

# CITY OF HUNTSVILLE, ALBAMA



HUNTSVILLE

---

Tommy Battle  
Mayor

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT 2008**

**Fiscal Year Ended  
September 30, 2008**

**Prepared by  
Finance Department**

Randall E. Taylor, CPA, CGFO  
Finance Director

# CITY OF HUNTSVILLE

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2008

---

### TABLE OF CONTENTS

<b>Part I - Introductory Section:</b>	<b>Page</b>
Letter of Transmittal .....	3
GFOA Certificate of Achievement .....	8
Organizational Chart .....	9
List of Elected Officials .....	10
<b>Part II - Financial Section:</b>	
Independent Auditor's Report.....	11
Management's Discussion and Analysis .....	13
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Assets.....	28
Statement of Activities .....	29
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	30
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	31
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	32
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	33
Statement of Net Assets –Proprietary Funds .....	35
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds .....	36
Statement of Cash Flows – Proprietary Funds.....	37
Statement of Fiduciary Net Assets – Fiduciary Funds.....	39
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	40
Combining Statement of Net Assets – Discretely Presented Component Units.....	41
Combining Statement of Activities – Discretely Presented Component Units.....	42
Notes to the Financial Statements.....	43
Supplementary Information:	
Combining and Individual Fund Financial Statements:	
Balance Sheet – General Fund.....	80
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual – General Fund.....	81
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual – By Activity – General Fund .....	82
Schedule of Special Appropriations – Budget & Actual – General Fund .....	89
Introduction of Nonmajor Governmental Funds .....	91
Combining Balance Sheet – Nonmajor Governmental Funds.....	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	93
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – By Activity - The Special Revenue Fund.....	94
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – By Activity - Other Governmental Funds.....	96

CITY OF HUNTSVILLE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 SEPTEMBER 30, 2008

---

	<b>Page</b>
<b>Part III - Statistical Section:</b>	
Introduction .....	99
Net Assets By Component .....	100
Changes In Net Assets .....	101
Fund Balances Of Governmental Funds .....	103
Changes In Fund Balances Of Governmental Funds .....	104
Governmental Activities Tax Revenues By Source .....	105
Sales & Property Tax Rates .....	106
Property Tax Levies and Collections .....	107
Estimated Assessed and Estimated Actual Value Of Taxable Property (Thousands) .....	108
Principal Taxpayers – Sales & Property Taxes .....	109
Ratios Of Outstanding Debt By Type .....	110
Ratios Of General Obligation Debt Outstanding .....	111
Legal Debt Margin Information .....	112
Computation Of Direct And Overlapping Debt .....	113
Revenue Warrant Coverage-Water Pollution Control Fund Warrants .....	114
Demographic and Economic Statistics .....	115
Principal Employers .....	116
City Government Employees By Function .....	117
Operating Indicators and Capital Asset Statistics By Function .....	118

# **INTRODUCTORY SECTION**



# HUNTSVILLE

---

Tommy Battle  
Mayor

March 31, 2009

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

Honorable Mayor and Council, and Citizens:

This Comprehensive Annual Financial Report of the City of Huntsville, Alabama, for the fiscal year ended September 30, 2008, is hereby presented to you. This report has been prepared to summarize the financial results of the City's operations in 2008, and assist you in assessing its financial condition. Many people and organizations will receive this report and it is very important to the management of the City's financial affairs.

This report consists of management's representations concerning City finances and, consequently, management is fully responsible for its completeness and reliability. To provide a reasonable basis for making these representations, management has established a city-wide internal control system that is designed to protect the City's assets from loss, theft, or misuse, and assist management to produce reliable financial information. Because the cost of internal controls should not outweigh their benefits, the City's system is intended to provide reasonable, not absolute, assurance that the City's financial statements are materially accurate. Our positions as Finance Director and Clerk-Treasurer give us primary responsibility for City financial matters, and we assert that to the best of our knowledge and belief that this report is complete and reliable in all material respects.

State law requires an annual audit of the City's financial statements by independent certified public accountants who must conduct the audit in accordance with generally accepted auditing standards. Beason & Nalley, Inc., a certified public accounting firm in Huntsville, conducted the audit and their report on the City's basic financial statements is included herein. [It contains an "unqualified opinion," commonly known as a "clean opinion," regarding the City's financial statements, meaning the auditors have concluded the City's financial statements are fairly presented in conformity with generally accepted accounting principles.](#) 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 adequacy of the City's internal controls and the City's compliance with legal requirements, and they have issued their reports to City management.

## The Star of Alabama

---

PO Box 308 • Huntsville, Alabama 35804-0308 • Phone 256-427-5080 • FAX 256-427-5064

[www.hsvcity.com](http://www.hsvcity.com)

Mayor Tommy Battle  
Members of the City Council  
March 31, 2009

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found on page 13.

### **Profile of the Government**

The City was incorporated on December 9, 1811 and is operated under a Mayor-Council form of government. The City currently has a land area of 206 square miles and a population of approximately 170,000. The City is empowered to levy taxes on real and personal property and to extend its corporate limits through annexation.

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

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

The annual budget serves as the foundation for the City's financial planning and control. The Mayor is required to submit a budget proposal to the City Council for most of the City's departments and funds by September 1 of each fiscal year. The Council, after public comment and evaluation, must adopt a balanced operating budget by the beginning of the fiscal year each October 1. The budget is adopted by fund, department (e.g. urban development), division (e.g. engineering), activity (personnel, operating and capital), and object (e.g. salaries). For funds which include the City's the operating departments (e.g. General Fund), the Mayor and department heads are authorized to make budget transfers within departments' objects, but the Council must approve transfers between activities and funds. [Comparisons of department and fund budgets to actual amounts are provided in this report on pages 33, 81 through 89, and 94 through 97.](#)

### **Factors Affecting Financial Condition**

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

Mayor Tommy Battle  
Members of the City Council  
March 31, 2009

### Economic conditions

The national economy began to expand in 2005, and our economy benefited from this. [The City's aggressive economic development efforts have had a significant effect on City revenues, as well as promoting revenue stability through business diversification and residential growth.](#) Because of these factors, City revenues increased at the high rates until early 2008. The national recession that began in 2007 affected local conditions in the spring of 2008, and City revenues have stagnated until the present time. Lower consumer spending and a construction industry decline have decreased sales tax collections, and interest earnings have dropped significantly due to lower investment rates. The unemployment rate is an economic indicator, and while local rates are rising because of the recession, Madison County's rate is less the state and national figure, which is a positive sign for local business conditions and job opportunities for people in the workforce region. The median family income of Huntsville residents still substantially exceeds national and state figures.

City revenues are vulnerable to economic shifts that significantly effect consumer spending because consumption taxes (e.g. sales tax) are a substantial part of total revenue, so diversification of our major tax bases is critical. City economic development efforts and sustained federal spending in 2008 helped offset some of the U.S. recession effects, but revenues remain somewhat volatile because of our sales tax reliance.

The cornerstone of the City's recent development efforts has been the establishment of tax increment financing districts (TIFs) by the City. The TIF projects funded by the City, all of which are complete (except for the new TIF 4), have stimulated diversified business and residential developments that are estimated to eventually exceed \$2 billion in value. The significant development of property in these districts has also increased tax collections well in excess of projected amounts, lessening the City's risk with regard to debt issued for TIF projects. The emphasis on retail business incentives has resulted in an increase of consumer spending in the City and corresponding growth in tax revenues. Also, because the quality of the Huntsville City Schools is paramount in attracting residents to the City, which in turn helps grow property values, the Mayor and Council included projects in the TIFs that will facilitate \$132 million in school construction and improvements when all are complete (total for City and schools).

[The local economic outlook for upcoming years appears very positive, but near-term financial challenges exist because of the recession. City managers already note fairly aggressive growth in the demand for public services, and given this reality, operating and spending requirements will continue to exert significant pressure on budgetary resources. City leaders must continue to be intentional and conservative when planning, and exercise strong prioritization of spending in 2009 and 2010 because of budgetary constraints.](#)

### Management of City Resources

**Long-term capital planning.** Much of the City's growth and vitality depend on public infrastructure, and the Mayor and Council continue to plan comprehensively for development and maintenance of this expensive asset. The ten-year capital improvement plan establishes spending priorities and identifies funding needs, primarily long-term debt, and is updated every year. Spending in the plan is limited within estimated future revenues based on conservative rates of growth. Additional reserves have been established in the capital plan to provide additional protection from budget shortfalls related to the TIF districts, if they occur.

The City has aggressively cultivated partnerships with state and federal agencies and as a result, a significant number of local road projects include some state and federal funding. Several overpasses are under construction on Memorial Parkway, as are many other roads for which state and federal money is paying a significant part. The first phase of Governors Drive widening is complete, and the City used its

Mayor Tommy Battle  
Members of the City Council  
March 31, 2009

own resources for this state highway that is critical to our transportation system. Significant drainage and road work in the downtown area is mostly complete, as is the new downtown public safety building. Strong demand for City property in Cummings Research Park West will lead to completion of the park's roads, and the significant new business developments there, especially the Hudson-Alpha Institute for Biotechnology, will serve to further enhance the City's business reputation as a high-technology center.

**Long-term debt management.** Most of the City's capital and schools construction projects are financed with long-term debt, and managing debt size and complexity within available revenues requires careful long-term planning. The ten-year capital plan provides the framework for managing existing debt for current and upcoming capital projects, but the capital plan also considers a twenty-year horizon for achieving the goal of paying for more projects without debt beginning in about 2012, thus reducing interest costs significantly. Since capital spending pressure will remain very high, accomplishing this ambitious goal means City leaders must exercise considerable discipline to avoid increasing the capital spending plan in the near-term. [If this can be accomplished over the next few years, long-term capital funding will increase significantly and remain that way for many years.](#)

In 2008, the City mostly spent funds borrowed in prior years, and issued new debt in February 2009 for new capital projects.

A significant factor in assessing the economic health of the City of Huntsville, and the City's finances, is the credit rating assigned by credit rating agencies, because of their in-depth review of economic conditions and City financial performance. [The most significant financial achievement of the City was the recent upgrade of the City's rating by Standard & Poor's Rating Services to AAA, the first and only ever in the State of Alabama, and an uncommon rating among U.S. cities.](#) The Moody's Investors Service, Inc. rating is also a commendable Aa1. These ratings were achieved during a period in which the City is managing economic struggles while maintaining an aggressive economic development plan.

**General Fund reserves.** The fund balance of the General Fund must be maintained at a level such that the City has adequate working capital and can respond to unexpected financial shocks. Management's goal to maintain an undesignated fund balance of at least 11.5 percent of total budgeted expenditures was met in 2008, and every year since 1995.

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

**Operational efficiency.** Mayor Battle has continually challenged all city departments to improve their operations and the quality of citizen services. Financial challenges remain high due to increasing demand for public services and new infrastructure as the city grows more rapidly than in recent years.

**Financial and risk management.** Sound financial management practices are a very important part of the City meeting its obligation for public services. The city is regarded 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. The City provides pension benefits through the Retirement Systems of Alabama plan, and is responsible for funding 100 percent of benefit costs after mandatory employee contributions and plan earnings. The City has met all of its obligations and incorporates the effect of expected benefit cost increases in making annual budget decisions. Information about the retirement plans is found on pages 74 through 76 of this report. [It is important to](#)

Mayor Tommy Battle  
Members of the City Council  
March 31, 2009

note that benefit increases granted to retirees in recent years, plus a serious declines in investment rates, will increase the cost of retirement benefits in upcoming year, possibly in significant amounts.

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, 2007, as it has for the past fifteen years. 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 Certificate of Achievement is valid for a period of one year only. Management believes that this report conforms to GFOA's requirements and is submitting it for consideration of another award.

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

Respectfully,



Randall E. Taylor, CPA, CGFO  
Finance Director



Charles E. Hagood, CMC  
Clerk-Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Huntsville  
Alabama

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2007

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



A handwritten signature in black ink, appearing to read "K. L. Post".

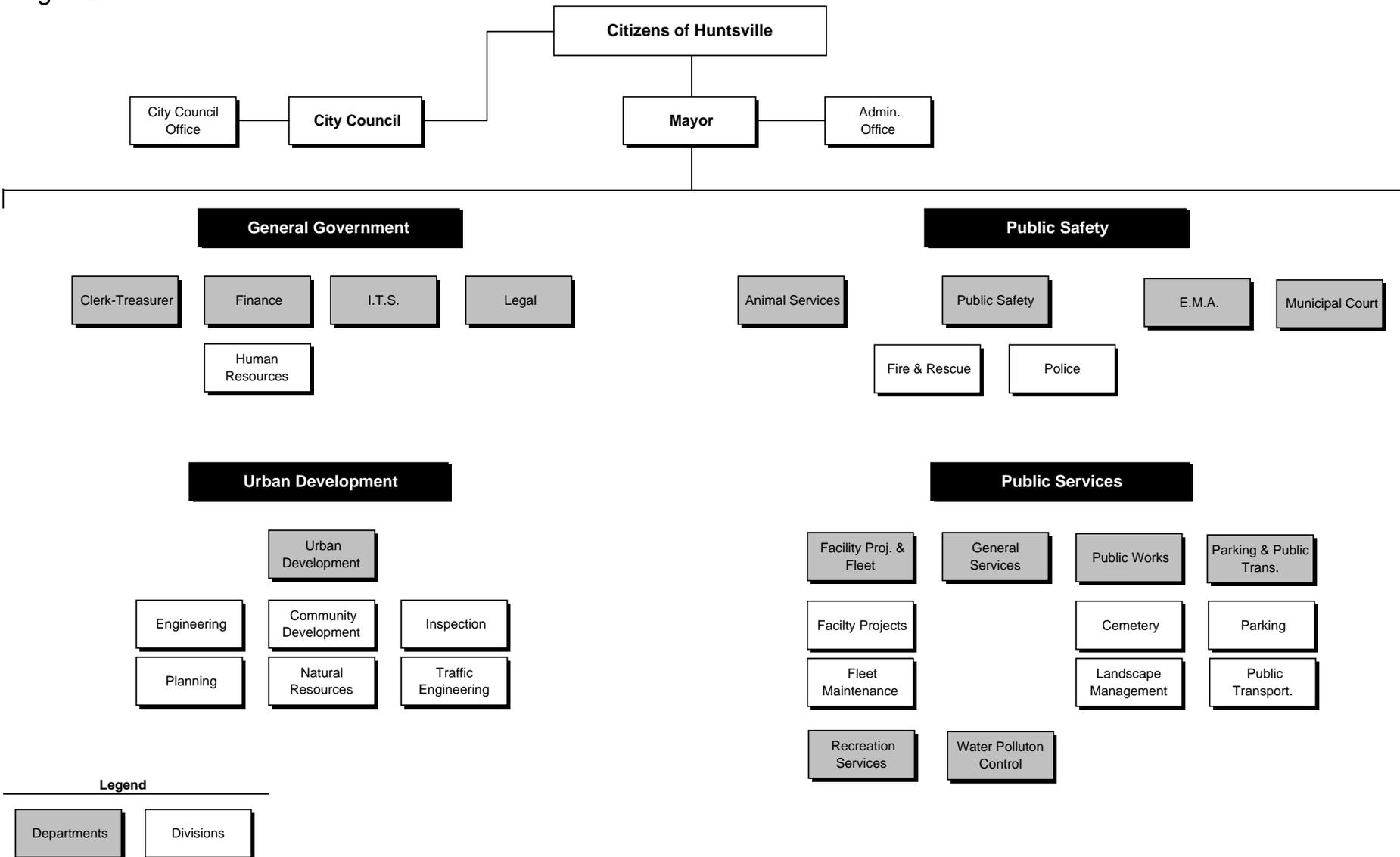
President

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

Executive Director

# City of Huntsville

## Organizational Structure



CITY OF HUNTSVILLE  
ELECTED OFFICIALS  
September 30, 2008

---

MAYOR

Honorable Tommy Battle

TERM OF OFFICE

November 2008 – 2012

CITY COUNCIL MEMBERS

District 1 - Richard Showers

Term Expires 2012

District 2 - Mark Russell

Term Expires 2010

District 3 - Sandra Moon

Term Expires 2010

District 4 - Bill Kling

Term Expires 2010

District 5 - Will Culver

Term Expires 2012

# **FINANCIAL SECTION**



## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Huntsville, Alabama (the City) as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Huntsville's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Huntsville Electric, Natural Gas, and Water Systems (Huntsville Utilities), and the Huntsville/Madison County Convention and Visitors Bureau, which are component units of the City, or the financial statements of the Public Library Special Revenue Fund, the Huntsville Museum of Art - Board Special Revenue Fund, the Von Braun Center Enterprise Fund, and the Municipal Iceplex Enterprise Fund. Those financial statements represent 99.9% of the total assets, and 99.9% of the revenues of the discretely presented component units; 2.5% of the total assets and 7.1% of the revenues of the special revenue funds; and 18.3% of the total assets and 19.5% of the operating revenues of the enterprise funds. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Huntsville Museum of Art - Board Special Revenue Fund were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

Beason & Nalley, Inc.  
101 Monroe Street  
Huntsville, Alabama  
35801-4829

(256) 533-1720  
(800) 416-1946  
(256) 534-8558 Fax

[www.beasonnalley.com](http://www.beasonnalley.com)

In our opinion, based on our audit and the reports of 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 units, each major fund, and the aggregate remaining fund information of the City of Huntsville, Alabama, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and The Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis beginning on page 13 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We and other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Huntsville's basic financial statements. The introductory section, supplementary information and the statistical information 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 supplementary information have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2009 on our consideration of the City of Huntsville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink that reads "Beason-Held, Inc." with a stylized flourish at the end.

Huntsville, Alabama

March 31, 2009



# HUNTSVILLE

Tommy Battle  
Mayor

## Management's Discussion and Analysis

As management of the City, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with our letter of transmittal at the front of this report and the City's financial statements, which follow this section. Items of particular interest to management are highlighted.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of fiscal year 2008 by \$848.5 million.
- Net assets of the governmental activities increased \$5.2 million.
- **The unrestricted net assets of the governmental activities are negative \$49.8 million, which means the City must meet its ongoing obligations to citizens and creditors from future revenues.** The City has \$96.2 million in unrestricted assets, although there are numerous limitations as to their use, but this is offset by amounts that must be funded from future revenues: \$109.1 million in liabilities the City has for borrowing on behalf of the Huntsville Board of Education, expected to be repaid from future property tax revenue collections; \$6.7 million for Von Braun Center improvements, expected to be repaid from future tax revenue collections; \$20.8 million for accrued employee leave; and \$9.4 million in other liabilities that must be funded from other future revenues.
- **Total revenues of the governmental activities decreased \$1.1 million, or 0.4 percent, a low rate compared to the higher growth rates of the past few years.** Of this amount, general revenues increased \$3.2 million, or 1.5 percent – property taxes increases were the largest contributor at \$7.1 million (including TIF district taxes), offsetting decreases of \$3.9 million in all other revenues.
- Net assets of the business-type activities increased \$9.5 million, and their net unrestricted net assets are \$28.1 million, which may be used to meet their ongoing obligations.
- As of September 30, 2008, the governmental funds reported a combined ending fund balance of \$163.7 million, a decrease of \$54.4 million from the prior year, which included the following significant sources:

## The Star of Alabama

PO Box 308 • Huntsville, Alabama 35804-0308 • Phone 256-427-5080 • FAX 256-427-5064

[www.hsvcity.com](http://www.hsvcity.com)

## Management's Discussion and Analysis- Continued

- The General Fund decreased \$13.7 million. Revenues were \$6.1 million less than budgeted, mostly from sales taxes and interest revenue. This was addressed in part by a reduction in expenditures, but \$7.6 million net expenditures were incurred for mostly capital items, using prior year fund balances available for that purpose.
  - The Special Revenue Fund increased of \$6.0 million, primarily from restricted taxes that were not expended in 2008.
  - The Public Building Authority Fund decreased \$27.6 million from the expenditure of money borrowed in 2007 for the jail expansion project.
  - The Capital Improvement Fund decreased \$17.1 million from the expenditure of money borrowed in prior years for capital projects.
- Most of the \$163.7 ending fund balance must be spent for specific purposes. [Only \\$4.9 million is not reserved by law or designated by management](#), and this amount is available to finance the activities of the governmental funds.
  - The General Fund reported a fund balance of \$56.0 million and \$4.9 million of this amount is available for any purpose. As described above, the fund balance decreased \$13.7 million from the prior year.
  - The City's debt associated with governmental activities decreased \$34.9 million in 2008, representing \$27.6 million in principal payments and \$7.3 million transferred to the Water Pollution Control Fund for sewer projects.

### Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused annual leave).

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

## Management's Discussion and Analysis- Continued

City are those activities whereby the City provides financial resources to other governmental entities, primarily the Huntsville Board of Education for support of the city school system.

The business-type activities of the City include the sanitary sewer system (Water Pollution Control), Von Braun Center, and Benton H. Wilcoxon Municipal Ice Complex operations. All of these activities are collectively referred to in the financial statements as those of the *primary government*.

As described in the letter of transmittal and notes to the financial statements, other entities' activities are included in this report because of the relationship of these legally separate entities to the City. Financial information of the Huntsville Utilities Electric, Gas and Water Systems, the Huntsville/Madison County Convention & Visitors' Bureau, and the Downtown Redevelopment Authority are collectively referred to in the financial statements as those of the *discretely-presented component units*. This discussion and analysis focuses on the primary government and the complete financial statements (including MD&A) of the component units may be obtained from the Finance Department of the City.

The government-wide financial statements can be found on pages 28 and 29 of this report.

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

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

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

The City maintains fifteen individual governmental funds:

- General Fund, the Debt Service Fund, The Special Revenue Fund, the Public Building Authority Fund, and the Capital Improvements Fund are considered *major* funds, and information is presented separately in the *Governmental Fund Balance Sheet* and in the *Governmental Fund Statement Of Revenues, Expenditures, And Changes In Fund Balances* for these funds.
- The ten other governmental funds are considered *nonmajor* governmental funds and they are combined into a single, aggregated presentation in the basic financial statements. Individual fund data for each of these funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements appear on pages 30 through 34 of this report.

*Proprietary funds.* The City maintains only one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial

## Management's Discussion and Analysis- Continued

statements. The City uses enterprise funds to account for Water Pollution Control, Von Braun Center, and Benton H. Wilcoxon Municipal Ice Complex operations.

Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The basic proprietary fund financial statements provide information as follows:

- The Water Pollution Control Fund and Von Braun Center Fund are considered *major* proprietary funds of the City, and information is presented separately in the *Proprietary Fund Balance Sheet* and in the *Proprietary Fund Statement Of Revenues, Expenditures, And Changes In Fund Net Assets* for these funds
- The Benton H. Wilcoxon Municipal Ice Complex operation is considered a *nonmajor* proprietary fund, and it is presented with the major proprietary funds since it is the only nonmajor fund.

The basic proprietary fund financial statements appear on pages 35 through 38.

*Fiduciary funds.* The City maintains only one fiduciary fund. *The Post Retirement Benefits Trust Fund* accounts for the activities of the City's post-retirement medical benefits plan, which accumulates resources for post-employment benefit payments to qualified employees. Because the assets of this fund are held in trust for retiree benefits, they are not included in the net assets of the City as presented in the government-wide statement of net assets. The fund financial statements appear on pages 39 and 40.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43 through 78 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. Because the City adopts an annual operating budget for certain funds, a comparison of budget to actual by activity (i.e. personnel, operating, capital and other) is provided for the applicable funds to demonstrate compliance with this budget. This information and the combining nonmajor funds statements referred to earlier can be found beginning on page 80 of this report.

### Government-wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a government's financial position. **Overall, the City's assets exceeded liabilities by \$848.5 million at the close of the most recent fiscal year, but it is important to note that this amount is largely restricted in some manner and not available to finance City activities.** In fact, the restricted net assets is greater than the total net assets, a deficit situation (see below). The most significant restriction is the \$811.6 million invested in capital assets (e.g. land, buildings, streets, and bridges), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

An additional portion of the City's net assets, \$58.6 million, represents resources that are subject to restrictions as to how they may be used, such restrictions being imposed by legal requirements other than those imposed by the City Council (e.g. state or federal law). The remaining balance of unrestricted net assets is a negative \$21.7 million, which consisted of a negative \$49.8 million from governmental activities (the deficit situation referred to above) and a positive \$28.1 million from business-type activities. The negative unrestricted net assets represents the fact that at the end of 2008, the "non-capital asset debt" and other liabilities of the City exceeded the unrestricted assets available to pay them. This figure is further analyzed as follows (in thousands):

## Management's Discussion and Analysis- Continued

Liabilities arising from governmental activities (net of deferred costs):	
Long-term debt incurred for non-City purposes:	
Huntsville City Schools	(\$109,145)
Von Braun Center	(6,670)
Other	(1,938)
Other liabilities	<u>(28,250)</u>
Total	(146,003)
Unrestricted assets available	<u>124,307</u>
Unrestricted net assets	<u>(\$21,696)</u>

The long-term debt incurred to construct assets that are not owned by the City consisted of (a) \$109.1 million to construct school facilities owned by the Huntsville Board of Education; (b) \$6.7 million to construct improvements to the Von Braun Center, which is a business-type activity of the City, but the debt is a governmental activities liability; and (c) and \$1.9 million for industrial developments owned by other entities. While assets are not currently on hand to pay these liabilities, the City expects to pay the debt from annually-recurring revenues established for that purpose.

Other liabilities primarily includes the value of compensated absences, or accrued leave owed to employees and accrued interest on city long-term debt, in the amounts of \$20.8 million \$7.4 million, respectively, at year-end. These amounts must be paid from revenues of future periods.

### City of Huntsville Net Assets (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$200,830	\$250,577	\$54,646	\$43,798	\$255,476	\$294,375
Capital assets	995,427	963,839	245,617	241,038	1,241,044	1,204,877
<b>Total assets</b>	<b>1,196,257</b>	<b>1,214,416</b>	<b>300,263</b>	<b>284,836</b>	<b>1,496,520</b>	<b>1,499,252</b>
Long-term liabilities outstanding	473,581	504,214	130,145	125,938	603,726	630,152
Other liabilities	35,889	28,571	8,359	6,614	44,248	35,185
<b>Total liabilities</b>	<b>509,470</b>	<b>532,785</b>	<b>138,504</b>	<b>132,552</b>	<b>647,974</b>	<b>665,337</b>
Net assets:						
Invested in capital assets, net of related debt	677,877	676,753	133,673	132,100	811,550	808,853
Restricted	58,692	64,781	0	0	58,692	64,781
Unrestricted	(49,782)	(59,903)	28,086	20,184	(21,696)	(39,719)
<b>Total net assets</b>	<b>\$686,787</b>	<b>\$681,631</b>	<b>\$161,759</b>	<b>\$152,284</b>	<b>\$848,546</b>	<b>\$833,915</b>

Net assets from the City's activities increased \$14.6 million in 2008, which can be explained as follows (in thousands):

	Governmental Activities	Business-Type Activities
Restricted for capital assets:		
Net additions of new capital assets	\$68,578	\$11,227
Depreciation of capital assets	(36,991)	(6,648)
Net decrease (increase) in capital related debt	(30,463)	(4,172)
Net increase (decrease) in SRF drawdowns financing capital assets	0	1,166
	<u>1,124</u>	<u>1,573</u>

## Management's Discussion and Analysis- Continued

	Governmental Activities	Business-Type Activities
Other restrictions:		
Increase in restricted funds for capital projects	(17,849)	0
Increase in restricted funds for debt service	7,786	0
Other net expenditures subject to restrictions	3,974	0
	(6,089)	0
Unrestricted:		
Increases (decreases) in net assets:		
General Fund	(5,663)	0
Capital Improvement Fund	4,753	0
Water Pollution Control Fund	0	7,374
Net (increase) decrease in non-capital related liabilities	9,527	0
All other changes	1,504	528
	10,121	7,902
Change in net assets	\$5,156	\$9,475

### City of Huntsville Changes in Net Assets (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<u>Revenues:</u>						
Program revenues:						
Charges for services	\$43,640	\$43,590	\$41,202	\$40,985	\$84,842	\$84,575
Operating grants & contributions	6,042	7,634	0	0	6,042	7,634
Capital grants & contributions	8,916	11,736	2,362	0	11,278	11,736
General revenues:						
Sales taxes	127,565	125,724	0	0	127,565	125,724
Property taxes	50,211	43,153	0	0	50,211	43,153
Other taxes	37,538	37,320	0	0	37,538	37,320
Interest on investments	6,150	7,980	405	547	6,555	8,527
Other	2,724	5,479	0	0	2,724	5,479
Gains on sales of assets	1,011	2,295	0	0	1,011	2,295
<b>Total revenues</b>	<b>283,797</b>	<b>284,911</b>	<b>43,969</b>	<b>41,532</b>	<b>327,766</b>	<b>326,443</b>
General government	24,413	21,850	0	0	24,413	21,850
Public safety	76,952	68,430	0	0	76,952	68,430
Public services	99,060	92,368	0	0	99,060	92,368
Urban development	24,467	24,079	0	0	24,467	24,079
Interest on long-term debt	22,418	22,141	0	0	22,418	22,141
Unallocated depreciation	26,015	25,729	0	0	26,015	25,729
Water pollution control	0	0	26,766	23,400	26,766	23,400
Other	0	0	10,799	10,539	10,799	10,539
<b>Total expenses</b>	<b>273,325</b>	<b>254,597</b>	<b>37,565</b>	<b>33,939</b>	<b>310,890</b>	<b>288,536</b>
Net asset change before transfers	10,472	30,314	6,404	7,593	16,876	37,907
Transfers	(5,316)	(3,027)	3,071	3,027	(2,245)	0
<b>Increase (decrease) in net assets</b>	<b>5,156</b>	<b>27,287</b>	<b>9,475</b>	<b>10,620</b>	<b>14,631</b>	<b>37,907</b>
Net assets - beginning of year	681,631	654,344	152,284	141,664	833,915	796,008
<b>Net assets - end of year</b>	<b>\$686,787</b>	<b>\$681,631</b>	<b>\$161,759</b>	<b>\$152,284</b>	<b>\$848,546</b>	<b>\$833,915</b>

## Management's Discussion and Analysis- Continued

### Net Asset Changes - Governmental Activities:

Revenues decreased \$1.1 million in 2008. The most significant changes were as follows:

Charges for services - increased only \$50,000 for all activities, or 0.1 percent, after several years of high growth, primarily due to a significant reduction in building activities and related permit revenue.

