

RATINGS:

S&P: AAA

Moody's: Aaa

(See "RATINGS" herein)

NEW ISSUE - Book-Entry Only

In the opinion of Bond Counsel to the City, assuming continuing compliance by the City with certain covenants set forth in the proceedings under which the Warrants are issued with respect to certain conditions imposed by Section 103 of the Internal Revenue Code of 1986, as amended, the interest income on the Warrants will be excludable from gross income of the recipients thereof for federal income tax purposes and will not be an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. Bond Counsel to the City is further of the opinion that the interest income on the Warrants is, under existing statutes and regulations, exempt from Alabama income taxation.

CITY OF HUNTSVILLE, ALABAMA

\$69,595,000	\$19,290,000
General Obligation Warrants	General Obligation Refunding Warrants
Series 2026-A	Series 2026-B
\$67,335,000	\$35,930,000
General Obligation School Warrants	General Obligation School Refunding Warrants
Series 2026-C	Series 2026-D

Dated: Date of Delivery

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

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

The above-referenced General Obligation Warrants, Series 2026-A (the "Series 2026-A Warrants"), General Obligation Refunding Warrants, Series 2026-B Warrants (the "Series 2026-B Warrants"), General Obligation School Warrants, Series 2026-C Warrants (the "Series 2026-C Warrants"), and General Obligation School Refunding Warrants, Series 2026-D Warrants (the "Series 2026-D Warrants", and, together with the Series 2026-A Warrants, the Series 2026-B Warrants, and the Series 2026-C Warrants, the "Warrants") are issuable as fully registered warrants and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to which principal and interest payments on the Warrants will be made so long as Cede & Co. is the registered owner of the Warrants. Individual purchases of the Warrants will be made in Book-Entry Only form, and individual purchasers ("Beneficial Owners") of the Warrants will not receive physical delivery of warrant certificates.

The principal of the Warrants will be payable at the principal corporate trust office of Regions Bank in the City of Birmingham, Alabama (the "Bank"), at maturity or redemption. Interest on the Warrants will be payable on September 1, 2026, and semiannually thereafter on each March 1 and September 1, all by check or draft mailed to the registered owner of each Warrant. The Warrants will be direct general obligations of the City of Huntsville, Alabama (the "City"), for the payment of which the full faith and credit of the City will be irrevocably pledged. Certain of the Warrants are subject to optional redemption by the City prior to maturity at the times, in the manner, and subject to the terms described herein.

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

The Warrants are offered when, as, and if issued by the City and are subject to approval of the validity thereof by Bradley Arant Boult Cummings LLP, Bond Counsel to the City, and certain other conditions. PFM Financial Advisors LLC, Huntsville, Alabama, is serving as municipal advisor to the City. It is expected that the Warrants will be available for delivery on or around March 26, 2026, which such delivery shall be made through DTC.

Dated: March 12, 2026

WELLS FARGO BANK, NATIONAL ASSOCIATION MUNICIPAL FINANCE GROUP

CITY OF HUNTSVILLE, ALABAMA

\$69,595,000
General Obligation Warrants
Series 2026-A

Maturity (September 1)	Principal Amount	Interest Rate	Yield
2027	\$2,105,000	5.000%	2.230%
2028	2,210,000	5.000	2.210
2029	2,320,000	5.000	2.290
2030	2,435,000	5.000	2.360
2031	2,560,000	5.000	2.440
2032	2,685,000	5.000	2.570
2033	2,820,000	5.000	2.630
2034	2,960,000	5.000	2.770
2035	3,110,000	5.000	2.890
2036	3,265,000	5.000	3.000*
2037	3,430,000	5.000	3.120*
2038	3,600,000	5.000	3.270*
2039	3,780,000	5.000	3.410*
2040	3,970,000	5.000	3.440*
2041	4,165,000	5.000	3.530*
2042	4,375,000	5.000	3.640*
2043	4,595,000	5.000	3.740*
2044	4,825,000	5.000	3.830*
2045	5,065,000	5.000	3.960*
2046	5,320,000	5.000	4.100*

\$19,290,000
General Obligation Refunding Warrants
Series 2026-B

Maturity (September 1)	Principal Amount	Interest Rate	Yield
2027	\$1,535,000	5.000%	2.230%
2028	1,610,000	5.000	2.210
2029	1,695,000	5.000	2.290
2030	1,775,000	5.000	2.360
2031	1,860,000	5.000	2.440
2032	1,955,000	5.000	2.570
2033	2,055,000	5.000	2.630
2034	2,160,000	5.000	2.770
2035	2,265,000	5.000	2.890
2036	2,380,000	5.000	3.000*

\$67,335,000
General Obligation School Warrants
Series 2026-C

Maturity (September 1)	Principal Amount	Interest Rate	Yield
2027	\$2,035,000	5.000%	2.230%
2028	2,140,000	5.000	2.210
2029	2,245,000	5.000	2.290
2030	2,355,000	5.000	2.360
2031	2,475,000	5.000	2.440
2032	2,600,000	5.000	2.570
2033	2,730,000	5.000	2.630
2034	2,865,000	5.000	2.770
2035	3,010,000	5.000	2.890
2036	3,160,000	5.000	3.000*
2037	3,315,000	5.000	3.120*
2038	3,485,000	5.000	3.270*
2039	3,655,000	5.000	3.410*
2040	3,840,000	5.000	3.440*
2041	4,030,000	5.000	3.530*
2042	4,235,000	5.000	3.640*
2043	4,445,000	5.000	3.740*
2044	4,670,000	5.000	3.830*
2045	4,900,000	5.000	3.960*
2046	5,145,000	5.000	4.100*

\$35,930,000
General Obligation School Refunding Warrants
Series 2026-D

Maturity (September 1)	Principal Amount	Interest Rate	Yield
2026	\$3,620,000	5.000%	2.230%
2027	5,365,000	5.000	2.230
2028	2,080,000	5.000	2.210
2029	6,225,000	5.000	2.290
2030	2,290,000	5.000	2.360
2031	2,400,000	5.000	2.440
2032	2,525,000	5.000	2.570
2033	2,655,000	5.000	2.630
2034	2,785,000	5.000	2.770
2035	2,920,000	5.000	2.890
2036	3,065,000	5.000	3.000*

* Calculated to March 1, 2036, first optional redemption date.

CITY OF HUNTSVILLE, ALABAMA

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Huntsville, Alabama 35804-0308
(256) 427-5080

Mayor

Tommy Battle

City Council

President

Dr. Jennie Robinson

President Pro Tempore

Bill Kling, Jr.

David Little
John Meredith
Michelle Watkins

City Administrator

John Hamilton

Director of Finance/City Treasurer

Penny L. Smith, CPA

City Attorney

Trey Riley

City Clerk

Shaundrika Edwards

Municipal Advisor

PFM Financial Advisors LLC
Huntsville, Alabama

Bond Counsel

Bradley Arant Boult Cummings LLP
Birmingham, Alabama

Independent Certified Public Accountants

Mauldin & Jenkins, LLC
Chattanooga, Tennessee

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

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

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

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OFFICIAL STATEMENT

Pertaining to

CITY OF HUNTSVILLE, ALABAMA

\$69,595,000	\$19,290,000
General Obligation Warrants Series 2026-A	General Obligation Refunding Warrants Series 2026-B
\$67,335,000	\$35,930,000
General Obligation School Warrants Series 2026-C	General Obligation School Refunding Warrants Series 2026-D

INTRODUCTION

General

This Official Statement of the City of Huntsville, Alabama (the "City"), which includes the cover page and appendices hereto, sets forth information concerning the City and the above-referenced General Obligation Warrants, Series 2026-A (the "Series 2026-A Warrants"), General Obligation Refunding Warrants, Series 2026-B (the "Series 2026-B Warrants"), General Obligation School Warrants, Series 2026-C (the "Series 2026-C Warrants"), and General Obligation School Refunding Warrants, Series 2026-D (the "Series 2026-D Warrants", and, together with the Series 2026-A Warrants, the Series 2026-B Warrants, and the Series 2026-C Warrants, the "Warrants").

The Warrants are being issued pursuant to the provisions of an ordinance adopted by the governing body of the City (the "Ordinance"). The Series 2026-A Warrants and the Series 2026-C Warrants are being issued to pay the costs of public capital improvements in the City hereinafter defined as the 2026-A Improvements and the 2026-C Improvements, respectively. The Series 2026-B Warrants and the Series 2026-D Warrants are being issued to refinance certain indebtedness of the City hereinafter defined as the "Refunded Warrants". See "PLAN OF FINANCE" herein.

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

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

Reference is hereby made to the Appendices of this Official Statement setting forth certain information about the City and the City's audited financial statements for the fiscal year of the City ended September 30, 2024, prepared by Mauldin & Jenkins, LLC, Certified Public Accountants, Huntsville, Alabama, the proposed form of approving opinion of Bradley Arant Boult Cummings LLP, Birmingham, Alabama, Bond Counsel to the City, and the summary of the Continuing Disclosure Agreement.

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

CONTINUING DISCLOSURE

General

Upon issuance of the Warrants, the City will have entered into a Continuing Disclosure Agreement for the benefit of the holders of the Warrants wherein the City will agree to provide, annually, certain financial information and operating data relating to the City (the "Annual Report"), and notices of certain events

through the Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rulemaking Board (the "MSRB"), or such other system as may be subsequently authorized by the MSRB.

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

Prior Compliance

The City has entered continuing disclosure agreements for various series of obligations of the City and other obligations for which the City is an obligated person for purposes of the Rule 15c2-12 (collectively, the "Prior Undertakings"). In these Prior Undertakings, the City agreed to provide, annually, its audited financial statements and certain financial and operating data relating to the City, and to provide notices of the occurrence of certain events specified therein. During the preceding five years, the City did not comply with certain provisions of the Prior Undertakings, as follows:

During the last five years, the City did not file its audited financial statements for each of the fiscal years ended September 30, 2019, September 30, 2021, September 30, 2022, September 30, 2023, and September 30, 2024, on or before the due dates therefor as provided in the Prior Undertakings, and also did not timely post certain financial information and operating data for each of the fiscal years ended September 30, 2019, September 30, 2021, September 30, 2022, September 30, 2023, and September 30, 2024, on or before the due dates therefor as provided in the Prior Undertakings. In addition, the City did not file certain fiscal year 2019 and fiscal year 2020 financial information and operating data tables as required in the Prior Undertakings.

The City did not file certain financial and operational information with respect to its sewer system for the fiscal year ended September 30, 2020 (the obligations for which such filing is required to be made are no longer outstanding), and with respect to certain ad valorem tax information for its fiscal year ended September 30, 2021, until February 22, 2023.

The City did not timely file notice of the issuance of (i) a financial obligation in the form of an up to \$2.0 million Taxable Limited Obligation TIF Warrant, TIF5 – Series 2020-A, dated April 17, 2020, a (ii) financial obligation in the form of an up to \$6.0 million Taxable Limited Obligation TIF Revenue Warrant, TIF-5 – Series 2021-A, dated June 3, 2021, and (iii) a financial obligation in the form of an \$11,000,000 General Obligation Warrant, Series 2023-E, dated August 16, 2023.

Other than audited financial information and financial and operating information not timely filed for the fiscal years ended September 30, 2022, and September 30, 2023, during the last five years the City did not timely file a notice of its failure to file the items described in the preceding paragraphs as required under its Prior Undertakings.

THE WARRANTS

Purpose

Series 2026-A Warrants and Series 2026-C Warrants. The Series 2026-A Warrants and the Series 2026-C Warrants are being issued to pay the costs of various public improvements in the City hereinafter defined as the 2026-A Improvements and the 2026-C Improvements, respectively. See "PLAN OF FINANCE" herein for a description of the public capital improvements to be financed by the Series 2026-A Warrants and the Series 2026-C Warrants.

Series 2026-B Warrants and Series 2026-D Warrants. The Series 2026-B Warrants and the Series 2026-C Warrants are being issued to pay the costs of refinancing certain indebtedness of the City collectively

defined herein as the "Refunded Warrants". See "PLAN OF FINANCE" herein for a description of the refinancings to be achieved through issuance of the Series 2026-B Warrants and the Series 2026-D Warrants.

Security

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

Maturities and Interest Rates

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

Sources and Uses of Proceeds

Series 2026-A Warrants. The proceeds to be derived from the sale of the Series 2026-A Warrants are expected to be applied substantially as follows:

Sources	
Par Amount of Series 2026-A Warrants	\$69,595,000.00
Plus Original Issue Premium	8,301,578.55
Total Sources	\$77,896,578.55
Uses	
2026-A Improvements	\$77,185,691.55
Costs of issuance (including bid discount and legal, municipal advisory, printing, and other costs)	710,887.00
Total Uses	\$77,896,578.55

Series 2026-B Warrants. The proceeds to be derived from the sale of the Series 2026-B Warrants are expected to be applied substantially as follows:

Sources	
Par Amount of Series 2026-B Warrants	\$19,290,000.00
Plus Original Issue Premium	2,517,268.75
Total Sources	\$21,807,268.75
Uses	
Refund Called 2016-A Warrants	\$21,650,137.69
Costs of issuance (including bid discount and legal, municipal advisory, printing, and other costs)	157,131.06
Total Uses	\$21,807,268.75

Series 2026-C Warrants. The proceeds to be derived from the sale of the Series 2026-C Warrants are expected to be applied substantially as follows:

Sources	
Par Amount of Series 2026-C Warrants	\$67,335,000.00
Plus Original Issue Premium	8,032,230.95
Total Sources	\$75,367,230.95
Uses	
2026-C Improvements	74,651,159.40
Costs of issuance (including bid discount and legal, municipal advisory, printing, and other costs)	716,071.55
Total Uses	\$75,367,230.95

Series 2026-D Warrants. The proceeds to be derived from the sale of the Series 2026-D Warrants are expected to be applied substantially as follows:

Sources	
Par Amount of Series 2026-D Warrants	\$35,930,000.00
Plus Original Issue Premium	3,780,081.60
Total Sources	\$39,710,081.60
 Uses	
Refund Series 2014-C Warrants and Called 2016-B Warrants	\$39,340,820.62
Costs of issuance (including bid discount and legal, municipal advisory, printing, and other costs)	369,260.98
Total Uses	\$39,710,081.60

Optional Redemption

Series 2026-A Warrants. Those of the Series 2026-A Warrants having stated maturities on September 1, 2036, and thereafter, will be subject to redemption prior to their respective maturities, at the option of the City, as a whole or in part (but if in part, in such maturities as the City in its discretion shall designate, and if less than all Series 2026-A Warrants of a single maturity are to be redeemed, those to be redeemed to be selected by the Bank by lot), on March 1, 2036, and on any date thereafter, at a redemption price equal to the face amount of Series 2026-A Warrants to be redeemed plus accrued interest thereon to the date fixed for redemption.

Series 2026-B Warrants. Those of the Series 2026-B Warrants having stated maturities on September 1, 2036, and thereafter, will be subject to redemption prior to their respective maturities, at the option of the City, as a whole or in part (but if in part, in such maturities as the City in its discretion shall designate, and if less than all Series 2026-B Warrants of a single maturity are to be redeemed, those to be redeemed to be selected by the Bank by lot), on March 1, 2036, and on any date thereafter, at a redemption price equal to the face amount of Series 2026-B Warrants to be redeemed plus accrued interest thereon to the date fixed for redemption.

Series 2026-C Warrants. Those of the Series 2026-C Warrants having stated maturities on September 1, 2036, and thereafter, will be subject to redemption prior to their respective maturities, at the option of the City, as a whole or in part (but if in part, in such maturities as the City in its discretion shall designate, and if less than all Series 2026-C Warrants of a single maturity are to be redeemed, those to be redeemed to be selected by the Bank by lot), on March 1, 2036, and on any date thereafter, at a redemption price equal to the face amount of Series 2026-C Warrants to be redeemed plus accrued interest thereon to the date fixed for redemption.

Series 2026-D Warrants. Those of the Series 2026-D Warrants having stated maturities on September 1, 2036, and thereafter, will be subject to redemption prior to their respective maturities, at the option of the City, as a whole or in part (but if in part, in such maturities as the City in its discretion shall designate, and if less than all Series 2026-D Warrants of a single maturity are to be redeemed, those to be redeemed to be selected by the Bank by lot), on March 1, 2036, and on any date thereafter, at a redemption price equal to the face amount of Series 2026-D Warrants to be redeemed plus accrued interest thereon to the date fixed for redemption.

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

Defeasance and Deemed Payment of Warrants

In addition to all other circumstances under which the Warrants are to be deemed paid under the Ordinance, any of the Warrants shall be considered as fully paid if there shall be filed with the City Clerk and

submitted to the Bank each of the following:

(a) a trust agreement between the City and a banking corporation or national banking association making provision for the retirement of such Warrants by creating for that purpose an irrevocable trust fund sufficient to provide for payment and retirement of such Warrants (including payment of the interest that will mature thereon until and on the dates they are retired, as such interest becomes due and payable), either by redemption prior to their respective maturities, by payment at their respective maturities or by payment of part thereof at their respective maturities and redemption of the remainder prior to their respective maturities, which said trust fund shall consist of (i) United States Securities (defined to include any securities that are direct obligations of the United States of America and any securities with respect to which payment of the principal thereof and the interest thereon is unconditionally guaranteed by the United States of America) which are not subject to redemption prior to their respective maturities at the option of the issuer and which, if the principal thereof and the interest thereon are paid at their respective maturities, will produce funds sufficient so to provide for payment and retirement of all such Warrants, or (ii) both cash and such United States Securities which together will produce funds sufficient for such purpose, or (iii) cash sufficient for such purpose;

(b) a certified copy of a resolution adopted by the Council calling for redemption those of such Warrants that, according to said trust agreement, are to be redeemed prior to their respective maturities; and

(c) an opinion of bond counsel to the City to the effect that the execution and effectuation of the trust agreement referred to in the preceding clause (a) will not result in subjecting the interest income on such Warrants to federal income taxation.

CERTAIN PROVISIONS RESPECTING THE WARRANTS

Security; Source of Payment

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

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

Payment of Principal and Interest

Except as described below under "Book-Entry Only System", the principal of the Warrants is payable at the principal corporate trust office of Regions Bank (the "Bank") in the City of Birmingham, Alabama, upon presentation and surrender of such Warrants. Interest on the Warrants (computed on the basis of a 360-day year of 12 consecutive 30-day months) is payable semiannually on each September 1 and March 1, commencing September 1, 2026. Interest on the Warrants is payable in lawful money of the United States of America by check or draft mailed by the Bank to the lawful holders of such series at the address shown on the registry books of the Bank pertaining to such series on the August 15 or February 15, as the case may be, next preceding any interest payment date.

Book-Entry Only System

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

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

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

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Warrants unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Warrants are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

Certain Provisions Respecting Registration and Transfer of the Warrants

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

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

The Ordinance provides that the Bank shall not be required to register or transfer any Warrant during the period following the August 15 or February 15 next preceding any September 1 or March 1, respectively

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

PLAN OF FINANCE

General

Proceeds from the sale of the Warrants will be used to pay the costs of various public capital improvements in the City hereinbelow described as the 2026-A Improvements and the 2026-C Improvements. Proceeds from the sale of the Warrants will also be used to refinance certain outstanding indebtedness of the City hereinbelow defined, collectively, as the Refunded Warrants.

2026-A Improvements

Proceeds from the sale of the Series 2026-A Warrants will be used to pay the costs of various public capital improvements for public facilities of the City including, without limitation, Huntsville Ice Sports Center and JHP Veterans Military Museum and (ii) public capital improvements and assets for Big Spring Park East, and to pay the costs of various other types of public improvements, equipment, and assets for the City (collectively, the "2026-A Improvements"). All proceeds from the sale of the Series 2026-A Warrants shall be deposited into a special fund or account of the City and used for payment of the 2026-A Improvements.

2026-C Improvements

Proceeds from the sale of the Series 2026-C Warrants will be used to pay the costs of various public school capital improvements and assets in the City (collectively, the "2026-C Improvements"). All proceeds from the sale of the Series 2026-C Warrants shall be deposited into a special fund or account in the name of the Huntsville City Board of Education (the "City BOE") and used by the City BOE for payment of the 2026-C Improvements.

Refunding of Refunded Warrants

Series 2014-C Warrants. The City has heretofore issued its \$27,045,000 initial principal amount General Obligation School Refunding and Capital Improvement Warrants, Series 2014-C (the "Series 2014-C Warrants"), under an ordinance providing that those of the Series 2014-C Warrants maturing on or after September 1, 2026, may be optionally redeemed by the City, in whole or in part, on any date on or after September 1, 2024, at and for a redemption price equal to the face amount of Series 2014-C Warrants called for redemption plus accrued interest thereon to the date set for redemption. The City has called all of the Series 2014-C Warrants for redemption and payment on a date that is approximately thirty (30) days from issuance of the Series 2026-D Warrants (the "2014-C Redemption Date"). Proceeds from the sale of the Series 2026-D Warrants will be used and applied to pay the redemption price of the Series 2014-C Warrants on the 2014-C Redemption Date.

Called 2016-A Warrants. The City has heretofore issued its \$35,725,000 initial principal amount General Obligation Warrants, Series 2016-A (the "Series 2016-A Warrants"), under an ordinance providing that those of the Series 2016-A Warrants maturing on or after May 1, 2027, may be optionally redeemed by the City, in whole or in part, on any date on or after May 1, 2026, at and for a redemption price equal to the face amount of Series 2016-A Warrants called for redemption plus accrued interest thereon to the date set for redemption. The City has called those of the Series 2016-A Warrants maturing on May 1, 2027, and thereafter (the "Called 2016-A Warrants") for redemption and payment on May 1, 2026 (the "2016-A Redemption Date"). Proceeds from the sale of the Series 2026-B Warrants will be used and applied to pay the redemption price of the Called 2016-A Warrants on the 2016-A Redemption Date.

Called 2016-B Warrants. The City has heretofore issued its \$29,890,000 initial principal amount General Obligation School Warrants, Series 2016-B (the "Series 2016-B Warrants"), under an ordinance providing that those of the Series 2016-B Warrants maturing on or after May 1, 2027, may be optionally redeemed by the City, in whole or in part, on any date on or after May 1, 2026, at and for a redemption price equal to the face amount of

Series 2016-B Warrants called for redemption plus accrued interest thereon to the date set for redemption. The City has called those of the Series 2016-B Warrants maturing on May 1, 2027, and thereafter (the "Called 2016-B Warrants"), for redemption and payment on May 1, 2026 (the "2016-B Redemption Date"). Proceeds from the sale of the Series 2026-D Warrants will be used and applied to pay the redemption price of the Called 2016-B Warrants on the 2016-B Redemption Date.

Escrow Trust Agreement. Upon issuance of the Warrants, the City will enter into an Escrow Trust Agreement dated the date of the Warrants (the "Escrow Trust Agreement") between the City and Regions Bank, as escrow trustee, within which the City will establish a special fund or account (an "Escrow Fund") for the payment and redemption of the Series 2014-C Warrants, the Called 2016-A Warrants, and the Called 2016-B Warrants (collectively, the "Refunded Warrants").

Proceeds from the Series 2026-B Warrants and the Series 2026-D Warrants, other than those used for payment of the costs of issuing the Series 2026-B Warrants and the Series 2026-D Warrants, respectively, shall be deposited into an Escrow Fund established under the Escrow Trust Agreement and used, together with interest earnings thereon, to pay (i) the redemption price of the Series 2014-C Warrants on the 2014-C Redemption Date, (ii) the redemption price of the Called 2016-A Warrants on the 2016-A Redemption Date, and (iii) the redemption price of the Called 2016-B Warrants on the 2016-B Redemption Date.

Verification Agent. The City has engaged Robert Thomas CPA, LLC, to verify the adequacy and sufficiency of amounts deposited in any Escrow Fund created in the Escrow Trust Agreement, together with interest earnings thereon, to timely pay the redemption price of the Series 2014-C Warrants, the Called 2016-A Warrants, and the Called 2016-B Warrants on the dates set for redemption and payment thereof as described above.

FINANCIAL SYSTEM

General

The City maintains a financial reporting system designed to provide timely and accurate reports of receipts and expenditures. Internal accounting controls, which are developed and monitored by the City Finance Department, are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. Activities of the City are monitored internally on a monthly basis and are audited annually, as required by law, by independent certified public accountants. The report of such accountants for the fiscal year ended September 30, 2024 (the City's most recent audit), is included as APPENDIX C.

Budget System

Prior to the commencement of each fiscal year, the Mayor, in conjunction with the administrative staff and the City's department heads, prepares an annual operating budget for City Council approval. The budget represents a complete financial plan for the City and reflects the projection of all receipts and disbursements from all sources, including all revenues, expenditures and the surplus or deficit in the General Fund and all special funds of the City. Any expenditure request that results in budget increases, overruns or transfers between departments or funds must, under existing procedures, have City Council approval.

The budget for the General Fund is customarily adopted on a categorical basis consistent with generally accepted accounting principles ("GAAP"). Budgetary control is maintained at the departmental line-item level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. By ordinance, the City is required to maintain at all times an undesignated General Fund balance of 11.5% of the current fiscal year's General Fund recurring revenues. The fund balance was at the required policy amount at the close of each of the last five fiscal years. The City expects to satisfy this requirement for its fiscal year ending September 30, 2026.

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

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

Accounting System

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

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

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

Capital Improvements Fund. The Capital Improvements Fund represents the City's primary fund for accounting for a variety of capital projects of the City funded by internally generated revenues along with sales and use taxes and intergovernmental revenues. The two primary funds within the Capital Improvements Fund are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SOURCES OF REVENUES

Introduction

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

Property Taxes and Payments in Lieu of Taxes

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

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

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

Fiscal Year	6.5 Mill Tax General Fund General Purpose	TVA Payments in Lieu of Property Taxes	Huntsville Utilities Electric System Payments in Lieu of Property Taxes ⁽¹⁾	Total
2025*	\$33,576,245*	\$3,132,586*	\$23,501,244*	\$60,210,075*
2024	31,011,669	3,158,008	22,686,017	56,885,694
2023	26,228,000	3,256,334	18,842,021	48,326,355
2022	22,470,322	2,697,905	18,224,671	43,392,898
2021	20,409,023	2,864,376	18,396,408	41,669,807

* Unaudited

Source: Annual Comprehensive Financial Reports of the City for Fiscal Years 2021-2024 (modified accrual basis of accounting).

Sales and License Taxes

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

The following table shows sales and use tax receipts levied by and collected for the City (at a total rate of 4.5%) and receipts from the Simplified Sellers Use Tax (see below) for the fiscal years shown:

Fiscal Year	Receipts⁽¹⁾	Percentage Increase
2025	\$337,203,662*	0.8%
2024	334,559,435	2.8
2023	325,482,003	7.4
2022	303,110,210	12.9
2021	268,438,074	13.2
2020	237,141,754	--

* Unaudited

⁽¹⁾ Includes receipts from the Simplified Sellers Use Tax, as described and defined below. Please see below for additional information concerning Simplified Sellers Use Tax collections.

A Simplified Seller's Use Tax (the "SSUT") was established by Act 2015-448 and went into effect January 1, 2016, at a rate of 8.0 percent (8.0%). This allowed eligible sellers – largely on-line retailers - to voluntarily collect, report, and remit remote sales tax. Eligible sellers are established by the Alabama Department of Revenue. All collections are remitted monthly back to the State, counties and cities based on a division of the tax (4.0% to the State, 2.4% to cities by population, and 1.6% to counties by population).

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

Fiscal Year	Sales & Use Tax⁽¹⁾	Percentage Increase	SSUT⁽²⁾	Percentage Increase	Total	Percentage Increase
2025	\$317,087,230*	0.1%	\$20,116,432*	13.2%	\$337,203,662*	0.8%
2024	316,790,982	2.2	17,768,453	14.1	334,559,435	2.8
2023	309,907,040	6.9	15,574,963	17.6	325,482,003	7.4
2022	289,862,337	12.0	13,247,873	36.0	303,110,210	12.9
2021	258,693,572	--	9,744,502	36.0	268,438,074	--

* Unaudited

⁽¹⁾ Levied by the City at a rate of 4.5%.

⁽²⁾ Levied at a rate of 8.0%.

In its budget for the fiscal year ending September 30, 2026, the City determined to split all receipts from the SSUT over \$20,000,000 with the Huntsville City Board of Education, an Alabama public corporation separate and distinct from the City.

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

Fiscal Year	General Fund	City Schools	Capital Improvements Fund	2014 Capital Improvement Fund	Total Receipts
2025	\$169,716,106*	\$36,643,415*	\$44,869,488*	\$65,858,221*	\$317,087,230*
2024	169,212,389	36,628,843	44,851,645	66,098,104	316,790,982
2023	165,647,659	35,858,217	43,908,021	64,493,143	309,907,040
2022	154,722,973	33,548,667	41,080,002	60,510,695	289,862,337
2021	138,030,077	29,963,646	36,690,179	54,009,669	258,693,571

* Unaudited

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

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

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

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

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

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

Fiscal Year	Receipts	Percentage Increase
2025	\$41,895,590*	2.5%
2024	40,885,333	(5.0)
2023	43,051,868	3.6
2022	41,565,147	13.8
2021	36,532,679	--

* Unaudited

Source: Annual Comprehensive Financial Reports of the City for Fiscal Years 2021-2024. General Fund Statement of Revenues, Expenditures and Changes in Fund Balance (modified accrual basis of accounting).

Tax Increment Financing Districts

From fiscal years 2000 through 2006, the City created five (5) tax increment financing districts as a part of the City's long-range economic development plan, all of which have been closed. Since 2006 the City created three (3) additional tax increment districts, as follows.

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

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

In fiscal year 2018, the City created a tax increment financing direct ("TIF7") with respect to the financing of certain improvements and obligations of the City incident to the development of the North American plant on a site within the City and Limestone County for the manufacture of vehicles by a joint venture between Toyota Motor Corporation and Mazda Motor Corporation.

Accordingly, there are two (2) tax increment districts of the City that are currently open, consisting of TIF5 and TIF7.

REVENUES AND EXPENDITURES

The following table sets forth the audited revenues, expenditures and changes in fund balance for the City for all governmental fund types for the fiscal years ended September 30, 2020, through September 30, 2024, inclusive, which such information has been extracted from the audited financial statements of the City for such fiscal years and should be read in conjunction with the financial statements of the City attached as APPENDIX C.

	2024	2023	2022	2021	2020
Revenues					
Taxes	\$534,788,492	\$501,515,567	\$460,027,279	\$402,717,697	\$358,726,446
Licenses & permits	40,885,333	43,051,868	41,565,147	36,532,679	32,514,504
Fines & forfeitures	3,728,585	3,897,342	4,139,564	4,019,550	3,382,013
Revenues from money & property	--	--	--	--	5,316,225
Charges for services	12,717,753	13,231,902	12,923,044	24,975,983	22,274,966
Intergovernmental	29,069,641	62,362,019	29,734,218	54,119,202	20,131,353
Gifts & donations	--	--	--	--	2,111,362
Interest	25,010,486	12,915,912	926,861	--	--
Miscellaneous (Other) revenues	6,906,011	8,962,387	9,313,749	24,014,030	10,336,324
Total Revenues	653,106,301	645,936,997	558,629,862	546,379,141	454,793,193
Expenditures					
Current					
General government	47,393,544	68,629,902	48,356,163	41,557,082	39,293,215
Public safety	136,862,352	126,916,642	106,975,146	100,668,628	97,451,844
Public services	162,428,749	141,760,138	106,077,977	103,473,513	95,438,193
Urban development	29,994,742	34,553,728	30,612,180	26,490,111	30,623,574
Debt Service					
Principal	56,655,311	68,868,789	53,133,143	39,885,183	40,675,086
Interest	38,744,401	39,988,329	33,956,323	32,783,046	34,881,073
Fiscal charges	--	--	--	--	469
Debt issuance costs	--	885,841	571,639	1,166,670	6,500
Capital outlay	135,468,335	196,075,912	157,257,470	167,373,664	153,287,127
Intergovernmental assistance	36,731,407	36,557,258	33,899,856	29,961,029	31,198,551
Total Expenditures	644,278,841	714,236,539	570,839,897	543,358,926	522,855,632
Excess of revenues over (under) expenditures	8,827,460	(68,299,542)	(12,210,035)	3,020,215	(68,062,439)
Other financing sources (uses)					
Sale of capital assets	5,473,171	3,192,598	1,887,199	--	--
Long-term debt issued	3,453,989	131,437,860	87,853,036	159,598,374	16,582,628
Premium on debt issue	--	16,712,054	16,251,573	--	--
Payment to escrow agent	--	--	--	(114,349,148)	--

Issuance of subscription payable	1,817,554	5,164,271	--	--	--
Capital lease payable	2,332,462	877,779	2,013,031	1,978,636	--
Transfers in	114,435,098	167,477,258	155,002,389	108,686,564	107,648,922
Transfers (out)	<u>(126,410,974)</u>	<u>(143,212,662)</u>	<u>(162,692,875)</u>	<u>(113,767,843)</u>	<u>(114,834,843)</u>
Total other financing sources (uses)	1,101,300	181,649,158	100,314,353	42,146,583	9,396,707
Net change in fund balances	9,928,760	113,349,616	88,104,318	45,166,798	(58,665,732)
Fund Balance, Beginning	545,875,435	432,525,819	344,421,501	290,018,684	349,137,549
Prior Period Adjustment	--	--	--	9,236,019 ⁽¹⁾	(453,133)
Fund Balance, Ending	<u>\$555,804,195</u>	<u>\$545,875,435</u>	<u>\$432,525,819</u>	<u>\$344,421,501</u>	<u>\$290,018,684</u>

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

DEBT MANAGEMENT

General

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

Existing statutes also permit the City, without the approval of the electorate, to enter into certain financing lease arrangements with county and municipal public building authorities, such as the PBA, with respect to needed municipal buildings and facilities; such lease arrangements are required to be on a year-to-year basis and may be considered as essentially "off-balance sheet" debt. No such financing lease arrangements on the part of the City are now in effect other than the City's leases with the PBA respecting the Series 2017 PBA Bonds, the Series 2021 PBA Bonds, the Series 2022 PBA Bonds, and the Series 2025 PBA Bonds.

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

Most of the Limestone County land was agricultural in nature, but in recent years there have been located thereon several industrial projects, including among others the North American plant constructed for the manufacture of vehicles by a joint venture between Toyota Motor Corporation and Mazda Motor Corporation.

Debt Management Policy and Special Debt Items

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

Use of Amendment 8 Capital Projects Tax. Pursuant to the provisions of Amendment 8 to the Constitution of Alabama of 1901, as amended, the City levied an ad valorem tax at a rate of 6.5 mills (the "Bond

Tax"). The City customarily paid proceeds from the Bond Tax, along with a portion of the proceeds from the City-leveled school tax (the "School Tax"), which was also authorized by the Alabama Constitution, into certain Special Revenue Funds for transfer into certain "Debt Service Funds", though a portion of the Bond Tax, at the sole discretion of the City, was transferred directly to a bond trustee (Regions Bank) to pay debt service on certain bonds issued by The Public Building Authority of the City of Huntsville (the "PBA").

The Bond Tax was amended by Act No. 2021-327 adopted at the 2021 Regular Session of the Legislature of Alabama (the "2021 Act"). The Bond Tax, as amended by the 2021 Act (the "Amendment 8 Capital Projects Tax") permits use of the said 6.5 ad valorem tax for the purpose of (i) paying the costs of capital improvements and/or (ii) paying the principal of and interest on warrants, bonds or other debt obligations of the City to finance or refinance capital improvement projects.

Although not pledged, the City uses the Amendment 8 Capital Projects Tax to pay, among other things, debt service on bonds of the PBA to finance facilities leased by the PBA to the City, including (i) the \$46,965,000 initial principal amount Lease Revenue Refunding Bonds, Series 2017 (the "Series 2017 PBA Bonds"), (ii) the \$37,000,000 initial principal amount Taxable Lease Revenue Bonds, Series 2021 (the "Series PBA 2021 Bonds"), (iii) the \$74,285,000 initial principal amount Lease Revenue Bonds, Series 2022 (the "Series 2022 PBA Bonds"), and (iv) the \$6,305,000 initial principal amount Lease Revenue Bonds, Series 2025 (the "Series 2025 PBA Bonds") issued by the PBA.

TIF5 Revenue Warrants. In connection with the obligations of the City under an Annexation and Development Agreement dated March 25, 2010, as amended (the "Annexation and Development Agreement") between the City and L W Redstone Company, LLC ("L W Redstone"), the City from time to time issues to L W Redstone taxable limited obligation revenue warrants (the "TIF5 Revenue Warrants") payable solely out of tax increment revenues generated in connection with TIF5, hereinafter described, in order to pay the costs of various public infrastructure improvements referable to the project described in the Annexation and Development Agreement. TIF5 Revenue Warrants are payable solely out of TIF revenues generated within TIF5, and in that regard do not constitute an indebtedness of the City for purposes of the City's constitutional debt limit. Under the Annexation and Development Agreement, the City committed to issue up to \$76,000,000 in initial principal amount of TIF5 Revenue Warrants, all of which have been issued and are evidenced by fourteen (14) separate series of such obligations heretofore issued as "TIF5 Revenue Warrants". Payment obligations evidenced by the TIF5 Revenue Warrants are deemed satisfied and paid in full at maturity to the extent not covered by tax increment revenues generated within the boundary of TIF5 during the term of such obligations. Outstanding TIF5 Revenue Warrants are payable solely from revenues collected within TIF5.

As permitted under the Annexation and Development Agreement, certain of these TIF5 Revenue Warrants heretofore issued were subsequently refinanced with general obligation warrants of the City (and, as permitted by the Annexation and Development Agreement, the City covers debt service on such general obligation refunding warrants with TIF revenues collected within TIF5).

Long-Term Indebtedness of the City

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

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

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

Description	Principal Amount Originally Issued	Principal Outstanding (not in excess of)
Series 2017 PBA Bonds ⁽¹⁾	\$46,965,000	\$33,950,000
General Obligation Refunding Warrants, Series 2013-B	14,580,000	12,850,000
General Obligation Warrants, Series 2014-A	54,110,000	11,090,000
General Oblig. Lease Ref. & Cap. Improvement Warrants, Series 2014-B	19,345,000	10,895,000
Taxable General Obligation Warrants, Series 2015-B	8,185,000	6,300,000
General Obligation Warrants, Series 2016-A	35,725,000	1,605,000
General Obligation School Warrants, Series 2016-B	29,890,000	1,385,000
General Obligation Warrants, Series 2016-C	36,030,000	12,075,000
General Obligation School Warrants, Series 2016-D	31,550,000	17,785,000
General Obligation School Warrants, Series 2017-A	17,355,000	12,430,000
General Obligation Warrants, Series 2017-B	8,560,000	3,725,000
Taxable General Obligation Warrants, Series 2017-C	11,045,000	7,485,000
General Obligation Refunding Warrants, Series 2017-D	20,055,000	13,800,000
General Obligation Refunding School Warrants, Series 2017-E	49,195,000	42,890,000
2017 IDB Guaranty Agreement ⁽²⁾	21,000,000	15,492,776
General Obligation Warrants, Series 2018-A	50,590,000	42,150,000
General Obligation Warrants, Series 2018-B	61,985,000	40,510,000
Taxable General Obligation Warrants, Series 2018-C	5,385,000	4,365,000
General Obligation Warrants, Series 2019-A	77,000,000	57,585,000
General Obligation Warrants, Series 2020-A	34,630,000	10,335,000
General Obligation School Warrants, Series 2020-B	13,265,000	6,335,000
Taxable General Obligation Warrants, Series 2020-C	31,210,000	12,210,000
Taxable General Obligation School Warrants, Series 2020-D	27,610,000	17,150,000
General Obligation Warrant, Series 2020-E	15,047,500	10,354,356
General Obligation Warrant, Series 2021	7,000,000	5,219,892
Series 2021 PBA Bonds ⁽³⁾	37,000,000	30,275,000
Series 2022 PBA Bonds ⁽³⁾	74,285,000	69,535,000
General Obligation Warrant, Series 2022	16,574,000	14,776,000
General Obligation Warrants, Series 2023-A	66,835,000	60,540,000
General Obligation Warrants, Series 2023-B	26,790,000	24,265,000
General Obligation Sewer Warrants, Series 2023-C	44,605,000	40,405,000
General Obligation School Warrants, Series 2023-D	45,425,000	43,310,000
General Obligation Warrant, Series 2023-E	11,000,000	9,612,000
General Obligation Warrants, Series 2024-A	75,840,000	73,575,000
Taxable General Obligation Warrants, Series 2024-B	16,000,000	15,110,000
Series 2025 PBA Bonds ⁽³⁾	6,305,000	6,185,000
General Obligation Warrants, Series 2025-A	27,175,000	26,365,000
General Obligation Refunding Warrants, Series 2025-B	34,285,000	31,580,000
Taxable General Obligation Warrant, Series 2025-C	11,100,000	11,100,000
Series 2026-A Warrants	69,595,000	69,595,000
Series 2026-B Warrants	19,290,000	19,290,000
Series 2026-C Warrants	67,335,000	67,335,000
Series 2026-D Warrants	35,930,000	35,930,000
Total	<u>\$1,412,681,500</u>	<u>\$1,058,775,024</u>

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

⁽²⁾ On December 1, 2017, The Industrial Development Board of the City of Huntsville (the "IDB") issued its \$21,000,000 Industrial Revenue Bond, Series 2017 (the "2017 IDB Bond") to pay the costs of constructing a manufacturing facility to be owned by the IDB. The initial tenant of the facility is Aerojet Rocketdyne, Inc. ("AR"). Under a lease agreement between the IDB and AR (the "2017 IDB Lease"), AR agreed to make certain lease payments to the IDB including, among others, payments at such times and in such amounts as shall be equal maturing

installments of debt service on the 2017 IDB Bond. The 2017 IDB Bond was sold in a private placement to Regions Bank. The City has entered a guaranty agreement to Regions Bank pursuant to which the City has agreed to pay Regions Bank whatever is owed as debt service on the Series 2017 Bond in the event the IDB lacks funds from the 2017 IDB Lease for the same. The 2017 IDB Bond bears interest at a per annum rate of 4.61% and matures over a period of 21 years.

⁽³⁾ Represents principal of revenue bond obligations issued by the PBA paid by lease payments made by the City, including the Series 2021 PBA Bonds for use by the City of a public amphitheater in the City, and the Series 2022 PBA Bonds and Series 2025 PBA Bonds for use by the City of city hall and related administrative and parking facilities in the City.

Sewer Revenue Warrants. The City has issued warrants payable to the Alabama Water Pollution Control Authority (the "AWPCA") to finance improvements to the City's sanitary sewer system (the "Sewer System"). The City has the following outstanding indebtedness payable to AWPCA as of March 1, 2026, all of which are payable solely out of the revenues derived from the operation of the Sewer System.

Sewer Revenue Warrant Description	Principal Outstanding
Sewer Revenue Warrant, Series 2011-CWSRF-DL	\$890,000

Warrants Payable from Water, Electric, and Natural Gas System Revenues. The following tables list all outstanding bonds and warrants as of March 1, 2026, of the City payable solely out of revenues from the Water System, Electric System and Gas System of the City, each of which is operated by Huntsville Utilities:

Obligations Payable from Water System Revenues	Principal Outstanding
Water Revenue Warrants, Series 2024	\$13,860,000
Taxable Water Revenue Warrants, Series 2021-B	61,060,000
Water Revenue Warrants, Series 2021-A	3,215,000
Water Revenue Warrants, Series 2016	5,470,000
Subordinated Water Revenue Warrant, Series 2013-DWSRF-DL	80,000
Subordinated Water Revenue Warrant, Series 2021-DWSRF-DL	8,380,000
Subordinated Water Revenue Warrant, Series 2021-B-DWSRF-DL	13,095,000
Subordinated Water Revenue Warrant, Series 2023-DWSRF-DL	5,165,000
Subordinated Water Revenue Warrant, Series 2024-DWSRF-DL	8,255,000
Subordinated Water Revenue Warrant, Series 2025-DWSRF-DL	7,205,000

Obligations Payable from Electric System Revenues	Principal Outstanding
Electric Revenue Warrants, Series 2024	\$41,945,000
Electric Revenue Warrants, Series 2017-B	9,725,000
Electric Revenue Warrants, Series 2017-A	45,025,000

Obligations Payable from Natural Gas System Revenues	Principal Outstanding
Gas System Revenue Warrant, Series 2019-A	1,693,339

Under each of the Water System Indenture, Electric System Indenture, and Gas System Indenture, the City may transfer and convey such system to a public corporation and other types of entities under Alabama law with the power to issue federally tax-exempt indebtedness; provided, the transferee assumes all obligations of the City under such indenture (including, without limitation, payment of obligations secured by the revenues derived therefrom). From time to time, including recently, City officers have discussed with officers of Huntsville Utilities the possibility of such a transfer of assets comprising the Water System, the Electric System and the Gas System, but no such discussion has matured to any proposed formal action by the City. Discussion and analysis of such a transfer has recently occurred. The City does not anticipate pursuing such a transfer at the present time, though continued analysis and discussion of the same is expected to continue.

TIF5 Revenue Warrants. As noted above, the City has issued to L W Redstone fourteen (14) series of taxable TIF5 Revenue Warrants payable solely out of tax increment revenues generated in connection with TIF5, which such warrants are deemed satisfied and paid in full at maturity to the extent not covered by tax increment revenues generated within the boundary of TIF5 during the term of such obligations.

Future Borrowings. Pursuant to its ten-year Capital Improvement Plan and other initiatives, the City currently anticipates borrowing approximately \$300.0 million for City capital improvements over the next 24

months. The City also expects to borrow approximately \$150.0 million for public school capital improvements over the next 24 months.

