-Retirement Benefits Trust</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 2,500,000
Plan members	<u>1,826,714</u>
Total contributions	<u>4,326,714</u>
Investment earnings	189,411
Less investment expenses	-
Net investment earnings	<u>189,411</u>
<b>Total additions</b>	<u>4,516,125</u>
<b>DEDUCTIONS</b>	
Benefits	<u>4,272,471</u>
<b>Total deductions</b>	<u>4,272,471</u>
<b>Change in net position</b>	243,654
Net position, beginning	<u>12,358,470</u>
<b>Net position, ending</b>	<u><u>\$ 12,602,124</u></u>

## **COMBINING STATEMENTS**



**CITY OF HUNTSVILLE**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING STATEMENT OF NET POSITION**  
**September 30, 2018**

	<b>Business-Type Activities</b>			<b>Governmental</b>	<b>Total</b>
	<b>Huntsville Utilities</b>			<b>Activities</b>	
	<b>Electric</b>	<b>Water</b>	<b>Gas</b>	<b>HMC CVB</b>	
<b>ASSETS</b>					
Cash & investments	\$ 22,546,169	\$ 48,698,389	\$ 18,891,564	\$ 780,411	\$ 90,916,533
Receivables (net of allowances)	56,687,192	8,210,859	2,132,357	-	67,030,408
Due from governmental entities	-	-	-	-	-
Inventories	11,502,064	1,916,775	3,984,291	3,210	17,406,340
Prepaid items	86,907	30,464	25,288	66,396	209,055
Restricted assets					
Cash & investments	68,851,068	10,893,683	3,689,207	-	83,433,958
Capital assets					
Land and construction in process	45,817,032	12,997,871	4,600,672	-	63,415,575
Other assets, net of accum. depreciation	281,846,785	264,702,918	113,864,713	286,288	660,700,704
Other assets:					
Regulatory asset - bond issuance costs	447,114	495,624	-	-	942,738
<b>Total assets</b>	<b>487,784,331</b>	<b>347,946,583</b>	<b>147,188,092</b>	<b>1,136,305</b>	<b>984,055,311</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Losses on debt refundings	980,364	1,339,378	-	-	2,319,742
Pension contributions subsequent to measurement date	4,816,942	2,686,095	6,869,489	238,543	14,611,069
<b>Total deferred outflows of resources</b>	<b>5,797,306</b>	<b>4,025,473</b>	<b>6,869,489</b>	<b>238,543</b>	<b>16,930,811</b>
<b>LIABILITIES</b>					
Accounts payable	46,488,478	6,034,517	1,627,164	101,876	54,252,035
Accrued liabilities	7,978,459	3,809,835	1,631,411	98,285	13,517,990
Customer deposits	6,997,612	866,231	681,374	-	8,545,217
Noncurrent liabilities					
Due within one year	4,727,062	6,060,129	2,975,750	-	13,762,941
Due in more than one year	187,355,900	133,508,510	45,115,391	223,018	366,202,819
<b>Total liabilities</b>	<b>253,547,511</b>	<b>150,279,222</b>	<b>52,031,090</b>	<b>423,179</b>	<b>456,281,002</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension plan investment earnings (losses)	1,108,556	629,672	1,941,302	220,532	3,900,062
<b>Total deferred inflows of resources</b>	<b>1,108,556</b>	<b>629,672</b>	<b>1,941,302</b>	<b>220,532</b>	<b>3,900,062</b>
<b>NET POSITION</b>					
Net investment in capital assets	233,983,335	168,252,499	118,465,385	286,288	520,987,507
Restricted for:					
Debt service	-	-	-	-	-
Capital projects	-	-	-	208,008	208,008
Other	70,405,236	10,893,683	3,689,207	112,482	85,100,608
Unrestricted	(65,463,001)	21,916,980	(22,069,403)	124,359	(65,491,065)
<b>Total net position</b>	<b>\$ 238,925,570</b>	<b>\$ 201,063,162</b>	<b>\$ 100,085,189</b>	<b>\$ 731,137</b>	<b>\$ 540,805,058</b>

**CITY OF HUNTSVILLE  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2018**

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expense) & Changes in Net Position					
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Business-Type Activities			Governmental Activities		
					Huntsville Utilities			HMC CVB	Total	
					Electric	Water	Gas			
<b>Component Units</b>										
Huntsville Utilities Electric System	\$ 506,996,980	\$ 525,422,757	\$ -	\$ -	\$ 18,425,777	\$ -	\$ -	\$ -	\$ -	\$ 18,425,777
Huntsville Utilities Water System	34,780,066	45,148,370	-	-	-	10,368,304	-	-	-	10,368,304
Huntsville Utilities Gas System	43,347,973	48,148,630	-	-	-	-	4,800,657	-	-	4,800,657
HMC CVB	2,942,200	7,946	-	-	-	-	-	-	(2,934,254)	(2,934,254)
<b>Total component units</b>	<b>\$ 588,067,219</b>	<b>\$ 618,727,703</b>	<b>\$ -</b>	<b>\$ -</b>	<b>18,425,777</b>	<b>10,368,304</b>	<b>4,800,657</b>	<b>(2,934,254)</b>	<b>30,660,484</b>	
General Revenues										
Other taxes					-	-	-	-	585,099	585,099
Interest on investments					329,330	-	-	-	418	329,748
Gain on the sale of capital assets					112,404	49,160	85,814	-	-	247,378
Other					-	-	-	-	2,519,715	2,519,715
<b>Total general revenues &amp; transfers</b>					<b>441,734</b>	<b>49,160</b>	<b>85,814</b>		<b>3,105,232</b>	<b>3,681,940</b>
<b>Change in net position</b>					<b>18,867,511</b>	<b>10,417,464</b>	<b>4,886,471</b>		<b>170,978</b>	<b>34,342,424</b>
Net position, beginning - restated					220,058,059	190,645,698	95,198,718		560,159	506,462,634
<b>Net position, ending</b>					<b>\$ 238,925,570</b>	<b>\$ 201,063,162</b>	<b>\$ 100,085,189</b>		<b>\$ 731,137</b>	<b>\$ 540,805,058</b>

**City of Huntsville  
Notes to the Financial Statements  
September 30, 2018**

**TABLE OF CONTENTS**

<b>Note</b>	<b>Page</b>
<b>1. Summary of Significant Accounting Policies</b>	
A. Reporting Entity .....	45
B. Accounting Standards .....	46
C. Government-Wide and Fund Financial Statements .....	47
D. Measurement Focus, Basis of Accounting, and Basis of Presentation .....	48
E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity.....	50
<b>2. Reconciliation of Government-Wide and Fund Financial Statements</b>	
A. Explanation of net position invested in capital assets of the governmental activities in the government-wide statement of net position.....	53
<b>3. Stewardship, Compliance and Accountability</b>	
A. Budgetary Information and Deficit Fund Balance.....	53
<b>4. Deposits and Investments</b> .....	55
<b>5. Capital Assets</b> .....	60
<b>6. Interfund Receivables, Payables, and Transfers</b> .....	62
<b>7. Long-Term Debt</b> .....	64
<b>8. Fund Balance Classifications and Usage</b> .....	74
<b>9. Contingent Liabilities and Commitments</b> .....	75
<b>10. Other Information</b> .....	78
<b>11. Pension Plans</b> .....	79
<b>12. Other Post-Employment Benefits (OPEB)</b> .....	92
<b>13. Risk Management</b> .....	96
<b>14. Subsequent Events</b> .....	97
<b>15. Restatement</b> .....	97
<b>16. Tax Abatements</b> .....	97

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting principles of the city of Huntsville (the City) conform to accounting principles generally accepted in the United States of America applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the standards-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City are described herein.

**A. Reporting Entity**

The City of Huntsville, Alabama (the City) was incorporated December 9, 1811, under an act of the Mississippi Territorial Legislature and is operated under a Mayor-Council form of government. These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Each component unit presented has a September 30 year end.

Blended Component Unit

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 the data of the primary government:

- **Public Building Authority** – The Public Building Authority (Authority) of the City of Huntsville was organized for the purpose of constructing a public safety and municipal court facility, including the city/county jail, for lease to and use by the City. The Authority is governed by a three-member board which is appointed by the City Council. The Authority is reported as a Special Revenue fund type.
- **Downtown Redevelopment Authority (DRA)** – The DRA was created by an Act of the Alabama Legislature to revitalize and restore the City's downtown area. The DRA is governed by a nine-member board appointed by the City Council. All DRA projects require substantive approval by the City Council. The DRA is presented as a Governmental Fund type.
- **Municipal IcePlex** – The Municipal IcePlex is a municipal ice complex reported as an enterprise fund in the City of Huntsville. The Municipal IcePlex provides ice skating facilities to the citizens of Huntsville, Alabama.
- **Public Library** – The Public Library (Library) is reported as a special revenue fund to account for the operations of the public library. Most of its financing is received from the General Fund and other governmental entities.
- **Art Museum** – The Art Museum is reported as a special revenue fund to account for the operations of the City of Huntsville Museum of Art. Financing is provided by the General Fund of the City and private sources.

Discretely Presented Component Units

Each discretely presented component unit is reported in a separate column in a combining statement in the basic financial statements with the total of all discretely presented component units reported in the government-wide financial statements, to emphasize that they are legally separate from the City:

- **Huntsville Utilities** - The Huntsville Utilities (Utilities) provides utility services to residents of the City. The Utilities is governed by three legally separate boards which are appointed by the City Council: the Huntsville Electric Utility Board, the Huntsville Water Utility Board, and the Huntsville Natural Gas Utility Board. All significant Board actions require substantive approval by the City Council, and the City is secondarily liable for the outstanding debt of the Utilities. The financial statements related to the three boards have been stated separately. The Utility Systems are presented as Proprietary Fund types.
- **Huntsville/Madison County Convention and Visitors Bureau (HMC CVB)** - The HMC CVB provides advertising and promotional activities to help promote tourism and economic development in the Huntsville/Madison County area. The HMC CVB is governed by a seven-member board. Four members are appointed by the City government and three appointed by the County government. The City is obligated to provide significant financial assistance to the HMC CVB in the form of liquor and lodging tax receipts collected by the City. The HMC CVB is presented as a Governmental Fund type.

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Complete financial statements for each of the individual component units may be obtained at the administrative offices of the entities.

Huntsville Utilities  
112 Spragins Street  
Huntsville, Alabama 35801

Public Building Authority  
6<sup>th</sup> Floor Municipal Building  
308 Fountain Circle  
Huntsville, Alabama 35801

Huntsville/Madison County  
Convention and Visitors Bureau  
500 Church Street  
Huntsville, Alabama 35801

Downtown Redevelopment Authority  
4<sup>th</sup> Floor Municipal Building  
308 Fountain Circle  
Huntsville, Alabama 35801

Municipal IcePlex  
3185 Leeman Ferry Road  
Huntsville, Alabama 35801

Public Library  
4<sup>th</sup> Floor Municipal Building  
308 Fountain Circle  
Huntsville, Alabama 35801

Art Museum  
4<sup>th</sup> Floor Municipal Building  
308 Fountain Circle  
Huntsville, Alabama 35801

**B. Accounting Standards**

The City's financial statements are prepared in accordance with standards promulgated by the GASB. The status of the City's adoption of recently-issued GASB standards is as follows:

Pronouncements Effective for these Financial Statements:

The City adopted GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal 2018. This statement will make financial information more useful for decision making as it requires recognition of the entire OPEB liability and more in depth measure of OPEB expense. New disclosure and supplemental information requirements will also improve the financial reporting surrounding OPEB.

The City adopted GASB No 81, *Irrevocable Split-Interest Agreements*, in fiscal 2018. This statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This statement is not applicable to the City.

The City adopted GASB No 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, in fiscal 2018. This statement improves financial reporting by enhancing consistency in the application of financial reporting requirements to certain pension issues.

The City adopted GASB Statement No. 85, *Omnibus 2017*, in fiscal 2018. This statement was issued to address practice issues that have been identified during implementation and application of certain GASB statements.

The City adopted GASB Statement No. 86, *Certain Debt Extinguishment Issues*, in fiscal 2018. The statement was issued to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement is not applicable to the City.

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Pronouncements issued, but not yet effective, which will be adopted by the City in future years:

GASB Statement No 83, *Certain Asset Retirement Obligation*. The statement will enhance comparability of financial statements among governments by providing uniform criteria to measure and recognize certain asset retirement obligations. The requirements for this statement are effective in the period beginning after June 15, 2018, fiscal 2019.

GASB Statement No 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities of all state and local governments and will enhance comparability of financial statements through this added criteria and clarity of whether and how business-type activities should report fiduciary activities. The requirements for this statement are effective in the period beginning after December 15, 2018, fiscal 2020.

GASB Statement No. 87, *Leases*, was issued to improve accounting and financial reporting for leases by governments. The requirements of this statement are effective for fiscal year 2021.

GASB Statement No 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this statement is to improve the information that is disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements for this statement are effective in the period beginning after June 15, 2018.

GASB Statement No 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No 90, *Majority Equity Interests – an amendment of GASB Statements No.14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

Management is in the process of determining the effects that the adoption of these statements will have on the City's basic financial statements

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**C. Government-Wide and Fund Financial Statements**

Financial information of the City, the primary government, the Utilities, and the HMC CVB, the City's component units, is presented as follows:

*Management's discussion and analysis* introduces the basic financial statements and provides an analytical overview of the City's financial activities.

*Basic Financial Statements:* Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities.

These statements report all of the non-fiduciary activities of the City and its component units. Governmental activities are reported separately from business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues whereas business-type activities are normally supported by fees and charges from services and are usually intended by management to be financially self-sustaining.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific program or function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Revenues that are not classified as program revenues, including all taxes and other items, are presented as general revenues.

*Fund financial statements* consist of a series of statements focusing on information about the City's major governmental and enterprise funds. Separate financial statements are presented for the governmental, proprietary, and fiduciary funds.

**D. Measurement Focus, Basis of Accounting, and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

*Governmental funds* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Property taxes (if levied), other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

*Proprietary funds* are reported using the economic resources measurement focus and the accrual basis of accounting, identical to the government-wide financial statements.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund.

The *Debt Service Fund* of the City accounts for the servicing of most long-term debt not being financed by Proprietary Funds. Sources of funds for the servicing of the debt include property taxes restricted for debt service through the 6½ Mill property tax accounted for in The Special Revenue Fund, and a portion of sales taxes transferred from the General Fund to the Capital Improvement Fund.

The *Special Revenue Fund* of the City accounts for revenue sources that are legally restricted to expenditures for specific purposes according to state or federal law, which are primarily property taxes and state gasoline taxes. This fund does not include federal and state grant revenues that pertain to the operating activities of various city departments and are accounted for in the General Fund.

The *Capital Improvement Fund* of the City accounts for the cost of constructing a variety of public works projects and related debt service, and the cost of various City departments' capital spending and maintenance activities. Financing is provided by general obligation debt, a transfer from the General Fund of approximately 18% of annual sales taxes, and interest revenue.

The 2014 *Capital Improvement Fund* of the City accounts for the cost of constructing various road projects and related debt service, and the cost of economic development projects. Financing is provided by a one-cent sales and use tax and limited general obligation debt.

The City reports the following major enterprise funds:

The *Water Pollution Control Fund* accounts for sanitary sewer services provided to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service.

The *Von Braun Center Fund* accounts for the operation and maintenance of a City-owned civic auditorium and arts center that derives its revenues primarily from rents and fees charged for use of the facilities.

Additionally, the City reports the following fund types, which group some of the funds described above:

Governmental Funds:

The *Special Revenue Funds*, a fund type to be distinguished from, but which includes The Special Revenue Fund described above, account for revenue sources that are legally restricted to expenditures for specific purposes and generally pertain to the operating activities of various City departments (including City activities managed by separate boards) and the Public Building Authority. Such funds are established when required by statute, charter provision, local ordinance, or executive decision to finance particular functions or activities.

The *Capital Projects Funds* account for the acquisition of capital assets or construction of major capital projects not being financed by Proprietary Funds.



**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Proprietary Funds:

*Enterprise Funds* are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

Fiduciary Funds:

*The Post-Retirement Benefits Trust Fund* accounts for the activities of the City's post-retirement medical benefits plan, which accumulates resources for post-employment benefit payments to qualified employees.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expense from non-operating items. Operating revenues and expense generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Pollution Control and Von Braun Center enterprise funds are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value except for money market investments which include short-term, highly liquid debt instruments which are reported at cost or amortized cost. Any differences between the market value and cost of investments, other than short-term money market investments, are reflected in investment income.

Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Amounts receivable from federal, state, county, and local governments are classified as "due from other governmental entities." No individually significant amounts were due from any single entity as of September 30, 2018.

Noncurrent portions of long-term receivables due to Governmental Funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of Governmental Fund type revenues represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of long-term loans receivable are offset by fund balance reserve accounts.

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Property taxes are assessed on October 1 and levied on the subsequent October 1 for the fiscal year beginning on the levy date, at which time a lien is attached. These taxes are due and payable on October 1 (levy date) and delinquent after December 31 in each year (except with respect to motor vehicles, which have varying due dates), after which a penalty and interest are required to be charged. If real property taxes are not paid by the June 15 following the due date, a tax sale is required to be held. Revenue is recognized in the year when the taxes are levied and collected. The taxes are collected by the Madison County tax collector and remitted to the City net of a collection fee ranging from 1 – 5% for the different taxes.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors for costs applicable to future accounting periods are recorded as expenditures when consumed and as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Cash and investments that must be used for restricted purposes, which generally refers to amounts that will be spent beyond the next year, are reported as “Restricted Assets” in the government-wide statements of net position and fund financial statements balance sheets. Receivables associated with long-term capital spending are similarly reported. Also, some restricted cash and investments are held by one fund but will be expended in other fund, which creates an interfund payable/receivable. These amounts are reported as “Restricted Assets” and “Liabilities Payable from Restricted Assets” in the affected fund financial statements – the government-wide statements do not report these amounts as interfund transactions are eliminated in those statements.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, and are defined by the City as having an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year, and are recorded at historical cost or estimated historical cost if purchased or constructed, and donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of the capital assets of business-type activities is reflected in the capitalized value of the asset constructed.

Capital assets are depreciated using the straight-line method, generally over the following estimated useful lives:

Buildings	25-50 years
Sidewalks, streets, and bridges	50 years
Traffic signals	10-20 years
Utility plants in service	40-50 years
Sewer improvements:	
Pumping stations	50 years
Outfall lines	50 years
Land improvements	25 years
Surface lots	10 years
Furniture and equipment	5-12 years
Greenways	15 years
Drainage systems	50 years

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Compensated Absences

The City grants a specific number of vacation and sick leave hours with pay to its employees. Upon termination or retirement, an employee is paid for accumulated vacation leave and a percentage of unused sick leave hours subject to certain limitations.

The cost of accumulated vacation and sick leave is recorded when earned by employees in the government-wide and proprietary funds financial statements for both the current and long-term portions. Expenditures for accumulated compensated absences are recorded in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Outflows/Inflows of Resources

The City has deferred outflows and deferred inflows of resources. Deferred outflows of resources are a consumption of assets by the City that is applicable to a future reporting period and consists of the unamortized amounts for losses on debt refundings and certain pension related amounts. Deferred inflows of resources are an acquisition of assets by the City that is applicable to a future reporting period and consist of certain pension related items and unavailable revenue.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds and warrants payable are reported net of the applicable premium or discount. Debt issuance costs are expensed in the year incurred.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Pensions

The Employees' Retirement System of Alabama (the Plan or ERS) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the Plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with the requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

Restrictions of Net Position and Fund Balances

The use of certain assets is restricted based on debt covenants, grantors, contributors, or federal and state laws. The amount of these assets is reported as restricted net position and restricted fund balances in the basic financial statements, and these restrictions consist of the following: (1) resources held by the City or on deposit with paying agents for the repayment of long-term debt pursuant to debt covenants and state law are "restricted for debt service," (2) the unexpended portion of debt proceeds that are restricted for use in construction are "restricted for capital projects," (3) property taxes collected by the City restricted for public school purposes are "restricted for city schools," and (4) resources restricted for specific purposes pursuant to state and federal law are "restricted for other." None of the City's restricted net position is restricted by enabling legislation, but rather by state law or contractual obligations.

When expenditures are incurred to which restricted or unrestricted amounts may be applied, the City's policy is to use restricted net position first.

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of net position invested in capital assets of the governmental activities in the government-wide Statement of Net Position:**

A portion of the net position reported in the Statement of Net Position is reported as net investment in capital assets (e.g. land, buildings, streets, and bridges) because these assets are not available for future spending. These assets are reported net of debt used to acquire those assets, as follows:

Governmental activities capital assets, net	\$	1,237,873,215
Less debt outstanding expended for capital assets		(693,104,937)
Net position invested in capital assets	\$	<u>544,768,278</u>

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information and Deficit Fund Balance**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgetary control is maintained at the function, department level, and fund level. Transfers of appropriations between activity categories of departments or between funds require approval of the City Council.

The following funds have annual legally adopted budgets: General Fund, Debt Service Fund, The Special Revenue Fund, 2014 Capital Improvement Fund, and Capital Projects Fund.

As of September 30, 2018, the Debt Service Fund had a deficit fund balance of \$1,345, which is expected to be funded by future transfers from The Special Revenue Fund. The Art Museum had a deficit fund balance of \$46,897, which is expected to be funded by future transfers from the General Fund.

**NOTE 4 – DEPOSITS AND INVESTMENTS**

The following information is provided to give an indication of the steps the City takes to protect its cash deposits and the level of risk assumed for certain investments. As of September 30, 2018, the City had the following cash and investments:

	Primary Government	Post-Retirement Benefits Trust Fiduciary Fund
Cash on hand and in banks	\$ 176,285,005	\$ 197,036
Money market mutual funds	165,213,775	
U.S. Treasury obligations		1,814,081
Corporate bonds		4,881,679
Mortgage-backed securities		1,808,445
Total fixed income investments		<u>8,504,205</u>
Corporate stocks		3,851,086
Total	<u>\$ 341,498,780</u>	<u>\$ 12,552,327</u>

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 4 – DEPOSITS AND INVESTMENTS – CONTINUED**

Cash and Investment Policies

State law limits the kinds of investments that Alabama municipalities can make to: (1) accounts and certificates of deposits with banks or saving associations that are qualified public depositories; (2) direct obligations of the U.S. Department of the Treasury and certain federal agencies (collectively referred in this note as USTO); (3) certain qualified obligations of any state and their agencies; (4) common trust funds, collective investment funds maintained by qualified institutions, or any registered mutual funds, all of which must hold a prescribed amount of obligations meeting the requirements of 1 – 3 above; and (5) for post-employment benefit trusts, a broad investment portfolio is permitted, including government and corporate bonds, and corporate stocks.

City investment policy, which is established by ordinance, requires and permits the same investments as required by state law. City policy limits deposits in financial institutions to no more than 50% in a single institution, and the City was in compliance with this requirement at September 30, 2018.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The City manages their exposure to declines in fair values of investments due to market interest rate changes by limiting the maturity of their directly-held investments to less than one year, or by only purchasing obligations that it intends to hold to maturity. Directly-held investments having a maturity of more than one year are only purchased in connection with long-term construction projects, longer-term General Fund cash reserves, or long-term post-retirement benefit obligations, for which the risk of having to liquidate the investments prior to maturity and realize losses in fair value are minimized. Generally, the City limits their investments to mutual funds for which the underlying obligations have a weighted-average maturity of 180 days or less.

The Post-Retirement Benefits Trust manages interest rate risk over a longer-term, seeking to maximize return. The maturities of this fund's debt securities are categorized as follows:

	Market Value	Percent of Total
Less than five years	\$ 3,237,021	38%
Five to ten years	1,970,951	23%
Ten to twenty years	744,219	9%
Twenty to thirty years	2,552,014	30%
Total	<u>\$ 8,504,205</u>	<u>100%</u>

Credit risk

Credit risk is the risk that an issuer will not fulfill its obligations.

Post-Retirement Benefits Trust

Bond Quality Rating	Market Value	Percent of Total
AAA	\$ 93,697	1%
AA	1,218,528	14%
A	1,924,615	23%
BBB	1,925,912	23%
All Others	3,341,453	39%
	<u>\$ 8,504,205</u>	<u>100%</u>

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 4 – DEPOSITS AND INVESTMENTS – CONTINUED**

Concentration of Credit Risk

Concentration risk is the risk of loss attributed to the magnitude of the government's investment in a single issuer. Other than its investment in USTO or USTO mutual funds, the City entities and the Post-Retirement Benefits Trust did not have any single investment (debt and equity investments) that had a value in excess of 5% of the their respective total investments.

Investments	Amount	Percentage of Total Portfolio
Cash on hand and in banks	\$ 176,482,041	50%
Money market mutual funds	165,213,775	46%
U.S. Treasury obligations	1,814,081	1%
Corporate bonds	4,881,679	1%
Corporate stocks	3,851,086	1%
Mortgage-backed securities	1,808,445	1%
	\$ 354,051,107	100%

Custodial Credit Risk

This type of risk would arise in the event of the failure of a custodian of City investments, after which the government would not be able to recover the value of its investments that are in the possession of a third party custodian.

The City requires all bank deposits be insured by federal depository insurance or the Security for Alabama Funds Enhancement, or SAFE Program. The SAFE Program is administered by the State Treasurer according to State of Alabama statute, and any bank or financial institution in the State of Alabama accepting deposits of public funds is required to insure those funds by pledging eligible collateral to the State Treasurer for the SAFE collateral pool.

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 3 inputs.

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 4 – DEPOSITS AND INVESTMENTS – CONTINUED**

Fair value measurements of the post-retirement benefits trust fiduciary fund's investments are as follows at September 30, 2018:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
<b>Debt securities:</b>				
U.S. treasuries	\$ 1,814,081	\$ 1,814,081	\$ -	\$ -
Corporate bonds	4,881,679	4,881,679	-	-
<b>Mortgage-backed securities:</b>				
Commercial	1,808,445	-	1,808,445	-
Residential	-	-	-	-
<b>Total debt securities</b>	<b>8,504,205</b>	<b>6,695,760</b>	<b>1,808,445</b>	<b>-</b>
<b>Equity securities:</b>				
Financial services industry	895,230	895,230	-	-
Consumer goods	501,581	501,581	-	-
Oil & gas	493,216	493,216	-	-
Industrial goods	449,607	449,607	-	-
Healthcare	390,889	390,889	-	-
Utilities	303,979	303,979	-	-
Consumer services	293,048	293,048	-	-
Telecommunications	197,692	197,692	-	-
Technology	172,554	172,554	-	-
All others	153,290	153,290	-	-
<b>Total equity securities</b>	<b>3,851,086</b>	<b>3,851,086</b>	<b>-</b>	<b>-</b>
<b>Total investments</b>	<b>\$ 12,355,291</b>	<b>\$ 10,546,846</b>	<b>\$ 1,808,445</b>	<b>\$ -</b>

Debt securities classified in Level 2 are valued using observable inputs other than quoted market prices. These inputs are derived from market data through correlation or market corroborated. Primary prices provided by a vendor or broker/dealer are classified as a Level 2. The mortgage-backed securities were valued using a matrix pricing model.

