

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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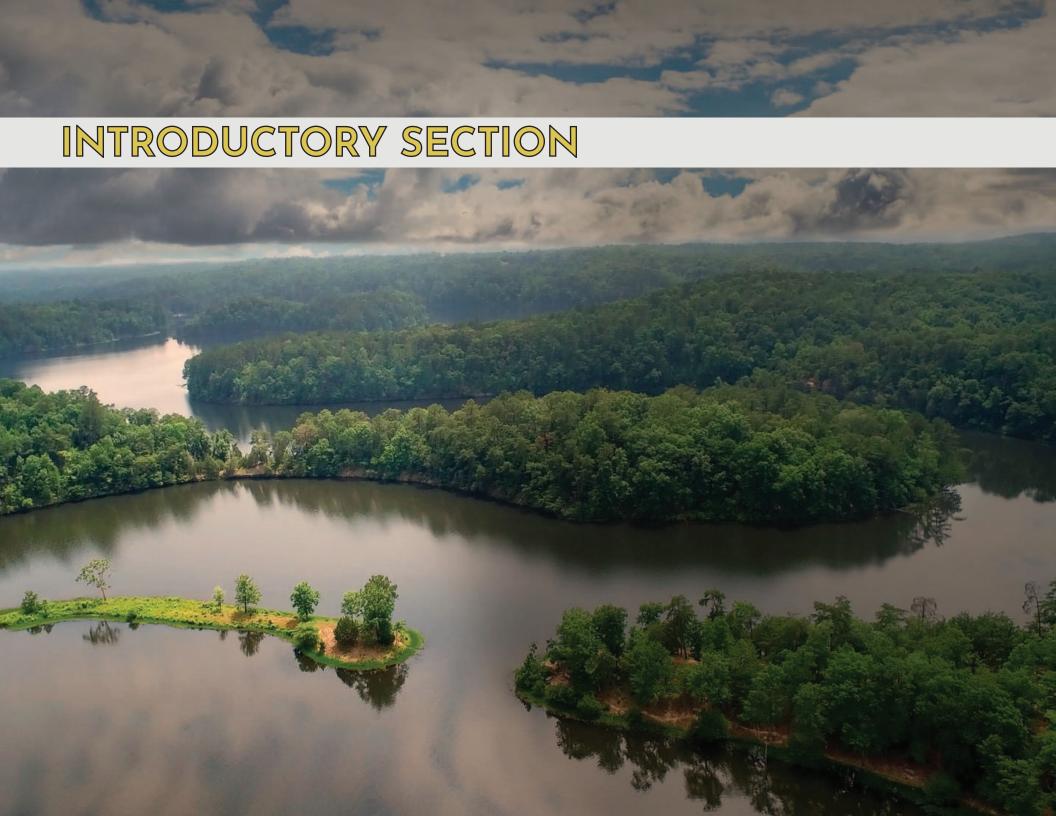
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#### **Letter of Transmittal**

March 26, 2021

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

We are pleased to submit to you the Comprehensive Annual Financial Report of the City of Tuscaloosa, Alabama (the "City") for the fiscal year ended September 30, 2020. The Comprehensive Annual Financial Report is provided to give detailed information about the City's financial position and activities to City Council, citizens, City staff, and other stakeholders.

The Comprehensive Annual Financial Report was prepared by the City's Accounting and Finance Department in accordance with generally accepted accounting principles ("GAAP") for local governments. City management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures. We believe the data, as presented, is accurate in all material respects and is presented in a manner which fairly sets forth the financial position and results of operations of the City.

The State of Alabama requires an annual audit of the City's financial statements by independent certified public accountants, who must conduct the audit in accordance with established standards. An independent firm of certified public accountants, Mauldin & Jenkins, LLC, has audited the City's financial statements in accordance with this requirement. The auditors issued an unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2020. The independent auditors' report is located at the front of the financial section of this report. Also, the City is required by federal law to conduct a "Single Audit," or audit of the City's compliance with the requirements of federal grants it has received. The results of that audit are issued in a separate Single Audit Report.

The Management's Discussion and Analysis ("MD&A") can be found immediately following the report of the independent auditors. The MD&A is a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## **CITY OF TUSCALOOSA PROFILE**

#### **History and General Information**

The City of Tuscaloosa is located on the banks of the Black Warrior River and is the regional center of industry, commerce, healthcare, and education for the area of West Alabama. The City is the fifth largest in the state with an estimated population of 101,129 in 2020, a growth of over 12% in the last ten years.

Incorporated on December 13, 1819, the City of Tuscaloosa was named after the chieftain of a band of Muskogean-speaking people, Chief Tuskaloosa, who was defeated by Hernando De Soto at the Battle of Mabila in 1540. Tuscaloosa once served as Alabama's capital city from 1826 to 1846. During this period, in 1831, the University of Alabama was established and has greatly contributed to the economic prosperity of the City. 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.

Tuscaloosa has been traditionally known as the "Druid City" due to the numerous water oaks planted in its downtown streets since the 1840s. However, in recent years the city has adopted a new moniker "The City of Champions" due to the sports successes of the University of Alabama. No matter the name, Tuscaloosa continues to be deeply rooted in traditions and southern charm that leaves a lasting impression with all who visit.



#### **Government and Organization**

Tuscaloosa operates under a mayor-council form of government, led by a mayor and a seven-member city council. The Mayor is elected by the city at-large while the City Council members are elected from single-member districts. Each elected official serves concurrent four-year terms. 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. The City Council directly appoints a municipal court judge.

The City provides a full range of municipal services including police and fire protection, water and sewer services, solid waste collection, construction and maintenance of streets, infrastructure, community services and general government. In addition, the City also provides funding to external agencies of the City spanning education, parks and recreation, industrial development, mental health, arts and entertainment, transit, library, and community outreach programs.

#### The Reporting Entity

This Comprehensive Annual Financial Report includes all funds of the City, as well as its component units. Component units are legally separate entities for which the City is financially accountable. Various potential component units were evaluated to determine whether they should be reported in the City's Comprehensive Annual Financial Report. Two entities, the Tuscaloosa Tourism and Sports Commission and the Tuscaloosa Parking and Transit Authority, were considered to be part of the City's reporting entity when it was concluded that the City was financially accountable for these entities. These separate legal entities are reported as discrete component units on the government-wide statements.

## **ECONOMIC CONDITIONS**

## **Local Economy**

The City of Tuscaloosa has a diverse economy and benefits from employment stability provided by major employers including the University of Alabama, Mercedes-Benz U.S. International, DCH Health Systems, and numerous manufacturing companies. While these employers provide valuable economic benefits, the City must continually manage the growing demand for services, as well as provide a desirable place to live for its residents. This is accomplished through strong fiscal policies and collaborative efforts throughout the City's annual budget process. As part of these efforts, in fiscal year 2019 the City Council passed Elevate Tuscaloosa, a community-driven process for strategically investing in education, cultural arts, tourism, parks, recreation and connectivity. As part of the annual budget process a 1% sales tax was passed, effective October 1, 2019, to fund projects supporting these initiatives.



In fiscal year 2020, our local economy was severely impacted by COVID-19. Many local businesses temporarily shut down and once they re-opened, operated at a reduced capacity. Continuous efforts to slow the spread had a significant impact on local businesses, especially our tourism and service industry. Due to social distancing measures, we have continued to see an increased shift in spending from traditional "brick and mortar" retail stores to online retailers. Additionally, as mentioned, Tuscaloosa is home to the University of Alabama, whose football season brings fans from around the country in the fall months. The reduction in games and seating capacity negatively impacted our hotels, restaurants and retail industry as a whole in the beginning months of fiscal year 2021. While these scenarios certainly presented challenges for the City, the Accounting and Finance department was able to identify and implement cost saving measures to ensure a balanced budget for fiscal year 2020. We continue to monitor our revenues monthly as we navigate the unknown, and make adjustments as needed.

Aside from the COVID-19 crisis, economic changes in the retail industry continue to be one of the principal issues for the City's revenue growth.

While sales tax collections over the years have been increasing, the growth rate is slowly declining due to the shift in sales from the traditional "brick and mortar" retail stores to online retailers. In 2015, the State of Alabama passed ACT 2015-448, which was the state's first step in addressing the crippling effect of not capturing and collecting sales tax in our evolving, online retail economy. This legislation established the Simplified Sellers Use Tax or SSUT, which began with voluntary enrollment and allows online retailers to collect a flat 8 percent tax on every sale made to a customer in Alabama. During the 2018 Legislative session, Act 2018-539 was passed, making SSUT mandatory effective January 2019, for all online retailers and third party sellers meeting certain criteria. While the percentage of sales tax collected through this program is substantially less than the traditional sales tax collection, the City has seen significant growth in SSUT collections since the inclusion of third party sellers. The City plans to monitor and participate in future legislation regarding online sales tax collections, in our proactive approach to growing our revenue base.



## **Employment**

## **Major Employers**

The major employers in Tuscaloosa County, their principal activity and the number of employees of each are as follows:

Employer	Product	Approximate # Employees*
The University of Alabama	Higher Education	13,784
Mercedes-Benz U.S. International	Automobile Manufacturing	4,200
<b>DCH Regional Medical Center</b>	Medical Services	3,476
<b>County Board of Education</b>	Public Education	2,359
City Board of Education	Public Education	1,455
Warrior Met Coal, Inc.	Metallurgical Coal Mining	1,350
Michelin/BF Goodrich Tire Manufacturing	Aftermarket Tire Manufacturing	1,289
City of Tuscaloosa	City Services	1,322
<b>Veterans Administration Hospital</b>	Specialized Health Care	1,277
Phifer Incorporated	Aluminum/Fiberglass Screening Manufacturing	1,079

Source: Tuscaloosa County Industrial Development Authority.

### **Unemployment Rate**

As of September 2020, Tuscaloosa's unemployment rate was 7.4%, an increase of 4.6% over prior year. The increase can be attributed to the COVID-19 crisis, which as mentioned, has severely impacted the restaurant, travel and retail industries. The average unemployment rate is slightly higher than the state of Alabama average of 6.6%, and fell below the U.S. average of 8.7%. We feel Tuscaloosa's higher unemployment rate could be attributable to our larger tourism and service industry.

	2018	2019	2020*
Tuscaloosa MSA	3.7%	2.8%	7.4%
State of Alabama	3.9%	3.0%	6.6%
United States	3.9%	3.7%	8.7%

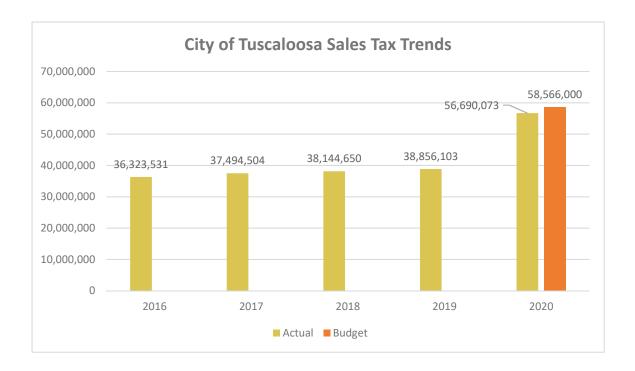
Source: Alabama Department of Labor in cooperation with the Bureau of Labor Statistics, \*annual average as of September 2020

#### **Major Revenue Streams**

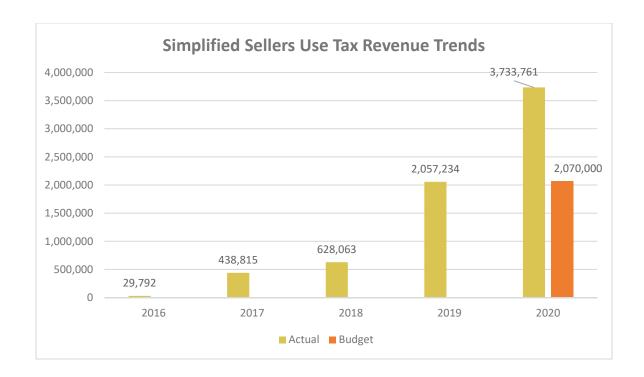
Sales Tax and Use Tax

Sales tax and use tax revenues continue to be Tuscaloosa's foremost revenue streams, with approximately 44% of revenues derived from these sources. Simplified Sellers Use Tax (SSUT) increased by 81% compared to fiscal year 2019 and 494% compared to fiscal year 2018. As mentioned, SSUT was established in 2015, and third party sellers were added in January 2019. Since the addition of third party sellers, these tax collections have grown substantially. We expect to continue to see significant growth in this revenue stream as sales continue to shift to online retailers. In addition, throughout fiscal year 2020 SSUT benefited from social distancing measures, as more people shopped online rather than in traditional brick and mortar stores.

Below you will find a chart of our City Sales tax collected over the past five years, which includes Elevate sales tax (additional 1%) which went into effect on October 1, 2019. In addition, we have also included a chart which displays our SSUT collections over the past five years.



#### Sales Tax and Use Tax - continued

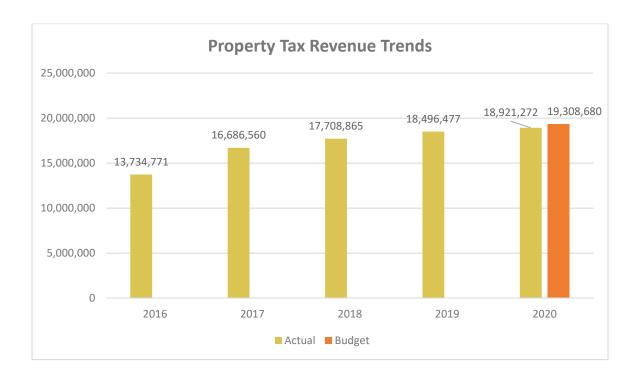


#### Business License Fees

Business license revenue is the second largest revenue source for the General Fund, comprising approximately 12% of all revenues in fiscal year 2020. Revenues include business, alcoholic beverage, fire and life insurance licenses. Compared to prior year 2019, business license revenues increased by .3%. Since business license revenues are based on prior year gross receipts, we expect to see a decrease in collections in fiscal year 2021, which can be attributed to the COVID-19 pandemic.

## **Property Taxes**

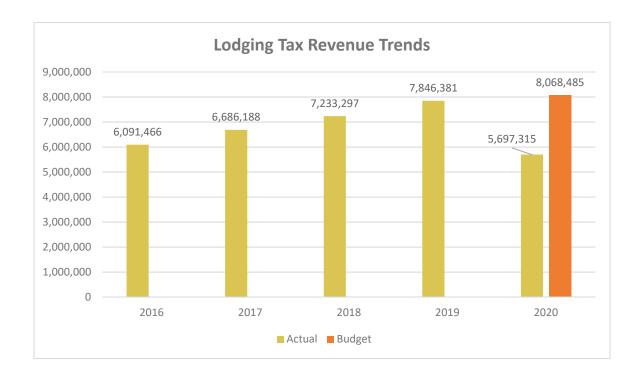
Property Tax revenue accounts for approximately 10% of all General Fund revenues and includes real and personal property tax as well as property taxes on automobiles. The growth in the Tuscaloosa residential housing market over recent years has greatly attributed to revenue increases. The chart below shows historical property tax revenue trends over the past five years.



#### **Lodging Tax**

The City's lodging tax collections have been negatively impacted by the COVID-19 pandemic. For fiscal year 2020, lodging tax revenues fell short of budget by \$2.4 million. While this deficit is certainly concerning, we are encouraged by the monthly improvements we have recently seen in fiscal year 2021.

Although there is significant uncertainty surrounding the tourism industry, we find it encouraging that Tuscaloosa has seen significant growth in lodging over the recent years. Current redevelopment efforts are growing our lodging and tourism sectors and increasing the City's property tax base. Developers continue to target downtown, riverfront, and the McFarland/15<sup>th</sup> Street Corridor. Just in downtown, we currently have three hotels under construction, one in the permit process and two working through site selection. In addition, we have four other large hotels announced, permitted, and/or under construction in other parts of the city, totaling approximately \$100 million in private investment. All together, these projects will add well over 900 additional hotel rooms to the Tuscaloosa market. Below you will find a chart of our lodging tax revenue trends for the last five years.



### **BUDGETS AND STRATEGIC PLANNING**

#### **Long-term Financial Planning**

Tuscaloosa's long-term financial plan is based on sound financial reserves, low debt burden, and conservative revenue growth forecasts. The City anticipates a moderate increase in revenues over the next several years with a continued focus on efficient spending to maintain essential City services to the community.

In an effort to continually plan for the future, the Accounting and Finance Department created its Budgets and Strategic Planning Division during a city-wide restructure in 2016. Since then, the Department has developed forecasting techniques based on economic assumptions in an effort to align future anticipated revenues with anticipated projects.

#### **Fund Balance and Reserve Policy**

As authorized by the City Council and contained in the Tuscaloosa City Code chapter 2, the General Fund, the General Fund Reserve, and the Water and Sewer Fund Reserve each have a mandatory unencumbered fund balance that should not be budgeted or otherwise designated for expenditure unless there is an ordinance duly adopted by the City Council declaring that the requested expenditure is required by extraordinary circumstances to preserve and protect the health, safety, and welfare of the citizens of the City or to make debt service payments that the City cannot otherwise finance. The City's reserve policy requires that at least 10% of the final prior year General Fund operating budget be kept in unassigned fund balance so the City has adequate working capital and can respond to unexpected financial situations. City policy also states that the minimum unrestricted net position in the Water and Sewer Fund be maintained at 30% of operating expenses.

Surpluses from the General fund are transferred annually to the General Fund Reserve for Future Improvements Fund (General Fund Reserve) for capital needs. An adjusted surplus amount in the Water and Sewer Fund is transferred annually to the Water and Sewer Reserve for Future Improvements Fund (Water and Sewer Fund Reserve). Designations for capital projects are approved each year as a management control device for the General Fund Reserve and Water and Sewer Fund Reserve. These projects are designated until they are complete and become operational, often spanning a three to five year cycle.

#### **Debt Management**

An important factor in assessing the economic health of the City and its finances is the credit rating assigned by bond rating agencies. The City maintains credit ratings of AAA, Aa1 and AA with Fitch Ratings, Moody's Investors Service and Standard & Poor's, respectively. Tuscaloosa is one of only two cities in Alabama to have the highest rating of AAA. Rating agency reports have referenced a "strong economy with a local stabilizing institutional influence" as a contributing factor to the City's strong credit ratings.

#### **Basis of Budgeting**

The annual budgets adopted by the City of Tuscaloosa are structured to be consistent with GAAP. The General Fund budget is prepared on the modified accrual basis of accounting as prescribed by GAAP. For the Water and Sewer Fund, the budget is prepared using both the full accrual and modified accrual basis. In accordance with GAAP, the full accrual basis of accounting (revenues are recognized when earned) is used for estimating revenues. However, for greater control over expenses, the full accrual basis (expenses recognized when incurred) is modified. In addition to the full accrual basis expenses, capital outlays and any debt service principal payments are included as budgeted expenses. The basis of accounting used for budgeting is the same basis used for accounting and financial reporting for all funds, except for inclusion of debt service principal expenses in the Water and Sewer Fund.

#### **Budgetary Procedures and Controls**

The annual budget serves as the foundation for the City of Tuscaloosa's financial planning and control. The Mayor is required to submit a budget for the General Fund and the Water and Sewer Fund to the City Council by August 31 of each fiscal year. The Council, after public comment and evaluation, must formally adopt a balanced operating budget, for the upcoming fiscal year, no later than the close of each preceding fiscal year. The City also has various capital improvement funds for which financial designations are made by the Council; however, no formal budget ordinance is adopted.

Budgetary control is maintained at the department level through encumbrances of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of balances are not released until additional appropriations are made available. The Chief Financial Officer is authorized to approve budget revisions within a department as long as the total budget does not change. Council action is required for requests where the overall budget for a department increases. Any increase must be funded by additional available resources at the time of the amendment.

### **ACCOMPLISHMENTS AND MAJOR INITIATIVES**

#### **Accomplishments**

Unfortunately, the majority of our City events, amphitheater concerts and other planned gatherings were canceled in fiscal year 2020 due to COVID-19. However, the City's ability to remain flexible with its citizens, employees and processes proved our commitment to excellence. Many employees began remote work, public meetings became virtual, and processes were quickly converted to paperless in efforts to maintain City services. Although difficult at times, we learned that our City is resilient. Employees adapted to remote work and remained incredibly efficient, virtual meetings were successful and citizens adapted to the new form of communication, and paperless processes created efficiencies that will outlast the pandemic. While this year presented many challenges, the City persevered and navigated its way through these unprecedented times. The following highlights some of the accomplishments achieved by the City in fiscal year 2020:

- The fiscal year 2021 budget was a success thanks to the hard work and dedication of the each department, the budget team, Mayor and Council. Due to the COVID-19 pandemic, the development of the budget was very different from previous years. This year's budget process took a conservative approach to projecting our revenues, which began by using the 2008/2009 recession data as a baseline, and further adjusted as more data came available. Once revenue projections were finalized, all critical expenses of the City which could not be reduced were identified and it was determined that departmental budgets of the City would need to be reduced by 38%. Salaries and benefits were excluded in our assessment, as layoffs and furloughs were viewed as a last resort measure to balance the budget. Departments were asked to identify areas within their operating budgets that could be reduced (i.e. travel, training, etc.) and if necessary, bridge the gap by freezing open positions within their department. This methodology assisted the City in achieving a balanced budget, while ensuring essential city services were not affected.
- Due to the COVID-19 pandemic, our revenue collections significantly decreased, however, the City maintained sufficient cash flow, never missing a payroll or vendor payment. This is a testament to our cash flow management and conservative budgeting.

• In fiscal year 2019 a 1% sales tax increase was approved by Council, effective October 1, 2019, as part of the Elevate Tuscaloosa plan to support the funding of high priority projects throughout the City of Tuscaloosa. These projects will span education, infrastructure,

economic development and public safety. City Council passed the Elevate Tuscaloosa budget as part of the fiscal year 2020 budget process, with projected net revenues totaling \$15,000,000. In fiscal year 2019, the City signed a memorandum with the Tuscaloosa Public Library and Children's Hands-On Museum (CHOM) to explore the use of the Tuscaloosa News building as a shared use facility. Over the next several months, the property was purchased by the City and in December 2019 it was announced that \$1.25 million would be donated through Nick's Kids Foundation, as well as the Saban family, to kick start the funding of a new, state of the art interactive learning center to be housed in the previously purchased building. This will be just one of many projects stemming from Elevate Tuscaloosa.



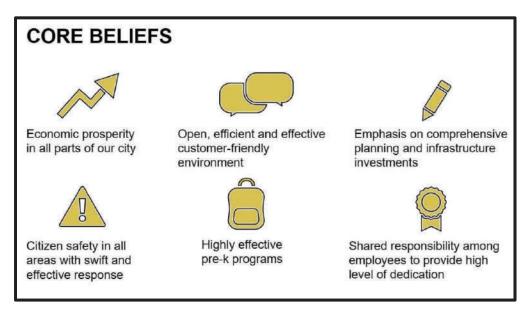
- The City received its first GFOA budget award for the fiscal year 2020 budget document. An enormous amount of hard work and dedication went into this effort and the City is proud to have received this prestigious award.
- The City began the curbside farmer's market in March 2020 in response to the health and safety restrictions enacted by the Alabama Department of Public Health. Customers could visit the City's website to view a list of vendors and vendor contact information to place their orders. When picking up their orders, customers were able to drive up to the current Farmer's Market location where a staff member would greet them and assign them a parking space. The staff member would then communicate with the vendor, who would then deliver the goods purchased to the customer's vehicle.



- Restart Tuscaloosa, an initiative to invest \$15 million through 2022 into public safety, neighborhoods, small businesses, the experience
  economy, and local agencies was passed during fiscal year 2020. Restart Tuscaloosa works as a catalyst to jumpstart Tuscaloosa's economy
  in the wake of the COVID-19 pandemic by setting a strong foundation for Tuscaloosa businesses and residents.
- Tuscaloosa Tourism and Sports, a component unit of the City, hosted the 2<sup>nd</sup> annual Druid City Music Festival. The music festival was held virtually, and benefited the Small Business Relief Fund to assist businesses who were negatively affected by COVID-19 pandemic.
- The City received \$6.2 million in CARES act funding to assist with offsetting expenses incurred related to COVID-19.
- Approximately \$36 million in capital projects were completed during the fiscal year and approximately \$28 million in construction projects are currently in progress. Notable projects include the completion of Rice Mine road improvements, Gaineswood Waterline Improvements, and 39<sup>th</sup> Street Sewer Improvements.

#### **Upcoming Major Initiatives**

The City of Tuscaloosa strives to be the most innovative and effectively managed City in the United States of America all while adhering to the Mayor's core beliefs as summarized below.



The fiscal year 2021 budget was built on the foundation of these core beliefs, with a focus on public safety, education, infrastructure, economic development, and employee investment. The following major initiatives were funded:

#### **COVID-19** Initiatives

- Budget Reduction: Departments and agencies of the City were asked to reduce their operating budget by 38% for General Fund and 12% for Water and Sewer. This reduction was a result of the initial revenue projections when the COVID-19 pandemic began.
- Restart Tuscaloosa: Restart Tuscaloosa is an Elevate Tuscaloosa Initiative, which will invests \$15 million over the next three years in public
  safety, neighborhoods, small businesses, and local agencies negatively affected by the COVID-19 pandemic. This initiative will work as a
  catalyst to jumpstart Tuscaloosa's economy by setting a strong foundation for Tuscaloosa businesses and residents in the wake of this
  international pandemic.

#### *Investment in Employees*

- Fire and Police Pension Investment: In February 2020, the Fire and Police Pension Board voted to increase the employer and employee contribution rates by 1% and .5%, respectively, each year over the next three years in an effort to strengthen the funding position of the plan. This rate increase will go into effect beginning October1, 2020 and will result in a 13% employee contribution and a 16.5% employer contribution at the end of the three years.
- Tier II Benefit Conversion: Included in the fiscal year 2021 budget is the conversion of retirement benefits for our Tier II employees. The conversion will provide our current Tier II employees (anyone employed with the City after January 1, 2013) the same retirement benefits that our current Tier I employees enjoy. This includes the ability to retire after 25 years of service at any age, as well as a larger pension payout after retirement. Because these employees will be receiving increased benefits, contribution rates for Tier II employees will increase from 6% to 7.5% starting October 1, 2020.

#### Agency Funding

Agencies, which represent 7% of the General Fund budget, were reduced by 38% of the contract amounts, with the exception of the following:

- Tuscaloosa Tourism and Sports Commission is level funded from their 2020 calendar year contract amount.
- Tuscaloosa City Schools have been level funded from their 2020 calendar year contract amount.
- Tuscaloosa Public Library has been reduced 10% from their 2020 calendar year contract amount.
- Tuscaloosa County Parks and Recreation Authority were reduced 10% from their 2020 calendar year contract amount.
- Agency capital funding for Easter Seals, Tuscaloosa Children's Center and Tuscaloosa's One Place were level funded from fiscal year 2020 due to prior funding agreements.
- Tuscaloosa Transit Authority received a \$5.7 million grant from the CARES Act, which will free up City agency funds for fiscal year
   2021 and future years.
- \$20,000 for Tuscaloosa Education Foundation, a new agency in fiscal year 2021.

## Vehicles, Equipment and Capital Projects

- The Infrastructure and Public Services Department will receive \$2,015,587 for capital equipment, of which \$380,649 is repayment for leased equipment approved in FY 2017. New equipment includes, but is not limited to a sweeper, garbage truck, boom truck with knuckle boom and trailer, shuttle truck with trailer and a dump truck.
- \$936,001 will be paid towards the Public Safety Radio System lease. This will be year 2 of 7.

- \$1,544,266 will be invested in the Police Department for the purchase of 32 new police vehicles as well as cameras for the Cyber Crime unit. The vehicles will be allocated as follows:
  - Violent Crimes Division 1
  - o Repeat Offender Division 5
  - Training Division 2
  - Patrol Division 11
  - Juvenile Division 2
  - Administrative Division 4
  - Criminal Investigations Division 1
  - Traffic Division 1 motorcycle
  - Logistics Division 2
  - K9 Patrol Division 3
- The Tuscaloosa Fire and Rescue Service will receive \$1,600,672 for capital purchases. New equipment includes a remounted rescue truck, specialty rescue truck, a ¾ ton truck and a new pumper truck. Of the \$1,601,384, \$601,384 was allocated for equipment to be leased which includes the lease of a Fire Apparatus and three pumper trucks.
- \$4,250,000 in City-wide resurfacing projects funded through the FY 2021 estimated gas tax distribution, Restart Tuscaloosa initiative, and General Fund Reserve for Future Improvements project close-outs.

## **AWARDS AND ACKNOWLEDGEMENTS**

#### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019, marking the thirty-third consecutive year the City has achieved this prestigious recognition. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another award.

#### Acknowledgments

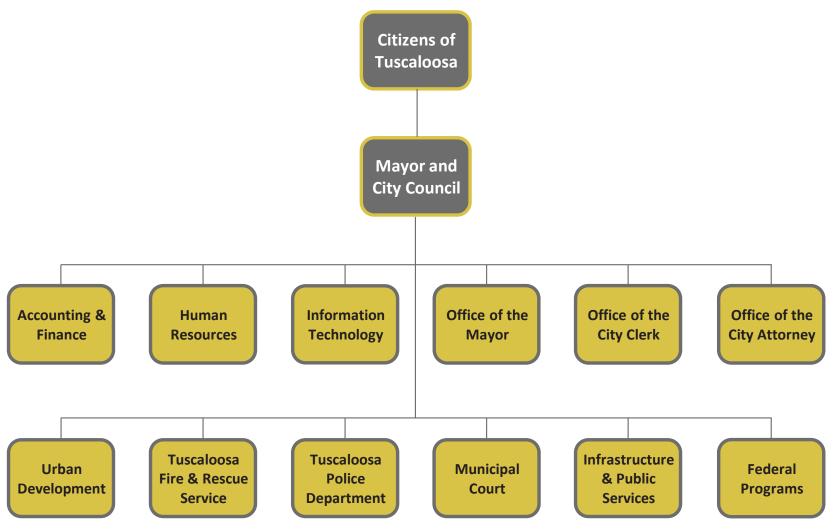
The preparation of this report would not have been possible without the talent, effort, and dedication of the entire Accounting and Finance Department staff and the many members of other city departments who responded so positively to the requests for detailed information that accompanies each annual audit. We also wish to express our sincere appreciation to the City Council for their support in maintaining the highest standards of professionalism in planning and conducting the financial affairs of the City of Tuscaloosa.

Walt Maddox Mayor Susan Snowden
Chief Financial Officer

Susan J. Snowder



# **Organizational Chart**





# **Executive Branch**

Walt Maddox, Mayor

# **Legislative Branch**

Phyllis Odom District 1
Raevan Howard District 2
Cynthia Almond District 3
Lee Busby District 4
Kip Tyner District 5
Edwin Pugh District 6
Sonya McKinstry District 7

# **Judicial Branch**

Ricky McKinney Municipal Court Judge

# **Department Heads**

Carly Standridge City Clerk
Randy Smith Fire & Rescue
LaShonda Kemp Human Resources
Chuck Crocker Information Technology

Tera Tubbs Infrastructure and Public Services

Marion Williams Municipal Court

LaParry Howell Community and Neighborhood Services

Glenda Webb Office of the City Attorney
Brendan Moore Office of Urban Development

Brent Blankley Police



# Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

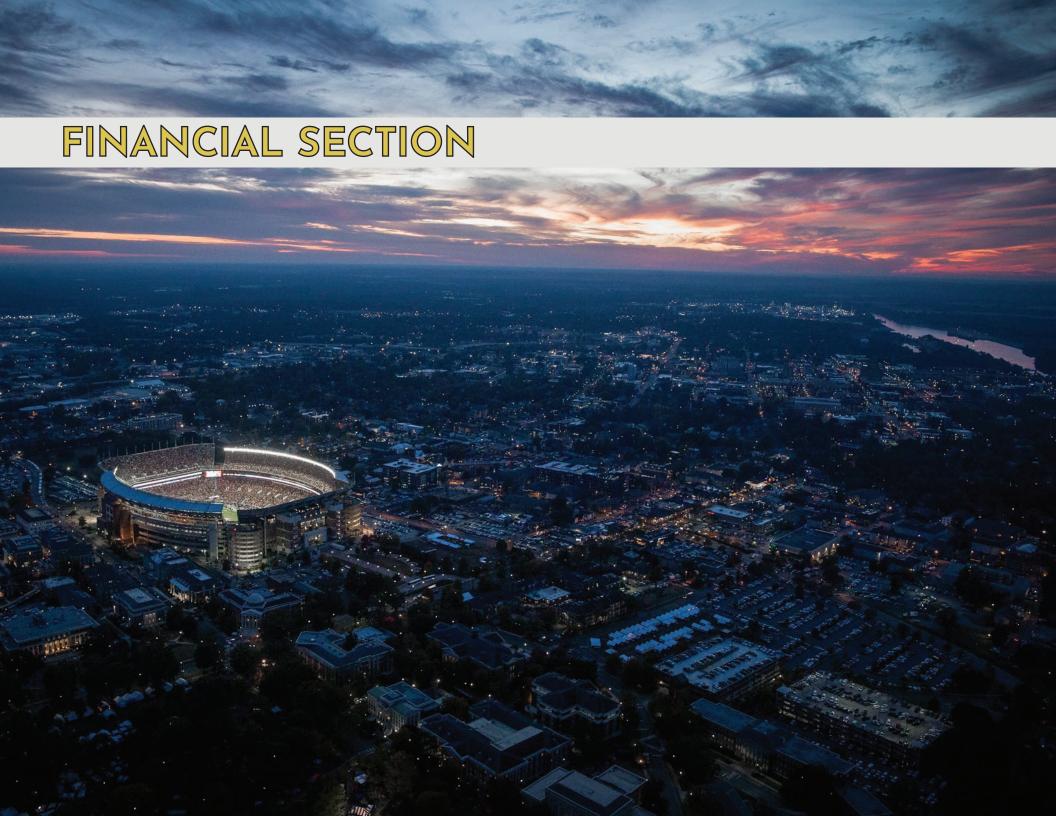
# City of Tuscaloosa Alabama

For its Comprehensive Annual Financial Report For the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO





## INDEPENDENT AUDITOR'S REPORT

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

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Tuscaloosa**, **Alabama** (the "City"), as of and for the year ended September 30, 2020, 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 Tourism and Sports Commission and the Tuscaloosa County Parking and Transit Authority, which represent 100%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Tuscaloosa Tourism and Sports Commission and the Tuscaloosa County Parking and Transit Authority, 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.

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

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

## **Opinions**

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2020, and the respective changes in financial position and, where applicable, cash flows 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.

#### Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 5 through 25), the Schedule of Changes in the City's Net Pension Liability and Related Ratios - Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (on page 130), the Schedule of City Contributions – Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (on page 131), the Schedule of Pension Investment Returns – Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (on page 132), the Schedule of Changes in the City's Net Pension Liability and Related Ratios - Employees' Retirement System of Alabama (on page 133), the Schedule of City Contributions - Employees' Retirement System of Alabama (on page 134), Schedule of Changes in the City's Net Pension Liability and Related Ratios – Retirement Plan for Hourly Employees of the City of Tuscaloosa (on page 135), the Schedule of City Contributions - Retirement Plan for Hourly Employees of the City of Tuscaloosa (on page 136), Schedule of Changes in the City's Net Pension Liability and Related Ratios – Tuscaloosa Police Officers and Firefighters Retirement Plan (on page 137), the Schedule of City Contributions – Tuscaloosa Police Officers and Firefighters Retirement Plan (on page 138), and the Schedule of Changes in the City's Total OPEB Liability and Related Ratios (on page 139) 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.

#### 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 and individual nonmajor fund financial statements and schedules, the water and sewer budgetary comparison schedule and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City.

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

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

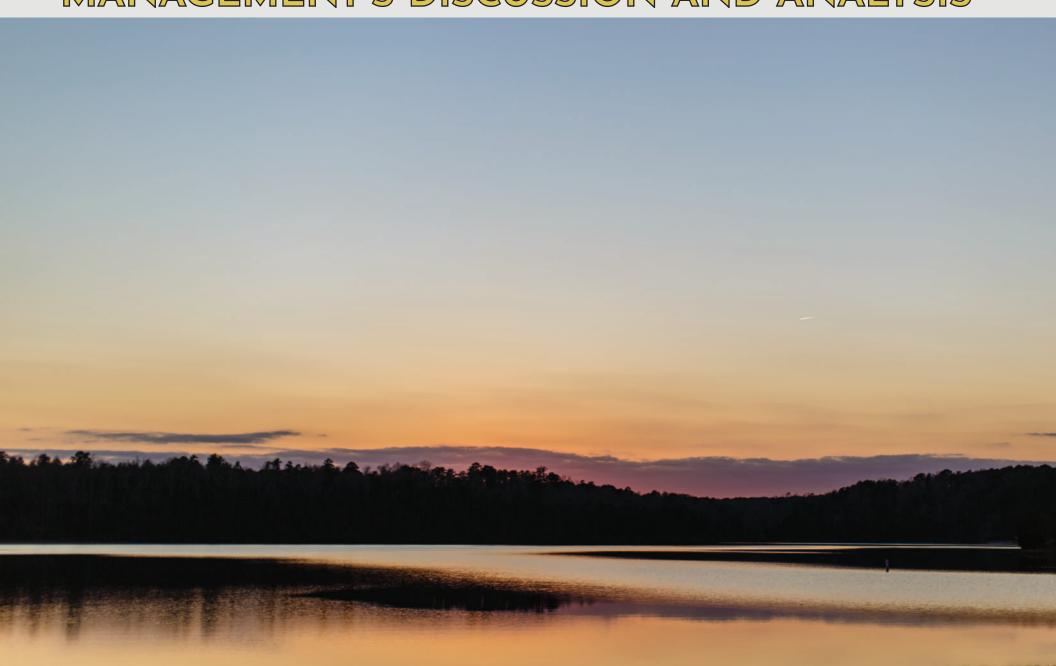
### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia March 26, 2021

# MANAGEMENT'S DISCUSSION AND ANALYSIS





# **MANAGEMENT'S DISCUSSION & ANALYSIS**

This section of the City of Tuscaloosa, Alabama's (the "City") Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements that immediately follow, along with the letter of transmittal, which can be found in the introductory section of this Comprehensive Annual Financial Report.

# **FINANCIAL HIGHLIGHTS**

#### Government-Wide Highlights:

Net position - The City's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources for fiscal year ended September 30, 2020 by \$375,302,632 (net position). The City's unrestricted net position was negatively impacted by the implementation of GASB Statement No. 68, Accounting for Financial Reporting for Pensions (GASB 68) and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. GASB 68 and GASB 75 requires the City to record its proportionate share of unfunded liabilities for pension plans in which it participates and its post-employment health insurance plan. For fiscal year ended September 30, 2020, net position included a negative \$98,576,704 for the unrestricted portion.

Changes in net position - The City's total net position increased in fiscal year 2020 by \$12,986,104 (an increase of \$8,086,622 from governmental activities and \$4,899,482 from business-type activities).

# **FINANCIAL HIGHLIGHTS (continued)**

### Fund Highlights:

Governmental Funds – Fund Balances – At the close of fiscal year 2020, the City's governmental funds reported a combined ending fund balance of \$76,481,531, an increase of \$6,374,077 when compared to the prior year balance. Of this amount, \$853,105 represents non-spendable fund balance in the General Fund. Amounts available to be spent include \$21,712,959 of restricted fund balance, \$12,218,817 of committed fund balance, \$28,217,018 of assigned fund balance and \$13,479,632 of unassigned fund balance. At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned and unassigned components of fund balance) was \$53,915,467 or approximately 27% of total governmental expenditures of \$199,417,082.

Business-Type Activities – At the close of fiscal year 2020, the City's Business-Type Activity Funds reported a net position of \$251,022,657. The change in net position for fiscal year 2020 was a \$4,899,482 increase.

# **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (schedules related to pension liability and funding progress for other postemployment benefits) and other supplemental information (combining financial statements and budgetary and statistical schedules) intended to furnish additional detail to support the basic financial statements. These components are described below:

# **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business and are made up of the following two statements: the statement of net position and the statement of activities. The statements provide information about the City as a whole, presenting both an aggregate current view of the City's finances and a longer-term view of these assets. These are prepared using the economic resources measurement focus and the accrual basis of accounting.

The statement of net position presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference reported as net position. This statement combines and consolidates governmental funds, the current financial resources (short-term spendable resources) with the capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of whether the City is improving or deteriorating. Other non-financial factors should also be taken into consideration, such as changes in the City's sales and property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.) to assess the overall health or financial condition of the City.

#### **Government-Wide Financial Statements (continued)**

The statement of activities presents information that focuses on how the City's net position changes during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses in this statement are some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements have separate sections for three different types of programs or activities. These three types of activities are:

Governmental activities – The activities in this section are mostly supported by taxes and intergovernmental revenues and for the City include general government, public safety, streets and highways, environmental services, public health, education, culture and recreation, housing, and economic development.

Business-type activities – These functions are intended to recover all, or a significant portion, of their costs through user fees and charges to external users of services which include primarily water and sewer utilities.

Discretely Presented Component Units — These are operations that have certain independent qualities but for which the City has financial accountability. For the most part, these entities operate similar to private-sector businesses and the business-type activities described above. The City has two discretely presented component units, the Tuscaloosa County Parking and Transit Authority and the Tuscaloosa Tourism and Sports Commission. Complete financial statements of the individual component units can be obtained from their respective administrative offices. Addresses and other additional information about the City's component units are presented in the notes to the financial statements.

The government-wide financial statements can be found on pages 26-28 of this report.

#### **Fund Financial Statements**

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

#### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, and provide balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. This is known as using the flow of current financial resources measurement focus approach and the modified accrual basis of accounting. These statements provide a detailed short-term view of the City's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the City.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. This comparison highlights the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The City maintains individual governmental funds organized according to their purpose (general, capital projects, disaster recover, special revenue, and a permanent fund). Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund and Disaster Recovery Construction Fund, which are considered to be major funds. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report. The basic governmental fund financial statements can be found on pages 29-37 of this report.

#### **Proprietary Funds**

Proprietary funds are generally used to account for services for which the City charges customers; outside customers or internal departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains two types of proprietary funds:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer utility and intermodal facility retail fund. The water and sewer fund is considered to be a major fund of the City.

Internal service funds are used to report activities that provide supplies and services for certain City programs and activities. The City uses an internal service fund to account for its health insurance activities. Because this benefits internal departments rather than business-type functions, it has been included within the governmental activities in the government-wide financial statements. The internal service fund is shown separately in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on page 38-45 of this report.

#### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City has a retirement plan fund and an agency fund, which are reported under the fiduciary funds. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 46 and 47 of this report.

#### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 48-129 of this report.

#### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's portion of the net pension liability, schedule of contributions to the pension plans and progress in funding its obligation to provide other post-employment benefits (OPEB). Required supplementary information can be found on pages 130-139 of this report.

#### **Combining Statements**

The combining statements referred to earlier in connection with non-major governmental funds can be found on pages 140-147 of this report.

#### **Other Supplementary Information**

The budgetary comparisons for the water and sewer fund can be found on page 148 of this report.

#### **Statistical Information**

The statistical section, found on pages 149-173, presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information indicates about the City's overall financial health.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

#### **Analysis of Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. The City's combined net position totaled \$375,302,632 as of September 30, 2020. Analyzing the net position of governmental and business-type activities separately, the governmental activities net position was \$124,279,975 and the business-type activities net position was \$251,022,657.

95,363,485 335,378,136 <b>430,741,621</b> 48,378,565 <b>479,120,186</b>	\$	89,450,414 316,772,296 <b>406,222,710</b> 35,040,648 <b>441,263,358</b>	\$	36,782,964 315,069,510 <b>351,852,474</b> 6,206,039 <b>358,058,513</b>	\$	40,777,261 308,359,605 <b>349,136,866</b> 4,646,774 <b>353,783,640</b>	\$	132,146,449 650,447,646 782,594,095 54,584,604 837,178,699	\$	130,227,675 625,131,901 <b>755,359,576</b> 39,687,422 <b>795,046,998</b>
335,378,136 <b>430,741,621</b> 48,378,565	\$	316,772,296 406,222,710 35,040,648	\$ 	315,069,510 <b>351,852,474</b> 6,206,039	\$	308,359,605 <b>349,136,866</b> 4,646,774	\$	650,447,646 <b>782,594,095</b> 54,584,604	\$	625,131,901 <b>755,359,576</b> 39,687,422
335,378,136 <b>430,741,621</b> 48,378,565	\$	316,772,296 406,222,710 35,040,648	\$	315,069,510 <b>351,852,474</b> 6,206,039	\$ 	308,359,605 <b>349,136,866</b> 4,646,774	\$	650,447,646 <b>782,594,095</b> 54,584,604	\$	625,131,901 <b>755,359,576</b> 39,687,422
335,378,136 <b>430,741,621</b> 48,378,565	\$	316,772,296 406,222,710 35,040,648	\$	315,069,510 <b>351,852,474</b> 6,206,039	\$ 	308,359,605 <b>349,136,866</b> 4,646,774	\$	650,447,646 <b>782,594,095</b> 54,584,604	\$	625,131,901 <b>755,359,576</b> 39,687,422
<b>430,741,621</b> 48,378,565		<b>406,222,710</b> 35,040,648		<b>351,852,474</b> 6,206,039	_	<b>349,136,866</b> 4,646,774		<b>782,594,095</b> 54,584,604		<b>755,359,576</b> 39,687,422
48,378,565	_	35,040,648	_	6,206,039		4,646,774		54,584,604		39,687,422
			_		_					
479,120,186		441,263,358		358,058,513		353,783,640		837,178,699		795,046,998
479,120,186		441,263,358		358,058,513		353,783,640		837,178,699		795,046,998
323,333,323		291,772,121		92,050,915		92,124,235		415,384,238		383,896,356
24,703,119		24,115,272		14,498,931		14,273,863		39,202,050		38,389,135
348,036,442		315,887,393		106,549,846		106,398,098		454,586,288		422,285,491
6,803,769		9,182,612		486,010		1,262,367		7,289,779		10,444,979
354,840,211		325,070,005		107,035,856		107,660,465		461,876,067		432,730,470
212,335,854		195,622,070		236,429,104		227,543,387		448,764,958		423,165,457
25,114,378		25,443,065		-		-		25,114,378		25,443,065
(113,170,257)		(104,871,782)		14,593,553		18,579,788		(98,576,704)		(86,291,994)
	\$	116,193,353	\$	251,022,657	\$	246,123,175	\$	375,302,632	\$	362,316,528
	6,803,769 <b>354,840,211</b> 212,335,854 25,114,378	6,803,769 <b>354,840,211</b> 212,335,854 25,114,378 (113,170,257)	6,803,769 9,182,612  354,840,211 325,070,005  212,335,854 195,622,070 25,114,378 25,443,065 (113,170,257) (104,871,782)	6,803,769 9,182,612  354,840,211 325,070,005  212,335,854 195,622,070 25,114,378 25,443,065 (113,170,257) (104,871,782)	6,803,769     9,182,612     486,010       354,840,211     325,070,005     107,035,856       212,335,854     195,622,070     236,429,104       25,114,378     25,443,065     -       (113,170,257)     (104,871,782)     14,593,553	6,803,769     9,182,612     486,010       354,840,211     325,070,005     107,035,856       212,335,854     195,622,070     236,429,104       25,114,378     25,443,065     -       (113,170,257)     (104,871,782)     14,593,553	6,803,769       9,182,612       486,010       1,262,367         354,840,211       325,070,005       107,035,856       107,660,465         212,335,854       195,622,070       236,429,104       227,543,387         25,114,378       25,443,065       -       -         (113,170,257)       (104,871,782)       14,593,553       18,579,788	6,803,769     9,182,612     486,010     1,262,367       354,840,211     325,070,005     107,035,856     107,660,465       212,335,854     195,622,070     236,429,104     227,543,387       25,114,378     25,443,065     -     -       (113,170,257)     (104,871,782)     14,593,553     18,579,788	6,803,769         9,182,612         486,010         1,262,367         7,289,779           354,840,211         325,070,005         107,035,856         107,660,465         461,876,067           212,335,854         195,622,070         236,429,104         227,543,387         448,764,958           25,114,378         25,443,065         -         -         25,114,378           (113,170,257)         (104,871,782)         14,593,553         18,579,788         (98,576,704)	6,803,769     9,182,612     486,010     1,262,367     7,289,779       354,840,211     325,070,005     107,035,856     107,660,465     461,876,067       212,335,854     195,622,070     236,429,104     227,543,387     448,764,958       25,114,378     25,443,065     -     -     25,114,378       (113,170,257)     (104,871,782)     14,593,553     18,579,788     (98,576,704)

#### **Analysis of Net Position (Continued)**

The largest portion of the City's net position, \$448,764,958 reflects its net investment in capital assets (such as land, buildings, machinery and equipment, infrastructure and construction in progress), less any debt used to acquire those assets that is still outstanding. In fiscal year 2020, the City's governmental activities capital assets, net of accumulated depreciation, increased by \$18,605,840 and business-type activities capital assets, net of accumulated depreciation, increased by \$6,709,905 primarily due to the completion of ongoing infrastructure projects and the purchase of the Tuscaloosa News Building. The City uses these capital assets to provide service to citizens, and consequently, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to pay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$25,114,378 represents resources that are subject to external restrictions on how they may be used.

In governmental activities, there is a negative unrestricted net position of \$113,170,257 largely as a result of the impact of recording the deferred outflows, deferred inflows, net pension and total OPEB liability in accordance with GASB 68 and GASB 75. The net pension liability and total OPEB liability as of September 30, 2020 for governmental activities totaled \$160,064,379 and \$36,982,982, respectively. The unrestricted net position in business-type activities is \$14,593,553. The net pension liability and total OPEB liability as of September 30, 2020 for business-type activities totaled \$8,513,070 and \$5,690,138, respectively.

#### **Analysis of Changes in Net Position**

The following table provides a summary of the City's change in net position. Governmental activities net position increased by \$8,086,622 and the business-type activities net position increased by \$4,899,482. The reasons for the increases are discussed in the governmental and business-type activities discussion herein. Such amounts are included in the table that follow:

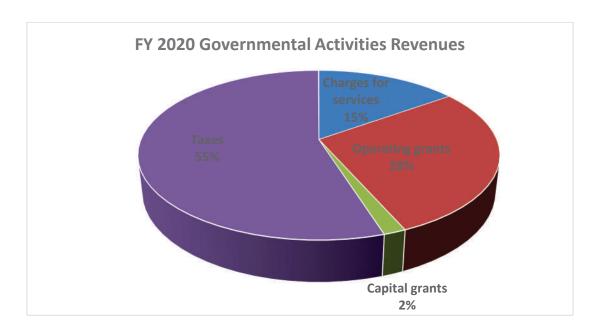
	Governmen	ntal Act	tivities	 Business-Ty	/pe Ac	tivities	To	tal	
	2020		2019	2020		2019	2020		2019
Revenues									
Program revenues:									
Charges for services	\$ 28,376,310	\$	32,904,434	\$ 49,333,560	\$	51,051,580	\$ 77,709,870	\$	83,956,014
Operating grants and contributions	53,367,264		52,891,714	-		-	53,367,264		52,891,714
Capital grants and contributions	3,198,231		7,471,892	453,399		127,131	3,651,630		7,599,023
General revenues:									
Sales and use tax	69,196,100		47,666,435	-		-	69,196,100		47,666,435
Property tax	19,482,368		19,034,804	-		-	19,482,368		19,034,804
Other taxes	14,557,958		16,815,922	-		-	14,557,958		16,815,922
Investment earnings	108,894		409,533	13,023		85,970	121,917		495,503
Gain (loss) on disposal of capital assets	 -		4,733	 43,139		62,758	 43,139		67,491
Total revenues	\$ 188,287,125		177,199,467	\$ 49,843,121		51,327,439	\$ 238,130,246		228,526,906
Expenses									
Community Services	\$ 26,063,157	\$	21,692,644	\$ -	\$	-	\$ 26,063,157	\$	21,692,644
Education	22,731,935		21,646,612	-		-	22,731,935		21,646,612
General Government	23,163,585		21,767,822	-		-	23,163,585		21,767,822
Infrastructure and public services	35,447,889		33,774,746	-		-	35,447,889		33,774,746
Public safety	72,429,503		73,277,078	-		-	72,429,503		73,277,078
Urban Development	4,367,239		3,395,063	-		-	4,367,239		3,395,063
Interest	3,535,948		4,029,079	-		-	3,535,948		4,029,079
Intermodal facility	-		-	51,269		52,163	51,269		52,163
Water and sewer	 -		<u>-</u> _	 37,353,617		36,498,015	 37,353,617		36,498,015
Total expenses	187,739,256		179,583,044	 37,404,886		36,550,178	225,144,142		216,133,222
Increase (decrease) in net position									
before transfers	547,869		(2,383,577)	12,438,235		14,777,261	12,986,104		12,393,684
Transfers in (out)	7,538,753		6,366,336	 (7,538,753)		(6,366,336)	 _		-
Change in net position	8,086,622		3,982,759	4,899,482		8,410,925	12,986,104		12,393,684
Net position, beginning of year,	 116,193,353	_	112,210,594	 246,123,175		237,712,250	 362,316,528		349,922,844
Net position, end of year	\$ 124,279,975	\$	116,193,353	\$ 251,022,657	\$	246,123,175	\$ 375,302,632	\$	362,316,528

#### **Governmental Activities - Revenues**

Significant changes in governmental activities revenue include the following:

- Sales and use tax revenue increased \$21,529,665 (45%) primarily because of the additional 1% sales tax that went into effect on October 1, 2019 as part of the Elevate Tuscaloosa plan. In addition, the Simplified Sellers Use Tax ("SSUT") now includes third party sellers, which has caused this revenue stream to grow as more people have shifted their spending from traditional "brick and mortar" retail stores to online retailers, which was even more evident during the COVID-19 pandemic.
- Property tax revenues increased \$447,564 (2%) due to increased assessed property values and continued growth in Tuscaloosa.
- Garbage revenues decreased \$4,791,448 (77%) due to a subsidy that was implemented as part of the Elevate Tuscaloosa plan, which increased the city sales tax by 1% on October 1, 2019. The City reduced the monthly garbage fee from \$21.35 to \$3.25 in an effort to provide relief to taxpayers, effectively saving them over \$200 annually. The cost of the subsidy was estimated at approximately \$5,000,000.
- Lodging tax revenues decreased \$2,149,066 (27%) due to the impact of the COVID-19 pandemic on our economy. The majority of the City's events at the amphitheater were canceled, as well as major University of Alabama events that spur tourism throughout the City. In addition, due to social distancing measures, typical business travel was drastically reduced, as companies moved to remote work and virtual meetings. All of this, along with other event cancellations throughout the City during the pandemic, led to a drastic decrease in the number of tourists visiting the City.
- Revenues from operating and capital grants and contributions decreased by \$3,798,111 (6%). The majority of decreased revenues can be attributed to the substantial completion of major disaster recovery projects such as the 10<sup>th</sup> Avenue and Alberta Revitalization projects.

#### Governmental Activities – Revenues (Continued)



#### **Governmental Activities - Expenses**

Significant changes in governmental activities expenses include the following:

- Overall, governmental expenses increased \$8,156,212 (5%) primarily due to initiatives that were funded through the 1% sales tax increase
  as part of the Elevate Tuscaloosa plan. The sales tax increase was passed to support the funding of projects throughout the City of
  Tuscaloosa spanning education, infrastructure, economic development and public safety. The sales tax went into effect October 1, 2019.
  In addition, a 2.2% cost of living increase and two-step (3%) increase was implemented for all employees in fiscal year 2020, which was
  projected to cost \$3,025,952.
- Education expenses increased \$1,085,323, approximately 5%, primarily due to educational initiatives funded through the Elevate Tuscaloosa plan. Specifically, \$350,000 was invested for expanding Pre-k programs in the city, \$250,000 for the summer learning academy and \$500,000 for career and college ready dual-enrollment scholarships.
- Community Services increased \$4,370,513, approximately 20%, the majority of which can be attributed to initiatives funded through the
  Elevate Tuscaloosa plan, specifically, the purchase of the Tuscaloosa News building for a future project, Saban Center, as well as COVID19 relief provided for businesses and the community. Saban Center is a unique public-private partnership that will bring together STEAM
  programs and interactive learning in one dynamic space.
- Infrastructure and Public Services increased \$1,673,143, approximately 5%, of which \$1,317,172 related to parks and recreation initiatives
  funded through the Elevate Tuscaloosa plan. Initiatives include, improvements to the McDonald Hughes Community Center, Snow Hinton
  Park and Alabama's largest all-inclusive playground designed for children and families of all abilities. Other increases can be attributed to
  salary and benefit increases for employees.
- Urban Development increased \$972,176, approximately 29%, \$804,688 of which are the result of increased operational expenditures necessary to support the Elevate Tuscaloosa plan. Other increases can be attributed to salary and benefit increases for employees.

#### Governmental Activities – Expenses (Continued)



#### **Business-type Activities**

The City operates a water and sewer utility that is accounted for as an enterprise fund. Total operating revenues decreased by \$1,719,811 (3%) while operating expenses increased by \$1,196,421 (4%). The Water and Sewer Fund change in net position compared to the prior year decreased by \$3,461,167 primarily due to the impact that COVID-19 has had on our water and sewer utility. For example, manufacturing and major commercial customers had reduced operations, which in turn led to reduced water and sewer usage. Although a 3% rate increase was implemented in fiscal year 2020, the impact of the pandemic greatly outweighed the rate increase.

The Water and Sewer Fund transferred \$7,538,753 to the General Fund for services provided by key General Fund departments including accounting, legal, human resource and information technology services as well as direct expenses incurred from property insurance and workers compensation claims.

#### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

#### **Governmental Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the 2020 fiscal year, the City's governmental funds reported combined ending fund balances of \$76,481,531 an increase of \$6,374,077 (9%) from the prior year balance. At the end of each fiscal year, the general fund records a transfer to the capital projects fund resulting in a decrease to the unassigned fund balance and an increase to the assigned fund balance for capital projects. For fiscal year 2020, the total transfer was \$6,326,469. Of the total fund balance of \$76,481,530, \$853,105 (1%) constitutes the non-spendable fund balance, which includes amounts that are either not in spendable form or legally or contractually required to be maintained intact. In addition, \$21,712,959 (28%) of fund balance is classified as restricted, meaning that funds can only be used for specific purposes defined by enabling legislation or externally imposed limitations. Amounts that can only be used for specific purposes pursuant to constraints of the government's highest level of decision-making authority are reported as committed fund balance. Committed fund balance represents \$12,218,817 (16%) of total fund balance. Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed are reported as assigned fund balance. Assigned fund balance represents \$28,217,018 (37%) of total fund balance. The remaining funds that are not classified in any of the other four categories constitute the unassigned fund balance. For the fiscal year ended September 30, 2020, unassigned fund balance represented \$13,479,632 (18%) of total fund balance.

#### **Governmental Funds - Revenues**

The following table shows the revenues for fiscal year 2020 and 2019 and the increases and decreases from 2019 by major funds and other governmental funds.

		General Fund		C	apital	Projects Fun	ıd			ster Recovery			О	ther	Governmenta Funds	al	
			Increase/				- 1	ncrease/				Increase/				- 1	ncrease/
	2020	2019	(Decrease)	 2020		2019	([	Decrease)	2020	2019	(	Decrease)	2020		2019	([	Decrease)
Revenues																	
Taxes	\$ 99,233,004	\$ 80,007,862	\$ 19,225,142	\$ -	\$	-	\$	-	\$ -	\$ -	\$	-	\$ 1,323,898	\$	941,537	\$	382,361
Licenses and permits	24,554,241	24,005,204	549,037	-		-		-	-	-		-	-		-		-
Fines and penalties	1,682,534	2,077,426	(394,892)	-		-		-	-	-		-	353,474		331,090		22,384
Use of property	388,477	301,682	86,795	-		-		-	-	-		-	-		-		-
Charges for services	1,397,584	6,189,032	(4,791,448)	-		-		-	-	-		-	-		-		-
Intergovernmental	42,900,334	38,926,748	3,973,586	269,014		39,041		229,973	1,682,633	6,754,208		(5,071,575)	7,744,103		12,094,836		(4,350,733)
Other revenues	2,981,066	9,410,623	(6,429,557)	376,006		664,158		(288,152)	657	666		(9)	1,066,562		1,467,292		(400,730)
	\$173,137,240	\$160,918,577	\$ 12,218,663	\$ 645,020	\$	703,199	\$	(58,179)	\$ 1,683,290	\$ 6,754,874	\$	(5,071,584)	\$ 10,488,037	\$	14,834,755	\$	(4,346,718)

The *General Fund* is the chief operating fund of the City. General Fund revenues consist primarily of the City's direct sales tax, the City's share of the three-cent county sales tax, property taxes and business licenses. The City's Accounting and Finance Department (Revenue and Financial Services Division) collects and administers its three-cent direct sales tax and the business license fee that is based on gross receipts. The City receives nineteen percent of the three-cent county sales tax, which is collected and administered by the Tuscaloosa County Special Tax Board (the County), an independent entity. The County levies and collects ad valorem taxes. As mentioned previously, the sales and use tax revenue increased by 45% in fiscal year 2020 mainly due to the new Elevate sales tax (additional 1%) that went into effect on October 1, 2019 in addition to changes that have been made with respect to the SSUT and citizen's shopping habits.

The Capital Projects Fund accounts for the resources used to acquire, construct and improve major capital facilities, such as City buildings, road improvements, drainage projects, and street resurfacing. In the Capital Projects Fund, intergovernmental revenue increased due to an overall increase in state grant revenue in 2020. Other revenues decreased in 2020 due to a decrease in interest income from Certificates of Deposit (CDs). Due to COVID-19 and the lower interest rates, the City temporarily halted the CD bid process.

The *Disaster Recovery Construction Fund* is used to account for grant funds received under the CDBG-DR grant program and the related costs of the rebuild efforts that are ongoing in Tuscaloosa as a result of the April 27, 2011 tornado that significantly damaged the city. Funding decreased by approximately 75% in fiscal year 2020, as the majority of recovery efforts have neared or come near to completion. In fiscal year 2020, the Alberta Parkway Revitalization project was completed and the 10<sup>th</sup> Avenue project was substantially completed. The 10<sup>th</sup> Avenue project is expected to be complete in fiscal year 2021.

#### Governmental Funds – Revenues (Continued)

The Other Governmental Funds are comprised of nonmajor capital projects funds, special revenue funds and a permanent fund for the maintenance of a park. The decrease reflected in Other Governmental Fund revenues can be primarily attributed to the Road Improvement Fund. In the Road Improvement Fund, a non-major capital projects fund, total revenues decreased by \$4,351,283 due to timing of reimbursements for capital projects from the Tuscaloosa County Road Improvements Commission. The commission receives 10% of the county's 3% sales tax, which is dedicated for road improvement projects throughout Tuscaloosa County. The city manages these projects and is reimbursed by the Road Improvement Commission throughout the year.

#### **Governmental Funds – Expenditures**

The following table shows the expenditures for fiscal year 2020 and 2019 and the increases and decreases from 2019 by major funds and other governmental funds.

		General Fund		(	Capital Project Fun	d		Disaster Recovery Construction Fund			Other Government Funds	al
			Increase/			Increase/			Increase/			Increase/
Francis diamen	2020	2019	(Decrease)	2020	2019	(Decrease)	2020	2019	(Decrease)	2020	2019	(Decrease)
Expenditures												
Current operations:												
Community Services	\$ 13,302,231	\$ 9,202,101	\$ 4,100,130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,718,256	\$ 1,656,494	\$ 61,762
Education	18,365,865	18,356,200	9,665	-	-	-	-	-	-	-	-	-
General Government	16,748,147	15,738,978	1,009,169	89,542	13,532	76,010	1,517,520	1,439,249	78,271	484,888	284,208	200,680
Infrastructure & Public Services	34,088,360	30,132,534	3,955,826	-	-	-	-	-	-	6,971	53,808	(46,837)
Public Safety	59,599,516	63,406,875	(3,807,359)	-	-	-	-	-	-	37,692	4,962	32,730
Urban Development	4,044,880	3,362,374	682,506	-	-	-	382	457	(75)	-	-	-
Funds to Other Agencies	13,911,661	12,890,873	1,020,788	-	-	-	-	-	-	-	-	-
Cost Sharing Arrangements	1,685,781	1,602,917	82,864	-	-	-	-	-	-	-	-	-
Other expenditures	675,504	1,053,245	(377,741)	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	9,916,905	14,351,171	(4,434,266)	357,697	5,442,712	(5,085,015)	14,018,413	12,444,745	1,573,668
Debt service	8,460,711	8,026,736	433,975	-	-	-	-	-	-	386,160	405,929	(19,769)
Intergovernmental expenditures									-			
	\$170,882,656	\$163,772,833	\$ 7,109,823	\$ 10,006,447	\$ 14,364,703	\$ (4,358,256)	\$ 1,875,599	\$ 6,882,418	\$ (5,006,819)	\$ 16,652,380	\$ 14,850,146	\$ 1,802,234

General Fund – General fund expenditures increased \$7,109,823 (4%) over the prior fiscal year. The increase can partly be attributed to a 2.2% cost of living increase adjustment and a two-step (3%) increase for all employees was implemented in fiscal year 2020, a total cost of \$3,029,952. In addition, health insurance costs also increased by approximately 8%.

#### **Governmental Funds - Expenditures (Continued)**

Capital Projects Fund – Expenditures on capital projects decreased by \$4,358,256 (30%) over the prior fiscal year due to the completion of various capital projects in fiscal year 2020. Most notably the 2018 City-Wide Resurfacing project, Brookhaven Drainage project, and the Lurleen Wallace Blvd Improvements project incurred \$4.4 million more expenditures in fiscal year 2019 over current year.

Disaster Recovery Construction Fund – Expenditures within the disaster recovery fund decreased by \$5,006,819 (73%) over the prior fiscal year, the majority of which can be attributed to the substantial completion of major disaster recovery projects such as the 10<sup>th</sup> Avenue and Alberta Revitalization projects. As previously mentioned, this fund is used to account for grants received under the CDBG-DR grant program and the related costs of the rebuild efforts that are ongoing in Tuscaloosa as a result of the April 27, 2011 tornado that significantly damaged the city. The Alberta Parkway Revitalization project was completed and the 10<sup>th</sup> Avenue project was substantially completed in fiscal year 2020.

Other Governmental Funds – Expenditures shown for these funds, comprised of nonmajor capital project and special revenue funds, increased by \$1,802,234 (12%). The Airport Development fund, a non-major special revenue fund, increased by \$1,238,105 million in expenditures related to grant funded capital projects at the Tuscaloosa National Airport. Combined expenditures for nonmajor capital projects funds increased by \$828,407 due to the timing of various capital projects that are ongoing within these funds.

#### **Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

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

Operating revenues		September 30, 2020	September 30, 2019
Charges for services	\$	48,218,192	\$ 49,071,815
Connection fees		745,919	822,790
Cost reimbursement		129,838	169,746
Other		177,977	 927,386
Total operating revenues	_	49,271,926	50,991,737
Operating expenses			
All departmental expenses		24,565,353	23,751,776
Depreciation		10,479,871	 10,097,027
Total operating expenses	_	35,045,224	 33,848,803
Operating income	\$	14,226,702	\$ 17,142,934

The City Council has required the Water and Sewer Fund to maintain undesignated net position of at least 30% of actual current year water and sewer operating expenses in the Water and Sewer Fund and the Water and Sewer Reserve for Future Improvements Fund. The Water and Sewer Fund has met this requirement for 2020 and has \$14,593,553 in unrestricted funds available for future capital projects.

Charges for services decreased due to the impact that COVID-19 has had on our water and sewer utility, as previously discussed in a section above. For financial statement purposes, the Water and Sewer Fund and the Water and Sewer Reserve for Future Improvements 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 Water and Sewer Fund. Departmental totals are budgeted in both funds, but the City Council (Council) holds each department head accountable for the line items in their budget. In the Capital Projects Fund, the Council designates funds for City projects.

The 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 Accounting and Finance Department. The Accounting and 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 Water and Sewer Fund budget to the Council. During the month of September, the Finance Committee, the Mayor and the Council, review the final recommendation for adjustments before adopting the budget prior to October 1st. The original adopted budget is revised periodically throughout the year 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 Chief Financial Officer 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 Assets and Debt Administration

#### Capital Assets

The City's capital assets for its governmental and business-type activities as of September 30, 2020 totaled \$335,378,136 and \$315,069,510, respectively (net of accumulated depreciation). The investment in capital assets includes land, infrastructure, buildings and systems, machinery and equipment, utility properties and construction in progress. The increase in capital assets for governmental activities was primarily a result of the net increase in capital assets in the land, buildings, equipment, and infrastructure categories. For the business-type activities, the increase was primarily the result of an increase in the equipment and utilities categories. See note 4 to the financial statements for additional information.