Grants from federal and state agencies - decreased \$4.4 million, most of which was the \$2.9 million decrease in the amount of state transportation grants in 2008.

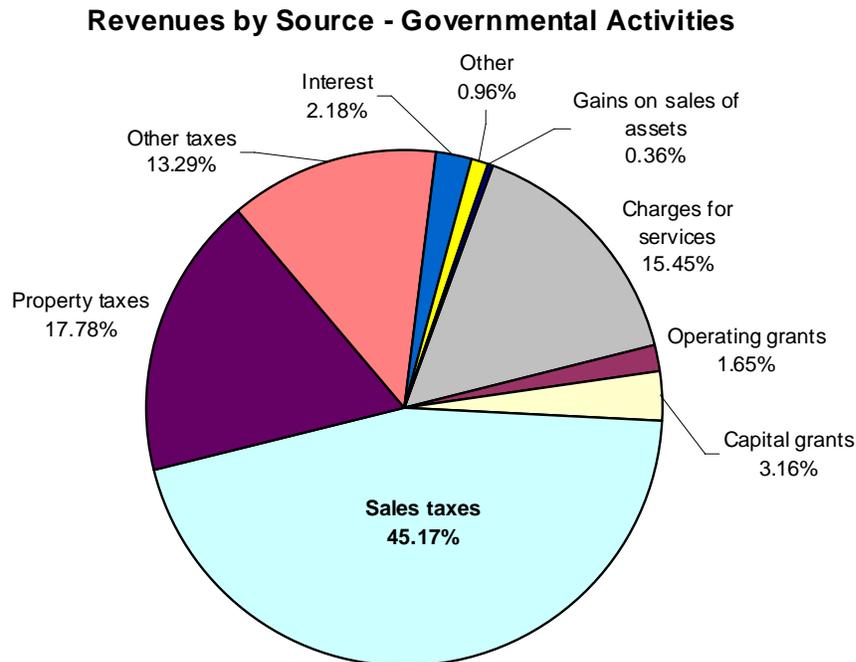
Sales taxes - increased \$1.8 million, or 1.5 percent, a significantly reduced rate of growth compared to prior years, due to general economic conditions and a decrease in construction activities.

Property taxes - increased \$7.1 million, or 16.4 percent. About 10 percent of this increase is due to general city-wide increases, and significantly higher growth within the TIF districts, which increased to the total growth rate.

Interest on investments - decreased \$1.8 million, or 23 percent due to a sharp decline in investment earnings rates.

Other revenues - decreased \$2.8 million, for which most significant changes were a \$2.7 million decrease in the private contributions for construction of the Bridge Street parking garage (completed in 2008) and a \$500,000 increase from Huntsville City Schools for police officers.

Gains on sales of assets - decreased \$1.3 million due to fewer sales of land in Cummings Research Park.



## Management's Discussion and Analysis- Continued

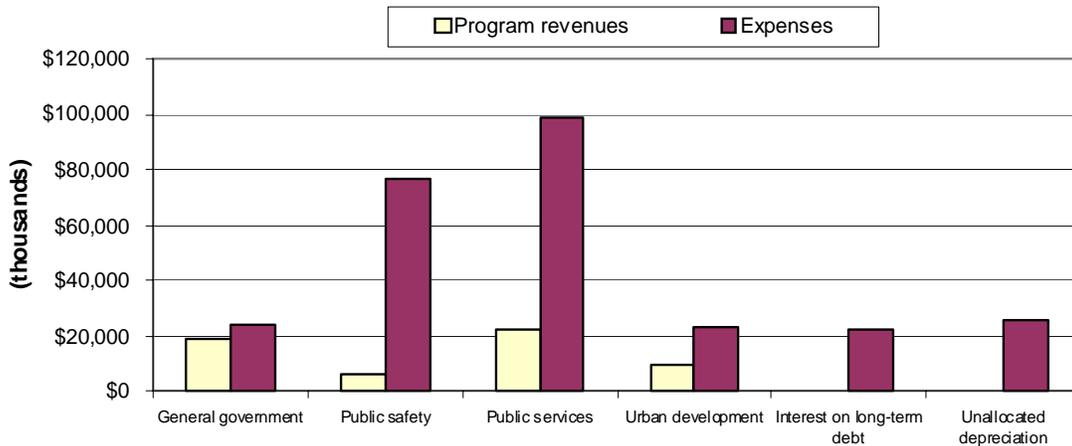
Expenses increased \$18.7 million, or 7.4 percent in 2008. The most significant changes were as follows:

General government increased \$2.5 million, or 11.7 percent, of which \$3.0 million was due to settlement of legal claim related to a police department matter. No other changes were significant.

Public safety increased \$8.5 million, or 12.5 percent. The most significant changes were as follows: Police personnel costs increased \$3.2 million due to hiring more thirteen more police officers; and Fire & Rescue personnel costs increased \$3.0 million, or 14 percent due to an approved increase in firefighter pay rates above the normal cost increases.

Public services increased \$6.7 million, or 7.2 percent. Of this increase, \$4.5 million was in the City's departmental operations: General Services utility costs increased \$386,000, or 13.5 percent; Landscape Management personnel increased \$694,000, or 12.7 percent, due to the hiring of additional employees; and special appropriations increased \$1.1 million, \$385,000 of which was to Huntsville Hospital for the new psychiatric care agreement and a \$381,000 increase in the Convention & Visitor's lodging tax appropriation. Also, street resurfacing in the Capital Improvement Fund increased \$2.0 million.

**Program Revenues & Expenses - Governmental Activities**



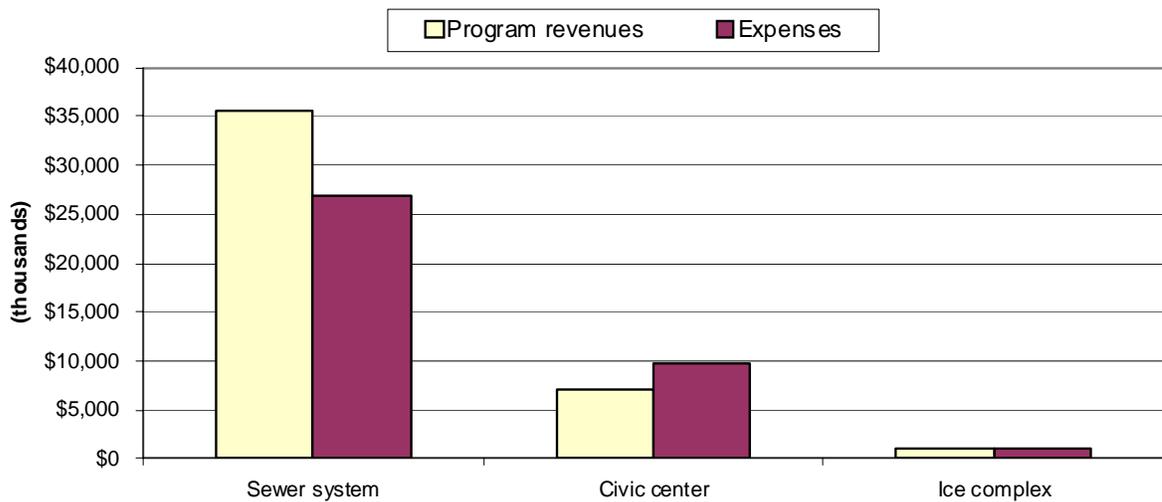
### Net Asset Changes - Business-Type Activities:

Revenues increased \$2.4 million, or 5.9 percent. Operating revenues did not change significantly for any activity – the rate increase in sanitary sewer fees was offset by a wetter 2008 summer, resulting in lower sewer volume. Capital grants and contributions in the Water Pollution Control Fund increased \$2.3 million from a \$1.1 EPA grant and \$1.2 private contribution for sewer project.

Expenses increased \$3.6 million, or 10.7% the most significant of which was related to significant rehabilitation of its sanitary sewer system pursuant to U.S. Environmental Protection Agency requirements (the City made a self-assessment of its needs and is not under an EPA directive). Much of this effort's costs will result in improvement to system assets, but \$2.0 million more of 2008 costs (compared to 2007) were associated with system evaluation and other non-capital improvements. This is the largest portion of the total \$2.8 million increase in Water Pollution Control expenses.

## Management's Discussion and Analysis- Continued

### Program Revenues & Expenses - Business-Type Activities



#### Financial Analysis of the Governmental Funds

As noted earlier, the City uses fund accounting to group accounts established for various purposes, and to help ensure and demonstrate compliance with finance-related legal requirements.

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

The combined fund balances of the City's governmental funds decreased \$54.4 million in 2008, and the total balance as of September 30, 2008, was \$163.7 million. This amount is available for spending subject to certain restrictions or limitations:

Reserved indicates it is not available for discretionary spending because it is restricted externally, such as by federal and state law, or is not available because it does not constitute current resources, such as long-term notes receivable.

Designated indicates it is not available for discretionary spending because it is limited for particular purposes by City ordinance and policy, such as to fulfill prior year purchase orders and commitments, or for employee post-retirement benefits.

Unreserved and undesignated, but within the limitations of certain funds in that have been established, like the Public Building Authority Fund or the Capital Improvements Fund.

Unreserved and undesignated is not subject to any limitations other than as broadly defined in state and City law.

## Management's Discussion and Analysis- Continued

The fund balances of the governmental funds as of September 30, 2008, is as follows:

<b>Reserved</b>	<b>\$66,102,819</b>
<b>Designated for specific purposes:</b>	
Prior year commitments	16,171,600
Cemetery improvements	942,090
Contingencies (11.5% requirement)	25,959,065
School improvements	830,341
Jail construction	2,970,674
Post-retirement benefits	9,600,000
Tourism activities	2,243,322
Other	2,417,636
	<b>61,134,728</b>
<b>Undesignated, but use is limited:</b>	
Debt service	3,232,744
Externally-restricted	1,351,011
Perpetual care	1,225,666
Capital projects	25,738,179
	<b>30,196,589</b>
 <b>Not reserved or designated</b>	 <b>4,933,331</b>
 <b>Total</b>	 <b>\$163,718,478</b>

The decrease of \$54.4 million in the fund balances of the City's governmental funds and information about the significant changes in each funds was as follows:

General Fund	(\$13,757,359)
The Special Revenue Fund	5,956,231
Public Building Authority Fund	(27,660,586)
Capital Improvement Fund	(17,131,876)
Cummings Research Park Fund	(1,813,210)
All other funds	6,105
Total	(\$54,400,695)

General Fund. The originally-adopted budget was balanced, but \$19.4 million was added for expenditures from prior year fund balance, primarily for capital-related items. Of this \$19.4 million planned decrease, of \$5.7 million was not expended, resulting in the \$13.7 million actual decrease in fund balance. If grant and capital construction accounts are excluded (these mostly offset each other), the \$5.7 million amount was primarily due to:

Total revenues were \$6.1 million less than expected:

Sales taxes were \$7.2 million less than budget requirements due to general economic conditions and a decline in construction activity.

Property taxes \$737,000 were more than budget requirements.

Interest earnings were \$1.6 million less than budget requirements because of a sharp decline in investment earnings rates.

## Management's Discussion and Analysis- Continued

All other revenues were \$2.0 more than budget requirements, but none were individually significant.

Total expenditures were \$11.8 million less than expected, due in part to the deferral of capital equipment purchases and a limitation on expenditures because of economic conditions, most significant of which were:

- Finance deferral of software purchase - \$950,000
- Fire & Rescue deferral of ladder truck purchase - \$1.1 million
- Landscape Management personnel costs not expended - \$900,000
- Public Works personnel costs not expended - \$494,000
- Public Works capital purchases deferred - \$464,000
- Huntsville City Schools transfer reduced by formula due to sales tax shortfall - \$831,000
- Von Braun Center transfer for the Concert Hall project deferred to 2009 - \$2 million

The above items total \$6.7 million. The remaining \$5.1 million of unexpended appropriations were distributed across the various departments and none were individually significant.

The Special Revenue Fund. This fund includes state taxes and city property taxes restricted by law for certain purposes, including all the city TIF district accounts. The \$6.0 million increase in the fund balance was due to the following:

4/5 Cent State Gas Tax – \$1.3 million increase. This is street maintenance, and the increase was the 2008 revenue total, none of which was spent for resurfacing as budgeted (but which was re-appropriated in 2009).

6.5 Mill Property Tax – \$927,000 increase. This is restricted for debt service and the increase is the difference between the revenue and amount transferred to the Debt Service Fund.

6.5 Mill School Property Tax - \$1.9 million increase. This is restricted for city school purposes and the increase is the difference between the revenue and amount transferred to the Huntsville City Schools or transferred to the Debt Service Fund for school debt service.

TIF 3 - \$4.1 million increase. This is restricted for repayment of TIF 3 projects debt, and the increase is the difference between the revenue and amount transferred to the Debt Service Fund.

TIF 4 - \$2.7 million decrease. This is restricted for TIF 4 projects and repayment of TIF 4 projects debt, and the decrease was mostly due to the spending of debt issued in 2007 on TIF 4 projects in 2008.

All other - \$400,000 increase.

Public Building Authority Fund. The \$27.6 million decrease was due to the spending of debt issued in 2007 for the jail expansion project.

Capital Improvement Fund. The \$17.1 million decrease was due to the spending of debt issued in 2005 on capital projects for which the debt was issued.

Cummings Research Park Fund. The \$1.8 million decrease was the difference between \$525,000 received from land sales and \$231,000 of interest revenue, and the \$2.6 million spent on park road projects.

## Management's Discussion and Analysis- Continued

Fund Balance of the General Fund. The General Fund is the primary operating fund of the City. The unreserved fund balance of the General Fund was \$53.4 million, but \$48.5 million of this amount has been designated by management for various purposes. The remaining balance of \$4.9 million is available for any purpose. Management's policy is to retain 11.5 percent of next year's revenue for working capital and as cushion against contingencies - \$26.0 million was designated for this purpose at the end of 2008.

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures (including transfers to other funds). Total fund balance and unreserved fund balance represents 23.1 percent and 22.1 percent of total general fund expenditures (including transfers out), respectively.

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

The net assets of the enterprise funds increased \$9.5 million in 2008 - \$8.8 million from the Water Pollution Control Fund, \$239,765 from the Von Braun Center Fund, and \$457,582 from the Municipal IcePlex Fund.

### General Fund Budgetary Highlights

Variations between General Fund budget and actual amounts is described on page 21 and 22, and the net differences between the original and final budget is summarized below. An amount shown in the "Net Change to Budget" column was an increase or (decrease) in the net budget.

	Offsetting Budget Changes	Net Change to Budget
Grant revenue was increased \$5.9 million for new grants, with a \$5.1 million increase in various program expenditures		\$800,000
Decrease in transfer out to Capital Improvement Capital Projects Fund due to decrease in sales tax revenue		1,100,000
Decrease in transfer out to Capital Improvement Capital Projects Fund related to 2007 debt service savings on PBA debt.		1,300,000
Increase in intergovernmental assistance expenditure to Huntsville Board of Education for gymnasium projects – 2007 earmarked revenue		(830,000)
Appropriation of prior year unreserved and undesignated fund balance for capital expenditures		(7,200,000)
Increase in operating expenditures for legal fees		(1,500,000)
Increase in transfer out for Iceplex improvements		(600,000)
Increase in transfer out for Ditto Landing improvements		(350,000)
Increase in capital expenditures for General Fund portion of Downtown Rescue Mission property		(1,500,000)
Increase in capital expenditures related to 2007 debt issued for VBC improvements		(9,300,000)
All other appropriations		(1,370,000)
Total net change		(\$19,450,000)

## Management's Discussion and Analysis- Continued

### Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for governmental and business-type activities as of September 30, 2008, totals \$1.2 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 \$36.2 million in 2008 - \$79.8 million of net acquisitions less \$43.6 million of depreciation. The largest capital additions, totaling \$61.5 million, were as follows:

- Construction of sewer system improvements - \$9.7 million
- Continuing expansion of the of the city-county jail - \$30.6 million
- Construction of the new downtown public safety building - \$5.3 million
- Purchase of the Downtown Rescue Mission property - \$3.9 million
- Continuing construction of Harris Hills Boulevard - \$2.7 million
- Completion of the Bridge Street parking garage (non-city funds) - \$2.4 million
- Purchase of the Searcy Homes property (flood mitigation) - \$2.3 million
- Continuing construction of Old Monrovia Road improvements - \$2.0 million
- Purchase of the Penny property (flood mitigation) - \$1.6 million
- Continuing construction of the Old Monrovia Road bridge - \$1.0 million

### **City of Huntsville's Capital Assets**

(In thousands, net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$69,291	\$63,862	\$6,945	\$6,945	\$76,236	\$70,807
Construction in process	63,519	38,891	1,754	1,206	65,273	40,097
Land improvements	19,445	20,234	0	0	19,445	20,234
Buildings and improvements	110,496	95,884	231,217	227,179	341,713	323,063
Infrastructure	706,011	719,067		0	706,011	719,067
Other	26,665	25,902	5,701	5,708	32,366	31,610
<b>Total</b>	<b>\$995,427</b>	<b>\$963,840</b>	<b>\$245,617</b>	<b>\$241,038</b>	<b>\$1,241,044</b>	<b>\$1,204,878</b>

Additional information on the City's capital assets can be found in Note 4B on pages 56 through 58 of this report.

(The rest of this page is intentionally blank)

## Management's Discussion and Analysis- Continued

**Long-term debt.** As of September 30, 2008, the City had \$581.8 million of long-term debt outstanding. Of this amount, \$418.9 million is debt backed by the full faith and credit of the City, and \$162.9 million is comprised of revenue bonds and warrants secured solely by specific revenue sources (sewer system debt).

### City of Huntsville's Outstanding Debt (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation warrants	\$365,022	\$399,840	\$53,833	\$50,590	\$418,855	\$450,430
Revenue warrants	0	0	76,560	75,980	76,560	75,980
Lease revenue bonds	86,415	86,415	0	0	86,415	86,415
<b>Total</b>	<b>\$451,437</b>	<b>\$486,255</b>	<b>\$130,393</b>	<b>\$126,570</b>	<b>\$581,830</b>	<b>\$612,825</b>

The City issued \$5.0 million of sewer revenue warrant obligation debt in 2008.

The City's general obligation bond rating by Standard & Poor's Corporation and Moody's Investors Service, Inc. are AAA and Aa1, 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 twenty percent of the assessed value of real and personal property. As of September 30, 2008, the City's allocable debt outstanding was \$230.9 million less than the legal debt limit.

Additional information regarding the City's long-term debt can be found in Note 4E on pages 62 through 70 of this report.

#### 2009 Budget

The Mayor and City Council considered many factors when developing the fiscal year 2009 budget, especially the impact of the national recession. While Huntsville's revenues are somewhat insulated from national trends because of local development, the seriousness of the national situation has affected 2008 and 2009 revenues such that reductions in expenditures and capital projects have been necessary. A 2009 General Fund recurring revenue budget of \$220.3 million was adopted, which is \$5.4 million less than 2008 and represents zero growth over 2008 actual revenues. As of March 2009, revenues for sales tax and interest revenue are not within budgetary goals, and some budget changes are expected.

#### 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@hsvcity.com](mailto:HSVFinance@hsvcity.com). This report and other City financial information is available on the City's website at [http://www.hsvcity.com/finance/finance\\_reports.php](http://www.hsvcity.com/finance/finance_reports.php).

## BASIC FINANCIAL STATEMENTS

**CITY OF HUNTSVILLE**  
**STATEMENT OF NET ASSETS**  
**September 30, 2008**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash & investments, at cost	\$177,675,017	\$20,312,005	\$197,987,022	\$77,954,616
Receivables (net of allowances)	23,942,225	5,663,666	29,605,891	32,710,291
Due from governmental entities	2,458,672	0	2,458,672	43,496
Inventories	112,407	100,694	213,101	15,679,370
Prepaid items	284,795	260,282	545,077	770,091
Revenue warrants - drawdowns receivable	0	17,264,527	17,264,527	0
Internal balances	(8,654,909)	9,854,909	1,200,000	0
Deferred costs	5,011,362	1,190,596	6,201,958	2,574,202
Restricted assets				
Cash & investments, at cost	0	0	0	85,153,257
Capital assets				
Land, collections and construction in process	132,809,929	8,698,641	141,508,570	30,514,028
Other assets, net of accum. depreciation	862,617,000	236,918,124	1,099,535,124	422,987,082
<b>Total assets</b>	<b>1,196,256,498</b>	<b>300,263,444</b>	<b>1,496,519,942</b>	<b>668,386,433</b>
<b>LIABILITIES</b>				
Accounts payable	12,796,190	5,181,726	17,977,916	51,160,536
Accrued liabilities	14,408,044	1,784,951	16,192,995	9,114,525
Contract retainages	4,956,632	367,358	5,323,990	0
Due to governmental entities	191,772	0	191,772	0
Notes payable	1,150,000	61,836	1,211,836	0
Customer deposits	9,000	885,853	894,853	45,473,939
Deferred revenue	1,281,527	77,442	1,358,969	0
Other	1,095,639	0	1,095,639	0
Liabilities payable from restricted assets:				
Other	0	0	0	1,181,684
Noncurrent liabilities				
Due within one year	34,381,440	9,270,487	43,651,927	2,675,308
Due in more than one year	439,199,563	120,874,554	560,074,117	75,623,858
<b>Total liabilities</b>	<b>509,469,807</b>	<b>138,504,207</b>	<b>647,974,014</b>	<b>185,229,850</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	677,876,604	133,673,199	811,549,803	376,268,823
Restricted for:				
Capital projects	16,631,330	0	16,631,330	24,266,384
City schools	13,155,544	0	13,155,544	0
Debt service	17,157,238	0	17,157,238	10,101,950
Other	11,748,305	0	11,748,305	6,026,772
Unrestricted	(49,782,330)	28,086,038	(21,696,292)	66,492,654
<b>Total net assets</b>	<b>\$686,786,691</b>	<b>\$161,759,237</b>	<b>\$848,545,928</b>	<b>\$483,156,583</b>

The accompanying notes are an integral part of this statement.

**CITY OF HUNTSVILLE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2008**

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expense) & Changes in Net Assets			Component Units
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary Government</b>								
<b>Governmental activities</b>								
General government	\$24,413,094	\$18,976,662	\$0	\$0 #	(\$5,436,432)	\$0	(\$5,436,432)	\$0
Public safety	76,952,205	3,671,778	1,005,379	1,520,444 #	(70,754,604)	0	(70,754,604)	0
Public services	99,059,863	16,610,479	3,396,741	2,583,000 #	(76,469,643)	0	(76,469,643)	0
Urban development	24,467,222	4,381,380	1,639,380	4,812,691 #	(13,633,771)	0	(13,633,771)	0
Interest on long-term debt	22,416,453	0	0	0 #	(22,416,453)	0	(22,416,453)	0
Unallocated depreciation	26,015,619	0	0	0 #	(26,015,619)	0	(26,015,619)	0
<b>Total governmental activities</b>	<b>273,324,456</b>	<b>43,640,299</b>	<b>6,041,500</b>	<b>8,916,135</b>	<b>(214,726,522)</b>	<b>0</b>	<b>(214,726,522)</b>	<b>0</b>
<b>Business-type activities</b>								
Water pollution control	26,765,661	33,149,416	0	2,361,822	0	8,745,577	8,745,577	0
Civic center	9,690,975	7,085,111	0	0	0	(2,605,864)	(2,605,864)	0
Ice complex	1,107,937	967,984	0	0	0	(139,953)	(139,953)	0
<b>Total business-type activities</b>	<b>37,564,573</b>	<b>41,202,511</b>	<b>0</b>	<b>2,361,822</b>	<b>0</b>	<b>5,999,760</b>	<b>5,999,760</b>	<b>0</b>
<b>Total primary government</b>	<b>310,889,029</b>	<b>84,842,810</b>	<b>6,041,500</b>	<b>11,277,957</b>	<b>(214,726,522)</b>	<b>5,999,760</b>	<b>(208,726,762)</b>	<b>0</b>
<b>Component Units</b>								
All	474,472,836	484,557,798	14,500	0	0	0	0	10,099,462
<b>Total component units</b>	<b>\$474,472,836</b>	<b>\$484,557,798</b>	<b>\$14,500</b>	<b>\$0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,099,462</b>
<b>General Revenues</b>								
Sales & use taxes					127,565,012	0	127,565,012	0
Property taxes					50,210,471	0	50,210,471	0
Other taxes					37,537,970	0	37,537,970	466,808
Interest on investments					6,150,108	404,992	6,555,100	4,321,935
Other					2,724,336	0	2,724,336	1,604,730
Gains on sales of assets					1,010,961	0	1,010,961	0
Capital contributions					0	0	0	7,203,062
Transfers					(5,316,250)	3,070,738	(2,245,512)	0
<b>Total general revenues &amp; transfers</b>					<b>219,882,608</b>	<b>3,475,730</b>	<b>223,358,338</b>	<b>13,596,535</b>
<b>Change in net assets</b>								
Net assets, beginning					681,630,605	152,283,747	833,914,352	459,460,586
<b>Net assets, ending</b>					<b>\$686,786,691</b>	<b>\$161,759,237</b>	<b>\$848,545,928</b>	<b>\$483,156,583</b>

The accompanying notes are an integral part of this statement.

