



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ending September 30,
2014

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF TUSCALOOSA, ALABAMA

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014

DEPARTMENT OF FINANCE
MIKE WRIGHT, DIRECTOR
DEREK REEVES, ASSOCIATE DIRECTOR

**CITY OF TUSCALOOSA
FINANCIAL REPORT
September 30, 2014**

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CITY OF TUSCALOOSA

PO BOX 2089
TUSCALOOSA, AL 35401



Letter of Transmittal

March 30, 2015

To the Members of the City Council and the Citizens of the City of Tuscaloosa, Alabama:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Tuscaloosa, Alabama (City) for the fiscal year ended September 30, 2014. We believe the information, as presented, is accurate in all material respects. All disclosures necessary to enable the reader to gain an adequate understanding of the City's financial affairs have been included. It is the responsibility of the management of the City to prepare the CAFR and ensure both its accuracy and completeness. With this in mind, management has established a system of controls implemented throughout all City functions that is designed to help protect the City from theft, misuse or loss due to error and to ensure the reliability of any financial information produced from their office. In recognizing that the costs of controls should not outweigh the anticipated benefits, this internal control structure is designed to provide reasonable, rather than absolute, assurance that these objectives are met.

The Alabama State Law requires an annual audit of the books of accounts, financial records, and transactions of all administrative departments of the City by an independent certified public accountant. *JamisonMoneyFarmer PC*, a certified public accounting firm located in Tuscaloosa, conducted the audit and their auditor's report is included in the beginning of the financial section of this report. This report contains an unqualified opinion, commonly referred to as a "clean opinion" on the City's financial statements for the year ended September 30, 2014. As a recipient of federal and state funding, the City is also required to undergo an annual single audit, or audit of the City's compliance with the requirements of federal awards it has received, in conformity with the federal law provisions of the Single Audit Act Amendments of 1996, the U. S. Office of Management and Budget Circular A-133, and the "Audits of State and Local Governments." This single audit has been performed, and the separately issued Single Audit Report has been forwarded to the City's grantor agencies for review.

Included in this CAFR are three sections of information separated by data type: the introductory section, the financial section and the statistical section. This transmittal letter along with a copy of the City's Certificate of Achievement for Excellence in Financial Reporting, the primary government's organizational chart and a listing of all City officials comprise the introductory section. The financial section then includes the independent auditor's report mentioned in the preceding paragraph, management's discussion and analysis (MD&A), the basic financial statements, the required supplementary information for other post-employment benefits, the primary government's combining and individual fund statements as well as supplemental information on the primary government's utility function. The MD&A provides a narrative introduction, overview and analysis of the City's financial statements. It compliments this letter of transmittal and should be read in conjunction with it. Finally,

the statistical section is comprised of schedules that depict selected financial and demographic information that is generally presented on a multi-year basis for purposes of comparison analysis. The information and presentation of this statistical section has not been audited.

Profile of the Government

The City of Tuscaloosa is located in west Alabama on the banks of the Black Warrior River. The City is the fifth largest in the state with an estimated population of 95,000. The Tuscaloosa metropolitan area, anchored by the City of Tuscaloosa, expands that population to include approximately 220,000. Located on the I20/59 corridor, Tuscaloosa is 55 miles west of Birmingham, the largest city in Alabama.

Tuscaloosa is home to the University of Alabama campus, which was founded in 1820 and boasts an enrollment of more than 36,000 students and is home to the 2012 National Champion Crimson Tide football team, the 2012 National Champion women's gymnastics team, the 2012 National Champion women's golf team, the 2012 National Champion softball team, and the 2013 and 2014 National Champion Men's Golf teams. Tuscaloosa residents and many national sports publications have nicknamed the City "Title Town". Along with this university, Tuscaloosa is home to both Stillman College and Shelton State Community College, creating a thriving hub of education and culture not otherwise found in southern cities of similar size.

The City of Tuscaloosa was named the "Most Livable City", top honors at the U.S. Conference of Mayors in 2011, which is contributed to by a resurgence of its lively downtown atmosphere and picturesque Riverwalk that is anchored by the Tuscaloosa Amphitheatre. With all of these amenities, Tuscaloosa provides a high quality of life to all residents.

The City was incorporated on December 13, 1819 and from 1826 to 1846 was the capital of Alabama. The City operated under a Commission form of government until October 7, 1985. At that time, the City began operating under a Mayor and seven-member council, with the council members elected by districts and the Mayor being elected at large. Responsibility for day-to-day operations of the City rests with the Mayor as chief executive officer. Walt Maddox was elected and sworn in as Mayor in October 2005 after sitting as Councilmember for District Six for four years. All Councilmembers sit on various Council Committees that interact directly with City departments and direct their operations.



The City of Tuscaloosa provides a full range of municipal services including:

Police and fire protection	Economic development
General administration	Planning and zoning
Community development	Solid waste management
Construction and maintenance of streets and infrastructure	
Water and sewer sanitation services	
Recreational activities and cultural events	

This report includes the basic financial statements of the funds of the City of Tuscaloosa as detailed above along with financial information of legally separate boards and authorities that provide City services and for which the City is financially accountable. The audited financial statements for the Tuscaloosa Tourism and Sports Commission and the Tuscaloosa County Parking and Transit Authority are included with the basic financial statements of the City because the City has some financial and legal responsibility for their operations. Additional information on these legally separate entities can be found in the notes to the financial statements.

A major part of the City's financial planning and control is comprised of the annual budget adoption and maintenance throughout the fiscal year. The City is legally required to adopt a budget for the General Fund and the Water and Sewer Fund no later than the close of the immediately preceding fiscal year. This formal adoption is created by the passage of a budget ordinance that provides control at fund level (e.g. General Fund), department level (e.g. Tuscaloosa Fire and Rescue Services), division level (e.g. Paramedics), and activity level (e.g. personnel salaries). Budgetary tracking is maintained at the activity level through encumbrance of actual or estimated purchase amounts prior to the release of purchase orders to vendors. Accountability for budgetary compliance is maintained at the department level with main responsibility resting with the department head. Department heads, including the Mayor, have the authority to approve transfers within most activity line items, however, certain specified lines item transfers require resolution of the City Council. Transfers between separate funds must be approved by the Council. The City undergoes a budgetary review process quarterly to maintain oversight in which the Mayor and his financial budgetary team meet with each department head. Any budgetary revisions needed are noted during these meetings and are then compiled and presented to the City Council's Finance Committee and then the full Council for approval. Comparisons of fund and department budgets to actual amounts are detailed in the basic financial statements and supplemental information sections of this report. The City also has two primary capital improvement funds for which financial designations are made by the Council, however, no formal budget ordinance is adopted.

Major Initiatives

Recovery from the April 27, 2011 tornado continues to be a major priority of the City. The 1.5 mile wide EF4 tornado that left a path 6 miles long was the most destructive natural disaster in Tuscaloosa history and the fifth largest natural disaster nationally at the time. Approximately 12 percent of the City was damaged or destroyed. A total of 53 lives were lost, at least 4,289 homes and 421 businesses were damaged or destroyed. The City has since rebuilt most of the ten City facilities that were lost, utilizing a \$28.5 million insurance settlement that was collected during the 2012 fiscal year. Along with the insurance proceeds, the City of Tuscaloosa was awarded \$16.6 million in 2012 and another \$43.9 million in 2013 in federal Community Development Block Grant – Disaster Recovery. Another \$4.1 million was awarded in 2013 in a Community Development Block Grant – Special Allocation specifically designated to be used in the disaster area. In general, fiscal year 2013 saw the planning

for some of the large scale disaster recovery projects funded through these allocations undertaken with fiscal year 2014 seeing the start of construction. Major projects include the Alberta Parkway and Revitalization project, University Place/Forest Lake City Walk project, 10th Avenue Corridor Revitalization project along with numerous partnerships with housing developers and an economic development incentive program.

During 2014, the City's Downtown Urban Renewal Project (DURP) was completed. DURP was broken down in to two phases with phase I completed in 2012 and phase II completed in 2014. Phase I began in the summer of 2006. Included in this undertaking was the major overhaul of 6 total blocks of the City's downtown area: demolition of blighted buildings, creation of Government Plaza Park and the Intermodal Facility (parking deck) along with upgraded underground utilities and decorative signage and lighting, street widening and streetscaping. With a total cost of \$46.8 million and funded through a combination of City Capital Projects funds and federal funding, the City's downtown is now thriving and lively. The Downtown Urban Renewal Project has completed the original goal: to bring private capital and individual investment back to downtown in hopes of generating an atmosphere rich in culture and economic development.

The development along the Black Warrior River continues to grow. In 2011, the City built and opened the Tuscaloosa Amphitheater and the Rivermarket and with these facilities created the Arts and Entertainment Department within City operations. In 2014, the Tuscaloosa Amphitheater hosted 18 concerts ranging in artist genres from Widespread Panic and the Beach Boys to Rascal Flats, Miranda Lambert and Mary J. Blige.

Factors Affecting Financial Conditions

The information presented in the financial statements is best understood when considered with the broader perspective of the specific environment within which the City operates. Many factors affect the City's financial strength including, but not limited to, the national economy, allocations by federal and state governmental agencies to the local government, local economic development, and quality of local education systems.



Local Economic Condition

Even with a continually diversifying industrial and commercial market, the City of Tuscaloosa's main economic driver continues to be the University of Alabama. The national recession that began in 2008 affected the City but not until late 2009 due to the student population residing in the City. The University of Alabama has been named as one of the Great Value Colleges with tuition rates remaining low when compared nationwide. This attracts a large number of out-of-state students who bring with them a family-based income level that is largely discretionary. The 2009 and 2010 City budgets reflected the national economic condition and in the years since have shown extremely moderate growth. Spending habits appear to have permanently changed. That coupled with the fact that Tuscaloosa's main revenue source is sales tax, the City of Tuscaloosa has practiced level funding for a majority of expenditure areas.

Tuscaloosa's combined sales tax rate is currently nine percent, on par with other major Alabama cities such as Birmingham and Huntsville (the fourth largest city in Alabama) but less than the ten percent rates in Montgomery (the state capitol and the second largest city in Alabama) and Mobile (the third largest city in Alabama). However, of those combined sales tax rates, Tuscaloosa's direct city sales tax rate is the lowest at two percent.

Even with moderate sales tax revenue growth, there is hope on the horizon as the Tuscaloosa area is booming with construction and expansion. The University of Alabama has increased enrollment by 10,000 in 5 years and with that increased enrollment comes large construction projects on campus to meet demands of that student population. New housing and student amenities include the new Presidential Village that opened in the fall semester of 2014. This building complex includes a \$32 million, 85,000 square foot student activity center with 971 residents living in two and four bedroom suites. The student union building of the Ferguson Center saw a \$44.9 million renovation in the summer of 2014 as well as the \$42.6 million complete demolition and rebuilding of Sewell Thomas Stadium (baseball) and the 11,163 square foot \$4.6 million construction of the facility for the women's rowing team.

In addition to the University's projects, private sector construction has continued to improve and will add to the local economy in the future. A new-to-the-market 217,500 square foot, \$62 million retail development, The Shoppes at Legacy Park, broke ground on November 18, 2014 with the aid of a \$16.57 million economic incentive package from the City. This new development is expected to add a total of 400 new jobs and generate at least \$800,000 in sales taxes per year, 78% of which is abated for 15 years or until \$9.8 million total is reached through the incentive package.

Mercedes Benz USI plant expansions also continue to bring in more jobs to the Tuscaloosa market. In 2013 the new C-Class plant was opened for full production, adding to the current models of the 167 (successor to the M-Class), the GL-Class and the R-Class already manufactured in Tuscaloosa. The plant was originally founded in 1995 and started production in 1997. The plant manufactured more than 185,000 vehicles in 2013 and through September 30, 2014 has churned out more than two million vehicles. Mercedes has added more than 3,400 direct new jobs at the Tuscaloosa location since its founding, investing more than four billion dollars in production facilities in Tuscaloosa. A new expansion for the 167 body shop is currently underway and is on track to be completed in 2016 and is expected to add another 200 jobs. In addition to the direct impact that Mercedes Benz USI has on the local economy, many supplier manufactures follow adding yet more jobs and economic impact to the area. According to economic experts, each job directly created by MBUSI creates another seven jobs at suppliers and service providers.

Tourism is another booming industry in Tuscaloosa. The new Embassy Suites hotel, a \$31 million investment, sits in the heart of downtown. Upon opening on March 10, 2015, the eight story, 151-suite hotel sold out every room-night for the 2015 football season. Due to its prime location, downtown businesses and restaurants should see more foot traffic and the lodging tax revenue generated from this property is expected to reach \$560,000 in its first year of operations. The hotel also has 7,000 square feet of meeting space which will attract conferences that previously left Tuscaloosa off of their possible host city lists due to a lack of large meeting spaces in the area.

Commentary on the Tuscaloosa tourism industry and its economic impact would be lacking if the University of Alabama football gameday scenarios were not mentioned. The UA football team won three out of four national championships between the years 2009 and 2012. Bryant-Denny Stadium currently seats 101,821 and on large game weekends almost that same number of non-ticket holders also come to Tuscaloosa making football season the most lucrative for Tuscaloosa based tourism businesses. The City's Revenue Department estimates that each home football game weekend brings in around \$17 million from various revenue sources.



Fund Reserves

The City's fund balance policy ties the minimum unassigned fund balance in both the General Fund and the Capital Projects Fund to 10 percent of the prior year General Fund operating budget. For the fiscal year ended September 30, 2014, this amount is \$12,066,015. Per the basic financial statements located in this report, the actual amount unassigned in the General Fund is \$12,185,918; \$124,171 above current necessary policy levels. For the Capital Projects Fund, September 30, 2014 fund balance assigned for future capital projects (without any specific commitment) is \$10,931,998; \$1,034,017 below current necessary policy levels.

Policy also states that the minimum unrestricted net position in the Water and Sewer Fund be maintained at 30 percent of expenses. For the fiscal year ended September 30, 2014, this would amount to \$10,162,923 with actual unrestricted net position being \$25,110,569.

Long-Term Financial Planning

The fiscal year 2015 operating budget formation brought many challenges to the City in its goal of maintaining financial stability while addressing some of its large infrastructure and equipment needs. While these difficult financial times forced the City to prioritize and cut operating expenditures, the City has strategically placed its funding assets where management feels that they can be best utilized.

The City's financial team continuously monitors market interest rates and how they can be applied advantageously to the City's finances. In November 2012, the City issued general obligation warrants in the amount of \$35.2 million in order to take advantage of lower market interest rates. This new debt was used to refund existing general obligation warrants held at a higher interest rate. In August 2014, the City issued \$45.6 million in general obligation warrants, refunding \$31.7 million in currently held higher interest rate warrants and including \$13.1 million of new debt to be used mainly for large park and recreation facility improvements.

An important factor in assessing the economic health of the City and its finances is the credit rating assigned by credit agencies. Moody's Investors Service and Standard and Poor's perform an in-depth review of economic conditions and compare that against the City's financial performance. The City's debt is rated "AA+" by Standard and Poor's and "Aa1" by Moody's Investors Service. Maintaining these prestigious credit rating and even moving to the next level is a high priority of the City management and the City Council.

Operational Efficiency

Mayor Maddox continuously challenges all department heads to improve their operations and the quality of citizen services. In 2008, the Mayor introduced his Six Core Values, the anchoring one being "The City of Tuscaloosa will be a customer friendly environment, and our work will be open, efficient and effective." In 2012, Mayor Maddox established the Open for Business employee committee which pulled together numerous City employees from various areas to brainstorm and then work to implement new operational efficiencies in dealing with services to citizens. In 2014 he established the Mayor's Employee Advisory Committee with employee members from every department and every paygrade to discuss current job duty/performance inefficiencies and to brainstorm ways to improve.

Risk Management

The City of Tuscaloosa's risk management program includes identification and analysis of areas susceptible to loss along with assigning the appropriate risk management techniques to mitigate those risks. The risk reduction techniques include loss prevention and loss reduction through periodic inspections and training. The City opened its Internal Audit Division in March of 2014. This office supports all risk reduction techniques by supporting internal controls within the City through assessment and review of existing accounting and management controls, ascertaining compliance with existing plans, policies and procedures along with the reliability of accounting and other data developed within the City. Insurance and self-insurance is used for risk financing, however, some loss exposures are retained by the City and paid for out of the operating budgets.

Other Information

Awards

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 of Tuscaloosa, Alabama for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2013. This was the twenty-seventh consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both the United States generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid only for a period of one year. We believe that our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of the comprehensive annual financial report would not have been possible without the efficient and dedicated services of the entire Finance Department staff. We would like to express our appreciation to each member of the financial team that spans across multiple departments, the City Council, the City's department heads, and the employees for their contribution to the sound financial condition of the City of Tuscaloosa, Alabama.



Walt Maddox
Mayor



Mike Wright
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

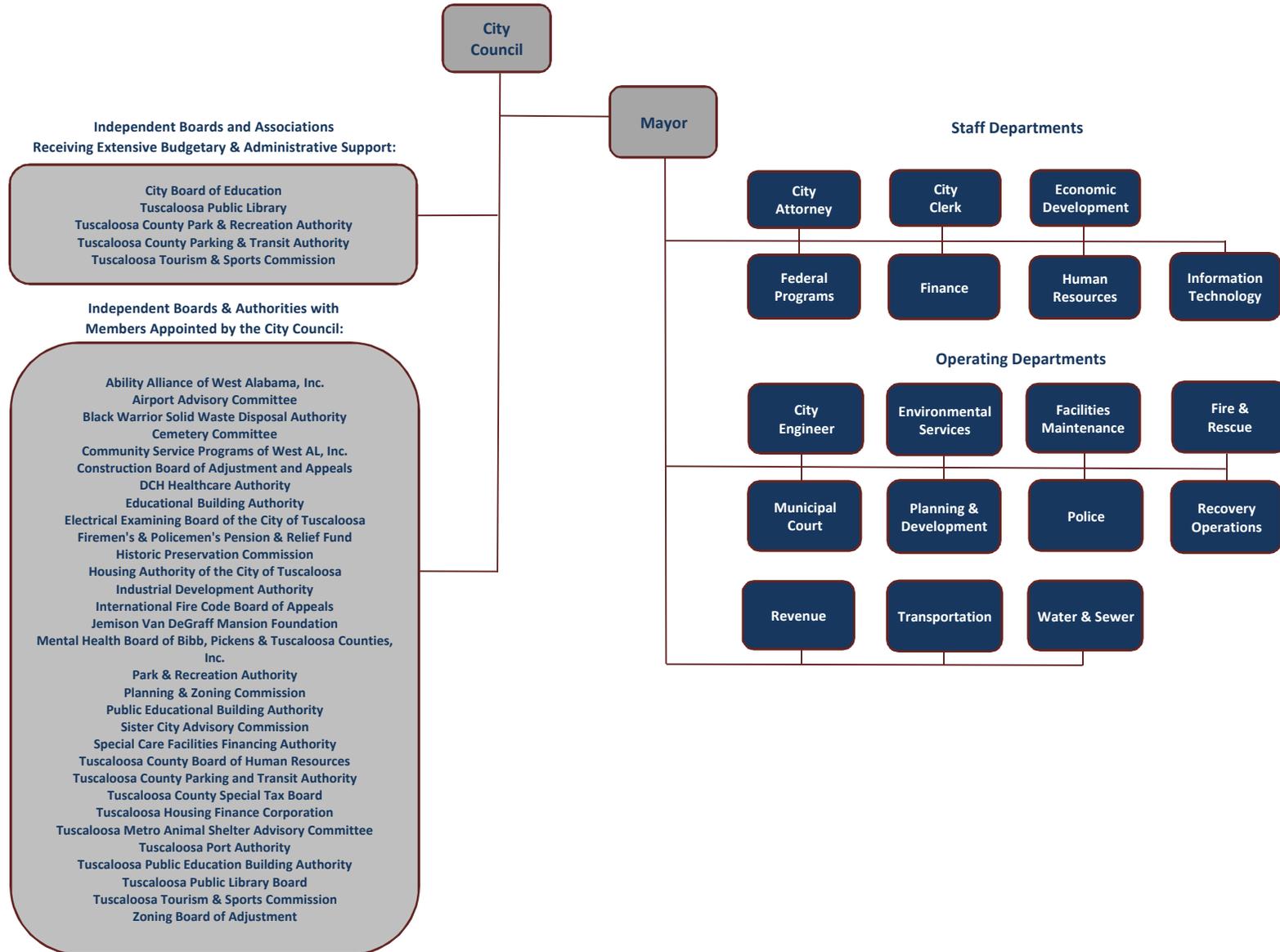
**City of Tuscaloosa
Alabama**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

City of Tuscaloosa Organization Chart



Officials of the City of Tuscaloosa

City Council

Harrison Taylor, President Pro-Tem, *District 2*

Phyllis Odom, *District 1*

Cynthia Almond, *District 3*

Matthew Calderone, *District 4*

Kip Tyner, *District 5*

Edwin Pugh, *District 6*

Sonya McKinstry, *District 7*

Walter Maddox, Mayor

Department Heads

Staff Departments

Glenda Webb	<i>Office of the City Attorney</i>
Tracy Croom	<i>City Clerk</i>
Brendan Moore	<i>Office of Economic Development</i>
LaParry Howell	<i>Office of Federal Programs</i>
Mike Wright	<i>Finance Department</i>
Brian Butler	<i>Human Resources</i>
Chuck Crocker	<i>Information Technology</i>

Operating Departments

David Griffin	<i>Office of the City Engineer</i>
Shane Daugherty	<i>Environmental Services</i>
Clif Penick	<i>Facilities Maintenance</i>
Alan Martin	<i>Fire and Rescue</i>
Ricky McKinney	<i>Municipal Court</i>
John McConnell	<i>Planning and Development</i>
Steve Anderson	<i>Police</i>
Robin Edgeworth	<i>Recovery Operations</i>
Linda McKinney	<i>Revenue</i>
Tera Tubbs	<i>Transportation</i>
Jimmy Junkin	<i>Water and Sewer</i>

FINANCIAL SECTION



March 30, 2015

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
the City Council
City of Tuscaloosa, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the Tuscaloosa Tourism and Sports Commission, Inc., a discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tuscaloosa, Alabama (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tuscaloosa County Parking and Transit Authority, a discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in the discretely presented component unit totals, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Honorable Mayor and Members of
the City Council
City of Tuscaloosa, Alabama
March 30, 2015

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to on the previous page 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 as of September 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter – Adoption of New Accounting Standard

During the year ended September 30, 2014, the City adopted GASB 65, "*Items Previously Reported as Assets and Liabilities*". The adoption of this statement resulted in the reclassification of items previously reported in liabilities as an offset to debt. These items are now reported in deferred outflows of resources as deferred loss on debt refunding. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Honorable Mayor and Members of
the City Council
City of Tuscaloosa, Alabama
March 30, 2015

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor governmental fund and special revenue fund financial statements, the water and sewer budgetary comparison schedules, the agency fund statement of changes in assets and liabilities, the capital asset schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental and special revenue fund financial statements, the budgetary comparison schedules, the agency fund statement of changes in assets and liabilities, and the capital asset schedules are the responsibility of management and were derived from and relate directly to underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Certified Public Accountants



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**



MANAGEMENT'S DISCUSSION & ANALYSIS

This section of the **City of Tuscaloosa's Comprehensive Annual Financial Report (CAFR)** presents City management's discussion and analysis of the City's financial performance during the fiscal year that ended September 30, 2014. Please read this in conjunction with the City's financial statements, which follow this section, and the additional information furnished in the letter of transmittal, which can be found in the introductory section of the CAFR.

Overview of the Financial Statements

The primary focus of the local government's financial statements is the City as a whole (government-wide) and the major individual funds. Both provide a broader basis for comparison and improve the City's accountability. The financial statements consist of three parts: management's discussion and analysis (this section), the basic financial statements, and the required supplementary information. This report also contains other supplementary information in addition to the basic 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 short-term and long-term information regarding the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual areas of the City government, and report more detail than the government-wide statements.
 - **Governmental fund statements** tell how government services such as capital projects, storm recovery operations, and public safety were financed in the short-term, as well as what remains for future spending.
 - **Proprietary fund statements** report short- and long-term financial information about the activities the government operates as a business, such as the Water & Sewer system.
 - **Fiduciary fund statements** offer information about financial relationships in which the City acts solely as a trustee for the benefit of others.

The diagram on the following page shows how the required parts of this annual report are arranged and relate to one another.

Required Components of The City Of Tuscaloosa's Basic Financial Report



Government-Wide Financial Statements

The government-wide financial statements are designed to provide an overview of the City of Tuscaloosa’s finances as a whole, using accounting methods similar to those used by private-sector companies.

Statement of Net Position and Statement of Activities

The **statement of net position** presents information on all of the City of Tuscaloosa’s assets and liabilities, with the difference between the two reported as net position. This statement combines and consolidates the current financial resources of the governmental funds with the capital assets and long-term debt. Over time, increases or decreases in net position may serve as a useful indicator of the City’s overall financial position.

The **statement of activities** presents information that focuses on both gross and net costs and shows how the City of Tuscaloosa’s net position changes during the fiscal year. This summarizes and simplifies the analysis of the cost of various governmental services and/or business-type activities.



Tuscaloosa City Hall

The following table summarizes the major features of the basic financial statements of the City of Tuscaloosa.

Fund Financial Statements

	Government-Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government and the City's component units	The activities of the City that are not proprietary, such as police, tourism, and community development	Activities the City operates similar to private business: Water & Sewer Fund	Instances in which the City is the trustee or agent for parties outside of the City
Required financial statements	Statement of net position Statement of activities;	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position; Statements of revenues, expenses, and changes in net position; Statement of cash flows	Statement of fiduciary position; Statement of changes in fiduciary net position
Accounting basis & measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability	All assets, liabilities, deferred outflows, and deferred inflows	Only assets expected to be consumed and liabilities that are due during the year or soon thereafter; no capital assets or long-term debt	All assets, liabilities, deferred outflows, and deferred inflows	All assets and liabilities, 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, 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 received or paid	All revenues and expenses during the year regardless of when received or paid

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

Governmental Activities: Most of the City's programs and services are reported in this category, including public safety, general government, public health and recreation. General revenues from sales and use taxes, licenses and fees, 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 it cover the costs, including depreciation, of certain services it provides to the general public. These services are provided on a rate basis. The City's business-type activities are primarily provided by its Water and Sewer department.

Discretely Presented Component Units: The City includes two other entities in this report: the Tuscaloosa Tourism and Sports Commission, and the Tuscaloosa County Parking and Transit Authority. Although legally separate entities, the component units are important because the City is accountable for them due to the voting majority of the governing bodies of the component units being appointed by the City. Please refer to Note 1.A. within the Notes to the Financial Statements regarding the availability of separately issued component unit financial statements.



Reporting on the Most Significant Funds of the City of Tuscaloosa

Fund Financial Statements

The remaining statements are fund financial statements that give a detailed report of the activities within the individual elements of the City government and report the operations in more detail than the government-wide statements. The City presently has nineteen funds, and this report focuses on the major three: the Governmental Fund, the Enterprise (Water and Sewer) Fund, and the Capital Improvement Fund.

- **Governmental Funds:** All of the City's major activities, other than the Enterprise Fund, are reported in the General Fund. The modified accrual method of accounting is used in this fund. This method measures cash and all other financial assets that can be readily converted into cash. The governmental fund financial statements provide a detailed short-term view of the City's general operations and the basic services that are provided. Both the balance sheet and the statement of revenues, expenditures and changes in fund balances provide reconciliations to help provide a comparison between governmental activities.
- **Enterprise Funds:** Services provided to the general public for which customers are charged a fee are generally reported in enterprise funds, which are a type of proprietary fund. Proprietary funds use the same basis of accounting as business-type activities; therefore, the financial statements include additional information, such as depreciation expense and a statement of cash flows, which are not presented for governmental funds.
- **Capital Improvement Funds:** The capital projects funds are used to account for financial resources that are restricted, committed, or assigned for capital projects.

The City adopts an annual budget for its General Fund and Water and Sewer Fund. A budgetary comparison statement for the General Fund has been provided immediately following the fund financial statements.

Notes to the Financial Statements

The CAFR also includes narrative notes that convey additional essential information that help to further the understanding of the data in the government-wide and fund financial statements. The notes follow the financial statements.

Other Information

In addition to the basic financial statements, this section also presents required supplementary information concerning the City of Tuscaloosa's progress in funding its obligation to provide pension benefits to its employees.



The Historic Bama Theater

Tornado Recovery



The April 27, 2011 tornado that tore a 6-mile path through the City of Tuscaloosa was the most destructive natural disaster in the City's history, taking the lives of 53 citizens and destroying 12 percent of the City. In less than six minutes, the tornado damaged or destroyed 5,362 residential structures and affected 356 commercial structures. Since April 27, 2011, the City of Tuscaloosa has issued 515 commercial permits and 3,371 permits in the area deemed as the "recovery zone."

The tornado affected three major sections within the Tuscaloosa City limits: Alberta, Forest Lake and Rosedale. The Holt community (located in the City's Police Jurisdiction) was also affected by the tornado.

FEMA Reimbursements

Federal Emergency Management Agency (FEMA) issued a mission assignment (Direct Federal Assistance) to the U. S. Army Corps of Engineers (Corps) to perform debris removal from City rights-of-way. The Corps was later authorized to perform debris removal from eligible private property located within a "grid." FEMA will, therefore, pay the Corps for debris removal costs and then submit an invoice to the City of Tuscaloosa for the local share. As of September 30, 2014, the City estimates its share of the debris removal costs to be \$1.2 million. This amount has been recorded as other payables in the accompanying statement of net position.

