

**RATINGS:**

**S&P: AAA**

**Moody's: Aaa**

**(See "RATINGS" herein)**

**NEW ISSUE - Book-Entry Only**

*In the opinion of Bond Counsel to the City, assuming continuing compliance by the City with certain covenants set forth in the proceedings under which the Warrants are issued with respect to certain conditions imposed by Section 103 of the Internal Revenue Code of 1986, as amended, the interest income on the Warrants will be excludable from gross income of the recipients thereof for federal income tax purposes and will not be an item of tax preference for the purpose of computing the alternative minimum tax on individuals and corporations. Bond Counsel to the City is further of the opinion that the interest income on the Warrants is, under existing statutes and regulations, exempt from Alabama income taxation.*

**CITY OF HUNTSVILLE, ALABAMA**

<b>\$66,835,000</b>	<b>\$26,790,000</b>
<b>General Obligation Warrants</b>	<b>General Obligation Warrants</b>
<b>Series 2023-A</b>	<b>Series 2023-B</b>
<b>\$44,605,000</b>	<b>\$45,425,000</b>
<b>General Obligation Sewer Warrants</b>	<b>General Obligation School Warrants</b>
<b>Series 2023-C</b>	<b>Series 2023-D</b>

**Dated: Date of Delivery**

**Due: on March 1,  
as shown on the inside cover hereof**

**FOR MATURITY SCHEDULE, INTEREST RATES, AND YIELDS, SEE INSIDE COVER**

The above-referenced warrants (the "Warrants") are issuable as fully registered warrants and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to which principal and interest payments on the Warrants will be made so long as Cede & Co. is the registered owner of the Warrants. Individual purchases of the Warrants will be made in Book-Entry Only form, and individual purchasers ("Beneficial Owners") of the Warrants will not receive physical delivery of warrant certificates.

The principal of the Warrants will be payable at the principal corporate trust office of Regions Bank in the City of Birmingham, Alabama (the "Bank"), at maturity or redemption. Interest on the Warrants will be payable on September 1, 2023, and semiannually thereafter on each March 1 and September 1, all by check or draft mailed to the registered owner of each Warrant.

The Warrants will be direct general obligations of the City of Huntsville, Alabama (the "City"), for the payment of which the full faith and credit of the City will be irrevocably pledged. Certain of the Warrants are subject to optional redemption and to mandatory redemption by the City prior to maturity at the times, in the manner, and subject to the terms described herein.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE ISSUES. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

*The Warrants are offered when, as, and if issued by the City and are subject to approval of the validity thereof by Bradley Arant Boult Cummings LLP, Bond Counsel to the City, and certain other conditions. PFM Financial Advisors LLC, Huntsville, Alabama, is serving as Financial Advisor to the City. It is expected that the Warrants will be available for delivery on March 9, 2023, which such delivery shall be made through DTC.*

Dated: February 23, 2023

**HilltopSecurities**

**PNC CAPITAL MARKETS LLC**

**MESIROW FINANCIAL, INC.**

**BofA Securities**

**CITY OF HUNTSVILLE, ALABAMA**

**\$66,835,000**  
**General Obligation Warrants**  
**Series 2023-A**

<b>Maturity (March 1,)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>
2024	\$1,995,000	5.000%	3.090%
2025	2,095,000	5.000	3.000
2026	2,205,000	5.000	2.830
2027	2,315,000	5.000	2.760
2028	2,435,000	5.000	2.690
2029	2,560,000	5.000	2.640
2030	2,690,000	5.000	2.630
2031	2,830,000	5.000	2.650
2032	2,975,000	5.000	2.680
2033	3,130,000	5.000	2.730
2034	3,290,000	5.000	2.800*
2035	3,455,000	5.000	2.950*
2036	3,635,000	5.000	3.160*
2037	3,820,000	5.000	3.350*
2038	4,015,000	5.000	3.470*
2039	4,225,000	5.000	3.530*
2040	4,440,000	5.000	3.580*
2041	4,665,000	5.000	3.620*
2042	4,905,000	5.000	3.650*
2043	5,155,000	5.000	3.690*

**\$26,790,000**  
**General Obligation Warrants**  
**Series 2023-B**

<b>Maturity (March 1,)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>
2024	\$800,000	5.000%	3.050%
2025	840,000	5.000	3.000
2026	885,000	5.000	2.830
2027	930,000	5.000	2.760
2028	975,000	5.000	2.690
2029	1,025,000	5.000	2.640
2030	1,080,000	5.000	2.650
2031	1,135,000	5.000	2.660
2032	1,195,000	5.000	2.670
2033	1,255,000	5.000	2.720
2034	1,320,000	5.000	2.850*
2035	1,385,000	5.000	3.030*
2036	1,455,000	5.000	3.270*
2037	1,530,000	5.000	3.460*
2038	1,610,000	5.000	3.570*
2039	1,690,000	5.000	3.610*
2040	1,780,000	5.000	3.650*
2041	1,870,000	5.000	3.680*
2042	1,965,000	5.000	3.710*
2043	2,065,000	5.000	3.740*

**\$44,605,000**  
**General Obligation Sewer Warrants**  
**Series 2023-C**

<b>Maturity (March 1,)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>
2024	\$1,330,000	5.000%	3.100%
2025	1,400,000	5.000	3.000
2026	1,470,000	5.000	2.830
2027	1,545,000	5.000	2.760
2028	1,625,000	5.000	2.690
2029	1,710,000	5.000	2.640
2030	1,795,000	5.000	2.640
2031	1,890,000	5.000	2.660
2032	1,985,000	5.000	2.680
2033	2,090,000	5.000	2.730
2034	2,195,000	5.000	2.830*
2035	2,305,000	5.000	2.980*
2036	2,425,000	5.000	3.200*
2037	2,550,000	5.000	3.370*
2038	2,680,000	5.000	3.480*
2039	2,820,000	5.000	3.530*
2040	2,960,000	5.000	3.590*
2041	3,115,000	5.000	3.630*
2042	3,275,000	5.000	3.660*
2043	3,440,000	5.000	3.690*

**\$45,425,000**  
**General Obligation School Warrants**  
**Series 2023-D**

<b>Maturity (March 1,)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>
2024	\$670,000	5.000%	3.150%
2025	705,000	5.000	3.000
2026	740,000	5.000	2.830
2027	775,000	5.000	2.770
2028	815,000	5.000	2.700
2029	860,000	5.000	2.650
2030	905,000	5.000	2.650
2031	950,000	5.000	2.670
2032	1,000,000	5.000	2.680
2033	1,050,000	5.000	2.730
2034	1,105,000	5.000	2.830*
2035	1,160,000	5.000	3.030*
2036	1,220,000	5.000	3.280*
2037	1,280,000	5.000	3.460*
2038	1,345,000	5.000	3.570*
2039	1,415,000	5.000	3.620*
2040	1,490,000	5.000	3.670*
2041	1,565,000	5.000	3.700*
2042	1,645,000	5.000	3.730*
2043	1,730,000	5.000	3.760*
2044	1,820,000	5.000	3.790*
2045	1,910,000	5.000	3.810*
2046	2,010,000	5.000	3.850*
2047	2,110,000	5.000	3.880*
2048	2,220,000	5.000	3.910*

\$12,930,000 5.00% Term Series 2023-D Warrants due  
March 1, 2053; Yield 4.030%\*

\* Calculated to March 1, 2033 optional redemption date.

**CITY OF HUNTSVILLE, ALABAMA**

Post Office Box 308  
308 Fountain Circle  
Huntsville, Alabama 35804-0308  
(256) 427-5080

**Mayor**

Tommy Battle

**City Council**

**President**

John Meredith

**President Pro Tempore**

Dr. Jennie Robinson

David Little  
Bill Kling, Jr.  
Devyn Sherard Keith

**City Administrator**

John Hamilton

**Director of Finance**

Penny L. Smith, CPA

**City Attorney**

Trey Riley

**City Clerk/Treasurer**

Ken Benion\*

**Financial Advisor**

PFM Financial Advisors LLC  
Huntsville, Alabama

**Bond Counsel**

Bradley Arant Boult Cummings LLP  
Birmingham, Alabama

**Independent Certified Public Accountants**

Mauldin & Jenkins, LLC  
Huntsville, Alabama

---

\* Since 2016, Ken Benion has served as the City Clerk/Treasurer of the City. Mr. Benion recently announced plans to retire from the City as early as March 1, 2023. The City has designed an officer to serve as Interim City Clerk until a permanent City Clerk is appointed. The City intends to move the title and duties of City Treasurer to the Finance Director by Spring 2023.

Certain information contained in or incorporated by reference in this Official Statement has been obtained by the City from DTC and other sources that are deemed reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information by the City. This Official Statement is being used in connection with the sale of securities as referred to herein and may not be used, in whole or in part, for any other purpose. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

No dealer, broker, salesperson or any other person has been authorized by the City to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described on the inside cover page, nor shall there be any offer to sell, solicitation of an offer to buy or sale of such securities in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered or beneficial owners of the Warrants.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the City’s beliefs as well as assumptions made by and information currently available to the City.

## TABLE OF CONTENTS

INTRODUCTION .....	4
CONTINUING DISCLOSURE.....	5
THE WARRANTS .....	6
CERTAIN PROVISIONS RESPECTING THE WARRANTS .....	8
PLAN OF FINANCE.....	12
FINANCIAL SYSTEM.....	12
SOURCES OF REVENUES .....	15
REVENUES AND EXPENDITURES .....	18
DEBT MANAGEMENT .....	19
SCHEDULED GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS OF THE CITY.....	24
AD VALOREM TAXES .....	27
PENSION AND OTHER POST-EMPLOYMENT BENEFITS .....	31
FEDERAL BANKRUPTCY ACT .....	31
LITIGATION AND OTHER MATTERS .....	32
TAX MATTERS.....	32
RATINGS .....	34
APPROVAL OF LEGAL PROCEEDINGS.....	35
AUDITED FINANCIAL STATEMENTS .....	35
FINANCIAL ADVISOR .....	35
UNDERWRITING .....	35
MISCELLANEOUS .....	36
APPENDIX A	– CITY OF HUNTSVILLE – CERTAIN DEMOGRAPHIC INFORMATION
APPENDIX B	– CITY OF HUNTSVILLE – GOVERNMENTAL ORGANIZATION AND FUNCTIONS
APPENDIX C	– AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021
APPENDIX D	– FORM OF OPINION OF BOND COUNSEL
APPENDIX E	– SUMMARY OF CONTINUING DISCLOSURE AGREEMENT

**OFFICIAL STATEMENT**

Pertaining to

**CITY OF HUNTSVILLE, ALABAMA**

<b>\$66,835,000</b> <b>General Obligation Warrants</b> <b>Series 2023-A</b>	<b>\$26,790,000</b> <b>General Obligation Warrants</b> <b>Series 2023-B</b>
<b>\$44,605,000</b> <b>General Obligation Sewer Warrants</b> <b>Series 2023-C</b>	<b>\$45,425,000</b> <b>General Obligation School Warrants</b> <b>Series 2023-D</b>

**INTRODUCTION**

**General**

This Official Statement of the City of Huntsville, Alabama (the "City"), which includes the cover page and appendices hereto, sets forth information concerning the City and the above-referenced General Obligation Warrants, Series 2023-A (the "Series 2023-A Warrants"), General Obligation Warrants, Series 2023-B (the "Series 2023-B Warrants"), General Obligation Sewer Warrants, Series 2023-C (the "Series 2023-C Warrants"), and General Obligation School Warrants, Series 2023-D (the "Series 2023-D Warrants"). The Series 2023-A Warrants, Series 2023-B Warrants, the Series 2023-C Warrants and the Series 2023-D Warrants are herein together referred to from time to time as the "Warrants".

The Warrants are being issued pursuant to the provisions of an ordinance adopted by the governing body of the City (the "Ordinance"). The Warrants and being issued to pay the costs of various public capital improvements in the City, all as more particularly described herein. See "PLAN OF FINANCE" herein.

The Warrants will constitute general obligations of the City payable from and secured by a pledge of the full faith and credit of the City.

Neither the delivery of this Official Statement nor any sale made hereunder implies that there has not been any change in the affairs of the City at any time subsequent to the date hereof.

The City will make available annual financial statements and other pertinent credit information, including the Comprehensive Annual Financial Report, upon request by any warrant holder or prospective warrant holder. Copies of all periodic reports will also be made available by the City, or its agent, to provide information to persons wishing to receive it. The City reserves the right to charge such persons a reasonable fee to cover reproduction, handling and postage.

Reference is hereby made to the Appendices of this Official Statement setting forth certain information about the City and the City's audited financial statements for the fiscal year of the City ended September 30, 2021, prepared by Mauldin & Jenkins, LLC, Certified Public Accountants, Huntsville, Alabama, the proposed form of approving opinion of Bradley Arant Boult Cummings LLP, Birmingham, Alabama, Bond Counsel to the City, and the summary of the Continuing Disclosure Agreement.

The City was incorporated in 1811 and is one of the oldest incorporated municipalities in the State of Alabama. The mailing address of the City is Post Office Box 308, Huntsville, Alabama 35804, and its telephone number is (256) 427-5080.

## CONTINUING DISCLOSURE

### General

Upon issuance of the Warrants, the City will have entered into a Continuing Disclosure Agreement for the benefit of the holders of the Warrants wherein the City will agree to provide annually certain financial information and operating data relating to the City (the "Annual Reports"), and notices of certain events through the Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rulemaking Board (the "MSRB"), or such other system as may be subsequently authorized by the MSRB.

The specific nature of the information to be contained in the Annual Reports or the notices of material events and the other provisions of the Continuing Disclosure Agreement are summarized in APPENDIX E hereto. A failure by the City to comply with the Continuing Disclosure Agreement must be reported in accordance with Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission of the United States of America, and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Warrants in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Warrants and their market price.

### Prior Compliance

The City has entered continuing disclosure agreements for various series of obligations of the City and other obligations for which the City is an obligated person for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission of the United States of America (collectively, the "Prior Undertakings"). In these Prior Undertakings, the City agreed to provide, annually, its audited financial statements and certain financial and operating data relating to the City, and to provide notices of the occurrence of certain events specified therein. During the preceding five years, the City failed to comply with the provisions of the Prior Undertakings, as follows:

During the last five years, the City failed to file its audited financial statements for each of the fiscal years ended September 30, 2017, September 30, 2019, and September 30, 2021, on or before the due dates therefor as provided in the Prior Undertakings, and also did not timely post certain financial information and operating data for each of the fiscal years ended September 30, 2017 through and including September 30, 2019, and September 30, 2021, on or before the due dates therefor as provided in the Prior Undertakings. In addition, the City failed to file certain fiscal year 2017 through 2020 financial information and operating data tables as required in the Prior Undertakings.

The City further failed to properly link its audited financial statements for its fiscal years ended September 30, 2017 and September 30, 2018 to certain CUSIPS included in the Prior Undertakings.

During the last five years the City did not timely file a notice of its failure to file the items described in the preceding paragraphs as required under the Prior Undertakings.

The City failed to timely file notice of the issuance of a financial obligation in the form of an up to \$2.0 million Taxable Limited Obligation TIF Warrant, TIF5 – Series 2020-A, dated April 17, 2020, and of the issuance of a financial obligation in the form of an up to \$6.0 million Taxable Limited Obligation TIF Revenue Warrant, TIF-5 – Series 2021-A, dated June 3, 2021.

Finally, the City failed to file certain financial and operational information with respect to its sewer system for the fiscal year ended September 30, 2020 (the obligations for which such filing is required to be made are no longer outstanding), and with respect to certain ad valorem tax information for its fiscal year ended September 30, 2021 until February 22, 2023.

## THE WARRANTS

### Purpose

The Warrants are being issued to pay the costs of various public capital improvements within the City. See "PLAN OF FINANCE" herein for a description of the new public capital improvements to be financed by the Warrants.

### Security

The Warrants are general obligations of the City for the payment of the principal of and interest on which the full faith and credit of the City will be irrevocably pledged.

### Maturities and Interest Rates

The Warrants are dated their date of issuance and delivery and, with respect to each series of the Warrants, mature on March 1 in the years and principal amounts, and bear interest at the per annum rates, set forth on the inside cover page of this Official Statement. The Warrants shall be issued only as fully registered warrants in denominations of \$5,000 or any integral multiple thereof.

### Sources and Uses of Proceeds

*Series 2023-A Warrants.* The proceeds to be derived from the sale of the Series 2023-A Warrants are expected to be applied substantially as follows:

<b>Sources</b>	
Par Amount of Series 2023-A Warrants	\$66,835,000.00
Plus Original Issue Premium	<u>8,617,744.65</u>
<b>Total Sources</b>	<b>\$75,452,744.65</b>
<b>Uses</b>	
2023-A Improvements	\$75,000,000.00
Costs of issuance (including bid discount and legal, financial advisory, printing, and other costs)	<u>452,744.65</u>
<b>Total Uses</b>	<b>\$75,452,744.65</b>

*Series 2023-B Warrants.* The proceeds to be derived from the sale of the Series 2023-B Warrants are expected to be applied substantially as follows:

<b>Sources</b>	
Par Amount of Series 2023-B Warrants	\$26,790,000.00
Plus Original Issue Premium	<u>3,340,945.00</u>
<b>Total Sources</b>	<b>\$30,130,945.00</b>
<b>Uses</b>	
2023-B Improvements	\$30,000,000.00
Costs of issuance (including bid discount and legal, financial advisory, printing, and other costs)	<u>130,945.00</u>
<b>Total Uses</b>	<b>\$30,130,945.00</b>

**Series 2023-C Warrants.** The proceeds to be derived from the sale of the Series 2023-C Warrants are expected to be applied substantially as follows:

<b>Sources</b>	
Par Amount of Series 2023-C Warrants	\$44,605,000.00
Plus Original Issue Premium	<u>5,711,490.25</u>
<b>Total Sources</b>	<b>\$50,316,490.25</b>
 <b>Uses</b>	
2023-C Improvements	\$50,000,000.00
Costs of issuance (including bid discount and legal, financial advisory, printing, and other costs)	<u>316,490.25</u>
<b>Total Uses</b>	<b>\$50,316,490.25</b>

**Series 2023-D Warrants.** The proceeds to be derived from the sale of the Series 2023-D Warrants are expected to be applied substantially as follows:

<b>Sources</b>	
Par Amount of Series 2023-D Warrants	\$45,425,000.00
Plus Original Issue Premium	<u>4,753,363.65</u>
<b>Total Sources</b>	<b>\$50,178,363.65</b>
 <b>Uses</b>	
2023-D Improvements	\$50,000,000.00
Costs of issuance (including bid discount and legal, financial advisory, printing, and other costs)	<u>178,363.65</u>
<b>Total Uses</b>	<b>\$50,178,363.65</b>

### **Optional Redemption**

**Series 2023-A Warrants.** Those of the Series 2023-A Warrants having stated maturities or being subject to mandatory redemption on March 1, 2034, and thereafter, will be subject to redemption prior to their respective maturities, at the option of the City, as a whole or in part (but if in part, in such maturities as the City in its discretion shall designate, and if less than all Series 2023-A Warrants of a single maturity are to be redeemed, those to be redeemed to be selected by the Bank by lot), on March 1, 2033, and on any date thereafter, at a redemption price equal to the face amount of Series 2023-A Warrants to be redeemed plus accrued interest thereon to the date fixed for redemption.

**Series 2023-B Warrants.** Those of the Series 2023-B Warrants having stated maturities or being subject to mandatory redemption on March 1, 2034, and thereafter, will be subject to redemption prior to their respective maturities, at the option of the City, as a whole or in part (but if in part, in such maturities as the City in its discretion shall designate, and if less than all Series 2023-B Warrants of a single maturity are to be redeemed, those to be redeemed to be selected by the Bank by lot), on March 1, 2033, and on any date thereafter, at a redemption price equal to the face amount of Series 2023-B Warrants to be redeemed plus accrued interest thereon to the date fixed for redemption.

**Series 2023-C Warrants.** Those of the Series 2023-C Warrants having stated maturities or being subject to mandatory redemption on March 1, 2034, and thereafter, will be subject to redemption prior to their respective maturities, at the option of the City, as a whole or in part (but if in part, in such maturities as the City in its discretion shall designate, and if less than all Series 2023-C Warrants of a single maturity are to be redeemed, those to be redeemed to be selected by the Bank by lot), on March 1, 2033, and on any date thereafter, at a redemption price equal to the face amount of Series 2023-C Warrants to be redeemed plus accrued interest thereon to the date fixed for redemption.

**Series 2023-D Warrants.** Those of the Series 2023-D Warrants having stated maturities or being subject to mandatory redemption on March 1, 2034, and thereafter, will be subject to redemption prior to their respective maturities, at the option of the City, as a whole or in part (but if in part, in such maturities as the City in its discretion shall designate, and if less than all Series 2023-D Warrants of a single maturity are to be redeemed,



those to be redeemed to be selected by the Bank by lot), on March 1, 2033, and on any date thereafter, at a redemption price equal to the face amount of Series 2023-D Warrants to be redeemed plus accrued interest thereon to the date fixed for redemption.

***Manner, Notice and Effect of Redemption.*** Notice of any redemption (other than mandatory redemption) of the Warrants shall be given to the affected holder thereof not less than 30 days before the date fixed for redemption. If the book-entry system is in effect, such notice of redemption shall be given to DTC (as defined below) and shall be forwarded by DTC to the affected holders of Warrants through methods established by the rules and operational arrangements of DTC. If the book-entry system is not in effect, notice of redemption shall be given to the holders of Warrants being redeemed by registered or certified mail. No further interest will accrue, after the date fixed for redemption, on the principal of any Warrants called for redemption if notice has been duly given and payment therefor has been duly provided, and in such event any Warrants called for redemption will no longer be protected by the provisions of the Ordinance.

**Mandatory Redemption**

Those of the Series 2023-D Warrants maturing on March 1, 2053 (the "2023-D Term Warrants") shall be redeemed, at a redemption price equal to the face amount of Series 2023-D Warrants to be redeemed plus accrued interest thereon to the date fixed for redemption, on March 1 in the years and in the principal amounts as follows:

<b>Year</b>	<b>Principal Amounts to be Redeemed</b>
2049	\$2,335,000
2050	2,455,000
2051	2,580,000
2052	2,710,000
2053 (maturity)	2,850,000

In the event the City shall have partially redeemed 2023-D Term Warrants or shall have provided for a partial redemption of 2023-D Term Warrants in such a manner that 2023-D Term Warrants for the redemption of which provision is made are considered as fully paid, the City may elect to apply all or any part (but only in integral multiples of \$5,000) of the principal amount of such 2023-D Term Warrants so redeemed or to be redeemed to the reduction of the principal amount of 2023-D Term Warrants required to be redeemed pursuant to the schedules set forth immediately above on any March 1 coterminous with or subsequent to the date such optional redemption actually occurs.

**CERTAIN PROVISIONS RESPECTING THE WARRANTS**

**Security and Source of Payment;  
Payment Record of the City**

General. The Warrants will be general obligations of the City for payment of the principal of and the interest on which the full faith and credit of the City will be pledged.

Revenues. Revenues of the City legally available for payment of the principal of and the interest on the Warrants include sales, property, business and other license taxes, revenues from the operation of certain City-owned enterprises and other general revenues of the City. Information describing the taxes collected by the City and certain other revenues of the City is set forth in this Official Statement under the captions "FINANCIAL SYSTEM," "SOURCES OF REVENUES," and "AD VALOREM TAXES" below. See also "DEBT MANAGEMENT" below.

Debt Management Policy. Although the City's general obligation bonds and warrants are not limited as to source of payment, the City has a long-standing debt management policy under which it budgets annually and sets aside certain tax proceeds and other moneys in separate funds for the payment of debt service on certain of its general obligation bonds and warrants. The revenues from the operation of the City's sanitary sewer or wastewater system (the "Sewer System") are paid into an Enterprise Fund known as the "Water Pollution Control

Fund" and used to pay the expenses of operating and maintaining the Sewer System and the debt service on obligations issued by the City for sanitary sewer purposes.

The proceeds from a 6.5 mill ad valorem tax for debt service (the "Bond Tax") and a portion of the proceeds from the City-levied school tax (the "School Tax"), both authorized by the Alabama Constitution, are customarily paid into certain Special Revenue Funds for transfer into certain "Debt Service Funds", though a portion of the Bond Tax, at the sole discretion of the City, is transferred directly to a bond trustee (Regions Bank) to pay debt service on the \$46,965,000 initial principal amount Lease Revenue Refunding Bonds, Series 2017 (the "Series 2017 PBA Bonds"), \$37,000,000 initial principal amount Taxable Lease Revenue Bonds, Series 2021 (the "Series PBA 2021 Bonds"), and the \$74,285,000 initial principal amount Lease Revenue Bonds, Series 2022 (the "Series 2022 PBA Bonds") issued by The Public Building Authority of the City of Huntsville (the "PBA"). For a more complete description of these funds and transfers thereto and therefrom, see "FINANCIAL SYSTEM - Accounting System." The City expects that debt service on the Warrants will be paid out of budgeted revenues.

TIF Revenue Warrants. In connection with the obligations of the City under an Annexation and Development Agreement dated March 25, 2010, as amended (the "Annexation and Development Agreement") between the City and L W Redstone Company, LLC ("L W Redstone"), the City from time to time issues to L W Redstone taxable limited obligation revenue warrants (the "TIF5 Revenue Warrants") payable solely out of tax increment revenues generated in connection with TIF5, hereinafter described, in order to pay the costs of various public infrastructure improvements referable to the project described in the Annexation and Development Agreement. TIF5 Revenue Warrants are payable solely out of TIF revenues generated within TIF5, and in that regard do not constitute an indebtedness of the City for purposes of the City's constitutional debt limit. Under the Annexation and Development Agreement, the City may issue up to \$76,000,000 of TIF Revenue Warrants. Payment obligations evidenced by the TIF5 Revenue Warrants shall be deemed satisfied and paid in full at maturity to the extent not covered by tax increment revenues generated within the boundary of TIF5 during the term of such obligations. To date, the City has issued thirteen (13) series of limited obligation warrants aggregating in their initial face amount \$73,700,000 heretofore defined as "TIF5 Revenue Warrants", leaving up to \$2,300,000 in initial principal amount of such warrants available for issuance pursuant to the Annexation and Development Agreement. Outstanding TIF5 Revenue Warrants are payable solely from revenues collected within TIF5.

As permitted under the Annexation and Development Agreement, certain of these TIF5 Revenue Warrants heretofore issued have been subsequently refinanced with general obligation warrants of the City (and, as permitted by the Annexation and Development Agreement, the City covers debt service on such general obligation warrants with TIF revenues collected within TIF5). These refinancings do not alter or otherwise increase the availability for additional TIF5 Revenue Warrants beyond the \$2,300,000 remaining maximum amount stated above.

Payment Record. For at least the past thirty (30) years, the City has not defaulted in the payment of debt service on its warrants, bonds or other funded indebtedness, nor has it refunded indebtedness for the purpose of preventing or avoiding such a default.

### **Payment of Principal and Interest**

Except as described below under "Book-Entry Only System", the principal of the Warrants is payable at the principal corporate trust office of Regions Bank (the "Bank") in the City of Birmingham, Alabama, upon presentation and surrender of such series. Interest on the Warrants (computed on the basis of a 360-day year of 12 consecutive 30-day months) is payable semiannually on each September 1 and March 1, commencing September 1, 2023. Interest on the Warrants is payable in lawful money of the United States of America by check or draft mailed by the Bank to the lawful holders of such series at the address shown on the registry books of the Bank pertaining to such series on the February 15 or August 15, as the case may be, next preceding any interest payment date.

### **Book-Entry Only System**

Portions of the following information concerning The Depository Trust Company ("DTC") and DTC's book-Entry system have been obtained from DTC. The City and the Bank make no representation as to the accuracy of such information.

General. Initially, DTC will act as Securities Depository for the Warrants. The Warrants initially will be issued solely in book-Entry form to be held under DTC's book-Entry system, registered in the name of Cede & Co. (DTC's partnership nominee). Initially, one fully-registered Warrant certificate for each maturity will be issued for the Warrants, in the aggregate principal amount of Warrants of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-Entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Warrants under the DTC system must be made by or through Direct Participants, which will receive a credit for the Warrants on DTC's records. The ownership interest of each actual purchaser of each Warrant ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Warrants are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Warrants, except in the event that use of the book-Entry system for the Warrants is discontinued.

To facilitate subsequent transfers, all Warrants deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Warrants with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Warrants; DTC's records reflect only the identity of the Direct Participants to whose accounts such Warrants are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Warrants within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Warrants unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual

procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Warrants are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Warrants will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Bank, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bank, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Bank, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

In the event of the discontinuance of the book-Entry system for any series of the Warrants, Warrant certificates of such series will be printed and delivered and the following provisions of the Ordinance will apply: (i) principal of such Warrants will be payable upon surrender of such Warrants at the designated office of the Bank; (ii) such Warrants may be transferred or exchanged for other Warrants of the same series and of authorized denominations as set forth in the next succeeding paragraph; and (iii) such Warrants will be issued in denominations as described above under "THE WARRANTS – Maturities and Interest Rates".

#### **Certain Provisions Respecting Registration and Transfer of the Warrants**

The following provisions shall apply only upon discontinuance of the book-Entry only system described above for any series of the Warrants. The Warrants of such series shall be registered as to both principal and interest and may be transferred only on the registry books of the Bank pertaining to the Warrants. No transfer of such Warrants shall be permitted except upon presentation and surrender of such Warrant at the office of the Bank with written power to transfer signed by the registered owner thereof in person or by a duly authorized attorney in form and with guaranty of signature satisfactory to the Bank. The holder of one or more of the Warrants of such series may, upon request, and upon the surrender to the Bank of such Warrant, exchange such Warrant for Warrants of other authorized denominations (\$5,000 principal amount or any integral multiple thereof) of the same series, maturity and interest rate and together aggregating the same principal amount as the Warrants so surrendered. Any registration, transfer and exchange of Warrants shall be without expense to the holder thereof, except that the holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange. The holder of any Warrant will be required to pay any expenses incurred in connection with the replacement of a mutilated, lost, stolen or destroyed Warrant. If any Warrant is duly called for redemption (in whole or in part), the Bank shall not be required to register or transfer such Warrant during the period of forty-five (45) days next preceding the date fixed for redemption.

The Ordinance provides that each holder of the Warrants, by receiving or accepting the Warrants, consents and agrees and is estopped to deny that, insofar as the City and the Bank are concerned, the Warrants may be transferred only in accordance with the provisions of the Ordinance. The Ordinance also provides that each transferee of the Warrants takes them subject to all principal and interest payments in fact made with respect to the Warrants.

The Ordinance provides that the Bank shall not be required to register or transfer any Warrant during the period following the February 15 or August 15 next preceding any March 1 or September 1, respectively (each, a "Record Date"). If any Warrant is called for redemption, the Bank is not required to register or transfer any such Warrant during the period of forty-five (45) days next preceding the date fixed for its redemption. Reference is made to the provisions of the Ordinance in full for its provisions pertaining to the registration, transfer and exchange of Warrants and the method of payment of the principal thereof and interest thereon.

## PLAN OF FINANCE

### General

As more particularly described below, proceeds from the sale of the proposed Warrants, less such amount as shall be applied for payment of the costs of various public capital improvements and to pay the costs of refinancing certain obligations of the City as more particularly described herein.

### 2023-A Improvements

Proceeds from the sale of the Series 2023-A Warrants will be used to pay the costs of various public capital improvements within the City consisting of, among other things (i) expansion and renovations of the Sandra Moon Complex (a public facility containing a library, community facilities, a gymnasium and other public facilities), (ii) public safety training facility improvements and other public safety and protection facility improvements, (iii) public parking lots and facilities, (iv) athletic field and playground improvements, (v) public roadway, drainage, infrastructure and utility improvements, and (vi) various other public capital improvements, equipment and assets for the City (collectively, the "2023-A Improvements").

### 2023-B Improvements

Proceeds from the sale of the Series 2023-B Warrants will be used to pay the costs of various public capital improvements within the City consisting of, among other things, public park improvements, land for public parking and public parking improvements, public roadway improvements and other public capital improvements, equipment and assets for the City (collectively the "2023-B Improvements").

### 2023-C Improvements

Proceeds from the sale of the Series 2023-C Warrants will be used to pay the costs of various public capital improvements to the sanitary sewer system of the City including, without limitation, intake lines and related assets, tanks, clarifiers, general infrastructure, equipment, and other public capital improvements for the expansion of the western area waste water treatment plant portion of the City sewer system, along with other public capital improvements, equipment and assets for the City sewer system (the "2023-C Improvements").

### 2023-D Improvements

Proceeds from the sale of the Series 2023-D Warrants will be used to pay the costs of designing, acquiring, providing, equipping, constructing and financing a new central office building and a new career and technical education academy, renovating existing public school facilities and making site improvements for other public school purposes, acquiring equipment, and various other infrastructure, improvements and assets for public school purposes within the city (collectively the "2023-D Improvements").

## FINANCIAL SYSTEM

### General

The City maintains a financial reporting system designed to provide timely and accurate reports of receipts and expenditures. Internal accounting controls, which are developed and monitored by the City Finance Department, are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. Activities of the City are monitored internally on a monthly basis and are audited annually, as required by law, by independent certified public accountants. The report of such accountants for the fiscal year ended September 30, 2021 (the City's most recent audit), is included as APPENDIX C.

### Budget System

Prior to the commencement of each fiscal year, the Mayor, in conjunction with the administrative staff and the City's department heads, prepares an annual operating budget for City Council approval. The budget represents a complete financial plan for the City and reflects the projection of all receipts and disbursements from all

sources, including all revenues, expenditures and the surplus or deficit in the General Fund and all special funds of the City. Any expenditure request that results in budget increases, overruns or transfers between departments or funds must, under existing procedures, have City Council approval.

The budget for the General Fund is customarily adopted on a categorical basis consistent with generally accepted accounting principles ("GAAP"). Budgetary control is maintained at the departmental line-item level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. By ordinance, the City is required to maintain at all times an undesignated General Fund balance of 11.5% of the current fiscal year's General Fund recurring revenues. The fund balance was at the required policy amount at the close of each of the last five fiscal years. At this time, the City expects to satisfy this requirement for its fiscal year ending September 30, 2023.

The City maintains a ten (10) year Capital Improvement Plan which forecasts expenditures for capital improvements for each of the City's capital improvement funds (1990 Capital Improvement Fund and the 2014 Capital Improvement Fund). These plans include (a) construction and improvement of local roads and the City's financing share of non-local roads, (b) drainage projects and projects for the preservation of the natural environment, (c) acquisition and improvement of public safety equipment and facilities, and (d) acquisition of land for industrial growth.

During the budget process, the Mayor requests that each department head assign priorities to department capital improvements, by year, for the number of years to be budgeted. These requests are consolidated and reviewed, then the Mayor proposes a Capital Improvements Programs to the City Council for its consideration. Capital expenditures have been and will be funded with borrowings or with internally generated funds.

### **Accounting System**

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The various funds designated in the City's financial statements (attached as APPENDIX C) include the following:

General Fund. The General Fund, which is the general operating fund of the City, is the largest and most important accounting activity of the City and accounts for the current operations of the general government and all financial resources except those required to be accounted for in another fund. Expenditures from the General Fund are financed from a variety of revenue sources, including ad valorem and sales and use taxes, licenses and permits, charges for services, and fines and forfeitures. See "SOURCES OF REVENUES" in this appendix.

Special Revenue Fund. The Special Revenue Fund is used to account for the proceeds of restricted property taxes, state gasoline taxes and seizure/forfeiture revenues, which are as follows:

*Public Building Authority* - accounts for the payment of debt service and related leasing arrangement in respect to construction of the jail facilities and amphitheater owned by the PBA.

*Lodging Special Revenue Fund* - accounts for the special lodging taxes levied within the City and the related expenditures of those funds.

*Public Safety Fund* - accounts for the funds received from State of Alabama required court fees and Federal, State and Local forfeitures to be used for public safety law enforcement and municipal court administration.

*6.5 Mill Debt Property Tax Fund* - accounts for the 6.5 mills of ad valorem taxes restricted for debt service payments of the City's projects.

*6.5 Mill School Property Tax Fund* - accounts for 6.5 mills of ad valorem taxes, restricted for the furtherance of education. Taxes are primarily allocated to the debt service payments on school facility projects.

*1990 School Support Fund* - accounts for the appropriation of sales and use taxes allocated to the Huntsville City Schools at 14.7% of 3.5 pennies of City sales and use taxes.

*Gas Tax Fund* - accounts for the City's share of the State four, five, and seven cents gas taxes and the related restricted expenditures.

*Emergency Management Fund* - accounts for the restricted revenues for the operation of the City's Emergency Management Agency.

*Public Library* - accounts for funds received from the City, donations and other governmental entities to be used for the operations of the public libraries in the City.

*Burritt Museum* - accounts for the operations of a park and museum. Financing is provided by the City, admission fees and public donations.

*Alabama Constitution Village* - accounts for the operation of historical tourist attractions in the City. Financing is provided by the City, admission fees and public donations.

*Art Museum* - accounts for the operation of the art museum in the City. Financing is provided by the City, admission fees and public donations.

*Huntsville Tennis Center* - accounts for the operation of a tennis center in the City. Financing is provided by the City and admission fees.

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

*TIF Special Revenue Fund* - accounts for tax incremental financing districts established within the city. Revenues are restricted within specifically established tax increment districts throughout the city.

1990 Capital Improvement Fund. In fiscal year 1990, the City established the 1990 Capital Improvement Fund to account primarily capital projects and maintenance related to municipal facility construction and improvements, public parks and recreational facilities, street resurfacing and maintenance, as well as fleet and other durable equipment. These activities are funded by 18% of 3.5 of the 4.5% sales and use tax rate.

2014 Capital Improvement Fund. In fiscal year 2014, the City established the 2014 Capital Improvement Fund, a capital projects fund, to account for the proceeds of a one-percent sales and use tax levied by the City effective March 1, 2014. This fund accounts for the capital and economic development expenditures authorized for this fund, and the debt service on projects intended to be paid from the taxes.

Debt Service Fund. The Debt Service Fund is used to account for the accumulation of moneys for, and the payment of, principal of and interest on long-term debt and related costs, other than long-term debt payable from special assessments and debt issued for and serviced primarily by City-owned enterprises.

Capital Projects Funds. Capital Project Funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by Enterprise Funds and TIF taxes of the Special Revenue Fund). In most cases, the City uses the Capital Projects Fund to account for the expenditure of the proceeds from all warrant issues, and uses separate accounts within that to show that the proceeds of the issues were spent only on the project or projects and for the purpose or purposes authorized, and that any unused warrant proceeds or project deficits were properly handled and accounted for in accordance with applicable legal, budgetary and policy provisions.

Proceeds from warrants or other obligations issued by the City to pay for capital improvements will be accounted for in capital project funds, as will the expenditures of the proceeds of warrants and other City obligations.

There are instances in which the General Fund or a Special Revenue Fund budgets and expends its own resources for long-term improvements, which may involve general long-term borrowing, and such outlays are properly accounted for in those funds without a separate Capital Projects Fund. The City also maintains other capital projects funds to account for the expansion and development of an industrial park, which is financed by revenues other than long-term debt.

Enterprise Funds. Enterprise Funds are used to account for operations that provide goods or services to the general public on a continuing basis and that are financed and operated similarly to private business enterprises, *i.e.*, those the costs of which are to be financed or recovered primarily through user charges, or those for which it is deemed advisable (for capital maintenance, public policy, management control, accountability, or other purposes) that periodic determinations be made of revenues earned, expenses incurred, and net income. The City currently maintains Enterprise Funds for the operation of the City's Sanitary Sewer System, the Municipal Iceplex, the Von Braun Center, Orion Amphitheater, and Sanitation, and accounts for the operations of one of its "discrete component units" (Huntsville Utilities) as an Enterprise Fund. With the exception of the Enterprise Funds, which may be characterized as "proprietary" funds, all above-mentioned funds currently maintained by the City are categorized as "governmental" funds.

## SOURCES OF REVENUES

### Introduction

Sales and use taxes, business licenses and permits are directly related to changes in personal income rate, price levels and general economic conditions and have in the past (subject to certain exceptions) increased at a more rapid rate than ad valorem taxes. Shared state, local and intergovernmental revenue is not subject to periodic appropriations, but results from general statutory allocation to the City of a portion of certain taxes collected by the State of Alabama, Madison County, Limestone County and Morgan County. Additional information on the principal City revenue sources is provided in the following paragraphs. While the following paragraphs show the rates at which certain of these tax proceeds have increased, the City makes no representation that future increases will be at the same or greater rates or that there will, in fact, be any such increases.

### Property Taxes and Payments in Lieu of Taxes

Property or ad valorem taxes are levied under various provisions of the constitution and statutes of Alabama and, except for the 6.5-mill general purpose tax, may be used only for the purpose or purposes for which they are levied. Under present law, the rates at which local ad valorem taxes are levied may be increased only after approval by the Alabama Legislature and a majority vote of the qualified electors of the affected jurisdiction. See "AD VALOREM TAXES" herein.

Payments in lieu of taxes, calculated on various bases, are made to the General Fund by Huntsville Utilities with respect to the City-owned electric, water and natural gas systems. Under the City's contract with the Tennessee Valley Authority (TVA) for the purchase of electric power, payments in lieu of taxes with respect to the electric system will be made at an agreed upon six percent (6%) of net book value of the electric system's properties. Payments in lieu of taxes are also received by the General Fund in lesser amounts from the water and natural gas systems, computed on the basis of gross revenues. All such payments are made, at the option of the City Council, in lieu of taxes which would be due if such utility systems were subject to ad valorem taxation. The City also receives certain payments in lieu of taxes from the TVA and from the Huntsville Housing Authority. Ad valorem property taxes paid on real property are subject to periodic adjustment based upon reappraisals required by the State Department of Revenue. See "Property Re-Evaluation Program" under "AD VALOREM TAXES" herein.

The following table shows the receipts from the 6.5-mill general purpose tax and from payments in lieu of property taxes for fiscal years shown:

Fiscal Year	6.5 Mill Tax General Fund General Purpose	TVA Payments in Lieu of Property Taxes	Huntsville Utilities Electric System Payments in Lieu of Property Taxes <sup>(1)</sup>	Total
2022	\$22,470,720*	\$2,697,905*	\$17,690,998*	\$42,839,623*
2021	20,409,023	2,864,376	18,396,408	41,669,807
2020	19,565,805	2,827,779	21,172,061	43,565,645
2019	18,299,987	2,494,464	18,836,298	39,630,749



2018	18,889,927	2,829,553	14,908,179	36,627,659
------	------------	-----------	------------	------------

\* Unaudited

(1) Huntsville Utilities expanded its electric system and services during 2019, resulting in additional capital improvements that increased payments in lieu of taxes to the City during such years. The increase is also due to accounting adjustments.

Source: Annual Comprehensive Financial Reports of the City for Fiscal Years 2017-2021 (modified accrual basis of accounting).

### Sales and License Taxes

Sales and Use Taxes. The largest sources of General Fund revenues are the sales and use taxes levied by ordinance of the City. Retailers are required to collect the sales tax on sales of tangible personal property at retail from the consumer and to pay collections to the City, monthly. The use tax is levied upon the use of tangible personal property brought into the City and upon which the sales tax has not previously been paid. The sales and use tax was increased effective November 1, 1989, when the basic rate was raised from 3% to 3.5% and the automobile rate was increased from 1.5% to 1.75% (certain manufacturing machinery being exempt). Additionally, the general sales and use tax rate was raised from 3.5% to 4.5% effective March 1, 2014. The total sales tax rate paid by persons purchasing items in the City in Madison County is 9% – 4% being collected for the State and 0.5% for Madison County; the rate is 10.5% in those portions of the City within Limestone County – 4% being collected for the State and 2% for Limestone County.

The following table shows sales and use tax receipts levied by and collected for the City (at a total rate of 4.5%) for the fiscal years shown includes:

Fiscal Year	Receipts <sup>(1)</sup>	Percentage Increase
2022	\$301,980,796*	12.49%
2021	268,438,074	13.20
2020	237,141,754	4.61
2019	226,685,473	8.48
2018	208,966,293	--

\* Unaudited

(1) Includes receipts from the Simplified Sellers Use Tax (the "SSUT"), which allows sellers of tangible personal property or service in the State of Alabama from inventory or locations outside the State (typically, on-line sellers) to collect, report, and remit a flat 8.0% sales and use tax. For the fiscal year ended September 30, 2022, unaudited SSUT receipts accounted for 4.39% of the \$301,980,796 sales and use tax receipts shown above.

The following table shows the allocation and deposit of total sales and use tax receipts levied by and collected for the City (at a total rate of 4.5%) for the fiscal years shown:

Fiscal Year	General Fund	City Schools	Capital Improvements Fund	2014 Capital Improvement Fund	Total Receipts
2022	\$166,841,432*	\$33,548,667*	\$41,080,000*	\$60,510,695*	\$301,980,794*
2021	147,774,579	29,963,646	36,690,179	54,009,669	268,438,073
2020	129,911,237	26,566,516	32,530,427	48,133,575	237,141,755
2019	122,432,577	25,786,533	31,575,346	46,891,016	226,685,472
2018	111,892,511	24,020,166	29,412,448	43,641,168	208,966,293
2017	104,489,438	22,512,225	27,565,990	40,817,184	195,384,837

\* Unaudited

By ordinance, the City designates the below special annual appropriations from the gross proceeds of sales and use taxes levied by the City:

- (1) For the 3.5% general sales and use tax and 1.75% automotive rates, 18.0% of sales and use taxes are appropriated in the year earned from the General Fund to the Capital Improvements Fund.

(2) For the 3.5% general sales and use tax and 1.75% automotive rates, 14.7% of sales and use taxes are appropriated in the year earned from the General Fund to the Huntsville City Board of Education.

(3) For the 1.0% general sales and use tax rate effective March 1, 2014, 100% of sales and use taxes are reported as revenue in the 2014 Capital Improvement Fund and earmarked for certain capital and economic development purposes.

There is no express constitutional or statutory maximum on the rates at which sales and use taxes may be levied by the City. Except for limitations concerning the rates at which privilege or business license taxes may be levied on certain types of business (such as banks and insurance companies), there are no express constitutional or statutory limitations upon the rates at which privilege or business license taxes may be levied by the City. The statements made in this paragraph concerning sales and use taxes and privilege or business license taxes are subject, however, to the qualification that, under applicable judicial precedents, none of such taxes may be levied at rates that are confiscatory or "unreasonable".

Licenses and Permits. Under general authority granted to cities and towns in Alabama by the Alabama Legislature, the City levies privilege license taxes on the privilege of engaging in certain businesses and professions within the corporate limits of the City. Most license taxes are computed as a stated amount plus a percentage of gross receipts based on a graduated scale. The following table shows receipts from licenses and permits for the fiscal years shown, and the percentage increase in such receipts over those for the preceding fiscal year:

<b>Fiscal Year</b>	<b>Receipts</b>	<b>Percentage Increase</b>
2022	\$41,563,592*	13.77%
2021	36,532,679	12.4
2020	32,514,504	10.4
2019	29,448,382	4.4
2018	28,208,646	6.5
2017	26,499,649	6.4

\* Unaudited

Source: Annual Comprehensive Financial Reports of the City for Fiscal Years 2017-2021. General Fund Statement of Revenues, Expenditures and Changes in Fund Balance (modified accrual basis of accounting).

### **Tax Increment Financing Districts**

From fiscal years 2000 through 2006, the City created five (5) tax increment financing districts as a part of the City's long-range economic development plan. Two of those districts (formerly known as "TIF 1" and "TIF 3" have since been closed and all debt obligations associated therewith have been retired. Remaining from that initial group of tax increment financing districts are "TIF2" and "TIF4". The City has since created three (3) additional tax increment districts, as follows.

In fiscal year 2010, the City created a tax increment financing district ("TIF5") in connection with the obligations of the City under an Annexation and Development Agreement dated March 25, 2010 (the "Annexation and Development Agreement") between the City and L W Redstone Company, LLC. TIF5 was adopted by the City Council on May 13, 2010, and the Madison County Commission on May 17, 2010.

In fiscal year 2016, the City created a tax increment financing district ("TIF6") in connection with the development of public infrastructure improvements and related work to real property to foster industrial and economic development.

In fiscal year 2018, the City created a tax increment financing direct ("TIF7") with respect to the financing of certain improvements and obligations of the City incident to the development of the North American plant on a site within the City and Limestone County for the manufacture of vehicles by a joint venture between Toyota Motor Corporation and Mazda Motor Corporation. See APPENDIX A – "CITY OF HUNTSVILLE – CERTAIN DEMOGRAPHIC INFORMATION – Major Economic Activity".

Accordingly, there are five (5) tax increment districts of the City that are currently open, consisting of TIF2, TIF4, TIF5, TIF6 and TIF7.

### REVENUES AND EXPENDITURES

The following table sets forth the audited revenues, expenditures and changes in fund balance for the City for all governmental fund types for the fiscal years ended September 30, 2017, through September 30, 2021, inclusive, which such information has been extracted from the audited financial statements of the City for such fiscal years and should be read in conjunction with the financial statements of the City attached as APPENDIX C.

	2021	2020	2019	2018	2017
<b>Revenues</b>					
Sales and Use Tax	\$268,438,074	\$237,141,754	\$226,685,473	\$208,966,293	\$195,384,836
Property Tax	76,367,185	71,077,318	65,167,286	66,083,001	59,517,420
Other taxes	57,912,438	50,507,374	52,525,318	47,796,692	43,907,918
Licenses & permits	36,532,679	32,514,504	29,448,382	28,208,646	26,499,649
Fines & forfeitures	4,019,550	3,382,013	3,507,915	3,826,040	4,003,972
Revenues from money & property	--	5,316,225	9,717,987	6,972,716	5,299,539
Charges for services	24,975,983	22,274,966	37,161,056	42,349,949	17,993,904
Intergovernmental	54,119,202	20,131,353	17,595,641	11,244,579	18,343,577
Gifts & donations	--	2,111,362	3,408,869	2,440,644	2,460,757
Other revenues	<u>24,014,030</u>	<u>10,336,324</u>	<u>3,330,072</u>	<u>1,806,477</u>	<u>1,668,794</u>
<b>Total Revenues</b>	546,379,141	454,793,193	448,547,999	419,695,037	375,080,366
<b>Expenditures</b>					
Current					
General government	41,557,082	39,293,215	39,778,460	29,488,028	30,718,856
Public safety	100,668,628	97,451,844	95,034,927	92,865,616	89,362,560
Public services	103,473,513	95,438,193	106,397,516	88,173,064	78,125,664
Urban development	26,490,111	30,623,574	26,419,907	20,403,337	20,658,265
Debt Service					
Principal	39,885,183	40,675,086	37,462,146	37,243,956	209,770,224
Interest	32,783,046	34,881,073	34,041,366	26,716,331	28,179,262
Fiscal charges	--	469	724	624	507
Debt issuance costs	1,166,670	6,500	514,302	1,269,946	1,185,748
Capital projects construction & outlay	167,373,664	153,287,127	95,846,575	166,255,294	66,860,745
Intergovernmental assistance	<u>29,961,029</u>	<u>31,198,551</u>	<u>34,137,648</u>	<u>29,670,223</u>	<u>52,910,502</u>
<b>Total Expenditures</b>	543,358,926	522,855,632	469,633,571	492,086,420	397,772,332
Excess of revenues over (under) expenditures	3,020,215	(68,062,439)	(21,085,572)	(72,391,383)	(22,691,966)
<b>Other financing sources (uses)</b>					
Long-term debt issued	159,598,374	16,582,628	80,078,908	166,609,194	103,482,451
Premium on debt issue	--	--	17,514,638	27,882,248	10,700,582
Payment to escrow agent	(114,349,148)	--	--	(55,291,484)	(71,944,745)
Capital lease/sale proceeds	1,978,636	--	--	--	--
Transfers in	108,686,564	107,648,922	85,058,749	77,083,967	72,761,360
Transfers (out)	<u>(113,767,843)</u>	<u>(114,834,843)</u>	<u>(99,295,656)</u>	<u>(87,800,809)</u>	<u>(75,618,816)</u>
<b>Total other financing sources (uses)</b>	42,146,583	9,396,707	83,356,639	128,483,116	39,380,831
Net change in fund balances	45,166,798	(58,665,732)	62,271,067	56,091,733	16,668,865
Fund Balance, Beginning	290,018,684	349,137,549	292,982,886	240,854,290	224,165,425
Prior Period Adjustment	9,236,019 <sup>(1)</sup>	(453,133)	(6,116,404)	(3,963,137)	--
<b>Fund Balance, Ending</b>	<u>\$344,421,501</u>	<u>\$290,018,684</u>	<u>\$349,137,549</u>	<u>\$292,982,886</u>	<u>\$240,854,290</u>

<sup>(1)</sup> In fiscal year 2021, the City reorganized its financial statements to better aggregate and present fund information. Although bottom line totals did not change, the presentation of fund combination and major fund calculation were altered and fund balances for fiscal year 2020 have been restated.

## DEBT MANAGEMENT

### General

The principal forms of indebtedness that the City is authorized to incur include general obligation bonds, general obligation warrants, general obligation bond anticipation notes, revenue anticipation notes, gasoline tax anticipation warrants, and various revenue anticipation bonds and warrants relating to enterprises. In addition, the City has the power to enter into certain leases which constitute a charge upon the general credit of the City. General obligation warrants, general and special obligation bonds financing street, sidewalk and sewer improvements and supported (wholly or in part) by assessments therefor, certain revenue anticipation bonds and notes and capitalized lease obligations may be issued or incurred without voter approval.

Existing statutes also permit the City, without the approval of the electorate, to enter into certain financing lease arrangements with county and municipal public building authorities with respect to needed municipal buildings and facilities; such lease arrangements are required to be on a year-to-year basis and may be considered as essentially "off-balance sheet" debt. No such financing lease arrangements on the part of the City are now in effect other than the City's leases with PBA respecting the Series 2017 PBA Bonds, the Series 2021 PBA Bonds, and the Series 2022 PBA Bonds of the PBA.

There follows, in the discussion and tables below, various references to the existing City indebtedness. All such references exclude debt for the full retirement of which irrevocable deposits of funds or U.S. Government securities have been made. Included in the material under section entitled "DEBT MANAGEMENT" are several references to the amount of assessed value of property in the City. The amount stated in each case includes and refers to City property in Madison County, Limestone County and Morgan County.

Most of the Limestone County land was agricultural in nature, but in recent years there have been located thereon several industrial projects, including among other the North American plant constructed for the manufacture of vehicles by a joint venture between Toyota Motor Corporation and Mazda Motor Corporation. See APPENDIX A – "CITY OF HUNTSVILLE - CERTAIN DEMOGRAPHIC INFORMATION – Major Economic Activity".

### Long-Term General Obligation Indebtedness of the City

The City's long-term indebtedness consists of (1) general obligation warrants and bonds, (2) warrants payable solely from revenues of the sanitary sewer system of the City, (3) warrants payable solely from revenues derived from the water system (the "Water System"), electric system (the "Electric System"), and natural gas system (the "Gas System") of the City operated by Huntsville Utilities, and (4) TIF5 Revenue Warrants.

Indebtedness payable from the City's (i) Water System is issued under a Trust Indenture dated as of May 1, 2008, as supplemented and amended (the "Water System Indenture") between the City and The Bank of New York Mellon Trust Company, N.A. ("BONY"), (ii) Electric System is issued under a Trust Indenture dated July 27, 2017, as supplemented and amended (the "Electric System Indenture") between the City and BONY, and (iii) Gas System is issued under a Trust Indenture dated August 1, 2019 (the "Gas System Indenture") between the City and BONY.

General Obligation Warrants and PBA Bonds. The following table lists the maximum amount of all long-term general obligation warrants of the City, and of long-term limited obligation bonds of the PBA for which the City makes lease payments, following issuance of the Warrants:

Description	Principal Amount Originally Issued	Principal Outstanding (not in excess of)
Series 2017 PBA Bonds <sup>(1)</sup>	\$46,965,000	\$39,050,000
General Obligation Refunding Warrant, Series 2013-A	6,450,000	870,000
General Obligation Warrants, Series 2013-B	14,580,000	14,580,000
General Obligation School Warrants, Series 2013-C	77,050,000	3,985,000
General Obligation Warrants, Series 2013-D	24,970,000	1,145,000
General Obligation Warrants, Series 2014-A	54,110,000	35,045,000

<b>Description</b>	<b>Principal Amount Originally Issued</b>	<b>Principal Outstanding (not in excess of)</b>
General Obligation Lease Ref. & Capital Improvement Warrants, Series 2014-B	19,345,000	14,520,000
General Obligation School Ref. & Capital Improvement Warrants, Series 2014-C	27,045,000	18,235,000
General Obligation Warrants, Series 2015-A	61,390,000	45,700,000
Taxable General Obligation Warrants, Series 2015-B	8,185,000	6,905,000
General Obligation Warrants, Series 2016-A	35,725,000	31,270,000
General Obligation School Warrants, Series 2016-B	29,890,000	29,890,000
General Obligation Warrants, Series 2016-C	36,030,000	26,215,000
General Obligation School Warrants, Series 2016-D	31,550,000	28,065,000
General Obligation School Warrants, Series 2017-A	17,355,000	14,560,000
General Obligation Warrants, Series 2017-B	8,560,000	5,410,000
Taxable General Obligation Warrants, Series 2017-C	11,045,000	8,980,000
General Obligation Refunding Warrants, Series 2017-D	20,055,000	19,285,000
General Obligation Refunding School Warrants, Series 2017-E	49,195,000	48,095,000
2017 IDB Guaranty Agreement <sup>(2)</sup>	21,000,000	18,125,269
General Obligation Warrants, Series 2018-A	50,590,000	48,630,000
General Obligation Warrants, Series 2018-B	61,985,000	54,355,000
Taxable General Obligation Warrants, Series 2018-C	5,385,000	4,915,000
General Obligation Warrants, Series 2019-A	77,000,000	69,270,000
General Obligation Warrants, Series 2020-A	34,630,000	23,640,000
General Obligation School Warrants, Series 2020-B	13,265,000	10,105,000
Taxable General Obligation Warrants, Series 2020-C	31,210,000	29,390,000
Taxable General Obligation School Warrants, Series 2020-D	27,610,000	24,725,000
General Obligation Warrant, Series 2020-E	15,047,500	13,337,543
General Obligation Warrant, Series 2021	7,000,000	6,586,311
Series 2021 PBA Bonds <sup>(3)</sup>	37,000,000	37,000,000
Series 2022 PBA Bonds <sup>(4)</sup>	74,285,000	74,285,000
General Obligation Warrant, Series 2022	16,574,000	16,574,000
Series 2023-A Warrants	66,835,000	66,835,000
Series 2023-B Warrants	26,790,000	26,790,000
Series 2023-C Warrants	44,605,000	44,605,000
Series 2023-D Warrants	45,425,000	45,425,000
<b>Total</b>	<b><u>\$1,235,731,500</u></b>	<b><u>\$1,006,398,123</u></b>

<sup>(1)</sup> Represents principal of the Series 2017 PBA Bonds of the PBA, which are revenue bond obligations issued by the PBA paid by lease payments made by the City for use of a municipal public safety and corrections facility in the City.