**CITY OF HUNTSVILLE  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
September 30, 2008**

	General Fund	Debt Service	The Special Revenue	Public Building Authority	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash & investments, at cost	\$90,435,230	\$3,378,413	\$57,059,253	\$6,678,831	\$10,677,569	\$9,445,721	\$177,675,017
Receivables (net of allowances)							
Accounts	13,814,785	0	595,718	7,474	3,339,183	5,908,589	23,665,749
Notes	0	0	0	0	0	0	0
Accrued interest	0	0	0	0	0	276,476	276,476
Due from other funds	2,890,480	0	11,802,532	0	30,493,685	2,835,804	48,022,501
Due from governmental entities	1,786,775	0	0	0	592,337	79,560	2,458,672
Inventories	68,450	0	0	0	0	43,957	112,407
Prepaid items	21,636	0	0	0	0	263,159	284,795
<b>Total assets</b>	<b>\$109,017,356</b>	<b>\$3,378,413</b>	<b>\$69,457,503</b>	<b>\$6,686,305</b>	<b>\$45,102,774</b>	<b>\$18,853,266</b>	<b>\$252,495,617</b>
<b>LIABILITIES</b>							
Accounts payable	\$2,789,511	\$0	\$42,956	\$6,235,130	\$3,057,154	\$671,439	\$12,796,190
Accrued liabilities	6,500,931	0	0	0	0	434,085	6,935,016
Contract retainages	2,504,859	0	79,431	1,757,761	614,581	0	4,956,632
Due to other funds	39,192,195	300	15,497,134	0	1,958,547	29,234	56,677,410
Due to governmental entities	191,772	0	0	0	0	0	191,772
Deferred revenue	762,112	145,369	0	0	3,301,282	756,717	4,965,480
Notes payable	0	0	0	0	1,150,000	0	1,150,000
Customer deposits	0	0	0	0	0	9,000	9,000
Other	1,095,639	0	0	0	0	0	1,095,639
<b>Total liabilities</b>	<b>53,037,019</b>	<b>145,669</b>	<b>15,619,521</b>	<b>7,992,891</b>	<b>10,081,564</b>	<b>1,900,475</b>	<b>88,777,139</b>
<b>FUND BALANCES</b>							
Reserved for:							
Capital projects	2,082,877	0	26,057,755	0	0	0	28,140,632
City schools	0	0	13,155,544	0	0	0	13,155,544
Debt service	0	0	11,441,626	2,482,868	0	0	13,924,494
Donor restricted	0	0	0	0	0	1,009,125	1,009,125
Jail construction	234,113	0	0	0	0	0	234,113
Notes receivable	0	0	0	0	0	6,236,906	6,236,906
Other	218,948	0	3,183,057	0	0	0	3,402,005
Unreserved, designated for:							
Encumbrances	3,547,940	0	0	0	0	0	3,547,940
Encumbrances-capital project funds	0	0	0	0	11,657,016	966,644	12,623,660
Cemetery improvements	942,090	0	0	0	0	0	942,090
Contingencies	25,959,065	0	0	0	0	0	25,959,065
School improvements	830,341	0	0	0	0	0	830,341
Jail construction	2,970,674	0	0	0	0	0	2,970,674
Post-retirement benefits	9,600,000	0	0	0	0	0	9,600,000
Tourism activities	2,243,322	0	0	0	0	0	2,243,322
Other	2,417,636	0	0	0	0	0	2,417,636
Unreserved & undesignated, reported in:							
General fund	4,933,331	0	0	0	0	0	4,933,331
Debt service fund	0	3,232,744	0	0	0	0	3,232,744
Special revenue funds	0	0	0	0	0	1,351,011	1,351,011
Permanent fund	0	0	0	0	0	1,225,666	1,225,666
Capital projects funds	0	0	0	(3,789,454)	23,364,194	6,163,439	25,738,179
<b>Total fund balance</b>	<b>55,980,337</b>	<b>3,232,744</b>	<b>53,837,982</b>	<b>(1,306,586)</b>	<b>35,021,210</b>	<b>16,952,791</b>	<b>163,718,478</b>
<b>Total liabilities and fund balance</b>	<b>\$109,017,356</b>	<b>\$3,378,413</b>	<b>\$69,457,503</b>	<b>\$6,686,305</b>	<b>\$45,102,774</b>	<b>\$18,853,266</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds 995,426,929  
Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds. (472,358,716)

**Net assets of governmental activities** **\$686,786,691**

**CITY OF HUNTSVILLE  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended September 30, 2008**

	General Fund	Debt Service	The Special Revenue	Public Building Authority	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>REVENUE</b>							
Sales & use taxes	\$127,565,012	\$0	\$0	\$0	\$0	\$0	\$127,565,012
Property taxes	12,853,448	0	37,357,023	0	0	0	50,210,471
Other taxes	34,428,160	0	3,109,810	0	0	0	37,537,970
Licenses & permits	23,054,259	0	0	0	0	0	23,054,259
Fines & forfeitures	3,097,825	0	55,234	0	0	382,279	3,535,338
Revenues from money & property	3,398,128	55,357	1,547,472	480,590	1,227,930	3,156,678	9,866,155
Charges for services	13,265,357	0	0	0	0	0	13,265,357
Intergovernmental	8,025,333	0	0	0	4,579,257	2,234,145	14,838,735
Gifts & donations	463,091	0	0	0	136,893	1,547,164	2,147,148
Other revenues	2,363,784	0	0	0	0	584,790	2,948,574
<b>Total revenues</b>	<b>228,514,397</b>	<b>55,357</b>	<b>42,069,539</b>	<b>480,590</b>	<b>5,944,080</b>	<b>7,905,056</b>	<b>284,969,019</b>
<b>EXPENDITURES</b>							
Current							
General government	19,953,382	0	0	0	995	0	19,954,377
Public safety	74,042,704	0	54,366	0	9,450	0	74,106,520
Public services	55,093,985	0	2,498,319	0	5,985,216	10,208,976	73,786,496
Urban development	11,677,308	0	0	0	2,009,267	3,647,873	17,334,448
Debt service							
Principal	907,212	27,120,000	0	0	79,321	19,070	28,125,603
Interest	156,574	18,332,954	0	2,210,580	2,419	11,448	20,713,975
Fiscal charges	0	53,471	0	0	0	0	53,471
Capital projects construction and outlay	6,443,348	0	2,746,691	30,602,774	19,490,421	2,677,247	61,960,481
Intergovernmental assistance	20,095,737	0	3,782,942	0	6,809,765	0	30,688,444
<b>Total expenditures</b>	<b>188,370,250</b>	<b>45,506,425</b>	<b>9,082,318</b>	<b>32,813,354</b>	<b>34,386,854</b>	<b>16,564,614</b>	<b>326,723,815</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>40,144,147</b>	<b>(45,451,068)</b>	<b>32,987,221</b>	<b>(32,332,764)</b>	<b>(28,442,774)</b>	<b>(8,659,558)</b>	<b>(41,754,796)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	0	45,333,696	420,000	4,672,178	29,091,404	7,072,877	86,590,155
Transfers (out)	(53,901,506)	0	(27,450,990)	0	(17,780,506)	(103,052)	(99,236,054)
Total other financing sources (uses)	(53,901,506)	45,333,696	(27,030,990)	4,672,178	11,310,898	6,969,825	(12,645,899)
<b>Net change in fund balance</b>	<b>(13,757,359)</b>	<b>(117,372)</b>	<b>5,956,231</b>	<b>(27,660,586)</b>	<b>(17,131,876)</b>	<b>(1,689,733)</b>	<b>(54,400,695)</b>
Fund balance, beginning	69,737,696	3,350,116	47,881,751	26,354,000	52,153,086	18,642,524	218,119,173
<b>Fund balance, ending</b>	<b>\$55,980,337</b>	<b>\$3,232,744</b>	<b>\$53,837,982</b>	<b>(\$1,306,586)</b>	<b>\$35,021,210</b>	<b>\$16,952,791</b>	<b>\$163,718,478</b>

The accompanying notes are an integral part of this statement.

**CITY OF HUNTSVILLE**  
**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2008**

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

Net change in fund balances - total governmental funds	(\$54,400,695)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	31,995,172
Carrying value of assets disposed of during the year, which is not reported in the governmental funds.	(407,693)
Governmental funds report transfers of current financial resources to other funds as an expenditure, and only report transfers in of current financial resources as revenue. In the Statement of Activities for governmental activities, however, transfers of capital assets (net of related debt) from and to business-type activities are recorded as revenue and expenditures, respectively. This amount is the net amount of transfers of capital assets (net of related debt) to/from governmental activities to/from business-type activities, which is included in transfers in the Statement of Activities.	7,329,649
For governmental funds, the issuance of long-term debt (e.g. warrants and leases) provide current financial resources and the repayment of long-term debt consumes current financial resources. Neither transaction, however, has any effect on net assets. 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 amount is the net effect of these differences in the treatment of long-term debt and related items.	26,209,556
For governmental funds, certain revenues have been earned but because they are not received within a defined period of time after year-end, they are not considered available to finance the expenditures of the year in question. These revenues are not included in governmental fund revenues but are included in revenue of the governmental activities in the Statement of Activities.	(909,903)
For governmental funds, the liability for accrued compensated absences does not require current financial resources and is not reported. The Statement of Net Assets for governmental activities, however, reports this as a liability, and this amount is the change from the prior year, which is also reported as an expenditure in the Statement of Activities for governmental activities.	(1,660,000)
Other revenue/expenses reported in the Statement of Activities that do not provide/require current financial resources.	<u>(3,000,000)</u>
<b>Change In Net Assets Of Governmental Activities</b>	<b><u><u>\$5,156,086</u></u></b>

The accompanying notes are an integral part of this statement.

**CITY OF HUNTSVILLE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET & ACTUAL  
For the Year Ended September 30, 2008**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and payments in lieu of taxes	\$180,792,000	\$180,792,000	\$174,846,620	(\$5,945,380)
Licenses and permits	23,466,000	23,466,000	23,054,259	(411,741)
Fines and forfeitures	2,721,000	2,721,000	3,097,825	376,825
Revenues from money and property	4,747,000	4,897,000	3,398,128	(1,498,872)
Charges for services	12,818,718	12,843,718	13,265,357	421,639
Intergovernmental	3,197,769	12,112,822	8,025,333	(4,087,489)
Gifts and donations	0	6,991,725	463,091	(6,528,634)
Other revenues	1,488,679	1,494,960	2,363,784	868,824
<b>Total revenues</b>	<b>229,231,166</b>	<b>245,319,225</b>	<b>228,514,397</b>	<b>(16,804,828)</b>
<b>EXPENDITURES</b>				
Current				
General government	17,888,828	22,052,580	19,953,382	2,099,198
Public safety	69,328,027	76,038,439	74,042,704	1,995,735
Public services	56,003,373	60,750,166	55,093,985	5,656,181
Urban development	12,592,542	12,875,850	11,677,308	1,198,542
Debt service	1,066,933	1,066,933	1,063,786	3,147
Capital projects construction	0	16,702,684	6,443,348	10,259,336
Intergovernmental assistance	21,059,909	21,115,842	20,095,737	1,020,105
<b>Total expenditures</b>	<b>177,939,612</b>	<b>210,602,494</b>	<b>188,370,250</b>	<b>22,232,244</b>
<b>Excess of revenues over expenditures</b>	<b>51,291,554</b>	<b>34,716,731</b>	<b>40,144,147</b>	<b>5,427,416</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	0	2,000,000	0	(2,000,000)
Transfers out	(51,063,683)	(56,166,819)	(53,901,506)	2,265,313
Total other financing sources (uses)	<b>(51,063,683)</b>	<b>(54,166,819)</b>	<b>(53,901,506)</b>	<b>265,313</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>227,871</b>	<b>(19,450,088)</b>	<b>(13,757,359)</b>	<b>5,692,729</b>
Fund balance, beginning	69,737,696	69,737,696	69,737,696	0
<b>Fund balance, ending</b>	<b>\$69,965,567</b>	<b>\$50,287,608</b>	<b>\$55,980,337</b>	<b>\$5,692,729</b>

The accompanying notes are an integral part of this statement.

**CITY OF HUNTSVILLE**  
**THE SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET & ACTUAL**  
**For the Year Ended September 30, 2008**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes and payments in lieu of taxes	\$39,153,000	\$39,153,000	\$40,466,833	\$1,313,833
Fines and forfeitures	0	0	55,234	55,234
Revenues from money and property	0	0	1,547,472	1,547,472
<b>Total revenues</b>	<b>39,153,000</b>	<b>39,153,000</b>	<b>42,069,539</b>	<b>2,916,539</b>
<b>EXPENDITURES</b>				
Current				
Public safety	0	0	54,366	(54,366)
Public services	3,864,000	2,364,000	2,498,319	(134,319)
Capital projects construction	0	3,199,705	2,746,691	453,014
Intergovernmental assistance	1,500,000	3,782,942	3,782,942	0
<b>Total expenditures</b>	<b>5,364,000</b>	<b>9,346,647</b>	<b>9,082,318</b>	<b>264,329</b>
<b>Excess of revenues over expenditures</b>	<b>33,789,000</b>	<b>29,806,353</b>	<b>32,987,221</b>	<b>3,180,868</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	0	2,000,000	0	(2,000,000)
Transfers in	420,000	420,000	420,000	0
Transfers (out)	(27,326,253)	(43,567,615)	(27,450,990)	16,116,625
Total other financing sources (uses)	<b>(26,906,253)</b>	<b>(41,147,615)</b>	<b>(27,030,990)</b>	<b>14,116,625</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>6,882,747</b>	<b>(11,341,262)</b>	<b>5,956,231</b>	<b>17,297,493</b>
Fund balance, beginning	47,881,751	47,881,751	47,881,751	0
<b>Fund balance, ending</b>	<b>\$54,764,498</b>	<b>\$36,540,489</b>	<b>\$53,837,982</b>	<b>\$17,297,493</b>

The accompanying notes are an integral part of this statement.

**CITY OF HUNTSVILLE  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 September 30, 2008**

	<b>Business-Type Activities -- Enterprise Funds</b>			
	Water Pollution Control	Von Braun Center	Municipal IcePlex (Nonmajor) (1)	Totals
<b>ASSETS</b>				
<b>Current assets</b>				
Cash & investments, at cost	\$18,123,463	\$2,145,345	\$43,197	\$20,312,005
Receivables (net of allowance)				
Accounts	2,860,588	2,803,078	0	5,663,666
Due from other funds	10,832,167	0	0	10,832,167
Prepaid items	0	256,532	3,750	260,282
Inventories, at cost	0	97,047	3,647	100,694
Revenue warrants - drawdowns receivable	17,264,527	0	0	17,264,527
<b>Total current assets</b>	<b>49,080,745</b>	<b>5,302,002</b>	<b>50,594</b>	<b>54,433,341</b>
<b>Noncurrent assets</b>				
Deferred costs	1,190,596	0	0	1,190,596
Capital assets:				
Land	3,717,997	3,226,697	0	6,944,694
Buildings	186,858,208	57,345,262	4,145,902	248,349,372
Improvements other than buildings	62,404,917	0	0	62,404,917
Furniture & equipment	6,834,981	4,396,691	512,460	11,744,132
Construction work in progress	0	1,753,947	0	1,753,947
Less accumulated depreciation	(63,910,810)	(19,602,732)	(2,066,755)	(85,580,297)
Total capital assets (net of accumulated depreciation)	195,905,293	47,119,865	2,591,607	245,616,765
<b>Total assets</b>	<b>246,176,634</b>	<b>52,421,867</b>	<b>2,642,201</b>	<b>301,240,702</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	2,914,135	2,239,499	28,092	5,181,726
Accrued liabilities	1,261,048	512,055	11,848	1,784,951
Contract retainages	367,358	0	0	367,358
Note payable	61,836	0	0	61,836
Customer deposits	0	885,853	0	885,853
Compensated absences	73,500	0	0	73,500
General obligations warrants payable - current	4,433,100	0	0	4,433,100
Revenue warrants payable - current	4,760,000	0	0	4,760,000
Capital leases payable - current	0	3,887	0	3,887
Deferred revenue	0	44,084	33,358	77,442
Due to other funds	952,403	0	24,855	977,258
<b>Total current liabilities</b>	<b>14,823,380</b>	<b>3,685,378</b>	<b>98,153</b>	<b>18,606,911</b>
<b>Noncurrent liabilities</b>				
General obligation warrants payable (net of unamortized premium & deferred amount on refunding)	48,214,993	0	0	48,214,993
Revenue warrants payable	71,800,000	0	0	71,800,000
Compensated absences	661,500	198,061	0	859,561
<b>Total noncurrent liabilities</b>	<b>120,676,493</b>	<b>198,061</b>	<b>0</b>	<b>120,874,554</b>
<b>Total liabilities</b>	<b>135,499,873</b>	<b>3,883,439</b>	<b>98,153</b>	<b>139,481,465</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	83,961,727	47,119,865	2,591,607	133,673,199
Unrestricted	26,715,034	1,418,563	(47,559)	28,086,038
<b>Total net assets</b>	<b>\$110,676,761</b>	<b>\$48,538,428</b>	<b>\$2,544,048</b>	<b>\$161,759,237</b>

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

The accompanying notes are an integral part of this statement.

**CITY OF HUNTSVILLE  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS  
 For the Year Ended September 30, 2008**

	<b>Business-Type Activities -- Enterprise Funds</b>			
	Water Pollution Control	Von Braun Center	Municipal IcePlex (Nonmajor) (1)	Totals
<b>Operating revenue</b>				
Charges for services	\$33,149,416	\$7,085,111	\$967,984	\$41,202,511
<b>Total operating revenue</b>	<b>33,149,416</b>	<b>7,085,111</b>	<b>967,984</b>	<b>41,202,511</b>
<b>Operating expenses</b>				
Personnel, operations & maintenance	14,271,721	7,051,524	779,079	22,102,324
Utilities	1,348,398	1,506,862	190,101	3,045,361
Depreciation and amortization	5,425,054	1,209,568	132,992	6,767,614
<b>Total operating expenses</b>	<b>21,045,173</b>	<b>9,767,954</b>	<b>1,102,172</b>	<b>31,915,299</b>
<b>Operating income (loss)</b>	<b>12,104,243</b>	<b>(2,682,843)</b>	<b>(134,188)</b>	<b>9,287,212</b>
<b>Nonoperating revenue (expenses)</b>				
Intergovernmental grants	1,196,200	0	0	1,196,200
Gifts & donations	1,165,622	0	0	1,165,622
Interest income	365,899	37,892	1,201	404,992
Interest expense	(5,733,189)	(720)	0	(5,733,909)
Miscellaneous revenue (expense)	12,701	77,699	(5,765)	84,635
<b>Total nonoperating revenue (expenses)</b>	<b>(2,992,767)</b>	<b>114,871</b>	<b>(4,564)</b>	<b>(2,882,460)</b>
<b>Income before contributions, transfers &amp; special items</b>	<b>9,111,476</b>	<b>(2,567,972)</b>	<b>(138,752)</b>	<b>6,404,752</b>
Transfers in	0	2,807,737	596,334	3,404,071
Transfers (out)	(333,333)	0	0	(333,333)
<b>Change in net assets</b>	<b>8,778,143</b>	<b>239,765</b>	<b>457,582</b>	<b>9,475,490</b>
Total net assets, beginning	101,898,618	48,298,663	2,086,466	152,283,747
<b>Total net assets, ending</b>	<b>\$110,676,761</b>	<b>\$48,538,428</b>	<b>\$2,544,048</b>	<b>\$161,759,237</b>

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

**CITY OF HUNTSVILLE  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 For the Year Ended September 30, 2008**

Page 1 of 2

<b>Business-Type Activities -- Enterprise Funds</b>				
	Water Pollution Control	Von Braun Center	Municipal IcePlex (Nonmajor) (1)	Totals
<b>Operating activities</b>				
Receipts from customers and users	\$33,577,943	\$7,287,682	\$854,513	\$41,720,138
Payments to suppliers	(8,594,237)	(5,751,603)	(571,762)	(14,917,602)
Payments to employees	(6,547,969)	(2,809,638)	(432,494)	(9,790,101)
Receipts from interfund services provided	5,030,779	0	0	5,030,779
Non-operating cash receipts	1,165,622	90,810	17,058	1,273,490
Non-operating cash payments	0	(13,111)	0	(13,111)
<b>Net cash provided (used) by operating activities</b>	<b>24,632,138</b>	<b>(1,195,860)</b>	<b>(132,685)</b>	<b>23,303,593</b>
<b>Noncapital financing activities</b>				
Transfers in	0	2,407,095	621,189	3,028,284
Transfers (out)	(333,333)	0	0	(333,333)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(333,333)</b>	<b>2,407,095</b>	<b>621,189</b>	<b>2,694,951</b>
<b>Capital and related financing activities</b>				
Acquisition and construction of capital assets	(9,737,142)	(486,129)	(609,329)	(10,832,600)
SRF loan fund drawdowns	3,832,013	0	0	3,832,013
Intergovernmental grants	1,196,200	0	0	1,196,200
Principal payments on capital leases	0	(25,501)	0	(25,501)
Principal payments on notes and warrants	(8,524,022)	0	0	(8,524,022)
Payment of capital asset accounts payable	0	0	8,435	8,435
Interest paid on capital leases	0	(531)	0	(531)
Interest paid on notes and warrants	(5,492,038)	0	0	(5,492,038)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(18,724,989)</b>	<b>(512,161)</b>	<b>(600,894)</b>	<b>(19,838,044)</b>
<b>Investing activities</b>				
Interest received	365,899	37,703	1,201	404,803
<b>Net cash provided (used) by investing activities</b>	<b>365,899</b>	<b>37,703</b>	<b>1,201</b>	<b>404,803</b>
<b>Net increase (decrease) in cash and cash equivalents</b>				
	5,939,715	736,777	(111,189)	6,565,303
Cash and cash equivalents, beginning	12,183,748	1,408,568	154,386	13,746,702
<b>Cash and cash equivalents, ending</b>	<b>\$18,123,463</b>	<b>\$2,145,345</b>	<b>\$43,197</b>	<b>\$20,312,005</b>

The accompanying notes are an integral part of this statement.

**CITY OF HUNTSVILLE  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 For the Year Ended September 30, 2008**

	<b>Business-Type Activities -- Enterprise Funds</b>			<b>Totals</b>
	<b>Water Pollution Control</b>	<b>Von Braun Center</b>	<b>Municipal IcePlex (Nonmajor) (1)</b>	
<b>Operating income (loss)</b>	\$12,104,243	(\$2,682,843)	(\$134,188)	\$9,287,212
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>				
Depreciation and amortization	5,425,054	1,209,568	132,992	6,767,614
Miscellaneous items	1,178,323	0	0	1,178,323
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:				
Change in assets and liabilities:				
Receivables	428,527	(1,349,210)	0	(920,683)
Accounts payable	398,026	1,082,286	(36,746)	1,443,566
Contract retainages	26,186	0	0	26,186
Prepaid items	0	(8,771)	0	(8,771)
Due to (from) other funds	5,030,779	0	0	5,030,779
Accrued liabilities	41,000	91,022	1,520	133,542
Deferred revenue	0	330,174	(96,413)	233,761
Other items	0	131,914	150	132,064
<b>Net cash provided (used) by operating activities</b>	<b>\$24,632,138</b>	<b>(\$1,195,860)</b>	<b>(\$132,685)</b>	<b>\$23,303,593</b>

**Supplemental information**

Noncash activities

New debt issued - proceeds on deposit with state gov't.	5,000,000	\$0	\$0	\$5,000,000
Debt transferred from other funds, proceeds in other funds	7,329,649	\$0	\$0	\$7,329,649

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

**CITY OF HUNTSVILLE  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
September 30, 2008**

	<u>Post-Retirement Benefits Trust</u>
<b>ASSETS</b>	
Cash & investments, at cost	<u>\$1,934,578</u>
<b>Total assets</b>	<u>1,934,578</u>
<b>LIABILITIES</b>	
Due to other funds	<u>1,200,000</u>
<b>Total liabilities</b>	<u>1,200,000</u>
<b>NET ASSETS</b>	
Held in trust for other postemployment benefits	<u><u>\$734,578</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF HUNTSVILLE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**For the Year Ended September 30, 2008**

	<u>Post-Retirement Benefits Trust</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	2,245,512
Plan members	<u>847,672</u>
Total contributions	<u>3,093,184</u>
<b>Total additions</b>	<u>3,093,184</u>
 <b>DEDUCTIONS</b>	
Benefits	<u>2,358,606</u>
<b>Total deductions</b>	<u>2,358,606</u>
<b>Change in net assets</b>	734,578
Net assets, beginning	<u>0</u>
<b>Net assets, ending</b>	<u><u>\$734,578</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF HUNTSVILLE  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF NET ASSETS  
September 30, 2008**

	<b>Business-Type Activities</b>			<b>Governmental Activities</b>		<b>Total</b>
	<b>Huntsville Utilities</b>			<b>HMC CVB</b>	<b>DRA</b>	
	<b>Electric</b>	<b>Water</b>	<b>Gas</b>			
<b>ASSETS</b>						
Cash & investments, at cost	\$50,400,856	\$6,899,575	\$19,648,828	\$1,002,151	\$3,206	\$77,954,616
Receivables (net of allowances)	29,399,146	1,920,652	1,390,493	0	0	32,710,291
Due from governmental entities	0	0	0	43,496	0	43,496
Inventories	5,037,906	1,615,570	9,019,153	6,741	0	15,679,370
Prepaid items	334,043	211,579	198,804	25,665	0	770,091
Deferred costs	928,438	1,439,181	203,471	3,112	0	2,574,202
Restricted assets						
Cash & investments, at cost	38,582,070	30,477,346	16,093,841	0	0	85,153,257
Capital assets						
Land and construction in process	19,047,834	9,554,045	1,912,149	0	0	30,514,028
Other assets, net of accum. depreciation	205,998,755	138,061,475	78,560,807	366,045	0	422,987,082
<b>Total assets</b>	<b>349,729,048</b>	<b>190,179,423</b>	<b>127,027,546</b>	<b>1,447,210</b>	<b>3,206</b>	<b>668,386,433</b>
<b>LIABILITIES</b>						
Accounts payable	43,971,638	2,118,139	4,994,477	76,282	0	51,160,536
Accrued liabilities	5,109,054	2,345,179	1,608,602	51,690	0	9,114,525
Customer deposits	33,171,667	4,108,699	8,193,573	0	0	45,473,939
Liabilities payable from restricted assets:						
Other	332,380	784,215	65,089	0	0	1,181,684
Noncurrent liabilities						
Due within one year	1,545,000	700,000	425,000	5,308	0	2,675,308
Due in more than one year	22,277,969	43,929,426	9,415,000	1,463	0	75,623,858
<b>Total liabilities</b>	<b>106,407,708</b>	<b>53,985,658</b>	<b>24,701,741</b>	<b>134,743</b>	<b>0</b>	<b>185,229,850</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	201,819,678	103,311,762	70,771,338 #	366,045	0	376,268,823
Restricted for:						
Debt service	4,338,150	4,808,892	954,908	0	0	10,101,950
Capital projects	0	18,345,721	5,920,663	0	0	24,266,384
Other	2,500,000	1,446,355	2,080,417	0	0	6,026,772
Unrestricted	34,663,512	8,281,035	22,598,479	946,422	3,206	66,492,654
<b>Total net assets</b>	<b>\$243,321,340</b>	<b>\$136,193,765</b>	<b>\$102,325,805</b>	<b>\$1,312,467</b>	<b>\$3,206</b>	<b>\$483,156,583</b>

The accompanying notes are an integral part of this statement.

**CITY OF HUNTSVILLE**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2008**

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expense) & Changes in Net Assets					
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Business-Type Activities			Governmental Activities		Total
					Huntsville Utilities			HMC CVB	DRA	
					Electric	Water	Gas			
<b>Component Units</b>										
Huntsville Utilities Electric System	395,500,290	\$403,604,193	\$0	\$0	\$8,103,903	\$0	\$0	\$0	\$0	\$8,103,903
Huntsville Utilities Water System	21,339,717	24,535,629	0	0	0	3,195,912	0	0	0	3,195,912
Huntsville Utilities Gas System	55,771,878	56,410,962	0	0	0	0	639,084	0	0	639,084
HMC CVB	1,860,951	7,014	14,500	0	0	0	0	(1,839,437)	0	(1,839,437)
DRA	0	0	0	0	0	0	0	0	0	0
<b>Total component units</b>	<b>\$474,472,836</b>	<b>\$484,557,798</b>	<b>\$14,500</b>	<b>\$0</b>	<b>8,103,903</b>	<b>3,195,912</b>	<b>639,084</b>	<b>(1,839,437)</b>	<b>0</b>	<b>10,099,462</b>
General Revenues										
Other taxes										
					\$0	\$0	\$0	\$466,808	\$0	\$466,808
Interest on investments										
					2,920,656	373,340	1,006,532	21,401	6	4,321,935
Other										
					0	0	0	1,604,730	0	1,604,730
Capital contributions										
					0	6,654,565	548,497	0	0	7,203,062
<b>Total general revenues &amp; transfers</b>										
					<b>2,920,656</b>	<b>7,027,905</b>	<b>1,555,029</b>	<b>2,092,939</b>	<b>6</b>	<b>13,596,535</b>
<b>Change in net assets</b>										
					11,024,559	10,223,817	2,194,113	253,502	6	23,695,997
Net assets, beginning										
					232,296,781	125,969,948	100,131,692	1,058,965	3,200	459,460,586
<b>Net assets, ending</b>										
					<b>\$243,321,340</b>	<b>\$136,193,765</b>	<b>\$102,325,805</b>	<b>\$1,312,467</b>	<b>\$3,206</b>	<b>\$483,156,583</b>

The accompanying notes are an integral part of this statement.

