



FISCAL YEAR ENDED SEPTEMBER 30, 2021

ANNUAL COMPREHENSIVE FINANCIAL REPORT



CITY OF TUSCALOOSA, ALABAMA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021

Prepared by:
Accounting and Finance Department
Carly Standridge, CPA, Chief Financial Officer

CITY OF TUSCALOOSA, ALABAMA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal	i – xviii
Organizational Chart.....	xix
List of Principal Officials	xx
Certificate of Achievement for Excellence in Financial Reporting	xxi

FINANCIAL SECTION

Independent Auditor's Report	1 – 4
Management's Discussion and Analysis.....	5 – 25
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	26 and 27
Statement of Activities	28
Fund Financial Statements:	
Balance Sheet – Governmental Funds	29 and 30
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	31
Statement of Revenues, Expenditures and Changes in	
Fund Balances – Governmental Funds	32
Reconciliation of the Statement of Revenues, Expenditures and Changes	
In Fund Balances of Governmental Funds to the Statement of Activities – Governmental Funds.....	33
Statement of Revenues, Expenditures and Changes in Fund	
Balances – Budget (GAAP Basis) and Actual – General Fund.....	34 – 37
Statement of Net Position – Proprietary Funds	38 – 40
Statement of Revenues, Expenses, and Changes in	
Fund Net Position – Proprietary Funds	41 and 42

CITY OF TUSCALOOSA, ALABAMA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS (CONTINUED)

Page

FINANCIAL SECTION (CONTINUED)

Basic Financial Statements (Continued):

Fund Financial Statements (Continued):

Statement of Cash Flows – Proprietary Funds	43 – 45
Statement of Fiduciary Net Position – Fiduciary Funds	46
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	47
Notes to Financial Statements	48 – 132

Required Supplementary Information:

Schedule of Changes in the City's Net Pension Liability and Related Ratios – Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan	133
Schedule of City Contributions – Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan	134
Schedule of Pension Investment Returns – Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan	135
Schedule of Changes in the City's Net Pension Liability and Related Ratios – Employees' Retirement System of Alabama	136
Schedule of City Contributions – Employees' Retirement System of Alabama	137
Schedule of Changes in the City's Net Pension Liability and Related Ratios – Retirement Plan for Hourly Employees of the City of Tuscaloosa	138
Schedule of City Contributions – Retirement Plan for Hourly Employees of the City of Tuscaloosa	139
Schedule of Changes in the City's Net Pension Liability and Related Ratios – Tuscaloosa Police Officers and Firefighters Retirement Plan	140
Schedule of City Contributions – Tuscaloosa Police Officers and Firefighters Retirement Plan	141
Schedule of Changes in the City's Total OPEB Liability and Related Ratios – Other Post-employment Benefit Plan	142

CITY OF TUSCALOOSA, ALABAMA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

Page

Combining Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds.....	143
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	144
Combining Balance Sheet – Nonmajor Special Revenue Funds	145 and 146
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	147 and 148
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	149
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds.....	150

Supplemental Information:

Water and Sewer Fund – Schedule of Revenues and Operating Expenses – Budget (GAAP Basis) to Actual.....	151
---	-----

STATISTICAL SECTION

Statistical Information:

Schedule A – Net Position by Component	152
Schedule B – Changes in Net Position.....	153 and 154
Schedule C – Governmental Activities Tax Revenues by Source	155
Schedule D – Fund Balances of Governmental Funds	156
Schedule E – Changes in Fund Balances of Governmental Funds.....	157 and 158
Schedule F – Total Governmental Activities Tax Revenue by Source	159
Schedule G – Assessed Value and Estimated Actual Value of Taxable Property	160

CITY OF TUSCALOOSA, ALABAMA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS (CONTINUED)

STATISTICAL SECTION (CONTINUED)

Page

Statistical Information (Continued):

Schedule H – Property Tax Rates	161
Schedule I – Principal Property Taxpayers	162
Schedule J – Property Tax Valuation, Levies and Collection	163
Schedule K – Principal Sales Taxpayers	164
Schedule L – Sales Tax Rates	165
Schedule M – Ratio of Outstanding Debt by Type.....	166
Schedule N – Ratio of General Bonded Debt Outstanding.....	167
Schedule O – Direct and Overlapping Governmental Activities Debt.....	168
Schedule P – Legal Debt Margin Information	169
Schedule Q – Pledged Revenue Coverage.....	170
Schedule R – Demographic and Economic Statistics	171
Schedule S – Principal Employers	172
Schedule T – Full-Time Equivalent City Employees by Function	173
Schedule U – Water and Sewer Rates	174
Schedule V – Operating Indicators by Function.....	175
Schedule W – Capital Asset Statistics by Function	176

INTRODUCTORY SECTION





Letter of Transmittal

March 23, 2022

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

We are pleased to submit to you the Annual Comprehensive Financial Report (“ACFR”) of the City of Tuscaloosa, Alabama for the fiscal year ended September 30, 2021. The ACFR is provided to give detailed information about the City’s financial position and activities to City Council, citizens, City staff, and other stakeholders.

The ACFR 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 of Tuscaloosa’s financial statements for the year ended September 30, 2021. The independent auditor’s 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.

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 99,600 in 2021, a growth of 8% 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.

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 originally 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.



Government and Organization (Continued)

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 and 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 Annual Comprehensive 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 Annual Comprehensive 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.



Local Economy (Continued)

In the early months of fiscal year 2021, the local economy continued to see the effects of COVID-19. Restaurants had less in person dining, reduced travel severely impacted the hotel industry and the reduction in the University of Alabama football games and seating capacity negatively impacted the tourism industry as a whole. However, in the spring of 2021, vaccines became available and the economy began to open back up, which resulted in increases in the revenue sources that had been negatively affected by the pandemic. These improvements continued through the end of the fiscal year, and due to conservative budgeting and cost saving measures implemented within the fiscal year 2021 budget, the General Fund ended the year with a healthy surplus.

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, growth rate has slowly declined (with the exception of fiscal year 2021 from COVID-19 recovery) 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 the loss of sales tax collections in the evolving, online retail economy. This legislation established the Simplified Sellers Use Tax ("SSUT"), which began with voluntary enrollment and allowed online retailers to collect a flat 8% 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 collected via retailers in the City limit, the City has seen significant growth in SSUT collections since the inclusion of third-party sellers. In 2021, the Alabama Department of Revenue interpreted Act 2018-539 to exempt from local tax collection all transactions made through a third-party "marketplace", regardless of where the seller is located. Local "brick-and-mortar" grocery stores, restaurants, and package stores which many municipalities view as their last vestige of local sales tax are now made vulnerable by the very legislation that was intended to protect localities from the tax disparities of internet shopping. The City is pursuing every available option that shows some potential of returning SSUT rules and interpretations to its original intent.



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	6,839
Mercedes-Benz U.S. International	Automobile Manufacturing	4,400
DCH Regional Medical Center	Medical Services	3,444
County Board of Education	Public Education	2,411
City Board of Education	Public Education	1,490
Michelin/BF Goodrich Tire Manufacturing	Aftermarket Tire Manufacturing	1,378
City of Tuscaloosa	City Services	1,303
Veterans Administration Hospital	Specialized Health Care	1,256
SMP Automotive	Automotive Parts Manufacturing	1,246
Phifer Incorporated	Aluminum/Fiberglass Screening Manufacturing	1,079

Source: Tuscaloosa County Industrial Development Authority.

Unemployment Rate

The Tuscaloosa area's unemployment rate is 3.8%, a decrease of 3% over prior year. The decrease can be attributed to the extreme unemployment trends that resulted from the COVID-19 crisis, which severely affected the restaurant, travel and retail industries over the past year and a half. Those industries have since begun to recover which is reflective in the reduced unemployment rate. The average unemployment rate is slightly higher than the State of Alabama average of 3.6%, but falls below the U.S. average of 5.7%.

	2019	2020	2021*
Tuscaloosa MSA	2.8%	6.8%	3.8%
State of Alabama	3.0%	6.0%	3.6%
United States	3.7%	8.1%	5.7%

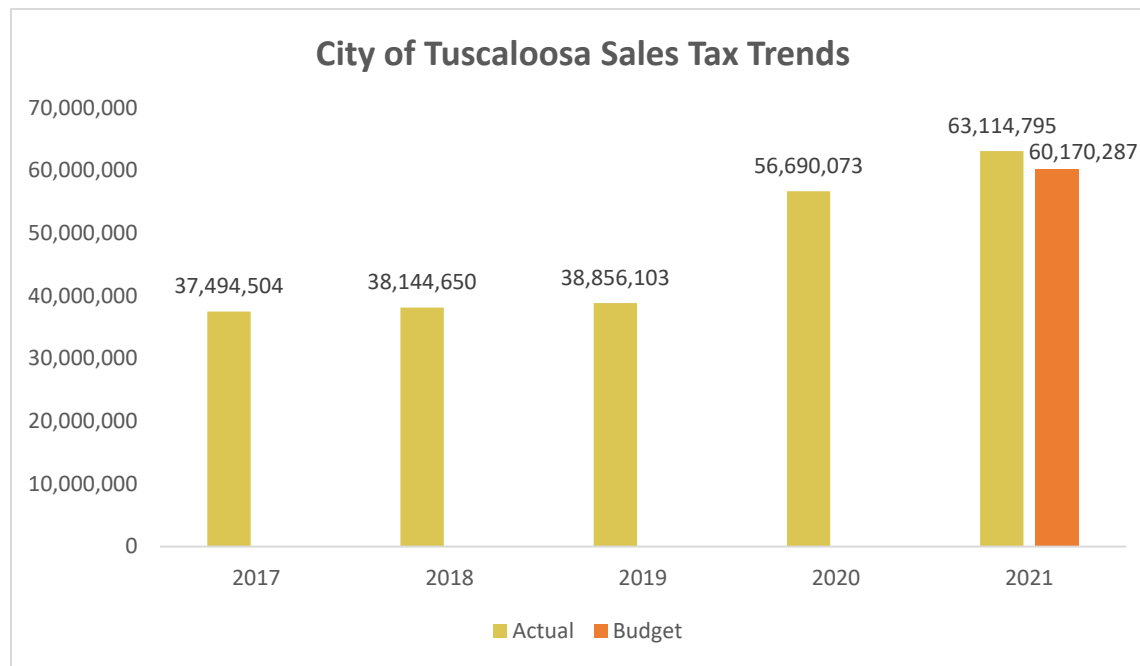
Source: Alabama Department of Labor in cooperation with the Bureau of Labor Statistics, *annual average as of August 2021

Major Revenue Streams

Sales Tax and Use Tax

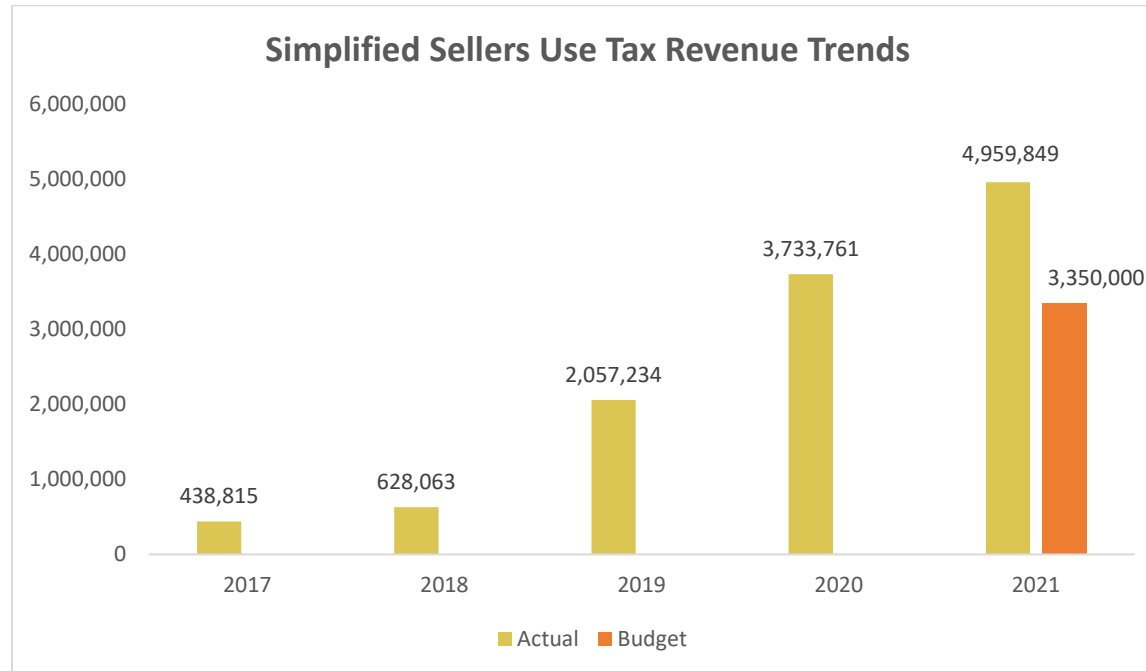
Sales tax and use tax revenues continue to be Tuscaloosa's foremost revenue streams, with approximately 44% of revenues derived from these sources. SSUT increased by 33% compared to fiscal year 2020, and 141% compared to fiscal year 2019. As mentioned, SSUT was established in 2015, and third-party sellers 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 and 2021, 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 City sales tax collected over the past five years. Elevate Tuscaloosa sales tax (additional 1%), which went into effect on October 1, 2019, is included, which resulted in the large increase between 2019 and 2020. A chart which displays our SSUT collections over the past five years follows.



Major Revenue Streams (Continued)

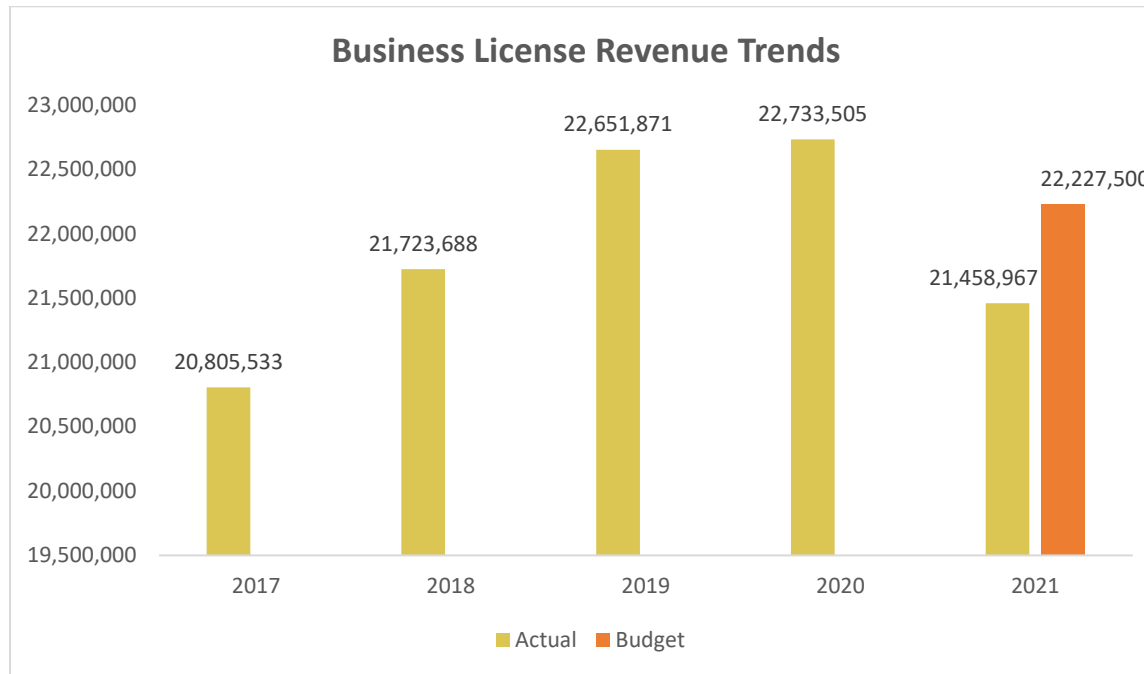
Sales Tax and Use Tax (Continued)



Major Revenue Streams (Continued)

Business License Fees

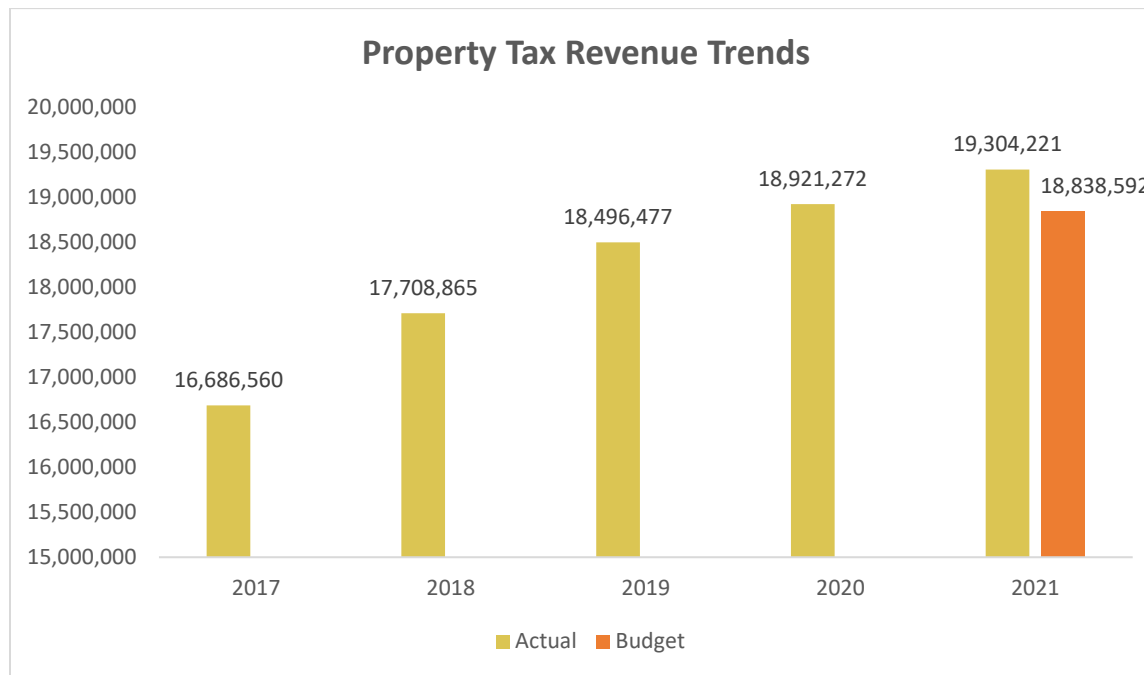
Business license revenue is the second largest revenue source for the General Fund, comprising approximately 8% of all revenues in fiscal year 2021. Revenues include business, alcoholic beverage, fire and life insurance licenses. Compared to prior year 2020, business license revenues decreased by 6%. Because business license fees are based on prior year gross receipts, therefore, this reduction can be attributed to the COVID-19 pandemic and the affect it had on businesses in fiscal year 2020.