<sup>(2)</sup> On December 1, 2017, The Industrial Development Board of the City of Huntsville (the "IDB") issued its \$21,000,000 Industrial Revenue Bond, Series 2017 (the "2017 IDB Bond") to pay the costs of constructing a manufacturing facility to be owned by the IDB. The initial tenant of the facility is Aerojet Rocketdyne, Inc. ("AR"). Under a lease agreement between the IDB and AR (the "2017 IDB Lease"), AR agreed to make certain lease payments to the IDB including, among others, payments at such times and in such amounts as shall be equal maturing installments of debt service on the 2017 IDB Bond. The 2017 IDB Bond was sold in a private placement to Regions Bank. The City has entered a guaranty agreement to Regions Bank pursuant to which the City has agreed to pay Regions Bank whatever is owed as debt service on the Series 2017 Bond in the event the IDB lacks funds from the 2017 IDB Lease for the same. The 2017 IDB Bond bears interest at a per annum rate of 4.61% and matures over a period of 21 years.

<sup>(3)</sup> Represents principal of the Series 2021 PBA Bonds of the PBA, which are revenue bond obligations issued by the PBA paid by lease payments made by the City for use of a public amphitheater in the City.

<sup>(4)</sup> Represents principal of the Series 2022 PBA Bonds of the PBA, which are revenue bond obligations issued by the PBA paid by lease payments made by the City for use of a city hall and related administrative and parking facilities in the City.

*Sewer Revenue Warrants.* The City has issued warrants payable to the Alabama Water Pollution Control Authority to finance improvements to the City's sanitary sewer system (the "Sewer System"). The City has the following outstanding indebtedness payable to Alabama Water Pollution Control Authority as of January 1, 2023, all of which are payable solely out of the revenues derived from the operation of the Sewer System.

<b>Sewer Revenue Warrant Description</b>	<b>Principal Outstanding</b>
Sewer Revenue Warrant, Series 2011-CWSRF-DL	\$1,220,000

Warrants Payable from Water, Electric and Natural Gas System Revenues. The following tables list all outstanding bonds and warrants as of January 1, 2023, of the City payable solely out of revenues from the Water System, Electric System and Gas System of the City, each of which is operated by Huntsville Utilities:

<b>Obligations Payable from Water System Revenues</b>	<b>Principal Outstanding</b>
Taxable Water Revenue Warrants, Series 2021-B	\$69,580,000
Water Revenue Warrants, Series 2021-A	5,985,000
Water Revenue Warrants, Series 2016	7,050,000
Water Revenue Warrants, Series 2015	7,980,000
Subordinated Water Revenue Warrant, Series 2013-DWSRF-DL	110,000
Subordinated Water Revenue Warrant, Series 2021-DWSRF-DL	10,185,000
Subordinated Water Revenue Warrant, Series 2021-B-DWSRF-DL	15,080,000
<b>Obligations Payable from Electric System Revenues</b>	<b>Principal Outstanding</b>
Electric Revenue Warrants, Series 2017-B	\$13,630,000
Electric Revenue Warrants, Series 2017-A	51,875,000
<b>Obligations Payable from Natural Gas System Revenues</b>	<b>Principal Outstanding</b>
Taxable Gas System Revenue Warrant, Series 2019-B	\$1,733,015
Gas System Revenue Warrant, Series 2019-A	3,115,686

TIF Revenue Warrants. In connection with the obligations of the City under an Annexation and Development Agreement dated March 25, 2010, as amended (the "Annexation and Development Agreement") between the City and L W Redstone Company, LLC ("L W Redstone"), the City from time to time issues to L W Redstone taxable limited obligation revenue warrants (the "TIF5 Revenue Warrants") payable solely out of tax increment revenues generated in connection with TIF5, hereinafter described, in order to pay the costs of various public infrastructure improvements referable to the project described in the Annexation and Development Agreement. TIF5 Revenue Warrants are payable solely out of TIF revenues generated within TIF5, and in that regard do not constitute an indebtedness of the City for purposes of the City's constitutional debt limit. Under the Annexation and Development Agreement, the City may issue up to \$76,000,000 of TIF Revenue Warrants. Payment obligations evidenced by the TIF5 Revenue Warrants shall be deemed satisfied and paid in full at maturity to the extent not covered by tax increment revenues generated within the boundary of TIF5 during the term of such obligations. To date, the City has issued thirteen (13) series of limited obligation warrants aggregating in their initial face amount \$73,700,000 heretofore defined as "TIF5 Revenue Warrants", leaving up to \$2,300,000 in initial principal amount of such warrants available for issuance pursuant to the Annexation and Development Agreement. Outstanding TIF5 Revenue Warrants are payable solely from revenues collected within TIF5.

As permitted under the Annexation and Development Agreement, certain of these TIF5 Revenue Warrants heretofore issued have been subsequently refinanced with general obligation warrants of the City (and, as permitted by the Annexation and Development Agreement, the City covers debt service on such general obligation warrants with TIF revenues collected within TIF5). These refinancings do not alter or otherwise increase the availability for additional TIF5 Revenue Warrants beyond the \$2,300,000 remaining maximum amount stated above.

Future Borrowings. Pursuant to its ten-year Capital Improvement Plan and other initiatives, the City currently anticipates borrowing approximately \$150 Million in the next 24-36 months. These borrowings are anticipated to be made in order to finance additional capital projects expected to be under construction during fiscal year 2024 and fiscal year 2025. In addition, the City may from time to time borrow additional money in connection with various City projects, at the request of the Huntsville School System based on its administration of the School Tax, or as needs for which may otherwise arise and be merited in the discretion of the City. The City currently expects to borrow approximately \$100 million for public school capital improvements over the next 24-36 months.

Payment Record. The City has never defaulted in the payment of debt service on its warrants, bonds or other funded indebtedness, nor has it refunded indebtedness for the purpose of preventing or avoiding such a default.

## Legal Debt Margin

The City's constitutional debt limit is an amount equal to twenty percent (20%) of the assessed value of the property therein. However, the following, among other types of indebtedness, are under existing general law not chargeable to the City's constitutional debt limit: obligations issued for the purpose of acquiring, providing or constructing schools, waterworks or sewers; obligations incurred for street or sidewalk improvements where the costs thereof, in whole or in part, are to be assessed against the property abutting such improvements; subject to certain conditions, tax anticipation notes; certain lease obligations; and revenue securities issued for the purpose of extending, enlarging or improving water, electric, gas or sewer systems and payable solely from the revenues of one or more of such systems. Further, by virtue of certain constitutional provision respecting economic development, including, without limitation, Amendment 772 to the Constitution of Alabama of 1901, as amended, certain debt issued for industrial and economic development purposes are also not chargeable to the generally applicable 20% debt limit. The City does not have any such obligations outstanding.

The following sets forth the City's estimated constitutional debt margin following issuance of the Warrants:

Assessed value (real and personal property) <sup>(1)</sup>	\$4,560,136,000
Debt limit (20% of assessed value)	912,027,200
Maximum principal amount outstanding of direct outstanding debt <sup>(2)</sup>	1,006,398,123
Less those portions not chargeable to debt limit:	
Lease revenue bonds of the PBA <sup>(3)</sup>	150,335,000
Series 2018-A Warrants <sup>(4)</sup>	48,630,000
Sewer and school purpose direct debt:	
General obligation sewer warrants	33,120,077
Warrants issued for school purposes	177,660,000
Series 2023-C Warrants (sewer purposes)	44,605,000
Series 2023-D Warrants (school purposes)	<u>45,425,000</u>
Total debt not chargeable to debt limit	499,775,077
Maximum amount of debt chargeable to debt limit	506,623,046
Estimated constitutional debt margin (not less than)	<u><b>\$405,404,154</b></u>

<sup>(1)</sup> The total 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, along with the total reported by the Limestone County Tax Assessor and the Morgan County Tax Assessor. The most recent assessment date pertinent to this calculation is October 1, 2022.

<sup>(2)</sup> See the chart under "General Obligation Warrants and PBA Bonds" in the section entitled "Long-Term General Obligation Indebtedness of the City" above. All other long-term indebtedness of the City, consisting of (i) warrants payable solely from Sewer System revenues, (ii) warrants payable from the water, electric or natural gas systems of the City operated by Huntsville Utilities, and (iii) TIF Revenue Warrants payable solely from TIF revenues, are exempt from the constitutional debt limit and are not included in this figure.

<sup>(3)</sup> The Series 2017 PBA Bonds, the Series 2021 PBA Bonds, and the Series 2022 PBA Bonds.

<sup>(4)</sup> The Series 2018-A Warrants were issued under and in accordance with Amendment 919 to the Constitution of Alabama of 1901, under which the said warrants are exempt from the City's constitutional debt limit.

## Direct and Overlapping Tax-Supported Debt

The following schedule reflects the maximum amount of direct and overlapping tax-supported debt of the City following issuance of the Warrants:

	<b>Net Direct Debt Outstanding</b>	<b>Percent of Debt Applicable to the City</b>	<b>City's Share of Debt</b>
<b>Direct Debt</b>			
General Obligation Bonds and Warrants	\$1,006,398,112	100%	\$1,006,398,123
<b>Overlapping Debt</b>			
Madison County, general obligation debt	\$43,614,243 <sup>(1)</sup>	56.25% <sup>(1)</sup>	\$24,533,012
Limestone County, general obligation debt	\$12,220,000 <sup>(2)</sup>	4.86% <sup>(2)</sup>	\$593,892
Morgan County, general obligation debt	\$21,405,000 <sup>(3)</sup>	.01% <sup>(3)</sup>	\$2,140
<b>Total</b>			<b>\$1,031,527,167</b>

Includes outstanding principal of general obligation warrants of the City, as well as outstanding principal referable to the Series 2017 PBA Bonds (assuming renewal of the leases by the City related thereto through final maturity of the said bonds), the Series 2021 PBA Bonds (assuming renewal of the leases by the City related thereto through final maturity of the said bonds), and the Series 2022 PBA Bonds (assuming renewal of the leases by the City related thereto through final maturity of the said bonds). All other long-term indebtedness of the City, consisting of (i) warrants payable solely from the Sewer System, (ii) warrants payable from the water, electric and natural gas systems of the City operated by Huntsville Utilities, and (ii) TIF Revenue Warrants are payable from specific enterprise or, in the case of TIF5 Revenue Warrants, similar revenue streams and, therefore, are not included in the calculation of direct debt of the City. Does not include the 2017 IDB Bond, payment of which is guaranteed by the City.

<sup>(1)</sup> Outstanding debt as presented in audited financial statements of Madison County for the fiscal year ended September 30, 2021. The Madison County percentage reflects the ratio of the population estimated by the City as of July 1, 2022 as residing in the City and living in Madison County (222,301) and the estimated total population of Madison County estimated for 2021 (395,211).

<sup>(2)</sup> Outstanding debt as presented in audited financial statements of Limestone County for the fiscal year ended September 30, 2021. The Limestone County percentage reflects the ratio of the population estimated by the City as of July 1, 2022 as residing in the City and living in Limestone County (5,221) and the total population of Limestone County estimated for 2021 (107,517).

<sup>(3)</sup> Outstanding debt as presented in audited financial statements of Morgan County for the fiscal year ended September 30, 2020. The Morgan County percentage reflects the ratio of the population estimated by the City as of July 1, 2022 as residing in the City and living in Morgan County (7) and the total population of Morgan County estimated for 2021 (123,668).

The following schedule shows the percentage of maximum direct and overlapping tax-supported debt to assessed value per capita in the City following issuance of the Warrants.

Direct general obligation debt	\$1,006,398,123
Overlapping	\$25,129,044
Total (direct and overlapping debt)	\$1,031,527,167
Assessed value of property in City	\$4,560,136,000
Ratio of direct debt to City's assessed value	22.07%
Ratio of direct and overlapping debt to City's assessed value	22.62%
Population of City (estimated as of July 1, 2022)	227,529
Per capita direct debt	\$4,423
Per capita direct and overlapping debt	\$4,534



**SCHEDULED GENERAL OBLIGATION DEBT SERVICE  
REQUIREMENTS OF THE CITY**

**Fiscal Year Debt Service Requirements  
for the Warrants**

*Series 2023-A Warrants.* The following reflects the scheduled debt service requirements for the Series 2023-A Warrants on a fiscal year basis:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	--	\$1,596,614	\$1,596,614
2024	\$1,995,000	3,291,875	5,286,875
2025	2,095,000	3,189,625	5,284,625
2026	2,205,000	3,082,125	5,287,125
2027	2,315,000	2,969,125	5,284,125
2028	2,435,000	2,850,375	5,285,375
2029	2,560,000	2,725,500	5,285,500
2030	2,690,000	2,594,250	5,284,250
2031	2,830,000	2,456,250	5,286,250
2032	2,975,000	2,311,125	5,286,125
2033	3,130,000	2,158,500	5,288,500
2034	3,290,000	1,998,000	5,288,000
2035	3,455,000	1,829,375	5,284,375
2036	3,635,000	1,652,125	5,287,125
2037	3,820,000	1,465,750	5,285,750
2038	4,015,000	1,269,875	5,284,875
2039	4,225,000	1,063,875	5,288,875
2040	4,440,000	847,250	5,287,250
2041	4,665,000	619,625	5,284,625
2042	4,905,000	380,375	5,285,375
2043	5,155,000	128,875	5,283,875

*Series 2023-B Warrants.* The following reflects the scheduled debt service requirements for the Series 2023-B Warrants on a fiscal year basis:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	--	\$ 639,983	\$ 639,983
2024	\$800,000	1,319,500	2,119,500
2025	840,000	1,278,500	2,118,500
2026	885,000	1,235,375	2,120,375
2027	930,000	1,190,000	2,120,000
2028	975,000	1,142,375	2,117,375
2029	1,025,000	1,092,375	2,117,375
2030	1,080,000	1,039,750	2,119,750
2031	1,135,000	984,375	2,119,375
2032	1,195,000	926,125	2,121,125
2033	1,255,000	864,875	2,119,875
2034	1,320,000	800,500	2,120,500
2035	1,385,000	732,875	2,117,875
2036	1,455,000	661,875	2,116,875
2037	1,530,000	587,250	2,117,250
2038	1,610,000	508,750	2,118,750
2039	1,690,000	426,250	2,116,250
2040	1,780,000	339,500	2,119,500
2041	1,870,000	248,250	2,118,250

2042	1,965,000	152,375	2,117,375
2043	2,065,000	51,625	2,116,625

**Series 2023-C Warrants.** The following reflects the scheduled debt service requirements for the Series 2023-C Warrants on a fiscal year basis:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	--	\$1,065,564	\$1,065,564
2024	\$1,330,000	2,197,000	3,527,000
2025	1,400,000	2,128,750	3,528,750
2026	1,470,000	2,057,000	3,527,000
2027	1,545,000	1,981,625	3,526,625
2028	1,625,000	1,902,375	3,527,375
2029	1,710,000	1,819,000	3,529,000
2030	1,795,000	1,731,375	3,526,375
2031	1,890,000	1,639,250	3,529,250
2032	1,985,000	1,542,375	3,527,375
2033	2,090,000	1,440,500	3,530,500
2034	2,195,000	1,333,375	3,528,375
2035	2,305,000	1,220,875	3,525,875
2036	2,425,000	1,102,625	3,527,625
2037	2,550,000	978,250	3,528,250
2038	2,680,000	847,500	3,527,500
2039	2,820,000	710,000	3,530,000
2040	2,960,000	565,500	3,525,500
2041	3,115,000	413,625	3,528,625
2042	3,275,000	253,875	3,528,875
2043	3,440,000	86,000	3,526,000

**Series 2023-D Warrants.** The following reflects the scheduled debt service requirements for the Series 2023-D Warrants on a fiscal year basis:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	--	\$1,085,153	\$1,085,153
2024	\$670,000	2,254,500	2,924,500
2025	705,000	2,220,125	2,925,125
2026	740,000	2,184,000	2,924,000
2027	775,000	2,146,125	2,921,125
2028	815,000	2,106,375	2,921,375
2029	860,000	2,064,500	2,924,500
2030	905,000	2,020,375	2,925,375
2031	950,000	1,974,000	2,924,000
2032	1,000,000	1,925,250	2,925,250
2033	1,050,000	1,874,000	2,924,000
2034	1,105,000	1,820,125	2,925,125
2035	1,160,000	1,763,500	2,923,500
2036	1,220,000	1,704,000	2,924,000
2037	1,280,000	1,641,500	2,921,500
2038	1,345,000	1,575,875	2,920,875
2039	1,415,000	1,506,875	2,921,875
2040	1,490,000	1,434,250	2,924,250
2041	1,565,000	1,357,875	2,922,875
2042	1,645,000	1,277,625	2,922,625
2043	1,730,000	1,193,250	2,923,250
2044	1,820,000	1,104,500	2,924,500

2045	1,910,000	1,011,250	2,921,250
2046	2,010,000	913,250	2,923,250
2047	2,110,000	810,250	2,920,250
2048	2,220,000	702,000	2,922,000
2049	2,335,000	588,125	2,923,125
2050	2,455,000	468,375	2,923,375
2051	2,580,000	342,500	2,922,500
2052	2,710,000	210,250	2,920,250
2053	2,850,000	71,250	2,921,250

**Annual Debt Service Requirements for all General Obligation Warrants  
And Long-Term Debt Service Following Issuance of the Warrants**

The following table reflects the scheduled annual debt service requirements on a fiscal year basis respecting all general obligation bonds and warrants of the City following issuance of the Warrants:

<b>Fiscal Year</b>	<b>Existing Fixed Rate Debt<sup>(1)</sup></b>	<b>Warrants</b>	<b>Total Debt Service</b>
2023	\$85,451,610	\$ 4,387,314	\$89,838,924
2024	83,889,951	13,857,875	97,747,826
2025	81,338,443	13,857,000	95,195,443
2026	82,587,962	13,858,500	96,446,462
2027	78,188,953	13,851,875	92,040,828
2028	76,671,797	13,851,500	90,523,297
2029	75,901,224	13,856,375	89,757,599
2030	67,458,843	13,855,750	81,314,593
2031	68,094,957	13,858,875	81,953,832
2032	64,897,460	13,859,875	78,757,335
2033	63,993,628	13,862,875	77,856,503
2034	56,521,741	13,862,000	70,383,741
2035	48,746,355	13,851,625	62,597,980
2036	43,228,883	13,855,625	57,084,508
2037	35,659,648	13,852,750	49,512,398
2038	24,583,130	13,852,000	38,435,130
2039	15,074,035	13,857,000	28,931,035
2040	8,931,222	13,856,500	22,787,722
2041	8,932,126	13,854,375	22,786,501
2042	6,487,446	13,854,250	20,341,696
2043	6,479,729	13,849,750	20,329,479
2044	6,480,955	2,924,500	9,405,455
2045	6,482,438	2,921,250	9,403,688
2046	4,780,125	2,923,250	7,703,375
2047	4,778,000	2,920,250	7,698,250
2048	4,776,875	2,922,000	7,698,875
2049	4,781,125	2,923,125	7,704,250
2050	4,780,250	2,923,375	7,703,625
2051	4,778,875	2,922,500	7,701,375
2052	4,776,500	2,920,250	7,696,750
2053	--	2,921,250	2,921,250

<sup>(1)</sup> Includes: the Series 2013-A Warrant, the Series 2013-B Warrants, the Series 2013-C Warrants, the Series 2013-D Warrants, the Series 2014-A Warrants, the Series 2014-B Warrants, the Series 2014-C Warrants, the Series 2015-A Warrants, the Series 2015-B Warrants, the Series 2016-A Warrants, the Series 2016-B Warrants, the Series 2016-C Warrants, the Series 2016-D Warrants, the Series 2017-A Warrants, Series 2017-B Warrants, the Series 2017-C Warrants, the Series 2017-D Warrants, the Series 2017-E Warrants, the Series 2018-A Warrants, the Series 2018-B Warrants, the Series 2018-C Warrants, the Series 2019-A Warrants, the Series 2020-A Warrants, the Series 2020-B Warrants, the Series 2020-C Warrants, the Series 2020-D Warrants, the Series 2020-E Warrant, the Series 2021 Warrant and the Series 2022 Warrant. Also includes annual debt service (assuming renewal of the lease related thereto through final scheduled maturity of the Series 2017 PBA Bonds) on the Series 2017 PBA Bonds, annual debt

service (assuming renewal of the lease related thereto through final scheduled maturity of the Series 2021 PBA Bonds) on the Series 2021 PBA Bonds, and annual debt service (assuming renewal of the lease related thereto through final scheduled maturity of the Series 2022 PBA Bonds) on the Series 2022 PBA Bonds. Does not include the 2017 IDB Bond, payment of which is guaranteed by the City.

## AD VALOREM TAXES

### General

The levy and collection of ad valorem taxes in Alabama are subject to the provisions of the Constitution of Alabama of 1901, which limits the ratios at which property may be assessed, specifies the maximum millage rates that may be levied on property and limits total ad valorem taxes on any property in any year. Recent constitutional changes and statutory enactments, summarized below, have caused significant changes in Alabama's ad valorem tax structure.

### Classification of Taxable Property

For purposes of ad valorem taxation, all taxable property in Alabama is required under current law to be divided into the following four classes:

Class I	-	All property of utilities used in their business*
Class II	-	All property not otherwise classified*
Class III	-	All agricultural, forest and single family, owner-occupied residential property, and historic buildings and sites
Class IV	-	Private passenger automobiles and pickup trucks

---

\*Under applicable law, railroad property is not considered Class I (utility) property and is instead Class II.

Taxable property designated as "Class III" may, upon the request of the owner of such property, be appraised at its "current use value" rather than its "fair and reasonable market value". "Current use value" was originally defined in a legislative act as the value of such property based on the use being made of it on October 1 of the preceding year, without taking into consideration the "prospective value such property might have if it were put to some other possible use." Amendatory legislation, effective since the beginning of the 1981-82 tax year, extensively revised the formulas and methods to be used in computing the current use property value of agricultural and forest property. However, the original statutory definition, though somewhat modified, remains applicable to residential and historical property. There are exempted from all ad valorem taxes household and kitchen furniture, farm tractors, farming implements when used exclusively in connection with agricultural property, and inventories of goods, wares and merchandise.

### Assessment Ratios

The following are the assessment ratios now in effect in the City for purposes of state and local taxation:

Class	I	-	30%
Class	II	-	20
Class	III	-	10
Class	IV	-	15

Although current law provides in effect that with respect to ad valorem taxes levied by the City, the governing body of the City may, subject to the approval of the Legislature and of a majority of the electorate of the City at a special election, and in accordance with criteria established by legislative act, adjust (by increasing or decreasing) the ratio of assessed value of any class of taxable property to its fair and reasonable market value or its current use value (as the case may be), the governing body of the City has not heretofore sought to make any adjustment of the assessment ratio applicable to any class of taxable property in the City and has no present plans for

any such adjustment. The Legislature has no power over the adjustment of assessment ratios pertaining to local taxes except to approve or disapprove an adjustment proposed by a local taxing authority. The assessment ratio applicable to each class of taxable property must in any event be uniform with respect to ad valorem taxes levied by the City.

**Current Ad Valorem Tax Rates**

Existing law provides that the rate of any ad valorem tax levied by the City may be increased only after the approval of the Alabama Legislature and of a majority of the electorate of the City at a special election. A general constitutional limitation on the total ad valorem taxes (*i.e.*, state, county, municipal, school district, etc.) on any property in any one year to certain percentages of the fair and reasonable market value of such property is by its terms not applicable to property in the City.

The City is located within each of Limestone County, Alabama ("Limestone County"), Madison County, Alabama ("Madison County"), and Morgan County, Alabama ("Morgan County"). Ad valorem taxes on property in the City within each of the aforesaid three counties are currently levied (*i.e.*, for the tax year ending September 30, 2022) as follows:

**Limestone County**

<b>Levying Entity</b>	<b>Rates in Mills (Dollars per \$1,000 of Assessed Value)</b>
State of Alabama	6.5
Limestone County:	
General	7.0
Road and Bridge/Public Building	3.5
Hospital	3.0
County-wide School	5.5
City of Huntsville:	
General	6.5
Bond Tax	6.5
School Tax	<u>22.0</u>
Total Mills	59.5

---

Source: Alabama Department of Revenue

**Madison County**

<b>Levying Entity</b>	<b>Rates in Mills (Dollars per \$1,000 of Assessed Value)</b>
State of Alabama	6.5
Madison County:	
General	7.0
Road and Bridge	4.0
County-wide School	5.5
District School	15.5
City of Huntsville:	
General	6.5
Bond Tax	6.5
School Tax	<u>6.5</u>
Total Mills	58.0

---

Source: Alabama Department of Revenue

## Morgan County

<b>Levying Entity</b>	<b>Rates in Mills (Dollars per \$1,000 of Assessed Value)</b>
State of Alabama	6.5
Morgan County:	
General	7.2
Road and Bridge	3.6
Fire Protection	3.0
County-wide School	5.8
City of Huntsville:	
General	6.5
Bond Tax	6.5
School Tax	<u>10.7</u>
Total Mills	49.8

---

Source: Alabama Department of Revenue

### Homestead Exemption

The governing body of the City is authorized by law to grant a homestead exemption of not exceeding \$4,000 in assessed value against any City ad valorem tax except one "earmarked for public school purposes." The City Council has not heretofore granted any such homestead exemption against any of the ad valorem taxes currently levied by the City.

### Property Tax Litigation

The validity of the levy, assessment and collection of ad valorem taxes in Alabama have been from time to time the subject of significant litigation in both state and federal courts, which has on occasion resulted in substantial changes in Alabama's property tax system affecting ad valorem tax receipts of the various taxing authorities (including the City). However, no such litigation is, to the City's knowledge, presently pending. The City has not been a party to any such litigation that relates solely to ad valorem taxes levied by the City.

### Assessment and Collection

Ad valorem taxes on taxable properties are assessed by the relevant county tax assessor or other county official, and collected by the relevant county tax collector or other county official. Ad valorem taxes on public utility properties are assessed by the State Department of Revenue and collected by the relevant county tax collector.

Ad valorem taxes are due and payable on October 1 and delinquent after December 31 in each year (except for taxes 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 March 1 following the due date, a tax sale is required to be held.

### Property Re-Evaluation Program

Under existing procedures of the State Department of Revenue, each county in the State is effectively required to carry out a property reappraisal program at least once every five years. The Department of Revenue also annually reviews the appraised values and the fair market values of a representative sample of taxable property in each county in the State. A county property reappraisal program is customarily ordered by the Department of Revenue if such annual review indicates that the appraised value of property in such county has fallen below 85% of its then current fair market value.

The current level of property tax collection is dependent on many factors, including possible taxpayer appeals from increased property assessments. There can be no assurance that the current level of property tax collection will continue.

### Assessed Valuations

The City is located mainly within Madison County, but smaller portions of the City exist in Limestone County and Morgan County. Historically, the City presented its assessed values based solely from those portions of the City located in Madison County because the vast majority of the City and its citizens are located in Madison County. However, over the past several years the City experienced substantial industrial and commercial growth and development within Limestone County, and the City has determined to include those portions of the City located within Limestone County and Morgan County, commencing with the 2021 tax year (for which assessments were made as of October 1, 2020), when presenting information regarding City assessed values in this Official Statement.

*Madison County.* The following table shows the estimated assessed values, by category, of properties within the corporate limits of the City located within Madison County as of the indicated assessment dates (*i.e.*, for the tax year commencing as of the date indicated):

#### Real and Personal Property Assessed Values (in thousands)\*

Assessment Date October 1	Residential/ Corporate	Public Utilities	Motor Vehicles	Exemptions	Total
2021	\$4,676,897	\$19,541	\$393,791	\$(736,109)	\$4,354,120
2020	4,015,281	16,919	350,461	(578,597)	3,804,064
2019	3,631,402	17,621	318,648	(385,376)	3,582,295
2018	3,470,746	18,416	295,485	(508,991)	3,275,656
2017	3,217,860	20,906	285,517	(460,143)	3,064,140
2016	3,113,218	21,064	294,537	(486,073)	2,942,746

*Limestone County.* The following table shows the estimated assessed values, by category, of properties within the corporate limits of the City located within Limestone County as of the indicated assessment dates (*i.e.*, for the tax year commencing as of the date indicated):

#### Real and Personal Property Assessed Values (in thousands)\*

Assessment Date October 1	Residential/ Corporate	Public Utilities	Motor Vehicles	Exemptions	Total
2021	\$736,404	\$280	\$13,567	\$(544,491)	\$205,760
2020	532,687	274	10,436	(377,511)	165,886
2019	199,543	243	8,732	(57,406)	150,752

*Morgan County.* The following table shows the estimated assessed values, by category, of properties within the corporate limits of the City located within Morgan County as of the indicated assessment dates (*i.e.*, for the tax year commencing as of the date indicated):

#### Real and Personal Property Assessed Values (in thousands)\*

Assessment Date October 1	Residential/ Corporate	Public Utilities	Motor Vehicles	Exemptions	Total
2021	\$306	\$0.00	N/A	\$(50)	\$256
2020	\$256	0.00	N/A	\$(0.00)	256
2019	257	0.00	N/A	(0.00)	257

## PENSION AND OTHER POST-EMPLOYMENT BENEFITS

### Defined Benefit Pension Plan

The City participates in the Employees' Retirement System of Alabama (the "State System") which is operated by the State of Alabama. Contributions are made by employees and the City to the State System. Membership is compulsory for all employees of the City and the State System acts only in an administrative capacity with respect to the City plan. The information given below respecting the participation of the City in the State System relates only to the administration of the local plan by the State System and should not be interpreted as indicating that the State System is in any way responsible for the funding of any benefits payable to employees of the City.

In general, employees of the City participating in the State System are entitled to the same benefits provided for State employees as though those local employees were State employees having comparable years of covered service. Upon such election, the State System administers the local plan and the rates of contributions to be made by the City are determined by the actuary for the State System. The cost of providing benefits is borne by the City and no part of such cost is paid by the State System.

Employees of Huntsville Utilities are subject to separate contribution rates established by the Water, Electric and Natural Gas Boards, respectively, and the Employees' Retirement System. Funding for such retirement plans is derived from revenues of Huntsville Utilities and not from general funds of the City.

See Note #10 - "Pension Plans" to the audited financial statements of the City attached as APPENDIX C hereto for more information about the City's participation in the State System and the City's pension plans, pension liability and related information.

Retirement plans for teachers in the City's school system are funded by the State Teachers' Retirement System (the "Teachers' System"), maintained by the State of Alabama. Because the State of Alabama has assumed responsibility for providing retirement plans for public school teachers, the City historically has had no direct responsibility in this area.

Unlike the Teachers' System, the State System does not undertake to fund the retirement plans of participating local governments and acts only in an administrative capacity, and then only upon the election of local governments. The statute permitting such election provides that the "retirement system shall not be liable for the payment of any pensions or other benefits on account of the employees or pensioners of any employers under this section, for which reserves have not been previously created from funds contributed by such employer or its employees for such benefits." The statute further provides that the agreement of the City to contribute to the Employees' System on account of its employees is irrevocable, but should it become financially unable to make the normal and accrued liability contribution, the City would be deemed to be in default under the State System.

### Other Post-Employment Benefits

The City provides certain post-retirement health insurance benefits (the "OPEB Plan") to qualifying retired employees (generally, those employees age 55 or older with 25 years of consecutive service or those employees with 30 consecutive years of service, regardless of age).

See Note #11 "Other Post-Employment Benefits (OPEB)" to the audited financial statements of the City attached as APPENDIX C hereto for more information about the OPEB Plan.

## FEDERAL BANKRUPTCY ACT

Under certain conditions, Title 11 of the United States Code, 11 U.S.C. 101 *et seq.* (the "Bankruptcy Code"), permits a municipality to file a petition for relief in federal bankruptcy court to adjust debts under Chapter 9 of the Bankruptcy Code. Debt adjustment may include restructuring, reduction or other impairment of debt, subject to various conditions and limitations set forth in the Bankruptcy Code. Section 101 of the Bankruptcy Code defines "municipality" to mean a political subdivision, public agency or instrumentality of a



State. To be eligible to file a Chapter 9 bankruptcy petition under Section 109 of the Bankruptcy Code, a municipality must be "specifically authorized, in its capacity as a municipality or by name, to be a debtor under [Chapter 9], or by a governmental officer or organization empowered by State law to authorize such entity to be a debtor under [Chapter 9]." Section 109 of the Bankruptcy Code imposes additional requirements for a municipality to be eligible to file bankruptcy. Without limitation, the municipality must (a) be insolvent (either unable to pay debts as they come due or generally not paying debts as they come due); (b) desire to effect a debt adjustment plan; and (c) meet certain requirements regarding negotiations with creditors (or certain exceptions to such requirements). Alabama law authorizes municipalities (including the City), counties and certain public authorities to file petitions under the Bankruptcy Code. The other conditions to eligibility are fact-specific to the time of filing the petition.

The approving legal opinion of Bond Counsel will contain the customary reservation that the rights of the holders of the Warrants and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases. See the proposed form of approving legal opinion set forth in APPENDIX D respecting the Warrants.

## **LITIGATION AND OTHER MATTERS**

The City is a defendant in various lawsuits, and there are various other claims pending or threatened against the City with respect to which lawsuits may be filed, including several under Section 1983 of Title 42 of the United States Code. The City does not, on account of availability, costs and coverages offered, carry any general or professional liability insurance (though the City does carry general liability insurance for public transit vehicles and drivers). Except as stated in the last paragraph under this heading, in the opinion of the City Attorney, the maximum probable liability of the City with respect to all the lawsuits and claims that are pending or threatened against the City, taken together, will not have a material adverse effect on the financial condition of the City.

Court decisions have substantially eroded the immunity from tort liability formerly enjoyed by local governmental units in Alabama. However, Chapter 93 of Title 11 of the Code of Alabama 1975, as amended, now prescribes certain maximum limits on the liability of local governmental units (such as the City) for bodily injury, sickness, disease or death sustained by a person and for injury or destruction of tangible property. These limits are presently \$100,000 in the case of bodily injury or death of one person in any single occurrence, \$300,000 in aggregate where more than two persons have claims or judgments on account of bodily injury or death arising out of any single occurrence, and \$100,000 in the case of property damage arising out of a single occurrence. Applicable decisions of the Supreme Court of Alabama have upheld the constitutionality of Chapter 93 (although indicating that there is no statutory "aggregate limit" with respect to property damage arising out of a single occurrence comparable to that specified for personal injury or death claims) and have limited the applicability of Chapter 93 to causes of action arising after its effective date, May 23, 1977. While the matter may not be free from doubt, it should be assumed that the liability limitations of Chapter 93 are not applicable to causes of action under Section 1983 of Title 42 of the United States Code.

## **TAX MATTERS**

### **Opinion of Bond Counsel**

In the opinion of Bradley Arant Boult Cummings LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the Warrants is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Warrants is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code. However, as a result of amendments to the Code enacted pursuant to the Inflation Reduction Act of 2022, interest on the Warrants may be taken into account for purposes of the alternative minimum tax imposed by Section 55(b)(2) of the Code on "applicable corporations", as defined in Section 59(k) of the Code.

In rendering its opinion, Bond Counsel to the City has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City and others in connection with the Warrants, and Bond Counsel to the City has assumed compliance with certain ongoing covenants to comply with

applicable requirements of the Code to assure the exclusion of interest on the Warrants from gross income under Section 103 of the Code.

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Warrants. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Warrants.

### **Certain Ongoing Federal Tax Requirements and Covenants**

The Code establishes certain significant ongoing requirements that must be met subsequent to the issuance and delivery of the Warrants in order that interest on the Warrants be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Warrants, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Warrants to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The City has covenanted to comply under the Ordinance with certain applicable requirements of the Code to assure the exclusion of interest on the Warrants from gross income under Section 103 of the Code.

### **Certain Collateral Federal Tax Consequences**

The following is a brief discussion of certain collateral federal income tax matters with respect to the Warrants. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of any Warrants. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of Warrants.

Prospective owners of the Warrants should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes. Interest on the Warrants may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

### **Original Issue Premium**

The initial public offering price to be paid for certain of the Warrants (the "Original Issue Premium Warrants") is greater than the principal amount thereof. Under existing law, any owner who has purchased an Original Issue Premium Warrant in the initial public offering of the Warrants is required to reduce his basis in such Original Issue Premium Warrant by the amount of premium allocable to periods during which he holds such Original Issue Premium Warrant, and the amount of premium allocable to each accrual period will be applied to reduce the amount of interest received by the owner during each such period. All owners of Original Issue Premium Warrants should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Premium Warrant and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale, gift or other disposition of such Original Issue Premium Warrant.

## **Bank Qualification**

The Warrants have not been designated as "qualified tax-Exempt obligations" under Section 265 of the Code.

## **Post-Issuance Compliance**

The tax-exempt status of the Warrants could be affected by post-issuance events. Various requirements of the Code must be observed or satisfied after the issuance of the Warrants in order for such interest to remain excludable from gross income of the holders thereof. These requirements include restrictions on use of the proceeds of the Warrants, use of the facilities financed by the Warrants, investment of proceeds of the Warrants, and the rebate of so-called excess arbitrage earnings. The City is primarily responsible for such compliance, and a failure to comply could result in the inclusion of interest on the Warrants in gross income retroactive to the date of issuance of the Warrants.

Likewise, the Internal Revenue Service (the "IRS") conducts an audit program to examine compliance with the requirements applicable to tax-exempt obligations. If the Warrants become the subject of an audit, under current IRS procedures, the City would be treated as the taxpayer in the initial stages of an audit, and the owners of the Warrants would have limited rights to participate in the audit process. The initiation of an audit with respect to the Warrants could adversely affect the market value and liquidity of the Warrants, even though no final determination about the tax-exempt status would have been made. If an audit were to result in a final determination that the Warrants do not qualify as tax-exempt obligations, such a determination could be retroactive in effect to the date of issuance of the Warrants.

## **No Mandatory Redemption due to Event of Taxability**

The Ordinance does not provide for mandatory redemption of the Warrants or payment of any additional interest or penalty if a determination is made that the Warrants do not comply with the existing requirements of the Code or if a subsequent change in law adversely affects the tax-exempt status of the Warrants or the economic benefit of investing in the Warrants.

## **Future Legislative Changes**

Proposed, pending or future tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of the interest on the Warrants subsequent to their issuance. Future legislation could directly or indirectly reduce or eliminate the value of certain deductions and exclusions, including the benefit of the exclusion of tax-exempt interest on the Warrants from gross income for federal income tax purposes. Any such proposed legislation, actions or decisions, whether or not enacted, taken or rendered, could also adversely affect the value and liquidity of the Warrants. Prospective purchasers of the Warrants should consult their own tax advisors regarding the forgoing matters.

## **RATINGS**

S&P Global Ratings ("S&P") and Moody's Investors Service, Inc. ("Moody's") have assigned underlying ratings of "AAA" and "Aaa", respectively, to the Warrants. Such credit ratings reflect only the view of such credit rating agencies, and an explanation of the significance of such credit ratings may be obtained only from the credit rating agencies furnishing the same. There is no assurance that either such credit rating will remain in effect for any given period of time or that either may not be lowered or withdrawn entirely if, in the judgment of the credit rating agency in question, circumstances should warrant such action. Any such downward revision or withdrawal of any credit rating assigned to the Warrants may have an adverse effect on the market price of the Warrants.

## APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization and issuance of the Warrants by the City are subject to the approval of Bradley Arant Boult Cummings LLP, Birmingham, Alabama, Bond Counsel to the City, whose approving opinions respecting the Warrants will be in substantially the form attached hereto as APPENDIX D.

## AUDITED FINANCIAL STATEMENTS

The financial statements of the City described in the following paragraph are included as an appendix to this Official Statement solely to provide financial information concerning such current revenues of the City for the period described below.

The City's financial statements as of and for the fiscal year of the City ended September 30, 2021, included as APPENDIX C – "AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021" to this Official Statement, have been audited by Mauldin & Jenkins, LLC ("Mauldin"), as stated in its report dated April 29, 2022. Mauldin has not been engaged to perform and has not performed, since the date of its report described above, any procedures on the financial statements addressed in its report and included in this Official Statement. Mauldin also has not performed any procedures relating to this Official Statement.

The City' financial statements for prior fiscal years, including without limitation those fiscal years, other than the fiscal year ended September 30, 2021, for which audited financial information is herein provided, were audited by Warren Averett, LLC, Certified Public Accountants, Huntsville, Alabama. Early in the 2022 calendar year the City conducted a request for proposals (the "RFP") respecting auditing services for the City. As a result of that process, the City determined to engage Mauldin to audit the financial statements of the City (other than financial statements respecting operations of Huntsville Utilities, which were not part of the RFP), commencing with the fiscal year ending September 30, 2021.

## FINANCIAL ADVISOR

PFM Financial Advisors LLC, Huntsville, Alabama (the "Financial Advisor") is serving as financial advisor to the City in connection with the issuance of the Warrants. The Financial Advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Warrants, and provided other advice to the City. The Financial Advisor will not engage in any underwriting activities with regard to the issuance and sale of the Warrants. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, and is not obligated to review or ensure compliance with the undertaking by the City to provide continuing secondary market disclosure.

## UNDERWRITING

**Series 2023-A Warrants.** The Series 2023-A Warrants are being purchased by Hilltop Securities Inc. at a price of \$75,175,188.52 (which price reflects the face amount of the Series 2023-A Warrants, less an underwriting discount of \$277,556.13, plus original issue premium of \$8,617,744.65). The Series 2023-A Warrants may be sold and offered to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the said purchaser.

**Series 2023-B Warrants.** The Series 2023-B Warrants are being purchased by PNC Capital Markets LLC at a price of \$30,069,950.63 (which price reflects the face amount of the Series 2023-B Warrants, less an underwriting discount of \$60,994.37, plus original issue premium of \$3,340,945.00). The Series 2023-B Warrants may be sold and offered to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the said purchaser.

**Series 2023-C Warrants.** The Series 2023-C Warrants are being purchased by Mesirov Financial, Inc. at a price of \$50,114,358.68 (which price reflects the face amount of the Series 2023-C Warrants, less an underwriting discount of \$202,13.57, plus original issue premium of \$5,711,490.25). The Series 2023-C Warrants

may be sold and offered to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the said purchaser.

**Series 2023-D Warrants.** The Series 2023-D Warrants are being purchased by BofA Securities at a price of \$50,117,281.83 (which price reflects the face amount of the Series 2023-D Warrants, less an underwriting discount of \$61,081.82, plus original issue premium of \$4,753,363.65). The Series 2023-D Warrants may be sold and offered to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the said purchaser.

**MISCELLANEOUS**

The summaries and descriptions of provisions of the Ordinance and all references to other materials not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of the documents and other materials summarized or described. So far as any statements made in this Official Statement involve matters of opinion, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

**CITY OF HUNTSVILLE, ALABAMA**

By \_\_\_\_\_ /s/ Tommy Battle  
Mayor

[THIS PAGE IS INTENTIONALLY LEFT BLANK]

**APPENDIX A**

**CITY OF HUNTSVILLE - CERTAIN DEMOGRAPHIC INFORMATION**

[THIS PAGE IS INTENTIONALLY LEFT BLANK]



## APPENDIX A

### CITY OF HUNTSVILLE - CERTAIN DEMOGRAPHIC INFORMATION

#### General Information

The City of Huntsville (the "City"), the county seat of Madison County (the "County"), was incorporated in 1811 and is one of the oldest incorporated municipalities in the State of Alabama (the "State"). Centrally situated in the Tennessee River Valley of north Alabama (the Tennessee River being the southern boundary of Madison County), the City is located approximately 95 miles north of Birmingham, approximately 103 miles south of Nashville, Tennessee, and approximately 180 miles northwest of Atlanta, Georgia.

The City is the central economic base of the State's second largest Metropolitan Statistical Area ("MSA") and is the economic engine for the Northern Alabama and Southern Tennessee region. The eight counties adjoining Huntsville/Madison County form a thriving regional market.

Initially, the City prospered as a commercial center in an agricultural area and grew from the manufacture of cotton goods, flour, shoes, lumber, pumps and other products. During World War II, the construction of two arsenals -- Huntsville and Redstone -- gave the City new military and strategic importance as a principal manufacturing site of chemical artillery shells and explosives. Although arsenal activities were sharply curtailed during the immediate postwar period, in 1950 the U.S. Army transferred its missile experts, including the late Dr. Werner Von Braun and a team of German rocket scientists, to the City.

Following the successful launching of a Jupiter C missile in 1958, the U.S. Army's missile program and the Marshall Space Flight Center for the newly-created National Aeronautics and Space Administration were located in the City. As a result, the City experienced a rapid influx of population during the decades of the 1950's and 1960's. Beginning in the mid -1960s, cutbacks in the space program slowed growth in Huntsville. However, the 1980 Census showed that the City maintained strong economic indicators and a youthful, well-educated labor force. As the City's economy began to diversify in the 1980's, recovery was swift.

Since the space race of the 1960's, Huntsville has well over doubled in population and quadrupled in square miles. The past three decades have seen significant growth in population increasing by more than 95,000 residents. The City's population grew by approximately 9.7% between 1980 and 1990. During this same time, the Huntsville MSA grew by approximately 20.6%, reflecting additional growth in the immediate vicinity of the City. According to the 2000 Census, the City's population was 156,216 and the Huntsville MSA (Madison County and Limestone County) was 343,798, indicating a 10.4% increase in growth within and around Huntsville during this time. According to the 2010 Census, the City's population was 180,105 and the Huntsville MSA was 419,431, indicating a 20.1% increase in growth from 2000 to 2010. Based on the 2020 U.S. Census Bureau estimates, Huntsville is now the most populous city in Alabama. The total population for the City of Huntsville as of July 1, 2021 was 216,963, which is an increase of 20.46% from the 2010 Census total of 180,105. The Huntsville MSA was 491,723 according to the 2020 Census Bureau estimates which ranks it second behind the Birmingham MSA. Since 2000, Huntsville has added 60,747 people.

#### Population Characteristics.

Income, education, and employment levels are all substantially higher in Huntsville than in the state of Alabama and compare favorably to national and regional indices. The Huntsville economy is one of the strongest economies in the Southeast, marked by low unemployment, steady job growth, and income levels that regularly lead the region. Huntsville compares favorably in numerous categories to some of the leading cities in the Southeast and Southwest United States. The local unemployment rate continues to remain below state and national figures. A growing employment rate, while the population is growing, is a positive sign for local business conditions. The median family income of Huntsville residents still exceeds national and state figures.

### Annual Unemployment Rate

MSA	2010	2017	2018	2019	2020	2021
Austin, TX	7.0%	3.2%	3.0%	2.7%	6.2	4.1
Charlotte, NC	11.7	4.3	3.8	3.5	7.3	4.0
Durham, NC	8.1	4.0	3.5	3.3	6.1	4.1
<b>Huntsville, AL</b>	<b>8.6</b>	<b>4.0</b>	<b>3.5</b>	<b>2.6</b>	<b>4.6</b>	<b>2.6</b>
Raleigh, NC	8.6	4.0	3.5	3.4	6.4	2.5
State of Alabama	10.5	4.6	3.9	3.0	5.9	3.4
United States	9.6	4.4	3.9	3.7	8.1	5.3

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics as of October 2022

### Total Employment

MSA	2010	2017	2018	2019	2020	2021
Austin, TX	785,600	1,034,900	1,075,600	1,118,000	1,086,100	1,165,700
Charlotte, NC	954,200	1,179,800	1,208,100	1,238,200	1,190,700	1,243,800
Durham, NC	270,700	315,300	321,300	328,400	315,400	334,400
<b>Huntsville, AL</b>	<b>210,000</b>	<b>232,700</b>	<b>238,700</b>	<b>245,200</b>	<b>240,900</b>	<b>251,400</b>
Raleigh, NC	500,100	612,400	630,200	645,900	624,100	660,500
State of Alabama	1,890,300	2,018,700	2,044,800	2,074,800	1,986,100	2,039,700
United States	130,362,000	146,608,000	148,908,000	150,905,000	142,185,000	146,124,000

Source: Bureau of Labor Statistics, Current Employment Statistics, Total Nonfarm Employment (place of work), not seasonally adjusted, as of October 2022

### Effective Buying Income

MSA	2010	2017	2018	2019	2020	2021
Austin, TX	\$42,416	\$56,849	\$63,191	\$65,950	69,001	80,412
Charlotte, NC	43,190	47,143	49,3979	55,207	56,503	64,728
Durham, NC	39,488	45,477	49,272	50,933	55,588	63,495
<b>Huntsville, AL</b>	<b>39,012</b>	<b>50,569</b>	<b>52,968</b>	<b>54,391</b>	<b>56,279</b>	<b>64,553</b>
Raleigh, NC	43,455	53,352	57,962	63,501	66,090	74,646
State of Alabama	34,387	40,466	42,756	43,671	45,649	50,511
United States	43,252	48,043	50,735	52,133	55,303	64,448

Source: Nielson/Claritas Survey of Buying Power/Median Household Effective Buying Income

### Mean Annual Wage

MSA	2010	2017	2018	2019	2020	2021
Austin, TX	\$46,130	51,840	53,810	55,190	57,830	60,260
Charlotte, NC	44,630	50,150	51,000	52,150	55,330	57,270
Durham, NC	53,220	59,340	59,940	61,220	64,430	68,710
<b>Huntsville, AL</b>	<b>48,080</b>	<b>53,600</b>	<b>55,630</b>	<b>55,980</b>	<b>58,730</b>	<b>61,140</b>
Raleigh, NC	44,810	51,390	52,580	54,850	56,720	58,550
State of Alabama	38,590	43,170	44,790	44,930	46,840	48,110
United States	44,410	50,620	51,960	53,490	56,310	58,260

Source: Bureau of Labor Statistics, May 2021 Occupational Employment Statistics

### Per Capita Personal Income by Metropolitan Area

MSA	2010	2017	2018	2019	2020	2021
Austin, TX	\$32,862	\$57,183	\$60,764	\$62,460	\$64,913	\$71,372
Charlotte, NC	30,996	50,312	52,232	54,086	56,682	62,056

Durham, NC	31,215	50,889	52,243	54,408	56,703	63,375
<b>Huntsville, AL</b>	<b>28,672</b>	<b>48,017</b>	<b>50,044</b>	<b>52,208</b>	<b>55,126</b>	<b>57,815</b>
Raleigh, NC	34,450	52,735	56,139	58,147	60,884	66,428
State of Alabama	33,696	40,973	42,240	44,145	46,479	49,769
United States	40,278	51,910	54,098	56,047	59,510	64,143

Source: Bureau of Economic Analysis, Metropolitan Statistical Area BEARfacts.

As of March 2022, The U.S. Department of Housing and Urban Development estimates that the median family income of families in the United States for 2021 was \$88,590, for families in Alabama is \$66,700, and for families in the Huntsville MSA is \$82,900.

#### Professional & Business Service Employment

MSA	2010	2016	2017	2018	2019	2020	2021
Austin, TX	113,100	171,000	177,600	187,700	198,000	199,300	235,300
Charlotte, NC	145,700	197,900	203,500	206,700	212,700	207,700	215,300
Durham, NC	35,300	41,700	42,700	44,800	45,500	46,100	48,800
<b>Huntsville, AL</b>	<b>49,200</b>	<b>54,300</b>	<b>55,500</b>	<b>57,400</b>	<b>60,000</b>	<b>60,800</b>	<b>63,300</b>
Raleigh, NC	85,700	112,500	115,500	120,200	124,100	125,400	130,100
Alabama	209,500	233,600	239,100	245,100	251,100	242,000	250,500
United States	16,728,000	20,114,000	20,508,000	20,950,000	21,274,000	20,246,000	21,821,000

Source: Bureau of Labor Statistics, Current Employment Statistics as of January 2022

#### Population Characteristics

According to the 2020 Federal Decennial Census 2021 population estimates, the City is both the largest municipality in Madison County and the second largest municipality in the State, surpassing the City of Mobile in 2016 and the City of Montgomery in 2018. Madison County is the third largest county in the State as well. The following table depicts the history of population growth in Madison County, the City of Huntsville, and the Huntsville MSA since 1980. The Huntsville Metro area includes Madison, Limestone and Morgan Counties.

#### Population Growth

Census	Madison County	City of Huntsville	Huntsville Metro Area (MSA)
1980	196,966	145,604	242,971
1990	238,912	159,789	293,047
2000	276,700	156,216	343,798
2010	336,138	180,924	419,279
2011*	340,111	182,354	425,480
2012*	343,080	183,463	429,876
2013*	346,892	185,662	435,275
2014*	350,299	187,506	440,212
2015*	353,089	189,975	444,373
2016*	356,967	191,956	449,232
2017*	361,046	194,585	455,448
2018*	367,004	198,125	455,448
2019*	372,909	200,574	466,377
2020	389,696	215,043	494,018
2021*	395,211	216,963	502,728

\* U.S. Census Bureau estimates

Source: U.S. Census Bureau (www.census.gov) as of July 1, 2021

## Major Economic Activity

Huntsville has experienced a rapid population rise in the last two decades. With multiple established economic cornerstones in our community like Redstone Arsenal, Huntsville Hospital, and NASA Marshall Space Flight Center, the City remains poised to continue strong growth in all economic sectors. The growth brings financial stimulus and added revenues as well as increased need for public services provided by the City. However, within the opportunities and challenges, the City has seen financial stability through sound fiscal policy, conservative fiscal practices and strong economic activities.

The City not only brought industry, federal funding and commercial employers to the area, but worked to raise the standard quality of life. Recreation and transportation projects which attracted people to live in the City, were prioritized, which caused population expansion in the area, increasing revenue and creating energy that drives economic expansion.

***Economic Diversification.*** Federally funded space and defense programs have a significant impact on the Huntsville region. However, economic analysts for local organizations such as the Huntsville/Madison County Chamber of Commerce and the Alabama State Employment Service point to the increasing shares of trade and services employment as indications that the economy has become more diversified. In addition, the education and technical skills associated with the space and defense programs in the region have been applied in the private sector, as evidenced by the success of numerous high-technology firms that originated in Huntsville. Such firms include: Sanmina/SCI Systems, a Fortune 500 computer manufacturer established in Huntsville in 1961; Intergraph Corporation, a computer graphics firm established in Huntsville in 1969; Nichols Research Corporation, a diversified computer services firm established in 1976 which later merged with Computer Sciences Corporation in 1999; ADTRAN, Inc., a telecommunications firm founded in 1985; Avocent, a leading provider of KVM switching and remote access devices which was acquired in 2010 by Emerson; Dynetics, an information technology company providing services to the U.S. Government and others since 1974, headquartered in Huntsville; Digium, Inc., established in 1999 and headquartered in Huntsville, which created, owns and is the innovative force behind Asterisk, the most widely used open-source telephony software in the world; Nektar Therapeutics, with headquarters in San Francisco and locations in Huntsville and India, a clinical-stage biopharmaceutical company developing a pipeline of drug candidates that utilize its PEGylation and polymer conjugate technology platforms, which are designed to improve the benefits of drugs for patients; and DIATHERIX Laboratories, Inc., headquartered in Huntsville, which provides clinical laboratory services on a multiplexing platform for the detection of infectious diseases.

HudsonAlpha Institute for Biotechnology is a nonprofit institute dedicated to innovating in the field of genomic technology and sciences across a spectrum of biological problems. HudsonAlpha has a four-fold mission of conducting genomics-based research to improve human health and well-being; implementing genomic medicine, sparking economic development; and providing educational outreach to nurture the next generation of biotech researchers and entrepreneurs, as well as to create a biotech literate public. Since opening in 2008, HudsonAlpha, under the leadership of Dr. Richard M. Myers —a key collaborator on the Human Genome Project — has built a name for itself in genetics and genomics research and biotech education.