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Additions/ Transfers in	Deletions/ Transfers out	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 107,625,874	\$ 71,502,094	\$ (4,361,229)	\$ 174,766,739
Construction in progress	61,145,098	47,914,256	(12,329,962)	96,729,392
Total capital assets, not being depreciated	<u>168,770,972</u>	<u>119,416,350</u>	<u>(16,691,191)</u>	<u>271,496,131</u>
Capital assets, being depreciated:				
Land improvements	53,710,454	2,679,422	-	56,389,876
Buildings and improvements	284,134,312	2,186,682	(4,767,488)	281,553,506
Furniture, equipment, and other	117,095,401	7,074,653	(6,580,983)	117,589,071
Infrastructure	1,735,086,517	14,658,482	-	1,749,744,999
Total capital assets, being depreciated	<u>2,190,026,684</u>	<u>26,599,239</u>	<u>(11,348,471)</u>	<u>2,205,277,452</u>
Less accumulated depreciation for:				
Land improvements	(26,440,099)	(1,750,180)	-	(28,190,279)
Buildings and improvements	(99,716,158)	(6,689,962)	4,737,938	(101,668,182)
Furniture, equipment, and other	(86,212,259)	(6,987,844)	5,262,169	(87,937,934)
Infrastructure	(990,739,596)	(30,364,377)	-	(1,021,103,973)
Total accumulated depreciation	<u>(1,203,108,112)</u>	<u>(45,792,363)</u>	<u>10,000,107</u>	<u>(1,238,900,368)</u>
Total capital assets, being depreciated, net	<u>986,918,572</u>	<u>(19,193,124)</u>	<u>(1,348,364)</u>	<u>966,377,084</u>
Governmental activities capital assets, net	<u>\$ 1,155,689,544</u>	<u>\$ 100,223,226</u>	<u>\$ (18,039,555)</u>	<u>\$ 1,237,873,215</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 7,785,116	\$ -	\$ -	\$ 7,785,116
Construction in progress	682,507	4,864,021	(240,673)	5,305,855
Total capital assets, not being depreciated	<u>8,467,623</u>	<u>4,864,021</u>	<u>(240,673)</u>	<u>13,090,971</u>
Capital assets, being depreciated:				
Buildings and improvements	621,252,103	9,353,179	180,620	630,785,902
Furniture, equipment, and other	17,285,566	1,152,950	(298,243)	18,140,273
Total capital assets, being depreciated	<u>638,537,669</u>	<u>10,506,129</u>	<u>(117,623)</u>	<u>648,926,175</u>
Less accumulated depreciation for:				
Buildings and improvements	(256,588,293)	(11,502,057)	3,154,691	(264,935,659)
Furniture, equipment, and other	(12,086,431)	(1,242,385)	(2,717,749)	(16,046,565)
Total accumulated depreciation	<u>(268,674,724)</u>	<u>(12,744,442)</u>	<u>436,942</u>	<u>(280,982,224)</u>
Total capital assets, being depreciated, net	<u>369,862,945</u>	<u>(2,238,313)</u>	<u>319,319</u>	<u>367,943,951</u>
Business-type activities capital assets, net	<u>\$ 378,330,568</u>	<u>\$ 2,625,708</u>	<u>\$ 78,646</u>	<u>\$ 381,034,922</u>



**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 5 – CAPITAL ASSETS – CONTINUED**

For the year ended September 30, 2018, depreciation expense and transfers-in of the primary government were as follows:

<u>Governmental activities:</u>	
General government	\$ 681,664
Public safety	5,134,987
Public services	8,986,249
Urban development	625,086
Total depreciation expense charged to functions/programs	15,427,986
Depreciation for infrastructure assets not allocated to the functions	30,364,377
Total depreciation - governmental activities	\$ 45,792,363
 <u>Business-type activities:</u>	
Water Pollution Control	\$ 9,949,358
Von Braun Center	2,621,509
Municipal Iceplex	173,575
Total depreciation - business-type activities	\$ 12,744,442

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The amounts receivable and payable between the various funds as of September 30, 2018, were as follows:

Payable Fund	Receivable Fund	Amount	Total
<u>Governmental Funds</u>			
General Fund	The Special Revenue Fund	\$ 5,483,815	
	Capital Improvement Fund	25,453,725	
	2014 Capital Improvement Fund	31,971,821	
	Water Pollution Control Fund	62,231,142	
	Post-Retirement Fund	1,047,140	
	Nonmajor Governmental	1,251,585	\$ 127,439,228
Debt Service Fund	General Fund		5,083
Capital Improvement Fund	General Fund		76,768,990
The Special Revenue Fund	Capital Improvement Fund	11,650,915	
	General Fund	19,006,530	30,657,445
Water Pollution Control Fund	General Fund		31,021,578
Post-Retirement Fund	General Fund		732,968
Nonmajor Governmental Fund	General Fund		2,062,933
		\$	268,688,225

**City of Huntsville  
Notes to the Financial Statements  
September 30, 2018**

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS – CONTINUED**

The amounts transferred among the various funds for the year ended September 30, 2018, were as follows:

Transferred From	Transferred To	Amount	Total
<u>Governmental Funds</u>			
General Fund	The Special Revenue Fund	\$ 921,000	
	Von Braun Center	7,059,458	
	Capital Improvement Fund	5,000,000	
	Fiduciary Fund	2,500,000	
	Debt Service	3,780,882	
	Nonmajor Governmental	<u>7,999,400</u>	\$ 27,260,740
2014 Capital Improvement Fund	Debt Service		3,801,813
Capital Improvement Fund	Nonmajor Governmental	300,000	
	The Special Revenue Fund	3,387	
	Von Braun Center	1,150,000	
	Debt Service	<u>11,176,512</u>	12,629,899
The Special Revenue Fund	Capital Improvement Fund	353,500	
	Nonmajor Governmental	2,880,597	
	Debt Service	<u>39,585,538</u>	42,819,635
Nonmajor Governmental Fund	Nonmajor Governmental Fund		<u>14,852</u>
		<u>\$</u>	<u>86,526,939</u>

In general, permanent transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money and (2) move resources appropriated for debt service to the Debt Service Fund as debt service payments become due. The receivable/payable balances result from the time lag between the dates that transactions are recorded in the accounting system and actual payments between the funds are made. In addition to permanent transfers, temporary transfers are made for cash management purposes, which are reflected in the receivable/payable balances.

Capital assets that are transferred between governmental and business-type activities are reported differently in the government-wide and fund financial statements, thus the net transfer amounts reported in each may not be the same. In the government-wide Statement of Activities, all transfers are reported in the same manner and will offset. Any difference resulting from such transfers are explained in the reconciliation appearing in the Statement of Revenues, Expenditures, and Changes in Fund Balance for governmental funds.

Transfers from the General Fund to the Special Revenue, Von Braun Center, and Nonmajor Funds are the annual appropriations for operations, and to the Capital Improvement Fund is a repayment of a subsidy. Transfers to the Debt Service Fund are payment transfers for debt.

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 7 – LONG-TERM DEBT**

Long-term liability activity for the year ended September 30, 2018, was as follows:

<b>Primary Government</b>	Beginning Balance	Additions (a)	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General obligation warrants	\$ 607,046,393	\$ 117,960,000	\$ (31,901,456)	\$ 693,104,937	\$ 35,317,146
EUL revenue warrants	50,201,757	5,951,466	(5,171,409)	50,981,814	
Lease revenue bonds	57,310,000	46,965,000	(57,310,000)	46,965,000	1,355,000
Subtotal	714,558,150	170,876,466	(94,382,865)	791,051,751	36,672,146
Issue discounts & premiums	69,401,371	27,882,247	(8,530,132)	88,753,486	-
Total warrant, bonds, & notes	783,959,521	198,758,713	(102,912,997)	879,805,237	36,672,146
Compensated absences	22,353,000	-	(213,000)	22,140,000	2,214,000
Claims & judgments	520,000	-	-	520,000	-
Net pension liability	189,072,951	-	(13,530,532)	175,542,419	-
Net OPEB liability	4,171,174	53,329,793	-	57,500,967	-
<b>Governmental activities long-term liabilities</b>	<b>\$ 1,000,076,646</b>	<b>\$ 252,088,506</b>	<b>\$ (116,656,529)</b>	<b>\$ 1,135,508,623</b>	<b>\$ 38,886,146</b>
<u>Business-Type Activities:</u>					
General obligation warrants	\$ 52,608,609	\$ -	\$ (3,648,544)	\$ 48,960,065	\$ 3,732,856
Sewer revenue warrants	16,835,000	-	(4,025,000)	12,810,000	4,175,000
Subtotal	69,443,609	-	(7,673,544)	61,770,065	7,907,856
Issue discounts & premiums	6,437,201	-	(369,146)	6,068,055	-
Total warrants	75,880,810	-	(8,042,690)	67,838,120	7,907,856
Compensated absences	1,217,170	-	(435,170)	782,000	513,520
Net pension liability	16,548,056	-	(1,212,954)	15,335,102	-
Net OPEB liability	-	4,662,241	-	4,662,241	-
<b>Business-type activities long-term liabilities</b>	<b>\$ 93,646,036</b>	<b>\$ 4,662,241</b>	<b>\$ (9,690,814)</b>	<b>\$ 88,617,463</b>	<b>\$ 8,421,376</b>

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 7 – LONG-TERM DEBT – CONTINUED**

General Obligation Warrants

The City issues general obligation (G.O.) warrants, which are direct obligations and pledges of the full faith and credit of the City, for the acquisition and construction of capital facilities and equipment and refund other G.O. warrants. The City also issues warrants on behalf of the Huntsville Board of Education.

Lease Revenue Bonds

The Public Building Authority, a blended component unit of the City, issued bonds for the construction and expansion of a public safety and municipal court facility, including the city jail, now operated as the Huntsville-Madison County Jail. Repayment of the bonds is secured solely by annual lease payments the City is required to make to the Authority. Pursuant to the trust indentures under which the bonds were issued, the Authority has deposited a surety bond having a value equal to the highest annual debt service on the bonds, in lieu of maintaining cash in the debt service reserves. The Authority was in compliance with bond covenants at year-end. The bonds do not constitute a direct obligation and pledge of the full faith and credit of the City.

Sewer Revenue Warrants

The Alabama Water Pollution Control Authority permits local governments to participate in a State Revolving Loan Fund (SRF) program, whereby the Authority issues debt (Authority Bonds) for the purpose of making loans to participating local governments to upgrade water and sewer treatment facilities and distribution systems. The repayment of such Authority Bonds is evidenced by securities issued by the participating governments. Pursuant to the SRF program, the City has issued several series of sewer revenue warrants (SRF warrants) since 1995. The SRF warrants are secured solely by a pledge of sewer system revenues, which are accounted for in the Water Pollution Control Enterprise Fund, a business-type activity of the City, and the City has covenanted that the revenues will be maintained at the levels required by the terms of the SRF warrants. The SRF warrants do not constitute a direct obligation and pledge of the full faith and credit of the City.

Tax Increment Financing Districts Debt – General Obligation Warrants

As described above, the City has issued various series of G.O. warrants for the construction of public improvements within the City's TIF areas. The City intends to repay the warrants from the proceeds of tax increment revenues accounted for in The Special Revenue Fund, but the G.O. warrants are not secured by such revenues or any other pledge.

Tax Increment Financing District 5 Debt – Taxable Revenue Warrants

Beginning in 2010, the City issued taxable revenue warrants for the construction of public improvements in the City's TIF District No. 5, an Enhanced Use Lease area within the U.S. Army's Redstone Arsenal (EUL Warrants). The EUL Warrants are issued on a private placement basis and structured as drawdown obligations, which permits drawdowns at the City's request to finance certain construction costs. The EUL Warrants are issued pursuant to an agreement (EUL Agreement) with a private entity for the development of an office park within TIF 5. Under the EUL Agreement, the City may issue EUL Warrants in two or more series up to an aggregate maximum principal amount not to exceed \$76 million. On March 1 of each year, the accrued and unpaid interest on each note is added to the principal balance.

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 7 – LONG-TERM DEBT – CONTINUED**

The amounts associated with the EUL warrants as of September 30, 2018, were as follows:

Series	Maximum Principal Amount	Note Principal Balance	Compounded Accrued Interest	Total Note Balance
2010-A	\$ 10,000,000	\$ 85,160	\$ 3,709	\$ 88,869
2010-B	20,000,000	34,799,771	2,187,707	36,987,478
2012-A	3,000,000	4,867,557	306,001	5,173,558
2012-B	3,000,000	4,392,961	276,166	4,669,127
2013-A	1,500,000	2,152,848	135,340	2,288,188
2017-A	1,000,000	493,452	29,085	522,537
2017-B	4,000,000	1,201,236	44,321	1,245,557
2018-A	4,500,000	6,493	7	6,500
<b>Total</b>	<b>\$ 47,000,000</b>	<b>\$ 47,999,478</b>	<b>\$ 2,982,336</b>	<b>\$ 50,981,814</b>

Repayment of the EUL Warrants is secured by a pledge of the TIF 5 tax revenue, which is reported in The Special Revenue Fund. Also, the EUL Agreement requires the City to redeem the outstanding balance, plus accrued interest, of any EUL Warrant, to the extent that TIF 5 tax revenue is sufficient as defined by a formula in the EUL Agreement. Generally, the minimum required redemption is \$5 million. When an EUL Warrant redemption is required, the City intends to issue refunding taxable debt obligations, most likely general obligations of the City. The EUL Warrants do not constitute a direct obligation and pledge of the full faith and credit of the City.

Source of repayment of long-term debt:

Type of Debt	Paid From	Resources Provided By
<u>Governmental Activities:</u>		
G.O. warrants - major capital facilities	Debt Service Fund	The Special Revenue Fund, General Fund and Capital Improvements Fund
G.O. warrants - school facilities	Debt Service Fund	The Special Revenue Fund (6.5 Mill School Tax revenue)
G.O. warrants - TIFs	Debt Service Fund	The Special Revenue Fund (TIF tax revenues)
EUL Revenue Warrants - TIF 5	Debt Service Fund	The Special Revenue Fund (TIF 5 tax revenues)
Lease revenue bonds	Public Building Authority Fund	The Special Revenue Fund (6.5 Mill Tax revenue), General Fund, and Capital Improvements Fund

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 7 – LONG-TERM DEBT – CONTINUED**

Outstanding Debt

The amount of debt outstanding at September 30, 2018, and information related to it was as follows:

Series	Face Amount	Dated	Final Maturity	Interest Rates (%)	Principal Maturities (thousands)	Ending Balance	Amount Due Within One Year
<b>PRIMARY GOVERNMENT</b>							
<u>Governmental Activities</u>							
<b>G.O. Warrants (non-sewer portion)</b>							
2009A	\$ 66,838,000	3/4/09	9/1/29	2.75 - 5.0	2,077 - 7,312	\$ 651,003	\$ 651,003
2009B	71,745,000	3/4/09	9/1/29	2.25 - 5.0	2,560 - 4,735	-	-
2010A	74,300,000	9/14/10	3/1/37	3.0 - 5.0	980 - 6,315	30,800,000	5,410,000
2010B (a)	50,895,000	9/14/10	9/1/30	.61 - 5.06	365 - 1,940	35,745,000	2,720,000
2010C (a)	7,520,000	9/14/10	9/1/32	5	0 - 3,855	7,520,000	-
2010D (b)	11,695,000	9/14/10	9/1/27	.61 - 4.35	570 - 905	6,925,000	655,000
2011A	45,190,000	11/22/11	3/1/31	2.0 - 5.0	1,590 - 3,135	12,063,261	2,255,000
2011B	50,275,000	11/22/11	5/1/33	2.0 - 5.0	1,965 - 4,020	14,665,000	2,155,000
2012A	41,660,000	5/3/12	11/1/25	2.0 - 5.0	765 - 4,500	28,370,880	3,330,000
2013A	6,450,000	5/23/13	6/1/23	2	395 - 870	4,235,000	825,000
2013B	14,580,000	5/23/13	6/1/37	3.5 - 4.0	850 - 1,260	14,580,000	-
2013C	77,050,000	9/3/14	11/1/33	2.0 - 5.0	865 - 6,570	37,190,000	2,425,000
2013D	24,970,000	9/3/14	11/1/33	2.0 - 5.0	890 - 1,850	11,025,000	950,000
2013E	6,460,000	9/3/14	1/1/23	2	625 - 815	3,825,000	715,000
2014A	40,925,000	9/3/14	8/1/37	3.0 - 5.0	940 - 3,995	38,555,000	940,000
2014B	19,345,000	9/3/14	11/1/33	2.0 - 5.0	1,101 - 1,725	18,920,000	145,000
2014C	27,045,000	9/3/14	9/1/29	2.0 - 5.0	2,775 - 4,215	26,950,000	25,000
2015A	61,390,000	6/30/15	5/1/35	5	1,985 - 4,630	54,970,000	2,185,000
2015B (b)	8,185,000	5/4/15	5/1/25	.66 - 4.19	175 - 3,765	7,650,000	180,000
2016A	35,725,000	6/14/16	5/1/36	1.5 - 5.0	645 - 3,010	34,530,000	565,000
2016B	29,890,000	6/14/16	5/1/36	5	0 - 3,365	29,890,000	-
2016C	23,963,063	6/14/16	5/1/29	3.0 - 5.0	40 - 6,555	22,973,593	3,280,143
2016D	31,550,000	6/14/16	5/1/30	3.0 - 5.0	15 - 6,685	31,370,000	2,525,000
2017A	17,355,000	2/16/17	5/1/37	5	395 - 1,335	16,960,000	555,000
2017B	8,560,000	2/16/17	5/1/37	3.0 - 5.0	220 - 715	8,025,000	615,000
2017C	11,045,000	2/16/17	5/1/37	2.6 - 5.0	330 - 740	10,715,000	405,000
2017D	16,846,200	8/24/17	11/1/31	2.0 - 5.0	150 - 3,775	16,846,200	126,000
2017E	49,195,000	8/24/17	11/1/32	3.0 - 5.0	200 - 9,275	49,195,000	200,000
2018A	50,590,000	2/28/18	1/1/38	5	196-4275	50,590,000	-
2018B	61,985,000	2/28/18	1/1/38	5	1370-4775	61,985,000	1,370,000
2018C	5,385,000	4/12/18	1/1/33	4.19	110-3340	5,385,000	110,000
	<u>1,048,607,263</u>					<u>693,104,937</u>	<u>35,317,146</u>
<b>Private Placement Taxable Revenue Warrants(d)</b>							
2010A EUL	10,000,000	7/26/10	7/26/40	10	n.a.	88,869	-
2010B EUL	20,000,000	10/28/10	7/26/40	10	n.a.	36,987,478	-
2012A EUL	3,000,000	1/26/12	7/26/40	10	n.a.	5,173,558	-
2012B EUL	3,000,000	5/24/12	7/26/40	10	n.a.	4,669,127	-
2013A EUL	1,500,000	2/28/13	7/26/40	10	n.a.	2,288,188	-
2017A EUL	1,000,000	4/19/17	7/26/40	10	n.a.	522,537	-
2017B EUL	4,000,000	12/17/17	7/26/40	10	n.a.	1,245,557	-
2018A EUL	4,500,000	9/1/18	7/26/40	10	n.a.	6,500	-
	<u>47,000,000</u>					<u>50,981,814</u>	<u>-</u>
<b>Lease Revenue Bonds - Public Building Authority</b>							
2017	46,965,000	9/28/17	10/1/36	3.0 - 5.0	2,145 - 5,100	46,965,000	1,355,000
	<u>46,965,000</u>					<u>46,965,000</u>	<u>1,355,000</u>
<b>Total governmental activities</b>	<b>\$ 1,142,572,263</b>					<b>\$ 791,051,751</b>	<b>\$ 36,672,146</b>

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 7 – LONG-TERM DEBT – CONTINUED**

Series	Face Amount	Dated	Final Maturity	Interest Rates (%)	Principal Maturities (thousands)	Ending Balance	Amount Due Within One Year
<b>Business-Type activities</b>							
<b>G.O. Warrants - sewer system</b>							
2009A	\$ 13,132,000	3/4/10	9/1/29	2.75 - 5.0	412 – 980	\$ 98,999	\$ 98,999
2010B (a)	11,595,000	9/14/10	9/1/30	.61 - 5.06	0 – 800	8,225,000	595,000
2011A	17,230,000	11/22/11	3/1/31	2.0 - 5.0	555 - 1,305	4,066,739	715,000
2012A	14,645,000	5/3/12	11/1/27	2.0 - 5.0	330 - 1,395	8,979,120	1,030,000
2014A	13,185,000	9/3/14	8/1/29	2.0 - 5.0	625 - 2,025	13,185,000	790,000
2016C	12,066,937	6/14/16	5/1/29	3.0 - 5.0	0 - 2,025	11,196,407	479,857
2017D	3,208,800	11/1/17	11/1/31	2.0 - 5.0	150 - 3,775	3,208,800	24,000
	<u>85,062,737</u>					<u>48,960,065</u>	<u>3,732,856</u>
<b>Sewer Revenue Warrants - State Revolving Loan Fund</b>							
2010A (c)	17,435,000	1/27/98	8/15/20	3	595 - 1,215	3,085,000	990,000
2010B (c)	16,760,000	12/1/98	8/15/20	3	590 - 1,145	2,385,000	1,170,000
2010C (c)	15,180,000	12/22/99	8/15/21	3	515 - 1,070	2,250,000	1,105,000
2010D (c)	13,045,000	12/14/00	8/15/22	3	440 – 920	3,470,000	815,000
2011	2,130,000	11/1/11	8/15/32	3	80 – 140	1,620,000	95,000
	<u>64,550,000</u>					<u>12,810,000</u>	<u>4,175,000</u>
<b>Total business-type activities</b>	<u><b>149,612,737</b></u>					<u><b>61,770,065</b></u>	<u><b>7,907,856</b></u>
<b>Total Primary Government</b>	<u><u><b>\$ 1,292,185,000</b></u></u>					<u><u><b>\$ 852,821,816</b></u></u>	<u><u><b>\$ 44,580,002</b></u></u>

- (a) Series 2010B and 2010C general obligation warrants are taxable Build America Bonds and Recovery Zone Economic Development Bonds, respectively, under the Internal Revenue Code.
- (b) Series 2010D, 2015B, and 2018C warrants are taxable general obligation warrants.
- (c) The 2010 series of State Revolving Loan Fund warrants are refunding warrants issued for the sole purpose of reducing the interest rate on the various refunded warrants. The original issue data is for the original, now refunded, warrants.
- (d) The EUL warrants are taxable revenue warrants, structured as drawdown obligations not to exceed a maximum amount. The face amount shown is the maximum amount available under the warrant, while the balance shown is what is outstanding under each warrant, plus accrued interest added to the note balance. In the Changes in Long-Term Liabilities, the additions shown pertaining to these warrants was the amount actually drawn during the year and accrued interest added to the note balance, not the face value.

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 7 – LONG-TERM DEBT – CONTINUED**

Advance and Current Refundings

The City has issued refunding warrants to provide for the current and advance refunding of other debt. For advance-refunded warrants, the City uses the refunding warrant proceeds to purchase U.S. Government State and Local Government Series securities that are placed in an irrevocable trust for the purpose of funding debt service requirements of the refunded warrants. As a result, the refunded warrants are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Position. Any resulting economic gain or loss is deferred and amortized over the lesser of the remaining life of the refunded or refunding warrants.

In October 2017, the Public Building Authority of the City issued the Series 2017 Lease Revenue Refunding Bonds for the face amount of \$46,965,000, with an average interest rate of 1.97%, for the purpose of refunding the 2007 Lease Revenue Bonds outstanding in the amount of \$55,291,484. The City completed the current refunding to reduce its total debt service payments over the next 19 years by \$11.8 million and to obtain an economic gain (difference between the present value of the old and the new debt service payments) of \$9.3 million.

Advance refunding transactions for prior years for which the refunded warrants are still outstanding on September 30, 2018, were \$293 million.



**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 7 – LONG-TERM DEBT – CONTINUED**

Future Debt Service

The City's future debt service requirements on its outstanding warrants and bonds as of September 30, 2018, are shown below. There is \$12,905,893 and \$94,595,997 available in The Special Revenue Fund and the Capital Improvement Fund, respectively, to service general obligation debt.

All interest amounts in the below tables are reported before reduction for the interest subsidy payments expected from the Internal Revenue Service on the Build America Bonds and Recovery Zone Economic Development Bonds outstanding as described above.

**PRIMARY GOVERNMENT**

	G.O. Warrants		Lease Rev. Bonds	
	Principal	Interest	Principal	Interest
<u>Governmental activities:</u>				
2019	\$ 35,317,146	\$ 31,649,985	\$ 3,500,000	\$ 2,198,650
2020	36,575,086	29,151,308	1,410,000	2,144,450
2021	36,922,748	27,684,931	1,470,000	2,088,050
2022	41,322,972	26,212,428	1,535,000	2,029,250
2023-2027	201,632,514	102,930,640	8,950,000	8,912,000
2028-2032	198,734,471	57,086,463	12,865,000	6,162,250
2033-2037	130,420,000	17,747,961	17,235,000	2,342,500
2038-2042	10,885,000	961,232	-	-
2043-2047	1,295,000	110,093	-	-
Total governmental activities	<u>\$ 693,104,937</u>	<u>\$ 293,535,041</u>	<u>\$ 46,965,000</u>	<u>\$ 25,877,150</u>
<u>Business-type activities:</u>				
Total business-type activities	<u>\$ 48,960,065</u>	<u>\$ 13,299,552</u>	<u>\$ 12,810,000</u>	<u>\$ 938,392</u>
<b>Total Primary Government (a)</b>			<b><u>\$ 801,840,002</u></b>	<b><u>\$ 333,650,135</u></b>

(a) does not include the EUL Warrants as of September 30, 2018, for which, in the absence of significant TIF 5 tax revenue upon which repayment of the warrants and accrued interest depends, the future debt service obligations of the City are not determinable.

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 7 – LONG-TERM DEBT – CONTINUED**

**COMPONENT UNIT – HUNTSVILLE UTILITIES**

Utility Revenue Warrants – Huntsville Utilities Component Unit

The City has issued, on behalf of the Huntsville Electric System, City of Huntsville Water System, and City of Huntsville Gas System, discrete component units, various series of utility revenue warrants, for the purpose of constructing additions to the capital facilities of such systems, and for refunding other revenue warrants. Repayment of these warrants is secured by net revenues of the respective systems, after deducting certain operating costs. Pursuant to trust indentures effective for the utility revenue warrants, the systems are also required to maintain debt service reserve accounts for a portion of the outstanding principal. The systems were in compliance with the reserve requirements at year-end. These warrants do not constitute direct obligations and pledges of the full faith and credit of the City.