Major Revenue Streams (Continued)

Property Taxes

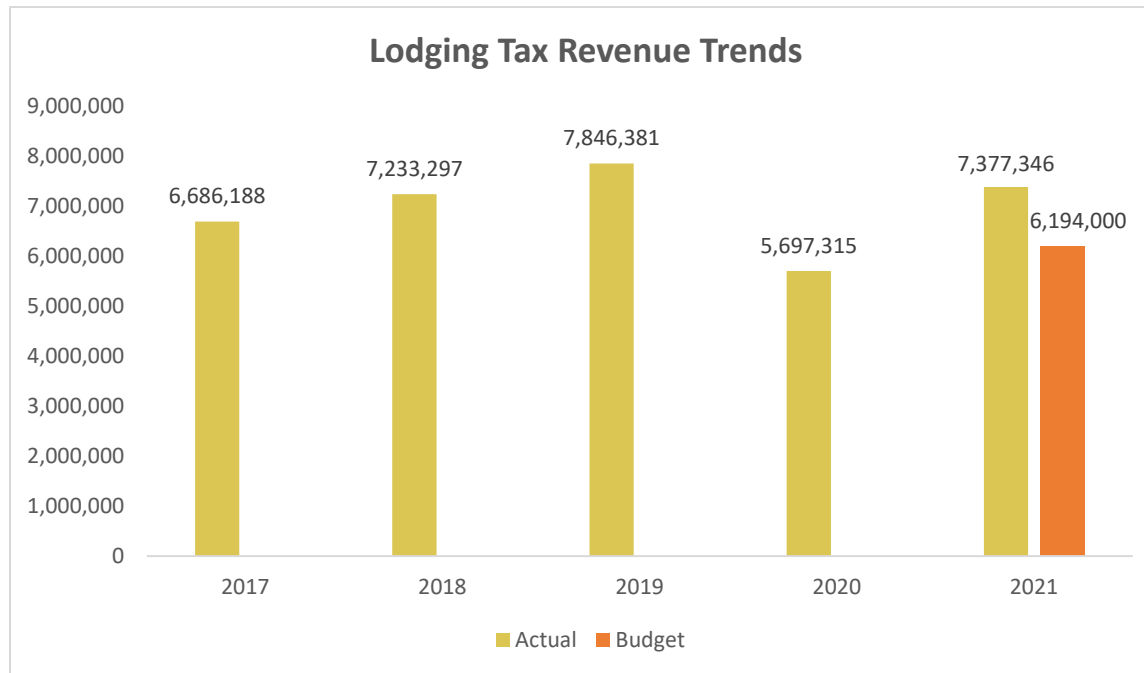
Property tax revenue accounts for approximately 7% of all General Fund revenues and includes real and personal property tax as well as property taxes on automobiles. The growth in the Tuscaloosa residential housing market over recent years is greatly attributed to revenue increases. Tuscaloosa residential housing growth is fueled by the increase in population per the 2020 census, which depicts an 8% growth rate over the last decade. Tuscaloosa remains the fifth largest municipality in the State of Alabama and has benefited from both student enrollment growth at the University of Alabama, which has increased 13% since 2012, and industrial expansion, which includes but is not limited to various parts suppliers such as Bolta US, which was built in 2017 and added up to 350 new jobs. The chart below shows historical property tax revenue trends over the past five years.



Major Revenue Streams (Continued)

Lodging Tax

The City's lodging tax collections significantly improved in fiscal year 2021. The reopening of the economy and return of travel resulted in lodging tax collections that well exceeded our conservative budget of \$6.2 million.



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. Fitch Ratings and Moody's Investors Service issued credit ratings of AAA and Aa1 in October 2020 reports citing factors such as "strong financial management through conservative budgeting and active expenditure management". Fitch concluded, "Along with sizable reserves, the City's broad revenue-raising authority and spending flexibility support its superior level of inherent budget flexibility to address future periods of economic distress, including the current downturn." Maintaining these prestigious credit ratings is a high priority of City management and the City Council. "

Basis of Budgeting

The annual budgets adopted by the City of Tuscaloosa are structured to be consistent with generally accepted accounting principals ("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

The following highlights some of the accomplishments achieved by the City in fiscal year 2021:

- The City broke ground on the first phase of the Elevate Tuscaloosa Northern Riverwalk project, a project that was made possible by a 19-acre land donation from the Randall family, valued at \$2.72 million. Plans for the Northern Riverwalk include a park, trailhead, recreational path, playground, pavilion, and parking area.
- After two and a half years of preparation, the City of Tuscaloosa adopted its comprehensive plan, known as Framework. A comprehensive plan is a strategic guide that expresses the values and aspirations of a community and establishes a long-range vision for development, housing, environment, transportation, community services and more. The City's comprehensive plan process began in the summer of 2018, when a 30-member steering committee began working with City staff and a consulting team. In the months to follow, over 40 local groups and organizations were recruited to discuss the community's priorities. Around 300 residents participated in the initial engagement event, and once a draft of the plan was ready, a public open house was conducted to get feedback on the plan. More than 450 people attended the open house, and community members also submitted comments on the plan online. The final version of the plan was adopted unanimously by the Planning and Zoning commission on February 17, 2021.
- The City received its second GFOA budget award for the fiscal year 2021 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 for the second year in a row.
- The 12th annual Druid City Arts Festival ("DCAF"), a free two-day event highlighting local artists and musicians, had another successful year. DCAF is a premiere arts and music festival that educates, engages and inspires youth and adults about arts and humanities within the community. More than 60 local artists were showcased throughout the event as well as a full music lineup, kids' activities, educational demonstrations and food and drink concessions.

Accomplishments (Continued)

- The Tuscaloosa Farmers Market's Local Pop-Up Markets were back for a second year in a row. The Pop-Up Markets started in fiscal year 2020 as part of a grant awarded to the City of Tuscaloosa from the U.S. Department of Agriculture's (USDA) Agricultural Marketing Service. The market supports 70 vendors and operated in various locations throughout the City, Monday through Friday from April to September.
- Phase one of the Martin Luther King Jr. Blvd and Jack Warner Pkwy. improvement project began. The project is part of the bipartisan House Bill 600, also known as Transforming Tuscaloosa County, which was passed in July of 2016 and redistributed county-wide sales taxes towards an investment fund for seven major transportation routes. Under Transforming Tuscaloosa County, transportation projects fall under the governance of the Tuscaloosa County Road Improvement Commission ("TCRIC") comprised of representatives from local and state governments and the private sector. Construction on phase one began December 2020 and improvements include a four-lane divided by landscaped median, six-foot sidewalks, decorative roadway and pedestrian lighting, and underground utilities.
- Upgrades to the McDonald Hughes Community Center, an Elevate Tuscaloosa initiative, were completed. Renovations included a covered drop-off for cars, an indoor playground, restoration of restrooms and showers, installation of resilient and sound-absorbing gym flooring and upgraded lighting.
- The City of Tuscaloosa received a \$2.2 million Shuttered Venue Operators Grant ("SVOG") for operations and maintenance of the Tuscaloosa Amphitheater. Congress created the SVOG program to provide emergency assistance grants to eligible live entertainment venues affected by COVID-19. The program is being administered directly by the Small Business Administration's Office of Disaster Assistance. To be eligible, an entity must demonstrate a qualified revenue loss due to the COVID-19 pandemic.



Accomplishments (Continued)

- The City of Tuscaloosa held a ribbon cutting for the Elevate Tuscaloosa National Airport Runway improvements. The runway, which was constructed over 50 years ago, was repaved in 1995 and repaired in 2009. Runway improvements include repaving, rebuilding the structure, removing existing asphalt, creating a soil-cement base and placing new asphalt surface material. Additionally, runway end identifier lights have been installed. These improvements will allow the airport to accommodate the current air traffic and cargo, as well as potential future commercial air services.
- In fiscal year 2021, the City received a \$20.5 million allocation in American Rescue Plan funding to be paid over two fiscal years. The City has allocated a portion of the funding to various projects within our fiscal year 2022 budget and the remainder of the funding will be allocated prior to the fiscal year 2026 deadline.
- In September 2021, the Tuscaloosa Police Department returned to their headquarters building after completion of an extensive renovation. Among the renovations was the purchase of computer equipment for use by the department's cyber-crimes unit, a \$500,000 investment.
- The fiscal year 2022 budget is quite an accomplishment and arguably one of the most successful budgets in the City's history. As part of this year's budget process, the Mayor not only presented recommendations for the General Fund and Water and Sewer operating budgets, but also included recommendations for all capital funds, American Rescue Plan Act ("ARPA") funding, and a ten year Water and Sewer plan. This detail added more transparency and consideration points for the Council. With more information provided aiding in more substantive debate, the Council was able to make a more comprehensive decision on the direction of the City's progress.
- Approximately \$32 million in capital projects were completed during the fiscal year and approximately \$44 million in construction projects are currently in progress. Notable projects include the completion of the Airport runway 422, TPD headquarters, Albright Road Bridge project, the Lurleen Wallace Blvd Utility Improvements, and Westervelt Sanitary Sewer repair.



Upcoming Major Initiatives

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

1. **Citizens must be safe**, whether crime, fire, medical response or an act of nature, **our response is swift and effective**.
2. **Neighborhood protection** and **economic growth** are achieved through **conservative financial management, comprehensive planning and strategic infrastructure investments**.
3. **All underserved areas** deserve investments that enhance **educational, economic** and **recreational opportunities**.
4. **Elite customer service** is a **shared responsibility** of everyone as our work must be guided by **responsiveness, respect** and **accountability**.

The fiscal year 2022 budget development focused on tentative resumption of the local economy after the COVID-19 pandemic, while continuing to conservatively manage fiscal spending to hedge against possible future backslides. This was accomplished by presenting a financial plan which allocated level funding to operating departments while scrutinizing additional spending requests and strategically assigning them to align with the Mayor's core beliefs. The following major initiatives were funded:

Reduction in Operating Budgets

- Due to the COVID-19 crisis, City departments were tasked with reducing their overall operating budgets in fiscal year 2021. To continue conservative budgeting practices with the uncertainty of COVID-19 recovery, departments were level funded from fiscal year 2021. Certain exclusions applied, such as personnel and city-wide insurance.

Investment in Employees

- Cost of Living increase: A 2.5% COLA was adopted for all City employees effective October 1, 2021.
- 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 went into effect beginning October 1, 2020 and will result in a 13% employee contribution and a 16.5% employer contribution at the end of the three years. As of fiscal year 2022, the employee contribution is 12.5% and the employer contribution is 15.5%.
- Fire and Police Pension RSA Conversion: The City is participating in discussions to possibly convert the Fire and Police Pension to RSA. \$1.1 million has been escrowed within the General Fund and will remain restricted until used.

Upcoming Major Initiatives (Continued)

Investment in Employees (Continued)

- Fire and Police Pay plan: The City is facing high sworn public safety officer turnover. Citizens' safety is the highest priority of any government and, therefore, it is imperative that we have the most experienced and qualified public safety employees. To begin to address this challenge, the Mayor recommended a new public safety pay plan which will place officers at the top ranks of salaries in Alabama. The plan will be implemented beginning of April 2022.
- Juneteenth: An additional holiday, Juneteenth, was added as part of the fiscal year 2022 budget.

Agency Funding

Agencies, which represent 9% of the General Fund budget, were funded \$11.86 million. This represents an increase of \$1 million over prior year budget.

Vehicles, Equipment and Capital Projects

- The Infrastructure and Public Services Department will receive \$2,777,500 for capital equipment. New equipment includes, but is not limited to squad trucks, garbage trucks, recycling trucks, various mowers and trailers.
- \$2,414,000 will be invested in the Police Department for the purchase of 40 new police vehicles and 8 new motorcycles as well as a new K9 and cyber unit equipment.
- The Tuscaloosa Fire and Rescue Service will receive \$2,479,000 for capital purchases. New equipment includes extrication equipment, dive team gear, and two vehicles. A majority of the funding, \$2,305,000, is allocated to the design of a new Fire Station #6 and the fleet maintenance bay of Fire Station #5.
- Information Technology will receive \$1,617,601 for various new servers and to replace lifecycle equipment.
- \$6,054,317 in city-wide resurfacing projects funded through the fiscal year 2022 estimated gas tax distribution, Restart Tuscaloosa initiative, and General Fund Reserve for Future Improvements project close-outs and American Rescue Plan Act.

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 annual comprehensive financial report (“ACFR”) for the fiscal year ended September 30, 2021, marking the thirty-fourth 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 ACFR 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 ACFR 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.

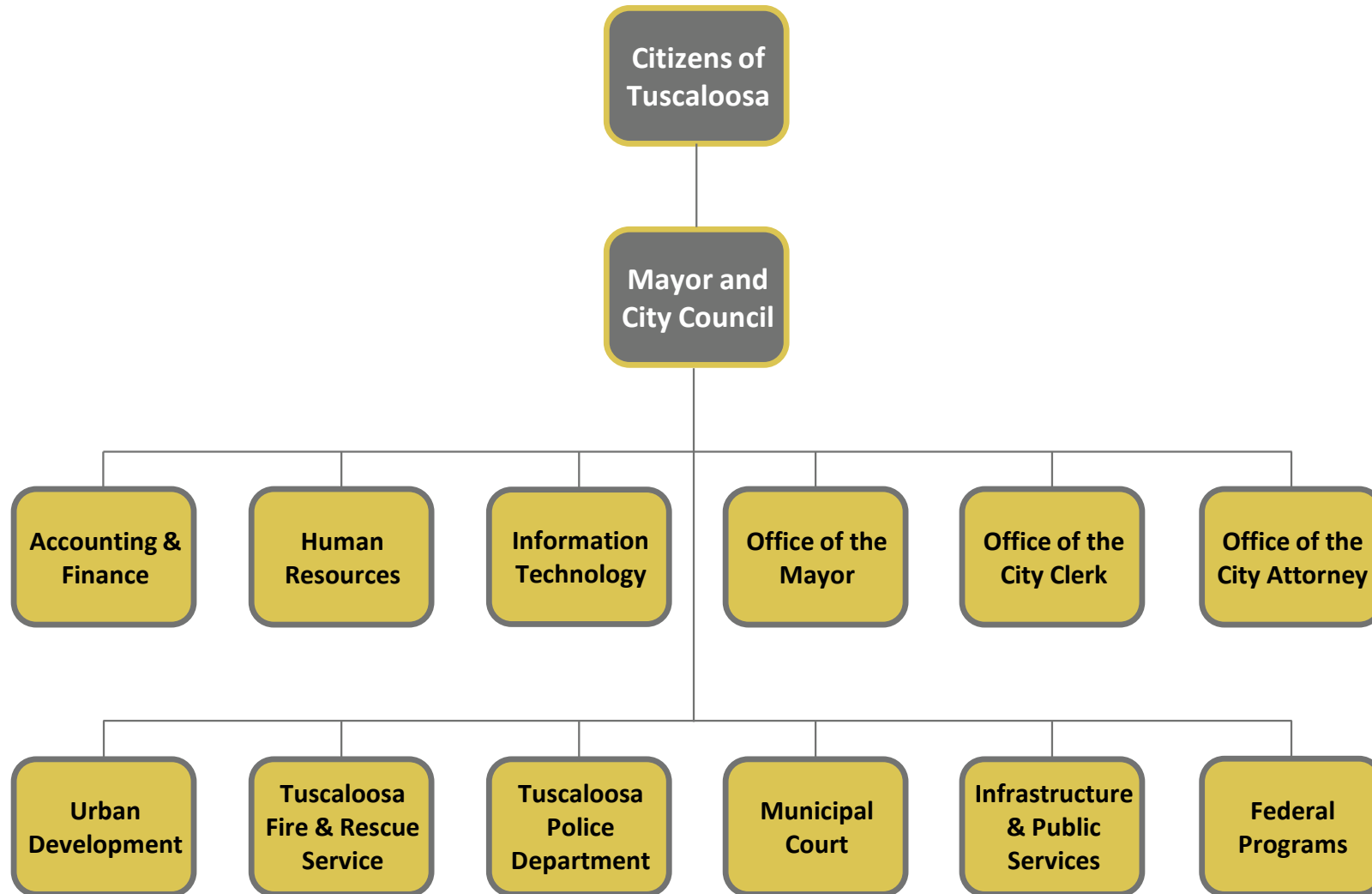


Walt Maddox
Mayor



Carly Standridge
Chief Financial Officer

Organizational Chart





Executive Branch

Walt Maddox, Mayor

Legislative Branch

Matthew Wilson	District 1
Raevan Howard	District 2
Norman Crow	District 3
Lee Busby	District 4
Kip Tyner	District 5
John Faile	District 6
Cassius Lanier	District 7

Judicial Branch

Ricky McKinney	Municipal Court Judge
----------------	-----------------------

Department Heads

Carly Standridge	<i>Accounting & Finance</i>
Brandy Johnson	<i>City Clerk</i>
Randy Smith	<i>Fire & Rescue</i>
LaShonda Kemp	<i>Human Resources</i>
Janna O'Neal (acting)	<i>Information Technology</i>
Jarrod Milligan	<i>Infrastructure and Public Services</i>
Marion Williams	<i>Municipal Court</i>
LaParry Howell	<i>Community and Neighborhood Services</i>
Scott Holmes	<i>Office of the City Attorney</i>
Brendan Moore	<i>Office of Urban Development</i>
Brent Blankley	<i>Police</i>



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Tuscaloosa
Alabama**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members
of the City Council
City of Tuscaloosa, Alabama
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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial 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, 2021, 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.