HudsonAlpha's 270,000 square-foot facility is the cornerstone of the 152-acre Cummings Research Park Biotechnology Campus. Currently, 35 biotechnology businesses reside within the nonprofit institute on the campus and together these organizations employ over 700 individuals. This synergistic cluster of life sciences talent promises collaborative innovation to turn knowledge and ideas into commercial products and services for improving human life and strengthening Alabama's progressively diverse economy. The biotech campus currently features three other facilities: the Jackson Center, a full-service conference facility, 701 McMillian Way, which provides an additional 88,000 square feet of lab and office space, and the Paul Propst Center, totaling more than 100,000 square feet and houses the institute's growing education and research programs and its growing biotech companies. McMillian Park, the central green space connecting current facilities and future growth, boasts intertwining walkways that create a double-helix — the structure of DNA and the path to understanding living organisms. Two water features and hundreds of plantings are also contained in the park.

Since the world first learned of a new coronavirus infection, HudsonAlpha Institute for Biotechnology Faculty Investigators and Associate Companies that call the biotech campus home have pivoted some of their efforts

to battle COVID-19. At the outset of the COVID-19 pandemic, companies residing on HudsonAlpha’s biotech campus increased laboratory testing capacity and launched point-of-care testing diagnostics and are working tirelessly to produce neutralizing monoclonal antibodies to treat COVID-19 disease symptoms by blocking its viral entry into our cells. Through a project led by the Centers for Disease Control and Prevention, HudsonAlpha is also sequencing the viral genome from people who have been affected by the disease in an effort to monitor the spread and mutation of the virus. Projects studying the transmission of the virus through the air in enclosed areas, and the detection of dead viral particles in wastewater to monitor pending outbreaks in a community are among some of the environmental monitoring projects ongoing on HudsonAlpha’s campus.

As of July 2022, the HudsonAlpha Institute for Biotechnology finished construction a 14,000-square-foot glass greenhouse. The highly sophisticated facility is equipped with two lab spaces, seven grow rooms with fifteen-foot ceilings, and several technologically advanced features rarely found in other greenhouses. The facility will help researchers in the HudsonAlpha Center for Plant Science and Sustainable Agriculture (Plant Center) advance their mission to use genomics to help sustainably feed and fuel our planet. The Hudson Alpha campus now also includes the global headquarters for Discovery Life Sciences, an international market leader in biospecimen analysis, procurement, and distribution for the pharmaceutical, biotechnology, and diagnostics industries. This global headquarters consists of 90,000 square feet and house DLS’s research and development, laboratory and business operations.

In 2022, HudsonAlpha announced the expansion of its physical footprint outside of its longtime home in Cummings Research Park in Huntsville, Alabama. Through a partnership with the city of Dothan, HudsonAlpha launched the HudsonAlpha Wiregrass campus that will serve Dothan, Alabama, and the surrounding areas. HudsonAlpha’s agricultural researchers are experts at creating diverse ways to apply genomics to solve challenges in modern plant science and agriculture. A major goal of the HudsonAlpha Wiregrass research mission is to use the power of genomics to develop more drought- and disease-resistant varieties of peanuts and other agriculturally important crops to thrive in the Wiregrass region.

In 2022, Amazon opened the first of two fulfilment centers in Huntsville. The first one opened in April 2022, consisting of 1.5 million square feet and providing an estimated 750 jobs. The second center is expected to open in 2023 and will provide another estimated 750 jobs.

The following table depicts some of the major industrial job growth for previously announced new and expanding companies in Huntsville/Madison County for the period 2005 to 2021. It is interesting to note the continued diversification of the local employment base and that only four of the largest announced developments from 2005-2021 were by federal contractors.

### Announced New and Expanding Industry

Year	Total			New		Expanding		Largest Industry Announcement
	Projects	Jobs	Investment	Jobs	Investment	Jobs	Investment	Company
2022	8	580	\$391,453,500	10	\$0	570	\$391,453,500	Toyota Alabama
2021	20	1,503	\$2,707,040,380	875	\$200,700,000	628	\$2,506,340,380	Amazon
2020	21	1,026	\$1,187,809,516	151	\$27,905,462	875	\$1,159,904,054	Mazda Toyota
2019	22	3,015	\$1,829,875,000	1,362	\$428,850,000	1,653	\$1,401,025,000	YKT Alabama
2018	19	5,189	\$2,710,020,696	4,207	\$2,363,367,600	982	\$346,653,096	Mazda Toyota
2017	21	2,305	\$584,644,820	700	\$267,500,000	1,605	\$317,144,820	Blue Origin
2016	38	2,000	\$259,201,083	320	\$70,196,836	1,680	\$189,004,247	Boeing
2015	33	3,642	\$426,094,000	2,314	\$340,262,000	1,328	\$85,832,000	Polaris
2014	15	3,423	\$323,067,000	2,000	\$110,000,000	1,423	\$213,067,000	Toyota Alabama
2013	40	1,603	\$266,545,020	23	\$800,000	1,580	\$265,745,020	Toyota Alabama
2012	45	1,306	\$231,077,749	117	\$0	1,189	\$231,077,749	Toyota Alabama
2011	56	1,956	\$133,428,000	377	\$1,800,000	1,579	\$131,628,000	Boeing
2010	61	2,901	\$163,462,412	652	\$5,525,500	2,249	\$157,936,912	Raytheon
2009	31	2,027	\$219,290,000	35	\$0	1,992	\$219,290,000	Toyota Alabama
2008	153	3,811	\$96,093,846	278	\$11,042,778	3,533	\$85,051,068	BASF
2007	48	4,181	\$115,860,000	261	\$0	3,920	\$115,860,000	International Diesel

2006	48	4,602	\$237,722,415	1,352	\$47,263,112	3,250	\$190,459,303	Verizon Wireless
2005	32	7,017	\$685,849,435	3,456	\$338,818,000	3,561	\$347,031,435	HudsonAlpha

Source: Huntsville Chamber of Commerce/Economic Development/New & Expanding Industry

**High Technology/Industrial Activity.** Research and industrial parks are the center of much of the high-technology and manufacturing activity within or near the city of Huntsville. Those parks include Cummings Research Park (“CRP”), Chase Industrial Park, Jetplex Industrial Park (on Airport property), Lowe Industrial Park, Chelsea Industrial Park, Thornton Research Park, Gateway Research Park, North Huntsville Industrial Park, SouthPoint Industrial Park and Triana Industrial Park. The 3,800-acre Cummings Research Park is the second largest research park in the country and the fourth largest in the world. It is one of the world’s leading science and technology business parks, with a mixture of Fortune 500 companies, local and international high-tech enterprises, U.S. space and defense agencies, thriving business incubators and competitive higher-education institutions. CRP is the home of more than 300 companies, more than 26,000 employees and 13,500 students. This collection of technical expertise gives the Huntsville community the highest concentration of engineers in the country and is vital to supporting major Department of Defense and NASA contract programs and commercial technology applications. The University of Alabama in Huntsville is also located in the park and is annually ranked among the highest technology research universities in the U.S. The unique synergy of academia, government and industry working together on a global scale makes the Huntsville community a premier technology center of excellence for aerospace and defense research and development.

The Jetplex Industrial Park (JIP) includes 4,000 acres of which approximately 2,800 acres are currently available for development. From this strategic Southeastern location, the Jetplex Industrial Park offers a rare combination of air, rail, and truck transportation. The Park is divided into six sections allowing for various types of economic development opportunities ranging from warehousing/ distribution, office, aviation/aerospace, and light manufacturing/assembly. Major industrial park tenants include The Boeing Company, LG Electronics, Navistar, Northrop Grumman, Yulista Management Services, and SESI. The Jetplex Industrial Park houses more than 70 companies representing seven different countries in a variety of industries.

Source: Huntsville-Madison County Airport Authority, Marketing

In February 2014, Remington Outdoor Company, Inc., a parent and affiliate of Remington Arms Company, LLC (collectively, "Remington") announced that it would expand with a new manufacturing facility in Huntsville. Among other incentives, the City and other local entities provided approximately \$12.5 million to purchase and convey to Remington an approximately 840,000 square foot manufacturing facility near the Huntsville International Airport in the Jetplex Industrial Park (the "Facility") to lure the company to North Alabama.

The plant opened in 2015 with over 300 employees. It was originally expected and agreed that Remington would create roughly 2,000 jobs at the facility by 2021.

Carrying a heavy debt load and enduring an industry-wide slump in gun sales, Remington sought bankruptcy protection in March 2018 while continuing operations. Two months later, Remington converted more than \$775 million in debt into equity, turning over ownership of Remington Outdoor Company, Inc. to its lenders. In November 2018, the City struck a new arrangement with Remington to maintain at least 415 employees with the stipulation that it hit its goal of 1,868 employees in 2023. Remington never met the revised employment targets, and pursuant to the development agreement and other instruments under which the City provided the Facility Incentives, Remington owes \$12.5 million, plus interest and other fees and charges, in recapture payments to the City. These obligations are secured by a first-priority mortgage in favor of the City on the Facility.

On July 28, 2020, Remington filed a petition for Chapter 11 restructuring in the United States Bankruptcy Court for the Northern District of Alabama (the "Bankruptcy Court"). In its filings, Remington attributed insufficient financial liquidity, an inability to satisfy covenants owed to its lenders, and operational challenges arising from the COVID-19 pandemic as reasons for the filing. Remington further acknowledged its indebtedness to the City in the amount of \$12,500,000 secured by a first-priority mortgage on the Facility. At a status conference before the Bankruptcy Court on July 28, 2020, lawyers for Remington advised the Bankruptcy Court that Remington and its affiliated debtors were actively marketing all of their operations for sale on a going concern basis and had

engaged investment bankers and other advisors to assist with the sale process. On July 23, 2021 the City announced it had fully recovered incentives used to lure Remington to the City via the sale of Remington's 800,000 square foot facility.

Lowe Industrial Park, Chase Industrial Park and Thornton Research Park house a number of companies including PPG, Technicolor and BASF. North Huntsville Industrial Park received an AdvantageSite designation in February 2017 and has seen a significant uptick in activity. In addition, the SouthPoint Industrial Park was designed for companies that support the Redstone Arsenal, Army Contracting Command; NASA's Marshall Space Flight Center; and the Southern Automotive corridor.

Toyota Motor Manufacturing Alabama (TMMAL) is the only Toyota plant globally to produce four-cylinder, V-6 and V-8r for the Sequoia SUV and Tundra. The plant's total annual engine capacity is more than 900,000. With more than 1,800 team members and investments totaling more than \$1.2 billion, TMMAL has made a substantial impact on North Alabama for almost 18 years. Toyota announced the Huntsville facility in 2001 and broke ground later that same year. The first Toyota V-8 engine ever made outside of Japan came off the line at TMMAL in 2003. In 2017, TMMAL assembled its 5 millionth engine. In October 2021 Toyota announced its fifth expansion, a \$288 million investment which added a new twin-turbo V6 engine line that also added 450 jobs at the Huntsville plant. The hiring spree boosted the plant's total employment to 1,800. In 2022, Toyota announced plans to invest \$222 million at its manufacturing facility in Huntsville to create a new production line for four-cylinder engines, including a hybrid electric version. The project is part of a \$383 million companywide plan that injects new investment into four U.S. manufacturing plants that support powertrain production for Toyota and Lexus vehicles. Plants in Kentucky, Missouri and Tennessee are included, with the Alabama plant receiving the largest investment. Toyota said the investments advance its commitment to vehicle electrification and meeting customer demand.

---

Source: Toyota, External Affairs

In January 2015, Polaris Industries announced plans to build a 600,000-square-foot plant on a 453-acre site located within the Huntsville city limits in Limestone County. Polaris specializes in all-terrain vehicles (ATVs), the Polaris RANGER® and RZR® side-by-side vehicles, snowmobiles, motorcycles and on-road electric/hybrid powered vehicles. Production on the \$142 million plant was completed in 2016. It is anticipated that Polaris will employ up to 2,000 people at full production and will be the model of all of Polaris' production facilities. The Huntsville facility currently employs 2,200 people and is the model of all Polaris' production facilities. The facility produces the industry's top auto-cycle, the Polaris Slingshot, as well as and the off-road utility vehicle, the RANGER. The RANGER is a part of Polaris's "rEV'd up" strategy and uses Huntsville as one of their largest manufacturing plants.

In 2017, Google Fiber brought its services to Huntsville, making it just the 10th US City to receive the service. Google Fiber is the first of possibly many ISPs to lease excess dark fiber on a Huntsville Utilities-constructed network. Construction of the Huntsville Utilities network was complete in 2019. The community is now focused on implementing small cell technology into the right of way to enable greater cellular network coverage and eventually 5G. The community has permitted more than 50 small cell sites.

Aerojet Rocketdyne announced in 2017 the establishment of the company's Advanced Hydrocarbon Propulsion Development Office (AHPDO) in Huntsville. The facility focuses on delivering a 21st century advanced hydrocarbon rocket engine to the nation and the integration of the company's ongoing hydrocarbon technology and development efforts. The California-based company that is building the propulsion engines for the SLS deep space rocket, brought more than 700 jobs to Huntsville. The Aerojet Rocketdyne headquarters will be located in Cummings Research Park while the 122,000 square foot advanced manufacturing facility is located in the North Huntsville Industrial Park. The plant began production in 2019. In 2021, the company announced the expansion of their presence with a 379,000 square foot manufacturing facility that will be near Huntsville International Airport. The facility is expected to be operational in 2023.

The German auto parts manufacturer BOCAR built a new plant in North Alabama and is hiring 300 high-tech workers to supply parts for regional automobile manufacturers. BOCAR is considered a Tier 1 auto parts supplier and uses advanced manufacturing techniques to build parts such as intake manifolds, oil pans and oil pumps

for a variety of automobile companies. Production at the 330,000 square foot plant began in 2020 and was completed at the end of 2022, with 420 employees expected to work on 21 different products.

Blue Origin opened its 200,000 square foot state-of-the art production facility in Cummings Research Park to manufacture its BE-4 engine. Blue Origin employs over 300 people in this facility. Blue Origin in Huntsville supports the company's main engine plant in Kent Washington with parts for the company's BE-3 and larger BE-4 engines. The BE-3 series, the smaller of Blue Origin's two engine lines, powers the company's New Shepard rocket and will help lift its bigger New Glenn rocket. In March 2022, Blue Origin announced it is hiring more than 300 new engineers, machinists and technicians and expanding its Huntsville rocket engine plant to meet the needs of its customer United Launch Alliance and power its own rockets, site lead Nathan Harris said today. The larger BE-4 engine is also the designated main engine for the big new Vulcan rocket United Launch Alliance is building in Decatur. Part of the facility expansion in Huntsville is to make those engines in Alabama.

On January 10, 2018, Japanese automobile manufacturers Toyota Motor Corporation and Mazda Motor Corporation announced a new North American plant for the manufacture of vehicles pursuant to a \$1.6 billion joint venture between the two companies (Mazda Toyota Manufacturing "MTM") on a site within the City and Limestone County. Full-scale construction began in 2018, and became fully operational in 2022 employing 4,000 people. The plant's two production lines are building Toyota's Corolla Cross and Mazda's Mazda CX-50. Since announcing its original plans, MTM has expanded the scope of the project to a total investment of \$2.4 billion. Several suppliers are located onsite and adjacent, which are expected to create more than 2,000 jobs in the region.

BAE Systems, the third-largest defense contractor in the world, has opened a new \$45.5 million facility in Huntsville including a new 83,000 square foot manufacturing and office facility in Cummings Research Park. It provides workspace for more than 200 high-tech employees. BAE announced the expansion in 2018 as an opportunity to establish a close working relationship with the U.S. Army and Redstone Arsenal and attract key local talent to develop and deliver important new capabilities to its customers. In August 2022, BAE Systems received a contract from Lockheed Martin to design and manufacture next-generation infrared seeker technology for the Terminal High Altitude Area Defense (THAAD) interceptor missile. The THAAD seeker provides critical sensing and guidance capabilities that help protect the U.S. and global allies from ballistic missiles. In October 2022, BAE Systems successfully fired its Long-Range Precision Guidance Kit (LR-PGK) for 155mm artillery projectiles from the U.S. Army's Extended Range Cannon Artillery (ERCA) at Yuma Proving Ground, demonstrating airframe structural survivability under extreme firing conditions. The LR-PGK improves the accuracy of unguided artillery projectiles with low-cost navigation and guidance technology.

In December 2022, J.H. Berry & Gilbert, Inc. announced that land has been acquired for the new Huntsville Logistics Center. The 132 acre class A industrial development is comprised of four buildings totaling up to 2.2 million square feet available for lease. The new industrial park is conveniently located with easy access to I-565, the Mazda Toyota Manufacturing campus and the Huntsville International Airport. With the location secured, the development team expects to deliver the first phase of the Huntsville Logistics Center in Q4 of 2023.

Other areas with existing projects include downtown Huntsville (more than 400 apartment units planned, four hotels, a recently-opened 375,000 square foot surgical and medical tower, and a recently-opened 1500 person capacity music hall), south Huntsville (250 units of multifamily housing, nine acres of retail development, and 400 single family homes), north Huntsville (redevelopment of a closed high school into a community/recreation center with indoor climbing wall, gym, and more than 100 single family homes, as well as a \$750M Facebook Data Center (see below) and the recently completed, Aerojet Rocketdyne Rocket Shop), and historic west Huntsville, which was awarded a U.S. Housing and Urban Development Choice Neighborhood Planning Grant.

Meta, the parent company of Facebook, unveiled plans in June 2018 for a \$750 million center in Huntsville. The first two buildings of the Facebook Data Center in Huntsville went online Sept. 15, 2021. In June 2022, Meta announced that it is expanding its Huntsville Data Center campus. The two new buildings will put the entire facility at almost 3.5 million square feet and bring total employment to more than 300 jobs. The expansion will put Meta's investment in the center to more than \$1.5 billion, according to the company. In addition, Meta also announced two new grants amounting to a total of \$300,000 in support of local schools and STEM education. Meta is providing \$225,000 in support of the Raise Your Hand program with the Schools Foundation and \$75,000 to the Alabama School of Cyber Technology and Engineering.



**Retail.** While high technology research and manufacturing continue to dominate Huntsville's economy, retailing has been steadily growing in recent years. This is especially significant since Huntsville derives a significant portion of its operating budget from sales tax collections. A major factor in this growth is Huntsville's above-average per capita and median family incomes. This healthy buying power has attracted many national retailers to the area.

Cabela's completed construction and opened for business in fall of 2015 in an 80,000-square-foot superstore at the \$80 million mixed-use development, Parkside Town Centre, near the intersection of Interstate 565 and Research Park Boulevard. It is the first Cabela's store in Alabama and one of only a handful in the Southeast. The store employs approximately 180 full and part time employees from the area. Parkside Town Centre includes 300,000 square feet of various commercial, retail and related enterprises and is meant to complement its neighbor, Bridge Street Town Centre.

After breaking ground in 2014 the Shops at Merchants Walk is now complete. Merchants Walk is a \$50 million 100,000 square foot shopping development. Anchored by Whole Foods Market, the Shops at Merchants Walk also hosts Mountain High Outfitters, Orangetheory Fitness, and Farm Burger. A handful of other stores opened in late 2016, including the fashion and gift store Envy, Xtend Barre, The Masters salon, Amazing Lash Studio, Spa Sydell, and Maki Fresh Casual Asian Cuisine. The Shops at Merchants Walk is expected to generate approximately \$58.75 million in new sales taxes and \$1.4 million in property taxes over the next 25 years and is expected to create additional commercial development in the area as the City seeks to redevelop its Parkway Corridor (the major north-south thoroughfare).

Across the street from Merchants Walk is Merchants Square, a \$40 million 41,000 square foot development hosting fine retail options and new-to-market dining. Already leased are Chuy's, a Mexican restaurant; Ulta Beauty; Char, an upscale steak house; The Brass Tap Craft Beer Bar, Hand and Stone Massage and Facial Spa, among other retail offerings. The Merchants Square property was annexed into the City of Huntsville in 2017, allowing the city to collect property, sales and business taxes. The city agreed in January 2017 to spend \$3 million on a new 300-unit parking deck at Merchants Square, which is expected to generate \$19 million in tax dollars over the next 20 years.

In June 2016, work began on a \$70 million mixed-use project called CityCentre at Big Spring near Big Spring International Park and Von Braun Center in downtown Huntsville. The project features two hotels, 270 multi-family units and an artisanal food hall inspired by Ponce City Market and Krog Street in Atlanta, Eataly in Chicago and The Source in Denver. Phase I includes a 150-unit new-to-market AC Hotel, a six-story Marriott hotel including a rooftop deck for the public and hotel patrons. It will also, include 31,000 square feet of retail stores and restaurants, 53,000 square feet of office loft space and 270 multi-family apartments. This will be the 10th AC Marriott in the world, the first in Alabama, which are all custom-designed for their specific location. The AC Hotel began accepting reservations in April of 2019. With Phase I now complete, Phase II will represent a \$30 million investment with Moxy Hotel, a 100-key urban hotel and 50,000 square feet of mixed-commercial and office loft space including a FoodHall. The addition of these 250 units will bring the city one-step closer to its goal of attaining 1,000 rooms in the downtown area. Construction of Phase II is set to begin in 2023 and estimated to open in 2024.

Sealy Property Development recently opened a \$35 million five-story development, called The Avenue, featuring 197 upscale lofts and 21,000 square feet of street-level retail and restaurant space on a former parking lot at the corner of Jefferson Street and Holmes Avenue in downtown Huntsville across from the federal courthouse. The Avenue offers a resort-style swimming pool, 400-vehicle parking garage and large sidewalks to encourage outdoor dining and pedestrian walking. The Avenue lofts are now fully occupied and commercial spaces began opening in phases in 2017.

Rocket Development Partners announced a 11-acre project title Front Row, located in the core of downtown area of Huntsville. The project will consist of two large building separated by green space. The ground floor of both buildings will be store fronts and restaurants. The project is projected to cost about \$400 million. Phase I will include 545 rental apartments, approximately 45,000 square feet of retail, and approximately 36,000 square feet of office space. Phase II is currently anticipated to include a hotel, an additional 100-200 square feet of office space, and residential condominiums. The hotel will have a minimum of 100 rooms.

Marriott was approved in March 2019 to build a six floor, 187 room hotel in the downtown core of Huntsville, across from the Von Braun Center. The plan was updated in 2021 to have eight floors and more than 200 rooms. The \$40 million project will have a rooftop bar overlooking Big Spring Park as well as two-full service restaurants and conference space. The hotel is expected to be completed by early 2024.

In 2016, work began on a mixed-use project called MidCity, a \$350 million development that will not only serve as a civic and commercial hub, but an iconic new mixed-use environment located on a 100-acre site at the intersection of Research Park Boulevard and University Drive in the midst of Cummings Research Park and just minutes from downtown. MidCity is amenity-rich, walkable, mixed use development replacing a declining regional mall. Phase I includes hotels (120-room aloft, 130-room Hotel Indigo, and an additional property to be announced), multiple restaurants, 500 multifamily units, 100,000 square feet of office space, and family and culture entertainment such as TopGolf, Dave and Busters, the recently completed Orion Amphitheater, the Camp, and REI are already open. When completed, MidCity will include a total of 345,000 square feet of specialty retail, at least 200,000 square feet of high-tech office space, a wide range of inspired dining options, a 150 room boutique hotel and 900 amenity-rich residential units. At least 70 percent of the businesses at MidCity will be new-to-market. MidCity Park, a 38-acre public park with an 8,500-seat community amphitheater, will eventually feature a lake and kayak center, bike and running trails, and an outdoor recreation retailer is also slated to open soon. In November 2022, MidCity announced a 2,500-square-foot Starbucks directly across the corner from Trader Joe's. To date, the project is 40% complete, with the Encore Project, opening 2023, the Metronome Mixed Use Building, The Wellory Living, a NetZero Energy building, Anthem House and the Hotel Indigo Project.

***National Aeronautics and Space Administration.*** For six decades, NASA and its partners have relied on the experience, capabilities, and state-of-the-art facilities at the Marshall Space Flight Center to solve spaceflight's most complex and technical problems.

Marshall is one of NASA's largest field centers, with nearly 6,000 employees and an annual budget of approximately \$2.8 billion. Marshall also manages NASA's Michoud Assembly Facility in New Orleans, offering state-of-the-art manufacturing, fabrication and welding capabilities with approximately 3,500 employees, including government and contractor employees and commercial tenants.

Today, Marshall is developing NASA's advanced, heavy-lift Space Launch System to loft Artemis missions back to the Moon and to destinations across the solar system. The Marshall workforce is also leading the development, testing and delivery of human-rated landers to descend to the Moon's surface for NASA's Human Landing System Program.

From inside the Payload Operations Integration Center, the Marshall team coordinates and integrates all scientific and commercial experiments on the International Space Station, as well as Earth-to-station science communications, 24 hours a day, 365 days a year.

Marshall space scientists conduct scientific research, design, and development in support of NASA exploration missions, while our Earth scientists use satellite data to tackle global challenges such as climate variability, weather prediction, and natural disaster response. For more information about these and other Marshall capabilities, please view the NASA Marshall Fact Sheet.

---

Source: Marshall Space Flight Center Office of Stakeholder Relations

***Military.*** Since the early 1950s, Huntsville, Alabama has been one of the United States' principal centers for space and defense technology. Home to the work of Dr. Werner von Braun and America's rocket development programs, the Huntsville community and Redstone Arsenal became the location of choice for the country's best and brightest aerospace engineers and scientists during the 1960s. Rocket City USA, as the region was known, gave original meaning to the term "rocket science".

Today, Redstone Arsenal is a diverse federal campus for more than 60 major federal agencies and organizations providing the highest level of technology development for national defense and space exploration.

Army commands manage key logistics, missile and aviation programs while NASA's Marshall Space Flight Center is responsible for large components of America's space program. Roughly half of the Army's weapons procurement budget is managed on Redstone Arsenal, including all US Army aviation systems, missile systems and missile defense systems. With a renewed emphasis on technological modernization, Redstone Arsenal tenant organizations are poised for new missions. As part of the Army Futures Command, Redstone Arsenal organizations are taking a lead on two primary focus areas: Future Vertical Lift and Air & Missile Defense.

Other federal agencies perform a wide variety of intelligence and homeland defense functions on Redstone. Cummings Research Park, one of the country's original and largest science and technology parks, is home to many of the 300+ national and international aerospace and defense contractors that call Huntsville home.

There is a significant military presence in Huntsville/Madison County. As of May 2022, Redstone employed some 38,000 DOD civilians and contractor employees and 850 active military personnel (this does not include construction workers on base). Activities in the area involve a number of different organizations including:

*U.S. Army Materiel Command (AMC)* is an Army Major Command responsible for materiel readiness including technology, acquisition support, materiel development, logistics power projection and sustainment. The Command's missions range from development of sophisticated weapon systems and cutting-edge research to maintenance and distribution of spare parts and supplies to US Army units located around the globe. If a soldier shoots it, drives it, flies it, wears it, communicates with it, or eats it, AMC provides it.

*U.S. Army Space & Missile Defense Command (SMDC)* is responsible for developing the Army's missile defense systems including support of space and ground-based midcourse defense and assuring the Army's access to and utilization of space assets in the execution of their mission.

*U.S. Army Aviation & Missile Command (AMCOM)* provides support to joint warfighters and allies to ensure aviation and missile system readiness for combat operations. The Command is responsible for the development, acquisition and fielding of aviation and missile systems and the integration of aviation and missile technology. AMCOM develops, acquires, fields and sustains aviation, missile and unmanned vehicle systems, ensuring readiness with a seamless transition to combat operations.

*U.S. Army Security Assistance Command (USASAC)* is responsible for managing security assistance programs and Foreign Military Sales (FMS) for the Army. USASAC is known as the "Army's Face to the World" because it serves as the primary entry point for US Army materiel and service related FMS requirements.

*Army Contracting Command (ACC)* supports the warfighter worldwide through the acquisition of equipment, supplies and services vital to the soldier's mission and well-being. The Command Headquarters relocated to Redstone Arsenal in 2011.

*Expeditionary Contracting Command (ECC)* is responsible for expeditionary contracting across all military operations for Army Service Component Commanders and the Joint Warfighter and support to Army and other joint operations as well as other defense organizations outside the continental United States.

*Program Executive Office – Aviation (PEO AVN)* is the Army manager responsible for providing overall direction and guidance for the development, acquisition, testing, product improvement and fielding of Army aviation programs of record including the Apache Attack Helicopter, Cargo Helicopter, Utility Helicopter, Non-Standard Rotary Wing Aircraft, Fixed Wing Aircraft, Aviation Systems, Unmanned Aircraft System and Armed Scout Helicopter.

*Program Executive Office – Missiles & Space (PEO M&S)* provides centralized management for all Army tactical and air defense missile programs and selected Army space

programs. The PEO was established in January 2005 with the merger of the PEO Air, Space and Missile Defense and the PEO Tactical Missiles.

*U.S. Army Combat Capabilities Development Command Aviation & Missile Center* is the Army's focal point for providing research, development and engineering technology and services for aviation and missile platforms. CCDC Aviation & Missile Center manages and conducts research, exploratory and advanced development, and provides one-stop lifecycle engineering and scientific support for aviation and missile systems and UAV platforms.

*Redstone Test Center (RTC)* was created through the merger of the Redstone Technical Test Center (RTTC) and the Aviation Technical test Center (ATTC) in 2010. RTC specializes in line-of-sight missile and rocket testing, guidance system testing, optical and electro optical systems, air-armament component tests and electromagnetic environmental effects testing of aircraft systems. RTC is the designated DOD lighting effects tester for explosive ordnance and munitions. RTC also tests and certifies all modifications to the Army aviation fleet.

*U.S. Army Garrison (USAG) Redstone*, executes daily operations effectively and efficiently with a qualified and professional workforce. The focus of its workforce is the continued viability and sustainability of the installation, achieved through deliberate strategic planning and appropriate execution of services and programs. The Garrison strives for excellence every day to make certain its tenant organizations can execute their peacetime and wartime missions without concern for any interruption in home-station support.

*2<sup>nd</sup> Recruiting Brigade* conducts recruiting operations for non-prior and prior service recruits for the Active Army and Army Reserves in several states across the Southeast, Puerto Rico and the Virgin Islands. The brigade is supported by numerous recruiting battalions and recruiting companies and partners with a wide range of colleges, ROTC programs, high schools, and vocational trade schools.

*Fox Army Health Center (FAHC)* is part of the Southern Regional Medical Command which provides access to quality and cost-effective primary care for patients while maintaining a state of readiness for mobilization. FAHC provides many types of services for Redstone, including direct healthcare, public health and education, occupational medicine and industrial hygiene.

*Logistics Support Activity (LOGSA)* supports Army operations through timely and integrated life cycle logistics information, knowledge and expertise. LOGSA maintains the Army's official single authoritative logistics data repository. LOGSA provides critical logistics information capabilities through analytical tools and business intelligence solutions to effectively acquire, manage, equip, and sustain the materiel requirements of the U.S. Army.

*Missile Defense Agency (MDA)* is the Department of Defense agency that facilitates the research, development, acquisition and integration of multi-service capabilities into seamless theater and national missile defense systems.

*Defense Intelligence Agency – Missile & Space Intelligence Center (MSIC)*, is an intelligence organization charged with producing scientific and technological intelligence on adversary surface-to-air missiles and ballistic missile systems and directed energy systems. This intelligence includes characteristics, capabilities and limitations of foreign military systems.

*U. S. Army Engineering and Support Center, Huntsville*, is a specialized agency of the U.S. Corps of Engineers. The Huntsville Center manages national programs that have a broad scope, require standardization across corps of engineers boundaries, or are otherwise complex in nature.

*FBI Terrorist Explosive Device Analytical Center (TEDAC)*, was formally established in 2003 and moved to Huntsville in 2015 to serve as the single interagency organization to receive, fully analyze, and exploit all terrorist improvised explosive devices, or IEDs, of interest to the United States. TEDAC coordinates the efforts of the entire government, from law enforcement to intelligence to military, to gather and share intelligence about these devices—helping to disarm and disrupt IEDs, link them to their makers, and, most importantly, prevent future attacks. To date, TEDAC has received tens of thousands of IED submissions, primarily from Iraq and Afghanistan.

---

Source: Redstone Arsenal Public Affairs Office; [www.garrison.redstonearmy.mil](http://www.garrison.redstonearmy.mil)

**BRAC.** There have been five previous rounds of Base Realignment and Closure (BRAC) – a congressionally approved process for consolidating military infrastructure. Redstone Arsenal has consistently gained significant roles, missions and personnel through this process.

The 2005 BRAC relocated the Army Materiel Command’s headquarters to Redstone Arsenal from Fort Belvoir, Va., along with more than 1,350 AMC positions and the AMC commander, a four-star command which is the first for Alabama. In 2010, leaders with Redstone Arsenal and the city of Huntsville were presented the designs for Redstone Gateway, a 468-acre development that accommodates growth on Redstone Arsenal and from new defense contractors relocating as a result of BRAC 2005. The land is owned by the U.S. Government and is under a long-term master lease to the developers through the Enhanced Use Lease (EUL) program. Through this master lease, the joint venture will work closely with Redstone Arsenal to create a business park that will total approximately 4.6 million square feet of office and retail space as well as hotel amenities when completed. TownePlace Suites by Marriot, a 120-room hotel at Redstone Gateway, opened in early 2016. Approximately 4.4 million square feet of Class A office space will be built in three phases, with three to six story buildings containing 80,000 to 165,000 square feet, of which 1.2 million square feet will be secured office space. Several office buildings have been fully leased to companies such as The Boeing Company and DRS Technologies, and several more are currently under development.

Raytheon opened a state-of-the-art missile production facility on Redstone Arsenal in November 2012, creating an estimated 300 new jobs. Raytheon already employs about 600 people in Huntsville. The company plans to assemble and test the Standard Missile-3 and Standard Missile-6 at a 70,000 square-foot facility. Those programs are managed by the Missile Defense Agency at Redstone Arsenal. Huntsville is the only Raytheon location that includes all six of the company’s primary business units: Integrated Defense Systems, Intelligence and Information Systems, Missile Systems, Network Centric Systems, Technical Services, and Space and Airborne Systems.

---

Source: Chamber of Commerce Huntsville/Madison County, COPT Properties, and AL.COM

### **New Missions to Redstone Arsenal**

While Redstone Arsenal has seen growth from BRAC, most recent growth has come from outside that process. Redstone Arsenal was selected as the preferred headquarters for the U.S. Space Command, the newest combined combatant command. The headquarters will bring roughly 1,600 direct jobs to Redstone. The Department of the Air Force conducted both virtual and on-site visits to assess which of six candidate locations would be best suited to host the U.S. Space Command Headquarters based on quantitative and qualitative factors related to mission, infrastructure capacity, community support and costs to the Department of Defense. The project is expected to be complete in six years and positions Huntsville to be a leader in national security space.

The growth of the Federal Bureau of Investigation (the "FBI") has also been significant. The FBI is currently undergoing significant capital projects for specialized facilities at Redstone Arsenal serving, essentially, as a second headquarters. In addition to much of the back office work, expertise in cyber security, data analytics, innovation, and training for agents will occur on its Redstone Arsenal campus. The FBI is currently building a sprawling, college-like campus on Redstone Arsenal, part of a multi-year effort to expand its presence at Redstone Arsenal. The Innovation Center, which broke ground in June of 2021, is considered to be a key part of that campus, which will top \$1 billion in investment by its completion. The North Campus of the Innovation Center opened in

November Of 2022. Recent announcements have indicated between 4,000 and 5,000 jobs could eventually be shifted to Redstone Arsenal over the next 10 years.

**Labor Force Characteristics**

According to the 2020 American Community Survey 5 Year Estimates, the City had a "labor force participation rate" of 63.8%, compared with 57.6% for the State of Alabama and 63.4% for the United States.

The quality of the City’s work force is enhanced by the educational attainments of a significant portion of the work force. The following table compares the educational attainments, for persons over 25 years of age, with respect to the City, the State of Alabama and the United States.

**Educational Attainment**

	<b>City of Huntsville</b>	<b>State of Alabama</b>	<b>United States</b>
Percentage high school graduates or higher	92.7%	87.9%	89.4%
Percentage bachelor’s degree or higher	48.9%	27.4%	35.0%

Source: U.S. Department of Commerce, Bureau of the Census, 2021 ACS 1 Year Estimates

**Employment Data**

**Civilian Labor Force.** The following table provides statistics regarding the average civilian labor force and unemployment rates of Huntsville/Madison County in the years indicated:

	<b>2000</b>	<b>2010</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Labor Force	175,460	208,154	216,780	223,557	229,213	231,870	313,220
Unemployment Rates							
Huntsville/Madison County	2.8%	8.6%	4.0%	3.5%	2.6%	4.6%	3.6%
State of Alabama	4.6	10.5	4.6	3.9	3.0	5.9	5.3
United States	4.0	9.6	4.4	3.9	3.7	8.1	6.3

Source: U.S. Department of Commerce, Bureau of the Census, 2021 ACS 1 Year Estimates

**Major Employers in the Huntsville Region**

As shown in the following table, there are 12 private sector firms with employment in excess of 1,000 employees. The major private sector employers in the Huntsville Region include The Boeing Company (aerospace), Hexagon and Dynetics, Inc., each with more than 2,900 employees in 2022. Most of the major employers are involved in high-technology research and manufacturing, previously noted as a leading source of economic activity in the Huntsville Region.

**MAJOR EMPLOYERS IN THE HUNTSVILLE REGION**

<b>Private Employers</b>	<b>Number of Employees</b>
Mazda Toyota Manufacturing USA, Inc.	3,500
The Boeing Company	3,048
Hexagon	1,059
Dynetics, Inc	2,946
SAIC	2,746
Northrop Grumman Corporation	2,266

Polaris	1,932
Toyota Motor Manufacturing Alabama, Inc.	1,800
Lockheed Martin Corporation	1,685
Crestwood Medical Center	1,324
Amazon	1,100
Redstone Federal Credit Union	1,059
Raytheon Technologies	945
AT&T Alabama	940
Yulista	923
SCI Technology, Inc	917
KBR	873
Kohler Company	870
Teledyne Brown Engineering	832
ADTRAN, Inc	830
Target Distribution Center	770
COLSA Corporation	739
Mazda North America Operations	735
Sanmina	726
Science and Engineering Services (SES)	719
Axient	717
Torch Technologies	695
ERC, Inc	678
Aerojet Rocketdyne	655
Parsons	586
Jacob Space Exploration Group	568
Phoenix	557
Radiance Technologies, Inc.	517
YKTA	512
U.S. Space & Rocket Center	508
Tyonek Native Corporation	506
<b>Public Employers</b>	
U.S. Army/Redstone Arsenal*	38,000
Huntsville Hospital System **	10,160
NASA/Marshall Space Flight Center *	6,000
Huntsville City Schools	3,000
Madison County Schools	2,389
City of Huntsville	2,206
University of Alabama in Huntsville	1,979
Alabama A&M University	1,207
Madison County Commission	1,069
Madison City Schools	976
Huntsville Utilities	680
Calhoun Community College	579

Source: Chamber of Commerce Huntsville/Madison County, January 2023

### Employment Data

The total number of persons employed in Huntsville/Madison County in nonagricultural wage and salary employment has consistently increased since 2014. The four largest sectors of employment are (in descending order) professional & business services (63,300), government (52,700), trade, transportation, and utilities (35,600) and manufacturing (28,900), in the Huntsville Region during 2021.

### Huntsville Metropolitan Area Employment by Industry Sector

(in thousands)

	2010	2016	2017	2018	2019	2020	2021
Manufacturing	23.7	24.2	24.8	25.2	25.9	26.2	28.9
Durable	20.5	20.6	21.4	22.0	22.5	22.5	22.5
Non-Durable	3.2	3.6	3.4	3.2	3.5	3.7	3.7
Construction & Mining	7.5	8.2	8.6	9.2	9.5	9.7	10.5
Transportation/Utilities	2.6	3.1	3.0	3.3	3.8	3.6	35.6
Wholesale Trade	5.4	5.8	6.0	6.1	6.1	6.2	
Retail Trade	22.0	24.3	24.3	24.6	25.1	24.5	
Finance/Insurance/Real Estate	6.1	6.5	6.7	6.9	7.0	7.1	7.6
Professional & Business Services	49.2	54.3	55.5	57.4	60.0	61.0	63.3
Government	48.6	49.5	50.3	51.2	51.9	51.7	52.7
Total Nonagricultural Employment	210.0	227.7	227.7	238.7	245.2	240.9	251.4

Source: Huntsville/Madison County Chamber of Commerce - Alabama Department of Labor, Bureau of Labor Statistics

### Construction Activity

The following table shows the value of new building permits issued in the City for the fiscal years indicated.

#### Value of Building Permits\* (Residential, Apartment and Commercial/Industrial)

Year	Residential	Apartment	Commercial/ Industrial	Total
2006	\$59,193,692	\$12,284,320	\$289,268,058	306,746,070
2007	69,324,698	73,366,333	257,689,367	400,380,398
2008	45,055,563	37,108,158	197,117,416	279,281,137
2009	46,014,460	24,624,748	111,635,798	182,275,006
2010	45,385,091	--	136,237,193	181,622,284
2011	67,349,833	23,890,934	199,764,460	291,005,227
2012	72,510,679	37,965,634	201,958,518	312,434,831
2013	76,153,776	31,493,814	258,148,571	365,796,161
2014	68,232,945	24,971,287	260,554,000	393,758,232
2015	50,480,824	25,086,049	146,238,696	221,805,569
2016	51,902,779	45,546,068	144,199,219	241,648,066
2017	55,176,401	32,675,273	165,076,154	252,927,828
2018	62,452,059	47,378,131	248,175,919	358,006,109
2019	71,989,506	58,894,007	420,081,963	550,965,476
2020	83,616,940	160,688,487	638,146,981	882,452,408
2021	126,727,217	318,311,624	1,226,553,374	567,694,178

\*Exclusive of "Moving and Demolition Permits" and consists of new construction only

Source: City of Huntsville, Inspection Department

### Education

*Primary and Secondary Education.* The City school system is now comprised of 43 schools: six high schools, 11 middle and junior high schools, and twenty-six Pre-K through elementary schools. Seven of the district's schools are also home to various magnet programs, with one high school and two P-8 facilities dedicated as fully established magnet schools. These magnet programs emphasize science, foreign language, creative and performing arts, pre-Engineering and international education. Students of City schools consistently score above national and



state averages on standardized achievement tests and on the American College Test (ACT). Enrollment for the City School System for the 2021-2022 school year is 23,657 with 2,398 teachers and support personnel employed.

Madison County and the City of Madison also have public school systems, and in addition to public schools, there are approximately fifty private kindergartens and private schools (including church-related or parochial schools) in the City and the County.

The Alabama School of Cyber Technology and Engineering, the state's only fully public, residential high school for students interested in engineering and cyber technology, opened for its first year in Huntsville in August 2020 with 71 students from across the state and strong financial backing. Raytheon Technologies gave a \$4 million boost to funding a new school building in Cummings Research Park. Students are meeting now in the former Oakwood Academy building on the campus of Oakwood University. The new school is designed to help meet a national shortage of qualified cybersecurity experts and engineers. There are currently 254 students enrolled, with 103 of them being boarding students. Its goal is to grow to 800 students.

Higher Education. There are three state-supported four-year colleges and universities located within or near the City: the University of Alabama in Huntsville, a campus of the University of Alabama system; Alabama A & M University; Athens State University, located in the City of Athens, Alabama, approximately 20 miles west of the City; and Oakwood University, a private four-year university. Other area institutions include John C. Calhoun State Community College, and J. F. Drake State Community and Technical College.

---

Source: City of Huntsville School System and Alabama State Department of Education

### **Medical and Health Services**

Huntsville Hospital is the second largest hospital in Alabama with 881 licensed beds on two campuses, Huntsville Hospital-Main and Women & Children Hospital. It serves as the regional referral center for North Alabama and southern Tennessee and is home to one of only three statewide Level I Trauma Centers. In recent years, the hospital has expanded its service throughout North Alabama with the development of Huntsville Hospital Health System, making it one of the top 5 largest publicly owned hospital system in the nation with more than 2,300 beds, 16,000 employees, 11 hospitals and several outpatient facilities. Huntsville Hospital Health System has grown to include hospitals in a 14-county service area in North Alabama and Southern Tennessee.

Huntsville Hospital Main serves as a teaching facility for UAB's Family Practice Residency Program, and is also assisting to establish a nursing program at the Huntsville campus of Calhoun Community College. Huntsville Hospital for Women & Children offers the most advanced pediatric health care in the region including pediatric emergency services, pediatric intensive care, level III neonatal intensive care and pediatric surgery as well as providing specialized health care for women. Madison Hospital is a full service 90-bed hospital offering medical, surgical, obstetrical, non-invasive cardiac care, special procedures, emergency care, imaging, and therapy services.

Huntsville Hospital is governed by a volunteer board appointed by the City Council through the Health Care Authority of the City of Huntsville.

---

Source: [www.huntsvillehospital.org](http://www.huntsvillehospital.org)

The City also hosts a 180-bed full service acute care hospital, Crestwood Medical Center, which has more than 530 physicians on staff representing more than 50 different specialties.

---

Source: [www.crestwoodmedcenter.com](http://www.crestwoodmedcenter.com)

## **The U.S. Space and Rocket Center**

The U.S. Space and Rocket Center, a state agency operated by the Alabama Space Science Exhibit Commission, which opened in 1969, is regularly the state's top paid tourist attractions in Alabama, attracting some 650,000 visitors annually. Recent additions include a full-scale space shuttle and a Saturn V and portions of the Space Station. A related activity of the Space and Rocket Center is U.S. Space Camp, a hands-on educational experience for young people and, in special corporate camps, adults. The U.S. Space Camp attracts approximately 35,000 young people and adults each year for its Space Camp and Corporate Camp programs. Additional programs include Aviation Challenge, Robotics Camp, U.S. Cyber Camp and a host of traveling exhibits.

## **Transportation**

The City of Huntsville is accessed by highway, railway, waterways and a modern airport facility. U.S. Interstate Highway 65, which runs between Chicago and Mobile, is connected to the City by I-565. There are four major highways 231 (North-South), 431 (North-South), 72 (East-West) and 72 Alternate (East-West) which traverse the City and provide access to outlying areas. The City is served by numerous common carriers, including the Norfolk Southern Railway. In 2004 Huntsville built a new public transit center just off I-565 which is home to the offices of the Public Transit and Parking Services, Greyhound Bus, and the Convention and Visitor's Bureau. It serves as the central transfer point for the city's shuttle bus service. The City recently implemented the first phase of a five part plan which streamlined routes and extended hours of operations to meet demand.

The Huntsville-Madison County Airport Authority (a joint authority of the City and Madison County) operates the Huntsville International Airport located approximately twelve miles west of the downtown area of the City, which is the principal airport serving northern Alabama and parts of Tennessee and Georgia. Airport operations are conducted on approximately 3,400 acres of land and include two active runways, associated taxiways and an industrial park. The airport is served by numerous carriers including: American, Delta, United, Frontier, Silver Airlines and Breeze Airways.

## **Quality of Life**

Huntsville is situated in the foothills of the Appalachian Mountains, and the natural beauty of the area contains many opportunities for hiking, biking, golfing, outdoor exploration and water sports on the Tennessee River and nearby Lake Guntersville. The mild climate allows for outdoor enjoyment throughout much of the year. Huntsville offers a number of parks, natural reserves, nature trails and a stop on the Robert Trent Jones Golf Trail.

Huntsville's downtown is undergoing a renaissance with a growing and vibrant nightlife. The arts are fully covered between Huntsville's Broadway Theatre League, the Huntsville Ballet Company and the Huntsville Symphony Orchestra. Downtown Huntsville now has three hotels, with the AC Hotel by Marriott and Embassy Suites Huntsville conveniently located right in the heart of downtown and connected by a sky bridge to the city's convention center space, the Von Braun Center, and to the city's sports arena, concert hall and playhouse.

Originally constructed in 1975, the Von Braun Center underwent major renovations in 2010 which transformed the Arena. The renovations changed the facade of the Arena to a modern glass frontage overlooking Big Spring Park as well as expanded the lobby by adding more pre-function space and a pub. The project also added over 1,000 seats to concert setups, VIP suites, and additional restrooms. The Von Braun Center Concert Hall has also recently undergone a major renovation. In 2019, the Von Braun Center opened a new music venue, Mars Music Hall, which includes a restaurant area and rooftop bar located at the corner Clinton Avenue and Monroe Street. It is a "plug-and-play" venue with permanent stage, lighting and sound systems for the artists' use. The second phase of the renovation will be a large convention center expansion. There will be a new state-of-the-art ballroom. North Hall will be totally revamped. A new kitchen complex is going in, as well as a new break out rooms to support larger conventions and groups, and there will be many interior improvements to existing areas.

---

Source: <http://www.vonbrauncenter.com/construction>

Among the many museums and historic sites are the U.S. Space and Rocket Center, Huntsville Botanical Garden, Monte Sano State Park, Big Spring Park, the Huntsville Museum of Art and several children's museums.

Huntsville is home to Lowe Mill ARTS & Entertainment, America's largest independent center for the arts. With over 120 working artists, small businesses, restaurants, and a live performance venue, this huge historic textile mill is now a rising home for music, art, and culture. Lowe Mill completed a 37,000 square foot expansion in December 2014.

In sports, Huntsville hosts a minor league hockey (SPHL) team and minor league baseball team of the Southern League. In July, Major League Soccer (MLS) NEXT Pro organization announced that it is working with the City of Huntsville to bring professional soccer closer to fans and supporters. The name will be Huntsville City Football Club and will be affiliated with the Nashville Soccer Club. Launching in 2022, MLS Next Pro is a men's professional soccer league in the United States and Canada and is affiliated with Major League Soccer. College athletics such as UAH and Alabama A&M are also popular.

The Sandra Moon Community Complex includes the South Huntsville Library, multiuse athletic fields, and 12 lighted outdoor pickleball courts. Phase II of construction started in 2022 on an extensive interior renovation of Grissom High School's former main southside building, including a new Performing Arts Center. Phase II is projected to finish in spring 2023. Phase III will include a new children's playground area and additional parking.

[THIS PAGE IS INTENTIONALLY LEFT BLANK]

**APPENDIX B**

**GOVERNMENTAL ORGANIZATION AND FUNCTIONS**

[THIS PAGE IS INTENTIONALLY LEFT BLANK]

## APPENDIX B

### CITY OF HUNTSVILLE GOVERNMENTAL ORGANIZATION AND FUNCTIONS

#### Governmental Organization

The City is a municipal corporation under the laws of the State of Alabama. The municipal government may be characterized as a "strong" mayor-council form of government, wherein the mayor is elected at large for a four-year term to serve as the full-time administrative head of the City government. The Mayor is assisted in the day-to-day management of the City by an administrative assistant and a professional staff who oversee the various departments of the City.

The City Council, which consists of five members elected for staggered terms of four years each, operates exclusively as a legislative body and acts with respect to the executive branch of the City government (including all appointive officers, department directors and employees) only through ordinances and resolutions formally adopted at Council meetings. Members of the City Council are elected from five electoral districts. Each member of the City Council is required to reside in the district which he or she represents and to be elected by the qualified electors residing in such district.

The present Mayor and members of the City Council, and the dates of beginning and ending of their respective current terms of office, are as follows:

<b>Name</b>	<b>Date of Beginning of Current Term</b>	<b>Date of Ending of Current Term</b>
Tommy Battle, Mayor	November 2, 2020	November 4, 2024
John Meredith	November 2, 2020	November 4, 2024
Bill Kling, Jr.	November 7, 2022	November 2, 2026
Dr. Jennie Robinson	November 7, 2022	November 2, 2026
David Little	November 7, 2022	November 2, 2026
Devyn Sherard Keith	November 2, 2020	November 4, 2024

Colonel (Ret.) John Hamilton became City Administrator effective as of October 1, 2013. Mr. Hamilton received a Bachelor of Science in Business Management in 1990 from Florida State University and a Masters in Logistics Management from the Florida Institute of Technology in 1999. He served for 23 years in the United States Army and retired a full Colonel in 2013. His final position was as Garrison Commander of Redstone Arsenal.

In the Fall of 2019, Penny L. Smith, CPA, became the Finance Director of the City. Previously, Mrs. Smith was the Finance Director for the City of Auburn, a position she had held since 2011 after spending seven years as that city's Deputy Finance Director. Mrs. Smith is a graduate of Auburn University, from which she received a bachelor's degree in accounting. She is a Certified Public Accountant, Certified Government Financial Manager and Chartered Global Management Accountant. Mrs. Smith is a past president of Governmental Finance Officers Association of Alabama and previously served on the Security for Alabama Funds Enhancement (SAFE) Board of Directors. She has more than 28 years' experience in public and governmental accounting and auditing. The City anticipates that by late Spring of 2023 the City Council will act to cause Mrs. Smith, in her capacity as Finance Director, to also become the City Treasurer of the City.

The City also has a position of City Clerk. Ken Benion has served as City Clerk (and as City Treasurer) of the City since January 4, 2016. Mr. Benion recently announced plans to retire from the City, which retirement date is presently estimated to be March 1, 2023. The City has designed an interim officer to serve as City Clerk until a permanent City Clerk is identified and designated by the City.

Marion "Trey" Riley is the City Attorney. Mr. Riley was appointed as City Attorney in the Fall of 2015. Mr. Riley received a Bachelor in Business Administration degree from Auburn University in 1977, and his Juris Doctorate degree from the University of Alabama School of Law in 1980. Upon graduating from law school, Mr. Riley served a brief tenure as an Assistant District Attorney, and thereafter engaged in the solo practice of law for almost 35 years, representing a broad cross-section of individuals in a wide variety of legal matters before numerous different tribunals, primarily in Alabama but also in surrounding states.

The City Administrator, the Finance Director, the City Attorney, and the City Clerk are appointed by the Mayor, subject to the approval of the Council, for four-year terms concurrent with that of the Mayor.

### **Certain City Officials**

**Tommy Battle, Mayor.** Mr. Battle is currently serving his fourth term as Mayor of the City. Mayor Battle was first elected Mayor in 2008, and before then served on the City Council between 1984 and 1988. A commercial real estate developer, Mayor Battle has served on various local boards within the City, including the Huntsville Emergency Medical Services, Inc., board, EarlyWorks Children's Museum board and the administrative council of Trinity United Methodist Church. Mayor Battle received his B.S. degree in Business Administration from the University of Alabama.

**Devyn Sherard Keith, Council Member.** Devyn Sherard Keith, representing District 1, was first elected to the City Council in 2016. Mr. Keith received his Bachelor's Degree in Human Development and Family Science from Samford University and holds a Master's Degree in Public Administration from the McCormack Graduate School of Policy and Global Studies at the University of Massachusetts. During his undergraduate career Mr. Keith started a non-profit called Brothers of 1 Voce aimed at educating, empowering and advocating for youths who have aged out of state support services and while obtaining his Master's Degree in Boston, Massachusetts worked in leadership roles at the nonprofit and state levels. Mr. Keith has worked as an Assistant Coordinator for Community Service for the Massachusetts Trial Court, a Job Development/Massachusetts Rehabilitation Commission Case Specialist for Morgan Memorial Goodwill Industries and a Transitional Living Specialist/Case Manager for Youth Villages.

**David Little, Council Member.** Mr. Little, representing District 2, was newly elected to the City Council in 2022. Mr. Little was born and raised in Huntsville. After graduating high school, he spent four years in the United States Marine Corps before earning degrees from Calhoun Community College and Athens State University. His professional background includes aerial photography, owning his own small business and sales management with a local technology firm before joining the investment community in 2005. Mr. Little presently works with a local wealth management and financial planning firm.

**Dr. Jennie Robinson, Council Member.** Dr. Robinson, representing District 3, was first elected to the City Council in 2014. Prior to her election to the City Council, Dr. Robinson served three terms on the Huntsville City Schools Board of Education. Before being elected to the School Board in 2002, Dr. Robinson served five times as a PTA president in Huntsville city schools. She has also served on the Executive Committee of the Alabama Association of School Boards (AASB) and chaired the State Legislative Committee for AASB. Dr. Robinson received her Doctor of Philosophy and Master's Degree in Consumer Behavior from Purdue University, and she owns a management consulting firm specializing in strategic planning and leadership development for corporations and non-profits. She is a graduate of Leadership Alabama and Leadership Huntsville. She received the Distinguished Leadership Award from Leadership Huntsville Madison County in 2006. She also serves on the boards of Leadership Huntsville Madison County and the Rotary Club of Greater Huntsville.

**Bill Kling, Jr., Council Member.** Mr. Kling, representing District 4, was first elected to the City Council in 1988. He received a B.S. degree in Mass Media Communications and Public Administration from the University of Alabama, and an M.S. degree in Urban Studies from Alabama A & M University. Mr. Kling was a recipient of Troy State University's "Grover C. Hall" journalism fellowship. He is professionally accredited by the Southern Public Relations Federation. Mr. Kling previously served as a member of the Huntsville City Board of Education. Mr. Kling has held numerous positions in the broadcast and public relations field including public relations director, radio announcer and newscaster for a public radio station and broadcast instructor and public relations specialist for John C. Calhoun Junior College. Mr. Kling is a past President of the Huntsville Press Club.



**John Meredith, Council Member.** Mr. Meredith, CASE (Ret.), representing District 5, was first elected to the City Council in 2020. He currently serves as President of the City Council. Mr. Meredith earned an Associate's Degree from Hinds Junior College, a Bachelor's Degree from the University of Cincinnati, and a Master's Degree from Mississippi College. He serves as the Chair of the Madison County American Red Cross Board, Vice Chair of the Drake State Foundation Board, Board Member of Leadership Greater Huntsville and Advisory Board Member of Burritt on the Mountain and the Junior League. Mr. Meredith spent a majority of his professional career as a lobbyist and legislative advocate in various business sectors and for various public initiatives. During his distinguished lobbying career, Mr. Meredith was the recipient of two national awards for advocacy – the Legislative Champion Award and the Advancing Arboriculture Award. He has served as a National Co-Chair of Minority Outreach for the Voting Integrity Project and Executive Committee member of the National Council of Agricultural Employers ("NCAE"). At NCAE, he was the Moderator for the 2005 NCAE Immigration Roundtable in Washington, D.C. Mr. Meredith is the son of civil rights icon James H. Meredith, the first African American to enroll and graduate from the previously segregated University of Mississippi.