	Beginning Balance	Additions (a)	Reductions	Ending Balance
<u>Electric System</u>				
Revenue warrants	\$ 80,350,000	\$ -	\$ (910,000)	\$ 79,440,000
Issue discounts & premiums	14,739,227	-	(1,371,082)	13,368,145
Total warrants	95,089,227		(2,281,082)	92,808,145
Noncurrent customer deposits	35,354,485	7,513,175	(7,045,533)	35,822,127
Total Electric System long-term liabilities	\$ 130,443,712	\$ 7,513,175	\$ (9,326,615)	\$ 128,630,272
<u>Water System</u>				
Revenue warrants	\$ 111,525,000	\$ -	\$ (14,975,000)	\$ 96,550,000
Issue discounts & premiums	12,747,324	-	(1,192,028)	11,555,296
Total warrants	124,272,324		(16,167,028)	108,105,296
Noncurrent customer deposits	4,220,792	930,054	(716,436)	4,434,410
Total Water System long-term liabilities	\$ 128,493,116	\$ 930,054	\$ (16,883,464)	\$ 112,539,706
<u>Gas System</u>				
Noncurrent customer deposits	\$ 3,231,945	\$ 731,575	\$ (475,439)	\$ 3,488,081
Total Gas System long-term liabilities	\$ 3,231,945	\$ 731,575	\$ (475,439)	\$ 3,488,081

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 8 – FUND BALANCE CLASSIFICATIONS AND USAGE**

As described in NOTE 1, under the heading “Restrictions of Net Position and Fund Balances,” some of the City’s fund balances are restricted by state or federal law, or by contractual obligations. In the fund financial statements, fund balances that are not restricted are classified based on the extent to which the City is bound to honor constraints on how certain resources can be spent, as described below.

Nonspendable - amounts that cannot be spent because they are not in spendable form or for which there are obligations to keep the amounts intact:

Not in spendable form:		
Inventories, prepaid expenses and long-term receivables	\$	4,023,502
Spendable:		
Endowment funds required by donors to remain intact (Public Library)		394,074
<b>Total</b>	<b>\$</b>	<b>4,417,576</b>

Committed - amounts that can only be used for specific purposes enumerated in City Council ordinances related to the levying or earmarking of specific revenue sources. The City Council is the City’s highest level of decision-making authority, and its actions require a simple majority vote to commit and un-commit City resources:

Liquor and 6% lodging taxes committed for tourism development	\$	2,316,827
1% lodging tax committed for recreation projects		1,993,458
Unexpended revenues of the 2014 Capital Improvement Fund committed for capital improvements		0
Unexpended revenues of the Cummings Research Park Fund committed for research park development		2,887,968
<b>Total</b>	<b>\$</b>	<b>7,198,253</b>

Assigned - amounts based on the City’s intent to use them for purposes declared by City Council by adopted resolutions, and all such resolutions require subsequent appropriation by the City Council prior to incurring expenditures. This classification also includes the positive fund balances of the entities managed by City Council-appointed boards (Public Library, Burritt Museum, Art Museum, Huntsville Tennis Center, and Alabama Constitution Village):

General Fund appropriations subsequent to year-end	\$	1,000,000
Long-term care of city cemeteries		2,548,431
Board-managed activities		3,123,757
<b>Total</b>	<b>\$</b>	<b>6,672,188</b>

Unassigned - amounts that cannot be classified otherwise, including any deficit fund balances of the Board-managed entities. The City Council has a policy ordinance to set aside 11.5% of the General Fund recurring revenue budget for contingencies, but this policy does not constitute a revenue stabilization policy nor does it include formal provisions for the use or subsequent restoration of this fund balance:

City contingency reserve of the General Fund	\$	26,575,245
Unassigned balance of the General Fund		26,922,406
Unassigned balance of the Capital Improvements Fund		(15,592,457)
Unassigned balance of the Debt Service Fund		(1,348)
Balances of the board-managed entities		(182,760)
<b>Total</b>	<b>\$</b>	<b>37,721,086</b>

Usage Policy

When expenditures are incurred to which more than one classification of fund balance may be applied, the City’s policy is apply fund balances in the following order: committed, assigned, and unassigned.

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 9 – CONTINGENT LIABILITIES AND COMMITMENTS**

**Sales and Use Tax Revenue Earmarking**

Certain City sales and use taxes levied prior to March 1, 2017, which are General Fund revenues, are earmarked by City Council ordinance, as follows:

- 18.0% is paid to the Capital Improvement Capital Projects Fund.
- 14.7% is paid to the Huntsville City Board of Education.

These do not represent restrictions on the fund balance of the City at September 30, 2018, but represent designations of future revenue which will be considered in determining budget appropriations for future years.

Effective March 1, 2014, the City levied an additional one percent general rate sales and use tax. This revenue is reported in the 2014 Capital Improvement Fund, and is earmarked within that fund for road improvements and economic development projects.

**Tax Equivalents**

The Utilities, component units of the City, are required to pay to the City a tax equivalent which is determined by applying the current property tax rates to the Utilities' net plant in service at the end of the preceding year. The amount of tax equivalents paid to the City by the Utilities during 2018 was \$9,680,872 by the Electric System, \$2,670,804 by the Natural Gas System, and \$2,536,503 by the Water System. These amounts are reported as payments in lieu of taxes in the General Fund of the City and as operating expenses in the financial statements of the Utilities.

**Contingent Liabilities and Commitments**

Litigation. The City is a defendant in a number of claims and lawsuits. The outcome of these matters is uncertain as of the date of this report. The City Attorney estimates the total liability with respect to these claims and lawsuits that is not covered by insurance will not exceed \$520,000, of which is estimated to be currently payable and has been accrued as a liability in the City's General Fund at September 30, 2018.

In addition to the above, the City entered into a settlement agreement for a claim filed under the Americans With Disabilities Act. The City has provided for the cost of the capital improvements required under the agreement in its long-term plans totaling \$500,000 annually, and will be reported as incurred when the capital improvements are made.

HUD Grant Review. During 2011, the Office of Inspector General (OIG) of the U.S. Department of Housing and Urban Development (HUD) conducted an audit review of the City's Community Development Department's (CDD) HOME Investment Partnerships (HOME) and Community Development Block Grant (CDBG) programs. The stated objectives of the OIG audit were to determine whether CDD's commitment to use HOME and CDBG funds for the acquisition and rehabilitation of an apartment complex in the City known as "Mirabeau" was an eligible activity, and whether CDD had adequate controls and procedures to ensure appropriate accountability and administration of that project in accordance with HUD's policies and guidelines.

On August 19, 2011, OIG issued a draft audit report (the Draft OIG Report) under which OIG provided, among other things, preliminary findings to the effect that CDD lacked adequate controls and procedures to ensure appropriate accountability for, and administration of, the Mirabeau apartment project in accordance with HUD policies and guidelines. The Draft OIG Report also contained preliminary recommendations that the City (i) repay approximately \$7.0 to \$7.6 million in CDBG, Urban Development Action Grant (UDAG), HOME, and Community Housing Development Organizations (CHDO) funds and loans, (ii) inspect the Mirabeau project to identify deficiencies and require owners to correct the same, (iii) review all City participation agreements to ensure compliance with applicable HUD requirements, and (iv) prepare a cost allocation plan and provide it to HUD for review.

**City of Huntsville  
Notes to the Financial Statements  
September 30, 2018**

**NOTE 9 – CONTINGENT LIABILITIES AND COMMITMENTS – CONTINUED**

In 2014, OIG conducted its final exit interview, and on May 29, 2014, OIG issued its final determinations, which included some, but not all, of the City’s response on each issue. The OIG final determination is a recommendation to HUD that the City reimburse HUD for \$3.4 million in what OIG termed “ineligible” or “unsupported.” On June 24, 2014, the Birmingham HUD Field Office (Birmingham HUD) issued a letter to the City concurring with the OIG recommendation. Birmingham HUD gave the City 45 days to respond. The City responded to Birmingham HUD denying some of the reimbursement claims and seeking a meeting with HUD to reconcile any differences regarding the amount of reimbursement and to conclude these issues. To date, the City has not heard any response from HUD regarding such a meeting or finalizing the reimbursement issues. The City will continue to try and work with HUD to resolve these issues.

In December of 2013, HUD followed up its Determination of Noncompliance with a proposed Voluntary Compliance Agreement (VCA) that it would like to enter with the City on Section 504 and Section 3 issues. There are no fines, penalties, or requests for reimbursement in the proposed VCA. The City has responded to the proposed VCA and is continuing to work with HUD on this matter.

The City has been communicating with OIG and HUD on these matters. The amounts that may ultimately be payable to HUD cannot be determined as of September 30, 2018, and the financial statements as of September 30, 2018, do not include a liability related to this matter.

Encumbrances. The City had outstanding purchase orders related to operating needs and contractual commitments as of September 30, 2018, which represent an encumbrance on resources at year-end, the most significant of which were as follows:

General Fund	\$2,154,358
2014 Capital Improvement Fund	1,373,175
Capital Improvement Fund	9,113,014
Other Governmental Funds	697,963
Total	\$13,388,510

These encumbrances are already included in the classifications of net position and fund balances in the financial statements as of September 30, 2018.

Joint Jail Annual Commitment. The City and Madison County Commission are parties to an Intergovernmental Jail Agreement (Agreement) by which they agreed to combine and consolidate jail facilities. The City, acting through the Public Building Authority, expanded the existing City jail so that City and County inmates could be housed in a single facility. The County operates the facility known as the Huntsville-Madison County Jail, and pays the cost of such operations.

Under the Agreement, the City must provide \$2.1 million to the County each year until 2040, to assist in the cost of jail operations. The City may also have to pay additional amounts based on City inmate capacity during a particular year.

State of Alabama Road Funding Agreement. In early 2014, the City executed an agreement with the Alabama Department of Transportation under which the City and State each committed to provide \$125 million toward the cost of improving certain roadways in the City, most of which are state highways and will be constructed by the State. The City became obligated to provide its share of such commitment to the State as follows: \$50 million in September 2015, and \$25 million in September 2016, 2017, and 2018, less the cost of certain roads being constructed by the City under the agreement. The City increased its sales and use tax by one percent on March 1, 2014, to provide the funding for this commitment.

Ad Valorem Taxes The City is currently examining powers respecting the levy of certain ad valorem taxes being collected for public school purposes within the City of Huntsville and its power to levy and collect certain ad valorem taxes for such purposes in the future.

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 10 – OTHER INFORMATION**

**Related Organizations**

The following organizations are legally separate entities which the City appoints a voting majority of the governing board but has no financial relationship or obligations to the entities and has no control or influence over the entities' operations.

Huntsville Housing Authority

The Huntsville Housing Authority is a legally separate organization which is governed by a five-member board appointed by the City Council. The City has no ability to influence the operations of the Authority nor has any financial relationship or obligations related to the Authority.

Solid Waste Disposal Authority

The Solid Waste Disposal Authority is a legally separate organization which is governed by a five-member board appointed by the City. The City has no ability to influence the operations of the Authority nor has any financial obligations related to the Authority. The City is obligated to use the Authority for its waste disposal through a contract with the Authority. However, this is considered to be an exchange transaction between two entities and is not considered a manifestation of a financial benefit or burden relationship between the entities. Fees paid to the Authority by the City in 2018 were \$3.6 million.

Health Care Authority

The Health Care Authority is a legally separate organization which manages a local public hospital. The Authority is governed by a five-member board appointed by the City Council. The City has no ability to influence the operations of the Authority nor has any financial relationship or obligations related to the Authority.

**Jointly Governed Organizations**

The following organizations are separate legal entities which are jointly governed by the City and Madison County in which neither government appoints a voting majority of the Board. The organizations were created for the benefit of city and county residents and generally receive financial assistance from both governments.

Huntsville-Madison County Marina and Port Authority

The Marina and Port Authority is a separate legal entity governed by a five-member board to operate the marina and port facilities on the Tennessee River. The City and Madison County each appoint two of the members with one member jointly appointed. The City is partially responsible for funding the deficits of the Authority but did not appropriate funds or provide financial assistance to the Authority during 2018.

Huntsville-Madison County Railroad Authority

The Railroad Authority is a separate legal entity governed by a five-member board to operate rail service to certain industry concerns in Madison County. The City and Madison County each appoint two of the members with one member jointly appointed. The City is partially responsible for funding deficits of the Authority but does not provide the Authority an annual appropriation.

Huntsville-Madison County Airport Authority

The Airport Authority is a separate legal entity governed by a five-member board to operate the Huntsville International Airport. The City and Madison County each appoint two of the members with one member jointly appointed. The City is not responsible for funding any deficits of the Authority and does not provide an annual appropriation to the Authority.

Madison County Communications District

The District is a separate legal entity governed by a seven-member board to operate the Enhanced 911 Emergency Communication System for Huntsville and Madison County. The City and Madison County each appoint three of the members with one member jointly appointed. The City is not responsible for funding any deficits of the District and does not provide an annual appropriation to the District.

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 11 – PENSION PLANS**

Plan Description

The Employees' Retirement System of Alabama (ERS), an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at [www.rsa-al.gov](http://www.rsa-al.gov).

The ERS Board of Control consists of 13 trustees as follows:

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.
- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
- 6) Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
  - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency, each of whom is an active beneficiary of ERS.
  - b. Two vested active state employees.
  - c. Two vested active employees of an employer participating in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

**City of Huntsville  
Notes to the Financial Statements  
September 30, 2018**

**NOTE 11 – PENSION PLANS – CONTINUED**

The ERS serves approximately 909 local participating employers. The ERS membership includes approximately 88,517 participants. As of September 30, 2017, the City's membership consisted of:

Retirees and beneficiaries currently receiving benefits	1,212
Vested Inactive Members	32
Non-vested Inactive Members	168
Active Members	2,282
Post-DROP Retired Members Still in Active Service	14
<b>Total</b>	<b>3,708</b>

Contributions

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2018, the City's active employee contribution rate was 5% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 13.38% of pensionable payroll.

The City's contractually required contribution rate for the year ended September 30, 2018, was 13.38% of pensionable pay for Tier 1 employees, and 10.75% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2015, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$13,600,917 for the year ended September 30, 2018.



**City of Huntsville  
Notes to the Financial Statements  
September 30, 2018**

**NOTE 11 – PENSION PLANS – CONTINUED**

Net Pension Liability

The City's net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2016, rolled forward to September 30, 2017, using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Actual</u>
<b>Total Pension Liability</b>		
as of September 30, 2016 (a)	\$ 566,313,535	\$ 566,114,236
<b>Discount Rate</b> (b)	7.75%	7.75%
<b>Entry Age Normal Cost</b> for		
October 1, 2016 - September 30, 2017 (c)	9,331,416	9,331,416
<b>Transfers Among Employers</b> (d)	-	149,797
<b>Actual Benefit Payments and Refunds</b> for		
October 1, 2016 - September 30, 2017 (e)	<u>(32,159,676)</u>	<u>(32,159,676)</u>
<b>Total Pension Liability</b>		
as of September 30, 2017		
[(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 586,128,387</u>	<u>\$ 586,063,439</u>
Difference between Expected and Actual		\$ (64,948)

Actuarial Assumptions

The total pension liability in the September 30, 2017 actuarial valuation was determined based on the actuarial funding valuation report prepared as of September 30, 2016. The key actuarial assumptions are summarized below:

Inflation	2.75%
Salary increases	3.25% - 5.00%
Investment rate of return*	7.75%

\*Net of pension plan investment expense

Mortality rates were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females ages 78 and older. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

The actuarial assumptions used in the actuarial valuation as of September 30, 2016, were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 11 – PENSION PLANS – CONTINUED**

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return*</b>
Fixed Income	17.0%	4.4%
U.S. Large Stocks	32.0%	8.0%
U.S. Mid Stock	9.0%	10.0%
U.S. Small Stocks	4.0%	11.0%
International Developed Market Stocks	12.0%	9.5%
International Emerging Market Stocks	3.0%	11.0%
Alternatives	10.0%	10.1%
Real Estate	10.0%	7.5%
Cash Equivalents	3.0%	1.5%
<b>Total</b>	<b>100.0%</b>	

\*Includes assumed rate of inflation of 2.5%

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	<b>Increase (Decreases)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Position Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
<b>Balance at 09/30/2016</b>	<b>\$ 566,313,535</b>	<b>\$ 360,688,506</b>	<b>\$ 205,625,029</b>
Changes for the year:			
Service cost	9,331,416	-	9,331,416
Interest	42,643,112	-	42,643,112
Changes of assumptions	-	-	-
Differences between expected and actual experience	(214,745)	-	(214,745)
Contributions - employer	-	14,500,178	(14,500,178)
Contributions - employee	-	6,527,435	(6,527,435)
Net investment income	-	45,479,678	(45,479,678)
Benefit payments, including refunds of employee contributions	(32,159,676)	(32,159,676)	-
Administrative expense	-	-	-
Transfers among employers	149,797	149,797	-
Net changes	19,749,904	34,497,412	(14,747,508)
<b>Balance at 09/30/2017</b>	<b>\$ 586,063,439</b>	<b>\$ 395,185,918</b>	<b>\$ 190,877,521</b>

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 11 – PENSION PLANS – CONTINUED**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's net pension liability calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	\$ 256,729,864	\$ 190,877,521	\$ 135,139,025

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2017. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2017. The auditor's report dated August 31, 2018, on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

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

For the year ended September 30, 2018, the City recognized pension expense of \$18,201,467. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experiences	\$ 1,156,901	\$ 2,064,940
Changes of assumption	13,459,576	-
Net difference between projected and actual earnings on pension plan investments	-	11,960,459
Employer contributions subsequent to the measurement date	13,600,917	-
<b>Total</b>	<b>\$ 28,217,394</b>	<b>\$ 14,025,399</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2019	\$ 282,170
2020	2,757,824
2021	(1,892,063)
2022	(803,341)
2023	246,488
Thereafter	-

**City of Huntsville  
Notes to the Financial Statements  
September 30, 2018**

**NOTE 11 – PENSION PLANS – CONTINUED**

Component Units

The Huntsville Utilities Systems and the Huntsville/Madison County Convention and Visitors Bureau (Bureau) also participate in ERS. Therefore, the benefits provided, actuarial assumptions not specific to each entity, and other operations of the Plan are identical to those described above. Items specific to each discretely presented component unit have been detailed further below.

The Electric System's contractually required contribution rate for the year ended September 30, 2018, was 19.15% of pensionable pay for Tier 1 employees, and 17.29% of pensionable pay for Tier 2 employees. The Natural Gas System's contractually required contribution rate for the year ended September 30, 2018, was 9.97% of pensionable pay for Tier 1 employees, and 8.43% of pensionable pay for Tier 2 employees. The Water System's contractually required contribution rate for the year ended September 30, 2018, was 14.39% of pensionable pay for Tier 1 employees, and 12.05% of pensionable pay for Tier 2 employees. The Bureau's contractually required contribution rate for the year ended September 30, 2018, was 5.28% of pensionable pay for Tier 1 employees, and 3.48% of pensionable pay for Tier 2 employees.

These required contribution rates are based upon the actuarial valuation dated September 30, 2015, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Huntsville Utilities System were \$5,672,420 for the year ended September 30, 2018. Total employer contributions to the pension plan from the Bureau were \$46,741 for the year ended September 30, 2018.

Net Pension Liability

The Utilities System's net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2016, rolled forward to September 30, 2017, using standard roll-forward techniques as shown in the following table:

	<b>Electric</b>	<b>Gas</b>	<b>Water</b>
<b>Total Pensions Liability</b> As of September 30, 2016 (a)	\$66,824,096	\$91,304,642	\$33,359,014
<b>Discount Rate</b>	7.75%	7.75%	7.75%
<b>Entry Age Normal Cost</b> for October 1, 2016 - September 30, 2017(b)	784,310	1,882,258	477,197
<b>Actual Benefit Payments and Refunds</b> for October 1, 2016 - September 30, 2017(b)	(4,400,918)	(4,251,400)	(1,645,720)
<b>Total Benefit Liability</b> As of September 30, 2017 [(a) x (1.08)] + (b) – [(c) x (1.04)]	\$68,235,306	\$95,854,687	\$34,734,430

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 11 – PENSION PLANS – CONTINUED**

The Bureau's net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2016, rolled forward to September 30, 2017, using standard roll-forward techniques as shown in the following table:

<b>Total Pensions Liability</b>	\$2,949,795
As of September 30, 2016 (a)	
<b>Discount Rate</b>	7.75%
<b>Entry Age Normal Cost for</b>	65,944
October 1, 2016 - September 30, 2017(b)	
<b>Actual Benefit Payments and Refunds for</b>	(48,858)
October 1, 2016 - September 30, 2017(b)	
<b>Total Benefit Liability</b>	\$3,193,597
As of September 30, 2017	
[(a) x (1.08)] + (b) – [(c) x (1.04)]	

Changes in Net Pension Liability

<u>Electric System</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
<b>Balance as of 9/30/2016</b>	\$ 66,152,081	\$ 34,048,305	\$ 32,103,776
Changes for the year:			
Service cost	784,310	-	784,310
Interest	4,956,251	-	4,956,251
Differences between expected and actual experience	724,096	-	724,096
Contributions--employer	-	2,147,571	(2,147,571)
Contributions--employee	-	595,914	(595,914)
Net investment income	-	4,254,699	(4,254,699)
Benefit payments, including refunds of employee contributions	(4,400,918)	(4,400,918)	-
Transfers among employers	19,486	19,486	-
Net changes	<u>2,083,225</u>	<u>2,616,752</u>	<u>(533,527)</u>
<b>Balance as of 9/30/2017</b>	<u>\$ 68,235,306</u>	<u>\$ 36,665,057</u>	<u>\$ 31,570,249</u>

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 11 – PENSION PLANS – CONTINUED**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
<b>Natural Gas System</b>			
<b>Balance as of 9/30/2016</b>	\$ 89,108,619	\$ 56,627,914	\$ 32,480,705
Changes for the year:			
Service cost	1,882,258	-	1,882,258
Interest	6,741,176	-	6,741,176
Differences between expected and actual experience	2,366,215	-	2,366,215
Contributions--employer	-	2,756,952	(2,756,952)
Contributions--employee	-	1,369,673	(1,369,673)
Net investment income	-	7,243,192	(7,243,192)
Benefit payments, including refunds of employee contributions	(4,251,400)	(4,251,400)	-
Transfers among employers	7,819	7,819	-
Net changes	6,746,068	7,126,236	(380,168)
<b>Balance as of 9/30/2017</b>	<b>\$ 95,854,687</b>	<b>\$ 63,754,150</b>	<b>\$ 32,100,537</b>
<b>Water System</b>			
<b>Balance as of 9/30/2016</b>	\$ 32,937,803	\$ 18,495,113	\$ 14,442,690
Changes for the year:			
Service cost	477,197	-	477,197
Interest	2,488,908	-	2,488,908
Differences between expected and actual experience	453,854	-	453,854
Contributions--employer	-	1,063,548	(1,063,548)
Contributions--employee	-	362,182	(362,182)
Net investment income	-	2,355,477	(2,355,477)
Benefit payments, including refunds of employee contributions	(1,645,720)	(1,645,720)	-
Transfers among employers	22,388	22,388	-
Net changes	1,796,627	2,157,875	(361,248)
<b>Balance as of 9/30/2017</b>	<b>\$ 34,734,430</b>	<b>\$ 20,652,988</b>	<b>\$ 14,081,442</b>
<b>The Bureau</b>			
<b>Balance as of 9/30/2016</b>	\$ 3,021,141	\$ 2,587,698	\$ 433,443
Changes for the year:			
Service cost	65,944	-	65,944
Interest	232,245	-	232,245
Differences between expected and actual experience	(76,875)	-	(76,875)
Contributions--employer	-	48,244	(48,244)
Contributions--employee	-	49,062	(49,062)
Net investment income	-	334,433	(334,433)
Benefit payments, including refunds of employee contributions	(48,858)	(48,858)	-
Transfers among employers	-	-	-
Net changes	172,456	382,881	(210,425)
<b>Balance as of 9/30/2017</b>	<b>\$ 3,193,597</b>	<b>\$ 2,970,579</b>	<b>\$ 223,018</b>

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 11 – PENSION PLANS – CONTINUED**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Huntsville Utilities System's and the Bureau's net pension liability calculated using the discount rate of 7.75%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

<u>Net Pension Liability</u>	<u>1% Decrease (6.75%)</u>	<u>Current Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Electric System	39,626,659	31,570,249	24,790,622
Natural Gas System	44,755,916	32,100,537	21,515,699
Water System	18,307,861	14,081,442	10,523,503
 Bureau	 488,961	 223,018	 (3,599)

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

For the year ended September 30, 2018, the System recognized the following pension expense:

	<u>Electric System</u>	<u>Natural Gas System</u>	<u>Water System</u>
Recognized pension expense	\$ 2,903,493	\$ 3,071,636	\$ 1,314,422

At September 30, 2018, the System reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

<b>Electric System</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 1,539,534	-
Changes of assumptions	1,095,515	-
Net difference between projected and actual earnings on pension plan investments	-	1,108,556
Employer contributions subsequent to the measurement date	2,181,893	-
Total	<u>\$ 4,816,942</u>	<u>\$ 1,108,556</u>

<b>Natural Gas System</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 2,831,948	-
Changes of assumptions	1,491,383	-
Net difference between projected and actual earnings on pension plan investments	-	1,941,302
Employer contributions subsequent to the measurement date	2,546,158	-
Total	<u>\$ 6,869,489</u>	<u>\$ 1,941,302</u>

<b>Water System</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 1,230,471	-
Changes of assumptions	511,255	-
Net difference between projected and actual earnings on pension plan investments	-	629,672
Employer contributions subsequent to the measurement date	944,369	-
Total	<u>\$ 2,686,095</u>	<u>\$ 629,672</u>



**City of Huntsville  
Notes to the Financial Statements  
September 30, 2018**

**NOTE 11 – PENSION PLANS – CONTINUED**

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year ended September 30:	<u>Electric System</u>	<u>Natural Gas System</u>	<u>Water System</u>
2019	370,319	198,599	144,882
2020	610,708	558,023	266,560
2021	128,099	(130,556)	37,859
2022	114,748	93,372	96,721
2023	247,097	616,787	267,676
Thereafter	55,702	1,045,804	298,356

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

For the year ended September 30, 2018, the Bureau recognized pension expense of \$43,784. At September 30, 2018, the Bureau reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

<u>Bureau</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	-	\$ 130,146
Changes of assumptions	191,802	-
Net difference between projected and actual earnings on pension plan investments	-	90,386
Employer contributions subsequent to the measurement date	46,741	-
Total	<u>\$ 238,543</u>	<u>\$ 220,532</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year ended September 30:	<u>Bureau</u>
2019	10,935
2020	(19,921)
2021	(4,090)
2022	(10,605)
2023	0
Thereafter	0

**City of Huntsville  
Notes to the Financial Statements  
September 30, 2018**

**NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

The City provides other post-employment benefits (OPEB) to retired employees, primarily medical benefits. Assets are accumulated on an ongoing basis to pay the cost of future benefits, and the City is accumulating these assets in a restricted trust established exclusively for this purpose, to which retiree and employer contributions are made and from which benefit payments are made.

Plan Description

The City plan (the Plan), established in 1989, is a single-employer defined benefit retiree healthcare plan which provides benefits similar to those provided under the City's medical plan for active employees, a self-insured plan under which retirees and active employees are combined. All employees eligible for retirement may make a one-time election to participate upon retirement. Coverage is provided for the electing retiree and chosen dependents until the retiree is 65 years of age. The City administers the defined benefit retiree healthcare plan through the City of Huntsville Post-Retirement Benefits Trust, an irrevocable trust. The trust fund is under the direction of a board of trustees, which consists of the City Council. Plan assets of the Huntsville Post-Retirement Benefits Trust are irrevocable and legally protected from creditors and dedicated to providing post-employment health and life insurance coverage to current and eligible future retirees in accordance with the terms of the plans.