**City of Huntsville**  
**Notes To The Financial Statements**  
**September 30, 2008**

**TABLE OF CONTENTS**

<b>Note</b>	<b>Page</b>
<b>1. Summary of Significant Accounting Policies</b>	
A. Reporting Entity .....	44
B. Government-wide and Fund Financial Statements .....	45
C. Measurement Focus, Basis of Accounting and Basis of Presentation .....	45
D. Assets, Liabilities, and Net Assets or Equity .....	47
<b>2. Reconciliation of Government-wide and Fund Financial Statements</b>	
A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.....	50
B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.....	50
C. Explanation of net assets invested in capital assets of the governmental activities in the government-wide statement of net assets .....	51
<b>3. Stewardship, Compliance and Accountability</b>	
A. Budgetary Information.....	52
B. Excess of Expenditures Over Appropriations .....	53
C. Deficit Fund Equity .....	53
<b>4. Detailed Notes on All Funds</b>	
A. Deposits and Investments .....	54
B. Capital Assets .....	56
C. Interfund Receivables, Payables, and Transfers.....	59
D. Leases .....	61
E. Long-Term Debt.....	62
F. Fund Equity Reserves and Designations .....	71
G. Sales and Use Tax Revenue Earmarking .....	71
H. Tax Equivalents .....	72
<b>5. Other Information</b>	
A. Segment Information - Enterprise Funds .....	72
B. Contingent Liabilities and Commitments .....	72
C. Related Organizations.....	73
D. Jointly Governed Organizations .....	74
E. Pension Plans .....	74
F. Post-Retirement Medical Plan.....	76
G. Risk Financing Programs .....	77
H. Jail Consolidation .....	78
I. Contingent Asset Impairment.....	78
J. New Pronouncements .....	78

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

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

**A. Reporting Entity**

The City of Huntsville, Alabama (the “City”) was incorporated December 9, 1811 under an act of the Mississippi Territorial Legislature and is operated under a Mayor-Council form of government. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City’s operations and so data from these units are combined with the data of the primary government. Each discretely presented component unit is reported in a separate column in a combining statement in the basic financial statements with the total of all discretely presented component units reported in the government-wide financial statements to emphasize that they are legally separate from the City. Each blended and discretely presented component unit has a September 30 year end.

Blended Component Unit

- Public Building Authority - The Public Building Authority (Authority) of the City of Huntsville was organized for the sole purpose of constructing a public safety and municipal court facility, including the city jail, for lease to and use by the City. The Authority is governed by a three-member board which is appointed by the City Council. The Authority is reported as a Special Revenue fund type.

Discretely Presented Component Units

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

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

Huntsville Utilities  
112 Spragins Street  
Huntsville, Alabama 35801

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

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

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

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

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

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

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

- *Management's discussion and analysis* introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- *Basic Financial Statements*: Government-wide financial statements consist of a statement of net assets and a statement of activities.

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

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

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

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

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

Governmental 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

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

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

The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund.
- The *Debt Service Fund* of the City accounts for the servicing of most long-term debt not being financed by Proprietary Funds. Sources of funds for the servicing of the debt include property taxes restricted for debt service through the 6½ Mill property tax accounted for in the Special Revenue Fund, and a portion of sales taxes transferred from the General Fund to the Capital Improvement Fund.
- The *Public Building Authority Fund* of the City accounts for the construction of a public safety and municipal court facility, including the city jail, for lease to and use by the City.
- The *Special Revenue Fund* of the City accounts for revenue sources that are legally restricted to expenditures for specific purposes according to state or federal law. This fund does not include federal and state grant revenues, which generally pertain to the operating activities of various city departments and are accounted for in the General Fund.
- The *Capital Improvement Fund* of the City accounts for the cost of constructing a variety of public works projects and related debt service, and the cost of various City departments' capital spending activities. Financing is provided by general obligation debt, a transfer from the General Fund of approximately twenty-five percent of annual sales taxes, and interest revenue.

The City reports the following major enterprise funds:

- The *Water Pollution Control Fund* accounts for sanitary sewer services provided to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.
- The *Von Braun Center Fund* accounts for the operation and maintenance of a City-owned civic auditorium and arts center that derives its revenues primarily from rents and fees charged for use of the facilities.

Additionally, the City reports the following fund types:

Governmental Funds:

- The *Special Revenue Funds*, a fund type to be distinguished from, but which includes The Special Revenue Fund described above, account for revenue sources that are legally restricted to expenditures for specific purposes and generally pertain to the operating activities of various City departments (including City activities managed by separate boards) and the Public Building Authority. Such funds are established when required by statute, charter provision, local ordinance, or executive decision to finance particular functions or activities.
- The *Capital Projects Funds* account for the acquisition of capital assets or construction of major capital projects not being financed by Proprietary.
- The *Permanent Funds* account for resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support the City's programs.

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

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

Proprietary Funds:

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

Fiduciary Funds:

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

The City applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989 in accounting and reporting for its proprietary operations.

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

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

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

**D. Assets, Liabilities, and Net Assets or Equity**

Deposits and Investments

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

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

The Utilities considers all highly liquid temporary cash investments with low interest rate risk to be cash equivalents. Cash purchases and sales of these investments generally are part of the Utilities' cash management activities rather than part of its operating, investing and financing activities, and details of these transactions are not reported in the statement of cash flows. Special funds are provided for under trust indentures and are not considered cash equivalents. All special funds are considered investments for purposes of classifications in the statement of cash flows.

Receivables and Payables

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

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

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

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

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, 2008.

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

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

Inventories and Prepaid Items

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

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

Restricted Assets

The use of certain assets is restricted pursuant to debt covenants or other externally-imposed restrictions. The amount of these assets is reported as restricted net assets in the basic financial statements. Restricted assets generally consist of the following: (1) resources set aside for the repayment of long-term debt pursuant to debt covenants and state law are “restricted for debt service,” (2) the unexpended portion of debt proceeds that are restricted for use in construction are “restricted for capital projects”, (3) property taxes collected by the City restricted for public school purposes are “restricted for city schools”, and (4) resources restricted for specific purposes pursuant to state and federal law are “restricted for other.”

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), including infrastructure assets acquired prior to 1980, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets tangible in nature, with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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.

Property, plant and equipment of the component units are generally recorded using the same policy as the City.

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

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

Depreciation of all exhaustible capital assets except infrastructure is charged as an expense against their operations or functions whereas the infrastructure depreciation is unallocated. Property, plant, and equipment of the primary government, as well as the component units is depreciated using the straight-line method over the estimated useful lives as follows:

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

Compensated Absences

All full-time employees of the City accumulate vacation (annual leave), compensatory time, holiday and sick leave during the calendar year. On January 1 of each year vacation hours in excess of 260 are forfeited. Employees are encouraged to use all compensatory time as soon as possible after it is earned. Compensatory time accumulated through December 31 each year is forfeited if not used by June 30 of the following year. Sick leave is accumulated with no year end forfeiture; holiday leave accumulated in each calendar year after 1986 must be used by June 30 of the following year or is forfeited. Upon termination, an employee will be paid a maximum of 260 hours vacation, 160 hours compensatory time and 240 hours holiday.

Accumulated hours in excess of the aforementioned limits and all accumulated sick leave is forfeited. However, if termination is due to retirement, the employee will be paid for 50% of accumulated sick leave.

At September 30, vacation in excess of 260 hours and all accumulated compensatory time is accrued as a current liability in all funds since most employees would be expected to use the leave currently instead of forfeiting these amounts. Accumulated vacation and holiday up to 260 and 240 hours, respectively, and the estimated amount of sick leave payable upon retirement is considered to be and is accrued as a long-term liability.

The compensated absences policy of the Utilities is substantially the same as stated above except the maximum accumulated vacation is 280 hours and if termination is due to retirement, the employee will be paid 25% of accumulated sick leave.

Long-term Obligations

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

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

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

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

Fund Equity

In the fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally restricted for a specific purpose, but only if the restrictions are narrower in scope than the purposes for which the related individual funds were established. Reservations of retained earnings are limited to external third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

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

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$472,358,716 difference are as follows:

Warrants Payable	\$451,437,145
Less: Deferred charge on refunding (to be amortized as interest expense)	(9,776,820)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(5,011,362)
Plus: Issuance premium (to be amortized as interest expense)	9,998,089
Deferred revenue	(3,683,953)
Accrued interest payable	7,823,028
Capital leases payable	762,589
Claims and judgments	3,250,000
Compensated absences	<u>17,560,000</u>
 Net adjustment to reduce fund balance-total governmental funds to arrive at net assets-governmental activities	 <u>\$472,358,716</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$31,995,172 difference are as follows:

Capital outlay	\$68,986,633
Depreciation expense	<u>(36,991,461)</u>
 Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$31,995,172</u>

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

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

Another element of that reconciliation states that “the issuance of long-term debt (i.e., warrants and leases) provide current financial resources and the repayment of the principal of long-term debt consumes the current financial resources. Neither transaction, however, has any effect on net assets. 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.” The details of this (\$26,209,556) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation debt	\$0
Plus premiums	0
Less transfers to escrow agent on refunded debt	0
Principal repayments:	
General obligation debt	(27,565,000)
Payment on capital leases	(560,603)
Amortization of premium and refunding loss	253,068
Deferral of issuance costs	358,938
Accrued interest	<u>1,304,041</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u><u>(\$26,209,556)</u></u>

Another element of that reconciliation states that “other expenses reported in the statement of activities that do not require current financial resources.” The details of this (\$3,000,000) difference is as follows:

Claims and judgments	<u>(\$3,000,000)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u><u>(\$3,000,000)</u></u>

**C. Explanation of net assets invested in capital assets of the governmental activities in the government-wide statement of net assets**

A portion of the net assets reported in the statement of net assets is restricted as invested in capital assets (e.g. land, buildings, streets, and bridges) because these assets are not available for future spending (not because of externally-imposed restrictions). These assets are reported net of debt used to acquire those assets, as follows:

Governmental activities capital assets, net	\$995,426,929
Less debt outstanding expended for capital assets	(320,675,364)
Less the outstanding value of capital leases expended for capital assets	(762,589)
Plus deferred issue costs associated with debt expended for capital assets	<u>3,887,628</u>
Net assets invested in capital assets, net of related debt	<u><u>\$677,876,604</u></u>

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

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

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The following section describes the budgeted and non-budgeted funds:

Annually-Budgeted Governmental Funds

General Fund  
The Special Revenue Fund  
Capital Projects Funds

Governmental Funds Not Annually-Budgeted

**Special Revenue Funds**

Community Development Fund  
Community Development Rehabilitation Loan Fund  
Public Library Fund  
Burritt Museum Fund  
Alabama Constitution Village Fund  
Art Museum Fund  
Public Building Authority Fund  
Huntsville Tennis Center Fund

**Debt Service Fund**

**Permanent Fund**

The Public Library Fund, Burritt Museum Fund, Art Museum Fund, Huntsville Tennis Center, Federal Building Authority, and Alabama Constitution Village Fund are managed by separate boards appointed by City Council, but are not separate legal entities, and are independent of the City's budgeting process. The Public Building Authority Fund is a blended component unit of the City which is managed by a separate board appointed by the City Council and is independent of the City's budgeting process. The Community Development Fund and the Community Development Rehabilitation Loan Fund adopt project-length budgets as prescribed by grantor provisions. The Debt Service Fund is not annually budgeted since budgetary control exists through general obligation bond indenture provisions.

The City follows these procedures in establishing the budgetary data reflected in the financial statements of the annually - budgeted funds:

1. Around May 1, instructions and budget workpapers are distributed to departments and a revenue estimate for the following fiscal year is prepared.

2. Between June 1 and September 1 the following steps occur:

Departments return copies of completed budget request forms to the Finance Department.

The Mayor and budget staff begin individual departmental reviews and prepare recommended changes to departmental budgets.

The Mayor submits recommended departmental changes to individual departments affected with a copy submitted to the City Council Finance Committee.

Departments incorporate recommended budget changes and update budget schedules.

The Mayor's recommended budget is finalized for submission to the City Council.

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

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

3. Between September 1 and September 30 these final steps occur:

The Mayor presents the proposed budget to the City Council.

The City Council takes final action for approval of the operating budget by the beginning date of the fiscal year. The annual budget is prepared by fund, department, division, activity, and object. For the General Fund and other funds that include operating City departments, the Mayor, or appointed City staff, is authorized to make budget transfers by object within the activity categories of each department: personal services, operating expenses and capital outlay. For annually-budgeted Special Revenue Funds, the Mayor, or appointed City staff, is authorized to make budget transfers within the fund. Transfers of appropriations between activity categories of operating departments or between funds and special appropriations require approval of the City Council. The legal level of budgetary control is by activity for General Fund departments and by fund for annually-budgeted Special Revenue Funds. Budget amendments were made and approved by City Council for annually-budgeted funds during the year which were not significant relative to the total budget. The original and final/amended budget amounts are reflected in these financial statements.

Encumbrance accounting is employed in Governmental Funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end lapse, and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. As such, encumbrances at year-end are reported as designations of fund balances.

**B. Excess of Expenditures Over Appropriations**

The following funds incurred expenditures in excess of appropriations of the following amounts for the year ended September 30, 2008:

<b><u>General Fund</u></b>	
Current Expenditures:	
<i>General Government:</i>	
General expenses - personnel	125,146
<i>Public Safety:</i>	
Police - operating	103,705
Police - capital	11,624
<i>Public Services:</i>	
Public Transportation - operating	2,778
Public Works Services – operating	32,007
<i>Urban Development:</i>	
Traffic Engineering – operating	7,071
<b><u>The Special Revenue Fund</u></b>	
Current Expenditures:	
<i>Public Safety:</i>	
Operating	134,319
<i>Public Services:</i>	
Operating	54,366

The excess expenditures were provided by available fund balance in the fund.

**C. Deficit Fund Equity**

As of September 30, 2008, the Public Building Authority Special Revenue Fund had a deficit fund balance of \$1,306,586, which will be funded through contributions from the General Fund in 2009; and the Burritt Museum Special Revenue Fund had deficit fund balance of \$898, which the Museum plans to fund through private funding sources.

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The following information is provided to give an indication of the steps the City takes to protect its cash deposits and the level of risk assumed for certain investments. As of September 30, 2008, the City had the following cash and investments:

	<b>Primary Government</b>	<b>Discretely- Presented Component Units</b>	<b>Post Retirement Benefits Trust Fiduciary Fund</b>
Cash on hand and in banks	\$18,833,353	\$133,111,683	\$0
Investments:			
Money market mutual funds	178,813,602	29,996,190	1,934,578
U.S. Treasury obligations	340,068	0	0
Repurchase agreements	0	0	0
Total investments	<u>179,153,670</u>	<u>29,996,190</u>	<u>1,934,578</u>
Total	<u>\$197,987,023</u>	<u>\$163,107,873</u>	<u>\$1,934,578</u>

Cash and investment policies

State law limits the kinds of investments that Alabama municipalities can make to: (1) accounts and certificates of deposits with banks or saving associations that are qualified public depositories; (2) direct obligations of the U.S. Department of the Treasury and certain federal agencies (collectively referred in this note as “USTO”); (3) certain qualified obligations of any state and their agencies; and (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.

City investment policy, which is established by ordinance, requires the same investments as required by state law.

Interest rate risk

The City and its discretely-presented component units (collectively referred in this note as “City entities”) manages their exposure to declines in fair values of investments due to market interest rate changes by limiting the maturity of their directly-held investments to less than one year, or by only purchasing obligations that it intends to hold to maturity. Directly-held investments having a maturity of more than one year are only purchased in connection with long-term construction projects, for which the risk having to liquidate the investments prior to maturity, and realize losses in fair value, are minimized. City entities limit their investments in mutual funds to those for which the underlying obligations have a weighted-average maturity of 180 days or less. The maturities of all investments is categorized as follows:

	<b>Primary Government</b>	<b>Discretely- Presented Component Units</b>	<b>Post Retirement Benefits Trust Fiduciary Fund</b>
Less than six months	\$178,781,640	\$29,996,190	\$1,934,578
Six months to one year	50,047	0	0
One to three years	50,421	0	0
Greater than three years	<u>271,562</u>	<u>0</u>	<u>0</u>
Total	<u>\$179,153,670</u>	<u>\$29,996,190</u>	<u>\$1,934,578</u>

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Credit risk

As described above, state and City law limit the kind of investments City entities can make. All of the investments of the City entities were limited to directly-owned USTO or money market mutual funds that primarily hold USTO.

Concentration of credit risk

Other than its investment in USTO or USTO mutual funds, the City entities did not have any single investment that had a value in excess of five percent of their respective total investments.

Custodial credit risk

The City requires all bank deposits be insured by federal depository insurance or the Security for Alabama Funds Enhancement, or SAFE Program, which was the case for all bank deposits as of September 30, 2008, except for bank deposits of the Huntsville Public Library Fund in the amount of \$433,031. The SAFE Program is administered by the State Treasurer according to State of Alabama statute, and any bank or financial institution in the State of Alabama accepting deposits of public funds is required to insure those funds by pledging eligible collateral to the State Treasurer for the SAFE collateral pool. The entire pool stands behind each deposit. Eligible collateral are those securities currently designated as acceptable collateral for state deposits as defined by State law. Also, the deposits with banks complied with state and City investment policies.

All of the City entities' direct investments in U.S. Treasury obligations were held by bank trust departments as agents of the City entities and in the respective entities' names.

(The rest of this page is intentionally blank)

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

**B. Capital Assets**

Capital asset activity for the year ended September 30, 2008, was as follows:

	Balance September 30, 2007	Additions/ Transfers-in	Deletions Transfers-out	Balance September 30, 2008
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$63,861,883	\$5,541,665	(\$112,390)	\$69,291,158
Construction in progress	30,119,523	33,442,591	(43,343)	63,518,771
Total capital assets, not being depreciated	93,981,406	38,984,256	(155,733)	132,809,929
Capital assets, being depreciated:				
Land improvements	33,681,283	437,887	0	34,119,170
Buildings and improvements	149,981,616	9,828,535	0	159,810,151
Furniture, equipment and other	77,399,714	6,862,893	(4,895,972)	79,366,635
Infrastructure	1,409,316,833	12,960,109	0	1,422,276,942
Total capital assets, being depreciated	1,670,379,446	30,089,424	(4,895,972)	1,695,572,898
Less accumulated depreciation for:				
Land improvements	(13,447,070)	(1,226,723)	0	(14,673,793)
Buildings and improvements	(45,326,809)	(3,987,828)	0	(49,314,637)
Furniture, equipment and other	(51,497,759)	(5,804,998)	4,600,672	(52,702,085)
Infrastructure	(690,249,764)	(26,015,619)	0	(716,265,383)
Total accumulated depreciation	(800,521,402)	(37,035,168)	4,600,672	(832,955,898)
Total capital assets, being depreciated, net	869,858,044	(6,945,744)	(295,300)	862,617,000
Governmental activities capital assets, net	\$963,839,450	\$32,038,512	(\$451,033)	\$995,426,929
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$6,944,694	\$0	\$0	\$6,944,694
Construction in progress	1,205,679	608,529	(60,261)	1,753,947
Total capital assets, not being depreciated	8,150,373	608,529	(60,261)	8,698,641
Capital assets, being depreciated:				
Buildings and improvements	300,716,608	10,037,681	(14,927)	310,739,362
Furniture, equipment and other	11,197,799	646,476	(85,216)	11,759,059
Total capital assets, being depreciated	311,914,407	10,684,157	(100,143)	322,498,421
Less accumulated depreciation for:				
Buildings and improvements	(73,537,231)	(6,000,470)	14,927	(79,522,774)
Furniture, equipment and other	(5,489,855)	(647,120)	79,452	(6,057,523)
Total accumulated depreciation	(79,027,086)	(6,647,590)	94,379	(85,580,297)
Total capital assets, being depreciated, net	232,887,321	4,036,567	(5,764)	236,918,124
Business-type activities capital assets, net	\$241,037,694	\$4,645,096	(\$66,025)	\$245,616,765

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

For the year ended September 30, 2008, depreciation expense and transfers-in of the primary government was as follows:

<u>Governmental activities:</u>	
General government	\$893,397
Public Safety	2,232,073
Public Services	7,486,600
Urban development	363,774
Total depreciation expense charged to functions/programs	<u>10,975,844</u>
Depreciation for infrastructure assets not allocated to the functions	<u>26,015,619</u>
Total depreciation expense	<u>36,991,463</u>
Transfers-in from business-type activities	<u>43,705</u>
Total depreciation and transfers-in – governmental activities	<u>\$37,035,168</u>
 <u>Business-type activities:</u>	
Water Pollution Control Fund	\$5,305,030
Von Braun Center Fund	1,209,568
Municipal Iceplex Fund	<u>132,992</u>
Total depreciation expense – business-type activities	<u>\$6,647,590</u>

Activity for the discretely presented component unit, Utilities', for the year ended September 30, 2008 was as follows:

	Balance September 30, 2007	Additions/ Transfers-in	Deletions Transfers-out	Balance September 30, 2008
<b>Utilities-Electric System:</b>				
Capital assets, not being depreciated:				
Land	\$4,219,535	\$69,065	\$0	\$4,288,600
Construction in progress	9,418,873	26,301,381	(20,961,020)	14,759,234
Total capital assets, not being depreciated	<u>13,638,408</u>	<u>26,370,446</u>	<u>(20,961,020)</u>	<u>19,047,834</u>
Capital assets, being depreciated:				
Buildings and improvements	333,095,193	18,865,267	(3,922,595)	348,037,865
Furniture, equipment and other	17,451,866	1,541,787	(418,635)	18,575,018
Total capital assets, being depreciated	<u>350,547,059</u>	<u>20,407,054</u>	<u>(4,341,230)</u>	<u>366,612,883</u>
Less accumulated depreciation	<u>(151,096,296)</u>	<u>(12,655,708)</u>	<u>3,137,876</u>	<u>(160,614,128)</u>
Total capital assets, being depreciated, net	<u>199,450,763</u>	<u>7,751,346</u>	<u>(1,203,354)</u>	<u>205,998,755</u>
Electric System capital assets, net	<u>\$213,089,171</u>	<u>\$34,121,792</u>	<u>(\$22,164,374)</u>	<u>\$225,046,589</u>
 <b>Utilities-Water System:</b>				
Capital assets, not being depreciated:				
Land	\$1,748,064	\$27,400	\$0	\$1,775,464
Construction in progress	9,966,717	12,241,748	(14,429,884)	7,778,581
Total capital assets, not being depreciated	<u>11,714,781</u>	<u>12,269,148</u>	<u>(14,429,884)</u>	<u>9,554,045</u>
Capital assets, being depreciated:				
Buildings and improvements	192,365,317	19,516,430	(634,129)	211,247,618
Furniture, equipment and other	5,235,330	465,672	(323,758)	5,377,244
Total capital assets, being depreciated	<u>197,600,647</u>	<u>19,982,102</u>	<u>(957,887)</u>	<u>216,624,862</u>
Less accumulated depreciation	<u>(74,776,033)</u>	<u>(4,657,625)</u>	<u>870,271</u>	<u>(78,563,387)</u>
Total capital assets, being depreciated, net	<u>122,824,614</u>	<u>15,324,477</u>	<u>(87,616)</u>	<u>138,061,475</u>
Water System capital assets, net	<u>\$134,539,395</u>	<u>\$27,593,625</u>	<u>(\$14,517,500)</u>	<u>\$147,615,520</u>

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

	Balance September 30, 2007	Additions/ Transfers-in	Deletions Transfers-out	Balance September 30, 2008
<b>Utilities-Gas System:</b>				
Capital assets, not being depreciated:				
Land	\$433,735	\$37,500	\$0	\$471,235
Construction in progress	1,584,565	4,956,884	(5,100,535)	1,440,914
Total capital assets, not being depreciated	<u>2,018,300</u>	<u>4,994,384</u>	<u>(5,100,535)</u>	<u>1,912,149</u>
Capital assets, being depreciated:				
Buildings and improvements	103,529,038	5,639,114	(79,496)	109,088,656
Furniture, equipment and other	7,142,375	435,886	(119,724)	7,458,537
Total capital assets, being depreciated	110,671,413	6,075,000	(199,220)	116,547,193
Less accumulated depreciation	(35,273,494)	(2,879,604)	166,712	(37,986,386)
Total capital assets, being depreciated, net	<u>75,397,919</u>	<u>3,195,396</u>	<u>(32,508)</u>	<u>78,560,807</u>
Gas System capital assets, net	<u>\$77,416,219</u>	<u>\$8,189,780</u>	<u>(\$5,133,043)</u>	<u>\$80,472,956</u>

Activity for the discretely presented component unit, the HMC CVB, for the year ended September 30, 2008 was as follows:

	Balance September 30, 2007	Additions/ Transfers-in	Deletions Transfers-out	Balance September 30, 2008
Capital assets, being depreciated:				
Furniture, equipment and other	\$561,950	\$98,782	\$0	\$660,732
Less accumulated depreciation	(260,545)	(34,142)	0	(294,687)
Total capital assets, being depreciated, net	<u>301,405</u>	<u>64,640</u>	<u>0</u>	<u>366,045</u>
Governmental activities capital assets, net	<u>\$301,405</u>	<u>\$64,640</u>	<u>\$0</u>	<u>\$366,045</u>

The discretely presented component unit, DRA, does not have any capital assets for the year ended September 30, 2008.

(The rest of this page is intentionally blank)

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

**C. Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of September 30, 2008 is as follows:

**Transfers In/Out:**

Transfers Out:

From General Fund to		
Debt Service Fund	\$2,188,840	
The Special Revenue Fund	420,000	
Public Building Authority Fund	3,363,178	
Capital Improvement Fund	28,655,019	
Nonmajor Governmental funds	6,672,877	
Water Pollution Control Fund	7,329,648	
Von Braun Center Fund	2,430,097	
Nonmajor Proprietary funds	596,334	
Post Retirement Benefit Trust Fund	<u>2,245,513</u>	\$53,901,506
From The Special Revenue Fund to		
Debt Service Fund	27,073,350	
Von Braun Center Fund	<u>377,640</u>	27,450,990
From Capital Improvements Fund to		
Debt Service Fund	16,071,506	
Public Building Authority Fund	1,309,000	
Nonmajor Governmental funds	<u>400,000</u>	17,780,506
From Nonmajor Governmental funds to		
Capital Improvement Fund		103,052
From Water Pollution Control Fund		
Capital Improvement Fund		<u>333,333</u>
Total		<u><u>\$99,569,387</u></u>

(The rest of this page is intentionally blank)

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Transfers In:

To Debt Service Fund from		
General Fund	\$2,188,840	
The Special Revenue Fund	27,073,350	
Capital Improvements Fund	<u>16,071,506</u>	\$45,333,696
To The Special Revenue Fund from		
General Fund		420,000
To Public Building Authority Fund from		
General Fund	3,363,178	
Capital Improvements Fund	<u>1,309,000</u>	4,672,178
To Capital Improvements Fund from		
General Fund	28,655,019	
Water Pollution Control Fund	333,333	
Nonmajor Governmental funds	<u>103,052</u>	29,091,404
To Nonmajor Governmental funds from		
General Fund	6,672,877	
Capital Improvements Fund	<u>400,000</u>	7,072,877
To Von Braun Center Fund from		
General Fund	2,430,097	
The Special Revenue Fund	<u>377,640</u>	2,807,737
To Nonmajor Proprietary funds from		
General Fund		<u>596,334</u>
Subtotal		89,994,226
Post Retirement Benefit Trust Fiduciary Fund		
employer contribution (from General Fund)		2,245,513
Transfer of governmental funds capital asset debt (from		
General Fund) to Water Pollution Control Enterprise Fund		<u>7,329,648</u>
Total		<u>\$99,569,387</u>

In the fund financial statements, total transfers in of \$89,994,226 are less than total transfers out of \$99,569,387 because the \$7,329,648 General Fund transfer out to the Water Pollution Control Enterprise Fund was recorded as an increase in long-term debt in the Water Pollution Control Fund; and because the Post Retirement Benefit Trust Fiduciary Fund is not included in the fund financial statements, to which the General Fund made a \$2,245,513 transfer.

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

**Due To/From Other Funds:**

Receivable Fund	Payable Fund	Amount
<u>Governmental Funds</u>		
General Fund	Debt Service Fund	\$300
	The Special Revenue Fund	683,688
	Nonmajor Governmental Funds	29,234
	Water Pollution Control Fund	952,403
	Nonmajor Proprietary Funds	24,855
	Post Retirement Benefit Trust Fund	<u>1,200,000</u>
		2,890,480
The Special Revenue Fund	General Fund	11,802,532
Capital Improvement Fund	General Fund	25,828,718
	The Special Revenue Fund	<u>4,664,967</u>
		30,493,685
Nonmajor Governmental Funds	General Fund	877,257
	Capital Improvement Fund	<u>1,958,547</u>
		2,835,804
<b>Total Governmental Funds</b>		<b><u>48,022,501</u></b>
<u>Proprietary Funds</u>		
Water Pollution Control Enterprise Fund	The Special Revenue Fund	<u>10,832,167</u>
<b>Total Proprietary Funds</b>		<b><u>10,832,167</u></b>
<b>Total due to/from other funds</b>		<b><u>\$58,854,668</u></b>

The government-wide statement of net assets combines the due to/from accounts of the different activities as "Internal Balances," for which the total is \$1,200,000. This total represents the amount in the General Fund that is due from the Post Retirement Benefits Fiduciary Fund, a fund that is not included in the government-wide financial statements since it represents assets held in a fiduciary capacity.