## **Employees**

As of September 30, 2022, the City employed 2,468 people and the City-owned but separately operated Huntsville Utilities employed 715 people. The employees of the City are administered under a separate personnel system from that of Huntsville Utilities.

## **Municipal Powers and Functions**

The City provides police and fire protection, streets and highways, garbage and refuse collection and disposal, sanitary sewage and disposal service and certain recreational and cultural services. It is only in the area of law enforcement, where state and county officers have concurrent jurisdiction, that there is any significant overlap in City-furnished governmental-type services. The City (through the City-owned Huntsville Utilities) also provides, subject to policies established by the several utilities boards, electric, water and natural gas service for its citizens. For information as to a change in the furnishing of garbage and refuse disposal service, see "Refuse-to-Energy Plant", below.

Several municipal functions have been delegated, by statute or authorized City ordinance or resolution, to municipal boards or commissions, such as the several utilities boards, including the following functions: industrial development, solid waste disposal, health care, library services, museum and civic center operations and public housing. Some, but not all, of these boards or authorities may issue revenue debt. Policy decisions concerning these functions are in most cases made by the applicable board or commission (the members of which are appointed by the Mayor or the City Council) and implemented by an administrative head or staff responsible to such board or commission.

Certain municipal or public functions are performed jointly with Madison County (the "County") through statutory authorities or boards whose members are appointed by the governing bodies of both the City and the County. Such authorities or boards include The Huntsville-Madison County Airport Authority (which is responsible for the operation of Huntsville International Airport), the Huntsville-Madison County Mental Health Board, the Huntsville-Madison County Civil Defense Board and The Huntsville and Madison County Railroad Authority. In addition, the City and County governing bodies jointly elect the members of the Huntsville-Madison County Marina and Port Authority, a public corporation created under an act of the Alabama Legislature to construct and operate marina and port facilities.

Funding for certain municipal boards or commissions is provided, in whole or in part, by the City, and in other cases, such boards or commissions operate as separate public corporations created by the City, but funded entirely through revenues generated by the particular municipal functions involved.

## **Annexation Program**

The City annexes land considered important to its future growth and economic expansion, which has included significant acreage in the past twenty years. Madison County annexations in excess of 40,000 acres have primarily been in the east, with mostly mixed, higher value residential developments occurring. The

annexation in Limestone County, which is west of Madison County, primarily borders the Huntsville International Airport and Interstate 565, and is generally planned for industrial and commercial development. Smaller tracts are regularly being annexed, however, for residential and commercial uses.

With very few exceptions, the City's annexations have been accomplished by petition of the landowner requesting annexation. There is no pending or threatened legal action contesting the validity or legality of any of the City's annexations.

The City, in concert with the Metropolitan Planning Organization (MPO), has adopted a major street plan for the entire City. The rights of way for the streets shown on the master street plan are being protected from development as provided by Alabama law. The expansion and extension of these major streets will be the major expenditure for the City resulting from the City's annexation programs. Most of the local streets in the annexed areas will be constructed to City standards and specifications by developers as subdivision of property and development occur.

The City has in operation sufficient sewer treatment capacity for the annexed areas and future annexations. The City generally extends sewer outfall lines and facilities into annexed areas when there is a finding of sufficient economic return to justify such extension. The City's extension policy and its sewer rate structure are, in general, a significant part of its economic development policy.

The rate of growth in the annexed areas is unpredictable, and the full extent of any impact on the City's finances and resources cannot be measured. While the City cannot make a definite prediction or offer assurances that development will in fact occur in these areas, the City does expect that, as a result of the annexations and the services offered by the City in those areas, considerable industrial and commercial development and supporting residential development will occur.

### **Huntsville Utilities**

The City's municipally-owned water, electric, gas and sanitary sewer systems are operated by separate boards of directors which are responsible for their supervision and control and the members of which are appointed by the City Council. These three systems are owned by the City, but operate separately from the City under the name of Huntsville Utilities and are managed by Wes Kelly, President and CEO of Huntsville Utilities. The employees of Huntsville Utilities are subject to personnel rules established by the respective utilities boards and administered by a separate Personnel Department of Huntsville Utilities. The financial statements of the City attached as APPENDIX C include the water, electric and natural gas systems, although it should be noted that the City's independent auditors have not examined these financial statements and that their opinion thereon is based solely on reports of other auditors.

### **Refuse-to-Energy Plant**

The Solid Waste Disposal Authority of the City of Huntsville (the "Authority") constructed a solid waste resource recovery plant to assist the City in its solid waste disposal program. The plant, which was completed in July of 1990, was designed to convert garbage and other solid waste into energy (steam), primarily for use by and sale to the Department of the Army at Redstone Arsenal, an Army facility near the City. The Authority is a public corporation separate from the City, the members of the Board of Directors of which are appointed by the City Council. In 1987 the City Council adopted an ordinance authorizing the transfer and conveyance by the City to the Authority, without the payment of any pecuniary consideration, of the City's existing landfill, which, along with the plant and recycling programs, constitutes an integrated system for the disposal of solid waste and other refuse operated by or for the account of the Authority. Such transfer and conveyance was effected in August, 1988, when the Authority authorized the issuance of bonds to finance the construction of the plant. Pursuant to an agreement with the Authority, Ogden Martin Systems of Huntsville, Inc. now known as Covanta Huntsville, Inc. (an affiliate of Ogden Corporation, now known as Covanta Energy, Inc.) designed, constructed, and is operating the plant for the Authority.

In the ordinance authorizing the transfer and conveyance of the City's existing landfill to the Authority, the City Council also authorized the execution of a Solid Waste Delivery Agreement between the City

and the Authority, under which the City agreed (a) to deliver to the Authority, for processing or other disposal, substantially all solid waste and other refuse collected by the City through its solid waste collection system (as well as substantially all the sewage sludge generated through the operation of the City's sanitary sewer or wastewater system) and (b) to pay to the Authority, for such processing or other disposal, such tipping fees as the Authority may from time to time impose and charge. This Agreement provides that all tipping fees and any other moneys due by the City under the Agreement are to be payable solely out of the current or general operating revenues or funds of the City received or receivable by it for or during the fiscal year during which such tipping fees or other moneys are required to be paid. The current rates are \$39.90 per ton for municipal solid waste and \$26.50 per ton for construction and demolition waste and may be adjusted in the future. The many variable factors on which any such adjustments in the future will depend (including, for example, plant operating results, landfill acquisition, if any, and operating costs, the effect of existing and future environmental laws and landfill regulations, and general economic conditions) are such that the City cannot accurately predict the extent of such adjustments, but it does expect increases in the amount of tipping fees over the next 25 to 30 years.

The City has taken steps to reduce the waste stream by instituting the following recycling programs: (1) the recycling of white goods at the landfill and (2) the first citywide curbside recycling program in the State of Alabama, for the removal and recycling of newspaper, plastics, metals, magazines, motor oil, and batteries. The Authority also operates a separate hazardous household wastes program. These recycling programs are expected to allow the City to meet any currently anticipated changes in environmental law which may mandate a reduction in the waste stream. The Authority expects that, even after such reductions in the waste stream are made, the amount of solid waste to be delivered by the City, together with amounts to be delivered by the Army, will continue to be in excess of the required minimum amount the Authority has agreed to deliver to the plant.

The Authority has entered into a steam sales agreement with the Department of the Army, providing for the sale of steam by the Authority to the Army for use at Redstone Arsenal. The agreement between the Authority and the Army is not, however, a take-or-pay contract and does not obligate the Army to pay for steam that is not delivered or available for delivery. While the City expects that revenues from tipping fees and from the sale of steam to the Army will be sufficient to pay the costs of operating the plant and the landfill there can be no assurance that such tipping fees and steam sale revenues will be sufficient to pay all such expenses and any future debt service and that the payment by the City to the Authority of substantial tipping fees, as authorized in the Solid Waste Delivery Agreement, may be necessary. At this point in time, all of the debt of the Authority has been repaid and there is no current debt service requirement for the Authority.

The failure of the plant to operate in the manner expected, as well as any substantial plant "down-time", would adversely affect expected steam sale revenues and thus result in tipping fee increases substantially in excess of those otherwise expected. However, the plant has complete redundancy; it has four fossil-fuel-fired boilers which could supply steam to the Army if the failure to operate in the manner expected is related to the incineration of solid waste.

### **Miscellaneous Municipal Functions**

The City, the County and the State of Alabama have coextensive law enforcement jurisdiction. The City operates a misdemeanor court system.

The State is responsible for maintaining state and federal highways in the City. Further, pursuant to an understanding between the County and the City, the County maintains certain roads and streets in the Green Mountain area annexed by the City in 1973.

While public health service is principally a state function, the City historically has made annual contributions to the Madison County Department of Public Health.

The City finances all major public recreation facilities in the City except for (a) Ditto Landing and Marina, which has received some appropriations from Madison County, and (b) Monte Sano State Park, which is located adjacent to the City and is owned and operated by the State of Alabama.

Huntsville International Airport is owned and operated by The Huntsville-Madison County Airport Authority, the members of the Board of Directors of which are appointed by the governing bodies of the City and the County.

**APPENDIX C**

**AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

[THIS PAGE IS INTENTIONALLY LEFT BLANK]



# Annual Comprehensive Financial Report

**City of Huntsville, Alabama**

**Fiscal Year Ended September 30, 2021**

# CITY OF HUNTSVILLE, ALABAMA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

### TABLE OF CONTENTS

Page

#### INTRODUCTORY SECTION

List of Elected Officials .....	i
Letter of Transmittal .....	ii – viii
Certificate of Achievement for Excellence in Financial Reporting .....	ix
Organizational Chart .....	x
Map of the City of Huntsville .....	xi

#### FINANCIAL SECTION

Independent Auditor's Report .....	1 – 3
Management's Discussion and Analysis.....	4 – 18
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	19
Statement of Activities .....	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	22
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities – Governmental Funds.....	23
Statement of Net Position – Proprietary Funds.....	24
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds .....	25
Statement of Cash Flows – Proprietary Funds.....	26
Statement of Fiduciary Net Position.....	27
Statement of Changes in Fiduciary Net Position – Fiduciary Fund .....	28
Combining Statement of Net Position – Discretely Presented Component Units.....	29
Combining Statement of Activities – Discretely Presented Component Units.....	30
Notes to Financial Statements.....	31 – 79
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund.....	80-82
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Grant Fund .....	83
Schedule of Changes in Net Pension Liability and Related Ratios – Employees' Retirement System of Alabama.....	84
Schedule of Employer Contributions – Employees' Retirement System of Alabama.....	85
Schedule of Changes in the Net OPEB Liability and Related Ratios – Other Post-Employment Benefit Plan .....	86
Schedule of Employer Contributions – Other Post-Employment Benefits Plan .....	87



# CITY OF HUNTSVILLE, ALABAMA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

### TABLE OF CONTENTS (CONTINUED)

Page

#### FINANCIAL SECTION (CONTINUED)

Supplementary Information:

Combining Balance Sheet – Nonmajor Governmental Funds .....	88 and 89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	90 and 91
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Lodging Special Revenue Fund .....	92
Schedule of Revenues, Expenditure and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Public Safety Revenue Fund .....	93
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – 6.5 Mill Debt Property Tax Fund .....	94
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – 6.5 Mill School Property Tax Fund .....	95
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – 1990 School Support Fund .....	96
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Gas Tax Fund .....	97
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Emergency Management Fund .....	98
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – TIF Special Revenue Fund .....	99
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Cummings Research Park .....	100
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Capital Projects Fund .....	101
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Debt Service Fund .....	102
Combining Statement of Net Position – Nonmajor Proprietary Funds .....	103
Combining Statement of Revenues, Expenditures and Changes in Fund Net Position - Nonmajor Proprietary Funds .....	104
Combining Statement of Cash Flows – Nonmajor Proprietary Funds .....	105
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund – General Fund .....	106 – 108
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Lodging Special Revenue Fund – Lodging & Liquor Taxes .....	109
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Lodging Special Revenue Fund – 1% Lodging Tax 2003 .....	110
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Lodging Special Revenue Fund – 1% Lodging Tax 2013 .....	111

# CITY OF HUNTSVILLE, ALABAMA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

### TABLE OF CONTENTS (CONTINUED)

Page

#### FINANCIAL SECTION (CONTINUED)

Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget (GAAP Basis) and Actual – Public Safety Special Revenue Fund – Circuit Court	
Asset Forfeiture .....	112
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget (GAAP Basis) and Actual – Public Safety Special Revenue Fund –	
Stac Seizure – Circuit Court.....	113
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget (GAAP Basis) and Actual – Public Safety Special Revenue Fund – 1995 Corrections .....	114
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget (GAAP Basis) and Actual – Gas Tax Fund – 4 & 5 Cents State Gasoline Tax .....	115
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget (GAAP Basis) and Actual – Gas Tax Fund – 7 Cents State Gasoline Tax.....	116
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget (GAAP Basis) and Actual – TIF Special Revenue Fund – TIF 2 .....	117
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget (GAAP Basis) and Actual – TIF Special Revenue Fund – TIF 3A.....	118
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget (GAAP Basis) and Actual – TIF Special Revenue Fund – TIF 4 .....	119
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget (GAAP Basis) and Actual – TIF Special Revenue Fund – TIF 5 .....	120
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget (GAAP Basis) and Actual – TIF Special Revenue Fund – TIF 6 .....	121
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget (GAAP Basis) and Actual – TIF Special Revenue Fund – TIF 7 .....	122
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget (GAAP Basis) and Actual – Capital Projects Fund – 1990 Capital Projects.....	123
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget (GAAP Basis) and Actual – Capital Projects Fund – 2014 Capital Projects.....	124

#### STATISTICAL SECTION

##### Statistical Information:

Schedule A – Net Position by Component .....	125
Schedule B – Changes in Net Position.....	126 and 127
Schedule C – Fund Balances of Governmental Funds .....	128
Schedule D – Changes in Fund Balances of Governmental Funds .....	129
Schedule E – Governmental Activities Tax Revenue by Source .....	130
Schedule F – Sales & Property Tax Rates .....	131
Schedule G – Property Tax Levies and Collections.....	132

**CITY OF HUNTSVILLE, ALABAMA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

---

**TABLE OF CONTENTS (CONTINUED)**

**Page**

STATISTICAL SECTION (CONTINUED)

Schedule H – Property Taxes Estimated Assessed and Estimated Actual Value of Taxable Property .....	133
Schedule I – Principal Taxpayers – Sales & Property Taxes .....	134
Schedule J – Ratios of Outstanding Debt by Type.....	135
Schedule K – Ratios of General Obligation Debt Outstanding .....	136
Schedule L – Legal Debt Margin Information.....	137
Schedule M – Computation of Direct and Overlapping Debt .....	138
Schedule N – Pledged Revenue Coverage Water Pollution Control Fund Warrants .....	139
Schedule O – Demographic and Economic Statistics .....	140
Schedule P – Principal Employers .....	141
Schedule Q – City Government Employees by Function.....	142
Schedule R – Operating Indicators and Capital Asset Statistics by Function .....	143

## **INTRODUCTORY SECTION**

---

# Annual Comprehensive Financial Report

The City of Huntsville, Alabama  
For the Fiscal Year Ended September 30, 2021

## Elected officials

Thomas “Tommy” Battle, Jr., Mayor

John Meredith, District 5, Council President

Devyn Keith, District 1

Frances Akridge, District 2

Jennie Robinson, District 3

Bill Kling, Jr., District 4

## City Administration and Departments

John Hamilton, City Administrator	Shane Davis, Urban and Economic Development
Karen Shepard, Animal Services	Randy Cunningham, Inspection
Tara Sloan, Cemetery	Brian Walker, Landscape Management
Kenneth Benion, Clerk Treasurer	Trey Riley, Legal
Kelly Schrimsher, Communications	Lonzo Robinson, Municipal Court
Scott Erwin, Community Development	Scott Cardno, Natural Resources
Jeffrey Birdwell, Emergency Management	Kenny Anderson, Diversity, Equity & Inclusion
Kathy Martin, Traffic and City Engineering	Quisha Bryant, Parking and Public Transit
Penny Smith, Finance	James Gossett, Parks and Recreation
Howard McFarlen, Fire and Rescue	Thomas Nunez and Dennis Madsen, Planning
Ricky Wilkinson, General Services	Mark McMurray, Police
Byron Thomas, Human Resources	Chris McNeese, Public Works
Bill Steiner, Information Technology Services	Shane Cook, Water Pollution Control

## Prepared by the City of Huntsville Finance Department

Penny L. Smith, CPA, CGFM, CGMA, Finance Director  
Rachel Biggs, MAcc, CPA, Assistant Finance Director



## Letter of Transmittal

April 29, 2022

### **To the Honorable Tommy Battle, Mayor, Members of the City Council, and Citizens of Huntsville:**

This Comprehensive Annual Financial Report (Annual Report) of the City of Huntsville, Alabama, for the fiscal year ended September 30, 2021, is hereby transmitted. This report has been prepared to summarize the financial results of the City's operations in fiscal year 2021, and to help you understand its financial condition.

City management, primarily the Director of Finance and Clerk-Treasurer, are responsible for this report as it is based on the information they have provided about City finances. To help ensure that this information is reasonable and reliable, management has established a system of controls designed to protect the City's assets from loss, theft, or misuse, and to 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 Director of Finance and Clerk-Treasurer respectively, 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. The information is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City in accordance with generally accepted accounting principles (GAAP).

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. Mauldin and Jenkins, LLC, a certified public accounting firm, conducted the audit and their report on the City's basic financial statements is included herein. 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 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.

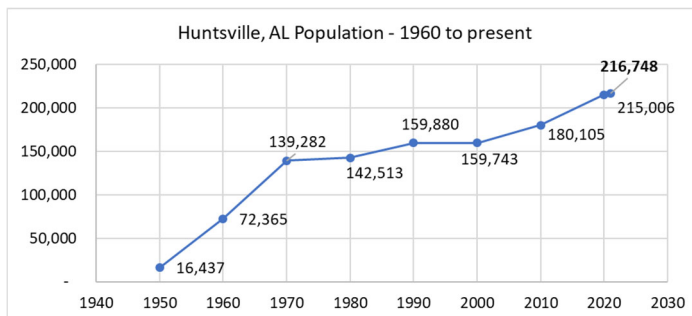
To assist users of this report, accounting standards require management to provide a narrative introduction, overview, and analysis with the financial statements, in the form of Management's Discussion and Analysis (MD&A), which can be found in the financial section.

### **Profile of the Government**

The City was incorporated on December 9, 1811, under an act of the Mississippi Territorial Legislature, first as Twickenham, and then in 1812, as Huntsville. Situated in the beautiful Tennessee Valley, the City

has grown in land area to more than 221 square miles, incorporated in three counties: Madison, Morgan, and Limestone. Huntsville is one of the fastest growing communities in Alabama with the current population at 216,748 citizens. The Federal Army Base Redstone Arsenal is a large employer and a major presence in the area, which has led to Huntsville being considered the leader in aerospace engineering.

Since the space race of the 1960's, Huntsville has well over doubled in population and quadrupled in square miles. The past two decades alone have produced double-digit growth in population, increasing the number of residents by more than 40,000.



Huntsville is operated under a Mayor-Council form of government. Policy making and legislative 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 and City Council members are elected to four-year staggered terms with elections every two years for three of the six positions. While the Mayor is elected in a city-wide election, City Council members are elected from within their respective districts. 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. Departments have been restructured over the years to meet the growing demands of public services and infrastructure. The following departments and divisions are represented in the current financial reporting structure:

Administration, City Council, Clerk-Treasurer, Finance, General Services, Fleet Services, Human Resources, Information Technology Services, Legal, Parks and Recreation, Police, Fire and Rescue, Municipal Court, Emergency Management Agency, Animal Services, Cemetery, Landscape Management, Parking, Public Transit, Public Works, Community Development, Engineering, Inspection, Natural Resources, Planning, Traffic Engineering, and Water Pollution Control.

The City provides a full range of services through its various departments. Closely associated with the departments are several organizations established by the City to be managed by separate boards. These entities provide important public services and are considered part of the primary government. The Alabama Constitution Village Museums, Benton H. Wilcoxon Municipal Ice Complex, Burritt on the Mountain, Huntsville-Madison County Public Library, Huntsville Museum of Art, Huntsville Tennis Center, and the Von Braun Center. Although legally separate, the Public Building Authority of the City of Huntsville is a blended component unit which only serves the primary government, and therefore, whose financials are integrated into the City. Also, the Huntsville Utilities Electric, Gas and Water Systems and the Huntsville/Madison County Convention & Visitors' Bureau are included in the City's financial statements as discretely presented component units.

During the 2021 fiscal year, the City reorganized the financial statements to better aggregate and present fund information. Bottom line totals would not have changed; however, the presentation of fund combination and major fund calculation were altered and fund balances for the fiscal year 2020 have been restated.

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. City 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, and activity (personnel, operating and capital). City Council must also approve transfers between certain activities and funds. Comparisons of department and fund budgets to actual amounts are provided in this report.

### **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 the effectiveness of City management in its use of resources.

#### COVID-19 Pandemic

As noted in previous Annual reports, Huntsville's financial condition has remained stable and growing despite the setbacks of the pandemic which began in fiscal year 2020. The City saw a sharp rise in revenues beginning in April 2021 and continuing through the fiscal year-end. While this was partially a reflection of pent-up demand and spending of savings in the market, it also reflected the increase in the population that Huntsville continues to experience as our economic development efforts create new industry and expand local companies. The City's administration continues to monitor COVID outbreaks and new variant strains of the virus. With close monitoring of budgets and revenue streams, the City remains nimble and ready to adjust spending should the need arise.

#### Local Economy

Huntsville has experienced a rapid population rise in the last two decades. With multiple established economic cornerstones in our community, such as Redstone Arsenal, Huntsville Hospital, and NASA Marshall Space Flight Center, the City remains poised to continue strong growth in all economic sectors. Such growth not only brings financial stimulus and increased revenues, but also expands the need for public services provided by the City. With all these opportunities and challenges, the City has seen financial stability through sound fiscal policy, conservative fiscal practices, and strong economic activities.

The City brought industry, federal funding, and commercial employers to the area, while also raising the standard quality of life. Recreation and transportation projects, which attracted people to live in the City, were prioritized. This resulted in population expansion and increased revenue and created the energy that drives economic expansion.

It is due to this effort that the following significant economic expansion projects have developed over the past few years:

- 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 hotels (130-room Aloft, 120-room Hotel Indigo, and an additional property to be announced), multiple restaurants, 500 multifamily units, 100,000 square feet of office space, and family and culture entertainment such as TopGolf, Dave and Busters, and outdoor event venue, the Camp. REI and Trader Joe's have also opened at MidCity.
- Other areas with existing projects include downtown Huntsville (more than 400 apartment units planned, four hotels, a 120,000 square-foot federal courthouse, 375,000 square foot surgical



and medical tower, and a recently-opened 1,500 person capacity music hall), south Huntsville (250 units of multifamily housing, nine acres of retail development, and 400 single-family homes), north Huntsville (more than 100 single-family homes, the \$3.8 billion Facebook-Meta Data Center, the recently completed Aerojet Rocketdyne Rocket Shop, and the redevelopment of a closed high school into a community and recreation center featuring an indoor climbing wall and gym), and historic west Huntsville, which was awarded a U.S. Housing and Urban Development Choice Neighborhood Planning Grant.

- In 2017, Google Fiber brought its services to Huntsville, at the time making it just the 10<sup>th</sup> city in the country to receive such service. Google Fiber is the first of possibly many ISPs to lease excess dark fiber on a Huntsville Utilities-constructed network, which was completed in 2019. The community is now focused on implementing small cell technology into the right-of-way, enabling greater cellular network coverage and eventually 5G. To date, the community has permitted more than 50 small cell sites. A robust broadband ecosystem is particularly important given the need for telework and virtual education in response to the pandemic.
- Established in 2018, the new joint-venture company from Mazda Motor Corporation and Toyota Motor Corporation, "Mazda Toyota Manufacturing, U.S.A., Inc.," began producing vehicles in Huntsville in 2021. Toyota and Mazda are investing \$2.3 billion toward this project and the facility is expected to create up to 4,000 jobs. Eight suppliers have located on or near the site, bringing in more than 1,600 jobs and \$542 million in CAPEX. This company is in addition to the now more than \$1 billion Toyota Motor Manufacturing Alabama engine plant in North Huntsville, which opened in the early 2000s.
- 2019 saw new growth with Navistar adding a \$125 million expansion at the Jetplex Industrial Park, while Facebook-Meta, Toyota Motor Manufacturing, and Mazda-Toyota suppliers also continued to expand. Ground was broken on the 850-acre Hays Farm mixed-use development in South Huntsville, and the new Eclipse development at City Centre was unveiled, adding 278 new apartments in the downtown core.
- In 2020, Blue Origin opened its \$200 million rocket engine plant in Cummings Research Park, where it will make BE-4 and BE-3u engines. The Alabama School of Cyber Technology and Engineering also broke ground on its permanent campus in Cummings Research Park at the corner of Wynn Drive and Bradford Drive. The school plans to grow enrollment to 350 students by 2024. In the City's downtown area, Constellation broke ground on 219 new apartments as part of a new mixed-use development. New office and retail spaces are also planned.

Recent developments in 2021 saw a continuation of growth in both the industrial and commercial sectors, with more than 1,500 jobs created and over \$2.7 billion of new investment coming from new and expanding industry. Highlights for the year include:

- Facebook-Meta added multiple expansions to their Data Center in North Huntsville Industrial Park, bringing the company's total investment in the City to \$3.8 billion.
- Amazon announced two new distribution centers in the City of Huntsville in Limestone County. The two facilities total an investment of \$200 million with 750 new jobs.
- Kohler Co. continues to expand, adding a \$50 million new industrial facility in Lowe Industrial Park and creating 30 new jobs.
- Polaris also added new space within the City with an investment of \$20 million and the addition of 20 new jobs.

- In the office market, Northrop Grumman announced a \$25 million investment to renovate 110 Wynn Drive in Cummings Research Park East. The project will support work with the U.S. Air Force Ground Based Strategic Deterrent Program, the Nation's next generation intercontinental ballistic missile system.
- Special Aerospace Services broke ground on the company's new \$7 million, 55,000 square-foot facility in Cummings Research Park. The Colorado-based company plans to expedite its strategic, tactical, manufacturing, logistics, and research and development activities at the new campus.
- KBR announced growth with a \$65 million expansion to the Redstone Gateway Office Park adjacent to Gate 9 at Redstone Arsenal. The project will add more than 160 new jobs.
- Discovery Life Sciences is adding 140 new workers on the campus of the HudsonAlpha Institute for Biotechnology to further the company's biomarker work. The growth is significant to helping the Huntsville community continue its progress as a leading biotech center.
- Other expanding companies included Maven Packaging, Matsu Alabama, CFD Research, ATI, Boeing, Dynetics, Avilution, and Wilson Lumber.
- New companies included TGP, Inc., a customer experience software services company, which will add 100 new jobs in downtown Huntsville, and the Michigan-based Orbital Effects, a radar satellite technology company, which will add 25 new jobs in Thornton Research Park.
- On the commercial side, the new Upland Park development near Cummings Research Park is a 60-acre, \$200 million project led by Nashville-based Nicol Investment Co. The complex will include multi-family, senior living, retail, office, entertainment, and public green space. The project will feature an office and retail complex co-developed by Vintage South.
- The Hamlet at MidCity is a \$30 million single-family rental development project which will add 230 residential units near the MidCity mixed-use center

All of this equates to financial stability for Huntsville residents. Continued economic development efforts, transportation projects, and recreational activities ensure the growth of the Huntsville metropolitan area and financial resources.

The metro unemployment rate took a noticeable hit during the government-ordered shutdown of businesses, reaching a peak unemployment rate of 10 percent in April 2020, before returning to pre-pandemic levels in April 2021. During this time, Huntsville's unemployment rate stayed below national and state levels and reached an all-time low of 2 percent in November 2021. Not all industry sectors were impacted equally and not all sectors have recovered as quickly. Huntsville's bread and butter tech jobs remained stable along with construction. Restaurant and hospitality jobs continue to lag but are recovering and will continue to do so as the country emerges from the pandemic. A growing population and a rising employment rate are positive signs of local business conditions. The median family income of Huntsville residents still exceeds both state and national figures.

Moody's Analytics forecasts that Huntsville's economy will expand on par with the United States pace over the coming year, led by manufacturing, professional services, and construction. Longer term, the concentrations of manufacturing and aerospace-related industries, a highly educated labor force, and above-average population growth will enable the metro area to outperform the nation.

In summary, the local economic outlook is positive, though some financial challenges remain. Increasing demands from an aging workforce, including pension contributions and the rising cost of health care benefits, will remain a concern and need vigilance over trends and reserves. Growth in the demand for public services will exert pressure on spending requirements; however, we are confident that due to Huntsville's high-quality workforce, exceptional business climate, robust infrastructure, and collaboration

with its valuable state and local government partners, the City will continue to see increased financial performance.

### Management of City Resources

**Long-term capital planning.** Much of the City's growth and vitality depend on public infrastructure, and the Mayor and City Council continue to plan comprehensively for development and maintenance of this expensive asset. The ten-year capital improvement plans establish spending priorities and identify funding needs, including long-term debt, and is updated every year along with the annual budget.

**Long-term debt management.** Most of the City's capital and school construction projects are financed with long-term debt. The last major issuance for new debt was within fiscal year 2021, for debt restructure, infrastructure, and public entertainment venues. Managing debt size and complexity within available revenues requires careful long-term planning. The ten-year capital plans provide the framework for managing existing debt for current and upcoming capital projects.

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, due to their in-depth review of economic conditions and City financial performance. The City was reaffirmed with an Aaa rating from Moody's Investors Service, Inc., and a AAA rating from Standard & Poor's Rating Services in October 2020. This makes the fourteenth year the City has achieved this highly regarded accomplishment.

**General Fund reserves.** City ordinance generally requires that at least 11.5 percent of General Fund revenue budget be kept in unassigned fund balance to ensure the City has adequate working capital and can respond to unexpected financial shocks. The City exceeded this requirement in 2021.

**Cash management.** The City utilizes idle cash for liquidity at the beginning of capital projects intended to be debt funded, enabling the City to 'right size' projects, ensure appropriate borrowing amounts, and save interest payments on idle cash. Appropriate cash reserves are invested conservatively in accordance with policy and State law. The City's investment policy intends to maximize earnings while protecting cash assets.

**Operational efficiency.** Mayor Battle has always challenged all City departments to improve their operations and the quality of citizen services while minimally increasing the general fund budget. Departments are mindful of their budgets, as personnel and operating costs are generally lower than budget plans. Financial challenges remain as the City continues to grow at a rapid pace. Though an increasing demand for public services and new infrastructure challenges the City, strong revenues matched with cautious increases in departments' operational budgets continue to enable smart financial growth in the City.

**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 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

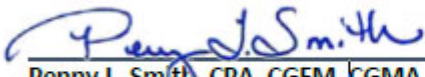
Alabama. In truth, the City pays 100 percent of benefit costs after employee contributions and plan earnings. The City has met all its obligations and continues to incorporate the effect of expected benefit cost increases in making annual budget decisions. Information about the retirement plans is found in the notes to the basic financial statements of this report. Because of benefit increases and plan earnings in recent years, the amount of City pension benefits considered “funded” has dropped significantly, and the City’s costs have risen accordingly. Also, given the increasing cost of health care 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.

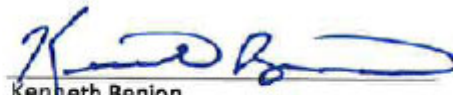
Awards and Acknowledgements

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, 2020. 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 preparation of this report could not have been accomplished without the dedicated efforts of the staff of the City’s Finance Department and the City’s independent public accountants, Mauldin and Jenkins, LLC. 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,

  
Penny L. Smith, CPA, CGFM, CGMA  
Director of Finance

  
Kenneth Benion  
Clerk/Treasurer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Huntsville  
Alabama**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

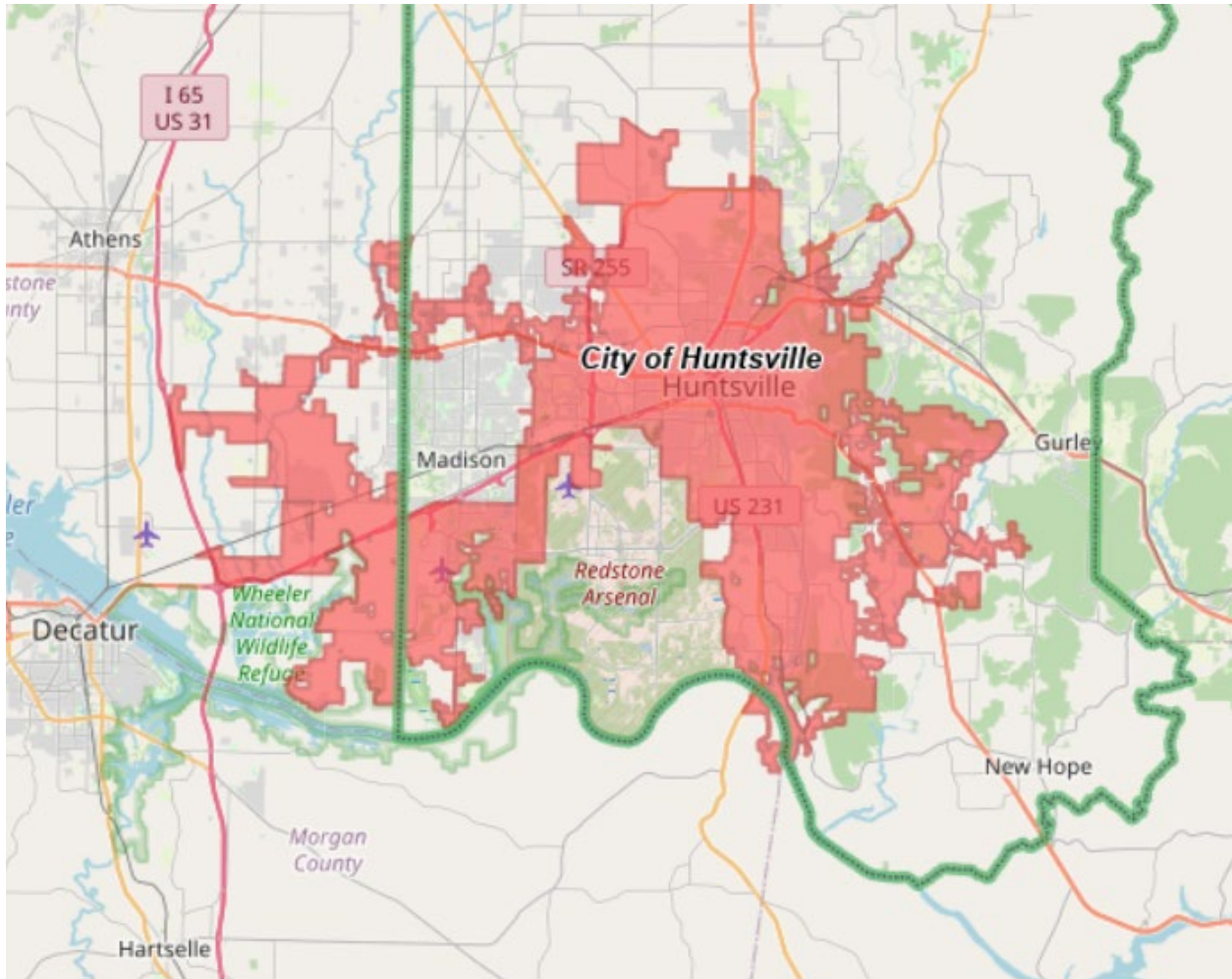
September 30, 2020

*Christopher P. Morill*

Executive Director/CEO



## City of Huntsville, Alabama



Map of the city limits of Huntsville, AL

## **FINANCIAL SECTION**

---





## INDEPENDENT AUDITOR'S REPORT

---

**The Honorable Mayor and Members  
of the City Council of the  
City of 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 unit, 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, 2021 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 statement 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. Those financial statements represent 100% of the total assets, net position, and revenues of the discretely presented component units. We did not audit the financial statements of the Burritt Museum, the Public Library, and the Art Museum, special revenue funds, and the Von Braun Center and Municipal IcePlex, enterprise funds. Those funds represent 7.6% of the total assets, 7.5% of the fund balance, and 4.1% of the revenues of the other nonmajor governmental funds. We did not audit the financial statements of the Municipal IcePlex, an enterprise fund. Those financial statements represent 22% of the total assets, 23% of the net position and 16% of the operating revenues of the enterprise funds. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities are based solely on the report 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Art Museum were not audited in accordance with *Government Auditing Standards*.

---

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 report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Huntsville, Alabama as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 18) the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund (on pages 80 through 82), the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Grant Fund (on page 83), and the schedules of pension and other post-employment benefits information (on pages 84 through 87), as listed in the table of contents, 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 combining and individual fund financial statements and schedules, and the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2022, on our consideration of the City of Huntsville, Alabama’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Huntsville, Alabama’s 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.

*Mauldin & Jenkins, LLC*

Huntsville, Alabama  
April 29, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

This section of the City of Huntsville's Annual Comprehensive Financial Report (Annual Report) presents City management's discussion and analysis (MD&A) of the City's financial performance during the fiscal year that ended on September 30, 2021. Please read this in conjunction with the City's financial statements and the accompanying notes, which follow this section, and the additional information furnished in the letter of transmittal in the introductory section of the Annual Report.

### FINANCIAL HIGHLIGHTS

- ❖ The assets and deferred outflows of resources of the City of Huntsville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$977.7 million (net position). Of this amount, the City had a deficit unrestricted net position of \$490.8 million offset by \$185.4 million in restricted net position and \$1.3 billion in net investment in capital assets.
- ❖ The primary government experienced a 15% increase in net position from \$847 million (restated) at September 30, 2020 to \$977.7 million at September 30, 2021.
- ❖ During the 2021 fiscal year, the City reorganized the financial statements to better aggregate and present fund information. Bottom line totals would not have changed; however, the presentation of fund combination and major fund calculation were altered. For purposes of the MD&A the city recalculated some subsections of the prior year statements to provide comparability and understanding in the year-over-year trends.
- ❖ At the close of fiscal 2021, the City's governmental funds reported a combined fund balance of \$344.4 million. This was an increase of \$45.2 million (15.1%) from the prior year (restated), consisting of the following significant amounts and changes:
  - Ending fund balance for the General Fund was \$111 million, an increase of \$37.5 million (51%) from fiscal year 2020 fund balance (restated).
  - The Grants Fund was \$9.2 million, an increase of \$7 million (319.4%) from fiscal year 2020 (restated), due to additional federal funding provided both as part of the pandemic recovery stimulus and new federal programs.
  - The Capital Projects Fund was \$166.6 million, a decrease of \$22.6 million (12%) from fiscal year 2020 (restated), this change is largely spend-down of borrowed funds for large multi-year capital projects.

More detailed information for each of the above is provided under the Governmental Funds subheading later in the MD&A.

- ❖ Of the \$344.4 million fund balance, \$244.3 million is restricted or has been allocated for certain purposes by the City Council, leaving a \$100.1 million balance (including \$29 million for General Fund contingencies).
- ❖ Sales and use tax, the City's single largest revenue source, increased by \$31.3 million (13.2%) across all funds during the 2021 fiscal year as compared to the prior fiscal year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of three parts: management’s discussion and analysis (this section), the basic financial statements, and the narrative notes to the financial statements. The basic financial statements include two kinds of statements that present different views of the City’s finances.

- ❖ The first two statements are government-wide financial statements that provide both long-term and short-term information about the City’s overall financial status.
- ❖ The remaining statements are fund financial statements that focus on individual elements of the City government, reporting the City’s operations in more detail than the government-wide statements.
  - The governmental funds statements tell how general government services like police, administration, and engineering were financed in the short-term, as well as what remains for future spending.
  - Proprietary funds statements offer short- and long-term financial information about the activities the government operates like businesses, such as the water pollution control system.
  - Fiduciary funds statements convey information about financial relationships in which the City acts solely as a trustee for the benefit of others. For this financial report, the City is trustee, or “fiduciary” for its retirees’ post-retirement healthcare benefits. The City is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

The financial statements also include narrative notes that explain some of the information in the financial statements and provide more details. Figure A shows how the required parts of this annual report are arranged and relate to one another.

Figure A

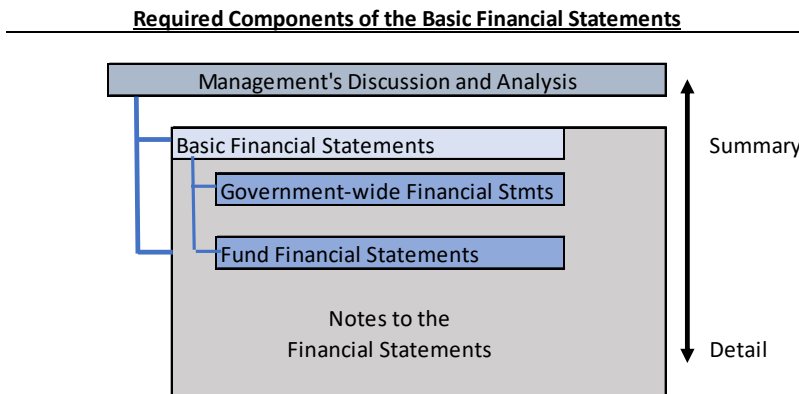


Figure B (on the following page) summarizes the major elements of the financial statements, explaining the portions of the City government included in each and the types of information contained therein. The remainder of this overview explains the structure and contents of each of the financial statements.

## Government-wide Statements

The government-wide financial statements report information about the City as a whole, using accounting methods similar to those used by private-sector companies.

- ❖ The statement of net position includes all of the government’s assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position.
- ❖ All of the fiscal year’s revenues and expenses are accounted for in the statement of activities, presenting the change in net position for the most recently completed fiscal year. All changes in net position (revenues and expenses) are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

To assess the overall economic health of the City, additional non-financial factors, such as changes in the City’s tax base, planning and zoning actions, and the condition of the City’s roads, other infrastructure and utility systems, should also be considered.

Figure B

**Major Elements of Huntsville's Government-wide and Fund Financial Statements**

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<b>Scope</b>	Primary Government (Entire City Government) and component units	The activities of the City that are not proprietary such as police, fire, and parks and recreation	Activities the City operates similar to private businesses such as sewer treatment activities (Water Pollution Control)	Instances in which the City is the trustee or agent for someone else's resources: Retiree OPEB Trust
<b>Required Financial Statements</b>	Statement of net position Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenue, expenses and changes in fund net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resource focus	Accrual accounting and economic resource focus
<b>Type of asset/liability</b>	All assets, deferred inflows, liabilities and deferred outflows, both financial and capital, short-term and long-term	Only assets and deferred inflows expected to be used up and liabilities and deferred outflows that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets, deferred inflows, liabilities and deferred outflows, both financial and capital, short-term and long-term	All assets, deferred inflows, liabilities and deferred outflows, both financial and capital, short-term and long-term
<b>Type of inflow/outflow</b>	All revenue and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year and expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year regardless of when it is received or paid	All revenues and expenses during the year regardless of when it is received or paid

The government-wide financial statements of the City are divided into three categories:

- ❖ Governmental activities. Most of the City’s basic services are included in this category, such as the services provided by the Police, Public Transit, General Services, Parks and Recreation,

Human Resources, and Finance departments. In addition, the Alabama Constitution Village Museums, Burritt on the Mountain, Huntsville-Madison County Public Library, Huntsville Museum of Art, and the Huntsville Tennis Center are part of the primary government and included with governmental activities. As a blended component unit, the Public Building Authority of the City of Huntsville is also in this section. General revenues from sales and use taxes, property taxes, charges for services, and state and federal grants finance most of these activities.

- ❖ Business-type activities. The City charges fees to customers to help cover the costs of certain services it provides to the public. The City's Water Pollution Control Fund, the Von Braun Center, the Benton H. Wilcox Municipal Ice Complex, and Orion Amphitheater are included in this category as enterprise funds.
- ❖ Discretely Presented Component Units. The City includes two other entities in this report. These entities include Huntsville Utilities and the Huntsville/Madison County Convention and Visitors Bureau. Please refer to Note 1 within the Notes to the Basic Financial Statements regarding the availability of separately issued agency and component unit financial statements.

### Fund Financial Statements

The fund financial statements provide more detailed information about the City's significant funds. Funds are groupings of related accounts that the City uses to keep track of specific revenues and spending for particular activities or objectives. Examples include:

- ❖ State law requires gasoline tax funds to be accounted for separately, because the expenditures are restricted for specific uses.
- ❖ The City Council establishes other funds to control the use of monies for particular purposes, such as property taxes that are legally assigned to tax financing districts or dedicated for support of the City school system.
- ❖ The City also establishes funds to demonstrate compliance with certain legally restricted revenue sources, such as tracking debt-financed capital projects and the spending of grant revenues.

The City has three kinds of funds:

- ❖ Governmental funds. Most of the City's basic services are accounted for in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flows in and out, and (2) the balances left at year-end that are available for spending in subsequent years. Consequently, the governmental fund statements provide a detailed, short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs following the completion of a fiscal year.

Because governmental fund information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Doing so provides a better understanding of the long-term impact of the government's short-term funding decisions. Both the balance sheet and the statement of revenues, expenditures, and changes in fund balances for governmental funds provide a reconciliation to facilitate this comparison

between governmental fund statements and government-wide statements on governmental activities.

- ❖ Proprietary funds. Services provided to the public for which customers pay a fee are generally reported in enterprise funds, which are a type of proprietary fund. Proprietary fund financial statements, like the government-wide statements, provide both long- and short-term financial information. Proprietary funds function like a business activity; therefore, the financial statements provide additional information, such as depreciation expense and cash flows, which are not presented for governmental funds.
- ❖ Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The Post-Retirement Benefits Trust fund accounts for the additions and deductions of the independent trust of the City's single employer, defined benefit retiree healthcare plan.

The City adopts an annual budget for its General Fund and most other governmental funds, for legal compliance, comparison, and reporting purposes. To show legal compliance, a comparison of budget to actual by activity (i.e. personnel, operating, capital, and other) is provided for the applicable funds.

**Notes to the basic financial statements:** The notes are an integral and essential part of the basic financial statements. They provide additional information that is important if the reader is to have a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

---

#### FINANCIAL ANALYSIS OF THE CITY (PRIMARY GOVERNMENT)

The City's *combined* net position at September 30, 2021 totaled \$977.7 million (see Table 1). Governmental Activities' net position increased by \$113.3 million (23.8%) to \$590.0 million, while Business-type Activities' net position increased \$17.5 million (4.7%) to \$387.8 million during the year.

The primary government's total net position increase of \$130.8 million (15.4%) in fiscal 2021 includes the following major changes: 1) an decrease in the deficit in unrestricted net position of \$76.8 million, 2) a decrease in restricted net position of \$23.7 million, and 3) an increase in net investment in capital assets of \$88.9 million.



Table 1

**City of Huntsville's Net Position**  
**September 30, 2021 and 2020**

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and noncurrent assets	\$ 410,033,999	\$ 355,701,525	\$ 54,025,383	\$ 45,983,458	\$ 464,059,382	\$ 401,684,983
Capital assets	1,417,198,287	1,324,095,856	403,606,113	397,393,857	1,820,804,400	1,721,489,713
Total assets	1,827,232,286	1,679,797,381	457,631,496	443,377,315	2,284,863,782	2,123,174,696
Deferred outflows of resources	66,589,613	58,832,647	3,937,571	5,194,712	70,527,184	64,027,359
Current liabilities	120,581,977	66,225,187	14,028,224	5,349,463	134,610,201	71,574,650
Noncurrent liabilities	1,167,810,438	1,190,883,079	58,904,472	72,777,028	1,226,714,910	1,263,660,107
Total liabilities	1,288,392,415	1,257,108,266	72,932,696	78,126,491	1,361,325,111	1,335,234,757
Deferred inflows of resources	15,449,659	15,426,808	867,007	856,858	16,316,666	16,283,666
<b>Net Position</b>						
Net investment in capital assets	922,731,448	845,980,859	360,462,901	348,297,507	1,283,194,349	1,194,278,366
Restricted	185,381,212	209,061,062	7,031	10,835	185,388,243	209,071,897
Unrestricted	(518,132,835)	(588,946,967)	27,299,432	21,280,336	(490,833,403)	(567,666,631)
Total net position	\$ 589,979,825	\$ 466,094,954	\$ 387,769,364	\$ 369,588,678	\$ 977,749,189	\$ 835,683,632

*Note: Net investment in capital assets and Unrestricted for Governmental Activities in the Prior Year was corrected for year-over-year comparability.*

### Governmental Activities

Net investment in capital assets (buildings, equipment, roads, etc.) is the primary component of Governmental Activities' net position. The net investment in capital assets at September 30, 2021 was \$922.7 million. Generally, the amount consists of governmental capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowing attributable to these assets. General obligation debt outstanding related to the capital assets was \$535.1 million. The increase of \$89.7 million from the prior year is due to growth in net capital assets of \$93.1 million along with the reduction of debt attributable to these assets.

The large negative unrestricted net position in fiscal year 2020 (\$588.9 million) and fiscal year 2021 (\$518.1 million) is partially the result of a common financing circumstance in Alabama. The City of Huntsville issues debt (repaid with legally dedicated ad valorem taxes) in the City's name for the benefit of Huntsville City Schools (HCS). HCS is not considered a component unit of the City and therefore not included in this financial presentation. The City must report the debt in its financial statements. However, the City typically does not have a legal right (title) to the assets associated with the debt (which are owned by HCS); hence, the large negative unrestricted net position balances. Total debt outstanding for school issues was \$194.3 million as of September 30, 2021. The last debt the City issued on behalf of the Board of Education was \$13.3 million in General Obligation Warrants and \$27.6 in Taxable General Obligation Warrants in October 2020 of this fiscal year. This issuance was to refund outstanding debt to take advantage of lower interest rates and therefore reduce annual debt service. Assets are not currently on hand to pay these liabilities; however, the City expects to pay the debt from annually recurring 6.5 mills property tax restricted for school purposes.

Table 2

<p>Table 2 displays detail of debt issued by the City to acquire or construct capital assets owned or accounted for by the schools, affecting the City's governmental unrestricted net position. Total City debt for the benefit of Huntsville City Schools outstanding at September 30, 2021, was \$194.3 million, a decrease of \$12.3 million (6.0%) from the prior year. This decrease results from the October 2020 refunding and principal repayments on existing debt during the year. Governmental Activities' unrestricted net position (excluding the effects of HCS debt) decreased by \$58.5 million to negative \$323.9 million at the end of fiscal 2021.</p>	<table border="0"> <thead> <tr> <th style="text-align: left;"><b>Net Position</b></th> <th style="text-align: right;"><b><u>2021</u></b></th> <th style="text-align: right;"><b><u>2020</u></b></th> </tr> </thead> <tbody> <tr> <td>Net investment in capital assets</td> <td style="text-align: right;">\$ 922,731,448</td> <td style="text-align: right;">\$ 845,980,859</td> </tr> <tr> <td>Restricted for:</td> <td></td> <td></td> </tr> <tr> <td>    Capital projects</td> <td style="text-align: right;">146,618,714</td> <td style="text-align: right;">189,600,433</td> </tr> <tr> <td>    City Schools</td> <td style="text-align: right;">414,121</td> <td style="text-align: right;">2,788,186</td> </tr> <tr> <td>    Debt Service</td> <td style="text-align: right;">10,503,722</td> <td style="text-align: right;">894,321</td> </tr> <tr> <td>    Other</td> <td style="text-align: right;">27,844,655</td> <td style="text-align: right;">15,778,122</td> </tr> <tr> <td>Unrestricted(deficit)</td> <td></td> <td></td> </tr> <tr> <td>    Governmental Activities</td> <td style="text-align: right;">(323,857,835)</td> <td style="text-align: right;">(382,330,131)</td> </tr> <tr> <td>    <i>City School</i></td> <td style="text-align: right;"><i>(194,275,000)</i></td> <td style="text-align: right;"><i>(206,616,836)</i></td> </tr> <tr> <td><b>Total Net Position-Governmental</b></td> <td style="text-align: right;"><b>\$ 589,979,825</b></td> <td style="text-align: right;"><b>\$ 466,094,954</b></td> </tr> </tbody> </table>	<b>Net Position</b>	<b><u>2021</u></b>	<b><u>2020</u></b>	Net investment in capital assets	\$ 922,731,448	\$ 845,980,859	Restricted for:			Capital projects	146,618,714	189,600,433	City Schools	414,121	2,788,186	Debt Service	10,503,722	894,321	Other	27,844,655	15,778,122	Unrestricted(deficit)			Governmental Activities	(323,857,835)	(382,330,131)	<i>City School</i>	<i>(194,275,000)</i>	<i>(206,616,836)</i>	<b>Total Net Position-Governmental</b>	<b>\$ 589,979,825</b>	<b>\$ 466,094,954</b>
<b>Net Position</b>	<b><u>2021</u></b>	<b><u>2020</u></b>																																
Net investment in capital assets	\$ 922,731,448	\$ 845,980,859																																
Restricted for:																																		
Capital projects	146,618,714	189,600,433																																
City Schools	414,121	2,788,186																																
Debt Service	10,503,722	894,321																																
Other	27,844,655	15,778,122																																
Unrestricted(deficit)																																		
Governmental Activities	(323,857,835)	(382,330,131)																																
<i>City School</i>	<i>(194,275,000)</i>	<i>(206,616,836)</i>																																
<b>Total Net Position-Governmental</b>	<b>\$ 589,979,825</b>	<b>\$ 466,094,954</b>																																

The City's governmental activities had an overall positive net position of \$590.0 million at the end of the 2021 fiscal year, an increase of \$113.3 million or 23.8%. This is the combination of the increase in cash and capital assets that produced the slight upward change.

#### Change in Net Position

The City's net position increased by \$130.8 million during the 2021 fiscal year. This overall increase is a combined makeup of 1) an increase in governmental activities at \$113.3 million or 23.8% over the prior year net position (restated) due to revenues outperforming expectations and receipt of operating and capital grants from new federal programs, and 2) an increase in the net position for business-type activities of \$17.5 million or 4.7% over the prior year, which is the result of the increase in revenue and receipt of a large grant. Key elements of these changes in net position are shown in Table 3.

Table 3

**Change in Net Position**

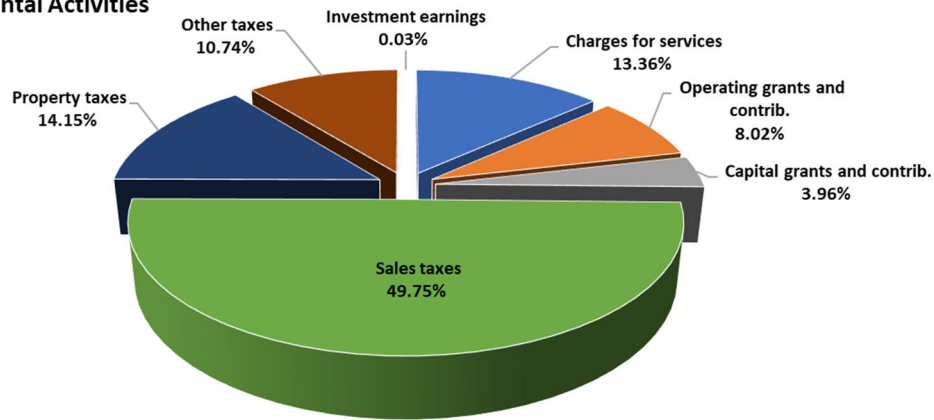
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 72,098,805	\$ 53,657,642	\$ 52,077,697	\$ 49,352,195	\$ 124,176,502	\$ 103,009,837
Operating grants and contri	43,270,521	34,845,297	5,807,003	-	49,077,524	34,845,297
Capital grants and contrib.	21,343,474	1,911,872	-	-	21,343,474	1,911,872
General Revenue						
Sales and use taxes	268,438,074	237,141,754	-	-	268,438,074	237,141,754
Property taxes	76,367,185	71,077,318	-	-	76,367,185	71,077,318
Other taxes	57,945,218	50,507,374	-	-	57,945,218	50,507,374
Interest on investments	140,105	2,392,856	8,485	53,608	148,590	2,446,464
Other	-	10,336,324	18,262	-	18,262	10,336,324
<b>Total revenues</b>	<b><u>539,603,382</u></b>	<b><u>461,870,437</u></b>	<b><u>57,911,447</u></b>	<b><u>49,405,803</u></b>	<b><u>597,514,829</u></b>	<b><u>511,276,240</u></b>
<b>Expenses</b>						
General Government	43,096,775	50,812,549	-	-	43,096,775	50,812,549
Public safety	112,621,010	109,793,988	-	-	112,621,010	109,793,988
Public services	136,316,561	133,287,434	-	-	136,316,561	133,287,434
Urban development	58,723,240	86,174,623	-	-	58,723,240	86,174,623
Interest on long-term debt	34,079,637	41,202,782	-	-	34,079,637	41,202,782
Unallocated depreciation	32,037,096	31,867,177	-	-	32,037,096	31,867,177
Water Pollution Control	-	-	32,227,814	29,678,995	32,227,814	29,678,995
Other	-	-	17,636,025	16,837,588	17,636,025	16,837,588
<b>Total expenses</b>	<b><u>416,874,319</u></b>	<b><u>453,138,553</u></b>	<b><u>49,863,839</u></b>	<b><u>46,516,583</u></b>	<b><u>466,738,158</u></b>	<b><u>499,655,136</u></b>
Net change	122,729,063	8,731,884	8,047,608	2,889,220	130,776,671	11,621,104
Transfers	(9,423,115)	(7,185,921)	9,423,115	7,185,921	-	-
	-	-	-	-	-	-
<b>Change in net position</b>	<b>113,305,948</b>	<b>1,545,963</b>	<b>17,470,723</b>	<b>10,075,141</b>	<b>130,776,671</b>	<b>11,621,104</b>
Net position, beginning-resta	476,673,877	464,548,991	370,298,641	359,513,537	846,972,518	824,062,528
Net position, ending	<b><u>\$589,979,825</u></b>	<b><u>\$ 466,094,954</u></b>	<b><u>\$387,769,364</u></b>	<b><u>\$ 369,588,678</u></b>	<b><u>\$ 977,749,189</u></b>	<b><u>\$ 835,683,632</u></b>

*Note: Prior year expenses for Governmental Activities was changed to reflect Unallocated depreciation and loss on asset sale to more accurately reflect year-over-year comparability.*

General Revenues in governmental activities increased by \$31.4 million or 8.5% over the prior year and Program Revenues increased by 51.2% or \$46.3 million, resulting in an increase of 16.8% or \$77.7 million overall. Sales and Use taxes led the increase under General Revenues with total revenues of \$268.4 million, an increase of \$31.3 million or 13.2% over the prior year. Graph 1 show Sales and Use taxes are the largest revenue stream of the City. Earmarked for multiple purposes, Sales and Use taxes fund almost half of all governmental activities. Assessed at a rate of 4.5% on taxable sales within the City limits, the current year increase was the result of double-digit growth in the last five months of the fiscal year, a post pandemic anomaly. Property taxes also contributed greatly to the healthy increase in revenue; rising \$5.3 million or 7.4% to \$76.4 million, the growth in ad valorem tax collection reflected the strength in the Huntsville property market and demand for housing as the City's population continued to grow.