Membership in the Defined Benefit OPEB Plan consisted of the following at September 30, 2016, the date of the latest actuarial report:

Inactive Employees or Beneficiaries Currently Receiving Benefits	292	
Inactive Members Entitled to but not yet receiving benefits	-	
Active Employees	2,179	
<b>Total</b>	<b>2,471</b>	

Benefits Provided

The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees for the City are eligible to receive post-employment healthcare benefits.

Contributions

Retirees and active employees participating in the Plan contribute approximately 30% and 15% respectively, of the active premium. The City contributes the cost of benefits at a rate that is based on an actuarial valuation prepared in accordance with certain parameters. In 2016, the City's rate was approximately 3.7% of annual covered payroll.

OPEB Liability

The City reported a total OPEB liability of \$74,715,535, using a measurement date as of September 30, 2018. The Net OPEB Liability is equal to the Total OPEB Liability minus the Fiduciary Net Position as presented below.

Total OPEB Liability (TOL)	\$	74,715,535
Fiduciary Net Position (FNP)		12,552,327
Net OPEB Liability (NOL)	\$	62,163,208

Ratio of FNP to TOL		16.8%
---------------------	--	-------

**City of Huntsville  
Notes to the Financial Statements  
September 30, 2018**

**NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED**

The TOL was determined by an actuarial valuation as of September 30, 2016, using the following key actuarial assumptions and other inputs:

Inflation	2.88%
Real wage growth	0.25%
Wage inflation	3.13%
Salary increases, including wage inflation	3.375% - 5.125%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	6.50%
Municipal Bond Index Rate	
Prior Measurement Date	3.57%
Measurement Date	4.18%
Year FNP is projected to be depleted	
Prior Measurement Date	2026
Measurement Date	2026
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	3.76%
Measurement Date	4.40%
Health Care Cost Trends	
Pre-Medicare	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022

The discount rate used to measure the TOL was based upon the Single Equivalent Interest Rate.

Mortality rates for active employees were based on the sex distinct RP-2000 Employee Mortality Table projected with Scale BB to 2020 with an adjustment factor of 70% for males and 50% for females. Post-retirement mortality rates on the sex distinct RP-2000 Blue Collar Mortality Table projected with Scale BB to 2020. An adjustment of 125% at all ages for males and 120% for females beginning at age 78 was made for service retirements and beneficiaries. An adjustment of 130% for females at all ages was made for disability retirements.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2017 valuation were based on the results of an actuarial experience study for the period October 1, 2010 – September 30, 2015.

The remaining actuarial assumptions (e.g. initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2016 valuation were based on a review of recent plan experience done concurrently with the September 30, 2016 valuation.

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years

**City of Huntsville  
Notes to the Financial Statements  
September 30, 2018**

**NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED**

As of the most recent adoption of the current long-term rate of return by the Plan, the target asset allocations for each major asset class, as provided by the Plan, are summarized in the following table:

Asset Class	Target Allocation*	Expected Return**
Equity Funds	28.50%	6.00%
Fixed Income	70.50%	3.00%
Cash and Cash Equivalents	1.00%	1.75%
Total	100.00%	

\* Target allocation will be set equal to the actual allocation until the plan sponsor sets a target allocation.

\*\* Expected return is net of inflation.

The discount rate (SEIR) used to measure the TOL as of the measurement date was 4.40%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of September 30, 2016. In addition to the actuarial methods and assumptions of the September 30, 2016 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.125%.
- Active employees do not explicitly contribute to the Plan.
- In all years, the employer pays benefits directly to Plan members as the benefits come due. The employer is assumed to have the ability and willingness to make benefit payments from its own resources for all periods in the projection.
- Projected assets include an employer contribution of \$2,500,000 and do not include employer contributions that fund the estimated service costs of future employees. Under GASB 74, this is reasonable since it is below the actual average contribution amount over the last five years of \$3,101,506.
- Cash flows occur mid-year.

Based on these assumptions, the Plan's FNP was projected to be depleted in 2026 and, as a result, the Municipal Bond Index Rate was used in the determination of the SEIR. Here, the long-term expected rate of return of 6.50% on Plan investments was applied to periods through 2026 and the Municipal Bond Index Rate at the Measurement Date (4.18%) was applied to periods on and after 2026, resulting in an SEIR at the measurement date (4.40%). As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 3.76% at the prior measurement date to 4.40% at the measurement date.

The FNP projections are based upon the Plan's financial status on the valuation date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

The following presents the NOL of the Plan, calculated using current healthcare cost trend rates, as well as what the Plan's NOL would be if it were calculated used healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rate:

	Healthcare Cost Trend Rates		
	1% Decrease	Current	1% Increase
Net OPEB Liability	\$ 53,206,986	\$ 62,163,208	\$ 72,835,732

**City of Huntsville  
Notes to the Financial Statements  
September 30, 2018**

**NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED**

The following exhibit presents the NOL of the Plan, calculated using the discount rate of 4.40%, as well as what the Plan's NOL would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Interest Rates		
	1% Decrease (3.40%)	Current Discount Rate (4.40%)	1% Increase (5.40%)
Net OPEB Liability	\$ 69,656,215	\$ 62,163,208	\$ 55,540,851

The TOL is based upon an actuarial valuation performed as of the valuation date, September 30, 2016. An expected TOL is determined as of September 30, 2018, using standard roll forward techniques. The roll forward calculation begins with the TOL, as of September 30, 2017, subtracts the expected benefit payments and refunds for the year, applies interest at the discount rate for the year, and then adds the annual normal cost (also called the Service Cost). Actuarial gains and losses arising from the change in the SEIR from 3.76% on the prior measurement date to 4.40% on the measurement date are accounted for as changes of assumptions or other inputs. The procedure used to determine the TOL, as of September 30, 2018, is shown in the following table:

	Changes in the Net OPEB Liability		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
<b>Balance as of September 30, 2017</b>	\$ 76,019,785	\$ 10,625,298	\$ 65,394,487
<b>Changes for the year:</b>			
Service cost at the end of the year*	2,418,816	-	2,418,816
Interest on TOL and cash flows	2,816,944	-	2,816,944
Change in benefit terms	-	-	-
Difference between expected and actual experience	(932,249)	-	(932,249)
Changes of assumptions or other inputs	(3,385,154)	-	(3,385,154)
Contributions - employer	-	4,006,754	(4,006,754)
Contributions - non-employer	-	-	-
Net investment income	-	142,882	(142,882)
Benefit payments	(2,222,607)	(2,222,607)	-
Plan administrative expenses	-	-	-
Other	-	-	-
<b>Net changes</b>	(1,304,250)	1,927,029	(3,231,279)
<b>Balance as of September 30, 2018</b>	\$ 74,715,535	\$ 12,552,327	\$ 62,163,208

\*The service cost includes interest for the year.

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

The OPEB Expense (OE) consists of a number of different items. GASB 75 refers to the first item as Service Cost which is the Normal Cost using the Entry Age Normal actuarial funding method. The second item is interest on the TOL at 3.76%, the discount rate in effect as of the prior measurement date.

The next three items refer to any changes that occurred in the TOL due to:

- Benefit changes, or
- Actual versus expected experience, or
- Changes in assumptions or other inputs.

Benefit changes, which are reflected immediately, will increase OE, if there is a benefit improvement for existing Plan members, or decrease OE, if there is a benefit reduction. For the year ended September 30, 2018, there were no benefit changes to be recognized.

The next item to be recognized is the portion of current year changes in TOL due to actual versus expected Plan experience for the year. The portion to recognize in the current year is determined by spreading the total change over the average expected remaining service life of the entire Plan membership at the beginning of the measurement period. The average expected remaining service life of active members is the average number of years the active members are expected to remain in covered employment. The average expected remaining service life of the inactive members is zero. The recognition period is the weighted average of these two amounts (not less than one year). The recognition period is 7.37 years.

The last item under changes in TOL is changes in assumptions or other inputs. There was a change in the TOL arising from the change in the discount rate from 3.76% on the prior measurement date to 4.40% on the measurement date. Therefore, the change in TOL resulting from the change in the discount rate is to be recognized in the OPEB Expense (OE), beginning in the current measurement period, over a closed period equal to 7.37 years, using the same approach applied to Plan experience as described in the prior paragraph.

Active member contributions for the year and projected earnings on FNP at the discount rate serve to reduce the expense. One-fifth of current period difference between actual and projected earnings on the FNP is recognized in the OE.

The calculation of the investment gain or loss is shown in the following table:

Investment Earnings (Gain) Loss	
a) Expected asset return rate	6.50%
b) Beginning of year market value of assets	\$ 10,625,298
c) End of year market value of assets	12,552,327
d) Expected return on beginning assets for plan year	690,644
e) External cash flow (mid-year payments assumed):	
Contributions - employer	4,006,754
Contributions - active member	-
Refunds of contributions	-
Benefit payments	(2,222,607)
Administrative expenses	-
Other	-
Total external cash flow	1,784,147
f) Expected return on external cash flow	57,072
g) Projected earnings for plan year (d + f)	747,716
h) Net investment income (c - b - e)	142,882
i) Investment earnings (gain) loss (g - h)	\$ 604,834

**City of Huntsville  
Notes to the Financial Statements  
September 30, 2018**

**NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED**

The calculation of the OE for the year ended September 30, 2018, is shown in the following table:

OPEB Expense For Year Ending September 30, 2018	
Service cost at end of year	\$ 2,418,816
Interest on the Total OPEB Liability and cash flow	2,816,944
Current period benefit changes	-
Expensed portion of current period difference between expected and actual experience in the Total OPEB Liability	(126,492)
Expensed portion of current period changes of assumptions or other inputs	(459,315)
Active members contributions	-
Projected earnings on plan investments	(747,716)
Expensed portion of current period differences between actual and projected earnings on plan investments	120,967
Administrative costs	-
Other	-
Recognition of beginning Deferred Outflows of Resources as OPEB Expense	-
Recognition of beginning Deferred Inflows of Resources as OPEB Expense	-
OPEB Expense	\$ 4,023,204

Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts will increase OPEB expense they are labeled Deferred Outflows of Resources. If they serve to reduce OPEB expense they are labeled Deferred Inflows of Resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive Plan members at the beginning of the measurement period. Investment gains and losses are recognized over a fixed five-year period.

The following table provides a summary of the Deferred Outflows of Resources and Deferred Inflows of Resources as of September 30, 2018:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	-	\$ (805,757)
Changes of assumptions or other inputs	-	(2,925,839)
Net difference between projected and actual earnings on plan investments	483,867	-
Total	\$ 483,867	\$ (3,731,596)

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB Expense as follows:

Measurement Period Ended September 30:	
2019	\$ (464,840)
2020	(464,840)
2021	(464,840)
2022	(464,841)
2023	(585,807)
Thereafter	(802,561)

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED**

**Component Units**

The Huntsville Utilities System (Utilities) provides certain healthcare and life insurance benefits to its retired employees as part of a single-employer defined benefit plan. Benefits include healthcare and dental care for eligible retirees and for retiree spouses to age 65 through the Utilities' group health insurance plan, which covers both active and retired members. The Utilities self-funds its health and dental benefit plan. For retirees over age 65, the Utilities provides a supplemental Medicare policy. Life insurance is provided for retirees meeting eligibility requirements.

**Contributions**

The benefits are not provided under any statutory or contractual authority, but rather by administrative decision. For fiscal year 2018, the Utilities contributed \$2,639,872 to the Plan.

**Net OPEB Liability**

The Utilities' net OPEB liability was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

<b>Electric System</b>	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
Balance at 9/30/17	\$ 34,595,181	\$ 5,092,939	\$ 29,502,242
Changes for the year:			
Service cost	1,057,548	-	1,057,548
Interest	1,282,627	-	1,282,627
Differences between expected and actual experience	(26,895)	-	(26,895)
Contributions - employer	-	1,354,487	(1,354,487)
Net investment income	-	63,429	(63,429)
Benefit payments	(600,680)	-	(600,680)
Administrative expense	-	(19,977)	19,977
Net changes	1,712,600	1,397,939	314,661
Balance at 9/30/18	<u>\$ 36,307,781</u>	<u>\$ 6,490,878</u>	<u>\$ 29,816,903</u>

<b>Natural Gas System</b>	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
Balance at 9/30/17	\$ 14,677,856	\$ 2,434,764	\$ 12,243,092
Changes for the year:			
Service cost	448,691	-	448,691
Interest	544,186	-	544,186
Differences between expected and actual experience	(11,411)	-	(11,411)
Contributions - employer	-	647,535	(647,535)
Net investment income	-	30,324	(30,324)
Benefit payments	(254,853)	-	(254,853)
Administrative expense	-	(9,550)	9,550
Net changes	726,613	668,309	58,304
Balance at 9/30/18	<u>\$ 15,404,469</u>	<u>\$ 3,103,073</u>	<u>\$ 12,301,396</u>



**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED**

<b>Water System</b>	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
Balance at 9/30/17	\$ 15,005,615	\$ 2,398,345	\$ 12,607,270
Changes for the year:			
Service cost	458,710	-	458,710
Interest	556,338	-	556,338
Differences between expected and actual experience	(11,665)	-	(11,665)
Contributions - employer	-	637,849	(637,849)
Net investment income	-	29,869	(29,869)
Benefit payments	(260,544)	-	(260,544)
Administrative expense	-	(9,408)	9,408
Net changes	742,839	658,310	84,529
Balance at 9/30/18	<u>\$ 15,748,454</u>	<u>\$ 3,056,655</u>	<u>\$ 12,691,799</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Utilities, as well as what the Utilities' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	2.74%	3.74%	4.74%
Electric	\$ 29,663,728	\$ 29,816,903	\$ 29,970,078
Natural Gas	11,645,248	12,301,396	12,957,543
Water	12,541,969	12,691,799	12,841,628

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Utilities, as well as what the Utilities' net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher

	Healthcare Cost Trend Rates		
Net OPEB Liability	1% Decrease	Current	1% Increase
	\$ 42,747,986	\$ 54,810,098	\$ 69,607,293

**NOTE 13 – RISK MANAGEMENT**

The City has elected to retain risk related to the employees' health insurance, workers' compensation insurance, and legal claims and judgments against the City. The City does maintain insurance coverage for health insurance claims in excess of \$200,000 per claim/medical event and for workers' compensation claims in excess of \$500,000 per occurrence. For legal claims and lawsuits, the State of Alabama prescribes maximum limits of liability for local government units. These limits are presently \$100,000 for bodily injury or death for one person in any single occurrence and \$300,000 for two or more persons in a single occurrence. The limit for property damage is \$100,000 per single occurrence. Anticipated insurance claims are estimated using historical data and actuarial studies. Anticipated legal claims are estimated by the City's legal counsel. All legal claims estimated to be currently payable during the fiscal year, although possibly reported to the City after September 30, 2018, have been accrued as a liability in the General Fund as of September 30, 2018. Insurance claims have been accrued as a liability in the General Fund. Insurance and legal expenditures are allocated within various departments of the General Fund and to other funds of the City based on payroll and other experience factors. No changes in insurance coverage occurred compared to the previous year nor has the City experienced any insurance settlements in excess of insurance coverage over the past three years.

**City of Huntsville**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 14 – SUBSEQUENT EVENTS**

The City has evaluated subsequent events through March 15, 2019, the date on which the financial statements were available for issue and determined that the following warrant further disclosure:

In January 2019, the series 2019A TIF revenue warrant was issued for \$1,700,000.

**NOTE 15 – RESTATEMENT**

Change in Accounting Principle

The GASB issued Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017. The scope of this statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local government employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The impact of the City adoption of GASB 75 during the current fiscal year requires it to restate the beginning net position for both the governmental activities and business-type activities in the City's government-wide financial statements. In addition, the City will also restate its beginning net position in the proprietary funds statement of revenue, expenses, and change in net position.

	Governmental		WPC
Net position, as previously reported	\$ 442,926,437	\$	255,658,983
Effect of restatement	(56,631,565)		(4,591,748)
Net position, restated	\$ 386,294,872	\$	251,067,235

Correction of an Error

The City made a correction of an error in the financial statements of the prior period which were discovered subsequent to their issuance which resulted in the following restatement of fund balance.

	General Fund	Capital Improvements	Community Development	Perpetual Care
Fund balance, as previously reported	\$ 49,667,181	\$ 64,459,160	\$ 1,350,748	\$ 2,620,622
Effect of restatement	37,621	(70,054)	30,000	(5,001)
Fund balance, restated	\$ 49,704,802	\$ 64,389,106	\$ 1,380,748	\$ 2,615,621

**NOTE 16 – TAX ABATEMENTS**

A tax abatement is defined as a reduction in tax revenues resulting from an agreement where the government forgoes tax revenues and the qualified program participant promises to take a specific action after the agreement is executed that contributes to economic development or other benefits to the City or its residents. In accordance with Section 40-9B1 et seq., Code of Alabama 1975, qualifying industries may abate all state and local non-educational portion of construction related transaction sales and use tax, associated with constructing and equipping a project. Eligibility criteria includes: any trade or business in the 2007 North American Industrial Classification System, job creation requirements criteria are based on type of facility, and a certain capital investment requirement is based on being a new project or a major addition. The City has various sales and use tax abatement agreements with qualifying businesses that meet these requirements in which \$11.2m in sales and use tax was abated during the fiscal year.

THIS PAGE INTENTIONALLY LEFT BLANK



**REQUIRED SUPPLEMENTARY PENSION INFORMATION**

**CITY OF HUNTSVILLE**  
**SCHEDULES OF CHANGES IN NET PENSION LIABILITY**  
**EMPLOYEES' RETIREMENT SYSTEMS OF ALABAMA**  
**LAST 10 FISCAL YEARS ENDING SEPTEMBER 30\***

	City of Huntsville			
	2017	2016	2015	2014
<b>Total pension liability</b>				
Service cost	\$ 9,331,416	\$ 9,035,848	\$ 8,901,384	\$ 8,706,017
Interest	42,643,112	41,057,851	39,553,505	38,201,665
Changes in benefit terms	-	-	-	-
Differences between actual & expected experience	(214,745)	(2,805,978)	2,353,694	-
Changes of assumptions	-	20,025,224	-	-
Benefit payments, including refunds of employee contributions	(32,159,676)	(30,814,613)		
Transfers among employers	149,797	1,184,754	(33,193,884)	(26,825,501)
<b>Net change in total pension liability</b>	<b>19,749,904</b>	<b>37,683,086</b>	<b>17,614,699</b>	<b>20,082,181</b>
Total pension liability-beginning	566,313,535	528,630,449	511,015,750	490,933,569
Total pension liability-ending (a)	<u>586,063,439</u>	<u>566,313,535</u>	<u>528,630,449</u>	<u>511,015,750</u>
<b>Plan fiduciary net position</b>				
Contribution-employer	14,500,178	14,360,447	14,520,862	14,884,651
Contribution-employee	6,527,435	6,282,500	5,966,695	5,993,271
Net investment income	45,479,678	33,753,130	4,013,420	37,204,039
Benefit payments, including refunds of employee contributions	(32,159,676)	(30,814,613)	(33,193,884)	(26,825,501)
Transfers among employees	149,797	1,184,754	(60,873)	247,147
Administrative expense	-	-	-	-
<b>Net change in plan fiduciary net position-beginning</b>	<b>34,497,412</b>	<b>24,766,218</b>	<b>(8,753,780)</b>	<b>31,503,607</b>
Plan fiduciary net position-beginning	360,688,506	335,922,287	344,676,067	313,172,459
Plan fiduciary net position-ending (b)	<u>\$ 395,185,918</u>	<u>\$ 360,688,505</u>	<u>\$ 335,922,287</u>	<u>\$ 344,676,066</u>
<b>Net pension liability (asset)-ending (a)-(b)</b>	<b>190,877,521</b>	<b>205,625,030</b>	<b>192,708,162</b>	<b>166,339,684</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>67.43%</b>	<b>63.69%</b>	<b>63.55%</b>	<b>67.45%</b>
<b>Covered payroll</b>	<b>109,418,433</b>	<b>106,306,514</b>	<b>106,742,155</b>	<b>101,710,815</b>
<b>Net pension liability (asset) as a percentage of covered payroll</b>	<b>174.45%</b>	<b>193.43%</b>	<b>180.54%</b>	<b>163.54%</b>

**CITY OF HUNTSVILLE  
SCHEDULES OF EMPLOYER CONTRIBUTIONS  
EMPLOYEES' RETIREMENT SYSTEMS OF ALABAMA  
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30\***

	City of Huntsville			
	2018	2017	2016	2015
Actuarially determined contribution	\$ 13,600,917	\$ 14,902,713	\$ 14,755,132	\$ 14,565,070
Contributions in relation to the actuarially determined contribution	<u>13,600,917</u>	<u>14,902,713</u>	<u>14,755,132</u>	<u>14,565,070</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 109,418,433	\$ 106,306,514	\$ 106,742,155	\$ 101,710,815
Contributions as a percentage of covered payroll	12.43%	14.02%	13.82%	14.32%

**Notes to Schedule**

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	29.6 years
Asset valuation method	Five-year smoothed market
Inflation	3.00%
Salary increases	3.75 - 7.25%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is only presented for those years for which information is available.*

**CITY OF HUNTSVILLE**  
**SCHEDULES OF CHANGES IN NET PENSION LIABILITY**  
**EMPLOYEES' RETIREMENT SYSTEMS OF ALABAMA**  
**LAST 10 FISCAL YEARS ENDING SEPTEMBER 30\***

	Huntsville Utilities				COMPONENT UNITS			
	2017	2016	2015	2014	2017	2016	2015	2014
<b>Total pension liability</b>								
Service cost	\$ 3,143,765	\$ 2,881,884	\$ 2,687,608	\$ 2,623,427	\$ 65,944	\$ 63,774	\$ 61,732	\$ 61,421
Interest	14,186,335	13,601,075	12,960,654	12,461,295	232,245	202,194	193,738	180,039
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between actual & expected experience	3,544,165	2,212,859	1,727,828	-	(76,875)	(28,640)	(90,859)	-
Changes of assumptions	-	4,242,875	-	-	-	290,162	-	-
Benefit payments, including refunds of employee contributions	(10,298,038)	(9,554,235)	-	-	(48,858)	(48,858)	-	-
Transfers among employers	49,693	23,492	(9,187,428)	(8,498,045)	-	(9,340)	(68,967)	(71,475)
<b>Net change in total pension liability</b>	<b>10,625,920</b>	<b>13,407,950</b>	<b>8,188,662</b>	<b>6,586,677</b>	<b>172,456</b>	<b>469,292</b>	<b>95,644</b>	<b>169,985</b>
Total pension liability-beginning	188,198,503	174,790,553	166,601,891	160,015,214	3,021,141	2,551,849	2,456,205	2,286,220
Total pension liability-ending (a)	<u>\$ 198,824,423</u>	<u>\$ 188,198,503</u>	<u>\$ 174,790,553</u>	<u>\$ 166,601,891</u>	<u>\$ 3,193,597</u>	<u>\$ 3,021,141</u>	<u>\$ 2,551,849</u>	<u>\$ 2,456,205</u>
<b>Plan fiduciary net position</b>								
Contribution-employer	\$ 5,968,071	\$ 5,731,644	\$ 5,328,595	\$ 5,279,569	\$ 48,244	\$ 55,769	\$ 53,130	\$ 51,960
Contribution-employee	2,327,769	2,297,753	2,099,117	1,971,180	49,062	46,972	45,468	41,586
Net investment income	13,853,368	10,159,904	1,185,790	10,845,840	334,433	237,118	26,863	239,814
Benefit payments, including refunds of employee contributions	(10,298,038)	(9,554,235)	(9,187,428)	(8,498,045)	(48,858)	(48,858)	-	-
Transfers among employees	49,693	23,492	512,956	(234,344)	-	(9,340)	(68,967)	(71,475)
Administrative expense	-	-	-	-	-	-	-	-
<b>Net change in plan fiduciary net position-beginning</b>	<b>11,900,863</b>	<b>8,658,558</b>	<b>(60,970)</b>	<b>9,364,200</b>	<b>382,881</b>	<b>281,661</b>	<b>56,494</b>	<b>261,885</b>
Plan fiduciary net position-beginning	109,171,332	100,512,774	100,573,744	91,209,544	2,587,698	2,306,037	2,249,543	1,987,658
Plan fiduciary net position-ending (b)	<u>\$ 121,072,195</u>	<u>\$ 109,171,332</u>	<u>\$ 100,512,774</u>	<u>\$ 100,573,744</u>	<u>\$ 2,970,579</u>	<u>\$ 2,587,698</u>	<u>\$ 2,306,037</u>	<u>\$ 2,249,543</u>
<b>Net pension liability (asset)-ending (a)-(b)</b>	<b>77,752,228</b>	<b>79,027,171</b>	<b>74,277,779</b>	<b>66,028,147</b>	<b>223,018</b>	<b>433,443</b>	<b>245,812</b>	<b>206,662</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>60.89%</b>	<b>58.01%</b>	<b>57.50%</b>	<b>60.37%</b>	<b>93.02%</b>	<b>85.65%</b>	<b>90.37%</b>	<b>91.59%</b>
<b>Covered payroll</b>	<b>45,018,988</b>	<b>45,052,937</b>	<b>41,276,876</b>	<b>38,635,798</b>	<b>902,968</b>	<b>689,599</b>	<b>662,763</b>	<b>689,599</b>
<b>Net pension liability (asset) as a percentage of covered payroll</b>	<b>172.71%</b>	<b>175.41%</b>	<b>179.95%</b>	<b>170.90%</b>	<b>24.70%</b>	<b>62.85%</b>	<b>37.09%</b>	<b>29.97%</b>

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, since 2014 was the year of implementation, subsequent years' information will be added in subsequent years until a full 10-year trend is compiled.