The City has requested reimbursement for the cost of rebuilding and/or repairing the following buildings:

- **Tuscaloosa Police East Precinct**
- **Tuscaloosa Fire Station #4**
- **Curry Building**
- **Police Auction Lot Building**
- **A Waste Water Treatment Plant**
- **Police Athletic League Building**

The cost of eligible repairs that are not reimbursed by insurance will be reimbursed by FEMA through the Public Assistance program. For this disaster, repairs to facilities are reimbursed by FEMA at 90 percent with the State of Alabama providing 5 percent of the local match and the City providing the remaining 5 percent of the cost.

The City provided \$8,250,000 from its Capital Projects Fund to the "Storm Recovery FEMA Fund" (a special revenue fund) in 2011 and 2012 to pay for storm related expenses. Approximately ½ has been repaid as of September 30, 2014, and the City intends to repay the remaining balance in upcoming years. The City anticipates that the majority of the costs will be reimbursed by FEMA, the State of Alabama or insurance proceeds. The City also established the "Storm Recovery Insurance Fund" to receive insurance proceeds for storm damaged capital assets.

During the 2013 and 2014 fiscal years, a heavy emphasis was placed on recovery from the disaster and rebuilding ten City facilities, utilizing a \$28,500,000 insurance settlement. In addition, approximately \$75,000,000 in grants related to recovery has been awarded to the City. The funds will be used primarily for rebuilding facilities, infrastructure improvements and business incentives in the storm recovery zone. A business innovation center is in the process of being established in conjunction with the University of Alabama, and a lighted City Walk trail is being built that follows the tornado path through the city limits.



Dedication of the Rebuilt Alberta Baptist Church



City of Tuscaloosa Recycling

- Following the 2011 tornado, City-wide recycling was incorporated.
- Over 5 million pounds of products are recycled each year.
- Plastics, metals, cardboard, and paper are currently accepted.
- Glass items will be accepted and recycled beginning in 2015.
- Materials are received from City residential routes, public drop-off recycling trailers, and also by direct drop offs at the Curry facility.
- Environmental Services also provides environmental education to the public and handles environmental code enforcement for the City.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. At September 30, 2014, the City's assets exceeded liabilities by \$407,025,608, an increase of over \$3.4 million from the prior year.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 75,696,334	\$ 78,068,446	\$ 32,179,118	\$ 33,131,160	\$ 107,875,452	\$ 111,199,606
Capital assets	240,706,842	234,533,542	278,077,188	277,365,576	518,784,030	511,899,118
Total assets	<u>316,403,176</u>	<u>312,601,988</u>	<u>310,256,306</u>	<u>310,496,736</u>	<u>626,659,482</u>	<u>623,098,724</u>
Deferred loss on debt refunding	3,023,640	-	4,692,050	-	7,715,690	-
Long-term liabilities	94,388,592	83,692,007	101,816,037	102,848,723	196,204,629	186,540,730
Other liabilities	21,107,753	24,876,465	10,037,182	8,063,803	31,144,935	32,940,268
Total liabilities	<u>115,496,345</u>	<u>108,568,472</u>	<u>111,853,219</u>	<u>110,912,526</u>	<u>227,349,564</u>	<u>219,480,998</u>
Net Position:						
Net investment in capital assets	149,434,643	163,764,846	178,228,836	173,155,705	327,663,479	336,920,551
Restricted						
Restricted for:						
Nonexpendable:						
Perpetual maintenance	85,891	85,891	-	-	85,891	85,891
Expendable:						
Capital and other projects	8,677,849	6,062,778	-	-	8,677,849	6,062,778
Unrestricted	45,732,088	34,120,001	24,866,301	26,428,505	70,598,389	60,548,506
Total Net Position	<u>\$ 203,930,471</u>	<u>\$ 204,033,516</u>	<u>\$ 203,095,137</u>	<u>\$ 199,584,210</u>	<u>\$ 407,025,608</u>	<u>\$ 403,617,726</u>

In Governmental Activities, Total Net Position decreased slightly but the unrestricted portion increased by \$11.61 million. Capital Assets increased by \$6,173,300 primarily due to the completion of rebuilding and recovery construction projects.

The increase in long term debt is caused primarily by the issuance of \$13,000,000 in 2014 debt for new projects, increases in compensated absence and workmen's compensation balances and a \$3,000,000 increase in the unamortized premium on warrants.

In Business Type Activities, Total Net Position increased by approximately \$3.5 million with a small decrease in the unrestricted portion. The increase in revenues is caused primarily by higher water and sewer collections caused by a relatively dry summer and slightly higher rates (4%). The decrease in Business-Type Activities' long term debt is due primarily to principal payments on existing debt. The Water and Sewer Fund has not borrowed new money since 2005.

Two changes in 2014 were related to GASB Statement 65 which requires that bond issuance costs be expensed in the current period instead of being amortized over the life of the issue. As a result, the beginning Fund Balance of the Business-Type Activities was restated, resulting in a decrease of \$2,040,947. In addition, the implementation of GASB 65 resulted in the reclassification of "deferred loss on debt refunding" as an asset, instead of being netted against the debt, in the financial statements of the Governmental Activities and Business-Type Activities, as shown in the above chart.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Fines, fees, and charges for services	\$ 29,004,936	\$ 28,321,000	\$ 43,176,608	\$ 40,776,740	\$ 72,181,544	\$ 69,097,740
Operating grants and contributions	36,540,784	36,445,089	-	-	36,540,784	36,445,089
Capital grants and contributions	12,879,251	11,590,006	2,382,039	3,696,951	15,261,290	15,286,957
General revenues:						
Sales and use tax	37,820,342	36,945,556	-	-	37,820,342	36,945,556
Property tax	14,096,748	13,904,489	-	-	14,096,748	13,904,489
Other taxes	13,860,350	13,007,404	-	-	13,860,350	13,007,404
Investment earnings	511,693	76,701	11,428	18,122	523,121	94,823
Gain on impairment	99,566	-	-	-	99,566	-
Insurance proceeds	-	218,826	-	-	-	218,826
Gain/(Loss) on disposal	-	1,855,000	-	57,680	-	1,912,680
Total revenues	144,813,670	142,364,071	45,570,075	44,549,493	190,383,745	186,913,564
Expenses:						
General government	26,481,306	23,266,132	-	-	26,481,306	23,266,132
Public safety	60,806,307	61,505,848	-	-	60,806,307	61,505,848
Streets and highways	21,995,144	18,082,976	-	-	21,995,144	18,082,976
Environmental services	8,078,235	9,704,143	-	-	8,078,235	9,704,143
Health	130,000	130,000	-	-	130,000	130,000
Education	14,014,690	14,351,429	-	-	14,014,690	14,351,429
Culture and recreation	9,499,263	8,808,445	-	-	9,499,263	8,808,445
Library	1,919,273	1,870,572	-	-	1,919,273	1,870,572
Housing	832,606	603,953	-	-	832,606	603,953
Economic development	268,206	203,727	-	-	268,206	203,727
Interest	2,906,041	3,549,826	-	-	2,906,041	3,549,826
Intermodal facility	-	-	72,535	72,500	72,535	72,500
Water and sewer	-	-	37,931,310	36,875,167	37,931,310	36,875,167
Total expenses	146,931,071	142,077,051	38,003,845	36,947,667	184,934,916	179,024,718
Excess(deficit) before transfers	(2,117,401)	287,020	7,566,230	7,601,826	5,448,829	7,888,846
Transfers	2,014,356	439,590	(2,014,356)	(439,590)	-	-
Change in net position	(103,045)	726,610	5,551,874	7,162,236	5,448,829	7,888,846
Net position, beginning of year	204,033,516	203,306,906	199,584,210	192,421,974	403,617,726	395,728,880
Decrease resulting from accounting change related to unamortized debt issue costs	-	-	(2,040,947)	-	(2,040,947)	-
Net position, beginning of year as restated	204,033,516	203,306,906	197,543,263	192,421,974	401,576,779	395,728,880
Net position, end of year	\$ 203,930,471	\$ 204,033,516	\$ 203,095,137	\$ 199,584,210	\$ 407,025,608	\$ 403,617,726

In Governmental Activities, the revenues were approximately \$2.45 million above the previous fiscal year. This increase is due to an overall increase in the amount of taxes collected, including sales and use, property, lodging, and other taxes. The Capital Grants include over \$6,000,000 in CDBG Disaster Recovery grants and over \$3,500,000 in regular CDBG grants.

The investment earnings include interest income, proceeds from the sale of land and the amortization of the warrant premium.

The Library, Housing and Economic Development are identified separately to provide more detailed information about the City's operations.

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. The format is significantly different than a typical Statement of Revenues, Expenses, and Changes in Net Position. Expenses are listed in the first column with revenues from that particular program reported to the right. The result is Net (Expense) Revenue. The reason for this type of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function utilizes of the general revenues or if the function is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

Function	Sources of Revenue
General government	Building licenses, Federal grant classified as an operating grant
Public safety	Federal and State grants, emergency run charges
Streets and highways	Federal and State grants, state tax receipts
Environmental services	Garbage collection fees

It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

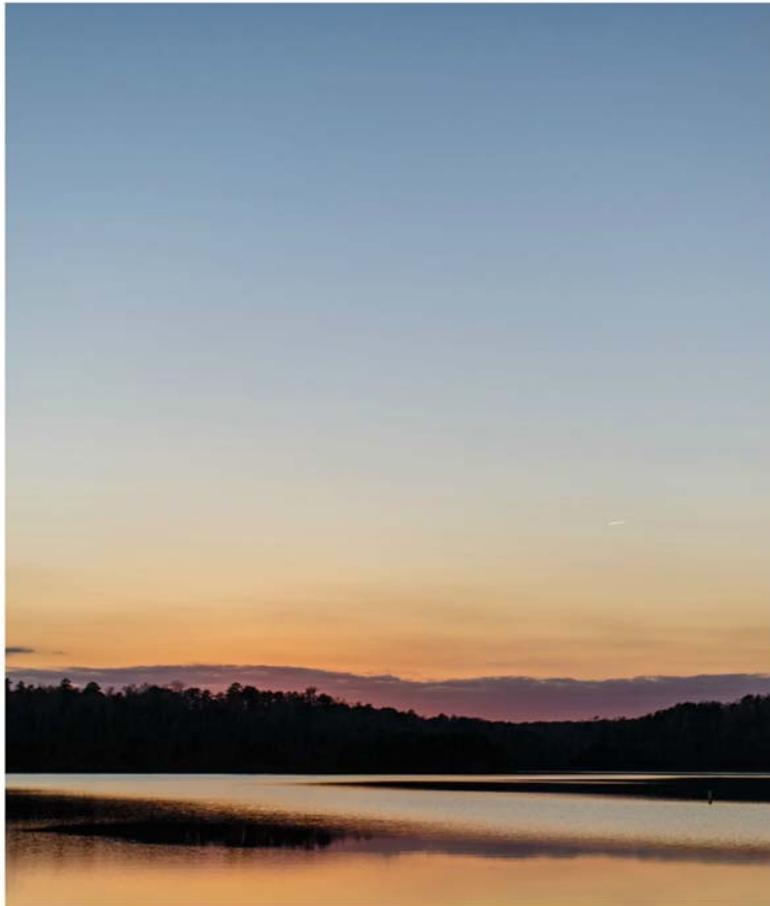


Embassy Suites – Downtown Tuscaloosa (Opened March 2015)

Business-type Activities

The City operates a Water and Sewer Department that is accounted for as an Enterprise Fund. The business-type activity's Net Position increased by \$5.7 million mainly due to higher water and sewer revenues during a drier summer and reduced interest expenses. A three percent rate increase went into effect on October 1, 2014.

The Water and Sewer Fund transferred \$2,801,968 to the General Fund for services provided by key General Fund departments including accounting, legal, and information technology services.



Lake Tuscaloosa (left)

Fund Financial Analysis - Revenues

The following schedule presents a summary of revenues for the years ended September 30, 2014 and 2013, and the amount of increases and decreases in relation to the prior year.

	General Fund			Capital Projects Fund			Storm Recovery FEMA Fund			Storm Recovery Insurance Fund			Other Governmental Funds		
	2014	2013	Increase/ (Decrease)	2014	2013	Increase/ (Decrease)	2014	2013	Increase/ (Decrease)	2014	2013	Increase/ (Decrease)	2014	2013	Increase/ (Decrease)
	Revenues														
Taxes	\$ 62,954,882	\$ 61,075,968	\$ 1,878,914	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 886,240	\$ 887,643	\$ (1,403)
Licenses and permits	21,639,383	21,479,438	159,945	-	-	-	-	-	-	-	-	-	-	-	-
Fines and penalties	2,717,425	2,380,794	336,631	-	-	-	-	-	-	-	-	-	-	-	-
Use of property	7,601	96,093	(88,492)	-	-	-	-	-	-	-	-	-	-	-	-
Charges for services	4,640,527	4,324,970	315,557	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	29,813,824	31,467,051	(1,653,227)	424,279	4,679,061	(4,254,782)	-	-	-	-	-	-	14,270,899	4,588,363	9,682,536
Other revenues	7,946,170	7,124,644	821,526	191,507	319,104	(127,597)	784,672	650,835	133,837	1,479	3,720	(2,241)	1,878,946	2,952,292	(1,073,346)
	<u>\$ 129,719,812</u>	<u>\$ 127,948,958</u>	<u>\$ 1,770,854</u>	<u>\$ 615,786</u>	<u>\$ 4,998,165</u>	<u>\$ (4,382,379)</u>	<u>\$ 784,672</u>	<u>\$ 650,835</u>	<u>\$ 133,837</u>	<u>\$ 1,479</u>	<u>\$ 3,720</u>	<u>\$ (2,241)</u>	<u>\$ 17,036,085</u>	<u>\$ 8,428,298</u>	<u>\$ 8,607,787</u>

The funding for the government funds comes from a variety of sources. The largest revenue items are the City sales tax, the City's share of the two cent County sales tax, business licenses and property taxes. The City's Revenue Department collects and administers its two cent City sales tax and the business license that is based on gross receipts. The City receives twenty five percent of the County two cent sales tax, which is collected and administered by the County Sales Tax Board, an independent entity. The County levies and collects ad valorem taxes.

General Fund revenues increased despite a decrease in intergovernmental revenue. Taxes increased mostly due to higher City sales tax, use tax, ad valorem tax and lodging tax. Intergovernmental revenue decreased primarily due to lower County sales tax collections. Use of Property revenues decreased because the airport revenues are now accounted for in a special revenue fund.

In the Capital Projects Fund, intergovernmental revenue decreased primarily due to most drainage reimbursements being received by the end of 2013.

In the Other Governmental Funds, intergovernmental revenue increased because of the federal funding for the second phase of the downtown urban renewal project. Other Revenues decreased because of the City receiving a much lower 2014 distribution from the Alabama Trust Fund.

Fund Financial Analysis - Expenditures

The following schedule presents a summary of expenditures for the years ended September 30, 2014 and 2013, and the amount of increases and decreases in relation to the prior year.

Expenditures	General Fund			Capital Projects Fund			Storm Recovery FEMA Fund			Storm Recovery Insurance Fund			Other Governmental Funds		
	2014	2013	Increase/ (Decrease)	2014	2013	Increase/ (Decrease)	2014	2013	Increase/ (Decrease)	2014	2013	Increase/ (Decrease)	2014	2013	Increase/ (Decrease)
	Expenditures														
Current operations:															
General government	\$ 13,526,474	\$ 14,324,979	\$ (798,505)	\$ 1,208,337	\$ 1,021,521	\$ 186,816	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,380,303	\$ 453,647	\$ 926,656
Public safety	58,794,183	59,050,156	(255,973)	105,332	137,209	(31,877)	-	-	-	-	-	-	446,988	554,830	(107,842)
Streets and highways	14,224,585	14,356,160	(131,575)	2,007,337	10,257,001	(8,249,664)	-	-	-	-	-	-	-	12,218	(12,218)
Environmental services	7,684,458	7,257,036	427,422	-	-	-	-	-	-	-	-	-	-	-	-
Health	130,000	130,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Education	14,014,685	14,351,424	(336,739)	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	8,105,590	7,894,877	210,713	3,453	605,235	(601,782)	-	-	-	-	-	-	477,764	199,536	278,228
Library	1,919,273	1,870,572	48,701	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	832,606	603,953	228,653
Economic development	-	-	-	-	-	-	-	-	-	-	-	-	438,206	1,343,727	(905,521)
Agency funding and other	3,231,565	2,707,095	524,470	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	328,184	17,318	310,866	103,592	1,708,743	(1,605,151)	-	-	-	4,614,536	10,042,693	(5,428,157)	8,667,243	4,194,826	4,472,417
Debt service	19,947,367	12,108,930	7,838,437	862,365	-	862,365	-	11,081	(11,081)	-	-	-	120,600	121,606	(1,006)
Intergovernmental expenditures	15,350	-	15,350	493,874	-	493,874	-	-	-	635,745	2,836,852	(2,201,107)	3,568,263	3,122,923	445,340
	<u>\$ 141,921,714</u>	<u>\$ 134,068,547</u>	<u>\$ 7,853,167</u>	<u>\$ 4,784,290</u>	<u>\$ 13,729,709</u>	<u>\$ (8,945,419)</u>	<u>\$ -</u>	<u>\$ 11,081</u>	<u>\$ (11,081)</u>	<u>\$ 5,250,281</u>	<u>\$ 12,879,545</u>	<u>\$ (7,629,264)</u>	<u>\$ 15,931,973</u>	<u>\$ 10,607,266</u>	<u>\$ 5,324,707</u>

In the General Fund, the increase in Debt Service is caused primarily by recording transactions related to the refunding of the City's 2005 and 2006 warrants. The revenue to offset these expenditures is found in the General Fund's "Other Financing Sources" section.

General Government expenditures decreased primarily due to reduced Information Technology expenditures. The 2013 IT expenditures included \$695,000 in computer upgrades and \$300,000 in emergency equipment replacements.

Education expenditures decreased because the schools' share of the County sales tax was reduced.

The Capital Projects Fund's Streets and Highways costs decreased because unusually high street improvements and armory drainage expenditures were made in 2013. Culture and Recreation expenditures decreased because of various park and recreation improvements completed by the City in 2013.

Expenditures in the Other Governmental Funds decreased in the economic development category because all CDBG-DR Commercial Revolving Loan applications were reviewed and approved in 2013. Most project funds were spent in 2013 and the City is now waiting for repayments from these loan recipients in order to generate additional loans.

Fund Financial Analysis- Expenditures, continued

The Storm Recovery Insurance Fund capital outlay decreased significantly because of the City's progress in 2013 constructing 15 facilities funded by a \$28,500,000 tornado insurance settlement. Capital outlay in the Other Governmental Funds increased because of downtown urban renewal and CDBG Disaster Recovery projects and tourism-capital fund expenditures for park upgrades.

The cost of operating all City departments, except water and sewer, is the largest component of the General Fund expenditures. The Police, Fire and Transportation departments have the largest budget allocations. The City also provides direct funding to various agencies including the City Board of Education, the Park and Recreation Authority and the Public Library. The City has unusually low general indebtedness, excluding water and sewer debt that is backed by a general obligation pledge, but is repaid from water and sewer funds.

The Capital Projects Fund is used to pay for major improvement projects such as improvements to City buildings, road improvements, drainage projects, street resurfacing, school construction and industrial incentives.

The Other Governmental Funds include primarily funds related to Downtown Urban Renewal, the Intermodal Facility, River Market, Disaster Recovery and Special Revenue Funds.

The following table shows a comparison of the Water and Sewer Fund, an Enterprise Fund, to the prior year.

	September 30, 2014	September 30, 2013
<u>Operating revenues</u>		
Charges for services	\$ 43,102,440	\$ 40,734,398
Miscellaneous	49,372	16,891
Total operating revenues	<u>43,151,812</u>	<u>40,751,289</u>
<u>Operating expenses</u>		
All departmental expenses	24,991,695	23,900,355
Depreciation and amortization	9,015,654	8,405,803
Total operating expenses	<u>34,007,349</u>	<u>32,306,158</u>
Operating income	<u>\$ 9,144,463</u>	<u>\$ 8,445,131</u>

The City Council has required the Water and Sewer Fund to maintain undesignated net position of at least thirty percent of actual current year water and sewer operating expenses in the Water and Sewer Fund and the Water and Sewer Reserve Fund. The Water and Sewer Fund has met this requirement for 2014 and has over \$3.9 million in undesignated funds available for future projects.

For financial statement purposes, the Water & Sewer Fund and Water & Sewer Reserve Fund are combined.

Budgetary Highlights

The City's budget is prepared according to the laws of the State of Alabama and the City's budgetary procedure ordinance. Budgets are prepared in the General Fund and the Enterprise Fund. Departmental totals are budgeted in both funds, but the City Council holds each department head accountable for every line item in their budget. In the Capital Projects Fund, the Council periodically designates funds for City projects.

The City Council has control over the appropriation of funds; however, the Mayor is responsible for the annual budget recommendation to the Council. The budget process begins in May when the departments submit their budget requests for the following fiscal year to the Finance Department. The Finance Department compiles a report of the expenditure requests and the annual revenue projections. The annual budget hearings are held in June and July with City departments and agencies. The Mayor then adjusts the requests in order to present a balanced General Fund budget and a Water and Sewer Fund budget to the City Council. During the month of September, the Finance Committee, and at times the entire Council, reviews the Mayor's recommendation for adjustments before adopting the final budget before October first. The budget is revised approximately once a quarter to take into account unexpected changes in revenues or expenditures. The final budget is not deemed to be significantly different from the original budget. The Finance Director has limited ability to approve the movement of funds within the "Other Operating" category of a departmental budget as long as the total department budget does not change.

Capital Asset & Debt Administration

Capital Assets

The Total Capital Assets for the City of Tuscaloosa was \$518,784,030 for the year ended September 30, 2014. Several large projects under construction are part of the increase in capital assets, which is offset by depreciation. See Notes to Financial Statements for additional information.

	Governmental Activities		Business-type Activities		Totals	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Land	\$ 3,362,539	\$ 3,362,539	\$ 1,744,935	\$ 1,730,958	\$ 5,107,474	\$ 5,093,497
Buildings	81,184,360	72,538,323	-	-	81,184,360	72,538,323
Equipment	13,653,403	14,910,296	2,396,410	2,021,368	16,049,813	16,931,664
Infrastructure	131,796,381	116,069,921	-	-	131,796,381	116,069,921
Utility property	-	-	269,681,775	270,589,069	269,681,775	270,589,069
Construction in progress	10,710,159	27,652,463	4,254,068	3,024,181	14,964,227	30,676,644
	<u>\$ 240,706,842</u>	<u>\$ 234,533,542</u>	<u>\$ 278,077,188</u>	<u>\$ 277,365,576</u>	<u>\$ 518,784,030</u>	<u>\$ 511,899,118</u>



Tuscaloosa Riverwalk (left), Tuscaloosa River Market (top right), and Tuscaloosa Amphitheater (bottom right)

Long-term Debt

The outstanding debt for the City of Tuscaloosa as of September 30, 2014 was \$193,456,092. This balance reflects an increase of \$5,386,669 from the previous year. See Notes to Financial Statements for additional information.

	Governmental Activities		Business-type Activities		Totals	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Warrants payable	\$ 82,570,000	\$ 76,054,227	\$ 93,940,391	\$ 97,710,608	\$ 176,510,391	\$ 173,764,835
Section 108 Loan	1,200,000	1,275,000	-	-	1,200,000	1,275,000
Robertson Bank	-	250,425	-	-	-	250,425
Compensated absences	8,830,784	7,450,882	925,564	896,100	9,756,348	8,346,982
Workers comp claims	1,204,510	839,525	212,776	112,571	1,417,286	952,096
OPEB Obligation	3,449,677	2,661,447	574,775	443,836	4,024,452	3,105,283
Capital lease	168,553	374,802	-	-	168,553	374,802
	<u>\$ 97,423,524</u>	<u>\$ 88,906,308</u>	<u>\$ 95,653,506</u>	<u>\$ 99,163,115</u>	<u>\$ 193,077,030</u>	<u>\$ 188,069,423</u>

The City has outstanding State Revolving Loan warrant issues from 2008, 2010, 2013 and 2014. The funds are available on a reimbursement basis.

During the summer of 2014, the City borrowed \$13,000,000 for new projects and partially refunded the 2006 and 2007 issues, resulting in immediate savings of over \$1,375,000. In December of 2014, the City refunded the remaining 2005 warrants and received \$1,357,000, resulting from cash savings and reduced debt service payments in 2015. The combined refunding savings from the two issues were used to buy public safety and public works vehicles and to fund airport and resurfacing improvements.

The City continues to maintain good bond ratings on the non-insured general obligation debt which was upgraded in 2011 to "Aa1" by Moody's Investors Service Inc. and "AA+" by Standard & Poor's Corporation.

Current Financial Issues

GASB 65

The City implemented GASB 65 in the fiscal year ended September 30, 2014. This pronouncement primarily impacted the City's 2014 financial statements by changing the way the City accounts for debt issuance costs. Prior to the implementation of this standard, bond issuance costs were recorded as assets and amortized over the life of the issue. However, Statement 65 requires that bond issuance costs be expensed in the current period. On the Government-Wide statement for Business-Type Activities, the beginning Net Position is restated to reflect a \$2,040,948 reduction due to this implementation.

Internal Service Fund

The City's Health Insurance Fund, an Internal Service Fund, has a total net position of \$447,845 at September 30, 2014, up from \$48,022 in 2013. The City has taken steps to reduce the deficit in recent years, by increasing premiums, having employees pay for the dental portion of the coverage and implementing cost control measures recommended by the third party administrator such as increased deductibles and co-payments. The employer/employee premium allocation has changed from 75/25 to 70/30. Effective January 1, 2013 the City changed from a monthly composite premium to a tier system based upon the number of people that are covered. An employee health insurance committee has been formed to recommend ways to improve employee health including wellness and safety programs.



Other Matters

Acknowledgements

The City of Tuscaloosa would like to thank Mayor Walter Maddox, members of the City Council, the City's department heads, the Finance Department staff and the Internal Audit staff for their contributions to this report and their role in the City's strong financial condition. Thanks as well to the Tuscaloosa Tourism and Sports Commission for supplying many of the photos used in this report.

Contacting the City's Finance Department

This report is intended to provide a general overview of the City's financial condition for our citizens and other interested parties. Any questions or requests for more information should be directed to the City of Tuscaloosa Finance Department at Post Office Box 2089, Tuscaloosa, Alabama, 35403. The City's Finance Director, Mike Wright, can be reached by telephone at (205) 248-5180. The City's website is www.tuscaloosa.com.



Tuscaloosa's Deontay Wilder – The World Boxing Council's Heavyweight Champion of the World at his Victory Parade and Celebration located at the Tuscaloosa Amphitheater

CITY OF TUSCALOOSA
STATEMENT OF NET POSITION

September 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 46,843,433	\$ 7,676,937	\$ 54,520,370	\$ 725,078	\$ 72,499
Investments	374,652	5,002,338	5,376,990	—	—
Receivables (net of allowances for uncollectibles)	23,228,639	6,343,848	29,572,487	13,747	468
Internal balances	(1,904,180)	1,904,180	—	—	—
Prepaid items	157,703	—	157,703	13,404	5,700
Inventories	949,785	1,709,085	2,658,870	—	—
Total current assets	69,650,032	22,636,388	92,286,420	752,229	78,667
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	614,300	9,519,160	10,133,460	—	—
Receivables	4,867,398	—	4,867,398	—	—
Unamortized discount on warrants	564,604	23,570	588,174	—	—
Capital assets not being depreciated:					
Land	3,362,539	1,744,935	5,107,474	—	—
Construction in progress	10,710,159	4,254,068	14,964,227	—	—
Capital assets (net of accumulated depreciation)	226,634,144	272,078,185	498,712,329	183,212	1,984,384
Other assets	—	—	—	7,616	—
Total noncurrent assets	246,753,144	287,619,918	534,373,062	190,828	1,984,384
Total assets	316,403,176	310,256,306	626,659,482	943,057	2,063,051
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on debt refunding	3,023,640	4,692,050	7,715,690	—	—
LIABILITIES					
Current liabilities:					
Accounts payable and other current charges	11,833,504	2,111,939	13,945,443	108,616	496,987
Accrued interest payable	1,145,088	680,361	1,825,449	—	—
Current portion of long-term debt	8,129,161	7,244,882	15,374,043	3,161	—
Total current liabilities	21,107,753	10,037,182	31,144,935	111,777	496,987

See accompanying notes to financial statements.