The City may from time to time borrow additional money in connection with various City projects, and, at the request of the City BOE, for public school improvements (based on its administration of the School Tax), or as needs for which may otherwise arise and be merited in the discretion of the City.

Legal Debt Margin

The City's constitutional debt limit is an amount equal to twenty percent (20%) of the assessed value of the property therein. However, the following, among other types of indebtedness, are under existing general law not chargeable to the City's constitutional debt limit: obligations issued for the purpose of acquiring, providing or constructing schools, waterworks or sewers; obligations incurred for street or sidewalk improvements where the costs thereof, in whole or in part, are to be assessed against the property abutting such improvements; subject to certain conditions, tax anticipation notes; certain lease obligations; and revenue securities issued for the purpose of extending, enlarging or improving water, electric, gas or sewer systems and payable solely from the revenues of one or more of such systems. Further, by virtue of certain constitutional provision respecting economic development, including, without limitation, Amendment 772 to the Constitution of Alabama of 2022, as amended (codified as Section 94.01 of the Constitution of Alabama of 2022, as amended), certain debt issued for industrial and economic development purposes are also not chargeable to the generally applicable 20% debt limit. The City does not have any such obligations outstanding.

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

Assessed value (real and personal property) ⁽¹⁾	\$6,355,733,000
Debt limit (20% of assessed value)	1,271,146,600
Maximum principal amount outstanding of direct outstanding debt ⁽²⁾	1,058,755,024
Less those portions not chargeable to debt limit:	
Lease revenue bonds of the PBA ⁽³⁾	139,945,000
Series 2018-A Warrants ⁽⁴⁾	42,150,000
Sewer and school purpose direct debt:	
General obligation sewer warrants	58,278,299
General obligation warrants issued for school purposes	244,550,000
Total debt not chargeable to debt limit	484,923,299
Maximum amount of debt chargeable to debt limit	571,831,725
Estimated constitutional debt margin (not less than)	\$697,314,875

⁽¹⁾ The total reported by the Madison County Tax Assessor on the abstract for the city district tax, which is the basis for collection of the 6.5 mill general fund and 6.5 mill special revenue fund tax, along with the total reported by the Limestone County Tax Assessor and the Morgan County Tax Assessor. The most recent assessment date pertinent to this calculation is October 1, 2024.

⁽²⁾ See the chart under "General Obligation Warrants and PBA Bonds" in the section entitled "Long-Term Indebtedness of the City" above. All other long-term indebtedness of the City, consisting of (i) warrants secured by and payable solely from Sewer System revenues, Water System revenues, Electric System revenues, or Gas System revenues, and (ii) TIF5 Revenue Warrants payable solely from TIF revenues, are exempt from the constitutional debt limit and are not included in this figure.

⁽³⁾ The Series 2017 PBA Bonds, Series 2021 PBA Bonds, Series 2022 PBA Bonds, and Series 2025 PBA Bonds.

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

Direct and Overlapping Tax-Supported Debt

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

Net Direct Debt	Percent of Debt Applicable to	City's Share
-----------------	----------------------------------	-----------------

Direct Debt	Outstanding	the City	of Debt
General obligation warrants & PBA bonds	\$1,058,995,024*	100%	\$1,058,755,024*
Overlapping Debt			
Madison County, general obligation debt	\$36,237,392 ⁽¹⁾	56.91% ⁽¹⁾	\$20,622,700
Limestone County, general obligation debt	\$5,615,000 ⁽²⁾	5.49% ⁽²⁾	\$308,264
Morgan County, general obligation debt	\$15,860,000 ⁽³⁾	0.00% ⁽³⁾	\$0.00
Total			\$1,079,685,988

* Includes outstanding principal of general obligation warrants of the City, as well as outstanding principal referable to the Series 2017 PBA Bonds (assuming renewal of the leases by the City related thereto through final maturity of the said bonds), the Series 2021 PBA Bonds (assuming renewal of the leases by the City related thereto through final maturity of the said bonds), the Series 2022 PBA Bonds (assuming renewal of the leases by the City related thereto through final maturity of the said bonds), and the Series 2025 PBA Bonds (assuming renewal of the leases by the City related thereto through final maturity of the said bonds). All other long-term indebtedness of the City, consisting of (i) warrants payable solely from the Sewer System, (ii) warrants payable from the Water System, the Electric System, and the Gas System, and (iii) TIF5 Revenue Warrants are not included in the calculation of direct debt of the City. Does not include the 2017 IDB Bond, payment of which is guaranteed by the City.

⁽¹⁾ Outstanding debt as presented in audited financial statements of Madison County for the fiscal year ended September 30, 2023. The Madison County percentage reflects the ratio of the population estimated by the City as of July 1, 2025, as residing in the City and living in Madison County (234,821) and the estimated total population of Madison County estimated for 2023 (412,600).

⁽²⁾ Outstanding debt as presented in audited financial statements of Limestone County for the fiscal year ended September 30, 2024. The Limestone County percentage reflects the ratio of the population estimated by the City as of July 1, 2024 as residing in the City and living in Limestone County (6,293) and the total population of Limestone County estimated for July 1, 2023 (114,654).

⁽³⁾ Outstanding debt as presented in audited financial statements of Morgan County for the fiscal year ended September 30, 2023. The Morgan County percentage reflects the ratio of the population estimated by the City as of July 1, 2024 as residing in the City and living in Morgan County (0) and the total population of Morgan County estimated for July 1, 2023 (125,133).

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

Direct general obligation debt	\$1,058,755,024
Overlapping	20,930,963
Total (direct and overlapping debt)	1,079,685,988
Assessed value of property in City	\$6,355,733,000
Ratio of direct debt to City's assessed value	16.66%
Ratio of direct and overlapping debt to City's assessed value	16.99%
Population of City (estimated as of October 2025)	249,102
Per capita direct debt	\$4,250
Per capita direct and overlapping debt	\$4,334

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

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

Series 2026-A Warrants. The following reflects the scheduled debt service requirements for the Series 2026-A Warrants on a fiscal year basis:

Fiscal Year	Principal	Interest	Total
2026	--	\$1,498,226	\$1,498,226
2027	\$2,105,000	3,479,750	5,584,750
2028	2,210,000	3,374,500	5,584,500
2029	2,320,000	3,264,000	5,584,000
2030	2,435,000	3,148,000	5,583,000
2031	2,560,000	3,026,250	5,586,250
2032	2,685,000	2,898,250	5,583,250
2033	2,820,000	2,764,000	5,584,000
2034	2,960,000	2,623,000	5,583,000
2035	3,110,000	2,475,000	5,585,000
2036	3,265,000	2,319,500	5,584,500
2037	3,430,000	2,156,250	5,586,250
2038	3,600,000	1,984,750	5,584,750
2039	3,780,000	1,804,750	5,584,750
2040	3,970,000	1,615,750	5,585,750
2041	4,165,000	1,417,250	5,582,250
2042	4,375,000	1,209,000	5,584,000
2043	4,595,000	990,250	5,585,250
2044	4,825,000	760,500	5,585,500
2045	5,065,000	519,250	5,584,250
2046	5,320,000	266,000	5,586,000

Series 2026-B Warrants. The following reflects the scheduled debt service requirements for the Series 2026-B Warrants on a fiscal year basis:

Fiscal Year	Principal	Interest	Total
2026	--	\$415,271	\$415,271
2027	\$1,535,000	964,500	2,499,500
2028	1,610,000	887,750	2,497,750
2029	1,695,000	807,250	2,502,250
2030	1,775,000	722,500	2,497,500
2031	1,860,000	633,750	2,493,750
2032	1,955,000	540,750	2,495,750
2033	2,055,000	443,000	2,498,000
2034	2,160,000	340,250	2,500,250
2035	2,265,000	232,250	2,497,250
2036	2,380,000	119,000	2,499,000

Series 2026-C Warrants. The following reflects the scheduled debt service requirements for the Series 2026-C Warrants on a fiscal year basis:

Fiscal Year	Principal	Interest	Total
2026	--	\$1,449,573	\$1,449,573
2027	\$2,035,000	3,366,750	5,401,750
2028	2,140,000	3,265,000	5,405,000
2029	2,245,000	3,158,000	5,403,000
2030	2,355,000	3,045,750	5,400,750
2031	2,475,000	2,928,000	5,403,000
2032	2,600,000	2,804,250	5,404,250
2033	2,730,000	2,674,250	5,404,250
2034	2,865,000	2,537,750	5,402,750
2035	3,010,000	2,394,500	5,404,500
2036	3,160,000	2,244,000	5,404,000
2037	3,315,000	2,086,000	5,401,000
2038	3,485,000	1,920,250	5,405,250
2039	3,655,000	1,746,000	5,401,000
2040	3,840,000	1,563,250	5,403,250
2041	4,030,000	1,371,250	5,401,250
2042	4,235,000	1,169,750	5,404,750
2043	4,445,000	958,000	5,403,000
2044	4,670,000	735,750	5,405,750
2045	4,900,000	502,250	5,402,250
2046	5,145,000	257,250	5,402,250

Series 2026-D Warrants. The following reflects the scheduled debt service requirements for the Series 2026-D Warrants on a fiscal year basis:

Fiscal Year	Principal*	Interest*	Total*
2026	\$3,620,000	\$773,493	\$4,393,493
2027	5,365,000	1,615,500	6,980,500
2028	2,080,000	1,347,250	3,427,250
2029	6,225,000	1,243,250	7,468,250
2030	2,290,000	932,000	3,222,000
2031	2,400,000	817,500	3,217,500
2032	2,525,000	697,500	3,222,500
2033	2,655,000	571,250	3,226,250
2034	2,785,000	438,500	3,223,500
2035	2,920,000	299,250	3,219,250
2036	3,065,000	153,250	3,218,250

Scheduled Annual Debt Service for General Obligation Warrants and PBA Lease Obligations

The following table reflects the scheduled annual debt service requirements on a fiscal year basis respecting all warrants of the City, and respecting lease payment obligations of the City respecting indebtedness issued by the PBA following issuance of the Warrants and the refunding of the Refunded Warrants.

Fiscal Year	Existing Fixed Rate Debt⁽¹⁾	The Warrants*	Total Debt Service*
2026	\$99,097,854	\$7,756,563	\$106,854,417
2027	90,911,552	20,466,500	111,378,052
2028	92,369,605	16,914,500	109,284,105

2029	87,448,616	20,957,500	108,406,116
2030	84,612,569	16,703,250	101,315,819
2031	81,962,885	16,700,500	98,663,385
2032	78,705,086	16,705,750	95,410,836
2033	81,250,822	16,712,500	97,963,322
2034	73,786,597	16,709,500	90,496,097
2035	65,996,855	16,706,000	82,702,855
2036	60,993,366	16,705,750	77,699,116
2037	60,115,798	10,987,250	71,103,048
2038	48,962,653	10,990,000	59,952,653
2039	39,254,067	10,985,750	50,239,817
2040	33,432,566	10,989,000	44,421,566
2041	33,428,749	10,983,500	44,412,249
2042	30,981,915	10,988,750	41,970,665
2043	30,975,817	10,988,250	41,964,067
2044	20,039,845	10,991,250	31,031,095
2045	20,044,660	10,986,500	31,031,160
2046	8,101,888	10,988,250	19,090,138
2047	8,098,694	--	8,098,694
2048	8,100,406	--	8,100,406
2049	8,106,016	--	8,106,016
2050	8,104,969	--	8,104,969
2051	8,101,641	--	8,101,641
2052	8,095,281	--	8,095,281
2053	2,921,250	--	2,921,250

⁽¹⁾ Includes: the Series 2013-B Warrants, the Series 2014-A Warrants, the Series 2014-B Warrants, the Series 2015-B Warrants, the Series 2016-A Warrants (after refunding of Called 2016-A Warrants), the Series 2016-B Warrants (after refunding of Called 2016-A Warrants), the Series 2016-C Warrants, the Series 2016-D Warrants, the Series 2017-A Warrants, Series 2017-B Warrants, the Series 2017-C Warrants, the Series 2017-D Warrants, the Series 2017-E Warrants, the Series 2018-A Warrants, the Series 2018-B Warrants, the Series 2018-C Warrants, the Series 2019-A Warrants, the Series 2020-A Warrants, the Series 2020-B Warrants, the Series 2020-C Warrants, the Series 2020-D Warrants, the Series 2020-E Warrant, the Series 2021 Warrant, the Series 2022 Warrant, the Series 2023-A Warrants, the Series 2023-B Warrants, the Series 2023-C Warrants, the Series 2023-D Warrants, the Series 2023-E Warrant, the Series 2025-A Warrants, the Series 2025-B Warrants and the Series 2025-C Warrant. Also includes annual debt service (assuming renewal of the lease related thereto through final scheduled maturity of the Series 2017 PBA Bonds) on the Series 2017 PBA Bonds, annual debt service (assuming renewal of the lease related thereto through final scheduled maturity of the Series 2021 PBA Bonds) on the Series 2021 PBA Bonds, annual debt service (assuming renewal of the lease related thereto through final scheduled maturity of the Series 2022 PBA Bonds) on the Series 2022 PBA Bonds, and annual debt service (assuming renewal of the lease related thereto through final scheduled maturity of the Series 2025 PBA Bonds) on the Series 2025 PBA Bonds. Does not include, among other obligations, the 2017 IDB Bond, payment of which is guaranteed by the City, TIF5 Revenue Warrants, debt payable from the Sewer System, and debt payable from the Electric System, the Gas System, or the Water System of the City operated by Huntsville Utilities.

AD VALOREM TAXES

General

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

Classification of Taxable Property

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

Class I - All property of utilities used in their business*

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

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

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

Assessment Ratios

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

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

Although current law provides in effect that with respect to ad valorem taxes levied by the City, the governing body of the City may, subject to the approval of the Legislature and of a majority of the electorate of the City at a special election, and in accordance with criteria established by legislative act, adjust (by increasing or decreasing) the ratio of assessed value of any class of taxable property to its fair and reasonable market value or its current use value (as the case may be), the governing body of the City has not heretofore sought to make any adjustment of the assessment ratio applicable to any class of taxable property in the City and has no present plans for any such adjustment. The Legislature has no power over the adjustment of assessment ratios pertaining to local taxes except to approve or disapprove an adjustment proposed by a local taxing authority. The assessment ratio applicable to each class of taxable property must in any event be uniform with respect to ad valorem taxes levied by the City.

Current Ad Valorem Tax Rates

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

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

Limestone County

Levying

Rates in Mills (Dollars per

Entity	\$1,000 of Assessed Value)
State of Alabama	6.5
Limestone County:	
General	7.0
Road and Bridge/Public Building	3.5
Hospital	3.0
County-wide School	5.5
City of Huntsville:	
General	6.5
Amendment 8 Capital Projects Tax	6.5
School Tax	<u>22.0</u>
Total Mills	59.5

Source: Alabama Department of Revenue

Madison County

Levying Entity	Rates in Mills (Dollars per \$1,000 of Assessed Value)
State of Alabama	6.5
Madison County:	
General	7.0
Road and Bridge	4.0
County-wide School	5.5
District School	15.5
City of Huntsville:	
General	6.5
Amendment 8 Capital Projects Tax	6.5
School Tax	<u>6.5</u>
Total Mills	58.0

Source: Alabama Department of Revenue

Morgan County

Levying Entity	Rates in Mills (Dollars per \$1,000 of Assessed Value)
State of Alabama	6.5
Morgan County:	
General	7.2
Road and Bridge	3.6
Fire Protection	3.0
County-wide School	5.8
City of Huntsville:	
General	6.5
Amendment 8 Capital Projects Tax	6.5
School Tax	<u>10.7</u>
Total Mills	49.8

Source: Alabama Department of Revenue

Homestead Exemption

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

Property Tax Litigation

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

Assessment and Collection

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

Ad valorem taxes are due and payable on October 1 and delinquent after December 31 in each year (except for taxes with respect to motor vehicles, which have varying due dates), after which a penalty and interest are required to be charged. If real property taxes are not paid by the March 1 following the due date, a tax sale is required to be held.

Property Re-Evaluation Program

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

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

Assessed Valuations

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

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

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

Assessment Date October 1	Residential/ Corporate	Public Utilities	Motor Vehicles	Exemptions	Total
2024	\$6,896,234	\$15,173	\$531,773	(\$1,513,201)	\$5,929,979
2023	6,349,787	17,471	497,561	(1,328,483)	5,536,336
2022	5,728,469	14,764	455,661	(1,136,089)	5,062,805
2021	4,676,897	19,541	393,791	(736,109)	4,354,120
2020	4,015,281	16,919	350,461	(578,597)	3,804,064

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

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

Assessment Date October 1	Residential/ Corporate	Public Utilities	Motor Vehicles	Exemptions	Total
2024	\$1,027,026	\$290	\$24,193	(\$626,071)	\$425,438
2023	905,636	278	18,928	(539,752)	385,090
2022	952,240	280	17,371	(655,292)	314,599
2021	736,404	280	13,567	(544,491)	205,760
2020	532,687	274	10,436	(377,511)	165,886

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

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

Assessment Date October 1	Residential/ Corporate	Public Utilities	Motor Vehicles	Exemptions	Total
2024	\$376	\$0.00	N/A	(\$60)	\$316
2023	340	0.00	N/A	(60)	280
2022	328	0.00	N/A	(55)	273
2021	306	0.00	N/A	(50)	256
2020	256	0.00	N/A	(0.00)	256

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

Defined Benefit Pension Plan

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

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

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

See Note #12 - "Pension Plan" to the audited financial statements of the City attached as APPENDIX C hereto for more information about the City's participation in the State System and the City's pension plans, pension liability and related information.

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

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

Other Post-Employment Benefits

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

See Note #13 "Other Post-Employment Benefits (OPEB)" to the audited financial statements of the City attached as APPENDIX C hereto for more information about the OPEB Plan.

FEDERAL BANKRUPTCY ACT

Under certain conditions, Title 11 of the United States Code, 11 U.S.C. 101 *et seq.* (the "Bankruptcy Code"), permits a municipality to file a petition for relief in federal bankruptcy court to adjust debts under Chapter 9 of the Bankruptcy Code. Debt adjustment may include restructuring, reduction or other impairment of debt, subject to various conditions and limitations set forth in the Bankruptcy Code. Section 101 of the Bankruptcy Code defines "municipality" to mean a political subdivision, public agency or instrumentality of a State. To be eligible to file a Chapter 9 bankruptcy petition under Section 109 of the Bankruptcy Code, a municipality must be "specifically authorized, in its capacity as a municipality or by name, to be a debtor under [Chapter 9], or by a governmental officer or organization empowered by State law to authorize such entity to be a debtor under [Chapter 9]." Section 109 of the Bankruptcy Code imposes additional requirements for a municipality to be eligible to file bankruptcy. Without limitation, the municipality must (a) be insolvent (either unable to pay debts as they come due or generally not paying debts as they come due); (b) desire to effect a debt adjustment plan; and (c) meet certain requirements regarding negotiations with creditors (or certain exceptions to such requirements). Alabama law authorizes municipalities (including the City), counties and certain public authorities to file petitions under the Bankruptcy Code. The other conditions to eligibility are fact-specific to the time of filing the petition.

The approving legal opinion of Bond Counsel will contain the customary reservation that the rights of the holders of the Warrants and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in

appropriate cases. See the proposed form of approving legal opinion set forth in APPENDIX D respecting the Warrants.

LITIGATION AND OTHER MATTERS

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

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

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bradley Arant Boult Cummings LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the Warrants is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Warrants is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code; however, in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on "applicable corporations" (as defined in Section 59(k) of the Code), interest on the Warrants is not excluded from the determination of adjusted financial statement income. In rendering its opinion, Bond Counsel to the City has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City and others in connection with the Warrants, and Bond Counsel to the City has assumed compliance with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Warrants from gross income under Section 103 of the Code.

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

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain significant ongoing requirements that must be met subsequent to the issuance and delivery of the Warrants in order that interest on the Warrants be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements

relating to use and expenditure of gross proceeds of the Warrants, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Warrants to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The City has covenanted to comply under the Ordinance with certain applicable requirements of the Code to assure the exclusion of interest on the Warrants from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

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

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

Original Issue Premium

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

Bank Qualification

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

Post-Issuance Compliance

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

Likewise, the Internal Revenue Service (the "IRS") conducts an audit program to examine compliance with the requirements applicable to tax-exempt obligations. If the Warrants become the subject of an audit, under current IRS procedures, the City would be treated as the taxpayer in the initial stages of an audit, and the owners of the Warrants would have limited rights to participate in the audit process. The initiation of an audit

with respect to the Warrants could adversely affect the market value and liquidity of the Warrants, even though no final determination about the tax-exempt status would have been made. If an audit were to result in a final determination that the Warrants do not qualify as tax-exempt obligations, such a determination could be retroactive in effect to the date of issuance of the Warrants.

No Mandatory Redemption due to Event of Taxability

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

Recent and Future Legislative Changes

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

RATINGS

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

APPROVAL OF LEGAL PROCEEDINGS

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

AUDITED FINANCIAL STATEMENTS

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

The City's financial statements as of and for the fiscal year of the City ended September 30, 2024, included as APPENDIX C – "AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024" to this Official Statement, have been audited by Mauldin & Jenkins, LLC, as stated in its report dated June 24, 2025. Mauldin has not been engaged to perform and has not performed, since the date of its report described above, any procedures on the financial statements addressed in its report and included in this Official Statement. Mauldin also has not performed any procedures relating to this Official Statement.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC, Huntsville, Alabama (the "Municipal Advisor") is serving as municipal advisor to the City in connection with the issuance of the Warrants. The Municipal Advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of

the Warrants, and provided other advice to the City. The Municipal Advisor will not engage in any underwriting activities with regard to the issuance and sale of the Warrants. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, and is not obligated to review or ensure compliance with the undertaking by the City to provide continuing secondary market disclosure.

UNDERWRITING

All of the Warrants are being purchased by Wells Fargo Bank, National Association (the "Winning Bidder"). As respects each series of the Warrants,

(i) The Series 2026-A Warrants are being purchased by the Winning Bidder at a price of \$77,398,571.90 (which price reflects the face amount of the Series 2026-A Warrants, less an underwriting discount of \$498,006.65, plus original issue premium of \$8,301,578.55). The Series 2026-A Warrants may be sold and offered to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the said purchaser.

(ii) The Series 2026-B Warrants are being purchased by the Winning Bidder at a price of \$21,713,693.54 (which price reflects the face amount of the Series 2026-B Warrants, less an underwriting discount of \$93,575.21, plus original issue premium of \$2,517,268.75). The Series 2026-B Warrants may be sold and offered to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the said purchaser.

(iii) The Series 2026-C Warrants are being purchased by the Winning Bidder at a price of \$74,860,573.66 (which price reflects the face amount of the Series 2026-C Warrants, less an underwriting discount of \$506,657.29, plus original issue premium of \$8,032,230.95). The Series 2026-C Warrants may be sold and offered to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the said purchaser.

(iv) The Series 2026-D Warrants are being purchased by the Winning Bidder at a price of \$39,461,570.82 (which price reflects the face amount of the Series 2026-D Warrants, less an underwriting discount of \$248,510.78, plus original issue premium of \$3,780,081.60). The Series 2026-D Warrants may be sold and offered to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the said purchaser.

MISCELLANEOUS

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

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

CITY OF HUNTSVILLE, ALABAMA

By _____ /s/ Tommy Battle
Mayor

APPENDIX A
CERTAIN DEMOGRAPHIC INFORMATION

APPENDIX A

CERTAIN DEMOGRAPHIC INFORMATION

General Information

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

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

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

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

Since the space race of the 1960's, Huntsville has well over doubled in population and quadrupled in square miles. The past four decades have seen significant growth in population increasing by more than 95,000 residents. Between 2000 to 2010, the MSA grew by approximately 20.1%. Based on the 2020 U.S. Census Bureau estimates, Huntsville is now the most populous city in Alabama. The total population for the City of Huntsville as of December 1, 2025 was 230,157, which is an increase of 7.05% from the 2020 Census total of 215,043. The Huntsville MSA was 494,018 according to the 2020 Census Bureau estimates which ranks second behind the Birmingham MSA.

Population Growth

According to the 2020 Federal Decennial Census 2024 population estimates, the City is both the largest municipality in Madison County and in the State, surpassing the City of Mobile in 2016, the City of Montgomery in 2018, and the City of Birmingham in 2021. Madison County is the third largest county in the State as well. The following table depicts the history of population growth in Madison County, the City of Huntsville, and the Huntsville MSA since 1980. The Huntsville Metro area includes Madison and Limestone County, however the City has recently annexed land in both Morgan and Marshall County.

Census	Madison County	City of Huntsville	Huntsville Metro Area (MSA)
1980	196,966	145,604	242,971
1990	238,912	159,789	293,047
2000	276,700	156,216	343,798
2010	336,138	180,924	419,279
2020	389,696	215,043	494,018
2021*	395,211	216,963	502,728
2022*	403,565	222,363	514,465

2023*	412,600	227,571	527,254
2024*	423,355	230,157	542,297

* U.S. Census Bureau estimates

Source: U.S. Census Bureau (www.census.gov) as of January 2026

Population Characteristics

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

Annual Unemployment Rate

MSA	2021	2022	2023	2024	2025
Austin, TX	4.1%	2.9%	3.3%	3.5%	3.5% (P)
Charlotte, NC	4	3.4	3.2	3.6	3.7 (P)
Durham, NC	4.1	3.2	3	3.2	3.4 (P)
Huntsville, AL	2.6	2.1	2.1	2.6	2.5 (P)
Raleigh, NC	2.5	3.1	3	3.6	3.2 (P)
State of Alabama	3.4	2.6	2.5	3.1	2.7 (P)
United States	5.3	3.6	3.6	4	4.3

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics as of January 2026

Total Employment

MSA	2021	2022	2023	2024	2025*
Austin, TX	1,165,700	1,329,400	1,346,400	1,359,900	1,484,692
Charlotte, NC	1,243,800	1,371,600	1,351,000	1,377,100	1,456,467
Durham, NC	334,400	349,400	346,800	352,000	315,055
Huntsville, AL	251,400	273,700	276,500	285,900	278,159
Raleigh, NC	660,500	725,200	728,100	747,900	824,166
State of Alabama	2,039,700	2,161,600	2,161,800	2,190,300	2,221,300
United States	146,124,000	156,945,000	158,269,000	157,959,000	159,363,000

Source: Bureau of Labor Statistics, Current Employment Statistics, Total Nonfarm Employment (place of work), not seasonally adjusted, as of December 2025 (*Preliminary numbers. October data not available due to government shutdown).

Median Effective Buying Income

MSA	2020	2021	2022	2023	2024
Austin, TX	\$69,001	\$71,186	\$80,412	\$80,284	\$90,063
Charlotte, NC	56,503	58,317	64,728	65,492	70,951
Durham, NC	55,588	56,892	63,495	65,010	73,158
Huntsville, AL	56,279	57,815	64,553	66,243	73,968
Raleigh, NC	66,090	67,491	74,646	74,637	83,332
State of Alabama	45,649	46,504	50,511	52,353	57,064
United States	55,303	56,790	64,448	65,326	69,867

Source: Nielson/Claritas Survey of Buying Power/Median Household Effective Buying Income, as of January 2026

Mean Annual Wage

MSA	2020	2021	2022	2023	2024
Austin, TX	\$57,830	\$60,260	\$63,890	\$69,150	\$71,390
Charlotte, NC	55,330	57,270	60,550	64,440	67,690
Durham, NC	64,430	68,710	71,720	75,590	78,130
Huntsville, AL	58,730	61,140	63,790	67,120	69,370
Raleigh, NC	56,720	58,550	62,500	66,230	68,010
State of Alabama	46,840	48,110	50,620	53,400	55,350
United States	56,310	58,260	61,900	65,470	67,920

Source: Bureau of Labor Statistics, May 2024 Occupational Employment Statistics

As of December 2025, The U.S. Department of Housing and Urban Development estimates that the median family income of families in the United States for 2025 was \$104,200, for families in Alabama is \$86,400, and for families in the Huntsville MSA is \$115,500.

Professional & Business Service Employment

MSA	2020	2021	2022	2023	2024
Austin, TX	199,300	258,800	283,100	286,700	278,700
Charlotte, NC	207,700	222,200	226,700	228,900	222,800
Durham, NC	46,100	57,000	60,200	61,700	62,400
Huntsville, AL	60,800	64,500	68,700	68,900	68,100
Raleigh, NC	125,400	136,400	146,800	145,200	145,200
Alabama	242,000	259,600	267,100	269,500	263,700
United States	20,246,000	22,202,000	22,907,000	22,965,000	22,620,000

Source: Bureau of Labor Statistics, Current Employment Statistics as of December 2025

Major Economic Activity

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

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

The most recent major economic announcement was made in December 2025 with the announcement that Eli Lilly plans to invest more than \$6 billion in a next-generation pharmaceutical manufacturing facility in Huntsville. This is the largest industrial private investment ever made in the State of Alabama. The advanced facility will be constructed on a 260-acre site in Huntsville-Limestone County and will focus primarily on domestic production of small molecule synthetic and peptide medicines, including oral GLP-1 products. Once operational, the project will create 450 high-value job, including engineers, scientists, operations personnel, and lab technicians. Construction is expected to be completed in 2032.

The following table depicts some of the major industrial job growth for previously announced new and expanding companies in Huntsville/Madison County for the period 2015 to 2025.

Announced New and Expanding Industry

Year	Total New Jobs	Total New Investment	Largest Single Development
2015	3,546	413,094,000	GE Aviation
2016	2,000	259,201,083	Boeing Company
2017	2,554	600,579,820	Blue Origin
2018	4,666	2,582,293,941	Mazda Toyota Manuf. USA
2019	450	1,829,875,000	Toyota Motor Manuf. of AL
2020	852	1,009,422,692	Mazda Toyota Manuf. USA
2021	1,297	345,740,380	Amazon
2022	580	391,453,500	Toyota Motor Manuf. of AL
2023	597	195,967,420	Toyota Motor Manuf. of AL
2024	350	282,000,000	Toyota Motor Manuf. of AL
2025	450	6,034,200,000	Eli Lilly

Source: Huntsville Chamber of Commerce

National Aeronautics and Space Administration. Founded July 1, 1960, in Huntsville, Alabama, Marshall is one of NASA’s largest field centers, with a total workforce of more than 6,000 employees and an annual budget of approxi-mately \$5 billion.

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

Today, Redstone Arsenal is a diverse federal campus for more than 65 tenant activities contributing to the nation’s defense, security and space operations. Redstone workforce breakdown includes nearly 900 active duty soldiers and reserve military, roughly 27,300 civilians, and just over 17,000 contractors - totaling approximately 45,500 (this does not include construction workers on base). Other federal agencies perform a wide variety of intelligence and homeland defense functions on Redstone. Cummings Research Park, one of the country’s original and largest science and technology parks, is home to many of the 300+ national and international aerospace and defense contractors that call Huntsville home.

Activities in the area involve a number of different organizations including:

U.S. Army Materiel Command (AMC) is an Army Major Command responsible for materiel readiness including technology, acquisition support, materiel development, logistics power projection and sustainment.

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

U.S. Army Aviation & Missile Command (AMCOM) provides support to joint warfighters and allies to ensure aviation and missile system readiness for combat operations and is responsible for the development, acquisition and fielding of aviation and missile systems and the integration of aviation and missile technology.

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

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

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

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

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

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

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

U.S. Army Garrison (USAG) Redstone executes daily operations effectively and efficiently with a qualified and professional workforce. The focus of its workforce is the continued viability and sustainability of the installation, achieved through deliberate strategic planning and appropriate execution of services and programs.

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

Fox Army Health Center (FAHC) is part of the Southern Regional Medical Command which provides access to quality and cost-effective primary care for patients while maintaining a state of readiness for mobilization.

Logistics Support Activity (LOGSA) supports Army operations through timely and integrated life cycle logistics information, knowledge and expertise. LOGSA maintains the Army’s official single authoritative logistics data repository.

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

Defense Intelligence Agency – Missile & Space Intelligence Center (MSIC), is an intelligence organization charged with producing scientific and technological intelligence on adversary surface-to-air missiles and ballistic missile systems and directed energy systems.

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

FBI Terrorist Explosive Device Analytical Center (TEDAC), was formally established in 2003 and moved to Huntsville in 2015 to serve as the single interagency organization to receive, fully analyze, and exploit all terrorist improvised explosive devices, or IEDs, of interest to the United States.

FBI Hazardous Devices School, one of only two bomb training facilities in the world with the capacity to train law enforcement and military personnel with the latest technologies and methods. Only the Hazardous Devices School permits civilian law enforcement officers to train for safe and effective bomb disposal. The Hazardous Devices School is funded and managed by the Federal Bureau of Investigation in partnership with the U.S. Army Ordnance Munitions and Electronics Maintenance School.

Source: Redstone Arsenal Public Affairs Office; <https://home.army.mil/redstone/>

Employment

As of December 2025, the preliminary unemployment rate for Huntsville, AL MSA was 1.9%. Annualized employment and unemployment trends for Huntsville, AL MSA from 2015 to 2024 are presented below.

<u>Year</u>	<u>Persons in Huntsville MSA</u>		<u>Unemployment Rate (%)</u>		
	<u>Employed</u>	<u>Unemployed</u>	<u>Huntsville MSA</u>	<u>Alabama</u>	<u>USA</u>
2024	269,563	7,110	2.6	3.1	4.0
2023	262,381	5,378	2.0	2.5	3.6
2022	252,499	5,202	2.0	2.5	3.6
2021	242,818	6,158	2.5	3.3	5.4
2020	231,844	11,720	4.8	6.4	8.1
2019	234,337	6,416	2.7	3.2	4.0
2018	227,339	7,917	3.4	3.9	3.9
2017	220,028	8,872	3.9	4.5	4.4
2016	213,827	11,069	4.9	5.8	4.9
2015	200,663	11,656	5.5	6.1	5.3

Source: Bureau of Labor Statistics

Labor Force Trends

The total number of persons employed in Huntsville/Madison County in nonagricultural wage and salary employment has consistently increased since 2014. The three largest sectors of employment are (in descending order) Manufacturing (108,842), Health Care and Social Assistance (68,356), and Retail Trade (66,898).

Source: <https://asmartplace.com/economic-data/>. Employment data are derived from the Quarterly Census of Employment and Wages, provided by the Bureau of Labor Statistics and imputed where necessary. Data are updated through 2024Q1 with preliminary estimates updated to 2024Q2.

Educational Attainment

	City of Huntsville	State of Alabama	United States
Percentage high school graduates or higher	92.0%	89.1%	89.8%
Percentage bachelor's degree or higher	47.7%	28.9%	32.2%

Source: U.S. Department of Commerce, Bureau of the Census, 2024 ACS 1 Year Estimates

Major Employers in the Huntsville Region

As shown in the following table, there are 12 private sector firms with employment in excess of 1,000 employees. The major private sector employers in the Huntsville Region include Mazda Toyota Manufacturing USA, Inc, The Boeing Company, and Northrop Grumman Corporation, all with more than 3,000 employees in 2025. Most of the major employers are involved in high-technology research and manufacturing, previously noted as a leading source of economic activity in the Huntsville Region.

MAJOR EMPLOYERS IN HUNTSVILLE/MADISON COUNTY, AL

Company	Industry	Employees
U.S. Army/Redstone Arsenal*	Government	45,500
- NASA/Marshall Space Flight Center*	Government	7,000
- Federal Bureau of Investigation	Government	2,200
Huntsville Hospital System **	Healthcare	12,160
Mazda Toyota Manufacturing USA, Inc	Automotive, Mfg	4,000
The Boeing Company	Research & Development	3,411
Northrop Grumman Corporation	Research & Development	3,215
Huntsville City Schools	Education	3,000
Leidos	Research & Development	2,843
SAIC	Research & Development	2,746
City of Huntsville	Government	2,589
Madison County Schools	Education	2,389
University of Alabama in Huntsville	Education	2,082
Toyota Alabama	Automotive Engine, MFg	1,994
Polaris	ATV, Mfg	1,932
Lockheed Martin Corporation	Research & Development	1,638
Crestwood Medical Center	Healthcare	1,501
Blue Origin	Rocket Engine, Mfg	1,235
Alabama A&M University	Education	1,207
Amazon	Distribution Center	1,100
Sanmina/SCI	Electronics, Mfg	1,100
Redstone Federal Credit Union	Finance	1,095
Madison County Commission	Government	1,071
Madison City Schools	Education	976
KBR	Research & Development	964
Raytheon Technologies	Research & Development	945
Hexagon	Software Development	924

Yulista	Aviation Support	909
Astrion	Research & Development	900
PPG	Aircraft Glass, Mfg	850
Kohler Company	Bath Fittings, Mfg	840
Teledyne Brown Engineering	Research & Development	832
L3Harris Technologies	Rocket Engine, Mfg	787
Integration Innovation, Inc.	Research & Development	772
Target Distribution Center	Warehouse Distribution	770
Amentum	Research & Development	754
COLSA Corporation	Research & Development	739
Mazda North America Operations	Automotive, Mfg	735
Science and Engineering Services (SES)	Aviation Integration	719
Torch Technologies	Research & Development	695
Huntsville Utilities	Utilities	680
ADTRAN, Inc.	Telecommunications, Mfg	674
YKTA	Automotive Parts, Mfg	659
Phoenix	Support Services	612
Parsons	Research & Development	586
Calhoun Community College	Education	583
BASF Corporation	Catalytic Converters, Mfg	580
Modern Technology Solutions, Inc. (MTSI)	Research & Development	520
U.S. Space & Rocket Center	Museum Attraction	508
Radiance Technologies, Inc.	Research & Development	507
Tyonek Native Corporation	Research & Development	506

* Includes contractors

**Employees in Madison County

Source: Huntsville/Madison County Chamber, October 2025

Construction Activity

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

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

Year	Residential	Apartment	Commercial/ Industrial	Total
2016	\$51,902,779	\$45,546,068	\$144,199,219	\$241,648,066
2017	55,176,401	32,675,273	165,076,154	252,927,828
2018	62,452,059	47,378,131	248,175,919	358,006,109
2019	71,989,506	58,894,007	420,081,963	550,965,476
2020	83,616,940	160,688,487	638,146,981	882,452,408
2021	126,727,217	318,311,624	1,226,553,374	1,671,592,215
2022	135,473,372	393,442,330	1,389,650,595	1,918,566,297
2023	154,944,564	152,732,108	1,424,017,310	1,731,693,982
2024	62,933,552	5,618,225	847,326,767	915,878,544
2025	64,755,448	45,128,318	559,821,176	669,704,943

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

Source: City of Huntsville, Inspection Department

Education

Primary and Secondary Education. The City school system is now comprised of 43 schools: six high schools, 11 middle and junior high schools, twenty-six Pre-K through elementary schools and one virtual school. Seven of the district's schools are also home to various magnet programs, with one high school and two P-8 facilities dedicated as fully established magnet schools. These magnet programs emphasize science, foreign language, creative and performing arts, pre-Engineering and international education. Students of City schools consistently score above national and state averages on standardized achievement tests and on the American College Test (ACT). Enrollment for the City School System for the 2025-2026 school year is 23,816 with 2,894 teachers and support personnel employed.

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

The Alabama School of Cyber Technology and Engineering, the state's only fully public, residential high school for students interested in engineering and cyber technology, opened for its first year in Huntsville in August 2020. The school moved from a temporary location at Oakwood University to its 26-acre campus in September 2022. For the 2025-2026 school year, the school has total enrollment of 402 students from 84 Alabama cities and towns. 291 of those are commuter students and 111 are boarding students. 100% of students get free tuition. The school is the first cyber and engineering school in the nation.

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

Medical and Health Services

Huntsville Hospital is the second largest hospital in Alabama with 881 licensed beds on two campuses, Huntsville Hospital-Main and Women & Children Hospital. It serves as the regional referral center for North Alabama and southern Tennessee and is home to one of only three statewide Level I Trauma Centers. In recent years, the hospital has expanded its service throughout North Alabama with the development of Huntsville Hospital Health System, making it one of the top 5 largest publicly owned hospital system in the nation with more than 2,500 beds, 19,500 employees, 13 hospitals and several outpatient facilities. Huntsville Hospital Health System has grown to include hospitals in a 14-county service area in North Alabama and Southern Tennessee.

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

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

Source: www.huntsvillehospital.org

The City also hosts a 180-bed full service acute care hospital, Crestwood Medical Center, which has approximately 1,000 healthcare professionals representing more than 50 different specialties. In January of 2026, Huntsville Hospital Health System announced that it had entered into an agreement to acquire substantially all of the assets of Crestwood Medical Center and its associated outpatient centers and practices.

Transportation

The City is accessed by highway, railway, waterways and a modern airport facility. U.S. Interstate Highway 65, which runs between Chicago and Mobile, is connected to the City by I-565. There are four major highways 231 (North-South), 431 (North-South), 72 (East-West) and 72 Alternate (East-West) which traverse the City and provide access to outlying areas. The City is served by numerous common carriers, including the Norfolk Southern Railway. In 2004 Huntsville built a new public transit center just off I-565 which is home to the offices of the Public Transit and Parking Services, Greyhound Bus, and the Convention and Visitor's Bureau. It serves as the central transfer point for the city's shuttle bus service. After years of community input and public sessions, the City of Huntsville's work on the new downtown transit center officially opened on September 3, 2024. In addition to the new center, the City has added a brand-new route south of the City, bringing the current total to 11 available routes.

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

Quality of Life

As part of the City's budget process, the City has identified a funding category for "Quality of Life" that refers to the agencies whose missions focus on increasing the well-being of residents. These agencies provide arts and culture, historical education, and the preservation and development of green spaces. For the FY 2026 Budget, these agencies included:

- Arts Huntsville – Mission: To stimulate and support community creativity and engagement by advancing the arts, entertainment, and culture.
- Historical Huntsville Foundation – Mission: To promote the preservation of historic places in the Greater Huntsville Community through education and advocacy.
- Huntsville Community Ballet – Mission: To preserve and teach the classical art of ballet; to bring the artistry of classical and contemporary dance to the Huntsville community and beyond through performances, education, and outreach programs.
- Huntsville Symphony Orchestra – Mission: To enrich lives and connect communities in Huntsville and the Tennessee Valley through world-class symphonic performance, musical education, and meaningful outreach.
- Singing River Trail – Mission: To connect people and places, creating a 200+ mile greenway system across North Alabama.
- The Land Trust of North Alabama – Mission: To preserve North Alabama's scenic, historic, and ecological resources through conservation, advocacy, recreation, and education.

Culture and Tourism

Several City agencies have a mission to advance the culture and tourism of the City. As part of the City's FY 2026 Budget, these agencies are funded through the Lodging and Liquor Fund:

- Burritt Museum – Mission: To enhance lives and build community through educational, artistic, and recreational experiences while preserving our heritage, land, and historic structures.
- EarlyWorks – Mission: To provide children an innovative, interactive experience that inspires creativity through discovery and learning through hands-on exhibits and programs.
- Fantasy Playhouse – Mission: To provide theatre arts access through production, education, and outreach.
- Huntsville Botanical Gardens – Mission: To connect people to plants to support a healthier quality of life for the region.
- Huntsville Museum of Art – Mission: To bring people and art together through acquiring, preserving, exhibiting, and interpreting the highest quality works of art.

- US Space and Rocket Center – Mission: To generate funds and awareness that support the educational programs, cultural and historical events, the preservation of artifacts, and facilities advancement of the US Space and Rocket Center.
- Weeden House – Mission: To serve as an educational resource by providing guided tours for school children, serving as an historical destination for tourists and as a venue for social events.

APPENDIX B
GOVERNMENTAL ORGANIZATION AND FUNCTIONS

APPENDIX B
GOVERNMENTAL ORGANIZATION AND FUNCTIONS

Governmental Organization

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

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

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

Name	Date of Beginning of Current Term	Date of Ending of Current Term
Tommy Battle, Mayor	November 4, 2024	November 6, 2028
John Meredith	November 4, 2024	November 6, 2028
Bill Kling, Jr.	November 7, 2022	November 2, 2026
Dr. Jennie Robinson	November 7, 2022	November 2, 2026
David Little	November 7, 2022	November 2, 2026
Michelle Watkins	November 4, 2024	November 4, 2028

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

In the Fall of 2019, Penny L. Smith, CPA, became the Finance Director of the City. She also serves as City Treasurer. Previously, Mrs. Smith was the Finance Director for the City of Auburn, a position she had held since 2011 after spending seven years as that city's Deputy Finance Director. Mrs. Smith is a graduate of Auburn University, from which she received a bachelor's degree in accounting. She is a Certified Public Accountant, Certified Government Financial Manager and Chartered Global Management Accountant. Mrs. Smith is a past president of Governmental Finance Officers Association of Alabama and previously served on the Security for Alabama Funds Enhancement (SAFE) Board of Directors. She has more than 30 years' experience in public and governmental accounting and auditing.

Shaundrika Edwards has served as City Clerk of the City since March of 2023. Mrs. Edwards holds a master's and bachelor's degree in human resource management. She joined the Human Resources Department of the City in 2017 where she worked until becoming City Clerk in 2023.

Marion "Trey" Riley is the City Attorney. Mr. Riley was appointed as City Attorney in the Fall of 2015. Mr. Riley received a Bachelor in Business Administration degree from Auburn University in 1977, and his Juris Doctorate degree from the University of Alabama School of Law in 1980. Upon graduating from law school, Mr. Riley served a brief tenure as an Assistant District Attorney, and thereafter engaged in the solo practice of law

for almost 35 years, representing a broad cross-section of individuals in a wide variety of legal matters before numerous different tribunals, primarily in Alabama but also in surrounding states.