**CITY OF HUNTSVILLE  
SCHEDULES OF EMPLOYER CONTRIBUTIONS  
EMPLOYEES' RETIREMENT SYSTEMS OF ALABAMA  
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30\***

	Huntsville Utilities				COMPONENT UNITS		HMC CVB	
	2018	2017	2016	2015	2018	2017	2016	2015
Actuarially determined contribution	\$ 5,672,420	\$ 5,765,181	\$ 5,677,990	\$ 4,524,518	\$ 46,741	\$ 50,375	\$ 59,110	\$ 50,470
Contributions in relation to the actuarially determined contribution	5,672,420	5,765,181	5,677,990	4,524,518	46,741	50,375	59,110	50,470
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 43,182,541	\$ 45,018,988	\$ 44,375,168	\$ 41,077,004	\$ 967,397	\$ 902,968	\$ 689,599	\$ 686,145
Contributions as a percentage of covered payroll	13.14%	12.81%	12.80%	11.01%	4.83%	5.58%	8.57%	7.36%

**Notes to Schedule**

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2018 were based on September 30, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	20 years
Asset valuation method	Five-year smoothed market
Inflation	3.00%
Salary increases	3.75 - 7.25%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.*



**CITY OF HUNTSVILLE  
SCHEDULES OF CHANGES IN NET OPEB LIABILITY  
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30\***

<b>Total OPEB liability</b>	<b>2018</b>	<b>2017</b>
Service cost	\$ 2,418,816	\$ 2,666,888
Interest	2,816,944	2,410,714
Changes in benefit terms	-	-
Differences between actual & expected experience	(932,249)	-
Changes of assumptions	3,385,154	(4,758,980)
Benefit payments	(2,222,607)	(2,146,330)
<b>Net change in total OPEB liability</b>	<b>(1,304,250)</b>	<b>(1,827,708)</b>
Total OPEB liability-beginning	76,019,785	77,847,493
Total OPEB liability-ending (a)	<u>74,715,535</u>	<u>76,019,785</u>
 <b>Plan fiduciary net position</b>		
Contribution-employer**	4,006,754	2,146,330
Contribution-employee	-	-
Net investment income	142,882	343,482
Benefit payments*	(2,222,607)	(2,146,330)
Administrative expense	-	-
<b>Net change in plan fiduciary net position</b>	<b>1,927,029</b>	<b>343,482</b>
Plan fiduciary net position-beginning	10,625,298	10,281,816
Plan fiduciary net position-ending (b)	<u>\$ 12,552,327</u>	<u>\$ 10,625,298</u>
 <b>Net OPEB liability (asset)-ending (a)-(b)</b>	<b>62,163,208</b>	<b>65,394,487</b>
 <b>Plan fiduciary net position as a percentage of total OPEB liability</b>	<b>16.80%</b>	<b>13.98%</b>
 <b>Covered payroll</b>	<b>106,471,077</b>	<b>106,306,514</b>
 <b>Net OPEB liability (asset) as a percentage of covered payroll</b>	<b>58.39%</b>	<b>61.52%</b>

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is only presented for those years for which information is available.*

*\*Benefit payments are net of participant contributions. Net benefit payments paid outside the trust are also*

*\*\*Employer contributions include benefit payments paid outside the Trust.*

**CITY OF HUNTSVILLE  
SCHEDULES OF EMPLOYER CONTRIBUTIONS  
OTHER POST-EMPLOYMENT BENEFITS PLAN  
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30\***

	<b>City of Huntsville</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
Actuarially determined contribution	\$ 4,498,264	\$ 4,006,754	\$ 4,056,017
Contributions in relation to the actuarially determined contribution	4,006,754	2,146,330	2,224,131
Contribution deficiency	\$ 491,510	\$ 1,860,424	\$ 1,831,886
Covered payroll	\$ 106,471,077	\$ 106,306,514	\$ 105,518,270
Contributions as a percentage of covered payroll	4.22%	3.77%	2.11%

*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is only presented for those years for which information is available.*

**CITY OF HUNTSVILLE  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY  
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30\***

*Component Unit:*

**Huntsville Utilities**

	<b>2018</b>
<b>Total OPEB liability</b>	
Service cost	\$ 1,964,949
Interest	2,383,151
Changes in benefit terms	-
Differences between actual & expected experience	-
Changes of assumptions	(49,971)
Benefit payments	(1,116,077)
<b>Net change in total OPEB liability</b>	<b>3,182,052</b>
Total OPEB liability-beginning	64,278,652
Total OPEB liability-ending (a)	67,460,704
 <b>Plan fiduciary net position</b>	
Contribution-employer	2,639,871
Contribution-employee	-
Net investment income	123,622
Benefit payments	-
Administrative expense	(128,935)
<b>Net change in plan fiduciary net position</b>	<b>2,634,558</b>
Plan fiduciary net position-beginning	9,926,048
Plan fiduciary net position-ending (b)	\$ 12,560,606
 <b>Net OPEB liability (asset)-ending (a)-(b)</b>	<b>54,900,098</b>
 <b>Plan fiduciary net position as a percentage of total OPEB liability</b>	<b>18.62%</b>
 <b>Covered payroll</b>	<b>43,182,541</b>
 <b>Net OPEB liability (asset) as a percentage of covered payroll</b>	<b>127.13%</b>

**CITY OF HUNTSVILLE  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 OTHER POST-EMPLOYMENT BENEFITS PLAN  
 LAST 10 FISCAL YEARS ENDING SEPTEMBER 30\***

**Huntsville Utilities**

	<b>2018</b>
Actuarially determined contribution	\$ 3,654,802
Contributions in relation to the actuarially determined contribution	<u>2,639,871</u>
Contribution deficiency (excess)	<u>\$ 1,014,931</u>
Covered payroll	\$ 43,654,943
Contributions as a percentage of covered payroll	6.05%

**SUPPLEMENTARY INFORMATION**

**CITY OF HUNTSVILLE  
GENERAL FUND  
BALANCE SHEET  
September 30, 2018**

**ASSETS**

Cash & investments, at cost	\$ 72,855,427
Receivables (net of allowances)	18,925,398
Due from other funds	117,793,477
Due from other governmental entities	1,237,201
Inventories	63,504
Prepaid items	438,750
	<hr/>
<b>Total assets</b>	<b><u><u>\$ 211,313,757</u></u></b>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES,  
AND FUND BALANCE**

**Liabilities**

Accounts payable	\$ 5,790,827
Accrued liabilities	9,939,087
Contract retainages	5,108,836
Due to other funds	127,441,800
Due to other governmental entities	850,898
Unearned revenue	42,741
Other	1,862,985
	<hr/>
Total liabilities	<u>151,037,174</u>

**Deferred inflows of resources**

Deferred revenue	<u>966,393</u>
Total deferred inflows of resources	<u>966,393</u>

**Fund balance**

Nonspendable	502,254
Restricted	
Committed	
Assigned	1,000,000
Unassigned	<u>57,807,936</u>
Total fund balance	<u>59,310,190</u>

**Total liabilities, deferred inflows of resources,  
and fund balance**

**\$ 211,313,757**

**CITY OF HUNTSVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and payments in lieu of taxes	\$ 165,126,609	\$ 165,126,610	\$ 175,014,596	\$ 9,887,986
Licenses and permits	25,085,098	25,085,098	28,208,646	3,123,548
Fines and forfeitures	3,721,828	3,721,828	3,092,565	(629,263)
Revenues from money and property	1,073,415	1,073,415	2,158,919	1,085,504
Charges for services	18,112,176	18,112,176	18,262,502	150,326
Intergovernmental	2,955,301	4,821,050	3,610,290	(1,210,760)
Gifts and donations	4,000	4,000	43,558	39,558
Other revenues	690,775	690,775	402,702	(288,073)
<b>Total revenues</b>	<b>216,769,202</b>	<b>218,634,952</b>	<b>230,793,778</b>	<b>12,158,826</b>
<b>EXPENDITURES</b>				
Current				
General government	31,062,595	31,947,049	29,185,821	2,761,227
Public safety	88,705,714	90,559,082	92,527,106	(1,968,024)
Public services	60,106,890	63,241,058	61,438,722	1,802,336
Urban development	13,205,993	13,294,082	13,554,105	(260,023)
Intergovernmental assistance	-	-	4,453,667	(4,453,667)
<b>Total expenditures</b>	<b>193,081,192</b>	<b>199,041,271</b>	<b>201,159,422</b>	<b>(2,118,151)</b>
<b>Excess of revenues over expenditures</b>	<b>23,688,010</b>	<b>19,593,681</b>	<b>29,634,356</b>	<b>10,040,675</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	6,198,500	6,198,500
Premium on debt issue	-	-	1,033,772	1,033,772
Capital lease proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(13,277,367)	(13,413,921)	(27,261,240)	(13,847,319)
<b>Total other financing sources (uses)</b>	<b>(13,277,367)</b>	<b>(13,413,921)</b>	<b>(20,028,968)</b>	<b>(6,615,047)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>10,410,643</b>	<b>6,179,760</b>	<b>9,605,388</b>	<b>3,425,628</b>
Fund balance, beginning	45,829,454	45,829,454	49,704,802	3,875,348
<b>Fund balance, ending</b>	<b>\$ 56,240,097</b>	<b>\$ 52,009,214</b>	<b>\$ 59,310,190</b>	<b>\$ 7,300,976</b>

**CITY OF HUNTSVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – BY ACTIVITY  
For the Year Ended September 30, 2018**

Page 1 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and payments in lieu of taxes				
Sales and use	\$ 105,407,290	\$ 105,407,291	\$ 111,892,511	\$ 6,485,220
Ad valorem	17,150,000	17,150,000	18,889,927	1,739,927
Other	42,569,319	42,569,319	44,232,158	1,662,839
Total	165,126,609	165,126,610	175,014,596	9,887,986
Licenses and permits				
Privilege	17,748,000	17,748,000	22,589,775	4,841,775
Building permits	1,915,000	1,915,000	3,257,869	1,342,869
Other	5,422,098	5,422,098	2,361,002	(3,061,096)
Total	25,085,098	25,085,098	28,208,646	3,123,548
Fines and forfeitures	3,721,828	3,721,828	3,092,565	(629,263)
Revenues from money and property				
Interest	225,000	225,000	458,445	233,445
Recreational receipts	36,400	36,400	783,082	746,682
Other	812,015	812,015	917,392	105,377
Total	1,073,415	1,073,415	2,158,919	1,085,504
Charges for current services				
Sanitation charges	12,750,000	12,750,000	12,721,982	(28,018)
Parking revenue	2,714,750	2,714,750	2,576,684	(138,066)
Other	2,647,426	2,647,426	2,963,836	316,410
Total	18,112,176	18,112,176	18,262,502	150,326
Intergovernmental	2,955,301	4,821,050	3,610,290	(1,210,760)
Gifts and donations	4,000	4,000	43,558	39,558
Other revenues	690,775	690,775	402,702	(288,073)
<b>TOTAL REVENUES</b>	<b>216,769,202</b>	<b>218,634,952</b>	<b>230,793,778</b>	<b>12,158,826</b>



**CITY OF HUNTSVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – BY ACTIVITY  
For the Year Ended September 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Current Expenditures</b>				
<b><u>General Government</u></b>				
Administration				
Personnel	\$ 1,731,500	\$ 1,731,500	\$ 1,505,742	\$ 225,758
Operating	363,622	377,522	176,532	200,990
Capital	-	-	-	-
Total	2,095,122	2,109,022	1,682,274	426,748
City Council				
Personnel	311,116	311,116	333,390	(22,274)
Operating	145,000	145,000	112,263	32,737
Capital	-	-	-	-
Total	456,116	456,116	445,653	10,463
Clerk-Treasurer				
Personnel	1,499,703	1,499,703	1,506,624	(6,921)
Operating	270,500	270,500	263,631	6,869
Capital	4,500	4,500	1,707	2,793
Total	1,774,703	1,774,703	1,771,962	2,741
Finance				
Personnel	2,814,333	2,814,333	2,580,126	234,207
Operating	681,870	681,870	591,318	90,552
Capital	172,000	1,015,344	225,948	789,396
Total	3,668,203	4,511,547	3,397,392	1,114,155
Fleet Management				
Personnel	3,574,102	3,574,102	3,600,046	(25,944)
Operating	4,135,475	3,985,569	4,854,477	(868,908)
Capital	21,500	21,500	18,461	3,039
Total	7,731,077	7,581,171	8,472,984	(891,813)
General Expenses				
Personnel	1,687,080	1,687,080	(814,353)	2,501,433
Operating	1,465,600	1,465,600	1,531,078	(65,478)
Capital	-	-	-	-
Total	3,152,680	3,152,680	716,725	2,435,955

**CITY OF HUNTSVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – BY ACTIVITY  
For the Year Ended September 30, 2018**

Page 3 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Human Resources				
Personnel	\$ 1,116,902	\$ 1,116,902	\$ 1,170,366	\$ (53,464)
Operating	1,543,285	1,543,285	1,514,978	28,307
Capital	500	500	-	500
Total	2,660,687	2,660,687	2,685,344	(24,657)
Information Technology Services				
Personnel	3,737,751	3,737,751	3,689,011	48,740
Operating	2,225,147	2,260,659	2,374,134	(113,475)
Capital	373,350	515,224	447,297	67,927
Total	6,336,248	6,513,634	6,510,442	3,192
Legal				
Personnel	1,857,508	1,857,508	1,836,740	20,768
Operating	1,322,000	1,321,730	1,653,251	(331,521)
Capital	8,250	8,250	13,054	(4,804)
Total	3,187,758	3,187,488	3,503,045	(315,557)
Special appropriations	-	-	-	-
<b>Total general government</b>	<b>31,062,595</b>	<b>31,947,049</b>	<b>29,185,821</b>	<b>2,761,227</b>
<b><u>Public Safety</u></b>				
Animal Services				
Personnel	1,723,608	1,723,608	1,753,099	(29,491)
Operating	494,873	618,157	511,738	106,419
Capital	-	-	(805)	805
Total	2,218,481	2,341,765	2,264,032	77,733
Emergency Management				
Personnel	676,316	676,316	653,107	23,209
Operating	53,252	350,138	260,622	89,516
Capital	66,850	35,900	35,757	143
Total	796,418	1,062,354	949,486	112,868
Fire and Rescue				
Personnel	33,430,146	33,430,146	34,446,047	(1,015,901)
Operating	2,063,455	2,276,659	2,240,956	35,703
Capital	237,100	393,124	461,109	(67,985)
Total	35,730,701	36,099,929	37,148,112	(1,048,183)

**CITY OF HUNTSVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – BY ACTIVITY  
For the Year Ended September 30, 2018**

Page 4 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Municipal Court				
Personnel	\$ 3,440,861	\$ 3,440,861	\$ 3,523,465	\$ (82,604)
Operating	167,600	170,100	798,193	(628,093)
Capital	45,000	82,500	14,454	68,046
Total	3,653,461	3,693,461	4,336,112	(642,651)
Police				
Personnel	43,615,993	44,275,879	44,960,777	(684,898)
Operating	2,568,300	2,955,934	2,670,492	285,442
Capital	32,000	39,400	107,735	(68,335)
Total	46,216,293	47,271,213	47,739,004	(467,791)
Special Appropriations	90,360	90,360	90,360	-
<b>Total public safety</b>	<b>88,705,714</b>	<b>90,559,082</b>	<b>92,527,106</b>	<b>(1,968,024)</b>
<b><u>Public Services</u></b>				
Cemetery				
Personnel	710,968	710,968	687,153	23,815
Operating	316,394	320,989	235,405	85,584
Capital	-	-	-	-
Total	1,027,362	1,031,957	922,558	109,399
General Services				
Personnel	3,175,077	3,175,077	3,382,673	(207,596)
Operating	7,419,585	7,419,585	8,128,471	(708,886)
Capital	673,667	779,164	263,283	515,881
Total	11,268,329	11,373,826	11,774,427	(400,601)
Landscape Management				
Personnel	8,059,202	8,059,202	8,192,607	(133,405)
Operating	2,703,093	2,709,922	3,317,556	(607,634)
Capital	-	-	-	-
Total	10,762,295	10,769,124	11,510,163	(741,039)

**CITY OF HUNTSVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – BY ACTIVITY  
For the Year Ended September 30, 2018**

Page 5 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Parking				
Personnel	\$ 1,412,127	\$ 1,412,127	\$ 1,414,088	\$ (1,961)
Operating	421,810	397,704	371,267	26,437
Capital	59,670	85,627	(11,497)	97,124
Total	1,893,607	1,895,458	1,773,858	121,600
Parks & Recreation				
Personnel	6,492,364	6,492,364	6,456,611	35,753
Operating	579,611	687,487	495,000	192,487
Capital	4,193	87,694	77,189	10,505
Total	7,076,168	7,267,545	7,028,800	238,745
Public Transit				
Personnel	3,152,676	3,152,676	3,257,485	(104,809)
Operating	1,014,100	1,014,100	1,051,077	(36,977)
Capital	1,035,000	1,781,199	245,107	1,536,093
Total	5,201,776	5,947,975	4,553,669	1,394,307
Public Works				
Personnel	13,352,808	13,352,808	13,208,004	144,804
Operating	4,545,195	4,494,969	4,999,355	(504,386)
Capital	36,500	33,500	(2,158)	35,658
Total	17,934,503	17,881,277	18,205,201	(323,924)
Special Appropriations	4,942,850	7,073,896	5,670,047	1,403,849
<b>Total public services</b>	<b>60,106,890</b>	<b>63,241,058</b>	<b>61,438,722</b>	<b>1,802,336</b>
<b><u>Urban Development</u></b>				
Engineering				
Personnel	2,869,372	2,869,372	2,916,394	(47,022)
Operating	63,100	63,100	54,531	8,569
Capital	21,700	21,700	14,962	6,738
Total	2,954,172	2,954,172	2,985,887	(31,715)
Inspection				
Personnel	2,351,382	2,351,382	2,372,246	(20,864)
Operating	64,200	64,200	72,927	(8,727)
Capital	2,000	2,000	1,763	237
Total	2,417,582	2,417,582	2,446,936	(29,354)

**CITY OF HUNTSVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – BY ACTIVITY  
For the Year Ended September 30, 2018**

Page 6 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Natural Resources				
Personnel	\$ 437,230	\$ 437,230	\$ 651,162	\$ (213,932)
Operating	36,750	36,839	29,059	7,780
Capital	5,000	5,000	2,229	2,771
Total	478,980	479,069	682,450	(203,381)
Planning				
Personnel	3,574,670	3,574,670	3,694,395	(119,725)
Operating	365,050	448,550	254,232	194,318
Capital	15,500	18,500	8,105	10,395
Total	3,955,220	4,041,720	3,956,732	84,988
Traffic Engineering				
Personnel	2,509,494	2,509,494	2,599,362	(89,868)
Operating	317,225	318,725	298,663	20,062
Capital	5,000	5,000	4,505	495
Total	2,831,719	2,833,219	2,902,530	(69,311)
Special Appropriations	568,320	568,320	579,570	(11,250)
<i>Total urban development</i>	<b>13,205,993</b>	<b>13,294,082</b>	<b>13,554,105</b>	<b>(260,023)</b>
Intergovernmental Assistance				
Huntsville Board of Education	-	-	55,000	(55,000)
JAG Grant to Madison County	-	-	39,738	(39,738)
Jail Diversion Program	-	-	50,000	(50,000)
Madison County Health Department	-	-	1,335,129	(1,335,129)
Madison County Jail Operations	-	-	2,100,000	(2,100,000)
Neaves Center for Children	-	-	873,800	(873,800)
Total	-	-	4,453,667	(4,453,667)
<b>TOTAL EXPENDITURES</b>	<b>193,081,192</b>	<b>199,041,271</b>	<b>201,159,422</b>	<b>(2,118,151)</b>

**CITY OF HUNTSVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – BY ACTIVITY  
For the Year Ended September 30, 2018**

**Page 7 of 7**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Excess of revenues over expenditures</b>	\$ 23,688,010	\$ 19,593,681	\$ 29,634,356	\$ 10,040,675
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	6,198,500	6,198,500
Premium on debt issued	-	-	1,033,772	1,033,772
Transfers in	-	-	-	-
Transfers out	(13,277,367)	(13,413,921)	(27,261,240)	(13,847,319)
Total other financing sources (uses)	(13,277,367)	(13,413,921)	(20,028,968)	(6,615,047)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	10,410,643	6,179,760	9,605,388	3,425,628
Fund balance, beginning	45,829,454	45,829,454	49,704,802	3,875,348
<b>Fund balance, ending</b>	<b>\$ 56,240,097</b>	<b>\$ 52,009,214</b>	<b>\$ 59,310,190</b>	<b>\$ 7,300,976</b>

**GENERAL FUND  
SCHEDULE OF SPECIAL APPROPRIATIONS – BUDGET AND ACTUAL  
For the Year Ended September 30, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>General Government</b>				
Fiber Build	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
<b>Public Safety</b>				
CAJA	-	-	-	-
Huntsville Community Watch Association	21,510	21,510	21,510	-
Huntsville/Madison County Rescue Squad, Inc.	4,320	4,320	4,320	-
Partnership for Drug Free Community	64,530	64,530	64,530	-
	90,360	90,360	90,360	-
<b>Public Services</b>				
Arts Council, Inc.	288,600	288,600	288,600	-
Boys & Girls Club, Inc.	43,830	43,830	43,830	-
Community Action Agency	87,750	87,750	87,750	-
First Stop, Inc.	108,830	108,830	108,830	-
Harris Home for Children	26,280	26,280	26,280	-
Heals, Inc.	21,960	21,960	21,960	-
Human Relations Commission	900	900	900	-
Huntsville Beautification Committee	4,410	4,410	4,410	-
Huntsville Child Care Center, Inc.	13,140	13,140	13,140	-
Huntsville Hospital	150,000	150,000	150,000	-
Huntsville Jaycees	2,160	2,160	-	2,160
Huntsville Sports Commission, Inc.	238,530	961,739	593,875	367,864
Huntsville Symphony Orchestra	99,510	99,510	99,510	-
Huntsville/Madison County Botanical Gardens, Inc.	218,000	218,000	218,000	-
Huntsville/Madison County Convention & Vis. Bureau	1,762,398	3,544,307	2,510,482	1,033,825
Huntsville/Madison County Senior Center, Inc.	390,000	390,000	390,000	-
International Services Council of Huntsville/Madison Co.	26,280	26,280	26,280	-
Legal Services of Alabama, Inc.	17,550	17,550	17,550	-
LIFT Housing, Inc.	11,210	11,210	11,210	-
Madison County Mental Retardation Board, Inc.	35,100	35,100	35,100	-
Mental Health Board, Inc. (Mental Health Center)	813,380	813,380	813,380	-
Science Center/Sci Quest	-	-	-	-
Second Mile Development, Inc.	21,960	21,960	21,960	-
U.S. Space & Rocket Center Foundation, Inc.	125,000	125,000	125,000	-
United Cerebral Palsy of Huntsville/Madison County, Inc.	25,000	25,000	25,000	-
Weeden House Museum	37,000	37,000	37,000	-
	4,568,778	7,073,896	5,670,047	1,403,849
<b>Urban Development</b>				
Business Tech. Development Center, Inc. ("BizTech")	87,750	87,750	87,750	-
Chamber of Commerce of Huntsville/Madison County	275,000	275,000	275,000	-
Downtown Huntsville, Inc.	90,000	90,000	90,000	-
North Alabama African-American Chamber of Commerce	15,000	15,000	15,000	-
North Alabama Coalition for the Homeless, Inc.	40,000	40,000	40,000	-
North Huntsville Business Association	-	-	11,250	-
The Land Trust of Huntsville and North Alabama, Inc.	60,570	60,570	60,570	-
	568,320	568,320	579,570	-
	<b>\$ 5,227,458</b>	<b>\$ 7,732,576</b>	<b>\$ 6,339,977</b>	<b>\$ 1,403,849</b>

THIS PAGE INTENTIONALLY LEFT BLANK





## OTHER GOVERNMENTAL FUNDS

The City maintains these governmental funds that are considered nonmajor funds.

**Community Development Special Revenue Fund** – to account for the development of viable urban communities, including decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Financing is provided by federal community development grants under Title I of the Housing and Community Development Act of 1974, as amended. Such grants provide for payment of the City's Community Development program costs and may be used only for that purpose.

**Community Development Rehabilitation Loan Special Revenue Fund** – to account for the financing of the rehabilitation of privately owned properties as part of the City's Community Development program. Financing is provided by federal community development grants under Title I of the Housing and Community Development Act of 1974, as amended and grants under the HUD Home Program. Such grants provide for payment of the City's Community Development program costs and may be used only for that purpose.

**Public Building Authority Special Revenue Fund** – prior to 2011, the fund accounted for the construction and expansion of public safety facilities. After 2010, the fund accounts for the payment of debt service related to construction of the facilities. Financing is provided by government funds of the City.

**Public Library Special Revenue Fund** – to account for the operation of the public library. Most of its financing is received from the General Fund and other governmental entities.

**Burritt Museum Special Revenue Fund** – to account for the operations of a museum in the City. Financing is provided by the General Fund of the City.

**Alabama Constitution Village Special Revenue Fund** – to account for the operation of historical tourist attractions in the City. Financing for the construction of the facilities was provided by federal EDA grants and operating financing is provided by admission fees and the General Fund of the City.

**Art Museum Special Revenue Fund** – to account for the operation of the City of Huntsville Museum of Art. Financing is provided by the General Fund of the City and private sources.

**Huntsville Tennis Center Special Revenue Fund** – to account for the operations of a City-constructed tennis center in the City. Financing is provided by the General Fund of the City and user fees.

**Federal Building Authority Special Revenue Fund** – to account for the economic development activities related to federal programs, financed primarily through state grant assistance.

**Perpetual Care Fund** – to account for the collection of cemetery revenues earmarked by local ordinance for the long-term care of the City-owned cemeteries.

**Cummings Research Park Capital Projects Fund** – to account for land sales, purchases, and development costs of a research park in the City.

**Industrial Park Capital Projects Fund** – to account for land sales, purchases, and development costs of various industrial parks within the City.

**Downtown Redevelopment Authority Special Revenue Fund** – to account for the redevelopment activities in the downtown area of the City.