CITY OF TUSCALOOSA
STATEMENT OF NET POSITION
September 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority
LIABILITIES (continued)					
Noncurrent liabilities:					
Unearned revenue	\$ 106,005	\$ 7,463	\$ 113,468	\$ —	\$ —
Developer deposits	—	522,047	522,047	—	—
Liabilities payable from restricted assets:					
Customer deposits	—	2,277,892	2,277,892	—	—
Unamortized premium on warrants	4,988,223	5,907,961	10,896,184	—	—
Long-term debt due after one year	89,294,364	93,100,674	182,395,038	6,707	—
Total noncurrent liabilities	<u>94,388,592</u>	<u>101,816,037</u>	<u>196,204,629</u>	<u>6,707</u>	<u>—</u>
Total liabilities	<u>115,496,345</u>	<u>111,853,219</u>	<u>227,349,564</u>	<u>118,484</u>	<u>496,987</u>
NET POSITION					
Net investment in capital assets	149,434,643	178,228,836	327,663,479	180,960	1,984,384
Restricted for:					
Capital projects	5,100,361	—	5,100,361	—	—
Capital Park maintenance - nonspendable	85,891	—	85,891	—	—
Community development	1,044,024	—	1,044,024	—	—
Garnishments	4,085	—	4,085	—	—
Hazard mitigation	3	—	3	—	—
Municipal court	645,211	—	645,211	—	—
Road projects	941,227	—	941,227	—	—
Salaries	306,444	—	306,444	—	—
Storm recovery	636,494	—	636,494	—	—
Unrestricted	<u>45,732,088</u>	<u>24,866,301</u>	<u>70,598,389</u>	<u>643,613</u>	<u>(418,320)</u>
Total net position	<u>\$ 203,930,471</u>	<u>\$ 203,095,137</u>	<u>\$ 407,025,608</u>	<u>\$ 824,573</u>	<u>\$ 1,566,064</u>

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2014

Functions/Programs	Program Revenues				Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority	
					Governmental Activities	Business-Type Activities	Total		
Primary government:									
Governmental activities:									
General government	\$ 26,481,306	\$ 24,364,409	\$ 33,073,652	\$ 2,209,217	\$ 33,165,972	\$ —	\$ 33,165,972	\$ —	\$ —
Public safety	60,806,307	—	291,731	6,669,335	(53,845,241)	—	(53,845,241)	—	—
Streets and highways	21,995,144	—	301,151	438,014	(21,255,979)	—	(21,255,979)	—	—
Environmental services	8,078,235	4,640,527	—	—	(3,437,708)	—	(3,437,708)	—	—
Health	130,000	—	—	—	(130,000)	—	(130,000)	—	—
Education	14,014,690	—	297,656	—	(13,717,034)	—	(13,717,034)	—	—
Culture and recreation	9,499,263	—	—	—	(9,499,263)	—	(9,499,263)	—	—
Library	1,919,273	—	—	—	(1,919,273)	—	(1,919,273)	—	—
Housing	832,606	—	—	—	(832,606)	—	(832,606)	—	—
Economic development	268,206	—	2,576,594	3,562,685	5,871,073	—	5,871,073	—	—
Interest on long-term debt	2,906,041	—	—	—	(2,906,041)	—	(2,906,041)	—	—
Total governmental activities	<u>146,931,071</u>	<u>29,004,936</u>	<u>36,540,784</u>	<u>12,879,251</u>	<u>(68,506,100)</u>	<u>—</u>	<u>(68,506,100)</u>	<u>—</u>	<u>—</u>
Business-type activities:									
Intermodal facility	72,535	24,796	—	—	—	(47,739)	(47,739)	—	—
Water and sewer	37,931,310	43,151,812	—	2,382,039	—	7,602,541	7,602,541	—	—
Total business-type activities	<u>38,003,845</u>	<u>43,176,608</u>	<u>—</u>	<u>2,382,039</u>	<u>—</u>	<u>7,554,802</u>	<u>7,554,802</u>	<u>—</u>	<u>—</u>
Total primary government	<u>\$ 184,934,916</u>	<u>\$ 72,181,544</u>	<u>\$ 36,540,784</u>	<u>\$ 15,261,290</u>	<u>\$ (68,506,100)</u>	<u>\$ 7,554,802</u>	<u>\$ (60,951,298)</u>	<u>\$ —</u>	<u>\$ —</u>
Component units:									
Tuscaloosa Tourism and Sports Commission	\$ 1,507,147	\$ —	\$ 1,535,729	\$ —	\$ —	\$ —	\$ —	\$ 28,582	\$ —
Tuscaloosa County Parking and Transit Authority	2,365,069	239,787	1,468,034	225,909	—	—	—	—	(431,339)
Total component units	<u>\$ 3,872,216</u>	<u>\$ 239,787</u>	<u>\$ 3,003,763</u>	<u>\$ 225,909</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 28,582</u>	<u>\$ (431,339)</u>
General Revenues:									
Taxes:									
Sales and use tax					\$ 37,820,342	\$ —	\$ 37,820,342	\$ —	\$ —
Property tax					14,096,748	—	14,096,748	—	—
Lodging tax					5,661,385	—	5,661,385	—	—
Other state and local taxes					6,262,647	—	6,262,647	—	—
Taxes passed through from state					1,936,318	—	1,936,318	—	—
Unrestricted investment earnings					362,693	11,428	374,121	1,000	—
Gain on disposal of capital assets					149,000	—	149,000	—	—
Gain on impairment					99,566	—	99,566	—	—
Transfers					2,014,356	(2,014,356)	—	—	—
Total general revenues and transfers					<u>68,403,055</u>	<u>(2,002,928)</u>	<u>66,400,127</u>	<u>1,000</u>	<u>—</u>
Change in net position					(103,045)	5,551,874	5,448,829	29,582	(431,339)
Net position, beginning of year, as previously reported					204,033,516	199,584,210	403,617,726	794,991	1,997,403
Decrease resulting from accounting change related to unamortized debt issue costs					—	(2,040,947)	(2,040,947)	—	—
Net position, beginning of year, as restated					<u>204,033,516</u>	<u>197,543,263</u>	<u>401,576,779</u>	<u>794,991</u>	<u>1,997,403</u>
Net position, end of year					<u>\$ 203,930,471</u>	<u>\$ 203,095,137</u>	<u>\$ 407,025,608</u>	<u>\$ 824,573</u>	<u>\$ 1,566,064</u>

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2014

<u>ASSETS</u>	General Fund	Capital Projects Fund	Storm Recovery FEMA Fund	Storm Recovery Insurance Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 8,075,247	\$ 21,861,517	\$ 235,797	\$ 5,029,017	\$ 10,502,522	\$ 45,704,100
Restricted cash	—	—	—	—	614,300	614,300
Investments	200,000	—	—	—	174,652	374,652
Receivables (net of allowances for uncollectibles)	12,357,878	—	—	—	2,002,223	14,360,101
Due from other governments	826,177	949,958	3,676,253	—	720,064	6,172,452
Due from other funds	8,546,016	6,823,485	869,074	725,000	826,737	17,790,312
Prepaid items	157,703	—	—	—	—	157,703
Inventories	949,493	—	—	—	292	949,785
Total assets	\$ 31,112,514	\$ 29,634,960	\$ 4,781,124	\$ 5,754,017	\$ 14,840,790	\$ 86,123,405
 <u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 7,011,048	\$ 1,160,255	\$ —	\$ 1,415,806	\$ 1,354,499	\$ 10,941,608
Compensated absences	32,841	—	—	—	—	32,841
Deferred revenue	69,096	258,005	—	—	242,202	569,303
Due to other funds	8,556,951	138,829	4,144,630	1,405,638	5,592,639	19,838,687
Total liabilities	15,669,936	1,557,089	4,144,630	2,821,444	7,189,340	31,382,439
Fund balances:						
Nonspendable:						
Prepaid items	157,703	—	—	—	—	157,703
Inventories	949,493	—	—	—	—	949,493
Restricted for:						
Capital projects	—	—	—	—	4,842,356	4,842,356
Capital Park maintenance	—	—	—	—	85,891	85,891
Community development	—	—	—	—	5,184	5,184
Garnishments	4,085	—	—	—	—	4,085
Municipal court	645,211	—	—	—	—	645,211
Hazard mitigation	—	—	—	—	3	3
Road projects	—	—	—	—	941,227	941,227
Salaries	—	—	—	—	306,444	306,444
Storm recovery	—	—	636,494	—	—	636,494
Committed for:						
Capital projects	—	17,045,873	—	2,932,573	1,083,100	21,061,546
Cemetery maintenance	—	—	—	—	148,722	148,722
Law enforcement and public officials liability	932,139	—	—	—	—	932,139
Pensions	436,905	—	—	—	—	436,905
Tourism enhancement	—	—	—	—	276,087	276,087
Assigned for:						
Capital projects	—	—	—	—	270,205	270,205
Fiscal year 2014 budget	231,124	—	—	—	—	231,124
Future capital projects	—	11,031,998	—	—	—	11,031,998
Unassigned	12,085,918	—	—	—	(307,769)	11,778,149
Total fund balances	15,442,578	28,077,871	636,494	2,932,573	7,651,450	54,740,966
Total liabilities and fund balances	\$ 31,112,514	\$ 29,634,960	\$ 4,781,124	\$ 5,754,017	\$ 14,840,790	\$ 86,123,405

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

**RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

September 30, 2014

Total fund balances for governmental funds \$ 54,740,966

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Buildings, net of accumulated depreciation of \$19,481,956	\$ 81,184,360	
Equipment, net of accumulated depreciation of \$40,743,106	13,653,403	
Infrastructure, net of accumulated depreciation of \$117,291,899	131,796,381	
Land	3,362,539	
Construction in progress	10,710,159	240,706,842

Certain receivables are not available to pay for the current period's expenditures and, therefore, are deferred in the funds 463,298

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:

Receivable from other governments for accrued interest payable on debt	31,687	
Receivable from other governments for warrants payable to be reimbursed to City	5,070,000	
Receivable for sale of land	1,628,250	
Loans receivable under the Community Development Disaster Recovery Program	833,547	7,563,484

Internal service funds are used by the City to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position. 424,473

Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position.

Warrants payable	(82,570,000)	
Section 108 loan	(1,200,000)	
Capital lease	(168,553)	
Compensated absences	(8,830,784)	
Workers comp liability	(1,204,511)	
OPEB liability	(3,449,677)	
Accrued interest payable	(1,145,088)	
Deferred loss on refunding of warrants, to be amortized	3,023,640	
Premiums, to be amortized	(4,988,223)	
Discount, to be amortized	564,604	(99,968,592)

Net position of governmental activities \$ 203,930,471

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the year ended September 30, 2014

	General Fund	Capital Projects Fund	Storm Recovery FEMA Fund	Storm Recovery Insurance Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 62,954,882	\$ —	\$ —	\$ —	\$ 886,240	\$ 63,841,122
Licenses and permits	21,639,383	—	—	—	—	21,639,383
Fines and penalties	2,717,425	—	—	—	—	2,717,425
Use of property	7,601	—	—	—	—	7,601
Charges for services	4,640,527	—	—	—	—	4,640,527
Intergovernmental	29,813,824	424,279	—	—	14,270,899	44,509,002
Other revenues	7,946,170	191,507	784,672	1,479	1,878,946	10,802,774
Total revenues	129,719,812	615,786	784,672	1,479	17,036,085	148,157,834
Expenditures:						
Current operations:						
General government	13,526,474	1,208,337	—	—	1,380,303	16,115,114
Public safety	58,794,183	105,332	—	—	446,988	59,346,503
Streets and highways	14,224,585	2,007,337	—	—	—	16,231,922
Environmental services	7,684,458	—	—	—	—	7,684,458
Health	130,000	—	—	—	—	130,000
Education	14,014,685	—	—	—	—	14,014,685
Culture and recreation	8,105,590	3,453	—	—	477,764	8,586,807
Library	1,919,273	—	—	—	—	1,919,273
Housing	—	—	—	—	832,606	832,606
Economic development	—	—	—	—	438,206	438,206
Other activities	3,231,565	—	—	—	—	3,231,565
Total current operations	121,630,813	3,324,459	—	—	3,575,867	128,531,139
Capital outlay	328,184	103,592	—	4,614,536	8,667,243	13,713,555
Debt service:						
Principal payments	16,356,666	861,531	—	—	75,000	17,293,197
Interest charges	3,398,965	834	—	—	45,600	3,445,399
Warrant issue costs	191,736	—	—	—	—	191,736
Intergovernmental expenditures	15,350	493,874	—	635,745	3,568,263	4,713,232
Total expenditures	141,921,714	4,784,290	—	5,250,281	15,931,973	167,888,258
Excess (deficiency) of revenues over expenditures	(12,201,902)	(4,168,504)	784,672	(5,248,802)	1,104,112	(19,730,424)

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the year ended September 30, 2014

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Storm Recovery FEMA Fund</u>	<u>Storm Recovery Insurance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess (deficiency) of revenues over expenditures (brought forward)	\$ (12,201,902)	\$ (4,168,504)	\$ 784,672	\$ (5,248,802)	\$ 1,104,112	\$ (19,730,424)
Other financing sources (uses):						
Warrant issuance	22,100,000	—	—	—	—	22,100,000
Premium on warrants issued	3,322,156	—	—	—	—	3,322,156
Loan proceeds	147,304	—	—	—	—	147,304
Transfers in	3,051,160	13,212,428	55,487	—	4,309,129	20,628,204
Transfers out	(16,394,547)	—	(207,775)	(23,588)	(1,987,938)	(18,613,848)
Insurance proceeds	—	—	—	99,566	—	99,566
Total other financing sources (uses)	<u>12,226,073</u>	<u>13,212,428</u>	<u>(152,288)</u>	<u>75,978</u>	<u>2,321,191</u>	<u>27,683,382</u>
Net change in fund balances	<u>24,171</u>	<u>9,043,924</u>	<u>632,384</u>	<u>(5,172,824)</u>	<u>3,425,303</u>	<u>7,952,958</u>
Fund balances, beginning of year	15,416,812	19,033,947	4,110	8,105,397	4,226,147	46,786,413
Increase in reserve for change in inventory	<u>1,595</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,595</u>
Fund balances, end of year	<u>\$ 15,442,578</u>	<u>\$ 28,077,871</u>	<u>\$ 636,494</u>	<u>\$ 2,932,573</u>	<u>\$ 7,651,450</u>	<u>\$ 54,740,966</u>

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the year ended September 30, 2014

Reconciliation of the change in fund balance-total governmental funds to the change in net position of governmental activities:		
Net change in fund balances-total governmental funds	\$	7,952,958
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p style="margin-left: 40px;">Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</p>		
Capital asset purchases capitalized	\$ 16,997,124	
Depreciation expense	<u>(10,823,824)</u>	6,173,300
Certain receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures, and, therefore, are deferred in the funds.		463,298
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		170,000
Issuance of loans under the Community Development Disaster Recovery Program		170,000
Repayment of loans under the Community Development Disaster Recovery Program		(367,037)
Prior year revenues, deferred in the funds, collected this year		(1,481,410)
<p style="margin-left: 40px;">The issuance of long-term debt (e.g., warrants, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This adjustment is the net effect of the differences in the treatment of long-term debt and related items.</p>		
<p style="margin-left: 80px;">Debt issued:</p>		
General warrants issued	(22,100,000)	
<p style="margin-left: 80px;">Debt payments made:</p>		
Warrant payments	15,584,227	
Section 108 loan	75,000	
Robertson Bank loan	250,425	
Capital lease payments	<u>206,249</u>	(5,984,099)
Debt issued in prior year is being repaid by the City Board of Education. This payment to the City provides current financial resources to government funds but has no effect on net position.		(2,355,000)
<p style="margin-left: 40px;">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:</p>		
Inventory-purchase method	1,595	
OPEB liability	(788,230)	
Compensated absences	(1,379,902)	
Workers compensation	(364,986)	
Amortization of debt premium	311,138	
Amortization of loss on refunding	(286,860)	
Amortization of debt issue costs and discount	(107,151)	
Accrued interest payable	<u>(175,386)</u>	(2,789,782)
Premium and deferred loss on refunding (net) were capitalized in the current year.		(2,228,120)
Internal service fund is used by the City to charge the costs of providing health insurance to individual funds. The net revenue of the internal service fund is reported with governmental activities.		<u>342,847</u>
Change in net position of governmental activities	\$	<u>(103,045)</u>
See accompanying notes to financial statements.		

CITY OF TUSCALOOSA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

For the year ended September 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis**	Budget to GAAP Differences	Actual Amounts GAAP Basis**
	Original	Final			
Revenues:					
Taxes:					
Sales	\$ 34,880,000	\$ 34,880,000	\$ 34,954,050	\$ —	\$ 34,954,050
Use	2,400,000	2,872,857	2,866,292	—	2,866,292
Property tax	13,920,000	13,920,000	14,096,748	—	14,096,748
Lodging tax	5,200,000	5,200,000	5,661,385	—	5,661,385
Other local taxes	5,175,000	5,175,000	5,376,407	—	5,376,407
Total taxes	61,575,000	62,047,857	62,954,882	—	62,954,882
Licenses and permits:					
Business license	18,800,000	18,800,000	18,673,529	—	18,673,529
Other licenses	1,416,500	1,450,000	1,488,841	—	1,488,841
Building and other permits	1,720,000	1,720,000	1,477,013	—	1,477,013
Total licenses and permits	21,936,500	21,970,000	21,639,383	—	21,639,383
Fines and penalties	1,521,500	1,508,000	2,717,425	—	2,717,425
Use of property	6,000	6,000	7,601	—	7,601
Charges for services:					
Garbage collection fees and tax	4,530,000	4,530,000	4,640,527	—	4,640,527
Intergovernmental revenues:					
Federal and state grants revenue	597,877	630,259	918,488	—	918,488
Shared from local units:					
Public school bond-sales tax	11,200,000	11,200,000	10,507,600	—	10,507,600
City share of county sales tax	14,204,000	14,204,000	13,403,638	—	13,403,638
School Board for debt	2,667,375	2,667,375	2,667,375	—	2,667,375
Other	410,000	410,000	380,405	—	380,405
Shared from state	1,875,000	1,875,000	1,936,318	—	1,936,318
Total intergovernmental revenue	30,954,252	30,986,634	29,813,824	—	29,813,824

** Includes unbudgeted costs added through consolidation of the General Fund for financial statement purposes.

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the year ended September 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis**	Budget to GAAP Differences	Actual Amounts GAAP Basis**
	Original	Final			
Revenues: (Continued)					
Other operating revenues:					
Interest on investments	\$ 21,500	\$ 21,500	\$ 16,273	\$ —	\$ 16,273
Cost reimbursed	1,950,000	3,296,856	1,870,462	—	1,870,462
Other	993,480	2,448,880	6,059,435	—	6,059,435
Total other operating revenues	2,964,980	5,767,236	7,946,170	—	7,946,170
Total revenues	123,488,232	126,815,727	129,719,812	—	129,719,812
Expenditures:					
Current operations:					
General government:					
Finance:					
Personnel services	839,227	839,438	840,136	—	840,136
Other	430,312	440,112	77,462	—	77,462
Total	1,269,539	1,279,550	917,598	—	917,598
Revenue:					
Personnel services	725,669	726,169	723,130	—	723,130
Other	291,918	291,643	263,521	—	263,521
Total	1,017,587	1,017,812	986,651	—	986,651
Municipal court:					
Personnel services	658,045	658,045	652,826	—	652,826
Other	315,982	317,482	514,159	—	514,159
Total	974,027	975,527	1,166,985	—	1,166,985
Human resources:					
Personnel services	788,456	796,456	826,457	—	826,457
Other	1,131,995	1,255,792	1,288,344	76,447	1,364,791
Total	1,920,451	2,052,248	2,114,801	76,447	2,191,248
311 Operations:					
Personnel services	287,036	289,871	286,114	—	286,114
Other	106,395	106,770	53,974	(8,200)	45,774
Total	393,431	396,641	340,088	(8,200)	331,888
Information technology:					
Personnel services	1,313,157	1,313,157	1,256,612	—	1,256,612
Other	2,122,970	2,229,234	1,512,574	8,279	1,520,853
Total	3,436,127	3,542,391	2,769,186	8,279	2,777,465

** Includes unbudgeted costs added through consolidation of the General Fund for financial statement purposes.

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the year ended September 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis**	Budget to GAAP Differences	Actual Amounts GAAP Basis**
	Original	Final			
Expenditures (Continued):					
Current operations (Continued):					
General government (Continued):					
Mayor/City clerk:					
Personnel services	\$ 563,048	\$ 574,788	\$ 548,356	\$ —	\$ 548,356
Other	347,810	346,299	127,654	1,020	128,674
	<u>910,858</u>	<u>921,087</u>	<u>676,010</u>	<u>1,020</u>	<u>677,030</u>
Council:					
Personnel services	224,982	226,982	226,762	—	226,762
Other	72,225	76,300	74,462	—	74,462
	<u>297,207</u>	<u>303,282</u>	<u>301,224</u>	<u>—</u>	<u>301,224</u>
Federal programs:					
Personnel services	575,604	575,448	560,851	—	560,851
Other	438,683	398,689	348,427	—	348,427
	<u>1,014,287</u>	<u>974,137</u>	<u>909,278</u>	<u>—</u>	<u>909,278</u>
Arts and entertainment:					
Personnel services	579,301	586,861	553,200	—	553,200
Other	1,242,143	1,292,011	1,178,943	9,820	1,188,763
	<u>1,821,444</u>	<u>1,878,872</u>	<u>1,732,143</u>	<u>9,820</u>	<u>1,741,963</u>
City attorney:					
Personnel services	1,002,484	1,003,384	1,001,008	—	1,001,008
Other	557,159	728,949	523,012	1,124	524,136
	<u>1,559,643</u>	<u>1,732,333</u>	<u>1,524,020</u>	<u>1,124</u>	<u>1,525,144</u>
Total general government	<u>14,614,601</u>	<u>15,073,880</u>	<u>13,437,984</u>	<u>88,490</u>	<u>13,526,474</u>
Public safety:					
Police:					
Personnel services	21,063,410	21,222,110	21,405,853	—	21,405,853
Other	8,018,711	8,069,836	7,992,231	17,778	8,010,009
	<u>29,082,121</u>	<u>29,291,946</u>	<u>29,398,084</u>	<u>17,778</u>	<u>29,415,862</u>
Fire and rescue service:					
Personnel services	14,969,873	15,059,632	15,076,162	—	15,076,162
Other	5,161,497	5,285,483	5,432,781	85,612	5,518,393
	<u>20,131,370</u>	<u>20,345,115</u>	<u>20,508,943</u>	<u>85,612</u>	<u>20,594,555</u>
Facilities maintenance:					
Personnel services	1,508,500	1,646,300	1,545,179	—	1,545,179
Other	3,173,163	3,160,487	1,952,009	68,438	2,020,447
	<u>4,681,663</u>	<u>4,806,787</u>	<u>3,497,188</u>	<u>68,438</u>	<u>3,565,626</u>

** Includes unbudgeted costs added through consolidation of the General Fund for financial statement purposes.

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the year ended September 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis**	Budget to GAAP Differences	Actual Amounts GAAP Basis**
	Original	Final			
Expenditures (Continued):					
Current operations (Continued):					
Public safety (Continued):					
Care of prisoners:					
Other	\$ 900,000	\$ 900,000	\$ 604,396	\$ —	\$ 604,396
	<u>900,000</u>	<u>900,000</u>	<u>604,396</u>	<u>—</u>	<u>604,396</u>
Planning and development services (inspections):					
Personnel services	1,507,441	1,518,626	1,474,689	—	1,474,689
Other	616,121	649,266	606,663	19,806	626,469
	<u>2,123,562</u>	<u>2,167,892</u>	<u>2,081,352</u>	<u>19,806</u>	<u>2,101,158</u>
Communications:					
Personnel services	985,598	985,863	1,033,562	—	1,033,562
Other	448,131	451,463	408,369	17,175	425,544
	<u>1,433,729</u>	<u>1,437,326</u>	<u>1,441,931</u>	<u>17,175</u>	<u>1,459,106</u>
Emergency management:					
Personnel services	136,598	136,863	123,485	—	123,485
Other	253,317	293,249	251,971	925	252,896
	<u>389,915</u>	<u>430,112</u>	<u>375,456</u>	<u>925</u>	<u>376,381</u>
Recovery:					
Personnel services	538,608	561,683	424,153	—	424,153
Other	805,988	831,704	232,229	20,717	252,946
	<u>1,344,596</u>	<u>1,393,387</u>	<u>656,382</u>	<u>20,717</u>	<u>677,099</u>
Total public safety	<u>60,086,956</u>	<u>60,772,565</u>	<u>58,563,732</u>	<u>230,451</u>	<u>58,794,183</u>
Streets and highways:					
Personnel services	7,523,034	7,533,866	7,467,197	—	7,467,197
Other	6,423,999	6,628,488	6,477,566	279,822	6,757,388
	<u>13,947,033</u>	<u>14,162,354</u>	<u>13,944,763</u>	<u>279,822</u>	<u>14,224,585</u>
Environmental services:					
Personnel services	3,709,683	3,734,449	3,769,744	—	3,769,744
Other	3,773,893	3,809,712	3,939,060	(24,346)	3,914,714
	<u>7,483,576</u>	<u>7,544,161</u>	<u>7,708,804</u>	<u>(24,346)</u>	<u>7,684,458</u>
Health	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>—</u>	<u>130,000</u>
Education:					
Funds provided to City school system	13,875,000	13,875,000	13,182,600	—	13,182,600
Personnel services	227,266	129,222	100,042	—	100,042
Other	692,398	752,398	732,043	—	732,043
	<u>14,794,664</u>	<u>14,756,620</u>	<u>14,014,685</u>	<u>—</u>	<u>14,014,685</u>

** Includes unbudgeted costs added through consolidation of the General Fund for financial statement purposes.

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the year ended September 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis**	Budget to GAAP Differences	Actual Amounts GAAP Basis**
	Original	Final			
Expenditures (Continued):					
Current operations (Continued):					
Recreation:					
Funds provided to Park and Recreation Authority	\$ 4,186,000	\$ 4,186,000	\$ 4,186,000	\$ —	\$ 4,186,000
Amphitheater, Rivermarket and Transportation Museum	—	—	3,893,817	—	3,893,817
Other	—	—	25,773	—	25,773
	<u>4,186,000</u>	<u>4,186,000</u>	<u>8,105,590</u>	<u>—</u>	<u>8,105,590</u>
Library:					
Funds provided to Library Board	2,023,679	2,023,679	1,919,273	—	1,919,273
	<u>2,023,679</u>	<u>2,023,679</u>	<u>1,919,273</u>	<u>—</u>	<u>1,919,273</u>
Other activities:					
Funds to other agencies:					
Alabama Blues Project	10,000	10,000	10,000	—	10,000
Arts and Humanities Council	50,000	50,000	50,000	—	50,000
Boys and Girls Club	20,000	20,000	20,000	—	20,000
Caring Days	—	24,000	21,090	—	21,090
Cemetery Expense	10,000	10,000	7,092	—	7,092
Civil Service Board	18,000	18,000	18,000	—	18,000
DCH - Kid One Transport	50,000	50,000	50,000	—	50,000
Focus on Senior Citizens	102,500	102,500	102,500	—	102,500
Friedman Home	17,000	17,000	18,686	—	18,686
Indian Rivers Mental Health Center	50,000	50,000	50,000	—	50,000
Jemison Foundation	60,000	60,000	60,000	—	60,000
Metro Animal Shelter	7,500	7,500	30,582	—	30,582
Soil and Water Conservation Authority	12,500	12,500	12,500	—	12,500
Tax Equalization Board	—	300	338	—	338
Theatre Tuscaloosa	15,000	15,000	15,000	—	15,000
Tuscaloosa Community Dancers	10,000	10,000	10,000	—	10,000
Tuscaloosa County Industrial Development Authority	440,000	690,000	690,000	—	690,000
Tuscaloosa Parking & Transit Authority	511,700	697,970	573,903	—	573,903
Tuscaloosa Sister Cities Commission	120,000	120,000	120,000	—	120,000
Tuscaloosa Spay Neuter Incentive Program	25,000	25,000	25,000	—	25,000
Tuscaloosa Symphony	35,000	35,000	35,000	—	35,000
Tuscaloosa Tourism and Sports Commission	1,050,000	1,050,000	1,050,000	—	1,050,000
West Alabama Aids Outreach	15,000	15,000	15,000	—	15,000
West Alabama Planning and Development Council	37,997	37,997	37,997	—	37,997
Contingencies and other	401,391	246,920	208,877	—	208,877
	<u>3,068,588</u>	<u>3,374,687</u>	<u>3,231,565</u>	<u>—</u>	<u>3,231,565</u>
Total current operations	<u>120,335,097</u>	<u>122,023,946</u>	<u>121,056,396</u>	<u>574,417</u>	<u>121,630,813</u>

** Includes unbudgeted costs added through consolidation of the General Fund for financial statement purposes.

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the year ended September 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis**	Budget to GAAP Differences	Actual Amounts GAAP Basis**
	Original	Final			
Expenditures (Continued):					
Total current operations (brought forward):	\$ 120,335,097	\$ 122,023,946	\$ 121,056,396	\$ 574,417	\$ 121,630,813
Capital outlay	—	316,988	328,184	—	328,184
Debt service:					
Principal	5,355,324	5,231,426	16,356,666	—	16,356,666
Interest	3,343,385	3,343,385	3,398,965	—	3,398,965
Warrant issue costs	5,000	5,000	191,736	—	191,736
Intergovernmental expenditures	—	20,000	15,350	—	15,350
Total expenditures	129,038,806	130,940,745	141,347,297	574,417	141,921,714
Excess (deficiency) of revenues over expenditures	(5,550,574)	(4,125,018)	(11,627,485)	(574,417)	(12,201,902)
Other financing sources (uses):					
Warrant issuance	—	—	22,247,304	—	22,247,304
Premium on warrants issued	—	—	—	—	3,322,156
Transfers in:					
Airport Development Fund	175,000	175,000	170,778	—	170,778
Amphitheater Fund	2,170,297	2,401,827	1,085,001	—	1,085,001
Beer Tax Bonus Fund	454,007	454,007	429,332	—	429,332
Community Development Funds	1,219,387	—	—	—	—
Health Insurance (Internal Service) Fund	25,000	—	—	—	—
Storm Recovery Funds	296,380	319,968	231,363	—	231,363
Water and Sewer Fund	3,076,468	3,905,992	1,134,686	—	1,134,686
Transfers out:					
Airport Development Fund	—	(351,000)	—	—	(351,000)
Amphitheater Fund	(945,455)	(945,455)	(1,016,578)	—	(1,016,578)
Capital Projects Fund (Future Improvement Fund)	—	(8,913)	(108,713)	—	(108,713)
Community Development Funds	—	—	(16,699)	—	(16,699)
Debt Service Trust	—	—	(13,103,715)	—	(13,103,715)
Intermodal Fund	(70,000)	(70,000)	(60,500)	—	(60,500)
Hourly Pension Fund	(202,782)	(202,782)	—	—	—
Police Department Funds	(175,000)	(175,000)	(249,866)	—	(249,866)
Public Safety Capital Fund	—	(250,000)	(250,000)	—	(250,000)
Public Works Capital Fund	—	(647,898)	(647,898)	—	(647,898)
Storm Recovery Funds	—	—	(55,487)	—	(55,487)
Tourism Enhancement and Tourism Capital Projects Fund	(472,728)	(472,728)	(508,290)	—	(508,290)
Water and Sewer Fund	—	(8,000)	(25,801)	—	(25,801)
Total	5,550,574	4,125,018	9,254,917	—	12,226,073
Net change in fund balances	—	—	(2,372,568)	(574,417)	24,171
Fund balances, beginning of year	15,416,812	15,416,812	15,416,812	—	15,416,812
Decrease in reserve for change in inventory	—	—	1,595	—	1,595
Fund balances - end of year	\$ 15,416,812	\$ 15,416,812	\$ 13,045,839	\$ (574,417)	\$ 15,442,578

** Includes unbudgeted costs added through consolidation of the General Fund for financial statement purposes.

See accompanying notes to financial statements.