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

Certain City Officials

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

Michelle Watkins, Council Member. Michelle Watkins, representing District 1, was first elected to the City Council in 2024. Michelle Watkins is a lifelong resident of Huntsville, Alabama. Upon graduating from James Oliver Johnson High School of the Huntsville City School System, she furthered her education at Alabama Agricultural and Mechanical University by completing a Bachelor of Science in Business Administration, a Masters of Secondary Education, and an Education Specialist Degree. She is also a graduate of Leadership Huntsville Focus Class 27 and a Certified Oracle Instructor. Michelle has taught at Johnson High School and J. F. Drake State Technical College and has been actively involved in various community organizations and activities in the Huntsville City and Madison County area. She presided as PTSA President for Johnson High School during its last school year, and has worked with the Junior League of Huntsville, the United Way of Madison County, the City of Huntsville Community Development Citizens Advisory Council, and the Alabama A&M University Youth Motivational Task Force. Currently, Michelle Watkins is a Management & Program Analyst for the United States Army Garrison at Redstone Arsenal.

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

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

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

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

Employees

As of September 30, 2025, the City employed 2,770 people, and as of September 30, 2024, the City-owned but separately operated Huntsville Utilities employed 812 people. The employees of the City are administered under a separate personnel system from that of Huntsville Utilities.

Municipal Powers and Functions

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

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

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

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

Annexation Program

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

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

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

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

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

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

Huntsville Utilities

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

Refuse-to-Energy Plant

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

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

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

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

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

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

Miscellaneous Municipal Functions

The City, the County and the State of Alabama have coextensive law enforcement jurisdiction. The City operates a misdemeanor court system. The State is responsible for maintaining state and federal highways in the City. Further, pursuant to an understanding between the County and the City, the County maintains certain roads and streets in the Green Mountain area annexed by the City in 1973.

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

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

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

APPENDIX C

**AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2024**



HUNTSVILLE

The Star of Alabama



Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2024

Tommy Battle, Mayor

Cover artwork: *Miracle Territory* by Jahni Moore. On permanent display on the 6th floor at Huntsville City Hall. Scan the QR code to learn more about this piece.



CITY OF HUNTSVILLE, ALABAMA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2024**

Prepared by the [City of Huntsville Finance Department](#)

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

Rachel Biggs, MAcc, CPA, Deputy Finance Director

Sharon P. Frost, CPA, Principal Financial Analyst



CITY OF HUNTSVILLE, ALABAMA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

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CITY OF HUNTSVILLE, ALABAMA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

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INTRODUCTORY SECTION

Annual Comprehensive Financial Report

The City of Huntsville, Alabama

For the Fiscal Year Ended September 30, 2024

Elected officials

Thomas “Tommy” Battle, Jr., Mayor

John Meredith, District 5, Council President

Michelle Watkins, District 1

David Little, District 2

Jennie Robinson, District 3

Bill Kling, Jr., District 4

City Administration and Departments

John Hamilton, City Administrator

John Fischer, Animal Services

Tara Sloan, Cemetery

Shaundrika Edwards, City Clerk

Kelly Schrimsher, Communications

Scott Erwin, Community Development

Jeffrey Birdwell, Emergency Management

Kathy Martin, Engineering

Penny Smith, Finance

Howard McFarlen, Fire and Rescue

Ricky Wilkinson, General Services

Byron Thomas, Human Resources

Gene Uhl, Interim Information Technology Services

George Muzny, Inspection

Shane Davis, Urban and Economic Development

Brian Walker, Landscape Management

Trey Riley, Legal

Randy Barbour, Multicultural Affairs

Lonzo Robinson, Municipal Court

Darlene Elliott, Natural Resources

Quisha Bryant, Parking and Public Transit

James Gossett, Parks and Recreation

Thomas Nuñez, Planning

Dennis Madsen, Planning

Kirk Giles, Police

Chris McNeese, Public Works

Nicholas Nene, Traffic Engineering

Randall Stewart, Water Pollution Control

Prepared by the City of Huntsville Finance Department

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

Rachel Biggs, MAcc, CPA, Deputy Finance Director

Sharon P. Frost, CPA, Principal Financial Analyst



June 24, 2025

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

This Annual Comprehensive Financial Report (Annual Report) of the City of Huntsville, Alabama, for the fiscal year ended September 30, 2024, is hereby transmitted. This report has been prepared to summarize the financial results of the City's operations in fiscal year 2024, and to help you understand its financial condition.

City management, primarily the Finance Department, are responsible for this report as it is based on the information they have provided about City finances. To help ensure this information is reasonable and reliable, management has established a system of controls designed to protect the City's assets from loss, theft, or misuse, and to produce reliable financial information. Because the cost of such controls should not outweigh their benefits, the City's system is intended to provide reasonable, not absolute, confidence that the City's financial statements are materially accurate. The information is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City in accordance with generally accepted accounting principles (GAAP).

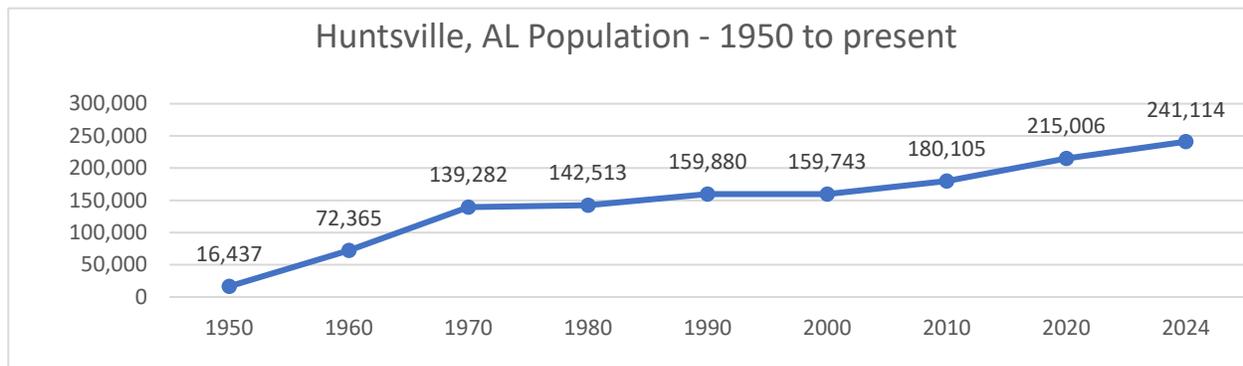
State law requires an annual audit of the City's financial statements by independent certified public accountants who must conduct the audit in accordance with established standards. Mauldin and Jenkins, LLC, a certified public accounting firm, conducted the audit and their report on the City's basic financial statements is included herein. Also, the City is required by federal law to conduct a "Single Audit," or audit of the City's compliance with the requirements of federal grants it has received. The auditors are required to report on the City's system of controls and the City's compliance with legal requirements, and they have issued their reports to City management.

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

Profile of the Government

The City was incorporated on December 9, 1811, under an act of the Mississippi Territorial Legislature, first as Twickenham, and then in 1812, as Huntsville. Situated in the beautiful Tennessee Valley, the City has grown in land area to more than 227 square miles, incorporated in three counties: Madison, Morgan, and Limestone. Huntsville is one of the fastest growing communities in Alabama with the current population at 241,114 citizens. The Federal Army Base

Redstone Arsenal is a large employer and a major presence in the area, which has led to Huntsville being considered the leader in aerospace engineering.



Since the space race of the 1960's, Huntsville has tripled in population and quadrupled in square miles. The past two decades alone have produced double-digit growth in population, increasing the number of residents by a little over 80,000.

Huntsville is operated under a Mayor-Council form of government. Policy making and legislative authority are vested in a five-member City Council who are, among other things, responsible for passing local ordinances, adopting budgets, appointing committees, and board members of related organizations, and approving the appointment of department heads. The Mayor and City Council members are elected to four-year staggered terms with elections every two years for three of the six positions. While the Mayor is elected in a city-wide election, City Council members are elected from within their respective districts. The Mayor is responsible for carrying out the policies and ordinances of the City Council, supervising the operations of the City, and appointing department heads. Departments have been restructured over the years to meet the growing demands of public services and infrastructure. The following departments and divisions are represented in the current financial reporting structure:

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

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

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. City Council, after public comment and evaluation, must adopt a balanced operating budget by the beginning of the fiscal year, October 1. The budget is adopted by fund and department, and City Council must also approve transfers between certain activities and funds. Comparisons of department and fund budgets to actual amounts are provided in this report.

Factors Affecting Financial Condition

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

Local Economy

Over the last five years, Huntsville remains one of the fastest growing cities in Alabama. This continued population growth is created and maintains growth in all local financial areas of our community. With well-established economic sectors in our community, such as Redstone Arsenal, Huntsville Hospital Systems, and NASA Marshall Space Flight Center, along with growth in advanced manufacturing, the City remains poised to continue strong growth in all economic sectors. Such growth not only brings financial stimulus and increased revenues but also expands the need for public services provided by the City. With all these opportunities and challenges, the City has seen financial stability through sound fiscal policy, conservative fiscal practices, and strong economic activities.

The City utilizes many financial tools in recruiting new commercial and industrial entities to our community. Sales, use, and property tax abatements are some of the incentives the City can employ. Huntsville strategically applies these incentives looking to the long-term economic development goals of the community. It targets companies/entities that will not only bring employment or capital investment, but one that creates energy, pulling in supporting companies, investment and other jobs to the local economy.



The City continues to experience new and expanding industry, continued federal funding for Redstone Arsenal and NASA, and commercial enterprises locating in the market, while also raising the standard in quality-of-life resources. Additionally, recreation and transportation projects are prioritized, resulting in population expansion, increased revenue, and the energy that drives economic expansion. The Huntsville Metro population in 2024 stands at 567,000 people and has increased 15.3% over the past five years for a 3.2% annual growth rate. Employment for the metro has also increased 16% for a rate of 3.2% per year. In 2024, the City of Huntsville set a new record for new residential housing units

added in a single year with 6,404 certificates of occupancy issued. Combined with surrounding jurisdictions, more than 10,000 housing units were added to the region in 2024 alone. This data illustrates the continued population and economic growth for the Huntsville market.

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

- Glaukos Pharmaceutical announced in 2024 the relocation of its research, development, and manufacturing operations to Cummings Research Park. Glaukos is a world leader in eye healthcare and the treatment of glaucoma diseases. The project will represent a new capital investment of \$120 million and the creation of 500 new jobs for Phase I.
- Huntsville is currently working with Amazon to facilitate a new 200,000 square foot “last mile” facility within the Huntsville market. This facility will be the first of two last mile facilities to service the North Alabama region and is expected to be operational in 2025.
- Flint Development completed Phase I construction on a 132-acre class A industrial development comprised of four buildings totaling up to 2.2 million square feet available for lease. The new industrial park is conveniently located with easy access to I-565, the Mazda Toyota Manufacturing campus, and the Huntsville International Airport.
- Meta continues to expand its data center operations in North Huntsville Industrial Park. The expansion will add an additional six data center buildings representing \$3 billion in economic impact along with an additional 300 new jobs.

Industrial development in 2024 saw a continuation of growth in both the research and manufacturing sectors, with 1,192 announced industrial jobs and nearly \$600 million of investment from new and expanding companies. Highlights for the year include:

- Toyota Alabama expanded its drivetrain manufacturing line, adding 350 workers with a \$282 million investment.
- Raytheon expanded its standard missile production facility, adding 185 jobs with a \$115 million investment.
- Lockheed Martin expanded its research and development operations, adding 100 new jobs with a \$18 million investment.
- Auburn University broke ground on a new \$11 million radiation facility in Cummings Research Park to test and harden military electronics against radiation damage.
- New aerospace companies include Boresight US and Skyfire, two drone technology companies locating to the community, as well as SpaceFactory, a startup space technology company utilizing 3-D printing. Together, these three companies are adding 46 new jobs with an investment of nearly \$3 million.

Quality of Life

The City's investment of time and money into economic development and infrastructure has paid big dividends for the quality of life offered to and enjoyed by citizens of Huntsville and visitors alike.

- Mayor Battle opened the new Huntsville City Hall in May. This state-of-the-art building provides efficient services for residents and business owners by bringing together departments that frequently interact with the public under one roof, essentially creating a one stop shop. The building itself functions somewhat as a living art museum thanks to the meticulously curated art pieces that tell the story of Huntsville's past, present, and future in a variety of mediums and through many different perspectives.
- The previous City Hall is being torn down to make room for an accommodating and accessible expansion of the City's iconic downtown Big Spring Park. In addition to being a favorite locale for enjoying fresh air and large events, such as Panoply and Tinsel Trail, Big Spring Park will now include hardscape, plaza-type areas, public art, a rustic playground, and easy connectivity between Church Street and Fountain Circle.



- John Hunt Park has become a highly sought destination for activities across all generations, interests, and abilities. Recent additions include sand volleyball, high school football, lacrosse, and cross-country facilities to name a few. Joe Davis Stadium continues to be the home of the dynamic Huntsville City Football Club, while the newly-opened Raymond Jones Community Center hosts a variety of activities, including senior-focused recreation opportunities. Also included in John Hunt Park is the new Kids' Space playground, the Get-A-Way Skate Park, festival grounds, and other outdoor sports facilities.
- The Von Braun Center (VBC) has undergone extensive renovations including adding additional space and renovating the back of the house. Housed within the VBC are the Propst Arena, the Mark C. Smith Concert Hall, Mars Music Hall, The Playhouse, and a convention center, all topped off with Rhythm on Monroe, a restaurant and rooftop bar. There truly is something for everyone on any given night of the week, all just a short walk from world-class hotels, local dining and shopping, and the venerated Huntsville Museum of Art.

- In 2016, work began on a mixed-use project called MidCity, an amenity-rich, walkable, mixed-use development replacing a declining regional mall. Phase I includes hotels, restaurants, 500 multifamily units, 100,000 square feet of office space, and family and culture entertainment such as TopGolf, Dave and Busters, and outdoor event venue, the Camp. Retailers such as REI and Trader Joe's opened in 2021, and the Orion Amphitheater, an 8,000-capacity venue, saw its first events in spring 2022. This has created more energy and commercial development around the MidCity area, and the project continues to grow. In 2024, the MidCity project added an additional 40 acres of commercial development, making it one of the largest mixed-use projects in the United States at just over 140 total acres.

All of this equates to financial stability for Huntsville residents and a fun, dynamic, and inclusive place to call home. Continued economic development efforts, transportation projects, and recreational activities ensure the growth of the Huntsville metropolitan area and financial resources and its continued ability to attract individuals, families, corporations, and industrial developments for years to come.

In summary, the local economic outlook is positive, though some financial challenges remain. The City has experienced labor shortages and inflationary pressures along with the rest of the nation. Increasing demands from an aging workforce, including pension contributions and the rising cost of health care benefits, will remain a concern and need vigilance over trends and reserves. Growth in the demand for public services will exert pressure on spending requirements; however, we are confident that due to Huntsville's high-quality workforce, exceptional business climate, attractive leisure amenities, and collaboration with its valuable state and local government partners, the City will continue to see increased financial performance.

Management of City Resources

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

Long-term debt management. Most of the City's capital and school construction projects are financed with long-term debt. While no new debt was issued in fiscal 2024, the City continued to manage major capital projects financed with debt issued during fiscal year 2023. Other initiatives are underway, which will be included in planned borrowings for future fiscal years. Managing debt size and complexity within available revenues requires careful long-term planning. The ten-year capital plans provide the framework for managing existing debt for current and upcoming capital projects.

An important factor in assessing the economic health of the City of Huntsville, and the City's finances, is the credit rating assigned by credit rating agencies, due to their in-depth review of economic conditions and City financial performance. The City was reaffirmed with a Aaa rating from Moody's Investors Service, Inc., and a AAA rating from Standard & Poor's Rating Services in February of 2025. This makes the sixteenth year the City has achieved this highly regarded accomplishment.

General Fund reserves. City ordinance generally requires that at least 11.5 % of the General Fund revenue budget be kept in unassigned fund balance to ensure the City has adequate working capital and can respond to unexpected financial shocks. The City exceeded this requirement in 2024.

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

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

Financial and risk management. Sound financial management practices are a very important part of the City meeting its obligation for public services. The City is regarded for conservative financial management amidst its financial challenges. Maintaining these practices will require careful prioritization of spending desires.

Pension and other postemployment benefits. The cost of providing benefits to City retirees is a significant commitment of current and future resources. There is a misperception that the State of Alabama provides financial assistance for these pension benefits through the Retirement Systems of Alabama. In truth, the City pays 100 percent of benefit costs after employee contributions and plan earnings. The City has met all its obligations and continues to incorporate the effect of expected benefit cost increases in making annual budget decisions. Information about the retirement plans is found in the notes to the basic financial statements of this report. Because of benefit increases and plan earnings in recent years, the amount of City pension benefits considered “funded” has dropped significantly, and the City’s costs have risen accordingly. Also, given the increasing cost of health care and the number of employees eligible to retire, management of retiree benefits must be very intentional and consider all issues to help provide balance between retiree benefits and other financial obligations of the City.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2023. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

The preparation of this report could not have been accomplished without the dedicated efforts of the staff of the City's Finance Department and the City's independent public accountants, Mauldin and Jenkins, LLC. We appreciate their hard work and the support of the Mayor and City Council members, whose commitment to good financial stewardship makes our financial success possible.

Respectfully,

A handwritten signature in blue ink that reads "Penny L. Smith". The signature is written in a cursive style with a large initial "P" and "S".

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Huntsville
Alabama**

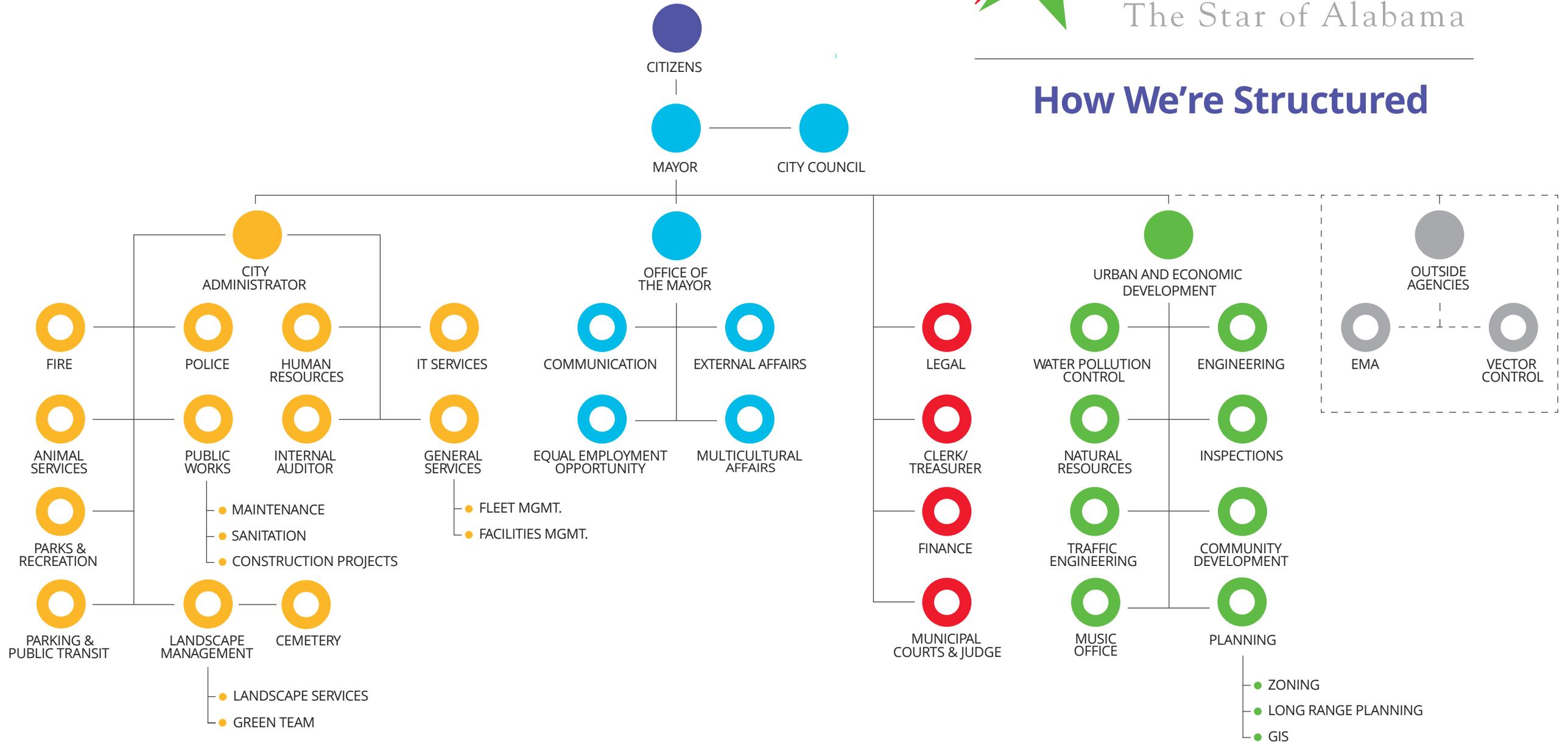
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

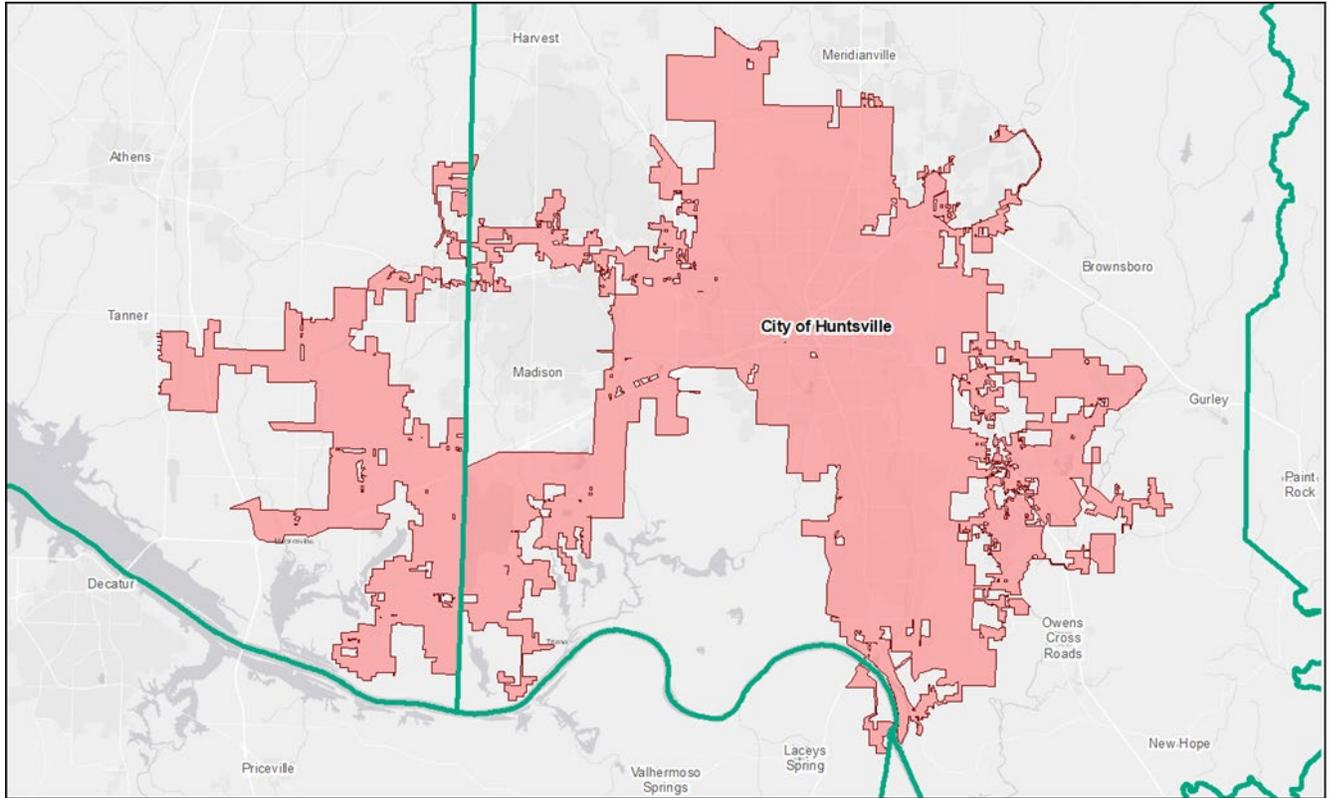
Christopher P. Morill

Executive Director/CEO

How We're Structured



City of Huntsville, Alabama



Map of the city limits of Huntsville, AL



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Huntsville, Alabama as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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. Those financial statements represent 100% of the total assets and deferred outflows of resources, net position, and revenues of the discretely presented component units. We did not audit the financial statements of the Burritt Museum, the Public Library, and the Art Museum, special revenue funds. Those funds represent 6% of the total assets, 6% of the fund balance, and 4% of the revenues of the other nonmajor governmental funds. We did not audit the financial statements of the Municipal IcePlex and Von Braun Center, enterprise funds. Those financial statements represent 23% of the total assets, 26% of the net position, and 26% of the operating revenues of the enterprise funds. Those 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 are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 6 through 19) the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund – General Fund (on pages 93 through 96), and the schedules of pension and other post-employment benefits information (on pages 97 through 101), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Huntsville, Alabama's basic financial statements. The combining and individual fund financial statements and schedules as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2025, on our consideration of the City of Huntsville, Alabama’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Huntsville, Alabama’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Huntsville, Alabama
June 24, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Huntsville's Annual Comprehensive Financial Report (Annual Report) presents City management's discussion and analysis (MD&A) of the City's financial performance during the fiscal year that ended on September 30, 2024. Please read this in conjunction with the City's financial statements and the accompanying notes, which follow this section, and the additional information furnished in the letter of transmittal in the introductory section of the Annual Report.

FINANCIAL HIGHLIGHTS

- ❖ The assets and deferred outflows of resources of the City of Huntsville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1.3 billion (net position). Of this amount, the City had a deficit unrestricted net position of \$217.8 million offset by \$106.9 million in restricted net position and \$1.4 billion in net investment in capital assets.
- ❖ The primary government experienced a 5.9% increase in net position from \$1.2 billion on September 30, 2023, to \$1.3 billion on September 30, 2024.
- ❖ At the close of fiscal 2024, the City's governmental funds reported a combined fund balance of \$555.8 million. This was an increase of \$9.9 million (1.8%) from the prior year, consisting of the following significant amounts and changes:
 - Ending fund balance for the General Fund was \$196.3 million, an increase of \$25.3 million (14.8%) from fiscal year 2023 fund balance.
 - The Capital Improvements Fund ending fund balance was \$243.9 million, an increase of \$68.4 million (39.0%) from fiscal year 2023.
 - With the spenddown of the proceeds from debt borrows 2023A, 2023B, 2023D and 2023E along with the new capital projects expenditures made in anticipation of future budgeted borrowing(s), the Capital Projects ended the year with a deficit ending fund balance of \$1.3 million down from \$97.2 million for fiscal year 2023, a decrease of 101.4%.

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

- ❖ Of the \$555.8 million fund balance, \$372.8 million is restricted or has been allocated for certain purposes by the City Council, leaving a \$183.0 million balance.
- ❖ Sales and use tax, the City's single largest revenue source, totaled \$334.6 million across all funds. This increased by \$9.1 million (2.8%) during the 2024 fiscal year as compared to the prior fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- ❖ The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

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

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

Figure A

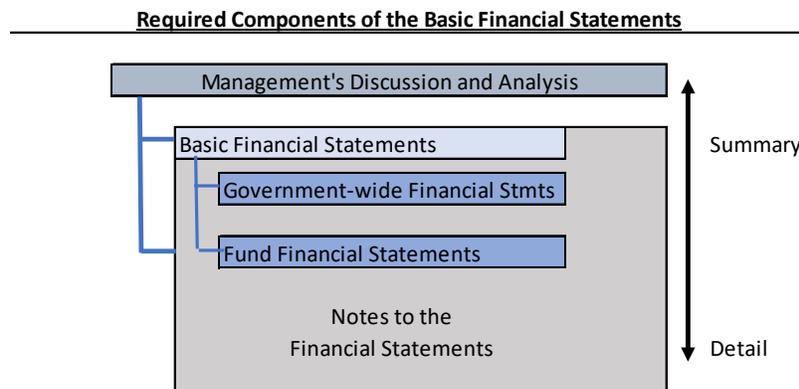


Figure B (on the following page) summarizes the major elements of the financial statements, explaining the portions of the City government included in each and the types of information contained therein. The remainder of this overview explains the structure and contents of each of the financial statements.

Government-wide Statements

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

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

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

Figure B

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

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

- ❖ **Governmental activities.** Most of the City's basic services are included in this category, such as the services provided by the Police, Public Transit, General Services, Parks and Recreation, Human Resources, and Finance departments. In addition, the Alabama Constitution Village Museums, Burritt on the Mountain, Huntsville-Madison County Public Library, Huntsville Museum of Art, and the Huntsville Tennis Center are part of the primary government and included with governmental activities. As a blended component unit, the Public Building Authority of the City of Huntsville is also in this section. General revenues from sales and use taxes, property taxes, charges for services, and state and federal grants finance most of these activities.
- ❖ **Business-type activities.** The City charges fees to customers to help cover the costs of certain services it provides to the public. The City's Water Pollution Control Fund, the Von Braun Center, the Benton H. Wilcox Municipal Ice Complex, and Orion Amphitheater are included in this category as enterprise funds.

- ❖ **Discretely Presented Component Units.** The City includes two other entities in this report. These entities include Huntsville Utilities and the Huntsville/Madison County Convention and Visitors Bureau. Please refer to Note 1 within the Notes to the Basic Financial Statements regarding the availability of separately issued agency and component unit financial statements.

Fund Financial Statements

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

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

The City has three kinds of funds:

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

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

- ❖ **Proprietary funds.** Services provided to the public for which customers pay a fee are generally reported in enterprise funds, which are a type of proprietary fund. Proprietary fund financial statements, like the government-wide statements, provide both long- and short-term financial information. Proprietary funds function like a business activity; therefore, the financial statements provide additional information, such as depreciation expense and cash flows, which are not presented for governmental funds.

- ❖ **Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The Post-Retirement Benefits Trust fund accounts for the additions and deductions of the independent trust of the City's single employer, defined benefit retiree healthcare plan.

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

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

FINANCIAL ANALYSIS OF THE CITY (PRIMARY GOVERNMENT)

The City's *combined* net position on September 30, 2024, totaled \$1.3 billion (see Table 1). Governmental Activities' net position increased by \$48.6 million (5.9%) to \$867.6 million, while Business-type Activities' net position increased \$24.5 million (5.9%) to \$439.6 million during the year.

Table 1

**City of Huntsville's Net Position
September 30, 2024 and 2023**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and noncurrent assets	\$ 674,862,593	\$ 657,088,028	\$ 79,244,390	\$ 90,057,745	\$ 754,106,983	\$ 747,145,773
Capital assets	1,643,579,128	1,644,295,172	486,276,121	453,413,444	2,129,855,249	2,097,708,616
Total assets	2,318,441,721	2,301,383,200	565,520,511	543,471,189	2,883,962,232	2,844,854,389
Deferred outflows of resources	85,498,316	120,621,856	10,707,402	13,965,318	96,205,718	134,587,174
Current liabilities	129,245,957	135,342,569	23,161,371	23,039,694	152,407,328	158,382,263
Noncurrent liabilities	1,346,155,673	1,409,201,892	112,191,069	117,612,299	1,458,346,742	1,526,814,191
Total liabilities	1,475,401,630	1,544,544,461	135,352,440	140,651,993	1,610,754,070	1,685,196,454
Deferred inflows of resources	60,982,559	58,481,310	1,277,291	1,658,951	62,259,850	60,140,261
Net Position						
Net investment in capital assets	995,826,948	1,020,697,968	422,147,855	396,163,618	1,417,974,803	1,416,861,586
Restricted	106,931,126	250,934,326	7,703	6,560	106,938,829	250,940,886
Unrestricted	(235,202,226)	(452,653,009)	17,442,624	18,955,385	(217,759,602)	(433,697,624)
Total net position	\$ 867,555,848	\$ 818,979,285	\$ 439,598,182	\$ 415,125,563	\$ 1,307,154,030	\$ 1,234,104,848

The primary government's total net position increase of \$73.0 million (5.9%) in fiscal 2024 includes the following major changes: 1) a decrease in the deficit in unrestricted net position of \$215.9 million, 2) decrease in restricted net position of \$144.0 million, and 3) an increase in net investment in capital assets of \$1.1 million.

Net investment in capital assets (buildings, equipment, roads, etc.) is the primary component of Governmental Activities' net position. The net investment in capital assets on September 30, 2024 was \$995.8 million, which is a decrease of \$24.9 million under the prior year. Generally, the amount consists of governmental capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowing attributable to these assets. The decrease in the net investment in capital asset value at year-end is primarily due to a decrease in unspent proceeds of \$72.8 million, offset with a decrease in the warrants outstanding related to the capital assets of \$57.1 million. More information on this calculation can be found in Note 1 - Summary of Significant Accounting Policies.

The large negative unrestricted net position in governmental activities for FY2023 (\$452.7 million) and FY2024 (\$235.2 million) is partially the result of a common financing circumstance in Alabama. The City of Huntsville issues debt (repaid with legally dedicated ad valorem taxes) in the City's name for the benefit of Huntsville City Schools (HCS). HCS is not considered a component unit of the City and therefore not included in this financial presentation. The City must report the debt in its financial statements. However, the City typically does not have a legal right (title) to the assets associated with the debt (which are owned by HCS); hence, the large negative unrestricted net position balances. Total debt outstanding for school issues was \$199.3 million as of September 30, 2024. The last debt the City issued on behalf of the Board of Education was \$45.4 million in general Obligation Warrants in March 2023 (FY23). This issuance was to fund the construction of a new Central Office, along with other capital improvements. Assets are not currently on hand to pay these liabilities; however, the City expects to pay the debt from annually recurring 6.5 mills property tax restricted for school purposes.

Table 2 displays detail of debt issued by the City to acquire or construct capital assets owned or accounted for by the schools, affecting the City's governmental unrestricted net position. Total City debt for the benefit of Huntsville City Schools outstanding on September 30, 2024, was \$199.3 million, a decrease of \$14.5 million (6.7%) from the prior year. The decrease is the result of principal payments on existing debt during the year. Governmental Activities' unrestricted net position (excluding the effects of HCS debt) decreased by \$203.0 million to negative \$35.9 million at the end of fiscal 2024.

Table 2

Net Position	<u>2024</u>	<u>2023 - Restated</u>
Net investment in capital assets	995,826,948	1,020,697,968
Restricted for:		
Capital projects	-	185,155,510
City Schools	811,327	811,327
Debt Service	59,230,328	28,787,279
Other	46,889,471	36,180,210
Unrestricted(deficit)		
Governmental Activities	(35,917,226)	(238,868,009)
<i>City School</i>	<i>(199,285,000)</i>	<i>(213,785,000)</i>
Total Net Position-Governmental	\$ 867,555,848	\$ 818,979,285

The City's governmental activities had an overall positive net position of \$867.6 million at the end of the 2024 fiscal year, an increase of \$48.6 million or 5.9%. The biggest contributor to the increase is a \$48.2 million decrease in the amount of long term (due in more than one year) liabilities dues to a paydown of principal.

Business-type activities increased the City's overall net position by \$24.5 million, bringing total net position for business-type activities to \$439.6 million. The change to net position was driven by an increase in capital assets of \$32.9 million overall. A large portion of this addition is comprised of the expansion to the Western Area Wastewater Treatment Facility.

Change in Net Position

The City's net position increased by \$73.0 million during the 2024 fiscal year. This overall increase is a combined makeup of 1) an increase in governmental activities at \$48.6 million or 5.9% over the prior year net position due to property taxes and investment earnings outperforming expectations and 2) an increase in the net position for business-type activities of \$24.5 million or 5.9 % over the prior year. Key elements of these changes in net position are shown in Table 3.

Table 3

Change in Net Position	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program Revenues						
Charges for services	\$ 58,283,446	\$ 60,397,374	\$ 86,346,064	\$ 82,372,325	\$ 144,629,510	\$ 142,769,699
Operating grants and contrib.	24,780,938	23,082,758	-	191,909	24,780,938	23,274,667
Capital grants and contrib.	17,316,208	49,462,479	-	-	17,316,208	49,462,479
General Revenue						
Sales and use taxes	334,559,435	325,482,003	-	-	334,559,435	325,482,003
Property taxes	129,933,306	107,999,976	-	-	129,933,306	107,999,976
Payments in Lieu of taxes	25,844,026	22,380,421	-	-	25,844,026	22,380,421
Alcohol taxes	8,956,207	8,773,186	-	-	8,956,207	8,773,186
Lodging taxes	19,763,542	19,554,483	-	-	19,763,542	19,554,483
Gas Taxes	6,805,346	6,673,247	-	-	6,805,346	6,673,247
Other taxes	9,223,006	10,555,426	-	-	9,223,006	10,555,426
Interest on investments	25,010,486	12,915,912	4,504,342	1,196,950	29,514,828	14,112,862
Gain on forgiveness	-	1,167,219	-	-	-	1,167,219
Other	673,896	3,126,390	378,520	294,998	1,052,416	3,421,388
Total revenues	661,149,842	651,570,874	91,228,926	84,056,182	752,378,768	735,627,056
Expenses						
General Government	86,182,694	84,932,962	-	-	86,182,694	84,932,962
Public safety	160,008,891	146,502,727	-	-	160,008,891	146,502,727
Public services	182,886,492	132,620,177	-	-	182,886,492	132,620,177
Urban development	113,104,629	106,356,819	-	-	113,104,629	106,356,819
Interest on long-term debt	39,409,858	38,805,895	-	-	39,409,858	38,805,895
Water Pollution Control	-	-	42,673,953	41,396,798	42,673,953	41,396,798
Sanitation Fund	-	-	22,945,844	18,254,100	22,945,844	18,254,100
Von Braun Center fund	-	-	26,078,163	21,873,218	26,078,163	21,873,218
Municipal Iceplex	-	-	2,389,243	1,920,028	2,389,243	1,920,028
Amphitheater	-	-	3,649,819	3,134,092	3,649,819	3,134,092
Total expenses	581,592,564	509,218,580	97,737,022	86,578,236	679,329,586	595,796,816
Net change	79,557,278	142,352,294	(6,508,096)	(2,522,054)	73,049,182	139,830,240
Transfers	(30,980,715)	(29,860,572)	30,980,715	29,860,572	-	-
Change in net position	48,576,563	112,491,722	24,472,619	27,338,518	73,049,182	139,830,240
Net position, beginning-restated	818,979,285	706,487,563	415,125,563	387,787,045	1,234,104,848	1,094,274,608
Net position, ending	\$ 867,555,848	\$ 818,979,285	\$ 439,598,182	\$ 415,125,563	\$ 1,307,154,030	\$ 1,234,104,848

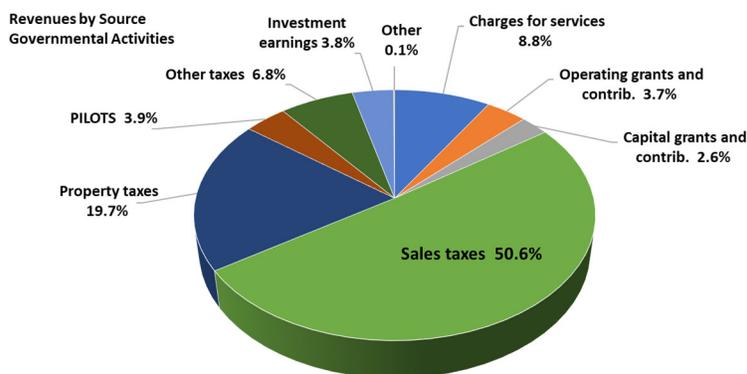
Governmental Activities

Program Revenues decreased by 24.5% or (\$32.6) million and General Revenues in governmental activities increased by \$42.1 million or 8.1% over the prior year, resulting in an increase of 1.5% or \$9.6 million overall. The decline in Program Revenues mainly reflects the culmination of the American Rescue Plan (ARPA) funding. Grant revenues recognized for ARPA in FY24 were \$846 thousand, down from \$28.7 million in FY2023.

Graph 1 shows the general revenue streams of the City. Property tax collections led the increase under General Revenues. With total revenues of \$130.0 million, an increase of \$21.9 million or 20.3% over the prior year, the expansion in ad valorem tax collection reflected the strength in the Huntsville property market. The City continues to see growth in all City property tax sectors of industrial, commercial and residential. General revenues benefited from rising interest rates as investment earnings nearly doubled in 2024 to \$25.0 million, a 93.6% increase over last year's \$12.9 million. Sales and Use taxes which are the largest revenue stream of the City, usually lead the change in increased General revenues.

Assessed at a rate of 4.5% on taxable sales within the City, Sales and Use taxes fund half of all governmental activities. This year Sales and Uses Taxes brought in \$334.6 million an increase of \$9.0 million or 2.8%. The increase fell some, reflective of increased inflationary pressure causing shrinkage in consumer spending.

Graph 1



Governmental expenses in Table 3 increased by \$72.4 million or 14.2% to \$581.6 million. The biggest contributor to this increase was Public Services, which increased by 37.9% to \$182.9 million. Payments to the Huntsville City Schools for construction on a new central office and various renovations using the proceeds of the 2023D borrow were the biggest expense. Payments in FY24 were \$37.1 million. Since the City will not have title to these assets (see detailed explanation in the section above titled Net Position) these payments are recorded as expenditures on the City's books, not as assets.

Business-Type Activities

Charges for services of the City's business-type activities were \$86.3 million for the fiscal year ended September 30, 2024. These revenues increased approximately \$4.0 million or 4.8% as compared to the prior fiscal year. Expenses for the City's business-type activities increased by \$11.2 million or 12.9% to \$97.7 million. Because of the full accrual accounting of business-type activities, we can move directly into details that make up the business activities pulled from the individual proprietary funds.

Overall operating loss (operating revenues over expenses) was \$9.2 million across all enterprise entities of the City. Adding in non-operating items such as interest expense and transfers, the net change in net position was positive in the amount of \$24.5 million. This was the result of several factors, including the following:

- ❖ Water Pollution Control charges for services increased by 5.7% to \$48.6 million. Operating expenses increased by 2.5% to \$40.5 million; the rise is attributed to an increase in depreciation expense as the Western Area Waste Water Treatment Plant Expansion was completed. When totaled, revenue and expenses produced an increase in fiscal 2024 net position of \$11.0 million overall.
- ❖ Sanitation charges for services remained consistent with prior years at \$14.6 million. Expenses incurred totaled \$22.9 million, which is an increase of \$4.7 million over fiscal 2023. With Huntsville's footprint expanding, through square miles and new subdivisions, Sanitation has added over 1,000 new residential accounts in Fiscal 2024. This service is still supported by general revenues through transfers from the general fund.

- ❖ The Von Braun Center (VBC) revenues increased over the prior year by \$3.1 million or 18.2%. Operating expenses increased to \$26.1 million, 19.2% over the previous year. Most of this increase was personnel costs. Including the Capital Contribution provided by the City, the combined effect was an increase in net position of \$13.4 million.
- ❖ The Benton H. Wilcoxon Municipal Ice Complex (Iceplex) revenues increased by 10.3% to \$2.2 million. Spending rose \$469 thousand or 24.5% due to increased personnel and repair costs, decreasing the net position by \$218 thousand to \$1.6 million.
- ❖ The City's Amphitheater revenues decreased by 22.7% to \$603 thousand in the third year while expenses increased by \$515 thousand or 16.5%. The City provided support in the form of transfers to support operations per an agreement with the venue operator.

Financial Analysis of the City's Funds

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

Governmental Funds

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

At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$555.8 million. As shown by percentage in Graph 2

Graph 2, within this total, \$9.9 million is nonspendable, mainly in the form of prepaid items, \$345.5 million is restricted by specific legal requirements such as contractual obligations, \$5.1 million has been committed to Cummings Research Park, and \$12.6 million assigned to specific types of expenditures, which include cemetery perpetual care and the public library. Unassigned fund balance is \$182.6 million and can be used for any lawful purpose.

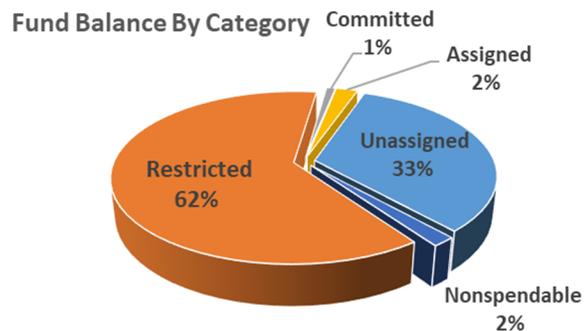


Table 4 describes the fund balance categories and provides the amounts associated with each.