Graph 1

**Revenues by Source  
Governmental Activities**



Governmental expenses in Table 3 decreased by \$36.3 million or 8.0% to \$416.9 million. Changes within expense types were nominal except for expenses under the category of Urban Development. Expenses under this title decreased by \$27.5 million or 31.9%. In the prior year there was a large loss on a donated asset, which moved this expense line up, this change offset by current year increases in professional services and maintenance and repairs expenses made up this difference. Like business-type expenses, the City's population expansion has necessitated the need of these types of expenses to provide and support economic development in commercial and industrial centers. Business-type expenses increased by \$3.3 million mainly due to personnel expenses and construction material rise in Water Pollution Control. With the progress of the City the demand on sewer services continue as well.

**Business-Type Activities**

Business-type activities increased the City's overall net position by \$17.5 million, bringing total net position for business-type activities to \$387.8 million. A part of this change to net position were shifts in asset and liability accounts in the business-type assets. Fiscal year 2021's growth in revenue allowed cash liquidity to increase, enabling the receivable for pooled investment in assets to be reduced. The decrease in liabilities of \$5.2 million is mainly attributable to a reduction in debt outstanding due, both to the refunding issuance by the City in October 2020, and payments of principal during the current fiscal year.

Charges for services of the City's business-type activities were \$52.1 million for the fiscal year ended September 30, 2021. These revenues increased approximately \$2.7 million or 5.5% as compared to the prior fiscal year. Expenses for the City's business-type activities increased by \$3.3 million or 7.2% to \$49.9 million. Because of the full accrual accounting of business-type activities, we can move directly into details that make up the business activities pulled from the individual proprietary funds.

Overall operating income (operating revenues over expenses) was \$2.2 million across all enterprise entities of the City. Adding in non-operating items such as interest expense and transfers, the net change in net position was positive in the amount of \$17.5 million. This was the result of several factors, including the following:

- ❖ Water Pollution Control charges for services increased by 2% to \$42.9 million which is consistent with past years. Operating expenses increased by 10% to \$31.6 million; the rise is accredited to an

increase in materials and supplies needed due to the continued expansion of the sewer system, in addition to growth in personnel cost. Reduction in interest expense added to the positive change. When totaled revenue and expenses produced an increase in fiscal year 2021 net position of \$11.5 million overall.

- ❖ The Von Braun Center (VBC) revenues increased over the prior year by \$557 thousand to \$7 million. This was still well below the fiscal year 2019 prepandemic revenue of \$10.9 million. This large multi-purpose event center was severely impacted by the pandemic. Like other entertainment venues, the VBC was closed for a portion of fiscal year 2020, and while improving, sales and ticketed events were slow to return until summer of 2021. Operating expenses have remained consistent with the prior years at \$14.4 million. The VBC received over \$5.8 million from the Shuttered Venues Operators Grant, as from the Small Business Administration as part of the American Rescue Plan Act. Between this grant, capital contributions of \$4.3 million and transfers of \$2.9 million, the change to net position was a positive \$5.7 million.
- ❖ The Benton H. Wilcoxon Municipal Ice Complex (Ice complex) saw resurgence in revenue close to prepandemic levels at \$1.3 million. Spending also rose from last year to match fiscal year 2019 at \$1.4 million. The administration has worked to control spending and increase revenue; however, the result was a decrease in net position of \$109 thousand.
- ❖ The City began construction on an amphitheater during fiscal year 2020 which is slated to open in May of 2022. The facilities will be owned by the Public Building Authority and leased to the City for operation. The City has contracted with a management group incurring personnel and operating costs of \$1.8 million for fiscal year 2021 prior to the opening. This amount is offset by transfers from the City. This combination brought the change in net position to \$301 thousand, bringing net position to zero.

### Financial Analysis of the City’s Funds

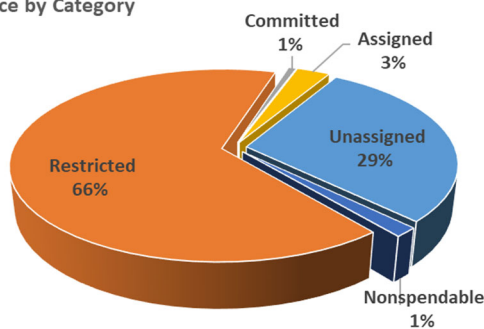
The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information is useful in assessing the City’s financing requirements.

Graph 2

Fund Balance by Category



At the end of the fiscal year, the City’s governmental funds reported combined ending fund balances of \$344.4 million. As shown in Graph 2, within this total, \$5.4 million is nonspendable mainly in the form of prepaid items, \$226.1 million is restricted by specific legal requirements such contractual obligations, \$2.5 million has been committed to Cummings Research Park, and \$10.4 million assigned to specific types of expenditures, which include cemetery perpetual care and the public library.

Unassigned fund balance is \$100.1 million and can be used for any lawful purpose.

Table 4 describes the fund balance categories and provides the amounts associated with each.

Table 4

**Fund Balance Categories**

	<u>2021</u>
<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.	\$ 5,424,252
<b>Restricted</b> - Amounts that are restricted for specific purposes by federal or state law, or contractual obligations.	226,052,374
<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.	2,473,701
<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.	10,406,533
<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.	100,064,641
	<u>\$ 344,421,501</u>

The General Fund is the City’s chief operating fund; it accounts for almost all the departmental operations of the City. The fund balance of the City’s General Fund increased by \$37.5 million during the current fiscal year to \$111 million at year-end, which includes a \$100.8 million unassigned fund balance (\$29 million of this amount is held for contingencies). The increase of the fund balance from the prior year contains some significant changes in components as noted below:

- ❖ Sales and Use Taxes increased by \$17.9 million or 13.8%. This increase includes \$2.6 million for tax on online sales, captured through the Simplified Sellers Use Tax (SSUT), remitted by the State of Alabama. The overall increase is overwhelmingly comprised of sales tax revenue, which grew an average of 19% in monthly revenue from May through September of the fiscal year, as compared to the same period in the prior year. The effect of ‘pent up’ demand, population growth, and new commercial activities fueled the sales tax increase which was evident across the State of Alabama.
- ❖ Licenses and permits were up by \$4 million or 12.4% to \$36.5 million in revenue. The majority of this increase came in permit revenue. Despite the pandemic, Huntsville continues to build and construct. All types of permits rose in value and quantities, but building permits increased by 61% over last fiscal year.
- ❖ The City received \$9.3 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act reimbursement for costs incurred during the pandemic in the prior fiscal year.
- ❖ Expenditures increased by \$1.4 million or 0.6%. Health care cost, technological costs, and rise in salaries across departments contributed to the increase in expenditures to the general fund.

The Debt Service Fund accounts for almost all principal and interest payments on long term debt, made by the City. Through transfers made by other funds, the amounts are allocated to appropriate cost centers across the City. Expenditures decreased by \$3.4 million due to the refunding which occurred early in the fiscal year. Ending fund balance remains negligible at \$12,943, which is restricted for payment of debt service.

The Grants Fund accounts for large federal grants received by the City. Included for this fiscal year are the Federal Transit Authority funding for Huntsville's public transit system, Community Development Block Grant Funds and Choice Housing Grant managed by the Community Development department, and American Rescue Plan Act (ARPA) funding. At the fiscal year end, the total fund balance was \$9.2 million, the majority of which is restricted by state or federal law for use specified by the applicable grant documents. This fund saw an increase in cash and unearned revenue of approximately \$19.5 million due to the influx of the ARPA funding of which the planned spending has not been realized.

The Capital Projects Fund encompasses both the 1990 and 2014 Capital Plans. At the end of the fiscal year the total fund balance was \$166.6 million, all of which is restricted. The balance decreased by \$22.6 million primarily due to construction spending. Capital expenditures, including fleet as well as building and infrastructure, totaled over \$141 million, a decrease of 12% from the prior year.

### Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the enterprise funds increased \$18.2 million or 4.9% in 2021.

The Water Pollution Control fund net position increased \$11.5 million or 4%; operating revenues increased by 4.5%, or \$1.9 million, due to growth in the system which is directly attributable to the population growth. Operating expenses increased by \$3.1 million representing an increase in personnel costs and supplies. This combined with non-operating revenues and expenses produced a total increase of \$11.5 million bringing net position to \$299 million.

The Von Braun Center (VBC) Fund net position increased by \$5.7 million. As discussed in a previous section, the VBC saw a rebound in sales revenue to \$7 million although not to the level of prepandemic years. The Shuttered Venues Operators Grant revenue of \$5.8 million and other governmental contributions softened the deficit in operations and produced a positive change in net position of \$5.7 million, bringing net position of \$87.3 million.

### General Fund Budgetary Highlights

The final General Fund fiscal year 2021 budget projected \$251.9 million in revenues. Actual revenues totaled \$280.0 million or \$28.1 million over budget. A key component to the increase was sales and use taxes at \$17.4 million over final budget due to a better-than-expected economic rebound from the downturn caused by the pandemic.

Appropriations were approved for \$231.5 million in expenditures. During the current year, the actual expenditures were \$222.4 million, which was \$9.1 million under final budget. Labor shortages resulted in lower than anticipated personnel expenditures of \$7.9 million, which made up the majority of the savings.

Actual amounts in the General Fund resulted in an increase of \$37.5 million bringing the ending fund balance to \$111.0 million. This variance was mainly the result of better-than-expected revenue collections and savings in departmental personnel spending.

## Capital Asset and Debt Administration

### Capital Assets

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

Table 6

	City of Huntsville's Capital Assets (net of accumulated depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 125,725,100	\$ 121,931,549	\$ 8,110,933	\$ 8,110,933	\$ 133,836,033	\$ 130,042,482
Construction -in-progress	189,532,250	143,140,586	5,865,467	2,030,327	195,397,717	145,170,913
Land improvements	56,336,890	41,902,530	-	-	56,336,890	41,902,530
Buildings and improvements	238,090,433	187,131,876	385,104,891	382,580,447	623,195,324	569,712,323
Infrastructure	764,820,147	790,220,112	-	-	764,820,147	790,220,112
Other	42,693,467	39,769,203	4,524,822	4,672,150	47,218,289	44,441,353
	<u>\$ 1,417,198,287</u>	<u>\$ 1,324,095,856</u>	<u>\$ 403,606,113</u>	<u>\$ 397,393,857</u>	<u>\$ 1,820,804,400</u>	<u>\$ 1,721,489,713</u>

The City's investment in capital assets for governmental and business-type activities as of September 30, 2021 totals \$1.8 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 \$99.3 million in fiscal year 2021, including \$158.1 million of net additions less \$58.8 million of depreciation.

The largest capital acquisitions during the year were as follows:

Largest Capital Asset Additions Fiscal Year 2021		Amount Capitalized
Old Highway 20 Rail Bridge	<i>Construction in progress</i>	\$ 30,507,545
Orion Amphitheater	<i>Construction in progress</i>	\$ 20,978,527
Greenbriar Parkway	<i>Construction in progress</i>	\$ 17,168,565
Monroe St. Garage	<i>Construction in progress</i>	\$ 12,307,686
Green St. Garage	<i>Buildings</i>	\$ 6,956,341
Public Safety Training Facility	<i>Buildings</i>	\$ 6,400,401
South Huntsville Library	<i>Buildings</i>	\$ 6,351,230

More information on capital assets for the City of Huntsville can be found in the Notes to the Financial Statements under the Note 5 Capital Assets.

### Debt

At year-end, the City had \$869.1 million in bonds, notes and warrants outstanding as compared to \$865.9 million at the end of the prior fiscal year, an increase of \$3.2 million or 0.4%.



Table 7

	Outstanding Debt at Year-End					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation Warrants	\$ 657,465,984	\$ 695,467,705	\$ 36,114,242	\$ 41,267,297	\$ 693,580,226	\$ 736,735,002
Revenue Warrants	94,268,950	81,439,879	2,245,000	4,300,000	96,513,950	85,739,879
Lease revenue bonds	79,055,000	43,465,000	-	-	79,055,000	43,465,000
	<u>\$ 830,789,934</u>	<u>\$ 820,372,584</u>	<u>\$ 38,359,242</u>	<u>\$ 45,567,297</u>	<u>\$ 869,149,176</u>	<u>\$ 865,939,881</u>

In November of 2020, the City issued a series of refunding taxable and general obligation warrants for the benefit of the City and Huntsville City Schools. General Obligation Warrants 2020-A and B in the amount of \$34,630,000 and \$13,265,000 respectively, and Taxable General Obligation Warrants 2020-C and D in the amounts of \$31,210,000 and \$27,610,000 respectively, were issued to refund in whole or part of various City general obligation warrants (including those for Water Pollution Control). This created savings to the City and School Board each year of remaining payments. Within this issuance a portion of TIF 3A debt was fulfilled.

In December of 2020, the City issued a general obligation warrant in the amount of \$15 million (2020E) for the continued construction of public infrastructure in the Tax Increment Financing District 7 (TIF7). TIF 7 supports the economic development improvements in the western growth corridor in Huntsville. Industries included Toyota Mazda and surrounding support companies.

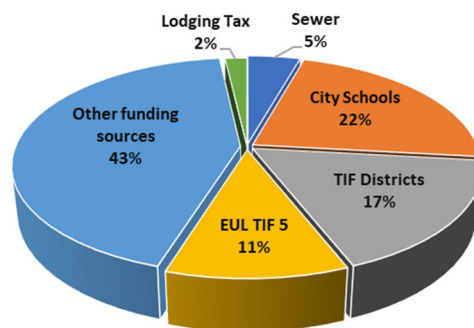
The City issued two taxable revenue warrants in the amount of \$6 million and \$2.5 million respectively, in June and August of 2021 for the construction of public improvements in the City’s Tax Increment Financing District 5 (TIF%). TIF 5 is an Enhanced Use Lease area within the U.S. Army’s Redstone Arsenal (EUL Warrants).

With the adjustments created by the issuances and refunded debt above and normal payments on outstanding principal balances, the City saw a small increase in it’s overall debt of \$3.2 million mentioned above.

Although much of the City’s debt is issued as General Obligation, considerable amounts of debt service and outstanding amounts have dedicated revenue sources. As shown in Graph 3, these sources include ad valorem taxes, which are separated and accounted for to pay debt service (principal and interest) of capital projects for Huntsville City Schools and TIF districts. Lodging Taxes are set aside to pay for the debt service of City owned entertainment venues, such as the Von Braun Center. Sewer charges and fees pay debt service associated with expansion and repair of the Water Pollution Control plant and intake system.

Graph 3

Debt Outstanding - Funding Source



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, 2021, the City's allocable debt outstanding was \$292.6 million less than the legal debt limit.

Additional information regarding the City's long-term debt can be found in Note 6 accompanying these financial statements.

### 2022 Budget

The 2020 census placed Huntsville as the largest city in Alabama with a population over 215,000. The fiscal year 2022 budget reflects the growth in tax base and the demands from our community on City services. Due to the existing threat of emerging coronavirus variants spreading in the community, management continued to recommend a conservative budget looking to a robust mid-year review. Revenue and operating costs were budgeted with little to no increase from the prior year.

The 2022 General Fund budget was adopted with \$244.8 million in projected revenues. With the last quarter of 2021 showing well over 20% rise in revenue, the 2022 original budget was below final budget by \$7.1 million or 2.8% and \$244.8 million in expenditures up from the 2021 final budget by \$13.3 million or 5.7%.

Huntsville's economic growth and continued expansion in the housing and commercial building markets should keep revenues growing at a sound pace. The fiscal year 2022 budget is designed to meet the expectations of a fast-paced progressive City with enough flexibility to react to economic uncertainties including, but not limited to labor shortages, supply chain disruptions, and inflation.

### 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).

CITY OF HUNTSVILLE, ALABAMA

STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 337,488,218	\$ 31,872,938	\$ 369,361,156	\$ 65,315,687
Investments	-	-	-	16,836,629
Restricted Assets				
Cash and Cash Equivalents	-	-	-	18,640,898
Investments	-	-	-	46,910,296
Receivables (net of allowances for uncollectibles)	39,177,193	7,991,521	47,168,714	66,026,170
Other assets	-	-	-	4,982,409
Due from other governments	10,149,146	692,749	10,841,895	-
Internal Balances	(11,226,611)	11,226,611	-	-
Prepaid Items	6,490,512	340,760	6,831,272	195,463
Inventories	246,016	886,578	1,132,594	21,666,125
Total Current Assets	382,324,474	53,011,157	435,335,631	240,573,677
Noncurrent Assets				
Restricted Assets				
Cash and Cash Equivalents	27,709,525	1,007,031	28,716,556	50,469,613
Investments	-	-	-	19,093,128
Other assets	-	7,195	7,195	979,870
Capital Assets				
Nondepreciable assets	315,257,350	13,976,400	329,233,750	41,585,944
Capital Assets (net of accumulated depreciation)	1,101,940,937	389,629,713	1,491,570,650	764,310,595
Total Capital Assets (net of accumulated depreciation)	1,417,198,287	403,606,113	1,820,804,400	805,896,539
Total Noncurrent Assets	1,444,907,812	404,620,339	1,849,528,151	876,439,150
Total Assets	1,827,232,286	457,631,496	2,284,863,782	1,117,012,827
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows from pension	33,594,296	2,898,566	36,492,862	20,496,342
Deferred outflows from OPEB	19,109,378	1,039,005	20,148,383	1,141,806
Deferred loss on debt refunding	13,885,939	-	13,885,939	5,602,924
Excess consideration provided for acquisition	-	-	-	5,178,646
Total Deferred Outflows of Resources	66,589,613	3,937,571	70,527,184	32,419,718
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	22,285,128	2,595,768	24,880,896	50,779,270
Accrued liabilities	8,346,282	1,330,037	9,676,319	8,458,844
Retainage payable	4,988,563	169,113	5,157,676	-
Other payables	1,142,664	2,922	1,145,586	4,585,177
Unearned Revenue	19,776,612	4,203,861	23,980,473	301,834
Interest payable	16,066,247	-	16,066,247	1,839,089
Current portion of long-term liabilities	47,976,481	5,726,523	53,703,004	17,092,090
Total Current Liabilities	120,581,977	14,028,224	134,610,201	83,056,304
Noncurrent Liabilities				
Net pension liability	204,545,101	17,786,531	222,331,632	94,313,366
Net OPEB liability	68,749,234	3,737,996	72,487,230	30,883,613
Long-term liability - Due in more than one year, net	894,516,103	37,379,945	931,896,048	247,883,664
Total Noncurrent Liabilities	1,167,810,438	58,904,472	1,226,714,910	373,080,643
Total Liabilities	1,288,392,415	72,932,696	1,361,325,111	456,136,947
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows from pension	772,301	67,156	839,457	1,289,749
Deferred inflows from OPEB	14,677,358	798,029	15,475,387	13,230,799
Deferred gain on debt refunding	-	1,822	1,822	-
Total Deferred Inflows of Resources	15,449,659	867,007	16,316,666	14,520,548
<b>NET POSITION</b>				
Net Investment in Capital Assets	922,731,448	360,462,901	1,283,194,349	610,614,525
Restricted for:				
General government	3,053,822	-	3,053,822	-
Capital projects	146,618,714	-	146,618,714	-
General grants	11,926,261	-	11,926,261	-
Debt service	10,503,722	-	10,503,722	-
Culture and tourism	8,011,773	-	8,011,773	-
Public safety	2,225,855	-	2,225,855	-
Public service	327,904	7,031	334,935	-
Streets and highways	2,299,040	-	2,299,040	-
School support	414,121	-	414,121	-
Other	-	-	-	65,882,310
Unrestricted	(518,132,835)	27,299,432	(490,833,403)	2,278,215
Total Net Position	\$ 589,979,825	\$ 387,769,364	\$ 977,749,189	\$ 678,775,050

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

CITY OF HUNTSVILLE, ALABAMA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

FUNCTIONS / PROGRAMS	Program Revenues				Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<b>Primary Government</b>								
Governmental Activities								
General government	\$ 43,096,775	\$ 33,164,228	\$ 18,092,803	\$ 9,319,283	\$ 17,479,539	\$ -	\$ 17,479,539	
Public safety	112,621,010	4,436,494	-	1,571,313	(106,613,203)	-	(106,613,203)	
Public services	136,316,561	23,597,804	2,990,716	9,952,290	(99,775,751)	-	(99,775,751)	
Urban development	58,723,240	10,900,279	22,187,002	500,588	(25,135,371)	-	(25,135,371)	
Unallocated depreciation expense	32,037,096	-	-	-	(32,037,096)	-	(32,037,096)	
Interest on long-term debt	34,079,637	-	-	-	(34,079,637)	-	(34,079,637)	
Total Governmental Activities	<u>416,874,319</u>	<u>72,098,805</u>	<u>43,270,521</u>	<u>21,343,474</u>	<u>(280,161,519)</u>	<u>-</u>	<u>(280,161,519)</u>	
Business-Type Activities								
Water pollution control fund	32,227,814	43,727,045	-	-	-	11,499,231	11,499,231	
Von Braun Center fund	14,416,297	7,043,445	5,807,003	-	-	(1,565,849)	(1,565,849)	
Nonmajor proprietary fund	3,219,728	1,307,207	-	-	-	(1,912,521)	(1,912,521)	
Total Business-Type Activities	<u>49,863,839</u>	<u>52,077,697</u>	<u>5,807,003</u>	<u>-</u>	<u>-</u>	<u>8,020,861</u>	<u>8,020,861</u>	
Total Primary Government	<u>\$ 466,738,158</u>	<u>\$ 124,176,502</u>	<u>\$ 49,077,524</u>	<u>\$ 21,343,474</u>	<u>\$ (280,161,519)</u>	<u>\$ 8,020,861</u>	<u>\$ (272,140,658)</u>	
<b>Component Units</b>								
All component units	\$ 589,331,194	\$ 643,923,201	\$ -	\$ 8,225,790				\$ 62,817,797
Total Component Units	<u>\$ 589,331,194</u>	<u>\$ 643,923,201</u>	<u>\$ -</u>	<u>\$ 8,225,790</u>				<u>\$ 62,817,797</u>
<b>General Revenues</b>								
Taxes								
Sales and use tax					\$ 268,438,074	\$ -	\$ 268,438,074	\$ -
Property tax					76,367,185	-	76,367,185	-
Other taxes					57,945,218	-	57,945,218	1,466,327
Gain on disposal of capital assets					-	-	-	341,708
Unrestricted investment earnings					140,105	8,485	148,590	966,292
Other income					-	18,262	18,262	2,635,964
Transfers					(9,423,115)	9,423,115	-	-
Total General Revenues and Transfers					<u>393,467,467</u>	<u>9,449,862</u>	<u>402,917,329</u>	<u>5,410,291</u>
Change in Net Position					113,305,948	17,470,723	130,776,671	68,228,088
Net Position, Beginning of Year, Restated					476,673,877	370,298,641	846,972,518	610,546,962
Net Position, End of Year					<u>\$ 589,979,825</u>	<u>\$ 387,769,364</u>	<u>\$ 977,749,189</u>	<u>\$ 678,775,050</u>

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

CITY OF HUNTSVILLE, ALABAMA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021

	General Fund	Grants Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 140,035,090	\$ 26,279,121	\$ 108,810,499	\$ 12,943	\$ 62,350,565	\$ 337,488,218
Restricted cash	-	-	27,709,525	-	-	27,709,525
Receivables (net of allowances for uncollectibles)						
Accounts	22,402,497	623,993	8,412,852	-	5,433,463	36,872,805
Notes	-	2,304,388	-	-	-	2,304,388
Due from other governments	304,984	2,350,177	7,261,345	-	232,640	10,149,146
Due from other funds	96,579	-	25,015,796	-	-	25,112,375
Advance to other funds	1,145,822	-	-	-	-	1,145,822
Prepaid items	990,920	5,901	2,852,172	-	2,641,519	6,490,512
Inventories	170,683	-	-	-	75,333	246,016
Total assets	\$ 165,146,575	\$ 31,563,580	\$ 180,062,189	\$ 12,943	\$ 70,733,520	\$ 447,518,807
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>						
<b>Liabilities</b>						
Accounts payable	\$ 8,144,218	\$ 222,597	\$ 4,711,812	\$ -	\$ 9,206,501	\$ 22,285,128
Accrued liabilities	7,929,627	-	-	-	416,655	8,346,282
Retainage payable	2,181	-	3,031,078	-	1,955,304	4,988,563
Unearned revenue	40,863	19,556,100	-	-	179,649	19,776,612
Due to other funds	36,242,407	-	-	-	96,579	36,338,986
Advance from other funds	-	-	-	-	1,145,822	1,145,822
Other payables	1,142,664	-	-	-	-	1,142,664
Total liabilities	53,501,960	19,778,697	7,742,890	-	13,000,510	94,024,057
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - taxes	597,288	-	-	-	143,617	740,905
Unavailable revenue - intergovernmental	-	2,596,211	5,736,133	-	-	8,332,344
Total deferred inflows of resources	597,288	2,596,211	5,736,133	-	143,617	9,073,249
<b>Fund Balance</b>						
<b>Nonspendable:</b>						
Prepaid items	990,920	5,901	-	-	2,641,519	3,638,340
Inventory	170,683	-	-	-	75,333	246,016
Advances	1,145,822	-	-	-	-	1,145,822
Endowments	-	-	-	-	394,074	394,074
<b>Restricted:</b>						
General government	3,053,822	-	-	-	-	3,053,822
Capital projects	-	-	166,583,166	-	20,706,710	187,289,876
General grants	2,743,490	9,182,771	-	-	-	11,926,261
Debt service	-	-	-	12,943	10,490,779	10,503,722
Culture and tourism	-	-	-	-	8,011,773	8,011,773
Public safety	-	-	-	-	2,225,855	2,225,855
Public service	-	-	-	-	327,904	327,904
Streets and highways	-	-	-	-	2,299,040	2,299,040
School support	-	-	-	-	414,121	414,121
<b>Committed:</b>						
Cumming Research Park	-	-	-	-	2,473,701	2,473,701
<b>Assigned:</b>						
General government	501,949	-	-	-	-	501,949
Public safety	270,554	-	-	-	-	270,554
Public service	183,079	-	-	-	-	183,079
Urban development	216,311	-	-	-	-	216,311
Public Library	-	-	-	-	3,796,246	3,796,246
Huntsville Tennis Center	-	-	-	-	276,664	276,664
Cemetery perpetual care	-	-	-	-	4,161,730	4,161,730
Jail maintenance	1,000,000	-	-	-	-	1,000,000
Unassigned	100,770,697	-	-	-	(706,056)	100,064,641
Total fund balances	111,047,327	9,188,672	166,583,166	12,943	57,589,393	344,421,501
Total liabilities, deferred inflows of resources and fund balances	\$ 165,146,575	\$ 31,563,580	\$ 180,062,189	\$ 12,943	\$ 70,733,520	

Amounts reported for governmental activities in the statement of net position are different because:

Fund balance of governmental funds		\$ 344,421,501
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.		1,417,198,287
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		9,073,249
Deferred outflows and inflows of resources as well as the net pension and OPEB liability related to the City's pension and OPEB plan are not expected to be liquidated with expendable, available financial resources, and, therefore, are not reported in the governmental funds.		
Deferred outflows related to the City's pension plan	\$ 33,594,296	
Deferred inflows related to the City's pension plan	(772,301)	
Deferred outflows related to the City's OPEB plan	19,109,378	
Deferred inflows related to the City's OPEB plan	(14,677,358)	
Net pension liability	(204,545,101)	
OPEB liability	(68,749,234)	(236,040,320)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds and warrants payable	\$ (830,789,934)	
Plus unamortized bond issuance premiums	(76,971,899)	
Accrued interest payable	(16,066,247)	
Deferred charges on refunding	13,885,939	
Claims and judgements	(4,995,751)	
Compensated absences	(29,735,000)	(944,672,892)
Net position of governmental activities		\$ 589,979,825

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

**CITY OF HUNTSVILLE, ALABAMA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Taxes	\$ 203,739,750	\$ -	\$ 90,699,849	\$ -	\$ 108,278,098	\$ 402,717,697
Licenses and permits	36,532,679	-	-	-	-	36,532,679
Fines and forfeitures	2,322,943	242,500	-	-	1,454,107	4,019,550
Charges for services	23,968,956	532,489	-	-	474,538	24,975,983
Intergovernmental	10,874,613	14,713,499	23,842,387	-	4,688,703	54,119,202
Interest	35,588	9,565	22,395	22,275	50,282	140,105
Miscellaneous revenues	2,527,044	559,364	18,226,527	-	2,560,990	23,873,925
Total Revenues	<u>280,001,573</u>	<u>16,057,417</u>	<u>132,791,158</u>	<u>22,275</u>	<u>117,506,718</u>	<u>546,379,141</u>
<b>EXPENDITURES</b>						
Current:						
General government	41,552,553	-	3,944	-	585	41,557,082
Public safety	99,614,429	-	-	-	1,054,199	100,668,628
Public services	66,740,348	7,253,230	11,529,739	-	17,950,196	103,473,513
Urban development	14,520,018	8,353,387	111,251	-	3,505,455	26,490,111
Intergovernmental assistance	-	-	-	-	29,961,029	29,961,029
Capital Outlay	-	1,432,714	130,204,735	-	35,736,215	167,373,664
Debt Service						
Principal	-	-	-	38,475,182	1,410,001	39,885,183
Interest and fiscal charges	-	-	-	29,959,328	2,823,718	32,783,046
Issuance costs	-	-	2,858	-	1,163,812	1,166,670
Total Expenditures	<u>222,427,348</u>	<u>17,039,331</u>	<u>141,852,527</u>	<u>68,434,510</u>	<u>93,605,210</u>	<u>543,358,926</u>
Excess (deficiency) of revenues over expenditures	57,574,225	(981,914)	(9,061,369)	(68,412,235)	23,901,508	3,020,215
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of capital assets	689,276	-	1,242,133	-	47,227	1,978,636
Debt issuance	-	-	-	-	159,598,374	159,598,374
Payment to escrow agent	-	-	-	-	(114,349,148)	(114,349,148)
Transfers in	3,000,000	7,979,574	10,947,523	68,416,312	18,343,155	108,686,564
Transfer out	(23,776,069)	-	(25,747,515)	-	(64,244,259)	(113,767,843)
Total Other Financing Sources, net	<u>(20,086,793)</u>	<u>7,979,574</u>	<u>(13,557,859)</u>	<u>68,416,312</u>	<u>(604,651)</u>	<u>42,146,583</u>
Net Change in Fund Balances	37,487,432	6,997,660	(22,619,228)	4,077	23,296,857	45,166,798
Fund Balances, Beginning of Year, Restated	<u>73,559,895</u>	<u>2,191,012</u>	<u>189,202,394</u>	<u>8,866</u>	<u>34,292,536</u>	<u>299,254,703</u>
Fund Balances, End of Year	<u>\$ 111,047,327</u>	<u>\$ 9,188,672</u>	<u>\$ 166,583,166</u>	<u>\$ 12,943</u>	<u>\$ 57,589,393</u>	<u>\$ 344,421,501</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF HUNTSVILLE, ALABAMA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Net change in Fund Balances - Total Governmental Funds	\$	45,166,798
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized	\$ 147,902,002	
Depreciation expense	<u>(50,077,270)</u>	97,824,732
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to decrease net position. These are the net disposals of assets.		
		(4,722,301)
Revenues are reported in the funds when there is an established claim to the resources and the resources are available to finance current expenditures. Revenues are reported in the statement of activities when there is an established claim with no availability criterion. The funds report revenue unavailable in prior period as current year revenue.		
		(6,775,759)
The issuance of long-term debt (e.g., warrants, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This adjustment is the net effect of the differences in the treatment of long-term debt and related items.		
Debt issued:		
Warrants issued	\$ (146,452,603)	
Premium on warrants issued	(8,743,261)	
Installment notes	(4,402,510)	
Compounded interest rolled into installment notes	(8,426,561)	
Debt payments made:		
Warrant payments	39,885,183	
Refunding payments to escrow agents	<u>114,349,148</u>	(13,790,604)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net of these:		
Post-employment benefits other than pensions	\$ (1,113,036)	
Compensated absences	(7,299,000)	
Amortization of debt premium	10,031,208	
Amortization of gain/loss on refunding	(2,059,675)	
Change in claims payable	515,216	
Accrued interest payable	<u>325,107</u>	399,820
Amount by which the City's net pension liability increased, deferred inflows from pensions increased, deferred outflows from pensions increased, and pension expense recognized.		
		<u>(4,796,738)</u>
Change in net position of governmental activities	\$	<u><u>113,305,948</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF HUNTSVILLE, ALABAMA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2021

	Water Pollution Control Fund	Von Braun Center Fund	Nonmajor Proprietary Funds	Total Business-Type Activity Funds
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 22,046,822	\$ 9,668,665	\$ 157,451	\$ 31,872,938
Accounts receivable (net of allowance for uncollectibles)	7,043,672	914,826	33,023	7,991,521
Due from other governments	692,749	-	-	692,749
Due from other funds	11,226,611	-	-	11,226,611
Inventory	645,802	238,532	2,244	886,578
Prepaid items	4,654	329,160	6,946	340,760
Total Current Assets	<u>41,660,310</u>	<u>11,151,183</u>	<u>199,664</u>	<u>53,011,157</u>
Noncurrent Assets				
Restricted cash	-	1,000,000	7,031	1,007,031
Other assets	-	-	7,195	7,195
Capital Assets				
Land	4,884,236	3,226,697	-	8,110,933
Buildings and improvements	239,437,005	115,087,853	3,822,837	358,347,695
Infrastructure	330,189,648	-	-	330,189,648
Furniture and equipment	13,705,440	7,626,021	441,556	21,773,017
Construction in progress	-	5,865,467	-	5,865,467
Less: Accumulated depreciation	(272,496,895)	(45,306,330)	(2,877,422)	(320,680,647)
Total Capital Assets (Net of Accumulated Depreciation)	<u>315,719,434</u>	<u>86,499,708</u>	<u>1,386,971</u>	<u>403,606,113</u>
Total Noncurrent Assets	<u>315,719,434</u>	<u>87,499,708</u>	<u>1,401,197</u>	<u>404,620,339</u>
Total Assets	<u>357,379,744</u>	<u>98,650,891</u>	<u>1,600,861</u>	<u>457,631,496</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows from pension	1,850,532	1,048,034	-	2,898,566
Deferred outflows from OPEB	1,039,005	-	-	1,039,005
Total Deferred Outflows of Resources	<u>2,889,537</u>	<u>1,048,034</u>	<u>-</u>	<u>3,937,571</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	1,776,765	793,089	25,914	2,595,768
Accrued liabilities	895,424	370,316	64,297	1,330,037
Payroll taxes payable	-	-	2,922	2,922
Retainage payable	169,113	-	-	169,113
Unearned revenue	-	4,143,965	59,896	4,203,861
Current portion of revenue warrants payable	1,025,000	-	-	1,025,000
Current portion of general obligation warrants payable	4,214,163	-	-	4,214,163
Compensated absences	150,100	337,260	-	487,360
Total Current Liabilities	<u>8,230,565</u>	<u>5,644,630</u>	<u>153,029</u>	<u>14,028,224</u>
Noncurrent Liabilities				
Revenue warrants payable	1,220,000	-	-	1,220,000
General obligation warrants payable, net	34,736,349	-	-	34,736,349
Compensated absences	1,350,900	72,696	-	1,423,596
OPEB liability	3,737,996	-	-	3,737,996
Net pension liability	11,116,582	6,669,949	-	17,786,531
Total Noncurrent Liabilities	<u>52,161,827</u>	<u>6,742,645</u>	<u>-</u>	<u>58,904,472</u>
Total Liabilities	<u>60,392,392</u>	<u>12,387,275</u>	<u>153,029</u>	<u>72,932,696</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows from pension	41,973	25,183	-	67,156
Deferred inflows from OPEB	798,029	-	-	798,029
Deferred gain on debt refunding	1,822	-	-	1,822
Total Deferred Inflows of Resources	<u>841,824</u>	<u>25,183</u>	<u>-</u>	<u>867,007</u>
<b>NET POSITION</b>				
Net investment in capital assets	272,576,222	86,499,708	1,386,971	360,462,901
Restricted	-	-	7,031	7,031
Unrestricted	26,458,843	786,759	53,830	27,299,432
Total Net Position	<u>\$ 299,035,065</u>	<u>\$ 87,286,467</u>	<u>\$ 1,447,832</u>	<u>\$ 387,769,364</u>

The notes to the financial statements are an integral part of this statement.



CITY OF HUNTSVILLE, ALABAMA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Water Pollution Control Fund	Von Braun Center Fund	Nonmajor Proprietary Funds	Total Business-Type Activity Funds
Operating Revenues				
Charges for services	\$ 42,940,702	\$ 7,043,445	\$ 1,307,207	\$ 51,291,354
Intergovernmental	692,749	-	-	692,749
Other	93,594	-	-	93,594
Total Operating Revenues	<u>43,727,045</u>	<u>7,043,445</u>	<u>1,307,207</u>	<u>52,077,697</u>
Operating Expenses				
Personnel, operations & maintenance	18,276,404	9,622,252	2,586,105	30,484,761
Utilities	2,633,524	1,254,553	277,335	4,165,412
Depreciation	10,695,430	3,491,744	135,211	14,322,385
Other	-	-	190,712	190,712
Total Operating Expenses	<u>31,605,358</u>	<u>14,368,549</u>	<u>3,189,363</u>	<u>49,163,270</u>
Operating Income (Loss)	<u>12,121,687</u>	<u>(7,325,104)</u>	<u>(1,882,156)</u>	<u>2,914,427</u>
Non-Operating Revenues (Expenses)				
Interest income	5,771	2,670	44	8,485
Rental income	5,180	-	-	5,180
Interest and fiscal charges	(527,663)	-	-	(527,663)
Loss on disposals	-	-	(13,532)	(13,532)
Debt issuance costs	(94,793)	-	-	(94,793)
Shuttered Venue Operators Grant income	-	5,807,003	-	5,807,003
Other income (expense)	26,614	(47,748)	(30,365)	(51,499)
Total Non-Operating Revenues (Expenses)	<u>(584,891)</u>	<u>5,761,925</u>	<u>(43,853)</u>	<u>5,133,181</u>
Income Before Contributions and Transfers	11,536,796	(1,563,179)	(1,926,009)	8,047,608
Capital contributions	-	4,341,836	-	4,341,836
Transfers in	-	2,963,216	2,410,430	5,373,646
Transfers out	-	-	(292,367)	(292,367)
Change in Net Position	11,536,796	5,741,873	192,054	17,470,723
Total Net Position, Beginning of Year, Restated	<u>287,498,269</u>	<u>81,544,594</u>	<u>1,255,778</u>	<u>370,298,641</u>
Total Net Position, End of Year	<u>\$ 299,035,065</u>	<u>\$ 87,286,467</u>	<u>\$ 1,447,832</u>	<u>\$ 387,769,364</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HUNTSVILLE, ALABAMA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Water Pollution Control Fund	Von Braun Center Fund	Non-Major Proprietary Funds	Total Business-Type Activity Funds
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 46,352,923	\$ 9,843,259	\$ 1,459,008	\$ 57,655,190
Payments to suppliers	(8,641,963)	(7,721,401)	(2,844,219)	(19,207,583)
Payments to employees	(10,708,802)	(4,144,820)	(626,564)	(15,480,186)
Other cash receipts	-	-	12,986	12,986
Net cash provided by (used in) operating activities	27,002,158	(2,022,962)	(1,998,789)	22,980,407
<b>Cash flows from noncapital financing activities</b>				
Transfers in	-	2,644,904	2,410,430	5,055,334
Transfers out	-	-	(292,367)	(292,367)
Nonoperating revenue	31,794	6,077,567	-	6,109,361
Changes in due to/from other funds	18,405,184	-	-	18,405,184
Net cash provided by noncapital financing activities	18,436,978	8,722,471	2,118,063	29,277,512
<b>Cash flows from capital and related financing activities</b>				
Acquisition and construction of capital assets	(15,589,828)	(359,407)	(111,532)	(16,060,767)
Interest paid on notes and warrants	(1,709,415)	-	-	(1,709,415)
Principal payments on notes and warrants	(6,102,093)	-	-	(6,102,093)
Proceeds from notes and warrants	12,309,897	-	-	12,309,897
Proceeds from premiums	1,119,501	-	-	1,119,501
Payment to escrow agent	(13,334,606)	-	-	(13,334,606)
Issuance costs paid	(94,793)	-	-	(94,793)
Proceeds from equipment sale	-	-	225	225
Transfers of restricted assets	-	-	3,804	3,804
Capital donations	-	-	100	100
Net cash used in capital and related financing activities	(23,401,337)	(359,407)	(107,403)	(23,868,147)
<b>Cash flows from investing activities</b>				
Interest earned	5,771	2,670	44	8,485
Net cash provided by investing activities	5,771	2,670	44	8,485
Net increase in cash and cash equivalents	22,043,570	6,342,772	11,915	28,398,257
Cash and cash equivalents, beginning of year	3,252	4,325,893	144,286	4,473,431
Cash and cash equivalents, end of year	\$ 22,046,822	\$ 10,668,665	\$ 156,201	\$ 32,871,688
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 12,121,687	\$ (7,325,104)	\$ (1,882,156)	\$ 2,914,427
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	10,695,430	3,491,744	135,211	14,322,385
Loss on disposal of fixed assets	-	4,500	-	4,500
Other nonoperating expense	-	-	(30,465)	(30,465)
Change in assets, deferred outflows and inflows of resources, and liabilities:				
Accounts receivable	3,318,627	(512,421)	44,792	2,850,998
Due from other governments	(692,749)	-	-	(692,749)
Inventory	96,161	(28,089)	1,683	69,755
Prepaid items	(4,654)	(11,363)	-	(16,017)
Other current assets	-	-	7,980	7,980
Deferred outflows - pensions	(271,765)	-	-	(271,765)
Deferred outflows - OPEB	(317,047)	-	-	(317,047)
Accounts payable	632,510	454,660	(82,554)	1,004,616
Accrued payables	(23,978)	(149,358)	28,937	(144,399)
Customer deposits	-	1,884,134	-	1,884,134
Due to (from) other funds	-	-	(271,565)	(271,565)
Compensated absences	453,000	-	-	453,000
Net pension liabilities	536,558	198,169	-	734,727
Total OPEB liability	432,559	-	-	432,559
Unearned revenue	-	(29,834)	49,348	19,514
Deferred inflows - pensions	(29,154)	-	-	(29,154)
Deferred inflows - OPEB	54,973	-	-	54,973
Net cash provided by operating activities	\$ 27,002,158	\$ (2,022,962)	\$ (1,998,789)	\$ 22,980,407
<b>Non-cash capital and financing activities</b>				
Capital assets transferred from governmental activities:				
Donated capital assets	\$ -	\$ 4,341,836	\$ -	\$ 4,341,836
Net non-cash capital and financing activities	\$ -	\$ 4,341,836	\$ -	\$ 4,341,836

The notes to the financial statements are an integral part of this statement.

**CITY OF HUNTSVILLE, ALABAMA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2021**

---

	<b>Post-Retirement Benefits Trust Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 304,234
Investments, at fair value:	
Equity securities:	
Domestic large cap	3,093,701
Domestic small cap	619,398
International	209,875
Debt securities:	
U.S. Treasuries	2,286,913
Corporate bonds	5,956,493
Mortgage-back securities	3,229,857
Total investments	15,396,237
Total Assets	15,700,471
<b>LIABILITIES</b>	
Accounts payable	2,987,441
Total Liabilities	2,987,441
<b>NET POSITION</b>	
Restricted for Benefits	\$ 12,713,030

The notes to the financial statements are an integral part of this statement.

CITY OF HUNTSVILLE, ALABAMA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

---

	<u>Post-Retirement Benefits Trust Fund</u>
Additions:	
Employer contributions	\$ 2,500,000
Plan member contributions	2,197,804
Investment earnings, net	802,304
Total Additions	<u>5,500,108</u>
Deductions:	
Benefits paid	6,406,429
Other charges	471,765
Total Deductions	<u>6,878,194</u>
Change in Net Position	(1,378,086)
Net Position, Beginning of Year	<u>14,091,116</u>
Net Position, End of Year	<u>\$ 12,713,030</u>

The notes to the financial statements are an integral part of this statement.

## **COMPONENT UNITS**

---

CITY OF HUNTSVILLE, ALABAMA

COMBINING STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNITS  
SEPTEMBER 30, 2021

ASSETS	Business-Type Activities			Governmental Activities	
	Huntsville Utilities			Huntsville / Madison County Convention & Visitors Bureau	Total
	Electric	Gas	Water		
<b>Current Assets</b>					
Cash and cash equivalents	\$ 40,745,101	\$ 8,563,648	\$ 13,527,598	\$ 2,479,340	\$ 65,315,687
Investments	-	3,640,833	13,195,796	-	16,836,629
Restricted assets					
Cash and cash equivalents	10,167,753	1,866,159	6,606,986	-	18,640,898
Investments	16,084,734	14,176,299	16,649,263	-	46,910,296
Receivables (net of allowances for uncollectibles)	55,016,657	2,805,671	8,203,842	-	66,026,170
Other assets	4,478,863	129,495	374,051	-	4,982,409
Prepaid items	5,019	11,951	20,792	157,701	195,463
Inventories	14,796,288	3,971,344	2,890,294	8,199	21,666,125
<b>Total Current Assets</b>	<b>141,294,415</b>	<b>35,165,400</b>	<b>61,468,622</b>	<b>2,645,240</b>	<b>240,573,677</b>
<b>Noncurrent Assets</b>					
Restricted assets					
Cash and cash equivalents	44,027,386	1,797,197	4,645,030	-	50,469,613
Investments	-	7,048,270	12,044,858	-	19,093,128
Other assets	366,395	-	613,475	-	979,870
<b>Capital Assets</b>					
Nondepreciable assets	9,051,599	11,862,181	20,672,164	-	41,585,944
Capital assets (net of accumulated depreciation)	357,542,486	125,776,629	280,752,062	239,418	764,310,595
<b>Total Capital Assets (net of accumulated depreciation)</b>	<b>366,594,085</b>	<b>137,638,810</b>	<b>301,424,226</b>	<b>239,418</b>	<b>805,896,539</b>
<b>Total Noncurrent Assets</b>	<b>410,987,866</b>	<b>146,484,277</b>	<b>318,727,589</b>	<b>239,418</b>	<b>876,439,150</b>
<b>Total Assets</b>	<b>552,282,281</b>	<b>181,649,677</b>	<b>380,196,211</b>	<b>2,884,658</b>	<b>1,117,012,827</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows from pension	6,481,197	10,004,742	3,795,510	214,893	20,496,342
Deferred outflows from OPEB	601,725	266,540	273,541	-	1,141,806
Excess consideration provided for acquisition	-	-	5,178,646	-	5,178,646
Deferred loss on debt refunding	555,118	-	5,047,806	-	5,602,924
<b>Total Deferred Outflows of Resources</b>	<b>7,638,040</b>	<b>10,271,282</b>	<b>14,295,503</b>	<b>214,893</b>	<b>32,419,718</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	42,307,821	1,951,557	6,364,568	155,324	50,779,270
Accrued liabilities	5,042,200	1,369,636	1,967,924	79,084	8,458,844
Other payables	3,519,965	413,104	652,108	-	4,585,177
Interest payable	1,177,447	12,415	649,227	-	1,839,089
Current portion of long-term debt	9,447,986	2,185,764	5,458,340	-	17,092,090
<b>Total Current Liabilities</b>	<b>61,495,419</b>	<b>5,932,476</b>	<b>15,092,167</b>	<b>234,408</b>	<b>82,754,470</b>
<b>Noncurrent Liabilities</b>					
Unearned revenue	\$ -	\$ -	\$ -	\$ 301,834	\$ 301,834
Net pension liability	36,751,129	39,602,791	17,678,796	280,650	94,313,366
Total OPEB liability	16,275,465	7,209,394	7,398,754	-	30,883,613
Long-term debt - due in more than one year, net	122,447,756	10,136,624	115,299,284	-	247,883,664
<b>Total Noncurrent Liabilities</b>	<b>175,474,350</b>	<b>56,948,809</b>	<b>140,376,834</b>	<b>582,484</b>	<b>373,382,477</b>
<b>Total Liabilities</b>	<b>236,969,769</b>	<b>62,881,285</b>	<b>155,469,001</b>	<b>816,892</b>	<b>456,136,947</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows from pension	625,114	517,664	-	146,971	1,289,749
Deferred inflows from OPEB	6,972,547	3,088,565	3,169,687	-	13,230,799
<b>Total Deferred Inflows of Resources</b>	<b>7,597,661</b>	<b>3,606,229</b>	<b>3,169,687</b>	<b>146,971</b>	<b>14,520,548</b>
<b>NET POSITION</b>					
Net investment in capital assets	286,005,227	137,637,910	186,731,970	239,418	610,614,525
Restricted	18,717,054	13,321,716	33,843,540	-	65,882,310
Unrestricted	10,630,610	(25,526,181)	15,277,516	1,896,270	2,278,215
<b>Total Net Position</b>	<b>\$ 315,352,891</b>	<b>\$ 125,433,445</b>	<b>\$ 235,853,026</b>	<b>\$ 2,135,688</b>	<b>\$ 678,775,050</b>

The notes to the financial statements are an integral part of this statement.

CITY OF HUNTSVILLE, ALABAMA

COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

FUNCTIONS / PROGRAMS	Program Revenues			Changes in Net Position				
	Expenses	Charges for Services	Capital Grants and Contributions	Business-Type Activities			Governmental Activities	Total
				Huntsville Utilities			Huntsville / Madison County Convention & Visitors Bureau	
				Electric	Gas	Water		
<b>Component Units</b>								
Huntsville Utilities Electric System	\$ 494,734,364	\$ 539,256,739	\$ -	\$ 44,522,375	\$ -	\$ -	\$ -	\$ 44,522,375
Huntsville Utilities Gas System	45,929,451	55,522,753	1,182,219	-	10,775,521	-	-	10,775,521
Huntsville Utilities Water System	44,926,566	49,130,971	7,043,571	-	-	11,247,976	-	11,247,976
Huntsville / Madison County Convention & Visitors Bureau	3,740,813	12,738	-	-	-	-	(3,728,075)	(3,728,075)
Total Component Units	\$ 589,331,194	\$ 643,923,201	\$ 8,225,790	\$ 44,522,375	\$ 10,775,521	\$ 11,247,976	\$ (3,728,075)	\$ 62,817,797
<b>General Revenues</b>								
Taxes				\$ -	\$ -	\$ -	\$ 1,466,327	\$ 1,466,327
Gain on disposal of capital assets				142,766	69,500	129,442	-	341,708
Unrestricted investment earnings				242,249	282,205	441,608	230	966,292
Unrestricted intergovernmental revenues				-	-	-	2,635,964	2,635,964
Total General Revenues and Transfers				385,015	351,705	571,050	4,102,521	5,410,291
Change in Net Position				44,907,390	11,127,226	11,819,026	374,446	68,228,088
Net Position, Beginning of Year				270,445,501	114,306,219	224,034,000	1,761,242	610,546,962
Net Position, End of Year				\$ 315,352,891	\$ 125,433,445	\$ 235,853,026	\$ 2,135,688	\$ 678,775,050

The notes to the financial statements are an integral part of this statement.

## **NOTES TO THE FINANCIAL STATEMENTS**

---



**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**TABLE OF CONTENTS**

<b>Note 1 – Summary of Significant Accounting Policies</b> .....	31
A. The Financial Reporting Entity .....	31
B. Government-wide and Fund Financial Statements .....	34
C. Measurement Focus, Basis of Accounting and Basis of Presentation .....	35
D. Cash and Cash Equivalents .....	37
E. Deposits and Investments .....	37
F. Inventory and Prepaid Items .....	38
G. Receivables and Payables .....	38
H. Restricted Assets .....	39
I. Capital Assets .....	39
J. Compensated Absences .....	40
K. Deferred Outflows/Inflows of Resources .....	40
L. Long-Term Liabilities .....	41
M. Pensions .....	42
N. Fund Equity .....	42
O. Management Estimates .....	44
P. Sales and Use Tax Revenue Allocation .....	44
<b>Note 2 – Stewardship, Compliance and Accountability</b> .....	45
<b>Note 3 – Deposits and Investments</b> .....	45
<b>Note 4 – Receivables</b> .....	48
<b>Note 5 – Capital Assets</b> .....	49
<b>Note 6 – Long-Term Debt</b> .....	51
<b>Note 7 – Interfund Receivable, Payables, and Transfers</b> .....	58
<b>Note 8 – Tax Equivalents</b> .....	60
<b>Note 9 – Contingent Liabilities and Commitments</b> .....	60
<b>Note 10 – Pension Plan</b> .....	63
<b>Note 11 – Other Post-Employment Benefits (OPEB)</b> .....	70
<b>Note 12 – Risk Management</b> .....	76
<b>Note 13 – Tax Abatements</b> .....	77
<b>Note 14 – Restatements</b> .....	77
<b>Note 15 – Subsequent Events</b> .....	79

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

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

The financial statements of the City of Huntsville, Alabama (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**A. The Financial Reporting Entity**

The City was incorporated on December 9, 1811 under an act of the Mississippi Territorial Legislature and is operated under a Mayor-Council form of government. As required by GAAP, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The component units discussed below are included in the City’s reporting entity because of the significance of their operational and financial relationship with the City.

In conformity with GAAP, as set forth in GASB No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, the component units’ financial statements have been included as either blended or discretely presented. All of the City’s component units have a September 30 year-end.

**Blended Component Units**

Public Building Authority of the City of Huntsville (PBA)

The PBA was originally 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 PBA was utilized in 2021 for the purpose of constructing the Amphitheater, for lease and use by the City. The PBA is governed by a three-member board which is appointed by the City Council, and is financially dependent on the City. The City, through lease agreements, is responsible for all the debt issued by the PBA. The PBA is reported as a special revenue fund or governmental-type activity.

**Discretely Presented Component Units**

Huntsville Utilities (Utilities)

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. The City is not considered financially accountable for the Utilities; however, the Utilities are presented as a discretely presented component unit because of the nature and significance of its relationship with the City. The financial statements related to the three boards have been stated separately. The Utility Systems are presented as a proprietary fund or business-type activity.

Separate financial statements for the Huntsville Utilities can be obtained from the Huntsville Utilities office at 112 Spragins St. NW, Huntsville, Alabama 35801.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. The Financial Reporting Entity (Continued)**

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 are appointed by the County government. Although the City is obligated to provide significant financial assistance to the HMC CVB in the form of liquor and lodging tax receipts, the City is not considered to meet the financially accountable criterion. The HMC CVB is presented as a discretely presented component unit based upon the nature and significance of its relationship with the City. The HMC CVB is presented as a governmental fund type.

Separate financial statements for the HMC CVB can be obtained at their office located at 500 Church Street, Huntsville, Alabama 35801.

**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 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 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 fiscal year 2021 were \$3,695,046.

Health Care Authority

The Health Care Authority 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.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. The Financial Reporting Entity (Continued)**

**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 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 2021.

Huntsville-Madison County Railroad Authority

The Railroad Authority is 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 did not appropriate funds or provide financial assistance to the Authority during 2021.

Huntsville-Madison County Airport Authority

The Airport Authority is 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 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, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 fund financial statements 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for which they are levied. 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Certain taxes and fees 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 City.

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 general government, except those required to be accounted for in another fund.

The **Grants Fund** is used to account for various federal, state and local grant revenues and related expenditures.