		Govern	nmenta	l		Busine	ss-type	:				
		Acti	vities			Activ	vities			То	tals	
	Se	ptember 30,	Se	ptember 30,	Se	eptember 30,	Se	eptember 30,	Se	eptember 30,	S	September 30,
		2020		2019		2020		2019		2020		2019
Land	\$	17,686,289	\$	14,103,749	\$	2,015,023	\$	2,000,048	\$	19,701,312	\$	16,103,797
Buildings		90,485,805		85,547,278		-		-		90,485,805		85,547,278
Equipment		29,615,852		24,253,302		5,525,282		3,412,856		35,141,134		27,666,158
Equipment, not in use		2,137,465		7,146,683		-		-		2,137,465		7,146,683
Infrastructure		175,319,850		157,952,182		-		-		175,319,850		157,952,182
Utility property		-		-		298,627,982		294,483,330		298,627,982		294,483,330
Construction in progress		20,132,875		27,769,102		8,901,223		8,463,371		29,034,098		36,232,473
	\$	335,378,136	\$	316,772,296	\$	315,069,510	\$	308,359,605	\$	650,447,646	\$	625,131,901

#### **Capital Assets and Debt Administration (Continued)**

#### **Debt Administration**

At fiscal year-end, the City had \$203,126,135 in outstanding warrants, installment payable and capital leases. Additional long-term liabilities totaled \$227,425,828 consisting of the net pension liabilities, OPEB liability, compensated absences and workers compensation claims. Overall, long-term debt increased \$36,220,855 from the prior year. See note 5 to the financial statements for additional information.

		Govern Activ	menta ⁄ities	l			ss-type /ities	2		То	tals	
	Se	eptember 30, 2020	Se	eptember 30, 2019	Se	ptember 30, 2020	Se	eptember 30, 2019	Se	eptember 30, 2020	Se	ptember 30, 2019
Warrants payable	\$	108,874,614	\$	101,226,914	\$	52,055,000	\$	57,740,000	\$	160,929,614	\$	158,966,914
Section 108 Ioan		750,000		825,000		-		-		750,000		825,000
Installment payable		1,192,702		1,363,088		-		-		1,192,702		1,363,088
Capital leases		6,324,502		7,587,035		578,239		688,880		6,902,741		8,275,915
Revolving loans		-		-		27,218,986		21,774,630		27,218,986		21,774,630
Premiums on warrants		4,989,272		4,745,941		1,479,467		3,158,497		6,468,739		7,904,438
Discounts on warrants		(336,647)		(413,324)		-		-		(336,647)		(413,324)
Total warrants, installment												
payable, and capital leases		121,794,443		115,334,654		81,331,692		83,362,007		203,126,135		198,696,661
Net pension liabilities		160,064,379		138,546,288		8,513,070		6,865,660		168,577,449		145,411,948
Total OPEB liability		36,982,982		30,286,953		5,690,138		4,660,904		42,673,120		34,947,857
Compensated absences		8,845,324		8,153,432		1,108,683		982,064		9,954,007		9,135,496
Workers compensation claims		5,680,555		5,598,846		540,697		540,300		6,221,252		6,139,146
Long-term liabilities	\$	333,367,683	\$	297,920,173	\$	97,184,280	\$	96,410,935	\$	430,551,963	\$	394,331,108

Total long-term liabilities for governmental activities increased by \$35,447,510 primarily due to an increase in the warrants payable, net pension liability, total OPEB liability and compensated absences. Total long-term liabilities for business-type activities increased by \$773,345 due primarily to an increase in the net pension liability, total OPEB liability and compensated absences.

The City maintains credit ratings of AAA, Aa1 and AA with Fitch Ratings, Moody's Investors Service and Standard & Poor's, respectively. Tuscaloosa is one of only two cities in Alabama to have the highest rating of AAA. Rating agency reports have referenced a "strong economy with a local stabilizing institutional influence" as a contributing factor to the City's strong credit ratings.

#### OTHER FINANCIAL MATTERS

#### **Internal Service Fund**

The City's Health Insurance Fund, an Internal Service Fund, had a positive net position of \$563,155 at September 30, 2020, an increase of \$276,406 from the prior year. While the City was able to maintain a positive net position in 2020, the change in net position for 2020 was only 40% of the total change for 2019. While the deficit was eliminated in fiscal year 2019 and a positive net position was maintained in 2020, the City continues to be diligent in its efforts to maintain a positive net position in the coming years. Specifically, the City budgeted transfers to the Internal Service Fund of \$100,000 in the General Fund and \$25,000 in the Water and Sewer Fund in the fiscal year 2021 budget.

#### **OTHER MATTERS**

#### Acknowledgements

The City of Tuscaloosa would like to thank Mayor Walter Maddox, members of the City Council, the City's department heads, and the Accounting and Finance Department staff for their contributions to this report and their role in the City's strong financial condition.

#### **Contacting the City's Financial Management**

This financial report is intended to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the funds it receives. 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 Chief Financial Officer, Susan Snowden, can be reached by telephone at (205) 248-5175. The City's website is <a href="www.tuscaloosa.com">www.tuscaloosa.com</a>.



### STATEMENT OF NET POSITION SEPTEMBER 30, 2020

		Prim	ary Government				Compor	ent Units	s
	overnmental Activities	В	usiness-Type Activities		Total	Touris	uscaloosa sm and Sports emmission	Parki	aloosa County ng and Transit Authority
ASSETS Current Assets									
Current Assets Cash and Cash Equivalents Investments Receivables (net of allowances for uncollectibles) Internal Balances Prepaid Items Inventories	\$ 58,895,307 160,615 34,319,111 (2,882,338) 222,306 600,779	\$	17,514,169 - 11,823,327 2,882,338 42,666 1,572,133	\$	76,409,476 160,615 46,142,438 - 264,972 2,172,912	\$	840,617 - 20,500 - 110,425	\$	7,543 507,502 - - - -
Total Current Assets	 91,315,780		33,834,633		125,150,413		971,542		515,045
Noncurrent Assets Restricted Assets Cash and Cash Equivalents Receivables	- 4,047,705		2,948,331 -		2,948,331 4,047,705		-		-
Capital Assets Land Equipment Not in Service Construction in Progress Capital Assets (net of accumulated depreciation)	 17,686,289 2,137,465 20,132,875 295,421,507		2,015,023 - 8,901,223 304,153,264		19,701,312 2,137,465 29,034,098 599,574,771		- - - 228,273		- - - 2,549,896
Total Capital Assets (net of accumulated depreciation)	335,378,136		315,069,510		650,447,646		228,273		2,549,896
Total Noncurrent Assets	 339,425,841		318,017,841		657,443,682		228,273		2,549,896
Total Assets	 430,741,621		351,852,474		782,594,095		1,199,815		3,064,941
DEFERRED OUTFLOWS OF RESOURCES									
Deferred Outflows from Pension Deferred Outflows from OPEB Deferred Loss on Debt Refunding	 41,876,646 5,147,050 1,354,869		2,714,136 800,617 2,691,286		44,590,782 5,947,667 4,046,155		- - -		249,844 - -
Total Deferred Outflows of Resources	 48,378,565		6,206,039		54,584,604		=		249,844
LIABILITIES									
Current Liabilities Accounts Payable and Other Current Charges Accrued Interest Payable Current Portion of Long-Term Debt	 12,708,552 1,493,293 10,501,274		3,541,723 659,501 10,297,707		16,250,275 2,152,794 20,798,981		30,578 1,573 4,443		174,501 - -
Total Current Liabilities	 24,703,119		14,498,931	-	39,202,050		36,594		174,501
	 ,,		,,-		, - ,		,	-	(Continued)

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### STATEMENT OF NET POSITION SEPTEMBER 30, 2020

			Prim	ary Government			Compon	ent Units
	G	overnmental Activities	В	usiness-Type Activities		Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority
LIABILITIES (Continued)	_							
Noncurrent Liabilities								
Unearned Revenue	\$	466,914	\$	22,571	\$	489,485	\$ -	\$ -
Developer Deposits		-		2,193,440		2,193,440	-	-
Net Pension Liabilities		160,064,379		8,513,070		168,577,449	-	-
Total OPEB Liabitility		36,982,982		5,690,138		42,673,120	-	-
Liabilities Payable from Restricted Assets								
Customer Deposits		-		2,948,331		2,948,331	-	-
Long-Term Debt - Due in more than one year, net		125,819,048		72,683,365		198,502,413	149,099	393,735
Total Noncurrent Liabilities		323,333,323		92,050,915		415,384,238	149,099	393,735
Total Liabilities		348,036,442		106,549,846	-	454,586,288	185,693	568,236
DEFERRED INFLOWS OF RESOURCES								
Deferred Inflows from TEF Advance	_	_		_		_	92,200	_
Deferred Inflows from Pension		4,950,150		272.605		5,222,755	,	100,150
Deferred Inflows from OPEB		1,388,376		213,405		1,601,781	_	-
Deferred Gain on Debt Refunding		465,243				465,243		-
Total Deferred Inflows of Resources		6,803,769		486,010		7,289,779	92,200	100,150
NET POSITION								
Net Investment in Capital Assets	_	212,335,854		236,429,104		448,764,958	224,731	2,549,896
Restricted for:		, ,		, -, -		., . ,	, -	,,
Long-term Receivable		4,047,705		_		4,047,705	-	-
Capital Projects		6,274,337		_		6,274,337	-	-
Garnishments		4,099		_		4,099	-	_
Grant Projects		1,530,340		_		1,530,340	-	-
Municipal Court		911,984		_		911,984	-	_
Pensions		594,055		_		594,055	-	_
Road Projects		11,492,021		_		11,492,021	-	-
Salaries		250,514		-		250,514	-	-
Capital Park Maintenance		•				•		
Nonexpendable		9,323		-		9,323	-	-
Unrestricted		(113,170,257)		14,593,553		(98,576,704)	697,191	96,503
Total Net Position	\$	124,279,975	\$	251,022,657	\$	375,302,632	\$ 921,922	\$ 2,646,399

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2020

			Program Revenues	s			Changes in Net P	osition	
						Primary Governmen	nt	Compoi	nent Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority
FUNCTIONS / PROGRAMS  Primary Government Governmental Activities Community Services Education General Government Infrastructure and Public Services Public Safety Urban Development Interest on Long-Term Debt	\$ 26,063,157 22,731,935 23,163,584 35,447,889 72,429,503 4,367,239 3,535,948	\$ - 24,942,718 1,397,584 2,036,008	\$ 3,517,453 38,400,213 6,464,299 447,606 736,343 3,801,350	\$ - - 2,752,995 445,236 -	\$ (22,545,704) 15,668,278 8,243,433 (30,849,704) (69,211,916) (565,889) (3,535,948)	\$ - - - - - - -	\$ (22,545,704) 15,668,278 8,243,433 (30,849,704) (69,211,916) (565,889) (3,535,948)	\$ - - - - - - -	\$ - - - - - - -
Total Governmental Activities	187,739,256	28,376,310	53,367,264	3,198,231	(102,797,451)		(102,797,451)	<u> </u>	
Business-Type Activities Intermodal Facility Water and Sewer	51,269 37,353,617	61,634 49,271,926		453,399	-	10,365 12,371,708	10,365 12,371,708		
Total Business-Type Activities	37,404,886	49,333,560		453,399		12,382,073	12,382,073		
Total Primary Government	\$ 225,144,142	\$ 77,709,870	\$ 53,367,264	\$ 3,651,630	\$ (102,797,451)	\$ 12,382,073	\$ (90,415,378)	\$ -	\$ -
Component Units Tuscaloosa Tourism and Sports Commission Tuscaloosa County Parking and Transit Authority	\$ 1,274,982 3,317,819	\$ - 169,598	\$ 1,520,839 1,466,726	\$ - 1,060,845	\$ -	\$ -	\$ -	\$ 245,857	\$ - (620,650)
Total Component Units	\$ 4,592,801	\$ 169,598	\$ 2,987,565	\$ 1,060,845	\$ -	\$ -	\$ -	\$ 245,857	\$ (620,650)
	Unrestricted In Transfers	Use Tax ax x I Taxes sal of Capital Assets vestment Earnings			\$ 69,196,100 19,482,368 5,697,315 8,860,643 108,894 7,538,753	\$ - - 43,139 13,023 (7,538,753)	\$ 69,196,100 19,482,368 5,697,315 8,860,643 43,139 121,917	\$ - - - - 167	\$ - - - - 5,049
	Total General Re	evenues and Transf	ers		110,884,073	(7,482,591)	103,401,482	167	5,049
	Change in Net P	osition			8,086,622	4,899,482	12,986,104	246,024	(615,601)
	Net Position, Be	ginning of Year			116,193,353	246,123,175	362,316,528	675,898	3,262,000
	Net Position, En	d of Vear			\$ 124,279,975	\$ 251,022,657	\$ 375,302,632	\$ 921,922	\$ 2,646,399

#### BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2020

	 General Fund		Capital Projects Fund		Disaster Recovery Construction Fund		Nonmajor Governmental Funds		Total Governmental Funds
ASSETS									
Cash and Cash Equivalents	\$ 29,103,635	\$	13,229,386	\$	2,123,672	\$	12,469,004	\$	56,925,697
Investments			<del>-</del>				160,615		160,615
Receivables (net of allowances for uncollectibles)	17,617,115		1,512,851		428,220		10,937,035		30,495,221
Due from Other Governments	3,695,325		-		-				3,695,325
Due from Other Funds	17,323,718		18,736,133		-		8,415,470		44,475,321
Advances to Other Funds	30,020		-		-		-		30,020
Loans Receivable	-		-		59,613		3,988,092		4,047,705
Prepaid Items	222,306		-		-		-		222,306
Inventories	600,779	_	-	_	-	_			600,779
Total Assets	\$ 68,592,898	\$	33,478,370	\$	2,611,505	\$	35,970,216	\$ _	140,652,989
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES									
Liabilities									
Accounts Payable and Other Current Charges	\$ 9,731,280	\$	1,079,859	\$	240,726	\$	1,605,310	\$	12,657,175
Unearned Revenue	466,914		-		-		-		466,914
Due to Other Funds	29,869,388		1,108,523		865,000		13,102,875		44,945,786
Advances from Other Funds	<u> </u>		=		1,445,345		30,020		1,475,365
Total Liabilities	 40,067,582		2,188,382		2,551,071		14,738,205		59,545,240
Deferred Inflows of Resources									
Unavailable Revenue	 <u>-</u>		742,437		65,324		3,818,457		4,626,218
Total Liabilities and Deferred Inflows of Resources	 40,067,582		2,930,819		2,616,395		18,556,662		64,171,458

#### BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2020

	General Fund	Сар	ital Projects Fund	ster Recovery enstruction Fund	Nonmajor overnmental Funds	G	Total overnmental Funds
FUND BALANCES							
Fund Balances							
Nonspendable:							
Advances	\$ 30,020	\$	-	\$ -	\$ -	\$	30,020
Prepaid Items	222,306		-	-	-		222,306
Inventories	600,779		-	-	-		600,779
Restricted for:							
Ambulance Franchise Program	478,191		-	-	-		478,191
Long-term Receivable	· -		-	59,613	3,988,092		4,047,705
Capital Park Maintenance	_		-	-	9,323		9,323
Capital Projects	_		3,948,497	-	2,325,840		6,274,337
Garnishments	4,099		, , , , <u>-</u>	_	-		4,099
Grant Projects	,		_	_	108,989		108,989
Municipal Court	911,984		-	_	, <u>-</u>		911,984
Pensions	594,055		-	_	-		594,055
Road Projects	,		_	_	9,033,762		9,033,762
Salaries and Wages	_		_	_	250,514		250,514
Committed for:					,-		,-
Capital Projects	_		1,409,314	_	2.046.052		3.455.366
Cemetery Maintenance	_		-	_	134,466		134,466
Law Enforcement and Public Officials Liability	482,775		_	_	-		482,775
Tourism Enhancement	334,308		_	_	203,775		538,083
Elevate Tuscaloosa Fund	7,059,427		_	_			7,059,427
Facility Renewal Projects	548,700		_	_	_		548,700
Assigned	0.0,.00						0.0,.00
Fiscal Year 2020 Budget	2,891,716		_	_	_		2,891,716
Council District Improvement Funds	70.000		_	_	-		70,000
Abandoned Evidence Account	48,012		_	_	-		48,012
Human Trafficking Taskforce	17,550		_	_	-		17,550
Future Capital Projects	· -		25,189,740	-	-		25,189,740
Unassigned	 14,231,394		<u>-</u>	 (64,503)	 (687,259)		13,479,632
Total Fund Balances (Deficits)	 28,525,316		30,547,551	(4,890)	 17,413,554		76,481,531
Total Liabilities, Deferred Inflows of Resources,							
and Fund Balances (Deficits)	\$ 68,592,898	\$	33,478,370	\$ 2,611,505	\$ 35,970,216	\$	140,652,989

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2020

Fund Balances - Governmental Funds		\$	76,481,531
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. These assets consist of:			
Buildings, net of accumulated depreciation Equipment, net of accumulated depreciation Infrastructure, net of accumulated depreciation Land Equipment not in use Construction in progress	\$ 90,485,805 29,615,852 175,319,850 17,686,289 2,137,465 20,132,875		335,378,136
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			4,626,218
Long-term receivables associated with the sale of capital assets are not reported in the funds.  Receivable for sale of land  Receivable for sale of building	\$ (125,000) 125,000		-
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.			(454,930)
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 Section 108 loan Capital lease Installment note payable Compensated absences Workers comp liability Total OPEB liability and related deferred inflows and deferred outflows Net pension liability, deferred inflows, and deferred outflows, not reported in the funds Accrued interest payable Deferred loss on refunding of warrants, to be amortized Deferred gain on refunding of warrants, to be amortized Premiums, to be amortized Discount, to be amortized	\$ (108,874,614) (750,000) (6,324,502) (1,192,702) (8,845,324) (4,145,355) (33,224,308) (123,137,883) (1,493,293) 1,354,869 (465,243) (4,989,272) 336,647	_	(291,750,980)
Net position of governmental activities		\$	124,279,975

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

Taxes Licenses and Permits Fines and Penalties Use of Property Charges for Services Intergovernmental Other  Total Revenues  EXPENDITURES  Current Operations Community Services Education General Government Infrastructure and Public Services Public Safety Urban Development Funds to Other Agencies Cost Sharing Arrangements Other Expenditures Total Current Operations  Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures  Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets Issuance of Debt	99,233,004 24,554,241 1,682,534 388,477 1,397,584 42,900,334 2,981,066 173,137,240 13,302,231 18,365,865 16,748,147 34,088,360 59,599,516 4,044,880 13,911,661 1,685,781 675,504 162,421,945	\$	269,014 376,006 645,020	\$	1,682,633 657 1,683,290	\$	1,323,898 - 353,474 - 7,744,103 1,066,562 10,488,037 1,718,256 - 484,888 6,971 37,692 - -	\$	388,477 1,397,584 52,596,084 4,424,291 185,953,587 15,020,487 18,365,865 18,840,097 34,095,331 59,637,208 4,045,262 13,911,661 1,685,781
Licenses and Permits Fines and Penalties Use of Property Charges for Services Intergovernmental Other  Total Revenues  EXPENDITURES  Current Operations Community Services Education General Government Infrastructure and Public Services Public Safety Urban Development Funds to Other Agencies Cost Sharing Arrangements Other Expenditures Total Current Operations  Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures  Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES) Proceeds from Sale of Capital Assets	24,554,241 1,682,534 388,477 1,397,584 42,900,334 2,981,066 173,137,240 13,302,231 18,365,865 16,748,147 34,088,360 59,599,516 4,044,880 13,911,661 1,685,781 675,504	*	376,006 645,020	÷	657 1,683,290 - - 1,517,520		353,474 - 7,744,103 1,066,562 10,488,037 1,718,256 - 484,888 6,971	*	24,554,241 2,036,008 388,477 1,397,584 52,596,084 4,424,291 185,953,587 15,020,487 18,365,865 18,840,097 34,095,331 59,637,208 4,045,262 13,911,661 1,685,781
Fines and Penalties Use of Property Charges for Services Intergovernmental Other  Total Revenues  EXPENDITURES  Current Operations Community Services Education General Government Infrastructure and Public Services Public Safety Urban Development Funds to Other Agencies Cost Sharing Arrangements Other Expenditures Total Current Operations  Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES) Proceeds from Sale of Capital Assets	1,682,534 388,477 1,397,584 42,900,334 2,981,066 173,137,240 13,302,231 18,365,865 16,748,147 34,088,360 59,599,516 4,044,880 13,911,661 1,685,781 675,504		376,006 645,020		657 1,683,290 - - 1,517,520		7,744,103 1,066,562 10,488,037 1,718,256 484,888 6,971	=	2,036,008 388,477 1,397,584 52,596,084 4,424,291 185,953,587 15,020,487 18,365,865 18,840,097 34,095,331 59,637,208 4,045,262 13,911,661 1,685,781
Use of Property Charges for Services Intergovernmental Other  Total Revenues  EXPENDITURES  Current Operations Community Services Education General Government Infrastructure and Public Services Public Safety Urban Development Funds to Other Agencies Cost Sharing Arrangements Other Expenditures Total Current Operations  Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	388,477 1,397,584 42,900,334 2,981,066 173,137,240 13,302,231 18,365,865 16,748,147 34,088,360 59,599,516 4,044,880 13,911,661 1,685,781 675,504		376,006 645,020		657 1,683,290 - - 1,517,520		7,744,103 1,066,562 10,488,037 1,718,256 484,888 6,971	=	388,477 1,397,584 52,596,084 4,424,291 185,953,587 15,020,487 18,365,865 18,840,097 34,095,331 59,637,262 4,045,262 13,911,661 1,685,781
Charges for Services Intergovernmental Other  Total Revenues  EXPENDITURES  Current Operations Community Services Education General Government Infrastructure and Public Services Public Safety Urban Development Funds to Other Agencies Cost Sharing Arrangements Other Expenditures Total Current Operations  Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	1,397,584 42,900,334 2,981,066 173,137,240 13,302,231 18,365,865 16,748,147 34,088,360 59,599,516 4,044,880 13,911,661 1,685,781 675,504		376,006 645,020		657 1,683,290 - - 1,517,520		1,066,562 10,488,037 1,718,256 484,888 6,971	<u>=</u>	1,397,584 52,596,084 4,424,291 185,953,587  15,020,487 18,365,865 18,840,097 34,095,331 59,637,208 4,045,262 13,911,661 1,685,781
Intergovernmental Other Total Revenues  EXPENDITURES  Current Operations Community Services Education General Government Infrastructure and Public Services Public Safety Urban Development Funds to Other Agencies Cost Sharing Arrangements Other Expenditures Total Current Operations  Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	13,302,231 18,365,865 16,748,147 34,088,360 59,599,516 4,044,880 13,911,661 1,685,781 675,504		376,006 645,020		657 1,683,290 - - 1,517,520		1,066,562 10,488,037 1,718,256 484,888 6,971	=	52,596,084 4,424,291 185,953,587 15,020,487 18,365,865 18,840,097 34,095,331 59,637,208 4,045,262 13,911,661 1,685,781
Other  Total Revenues  EXPENDITURES  Current Operations Community Services Education General Government Infrastructure and Public Services Public Safety Urban Development Funds to Other Agencies Cost Sharing Arrangements Other Expenditures Total Current Operations  Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	2,981,066 173,137,240 13,302,231 18,365,865 16,748,147 34,088,360 59,599,516 4,044,880 13,911,661 1,685,781 675,504		376,006 645,020		657 1,683,290 - - 1,517,520		1,066,562 10,488,037 1,718,256 484,888 6,971	_	4,424,291 185,953,587 15,020,487 18,365,865 18,840,097 34,095,331 59,637,208 4,045,262 13,911,661 1,685,781
Total Revenues  EXPENDITURES  Current Operations Community Services Education General Government Infrastructure and Public Services Public Safety Urban Development Funds to Other Agencies Cost Sharing Arrangements Other Expenditures Total Current Operations  Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	13,302,231 18,365,865 16,748,147 34,088,360 59,599,510 4,044,880 13,911,661 1,685,781 675,504		645,020 - - - 89,542 - - - -		1,683,290 - - 1,517,520 -		10,488,037 1,718,256 - 484,888 6,971		15,953,587 15,020,487 18,365,865 18,840,097 34,095,331 59,637,208 4,045,262 13,911,661 1,685,781
EXPENDITURES  Current Operations Community Services Education General Government Infrastructure and Public Services Public Safety Urban Development Funds to Other Agencies Cost Sharing Arrangements Other Expenditures Total Current Operations  Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	13,302,231 18,365,865 16,748,147 34,088,360 59,599,516 4,044,880 13,911,661 1,685,781 675,504		89,542 - - - - - -		- - 1,517,520 - -		1,718,256 - 484,888 6,971		15,020,487 18,365,865 18,840,097 34,095,331 59,637,208 4,045,262 13,911,661 1,685,781
Current Operations Community Services Education General Government Infrastructure and Public Services Public Safety Urban Development Funds to Other Agencies Cost Sharing Arrangements Other Expenditures Total Current Operations  Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	18,365,865 16,748,147 34,088,360 59,599,516 4,044,880 13,911,661 1,685,781 675,504		, - - - - -		- · · · -		- 484,888 6,971		18,365,865 18,840,097 34,095,331 59,637,208 4,045,262 13,911,661 1,685,781
Community Services Education General Government Infrastructure and Public Services Public Safety Urban Development Funds to Other Agencies Cost Sharing Arrangements Other Expenditures Total Current Operations  Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	18,365,865 16,748,147 34,088,360 59,599,516 4,044,880 13,911,661 1,685,781 675,504		, - - - - -		- · · · -		- 484,888 6,971		18,365,865 18,840,097 34,095,331 59,637,208 4,045,262 13,911,661 1,685,781
Education General Government Infrastructure and Public Services Public Safety Urban Development Funds to Other Agencies Cost Sharing Arrangements Other Expenditures Total Current Operations  Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures  Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	18,365,865 16,748,147 34,088,360 59,599,516 4,044,880 13,911,661 1,685,781 675,504		, - - - - -		- · · · -		- 484,888 6,971		18,365,865 18,840,097 34,095,331 59,637,208 4,045,262 13,911,661
General Government Infrastructure and Public Services Public Safety Urban Development Funds to Other Agencies Cost Sharing Arrangements Other Expenditures Total Current Operations  Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures  Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	16,748,147 34,088,360 59,599,516 4,044,880 13,911,661 1,685,781 675,504		, - - - - -		- · · · -		6,971		18,840,097 34,095,331 59,637,208 4,045,262 13,911,661 1,685,781
Infrastructure and Public Services Public Safety Urban Development Funds to Other Agencies Cost Sharing Arrangements Other Expenditures Total Current Operations  Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures  Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	34,088,360 59,599,516 4,044,880 13,911,661 1,685,781 675,504		, - - - - -		- · · · -		6,971		34,095,331 59,637,208 4,045,262 13,911,661 1,685,781
Public Safety Urban Development Funds to Other Agencies Cost Sharing Arrangements Other Expenditures Total Current Operations  Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures  Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	59,599,516 4,044,880 13,911,661 1,685,781 675,504		- - - - - - - - - - - - - - - - - - -		382 - -				59,637,208 4,045,262 13,911,661 1,685,781
Urban Development Funds to Other Agencies Cost Sharing Arrangements Other Expenditures Total Current Operations  Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures  Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	4,044,880 13,911,661 1,685,781 675,504		- - - - - - - - - - - - - - - - - - -		382		37,692 - - - -		4,045,262 13,911,661 1,685,781
Funds to Other Agencies Cost Sharing Arrangements Other Expenditures Total Current Operations  Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures  Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	13,911,661 1,685,781 675,504		- - - - 89 542		382 - -		- - -		13,911,661 1,685,781
Cost Sharing Arrangements Other Expenditures Total Current Operations  Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures  Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	1,685,781 675,504		- - - 89 542		- - -		- - -		1,685,781
Other Expenditures Total Current Operations  Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures  Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	675,504		89 542		-		-		, , .
Total Current Operations  Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures  Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets			89 542		_		_		675,504
Capital Outlay Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures  Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	162,421,945 -		89 542						
Debt Service Principal Interest Charges Warrant Issue Costs Total Expenditures  Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	-		00,0.2		1,517,902		2,247,807		166,277,196
Principal Interest Charges Warrant Issue Costs Total Expenditures  Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets			9,916,905		357,697		14,018,413		24,293,015
Interest Charges Warrant Issue Costs Total Expenditures  Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets									
Warrant Issue Costs Total Expenditures  Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	4,969,869		-		-		326,285		5,296,154
Total Expenditures  Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	3,259,011		-		-		59,875		3,318,886
Deficiency of Revenues Under Expenditures  OTHER FINANCING SOURCES (USES)  Proceeds from Sale of Capital Assets	231,831		-		-		-		231,831
OTHER FINANCING SOURCES (USES) Proceeds from Sale of Capital Assets	170,882,656		10,006,447		1,875,599		16,652,380		199,417,082
Proceeds from Sale of Capital Assets	2,254,584		(9,361,427)		(192,309)		(6,164,343)		(13,463,495
	-		61,092		-		30,385		91,477
	36.022.060		, <u>-</u>		_		2,297,700		38.319.760
Payment to refunded bond escrow agent	(26,112,418)		_		-		-		(26,112,418
Transfers In	8,807,540		11,203,088		_		9,056,254		29,066,882
Transfer Out	(15,514,875)		(2,747,643)		_		(3,265,611)		(21,528,129
Total Other Financing Sources, net	3,202,307		8,516,537				8,118,728		19,837,572
Net Change in Fund Balances	5,456,891		(844,890)		(192,309)	<del></del>	1,954,385		6,374,077
Fund Balances, Beginning of Year	23,068,425		31,392,441		187,419		15,459,169		70,107,454
Fund Balances (Deficit), End of Year \$	20,000,720		- , ,		101,110			\$	76,481,531

# RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net change in Fund Balances - Total Governmental Funds	\$	6,374,077
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets: Capital asset purchases capitalized Depreciation expense \$31,674,33 (12,528,24)		19,146,078
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to decrease net position.  Transfer to business-type activities, net  Disposal of capital assets  (377,6' (162,5)		(540,238)
Revenues are reported in the funds when there is an established claim to the resources and the resources are available to finance current expenditures. Revenues are reported in the statement of activities when there is an established claim with no availability criterion. The funds report revenue unavailable in prior period as current year revenue.		2,333,538
The issuance of long-term debt (e.g., warrants, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This adjustment is the net effect of the differences in the treatment of long-term debt and related items.  Debt issued:  Warrants issued  Varrant issued  Debt payments made:  Warrant payments	60)	
2,425,000   Section 108 loan   75,000   Capital lease payments   1,262,500   Installment note payments   170,300	00 33	(8,386,841)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net of these:		
Post-employment benefits other than pensions  Compensated absences  Workers compensation  Amortization of debt premium  Amortization of discount  Amortization of gain/loss on refunding  Accrued interest payable	92) 80 29 77) 85)	(1,130,820)
	55_	(1,130,620)
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.		240,473
Amount by which the City's net pension liability increased, deferred inflows from pensions increased, deferred outflows from pensions increased, and pension expense recognized.  Change in net position of governmental activities	\$	(9,949,645) 8,086,622

# STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2020

REVENUES	Original Budget	Final Budget	Actual Amounts Budgetary Basis**	Variance with Final Budget Positive (Negative)
Taxes				
Sales	\$ 59,265,362	\$ 59,539,728	\$ 57,714,314	\$ (1,825,414)
Use	7,109,457	8,283,000	10,157,888	1,874,888
Property	19,308,680	19,308,680	18,921,272	(387,408)
Lodging	7,963,485	8,068,485	5,697,315	(2,371,170)
Other Taxes	6,849,000	6,849,000	6,742,215	(106,785)
Total Taxes	100,495,984	102,048,893	99,233,004	(2,815,889)
Licenses and Permits				
Business Licenses	20,940,000	20,940,000	21,191,407	251,407
Other Licenses and Penalties	1,639,000	1,639,000	1,542,098	(96,902)
Building and Other Permits	1,384,000	1,384,000	1,820,736	436,736
Total Licenses and Permits	23,963,000	23,963,000	24,554,241	591,241
Fines and Penalties	2,555,521	2,590,731	1,682,534	(908,197)
Use of Property	140,000	392,900	388,477	(4,423)
Charges for Current Services				
Garbage Collection Fees and Tax	1,100,000	1,100,000	1,397,584	297,584
Intergovernmental Revenues				
Federal and State Grants Revenue	121,841	76,841	3,511,996	3,435,155
Shared from Local Units				
Public School Bond - Sales Tax	18,335,000	18,335,000	18,365,865	30,865
City Share of County Sales Tax	17,806,118	17,806,118	17,915,920	109,802
Other	1,981,847	1,981,847	2,118,428	136,581
Shared from State	497,000	497,000	988,125	491,125
Total Intergovernmental Revenues	38,741,806	38,696,806	42,900,334	4,203,528
Other Revenues				
Interest on Investments	22,100	22,100	19,373	(2,727)
Cost Reimbursed	1,327,244	1,542,979	1,281,708	(261,271)
Other	1,010,818	1,227,415	1,679,985	452,570
Total Other Operating Revenues	2,360,162	2,792,494	2,981,066	188,572
Total Revenues	169,356,473	171,584,824	173,137,240	1,552,416

<sup>\*\*</sup>Includes unbudgeted costs added through consolidation of the General Fund for financial statement purposes.

# STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXPENDITURES	Original Budget	Final Budget	Actual Amounts Budgetary Basis**	Variance with Final Budget Positive (Negative)
Current Operations				
Community Services				
Arts and Entertainment	\$ 4,087,725	\$ 13,025,331	\$ 12,742,577	\$ 282,754
Federal Programs	651,509	651,509	554,695	96,814
Total Community Services	4,739,234	13,676,840	13,297,272	379,568
Education	18,335,000	18,335,000	18,365,865	(30,865)
General Government				
Accounting and Finance	4,583,338	4,689,695	4,443,926	245,769
City Attorney	1,998,751	2.010.751	1.983.769	26.982
City Council	369,822	371,690	302,594	69,096
Human Resources	2,786,280	2,786,280	2,331,676	454,604
Information Technology	5,730,909	5,706,875	5,114,159	592,716
Mayor and City Clerk	1,600,652	1,769,402	1,411,445	357,957
Municipal Court	1,095,080	1,095,080	1,072,133	22,947
Total General Government	18,164,832	18,429,773	16,659,702	1,770,071
Infrastructure and Public Services				
Administration	1,777,783	1,813,853	1,663,474	150,379
Engineering	1,901,412	2,079,486	1,884,879	194,607
Infrastructure	15,007,382	14,048,518	14,005,486	43,032
Logistics and Asset Management	7,193,845	7,210,567	7,547,106	(336,539)
Public Services	9,335,874	10,496,771	9,728,271	768,500
Total Infrastructure and Public Services	35,216,296	35,649,195	34,829,216	819,979
Public Safety				
Fire and Rescue	24,974,175	25,103,386	25,945,919	(842,533)
Jail Costs	500,000	500,000	578,853	(78,853)
Police	34,275,742	34,369,546	33,076,470	1,293,076
Total Public Safety	59,749,917	59,972,932	59,601,242	371,690
Urban Development				
Administration	2,524,036	1,806,331	1,560,351	245,980
Building and Inspections	1,768,594	1,768,594	1,653,765	114,829
Planning	950,260	950,260	830,764	119,496
Total Urban Development	5,242,890	4,525,185	4,044,880	480,305

<sup>\*\*</sup>Includes unbudgeted costs added through consolidation of the General Fund for financial statement purposes.

# STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2020

		Original Budget		Final Budget		al Amounts etary Basis**	Fi	ariance with inal Budget Positive (Negative)
EXPENDITURES (Continued)								
Current Operations (Continued)								
Funds to Other Agencies	\$	10.000	•	10.000	œ.	10.000	ф	
Alabama Blues Project Arts and Humanities Council of Tuscaloosa	Φ	10,000 50.000	\$	50,000	\$	50.000	\$	-
Arts N Autism		7.500		7,500		7.500		-
Boys and Girls Clubs of West Alabama		20,000		20,000		20.000		-
Children's Hands-On Museum		145,000		145,000		145.000		-
Easter Seals		145,000		35,714		35,714		-
Focus		122,500		122,500		122,500		-
		26,900		26,900		26,900		-
Habitat for Humanity Hope Summer Jobs		100,000		26,900		26,900		-
Indian Rivers				-		-		-
Jemison Foundation		50,000 60,000		50,000 60,000		50,000 60,000		-
						5.000		-
Kid One Transport		5,000		5,000		- ,		-
Murphy African American Friedman Home PRIDE		8,000		8,000		8,000		-
Theatre Tuscaloosa		20,000		20,000		20,000		-
Tuscaloosa Tuscaloosa Children's Theater		15,000		15,000		15,000		-
		15,000		15,000		15,000		-
Tuscaloosa City Board of Education		3,065,473		3,065,473		3,013,570		51,903
Tuscaloosa Community Dancers		10,000		10,000		10,000		-
Tuscaloosa County Health Department		130,000		130,000		130,000		-
Tuscaloosa County Industrial Development Authority		418,000		418,000		418,000		-
Tuscaloosa County Parks and Recreation Authority		4,294,979		4,294,979		4,263,060		31,919
Tuscaloosa City Board of Education		1,100,000		1,100,000		1,100,000		-
Tuscaloosa Soil and Water Conservation		12,500		12,500		12,500		-
Tuscaloosa Public Library		1,842,309		1,842,309		1,842,309		-
Tuscaloosa Sister Cities Commission		120,000		120,000		120,000		-
Tuscaloosa Spay Neuter Incentive Program		25,000		25,000		25,000		-
Tuscaloosa Symphony Orchestra		35,000		35,000		35,000		-
Tuscaloosa Tourism and Sports Commission		1,062,068		1,062,068		1,062,068		
Tuscaloosa Transit Authority		1,358,643		878,029		800,331		77,698
West Alabama Aids Outreach		15,000		15,000		15,000		-
West Alabama Regional Commission		36,097		36,097		36,097		-
Budgeted Allocation to Other Agencies		162,789		436,581		438,112		(1,531)
Total Funds to Other Agencies		14,342,758		14,071,650		13,911,661		159,989

<sup>\*\*</sup>Includes unbudgeted costs added through consolidation of the General Fund for financial statement purposes.

# STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXPENDITURES (Continued)	Original Budget	Final Budget	Actual Amounts Budgetary Basis**	Variance with Final Budget Positive (Negative)
Current Operations	4 744 007	4 700 000	A 005 704	0.4.405
Cost Sharing Arrangements Other	\$ 1,714,037 105,500	\$ 1,769,966 105,500	\$ 1,685,781 675,504	\$ 84,185 (570,004)
Contingency	5,812,651	6,386,228		6,386,228
Total Current Operations	163,423,115	172,922,269	163,071,123	9,851,146
Debt Service				
Principal	3,865,000	4,556,960	4,969,869	(412,909)
Interest Charges Warrant Issue Costs	3,931,134 7,500	3,239,174 26,000	3,259,011 231,831	(19,837) (205,831)
	·	·	<u> </u>	
Total Expenditures	171,226,749	180,744,403	171,531,834	9,212,569
Deficiency of Revenues over Expenditures	(1,870,276)	(9,159,579)	1,605,406	10,764,985
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	-	7,000,000	36,022,060	29,022,060
Payment to refunded bond escrow agent	- 0.774.507	-	(26,112,418)	(26,112,418)
Transfers In Transfers Out	8,771,527 (6,901,251)	8,963,248 (7,231,016)	8,807,540 (15,514,875)	(155,708) (8,283,859)
Total Other Financing Sources (Uses)	1,870,276	22,732,232	3,202,307	(19,529,925)
Net Change in Fund Balance	-	13,572,653	4,807,713	(8,764,940)
Fund Balance Allocation	1,193,368	2,499,233	-	(2,499,233)
	\$ 1,193,368	\$ 16,071,886	4,807,713	\$ (11,264,173)
Add Encumbrances at End of Year			1,187,962	
Less Encumbrances at Beginning of Year			(538,784)	
Net Change in Fund Balance - GAAP Basis			5,456,891	
Fund Balance, Beginning of Year, GAAP Basis			23,068,425	
Fund Balance, End of Year, GAAP Basis			\$ 28,525,316	

<sup>\*\*</sup>Includes unbudgeted costs added through consolidation of the General Fund for financial statement purposes.

## STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2020

Water and Sewer Intermodal Facility Total Business-Type Intermodal Facility Total Business-Type Intermodal Facility Funds  ASSETS  Water and Sewer Intermodal Facility Total Business-Type Intermodal Facility Funds Intermodal Facili	ernal Service Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents \$ 17.490.890 \$ 23.279 \$ 17.514.169 \$	1,969,610
Accounts Receivable (Net of Allowance for Uncollectibles) 9,646,759 23,708 9,670,467	128,565
Assessments Receivable - Principal - Current and Past Due 10,680 - 10,680	-
Special Assessments Interest Receivable 10,080 - 10,080	_
Due from Other Funds 12.840,405 - 12.840,405	82,650
Inventory 1,572,133 - 1,572,133	, <u>-</u>
Prepaids 42,666 - 42,666	-
Unbilled Water and Sewer Receivables 2,132,100 - 2,132,100	-
Total Current Assets 43,745,713 46,987 43,792,700	2,180,825
Noncurrent Assets	
Restricted Assets	
Cash and Cash Equivalents 2,948,331 - 2,948,331	_
Advances to Other Funds 1,445,345 - 1,445,345	_
Total Restricted Assets 4,393,676 - 4,393,676	-
Capital Assets	
Land 2,015,023 - 2,015,023	-
Moveable Equipment 12,783,551 - 12,783,551	-
Administration - Business Office 11,727,294 - 11,727,294	-
Distribution - Buildings, Mains, etc. 203,461,993 - 203,461,993	-
Pumping Purification - Buildings, etc. 74,977,234 - 74,977,234	-
Sewage System Properties 193,053,547 - 193,053,547	-
Source of Supply - Dams, Buildings, etc. 12,429,503 - 12,429,503	-
Construction in Progress 8,901,223 - 8,901,223	-
Less: Accumulated Depreciation (204,279,858) - (204,279,858)	-
Total Capital Assets (Net of Accumulated Depreciation) 315,069,510 - 315,069,510	
Total Noncurrent Assets 319,463,186 - 319,463,186	
Total Assets 363,208,899 46,987 363,255,886	2,180,825

# STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2020

		Business-Type Activities		
	Water and Sewer Fund	Non-Major Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
DEFERRED OUTFLOWS OF RESOURCES	<b>A</b> 0.004.000		<b>A</b> 0.004.000	•
Deferred Loss on Debt Refunding	\$ 2,691,286	\$ -	\$ 2,691,286	\$ -
Deferred Outflows from OPEB	800,617	-	800,617	-
Deferred Outflows from Pension	2,714,136	-	2,714,136	-
Total Deferred Outflows of Resources	6,206,039		6,206,039	
LIABILITIES				
Current Liabilities				
Accounts Payable	3,155,157	10,152	3,165,309	51,377
Accrued Payables	376,414		376,414	- ,-
Due to Other Funds	12,421,497	-	12.421.497	31,093
Compensated Absences	177.720	-	177.720	- ,
Accrued Interest Payable	659,501	-	659,501	<u>-</u>
Current Portion of Revolving Loans Payable	2,695,000	-	2,695,000	-
Current Portion of Lease Payable	114,987	-	114,987	-
Current Portion of Warrants Payable	7,310,000	-	7,310,000	-
Total Current Liabilities	26,910,276	10,152	26,920,428	82,470
Noncurrent Liabilities				
Warrants Payable, Net	46,224,967	-	46,224,967	
Revolving Loans Payable	24,523,486	-	24,523,486	-
Capital Lease Payable	463,252	-	463,252	-
Total OPEB Liability	5,690,138	-	5,690,138	-
Unearned Revenue	22,571	-	22,571	-
Developer Deposits on Water Lines	2,193,440	-	2,193,440	
Customer Deposits	2,948,331	-	2,948,331	
Compensated Absences	930,963	-	930,963	-
Net Pension Liabilities	8,513,070	-	8,513,070	
Workers Compensation Claims	540,697	-	540,697	•
Outstanding Claims Liability				1,535,200
Total Noncurrent Liabilities	92,050,915	-	92,050,915	1,535,200
Total Liabilities	118,961,191	10,152	118,971,343	1,617,670

## STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2020

		Business-Type Activities		
	Water and Sewe Fund	Non-Major r Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows from OPEB Deferred Inflows from Pension	\$ 213,40 272,60		\$ 213,405 272,605	\$ - -
Total Deferred Inflows of Resources	486,0	0 -	486,010	<del>_</del> _
NET POSITION				
Net Investment in Capital Assets	236,429,10	-	236,429,104	-
Unrestricted	13,538,63	36,835	13,575,468	563,155
Total Net Position	\$ 249,967,73	\$ 36,835	250,004,572	\$ 563,155
Adjustment to reflect the consolidation of internal service fund activites related to the enterprise fund			1,018,085	
Net Position of Business-Type Activities			\$ 251,022,657	

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

		Business-Type Activity		
	Water and Sewer Fund	Non-Major Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
Operating Revenues Charges for Services Connection Fees Cost Reimbursement Other	\$ 48,218,192 745,919 129,838 177,977	\$ - 22,501 39,133	\$ 48,218,192 745,919 152,339 217,110	\$ 18,018,447 - -
Total Operating Revenues	49,271,926	61,634	49,333,560	18,018,447
Operating Expenses Accounting and Finance Infrastructure and Public Services:	245,347	-	245,347	-
Engineering  Logistics and Asset Management	581,417 14,354,130	- -	581,417 14,354,130	- -
Public Services Infrastructure	4,666 5,079,194	-	4,666 5,079,194	-
Urban Development Damage Claims Depreciation	1,068,065 8,855 10,479,871	-	1,068,065 8,855 10,479,871	-
Special Projects Other	2,464,303 759,376	- 51,269	2,464,303 810,645	- -
Insurance Claims and Expenses				17,742,433
Total Operating Expenses	35,045,224	51,269	35,096,493	17,742,433
Operating Income	14,226,702	10,365	14,237,067	276,014

# STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Water and Sewer Fund	Non-Major Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
Non-Operating Revenues (Expenses) Interest Income Interest and Fiscal Charges Gain on Disposal	\$ 13,023 (2,344,326) 43,139	\$ -	\$ 13,023 (2,344,326) 43,139	\$ 392
Total Non-Operating Revenues (Expenses)	(2,288,164)		(2,288,164)	392
Income Before Contributions and Transfers	11,938,538	10,365	11,948,903	276,406
Capital Contributions - Developers Capital Grants Transfers in Transfers out	427,788 25,611 41,065 (7,579,818)	- - - -	427,788 25,611 41,065 (7,579,818)	- - - -
Change in Net Position	4,853,184	10,365	4,863,549	276,406
Total Net Position, Beginning of Year	245,114,553	26,470	245,141,023	286,749
Total Net Position, End of Year	\$ 249,967,737	\$ 36,835	250,004,572	\$ 563,155
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expenses) of certain internal service funds are reported with business-type activities			35,933	
Change in Net Position of Business-Type Activities			\$ 4,899,482	

# STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Water and Sewer Fund	Activity Non-Major Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
Cash flows from operating activities Receipts from customers and users Payments to suppliers Payments to employees Customer deposits Receipts for health insurance	\$ 48,255,567 (14,544,728) (10,740,145) 82,737	\$ 52,917 (47,991)	\$ 48,308,484 (14,592,719) (10,740,145) 82,737	\$ - - - 17.788.865
Payment of health insurance premiums  Net cash provided by operating activities	23,053,431	4,926	23,058,357	(17,443,954) 344,911
Cash flows from noncapital financing activities Transfer from other funds Transfer to other funds Loan to other funds Repayment of loans from other funds Repayment of loan to Public Works Capital Fund Net cash used in noncapital financing activities  Cash flows from capital and related financing activities Acquisition and construction of capital assets Interest paid on warrants Federal grants Waterline deposits from subdividers Warrants and State Revolving Fund payments	(16,828,043) (2,390,797) (34,179,030) (34,179,030)	- - - - - - - - - - - - - - - - - - -	41,065 (7,579,818) (10,091,708) 8,427,488 1,030,290 (8,172,683) (16,828,043) (2,390,797) 11,558 7,418 (34,179,030)	- - - - - - - - - - - - - - - - - - -
Proceeds from State Revolving Fund drawdowns Lease principal payments Net cash used in capital and related financing activities	32,259,356 (110,641) (21,230,179)	<u>-</u>	32,259,356 (110,641) (21,230,179)	
Cash flows from investing activities Interest earned	15,188	<u> </u>	15,188	392
Net cash provided by investing actvities	15,188		15,188	392
Net increase (decrease) in cash and cash equivalents	(6,334,243)	4,926	(6,329,317)	345,303

(Continued)

# STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activity									
	Water and Sewer Fund			on-Major odal Facility tail Fund		Total usiness-Type ctivity Funds	Inte	ernal Service Fund		
Cash and cash equivalents, beginning of year Current assets Restricted assets	\$	23,907,870 2,865,594	\$	18,353 -	\$	23,926,223 2,865,594	\$	1,624,307		
Total cash and cash equivalents, beginning of year		26,773,464		18,353		26,791,817		1,624,307		
Cash and cash equivalents, end of year Current assets Restricted assets		17,490,890 2,948,331		23,279		17,514,169 2,948,331		1,969,610		
Total cash and cash equivalents, end of year	\$	20,439,221	\$	23,279	\$	20,462,500	\$	1,969,610		
Reconciliation of operating income to net cash Provided by operating activities: Operating income	\$	14,226,702	\$	10,365	\$	14,237,067	\$	276,014		
Adjustmets to reconcile operating income to net cash provided by operating activities Depreciation (Increase) decrease in operating assets	·	10,479,871	·	-	·	10,479,871	·	-		
Accounts receivable Inventory Prepaids Unbilled water and sewer receivables		(2,317,307) 47,049 142,248 1,289,383		(8,717) - -		(2,326,024) 47,049 142,248 1,289,383		(68,704) - -		
Due from other funds  Deferred outflows - pensions  Deferred outflows - OPEB		(626,585) (676,542)		- - -		(626,585) (676,542)		(25,000)		

(Continued)

# STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

		Business-Type Activity Non Major									
	18/04	er and Sewer		on-Major	ъ.	Total	Internal Service Fund				
	vva	er and Sewer Fund		odal Facility tail Fund		siness-Type tivity Funds					
Reconciliation of operating income to net cash (Continued) Provided by operating activities: Increase (decrease) in operating liabilities		· and	- Ne	un i unu		i unuo		- unu			
Accounts payable Accrued payables Customer deposits	\$	(284,870) 79,627 82,737	\$	3,278 - -	\$	(281,592) 79,627 82,737	\$	33,797 - -			
Due to other funds		-		-		-		31,093			
Advances from other funds Compensated absences Developer deposits Net pension liabilities Total OPEB liability Unearned revenue Outstanding claims liability		(805,925) 126,619 (621,825) 1,647,410 1,029,234 11,565		- - - - -		(805,925) 126,619 (621,825) 1,647,410 1,029,234 11,565		(160,878) - - - - - 258,589			
Deferred inflows - pensions Deferred inflows - OPEB Workers comp claims		(737,299) (39,058) 397		- - -		(737,299) (39,058) 397		- -			
Net cash provided by operating activities	\$	23,053,431	\$	4,926	\$	23,058,357	\$	344,911			
Non-cash Capital and Financing Activities											
Capital assets transferred from governmental activities  Donated capital assets	\$	420,370	\$		\$	420,370	\$				
Net non-cash capital and financing activities	\$	420,370	\$		\$	420,370	\$				

# STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS SEPTEMBER 30, 2020

ASSETS	Police Officers and Firefighters Supplemental Retirement Plan Fund	Agency Fund Cash Bond		
Cash and Cash Equivalents	\$ 432,305	\$ 78,678		
Total Assets	432,305	78,678		
LIABILITIES				
Accounts Payable Cash Bond Deposits Payable	92	- 78,678		
Total Liabilities	92_	78,678		
NET POSITION Restricted for Benefits	\$ 432,213	\$ -		

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Police Officers and Firefighters Supplemental Retirement Plan Fund
Additions: Employer Contributions Interest Income	\$ 75,000 154
Total Additions	75,154
Deductions: Benefits Paid Administrative Plan Expenses	38,626 12,000
Total Deductions	50,626
Change in Net Position	24,528
Net Position, Beginning of Year	407,685
Net Position, End of Year	\$ 432,213



## CITY OF TUSCALOOSA, ALABAMA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2019

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

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

## A. The Financial Reporting Entity

The City was incorporated on December 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 City provides the following services and operations as authorized by its charter: public safety (police and fire); public works; parks and recreation; housing and development; and public utilities (water and sewer). As required by, these financial statements include the accounts of all City operations and all activities of the City.

As required by GAAP, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationship with the City.

In conformity with GAAP, as set forth in GASB No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, the component units' financial statements have been included as either blended or discretely presented. All of the City's component units have a September 30 year-end. As of September 30, 2020, the City does not have any blended component units.

## **Discretely Presented Component Units**

**Tuscaloosa Tourism and Sports Commission, Inc. (the "Commission")** – 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.

Separate financial statements for the Commission can be obtained from the Tuscaloosa Tourism and Sports Commission, Inc., PO Box 3167, Tuscaloosa, Alabama 35403.

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

## A. The Financial Reporting Entity (Continued)

#### **Discretely Presented Component Units (Continued)**

**Tuscaloosa County Parking and Transit Authority (the "TPTA")** – 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 TPTA is presented as a proprietary fund type.

Separate financial statements for the TPTA can be obtained from the Tuscaloosa County Parking and Transit Authority, 601 23<sup>rd</sup> Ave., Tuscaloosa, Alabama 35401.

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information using the *economic* resources measurement focus, as do the proprietary fund and the fiduciary fund financial statements. Agency funds, however, have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property taxes to be available if they are collected within 60 days of the end of the current fiscal period for which they are levied. Other revenues susceptible to accrual are considered available if they are collected within 90 days of the end of the current fiscal period, or one year for intergovernmental revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

## B. Government-wide and Fund Financial Statements (Continued)

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements, although the agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

## Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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

The City reports the following major governmental funds:

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

The Capital Projects Fund is the City's primary fund for accounting for internally funded capital projects of the City.

The *Disaster Recovery Construction Fund* is used to account for federally funded loan programs and federal and state funded rehabilitation projects within the City, primarily based on the need from various natural disasters.

The City reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

Additionally, the City reports the following fund types:

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

The *Capital Projects Funds* accounts for the acquisition of capital assets and construction or improvement of major capital projects such as construction of new roads.

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

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

The **Enterprise fund** is used to account for the revenues and expenses associated with operating some of the retail shopping spaces owned by the City.

The **Permanent Funds** are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting of the City's Capital Park maintenance program.

The *Internal Service Fund* is used to account for the City's health insurance policy managed for the other departments of the City, on a cost reimbursement basis.

The **Agency Fund** is used to account for the collection and disbursement of monies by the City's Municipal Court on behalf of other governments and individuals as well as the City's Police and Firefighters Pension Trust Fund.

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

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

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

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

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

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.

## D. Budgets and Budgetary Accounting

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 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 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.

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.

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

## E. Cash and Cash Equivalents

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

## F. Deposits and Investments

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

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 equivalents 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. The City's nonparticipating interest-earning investment contracts are recorded at cost. The remaining investments are recorded at fair value. Increases or decreases in the fair value during the year are recognized as a component of interest income.

## **G.** Inventory 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.

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

## H. Short-Term Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules, and are offset by non-spendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

#### I. Grants from Other Governments

Federal and state governmental units represent an important source of supplementary funding used to finance housing, business development employment, construction programs, capital asset additions and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded in both governmental and proprietary funds. Grant contributions in the proprietary funds, which are for the purpose of construction activities, land easement or capital asset acquisitions, are recorded as capital contributions within the statement of revenues and expenses. For all funds, a grant receivable is recorded when the City has a right to receive the related grant amounts.

## J. 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 acquisition 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.

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

## J. Capital Assets (Continued)

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, 2020.

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.

Depreciation is provided on the straight-line method over the following estimated useful lives:

Buildings and improvements	20 – 50 years
Infrastructure	25 – 50 years
Machinery and equipment	5 – 15 years
Water and sewer distribution systems	50 years
Vehicles	4 – 10 years

## K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. One item that qualifies for reporting in this category is the deferred charge on refunding reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

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

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has multiple types of deferred inflows. One item arises under the modified accrual basis of accounting that qualifies for reporting in this category. Unavailable revenues, are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. Another item that qualifies for reporting in this category is the deferred charge on refunding reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

The City also has deferred inflows and outflows related to the recording of changes in its net pension liabilities and total OPEB liability. Certain changes in the net pension liabilities and total OPEB liabilities are recognized as expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liabilities and total OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liabilities and total OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period. Additionally, contributions to the plans which occurred subsequent to the measurement date are deferred and recognized in the subsequent measurement period.

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

## L. Long-Term Liabilities

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

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

### M. Compensated Absences

The Annual Vacation and Illness Leave ("AVAIL") 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 20 years of service). Upon termination of employment with the City, an employee will be paid a maximum of 60 days of accumulated AVAIL time.

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.

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

## N. Fund Equity

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

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

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

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

## N. Fund Equity (Continued)

- **Unassigned** Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds. The City has adopted the minimum fund balance policies:
  - General Fund's unassigned fund balance must be a minimum of 10% of the final prior fiscal year's General Fund operating budget.
  - Capital Project Fund's assigned fund balance must be a minimum of 10% of the final prior fiscal year's General Fund operating budget.
  - Water and Sewer Fund's unrestricted net position must be a minimum of 30% of the final prior fiscal year's Water and Sewer Fund operating budget.

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

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

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

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

#### O. Restricted Assets

The Water and Sewer Fund, has restricted cash held as deposits on utility customer accounts. The restricted assets are offset by the customer deposit liability.

## P. Management Estimates

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

#### Q. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City's retirement plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### NOTE 2. DEPOSITS AND INVESTMENTS

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

## NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

**Custodial Credit Risk – Deposits.** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of September 30, 2020, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements.

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

**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.

At September 30, 2020, the City had the following investments:

			N	laturity			
	Les	ss than 1					Credit
Investment		year	1-	5 years	6-1	10 years	Rating
United States Treasuries	\$	50,156	\$	78,312	\$	32,147	AAA

All of the above investments are reported as investments in the governmental funds of the City.

## NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

**Fair Value Measurements.** The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of September 30, 2020:

Investment		Level 1	Level	2	Level	3	Fair Value		
United States Treasuries	\$	160,615	\$	_	\$	_	160,615		

The United States Treasuries are classified in Level 1 of the fair value hierarchy and valued using prices quoted in active markets for those investments.

### NOTE 3. RECEIVABLES

#### **Accounts Receivable**

Receivables as of September 30, 2020, including the applicable allowances for uncollectible accounts, are as follows:

		General Fund	Capital Projects Fund	F	Disaster Recovery Instruction Fund	Nonmajor overnmental Funds	Water and Sewer Fund	Nonmajor Enterprise Fund	
Receivables Assessments receivable	\$	18,283,648	\$ -	\$	-	\$ 10,937,035	\$ 12,345,514 20,760	\$	23,708
Due from other governments Loans receivable		3,695,325 -	1,512,851 -		428,220 129,613	- 4,608,379	20,700		- - -
Allowances		(666,533)	_		(70,000)	(620,287)	(566,655)		
Net receivables	\$	21,312,440	\$ 1,512,851	\$	487,833	\$ 14,925,127	\$ 11,799,619	\$	23,708

## NOTE 3. RECEIVABLES (CONTINUED)

## **Accounts Receivable (Continued)**

The City also reports \$1,333,429 of outstanding loans receivable associated with land and buildings which were sold in prior years through an installment sale. The City has determined the full amount of the note receivable to be collectable, and thus it has no associated allowance.

## **Property Taxes**

Property taxes were levied on behalf of the City by Tuscaloosa County on September 1, 2019, (levy date) based upon property values assessed as of October 1, 2019. The billings were mailed on September 1, 2019, and payable on or before December 31, 2019, for the fiscal year 2020 tax. Taxes not paid within 30 days of December 31, 2019, were subject to property tax liens. Property tax revenues are recognized when levied to the extent they result in current receivables.

## NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

	Beginning Balance September 30, 2019		Additions		Transfers with Business-type		Transfers		Deletions		Ending Balance September 30, 2020	
Governmental activities:												
Capital assets not being depreciated:												
Land	\$	14,103,749	\$	-	\$	-	\$	3,582,540	\$	-	\$ 17,686,289	
Equipment not in service		7,146,683		1,330,671		-		(6,339,889)		-	2,137,465	
Construction in progress		27,769,102		26,163,210		-		(33,750,457)		(48,980)	 20,132,875	
Total capital assets not being depreciated		49,019,534		27,493,881		-		(36,507,806)		(48,980)	39,956,629	
Capital assets, depreciable:												
Infastructure		302,542,577		-		(420,370)		22,866,256		-	324,988,463	
Buildings		116,185,617		25,837		-		7,301,661		-	123,513,115	
Machinery and equipment		71,776,296		4,154,604		42,700		6,339,889		(1,234,603)	81,078,886	
Total capital assets, depreciable		490,504,490		4,180,441		(377,670)		36,507,806		(1,234,603)	529,580,464	
Less accumulated depreciation for:												
Infastructure		144,590,395		5,078,218		-		-		-	149,668,613	
Buildings		30,638,339		2,388,971		-		-		-	33,027,310	
Machinery and equipment		47,522,994		5,061,055		42,700		-		(1,163,715)	51,463,034	
Total accumulated depreciation		222,751,728		12,528,244		42,700		-		(1,163,715)	234,158,957	
Total capital assets, being depreciated, net		267,752,762		(8,347,803)		(420,370)		36,507,806		(70,888)	295,421,507	
Governmental capital assets, net	\$	316,772,296	\$	19,146,078	\$	(420,370)	\$	-	\$	(119,868)	\$ 335,378,136	

## NOTE 4. CAPITAL ASSETS (CONTINUED)

					Tra	ınsfer with						
	_	ning Balance				ernmental/						ding Balance
	Septer	mber 30, 2019		Additions		Activities		Deletions		Transfers	September 30, 2020	
Business-type activities:												
Capital assets not being depreciated:												
Land	\$	2,000,048	\$	-	\$	-	\$	-	\$	14,975	\$	2,015,023
Construction in progress		8,463,371		13,926,496		420,370		<u>-</u>		(13,909,014)		8,901,223
Total capital assets not being depreciated		10,463,419		13,926,496		420,370		-		(13,894,039)		10,916,246
Capital assets, depreciable:												
Buildings and system		481,732,804		821,096		-		(49,675)		13,145,346		495,649,571
Machinery and equipment		10,299,120		2,080,451		(42,700)		(302,013)		748,693		12,783,551
Total capital assets, depreciable		492,031,924		2,901,547		(42,700)		(351,688)		13,894,039		508,433,122
Less accumulated depreciation for:												
Buildings and system		187,249,474		9,774,566		-		(2,451)		-		197,021,589
Machinery and equipment		6,886,264		705,305		(42,700)		(290,600)		-		7,258,269
Total accumulated depreciation		194,135,738		10,479,871		(42,700)		(293,051)		-		204,279,858
Total capital assets, being depreciated, net		297,896,186	_	(7,578,324)				(58,637)		13,894,039		304,153,264
Business-type capital assets, net	\$	308,359,605	\$	6,348,172	\$	420,370	\$	(58,637)	\$	-	\$	315,069,510

## NOTE 4. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	_	urrent Year epreciation
General government	\$	1,126,419
Community service		1,693,477
Infrastructure and public services		6,915,784
Public safety		2,756,290
Urban development		36,274
	\$	12,528,244
Business-type activities:		
Water and Sewer Fund	\$	10,479,871

## NOTE 5. LONG-TERM DEBT

The following is a summary of the long-term debt activity for the fiscal year ended September 30, 2020 is as follows:

	Beginning Balance	 Additions	Reductions	Ending Balance	Oue Within One Year
Governmental Activities:					
Warrants payable	\$ 101,226,914	\$ 36,072,700	\$ (28,425,000)	\$ 108,874,614	\$ 7,479,614
Plus: Premiums	4,745,941	2,247,060	(2,003,729)	4,989,272	-
Less: Discounts	(413,324)	-	76,677	(336,647)	-
Total warrants payable	 105,559,531	38,319,760	(30,352,052)	113,527,239	7,479,614
Capital leases payable	7,587,035	-	(1,262,533)	6,324,502	1,251,146
Section 108 Loan	825,000	-	(75,000)	750,000	75,000
Installment purchase	1,363,088	-	(170,386)	1,192,702	170,386
Net pension liabilities	138,546,288	50,231,256	(28,713,165)	160,064,379	-
Total OPEB liability	30,286,953	7,539,450	(843,421)	36,982,982	-
Compensated absences	8,153,432	4,073,032	(3,381,140)	8,845,324	1,525,128
Claims payable	5,598,846	1,138,049	(1,056,340)	5,680,555	-
Governmental activities					
long-term liabilities	\$ 297,920,173	\$ 101,301,547	\$ (65,854,037)	\$ 333,367,683	\$ 10,501,274

For governmental activities, compensated absences, net pension liabilities, the total OPEB liability, and claims payable are liquidated primarily by the General Fund.

## NOTE 5. LONG-TERM DEBT (CONTINUED)

	Beginning Balance	Additions	Additions Reductions		Ending Balance		Due Within One Year	
Business-type Activities:								
Warrants payable	\$ 57,740,000	\$ 25,255,000	\$	(30,939,500)	\$ 52,055,500	\$	7,310,000	
Plus: Premiums	3,158,497	-		(1,679,030)	1,479,467		-	
Total warrants payable	60,898,497	25,255,000		(32,618,530)	53,534,967		7,310,000	
Revolving loans	21,774,630	7,004,356		(1,560,500)	27,218,486		2,695,000	
Capital lease payable	688,880	-		(110,641)	578,239		114,987	
Net pension liabilities	6,865,660	2,671,564		(1,024,154)	8,513,070		-	
Total OPEB liability	4,660,904	1,160,007		(130,773)	5,690,138		-	
Compensated absences	982,064	474,364		(347,745)	1,108,683		177,720	
Claims payable	540,300	202,923		(202,526)	540,697		-	
Business-type activities								
long-term liabilities	\$ 96,410,935	\$ 36,768,214	\$	(35,994,869)	\$ 97,184,280	\$	10,297,707	

For business-type activities, compensated absences and claims payable are liquidated by the Water and Sewer Fund.

## NOTE 5. LONG-TERM DEBT (CONTINUED)

## **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, 2020 are as follows:

	Interest			
Warrant Series	Rate	 Outstanding		
2012-B Partial Refunding	Variable	\$ 2,860,000		
2014-A New Money	Variable	7,510,000		
2014-C New Money	Variable	880,000		
2016-A New Money	Variable	30,795,000		
2016-B Refunding (2007-A and 2009)	3.25%	31,040,000		
2017-A New Money	Variable	3,574,614		
2019-A Refunding (2010-A)	Variable	12,190,000		
2019-B Refunding (2012-A, 2014-A, 2014-C)	Variable	13,025,000		
2020-A New Money	Variable	 7,000,000		
		\$ 108,874,614		

During 2010, the City issued \$19,150,000 of Series 2010-A general obligation warrants. The 2010-A warrants were issued to refund \$18,730,000 of the \$18,730,000 in aggregate principal amount of the Series 2001 warrants, maturing on and thereafter July 1, 2011. The warrants, which bear interest at rates from 3.0% to 5.0%, mature January 1, 2039. In 2020 these bonds were refunded with the Series 2019-A.

## NOTE 5. LONG-TERM DEBT (CONTINUED)

## **General Obligation Warrants (Continued)**

During 2013, the City issued \$35,195,000 of Series 2012-B general obligation warrants, of which governmental activities received \$28,885,000. The 2012-B warrants were issued to refund \$32,045,000 of the \$32,045,000 in aggregate principal amount of the Series 2005 warrants, including the water and sewer portion. The warrants, which bear interest at rates from 2.0% to 5.0%, mature January 1, 2035. In 2020 a portion of these bonds were refunded with the Series 2019-B.

During 2014, the City issued \$23,260,000 of Series 2014-A general obligation warrants, of which governmental activities received \$22,100,000. The 2014-A warrants were issued to: 1) refund \$9,335,000 of the \$24,045,000 in aggregate principal amount of the Series 2007-A warrants (including water and sewer portion), and 2) to fund improvements at Bowers Park, Sokol Park, Bryant Conference Center expansion, road and street improvements, and capital equipment and computer systems. The warrants, which bear interest at rates from 2.0% to 5.0%, mature July 1, 2039. In 2020 a portion of these bonds were refunded with the Series 2019-B.

During 2015, the City issued \$11,640,000 of Series 2014-C general obligation warrants, of which governmental activities received \$2,090,000. The 2014-C warrants were issued to refund \$11,960,000 of the \$11,960,000 in aggregate principal amount of the Series 2005 warrants. The warrants, which bear interest at rates from 1.0% to 5.0%, mature January 1, 2035. In 2020 a portion of these bonds were refunded with the Series 2019-B.