**CITY OF HUNTSVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS (by fund type)**  
**COMBINING BALANCE SHEET**  
**September 30, 2018**

	Community Development	Community Development Rehabilitation	Public Building Authority	Public Library	Burritt Museum	Alabama Constitution Village	Art Museum	Huntsville Tennis Center	Federal Building Authority	Perpetual Care	Downtown Redevelopment Authority	Capital Projects Fund Cummings Research Park	Total Nonmajor Governmental Funds
<b>ASSETS</b>													
Cash & investments	\$ 512,828	\$ 487,083	\$ -	\$ 5,684,618	\$ -	\$ 94,707	\$ 117,470	\$ 257,237	\$ 476,241	\$ 2,701,008	\$ -	\$ 1,766,622	\$ 12,097,814
Receivables (net of allowances)													
Accounts	260,578	-	-	10,839	9,772	545,000	41,609	-	-	-	-	-	867,798
Notes	690,582	1,438,675	-	-	-	-	-	-	-	-	-	-	2,129,257
Accrued interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	1,551,388	-	-	-	5,965	-	-	-	-	-	-	1,136,028	2,693,381
Due from governmental entities	237,243	68,045	-	-	-	-	103,404	-	-	-	-	-	408,692
Inventories	-	-	-	-	-	31,460	34,298	9,196	-	-	-	-	74,954
Prepaid items	4,901	-	3,275,669	45,826	-	-	101,565	-	-	-	-	-	3,427,961
<b>Total assets</b>	<b>\$ 3,257,520</b>	<b>\$ 1,993,803</b>	<b>\$ 3,275,669</b>	<b>\$ 5,741,283</b>	<b>\$ 15,737</b>	<b>\$ 671,167</b>	<b>\$ 398,346</b>	<b>\$ 266,433</b>	<b>\$ 476,241</b>	<b>\$ 2,701,008</b>	<b>\$ -</b>	<b>\$ 2,902,650</b>	<b>\$ 21,699,857</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>													
<b>Liabilities</b>													
Accounts payable	\$ 60,177	\$ 94,592	\$ -	\$ 53,127	\$ 5,781	\$ -	\$ 111,720	\$ 2,458	\$ -	\$ 1,837	\$ -	\$ 4,682	\$ 334,374
Accrued liabilities	-	-	-	416,242	-	-	73,005	2,759	-	-	-	-	492,006
Due to other funds	1,435,831	104,381	-	-	5,526	366,455	-	-	-	150,740	-	-	2,062,933
Unearned revenue	-	-	-	88,436	-	-	260,518	-	-	-	-	10,000	358,954
<b>Total liabilities</b>	<b>1,496,008</b>	<b>198,973</b>	<b>-</b>	<b>557,805</b>	<b>11,307</b>	<b>366,455</b>	<b>445,243</b>	<b>5,217</b>	<b>-</b>	<b>152,577</b>	<b>-</b>	<b>14,682</b>	<b>3,248,267</b>
<b>Deferred inflows of resources</b>													
Unavailable revenue	430,524	-	-	-	-	-	-	-	-	-	-	-	430,524
<b>Total deferred inflows of resources</b>	<b>430,524</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>430,524</b>
<b>Fund balances</b>													
Nonspendable	4,901	-	3,275,669	439,900	-	31,460	135,863	9,196	-	-	-	-	3,896,989
Restricted	1,326,087	1,794,830	-	2,149,523	-	-	-	-	476,241	-	-	-	5,746,681
Committed	-	-	-	-	-	-	-	-	-	-	-	2,887,968	2,887,968
Assigned	-	-	-	2,594,055	4,430	273,252	-	252,020	-	2,548,431	-	-	5,672,188
Unassigned	-	-	-	-	-	-	(182,760)	-	-	-	-	-	(182,760)
<b>Total fund balance (deficit)</b>	<b>1,330,988</b>	<b>1,794,830</b>	<b>3,275,669</b>	<b>5,183,478</b>	<b>4,430</b>	<b>304,712</b>	<b>(46,897)</b>	<b>261,216</b>	<b>476,241</b>	<b>2,548,431</b>	<b>-</b>	<b>2,887,968</b>	<b>18,021,066</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 3,257,520</b>	<b>\$ 1,993,803</b>	<b>\$ 3,275,669</b>	<b>\$ 5,741,283</b>	<b>\$ 15,737</b>	<b>\$ 671,167</b>	<b>\$ 398,346</b>	<b>\$ 266,433</b>	<b>\$ 476,241</b>	<b>\$ 2,701,008</b>	<b>\$ -</b>	<b>\$ 2,902,650</b>	<b>\$ 21,699,857</b>

**CITY OF HUNTSVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS (by fund type)**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**For the Year Ended September 30, 2018**

												Capital Projects Funds	Total
	Community Development	Community Development Rehabilitation	Public Building Authority	Public Library	Burritt Museum	Alabama Constitution Village	Art Museum	Huntsville Tennis Center	Federal Building Authority	Perpetual Care	Downtown Redevelopment Authority	Cummings Research Park	Nonmajor Governmental Funds
<b>REVENUE</b>													
Taxes and payments in lieu of taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines & forfeitures	-	173	-	323,422	-	-	-	-	-	-	-	-	323,595
Revenues from money & property	107,692	8,527	-	152,622	-	815,809	455,684	240,336	96	9,192	-	902,480	2,692,438
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	1,364,001	572,453	-	2,698,988	-	90,000	120,427	-	992,566	-	-	-	5,838,435
Gifts & donations	-	-	-	75,447	490,854	115,094	1,188,393	-	-	-	-	-	1,869,788
Other revenues	-	84,021	-	112,461	-	1,561	-	175,066	8,001	-	-	-	381,110
<b>Total revenues</b>	<b>1,471,693</b>	<b>665,174</b>	<b>-</b>	<b>3,362,940</b>	<b>490,854</b>	<b>1,022,464</b>	<b>1,764,504</b>	<b>415,402</b>	<b>1,000,663</b>	<b>9,192</b>	<b>-</b>	<b>902,480</b>	<b>11,105,366</b>
<b>EXPENDITURES</b>													
Current													
General government	-	-	-	-	-	-	-	-	-	-	3,228	-	3,228
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-
Public services	-	-	-	7,008,666	935,745	1,951,869	2,425,656	599,301	90,112	73,882	-	-	13,085,231
Urban development	2,604,421	782,474	-	-	-	-	-	-	-	-	-	132,521	3,519,416
Debt service													
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	753,097	-	-	-	-	-	-	-	-	-	753,097
Capital projects construction	-	-	-	-	-	-	-	-	-	2,500	-	-	2,500
Intergovernmental assistance	-	-	-	-	-	-	-	-	1,105,852	-	-	-	1,105,852
<b>Total expenditures</b>	<b>2,604,421</b>	<b>782,474</b>	<b>753,097</b>	<b>7,008,666</b>	<b>935,745</b>	<b>1,951,869</b>	<b>2,425,656</b>	<b>599,301</b>	<b>1,195,964</b>	<b>76,382</b>	<b>3,228</b>	<b>132,521</b>	<b>18,469,324</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,132,728)</b>	<b>(117,300)</b>	<b>(753,097)</b>	<b>(3,645,726)</b>	<b>(444,891)</b>	<b>(929,405)</b>	<b>(661,152)</b>	<b>(183,899)</b>	<b>(195,301)</b>	<b>(67,190)</b>	<b>(3,228)</b>	<b>769,959</b>	<b>(7,363,958)</b>
<b>OTHER FINANCING SOURCES (USES)</b>													
Transfers in	1,082,968	150,000	3,952,967	3,850,000	445,000	725,000	710,000	195,400	-	-	-	-	11,111,335
Transfers (out)	-	(14,852)	-	-	-	-	-	-	-	-	-	-	(14,852)
Total other financing sources (uses)	1,082,968	135,148	3,952,967	3,850,000	445,000	725,000	710,000	195,400	-	-	-	-	11,096,483
<b>Net change in fund balance</b>	<b>(49,760)</b>	<b>17,848</b>	<b>3,199,870</b>	<b>204,274</b>	<b>109</b>	<b>(204,405)</b>	<b>48,848</b>	<b>11,501</b>	<b>(195,301)</b>	<b>(67,190)</b>	<b>(3,228)</b>	<b>769,959</b>	<b>3,732,525</b>
Fund balance (deficit), beginning	1,380,748	1,776,982	75,799	4,979,204	4,321	509,117	(95,745)	249,715	671,542	2,615,621	3,228	2,118,009	14,288,541
<b>Fund balance (deficit), ending</b>	<b>\$ 1,330,988</b>	<b>\$ 1,794,830</b>	<b>\$ 3,275,669</b>	<b>\$ 5,183,478</b>	<b>\$ 4,430</b>	<b>\$ 304,712</b>	<b>\$ (46,897)</b>	<b>\$ 261,216</b>	<b>\$ 476,241</b>	<b>\$ 2,548,431</b>	<b>\$ -</b>	<b>\$ 2,887,968</b>	<b>\$ 18,021,066</b>

**CITY OF HUNTSVILLE  
THE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – BY ACTIVITY  
For the Year Ended September 30, 2018**

Page 1 of 6

City Subfund	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>4/5 Cent Gas Tax Fund</u></b>				
<b>Revenues</b>				
Taxes and payments in lieu of taxes	\$ 1,375,000	\$ 1,375,000	\$ 1,469,123	\$ 94,123
Revenues from money and property	-	-	14,254	14,254
<b>Total</b>	<b>1,375,000</b>	<b>1,375,000</b>	<b>1,483,377</b>	<b>108,377</b>
<b>Expenditures</b>				
Operating	1,375,000	285,690	275,742	9,948
<b>Total</b>	<b>1,375,000</b>	<b>285,690</b>	<b>275,742</b>	<b>9,948</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>-</b>	<b>1,089,310</b>	<b>1,207,635</b>	<b>118,325</b>
<b>Other financing sources (uses)</b>				
Transfers in(out)			-	-
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>-</b>	<b>1,089,310</b>	<b>1,207,635</b>	<b>118,325</b>
Fund balance, beginning	361,766	397,475	781,224	383,749
<b>Fund balance, ending</b>	<b>\$ 361,766</b>	<b>\$ 1,486,785</b>	<b>\$ 1,988,859</b>	<b>\$ 502,074</b>
<b><u>6.5 Mill Debt Tax Fund</u></b>				
<b>Revenues</b>				
Taxes and payments in lieu of taxes	\$ 17,150,000	\$ 17,150,000	\$ 18,889,927	\$ 1,739,927
Revenues from money and property	-	-	1	1
<b>Total</b>	<b>17,150,000</b>	<b>17,150,000</b>	<b>18,889,928</b>	<b>1,739,928</b>
<b>Expenditures</b>				
Operating	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>17,150,000</b>	<b>17,150,000</b>	<b>18,889,928</b>	<b>1,739,928</b>
<b>Other financing sources (uses)</b>				
Transfers in(out)	(17,150,000)	(17,150,000)	(17,355,093)	(205,093)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>-</b>	<b>-</b>	<b>1,534,835</b>	<b>1,534,835</b>
Fund balance, beginning	56,226	56,226	245,639	189,413
<b>Fund balance, ending</b>	<b>\$ 56,226</b>	<b>\$ 56,226</b>	<b>\$ 1,780,474</b>	<b>\$ 1,724,248</b>

**CITY OF HUNTSVILLE  
THE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – BY ACTIVITY  
For the Year Ended September 30, 2018**

Page 2 of 6

City Subfund	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>6.5 Mill School Tax Fund</b>				
<b>Revenues</b>				
Taxes and payments in lieu of taxes	\$ 18,200,000	\$ 18,200,000	\$ 19,945,015	\$ 1,745,015
Revenues from money and property	-	-	386	386
<b>Total</b>	<b>18,200,000</b>	<b>18,200,000</b>	<b>19,945,401</b>	<b>1,745,401</b>
<b>Expenditures</b>				
Intergovernmental assistance	(242,000)	(242,000)	(900,000)	(658,000)
<b>Total</b>	<b>(242,000)</b>	<b>(242,000)</b>	<b>(900,000)</b>	<b>(658,000)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>18,442,000</b>	<b>18,442,000</b>	<b>20,845,401</b>	<b>2,403,401</b>
<b>Other financing sources (uses)</b>				
Transfers in(out)	(19,382,872)	(19,382,872)	(19,382,872)	0
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(940,872)</b>	<b>(940,872)</b>	<b>1,462,529</b>	<b>2,403,401</b>
Fund balance, beginning	3,314,921	3,314,921	4,571,147	1,256,226
<b>Fund balance, ending</b>	<b>\$ 2,374,049</b>	<b>\$ 2,374,049</b>	<b>\$ 6,033,676</b>	<b>\$ 3,659,627</b>
<b>7 Cent Gas Tax Fund</b>				
<b>Revenues</b>				
Taxes and payments in lieu of taxes	\$ 2,055,000	\$ 2,055,000	\$ 2,154,369	\$ 99,369
Revenues from money and property	-	-	17,711	17,711
<b>Total</b>	<b>2,055,000</b>	<b>2,055,000</b>	<b>2,172,080</b>	<b>117,080</b>
<b>Expenditures</b>				
Operating	3,060,000	3,060,000	3,050,611	9,389
<b>Total</b>	<b>3,060,000</b>	<b>3,060,000</b>	<b>3,050,611</b>	<b>9,389</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,005,000)</b>	<b>(1,005,000)</b>	<b>(878,531)</b>	<b>126,469</b>
<b>Other financing sources (uses)</b>				
Transfers in(out)	1,005,000	1,005,000	921,000	(84,000)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>-</b>	<b>-</b>	<b>42,469</b>	<b>42,469</b>
Fund balance, beginning	(9,207)	(9,207)	16,164	25,371
<b>Fund balance, ending</b>	<b>\$ (9,207)</b>	<b>\$ (9,207)</b>	<b>\$ 58,633</b>	<b>\$ 67,840</b>

**CITY OF HUNTSVILLE  
THE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – BY ACTIVITY  
For the Year Ended September 30, 2018**

Page 3 of 6

City Subfund	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Seizure Fund</b>				
<b>Revenues</b>				
Fines and forfeitures	\$ -	\$ -	\$ 409,880	\$ 409,880
Revenues from money and property	-	-	-	-
Total	-	-	409,880	409,880
<b>Expenditures</b>				
Operating	-	721,148	338,510	382,638
Total	-	721,148	338,510	382,638
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	<b>(721,148)</b>	<b>71,370</b>	<b>792,518</b>
<b>Other financing sources (uses)</b>				
Transfers in(out)	-	-	-	-
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	-	<b>(721,148)</b>	<b>71,370</b>	<b>792,518</b>
Fund balance, beginning	673,571	(414,405)	581,594	995,999
<b>Fund balance, ending</b>	<b>\$ 673,571</b>	<b>\$ (1,135,553)</b>	<b>\$ 652,964</b>	<b>\$ 1,788,517</b>
<b>TIF 2 Fund</b>				
<b>Revenues</b>				
Taxes and payments in lieu of taxes	\$ 1,206,892	\$ 1,206,892	\$ 1,206,893	\$ 1
Revenues from money and property	-	-	-	-
Total	1,206,892	1,206,892	1,206,893	1
<b>Expenditures</b>				
Operating	-	-	-	-
Total	-	-	-	-
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,206,892</b>	<b>1,206,892</b>	<b>1,206,893</b>	<b>1</b>
<b>Other financing sources (uses)</b>				
Transfers in(out)	(1,206,892)	(1,206,892)	(1,206,893)	(1)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	-	-	-	-
Fund balance, beginning	15,959	15,959	15,959	-
<b>Fund balance, ending</b>	<b>\$ 15,959</b>	<b>\$ 15,959</b>	<b>\$ 15,959</b>	<b>\$ -</b>

**CITY OF HUNTSVILLE  
THE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – BY ACTIVITY  
For the Year Ended September 30, 2018**

Page 4 of 6

City Subfund	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>TIF 3A Fund</b>				
<b>Revenues</b>				
Taxes and payments in lieu of taxes	\$ 3,103,627	\$ 3,103,627	\$ 3,103,627	\$ -
Revenues from money and property	-	-	-	-
Total	<u>3,103,627</u>	<u>3,103,627</u>	<u>3,103,627</u>	<u>-</u>
<b>Expenditures</b>				
Operating	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>3,103,627</b>	<b>3,103,627</b>	<b>3,103,627</b>	<b>-</b>
<b>Other financing sources (uses)</b>				
Transfers in(out)	<u>(1,710,240)</u>	<u>(1,710,240)</u>	<u>(1,710,240)</u>	<u>0</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>1,393,387</b>	<b>1,393,387</b>	<b>1,393,387</b>	<b>0</b>
Fund balance, beginning	<u>6,656,699</u>	<u>6,656,699</u>	<u>5,951,699</u>	<u>(705,000)</u>
<b>Fund balance, ending</b>	<b>\$ 8,050,086</b>	<b>\$ 8,050,086</b>	<b>\$ 7,345,086</b>	<b>\$ (705,000)</b>
<b>TIF 4 Fund</b>				
<b>Revenues</b>				
Taxes and payments in lieu of taxes	\$ 2,107,022	\$ 2,107,022	\$ 2,107,023	\$ 1
Revenues from money and property	-	-	11,340	11,340
Total	<u>2,107,022</u>	<u>2,107,022</u>	<u>2,118,363</u>	<u>11,341</u>
<b>Expenditures</b>				
Operating	-	-	122	(122)
Total	<u>-</u>	<u>-</u>	<u>122</u>	<u>(122)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>2,107,022</b>	<b>2,107,022</b>	<b>2,118,241</b>	<b>11,219</b>
<b>Other financing sources (uses)</b>				
Transfers in(out)	<u>(2,107,022)</u>	<u>(2,107,022)</u>	<u>(2,117,190)</u>	<u>(10,168)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>-</b>	<b>-</b>	<b>1,051</b>	<b>1,051</b>
Fund balance, beginning	<u>106,940</u>	<u>106,940</u>	<u>(675)</u>	<u>(107,615)</u>
<b>Fund balance, ending</b>	<b>\$ 106,940</b>	<b>\$ 106,940</b>	<b>\$ 376</b>	<b>\$ (106,564)</b>

**CITY OF HUNTSVILLE  
THE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – BY ACTIVITY  
For the Year Ended September 30, 2018**

Page 5 of 6

City Subfund	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>TIF 5 Fund</b>				
<b>Revenues</b>				
Taxes and payments in lieu of taxes	\$ 793,972	\$ 793,972	\$ 944,013	\$ 150,041
Revenues from money and property	-	-	1,628	1,628
<b>Total</b>	<b>793,972</b>	<b>793,972</b>	<b>945,641</b>	<b>151,669</b>
<b>Expenditures</b>				
Operating	-	-	-	-
Capital	1,086,586	9,586,586	1,599,731	7,986,855
Debt Service	-	-	5,787,312	(5,787,312)
<b>Total</b>	<b>1,086,586</b>	<b>9,586,586</b>	<b>7,387,043</b>	<b>2,199,543</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(292,614)</b>	<b>(8,792,614)</b>	<b>(6,441,402)</b>	<b>2,351,212</b>
<b>Other financing sources (uses)</b>				
Long-term debt issued	-	-	7,069,194	7,069,194
Transfers in(out)	(470,716)	(470,716)	(554,701)	(83,985)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(763,330)</b>	<b>(9,263,330)</b>	<b>73,091</b>	<b>9,336,421</b>
Fund balance, beginning	508,953	(1,146,699)	234,553	1,381,252
<b>Fund balance, ending</b>	<b>\$ (254,377)</b>	<b>\$ (10,410,029)</b>	<b>\$ 307,644</b>	<b>\$ 10,717,673</b>
<b>TIF 6 Fund</b>				
<b>Revenues</b>				
Taxes and payments in lieu of taxes	\$ 405,732	\$ 405,732	\$ 1,239,881	\$ 834,149
Revenues from money and property	-	-	-	-
<b>Total</b>	<b>405,732</b>	<b>405,732</b>	<b>1,239,881</b>	<b>834,149</b>
<b>Expenditures</b>				
Operating	-	-	-	-
Capital	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>405,732</b>	<b>405,732</b>	<b>1,239,881</b>	<b>834,149</b>
<b>Other financing sources (uses)</b>				
Transfers in(out)	(405,732)	(405,732)	(412,629)	(6,897)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(0)</b>	<b>(0)</b>	<b>827,252</b>	<b>827,252</b>
Fund balance, beginning	(3,714,741)	(3,714,741)	(3,714,741)	-
<b>Fund balance, ending</b>	<b>\$ (3,714,741)</b>	<b>\$ (3,714,741)</b>	<b>\$ (2,887,489)</b>	<b>\$ 827,252</b>



**CITY OF HUNTSVILLE  
THE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – BY ACTIVITY  
For the Year Ended September 30, 2018**

Page 6 of 6

City Subfund	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Grand Total - The Special Revenue Fund</b>				
<b>Revenues</b>				
Taxes and payments in lieu of taxes	\$ 46,397,245	\$ 46,397,245	\$ 51,059,871	\$ 4,662,626
Fines and forfeitures	-	-	409,880	409,880
Revenues from money and property	-	-	45,320	45,320
Total	<u>46,397,245</u>	<u>46,397,245</u>	<u>51,515,071</u>	<u>5,117,826</u>
<b>Expenditures</b>				
Operating	4,435,000	4,066,838	3,664,985	401,853
Capital	1,086,586	9,586,586	1,599,731	7,986,855
Debt service	-	-	5,787,312	(5,787,312)
Intergovernmental assistance	(242,000)	(242,000)	(900,000)	658,000
Total	<u>5,279,586</u>	<u>13,411,424</u>	<u>10,152,028</u>	<u>3,259,396</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>41,117,659</b>	<b>32,985,822</b>	<b>41,363,043</b>	<b>8,377,221</b>
<b>Other financing sources (uses)</b>				
Long-term debt issued	-	-	7,069,194	7,069,194
Transfer to refunding escrow agent	-	-	-	-
Transfers in(out)	(41,428,475)	(41,428,475)	(41,818,618)	(390,143)
	<u>(41,428,475)</u>	<u>(41,428,475)</u>	<u>(34,749,424)</u>	<u>6,679,051</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(310,815)</b>	<b>(8,442,653)</b>	<b>6,613,619</b>	<b>15,056,272</b>
Fund balance, beginning	<u>7,971,088</u>	<u>3,170,389</u>	<u>8,098,727</u>	<u>4,928,338</u>
<b>Fund balance, ending</b>	<b>\$ 7,660,273</b>	<b>\$ (5,272,264)</b>	<b>\$ 14,712,346</b>	<b>\$ 19,984,610</b>

**CITY OF HUNTSVILLE  
OTHER GOVERNMENTAL FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – BY ACTIVITY  
For the Year Ended September 30, 2018**

Page 1 of 3

	<b>2014 Capital Improvements</b>			
	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and payments in lieu of taxes	\$ 41,728,497	\$ 69,695,850	\$ 43,641,168	\$ (26,054,682)
Revenues from money and property	-	-	511,080	511,080
Gifts & donations	-	-	248,744	248,744
Charges for Services	-	-	24,087,447	24,087,447
<b>Total revenues</b>	<b>41,728,497</b>	<b>69,695,850</b>	<b>68,488,439</b>	<b>(1,207,411)</b>
<b>EXPENDITURES</b>				
Capital	50,974,181	1,040,969,889	133,207,305	907,762,584
Debt service	-	-	604,662	(604,662)
<b>Total expenditures</b>	<b>50,974,181</b>	<b>1,040,969,889</b>	<b>133,811,967</b>	<b>907,157,922</b>
<b>Excess of revenues over expenditures</b>	<b>(9,245,684)</b>	<b>(971,274,039)</b>	<b>(65,323,528)</b>	<b>905,950,511</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	75,384,000	75,384,000
Premium on debt issue	-	-	13,024,135	13,024,135
Transfer to debt escrow agent	-	-	-	-
Transfers in	-	-	1,350,000	1,350,000
Transfers out	(3,814,038)	(3,814,038)	(3,801,813)	12,225
Total other financing sources (uses)	(3,814,038)	(3,814,038)	85,956,322	89,770,360
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(13,059,722)</b>	<b>(975,088,078)</b>	<b>20,632,794</b>	<b>995,720,872</b>
Fund balance, beginning	65,412,312	10,178,591	101,304,295	91,125,704
<b>Fund balance, ending</b>	<b>\$ 52,352,590</b>	<b>\$ (964,909,487)</b>	<b>\$ 121,937,089</b>	<b>\$ 1,086,846,576</b>

**CITY OF HUNTSVILLE  
OTHER GOVERNMENTAL FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – BY ACTIVITY  
For the Year Ended September 30, 2018**

Page 2 of 3

	<b>Capital Improvements</b>			
	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and payments in lieu of taxes	\$ 51,693,202	\$ 51,693,202	\$ 53,432,614	\$ 1,739,412
Revenues from money and property	-	-	1,540,729	1,540,729
Intergovernmental	-	-	1,795,854	1,795,854
Gifts and donations	-	-	278,554	278,554
Other revenues	-	-	720,402	720,402
<b>Total revenues</b>	<b>51,693,202</b>	<b>51,693,202</b>	<b>57,768,153</b>	<b>6,074,951</b>
<b>EXPENDITURES</b>				
Capital	70,166,611	142,582,311	70,407,893	72,174,418
Debt service	-	-	609,784	(609,784)
<b>Total expenditures</b>	<b>70,166,611</b>	<b>142,582,311</b>	<b>71,017,677</b>	<b>71,564,634</b>
<b>Excess of revenues over expenditures</b>	<b>(18,473,409)</b>	<b>(90,889,109)</b>	<b>(13,249,524)</b>	<b>77,639,585</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	77,957,500	77,957,500
Premium on debt issue	-	-	13,824,341	13,824,341
Transfer to debt escrow agent	-	-	(55,291,484)	(55,291,484)
Transfers in	5,685,852	-	5,353,500	5,353,500
Transfers out	-	-	(13,979,899)	(13,979,899)
<b>Total other financing sources (uses)</b>	<b>5,685,852</b>	<b>-</b>	<b>27,863,958</b>	<b>27,863,958</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(12,787,557)</b>	<b>(90,889,109)</b>	<b>14,614,434</b>	<b>105,503,543</b>
Fund balance, beginning	84,229,329	19,110,865	64,389,106	45,278,241
<b>Fund balance, ending</b>	<b>\$ 71,441,772</b>	<b>\$ (71,778,244)</b>	<b>\$ 79,003,540</b>	<b>\$ 150,781,784</b>

**CITY OF HUNTSVILLE  
OTHER GOVERNMENTAL FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – BY ACTIVITY  
For the Year Ended September 30, 2018**

<b>Cummings Research Park Capital Projects Fund</b>				
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenues from money and property	\$ 15,000	\$ 15,000	\$ 902,480	\$ 887,480
<b>Total revenues</b>	<b>15,000</b>	<b>15,000</b>	<b>902,480</b>	<b>887,480</b>
<b>EXPENDITURES</b>				
Urban development	-	310,803	132,521	178,282
<b>Total expenditures</b>	<b>-</b>	<b>310,803</b>	<b>132,521</b>	<b>178,282</b>
<b>Excess of revenues over expenditures</b>	<b>15,000</b>	<b>(295,803)</b>	<b>769,959</b>	<b>1,065,762</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>15,000</b>	<b>(295,803)</b>	<b>769,959</b>	<b>1,065,762</b>
Fund balance, beginning	1,913,879	1,433,182	2,118,009	684,827
<b>Fund balance, ending</b>	<b>\$ 1,928,879</b>	<b>\$ 1,137,379</b>	<b>\$ 2,887,968</b>	<b>\$ 1,750,589</b>

**CITY OF HUNTSVILLE  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – BY ACTIVITY  
For the Year Ended September 30, 2018**

	<b>Debt Service</b>			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<b>REVENUES</b>				
Taxes and payments in lieu of taxes	\$ -	\$ -	\$ -	-
Revenues from money and property	-	-	24,230	24,230
<b>Total revenues</b>	-	-	24,230	24,230
<b>EXPENDITURES</b>				
Debt service				
Principal	31,901,456	31,901,456	31,901,456	-
Interest	25,488,935	25,488,935	25,574,546	(85,611)
<b>Total expenditures</b>	57,390,391	57,390,391	57,476,002	(85,611)
<b>Excess of revenues over expenditures</b>	(57,390,391)	(57,390,391)	(57,451,772)	(61,381)
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	-	-
Premium on debt issue	-	-	-	-
Transfer to debt escrow agent	-	-	-	-
Transfers in	57,199,822	57,199,822	58,344,745	(1,144,923)
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	57,199,822	57,199,822	58,344,745	(1,144,923)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	(190,569)	(190,569)	892,973	1,083,542
Fund balance, beginning	(894,321)	(894,321)	(894,321)	-
<b>Fund balance, ending</b>	<b>\$ (1,084,890)</b>	<b>\$ (1,084,890)</b>	<b>\$ (1,348)</b>	<b>\$ 1,083,542</b>

## **STATISTICAL SECTION**

## STATISTICAL SECTION

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

Subsection	Page
<b>Financial Trends</b> – These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. Included are government-wide summaries of net position, and revenue, expenses and fund balances of governmental funds and their revenue and expenditures.....	132
<b>Revenue Capacity</b> – These schedules contain information to help the reader assess the government's most significant local revenue sources – sales and property taxes. Included are 10-year tax revenue summary, property values and tax collections, and principal taxpayers.....	137
<b>Debt Capacity</b> – These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.....	142
<b>Demographic and Economic Information</b> – These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.....	147
<b>Operating Information</b> – These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.....	149

**CITY OF HUNTSVILLE  
NET POSITION BY COMPONENT**

	2018	2017	2016	2015	2014	2013 (b)	2012 (b)	2011 (b)	2010 (a)	2009 (a)
<b>Governmental activities</b>										
Net investment in capital assets	\$ 544,768,278	\$ 845,513,121	\$ 942,884,115	\$ 797,217,611	\$ 833,092,652	\$ 831,725,887	\$ 809,527,915	\$ 806,901,120	\$ 802,221,037	\$ 845,268,444
Restricted	236,973,783	41,377,635	96,222,800	56,606,417	36,683,825	53,102,659	92,060,940	69,827,306	59,953,224	49,434,712
Unrestricted	(361,804,446)	(443,964,319)	(597,400,654)	(423,145,927)	(262,498,673)	(180,968,702)	(191,382,729)	(134,886,509)	(115,487,088)	(119,390,646)
<b>Total net position</b>	<b>\$ 419,937,615</b>	<b>\$ 442,926,437</b>	<b>\$ 441,706,261</b>	<b>\$ 430,678,101</b>	<b>\$ 607,277,804</b>	<b>\$ 703,859,844</b>	<b>\$ 710,206,126</b>	<b>\$ 741,841,917</b>	<b>\$ 746,687,173</b>	<b>\$ 775,312,510</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 309,021,803	\$ 302,449,760	\$ 296,962,340	\$ 286,013,940	\$ 274,288,062	\$ 266,661,604	\$ 261,861,356	\$ 257,197,485	\$ 229,307,244	\$ 205,036,558
Restricted	9,124	143,098	0	0	554,023	6,858,123	14,820,632	9,998,784	10,802,923	12,046,366
Unrestricted	18,979,336	23,127,600	17,918,489	17,545,100	33,425,775	23,590,425	11,684,296	13,797,524	21,960,699	22,147,903
<b>Total net position</b>	<b>\$ 328,010,263</b>	<b>\$ 325,720,458</b>	<b>\$ 314,880,829</b>	<b>\$ 303,559,040</b>	<b>\$ 308,267,860</b>	<b>\$ 297,110,152</b>	<b>\$ 288,366,284</b>	<b>\$ 280,993,793</b>	<b>\$ 262,070,866</b>	<b>\$ 239,230,827</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 853,790,081	\$ 1,147,962,881	\$ 1,239,846,455	\$ 1,083,231,551	\$ 1,107,380,714	\$ 1,098,387,491	\$ 1,071,389,271	\$ 1,064,098,605	\$ 1,031,528,281	\$ 1,050,305,002
Restricted	236,982,907	41,520,733	96,222,800	56,606,417	37,237,848	59,960,782	106,881,572	79,826,090	70,756,147	61,481,078
Unrestricted	(342,825,110)	(420,836,719)	(579,482,165)	(405,600,827)	(229,072,898)	(157,378,277)	(179,698,433)	(121,088,985)	(93,526,389)	(97,242,743)
<b>Total primary government net position</b>	<b>\$ 747,947,878</b>	<b>\$ 768,646,895</b>	<b>\$ 756,587,090</b>	<b>\$ 734,237,141</b>	<b>\$ 915,545,664</b>	<b>\$ 1,000,969,996</b>	<b>\$ 998,572,410</b>	<b>\$ 1,022,835,710</b>	<b>\$ 1,008,758,039</b>	<b>\$ 1,014,543,337</b>

Source: Comprehensive annual financial reports

(a) Includes the effect of a prior period adjustment made in 2011 and 2010 related to capital asset additions. Note that the invested in capital assets figure has not been restated prior to 2009.