Emphasis of Matter

As discussed in Note 16, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 84, *Fiduciary Activities*, as of October 1, 2020. This standard significantly changed the accounting for the City's activities previously reported as agency funds. Our opinions are not modified with respect to this matter.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (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 133), the Schedule of City Contributions – Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (on page 134), the Schedule of Pension Investment Returns – Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (on page 135), the Schedule of Changes in the City's Net Pension Liability and Related Ratios – Employees' Retirement System of Alabama (on page 136), the Schedule of City Contributions – Employees' Retirement System of Alabama (on page 137), 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 138), the Schedule of City Contributions – Retirement Plan for Hourly Employees of the City of Tuscaloosa (on page 139), Schedule of Changes in the City's Net Pension Liability and Related Ratios – Tuscaloosa Police Officers and Firefighters Retirement Plan (on page 140), the Schedule of City Contributions – Tuscaloosa Police Officers and Firefighters Retirement Plan (on page 141), and the Schedule of Changes in the City's Total OPEB Liability and Related Ratios (on page 142) 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 23, 2022, 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 23, 2022

MANAGEMENT'S DISCUSSION & ANALYSIS





MANAGEMENT'S DISCUSSION & ANALYSIS

This section of the **City of Tuscaloosa, Alabama's (the City) Annual Comprehensive Financial Report (ACFR)** presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. 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 ACFR.

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 ending September 30, 2021 by \$398,620,795 (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 postemployment health insurance plan. For fiscal year ending September 30, 2021, net position included a negative \$150,250,517 for the unrestricted portion.

Changes in net position - The City's total net position increased in fiscal year 2021 by \$23,318,163 (an increase of \$18,564,516 from governmental activities and \$4,753,647 from business-type activities).

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2021

FINANCIAL HIGHLIGHTS (CONTINUED)

Fund Highlights:

Governmental Funds – Fund Balances – At the close of fiscal year 2021, the City's governmental funds reported a combined ending fund balance of \$127,392,923, an increase of \$50,911,392 when compared to the prior year balance. Of this amount, \$610,500 represents non-spendable fund balance in the General Fund. Amounts available to be spent include \$60,989,876 of restricted fund balance, \$3,531,504 of committed fund balance, \$45,387,895 of assigned fund balance and \$16,873,148 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 \$65,792,547 or approximately 29 percent of total governmental expenditures of \$228,275,989.

Business-Type Activities – At the close of fiscal year 2021, the City's Business-Type Activity Funds reported a net position of \$255,776,304. The change in net position for fiscal year 2021 was a \$4,753,647 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.

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2021

Government-Wide Financial Statements (Continued)

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.

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.

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2021

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 26-47 of this report.

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2021

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 pages 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 financial statements can be found on pages 48-132 of this report.

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2021

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 133-142 of this report.

Combining Statements

The combining statements referred to earlier in connection with non-major governmental funds can be found on pages 143-150 of this report.

Other Supplementary Information

The budgetary comparisons for the water and sewer fund can be found on page 151 of this report.

Statistical Information

The statistical section, found on pages 152-160, 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.

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2021

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 \$398,620,795 as of September 30, 2021. Analyzing the net position of governmental and business-type activities separately, the governmental activities net position was \$142,844,491 and the business-type activities net position was \$255,776,304.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets and Deferred Outflows of Resources						
Current and other assets	\$ 161,901,536	\$ 95,363,485	\$ 36,684,506	\$ 36,782,964	\$ 198,586,042	\$ 132,146,449
Capital assets	362,057,527	335,378,136	317,536,476	315,069,510	679,594,003	650,447,646
Total assets	523,959,063	430,741,621	354,220,982	351,852,474	878,180,045	782,594,095
Total deferred outflows of resources	50,499,731	48,378,565	6,709,419	6,206,039	57,209,150	54,584,604
Total assets and deferred outflows of resources	574,458,794	479,120,186	360,930,401	358,058,513	935,389,195	837,178,699
Liabilities and Deferred Inflows of Resources						
Long-term liabilities	393,735,937	323,333,323	88,972,384	92,050,915	482,708,321	415,384,238
Other liabilities	25,598,366	24,703,119	15,146,916	14,498,931	40,745,282	39,202,050
Total liabilities	419,334,303	348,036,442	104,119,300	106,549,846	523,453,603	454,586,288
Total deferred inflows of resources	12,280,000	6,803,769	1,034,797	486,010	13,314,797	7,289,779
Total liabilities and deferred inflows of resources	431,614,303	354,840,211	105,154,097	107,035,856	536,768,400	461,876,067
Net Position						
Net investment in capital assets	240,310,768	212,335,854	242,871,734	236,429,104	483,182,502	448,764,958
Restricted	65,688,810	25,114,378	-	-	65,688,810	25,114,378
Unrestricted	(163,155,087)	(113,170,257)	12,904,570	14,593,553	(150,250,517)	(98,576,704)
Total Net Position	\$ 142,844,491	\$ 124,279,975	\$ 255,776,304	\$ 251,022,657	\$ 398,620,795	\$ 375,302,632

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Analysis of Net Position (Continued)

The largest portion of the City's net position, \$483,182,502 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 2021, the City's governmental activities capital assets, net of accumulated depreciation, increased by \$26,679,391 and business-type activities capital assets, net of accumulated depreciation, increased by \$2,466,966 primarily due to the completion of ongoing infrastructure projects. 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, \$65,688,810 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 \$163,155,087 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, 2021 for governmental activities totaled \$165,962,707 and \$38,229,283, respectively. The unrestricted net position in business-type activities is \$12,904,570. The net pension liability and total OPEB liability as of September 30, 2021 for business-type activities totaled \$9,458,277 and \$5,890,060, respectively.

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Analysis of Changes in Net Position

The following tables provide a summary of the City's change in net position. Governmental activities net position increased by \$18,564,516 and the business-type activities net position increased by \$4,753,647. 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:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 27,309,281	\$ 28,376,310	\$ 50,154,189	\$ 49,333,560	\$ 77,463,470	\$ 77,709,870
Operating grants and contributions	65,947,637	53,367,264	-	-	65,947,637	53,367,264
Capital grants and contributions	1,663,060	3,198,231	1,184,686	453,399	2,847,746	3,651,630
General revenues:						
Sales and use tax	77,287,801	69,196,100	-	-	77,287,801	69,196,100
Property tax	19,801,467	19,482,368	-	-	19,801,467	19,482,368
Other taxes	17,458,823	14,557,958	-	-	17,458,823	14,557,958
Investment earnings	56,656	108,894	1,901	13,023	58,557	121,917
Gain (loss) on disposal of capital assets	-	-	18,646	43,139	18,646	43,139
Total revenues	\$ 209,524,725	188,287,125	\$ 51,359,422	49,843,121	\$ 260,884,147	238,130,246
Expenses						
Community Services	\$ 18,562,795	\$ 26,063,157	\$ -	\$ -	\$ 18,562,795	\$ 26,063,157
Education	24,651,106	22,731,935	-	-	24,651,106	22,731,935
General Government	22,640,614	23,163,585	-	-	22,640,614	23,163,585
Infrastructure and public services	49,460,633	35,447,889	-	-	49,460,633	35,447,889
Public safety	72,924,074	72,429,503	-	-	72,924,074	72,429,503
Urban Development	4,252,317	4,367,239	-	-	4,252,317	4,367,239
Interest	5,560,297	3,535,948	-	-	5,560,297	3,535,948
Intermodal facility	-	-	53,027	51,269	53,027	51,269
Water and sewer	-	-	39,461,121	37,353,617	39,461,121	37,353,617
Total expenses	198,051,836	187,739,256	39,514,148	37,404,886	237,565,984	225,144,142
Increase (decrease) in net position before transfers	11,472,889	547,869	11,845,274	12,438,235	23,318,163	12,986,104
Transfers in (out)	7,091,627	7,538,753	(7,091,627)	(7,538,753)	-	-
Change in net position	18,564,516	8,086,622	4,753,647	4,899,482	23,318,163	12,986,104
Net position, beginning of year, as previously reported	124,279,975	116,193,353	251,022,657	246,123,175	375,302,632	362,316,528
Net effect of prior period adjustments	-	-	-	-	-	-
Net position, beginning of year,	124,279,975	116,193,353	251,022,657	246,123,175	375,302,632	362,316,528
Net position, end of year	\$ 142,844,491	\$ 124,279,975	\$ 255,776,304	\$ 251,022,657	\$ 398,620,795	\$ 375,302,632

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2021

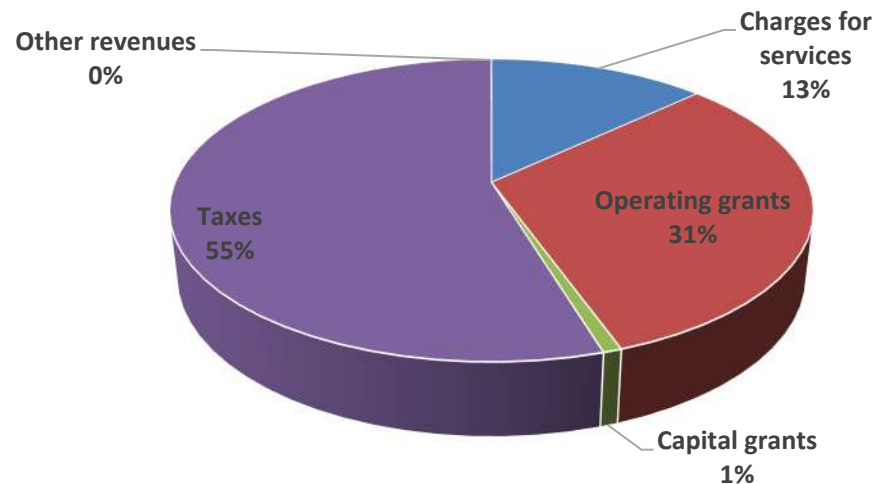
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities - Revenues

Significant changes in governmental activities revenue include the following:

- Sales and use tax revenue increased \$8,091,701 (12%) primarily due to increased spending in fiscal year 2021 as our local economy began to recover from the COVID-19 pandemic. In addition, Simplified Sellers Use Tax continued to benefit from the shift from the traditional “brick and mortar” retail stores to online retailers.
- Property tax revenues increased \$319,099 (2%) due to increased assessed property values and continued growth in Tuscaloosa.
- Lodging tax revenues increased \$1,680,031 (29%) due to the reopening of the City’s economy after the shutdown that occurred as a result of the COVID-19 pandemic. The City was able to begin hosting events at the amphitheater, football games and other events resumed at the University of Alabama, and various other local events took place, spurring tourism throughout the City.
- Revenues from operating and capital grants and contributions increased by \$11,045,202 (20%). The increased revenues can be attributed primarily to the receipt of the Shuttered Venue Grant as well as additional airport grants totaling \$1,281,802 and \$7,936,868, respectively.

FY 2021 Governmental Activities Revenues



MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2021

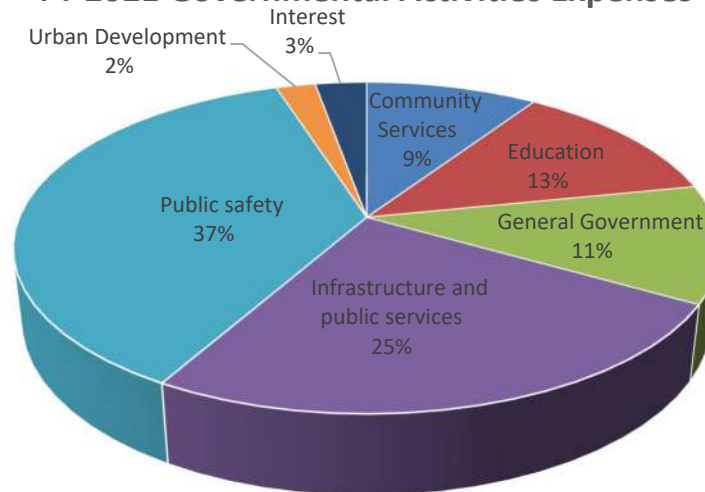
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities - Expenses

Significant changes in governmental activities expenses include the following:

- Education expenses increased \$1,919,171, approximately 8% due to the increased amount of pass-through sales tax paid to the Tuscaloosa County Board of Education in fiscal year 2021.
- Community Services decreased \$7,500,362, approximately 29%, the majority of which can be attributed to the purchase of the Tuscaloosa News building in fiscal year 2020, which will house the future Saban Center.
- Infrastructure and Public Services increased \$14,012,744, approximately 40%. Intergovernmental expenses increased approximately \$6.3M, while capital project related activity increased approximately \$7M.
- Interest expense increased \$2,024,349, approximately 57%, due to the issuance of additional debt. In fiscal year 2021, the City had approximately \$155M in warrants versus \$108M in fiscal year 2020.

FY 2021 Governmental Activities Expenses



MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2021

Business-type Activities

The City operates a water and sewer utility that is accounted for as an enterprise fund. Total operating revenues increased by \$813,997 (2%) while operating expenses increased by \$2,546,689 (7%). The Water and Sewer Fund change in net position compared to the prior year decreased by \$194,266 primarily due to a reduction in revenues related to abnormal rainfall, lack of payments due to COVID-19 and insufficient rate increases since 2014. To address these issues, the City Council approved an overall 8% rate increase as part of the fiscal year 2022 budget. 3.5% of that rate increase will be earmarked for immediate infrastructure needs.

The Water and Sewer Fund transferred \$7,091,627 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 2021 fiscal year, the City's governmental funds reported combined ending fund balances of \$127,392,923 an increase of \$50,911,392 (67%) 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 2021, the total transfer was \$15,615,534. Of the total fund balance of \$127,392,923, \$610,500 (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, \$60,989,876 (48%) 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

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2021

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Governmental Funds (Continued)

making authority are reported as committed fund balance. Committed fund balance represents \$3,531,504 (3%) 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 \$45,387,895 (35%) 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, 2021, unassigned fund balance represented \$16,873,148 (13%) of total fund balance.

Governmental Funds - Revenues

The following table shows the revenues for fiscal year 2021 and 2020 and the increases and decreases from 2020 by major funds and other governmental funds.

	General Fund			Capital Projects Fund			Disaster Recovery Construction Fund			Other Governmental Funds		
	2021	2020	Increase/ (Decrease)	2021	2020	Increase/ (Decrease)	2021	2020	Increase/ (Decrease)	2021	2020	Increase/ (Decrease)
Revenues												
Taxes	\$ 110,310,116	\$ 99,233,004	\$ 11,077,112	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,471,969	\$ 1,323,898	\$ 148,071
Licenses and permits	23,209,084	24,554,241	(1,345,157)	-	-	-	-	-	-	-	-	-
Fines and penalties	2,272,231	1,682,534	589,697	-	-	-	-	-	-	210,462	353,474	(143,012)
Use of property	250,229	388,477	(138,248)	-	-	-	-	-	-	-	-	-
Charges for services	1,367,275	1,397,584	(30,309)	-	-	-	-	-	-	-	-	-
Intergovernmental	46,387,356	42,900,334	3,487,022	316,054	269,014	47,040	453,486	1,682,633	(1,229,147)	11,831,671	7,744,103	4,087,568
Other revenues	8,539,449	2,981,066	5,558,383	326,834	376,006	(49,172)	714	657	57	529,185	1,066,562	(537,377)
	<u>\$ 192,335,740</u>	<u>\$ 173,137,240</u>	<u>\$ 19,198,500</u>	<u>\$ 642,888</u>	<u>\$ 645,020</u>	<u>\$ (2,132)</u>	<u>\$ 454,200</u>	<u>\$ 1,683,290</u>	<u>\$ (1,229,090)</u>	<u>\$ 14,043,287</u>	<u>\$ 10,488,037</u>	<u>\$ 3,555,250</u>

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2021

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Governmental Funds – Revenues (Continued)

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 12% in fiscal year 2021 mainly due 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, overall revenues decreased by only \$2,132, remaining relatively consistent with prior year.

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 73% in fiscal year 2021, as the majority of recovery efforts have neared or come near to completion. In fiscal year 2021, the 10th Avenue project was completed.

The *American Rescue Plan Fund* is a new major governmental fund. The City received \$10,264,612 in funding from the federal government in fiscal year 2021; however, this amount is recorded as unearned revenue at the end of fiscal year 2021 since the City has not incurred any costs that require reimbursement from this fund at year end. Therefore, this fund is not included in the table shown above. The City is expected to receive another \$10,264,612 in fiscal year 2022.

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 increase reflected in Other Governmental Fund revenues can be primarily attributed to the Airport Development Fund. In the Airport Development Fund, a non-major special revenue fund, total revenues increased by \$5,739,949 due to grant funding received for airport runway projects. In addition, the Road Improvement Fund revenues decreased by \$1,159,774, as all reimbursements that were received for these projects within fiscal year 2021 were recorded in the General Fund where debt service is paid.

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2021

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Governmental Funds – Expenditures

The following table shows the expenditures for fiscal year 2021 and 2020 and the increases and decreases from 2020 by major funds and other governmental funds.