During 2016, the City issued \$11,640,000 of Series 2016-A general obligation warrants. The 2016-A warrants were issued to fund various capital projects such as: 1) downtown parking, both public and private, 2) city-owned facility improvements, 3) university/downtown corridor improvements, 4) Cypress Creek drainage projects, 5) Martin Luther King, Jr. Boulevard improvements, 6) James I. Harrison Parkway phase II improvements, 7) Jack Warner Parkway rebuild at Guildswood/Greensboro Avenue, 8) Rice Mine Road improvements, 9) Brookhaven drainage projects, and 10) Citywide paving projects. The warrants, which bear interest at rates from 2.0% to 5.0%, mature April 1, 2046.

## NOTE 5. LONG-TERM DEBT (CONTINUED)

## **General Obligation Warrants (Continued)**

During 2018, the City issued \$32,750,000 of Series 2016-B general obligation warrants. The 2016-B warrants were issued to: 1) refund \$13,470,000 of the \$13,470,000 in aggregate principal amount of the Series 2007-A warrants, 2) refund \$14,055,000 of the \$14,055,000 in aggregate principal amount of the Series 2009-A warrants, and 3) fund various capital projects. The warrants, which bear interest at 3.25%, mature October 15, 2038. The refunding transaction undertaken by the City resulted in aggregate debt service savings of \$3,600,232 and an economic gain (net present value of the aggregate debt service savings) of \$3,304,927.

During 2018, the City issued \$15,000,000 of Series 2017-A general obligation warrants. The 2017-A warrants were issued to finance the acquisition, construction, and installation of capital improvements to interchanges, streets, bridges, sidewalks, parks and utilities. The warrants are in the form of a line of credit, have a variable interest rate and mature September 1, 2021. The City's unused portion of this line of credit it \$11,425,386.

During 2020, the City issued \$13,315,000 of Series 2019-A general obligation warrants. The 2019-A warrants were issued to refund \$13,285,000 of the \$13,285,000 in aggregate principal amount of the Series 2010-A warrants, maturing on and thereafter January 1, 2039. The warrants, which bear interest at rates from 3.0% to 5.0%, mature July 1, 2031.

During 2020, the City issued \$38,715,000 of Series 2019-B general obligation warrants, of which governmental activities received \$10,790,000. The 2019-B warrants were issued to: 1) refund \$12,230,000 of the \$22,975,000 in aggregate principal amount of the Series 2012-A water and sewer warrants, 2) refund 7,970,000 of the \$25,680,000 in aggregate principal amount of the Series 2012-B warrants (including water and sewer portion), 3) refund 8,670,000 of the \$17,555,000 in aggregate principal amount of the Series 2014-A governmental activities warrants, 4) refund 3,845,000 of the \$9,410,000 in aggregate principal amount of the Series 2014-C warrants (including water and sewer portion), and 5) to fund various municipal improvements within the limits of the City. The warrants, which bear interest at rates from 1.867% to 3.15%, mature April 1, 2039.

During 2020, the City issued \$25,000,000 of Series 2020 general obligation warrants. The 2020 warrants were issued governmental purposes. The warrants are in the form of a line of credit, have a variable interest rate and mature July 23, 2023. The City's unused portion of this line of credit it \$18,000,000.

## NOTE 5. LONG-TERM DEBT (CONTINUED)

## **General Obligation Warrants (Continued)**

As part of the refunding mentioned above, the City defeased certain outstanding general obligation warrants by placing the proceeds of the new bonds in an irrevocable trust to provide for future debt service payments on the old warrants. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of September 30, 2020, the outstanding amount of the general obligation warrants considered legally defeased is \$71,544,757.

The City's debt service requirements to maturity on the general obligation warrants are as follows:

Year ending September 30,	Principal	 Interest	 Total
2021	\$ 7,479,614	\$ 3,589,791	\$ 11,069,405
2022	4,055,000	3,427,099	7,482,099
2023	11,215,000	3,274,611	14,489,611
2024	4,385,000	3,099,727	7,484,727
2025	4,565,000	2,916,958	7,481,958
2026 – 2030	25,110,000	11,674,116	36,784,116
2031 – 2035	24,040,000	6,956,788	30,996,788
2036 – 2040	18,045,000	3,299,293	21,344,293
2041 – 2045	8,170,000	1,226,150	9,396,150
2046 and 2050	1,810,000	31,675	1,841,675
Total	\$ 108,874,614	\$ 39,496,208	\$ 148,370,822

## NOTE 5. LONG-TERM DEBT (CONTINUED)

## **Section 108 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 payments made semi-annually 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.

The City's debt service requirements to maturity on the Section 108 Loan are as follows:

Year ending September 30,	P	rincipal	Interest		 Total
2021	\$	75,000	\$	31,035	\$ 106,035
2022		75,000		28,238	103,238
2023		75,000		25,365	100,365
2024		75,000		22,418	97,418
2025		75,000		19,395	94,395
2026 – 2030		375,000		49,395	 424,395
Total	\$	750,000	\$	175,846	\$ 925,846

## NOTE 5. LONG-TERM DEBT (CONTINUED)

#### **Installment Purchase**

In April 2018, the City purchased a parcel of property known as Patriot Parkway. The acquisition included an interest free installment purchase with annual payments of \$170,386 due October 15<sub>th</sub>, with the final payment due October 15, 2026. The future debt service requirements for the installment purchase are as follows:

Year ending September 30,	_	Principal				
2021	9	6	170,386			
2022			170,386			
2023			170,386			
2024			170,386			
2025			170,386			
2026 – 2027			340,772			
Total	9	3	1,192,702			

## **Capital Lease Payable**

The City has entered into lease agreements as lessee to finance the acquisition of: (a) Motorola telecommunications equipment and radios, (b) Dell computers, (c) three paving and sweeper vehicles for use in the streets division, and (d) a land acquisition related to Patriot Drive. The lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease terms or bargain purchase options) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inceptions. The leases are for periods ranging from five to ten years, and bear interest at rates ranging from 3.00% to 4.00%. As of September 30, 2020, the City had \$400,000 of land and \$9,944,753 of machinery and equipment with accumulated amortization of \$2,933,414 financed with capital leases. The leased assets annual amortization expense is reported with depreciation expense.

## NOTE 5. LONG-TERM DEBT (CONTINUED)

## **Capital Lease Payable (Continued)**

At September 30, 2020, future lease payments for the capital leases payable are as follows:

Year Ending September 30,		Activities	Business-type Activities		
2021	\$	1,391,013	\$	138,310	
2022		1,234,330		273,215	
2023		1,228,411		63,237	
2024		976,001		150,000	
2025		976,001		-	
2026 – 2027		976,001		-	
Total minimum lease payments		6,781,757		624,762	
Less amount representing interest		(457,255)		(46,523)	
Present value of future minimum lease payments	\$	6,324,502	\$	578,239	

# NOTE 5. LONG-TERM DEBT (CONTINUED)

#### **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 fund. Water and sewer warrants outstanding at September 30, 2020 are as follows:

	Interest		
Warrant Series	Rate	0	utstanding
2012-B GO Warrant	2.00 - 5.00%	\$	13,075,000
2012-A GO Warrant	2.00 - 2.75%		10,565,000
2014-C GO Warrant	2.00 - 5.00%		4,035,000
2019-B Refunding (2012-A, 2014-A, 2014-C)	Variable		24,379,500
		\$	52,054,500

During 2012, the City issued \$32,380,000 of Series 2012-A general obligation warrants. The 2012-A warrants were issued to partially refund the 2008 and 2010 sewer state revolving loan fund notes. The warrants, which bear interest at rates from 2.00% to 2.75%, mature August 15, 2025. In 2020 a portion of these bonds were refunded with the Series 2019-B.

During 2013, the City issued \$35,195,000 of Series 2012-B general obligation warrants, of which \$6,310,000 were designated for water and sewer projects. The 2012-B warrants were issued to: 1) refund a portion of the 2005 Series, and 2) finance various water and sewer improvement projects. The warrants, which bear interest at rates from 2.00% to 5.00%, mature January 1, 2035. In 2020 a portion of these bonds were refunded with the Series 2019-B.

During 2014, the City issued \$23,260,000 of Series 2014-A general obligation warrants, of which \$1,160,000 were designated for water and sewer projects. The 2014-A warrants were issued to finance various water and sewer improvement projects. The warrants, which bear interest at rates from 2.00% to 5.00%, matured July 1, 2020.

# NOTE 5. LONG-TERM DEBT (CONTINUED)

## **Water and Sewer Warrants (Continued)**

During 2014, the City issued \$22,305,000 of Series 2014-B general obligation warrants. The 2014-B warrants were issued to finance various water and sewer improvement projects. The warrants, which bear interest at rates from 3.00% to 5.00%, matured January 1, 2020.

During 2015, the City issued \$11,640,000 of Series 2014-C general obligation warrants, of which \$9,550,000 were designated for water and sewer projects. The 2014-C warrants were issued to finance various water and sewer improvement projects. The warrants, which bear interest at rates from 2.00% to 5.00%, mature January 1, 2035. In 2020 a portion of these bonds were refunded with the Series 2019-B.

During 2020, the City issued \$38,715,000 of Series 2019-B general obligation warrants, of which \$25,255,000 were designated to refund various water and sewer warrants as disclosed above. The warrants, which bear interest at rates from 1.867% to 3.15%, mature April 1, 2039.

The City's debt service requirements to maturity on the water and sewer warrants are as follows:

Year ending			
September 30,	Principal	 Interest	 Total
2021	\$ 7,310,000	\$ 993,359	\$ 8,303,359
2022	7,640,000	668,609	8,308,609
2023	6,220,000	441,984	6,661,984
2024	6,360,000	416,984	6,776,984
2025	6,500,000	390,859	6,890,859
2026 – 2030	8,335,000	1,648,236	9,983,236
2031 – 2035	9,689,500	591,519	10,281,019
Total	\$ 52,054,500	\$ 5,151,550	\$ 57,206,050
			,

# NOTE 5. LONG-TERM DEBT (CONTINUED)

# **State Revolving Loan Fund**

The City has utilized several State Revolving Fund ("SRF") loans and has pledged income derived from certain assets to be used to pay the debt service. These loans are used to finance construction in the water and sewer fund. Water and sewer state revolving loans outstanding at September 30, 2020 are as follows:

	Interest		
Warrant Series	Rate	0	utstanding
2013 State Revolving Fund	4.00 - 5.00%	\$	2,820,000
2016 State Revolving Fund Drinking Water	2.20%		4,894,191
2016 State Revolving Fund Clean Water	2.20%		16,844,332
2019 State Revolving Fund Drinking Water	2.20%		1,953,231
2019 State Revolving Fund Clean Water	2.20%		706,732
		\$	27,218,486

# NOTE 5. LONG-TERM DEBT (CONTINUED)

# **State Revolving Loan Fund (Continued)**

The Water and Sewer Fund's SRF debt service requirements to maturity, including interest, are as follows:

Year ending						
September 30,		Principal		Interest		Total
2021	\$	2,695,000	\$	983,248	\$	3,678,248
2022	•	2,736,732	•	1,102,025	,	3,838,757
2023		2,148,231		1,043,785		3,192,016
2024		1,715,000		984,205		2,699,205
2025		1,760,000		923,365		2,683,365
2026 – 2030		7,295,000		3,702,705		10,997,705
2031 – 2035		7,580,000		2,173,435		9,753,435
2036 – 2040		1,288,523		574,035		1,862,558
Total	\$	27,218,486	\$	11,486,803	\$	38,705,289

# NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2020, was as follows:

Due to/from other funds:

Receivable fund	le fund Payable fund		Amount
General Fund General Fund	Capital Projects Fund Internal Service Fund	\$	194,464 31,093
General Fund	Nonmajor Governmental Funds		4,759,349
General Fund	Water and Sewer Fund		12,338,812
		\$	17,323,718
Capital Projects Fund	General Fund	\$	12,768,947
Capital Projects Fund	Nonmajor Governmental Funds		5,967,151
Capital Projects Fund	Water and Sewer Fund		35
		\$	18,736,133
Nonmajor Governmental Funds	General Fund	\$	5,541,955
Nonmajor Governmental Funds	Capital Projects Fund		885,881
Nonmajor Governmental Funds	Disaster Recovery Construction Fund		865,000
Nonmajor Governmental Funds	Nonmajor Governmental Funds		1,122,634
		\$	8,415,470
Water and Sewer Fund	General Fund	\$	11,558,486
Water and Sewer Fund	Capital Projects Fund		28,178
Water and Sewer Fund	Other Governmental Funds		1,253,741
		\$	12,840,405
Internal Service Fund	Water and Sewer Fund	\$	82,650

# NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

These balances resulted from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, and 2) transactions are recorded in the accounting system.

Advances between funds:

Advances receivables	Advances payable	 Amount		
General Fund	Nonmajor Governmental Funds	\$ 30,020		
	•	\$ 30,020		
Water and Sewer Fund	Disaster Recovery Construction Fund	\$ 1,445,345		
		\$ 1,445,345		

These advances represent the long-term borrowings between funds within the City. The payables have been reviewed by management and are expected to be repaid over a period which exceeds one fiscal year.

# NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Interfund transfers for the year ended September 30, 2020 were as follows:

Transfers In	Transfers Out	 Amount
General Fund	Capital Projects Fund	\$ 194,464
General Fund	Nonmajor Governmental Funds	2,022,013
General Fund	Water and Sewer Fund	6,591,063
		\$ 8,807,540
Capital Projects Fund	General Fund	\$ 9,214,333
Capital Projects Fund	Nonmajor Governmental Funds	1,000,000
Capital Projects Fund	Water and Sewer Fund	988,755
		\$ 11,203,088
Nonmajor Governmental Funds	General Fund	\$ 6,300,542
Nonmajor Governmental Funds	Capital Projects Fund	2,553,179
Nonmajor Governmental Funds	Nonmajor Governmental Funds	202,533
		\$ 9,056,254
Water and Sewer Fund	Nonmajor Governmental Funds	\$ 41,065

Transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, 2) move funds available from utility operations to the General Fund to support operations of the City's administrative divisions, and 3) move funds in order to eliminate operating deficits throughout the City.

### NOTE 7. PENSION PLAN

The City maintains two single-employer, supplemental defined benefit pension plans, one 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 Firefighters 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 Firefighters Retirement Plan paid to high-ranking police officers and firefighters. The Retirement Plan for Hourly Employees of the City of Tuscaloosa ("Hourly Employees Plan"), a single 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 ("ERS"). An employee covered by the Hourly Employees Plan starts over to meet the retirement requirements of ERS. An employee retiring before meeting these requirements will retire under the Hourly Employees Plan. The ERS, 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 and there are no publicly available financials statements. The ERS, Hourly Employees Plan, and Tuscaloosa Police Officers and Firefighters Retirement Plan issue a publicly available financial report that includes financial statements and required supplementary info

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

Tuscaloosa Police Officers and Firefighters Retirement Plan P.O. Box 2089 Tuscaloosa, AL 35403 (205) 248-5170

# NOTE 7. PENSION PLAN (CONTINUED)

Aggregate Plan data for the City's four pension plans is as follows:

	Net Penson Liability		Deferred Outflows		Deferred Inflows		Pension Expense	
Tuscaloosa Police Officers and Firefighters								
Supplemental Retirement Plan	\$	2,458,904	\$	2,170,454	\$	1,246,942	\$	325,428
Employees' Retirement System of Alabama		33,440,524		11,753,293		1,034,836		4,456,251
Retirement Plan for Hourly Employees								
of the City of Tuscaloosa		2,080,454		157,877		24,295		431,859
Tuscaloosa Police Officers and Firefighters		130,597,567		30,509,158		2,916,682		13,566,528
	\$	168,577,449	\$	44,590,782	\$	5,222,755	\$	18,780,066

# A. Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan

**Description.** The City of Tuscaloosa 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 is meant to supplement the benefits of the Tuscaloosa Police Officers and Firefighters Retirement Plan paid to high-ranking police officers and firefighters.

**Benefits Provided.** Eligibility for this additional benefit is extended to police officers and firefighters with at least 30 years of service at retirement (or D.R.O.P. entry, i.e. Deferred Retirement Option Plan) and who have a rank of at least Captain or higher at time of retirement, and have 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 member's final pay less the annual benefit under the Tuscaloosa Police and Firefighters Retirement Plan. Members who enter D.R.O.P. under the Tuscaloosa Police and Firefighters Retirement Plan are entitled to a retirement benefit under the supplemental plan calculated as if the date of D.R.O.P. entry was the date of retirement. Supplemental benefits otherwise payable are retained by the fund and accrue interest at 4.00% per annum compounded annually until the member's termination of employment with the City. The City Council of the City of Tuscaloosa is authorized to establish and amend all plan provisions.

# NOTE 7. PENSION PLAN (CONTINUED)

# A. Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (Continued)

*Plan membership.* As of January 1, 2019, pension plan membership consisted of the following:

Active employees	32
Retired members	14
Total	46

**Contributions**. The Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan establishes contribution rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the plan. For the year ended September 30, 2020, the actuarially determined contribution was zero. There were no member contributions as of September 30, 2020. The City's average contribution rate as a percent of covered employee payroll was 1.02%. The actuarially determined contribution rate was calculated as of December 31, 2019, the date of the actuarial valuation.

**Net Pension Liability of the City.** The City's net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The result was rolled forward using standard actuarial techniques to the measurement date using the actuarial assumptions listed below.

**Actuarial assumptions**. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.75%

Salary increases 3.75% to 9.00%, including inflation

Investment rate of return 2.75%, net of pension plan investment expense, including inflation

# NOTE 7. PENSION PLAN (CONTINUED)

# A. Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (Continued)

**Actuarial assumptions (Continued).** Mortality rates for the period after service retirement are according to the gender specific PUB-2010 Headcount Safety Table using the generational mortality MP-2019 mortality improvement projections scale.

The actuarial assumptions have not performed an experience study.

*Investment Return Assumptions.* Since the current investment policy allocates the investments 100% of the investments into cash assets, the long-term expected rate of return is 1.00%.

Discount rate. The discount rate used to measure the total pension liability was 2.75%. This is a decrease in the discount used in the prior measurement period, which was 4.13%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

# NOTE 7. PENSION PLAN (CONTINUED)

# A. Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended December 31, 2019, were as follows:

	Total Pension Liability (a)		Plan Fiduciary Net Position (b)		Net Pension ability (Asset) (a) - (b)
Beginning Balance	\$	1,843,053	\$	362,775	\$ 1,480,278
Changes for the year:	-				 _
Service cost		57,325		-	57,325
Interest		75,366		-	75,366
Differences between expected and					
actual experience		245,072		-	245,072
Changes in assumptions		595,033		-	595,033
Net investment income		-		170	(170)
Benefit payments, including refunds					
of employee contributions		(36,394)		(36,394)	-
Administrative expense				(6,000)	 6,000
Net changes		936,402		(42,224)	978,626
Ending Balance	\$	2,779,455	\$	320,551	\$ 2,458,904

# NOTE 7. PENSION PLAN (CONTINUED)

# A. Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (Continued)

Changes in the Net Pension Liability of the City (Continued). The plan's fiduciary net position as a percentage of the total pension liability is 11.53%.

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 2.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

				Current		
		1% Decrease (1.75%)		(2.75%)	1% Increase (3.75%)	
City's net pension liability	\$	2,947,588	\$	2,458,904	\$	2,065,675

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2019 and the current sharing pattern of costs between employer and employee.

# NOTE 7. PENSION PLAN (CONTINUED)

# A. Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (Continued)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended September 30, 2020, the City recognized pension expense of \$325,428. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows		Deferred Inflows		
	of	Resources	of Resources		
Differences between expected and					
actual experience	\$	561,927	\$	6,268	
Changes of assumptions		1,504,456		1,240,674	
Net difference between projected and actual					
earnings on plan investments		29,071		-	
Employer contributions subsequent to the					
measurement date		75,000			
	\$	2,170,454	\$	1,246,942	

# NOTE 7. PENSION PLAN (CONTINUED)

## A. Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued). City contributions subsequent to the measurement date of \$75,000 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	 Amount			
2021	\$ 207,967			
2022	264,455			
2023	261,624			
2024	248,817			
Thereafter	 (134,351)			
	\$ 848,512			

# B. Employees' Retirement System of Alabama ("ERS")

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

Participating employers in an agency multiple-employer plan are those whose employees are provided with defined benefit pensions plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

# NOTE 7. PENSION PLAN (CONTINUED)

# B. Employees' Retirement System of Alabama ("ERS") (Continued)

Benefits Provided. State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in post-retirement benefits for the ERS. Benefits for ERS members vest after ten years of creditable service. The City of Tuscaloosa is a local employer participating in the ERS. Local employees who retire after age 60 with ten years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular local employer's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, local members of the ERS are allowed 2.0125% of their average final compensation (highest three of the last ten years) for each year of service.

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

Members are eligible for disability retirement if they have ten years of credible service, are currently in service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

# NOTE 7. PENSION PLAN (CONTINUED)

# B. Employees' Retirement System of Alabama ("ERS") (Continued)

**Plan membership.** The ERS serves approximately 875 local participating employers. These participating employers include 294 cities, 65 counties, and 516 other public entities. As of September 30, 2019, the measurement date for the plan, the City of Tuscaloosa employee membership includes 1,153 participants as shown on the following page:

00
23
60
70
53
7

**Contributions**. Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members. Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the plan. For the year ended September 30, 2020, the City of Tuscaloosa active employee contribution rate for Tier 1 and Tier 2 employees was 5.00% and 6.00% of covered employee payroll, respectively. The City of Tuscaloosa's average contribution rate to fund the normal and accrued liability costs was 7.12% of covered employee payroll (Tier 1 at 15.24% and Tier 2 at 14.27%).

# NOTE 7. PENSION PLAN (CONTINUED)

# B. Employees' Retirement System of Alabama ("ERS") (Continued)

Contributions (Continued). The City of Tuscaloosa's contractually required contribution rate for the year ended September 30, 2020 was 15.24% of pensionable pay for Tier 1 employees, and 14.87% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2017, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City of Tuscaloosa for the year ended September 30, 2020 was \$3,316,994.

**Net Pension Liability of the City.** The City of Tuscaloosa's net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2017 rolled forward to September 30, 2019 using standard roll-forward techniques.

**Actuarial assumptions**. The total pension liability in the September 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.75%

Salary increases 3.25% to 5.00%, including inflation

Investment rate of return 7.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the September 30, 2018 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2017. The Board of Control accepted and approved these changes September 2018, which became effective at the beginning of fiscal year 2018.

# NOTE 7. PENSION PLAN (CONTINUED)

# B. Employees' Retirement System of Alabama ("ERS") (Continued)

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

The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Long-Term
Target	<b>Expected Rate</b>
Allocation	of Return*
17.00%	4.40%
32.00%	8.00%
9.00%	10.00%
4.00%	11.00%
12.00%	9.50%
3.00%	11.00%
10.00%	10.10%
10.00%	7.50%
3.00%	1.50%
100.00%	
	Allocation  17.00% 32.00% 9.00% 4.00% 12.00% 3.00% 10.00% 3.00%

<sup>\*</sup>Includes assumed rate of inflation of 2.50%

# NOTE 7. PENSION PLAN (CONTINUED)

# B. Employees' Retirement System of Alabama ("ERS") (Continued)

Discount rate. The discount rate used to measure the total pension liability was the long-term rate of return, 7.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# NOTE 7. PENSION PLAN (CONTINUED)

# B. Employees' Retirement System of Alabama ("ERS") (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended September 30, 2020, were as follows:

	Т	otal Pension Liability (a)	Plan Fiduciary Net Position (b)		Net Pension Liability (a) - (b)		
Beginning Balance	\$	122,568,918	\$	96,614,712	\$	25,954,206	
Changes for the year:							
Service cost		2,924,690		-		2,924,690	
Interest		9,166,602		-		9,166,602	
Differences between expected and							
actual experience		3,114,605		-		3,114,605	
Contributions – employer		-		3,132,832		(3,132,832)	
Contributions – employee		-		2,126,477		(2,126,477)	
Net investment income		-		2,460,270		(2,460,270)	
Benefit payments, including refunds of							
employee contributions		(7,044,290)		(7,044,290)		-	
Transfers among employers		179,897		179,897		-	
Net changes		8,341,504		855,186		7,486,318	
Ending Balance	\$	130,910,422	\$	97,469,898	\$	33,440,524	

# NOTE 7. PENSION PLAN (CONTINUED)

# B. Employees' Retirement System of Alabama ("ERS") (Continued)

Changes in the Net Pension Liability of the City (Continued). The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

**Sensitivity of the net pension liability to changes in the discount rate.** The following presents the net pension liability of the City, calculated using the discount rate of 7.70%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.70%) or 1-percentage-point higher (7.70%) than the current rate:

				Current			
	1	% Decrease (6.70%)	Di	scount Rate (7.70%)	1	% Increase (8.70%)	
City's net pension liability	\$	49,645,843	\$	33,440,524	\$	19,841,109	

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2017 and the current sharing pattern of costs between employer and employee.

# NOTE 7. PENSION PLAN (CONTINUED)

# B. Employees' Retirement System of Alabama ("ERS") (Continued)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended September 30, 2020, the City recognized pension expense of \$4,456,251. At September 30, 2020, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

		of Resources		erred Inflows Resources
Differences between expected and	-		•	
actual experience	\$	5,851,867	\$	1,034,836
Changes of assumptions		1,395,769		-
Net difference between projected and actual				
earnings on plan investments		1,188,663		-
Employer contributions subsequent to the				
measurement date		3,316,994		_
	\$	11,753,293	\$	1,034,836

# NOTE 7. PENSION PLAN (CONTINUED)

# B. Employees' Retirement System of Alabama ("ERS") (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued). City contributions subsequent to the measurement date of \$3,316,994 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

 Amount
\$ 875,497
1,195,578
1,948,134
2,130,251
753,529
 498,474
\$ 7,401,463

# C. Retirement Plan for Hourly Employees of the City of Tuscaloosa ("Hourly Employees Plan")

**Description.** The Retirement Plan for Hourly Employees of the City of Tuscaloosa ("Hourly Employees Plan"), a single-employer 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 ERS. An employee covered by the Hourly Employees Plan starts over to meet the retirement requirements of the ERS. An employee retiring before meeting these requirements will retire under the Hourly Employees Plan. The ERS, an agent multiple-employer plan, is open to all hourly employees.

**Benefits Provided.** The Hourly Employees Plan was open to all non-civil service employees with at least one 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 five years of inclusion in the plan. The normal retirement for employees participating in this pension plan is computed by calculating 20% of the average monthly earnings for the last seven years of credited service.

# NOTE 7. PENSION PLAN (CONTINUED)

# Retirement Plan for Hourly Employees of the City of Tuscaloosa ("Hourly Employees Plan") (Continued)

*Plan membership.* As of November 1, 2019, pension plan membership consisted of the following:

Active vested employees	14
Terminated/transferred vested employees	49
Retired members (pending annuity purchase)	29
Total	92

**Contributions**. The Hourly Employees Plan was open to all non-civil service employees with at least one 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 five years of inclusion in the plan. The normal retirement for employees participating in this pension plan is computed by calculating 20% of the average monthly earnings for the last seven years of credited service.

**Net Pension Liability of the City.** The City's net pension liability was measured as of September 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of November 1, 2019.

**Actuarial assumptions**. The total pension liability in the September 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.20% Salary increases N/A

Investment rate of return 3.00%, net of pension plan investment expense, including inflation

Mortality rates were based on Public 2010 General Mortality Tables (amount-weighted) with generational mortality improvement based on MP-2020.

# NOTE 7. PENSION PLAN (CONTINUED)

# Retirement Plan for Hourly Employees of the City of Tuscaloosa ("Hourly Employees Plan") (Continued)

Actuarial assumptions (Continued). The actuarial assumptions have not performed an experience study.

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

The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	TargetAllocation	Long-Term Expected Rate of Return
Fixed Income	100.00%	3.00%
Total	100.00%	

**Discount rate.** The discount rate used to measure the total pension liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

# NOTE 7. PENSION PLAN (CONTINUED)

# C. Retirement Plan for Hourly Employees of the City of Tuscaloosa ("Hourly Employees Plan") (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended September 30, 2020, were as follows:

	То	Total Pension Liability (a)		Plan Fiduciary Net Position Restated (b)		Net Position		Net Pension ability (Asset) (a) - (b)
Beginning Balance	\$	2,388,634	\$	421,025	\$	1,967,609		
Changes for the year:	·							
Interest		94,054		-		94,054		
Differences between expected and								
actual experience		(54,910)		-		(54,910)		
Changes in assumptions		327,882		-		327,882		
Contributions – employer		-		263,027		(263,027)		
Net investment income		-		18,813		(18,813)		
Benefit payments, including refunds of								
employee contributions		(75,312)		(75,312)		-		
Administrative expense				(27,659)		27,659		
Net changes		291,714		178,869		112,845		
Ending Balance	\$	2,680,348	\$	599,894	\$	2,080,454		

# NOTE 7. PENSION PLAN (CONTINUED)

# Retirement Plan for Hourly Employees of the City of Tuscaloosa ("Hourly Employees Plan") (Continued)

Changes in the Net Pension Liability of the City (Continued). The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

**Sensitivity of the net pension liability to changes in the discount rate.** The following presents the net pension liability of the City, calculated using the discount rate of 3.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00%) or 1-percentage-point higher (4.00%) than the current rate:

	Current						
		1% Decrease (2.00%)		Discount Rate (3.00%)		1% Increase (4.00%)	
City's net pension liability	\$	2,506,554	\$	2,080,454	\$	1,737,284	

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2020 and the current sharing pattern of costs between employer and employee.

# NOTE 7. PENSION PLAN (CONTINUED)

# C. Retirement Plan for Hourly Employees of the City of Tuscaloosa ("Hourly Employees Plan") (Continued)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended September 30, 2020, the City recognized pension expense of \$431,859. At September 30, 2020, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	of Resources		
\$ 1,496	\$	24,295	
136,138		-	
20,243		-	
\$ 157,877	\$	24,295	
of I	136,138	of Resources       of R         \$ 1,496       \$         136,138       \$         20,243       \$	

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

Amount	
\$	124,683
	4,442
	3,155
	1,302
\$	133,582

# NOTE 7. PENSION PLAN (CONTINUED)

## D. Tuscaloosa Police Officers and Firefighters Retirement Plan

**Description.** The Tuscaloosa Police Officers and Firefighters Retirement Plan is a single-employer defined benefit plan covering all certified firemen and policemen. The responsibility for the general administration and operation of the plan is vested in the Board of Trustees of the Pension and Relief Fund. Act. No. 99-568 of the 1999 Legislative Session grants the authority to establish and amend the benefit terms to the Board of Trustees of the Pension and Relief Fund. The Tuscaloosa Police Officers and Firefighters Retirement Plan issues a publicly available financial report that can be obtained by contacting the plan at the following address:

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

**Benefits Provided.** The plan is open to all certified firemen and policemen. Normal retirement benefits become payable to any member who either has 20 or more years of credited service, is age 60 and has 20 or more years of credited service, or is age 65. The normal retirement benefit is a monthly amount equal to 4.4% of the pension base multiplied by years of credited service with a minimum of \$1,028 and a maximum of \$3,046 per month (benefits are reduced by 6% per year for each year less than 25 and increase by 6% per each year between 25 and 30) or a monthly amount equal to 1.5% of the final average salary multiplied by years of credited service (benefits are reduced by 6% per year for early commencement prior to age 65), whichever is greater.

# NOTE 7. PENSION PLAN (CONTINUED)

# D. Tuscaloosa Police Officers and Firefighters Retirement Plan (Continued)

**Benefits Provided (Continued).** Service related disability retirement benefits are payable to any member who, while in service, becomes temporarily disabled for longer than 15 days or permanently disabled. Benefits received are 110% of salary subject to the maximums and minimums as listed below:

		Minin	num	Ma	ximum
	Years of Service	<b>Monthly Benefit</b>		<b>Monthly Benefit</b>	
-	0 – 9	\$	-	\$	1,507
	10 – 14		756		1,507
	15 – 19		864		1,758
	20 and up		1,080		2,009

Non-service related disability retirement benefits are payable to any member who becomes temporarily disabled for longer than 15 days and who is not on the regular payroll. Benefits received are \$109.18 per week for up to 12 weeks. If after 12 weeks, the Board of Trustees declares a member with ten or more years of credited service permanently disabled, that member may receive the service-related disability retirement benefits listed above.

Death benefits are payable to a member's surviving spouse if the death is service caused, or from any cause after ten years of credited service for in service, retired or disabled members. Benefits received are 42.41% of salary (maximum of \$1,172) plus 25.45% of salary for the first child under 18 (maximum of \$1,590), up to 76.34% of salary for the family (maximum of \$2,009).

A D.R.O.P election is available to members who have at least 25 years of service. Eligible members may elect to retire, and, in lieu of immediate withdrawal from service, continue employment for a period up to three years. The Tuscaloosa Police Officers and Firefighters Retirement Plan contributions and interest earned are accumulated in an account for the benefit of the member. At the end of participation, the account balance is paid to the member as a lump sum distribution or deferred and paid monthly over a period of three, five or ten years as selected by the member.

A terminated member will receive a refund of his contribution less one-half of any sick benefits, which have been paid.

# NOTE 7. PENSION PLAN (CONTINUED)

## D. Tuscaloosa Police Officers and Firefighters Retirement Plan (Continued)

Plan membership. As of January 1, 2019, pension plan membership consisted of the following:

Active employees	479
Inactive members or their beneficiaries	
currently receiving benefits	401
Total	880

**Contributions**. Covered members of the plan are required to contribute 11.50% of base salary.

The Tuscaloosa Police Officers and Firefighters Retirement Plan provides for employer contributions at actuarially determined rates (expressed as percentages of annual covered payroll) that accumulate sufficient assets to pay benefits when due. The employer contributions required to support the benefits of each system are determined following a level funding approach and consist of a normal contribution, an accrued liability contribution, and a portion to finance administrative costs. The City's average contribution, measured as of December 31, 2019 was 13.50% of covered employee payroll.

The City's contractually required contribution rate for the year ended September 30, 2020 was 13.50% of members' base salaries. These required contribution rates are based upon the actuarial valuation dated January 1, 2018, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City for the year ended September 30, 2020 was \$3,892,304. Actuarially determined contributions measured as of December 31, 2019 to the pension plan from the City was \$4,917,651.

Proceeds from a 1.5% charge against gross premiums (less return premiums) for all new fire insurance policies and all renewals of fire insurance policies sold in the City are collected by the City and remitted to the fund.

# NOTE 7. PENSION PLAN (CONTINUED)

# D. Tuscaloosa Police Officers and Firefighters Retirement Plan (Continued)

**Net Pension Liability of the City.** The City's net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The result was rolled forward using standard actuarial techniques to the measurement date using the actuarial assumptions listed below.