The **Capital Projects Fund** is the City's primary fund for accounting for a variety of capital projects of the City funded by internally generated revenues along with sales and use taxes and intergovernmental revenues.

The **Debt Service Fund** is used to account for the servicing of most long-term debt not being financed by proprietary funds. Sources of funds for the services of debt include but are not limited to property taxes restricted for debt service and a portion of sales taxes transferred from the General Fund and Capital Projects fund.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

The City reports the following major proprietary 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 multipurpose facility that derives its revenues primarily from rents and fees charged for use of the facilities.

Additionally, the City reports the following fund types:

The ***Special Revenue Funds*** account for revenue sources that are legally restricted or committed by the Council to expenditures for specific purposes.

The ***Capital Projects Funds*** account for the acquisition of capital assets and construction or improvement of major capital projects.

The ***Debt Service Funds*** account for the servicing of other long-term debt not being financed in other major governmental or business-type funds.

The ***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.

The ***Fiduciary Fund*** is used to account for the activities of the City's post-retirement medical benefits plan, which accumulates resources for post-employment benefit payments to qualified employees.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's various other 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. 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 expenses from non-operating items. Operating revenues and expenses 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 proprietary funds are charges to customers for sales and services provided. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Cash and Cash Equivalents**

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

**E. 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 fair value and cost of investments, other than short-term money market investments, are reflected in investment income.



**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Inventory and Prepaid Items**

Inventories for both governmental and proprietary funds, consisting principally of materials and supplies held for consumption, are valued at cost, using the average cost inventory method. The costs of governmental funds inventories are recorded as expenditures when consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These prepaid items are recorded as expenditures when consumed, rather than when purchased.

**G. 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 receivables are shown net of an allowance for uncollectible.

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, 2021.

Noncurrent portions of long-term receivables due to Governmental Funds are reported on their balance sheets. 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.

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 assessed and collected by Madison County and remitted to the City net of a collection fee ranging from 1 – 5% for the different taxes.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Restricted Assets**

Cash and investments that must be used for restricted purposes, are reported as “Restricted Assets” in the government-wide statements of net position and fund financial statements balance sheets. 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. These interfund transactions are eliminated in the government wide statements.

**I. 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. Capital assets 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, 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:

	<u>Years</u>
Utility plants	40 - 50
Sewer systems	40 - 50
Infrastructure	25 - 50
Buildings and improvements	25 - 50
Greenways	15
Traffic signals	10 - 20
Surface lots	10
Furniture and equipment	5 - 12

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. 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 subject to certain limitations. Upon retirement, an employee is paid fifty percent of unused sick leave hours. There is no cap or limit to the total hours which can be accrued for sick leave.

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.

**K. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense or expenditure) until then. The City has three items that qualify for reporting in this category; deferred outflows related to refunding, deferred outflows related to pensions, and deferred outflows related to other postemployment benefits. All of these are reported in the government-wide statement of net position and the statement of net position for proprietary funds. These items result from the differences in the carrying value of refunded debt and its reacquisition price and from the requirements recognized under GASB 68 for pensions and GASB 75 for OPEB. The deferred outflows related to refunding amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions reflect payments made by the City not currently recognized by the pension plans and other changes in the net pension liability and are disclosed more in Note 10. The deferred outflows related to other postemployment benefits reflects payments made by the City not currently recognized by the OPEB plans and other changes in the net OPEB liability and are disclosed more in Note 11.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represent an acquisition of fund balance or net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of deferred inflows. One of these items arises only under a modified accrual basis of accounting. This item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue for receivables not collected within 60 days of year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item relates to the recognition of employee pensions as required under GASB 68. This item is a deferred inflow in both the enterprise fund and the entity wide statement of net position and are discussed more in Note 10. The third item relates to the recognition of other postemployment benefits as required under GASB 75. This item is a deferred inflow in both the enterprise fund and the entity wide statement of net position and is discussed more in Note 11.

**L. Long-Term Liabilities**

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. Premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds and warrants payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. 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.

**N. Fund Equity**

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

**Fund Balance** – Generally, fund balance represents the difference between the assets, deferred outflows of resources, deferred inflows of resources, and liabilities, under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of an ordinance. Only the City Council may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through Council ordinance, the City Council has retained the authority to assign fund balances.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Fund Equity (Continued)**

- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

**Net Position** – Net position represents the difference between assets, deferred inflow and outflows of resources, and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The following is the calculation of the City’s net investment in capital assets as of September 30, 2021:

	Governmental Activities	Business-type Activities	Water Pollution Control Fund
Capital assets, net	\$ 1,417,198,287	\$ 403,606,113	\$ 315,719,434
Related construction liabilities	(12,955,396)	(1,945,878)	(1,945,878)
Warrants payable	(734,437,883)	(38,950,512)	(38,950,512)
Deferred charges on refunding	13,885,939	(1,822)	(1,822)
Revenue Warrants payable	(79,055,000)	(2,245,000)	(2,245,000)
Notes payable	(94,268,950)	-	-
EUL warrants	94,268,950	-	-
Unspent proceeds	53,626,558	-	-
Warrants for the School District	213,878,943	-	-
Warrants for non-City assets	50,590,000	-	-
	<u>\$ 922,731,448</u>	<u>\$ 360,462,901</u>	<u>\$ 272,576,222</u>

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Fund Equity (Continued)**

The City's discretely presented component units' net investment in capital assets as of September 30, 2021 is calculated as follows:

	Huntsville Utilities		
	Electric System	Gas System	Water System
Capital assets, net	\$ 366,594,085	\$ 137,638,810	\$ 301,424,226
Outstanding debt	(81,455,252)	-	(110,256,448)
Related construction liabilities	-	(900)	(4,435,808)
Unspent proceeds	866,394	-	-
	<u>\$ 286,005,227</u>	<u>\$ 137,637,910</u>	<u>\$ 186,731,970</u>

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**O. Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred inflows of resources, deferred outflows of resources, and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**P. Sales and Use Tax Revenue Allocation**

Certain City sales and use taxes (3.5% of 4.5%) which are General Fund revenues, are allocated by City Council ordinance, as follows:

18.0% is paid to the Capital Projects Fund.

14.7% is paid to the Huntsville City Board of Education, allocated through the Special Revenue Fund.

These do not represent restrictions on the fund balance of the City at September 30, 2021, but represent designations of future revenue which will be considered in determining budget appropriations for future years.

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

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**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, the Grants Fund, Capital Projects Fund, Debt Service Fund, Lodging Special Revenue Fund, Public Safety Fund, 6.5 Mill Debt Property Tax Fund, 6.5 Mill School Property Tax Fund, the 1990 School Support Fund, Gas Tax Fund, Emergency Management Fund, TIF Special Revenue Fund, and Cummings Research Park Fund.

As of September 30, 2021, the following funds had deficit fund balances: Emergency Management Fund, Burritt Museum, and Constitution Village, all of which are expected to be funded by future transfers from the General Fund.

**NOTE 3. DEPOSITS AND INVESTMENTS**

**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 its 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, 2021.

**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.



**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

The City manages its exposure to declines in fair values of investments due to market interest rate changes by limiting the maturity of its 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 its 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:

	Fair Value	Percent of Total
Less than five years	\$ 3,875,628	34%
Five to ten years	3,748,752	33%
Ten to twenty years	1,134,503	10%
Twenty to thirty years	2,682,196	23%
Total	\$ 11,441,079	100%

**Credit Risk.** Financial institutions utilized as depositories by the City must provide evidence of its designation under the Security of Alabama Funds Enhancement Act ("SAFE"). From time to time, the City may request that the depository provide evidence of its continuing designation as a qualified public depository. The enactment of the SAFE program changed the way all Alabama public deposits are collateralized. Each qualified public depository ("QPD") is required to hold collateral for all its public depositories on a pooled basis in a custody account established by the State Treasurer as SAFE administrator. In the unlikely event that a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer who would use the SAFE pool collateral or other means to reimburse the loss. Since all of the City's deposits are held by a QPD under the SAFE program, its deposits are not subject to custodial credit risk.

**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 respective total investments.

Investments	Amount	Portfolio
Cash on hand and in banks	\$ 304,234	2%
U.S. Treasury obligations	2,286,913	15%
Corporate bonds	5,956,493	38%
Corporate stocks	3,922,974	25%
Mortgage-backed securities	3,229,857	20%
	\$ 15,700,471	100%

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk – Deposits.** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of September 30, 2021, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements.

**Custodial Credit Risk – Investments.** Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

**Fair Value Measurements.** The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of September 30, 2021:

Investments	Fair Value	Level 1	Level 2	Level 3
US Treasury obligations	\$ 2,286,913	\$ 2,286,913	\$ -	\$ -
Corporate bonds	5,956,493	5,956,493	-	-
Mortgage-backed securities	3,229,857	-	3,229,857	-
Corporate stocks	3,922,974	3,922,974	-	-
	<u>\$ 15,396,237</u>	<u>\$ 12,166,380</u>	<u>\$ 3,229,857</u>	<u>\$ -</u>

The United States Treasuries, corporate stocks, and corporate bonds are classified in Level 1 of the fair value hierarchy and valued using prices quoted in active markets for those investments. 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, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 4. RECEIVABLES**

Receivables as of September 30, 2021, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Grants Fund	Capital Projects Fund	Nonmajor Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Receivables:				
Accounts	\$ 22,402,497	\$ 623,993	\$ 8,412,852	\$ 5,433,463
Notes	1,374,913	4,877,781	-	-
Due from other governments	304,984	2,350,177	7,261,345	232,640
Less:				
Allowance for uncollectible accounts	(1,374,913)	(2,573,393)	-	-
	<u>\$ 22,707,481</u>	<u>\$ 5,278,558</u>	<u>\$ 15,674,197</u>	<u>\$ 5,666,103</u>

The City's Water Pollution Control Fund does not directly bill citizens of the City, those billings are handled through Huntsville Utilities. The City reports a receivable for the September collections which are remitted from Huntsville Utilities in October each year. Therefore, there is no associated allowance for the Water Pollution Control Fund.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 121,931,549	\$ 1,841,647	\$ (14,107)	\$ 1,966,011	\$ 125,725,100
Construction in progress	143,140,586	111,711,178	(4,532,900)	(60,786,614)	189,532,250
Total	<u>265,072,135</u>	<u>113,552,825</u>	<u>(4,547,007)</u>	<u>(58,820,603)</u>	<u>315,257,350</u>
Capital assets, being depreciated:					
Land improvements	74,084,093	3,785,919	(93,065)	13,022,513	90,799,460
Buildings and improvements	303,351,939	20,025,274	-	38,637,592	362,014,805
Furniture, equipment and other	128,920,076	10,537,984	(5,145,036)	504,663	134,817,687
Infrastructure	1,873,933,464	-	-	6,655,835	1,880,589,299
Total	<u>2,380,289,572</u>	<u>34,349,177</u>	<u>(5,238,101)</u>	<u>58,820,603</u>	<u>2,468,221,251</u>
Less accumulated depreciation for:					
Land improvements	(32,181,563)	(2,355,882)	74,875	-	(34,462,570)
Buildings and improvements	(116,220,063)	(7,704,309)	-	-	(123,924,372)
Furniture, equipment and other	(89,150,873)	(7,961,279)	4,987,932	-	(92,124,220)
Infrastructure	(1,083,713,352)	(32,055,800)	-	-	(1,115,769,152)
Total	<u>(1,321,265,851)</u>	<u>(50,077,270)</u>	<u>5,062,807</u>	<u>-</u>	<u>(1,366,280,314)</u>
Total capital assets, being depreciated, net	<u>1,059,023,721</u>	<u>(15,728,093)</u>	<u>(175,294)</u>	<u>58,820,603</u>	<u>1,101,940,937</u>
Governmental activities capital assets, net	<u>\$ 1,324,095,856</u>	<u>\$ 97,824,732</u>	<u>\$ (4,722,301)</u>	<u>\$ -</u>	<u>\$ 1,417,198,287</u>

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 5. CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 8,110,933	\$ -	\$ -	\$ -	\$ 8,110,933
Construction in progress	2,030,327	4,322,802	(4,500)	(483,162)	5,865,467
Total	<u>10,141,260</u>	<u>4,322,802</u>	<u>(4,500)</u>	<u>(483,162)</u>	<u>13,976,400</u>
Capital assets, being depreciated:					
Buildings and improvements	672,790,215	15,627,387	(363,421)	483,162	688,537,343
Furniture, equipment and other	21,361,982	618,400	(207,365)	-	21,773,017
Total	<u>694,152,197</u>	<u>16,245,787</u>	<u>(570,786)</u>	<u>483,162</u>	<u>710,310,360</u>
Less accumulated depreciation for:					
Buildings and improvements	(290,209,768)	(13,556,657)	333,973	-	(303,432,452)
Furniture, equipment and other	(16,689,832)	(765,728)	207,365	-	(17,248,195)
Total	<u>(306,899,600)</u>	<u>(14,322,385)</u>	<u>541,338</u>	<u>-</u>	<u>(320,680,647)</u>
Total capital assets, being depreciated, net	<u>387,252,597</u>	<u>1,923,402</u>	<u>(29,448)</u>	<u>483,162</u>	<u>389,629,713</u>
Business-type activities capital assets, net	<u>\$ 397,393,857</u>	<u>\$ 6,246,204</u>	<u>\$ (33,948)</u>	<u>\$ -</u>	<u>\$ 403,606,113</u>

Depreciation expense was charged to functions/programs of the City as follows:

<b>Governmental activities:</b>	
General government	\$ 916,821
Public safety	3,832,619
Public services	12,274,410
Urban development	1,016,324
Unallocated depreciation	<u>32,037,096</u>
Total depreciation expense - governmental activities	<u>\$ 50,077,270</u>
<b>Business-type activities:</b>	
Water pollution control	\$ 10,695,430
Von Braun Center	3,491,744
Municipal Iceplex	<u>135,211</u>
Total depreciation expense - business-type activities	<u>\$ 14,322,385</u>

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 6. LONG-TERM DEBT**

The following is a summary of the long-term debt activity for the fiscal year ended September 30, 2021 is as follows:

	<b>Restated Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
General obligation warrants	\$ 695,467,705	\$ 109,452,603	\$ (147,454,324)	\$ 657,465,984	\$ 43,532,981
Lease revenue bonds	43,465,000	37,000,000	(1,410,000)	79,055,000	1,470,000
EUL revenue warrants	81,439,879	12,829,071	-	94,268,950	-
Issue discounts & premiums	83,744,867	8,743,261	(15,516,229)	76,971,899	-
Total warrants, bonds & notes	<u>904,117,451</u>	<u>168,024,935</u>	<u>(164,380,553)</u>	<u>907,761,833</u>	<u>45,002,981</u>
Compensated absences	22,436,000	23,923,717	(16,624,717)	29,735,000	2,973,500
Net pension liability	194,672,451	53,443,518	(43,570,868)	204,545,101	-
Net OPEB liability	63,610,376	14,855,968	(9,717,110)	68,749,234	-
Claims & judgments	5,510,967	33,121,775	(33,636,991)	4,995,751	-
Governmental activities long-term liabilities	<u>\$ 1,190,347,245</u>	<u>\$ 293,369,913</u>	<u>\$ (267,930,239)</u>	<u>\$ 1,215,786,919</u>	<u>\$ 47,976,481</u>
<b>Business-type activities:</b>					
General obligation warrants	\$ 41,267,297	\$ 12,309,897	\$ (17,462,952)	\$ 36,114,242	\$ 4,214,163
Sewer revenue warrants	4,300,000	-	(2,055,000)	2,245,000	1,025,000
Issue discounts & premiums	3,879,504	1,119,501	(2,162,735)	2,836,270	-
Total warrants	<u>49,446,801</u>	<u>13,429,398</u>	<u>(21,680,687)</u>	<u>41,195,512</u>	<u>5,239,163</u>
Compensated absences	1,494,976	1,320,912	(904,932)	1,910,956	487,360
Net pension liability	16,928,039	4,647,263	(3,788,771)	17,786,531	-
Net OPEB liability	3,305,437	807,741	(375,182)	3,737,996	-
Business-type activities long-term liabilities	<u>\$ 71,175,253</u>	<u>\$ 20,205,314</u>	<u>\$ (26,749,572)</u>	<u>\$ 64,630,995</u>	<u>\$ 5,726,523</u>

The beginning balance of the Issue Discounts & Premiums have been restated to reflect the change in the amortization method used by the City. During the year, the City changed the amortization of premiums and discounts to the effective interest method. The beginning balance for claims & judgements have been restated to move long-term liabilities from the funds to the government-wide statements. See Note 14 for further information. For the governmental funds, compensated absences, net pension liability, and net OPEB liability are liquidated primarily by the General Fund.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 6. 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 to refund other G.O. warrants. The City also issues warrants on behalf of the Huntsville Board of Education. As of September 30, 2021, the City has \$194,275,000 of outstanding warrants, including \$19,603,943 of premiums, which were issued for construction of assets reported by the Huntsville Board of Education.

The City has the following outstanding G.O. Warrants as of September 30, 2021:

<u>Series</u>	<u>Par Amount</u>	<u>Dated</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Outstanding</u>
2012A	\$ 41,660,000	5/3/2012	11/1/2025	2.0 - 5.0 %	\$ 6,225,000
2013A	6,450,000	5/23/2013	6/1/2023	2.0	1,730,000
2013B	14,580,000	5/23/2013	6/1/2037	3.5 - 4.0	14,580,000
2013C	77,050,000	9/3/2014	11/1/2033	2.0 - 5.0	11,380,000
2013D	24,970,000	9/3/2014	11/1/2033	2.0 - 5.0	3,285,000
2013E	6,460,000	9/3/2014	11/1/2023	2.0	1,605,000
2014A	40,925,000	9/3/2014	8/1/2037	3.0 - 5.0	33,730,000
2014B	19,345,000	9/3/2014	11/1/2033	2.0 - 5.0	16,720,000
2014C	27,045,000	9/3/2014	9/1/2029	2.0 - 5.0	21,265,000
2015A	61,390,000	6/30/2015	5/1/2035	5.0	48,160,000
2015B	8,185,000	5/4/2015	5/1/2025	0.66 - 4.19	7,095,000
2016A	35,725,000	6/14/2016	5/1/2036	1.5 - 5.0	32,790,000
2016B	29,890,000	6/14/2016	5/1/2036	5.0	29,890,000
2016C	23,963,063	6/14/2016	5/1/2029	3.0 - 5.0	18,716,816
2016D	31,550,000	6/14/2016	5/1/2030	3.0 - 5.0	28,800,000
2017A	17,355,000	2/16/2017	5/1/2037	5.0	15,205,000
2017B	8,560,000	2/16/2017	5/1/2037	3.0 - 5.0	6,105,000
2017C	11,045,000	2/16/2017	5/1/2037	2.6 - 5.0	9,440,000
2017D	16,846,200	8/24/2017	11/1/2031	2.0 - 5.0	16,464,000
2017E	49,195,000	8/24/2017	11/1/2032	3.0 - 5.0	48,570,000
2018A	50,590,000	2/28/2018	1/1/2038	5.0	50,590,000
2018B	61,985,000	2/28/2018	1/1/2038	5.0	56,545,000
2018C	5,385,000	4/12/2018	1/1/2033	4.19	5,040,000
2019A	77,000,000	5/30/2019	1/1/2033	4.19	71,825,000
2020A	28,808,598	11/3/2020	9/1/2032	1.5 - 5.0	23,823,217
2020B	13,265,000	11/3/2020	9/1/2030	5.0	11,670,000
2020C	24,721,505	11/3/2020	9/1/2034	1.6 - 2.0	24,171,727
2020D	27,610,000	11/3/2020	9/1/2034	1.6 - 2.0	27,495,000
2020E	15,047,500	12/22/2020	2/1/2036	1.56	14,550,224
	<u>\$ 856,601,866</u>				<u>\$ 657,465,984</u>

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 6. LONG-TERM DEBT (CONTINUED)**

The annual requirements to amortize the warrants as of September 30, 2021, for the governmental activities are as follows:

September 30,	Principal	Interest	Total
2022	\$ 43,532,981	\$ 27,876,264	\$ 71,409,245
2023	42,083,495	26,066,275	68,149,770
2024	42,316,757	24,251,489	66,568,246
2025	41,791,243	22,490,960	64,282,203
2026	44,714,686	20,602,300	65,316,986
2027-2031	218,922,650	73,811,208	292,733,858
2032-2036	180,744,172	31,433,543	212,177,715
2037-2041	41,665,000	3,837,127	45,502,127
2042-2046	1,695,000	181,181	1,876,181
	<u>\$ 657,465,984</u>	<u>\$ 230,550,347</u>	<u>\$ 888,016,331</u>

**Lease Revenue Bonds**

The Public Building Authority (PBA), a blended component unit of the City, issued bonds in fiscal year 2017 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. In the event of default of the agreement, all obligations outstanding shall immediately become due and payable. The mortgage lien of the indenture, however, is not foreclosable, and the remedies will not include foreclosure or sale of the property. Events of default of the funding agreement are considered failure to pay and noncompliance with any of the covenants and terms and conditions.

Similar in structure to the 2017 borrowing, the PBA issued taxable lease revenue bonds in principal of \$37,000,000 on March 4, 2021, for the construction of a City Amphitheater. The facility is secured by an annual lease equal to the debt service payments of the bonds. The City, through this lease, will operate the facility. The bonds do not constitute a direct obligation and pledge of the full faith credit of the City and are therefore removed when considering the debt limit of the City.

The City has the following outstanding Lease Revenue Bonds as of September 30, 2021:

Series	Par Amount	Dated	Maturity	Interest Rates	Outstanding
2017	\$ 46,965,000	9/28/2017	10/1/2036	3.0 - 5.0 %	\$ 42,055,000
2021	37,000,000	3/4/2021	2/1/2041	0.39 - 3.039	37,000,000
	<u>\$ 83,965,000</u>				<u>\$ 79,055,000</u>



**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 6. LONG-TERM DEBT (CONTINUED)**

The annual requirements to amortize the lease revenue bonds as of September 30, 2021, for the governmental activities are as follows:

September 30,	Principal	Interest	Total
2022	\$ 1,470,000	\$ 2,850,019	\$ 4,320,019
2023	3,200,000	2,778,972	5,978,972
2024	3,285,000	2,691,915	5,976,915
2025	3,385,000	2,595,580	5,980,580
2026	3,490,000	2,489,630	5,979,630
2027-2031	20,700,000	10,381,240	31,081,240
2032-2036	27,050,000	6,060,958	33,110,958
2037-2041	16,475,000	1,001,608	17,476,608
	<u>\$ 79,055,000</u>	<u>\$ 30,849,922</u>	<u>\$ 109,904,922</u>

**EUL 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. Unpaid interest is reported using the economic resources measurement focus and the accrual basis of accounting. As of September 30, 2021, the City had issued \$73.7 million. The EUL warrants do not constitute a direct obligation and pledge of the full faith and credit of the City. All unpaid principal, accrued interest, and capitalized interest outstanding at the end of the TIF, will be forgiven and no longer be a liability of the City. The TIF will expire March of 2045.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 6. LONG-TERM DEBT (CONTINUED)**

Below is a summary of the EUL warrants as of September 30, 2021:

Series	Issued	Drawn	Available	Interest rolled into Warrants	Total Liability
2010A EUL	\$ 10,000,000	\$ 10,000,000	\$ -	\$ -	\$ -
2010B EUL	20,000,000	20,000,000	-	29,135,081	49,135,081
2012A EUL	3,000,000	2,997,386	2,614	3,906,929	6,904,315
2012B EUL	3,000,000	2,920,599	79,401	3,310,533	6,231,132
2013A EUL	1,500,000	1,500,000	-	1,553,676	3,053,676
2017A EUL	1,000,000	748,912	251,088	236,582	985,493
2017B EUL	4,000,000	3,417,029	582,971	668,807	4,085,836
2018A EUL	4,500,000	4,440,025	59,975	703,231	5,143,257
2019A EUL	1,700,000	1,657,539	42,461	114,775	1,772,314
2019B EUL	14,500,000	14,213,432	286,568	1,299,245	15,512,677
2020A EUL	2,000,000	980,408	1,019,592	17,841	998,249
2021A EUL	6,000,000	364,420	5,635,580	-	364,420
2021B EUL	2,500,000	82,500	2,417,500	-	82,500
	<u>\$ 73,700,000</u>	<u>\$ 63,322,250</u>	<u>\$ 10,377,750</u>	<u>\$ 40,946,700</u>	<u>\$ 94,268,950</u>

The 2010A EUL Warrants were refunded with G.O Warrants issued by the City with series 2015 and 2018 and refunded to the developer.

During the fiscal year ended September 30, 2021, there were additional draws of \$4,402,510 on the outstanding EUL Warrants by the developer. Additionally, the outstanding EUL warrants accrue annual interest at 9.95%, which if unpaid, rolls into the total Warrant liability as of March 1 each year. For the year ended September 30, 2021, interest of \$8,426,561 accrued to the outstanding balance.

Repayment of the EUL Warrants is secured by a pledge of the TIF 5 tax revenue, which is reported in the TIF Special Revenue Fund. 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. The minimum required redemption is \$5 million. When an EUL Warrant redemption is required, the City has issued taxable general obligation warrants. As of September 30, 2021, the City has issued two warrants with outstanding principal amounts of \$12,135,000.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 6. LONG-TERM DEBT (CONTINUED)**

**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. In the event of default of the agreement, all obligations outstanding shall immediately become due and payable. Events of default of the agreements are failure to pay, noncompliance with any of the covenants and terms and conditions, and any deterioration of the financial condition of the City.

The outstanding sewer system liabilities as of September 30, 2021 were as follows:

<u>Series</u>	<u>Par Amount</u>	<u>Dated</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Outstanding</u>
<b>G.O. Warrants</b>					
2012A	\$ 14,645,000	5/3/2012	11/1/2027	2.0 - 5.0%	\$ 1,165,000
2014A	13,185,000	9/3/2014	8/1/2029	2.0 - 5.0%	10,250,000
2016C	12,066,937	6/14/2016	5/1/2029	3.0 - 5.0%	9,818,186
2017D	3,208,800	11/1/2017	11/1/2031	2.0 - 5.0%	3,136,000
2020A	5,821,402	11/3/2020	9/1/2032	1.5 - 5.0%	5,316,783
2020C	6,488,495	11/3/2020	9/1/2034	1.6 - 2.0%	6,428,273
	<u>\$ 55,415,634</u>				<u>\$36,114,242</u>
<b>Sewer Revenue Warrants</b>					
2010D	\$ 13,045,000	12/14/2000	8/15/2022	3.0%	\$ 920,000
2011	2,130,000	11/11/2011	8/15/2032	3.0%	1,325,000
	<u>\$ 15,175,000</u>				<u>\$ 2,245,000</u>

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 6. LONG-TERM DEBT (CONTINUED)**

The annual requirements to amortize the sewer revenue warrants as of September 30, 2021, for the business-type activities are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,025,000	\$ 61,425	\$ 1,086,425
2023	105,000	35,380	140,380
2024	110,000	32,335	142,335
2025	115,000	29,145	144,145
2026	115,000	25,810	140,810
2027-2031	635,000	76,560	711,560
2032-2036	140,000	4,060	144,060
	<u>\$ 2,245,000</u>	<u>\$ 264,715</u>	<u>\$ 2,509,715</u>

The annual requirements to amortize the G.O. warrants as of September 30, 2021, for the business-type activities are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 4,214,163	\$ 1,437,848	\$ 5,652,011
2023	4,392,902	1,255,984	5,648,886
2024	4,589,116	1,080,035	5,669,151
2025	4,509,335	888,542	5,397,877
2026	4,925,828	686,160	5,611,988
2027-2031	13,217,298	1,040,437	14,257,735
2032-2036	265,600	3,984	269,584
	<u>\$ 36,114,242</u>	<u>\$ 6,392,990</u>	<u>\$ 42,507,232</u>

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of September 30, 2021, was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	<u>\$ 96,579</u>
Capital Projects Fund	General Fund	<u>\$ 25,015,796</u>
Water Pollution Fund	General Fund	<u>\$ 11,226,611</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and when payments between funds are made.

The composition of advances between the City's funds as of September 30, 2021, was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	<u>\$ 1,145,822</u>

The outstanding balances represent interfund borrowings between the General Fund and the AL Constitutional Village to help cover operating costs during the current COVID-19 pandemic. These balances are not expected to be repaid within the next fiscal year and thus are reported as advances between the two funds.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)**

The amounts transferred among the various funds for the year ended September 30, 2021, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 3,000,000
Grants Fund	General Fund	\$ 7,979,574
Capital Projects Fund	General Fund	\$ 7,060,424
Capital Projects Fund	Capital Projects Fund	613,730
Capital Projects Fund	Nonmajor Governmental Funds	3,273,369
		<u>\$ 10,947,523</u>
Debt Service Fund	General Fund	\$ 1,391,417
Debt Service Fund	Capital Projects Fund	15,532,871
Debt Service Fund	Nonmajor Governmental Funds	51,492,024
		<u>\$ 68,416,312</u>
Nonmajor Governmental Funds	General Fund	\$ 7,344,654
Nonmajor Governmental Funds	Capital Projects Fund	4,916,915
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	292,367
Nonmajor Governmental Funds	Nonmajor Governmental Funds	5,789,219
		<u>\$ 18,343,155</u>
Nonmajor Enterprise Funds	Capital Projects Fund	\$ 1,683,999
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	726,431
		<u>\$ 2,410,430</u>
Von Braun Center Fund	Nonmajor Governmental Funds	\$ 2,963,216

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**NOTE 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)**

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 Grants Fund and Nonmajor Governmental Funds are the annual appropriations for operations, and to the Capital Projects Fund is for capital outlay appropriations. Transfers to the Debt Service Fund are payment transfers for debt.

**NOTE 8. TAX EQUIVALENTS**

Huntsville Utilities, a discretely presented component unit of the City, is required to pay to the City tax equivalents which are determined through agreements between the Electric, Natural Gas and Water Boards of Huntsville Utilities and the City. The Electric System (which includes Fiber) pays the City of Huntsville a tax equivalent, which is determined by applying the current property tax rates to the net plant in service at the end of the preceding year. The Natural Gas and Water Systems each pay a tax equivalent, which is a predetermined (6%) percentage of sales revenue. The total amount of these tax equivalent payments made to the City for fiscal year 2021 was \$24.1 million, comprised of \$18.3 million by the Electric System, \$3.1 million by the Natural Gas System, and \$2.7 million 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 Huntsville Utilities.

**NOTE 9. 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 \$265,228.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**NOTE 9. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)**

**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.

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.

In 2014, OIG conducted its final exit interview, and the OIG issued its final determinations, which included some, but not all, of the City's responses 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." 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.

In January 2021, the City reached a settlement agreement with HUD regarding this matter. The City did not admit to any misuse of funds as part of the settlement. The settlement required the City to pay back to HUD \$3,429,362 from non-federal funds over the span of 5 years as broken out below between the CDBG and HOME programs.



**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 9. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)**

Repayment of \$1,354,720 to be deposited into the City's CDBG program account at the below installments:

Date	Amount
July 1, 2021	\$ 270,944
July 1, 2022	270,944
July 1, 2023	270,944
July 1, 2024	270,944
July 1, 2025	270,944
	\$ 1,354,720

Repayment of \$2,074,642 to be deposited into the City's HOME program account at the below installments:

Date	Amount
July 1, 2021	\$ 414,928
July 1, 2022	414,928
July 1, 2023	414,928
July 1, 2024	414,929
July 1, 2025	414,929
	\$ 2,074,642

**Encumbrances.** The City had outstanding purchase orders related to operating needs and contractual commitments as of September 30, 2021, which represent an encumbrance on resources at year-end, the most significant of which were as follows:

General Fund	\$ 1,171,892
Grants Fund	18,486,320
Capital Projects Fund	54,509,973
Nonmajor Governmental funds	41,834,853
	\$ 116,003,038

These encumbrances are already included in the classifications of net position and fund balances in the financial statements as of September 30, 2021.

**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.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**NOTE 9. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)**

**State of Alabama Road Funding Agreement.** In 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. Due to the success of the projects and partnership, the State and City are extending commitments under this plan to include other infrastructure items and lengthen the due dates, programming and funding of others included in the initial plan.

**Outstanding Construction Commitments.** The City has active construction projects as of September 30, 2021. The projects include street construction in areas with newly developed housing, widening of streets and bridges, and the construction of additional City facilities. At year end, the City's commitments with contractors amounted to \$80,770,316.

**NOTE 10. PENSION PLAN**

**Plan Description.** The Employees' Retirement System of Alabama ("ERS"), an agent multiple-employer plan, was established October 1, 1945 under the provisions of Act 515 of the Legislature of 1945 for the purpose of providing 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 the ERS is vested in its Board of Control. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama ("RSA"). Title 36-Chapter 27 of the Code of Alabama 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).

Participating employers in an agent multiple-employer plan are those whose employees are provided with defined benefit pensions plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

**Benefits Provided.** State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in post-retirement benefits for the ERS. Benefits for ERS members vest after ten years of creditable service. The City of Huntsville is a local employer participating in the ERS. Local employees who retire after age 60 with ten years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular local employer'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, local members of the ERS are allowed 2.0125% of their average final compensation (highest three of the last ten years) for each year of service.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 10. PENSION PLAN (CONTINUED)**

**Benefits Provided (Continued).** 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 with ten 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 are allowed 1.65% of their average final compensation (highest five of the last ten years) for each year of service.

Members are eligible for disability retirement if they have ten 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 are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to Code of Alabama 1975, Section 36-27-6, to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.50% of earnable compensation for regular employees and 8.50% for certified law enforcement officers and firefighters. A total of 590 employers adopted Act 2019-132. On March 11, 2021, the Huntsville City Council approved the implementation of Act 2019-132, which provides Tier 1 retirement benefits to Tier 2 members.

**Plan Membership.** The ERS serves approximately 880 local participating employers. These participating employers include 304 cities, 65 counties, and 511 other public entities. As of September 30, 2020, the measurement date for the plan, the City of Huntsville's membership consisted of:

Retirees and beneficiaries currently receiving benefits	1,348
Vested inactive members	60
Non-vested inactive members	365
Active members	2,343
Post-DROP retired members still in active service	10
Total	4,126

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**NOTE 10. PENSION PLAN (CONTINUED)**

**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, 2021, the City's active employee contribution rate was 8.50% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 14.64% of pensionable payroll.

The City's contractually required contribution rate for the year ended September 30, 2021, was 14.64% of pensionable pay for Tier 1 employees, and 14.24% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2019, 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 \$16,514,330 for the year ended September 30, 2021.

**Net Pension Liability.** The City of Huntsville's net pension liability was measured as of September 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2019 rolled forward to September 30, 2020 using standard roll-forward techniques.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**NOTE 10. PENSION PLAN (CONTINUED)**

**Actuarial Assumptions.** The total pension liability in the September 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25% to 5.00%
Investment rate of return*	7.70%

\*Net of pension plan investment expense

Mortality rates were based on the gender 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 at ages on and after age 78. The rates of mortality for the period after disability retirement are according to the gender 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 September 30, 2019 valuation 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.

**Investment Return Assumptions.** 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.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 10. PENSION PLAN (CONTINUED)**

*Investment Return Assumptions (Continued).* 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	17.00%	4.40%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash Equivalents	3.00%	1.50%
<b>Total</b>	<b>100.00%</b>	

\*Includes assumed rate of inflation of 2.75%

**Discount Rate.** The discount rate used to measure the total pension liability was the long-term rate of return, 7.70%. 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.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 10. PENSION PLAN (CONTINUED)**

*Changes in the Net Pension Liability of the City.* The changes in the components of the net pension liability of the City for the year ended September 30, 2021, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 9/30/2019</b>	\$ 630,455,918	\$ 418,855,428	\$ 211,600,490
<b>Changes for the year:</b>			
Service cost	10,212,044	-	10,212,044
Interest	47,046,758	-	47,046,758
Differences between expected and actual experience	831,979	-	831,979
Contributions—employer	-	16,511,482	(16,511,482)
Contributions—employee	-	7,355,033	(7,355,033)
Net investment income	-	23,493,124	(23,493,124)
Benefit payments, including refunds of employee contributions	(38,918,134)	(38,918,134)	-
Other changes	(398,809)	(398,809)	-
<b>Net changes</b>	<b>18,773,838</b>	<b>8,042,696</b>	<b>10,731,142</b>
<b>Balances at 9/30/2020</b>	<b>\$ 649,229,756</b>	<b>\$ 426,898,124</b>	<b>\$ 222,331,632</b>

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.70%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.70%) or 1-percentage-point higher (8.70%) than the current rate:

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
City's net pension liability	\$ 294,051,103	\$ 222,331,632	\$ 161,555,120

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 10. PENSION PLAN (CONTINUED)**

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued).*** Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2020 and the current sharing pattern of costs between employer and employee.

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** For the year ended September 30, 2021, the City recognized pension expense of \$21,830,659. At September 30, 2021, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 1,473,145	\$ 839,457
Change of assumptions	5,163,095	-
Net difference between projected and actual earnings on plan investments	13,342,292	-
Employer contributions subsequent to measurement date	<u>16,514,330</u>	<u>-</u>
Total	<u>\$ 36,492,862</u>	<u>\$ 839,457</u>



**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**NOTE 10. PENSION PLAN (CONTINUED)**

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued).*** City contributions subsequent to the measurement date of \$16,514,330 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	
2022	\$ 4,672,638
2023	5,722,469
2024	6,647,715
2025	1,969,339
2026	<u>126,914</u>
Total	<u>\$ 19,139,075</u>

**NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

The City provides other post-employment benefits (OPEB) to retired employees, for 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.

Audited financial statements of the OPEB plan are not available.

***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.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Plan Membership.** Membership of the OPEB Plan consisted of the following at September 30, 2020, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	342
Active employees	2,260
	2,602
	2,602

**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 2021, the City's rate was approximately 3.88% of annual covered payroll.

**Total OPEB Liability of the City.** The City reported a total OPEB liability of \$72,487,230, using a measurement date as of September 30, 2021. The Net OPEB Liability is equal to the Total OPEB Liability minus the Fiduciary Net Position as presented below.

Total OPEB Liability (TOL)	\$	85,200,260
Fiduciary Net Position (FNP)		12,713,030
Net OPEB Liability (NOL)	\$	72,487,230

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	14.92%
---	--------

The City's total OPEB liability was determined by an actuarial valuation as of September 30, 2020 with the actuary using standard techniques to roll forward the liability to the measurement date.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Actuarial Assumptions.** The City's total OPEB liability was determined by an actuarial valuation as of September 30, 2020, using the following key actuarial assumptions and other inputs:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.25% - 6.00%
Long-term Investment rate of return, net of OPEB plan investment expense, including price inflation	2.81%
Municipal Bond Index Rate	
Prior Measurement Date	2.21%
Measurement Date	2.26%
Year FNP is projected to be depleted	
Prior Measurement Date	2028
Measurement Date	2028
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	2.32%
Measurement Date	2.29%
Healthcare Cost Rates	
Pre-Medicare Medical and Prescription Drug	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030

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

Mortality rates were based on the Pub-2010 Public Mortality Plans Mortality Tables, with adjustments for AL ERS experience and generational mortality improvements using Scale MP-2020, with an adjustment of 66 2/3% to the table beginning in year 2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2020 valuation were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020, and were submitted to and adopted by the Board of the Employees' Retirement System of Alabama on September 14, 2021.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Actuarial Assumptions (Continued).** The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2020 valuation were based on a review of recent plan experience done concurrently with the September 30, 2020 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.

**Discount Rate.** The discount rate used to measure the TOL as of the Measure Date was 2.29%. 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, 2020. In addition to the actuarial methods and assumptions of the September 30, 2020 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 using the payroll growth assumptions.
- 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 5 years of \$3,296,765.
- Cash flows occur mid-year.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Discount Rate (Continued).** Based on these assumptions, the Plan's FNP was projected to be depleted in 2028 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 2.81% on Plan investments was applied to periods through 2028 and the Municipal Bond Index Rate at the Measurement Date (2.26%) was applied to periods on and after 2028, resulting in an SEIR at the Measurement Date (2.29%). As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 2.32% at the Prior Measurement Date to 2.29% at the Measurement Date.

**Changes in the Net OPEB Liability of the City.** The changes in the net OPEB liability of the City for the year ended September 30, 2021, were as follows:

	<b>Total OPEB Liability (a)</b>	<b>Plan Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
<b>Balances at 9/30/2020</b>	\$ 81,006,929	\$ 14,091,116	\$ 66,915,813
<b>Changes for the year:</b>			
Service cost	2,998,454	-	2,998,454
Interest	1,826,706	-	1,826,706
Experience differences	9,559,714	-	9,559,714
Assumption changes	(3,785,114)	-	(3,785,114)
Contributions - employer	-	4,697,804	(4,697,804)
Net investment income	-	802,304	(802,304)
Benefit payments	(6,406,429)	(6,406,429)	-
Other changes	-	(471,765)	471,765
<b>Net changes</b>	<u>4,193,331</u>	<u>(1,378,086)</u>	<u>5,571,417</u>
<b>Balances at 9/30/2021</b>	<u>\$ 85,200,260</u>	<u>\$ 12,713,030</u>	<u>\$ 72,487,230</u>

The required schedule of changes in the City's total OPEB liability and related ratios immediately following the notes to financial statements presents multi-year trend information about the total OPEB liability.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.*** The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.29%) or 1-percentage-point higher (3.29%) than the current discount rate:

	1% Decrease (1.29%)	Discount Rate (2.29%)	1% Increase (3.29%)
Total OPEB liability	\$ 81,221,288	\$ 72,487,230	\$ 64,641,855

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.*** The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.00% decreasing to 3.50%) or 1-percentage-point higher (8.00% decreasing to 5.50%) than the current healthcare cost trend rates:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	\$ 61,947,569	\$ 72,487,230	\$ 85,056,103

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2020 and the current sharing pattern of costs between employer and inactive employees.

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* For the year ended September 30, 2021, the City recognized OPEB expense of \$5,174,255. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,334,110	\$ 10,453,749
Changes in assumptions or other inputs	11,814,273	4,847,737
Net difference between projected and actual earnings on plan investments	-	173,901
Total	\$ 20,148,383	\$ 15,475,387

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

Year ending September 30:		
2022	\$	381,310
2023		260,345
2024		349,607
2025		677,890
2026		1,333,113
Thereafter		1,670,731
Total	\$	4,672,996

**NOTE 12. 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. 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, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 13. TAX ABATEMENTS**

The City of Huntsville provides property tax and sales and use tax abatements pursuant to the provisions of Chapter 9B of Title 40 of the code of Alabama. In accordance with these provisions, qualifying industries may abate all non-educational ad valorem taxes along with state and local sales and use taxes on the costs 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 based on type of facility, and a certain capital investment requirement based on being a new project or a major addition. The City has various sales and use tax abatement and property tax agreements with qualifying businesses that meet these requirements in which, \$20.6 million in sales and use tax, and \$3.2 million in property tax was abated during the fiscal year. The property tax abatements were split between Madison County at \$2.8 million, and Limestone County at \$0.4 million.

**NOTE 14. RESTATEMENTS**

The City underwent a city-wide reorganization of the financial statements to better organize and aggregate fund reporting information. This reorganization moved the activity of several general ledger activities throughout the governmental funds of the City. Below is the changes in opening fund balance due to the reorganization of the City.

	<b>General Fund</b>	<b>Debt Service</b>	<b>The Special Revenue</b>	<b>Capital Projects</b>
Fund balance, beginning	\$ 72,146,196	\$ 8,866	\$ 18,121,560	\$ 83,797,069
Reorganization of funds	(7,151,090)	-	(18,121,560)	105,405,325
Reorganized fund balances, beginning	<u>\$ 64,995,106</u>	<u>\$ 8,866</u>	<u>\$ -</u>	<u>\$ 189,202,394</u>

	<b>2014 Capital Improvements</b>	<b>Grants Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
Fund balance, beginning	\$ 105,816,826	\$ -	\$ 10,128,167	\$ 290,018,684
Reorganization of funds	(105,816,826)	1,065,804	24,618,347	-
Reorganized fund balances, beginning	<u>\$ -</u>	<u>\$ 1,065,804</u>	<u>\$ 34,746,514</u>	<u>\$ 290,018,684</u>

The City has determined restatements to beginning net position of business-type activities and the Water Pollution Control Fund was necessary to properly reported the deferred charges on refunding related to an entry incorrectly posted in reverse in prior years and an adjustment for the change in amortization methods from straight-line to effective interest for the premiums on the City's warrants.



**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 14. RESTATEMENTS (CONTINUED)**

During the annual evaluation of the potential component units for the City's financial statements, it was determined the Federal Building Authority no longer qualified as a blended component unit of the City. Due to the change in the relationship of the Federal Building Authority, the activity has been removed from the City's Other Governmental Funds. Thus, the beginning fund balance was reduced by \$453,978. This will be included in the reconciliation below. Additionally, the City has determined restatements to beginning net position of governmental activities, and beginning fund balance of the General Fund, and the Grants Fund. The General Fund restatements were to remove long-term liabilities which are associated to the estimated claims payable from the City's self-insurance plans and to recognize performance bonds which should have been forfeited to the City in prior years and recognized as restricted revenues under GASB Statement 33. The restatement in the Grants Fund was to restate the opening fund balance for previously written off loan balances which were still carried in the estimated allowance account without the related asset. The restatement in governmental activities include the adjustment for the performance bonds from the General Fund, the Grants Fund restatement, as well as a restatement for the duplicate liability accrual for the litigation claims liability previously reported in duplicate and an adjustment for the change in amortization methods from straight-line to effective interest for the premiums on the City's warrants. The effect of the restatements resulted in a change in opening net position and opening fund balance as follows:

	<b>General Fund</b>	<b>Grants Fund</b>	<b>Other Governmental Funds</b>
Reorganized fund balances, beginning	\$ 64,995,106	\$ 1,065,804	\$ 34,746,514
Recognize forfeited performance bonds	3,053,822	-	-
Adjustment for notes receivable	-	1,125,208	-
Change in reporting entity	-	-	(453,978)
Remove long-term liabilities	5,510,967	-	-
Restated fund balances, beginning	<u>\$ 73,559,895</u>	<u>\$ 2,191,012</u>	<u>\$ 34,292,536</u>

	<b>Governmental Activities</b>	<b>Water Pollution Control Fund</b>	<b>Business-type Activities</b>
Net position, beginning balance	\$ 466,094,954	\$ 286,788,306	\$ 369,588,678
Recognize forfeited performance bonds	3,053,822	-	-
Adjustment for notes receivable	1,125,208	-	-
Change in reporting entity	(453,978)	-	-
Removal of duplicate liability	520,000	-	-
Adjustment to deferred inflows on refunding	-	(891,811)	(891,811)
Change to effective interest amortization	6,333,871	1,601,774	1,601,774
Net position, beginning balance, restated	<u>\$ 476,673,877</u>	<u>\$ 287,498,269</u>	<u>\$ 370,298,641</u>

**City of Huntsville, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**NOTE 15.      SUBSEQUENT EVENTS**

Subsequent to the end of the City's fiscal year ended September 30, 2021, the City issued \$7,000,000 of General Obligation Warrants. The warrants were issued in December 2021 and were issued through a private placement offering. The warrants were issued at a rate of 1.68% and the proceeds are to be used for improvements to the Von Braun Center and other capital improvements.

Subsequent to the end of the City's fiscal year ended September 30, 2021, the Public Building Authority of the City of Huntsville issued \$74,285,000 of Lease Revenue Bonds, Series 2022. The bonds were issued in February 2022. The bonds were issued with interest rates from 0.96% through 2.30%. The bonds were issued to pay the costs to design, develop, construct, equip, and install a new city hall facility, including among other features, administrative, storage and parking facilities for use by the City.

## **REQUIRED SUPPLEMENTARY INFORMATION**

---

CITY OF HUNTSVILLE, ALABAMA

GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

REVENUES	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Taxes</b>				
Sales and use tax	\$ 126,800,000	\$ 130,350,000	\$ 147,774,579	\$ 17,424,579
Property tax	20,100,000	20,100,000	20,409,023	309,023
Other taxes	31,800,000	31,387,500	35,556,148	4,168,648
Total taxes	178,700,000	181,837,500	203,739,750	21,902,250
<b>Licenses and permits</b>				
Building permits	4,500,000	5,625,000	8,619,474	2,994,474
Other licenses and permits	27,084,000	26,588,500	27,913,205	1,324,705
Total licenses and permits	31,584,000	32,213,500	36,532,679	4,319,179
<b>Fines and forfeitures</b>				
	2,111,300	2,072,200	2,322,943	250,743
<b>Charges for services</b>				
Sanitation charges	13,400,000	14,070,000	13,202,489	(867,511)
Parking charges	2,690,230	2,690,230	2,130,491	(559,739)
Other charges for services	5,440,000	5,990,000	8,635,976	2,645,976
Total charges for services	21,530,230	22,750,230	23,968,956	1,218,726
<b>Intergovernmental revenues</b>				
	1,394,695	11,833,477	10,874,613	(958,864)
<b>Interest</b>				
	250,000	250,000	35,588	(214,412)
<b>Miscellaneous revenues</b>				
Recreational revenue	936,020	437,575	832,065	394,490
Contributions	15,000	16,165	61,668	45,503
Other miscellaneous revenue	266,000	502,457	1,633,311	1,130,854
Total other revenues	1,217,020	956,197	2,527,044	1,570,847
Total revenues	236,787,245	251,913,104	280,001,573	28,088,469
<b>EXPENDITURES</b>				
<b>Current:</b>				
<b>General government</b>				
<b>Administration</b>				
Personnel	1,657,016	1,657,016	1,841,346	(184,330)
Operating	211,750	644,874	220,817	424,057
Total	1,868,766	2,301,890	2,062,163	239,727
<b>City Council</b>				
Personnel	431,682	431,682	427,287	4,395
Operating	140,600	140,600	109,160	31,440
Total	572,282	572,282	536,447	35,835
<b>Clerk Treasurer</b>				
Personnel	1,407,895	1,407,895	1,284,403	123,492
Operating	222,000	222,000	156,937	65,063
Total	1,629,895	1,629,895	1,441,340	188,555
<b>Finance</b>				
Personnel	3,004,431	3,004,431	2,810,618	193,813
Operating	393,000	493,000	373,442	119,558
Capital	-	-	3,300	(3,300)
Total	3,397,431	3,497,431	3,187,360	310,071
<b>Fleet management</b>				
Personnel	3,831,965	3,831,965	3,685,593	146,372
Operating	4,891,830	4,891,830	4,580,263	311,567
Capital	20,000	20,000	19,979	21
Total	8,743,795	8,743,795	8,285,835	457,960
<b>General expenses</b>				
Personnel	2,030,000	2,155,000	1,770,472	384,528
Operating	3,073,250	3,356,310	4,830,283	(1,473,973)
Total	5,103,250	5,511,310	6,600,755	(1,089,445)
<b>Human resources</b>				
Personnel	3,907,796	3,907,796	3,801,817	105,979
Operating	1,652,250	1,652,250	1,588,696	63,554
Total	5,560,046	5,560,046	5,390,513	169,533

(continued)

CITY OF HUNTSVILLE, ALABAMA

GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
IT services				
Personnel	4,012,510	4,012,510	3,752,488	260,022
Operating	3,551,150	4,551,150	4,232,313	318,837
Capital	2,440,000	2,457,951	1,744,043	713,908
Total	10,003,660	11,021,611	9,728,844	1,292,767
Legal				
Personnel	2,266,907	2,266,907	2,139,248	127,659
Operating	1,587,000	2,087,000	2,180,048	(93,048)
Total	3,853,907	4,353,907	4,319,296	34,611
Total general government	40,733,032	43,192,167	41,552,553	1,639,614
Public safety				
Animal services				
Personnel	2,248,190	2,248,190	1,919,949	328,241
Operating	505,719	524,472	467,599	56,873
Total	2,753,909	2,772,662	2,387,548	385,114
Fire and rescue				
Personnel	37,270,866	37,270,866	36,751,081	519,785
Operating	2,757,500	2,863,798	2,759,316	104,482
Capital	430,400	452,322	363,031	89,291
Total	40,458,766	40,586,986	39,873,428	713,558
Municipal court				
Personnel	3,968,486	3,968,486	3,752,542	215,944
Operating	687,330	795,330	748,039	47,291
Total	4,655,816	4,763,816	4,500,581	263,235
Police				
Personnel	51,775,681	51,784,681	49,553,050	2,231,631
Operating	3,272,205	3,607,079	3,200,843	406,236
Capital	78,000	49	49	-
Total	55,125,886	55,391,809	52,753,942	2,637,867
Public safety special appropriations	94,175	98,930	98,930	-
Total public safety	103,088,552	103,614,203	99,614,429	3,999,774
Public services				
Cemetery				
Personnel	814,679	814,679	681,897	132,782
Operating	289,750	300,349	196,998	103,351
Total	1,104,429	1,115,028	878,895	236,133
General services				
Personnel	4,015,304	4,015,304	3,862,048	153,256
Operating	9,783,920	9,785,360	9,190,875	594,485
Capital	-	79,871	-	79,871
Total	13,799,224	13,880,535	13,052,923	827,612
Landscape management				
Personnel	9,474,150	9,474,150	9,212,787	261,363
Operating	3,472,675	3,478,682	2,991,006	487,676
Total	12,946,825	12,952,832	12,203,793	749,039
Parking				
Personnel	1,660,349	1,660,349	1,409,119	251,230
Operating	469,675	465,455	372,885	92,570
Capital	468,500	1,424,576	945,848	478,728
Total	2,598,524	3,550,380	2,727,852	822,528
Parks and recreation				
Personnel	8,218,088	8,218,088	7,515,436	702,652
Operating	584,102	897,058	475,845	421,213
Capital	-	2,093	-	2,093
Total	8,802,190	9,117,239	7,991,281	1,125,958

(continued)

CITY OF HUNTSVILLE, ALABAMA

GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works				
Personnel	14,936,574	14,936,574	14,041,553	895,021
Operating	5,921,500	5,928,551	5,806,563	121,988
Capital	27,500	29,069	22,245	6,824
Total	<u>20,885,574</u>	<u>20,894,194</u>	<u>19,870,361</u>	<u>1,023,833</u>
Public services special appropriations	<u>6,906,532</u>	<u>7,031,995</u>	<u>10,015,243</u>	<u>(2,983,248)</u>
Total public services	<u>67,043,298</u>	<u>68,542,203</u>	<u>66,740,348</u>	<u>1,801,855</u>
Urban Development				
Engineering				
Personnel	3,330,914	3,330,914	3,164,674	166,240
Operating	74,800	75,570	63,817	11,753
Total	<u>3,405,714</u>	<u>3,406,484</u>	<u>3,228,491</u>	<u>177,993</u>
Inspection				
Personnel	2,895,142	2,895,142	2,714,018	181,124
Operating	258,150	340,186	233,061	107,125
Total	<u>3,153,292</u>	<u>3,235,328</u>	<u>2,947,079</u>	<u>288,249</u>
Natural resources				
Personnel	681,830	681,830	704,958	(23,128)
Operating	48,150	48,150	27,104	21,046
Capital	45,000	45,000	3,414	41,586
Total	<u>774,980</u>	<u>774,980</u>	<u>735,476</u>	<u>39,504</u>
Planning				
Personnel	4,275,821	4,275,821	3,691,169	584,652
Operating	290,350	526,667	321,056	205,611
Capital	-	4,417	1,081	3,336
Total	<u>4,566,171</u>	<u>4,806,905</u>	<u>4,013,306</u>	<u>793,599</u>
Traffic engineering				
Personnel	2,628,668	2,628,668	2,463,206	165,462
Operating	322,150	322,600	203,401	119,199
Capital	31,500	31,500	1,059	30,441
Total	<u>2,982,318</u>	<u>2,982,768</u>	<u>2,667,666</u>	<u>315,102</u>
Urban development special appropriations	<u>882,750</u>	<u>928,000</u>	<u>928,000</u>	<u>-</u>
Total urban development	<u>15,765,225</u>	<u>16,134,465</u>	<u>14,520,018</u>	<u>1,614,447</u>
Total expenditures	<u>226,630,107</u>	<u>231,483,038</u>	<u>222,427,348</u>	<u>9,055,690</u>
Excess of revenues over expenditures	<u>10,157,138</u>	<u>20,430,066</u>	<u>57,574,225</u>	<u>37,144,159</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	689,276	689,276
Transfers in	-	-	3,000,000	3,000,000
Transfers out	(11,302,026)	(23,762,182)	(23,776,069)	(13,887)
Total other financing sources (uses)	<u>(11,302,026)</u>	<u>(23,762,182)</u>	<u>(20,086,793)</u>	<u>3,675,389</u>
Net change in fund balances	<u>\$ (1,144,888)</u>	<u>\$ (3,332,116)</u>	<u>37,487,432</u>	<u>\$ 40,819,548</u>
Fund balance, beginning of year, restated			<u>73,559,895</u>	
Fund balance, end of year			<u>\$ 111,047,327</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ -	\$ 242,500	\$ 242,500
Charges for services	-	515,431	532,489	17,058
Intergovernmental revenues	986,846	29,425,242	14,713,499	(14,711,743)
Interest	-	-	9,565	9,565
Miscellaneous revenues	-	258,807	559,364	300,557
Total revenues	<u>986,846</u>	<u>30,199,480</u>	<u>16,057,417</u>	<u>(14,142,063)</u>
<b>EXPENDITURES</b>				
Current:				
Public services				
Personnel	-	4,028,955	4,351,317	(322,362)
Operating	-	1,172,575	1,259,989	(87,414)
Capital	-	17,199,828	1,641,924	15,557,904
Total public services	-	<u>22,401,358</u>	<u>7,253,230</u>	<u>15,148,128</u>
Urban Development				
Personnel	478,206	1,389,647	2,235,284	(845,637)
Operating	2,168,935	11,214,100	5,982,019	5,232,081
Capital	158,648	372,927	136,084	236,843
Total urban development	<u>2,805,789</u>	<u>12,976,674</u>	<u>8,353,387</u>	<u>4,623,287</u>
Capital outlay	-	-	1,432,714	(1,432,714)
Total expenditures	<u>2,805,789</u>	<u>35,378,032</u>	<u>17,039,331</u>	<u>18,338,701</u>
Deficiency of revenues under expenditures	(1,818,943)	(5,178,552)	(981,914)	4,196,638
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>3,878,702</u>	<u>7,979,574</u>	<u>7,979,574</u>	-
Total other financing sources	<u>3,878,702</u>	<u>7,979,574</u>	<u>7,979,574</u>	-
Net change in fund balances	<u>\$ 2,059,759</u>	<u>\$ 2,801,022</u>	6,997,660	<u>\$ 4,196,638</u>
Fund balance, beginning of year, restated			<u>2,191,012</u>	
Fund balance, end of year			<u>\$ 9,188,672</u>	

\*\*Includes unbudgeted costs added through consolidation of the General Fund for financial statement purposes.