CITY OF TUSCALOOSA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2014

	Business-Type Activity			Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 7,663,518	\$ 13,419	\$ 7,676,937	\$ 1,139,335
Investments	5,002,338	—	5,002,338	—
Accounts receivable (net of allowance for uncollectibles)	3,225,719	—	3,225,719	—
Assessments receivable - principal - current and past due	8,157	—	8,157	—
Special assessments interest receivable	2,522	—	2,522	—
Due from other funds	5,509,998	—	5,509,998	1,588,564
Inventory	1,709,084	—	1,709,084	—
Unbilled water and sewer receivables	3,130,819	—	3,130,819	—
Total current assets	<u>26,252,155</u>	<u>13,419</u>	<u>26,265,574</u>	<u>2,727,899</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	9,519,160	—	9,519,160	—
Total restricted assets	<u>9,519,160</u>	<u>—</u>	<u>9,519,160</u>	<u>—</u>
Capital assets:				
Land	1,744,935	—	1,744,935	—
Movable equipment	7,755,146	—	7,755,146	—
Administration - business office	11,008,307	—	11,008,307	—
Distribution - buildings, mains, etc.	180,836,387	—	180,836,387	—
Pumping purification - buildings, etc.	69,695,985	—	69,695,985	—
Sewage system properties	138,620,726	—	138,620,726	—
Source of supply - dams, buildings, etc.	12,302,854	—	12,302,854	—
Construction in progress	4,254,068	—	4,254,068	—
Less: Accumulated depreciation	(148,141,220)	—	(148,141,220)	—
Total capital assets (net of accumulated depreciation)	<u>278,077,188</u>	<u>—</u>	<u>278,077,188</u>	<u>—</u>
Unamortized warrant issue costs	23,570	—	23,570	—
Total noncurrent assets	<u>287,619,918</u>	<u>—</u>	<u>287,619,918</u>	<u>—</u>
Total assets	<u>313,872,073</u>	<u>13,419</u>	<u>313,885,492</u>	<u>2,727,899</u>

See accompanying notes to financial statements.

CITY OF TUSCALOOSA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2014

	Business-Type Activity		Total Business-Type Activity Funds	Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund		Internal Service Fund
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on debt refunding	\$ 4,692,050	\$ —	\$ 4,692,050	\$ —
LIABILITIES				
Current liabilities:				
Accounts payable	2,008,760	3,683	2,012,443	20,954
Due to other funds	3,629,187	—	3,629,187	1,421,000
Compensated absences	278,800	—	278,800	—
Accrued interest payable	680,361	—	680,361	—
Current portion of workers compensation claims	4,433	—	4,433	—
Current portion of warrants payable	6,961,649	—	6,961,649	—
Total current liabilities	13,563,190	3,683	13,566,873	1,441,954
Noncurrent liabilities:				
Warrants payable	91,670,792	—	91,670,792	—
Net OPEB obligation	574,775	—	574,775	—
Deferred revenue	7,463	—	7,463	—
Unamortized warrant premium	5,907,961	—	5,907,961	—
Developer deposits on water lines	522,047	—	522,047	—
Customer deposits	2,277,892	—	2,277,892	—
Compensated absences	646,764	—	646,764	—
Workers compensation claims	208,343	—	208,343	—
Outstanding claims liability	—	—	—	838,100
Total noncurrent liabilities	101,816,037	—	101,816,037	838,100
Total liabilities	115,379,227	3,683	115,382,910	2,280,054
NET POSITION				
Net investment in capital assets	178,228,836	—	178,228,836	—
Unrestricted	24,956,060	9,736	24,965,796	447,845
Total net position	\$ 203,184,896	\$ 9,736	203,194,632	\$ 447,845
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund			(99,495)	
Net position of business-type activities			\$ 203,095,137	

See accompanying notes to financial statements.

CITY OF TUSCALOOSA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the year ended September 30, 2014

	Business-Type Activity		Total Business-Type Activity Funds	Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund		Internal Service Fund
Operating revenues:				
Charges for services	\$ 43,102,440	\$ 24,796	\$ 43,127,236	\$ 13,702,855
Miscellaneous	49,372	—	49,372	—
Total operating revenues	<u>43,151,812</u>	<u>24,796</u>	<u>43,176,608</u>	<u>13,702,855</u>
Operating expenses:				
Personnel services	11,450,413	—	11,450,413	—
Outside services	1,618,568	72,535	1,691,103	—
Chemicals	1,571,856	—	1,571,856	—
Utilities and telephone	3,025,861	—	3,025,861	—
Repairs, maintenance and supplies	1,157,249	—	1,157,249	—
Other expenses	1,293,235	—	1,293,235	12,386
Depreciation and amortization	9,015,654	—	9,015,654	—
Special projects	2,072,545	—	2,072,545	—
Cost reimbursement to general fund	2,801,968	—	2,801,968	—
Insurance claims and expenses	—	—	—	13,291,101
Total operating expenses	<u>34,007,349</u>	<u>72,535</u>	<u>34,079,884</u>	<u>13,303,487</u>
Operating income (loss)	<u>9,144,463</u>	<u>(47,739)</u>	<u>9,096,724</u>	<u>399,368</u>
Non-operating revenues (expenses):				
Interest income	11,428	—	11,428	455
Interest expense	(3,477,347)	—	(3,477,347)	—
Amortization of loss on debt retirement	(389,639)	—	(389,639)	—
Total non-operating revenues (expenses)	<u>(3,855,558)</u>	<u>—</u>	<u>(3,855,558)</u>	<u>455</u>
Income (loss) before contributions and transfers	5,288,905	(47,739)	5,241,166	399,823
Capital grant revenue	882,082	—	882,082	—
Capital contributions - developers	1,499,957	—	1,499,957	—
Transfers in	328,628	60,500	389,128	—
Transfers out	(2,403,484)	—	(2,403,484)	—
Change in net position	<u>5,596,088</u>	<u>12,761</u>	<u>5,608,849</u>	<u>399,823</u>
Total net position, beginning of year, as previously reported	199,629,755	(3,025)	199,626,730	48,022
Decrease resulting from accounting change related to unamortized debt issue costs	(2,040,947)	—	(2,040,947)	—
Total net position, beginning of year, as restated	<u>197,588,808</u>	<u>(3,025)</u>	<u>197,585,783</u>	<u>48,022</u>
Total net position, end of year	<u>\$ 203,184,896</u>	<u>\$ 9,736</u>	203,194,632	<u>\$ 447,845</u>
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds are reported with business-type activities			<u>(56,975)</u>	
Change in net position of business-type activities			<u>\$ 5,551,874</u>	

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended September 30, 2014

	Business-Type Activity			Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
Cash flows from operating activities:				
Receipts from customers and users	\$ 42,855,734	\$ 24,796	\$ 42,880,530	\$ —
Payments to suppliers	(13,572,228)	(85,108)	(13,657,336)	(12,386)
Payments to employees	(11,305,810)	—	(11,305,810)	—
Garbage fees collected for General Fund	4,394,203	—	4,394,203	—
Customer deposits	670,073	—	670,073	—
Refunds of customer deposits	(567,123)	—	(567,123)	—
Garbage fees remitted to General Fund	(4,592,411)	—	(4,592,411)	—
Materials purchased for other funds	1,348	—	1,348	—
Receipts for health insurance	—	—	—	13,702,855
Claims filed in excess of refunds	—	—	—	(482,443)
Payment of health insurance premiums	—	—	—	(13,256,166)
Net cash provided by (used in) operating activities	<u>17,883,786</u>	<u>(60,312)</u>	<u>17,823,474</u>	<u>(48,140)</u>
Cash flows from noncapital financing activities:				
Transfer from other funds	328,628	60,500	389,128	—
Transfer to other funds	(2,403,484)	—	(2,403,484)	—
Loan to General Fund	4,391,358	—	4,391,358	—
Federal grants	882,082	—	882,082	—
Net cash provided by noncapital financing activities	<u>3,198,584</u>	<u>60,500</u>	<u>3,259,084</u>	<u>—</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(9,273,196)	—	(9,273,196)	—
Interest paid on warrants	(4,232,263)	—	(4,232,263)	—
Capital contributions - developers	1,485,467	—	1,485,467	—
Waterline deposits from subdividers	274,101	—	274,101	—
Payments received on loan to Downtown Revitalization Fund	1,390,000	—	1,390,000	—
Payments received on loan to Downtown Urban Development Fund	1,901,757	—	1,901,757	—
Loan to Airport Development Fund	(175,000)	—	(175,000)	—
Loan to Community Development Funds	(435,000)	—	(435,000)	—
Loan to Downtown Revitalization Fund	(1,542,794)	—	(1,542,794)	—
Proceeds from debt refunding	821,524	—	821,524	—
Warrants paid	(6,535,000)	—	(6,535,000)	—
Net cash used in capital and related financing activities	<u>(16,320,404)</u>	<u>—</u>	<u>(16,320,404)</u>	<u>—</u>

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the year ended September 30, 2014

	Business-Type Activity		Total Business-Type Activity Funds	Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund		Internal Service Fund
Cash flows from investing activities:				
Interest earned on investments	\$ 11,428	\$ —	\$ 11,428	\$ 455
Net cash provided by investing activities	11,428	—	11,428	455
Net increase (decrease) in cash and cash equivalents	4,773,394	188	4,773,582	(47,685)
Cash and cash equivalents, beginning of year:				
Current assets	6,592,994	13,231	6,606,225	1,187,020
Restricted assets	10,818,628	—	10,818,628	—
Total cash and cash equivalents, beginning of year	17,411,622	13,231	17,424,853	1,187,020
Cash and cash equivalents, end of year:				
Current assets	12,665,856	13,419	12,679,275	1,139,335
Restricted assets	9,519,160	—	9,519,160	—
Total cash and cash equivalents, end of year	\$ 22,185,016	\$ 13,419	\$ 22,198,435	\$ 1,139,335

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended September 30, 2014

	Business-Type Activity		Total Business-Type Activity Funds	Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund		Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 9,144,463	\$ (47,740)	\$ 9,096,723	\$ 399,368
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	9,015,654	—	9,015,654	—
(Increase) decrease in operating assets:				
Accounts receivable	(356,232)	—	(356,232)	729
Inventory	(455,928)	—	(455,928)	—
Unbilled water and sewer receivables	60,154	—	60,154	—
Due from other funds	—	—	—	(385,904)
Other assets	3,964	—	3,964	—
Increase (decrease) in operating liabilities:				
Accounts payable	226,038	(12,572)	213,466	(18,964)
Due to other funds	96,854	—	96,854	(107,569)
Outstanding claims liability	—	—	—	64,200
Compensated absences	15,800	—	15,800	—
OPEB liability	130,939	—	130,939	—
Workers compensation claims	2,080	—	2,080	—
Net cash provided by (used in) operating activities	<u>\$ 17,883,786</u>	<u>\$ (60,312)</u>	<u>\$ 17,823,474</u>	<u>\$ (48,140)</u>
<u>Noncash Capital and Financing Activities</u>				
Forfeited developer deposits recorded as revenue	<u>\$ 14,490</u>	<u>\$ —</u>	<u>\$ 14,490</u>	<u>\$ —</u>

See accompanying notes to financial statements.

CITY OF TUSCALOOSA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

September 30, 2014

	Police Officers and Firefighters Supplemental Retirement Plan Fund	Agency Fund Cash Bond
ASSETS		
Cash and cash equivalents	\$ 393,500	\$ 142,918
Investments in certificates of deposit	—	—
Total assets	393,500	\$ 142,918
LIABILITIES		
Cash bond deposits payable	—	\$ 142,918
Total liabilities	—	\$ 142,918
NET POSITION		
Held in trust for pension benefits	\$ 393,500	

See accompanying notes to financial statements.

CITY OF TUSCALOOSA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

For the year ended September 30, 2014

	Police Officers and Firefighters Supplemental Retirement Plan Fund
Additions:	
Employer contributions	\$ 78,000
Interest income	305
Total additions	78,305
Deductions:	
Benefits paid	22,896
Administrative plan expenses	3,000
Total deductions	25,896
Change in net position	52,409
Net position, beginning of year	341,091
Net position, end of year	\$ 393,500

See accompanying notes to financial statements.



CITY OF TUSCALOOSA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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CITY OF TUSCALOOSA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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CITY OF TUSCALOOSA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Tuscaloosa (the City) was incorporated on December 13, 1819. The City operated under a Commission form of government until October 7, 1985. At that time, the City began operating under a Mayor and seven-member council form of government.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. The more significant of these accounting policies are described below.

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present the City and its component units. A discretely presented component unit is a separate legal entity for which the City appoints a voting majority of the units' board, is either able to impose its will on the unit or a financial benefit or burden relationship exists. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the City. Each discretely presented component unit has a September 30 year-end.

Discretely Presented Component Units:

Tuscaloosa Tourism and Sports Commission, Inc. promotes the City through tourism and sporting events. The majority of the Board of Directors are appointed by the City Council. The City provides the majority of the Commission's support through a portion of the lodging tax received by the City. The Commission is presented as a proprietary fund type.

Tuscaloosa County Parking and Transit Authority provides public transportation to the residents of the City. The majority of the members of the Board of Directors are appointed by the City Council and the City has provided substantial funding in the past. The Authority is presented as a proprietary fund type.

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

B. Financial Statements

The City applies all applicable FASB and AICPA pronouncements that do not conflict with or contradict GASB pronouncements, in accordance with GASB Statement No. 62.

During fiscal year 2014, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this statement is to clarify the use of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This statement also requires certain items which were previously reported as assets and liabilities to be reported as deferred outflows of resources, deferred inflows of resources and as revenues and expenditures. The City adjusted beginning net position for its water and sewer fund by the amount of unamortized debt issuance costs, other than prepaid insurance costs.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Statements (Continued)

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column and (b) are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (general government, public safety, streets and highways, etc.) for governmental programs and for each segment (water and sewer and intermodal facility retail) for business-type activities. Gross expenses (including depreciation) are reduced by related program revenues, operating grants and capital grants. Direct expenses include those costs that are specifically associated with a service, program or department. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

The City does not employ an indirect cost allocation system. Internal activity between funds is limited to transfers and the loaning of money between funds, which has been eliminated in the government-wide statements. Interfund services provided and used are not eliminated during the process of fund consolidation to the government-wide statements.

The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City (property taxes, sales and use tax, certain intergovernmental revenues, fines, permits, charges, etc.).

Separate financial statements are provided for governmental funds, proprietary funds, and the 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. A reconciliation is provided following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

The internal service fund of a government (which traditionally provides services to other funds of the government) is presented in the proprietary fund financial statements. Since the principal users of the internal service fund are the City's governmental activities, the financial statements of the internal service fund are consolidated into the governmental column when presented at the government-wide level. To the extent possible, the cost of these services is reflected in the appropriate functional activity (general government, public safety, etc.).

The City's fiduciary funds are presented in the fund financial statements by type (agency/pension). Since by definition these assets are being held for the benefit of a third party and cannot be used for the benefit of the City, these funds are not incorporated into the government-wide statements. The Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan Fund accounts for funds held and invested by the City for employees to provide retirement income (see Note V.D.). The Cash Bond Fund accounts for the funds held by the City for municipal court costs and fines until court cases are settled and that money is either refunded to the payer or forfeited to the City.

The focus is on the City as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary fund (by type) and the component units. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The reporting model (GASB Statement No. 34) sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses or either fund category of the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

Major Governmental Funds

The City reports the following major governmental funds:

General Fund: This group of funds serves as the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Future Improvement Fund - Capital Projects Fund: This fund accounts for financial resources used for the acquisition and/or construction of major capital facilities or equipment (other than those financed by Enterprise Funds).

Storm Recovery FEMA Fund – Special Revenue Fund: This fund accounts for grants received from the Federal Emergency Management Agency (FEMA) for April 2011 storm relief efforts. This fund is not required to be reported as a major fund but the City has elected to report it as such.

Storm Recovery Insurance Fund – Capital Projects Fund: This fund accounts for insurance proceeds received as a result of the April 2011 storm. This fund is not required to be reported as a major fund but the City has elected to report it as such.

Major Proprietary Fund

The City has one major proprietary fund:

Water and Sewer Fund-Enterprise Fund: This fund is used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is generally financed with debt that is secured by a pledge of the revenues; (b) has third-party requirements that the cost of providing services, including capital costs, be recovered with fees and charges; or (c) has a pricing policy designed for the fees and charges to recover similar costs.

Fiduciary Funds

The City reports the following fiduciary funds:

Police Officers and Firefighters Supplemental Retirement Plan Fund: This fund is used to account for funds held by the City for beneficiaries until drawn on by those beneficiaries after retirement.

Cash Bond Fund: This fund is used to account for the funds held by the City for court costs until any case is settled by the municipal court.

Internal Service Fund

The City has one internal service fund:

Risk Management Health Insurance Fund: This fund is used to account for and finance the cost of health and dental insurance premiums paid for City employees and their families.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting/Measurement Focus

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The Government-Wide Financial Statements, the Proprietary Funds Financial Statements and the Fiduciary Fund Financial Statements are reported using the economic resources measurement focus along with the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Governmental Funds in the Fund Financial Statements are reported using the current financial resources measurement focus along with the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Accrual Basis – Revenues are recognized when earned and expenses are recognized when incurred under the accrual basis of accounting.

Modified Accrual Basis – Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. “Available” means collectible within the current period or soon enough thereafter, to be used to pay liabilities of the current period. The City considers amounts collected within sixty days after year-end, excluding grant moneys for which the period is one year after year-end, to be available and recognizes them as revenues of the current period. Most taxes and intergovernmental receipts are subject to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

In applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to GASB Statement No. 33 (the City may act as either provider or recipient), the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met should, under most circumstances, be reported as advances by the provider and deferred revenue by the recipient.

Tuscaloosa County bills and collects the City’s property taxes and remits payments to the City on a timely basis. Taxes are levied each October 1 on the taxable valuation of property (as defined by State statute) as of the preceding October 1. Property taxes are due and payable from October 1 to December 31. Any taxes not paid by December 31 are considered delinquent.

E. Assets, Liabilities, Deferred Outflows and Net Position or Equity

1. **Deposits and Investments** – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity date of three months or less from the date of acquisition.

The City maintains a cash and investment system in which substantially all cash is invested in interest-bearing checking accounts, certificates of deposit, or U. S. government obligations as authorized by law.

All investments in cash and U.S. Treasury with maturities of one year or less when purchased are reported on the balance sheet at their amortized cost. Nonparticipating investment contracts, generally certificates of deposits, are reported at cost. All other investments, including U.S. agency obligations with maturities greater than one year, are reported at fair value. Fair value is estimated based on quoted market prices at year-end.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows and Net Position or Equity (Continued)

2. **Receivables and Payables** – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of interfund loans).

Water, sewer and garbage receivables are shown net of an allowance for uncollectibles.

3. **Inventories and Prepaid Items** – Inventories for both governmental and proprietary funds, consisting principally of materials and supplies held for consumption, are valued at cost, approximating market value, using the first-in, first-out (FIFO) 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. The inventories and prepaid items recorded in the governmental funds do not reflect current appropriable resources, and, thus, an equivalent portion of fund balance is reported as nonspendable.

4. **Restricted Assets** – Restricted assets are those assets required to meet certain terms, covenants, and conditions of warrant indentures and other restrictions. Water and sewer restricted assets are restricted for debt service, construction of certain projects and the payment of customer deposits.

5. **Capital Assets** – Capital assets, which include machinery, equipment, vehicles, buildings, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City is currently capitalizing machinery and equipment with a cost of \$5,000 and an estimated life of at least three years. The City is reporting all infrastructure (roads, bridges, sidewalks, and similar items) including items acquired in fiscal years ended before June 30, 1980. Purchased capital assets are valued at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, offset by the interest earned on available funds until spent for construction. No interest expense from the business-type activities was capitalized for the year ended September 30, 2014.

The City reviews the carrying value of its capital assets to determine if circumstances exist indicating impairment in the carrying value of the capital assets. If facts or circumstances support the possibility of impairment, management follows guidance in GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. If impairment is indicated, an adjustment will be made to the carrying value of the capital assets.

Property, plant and equipment is being depreciated using the straight-line method over the following estimated useful lives:

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **Assets, Liabilities, Deferred Outflows and Net Position or Equity** (Continued)

5. **Capital Assets** (Continued)

<u>Assets</u>	<u>Years</u>
Buildings	50
Infrastructure	25-50
Additions to buildings, other structures	20
Property used for water distribution	50
Sewage treatment systems	50
Equipment	5-15
Vehicles	4-10
Computer equipment	3

6. **Deferred Outflows of Resources** – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

7. **Compensated Absences** – The AVAIL (Annual Vacation and Illness Leave) plan is the vacation and sick leave policy of the City. AVAIL days may be utilized for vacation or illness, as the employee so desires, and are earned at graduated rates based on length of service (12 days per year for the first year, with up to 30 days per year for over twenty years of service). Upon termination of employment with the City, an employee will be paid a maximum of sixty days of accumulated AVAIL time (see Note IV.G.).

The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of the debt is based on amounts due as a result of an employee's resignation or retirement. In the fund financial statements, governmental funds report only the liability payable from expendable and available financial resources which represents the portion of AVAIL leave that is outstanding upon an employee's termination. The proprietary fund reports the liability as it is incurred.

In prior years, the balance of compensated absence debt related to governmental activities has been liquidated using General Fund revenues, while the compensated absence debt related to the business-type activities has been liquidated using the general revenues from the Water and Sewer proprietary fund.

8. **Long-Term Obligations** – The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of warrants payable and compensated absences. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary fund debt is the same in the fund financial statements as it is in the government-wide statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows and Net Position or Equity (Continued)

9. Equity Classifications – Equity is classified differently depending on whether it is in the government-wide statements or the fund financial statements.

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Consists of all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

In the fund financial statements, governmental fund balance is presented in five possible categories:

- a. Nonspendable—resources which cannot be spent because they are either 1) not in spendable form or; 2) legally or contractually required to be maintained intact.
- b. Restricted—resources with constraints placed on the use of resources which are either 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- c. Committed—resources which are subject to limitations the City imposes upon itself by action of the City Council, and that remain binding unless the limitations are removed in the same manner. An ordinance adopted by the City Council establishes a fund balance commitment.
- d. Assigned—resources neither restricted nor committed for which the City has a stated intended use. The City Council via Council Action or the Mayor as authorized by the City Council establishes these fund balance assignments.
- e. Unassigned—resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

Proprietary net position is classified the same as in the government-wide statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows and Net Position or Equity (Continued)

In the government-wide financial statements and proprietary fund types in the fund financial statements, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, when expenditures are incurred in governmental fund types for purposes for which various fund balance classifications could be used, it is the City's policy to consider that restricted amounts have been reduced first, followed by committed, assigned, and then unassigned amounts.

The City has the following minimum fund balance/net position policies:

General Fund – minimum unassigned fund balance of at least 10% of the final prior year general fund operating expense budget.

Capital Projects Fund - minimum assigned fund balance of at least 10% of the final prior year general fund operating expense budget.

Water and Sewer Fund – minimum unrestricted net position of at least 30% of actual current year water and sewer operating expenses.

F. Revenues, Expenditures and Expenses

- 1. Operating Revenues and Expenses** – 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 City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. The principal operating revenues of the City's major enterprise fund, the Water and Sewer Fund, are charges to customers for sales and services. The operating revenues of the Intermodal Facility Retail Fund, the non-major enterprise fund, are charges to the Tuscaloosa County Parking and Transit Authority (PATA) for cost reimbursement of a portion of certain expenses paid by the City to maintain the leased space used by the PATA. See Note IV.H.1 for more information regarding this leasing arrangement. The internal service fund, the Health Insurance Fund, charges the various departments of the City and the employees the premiums for the health coverage provided. Operating expenses for enterprise funds and internal service funds include the cost of sales and service, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.
- 2. Program Revenues** – Program revenues include charges to customers or applicants for goods, services, or privileges provided, operating grants and contributions, and capital grants and contributions. All taxes are reported as general revenues.

II. NATURAL DISASTER

On April 27, 2011, a powerful tornado struck the City of Tuscaloosa and surrounding areas. The tornado damaged or destroyed over 5,000 residential structures and over 300 commercial structures. The City suffered losses to buildings, facilities, maintenance vehicles, and various supplies. The majority of the cost of eligible repairs that were not reimbursed by insurance have been or will be reimbursed by FEMA and the State of Alabama, including a majority of the cost of clean-up.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information

Annual budgets are employed each year as a management control device by the adoption of budgets for the General Fund and the Water and Sewer Enterprise Fund. Project length financial plans are adopted for capital projects. Budgets are not prepared for other governmental fund types or proprietary fund types; consequently, there is no statement of revenues and expenditures, budget and actual, for these funds.

An annual budget for the Water and Sewer Enterprise Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for the General Fund are adopted on a basis consistent with GAAP, except that budgets and budgetary schedules are prepared using encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of monies are recorded. All unencumbered appropriations lapse at fiscal year-end .

Encumbrance accounting is used for governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end lapse and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

The City follows these procedures in establishing the budget each year:

1. The Mayor submits to the City Council a proposed operating budget for the fiscal year commencing October 1. Budgets are prepared for the General Fund and the Water and Sewer Enterprise Fund by fund, function, department and object. The operating budget includes proposed expenditures and the means of financing them.
2. The budget, as adopted by the City Council, is at the department level.
3. The finance director is authorized to approve limited changes to certain line items of the budget within a department as long as the total budget for the department does not change. Council action is required for a change to the budget where the total budget for that department changes, and also for certain specific line items. Any increase must be funded by additional available resources at the time of the amendment.

The following schedule reconciles excess of revenues and other sources over expenditures and other uses of the General Fund on a budgetary basis using encumbrance accounting in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual to the amount reported on a GAAP basis. This budgetary comparison is reported in the basic financial statements as the perspective difference is not deemed to be significant.

Excess of revenues over (under) expenditures and other uses (budgetary basis)	\$ (11,627,485)
Adjustments:	
Encumbrances at beginning of year	(806,429)
Encumbrances at end of year	<u>232,012</u>
Excess of revenues over (under) expenditures and other uses (GAAP basis)	<u><u>\$ (12,201,902)</u></u>

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

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 qualified public depository under the SAFE program, its deposits are not subject to custodial credit risk.

Investments

As of September 30, 2014, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
U.S. Treasury Obligations	\$ 174,652	\$ 25,430	\$ 149,222
Certificates of Deposit	<u>200,000</u>	<u>200,000</u>	<u>—</u>
	<u>\$ 374,652</u>	<u>\$ 225,430</u>	<u>\$ 149,222</u>

Interest rate risk – In accordance with its investment policy, the City manages its exposure to declines in fair value by investing limited resources in investments, and further limiting its maturities of its investment portfolio to less than five years.

IV. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables at September 30, 2014, for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectibles, are shown below. There were no receivables for the fiduciary funds.

Receivables	General	Capital Project	Enterprise	Storm Recovery FEMA	Storm Recovery Insurance	Nonmajor Funds	Total
Special assessment	\$ —	\$ —	\$ 8,157	\$ —	\$ —	\$ —	\$ 8,157
Taxes	10,921,958	—	—	—	—	—	10,921,958
Accounts receivable	1,250,900	—	3,535,303	—	—	2,002,223	6,788,426
Special assessment interest	—	—	2,522	—	—	—	2,522
Unbilled receivables	310,470	—	3,130,819	—	—	—	3,441,289
Other governments	826,177	949,958	5,509,998	3,676,253	—	720,064	11,682,450
Gross receivables	13,309,505	949,958	12,186,799	3,676,253	—	2,722,287	32,844,802
Less: Allowance for uncollectibles	125,450	—	309,584	—	—	—	435,034
Net Receivables	<u>\$ 13,184,055</u>	<u>\$ 949,958</u>	<u>\$ 11,877,215</u>	<u>\$ 3,676,253</u>	<u>\$ —</u>	<u>\$ 2,722,287</u>	<u>\$ 32,409,768</u>

Revenues of the Water and Sewer Fund are reported net of uncollectible amounts. Total uncollectible amounts relating to revenues of the current period are \$285,309.

The governmental activities in the Statement of Net Position shows a non-current receivable in the amount of \$2,600,000. This is the amount due from the City Board of Education for the non-current portion of the 2002 warrant issue debt. See Long-term debt section for additional information.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At September 30, 2014, the Disaster Recovery Construction capital projects fund had a deficit fund balance resulting, in part, from accrued expenditures for which revenue has been deferred. In addition, capital expenditures were made in advance of final approval from the U.S. Department of Housing and Urban Development (HUD) for applied grant funds.