**Actuarial assumptions**. The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date January 1, 2019
Actuarial cost method Entry age normal

Inflation 2.50%

Salary increases 3.75% to 9.00%, including inflation

Investment rate of return 7.75%, net of pension plan investment expense, including inflation

Mortality rates for the period after service retirement are according to the gender specific PUB-2010 Headcount Safety Table using the generational mortality MP-2019 mortality improvement projections scale.

The actuarial assumptions have not performed an experience study.

# NOTE 7. PENSION PLAN (CONTINUED)

# D. Tuscaloosa Police Officers and Firefighters Retirement Plan (Continued)

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

	Target Allocation	Long-Term Expected Rate of Return
U.S. Equity	41.70%	6.05%
International Equity	18.70%	7.01%
Emerging Markets Equity	4.10%	9.39%
Real Estate Investment Trusts	0.40%	5.65%
Fixed Income	31.50%	2.17%
Cash	3.60%	0.78%
Total	100.00%	

Discount rate. The discount rate used to measure the total pension liability was the long-term rate of return, 6.88%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the plan's Board of Trustees. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use a municipal bond rate.

# NOTE 7. PENSION PLAN (CONTINUED)

# D. Tuscaloosa Police Officers and Firefighters Retirement Plan (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended December 31, 2019, were as follows:

	Т	otal Pension	PI	an Fiduciary		Net Pension
		Liability	1	Net Position		Liability
		(a)	Restated (b)		(a) - (b)	
Beginning Balance	\$	172,367,178	\$	56,357,323	\$	116,009,855
Changes for the year:		_		_		_
Service cost		3,115,215		-		3,115,215
Interest		12,883,794		-		12,883,794
Changes in assumption		18,429,306		-		18,429,306
Differences between expected and						
actual experience		1,755,442		-		1,755,442
Contributions – employer		-		4,917,651		(4,917,651)
Contributions – employee		-		4,189,111		(4,189,111)
Contributions – other		-		545,665		(545,665)
Net investment income		-		12,028,393		(12,028,393)
Benefit payments, including refunds of						
employee contributions		(12,249,365)		(12,249,365)		-
Administrative expense		_		(84,775)		84,775
Net changes		23,934,392		9,346,680		14,587,712
Ending Balance	\$	196,301,570	\$	65,704,003	\$	130,597,567
				· · · · · · · · · · · · · · · · · · ·		

# NOTE 7. PENSION PLAN (CONTINUED)

## D. Tuscaloosa Police Officers and Firefighters Retirement Plan (Continued)

Changes in the Net Pension Liability of the City (Continued). The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 6.88%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.88%) or 1-percentage-point higher (7.88%) than the current rate:

	Current				
	1% Decrease (5.88%)	Discount Rate (6.88%)	1% Increase (7.88%)		
City's net pension liability	\$ 153,038,250	\$ 130,597,567	\$ 111,861,218		

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2019 and the current sharing pattern of costs between employer and employee.

## NOTE 7. PENSION PLAN (CONTINUED)

## D. Tuscaloosa Police Officers and Firefighters Retirement Plan (Continued)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended September 30, 2019, the City recognized pension expense of \$13,566,528. At September 30, 2020, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	rred Outflows Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 1,655,355	\$	1,457,904	
Changes in assumptions	24,961,499		-	
Net difference between projected and actual earnings on plan investments	-		1,458,778	
Employer contributions subsequent to the				
measurement date	 3,892,304			
	\$ 30,509,158	\$	2,916,682	

## NOTE 7. PENSION PLAN (CONTINUED)

## D. Tuscaloosa Police Officers and Firefighters Retirement Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued). City contributions subsequent to the measurement date of \$3,892,304 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	 Amount
2021	\$ 4,882,110
2022	4,525,414
2023	5,359,330
2024	3,234,849
Thereafter	 5,698,469
	\$ 23,700,172

## NOTE 8. BUDGET COMPLIANCE AND DEFICIT FUND EQUITY

## A. Excess of Expenditures Over Appropriations

The following General Fund and Water and Sewer Fund departments had actual expenditures in excess of appropriations for the year ended September 30, 2020:

#### **General Fund:**

General Government:	
Information Technology	\$ 8,296,710
Infrastructure and Public Services:	
Logistics and Asset Management	336,539
Public Services	229,120
Public Safety:	
Fire and Rescue	842,533
Jail Costs	78,853
Funds to Other Agencies:	
West Alabama Regional Commission	5,010,366
Other	570,005
Principal	26,525,327
Interest Charges	19,837
Warrant Issue Costs	205,831
Water and Sewer Fund:	
Depreciation	1,481,450
Special Projects	504,600

These over expenditures were funded by greater than anticipated revenues.

## NOTE 8. BUDGET COMPLIANCE AND DEFICIT FUND EQUITY (CONTINUED)

#### B. Deficit Fund Balance

The following funds had deficit fund balances/net position at September 30, 2020:

Disaster Recovery Construction Fund (major governmental fund)

4,890

The Disaster Recovery Construction Fund's deficit will be reduced through the future recognition of unavailable accrued revenues.

#### NOTE 9. JOINT VENTURES

## **Black Warrior Solid 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 Authority purchases diesel fuel from the City based on the average price paid by the City to its diesel vendors. During the year ended September 30, 2019 the City did not provide any additional operating supplements. The City pays tipping fees for the solid waste dumped at 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.

## NOTE 9. JOINT VENTURES (CONTINUED)

## Metro Animal Shelter, Inc.

Effective October 1, 2018, the City of Tuscaloosa, City of Northport, and Tuscaloosa County extended its agreement for an additional three years to fund the operations of the Metro Animal Shelter, Inc. in the following amounts: year one \$890,000; year two \$1,024,000 and year three \$1,158,000. The participants pro-rata share of the Shelter are City of Tuscaloosa (53%), City of Northport (10%), and Tuscaloosa County (37%) for year one and City of Tuscaloosa (47.6%), City of Northport (11.9%), and Tuscaloosa County (40.5%) for years two and three. The City of Tuscaloosa's annual share is as follows: year one \$471,700; year two \$487,424 and year three \$551,208.

#### NOTE 10. RELATED PARTIES

The following related party transactions occurred during the year ended September 30, 2020.

The City expended \$474,741 to the Tuscaloosa Housing Authority, an entity in which the City appoints a majority of the Board, to fund the construction of an affordable housing development for low income individuals. This funding is fully reimbursable through the City's direct allocation of the Community Development Block Grant funding from the United States Housing and Urban Development Department. The City expended \$391,274 to the Tuscaloosa Housing Authority as part of the HOME Investment Partnership Program, which provides direct rental assistance to low-income individuals. In addition, \$252,911 was expended to the Tuscaloosa Housing Authority to fund the 26th Avenue East turn lane project. The City also received payments in lieu of taxes of \$276,465.

Although the City Council is responsible for appointing the members of the Tuscaloosa Housing Authority Board, the City's accountability for this organization does not extend beyond making the appointments. Financial information for this entity is not reflected in the City's financial statements.

The City expended \$843,802 to the Tuscaloosa Parking and Transit Authority, a component unit, for agency funding, shuttle services, and various other operating expenses. The City was reimbursed \$341,518 for auto fuel, maintenance, cleaning services, security and other operating costs. The City expended \$1,486,691 to the Tuscaloosa Tourism and Sports Commission, a component unit, for agency funding and various tourism related events.

#### NOTE 11. COMMITMENTS AND CONTINGENCIES

## Litigation

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions arising in the course of City operations. Although the outcome of these cases is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

#### **Contractual Commitments**

In addition to the liabilities enumerated in the balance sheet, at September 30, 2020 the City has contractual commitments on uncompleted contracts of approximately \$24,767,636.

### **Grants from Governments**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

## **Encumbrances**

The City has open encumbrances in the General Fund of \$1,187,962, the Capital Projects Fund of \$3,702,416, the Disaster Recover Construction Fund of \$489,023, Other governmental funds of \$19,150,293, and Water and Sewer Fund of \$7,026,125 as of September 30, 2020.

#### NOTE 12. 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.

#### **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 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 \$1,535,200 at September 30, 2020 is based on the requirements of the GASB 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.

## NOTE 12. RISK MANAGEMENT (CONTINUED)

## **Health Insurance Fund (Continued)**

Changes in the fund's claims liability for the years ended September 30, 2020 and 2019 were as follows:

	Fiscal Year Ended							
	Se	eptember 30, 2020	September 30, 2019					
Unpaid claims, beginning of year Incurred claims (including IBNR) Claims paid	\$	1,276,611 16,138,780 (15,880,191)	\$	951,200 15,273,264 (14,947,853)				
Unpaid claims, end of year	\$	1,535,200	\$	1,276,611				

## **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, 2020 of \$4,686,052 is based on the requirements of GASB Statement 10, as explained above. The carrying value is calculated using an interest rate of 1.9%. Of the above amount, \$540,697 is reported in the Water and Sewer Enterprise Fund. The balance, \$4,145,355, 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.

## NOTE 12. RISK MANAGEMENT (CONTINUED)

## **Workers Compensation Claims (Continued)**

Changes in the workers compensation claims liabilities amounts for the years ended September 30, 2020 and 2019, were as follows:

	Fiscal Year Ended							
	Se	ptember 30, 2020	September 30, 2019					
Unpaid claims, beginning of year Incurred claims (including IBNR) Claims paid	\$	4,862,535 1,082,383 (1,258,866)	\$	4,619,057 1,647,144 (1,403,666)				
Unpaid claims, end of year	\$	4,686,052	\$	4,862,535				

## NOTE 13. POST-EMPLOYMENT HEALTH CARE PLAN

Plan Administration and Benefits. 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 ten years of service (called "Tier 1" members). Employees hired on and after January 1, 2013 (called "Tier 2" members) are eligible to retire only after attainment of age 62 or later and completion of ten years of service. For Fire and Police employees, the ages are age 56 and ten years of service for Tier 1 and age 60 and ten years of service for Tier 2. The OPEB 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 OPEB Plan does not issue a separate financial report.

## NOTE 13. POST-EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Plan Membership. Membership of the OPEB Plan consisted of the following at September 30, 2019, the date of the latest actuarial valuation:

Active participants	1,225
Retirees and beneficiaries currently receiving benefits	93
Total	1,318

Contributions. 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, 2020, the City and plan members receiving benefits contributed a total of \$690,245.

## **Total OPEB Liability of the City**

The City's total OPEB liability was measured as of September 30, 2019 and was determined by an actuarial valuation as of September 30, 2018 with the actuary using standard techniques to roll forward the liability to the measurement date.

## NOTE 13. POST-EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

## **Total OPEB Liability of the City (Continued)**

**Actuarial assumptions**. The total OPEB liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate: 2.81%

Healthcare Cost Trend Rate: 7.25% to 4.75%, Ultimate Trend in 2028

Inflation Rate: 2.75%

Salary increase: 3.125% wage inflation pus merit increases

The rates of mortality used to City Police and Fire employees are according to the PUB 2010 Headcount Weighted Safety Table, generational mortality projected with Scale MP2019.

The actuarial assumptions used in the September 30, 2019 valuation were based on the results of an actuarial experience study in concurrence with the September 30, 2018 valuation.

**Discount rate.** The discount rate used to measure the total OPEB liability was 2.81%. This rate was determined based on the September average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

## NOTE 13. POST-EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

## **Total OPEB Liability of the City (Continued)**

Changes in the total OPEB liability of the City. The changes in the total OPEB liability of the City for the year ended September 30, 2020, were as follows:

	Total OPEB Liability			
Balances at 9/30/19	\$	34,947,857		
Changes for the year:				
Service cost		1,781,841		
Interest		1,409,445		
Assumption changes		5,508,171		
Benefit payments		(974,194)		
Net changes		7,725,263		
Balances at 9/30/20	\$	42,673,120		

The required schedule of changes in the City's total OPEB liability and related ratios immediately following the notes to financial statements presents multi-year trend information about the total OPEB liability.

## NOTE 13. POST-EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

## **Total OPEB Liability of the City (Continued)**

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.81%) or 1-percentage-point higher (3.81%) than the current discount rate:

Takal ODED Kabilik	19	1% Decrease (1.81%)		scount Rate (2.81%)	1% Increase (3.81%)		
Total OPEB liability	\$	47,649,561	\$	42,673,120	\$	38,236,088	

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.25% decreasing to 3.75%) or 1-percentage-point higher (8.25% decreasing to 5.75%) than the current healthcare cost trend rates:

Total ODED liability	(6.25	% Decrease % decreasing to 3.75%)	(7.25	scount Rate 5% decreasing to 4.75%)	(8.25	% Increase 5% decreasing to 5.75%)
Total OPEB liability	\$	\$ 36,677,000		42,673,120	\$	49,902,610

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2020 and the current sharing pattern of costs between employer and inactive employees.

## NOTE 13. POST-EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

## **OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2020, the City recognized OPEB expense of \$3,684,810. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	0	Deferred outflows of Resources	Deferred Inflows of Resources			
Changes in assumptions	\$	4,949,724	\$	1,601,781		
Differences between expected and actual experience		307,698		-		
Contributions subsequent to the measurement date		690,245		<u>-</u>		
Total	\$	5,947,667	\$	1,601,781		

## NOTE 13. POST-EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

## **OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

City contributions subsequent to the measurement date of \$690,245 are reported as deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30,	
2021	\$ 432,099
2022	432,099
2023	432,099
2024	432,099
Thereafter	 1,927,245
	_
Total	\$ 3,655,641

### NOTE 14. TAX ABATEMENTS

Amendment No. 772 to the Constitution of Alabama (1901) authorizes the City to lend its credit to or grant public funds and things of value in aid of or to any corporation or other business entity for the purpose of promoting the economic development of the City. For the fiscal year ended September 30, 2020, the City abated sales tax revenues of \$750,551, lodging tax revenues of \$492,804 and property tax revenues of \$243,416 and business license revenue of \$1,328 under its economic development program, which included the following tax abatements in fiscal year 2020:

• A 54.35% abatement on lodging tax and a second 100% abatement of non-education municipal ad valorem property taxes of a hotel amounting to \$432,608. In exchange for the tax incentives, the developer has committed to creating 57 new full-time jobs, of which 30 must be low to moderate income employees.

## NOTE 14. TAX ABATEMENTS (CONTINUED)

- A 78% abatement on the net sales tax (six anchor tenants) and a second 100% abatement of non-education municipal ad valorem property taxes of a retail development amounting to \$684,060. In exchange for the tax incentives, the developer has committed to creating at least 200 full-time jobs for the six anchor tenants and 400 for the entire development.
- A 36.82% abatement on lodging tax and a second 100% abatement of non-education municipal ad valorem property taxes of a hotel amounting to \$177,291. In exchange for the tax incentives, the developer has committed to creating 35 new full and part-time jobs.

In May 2019, the City established the Construction Mitigation Program as a means to offer economic assistance to businesses who have been adversely affected by construction projects lasting more than a year. Economic assistance may be available through the temporary abatement of various tax/license revenues levied and collected by the City. Any business with 50 full-time employees or less who have been negatively impacted by construction projects lasting more than a year may apply to receive a temporary business construction mitigation tax waiver. A review committee determines the eligibility of each business on a case-by-case basis using various criteria as a guide. In fiscal year 2020, \$191,805 in sales taxes, \$1,007 in ad valorem property taxes and \$1,328 in business license revenues were abated as part of this program.

In addition to the above mentioned agreements, the City approved the following tax abatement arrangements in fiscal year 2020:

In September 2020, the City and 6th Street Development, LLC entered into an Economic Development Agreement (the "6th Street Development, LLC Agreement"), whereby 6th Street Development, LLC agreed to acquire and construct a hotel within the City. Pursuant to the 6th Street Development, LLC Agreement, the City has agreed to remit to 6th Street Development, LLC (i) 29% of the city lodging taxes collected at the site of the project quarterly for a period of 10 years from the date of the first collection, and (ii) the non-education ad valorem taxes collected on the site of the project annually for a period of 15 years from the first tax year in which the subject property is fully assessed to include the costs of the land and all constructed improvements and all other improvements located thereon and any ad valorem taxes are paid thereon. The maximum amount to be remitted shall not exceed \$3,579,400.

## NOTE 15. SUBSEQUENT EVENTS

On November 2, 2020, the City issued \$53,920,000 of Series 2020-A general obligation warrants fund various municipal improvements including road improvements, park and recreations improvements, and river-walk infrastructure improvements. The warrants have varying interest rates ranging from 3 - 4% over the life of the warrants. Principal and interest of the warrants will be payable annually on October 1, beginning in 2021 through fiscal year 2040.

On November 2, 2020, the City issued \$14,170, 000 of Series 2020-B general obligation warrants to: 1) partially refund the City's outstanding Series 2012-B warrants, and 2) fund certain capital improvements to the City's water and sewer system and certain other general municipal improvements. The warrants have varying interest rates ranging from 0.43 – 2.43% over the life of the warrants. Principal and interest of the warrants will be payable annually on July 1, beginning in 2021 through fiscal year 2035.





# REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS TUSCALOOSA POLICE OFFICERS AND FIREFIGHTERS SUPPLEMENTAL RETIREMENT PLAN FOR THE YEARS ENDED SEPTEMBER 30,

		2020	2019	2018		2017		2016	2015
Total pension liability			 2013	 2010		2017		2010	 2010
Service Cost	\$	57,325	\$ 57,779	\$ 140,303	\$	18,731	\$	7,014	\$ 16,433
Interest		75,366	64,136	107,048		46,085		66,748	68,661
Benefit changes		-	-	-		-		(399,632)	-
Difference between expected and									
actual experience		245,072	55,256	522,715		(12,600)		31,900	(55,536)
Changes of assumptions		595,033	(185,785)	(1,695,753)		2,066,768		-	-
Benefit payments, including refunds		(20.204)	(20, 204)	(20.204)		(20, 204)		(404.004)	(00,000)
of employee contributions	-	(36,394)	 (36,394)	 (36,394)	-	(36,394)	-	(101,891)	 (22,896)
Net change in total pension liability		936,402	(45,008)	(962,081)		2,082,590		(395,861)	6,662
Total pension liability - beginning		1,843,053	 1,888,061	 2,850,142		767,552		1,163,413	 1,156,751
Total pension liability - ending	\$	2,779,455	\$ 1,843,053	\$ 1,888,061	\$	2,850,142	\$	767,552	\$ 1,163,413
Plan net position									
Contributions - employer	\$	-	\$ 30,246	\$ 30,246	\$	-	\$	139,940	\$ 78,000
Net investment income		170	214	189		186		197	337
Benefit payments, including refunds									
of employee contributions		(36,394)	(36,394)	(36,394)		(36,394)		(101,891)	(22,896)
Administrative expense		(6,000)	 (6,195)	 (3,000)		(3,000)		(3,000)	 (3,000)
Net change in plan net position		(42,224)	(12,129)	(8,959)		(39,208)		35,246	52,441
Plan net position - beginning		362,775	 374,904	 383,863		423,071		387,825	 335,384
Plan net position - ending	\$	320,551	\$ 362,775	\$ 374,904	\$	383,863	\$	423,071	\$ 387,825
Net pension liability	\$	2,458,904	\$ 1,480,278	\$ 1,513,157	\$	2,466,279	\$	344,481	\$ 775,588
Plan net position as a percentage of the total pension liability		11.53%	19.68%	19.86%		13.47%		55.12%	33.34%
Covered payroll *	\$	2,642,017	\$ 2,976,006	\$ 3,140,169	\$	3,152,979	\$	2,857,940	\$ 3,317,870
Net pension liability as a percentage of covered payroll		93.07%	 49.74%	 48.19%		78.22%		12.05%	 23.38%

<sup>\*</sup>For FY 2020, the measurement period is January 1, 2019 to December 31, 2019.

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CITY CONTRIBUTIONS TUSCALOOSA POLICE OFFICERS AND FIREFIGHTERS SUPPLEMENTAL RETIREMENT PLAN FOR THE YEARS ENDED SEPTEMBER 30,

	 2020	 2019	 2018	 2017	 2016	 2015
Actuarially determined contribution*	\$ 162,274	\$ 30,246	\$ 30,246	\$ -	\$ 139,940	\$ 74,413
Contributions in relation to the actuarially determined contribution*	 	 30,246	 30,246	 <u>-</u>	 139,940	 78,000
Contribution deficiency (excess)	\$ 162,274	\$ 	\$ 	\$ _	\$ 	\$ (3,587)
Covered payroll^	\$ 4,664,019	\$ 4,054,393	\$ 3,149,590	\$ 3,149,777	\$ 2,931,700	\$ 3,202,888
Contributions as a percentage of covered payroll	3.48%	0.75%	0.96%	0.00%	4.77%	2.32%

<sup>\*</sup>Amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments.

#### Notes to Schedule:

<sup>^</sup>Employer's covered-payroll during fiscal year is the total payroll paid to covered employees (not just pensionable payroll).

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION INVESTMENT RETURNS TUSCALOOSA POLICE OFFICERS AND FIREFIGHTERS SUPPLEMENTAL RETIREMENT PLAN FOR THE YEARS ENDED SEPTEMBER 30,

	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expenses for the City's pension plan	0.05%	0.06%	0.05%	0.05%	0.05%	0.09%

#### Notes to Schedule:

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA FOR THE YEARS ENDED SEPTEMBER 30,

	2020	2019	2018	2017	2016	2015
Total pension liability Service Cost Interest Changes of assumptions Difference between expected and	\$ 2,924,690 9,166,602	\$ 2,853,937 8,900,489 692,778	\$ 2,913,828 8,179,185	\$ 2,939,341 7,829,423 1,770,601	\$ 2,914,354 7,323,848	\$ 2,792,879 6,889,141
actual experience Transfers among employers Benefit payments, including refunds	3,114,605 179,897	(1,404,420) 2	4,099,981 308,741	534,494 134,245	1,092,095	
of employee contributions	 (7,044,290)	(6,637,784)	(5,751,371)	(5,324,672)	(4,696,544)	(3,799,838)
Net change in total pension liability	8,341,504	4,405,002	9,750,364	7,883,432	6,633,753	5,882,182
Total pension liability - beginning	 122,568,918	 118,163,916	108,413,552	100,530,120	 93,896,367	88,014,185
Total pension liability - ending	\$ 130,910,422	\$ 122,568,918	\$ 118,163,916	\$ 108,413,552	\$ 100,530,120	\$ 93,896,367
Plan fiduciary net position Contributions - employer Contributions - employee Net investment income Benefit payments, including refunds of employee contributions	\$ 3,132,832 2,126,477 2,460,270 (7,044,290)	\$ 2,809,270 2,226,591 8,251,863 (6,637,784)	\$ 2,630,940 1,945,815 10,260,786 (5,751,371)	\$ 2,882,113 1,974,229 7,462,375 (5,324,672)	\$ 2,639,293 1,843,434 864,909 (4,696,544)	\$ 2,659,574 1,875,358 7,809,823 (3,799,838)
Transfer among employees	 179,897	 2	 308,741	 134,245	 (440,146)	 (72,292)
Net change in plan fiduciary net position	855,186	6,649,942	9,394,911	7,128,290	210,946	8,472,625
Plan net position - beginning	 96,614,712	 89,964,770	 80,569,859	 73,441,569	 73,230,623	 64,757,998
Plan net position - ending	\$ 97,469,898	\$ 96,614,712	\$ 89,964,770	\$ 80,569,859	\$ 73,441,569	\$ 73,230,623
Net pension liability	\$ 33,440,524	\$ 25,954,206	\$ 28,199,146	\$ 27,843,693	\$ 27,088,551	\$ 20,665,744
Plan fiduciary net position as a percentage of the total pension liability	74.46%	78.82%	76.14%	74.32%	73.05%	77.99%
Covered payroll *	\$ 38,937,949	\$ 38,000,806	\$ 32,820,697	\$ 37,311,222	\$ 34,797,920	\$ 34,797,920
Net pension liability as a percentage of covered payroll	85.88%	68.30%	85.92%	74.63%	77.85%	59.39%

<sup>\*</sup>For FY 2020 the measurement period is October 1, 2018 to September 30, 2019.

#### Notes to Schedule:

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CITY CONTRIBUTIONS EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA FOR THE YEARS ENDED SEPTEMBER 30.

	 2020	 2019	 2018	 2017	 2016	 2015
Actuarially determined contribution*	\$ 3,295,346	\$ 3,242,128	\$ 2,947,310	\$ 2,802,702	\$ 2,915,639	\$ 2,781,433
Contributions in relation to the actuarially determined contribution*	 3,295,346	 3,242,128	 2,947,310	2,802,702	 2,915,639	 2,781,433
Contribution deficiency (excess)	\$ 	\$ 	\$ 	\$ 	\$ _	\$ 
Covered payroll^	\$ 41,895,995	\$ 38,937,949	\$ 38,000,806	\$ 32,820,697	\$ 37,311,222	\$ 34,797,920
Contributions as a percentage of covered payroll	7.87%	8.33%	7.76%	8.54%	7.81%	7.99%

<sup>\*</sup>Amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of Employer Contributions is based on the 12-month period of the underlying financial statements.

#### Notes to Schedule:

<sup>^</sup>Employer's covered-payroll for FY 2020 is the total covered payroll for the 12-month period of the underlying financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS RETIREMENT PLAN FOR HOURLY EMPLOYEES OF THE CITY OF TUSCALOOSA FOR THE YEARS ENDED SEPTEMBER 30,

	 2020	2019	 2018	 2017	 2016	 2015
Total pension liability Service Cost Interest	\$ - 94,054	\$ 98,609	\$ - 99,145	\$ 100,002	\$ 98,065	\$ 99,664
Effect of economic/demographic gains or losses Effect of assumptions changes or	(54,910)	(8,961)	7,535	(48,706)	7,503	(67,986)
inputs  Benefit payments, including refunds	327,882	363,287	(46,746)	-	-	-
of employee contributions	 (75,312)	 (72,102)	 (69,209)	 (67,708)	 (65,933)	(61,466)
Net change in total pension liability	291,714	380,833	(9,275)	(16,412)	39,635	(29,788)
Total pension liability - beginning	 2,388,634	 2,007,801	 2,017,076	2,033,488	 1,993,853	2,023,641
Total pension liability - ending	\$ 2,680,348	\$ 2,388,634	\$ 2,007,801	\$ 2,017,076	\$ 2,033,488	\$ 1,993,853
Plan net position Contributions - employer Net investment income Benefit payments, including refunds	\$ 263,027 18,813	\$ 265,000 13,395	\$ - 7,042	\$ 300,000 7,155	\$ 99,507 5,069	\$ 4,098
of employee contributions Administrative expenses	 (75,312) (27,659)	(72,102) (18,096)	 (69,209) (17,215)	 (67,708) (16,189)	 (65,933) (19,431)	 (61,466) (17,694)
Net change in plan net position	178,869	188,197	(79,382)	223,258	19,212	(75,062)
Plan net position - beginning	 421,025	 232,828	 312,210	 88,952	 69,740	 144,802
Plan net position - ending	\$ 599,894	\$ 421,025	\$ 232,828	\$ 312,210	\$ 88,952	\$ 69,740
Net pension liability	\$ 2,080,454	\$ 1,967,609	\$ 1,774,973	\$ 1,704,866	\$ 1,944,536	\$ 1,924,113
Plan net position as a percentage of the total pension liability	22.38%	17.63%	11.60%	15.48%	4.37%	3.50%
Covered payroll *	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

<sup>\*</sup>For FY 2020 the measurement period is October 1, 2019 to September 30, 2020.

#### Notes to the Schedule

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CITY CONTRIBUTIONS RETIREMENT PLAN FOR HOURLY EMPLOYEES OF THE CITY OF TUSCALOOSA FOR THE YEARS ENDED SEPTEMBER 30,

	 2020	 2019	 2018	 2017	 2016	 2015
Actuarially determined contribution*	\$ 263,027	\$ 264,955	\$ -	\$ 156,620	\$ 146,745	\$ 162,440
Contributions in relation to the actuarially determined contribution*	 263,027	265,000	 <u>-</u>	 300,000	99,507	 
Contribution deficiency (excess)	\$ -	\$ (45)	\$ 	\$ (143,380)	\$ 47,238	\$ 162,440
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

<sup>\*</sup>Amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments.

#### Notes to Schedule:

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS TUSCALOOSA POLICE OFFICERS AND FIREFIGHTERS RETIREMENT PLAN FOR THE YEARS ENDED SEPTEMBER 30,

		2020	 2019	 2018	 2017	 2016	 2015
Total pension liability Service cost Interest Benefit changes Difference between expected and	\$	3,115,215 12,883,794 -	\$ 2,957,666 12,811,462	\$ 2,912,273 11,967,489 -	\$ 2,904,753 11,807,763 (297,561)	\$ 2,942,728 11,665,165 (1,332,172)	\$ 2,893,611 11,392,889 -
actual experience Changes in assumptions Benefit payments Refunds of contributions		1,755,442 18,429,306 (11,681,148) (568,217)	 (2,027,143) 4,373,310 (11,158,850) (623,912)	 123,341 10,777,054 (12,100,940) (752,769)	 (37,641) - (11,384,506) (538,301)	 284,514 - (10,905,411) (651,359)	 - (9,833,175) (474,386)
Net change in total pension liability		23,934,392	6,332,533	12,926,448	2,454,507	2,003,465	3,978,939
Total pension liability - beginning		172,367,178	 166,034,645	153,108,197	150,653,690	148,650,225	144,671,286
Total pension liability - ending	\$	196,301,570	\$ 172,367,178	\$ 166,034,645	\$ 153,108,197	\$ 150,653,690	\$ 148,650,225
Plan net position Contributions - employer Contributions - employee Contributions - other Net investment income (loss) Benefit payments Refunds of contributions Administrative expense	\$	4,917,651 4,189,111 545,665 12,028,393 (11,681,148) (568,217) (84,775)	\$ 4,625,505 3,940,238 425,989 (5,172,917) (11,158,850) (623,912) (92,393)	\$ 4,439,537 3,781,817 418,015 8,936,044 (12,100,940) (752,769) (94,826)	\$ 4,389,659 3,747,171 494,318 2,903,434 (11,384,506) (538,301) (114,828)	\$ 4,304,301 3,661,254 515,594 (2,819,802) (10,905,411) (651,359) (108,501)	\$ 4,216,747 3,579,903 516,803 2,747,724 (9,833,175) (474,386) (105,099)
Net change in plan net position		9,346,680	(8,056,340)	4,626,878	(503,053)	(6,003,924)	648,517
Plan net position - beginning		56,357,323	 64,413,663	 59,786,785	 60,289,838	 66,293,762	 65,645,245
Plan net position - ending	\$	65,704,003	\$ 56,357,323	\$ 64,413,663	\$ 59,786,785	\$ 60,289,838	\$ 66,293,762
Net pension liability	\$	130,597,567	\$ 116,009,855	\$ 101,620,982	\$ 93,321,412	\$ 90,363,852	\$ 82,356,463
Plan net position as a percentage of the total pension liability  Covered payroll *	\$	33.47% 37,366,372	\$ 32.70% 31,916,154	\$ 38.80% 31,760,670	\$ 39.05% 31,760,670	\$ 40.02% 32,493,465	\$ 44.60% 31,416,404
Net pension liability as a percentage of covered payroll	<u> </u>	349.51%	 363.48%	 319.96%	 293.83%	 278.10%	 262.14%

<sup>\*</sup>For FY 2020, the measurement period is January 1, 2019 to December 31, 2019.

#### Notes to Schedule

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CITY CONTRIBUTIONS TUSCALOOSA POLICE OFFICERS AND FIREFIGHTERS RETIREMENT PLAN FOR THE YEARS ENDED SEPTEMBER 30.

	 2020	 2019	 2018	 2017	 2016	 2015	 2014
Actuarially determined contribution*	\$ 4,917,651	\$ 4,625,505	\$ 4,439,537	\$ 4,389,659	\$ 4,304,301	\$ 4,216,747	\$ 4,173,937
Contributions in relation to the actuarially determined contribution*	 4,917,651	 4,625,505	4,439,537	4,389,659	4,304,301	4,216,747	 4,173,937
Contribution deficiency (excess)	\$ -	\$ 	\$ 	\$ 	\$ 	\$ 	\$ 
Covered payroll <sup>^</sup>	\$ 36,427,044	\$ 37,366,372	\$ 31,916,154	\$ 31,760,670	\$ 31,502,153	\$ 31,224,050	\$ 31,014,140
Contributions as a percentage of covered payroll	13.50%	12.38%	13.91%	13.82%	13.66%	13.50%	13.46%

<sup>\*</sup>Amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. For FY 2020, the measurement date for the plan is December 31, 2019

#### Notes to Schedule:

<sup>^</sup>Employer's covered-payroll during fiscal year is the total payroll paid to covered employees (not just pensionable payroll). For FY 2020, the measurement date for the plan is December 31, 2019

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS OTHER POST-EMPLOYMENT BENEFIT PLAN FOR THE YEARS ENDED SEPTEMBER 30,

	 2020	 2019	 2018
Total pension liability Service cost Interest Changes of assumptions Difference between expected and	\$ 1,781,841 1,409,445 5,508,171	\$ 1,805,033 1,145,551 125,598	\$ 1,992,826 953,934 (2,456,826)
actual experience Benefit payments	 (974,194)	 403,704 (1,240,530)	 - (677,818)
Net change in total pension liability	7,725,263	2,239,356	(187,884)
Total pension liability - beginning	 34,947,857	 32,708,501	 32,896,385
Total pension liability - ending	\$ 42,673,120	\$ 34,947,857	\$ 32,708,501
Covered payroll *	\$ 63,313,578	\$ 63,313,578	\$ 60,882,859
Total OPEB liability as a percentage of covered payroll	67.40%	55.20%	53.72%

<sup>\*</sup>For FY 2020, the measurement date is September 30, 2019

#### Notes to Schedule:

The City is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.



## CITY OF TUSCALOOSA, ALABAMA

#### NONMAJOR GOVERNMENTAL FUNDS

## **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

**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.

**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.

Storm Recovery FEMA Fund accounts for grants received from the Federal Emergency Management Agency ("FEMA") for April 2011 relief efforts.

## **CITY OF TUSCALOOSA, ALABAMA**

## NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

## **CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

City Facilities Construction Fund accounts for capital outlays associated with improvements to the City owned facilities.

**Tourism Capital Projects Fund** accounts for capital outlays associated with expenditures funded with lodging tax revenues to attract new development and tourism within the City.

**Storm Recovery Insurance Fund** accounts for repairs and redevelopment throughout the City resulting from natural disasters which are funded with insurance reimbursements.

Public Safety Capital Projects Fund accounts for capital outlays for equipment, vehicles and improvements for the City's police and fire departments.