In general, transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations. The due to/from balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

**D. Leases**

Operating Leases

The City leases buildings under noncancelable operating leases, for which the total costs were approximately \$400,000 in 2008. The future minimum lease payments by fiscal year are as follows:

2008	\$413,000
2009	150,300
2010	47,200
2011	<u>30,000</u>
Total	<u>\$640,500</u>

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Capital Leases

The City has entered into various lease agreements as lessee for financing the acquisition of equipment. These lease agreements are treated as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the basic financial statements.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Equipment	\$2,461,886	\$21,990
Less: accumulated amortization	(1,077,297)	(3,141)
<b>Total</b>	<b>\$1,384,589</b>	<b>\$18,849</b>

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2008 are as follows:

September 30	Governmental Activities	Business-Type Activities
2008	\$522,487	\$3,941
2009	123,002	0
2010	30,517	0
2011	30,517	0
2012	30,517	0
2013-2018	86,468	0
Total minimum lease payments	823,508	3,941
Less amount representing interest	(60,918)	(54)
<b>Present value of minimum lease payments</b>	<b>\$762,590</b>	<b>\$3,887</b>

The future debt service requirements of the governmental activities leases at September 30, 2008 will be provided by the General Fund, Public Library Special Revenue Fund, and Capital Improvements Capital Projects Fund; and the requirements of the business-type activities will be provided by the Von Braun Center Fund.

**E. Long-Term Debt**

General Obligation Warrants

The City issues general obligation ("G.O.") warrants, which is a direct obligation and pledge of the full faith and credit of the City, for the following purposes:

- a. For the acquisition and construction of major capital facilities.
- b. On behalf of the Huntsville Board of Education for the construction of school facilities.
- c. To refund other G.O. warrants.
- d. To refund sewer revenue warrants, which, although it is G.O. debt, repayment is provided for by the sewer system revenues accounted for in the Water Pollution Control Enterprise Fund, a business-type activity of the City.
- e. For the construction of public improvements in the tax increment financing districts ("TIFs") of the City (see below).

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Lease Revenue Bonds

The Public Building Authority, a blended component unit of the City, issued bonds for the construction of a public safety and municipal court facility, including the city jail. Repayment of the bonds is secured by an annual lease payment the City is required to make to the Authority. The City imposed additional municipal court costs and pledged the revenue to pay a portion of the lease payment. Pursuant to the trust indenture, the Authority has deposited a surety bond having a value equal to the highest annual debt service on the bonds, in lieu of maintaining a debt service reserve. The Authority was in compliance with bond covenants at year-end. The bonds do not constitute a direct obligation and pledge of the full faith and credit of the City.

Sewer Revenue Warrants

The Alabama Water Pollution Control Authority permits local governments to participate in a State Revolving Loan Fund ("SRF") program, whereby the Authority issues debt on behalf of participating governments for the purpose of upgrading water and sewer treatment facilities and distribution systems. Pursuant to the SRF program, the City has issued several series of sewer revenue warrants ("SRF warrants") since 1995. The SRF warrants are secured 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 City is also obligated to treat the G.O. warrants issued for sewer purposes as described above in the same manner as the SRF warrants with respect to pledge and sufficiency of system revenues, although they are general obligations of the City.

The SRF warrants do not constitute a direct obligation and pledge of the full faith and credit of the City.

Variable Rate Demand Warrants

The City issued G.O. variable rate demand warrants in 2002 in the amount of \$12,475,000, \$2,130,000 of which were taxable warrants, and the proceeds were used to refund other warrants. A financial institution, as Credit Obligor, has issued an irrevocable letter of credit to fund the principal and interest payments on the warrants, and is also the Trustee under the trust indenture.

The warrants are subject to redemption at the demand of the holder at a price equal to the principal plus accrued interest to the date of redemption. The Credit Obligor is responsible for providing the funds for the repurchase of the warrants. The Remarketing Agent is authorized to use its best efforts to sell the repurchased warrants at a price equal to 100 percent of the principal amount, which is expected to result in an adjustment to the interest rate on the warrants.

The City has the option to redeem the warrants at any time at a price equal to 100 percent of the principal amount, and has authorized the Trustee to redeem the warrants annually according to a prescribed schedule through 2022. The Trustee will draw from the Credit Obligor an amount sufficient to pay the purchase price of the redeemed warrants. Interest on the warrants is adjusted weekly as determined by the Remarketing Agent, and is paid monthly by the Credit Obligor. In 2008, rates ranged from 1.39% to 8.21%, and 2.63% to 9.00% for the tax-exempt and taxable warrants, respectively. As of September 30, 2008, the tax exempt and taxable warrant rates were 8.21% and 4.43%, respectively.

The demand warrants constitute a direct obligation and pledge of the full faith and credit of the City and are included in long-term debt. The City must reimburse the Credit Obligor for interest and redemptions of principal. The warrants were refinanced in December 2008 with a fixed-rate warrant.

Tax Increment Financing Districts Debt

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

**City of Huntsville  
Notes To The Financial Statements - Continued  
September 30, 2008**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Source of Repayment of Long-Term Debt

Repayment of the City's long-term debt is generally provided for as follows:

<u>Type of Debt</u>	<u>Paid From</u>	<u>Resources Provided By</u>
<u>Governmental Activities:</u>		
G.O. warrants - major capital facilities	Debt Service Fund	The Special Revenue Fund, General Fund and Capital Improvements Fund
G.O. warrants - school facilities	Debt Service Fund	The Special Revenue Fund
G.O. warrants - TIFs	Debt Service Fund	The Special Revenue Fund
Lease revenue bonds	Public Building Authority Fund	General Fund and Capital Improvements Fund
<u>Business-Type Activities:</u>		
G.O. warrants (sewer) and SRF sewer revenue warrants	Water Pollution Control Fund	Water Pollution Control Fund

Utility Revenue Warrants - Huntsville Utilities Component Unit

The City of Huntsville Electric System, City of Huntsville Water System and City of Huntsville Gas System, discrete component units, have issued revenue warrants for the purpose of constructing additions to their capital facilities and for refunding other revenue warrants. Repayment of the warrants are secured by net revenues of the respective systems, after deducting certain operating costs. Pursuant to trust indentures effective for the warrants, the systems are also required to maintain debt service reserve accounts for a portion of the outstanding principal. The systems were in compliance with the reserve requirements at year-end.

These warrants do not constitute a direct obligation and pledge of the full faith and credit of the City.

Advance and Current Refundings

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

**Current Refundings**

There are no past refunding transactions for which the refunded warrants are still outstanding on September 30, 2008.

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

**Advance Refundings**

Advance refunding transactions for the current year, and prior years for which the refunded warrants are still outstanding on September 30, 2008, were as follows (in thousands):

Fiscal Year	Refunding Warrants		Refunded Warrants		Debt Service Diff. (a)	Economic Gain (Loss)
	Series	Face Amount	Series	Refunded Amount		

**PRIMARY GOVERNMENT**

Governmental Activities:

2008	2008PBA	\$56,325	2002PBA	\$52,815	\$51,490	not appl.	\$6,704
------	---------	----------	---------	----------	----------	-----------	---------

(a) includes debt service savings and savings realized up-front in cash in the refunding transaction.

Outstanding Debt

The amount of debt outstanding at September 30, 2008, and information related to it was as follows:

Series	Face Amount (thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities (thousands)	Ending Balance (thousands)	Amount Due Within One Year (thousands)
--------	-------------------------	-------	----------------	--------------------	----------------------------------	----------------------------	--

**PRIMARY GOVERNMENT**

Governmental Activities

*G.O. Warrants*

1998-A	\$36,600	12/1/1998	11/1/2018	3.1 - 4.75	1,185 - 2,750	\$24,060	\$1,695
1998-B	45,380	12/1/1998	11/1/2012	3.1 - 4.5	2,290 - 4,295	19,490	3,520
1998-C	10,000	12/1/1998	11/1/2016	3.4 - 4.75	420 - 820	6,170	570
1998-D	18,910	12/1/1998	11/1/2013	3.1 - 5.25	930 - 1,705	9,075	1,330
2002-A	42,130	5/1/2002	5/1/2022	4.0 - 5.75	1,325 - 3,270	33,330	1,695
2002-B (b)	9,365	5/1/2002	5/1/2031	5.1 - 5.25	580 - 1,020	9,365	0
2002-C	10,890	5/1/2002	5/1/2012	4.4 - 6.4	65 - 95 (c)	10,525	85
2002-E	18,685	8/1/2002	8/1/2012	4.0 - 5.5	825 - 2,145	8,045	1,890
2002-F	23,465	8/1/2002	8/1/2013	4.0 - 5.5	895 - 2,600	10,995	2,230
2002-G	10,345	8/5/2002	7/1/2022	Variable (a)	315 - 790	8,220	420
2002-H	2,130	8/5/2002	7/1/2022	Variable (a)	65 - 165	1,690	85
2003-A	24,700	2/1/2003	2/1/2023	2.0 - 5.0	850 - 1,870	20,245	965
2003-C	53,955	11/1/2004	11/1/2024	2.0 - 5.0	675 - 14,675(d)	51,165	1,665
2005-A	72,485	2/1/2005	2/1/2020	3.7 - 6.25	1,425 - 9,915	46,945	9,415
2005-B	11,125	2/1/2005	2/1/2011	5.0 - 5.5	975 - 2,120	6,020	1,895
2005-C	68,070	10/1/2006	10/1/2031	3.0 - 5.0	715 - 4,530	64,660	1,850
2007-A (non-sewer)	31,967	5/1/2007	5/15/2014	4.0 - 5.0	325 - 1,825	31,967	87
2007-B	3,500	5/24/2007	5/1/2028	3.84	220 - 282	3,055	460
<i>Total G.O.</i>	<u>\$493,702</u>					<u>\$365,022</u>	<u>\$29,857</u>

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Outstanding Debt - Continued

*Lease Revenue Bonds - Public Building Authority*

2007	86,415	9/18/2007	10/1/2036	4.0 - 5.0	420 - 5,700	86,415	420
<i>Total L.R.B.</i>	<u>86,415</u>					<u>86,415</u>	<u>420</u>

<b>Total governmental activities</b>	<u><b>580,117</b></u>					<u><b>451,437</b></u>	<u><b>30,277</b></u>
--------------------------------------	-----------------------	--	--	--	--	-----------------------	----------------------

- (a) see the previous Variable Rate Demand Warrants section for more information.  
(b) Series 2002-B are taxable warrants.  
(c) Series 2002-C has a balloon maturity payment of \$10,255,000 on May 1, 2012.  
(d) Series 2003-C has a balloon maturity payment of \$14,675,000 on November 1, 2024; this maturity was retired on March 16, 2009.

Series	Face Amount (thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities (thousands)	Ending Balance	Amount Due Within One Year
--------	----------------------------	-------	----------------	--------------------	-------------------------------------	----------------	----------------------------

Business-Type activities

*G.O. Warrants - sewer system*

2002-D	35,795	08/01/02	11/01/15	4.0 - 5.5	1,290 - 3,635	24,000	2,450
2003-B	19,485	04/01/03	08/01/16	2.0 - 5.25	1,220 - 1,915	13,035	1,405
2007-A (Sewer portion)	17,123	05/01/07	05/15/14	4.0 - 5.0	325 - 725	16,798	578
	<u>72,403</u>					<u>53,833</u>	<u>4,433</u>

*Sewer Revenue Warrants - State Revolving Loan Fund*

1996	22,380	01/26/96	08/15/17	4	775 - 1,550	12,095	1,155
1998	17,435	01/27/98	08/15/20	4	595 - 1,215	11,970	805
1998-B	16,760	12/01/98	08/15/20	4	590 - 1,145	11,415	780
2000	15,180	12/22/99	08/15/21	4	515 - 1,070	11,130	675
2001	13,045	12/14/00	08/15/22	4	440 - 920	10,125	555
2006	16,000	11/08/06	08/15/26	3	580 - 1,070	14,825	615
2008	5,000	05/01/08	02/15/28	0	175 - 340	5,000	175
	<u>105,800</u>					<u>76,560</u>	<u>4,760</u>

<b>Total business-type activities</b>	<u><b>178,203</b></u>					<u><b>130,393</b></u>	<u><b>9,193</b></u>
---------------------------------------	-----------------------	--	--	--	--	-----------------------	---------------------

<b>Total Primary Government</b>	<u><b>\$758,320</b></u>					<u><b>\$581,830</b></u>	<u><b>\$39,470</b></u>
---------------------------------	-------------------------	--	--	--	--	-------------------------	------------------------

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Outstanding Debt - Continued

**COMPONENT UNIT - HUNTSVILLE UTILITIES**

Business-Type Activities

*Electric System Revenue Warrants*

1998	\$15,505	12/01/97	12/01/19	4.4 - 5.0	0 - 2,100	\$1,740	\$850
2001	6,070	12/01/01	12/01/15	3.0 - 5.0	340 - 565	3,445	430
2002	9,920	12/01/02	12/01/22	1.35 - 5.0	260 - 1,030	5,400	265
2007	13,195	12/01/07	12/01/19	4.0	705 - 2,110	13,195	0
Subtotal	<u>44,690</u>					<u>23,780</u>	<u>1,545</u>

*Water System Revenue Warrants*

2008	43,660	05/01/08	11/01/34	2.7 - 5.0	700 - 2,885	43,660	700
Subtotal	<u>43,660</u>					<u>43,660</u>	<u>700</u>

*Gas System Revenue Warrants*

2005	11,025	08/01/05	08/01/25	3.25 - 4.38	380 - 780	9,840	425
Subtotal	<u>11,025</u>					<u>10,250</u>	<u>410</u>

**Total Component  
Units**

<u>\$99,375</u>	<u>\$77,690</u>	<u>\$2,655</u>
-----------------	-----------------	----------------

Future Debt Service

The City's future debt service requirements on its outstanding warrants and bonds as of September 30, 2008 are shown below. The interest amounts assume the rates on variable rate debt in effect at September 30, 2008. Although the variable rate debt is payable upon demand (as described previously), the City intends to repay these issues in accordance with their respective redemption schedules. There is \$3,232,744 and \$11,441,626 available in the Debt Service Fund and The Special Revenue Fund, respectively, to service general obligation debt and \$2,482,868 is available in the Public Building Authority Special Revenue Fund to service the lease revenue bonds. There are a number of limitations and restrictions contained in the various debt-related agreements, and the City is in compliance with all.

**PRIMARY GOVERNMENT**

**(thousands)**

<u>Governmental activities:</u>	G.O. Warrants		Lease Rev. Bonds	
	Principal	Interest	Principal	Interest
2009	\$29,857	\$17,404	\$420	\$4,115
2010	31,831	15,961	440	4,098
2011	26,744	14,541	455	4,080
2012	35,978	13,285	475	4,061
2013	23,307	11,393	1,820	4,015
2014-2018	86,299	42,900	10,440	18,739
2019-2023	68,601	23,642	13,125	16,052
2024-2028	42,507	8,800	16,675	12,500
2029-2033	13,095	3,371	21,310	7,869
2034-2038	6,803	871	21,255	2,086
Total governmental activities	<u>365,022</u>	<u>152,168</u>	<u>86,415</u>	<u>77,615</u>

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Future Debt Service - Continued

<u>Business-type activities:</u>	G.O. Warrants		Revenue Warrants	
	Principal	Interest	Principal	Interest
2009	4,433	2,541	4,760	2,705
2010	4,634	2,343	4,935	2,537
2011	4,861	2,125	5,120	2,363
2012	5,107	1,893	5,310	2,183
2013	5,363	1,644	5,505	1,996
2014-2018	19,556	4,182	29,140	6,918
2019-2023	4,719	1,875	17,085	2,193
2024-2028	5,160	676	4,705	348
Total business-type activities	53,833	17,279	76,560	21,243

**Total Primary Government**

**\$581,830      \$268,305**

**COMPONENT UNITS**

<u>Business-Type Activities - Huntsville Utilities</u>	Electric Rev. Warrants		Water Rev. Warrants	
	Principal	Interest	Principal	Interest
2009	\$1,545	\$988	\$700	\$1,872
2010	1,615	924	2,055	1,828
2011	1,455	840	2,120	1,760
2012	1,855	774	2,190	1,696
2013	1,930	697	2,260	1,633
2014-2018	11,055	2,179	12,585	6,823
2019-2023	4,325	379	6,680	4,265
2024-2028	0	0	5,895	2,950
2029-2033	0	0	7,450	1,395
2034-2038	0	0	1,725	43
<b>Total</b>	<b><u>\$23,780</u></b>	<b><u>\$6,781</u></b>	<b><u>\$43,660</u></b>	<b><u>\$24,265</u></b>

<u>Business-Type Activities - Huntsville Utilities</u>	Gas Rev. Warrants	
	Principal	Interest
2009	\$425	\$391
2010	440	377
2011	455	362
2012	470	346
2013	485	330
2014-2018	2,720	1,359
2019-2023	3,315	764
2024-2028	1,530	101
<b>Total</b>	<b><u>\$9,840</u></b>	<b><u>\$4,030</u></b>

(The rest of this page is intentionally blank)

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2008, was as follows (in thousands):

<b>PRIMARY GOVERNMENT</b>	Beginning Balance	Additions(a)	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General obligation warrants	\$399,840	(\$7,253)	(\$27,565)	\$365,022	\$29,857
Lease revenue bonds	86,415	0	0	86,415	420
Subtotal	486,255	(7,253)	(27,565)	451,437	30,277
Less amounts deferred for:					
Issue discounts & premiums	10,962	(167)	(797)	9,998	0
Refunding losses	(10,826)	0	1,049	(9,777)	0
Total warrant, bonds, & notes	486,391	(7,420)	(27,313)	451,658	30,277
Capitalized leases	1,323	0	(560)	763	499
Compensated absences	15,900	3,200	(1,540)	17,560	1,756
Claims & judgments	600	3,372	(372)	3,600	1,850
<b>Governmental activities long-term liabilities</b>	<b>\$504,214</b>	<b>(\$848)</b>	<b>(\$29,785)</b>	<b>\$473,581</b>	<b>\$34,382</b>

The City's General Fund is generally responsible for liquidating the liability for compensated absences since most of the activities affecting that liability occur within General Fund departments.

<u>Business-Type Activities:</u>					
General obligation warrants	\$50,590	\$7,253	(\$4,010)	\$53,833	\$4,433
Sewer revenue warrants	75,980	5,000	(4,420)	76,560	4,760
Subtotal	126,570	12,253	(8,430)	130,393	9,193
Less amounts deferred for:					
Issue discounts & premiums	1,448	167	(156)	1,459	0
Refunding losses	(3,013)	0	368	(2,645)	0
Total warrants	125,005	12,420	(8,218)	129,207	9,193
Capitalized leases	29	0	(25)	4	4
Compensated absences	904	549	(519)	934	74
<b>Business-type activities long-term liabilities</b>	<b>\$125,938</b>	<b>\$12,969</b>	<b>(\$8,762)</b>	<b>\$130,145</b>	<b>\$9,271</b>

(a) The governmental activities additions include a decrease in the amount of \$7,420,000, which is the net amount of warrants transferred from the governmental funds to the Water Pollution Control Enterprise Fund during the year, which is included as an increase in the business-type activities additions in the above tables.

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Changes in Long-Term Liabilities - Continued

**COMPONENT UNITS - HUNTSVILLE UTILITIES**

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Business-type activities - Electric System</u>					
Revenue warrants	\$25,025	\$14,935	(\$16,180)	\$23,780	\$1,545
Less amounts deferred for:					
Issue discounts & premiums	0	264		264	0
Refunding losses	(257)	0	36	(221)	0
Total Electric System long-term liabilities	<u>\$24,768</u>	<u>\$15,199</u>	<u>(\$16,144)</u>	<u>\$23,823</u>	<u>\$1,545</u>
<u>Business-type activities - Water System</u>					
Revenue warrants	\$18,430	\$43,660	(\$18,430)	\$43,660	\$700
Less amounts deferred for:					
Issue discounts & premiums	0	1,341		1,341	0
Refunding losses	(432)	0	60	(372)	0
Total Water System long-term liabilities	<u>\$17,998</u>	<u>\$45,001</u>	<u>(\$18,370)</u>	<u>\$44,629</u>	<u>\$700</u>
<u>Business-type activities – Gas System</u>					
Revenue warrants	\$10,250	\$0	(\$410)	\$9,840	\$425
Total Gas System long-term liabilities	<u>\$10,250</u>	<u>\$0</u>	<u>(\$410)</u>	<u>\$9,840</u>	<u>\$425</u>

Uses of Governmental Activities Long-Term Debt

The carrying value of outstanding debt for governmental activities as of September 30, 2008, is \$451,658,414. The purposes for which this amount has been or will be expended is as follows: (in thousands):

Debt issued for non-capital asset purposes:	
Huntsville City Schools	\$110,178
Von Braun Center	6,745
Intergovernmental	1,953
Debt issued for capital asset purposes:	
Invested in assets as of year-end	320,675
Not yet invested in assets as of year-end	<u>12,106</u>
Total	<u>\$451,658</u>

(Note the above amounts are not net of issuance costs as is similar data presented in the MD&A.)

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Arbitrage Compliance

As an issuer of tax-exempt obligations, the City must comply with Section 148 of the Internal Revenue Code whereby arbitrage on tax-exempt warrants, if any, is rebated to the IRS. The City is in compliance with Section 148 requirements.

**F. Fund Equity Reserves and Designations**

All Funds

*Reserved for capital projects* - amounts restricted by law or contract for capital improvements.

*Reserved for debt service* - amounts restricted for making debt service payments.

*Reserved for notes receivable* – amounts related to the noncurrent portion of notes receivable.

*Reserved for other* – other amounts restricted by state or federal law for specific purposes.

*Designated for encumbrances* – amounts re-appropriated in the next fiscal for payment of encumbered goods and services.

General Fund

*Reserved for court capital* - funds restricted by state law for the purpose of municipal court equipment.

*Reserved for jail construction* - funds restricted by state law for the construction of jail facilities, or payment of debt service related thereto.

*Designated for cemetery improvements* – revenue designated by management for cemetery improvements.

*Designated for contingencies* – an amount set aside by city ordinance for unforeseen financial difficulties, which is 11.5% of the subsequent year's revenue budget.

*Designated for employee benefits* – amounts set aside to pay for unexpected health care or workers' compensation costs.

*Designated for jail capital repairs* – amounts set aside by management as a capital repair fund for the municipal jail facility, which is being operated as a joint city-county jail by the Madison County Sheriff.

*Designated for jail construction* – amounts set aside by management for the construction of the joint city-county jail.

*Designated for parking activities* – prior years net revenues set aside for parking activities.

*Designated for post-retirement benefits* – amounts set aside by management to pay for future post-retirement benefits.

*Designated for recreation projects* - cumulative, unspent City one percent lodging taxes earmarked by ordinance for recreation capital projects.

*Designated for school improvements* – amounts set aside for improvements to city schools..

*Designated for tourism activities* – cumulative, unspent City liquor and lodging taxes earmarked by ordinance for tourism activities.

Other Governmental Funds

*Reserved for city schools* – property taxes collected by the City but restricted by state law for public school purposes.

*Reserved for donor restrictions* - funds which are spendable only in accordance with donor restrictions.

Discretely Presented Component Units

*Restricted for other* - funds restricted for self-insurance.

**G. Sales and Use Tax Revenue Earmarking**

City sales and use taxes, which are General Fund revenues, are earmarked by ordinance, as follows:

- 25.3 percent is paid to the Capital Improvement Capital Projects Fund.
- 12.5 percent is paid to the Huntsville City Board of Education.
- 2.2 percent of the prior year sales and use tax revenue is paid from the Capital Improvement Capital Projects Fund to the Huntsville City Board of Education for capital projects.

These do not represent restrictions on the fund balance of the City at September 30, 2008, but represent designations of future revenue which will be considered in determining budget appropriations for future years.

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

**H. Tax Equivalents**

The Utilities, component units of the City, are required to pay to the City a tax equivalent which is determined by applying the current property tax rates to the Utilities' net plant in service at the end of the preceding year. The amount of tax equivalents paid to the City by the Utilities during 2008 was \$10,136,334 by the Electric System, \$3,189,816 by the Natural Gas System, and \$1,331,386 by the Water System. These amounts are reported as payments in lieu of taxes in the General Fund of the City and as operating expenses in the financial statements of the Utilities.

**NOTE 5 – OTHER INFORMATION**

**A. Segment Information - Enterprise Funds**

The only enterprise fund for which the City is required to present segment information is the Water Pollution Control Enterprise Fund, the information for which is shown in the basic financial statements.

**B. 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 \$600,000, \$350,000 of which is estimated to be currently payable and has been accrued as a liability in the City's General Fund at September 30, 2008. In addition to these claims, the City settled an extraordinary claim in the amount of \$3,000,000, which pertains to events occurring before September 30, 2008. One-half of this amount is payable in fiscal year 2009 and one-half in fiscal year 2010. None of this claim is reported as a liability of the General Fund as of September 30, 2008, but all of the claim is reported as a liability in the government-wide statement of net assets, \$1,500,000 of which is reported as a current liability.

The Utilities are parties to a number of legal actions arising in the ordinary course of the business. In management's opinion, the Utilities have adequate legal defenses and/or insurance coverage for each of these actions and does not believe that they will materially affect the Utilities' operations or financial position.

Grants

The City participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other government units. As of September 30, 2008, significant amounts of grant expenditures have not been audited by the grantor agencies but the City believes that future disallowed expenditures related to the unaudited grant programs, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

Debt Obligations

As described in Note 4, the City has issued six series of sewer revenue warrants totaling \$105.8 million under the State Revolving Loan Fund program to upgrade its sewer treatment facilities and distribution systems. After deducting \$6.1 million of program participation costs and capitalized interest, the City may draw \$99.7 million for project costs. As of September 30, 2008, \$82.4 million has been drawn and \$17.3 million is available, which is shown as an asset in the statement of net assets.

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Huntsville Utilities Gas Purchase Commitments

The Gas System has entered into purchase contracts with vendors to establish the purchase price for natural gas. The contracts allow the Gas System to lock in certain volumes of gas to be purchased and prices for that gas. Under the contract, the System has committed to purchase between 537,000 and 1,582,000 MMBtus per year through December 2026 at index less fifty-six cents.

Construction Contracts

The City entered into various construction contracts as of September 30, 2008. In the fund financial statements, the unfulfilled balance of these contracts that related to the General Fund, The Special Revenue Fund, the Public Building Authority Special Revenue Fund, Capital Project Funds, and nonmajor governmental funds are included in the "Designation for Encumbrances" as described more fully in Notes 1 and 4F. In the statement of net assets, restricted assets are reported for the fulfillment of these contracts.

Joint Jail Expansion Construction Costs

As described in NOTE 5I, the City through the Public Building Authority is constructing an expansion to the former city jail now operated as a city-county jail by the Madison County Sherriff. In 2007 significant architectural, engineering design, and structural problems were discovered in the construction of the expansion, which have cost a significant amount to remedy. The remediation cost and estimated cost to complete could be as much as \$50 million more than originally planned for the \$30 million project. The City issued the Public Building Authority Lease Revenue Bonds Series 2007 in 2007 to finance \$30 million of this additional cost, and has advanced an additional \$16.9 million from the General Fund as of March 31, 2009. The City has sued the architect, the structural engineer, the former general contractor, and a number of subcontractors to recover damages, hoping to recover a portion of the additional cost. The contractor has counter-sued the City for damages relating to its termination by the City. The outcome of the matter is uncertain as of the date of the independent auditors' report, and the fund financial statements and statement of activities do not include a liability with respect to this matter.

**C. Related Organizations**

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

Huntsville Housing Authority

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

Solid Waste Disposal Authority

The Solid Waste Disposal Authority is a legally separate organization which is governed by a five member board appointed by the City. The City has no ability to influence the operations of the Authority nor has any financial obligations related to the Authority. The City is obligated to use the Authority for its waste disposal through a contract with the Authority. However, this is considered to be an exchange transaction between two entities and is not considered a manifestation of a financial benefit or burden relationship between the entities. Fees paid to the Authority by the City for the year ended September 30, 2008 were \$3.2 million. The City was also indebted to the Authority in the amount of \$271,000 for waste disposal fees as of September 30, 2008.

Health Care Authority

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

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 5 – OTHER INFORMATION – CONTINUED**

**D. Jointly Governed Organizations**

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

Huntsville-Madison County Marina and Port Authority

The Marina and Port Authority is a separate legal entity governed by a five member board to operate the marina and port facilities on the Tennessee River. The City and Madison County each appoint two of the members with one member jointly appointed. The City is partially responsible for funding the deficits of the Authority but did not appropriate funds or provide financial assistance to the Authority during 2008.

Huntsville-Madison County Railroad Authority

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

Huntsville-Madison County Airport Authority

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

Madison County Communications District

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

**E. Pension Plans**

The City of Huntsville's and the Huntsville Utilities Systems (component units of the City) defined benefit pension plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The City and Huntsville Utilities are affiliated with the Employees' Retirement System of Alabama (the System), an agent multiple-employer pension plan administered by the Retirement System of Alabama. The Retirement System of Alabama assigns the authority to establish and amend the benefit provisions of the plans that participate in the System to the respective employer entities. For the City of Huntsville, that authority rests with the City Council and for the Huntsville Utilities, that authority rests with the Huntsville Utilities Boards. The Retirement System of Alabama issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Retirement System of Alabama.