IV. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the year ended September 30, 2014 was as follows:

	Balance September 30, 2013	Additions and Adjustments	Deletions	Balance September 30, 2014
Capital assets not being depreciated:				
Land	\$ 3,362,539	\$ —	\$ —	\$ 3,362,539
Construction in progress	27,652,463	15,460,263	32,402,567	10,710,159
Total capital assets not being depreciated	<u>31,015,002</u>	<u>15,460,263</u>	<u>32,402,567</u>	<u>14,072,698</u>
Capital assets being depreciated:				
Infrastructure	227,817,466	21,270,814	—	249,088,280
Buildings	90,032,182	10,633,774	—	100,665,956
Machinery and equipment	53,498,334	2,071,639	1,173,464	54,396,509
Total capital assets being depreciated	<u>371,347,982</u>	<u>33,976,227</u>	<u>1,173,464</u>	<u>404,150,745</u>
Less accumulated depreciation for:				
Infrastructure	111,747,545	5,544,354	—	117,291,899
Buildings	17,493,859	1,987,737	—	19,481,596
Machinery and equipment	38,588,038	3,291,733	1,136,665	40,743,106
Total accumulated depreciation	<u>167,829,442</u>	<u>10,823,824</u>	<u>1,136,665</u>	<u>177,516,601</u>
Total capital assets being depreciated, net	<u>203,518,540</u>	<u>23,152,403</u>	<u>36,799</u>	<u>226,634,144</u>
Governmental activities capital assets, net	<u>\$ 234,533,542</u>	<u>\$ 38,612,666</u>	<u>\$ 32,439,366</u>	<u>\$ 240,706,842</u>
Business - type activities:				
Capital assets not being depreciated:				
Land	\$ 1,730,958	\$ 13,977	\$ —	\$ 1,744,935
Construction in progress	3,024,181	6,152,159	4,922,272	4,254,068
Total capital assets not being depreciated	<u>4,755,139</u>	<u>6,166,136</u>	<u>4,922,272</u>	<u>5,999,003</u>
Capital assets being depreciated:				
Buildings and system	404,984,442	7,569,424	89,607	412,464,259
Machinery and equipment	7,189,778	921,845	356,477	7,755,146
Total capital assets being depreciated	<u>412,174,220</u>	<u>8,491,269</u>	<u>446,084</u>	<u>420,219,405</u>
Less accumulated depreciation for:				
Buildings and system	134,395,373	8,470,040	82,929	142,782,484
Machinery and equipment	5,168,410	546,803	356,477	5,358,736
Total accumulated depreciation	<u>139,563,783</u>	<u>9,016,843</u>	<u>439,406</u>	<u>148,141,220</u>
Total capital assets being depreciated, net	<u>272,610,437</u>	<u>(525,574)</u>	<u>6,678</u>	<u>272,078,185</u>
Business-type activities capital assets, net	<u>\$ 277,365,576</u>	<u>\$ 5,640,562</u>	<u>\$ 4,928,950</u>	<u>\$ 278,077,188</u>

IV. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (continued)

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

Governmental activities:	
General government	\$ 1,534,057
Public safety	1,988,398
Streets and highways	6,114,701
Environmental services	511,788
Recreation	<u>674,880</u>
 Total depreciation expense-governmental activities	 \$ <u>10,823,824</u>

The City had numerous active construction projects at September 30, 2014.

D. Interfund Balances and Transfers

Interfund balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded and payments between funds are made. The composition of interfund balances at September 30, 2014, is as follows:

Due to General Fund from:	
Water and Sewer Fund	\$ 3,443,384
Health Insurance Fund (internal service fund)	1,421,000
Capital Projects Fund	17,300
Storm Recovery - Insurance Fund	1,405,638
Other Funds	<u>2,258,694</u>
 Total due to General Fund from Other Funds	 \$ <u>8,546,016</u>

IV. DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Balances and Transfers (continued)

Due to Capital Project Fund from:	
General Fund	\$ 2,455,747
Storm Recovery - FEMA Fund	4,144,630
Other Funds	<u>223,108</u>
Total due to Capital Projects Fund from Other Funds	<u>\$ 6,823,485</u>
Due to Storm Recovery - FEMA Fund from:	
General Fund	\$ 4,074
Storm Recovery - Insurance Fund	<u>865,000</u>
Total due to Storm Recovery - FEMA Fund from Other Funds	<u>\$ 869,074</u>
Due to Storm Recovery - Insurance Fund from:	
Other Funds	<u>\$ 725,000</u>
Total due to Storm Recovery - Insurance Fund from Other Funds	<u>\$ 725,000</u>
Due to Nonmajor Governmental Funds from:	
General Fund	\$ 681,108
Capital Projects Fund	121,529
Other Funds	<u>24,100</u>
Total due to Nonmajor Governmental Funds from Other Funds	<u>\$ 826,737</u>
Due to Water and Sewer Fund from:	
General Fund	\$ 4,013,261
Other Funds	<u>1,496,737</u>
Total due to Water and Sewer Fund (proprietary fund) from Other Funds	<u>\$ 5,509,998</u>
Due to Health Insurance Fund from:	
General Fund	\$ 1,402,761
Water and Sewer Fund	<u>185,803</u>
Total due to Health Insurance Fund (internal service fund) from Other Funds	<u>\$ 1,588,564</u>

IV. DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Balances and Transfers (continued)

Interfund transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that budget or statute requires to expend them, and to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as payments come due. In addition, at year-end, the City transfers funds from the General Fund to the Capital Project Fund to finance construction projects for the City.

Transfer to General Fund from:	
Water and Sewer Fund	\$ 1,134,685
Storm Recovery - FEMA Fund	207,775
Storm Recovery - Insurance Fund	23,588
Other Funds	<u>1,685,112</u>
Total transfer to General Fund from Other Funds	<u>\$ 3,051,160</u>
Transfer to Capital Projects Fund from:	
General Fund	<u>\$ 13,212,428</u>
Total transfer to Capital Projects Fund from Other Funds	<u>\$ 13,212,428</u>
Transfer to Storm Recovery - FEMA Fund from:	
General Fund	<u>\$ 55,487</u>
Total transfer to Storm Recovery - FEMA Fund from Other Funds	<u>\$ 55,487</u>
Transfer to Nonmajor Governmental Funds from:	
Water and Sewer Fund	\$ 1,268,799
General Fund	<u>3,040,330</u>
Total transfers to Nonmajor Governmental Funds from Other Funds	<u>\$ 4,309,129</u>

IV. DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Balances and Transfers (continued)

Transfer to Water and Sewer Fund from:	
General Fund	\$ 25,801
Other Funds	<u>302,827</u>
Total transfers to Water and Sewer Fund (proprietary fund) from Other Funds	<u>\$ 328,628</u>
Transfer to Intermodal Facility Retail Fund from:	
General Fund	<u>\$ 60,500</u>
Total transfers to Intermodal Facility Retail Fund from Other Funds	<u>\$ 60,500</u>

E. Unbilled Water, Sewer and Garbage Receivables

Due to the nature of the billing cycles used by the City for water and sewer charges and garbage billings, at any point in time, there are unbilled receivables for usage to date.

The amount of unbilled water and sewer receivables at year-end was \$3,130,819 and the amount of unbilled garbage receivables was \$310,470.

F. Warrant Issue Cost

Initial issue expense of the general obligation and water and sewer warrants was expensed when incurred, with the exception of prepaid insurance cost which is being amortized over the number of years that the warrant issues are outstanding. Unamortized debt issuance cost of \$2,040,947 at September 30, 2013 was adjusted through beginning net position for the Water and Sewer Fund.

G. Compensated Absences

Compensated absences consist of unpaid accumulated vacation and sick leave for all City employees. At September 30, 2014, the compensated absences of all City employees amounted to approximately \$9.75 million. Of this amount, \$925,564 relates to water and sewer employees and is recorded in the enterprise fund. The balance of approximately \$8.83 million relates to general City employees.

IV. DETAILED NOTES ON ALL FUNDS (Continued)

H. Leases

1. **Operating Leases** - Beginning in December, 2009, the City of Tuscaloosa leased a building for the purpose of renovating it to be used as a cultural arts center. The term of the lease is 20 years and one day. There is no holdover tenancy upon expiration. No rental payments are required. The primary consideration to the lessor is the promise of the City of Tuscaloosa to make major repairs to a portion of the premises. The lease is subject to the City obtaining a Section 108 HUD loan to pay for these repairs. The City has obtained a loan in the amount of \$1,500,000 and is, therefore, bound by the lease.

Effective October 23, 2009, the City entered into a 40 year lease, for \$1 per year, with the Tuscaloosa County Parking and Transit Authority (PATA), a discretely presented component unit, for space in the City's Intermodal Facility/Parking Deck for its administrative offices and downtown bus stop. In addition, the City and PATA will each be responsible for 50 percent of certain utility and maintenance costs associated with the leased space.

2. **Capital Leases** - The City has entered various lease agreements as lessee for financing the acquisition of computer equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the lesser of fair value or the present value of their future minimum lease payments as of the inception date. The equipment is capitalized at a cost of \$596,189.

There were no future minimum lease obligations in excess of one year from September 30, 2014.

I. Long-Term Debt

1. Loan

In December 2009, the City obtained a 20 year loan from the United States Department of Housing and Urban Development Section 108 Division for \$1.5 million to renovate a building located in the downtown district for use as a cultural arts center. Principal payments of \$75,000 are due annually commencing on August 1, 2011 with interest payment made semiannually on February 1st and August 1st, commencing on February 1, 2011. Debt service payments will continue through August 1, 2030. The interest rates range from 0.56% to 4.48% over the life of the loan. See Note IV.1.7. for more information regarding debt service.

IV. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Debt (continued)

2. General Obligation Warrants

The City issues general obligation warrants providing funds primarily for the construction of major capital facilities. General obligation warrants are direct obligations and the City pledges its full faith and credit for the debt. General obligation warrants outstanding at September 30, 2014 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
2014-A G.O. and Refunding Warrants	2.00-5.00%	\$ 22,100,000
2012-B G.O. Refunding Warrants	2.00-5.00%	5,920,000
2010-A G.O. Refunding Warrants	1.00-4.00%	17,030,000
2010-B G.O. Refunding Warrants	1.00-5.00%	5,070,000
2009 General Obligation Warrants	3.00-5.125%	15,865,000
2007 General Obligation Warrants	4.30-4.375%	13,470,000
2005 G.O. and Refunding Warrants	3.00-5.00%	3,115,000
		<u>\$ 82,570,000</u>

Annual debt service requirements to maturity for general obligation debt are as follows:

General Long-Term Debt*			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 4,870,000	\$ 3,570,137	\$ 8,440,137
2016	4,965,000	3,463,171	8,428,171
2017	2,445,000	3,316,634	5,761,634
2018	2,550,000	3,221,984	5,771,984
2019	2,660,000	3,113,484	5,773,484
2020-2024	14,885,000	13,680,497	28,565,497
2025-2029	18,080,000	9,798,735	27,878,735
2030-2034	17,840,000	5,563,481	23,403,481
2035-2039	14,275,000	1,826,105	16,101,105
Total	<u>\$ 82,570,000</u>	<u>\$ 47,554,228</u>	<u>\$ 130,124,228</u>

*The City Board of Education has signed an agreement with the City of Tuscaloosa to pay the debt service on the 2010-B warrants that were issued on their behalf. However, since the City is ultimately responsible for the debt, the debt service requirements have been included in the above schedule.

IV. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Debt (continued)

3. Extinguishment of Debt Through In-Substance Defeasance – General Obligation Warrants

On August 1, 2014, the City issued \$22.1 million of general obligation warrants with interest at 2.00% to 5.00%. These warrants were issued at a premium of \$3,322 million. Of the total proceeds of \$25,422 million, \$11,795 million was used to partially refund the principal of the City's 2007 general obligation warrants with interest rates of 4.00%-5.00%. The reacquisition price for the 2007 Issue exceeded the net carrying amount of the old debt by \$1,094,036. In the government-wide financial statements, this amount is reported as deferred outflows of resources and amortized over 13 years, which is remaining life of the refunded debt. The life of the 2014 Issue is 25 years. The refunding also generated \$13,627 million to be applied to future projects.

In prior years, the City defeased certain general obligation warrants by placing the proceeds of new warrants in an irrevocable trust to provide for all future debt service payments on the old warrants. Accordingly, the trust account assets and the liability for the defeased warrants are not included in the City's financial statements. On September 30, 2014, \$34,620,700 of warrants outstanding are considered defeased.

4. Water and Sewer Warrants

The City has issued warrants and has pledged income derived from certain assets to be used to pay the debt service. These warrants are used to finance construction in the water and sewer enterprise fund. At the beginning of the year, the amount of water and sewer debt outstanding was \$97,710,608. Water and sewer warrants outstanding at September 30, 2014 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
2008 SRF Issue	3.18%	\$ 440,000
2010 SRF Issue	2.57%	3,035,000
2005 Refunding and G.O. Warrant Issue	3.50-5.00%	8,845,000
2006 G.O. Warrant Issue	4.00-5.00%	8,740,000
2012-B G.O. Warrant Issue	2.00-5.00%	27,080,000
2012-A G.O. Warrant Issue	2.00-5.00%	22,795,000
2014-A G.O. Warrant Issue	3.00-5.00%	1,160,000
2014-B G.O. Warrant Issue	2.00%	22,305,000
2004 Drinking Water State Revolving Loan	1.60%	4,232,441
		<u>98,632,441</u>
Less: deferred loss on refunding		4,692,050
Total		<u>\$ 93,940,391</u>

IV. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Debt (continued)

4. Water and Sewer Warrants (continued)

Annual debt service requirements to maturity for water and sewer warrants are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 7,380,000	\$ 3,448,880	\$ 10,828,880
2016	7,640,000	3,191,103	10,831,103
2017	7,915,000	2,930,301	10,845,301
2018	8,120,000	2,723,568	10,843,568
2019	8,340,000	2,512,180	10,852,180
2020-2024	35,770,000	8,875,667	44,645,667
2025-2029	12,397,441	2,943,330	15,340,771
2030-2034	9,065,000	1,162,541	10,227,541
2035	2,005,000	35,506	2,040,506
Total	<u>\$ 98,632,441</u>	<u>\$ 27,823,076</u>	<u>\$ 126,455,517</u>

5. Extinguishment of Debt Through In-Substance Defeasance and Refundings – Water and Sewer Warrants

On August 1, 2014, the City issued \$23,465 million of water and sewer general obligation warrants with interest at 2.00% to 5.00%. These warrants were issued at a premium of \$228,853. The total proceeds of \$23,694 million was used to partially refund the principal of the City's 2006 water and sewer general obligation warrants with interest rates of 3.60%-5.00%. The reacquisition price for the 2006 Issue exceeded the net carrying amount of the old debt by \$1,168 million. This amount is reported as deferred outflows of resources and amortized over 6 years, which is remaining life of the refunded debt. The life of the 2014 Issue is 6 years.

In prior years, the City defeased certain water and sewer warrants and refunding warrants by placing the proceeds of new warrants in an irrevocable trust to provide for all future debt service payments on the old warrants. Accordingly, the trust account assets and the liability for the defeased warrants are not included in the City's financial statements.

At September 30, 2014, \$133,472,260 of warrants outstanding are considered defeased.

6. Debt Covenants

The Water and Sewer warrants require certain covenants including a coverage test. Revenue (as adjusted) less expenses (as adjusted) must meet a 1:1 ratio. Revenue is defined as all revenue less interest income. Expenses are defined as operating expense (per the financial statement) less depreciation. This adjusted amount must be greater than the principal and interest payments for the year.

IV. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Debt (continued)

7. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General City warrants	\$ 76,054,227	\$ 22,100,000	\$ 15,584,227	\$ 82,570,000	\$ 4,870,000
Section 108 loan	1,275,000	—	75,000	1,200,000	75,000
Robertson Bank loan	250,425	—	250,425	—	—
Capital leases	374,802	—	206,249	168,553	168,553
	<u>77,954,454</u>	<u>22,100,000</u>	<u>16,115,901</u>	<u>83,938,553</u>	<u>5,113,553</u>
Total warrants, notes payable, and capital leases	77,954,454	22,100,000	16,115,901	83,938,553	5,113,553
Net OPEB obligation	2,661,447	788,230	—	3,449,677	—
Compensated absences	7,450,882	4,771,683	3,391,781	8,830,784	2,779,247
Workers compensation claims	839,525	1,123,756	758,771	1,204,510	236,361
	<u>88,906,308</u>	<u>28,783,669</u>	<u>20,266,453</u>	<u>97,423,524</u>	<u>8,129,161</u>
Governmental activity long-term liabilities	<u>\$ 88,906,308</u>	<u>\$ 28,783,669</u>	<u>\$ 20,266,453</u>	<u>\$ 97,423,524</u>	<u>\$ 8,129,161</u>
Business-type activities:					
Water and sewer warrants	\$ 102,852,441	\$ 23,465,000	\$ 27,685,000	\$ 98,632,441	\$ 7,380,000
Less deferred loss on refunding	5,141,833	1,167,920	1,617,703	4,692,050	418,351
	<u>97,710,608</u>	<u>22,297,080</u>	<u>26,067,297</u>	<u>93,940,391</u>	<u>6,961,649</u>
Total warrants	97,710,608	22,297,080	26,067,297	93,940,391	6,961,649
Net OPEB obligation	443,836	130,939	—	574,775	—
Compensated absences	896,100	701,908	672,444	925,564	278,800
Workers compensation claims	112,571	234,241	134,036	212,776	4,433
	<u>99,163,115</u>	<u>23,364,168</u>	<u>26,873,777</u>	<u>95,653,506</u>	<u>7,244,882</u>
Business-type activity long-term liabilities	<u>\$ 99,163,115</u>	<u>\$ 23,364,168</u>	<u>\$ 26,873,777</u>	<u>\$ 95,653,506</u>	<u>\$ 7,244,882</u>

The fund balance of the General Fund has been used in prior years to liquidate any obligation held in Governmental Funds. Federal funds obtained from the Community Development Block Grant and receipted in the Community Development Special Revenue Funds will be used to liquidate the Section 108 loan. The Net OPEB obligation was unfunded for the September 30, 2014 fiscal year and will remain unfunded and on a pay-as-you-go financing basis.

V. OTHER INFORMATION

A. Risk Management

The City is exposed to risk in the form of health claims, worker compensation claims, automobile claims and professional liability. The City has elected to purchase vehicle insurance for only the larger items, and to self-insure for general and professional liability. The risks for health insurance and workers compensation claims are described below.

1. Health Insurance Fund

Effective October 1, 1987, the City established a Risk Management Health Insurance Fund (an internal service fund) to account for and finance the cost of health and dental insurance premiums paid for the City employees and their families. Under this program, the City's deductible is \$205,000 cumulative per employee, per policy period. An outside major insurance carrier administers the plan. The City purchases commercial insurance for claims in excess of coverage provided by the fund up to a limit of \$1,795,000 per person per policy period. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The General Fund and the Water and Sewer Enterprise Fund employees participate in the insurance program. Payments are made by these funds and by employees based on actuarial estimates of the amounts required to pay current year claims.

The outstanding claims liability of \$838,100 at September 30, 2014 is based on the requirements of Governmental Accounting Standards Board Statement 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. A provision for inflation on the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the period in which they are made.

Changes in the fund's claims liability for the years ended September 30, 2014 and 2013 were as follows:

	Year ended September 30, 2014	Year ended September 30, 2013
Unpaid claims, beginning of year	\$ 773,900	\$ 823,100
Incurred claims (including IBNRs)	12,808,658	12,475,342
Claims paid	<u>(12,744,458)</u>	<u>(12,524,542)</u>
Unpaid claims, end of year	<u>\$ 838,100</u>	<u>\$ 773,900</u>

V. OTHER INFORMATION (Continued)

A. Risk Management (continued)

2. Workers Compensation Claims

The City accounts for and finances the cost of workers compensation claims paid for City employees in the General Fund and the Water and Sewer Enterprise Fund. The City retains the risk for the first \$1,000,000 per person, per accident or disease, per year, and purchases commercial insurance for claims in excess of \$1,000,000 up to \$5,000,000 per person, per accident or disease, per year. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Payments are made in the funds based upon actuarial estimates of the amounts required to pay current year claims. The plan is administered by an outside major insurance carrier.

The total outstanding claims liability at September 30, 2014 of \$1,417,286 is based on the requirements of Government Accounting Standards Board Statement 10, as explained above. The carrying value is calculated using an interest rate of 1.6%. Of the above amount, \$212,776 is reported in the Water and Sewer Enterprise Fund. The balance, \$1,204,510, relates to other City employees and is not reported in the governmental fund financial statements as it is not expected to be liquidated with expendable available financial resources. The liability is reported as long-term debt due after one year in the governmental activities in the Statement of Net Position.

Changes in the workers compensation claims liabilities amounts for the year ended September 30, 2014, were as follows:

	General City Employees	Water and Sewer Employees
Unpaid claims, beginning of year	\$ 839,525	\$ 112,571
Increase (incurred claims, including IBNR's)	1,123,756	234,241
Decrease (claims paid and reserve reduction)	<u>(758,771)</u>	<u>(134,036)</u>
Unpaid claims, end of year	<u>\$ 1,204,510</u>	<u>\$ 212,776</u>

Changes in the workers compensation claims liabilities amounts for the year ended September 30, 2013, were as follows:

	General City Employees	Water and Sewer Employees
Unpaid claims, beginning of year	\$ 555,578	\$ 53,897
Increase (incurred claims, including IBNR's)	837,086	132,844
Decrease (claims paid and reserve reduction)	<u>(553,139)</u>	<u>(74,170)</u>
Unpaid claims, end of year	<u>\$ 839,525</u>	<u>112,571</u>

V. OTHER INFORMATION (Continued)

B. Joint Ventures

1. Black Warrior Solid Waste Disposal Authority

The Black Warrior Solid Waste Disposal Authority (the "Authority") was incorporated as a non-profit public corporation on August 2, 1993, under the provisions of Act No. 80-278 of the 1980 Regular Session of the Legislature of Alabama, as amended. The Board of Directors of the Authority consists of nine members, three of which are appointed by each of the governing bodies of the City of Tuscaloosa, the City of Northport, and Tuscaloosa County, Alabama. The landfill facility is the disposal site for all of the municipal solid waste generated within the municipalities and all of Tuscaloosa County, Alabama.

The following is a summary of the financial information of the Authority as of and for the year ended September 30, 2014:

Total assets	<u>\$ 31,702,746</u>
Current liabilities	\$ 188,503
Long-term liabilities	11,861,737
Total liabilities	<u>\$ 12,050,240</u>
Total net position	<u>\$ 19,652,506</u>
Total revenues	\$ 4,721,524
Total expenditures	(4,036,927)
Non-operating revenues, net of non-operating expenditures	567,835
Net increase in net position	<u>\$ 1,252,432</u>

The debt of the Authority is secured by various assets of the Authority.

A copy of the complete financial statements may be obtained at the administrative office of the Black Warrior Solid Waste Disposal Authority, 3301 Land Fill Drive, Coker, AL 35452.

V. OTHER INFORMATION (Continued)

B. Joint Ventures (continued)

2. Tuscaloosa County Minimum Security Facility

On September 26, 1984, the City of Tuscaloosa, City of Northport, and Tuscaloosa County entered into a joint venture to build a new minimum security facility (the jail). Each participant's original pro-rata share is as follows:

	<u>Percent</u>	<u>Amount</u>
City of Tuscaloosa	32 %	\$ 800,000
City of Northport	9	225,000
Tuscaloosa County	59	1,475,000
	<u>100 %</u>	<u>\$ 2,500,000</u>

The jail is operated as a department of Tuscaloosa County. As a result, the jail's assets, liabilities, and operations are combined with other County activities and separate financial statements are not available. The County is responsible for selecting management, budgeting, and daily operations. The County charges the City of Tuscaloosa and the City of Northport on a quarterly basis for their representative share of the cost of operations.

3. Metro Animal Shelter, Inc.

Effective September 27, 2012, the City of Tuscaloosa, City of Northport, and Tuscaloosa County extended its agreement for an additional three years to fund the Metro Animal Shelter, Inc. in the amount of \$537,000 per year, based on the following percentages, in order to provide animal shelter services in the County.

	<u>Percent</u>	<u>Amount</u>
City of Tuscaloosa	42 %	\$ 225,540
City of Northport	10	53,700
Tuscaloosa County	48	257,760
	<u>100.00 %</u>	<u>\$ 537,000</u>

At each June 30 fiscal year end, the Shelter is to return all profits in excess of \$10,000 to be placed in an account for maintenance, repairs and improvements at the shelter. For the year ended June 30, 2014, no excess was returned to the City.

V. OTHER INFORMATION (Continued)

C. Other Post-Employment Benefits

1. Plan Description

The City participates in a single-employer, self-insured health insurance program administered by Blue Cross and Blue Shield of Alabama. The City extends post-employment medical insurance benefits to qualifying employees. The earliest retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service (called "Tier I" members). Employees hired on and after January 1, 2013 (called "Tier II" members) are eligible to retire only after attainment of age 62 or later and completion of 10 years of service. For Fire and Police employees, the ages are age 56 and 10 years of service for Tier I and age 60 and ten years of service for Tier II. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. After a retiree becomes eligible for Medicare (age 65 in most cases), no medical benefits are provided by the City. The City Council has the authority to establish and amend benefit provisions. The Plan does not issue a separate financial report.

2. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. Employees do not contribute to their post-employment benefit costs until they become retirees and begin receiving those benefits. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs and anticipated inflationary increases as determined annually by the City Council. The City's funding policy is to not fund the Annual Required Contribution except to the extent of the current year's retiree costs. For the fiscal year ended September 30, 2014, the City and plan members receiving benefits contributed a total of \$52,899.

3. Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 1,222,312
Interest on net OPEB obligation	124,211
Adjustment to annual required contribution	<u>(179,579)</u>
Annual OPEB cost	1,116,944
Contributions made (retiree premium)	<u>(247,775)</u>
Increase in net OPEB obligation	919,169
Net OPEB obligation – beginning of the year	<u>3,105,283</u>
Net OPEB obligation – end of the year	<u>\$ 4,024,452</u>

V. OTHER INFORMATION (Continued)

C. Other Post-Employment Benefits (continued)

3. Annual OPEB Cost and Net OPEB Obligation (continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for each of the three years ended September 30, were as follows:

Three Year Trend Information				
Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2014	\$ 1,222,312	\$ 247,775	20.27%	\$ 4,024,454
9/30/2013	\$ 1,321,813	\$ 415,325	31.42%	\$ 3,105,283
9/30/2012	\$ 816,477	\$ 290,160	35.54%	\$ 2,198,795

4. Funded Status and Funding Progress

As of October 1, 2013, the most recent actuarial valuation date for fiscal year ending September 30, 2014, the plan was zero percent funded. The actuarial accrued liability for benefits was \$11,886,004, and the actuarial value of plan assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$11,886,004. The covered payroll (annual payroll of active employees covered by the plan) was \$66,608,053, and the ratio of the UAAL to the covered payroll was 17.84 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the City's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information as of September 30, 2014, the sixth year of implementation. In subsequent years, the schedule will provide multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

5. Actuarial Method and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of plan assets, consistent with the long-term perspective of the calculations. The actuarial valuations for post-employment benefits includes estimates and assumptions regarding turnover rate, retirement rate, healthcare cost trend rate, mortality rate, investment rate of return (discount rate), and the period to which the costs apply.

V. OTHER INFORMATION (Continued)

C. Other Post-Employment Benefits (continued)

5. Actuarial Method and Assumptions (continued)

In the October 1, 2013 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 15% annual turnover rate, 4.0% investment rate of return (discount rate), and an annual healthcare cost trend of 8.0% initially, reduced by decrements to an ultimate rate of 5.0% after ten years (the trend rate includes an inflation factor of 2.50% annually). For mortality rates the 1994 Group Annuity Reserving (94GAR) table was used. The UAAL is being amortized as a level dollar amount on an open basis within a period of 30 years. For the retirement rate, it is assumed that entitlement to benefits will commence upon actual retirement, which has been assumed to be at the earlier of age 55 and 25 years of service and age 60 and 10 years of service. In addition, "Tier II" retirement plan members (those hired on and after January 1, 2013) would not be eligible to retire before age 62 (age 60 for police and firefighters).

D. Defined Benefit Pension Plans

1. General Information

The City maintains a single-employer, supplemental defined benefit pension plan that covers all fire and police officers, and participates in three externally maintained defined benefit pension plans covering substantially all employees. The pension plans are funded as required by applicable statutes, ordinances, or as a percentage of eligible salaries and/or based upon actuarial valuations. Each plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. The Tuscaloosa Police Officers and Fire Fighters Retirement Plan is a single-employer defined benefit plan covering all certified firemen and policemen. The Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan is a single-employer defined benefit plan covering all firemen and policemen and is meant to supplement the benefits of the Tuscaloosa Police Officers and Fire Fighters Retirement Plan paid to high-ranking police officers and firefighters. The Met Life Retirement and Savings Plan, an agent-multiple employer retirement plan, covered all non-civil service employees until May 6, 2000, when the plan was closed, the assets were frozen, and the employees became members of the Employees Retirement System of Alabama. An employee covered by the Met Life plan starts over to meet the retirement requirements of Employees Retirement System of Alabama. An employee retiring before meeting these requirements will retire under the Met Life plan. The Employees Retirement System of Alabama, an agent-multiple employer retirement plan, is open to all hourly employees. The Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan's financial statements are included in the fiduciary statements of this report. The Employees Retirement System of Alabama, Met Life Retirement and Savings Plan, and Tuscaloosa Police Officers and Fire Fighters Retirement Plan issue a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by contacting the plan.