Public Works Capital Projects Fund accounts for capital outlays for equipment, vehicles and improvements for the City's public works departments.

Road Improvement Fund accounts for capital outlays associated with improvements, maintenance and construction of new roadways throughout the City.

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2020

	Spe	ecial Revenue Funds	Ca	pital Projects Funds	Ca	nanent Fund apital Park aintenance	tal Nonmajor overnmental Funds
ASSETS  Cash and Cash Equivalents Investments Receivables Due from Other Funds Loans Receivable	\$	7,989,140 160,615 1,384,592 1,450,048 3,988,092	\$	4,469,367 - 9,552,443 6,965,422	\$	10,497 - - - -	\$ 12,469,004 160,615 10,937,035 8,415,470 3,988,092
Total Assets	\$	14,972,487	\$	20,987,232	\$	10,497	\$ 35,970,216
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES Liabilities							
Accounts Payable and Other Current Charges  Due to Other Funds	\$	638,225 7,235,469	\$	965,911 5,867,406	\$	1,174 -	\$ 1,605,310 13,102,875
Advances from Other Funds		30,020		-			 30,020
Total Liabilities		7,903,714		6,833,317		1,174	 14,738,205
Deferred Inflows of Resources Unavailable Revenues - Intergovernmental Total Deferred Inflows of Resources		1,360,198 1,360,198		2,458,259 2,458,259		<u>-</u>	 3,818,457 3,818,457
Fund Balances (Deficit) Restricted for: Capital Park Maintenance Capital Projects Grant Projects Long-term Receivable Road Projects Salaries and Wages Committed for: Capital Projects Cemetery Maintenance Tourism Enhancement		1,489,542 108,989 3,988,092 424,231 250,514		836,298 - - 8,609,531 - 2,046,052 - 203,775		9,323 - - - - - - -	9,323 2,325,840 108,989 3,988,092 9,033,762 250,514 2,046,052 134,466 203,775
Unassigned		(687,259)					 (687,259)
Total Fund Balances		5,708,575		11,695,656		9,323	 17,413,554
Total Liabilities, Deferred Inflows and Fund Balances	\$	14,972,487	\$	20,987,232	\$	10,497	\$ 35,970,216

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

DEVENUE	Spec	cial Revenue Funds		al Projects unds	Capit	ent Fund al Park enance		tal Nonmajor overnmental Funds
Taxes	\$	1,323,898	\$	_	\$	_	\$	1,323,898
Fines and forfeitures	Ψ	-	Ψ	353,474	Ψ	_	Ψ	353,474
Intergovernmental		4,498,014		3,246,089		_		7,744,103
Other		1,065,628		934		_		1,066,562
Total Revenues		6,887,540		3,600,497				10,488,037
EXPENDITURES								
Current Operations		4 = 2 4 4 2 2				40.00=		4 = 40 0= 0
Community Services General Government		1,704,429		-		13,827		1,718,256
Infrastructure and Public Services		64,965		419,923 6,971		-		484,888 6,971
Public Safety		37,692		0,971		-		37,692
,	-	,						
Total Current Operations		1,807,086		426,894		13,827		2,247,807
Capital Outlay Debt Service		2,944,448		11,073,965		-		14,018,413
Principal		75,000		251,285		_		326,285
Interest Charges		33,608		26,267				59,875
Total Expenditures		4,860,142		11,778,411		13,827		16,652,380
Excess (Deficiency) of Revenues over (under) Expenditures		2,027,398		(8,177,914)		(13,827)		(6,164,343)
OTHER FINANCING SOURCES (USES)								
Proceeds from Sale of Capital Assets		-		30,385		-		30,385
Issuance of Debt		-		2,297,700		-		2,297,700
Transfers In Transfer Out		496,457 (1,947,651)		8,559,797 (1,317,960)		-		9,056,254 (3,265,611)
Transfer Out		(1,947,051)		(1,317,960)				(3,203,011)
Total Other Financing Sources (Uses)		(1,451,194)		9,569,922				8,118,728
Net Change in Fund Balances		576,204		1,392,008		(13,827)		1,954,385
Fund Balances, Beginning of Year		5,132,371		10,303,648		23,150		15,459,169
Fund Balances, End of Year	\$	5,708,575	\$	11,695,656	\$	9,323	\$	17,413,554

## COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS SEPTEMBER 30, 2020

	De	Police epartment Funds	D-	Airport evelopment Fund	Community evelopment Funds	Gasoline Tax Funds	 Summer Feeding Fund	 Beer Tax Bonus Fund
ASSETS Cash and Cash Equivalents	\$	66,098	\$	1,717,547	\$ 905,693	\$ 2,223,555	\$ 21,166	\$ 122,054
Investments Receivables Due from Other Funds Loan Receivables Advances to Other Funds		44,339 - -		489,244 489,187 - -	 502,507 309 3,988,092	 173,299 - - -	 , - - - -	 128,460 - -
Total Assets	\$	110,437	\$	2,695,978	\$ 5,396,601	\$ 2,396,854	\$ 21,166	\$ 250,514
LIABILITIES, DEFERRED INFLOWS OF RESOURCES  AND FUND BALANCES  Liabilities								
Accounts Payable and Other Current Charges Due to Other Funds Advances from Other Funds	\$	1,000 -	\$	380,190 1,899,531 -	\$ 250,087 511,268	\$ 1,972,623	\$ - - -	\$ - - -
Total Liabilities		1,000		2,279,721	 761,355	 1,972,623	 	 -
Deferred Inflows of Resources Unavailable Revenues - Intergovernmental Total Deferred Inflows of Resources		448 448		<u>-</u>	 1,334,413 1,334,413	 <u>-</u>	 21,166 21,166	 <u>-</u>
Fund Balances Restricted for: Capital Projects		-		416,257	-	-	-	-
Long-term Receivable Grant Projects		108,989		-	3,988,092	-	-	-
Road Projects Salaries and Wages Unassigned		- - -		- - -	 - (687,259)	 424,231 - -	 - - -	 250,514 -
Total Fund Balances		108,989		416,257	3,300,833	424,231	 <u>-</u>	 250,514
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$</u>	110,437	\$	2,695,978	\$ 5,396,601	\$ 2,396,854	\$ 21,166	\$ 250,514

(Continued)

## COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS SEPTEMBER 30, 2020

	Alabama Trust Fund		Evergreen Cemetery Fund		Section 108 Funds		Storm Recovery FEMA Fund		Total Nonmajor Special Revenue Funds	
ASSETS  Cash and Cash Equivalents Investments Receivables Due from Other Funds Loan Receivables	\$	1,561,502 - - - -	\$	6,758 160,615 1,284 -	\$	61,909 - - - -	\$	1,302,858 - 89,798 916,213 -	\$	7,989,140 160,615 1,384,592 1,450,048 3,988,092
Total Assets	\$	1,561,502	\$	168,657	\$	61,909	\$	2,308,869	\$	14,972,487
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES Liabilities Accounts Payable and Other Current Charges Due to Other Funds	\$	7,948 706,417	\$	-	\$	-	\$	- 2,144,630	\$	638,225 7,235,469
Advances from Other Funds		-		30,020				2,144,000		30,020
Total Liabilities		714,365		30,020				2,144,630		7,903,714
Deferred Inflows of Resources Unavailable Revenues - Intergovernmental Total Deferred Inflows of Resources		<u>-</u>		4,171 4,171		<u>-</u>		<u>-</u>		1,360,198 1,360,198
Fund Balances Restricted for:										
Capital Projects Grant Projects Long-term Receivable Road Projects Salaries and Wages		847,137 - - - -		- - - -		61,909 - - - -		164,239 - - - -		1,489,542 108,989 3,988,092 424,231 250,514
Committed for: Cemetery Maintenance		-		134,466		-		-		134,466
Total Fund Balances		847,137		134,466		61,909		164,239		5,708,575
Total Liabilities, Deferred Inflows and Fund Balances	\$	1,561,502	\$	168,657	\$	61,909	\$	2,308,869	\$	14,972,487

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

DEVENUES	Police Department Funds	Airport Development Fund	Community Development Funds	Gasoline Tax Funds	Summer Feeding Fund	Beer Tax Bonus Fund	
Taxes							
Gas Tax - State of Alabama Share of Beer Tax	\$ - -	\$ - -	\$ - -	\$ 866,607 -	\$ - -	\$ - 457,291	
Intergovernmental Revenues Federal Grants State and Local Grants	114,161 -	2,114,498 116,368	1,190,855	<u>-</u>	-	- -	
Other Revenues Interest on Investments Share of Tag Receipts Collection of Principal and Interest Other	43 - - -	- - 83,592	695,820	284,631 - -	- - - -	383 - - -	
Total Revenues	114,204	2,314,458	1,886,675	1,151,238		457,674	
EXPENDITURES  Current Operations Community Services General Government Infrastructure and Public Services Public Safety	- - - 37,680	- - -	1,704,429 62,334 - 	- - -	- - - -	- - - 12	
Total Current Operations	37,680	-	1,766,763	-	-	12	
Capital Outlay Debt Service Principal Interest Charges	83,786	2,347,234	75,000 33,608	- - -	- -	- - -	
Total Expenditures	121,466	2,347,234	1,875,371	-		12	
Excess (Deficiency) of Revenues over (under) Expenditures	(7,262)	(32,776)	11,304	1,151,238		457,662	
OTHER FINANCING SOURCES (USES) Transfers In Transfer Out	7,270	489,187		- (1,000,000)		- (447,651)	
Total Other Financing Sources (Uses)	7,270	489,187		(1,000,000)		(447,651)	
Net Change in Fund Balances (Deficit)	8	456,411	11,304	151,238	-	10,011	
Fund Balances (Deficit), Beginning of Year	108,981	(40,154)	3,289,529	272,993		240,503	
Fund Balances, End of Year	\$ 108,989	\$ 416,257	\$ 3,300,833	\$ 424,231	\$ -	\$ 250,514	

(Continued)

# COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

REVENUES	Alabama Trust <u>Fund</u>	Evergree Cemete Fund			ection 108 Funds	Stor	m Recovery FEMA Fund	al Nonmajor cial Revenue Funds
Taxes Gas Tax - State of Alabama Share of Beer Tax	\$ -	\$	- -	\$	- -	\$	-	\$ 866,607 457,291
Intergovernmental Revenues Federal Grants State and Local Grants	- 872,332		-		- -		89,800 -	3,509,314 988,700
Other Revenues Interest on Investments Share of Tag Receipts Collection of Principal and Interest Other	- - - -		,159 - - -		- - - -		- - - -	1,585 284,631 695,820 83,592
Total Revenues	872,332		,159_	-	-	-	89,800	 6,887,540
EXPENDITURES  Current Operations Community Services General Government Public Safety	- - -		- 2,489 -		- 142 -		- - -	1,704,429 64,965 37,692
Total Current Operations	-	2	2,489		142		-	1,807,086
Capital Outlay Debt Service Principal Interest Charges	513,428		- - -		- -		- - -	2,944,448 75,000 33,608
Total Expenditures	513,428		2,489		142		_	4,860,142
Excess (Deficiency) of Revenues over (under) Expenditures	358,904	(*	,330)		(142)		89,800	2,027,398
OTHER FINANCING SOURCES (USES) Transfers In Transfer Out	(500,000)		- -		- -		- -	496,457 (1,947,651)
Total Other Financing Sources (Uses)	(500,000)							(1,451,194)
Net Change in Fund Balances (Deficits)	(141,096)	(*	,330)		(142)		89,800	576,204
Fund Balances, Beginning of Year	988,233	135	5,796		62,051		74,439	 5,132,371
Fund Balances, End of Year	\$ 847,137	\$ 134	,466	\$	61,909	\$	164,239	\$ 5,708,575

### COMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECTS FUNDS SEPTEMBER 30, 2020

ACCETO	y Facilities	rism Capital Projects	m Recovery	ublic Safety pital Projects	-	ublic Works pital Projects	lr	Road nprovement Fund	tal Nonmajor pital Projects Funds
ASSETS  Cash and Cash Equivalents  Receivables  Due from Other Funds	\$ 737,747 47,859 209,581	\$ 405,130 - 48,645	\$ 202,533	\$ 1,356,414 445,686 3,109,887	\$	674,089 74,689 3,597,309	\$	1,093,454 8,984,209	\$ 4,469,367 9,552,443 6,965,422
Total Assets	\$ 995,187	\$ 453,775	\$ 202,533	\$ 4,911,987	\$	4,346,087	\$	10,077,663	\$ 20,987,232
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities Accounts Payable and Other Current Charges Due to Other Funds	\$ 16,456 142,433	\$ 250,000	\$ 202,533	\$ 395,275 2,470,660	\$	242,209 960,802	\$	311,971 1,840,978	\$ 965,911 5,867,406
Total Liabilities	 158,889	 250,000	 202,533	 2,865,935		1,203,011		2,152,949	 6,833,317
Deferred Inflows of Resources Unavailable Revenues - Grants	 							2,458,259	2,458,259
Total Deferred Inflows of Resources	_	_	 _	 -				2,458,259	 2,458,259
Fund Balances Restricted for: Capital Projects Road Projects Committed for:	836,298	-	-	-		- 3,143,076		- 5,466,455	836,298 8,609,531
Capital Projects	 	203,775	 	 2,046,052		<u> </u>			2,249,827
Total Fund Balances	836,298	 203,775	 	 2,046,052		3,143,076		5,466,455	 11,695,656
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 995,187	\$ 453,775	\$ 202,533	\$ 4,911,987	\$	4,346,087	\$	10,077,663	\$ 20,987,232

# COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECTS FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

REVENUES	City Facilities Construction	Tourism Capital Projects	Storm Recovery Insurance	Public Safety Capital Projects	Public Works Capital Projects	Road Improvement Fund	Total Nonmajor Capital Projects Funds
Fines and Forfeitures	\$ -	\$ -	\$ -	\$ 353,474	\$ -	\$ -	\$ 353,474
Intergovernmental Other	47,858 834	-	φ - -	445,236	Ψ -	2,752,995	3,246,089
Other  Total Revenues	48,692	100		798,710		2,752,995	934 3,600,497
	40,092	100		7 90,7 10		2,102,000	3,000,431
EXPENDITURES							
Current Operations General Government Infrastructure and Public Services	353,175 6,971	66,748				<u> </u>	419,923 6,971
Total Current Operations	360,146	66,748	-	-	-	-	426,894
Capital Outlay Debt Service	-	-	-	3,162,455	2,749,410	5,162,100	11,073,965
Principal	-	-	-	-	251,285	45.070	251,285
Interest Charges					10,588	15,679	26,267
Total Expenditures	360,146	66,748		3,162,455	3,011,283	5,177,779	11,778,411
Deficiency of Revenues under Expenditures	(311,454)	(66,648)		(2,363,745)	(3,011,283)	(2,424,784)	(8,177,914)
OTHER FINANCING SOURCES (USES)							
Proceeds from Sale of Capital Assets	=	-	-	30,385	-	-	30,385
Issuance of Debt	<del>-</del>		-		<del>.</del>	2,297,700	2,297,700
Transfers In Transfer Out	1,012,076 (865,427)	253,019	(202 522)	4,764,172	2,530,530	-	8,559,797
Transfer Out	(805,427)	(250,000)	(202,533)				(1,317,960)
Total Other Financing Sources (Uses)	146,649	3,019	(202,533)	4,794,557	2,530,530	2,297,700	9,569,922
Net Change in Fund Balances	(164,805)	(63,629)	(202,533)	2,430,812	(480,753)	(127,084)	1,392,008
Fund Balances (Deficits), Beginning of Year	1,001,103	267,404	202,533	(384,760)	3,623,829	5,593,539	10,303,648
Fund Balances, End of Year	\$ 836,298	\$ 203,775	<u>\$ -</u>	\$ 2,046,052	\$ 3,143,076	\$ 5,466,455	\$ 11,695,656

# SUPPLEMENTAL INFORMATION



# SUPPLEMENTAL INFORMATION WATER AND SEWER FUND SCHEDULE OF REVENUES AND OPERATING EXPENSES - BUDGET (GAAP BASIS) TO ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2020

		Budget		Actual	 Variance
Operating Revenues:					
Charges for Services	\$	49,955,779	\$	48,218,192	\$ (1,737,587)
Connection Fees		850,000		745,919	(104,081)
Cost Reimbursement Other		29,000 482,000		129,838 177,977	100,838 (304,023)
	-	462,000	-		 
Total Operating Revenues		51,316,779		49,271,926	 (2,044,853)
Non-Operating Revenues (Expenses):					
Interest Income		27,000		13,023	(13,977)
Interest and Fiscal Charges Gain on Disposal		(12,509,965) 30,000		(2,344,326) 43,139	10,165,639 13,139
Gaill Oil Disposal		30,000		45,159	 13,139
Net Non-operating Revenues (Expenses)		(12,452,965)		(2,288,164)	 10,164,801
Total before Transfers and Contributions		38,863,814		46,983,762	 8,119,948
Transfers In (Out) and Contributions					
Capital Contributions - Developers		-		427,788	427,788
Capital Grant Revenue Transfers In		- 44,776		25,611 41.065	25,611 (3,711)
Transfers Out		(7,909,086)		(7,579,818)	329,268
Turioro ou		(1,000,000)	-	(1,010,010)	 020,200
Net Transfers and Contributions		(7,864,310)		(7,085,354)	 778,956
Fund Total	\$	30,999,504	\$	39,898,408	\$ 8,898,904
Operating expenses:					
Accounting and Finance	\$	248,262	\$	245,347	\$ 2,915
Infrastructure and Public Services:		588,458		E04 447	7,041
Engineering Logistics and Asset Management		14.979.519		581,417 14,354,130	625,389
Public Services		6,700		4,666	2,034
Infrastructure		7,480,924		5,079,194	2,401,730
Urban Development		1,181,439		1,068,065	113,374
Damage Claims		50,000		8,855	41,145
Depreciation		9,000,000		10,479,871	(1,479,871)
Special Projects Other		1,959,703		2,464,303	(504,600)
		810,825	•	759,376	 51,449
Total Operating Expenses	\$	36,305,830	\$	35,045,224	\$ 1,260,606



# STATISTICAL SECTION



### STATISTICAL SECTION

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

Contents	<u>Page</u>
Financial Trends	149 – 153
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	154 – 162
These schedules contain information to help the reader assess the City's most significant local revenue sources.	
Debt Capacity	163 – 167
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.	
Demographic and Economic Information	168 and 169
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	170 – 173
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial	
report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the City's financial reports for the relevant year.

#### Schedule A

### **CITY OF TUSCALOOSA**

### NET POSITION BY COMPONENT LAST TEN FISCAL YEARS ENDED SEPTEMBER

30,(accrual basis of accounting)

						137				
	2011	2012	2013	2014	2015	al Year 2016	2017	2018	2019	2020
Governmental Activities Net Investment in Capital Assets Restricted Unrestricted	\$ 140,477,146 5,403,873 40,373,312	\$ 144,686,685 4,951,411 53,668,810	\$ 163,764,846 6,148,669 34,120,001	\$ 149,434,643 8,763,740 45,732,088	\$ 171,714,455 7,748,114 (55,170,626)	\$ 147,980,779 8,831,904 (32,427,885)	\$ 185,194,521 10,676,955 (71,093,338)	\$ 182,441,470 31,618,220 (102,110,259)	\$ 195,622,070 25,443,065 (104,871,782)	212,335,854 25,114,378 (113,170,257)
Total Governmental Activites Net Position	\$ 186,254,331	\$ 203,306,906	\$ 204,033,516	\$ 203,930,471	\$ 124,291,943	\$ 124,384,798	\$ 124,778,138	\$ 111,949,431	\$ 116,193,353	\$ 124,279,975
Business-Type Activities Net Investment in Capital Assets Unrestricted	\$ 166,577,134 21,263,011	\$ 165,367,100 27,054,874	\$ 173,155,705 26,428,505	\$ 178,205,266 25,020,809	\$ 186,335,381 19,553,585	\$ 201,736,756 14,323,700	\$ 209,743,795 18,637,889	\$ 221,498,636 16,213,614	\$ 227,543,387 18,579,788	\$ 236,429,104 14,593,553
Total Business-Type Activities Net Position	\$ 187,840,145	\$ 192,421,974	\$ 199,584,210	\$ 203,226,075	\$ 205,888,966	\$ 216,060,456	\$ 228,381,684	\$ 237,712,250	\$ 246,123,175	\$ 251,022,657
Primary Government Net Investment in Capital Assets Restricted Unrestricted	\$ 307,054,280 5,403,873 61,636,323	\$ 310,053,785 4,951,411 80,723,684	\$ 336,920,551 6,148,669 60,548,506	\$ 327,639,909 8,763,740 70,752,897	\$ 358,049,836 7,748,114 (35,617,041)	\$ 349,717,535 8,831,904 (18,104,185)	\$ 394,938,316 10,676,955 (52,455,449)	\$ 403,940,106 31,618,220 (85,896,645)	\$ 423,165,457 25,443,065 (86,291,994)	\$ 448,764,958 25,114,378 (98,576,704)
Total Primary Government Net Position	\$ 374,094,476	\$ 395,728,880	\$ 403,617,726	\$ 407,156,546	\$ 330,180,909	\$ 340,445,254	\$ 353,159,822	\$ 349,661,681	\$ 362,316,528	\$ 375,302,632

Notes: Net pension liability was recorded as a long-term liability per GASB 68 in 2015. Information for years prior to 2015 has not been restated.

### **CHANGES IN NET POSITION** LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

(accrual basis of accounting)

					Fisc	al Year				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental Activities:										
Community Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,256,107	\$ 10,817,522	\$ 21,692,644	\$ 26,063,157
Culture and Recreation	4,217,570	7,628,277	9,249,916	9,499,263	8,918,758	8,731,518	-	-	-	-
Economic Development	-	-	203,727	268,206	179,859	67,066	_	_	_	
Environmental Services	6,347,923	5,728,999	9,704,143	8,078,235	7,397,239	7,831,430	_	-	-	-
General Government	27,116,940	19,956,925	14,424,670	26,481,306	26,507,912	25,351,520	34,924,823	17,722,560	21,767,822	23,163,584
Housing	-	-	603,953	832,606	552,019	686,792	-	-	-	-
Infrastructure and Public Services	_	_	-	-	-	-	32,891,792	42,280,475	33,774,746	35,447,889
Public Safety	61,270,595	63,409,806	61,515,711	60.806.307	59,259,696	63.829.331	54,362,016	63,015,573	73,277,078	72,429,503
Streets and Highways	18,008,488	19,338,963	26,473,104	21,995,144	22,831,277	28,156,089		-		-,,
Urban Development		-	,,		,_,		3,088,730	3,605,120	3,395,063	4,367,239
Cost Sharing Arrangements	_	_	_	_	_	_	861,956	1,501,629	-	.,,
Education	12,934,588	13,597,130	14,351,429	14,014,690	14,803,495	15,908,779	17,041,400	17,736,879	21,646,612	22,731,935
Funds to Other Agencies		.0,00.,.00	,00 ., .20	- 1,011,000	,000, .00	.0,000,	13,371,624	15,241,456	2.,0.0,0.2	,,
Health	_	_	130,000	130,000	130.000	130,000	10,071,021	10,211,100	_	_
Library	_		1,870,572	1,919,273	1,919,273	1,919,273	_	_	_	
Interest on Long-Term Debt	3.916.406	3,924,329	3,549,826	2,906,041	4,244,615	3,587,862	3,231,727	4,536,097	4,029,079	3.535.948
Unallocated Depreciation Expense	234,302	3,324,323	3,343,020	2,300,041	4,244,013	5,567,662	5,251,727	4,550,037	4,029,019	3,333,340
Onallocated Depreciation Expense	234,302		<del></del>					· <del></del>		
Total Governmental Activities Expenses	134,046,812	133,584,429	142,077,051	146,931,071	146,744,143	156,199,660	170,030,175	176,457,311	179,583,044	187,739,256
Business-Type Activities										
Intermodal Facility	62,200	70,318	72,500	72,535	57,234	70,255	57,247	54,126	52,163	51,269
Water and Sewer	34,177,134	35,269,708	36,875,167	37,931,310	37,477,339	38,807,501	33,583,116	34,129,319	36,498,015	37,353,617
Total Business-Type Activities Expenses	34,239,334	35,340,026	36,947,667	38,003,845	37,534,573	38,877,756	33,640,363	34,183,445	36,550,178	37,404,886
Total Primary Government Expenses	\$ 168,286,146	\$ 168,924,455	\$ 179,024,718	\$ 184,934,916	\$ 184,278,716	\$ 195,077,416	\$ 203,670,538	\$ 210,640,756	\$ 216,133,222	\$ 225,144,142
Program Revenues:		, , , , ,					, , ,			,
Governmental Activities:										
Charges for Services:										
Infrastructure and Public Services	\$ 3,656,458	\$ 3,929,869	\$ 4,324,970	\$ 4,640,527	\$ 4,879,762	\$ 5,259,467	\$ 5,572,009	\$ 5,851,065	\$ 6,189,032	\$ 1,397,584
General Government	21,995,729	23,704,819	23,956,325	24,364,409	25,185,118	25,326,992	25,953,225	23,535,556	24,306,886	24,942,718
Public Safety	57,490	27,936	39,705	24,304,403	93,105	109,213	20,900,220	2,578,567	2,408,516	2,036,008
Operating Grants and Contributions	39,864,301	36,445,267	36,445,089	36,540,784	36,588,756	36,308,970	49,087,506	66,494,123	52,891,714	53,367,264
Capital Grants and Contributions	4,962,838	6,368,203	11,590,006	12,879,251	19,823,017	17,869,832	8,583,231	1,971,787	7,471,892	3,198,231
Capital Grants and Contributions	4,902,030	0,300,203	11,590,000	12,079,231	19,023,017	17,009,032	0,303,231	1,971,707	1,411,092	3,190,231
Total Governmental Activities										
Program Revenues	\$ 70.536.816	\$ 70,476,094	\$ 76,356,095	\$ 78,424,971	\$ 86,569,758	\$ 84,874,474	\$ 89,195,971	\$ 100,431,098	\$ 93,268,040	\$ 84,941,805
. regiani revenues	Ψ . σ,σσσ,σ.σ	Ψ 10,110,001	Ψ . σ,σσσ,σσσ	Ψ 10,121,011	Ψ σσ,σσσ,τσσ	Ψ σ ι,σ ι ι, ι ι ι	Ψ σσ, ισσ,σι ι	Ψ 100,101,000	ψ 00,200,010	<del>+ + + + + + + + + + + + + + + + + + + </del>
Business-Type Activities:										
Charges for Services:										
Intermodal Facility	\$ 15,995	\$ 20,985	\$ 25,451	\$ 24,796	\$ 15,559	\$ 26,750	\$ -	\$ 72,740	\$ 59,843	\$ 61,634
Water and Sewer	37,429,342	39,225,514	40,751,289	43,151,812	46,044,973	46,235,434	48,265,312	49,089,175	50,991,737	49,271,926
Operating Grants and Contributions	-	-	-	-	-	-	334,920	-	-	
Capital Grants and Contributions	879,473	827,229	3,696,951	2,382,039	1,562,543	4,522,992	1,413,123	2,773,176	127,131	453,399
Total Business-Type Program Revenues	\$ 38,324,810	\$ 40,073,728	\$ 44,473,691	\$ 45,558,647	\$ 47,623,075	\$ 50,785,176	\$ 50,013,355	\$ 51,935,091	\$ 51,178,711	\$ 49,786,959
Total Dusiness-Type I Togram Nevenues	ψ 30,324,810	Ψ 40,013,120	Ψ 44,470,081	Ψ 40,000,047	Ψ 41,020,010	Ψ 30,703,170	Ψ 00,010,000	Ψ 01,000,001	Ψ 31,170,711	Ψ 43,100,333

Notes: In FY 2017, the City of Tuscaloosa departments were restructured. Therefore, function groups changed for financial statement and supporting schedule presentation. Net pension liability was recorded as a long-term liability per GASB 68 in 2015. Information for years prior to 2015 has not been restated.

### Schedule B (Continued)

### **CITY OF TUSCALOOSA**

## CHANGES IN NET POSITION LAST TEN FISCAL YEARS ENDED SEPTEMBER 30, (accrual basis of accounting)

					Fisc	al Year				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense) Revenue: Governmental Activities Business-Type Activities	\$ (63,509,996) 4,085,476	\$ (63,108,335) 4,733,702	\$ (65,720,956) 7,526,024	\$ (68,506,100) 7,554,802	\$ (60,174,385) 10,088,502	\$ (71,325,186) 11,907,420	\$ (80,834,204) 16,372,992	\$ (76,026,213) 17,751,646	\$ (86,315,004) 14,628,533	\$ (102,797,451) 12,382,073
Total Primary Government Net Expense	(59,424,520)	(58,374,633)	(58,194,932)	(60,951,298)	(50,085,883)	(59,417,766)	(64,461,212)	(58,274,567)	(71,686,471)	(90,415,378)
General Revenues and Other Changes in Net Position: Governmental Activities: Taxes										
Sales and Use Tax Property Tax Lodging Tax	34,710,490 13,471,960 4,748,114	35,511,154 13,300,542 4,978,365	36,945,556 13,904,489 5,144,645	37,820,342 14,096,748 5,661,385	39,425,922 14,870,292 5,826,966	40,242,761 13,734,770 6,091,467	42,347,194 16,686,560 6,686,188	44,107,898 18,369,545 7,233,297	47,666,435 19,034,804 7,846,381	69,196,100 19,482,368 5,697,315
Taxes Passed through from State Other Gain (loss) on Disposal of Capital Assets Gain (loss) on Impairment	1,713,482 4,877,379 (1,185,213) (10,068,456)	1,864,416 4,726,205 - 17,822,187	1,893,838 5,968,921 1,855,000 218,826	6,262,647 1,936,318 149,000	6,694,905 1,867,344 1,100,000	1,880,793 7,072,599	2,034,264 7,252,459 1,071,482	1,920,145 6,686,883 49,401	2,029,435 6,940,106 4,733	8,860,643 -
Unrestricted Investment Earnings Other Income Transfers	527,377 - 481,800	1,236,457 - 199,164	76,701 - 439,590	362,693 99,566 2,014,356	961,704 73,019 1,813,664	629,033 - 1,766,618	2,148,758 - 4,419,128	406,611 - 5,438,666	409,533 - 6,366,336	108,894 - 7,538,753
Total Governmental Activities	49,276,933	79,638,490	66,447,566	68,403,055	72,633,816	71,418,041	82,646,033	84,212,446	90,297,763	110,884,073
Business-Type Activities: Gain (loss) on Disposal of Capital Assets Unrestricted Investment Earnings Transfers	23,114 59,301 (481,800)	(1,090) 48,381 (199,164)	57,680 18,122 (439,590)	11,428 (2,014,356)	12,240 (1,813,664)	30,688 (1,766,618)	11,762 36,062 (4,419,128)	53,040 120,873 (5,438,666)	62,758 85,970 (6,366,336)	43,139 13,023 (7,538,753)
Total Business-Type Activities	(399,385)	(151,873)	(363,788)	(2,002,928)	(1,801,424)	(1,735,930)	(4,371,304)	(5,264,753)	(6,217,608)	(7,482,591)
Total Primary Government	48,877,548	79,486,617	66,083,778	66,400,127	70,832,392	69,682,111	78,274,729	78,947,693	84,080,155	103,401,482
Change in Net Position: Governmental Activities Business-Type Activities	(14,233,063) 3,686,091	16,530,155 4,581,829	726,610 7,162,236	(103,045) 5,551,874	12,459,431 8,287,078	92,855 10,171,490	1,811,829 12,001,688	8,186,233 12,486,893	3,982,759 8,410,925	8,086,622 4,899,482
Total Business-Type Program Revenues	\$ (10,546,972)	\$ 21,111,984	\$ 7,888,846	\$ 5,448,829	\$ 20,746,509	\$ 10,264,345	\$ 13,813,517	\$ 20,673,126	\$ 12,393,684	\$ 12,986,104

Notes: In FY 2017, the City of Tuscaloosa departments were restructured. Therefore, function groups changed for financial statement and supporting schedule presentation. Net pension liability was recorded as a long-term liability per GASb 68 in 2015. Information for years prior to 2015 has not been restated.

Schedule C

### **CITY OF TUSCALOOSA**

### **GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE** LAST TEN FISCAL YEARS ENDED SEPTEMBER 30, (accrual basis of accounting)

					Fis	scal Year				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sales Tax	\$ 32,572,443	\$ 33,098,504	\$ 34,560,092	\$ 34,954,050	\$ 36,098,135	\$ 37,296,511	\$ 39,376,640	\$ 39,764,825	\$ 41,390,252	\$ 59,038,212
Use Tax	2,138,047	2,412,650	2,385,464	2,866,292	3,327,787	2,946,250	3,862,156	4,343,073	6,276,183	10,157,888
Property Tax	13,471,960	13,300,542	13,904,489	14,096,748	14,870,292	13,734,770	17,189,867	18,369,545	19,034,804	19,482,368
Lodging Tax	4,748,114	4,978,365	5,144,645	5,661,385	5,826,966	6,091,467	6,686,188	7,233,297	7,846,381	5,697,315
Other State and Local Taxes	4,877,379	4,726,205	5,968,921	5,376,407	5,807,997	6,166,876	6,504,506	8,607,028	8,969,541	8,860,643
	\$ 57,807,943	\$ 58,516,266	\$ 61,963,611	\$ 62,954,882	\$ 65,931,177	\$ 66,235,874	\$ 73,619,357	\$ 78,317,768	\$ 83,517,161	\$ 103,236,426

Notes: Sales tax includes other Governmental taxes, as grouped by Mauldin & Jenkins.