CITY OF HUNTSVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
 EMPLOYEES' RETIREMENT SYSTEMS OF ALABAMA  
 FOR THE YEARS ENDED SEPTEMBER 30,

	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>							
Service cost	\$ 10,212,044	\$ 9,959,120	\$ 9,544,911	\$ 9,331,416	\$ 9,035,848	\$ 8,901,384	\$ 8,706,017
Interest	47,046,758	45,529,982	44,131,046	42,643,112	41,057,851	39,553,505	38,201,665
Differences between actual & expected experience	831,979	1,173,269	(523,754)	(214,745)	(2,805,978)	2,353,694	-
Changes of assumptions	-	-	3,103,984	-	20,025,224	-	-
Benefit payments, including refunds of employee contributions	(38,918,134)	(35,598,481)	(33,261,170)	(32,159,676)	(30,814,613)	-	-
Transfers among employers	(398,809)	294,323	39,249	149,797	1,184,754	(33,193,884)	(26,825,501)
<b>Net change in total pension liability</b>	18,773,838	21,358,213	23,034,266	19,749,904	37,683,086	17,614,699	20,082,181
Total pension liability - beginning	630,455,918	609,097,705	586,063,439	566,313,535	528,630,449	511,015,750	490,933,569
Total pension liability - ending (a)	649,229,756	630,455,918	609,097,705	586,063,439	566,313,535	528,630,449	511,015,750
<b>Plan fiduciary net position</b>							
Contributions - employer	16,511,482	17,014,071	14,760,252	14,500,178	14,360,447	14,520,862	14,884,651
Contributions - employee	7,355,033	6,962,331	6,797,395	6,527,435	6,282,500	5,966,695	5,993,271
Net investment income	23,493,124	10,627,934	36,033,608	45,479,678	33,753,130	4,013,420	37,204,039
Benefit payments, including refunds of employee contributions	(38,918,134)	(35,598,481)	(33,261,170)	(32,159,676)	(30,814,613)	(33,193,884)	(26,825,501)
Transfers among employees	(398,809)	294,323	39,249	149,797	1,184,754	(60,873)	247,147
<b>Net change in plan fiduciary net position</b>	8,042,696	(699,822)	24,369,334	34,497,412	24,766,218	(8,753,780)	31,503,607
Plan fiduciary net position - beginning	418,855,428	419,555,250	395,185,916	360,688,504	335,922,286	344,676,066	313,172,459
Plan fiduciary net position - ending (b)	426,898,124	418,855,428	419,555,250	395,185,916	360,688,504	335,922,286	344,676,066
<b>Net pension liability (asset) - ending (a) - (b)</b>	\$ 222,331,632	\$ 211,600,490	\$ 189,542,455	\$ 190,877,523	\$ 205,625,031	\$ 192,708,163	\$ 166,339,684
Plan fiduciary net position as a percentage of the total pension liability	65.75%	66.44%	68.88%	67.43%	63.69%	63.55%	67.45%
<b>Covered payroll</b>	\$ 121,393,879	\$ 117,630,097	\$ 114,007,129	\$ 109,418,433	\$ 106,306,514	\$ 106,742,155	\$ 101,710,815
Net pension liability as a percentage of covered payroll	183.15%	179.89%	166.25%	174.45%	193.43%	180.54%	163.54%

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.



**CITY OF HUNTSVILLE, ALABAMA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**EMPLOYEES' RETIREMENT SYSTEMS OF ALABAMA**  
**FOR THE YEARS ENDED SEPTEMBER 30,**

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 16,514,330	\$ 16,425,699	\$ 16,174,422	\$ 13,600,917	\$ 14,902,713	\$ 14,755,132	\$ 14,565,070
Contributions in relation to the actuarially determined contribution	<u>16,514,330</u>	<u>16,425,699</u>	<u>16,174,422</u>	<u>13,600,917</u>	<u>14,902,713</u>	<u>14,755,132</u>	<u>14,565,070</u>
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 125,650,901	\$ 121,393,879	\$ 117,630,097	\$ 114,007,129	\$ 109,418,433	\$ 106,306,514	\$ 106,742,155
Contributions as a percentage of covered payroll	13.14%	13.53%	13.75%	11.93%	13.62%	13.88%	13.65%

**Notes to Schedule:**

The schedule will present 10 years of information once it is accumulated.

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 2021 were based on September 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	28.4 years
Asset valuation method	Five-year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

CITY OF HUNTSVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
 OTHER POST-EMPLOYMENT BENEFIT PLAN  
 FOR THE YEARS ENDED SEPTEMBER 30,

	2021	2020	2019	2018	2017
<b>Total OPEB liability (a)</b>					
Service cost	\$ 2,998,454	\$ 2,423,034	\$ 2,193,596	\$ 2,418,816	\$ 2,666,888
Interest	1,826,706	2,267,873	3,233,708	2,816,944	2,410,714
Difference between actual & expected experience	9,559,714	(172,242)	(16,652,990)	(932,249)	-
Change of assumptions	(3,785,114)	6,427,639	11,980,996	(3,385,154)	(4,758,980)
Benefit payments	(6,406,429)	(2,939,299)	(2,470,921)	(2,222,607)	(2,146,330)
<b>Net change in total OPEB liability</b>	4,193,331	8,007,005	(1,715,611)	(1,304,250)	(1,827,708)
Total OPEB liability - beginning	81,006,929	72,999,924	74,715,535	76,019,785	77,847,493
Total OPEB liability - ending	<u>85,200,260</u>	<u>81,006,929</u>	<u>72,999,924</u>	<u>74,715,535</u>	<u>76,019,785</u>
<b>Plan fiduciary net position (b)</b>					
Contribution - employer (1)	4,697,804	2,944,024	2,820,927	4,006,754	2,146,330
Net investment income	802,304	717,707	1,273,421	142,882	343,482
Benefit payments (2)	(6,406,429)	(3,746,369)	(2,470,921)	(2,222,607)	(2,146,330)
Other changes	(471,765)	-	-	-	-
<b>Net change in plan fiduciary net position</b>	(1,378,086)	(84,638)	1,623,427	1,927,029	343,482
Plan fiduciary net position - beginning	14,091,116	14,175,754	12,552,327	10,625,298	10,281,816
Plan fiduciary net position - ending	<u>12,713,030</u>	<u>14,091,116</u>	<u>14,175,754</u>	<u>12,552,327</u>	<u>10,625,298</u>
<b>Net OPEB liability (asset) - ending (a)-(b)</b>	<u>\$ 72,487,230</u>	<u>\$ 66,915,813</u>	<u>\$ 58,824,170</u>	<u>\$ 62,163,208</u>	<u>\$ 65,394,487</u>
Plan fiduciary net position as a percentage of total OPEB liability	14.92%	17.39%	19.42%	16.80%	13.98%
<b>Covered payroll</b>	<u>\$ 117,758,874</u>	<u>\$ 113,934,639</u>	<u>\$ 113,934,639</u>	<u>\$ 105,518,270</u>	<u>\$ 105,518,270</u>
Total OPEB liability as a percentage of covered payroll	61.56%	58.73%	51.63%	58.91%	61.97%

(1) Employer contributions include benefit payments paid outside the Trust.

(2) Benefit payments are net of participant contributions. Net benefit payments paid outside the trust are also included.

**Notes to Schedule:**

The schedule will present 10 years of information once it is accumulated.

CITY OF HUNTSVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 OTHER POST-EMPLOYMENT BENEFITS PLAN  
 FOR THE YEARS ENDED SEPTEMBER 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 3,956,178	\$ 3,956,178	\$ 4,498,264	\$ 4,498,264	\$ 4,498,264	\$ 4,056,017
Contributions in relation to the actuarially determined contribution	<u>4,565,790</u>	<u>2,944,024</u>	<u>2,820,927</u>	<u>4,006,754</u>	<u>2,146,330</u>	<u>2,224,131</u>
<b>Contribution deficiency (excess)</b>	<u><u>\$ (609,612)</u></u>	<u><u>\$ 1,012,154</u></u>	<u><u>\$ 1,677,337</u></u>	<u><u>\$ 491,510</u></u>	<u><u>\$ 2,351,934</u></u>	<u><u>\$ 1,831,886</u></u>
Covered payroll	\$ 117,758,874	\$ 113,934,639	\$ 113,934,639	\$ 105,518,270	\$ 105,518,270	\$ 105,518,270
Contributions as a percentage of covered payroll	3.88%	2.58%	2.48%	3.80%	2.03%	2.11%

**Notes to Schedule:**

The schedule will present 10 years of information once it is accumulated.

## **COMBINING STATEMENTS AND SCHEDULES**

---

# CITY OF HUNTSVILLE, ALABAMA

## NONMAJOR GOVERNMENTAL FUNDS

---

### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted or committed to expenditures for specified purposes.

**Public Building Authority** accounts for the payment of debt service and related leasing arrangement in respect to construction of the jail facilities and amphitheater owned by the PBA.

**Lodging Special Revenue Fund** accounts for the special lodging taxes levied within the City and the related expenditures of those funds.

**Public Safety Fund** accounts for the funds received from State of Alabama required court fees and Federal, State and Local forfeitures to be used for public safety law enforcement and municipal court administration.

**6.5 Mill Debt Property Tax Fund** accounts for the 6.5 mills of ad valorem taxes restricted for debt service payments of the City's projects.

**6.5 Mill School Property Tax Fund** accounts for 6.5 mills of ad valorem taxes, restricted for the furtherance of education. Taxes are primarily allocated to the debt service payments on school facility projects.

**1990 School Support Fund** accounts for the appropriation of sales and use taxes allocated to the Huntsville City Schools at 14.7% of 3.5 pennies of City sales and use taxes.

**Gas Tax Fund** accounts for the City's share of the State four, five, and seven cents gas taxes and the related restricted expenditures.

**Emergency Management Fund** accounts for the restricted revenues for the operation of the City's Emergency Management Agency.

**Public Library** accounts for funds received from the City, donations and other governmental entities to be used for the operations of the public libraries in the City.

**Burritt Museum** accounts for the operations of a park and museum. Financing is provided by the City, admission fees and public donations.

**Alabama Constitution Village** accounts for the operation of historical tourist attractions in the City. Financing is provided by the City, admission fees and public donations.

**Art Museum** accounts for the operation of the art museum in the City. Financing is provided by the City, admission fees and public donations.

**Huntsville Tennis Center** accounts for the operation of a tennis center in the City. Financing is provided by the City and admission fees.

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

**TIF Special Revenue Fund** accounts for tax incremental financing districts established within the city. Revenues are restricted within specifically established districts throughout the city.

## CITY OF HUNTSVILLE, ALABAMA

### NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

---

#### CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

***Cummings Research Park*** accounts for the land sales, purchases and development cost of the research park in the City.

***PBA Amphitheater Borrow Fund*** accounts for the construction and development of the City amphitheater.

***2020E TIF Debt Fund*** accounts for the construction and development of the City's tax incremental district number 7.

CITY OF HUNTSVILLE, ALABAMA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021

	Special Revenue Funds								
	Public Building Authority	Lodging Special Revenue Fund	Public Safety Fund	6.5 Mill Debt Property Tax Fund	6.5 Mill School Property Tax Fund	1990 School Support Fund	Gas Tax	Emergency Management Fund	Public Library
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ 7,009,259	\$ 2,291,910	\$ 790,870	\$ 1,754,633	\$ 1,616,235	\$ 2,455,237	\$ -	\$ 4,969,101
Receivables	-	1,622,978	10,290	240,402	240,402	2,657,132	432,418	-	8,066
Due from other governments	-	-	-	-	-	-	-	163,140	-
Inventory	-	-	-	-	-	-	-	-	-
Prepaid items	2,514,025	-	-	-	-	-	-	-	4,568
Total Assets	2,514,025	8,632,237	2,302,200	1,031,272	1,995,035	4,273,367	2,887,655	163,140	4,981,735
<b>LIABILITIES; DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
Liabilities									
Accounts payable	-	679,820	76,345	-	-	3,859,246	588,615	2,071	93,048
Accrued liabilities	-	-	-	-	-	-	-	-	355,920
Retainage payable	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	9,975
Due to other funds	59,046	-	-	-	-	-	-	37,533	-
Advance from other funds	-	-	-	-	-	-	-	-	-
Total Liabilities	59,046	679,820	76,345	-	-	3,859,246	588,615	39,604	458,943
Deferred Inflows of Resources	-	-	-	-	-	-	-	143,617	-
Unavailable revenues - Intergovernmental	-	-	-	-	-	-	-	143,617	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	143,617	-
Fund Balances (Deficit)									
Nonspendable:									
Prepaid items	2,514,025	-	-	-	-	-	-	-	4,568
Inventory	-	-	-	-	-	-	-	-	-
Endowments	-	-	-	-	-	-	-	-	394,074
Restricted for:									
Culture and tourism	-	7,952,417	-	-	-	-	-	-	-
Public safety	-	-	2,225,855	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-	327,904
Streets and highways	-	-	-	-	-	-	2,299,040	-	-
Debt service	-	-	-	-	-	-	-	-	-
School support	-	-	-	1,031,272	1,995,035	414,121	-	-	-
Committed for:									
Cummings Research Park	-	-	-	-	-	-	-	-	-
Assigned for:									
Public Library operations	-	-	-	-	-	-	-	-	3,796,246
Huntsville Tennis Center	-	-	-	-	-	-	-	-	-
Cemetery perpetual care	-	-	-	-	-	-	-	-	-
Unassigned	(59,046)	-	-	-	-	-	-	(20,081)	-
Total Fund Balances (Deficit)	2,454,979	7,952,417	2,225,855	1,031,272	1,995,035	414,121	2,299,040	(20,081)	4,522,792
Total Liabilities, Deferred Inflows and Fund Balances	\$ 2,514,025	\$ 8,632,237	\$ 2,302,200	\$ 1,031,272	\$ 1,995,035	\$ 4,273,367	\$ 2,887,655	\$ 163,140	\$ 4,981,735

CITY OF HUNTSVILLE, ALABAMA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021

	Special Revenue Funds						Capital Project Funds				Total Nonmajor Governmental Funds	
	Burritt Museum	Alabama Constitution Village	Art Museum	Huntsville Tennis Center	Cemetery Perpetual Care	TIF Special Revenue Fund	Cummings Research Park	PBA Amphitheater Borrow Fund	2020E TIF 7 Debt Fund			
<b>ASSETS</b>												
Cash and cash equivalents	\$ 2,089	\$ 857,463	\$ 223,456	\$ 282,640	\$ 4,160,156	\$ 7,464,474	\$ 2,556,007	\$ 16,538,309	\$ 9,378,726	\$	\$ 62,390,565	
Receivables	-	500	28,999	-	25,000	167,276	-	-	-	-	5,433,463	
Due from other governments	-	-	69,500	-	-	-	-	-	-	-	232,640	
Inventory	-	26,897	38,901	9,535	-	-	-	-	-	-	75,333	
Prepaid items	170	-	28,784	-	-	93,972	-	-	-	-	2,641,519	
Total Assets	2,259	884,860	389,640	292,175	4,185,156	7,725,722	2,556,007	16,538,309	9,378,726		70,733,520	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>												
Liabilities												
Accounts payable	329,742	11,417	37,005	1,161	23,426	167,278	82,306	3,255,021	-	-	9,206,501	
Accrued liabilities	-	-	55,920	4,815	-	-	-	-	-	-	416,655	
Retainage payable	-	-	-	-	-	-	-	1,732,159	223,145	-	1,955,304	
Unearned revenue	-	-	169,674	-	-	-	-	-	-	-	179,649	
Due to other funds	-	-	-	-	-	-	-	-	-	-	96,579	
Advance from other funds	-	1,145,822	-	-	-	-	-	-	-	-	1,145,822	
Total Liabilities	329,742	1,157,239	262,599	5,976	23,426	167,278	82,306	4,987,180	223,145		13,000,510	
Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-	143,617	
Unavailable revenues - Intergovernmental	-	-	-	-	-	-	-	-	-	-	143,617	
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-	143,617	
Fund Balances (Deficit)												
Nonspendable:												
Prepaid items	170	-	28,784	-	-	93,972	-	-	-	-	2,641,519	
Inventory	-	26,897	38,901	9,535	-	-	-	-	-	-	75,333	
Endowments	-	-	-	-	-	-	-	-	-	-	394,074	
Restricted for:												
Culture and tourism	-	-	59,356	-	-	-	-	-	-	-	8,011,773	
Public safety	-	-	-	-	-	-	-	-	-	-	2,225,855	
Capital projects	-	-	-	-	-	-	-	11,551,129	9,155,581	-	20,706,710	
Public service	-	-	-	-	-	-	-	-	-	-	327,904	
Streets and highways	-	-	-	-	-	-	-	-	-	-	2,299,040	
Debt service	-	-	-	-	-	7,464,472	-	-	-	-	10,490,779	
School support	-	-	-	-	-	-	-	-	-	-	414,121	
Committed for:												
Cummings Research Park	-	-	-	-	-	-	2,473,701	-	-	-	2,473,701	
Assigned for:												
Public library operations	-	-	-	-	-	-	-	-	-	-	3,796,246	
Huntsville Tennis Center	-	-	-	276,664	-	-	-	-	-	-	276,664	
Cemetery perpetual care	-	-	-	-	4,161,730	-	-	-	-	-	4,161,730	
Unassigned	(327,653)	(299,276)	-	-	-	-	-	-	-	-	(706,056)	
Total Fund Balances (Deficit)	(327,483)	(272,379)	127,041	286,199	4,161,730	7,558,444	2,473,701	11,551,129	9,155,581		57,589,393	
Total Liabilities, Deferred Inflows and Fund Balances	\$ 2,259	\$ 884,860	\$ 389,640	\$ 292,175	\$ 4,185,156	\$ 7,725,722	\$ 2,556,007	\$ 16,538,309	\$ 9,378,726	\$	\$ 70,733,520	



CITY OF HUNTSVILLE, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds								
	Public Building Authority	Lodging Special Revenue Fund	Public Safety Fund	6.5 Mill Debt Property Tax Fund	6.5 Mill School Property Tax Fund	1990 School Support Fund	Gas Tax	Emergency Management Fund	Public Library Fund
<b>REVENUES</b>									
Taxes	-	\$ 17,735,772	\$ -	\$ 20,409,023	\$ 21,276,419	\$ 29,963,646	\$ 4,653,298	\$ -	-
Fines and forfeitures	-	-	1,242,524	-	-	-	-	-	211,583
Intergovernmental	-	-	-	-	-	-	-	516,911	2,273,319
Charges for services	-	-	-	-	-	-	-	-	71,404
Interest	14	-	-	-	-	-	332	-	41,772
Miscellaneous	-	42,844	-	-	52,890	-	57,854	-	15,774
Total Revenues	14	17,778,616	1,242,524	20,409,023	21,329,309	29,963,646	4,711,484	516,911	2,613,852
<b>EXPENDITURES</b>									
Current:									
General government	-	-	-	-	-	-	423	-	-
Public safety	-	-	192,600	-	-	-	-	861,599	-
Public services	-	5,308,979	-	-	-	-	959,642	-	6,160,405
Urban development	-	-	-	-	-	-	3,407,733	-	-
Intergovernmental assistance	-	-	-	-	-	29,961,029	-	-	-
Capital Outlay	-	4,303,420	75,596	-	-	-	-	7,875	-
Debt Service									
Principal	1,410,001	-	-	-	-	-	-	-	-
Interest and fiscal charges	2,408,616	-	-	307,832	439,234	-	-	-	-
Issuance costs	-	54,973	-	-	-	-	-	-	-
Total Expenditures	3,818,617	9,667,372	268,196	307,832	439,234	29,961,029	4,367,798	869,474	6,160,405
Excess (Deficiency) of Revenues over Expenditures	(3,818,603)	8,111,244	974,328	20,101,191	20,890,075	2,617	343,686	(352,563)	(3,546,553)
<b>OTHER FINANCING SOURCES (USES)</b>									
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-
Debt issuance	-	10,835,265	-	42,885,867	44,401,214	-	-	-	(26,383)
Payment to escrow agent	-	(10,875,519)	-	(42,766,609)	(44,095,318)	-	-	-	-
Transfers in	3,818,603	1,100,000	377,750	-	-	-	1,250,000	303,609	4,213,295
Transfer out	-	(8,589,758)	(899,000)	(19,522,646)	(20,770,368)	-	(1,314,701)	-	-
Total Other Financing Sources (Uses)	3,818,603	(7,530,012)	(521,250)	(19,403,388)	(20,464,472)	-	(64,701)	303,609	4,186,912
Net Change in Fund Balances	-	581,232	453,078	697,803	425,603	2,617	278,985	(48,954)	640,359
Fund Balances, Beginning of Year, Restated	2,454,979	7,371,185	1,772,777	333,469	1,569,432	411,504	2,020,055	28,873	3,882,433
Fund Balances, End of Year	\$ 2,454,979	\$ 7,952,417	\$ 2,225,855	\$ 1,031,272	\$ 1,995,035	\$ 414,121	\$ 2,299,040	\$ (20,081)	\$ 4,522,792



**CITY OF HUNTSVILLE, ALABAMA**

**LODGING SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 15,124,720	\$ 16,061,908	\$ 17,735,772	\$ 1,673,864
Miscellaneous	177,791	177,791	42,844	(134,947)
<b>Total revenues</b>	<u>15,302,511</u>	<u>16,239,699</u>	<u>17,778,616</u>	<u>1,538,917</u>
<b>EXPENDITURES</b>				
Current:				
Public service	4,888,000	5,010,634	5,308,979	(298,345)
Capital outlay	915,027	2,802,000	4,303,420	(1,501,420)
Debt service:				
Debt issuance costs	-	-	54,973	(54,973)
<b>Total expenditures</b>	<u>5,803,027</u>	<u>7,812,634</u>	<u>9,667,372</u>	<u>(1,854,738)</u>
<b>Excess of revenues over expenditures</b>	9,499,484	8,427,065	8,111,244	(315,821)
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	-	-	10,835,265	10,835,265
Payment to escrow agent	-	-	(10,875,519)	(10,875,519)
Transfers in	-	1,100,000	1,100,000	-
Transfer out	(11,330,751)	(11,638,275)	(8,589,758)	3,048,517
<b>Total other financing sources (uses)</b>	<u>(11,330,751)</u>	<u>(10,538,275)</u>	<u>(7,530,012)</u>	<u>3,008,263</u>
<b>Net change in fund balances</b>	<u>\$ (1,831,267)</u>	<u>\$ (2,111,210)</u>	581,232	<u>\$ 2,692,442</u>
Fund balance, beginning of year			<u>7,371,185</u>	
Fund balance, end of year			<u>\$ 7,952,417</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**PUBLIC SAFETY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ -	\$ 1,242,524	\$ 1,242,524
Total revenues	<u>-</u>	<u>-</u>	<u>1,242,524</u>	<u>1,242,524</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	431,488	192,600	238,888
Capital outlay	-	-	75,596	(75,596)
Total expenditures	<u>-</u>	<u>431,488</u>	<u>268,196</u>	<u>163,292</u>
Excess (deficiency) of revenues over expenditures	-	(431,488)	974,328	1,405,816
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	377,750	377,750	-
Transfer out	-	-	(899,000)	(899,000)
Total other financing sources (uses)	<u>-</u>	<u>377,750</u>	<u>(521,250)</u>	<u>(899,000)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (53,738)</u>	453,078	<u>\$ 506,816</u>
Fund balance, beginning of year			<u>1,772,777</u>	
Fund balance, end of year			<u>\$ 2,225,855</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**6.5 MILL DEBT PROPERTY TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 20,100,000	\$ 20,100,000	\$ 20,409,023	\$ 309,023
Total revenues	<u>20,100,000</u>	<u>20,100,000</u>	<u>20,409,023</u>	<u>309,023</u>
<b>EXPENDITURES</b>				
Debt service:				
Debt issuance costs	-	-	307,833	(307,833)
Total expenditures	<u>-</u>	<u>-</u>	<u>307,833</u>	<u>(307,833)</u>
Excess of revenues over expenditures	20,100,000	20,100,000	20,101,190	1,190
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	-	-	42,885,868	42,885,868
Payment to escrow agent	-	-	(42,766,609)	(42,766,609)
Transfers out	<u>(20,100,000)</u>	<u>(20,100,000)</u>	<u>(19,522,646)</u>	<u>577,354</u>
Total other financing sources (uses)	<u>(20,100,000)</u>	<u>(20,100,000)</u>	<u>(19,403,387)</u>	<u>696,613</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	697,803	<u>\$ 697,803</u>
Fund balance, beginning of year			<u>333,469</u>	
Fund balance, end of year			<u>\$ 1,031,272</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**6.5 MILL SCHOOL PROPERTY TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 20,300,000	\$ 20,300,000	\$ 21,276,419	\$ 976,419
Miscellaneous	218,221	218,221	52,890	(165,331)
Total revenues	<u>20,518,221</u>	<u>20,518,221</u>	<u>21,329,309</u>	<u>811,088</u>
<b>EXPENDITURES</b>				
Debt service:				
Debt issuance costs	-	-	439,234	(439,234)
Total expenditures	<u>-</u>	<u>-</u>	<u>439,234</u>	<u>(439,234)</u>
Excess of revenues over expenditures	20,518,221	20,518,221	20,890,075	371,854
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	-	-	44,401,214	44,401,214
Payment to escrow agent	-	-	(44,095,318)	(44,095,318)
Transfers out	(21,285,230)	(21,285,230)	(20,770,368)	514,862
Total other financing sources (uses)	<u>(21,285,230)</u>	<u>(21,285,230)</u>	<u>(20,464,472)</u>	<u>820,758</u>
Net change in fund balances	<u>\$ (767,009)</u>	<u>\$ (767,009)</u>	425,603	<u>\$ 1,192,612</u>
Fund balance, beginning of year			<u>1,569,432</u>	
Fund balance, end of year			<u>\$ 1,995,035</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**1990 SCHOOL SUPPORT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Sales and use taxes	\$ 26,101,783	\$ 26,101,783	\$ 29,963,646	\$ 3,861,863
Total revenues	<u>26,101,783</u>	<u>26,101,783</u>	<u>29,963,646</u>	<u>3,861,863</u>
<b>EXPENDITURES</b>				
Intergovernmental assistance	26,101,783	26,101,783	29,961,029	(3,859,246)
Total expenditures	<u>26,101,783</u>	<u>26,101,783</u>	<u>29,961,029</u>	<u>(3,859,246)</u>
Excess of revenues over expenditures	-	-	2,617	2,617
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	2,617	<u>\$ 2,617</u>
Fund balance, beginning of year			<u>411,504</u>	
Fund balance, end of year			<u>\$ 414,121</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**GAS TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues from money & property	\$ -	\$ -	\$ 332	\$ 332
Excise taxes	4,099,700	4,099,700	4,653,298	553,598
Miscellaneous	57,000	57,000	57,854	854
Total revenues	<u>4,156,700</u>	<u>4,156,700</u>	<u>4,711,484</u>	<u>554,784</u>
<b>EXPENDITURES</b>				
Operating	<u>4,580,000</u>	<u>4,265,299</u>	<u>4,367,798</u>	<u>(102,499)</u>
Total expenditures	<u>4,580,000</u>	<u>4,265,299</u>	<u>4,367,798</u>	<u>(102,499)</u>
Excess (deficiency) of revenues over (under) expenditures	(423,300)	(108,599)	343,686	452,285
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,250,000	1,250,000	1,250,000	-
Transfers out	(1,000,000)	(1,314,701)	(1,314,701)	-
Total other financing sources (uses)	<u>250,000</u>	<u>(64,701)</u>	<u>(64,701)</u>	<u>-</u>
Net change in fund balances	<u>\$ (173,300)</u>	<u>\$ (173,300)</u>	<u>278,985</u>	<u>\$ 452,285</u>
Fund balance, beginning of year			<u>2,020,055</u>	
Fund balance, end of year			<u>\$ 2,299,040</u>	



**CITY OF HUNTSVILLE, ALABAMA**

**EMERGENCY MANAGEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 619,311	\$ 725,839	\$ 516,911	\$ (208,928)
Total revenues	<u>619,311</u>	<u>725,839</u>	<u>516,911</u>	<u>(208,928)</u>
<b>EXPENDITURES</b>				
Personnel	682,088	682,088	698,285	(16,197)
Operating	154,339	252,992	163,314	89,678
Capital	<u>31,000</u>	<u>11,875</u>	<u>7,875</u>	<u>4,000</u>
Total expenditures	<u>867,427</u>	<u>946,955</u>	<u>869,474</u>	<u>77,481</u>
Deficiency of revenues under expenditures	(248,116)	(221,116)	(352,563)	(131,447)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>303,609</u>	<u>303,609</u>	<u>303,609</u>	-
Total other financing sources (uses)	<u>303,609</u>	<u>303,609</u>	<u>303,609</u>	-
Net change in fund balances	<u>\$ 55,493</u>	<u>\$ 82,493</u>	(48,954)	<u>\$ (131,447)</u>
Fund balance, beginning of year			<u>28,873</u>	
Fund balance, end of year			<u>\$ (20,081)</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**TIF SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 12,544,015	\$ 12,544,015	\$ 14,239,940	\$ 1,695,925
Revenues from money & property	13,000	13,000	3,824	(9,176)
Total revenues	<u>12,557,015</u>	<u>12,557,015</u>	<u>14,243,764</u>	<u>1,686,749</u>
<b>EXPENDITURES</b>				
Operating	100	100	162	(62)
Debt services:				
Interest	-	-	415,102	(415,102)
Issuance costs	-	13,000	49,819	(36,819)
Capital	-	8,487,000	4,392,432	4,094,568
Total expenditures	<u>100</u>	<u>8,500,100</u>	<u>4,857,515</u>	<u>3,642,585</u>
Excess of revenues over expenditures	12,556,915	4,056,915	9,386,249	5,329,334
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	-	-	9,428,528	9,428,528
Payment to escrow agent	-	-	(16,611,702)	(16,611,702)
Transfers in	4,586,975	4,586,975	4,916,915	329,940
Transfers out	(14,018,626)	(14,018,626)	(13,147,786)	870,840
Total other financing sources (uses)	<u>(9,431,651)</u>	<u>(9,431,651)</u>	<u>(15,414,045)</u>	<u>(5,982,394)</u>
Net change in fund balances	<u>\$ 3,125,264</u>	<u>\$ (5,374,736)</u>	<u>(6,027,796)</u>	<u>\$ (653,060)</u>
Fund balance, beginning of year			<u>13,586,240</u>	
Fund balance, end of year			<u>\$ 7,558,444</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**CUMMINGS RESEARCH PARK  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 178	\$ 178
Miscellaneous	-	-	9,825	9,825
Total revenues	-	-	10,003	10,003
<b>EXPENDITURES</b>				
Current				
Urban development	-	179,957	97,722	82,235
Capital outlays	-	116,967	43,361	73,606
Total expenditures	-	296,924	141,083	155,841
Deficiency of revenues over expenditures	-	(296,924)	(131,080)	165,844
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	10,000	10,000
Total other financing sources (uses)	-	-	10,000	10,000
Net change in fund balances	\$ -	\$ (296,924)	(121,080)	\$ 175,844
Fund balance, beginning of year			2,594,781	
Fund balance, end of year			\$ 2,473,701	

**CITY OF HUNTSVILLE, ALABAMA**

**CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 79,488,962	\$ 79,488,962	\$ 90,699,849	\$ 11,210,887
Intergovernmental	13,818,032	52,953,884	23,842,387	(29,111,497)
Interest	1,000,000	1,000,000	22,395	(977,605)
Miscellaneous revenues	1,114,280	3,555,509	18,226,527	14,671,018
Total revenues	<u>95,421,274</u>	<u>136,998,355</u>	<u>132,791,158</u>	<u>(4,207,197)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	3,944	(3,944)
Public services	11,100,000	18,078,330	11,529,739	6,548,591
Urban development	-	3,083,211	111,251	2,971,960
Debt services:				
Issuance costs	-	-	2,858	(2,858)
Capital outlays	79,922,827	279,574,618	130,204,735	149,369,883
Total expenditures	<u>91,022,827</u>	<u>300,736,159</u>	<u>141,852,527</u>	<u>158,883,632</u>
Excess (deficiency) of revenues over expenditures	4,398,447	(163,737,804)	(9,061,369)	154,676,435
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	3,040,522	1,242,133	(1,798,389)
Transfers in	2,825,910	10,311,245	10,947,523	636,278
Transfer out	(20,046,288)	(20,160,017)	(25,747,515)	(5,587,498)
Total other financing sources (uses)	<u>(17,220,378)</u>	<u>(6,808,250)</u>	<u>(13,557,859)</u>	<u>(6,749,609)</u>
Net change in fund balances	<u>\$ (12,821,931)</u>	<u>\$ (170,546,054)</u>	<u>(22,619,228)</u>	<u>\$ 147,926,826</u>
Fund balance, beginning of year			189,202,394	
Fund balance, end of year			<u>\$ 166,583,166</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 10,000	\$ 10,000	\$ 22,275	\$ 12,275
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>22,275</u>	<u>12,275</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	39,352,748	39,352,748	38,475,182	877,566
Interest and charges	<u>31,397,681</u>	<u>31,397,681</u>	<u>29,959,328</u>	<u>1,438,353</u>
Total debt service	<u>70,750,429</u>	<u>70,750,429</u>	<u>68,434,510</u>	<u>2,315,919</u>
Total expenditures	<u>70,750,429</u>	<u>70,750,429</u>	<u>68,434,510</u>	<u>2,315,919</u>
Deficiency of revenues under expenditures	(70,740,429)	(70,740,429)	(68,412,235)	2,328,194
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>70,740,429</u>	<u>70,740,429</u>	<u>68,416,312</u>	<u>(2,324,117)</u>
Total other financing sources	<u>70,740,429</u>	<u>70,740,429</u>	<u>68,416,312</u>	<u>(2,324,117)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>4,077</u>	<u>\$ 4,077</u>
Fund balance, beginning of year			<u>8,866</u>	
Fund balance, end of year			<u>\$ 12,943</u>	

# CITY OF HUNTSVILLE, ALABAMA

## NONMAJOR PROPRIETARY FUNDS

---

### ENTERPRISE FUNDS

***Municipal Iceplex Fund*** accounts for the operations of the City's iceplex facility. Operations include the charges to users of iceplex and maintenance of the facility.

***Amphitheater Fund*** accounts for the operations of the City's amphitheater facility. Operations include the charges to users of amphitheater, planning and marketing the facility, as well as maintenance of the facility.

**CITY OF HUNTSVILLE, ALABAMA**

**STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
SEPTEMBER 30, 2021**

	<u>Municipal Iceplex Fund</u>	<u>Ampitheater Fund</u>	<u>Total Nonmajor Proprietary Funds</u>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 157,451	\$ -	\$ 157,451
Accounts receivable (net of allowance for uncollectibles)	33,023	-	33,023
Inventory	2,244	-	2,244
Prepaid items	6,946	-	6,946
Total Current Assets	<u>199,664</u>	<u>-</u>	<u>199,664</u>
Noncurrent Assets			
Capital Assets			
Buildings and improvements	3,822,837	-	3,822,837
Furniture and equipment	441,556	-	441,556
Less: Accumulated Depreciation	<u>(2,877,422)</u>	<u>-</u>	<u>(2,877,422)</u>
Total Capital Assets (Net of Accumulated Depreciation)	1,386,971	-	1,386,971
Restricted cash	7,031	-	7,031
Other assets	<u>7,195</u>	<u>-</u>	<u>7,195</u>
Total Noncurrent Assets	<u>1,401,197</u>	<u>-</u>	<u>1,401,197</u>
Total Assets	<u>1,600,861</u>	<u>-</u>	<u>1,600,861</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	25,914	-	25,914
Accrued expenses	64,297	-	64,297
Payroll taxes payable	2,922	-	2,922
Unearned revenue	<u>59,896</u>	<u>-</u>	<u>59,896</u>
Total Current Liabilities	<u>153,029</u>	<u>-</u>	<u>153,029</u>
Total Liabilities	<u>153,029</u>	<u>-</u>	<u>153,029</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,386,971	-	1,386,971
Restricted	7,031	-	7,031
Unrestricted	<u>53,830</u>	<u>-</u>	<u>53,830</u>
Total Net Position	<u>\$ 1,447,832</u>	<u>\$ -</u>	<u>\$ 1,447,832</u>

**CITY OF HUNTSVILLE, ALABAMA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Municipal Iceplex Fund</u>	<u>Ampitheater Fund</u>	<u>Total Nonmajor Proprietary Funds</u>
Operating Revenues			
Charges for Services	\$ 1,307,207	\$ -	\$ 1,307,207
Total Operating Revenues	<u>1,307,207</u>	<u>-</u>	<u>1,307,207</u>
Operating Expenses			
Personnel, operations & maintenance	769,607	1,816,498	2,586,105
Utilities	277,335	-	277,335
Depreciation	135,211	-	135,211
Other	190,712	-	190,712
Total Operating Expenses	<u>1,372,865</u>	<u>1,816,498</u>	<u>3,189,363</u>
Operating Loss	<u>(65,658)</u>	<u>(1,816,498)</u>	<u>(1,882,156)</u>
Non-Operating Revenues (Expenses)			
Interest income	44	-	44
Other nonoperating expenses	(30,365)	-	(30,365)
Loss on disposals	(13,532)	-	(13,532)
Total Non-Operating Revenues (Expenses)	<u>(43,853)</u>	<u>-</u>	<u>(43,853)</u>
Income Before Contributions and Transfers	(109,511)	(1,816,498)	(1,926,009)
Transfers in	-	2,410,430	2,410,430
Transfers out	-	(292,367)	(292,367)
Change in Net Position	(109,511)	301,565	192,054
Total Net Position, Beginning of Year	<u>1,557,343</u>	<u>(301,565)</u>	<u>1,255,778</u>
Total Net Position, End of Year	<u>\$ 1,447,832</u>	<u>\$ -</u>	<u>\$ 1,447,832</u>



**CITY OF HUNTSVILLE, ALABAMA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Municipal Iceplex Fund	Amphitheater Fund	Total Non-major Proprietary Funds
<b>Cash flows from operating activities</b>			
Receipts from customers and users	\$ 1,459,008	\$ -	\$ 1,459,008
Payments to suppliers	(726,156)	(2,118,063)	(2,844,219)
Payments to employees	(626,564)	-	(626,564)
Other cash receipts	12,986	-	12,986
Net cash provided by (used in) operating activities	<u>119,274</u>	<u>(2,118,063)</u>	<u>(1,998,789)</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers in	-	2,410,430	2,410,430
Transfers out	-	(292,367)	(292,367)
Net cash provided by noncapital financing activities	<u>-</u>	<u>2,118,063</u>	<u>2,118,063</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition and construction of capital assets	(111,532)	-	(111,532)
Proceeds from equipment sale	225	-	225
Transfers of restricted assets	3,804	-	3,804
Capital donations	100	-	100
Net cash used in capital and related financing activities	<u>(107,403)</u>	<u>-</u>	<u>(107,403)</u>
<b>Cash flows from investing activities</b>			
Interest earned	44	-	44
Net cash provided by investing activities	<u>44</u>	<u>-</u>	<u>44</u>
Net increase in cash and cash equivalents	<u>11,915</u>	<u>-</u>	<u>11,915</u>
Cash and cash equivalents, beginning of year	<u>144,286</u>	<u>-</u>	<u>144,286</u>
Cash and cash equivalents, end of year	<u>\$ 157,451</u>	<u>\$ -</u>	<u>\$ 157,451</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating loss	\$ (65,658)	\$ (1,816,498)	\$ (1,882,156)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	135,211	-	135,211
Other nonoperating expenses	(30,465)	-	(30,465)
Change in assets and liabilities:			
Accounts receivable	44,792	-	44,792
Inventory	1,683	-	1,683
Other current assets	7,980	-	7,980
Accounts payable	(52,554)	(30,000)	(82,554)
Accrued payables	28,937	-	28,937
Unearned revenue	49,348	-	49,348
Due to (from) other funds	-	(271,565)	(271,565)
Net cash provided by (used in) operating activities	<u>\$ 119,274</u>	<u>\$ (2,118,063)</u>	<u>\$ (1,998,789)</u>

## **DETAIL BUDGET SCHEDULES**

---

CITY OF HUNTSVILLE, ALABAMA

GENERAL FUND - GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

REVENUES	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Taxes</b>				
Sales and use tax	\$ 126,800,000	\$ 130,350,000	\$ 147,774,579	\$ 17,424,579
Property tax	20,100,000	20,100,000	20,409,023	309,023
Other taxes	31,800,000	31,387,500	35,556,148	4,168,648
Total taxes	178,700,000	181,837,500	203,739,750	21,902,250
<b>Licenses and permits</b>				
Building permits	4,500,000	5,625,000	8,619,474	2,994,474
Other licenses and permits	27,084,000	26,588,500	27,912,545	1,324,045
Total licenses and permits	31,584,000	32,213,500	36,532,019	4,318,519
<b>Fines and forfeitures</b>				
Charges for services	2,111,300	2,072,200	2,322,943	250,743
<b>Sanitation charges</b>				
Sanitation charges	13,400,000	14,070,000	13,202,489	(867,511)
Parking charges	2,690,230	2,690,230	2,130,491	(559,739)
Other charges for services	5,440,000	5,990,000	8,494,701	2,504,701
Total charges for services	21,530,230	22,750,230	23,827,681	1,077,451
<b>Intergovernmental revenues</b>				
Intergovernmental revenues	1,394,695	11,833,477	10,874,613	(958,864)
Interest	250,000	250,000	35,588	(214,412)
<b>Miscellaneous revenues</b>				
Recreational revenue	936,020	437,575	778,922	341,347
Contributions	15,000	16,165	12,165	(4,000)
Other miscellaneous revenue	266,000	502,457	1,482,478	980,021
Total other revenues	1,217,020	956,197	2,273,565	1,317,368
Total revenues	236,787,245	251,913,104	279,606,159	27,693,055
<b>EXPENDITURES</b>				
<b>Current:</b>				
<b>General government</b>				
<b>Administration</b>				
Personnel	1,657,016	1,657,016	1,841,346	(184,330)
Operating	211,750	211,750	168,898	42,852
Total	1,868,766	1,868,766	2,010,244	(141,478)
<b>City Council</b>				
Personnel	431,682	431,682	427,287	4,395
Operating	140,600	140,600	109,160	31,440
Total	572,282	572,282	536,447	35,835
<b>Clerk Treasurer</b>				
Personnel	1,407,895	1,407,895	1,284,403	123,492
Operating	222,000	222,000	156,937	65,063
Total	1,629,895	1,629,895	1,441,340	188,555
<b>Finance</b>				
Personnel	3,004,431	3,004,431	2,810,618	193,813
Operating	393,000	493,000	373,442	119,558
Capital	-	-	3,300	(3,300)
Total	3,397,431	3,497,431	3,187,360	310,071
<b>Fleet management</b>				
Personnel	3,831,965	3,831,965	3,685,593	146,372
Operating	4,891,830	4,891,830	4,580,263	311,567
Capital	20,000	20,000	19,979	21
Total	8,743,795	8,743,795	8,285,835	457,960
<b>General expenses</b>				
Personnel	2,030,000	2,155,000	1,770,472	384,528
Operating	3,835,250	4,093,310	4,037,691	55,619
Total	5,865,250	6,248,310	5,808,163	440,147

(continued)

CITY OF HUNTSVILLE, ALABAMA

GENERAL FUND - GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Human resources				
Personnel	3,907,796	3,907,796	3,801,817	105,979
Operating	1,652,250	1,652,250	1,588,696	63,554
Total	5,560,046	5,560,046	5,390,513	169,533
IT services				
Personnel	4,012,510	4,012,510	3,752,488	260,022
Operating	3,551,150	4,551,150	4,232,313	318,837
Capital	2,440,000	2,457,951	1,744,043	713,908
Total	10,003,660	11,021,611	9,728,844	1,292,767
Legal				
Personnel	2,266,907	2,266,907	2,139,248	127,659
Operating	1,587,000	2,087,000	2,180,048	(93,048)
Total	3,853,907	4,353,907	4,319,296	34,611
Total general government	41,495,032	43,496,043	40,708,042	2,788,001
Public safety				
Animal services				
Personnel	2,248,190	2,248,190	1,919,949	328,241
Operating	505,719	507,030	461,864	45,166
Total	2,753,909	2,755,220	2,381,813	373,407
Fire and rescue				
Personnel	37,270,866	37,270,866	36,751,081	519,785
Operating	2,757,500	2,800,578	2,727,561	73,017
Capital	430,400	452,322	363,031	89,291
Total	40,458,766	40,523,766	39,841,673	682,093
Municipal court				
Personnel	3,968,486	3,968,486	3,752,542	215,944
Operating	687,330	795,330	748,039	47,291
Total	4,655,816	4,763,816	4,500,581	263,235
Police				
Personnel	51,775,681	51,784,681	49,553,050	2,231,631
Operating	3,272,205	3,600,748	3,200,843	399,905
Capital	78,000	49	49	-
Total	55,125,886	55,385,478	52,753,942	2,631,536
Public safety special appropriations	94,175	98,930	98,930	-
Total public safety	103,088,552	103,527,210	99,576,939	3,950,271
Public services				
Cemetery				
Personnel	814,679	814,679	681,897	132,782
Operating	289,750	289,750	196,948	92,802
Total	1,104,429	1,104,429	878,845	225,584
General services				
Personnel	4,015,304	4,015,304	3,862,048	153,256
Operating	9,783,920	9,785,360	9,190,875	594,485
Capital	-	79,871	-	79,871
Total	13,799,224	13,880,535	13,052,923	827,612
Landscape management				
Personnel	9,474,150	9,474,150	9,212,787	261,363
Operating	3,472,675	3,477,585	2,991,006	486,579
Total	12,946,825	12,951,735	12,203,793	747,942
Parking				
Personnel	1,660,349	1,660,349	1,409,119	251,230
Operating	469,675	465,455	372,885	92,570
Capital	468,500	1,317,296	893,587	423,709
Total	2,598,524	3,443,100	2,675,591	767,509

(continued)

CITY OF HUNTSVILLE, ALABAMA

GENERAL FUND - GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks and recreation				
Personnel	8,218,088	8,218,088	7,515,436	702,652
Operating	584,102	584,692	407,739	176,953
Capital	-	-	-	-
Total	8,802,190	8,802,780	7,923,175	879,605
Public works				
Personnel	14,936,574	14,936,574	14,041,553	895,021
Operating	5,921,500	5,928,551	5,806,563	121,988
Capital	27,500	29,069	22,245	6,824
Total	20,885,574	20,894,194	19,870,361	1,023,833
Public services special appropriations	6,906,532	7,031,995	10,015,243	(2,983,248)
Total public services	67,043,298	68,108,768	66,619,931	1,488,837
Urban Development				
Engineering				
Personnel	3,330,914	3,330,914	3,164,674	166,240
Operating	74,800	75,570	63,817	11,753
Total	3,405,714	3,406,484	3,228,491	177,993
Inspection				
Personnel	2,895,142	2,895,142	2,714,018	181,124
Operating	258,150	333,180	231,953	101,227
Total	3,153,292	3,228,322	2,945,971	282,351
Natural resources				
Personnel	681,830	681,830	704,958	(23,128)
Operating	48,150	48,150	27,104	21,046
Capital	45,000	45,000	3,414	41,586
Total	774,980	774,980	735,476	39,504
Planning				
Personnel	4,275,821	4,275,821	3,691,169	584,652
Operating	290,350	526,667	321,056	205,611
Capital	-	4,417	1,081	3,336
Total	4,566,171	4,806,905	4,013,306	793,599
Traffic engineering				
Personnel	2,628,668	2,628,668	2,463,206	165,462
Operating	322,150	322,600	203,401	119,199
Capital	31,500	31,500	1,059	30,441
Total	2,982,318	2,982,768	2,667,666	315,102
Urban development special appropriations	882,750	928,000	928,000	-
Total urban development	15,765,225	16,127,459	14,518,910	1,608,549
Total expenditures	227,392,107	231,259,480	221,423,822	9,835,658
Excess of revenues over expenditures	9,395,138	20,653,624	58,182,337	37,528,713
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	689,276	689,276
Transfers in	-	-	3,000,000	3,000,000
Transfers out	(11,302,026)	(23,502,182)	(23,502,179)	3
Total other financing sources (uses)	(11,302,026)	(23,502,182)	(19,812,903)	3,689,279
Net change in fund balances	\$ (1,906,888)	\$ (2,848,558)	38,369,434	\$ 41,217,992
Fund balance, beginning of year, restated			66,424,458	
Fund balance, end of year			\$ 104,793,892	

**CITY OF HUNTSVILLE, ALABAMA**

**LODGING SPECIAL REVENUE FUND - LODGING & LIQUOR TAXES  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 12,964,720	\$ 13,901,908	\$ 15,385,650	\$ 1,483,742
Miscellaneous revenues	177,791	177,791	42,844	(134,947)
Total revenues	<u>13,142,511</u>	<u>14,079,699</u>	<u>15,428,494</u>	<u>1,348,795</u>
<b>EXPENDITURES</b>				
Current:				
Public services	3,813,000	3,946,004	3,946,004	-
Capital outlays	-	-	4,023,524	(4,023,524)
Debt service:				
Debt issuance costs	-	-	54,973	(54,973)
Total expenditures	<u>3,813,000</u>	<u>3,946,004</u>	<u>8,024,501</u>	<u>(4,078,497)</u>
Excess (deficiency) of revenues over expenditures	9,329,511	10,133,695	7,403,993	(2,729,702)
<b>OTHER FINANCING USES</b>				
Debt issuance	-	-	10,835,265	10,835,265
Payment to escrow agent	-	-	(10,875,519)	(10,875,519)
Transfers in	-	1,100,000	1,100,000	-
Transfer out	(10,910,778)	(11,207,932)	(8,164,263)	3,043,669
Total other financing uses	<u>(10,910,778)</u>	<u>(10,107,932)</u>	<u>(7,104,517)</u>	<u>3,003,415</u>
Net change in fund balances	<u>\$ (1,581,267)</u>	<u>\$ 25,763</u>	<u>299,476</u>	<u>\$ 273,713</u>
Fund balance, beginning of year			1,049,544	
Fund balance, end of year			<u>\$ 1,349,020</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**LODGING SPECIAL REVENUE FUND - 1% LODGING TAX 2003  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,080,000	\$ 1,080,000	\$ 1,175,061	\$ 95,061
Total revenues	<u>1,080,000</u>	<u>1,080,000</u>	<u>1,175,061</u>	<u>95,061</u>
<b>EXPENDITURES</b>				
Capital outlays	915,027	2,802,000	279,896	2,522,104
Total expenditures	<u>915,027</u>	<u>2,802,000</u>	<u>279,896</u>	<u>2,522,104</u>
Excess (deficiency) of revenues over expenditures	164,973	(1,722,000)	895,165	2,617,165
<b>OTHER FINANCING USES</b>				
Transfer out	(414,973)	(414,973)	(415,125)	(152)
Total other financing uses	<u>(414,973)</u>	<u>(414,973)</u>	<u>(415,125)</u>	<u>(152)</u>
Net change in fund balances	<u>\$ (250,000)</u>	<u>\$ (2,136,973)</u>	480,040	<u>\$ 2,617,013</u>
Fund balance, beginning of year			<u>3,565,996</u>	
Fund balance, end of year			<u>\$ 4,046,036</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**LODGING SPECIAL REVENUE FUND - 1% LODGING TAX 2013  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,080,000	\$ 1,080,000	\$ 1,175,061	\$ 95,061
Total revenues	<u>1,080,000</u>	<u>1,080,000</u>	<u>1,175,061</u>	<u>95,061</u>
<b>EXPENDITURES</b>				
Current:				
Public services	<u>1,075,000</u>	<u>1,064,630</u>	<u>1,362,975</u>	<u>(298,345)</u>
Total expenditures	<u>1,075,000</u>	<u>1,064,630</u>	<u>1,362,975</u>	<u>(298,345)</u>
Excess (deficiency) of revenues over expenditures	5,000	15,370	(187,914)	(203,284)
<b>OTHER FINANCING USES</b>				
Transfer out	<u>(5,000)</u>	<u>(15,370)</u>	<u>(10,370)</u>	<u>5,000</u>
Total other financing uses	<u>(5,000)</u>	<u>(15,370)</u>	<u>(10,370)</u>	<u>5,000</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(198,284)</u>	<u>\$ (198,284)</u>
Fund balance, beginning of year			<u>2,755,645</u>	
Fund balance, end of year			<u>\$ 2,557,361</u>	



**CITY OF HUNTSVILLE, ALABAMA**

**PUBLIC SAFETY SPECIAL REVENUE FUND - CIRCUIT COURT ASSET FORFEITURE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ -	\$ 216,879	\$ 216,879
Total revenues	<u>-</u>	<u>-</u>	<u>216,879</u>	<u>216,879</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	238,774	51,623	187,151
Total expenditures	<u>-</u>	<u>238,774</u>	<u>51,623</u>	<u>187,151</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (238,774)</u>	165,256	<u>\$ 404,030</u>
Fund balance, beginning of year			<u>359,532</u>	
Fund balance, end of year			<u>\$ 524,788</u>	
Reconciliation to Public Safety Special Revenue Fund:				
Fund balance - Circuit Court Asset Forfeiture			\$ 524,788	
Fund balance - STAC Seizure - Circuit Court Fund			280,485	
Fund balance - 1995 Corrections			53,931	
Fund balance - other consolidated Public Safety funds with no annual budgets			<u>1,366,651</u>	
Public Safety Special Revenue Fund			<u>\$ 2,225,855</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**PUBLIC SAFETY SPECIAL REVENUE FUND - STAC SEIZURE - CIRCUIT COURT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ -	\$ 203,004	\$ 203,004
Total revenues	<u>-</u>	<u>-</u>	<u>203,004</u>	<u>203,004</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	192,714	125,595	67,119
Total expenditures	<u>-</u>	<u>192,714</u>	<u>125,595</u>	<u>67,119</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (192,714)</u>	77,409	<u>\$ 270,123</u>
Fund balance, beginning of year			<u>203,076</u>	
Fund balance, end of year			<u>\$ 280,485</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**PUBLIC SAFETY SPECIAL REVENUE FUND - 1995 CORRECTIONS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ -	\$ 782,560	\$ 782,560
Total revenues	-	-	782,560	782,560
Excess of revenues over expenditures	-	-	782,560	782,560
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	377,750	377,750	-
Transfer out	-	-	(899,000)	(899,000)
Total other financing sources (uses)	-	377,750	(521,250)	(899,000)
Net change in fund balances	\$ -	\$ 377,750	261,310	\$ (116,440)
Fund balance, beginning of year			(207,379)	
Fund balance, end of year			\$ 53,931	