Table 4

Fund Balance Categories		2024
Nonspendable -	Amounts that cannot be spent because they are not in spendable form or for which there are obligations to keep the amounts intact.	\$ 9,942,294
Restricted -	Amounts that are restricted for specific purposes by federal or state law, or contractual obligations.	345,508,845
Committed -	Amounts that can only be used for specific purposes enumerated in City Council ordinances related to the levying or earmarking of specific revenue sources.	5,130,461
Assigned -	Amounts based on the City's intent to use them for certain purposes, including positive fund balances of the entities managed by City Council-appointed boards.	12,623,728
Unassigned -	Amounts that cannot be classified otherwise, including certain fund balances of the Board-managed entities and the 11.5% contingency reserve of the General Fund.	182,598,867
		<u>\$ 555,804,195</u>

Of all the Governmental Funds, the General Fund is the City's chief operating fund; it accounts for almost all the departmental operations of the City. The fund balance of the City's General Fund increased by \$25.4 million during the current fiscal year to \$196.3 million at year-end, which includes a \$189.2 million unassigned fund balance. The increase of the fund balance from the prior year contains changes in components as noted below:

- ❖ Under Revenue the "Taxes" title includes many tax types, the largest of which is Sales and Use Taxes. These taxes fund close to half of all governmental functions. Increasing by \$5.8 million or 3.2% to \$187.0 million in the General Fund (GF) it remains a major contributor to the stability of City resources. Another important contributor to the GF under the title "Taxes" is Property Tax (6.5 Mills) which increased \$4.8 million or 18.2% to \$31.0 million. Most tax streams in the line item increased which carried the majority of the rise in revenues in the GF overall.
- ❖ With continuing favorable market investment rates through the fiscal year, the general fund saw Interest revenues rise by \$2.4 million.
- ❖ Expenditures increased by \$17.0 million or 6.5%. Personnel costs in Public Safety and Public Service and outside professional services made up the bulk of this increase.

The Grants Fund accounts for large federal grants received by the City. Included for this fiscal year are the Federal Transit Authority funding for Huntsville's public transit system along with the Public Transit Station Grant, Community Development Block Grant Funds and Choice Housing Grant (managed by the Community Development Department), and Opioid settlement funds. At the fiscal year end, the total fund balance was \$12.7 million, the majority of which is restricted by state or federal law for use specified by the applicable grant documents. This fund saw an increase in revenues and expenditures of approximately \$38 million as grant funds (mainly ARPA) were spent down, and revenues were realized. As a result of these and other transactions, cash increased by \$1.9 million and unearned revenue decreased by \$1.5 million.

The Capital Improvement Fund encompasses both the 1990 and 2014 Capital Plans. At the end of the fiscal year the total fund balance was \$243.9 million, all of which is restricted. The balance increased by \$68.4 million or 39.0% over last fiscal year. The biggest contributor to the increase was a decrease in capital projects construction spending of \$39 million. The completion of Joe Davis Stadium and several Greenway/Streetscaping projects led to lower capital spending. Also contributing was a decline in Public Services expenditures of \$7.4 million (mainly street resurfacing) and an increase in Interest Revenue (\$4.5 million) and Grant revenue (\$3.7 million).

The Capital Projects fund accounts for many large multi-year capital projects acquired through the issuance of debt. Created in the prior fiscal year, at the end of this fiscal year, 2024, total fund balance was a deficit \$1.3 million. Through continued spending on previous borrowings and capital disbursements towards planned borrowings the change in fund balance was a significant decrease of \$98.6 million.

The Debt Service Fund used to account for a large portion of principal and interest payments on long-term debt made by the City. Through transfers made by other funds, the amounts are allocated to appropriate cost centers across the City. These transactions appeared as large transfers in most financial reports prior to this fiscal year. To make the financial report more useful to internal users and transparent to readers, debt payments were allocated to the affiliated funding source eliminating the need for a debt service fund. The ending fund balance at the end of fiscal year 2024 is zero.

Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the enterprise funds increased \$24.5 million or 5.9% in 2024 to \$439.6 million.

The Water Pollution Control (Sewer service) net position increased by \$11.0 million to \$328.6 million; operating revenues increased slightly to \$48.8 million or 0.8%. Operating expenses increased by \$1.0 million to \$40.5 million. A decrease in Personnel, operations and maintenance of 6.2% or \$1.5 million and a \$2.4 million increase in depreciation were the main factors of the net change in operating expenses. This produced an operating income of \$8.4 million for the fiscal year. Nonoperating interest costs were offset by an increase of \$3.1 million to interest income. This produced an income before contributions and transfers of \$1.8 million.

Sanitation (Residential waste removal service) was moved from the general fund to an enterprise fund at the beginning of fiscal year 2022. In the third year as an enterprise fund, charges for services increased by 1.8% to \$14.6 million due to increased customer accounts. Operational expenses grew by 25.7% or by \$4.7 million to \$22.9 million. Net loss of \$8.4 million is covered by operational and capital transfers from the General and Capital Improvement (1990 Capital Plan) Funds creating an overall increase in net position of \$2.0 million. This improved the net position to the current deficit of \$1.9 million.

The Von Braun Center (VBC) Fund net position increased by \$13.4 million to \$112.7 million. Operational revenue increased to \$20.2 million rising \$3.1 million or 18.2% over the prior year while associated expenses increased by \$4.2 million or 19.2% to \$26.1 million. The resulting loss is covered by operating and capital transfers in from the City of \$13.4 million. This transfer covers current approved capital construction and renovation as well as operational revenue from lodging taxes appropriated to the VBC.

General Fund Budgetary Highlights

The final General Fund fiscal year 2024 budget projected \$315.3 million in revenues. Actual revenues totaled \$322.5 million or \$7.2 million over budget. Several factors contributed to this overage, \$2.1 million over budget in Sales and Use taxes, \$1.6 million over budget in other taxes and \$1.3 million over budget in interest earnings. Final appropriations were approved for \$298.7 million in expenditures. During the current year, the actual expenditures were \$281.3 million, which was \$17.4 million under the final budget. Labor shortages resulted in lower than anticipated personnel expenditures, which made up most of the savings.

Actual amounts in the General Fund resulted in an increase of \$22.3 million, bringing the ending fund balance to \$184.5 million. This variance was mainly the result of better-than-expected revenue collections and savings in departmental personnel spending.

The comparative statement for the General Fund is reconciled to the Governmental General Fund presented in the Required Financial Statements. A reconciliation is presented on the last page of the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual to reconcile actual balances for budget presentation to actual balances included on the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund (General Fund).

Capital Asset and Debt Administration

Capital Assets

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

Table 5

	City of Huntsville's Capital Assets (net of accumulated depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 160,611,818	\$ 158,342,049	\$ 8,139,940	\$ 8,014,522	\$ 168,751,758	\$ 166,356,571
Construction -in-progress	38,423,984	149,809,756	13,037,439	39,167,953	51,461,423	188,977,709
Land improvements	129,223,642	119,544,096	-	-	129,223,642	119,544,096
Buildings and improvement	449,910,968	344,692,130	438,615,013	389,072,177	888,525,981	733,764,307
Infrastructure	792,965,858	797,626,452	-	-	792,965,858	797,626,452
Other	65,430,669	67,883,038	26,342,328	16,620,081	91,772,997	84,503,119
Lease Assets	2,735,052	1,339,712	4,027	491,886	2,739,079	1,831,598
Subscription Assets	4,277,137	5,057,939	137,374	46,825	4,414,511	5,104,764
	<u>\$ 1,643,579,128</u>	<u>\$ 1,644,295,172</u>	<u>\$ 486,276,121</u>	<u>\$ 453,413,444</u>	<u>\$ 2,129,855,249</u>	<u>\$ 2,097,708,616</u>

The City's capital assets for governmental and business-type activities as of September 30, 2024, totals \$2.1 billion (net of accumulated depreciation). This 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 \$32.1 million or 1.5% in fiscal year 2024, including \$153.5 million of additions less \$118.9 million of depreciation/amortization. Leased assets increased overall in value of \$907 thousand net of amortization, while subscription assets decreased in value by \$690 thousand to \$4.4 million.

The largest capital acquisitions during the year were as follows:

Table 6

Largest Capital Asset Additions Fiscal Year 2024		Amount Capitalized
New City Hall		\$ 20,567,706
<i>Building Construction - New</i>		
Western PH1 Expansion		\$ 17,595,151
<i>Sewer Plants</i>		
JHP Championship Soccer		\$ 9,154,770
<i>Land Improvement</i>		
Apollo Park		\$ 6,393,023
<i>Construction in Progress</i>		
Aquatic Center Phase 4		\$ 5,421,018
<i>Construction in Progress</i>		
Construction - Transit New Facility		\$ 5,022,160
<i>Construction in Progress</i>		
Public Safety Campus PH2		\$ 4,928,428
<i>Building Renovation</i>		

More information on capital assets for the City of Huntsville can be found in the Notes to the Financial Statements under Note 5 - Capital Assets, Note 6 - Lease Assets and Note 7 - Subscription Assets.

Debt

At year-end, the City had \$1.1 billion in bonds, warrants, notes, leases and subscriptions outstanding as compared to \$1.2 billion at the end of the prior fiscal year, a decrease of \$58.0 million or 6.4%. As stated in previous sections, this decrease is due to the expected paydown of principal in accordance with maturity schedules for various borrowings. No new debt was issued in the fiscal year, however, Enhanced Use Lease Warrants, listed in Table 7 as revenue warrants in governmental activities, have accrued and unpaid interest added to the principal balance each year, which accounts for most of the increase in that line item from the prior year.

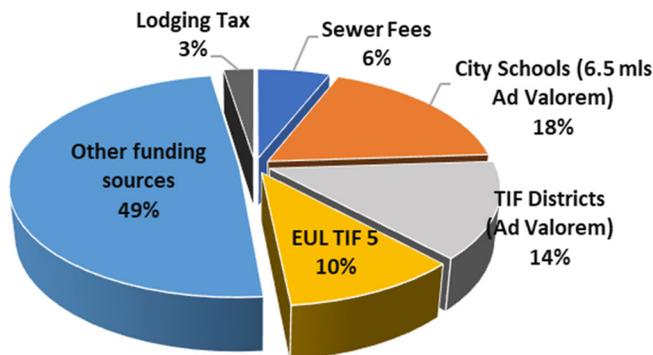
Table 7

	Outstanding Debt at Year-End					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General Obligation Warrants	\$ 684,410,947	\$ 730,928,152	\$ 66,193,060	\$ 72,112,177	\$ 750,604,007	\$ 803,040,329
Revenue Warrants	115,129,648	102,966,111	1,005,000	1,115,000	116,134,648	104,081,111
Lease Revenue Bonds	143,115,000	147,555,000	-	-	143,115,000	147,555,000
Issue discounts and Premiums	78,460,814	89,013,715	6,165,396	7,121,698	84,626,210	96,135,413
Lease Liabilities	1,771,782	1,363,443	4,267	498,431	1,776,049	1,861,874
Subscription Liabilities	4,015,834	4,755,654	90,041	37,968	4,105,875	4,793,622
	<u>\$ 1,026,904,025</u>	<u>\$ 1,076,582,075</u>	<u>\$ 73,457,764</u>	<u>\$ 80,885,274</u>	<u>\$ 1,100,361,789</u>	<u>\$ 1,157,467,349</u>

Although much of the City's debt is issued as General Obligation, considerable amounts of debt service and outstanding amounts have dedicated revenue sources. As shown in Graph 3, these sources include

Graph 3

Debt Outstanding - Funding Source



ad valorem taxes, which are separated and accounted for to pay debt service (principal and interest) of capital projects for Huntsville City Schools and TIF districts. Lodging Taxes are set aside to pay for the debt service of City owned entertainment venues, such as the Von Braun Center. Sewer charges and fees pay debt service associated with expansion and repair of the Water Pollution Control plant and intake system.

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

Other than debt paid from proprietary fund revenue sources (e.g. sewer debt and revenue bonds), State of Alabama law limits the amount of general obligation debt cities can issue for purposes other than schools and drainage systems to 20% of the assessed value of real and personal property. As of September 30, 2024, the City's allocable debt outstanding was \$619.4 million less than the legal debt limit.

Additional information regarding the City's long-term debt can be found in Note 8 accompanying these financial statements.

2025 Budget

The 2020 census placed Huntsville as the largest city in Alabama with a population over 215,000. With the current population at 241,114 the City continues its growth trend. The fiscal year 2025 budget reflects the growth in tax base, inflationary pressures and the demands from our community on City services. Trends showed sustained underlying growth in revenues, which were conservatively represented in the 2025 budget. The City also adopted a cost-of-living increase of 2% for employees. Other operating costs were conservatively budgeted with reasonable increases from the prior year.

The 2025 General Fund budget was adopted with \$328.2 million in projected revenues and expenditures. Huntsville's economic growth and continued expansion in the housing and commercial building markets should keep revenues growing at a sound pace. The fiscal year 2025 budget is designed to meet the expectations of a fast-paced progressive City with enough flexibility to react to economic uncertainties including, but not limited to labor shortages, inflation and market slowdown.

Request for Information

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



CITY OF HUNTSVILLE, ALABAMA

STATEMENT OF NET POSITION AS OF SEPTEMBER 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 371,186,195	\$ 65,715,619	\$ 436,901,814	\$ 114,833,792
Investments	162,258,101	990,587	163,248,688	29,398,462
Restricted Assets				
Cash and Cash Equivalents	1,616	-	1,616	24,591,274
Investments	-	-	-	33,330,369
Receivables (net of allowances for uncollectibles)	95,130,250	8,830,328	103,960,578	73,253,696
Other assets	-	-	-	10,956,090
Due from other governments	12,984,304	-	12,984,304	-
Internal balances	570,295	(570,295)	-	-
Prepaid Items	7,610,364	627,365	8,237,729	306,298
Inventories	717,953	1,627,400	2,345,353	34,736,631
Total Current Assets	<u>650,459,078</u>	<u>77,221,004</u>	<u>727,680,082</u>	<u>321,406,612</u>
Noncurrent Assets				
Restricted Assets				
Cash and Cash Equivalents	-	2,002,548	2,002,548	54,573,142
Investments	-	-	-	62,420,132
Capital contribution receivable	-	-	-	3,093,116
Other assets	-	2,695	2,695	1,267,664
Lease receivable	-	18,143	18,143	136,372,796
Land held for resale	24,403,515	-	24,403,515	-
Capital Assets				
Nondepreciable assets	199,035,802	21,177,379	220,213,181	107,758,671
Capital Assets, net of accumulated depreciation and amortization	<u>1,444,543,326</u>	<u>465,098,742</u>	<u>1,909,642,068</u>	<u>875,916,236</u>
Total Capital Assets, net	<u>1,643,579,128</u>	<u>486,276,121</u>	<u>2,129,855,249</u>	<u>983,674,907</u>
Total Noncurrent Assets	<u>1,667,982,643</u>	<u>488,299,507</u>	<u>2,156,282,150</u>	<u>1,241,401,757</u>
Total Assets	<u>2,318,441,721</u>	<u>565,520,511</u>	<u>2,883,962,232</u>	<u>1,562,808,369</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension	64,010,378	9,110,557	73,120,935	39,387,526
Deferred outflows from OPEB	12,288,737	1,267,966	13,556,703	5,814,205
Deferred loss on debt refunding	9,199,201	328,879	9,528,080	4,310,657
Excess consideration provided for acquisition	-	-	-	4,286,768
Total Deferred Outflows of Resources	<u>85,498,316</u>	<u>10,707,402</u>	<u>96,205,718</u>	<u>53,799,156</u>

(continued)

CITY OF HUNTSVILLE, ALABAMA

STATEMENT OF NET POSITION AS OF SEPTEMBER 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 20,593,385	\$ 7,331,093	\$ 27,924,478	\$ 68,588,928
Accrued liabilities	13,217,459	2,488,616	15,706,075	12,096,993
Retainage payable	5,348,479	1,017,194	6,365,673	-
Other payables	1,426,199	46,639	1,472,838	5,591,112
Unearned Revenue	13,420,750	5,438,357	18,859,107	-
Interest payable	16,499,161	-	16,499,161	2,426,692
Current portion of long-term liabilities	58,740,524	6,839,472	65,579,996	23,827,785
Total Current Liabilities	<u>129,245,957</u>	<u>23,161,371</u>	<u>152,407,328</u>	<u>112,531,510</u>
Noncurrent Liabilities				
Net pension liability	263,978,210	35,997,029	299,975,239	125,052,555
Net OPEB liability	62,108,360	6,408,407	68,516,767	36,759,840
Long-term liability - Due in more than one year, net	1,020,069,103	69,785,633	1,089,854,736	301,592,677
Total Noncurrent Liabilities	<u>1,346,155,673</u>	<u>112,191,069</u>	<u>1,458,346,742</u>	<u>463,405,072</u>
Total Liabilities	<u>1,475,401,630</u>	<u>135,352,440</u>	<u>1,610,754,070</u>	<u>575,936,582</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension	60,480	8,246	68,726	887,888
Deferred inflows from OPEB	12,141,575	1,252,781	13,394,356	9,779,037
Deferred inflows from leases	48,780,504	16,264	48,796,768	133,645,450
Total Deferred Inflows of Resources	<u>60,982,559</u>	<u>1,277,291</u>	<u>62,259,850</u>	<u>144,312,375</u>
NET POSITION				
Net Investment in Capital Assets	995,826,948	422,147,855	1,417,974,803	726,707,885
Restricted for:				
General grants	16,812,095	-	16,812,095	-
Debt service	59,230,328	-	59,230,328	-
Culture and tourism	24,187,718	-	24,187,718	-
Public safety	2,572,544	-	2,572,544	-
Public service	574,412	7,703	582,115	-
Streets and highways	2,742,702	-	2,742,702	-
School support	811,327	-	811,327	-
Other	-	-	-	27,638,112
Unrestricted	(235,202,226)	17,442,624	(217,759,602)	142,012,571
Total Net Position	<u>\$ 867,555,848</u>	<u>\$ 439,598,182</u>	<u>\$ 1,307,154,030</u>	<u>\$ 896,358,568</u>

CITY OF HUNTSVILLE, ALABAMA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

FUNCTIONS / PROGRAMS	Program Revenues				Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General government	\$ 86,182,694	\$ 35,904,975	\$ 1,710,518	\$ -	\$ (48,567,201)	\$ -	\$ (48,567,201)	
Public safety	160,008,891	-	5,298,447	-	(154,710,444)	-	(154,710,444)	
Public services	182,886,492	11,588,873	17,771,973	12,626,376	(140,899,270)	-	(140,899,270)	
Urban development	113,104,629	10,789,598	-	4,689,832	(97,625,199)	-	(97,625,199)	
Interest on long-term debt	39,409,858	-	-	-	(39,409,858)	-	(39,409,858)	
Total Governmental Activities	<u>581,592,564</u>	<u>58,283,446</u>	<u>24,780,938</u>	<u>17,316,208</u>	<u>(481,211,972)</u>	<u>-</u>	<u>(481,211,972)</u>	
Business-Type Activities								
Water pollution control fund	42,673,953	48,836,949	-	-	-	6,162,996	6,162,996	
Sanitation fund	22,945,844	14,560,512	-	-	-	(8,385,332)	(8,385,332)	
Von Braun Center fund	26,078,163	20,177,292	-	-	-	(5,900,871)	(5,900,871)	
Municipal Iceplex	2,389,243	2,168,571	-	-	-	(220,672)	(220,672)	
Amphitheater	3,649,819	602,740	-	-	-	(3,047,079)	(3,047,079)	
Total Business-Type Activities	<u>97,737,022</u>	<u>86,346,064</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,390,958)</u>	<u>(11,390,958)</u>	
Total Primary Government	<u>\$ 679,329,586</u>	<u>\$ 144,629,510</u>	<u>\$ 24,780,938</u>	<u>\$ 17,316,208</u>	<u>\$ (481,211,972)</u>	<u>\$ (11,390,958)</u>	<u>\$ (492,602,930)</u>	
Component Units								
All component units	\$ 723,576,614	\$ 772,387,895	\$ -	\$ 11,767,715				\$ 60,578,996
Total Component Units	<u>\$ 723,576,614</u>	<u>\$ 772,387,895</u>	<u>\$ -</u>	<u>\$ 11,767,715</u>				<u>\$ 60,578,996</u>

(continued)

CITY OF HUNTSVILLE, ALABAMA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Expenses	Program Revenues			Changes in Net Position			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
				Governmental Activities	Business-Type Activities	Total	
General Revenues							
Taxes							
Sales and use tax				\$ 334,559,435	\$ -	\$ 334,559,435	\$ -
Property tax				129,933,306	-	129,933,306	-
Payments in lieu of taxes				25,844,026	-	25,844,026	-
Alcohol taxes				8,956,207	-	8,956,207	-
Lodging taxes				19,763,542	-	19,763,542	-
Gas taxes				6,805,346	-	6,805,346	-
Other taxes				9,223,006	-	9,223,006	3,179,741
Gain on disposal of capital assets				-	-	-	138,228
Investment earnings				25,010,486	4,504,342	29,514,828	15,187,538
Other income				673,896	378,520	1,052,416	4,611,125
Transfers				(30,980,715)	30,980,715	-	-
Total General Revenues and Transfers				<u>529,788,535</u>	<u>35,863,577</u>	<u>565,652,112</u>	<u>23,116,632</u>
Change in Net Position				48,576,563	24,472,619	73,049,182	83,695,628
Net Position, Beginning of Year				<u>818,979,285</u>	<u>415,125,563</u>	<u>1,234,104,848</u>	<u>812,662,940</u>
Net Position, End of Year				<u>\$ 867,555,848</u>	<u>\$ 439,598,182</u>	<u>\$ 1,307,154,030</u>	<u>\$ 896,358,568</u>

CITY OF HUNTSVILLE, ALABAMA

BALANCE SHEET
GOVERNMENTAL FUNDS -
SEPTEMBER 30, 2024

	General Fund	Grants Fund	Capital Improvements Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Current Assets							
Cash and cash equivalents	\$ 69,775,064	\$ 22,489,441	\$ 166,862,217	\$ 19,169,117	\$ -	\$ 92,890,356	\$ 371,186,195
Investments	81,346,852	-	50,540,649	17,191,393	-	13,179,207	162,258,101
Restricted cash	-	-	1,616	-	-	-	1,616
Receivables, net							
Accounts	22,944,275	3,887,177	9,333,229	-	-	6,680,909	42,845,590
Leases	24,571,012	-	25,324,879	-	-	15,377	49,911,268
Notes	-	2,373,392	-	-	-	-	2,373,392
Due from other governments	397,689	2,268,300	10,202,097	-	-	116,218	12,984,304
Due from other funds	35,820,983	-	-	-	-	-	35,820,983
Advance to other funds	1,219,903	-	-	-	-	-	1,219,903
Prepaid items	3,615,093	1,187,549	-	-	-	2,807,722	7,610,364
Inventories	614,406	-	-	-	-	103,547	717,953
Total Current Assets	<u>240,305,277</u>	<u>32,205,859</u>	<u>262,264,687</u>	<u>36,360,510</u>	<u>-</u>	<u>115,793,336</u>	<u>686,929,669</u>
Noncurrent Assets							
Land held for resale	-	-	24,403,515	-	-	-	24,403,515
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>24,403,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,403,515</u>
Total assets	<u>\$ 240,305,277</u>	<u>\$ 32,205,859</u>	<u>\$ 286,668,202</u>	<u>\$ 36,360,510</u>	<u>\$ -</u>	<u>\$ 115,793,336</u>	<u>\$ 711,333,184</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities							
Accounts payable	\$ 5,124,322	\$ 812,484	\$ 6,137,586	\$ 5,136,100	\$ -	\$ 3,382,893	\$ 20,593,385
Accrued liabilities	12,397,525	287,846	-	-	-	532,088	13,217,459
Retainage payable	924	484,101	1,459,156	1,350,010	-	2,054,288	5,348,479
Unearned revenue	-	13,105,885	112,500	-	-	202,365	13,420,750
Due to other funds	-	-	-	31,217,049	-	4,033,639	35,250,688
Advance from other funds	-	-	-	-	-	1,219,903	1,219,903
Other payables	1,426,199	-	-	-	-	-	1,426,199
Total liabilities	<u>18,948,970</u>	<u>14,690,316</u>	<u>7,709,242</u>	<u>37,703,159</u>	<u>-</u>	<u>11,425,176</u>	<u>90,476,863</u>
Deferred Inflows of Resources							
Unavailable revenue - taxes	1,103,079	-	-	-	-	-	1,103,079
Unavailable revenue - int'gov	-	4,842,373	10,202,097	-	-	124,073	15,168,543
Deferred leases	23,913,179	-	24,852,670	-	-	14,655	48,780,504
Total deferred inflows of resources	<u>25,016,258</u>	<u>4,842,373</u>	<u>35,054,767</u>	<u>-</u>	<u>-</u>	<u>138,728</u>	<u>65,052,126</u>
Fund Balance							
Nonspendable	5,449,402	1,187,549	-	-	-	3,305,343	9,942,294
Restricted	-	11,485,621	243,904,193	-	-	90,119,031	345,508,845
Committed	-	-	-	-	-	5,130,461	5,130,461
Assigned	1,659,280	-	-	-	-	10,964,448	12,623,728
Unassigned	189,231,367	-	-	(1,342,649)	-	(5,289,851)	182,598,867
Total fund balances	<u>196,340,049</u>	<u>12,673,170</u>	<u>243,904,193</u>	<u>(1,342,649)</u>	<u>-</u>	<u>104,229,432</u>	<u>555,804,195</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 240,305,277</u>	<u>\$ 32,205,859</u>	<u>\$ 286,668,202</u>	<u>\$ 36,360,510</u>	<u>\$ -</u>	<u>\$ 115,793,336</u>	<u>\$ 711,333,184</u>

CITY OF HUNTSVILLE, ALABAMA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

Fund balance of governmental funds	\$	555,804,195
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.		1,643,579,128
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		16,271,622
Deferred outflows and inflows of resources as well as the net pension and OPEB liability related to the City's pension and OPEB plan are not expected to be liquidated with expendable, available financial resources, and, therefore, are not reported in the governmental funds.		
Deferred outflows related to the City's pension plan	\$	64,010,378
Deferred inflows related to the City's pension plan		(60,480)
Deferred outflows related to the City's OPEB plan		12,288,737
Deferred inflows related to the City's OPEB plan		(12,141,575)
Net pension liability		(263,978,210)
OPEB liability		(62,108,360)
		<u>(261,989,510)</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds and warrants payable	\$	(942,655,595)
Plus unamortized bond issuance premiums		(78,460,814)
Subscription payable		(4,015,834)
Lease payable		(1,771,782)
Accrued interest payable		(16,499,161)
Deferred charges on refunding		9,199,201
Claims and judgements		(15,014,302)
Compensated absences		(36,891,300)
		<u>(1,086,109,587)</u>
Net position of governmental activities	\$	<u>867,555,848</u>

CITY OF HUNTSVILLE, ALABAMA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	General Fund	Grants Fund	Capital Improvements Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 256,782,590	\$ -	\$ 110,949,750	\$ -	\$ -	\$ 167,056,152	\$ 534,788,492
Licenses and permits	40,885,333	-	-	-	-	-	40,885,333
Fines and forfeitures	2,364,996	122,953	-	-	-	1,240,636	3,728,585
Charges for services	11,256,363	501,954	113,149	-	-	846,287	12,717,753
Intergovernmental	2,001,369	13,152,852	6,669,511	-	-	7,245,909	29,069,641
Interest	7,075,619	1,719,631	6,967,907	4,439,711	19,012	4,788,606	25,010,486
Miscellaneous revenues	2,802,706	522,621	1,587,536	-	-	1,993,148	6,906,011
Total Revenues	<u>323,168,976</u>	<u>16,020,011</u>	<u>126,287,853</u>	<u>4,439,711</u>	<u>19,012</u>	<u>183,170,738</u>	<u>653,106,301</u>
EXPENDITURES							
Current:							
General government	47,311,061	1,160	55,097	748	-	25,478	47,393,544
Public safety	135,265,077	-	-	-	-	1,597,275	136,862,352
Public services	73,532,777	13,976,913	12,516,045	37,109,799	-	25,293,215	162,428,749
Urban development	19,666,891	5,004,765	583,659	-	-	4,739,427	29,994,742
Intergovernmental assist.	-	102,564	-	-	-	36,628,843	36,731,407
Capital Outlay	-	-	40,204,817	63,159,562	-	32,103,956	135,468,335
Debt Service							
Principal	3,030,888	66,356	3,794,798	-	41,706,757	8,056,512	56,655,311
Interest and fiscal charges	94,206	3,231	4,611,577	-	23,892,362	10,143,025	38,744,401
Total Expenditures	<u>278,900,900</u>	<u>19,154,989</u>	<u>61,765,993</u>	<u>100,270,109</u>	<u>65,599,119</u>	<u>118,587,731</u>	<u>644,278,841</u>
Excess (deficiency) of revenues over expenditures	44,268,076	(3,134,978)	64,521,860	(95,830,398)	(65,580,107)	64,583,007	8,827,460
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of							
capital assets	57,525	-	3,988,922	-	-	1,426,724	5,473,171
Debt issuance	-	-	-	-	-	3,453,989	3,453,989
Transfers in	1,249,243	4,326,914	16,915,439	-	65,580,107	26,363,395	114,435,098
Transfers out	(22,349,173)	-	(18,993,043)	(2,730,386)	(12,943)	(82,325,429)	(126,410,974)
Issuance of subscription payable	1,817,554	-	-	-	-	-	1,817,554
Issuance of leases payable	310,195	-	1,964,034	-	-	58,233	2,332,462
Total Other Financing Sources (Uses)	<u>(18,914,656)</u>	<u>4,326,914</u>	<u>3,875,352</u>	<u>(2,730,386)</u>	<u>65,567,164</u>	<u>(51,023,088)</u>	<u>1,101,300</u>
Net Change in Fund Balances	25,353,420	1,191,936	68,397,212	(98,560,784)	(12,943)	13,559,919	9,928,760
Fund Balances, Beginning of Year	170,986,629	11,481,234	175,506,981	97,218,135	12,943	90,669,513	545,875,435
Fund Balances, End of Year	<u>\$ 196,340,049</u>	<u>\$ 12,673,170</u>	<u>\$ 243,904,193</u>	<u>\$ (1,342,649)</u>	<u>\$ -</u>	<u>\$ 104,229,432</u>	<u>\$ 555,804,195</u>

CITY OF HUNTSVILLE, ALABAMA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net change in Fund Balances - Total Governmental Funds	\$	9,928,760
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized	\$	99,428,919
Depreciation/amortization expense		<u>(98,230,310)</u>
		1,198,609
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to decrease net position. These are the net disposals of assets.		
		(1,652,295)
Revenues are reported in the funds when there is an established claim to the resources and the resources are available to finance current expenditures. Revenues are reported in the statement of activities when there is an established claim with no availability criterion. The funds report revenue unavailable in prior period as current year revenue.		
		8,043,541
The issuance of long-term debt (e.g., warrants, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This adjustment is the net effect of the differences in the treatment of long-term debt and related items.		
Debt issued:		
Lease agreements initiated	\$	(2,332,462)
Subscription arrangements initiated		(1,817,554)
Installment notes		(3,453,989)
Compounded interest rolled into installment notes		(10,291,772)
Debt payments made:		
Warrant payments		50,957,205
Subscription payments		2,327,144
Installment notes		1,582,224
Lease payments		<u>1,788,738</u>
		38,759,534
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net of these:		
Post-employment benefits other than pensions	\$	(1,189,012)
Pension		(14,893,707)
Compensated absences		(1,544,400)
Amortization of debt premium		10,552,901
Remeasurement of right-to-use assets and related liabilities		103,257
Change in claims payable		195,961
Amortization of gain/loss on refunding		(1,262,853)
Accrued interest payable		<u>336,267</u>
		<u>(7,701,586)</u>
Change in net position of governmental activities	\$	<u>48,576,563</u>

CITY OF HUNTSVILLE, ALABAMA

STATEMENT OF NET POSITION -

PROPRIETARY FUNDS

SEPTEMBER 30, 2024

	Water Pollution Control Fund	Sanitation Fund	Von Braun Center Fund	Nonmajor Proprietary Funds	Total Business-Type Activity Funds
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 54,101,863	\$ 2,304,709	\$ 8,522,911	\$ 786,136	\$ 65,715,619
Investments	-	-	990,587	-	990,587
Accounts receivable (net of allowance for uncollectibles)	4,255,785	1,208,340	3,086,605	279,598	8,830,328
Inventory	1,255,637	-	351,463	20,300	1,627,400
Prepaid items	38,342	8,490	577,458	3,075	627,365
Total Current Assets	<u>59,651,627</u>	<u>3,521,539</u>	<u>13,529,024</u>	<u>1,089,109</u>	<u>77,791,299</u>
Noncurrent Assets					
Restricted cash	-	-	2,000,000	2,548	2,002,548
Other assets	-	-	-	2,695	2,695
Lease receivable	-	-	-	18,143	18,143
Capital Assets					
Nondepreciable	4,913,241	-	16,264,138	-	21,177,379
Buildings and improvements	661,368,986	19,933,914	153,674,875	4,428,698	839,406,473
Less: Accumulated depreciation/amortization	<u>(305,617,650)</u>	<u>(8,573,987)</u>	<u>(56,972,712)</u>	<u>(3,143,382)</u>	<u>(374,307,731)</u>
Total Capital Assets, net	<u>360,664,577</u>	<u>11,359,927</u>	<u>112,966,301</u>	<u>1,285,316</u>	<u>486,276,121</u>
Total Noncurrent Assets	<u>360,664,577</u>	<u>11,359,927</u>	<u>114,966,301</u>	<u>1,308,702</u>	<u>488,299,507</u>
Total Assets	<u>420,316,204</u>	<u>14,881,466</u>	<u>128,495,325</u>	<u>2,397,811</u>	<u>566,090,806</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows from pension	2,978,244	3,588,545	2,543,768	-	9,110,557
Deferred outflows from OPEB	596,395	671,571	-	-	1,267,966
Deferred loss on debt refunding	328,879	-	-	-	328,879
Total Deferred Outflows of Resources	<u>3,903,518</u>	<u>4,260,116</u>	<u>2,543,768</u>	<u>-</u>	<u>10,707,402</u>
LIABILITIES					
Current Liabilities					
Accounts payable	3,124,989	380,028	2,358,076	1,468,000	7,331,093
Accrued liabilities	1,103,793	403,778	948,489	32,556	2,488,616
Accrued payroll liabilities	-	-	-	46,639	46,639
Retainage payable	1,017,194	-	-	-	1,017,194
Unearned revenue	-	-	5,325,617	112,740	5,438,357
Due to other funds	-	-	-	570,295	570,295
Current portion of lease liability	-	-	-	2,804	2,804
Current portion of subscription-based liability	-	-	52,733	-	52,733
Current portion of revenue warrants payable	115,000	-	-	-	115,000
Current portion of general obligation warrants payable	5,909,335	-	-	-	5,909,335
Compensated absences	136,240	117,400	491,026	14,934	759,600
Total Current Liabilities	<u>11,406,551</u>	<u>901,206</u>	<u>9,175,941</u>	<u>2,247,968</u>	<u>23,731,666</u>
Noncurrent Liabilities					
Revenue warrants payable	890,000	-	-	-	890,000
General obligation warrants payable, net	66,449,121	-	-	-	66,449,121
Compensated absences	1,226,160	1,056,600	124,981	-	2,407,741
OPEB liability	3,014,231	3,394,176	-	-	6,408,407
Lease liability	-	-	-	1,463	1,463
Subscription liability	-	-	37,308	-	37,308
Net pension liability	11,999,009	14,998,762	8,999,258	-	35,997,029
Total Noncurrent Liabilities	<u>83,578,521</u>	<u>19,449,538</u>	<u>9,161,547</u>	<u>1,463</u>	<u>112,191,069</u>
Total Liabilities	<u>94,985,072</u>	<u>20,350,744</u>	<u>18,337,488</u>	<u>2,249,431</u>	<u>135,922,735</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows from pension	2,749	3,436	2,061	-	8,246
Deferred inflows from OPEB	589,253	663,528	-	-	1,252,781
Deferred inflows from leases	-	-	-	16,264	16,264
Total Deferred Inflows of Resources	<u>592,002</u>	<u>666,964</u>	<u>2,061</u>	<u>16,264</u>	<u>1,277,291</u>
NET POSITION					
Net investment in capital assets	296,630,619	11,359,927	112,876,260	1,281,049	422,147,855
Restricted for public service	-	-	-	7,703	7,703
Unrestricted	<u>32,012,029</u>	<u>(13,236,053)</u>	<u>(176,716)</u>	<u>(1,156,636)</u>	<u>17,442,624</u>
Total Net Position	<u>\$ 328,642,648</u>	<u>\$ (1,876,126)</u>	<u>\$ 112,699,544</u>	<u>\$ 132,116</u>	<u>\$ 439,598,182</u>

CITY OF HUNTSVILLE, ALABAMA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Water Pollution Control Fund	Sanitation Fund	Von Braun Center Fund	Nonmajor Proprietary Funds	Total Business-Type Activity Funds
Operating Revenues					
Charges for services	\$ 48,557,352	\$ 14,560,512	\$ 20,163,627	\$ 2,771,311	\$ 86,052,802
Other	279,597	-	13,665	-	293,262
Total Operating Revenues	48,836,949	14,560,512	20,177,292	2,771,311	86,346,064
Operating Expenses					
Personnel, operations & maintenance	23,197,122	21,307,361	19,668,797	5,236,533	69,409,813
Utilities	3,002,945	-	1,847,320	364,424	5,214,689
Depreciation and amortization	14,273,180	1,638,483	4,562,046	150,719	20,624,428
Other	-	-	-	287,047	287,047
Total Operating Expenses	40,473,247	22,945,844	26,078,163	6,038,723	95,535,977
Operating Income (Loss)	8,363,702	(8,385,332)	(5,900,871)	(3,267,412)	(9,189,913)
Non-Operating Revenues (Expenses)					
Interest income	4,035,101	-	466,579	2,662	4,504,342
Rental income	1,125	-	-	-	1,125
Interest and fiscal charges	(2,200,706)	-	-	(339)	(2,201,045)
Loss on disposals	-	-	-	(180)	(180)
Other income	-	-	-	377,575	377,575
Total Non-Operating Revenues (Expenses)	1,835,520	-	466,579	379,718	2,681,817
Income (Loss) Before Contributions and Transfers	10,199,222	(8,385,332)	(5,434,292)	(2,887,694)	(6,508,096)
Capital contributions	-	6,285,688	12,719,151	-	19,004,839
Transfers in	814,629	4,057,019	6,067,984	3,485,532	14,425,164
Transfers out	-	-	-	(2,449,288)	(2,449,288)
Change in Net Position	11,013,851	1,957,375	13,352,843	(1,851,450)	24,472,619
Total Net Position, Beginning of Year	317,628,797	(3,833,501)	99,346,701	1,983,566	415,125,563
Total Net Position, End of Year	\$ 328,642,648	\$ (1,876,126)	\$ 112,699,544	\$ 132,116	\$ 439,598,182

CITY OF HUNTSVILLE, ALABAMA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Water Pollution Control Fund	Sanitation Fund	Von Braun Center Fund	Non-Major Proprietary Funds	Total Business-Type Activity Funds
Cash flows from operating activities					
Receipts from customers and users	\$ 48,532,759	\$ 14,540,836	\$ 21,801,014	\$ 2,100,172	\$ 86,974,781
Payments to suppliers	(16,772,352)	(31,170,124)	(17,758,450)	(2,197,568)	(67,898,494)
Payments to employees	(9,867,932)	13,570,798	(5,653,446)	(1,245,670)	(3,196,250)
Other revenues	-	-	13,665	-	13,665
Net cash provided by (used in) operating activities	<u>21,892,475</u>	<u>(3,058,490)</u>	<u>(1,597,217)</u>	<u>(1,343,066)</u>	<u>15,893,702</u>
Cash flows from noncapital financing activities					
Interest and fiscal charges paid	-	-	-	(339)	(339)
Transfers in	814,629	4,057,019	6,067,984	3,485,532	14,425,164
Transfers out	-	-	-	(2,449,288)	(2,449,288)
Contributions	-	-	-	377,575	377,575
Collection of lease receivable	1,246	-	-	-	1,246
Net cash provided by noncapital financing activities	<u>815,875</u>	<u>4,057,019</u>	<u>6,067,984</u>	<u>1,413,480</u>	<u>12,354,358</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(28,203,524)	(6,250,046)	(2,833,778)	(60,630)	(37,347,978)
Interest and fiscal charges paid	(3,267,242)	-	-	-	(3,267,242)
Principal payments on notes and warrants	(6,029,117)	-	-	-	(6,029,117)
Lease payments	-	-	-	(3,290)	(3,290)
Capital grant reimbursements	-	6,285,688	-	-	6,285,688
Net cash provided by (used in) capital and related financing activities	<u>(37,499,883)</u>	<u>35,642</u>	<u>(2,833,778)</u>	<u>(63,920)</u>	<u>(40,361,939)</u>
Cash flows from investing activities					
Purchases of investments	-	-	(1,975,587)	-	(1,975,587)
Proceeds from sale of investments	22,817,388	-	985,000	-	23,802,388
Interest earned	4,035,101	-	466,579	2,662	4,504,342
Net cash provided by (used in) investing activities	<u>26,852,489</u>	<u>-</u>	<u>(524,008)</u>	<u>2,662</u>	<u>26,331,143</u>
Net increase in cash and cash equivalents	<u>12,060,956</u>	<u>1,034,171</u>	<u>1,112,981</u>	<u>9,156</u>	<u>14,217,264</u>
Cash and cash equivalents, beginning of year	<u>42,040,907</u>	<u>1,270,538</u>	<u>9,409,930</u>	<u>779,528</u>	<u>53,500,903</u>
Cash and cash equivalents, end of year	<u>\$ 54,101,863</u>	<u>\$ 2,304,709</u>	<u>\$ 10,522,911</u>	<u>\$ 788,684</u>	<u>\$ 67,718,167</u>
Reconciliation of cash and cash equivalents					
Cash and cash equivalents	\$ 54,101,863	\$ 2,304,709	\$ 8,522,911	\$ 786,136	\$ 65,715,619
Restricted cash	-	-	2,000,000	2,548	2,002,548
	<u>\$ 54,101,863</u>	<u>\$ 2,304,709</u>	<u>\$ 10,522,911</u>	<u>\$ 788,684</u>	<u>\$ 67,718,167</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ 8,363,702	\$ (8,385,332)	\$ (5,900,871)	\$ (3,267,412)	\$ (9,189,913)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	14,273,180	1,638,483	4,562,046	150,719	20,624,428
Remeasurements of right to use assets	(6,240)	-	-	-	(6,240)
Change in assets, deferred outflows and inflows of resources, and liabilities:					
Accounts receivable	(304,190)	(19,676)	(690,876)	(100,510)	(1,115,252)
Inventory	(9,925)	-	7,900	(2,186)	(4,211)
Prepaid items	(26,436)	(6,712)	(29,616)	(399)	(63,163)
Deferred outflows - pensions	1,375,632	757,369	-	-	2,133,001
Deferred outflows - OPEB	162,098	80,494	-	-	242,592
Accounts payable	(1,273,750)	(34,215)	414,719	1,289,515	396,269
Accrued payables	69,148	139,777	204,397	25,965	439,287
Customer deposits	-	-	(906,357)	-	(906,357)
Other deposits and accrued expenses	-	-	149,749	-	149,749
Compensated absences	25,900	41,300	-	-	67,200
Net pension liabilities	(578,977)	2,420,776	554,943	-	2,396,742
Total OPEB liability	41,072	446,214	-	-	487,286
Unearned revenue	-	-	36,749	(9,053)	27,696
Due to other funds	-	-	-	570,295	570,295
Deferred inflows - pensions	(4,510)	(3,823)	-	-	(8,333)
Deferred inflows - OPEB	(214,229)	(133,145)	-	-	(347,374)
Net cash provided by (used in) operating activities	<u>\$ 21,892,475</u>	<u>\$ (3,058,490)</u>	<u>\$ (1,597,217)</u>	<u>\$ (1,343,066)</u>	<u>\$ 15,893,702</u>
Non-cash capital and financing activities					
Capital assets paid by governmental funds	\$ -	\$ -	\$ 16,787,135	\$ -	\$ 16,787,135
Acquisition of subscription IT	-	-	121,201	-	121,201
Net non-cash capital and financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,908,336</u>	<u>\$ -</u>	<u>\$ 16,908,336</u>

CITY OF HUNTSVILLE, ALABAMA

STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
SEPTEMBER 30, 2024

	Post-Retirement Benefits Trust Fund
ASSETS	
Cash and cash equivalents	\$ 334,474
Investments, at fair value:	
Equity securities:	
Domestic large cap	4,542,243
Domestic small-mid cap	693,589
International	307,995
Debt securities:	
U.S. Treasuries	2,600,609
Corporate bonds	5,012,773
Mortgage-back securities	3,523,770
Total investments	<u>16,680,979</u>
Prepaid items	13,601
Total Assets	<u>17,029,054</u>
LIABILITIES	
Accounts payable	<u>36,312</u>
Total Liabilities	<u>36,312</u>
NET POSITION	
Restricted for Benefits	<u>\$ 16,992,742</u>

CITY OF HUNTSVILLE, ALABAMA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Post-Retirement Benefits Trust Fund
Additions:	
Contributions:	
Employer contributions	\$ 4,500,000
Plan member contributions	<u>2,564,013</u>
Contributions	<u>7,064,013</u>
Investment income:	
Investment earnings	473,770
Net change in fair value	1,825,568
Less investment expenses	<u>(48,410)</u>
Net investment income	<u>2,250,928</u>
Total Additions	<u>9,314,941</u>
Deductions:	
Benefits paid	6,858,643
Other charges	<u>539,202</u>
Total Deductions	<u>7,397,845</u>
Change in Net Position	1,917,096
Net Position, Beginning of Year	<u>15,075,646</u>
Net Position, End of Year	<u>\$ 16,992,742</u>