#### Schedule D

### **CITY OF TUSCALOOSA**

### FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund Nonspendable Restricted Committed Assigned Unassigned	\$ 1,096,875 69,786 1,588,421 247,643 11,266,978	\$ 1,152,796 74,048 1,288,157 2,359,267 10,554,051	\$ 1,536,711 392,713 1,392,757 808,171 11,286,460	\$ 1,107,196 649,296 1,369,044 231,124 12,185,918	\$ 1,081,075 1,193,431 1,523,230 161,307 12,202,395	\$ 1,196,230 1,582,927 1,405,267 484,417 11,953,717	\$ 3,431,639 2,335,156 971,502 134,881 12,502,563	\$ 4,608,857 \$ 3,053,256 545,510 386,651 13,294,511	4,778,530 \$ 3,069,680 981,076 377,323 13,861,816	853,105 1,988,329 8,425,210 3,027,278 14,231,394
Total General Fund	\$ 14,269,703	\$ 15,428,319	\$ 15,416,812	\$ 15,542,578	\$ 16,161,438	\$ 16,622,558	\$ 19,375,741	\$ 21,888,785 \$	23,068,425 \$	28,525,316
Capital Projects Fund Nonspendable Restricted Committed Assigned	\$ 4,188,643 3,784,607 20,919,348	\$ - 11,988,030 14,185,553	\$ - 8,732,630 10,301,317	\$ - 17,045,873	\$ - 7,852,499 18,146,753	\$ - 27,687,207 27,718,919	\$ 3,144,630 23,500,862 4,839,880 17,850,327	\$ - \$ 15,341,822 4,821,391 20,951,978	4,930,780 <b>\$</b> 8,250,802 499,982 17,710,877	3,948,497 1,409,314 25,189,740
Total Capital Projects Fund	\$ 28,892,598	\$ 26,173,583	\$ 19,033,947	\$ 17,045,873	\$ 25,999,252	\$ 55,406,126	\$ 49,335,699	\$ 41,115,191 \$	31,392,441 \$	30,547,551
All Other Governmental Funds Nonspendable Restricted Committed Assigned Unassigned	\$ - 6,349,722 233,767 7,989,323	\$ - 4,861,105 654,692 21,331,892 1,295	\$ - 3,243,962 9,484,539 - (392,847)	\$ - 6,817,599 4,440,482 270,205 (307,769)	\$ - 3,308,643 7,418,732 396,951 (284,997)	\$ - 3,649,933 5,511,889 175,762 403,976	\$ 990,292 8,240,537 4,605,148 153,901 (2,106,686)	\$ - \$ 8,894,763 2,006,226 - (1,348,489)	3,152,058 \$ 13,736,954 605,733 - (2,035,576)	15,716,520 2,384,293 -
Total All Other Governmental Funds	\$ 14,572,812	\$ 26,848,984	\$ 12,335,654	\$ 11,220,517	\$ 10,839,329	\$ 9,741,560	\$ 11,883,192	\$ 9,552,500 \$	15,459,169 \$	17,413,554

#### Schedule E

### CITY OF TUSCALOOSA

### CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

(accrual basis of accounting)

	_	_			_	_	_		_	
					Fise	cal Year				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:     Taxes     Licenses and Permits     Fines and Penalties     Use of Property     Charges for Services     Intergovernmental     Other Revenues	\$ 58,707,291 19,406,856 2,497,600 91,273 3,656,4017 15,301,815	\$ 59,417,709 21,018,317 2,588,985 97,517 3,929,869 36,520,364 10,422,341	\$ 61,963,611 21,479,438 2,380,794 96,093 4,324,970 40,734,475 10,574,878	\$ 63,841,122 21,639,383 2,717,425 7,601 4,640,527 44,509,002 10,802,774	\$ 66,818,085 22,296,658 2,847,827 40,633 4,879,762 51,652,000 10,118,554	\$ 67,141,597 22,563,765 2,727,595 35,632 5,259,467 51,184,069 10,834,543	\$ 72,972,401 22,243,027 2,918,739 576,455 5,572,009 49,539,381 11,573,313	\$ 75,736,943 23,274,964 2,578,567 260,592 5,851,065 57,572,532 10,523,923	\$ 80,949,399 24,005,204 2,408,516 301,682 6,189,032 57,814,833 11,542,739	\$ 100,556,902 24,554,241 2,036,008 388,477 1,397,584 52,596,084 4,424,291
Total Revenues	132,215,310	133,995,102	141,554,259	148,157,834	158,653,519	159,746,668	165,395,325	175,798,586	183,211,405	185,953,587
Expenditures:										
Community Services Culture and Recreation Economic Development	\$ - 7,124,053 -	\$ - 8,989,708 -	\$ - 8,699,648 -	\$ - 8,586,807 438,206	\$ - 8,297,111 2,089,871	\$ - 7,886,736 2,002,451	\$ 10,101,429 - -	\$ 9,512,357 - -	\$ 10,858,595 - -	\$ 15,020,487 - -
Environmental Services General Government Housing	6,516,442 15,373,935	6,395,720 12,835,233	7,257,036 18,527,323 603,953	7,684,458 16,115,114 832,606	7,204,516 16,346,109 552,019	6,738,800 16,326,502 686,584	15,879,850	16,384,551 -	17,475,967 -	18,840,097 -
Infrastructure and Public Services Public Safety Streets and Highways	61,322,046 23,144,981	- 62,248,771 16,820,222	59,742,195 24,625,379	59,346,503 16,231,922	57,509,538 17,135,263	58,293,040 21,090,170	27,763,854 51,593,058	28,618,944 53,339,953	30,186,342 63,411,837	34,095,331 59,637,208
Urban Development Other Activities Cost Sharing Arrangements	3,764,896	3,880,092	1,343,727	3,231,565	3,116,646	3,339,395	3,018,293 - 861,956	3,566,210 2,437,686 1,501,629	3,362,831 1,053,245 1,602,917	4,045,262 675,504 1,685,781
Education Funds to Other Agencies Health	12,934,583 - 130,000	13,597,126 - 130,000	14,351,424 - 130,000	14,014,685 - 130,000	14,803,488 - 130,000	15,908,779 - 130,000	17,041,400 13,371,625	17,732,000 12,803,770	18,356,200 12,890,873	18,365,865 13,911,661
Library Capital Outlay Debt Service	1,600,000 16,702,321	1,775,200 7,817,246	1,870,572 15,946,262	1,919,273 13,713,555	1,919,273 17,172,812	1,919,273 22,533,214	33,042,037	37,360,900	32,238,628	24,293,015
Principal Interest Warrant Issue Costs Intergovernmental	3,366,189 3,712,194 -	4,155,152 3,645,132 - -	8,288,500 3,589,437 - 5,977,093	17,293,197 3,445,399 191,736 4,713,232	7,197,428 3,522,844 26,666 7,481,984	5,011,589 3,456,478 276,590 1,383,699	4,743,233 3,981,357 264,116 543,444	4,154,386 4,283,340 5,557 4,446	4,238,357 4,188,751 5,557	5,296,154 3,318,886 231,831
Total Governmental Activities Expenses	155,691,640	142,289,602	170,952,549	167,888,258	164,505,568	166,983,300	182,205,652	191,705,729	199,870,100	199,417,082
Excess of Revenues Over (Under) Expenditures	(23,476,330)	(8,294,500)	(29,398,290)	(19,730,424)	(5,852,049)	(7,236,632)	(16,810,327)	(15,907,143)	(16,658,695)	(13,463,495)

Schedule E (Continued)

### **CITY OF TUSCALOOSA**

### CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

(accrual basis of accounting)

	2011	2012	2013	2014	2015	scal Year 2016	2017	2018	2019	2020
Excess of Revenues Over										
(Under) Expenditures										
(Brought Forward)	\$ (23,476,330)	\$ (8,294,500)	\$ (29,398,290)	\$ (19,730,424)	\$ (5,852,049)	\$ (7,236,632)	\$ (16,810,327)	\$ (15,907,143)	\$ (16,658,695)	\$ (13,463,495)
Other Financing Sources										
(Uses):										
Transfers In	15,457,900	18,613,888	17,566,767	20,528,204	18,058,990	48,663,918	25,731,688	26,493,476	23,034,291	29,066,882
Transfers Out	(15,319,597)	(18,414,723)	(17,127,177)	(18,513,848)	(16,245,326)	(46,897,300)	(19,884,719)	(20,011,245)	(16,643,445)	(21,528,129)
Insurance Proceeds	15,281,448	17,822,187	218,826	99,566	-	-	-	-	-	-
Loan Proceeds	-	372,982	-	147,304	-	-	-	-	-	-
Warrants Issued	-	-	7,024,227	22,100,000	2,090,000	33,370,000	32,750,000	-	-	-
Premium on Warrants Issued	-	-	475,717	3,322,156	244,898	1,908,454	<del>.</del>	-	-	-
Payment to Refunded Warrant Escrow Agent	-		(343,599)	-	-	(1,038,215)	(29,002,339)			
Proceeds from the Sale of Capital Assets	-	-	-	-	-	-	1,167,360	90,997	541,913	91,477
Proceeds from the Sale of Capital Assets	-	-	-	-	-	-	400.000	4 205 750	1,276,914	38,319,760
Proceeds from the Sale of Capital Assets Proceeds from the Sale of Capital Assets	-	-	-	-	-	-	400,000	1,295,759	6,000,000	-
Proceeds from the Sale of Capital Assets							1,861,000			
Total Other Financing										
Sources (Uses)	15,419,751	18,394,334	7,814,761	27,683,382	4,148,562	36,006,857	13,022,990	7,868,987	14,209,673	45,949,990
Net Change in Fund Balances	\$ (8,056,579)	\$ 10,099,834	\$ (21,583,529)	\$ 7,952,958	\$ (1,703,487)	\$ 28,770,225	\$ (3,787,337)	\$ (8,038,156)	\$ (2,449,022)	\$ 32,486,495
Debt Service as a Percentage										
of Non-Capital Expenditures*	5%	6%	8%	14%	7%	6%	6%	5%	5%	5%

Notes: In FY 2017, the City of Tuscaloosa departments were restructured. Therefore, function groups changed for financial statement and supporting schedule presentation.

Schedule F

### TOTAL GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE LAST TEN FISCAL YEARS ENDED SEPTEMBER 30, (accrual basis of accounting)

		Fiscal Year 2010 2010 2010 2010 2010										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		
Sales Tax	\$ 32,572,443	\$ 33,098,504	\$ 34,560,092	\$ 34,954,050	\$ 36,098,135	\$ 37,296,511	\$ 38,485,038	\$ 38,881,179	\$ 40,448,715	\$ 57,714,314		
Use Tax Property Tax	2,138,047 13,471,960	2,412,650 13,300,542	2,385,464 13,904,489	2,866,292 14,096,748	3,327,787 14,870,292	2,946,250 13,734,770	3,862,156 16,686,560	4,343,073 17,708,865	6,276,183 18,496,477	10,157,888 18,921,272		
Lodging Tax Other State and Local Taxes	4,748,114 5,776,727	4,978,365 5,627,648	5,144,645 5,968,921	5,661,385 5,376,407	5,826,966 6,694,905	6,091,467 7,072,599	6,686,188 7,252,459	7,233,297 6,686,883	7,846,381 6,940,106	5,697,315 6,742,215		
	\$ 58,707,291	\$ 59,417,709	\$ 61,963,611	\$ 62,954,882	\$ 66,818,085	\$ 67,141,597	\$ 72,972,401	\$ 74,853,297	\$ 80,007,862	\$ 99,233,004		

### ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

	Real and Personal Property*				Automobiles**								
Fiscal Year	Assessed Value		Estimated Actual Value		Assessed Value		Estimated	Total Assessed Value		Total Direct Tax Rate		al Estimated	Assessed Value as a Percentage of Actual Value
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,	360	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%
2015	1,104,885,	340	7,365,905,600		121,760,000		729,729,327		1,226,645,840	0.0135		8,095,634,927	15.15%
2016	1,175,088,	140	7,833,922,933		125,096,180		731,129,047		1,300,184,620	0.0135		8,565,051,980	15.18%
2017	1,194,074,	340	7,960,495,600		123,360,600		720,985,388		1,317,434,940	0.0135		8,681,480,988	15.18%
2018	1,325,527,	780	8,836,851,867		115,176,480		673,153,010		1,440,704,260	0.0135		9,510,004,876	15.15%
2019	1,359,495,	160	9,063,301,067		117,336,660		685,778,258		1,476,831,820	0.0135		9,749,079,325	15.15%
2020	1,381,587,	700	9,210,584,667		120,761,340		705,793,921		1,502,349,040	0.0135		9,916,378,588	15.15%

\*Source: Tuscaloosa County Tax Assessor

\*\*Source: Tuscaloosa County License Commissioner

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

### PROPERTY TAX RATES LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

	Direct Rate		Overlapping Rates*		_
Fiscal Year	City of Tuscaloosa - Genreal Fund	City Schools	Tuscaloosa County	State of Alabama	Total
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
2015	0.0135	0.0155	0.0160	0.0065	0.0380
2016	0.0135	0.0155	0.0160	0.0065	0.0380
2017	0.0135	0.0155	0.0160	0.0065	0.0380
2018	0.0135	0.0155	0.0160	0.0065	0.0380
2019	0.0135	0.0155	0.0160	0.0065	0.0380
2020	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.

### PRINCIPAL PROPERTY TAXPAYERS CURRENT AND TEN YEARS AGO

			Septe	ember 30,	2020		September 30, 2011					
	1	City Ad Valorem axes Paid	Rank	Of	Total sessed Value FAII Property Within City Limit	Percentage Of Total Assessed Valuation		City Ad Valorem axes Paid	Rank	Of	Total sessed Value All Property Within City Limit	Percentage Of Total Assessed Valuation
Alabama Power Company	\$	530,831	1	\$	39,320,780	2.85%	\$	320,770	1	\$	23,760,760	2.48%
Phifer Incorporated		237,917	2		18,157,560	1.31%		188,592	2		14,660,540	1.53%
The Greens at Tuscaloosa		135,994	3		10,073,620	0.73%		112,486	3		8,332,320	0.87%
Bolta US LTD		125,303	4		9,281,700	0.67%						
ZF Chassis Systems		115,555	5		8,559,660	0.62%						
Voodlands of Tuscaloosa LLC		106,650	6		7,900,000	0.57%						
amko Roofing Products Inc.		103,493	7		7,666,160	0.55%						
Cedar Crest Land LLC		97,610	8		7,230,340	0.52%						
efferson Loft LLC		97,214	9		7,201,000	0.52%						
University House Tuscaloosa LLC		94,521	10		7,001,520	0.51%						
Bellsouth Telecommunications								106,364	4		7,878,800	0.82%
lanna Steel Corporation								96,850	5		7,174,080	0.75%
ranov Realty Co., Inc.								96,413	6		7,141,700	0.74%
Carlyle-Cypress								93,253	7		6,907,620	0.72%
right/Hurd Properties, LLC								82,429	8		6,105,820	0.64%
amko Roofing Products, Inc.								68,682	9		5,086,820	0.53%
P Building and Land Company, LLC								67,728	10		5,016,860	0.52%
	\$	1,645,088		\$	122,392,340	8.86%	\$	1,233,567		\$	92,065,320	9.60%

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

Notes: The amounts shown under the heading "Municipal Ad Valorem Taxes Paid" represent the collections from 13 1/2 mills of City tax levied on the total assessed valuation for FY 2020 is \$1,381,587,700.

#### Schedule J

#### **CITY OF TUSCALOOSA**

### PROPERTY TAX VALUATION, LEVIES AND COLLECTION LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

Fiscal Year	Actual Levy Year	Original Levy	Adjustments	Total Levy	Current Tax Collections	Percent of Total Levy Collected	Collections/ Refunds In Subsequent Years	Total Tax Collections	Percent of Total Tax Collections To Total Levy
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%
2015	2014	14,875,961	(589,142)	14,286,819	13,250,688	92.75%	N/A	13,250,688	92.75%
2016	2015	15,872,580	(569,874)	15,302,706	12,124,991	79.23%	\$ (43,902)	12,081,089	78.95%
2017	2016	16,249,748	(1,334,439)	14,915,309	14,719,544	98.69%	N/A	14,719,544	98.69%
2018	2017	17,844,983	(1,260,261)	16,584,723	16,027,068	96.64%	N/A	16,027,068	96.64%
2019	2018	18,494,643	(1,416,258)	17,078,385	16,683,825	97.69%	N/A	16,683,825	97.69%
2020	2019	18,765,816	(1,552,627)	17,213,189	16,989,285	98.70%	N/A	16,989,285	98.70%

<sup>\*</sup>Source: Tuscaloosa County Tax Assessor and Tuscaloosa County License Commissioner.

Notes: 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.

<sup>\*\*</sup>Source: Tuscaloosa County Tax Collector and Tuscaloosa County License Commissioner.

#### Schedule K

#### **CITY OF TUSCALOOSA**

### PRINCIPAL SALES TAXPAYERS\* FOR THE FISCAL YEARS ENDED SEPTEMBER 30,

2020				
Name of Taxpayer	Business or Industry	Name of Taxpayer		Business or Industry
Aramark	Food Service	Academy Sports		Retail
Home Depot	Retail Building Supply	Belk		Retail
Lowe's of Tuscaloosa	Retail Building Supply	Best Buy		Retail
Publix	Grocery	Home Depot		Retail Building Supplies
Sam's Club	Retail	Lowe's of Tuscaloosa		Retail Building Supplies
Target Stores	Retail	Publix		Grocery
Tuscaloosa Toyota	Auto Sales	Sam's Club		Retail
University of Alabama	Higher Education	Target Stores		Retail
Wal-Mart Supercenter	Retail	University of Alabama		Higher Education
Winn Dixie	Grocery	Wal-Mart Supercenter		Retail

**Source:** City of Tuscaloosa Accounting and Finance Department - Revenue and Financial Services Division.

**Notes:** The total sales tax paid to the City of Tuscaloosa directly by the above listed taxpayers for the September 30, 2020 fiscal year was \$16,094,207. Per Alabama Statewide Ordinance, individual taxpayer sales tax amounts paid is confidential information and illegal to disclose.

<sup>\*</sup>Listed alphabetically

#### Schedule L

#### **CITY OF TUSCALOOSA**

### SALES TAX RATES LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

Fiscal Year	City of Tuscaloosa	Tuscaloosa County Special Tax Board	State of Alabama	Total
1001	1400410004	Tux Bould	Aldodilla	10141
2011	2%	3%	4%	9%
2012	2%	3%	4%	9%
2013	2%	3%	4%	9%
2014	2%	3%	4%	9%
2015	2%	3%	4%	9%
2016	2%	3%	4%	9%
2017	2%	3%	4%	9%
2018	2%	3%	4%	9%
2019	2%	3%	4%	9%
2020	2%	3%	4%	9%

Source: Tuscaloosa County Tax Collector

Notes: In 2006, a 1% temporary sales tax increase was implemented in addition to the Tuscaloosa County Special Tax Board percentage bringing the total rate for that government to 3%. This increase is specifically earmarked for Tuscaloosa City and County school systems. In 2016, this increase became permanent and the proceeds were redistributed.

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

#### Schedule M

#### **CITY OF TUSCALOOSA**

### RATIO OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

			Gov	ernmental Activit	ies		Bus	iness-Type Activit	ties			
Fiscal Year	General Obligation Warrants	Warrant Premiums	Warrant Discounts	Section 108 Loan	Robertson Bank Loan	Installment Payable	Capital Leases	General Obligation Warrants	Warrant Premiums	Capital Leases	Total Primary Government	Percentage of Personal Income
2011	\$ 80,990,000	\$ -	\$ -	\$ 1,425,000	\$ -	\$ -	\$ 86,768	\$115,842,637	\$ -	\$ -	\$ 198,344,405	6.25%
2012	76,945,000	-	-	1,350,000	372,982	-	359,101	108,892,441	-	-	187,919,524	N/A
2013	76,054,227	-	-	1,275,000	250,425	-	374,802	102,852,441	-	-	180,806,895	5.51%
2014	82,570,000	-	-	1,200,000	-	-	168,553	98,632,441	-	-	182,570,994	5.39%
2015	76,795,000	4,491,086	(306,263)	1,125,000	-	-	756,124	93,250,000	6,347,683	-	182,458,630	5.33%
2016	105,235,000	6,516,612	(703,255)	1,050,000	-	-	1,794,340	85,540,000	5,816,501	-	205,249,198	5.77%
2017	106,820,000	5,701,020	(482,256)	975,000	-	1,533,474	1,493,633	80,943,993	4,415,913	-	201,400,777	5.68%
2018	103,450,000	5,214,599	(446,068)	900,000	-	1,363,088	2,250,392	80,538,173	3,774,153	795,343	197,839,679	5.35%
2019	101,226,914	4,745,941	(413,324)	825,000	-	1,363,088	7,587,035	79,514,630	3,158,497	688,880	198,696,661	5.17%
2020	108,874,614	4,989,272	(336,647)	750,000	-	1,192,702	6,324,502	79,273,986	1,479,467	578,239	203,126,135	5.05%

Notes:

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

The City began to report premium and discount on warrants in the schedule of long-term debt in 2015. Therefore, schedules presenting this information include only the information beginning that year.

Governmental Activities debt is 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.

#### Schedule N

#### **CITY OF TUSCALOOSA**

### RATIO OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

Fiscal Year	General Obligation Warrants	Water and Sewer General Obligation Warrants	Total Primary Government	Percentage of Actual Taxable Value of Property	Percentage of Personal Income
2011	80,990,000	115,842,637	196,832,637	2.72%	2,153.34
2012	76,945,000	108,892,441	185,837,441	2.56%	2,005.82
2013	76,054,227	102,852,441	178,906,668	2.38%	1,900.27
2014	82,570,000	98,632,441	181,202,441	2.33%	1,888.69
2015	80,979,823	99,597,683	180,577,506	2.23%	1,846.49
2016	111,048,357	91,356,501	202,404,858	2.36%	2,049.32
2017	112,038,764	85,359,906	197,398,670	2.27%	1,968.34
2018	108,218,531	84,312,325	192,530,856	2.02%	1,919.80
2019	105,559,531	82,673,127	188,232,658	1.93%	1,861.61
2020	113,527,239	80,753,453	194,280,692	1.96%	1,921.12

Notes:

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

The City began to report premium and discount on warrants in the schedule of long-term debt in 2015. Therefore, schedules presenting this information include only the information beginning that year.

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

See Schedule G, Assessed Value and Estimated Actual Value of Taxable Property for total estimated actual value data.

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

Schedule O

### DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt		
Debt Repaid with Property Taxes: Tuscaloosa County	<u> </u>		\$ -		
City of Tuscaloosa Direct Debt: General Obligation Warrants Warrant Premiums Warrant Discounts Section 108 Loan Installment Payable Capital Leases	\$ 108,874,614 4,989,272 (336,647) 750,000 1,192,702 6,324,502	100% 100% 100% 100% 100% 100%	\$ 108,874,614 4,989,272 (336,647) 750,000 1,192,702 6,324,502		
Total City of Tuscaloosa Direct Debt	\$ 121,794,443		\$ 121,794,443		
Total Direct and Overlapping Debt			\$ 121,794,443		

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

Tuscaloosa County debt information provided by Tuscaloosa County Commission

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

Schedule P

### LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Debt Limit Equal to 20% of Assessed Valuation	\$ 219,393,716	\$ 220,916,344	\$ 228,697,472	\$ 236,471,580	\$ 245,329,168	\$ 260,036,924	\$ 263,486,988	\$ 288,140,852	\$ 295,366,364	\$ 300,469,808	
Total Net Debt Applicable to 20% Limit	51,651,768	50,982,083	52,819,454	61,838,553	59,736,124	92,449,340	95,937,107	93,915,943	97,717,037	104,951,818	
Legal 20% Debt Margin (Available Borrowing Capacity)	\$ 167,741,948	\$ 169,934,261	\$ 175,878,018	\$ 174,633,027	\$ 185,593,044	\$ 167,587,584	\$ 167,549,881	\$ 194,224,909	\$ 197,649,327	\$ 195,517,990	
Total Net Debt Applicable to the 20% Limit as a Percentage of 20% Debt Limit	23.54%	23.08%	23.10%	26.15%	24.35%	35.55%	36.41%	32.59%	33.08%	34.93%	
Legal Debt Margin Calculation for Fiscal Year 2019											
			Assessed Valuati	on of Real and Pe	rsonal Property as	of September 30, 2	2020			\$1,502,349,040	
			Debt Limit Equal	to 20% of Assesse	d Valuation					300,469,808	
		196,994,043									
	Less Those Portions Not Applicable to the Debt Limit:  Debt Attributable to Construction of School Houses  Debt Attributable to Water and Sewer Infrastructure  Total Net Debt Applicable to Limit  (12,190)  (79,852)  104,957										
			\$ 195,517,990								

Notes: Under Alabama law, the City of Tuscaloosa's outstanding general obligation debt should not exceed 20% of total assessed property value.

By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying

#### Schedule Q

### **CITY OF TUSCALOOSA**

### PLEDGED REVENUE COVERAGE LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

Fiscal	Water harges	Less: Operating	A	Net Available	Debt S	ervice			
Year	d Other	xpenses (1)		Revenue	Principal		Interest	Coverage	
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
2015	46,044,973	24,935,491		21,109,482	7,030,000		2,637,525	:	2.18
2016	46,236,594	26,403,874		19,832,720	7,710,000		2,531,433		1.94
2017	48,600,232	21,654,420		26,945,812	7,975,000		2,160,752	:	2.66
2018	49,161,915	22,915,062		26,246,853	9,055,000		2,865,313	:	2.20
2019	51,051,580	23,803,939		27,247,641	9,510,000		3,045,141	:	2.17
2020	49,271,926	24,565,353		24,706,573	10,575,000		1,923,460		1.98

**Notes:** Net pension liability was recorded as a long term liability per GASB 68 in 2015. Therefore, schedules presenting this information include only the information beginning in that year.

<sup>(1)</sup> Includes operating expenses less depreciation expense.

#### Schedule R

#### **CITY OF TUSCALOOSA**

### DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

Fiscal Year	Population*	Per Capita Personal Income**	Total Personal Income	Unemployment Rate
2011	91,408	\$ 34,724	\$ 3,174,051,392	8.20
2012	92,649	N/A	N/A	7.80
2013	94,148	34,870	3,282,940,760	5.90
2014	95,941	35,329	3,389,499,589	6.20
2015	97,795	34,999	3,422,727,205	5.40
2016	98,767	36,016	3,557,192,272	5.50
2017	100,287	35,376	3,547,752,912	3.10
2018	100,287	36,858	3,696,378,246	3.50
2019	101,113	37,983	3,840,575,079	2.30
2020	101,129	39,738	4,018,664,202	4.40

\*Source: U.S. Census Bureau

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

N/A - Not available.

Notes: Prior to fiscal year 2018, population data was obtained from the Chamber of Commerce of West Alabama, which cites the U.S. Census as their source. Fiscal year 2018 and after, data was taken directly from the U.S. Census Bureau website. After review, it was determined that the population in previous years did not tie to the population per the Chamber of Commerce website. In order to ensure information is reported accurately, prior years 2010 – 2017 have been updated to reflect the population data per the U.S. Census Bureau's website.

### PRINCIPAL EMPLOYERS FOR THE YEARS ENDED SEPTEMBER 30,

				2020			2011	
Employer	Nature of Business	Public or Private	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	13,784	1	30.09%	8,000	1	19.75%
Mercedes-Benz International	Auotmobile assembly	Private	4,200	2	9.17%	3,000	3	9.55%
DCH Health Systems	Healthcare	Public	3,476	3	7.59%	3,490	2	11.20%
Tuscaloosa County Board of Education	Education/Government	Public	2,359	4	5.15%	2,052	4	6.42%
Tuscaloosa City Board of Education	Education/Government	Public	1,455	5	3.18%	1,354	7	3.27%
Warrior Met Coal, Inc.	Metallurgical Coal Mining	Private	1,350	6	2.95%			
Michelin/BF Goodrich Tire Manuf.	Tire manufacturing	Private	1,289	7	2.81%	1,400	6	3.46%
City of Tuscaloosa	Government	Public	1,322	8	2.89%	1,200	8	3.21%
Veterans Administration Hospital	Specialized healthcare	Public	1,277	9	2.79%	1,126	10	2.35%
Phifer Incorporated	Aluminum/ Fiberglass Screening	Private	1,079	10	2.36%	1,225	9	3.16%
Jim Walter Resources	Coal Mining	Private			-	1,472	5	2.80%

Source: The Tuscaloosa County Industrial Development Authority - Tuscaloosa Metropolitan Statistical Area.

### FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

		Fiscal Year								
Constal Find Franksis	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund Employees										
General government	202	207	216	213	260	236	104	105	114	109
Infrastructure and Public Services	-	-	-	-	-	-	335	317	358	329
Community Services	-	-	-	-	-	-	22	14	14	13
Urban Development	-	-	-	-	-	-	34	38	38	38
Public safety										
Police	340	356	360	356	362	284	261	272	280	281
Fire	234	248	249	242	251	246	243	244	247	245
Other	17	24	80	80	36	66	83	81	90	88
Streets and highways	183	183	178	171	179	171	-	-	-	-
Environmental services	92	98	94	95	96	92	-	-	-	-
Water and Sewer employees										
Infrastructure and Public Services	-	-	-	-	-	-	161	165	168	171
Urban Development	-	-	-	-	-	-	11	10	13	13
Accounting and Finance	-	-	-	-	-	-	3	3	3	3
Superintendent	1	4	6	6	6	3	-	-	-	-
Water office and meter readers	34	32	32	32	34	28	-	-	-	-
Lakes	9	9	8	9	8	8	-	-	-	-
Distribution	36	38	37	37	35	38	-	-	-	-
Waste water treatment plant	56	57	58	63	68	58	-	-	-	-
Ed Love water plant	35	36	32	35	30	31	<u> </u>			
Total Employees	1,239	1,292	1,350	1,339	1,365	1,261	1,257	1,249	1,325	1,290

Source: City of Tuscaloosa Human Resources Department.

Notes: In FY 2017, the City of Tuscaloosa departments were restructured. Therefore, function groups changed for financial statement and supporting schedule presentation.

Schedule U

### WATER AND SEWER RATES FOR THE YEARS ENDED SEPTEMBER 30,

	Rates in Effect Starting 10/1/19	Rates in Effect Starting 10/1/20
Water Rates	Ottaiting 10/1/13	Otal ting 10/1/20
Quantity of water consumed per month		
0-1,000 cubic feet over 1,001 cubic feet	2.25 2.25	2.31 2.31
Monthly administrative cost per meter	5.11	5,262.000
Monthly meter charge, based on size of meter, ranging from: 5/8 inch 12 inch Unfiltered or Raw Water Rates	4.09 651.49	4.22 671.04
Per 100 cubic feet	0.25	0.25
Monthly administrative cost per meter	5.11	5.26
Monthly meter charge, based on size of meter, ranging from: 5/8 inch 12 inch	4.09 651.49	4.22 671.04
Sewer Rates		
a. Per 100 cubic feet of metered wastewater, or	4.01	4.13
b. Per 100 cubic feet of metered water	2.77	2.85
Monthly administrative cost per meter	4.24	4.37
Monthly meter charge, based on size of meter, ranging from: 5/8 inch 12 inch	6.43 1,026.45	6.62 1,057.25

Source: City of Tuscaloosa Accounting and Finance Department

### **OPERATING INDICATORS BY FUNCTION** LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Public safety: Fire Protection										
Number of Stations Number of Employees	11 234	11 248	11 249	11 242	11 251	11 246	11 243	11 214	11 247	11 248
Police Protection Number of Stations	1	1	2	3	4	4	4	4	4	4
Number of Employees	340	356	357	356	362	284	261	272	280	296
Infrastructure and Public Services: Streets (miles)	571	571	571	571	571	571	571	506	506	509
Storm sewers (miles)	317	317	317	317	317	317	317	317	317	317
Urban Development	4 400	0.044	4.000	4.000	0.074	0.004	0.440	4.007	4.700	4044
Building Permits Amount	4,462 \$ 202,069,714	2,041 \$ 311,290,164	1,829 \$ 287,407,362	1,928 \$ 403,743,989	2,271 \$ 370,135,588	2,231 \$ 353,002,493	2,140 \$ 535,186,813	1,807 \$ 351,590,562	1,793 \$ 518,341,074	1,944 \$335,257,287
Education (public School System): Number of Schools	23	23	23	24	24	24	24	23	23	21
Number of Teachers	830	830	830	866	857	864	864	890	906	856
Recreation:	00	00	00	00	00	40	40	40	40	40
Number of Parks Number of Playgrounds	36 31	36 32	36 32	36 32	36 34	40 36	40 36	40 36	40 36	40 36
Area of Parks (acres)	1,749	1,749	1,749	1,749	1,749	2,438	2,438	2,438	2,438	2,438
Water and Sewer Fund										
Infrastructure and Public Services: Sanitary Sewers (miles)	615	623	669	685	685	648	661	575	580	573
Number of Customer Accounts *	53,896	54,072	54,492	55.040	55.500	56.075	50.500	50.454	50 700	
Number of Customer Accounts - Water Number of Customer Accounts - Sewer				55,840 43,905	56,582 44,333	56,875 44,232	58,603 45,562	59,154 45,910	59,732 46,310	60,395 46,787
Average Daily Consumption				43,303	44,333	44,232	43,302	43,310	40,310	40,787
(gallons)	25,100,000	23,500,000	23,500,000	23,500,000	23,500,000	23,500,000	23,500,000	18,300,000	24,419,556	22,200,000
Rated Plants Capacity										
(gallons daily)	59,700,000	59,700,000	59,700,000	59,700,000	59,700,000	59,700,000	59,700,000	57,000,000	59,000,000	59,000,000
Miles of Water Mains (4" and larger)	562	594	590	690	690	704	703	674	661	699
Number of Fire Hydrants	3,796	3,817	4,191	3,971	4,010	4,116	4,119	3,647	3,695	3,737
Miles of Raw Water Mains	•			•			•	•		•
(24" and larger)	27	27	27	22	22	23	19	19	18	18

Source: Various City Departments.

\* In fiscal year 2020, the City began splitting the number of customer accounts by Water and Sewer.

This data was available from 2014 to 2020, therefore those years have been amended to show the customer accounts in two separate lines.

### CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Public safety:										
Fire Protection										
Number of Stations	11	11	11	11	11	11	11	11	11	11
Police Protection										
Number of Stations	1	1	2	3	4	4	4	4	4	4
Infrastructure and Public Services:										
Streets (miles)	571	571	571	571	571	571	571	506	506	509
Storm sewers (miles)	317	317	317	317	317	317	317	317	317	317
Recreation:										
Number of Parks	36	36	36	36	36	40	40	40	40	40
Number of Playgrounds	31	32	32	32	34	36	36	36	36	36
Area of Parks (acres)	1,749	1,749	1,749	1,749	1,749	2,438	2,438	2,438	2,438	2,438
Activity Centers	5	6	6	6	6	6	7	7	7	7
Boat Landings	8	8	8	6	6	6	7	7	6	7
Golf Course	1	1	1	1	1	1	1	1	1	1
Tennis Facilities	0	0	0	0	0	0	0	0	1	1
Water and Sewer Fund										
Infrastructure and Public Services:										
Sanitary sewers (miles)	615	623	669	685	685	648	661	575	580	573
Miles of water mains (4" and larger)	562	594	590	690	690	704	703	674	661	699
Number of fire hydrants	3,796	3,817	4,191	3,971	4,010	4,116	4,119	3,647	3,695	3,737
Miles of raw water mains (24" and larger)	27	27	27	27	22	23	19	19	18	18

Source: Various City Departments