**CITY OF HUNTSVILLE, ALABAMA**

**GAS TAX FUND - 4 & 5 CENTS STATE GASOLINE TAX  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues from money & property	\$ -	\$ -	\$ 241	\$ 241
Excise taxes	2,099,700	2,099,700	2,597,023	497,323
Total revenues	<u>2,099,700</u>	<u>2,099,700</u>	<u>2,597,264</u>	<u>497,564</u>
<b>EXPENDITURES</b>				
Operating	1,280,000	965,299	959,641	5,658
Total expenditures	<u>1,280,000</u>	<u>965,299</u>	<u>959,641</u>	<u>5,658</u>
Excess of revenues over expenditures	819,700	1,134,401	1,637,623	503,222
<b>OTHER FINANCING USES</b>				
Transfers out	(1,000,000)	(1,314,701)	(1,314,701)	-
Total other financing uses	<u>(1,000,000)</u>	<u>(1,314,701)</u>	<u>(1,314,701)</u>	<u>-</u>
Net change in fund balances	<u>\$ (180,300)</u>	<u>\$ (180,300)</u>	322,922	<u>\$ 503,222</u>
Fund balance, beginning of year			<u>1,884,473</u>	
Fund balance, end of year			<u>\$ 2,207,395</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**GAS TAX FUND - 7 CENT STATE GASOLINE TAX  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues from money & property	\$ -	\$ -	\$ 91	\$ 91
Excise taxes	2,000,000	2,000,000	2,056,275	56,275
Miscellaneous	57,000	57,000	57,854	854
Total revenues	<u>2,057,000</u>	<u>2,057,000</u>	<u>2,114,220</u>	<u>57,220</u>
<b>EXPENDITURES</b>				
Operating	3,300,000	3,300,000	3,408,157	(108,157)
Total expenditures	<u>3,300,000</u>	<u>3,300,000</u>	<u>3,408,157</u>	<u>(108,157)</u>
Deficiency of revenues over expenditures	(1,243,000)	(1,243,000)	(1,293,937)	(50,937)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,250,000	1,250,000	1,250,000	-
Total other financing sources	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>-</u>
Net change in fund balances	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>(43,937)</u>	<u>\$ (50,937)</u>
Fund balance, beginning of year			<u>135,582</u>	
Fund balance, end of year			<u>\$ 91,645</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**TIF SPECIAL REVENUE FUND - TIF 2  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 1,387,623	\$ 1,387,623	\$ 1,387,623	\$ -
Revenues from money & property	-	-	871	871
Total revenues	<u>1,387,623</u>	<u>1,387,623</u>	<u>1,388,494</u>	<u>871</u>
<b>EXPENDITURES</b>				
Debt services:				
Issuance costs	-	-	36,819	(36,819)
Total expenditures	<u>-</u>	<u>-</u>	<u>36,819</u>	<u>(36,819)</u>
Excess of revenues over expenditures	1,387,623	1,387,623	1,351,675	(35,948)
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	-	(8,487,000)	5,026,019	13,513,019
Payment to escrow agent	-	-	(5,026,247)	(5,026,247)
Transfers out	(1,387,623)	(1,387,623)	(1,387,176)	447
Total other financing sources (uses)	<u>(1,387,623)</u>	<u>(9,874,623)</u>	<u>(1,387,404)</u>	<u>8,487,219</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (8,487,000)</u>	<u>(35,729)</u>	<u>\$ 8,451,271</u>
Fund balance, beginning of year			<u>16,521</u>	
Fund balance, end of year			<u>\$ (19,208)</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**TIF SPECIAL REVENUE FUND - TIF 3A  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 4,212,214	\$ 4,212,214	\$ 4,212,214	\$ -
Revenues from money & property	8,000	8,000	2,447	(5,553)
Total revenues	<u>4,220,214</u>	<u>4,220,214</u>	<u>4,214,661</u>	<u>(5,553)</u>
<b>EXPENDITURES</b>				
Operating	-	-	41	(41)
Total expenditures	<u>-</u>	<u>-</u>	<u>41</u>	<u>(41)</u>
Excess of revenues over expenditures	4,220,214	4,220,214	4,214,620	(5,594)
<b>OTHER FINANCING SOURCES (USES)</b>				
Payment to escrow agent	-	-	(11,585,455)	(11,585,455)
Transfers out	(2,344,752)	(2,344,752)	(816,649)	1,528,103
Total other financing sources (uses)	<u>(2,344,752)</u>	<u>(2,344,752)</u>	<u>(12,402,104)</u>	<u>(10,057,352)</u>
Net change in fund balances	<u>\$ 1,875,462</u>	<u>\$ 1,875,462</u>	<u>(8,187,484)</u>	<u>\$ (10,062,946)</u>
Fund balance, beginning of year			<u>10,681,629</u>	
Fund balance, end of year			<u>\$ 2,494,145</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**TIF SPECIAL REVENUE FUND - TIF 4  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 3,472,128	\$ 3,472,128	\$ 3,472,127	\$ (1)
Revenues from money & property	2,500	2,500	342	(2,158)
Total revenues	<u>3,474,628</u>	<u>3,474,628</u>	<u>3,472,469</u>	<u>(2,159)</u>
<b>EXPENDITURES</b>				
Operating	100	100	121	(21)
Total expenditures	<u>100</u>	<u>100</u>	<u>121</u>	<u>(21)</u>
Excess of revenues over expenditures	3,474,528	3,474,528	3,472,348	(2,180)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(3,452,155)	(3,452,155)	(3,452,148)	7
Total other financing sources (uses)	<u>(3,452,155)</u>	<u>(3,452,155)</u>	<u>(3,452,148)</u>	<u>7</u>
Net change in fund balances	<u>\$ 22,373</u>	<u>\$ 22,373</u>	20,200	<u>\$ (2,173)</u>
Fund balance, beginning of year			(380)	
Fund balance, end of year			<u>\$ 19,820</u>	



**CITY OF HUNTSVILLE, ALABAMA**

**TIF SPECIAL REVENUE FUND - TIF 5  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 871,050	\$ 871,050	\$ 1,220,125	\$ 349,075
Revenues from money & property	2,500	2,500	164	(2,336)
Total revenues	<u>873,550</u>	<u>873,550</u>	<u>1,220,289</u>	<u>346,739</u>
<b>EXPENDITURES</b>				
Debt services:				
Interest	-	-	415,102	(415,102)
Issuance costs	-	13,000	13,000	-
Capital	-	8,487,000	4,392,432	4,094,568
Total expenditures	<u>-</u>	<u>8,500,000</u>	<u>4,820,534</u>	<u>3,679,466</u>
Excess of revenues over expenditures	873,550	(7,626,450)	(3,600,245)	4,026,205
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	-	8,487,000	4,402,509	(4,084,491)
Transfers out	(805,023)	(805,023)	(804,939)	84
Total other financing sources (uses)	<u>(805,023)</u>	<u>7,681,977</u>	<u>3,597,570</u>	<u>(4,084,407)</u>
Net change in fund balances	<u>\$ 68,527</u>	<u>\$ 55,527</u>	(2,675)	<u>\$ (58,202)</u>
Fund balance, beginning of year			<u>333,544</u>	
Fund balance, end of year			<u>\$ 330,869</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**TIF SPECIAL REVENUE FUND - TIF 6  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 2,600,000	\$ 2,600,000	\$ 3,618,990	\$ 1,018,990
Total revenues	<u>2,600,000</u>	<u>2,600,000</u>	<u>3,618,990</u>	<u>1,018,990</u>
Excess of revenues over expenditures	2,600,000	2,600,000	3,618,990	1,018,990
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,441,098)	(1,441,098)	(1,441,098)	-
Total other financing sources (uses)	<u>(1,441,098)</u>	<u>(1,441,098)</u>	<u>(1,441,098)</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,158,902</u>	<u>\$ 1,158,902</u>	2,177,892	<u>\$ 1,018,990</u>
Fund balance, beginning of year			<u>2,554,055</u>	
Fund balance, end of year			<u>\$ 4,731,947</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**TIF SPECIAL REVENUE FUND - TIF 7  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 1,000	\$ 1,000	\$ 328,861	\$ 327,861
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>328,861</u>	<u>327,861</u>
Excess of revenues over expenditures	1,000	1,000	328,861	327,861
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,586,975	4,586,975	4,916,915	329,940
Transfers out	<u>(4,587,975)</u>	<u>(4,587,975)</u>	<u>(5,245,776)</u>	<u>(657,801)</u>
Total other financing sources (uses)	<u>(1,000)</u>	<u>(1,000)</u>	<u>(328,861)</u>	<u>(327,861)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>871</u>	
Fund balance, end of year			<u>\$ 871</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**CAPITAL PROJECTS FUND - 1990 CAPITAL PROJECTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 31,961,367	\$ 31,961,367	\$ 36,690,179	\$ 4,728,812
Intergovernmental	-	19,035,954	2,037,103	(16,998,851)
Interest	-	-	6,630	6,630
Miscellaneous revenues	1,114,280	1,961,505	1,070,518	(890,987)
Total revenues	<u>33,075,647</u>	<u>52,958,826</u>	<u>39,804,430</u>	<u>(13,154,396)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	346	(346)
Public services	11,100,000	17,425,204	11,453,610	5,971,594
Urban development	-	3,083,211	111,251	2,971,960
Capital outlays	16,290,276	108,096,452	47,391,407	60,705,045
Total expenditures	<u>27,390,276</u>	<u>128,604,867</u>	<u>58,956,614</u>	<u>69,648,253</u>
Excess (deficiency) of revenues over expenditures	5,685,371	(75,646,041)	(19,152,184)	56,493,857
<b>OTHER FINANCING USES</b>				
Proceeds from sale of capital assets	-	220,485	220,485	-
Transfers in	4,525,910	11,469,084	13,968,716	2,499,632
Transfers out	(10,281,693)	(10,281,693)	(10,355,251)	(73,558)
Total other financing uses	<u>(5,755,783)</u>	<u>1,407,876</u>	<u>3,833,950</u>	<u>2,426,074</u>
Net change in fund balances	<u>\$ (70,412)</u>	<u>\$ (74,238,165)</u>	<u>(15,318,234)</u>	<u>\$ 58,919,931</u>
Fund balance, beginning of year			<u>81,013,524</u>	
Fund balance, end of year			<u>\$ 65,695,290</u>	
Reconciliation to Capital Projects Fund:				
Fund balance - 1990 Capital Projects			\$ 65,695,290	
Fund balance - 2014 Capital Projects			100,259,229	
Fund balance - other consolidated Capital Project funds with no annual budgets			628,647	
Total Capital Projects Fund			<u>\$ 166,583,166</u>	

**CITY OF HUNTSVILLE, ALABAMA**

**CAPITAL PROJECTS FUND - 2014 CAPITAL PROJECTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 47,527,595	\$ 47,527,595	\$ 54,009,669	\$ 6,482,074
Intergovernmental	12,118,032	32,217,930	19,979,371	(12,238,559)
Interest	1,000,000	1,000,000	15,427	(984,573)
Miscellaneous revenues	-	1,594,004	17,156,008	15,562,004
Total revenues	<u>60,645,627</u>	<u>82,339,529</u>	<u>91,160,475</u>	<u>8,820,946</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	163	(163)
Public services	-	653,126	76,130	576,996
Capital outlays	63,632,551	171,478,166	82,813,328	88,664,838
Total expenditures	<u>63,632,551</u>	<u>172,131,292</u>	<u>82,889,621</u>	<u>89,241,671</u>
Deficiency of revenues over expenditures	(2,986,924)	(89,791,763)	8,270,854	98,062,617
<b>OTHER FINANCING SOURCES</b>				
Proceeds from sale of capital assets	-	2,820,037	1,021,648	(1,798,389)
Transfers in	-	428,431	(71,569)	(500,000)
Transfers out	(9,764,594)	(9,764,594)	(14,778,533)	(5,013,939)
Total other financing sources	<u>(9,764,594)</u>	<u>(6,516,126)</u>	<u>(13,828,454)</u>	<u>(7,312,328)</u>
Net change in fund balances	<u>\$ (12,751,518)</u>	<u>\$ (96,307,889)</u>	<u>(5,557,600)</u>	<u>\$ 90,750,289</u>
Fund balance, beginning of year			<u>105,816,829</u>	
Fund balance, end of year			<u>\$ 100,259,229</u>	

# STATISTICAL SECTION

---

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> .....	<b>125 – 129</b>
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b> .....	<b>130 – 134</b>
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources.</i>	
<b>Debt Capacity</b> .....	<b>135 – 139</b>
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
<b>Demographic and Economic Information</b> .....	<b>140 and 141</b>
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
<b>Operating Information</b> .....	<b>142 and 143</b>
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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

**CITY OF HUNTSVILLE, ALABAMA**  
**NET POSITION BY COMPONENT**

Last Ten Fiscal Years  
*Unaudited*

	2021	2020	2019	2018	2017	2016	2015	2014	2013 (a)	2012 (a)
<b>Governmental activities</b>										
Net investment in capital assets	\$922,731,448	\$628,628,151	\$551,007,949	\$544,768,278	\$845,513,121	\$942,884,115	\$797,217,611	\$833,092,652	\$831,725,887	\$809,527,915
Restricted	185,381,212	209,061,062	281,375,373	236,973,783	41,377,635	96,222,800	56,606,417	36,683,825	53,102,659	92,060,940
Unrestricted	(518,132,835)	(371,594,259)	(367,381,198)	(361,804,446)	(443,964,319)	(597,400,654)	(423,145,927)	(262,498,673)	(180,968,702)	(191,382,729)
<b>Total net position</b>	<b>\$589,979,825</b>	<b>\$466,094,954</b>	<b>\$465,002,124</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>Business-type activities</b>										
Net investment in capital assets	\$360,462,901	\$348,297,507	\$331,320,679	\$309,021,803	\$302,449,760	\$296,962,340	\$286,013,940	\$274,288,062	\$266,661,604	\$261,861,356
Restricted	7,031	10,835	10,824	9,124	143,098	-	-	554,023	6,858,123	14,820,632
Unrestricted	27,299,432	21,280,336	28,182,034	18,979,336	23,127,600	17,918,489	17,545,100	33,425,775	23,590,425	11,684,296
<b>Total net position</b>	<b>\$387,769,364</b>	<b>\$369,588,678</b>	<b>\$359,513,537</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>Primary government</b>										
Net investment in capital assets	\$1,283,194,349	\$976,925,658	\$882,328,628	\$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
Restricted	185,388,243	209,071,897	281,386,197	236,982,907	41,520,733	96,222,800	56,606,417	37,237,848	59,960,782	106,881,572
Unrestricted	(490,833,403)	(350,313,923)	(339,199,164)	(342,825,110)	(420,836,719)	(579,482,165)	(405,600,827)	(229,072,898)	(157,378,277)	(179,698,433)
<b>Total primary government net position</b>	<b>\$977,749,189</b>	<b>\$835,683,632</b>	<b>\$824,515,661</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>

Source: Annual Comprehensive Financial Reports

(a) Includes the effect of restatements and prior period adjustments made in 2013 related to capital asset additions and debt issuance costs.

**CITY OF HUNTSVILLE, ALABAMA**  
**CHANGES IN NET POSITION**

Last Ten Fiscal Years  
 Unaudited

	2021	2020	2019	2018	2017	2016	2015	2014	2013 (a)	2012 (a)
<b>Expenses</b>										
Governmental activities:										
General government	\$43,096,775	\$50,812,549	\$50,520,319	\$40,753,794	\$34,640,871	\$34,361,989	\$29,989,299	\$29,153,904	\$26,715,719	\$26,733,928
Public safety	112,621,010	109,793,988	106,544,062	109,340,713	101,454,111	89,867,060	89,257,242	88,372,786	85,724,764	83,352,893
Public services	136,316,561	133,287,434	141,692,196	131,024,399	144,445,066	164,347,739	168,284,768	237,413,535	128,811,922	137,948,724
Urban development	58,723,240	51,193,813	45,601,798	39,928,608	27,486,329	22,412,512	43,242,563	36,683,268	28,867,478	39,156,948
Interest on long-term debt	34,079,637	41,202,782	41,627,006	29,840,153	29,881,615	29,852,643	26,224,071	26,658,311	25,455,799	25,462,843
Unallocated depreciation	32,037,096	-	-	30,364,378	30,071,644	32,372,585	31,002,001	30,740,478	30,455,028	29,882,021
Total governmental activities expenses	416,874,319	386,290,566	385,985,381	381,252,045	367,979,636	373,214,528	387,999,944	449,022,282	326,030,710	342,537,357
Business-type activities:										
Water pollution control	32,227,814	29,678,995	30,912,511	37,403,132	27,991,809	29,173,955	28,593,512	27,244,801	27,720,695	30,318,335
Von Braun Center fund	14,416,297	14,962,695	15,002,905	13,987,414	12,989,031	12,542,916	12,043,936	11,842,331	10,961,440	11,128,503
Nonmajor proprietary funds	3,219,728	1,874,893	1,338,944	1,238,619	1,290,010	1,310,499	1,615,154	1,581,104	1,482,712	1,395,951
Total business-type activities expenses	49,863,839	46,516,583	47,254,360	52,629,165	42,270,850	43,027,370	42,252,602	40,668,236	40,164,847	42,842,789
Total primary government expenses	466,738,158	432,807,149	433,239,741	433,881,210	410,250,486	416,241,898	430,252,546	489,690,518	366,195,557	385,380,146
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	33,164,228	27,575,488	30,152,032	29,595,713	24,055,896	22,777,167	22,052,325	22,021,774	21,925,264	20,777,576
Public Safety	4,436,494	3,772,489	4,124,976	4,048,868	4,122,334	4,531,621	4,681,849	4,642,898	4,116,642	3,920,660
Public Services	23,597,804	17,775,105	19,435,940	19,077,338	19,410,439	18,821,416	18,328,708	17,988,274	18,388,361	18,116,407
Urban Development	10,900,279	4,534,560	4,958,250	4,866,768	3,841,420	3,220,276	2,732,673	3,093,173	3,307,178	2,492,147
Operating grants and contributions	43,270,521	34,845,297	38,101,102	37,398,120	12,484,743	28,466,987	24,437,539	26,850,683	21,199,994	12,395,570
Capital grants and contributions	21,343,474	1,911,872	2,090,510	2,051,939	5,524,756	14,359,350	21,290,616	21,349,944	23,956,342	24,501,646
Total governmental activities program revenues	136,712,800	90,414,811	98,862,810	97,038,746	69,439,588	92,176,767	93,523,710	95,946,746	92,893,781	82,204,006
Business-type activities:										
Charges for services:										
Water pollution control	43,727,045	41,849,372	40,942,608	39,824,923	40,049,926	38,940,571	37,680,083	36,032,232	35,792,089	36,141,264
Von Braun Center fund	7,043,445	6,486,442	10,975,341	9,962,346	8,980,112	9,133,213	8,202,625	8,358,106	7,361,245	7,212,347
Nonmajor proprietary funds	1,307,207	1,016,381	1,371,504	1,253,898	1,160,985	1,163,060	1,423,171	1,518,105	1,414,996	1,405,130
Operating grants and contributions	5,807,003	-	1,287	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	9,090	-	2,409,031	3,525,530	1,341,687	2,980,046
Total business-type activities program revenues	57,884,700	49,352,195	53,290,740	51,041,167	50,200,113	49,236,844	49,714,910	49,433,973	45,910,017	47,738,787
Total primary government program revenues	194,597,500	139,767,006	152,153,550	148,079,913	119,639,701	141,413,611	143,238,620	145,380,719	138,803,798	129,942,793
<b>Net (expense) revenue</b>										
Governmental activities	(280,161,519)	(295,875,755)	(287,122,571)	(284,213,299)	(298,540,048)	(281,037,761)	(294,476,234)	(353,075,536)	(233,136,929)	(260,333,351)
Business-type activities	8,020,861	2,835,612	6,036,380	(1,587,998)	7,929,263	6,209,474	7,462,308	8,765,737	5,745,170	4,895,998
Total primary government net expenses	(272,140,658)	(293,040,143)	(281,086,191)	(285,801,297)	(290,610,785)	(274,828,287)	(287,013,926)	(344,309,799)	(227,391,759)	(255,437,353)



**CITY OF HUNTSVILLE, ALABAMA**  
**CHANGES IN NET POSITION**

Last Ten Fiscal Years  
*Unaudited*

	2021	2020	2019	2018	2017	2016	2015	2014	2013 (a)	2012 (a)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Sales & use taxes	\$268,438,074	\$237,141,754	\$226,685,473	\$208,966,293	\$195,327,025	\$190,546,050	\$181,057,346	\$159,401,801	\$135,099,924	\$132,772,011
Property taxes	76,367,185	71,077,318	65,167,286	66,083,001	59,604,053	57,850,973	54,748,223	54,253,368	53,241,717	54,699,340
Other taxes	57,945,218	50,507,374	52,525,318	47,855,650	43,967,500	45,203,819	41,737,789	41,039,618	39,075,002	39,691,873
Interest on Investments	140,105	2,392,856	4,832,242	2,383,639	585,804	704,590	450,481	672,898	775,306	1,124,316
Other	-	10,336,324	3,330,072	2,703,551	2,270,299	1,478,946	1,951,356	1,180,504	1,305,543	944,235
Gains (losses) on sales of assets	-	(66,847,987)	-	580,750	863,000	1,350,500	(304,271)	2,263,811	205,554	1,893,432
Transfers	(9,423,115)	(7,185,921)	(14,236,907)	(10,716,842)	(2,857,457)	(5,068,957)	(2,726,833)	(2,318,504)	(2,912,399)	(2,427,647)
Total governmental activities	393,467,467	297,421,718	338,303,484	317,856,042	299,760,224	292,065,921	276,914,091	256,493,496	226,790,647	228,697,560
Business-type activities										
Interest on Investments	8,485	53,608	134,194	81,117	52,909	43,358	63,140	73,467	86,299	48,846
Gains (losses) on sales of assets	-	-	(39)	-	-	-	-	-	-	-
Other	18,262	-	-	-	-	-	-	-	-	-
Transfers	9,423,115	7,185,921	14,236,907	8,202,574	2,857,457	5,068,957	2,726,833	2,318,504	2,912,399	2,427,647
Total business-type activities	9,449,862	7,239,529	14,371,062	8,283,691	2,910,366	5,112,315	2,789,973	2,391,971	2,998,698	2,476,493
Total primary government	402,917,329	304,661,247	352,674,546	326,139,733	302,670,590	297,178,236	279,704,064	258,885,467	229,789,345	231,174,053
Change in Net Position										
Governmental activities	113,305,948	1,545,963	51,180,913	33,642,743	1,220,176	11,028,160	(17,562,143)	(96,582,040)	(6,346,282)	(31,635,791)
Business-type activities	17,470,723	10,075,141	20,407,442	6,695,693	10,839,629	11,321,789	10,252,281	11,157,708	8,743,868	7,372,491
Total primary government	\$130,776,671	\$11,621,104	\$71,588,355	\$40,338,436	\$12,059,805	\$22,349,949	(\$7,309,862)	(\$85,424,332)	\$2,397,586	(\$24,263,300)

Source: Annual Comprehensive Financial Reports

(a) Includes the effect of restatements and prior period adjustments made in 2013 related to capital asset additions and debt issuance costs.

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

Last Ten Fiscal Years  
*Unaudited*

	2021 (a)	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>General Fund</b>										
Nonspendable	\$ 2,307,425	\$ 1,066,212	\$ 459,009	\$ 502,254	\$ 507,398	\$ 545,611	\$ 330,661	\$ 295,347	\$ 103,136	\$ 100,429
Restricted	5,797,312	-	-	-	-	249,607	459,360	494,593	336,926	244,449
Committed	-	7,123,511	4,310,285	4,310,285	4,702,832	6,295,708	3,978,387	2,384,910	622,963	417,977
Assigned	2,171,893	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	4,634,414	6,333,577	8,331,843	6,869,250
Unassigned	100,770,697	62,956,473	53,996,464	53,497,651	43,456,951	37,738,528	26,014,291	31,082,957	30,630,183	31,151,798
<b>Total general fund</b>	<b>111,047,327</b>	<b>72,146,196</b>	<b>59,765,758</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>All other governmental funds</b>										
Nonspendable	3,116,827	3,029,694	2,991,862	3,915,322	3,257,915	2,937,642	2,957,461	1,934,453	1,257,751	1,230,972
Restricted	220,255,062	209,061,062	281,375,373	236,973,783	41,377,635	88,919,640	87,154,198	76,162,879	76,162,879	124,922,741
Committed	2,473,701	4,482,337	4,890,852	2,887,968	142,362,101	80,848,838	32,691,643	30,615,652	30,615,652	37,375,254
Assigned	8,234,640	6,857,453	6,064,118	5,672,188	5,307,031	5,845,167	5,309,942	6,032,259	5,898,703	5,216,839
Unassigned	(706,056)	(5,558,058)	(5,950,414)	(15,776,565)	(1,117,573)	(215,316)	(236,961)	(362,755)	(236,855)	(1,102,991)
<b>Total all other governmental funds</b>	<b>233,374,174</b>	<b>217,872,488</b>	<b>289,371,791</b>	<b>233,672,696</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>Total fund balance</b>	<b>\$ 344,421,501</b>	<b>\$ 290,018,684</b>	<b>\$ 349,137,549</b>	<b>\$ 292,982,886</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>

Source: Annual Comprehensive Financial Reports

(a) The City underwent a city-wide reorganization of the financial statements in FY2021 as represented in the numbers above.

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

Last Ten Fiscal Years  
*Unaudited*

	2021 (a)	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Revenues</b>										
Sales and Use Tax	\$ 268,438,074	\$ 237,141,754	\$ 226,685,473	\$ 208,966,293	\$ 195,384,836	\$ 190,729,980	\$ 181,057,346	\$ 159,781,025	\$ 135,057,237	\$ 132,503,675
Property Tax	76,367,185	71,077,318	65,167,286	66,083,001	59,517,420	57,850,973	54,748,223	54,253,368	53,241,717	54,689,340
Other taxes	57,912,438	50,507,374	52,525,318	47,796,692	43,907,918	45,465,453	41,977,292	41,090,211	39,075,002	39,691,873
Licenses and permits	36,532,679	32,514,504	29,448,382	28,208,646	26,499,649	24,901,908	23,679,897	23,819,364	23,850,640	22,033,292
Fines and forfeitures	4,019,550	3,382,013	3,507,915	3,826,040	4,003,972	4,466,875	3,754,603	3,473,013	3,129,923	3,240,931
Revenues from money and property	-	5,316,225	9,717,987	6,972,716	5,299,539	4,919,314	4,744,704	6,461,335	4,511,397	6,211,960
Charges for services	24,975,983	22,274,966	37,161,056	42,349,949	17,993,904	17,333,314	16,947,087	16,549,021	16,215,457	15,071,641
Intergovernmental	54,119,202	20,131,353	17,595,641	11,244,579	18,343,577	32,320,686	29,747,386	27,987,674	30,395,247	21,380,475
Gifts and donations	-	2,111,362	3,408,869	2,440,644	2,460,757	6,907,406	2,922,892	3,275,381	5,817,108	3,911,580
Other revenues	24,014,030	10,336,324	3,330,072	1,806,477	1,668,794	1,268,490	1,831,703	2,486,427	1,450,476	2,122,359
<b>Total Revenues</b>	<b>546,379,141</b>	<b>454,793,193</b>	<b>448,547,999</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>Expenditures</b>										
General government	41,557,082	39,293,215	39,733,663	29,488,028	30,718,856	31,372,454	29,170,852	28,227,710	26,200,191	28,697,542
Public safety	100,668,628	97,451,844	95,034,927	92,865,616	89,362,560	90,332,831	83,826,858	82,331,558	80,070,974	80,502,982
Public services	103,473,513	95,438,193	106,397,516	88,173,064	78,125,664	121,919,036	128,975,662	74,322,641	72,239,663	77,422,057
Urban development	26,490,111	30,623,574	26,419,907	20,403,337	20,658,265	18,328,725	18,806,466	27,725,654	17,562,142	16,288,150
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	39,885,183	40,675,086	37,462,146	37,243,956	29,770,224	28,657,088	43,323,319	34,054,729	50,829,052	32,412,110
Interest	32,783,046	34,881,073	34,041,366	26,716,331	28,179,262	26,167,860	24,800,838	24,753,072	23,912,271	23,527,397
Fiscal charges	-	469	724	624	507	711	2,149	849	17,087	15,804
Debt issuance costs	1,166,670	6,500	514,302	1,269,946	1,185,748	723,615	621,319	1,414,594	249,956	1,246,871
Capital projects construction and outlay	167,373,664	153,287,127	95,846,575	166,255,294	66,860,745	36,777,565	55,563,121	28,117,331	29,658,555	20,600,429
Intergovernmental assistance	29,961,029	31,198,551	34,137,648	29,670,223	52,910,501	49,110,279	44,913,309	165,783,884	63,366,078	83,144,550
<b>Total expenditures</b>	<b>543,358,936</b>	<b>522,855,632</b>	<b>469,588,774</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>
Excess of revenues over (under) expenditures	3,020,215	(68,062,439)	(21,040,775)	(72,391,383)	(22,691,966)	(17,225,765)	(68,592,760)	(127,555,203)	(51,361,765)	(62,990,766)
<b>Other financing sources(uses)</b>										
Long-term debt issued	159,598,374	16,582,628	80,078,908	166,609,194	103,482,451	121,175,789	69,718,697	196,870,969	27,770,132	151,704,893
Premium on debt issue	(114,349,148)	-	(44,797)	(55,291,484)	(71,944,745)	(65,074,549)	-	(95,982,662)	(20,988,033)	(56,303,167)
Payment to escrow agent	1,978,636	-	-	-	-	-	-	-	-	-
Capital lease/sale proceeds	108,686,564	107,648,922	85,058,749	77,083,967	72,761,360	48,054,906	79,797,073	79,517,324	91,546,692	90,282,567
Transfers in	(113,767,843)	(114,834,843)	(99,295,656)	(87,800,809)	(75,618,816)	(53,123,863)	(82,590,783)	(82,037,527)	(94,361,027)	(92,643,580)
Transfers (out)	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources(uses)</b>	<b>42,146,583</b>	<b>9,396,707</b>	<b>83,311,842</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>Net change in fund balances</b>	<b>\$ 45,166,798</b>	<b>\$ (58,665,732)</b>	<b>\$ 62,271,067</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>
Debt service as a percentage of noncapital expenditures	19.3%	20.4%	19.1%	19.6%	17.5%	15.0%	18.2%	13.4%	22.3%	16.3%

Source: Annual Comprehensive Financial Reports

(a) The City underwent a city-wide reorganization of the financial statements in FY2021 as represented in the numbers above.

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

Last Ten Fiscal Years  
 Unaudited

Fiscal Year	Sales and Use Tax	Property Tax	City Leasing	City Liquor	City Lodging	City Gasoline	City Wine	City Tobacco	State Gasoline	Huntsville				T.V.A. P.I.L.O.T.	State Beverage	State Tobacco	All Other	Total
										Utilities P.I.L.O.T.	City Tobacco	City Wine	City Gasoline					
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	\$1,911,701	\$293,784,772			
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	\$1,959,493	\$298,869,756			
2018	\$208,966,293	\$66,083,001	\$3,707,198	\$3,490,644	\$12,407,344 *	\$1,347,117	\$221,543	\$1,215,787	\$3,564,534	\$14,908,179	\$2,829,553	\$1,710,566	\$302,714	\$2,150,470	\$322,904,943			
2019	\$226,685,473	\$65,167,284	\$4,039,834	\$3,575,726	\$14,247,977	\$1,361,321	\$225,678	\$1,172,419	\$3,640,810	\$18,836,298	\$2,494,464	\$1,790,735	\$144,940	\$2,709,436	\$346,092,395			
2020	\$237,141,756	\$71,078,187	\$4,121,555	\$3,173,119	\$10,506,906	\$1,222,155	\$246,290	\$1,271,256	\$4,042,207	\$21,172,061	\$2,827,779	\$1,684,459	\$181,002	\$4,033,650	\$362,702,382			
2021	\$268,438,074	\$76,367,185	\$4,872,815	\$4,596,158	\$13,139,614	\$1,280,113	\$250,507	\$1,229,461	\$4,653,298	\$18,396,408	\$2,864,376	\$2,062,358	\$291,867	\$4,275,463	\$402,717,697			

Source: City Finance Department

^ A 1.0% Sales Tax increase was enacted on March 1, 2014.

\* In fiscal year 2017 the City increased Lodging taxes by 2% and added \$1 surcharge per room

**CITY OF HUNTSVILLE, ALABAMA**

**SALES & PROPERTY TAX RATES**

Last Ten Fiscal Years

*Unaudited*

---

<b>SALES TAX</b>				
Fiscal Year	City	County	State	Total
2012	3.5%	0.5%	4.0%	<b>8.0%</b>
2013	3.5%	0.5%	4.0%	<b>8.0%</b>
2014*	4.5%	0.5%	4.0%	<b>9.0%</b>
2015	4.5%	0.5%	4.0%	<b>9.0%</b>
2016	4.5%	0.5%	4.0%	<b>9.0%</b>
2017	4.5%	0.5%	4.0%	<b>9.0%</b>
2018	4.5%	0.5%	4.0%	<b>9.0%</b>
2019	4.5%	0.5%	4.0%	<b>9.0%</b>
2020	4.5%	0.5%	4.0%	<b>9.0%</b>
2021	4.5%	0.5%	4.0%	<b>9.0%</b>

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

\* A 1.0% Sales Tax increase was enacted on March 1, 2014.

---

**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				
2012	6.5	22.0	6.5	<b>35.0</b>	5.5	11.0	6.5	<b>58.0</b>
2013	6.5	22.0	6.5	<b>35.0</b>	5.5	11.0	6.5	<b>58.0</b>
2014	6.5	22.0	6.5	<b>35.0</b>	5.5	11.0	6.5	<b>58.0</b>
2015	6.5	22.0	6.5	<b>35.0</b>	5.5	11.0	6.5	<b>58.0</b>
2016	6.5	22.0	6.5	<b>35.0</b>	5.5	11.0	6.5	<b>58.0</b>
2017	6.5	22.0	6.5	<b>35.0</b>	5.5	11.0	6.5	<b>58.0</b>
2018	6.5	22.0	6.5	<b>35.0</b>	5.5	11.0	6.5	<b>58.0</b>
2019	6.5	22.0	6.5	<b>35.0</b>	5.5	11.0	6.5	<b>58.0</b>
2020	6.5	22.0	6.5	<b>35.0</b>	5.5	11.0	6.5	<b>58.0</b>
2021	6.5	22.0	6.5	<b>35.0</b>	5.5	11.0	6.5	<b>58.0</b>

Note: Does not include Limestone or Morgan County properties located within the City limits as they are currently not a significant value.

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

Last Ten Fiscal Years  
*Unaudited*

Fiscal Year	Total Tax Levy	Total Tax Collections (a)	Percent of Total Tax Collections to Tax Levy
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%
2018-2019	\$227,645,704	\$229,210,607	100.7%
2019-2020	\$239,416,698	\$241,111,820	100.7%
2020-2021	\$265,537,560	\$264,952,395	99.8%

(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. Does not include Limestone and Morgan County properties located within the City limits as they are currently not a significant value.

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

Last Ten Fiscal Years  
*Unaudited*

Assessment Date	Class 1		Class 2		Class 3		Penalties Assessed	Exempt Assessed	Class 4		Total Assessed	Total Actual	Assessed Value To Total Estimated Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual			Assessed	Actual			
October 1, 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	\$3,156,441	\$23,607,862	13.4%
2018	\$18,658	\$62,194	\$2,582,436	\$12,912,178	\$1,045,444	\$10,454,436	\$5,872	(\$576,856)	\$295,427	\$1,969,515	\$3,370,980	\$25,398,323	13.3%
2019	\$17,864	\$59,546	\$2,699,354	\$13,496,771	\$1,131,591	\$11,315,908	\$6,967	(\$594,753)	\$318,650	\$2,124,332	\$3,579,673	\$26,996,557	13.3%
2020	\$17,192	\$57,308	\$3,302,282	\$16,511,412	\$1,245,686	\$12,456,855	\$2,387	(\$956,109)	\$350,461	\$2,336,404	\$3,961,899	\$31,361,980	12.6%

**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 2018 above was levied on October 1, 2019, and collected during the City's 2020 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 Debt Property Tax Fund.

**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:**

For purposes of the property tax base figures above, the direct rate that applies to these bases is 6.5 mills of tax on the assessed value (i.e. 0.65%).

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

Last Ten Fiscal Years  
 Unaudited

**SALES & USE TAXES**

Fiscal Year	Top 100 Taxpayers (approximate)	Total Tax	% of Total Tax
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%
2019	\$117,991,316	\$220,062,938	53.6%
2020	\$128,022,634	\$227,829,714	56.2%
2021	\$136,988,003	\$255,464,388	53.6%

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.

**PROPERTY TAXES**

Name	2021			2012		
	City Assessed Valuation	Rank	Percentage of Total Assessed Value	City Assessed Valuation	Rank	Percentage of Total Assessed Value
Toyota Motor Manufacturing Alabama	\$144,269,780	1	3.6%	\$95,694,820	1	3.7%
Starbelt LLC	\$30,428,200	2	0.8%			
Kohler Co	\$27,911,160	3	0.7%			
Huntsville NYL LLC	\$24,501,300	4	0.6%	\$27,349,580	2	1.1%
IMI Huntsville LLC	\$20,783,060	5	0.5%			
BASF Catalysts LLC	\$22,032,660	6	0.6%	\$19,576,100	5	0.8%
Dynetics Inc	\$25,497,120	7	0.6%			
ADTRAN Inc	\$18,700,460	8	0.5%	\$18,151,480	4	0.7%
Remington Arms Company LLC	\$18,279,920	9	0.5%			
Redstone Federal Credit Union	\$15,905,980	10	0.4%	\$9,489,040	8	0.4%
Bell South Telecommunications Inc				\$21,918,300	3	0.9%
Huntsville Shores LLC				\$13,087,340	6	0.5%
Crestwood Healthcare LP				\$12,774,120	7	0.5%
Parkway Place Limited Partnership				\$8,526,520	9	0.3%
International Diesel of Alabama				\$11,574,100	10	0.4%
<b>Top 10 subtotal</b>	<b>\$348,309,640</b>		<b>8.8%</b>	<b>\$238,141,400</b>		<b>9.2%</b>
Other taxpayers	\$3,613,589,593		91.2%	\$2,337,752,600		90.8%
<b>Totals</b>	<b>\$3,961,899,233</b>		<b>100.0%</b>	<b>\$2,575,894,000</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 funds tax. Property located within the City limits in Limestone and Morgan Counties are not included as they are 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, the assessment in 2018 will be levied on October 1, 2019, and collected during the city's 2020 fiscal year.



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

Last Ten Fiscal Years  
(amounts expressed in thousands, except per capita amounts)  
*Unaudited*

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Per Capita	Debt as % of Personal Income
	General Obligation Warrants	Revenue Warrants	Lease Revenue Bonds	PBA Bonds	Capital Leases	Sewer System General Obligation Warrants	Sewer System Revenue Warrants	Sewer System			
2012	\$503,719	\$29,193	\$85,619	-	-	\$95,968	\$42,065	\$756,564	\$4,115	4.22%	
2013	\$452,459	\$35,933	\$83,759	-	-	\$88,120	\$37,380	\$697,651	\$3,746	3.82%	
2014	\$568,664	\$45,206	\$62,697	-	-	\$80,799	\$32,525	\$789,891	\$4,194	4.16%	
2015	\$496,159	\$41,453	\$59,490	-	-	\$64,980	\$27,485	\$689,567	\$3,611	3.63%	
2016	\$595,632	\$45,610	\$57,310	-	-	\$55,948	\$22,260	\$776,760	\$4,023	3.96%	
2017	\$607,046	\$50,202	\$57,310	-	-	\$52,609	\$16,835	\$784,002	\$3,994	3.86%	
2018	\$693,105	\$50,982	\$44,820	-	-	\$48,960	\$12,810	\$850,677	\$4,311	3.91%	
2019	\$734,787	\$59,356	\$44,820	-	-	\$45,227	\$8,635	\$892,825	\$4,472	3.89%	
2020	\$771,923	\$81,440	\$50,754	-	-	\$45,147	\$4,300	\$953,564	\$4,776	4.16%	
2021	\$728,120	\$94,269	\$85,373	-	-	\$38,950	\$2,245	\$948,957	\$4,301	3.57%	

Source: Annual Comprehensive Financial Reports.  
Note: Outstanding debt includes face value and unamortized original issue premium/discounts

**CITY OF HUNTSVILLE, ALABAMA**  
**RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING**  
(amounts expressed in thousands)  
Last Ten Fiscal Years  
*Unaudited*

Fiscal Year	General Obligation Warrants	Sewer System General Obligation Warrants	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2012	\$503,719	\$95,968	\$599,687	2.9%	\$3,262
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	\$607,046	\$52,609	\$659,655	2.9%	\$3,361
2018	\$693,105	\$48,960	\$742,065	3.1%	\$3,761
2019	\$734,787	\$45,227	\$780,014	3.1%	\$3,907
2020	\$771,923	\$45,147	\$817,070	3.0%	\$4,093
2021	\$728,120	\$38,950	\$767,070	2.4%	\$3,477

Source: Annual Comprehensive Financial Reports

Note: Outstanding debt includes face value and unamortized original issue premium/discounts

**CITY OF HUNTSVILLE, ALABAMA**  
**LEGAL DEBT MARGIN INFORMATION**

Last Ten Fiscal Years

*Unaudited*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt limit	791,902,600	714,541,000	673,021,600	630,493,200	588,243,400	570,442,400	554,918,000	533,026,200	526,961,200	514,812,800
Total net debt applicable to limit	550,350,043	506,465,065	455,772,313	471,742,804	407,608,415	356,079,457	276,811,706	294,217,898	267,510,207	276,293,944
Legal debt margin	241,552,557	208,075,935	217,249,287	158,750,396	180,634,985	214,362,943	278,106,294	238,808,302	259,450,993	238,518,856
Total net debt applicable to limit as a percentage of debt limit	69.5%	70.9%	67.7%	74.8%	69.3%	62.4%	49.9%	55.2%	50.8%	53.7%

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

Assessed value of real and personal property, October 1, 2020 (a) \$3,959,513,000

Debt limit - 20 percent of total assessed value 791,902,600

All outstanding debt of the City \$948,957,345

Less those portions not chargeable to the debt limit:

Lease revenue bonds of the Public Building Authority 85,372,944

Debt payable from other revenues: 38,950,512

General obligation sewer warrants 2,245,000

Sewer revenue warrants 50,590,000

General obligation Series 2018-A Economic Development 213,878,943

Warrants issued for schools 391,037,399

Total not chargeable 557,919,946

Total debt chargeable to debt limit 7,569,903

Less assets available for debt service 550,350,043

Legal debt margin \$241,552,557

(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, ALABAMA**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

At September 30, 2021

Unaudited

---

Jurisdiction	Net Debt Outstanding (a)	Percentage Applicable to City of Huntsville (b)	Amount Applicable to City of Huntsville
City of Huntsville	\$900,191,930	100.0%	\$900,191,930
Madison County	42,254,242	65.1%	<u>\$27,507,512</u>
Total			<u><u>\$927,699,442</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 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 for 5.5 mills of county school district taxes. All data as of the most recently released tax abstract (2020).

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, ALABAMA**  
**PLEGGED REVENUE COVERAGE**  
**WATER POLLUTION CONTROL FUND WARRANTS**  
Last Ten Fiscal Years  
*Unaudited*

Fiscal Year	Gross Revenues (b)	Direct Operating Expenses (c)	Net Revenue Available for Debt Service	Debt Service Requirement (a)			Coverage
				Principal	Interest	Total	
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	\$7,694,544	\$2,895,922	\$10,590,466	2.37
2018	\$39,836,114	\$15,227,976	\$24,608,138	\$7,907,856	\$2,692,961	\$10,600,817	2.32
2019	\$40,942,608	\$18,452,775	\$22,489,833	\$8,295,714	\$2,200,931	\$10,496,645	2.14
2020	\$41,849,372	\$18,072,555	\$23,776,817	\$6,157,252	\$1,906,177	\$8,063,429	2.95
2021	\$42,940,702	\$20,909,928	\$22,030,774	\$6,102,093	\$1,743,024	\$7,845,117	2.81

(a) Debt service for general obligation warrants issued for sewer purposes and sewer 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, ALABAMA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**

Last Ten Fiscal Years  
*Unaudited*

Fiscal Year	Population (a)	Total Personal Income (b)	Per Capita Personal Income (b)	Unemployment Rate (c)
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	197,318	\$21,731,100	\$47,729	3.4%
2019	199,637	\$22,947,407	\$49,595	2.1%
2020	202,453	\$24,586,808	\$52,110	3.2%
2021	220,632	\$26,553,194	\$55,126	2.4%

(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.

(c) The unemployment rate data is for Madison County. The source of the data is the LMI Division of the Alabama Department of Labor.

**CITY OF HUNTSVILLE, ALABAMA**

**PRINCIPAL EMPLOYERS**

Current and Five Years Ago

Unaudited

Employers	2021			2016		
	Number of Employees	Rank	Percentage of Total Labor Force	Number of Employees	Rank	Percentage of Total Labor Force
US Army/Redstone Arsenal	38,000	1	15.0%	20,300	1	9.5%
Huntsville Hospital	9,352	2	3.7%	6,341	2	3.0%
NASA/Marshall Space Flight Center	6,000	3	2.4%	4,615	3	2.2%
The Boeing Company	3,048	4	1.2%	2,750	4	1.3%
Huntsville City Schools	3,000	5	1.2%			
Hexagon	3,000	6	1.2%			
Dynetics, Inc.	2,946	7	1.2%			
SAIC	2,746	8	1.1%	2,277	5	1.1%
Madison County Schools	2,389	9	0.9%			
City of Huntsville	2,206	10	0.9%			
Camber Corporation				2,125	6	1.0%
ADTRAN, INC.				1,549	7	0.7%
Technicolor / CINRAM, INC				1,450	8	0.7%
PAR				1,350	9	0.6%
Intergraph Corporation				1,325	10	0.6%
Total Employees of 10 Principal Employers	72,687		28.7%	44,082		20.7%
Employees of Other Employers	180,413		71.3%	169,122		79.3%
Total Civilian Labor Force	253,100		100.0%	213,204		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.

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

Last Ten Fiscal Years  
*Unaudited*

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>General Government</b>										
Administration	17	14	14	16	15	14	12	13	12	12
City Council	8	7	10	7	8	8	8	8	10	10
Clerk-Treasurer	17	17	19	19	18	18	18	18	18	18
Finance	31	27	30	35	35	35	33	31	33	33
Human Resources	17	17	16	16	16	13	13	13	13	13
I.T.S.	41	38	43	47	46	48	48	48	47	47
Legal	18	17	18	17	16	16	16	16	16	16
<b>Total</b>	<b>149</b>	<b>137</b>	<b>150</b>	<b>157</b>	<b>154</b>	<b>152</b>	<b>148</b>	<b>147</b>	<b>149</b>	<b>149</b>
<b>Public Safety</b>										
Animal Services	33	31	35	34	32	31	31	28	28	28
EMA	7	7	8	9	9	9	9	9	9	9
Fire and Rescue	409	387	428	439	439	408	396	395	395	400
Municipal Court	46	46	50	53	52	48	48	48	48	47
Police	641	662	727	725	702	642	632	632	628	628
<b>Total</b>	<b>1,136</b>	<b>1,133</b>	<b>1,248</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>Public Services</b>										
Cemetery	17	11	13	13	12	12	12	24	24	23
General Services	50	49	52	52	52	52	53	64	63	81
Fleet Services	50	49	51	49	50	49	46	47	47	47
Parks & Recreation	150	169	203	197	196	197	191	185	185	182
Landscape Management	160	144	149	151	149	143	133	132	232	232
Parking	42	43	49	53	51	52	54	54	54	54
Public Transportation	86	87	98	80	80	77	75	73	73	67
Public Works	226	228	249	241	238	237	246	245	246	258
Water Pollution Control	122	127	140	184	133	127	125	124	124	123
<b>Total</b>	<b>903</b>	<b>907</b>	<b>1,004</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>Urban Development</b>										
Community Development	32	32	29	42	43	44	44	44	44	44
Engineering	34	31	34	46	45	46	46	45	45	45
Inspection	34	31	31	34	30	29	29	29	28	28
Natural Resources	8	8	10	8	7	7	7	7	7	7
Planning	40	40	47	50	47	45	45	47	46	47
Traffic Engineering	35	34	40	39	39	39	39	39	39	39
<b>Total</b>	<b>183</b>	<b>176</b>	<b>191</b>	<b>219</b>	<b>211</b>	<b>210</b>	<b>210</b>	<b>211</b>	<b>209</b>	<b>210</b>
<b>Total for all departments</b>	<b>2,371</b>	<b>2,353</b>	<b>2,593</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>

Source: Headcount by department provided by payroll at year-end.



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

Last Ten Fiscal Years  
*Unaudited*

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Public Safety</b>										
<b>Fire and Rescue</b>										
Number of fire stations	19	19	19	19	19	19	19	18	17	17
Fire insurance rating	1	1	1	1	1	1	3/9	3/9	3/9	3/9
Number of calls answered	21,701	19,879	22,966	21,684	21,159	18,723	17,021	16,587	15,036	14,418
Inspections	7,912	8,090	8,290	7,772	6,171	5,387	5,715	4,829	5,464	4,928
<b>Police</b>										
Number of police stations	6	5	5	5	5	4	4	4	4	4
Physical arrests	10,378	10,048	10,753	11,281	10,793	12,390	12,371	13,040	12,499	11,253
Parking violations	11,235	10,360	12,403	31,066	12,213	10,029	10,469	10,535	9,674	11,870
Traffic violations	21,302	23,060	25,735	11,168	29,338	34,455	39,908	44,256	33,488	31,508
<b>Public Services</b>										
<b>Recreation Services</b>										
Admissions to Aquatic Facilities	128,033	119,165	144,779	103,043	95,791	81,218	100,011	99,180	101,992	101,091
Participants in Community Center programs	1,842	2,910	8,029	5,025	5,688	4,548	5,480	3,521	2,477	2,986
Participants in Youth Athletic programs	3,943	2,353	4,765	4,633	4,967	5,418	5,836	5,883	5,730	6,062
Participants in Adult Athletic programs	2,776	3,900	1,451	661	1,691	1,245	1,954	3,084	3,853	6,442
Number of parks	66	64	64	64	64	64	64	63	62	62
Baseball fields	48	48	48	48	48	48	48	48	48	50
Softball fields	48	48	48	48	48	48	48	48	48	42
Soccer fields & Multi-purpose fields	59	41	41	41	41	41	41	41	41	59
Football fields	2	2	2	2	2	2	2	2	2	2
Golf courses	0	0	0	0	0	1	1	1	1	1
Tennis courts	52	56	56	56	56	56	56	56	55	66
Recreation centers	13	13	11	11	12	12	12	13	13	13
Enclosed swimming pools	4	4	4	4	4	3	3	3	3	3
<b>Public Works</b>										
Streets (Beginning 2011 - Lane Miles)	3,516	3,446	3,370	3,329	3,302	3,280	3,244	3,200	3,170	3,151
Street lights	23,753	23,696	23,526	23,552	23,101	22,938	22,535	22,410	22,169	21,923
Signalized street intersections	400	393	387	382	381	377	369	366	359	356
Controlled intersections	11,957	11,918	11,854	11,809	11,761	11,698	11,648	11,620	11,553	11,540
Major storm sewers (miles)	1,190	1,152	1,138	1,088	1,068	1,027	1,013	998	975	951
Major storm sewers (miles) - Total for Year	38	14	50	20	40	14	15	23	24	19
Potholes repaired	15,045	15,477	18,510	11,542	13,503	14,567	13,012	7,312	9,408	8,638
<b>Sanitation</b>										
Refuse collected (tons/day)	352	305	310	266	237	269	286	267	266	258
Trash collected (tons/day)	130	182	230	163	153	113	165	174	167	174
<b>Water Pollution Control</b>										
Avg daily sewage treatment(M gallon/day)	45	43	41	36	34	35	37	33	41	37
Sanitary sewers (miles)	1,599	1,564	1,532	1,502	1,463	1,450	1,430	1,420	1,365	1,365
<b>Utilities</b>										
New connections	1,130	1,401	712	1,133	1,418	1,497	1,312	850	889	1,107
Water main breaks	86	79	96	87	64	114	95	79	85	64
Average daily consumption (000 gallons)	47,720	44,033	45,121	43,797	42,954	45,582	40,518	38,406	37,364	41,347
Water meters in use	103,532	101,894	100,139	97,189	95,657	94,501	92,919	91,513	90,802	89,280

Sources:  
 Various city departments

[THIS PAGE IS INTENTIONALLY LEFT BLANK]

**APPENDIX D**

**FORM OF OPINION OF BOND COUNSEL**

[THIS PAGE IS INTENTIONALLY LEFT BLANK]

**Appendix D**  
**Form of Opinion of Bond Counsel**

City of Huntsville  
Huntsville, Alabama

We have examined certified copies of proceedings of the governing body of the City of Huntsville (herein called the "City"), in the State of Alabama, and other documents submitted to us pertaining to the authorization, sale and issuance of

\$66,835,000 General Obligation Warrants Series 2023-A	\$26,790,000 General Obligation Warrants Series 2023-B
\$44,605,000 General Obligation Sewer Warrants Series 2023-C	\$45,425,000 General Obligation School Warrants Series 2023-D

(herein called the "Warrants"). We have not examined the Warrants as executed, but we have been furnished with appropriate certificates respecting their execution. The statements herein made and the opinions hereinafter expressed are based upon our examination of the aforesaid proceedings and documents so examined by us.

We are of the following opinion: that the Warrants are in due and legal form, have been validly authorized and issued pursuant to the applicable provisions of the constitution and laws of the State of Alabama, and constitute valid orders on the city treasurer of the City for the payment thereof as therein provided; that the indebtedness ordered paid by the Warrants is a valid general obligation of the City for the payment of the principal of and interest on which the City has validly and irrevocably pledged its full faith and credit; and that, under existing statutes, the interest on the Warrants is exempt from State of Alabama income taxation.

We are further of the opinion that under the Internal Revenue Code of 1986, as amended (herein called the "Code"), as presently construed and administered, and assuming compliance by the City with its covenants pertaining to certain requirements of federal tax law that are set forth in the proceedings authorizing the issuance of the Warrants and in the tax compliance agreement and certificate executed by the City in connection with the Warrants, the interest on the Warrants will be excludable from gross income of the recipients thereof for federal income tax purposes pursuant to the provisions of Section 103(a) of the Code, and the interest on the Warrants will not be an item of tax preference included in alternative minimum taxable income for the purpose of computing the minimum tax imposed by Section 55 of the Code. In the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on "applicable corporations" (as defined in Section 59(k) of the Code), interest on the Warrants is not excluded from the determination of adjusted financial statement income. We express no opinion with respect to the federal tax consequences to the recipients of the interest on the Warrants under any provision of the Code not referred to above. We express no opinion with respect to the federal tax consequences to the recipients of the interest on the Warrants under any provision of the Code not referred to above.

We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement of the City relating to the Warrants. Further, we express no opinion regarding tax consequences arising with respect to the Warrants other than as expressly set forth herein.

The rights of the holders of the Warrants and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Yours very truly,

[THIS PAGE IS INTENTIONALLY LEFT BLANK]

**APPENDIX E**

**SUMMARY OF CONTINUING DISCLOSURE AGREEMENT**

[THIS PAGE IS INTENTIONALLY LEFT BLANK]



## SUMMARY OF CONTINUING DISCLOSURE AGREEMENT

The following is a summary of the Continuing Disclosure Agreement (the "Agreement") entered into by the City, for the benefit of the holders of the Warrants, in order to assist the winning bidders for the Warrants in complying with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission of the United States of America (the "Commission") pursuant to the Securities Exchange Act of 1934. Except where otherwise defined in this Appendix, all capitalized terms have the meaning assigned in the front portion of this Official Statement.

**Annual Report of the City.** The City agrees, in accordance with the provisions of the Rule, to provide or cause to be provided through the Electronic Municipal Market Access system ("EMMA"), or such other system as may be subsequently authorized by the MSRB, not later than 270 days after the close of each fiscal year of the City (October 1 – September 30), commencing with the fiscal year ending September 30, 2023, a report (the "City's Annual Report") containing:

(i) the audited general purpose financial statements of the City, prepared in accordance with accounting principles generally accepted in the United States of America, and the notes thereto, and

(ii) if not otherwise contained in the Annual Report, the following information for the fiscal year being reported:

(a) receipts of (i) the 6.5 mill general purpose ad valorem tax levied by the City, (ii) TVA Payments in Lieu of Property Taxes, and (iii) Huntsville Utilities Electric Payments in Lieu of Property Taxes, in format similar to the table shown under the heading "SOURCES OF REVENUES – Property Taxes and Payments in Lieu of Taxes";

(b) collections of sales and use taxes levied by the City, in format similar to the table shown under the heading "SOURCES OF REVENUES – Sales and License Taxes – Sales and Use Taxes";

(c) collections of privilege license taxes levied by the City, in format similar to the table shown under the heading "SOURCES OF REVENUES – Sales and License Taxes – Licenses and Permits";

(d) to the extent available from the U.S. Census Bureau, the most recent population estimate for the City; and

(e) to the extent available from applicable taxing authorities, the assessed value of real property in the City, or, to the extent actual assessed values are not available, estimated assessed values of such real property, in format similar (with respect to such real property) to the table shown under the heading "AD VALOREM TAXES – Assessed Valuations".

**Notice of Certain Events.** The City agrees to provide or cause to be provided, in a timely manner, through EMMA (or such other system as may be authorized by the MSRB) Notice within ten (10) business days of the occurrence of any of the following events with respect to the Warrants:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Warrants, or other material events affecting the tax status of the Warrants;
- (vii) modifications of the rights of holders of the Warrants;
- (viii) calls for redemption, other than scheduled mandatory redemption, of any of the Warrants if material, and notice of tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Warrants, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the City or of any obligated person respecting the Warrants;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the City or any obligated person respecting the Warrants (each, an "Obligated Person") or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement related to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or paying agent or the change of name of a trustee or paying agent, if material;
- (xv) failure of the City to timely file its Annual Report;
- (xvi) incurrence of a financial obligation of the City or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or obligated person, any of which affect security holders, if material; and
- (xvii) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the City or obligated person, any of which reflect financial difficulties.

**Additional Information.** The City may from time to time choose to provide other information in addition to the information and notices listed above, but the City does not undertake in the Agreement to commit to provide any such additional information or to update or to continue to provide such additional information or notices once provided.

**Amendment; Waiver.** The City may amend the Agreement and any provision of the Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not cause the undertakings therein to violate the Rule taking into account any subsequent change in or official interpretation of the Rule.

**Beneficiaries and Enforcement.** The City agrees that its undertakings pursuant to the Rule set forth in the Agreement are intended to be for the benefit of the holders of the Warrants and shall be enforceable by such holders. No failure by the City to comply with its obligations under the Agreement shall constitute an event of default under the Ordinance.

[THIS PAGE IS INTENTIONALLY LEFT BLANK]