System members who are state correctional officers, certified full-time firefighters, and certified full-time law enforcement officers are required to contribute 6% of their annual covered salary. Other System members are required to contribute 5% of their annual covered salary. The City and the Utilities are required to contribute at actuarially determined rates. The rate as a percentage of annual covered payroll for the City is 12.04%, and rates for the Utilities are 16.68% for Electric, 10.79% for Natural Gas and 11.54% for Water. The contribution requirements of plan members (including the City and the Utilities) are established and may be amended by the Retirement System of Alabama.

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 5 – OTHER INFORMATION – CONTINUED**

For 2008, the City of Huntsville's and the Utilities' annual pension cost was equal to their required and actual contributions. The required contribution was determined as part of the September 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 4.61% to 7.75% per year, and (c) 0% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 4.5%. The actuarial value of the System's assets was determined using market values of instruments at September 30, 2007 and using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period in the years prior to September 30, 2007. The System's unfunded actuarial accrued liability is amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2007 was twenty years for the City and twenty years for the Gas System, nineteen years for the Water System and eighteen years for the Electric System.

**Trend Information for the System (latest available)**

	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed
City of Huntsville	9/30/2007	\$6,737,220	100%
	9/30/2006	\$7,640,203	100%
	9/30/2005	\$6,737,220	100%
Huntsville Utilities: Electric	9/30/2007	1,351,186	100%
	9/30/2006	1,059,692	100%
	9/30/2005	930,327	100%
Natural Gas	9/30/2007	1,511,970	100%
	9/30/2006	1,176,530	100%
	9/30/2005	1,050,686	100%
Water	9/30/2007	467,736	100%
	9/30/2006	339,593	100%
	9/30/2005	285,555	100%

**Schedule of Funding Progress for the System (latest available)**

Department	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
City of Huntsville	9/30/2007	294,510,818	393,748,388	99,237,570	74.8%	90,396,039	109.8%
	9/30/2006	279,258,727	363,680,168	84,421,441	76.8%	85,893,654	98.3%
	9/30/2005	267,282,916	327,405,126	60,122,210	81.6%	77,284,297	73.4%
Huntsville Utilities: Electric	9/30/2007	29,963,494	47,730,823	17,767,329	62.8%	9,572,827	185.6%
	9/30/2006	28,828,749	46,125,654	17,299,905	62.5%	9,238,666	187.3%
	9/30/2005	28,094,541	42,619,069	14,524,528	65.9%	9,080,906	160.0%
Natural Gas	9/30/2007	38,523,025	54,570,361	16,047,336	70.6%	15,942,981	100.7%
	9/30/2006	36,313,068	51,562,348	15,249,280	70.4%	14,631,348	104.2%
	9/30/2005	34,905,665	47,605,902	12,700,237	73.3%	13,842,546	91.7%
Water	9/30/2007	15,633,561	21,323,229	5,689,669	73.3%	5,033,225	113.0%
	9/30/2006	14,848,340	20,040,427	5,192,088	74.1%	4,709,711	110.2%
	9/30/2005	14,284,170	18,502,405	4,218,235	77.2%	4,600,552	91.7%

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 5 – OTHER INFORMATION – CONTINUED**

**F. Post-Retirement Medical Plan**

Plan Description. The City provides certain post-retirement medical benefits to certain retired employees, an other post-employment benefit plan (“OPEB”) as defined by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. The benefits provisions were established by City ordinance in 1989 and subsequently amended, and are similar to those provided under the City’s plan for active employees, a self-insured plan under which retirees and active employees are combined.

Under the plan, all employees retiring after February 1, 1997 and (1) who have completed 25 years of service in the retirement system of Alabama and are less than 65 years of age or (2) who have completed 10 years of service and are of the age 60-64 are eligible to participate. Coverage is provided for the retiree and dependents until the retiree is 65 years of age. The plan had 216 retiree participants and 346 total participants at September 30, 2008.

Funding Policy. Retirees are required to pay premiums for a portion of the cost of the benefits in amounts established by local ordinance, which is about sixty percent of the annual cost to the City, compared to about fifteen percent for active employees. The City is required to contribute the remaining cost of benefits at a rate that is based on an actuarial valuation that is prepared in accordance with certain parameters.

Annual OPEB Cost. For 2008, the required contribution was determined as part of the September 30, 2006 actuarial valuation using the projected unit credit method actuarial cost method. The actuarial assumptions included (a) 4.5% investment rate of return; (b) a 12.0% medical cost trend rate graded to 5.0% over seven years; (c) 60.0% participation rate by retirees and 55.0% participation rate by spouses of participating retirees; (d) retirement rates consistent with the City’s pension plan actuarial valuation; and (e) a thirty-year amortization period of the actuarial liability. The actuarially determined rate as a percentage of annual covered payroll was 2.67% in 2008.

**Schedule of Annual OPEB Cost (latest available)**

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2008	1,934,578	116%	0

**Schedule of Funding Progress for the Plan (latest available)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Proj. Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/2006	\$0	\$27,573,117	\$27,573,117	0.0%	72,544,474	38.0%

Financial Reporting. Assets accumulated for future plan benefits are held in the Post Retirements Benefits Trust, a restricted trust established exclusively for the plan, to which retiree and City contributions are made and from which benefit payments are made. The trust is accounted for in the Post Retirement Benefits Trust Fiduciary Fund. Additionally, the City has designated \$9.6 million of the General Fund fund balance for plan-related benefits as of September 30, 2008.

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 5 – OTHER INFORMATION – CONTINUED**

**G. Risk Financing Programs**

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 125% of anticipated claims and for workers' compensation claims in excess of \$500,000 per occurrence. For legal claims and lawsuits, the State of Alabama prescribes maximum limits of liability for local government units. These limits are presently \$100,000 for bodily injury or death for one person in any single occurrence and \$300,000 for two or more persons in a single occurrence. The limit for property damage is \$100,000 per single occurrence. Anticipated insurance claims are estimated using historical data and actuarial studies. Anticipated legal claims are estimated by the City's legal counsel. All legal claims estimated to be currently payable during the fiscal year, although possibly reported to the City after September 30, 2008, have been accrued as a liability in the General Fund as of September 30, 2008. Insurance claims have been accrued as a liability in the General Fund. Insurance and legal expenditures are allocated within various departments of the General Fund and to other funds of the City based on payroll and other experience factors. No changes in insurance coverage occurred compared to the previous year nor has the City experienced any insurance settlements in excess of insurance coverage over the past three years.

Changes in the balances of claims liabilities (net of anticipated insurance coverages) for the fiscal year ended September 30, 2008 are as follows:

	<b>Employees' Health Care</b>		<b>Workers' Compensation</b>	
	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
Unpaid claims, beginning of year	\$590,000	\$515,000	\$2,043,947	\$1,834,776
Incurred claims	13,032,674	12,067,356	1,316,026	1,734,440
Less claim payments	<u>(12,972,674)</u>	<u>(11,992,356)</u>	<u>(1,316,026)</u>	<u>(1,525,269)</u>
Unpaid claims, end of year (a)	<u>\$650,000</u>	<u>\$590,000</u>	<u>\$2,043,947</u>	<u>\$2,043,947</u>
	<b>Legal Claims</b>		<b>Total</b>	
	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
Unpaid claims, beginning of year	\$600,000	\$550,000	\$3,233,947	\$2,899,776
Incurred claims	3,372,645	410,239	17,721,345	14,212,035
Less claim payments	<u>(372,645)</u>	<u>(360,239)</u>	<u>(14,661,345)</u>	<u>(13,877,864)</u>
Unpaid claims, end of year (a)	<u>\$3,600,000</u>	<u>\$600,000</u>	<u>\$6,293,947</u>	<u>\$3,233,947</u>

(a) Total unpaid claims are reported in the Statement of Net Assets.

The Electric, Water and Gas systems of the Utilities are also self-insured for general liability, health insurance and workers' compensation insurance. Reinsurance has been purchased to limit the exposure to catastrophic loss for health insurance and workers' compensation insurance claims.

**City of Huntsville**  
**Notes To The Financial Statements - Continued**  
**September 30, 2008**

**NOTE 5 – OTHER INFORMATION – CONTINUED**

**H. Jail Consolidation**

In July 2002, the City and Madison County Commission entered into an Intergovernmental Jail Agreement (Agreement) pursuant to which the parties agreed to combine and consolidate jail facilities for which the City and County are responsible for providing in the county. In the Agreement, the City, acting through the Public Building Authority, agreed to remodel, enlarge, and expand the existing Municipal Justice And Public Safety Center, originally financed with proceeds of the 1996 Lease Revenue Bonds, in order to make it possible to house both City inmates and inmates traditionally housed in the Madison County jail in a single facility. The Public Building Authority issued Series 2002 Lease Revenue Bonds to finance the renovation and expansion. In the Agreement, the County agreed to provide necessary funding for the management and operation of the facility, as expanded, and, through the Sheriff, began to exclusively operate the jail beginning in February 2003. The facility upon completion will be designated and known as the Huntsville-Madison County Jail.

The City, using funds previously appropriated in the General Fund for operation of the jail facility by the Police Department, will (1) pay the additional debt service due to issuance of the Series 2007 Lease Revenue Bonds, in the form of an increased annual lease payment (see Note 4E), (2) pay limited repair and replacement of facility capital components, for which a General Fund designated fund balance has been established, and (3) for seven years provide certain payments to the County to assist in the funding of jail operations. The payments are shown in the General Fund statement of revenues, expenditures and changes in fund balance as a public safety special appropriation. The amount the City will pay annually for the above-described purposes are expected to be less than the annual costs of operating a city jail. See Note 5B for information about the jail expansion project.

The Public Building Authority will retain title to the facility until the Series 2007 Lease Revenue Bonds are paid, at which time the City will own the facility. The City will continue occupying and operating the portion of the facility used by the City for public safety administrative activities and municipal court.

**I. Contingent Asset Impairment**

As described in NOTE 5H, the City is constructing an expansion to the former city jail now operated as a city-county jail by the Madison County Sheriff. As described in NOTE 5B, significant construction problems were discovered in the construction of the expansion, which have cost a significant amount to remedy. The cost to complete the facility has also increased significantly because of the problems. The original estimated cost of the expansion was \$30 million and the actual cost may approximate \$80 million. As also described in NOTE 5B, the City hopes to recover a portion of the additional cost through litigation.

Though the expanded portion of the jail asset is not in service, the construction problems may constitute a significant and unexpected decline in the utility of the asset, or an impairment under GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Some or all of the additional costs may constitute impairment costs, even after possibly litigation recovery, which will be required to be expensed in the government-wide statement of activities. The final determination of this issue cannot be determined as of March 31, 2009, but when determined, it may result in the recognition of a significant expense in future years.

**J. New Pronouncements**

The City plans to adopt GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, required for fiscal period beginning after December 15, 2007, in fiscal 2009. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

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

## SUPPLEMENTARY INFORMATION

**CITY OF HUNTSVILLE  
GENERAL FUND  
BALANCE SHEET  
September 30, 2008**

**ASSETS**

Cash & investments, at cost	\$90,435,230
Receivables (net of allowances)	13,814,785
Due from other funds	2,890,480
Due from other governmental entities	1,786,775
Inventories	68,450
Prepaid items	21,636

**\$109,017,356**

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts payable	\$2,789,511
Accrued liabilities	6,500,931
Contract retainages	2,504,859
Due to other funds	39,192,195
Due to other governmental entities	191,772
Deferred revenue	762,112

**Total liabilities**

**53,037,019**

**FUND BALANCE**

Reserved for court capital	218,948
Reserved for jail construction	234,113
Reserved for capital projects	2,082,877
Unreserved	
Designated for cemetery improvements	942,090
Designated for contingencies	25,959,065
Designated for employee benefits	250,000
Designated for encumbrances (re-appropriated)	3,547,940
Designated for jail capital repairs	750,000
Designated for jail construction	2,970,674
Designated for parking activities	354,194
Designated for post-retirement benefits	9,600,000
Designated for recreation projects	1,063,442
Designated for school improvements	830,341
Designated for tourism activities	2,243,322
Unreserved and undesignated	4,933,331

**Total fund balance**

**55,980,337**

**Total liabilities and fund balance**

**\$109,017,356**

**CITY OF HUNTSVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2008**

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Taxes and payments in lieu of taxes	180,792,000	180,792,000	174,846,620	(\$5,945,380)
Licenses and permits	23,466,000	23,466,000	23,054,259	(411,741)
Fines and forfeitures	2,721,000	2,721,000	3,097,825	376,825
Revenues from money and property	4,747,000	4,897,000	3,398,128	(1,498,872)
Charges for services	12,818,718	12,843,718	13,265,357	421,639
Intergovernmental	3,197,769	12,112,822	8,025,333	(4,087,489)
Gifts and donations	0	6,991,725	463,091	(6,528,634)
Other revenues	1,488,679	1,494,960	2,363,784	868,824
<b>Total revenues</b>	<b>229,231,166</b>	<b>245,319,225</b>	<b>228,514,397</b>	<b>(16,804,828)</b>
<b>EXPENDITURES</b>				
Current				
General government	17,888,828	22,052,580	19,953,382	2,099,198
Public safety	69,328,027	76,038,439	74,042,704	1,995,735
Public services	56,003,373	60,750,166	55,093,985	5,656,181
Urban development	12,592,542	12,875,850	11,677,308	1,198,542
Debt service	1,066,933	1,066,933	1,063,786	3,147
Capital projects construction	0	16,702,684	6,443,348	10,259,336
Intergovernmental assistance	21,059,909	21,115,842	20,095,737	1,020,105
<b>Total expenditures</b>	<b>177,939,612</b>	<b>210,602,494</b>	<b>188,370,250</b>	<b>22,232,244</b>
<b>Excess of revenues over expenditures</b>	<b>51,291,554</b>	<b>34,716,731</b>	<b>40,144,147</b>	<b>5,427,416</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	0	2,000,000	0	(2,000,000)
Transfers out	(51,063,683)	(56,166,819)	(53,901,506)	2,265,313
Total other financing sources (uses)	(51,063,683)	(54,166,819)	(53,901,506)	265,313
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>227,871</b>	<b>(19,450,088)</b>	<b>(13,757,359)</b>	<b>5,692,729</b>
Fund balance, beginning	69,737,696	69,737,696	69,737,696	0
<b>Fund balance, ending</b>	<b>69,965,567</b>	<b>50,287,608</b>	<b>55,980,337</b>	<b>\$5,692,729</b>

**CITY OF HUNTSVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BY ACTIVITY  
For the Year Ended September 30, 2008**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and payments in lieu of taxes				
Sales and use	134,723,000	134,723,000	127,565,012	(\$7,157,988)
Ad valorem	12,116,000	12,116,000	12,853,448	737,448
Other	33,953,000	33,953,000	34,428,160	475,160
Total	180,792,000	180,792,000	174,846,620	(5,945,380)
Licenses and permits				
Privilege	18,746,000	18,746,000	18,790,853	44,853
Building permits	2,759,000	2,759,000	2,412,175	(346,825)
Other	1,961,000	1,961,000	1,851,231	(109,769)
Total	23,466,000	23,466,000	23,054,259	(411,741)
Fines and forfeitures	2,721,000	2,721,000	3,097,825	376,825
Revenues from money and property				
Interest	4,000,000	4,000,000	2,419,174	(1,580,826)
Recreational receipts	542,000	542,000	618,404	76,404
Other	205,000	355,000	360,550	5,550
Total	4,747,000	4,897,000	3,398,128	(1,498,872)
Charges for current services				
Sanitation charges	9,596,000	9,596,000	9,606,085	10,085
Parking revenue	2,023,000	2,048,000	2,228,659	180,659
Other	1,199,718	1,199,718	1,430,613	230,895
Total	12,818,718	12,843,718	13,265,357	421,639
Intergovernmental	3,197,769	12,112,822	8,025,333	(4,087,489)
Gifts and donations	0	6,991,725	463,091	(6,528,634)
Other revenues	1,488,679	1,494,960	2,363,784	868,824
<b>TOTAL REVENUES</b>	<b>229,231,166</b>	<b>245,319,225</b>	<b>228,514,397</b>	<b>(16,804,828)</b>

**CITY OF HUNTSVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BY ACTIVITY  
For the Year Ended September 30, 2008**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Current Expenditures</b>				
<b><u>General Government</u></b>				
Administration				
Personnel	1,016,124	1,028,924	1,028,850	74
Operating	71,148	67,438	38,278	29,160
Capital	0	0	0	0
Total	1,087,272	1,096,362	1,067,128	29,234
City Council				
Personnel	424,915	429,915	429,909	6
Operating	63,117	59,687	37,969	21,718
Capital	0	0	0	0
Total	488,032	489,602	467,878	21,724
Clerk-Treasurer				
Personnel	1,136,560	1,136,560	1,121,226	15,334
Operating	212,750	211,267	206,248	5,019
Capital	0	17,700	17,630	70
Total	1,349,310	1,365,527	1,345,104	20,423
Finance				
Personnel	1,994,436	1,994,436	1,989,772	4,664
Operating	280,670	278,177	246,884	31,293
Capital	0	950,000	0	950,000
Total	2,275,106	3,222,613	2,236,656	985,957
Fleet Management				
Personnel	1,716,310	1,716,310	1,668,503	47,807
Operating	172,499	266,899	201,674	65,225
Capital	15,000	15,000	8,000	7,000
Total	1,903,809	1,998,209	1,878,177	120,032
General expenses				
Personnel	1,090,000	1,382,000	1,507,146	(125,146)
Operating	2,308,265	3,904,265	3,460,923	443,342
Capital	0	0	0	0
Total	3,398,265	5,286,265	4,968,069	318,196

**CITY OF HUNTSVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BY ACTIVITY  
For the Year Ended September 30, 2008**

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Human Resources				
Personnel	778,916	778,916	749,718	29,198
Operating	366,896	391,569	298,809	92,760
Capital	0	0	0	0
<b>Total</b>	<b>1,145,812</b>	<b>1,170,485</b>	<b>1,048,527</b>	<b>121,958</b>
Information Technology Services				
Personnel	2,865,374	3,111,552	3,054,234	57,318
Operating	1,481,361	2,485,519	2,158,194	327,325
Capital	361,000	296,500	262,778	33,722
<b>Total</b>	<b>4,707,735</b>	<b>5,893,571</b>	<b>5,475,206</b>	<b>418,365</b>
Legal				
Personnel	1,466,087	1,466,087	1,407,860	58,227
Operating	67,400	63,859	58,777	5,082
Capital	0	0	0	0
<b>Total</b>	<b>1,533,487</b>	<b>1,529,946</b>	<b>1,466,637</b>	<b>63,309</b>
<b>Total general government</b>	<b>17,888,828</b>	<b>22,052,580</b>	<b>19,953,382</b>	<b>2,099,198</b>
 <b><u>Public Safety</u></b>				
Animal Services				
Personnel	1,379,684	1,379,684	1,311,265	68,419
Operating	213,370	207,413	207,104	309
Capital	70,000	70,000	68,034	1,966
<b>Total</b>	<b>1,663,054</b>	<b>1,657,097</b>	<b>1,586,403</b>	<b>70,694</b>
Emergency Management				
Personnel	620,927	683,807	593,935	89,872
Operating	82,282	1,025,445	590,546	434,899
Capital	0	764,002	639,421	124,581
<b>Total</b>	<b>703,209</b>	<b>2,473,254</b>	<b>1,823,902</b>	<b>649,352</b>
Fire and Rescue				
Personnel	23,044,551	24,406,551	24,405,876	675
Operating	2,207,461	2,576,958	2,485,285	91,673
Capital	465,000	2,077,315	897,085	1,180,230
<b>Total</b>	<b>25,717,012</b>	<b>29,060,824</b>	<b>27,788,246</b>	<b>1,272,578</b>

**CITY OF HUNTSVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BY ACTIVITY  
For the Year Ended September 30, 2008**

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Municipal court				
Personnel	2,750,222	2,746,722	2,683,696	63,026
Operating	214,626	217,240	214,370	2,870
Capital	20,000	20,000	19,850	150
Total	2,984,848	2,983,962	2,917,916	66,046
Police				
Personnel	33,088,160	33,415,239	33,362,845	52,394
Operating	3,893,344	4,333,287	4,436,992	(103,705)
Capital	1,196,000	2,032,376	2,044,000	(11,624)
Total	38,177,504	39,780,902	39,843,837	(62,935)
Special appropriations	82,400	82,400	82,400	0
<b>Total public safety</b>	<b>69,328,027</b>	<b>76,038,439</b>	<b>74,042,704</b>	<b>1,995,735</b>
<b><u>Public Services</u></b>				
Cemetery				
Personnel	709,307	717,507	717,361	146
Operating	108,650	107,503	94,889	12,614
Capital	87,000	347,389	149,473	197,916
Total	904,957	1,172,399	961,723	210,676
Facility Project Management				
Personnel	722,816	722,816	691,869	30,947
Operating	34,675	31,631	19,528	12,103
Capital	0	0	0	0
Total	757,491	754,447	711,397	43,050
General Services				
Personnel	2,917,463	2,917,463	2,725,016	192,447
Operating	4,687,429	4,881,186	4,756,126	125,060
Capital	1,000,000	1,630,852	1,040,838	590,014
Total	8,604,892	9,429,501	8,521,980	907,521
Landscape Management				
Personnel	7,066,150	7,066,150	6,171,320	894,830
Operating	2,412,234	2,595,769	2,332,078	263,691
Capital	750,000	1,086,577	765,053	321,524
Subtotal	10,228,384	10,748,496	9,268,451	1,480,045

**CITY OF HUNTSVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BY ACTIVITY  
For the Year Ended September 30, 2008**

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Parking				
Personnel	1,263,357	1,281,857	1,281,818	39
Operating	421,494	415,861	344,987	70,874
Capital	151,860	354,707	226,993	127,714
Total	1,836,711	2,052,425	1,853,798	198,627
Public Transportation				
Personnel	2,156,032	2,110,032	2,031,924	78,108
Operating	1,045,320	1,220,699	1,223,477	(2,778)
Capital	627,100	1,419,028	351,286	1,067,742
Total	3,828,452	4,749,759	3,606,687	1,143,072
Public Works Services				
Personnel	12,003,185	12,003,185	11,508,214	494,971
Operating	5,829,229	5,985,226	6,017,233	(32,007)
Capital	1,250,000	2,137,965	1,673,650	464,315
Total	19,082,414	20,126,376	19,199,097	927,279
Recreation Services				
Personnel	5,558,700	5,575,325	5,435,666	139,659
Operating	780,075	736,921	592,433	144,488
Capital	74,600	174,600	104,499	70,101
Subtotal	6,413,375	6,486,846	6,132,598	354,248
Special appropriations	4,346,697	5,229,917	4,838,254	391,663
<b>Total public services</b>	<b>56,003,373</b>	<b>60,750,166</b>	<b>55,093,985</b>	<b>5,656,181</b>
<b><u>Urban Development</u></b>				
Engineering				
Personnel	3,495,608	3,495,608	3,235,895	259,713
Operating	194,541	190,220	144,730	45,490
Capital	33,000	123,000	28,862	94,138
Total	3,723,149	3,808,828	3,409,487	399,341
Inspection				
Personnel	1,808,773	1,808,773	1,772,330	36,443
Operating	162,222	150,991	147,342	3,649
Capital	30,000	30,000	12,920	17,080
Total	2,000,995	1,989,764	1,932,592	57,172

**CITY OF HUNTSVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BY ACTIVITY  
For the Year Ended September 30, 2008**

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Natural Resources				
Personnel	578,217	585,217	584,610	607
Operating	51,050	49,552	38,019	11,533
Capital	34,000	69,000	46,958	22,042
Total	663,267	703,769	669,587	34,182
Planning				
Personnel	2,643,294	2,643,294	2,572,845	70,449
Operating	398,900	394,906	217,176	177,730
Capital	38,000	38,000	29,484	8,516
Total	3,080,194	3,076,200	2,819,505	256,695
Traffic Engineering				
Personnel	1,879,117	1,879,117	1,794,720	84,397
Operating	450,620	482,972	490,043	(7,071)
Capital	336,200	476,200	102,374	373,826
Total	2,665,937	2,838,289	2,387,137	451,152
Special appropriations	459,000	459,000	459,000	0
<b>Total urban development</b>	12,592,542	12,875,850	11,677,308	1,198,542
<b>Debt Service</b>				
Principal	1,066,933	1,066,933	907,212	159,721
Interest	0	0	156,574	(156,574)
Debt issue costs	0	0	0	0
Total	1,066,933	1,066,933	1,063,786	3,147
<b>Capital Projects Construction</b>	0	16,702,684	6,443,348	10,259,336
<b>Intergovernmental Assistance</b>				
Huntsville Board of Education	16,873,375	16,810,351	15,979,262	831,089
Madison County Commission	2,665,534	2,667,225	2,506,097	161,128
City of Madison	0	114,316	89,378	24,938
Madison County Health Department	1,521,000	1,521,000	1,521,000	0
Other	0	2,950	0	2,950
Total	21,059,909	21,115,842	20,095,737	1,020,105
<b>TOTAL EXPENDITURES</b>	177,939,612	210,602,494	188,370,250	22,232,244

**CITY OF HUNTSVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BY ACTIVITY  
For the Year Ended September 30, 2008**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Excess of revenues over expenditures</b>	51,291,554	34,716,731	40,144,147	5,427,416
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	0	2,000,000	0	(2,000,000)
Transfers out	(51,063,683)	(56,166,819)	(53,901,506)	2,265,313
Total other financing sources (uses)	(51,063,683)	(54,166,819)	(53,901,506)	265,313
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	227,871	(19,450,088)	(13,757,359)	5,692,729
Fund balance, beginning	69,737,696	69,737,696	69,737,696	0
<b>Fund balance, ending</b>	<b>69,965,567</b>	<b>50,287,608</b>	<b>55,980,337</b>	<b>\$5,692,729</b>

**CITY OF HUNTSVILLE  
GENERAL FUND  
SCHEDULE OF SPECIAL APPROPRIATIONS - BUDGET AND ACTUAL  
For the Year Ended September 30, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Public Safety</b>				
Huntsville Community Watch Association	24,500	24,500	24,500	\$0
Huntsville/Madison County Rescue Squad, Inc.	4,900	4,900	4,900	0
Partnership for Drug Free Community	53,000	53,000	53,000	0
	82,400	82,400	82,400	0
<b>Public Services</b>				
Arts Council, Inc.	168,000	168,000	168,000	0
Community Action Agency	100,000	100,000	100,000	0
Heals, Inc.	25,000	25,000	24,963	37
Human Relations Commission	1,000	1,000	1,000	0
Huntsville Beautification Committee	5,000	5,000	5,000	0
Huntsville Child Care Center, Inc.	15,000	15,000	15,000	0
Huntsville Community Chorus, Inc.	0	10,000	10,000	0
Huntsville Hospital	150,000	386,000	385,246	754
Huntsville Jaycees	2,500	2,500	2,500	0
Huntsville Sports Commission, Inc.	250,000	250,000	250,000	0
Huntsville Symphony Orchestra	45,000	45,000	45,000	0
Huntsville/Madison County Botanical Gardens, Inc.	243,000	268,687	243,000	25,687
Huntsville/Madison County Convention & Vis. Bureau	1,383,197	1,604,730	1,604,730	0
Huntsville/Madison County Senior Center, Inc.	390,000	390,000	390,000	0
Huntsville-Madison County Marina and Port Authority	0	350,000	0	350,000
Interfaith Mission Services, Inc.	0	15,000	7,500	7,500
International Services Council of Huntsville/Madison Co.	30,000	30,000	30,000	0
Legal Services of Alabama, Inc.	20,000	20,000	20,000	0
LIFT Housing, Inc.	14,500	14,500	14,500	0
Madison County Mental Retardation Board, Inc.	40,000	40,000	40,000	0
Meadow Hills Initiative, Inc.	4,500	4,500	4,452	48
Mental Health Board, Inc. (Mental Health Center)	870,000	870,000	870,000	0
National Childrens' Advocacy Center, Inc.	0	25,000	25,000	0
North Alabama Science Center, Inc.	150,000	150,000	150,000	0
Northwest Huntsville Community Services Org., Inc.	30,000	30,000	22,363	7,637
Second Mile Development, Inc.	25,000	25,000	25,000	0
U.S. Space & Rocket Center Foundation	350,000	350,000	350,000	0
United Cerebral Palsy of Huntsville/Madison County, Inc.	35,000	35,000	35,000	0
	4,346,697	5,229,917	4,838,254	391,663
<b>Urban Development</b>				
Business Tech. Development Center, Inc. ("BizTech")	100,000	100,000	100,000	0
Chamber of Commerce Development Account	15,000	15,000	15,000	0
Chamber of Commerce of Huntsville/Madison County	250,000	250,000	250,000	0
North Alabama African-American Chamber of Commerce	25,000	25,000	25,000	0
The Land Trust of Huntsville and North Alabama, Inc.	69,000	69,000	69,000	0
	459,000	459,000	459,000	0
	4,888,097	5,771,317	5,379,654	\$391,663

THIS PAGE INTENTIONALLY LEFT BLANK

## OTHER GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

**Perpetual Care Permanent Fund** - to account for the collection of cemetery revenues earmarked by local ordinance for the perpetual care of the City-owned cemeteries. Fund balance in excess of \$1 million may be used for such purposes.