COMPONENT UNITS

CITY OF HUNTSVILLE, ALABAMA

COMBINING STATEMENT OF NET POSITION - DISCRETELY PRESENTED COMPONENT UNITS SEPTEMBER 30, 2024

ASSETS	Business-Type Activities			Governmental Activities	Total
	Huntsville Utilities			Huntsville / Madison County Convention & Visitors Bureau	
	Electric	Gas	Water		
Current Assets					
Cash and cash equivalents	\$ 80,230,821	\$ 15,289,502	\$ 16,796,536	\$ 2,516,933	\$ 114,833,792
Investments	7,978,503	2,554,576	18,865,383	-	29,398,462
Restricted assets					
Cash and cash equivalents	17,779,576	3,959,378	2,852,320	-	24,591,274
Investments	16,130,001	12,709,609	4,490,759	-	33,330,369
Receivables (net of allowances for uncollectibles)	59,444,247	3,167,514	10,641,920	15	73,253,696
Other assets	8,047,806	2,198,847	709,437	-	10,956,090
Prepaid items	3,697	3,583	2,930	296,088	306,298
Inventories	24,393,302	5,355,692	4,981,073	6,564	34,736,631
Total Current Assets	<u>214,007,953</u>	<u>45,238,701</u>	<u>59,340,358</u>	<u>2,819,600</u>	<u>321,406,612</u>
Noncurrent Assets					
Restricted assets					
Cash and cash equivalents	45,511,405	3,453,210	5,608,527	-	54,573,142
Investments	33,933,789	-	28,486,343	-	62,420,132
Capital contribution receivable	-	3,093,116	-	-	3,093,116
Lease receivable	136,372,796	-	-	-	136,372,796
Other assets	605,059	-	662,605	-	1,267,664
Capital Assets					
Nondepreciable assets	50,957,688	14,565,941	42,235,042	-	107,758,671
Capital asset, net of accumulated depreciation and amortization	404,449,090	145,610,469	324,098,832	1,757,845	875,916,236
Total Capital Assets (net of accumulated depreciation and amortization)	<u>455,406,778</u>	<u>160,176,410</u>	<u>366,333,874</u>	<u>1,757,845</u>	<u>983,674,907</u>
Total Noncurrent Assets	<u>671,829,827</u>	<u>166,722,736</u>	<u>401,091,349</u>	<u>1,757,845</u>	<u>1,241,401,757</u>
Total Assets	<u>885,837,780</u>	<u>211,961,437</u>	<u>460,431,707</u>	<u>4,577,445</u>	<u>1,562,808,369</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows from pension	12,181,577	20,379,538	6,526,132	300,279	39,387,526
Deferred outflows from OPEB	3,168,973	1,321,179	1,324,053	-	5,814,205
Excess consideration provided for acquisition	-	-	4,286,768	-	4,286,768
Deferred loss on debt refunding	378,393	-	3,932,264	-	4,310,657
Total Deferred Outflows of Resources	<u>15,728,943</u>	<u>21,700,717</u>	<u>16,069,217</u>	<u>300,279</u>	<u>53,799,156</u>
LIABILITIES					
Current Liabilities					
Accounts payable	53,978,844	3,098,819	11,391,592	119,673	68,588,928
Accrued liabilities	6,662,821	1,995,045	3,317,909	121,218	12,096,993
Lease liability	13,277	4,221	7,130	21,572	46,200
Subscription-based liabilities, current portion	140,587	35,529	70,271	-	246,387
Other payables	4,661,458	317,141	612,513	-	5,591,112
Interest payable	1,577,229	3,444	846,019	-	2,426,692
Current portion of long-term debt	12,306,831	1,085,440	10,142,927	-	23,535,198
Total Current Liabilities	<u>79,341,047</u>	<u>6,539,639</u>	<u>26,388,361</u>	<u>262,463</u>	<u>112,531,510</u>
Noncurrent Liabilities					
Lease liability	33,953	10,689	18,235	-	62,877
Net pension liability	45,137,253	57,559,440	22,330,602	25,260	125,052,555
Net OPEB liability	20,043,793	8,156,834	8,559,213	-	36,759,840
Subscription-based liabilities, long term	40,355	14,607	22,239	-	77,201
Long-term debt - due in more than one year, net	161,183,568	5,551,459	134,717,572	-	301,452,599
Total Noncurrent Liabilities	<u>226,438,922</u>	<u>71,293,029</u>	<u>165,647,861</u>	<u>25,260</u>	<u>463,405,072</u>
Total Liabilities	<u>305,779,969</u>	<u>77,832,668</u>	<u>192,036,222</u>	<u>287,723</u>	<u>575,936,582</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows from pension	324,376	213,158	-	350,354	887,888
Deferred inflows from OPEB	5,329,963	2,222,120	2,226,954	-	9,779,037
Deferred inflows from leases	133,645,450	-	-	-	133,645,450
Total Deferred Inflows of Resources	<u>139,299,789</u>	<u>2,435,278</u>	<u>2,226,954</u>	<u>350,354</u>	<u>144,312,375</u>
NET POSITION					
Net investment in capital assets	335,402,517	157,714,560	231,854,535	1,736,273	726,707,885
Restricted	-	-	27,638,112	-	27,638,112
Unrestricted	121,084,448	(4,320,352)	22,745,101	2,503,374	142,012,571
Total Net Position	<u>\$ 456,486,965</u>	<u>\$ 153,394,208</u>	<u>\$ 282,237,748</u>	<u>\$ 4,239,647</u>	<u>\$ 896,358,568</u>

CITY OF HUNTSVILLE, ALABAMA

COMBINING STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT UNITS FOR THE YEAR ENDED SEPTEMBER 30, 2024

FUNCTIONS / PROGRAMS	Program Revenues			Changes in Net Position				
	Expenses	Charges for Services	Capital Grants and Contributions	Business-Type Activities			Governmental Activities	Total
				Huntsville Utilities			Huntsville / Madison County Convention & Visitors Bureau	
				Electric	Gas	Water		
Component Units								
Huntsville Utilities Electric System	\$ 591,745,465	\$ 625,428,433	\$ -	\$ 33,682,968	\$ -	\$ -	\$ -	\$ 33,682,968
Huntsville Utilities Gas System	59,336,579	67,147,405	1,407,720	-	9,218,546	-	-	9,218,546
Huntsville Utilities Water System	65,721,585	79,805,099	10,359,995	-	-	24,443,509	-	24,443,509
Huntsville / Madison County Convention & Visitors Bureau	6,772,985	6,958	-	-	-	-	(6,766,027)	(6,766,027)
Total Component Units	<u>\$ 723,576,614</u>	<u>\$ 772,387,895</u>	<u>\$ 11,767,715</u>	<u>\$ 33,682,968</u>	<u>\$ 9,218,546</u>	<u>\$ 24,443,509</u>	<u>\$ (6,766,027)</u>	<u>\$ 60,578,996</u>
General Revenues								
Taxes				\$ -	\$ -	\$ -	\$ 3,179,741	\$ 3,179,741
Gain on disposal of capital assets				25,525	99,475	13,228	-	138,228
Unrestricted investment earnings				9,183,418	2,182,279	3,820,292	1,549	15,187,538
Unrestricted intergovernmental revenues				-	-	-	4,611,125	4,611,125
Total General Revenues				<u>9,208,943</u>	<u>2,281,754</u>	<u>3,833,520</u>	<u>7,792,415</u>	<u>23,116,632</u>
Change in Net Position				42,891,911	11,500,300	28,277,029	1,026,388	83,695,628
Net Position, Beginning of Year				<u>413,595,054</u>	<u>141,893,908</u>	<u>253,960,719</u>	<u>3,213,259</u>	<u>812,662,940</u>
Net Position, End of Year				<u>\$ 456,486,965</u>	<u>\$ 153,394,208</u>	<u>\$ 282,237,748</u>	<u>\$ 4,239,647</u>	<u>\$ 896,358,568</u>

NOTES TO THE FINANCIAL STATEMENTS

City of Huntsville, Alabama

**Notes to Financial Statements
September 30, 2024**

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

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

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

Blended Component Units

Public Building Authority of the City of Huntsville (PBA)

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

Discretely Presented Component Units

Huntsville Utilities (Utilities)

The Utilities is governed by three legally separate boards which are appointed by the City Council: the Huntsville Electric Utility Board, the Huntsville Water Utility Board, and the Huntsville Natural Gas Utility Board. The City is not considered financially accountable for the Utilities; however, the Utilities are presented as a discretely presented component unit because of the nature and significance of its relationship with the City. The financial statements related to the three boards have been stated separately. The Utility Systems are presented as a proprietary fund or business-type activity.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Financial Reporting Entity (Continued)

Huntsville/Madison County Convention and Visitors Bureau (HMC CVB)

The HMC CVB provides advertising and promotional activities to help promote tourism and economic development in the Huntsville/Madison County area. The HMC CVB is governed by a seven-member board. Four members are appointed by the City government and three are appointed by the County government. Although the City is obligated to provide significant financial assistance to the HMC CVB in the form of liquor and lodging tax receipts, the City is not considered to meet the financially accountable criterion. The HMC CVB is presented as a discretely presented component unit based upon the nature and significance of its relationship with the City. The HMC CVB is presented as a governmental fund type.

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

Related Organizations

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

Huntsville Housing Authority

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

Solid Waste Disposal Authority

The Solid Waste Disposal Authority is governed by a five-member board appointed by the City. The City has no ability to influence the operations of the Authority nor has any financial obligations related to the Authority. The City is obligated to use the Authority for its waste disposal through a contract with the Authority. However, this is considered to be an exchange transaction between two entities and is not considered a manifestation of a financial benefit or burden relationship between the entities. Fees paid to the Authority by the City in fiscal year 2024 were \$3,819,281.

Health Care Authority

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

CITY OF HUNTSVILLE, ALABAMA

**Notes to Financial Statements
September 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Financial Reporting Entity (Continued)

Jointly Governed Organizations

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

Huntsville-Madison County Marina and Port Authority

The Marina and Port Authority is governed by a five-member board to operate the marina and port facilities on the Tennessee River. The City and Madison County each appoint two of the members with one member jointly appointed. The City is partially responsible for funding the deficits of the Authority but did not appropriate funds or provide financial assistance to the Authority during 2024.

Huntsville-Madison County Railroad Authority

The Railroad Authority is governed by a five-member board to operate rail service to certain industry concerns in Madison County. The City and Madison County each appoint two of the members with one member jointly appointed. The City is partially responsible for funding deficits of the Authority but did not appropriate funds or provide financial assistance to the Authority during 2024.

Huntsville-Madison County Airport Authority

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

Madison County Communications District

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for which they are levied. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including lease and subscription liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Certain taxes and fees associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

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

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

The **Capital Projects Fund** is used to account for the construction and development of the City's capital projects.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major proprietary funds:

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

The **Sanitation Fund** accounts for garbage services provided to the residents of the City. These services include garbage collection, yard waste, and bulky collection for residential and commercial customers. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service.

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

Additionally, the City reports the following fund types:

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

D. Cash and Cash Equivalents

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

E. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value except for money market investments which include short-term, highly liquid debt instruments which are reported at cost or amortized cost. Any differences between the fair value and cost of investments, other than short-term money market investments, are reflected in investment income.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Inventory and Prepaid Items

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

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

G. Receivables and Payables

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

All trade receivables are shown net of an allowance for uncollectible.

Amounts receivable from federal, state, county, and local governments are classified as “due from other governmental entities.” No individually significant amounts were due from any single entity as of September 30, 2024.

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

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

Notes to Financial Statements
September 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Restricted Assets

Cash and investments that must be used for restricted purposes, are reported as “Restricted Assets” in the government-wide statements of net position and fund financial statements balance sheets. Also, some restricted cash and investments are held by one fund but will be expended in other fund, which creates an interfund payable/receivable. These amounts are reported as “Restricted Assets” and “Liabilities Payable from Restricted Assets” in the affected fund financial statements. These interfund transactions are eliminated in the government wide statements.

I. Capital Assets and Right-to-Use Assets

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

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

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

	Years
Utility plants	40 - 50
Sewer systems	40 - 50
Infrastructure	25 - 50
Right-to-use leased infrastructure	25 - 50
Buildings and improvements	25 - 50
Right-to-use leased buildings and improvements	25 - 50
Greenways	15
Traffic signals	10 - 20
Surface lots	10
Furniture and equipment	5 - 12
Right-to-use leased furniture and equipment	5 - 12
Right-to-use subscription asset	2 - 7

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Leases and Subscription-Based Information Technology Arrangements

Lessee

The City is a lessee for noncancellable leases of infrastructure, buildings and improvements, and furniture and equipment and other. The City recognizes a lease and subscription liability and an intangible right-to-use lease and subscription asset in the government-wide financial statements. The City recognizes these liabilities with an initial, individual value of \$100,000 or more.

At the commencement of an agreement, the City initially measures the liability at the present value of payments expected to be made during the term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to the agreements include how the City determines: 1) the discount rate it uses to discount the expected payments to present value, 2) term, and 3) payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for the liabilities.
- The lease term includes the noncancellable period of the agreement. Payments included in the measurement of the liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its agreement and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability.

Assets are reported with other capital assets and liabilities are reported with long-term liabilities on the Statement of Net Position.

Lessor

The City is a lessor for noncancellable leases of infrastructure, buildings and improvements, and furniture and equipment and other. The lease receivable and a deferred inflow is recognized in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Leases and Subscription-Based Information Technology Arrangements (Continued)

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged by the City as the discount rate. When the interest rate is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain will be exercised.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and deferred inflow if certain changes occur that are expected to significantly affect the amount of the lease asset.

K. Compensated Absences

The City grants a specific number of vacation and sick leave hours with pay to its employees. Upon termination or retirement, an employee is paid for accumulated vacation leave subject to certain limitations. Upon retirement, an employee is paid fifty percent of unused sick leave hours. There is no cap or limit to the total hours which can be accrued for sick leave.

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

L. Deferred Outflows/Inflows of Resources

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources (Continued)

The deferred outflows related to refunding amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions reflect payments made by the City not currently recognized by the pension plans and other changes in the net pension liability and are disclosed more in Note 12. The deferred outflows related to other postemployment benefits reflects payments made by the City not currently recognized by the OPEB plans and other changes in the net OPEB liability and are disclosed more in Note 13.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four types of deferred inflows. One of these items arises only under a modified accrual basis of accounting. This item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue for receivables not collected within 60 days of year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item relates to the recognition of employee pensions as required under GASB 68. This item is a deferred inflow in both the enterprise fund and the entity wide statement of net position and are discussed more in Note 12. The third item relates to the recognition of other postemployment benefits as required under GASB 75. This item is a deferred inflow in both the enterprise fund and the entity wide statement of net position and is discussed more in Note 13. The fourth item relates to deferred inflows from lease receivables as required by GASB 87.

M. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds and warrants payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Pensions

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

O. Fund Equity

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

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

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

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements
September 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (Continued)

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

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

Below are the fund balance classifications for the governmental funds at September 30, 2024:

	General Fund	Grants Fund	Capital Improvements Fund	Capital Projects Fund	Nonmajor Govt Funds	Total Govt Funds
FUND BALANCE						
Nonspendable:						
Prepaid items	\$ 3,615,093	\$ 1,187,549	\$ -	\$ -	\$ 2,807,722	\$ 7,610,364
Inventory	614,406	-	-	-	103,547	717,953
Advances	1,219,903	-	-	-	-	1,219,903
Endowments	-	-	-	-	394,074	394,074
Restricted:						
Capital projects	-	-	243,904,193	-	-	243,904,193
General grants	-	11,485,621	-	-	-	11,485,621
Debt service	-	-	-	-	59,230,328	59,230,328
Culture and tourism	-	-	-	-	24,187,718	24,187,718
Public safety	-	-	-	-	2,572,544	2,572,544
Public service	-	-	-	-	574,412	574,412
Streets and highways	-	-	-	-	2,742,702	2,742,702
School support	-	-	-	-	811,327	811,327
Committed:						
Cummings Research Park	-	-	-	-	5,130,461	5,130,461
Assigned:						
General government	294,767	-	-	-	-	294,767
Public safety	194,687	-	-	-	-	194,687
Public service	102,116	-	-	-	-	102,116
Urban development	67,710	-	-	-	-	67,710
Public library	-	-	-	-	5,255,047	5,255,047
Huntsville tennis center	-	-	-	-	267,517	267,517
Cemetery perpetual care	-	-	-	-	5,441,884	5,441,884
Jail maintenance	1,000,000	-	-	-	-	1,000,000
Unassigned	189,231,367	-	-	(1,342,649)	(5,289,851)	182,598,867
Total	\$ 196,340,049	\$ 12,673,170	\$ 243,904,193	\$ (1,342,649)	\$ 104,229,432	\$ 555,804,195

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements
September 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (Continued)

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

The following is the calculation of the City’s net investment in capital assets as of September 30, 2024:

	<u>Governmental Activities</u>	<u>Water Pollution Control Fund</u>	<u>Sanitation Fund</u>	<u>Von Braun Center Fund</u>	<u>Nonmajor Proprietary Funds</u>	<u>Business-type Activities</u>
Capital assets, net	\$ 1,643,579,128	\$ 360,664,577	\$ 11,359,927	\$ 112,966,301	\$ 1,285,316	\$ 486,276,121
Related construction liabilities	(17,961,136)	(3,015,133)	-	-	-	(3,015,133)
Warrants payable	(762,871,761)	(72,358,456)	-	-	-	(72,358,456)
Deferred charges on refunding	9,199,201	328,879	-	-	-	328,879
Revenue warrants payable	(143,115,000)	(1,005,000)	-	-	-	(1,005,000)
Lease payable	(1,771,782)	-	-	-	(4,267)	(4,267)
SBITA liability	(4,015,834)	-	-	(90,041)	-	(90,041)
Notes payable	(115,129,648)	-	-	-	-	-
EUL warrants	115,129,648	-	-	-	-	-
Unspent proceeds	9,294,002	12,015,752	-	-	-	12,015,752
Warrants for the School District	214,224,444	-	-	-	-	-
Warrants for non-City assets	49,265,686	-	-	-	-	-
	<u>\$ 995,826,948</u>	<u>\$ 296,630,619</u>	<u>\$ 11,359,927</u>	<u>\$ 112,876,260</u>	<u>\$ 1,281,049</u>	<u>\$ 422,147,855</u>

CITY OF HUNTSVILLE, ALABAMA

**Notes to Financial Statements
September 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (Continued)

The City's discretely presented component units' net investment in capital assets as of September 30, 2024 is calculated as follows:

	Huntsville Utilities			Huntsville/ Madison Co.
	Electric System	Gas System	Water System	CVB
Capital assets, net	\$ 455,137,408	\$ 160,101,615	\$ 366,196,316	\$ 1,757,845
Related construction liabilities	(172,378)	(54,734)	(582,288)	-
Revenue warrants payable	(106,775,000)	(2,342,070)	(135,305,000)	-
Deferred charges on refunding	378,393	-	3,932,264	-
Lease asset	45,128	14,207	24,236	-
Lease payable	(47,230)	(14,910)	(25,365)	(21,572)
SBITA asset	224,242	60,588	13,322	-
SBITA liability	(180,942)	(50,136)	(92,510)	-
Premium	(13,812,163)	-	(2,969,045)	-
Regulatory asset	605,059	-	662,605	-
	<u>\$ 335,402,517</u>	<u>\$ 157,714,560</u>	<u>\$ 231,854,535</u>	<u>\$ 1,736,273</u>

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

P. Management Estimates

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

CITY OF HUNTSVILLE, ALABAMA

**Notes to Financial Statements
September 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Sales and Use Tax Revenue Allocation

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

18.0% is paid to the Capital Improvements Fund.

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

These do not represent restrictions on the fund balance of the City at September 30, 2024, but represent designations of future revenue which will be considered in determining budget appropriations for future years.

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information and Deficit Fund Balance

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

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements September 30, 2024

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

The following funds have annual legally adopted budgets: General Fund, Lodging & Liquor Taxes Special Revenue Fund, and Debt Service Fund.

As of September 30, 2024, the following funds had deficit fund balances: Capital Projects Fund, Sanitation Fund, PBA City Hall Fund, and Amphitheater Fund. The PBA City Hall Fund and the Capital Projects Fund will be funded by future debt borrows, as disclosed in Note 16. The other funds will be funded by future transfers from the General Fund.

NOTE 3. DEPOSITS AND INVESTMENTS

Cash and Investment Policies

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

City investment policy, which is established by ordinance, requires and permits the same investments as required by state law. City policy limits deposits in financial institutions to no more than 50% in a single institution, and the City was in compliance with this requirement at September 30, 2024.

Interest Rate Risk

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

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

Notes to Financial Statements
September 30, 2024

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

The maturities of the City’s debt securities are categorized as follows:

	<u>Fair Value</u>	<u>Percent of Total</u>
Less than one year	\$ 70,099,955	57%
One to five years	53,958,988	43%
Total	<u>\$ 124,058,943</u>	<u>100%</u>

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

	<u>Fair value</u>	<u>Percent of Total</u>
Less than one year	\$ 504,407	5%
One to five years	3,729,047	33%
Five to ten years	1,893,100	17%
More than ten years	5,010,598	45%
	<u>\$ 11,137,152</u>	<u>100%</u>

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

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

The concentration of credit risk related to the City’s investments are as follows:

<u>Investments</u>	<u>Amount</u>	<u>Portfolio</u>
Cash on hand and in banks	\$ 39,064,084	24%
Certificate of deposits	125,661	0%
U.S. Treasury obligations	124,058,943	76%
	<u>\$ 163,248,688</u>	<u>100%</u>

Notes to Financial Statements
September 30, 2024

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

The concentration of credit risk of the OPEB Trust is as follows:

Investments	Amount	Portfolio
Cash on hand and in banks	\$ 334,474	2%
U.S. Treasury obligations	2,600,609	15%
Corporate bonds	5,012,773	29%
Corporate stocks	5,543,827	33%
Mortgage-backed securities	3,523,770	21%
	<u>\$ 17,015,453</u>	<u>100%</u>

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of September 30, 2024, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements.

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

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

The City has the following recurring fair value measurements as of September 30, 2024:

Investments	Fair Value	Level 1	Level 2	Level 3
Money market	\$ 39,064,084	\$ 39,064,084	\$ -	\$ -
U.S. Treasury obligations	124,058,943	-	124,058,943	-
	<u>163,123,027</u>	<u>\$ 39,064,084</u>	<u>\$ 124,058,943</u>	<u>\$ -</u>
Certificate of deposits	<u>125,661</u>			
Total investments	<u>\$ 163,248,688</u>			

CITY OF HUNTSVILLE, ALABAMA

**Notes to Financial Statements
September 30, 2024**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

The OPEB Trust has the following recurring fair value measurements as of September 30, 2024:

Investments	Fair Value	Level 1	Level 2	Level 3
US Treasury obligations	\$ 2,600,609	\$ 2,600,609	\$ -	\$ -
Corporate bonds	5,012,773	5,012,773	-	-
Mortgage-backed securities	3,523,770	-	3,523,770	-
Corporate stocks	5,543,827	5,543,827	-	-
	\$ 16,680,979	\$ 13,157,209	\$ 3,523,770	\$ -

The United States Treasuries, corporate stocks, and corporate bonds are classified in Level 1 of the fair value hierarchy and valued using prices quoted in active markets for those investments. Primary prices provided by a vendor or broker/dealer are classified as a Level 2. The mortgage-backed securities were valued using a matrix pricing model. The certificate of deposits or guaranteed investment contract is a nonparticipating interest-earning investment contract and, accordingly, is recorded at cost.

NOTE 4. RECEIVABLES

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

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements
September 30, 2024

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Remeasurements Early Termination</u>	<u>Ending Balance</u>
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$ 158,342,049	\$ 1,355,518	\$ (285,749)	\$ 1,200,000	\$ -	\$ 160,611,818
Construction in progress	149,809,756	79,312,055	(27,917)	(190,669,910)	-	38,423,984
Total	<u>308,151,805</u>	<u>80,667,573</u>	<u>(313,666)</u>	<u>(189,469,910)</u>	<u>-</u>	<u>199,035,802</u>
Capital assets, being depreciated/amortized:						
Land improvements	159,688,228	1,166,707	(844,924)	19,780,470	-	179,790,481
Buildings and improvements	482,868,228	2,163,575	(529,907)	130,336,705	-	614,838,601
Furniture, equipment and other	159,022,496	10,999,006	(14,487,867)	48,278	-	155,581,913
Infrastructure	1,978,241,219	280,583	(1,428,867)	39,304,457	-	2,016,397,392
Right-to-use lease assets	2,952,820	2,333,921	(1,217,863)	-	(10,744)	4,058,134
Right-to-use technology agreements	6,623,700	1,817,554	-	-	(500,012)	7,941,242
Total	<u>2,789,396,691</u>	<u>18,761,346</u>	<u>(18,509,428)</u>	<u>189,469,910</u>	<u>(510,756)</u>	<u>2,978,607,763</u>
Less accumulated depreciation/amortization for:						
Land improvements	(40,144,132)	(11,225,150)	802,443	-	-	(50,566,839)
Buildings and improvements	(138,176,098)	(27,195,167)	443,632	-	-	(164,927,633)
Furniture, equipment and other	(91,139,458)	(12,971,231)	13,959,445	-	-	(90,151,244)
Infrastructure	(1,180,614,767)	(43,704,390)	887,623	-	-	(1,223,431,534)
Right-to-use lease assets	(1,613,108)	(809,769)	1,077,656	-	22,139	(1,323,082)
Right-to-use technology agreements	(1,565,761)	(2,324,603)	-	-	226,259	(3,664,105)
Total	<u>(1,453,253,324)</u>	<u>(98,230,310)</u>	<u>17,170,799</u>	<u>-</u>	<u>248,398</u>	<u>(1,534,064,437)</u>
Total capital assets, being depreciated/amortized, net	<u>1,336,143,367</u>	<u>(79,468,964)</u>	<u>(1,338,629)</u>	<u>189,469,910</u>	<u>(262,358)</u>	<u>1,444,543,326</u>
Governmental activities capital assets, net	<u>\$ 1,644,295,172</u>	<u>\$ 1,198,609</u>	<u>\$ (1,652,295)</u>	<u>\$ -</u>	<u>\$ (262,358)</u>	<u>\$ 1,643,579,128</u>

See Note 6 for a breakdown of the right-to-use lease assets by category, including accumulated amortization by category.

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements
September 30, 2024

NOTE 5. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Remeasurements Early Termination</u>	<u>Ending Balance</u>
Business-type activities:						
Capital assets, not being depreciated:						
Land	\$ 8,014,522	\$ 29,006	\$ -	\$ 96,412	\$ -	\$ 8,139,940
Construction in progress	39,167,953	37,077,814	-	(63,208,328)	-	13,037,439
Total	<u>47,182,475</u>	<u>37,106,820</u>	<u>-</u>	<u>(63,111,916)</u>	<u>-</u>	<u>21,177,379</u>
Capital assets, being depreciated/amortized:						
Buildings and improvements	720,574,281	5,719,189	(789)	61,690,331	-	787,983,012
Furniture, equipment and other	41,513,861	11,126,748	(2,834,405)	1,421,585	-	51,227,789
Right-to-use lease assets	646,247	-	-	-	(630,024)	16,223
Right-to-use technology agreements	58,248	121,201	-	-	-	179,449
Total	<u>762,792,637</u>	<u>16,967,138</u>	<u>(2,835,194)</u>	<u>63,111,916</u>	<u>(630,024)</u>	<u>839,406,473</u>
Less accumulated depreciation/amortization for:						
Buildings and improvements	(331,502,104)	(17,866,684)	789	-	-	(349,367,999)
Furniture, equipment and other	(24,893,780)	(2,723,867)	2,732,186	-	-	(24,885,461)
Right-to-use lease assets	(154,361)	(3,225)	-	-	145,390	(12,196)
Right-to-use technology agreements	(11,423)	(30,652)	-	-	-	(42,075)
Total	<u>(356,561,668)</u>	<u>(20,624,428)</u>	<u>2,732,975</u>	<u>-</u>	<u>145,390</u>	<u>(374,307,731)</u>
Total capital assets, being depreciated/amortized, net	<u>406,230,969</u>	<u>(3,657,290)</u>	<u>(102,219)</u>	<u>63,111,916</u>	<u>(484,634)</u>	<u>465,098,742</u>
Business-type activities capital assets, net	<u>\$ 453,413,444</u>	<u>\$ 33,449,530</u>	<u>\$ (102,219)</u>	<u>\$ -</u>	<u>\$ (484,634)</u>	<u>\$ 486,276,121</u>

See Note 6 for a breakdown of the right-to-use lease assets by category, including accumulated amortization by category.

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

Governmental activities:	
General government	\$ 32,203,142
Public safety	13,214,637
Public services	8,000,538
Urban development	<u>44,811,993</u>
Total depreciation expense - governmental activities	<u>\$ 98,230,310</u>
Business-type activities:	
Water pollution control	\$ 14,273,180
Von Braun Center	4,562,046
Municipal Iceplex	150,719
Sanitation	<u>1,638,483</u>
Total depreciation expense - business-type activities	<u>\$ 20,624,428</u>

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements
September 30, 2024

NOTE 6. LEASE ASSETS

Lease asset activity for the year ended September 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Remeasurements Early Termination	Ending Balance
Governmental activities:					
Leased Assets:					
Buildings and improvements	\$ 2,822,979	\$ 310,195	\$ (1,165,193)	\$ 56,388	\$ 2,024,369
Furniture, equipment, and other	106,031	59,692	(52,670)	(43,322)	69,731
Infrastructure	23,810	1,964,034	-	(23,810)	1,964,034
Total lease assets	<u>2,952,820</u>	<u>2,333,921</u>	<u>(1,217,863)</u>	<u>(10,744)</u>	<u>4,058,134</u>
Less accumulated amortization for:					
Buildings and improvements	(1,546,101)	(766,120)	1,024,986	(2,737)	(1,289,972)
Furniture, equipment, and other	(56,017)	(20,008)	52,670	13,887	(9,468)
Infrastructure	(10,990)	(23,641)	-	10,989	(23,642)
Total accumulated amortization	<u>(1,613,108)</u>	<u>(809,769)</u>	<u>1,077,656</u>	<u>22,139</u>	<u>(1,323,082)</u>
Governmental activities lease assets, net	<u>\$ 1,339,712</u>	<u>\$ 1,524,152</u>	<u>\$ (140,207)</u>	<u>\$ 11,395</u>	<u>\$ 2,735,052</u>
Business-type activities:					
Leased Assets:					
Furniture, equipment, and other	\$ 16,223	\$ -	\$ -	\$ -	\$ 16,223
Infrastructure	630,024	-	-	(630,024)	-
Total lease assets	<u>646,247</u>	<u>-</u>	<u>-</u>	<u>(630,024)</u>	<u>16,223</u>
Less accumulated amortization for:					
Furniture, equipment, and other	(8,971)	(3,225)	-	-	(12,196)
Infrastructure	(145,390)	-	-	145,390	-
Total accumulated amortization	<u>(154,361)</u>	<u>(3,225)</u>	<u>-</u>	<u>145,390</u>	<u>(12,196)</u>
Business-type activities lease assets, net	<u>\$ 491,886</u>	<u>\$ (3,225)</u>	<u>\$ -</u>	<u>\$ (484,634)</u>	<u>\$ 4,027</u>

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

Governmental activities:	
General government	\$ 789,761
Public services	20,008
Total amortization expense - governmental activities	<u>\$ 809,769</u>
Business-type activities:	
Municipal Iceplex	\$ 3,225
Total amortization expense - business-type activities	<u>\$ 3,225</u>

CITY OF HUNTSVILLE, ALABAMA

**Notes to Financial Statements
September 30, 2024**

NOTE 7. SUBSCRIPTION ASSETS

Subscription asset activity for the year ended September 30, 2024, was as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Remeasurements</u>	<u>Ending Balance</u>
Subscription assets	\$ 6,623,700	\$ 1,817,554	\$ -	\$ (500,012)	\$ 7,941,242
Total	<u>6,623,700</u>	<u>1,817,554</u>	<u>-</u>	<u>(500,012)</u>	<u>7,941,242</u>
Less accumulated amortization	(1,565,761)	(2,324,603)	-	226,259	(3,664,105)
Total	<u>(1,565,761)</u>	<u>(2,324,603)</u>	<u>-</u>	<u>226,259</u>	<u>(3,664,105)</u>
Total subscription assets, net	<u>\$ 5,057,939</u>	<u>\$ (507,049)</u>	<u>\$ -</u>	<u>\$ (273,753)</u>	<u>\$ 4,277,137</u>

Business-type Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Remeasurements</u>	<u>Ending Balance</u>
Subscription assets	\$ 58,248	\$ 121,201	\$ -	\$ -	\$ 179,449
Total	<u>58,248</u>	<u>121,201</u>	<u>-</u>	<u>-</u>	<u>179,449</u>
Less accumulated amortization	(11,423)	(30,652)	-	-	(42,075)
Total	<u>(11,423)</u>	<u>(30,652)</u>	<u>-</u>	<u>-</u>	<u>(42,075)</u>
Total subscription assets, net	<u>\$ 46,825</u>	<u>\$ 90,549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,374</u>

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

Governmental activities:

General government	\$ 2,324,603
Total amortization expense - governmental activities	<u>\$ 2,324,603</u>

Business-type activities:

Von Braun Center	\$ 30,652
Total amortization expense - business-type activities	<u>\$ 30,652</u>

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements
September 30, 2024

NOTE 8. LONG-TERM DEBT

The following is a summary of the long-term debt activity for the fiscal year ended September 30, 2024 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Remeasurements Early Termination</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:						
General obligation warrants	\$ 730,928,152	\$ -	\$ (46,517,205)	\$ -	\$ 684,410,947	\$ 46,218,944
Lease revenue bonds	147,555,000	-	(4,440,000)	-	143,115,000	4,595,000
EUL revenue warrants	102,966,111	13,745,761	(1,582,224)	-	115,129,648	-
Issue discounts & premiums	89,013,715	-	(10,552,901)	-	78,460,814	-
Subscription liability	4,755,654	1,817,554	(2,327,144)	(230,230)	4,015,834	1,738,155
Lease liability	1,363,443	2,332,462	(1,788,738)	(135,385)	1,771,782	1,249,295
Total warrants, bonds & notes, leases, and subscriptions	<u>1,076,582,075</u>	<u>17,895,777</u>	<u>(67,208,212)</u>	<u>(365,615)</u>	<u>1,026,904,025</u>	<u>53,801,394</u>
Compensated absences	35,346,900	18,279,989	(16,735,589)	-	36,891,300	3,689,130
Net pension liability	279,860,185	62,882,879	(78,764,854)	-	263,978,210	-
Net OPEB liability	59,866,311	8,593,569	(6,351,520)	-	62,108,360	-
Claims & judgments	15,210,263	38,338,884	(38,534,845)	-	15,014,302	1,250,000
Governmental activities long-term liabilities	<u>\$ 1,466,865,734</u>	<u>\$ 145,991,098</u>	<u>\$ (207,595,020)</u>	<u>\$ (365,615)</u>	<u>\$ 1,404,896,197</u>	<u>\$ 58,740,524</u>
Business-type activities:						
General obligation warrants	\$ 72,112,177	\$ -	\$ (5,919,117)	\$ -	\$ 66,193,060	\$ 5,909,335
Sewer revenue warrants	1,115,000	-	(110,000)	-	1,005,000	115,000
Issue discounts & premiums	7,121,698	-	(956,302)	-	6,165,396	-
Subscription liability	37,968	121,201	(69,128)	-	90,041	52,733
Lease liability	498,431	-	(3,290)	(490,874)	4,267	2,804
Total warrants, leases, and subscriptions	<u>80,885,274</u>	<u>121,201</u>	<u>(7,057,837)</u>	<u>(490,874)</u>	<u>73,457,764</u>	<u>6,079,872</u>
Compensated absences	3,047,996	1,308,130	(1,188,785)	-	3,167,341	759,600
Net pension liability	34,589,462	8,574,938	(7,167,371)	-	35,997,029	-
Net OPEB liability	5,921,121	886,694	(399,408)	-	6,408,407	-
Business-type activities long-term liabilities	<u>\$ 124,443,853</u>	<u>\$ 10,890,963</u>	<u>\$ (15,813,401)</u>	<u>\$ (490,874)</u>	<u>\$ 119,030,541</u>	<u>\$ 6,839,472</u>

For the governmental funds, compensated absences, net pension liability, and net OPEB liability are liquidated primarily by the General Fund.

The increase in EUL revenue warrants of \$13,745,761 includes \$10,291,772 of interest accrued during the fiscal year ended September 30, 2024, as described in the EUL Revenue Warrants section.

CITY OF HUNTSVILLE, ALABAMA

**Notes to Financial Statements
September 30, 2024**

NOTE 8. LONG-TERM DEBT (CONTINUED)

General Obligation Warrants

The City issues general obligation (G.O.) warrants, which are direct obligations and pledges of the full faith and credit of the City, for the acquisition and construction of capital facilities and equipment and to refund other G.O. warrants. The City also issues warrants on behalf of the Huntsville Board of Education. As of September 30, 2024, the City has \$199,285,000 of outstanding warrants, as well as an additional \$14,939,444 of premiums, which were issued for construction of assets reported by the Huntsville Board of Education.

The City has the following outstanding G.O. Warrants as of September 30, 2024:

Series	Issue Date	Maturity Date	Interest Rates	Principal Issued	Principal Outstanding at 9/30/24
2013B <i>Refunding portions of Series 2010-A and other capital improvements</i>	5/23/2013	6/1/2037	3.5% - 4.0%	\$ 14,580,000	\$ 13,730,000
2014A <i>Refunding portions of Series 2005-A and C, Series 2007-A, and Series 2009-A</i>	9/3/2014	8/1/2037	3.0% - 5.0%	40,925,000	22,410,000
2014B <i>Redemption of PBA Series 2007 and other capital improvements</i>	9/3/2014	11/1/2033	2.0% - 5.0%	19,345,000	13,355,000
2014C <i>Refunding portions of Series 2009-A and school capital building and renovations</i>	9/3/2014	9/1/2029	2.0% - 5.0%	27,045,000	11,715,000
2015A <i>Roadway and bridge, parks and recreation, and other capital improvements</i>	6/30/2015	5/1/2035	5.0%	61,390,000	40,410,000
2015B <i>Refunding of Series 2010-A (TIF 5)</i>	5/4/2015	5/1/2045	0.66% - 4.19%	8,185,000	6,510,000
2016A <i>Roadway and bridge, parks and recreation, public safety, and other capital improvements</i>	6/14/2016	5/1/2036	1.5% - 5.0%	35,725,000	28,000,000

Continued

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements
September 30, 2024

NOTE 8. LONG-TERM DEBT (CONTINUED)

Series	Issue Date	Maturity Date	Interest Rates	Principal Issued	Principal Outstanding at 9/30/24
2016B <i>School capital building and renovations</i>	6/14/2016	5/1/2036	5.0%	29,890,000	29,315,000
2016C <i>Refunding portions of Series 2007-A, Series 2009-A, and Series 2011-A</i>	6/14/2016	5/1/2029	3.0% - 5.0%	23,963,063	12,258,419
2016D <i>Refunding portions of Series 2009-B and Series 2011-B</i>	6/14/2016	5/1/2030	3.0% - 5.0%	31,550,000	22,810,000
2017A <i>School capital building and renovations</i>	2/16/2017	5/1/2037	5.0%	17,355,000	13,175,000
2017B <i>Firetrucks, roadway, and other capital improvements</i>	2/16/2017	5/1/2037	3.0% - 5.0%	8,560,000	3,945,000
2017C <i>Roadway, utility, public safety, and other capital improvements</i>	2/16/2017	5/1/2037	2.6% - 5.0%	11,045,000	8,000,000
2017D <i>Refunding of Series 2011-A, Series 2012-A, and Series 2013-D</i>	8/24/2017	11/1/2031	2.0% - 5.0%	16,846,200	16,060,800
2017E <i>Refunding of school debt (Series 2011-B and Series 2013-C)</i>	8/24/2017	11/1/2032	3.0% - 5.0%	49,195,000	47,840,000
2018A <i>TIF 7 (Mazda Toyota) land acquisition</i>	2/28/2018	1/1/2038	5.0%	50,590,000	44,415,000
2018B <i>Public safety equipment, bridge, roadway, City and VBC facilities, and other capital improvements</i>	2/28/2018	1/1/2038	5.0%	61,985,000	49,645,000
2018C <i>Redemption of Series 2010-A (TIF 5)</i>	4/12/2018	1/1/2033	4.19%	5,385,000	4,650,000
2019A <i>Community center, parks, utility, parking, and other capital improvements</i>	5/30/2019	1/1/2033	4.19%	77,000,000	63,775,000

Continued

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements
September 30, 2024

NOTE 8. LONG-TERM DEBT (CONTINUED)

Series	Issue Date	Maturity Date	Interest Rates	Principal Issued	Principal Outstanding at 9/30/24
2020A <i>Refunding portions of Series 2010-A, B, and C</i>	11/3/2020	9/1/2032	1.5% - 5.0%	28,808,598	8,625,009
2020B <i>School capital building and renovations</i>	11/3/2020	9/1/2030	5.0%	13,265,000	7,430,000
2020C <i>Refunding portions of Series 2010-A, B, and C</i>	11/3/2020	9/1/2034	1.6% - 2.0%	24,721,505	14,737,714
2020D <i>School capital building and renovations</i>	11/3/2020	9/1/2034	1.6% - 2.0%	27,610,000	22,245,000
2020E <i>Roadway, utility, and other capital improvements</i>	12/22/2020	2/1/2036	1.56%	15,047,500	11,785,803
2021 <i>VBC facility improvements</i>	12/22/2021	12/1/2036	1.68%	7,000,000	5,876,202
2022 (TIF 5) <i>Partial redemption of series 2010-A and 2010-B (TIF 5)</i>	11/17/2022	3/1/2045	5.31%	16,574,000	15,630,000
2023A <i>Parks and Public Safety Improvements</i>	3/9/2023	3/1/2043	5.00%	66,835,000	64,840,000
2023B <i>Apollo Park and Economic Development</i>	3/9/2023	3/1/2043	5.00%	26,790,000	25,990,000
2023D <i>School capital improvements</i>	3/9/2023	3/1/2053	5.00%	45,425,000	44,755,000
2023E <i>VBC facility improvements</i>	8/16/2023	8/1/2038	4.08%	11,000,000	10,477,000
				<u>\$873,635,866</u>	<u>\$684,410,947</u>

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements
September 30, 2024

NOTE 8. LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the warrants as of September 30, 2024, for the governmental activities are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 46,218,944	\$ 30,176,210	\$ 76,395,154
2026	49,360,763	28,076,274	77,437,037
2027	48,339,149	25,819,639	74,158,788
2028	49,767,921	23,534,671	73,302,592
2029	50,193,895	21,495,804	71,689,699
2030-2034	237,060,480	77,210,405	314,270,885
2035-2039	138,409,795	32,559,601	170,969,396
2040-2044	42,227,000	10,518,085	52,745,085
2045-2049	12,238,000	4,075,688	16,313,688
2050-2053	10,595,000	1,092,375	11,687,375
	<u>\$ 684,410,947</u>	<u>\$ 254,558,752</u>	<u>\$ 938,969,699</u>

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements September 30, 2024

NOTE 8. LONG-TERM DEBT (CONTINUED)

Lease Revenue Bonds

The Public Building Authority (PBA), a blended component unit of the City, issued bonds in fiscal year 2017 for the construction and expansion of a public safety and municipal court facility, including the city jail, now operated as the Huntsville-Madison County Jail. Repayment of the bonds is secured solely by annual lease payments the City is required to make to the Authority. Pursuant to the trust indentures under which the bonds were issued, the Authority has deposited a surety bond having a value equal to the highest annual debt service on the bonds, in lieu of maintaining cash in the debt service reserves. The Authority was in compliance with bond covenants at year-end. The bonds do not constitute a direct obligation and pledge of the full faith and credit of the City. In the event of default of the agreement, all obligations outstanding shall immediately become due and payable. The mortgage lien of the indenture, however, is not foreclosable, and the remedies will not include foreclosure or sale of the property. Events of default of the funding agreement are considered failure to pay and noncompliance with any of the covenants and terms and conditions.

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

On March 3, 2022, the Public Building Authority of the City of Huntsville issued \$74,285,000 of Lease Revenue Warrants. The net proceeds of \$90,006,084 (after receiving an original issue premium of \$16,251,573 and payment of \$530,489 in issuance costs) were used to fund the construction and development of a new city hall and adjoining parking structure. The Warrants bear interest of 3% to 5%. Principal interest payments are due semiannually beginning in August 2022 and continuing through February of 2052.

The Public Building Authority is a public corporation organized and existing under and pursuant to the provisions of Chapter 56 of Title 11 of the Code of Alabama 1975, as amended, and a resolution adopted by the Huntsville City Council. The City of Huntsville is responsible for funding the repayment of the warrants through a lease revenue agreement with the Public Building Authority for the use of the facilities.