	General Fund			Capital Project Fund			Disaster Recovery Construction Fund			Other Governmental Funds		
	2021	2020	Increase/ (Decrease)	2021	2020	Increase/ (Decrease)	2021	2020	Increase/ (Decrease)	2021	2020	Increase/ (Decrease)
Expenditures												
Current operations:												
Community Services	\$ 5,014,223	\$ 13,302,231	\$ (8,288,008)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,056,765	\$ 1,718,256	\$ (661,491)
Education	20,127,000	18,365,865	1,761,135	-	-	-	-	-	-	-	-	-
General Government	18,271,646	16,748,147	1,523,499	8,735	89,542	(80,807)	83,767	1,517,520	(1,433,753)	220,612	484,888	(264,276)
Infrastructure & Public Services	32,085,238	34,088,360	(2,003,122)	-	-	-	-	-	-	-	6,971	(6,971)
Public Safety	62,089,303	59,599,516	2,489,787	-	-	-	-	-	-	11,757	37,692	(25,935)
Urban Development	3,958,010	4,044,880	(86,870)	-	-	-	463	382	81	-	-	-
Funds to Other Agencies	15,992,233	13,911,661	2,080,572	-	-	-	-	-	-	-	-	-
Cost Sharing Arrangements	1,585,991	1,685,781	(99,790)	-	-	-	-	-	-	-	-	-
Other expenditures	889,308	675,504	213,804	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	24,920,792	9,916,905	15,003,887	337,795	357,697	(19,902)	16,761,200	14,018,413	2,742,787
Debt service	9,162,416	8,460,711	701,705	1,292,995	-	1,292,995	-	-	-	8,126,083	386,160	7,739,923
Intergovernmental expenditures	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 169,175,368</u>	<u>\$ 170,882,656</u>	<u>\$ (1,707,288)</u>	<u>\$ 26,222,522</u>	<u>\$ 10,006,447</u>	<u>\$ 16,216,075</u>	<u>\$ 422,025</u>	<u>\$ 1,875,599</u>	<u>\$ (1,453,574)</u>	<u>\$ 26,176,417</u>	<u>\$ 16,652,380</u>	<u>\$ 9,524,037</u>

General Fund – General fund expenditures decreased \$1,707,288 (1%) from the prior fiscal year. Community Services decreased mainly due to the purchase of the Tuscaloosa News building in fiscal year 2020, which will house the future Saban Center. Public Safety expenditures increased due to an increase in salaries expenses for the Fire Department, as well as an increase in equipment purchases for the Fire Department which were funded with CARES funding. The amount of pass-through sales tax paid to the Tuscaloosa County Board of Education increased in fiscal year 2021, which led to the increase in the education expenditures line item.

Capital Projects Fund – Expenditures on capital projects increased by \$16,216,075 (162%). The majority of this increase is related to the Martin Luther King/Jack Warner Parkway project. In addition, there were several Elevate Tuscaloosa projects that contributed to the increase such as the Northern Riverwalk, Western Riverwalk and River District Park. Other projects include the Westervelt Sanitary Sewer Line repair, Tuscaloosa Police Department Headquarters renovation, Albright Road bridge replacement and the purchase of the YMCA.

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2021

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Governmental Funds - Expenditures (Continued)

Disaster Recovery Construction Fund – Expenditures within the disaster recovery fund decreased by \$1,453,574 (77%) over the prior fiscal year, the majority of which can be attributed to the substantial completion of major disaster recovery projects such as the 10th Avenue Revitalization project. 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 *American Rescue Plan Fund* is a new major governmental fund. The City received \$10,264,612 in funding from the federal government in fiscal year 2021; however, this amount is recorded as unearned revenue at the end of fiscal year 2021 since the City has not incurred any costs that require reimbursement from this fund at year end. Therefore, this fund is not included in the table shown above. The City is expected to receive another \$10,264,612 in fiscal year 2022.

Other Governmental Funds – Expenditures shown for these funds, comprised of nonmajor capital project and special revenue funds, increased by \$15,803,694 (95%). The Airport Development fund, a non-major special revenue fund, increased by \$5,641,459 in expenditures related to grant funded capital projects at the Tuscaloosa National Airport. In addition Public Safety Capital Projects increased by \$5,405,600 due to additional purchases of fire and police equipment. Road Improvement Fund expenditures increased \$6,222,655 due to the payoff of the 2017-A line of credit as well as increased expenditures for the McWright's Ferry Road project.

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

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2021

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Proprietary Funds

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

	September 30, 2021	September 30, 2020
<u>Operating revenues</u>		
Charges for services	\$ 48,669,026	\$ 48,218,192
Connection fees	550,791	745,919
Cost reimbursement	477,846	129,838
Other	388,260	177,977
Total operating revenues	50,085,923	49,271,926
<u>Operating expenses</u>		
All departmental expenses	26,859,148	24,565,353
Depreciation	10,732,765	10,479,871
Total operating expenses	37,591,913	35,045,224
Operating income	\$ 12,494,010	\$ 14,226,702

The City Council has required the Water and Sewer Fund to maintain undesignated net position of at least thirty percent of actual current year water and sewer operating expenses in the Water and Sewer Fund and the Water and Sewer Reserve for Future Improvements Fund. The Water and Sewer Fund has met this requirement for 2021 and has \$12,904,570 in unrestricted funds available for future capital projects.

Charges for services remained fairly consistent with prior year and increased \$450,834 (1%). Operating expenses increased \$2,546,689 (7%) primarily due to additional expenses related to the AMI Meter Initiative. For financial statement purposes, the Water and Sewer Fund and the Water and Sewer Reserve for Future Improvements Fund are combined.

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2021

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, 2021 totaled \$362,057,527 and \$317,536,476, 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, infrastructure and construction in progress categories. For the business-type activities, the increase was primarily the result of an increase in the construction in progress category. See note 4 to the financial statements for additional information.

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

	Governmental Activities		Business-type Activities		Totals	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Land	\$ 20,551,555	\$ 17,686,289	\$ 2,048,276	\$ 2,015,023	\$ 22,599,831	\$ 19,701,312
Buildings	96,509,841	90,485,805	-	-	96,509,841	90,485,805
Equipment	28,601,954	29,615,852	5,417,693	5,525,282	34,019,647	35,141,134
Equipment, not in use	2,183,105	2,137,465	-	-	2,183,105	2,137,465
Infrastructure	184,755,924	175,319,850	-	-	184,755,924	175,319,850
Utility property	-	-	295,267,195	298,627,982	295,267,195	298,627,982
Construction in progress	29,455,148	20,132,875	14,803,312	8,901,223	44,258,460	29,034,098
	<u>\$ 362,057,527</u>	<u>\$ 335,378,136</u>	<u>\$ 317,536,476</u>	<u>\$ 315,069,510</u>	<u>\$ 679,594,003</u>	<u>\$ 650,447,646</u>

Debt Administration

At fiscal year end, the City had \$249,925,442 in outstanding warrants, installment payable and capital leases. Additional long-term liabilities totaled \$234,718,362 consisting of the net pension liabilities, OPEB liability, compensated absences and workers compensation claims. Overall, long-term debt increased \$54,091,841 from the prior year. See note 5 to the financial statements for additional information.

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration (Continued)

	Governmental Activities		Business-type Activities		Totals	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Warrants payable	\$ 155,495,000	\$ 108,874,614	\$ 45,595,000	\$ 52,055,000	\$ 201,090,000	\$ 160,929,614
Section 108 loan	675,000	750,000	-	-	675,000	750,000
Installment payable	1,022,316	1,192,702	-	-	1,022,316	1,192,702
Capital leases	4,918,118	6,324,502	463,251	578,239	5,381,369	6,902,741
Revolving loans	-	-	31,063,059	27,218,986	31,063,059	27,218,986
Premiums on warrants	10,552,713	4,989,272	455,054	1,479,467	11,007,767	6,468,739
Discounts on warrants	(314,069)	(336,647)	-	-	(314,069)	(336,647)
Total warrants, installment payable, and capital leases	172,349,078	121,794,443	77,576,364	81,331,692	249,925,442	203,126,135
Net pension liabilities	165,962,707	160,064,379	9,458,277	8,513,070	175,420,984	168,577,449
Total OPEB liability	38,229,283	36,982,982	5,890,060	5,690,138	44,119,343	42,673,120
Compensated absences	8,742,140	8,845,324	1,080,132	1,108,683	9,822,272	9,954,007
Workers compensation claims	5,002,377	5,680,555	353,386	540,697	5,355,763	6,221,252
Long-term liabilities	\$ 390,285,585	\$ 333,367,683	\$ 94,358,219	\$ 97,184,280	\$ 484,643,804	\$ 430,551,963

Total long-term liabilities for governmental activities increased by \$56,917,902 primarily due to an increase in the warrants payable, net pension liability and total OPEB liability. Total long-term liabilities for business-type activities decreased by \$2,826,061 due primarily to a decrease in the warrants payable, capital leases and workers compensation claims.

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.

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2021

OTHER FINANCIAL MATTERS

Internal Service Fund

The City's Health Insurance Fund, an Internal Service Fund, had a positive net position of \$1,130,943 at September 30, 2021, an increase of \$567,788 from the prior year. The change in net position for 2021 was more than double the total change for 2020. The City continues to be diligent in its efforts to maintain a positive net position in the Health Insurance Fund and has been successful in the past few years by implementing premium increases as well as budgeting transfers from the General Fund and Water and Sewer Fund to help cover the rising costs of insurance. Specifically, the City has budgeted transfers to the Internal Service Fund of \$50,000 in the General Fund and \$25,000 in the Water and Sewer Fund in the fiscal year 2022 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, Carly Standridge, can be reached by telephone at (205) 248-5094. The City's website is www.tuscaloosa.com.

BASIC FINANCIAL STATEMENTS



CITY OF TUSCALOOSA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 121,827,503	\$ 21,690,432	\$ 143,517,935	\$ 732,219	\$ 87,995
Investments	159,723	-	159,723	-	507,560
Receivables (net of allowances for uncollectibles)	29,976,778	12,863,921	42,840,699	300	-
Internal Balances	2,747,746	(2,747,746)	-	-	-
Prepaid Items	1,665,211	-	1,665,211	18,230	-
Inventories	458,233	1,834,469	2,292,702	-	-
Total Current Assets	156,835,194	33,641,076	190,476,270	750,749	595,555
Non-current Assets					
Restricted Assets					
Cash and Cash Equivalents	-	3,043,430	3,043,430	-	-
Receivables	5,066,342	-	5,066,342	-	-
Capital Assets					
Land	20,551,555	2,048,276	22,599,831	-	-
Equipment Not in Service	2,183,105	-	2,183,105	-	-
Construction in Progress	29,455,148	14,803,312	44,258,460	-	-
Capital Assets (net of accumulated depreciation)	309,867,719	300,684,888	610,552,607	208,549	2,790,206
Total Capital Assets (net of accumulated depreciation)	362,057,527	317,536,476	679,594,003	208,549	2,790,206
Total Non-current Assets	367,123,869	320,579,906	687,703,775	208,549	2,790,206
Total Assets	523,959,063	354,220,982	878,180,045	959,298	3,385,761
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows from Pension	42,311,025	3,110,467	45,421,492	-	446,148
Deferred Outflows from OPEB	7,059,392	1,132,410	8,191,802	-	-
Deferred Loss on Debt Refunding	1,129,314	2,466,542	3,595,856	-	-
Total Deferred Outflows of Resources	50,499,731	6,709,419	57,209,150	-	446,148
LIABILITIES					
Current Liabilities					
Accounts Payable and Other Current Charges	15,365,341	3,649,496	19,014,837	29,105	195,661
Accrued Interest Payable	2,415,901	540,620	2,956,521	1,684	-
Current Portion of Long-Term Debt	7,817,124	10,956,800	18,773,924	5,575	-
Total Current Liabilities	25,598,366	15,146,916	40,745,282	36,364	195,661

(Continued)

CITY OF TUSCALOOSA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority
LIABILITIES (Continued)					
Non-current Liabilities					
Unearned Revenue	\$ 11,267,476	\$ 395,661	\$ 11,663,137	\$ -	\$ -
Developer Deposits	-	2,131,874	2,131,874	-	-
Net Pension Liabilities	165,962,707	9,458,277	175,420,984	-	-
Total OPEB Liability	38,229,283	5,890,060	44,119,343	-	-
Liabilities Payable from Restricted Assets					
Customer Deposits	-	3,043,430	3,043,430	-	-
Long-Term Debt - Due in more than one year, net	178,276,471	68,053,082	246,329,553	7,251	683,808
Total Non-current Liabilities	393,735,937	88,972,384	482,708,321	7,251	683,808
Total Liabilities	419,334,303	104,119,300	523,453,603	43,615	879,469
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows from Pension	7,093,792	222,185	7,315,977	-	60,904
Deferred Inflows from OPEB	4,742,402	760,738	5,503,140	-	-
Deferred Gain on Debt Refunding	443,806	51,874	495,680	-	-
Total Deferred Inflows of Resources	12,280,000	1,034,797	13,314,797	-	60,904
NET POSITION					
Net Investment in Capital Assets	240,310,768	242,871,734	483,182,502	195,723	2,790,206
Restricted for:					
Ambulance Franchise Program	439,783	-	439,783	-	-
Long-term Receivable	3,839,948	-	3,839,948	-	-
Capital Projects	51,938,918	-	51,938,918	-	-
Garnishments	4,099	-	4,099	-	-
Grant Projects	1,425,003	-	1,425,003	-	-
Municipal Court	823,773	-	823,773	-	-
Pensions	532,041	-	532,041	-	-
Road Projects	6,438,085	-	6,438,085	-	-
Salaries	235,519	-	235,519	-	-
Capital Park Maintenance					
Nonexpendable	11,641	-	11,641	-	-
Unrestricted	(163,155,087)	12,904,570	(150,250,517)	719,960	101,330
Total Net Position	\$ 142,844,491	\$ 255,776,304	\$ 398,620,795	\$ 915,683	\$ 2,891,536

CITY OF TUSCALOOSA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

FUNCTIONS / PROGRAMS	Program Revenues				Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority
Primary Government									
Governmental Activities									
Community Services	\$ 18,562,795	\$ -	\$ 6,871,163	\$ -	\$ (11,691,632)	\$ -	\$ (11,691,632)	\$ -	\$ -
Education	24,651,106	-	42,121,483	-	17,470,377	-	17,470,377	-	-
General Government	22,640,614	23,459,313	4,200,156	-	5,018,855	-	5,018,855	-	-
Infrastructure and Public Services	49,460,633	1,367,275	2,046,766	1,593,221	(44,453,371)	-	(44,453,371)	-	-
Public Safety	72,924,074	2,482,693	534,881	69,839	(69,836,661)	-	(69,836,661)	-	-
Urban Development	4,252,317	-	10,173,188	-	5,920,871	-	5,920,871	-	-
Interest on Long-Term Debt	5,560,297	-	-	-	(5,560,297)	-	(5,560,297)	-	-
Total Governmental Activities	198,051,836	27,309,281	65,947,637	1,663,060	(103,131,858)	-	(103,131,858)	-	-
Business-Type Activities									
Intermodal Facility	53,027	68,266	-	-	-	15,239	15,239	-	-
Water and Sewer	39,461,121	50,085,923	-	1,184,686	-	11,809,488	11,809,488	-	-
Total Business-Type Activities	39,514,148	50,154,189	-	1,184,686	-	11,824,727	11,824,727	-	-
Total Primary Government	\$ 237,565,984	\$ 77,463,470	\$ 65,947,637	\$ 2,847,746	(103,131,858)	11,824,727	(91,307,131)	-	-
Component Units									
Tuscaloosa Tourism and Sports Commission	\$ 1,804,434	\$ -	\$ 1,797,113	\$ -	-	-	-	(7,321)	-
Tuscaloosa County Parking and Transit Authority	3,466,828	259,384	1,450,414	1,999,650	-	-	-	-	242,620
Total Component Units	\$ 5,271,262	\$ 259,384	\$ 3,247,527	\$ 1,999,650	-	-	-	(7,321)	242,620
General Revenues									
Taxes									
Sales and Use Tax					77,287,801	-	77,287,801	-	-
Property Tax					19,801,467	-	19,801,467	-	-
Lodging Tax					7,377,346	-	7,377,346	-	-
Other Local Taxes					10,081,477	-	10,081,477	-	-
Gain on Disposal of Capital Assets					-	18,646	18,646	-	1,500
Unrestricted Investment Earnings					56,656	1,901	58,557	1,082	1,017
Transfers					7,091,627	(7,091,627)	-	-	-
Total General Revenues and Transfers					121,696,374	(7,071,080)	114,625,294	1,082	2,517
Change in Net Position					18,564,516	4,753,647	23,318,163	(6,239)	245,137
Net Position, Beginning of Year					124,279,975	251,022,657	375,302,632	921,922	2,646,399
Net Position, End of Year					\$ 142,844,491	\$ 255,776,304	\$ 398,620,795	\$ 915,683	\$ 2,891,536

CITY OF TUSCALOOSA

BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2021

	General Fund	Capital Projects Fund	Disaster Recovery Construction Fund	American Rescue Plan Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 35,973,933	\$ 61,562,284	\$ 1,492,208	\$ 10,264,612	\$ 11,835,604	\$ 121,128,641
Investments	-	-	-	-	159,723	159,723
Receivables (net of allowances for uncollectibles)	21,069,105	1,488,119	16,135	-	6,856,814	29,430,173
Due from Other Governments	286,667	-	-	-	-	286,667
Due from Other Funds	17,671,234	22,866,748	-	-	5,048,899	45,586,881
Advances to Other Funds	30,020	-	-	-	-	30,020
Loans Receivable	-	-	-	-	3,839,948	3,839,948
Prepaid Items	122,247	-	-	-	-	122,247
Inventories	458,233	-	-	-	-	458,233
Total Assets	<u>\$ 75,611,439</u>	<u>\$ 85,917,151</u>	<u>\$ 1,508,343</u>	<u>\$ 10,264,612</u>	<u>\$ 27,740,988</u>	<u>\$ 201,042,533</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Liabilities						
Accounts Payable and Other Current Charges	\$ 10,906,752	\$ 3,026,509	\$ 35,713	\$ -	\$ 1,386,242	\$ 15,355,216
Unearned Revenue	1,002,864	-	-	10,264,612	-	11,267,476
Due to Other Funds	27,172,644	3,603,916	-	-	9,326,559	40,103,119
Advances from Other Funds	-	-	1,445,345	-	30,020	1,475,365
Total Liabilities	<u>39,082,260</u>	<u>6,630,425</u>	<u>1,481,058</u>	<u>10,264,612</u>	<u>10,742,821</u>	<u>68,201,176</u>
Deferred Inflows of Resources						
Unavailable Revenue	-	747,668	-	-	4,700,766	5,448,434
Total Liabilities and Deferred Inflows of Resources	<u>39,082,260</u>	<u>7,378,093</u>	<u>1,481,058</u>	<u>10,264,612</u>	<u>15,443,587</u>	<u>73,649,610</u>