(b) Includes the effect of restatements and prior period adjustments made in 2013 related to capital asset additions and debt issuance costs. Note that no figures related to these adjustments have been restated prior to 2011. Also, the term "net position" is used beginning in 2013, rather than "net assets" in prior years.



**CITY OF HUNTSVILLE  
CHANGES IN NET POSITION**

	2018	2017	2016	2015	2014	2013 (c)	2012 (c)	2011 (c)	2010 (a)	2009 (a)
<b>Expenses</b>										
Governmental activities:										
General government	\$ 40,753,794	\$ 34,640,871	\$ 34,361,989	\$ 29,989,299	\$ 29,153,904	\$ 26,715,719	\$ 26,733,928	\$ 24,420,239	\$ 22,148,340	\$ 28,684,548
Public safety	109,340,713	101,454,111	89,867,060	89,257,242	88,372,786	85,724,764	83,352,893	82,143,685	82,875,148	78,799,511
Public services	131,024,399	144,445,066	164,347,739	168,284,768	237,413,535	128,811,922	137,948,724	108,810,956	109,197,353	163,161,869
Urban development	39,928,608	27,486,329	22,412,512	43,242,563	36,683,268	28,867,478	39,156,948	38,663,677	26,455,675	18,492,051
Intergovernmental assistance (a)	0	0	0	0	0	0	0	0	0	0
Interest on long-term debt	29,840,153	29,881,615	29,852,643	26,224,071	26,658,311	25,455,799	25,462,843	22,976,363	20,727,443	21,534,346
Unallocated depreciation	30,364,378	30,071,644	32,372,585	31,002,001	30,740,478	30,455,028	29,882,021	29,467,360	29,328,626	28,549,209
<b>Total governmental activities expenses</b>	<b>381,252,045</b>	<b>367,979,636</b>	<b>373,214,528</b>	<b>387,999,944</b>	<b>449,022,282</b>	<b>326,030,710</b>	<b>342,537,357</b>	<b>306,482,280</b>	<b>290,732,585</b>	<b>339,221,534</b>
Business-type activities:										
Water pollution control	37,403,132	27,991,809	29,173,955	28,593,512	27,244,801	27,720,695	30,318,335	31,138,113	27,061,582	26,875,881
Civic Center	13,987,414	12,989,031	12,542,916	12,043,936	11,842,331	10,961,440	11,128,503	10,125,697	9,728,536	9,966,778
Ice Complex	1,238,619	1,290,010	1,310,499	1,615,154	1,581,104	1,482,712	1,395,951	1,207,208	1,056,821	1,047,050
Parking facilities	0	0	0	0	0	0	0	0	0	0
Sanitation	0	0	0	0	0	0	0	0	0	0
<b>Total business-type activities expenses</b>	<b>52,629,165</b>	<b>42,270,850</b>	<b>43,027,370</b>	<b>42,252,602</b>	<b>40,668,236</b>	<b>40,164,847</b>	<b>42,842,789</b>	<b>42,471,018</b>	<b>37,846,939</b>	<b>37,889,709</b>
<b>Total primary government expenses</b>	<b>433,881,210</b>	<b>410,250,486</b>	<b>416,241,898</b>	<b>430,252,546</b>	<b>489,690,518</b>	<b>366,195,557</b>	<b>385,380,146</b>	<b>348,953,298</b>	<b>328,579,524</b>	<b>377,111,243</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	29,595,713	24,055,896	22,777,167	22,052,325	22,021,774	21,925,264	20,777,576	20,090,489	19,546,315	18,777,070
Public Safety	4,048,868	4,122,334	4,531,621	4,681,849	4,642,898	4,116,642	3,920,660	4,042,948	4,206,968	4,051,824
Public Services	19,077,338	19,410,439	18,821,416	18,328,708	17,988,274	18,388,361	18,116,407	18,024,375	16,467,291	16,758,939
Urban Development	4,866,768	3,841,420	3,220,276	2,732,673	3,093,173	3,307,178	2,492,147	2,632,710	2,979,979	3,688,251
Operating grants and contributions	37,398,120	12,484,743	28,466,937	24,437,539	26,850,683	21,199,994	12,395,570	10,087,125	9,607,076	5,534,331
Capital grants and contributions	2,051,939	5,524,756	14,359,350	21,290,616	21,349,944	23,956,342	24,501,646	23,279,382	11,477,997	35,454,871
<b>Total governmental activities program revenues</b>	<b>97,038,746</b>	<b>69,439,588</b>	<b>92,176,767</b>	<b>93,523,710</b>	<b>95,946,746</b>	<b>92,893,781</b>	<b>82,204,006</b>	<b>78,157,029</b>	<b>64,285,626</b>	<b>84,265,286</b>
Business-type activities:										
Charges for services:										
Water pollution control	39,824,923	40,049,926	38,940,571	37,680,083	36,032,232	35,792,089	36,141,264	37,321,532	33,518,016	32,905,736
Civic Center	9,962,346	8,980,112	9,133,213	8,202,625	8,358,106	7,361,245	7,212,347	6,839,392	6,514,808	7,146,456
Ice Complex	1,253,898	1,160,985	1,163,060	1,423,171	1,518,105	1,414,996	1,405,130	1,089,071	1,002,102	917,173
Operating grants and contributions	0	0	0	0	0	0	0	0	0	0
Capital grants and contributions	0	9,090	0	2,409,031	3,525,530	1,341,687	2,980,046	2,147,144	1,787,827	5,293,814
<b>Total business-type activities program revenues</b>	<b>51,041,167</b>	<b>50,200,113</b>	<b>49,236,844</b>	<b>49,714,910</b>	<b>49,433,973</b>	<b>45,910,017</b>	<b>47,738,787</b>	<b>47,397,139</b>	<b>42,822,753</b>	<b>46,263,179</b>
<b>Total primary government program revenues</b>	<b>148,079,913</b>	<b>119,639,701</b>	<b>141,413,611</b>	<b>143,238,620</b>	<b>145,380,719</b>	<b>138,803,798</b>	<b>129,942,793</b>	<b>125,554,168</b>	<b>107,108,379</b>	<b>130,528,465</b>
<b>Net (expense) revenue</b>										
Governmental activities	(284,213,299)	(298,540,048)	(281,037,761)	(294,476,234)	(353,075,536)	(233,136,929)	(260,333,351)	(228,325,251)	(226,446,959)	(254,956,248)
Business-type activities	(1,587,998)	7,929,263	6,209,474	7,462,308	8,765,737	5,745,170	4,895,998	4,926,121	4,975,814	8,373,470
<b>Total primary government net expenses</b>	<b>(285,801,297)</b>	<b>(290,610,785)</b>	<b>(274,828,287)</b>	<b>(287,013,926)</b>	<b>(344,309,799)</b>	<b>(227,391,759)</b>	<b>(255,437,353)</b>	<b>(223,399,130)</b>	<b>(221,471,145)</b>	<b>(246,582,778)</b>

**CITY OF HUNTSVILLE  
CHANGES IN NET POSITION**

	2018	2017	2016	2015	2014	2013 (c)	2012 (c)	2011 (c)	2010 (a)	2009 (a)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Sales & use taxes	\$ 208,966,293	\$ 195,327,025	\$ 190,546,050	\$ 181,057,346	\$ 159,401,801	\$ 135,099,924	\$ 132,772,011	\$ 127,235,936	\$ 123,934,078	\$ 122,161,198
Property taxes	66,083,001	59,604,053	57,850,973	54,748,223	54,253,368	53,241,717	54,699,340	58,861,760	57,285,006	54,078,571
Other taxes	47,855,650	43,967,500	45,203,819	41,737,789	41,039,618	39,075,002	39,691,873	39,795,730	39,451,787	38,537,905
Interest on Investments	2,383,639	585,804	704,590	450,481	672,898	775,306	1,124,316	969,805	798,035	1,116,673
Other	2,703,551	2,270,299	1,478,946	1,951,356	1,180,504	1,305,543	944,235	1,172,264	20,071,808	3,899,387
Gains (losses) on sales of assets	580,750	863,000	1,350,500	(304,271)	2,263,811	205,554	1,893,432	232,794	1,142,410	3,897,397
Extraordinary impairment loss	0	0	0	0	0	0	0	0	(27,067,437)	0
Transfers	(10,716,842)	(2,857,457)	(5,068,957)	(2,726,833)	(2,318,504)	(2,912,399)	(2,427,647)	(14,909,852)	(17,794,065)	(3,406,942)
Total governmental activities	317,856,042	299,760,224	292,065,921	276,914,091	256,493,496	226,790,647	228,697,560	213,358,437	197,821,622	220,284,189
Business-type activities										
Interest on investments	81,117	52,909	43,358	63,140	73,467	86,299	48,846	44,439	70,160	102,738
Gains (losses) on sales of assets	0	0	0	0	0	0	0	0	0	30,000
Transfers	8,202,574	2,857,457	5,068,957	2,726,833	2,318,504	2,912,399	2,427,647	14,909,852	17,794,065	3,406,942
Total business-type activities	8,283,691	2,910,366	5,112,315	2,789,973	2,391,971	2,998,698	2,476,493	14,954,291	17,864,225	3,539,680
Total primary government	326,139,733	302,670,590	297,178,236	279,704,064	258,885,467	229,789,345	231,174,053	228,312,728	215,685,847	223,823,869
<u>Change in Net Position</u>										
Governmental activities	33,642,743	1,220,176	11,028,160	(17,562,143)	(96,582,040)	(6,346,282)	(31,635,791)	(14,966,814)	(28,625,337)	(34,672,059)
Business-type activities	6,695,693	10,839,629	11,321,789	10,252,281	11,157,708	8,743,868	7,372,491	19,880,412	22,840,039	11,913,150
Total primary government	\$40,338,436	\$12,059,805	\$22,349,949	(\$7,309,862)	(\$85,424,332)	\$2,397,586	(\$24,263,300)	\$4,913,598	(\$5,785,298)	(\$22,758,909)

Source: Comprehensive annual financial reports.

(a) Includes the effect of prior period adjustments made in 2011 and 2010 related to capital asset additions. Note that no figures related to these adjustments have been restated prior to 2009.

(b) Intergovernmental assistance is primarily provided to the Huntsville Board of Education, either direct payments or in the construction of school facilities that are assets of the Board. Financing for such assistance is provided by recurring property taxes or tax increment financing districts property taxes. This expense is included in other function expenses beginning in 2006.

(c) Includes the effect of restatements and prior period adjustments made in 2013 related to capital asset additions and debt issuance costs. Note that no figures related to these adjustments have been restated prior to 2011. Also, the term "net position" is used beginning in 2013, rather than "net assets" in prior years.

**CITY OF HUNTSVILLE  
FUND BALANCES OF GOVERNMENTAL FUNDS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Fund</b>										
Nonspendable	\$ 502,254	\$ 507,398	\$ 545,611	\$ 330,661	\$ 295,347	\$ 103,136	\$ 100,429	\$ 156,555	-	-
Restricted	-	-	249,607	459,360	494,593	336,926	244,449	211,399	-	-
Committed	4,310,285	4,702,832	6,295,708	3,978,387	2,384,910	622,963	417,977	2,940,666	-	-
Assigned	1,000,000	1,000,000	1,000,000	4,634,414	6,333,577	8,331,843	6,869,250	5,757,645	-	-
Unassigned	53,497,651	43,456,951	37,738,528	26,014,291	31,082,957	30,630,183	31,151,798	29,227,404	-	-
Reserved	-	-	-	-	-	-	-	-	452,658	2,268,657
Unreserved	-	-	-	-	-	-	-	-	37,387,163	41,623,212
<b>Total general fund</b>	<b>59,310,190</b>	<b>49,667,181</b>	<b>45,829,454</b>	<b>35,417,113</b>	<b>40,591,384</b>	<b>40,025,051</b>	<b>38,783,903</b>	<b>38,293,669</b>	<b>37,839,821</b>	<b>43,891,869</b>
<b>All other governmental funds</b>										
Nonspendable	3,896,989	3,257,915	2,937,642	2,957,461	1,934,453	1,257,751	1,230,972	992,765	-	-
Restricted	5,746,681	41,377,635	88,919,640	87,154,198	76,162,879	76,162,879	124,922,741	73,184,953	-	-
Committed	2,887,968	142,362,101	80,848,838	32,691,643	30,615,652	30,615,652	37,375,254	42,403,656	-	-
Assigned	5,672,188	5,307,031	5,845,167	5,309,942	6,032,259	5,898,703	5,216,839	4,259,078	-	-
Unassigned	(182,760)	(1,117,573)	(215,316)	(236,961)	(362,755)	(236,855)	(1,102,991)	(182,686)	-	-
Reserved	-	-	-	-	-	-	-	-	55,597,074	76,818,638
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Debt Service fund	-	-	-	-	-	-	-	-	3,449,602	3,412,682
Special revenue funds	-	-	-	-	-	-	-	-	(2,149,120)	(1,644,735)
Permanent funds	-	-	-	-	-	-	-	-	1,264,302	1,246,187
Capital project funds	-	-	-	-	-	-	-	-	88,159,398	28,143,542
<b>Total all other governmental funds</b>	<b>18,021,066</b>	<b>191,187,109</b>	<b>178,335,971</b>	<b>127,876,283</b>	<b>114,382,488</b>	<b>113,698,130</b>	<b>167,642,815</b>	<b>120,657,766</b>	<b>146,321,256</b>	<b>107,976,314</b>
<b>Total fund balance</b>	<b>\$ 77,331,256</b>	<b>\$240,854,290</b>	<b>\$224,165,425</b>	<b>\$163,293,396</b>	<b>\$154,973,872</b>	<b>\$153,723,181</b>	<b>\$206,426,718</b>	<b>\$158,951,435</b>	<b>\$184,161,077</b>	<b>\$151,868,183</b>

Source: Comprehensive annual financial reports.

**CITY OF HUNTSVILLE  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues</b>										
Sales and Use Tax	\$ 208,966,293	\$ 195,384,836	\$ 190,729,980	\$ 181,057,346	\$ 159,781,025	\$ 135,057,237	\$ 132,503,675	\$ 126,470,618	\$ 123,934,078	\$ 122,161,198
Property Tax	66,083,001	59,517,420	57,850,973	54,748,223	54,253,368	53,241,717	54,699,340	58,861,760	57,285,006	54,078,571
Other taxes	47,796,692	43,907,918	45,465,453	41,977,292	41,090,211	39,075,002	39,691,873	39,795,730	39,451,787	38,537,905
Licenses and permits	28,208,646	26,499,649	24,901,908	23,679,897	23,819,364	23,850,640	22,033,292	21,389,753	21,739,746	22,216,726
Fines and forfeitures	3,826,040	4,003,972	4,466,875	3,754,603	3,473,013	3,129,923	3,240,931	3,485,908	3,730,949	3,909,186
Revenues from money and property	6,972,716	5,299,539	4,919,314	4,744,704	6,461,335	4,511,397	6,211,960	4,470,530	5,694,484	9,375,326
Charges for services	42,349,949	17,993,904	17,333,314	16,947,087	16,549,021	16,215,457	15,071,641	14,849,097	13,355,299	13,352,783
Intergovernmental	11,244,579	18,343,577	32,320,686	29,747,386	27,987,674	30,395,247	21,380,475	18,328,789	18,848,842	18,311,488
Gifts and donations	2,440,644	2,460,757	6,907,406	2,922,892	3,275,381	5,817,108	3,911,580	6,440,919	9,105,851	1,982,596
Other revenues	1,806,477	1,668,794	1,268,490	1,831,703	2,486,427	1,450,476	2,122,359	1,663,967	4,029,865	1,669,735
<b>Total revenues</b>	<b>419,695,037</b>	<b>375,080,366</b>	<b>386,164,399</b>	<b>361,411,133</b>	<b>339,176,819</b>	<b>312,744,204</b>	<b>300,867,126</b>	<b>295,757,071</b>	<b>297,175,907</b>	<b>285,595,514</b>
<b>Expenditures</b>										
General government	29,488,028	30,718,856	31,372,454	29,170,852	28,227,710	26,200,191	28,697,542	23,065,197	23,540,359	27,076,571
Public safety	92,865,616	89,362,560	90,332,831	83,826,858	82,331,558	80,070,974	80,502,982	76,605,943	77,047,963	73,422,216
Public services	88,173,064	78,125,664	121,919,036	128,975,662	74,322,641	72,239,663	77,422,057	67,250,778	70,201,183	71,145,870
Urban development	20,403,337	20,658,265	18,328,725	18,806,466	27,725,654	17,562,142	16,288,150	20,107,047	16,476,084	16,663,058
Debt service	0	0	0	0	0	0	0	0	0	0
Principal	37,243,956	29,770,224	28,657,088	43,323,319	34,054,729	50,829,052	32,412,110	32,242,118	35,498,028	107,287,240
Interest	26,716,331	28,179,262	26,167,860	24,800,838	24,753,072	23,912,271	23,527,397	22,400,482	22,828,178	23,859,727
Fiscal charges	624	507	711	2,149	849	17,087	15,804	21,546	13,304	11,449
Debt issuance costs	1,269,946	1,185,748	723,615	621,319	1,414,594	249,956	1,246,871	6,500	1,148,689	1,116,280
Capital projects construction and outlay	166,255,294	66,860,745	36,777,565	55,563,121	28,117,331	29,658,555	20,600,429	23,300,805	32,578,946	39,807,540
Intergovernmental assistance	29,670,223	52,910,501	49,110,279	44,913,309	165,783,884	63,366,078	83,144,550	54,835,373	43,747,892	90,864,329
<b>Total expenditures</b>	<b>492,086,420</b>	<b>397,772,332</b>	<b>403,390,164</b>	<b>430,003,893</b>	<b>466,732,022</b>	<b>364,105,969</b>	<b>363,857,892</b>	<b>319,835,789</b>	<b>323,080,626</b>	<b>451,254,280</b>
Excess of revenues over (under) expenditures	(72,391,383)	(22,691,966)	(17,225,765)	(68,592,760)	(127,555,203)	(51,361,765)	(62,990,766)	(24,078,718)	(25,904,719)	(165,658,766)
<b>Other financing sources (uses)</b>										
Long-term debt issued	166,609,194	103,482,451	121,175,789	69,718,637	196,870,969	27,770,132	151,704,893	13,778,928	145,244,100	147,538,000
Premium on debt issue	27,882,248	10,700,582	27,065,510	9,925,229	24,816,375	311,879	17,425,336	0	7,106,178	9,662,918
Payment to escrow agent	(55,291,484)	(71,944,745)	(65,074,549)	0	(95,982,662)	(20,988,033)	(56,303,167)	0	(76,308,888)	0
Capital lease proceeds	0	0	0	0	0	0	0	0	0	0
Transfers in	77,083,967	72,761,360	48,054,906	79,797,073	79,517,324	91,546,692	90,282,567	89,431,120	92,329,571	160,826,423
Transfers (out)	(87,800,809)	(75,618,816)	(53,123,863)	(82,590,783)	(82,037,527)	(94,361,027)	(92,643,580)	(104,340,972)	(110,173,348)	(164,218,870)
<b>Total other financing sources (uses)</b>	<b>128,483,116</b>	<b>39,380,832</b>	<b>78,097,793</b>	<b>76,850,156</b>	<b>123,184,479</b>	<b>4,279,643</b>	<b>110,466,049</b>	<b>(1,130,924)</b>	<b>58,197,613</b>	<b>153,808,471</b>
<b>Net change in fund balances</b>	<b>\$56,091,733</b>	<b>\$16,688,866</b>	<b>\$60,872,028</b>	<b>\$8,257,396</b>	<b>(\$4,370,724)</b>	<b>(\$47,082,122)</b>	<b>\$47,475,283</b>	<b>(\$25,209,642)</b>	<b>\$32,292,894</b>	<b>(\$11,850,295)</b>
Debt service as a percentage of noncapital expenditures	27.7%	26.5%	20.9%	26.1%	27.7%	38.1%	27.6%	29.2%	31.1%	69.6%

Source: Comprehensive annual financial reports.

**CITY OF HUNTSVILLE  
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**

Fiscal Year	Sales and Use Tax	Property Tax	City Leasing	City Liquor	City Lodging	City Gasoline	City Wine	City Tobacco	State Gasoline	Huntsville Utilities P.I.L.O.T.	T.V.A. P.I.L.O.T.	State Beverage	State Tobacco	All Other	Total
2008	\$127,565,012	\$50,210,471	\$2,945,100	\$2,077,439	\$5,924,004	\$1,072,348	\$166,983	\$1,354,237	\$3,109,810	\$14,648,826	\$3,080,532	\$1,788,958	\$306,172	\$1,063,561	\$215,313,453
2009	\$122,161,198	\$54,078,571	\$2,724,440	\$2,238,761	\$5,691,836	\$1,059,697	\$158,869	\$1,345,472	\$3,113,969	\$15,544,289	\$3,061,800	\$1,763,041	\$298,603	\$1,537,129	\$214,777,675
2010	\$123,934,078	\$57,285,006	\$2,709,184	\$2,385,303	\$5,806,607	\$1,082,108	\$158,953	\$1,384,660	\$3,171,632	\$16,654,708	\$2,874,444	\$1,751,714	\$286,959	\$1,185,515	\$220,670,871
2011	\$126,470,618	\$58,861,760	\$2,868,384	\$2,337,309	\$6,144,514	\$1,074,319	\$178,512	\$1,342,972	\$3,146,176	\$16,387,516	\$3,195,236	\$1,631,263	\$318,969	\$1,170,559	\$225,128,108
2012	\$132,503,675	\$54,699,340	\$2,996,122	\$2,445,579	\$6,129,998	\$1,188,538	\$179,981	\$1,236,213	\$3,304,230	\$15,531,412	\$3,328,060	\$1,724,802	\$263,188	\$1,363,750	\$226,894,888
2013	\$135,057,237	\$53,241,717	\$2,719,021	\$2,369,026	\$6,191,970	\$1,202,412	\$178,378	\$1,183,813	\$3,254,180	\$15,765,419	\$3,072,492	\$1,604,197	\$230,914	\$1,303,180	\$227,373,956
2014	\$159,781,025	\$54,253,368	\$2,631,568	\$2,522,257	\$7,303,150	\$1,265,771	\$180,806	\$1,229,518	\$3,275,006	\$16,222,522	\$2,908,572	\$1,649,427	\$144,987	\$1,756,627	\$255,124,604
2015	\$181,057,346	\$54,748,223	\$2,920,756	\$2,665,032	\$7,560,909	\$1,235,379	\$197,135	\$1,212,139	\$3,437,782	\$16,647,075	\$2,881,380	\$1,674,900	\$223,136	\$1,321,669	\$277,782,861
2016	\$190,729,980	\$57,850,973	\$3,442,511	\$2,980,488	\$7,844,415	\$1,311,216	\$200,302	\$1,250,042	\$3,522,306	\$17,251,340	\$3,375,449	\$1,784,091	\$329,958	\$2,173,335	\$294,046,406
2017	\$195,384,836	\$59,517,420	\$3,437,394	\$3,166,433	\$8,480,826	\$1,325,804	\$211,419	\$1,229,884	\$3,564,696	\$15,844,677	\$2,813,159	\$1,777,753	\$155,962	\$1,899,911	\$298,810,174
2018															\$0

**CITY OF HUNTSVILLE  
SALES & PROPERTY TAX RATES**

---

**SALES TAX**

Fiscal Year		City	County	State	Total
2008		3.5%	0.5%	4.0%	8.0%
2009		3.5%	0.5%	4.0%	8.0%
2010		3.5%	0.5%	4.0%	8.0%
2011		3.5%	0.5%	4.0%	8.0%
2012		3.5%	0.5%	4.0%	8.0%
2013		3.5%	0.5%	4.0%	8.0%
2014	(1.0% increase 3/1/14)	4.5%	0.5%	4.0%	9.0%
2015		4.5%	0.5%	4.0%	9.0%
2016		4.5%	0.5%	4.0%	9.0%
2017		4.5%	0.5%	4.0%	9.0%
2018		4.5%	0.5%	4.0%	9.0%

Note: Above data is the tax rate inside the City limits within Madison County.