CITY OF HUNTSVILLE, ALABAMA

**Notes to Financial Statements
September 30, 2024**

NOTE 8. LONG-TERM DEBT (CONTINUED)

The City has the following outstanding Lease Revenue Bonds as of September 30, 2024:

Lease Revenue Bonds

Series	Issue Date	Maturity Date	Interest Rates	Principal Issued	Principal Outstanding at 9/30/24
2017 <i>Construction of Public Safety Complex</i>	9/28/2007	10/1/2036	3.0% - 5.0%	\$ 46,965,000	\$ 37,435,000
2021 <i>Amphitheater Construction</i>	3/4/2021	2/1/2041	0.39 - 3.039%	37,000,000	33,665,000
2022 <i>Construction of City Hall</i>	3/3/2022	2/1/2042	3.0% - 5.0%	74,285,000	72,015,000
				<u>\$158,250,000</u>	<u>\$143,115,000</u>

The annual requirements to amortize the lease revenue bonds as of September 30, 2024, for the governmental activities are as follows:

September 30,	Principal	Interest	Total
2025	\$ 4,595,000	\$ 6,166,080	\$ 10,761,080
2026	4,760,000	5,998,130	10,758,130
2027	4,940,000	5,817,964	10,757,964
2028	5,130,000	5,625,641	10,755,641
2029	6,680,000	5,387,724	12,067,724
2030-2034	30,220,000	23,266,749	53,486,749
2035-2039	36,345,000	15,477,460	51,822,460
2040-2044	18,930,000	9,866,769	28,796,769
2045-2049	18,200,000	5,694,750	23,894,750
2050-2052	13,315,000	1,020,625	14,335,625
	<u>\$ 143,115,000</u>	<u>\$ 84,321,892</u>	<u>\$ 227,436,892</u>

EUL Revenue Warrants

Beginning in 2010, the City issued taxable revenue warrants for the construction of public improvements in the City's TIF District No. 5, an Enhanced Use Lease area within the U.S. Army's Redstone Arsenal (EUL Warrants). The EUL Warrants are issued on a private placement basis and structured as drawdown obligations, which permits drawdowns at the City's request to finance certain construction costs. The EUL Warrants are issued pursuant to an agreement (EUL Agreement) with a private entity for the development of an office park within TIF 5. Under the EUL Agreement, the City may issue EUL Warrants in two or more series up to an aggregate maximum principal amount not to exceed \$76 million. On March 1 of each year, the accrued and unpaid interest on each note is added to the principal balance. Unpaid interest is reported using the economic resources measurement focus and the accrual basis of accounting. As of September 30, 2024, the City had issued \$76 million. The EUL warrants do not constitute a direct obligation and pledge of the full faith and credit of the City. All unpaid principal, accrued interest, and capitalized interest outstanding at the end of the TIF, will be forgiven and no longer be a liability of the City. The TIF will expire March of 2045.

CITY OF HUNTSVILLE, ALABAMA

**Notes to Financial Statements
September 30, 2024**

NOTE 8. LONG-TERM DEBT (CONTINUED)

Below is a summary of the EUL warrants as of September 30, 2024:

Series	Issued	Drawn	Available	Refunded	Principal Payments	Interest Rolled into Warrants	Total Liability
2010A EUL	\$ 10,000,000	\$ 10,000,000	\$ -	\$ (9,940,350)	\$ (59,650)	\$ -	\$ -
2010B EUL	20,000,000	20,000,000	-	(13,704,883)	(1,522,574)	37,498,762	42,271,305
2012A EUL	3,000,000	3,000,000	-	-	-	6,216,769	9,216,769
2012B EUL	3,000,000	3,000,000	-	-	-	5,397,438	8,397,438
2013A EUL	1,500,000	1,500,000	-	-	-	2,575,249	4,075,249
2017A EUL	1,000,000	1,000,000	-	-	-	573,694	1,573,694
2017B EUL	4,000,000	4,000,000	-	-	-	2,084,306	6,084,306
2018A EUL	4,500,000	4,500,000	-	-	-	2,425,624	6,925,624
2019A EUL	1,700,000	1,700,000	-	-	-	708,939	2,408,939
2019B EUL	14,500,000	14,500,000	-	-	-	6,492,705	20,992,705
2020A EUL	2,000,000	2,000,000	-	-	-	507,281	2,507,281
2021A EUL	6,000,000	6,000,000	-	-	-	1,418,342	7,418,342
2021B EUL	2,500,000	2,500,000	-	-	-	142,710	2,642,710
2023 EUL	2,300,000	605,159	1,694,841	-	-	10,127	615,286
	<u>\$ 76,000,000</u>	<u>\$ 74,305,159</u>	<u>\$ 1,694,841</u>	<u>\$ (23,645,233)</u>	<u>\$ (1,582,224)</u>	<u>\$ 66,051,946</u>	<u>\$ 115,129,648</u>

G.O. Warrants have been issued by the City with series 2015, 2018, and 2022. These series refunded portions of the 2010-A and 2010-B EUL warrants outstanding at the time of issuance.

During the fiscal year ended September 30, 2024, there were additional draws of \$3,453,989 on the outstanding EUL Warrants by the developer. Additionally, the outstanding EUL warrants accrue annual interest at 9.95%, which if unpaid, rolls into the total Warrant liability as of March 1 each year. For the year ended September 30, 2024, interest of \$10,291,772 accrued to the outstanding balance.

Repayment of the EUL Warrants is secured by a pledge of the TIF 5 tax revenue, which is reported in the TIF Special Revenue Fund. The EUL Agreement requires the City to redeem the outstanding balance, plus accrued interest, of any EUL Warrant, to the extent that TIF 5 tax revenue is sufficient as defined by a formula in the EUL Agreement. The minimum required redemption is \$5 million. When an EUL Warrant redemption is required, the City has issued taxable general obligation warrants. As of September 30, 2024, the City had issued three warrants with outstanding principal amounts of \$26,790,000.

CITY OF HUNTSVILLE, ALABAMA

**Notes to Financial Statements
September 30, 2024**

NOTE 8. LONG-TERM DEBT (CONTINUED)

Sewer Revenue Warrants

The Alabama Water Pollution Control Authority permits local governments to participate in a State Revolving Loan Fund (SRF) program, whereby the Authority issues debt (Authority Bonds) for the purpose of making loans to participating local governments to upgrade water and sewer treatment facilities and distribution systems. The repayment of such Authority Bonds is evidenced by securities issued by the participating governments. Pursuant to the SRF program, the City has issued several series of sewer revenue warrants (SRF warrants) since 1995. The SRF warrants are secured solely by a pledge of sewer system revenues, which are accounted for in the Water Pollution Control Enterprise Fund, a business-type activity of the City, and the City has covenanted that the revenues will be maintained at the levels required by the terms of the SRF warrants. The SRF warrants do not constitute a direct obligation and pledge of the full faith and credit of the City. In the event of default of the agreement, all obligations outstanding shall immediately become due and payable. Events of default of the agreements are failure to pay, noncompliance with any of the covenants and terms and conditions, and any deterioration of the financial condition of the City.

The outstanding sewer system liabilities as of September 30, 2024 were as follows:

Sewer General Obligation (GO) Warrants

Series	Issue Date	Maturity Date	Interest Rates	Principal Issued	Principal Outstanding at 9/30/24
2014A <i>Refunding portions of Series 2005-A and C, Series 2007-A, and Series 2009-A</i>	9/3/2014	8/1/2029	2.0% - 5.0%	\$ 13,185,000	\$ 5,960,000
2016C <i>Refunding portions of Series 2007-A, Series 2009-A, and Series 2011-A</i>	6/14/2016	5/1/2029	3.0% - 5.0%	12,066,937	6,816,581
2017D <i>Refunding of Series 2011-A, Series 2012-A, and Series 2013-D</i>	11/1/2017	11/1/2031	2.0% - 5.0%	3,208,800	3,059,200
2020A <i>Refunding portions of Series 2010-D, 2011-A, 2012-A, and 2013-D</i>	11/3/2020	9/1/2032	1.5% - 5.0%	5,821,402	3,789,991
2020C <i>Refunding portions of Series 2010-A, B, and C</i>	11/3/2020	9/1/2034	1.6% - 2.0%	6,488,495	3,292,288
2023C <i>Western Area Waste Water Treatment Plant Expansion, and other sewer improvements</i>	3/9/2023	3/1/2043	5.0%	44,605,000	43,275,000
				<u>\$ 85,375,634</u>	<u>\$ 66,193,060</u>

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements
September 30, 2024

NOTE 8. LONG-TERM DEBT (CONTINUED)

Sewer Revenue Warrants

Series	Issue Date	Maturity Date	Interest Rates	Principal Issued	Principal Outstanding at 9/30/24
2011					
<i>Spring Branch WWTP and other sanitary sewer system improvements</i>	11/11/2011	8/15/2032	3.0%	\$ 2,130,000	\$ 1,005,000

The annual requirements to amortize the G.O. warrants as of September 30, 2024, for the business-type activities are as follows:

September 30,	Principal	Interest	Total
2025	\$ 5,909,335	\$ 3,017,292	\$ 8,926,627
2026	6,395,828	2,743,160	9,138,988
2027	5,554,114	2,457,911	8,012,025
2028	5,165,378	2,187,862	7,353,240
2029	4,889,811	1,997,700	6,887,511
2030-2034	12,708,594	7,790,822	20,499,416
2035-2039	12,780,000	4,859,250	17,639,250
2040-2043	12,790,000	1,319,000	14,109,000
	\$ 66,193,060	\$ 26,372,997	\$ 92,566,057

The annual requirements to amortize the sewer revenue warrants as of September 30, 2024, for the business-type activities are as follows:

September 30,	Principal	Interest	Total
2025	\$ 115,000	\$ 29,145	\$ 144,145
2026	115,000	25,810	140,810
2027	120,000	22,475	142,475
2028	125,000	18,995	143,995
2029	125,000	15,370	140,370
2030-2032	405,000	23,780	428,780
	\$ 1,005,000	\$ 135,575	\$ 1,140,575

Notes to Financial Statements
September 30, 2024

NOTE 8. LONG-TERM DEBT (CONTINUED)

City Lease Liabilities

Governmental-type activities

As of September 30, 2024, the City has 10 active leases. The leases have payments that range from \$12,695 to \$1,000,000 and interest rates than range from 0.193% to 3.709%. As of September 30, 2024, the total combined value of the lease liability is \$1,771,782, the total combined value of the short-term lease liability is \$1,249,295. The combined value of the right to use asset, as of September 30, 2024 of \$4,058,134 with accumulated amortization of \$1,323,082 is included with lease assets within capital assets.

Business-type activities

As of September 30, 2024, the Iceplex had 36-60 month leases as Lessee for the use of office equipment. As of September 30, 2024, the value of the lease liability is \$4,267. The Iceplex is required to make monthly payments ranging from \$109-\$248. The Iceplex used a discount rate of 5.75%, its incremental borrowing rate. The Iceplex amortizes the right of use assets on a straight-line basis over the lease terms of 60-36 months. The value of the right to use asset as of September 30, 2024 of \$16,223 with accumulated amortization of \$12,196 is included with lease asset within capital assets.

Annual Debt Service Requirements to Maturity for Lease Obligations for the City are as follows:

Governmental Activities			
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	\$ 1,249,295	\$ 43,605	\$ 1,292,900
2026	193,453	5,451	198,904
2027	160,184	3,075	163,259
2028	123,046	855	123,901
2029	45,804	48	45,852
	<u>\$ 1,771,782</u>	<u>\$ 53,034</u>	<u>\$ 1,824,816</u>

Business-Type Activities			
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	\$ 2,804	\$ 172	\$ 2,976
2026	1,463	25	1,488
	<u>\$ 4,267</u>	<u>\$ 197</u>	<u>\$ 4,464</u>

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements
September 30, 2024

NOTE 8. LONG-TERM DEBT (CONTINUED)

City Subscription Liabilities

Governmental-type activities

As of September 30, 2024, the City had 11 active subscriptions. The subscriptions have payments that range from \$22,260 to \$762,941 and interest rates that range from 0.0000% to 3.4510%. As of September 30, 2024, the total combined value of the subscription liability is \$4,015,834. The combined value of the right to use asset, as of September 30, 2024 of \$7,941,242 with accumulated amortization of \$3,664,105 is included with subscription assets within capital assets.

Business-type activities

As of September 30, 2024, the Von Braun Center had 3 active subscriptions. The subscriptions have payments that range from \$8,280 to \$38,925 and the agreements bear an average weighted interest rate of 4.37%. As of September 30, 2024 the total combined value of the subscription liability is \$90,041. The combined value of the right to use asset, as of September 30, 2024 of \$179,449 with accumulated amortization of \$42,075 is included with subscription assets within capital assets.

Annual Debt Service Requirements to Maturity for Subscription Obligations for the City are as follows:

Governmental Activities			
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	\$ 1,738,155	\$ 85,576	\$ 1,823,731
2026	1,290,002	59,021	1,349,023
2027	874,090	59,883	933,973
2028	113,587	3,711	117,298
	<u>\$ 4,015,834</u>	<u>\$ 208,191</u>	<u>\$ 4,224,025</u>

Business-Type Activities			
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	\$ 52,733	\$ 3,369	\$ 56,102
2026	37,308	1,478	38,786
	<u>\$ 90,041</u>	<u>\$ 4,847</u>	<u>\$ 94,888</u>

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements
September 30, 2024

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2024, was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 4,033,639
General Fund	Capital projects fund	31,217,049
General Fund	Nonmajor enterprise funds	<u>570,295</u>
		<u>\$ 35,820,983</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and when payments between funds are made.

The composition of advances between the City's funds as of September 30, 2024, was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	<u>\$ 1,219,903</u>

The outstanding balances represent interfund borrowings between the General Fund and the AL Constitutional Village to help cover operating cost. These balances are not expected to be repaid within the next fiscal year and thus are reported as advances between the two funds.

CITY OF HUNTSVILLE, ALABAMA

**Notes to Financial Statements
September 30, 2024**

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

The amounts transferred among the various funds for the year ended September 30, 2024, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Capital Improvements Fund	\$ 313,300
General Fund	Nonmajor Governmental Funds	923,000
General Fund	Debt Service Fund	12,943
		<u>\$ 1,249,243</u>
Capital Improvements Fund	General Fund	\$ 3,794,798
Capital Improvements Fund	Capital Projects Fund	2,730,386
Capital Improvements Fund	Nonmajor Governmental Funds	10,390,255
		<u>\$ 16,915,439</u>
Debt Service Fund	General Fund	\$ 1,356,151
Debt Service Fund	Capital Improvements Fund	11,347,649
Debt Service Fund	Nonmajor Governmental Funds	52,876,307
		<u>\$ 65,580,107</u>
Grants Fund	General Fund	\$ 4,309,914
Grants Fund	Capital Improvements Fund	17,000
		<u>\$ 4,326,914</u>
Nonmajor Governmental Funds	General Fund	\$ 8,831,291
Nonmajor Governmental Funds	Capital Improvements Fund	4,050,675
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	2,449,288
Nonmajor Governmental Funds	Nonmajor Governmental Funds	11,032,141
		<u>\$ 26,363,395</u>
Nonmajor Enterprise Funds	Capital Improvements Fund	\$ 2,449,790
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	1,035,742
		<u>\$ 3,485,532</u>
Water Pollution Control	Capital Improvements Fund	<u>\$ 814,629</u>
Sanitation	General Fund	<u>\$ 4,057,019</u>
Von Braun Center	Nonmajor Governmental Funds	<u>\$ 6,067,984</u>

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

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

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

Transfers from the General Fund to the Grants Fund and Nonmajor Governmental Funds are the annual appropriations for operations, and to the Capital Improvements Fund is for capital outlay appropriations. Transfers to the Debt Service Fund are payment transfers for debt.

NOTE 10. TAX EQUIVALENTS

Huntsville Utilities, a discretely presented component unit of the City, is required to pay to the City tax equivalents which are determined through agreements between the Electric, Natural Gas and Water Boards of Huntsville Utilities and the City. The Electric System (which includes Fiber) pays the City of Huntsville a tax equivalent, which is determined by applying the current property tax rates to the net plant in service at the end of the preceding year. The Natural Gas and Water Systems each pay a tax equivalent, which is a predetermined (6%) percentage of sales revenue. The total amount of these tax equivalent payments made to the City for fiscal year 2024 was \$27.7 million, comprised of \$19.6 million by the Electric System, \$3.7 million by the Natural Gas System, and \$4.4 million by the Water System. These amounts are reported as payments in lieu of taxes in the General Fund of the City and as operating expenses in the financial statements of Huntsville Utilities.

NOTE 11. 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 \$960,558.

NOTE 11. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

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

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

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

In 2014, OIG conducted its final exit interview, and the OIG issued its final determinations, which included some, but not all, of the City's responses on each issue. The OIG final determination is a recommendation to HUD that the City reimburse HUD for \$3.4 million in what OIG termed "ineligible" or "unsupported." The Birmingham HUD Field Office (Birmingham HUD) issued a letter to the City concurring with the OIG recommendation. Birmingham HUD gave the City 45 days to respond. The City responded to Birmingham HUD denying some of the reimbursement claims and seeking a meeting with HUD to reconcile any differences regarding the amount of reimbursement and to conclude these issues.

In January 2021, the City reached a settlement agreement with HUD regarding this matter. The City did not admit to any misuse of funds as part of the settlement. The settlement required the City to pay back to HUD \$3,429,362 from non-federal funds over the span of 5 years as broken out below between the CDBG and HOME programs. As of September 30, 2024 the City still owed \$685,873.

CITY OF HUNTSVILLE, ALABAMA

**Notes to Financial Statements
September 30, 2024**

NOTE 11. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

Repayment of \$270,944 to be deposited into the City’s CDBG program account at the below installments:

<u>Date</u>	<u>Amount</u>
July 1, 2025	<u>\$ 270,944</u>
	<u>\$ 270,944</u>

Repayment of \$414,929 to be deposited into the City’s HOME program account at the below installments:

<u>Date</u>	<u>Amount</u>
July 1, 2025	<u>\$ 414,929</u>
	<u>\$ 414,929</u>

Encumbrances. The City had outstanding purchase orders related to operating needs and contractual commitments as of September 30, 2024, which represent an encumbrance on resources at year-end, the most significant of which were as follows:

General Fund	\$ 659,280
Grants Fund	4,747,985
Capital Projects Fund	49,618,893
Capital Improvements Fund	80,975,534
Water Pollution Control Fund	3,767,604
Nonmajor Governmental funds	<u>9,814,981</u>
	<u>\$ 149,584,277</u>

These encumbrances are already included in the classifications of net position and fund balances in the financial statements as of September 30, 2024.

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

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

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements
September 30, 2024

NOTE 11. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

State of Alabama Road Funding Agreement. In 2014, the City executed an agreement with the Alabama Department of Transportation under which the City and State each committed to provide \$125 million toward the cost of improving certain roadways in the City, most of which are state highways and will be constructed by the State. The City became obligated to provide its share of such commitment to the State as follows: \$50 million in September 2015, and \$25 million in September 2016, 2017, and 2018, less the cost of certain roads being constructed by the City under the agreement. The City increased its sales and use tax by one percent on March 1, 2014, to provide the funding for this commitment. Due to the success of the projects and partnership, the State and City are extending commitments under this plan to include other infrastructure items and lengthen the due dates, programming and funding of others included in the initial plan.

Outstanding Construction Commitments. The City has active construction projects as of September 30, 2024. The projects include street construction in areas with newly developed housing, widening of streets and bridges, and the construction of additional City facilities. At year end, the City's commitments with contractors amounted to \$115,572,354.

Notes to Financial Statements
September 30, 2024

NOTE 12. PENSION PLAN

Plan Description. The Employees' Retirement System of Alabama (the Plan or ERS), an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control Effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

The ERS Board of Control consists of 15 trustees as follows:

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

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

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements
September 30, 2024

NOTE 12. PENSION PLAN (CONTINUED)

Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation. State Police are allowed 2.375% for each year of state police service in computing the formula method.

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

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 618 employers adopted Act 2019-132 as of September 30, 2023. On March 11, 2021, the Huntsville City Council approved the implementation of Act 2019-132, which provides Tier 1 retirement benefits to Tier 2 members.

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

Notes to Financial Statements
September 30, 2024

NOTE 12. PENSION PLAN (CONTINUED)

Plan Membership. The ERS serves approximately 884 local participating employers. The ERS membership includes approximately 113,079 participants. As of September 30, 2023, the measurement date for the plan, the City of Huntsville’s membership consisted of:

	ERS	City
Retirees and beneficiaries currently receiving benefits	31,481	1,504
Terminated employees entitled to but not yet receiving benefits	2,350	78
Terminated employees not entitled to a benefit	20,556	642
Active members	58,659	2,490
Post-DROP participants who are still in active service	33	4
Total	113,079	4,718

Contributions. Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

Employers participating in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676, Tier 1 regular members’ contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 certified law enforcement, correctional officers’, and firefighters’ member contribution rates increased from 6% to 8.5% of earnable compensation.

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

Notes to Financial Statements
September 30, 2024

NOTE 12. PENSION PLAN (CONTINUED)

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2024, the City’s active employee contribution rate ranges from 5.50% to 8.50% of covered employee payroll, and the City’s average contribution rate to fund the normal and accrued liability costs was 14.47% of pensionable payroll.

The City’s contractually required contribution rate for the year ended September 30, 2024, was 15.33% of pensionable pay for Tier 1 employees, and 13.48% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2021, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$25,744,526 for the year ended September 30, 2024.

Net Pension Liability. The City of Huntsville’s net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2022, rolled forward to September 30, 2023, using standard roll-forward techniques.

Actuarial Assumptions. The total pension liability as of September 30, 2023 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2022. The key actuarial assumptions are summarized below:

Inflation	2.50%
Projected Salary increases	3.25% to 6.00% for State and Local Employees 4.00% to 7.75% for State Police, including inflation
Investment rate of return*	7.45%, including inflation

*Net of pension plan investment expense

CITY OF HUNTSVILLE, ALABAMA

**Notes to Financial Statements
September 30, 2024**

NOTE 12. PENSION PLAN (CONTINUED)

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP--020 scale, which is adjusted by 66-2/3% beginning with year 2019:

<u>Group</u>	<u>Membership Table</u>	<u>Set Forward (+)/ Setback (-)</u>	<u>Adjustment to Rates</u>
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages < 65, 96% ages >= 65 Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

The actuarial assumptions used in the September 30, 2021 valuation were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020.

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

The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return*</u>
Fixed Income	15.00%	2.80%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalentents	5.00%	1.50%
Total	<u>100.00%</u>	

*Includes assumed rate of inflation of 2.00%

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements
September 30, 2024

NOTE 12. PENSION PLAN (CONTINUED)

Discount Rate. The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan’s fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended September 30, 2023, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/2022	\$ 740,173,173	\$ 425,723,526	\$ 314,449,647
Changes for the year:			
Service cost	13,999,786	-	13,999,786
Interest	53,456,742	-	53,456,742
Differences between expected and actual experience	4,001,289	-	4,001,289
Contributions - employer	-	20,896,665	(20,896,665)
Contributions - employee	-	10,647,503	(10,647,503)
Net investment income	-	54,388,057	(54,388,057)
Benefit payments, including refunds of employee contributions	(45,266,026)	(45,266,026)	-
Other changes	146,578	146,578	-
Net changes	26,338,369	40,812,777	(14,474,408)
Balances at 9/30/2023	\$ 766,511,542	\$ 466,536,303	\$ 299,975,239

The required schedule of changes in the City’s net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements
September 30, 2024

NOTE 12. PENSION PLAN (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.45%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.45%) or 1-percentage-point higher (8.45%) than the current rate:

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
City's net pension liability	\$ 388,559,100	\$ 299,975,239	\$ 225,564,562

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2023, and the current sharing pattern of costs between employer and employee.

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

For the year ended September 30, 2024, the City recognized pension expense of \$44,290,589. At September 30, 2024, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,538,810	\$ 68,726
Change of assumptions	11,775,609	-
Net difference between projected and actual earnings on plan investments	19,061,990	-
Employer contributions subsequent to measurement date	<u>25,744,526</u>	<u>-</u>
Total	<u>\$ 73,120,935</u>	<u>\$ 68,726</u>

CITY OF HUNTSVILLE, ALABAMA

**Notes to Financial Statements
September 30, 2024**

NOTE 12. PENSION PLAN (CONTINUED)

City contributions subsequent to the measurement date of \$25,744,526 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	
2025	\$ 14,013,912
2026	12,171,489
2027	22,889,656
2028	(2,063,768)
2029	<u>296,394</u>
Total	<u>\$ 47,307,683</u>

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The City provides other post-employment benefits (OPEB) to retired employees for medical benefits. Assets are accumulated into a restricted trust on an ongoing basis to pay the cost of future benefits. Retiree and employer contributions are made to, and benefit payments are made from, this trust.

Audited financial statements of the OPEB plan are not available.

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

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements
September 30, 2024

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Plan Membership. Membership of the OPEB Plan consisted of the following at September 30, 2022, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	329
Active employees	2,313
	<u>2,642</u>

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

Contributions. Retirees and active employees participating in the Plan contribute approximately 30% and 15%, respectively, of the active premium. The City contributes the cost of benefits at a rate that is based on an actuarial valuation prepared in accordance with certain parameters. In 2024, the City’s rate was approximately 3.44% of annual covered payroll.

Net OPEB Liability of the City. The City reported a net OPEB liability of \$68,516,767, using a measurement date as of September 30, 2024. The Net OPEB Liability is equal to the Total OPEB Liability minus the Fiduciary Net Position as presented below.

Total OPEB Liability (TOL)	\$ 85,509,509
Fiduciary Net Position (FNP)	<u>16,992,742</u>
Net OPEB Liability (NOL)	<u>\$ 68,516,767</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	19.87%
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The City’s total OPEB liability was determined by an actuarial valuation as of September 30, 2022, with the actuary using standard techniques to roll forward the liability to the measurement date.

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements
September 30, 2024

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Assumptions. The City's total OPEB liability was determined by an actuarial valuation as of September 30, 2022, using the following key actuarial assumptions and other inputs:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.25% - 6.00%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	4.88%
Municipal Bond Index Rate	
Prior Measurement Date	4.09%
Measurement Date	3.81%
Year FNP is projected to be depleted	
Prior Measurement Date	2030
Measurement Date	2032
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	4.14%
Measurement Date	3.89%
Healthcare Cost Rates	
Pre-Medicare Medical and Prescription Drug	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032

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

Mortality rates were based on the Pub-2010 Public Mortality Plans Mortality Tables, with adjustments for AL ERS experience and generational mortality improvements using Scale MP-2020, with an adjustment of 66 2/3% to the table beginning in year 2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2022 valuation were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020, and were submitted to and adopted by the Board of the Employees' Retirement System of Alabama on September 14, 2021.

The remaining actuarial assumptions (e.g., health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2022 valuation, were based on a review of recent plan experience performed concurrently with the September 30, 2022 valuation.

Notes to Financial Statements
September 30, 2024

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>
Equity Index Fund	25.00%
Fixed Income Index Fund	75.00%
Total	100.00%

Note: In accepting the long-term expected return for the Plan, the actuary performed a high level review of the information provided by the Plan. Our review indicates the long-term expected rate of return assumption of 4.88% is reasonable.

Discount Rate. The discount rate used to measure the TOL as of the Measure Date was 3.89%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection’s basis was an actuarial valuation performed as of September 30, 2022. In addition to the actuarial methods and assumptions of the September 30, 2022 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually using the payroll growth assumptions.
- Active employees do not explicitly contribute to the Plan.

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements
September 30, 2024

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

- In all years, the employer pays benefits directly to plan members as the benefits come due. The employer is assumed to have the ability and willingness to make benefit payments from its own resources for all periods in the projection.
- Projected assets include an employer contribution of \$2,500,000 and do not include employer contributions that fund the estimated service costs of future employees. Under GASB 74, this is reasonable since it is below the actual average contribution amount over the last 5 years.
- Cash flows occur mid-year.

Based on these assumptions, the Plan’s FNP was projected to be depleted in 2032 and, as a result, the Municipal Bond Index Rate was used in the determination of the SEIR. Here, the long-term expected rate of return of 4.88% on Plan investments was applied to periods through 2032 and the Municipal Bond Index Rate at the Measurement Date (3.81%) was applied to periods on and after 2032, resulting in an SEIR at the Measurement Date (3.89%). As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 4.14% at the Prior Measurement Date to 3.89% at the Measurement Date.

Changes in the Net OPEB Liability of the City. The changes in the net OPEB liability of the City for the year ended September 30, 2024, were as follows:

	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 9/30/2023	\$ 80,863,078	\$ 15,075,646	\$ 65,787,432
Changes for the year:			
Service cost	3,441,907	-	3,441,907
Interest	3,259,734	-	3,259,734
Experience differences	137,703	-	137,703
Assumption changes	2,101,717	-	2,101,717
Contributions - employer	-	4,500,000	(4,500,000)
Net investment income	-	2,250,928	(2,250,928)
Benefit payments	(4,294,630)	(4,294,630)	-
Other changes	-	(539,202)	539,202
Net changes	<u>4,646,431</u>	<u>1,917,096</u>	<u>2,729,335</u>
Balances at 9/30/2024	<u>\$ 85,509,509</u>	<u>\$ 16,992,742</u>	<u>\$ 68,516,767</u>

The required schedule of changes in the City’s total OPEB liability and related ratios immediately following the notes to financial statements presents multi-year trend information about the total OPEB liability.

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements
September 30, 2024

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89%) or 1-percentage-point higher (4.89%) than the current discount rate:

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Net OPEB liability	\$ 77,602,632	\$ 68,516,767	\$ 60,489,218

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Net OPEB liability	\$ 57,263,084	\$ 68,516,767	\$ 82,159,374

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2024 and the current sharing pattern of costs between employer and inactive employees.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended September 30, 2024, the City recognized OPEB expense of \$2,892,050. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,349,184	\$ 3,253,233
Changes in assumptions or other inputs	7,207,519	9,600,270
Net difference between projected and actual earnings on plan investments	-	540,853
Total	<u>\$ 13,556,703</u>	<u>\$ 13,394,356</u>

CITY OF HUNTSVILLE, ALABAMA

**Notes to Financial Statements
September 30, 2024**

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

Year ending September 30:	
2025	\$ (113,400)
2026	541,822
2027	(145,384)
2028	(589,018)
2029	(583,557)
Thereafter	<u>1,051,884</u>
Total	<u>\$ 162,347</u>

NOTE 14. RISK MANAGEMENT

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

NOTE 15. TAX ABATEMENTS

The City of Huntsville provides property tax and sales and use tax abatements pursuant to the provisions of Chapter 9B of Title 40 of the code of Alabama. In accordance with these provisions, qualifying industries may abate all non-educational ad valorem taxes along with state and local sales and use taxes on the costs associated with constructing and equipping a project. Eligibility criteria includes: any trade or business in the 2007 North American Industrial Classification System, job creation requirements based on type of facility, and a certain capital investment requirement based on being a new project or a major addition. The City has various sales and use tax abatement and property tax agreements with qualifying businesses that meet these requirements in which, \$4.5 million in sales and use tax, and \$16.4 million in property tax was abated during the fiscal year. The property tax abatements were split between Madison County at \$8.1 million, and Limestone County at \$8.3 million.

CITY OF HUNTSVILLE, ALABAMA

Notes to Financial Statements September 30, 2024

NOTE 16. SUBSEQUENT EVENTS

Subsequent to the end of the City's fiscal year ended September 30, 2024, in December 2024, the City issued \$91,840,000 of General Obligation Warrants. Series 2024A, \$75,840,000 warrants, were issued at a rate of 5.0% with the proceeds to be used to pay the cost of various public capital improvements. Series 2024B, \$16,000,000 warrants, were issued with interest rates ranging from 4.5% to 5.0% with the proceeds to be used to pay the tender price of certain indebtedness of the City, payable from tax increment financing districts.

Subsequent to the end of the City's fiscal year ended September 30, 2024, in February 2025, the City issued \$61,460,000 of General Obligation Warrants. Series 2025A, \$27,175,000 warrants, were issued at a rate of 5.0% with the proceeds to be used for improvements to the Von Braun Civic Center. Series 2025B, \$34,285,000 warrants, were issued at 5.0% with the proceeds to be used to refund 2015-A Warrants. The refunding will provide the City with cash flow savings of \$3,719,180.

Subsequent to the end of the City's fiscal year ended September 30, 2024, in March 2025, the City issued \$6,305,000 of Lease Revenue Bonds. Series 2025-PBA bonds were issued at a rate of 5.0% with the proceeds to be used for construction costs of City Hall.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HUNTSVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION:

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -

BUDGET (GAAP BASIS) AND ACTUAL -

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Sales and use tax	\$ 184,818,000	\$ 184,818,000	\$ 186,980,842	\$ 2,162,842
Property tax	30,387,796	30,387,796	31,011,669	623,873
Other taxes	36,403,462	37,203,462	38,790,079	1,586,617
Total taxes	<u>251,609,258</u>	<u>252,409,258</u>	<u>256,782,590</u>	<u>4,373,332</u>
Licenses and permits				
Building permits	10,692,000	7,000,000	6,530,314	(469,686)
Other licenses and permits	33,424,500	33,216,500	34,353,204	1,136,704
Total licenses and permits	<u>44,116,500</u>	<u>40,216,500</u>	<u>40,883,518</u>	<u>667,018</u>
Fines and forfeitures	2,374,660	2,374,660	2,364,996	(9,664)
Charges for services				
Parking charges	2,586,000	2,586,000	2,799,199	213,199
Other charges for services	7,730,000	7,730,000	8,368,070	638,070
Total charges for services	<u>10,316,000</u>	<u>10,316,000</u>	<u>11,167,269</u>	<u>851,269</u>
Intergovernmental revenues	1,740,099	2,418,505	2,001,369	(417,136)
Interest	1,500,000	5,750,000	7,075,619	1,325,619
Miscellaneous revenues				
Recreational revenue	957,800	957,800	1,210,918	253,118
Other miscellaneous revenue	660,000	841,422	965,882	124,460
Total other revenues	<u>1,617,800</u>	<u>1,799,222</u>	<u>2,176,800</u>	<u>377,578</u>
Total revenues	<u>313,274,317</u>	<u>315,284,145</u>	<u>322,452,161</u>	<u>7,168,016</u>
EXPENDITURES				
Current:				
General government				
Administration				
Personnel	2,912,255	2,992,255	2,928,828	63,427
Operating	331,763	445,163	346,479	98,684
Total	<u>3,244,018</u>	<u>3,437,418</u>	<u>3,275,307</u>	<u>162,111</u>
City Council				
Personnel	480,233	480,233	469,943	10,290
Operating	78,000	73,000	34,514	38,486
Total	<u>558,233</u>	<u>553,233</u>	<u>504,457</u>	<u>48,776</u>
Clerk Treasurer				
Personnel	1,075,708	1,035,708	899,227	136,481
Operating	1,108,970	1,142,870	725,659	417,211
Capital	-	30,600	30,600	-
Total	<u>2,184,678</u>	<u>2,209,178</u>	<u>1,655,486</u>	<u>553,692</u>
Finance				
Personnel	5,227,515	5,227,515	5,058,608	168,907
Operating	538,000	538,000	477,979	60,021
Total	<u>5,765,515</u>	<u>5,765,515</u>	<u>5,536,587</u>	<u>228,928</u>
Fleet management				
Personnel	4,809,413	3,988,703	3,940,166	48,537
Operating	4,074,654	4,567,795	4,575,485	(7,690)
Capital	154,548	154,548	152,214	2,334
Total	<u>9,038,615</u>	<u>8,711,046</u>	<u>8,667,865</u>	<u>43,181</u>
General expenses				
Personnel	2,245,000	2,245,000	1,953,692	291,308
Operating	4,869,000	4,138,500	3,348,816	789,684
Capital	-	-	310,195	(310,195)
Total	<u>7,114,000</u>	<u>6,383,500</u>	<u>5,612,703</u>	<u>770,797</u>

(continued)

CITY OF HUNTSVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION:

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -

BUDGET (GAAP BASIS) AND ACTUAL -

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Human resources				
Personnel	\$ 6,223,962	\$ 6,213,962	\$ 6,161,597	\$ 52,365
Operating	2,131,390	2,241,390	2,184,977	56,413
Total	8,355,352	8,455,352	8,346,574	108,778
IT services				
Personnel	5,136,051	4,846,051	4,441,962	404,089
Operating	7,826,594	8,345,620	3,280,843	5,064,777
Capital	2,672,791	2,693,765	4,305,668	(1,611,903)
Total	15,635,436	15,885,436	12,028,473	3,856,963
Legal				
Personnel	2,829,075	2,829,075	2,797,556	31,519
Operating	2,310,000	2,310,000	1,583,715	726,285
Total	5,139,075	5,139,075	4,381,271	757,804
Total general government	57,034,922	56,539,753	50,008,723	6,531,030
Public safety				
Animal services				
Personnel	2,922,701	2,742,701	2,409,335	333,366
Operating	569,222	702,788	549,700	153,088
Capital	-	46,434	-	46,434
Total	3,491,923	3,491,923	2,959,035	532,888
Fire and rescue				
Personnel	53,597,129	53,550,579	52,659,619	890,960
Operating	3,468,859	3,476,522	3,392,643	83,879
Capital	733,371	772,258	768,494	3,764
Total	57,799,359	57,799,359	56,820,756	978,603
Municipal court				
Personnel	4,604,673	4,604,673	4,539,818	64,855
Operating	851,818	914,124	841,400	72,724
Capital	-	19,260	19,260	-
Total	5,456,491	5,538,057	5,400,478	137,579
Police				
Personnel	67,416,711	67,359,076	65,247,053	2,112,023
Operating	4,701,407	5,162,400	4,200,829	961,571
Capital	664,589	558,289	461,688	96,601
Total	72,782,707	73,079,765	69,909,570	3,170,195
Public safety special appropriations	124,404	124,404	124,404	-
Total public safety	139,654,884	140,033,508	135,214,243	4,819,265
Public services				
Cemetery				
Personnel	1,385,667	1,381,509	1,302,621	78,888
Operating	365,822	380,380	370,332	10,048
Total	1,751,489	1,761,889	1,672,953	88,936
General services				
Personnel	5,311,500	5,311,500	4,975,878	335,622
Operating	11,382,242	12,655,010	11,926,664	728,346
Capital	-	14,396	14,396	-
Total	16,693,742	17,980,906	16,916,938	1,063,968
Landscape management				
Personnel	13,524,326	13,394,468	13,122,739	271,729
Operating	5,192,997	6,083,041	6,168,904	(85,863)
Capital	88,000	113,000	111,467	1,533
Total	18,805,323	19,590,509	19,403,110	187,399

(continued)

CITY OF HUNTSVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION:

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -

BUDGET (GAAP BASIS) AND ACTUAL -

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Parking				
Personnel	\$ 2,204,706	\$ 2,131,879	\$ 1,837,142	\$ 294,737
Operating	1,312,383	1,029,941	800,198	229,743
Capital	415,500	470,769	435,953	34,816
Total	<u>3,932,589</u>	<u>3,632,589</u>	<u>3,073,293</u>	<u>559,296</u>
Parks and recreation				
Personnel	10,665,601	10,641,391	9,433,695	1,207,696
Operating	830,500	858,007	645,609	212,398
Total	<u>11,496,101</u>	<u>11,499,398</u>	<u>10,079,304</u>	<u>1,420,094</u>
Public works				
Personnel	11,856,593	11,632,131	10,636,696	995,435
Operating	1,343,751	1,436,251	1,129,273	306,978
Capital	22,500	22,500	18,851	3,649
Total	<u>13,222,844</u>	<u>13,090,882</u>	<u>11,784,820</u>	<u>1,306,062</u>
Public services special appropriations	<u>10,063,662</u>	<u>11,263,162</u>	<u>10,371,231</u>	<u>891,931</u>
Total public services	<u>75,965,750</u>	<u>78,819,335</u>	<u>73,301,649</u>	<u>5,517,686</u>
Urban Development				
Engineering				
Personnel	4,122,370	4,122,370	3,444,783	677,587
Operating	155,056	155,056	120,717	34,339
Total	<u>4,277,426</u>	<u>4,277,426</u>	<u>3,565,500</u>	<u>711,926</u>
Code enforcement				
Personnel	2,037,508	2,037,508	1,702,282	335,226
Operating	199,906	199,906	86,720	113,186
Total	<u>2,237,414</u>	<u>2,237,414</u>	<u>1,789,002</u>	<u>448,412</u>
Inspection				
Personnel	3,531,619	3,523,099	3,129,793	393,306
Operating	98,423	106,943	79,061	27,882
Total	<u>3,630,042</u>	<u>3,630,042</u>	<u>3,208,854</u>	<u>421,188</u>
Natural resources				
Personnel	1,149,203	1,149,203	943,331	205,872
Operating	62,022	64,870	60,219	4,651
Capital	65,215	90,735	58,816	31,919
Total	<u>1,276,440</u>	<u>1,304,808</u>	<u>1,062,366</u>	<u>242,442</u>
Planning				
Personnel	4,721,449	5,183,172	4,133,020	1,050,152
Operating	870,381	1,252,139	1,027,177	224,962
Capital	25,000	28,257	30,491	(2,234)
Total	<u>5,616,830</u>	<u>6,463,568</u>	<u>5,190,688</u>	<u>1,272,880</u>
Traffic engineering				
Personnel	4,004,926	3,974,438	3,649,826	324,612
Operating	495,385	525,873	364,124	161,749
Capital	45,500	45,500	20,500	25,000
Total	<u>4,545,811</u>	<u>4,545,811</u>	<u>4,034,450</u>	<u>511,361</u>
Urban development special appropriations	<u>715,000</u>	<u>815,000</u>	<u>815,000</u>	<u>-</u>
Total urban development	<u>22,298,963</u>	<u>23,274,069</u>	<u>19,665,860</u>	<u>3,608,209</u>
Debt service:				
Principal	-	-	3,030,887	(3,030,887)
Interest	-	-	94,206	(94,206)
Total	<u>-</u>	<u>-</u>	<u>3,125,093</u>	<u>(3,125,093)</u>
Total expenditures	<u>294,954,519</u>	<u>298,666,665</u>	<u>281,315,568</u>	<u>17,351,097</u>
Excess of revenues over expenditures	<u>18,319,798</u>	<u>16,617,480</u>	<u>41,136,593</u>	<u>24,519,113</u>

(continued)

CITY OF HUNTSVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION:

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -

BUDGET (GAAP BASIS) AND ACTUAL -

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	\$ -	\$ -	\$ 57,524	\$ 57,524
Transfers in	-	1,236,300	1,249,243	12,943
Transfers out	(18,006,802)	(22,219,301)	(22,239,119)	(19,818)
Issuance of subscription payable	-	-	1,817,554	1,817,554
Issuance of leases payable	-	-	310,195	310,195
Total other financing sources (uses)	<u>(18,006,802)</u>	<u>(20,983,001)</u>	<u>(18,804,603)</u>	<u>2,178,398</u>
Net change in fund balances	<u>\$ 312,996</u>	<u>\$ (4,365,521)</u>	22,331,990	<u>\$ 26,697,511</u>
Fund balance, beginning of year, restated			162,194,494	
Fund balance, end of year			<u>\$ 184,526,484</u>	
Reconciliation to General Fund:				
Fund balance - General Fund			\$ 184,526,484	
Fund balance - Health & Life Benefits			10,751,913	
Fund balance - Humane Education			9,204	
Fund balance - Animal Sterilization			1,028	
Fund balance - Revolving Revenues			1,051,420	
General Fund			<u>\$ 196,340,049</u>	

CITY OF HUNTSVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION:

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS -

EMPLOYEES' RETIREMENT SYSTEMS OF ALABAMA

FOR THE YEARS ENDED SEPTEMBER 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 13,999,786	\$ 12,948,245	\$ 10,147,528	\$ 10,212,044	\$ 9,959,120	\$ 9,544,911	\$ 9,331,416	\$ 9,035,848	\$ 8,901,384	\$ 8,706,017
Interest	53,456,742	50,430,110	48,413,991	47,046,758	45,529,982	44,131,046	42,643,112	41,057,851	39,553,505	38,201,665
Changes of benefit terms	-	440,753	6,785,711	-	-	-	-	-	-	-
Changes of assumptions	-	-	24,859,617	-	-	3,103,984	-	20,025,224	-	-
Differences between actual & expected experience	4,001,289	20,137,903	(145,091)	831,979	1,173,269	(523,754)	(214,745)	(2,805,978)	2,353,694	-
Benefit payments, including refunds of employee contributions	(45,266,026)	(43,229,852)	(40,953,241)	(38,918,134)	(35,598,481)	(33,261,170)	(32,159,676)	(30,814,613)	-	-
Transfers among employers	146,578	916,864	190,879	(398,809)	294,323	39,249	149,797	1,184,754	(33,193,884)	(26,825,501)
Net change in total pension liability	26,338,369	41,644,023	49,299,394	18,773,838	21,358,213	23,034,266	19,749,904	37,683,086	17,614,699	20,082,181
Total pension liability - beginning	740,173,173	698,529,150	649,229,756	630,455,918	609,097,705	586,063,439	566,313,535	528,630,449	511,015,750	490,933,569
Total pension liability - ending (a)	<u>\$ 766,511,542</u>	<u>\$ 740,173,173</u>	<u>\$ 698,529,150</u>	<u>\$ 649,229,756</u>	<u>\$ 630,455,918</u>	<u>\$ 609,097,705</u>	<u>\$ 586,063,439</u>	<u>\$ 566,313,535</u>	<u>\$ 528,630,449</u>	<u>\$ 511,015,750</u>
Plan fiduciary net position										
Contributions - employer	\$ 20,896,665	\$ 19,056,555	\$ 16,554,000	\$ 16,511,482	\$ 17,014,071	\$ 14,760,252	\$ 14,500,178	\$ 14,360,447	\$ 14,520,862	\$ 14,884,651
Contributions - employee	10,647,503	9,114,418	7,678,300	7,355,033	6,962,331	6,797,395	6,527,435	6,282,500	5,966,695	5,993,271
Net investment income	54,388,057	(63,466,492)	92,963,971	23,493,124	10,627,934	36,033,608	45,479,678	33,753,130	4,013,420	37,204,039
Benefit payments, including refunds of employee contributions	(45,266,026)	(43,229,852)	(40,953,241)	(38,918,134)	(35,598,481)	(33,261,170)	(32,159,676)	(30,814,613)	(33,193,884)	(26,825,501)
Transfers among employees	146,578	916,864	190,879	(398,809)	294,323	39,249	149,797	1,184,754	(60,873)	247,147
Net change in plan fiduciary net position	40,812,777	(77,608,507)	76,433,909	8,042,696	(699,822)	24,369,334	34,497,412	24,766,218	(8,753,780)	31,503,607
Plan fiduciary net position - beginning	425,723,526	503,332,033	426,898,124	418,855,428	419,555,250	395,185,916	360,688,504	335,922,286	344,676,066	313,172,459
Plan fiduciary net position - ending (b)	<u>\$ 466,536,303</u>	<u>\$ 425,723,526</u>	<u>\$ 503,332,033</u>	<u>\$ 426,898,124</u>	<u>\$ 418,855,428</u>	<u>\$ 419,555,250</u>	<u>\$ 395,185,916</u>	<u>\$ 360,688,504</u>	<u>\$ 335,922,286</u>	<u>\$ 344,676,066</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 299,975,239</u>	<u>\$ 314,449,647</u>	<u>\$ 195,197,117</u>	<u>\$ 222,331,632</u>	<u>\$ 211,600,490</u>	<u>\$ 189,542,455</u>	<u>\$ 190,877,523</u>	<u>\$ 205,625,031</u>	<u>\$ 192,708,163</u>	<u>\$ 166,339,684</u>
Plan fiduciary net position as a percentage of the total pension liability	60.86%	57.52%	72.06%	65.75%	66.44%	68.88%	67.43%	63.69%	63.55%	67.45%
Covered payroll	<u>\$ 151,437,693</u>	<u>\$ 132,878,712</u>	<u>\$ 125,650,901</u>	<u>\$ 121,393,879</u>	<u>\$ 117,630,097</u>	<u>\$ 114,007,129</u>	<u>\$ 109,418,433</u>	<u>\$ 106,306,514</u>	<u>\$ 106,742,155</u>	<u>\$ 101,710,815</u>
Net pension liability as a percentage of covered payroll	198.08%	236.64%	155.35%	183.15%	179.89%	166.25%	174.45%	193.43%	180.54%	163.54%