(Continued)

CITY OF TUSCALOOSA

BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2021

	General Fund	Capital Projects Fund	Disaster Recovery Construction Fund	American Rescue Plan Fund	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES						
Fund Balances						
Non-spendable:						
Advances	\$ 30,020	\$ -	\$ -	\$ -	\$ -	\$ 30,020
Prepaid Items	122,247	-	-	-	-	122,247
Inventories	458,233	-	-	-	-	458,233
Restricted for:						
Ambulance Franchise Program	439,783	-	-	-	-	439,783
Long-term Receivable	-	-	-	-	3,839,948	3,839,948
Capital Park Maintenance	-	-	-	-	11,641	11,641
Capital Projects	-	48,154,032	-	-	3,784,886	51,938,918
Garnishments	4,099	-	-	-	-	4,099
Grant Projects	-	-	27,285	-	97,492	124,777
Municipal Court	823,773	-	-	-	-	823,773
Pensions	532,041	-	-	-	-	532,041
Road Projects	-	-	-	-	3,039,377	3,039,377
Salaries and Wages	-	-	-	-	235,519	235,519
Committed for:						
Capital Projects	-	914,795	-	-	1,322,521	2,237,316
Cemetery Maintenance	-	-	-	-	133,120	133,120
Law Enforcement and Public Officials Liability	481,497	-	-	-	-	481,497
Tourism Enhancement	359,114	-	-	-	251,976	611,090
Facility Renewal Projects	68,481	-	-	-	-	68,481
Assigned:						
Fiscal Year 2022 Budget	2,399,658	-	-	-	-	2,399,658
Abandoned Evidence Account	48,012	-	-	-	-	48,012
Human Trafficking Taskforce	41,446	-	-	-	-	41,446
Future Capital Projects	-	29,470,231	-	-	-	29,470,231
Elevate Tuscaloosa Fund	13,428,548	-	-	-	-	13,428,548
Unassigned	17,292,227	-	-	-	(419,079)	16,873,148
Total Fund Balances	36,529,179	78,539,058	27,285	-	12,297,401	127,392,923
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 75,611,439	\$ 85,917,151	\$ 1,508,343	\$ 10,264,612	\$ 27,740,988	\$ 201,042,533

CITY OF TUSCALOOSA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2021

Fund Balances - Governmental Funds		\$ 127,392,923
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	\$ 96,509,841	
Equipment, net of accumulated depreciation	28,601,954	
Infrastructure, net of accumulated depreciation	184,755,924	
Land	20,551,555	
Equipment not in use	2,183,105	
Construction in progress	29,455,148	362,057,527
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		5,448,434
Long-term receivables associated with the sale of capital assets are not reported in the funds.		
Receivable for sale of land	\$ 1,101,394	
Receivable for sale of building	125,000	1,226,394
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.		33,368
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	\$ (155,495,000)	
Section 108 loan	(675,000)	
Capital lease	(4,918,118)	
Installment note payable	(1,022,316)	
Compensated absences	(8,742,140)	
Workers' comp liability	(3,834,777)	
Total OPEB liability and related deferred inflows and deferred outflows	(35,912,293)	
Net pension liability, deferred inflows, and deferred outflows, not reported in the funds	(130,745,474)	
Accrued interest payable	(2,415,901)	
Deferred loss on refunding of warrants, to be amortized	1,129,314	
Deferred gain on refunding of warrants, to be amortized	(443,806)	
Premiums, to be amortized	(10,552,713)	
Discount, to be amortized	314,069	(353,314,155)
Net position of governmental activities		<u>\$ 142,844,491</u>

CITY OF TUSCALOOSA

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

	General Fund	Capital Projects Fund	Disaster Recovery Construction Fund	American Rescue Plan Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 110,310,116	\$ -	\$ -	\$ -	\$ 1,471,969	\$ 111,782,085
Licenses and Permits	23,209,084	-	-	-	-	23,209,084
Fines and Penalties	2,272,231	-	-	-	210,462	2,482,693
Use of Property	250,229	-	-	-	-	250,229
Charges for Services	1,367,275	-	-	-	-	1,367,275
Intergovernmental	46,387,356	316,054	453,486	-	11,831,671	58,988,567
Other	8,539,449	326,834	714	-	529,185	9,396,182
Total Revenues	192,335,740	642,888	454,200	-	14,043,287	207,476,115
EXPENDITURES						
Current Operations:						
Community Services	5,014,223	-	-	-	1,056,765	6,070,988
Education	20,127,000	-	-	-	-	20,127,000
General Government	18,271,646	8,735	83,767	-	220,612	18,584,760
Infrastructure and Public Services	32,085,238	-	-	-	-	32,085,238
Public Safety	62,089,303	-	-	-	11,757	62,101,060
Urban Development	3,958,010	-	463	-	-	3,958,473
Funds to Other Agencies	15,992,233	-	-	-	-	15,992,233
Cost Sharing Arrangements	1,585,991	-	-	-	-	1,585,991
Other Expenditures	889,308	-	-	-	-	889,308
Total Current Operations	160,012,952	8,735	84,230	-	1,289,134	161,395,051
Intergovernmental	-	-	-	-	6,279,657	6,279,657
Capital Outlay	-	24,920,792	337,795	-	16,761,200	42,019,787
Debt Service:						
Principal	4,310,998	1,275,523	-	-	7,633,625	13,220,146
Interest Charges	4,389,702	17,472	-	-	492,458	4,899,632
Warrant Issue Costs	461,716	-	-	-	-	461,716
Total Expenditures	169,175,368	26,222,522	422,025	-	32,456,074	228,275,989
Deficiency of Revenues Under Expenditures	23,160,372	(25,579,634)	32,175	-	(18,412,787)	(20,799,874)
OTHER FINANCING SOURCES (USES)						
Capital Lease	-	-	-	-	2,773,239	2,773,239
Proceeds from Sale of Capital Assets	-	-	-	-	20,695	20,695
Issuance of Debt	53,920,000	1,275,523	-	-	-	55,195,523
Issuance of Refunding Debt	2,535,000	-	-	-	-	2,535,000
Warrant Premiums	6,513,796	-	-	-	-	6,513,796
Payment to refunded bond escrow agent	(2,418,614)	-	-	-	-	(2,418,614)
Transfers In	11,029,222	77,062,133	-	-	13,474,039	101,565,394
Transfer Out	(86,735,913)	(4,766,515)	-	-	(2,971,339)	(94,473,767)
Total Other Financing Sources, net	(15,156,509)	73,571,141	-	-	13,296,634	71,711,266
Net Change in Fund Balances	8,003,863	47,991,507	32,175	-	(5,116,153)	50,911,392
Fund Balances (Deficit), Beginning of Year	28,525,316	30,547,551	(4,890)	-	17,413,554	76,481,531
Fund Balances, End of Year	\$ 36,529,179	\$ 78,539,058	\$ 27,285	\$ -	\$ 12,297,401	\$ 127,392,923

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

CITY OF TUSCALOOSA

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

Net change in Fund Balances - Total Governmental Funds		\$ 50,911,392
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	\$ 42,352,002	
Depreciation expense	<u>(13,931,180)</u>	28,420,822
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	\$ (1,133,206)	
Disposal of capital assets	<u>(608,225)</u>	(1,741,431)
The collection of long-term receivables related to the sale of capital assets provide current financial resources in the governmental funds, however, reduce the receivables on the statement of position.		1,226,394
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.		822,216
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:		
Capital lease issued	\$ (2,773,239)	
Warrants issued	(57,730,523)	
Premium on warrants issued	(6,513,796)	
Debt payments made:		
Warrant payments	11,110,137	
Section 108 loan	75,000	
Capital lease payments	4,179,623	
Installment note payments	<u>170,386</u>	(51,482,412)
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	\$ (2,687,985)	
Compensated absences	103,184	
Workers' compensation	310,578	
Amortization of debt premium	950,355	
Amortization of discount	(22,578)	
Amortization of gain/loss on refunding	(204,118)	
Accrued interest payable	<u>(922,608)</u>	(2,473,172)
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.		488,298
Amount by which the City's net pension liability increased, deferred inflows from pensions increased, deferred outflows from pensions increased, and pension expense recognized.		<u>(7,607,591)</u>
Change in net position of governmental activities		<u>\$ 18,564,516</u>

CITY OF TUSCALOOSA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts Budgetary Basis**	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
Sales	\$ 37,265,667	\$ 39,552,921	\$ 63,658,447	\$ 24,105,526
Use	7,680,000	7,680,000	12,157,385	4,477,385
Property	18,828,592	18,828,592	19,195,559	366,967
Lodging	5,061,000	5,061,000	7,377,346	2,316,346
Other Taxes	6,611,854	6,611,854	7,921,379	1,309,525
Total Taxes	75,447,113	77,734,367	110,310,116	32,575,749
Licenses and Permits				
Business Licenses	20,715,000	20,715,000	19,953,059	(761,941)
Other Licenses and Penalties	1,512,500	1,512,500	1,510,806	(1,694)
Building and Other Permits	1,676,000	1,676,000	1,745,219	69,219
Total Licenses and Permits	23,903,500	23,903,500	23,209,084	(694,416)
Fines and Penalties	1,471,410	1,767,500	2,272,231	504,731
Use of Property	121,000	121,000	250,229	129,229
Charges for Current Services				
Garbage Collection Fees and Tax	1,100,000	1,100,000	1,367,275	267,275
Intergovernmental Revenues				
Federal and State Grants Revenue	341,774	2,610,531	3,174,884	564,353
Shared from Local Units:				
Public School Bond - Sales Tax	16,501,500	16,501,500	20,127,000	3,625,500
City Share of County Sales Tax	17,036,000	17,036,000	19,834,385	2,798,385
Other	1,892,000	1,892,000	2,160,098	268,098
Shared from State	376,000	376,000	1,090,989	714,989
Total Intergovernmental Revenues	36,147,274	38,416,031	46,387,356	7,971,325
Other Revenues				
Interest on Investments	6,000	6,000	14,804	8,804
Cost Reimbursed	881,033	966,073	2,791,677	1,825,604
Other	1,564,705	1,791,771	5,732,968	3,941,197
Total Other Operating Revenues	2,451,738	2,763,844	8,539,449	5,775,605
Total Revenues	140,642,035	145,806,242	192,335,740	46,529,498

(Continued)

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

CITY OF TUSCALOOSA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts Budgetary Basis**	Variance with Final Budget Positive (Negative)
EXPENDITURES				
Current Operations				
Community Services:				
Arts and Entertainment	\$ 2,031,186	\$ 2,116,032	\$ 5,211,189	\$ (3,095,157)
Federal Programs	508,219	570,864	487,736	83,128
Total Community Services	2,539,405	2,686,896	5,698,925	(3,012,029)
Education	16,501,500	16,501,500	20,127,000	(3,625,500)
General Government				
Accounting and Finance	4,399,385	4,488,333	4,336,611	151,722
City Attorney	1,922,395	1,922,395	1,813,497	108,898
City Council	417,843	417,843	384,998	32,845
Human Resources	2,668,117	2,733,169	3,252,784	(519,615)
Information Technology	5,330,336	6,358,263	5,879,161	479,102
Mayor and City Clerk	1,351,277	1,379,152	1,359,034	20,118
Municipal Court	1,082,877	1,083,217	1,226,844	(143,627)
Total General Government	17,172,230	18,382,372	18,252,929	129,443
Infrastructure and Public Services				
Administration	1,690,374	1,618,360	1,574,366	43,994
Engineering	1,949,041	2,086,379	1,920,563	165,816
Infrastructure	14,086,695	14,211,930	13,838,341	373,589
Logistics and Asset Management	7,384,722	7,440,020	6,850,410	589,610
Public Services	8,502,279	8,682,742	7,582,000	1,100,742
Total Infrastructure and Public Services	33,613,111	34,039,431	31,765,680	2,273,751
Public Safety				
Fire and Rescue	26,003,462	27,192,879	28,793,758	(1,600,879)
Jail Costs	500,000	500,000	500,198	(198)
Police	33,508,565	33,768,789	32,913,507	855,282
Total Public Safety	60,012,027	61,461,668	62,207,463	(745,795)
Urban Development				
Administration	732,661	732,661	1,625,383	(892,722)
Building and Inspections	1,693,803	1,693,803	1,694,623	(820)
Planning	906,541	919,559	790,370	129,189
Total Urban Development	3,333,005	3,346,023	4,110,376	(764,353)

(Continued)

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

CITY OF TUSCALOOSA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts Budgetary Basis**	Variance with Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Current Operations (Continued)				
Funds to Other Agencies:				
Alabama Blues Project	\$ 7,150	\$ 7,150	\$ 7,150	\$ -
Arts and Humanities Council of Tuscaloosa	35,750	35,750	35,750	-
Arts N Autism	5,363	5,363	5,363	-
Boys and Girls Clubs of West Alabama	14,300	14,300	14,300	-
Children's Hands-On Museum	103,675	103,675	103,675	-
Easter Seals	35,714	35,714	35,714	-
Focus	87,588	87,588	87,588	-
Habitat for Humanity	19,233	19,233	19,233	-
Hope Summer Jobs	100,000	72,214	72,214	-
Indian Rivers	35,750	35,750	35,750	-
Jemison Foundation	42,900	42,900	42,900	-
Murphy African American Friedman Home	5,720	5,720	5,720	-
PRIDE	14,300	14,300	14,300	-
Theatre Tuscaloosa	10,725	10,725	10,725	-
Tuscaloosa Children's Theater	10,725	10,725	10,725	-
Tuscaloosa City Board of Education	3,042,959	3,042,959	3,003,393	39,566
Tuscaloosa Community Dancers	7,150	7,150	7,150	-
Tuscaloosa County Health Department	92,950	92,950	92,950	-
Tuscaloosa County Industrial Development Authority	298,870	298,870	298,870	-
Tuscaloosa County Parks and Recreation Authority	3,898,528	3,898,528	3,866,621	31,907
Tuscaloosa City Board of Education	-	-	1,362,000	(1,362,000)
Tuscaloosa Soil and Water Conservation	8,938	8,938	8,938	-
Tuscaloosa Public Library	1,704,136	1,704,136	1,704,136	-
Tuscaloosa Sister Cities Commission	85,800	85,800	85,800	-
Tuscaloosa Spay Neuter Incentive Program	17,875	17,875	17,875	-
Tuscaloosa Symphony Orchestra	25,025	25,025	25,025	-
Tuscaloosa Tourism and Sports Commission	1,077,352	1,077,352	1,077,352	-
Tuscaloosa Transit Authority	203,603	203,603	268,365	(64,762)
West Alabama Aids Outreach	10,725	10,725	10,725	-
West Alabama Regional Commission	25,809	25,809	25,809	-
Budgeted Allocation to Other Agencies	263,714	348,754	3,636,117	(3,287,363)
Total Funds to Other Agencies	11,292,327	11,349,581	15,992,233	(4,642,652)

(Continued)

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

CITY OF TUSCALOOSA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts Budgetary Basis**	Variance with Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Current Operations (Continued)				
Cost Sharing Arrangements	\$ 1,724,037	\$ 1,724,037	\$ 1,585,991	\$ 138,046
Other	650,500	650,500	1,484,050	(833,550)
Contingency	506,246	418,746	-	418,746
Total Current Operations	147,344,388	150,560,754	161,224,647	(10,663,893)
Debt Service				
Principal	4,115,386	4,115,386	4,310,998	(195,612)
Interest Charges	3,589,791	3,614,791	4,389,702	(774,911)
Warrant Issue Costs	10,000	10,000	461,716	(451,716)
Total Expenditures	155,059,565	158,300,931	170,387,063	(12,086,132)
Deficiency of Revenues over Expenditures	(14,417,530)	(12,494,689)	21,948,677	34,443,366
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	-	-	62,968,796	62,968,796
Payment to refunded bond escrow agent	-	-	(2,418,614)	(2,418,614)
Transfers In	16,857,134	16,854,348	11,029,222	(5,825,126)
Transfers Out	(2,439,604)	(5,005,175)	(86,735,913)	(81,730,738)
Total Other Financing Sources (Uses)	14,417,530	11,849,173	(15,156,509)	(27,005,682)
Net Change in Fund Balance	-	(645,516)	6,792,168	7,437,684
Fund Balance Allocation	1,193,368	2,499,233	-	(2,499,233)
	<u>\$ 1,193,368</u>	<u>\$ 1,853,717</u>	6,792,168	<u>\$ 4,938,451</u>
Add Encumbrances at End of Year			2,399,657	
Less Encumbrances at Beginning of Year			(1,187,962)	
Net Change in Fund Balance - GAAP Basis			8,003,863	
Fund Balance, Beginning of Year, GAAP Basis			28,525,316	
Fund Balance, End of Year, GAAP Basis			<u>\$ 36,529,179</u>	