---

**PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS**

(Per \$1000 of Assessed Value)

Fiscal Year	City of Huntsville				County School District	County	State	Total
	General Fund	City School Funds	Debt Service Funds	Total				
2008	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2009	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2010	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2011	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2012	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2013	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2014	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2015	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2016	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2017	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2018	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0

**CITY OF HUNTSVILLE  
PROPERTY TAX LEVIES AND COLLECTIONS**

	Total Tax Levy	Total Tax Collections (a)	Percent of Total Tax Collections to Tax Levy
2007-2008	\$168,234,235	\$166,393,544	98.9%
2008-2009	\$179,688,391	\$179,104,699	99.7%
2009-2010	\$188,576,265	\$187,648,619	99.5%
2010-2011	\$190,572,100	\$190,108,734	99.8%
2011-2012	\$190,241,294	\$190,022,859	99.9%
2012-2013	\$194,614,998	\$194,498,556	99.9%
2013-2014	\$197,403,885	\$197,526,366	100.1%
2014-2015	\$199,883,714	\$199,969,065	100.0%
2015-2016	\$199,358,750	\$199,854,209	100.2%
2016-2017	\$205,279,934	\$206,016,539	100.4%
2017-2018	\$207,873,791	\$210,989,952	101.5%

(a) Taxes are levied on October 1 and are payable by December 31, at which time they become delinquent and result in a tax sale to enforce collection. The Tax Collector does not provide the years in which the taxes are collected, but because of the collection policy, most are collected within the year of the levy. Collections are net of refunds.

Source: Madison County Tax Collectors office, for entire Madison County collections.

**CITY OF HUNTSVILLE  
PROPERTY TAXES  
ESTIMATED ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (thousands)**

Assessment Date October 1,	Real and Personal Property						Penalties Assessed	Exempt Assessed	Class 4		Total Assessed	Total Actual	Assessed Value To Total Estimated Actual Value
	Class 1 Assessed	Class 1 Actual	Class 2 Assessed	Class 2 Actual	Class 3 Assessed	Class 3 Actual			Assessed	Actual			
2007	\$33,626	\$112,086	\$1,921,701	\$9,608,503	\$744,423	\$7,444,226	\$6,751	(\$591,001)	\$221,997	\$1,479,980	\$2,337,497	\$18,644,795	12.5%
2008	\$33,417	\$111,391	\$1,980,302	\$9,901,509	\$786,525	\$7,865,245	\$5,106	(\$562,663)	\$227,114	\$1,514,093	\$2,469,801	\$19,392,238	12.7%
2009	\$30,191	\$100,637	\$1,981,468	\$9,907,339	\$811,896	\$8,118,963	\$3,496	(\$560,668)	\$206,932	\$1,379,547	\$2,473,315	\$19,506,486	12.7%
2010	\$26,732	\$89,106	\$1,916,313	\$9,581,567	\$839,571	\$8,395,710	\$2,095	(\$517,010)	\$224,336	\$1,495,573	\$2,492,037	\$19,561,956	12.7%
2011	\$27,581	\$91,937	\$1,948,313	\$9,741,566	\$863,786	\$8,637,862	\$1,830	(\$507,132)	\$241,516	\$1,610,107	\$2,575,894	\$20,081,472	12.8%
2012	\$28,591	\$95,302	\$1,955,237	\$9,776,187	\$878,514	\$8,785,143	\$2,334	(\$484,267)	\$256,731	\$1,711,543	\$2,637,140	\$20,368,175	12.9%
2013	\$26,818	\$89,393	\$1,977,673	\$9,888,366	\$878,858	\$8,788,580	\$3,031	(\$478,909)	\$260,691	\$1,737,940	\$2,668,162	\$20,504,279	13.0%
2014	\$26,915	\$89,717	\$2,067,967	\$10,339,835	\$891,333	\$8,913,330	\$3,076	(\$480,953)	\$269,328	\$1,795,520	\$2,777,666	\$21,138,402	13.1%
2015	\$21,257	\$70,856	\$2,136,708	\$10,683,539	\$902,236	\$9,022,358	\$3,373	(\$501,001)	\$293,012	\$1,953,413	\$2,855,585	\$21,730,166	13.1%
2016	\$21,353	\$71,177	\$2,258,951	\$11,294,755	\$944,927	\$9,449,270	\$5,182	(\$530,850)	\$246,836	\$1,645,573	\$2,946,399	\$22,460,775	13.1%
2017	\$21,170	\$70,565	\$2,366,167	\$11,830,836	\$980,301	\$9,803,010	\$3,975	(\$500,689)	\$285,518	\$1,903,451	\$3,156,442	\$23,607,862	13.4%

**Assessment Date Note:**

Property is initially assessed on October 1 each year for the taxes to be levied on the following October 1. Adjustments are made after the assessment until the next August, when the assessments are finalized for the upcoming October levy. Therefore, the assessed value figures above will result in tax collections beginning one year later. For example, the assessment in 2012 above was levied on October 1, 2012, and collected during the City's 2014 fiscal year.

**Valuation Note:**

The above figures are those reported by the Madison County Tax Assessor on the abstract for the city district tax, which is the basis for collection of the 6.5 mill general fund and 6.5 mill special revenue fund tax. Property located within the City limits in Limestone County is not included as this is currently not a significant value.

**Class and Assessment % Note:**

Class 1 - All property of utilities used in their business - 30%

Class 2 - All property not otherwise classified - 20%

Class 3 - All agricultural, forest and single family, owner-occupied residential property, and historic property - 10%

Class 4 - Private passenger automobiles and pickup trucks -15%

**Tax Rate Note:**



**CITY OF HUNTSVILLE  
PRINCIPAL TAXPAYERS - SALES & PROPERTY TAXES**

<b>SALES &amp; USE TAXES</b>	Top 100 Taxpayers		Total Tax	% of Total Tax
	(approximate)			
2008	\$67,540,596		\$127,565,012	52.9%
2009	\$65,039,625		\$122,161,198	53.2%
2010	\$68,513,620		\$123,934,078	55.3%
2011	\$68,060,713		\$126,470,618	53.8%
2012	\$73,600,757		\$132,503,675	55.5%
2013	\$74,582,224		\$135,057,237	55.2%
2014	\$85,343,403		\$159,781,025	53.4%
2015	\$98,998,235		\$181,057,346	54.7%
2016	\$103,191,559		\$190,044,271	54.3%
2017	\$105,599,574		\$194,758,559	54.2%
2018	\$112,459,986		\$205,955,365	54.6%

Source: City Finance Department. City and state law do not permit the disclosure of tax information for specific taxpayers, and city policy restricts disclosures on fewer than the top 100 taxpayers. Collections from the largest City taxpayers are not concentrated in particular industries or products, but generally pertain to sales of a diverse variety of consumer goods.

Note: Information prior to 2006 is not available.

<b>PROPERTY TAXES</b>	2018			2009		
	City Assessed Valuation	Rank	Percentage of Total Assessed Value	City Assessed Valuation	Rank	Percentage of Total Assessed Value
Toyota Motor Manufacturing Alabama	\$112,073,740	1	3.8%	\$65,314,780	1	2.8%
Huntsville NYL LLC	\$25,011,240	2	0.8%			
Generics International US Inc.	\$24,574,040	3	0.8%			
ADTRAN Inc.	\$20,840,080	4	0.7%	\$20,928,620	3	0.9%
BASF Catalysts LLC	\$21,674,300	5	0.7%	\$17,430,060	6	0.7%
IMI Huntsville LLC	\$17,894,700	6	0.6%			
Dyne tics Inc.	\$19,150,380	7	0.6%			
Bell South Telecommunications Inc.	\$13,652,620	8	0.5%	\$27,364,900	2	1.2%
Crestwood Healthcare LP	\$12,407,200	9	0.4%	\$8,965,820	9	0.4%
Kennametal Inc.	\$10,700,600	10	0.4%			
Cinram Inc.				\$18,822,840	5	0.8%
Sanmina SCI Technology				\$9,083,020	8	0.4%
Redstone Federal Credit Union				\$9,174,380	7	0.4%
Rudolphs Engine LLC				\$19,374,960	4	0.8%
DDRTC Westside Centre LLC				\$8,833,080	10	0.4%
<b>Top 10 subtotal</b>	<b>\$277,978,900</b>		<b>9.4%</b>	<b>\$205,292,460</b>		<b>8.8%</b>
Other taxpayers	\$2,668,420,100		90.6%	\$2,132,203,540		91.2%
<b>Totals</b>	<b>\$2,946,399,000</b>		<b>100.0%</b>	<b>\$2,337,496,000</b>		<b>100.0%</b>

**Valuation Note:**

The above figures are those reported by the Madison County Tax Assessor on the abstract for the city district tax, which is the basis for collection of the 6.5 mill general fund and 6.5 mill special revenue fund tax. Property located within the City limits in Limestone County is not included as this is currently not a significant value.

**Assessment Date Note:**

Property is initially assessed on October 1 each year for the taxes to be levied on the following October 1. Adjustments are made after the assessment until the next August, when the assessments are finalized for the upcoming October levy. Therefore, the assessed value figures above will result in tax collections beginning one year later. For example,

**CITY OF HUNTSVILLE**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**

(amounts expressed in thousands, except per capita amounts)

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Per Capita	Debt as % of Personal Income
	General Obligation Warrants	Revenue Warrants	PBA Lease Revenue Bonds	Capital Leases	Sewer System General Obligation Warrants	Sewer System Revenue Warrants	Capital Leases			
2008	\$373,868	\$0	\$87,568	\$763	\$55,293	\$76,560	\$4	\$594,056	\$3,322	3.96%
2009	\$423,606	\$0	\$87,108	\$234	\$64,763	\$71,800	\$0	\$647,511	\$3,604	4.18%
2010	\$469,181	\$834	\$86,628	\$120	\$72,658	\$66,865	\$0	\$696,286	\$3,819	4.31%
2011	\$434,877	\$14,613	\$86,133	\$64	\$66,719	\$61,745	\$0	\$664,151	\$3,612	3.89%
2012	\$503,719	\$29,193	\$85,619	\$0	\$95,968	\$42,065	\$0	\$756,564	\$4,062	4.22%
2013	\$452,459	\$35,933	\$83,759	\$0	\$88,120	\$37,380	\$0	\$697,651	\$3,705	3.82%
2014	\$568,664	\$45,206	\$62,697	\$0	\$80,799	\$32,525	\$0	\$789,891	\$4,137	4.16%
2015	\$496,159	\$41,453	\$59,490	\$0	\$64,980	\$27,485	\$0	\$689,567	\$3,571	3.52%
2016	\$595,632	\$45,610	\$57,310	\$0	\$55,948	\$22,260	\$0	\$776,760	\$3,957	3.82%
2017	\$668,975	\$63,781	\$46,965	\$0	\$52,609	\$16,835	\$0	\$849,165	\$4,364	4.18%
2018	\$693,105	\$50,982	\$44,820	\$0	\$48,960	\$12,810	\$0	\$850,677	\$4,327	3.91%

Source: Comprehensive annual financial reports.

See the Schedule of Demographic and Economic Statistics for median family income and population data.

**CITY OF HUNTSVILLE**  
**RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING**

(amounts expressed in thousands)

Fiscal Year	General Obligation Warrants	Sewer System General Obligation Warrants	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2008	\$373,868	\$55,293	\$429,161	2.2%	\$2,400
2009	\$423,606	\$64,763	\$488,369	2.5%	\$2,718
2010	\$469,181	\$72,658	\$541,839	2.8%	\$3,008
2011	\$434,877	\$66,719	\$501,596	2.5%	\$2,742
2012	\$503,719	\$95,968	\$599,687	2.9%	\$3,263
2013	\$452,459	\$88,120	\$540,579	2.6%	\$2,902
2014	\$568,664	\$80,799	\$649,463	3.1%	\$3,449
2015	\$496,159	\$64,980	\$561,139	2.6%	\$2,939
2016	\$595,632	\$55,948	\$651,580	2.9%	\$3,375
2017	\$668,975	\$52,609	\$721,584	3.2%	\$3,676
2018	\$693,105	\$48,960	\$742,065	3.1%	\$3,774

Source: Comprehensive annual financial reports.

See the Schedule of Demographic and Economic Statistics for population data.

See the Schedule of Estimated Assessed and Estimated Actual Value of Taxable Property

**CITY OF HUNTSVILLE  
LEGAL DEBT MARGIN INFORMATION**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt limit	630,493,200	588,243,400	570,442,400	554,918,000	533,026,200	526,961,200	514,812,800	498,407,400	494,663,000	493,960,200
Total net debt applicable to limit	395,966,081	407,608,415	356,079,457	276,811,706	294,217,898	267,510,207	276,293,944	258,004,189	292,953,851	248,535,628
Legal debt margin	234,527,120	180,634,985	214,362,943	278,106,294	238,808,302	259,450,993	238,518,856	240,403,211	201,709,149	245,424,572
Total net debt applicable to limit as a percentage of debt limit	62.8%	69.3%	62.4%	49.9%	55.2%	50.8%	53.7%	51.8%	59.2%	50.3%

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

Assessed value of real and personal property, October 1, 2017 (a)		<u>\$3,152,466,000</u>
Debt limit - 20 percent of total assessed value		630,493,200
All outstanding debt of the City	<u>\$799,695,000</u>	
Less those portions not chargeable to the debt limit:		
Lease revenue bonds of the Public Building Authority	44,820,000	
Debt payable from other revenues:		
General obligation sewer warrants	48,960,000	
Sewer revenue warrants	12,810,000	
Private placement revenue warrants		
General obligation Series 2018-A Economic Development Warrants issued for schools	59,887,750	
	<u>228,284,336</u>	
Total not chargeable	<u>394,762,086</u>	
Total debt chargeable to debt limit	404,932,914	
Less assets available for debt service	<u>8,966,834</u>	<u>395,966,081</u>
Legal debt margin		<u><u>\$234,527,120</u></u>

(a) does not include penalty assessments that are not includable in this calculation.

Note: The above data is determined in accordance with governmental accounting standards and may differ from the methods used when determining the data under Alabama law for municipalities. Parties interested in this data in connection with City debt obligations should rely on official statements and other information issued by the City specifically in regard to those matters.

**CITY OF HUNTSVILLE  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

Jurisdiction	Net Debt Outstanding (a)	Percentage Applicable to City of Huntsville (b)	Amount Applicable to City of Huntsville
City of Huntsville	\$799,695,000	100.0%	\$799,695,000
Madison County	14,917,041	66.0%	<u>9839280</u>
Total			<u><u>\$809,534,280</u></u>

(a) City of Huntsville net debt outstanding includes all general obligation debt, revenue-backed debt, and revenue bonds of the Public Building Authority financed with general government revenues, less amounts available for debt service in the various funds. It does not include general obligation and other debt serviced with resources from proprietary funds. Outstanding includes face value and unamortized original issue premium/discounts.

(b) The Madison County percentage is the ratio of the assessed value of all taxable real and personal property, excluding motor vehicles, in the City (\$2,572,072,020) for 22 mills of city school district taxes, to the assessed value of all taxable real and personal property, excluding motor vehicles, in Madison County (\$3,965,421,840) for 5.5 mills of county school district taxes. All data as of the most recently released tax abstract (October 1, 2014).

Note: The above data is determined in accordance with governmental accounting standards and may differ from the methods used when determining the data under Alabama law for municipalities. Parties interested in this data in connection with City debt obligations should rely on official statements and other information issued by the City specifically in regard to those matters.

**CITY OF HUNTSVILLE  
REVENUE WARRANT COVERAGE  
WATER POLLUTION CONTROL FUND WARRANTS (a)**

Fiscal Year	Gross Revenues (b)	Direct Operating Expenses (c)	Net Revenue Available for Debt Service	Debt Service Requirements(a)			Coverage
				Principal(d)	Interest	Total	
2008	\$33,515,315	\$15,632,820	\$17,882,495	\$8,430,000	\$5,487,061	\$13,917,061	1.28
2009	\$32,975,967	\$12,788,101	\$20,187,866	\$9,193,100	\$5,493,372	\$14,686,472	1.37
2010	\$33,556,946	\$12,799,431	\$20,757,515	\$10,008,646	\$5,208,679	\$15,217,325	1.36
2011	\$37,332,443	\$17,532,204	\$19,800,239	\$10,508,858	\$4,692,755	\$15,201,613	1.30
2012	\$36,153,998	\$16,246,846	\$19,907,152	\$11,661,625	\$4,610,899	\$16,272,524	1.22
2013	\$35,835,744	\$13,149,771	\$22,685,973	\$11,700,948	\$4,720,969	\$16,421,917	1.38
2014	\$36,056,556	\$13,439,347	\$22,617,209	\$12,725,271	\$4,389,828	\$17,115,099	1.32
2015	\$37,697,985	\$15,046,587	\$22,651,398	\$13,441,815	\$4,013,909	\$17,455,724	1.30
2016	\$38,940,571	\$15,968,327	\$22,972,244	\$13,967,912	\$3,367,046	\$17,334,958	1.33
2017	\$40,067,970	\$15,001,905	\$25,066,065	\$16,835,000	\$2,976,852	\$19,811,852	1.27
2018	\$39,836,114	\$15,227,976	\$24,608,138	\$12,810,000	\$2,692,961	\$15,502,961	1.59

(a) Debt service for general obligation warrants issued for sewer purposes, and revenue warrants.

(b) Gross revenues available for debt service include customer charges and interest income.

(c) Direct operating expenses excluding depreciation and amortization.

**CITY OF HUNTSVILLE  
DEMOGRAPHIC AND ECONOMIC STATISTICS**

Fiscal Year	Population (a)	Total Personal Income (b)	Per Capita Personal Income (b)	Unemployment Rate (c)
2008	178,819	\$15,010,000	\$37,938	3.7%
2009	179,653	\$15,476,000	\$38,090	7.2%
2010	180,105	\$16,148,000	\$38,523	7.4%
2011	182,319	\$17,073,000	\$40,126	7.6%
2012	183,865	\$17,916,554	\$41,595	6.7%
2013	186,252	\$18,256,805	\$41,899	5.5%
2014	188,325	\$18,992,753	\$42,939	5.7%
2015	190,943	\$18,992,753	\$44,068	5.5%
2016	193,079	\$19,599,508	\$44,068	5.5%
2017	196,289	\$20,327,769	\$45,201	4.0%
2018	196,613	\$31,731,100	\$47,729	3.4%

(a) Population estimates for the City of Huntsville. Source (previous year estimates): US Census Bureau. Source (current year estimates). City of Huntsville Planning Department.

(b) The personal income amounts are for the Huntsville Metropolitan Statistical Area, which consists of Madison and Limestone counties. The population of the MSA is much higher than the City population figures above. The source of the data is the Bureau of Economic Analysis.

**CITY OF HUNTSVILLE  
PRINCIPAL EMPLOYERS**

Employers	2018			2013		
	Number of Employees	Rank	Percentage of Total Labor Force	Number of Employees	Rank	Percentage of Total Labor Force
US Army/Redstone Arsenal	21,170	1	9.4%	18,270	1	8.7%
Huntsville Hospital System	6,341	2	2.8%	7,129	2	3.4%
NASA/Marshall Space Flight Center	4,615	3	2.1%	4,260	3	2.0%
The Boeing Co	2,600	4	1.2%	2,600	4	1.2%
SAIC(Science Applications International Corp)	2,229	5	1.0%	2,229	5	1.1%
ADTRAN, INC	1,549	6	0.7%	1,740	6	0.8%
CINRAM, INC				1,450	7	0.7%
Sanmina-SCI Corporation				1,365	8	0.7%
Qualitest				1,350	9	0.6%
Technicolor / CINRAM, INC	1,450	7	0.6%			
Intergraph Corporation/Hexagon US Federal				1,325	10	0.6%
Toyota Motor Manufacturing Alabama	1,350	8	0.6%			
Northrop Grumman	1,200	9	0.5%			
Dynetics, Inc.	1,009	10	0.5%			
Total Employees of 10 Principal Employers	43,513		19.4%	41,718		19.8%
Employees of Other Employers	180,661		80.6%	167,494		80.2%
Total Civilian Labor Force	224,174		100.0%	209,212		100.0%

Source:

Chamber of Commerce Huntsville/Madison County  
North Alabama Development Association  
Alabama Department of Labor

Note:

This employment data represents persons employed in Huntsville/Madison County in nonagricultural wage and salary occupations and does not include the local government employers.



**CITY OF HUNTSVILLE  
CITY GOVERNMENT EMPLOYEES BY FUNCTION**

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Government</b>										
Administration	16	15	14	12	13	12	12	13	15	15
City Council	7	8	8	8	8	10	10	10	10	10
Clerk-Treasurer	19	18	18	18	18	18	18	18	18	18
Finance	35	35	35	33	31	33	33	33	31	31
Human Resources	16	16	13	13	13	13	13	13	13	13
I.T.S.	47	46	48	48	48	47	47	47	46	46
Legal	17	16	16	16	16	16	16	16	16	16
<b>Total</b>	<b>157</b>	<b>154</b>	<b>152</b>	<b>148</b>	<b>147</b>	<b>149</b>	<b>149</b>	<b>150</b>	<b>149</b>	<b>149</b>
<b>Public Safety</b>										
Animal Services	34	32	31	31	28	28	28	28	28	28
EMA	9	9	9	9	9	9	9	9	9	9
Fire and Rescue	439	439	408	396	395	395	400	387	377	377
Municipal Court	53	52	48	48	48	48	47	46	48	48
Police	725	702	642	632	632	628	628	628	629	613
<b>Total</b>	<b>1,260</b>	<b>1,234</b>	<b>1,138</b>	<b>1,116</b>	<b>1,112</b>	<b>1,108</b>	<b>1,112</b>	<b>1,098</b>	<b>1,091</b>	<b>1,075</b>
<b>Public Services</b>										
Cemetery	13	12	12	12	24	24	23	23	24	24
General Services	52	52	52	53	64	63	81	83	90	90
Projects Management	0	0	0	0	0	0	0	0	0	0
Fleet Services	49	50	49	46	47	47	47	49	52	35
Parks & Recreation	197	196	197	191	185	185	182	181	180	172
Landscape Management	151	149	143	133	132	232	232	190	229	229
Parking	53	51	52	54	54	54	54	54	55	55
Public Transportation	80	80	77	75	73	73	67	68	68	68
Public Works	241	238	237	246	245	246	258	256	287	268
Water Pollution Control	184	133	127	125	124	124	123	123	123	123
<b>Total</b>	<b>1,020</b>	<b>961</b>	<b>946</b>	<b>935</b>	<b>948</b>	<b>1,048</b>	<b>1,067</b>	<b>1,027</b>	<b>1,108</b>	<b>1,064</b>
<b>Urban Development</b>										
Community Development	42	43	44	44	44	44	44	40	40	40
Engineering	46	45	46	46	45	45	45	45	47	48
Inspection	34	30	29	29	29	28	28	28	28	28
Natural Resources	8	7	7	7	7	7	7	7	7	7
Planning	50	47	45	45	47	46	47	45	43	43
Traffic Engineering	39	39	39	39	39	39	39	38	33	34
<b>Total</b>	<b>219</b>	<b>211</b>	<b>210</b>	<b>210</b>	<b>211</b>	<b>209</b>	<b>210</b>	<b>203</b>	<b>198</b>	<b>200</b>
<b>Total for all departments</b>	<b>2,656</b>	<b>2,560</b>	<b>2,446</b>	<b>2,409</b>	<b>2,418</b>	<b>2,514</b>	<b>2,538</b>	<b>2,478</b>	<b>2,546</b>	<b>2,488</b>

Source: City of Huntsville Annual Budget

**CITY OF HUNTSVILLE  
OPERATING INDICATORS AND CAPITAL ASSET STATISTICS BY FUNCTION**

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Public Safety</b>										
Fire and Rescue										
Number of fire stations	19	19	19	19	18	17	17	16	16	16
Fire insurance rating	1	1	1	3/9	3/9	3/9	3/9	3/9	4/9	4/9
Number of calls answered	21,684	21,159	18,723	17,021	16,587	15,036	14,418	14,749	21,279	20,689
Inspections	7,772	6,171	5,387	5,715	4,829	5,464	4,928	4,540	5,438	5,250
Police										
Number of police stations	5	5	4	4	4	4	4	4	4	4
Physical arrests	11,281	10,793	12,390	12,371	13,040	12,499	11,253	11,849	15,045	14,179
Parking violations	31,066	12,213	10,029	10,469	10,535	9,674	11,870	11,645	13,472	13,586
Traffic violations	11,168	29,338	34,455	39,908	44,256	33,488	31,508	33,280	43,906	42,173
<b>Public Services</b>										
Recreation Services										
Admissions to Aquatic Facilities	103,043	95,791	81,218	100,011	99,180	101,992	101,091	87,582	88,058	87,009
Participants in Community Center programs	5,025	5,688	4,548	5,480	3,521	2,477	2,986	2,989	3,030	3,780
Participants in Youth Athletic programs	4,633	4,967	5,418	5,836	5,883	5,730	6,062	6,438	6,573	6,771
Participants in Adult Athletic programs	661	1,691	1,245	1,954	3,084	3,853	6,442	5,897	6,263	6,282
Number of parks	64	64	64	64	63	62	62	62	63	63
Baseball fields	48	48	48	48	48	48	50	49	57	57
Softball fields	48	48	48	48	48	48	42	41	41	41
Soccer fields & multi-purpose fields	41	41	41	41	41	41	59	58	50	50
Football fields	2	2	2	2	2	2	2	2	4	4
Golf courses	0	0	1	1	1	1	1	1	1	1
Tennis courts	56	56	56	56	56	55	66	53	66	66
Recreation centers	11	12	12	12	13	13	13	13	12	11
Enclosed swimming pools	4	4	3	3	3	3	3	3	3	3
Public Works										
Streets (Beginning 2011 - Lane Miles)	3,329	3,302	3,280	3,244	3,200	3,170	3,151	3,048	3,423	2,960
Street lights	23,552		22,938	22,535	22,410	22,169	21,923	21,890	21,820	21,720
Signalized street intersections	382	381	377	369	366	359	356	350	350	310
Controlled intersections	11,809	11,761	11,698	11,648	11,620	11,553	11,540	11,500	11,250	11,000
Major storm sewers (miles)	1,088	1,068	1,027	1,013	998	975	951	892	892	892
Potholes repaired	11,542	13,503	14,567	13,012	7,312	9,408	8,638	10,804	13,662	13,264
Sanitation										
Refuse collected (tons/day)	266	237	269	286	267	266	258	240	236	232
Trash collected (tons/day)	163	153	113	165	174	167	174	197	157	171
Water Pollution Control										
Avg daily sewage treatment (M gallon/day)	36.04	34.27	35.15	36.59	33.19	40.64	37.03	41.04	34.11	27.10
Sanitary sewers (miles)	1,502	1,463	1,450	1,430	1,420	1,365	1,365	1,290	1,290	1,260
Utilities										
New connections	1,133	1,418	1,497	1,312	850	889	1,107	752	648	191
Water main breaks	87	64	114	95	79	85	64	74	115	45
Average daily consumption (000 gallons)	43,797	42,954	45,582	40,518	38,406	37,364	41,347	40,216	41,508	37,674
Water meters in use	97,189	95,657	94,501	92,919	91,513	90,802	89,280	88,195	85,437	84,882

Sources:  
Various city departments