CITY OF HUNTSVILLE, ALABAMA

**REQUIRED SUPPLEMENTARY INFORMATION:
SCHEDULE OF EMPLOYER CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEMS OF ALABAMA
FOR THE YEARS ENDED SEPTEMBER 30,**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 25,744,526	\$ 21,765,719	\$ 18,017,661	\$ 16,514,330	\$ 16,425,699	\$ 16,174,422	\$ 13,600,917	\$ 14,902,713	\$ 14,755,132	\$ 14,565,070
Contributions in relation to the actuarially determined contribution	<u>25,744,526</u>	<u>21,765,719</u>	<u>18,017,661</u>	<u>16,514,330</u>	<u>16,425,699</u>	<u>16,174,422</u>	<u>13,600,917</u>	<u>14,902,713</u>	<u>14,755,132</u>	<u>14,565,070</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Covered payroll	\$ 164,021,271	\$ 151,437,693	\$ 132,878,712	\$ 125,650,901	\$ 121,393,879	\$ 117,630,097	\$ 114,007,129	\$ 109,418,433	\$ 106,306,514	\$ 106,742,155
Contributions as a percentage of covered payroll	15.70%	14.37%	13.56%	13.14%	13.53%	13.75%	11.93%	13.62%	13.88%	13.65%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2024 were based on September 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	26.4 years
Asset valuation method	Five-year smoothed market
Inflation	2.50%
Salary increases	3.25 - 6.00%, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

CITY OF HUNTSVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION:

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - OTHER POST-EMPLOYMENT BENEFIT PLAN FOR THE YEARS ENDED SEPTEMBER 30,

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability (a)								
Service cost	\$ 3,441,907	\$ 2,339,319	\$ 3,222,137	\$ 2,998,454	\$ 2,423,034	\$ 2,193,596	\$ 2,418,816	\$ 2,666,888
Interest	3,259,734	2,934,437	1,938,936	1,826,706	2,267,873	3,233,708	2,816,944	2,410,714
Difference between actual & expected experience	137,703	1,340,044	897,668	9,559,714	(172,242)	(16,652,990)	(932,249)	-
Change of assumptions	2,101,717	1,324,902	(10,486,687)	(3,785,114)	6,427,639	11,980,996	(3,385,154)	(4,758,980)
Benefit payments	(4,294,630)	(3,077,700)	(4,770,238)	(6,406,429)	(2,939,299)	(2,470,921)	(2,222,607)	(2,146,330)
Net change in total OPEB liability	4,646,431	4,861,002	(9,198,184)	4,193,331	8,007,005	(1,715,611)	(1,304,250)	(1,827,708)
Total OPEB liability - beginning	80,863,078	76,002,076	85,200,260	81,006,929	72,999,924	74,715,535	76,019,785	77,847,493
Total OPEB liability - ending	<u>\$ 85,509,509</u>	<u>\$ 80,863,078</u>	<u>\$ 76,002,076</u>	<u>\$ 85,200,260</u>	<u>\$ 81,006,929</u>	<u>\$ 72,999,924</u>	<u>\$ 74,715,535</u>	<u>\$ 76,019,785</u>
Plan fiduciary net position (b)								
Contribution - employer (1)	\$ 4,500,000	\$ 4,872,111	\$ 7,500,000	\$ 4,697,804	\$ 2,944,024	\$ 2,820,927	\$ 4,006,754	\$ 2,146,330
Net investment income	2,250,928	601,558	(1,732,228)	802,304	717,707	1,273,421	142,882	343,482
Benefit payments (2)	(4,294,630)	(3,077,700)	(4,770,238)	(6,406,429)	(3,746,369)	(2,470,921)	(2,222,607)	(2,146,330)
Other changes	(539,202)	(525,862)	(505,025)	(471,765)	-	-	-	-
Net change in plan fiduciary net position	1,917,096	1,870,107	492,509	(1,378,086)	(84,638)	1,623,427	1,927,029	343,482
Plan fiduciary net position - beginning	15,075,646	13,205,539	12,713,030	14,091,116	14,175,754	12,552,327	10,625,298	10,281,816
Plan fiduciary net position - ending	<u>\$ 16,992,742</u>	<u>\$ 15,075,646</u>	<u>\$ 13,205,539</u>	<u>\$ 12,713,030</u>	<u>\$ 14,091,116</u>	<u>\$ 14,175,754</u>	<u>\$ 12,552,327</u>	<u>\$ 10,625,298</u>
Net OPEB liability (asset) - ending (a)-(b)	<u>\$ 68,516,767</u>	<u>\$ 65,787,432</u>	<u>\$ 62,796,537</u>	<u>\$ 72,487,230</u>	<u>\$ 66,915,813</u>	<u>\$ 58,824,170</u>	<u>\$ 62,163,208</u>	<u>\$ 65,394,487</u>
Plan fiduciary net position as a percentage of total OPEB liability	19.87%	18.64%	17.38%	14.92%	17.39%	19.42%	16.80%	13.98%
Covered payroll	<u>\$ 130,942,538</u>	<u>\$ 130,942,538</u>	<u>\$ 117,758,874</u>	<u>\$ 117,758,874</u>	<u>\$ 113,934,639</u>	<u>\$ 113,934,639</u>	<u>\$ 105,518,270</u>	<u>\$ 105,518,270</u>
Net OPEB liability as a percentage of covered payroll	52.33%	50.24%	53.33%	61.56%	58.73%	51.63%	58.91%	61.97%

(1) Employer contributions include benefit payments paid outside the Trust.

(2) Benefit payments are net of participant contributions. Net benefit payments paid outside the trust are also included.

Notes to Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF HUNTSVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION:

SCHEDULE OF EMPLOYER CONTRIBUTIONS -

OTHER POST-EMPLOYMENT BENEFITS PLAN

FOR THE YEARS ENDED SEPTEMBER 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 6,789,108	\$ 6,275,360	\$ 6,275,360	\$ 3,956,178	\$ 3,956,178	\$ 4,498,264	\$ 4,498,264	\$ 4,498,264	\$ 4,056,017
Contributions in relation to the actuarially determined contribution	<u>4,500,000</u>	<u>4,872,111</u>	<u>7,500,000</u>	<u>4,565,790</u>	<u>2,944,024</u>	<u>2,820,927</u>	<u>4,006,754</u>	<u>2,146,330</u>	<u>2,224,131</u>
Contribution deficiency (excess)	<u><u>\$ 2,289,108</u></u>	<u><u>\$ 1,403,249</u></u>	<u><u>\$ (1,224,640)</u></u>	<u><u>\$ (609,612)</u></u>	<u><u>\$ 1,012,154</u></u>	<u><u>\$ 1,677,337</u></u>	<u><u>\$ 491,510</u></u>	<u><u>\$ 2,351,934</u></u>	<u><u>\$ 1,831,886</u></u>
Covered payroll	\$ 130,942,538	\$ 130,942,538	\$ 117,758,874	\$ 117,758,874	\$ 113,934,639	\$ 113,934,639	\$ 105,518,270	\$ 105,518,270	\$ 105,518,270
Contributions as a percentage of covered payroll	3.44%	3.72%	6.37%	3.88%	2.58%	2.48%	3.80%	2.03%	2.11%

Notes to Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF HUNTSVILLE, ALABAMA

**REQUIRED SUPPLEMENTARY INFORMATION:
 SCHEDULE OF OPEB INVESTMENT RETURNS -
 OTHER POST-EMPLOYMENT BENEFITS PLAN
 FOR THE YEARS ENDED SEPTEMBER 30,**

	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expenses	13.25%	3.99%	-13.12%	6.31%	5.09%	8.98%	1.14%	3.23%

Notes to Schedule:
 The schedule will present 10 years of information once it is accumulated.



COMBINING STATEMENTS AND SCHEDULES

CITY OF HUNTSVILLE, ALABAMA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted or committed to expenditures for specified purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF HUNTSVILLE, ALABAMA

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Cummings Research Park accounts for the land sales, purchases and development cost of the research park in the City.

PBA Amphitheater Borrow Fund accounts for the construction and development of the City amphitheater.

PBA City Hall accounts for the bond proceeds and the construction of the new City Hall building.

CITY OF HUNTSVILLE, ALABAMA

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

		Special Revenue Funds								
		Public Building Authority	Lodging Special Revenue Fund	Public Safety Fund	6.5 Mill Debt Property Tax Fund	6.5 Mill School Property Tax Fund	1990 School Support Fund	Gas Tax Fund	Emergency Management Fund	Public Library
ASSETS										
Cash and cash equivalents	\$	-	\$ 22,903,394	\$ 2,312,001	\$ 5,570,944	\$ 12,149,243	\$ -	\$ 2,732,660	\$ 305,125	\$ 6,149,575
Investments		-	-	-	-	10,482,067	-	-	-	125,661
Receivables		-	2,333,732	-	341,925	345,351	2,993,991	533,840	-	68,845
Lease receivable		-	-	-	-	-	-	-	-	15,377
Due from other governments		-	-	-	-	-	-	-	112,829	-
Inventory		-	-	-	-	-	-	-	-	-
Prepaid items		2,635,875	-	-	-	-	-	-	13,274	110,564
Total Assets	\$	2,635,875	25,237,126	2,312,001	5,912,869	22,976,661	2,993,991	3,266,500	431,228	6,470,022
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities										
Accounts payable	\$	-	\$ 1,146,084	\$ 105	\$ -	\$ -	\$ 53,843	\$ 523,798	\$ 1,321	\$ 137,784
Accrued liabilities		-	-	-	-	-	-	-	31,912	371,291
Retainage payable		-	-	-	-	-	-	-	-	-
Unearned revenue		-	-	-	-	-	-	-	-	42,768
Due to other funds		180,896	-	-	-	-	2,128,821	-	-	-
Advance from other funds		-	-	-	-	-	-	-	-	-
Total Liabilities		180,896	1,146,084	105	-	-	2,182,664	523,798	33,233	551,843
Deferred Inflows of Resources										
Unavailable revenues - Intergovernmental		-	-	-	-	-	-	-	124,073	-
Deferred inflows - leases		-	-	-	-	-	-	-	-	14,655
Total Deferred Inflows of Resources		-	-	-	-	-	-	-	124,073	14,655
Fund Balances (Deficit)										
Nonspendable:										
Prepaid items		2,635,875	-	-	-	-	-	-	13,274	110,564
Inventory		-	-	-	-	-	-	-	-	-
Leases		-	-	-	-	-	-	-	-	-
Endowments		-	-	-	-	-	-	-	-	394,074
Restricted for:										
Culture and tourism		-	24,091,042	-	-	-	-	-	-	-
Public safety		-	-	2,311,896	-	-	-	-	260,648	-
Capital projects		-	-	-	-	-	-	-	-	-
Public service		-	-	-	-	-	-	-	-	143,839
Streets and highways		-	-	-	-	-	-	2,742,702	-	-
Debt service		-	-	-	5,912,869	22,976,661	-	-	-	-
School support		-	-	-	-	-	811,327	-	-	-
Committed for:										
Cummings Research Park		-	-	-	-	-	-	-	-	-
Assigned for:										
Public Library operations		-	-	-	-	-	-	-	-	5,255,047
Huntsville Tennis Center		-	-	-	-	-	-	-	-	-
Cemetery perpetual care		-	-	-	-	-	-	-	-	-
Unassigned		(180,896)	-	-	-	-	-	-	-	-
Total Fund Balances (Deficit)		2,454,979	24,091,042	2,311,896	5,912,869	22,976,661	811,327	2,742,702	273,922	5,903,524
Total Liabilities, Deferred Inflows and Fund Balances	\$	2,635,875	25,237,126	2,312,001	5,912,869	22,976,661	2,993,991	3,266,500	431,228	6,470,022

(continued)

CITY OF HUNTSVILLE, ALABAMA

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	Special Revenue Funds						Capital Project Funds			Total Nonmajor Governmental Funds
	Burritt Museum	Alabama Constitution Village	Art Museum	Huntsville Tennis Center	Cemetery Perpetual Care	TIF Special Revenue Fund	Cummings Research Park	PBA Amphitheater Borrow Fund	PBA City Hall Fund	
ASSETS										
Cash and cash equivalents	\$ 7,928	\$ 1,677,938	\$ 445,680	\$ 285,978	\$ 2,870,405	\$ 30,340,798	\$ 5,138,687	\$ -	\$ -	\$ 92,890,356
Investments	-	-	-	-	2,571,479	-	-	-	-	13,179,207
Receivables	-	38,284	24,941	-	-	-	-	-	-	6,680,909
Lease receivable	-	-	-	-	-	-	-	-	-	15,377
Due from other governments	3,389	-	-	-	-	-	-	-	-	116,218
Inventory	-	53,603	41,860	8,084	-	-	-	-	-	103,547
Prepaid items	-	-	48,009	-	-	-	-	-	-	2,807,722
Total Assets	<u>\$ 11,317</u>	<u>\$ 1,769,825</u>	<u>\$ 560,490</u>	<u>\$ 294,062</u>	<u>\$ 5,441,884</u>	<u>\$ 30,340,798</u>	<u>\$ 5,138,687</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,793,336</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities										
Accounts payable	\$ 1,013	\$ 21,475	\$ 145,030	\$ 13,469	\$ -	\$ -	\$ 8,226	\$ -	\$ 1,330,745	\$ 3,382,893
Accrued liabilities	-	54,575	69,318	4,992	-	-	-	-	-	532,088
Retainage payable	-	-	-	-	-	-	-	-	2,054,288	2,054,288
Unearned revenue	-	-	159,597	-	-	-	-	-	-	202,365
Due to other funds	-	-	-	-	-	-	-	-	1,723,922	4,033,639
Advance from other funds	-	1,219,903	-	-	-	-	-	-	-	1,219,903
Total Liabilities	<u>1,013</u>	<u>1,295,953</u>	<u>373,945</u>	<u>18,461</u>	<u>-</u>	<u>-</u>	<u>8,226</u>	<u>-</u>	<u>5,108,955</u>	<u>11,425,176</u>
Deferred Inflows of Resources										
Unavailable revenues - Intergovernmental	-	-	-	-	-	-	-	-	-	124,073
Deferred inflows - leases	-	-	-	-	-	-	-	-	-	14,655
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,728</u>
Fund Balances (Deficit)										
Nonspendable:										
Prepaid items	-	-	48,009	-	-	-	-	-	-	2,807,722
Inventory	-	53,603	41,860	8,084	-	-	-	-	-	103,547
Leases	-	-	-	-	-	-	-	-	-	-
Endowments	-	-	-	-	-	-	-	-	-	394,074
Restricted for:										
Culture and tourism	-	-	96,676	-	-	-	-	-	-	24,187,718
Public safety	-	-	-	-	-	-	-	-	-	2,572,544
Capital projects	-	-	-	-	-	-	-	-	-	-
Public service	10,304	420,269	-	-	-	-	-	-	-	574,412
Streets and highways	-	-	-	-	-	-	-	-	-	2,742,702
Debt service	-	-	-	-	-	30,340,798	-	-	-	59,230,328
School support	-	-	-	-	-	-	-	-	-	811,327
Committed for:										
Cummings Research Park	-	-	-	-	-	-	5,130,461	-	-	5,130,461
Assigned for:										
Public Library operations	-	-	-	-	-	-	-	-	-	5,255,047
Huntsville Tennis Center	-	-	-	267,517	-	-	-	-	-	267,517
Cemetery perpetual care	-	-	-	-	5,441,884	-	-	-	-	5,441,884
Unassigned	-	-	-	-	-	-	-	(5,108,955)	-	(5,289,851)
Total Fund Balances (Deficit)	<u>10,304</u>	<u>473,872</u>	<u>186,545</u>	<u>275,601</u>	<u>5,441,884</u>	<u>30,340,798</u>	<u>5,130,461</u>	<u>-</u>	<u>(5,108,955)</u>	<u>104,229,432</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 11,317</u>	<u>\$ 1,769,825</u>	<u>\$ 560,490</u>	<u>\$ 294,062</u>	<u>\$ 5,441,884</u>	<u>\$ 30,340,798</u>	<u>\$ 5,138,687</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,793,336</u>

CITY OF HUNTSVILLE, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Special Revenue Funds								
	Public Building Authority	Lodging Special Revenue Fund	Public Safety Fund	6.5 Mill Debt Property Tax Fund	6.5 Mill School Property Tax Fund	1990 School Support Fund	Gas Tax Fund	Emergency Management Fund	Public Library Fund
REVENUES									
Taxes	\$ -	\$ 26,250,047	\$ -	\$ 31,011,669	\$ 33,986,930	\$ 36,628,843	\$ 5,552,001	\$ -	\$ -
Fines and forfeitures	-	-	1,052,411	-	-	-	-	-	188,225
Intergovernmental	-	-	-	-	-	-	-	831,178	2,559,391
Charges for services	-	-	-	-	-	-	-	-	122,959
Interest	4,336	447,643	-	332,158	996,949	-	-	-	279,474
Miscellaneous	-	-	-	-	-	-	64,199	-	2,985
Total Revenues	4,336	26,697,690	1,052,411	31,343,827	34,983,879	36,628,843	5,616,200	831,178	3,153,034
EXPENDITURES									
Current:									
General government	-	-	-	-	13,664	-	-	-	-
Public safety	-	-	538,949	-	-	-	-	1,058,326	-
Public services	-	8,737,607	-	-	-	-	-	-	8,074,660
Urban development	-	-	-	-	-	-	4,364,181	-	-
Intergovernmental assistance	-	-	-	-	-	36,628,843	-	-	-
Capital Outlay	-	364,468	42,446	-	-	-	-	-	-
Debt Service									
Principal	4,440,000	951,447	-	-	670,000	-	-	-	18,840
Interest and fiscal charges	6,315,765	560,776	-	-	2,254,500	-	-	-	-
Total Expenditures	10,755,765	10,614,298	581,395	-	2,938,164	36,628,843	4,364,181	1,058,326	8,093,500
Excess (Deficiency) of Revenues over Expenditures	(10,751,429)	16,083,392	471,016	31,343,827	32,045,715	-	1,252,019	(227,148)	(4,940,466)
OTHER FINANCING SOURCES (USES)									
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	(655)
Debt issuance	-	-	-	-	-	-	-	-	-
Transfers in	10,751,429	1,693,134	600,000	-	-	-	2,227,634	366,634	5,637,023
Transfers out	-	(12,907,211)	(899,000)	(25,490,916)	(20,493,774)	-	(3,232,160)	-	-
Issuance of leases payable	-	-	-	-	-	-	-	-	58,233
Total Other Financing Sources (Uses)	10,751,429	(11,214,077)	(299,000)	(25,490,916)	(20,493,774)	-	(1,004,526)	366,634	5,694,601
Net Change in Fund Balances	-	4,869,315	172,016	5,852,911	11,551,941	-	247,493	139,486	754,135
Fund Balances (Deficit), Beginning of Year	2,454,979	19,221,727	2,139,880	59,958	11,424,720	811,327	2,495,209	134,436	5,149,389
Fund Balances (Deficit), End of Year	\$ 2,454,979	\$ 24,091,042	\$ 2,311,896	\$ 5,912,869	\$ 22,976,661	\$ 811,327	\$ 2,742,702	\$ 273,922	\$ 5,903,524

(continued)

CITY OF HUNTSVILLE, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Special Revenue Funds					Capital Project Funds				Total Nonmajor Governmental Funds
	Burritt Museum	Alabama Constitution Village	Art Museum	Huntsville Tennis Center	Cemetery Perpetual Care	TIF Special Revenue Fund	Cummings Research Park	PBA Amphitheater Borrow Fund	PBA City Hall Fund	
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,626,662	\$ -	\$ -	\$ -	\$ 167,056,152
Fines and forfeitures	-	-	-	-	-	-	-	-	-	1,240,636
Intergovernmental	842,960	1,050,000	1,962,380	-	-	-	-	-	-	7,245,909
Charges for services	37,271	-	686,057	-	-	-	-	-	-	846,287
Interest	-	-	3,472	59	218,063	1,712,581	168,800	-	625,071	4,788,606
Miscellaneous	-	1,097,820	19,480	642,414	159,500	-	6,750	-	-	1,993,148
Total Revenues	880,231	2,147,820	2,671,389	642,473	377,563	35,339,243	175,550	-	625,071	183,170,738
EXPENDITURES										
Current:										
General government	-	-	-	-	2,800	1,164	-	-	7,850	25,478
Public safety	-	-	-	-	-	-	-	-	-	1,597,275
Public services	1,455,428	2,259,939	3,846,032	915,711	3,838	-	-	-	-	25,293,215
Urban development	-	-	-	-	-	-	375,246	-	-	4,739,427
Intergovernmental assistance	-	-	-	-	-	-	-	-	-	36,628,843
Capital Outlay	-	-	-	-	28,600	3,450,351	-	1,337,840	26,880,251	32,103,956
Debt Service										
Principal	-	-	-	-	-	1,976,225	-	-	-	8,056,512
Interest and fiscal charges	-	-	-	-	-	1,011,984	-	-	-	10,143,025
Total Expenditures	1,455,428	2,259,939	3,846,032	915,711	35,238	6,439,724	375,246	1,337,840	26,888,101	118,587,731
Excess (Deficiency) of Revenues over Expenditures	(575,197)	(112,119)	(1,174,643)	(273,238)	342,325	28,899,519	(199,696)	(1,337,840)	(26,263,030)	64,583,007
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of capital assets	-	-	-	-	-	-	1,427,379	-	-	1,426,724
Debt issuance	-	-	-	-	-	3,453,989	-	-	-	3,453,989
Transfers in	575,000	700,000	1,205,000	250,000	-	-	46,000	2,311,541	-	26,363,395
Transfers out	-	-	-	-	-	(19,302,368)	-	-	-	(82,325,429)
Issuance of leases payable	-	-	-	-	-	-	-	-	-	58,233
Total Other Financing Sources (Uses)	575,000	700,000	1,205,000	250,000	-	(15,848,379)	1,473,379	2,311,541	-	(51,023,088)
Net Change in Fund Balances	(197)	587,881	30,357	(23,238)	342,325	13,051,140	1,273,683	973,701	(26,263,030)	13,559,919
Fund Balances (Deficit), Beginning of Year	10,501	(114,009)	156,188	298,839	5,099,559	17,289,658	3,856,778	(973,701)	21,154,075	90,669,513
Fund Balances (Deficit), End of Year	\$ 10,304	\$ 473,872	\$ 186,545	\$ 275,601	\$ 5,441,884	\$ 30,340,798	\$ 5,130,461	\$ -	\$ (5,108,955)	\$ 104,229,432

DETAIL BUDGET SCHEDULES

CITY OF HUNTSVILLE, ALABAMA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET (GAAP BASIS) AND ACTUAL -
 LODGING SPECIAL REVENUE FUND - LODGING & LIQUOR TAXES
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 26,231,350	\$ 26,231,350	\$ 26,250,047	\$ 18,697
Interest	-	-	447,643	447,643
Total revenues	<u>26,231,350</u>	<u>26,231,350</u>	<u>26,697,690</u>	<u>466,340</u>
EXPENDITURES				
Current:				
Public service	7,903,259	7,903,259	8,737,607	(834,348)
Capital outlay	1,853,250	4,148,764	364,468	3,784,296
Debt service:				
Principal	951,447	951,447	951,447	-
Interest	560,776	560,776	560,776	-
Total expenditures	<u>11,268,732</u>	<u>13,564,246</u>	<u>10,614,298</u>	<u>2,949,948</u>
Excess of revenues over expenditures	14,962,618	12,667,104	16,083,392	3,416,288
OTHER FINANCING SOURCES (USES)				
Transfer in	-	1,693,134	1,693,134	-
Transfer out	(13,028,382)	(13,956,382)	(12,907,211)	1,049,171
Total other financing sources (uses)	<u>(13,028,382)</u>	<u>(12,263,248)</u>	<u>(11,214,077)</u>	<u>1,049,171</u>
Net change in fund balances	<u>\$ 1,934,236</u>	<u>\$ 403,856</u>	4,869,315	<u>\$ 4,465,459</u>
Fund balance, beginning of year			<u>19,221,727</u>	
Fund balance, end of year			<u>\$ 24,091,042</u>	

CITY OF HUNTSVILLE, ALABAMA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET (GAAP BASIS) AND ACTUAL -
 DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 19,012	\$ 19,012
Total revenues	-	-	19,012	19,012
EXPENDITURES				
Debt service:				
Principal	41,706,757	41,706,757	41,706,757	-
Interest and charges	23,892,364	23,892,364	23,892,362	2
Total debt service	65,599,121	65,599,121	65,599,119	2
Total expenditures	65,599,121	65,599,121	65,599,119	2
Deficiency of revenues over expenditures	(65,599,121)	(65,599,121)	(65,580,107)	19,014
OTHER FINANCING SOURCES (USES)				
Transfers in	65,599,122	65,599,122	65,580,107	(19,015)
Transfers out	-	-	(12,943)	(12,943)
Total other financing sources (uses)	65,599,122	65,599,122	65,567,164	(31,958)
Net change in fund balances	\$ 1	\$ 1	(12,943)	\$ (12,944)
Fund balance, beginning of year			12,943	
Fund balance, end of year			\$ -	

CITY OF HUNTSVILLE, ALABAMA

NONMAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

Municipal Iceplex Fund accounts for the operations of the City's Iceplex facility. Operations include the charges to users of Iceplex and maintenance of the facility.

Amphitheater Fund accounts for the operations of the City's amphitheater facility. Operations include the charges to users of amphitheater, planning and marketing the facility, as well as maintenance of the facility.

CITY OF HUNTSVILLE, ALABAMA

STATEMENT OF NET POSITION -
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2024

	Municipal Iceplex Fund	Amphitheater Fund	Total Nonmajor Proprietary Funds
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 286,136	\$ 500,000	\$ 786,136
Accounts receivable (net of allowance for uncollectibles)	203,143	76,455	279,598
Inventory	20,300	-	20,300
Prepaid items	3,075	-	3,075
Total Current Assets	<u>512,654</u>	<u>576,455</u>	<u>1,089,109</u>
Noncurrent Assets			
Capital Assets			
Depreciable assets	4,428,698	-	4,428,698
Less: Accumulated Depreciation	<u>(3,143,382)</u>	<u>-</u>	<u>(3,143,382)</u>
Total Capital Assets (Net of Accumulated Depreciation)	1,285,316	-	1,285,316
Restricted cash	2,548	-	2,548
Lease receivable	18,143	-	18,143
Other assets	<u>2,695</u>	<u>-</u>	<u>2,695</u>
Total Noncurrent Assets	<u>1,308,702</u>	<u>-</u>	<u>1,308,702</u>
Total Assets	<u>1,821,356</u>	<u>576,455</u>	<u>2,397,811</u>
LIABILITIES			
Current Liabilities			
Accounts payable	31,150	1,436,850	1,468,000
Accrued expenses	32,556	-	32,556
Accrued payroll liabilities	46,639	-	46,639
Accrued compensated absences	14,934	-	14,934
Unearned revenue	112,740	-	112,740
Due to other funds	-	570,295	570,295
Lease liability, current	<u>2,804</u>	<u>-</u>	<u>2,804</u>
Total Current Liabilities	<u>240,823</u>	<u>2,007,145</u>	<u>2,247,968</u>
Noncurrent Assets			
Lease liability	<u>1,463</u>	<u>-</u>	<u>1,463</u>
Deferred inflows of resources			
Deferred inflows - lease	<u>16,264</u>	<u>-</u>	<u>16,264</u>
Total Liabilities and deferred inflows of resources	<u>258,550</u>	<u>2,007,145</u>	<u>2,265,695</u>
NET POSITION			
Net investment in capital assets	1,281,049	-	1,281,049
Restricted for public service	7,703	-	7,703
Unrestricted	<u>274,054</u>	<u>(1,430,690)</u>	<u>(1,156,636)</u>
Total Net Position	<u>\$ 1,562,806</u>	<u>\$ (1,430,690)</u>	<u>\$ 132,116</u>

CITY OF HUNTSVILLE, ALABAMA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Municipal Iceplex Fund	Amphitheater Fund	Total Nonmajor Proprietary Funds
Operating Revenues			
Charges for services	\$ 2,168,571	\$ 602,740	\$ 2,771,311
Total Operating Revenues	<u>2,168,571</u>	<u>602,740</u>	<u>2,771,311</u>
Operating Expenses			
Personnel, operations & maintenance	1,586,714	3,649,819	5,236,533
Utilities	364,424	-	364,424
Depreciation	150,719	-	150,719
Other	287,047	-	287,047
Total Operating Expenses	<u>2,388,904</u>	<u>3,649,819</u>	<u>6,038,723</u>
Operating Loss	<u>(220,333)</u>	<u>(3,047,079)</u>	<u>(3,267,412)</u>
Non-Operating Revenues (Expenses)			
Interest income	2,662	-	2,662
Interest and fiscal charges	(339)	-	(339)
Donations	-	377,575	377,575
Loss on disposals	(180)	-	(180)
Total Non-Operating Revenues (Expenses)	<u>2,143</u>	<u>377,575</u>	<u>379,718</u>
Loss Before Transfers	(218,190)	(2,669,504)	(2,887,694)
Transfers in	-	3,485,532	3,485,532
Transfers out	-	(2,449,288)	(2,449,288)
Change in Net Position	(218,190)	(1,633,260)	(1,851,450)
Total Net Position, Beginning of Year	<u>1,780,996</u>	<u>202,570</u>	<u>1,983,566</u>
Total Net Position, End of Year	<u>\$ 1,562,806</u>	<u>\$ (1,430,690)</u>	<u>\$ 132,116</u>

CITY OF HUNTSVILLE, ALABAMA

COMBINING STATEMENT OF CASH FLOWS - NON-MAJOR PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Municipal Iceplex Fund	Amphitheater Fund	Total Non-major Proprietary Funds
Cash flows from operating activities			
Receipts from customers and users	\$ 2,100,172	\$ -	\$ 2,100,172
Payments to suppliers	(970,929)	(1,226,639)	(2,197,568)
Payments to employees	(1,245,670)	-	(1,245,670)
Net cash used in operating activities	<u>(116,427)</u>	<u>(1,226,639)</u>	<u>(1,343,066)</u>
Cash flows from noncapital financing activities			
Interest and fiscal charges paid	(339)	-	(339)
Transfers in	-	3,485,532	3,485,532
Transfers out	-	(2,449,288)	(2,449,288)
Contributions	-	377,575	377,575
Net cash provided by (used in) noncapital financing activities	<u>(339)</u>	<u>1,413,819</u>	<u>1,413,480</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(60,630)	-	(60,630)
Lease principal payment	(3,290)	-	(3,290)
Net cash used in capital and related financing activities	<u>(63,920)</u>	<u>-</u>	<u>(63,920)</u>
Cash flows from investing activities			
Interest earned	2,662	-	2,662
Net cash provided by investing activities	<u>2,662</u>	<u>-</u>	<u>2,662</u>
Net increase (decrease) in cash and cash equivalents	<u>(178,024)</u>	<u>187,180</u>	<u>9,156</u>
Cash and cash equivalents, beginning of year	<u>466,708</u>	<u>312,820</u>	<u>779,528</u>
Cash and cash equivalents, end of year	<u>\$ 288,684</u>	<u>\$ 500,000</u>	<u>\$ 788,684</u>
Reconciliation of cash and cash equivalents			
Cash and cash equivalents	\$ 286,136	\$ 500,000	\$ 786,136
Restricted cash	2,548	-	2,548
	<u>\$ 288,684</u>	<u>\$ 500,000</u>	<u>\$ 788,684</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES			
Operating loss	\$ (220,333)	\$ (3,047,079)	\$ (3,267,412)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	150,719	-	150,719
Change in assets and liabilities:			
Accounts receivable	(57,160)	(43,350)	(100,510)
Inventory	(2,186)	-	(2,186)
Prepaid items	(399)	-	(399)
Accounts payable	(3,980)	1,293,495	1,289,515
Accrued payables	25,965	-	25,965
Unearned revenue	(9,053)	-	(9,053)
Due to other funds	-	570,295	570,295
Net cash used in operating activities	<u>\$ (116,427)</u>	<u>\$ (1,226,639)</u>	<u>\$ (1,343,066)</u>

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	111 – 115
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity.....	116 – 121
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources.</i>	
Debt Capacity.....	122 – 126
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	127 and 128
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	129 and 130
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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

CITY OF HUNTSVILLE, ALABAMA

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Unaudited

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Governmental activities										
Net investment in capital assets	\$995,826,948	\$1,020,697,968	\$971,385,266	\$922,731,448	\$628,628,151	\$551,007,949	\$544,768,278	\$845,513,121	\$942,884,115	\$797,217,611
Restricted	106,931,126	250,934,326	261,388,672	185,381,212	209,061,062	281,375,373	236,973,783	41,377,635	96,222,800	56,606,417
Unrestricted	(235,202,226)	(452,653,009)	(526,306,955)	(518,132,835)	(371,594,259)	(367,381,198)	(361,804,446)	(443,964,319)	(597,400,654)	(423,145,927)
Total net position	\$867,555,848	\$818,979,285	\$706,466,983	\$589,979,825	\$466,094,954	\$465,002,124	\$419,937,615	\$442,926,437	\$441,706,261	\$430,678,101
Business-type activities										
Net investment in capital assets	\$422,147,855	\$396,163,618	\$376,602,521	\$360,462,901	\$348,297,507	\$331,320,679	\$309,021,803	\$302,449,760	\$296,962,340	\$286,013,940
Restricted	7,703	6,560	6,560	7,031	10,835	10,824	9,124	143,098	-	-
Unrestricted	17,442,624	18,955,385	11,177,964	27,299,432	21,280,336	28,182,034	18,979,336	23,127,600	17,918,489	17,545,100
Total net position	\$439,598,182	\$415,125,563	\$387,787,045	\$387,769,364	\$369,588,678	\$359,513,537	\$328,010,263	\$325,720,458	\$314,880,829	\$303,559,040
Primary government										
Net investment in capital assets	\$1,417,974,803	\$1,416,861,586	\$1,347,987,787	\$1,283,194,349	\$976,925,658	\$882,328,628	\$853,790,081	\$1,147,962,881	\$1,239,846,455	\$1,083,231,551
Restricted	106,938,829	250,940,886	261,395,232	185,388,243	209,071,897	281,386,197	236,982,907	41,520,733	96,222,800	56,606,417
Unrestricted	(217,759,602)	(433,697,624)	(515,128,991)	(490,833,403)	(350,313,923)	(339,199,164)	(342,825,110)	(420,836,719)	(579,482,165)	(405,600,827)
Total primary government net position	\$1,307,154,030	\$1,234,104,848	\$1,094,254,028	\$977,749,189	\$835,683,632	\$824,515,661	\$747,947,878	\$768,646,895	\$756,587,090	\$734,237,141

Source: Annual Comprehensive Financial Reports

CITY OF HUNTSVILLE, ALABAMA

CHANGES IN NET POSITION

Last Ten Fiscal Years

Unaudited

	2024	2023	2022 (a)	2021	2020	2019	2018	2017	2016	2015
Expenses										
Governmental activities:										
General government	\$86,182,694	\$84,932,962	\$55,705,093	\$43,096,775	\$50,812,549	\$50,520,319	\$40,753,794	\$34,640,871	\$34,361,989	\$29,989,299
Public safety	160,008,891	146,502,727	115,538,086	112,621,010	109,793,988	106,544,062	109,340,713	101,454,111	89,867,060	89,257,242
Public services	182,886,492	132,620,177	125,740,396	136,316,561	133,287,434	141,692,196	131,024,399	144,445,066	164,347,739	168,284,768
Urban development	113,104,629	106,356,819	98,559,656	58,723,240	51,193,813	45,601,798	39,928,608	27,486,329	22,412,512	43,242,563
Interest on long-term debt	39,409,858	38,805,895	34,680,965	34,079,637	41,202,782	41,627,006	29,840,153	29,881,615	29,852,643	26,224,071
Unallocated depreciation	-	-	-	32,037,096	-	-	30,364,378	30,071,644	32,372,585	31,002,001
Total governmental activities expenses	581,592,564	509,218,580	430,224,196	416,874,319	386,290,566	385,985,381	381,252,045	367,979,636	373,214,528	387,999,944
Business-type activities:										
Water pollution control	42,673,953	41,396,798	40,698,051	32,227,814	29,678,995	30,912,511	37,403,132	27,991,809	29,173,955	28,593,512
Sanitation fund	22,945,844	18,254,100	16,017,962	-	-	-	-	-	-	-
Von Braun Center fund	26,078,163	21,873,218	18,688,646	14,416,297	14,962,695	15,002,905	13,987,414	12,989,031	12,542,916	12,043,936
Municipal Iceplex	2,389,243	1,920,028	1,694,172	3,219,728	1,874,893	1,338,944	1,238,619	1,290,010	1,310,499	1,615,154
Amphitheater	3,649,819	3,134,092	4,399,511	-	-	-	-	-	-	-
Total business-type activities expenses	97,737,022	86,578,236	81,498,342	49,863,839	46,516,583	47,254,360	52,629,165	42,270,850	43,027,370	42,252,602
Total primary government expenses	679,329,586	595,796,816	511,722,538	466,738,158	432,807,149	433,239,741	433,881,210	410,250,486	416,241,898	430,252,546
Program Revenues										
Governmental activities:										
Charges for services:										
General government	35,904,975	34,878,772	34,613,919	33,164,228	27,575,488	30,152,032	29,595,713	24,055,896	22,777,167	22,052,325
Public Safety	-	-	-	4,436,494	3,772,489	4,124,976	4,048,868	4,122,334	4,531,621	4,681,849
Public Services	11,588,873	11,458,894	10,697,013	23,597,804	17,775,105	19,435,940	19,077,338	19,410,439	18,821,416	18,328,708
Urban Development	10,789,598	14,059,708	13,072,866	10,900,279	4,534,560	4,958,250	4,866,768	3,841,420	3,220,276	2,732,673
Operating grants and contributions	24,780,938	23,082,758	13,957,957	43,270,521	34,845,297	38,101,102	37,398,120	12,484,743	28,466,937	24,437,539
Capital grants and contributions	17,316,208	49,462,479	19,249,286	21,343,474	1,911,872	2,090,510	2,051,939	5,524,756	14,359,350	21,290,616
Total governmental activities program revenues	100,380,592	132,942,611	91,591,041	136,712,800	90,414,811	98,862,810	97,038,746	69,439,588	92,176,767	93,523,710
Business-type activities:										
Charges for services:										
Water pollution control	48,836,949	48,254,242	45,034,489	43,727,045	41,849,372	40,942,608	39,824,923	40,049,926	38,940,571	37,680,083
Sanitation fund	14,560,512	14,300,386	14,101,331	-	-	-	-	-	-	-
Von Braun Center fund	20,177,292	17,072,122	13,393,364	7,043,445	6,486,442	10,975,341	9,962,346	8,980,112	9,133,213	8,202,625
Municipal Iceplex	2,168,571	1,965,435	1,781,663	1,307,207	1,016,381	1,371,504	1,253,898	1,160,985	1,163,060	1,423,171
Amphitheater	602,740	780,140	542,950	-	-	-	-	-	-	-
Operating grants and contributions	-	191,909	-	5,807,003	-	1,287	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	9,090	-	2,409,031
Total business-type activities program revenues	86,346,064	82,564,234	74,853,797	57,884,700	49,352,195	53,290,740	51,041,167	50,200,113	49,236,844	49,714,910
Total primary government program revenues	186,726,656	215,506,845	166,444,838	194,597,500	139,767,006	152,153,550	148,079,913	119,639,701	141,413,611	143,238,620
Net (expense) revenue										
Governmental activities	(481,211,972)	(376,275,969)	(338,633,155)	(280,161,519)	(295,875,755)	(287,122,571)	(284,213,299)	(298,540,048)	(281,037,761)	(294,476,234)
Business-type activities	(11,390,958)	(4,014,002)	(6,644,545)	8,020,861	2,835,612	6,036,380	(1,587,998)	7,929,263	6,209,474	7,462,308
Total primary government net expenses	(492,602,930)	(380,289,971)	(345,277,700)	(272,140,658)	(293,040,143)	(281,086,191)	(285,801,297)	(290,610,785)	(274,828,287)	(287,013,926)

(continued)

CITY OF HUNTSVILLE, ALABAMA
CHANGES IN NET POSITION

Last Ten Fiscal Years
Unaudited

	2024	2023	2022 (a)	2021	2020	2019	2018	2017	2016	2015
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Sales & use taxes	334,559,435	325,482,003	303,110,209	268,438,074	237,141,754	226,685,473	208,966,293	195,327,025	190,546,050	181,057,346
Property taxes	129,933,306	107,999,976	93,161,853	76,367,185	71,077,318	65,167,286	66,083,001	59,604,053	57,850,973	54,748,223
Payments in lieu of taxes	25,844,026	22,380,421	21,191,296	-	-	-	-	-	-	-
Alcohol taxes	8,956,207	8,773,186	8,339,371	-	-	-	-	-	-	-
Lodging taxes	19,763,542	19,554,483	16,624,765	-	-	-	-	-	-	-
Gas taxes	6,805,346	6,673,247	6,624,096	-	-	-	-	-	-	-
Other taxes	9,223,006	10,555,426	10,515,250	57,945,218	50,507,374	52,525,318	47,855,650	43,967,500	45,203,819	41,737,789
Interest on Investments	25,010,486	12,915,912	926,861	140,105	2,392,856	4,832,242	2,383,639	585,804	704,590	450,481
Gain on forgiveness	-	1,167,219	-	-	-	-	-	-	-	-
Other	673,896	3,126,390	-	-	10,336,324	3,330,072	2,703,551	2,270,299	1,478,946	1,951,356
Gains (losses) on sales of assets	-	-	1,233,294	-	(66,847,987)	-	580,750	863,000	1,350,500	(304,271)
Transfers	(30,980,715)	(29,860,572)	(11,818,122)	(9,423,115)	(7,185,921)	(14,236,907)	(10,716,842)	(2,857,457)	(5,068,957)	(2,726,833)
Total governmental activities	529,788,535	488,767,691	449,908,873	393,467,467	297,421,718	338,303,484	317,856,042	299,760,224	292,065,921	276,914,091
Business-type activities										
Interest on Investments	4,504,342	1,196,950	9,395	8,485	53,608	134,194	81,117	52,909	43,358	63,140
Gains (losses) on sales of assets	-	-	(836)	-	-	(39)	-	-	-	-
Other	378,520	294,998	44,547	18,262	-	-	-	-	-	-
Transfers	30,980,715	29,860,572	11,818,122	9,423,115	7,185,921	14,236,907	8,202,574	2,857,457	5,068,957	2,726,833
Total business-type activities	35,863,577	31,352,520	11,871,228	9,449,862	7,239,529	14,371,062	8,283,691	2,910,366	5,112,315	2,789,973
Total primary government	565,652,112	520,120,211	461,780,101	402,917,329	304,661,247	352,674,546	326,139,733	302,670,590	297,178,236	279,704,064
<u>Change in Net Position</u>										
Governmental activities	48,576,563	112,491,722	111,275,718	113,305,948	1,545,963	51,180,913	33,642,743	1,220,176	11,028,160	(17,562,143)
Business-type activities	24,472,619	27,338,518	5,226,683	17,470,723	10,075,141	20,407,442	6,695,693	10,839,629	11,321,789	10,252,281
Total primary government	\$73,049,182	\$139,830,240	\$116,502,401	\$130,776,671	\$11,621,104	\$71,588,355	\$40,338,436	\$12,059,805	\$22,349,949	(\$7,309,862)

Source: Annual Comprehensive Financial Reports

(a) In 2022, changes were made to the presentation on the Statement of Activities to show activity for business-type nonmajor proprietary funds, and to show a more detailed listing of the City's taxes. This presentation will be adopted for future years.