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

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

CITY OF TUSCALOOSA

STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2021

	Business-Type Activities			Internal Service Fund
	Water and Sewer Fund	NonMajor Intermodal Facility Retail Fund	Total Business-Type Activity Funds	
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 21,652,345	\$ 38,087	\$ 21,690,432	\$ 698,862
Accounts Receivable (Net of Allowance for Uncollectibles)	9,708,037	20,457	9,728,494	259,938
Assessments Receivable - Principal - Current and Past Due	10,680	-	10,680	-
Special Assessments Interest Receivable	7,916	-	7,916	-
Due from Other Funds	2,426,272	-	2,426,272	613,874
Inventory	1,834,469	-	1,834,469	-
Prepays	-	-	-	1,542,964
Unbilled Water and Sewer Receivables	3,116,831	-	3,116,831	-
Total Current Assets	38,756,550	58,544	38,815,094	3,115,638
Non-current Assets				
Restricted Assets:				
Cash and Cash Equivalents	3,043,430	-	3,043,430	-
Advances to Other Funds	1,445,345	-	1,445,345	-
Total Restricted Assets	4,488,775	-	4,488,775	-
Capital Assets:				
Land	2,048,276	-	2,048,276	-
Moveable Equipment	13,232,916	-	13,232,916	-
Administration - Business Office	11,727,294	-	11,727,294	-
Distribution - Buildings, Mains, etc.	204,173,007	-	204,173,007	-
Pumping Purification - Buildings, etc.	75,034,105	-	75,034,105	-
Sewage System Properties	198,891,357	-	198,891,357	-
Source of Supply - Dams, Buildings, etc.	12,429,503	-	12,429,503	-
Construction in Progress	14,803,312	-	14,803,312	-
Less: Accumulated Depreciation	(214,803,294)	-	(214,803,294)	-
Total Capital Assets (Net of Accumulated Depreciation)	317,536,476	-	317,536,476	-
Total Non-current Assets	322,025,251	-	322,025,251	-
Total Assets	360,781,801	58,544	360,840,345	3,115,638

(Continued)

CITY OF TUSCALOOSA

STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2021

		Business-Type Activities		
		NonMajor		
	Water and Sewer Fund	Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Debt Refunding	\$ 2,466,542	\$ -	\$ 2,466,542	\$ -
Deferred Outflows from OPEB	1,132,410	-	1,132,410	-
Deferred Outflows from Pension	3,110,467	-	3,110,467	-
Total Deferred Outflows of Resources	6,709,419	-	6,709,419	-
LIABILITIES				
Current Liabilities				
Accounts Payable	3,236,973	6,470	3,243,443	10,125
Accrued Payables	406,053	-	406,053	-
Due to Other Funds	7,716,938	-	7,716,938	806,970
Compensated Absences	228,728	-	228,728	-
Accrued Interest Payable	540,620	-	540,620	-
Current Portion of Revolving Loans Payable	2,755,000	-	2,755,000	-
Current Portion of Lease Payable	238,072	-	238,072	-
Current Portion of Warrants Payable	7,735,000	-	7,735,000	-
Total Current Liabilities	22,857,384	6,470	22,863,854	817,095
Non-current Liabilities				
Warrants Payable, Net	38,315,054	-	38,315,054	-
Revolving Loans Payable	28,308,059	-	28,308,059	-
Capital Lease Payable	225,179	-	225,179	-
Total OPEB Liability	5,890,060	-	5,890,060	-
Unearned Revenue	395,661	-	395,661	-
Developer Deposits on Water Lines	2,131,874	-	2,131,874	-
Customer Deposits	3,043,430	-	3,043,430	-
Compensated Absences	851,404	-	851,404	-
Net Pension Liabilities	9,458,277	-	9,458,277	-
Workers' Compensation Claims	353,386	-	353,386	-
Outstanding Claims Liability	-	-	-	1,167,600
Total Non-current Liabilities	88,972,384	-	88,972,384	1,167,600
Total Liabilities	111,829,768	6,470	111,836,238	1,984,695
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows from OPEB	760,738	-	760,738	-
Deferred Inflows from Pension	222,185	-	222,185	-
Deferred Gain on Debt Refunding	51,874	-	51,874	-
Total Deferred Inflows of Resources	1,034,797	-	1,034,797	-

(Continued)

CITY OF TUSCALOOSA

STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2021

	Business-Type Activities			Internal Service Fund
	Water and Sewer Fund	NonMajor Intermodal Facility Retail Fund	Total Business-Type Activity Funds	
NET POSITION				
Net Investment in Capital Assets	\$ 242,871,734	\$ -	\$ 242,871,734	\$ -
Unrestricted	11,754,921	52,074	11,806,995	1,130,943
Total Net Position	<u>\$ 254,626,655</u>	<u>\$ 52,074</u>	254,678,729	<u>\$ 1,130,943</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund			1,097,575	
Net Position of Business-Type Activities			<u>\$ 255,776,304</u>	

CITY OF TUSCALOOSA

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

	Business-Type Activity			Internal Service Fund
	Water and Sewer Fund	NonMajor Intermodal Facility Retail Fund	Total Business-Type Activity Funds	
Operating Revenues				
Charges for Services	\$ 48,669,026	\$ -	\$ 48,669,026	\$ 18,341,111
Connection Fees	550,791	-	550,791	-
Cost Reimbursement	477,846	23,166	501,012	-
Other	388,260	45,100	433,360	-
Total Operating Revenues	50,085,923	68,266	50,154,189	18,341,111
Operating Expenses				
Accounting and Finance	289,439	-	289,439	-
Infrastructure and Public Services:				
Engineering	581,539	-	581,539	-
Logistics and Asset Management	14,517,180	-	14,517,180	-
Public Services	4,000	-	4,000	-
Infrastructure	7,471,616	-	7,471,616	-
Urban Development	1,067,621	-	1,067,621	-
Damage Claims	4,898	-	4,898	-
Depreciation	10,732,765	-	10,732,765	-
Special Projects	2,178,576	-	2,178,576	-
Other	744,279	53,027	797,306	-
Insurance Claims and Expenses	-	-	-	17,773,548
Total Operating Expenses	37,591,913	53,027	37,644,940	17,773,548
Operating Income	12,494,010	15,239	12,509,249	567,563

(Continued)

CITY OF TUSCALOOSA

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

	Business-Type Activity			Internal Service Fund
	Water and Sewer Fund	NonMajor Intermodal Facility Retail Fund	Total Business-Type Activity Funds	
Non-Operating Revenues (Expenses)				
Interest Income	\$ 1,901	\$ -	\$ 1,901	\$ 225
Interest and Fiscal Charges	(1,948,698)	-	(1,948,698)	-
Gain on Disposal	18,646	-	18,646	-
Total Non-Operating Revenues (Expenses)	(1,928,151)	-	(1,928,151)	225
Income Before Contributions and Transfers	10,565,859	15,239	10,581,098	567,788
Capital Contributions - Developers	1,120,637	-	1,120,637	-
Capital Grants	64,049	-	64,049	-
Transfers in	44,507	-	44,507	-
Transfers out	(7,136,134)	-	(7,136,134)	-
Change in Net Position	4,658,918	15,239	4,674,157	567,788
Total Net Position, Beginning of Year	249,967,737	36,835	250,004,572	563,155
Total Net Position, End of Year	\$ 254,626,655	\$ 52,074	254,678,729	\$ 1,130,943
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			79,490	
Change in Net Position of Business-Type Activities			\$ 4,753,647	

CITY OF TUSCALOOSA

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

		Business-Type Activity		
	Water and Sewer Fund	NonMajor Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
Cash flows from operating activities				
Receipts from customers and users	\$ 49,798,684	\$ 71,517	\$ 49,870,201	\$ -
Payments to suppliers	(15,514,620)	(56,709)	(15,571,329)	-
Payments to employees	(10,816,253)	-	(10,816,253)	-
Customer deposits	95,099	-	95,099	-
Receipts for health insurance	-	-	-	18,209,738
Payment of health insurance premiums	-	-	-	(19,480,711)
Net cash provided by (used in) operating activities	23,562,910	14,808	23,577,718	(1,270,973)
Cash flows from non-capital financing activities				
Transfer from other funds	44,507	-	44,507	-
Transfer to other funds	(7,136,134)	-	(7,136,134)	-
Loan to other funds	10,414,133	-	10,414,133	-
Repayment of loans from other funds	(4,704,559)	-	(4,704,559)	-
Proceeds from sale of capital assets	18,646	-	18,646	-
Net cash used in non-capital financing activities	(1,363,407)	-	(1,363,407)	-
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(12,800,069)	-	(12,800,069)	-
Interest paid on warrants	(3,215,536)	-	(3,215,536)	-
Federal grants	(321,631)	-	(321,631)	-
Waterline deposits from subdividers	1,120,637	-	1,120,637	-
Warrants and State Revolving Fund payments	(20,790,000)	-	(20,790,000)	-
Proceeds from Warrants and State Revolving Fund drawdowns	18,174,573	-	18,174,573	-
Lease principal payments	(114,988)	-	(114,988)	-
Net cash used in capital and related financing activities	(17,947,014)	-	(17,947,014)	-
Cash flows from investing activities				
Interest earned	4,065	-	4,065	225
Net cash provided by investing activities	4,065	-	4,065	225
Net increase (decrease) in cash and cash equivalents	4,256,554	14,808	4,271,362	(1,270,748)

(Continued)

CITY OF TUSCALOOSA

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

		Business-Type Activity		
	Water and Sewer Fund	NonMajor Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
Cash and cash equivalents, beginning of year				
Current assets	\$ 17,490,890	\$ 23,279	\$ 17,514,169	\$ 1,969,610
Restricted assets	2,948,331	-	2,948,331	-
Total cash and cash equivalents, beginning of year	20,439,221	23,279	20,462,500	1,969,610
Cash and cash equivalents, end of year				
Current assets	21,652,345	38,087	21,690,432	698,862
Restricted assets	3,043,430	-	3,043,430	-
Total cash and cash equivalents, end of year	\$ 24,695,775	\$ 38,087	\$ 24,733,862	\$ 698,862
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income	\$ 12,494,010	\$ 15,239	\$ 12,509,249	\$ 567,563
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	10,732,765	-	10,732,765	-
(Increase) decrease in operating assets				
Accounts receivable	324,402	3,251	327,653	(131,373)
Inventory	(262,336)	-	(262,336)	-
Prepays	42,666	-	42,666	(1,542,964)
Unbilled water and sewer receivables	(984,731)	-	(984,731)	-
Due from other funds	-	-	-	(531,224)
Deferred outflows - pensions	(396,331)	-	(396,331)	-
Deferred outflows - OPEB	(331,793)	-	(331,793)	-

(Continued)

CITY OF TUSCALOOSA

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

		Business-Type Activity		
	Water and Sewer Fund	NonMajor Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
Reconciliation of operating income to net cash provided by (used in) operating activities: (Continued)				
Increase (decrease) in operating liabilities:				
Accounts payable	\$ 81,816	\$ (3,682)	\$ 78,134	\$ (41,252)
Accrued payables	29,639	-	29,639	-
Customer deposits	95,099	-	95,099	-
Due to other funds	-	-	-	775,877
Compensated absences	(28,551)	-	(28,551)	-
Developer deposits	(61,566)	-	(61,566)	-
Net pension liabilities	945,207	-	945,207	-
Total OPEB liability	199,922	-	199,922	-
Unearned revenue	373,090	-	373,090	-
Outstanding claims liability	-	-	-	(367,600)
Deferred inflows - pensions	(50,420)	-	(50,420)	-
Deferred inflows - OPEB	547,333	-	547,333	-
Workers compensation claims	(187,311)	-	(187,311)	-
Net cash provided by (used in) operating activities	<u>\$ 23,562,910</u>	<u>\$ 14,808</u>	<u>\$ 23,577,718</u>	<u>\$ (1,270,973)</u>
Non-cash Capital and Financing Activities				
Capital assets transferred from governmental activities				
Donated capital assets	<u>\$ 1,133,206</u>	<u>\$ -</u>	<u>\$ 1,133,206</u>	<u>\$ -</u>
Net non-cash capital and financing activities	<u>\$ 1,133,206</u>	<u>\$ -</u>	<u>\$ 1,133,206</u>	<u>\$ -</u>

CITY OF TUSCALOOSA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

SEPTEMBER 30, 2021

	Police Officers and Firefighters Supplemental Retirement Plan Fund	Custodial Fund
		Cash Bond Fund
ASSETS		
Cash and Cash Equivalents	\$ 701,399	\$ 84,474
Total Assets	701,399	84,474
LIABILITIES		
Accounts Payable	6,000	-
Total Liabilities	6,000	-
NET POSITION		
Restricted for Individuals, Organizations and Other Governments	<u>\$ 695,399</u>	<u>\$ 84,474</u>

CITY OF TUSCALOOSA

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

	Police Officers and Firefighters Supplemental Retirement Plan Fund	Custodial Fund Cash Bond Fund
Additions:		
Employer Contributions	\$ 314,905	\$ -
Interest Income	117	-
Criminal and Civil Bonds	-	165,629
Total Additions	315,022	165,629
Deductions:		
Benefits Paid	43,626	-
Administrative Plan Expenses	8,210	
Other Custodial Disbursements	-	159,833
Total Deductions	51,836	159,833
Change in Fiduciary Net Position	263,186	5,796
Net Position, Beginning of Year, as restated	432,213	78,678
Net Position, End of Year	\$ 695,399	\$ 84,474

NOTES TO THE FINANCIAL STATEMENTS



CITY OF TUSCALOOSA, ALABAMA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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 accounting principals generally accepted in the United States of America, 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, 2021, the City does not have any blended 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.

NOTES TO FINANCIAL STATEMENTS

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 23rd 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. 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.

NOTES TO FINANCIAL STATEMENTS

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. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. 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 **American Rescue Plan Fund** is used to account for funds received from the American Rescue Plan Act.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 **Custodial 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTES TO FINANCIAL STATEMENTS

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.

NOTES TO FINANCIAL STATEMENTS

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, 2021.

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.

NOTES TO FINANCIAL STATEMENTS

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 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.

NOTES TO FINANCIAL STATEMENTS

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.

NOTES TO FINANCIAL STATEMENTS

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:

- **Non-spendable** – Fund balances are reported as non-spendable 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (Continued)

Fund Balance (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.

NOTES TO FINANCIAL STATEMENTS

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.

NOTES TO FINANCIAL STATEMENTS

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, 2021, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements.

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

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, 2021, the City had the following investments:

Investment	Maturity			Credit Rating	Balance
	Less than 1 year	1-5 years	6-10 years		
United States Treasuries	\$ -	\$ 159,723	\$ -	AAA	\$ 159,723

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

NOTES TO FINANCIAL STATEMENTS

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, 2021:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
United States Treasuries	\$ 159,723	\$ -	\$ -	\$ 159,723

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, 2021, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Disaster Recovery Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer Fund</u>	<u>Nonmajor Enterprise Fund</u>
Receivables	\$ 21,735,638	\$ -	\$ -	\$ 10,407,996	\$ 13,391,482	\$ 20,457
Assessments receivable	-	-	-	-	18,596	-
Due from other governments	286,667	1,488,119	16,135	-	-	-
Loans receivable	-	-	70,000	3,839,948	-	-
Allowances	(666,533)	-	(70,000)	(3,551,182)	(566,614)	-
Net receivables	<u>\$ 21,355,772</u>	<u>\$ 1,488,119</u>	<u>\$ 16,135</u>	<u>\$ 10,696,762</u>	<u>\$ 12,843,464</u>	<u>\$ 20,457</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. RECEIVABLES (CONTINUED)

Accounts Receivable (Continued)

The City also reports \$1,266,394 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, 2020, (levy date) based upon property values assessed as of October 1, 2020. The billings were mailed on September 1, 2020, and payable on or before December 31, 2020, for the fiscal year 2021 tax. Taxes not paid within 30 days of December 31, 2020, were subject to property tax liens. Property tax revenues are recognized when levied to the extent they result in current receivables.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

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

	Beginning Balance September 30, 2020	Additions	Transfers with Business-type Activities	Transfers	Deletions	Ending Balance September 30, 2021
Governmental activities:						
Capital assets not being depreciated:						
Land	\$ 17,686,289	\$ -	\$ -	\$ 2,865,266	\$ -	\$ 20,551,555
Equipment not in service	2,137,465	957,960	-	(700,600)	(211,720)	2,183,105
Construction in progress	20,132,875	36,598,414	(1,077,900)	(26,087,494)	(110,747)	29,455,148
Total capital assets not being depreciated	39,956,629	37,556,374	(1,077,900)	(23,922,828)	(322,467)	52,189,808
Capital assets, depreciable:						
Infrastructure	324,988,463	-	-	14,692,723	-	339,681,186
Buildings	123,513,115	254,181	-	8,529,505	-	132,296,801
Machinery and equipment	81,078,886	4,541,447	(55,306)	700,600	(2,385,191)	83,880,436
Total capital assets, depreciable	529,580,464	4,795,628	(55,306)	23,922,828	(2,385,191)	555,858,423
Less accumulated depreciation for:						
Infrastructure	149,668,613	5,256,649	-	-	-	154,925,262
Buildings	33,027,310	2,759,650	-	-	-	35,786,960
Machinery and equipment	51,463,034	5,914,881	-	-	(2,099,433)	55,278,482
Total accumulated depreciation	234,158,957	13,931,180	-	-	(2,099,433)	245,990,704
Total capital assets, being depreciated, net	295,421,507	(9,135,552)	(55,306)	23,922,828	(285,758)	309,867,719
Governmental capital assets, net	\$ 335,378,136	\$ 28,420,822	\$ (1,133,206)	\$ -	\$ (608,225)	\$ 362,057,527

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS (CONTINUED)