Employees Retirement System
of Alabama
P. O. Box 302150
Montgomery, AL 36130-0001
(334) 832-4140

Met Life Retirement
and Savings Plan
P.O. Box 14710
Lexington, KY 40512
(859) 245-8100

Tuscaloosa Police Officers and
Fire Fighters Retirement Plan
Box 2089
Tuscaloosa, AL 35403
(205) 248-5170

V. OTHER INFORMATION (Continued)

D. Defined Benefit Pension Plans (Continued)

2. Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan

a. Plan Description

The City administers the Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan, a single-employer, defined benefit pension plan in which all certified policemen and firefighters participate. The Plan was established on October 1, 2006 and provides retirement benefits to plan members and their beneficiaries. The City Council of the City of Tuscaloosa is authorized to establish and amend all plan provisions. Retirement benefits become payable, regardless of age, after achieving a rank of captain or higher as a police officer or firefighter, completion of 30 years of service, and is qualified to receive benefits under the Tuscaloosa Police Officers and Firefighters Retirement Plan. The normal retirement benefit for qualified members is monthly payout of one-twelfth of 50% of the employee's final pay less the annual benefit under the Tuscaloosa Police and Firefighters Retirement Plan. The Plan is funded 100% by City contributions. All funds contributed to this plan are invested by the City in short term certificates of deposit. This plan has been submitted for approval by the Internal Revenue Service.

b. Summary of Significant Accounting Policies – Basis of Accounting and Valuation of Investments

The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the City's balance sheet date. Securities without an established market are reported at estimated fair value.

c. Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the actuarial value of plan assets was \$414,150; the actuarial accrued liability was \$1,052,889; the total unfunded actuarial accrued liability was \$638,739; the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio) was 39.3 percent; the annual covered payroll was \$3.383 million; and the ratio of the unfunded actuarial liability to annual covered payroll was 20.2 percent. The actuarial assumptions used are described in the Funding Policy and Annual Pension Cost section in Note V.D.6. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

V. OTHER INFORMATION (Continued)

D. Defined Benefit Pension Plans (continued)

3. Employees Retirement System of Alabama

a. Plan Description

The City participates in the Employees Retirement System of Alabama, a cost-sharing, multiple employer, defined benefit pension plan. State statutes authorize the State to establish and amend all plan provisions. This plan is open to all employees. Vesting occurs when an employee meets the qualifications for retirement. For employees hired before January 1, 2013, the normal retirement benefits become payable regardless of age after completion of 25 years of service, or attainment of age 60 with 10 years credited service. For employees hired on or after January 1, 2013, the normal retirement benefits become payable at age 62 after 25 years of service or attainment of age 62 with 10 years of credited service.

For employees hired before January 1, 2013, the normal retirement for employees participating in this pension plan is determined by (a) and (b) multiplied by the employee's actual compensation derived by averaging the highest three annual salaries within the last ten years of credited service.

- (a) years of credited service
- (b) benefit factor (2.0125%)

For employees hired on or after January 1, 2013, the normal retirement for employees participating in this pension plan is determined by (a) and (b) multiplied by the employee's actual compensation derived by averaging the highest five annual salaries within the last ten years of credited service.

- (a) years of credited service
- (b) benefit factor (1.65%)

All funds contributed to this plan are remitted to the Employees Retirement System of Alabama. These funds are then pooled with other contributors in the state and invested according to the guidelines set forth by the Board of Directors of the Employees Retirement System of Alabama.

b. Summary of Significant Accounting Policies – Basis of Accounting and Valuation of Investments

The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the City's balance sheet date. Securities without an established market are reported at estimated fair value.

V. OTHER INFORMATION (Continued)

D. Defined Benefit Pension Plans (continued)

c. Funded Status and Funding Progress

As of September 30, 2013, the most recent actuarial valuation date, the actuarial value of plan assets was \$61,696,530; the actuarial accrued liability was \$84,438,115; the total unfunded actuarial accrued liability was \$23,041,585; the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio) was 72.8 percent; the annual covered payroll was \$33.5 million; and the ratio of the unfunded actuarial liability to annual covered payroll was 68.9 percent. The actuarial assumptions used are described in the Funding Policy and Annual Pension Cost section in Note V.D.6. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

4. Met Life Retirement and Savings Plan

This closed plan was open to all non-civil service employees with at least 1 year of full service. City employees that participated in this plan were not required to contribute to the plan. Normal retirement benefits become payable at age 65 or after 5 years of inclusion in the plan. The normal retirement for employees participating in this pension plan is computed by calculating twenty percent (20%) of the average monthly earnings for the last seven years of credited service. All funds contributed to this plan are remitted to Met Life Retirement and Savings Plan. These funds are then pooled with other contributors and invested.

5. Tuscaloosa Police Officers and Fire Fighters Retirement Plan

a. Plan Description

This plan is open to all certified firemen and policemen. Normal retirement benefits become payable, regardless of age, after completion of 20 years of service, or age 65. The normal retirement for employees participating in this pension plan is 4.4% of the pension base for each year of credited service. The minimum benefit is \$1,028 per month and the maximum benefit is \$3,046 per month. All funds contributed to this plan are invested by the financial advisors made up of representatives from Lord Abbett, IDP, Southeastern Management, Atlanta Capital, NWQ International, Merrill Lynch, Pimco and BlackRock. Plan assets are held by Merrill Lynch and are invested primarily in stocks and U. S. Government securities.

b. Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the actuarial value of plan assets was \$62,746,945; the actuarial accrued liability was \$144,671,286; the total unfunded actuarial accrued liability was \$81,924,341; the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio) was 43.4%; the annual covered payroll was \$31,014,140; and the ratio of the unfunded actuarial liability to annual covered payroll was 264.2%. The actuarial assumptions used are described in the Funding Policy and Annual Pension Cost section in Note V.D.6. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

V. OTHER INFORMATION (Continued)

D. Defined Benefit Pension Plans (continued)

6. Funding Policy and Annual Pension Cost

Management of each plan as well as the contribution requirement for the plan members and the City are determined by the respective oversight units as described below. The City's annual pension cost for the current year and the related information for each plan is as follows (for Employees Retirement System of Alabama, September 30, 2013 is the most recent information available to the City from the plan):

	Police Officers and Firefighters Supplemental Retirement Plan	Employees Retirement System of Alabama	Met Life Retirement and Savings Plan	Tuscaloosa Police Officers and Fire Fighters Retirement Plan
Oversight authority	City Council of the City of Tuscaloosa	State of Alabama	City Council of the City of Tuscaloosa	Board of Trustees of the Pension and Relief Fund
Statutory authority for participation in Plan	Article XVI of Chapter 19 of the Code of Tuscaloosa	Alabama Code §36-27-6, et seq. (1975)	Alabama Code §11-91-8 (1975)	Act. No. 99-568 of the 1999 Legislative Session
Contribution rates:				
City - Tier 1	N/A	8.17%	N/A	N/A
City - Tier 2	N/A	5.87%	N/A	N/A
City	2.20%	N/A	**	13.25%
Plan members - Tier 1	N/A	5.00%	N/A	N/A
Plan members - Tier 2	N/A	6.00%	N/A	N/A
Plan members	0.00%	N/A	**	11.25%
Annual pension cost	\$67,000	\$2,403,916	**	\$4,173,937
Contribution made	\$78,000	\$2,403,916	**	\$4,173,937
Actuarial valuation date	1/1/2014	9/30/2013	11/1/2006	1/1/2014
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level dollar open	Level percent open	Level dollar closed	Level percent open
Remaining amortization	30 years	23 years	20 years	26 years
Asset valuation method	Market Value	5 year smoothed market	Fund value	5 year smoothed market
Actuarial assumptions:				
Investment rate of return	6.00%	8.00%	6.00%	8.00%
Projected salary increases	5.50%	3.75% - 7.25%	4.00%	5.50%
Includes inflation at	4.00%	3.00%	N/A	4.00%

** Closed plan.

V. OTHER INFORMATION (Continued)

D. Defined Benefit Pension Plans (continued)

7. Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Employees Retirement System of Alabama	9/30/2013	\$ 2,403,916	100.00%	\$ —
	9/30/2012	1,970,618	100.00%	—
	9/30/2011	1,990,256	100.00%	—
Police Officers and Firefighters Supplemental Retirement Plan	9/30/2014	67,000	100.00%	—
	9/30/2013	67,000	100.00%	—
	9/30/2012	67,000	100.00%	—
Met Life Retirement and Savings Plan	9/30/2006	130,523	100.00%	—
	9/30/2005	119,340	100.00%	—
	9/30/2004	112,276	100.00%	—
Tuscaloosa Police Officers and Fire Fighters Retirement Plan	1/1/2014	4,173,937	100.00%	—
	1/1/2013	3,980,186	100.00%	—
	1/1/2012	3,884,760	100.00%	—

E. Commitments and Contingencies

The City is a defendant in various lawsuits and has been notified of various claims against it arising from matters relating to its normal operation. The City believes that any liability resulting from such suits and claims will be covered by the City's liability insurance or by funds of the City which will be available to discharge such liability without impairing its ability to perform any of its other obligations.

The City has various construction projects in progress, including road improvements, construction of and upgrading water drainage systems and water and sewer facilities.

The City has General Fund encumbrances outstanding as of September 30, 2014 of \$232,012.

Under the final consent order with Alabama Department of Environmental Management related to the operation of the City's sewer system and certain violations, the City and its consultants estimate an annual cost of \$1,680,000 to meet the requirements in the agreement.

As a result of the April 2011 storms, the City will incur future recovery costs that will not be reimbursed through insurance proceeds or federal and state grant funds. The City and its consultants estimate these future unreimbursed costs to be up to \$5,000,000.

V. OTHER INFORMATION (Continued)

F. Subsequent Events

In December 2014, the City refunded the remaining 2005 warrant issue, in the amount of \$11,640,000, which will result in debt service savings over the life of the original loan.



CITY OF TUSCALOOSA

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS

September 30, 2014

<u>Fiscal Year</u>	<u>(1) Actuarial Value of Assets</u>	<u>(2) Actuarial Accrued Liability (AAL) -Entry Age</u>	<u>(3) Unfunded (Funded) UAL (UAAL) (2-1)</u>	<u>(4) Funded Ratio (1 / 2)</u>	<u>(5) Covered Payroll</u>	<u>(6) UAAL as a Percentage of Covered Payroll (3/5)</u>
I. Employees Retirement System of Alabama (valuation as of each September 30):						
2013*	\$ 61,696,530	\$ 84,438,115	\$ 23,041,585	73.1 %	\$ 33,454,273	68.9 %
2012	55,934,195	75,530,362	19,596,167	74.1	29,790,480	65.8
2011	54,562,125	77,481,727	22,919,602	70.4	31,400,424	73.0
II. Met Life Retirement and Savings Plan (valuation as of each November 1):						
2006	\$ 1,032,960	\$ 2,179,251	\$ 1,146,291	47.4 %	\$ 4,485,000	25.6 %
2005	870,821	1,838,127	967,306	47.4	4,688,320	20.6
2004	1,008,553	1,885,800	877,247	53.5	4,846,774	18.1
III. Tuscaloosa Police Officers and Fire Fighters Retirement Plan (valuation as of each January 1):						
2013	\$ 62,746,945	\$ 144,671,283	\$ 81,924,341	43.4 %	\$ 31,014,140	264.2 %
2012	58,542,645	141,156,245	82,613,600	41.5	28,180,911	293.2
2011	60,188,727	137,649,861	77,461,134	43.7	26,804,554	289.0
IV. Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (valuation as of each January 1):						
2014	\$ 414,150	\$ 1,052,889	\$ 638,739	39.30 %	\$ 3,382,865	18.9 %
2013	360,904	1,066,687	705,783	33.80	3,051,742	23.1
2012	201,568	1,252,081	1,050,513	16.10	3,758,145	28.0
V. Tuscaloosa Post Employment Health Care Plan (annual valuation as of each October 1):						
2013	\$ —	\$ 11,428,850	\$ 11,428,850	— %	\$ 66,608,053	17.2 %
2012	—	12,959,681	12,959,681	—	66,520,103	19.5
2011	—	8,521,587	8,521,587	—	63,552,711	13.4

*The valuation reflects the impact of Act 2011-27 (DROP Repeal) and Act 2011-676 (Employee Contribution Increase).



**COMBINED STATEMENTS
AND SCHEDULES**

CITY OF TUSCALOOSA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

September 30, 2014

ASSETS	Special Revenue Funds	Capital Projects Funds	Permanent Fund Capital Park Maintenance	Total Nonmajor Governmental Funds
Cash and cash equivalents	\$ 7,440,420	\$ 3,044,348	\$ 17,754	\$ 10,502,522
Restricted cash	—	614,300	—	614,300
Investments	174,652	—	—	174,652
Receivables (net of allowances for uncollectibles)	26,687	1,975,536	—	2,002,223
Due from other governments	720,064	—	—	720,064
Due from other funds	230,298	522,475	73,964	826,737
Inventory	292	—	—	292
Total assets	\$ 8,592,413	\$ 6,156,659	\$ 91,718	\$ 14,840,790
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 194,434	\$ 1,156,938	\$ 3,127	\$ 1,354,499
Deferred revenue	36,909	205,293	—	242,202
Due to other funds	2,085,214	3,504,725	2,700	5,592,639
Total liabilities	2,316,557	4,866,956	5,827	7,189,340
Fund balances:				
Restricted for:				
Capital projects	4,327,984	514,372	—	4,842,356
Capital Park maintenance	—	—	85,891	85,891
Community development	5,184	—	—	5,184
Hazard mitigation	3	—	—	3
Road projects	941,227	—	—	941,227
Salaries	306,444	—	—	306,444
Committed for:				
Capital projects	—	1,083,100	—	1,083,100
Cemetery maintenance	148,722	—	—	148,722
Tourism enhancement	276,087	—	—	276,087
Assigned for:				
Capital projects	270,205	—	—	270,205
Unassigned	—	(307,769)	—	(307,769)
Total fund balances	6,275,856	1,289,703	85,891	7,651,450
Total liabilities and fund balances	\$ 8,592,413	\$ 6,156,659	\$ 91,718	\$ 14,840,790

CITY OF TUSCALOOSA

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

For the year ended September 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Capital Park Maintenance	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 886,240	\$ —	\$ —	\$ 886,240
Intergovernmental	3,694,481	10,576,418	—	14,270,899
Other revenues	<u>1,349,491</u>	<u>529,455</u>	<u>—</u>	<u>1,878,946</u>
Total revenues	<u>5,930,212</u>	<u>11,105,873</u>	<u>—</u>	<u>17,036,085</u>
Expenditures:				
Current operations:				
General government	252,182	1,128,121	—	1,380,303
Public safety	446,988	—	—	446,988
Culture and recreation	455,404	5,661	16,699	477,764
Housing	832,606	—	—	832,606
Economic development	<u>265,042</u>	<u>173,164</u>	<u>—</u>	<u>438,206</u>
Total current operations	2,252,222	1,306,946	16,699	3,575,867
Capital outlay	506,033	8,161,210	—	8,667,243
Debt service:				
Principal payments	75,000	—	—	75,000
Interest charges	45,600	—	—	45,600
Intergovernmental expenditures	<u>849,000</u>	<u>2,719,263</u>	<u>—</u>	<u>3,568,263</u>
Total expenditures	<u>3,727,855</u>	<u>12,187,419</u>	<u>16,699</u>	<u>15,931,973</u>
Excess (deficiency) of revenues over expenditures	<u>2,202,357</u>	<u>(1,081,546)</u>	<u>(16,699)</u>	<u>1,104,112</u>
Other financing sources (uses) :				
Transfers in	855,011	3,437,419	16,699	4,309,129
Transfers out	<u>(647,299)</u>	<u>(1,340,639)</u>	<u>—</u>	<u>(1,987,938)</u>
Total other financing sources (uses)	<u>207,712</u>	<u>2,096,780</u>	<u>16,699</u>	<u>2,321,191</u>
Net change in fund balances	2,410,069	1,015,234	—	3,425,303
Fund balances, beginning of year	<u>3,865,787</u>	<u>274,469</u>	<u>85,891</u>	<u>4,226,147</u>
Fund balances, end of year	<u>\$ 6,275,856</u>	<u>\$ 1,289,703</u>	<u>\$ 85,891</u>	<u>\$ 7,651,450</u>

CITY OF TUSCALOOSA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS

September 30, 2014

<u>ASSETS</u>	Downtown Urban Revitalization	Intermodal Facility Construction	River Market Construction	Tourism Capital Projects	Disaster Recovery Construction	Public Safety Capital Projects	Public Works Capital Projects	Total Nonmajor Capital Project Funds
Cash and cash equivalents	\$ 325,533	\$ 66,292	\$ 301,701	\$ 137,139	\$ 1,315,785	\$ 250,000	\$ 647,898	\$ 3,044,348
Restricted cash	—	—	—	—	614,300	—	—	614,300
Receivables (net of allowances for uncollectibles)	—	—	95,850	23,963	1,855,723	—	—	1,975,536
Due from other funds	—	—	—	24,100	498,375	—	—	522,475
Total assets	<u>\$ 325,533</u>	<u>\$ 66,292</u>	<u>\$ 397,551</u>	<u>\$ 185,202</u>	<u>\$ 4,284,183</u>	<u>\$ 250,000</u>	<u>\$ 647,898</u>	<u>\$ 6,156,659</u>
 <u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable	\$ 47,753	\$ —	\$ —	\$ —	\$ 1,109,185	\$ —	\$ —	\$ 1,156,938
Deferred revenue	—	—	—	—	205,293	—	—	205,293
Due to other funds	152,794	—	74,457	—	3,277,474	—	—	3,504,725
Total liabilities	<u>200,547</u>	<u>—</u>	<u>74,457</u>	<u>—</u>	<u>4,591,952</u>	<u>—</u>	<u>—</u>	<u>4,866,956</u>
Fund balances:								
Restricted for:								
Capital projects	124,986	66,292	323,094	—	—	—	—	514,372
Committed for:								
Capital projects	—	—	—	185,202	—	250,000	647,898	1,083,100
Unassigned	—	—	—	—	(307,769)	—	—	(307,769)
Total fund balances	<u>124,986</u>	<u>66,292</u>	<u>323,094</u>	<u>185,202</u>	<u>(307,769)</u>	<u>250,000</u>	<u>647,898</u>	<u>1,289,703</u>
Total liabilities and fund balances	<u>\$ 325,533</u>	<u>\$ 66,292</u>	<u>\$ 397,551</u>	<u>\$ 185,202</u>	<u>\$ 4,284,183</u>	<u>\$ 250,000</u>	<u>\$ 647,898</u>	<u>\$ 6,156,659</u>

CITY OF TUSCALOOSA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS

For the year ended September 30, 2014

	Downtown Urban Revitalization	Intermodal Facility Construction	River Market Construction	Tourism Capital Projects	Disaster Recovery Construction	Public Safety Capital Projects	Public Works Capital Projects	Total Nonmajor Capital Project Funds
Revenues:								
Intergovernmental	\$ 3,907,083	\$ —	\$ —	\$ —	\$ 6,669,335	\$ —	\$ —	\$ 10,576,418
Other revenues	—	—	3,210	208	526,037	—	—	529,455
Total revenues	3,907,083	—	3,210	208	7,195,372	—	—	11,105,873
Expenditures:								
Current operations:								
General government	—	—	—	—	1,128,121	—	—	1,128,121
Culture and recreation	—	—	—	—	5,661	—	—	5,661
Economic development	—	—	—	—	173,164	—	—	173,164
Total current operations	—	—	—	—	1,306,946	—	—	1,306,946
Capital outlay	4,065,627	—	74,457	—	4,021,126	—	—	8,161,210
Intergovernmental expenditures	—	—	—	465,000	2,254,263	—	—	2,719,263
Total expenditures	4,065,627	—	74,457	465,000	7,582,335	—	—	12,187,419
Excess (deficiency) of revenues over expenditures	(158,544)	—	(71,247)	(464,792)	(386,963)	—	—	(1,081,546)
Other financing sources (uses) :								
Transfers in	1,268,798	—	1,016,578	254,145	—	250,000	647,898	3,437,419
Transfers out	(255,638)	—	(1,085,001)	—	—	—	—	(1,340,639)
Total other financing sources (uses)	1,013,160	—	(68,423)	254,145	—	250,000	647,898	2,096,780
Net change in fund balances	854,616	—	(139,670)	(210,647)	(386,963)	250,000	647,898	1,015,234
Fund balances, beginning of year	(729,630)	66,292	462,764	395,849	79,194	—	—	274,469
Fund balances, end of year	\$ 124,986	\$ 66,292	\$ 323,094	\$ 185,202	\$ (307,769)	\$ 250,000	\$ 647,898	\$ 1,289,703

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds include operating funds which are restricted as to use by the Federal or State governments and special funds established by authority of the City Council.

Police Department Funds account for those federal, state and local funds for drug enforcement, efforts to reduce crime and improve public safety. This includes the Drug Enforcement Fund and the Law Enforcement Block Grants. Although the funds are consolidated, each fund is accounted for individually.

Airport Development Fund accounts for those federal and state funds received and disbursed for airport renovations.

Community Development Funds account for those funds received and disbursed under the Community Development Block Grant program. This includes the Community Development Fund, Other Federal Programs Fund, and the Home Program Fund. Although the funds are consolidated, each fund is accounted for individually.

Gasoline Tax Funds account for those funds designated for maintenance and improvement of public streets and highways. This includes the RRR Gasoline Tax Fund, Public Highway and Traffic Fund, and the State Gasoline Tax Fund. Although the funds are consolidated, each fund is accounted for individually.

Summer Feeding Fund accounts for those state funds used to provide meals for low-income children during the summer months.

Beer Tax Bonus Fund accounts for those funds designated for salary bonuses to City employees.

Alabama Trust Fund accounts for state funds which can be used for capital improvements.

Evergreen Cemetery Fund accounts for funds designated for the maintenance of Evergreen Cemetery.

Hazard Mitigation Fund accounts for federal funds to be used to allow homeowners to build safe shelters from storms.

Section 108 Funds account for federal funds received and disbursed for building improvements for certain dilapidated City property. This includes the Section 108 Loan Fund and the Section 108 Investment Fund. Although the funds are consolidated, each fund is accounted for individually.

Tourism Enhancement Fund accounts for funds designated for the promotion of tourism in the Tuscaloosa area.

CITY OF TUSCALOOSA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

September 30, 2014
1 of 2

<u>ASSETS</u>	Police Department Funds	Airport Development Fund	Community Development Funds	Gasoline Tax Funds	Summer Feeding Fund	Beer Tax Bonus Fund
Cash and cash equivalents	\$ 58,788	\$ 1,546,141	\$ 254,090	\$ 801,826	\$ 40,136	\$ 166,312
Investments	—	—	—	—	—	—
Receivables	—	—	2,724	—	—	—
Due from other governments	95,113	45,625	382,320	151,619	—	45,387
Due from other funds	108,769	121,529	—	—	—	—
Inventory	—	—	—	—	292	—
Total assets	\$ 262,670	\$ 1,713,295	\$ 639,134	\$ 953,445	\$ 40,428	\$ 211,699
 <u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 1,122	\$ —	\$ 130,963	\$ —	\$ —	\$ —
Deferred revenue	448	—	—	—	35,477	—
Due to other funds	166,355	1,338,486	506,725	12,218	1,213	—
Total liabilities	167,925	1,338,486	637,688	12,218	36,690	—
Fund balances:						
Restricted for:						
Capital projects	—	104,604	—	—	—	—
Community development	—	—	1,446	—	3,738	—
Hazard mitigation	—	—	—	—	—	—
Road projects	—	—	—	941,227	—	—
Salaries and wages	94,745	—	—	—	—	211,699
Committed for:						
Cemetery maintenance	—	—	—	—	—	—
Debt service	—	—	—	—	—	—
Tourism enhancement	—	—	—	—	—	—
Assigned for:						
Capital projects	—	270,205	—	—	—	—
Total fund balances	94,745	374,809	1,446	941,227	3,738	211,699
Total liabilities and fund balances	\$ 262,670	\$ 1,713,295	\$ 639,134	\$ 953,445	\$ 40,428	\$ 211,699

CITY OF TUSCALOOSA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

September 30, 2014
2 of 2

<u>ASSETS</u>	Alabama Trust Fund	Evergreen Cemetery Fund	Hazard Mitigation Fund	Section 108 Funds	Tourism Enhancement Fund	Total Nonmajor Special Revenue Funds
Cash and cash equivalents	\$ 4,232,788	\$ 14	\$ 1,117	\$ 62,984	\$ 276,224	\$ 7,440,420
Investments	—	174,652	—	—	—	174,652
Receivables	—	—	—	—	23,963	26,687
Due from other governments	—	—	—	—	—	720,064
Due from other funds	—	—	—	—	—	230,298
Inventory	—	—	—	—	—	292
Total assets	\$ 4,232,788	\$ 174,666	\$ 1,117	\$ 62,984	\$ 300,187	\$ 8,592,413
 <u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 62,225	\$ 124	\$ —	\$ —	\$ —	\$ 194,434
Deferred revenue	—	—	984	—	—	36,909
Due to other funds	10,167	25,820	130	—	24,100	2,085,214
Total liabilities	72,392	25,944	1,114	—	24,100	2,316,557
Fund balances:						
Restricted for:						
Capital projects	4,160,396	—	—	62,984	—	4,327,984
Community development	—	—	—	—	—	5,184
Hazard mitigation	—	—	3	—	—	3
Road projects	—	—	—	—	—	941,227
Salaries	—	—	—	—	—	306,444
Committed for:						
Cemetery maintenance	—	148,722	—	—	—	148,722
Tourism enhancement	—	—	—	—	276,087	276,087
Assigned for:						
Capital projects	—	—	—	—	—	270,205
Total fund balances	4,160,396	148,722	3	62,984	276,087	6,275,856
Total liabilities and fund balances	\$ 4,232,788	\$ 174,666	\$ 1,117	\$ 62,984	\$ 300,187	\$ 8,592,413

CITY OF TUSCALOOSA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

For the year ended September 30, 2014

1 of 2

	Police Department Funds	Airport Development Fund	Community Development Funds	Gasoline Tax Funds	Summer Feeding Fund	Beer Tax Bonus Fund
Revenues:						
Taxes:						
Gas tax - State of Alabama	\$ —	\$ —	\$ —	\$ 413,371	\$ —	\$ —
Share of beer tax	—	—	—	—	—	472,869
Intergovernmental revenues:						
Federal grants	127,732	704,591	2,550,603	—	—	—
State and local grants	163,999	68,878	—	—	78,678	—
Other operating revenues:						
Interest on investments	—	—	—	—	—	289
Share of tag receipts	—	—	—	245,394	—	—
Collection of principal and interest	—	—	88,163	—	—	—
Other	—	170,778	17,828	55,757	1,388	—
Total revenues	291,731	944,247	2,656,594	714,522	80,066	473,158
Expenditures:						
Current:						
General government	—	—	167,410	—	76,328	—
Public safety	446,988	—	—	—	—	—
Culture and recreation	—	—	175,319	—	—	—
Housing program	—	—	832,283	—	—	—
Economic development	—	—	265,042	—	—	—
Total current operations	446,988	—	1,440,054	—	76,328	—
Capital outlay	—	80,794	200,521	40,498	—	—
Debt service:						
Principal payments	—	—	75,000	—	—	—
Interest charges	—	—	45,600	—	—	—
Intergovernmental expenditures	—	—	849,000	—	—	—
Total expenditures	446,988	80,794	2,610,175	40,498	76,328	—
Excess (deficiency) of revenues over expenditures	(155,257)	863,453	46,419	674,024	3,738	473,158
Other financing sources (uses) :						
Transfers in	249,866	351,000	—	—	—	—
Transfers out	—	(170,778)	—	—	—	(476,521)
Total other financing sources (uses)	249,866	180,222	—	—	—	(476,521)
Net change in fund balances	94,609	1,043,675	46,419	674,024	3,738	(3,363)
Fund balances, beginning of year	136	(668,866)	(44,973)	267,203	—	215,062
Fund balances - end of year	\$ 94,745	\$ 374,809	\$ 1,446	\$ 941,227	\$ 3,738	\$ 211,699

CITY OF TUSCALOOSA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

For the year ended September 30, 2014

2 of 2

	Alabama Trust Fund	Evergreen Cemetery Fund	Hazard Mitigation Fund	Section 108 Funds	Tourism Enhancement Fund	Total Nonmajor Special Revenue Funds
Revenues:						
Taxes:						
Gas tax - State of Alabama	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 413,371
Share of beer tax	—	—	—	—	—	472,869
Intergovernmental revenues:						
Federal grants	—	—	—	—	—	3,382,926
State and local grants	—	—	—	—	—	311,555
Other operating revenues:						
Interest on investments	1,324	—	—	—	—	1,613
Share of tag receipts	—	—	—	—	—	245,394
Collection of principal and interest	—	—	—	—	—	88,163
Other	768,570	—	—	—	—	1,014,321
Total revenues	769,894	—	—	—	—	5,930,212
Expenditures:						
Current:						
General government	—	8,444	—	—	—	252,182
Public safety	—	—	—	—	—	446,988
Culture and recreation	—	—	—	—	280,085	455,404
Housing program	—	—	—	323	—	832,606
Economic development	—	—	—	—	—	265,042
Total current operations	—	8,444	—	323	280,085	2,252,222
Capital outlay	160,120	—	—	—	24,100	506,033
Debt service:						
Principal payments	—	—	—	—	—	75,000
Interest charges	—	—	—	—	—	45,600
Intergovernmental expenditures	—	—	—	—	—	849,000
Total expenditures	160,120	8,444	—	323	304,185	3,727,855
Excess (deficiency) of revenues over expenditures	609,774	(8,444)	—	(323)	(304,185)	2,202,357
Other financing sources (uses) :						
Transfers in	—	—	—	—	254,145	855,011
Transfers out	—	—	—	—	—	(647,299)
Total other financing sources (uses)	—	—	—	—	254,145	207,712
Net change in fund balances	609,774	(8,444)	—	(323)	(50,040)	2,410,069
Fund balances, beginning of year	3,550,622	157,166	3	63,307	326,127	3,865,787
Fund balances - end of year	\$ 4,160,396	\$ 148,722	\$ 3	\$ 62,984	\$ 276,087	\$ 6,275,856

Nonmajor Governmental Funds

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the City in a trustee capacity. These funds are not incorporated into the government-wide financial statements.