Note: The Sanitation Fund was created in FY22 by pulling the sanitation operations out of the General Fund. The Amphitheater Fund was created in FY21 with the completion of the City's new entertainment venue, but did not have activity until FY22.

CITY OF HUNTSVILLE, ALABAMA
FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Unaudited

	2024	2023	2022	2021 (a)	2020	2019	2018	2017	2016	2015
General Fund										
Nonspendable	\$ 5,449,402	\$ 4,513,806	\$ 3,162,428	\$ 2,307,425	\$ 1,066,212	\$ 459,009	\$ 502,254	\$ 507,398	\$ 545,611	\$ 330,661
Restricted	-	-	-	5,797,312	-	-	-	-	249,607	459,360
Committed	-	-	-	-	7,123,511	4,310,285	4,310,285	4,702,832	6,295,708	3,978,387
Assigned	1,659,280	2,420,988	2,225,001	2,171,893	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	4,634,414
Unassigned	189,231,367	164,051,835	153,959,837	100,770,697	62,956,473	53,996,464	53,497,651	43,456,951	37,738,528	26,014,291
Total general fund	196,340,049	170,986,629	159,347,266	111,047,327	72,146,196	59,765,758	59,310,190	49,667,181	45,829,454	35,417,113
All other governmental funds										
Nonspendable	4,492,892	3,521,099	3,173,292	3,116,827	3,029,694	2,991,862	3,915,322	3,257,915	2,937,642	2,957,461
Restricted	345,508,845	358,979,065	261,388,672	220,255,062	209,061,062	281,375,373	236,973,783	41,377,635	88,919,640	87,154,198
Committed	5,130,461	3,856,778	3,015,794	2,473,701	4,482,337	4,890,852	2,887,968	142,362,101	80,848,838	32,691,643
Assigned	10,964,448	9,939,671	9,032,574	8,234,640	6,857,453	6,064,118	5,672,188	5,307,031	5,845,167	5,309,942
Unassigned	(6,632,500)	(1,407,807)	(3,431,779)	(706,056)	(5,558,058)	(5,950,414)	(15,776,565)	(1,117,573)	(215,316)	(236,961)
Total all other governmental funds	359,464,146	374,888,806	273,178,553	233,374,174	217,872,488	289,371,791	233,672,696	191,187,109	178,335,971	127,876,283
Total fund balance	\$ 555,804,195	\$ 545,875,435	\$ 432,525,819	\$ 344,421,501	\$ 290,018,684	\$ 349,137,549	\$ 292,982,886	\$ 240,854,290	\$ 224,165,425	\$ 163,293,396

Source: Annual Comprehensive Financial Reports

(a) The City underwent a city-wide reorganization of the financial statements in FY2021 as represented in the numbers above.

CITY OF HUNTSVILLE, ALABAMA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
 Unaudited

	2024	2023	2022	2021 (a)	2020	2019	2018	2017	2016	2015
Revenues										
Taxes	\$ 534,788,492	\$ 501,515,567	\$ 460,027,279	\$ 402,717,697	\$ 358,726,446	\$ 344,378,077	\$ 322,845,986	\$ 298,810,174	\$ 294,046,406	\$ 277,782,861
Licenses and permits	40,885,333	43,051,868	41,565,147	36,532,679	32,514,504	29,448,382	28,208,646	26,499,649	24,901,908	23,679,897
Fines and forfeitures	3,728,585	3,897,342	4,139,564	4,019,550	3,382,013	3,507,915	3,826,040	4,003,972	4,466,875	3,754,603
Revenues from money and property	-	-	-	-	5,316,225	9,717,987	6,972,716	5,299,539	4,919,314	4,744,704
Charges for services	12,717,753	13,231,902	12,923,044	24,975,983	22,274,966	37,161,056	42,349,949	17,993,904	17,333,314	16,947,087
Intergovernmental	29,069,641	62,362,019	29,734,218	54,119,202	20,131,353	17,595,641	11,244,579	18,343,577	32,320,686	29,747,386
Gifts and Donations	-	-	-	-	2,111,362	3,408,869	2,440,644	2,460,757	6,907,406	2,922,892
Interest	25,010,486	12,915,912	-	-	-	-	-	-	-	-
Miscellaneous revenues	6,906,011	8,962,387	10,240,610	24,014,030	10,336,324	3,330,072	1,806,477	1,668,794	1,268,490	1,831,703
Total Revenues	653,106,301	645,936,997	558,629,862	546,379,141	454,793,193	448,547,999	419,695,037	375,080,366	386,164,399	361,411,133
Expenditures										
General government	47,393,544	68,629,902	48,356,163	41,557,082	39,293,215	39,733,663	29,488,028	30,718,856	31,372,454	29,170,852
Public safety	136,862,352	126,916,642	106,975,146	100,668,628	97,451,844	95,034,927	92,865,616	89,362,560	90,332,831	83,826,858
Public services	162,428,749	141,760,138	106,077,977	103,473,513	95,438,193	106,397,516	88,173,064	78,125,664	121,919,036	128,975,662
Urban development	29,994,742	34,553,728	30,612,180	26,490,111	30,623,574	26,419,907	20,403,337	20,658,265	18,328,725	18,806,466
Debt service										
Principal	56,655,311	68,868,789	53,133,143	39,885,183	40,675,086	37,462,146	37,243,956	29,770,224	28,657,088	43,323,319
Interest	38,744,401	39,988,329	33,956,323	32,783,046	34,881,073	34,041,366	26,716,331	28,179,262	26,167,860	24,800,838
Fiscal charges	-	-	-	-	469	724	624	507	711	2,149
Debt issuance costs	-	885,841	571,639	1,166,670	6,500	514,302	1,269,946	1,185,748	723,615	621,319
Capital Outlay	135,468,335	196,075,912	157,257,470	167,373,664	153,287,127	95,846,575	166,255,294	66,860,745	36,777,565	55,563,121
Intergovernmental assistance	36,731,407	36,557,258	33,899,856	29,961,029	31,198,551	34,137,648	29,670,223	52,910,501	49,110,279	44,913,309
Total expenditures	644,278,841	714,236,539	570,839,897	543,358,926	522,855,632	469,588,774	492,086,419	397,772,332	403,390,164	430,003,893
Excess of revenues over (under) expenditures	8,827,460	(68,299,542)	(12,210,035)	3,020,215	(68,062,439)	(21,040,775)	(72,391,382)	(22,691,966)	(17,225,765)	(68,592,760)
Other financing sources(uses)										
Long-term debt issued	3,453,989	167,477,258	87,853,036	159,598,374	16,582,628	80,078,908	166,609,194	103,482,451	121,175,789	69,718,637
Premium on debt issue	-	16,712,054	16,251,573	-	-	17,514,638	27,882,248	10,700,582	27,065,510	9,925,229
Payment to escrow agent	-	-	-	(114,349,148)	-	(44,797)	(55,291,484)	(71,944,745)	(65,074,549)	-
Proceeds from sale of capital assets	5,473,171	3,192,598	3,900,230	1,978,636	-	-	-	-	-	-
Issuance of subscriptions payable	1,817,554	5,164,271	-	-	-	-	-	-	-	-
Issuance of leases payable	2,332,462	877,779	-	-	-	-	-	-	-	-
Transfers in	114,435,098	131,437,860	155,002,389	108,686,564	107,648,922	85,058,749	77,083,967	72,761,360	48,054,906	79,797,073
Transfers (out)	(126,410,974)	(143,212,662)	(162,692,875)	(113,767,843)	(114,834,843)	(99,295,656)	(87,800,809)	(75,618,816)	(53,123,863)	(82,590,783)
Total other financing sources(uses)	1,101,300	181,649,158	100,314,353	42,146,583	9,396,707	83,311,842	128,483,116	39,380,832	78,097,793	76,850,156
Net change in fund balances	\$9,928,760	\$113,349,616	\$88,104,318	\$45,166,798	(\$58,665,732)	\$62,271,067	\$56,091,734	\$16,688,866	\$60,872,028	\$8,257,396
Debt service as a percentage of noncapital expenditures	17.5%	21.4%	20.8%	18.4%	20.4%	19.1%	19.6%	17.5%	15.0%	18.2%

Source: Annual Comprehensive Financial Reports

(a) The City underwent a city-wide reorganization of the financial statements in FY2021 as represented in the numbers above.

CITY OF HUNTSVILLE, ALABAMA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Ten Fiscal Years

Unaudited

Fiscal Year	Sales and Use Tax	Property Tax	City Leasing	City Liquor	City Lodging	City Gasoline	City Wine	City Tobacco	State Gasoline	Huntsville Utilities P.I.L.O.T.	T.V.A. P.I.L.O.T.	State Beverage	State Tobacco	All Other	Total
2015	\$181,057,346	\$54,748,223	\$2,920,756	\$2,665,032	\$7,560,909	\$1,235,379	\$197,135	\$1,212,139	\$3,437,782	\$16,647,075	\$2,881,380	\$1,674,900	\$223,136	\$1,321,669	\$277,782,861
2016	\$190,729,980	\$57,850,973	\$3,442,511	\$2,980,488	\$7,844,415	\$1,311,216	\$200,302	\$1,250,042	\$3,522,306	\$17,251,340	\$3,375,449	\$1,784,091	\$329,958	\$1,911,701	\$293,784,772
2017	\$195,384,836	\$59,517,420	\$3,437,394	\$3,166,433	\$8,480,826	\$1,325,804	\$211,419	\$1,229,884	\$3,564,696	\$15,844,677	\$2,813,159	\$1,777,753	\$155,962	\$1,959,493	\$298,869,756
2018	\$208,966,293	\$66,083,001	\$3,707,198	\$3,490,644	\$12,407,344 *	\$1,347,117	\$221,543	\$1,215,787	\$3,564,534	\$14,908,179	\$2,829,553	\$1,710,566	\$302,714	\$2,150,470	\$322,904,943
2019	\$226,685,473	\$65,167,284	\$4,039,834	\$3,575,726	\$14,247,977	\$1,361,321	\$225,678	\$1,172,419	\$3,640,810	\$18,836,298	\$2,494,464	\$1,790,735	\$144,940	\$2,709,436	\$346,092,395
2020	\$237,141,756	\$71,078,187	\$4,121,555	\$3,173,119	\$10,506,906	\$1,222,155	\$246,290	\$1,271,256	\$4,042,207	\$21,172,061	\$2,827,779	\$1,684,459	\$181,002	\$4,033,650	\$362,702,382
2021	\$268,438,074	\$76,367,185	\$4,872,815	\$4,596,158	\$13,139,614	\$1,280,113	\$250,507	\$1,229,461	\$4,653,298	\$18,396,408	\$2,864,376	\$2,062,358	\$291,867	\$4,275,463	\$402,717,697
2022	\$303,110,210	\$93,622,533	\$5,282,157	\$5,858,491	\$16,624,963	\$1,301,450	\$243,507	\$1,172,089	\$5,322,646	\$18,224,671	\$2,697,905	\$2,237,374	\$186,607	\$4,142,676	\$460,027,279
2023	\$325,482,003	\$107,999,976	\$5,379,804	\$6,534,605	\$19,554,483	\$1,286,139	\$228,595	\$1,088,071	\$5,387,107	\$18,842,021	\$3,256,334	\$2,009,986	\$180,427	\$4,189,191	\$501,418,742
2024	\$334,559,435	\$129,933,306	\$5,506,578	\$6,486,504	\$19,763,541	\$1,253,344	\$220,350	\$992,564	\$5,552,000	\$22,686,017	\$3,158,008	\$2,249,351	\$127,098	\$2,596,772	\$535,084,868

Source: City Finance Department

* In fiscal year 2017 the City increased Lodging taxes by 2% and added \$1 surcharge per room

CITY OF HUNTSVILLE, ALABAMA

SALES TAX RATES

Last Ten Fiscal Years

Unaudited

SALES TAX

Madison County

<u>Fiscal Year</u>	<u>State</u>	<u>City</u>	<u>County</u>	<u>Total</u>
2015	4.0%	4.5%	0.5%	9.0%
2016	4.0%	4.5%	0.5%	9.0%
2017	4.0%	4.5%	0.5%	9.0%
2018	4.0%	4.5%	0.5%	9.0%
2019	4.0%	4.5%	0.5%	9.0%
2020	4.0%	4.5%	0.5%	9.0%
2021	4.0%	4.5%	0.5%	9.0%
2022	4.0%	4.5%	0.5%	9.0%
2023	4.0%	4.5%	0.5%	9.0%
2024	4.0%	4.5%	0.5%	9.0%

Limestone County

<u>Fiscal Year</u>	<u>State</u>	<u>City</u>	<u>County</u>	<u>Total</u>
2015	4.0%	4.5%	2.0%	10.5%
2016	4.0%	4.5%	2.0%	10.5%
2017	4.0%	4.5%	2.0%	10.5%
2018	4.0%	4.5%	2.0%	10.5%
2019	4.0%	4.5%	2.0%	10.5%
2020	4.0%	4.5%	2.0%	10.5%
2021	4.0%	4.5%	2.0%	10.5%
2022	4.0%	4.5%	2.0%	10.5%
2023	4.0%	4.5%	2.0%	10.5%
2024	4.0%	4.5%	2.0%	10.5%

Note: Morgan County is not shown in the listing above as there are currently no businesses within the City limits in Morgan County that remit Sales and Use Tax.

CITY OF HUNTSVILLE, ALABAMA

PROPERTY TAX RATES

Last Ten Fiscal Years

Unaudited

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS

(Per \$1000 of Assessed Value)

Fiscal Year	City of Huntsville				Madison County			
	General Fund	City School Funds	Special Revenue Funds	Total	County School District	County	State	Total
2015	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2016	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2017	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2018	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2019	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2020	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2021	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2022	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2023	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2024	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0

Fiscal Year	City of Huntsville				Limestone County		
	General Fund	City School Funds	Special Revenue Funds	Total	County	State	Total
2015	6.5	22.0	6.5	35.0			
2016	6.5	22.0	6.5	35.0			
2017	6.5	22.0	6.5	35.0			
2018	6.5	22.0	6.5	35.0			
2019	6.5	22.0	6.5	35.0			
2020	6.5	22.0	6.5	35.0			
2021	6.5	22.0	6.5	35.0			
2022	6.5	22.0	6.5	35.0	13.5	6.5	55.0
2023	6.5	22.0	6.5	35.0	13.5	6.5	55.0
2024	6.5	22.0	6.5	35.0	13.5	6.5	55.0

Fiscal Year	City of Huntsville				Morgan County			
	General Fund	Special Revenue Funds	City School Fund	Total	State	County	County Wide School	Total Base
2015	6.5	6.5						
2016	6.5	6.5						
2017	6.5	6.5						
2018	6.5	6.5						
2019	6.5	6.5						
2020	6.5	6.5						
2021	6.5	6.5						
2022	6.5	6.5	10.7	23.7	6.5	10.8	5.8	46.8
2023	6.5	6.5	10.7	23.7	6.5	10.8	5.8	46.8
2024	6.5	6.5	10.7	23.7	6.5	10.8	5.8	46.8

Note: Due to the minimal size of taxes collected in Morgan and Limestone County in 2021 and prior years, the property tax rates have not been previously reported for those counties.

CITY OF HUNTSVILLE, ALABAMA
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years
Unaudited

Fiscal Year	Total Tax Levy	Total Tax Collections (a)	Percent of Total Tax Collections to Tax Levy
2014-2015	\$199,883,714	\$199,969,065	100.0%
2015-2016	\$199,358,750	\$199,854,209	100.2%
2016-2017	\$205,279,934	\$206,016,539	100.4%
2017-2018	\$207,873,791	\$210,989,952	101.5%
2018-2019	\$227,645,704	\$229,210,607	100.7%
2019-2020	\$239,416,698	\$241,111,820	100.7%
2020-2021	\$265,537,560	\$264,952,395	99.8%
2021-2022	\$304,466,310	\$304,702,045	100.1%
2022-2023	\$343,532,797	\$344,181,389	100.2%
2023-2024	\$419,685,058	\$416,864,919	99.3%

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

Source: Madison and Limestone County Tax Collectors offices.

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

Last Ten Fiscal Years
Unaudited

Assessment Date	Real and Personal Property										Total Assessed	Total Actual	Assessed Value To Total Estimated Actual Value
	Class 1		Class 2		Class 3		Penalties Assessed	Exempt Assessed	Class 4				
October 1,	Assessed	Actual	Assessed	Actual	Assessed	Actual			Assessed	Assessed	Assessed	Actual	Assessed
2014	\$26,915	\$89,717	\$2,067,967	\$10,339,835	\$891,333	\$8,913,330	\$3,076	(\$480,953)	\$269,328	\$1,795,520	\$2,777,666	\$21,138,402	13.1%
2015	\$21,257	\$70,856	\$2,136,708	\$10,683,539	\$902,236	\$9,022,358	\$3,373	(\$501,001)	\$293,012	\$1,953,413	\$2,855,585	\$21,730,166	13.1%
2016	\$21,353	\$71,177	\$2,258,951	\$11,294,755	\$944,927	\$9,449,270	\$5,182	(\$530,850)	\$246,836	\$1,645,573	\$2,946,399	\$22,460,775	13.1%
2017	\$21,170	\$70,565	\$2,366,167	\$11,830,836	\$980,301	\$9,803,010	\$3,975	(\$500,689)	\$285,518	\$1,903,451	\$3,156,441	\$23,607,862	13.4%
2018	\$18,658	\$62,194	\$2,582,436	\$12,912,178	\$1,045,444	\$10,454,436	\$5,872	(\$576,856)	\$295,427	\$1,969,515	\$3,370,980	\$25,398,323	13.3%
2019	\$17,864	\$59,546	\$2,699,354	\$13,496,771	\$1,131,591	\$11,315,908	\$6,967	(\$594,753)	\$318,650	\$2,124,332	\$3,579,673	\$26,996,557	13.3%
2020	\$17,192	\$57,308	\$3,302,282	\$16,511,412	\$1,245,686	\$12,456,855	\$2,387	(\$956,109)	\$350,461	\$2,336,404	\$3,961,899	\$31,361,980	12.6%
2021	\$19,822	\$66,073	\$3,974,468	\$19,872,339	\$1,438,832	\$14,388,318	\$12,151	(\$1,307,600)	\$393,791	\$2,625,272	\$4,531,463	\$36,952,002	12.3%
2022	\$15,045	\$50,151	\$5,051,962	\$25,259,811	\$1,680,668	\$16,806,677	\$16,911	(\$1,791,436)	\$473,032	\$3,153,547	\$5,446,182	\$45,270,185	12.0%
2023	\$17,749	\$59,164	\$5,456,408	\$27,282,041	\$1,799,354	\$17,993,541	\$22,682	(\$1,861,073)	\$516,489	\$3,443,258	\$5,951,610	\$48,778,004	12.2%

Assessment Date Note:
Property is initially assessed on October 1 each year for the taxes to be levied on the following October 1. Adjustments are made after the assessment until the next August, when the assessments are finalized for the upcoming October levy. Therefore, the assessed value figures above will result in tax collections beginning one year later. For example, the assessment in 2018 above was levied on October 1, 2019, and collected during the City's 2020 fiscal year.

Valuation Note:
The totals above are as reported by the Madison County, Limestone County and Morgan County Tax Assessors 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. The most recent assessment date pertinent to this calculation is October 1, 2023.

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

Tax Rate Note:
For purposes of the property tax base figures above, the direct rate that applies to these bases is 6.5 mills of tax on the assessed value (i.e. 0.65%).

CITY OF HUNTSVILLE, ALABAMA
PRINCIPAL TAXPAYERS - SALES & PROPERTY TAXES

Last Ten Fiscal Years
 Unaudited

SALES & USE TAXES

Fiscal Year	Top 100 Taxpayers (approximate)	Total Tax	% of Total Tax
2015	\$98,998,235	\$181,057,346	54.7%
2016	\$103,191,559	\$190,044,271	54.3%
2017	\$105,599,574	\$194,758,559	54.2%
2018	\$112,459,986	\$205,955,365	54.6%
2019	\$117,991,316	\$220,062,938	53.6%
2020	\$128,022,634	\$227,829,714	56.2%
2021	\$136,988,003	\$255,464,388	53.6%
2022	\$153,005,081	\$287,147,661	53.3%
2023	\$161,690,761	\$306,845,850	52.7%
2024	\$169,076,698	\$315,667,946	53.6%

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

PROPERTY TAXES

Name	2024			2015		
	City Assessed Valuation	Rank	Percentage of Total Assessed Value	City Assessed Valuation	Rank	Percentage of Total Assessed Value
Starbelt LLC	\$487,297,480	1	8.2%			
Toyota Motor Manufacturing Alabama	\$219,422,080	2	3.7%	\$117,058,380	1	4.2%
Blue Origin Alabama LLC	\$66,506,980	3	1.1%			
IMI Huntsville LLC	\$29,282,320	4	0.5%	\$16,963,100	6	0.6%
Huntsville NYL LLC	\$28,529,980	5	0.5%	\$23,954,860	3	0.9%
BASF Catalysts LLC	\$24,322,860	6	0.4%	\$17,969,640	5	
Kohler Co	\$28,573,860	7	0.5%			0.0%
ADTRAN Inc	\$19,288,280	8	0.3%	\$16,966,760	7	0.6%
Redstone Federal Credit Union	\$19,346,720	9	0.3%	\$9,519,280	10	0.3%
Anthem Apartments LLC	\$18,100,680	10	0.3%			
Generics International US Inc				\$27,408,320	2	1.0%
Bell South Telecommunications Inc				\$21,042,500	4	0.8%
Crestwood Healthcare LP				\$12,461,620	8	0.4%
Generics International US Inc				\$12,681,380	9	0.5%
Top 10 subtotal	\$940,671,240		15.8%	\$276,025,840		9.9%
Other taxpayers	\$5,010,938,293		84.2%	\$2,501,640,160		90.1%
Totals	\$5,951,609,533		100.0%	\$2,777,666,000		100.0%

Valuation Note:

The above figures are those reported by the Madison County Tax Assessor and the Limestone 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.

Assessment Date Note:

Property is initially assessed on October 1 each year for the taxes to be levied on the following October 1. Adjustments are made after the assessment until the next August, when the assessments are finalized for the upcoming October levy. Therefore, the assessed value figures above will result in tax collections beginning one year later. For example, the assessment in 2018 will be levied on October 1, 2019, and collected during the city's 2020 fiscal year.

CITY OF HUNTSVILLE, ALABAMA
RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(amounts expressed in thousands, except per capita amounts)

Unaudited

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Per Capita	Debt as % of Personal Income
	General Obligation Warrants	Revenue Warrants	PBA Lease Revenue Bonds	Lease Liability & SBITAs	Sewer System General Obligation Warrants	Sewer System Revenue Warrants	Lease Liability & SBITAs			
2015	\$496,159	\$41,453	\$59,490	-	\$64,980	\$27,485	-	\$689,567	\$3,611	3.63%
2016	\$595,632	\$45,610	\$57,310	-	\$55,948	\$22,260	-	\$776,760	\$4,023	3.96%
2017	\$607,046	\$50,202	\$57,310	-	\$52,609	\$16,835	-	\$784,002	\$3,994	3.86%
2018	\$693,105	\$50,982	\$44,820	-	\$48,960	\$12,810	-	\$850,677	\$4,311	3.91%
2019	\$734,787	\$59,356	\$44,820	-	\$45,227	\$8,635	-	\$892,825	\$4,472	3.89%
2020	\$771,923	\$81,440	\$50,754	-	\$45,147	\$4,300	-	\$953,564	\$4,776	4.16%
2021	\$728,120	\$94,269	\$85,373	-	\$38,950	\$2,245	-	\$948,957	\$4,301	3.57%
2022	\$674,357	\$109,006	\$173,456	-	\$34,091	\$1,220	\$572	\$992,702	\$4,363	3.42%
2023	\$799,813	\$102,968	\$167,684	\$6,119	\$79,234	\$1,115	\$536	\$1,157,469	\$4,921	3.77%
2024	\$744,166	\$115,130	\$161,821	\$5,788	\$72,358	\$1,005	\$94	\$1,100,362	\$4,564	3.26%

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

CITY OF HUNTSVILLE, ALABAMA
RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING
(amounts expressed in thousands)
Last Ten Fiscal Years
Unaudited

Fiscal Year	General Obligation Warrants	Sewer System General Obligation Warrants	Less Amounts Restricted for Repayment	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2015	\$496,159	\$64,980	(\$3,779)	\$557,360	2.6%	\$2,919
2016	\$595,632	\$55,948	(\$18,147)	\$633,433	2.8%	\$3,281
2017	\$607,046	\$52,609	(\$5,938)	\$653,717	2.9%	\$3,330
2018	\$693,105	\$48,960	(\$894)	\$741,171	3.1%	\$3,756
2019	\$734,787	\$45,227	(\$894)	\$779,120	3.1%	\$3,903
2020	\$771,923	\$45,147	(\$894)	\$816,176	3.0%	\$4,031
2021	\$728,120	\$38,950	(\$10,504)	\$756,566	2.4%	\$3,429
2022	\$674,357	\$34,091	(\$14,773)	\$693,675	1.9%	\$3,049
2023	\$799,813	\$79,234	(\$28,787)	\$850,260	1.9%	\$3,615
2024	\$744,166	\$72,358	(\$59,230)	\$757,294	1.6%	\$3,141

Source: Annual Comprehensive Financial Reports

CITY OF HUNTSVILLE, ALABAMA
LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years
Unaudited

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Debt limit	\$ 1,185,785,400	\$ 1,238,134,200	\$ 903,862,400	\$ 791,902,600	\$ 714,541,000	\$ 673,021,600	\$ 630,493,200	\$ 588,243,400	\$ 570,442,400	\$ 554,918,000
Total net debt applicable to limit	566,360,452	609,249,875	527,983,782	550,350,043	506,465,065	455,772,313	471,742,804	407,608,415	356,079,457	276,811,706
Legal debt margin	\$ 619,424,948	\$ 628,884,325	\$ 375,878,618	\$ 241,552,557	\$ 208,075,935	\$ 217,249,287	\$ 158,750,396	\$ 180,634,985	\$ 214,362,943	\$ 278,106,294
Total net debt applicable to limit as a percentage of debt limit	47.8%	49.2%	58.4%	69.5%	70.9%	67.7%	74.8%	69.3%	62.4%	49.9%

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

Assessed value of real and personal property, October 1, 2023 (a)		<u>\$5,928,927,000</u>
Debt limit - 20 percent of total assessed value		1,185,785,400
All outstanding debt of the City	<u>\$1,100,361,789</u>	
Less those portions not chargeable to the debt limit:		
Lease revenue bonds of the Public Building Authority	161,820,274	
Debt payable from other revenues:		
General obligation sewer warrants	72,358,456	
Sewer revenue warrants	1,005,000	
General obligation Series 2018-A Economic Development	49,265,686	
Warrants issued for schools	<u>214,224,444</u>	
Total not chargeable	<u>498,673,860</u>	
Total debt chargeable to debt limit	601,687,929	
Less assets available for debt service (b)	<u>35,327,477</u>	<u>566,360,452</u>
Legal debt margin		<u><u>\$619,424,948</u></u>

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

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

(b) This value is made up of the positive cash balances for each TIF fund and the 6.5 Million Debt Property Tax Fund, that are restricted to service their specific debt issuances. The balance in the 6.5 Million School Property Tax Fund is not included as the schools debt is excluded from the calculation above.

CITY OF HUNTSVILLE, ALABAMA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
At September 30, 2024
Unaudited

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Huntsville</u>	<u>Amount Applicable to City of Huntsville</u>
Direct Debt			
City of Huntsville	\$1,026,904,025 ⁽¹⁾	100.00%	\$1,026,904,025
Overlapping Dept			
Madison County, general obligation debt	37,325,392 ⁽²⁾	56.91% ⁽²⁾	21,241,881
Limestone County, general obligation debt	6,345,000 ⁽³⁾	5.49% ⁽³⁾	348,341
Morgan County, general obligation debt	15,860,000 ⁽⁴⁾	0.00% ⁽⁴⁾	-
Total			<u><u>\$1,048,494,247</u></u>

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

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

(2) Outstanding debt as presented in audited financial statements of Madison County for the fiscal year ended September 30, 2023. The Madison County percentage reflects the ratio of the population estimated by the City as of July 1, 2024 as residing in the City and living in Madison County (234,821) and the estimated total population of Madison County estimated for 2023 (412,600).

(3) Outstanding debt as presented in audited financial statements of Limestone County for the fiscal year ended September 30, 2023. The Limestone County percentage reflects the ratio of the population estimated by the City as of July 1, 2024 as residing in the City and living in Limestone County (6,293) and the total population of Limestone County estimated for July 1, 2023 (114,654).

(4) Outstanding debt as presented in audited financial statements of Morgan County for the fiscal year ended September 30, 2023. The Morgan County percentage reflects the ratio of the population estimated by the City as of July 1, 2024 as residing in the City and living in Morgan County (0) and the total population of Morgan County estimated for July 1, 2023 (125,133).

CITY OF HUNTSVILLE, ALABAMA
PLEGGED REVENUE COVERAGE
WATER POLLUTION CONTROL FUND WARRANTS
Last Ten Fiscal Years
Unaudited

Fiscal Year	Gross Revenues (b)	Direct Operating Expenses (c)	Net Revenue Available for Debt Service	Debt Service Requirement (a)			Coverage
				Principal	Interest	Total	
2015	\$37,697,985	\$15,046,587	\$22,651,398	\$13,441,815	\$4,013,909	\$17,455,724	1.30
2016	\$38,940,571	\$15,968,327	\$22,972,244	\$13,967,912	\$3,367,046	\$17,334,958	1.33
2017	\$40,067,970	\$15,001,905	\$25,066,065	\$7,694,544	\$2,895,922	\$10,590,466	2.37
2018	\$39,836,114	\$15,227,976	\$24,608,138	\$7,907,856	\$2,692,961	\$10,600,817	2.32
2019	\$40,942,608	\$18,452,775	\$22,489,833	\$8,295,714	\$2,200,931	\$10,496,645	2.14
2020	\$41,849,372	\$18,072,555	\$23,776,817	\$6,157,252	\$1,906,177	\$8,063,429	2.95
2021	\$42,940,702	\$20,909,928	\$22,030,774	\$6,102,093	\$1,743,024	\$7,845,117	2.81
2022	\$45,034,489	\$29,057,389	\$15,977,100	\$5,239,163	\$1,499,273	\$6,738,436	2.37
2023	\$48,254,242	\$27,612,113	\$20,642,129	\$4,497,902	\$2,356,928	\$6,854,830	3.01
2024	\$48,766,744	\$34,472,695	\$14,294,049	\$6,029,116	\$3,309,370	\$9,338,486	1.53

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

(b) Gross revenues available for debt service include customer charges and other operating revenues.

(c) Direct operating expenses excluding depreciation and amortization.

CITY OF HUNTSVILLE, ALABAMA
DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years
Unaudited

Fiscal Year	Population (a)	Total Personal Income (b)	Per Capita Personal Income (b)	Unemployment Rate (c)
2015	190,943	\$18,992,753	\$44,068	5.5%
2016	193,079	\$19,599,508	\$44,068	5.5%
2017	196,289	\$20,327,769	\$45,201	4.0%
2018	197,318	\$21,731,100	\$47,729	3.4%
2019	199,637	\$22,947,407	\$49,595	2.1%
2020	202,453	\$24,586,808	\$52,110	3.2%
2021	220,632	\$26,553,194	\$55,126	2.4%
2022	227,529	\$29,065,186	\$57,815	2.2%
2023	235,204	\$30,701,534	\$59,677	1.9%
2024	241,114	\$33,791,071	\$64,089	2.6%

(a) Population estimates for the City of Huntsville.

Source (previous year estimates): US Census Bureau

Source (current year estimates). City of Huntsville Planning Department

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

Source: The Bureau of Economic Analysis.

(c) The unemployment rate data is for Madison County.

Source: LMI Division of the Alabama Department of Labor.

CITY OF HUNTSVILLE, ALABAMA
PRINCIPAL EMPLOYERS

Current and Five Years Ago
Unaudited

Employers	2024			2019		
	Number of Employees	Rank	Percentage of Total Labor Force	Number of Employees	Rank	Percentage of Total Labor Force
US Army/Redstone Arsenal	37,000	1	12.9%	22,600	1	10.1%
Huntsville Hospital	11,149	2	3.9%	9,228	2	4.1%
NASA/Marshall Space Flight Center	7,000	3	2.4%	2,400	5	1.1%
Mazda Toyota Manufacturing USA, Inc.	4,000	4	1.4%			
The Boeing Company	3,411	5	1.2%	2,900	3	1.3%
Huntsville City Schools	3,000	6	1.0%			
Dynetics, Inc.	2,946	7	1.0%	2,030	6	0.9%
Northrop Grumman	2,850	8	1.0%			
SAIC	2,746	9	1.0%	2,746	4	1.2%
City of Huntsville	2,589	10	0.9%			
ADTRAN, INC.				1,549	7	0.7%
Technicolor / CINRAM, INC				1,450	8	0.6%
Toyota Motor Manufacturing Alabama				1,350	9	0.6%
Intergraph Corporation/Hexagon US				1,325	10	0.6%
Total Employees of 10 Principal Employers	76,691		26.7%	47,578		21.2%
Employees of Other Employers	211,009		73.3%	176,596		78.8%
Total Civilian Labor Force	287,700		100.0%	224,174		100.0%

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

Note:
 This employment data represents persons employed in Huntsville/Madison County in nonagricultural wage and salary occupations.

CITY OF HUNTSVILLE, ALABAMA
CITY GOVERNMENT EMPLOYEES BY FUNCTION
 Last Ten Fiscal Years
Unaudited

Function	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Government										
Administration	22	20	17	17	14	14	16	15	14	12
City Council	9	8	8	8	7	10	7	8	8	8
City Clerk *	8	10	16	17	17	19	19	18	18	18
Finance	48	43	34	31	27	30	35	35	35	33
Human Resources	19	18	17	17	17	16	16	16	13	13
I.T.S.	42	37	39	41	38	43	47	46	48	48
Legal	21	19	18	18	17	18	17	16	16	16
Total	169	155	149	149	137	150	157	154	152	148
Public Safety										
Animal Services	32	35	33	33	31	35	34	32	31	31
EMA	8	7	7	7	7	8	9	9	9	9
Fire and Rescue	471	438	432	409	387	428	439	439	408	396
Municipal Court	45	47	50	46	46	50	53	52	48	48
Police	663	661	640	641	662	727	725	702	642	632
Total	1,219	1,188	1,162	1,136	1,133	1,248	1,260	1,234	1,138	1,116
Public Services										
Cemetery	19	17	16	17	11	13	13	12	12	12
General Services	57	52	53	50	49	52	52	52	52	53
Fleet Services	46	46	46	50	49	51	49	50	49	46
Parks & Recreation	179	171	164	150	169	203	197	196	197	191
Landscape Management	176	168	167	160	144	149	151	149	143	133
Parking	54	46	48	42	43	49	53	51	52	54
Public Transportation	100	92	90	86	87	98	80	80	77	75
Public Works	289	261	238	226	228	249	241	238	237	246
Water Pollution Control	119	111	113	122	127	140	184	133	127	125
Total	1,039	964	935	903	907	1,004	1,020	961	946	935
Urban Development										
Community Development	34	32	32	32	32	29	42	43	44	44
Engineering	34	32	30	34	31	34	46	45	46	46
Inspection	34	32	29	34	31	31	34	30	29	29
Natural Resources	11	10	9	8	8	10	8	7	7	7
Planning	35	34	37	40	40	47	50	47	45	45
Traffic Engineering	40	39	40	35	34	40	39	39	39	39
Total	188	179	177	183	176	191	219	211	210	210
Total for all departments	2,615	2,486	2,423	2,371	2,353	2,593	2,656	2,560	2,446	2,409

Source: Headcount by department provided by payroll at year-end.

* In FY23 the Treasury functions were moved from the Clerk Treasurer to the Finance Department. The department is now City Clerk.

CITY OF HUNTSVILLE, ALABAMA
OPERATING INDICATORS AND CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

Unaudited

Function	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Public Safety										
Fire and Rescue										
Number of fire stations	20	19	19	19	19	19	19	19	19	19
Fire insurance rating	1	1	1	1	1	1	1	1	1	3/9
Number of calls answered	23,988	23,915	21,867	21,701	19,879	22,966	21,684	21,159	18,723	17,021
Inspections	6,975	5,470	7,398	7,912	8,090	8,290	7,772	6,171	5,387	5,715
Police										
Number of police stations	6	6	6	6	5	5	5	5	4	4
Physical arrests	9,556	9,774	9,638	10,378	10,048	10,753	11,281	10,793	12,390	12,371
Parking violations	10,139	11,384	15,627	11,235	10,360	12,403	31,066	12,213	10,029	10,469
Traffic violations	14,684	16,835	20,844	21,302	23,060	25,735	11,168	29,338	34,455	39,908
Public Services										
Recreation Services										
Admissions to Aquatic Facilities	121,028	152,376	166,951	128,033	119,165	144,779	103,043	95,791	81,218	100,011
Participants in Community Center programs	10,524	9,743	7,256	1,842	2,910	8,029	5,025	5,688	4,548	5,480
Participants in Youth Athletic programs	5,738	5,161	4,635	3,943	2,353	4,765	4,633	4,967	5,418	5,836
Participants in Adult Athletic programs	3,851	3,740	3,794	2,776	3,900	1,451	661	1,691	1,245	1,954
Number of parks	66	66	66	66	64	64	64	64	64	64
Baseball fields	48	48	48	48	48	48	48	48	48	48
Softball fields	48	48	48	48	48	48	48	48	48	48
Soccer fields & Multi-purpose fields	63	59	59	59	41	41	41	41	41	41
Football fields	2	2	2	2	2	2	2	2	2	2
Tennis courts	52	52	52	52	56	56	56	56	56	56
Recreation centers	13	13	13	13	13	11	11	12	12	12
Pickleball courts (dedicated)	17									
Swimming Pools	4	4	4	4	4	4	4	4	3	3
Public Works										
Streets (Beginning 2011 - Lane Miles)	3,619	3,592	3,553	3,516	3,446	3,370	3,329	3,302	3,280	3,244
Street lights	41,914	40,883	31,673	23,753	23,696	23,526	23,552	23,101	22,938	22,535
Signalized street intersections	407	404	402	400	393	387	382	381	377	369
Controlled intersections	12,104	12,076	12,032	11,957	11,918	11,854	11,809	11,761	11,698	11,648
Major storm sewers (miles)	1,290	1,277	1,208	1,190	1,152	1,138	1,088	1,068	1,027	1,013
Major storm sewers (miles) - Total for Year	13	68	17	38	14	50	20	40	14	15
Potholes repaired	15,868	17,064	15,544	15,045	15,477	18,510	11,542	13,503	14,567	13,012
Sanitation										
Refuse (household garbage) collected (tons/day)	452	468	476	352	305	310	266	237	269	286
Trash (yard waste) collected (tons/day)	150	162	153	130	182	230	163	153	113	165
Water Pollution Control										
Avg daily sewage treatment(M gallon/day)	41	41	42	45	43	41	36	34	35	37
Sanitary sewers (miles)	1,643	1,635	1,632	1,599	1,564	1,532	1,502	1,463	1,450	1,430
Utilities (provided by Huntsville Utilities)										
New connections	673	726	973	1,130	1,401	712	1,133	1,418	1,497	1,312
Water main breaks	128	50	108	86	79	96	87	64	114	95
Average daily consumption (000 gallons)	59,053	55,713	52,750	47,720	44,033	45,121	43,797	42,954	45,582	40,518
Water meters in use	107,112	106,125	105,206	103,532	101,894	100,139	97,189	95,657	94,501	92,919

Sources:

Various city departments

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

Appendix D
Form of Opinion of Bond Counsel

City of Huntsville
Huntsville, Alabama

We have examined certified copies of proceedings of the governing body of the City of Huntsville (herein called the "City"), in the State of Alabama, and other documents submitted to us pertaining to the authorization, sale and issuance of

\$69,595,000 General Obligation Warrants Series 2026-A	\$19,290,000 General Obligation Refunding Warrants Series 2026-B
\$67,335,000 General Obligation School Warrants Series 2026-C	\$35,930,000 General Obligation School Refunding Warrants Series 2026-D

(collectively herein called the "Warrants"). We have not examined the Warrants as executed, but we have been furnished with appropriate certificates respecting their execution. The statements herein made and the opinions hereinafter expressed are based upon our examination of the aforesaid proceedings and documents so examined by us.

We are of the following opinion: that the Warrants are in due and legal form, have been validly authorized and issued pursuant to the applicable provisions of the constitution and laws of the State of Alabama, and constitute valid orders on the city treasurer of the City for the payment thereof as therein provided; that the indebtedness ordered paid by the Warrants is a valid general obligation of the City for the payment of the principal of and interest on which the City has validly and irrevocably pledged its full faith and credit; and that, under existing statutes, the interest on the Warrants is exempt from State of Alabama income taxation.

We are further of the opinion that under the Internal Revenue Code of 1986, as amended (herein called the "Code"), as presently construed and administered, and assuming compliance by the City with its covenants pertaining to certain requirements of federal tax law that are set forth in the proceedings authorizing the issuance of the Warrants and in the tax compliance agreement and certificate executed by the City in connection with the Warrants, the interest on the Warrants will be excludable from gross income of the recipients thereof for federal income tax purposes pursuant to the provisions of Section 103(a) of the Code, and the interest on the Warrants will not be an item of tax preference included in alternative minimum taxable income for the purpose of computing the minimum tax imposed by Section 55 of the Code, and the interest on the Warrants will not be an item of tax preference included in alternative minimum taxable income for the purpose of computing the minimum tax imposed by Section 55 of the Code; however, in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on "applicable corporation" (as defined in Section 59(k) of the Code), interest on the Warrants is not excluded from the determination of adjusted financial statement income. We express no opinion regarding tax consequences arising with respect to the Warrants other than as expressly set forth herein.

We express no opinion with respect to the federal tax consequences to the recipients of the interest on the Warrants under any provision of the Code not referred to above.

We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement of the City relating to the Warrants. Further, we express no opinion regarding tax consequences arising with respect to the Warrants other than as expressly set forth herein.

The rights of the holders of the Warrants and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Yours very truly,

APPENDIX E

SUMMARY OF CONTINUING DISCLOSURE AGREEMENT

SUMMARY OF CONTINUING DISCLOSURE AGREEMENT

The following is a summary of the Continuing Disclosure Agreement (the "Agreement") entered into by the City, for the benefit of the holders of the Warrants, in order to assist the winning bidders for the Warrants in complying with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission of the United States of America (the "Commission") pursuant to the Securities Exchange Act of 1934. Except where otherwise defined in this Appendix, all capitalized terms have the meaning assigned in the front portion of this Official Statement.

Annual Report of the City. The City agrees, in accordance with the provisions of the Rule, to provide or cause to be provided through the Electronic Municipal Market Access system ("EMMA"), or such other system as may be subsequently authorized by the MSRB, not later than 270 days after the close of each fiscal year of the City (October 1 – September 30), commencing with the fiscal year ended September 30, 2025, a report (the "City's Annual Report") containing:

(i) the audited general purpose financial statements of the City, prepared in accordance with accounting principles generally accepted in the United States of America, and the notes thereto, and

(ii) if not otherwise contained in the Annual Report, the following information for the fiscal year being reported:

(a) receipts of (i) the 6.5 mill general purpose ad valorem tax levied by the City, (ii) TVA Payments in Lieu of Property Taxes, and (iii) Huntsville Utilities Electric Payments in Lieu of Property Taxes, in format similar to the table shown under the heading "SOURCES OF REVENUES – Property Taxes and Payments in Lieu of Taxes";

(b) collections of sales and use taxes levied by the City, in format similar to the table shown under the heading "SOURCES OF REVENUES – Sales and License Taxes – Sales and Use Taxes";

(c) collections of privilege license taxes levied by the City, in format similar to the table shown under the heading "SOURCES OF REVENUES – Sales and License Taxes – Licenses and Permits";

(d) to the extent available from the U.S. Census Bureau, the most recent population estimate for the City; and

(e) to the extent available from applicable taxing authorities, the assessed value of real property in the City, or, to the extent actual assessed values are not available, estimated assessed values of such real property.

Notice of Certain Events. The City agrees to provide or cause to be provided, in a timely manner, through EMMA (or such other system as may be authorized by the MSRB) Notice within ten (10) business days of the occurrence of any of the following events with respect to the Warrants:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;

- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Warrants, or other material events affecting the tax status of the Warrants;
- (vii) modifications of the rights of holders of the Warrants;
- (viii) calls for redemption, other than scheduled mandatory redemption, of any of the Warrants if material, and notice of tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Warrants, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the City or of any obligated person respecting the Warrants;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the City or any obligated person respecting the Warrants (each, an "Obligated Person") or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement related to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or paying agent or the change of name of a trustee or paying agent, if material;
- (xv) failure of the City to timely file its Annual Report;
- (xvi) incurrence of a financial obligation of the City or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or obligated person, any of which affect security holders, if material; and
- (xvii) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the City or obligated person, any of which reflect financial difficulties.

Additional Information. The City may from time to time choose to provide other information in addition to the information and notices listed above, but the City does not undertake in the Agreement to commit to provide any such additional information or to update or to continue to provide such additional information or notices once provided.

Amendment; Waiver. The City may amend the Agreement and any provision of the Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not cause the undertakings therein to violate the Rule taking into account any subsequent change in or official interpretation of the Rule.

Beneficiaries and Enforcement. The City agrees that its undertakings pursuant to the Rule set forth in the Agreement are intended to be for the benefit of the holders of the Warrants and shall be enforceable by such holders. No failure by the City to comply with its obligations under the Agreement shall constitute an event of default under the Ordinance.