	Beginning Balance September 30, 2020	Additions	Transfer with Governmental Activities	Deletions	Transfers	Ending Balance September 30, 2021
Business-type activities:						
Capital assets not being depreciated:						
Land	\$ 2,015,023	\$ -	\$ -	\$ -	\$ 33,253	\$ 2,048,276
Construction in progress	8,901,223	11,367,829	1,077,900	(720,978)	(5,822,662)	14,803,312
Total capital assets not being depreciated	<u>10,916,246</u>	<u>11,367,829</u>	<u>1,077,900</u>	<u>(720,978)</u>	<u>(5,789,409)</u>	<u>16,851,588</u>
Capital assets, depreciable:						
Buildings and system	495,649,571	816,284	-	-	5,789,409	502,255,264
Machinery and equipment	12,783,551	615,956	55,306	(221,895)	-	13,232,918
Total capital assets, depreciable	<u>508,433,122</u>	<u>1,432,240</u>	<u>55,306</u>	<u>(221,895)</u>	<u>5,789,409</u>	<u>515,488,182</u>
Less accumulated depreciation for:						
Buildings and system	197,021,589	9,966,480	-	-	-	206,988,069
Machinery and equipment	7,258,269	766,285	-	(209,329)	-	7,815,225
Total accumulated depreciation	<u>204,279,858</u>	<u>10,732,765</u>	<u>-</u>	<u>(209,329)</u>	<u>-</u>	<u>214,803,294</u>
Total capital assets, being depreciated, net	<u>304,153,264</u>	<u>(9,300,525)</u>	<u>55,306</u>	<u>(12,566)</u>	<u>5,789,409</u>	<u>300,684,888</u>
Business-type capital assets, net	<u>\$ 315,069,510</u>	<u>\$ 2,067,304</u>	<u>\$ 1,133,206</u>	<u>\$ (733,544)</u>	<u>\$ -</u>	<u>\$ 317,536,476</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS (CONTINUED)

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

	Current Year Depreciation
Governmental activities:	
General government	\$ 626,219
Community service	1,300,183
Infrastructure and public services	8,049,800
Public safety	3,915,391
Urban development	39,587
	<u>\$ 13,931,180</u>
Business-type activities:	
Water and Sewer Fund	<u>\$ 10,732,765</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Warrants payable	\$ 108,874,614	\$ 57,730,523	\$ (11,110,137)	\$ 155,495,000	\$ 5,080,000
Plus: Premiums	4,989,272	6,513,796	(950,355)	10,552,713	-
Less: Discounts	(336,647)	-	22,578	(314,069)	-
Total warrants payable	113,527,239	64,244,319	(12,037,914)	165,733,644	5,080,000
Capital leases payable	6,324,502	2,773,239	(4,179,623)	4,918,118	1,014,863
Section 108 Loan	750,000	-	(75,000)	675,000	75,000
Installment purchase	1,192,702	-	(170,386)	1,022,316	170,386
Net pension liabilities	160,064,379	34,720,839	(28,822,511)	165,962,707	-
Total OPEB liability	36,982,982	1,870,609	(624,308)	38,229,283	-
Compensated absences	8,845,324	3,662,422	(3,765,606)	8,742,140	1,476,875
Claims payable	5,680,555	17,294,573	(17,972,751)	5,002,377	-
Governmental activities long-term liabilities	<u>\$ 333,367,683</u>	<u>\$ 124,566,001</u>	<u>\$ (67,648,099)</u>	<u>\$ 390,285,585</u>	<u>\$ 7,817,124</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities:					
Warrants payable	\$ 52,055,000	\$ 11,635,000	\$ (18,095,000)	\$ 45,595,000	\$ 7,735,000
Plus: Premiums	1,479,467	-	(1,024,413)	455,054	-
Total warrants payable	53,534,467	11,635,000	(19,119,413)	46,050,054	7,735,000
Revolving loans	27,218,486	6,539,573	(2,695,000)	31,063,059	2,755,000
Capital lease payable	578,239	-	(114,988)	463,251	238,072
Net pension liabilities	8,513,070	1,978,754	(1,033,547)	9,458,277	-
Total OPEB liability	5,690,138	288,208	(88,286)	5,890,060	-
Compensated absences	1,108,683	659,019	(687,570)	1,080,132	228,728
Claims payable	540,697	103,456	(290,767)	353,386	-
Business-type activities					
long-term liabilities	<u>\$ 97,183,780</u>	<u>\$ 21,204,010</u>	<u>\$ (24,029,571)</u>	<u>\$ 94,358,219</u>	<u>\$ 10,956,800</u>

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

NOTES TO FINANCIAL STATEMENTS

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, 2021 are as follows:

Warrant Series	Interest Rate	Outstanding
2012-B Partial Refunding	Variable	\$ 280,000
2014-A New Money	Variable	6,405,000
2014-C New Money	Variable	785,000
2016-A New Money	Variable	30,120,000
2016-B Refunding (2007-A and 2009)	3.25%	30,370,000
2019-A Refunding (2010-A)	Variable	11,285,000
2019-B Refunding (2012-A, 2014-A, 2014-C)	Variable	12,835,000
2020-A New Money	Variable	7,000,000
2020-B Refunding and New Money	Variable	2,495,000
2020-A New Money	Variable	53,920,000
		<u>\$ 155,495,000</u>

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.

NOTES TO FINANCIAL STATEMENTS

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 and 2021, a portion of these bonds were refunded with the Series 2019-B and Series 2020-B, respectively.

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) City-wide paving projects. The warrants, which bear interest at rates from 2.0% to 5.0%, mature April 1, 2046.

NOTES TO FINANCIAL STATEMENTS

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 were in the form of a line of credit, with a variable interest rate and matured September 1, 2021.

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. The refunding transaction undertaken by the City resulted in aggregate debt service savings of \$1,862,611 and an economic gain (net present value of the aggregate debt service savings) of \$1,864,446.

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. The refunding transaction undertaken by the City resulted in debt service savings of \$1,829,145 and an economic gain (net present value of the aggregate debt service savings) of \$1,702,184.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

General Obligation Warrants (Continued)

During 2020, the City issued \$25,000,000 of Series 2020 general obligation warrants. The 2020 warrants were issued for 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 is \$18,000,000.

During 2021, the City issued \$14,170,000 of Series 2020-B general obligation warrants, of which governmental activities and business-type activities received \$2,535,000 and 11,635,000, respectively. The 2020-B warrants were issued to refund \$12,915,000 of the \$15,935,000 in aggregate principal amount of the Series 2012-B warrants (including water and sewer portion). The warrants, which bear interest at rates from 0.430% to 2.43%, mature July 1, 2035. The refunding transaction undertaken by the City resulted in debt service savings of \$552,289 and an economic gain (net present value of the aggregate debt service savings) of \$668,322.

During 2021, the City issued \$53,920,000 of Series 2020-A general obligation warrants. The 2020-A warrants were issued to fund various capital projects such as: 1) road improvements, 2) parks and recreation improvements, and 3) river-walk infrastructure improvements. The warrants, which bear interest at rates from 3.0% to 4.0%, mature October 1, 2050.

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 \$46,630,000.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

General Obligation Warrants (Continued)

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

Year ending September 30,	Principal	Interest	Total
2022	\$ 5,080,000	\$ 4,661,738	\$ 9,741,738
2023	12,270,000	4,489,496	16,759,496
2024	5,470,000	4,294,248	9,764,248
2025	5,680,000	4,090,485	9,770,485
2026	5,775,000	3,880,883	9,655,883
2027 – 2031	32,550,000	16,014,498	48,564,498
2032 – 2036	30,680,000	10,685,260	41,365,260
2037 – 2041	24,535,000	6,118,978	30,653,978
2042 – 2046	19,875,000	3,077,297	22,952,297
2047 – 2051	13,580,000	780,287	14,360,287
Total	<u>\$ 155,495,000</u>	<u>\$ 58,093,170</u>	<u>\$ 213,588,170</u>

NOTES TO FINANCIAL STATEMENTS

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,	Principal	Interest	Total
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	75,000	19,395	94,395
2027 – 2030	300,000	33,098	333,098
Total	<u>\$ 675,000</u>	<u>\$ 147,909</u>	<u>\$ 822,909</u>

NOTES TO FINANCIAL STATEMENTS

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 15th, with the final payment due October 15, 2026. The future debt service requirements for the installment purchase are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>
2022	\$ 170,386
2023	170,386
2024	170,386
2025	170,386
2026	170,386
2027	170,386
Total	<u>\$ 1,022,316</u>

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 inception. 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, 2021, the City had \$400,000 of land and \$9,944,753 of machinery and equipment with accumulated amortization of \$3,072,658 financed with capital leases. The leased assets annual amortization expense is reported with depreciation expense.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

Capital Lease Payable (Continued)

At September 30, 2021, future lease payments for the capital leases payable are as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2022	\$ 1,322,564	\$ 273,215
2023	976,001	213,236
2024	976,001	-
2025	976,001	-
2026	976,001	-
Total minimum lease payments	5,226,568	486,451
Less amount representing interest	(308,450)	(23,200)
Present value of future minimum lease payments	<u>\$ 4,918,118</u>	<u>\$ 463,251</u>

NOTES TO FINANCIAL STATEMENTS

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, 2021 are as follows:

Warrant Series	Interest Rate	Outstanding
2012-B GO Warrant	2.00 – 5.00%	\$ 1,270,000
2012-A GO Warrant	2.00 – 2.75%	5,400,000
2014-C GO Warrant	2.00 – 5.00%	3,595,000
2019-B Refunding (2012-A, 2014-A, 2014-C)	Variable	23,880,000
2020-B Refunding and New Money	Variable	11,450,000
		<u>\$ 45,595,000</u>

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

Water and Sewer Warrants (Continued)

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
2022	\$ 7,735,000	\$ 1,106,680	\$ 8,841,680
2023	6,320,000	869,660	7,189,660
2024	6,460,000	726,667	7,186,667
2025	6,600,000	576,897	7,176,897
2026	1,665,000	430,497	2,095,497
2027 – 2031	8,910,000	1,586,787	10,496,787
2032 – 2036	7,905,000	497,202	8,402,202
Total	<u>\$ 45,595,000</u>	<u>\$ 5,794,390</u>	<u>\$ 51,389,390</u>

NOTES TO FINANCIAL STATEMENTS

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, 2021 are as follows:

Warrant Series	Interest Rate	Outstanding
2013 State Revolving Fund Drinking Water	1.60%	\$ 2,385,000
2016 State Revolving Fund Drinking Water	2.20%	4,664,191
2016 State Revolving Fund Clean Water	2.20%	16,296,076
2019 State Revolving Fund Drinking Water	2.20%	4,707,640
2019 State Revolving Fund Clean Water	2.20%	3,010,152
		<u>\$ 31,063,059</u>

NOTES TO FINANCIAL STATEMENTS

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
2022	\$ 2,755,000	\$ 1,102,025	\$ 3,857,025
2023	2,825,000	1,043,785	3,868,785
2024	2,880,000	984,205	3,864,205
2025	2,955,000	923,365	3,878,365
2026	3,025,000	861,020	3,886,020
2027 – 2031	8,817,792	3,403,455	12,221,247
2032 – 2036	7,286,076	1,848,660	9,134,736
2037 – 2040	519,191	337,040	856,231
Total	<u>\$ 31,063,059</u>	<u>\$ 10,503,555</u>	<u>\$ 41,566,614</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2021, was as follows:

Due to/from other funds:

Receivable fund	Payable fund	Amount
General Fund	Capital Projects Fund	\$ 2,388,636
General Fund	Internal Service Fund	806,970
General Fund	Nonmajor Governmental Funds	6,818,937
General Fund	Water and Sewer Fund	7,656,691
		<u>\$ 17,671,234</u>
Capital Projects Fund	General Fund	\$ 21,942,921
Capital Projects Fund	Nonmajor Governmental Funds	893,080
Capital Projects Fund	Water and Sewer Fund	30,747
		<u>\$ 22,866,748</u>
Nonmajor Governmental Funds	General Fund	\$ 3,629,704
Nonmajor Governmental Funds	Capital Projects Fund	1,205,379
Nonmajor Governmental Funds	Water and Sewer Fund	4,500
Nonmajor Governmental Funds	Nonmajor Governmental Funds	209,316
		<u>\$ 5,048,899</u>
Water and Sewer Fund	General Fund	\$ 1,012,419
Water and Sewer Fund	Capital Projects Fund	9,901
Water and Sewer Fund	Nonmajor Governmental Funds	1,403,952
		<u>\$ 2,426,272</u>
Internal Service Fund	General Fund	587,600
Internal Service Fund	Nonmajor Governmental Funds	1,274
Internal Service Fund	Water and Sewer Fund	25,000
		<u>\$ 613,874</u>

NOTES TO FINANCIAL STATEMENTS

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:

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

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.

NOTES TO FINANCIAL STATEMENTS

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

Interfund transfers for the year ended September 30, 2021 were as follows:

Transfers In	Transfers Out	Amount
General Fund	Capital Projects Fund	\$ 2,317,190
General Fund	Nonmajor Governmental Funds	2,037,194
General Fund	Water and Sewer Fund	6,674,838
		\$ 11,029,222
Capital Projects Fund	General Fund	\$ 75,711,037
Capital Projects Fund	Nonmajor Governmental Funds	889,800
Capital Projects Fund	Water and Sewer Fund	461,296
		\$ 77,062,133
Nonmajor Governmental Funds	General Fund	\$ 11,024,714
Nonmajor Governmental Funds	Capital Projects Fund	2,449,325
		\$ 13,474,039
Water and Sewer Fund	General Fund	\$ 162
Water and Sewer Fund	Nonmajor Governmental Funds	44,345
		\$ 44,507

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.

NOTES TO FINANCIAL STATEMENTS

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 fire and police officers. The Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan is a single-employer defined benefit plan covering all fire and police officers 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 financial 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 information for that plan. Those reports may be obtained by contacting the plan.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan	\$ 3,239,308	\$ 2,223,557	\$ 934,279	\$ 564,638
Employees' Retirement System of Alabama Retirement Plan for Hourly Employees of the City of Tuscaloosa	38,054,837	13,531,236	850,044	6,085,107
	1,794,903	13,400	16,030	177,675
Tuscaloosa Police Officers and Firefighters	132,331,936	29,653,299	5,515,624	12,035,932
	<u>\$ 175,420,984</u>	<u>\$ 45,421,492</u>	<u>\$ 7,315,977</u>	<u>\$ 18,863,352</u>

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 police officers 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 the 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Plan membership. As of January 1, 2020, pension plan membership consisted of the following:

Active employees	30
Retired members	15
Total	<u>45</u>

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, 2021, the actuarially determined contribution was 242,846. There were no member contributions as of September 30, 2021. The City's average contribution rate as a percent of covered employee payroll was 5.81%. The actuarially determined contribution rate was calculated as of December 31, 2020, the date of the actuarial valuation.

Net Pension Liability of the City. The City's net pension liability was measured as of December 31, 2020. 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 December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	1.91%
Salary increases	3.75% to 9.00%, including inflation
Investment rate of return	1.91%, net of pension plan investment expense, including inflation

NOTES TO FINANCIAL STATEMENTS

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 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 1.91%. This is a decrease in the discount used in the prior measurement period, which was 2.75%. 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.

NOTES TO FINANCIAL STATEMENTS

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, 2020, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Beginning Balance	\$ 2,779,455	\$ 320,551	\$ 2,458,904
Changes for the year:			
Service cost	95,044	-	95,044
Interest	75,929	-	75,929
Differences between expected and actual experience	299,427	-	299,427
Changes in assumptions	448,162	-	448,162
Contributions – employer	-	150,000	(150,000)
Net investment income	-	158	(158)
Benefit payments, including refunds of employee contributions	(36,763)	(36,763)	-
Administrative expense	-	(12,000)	12,000
Net changes	881,799	101,395	780,404
Ending Balance	\$ 3,661,254	\$ 421,946	\$ 3,239,308

NOTES TO FINANCIAL STATEMENTS

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 11.52%.

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 1.91%, 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 (0.91%) or 1-percentage-point higher (2.91%) than the current rate:

	1% Decrease (0.91%)	Current Discount Rate (1.91%)	1% Increase (2.91%)
City's net pension liability	\$ 3,897,069	\$ 3,239,308	\$ 2,714,731

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, 2020 and the current sharing pattern of costs between employer and employee.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2021, the City recognized pension expense of \$564,638. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 659,192	\$ 4,685
Changes of assumptions	1,465,163	929,594
Net difference between projected and actual earnings on plan investments	24,202	-
Employer contributions subsequent to the measurement date	75,000	-
	<u>\$ 2,223,557</u>	<u>\$ 934,279</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Pension Expense, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2022	\$ 448,360
2023	445,529
2024	432,722
2025	(109,421)
Thereafter	(2,912)
	<u>\$ 1,214,278</u>

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 pension 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.

NOTES TO FINANCIAL STATEMENTS

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. Pre-retirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

NOTES TO FINANCIAL STATEMENTS

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 304 cities, 65 counties, and 511 other public entities. As of September 30, 2020, the measurement date for the plan, the City of Tuscaloosa employee membership includes 1,184 participants as shown below:

Retired members or their beneficiaries	
currently receiving benefits	313
Vested inactive members	23
Non-vested inactive members	80
Active members	768
Total	<u>1,184</u>

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. Effective October 1, 2020, Tier 2 covered members of the ERA are provided with Tier 1 retirement benefits as approved by the ERS and contribute 7.5% of earnable compensation to 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 6.25% of covered employee payroll (Tier 1 at 5.00% and Tier 2 at 7.50%).

NOTES TO FINANCIAL STATEMENTS

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, 2021 was 14.64% of pensionable pay for Tier 1 employees, and 14.24% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 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 of Tuscaloosa for the year ended September 30, 2021 was \$3,609,625.

Net Pension Liability of the City. The City of Tuscaloosa's net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2018 rolled forward to September 30, 2020 using standard roll-forward techniques.

Actuarial assumptions. The total pension liability in the September 30, 2018, 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	7.70%, 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.