Police Officers and Firefighters Supplemental Retirement Plan Fund accounts for funds held by the City for beneficiaries until drawn on by those beneficiaries after retirement. This fund is reported in the basic financial statements.

Cash Bond Fund accounts for the funds held by the City until the case is settled by the municipal court.

CITY OF TUSCALOOSA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND

For the year ended September 30, 2014

	<u>Balance</u> <u>October 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30, 2014</u>
<u>Cash Bond Fund</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 231,715	\$ 556,548	\$ (645,345)	\$ 142,918
<u>LIABILITIES</u>				
Cash bond deposits payable	\$ 231,715	\$ 556,548	\$ (645,345)	\$ 142,918

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

CITY OF TUSCALOOSA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY

September 30, 2014

	<u>Total</u>	<u>Infrastructure and Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>
General government:				
Engineering	\$ 266,962	\$ —	\$ —	\$ 266,962
Finance	377,551	—	—	377,551
Information systems and communications	11,922,196	—	—	11,922,196
Municipal court	274,572	—	—	274,572
Recovery	112,934	—	—	112,934
Revenue	131,058	—	—	131,058
All others	117,858	—	—	117,858
Total general government	<u>13,203,131</u>	<u>—</u>	<u>—</u>	<u>13,203,131</u>
Public safety:				
Fire and rescue service	27,838,649	—	14,691,733	13,146,916
Police	21,915,362	—	12,916,350	8,999,012
All others	218,102	—	218,102	—
Total public safety	<u>49,972,113</u>	<u>—</u>	<u>27,826,185</u>	<u>22,145,928</u>
Streets and highways	<u>17,048,100</u>	<u>—</u>	<u>4,654,476</u>	<u>12,393,624</u>
Environmental services	<u>13,597,136</u>	<u>—</u>	<u>7,070,252</u>	<u>6,526,884</u>
Culture and recreation	<u>26,357,610</u>	<u>—</u>	<u>26,230,668</u>	<u>126,942</u>
General government buildings	<u>34,884,375</u>	<u>—</u>	<u>34,884,375</u>	<u>—</u>
Infrastructure and land	<u>252,450,819</u>	<u>252,450,819</u>	<u>—</u>	<u>—</u>
Assets allocated by function	407,513,284	<u>\$ 252,450,819</u>	<u>\$ 100,665,956</u>	<u>\$ 54,396,509</u>
Construction in progress	<u>10,710,159</u>			
Total governmental funds capital assets	<u>\$ 418,223,443</u>			

CITY OF TUSCALOOSA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

For the year ended September 30, 2014

	Governmental Funds Capital Assets September 30, 2013	Additions (Deletions)	Governmental Funds Capital Assets September 30, 2014
General government:			
Engineering	\$ 359,092	\$ (92,130)	\$ 266,962
Finance	377,551	—	377,551
Information systems and communications	12,044,931	(122,735)	11,922,196
Municipal court	274,572	—	274,572
Recovery	119,984	(7,050)	112,934
Revenue	131,058	—	131,058
All others	117,858	—	117,858
Total general government	<u>13,425,046</u>	<u>(221,915)</u>	<u>13,203,131</u>
Public safety:			
Fire and rescue service	24,346,792	3,491,857	27,838,649
Police	20,878,384	1,036,978	21,915,362
All others	218,102	—	218,102
Total public safety	<u>45,443,278</u>	<u>4,528,835</u>	<u>49,972,113</u>
Streets and highways	<u>16,549,323</u>	<u>498,777</u>	<u>17,048,100</u>
Environmental services	<u>5,891,534</u>	<u>7,705,602</u>	<u>13,597,136</u>
Culture and recreation	<u>26,526,588</u>	<u>(168,978)</u>	<u>26,357,610</u>
General government buildings	<u>35,694,747</u>	<u>(810,372)</u>	<u>34,884,375</u>
Infrastructure and land	<u>231,180,005</u>	<u>21,270,814</u>	<u>252,450,819</u>
Assets allocated by function	374,710,521	32,802,763	407,513,284
Construction in progress	<u>27,652,463</u>	<u>(16,942,304)</u>	<u>10,710,159</u>
Total governmental funds capital assets	<u><u>\$ 402,362,984</u></u>	<u><u>\$ 15,860,459</u></u>	<u><u>\$ 418,223,443</u></u>

SUPPLEMENTAL INFORMATION

CITY OF TUSCALOOSA
WATER AND SEWER FUND
SCHEDULE OF OPERATING AND NON-OPERATING REVENUES (EXPENSES) - BUDGET AND ACTUAL
(GAAP BASIS)

For the year ended September 30, 2014

	Budget	Actual**	Favorable (Unfavorable)
Operating revenues:			
Water and sewer sales	\$ 39,795,200	\$ 41,961,358	\$ 2,166,158
Connection fees	1,610,000	1,141,082	(468,918)
Cost reimbursed	821,524	49,372	(772,152)
Total operating revenues	42,226,724	43,151,812	925,088
Non-operating revenues (expenses):			
Interest income	1,600	11,428	9,828
Capital contributions - developers	—	1,499,957	1,499,957
Amortization of loss on debt retirement	—	(389,639)	(389,639)
Interest expense	(4,290,683)	(3,477,347)	813,336
Capital contributions - grants	—	882,082	882,082
Net non-operating revenues (expenses)	(4,289,083)	(1,473,519)	2,815,564
Total before transfers	37,937,641	41,678,293	3,740,652
Transfers in (out):			
Transfers in	62,526	328,628	266,102
Transfers out	(1,104,024)	(2,403,484)	(1,299,460)
Net transfers in (out)	(1,041,498)	(2,074,856)	(1,033,358)
Fund total	\$ 36,896,143	\$ 39,603,437	\$ 2,707,294

**Includes unbudgeted costs added through consolidation of the Water and Sewer Fund for financial statement purposes.

CITY OF TUSCALOOSA
WATER AND SEWER FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
(GAAP BASIS)

For the year ended September 30, 2014

	Budget	Actual**	Variance - Favorable (Unfavorable)
Operating expenses:			
Office of City Engineer:			
Personnel services	\$ 826,706	\$ 818,930	\$ 7,776
Other	60,375	35,243	25,132
Total office of City engineer	887,081	854,173	32,908
Water works office:			
Personnel services	1,763,854	1,898,514	(134,660)
Other	971,620	1,021,149	(49,529)
Total water works office	2,735,474	2,919,663	(184,189)
Superintendent:			
Personnel services	607,254	615,681	(8,427)
Other	100,898	54,005	46,893
Total superintendent	708,152	669,686	38,466
Source of supply - lakes:			
Personnel services	461,455	455,057	6,398
Other	263,850	166,319	97,531
Total source of supply - lakes	725,305	621,376	103,929
Plott plant	640,960	720,894	(79,934)

**Includes unbudgeted costs added through consolidation of the Water and Sewer Fund for financial statement purposes.

CITY OF TUSCALOOSA
WATER AND SEWER FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
(GAAP BASIS)

For the year ended September 30, 2014

	<u>Budget</u>	<u>Actual**</u>	<u>Variance - Favorable (Unfavorable)</u>
Operating expenses (Continued):			
Distribution:			
Personnel services	\$ 2,186,005	\$ 2,168,660	\$ 17,345
Other	<u>1,203,415</u>	<u>411,565</u>	<u>791,850</u>
Total distribution	<u>3,389,420</u>	<u>2,580,225</u>	<u>809,195</u>
Lab	<u>166,350</u>	<u>182,951</u>	<u>(16,601)</u>
Sewage treatment plant:			
Personnel services	1,349,089	1,368,014	(18,925)
Other	<u>1,974,395</u>	<u>1,954,082</u>	<u>20,313</u>
Total sewage treatment plant	<u>3,323,484</u>	<u>3,322,096</u>	<u>1,388</u>
Sanitary sewer:			
Personnel services	1,622,610	1,781,043	(158,433)
Other	<u>1,225,313</u>	<u>644,974</u>	<u>580,339</u>
Total sanitary sewer	<u>2,847,923</u>	<u>2,426,017</u>	<u>421,906</u>
Damage claims	<u>100,000</u>	<u>58,818</u>	<u>41,182</u>

**Includes unbudgeted costs added through consolidation of the Water and Sewer Fund for financial statement purposes.

CITY OF TUSCALOOSA
WATER AND SEWER FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
(GAAP BASIS)

For the year ended September 30, 2014

	Budget	Actual**	Variance - Favorable (Unfavorable)
Operating expenses (Continued):			
Ed Love filter plant:			
Personnel services	\$ 2,092,310	\$ 2,038,383	\$ 53,927
Other	2,372,299	2,476,160	(103,861)
Total Ed Love filter plant	4,464,609	4,514,543	(49,934)
Lift station:			
Personnel services	327,554	306,131	21,423
Other	1,050,175	940,609	109,566
Total lift station	1,377,729	1,246,740	130,989
Depreciation and amortization	7,200,000	9,015,654	(1,815,654)
Cost reimbursement to General Fund	2,801,968	2,801,968	-
Special projects	2,823,373	2,072,545	750,828
Total operating expenses	\$ 34,191,828	\$ 34,007,349	\$ 184,479

**Includes unbudgeted costs added through consolidation of the Water and Sewer Fund for financial statement purposes.

**CITY OF TUSCALOOSA
STATISTICAL SECTION
September 30, 2014**

This section of the City of Tuscaloosa’s Comprehensive Annual Financial Report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information regarding the City’s overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends <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>	126-132
Revenue Capacity <i>These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property and sales taxes.</i>	133-138
Debt Capacity <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>	139-143
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time with other governments.</i>	144-145
Operating Information <i>These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.</i>	146-149

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; infrastructure was capitalized per GASB 34 in 2007; schedules presenting government-wide information include information beginning in that year.*

CITY OF TUSCALOOSA
Schedule A

NET POSITION BY COMPONENT

**Last ten fiscal years ended September 30,
(accrual basis of accounting)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 61,938,580	\$ 45,973,286	\$ 109,906,406	\$ 129,767,223	\$ 157,014,265	\$ 178,375,642	\$ 140,477,146	\$ 144,686,685	\$ 163,764,846	\$ 149,434,643
Restricted	4,252,566	4,196,311	1,926,060	25,720,035	34,148,995	18,579,455	5,403,873	4,951,411	6,148,669	8,763,740
Unrestricted	20,653,587	57,399,468	51,669,266	25,072,570	2,896,532	3,532,296	40,373,312	53,668,810	34,120,001	45,732,088
Total governmental activities net position	<u>86,844,733</u>	<u>107,569,065</u>	<u>163,501,732</u>	<u>180,559,828</u>	<u>194,059,792</u>	<u>200,487,393</u>	<u>186,254,331</u>	<u>203,306,906</u>	<u>204,033,516</u>	<u>203,930,471</u>
Business-type activities										
Net investment in capital assets	132,925,853	143,160,390	155,553,467	162,860,899	168,429,070	170,501,366	166,577,134	165,367,100	173,155,705	178,205,266
Unrestricted	29,735,674	26,446,426	22,867,017	19,768,328	14,733,244	14,387,321	21,263,011	27,054,874	26,428,505	25,020,809
Total business-type activities net position	<u>162,661,527</u>	<u>169,606,816</u>	<u>178,420,484</u>	<u>182,629,227</u>	<u>183,162,314</u>	<u>184,888,687</u>	<u>187,840,145</u>	<u>192,421,974</u>	<u>199,584,210</u>	<u>203,226,075</u>
Primary government										
Net investment in capital assets	194,864,433	189,133,676	265,459,873	292,628,122	325,443,335	348,877,008	307,054,280	310,053,785	336,920,551	327,639,909
Restricted	4,252,566	4,196,311	1,926,060	25,720,035	34,148,995	18,579,455	5,403,873	4,951,411	6,148,669	8,763,740
Unrestricted	50,389,261	83,845,894	74,536,283	44,840,898	17,629,776	17,919,617	61,636,323	80,723,684	60,548,506	70,752,897
Total primary government net position	<u>\$ 249,506,260</u>	<u>\$ 277,175,881</u>	<u>\$ 341,922,216</u>	<u>\$ 363,189,055</u>	<u>\$ 377,222,106</u>	<u>\$ 385,376,080</u>	<u>\$ 374,094,476</u>	<u>\$ 395,728,880</u>	<u>\$ 403,617,726</u>	<u>\$ 407,156,546</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. Infrastructure was capitalized per GASB 34 in 2007. Therefore, schedules presenting this information include only the information beginning in those years.

CITY OF TUSCALOOSA
Schedule B

CHANGES IN NET POSITION

Last ten fiscal years ended September 30,
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental activities:										
General government	\$ 11,842,477	\$ 14,325,195	\$ 17,954,656	\$ 19,763,717	\$ 16,754,821	\$ 16,159,901	\$ 27,116,940	\$ 19,956,925	\$ 14,424,670	\$ 26,481,306
Public safety	38,962,214	43,548,307	47,881,602	50,787,518	49,734,647	51,712,388	61,270,595	63,409,806	61,515,711	60,806,307
Streets and highways	12,033,849	13,864,099	13,939,795	15,539,651	14,118,574	16,929,837	18,008,488	19,338,963	26,473,104	21,995,144
Environmental services	6,002,175	5,476,097	5,940,940	6,285,585	6,694,750	6,722,562	6,347,923	5,728,999	9,704,143	8,078,235
Health	-	-	-	-	-	-	-	-	130,000	130,000
Education	11,626,331	12,487,394	13,013,887	12,397,700	12,599,510	12,499,220	12,934,588	13,597,130	14,351,429	14,014,690
Culture and recreation	5,022,940	5,514,666	7,791,844	4,305,949	4,397,888	3,880,151	4,217,570	7,628,277	9,249,916	9,499,263
Library	-	-	-	-	-	-	-	-	1,870,572	1,919,273
Housing	-	-	-	-	-	-	-	-	603,953	832,606
Economic development	-	-	-	-	-	-	-	-	203,727	268,206
Interest on long-term debt	2,790,803	2,763,719	3,116,743	3,774,247	4,007,844	2,712,190	3,916,406	3,924,329	3,549,826	2,906,041
Unallocated depreciation expense	372,141	476,442	3,213,411	3,195,071	3,416,863	281,654	234,302	-	-	-
Total governmental activities expenses	<u>88,652,930</u>	<u>98,455,919</u>	<u>112,852,878</u>	<u>116,049,438</u>	<u>111,724,897</u>	<u>110,897,903</u>	<u>134,046,812</u>	<u>133,584,429</u>	<u>142,077,051</u>	<u>146,931,071</u>
Business-type activities:										
Intermodal facility	-	-	-	-	-	-	62,200	70,318	72,500	72,535
Water and sewer	22,719,756	22,969,328	26,335,204	29,570,528	32,894,191	33,095,681	34,177,134	35,269,708	36,875,167	37,931,310
Total business-type activities expenses	<u>22,719,756</u>	<u>22,969,328</u>	<u>26,335,204</u>	<u>29,570,528</u>	<u>32,894,191</u>	<u>33,095,681</u>	<u>34,239,334</u>	<u>35,340,026</u>	<u>36,947,667</u>	<u>38,003,845</u>
Total primary government expenses	<u>111,372,686</u>	<u>121,425,247</u>	<u>139,188,082</u>	<u>145,619,966</u>	<u>144,619,088</u>	<u>143,993,584</u>	<u>168,286,146</u>	<u>168,924,455</u>	<u>179,024,718</u>	<u>184,934,916</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	16,960,214	18,545,967	20,393,848	22,405,518	22,110,936	20,926,414	21,995,729	23,704,819	23,956,325	24,364,409
Public safety	1,896,698	1,602,309	1,323,040	1,344,525	149,702	28,405	57,490	27,936	39,705	-
Environmental services	2,235,563	2,351,665	2,592,989	3,045,443	3,186,058	3,560,190	3,656,458	3,929,869	4,324,970	4,640,527
Operating grants and contributions	24,615,053	28,355,498	27,975,878	28,669,122	26,984,846	25,280,020	39,864,301	36,445,267	36,445,089	36,540,784
Capital grants and contributions	6,055,258	10,148,366	12,065,052	18,088,752	17,474,880	8,772,540	4,962,838	6,368,203	11,590,006	12,879,251
Total governmental activities program revenues	<u>51,762,786</u>	<u>61,003,805</u>	<u>64,350,807</u>	<u>73,553,360</u>	<u>69,906,422</u>	<u>58,567,569</u>	<u>70,536,816</u>	<u>70,476,094</u>	<u>76,356,095</u>	<u>78,424,971</u>
Business-type activities:										
Charges for service:										
Intermodal facility	-	-	-	-	-	-	15,995	20,985	25,451	24,796
Water and sewer	26,703,890	29,021,958	32,027,019	32,335,108	33,237,568	34,538,964	37,429,342	39,225,514	40,751,289	43,151,812
Operating grants and contributions	730,378	-	578,295	-	-	-	-	-	-	-
Capital grants and contributions	1,447,896	1,864,463	1,975,694	2,148,925	1,122,303	967,828	879,473	827,229	3,696,951	2,382,039
Total business-type activities program revenues	<u>28,882,164</u>	<u>30,886,421</u>	<u>34,581,008</u>	<u>34,484,033</u>	<u>34,359,871</u>	<u>35,506,792</u>	<u>38,324,810</u>	<u>40,073,728</u>	<u>44,473,691</u>	<u>45,558,647</u>
Total primary government program revenues	<u>80,644,950</u>	<u>91,890,226</u>	<u>98,931,815</u>	<u>108,037,393</u>	<u>104,266,293</u>	<u>94,074,361</u>	<u>108,861,626</u>	<u>110,549,822</u>	<u>120,829,786</u>	<u>123,983,618</u>
Net (expense) revenue:										
Governmental activities	(36,890,144)	(37,452,114)	(48,502,071)	(42,496,078)	(41,818,475)	(52,330,334)	(63,509,996)	(63,108,335)	(65,720,956)	(68,506,100)
Business-type activities	6,162,408	7,917,093	8,245,804	4,913,505	1,465,680	2,411,111	4,085,476	4,733,702	7,526,024	7,554,802
Total primary government net expense	<u>(30,727,736)</u>	<u>(29,535,021)</u>	<u>(40,256,267)</u>	<u>(37,582,573)</u>	<u>(40,352,795)</u>	<u>(49,919,223)</u>	<u>(59,424,520)</u>	<u>(58,374,633)</u>	<u>(58,194,932)</u>	<u>(60,951,298)</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. Infrastructure was capitalized per GASB 34 in 2007. Therefore, schedules presenting this information include only the information beginning in those years.

CITY OF TUSCALOOSA
Schedule B

CHANGES IN NET POSITION

Last ten fiscal years ended September 30,
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (expense) revenue (brought forward):										
Governmental activities	\$ (36,890,144)	\$ (37,452,114)	\$ (48,502,071)	\$ (42,496,078)	\$ (41,818,475)	\$ (52,330,334)	\$ (63,509,996)	\$ (63,108,335)	\$ (65,720,956)	\$ (68,506,100)
Business-type activities	6,162,408	7,917,093	8,245,804	4,913,505	1,465,680	2,411,111	4,085,476	4,733,702	7,526,024	7,554,802
Total primary government net expense	(30,727,736)	(29,535,021)	(40,256,267)	(37,582,573)	(40,352,795)	(49,919,223)	(59,424,520)	(58,374,633)	(58,194,932)	(60,951,298)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Sales and use tax	29,633,286	31,367,698	32,574,943	33,226,784	31,074,026	32,481,688	34,710,490	35,511,154	36,945,556	37,820,342
Property tax	9,093,735	10,221,426	10,624,076	11,348,544	11,391,525	13,140,500	13,471,960	13,300,542	13,904,489	14,096,748
Lodging tax	2,175,683	2,413,750	2,500,892	3,166,552	3,223,861	3,941,361	4,748,114	4,978,365	5,144,645	5,661,385
Taxes passed through from state	2,515,292	2,273,945	2,350,939	2,282,859	2,705,859	2,815,424	1,713,482	1,864,416	1,893,838	6,262,647
Other	4,137,305	4,742,063	5,117,260	4,735,276	5,305,004	4,874,478	4,877,379	4,726,205	5,968,921	1,936,318
Unrestricted investment earnings	2,084,136	2,979,937	4,345,024	3,055,941	1,371,936	764,572	527,377	1,236,457	76,701	362,693
Gain / (loss) on disposal of capital assets	-	-	-	-	(110,274)	(17,887)	(1,185,213)	-	1,855,000	149,000
Gain / (loss) on impairment	-	-	-	-	-	-	(10,068,456)	17,822,187	218,826	99,566
Special item	(2,120,391)	-	-	-	-	-	-	-	-	-
Transfers	93,469	4,177,627	903,610	1,738,218	1,175,502	757,799	481,800	199,164	439,590	2,014,356
Total governmental activities	47,612,515	58,176,446	58,416,744	59,554,174	56,137,439	58,757,935	49,276,933	79,638,490	66,447,566	68,403,055
Business-type activities:										
Unrestricted investment earnings	1,154,610	1,228,560	1,471,474	1,033,456	242,909	73,059	59,301	48,381	18,122	11,428
Gain / (loss) on disposal of capital assets	-	-	-	-	-	-	23,114	(1,090)	57,680	-
Special item	-	2,000,140	-	-	-	-	-	-	-	-
Transfers	(93,469)	(4,177,627)	(903,610)	(1,738,218)	(1,175,502)	(757,799)	(481,800)	(199,164)	(439,590)	(2,014,356)
Total business-type activities	1,061,141	(948,927)	567,864	(704,762)	(932,593)	(684,740)	(399,385)	(151,873)	(363,788)	(2,002,928)
Total primary government	48,673,656	57,227,519	58,984,608	58,849,412	55,204,846	58,073,195	48,877,548	79,486,617	66,083,778	66,400,127
Change in Net Position										
Governmental activities	10,722,371	20,724,332	9,914,673	17,058,096	14,318,964	6,427,601	(14,233,063)	16,530,155	726,610	(103,045)
Business-type activities	7,223,549	6,968,166	8,813,668	4,208,743	533,087	1,726,371	3,686,091	4,581,829	7,162,236	5,551,874
Total primary government	\$ 17,945,920	\$ 27,692,498	\$ 18,728,341	\$ 21,266,839	\$ 14,852,051	\$ 8,153,972	\$ (10,546,972)	\$ 21,111,984	\$ 7,888,846	\$ 5,448,829

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. Infrastructure was capitalized per GASB 34 in 2007. Therefore, schedules presenting this information include only the information beginning in those years.

CITY OF TUSCALOOSA

Schedule C

GENERAL GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last ten fiscal years ended September 30,
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Sales tax	\$ 28,704,519	\$ 30,563,083	\$ 31,570,786	\$ 31,533,043	\$ 29,925,154	\$ 30,845,902	\$ 32,572,443	\$ 33,098,504	\$ 34,560,092	\$ 34,954,050
Use tax	1,494,536	1,769,263	2,024,378	2,221,664	1,994,899	1,886,945	2,138,047	2,412,650	2,385,464	2,866,292
Property tax	9,093,735	10,221,426	10,624,076	11,348,544	11,391,525	13,140,500	13,471,960	13,300,542	13,904,489	14,096,748
Lodging tax	2,175,683	2,413,750	2,500,892	3,166,552	3,223,861	3,941,361	4,748,114	4,978,365	5,144,645	5,661,385
Other state and local taxes	3,571,536	3,777,415	4,097,038	4,207,353	4,458,977	4,623,319	4,877,379	4,726,205	5,968,921	5,376,407
	<u>\$ 45,040,009</u>	<u>\$ 48,744,937</u>	<u>\$ 50,817,170</u>	<u>\$ 52,477,156</u>	<u>\$ 50,994,416</u>	<u>\$ 54,438,027</u>	<u>\$ 57,807,943</u>	<u>\$ 58,516,266</u>	<u>\$ 61,963,611</u>	<u>\$ 62,954,882</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. Infrastructure was capitalized per GASB 34 in 2007. Therefore, schedules presenting this information include only the information beginning in those years.

CITY OF TUSCALOOSA
Schedule D

FUND BALANCES OF GOVERNMENTAL FUNDS

Last ten fiscal years ended September 30,
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011*	2012	2013	2014
General Fund										
Reserved	\$ 1,417,667	\$ 2,124,508	\$ 2,206,051	\$ 1,830,057	\$ 1,434,191	\$ 1,057,333	\$	\$	\$	\$
Nonspendable							1,096,875	1,152,796	1,536,711	1,107,196
Restricted							69,786	74,048	392,713	649,296
Committed							1,588,421	1,288,157	1,392,757	1,369,044
Assigned							247,643	2,359,267	808,171	231,124
Unassigned							11,266,978	10,554,051	11,286,460	12,185,918
Unreserved-designated	1,734,515	1,587,577	1,562,415	1,488,763	2,655,534	2,380,133				
Unreserved-undesignated	12,913,369	12,956,666	13,331,890	14,032,856	9,605,397	10,419,205				
Total general fund	\$ 16,065,551	\$ 16,668,751	\$ 17,100,356	\$ 17,351,676	\$ 13,695,122	\$ 13,856,671	\$ 14,269,703	\$ 15,428,319	\$ 15,416,812	\$ 15,542,578
Capital Project Fund										
Restricted	\$	\$	\$	\$	\$	\$	4,188,643	\$	\$	\$
Committed							3,784,607	11,988,030	8,732,630	17,045,873
Assigned							20,919,348	14,185,553	10,301,317	10,931,998
Unreserved-designated	20,224,475	29,718,023	30,838,134	32,773,646	21,939,071	24,746,854				
Unreserved-undesignated	21,910,482	17,160,917	38,415,344	29,484,194	23,604,178	15,924,206				
Total capital project fund	\$ 42,134,957	\$ 46,878,940	\$ 69,253,478	\$ 62,257,840	\$ 45,543,249	\$ 40,671,060	\$ 28,892,598	\$ 26,173,583	\$ 19,033,947	\$ 27,977,871
All other governmental funds										
Reserved-reported in:										
Special revenue funds	\$ 2,350,130	\$ 2,229,504	\$ 1,819,083	\$ 2,162,687	\$ 3,555,470	\$ 6,125,162	\$	\$	\$	\$
Permanent fund	83,925	84,332	85,355	85,672	85,848	85,891				
Restricted							6,349,722	4,861,105	3,243,962	6,817,599
Committed							233,767	654,692	9,484,539	4,440,482
Assigned							7,989,323	21,331,892		270,205
Unassigned								1,295	(392,847)	(307,769)
Unreserved, reported in:										
Special revenue funds	218,386	221,026	229,593	233,948	231,053	232,427				
Capital projects funds	(1,313)	1,328,724	1,397,666	1,610,676	16,279,019	4,753,798				
Total all other governmental funds	\$ 2,651,128	\$ 3,863,586	\$ 3,531,697	\$ 4,092,983	\$ 20,151,390	\$ 11,197,278	\$ 14,572,812	\$ 26,848,984	\$ 12,335,654	\$ 11,220,517

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. Infrastructure was capitalized per GASB 34 in 2007. Therefore, schedules presenting this information include only the information beginning in those years.

* In fiscal year 2011, the City implemented GASB Statement 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned.

CITY OF TUSCALOOSA

Schedule E

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last ten fiscal years ended September 30,
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 45,920,372	\$ 49,632,443	\$ 51,721,430	\$ 53,384,814	\$ 51,910,610	\$ 55,350,400	\$ 58,707,291	\$ 59,417,709	\$ 61,963,611	\$ 63,841,122
Licenses and permits	14,606,454	16,258,365	17,867,321	19,842,536	19,523,086	18,354,400	19,406,856	21,018,317	21,479,438	21,639,383
Fines and penalties	2,272,983	2,199,321	2,443,558	2,485,542	2,501,851	2,486,909	2,497,600	2,588,985	2,380,794	2,717,425
Use of property	80,777	88,281	82,969	77,440	85,999	85,105	91,273	97,517	96,093	7,601
Charges for services	2,235,563	2,351,665	2,592,989	3,045,443	3,186,058	3,560,190	3,656,458	3,929,869	4,324,970	4,640,527
Intergovernmental	31,973,834	39,120,698	41,033,936	46,206,557	44,902,813	36,439,309	32,554,017	36,520,364	40,734,475	44,509,002
Other revenues	5,625,303	6,777,209	7,643,495	7,991,471	6,103,607	4,323,277	15,301,815	10,422,341	10,574,878	10,802,774
Total revenues	102,715,286	116,427,982	123,385,698	133,033,803	128,214,024	120,599,590	132,215,310	133,995,102	141,554,259	148,157,834
Expenditures										
General government	9,297,821	10,328,058	11,797,763	11,676,207	12,019,917	12,287,531	15,373,935	12,835,233	18,527,323	16,115,114
Public safety	40,810,216	42,257,495	47,861,666	50,399,045	49,988,996	50,505,940	61,322,046	62,248,771	59,742,195	59,346,503
Streets and highways	15,682,139	14,652,986	15,209,404	21,189,031	27,351,517	17,388,816	23,144,981	16,820,222	24,625,379	16,231,922
Environmental services	6,377,239	5,422,274	5,821,440	6,244,797	6,747,546	6,482,032	6,516,442	6,395,720	7,257,036	7,684,458
Health	115,000	115,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Education	11,626,331	12,487,394	13,013,887	12,397,700	12,599,506	12,499,215	12,934,583	13,597,126	14,351,424	14,014,685
Culture and recreation	5,022,940	6,201,413	8,438,721	4,518,890	4,460,841	4,711,528	7,124,053	8,989,708	8,699,648	8,586,807
Library	1,451,737	1,524,311	1,625,080	1,750,080	1,750,079	1,600,007	1,600,000	1,775,200	1,870,572	1,919,273
Housing	-	-	-	-	-	-	-	-	603,953	832,606
Economic development	-	-	-	-	-	-	-	-	-	438,206
Other activities	2,765,161	4,564,468	4,138,645	3,241,089	3,600,439	2,985,264	3,764,896	3,880,092	1,343,727	3,231,565
Capital outlay	5,664,440	10,419,930	13,170,497	22,567,577	25,073,862	20,534,185	16,702,321	7,817,246	15,946,262	13,713,555
Debt service										
Principal	3,604,281	3,333,180	6,937,297	2,743,996	3,456,391	3,999,070	3,366,189	4,155,152	8,288,500	17,293,197
Interest	2,614,106	2,761,033	2,601,948	4,018,780	3,457,117	3,728,038	3,712,194	3,645,132	3,589,437	3,445,399
Warrant issue costs	108,225	-	285,960	-	-	262,190	-	-	-	191,736.00
Intergovernmental	-	-	-	-	-	-	-	-	5,977,093	4,713,232
Total expenditures	105,139,636	114,067,542	131,032,308	140,877,192	150,636,211	137,113,816	155,691,640	142,289,602	170,952,549	167,888,258
Excess of revenues over (under) expenditures	(2,424,350)	2,360,440	(7,646,610)	(7,843,389)	(22,422,187)	(16,514,226)	(23,476,330)	(8,294,500)	(29,398,290)	(19,730,424)
Other financing sources (uses)										
Transfers in	11,232,680	14,071,255	7,814,007	5,922,471	4,443,536	7,248,378	15,457,900	18,613,888	17,566,767	20,528,204
Transfers out	(11,139,211)	(9,893,628)	(6,910,396)	(4,584,253)	(3,268,034)	(6,281,398)	(15,319,597)	(18,414,723)	(17,127,177)	(18,513,848)
Insurance proceeds	-	-	-	-	-	-	15,281,448	17,822,187	218,826	99,566
Loan proceeds	-	-	-	-	-	-	-	372,982	-	147,304.00
Warrants issued	9,490,000	-	27,185,000	-	17,023,715	34,510,000	-	-	7,024,227	22,100,000
Premium on warrants issued	437,946	-	103,718	-	-	2,127,444	-	-	475,717	3,322,156
Payment to refunded warrant escrow agent	(3,567,203)	-	-	-	-	(34,884,212)	-	-	(343,599)	-
Capital lease	741,365	-	-	192,562	793,948	-	-	-	-	-
Total other financing sources (uses)	7,195,577	4,177,627	28,192,329	1,530,780	18,993,165	2,720,212	15,419,751	18,394,334	7,814,761	27,683,382
Net change in fund balances	\$ 4,771,227	\$ 6,538,067	\$ 20,545,719	\$ (6,312,609)	\$ (3,429,022)	\$ (13,794,014)	\$ (8,056,579)	\$ 10,099,834	\$ (21,583,529)	\$ 7,952,958
Debt service as a percentage of noncapital expenditures*	7%	6%	9%	6%	6%	7%	5%	6%	8%	16%

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. Infrastructure was capitalized per GASB 34 in 2007. Therefore, schedules presenting this information include only the information beginning in those years.