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

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

**CITY OF HUNTSVILLE  
NONMAJOR GOVERNMENTAL FUNDS (by fund type)  
COMBINING BALANCE SHEET  
September 30, 2008**

	Special Revenue Funds						Permanent	Capital Projects Funds		Total Nonmajor Governmental Funds	
	Community Development	Community Development Rehabilitation	Public Library	Burritt Museum	Alabama Constitution Village	Art Museum	Huntsville Tennis Center	Perpetual Care	Cummings Research Park		Industrial Park
<b>ASSETS</b>											
Cash & investments, at cost	\$238,168	\$1,038,769	\$1,660,070	\$0	\$27,284	\$71,542	\$343,102	\$1,225,666	\$4,841,120	\$0	\$9,445,721
Receivables (net of allowances)											
Accounts	1,458,594	4,378,216	55,775	0	0	16,004	0	0	0	0	5,908,589
Accrued interest	276,476	0	0	0	0	0	0	0	0	0	276,476
Due from other funds	0	0	0	0	0	0	0	0	1,958,547	877,257	2,835,804
Due from governmental entities	0	0	0	0	0	79,560	0	0	0	0	79,560
Inventories	0	0	0	0	39,962	0	3,995	0	0	0	43,957
Prepaid items	0	0	0	0	0	250,220	12,939	0	0	0	263,159
<b>Total assets</b>	<b>\$1,973,238</b>	<b>\$5,416,985</b>	<b>\$1,715,845</b>	<b>\$0</b>	<b>\$67,246</b>	<b>\$417,326</b>	<b>\$360,036</b>	<b>\$1,225,666</b>	<b>\$6,799,667</b>	<b>\$877,257</b>	<b>\$18,853,266</b>
<b>LIABILITIES</b>											
Accounts payable	\$251,114	\$20,098	\$89,782	\$0	\$22,071	\$42,543	\$11,948	\$0	\$233,883	\$0	\$671,439
Accrued liabilities	0	0	329,840	0	0	53,091	2,294	0	48,860	0	434,085
Due to other funds	15,949	0	0	898	12,387	0	0	0	0	0	29,234
Deferred revenue	0	0	266,055	0	0	226,564	0	0	264,098	0	756,717
Customer deposits	0	0	0	0	0	9,000	0	0	0	0	9,000
<b>Total liabilities</b>	<b>267,063</b>	<b>20,098</b>	<b>685,677</b>	<b>898</b>	<b>34,458</b>	<b>331,198</b>	<b>14,242</b>	<b>0</b>	<b>546,841</b>	<b>0</b>	<b>1,900,475</b>
<b>FUND BALANCES</b>											
Reserved for:											
Notes receivable	1,658,264	4,578,642	0	0	0	0	0	0	0	0	6,236,906
Donor restricted	0	0	1,009,125	0	0	0	0	0	0	0	1,009,125
Unreserved, designated for:											
Encumbrances	0	0	0	0	0	0	0	0	966,644	0	966,644
Unreserved & undesignated	47,911	818,245	21,043	(898)	32,788	86,128	345,794	1,225,666	5,286,182	877,257	8,740,116
<b>Total fund balance (deficit)</b>	<b>1,706,175</b>	<b>5,396,887</b>	<b>1,030,168</b>	<b>(898)</b>	<b>32,788</b>	<b>86,128</b>	<b>345,794</b>	<b>1,225,666</b>	<b>6,252,826</b>	<b>877,257</b>	<b>16,952,791</b>
<b>Total liabilities and fund balance</b>	<b>\$1,973,238</b>	<b>\$5,416,985</b>	<b>\$1,715,845</b>	<b>\$0</b>	<b>\$67,246</b>	<b>\$417,326</b>	<b>\$360,036</b>	<b>\$1,225,666</b>	<b>\$6,799,667</b>	<b>\$877,257</b>	<b>\$18,853,266</b>

**CITY OF HUNTSVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS (by fund type)**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**For the Year Ended September 30, 2008**

	Special Revenue Funds							Permanent Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
	Community Development	Community Development Rehabilitation	Public Library	Burritt Museum	Alabama Constitution Village	Art Museum	Huntsville Tennis Center	Perpetual Care	Cummings Research Park	Industrial Park	
<b>REVENUE</b>											
Fines & forfeitures	\$0	\$0	\$382,279	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$382,279
Revenues from money & property	178,228	130,994	1,042,393	0	711,080	0	303,950	33,707	756,326	0	3,156,678
Intergovernmental	1,378,796	131,244	399,779	0	218,591	105,735	0	0	0	0	2,234,145
Gifts & donations	0	0	225,175	0	218,445	816,255	0	0	287,289	0	1,547,164
Other revenues	0	0	40,415	0	41,833	478,686	9,297	14,559	0	0	584,790
<b>Total revenues</b>	<b>1,557,024</b>	<b>262,238</b>	<b>2,090,041</b>	<b>0</b>	<b>1,189,949</b>	<b>1,400,676</b>	<b>313,247</b>	<b>48,266</b>	<b>1,043,615</b>	<b>0</b>	<b>7,905,056</b>
<b>EXPENDITURES</b>											
Current											
Public services	0	0	5,468,312	390,528	1,865,320	1,994,418	490,398	0	0	0	10,208,976
Urban development	2,859,062	711,270	0	0	0	0	0	0	76,526	1,015	3,647,873
Debt service											
Principal	0	0	19,070	0	0	0	0	0	0	0	19,070
Interest	0	0	11,448	0	0	0	0	0	0	0	11,448
Capital projects construction	0	0	0	0	0	0	0	0	2,677,247	0	2,677,247
<b>Total expenditures</b>	<b>2,859,062</b>	<b>711,270</b>	<b>5,498,830</b>	<b>390,528</b>	<b>1,865,320</b>	<b>1,994,418</b>	<b>490,398</b>	<b>0</b>	<b>2,753,773</b>	<b>1,015</b>	<b>16,564,614</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,302,038)</b>	<b>(449,032)</b>	<b>(3,408,789)</b>	<b>(390,528)</b>	<b>(675,371)</b>	<b>(593,742)</b>	<b>(177,151)</b>	<b>48,266</b>	<b>(1,710,158)</b>	<b>(1,015)</b>	<b>(8,659,558)</b>
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	1,282,000	150,000	3,630,000	535,000	654,877	600,000	221,000	0	0	0	7,072,877
Transfers (out)	0	0	0	0	0	0	0	0	(103,052)	0	(103,052)
Total other financing sources (uses)	1,282,000	150,000	3,630,000	535,000	654,877	600,000	221,000	0	(103,052)	0	6,969,825
<b>Net change in fund balance</b>	<b>(20,038)</b>	<b>(299,032)</b>	<b>221,211</b>	<b>144,472</b>	<b>(20,494)</b>	<b>6,258</b>	<b>43,849</b>	<b>48,266</b>	<b>(1,813,210)</b>	<b>(1,015)</b>	<b>(1,689,733)</b>
Fund balance (deficit), beginning	1,726,213	5,695,919	808,957	(145,370)	53,282	79,870	301,945	1,177,400	8,066,036	878,272	18,642,524
<b>Fund balance (deficit), ending</b>	<b>\$1,706,175</b>	<b>\$5,396,887</b>	<b>\$1,030,168</b>	<b>(\$898)</b>	<b>\$32,788</b>	<b>\$86,128</b>	<b>\$345,794</b>	<b>\$1,225,666</b>	<b>\$6,252,826</b>	<b>\$877,257</b>	<b>\$16,952,791</b>

**CITY OF HUNTSVILLE  
THE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BY ACTIVITY  
For the Year Ended September 30, 2008**

Fund Subaccount	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes				
Property				
6.5 Mill Tax	\$12,116,000	\$12,116,000	\$12,853,448	\$737,448
6.5 Mill School Tax	14,200,000	14,200,000	14,929,512	729,512
TIF 2	885,000	885,000	884,964	(36)
TIF 3	5,860,000	5,860,000	5,860,267	267
TIF 3A	2,323,000	2,323,000	2,323,459	459
TIF 4	505,000	505,000	505,373	373
<b>Total property tax</b>	<b>35,889,000</b>	<b>35,889,000</b>	<b>37,357,023</b>	<b>1,468,023</b>
Other taxes				
Four/Five Cent State Gas Tax	1,320,000	1,320,000	1,219,689	(100,311)
Seven Cent State Gas Tax	1,944,000	1,944,000	1,890,121	(53,879)
<b>Total other taxes</b>	<b>3,264,000</b>	<b>3,264,000</b>	<b>3,109,810</b>	<b>(154,190)</b>
<b>Total taxes</b>	<b>39,153,000</b>	<b>39,153,000</b>	<b>40,466,833</b>	<b>1,313,833</b>
Fines and forfeitures				
Seizure	0	0	55,234	55,234
<b>Total fines and forfeitures</b>	<b>0</b>	<b>0</b>	<b>55,234</b>	<b>55,234</b>
Revenues from money and property				
Four/Five Cent State Gas Tax	0	0	77,052	77,052
Seven Cent State Gas Tax	0	0	1,538	1,538
6.5 Mill Tax	0	0	48,770	48,770
6.5 Mill School Tax	0	0	19,149	19,149
Seizure	0	0	4,737	4,737
TIF 2	0	0	2,416	2,416
TIF 3	0	0	157,244	157,244
TIF 3A	0	0	16,618	16,618
TIF 4	0	0	1,219,948	1,219,948
<b>Total revenues from m&amp;p</b>	<b>0</b>	<b>0</b>	<b>1,547,472</b>	<b>1,547,472</b>
<b>Total revenues</b>	<b>39,153,000</b>	<b>39,153,000</b>	<b>42,069,539</b>	<b>2,916,539</b>

**CITY OF HUNTSVILLE  
THE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BY ACTIVITY  
For the Year Ended September 30, 2008**

Fund Subaccount	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures</b>				
Operating				
Street lighting/resurfacing				
Four/Five Cent State Gas Tax	1,500,000	0	0	0
Seven Cent State Gas Tax	2,364,000	2,364,000	2,498,319	(134,319)
Special activities				
Seizure	0	0	54,366	(54,366)
Total Operating	3,864,000	2,364,000	2,552,685	(188,685)
Capital				
6.5 mill School Tax	1,500,000	3,782,942	3,782,942	0
TIF 4	0	3,199,705	2,746,691	453,014
Total capital	1,500,000	6,982,647	6,529,633	453,014
<b>Total expenditures</b>	<b>5,364,000</b>	<b>9,346,647</b>	<b>9,082,318</b>	<b>264,329</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>33,789,000</b>	<b>29,806,353</b>	<b>32,987,221</b>	<b>3,180,868</b>
<b>Other financing sources (uses)</b>				
Long-term debt issued				
TIF 4	0	2,000,000	0	(2,000,000)
Total long-term debt issued	0	2,000,000	0	(2,000,000)
Transfers in(out)				
Seven Cent State Gas Tax	420,000	420,000	420,000	0
Four/Five Cent State Gas Tax	0	(2,500,000)	0	2,500,000
6.5 Mill Tax	(12,116,000)	(12,116,000)	(11,975,064)	140,936
6.5 Mill School Tax	(9,256,155)	(9,256,155)	(9,254,338)	1,817
TIF 2	(1,233,005)	(1,233,005)	(1,150,160)	82,845
TIF 3	(1,939,396)	(1,939,396)	(1,939,396)	0
TIF 3A	(1,414,322)	(1,414,322)	(1,497,167)	(82,845)
TIF 4	(1,367,375)	(15,108,737)	(1,634,865)	13,473,872
Total transfers in(out)	(26,906,253)	(43,147,615)	(27,030,990)	16,116,625
Total other financing sources (uses)	(26,906,253)	(41,147,615)	(27,030,990)	14,116,625
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>6,882,747</b>	<b>(11,341,262)</b>	<b>5,956,231</b>	<b>17,297,493</b>
Fund balance, beginning	47,881,751	47,881,751	47,881,751	0
<b>Fund balance, ending</b>	<b>\$54,764,498</b>	<b>\$36,540,489</b>	<b>53,837,982</b>	<b>\$17,297,493</b>

**CITY OF HUNTSVILLE  
OTHER GOVERNMENTAL FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BY ACTIVITY  
For the Year Ended September 30, 2008**

	<b>Capital Improvements Capital Projects Fund</b>			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenues from money and property	\$487,000	\$2,533,200	\$1,227,930	(\$1,305,270)
Intergovernmental	0	26,505,137	4,579,257	(21,925,880)
Gifts and donations	0	639,228	136,893	(502,335)
<b>Total revenues</b>	<b>487,000</b>	<b>29,677,565</b>	<b>5,944,080</b>	<b>(23,733,485)</b>
<b>EXPENDITURES</b>				
Capital	25,265,000	94,512,783	34,305,114	60,207,669
Debt service	0	81,740	81,740	0
<b>Total expenditures</b>	<b>25,265,000</b>	<b>94,594,523</b>	<b>34,386,854</b>	<b>60,207,669</b>
<b>Excess of revenues over expenditures</b>	<b>(24,778,000)</b>	<b>(64,916,958)</b>	<b>(28,442,774)</b>	<b>36,474,184</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	34,084,919	40,302,375	29,091,404	(11,210,971)
Transfers out	(17,735,000)	(17,780,506)	(17,780,506)	0
Total other financing sources (uses)	16,349,919	22,521,869	11,310,898	(11,210,971)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(8,428,081)</b>	<b>(42,395,089)</b>	<b>(17,131,876)</b>	<b>25,263,213</b>
Fund balance, beginning	52,153,086	52,153,086	52,153,086	0
<b>Fund balance, ending</b>	<b>\$43,725,005</b>	<b>\$9,757,997</b>	<b>\$35,021,210</b>	<b>\$25,263,213</b>

**CITY OF HUNTSVILLE  
OTHER GOVERNMENTAL FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BY ACTIVITY  
For the Year Ended September 30, 2008**

<b>Cummings Research Park Capital Projects Fund</b>				
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenues from money and property	\$0	\$0	\$756,326	\$756,326
Intergovernmental	0	1,200,000	0	(1,200,000)
Gifts and donations	0	287,289	287,289	0
<b>Total revenues</b>	<b>0</b>	<b>1,487,289</b>	<b>1,043,615</b>	<b>(443,674)</b>
<b>EXPENDITURES</b>				
Capital	0	7,189,801	2,753,773	4,436,028
<b>Total expenditures</b>	<b>0</b>	<b>7,189,801</b>	<b>2,753,773</b>	<b>4,436,028</b>
<b>Excess of revenues over expenditures</b>	<b>0</b>	<b>(5,702,512)</b>	<b>(1,710,158)</b>	<b>3,992,354</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	0	(103,052)	(103,052)	0
Total other financing sources (uses)	0	(103,052)	(103,052)	0
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>0</b>	<b>(5,805,564)</b>	<b>(1,813,210)</b>	<b>3,992,354</b>
Fund balance, beginning	8,066,036	8,066,036	8,066,036	0
<b>Fund balance, ending</b>	<b>\$8,066,036</b>	<b>\$2,260,472</b>	<b>\$6,252,826</b>	<b>\$3,992,354</b>

**CITY OF HUNTSVILLE  
OTHER GOVERNMENTAL FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BY ACTIVITY  
For the Year Ended September 30, 2008**

<b>Industrial Park Capital Projects Fund</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
<b>REVENUES</b>				
<b>Total revenues</b>	\$0	\$0	\$0	\$0
<b>EXPENDITURES</b>				
Capital	0	65,228	1,015	64,213
<b>Total expenditures</b>	0	65,228	1,015	64,213
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	(65,228)	(1,015)	64,213
Fund balance, beginning	878,272	878,272	878,272	0
<b>Fund balance, ending</b>	<b>\$878,272</b>	<b>\$813,044</b>	<b>\$877,257</b>	<b>\$64,213</b>

# **STATISTICAL SECTION**

## STATISTICAL SECTION

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

Subsection	Page
<b>Financial Trends</b> - These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. Included are government-wide summaries of net assets and revenue and expenses, and fund balances of governmental funds and their revenue and expenditures. ....	100
<b>Revenue Capacity</b> - These schedules contain information to help the reader assess the government's most significant local revenue sources – sales and property taxes. Included are a 10-year tax revenue summary, property values and tax collections, and principal taxpayers. ....	105
<b>Debt Capacity</b> - These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. ....	110
<b>Demographic and Economic Information</b> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. ....	115
<b>Operating Information</b> - These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. ....	118

**CITY OF HUNTSVILLE  
NET ASSETS BY COMPONENT**

	2008	2007	2006	2005	2004	2003	2002
Governmental activities							
Invested in capital assets, net of related debt	\$677,876,604	\$676,752,598	\$662,489,220	\$681,056,759	\$697,943,619	\$666,048,980	\$686,192,636
Restricted	58,692,417	64,781,469	72,084,583	22,362,732	46,249,719	75,344,841	53,005,595
Unrestricted	(49,782,330)	(59,903,462)	(79,759,378)	(66,905,526)	(97,374,177)	(68,610,382)	(56,571,316)
Total governmental activities net assets	\$686,786,691	\$681,630,605	\$654,814,425	\$636,513,965	\$646,819,161	\$672,783,439	\$682,626,915
Business-type activities							
Invested in capital assets, net of related debt	\$133,673,199	\$132,100,127	\$130,856,625	\$122,249,521	\$115,045,127	\$130,955,516	\$124,611,461
Restricted	0	0	0	0	0	0	0
Unrestricted	28,086,038	20,183,620	10,807,675	10,103,791	10,563,493	22,057,010	22,366,088
Total business-type activities net assets	\$161,759,237	\$152,283,747	\$141,664,300	\$132,353,312	\$125,608,620	\$153,012,526	\$146,977,549
Primary government							
Invested in capital assets, net of related debt	\$811,549,803	\$808,852,725	\$793,345,845	\$803,306,280	\$812,988,746	\$797,004,496	\$810,804,097
Restricted	58,692,417	64,781,469	72,084,583	22,362,732	46,249,719	75,344,841	53,005,595
Unrestricted	(21,696,292)	(39,719,842)	(68,951,703)	(56,801,735)	(86,810,684)	(46,553,372)	(34,205,228)
Total primary government net assets	\$848,545,928	\$833,914,352	\$796,478,725	\$768,867,277	\$772,427,781	\$825,795,965	\$829,604,464

Source: Comprehensive annual financial reports beginning with the 2002 implementation of GASB Statement Number 34. Information prior to that year is not available.

**CITY OF HUNTSVILLE  
CHANGES IN NET ASSETS**

	2008	2007	2006	2005	2004	2003	2002
<u>Expenses</u>							
Governmental activities:							
General government	\$24,413,094	\$21,850,177	\$18,899,918	\$18,296,047	\$16,353,076	\$17,101,812	\$18,507,764
Public Safety	76,952,205	68,430,602	62,262,521	58,301,177	55,252,540	54,304,561	54,402,755
Public Services	99,059,863	92,368,138	89,603,382	67,240,627	64,075,292	45,485,290	43,747,815
Urban Development	24,467,222	24,078,509	18,320,523	15,550,825	14,928,629	16,465,386	11,873,802
Intergovernmental assistance (a)	0	0	0	32,746,511	71,688,039	22,651,520	15,552,058
Interest on long-term debt	22,416,453	22,140,985	20,238,610	20,141,437	19,722,229	19,465,809	16,407,825
Unallocated depreciation	26,015,619	25,728,773	26,276,581	27,796,700	27,544,758	27,243,756	27,131,104
Total governmental activities expenses	273,324,456	254,597,184	235,601,535	240,073,324	269,564,563	202,718,134	187,623,123
Business-type activities:							
Water pollution control	26,765,661	23,399,766	20,899,980	20,929,126	19,706,845	18,187,242	18,497,864
Civic Center	9,690,975	9,357,380	8,475,896	7,955,705	8,341,862	7,998,837	7,346,439
Ice Complex	1,107,937	1,182,323	1,034,614	953,920	866,690	853,854	958,748
Parking facilities	0	0	0	0	0	1,867,280	1,950,163
Sanitation	0	0	0	0	0	10,482,779	10,515,078
Total business-type activities expenses	37,564,573	33,939,469	30,410,490	29,838,751	28,915,397	39,389,992	39,268,292
Total primary government expenses	310,889,029	288,536,653	266,012,025	269,912,075	298,479,960	242,108,126	226,891,415
<u>Program Revenues</u>							
Governmental activities:							
Charges for services:							
General government	18,976,662	18,425,046	15,800,779	14,647,634	13,453,484	13,918,676	16,159,303
Public Safety	3,671,778	3,415,790	3,564,980	2,735,906	2,577,515	2,360,202	1,438,212
Public Services	16,610,479	15,757,762	15,216,215	14,833,147	14,507,087	2,671,710	3,047,440
Urban Development	4,381,380	5,991,224	4,507,747	3,760,184	3,052,063	2,114,038	2,493,627
Operating grants and contributions	6,041,500	7,634,443	8,555,901	6,826,703	14,342,720	7,707,848	6,984,729
Capital grants and contributions	8,916,135	11,735,527	8,112,379	12,397,682	4,229,022	4,955,168	6,629,334
Total governmental activities program revenues	58,597,934	62,959,792	55,758,001	55,201,256	52,161,891	33,727,642	36,752,645
Business-type activities:							
Charges for services:							
Water pollution control	33,149,416	33,370,745	30,434,720	23,909,535	19,891,376	19,546,462	20,281,455
Civic Center	7,085,111	6,685,865	5,330,606	5,246,093	5,893,145	5,827,648	5,419,455
Ice Complex	967,984	927,874	922,102	832,920	733,534	726,060	822,237
Parking facilities	0	0	0	0	0	1,996,919	1,784,238
Sanitation	0	0	0	0	0	9,191,450	9,224,233
Operating grants and contributions	0	0	0	0	0	0	0
Capital grants and contributions	2,361,822	0	41,822	1,108,069	219,561	429,877	0
Total business-type activities program revenues	43,564,333	40,984,484	36,729,250	31,096,617	26,737,616	37,718,416	37,531,618
Total primary government program revenues	102,162,267	103,944,276	92,487,251	86,297,873	78,899,507	71,446,058	74,284,263
<u>Net(expense)revenue</u>							
Governmental activities	(214,726,522)	(191,637,392)	(179,843,534)	(184,872,068)	(217,402,672)	(168,990,492)	(150,870,478)
Business-type activities	5,999,760	7,045,015	6,318,760	1,257,866	(2,177,781)	(1,671,576)	(1,736,674)
Total primary government net expenses	(208,726,762)	(184,592,377)	(173,524,774)	(183,614,202)	(219,580,453)	(170,662,068)	(152,607,152)

**CITY OF HUNTSVILLE  
CHANGES IN NET ASSETS**

	2008	2007	2006	2005	2004	2003	2002
General Revenues and Other Changes in Net Assets:							
Governmental activities:							
Taxes							
Sales & use taxes	127,565,012	125,723,726	114,580,803	104,962,909	98,302,584	93,387,783	88,382,423
Property taxes	50,210,471	43,153,397	40,235,507	33,176,517	31,377,131	30,806,109	27,863,125
Other taxes	37,537,970	37,319,663	35,719,573	32,148,984	30,978,585	28,491,869	25,424,489
Interest on Investments	6,150,108	7,979,874	6,253,502	2,867,311	2,324,757	2,588,241	2,084,616
Other	2,724,336	5,479,430	1,429,408	1,949,043	3,037,534	2,727,816	2,355,948
Gains on sales of assets	1,010,961	2,295,338	5,341,938	5,893,780	0	0	0
Capital contributions	0	0	0	0	0	0	0
Transfers	(5,316,250)	(3,026,808)	(2,753,377)	(4,511,031)	25,417,803	(7,687,338)	(3,866,057)
Total governmental activities	219,882,608	218,924,620	200,807,354	176,487,513	191,438,394	150,314,480	142,244,544
Business-type activities							
Interest on Investments	404,992	547,624	238,851	186,824	191,678	226,828	447,437
Special Item	0	0	0	0	0	0	(500,000)
Transfers	3,070,738	3,026,808	2,753,377	4,511,031	(25,417,803)	7,687,338	3,866,057
Total business-type activities	3,475,730	3,574,432	2,992,228	4,697,855	(25,226,125)	7,914,166	3,813,494
Total primary government	223,358,338	222,499,052	203,799,582	181,185,368	166,212,269	158,228,646	146,058,038
<u>Change in Net Assets</u>							
Governmental activities	5,156,086	27,287,228	20,963,820	(8,384,555)	(25,964,278)	(18,676,012)	(8,625,934)
Business-type activities	9,475,490	10,619,447	9,310,988	5,955,721	(27,403,906)	6,242,590	2,076,820
Total primary government	\$14,631,576	\$37,906,675	\$30,274,808	(\$2,428,834)	(\$53,368,184)	(\$12,433,422)	(\$6,549,114)

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

Source: Comprehensive annual financial reports. Information prior to that year is not available.

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

	2008	2007	2006	2005	2004	2003	2002
General Fund							
Reserved	\$2,535,938	\$10,642,444	\$209,272	\$205,376	\$3,350,926	\$1,392,762	\$543,314
Unreserved	53,444,399	59,095,252	48,597,754	39,941,975	41,171,848	28,173,860	21,658,323
Total general fund	55,980,337	69,737,696	48,807,026	40,147,351	44,522,774	29,566,622	22,201,637
All other governmental funds							
Reserved	63,566,881	54,246,282	9,453,684	11,575,447	83,586,896	116,109,016	18,073,396
Unreserved, reported in:							
Debt Service fund	3,232,744	3,350,116	3,234,567	21,760	0	0	0
Special revenue funds	1,351,011	31,720,227	26,197,393	17,376,072	(1,143,570)	5,181,278	25,144,148
Permanent funds	1,225,666	1,177,400	1,098,569	1,038,227	0	0	0
Capital project funds	38,361,839	57,887,452	67,383,192	24,489,475	1,785,107	1,956,057	54,132,661
Total all other governmental funds	107,738,141	148,381,477	107,367,405	54,500,981	84,228,433	123,246,351	97,350,205
Total fund balance	\$163,718,478	\$218,119,173	\$156,174,431	\$94,648,332	\$128,751,207	\$152,812,973	\$119,551,842

Source: Comprehensive annual financial reports, beginning in 2002 with the implementation of GASB Statement Number 34. The City's governmental and business-type fund structures were modified at that time such that meaningful comparison of the above data to years prior to 2002 cannot be made.