*Noncapital expenditures includes equipment costs allocated to function. Current expenditures without this amount is not readily determinable.

CITY OF TUSCALOOSA

Schedule F

TOTAL GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last ten fiscal years ended September 30,
(accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Sales tax	\$ 28,704,519	\$ 30,563,083	\$ 31,570,786	\$ 31,533,043	\$ 29,925,154	\$ 30,845,902	\$ 32,572,443	\$ 33,098,504	\$ 34,560,092	\$ 34,954,050
Use tax	1,494,536	1,769,263	2,024,378	2,221,664	1,994,899	1,886,945	2,138,047	2,412,650	2,385,464	2,866,292
Property tax	9,093,735	10,221,426	10,624,076	11,348,544	11,391,525	13,140,500	13,471,960	13,300,542	13,904,489	14,096,748
Lodging tax	2,175,683	2,413,750	2,500,892	3,166,552	3,223,861	3,941,361	4,748,114	4,978,365	5,144,645	5,661,385
Other state and local taxes	4,451,899	4,664,921	5,001,298	5,115,011	5,375,171	5,535,692	5,776,727	5,627,648	5,968,921	5,376,407
	<u>\$ 45,920,372</u>	<u>\$ 49,632,443</u>	<u>\$ 51,721,430</u>	<u>\$ 53,384,814</u>	<u>\$ 51,910,610</u>	<u>\$ 55,350,400</u>	<u>\$ 58,707,291</u>	<u>\$ 59,417,709</u>	<u>\$ 61,963,611</u>	<u>\$ 62,954,882</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. Infrastructure was capitalized per GASB 34 in 2007. Therefore, schedules presenting this information include only the information beginning in those years.

CITY OF TUSCALOOSA
Schedule G

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last ten fiscal years ended September 30,

Tax Year Ended September 30	Real and Personal Property*		Automobiles**		Total Assessed Value	Total Direct Tax Rate	Total Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value				
2005	\$ 792,801,180	\$ 5,285,341,200	\$ 93,258,020	\$ 545,049,795	\$ 886,059,200	\$ 0.0135	\$ 5,830,390,995	15.20%
2006	784,954,600	5,233,030,667	91,187,778	532,950,192	876,142,378	0.0135	5,765,980,859	15.20%
2007	819,319,320	5,462,128,800	100,875,020	589,567,621	920,194,340	0.0135	6,051,696,421	15.21%
2008	874,851,200	5,832,341,333	98,605,607	576,303,957	973,456,807	0.0135	6,408,645,290	15.19%
2009	990,117,580	6,600,783,867	86,303,273	504,402,529	1,076,420,853	0.0135	7,105,186,396	15.15%
2010	873,347,480	5,822,316,533	86,339,740	504,615,663	959,687,220	0.0135	6,326,932,196	15.17%
2011	995,254,480	6,635,029,867	101,714,100	594,471,654	1,096,968,580	0.0135	7,229,501,521	15.17%
2012	992,803,620	6,618,690,800	111,778,100	653,291,058	1,104,581,720	0.0135	7,271,981,858	15.19%
2013	1,025,403,860	6,836,025,733	118,083,502	690,546,795	1,143,487,362	0.0135	7,526,572,528	15.19%
2014	1,069,285,600	7,128,570,667	113,072,300	661,241,520	1,182,357,900	0.0135	7,789,812,187	15.18%

Ad valorem taxes are assessed and collected for the City of Tuscaloosa by Tuscaloosa County.

*Source: Tuscaloosa County Tax Assessor.

**Source: Tuscaloosa County License Commissioner.

Note: Statistical data presented upon implementation of GASB Statement 34.

CITY OF TUSCALOOSA
Schedule H

PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS*

Last ten fiscal years ended September 30,

Tax Year Ended September 30	DIRECT RATE		OVERLAPPING RATES			
	City of Tuscaloosa	City Schools	Tuscaloosa County	State of Alabama	Total	
2005	\$ 0.0135	\$ 0.0155	\$ 0.0160	\$ 0.0065	\$ 0.0380	
2006	0.0135	0.0155	0.0160	0.0065	0.0380	
2007	0.0135	0.0155	0.0160	0.0065	0.0380	
2008	0.0135	0.0155	0.0160	0.0065	0.0380	
2009	0.0135	0.0155	0.0160	0.0065	0.0380	
2010	0.0135	0.0155	0.0160	0.0065	0.0380	
2011	0.0135	0.0155	0.0160	0.0065	0.0380	
2012	0.0135	0.0155	0.0160	0.0065	0.0380	
2013	0.0135	0.0155	0.0160	0.0065	0.0380	
2014	0.0135	0.0155	0.0160	0.0065	0.0380	

Source: Tuscaloosa County Tax Assessor.

*Overlapping rates are those of local, county and state governments that apply to property owners within the City of Tuscaloosa.

Note: The property tax rates can be increased only by a majority vote of the affected residents.

Note: Statistical data presented upon implementation of GASB Statement 34.

CITY OF TUSCALOOSA
Schedule I

PRINCIPAL PROPERTY TAXPAYERS

	<u>September 30, 2014</u>				<u>September 30, 2004</u>			
	City Ad Valorem Taxes Paid	Rank	Total Assessed Value of All Property Within City Limits	Percentage of Total Assessed Valuation	City Ad Valorem Taxes Paid	Rank	Total Assessed Value of All Property Within City Limits	Percentage of Total Assessed Valuation
Alabama Power Company	\$ 396,854	1	\$ 29,396,600	2.66%	\$ 244,049	1	\$ 18,077,700	2.43%
Phifer Incorporated	173,679	2	14,143,420	1.28%	131,342	2	22,903,620	3.08%
TAMKO Roofing Products	119,420	3	8,845,900	0.80%	—		—	—
The Greens at Tuscaloosa	116,657	4	8,641,240	0.78%	—		—	—
Tuscaloosa I LLC	105,229	5	7,791,760	0.71%	—		—	—
Aranov Realty Co., Inc.	102,870	6	7,620,000	0.69%	88,169	5	6,531,040	0.90%
Bellsouth Telecommunications	96,025	7	7,113,000	0.64%	130,230	3	9,646,700	1.30%
Carlyle-Cypress Tuscaloosa LLC	91,969	8	6,812,520	0.62%	—		—	—
Hanna Steel Corporation	89,840	9	6,654,800	0.60%	—		—	—
Woodlands of Tuscaloosa	87,959	10	6,515,480	0.59%	—		—	—
Gulf States Paper Corp.	—		—	—	98,284	4	7,280,260	1.00%
Wright/Hurd Properties, LLC	—		—	—	64,307	6	4,763,460	0.80%
Stone Creek, LLC	—		—	—	64,950	7	4,811,100	0.65%
Walmart Stores	—		—	—	55,755	8	4,130,000	0.50%
Alabama Gas Corp.	—		—	—	54,596	9	4,044,180	0.56%
University Downs, Ltd.	—		—	—	43,297	10	3,207,180	0.43%
	<u>\$ 1,380,502</u>		<u>\$ 103,534,720</u>	<u>9.37%</u>	<u>\$ 974,979</u>		<u>\$ 85,395,240</u>	<u>11.65%</u>

Source: Tuscaloosa County Tax Assessor and Tuscaloosa County Tax Collector.

Note: The amounts shown under the heading "City Ad Valorem Taxes Paid" represent the collections from 13-1/2 mills of City taxes levied on property.

CITY OF TUSCALOOSA

Schedule J

PROPERTY TAX VALUATION, LEVIES AND COLLECTION

Last nine fiscal years ended September 30,

Fiscal Year	Actual Levy Year	Original Levy	Adjustments	Total Levy	Collected Within the Fiscal Year of the Levy		Collections/ (Refunds) In Subsequent Years	Total Collections To Date	
					Current Tax Collections	Percent of Total Levy Collected		Total Tax Collections	Percent of Total Tax Collections To Total Levy
2006	2005	\$ 11,827,922	\$ (716,860)	\$ 11,111,062	\$ 10,221,426	91.99%	N/A	\$ 10,221,426	91.99%
2007	2006	12,292,537	(708,731)	11,583,806	10,624,076	91.71%	N/A	10,624,076	91.71%
2008	2007	13,141,667	(797,142)	12,344,525	11,348,544	91.93%	N/A	11,348,544	91.93%
2009	2008	14,531,682	(706,230)	13,825,452	11,388,760	82.38%	N/A	11,388,760	82.38%
2010	2009	13,375,194	(826,508)	12,548,686	11,801,104	94.04%	N/A	11,801,104	94.04%
2011	2010	13,442,208	(677,287)	12,764,921	12,764,920	100.00%	N/A	12,764,920	100.00%
2012	2011	13,402,847	(664,365)	12,738,482	11,232,855	88.18%	N/A	11,232,855	88.18%
2013	2012	13,842,952	(601,270)	13,241,682	12,338,392	93.18%	N/A	12,338,392	93.18%
2014	2013	14,435,856	(575,119)	13,860,237	12,565,151	90.66%	N/A	12,565,151	90.66%

*Source: Tuscaloosa County Tax Assessor and Tuscaloosa County License Commissioner.

**Source: Tuscaloosa County Tax Collector and Tuscaloosa County License Commissioner.

Note: The amounts shown under the heading "City Ad Valorem Taxes Paid" represent the collections from 13-1/2 mills of City taxes levied on property.

CITY OF TUSCALOOSA

Schedule K

PRINCIPAL SALES TAXPAYERS*

For the fiscal years ended September 30,

2014		2006	
<u>Name of Taxpayer</u>	<u>Business or Industry</u>	<u>Name of Taxpayer</u>	<u>Business or Industry</u>
Aramark Educational Services	Food Service	Bruno's Supermarket	Grocery
Belk, Inc.	Retail	Home Depot	Home Improvement Retail
Home Depot	Retail Building Supplies	Lowe's of Tuscaloosa	Home Improvement Retail
Lowe's of Tuscaloosa	Retail Building Supplies	Parisian	Retail
Publix	Grocery	Sam's Club	Retail
Sam's Club	Retail	Target Stores	Retail
Target Stores	Retail	Tuscaloosa Toyota	Automotive Dealership
University of Alabama	Higher Education	University of Alabama	Higher Education
Wal-Mart Supercenter	Retail	Wal-Mart Supercenter	Retail
Winn Dixie	Grocery	Winn Dixie	Grocery

Source: City of Tuscaloosa Revenue Department.

*Listed alphabetically

Note: The total sales tax paid to the City of Tuscaloosa directly by the above listed taxpayers for the September 30, 2014 fiscal year was \$9,649,461. Per Alabama Statewide Ordinance, individual taxpayer sales tax amounts paid is confidential information and illegal to disclose.

Note: Information regarding principal sales taxpayers prior to fiscal year ended September 30, 2006 was not readily available.

CITY OF TUSCALOOSA

Schedule L

SALES TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS*

Last ten fiscal years ended September 30,

<u>Tax Year Ended September 30</u>	<u>City of Tuscaloosa</u>	<u>Tuscaloosa County Special Tax Board</u>	<u>State of Alabama</u>	<u>Total</u>
2005	2%	2%	4%	8%
2006	2%	3%	4%	9%
2007	2%	3%	4%	9%
2008	2%	3%	4%	9%
2009	2%	3%	4%	9%
2010	2%	3%	4%	9%
2011	2%	3%	4%	9%
2012	2%	3%	4%	9%
2013	2%	3%	4%	9%
2014	2%	3%	4%	9%

Source: Tuscaloosa County Tax Collector

*Overlapping rates are those of local, county and state governments that apply to citizens within the City of Tuscaloosa.

Note: Statistical data presented upon implementation of GASB Statement 34.

Note: In 2006, a 1% sales tax increase was implemented in addition to the Tuscaloosa County Special Tax Board percentage. This 1% increase is temporary specifically earmarked for Tuscaloosa City and County school systems.

CITY OF TUSCALOOSA

Schedule M

RATIO OF OUTSTANDING DEBT BY TYPE

Last ten fiscal years ended September 30,

Tax Year Ended September 30	Governmental Activities				Business-Type Activity	Total Primary Government	Per Capita	Percentage of Personal Income
	General Obligation Bonds	Section 108 Loan	Robertson Bank Loan	Capital Leases	Water & Sewer Warrants			
2005	\$ 58,015,000	—	—	\$ 675,473	\$ 133,793,541	\$ 192,484,014	\$ 2,309	7.81 %
2006	54,910,000	—	—	447,293	138,388,055	193,745,348	2,324	7.58
2007	75,420,000	—	—	184,996	135,855,263	211,460,259	2,536	7.77
2008	72,865,000	—	—	188,561	131,171,816	204,225,377	2,449	7.10
2009	86,780,000	—	—	748,421	129,195,000	216,723,421	2,599	7.89
2010	84,000,000	1,500,000	—	412,048	120,646,816	206,558,864	2,216	6.64
2011	80,990,000	1,425,000	—	86,768	115,842,637	198,344,405	2,128	6.13
2012	76,945,000	1,350,000	372,982	359,101	108,892,441	187,919,524	2,016	N/A
2013	76,054,227	1,275,000	250,425	374,802	102,852,441	180,806,895	1,937	5.55
2014	82,570,000	1,200,000	—	168,553	98,632,441	182,570,994	1,956	5.42

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. Infrastructure was capitalized per GASB 34 in 2007. Therefore, schedules presenting this information include only the information beginning in those years.

Note: Governmental Activities debt supported by full faith and credit of the City, to be repaid from general City revenues.

See Schedule R, Demographic and Economic Statistics, for personal income and population data.

CITY OF TUSCALOOSA

Schedule N

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last ten fiscal years ended September 30,

<u>Tax Year Ended September 30</u>	<u>General Obligation Warrants</u>	<u>Water & Sewer General Obligation Warrants</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2005	\$ 58,015,000	\$ 133,793,541	\$ 191,808,541	3.29 %	\$ 2,300.52
2006	54,910,000	138,388,055	193,298,055	3.35	2,318.39
2007	75,420,000	135,855,263	211,275,263	3.49	2,534.01
2008	72,865,000	131,171,816	204,036,816	3.18	2,447.19
2009	86,780,000	126,031,816	212,811,816	3.00	2,552.43
2010	84,000,000	120,646,816	204,646,816	3.23	2,195.43
2011	80,990,000	115,842,637	196,832,637	2.72	2,111.60
2012	76,945,000	108,892,441	185,837,441	2.59	1,993.64
2013	76,054,227	102,852,441	178,906,668	2.38	1,916.37
2014	82,570,000	98,632,441	181,202,441	2.33	1,900.71

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. Infrastructure was capitalized per GASB 34 in 2007. Therefore, schedules presenting this information include only the information beginning in those years.

See Schedule R, Demographic and Economic Statistics, for personal income and population data.

CITY OF TUSCALOOSA
Schedule O

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

	<u>As of September 30, 2014</u>		
	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Tuscaloosa County	\$ <u> </u>	46.95%	\$ <u> </u>
City of Tuscaloosa direct debt:			
General City warrants	\$ 82,570,000	100.00%	\$ 82,570,000
Section 108 loan	1,200,000	100.00%	1,200,000
Capital leases	<u>168,553</u>	100.00%	<u>168,553</u>
Total City of Tuscaloosa direct debt	<u>\$ 83,938,553</u>		<u>\$ 83,938,553</u>
Total direct and overlapping debt			<u><u>\$ 83,938,553</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by Tuscaloosa County Tax Assessors Office.
Tuscaloosa County debt provided by Tuscaloosa County Commission.

**Overlapping rates are those of local, county and state governments that apply to citizens within the City of Tuscaloosa.

CITY OF TUSCALOOSA
Schedule P

LEGAL DEBT MARGIN INFORMATION

Last ten fiscal years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 177,211,840	\$ 175,228,476	\$ 184,038,868	\$ 194,691,361	\$ 215,284,171	\$ 191,877,444	\$ 219,393,716	\$ 220,916,344	\$ 228,697,472	\$ 236,471,580
Total net debt applicable to limit	58,015,000	54,910,000	75,420,000	72,865,000	86,780,000	84,000,000	80,990,000	76,945,000	76,054,227	82,570,000
Legal debt margin	<u>\$ 119,196,840</u>	<u>\$ 120,318,476</u>	<u>\$ 108,618,868</u>	<u>\$ 121,826,361</u>	<u>\$ 128,504,171</u>	<u>\$ 107,877,444</u>	<u>\$ 138,403,716</u>	<u>\$ 143,971,344</u>	<u>\$ 152,643,245</u>	<u>\$ 153,901,580</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>32.74%</u>	<u>31.34%</u>	<u>40.98%</u>	<u>37.43%</u>	<u>40.31%</u>	<u>43.78%</u>	<u>36.92%</u>	<u>34.83%</u>	<u>33.26%</u>	<u>34.92%</u>

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	\$ 1,182,357,900
Debt Limit (20% of total assessed value)	236,471,580
Debt applicable to limit	
General obligation bonds	<u>82,570,000</u>
Legal debt margin	<u>\$ 153,901,580</u>

Under State law, the City of Tuscaloosa's outstanding general obligation debt should not exceed 20 percent of total assessed property value.

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. Infrastructure was capitalized per GASB 34 in 2007. Therefore, schedules presenting this information include only the information beginning in those years.

CITY OF TUSCALOOSA
Schedule Q

PLEDGED REVENUE COVERAGE

Last ten fiscal years

Fiscal Year	Water Charges and Other	Less: Operating Expenses (1)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2005	\$ 28,458,956	\$ 12,776,983	\$ 15,681,973	\$ 3,695,000	\$ 3,831,613	2.08
2006	29,021,958	13,860,276	15,161,682	3,975,000	3,086,588	2.15
2007	32,027,019	15,302,504	16,724,515	4,695,000	4,409,696	1.84
2008	32,335,108	17,816,451	14,518,657	4,920,000	5,691,867	1.37
2009	34,359,871	20,563,329	13,796,542	5,140,000	5,512,310	1.29
2010	34,504,419	19,955,229	14,549,190	5,385,000	5,324,274	1.36
2011	37,429,342	20,537,860	16,891,482	5,650,000	4,909,970	1.60
2012	39,225,514	21,815,800	17,409,714	6,210,000	4,782,792	1.58
2013	40,751,289	24,046,254	16,705,035	6,815,000	3,898,779	1.56
2014	43,151,812	25,191,815	17,959,997	6,535,000	3,477,347	1.79

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. Infrastructure was capitalized per GASB 34 in 2007. Therefore, schedules presenting this information include only the information beginning in those years.

(1) Includes operating expenses less depreciation expense.

CITY OF TUSCALOOSA
Schedule R

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last ten fiscal years ended September 30,

<u>Fiscal Year ended September 30</u>	<u>Population</u>	<u>Per Capita Personal Income**</u>	<u>Total Personal Income**</u>	<u>Unemployment Rate*</u>
2005	83,376	29,557	2,464,344,432	3.50
2006	83,376	30,660	2,556,308,160	2.90
2007	83,376	32,634	2,720,892,384	3.10
2008	83,376	34,492	2,875,804,992	4.50
2009	83,376	32,926	2,745,238,176	8.50
2010	93,215	33,355	3,109,186,325	8.90
2011	93,215	34,724	3,236,797,660	8.20
2012	93,215	N/A	N/A	7.80
2013	93,357	34,870	3,255,358,590	5.90
2014	95,334	35,329	3,368,054,886	6.20

***Source:** Economic Research Federal Reserve Bank of St. Louis

****Source:** Economic Research Federal Reserve Bank of St. Louis

N/A - Not available.

CITY OF TUSCALOOSA
Schedule S

PRINCIPAL EMPLOYERS

As of September 30,

Employer	Nature of Business	Public or Private	2014			2006		
			Approximate Number of Employees	Rank	As a Percentage of Total Employment	Approximate Number of Employees	Rank	As a Percentage of Total Employment
The University of Alabama	Education/Government	Public	10,722	1	10.53%	3,865	2	9.66%
DCH Health Systems	Healthcare	Public	3,481	2	3.42%	3,114	3	7.79%
Mercedes-Benz International	Autotmobile assembly	Private	3,088	3	3.03%	4,000	1	10.00%
Tuscaloosa County Board of Education	Education/Government	Public	2,034	4	2.00%	2,000	4	5.00%
Jim Walter Resources	Coal mining	Private	1,850	5	1.82%	1,378	5	3.45%
Tuscaloosa City Board of Education	Education/Government	Public	1,370	6	1.35%	1,325	7	3.31%
City of Tuscaloosa	Government	Public	1,339	7	1.34%	1,207	9	3.02%
Phifer Incorporated	Aluminum/ Fiberglass Screening	Private	1,231	8	1.21%	1,350	6	3.38%
BF Goodrich Tire Company	Tire manufacturing	Private	1,200	9	1.18%	1,300	8	3.25%
Veterans Administrative Hospital	Specialized Health Care	Public	1,080	10	1.06%	—	—	—
Northport Medical Center	Healthcare	Public	—	—	—	946	10	2.37%

Source: The Chamber of Commerce of West Alabama - Tuscaloosa Metropolitan Statistical Area.

Note: Information regarding principal employers prior to fiscal year ended September 30, 2006 was not readily available.

CITY OF TUSCALOOSA
Schedule T

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION

For the ten fiscal years ended September 30,

<u>Function</u>	<u>2005*</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>General Fund employees</u>										
General government		162	189	203	207	204	202	207	216	213
Public safety										
Police		330	345	340	349	351	340	356	360	356
Fire		226	241	234	234	233	234	248	249	242
Other		21	20	22	31	17	17	24	80	80
Streets and highways		182	165	179	185	181	183	183	178	171
Environmental services		89	91	98	95	95	92	98	94	95
<u>Water and Sewer employees</u>										
Superintendent		1	1	1	1	1	1	4	6	6
Water office and meter readers		34	33	34	34	33	34	32	32	32
Lakes		7	9	9	9	9	9	9	8	9
Distribution		59	47	46	39	36	36	38	37	37
Waste water treatment plant		60	57	57	56	55	56	57	58	63
Ed Love water plant		36	35	35	35	35	35	36	32	35
Total Employees	<u>1,116</u>	<u>1,207</u>	<u>1,233</u>	<u>1,258</u>	<u>1,275</u>	<u>1,250</u>	<u>1,239</u>	<u>1,292</u>	<u>1,350</u>	<u>1,339</u>

Source: City of Tuscaloosa Human Resources Department.

*Number of employees by function not available.

Note: Detailed information prior to the fiscal year ended September 30, 2006 was not readily available.

CITY OF TUSCALOOSA
Schedule U

WATER AND SEWER RATES

September 30, 2014

<u>Water Rates</u>	<u>Rates in Effect Starting 10/1/13</u>	<u>Rates in Effect Starting 10/1/14</u>
Quantity of water consumed per month		
0-1,000 cubic feet	\$ 1.96	\$ 2.02
over 1,001 cubic feet	1.96	2.02
Monthly administrative cost per meter	4.44	4.57
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	3.57	3.68
8 inch	283.70	292.21
 <u>Unfiltered or Raw Water Rates</u>		
Per 100 cubic feet	0.22	0.22
Monthly administrative cost per meter	4.44	4.57
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	3.57	3.68
8 inch	283.70	292.21
 <u>Sewer Rates</u>		
a. Per 100 cubic feet of metered wastewater, or	3.49	3.60
b. Per 100 cubic feet of metered water	2.41	2.48
Monthly administrative cost per meter	3.70	3.81
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	5.59	5.76
8 inch	446.97	460.38

Source: City of Tuscaloosa Water and Sewer Department

CITY OF TUSCALOOSA

Schedule V

OPERATING INDICATORS BY FUNCTION

Last ten fiscal years ended September 30,

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Public safety:										
Inspection										
Building permits	1,895	1,930	2,014	1,807	1,575	1,000	4,462	2,041	1,829	1,928
Amount	\$ 247,079,483	\$ 276,999,804	\$ 347,513,837	\$ 433,057,158	\$ 243,134,113	\$ 187,064,129	\$ 202,069,714	\$ 311,290,164	\$ 287,407,362	\$ 403,743,989
Fire protection										
Number of stations	12	12	12	12	11	11	11	11	11	11
Number of employees	216	226	241	234	234	234	234	248	249	242
Police protection										
Number of stations	1	1	1	1	1	1	1	1	2	3
Number of employees	309	330	345	340	349	353	340	356	357	356
Streets and highways:										
Streets (miles)	570	570	570	571	571	571	571	571	571	571
Storm sewers (miles)	317	317	317	317	317	317	317	317	317	317
Education (Public School System):										
Number of schools	22	22	22	22	24	24	23	23	23	24
Number of teachers	760	781	795	871	820	830	830	830	830	866
Recreation:										
Number of parks	39	39	39	39	39	37	36	36	36	36
Number of playgrounds	28	28	28	28	28	32	31	32	32	32
Area of parks (acres)	2,170	2,170	2,170	2,022	2,279	1,755	1,749	1,749	1,749	1,749
Water										
Sanitary sewers (miles)	495	495	495	495	495	608	615	623	669	685
Number of accounts	46,666	48,013	50,016	50,595	52,472	52,472	53,896	54,072	54,492	55,840
Average daily consumption (gallons)	23,505,750	22,831,000	25,000,000	25,000,000	23,500,000	23,700,000	25,100,000	23,500,000	23,500,000	23,500,000
Rated plants capacity (gallons daily)	45,700,000	45,700,000	45,700,000	59,700,000	59,700,000	59,700,000	59,700,000	59,700,000	59,700,000	59,700,000
Miles of water mains (4" and larger)	540	540	540	548	552	550	562	594	590	690
Number of fire hydrants	3,059	3,059	3,152	3,134	3,179	3,218	3,796	3,817	4,191	3,971
Miles of raw water mains (24" and larger)	27	27	27	27	27	27	27	27	27	22

Sources: Various City Departments

CITY OF TUSCALOOSA

Schedule W

CAPITAL ASSET STATISTICS BY FUNCTION

Last ten fiscal years ended September 30,

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund:										
Public safety:										
Fire protection										
Number of stations	12	12	12	12	11	11	11	11	11	11
Police protection										
Number of stations	1	1	1	1	1	1	1	1	2	3
Streets and highways:										
Streets (miles)	570	570	570	571	571	571	571	571	571	571
Storm sewers (miles)	317	317	317	317	317	317	317	317	317	317
Recreation:										
Number of parks	39	39	39	39	39	37	36	36	36	36
Number of playgrounds	28	28	28	28	28	32	31	32	32	32
Area of parks (acres)	2,170	2,170	2,170	2,022	2,279	1,755	1,749	1,749	1,749	1,749
Activity Centers	4	5	5	4	5	5	5	6	6	6
Boat landings	4	5	5	4	8	8	8	8	8	6
Golf course	1	1	1	1	1	1	1	1	1	1
Water:										
Sanitary sewers (miles)	495	495	495	495	495	608	615	623	669	685
Miles of water mains (4" and larger)	540	540	540	548	552	550	562	594	590	690
Number of fire hydrants	3,059	3,059	3,152	3,134	3,179	3,218	3,796	3,817	4,191	3,971
Miles of raw water mains (24" and larger)	27	27	27	27	27	27	27	27	27	27

Sources: Various City Departments