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

	2008	2007	2006	2005	2004	2003	2002
<b>Revenues</b>							
Sales and Use Tax	\$127,565,012	\$125,723,726	\$114,580,803	\$104,962,909	\$98,302,584	\$93,387,783	\$88,382,423
Property Tax	50,210,471	43,153,397	40,235,507	33,176,517	31,377,131	30,806,109	27,863,125
Other taxes	37,537,970	37,319,663	35,633,301	32,070,521	30,978,585	28,491,867	25,424,489
Licenses and permits	23,054,259	24,131,627	20,192,700	18,321,231	16,326,852	15,800,046	17,221,695
Fines and forfeitures	3,535,338	3,333,458	3,416,351	2,670,807	2,500,346	2,390,167	2,530,391
Revenues from money and property	9,866,155	14,137,444	16,507,127	14,706,142	6,462,447	4,496,752	6,128,981
Charges for services	13,265,357	12,772,475	12,256,065	12,094,099	12,047,330	745,402	528,064
Intergovernmental	14,838,735	20,075,214	12,145,124	18,860,466	18,047,858	12,663,017	13,614,063
Gifts and donations	2,147,148	1,783,533	1,414,325	1,539,417	1,206,645	1,213,360	845,363
Other revenues	2,948,574	1,862,393	2,073,152	1,689,342	1,629,714	1,881,488	1,839,866
<b>Total Revenues</b>	<b>284,969,019</b>	<b>284,292,930</b>	<b>258,454,455</b>	<b>240,091,451</b>	<b>218,879,492</b>	<b>191,875,991</b>	<b>184,378,460</b>
<b>Expenditures</b>							
General government	19,954,377	20,526,138	18,457,838	17,763,621	15,001,333	15,552,371	19,469,290
Public safety	74,106,520	68,560,726	60,234,292	58,427,522	53,779,686	53,128,903	54,324,832
Public services	73,786,496	75,449,975	66,626,701	69,248,718	63,157,605	42,786,748	40,277,609
Urban development	17,334,448	20,923,861	16,929,088	15,302,050	14,746,580	16,228,288	12,313,263
Debt service							
Principal	28,125,603	27,712,653	25,445,585	108,221,154	23,544,762	22,143,691	42,191,266
Interest	20,713,975	20,788,626	20,288,933	19,682,483	19,419,478	17,520,686	15,290,177
Fiscal charges	53,471	52,789	73,236	69,980	93,033	113,392	33,601
Debt issuance costs	0	1,935,175	778,962	1,052,682	672,156	1,465,533	1,180,146
Capital projects construction and outlay	61,960,481	31,786,986	31,152,674	44,012,462	40,446,029	28,013,828	11,396,864
Intergovernmental assistance	30,688,444	26,564,854	22,857,303	32,746,511	71,688,039	22,651,520	15,552,058
<b>Total expenditures</b>	<b>326,723,815</b>	<b>294,301,783</b>	<b>262,844,612</b>	<b>366,527,183</b>	<b>302,548,701</b>	<b>219,604,960</b>	<b>212,029,106</b>
Excess of revenues over (under) expenditures	(41,754,796)	(10,008,853)	(4,390,157)	(126,435,732)	(83,669,209)	(27,728,969)	(27,650,646)
<b>Other financing sources(uses)</b>							
Long-term debt issued	0	129,135,000	68,070,000	83,610,000	53,955,000	80,055,001	120,510,001
Premium on debt issue	0	2,491,409	3,030,036	4,724,090	328,461	1,507,564	1,734,137
Discount on debt issue	0	0	0	0	0	0	(210,773)
Payment to escrow agent	0	(56,168,927)	0	0	0	(28,982,248)	(42,617,923)
Capital lease proceeds	0	0	232,957	2,250,427	0	0	289,184
Transfers in	86,590,155	87,250,263	92,454,496	78,138,533	88,265,810	70,765,968	58,017,997
Transfers (out)	(99,236,054)	(90,283,102)	(95,207,873)	(82,601,692)	(82,941,828)	(72,742,094)	(62,762,015)
<b>Total other financing sources(uses)</b>	<b>(12,645,899)</b>	<b>72,424,643</b>	<b>68,579,616</b>	<b>86,121,358</b>	<b>59,607,443</b>	<b>50,604,191</b>	<b>74,960,608</b>
<b>Net change in fund balances</b>	<b>(\$54,400,695)</b>	<b>\$62,415,790</b>	<b>\$64,189,459</b>	<b>(\$40,314,374)</b>	<b>(\$24,061,766)</b>	<b>\$22,875,222</b>	<b>\$47,309,962</b>
Debt service as a percentage of noncapital expenditures (a)	19.0%	20.5%	20.6%	20.0%	17.1%	21.8%	24.2%

Source: Comprehensive annual financial reports, beginning in 2002 with the implementation of GASB Statement Number 34. The City's governmental and business-type fund structures were modified at that time such that meaningful comparison of the above data to years prior to 2002 cannot be made.

(a) For purposes of this calculation, the amounts exclude the debt service related to current refunding transactions

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

Fiscal Year	Sales and Use Tax	Property Tax	City Leasing	City Liquor	City Lodging	City Gasoline	City Wine	City Tobacco (a)	State Gasoline	Huntsville Utilities P.I.L.O.T.	T.V.A. P.I.L.O.T.	County Beverage	County Tobacco	All Other	Total
1999	\$78,927,282	\$23,882,621	\$2,414,153	\$989,456	\$2,741,729	\$886,961	\$90,270	\$0	\$3,213,380	\$8,423,214	\$1,978,251	\$0	\$293,038	\$447,090	\$124,287,445
2000	\$82,317,639	\$24,796,012	\$2,544,352	\$1,031,363	\$2,756,392	\$865,711	\$94,170	\$0	\$3,182,451	\$8,527,737	\$2,061,226	\$0	\$287,694	\$560,199	\$129,024,946
2001	\$85,270,121	\$25,175,081	\$2,813,434	\$1,097,085	\$2,856,765	\$850,278	\$124,747	\$0	\$3,168,079	\$9,879,066	\$2,051,325	\$0	\$316,384	\$808,223	\$134,410,588
2002	\$88,382,423	\$27,863,125	\$2,844,875	\$1,111,901	\$2,973,312	\$902,273	\$108,768	\$0	\$2,944,349	\$11,095,643	\$2,149,699	\$0	\$306,110	\$969,559	\$141,652,037
2003	\$93,387,783	\$30,806,109	\$2,887,527	\$1,198,383	\$3,201,528	\$968,959	\$135,970	\$0	\$3,052,290	\$11,866,656	\$2,157,260	\$1,631,994	\$320,232	\$1,071,068	\$152,685,759
2004	\$98,302,584	\$31,377,131	\$2,618,337	\$1,242,385	\$3,835,426	\$1,051,231	\$126,795	\$1,280,095	\$3,151,825	\$11,949,977	\$2,219,186	\$1,622,948	\$310,045	\$1,570,335	\$160,658,300
2005	\$104,962,909	\$33,176,517	\$2,769,099	\$1,492,209	\$4,005,912	\$1,038,002	\$138,177	\$1,291,129	\$3,233,160	\$12,452,961	\$2,377,323	\$1,656,314	\$284,836	\$1,331,399	\$170,209,947
2006	\$114,580,803	\$40,235,507	\$2,786,309	\$1,722,226	\$4,445,996	\$1,006,452	\$138,289	\$1,378,086	\$3,170,148	\$14,036,975	\$2,569,143	\$1,663,442	\$302,046	\$2,500,461	\$190,535,883
2007	\$125,723,726	\$43,153,397	\$2,970,016	\$1,831,422	\$5,351,353	\$1,067,227	\$160,878	\$1,387,160	\$3,202,542	\$14,266,958	\$3,070,588	\$1,754,201	\$317,580	\$1,939,738	\$206,196,786
2008	\$127,565,012	\$50,210,471	\$2,945,100	\$2,077,439	\$5,924,004	\$1,072,348	\$166,983	\$1,354,237	\$3,109,810	\$14,648,826	\$3,080,532	\$1,788,958	\$306,172	\$1,063,561	\$215,313,453

Source: Comprehensive annual financial reports

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

**SALES TAX**

Fiscal Year	City	County	State	Total
1999	3.5%	0.5%	4.0%	8.0%
2000	3.5%	0.5%	4.0%	8.0%
2001	3.5%	0.5%	4.0%	8.0%
2002	3.5%	0.5%	4.0%	8.0%
2003	3.5%	0.5%	4.0%	8.0%
2004	3.5%	0.5%	4.0%	8.0%
2005	3.5%	0.5%	4.0%	8.0%
2006	3.5%	0.5%	4.0%	8.0%
2007	3.5%	0.5%	4.0%	8.0%
2008	3.5%	0.5%	4.0%	8.0%

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

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

(Per \$1000 of Assessed Value)

Fiscal Year	City of Huntsville				County School District	County	State	Total
	General Fund	School Funds	Debt Service Funds	Total				
1999	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2000	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2001	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2002	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2003	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2004	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2005	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2006	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2007	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2008	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0

Note: Does not include Limestone County property located within the City limits as it is currently not a significant value.

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

	Total Tax Levy	Total Tax Collections (a)	Percent of Total Tax Collections to Tax Levy
1998-1999	\$84,860,163	\$83,029,122	97.8
1999-2000	\$88,226,963	\$85,987,415	97.5
2000-2001	\$88,837,214	\$87,180,748	98.1
2001-2002	\$101,948,211	\$100,116,987	98.2
2002-2003	\$108,616,346	\$105,608,839	97.2
2003-2004	\$111,343,012	\$109,784,532	98.6
2004-2005	\$118,723,634	\$116,636,738	98.2
2005-2006	\$140,488,139	\$138,268,426	98.4
2006-2007	\$149,465,737	\$148,620,312	99.4
2007-2008	\$167,754,196	\$169,107,052	99.4

(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 during which the taxes are levied, but because of the collection policy, most are collected within the year of the levy.

Source: Madison County Tax Collectors office, for entire Madison County collections. Does not include Limestone County property located within the City limits as it is currently not a significant value.

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

Assessment Date	Real and Personal Property						Penalties Assessed	Exempt Assessed	Class 4		Total Assessed	Total Actual	Assessed Value To Total Estimated Actual Value	
	Class 1		Class 2		Class 3				Assessed	Actual				
October 1,	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1998	*	*	*	*	*	*	*	*	*	*	*	\$1,309,433	\$10,141,124	12.9%
1999	*	*	*	*	*	*	*	*	*	*	*	\$1,317,600	\$10,347,054	12.7%
2000	*	*	*	*	*	*	*	*	*	*	*	\$1,501,376	\$11,783,980	12.7%
2001	*	*	*	*	*	*	*	*	*	*	*	\$1,575,634	\$12,382,083	12.7%
2002	*	*	*	*	*	*	*	*	*	*	*	\$1,585,907	\$12,658,676	12.5%
2003	\$37,329	\$124,430	\$1,373,005	\$6,865,025	\$473,714	\$4,737,140	\$2,642	(\$490,058)	\$195,622	\$1,304,147	\$1,592,254	\$13,030,742	12.2%	
2004	\$35,712	\$119,040	\$1,606,282	\$8,031,410	\$591,458	\$5,914,580	\$2,842	(\$537,974)	\$194,488	\$1,296,587	\$1,892,808	\$15,361,617	12.3%	
2005	\$33,832	\$112,774	\$1,628,923	\$8,144,616	\$631,620	\$6,316,200	\$4,184	(\$526,903)	\$204,144	\$1,360,960	\$1,975,800	\$15,934,550	12.4%	
2006	\$33,146	\$110,488	\$1,814,243	\$9,071,215	\$697,207	\$6,972,072	\$5,601	(\$557,311)	\$214,374	\$1,360,960	\$2,207,260	\$17,514,735	12.6%	
2007	\$33,626	\$112,086	\$1,921,701	\$9,608,503	\$744,423	\$7,444,226	\$6,751	(\$591,001)	\$221,997	\$1,479,980	\$2,337,496	\$18,644,795	12.5%	

**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 2004 above will be levied on October 1, 2005, and collected during the city's 2006 fiscal year.

**Valuation Note:**

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

**Class and Assessment % Note**

- Class 1 - All property of utilities used in their business - 30%
- Class 2 - All property not otherwise classified - 20%
- Class 3 - All agricultural, forest and single family, owner-occupied residential property, and historic property - 10%
- Class 4 - Private passenger automobiles and pickup trucks - 15%

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

<b>SALES &amp; USE TAXES</b>	Top 100 Taxpayers (approximate)	Total Tax	% of Total Tax
2006	\$61,600,652	\$114,580,803	53.8%
2007	\$67,513,282	\$125,723,726	53.7%
2008	\$67,540,596	\$127,565,012	52.9%

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

Note: Information prior to 2006 is not available.

<b>PROPERTY TAXES</b>	2008			1999		
	City Assessed Valuation	Rank	Percentage of Total Assessed Value	City Assessed Valuation	Rank	Percentage of Total Assessed Value
Toyota Motor Manufacturing Alabama	\$65,314,780	1	2.8%			
Bell South Telecommunications Inc	\$27,364,900	2	1.2%	\$31,337,680	1	2.6%
ADTRAN Inc	\$20,928,620	3	0.9%	\$6,365,340	10	
Rudolfs Engine LLC	\$19,374,960	4				
Cinram Inc	\$18,822,840	5				
BASF Catalysts LLC	\$17,430,060	6				
Redstone Federal Credit Union	\$9,174,380	7				
Sanmina SCI Technology	\$9,083,020	8				
Crestwood Healthcare LP	\$8,965,820	9				
DDRTC Westside Centre LLC	\$8,833,080	10				
Madison Square Assoc LTD				\$7,087,960	5	0.6%
Chrysler Corporation				\$21,912,160	2	1.8%
Dunlop Tire Corporation				\$12,747,080	3	1.1%
Intergraph Corporation				\$8,335,880	4	0.7%
SCI Systems Alabama Inc				\$7,087,480	6	0.6%
Teledyne Brown Engineering				\$6,393,940	8	0.5%
Parker Hannifin				\$6,988,640	7	0.6%
Engelhard Corp.				\$6,555,120	9	0.5%
<b>Top 10 subtotal</b>	<b>\$205,292,460</b>		<b>8.8%</b>	<b>\$114,811,280</b>		<b>9.5%</b>
Other taxpayers	\$2,132,203,540		91.2%	\$1,088,400,360		90.5%
<b>Totals</b>	<b>\$2,337,496,000</b>		<b>100.0%</b>	<b>\$1,203,211,640</b>		<b>100.0%</b>

Evaluation note:

Total City property tax collections in most recent year reported herein	\$50,210,471
Less tax increment financing district collections that include levies from all taxing jurisdictions in Madison County	(9,574,063)
City-wide collections	40,636,408
Total governmental revenue	283,590,223
City-wide collections as a percentage of governmental revenue	14.3%

In summary, 14.3% of governmental revenues were from city-wide property taxes, and approximately 8.8% of this amount was paid by the above taxpayers.

Source: Madison County Tax Collectors office, for entire Madison County collections. Does not include Limestone County property located within the City limits as it is currently not a significant value.

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

(amounts expressed in thousands, except per capita amounts)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Per Capita	Debt as % of Personal Income
	General Obligation Warrants	PBA Lease Revenue Bonds	Capital Leases	Sewer System General Obligation Warrants	Sewer System Revenue Warrants	Capital Leases			
1999	\$312,650	\$27,810	\$1,716	\$37,145	\$72,690	\$165	\$452,176	\$2,558	5.28%
2000	\$297,690	\$26,635	\$1,088	\$37,145	\$72,130	\$50	\$434,738	\$2,748	4.95%
2001	\$285,605	\$26,860	\$4,376	\$36,635	\$100,965	\$440	\$454,881	\$2,856	4.80%
2002	\$324,905	\$26,350	\$3,648	\$35,795	\$97,375	\$268	\$488,341	\$3,027	4.98%
2003	\$329,195	\$55,355	\$2,449	\$53,990	\$74,525	\$683	\$516,197	\$3,135	5.04%
2004	\$360,940	\$55,355	\$1,343	\$50,875	\$71,220	\$315	\$540,048	\$3,250	5.00%
2005	\$338,105	\$55,355	\$2,653	\$47,630	\$67,795	\$168	\$511,706	\$3,050	4.50%
2006	\$383,000	\$54,105	\$1,865	\$44,245	\$64,245	\$106	\$547,566	\$3,216	4.50%
2007	\$399,840	\$86,415	\$1,323	\$50,590	\$75,980	\$29	\$614,177	\$3,546	4.68%
2008	\$365,022	\$86,415	\$763	\$53,833	\$76,560	\$4	\$582,597	\$3,330	4.18%

Source: Comprehensive annual financial reports.

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

**CITY OF HUNTSVILLE**  
**RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING**  
(amounts expressed in thousands)

Fiscal Year	General Obligation Warrants	Sewer System General Obligation Warrants	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
1999	\$312,650	\$37,145	\$349,795	3.4%	\$1,979
2000	\$297,690	\$37,145	\$334,835	2.8%	\$2,116
2001	\$285,605	\$36,635	\$322,240	2.6%	\$2,023
2002	\$324,905	\$35,795	\$360,700	2.8%	\$2,236
2003	\$329,195	\$53,990	\$383,185	2.9%	\$2,327
2004	\$360,940	\$50,875	\$411,815	2.7%	\$2,478
2005	\$338,105	\$47,630	\$385,735	2.4%	\$2,299
2006	\$383,000	\$44,245	\$427,245	2.4%	\$2,510
2007	\$399,840	\$50,590	\$450,430	2.4%	\$2,601
2008	\$365,022	\$53,833	\$418,855	not available	not available

Source: Comprehensive annual financial reports.  
See the Schedule of Demographic and Economic Statistics for population data.  
See the Schedule of Estimated Assessed and Estimated Actual Value of Taxable Property

**CITY OF HUNTSVILLE  
LEGAL DEBT MARGIN INFORMATION**

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Debt limit	467,499,200	441,452,000	395,160,000	378,561,600	323,475,600	317,181,400	315,126,800	300,275,000	263,520,000	268,096,600
Total net debt applicable to limit	236,541,190	269,238,480	259,259,048	216,556,124	232,446,050	232,599,459	252,462,445	212,002,509	219,977,500	231,620,670
Legal debt margin	230,958,010	172,213,520	135,900,952	162,005,476	91,029,550	84,581,941	62,664,355	88,272,491	43,542,500	36,475,930
Total net debt applicable to limit as a percentage of debt limit	50.6%	61.0%	65.6%	57.2%	71.9%	73.3%	80.1%	70.6%	83.5%	86.4%

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

Assessed value of real and personal property, October 1, 2007		<u>\$2,337,496,000</u>
Debt limit - 20 percent of total assessed value		467,499,200
All outstanding debt of the City	<u>581,830,000</u>	
Less those portions not chargeable to the debt limit:		
Lease revenue bonds of the Public Building Authority	86,415,000	
Debt payable from other revenues:		
General obligation sewer warrants	53,832,855	
Sewer revenue warrants	76,560,000	
Warrants issued for schools	111,012,659	
Allocated portion of 2005-A warrants used for storm water sewers	<u>2,797,922</u>	
Total not chargeable	<u>330,618,436</u>	
Total debt chargeable to debt limit	251,211,564	
Less assets available for debt service	<u>14,670,374</u>	<u>236,541,190</u>
Legal debt margin		<u><u>\$230,958,010</u></u>

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

---

Jurisdiction	Net Debt Outstanding (a)	Percentage Applicable to City of Huntsville (b)	Amount Applicable to City of Huntsville
City of Huntsville	\$350,351,771	100.0%	\$350,351,771
Madison County	3,640,000	65.3%	\$2,376,987
Total			<u>\$352,728,758</u>

(a) City of Huntsville net debt outstanding excludes general obligation warrants reported in the Proprietary Funds, revenue bonds of the Public Building Authority, and amount available for repayment in the Debt Service Fund.

(b) The Madison County percentage is the ratio of the assessed value of all taxable real and personal property, excluding motor vehicles, in the City (\$2,371,271,940) for 22 mills of city school district taxes, to the assessed value of all taxable real and personal property, excluding motor vehicles, in Madison County (\$3,631,247,960) for 5.5 mills of county school district taxes. All data as of the most recently released tax abstract (October 1, 2008).

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

Fiscal Year	Gross Revenues (b)	Direct Operating Expenses (c)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1999	\$16,667,127	\$6,352,312	\$10,314,815	\$1,620,000	\$4,195,694	\$5,815,694	1.77
2000	\$18,813,747	\$7,602,966	\$11,210,781	\$1,690,000	\$4,345,381	\$6,035,381	1.86
2001	\$19,613,315	\$7,635,456	\$11,977,859	\$3,465,000	\$5,303,597	\$8,768,597	1.37
2002	\$20,553,105	\$8,282,916	\$12,109,971	\$5,140,000	\$5,814,692	\$10,954,692	1.11
2003	\$19,649,405	\$8,197,715	\$11,451,690	\$4,470,000	\$4,663,020	\$9,133,020	1.25
2004	\$20,037,239	\$9,567,498	\$10,469,741	\$6,420,000	\$5,262,787	\$11,682,787	0.90
2005	\$24,057,652	\$10,854,430	\$13,203,222	\$6,670,000	\$5,025,777	\$11,695,777	1.13
2006	\$30,633,229	\$10,869,617	\$19,763,612	\$6,935,000	\$4,768,338	\$11,703,338	1.69
2007	\$33,893,278	\$12,813,710	\$21,079,568	\$7,790,000	\$4,852,048	\$12,642,048	1.67
2008	\$33,515,315	\$15,632,820	\$17,882,495	\$8,430,000	\$5,487,061	\$13,917,061	1.28

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

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

(c) Direct operating expenses excluding depreciation and amortization.

**CITY OF HUNTSVILLE  
DEMOGRAPHIC AND ECONOMIC STATISTICS**

Fiscal Year	Population (a)	Total Personal Income (b)	Per Capital Personal Income (b)	Unemployment Rate
1998	*	\$8,560,880	\$25,439	2.9%
1999	158,216	\$8,777,398	\$25,848	2.8%
2000	159,294	\$9,476,692	\$27,566	3.2%
2001	161,315	\$9,796,788	\$28,166	4.0%
2002	164,655	\$10,237,351	\$29,002	4.0%
2003	166,163	\$10,791,373	\$30,129	4.4%
2004	167,787	\$11,363,017	\$31,318	3.4%
2005	170,251	\$12,174,073	\$32,949	2.8%
2006	173,189	\$13,114,483	\$34,689	2.7%
2007	174,938	\$13,951,201	\$36,084	4.5%

\* accurate data is not available.

(a) The data is based on the most recent Federal Census, as updated for annual average increases in households.

(b) The median income amounts are for the Huntsville Metropolitan Statistical Area, which consists of Madison and Limestone counties. The source of the data is the Bureau of Labor Statistics.

(c) The unemployment rate data is for Madison County. The source of the data is the LMI Division of the Alabama Department of Industrial Relations.

**CITY OF HUNTSVILLE  
PRINCIPAL EMPLOYERS**

Employers	Number of Employees	Percentage of Total Labor Force
US Army/Redstone Arsenal	14,601	7.1%
Huntsville Hospital System	5,126	2.5%
The Boeing Company	3,200	1.6%
CINRAM	2,861	1.4%
NASA/Marshall Space Flight Center	2,555	1.2%
Sanmina-SCI Corporation	2,500	1.2%
Intergraph Corporation	2,450	1.2%
SAIC	1,716	0.8%
ADTRAN	1,700	0.8%
Continental AG	1,700	0.8%
Total Employees of 10 Principal Employers	38,409	18.6%
Employees of Other Employers	166,866	81.4%
Total Civilian Labor Force	205,275	100.0%

Source:

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

Note:

This employment data represents persons employed in Huntsville/Madison County in nonagricultural wage and salary occupations and does not include the local government employers. Data for 1999 is not available.

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

Function	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>General Government</b>										
Administration	11	16	15	15	14	14	13	13	13	12
City Council	10	10	10	10	10	10	9	9	8	8
Clerk-Treasurer	18	18	20	21	21	21	21	21	21	19
Finance	31	28	28	31	32	32	29	25	26	25
Human Resources	13	11	11	10	10	10	12	11	11	11
I.T.S.	47	42	40	42	41	41	42	38	39	41
Legal	17	17	16	16	16	16	16	16	14	14
<b>Total</b>	<b>147</b>	<b>142</b>	<b>140</b>	<b>145</b>	<b>144</b>	<b>144</b>	<b>142</b>	<b>133</b>	<b>132</b>	<b>130</b>
<b>Public Safety</b>										
Animal Services	28	27	27	27	27	24	24	24	23	24
EMA	9	8	8	8	8	8	8	8	9	8
Fire and Rescue	354	343	340	340	342	340	340	340	335	335
Municipal Court	48	46	46	49	49	48	48	48	47	40
Police	615	603	596	591	585	649	643	648	635	609
<b>Total</b>	<b>1,054</b>	<b>1,027</b>	<b>1,017</b>	<b>1,015</b>	<b>1,011</b>	<b>1,069</b>	<b>1,063</b>	<b>1,068</b>	<b>1,049</b>	<b>1,016</b>
<b>Public Services</b>										
Cemetery	24	22	22	22	20	19	19	19	9	9
General Services	86	79	79	79	79	68	68	68	30	33
Projects Management	9	7	7	7	7	7	7	7	7	0
Fleet Management	34	33	33	33	33	33	33	33	33	32
Recreation Services	172	172	172	180	177	177	178	159	155	147
Landscape Management	225	255	253	251	218	214	214	214	90	92
Parking	55	55	55	55	55	55	55	55	52	48
Public Transportation	68	43	43	41	40	40	40	40	42	46
Public Works	272	287	284	273	281	303	302	281	324	298
Water Pollution Control	120	115	113	108	111	107	107	107	101	104
<b>Total</b>	<b>1,065</b>	<b>1,068</b>	<b>1,061</b>	<b>1,049</b>	<b>1,021</b>	<b>1,023</b>	<b>1,023</b>	<b>983</b>	<b>843</b>	<b>809</b>
<b>Urban Development</b>										
Community Development	40	42	42	42	42	42	42	42	42	41
Engineering	49	49	70	69	66	66	72	71	49	45
Inspection	28	30	28	28	24	24	24	24	22	23
Natural Resources	7	7	7	7	7	7	7	7	8	7
Planning	43	39	36	33	27	27	21	21	20	19
Traffic Engineering	31	29	0	0	0	0	0	0	0	0
<b>Total</b>	<b>198</b>	<b>196</b>	<b>183</b>	<b>179</b>	<b>166</b>	<b>166</b>	<b>166</b>	<b>165</b>	<b>141</b>	<b>135</b>
<b>Total for all departments</b>	<b>2,464</b>	<b>2,433</b>	<b>2,401</b>	<b>2,388</b>	<b>2,342</b>	<b>2,402</b>	<b>2,394</b>	<b>2,349</b>	<b>2,165</b>	<b>2,090</b>

Source: City of Huntsville Annual Budget

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

Function	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Public Safety</b>										
<b>Fire and Rescue</b>										
Number of fire stations	16	16	16	16	16	16	16	16	16	16
Fire insurance rating	3/9	3	3	3	3	3	3	3	3	2
Number of calls answered	21,442	23,472	22,675	6,078	5,555	5,358	5,450	*	*	*
Inspections	21,500	18,000	15,600	13,800	14,400	12,600	11,400	10,800	*	*
<b>Police</b>										
Number of police stations	4	4	4	4	4	4	4	1	1	1
Physical arrests	13,625	14,020	13,148	11,653	11,317	9,539	9,939	*	*	*
Parking violations	16,587	15,392	9,631	8,343	9,356	8,390	*	*	*	*
Traffic violations	37,932	31,554	37,792	24,860	24,110	23,525	*	*	*	*
<b>Public Services</b>										
<b>Recreation Services</b>										
Admissions to Aquatic Facilities	157,842	139,990	124,676	126,149	144,062	144,124	139,034	*	*	*
Participants in Community Center programs	10,290	16,872	18,830	25,261	18,683	28,697	22,366	*	*	*
Participants in Youth Athletic programs	6,709	7,246	7,829	8,181	8,807	8,920	9,146	*	*	*
Participants in Adult Athletic programs	6,684	4,678	4,357	4,333	4,433	4,312	4,208	*	*	*
Number of parks	63	63	60	59	55	52	52	52	52	46
Baseball fields	57	57	57	50	50	50	50	50	50	75
Soccer fields	50	50	50	107	107	103	103	103	103	80
Football fields	4	4	4	7	7	7	7	7	7	6
Golf courses	1	1	1	2	2	2	2	2	2	2
Tennis courts	65	65	59	61	53	45	45	45	45	45
Recreation centers	11	11	11	11	11	11	11	11	11	9
Enclosed swimming pools	3	3	3	3	3	3	3	3	3	3
<b>Public Works</b>										
Streets (lane miles)	2,684	2,684	2,654	2,654	2,641	20,500	20,500	20,500	1,377	1,259
Street lights	20,631	20,631	19,762	19,762	19,638	17,627	17,627	17,627	17,419	17,054
Signalized street intersections	300	300	288	288	285	275	275	275	270	243
Controlled intersections	10,850	10,850	10,606	10,606	10,580	10,300	10,300	10,300	10,000	10,000
Major storm sewers (miles)	892	892	785	785	692	114	114	114	111	110
Potholes repaired	5,528	8,275	9,925	12,529	15,060	22,249	24,374	*	*	*
<b>Sanitation</b>										
Refuse collected (tons/day)	229	227	222	216	214	*	*	*	*	*
Trash collected (tons/day)	167	158	175	214	217	*	*	*	*	*
<b>Water Pollution Control</b>										
Avg daily sewage treatment(M gallon/day)	22.71	21.92	23.57	26.73	29.98	29.87	33.12	*	*	*
Sanitary sewers (miles)	1,260	1,260	1,200	1,200	1,150	1,050	1,050	1,050	950	900
<b>Utilities</b>										
New connections	228	359	357	308	203	224	256	*	*	*
Water main breaks	93	55	73	94	77	78	71	*	*	*
Average daily consumption (000 gallons)	42,010	46,124	41,098	36,572	35,617	33,870	35,339	*	*	*
Water meters in use	83,653	77,504	77,504	77,504	76,446	76,968	76,968	76,968	69,642	67,000

Sources:  
Various city departments

Notes:  
\* data is not available  
In 2005 an EMS response program was started in the Fire Department