NOTES TO FINANCIAL STATEMENTS

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:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.00%	2.80%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International EmergingMarket Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	<u>100.00%</u>	

*Includes assumed rate of inflation of 2.00%

NOTES TO FINANCIAL STATEMENTS

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, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

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, 2021, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Beginning Balance	\$ 130,910,422	\$ 97,469,898	\$ 33,440,524
Changes for the year:			
Service cost	3,053,662	-	3,053,662
Interest	9,802,625	-	9,802,625
Changes in benefit terms	1,476,311	-	1,476,311
Differences between expected and actual experience	1,192,401	-	1,192,401
Contributions – employer	-	3,140,898	(3,140,898)
Contributions – employee	-	2,262,003	(2,262,003)
Net investment income	-	5,507,785	(5,507,785)
Benefit payments, including refunds of employee contributions	(7,207,220)	(7,207,220)	-
Transfers among employers	(362,828)	(362,828)	-
Net changes	7,954,951	3,340,638	4,614,313
Ending Balance	\$ 138,865,373	\$ 100,810,536	\$ 38,054,837

NOTES TO FINANCIAL STATEMENTS

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 7.45%, 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 (6.45%) or 1-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
City's net pension liability	\$ 55,129,926	\$ 38,054,837	\$ 23,720,074

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, 2018 and the current sharing pattern of costs between employer and employee.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2021, the City recognized pension expense of \$6,805,107. At September 30, 2021, the City reported deferred outflows of resources and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,703,492	\$ 850,044
Changes of assumptions	1,083,289	-
Net difference between projected and actual earnings on plan investments	3,134,830	-
Employer contributions subsequent to the measurement date	3,609,625	-
	<u>\$ 13,531,236</u>	<u>\$ 850,044</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued). City contributions subsequent to the measurement date of \$3,609,625 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2022	\$ 1,756,340
2023	2,508,896
2024	2,691,013
2025	1,314,293
2026	548,445
Thereafter	252,580
	<u>\$ 9,071,567</u>

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

C. Retirement Plan for Hourly Employees of the City of Tuscaloosa (“Hourly Employees Plan”) (Continued)

Plan membership. As of November 1, 2020, pension plan membership consisted of the following:

Active vested employees	14
Terminated/transferred vested employees	49
Retired members (pending annuity purchase)	28
Total	<u>91</u>

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, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of November 1, 2020.

Actuarial assumptions. The total pension liability in the September 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
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-2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

C. 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:

	Target Allocation	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.

NOTES TO FINANCIAL STATEMENTS

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, 2021, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position Restated (b)	Net Pension Liability (Asset) (a) - (b)
Beginning Balance	\$ 2,680,348	\$ 599,894	\$ 2,080,454
Changes for the year:			
Interest	79,407	-	79,407
Differences between expected and actual experience	(34,962)	-	(34,962)
Changes in assumptions	5,842	-	5,842
Contributions – employer	-	327,014	(327,014)
Net investment income	-	28,164	(28,164)
Benefit payments, including refunds of employee contributions	(67,358)	(67,358)	-
Administrative expense	-	(19,340)	19,340
Net changes	(17,071)	268,480	(285,551)
Ending Balance	\$ 2,663,277	\$ 868,374	\$ 1,794,903

NOTES TO FINANCIAL STATEMENTS

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 (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:

	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
City’s net pension liability	\$ 2,206,725	\$ 1,794,903	\$ 1,461,837

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, 2021 and the current sharing pattern of costs between employer and employee.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

C. Retirement Plan for Hourly Employees of the City of Tuscaloosa (“Hourly Employees Plan”) (Continued)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2021, the City recognized pension expense of \$177,675. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,771	\$ 16,030
Changes in assumptions	2,048	-
Net difference between projected and actual earnings on plan investments	7,581	-
	<u>\$ 13,400</u>	<u>\$ 16,030</u>

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
2022	\$ (6,099)
2023	2,825
2024	972
2025	(328)
	<u>\$ (2,630)</u>

NOTES TO FINANCIAL STATEMENTS

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 fire and police officers. 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 fire and police officers. 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.

NOTES TO FINANCIAL STATEMENTS

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:

<u>Years of Service</u>	<u>Minimum Monthly Benefit</u>	<u>Maximum Monthly Benefit</u>
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/her contribution less one-half of any sick benefits, which have been paid.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Plan membership. As of January 1, 2020, pension plan membership consisted of the following:

Active employees	471
Inactive members or their beneficiaries currently receiving benefits	416
Total	<u>887</u>

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, 2020 was 13.75% of covered employee payroll.

The City's contractually required contribution rate for the year ended September 30, 2021 was 13.75% of members' base salaries. These required contribution rates are based upon the actuarial valuation dated January 1, 2019, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City for the year ended September 30, 2021 was \$3,892,304. Actuarially determined contributions measured as of December 31, 2020 to the pension plan from the City was \$5,391,677.

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.

NOTES TO FINANCIAL STATEMENTS

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, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. 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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	January 1, 2020
Actuarial cost method	Entry age normal
Inflation	2.40%
Salary increases	3.75% to 9.00%, including inflation
Investment rate of return	6.75%, 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.

NOTES TO FINANCIAL STATEMENTS

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%	6.19%
International Equity	18.70%	6.92%
Emerging Markets Equity	4.10%	9.16%
Real Estate Investment Trusts	0.40%	5.74%
Fixed Income	31.50%	1.57%
Cash	3.60%	0.08%
Total	<u>100.00%</u>	

Discount rate. The discount rate used to measure the total pension liability was the long-term rate of return, 6.75%. 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.

NOTES TO FINANCIAL STATEMENTS

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, 2020, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position Restated (b)	Net Pension Liability (a) - (b)
Beginning Balance	\$ 196,301,570	\$ 65,704,003	\$ 130,597,567
Changes for the year:			
Service cost	3,682,374	-	3,682,374
Interest	13,023,546	-	13,023,546
Changes in assumption	2,714,075	-	2,714,075
Differences between expected and actual experience	639,899	-	639,899
Refund of contributions	(714,633)	(714,633)	-
Contributions – employer	-	5,347,389	(5,347,389)
Contributions – employee	-	4,518,083	(4,518,083)
Contributions – other	-	537,261	(537,261)
Net investment income	-	8,038,945	(8,038,945)
Benefit payments, including refunds of employee contributions	(13,297,060)	(13,297,060)	-
Administrative expense	36,604	(79,549)	116,153
Net changes	6,084,805	4,350,436	1,734,369
Ending Balance	\$ 202,386,375	\$ 70,054,439	\$ 132,331,936

NOTES TO FINANCIAL STATEMENTS

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 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 6.75%, 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 (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City's net pension liability	\$ 155,526,894	\$ 132,331,936	\$ 112,978,183

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, 2020 and the current sharing pattern of costs between employer and employee.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2021, the City recognized pension expense of \$12,035,932. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,883,401	\$ 1,159,714
Changes in assumptions	22,378,221	-
Net difference between projected and actual earnings on plan investments	-	4,355,910
Employer contributions subsequent to the measurement date	5,391,677	-
	<u>\$ 29,653,299</u>	<u>\$ 5,515,624</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued). City contributions subsequent to the measurement date of \$5,391,677 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2022	\$ 4,306,057
2023	5,139,973
2024	3,015,492
2025	3,052,204
Thereafter	3,232,272
	<u>\$ 18,745,998</u>

NOTES TO FINANCIAL STATEMENTS

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, 2021:

General Fund:

Community Service:	
Arts and Entertainment	\$ 3,095,157
General Government:	
Human Resources	519,615
Municipal Court	143,627
Public Safety:	
Fire and Rescue	1,600,879
Jail Costs	198
Urban Development:	
Administration	892,722
Building and Inspections	820
Funds to Other Agencies:	
Tuscaloosa City Board of Education	1,362,000
Tuscaloosa Transit Authority	64,762
Budgeted Allocation to Other Agencies	3,287,363
Other	833,550
Principal	195,612
Interest Charges	774,911
Warrant Issue Costs	451,716
Payment to refunded bond escrow agent	2,418,614
Transfers Out	81,730,738

Water and Sewer Fund:

Depreciation	1,732,765
Special Projects	487,838

These over expenditures were funded by greater than anticipated revenues.

NOTES TO FINANCIAL STATEMENTS

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, 2021:

Road Improvement Fund (nonmajor capital projects fund)	\$ 2,042,003
--	--------------

The Road Improvement 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, 2021, 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. JOINT VENTURES (CONTINUED)

Metro Animal Shelter, Inc.

Effective October 1, 2018, the City of Tuscaloosa, City of Northport, and Tuscaloosa County, Alabama 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, 2021.

The City expended \$300,000 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 total amount expended to the Tuscaloosa Housing Authority was part of the HOME Investment Partnership Program, which provides direct rental assistance to low-income individuals. The City also received payments in lieu of taxes of \$304,177.

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 \$376,328 to the Tuscaloosa Parking and Transit Authority, a component unit, for agency funding, shuttle services, and various other operating expenses. The City was reimbursed \$357,517 for auto fuel, maintenance, cleaning services, security and other operating costs. The City expended \$1,400,702 to the Tuscaloosa Tourism and Sports Commission, a component unit, for agency funding and various tourism related events.

NOTES TO FINANCIAL STATEMENTS

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, 2021, the City has contractual commitments on uncompleted contracts of approximately \$34,057,369.

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 \$2,399,658, the Capital Projects Fund of \$15,361,537, the Disaster Recover Construction Fund of \$284,198, Other governmental funds of \$7,908,222, and Water and Sewer Fund of \$15,883,224 as of September 30, 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT

The City is exposed to risk in the form of health claims, workers' 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 \$250,000 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 \$1,167,600 at September 30, 2021 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT (CONTINUED)

Health Insurance Fund (Continued)

Changes in the fund's claims liability for the years ended September 30, 2021 and 2020 were as follows:

	Fiscal Year Ended	
	September 30, 2021	September 30, 2020
Unpaid claims, beginning of year	\$ 1,535,200	\$ 1,276,611
Incurred claims (including IBNR)	16,562,955	16,138,780
Claims paid	(16,930,555)	(15,880,191)
Unpaid claims, end of year	<u>\$ 1,167,600</u>	<u>\$ 1,535,200</u>

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 \$1,250,000 per person, per accident or disease, per year, and purchases commercial insurance for claims in excess of \$1,250,000 up to \$10,000,000 per person, per accident or disease, per claim. 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, 2021 of \$4,188,163 is based on the requirements of GASB Statement 10, as explained above. The carrying value is calculated using an interest rate of 1.2%. Of the above amount, \$353,386 is reported in the Water and Sewer Enterprise Fund. The balance, \$3,834,777, 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT (CONTINUED)

Workers' Compensation Claims (Continued)

Changes in the workers' compensation claims liabilities amounts for the years ended September 30, 2021 and 2020, were as follows:

	Fiscal Year Ended	
	September 30, 2021	September 30, 2020
Unpaid claims, beginning of year	\$ 4,686,052	\$ 4,862,535
Incurred claims (including IBNR)	835,074	1,082,383
Claims paid	(1,332,963)	(1,258,866)
Unpaid claims, end of year	<u>\$ 4,188,163</u>	<u>\$ 4,686,052</u>

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.

NOTES TO FINANCIAL STATEMENTS

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

Plan Membership. Membership of the OPEB Plan consisted of the following at September 30, 2020, the date of the latest actuarial valuation:

Active participants	1,287
Retirees and beneficiaries currently receiving benefits	98
Total	<u>1,385</u>

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, 2021, the City and plan members receiving benefits contributed a total of \$792,523.

Total OPEB Liability of the City

The City's total OPEB liability was measured as of September 30, 2020 and was determined by an actuarial valuation as of September 30, 2020 with the actuary using standard techniques to roll forward the liability to the measurement date.

NOTES TO FINANCIAL STATEMENTS

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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate:	2.22%
Healthcare Cost Trend Rate:	7.00% to 4.50%, Ultimate Trend in 2030
Inflation Rate:	2.40%
Salary increase:	2.75% wage inflation plus 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, 2020 valuation were based on the results of an actuarial experience study in concurrence with the September 30, 2020 valuation.

Discount rate. The discount rate used to measure the total OPEB liability was 2.22%. 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.

NOTES TO FINANCIAL STATEMENTS

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, 2021, were as follows:

	Total OPEB Liability
Beginning Balance	\$ 42,673,120
Changes for the year:	
Service cost	2,459,789
Interest	1,189,103
Differences between expected and actual experience	(4,699,410)
Assumption changes	3,209,335
Benefit payments	(712,594)
Net changes	1,446,223
Ending Balance	\$ 44,119,343

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.

NOTES TO FINANCIAL STATEMENTS

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 (1.22%) or 1-percentage-point higher (3.22%) than the current discount rate:

	1% Decrease (1.22%)	Discount Rate (2.22%)	1% Increase (3.22%)
Total OPEB liability	\$ 49,301,778	\$ 44,119,343	\$ 39,487,256

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.00% decreasing to 3.50%) or 1-percentage-point higher (8.00% decreasing to 5.50%) than the current healthcare cost trend rates:

	1% Decrease (6.00% decreasing to 3.50%)	Discount Rate (7.00% decreasing to 4.50%)	1% Increase (8.00% decreasing to 5.50%)
Total OPEB liability	\$ 38,133,241	\$ 44,119,343	\$ 51,297,707

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, 2021 and the current sharing pattern of costs between employer and inactive employees.

NOTES TO FINANCIAL STATEMENTS

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, 2021, the City recognized OPEB expense of \$3,979,954. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 7,139,584	\$ 1,316,766
Differences between expected and actual experience	259,695	4,186,374
Contributions subsequent to the measurement date	792,523	-
Total	<u>\$ 8,191,802</u>	<u>\$ 5,503,140</u>

NOTES TO FINANCIAL STATEMENTS

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 \$792,523 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, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	
2022	\$ 269,427
2023	269,427
2024	269,427
2025	269,427
Thereafter	<u>818,431</u>
Total	<u><u>\$ 1,896,139</u></u>

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, 2021, the City abated sales tax revenues of \$1,071,897, lodging tax revenues of \$760,556, and property tax revenues of \$225,095 under its economic development program, which included the following tax abatements in fiscal year 2021:

- 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 \$497,283. 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.

NOTES TO FINANCIAL STATEMENTS

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 \$817,463. 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 \$168,727. 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 2021, \$362,429 in sales tax 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 years 2020 and 2021, both of which have not received any rebates as of September 30, 2021:

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. TAX ABATEMENTS (CONTINUED)

On July 15, 2021, the City and Southern Oil Company, Inc. entered into an Economic Development Agreement, whereby the Southern Oil Company, Inc. agreed to contract a large convenience store/service station within the City. Pursuant to the agreement, the City has agreed to rebate sales taxes for a period of six years, not to exceed \$275,000, the building permit fee paid upon application, service fees paid to the City, as well as a rebate of the required public infrastructure improvements.

NOTE 15. NET INVESTMENT IN CAPITAL ASSETS

As required by the Government Finance Officers Association ("GFOA"), the following schedule provides the details of the net investment in capital assets classification of net position:

	<u>Primary Government</u>		<u>Major Enterprise Funds</u>	<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Water and Sewer Fund</u>	<u>Tuscaloosa Tourism and Sports Commission</u>	<u>Tuscaloosa County Parking and Transit Authority</u>
Capital assets, non-depreciable assets	\$ 52,189,808	\$ 16,851,588	\$ 16,851,588	\$ -	\$ -
Capital assets, depreciable assets	555,858,423	515,488,182	515,488,182	430,998	6,631,270
Accumulated depreciation	(245,990,704)	(214,803,294)	(214,803,294)	(222,449)	(3,841,064)
Notes payable	(1,697,316)	(31,063,059)	(31,063,059)	-	-
Warrants payable	(155,495,000)	(45,595,000)	(45,595,000)	-	-
Capital lease payable	(4,918,118)	(463,251)	(463,251)	(12,826)	-
Unspent bond proceeds	50,617,956	723,673	723,673	-	-
Retainage payable	(701,145)	(226,719)	(226,719)	-	-
Unamortized premiums on warrants payable	(10,552,713)	(455,054)	(455,054)	-	-
Unamortized discounts on warrants payable	314,069	-	-	-	-
Unamortized deferred loss on refundings	1,129,314	-	-	-	-
Unamortized deferred gain on refundings	(443,806)	(51,874)	(51,874)	-	-
	<u>\$ 240,310,768</u>	<u>\$ 242,871,734</u>	<u>\$ 242,871,734</u>	<u>\$ 195,723</u>	<u>\$ 2,790,206</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 16. RESTATEMENTS

Change in Accounting Principle

In conjunction with the implementation of GASB Statement No. 84, Fiduciary Activities, the City is required to reevaluate the accounting treatment of fiduciary activities. The new standard requires the City to determine if funds are still considered fiduciary, and if so, if they are considered custodial funds under the new definitions of GASB Statement No. 84. Therefore, in conjunction with the implementation of GASB Statement No. 84, the following restatement was required to the beginning net position of the Fiduciary Activities to properly report the custodial funds.

	Custodial Fund
Net Position, beginning of year, as previously reported	<u>\$ -</u>
Recognition of the beginning net position of the former Agency Fund now reported as a Custodial Fund	<u>78,678</u>
Net Position, beginning of year, as restated	<u><u>\$ 78,678</u></u>

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF TUSCALOOSA

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,

	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	\$ 95,044	\$ 57,325	\$ 57,779	\$ 140,303	\$ 18,731	\$ 7,014	\$ 16,433
Interest	75,929	75,366	64,136	107,048	46,085	66,748	68,661
Benefit changes	-	-	-	-	-	(399,632)	-
Difference between expected and actual experience	299,427	245,072	55,256	522,715	(12,600)	31,900	(55,536)
Changes of assumptions	448,162	595,033	(185,785)	(1,695,753)	2,066,768	-	-
Benefit payments, including refunds of employee contributions	(36,763)	(36,394)	(36,394)	(36,394)	(36,394)	(101,891)	(22,896)
Net change in total pension liability	881,799	936,402	(45,008)	(962,081)	2,082,590	(395,861)	6,662
Total pension liability - beginning	2,779,455	1,843,053	1,888,061	2,850,142	767,552	1,163,413	1,156,751
Total pension liability - ending	<u>\$ 3,661,254</u>	<u>\$ 2,779,455</u>	<u>\$ 1,843,053</u>	<u>\$ 1,888,061</u>	<u>\$ 2,850,142</u>	<u>\$ 767,552</u>	<u>\$ 1,163,413</u>
Plan net position							
Contributions - employer	\$ 150,000	\$ -	\$ 30,246	\$ 30,246	\$ -	\$ 139,940	\$ 78,000
Net investment income	158	170	214	189	186	197	337
Benefit payments, including refunds of employee contributions	(36,763)	(36,394)	(36,394)	(36,394)	(36,394)	(101,891)	(22,896)
Administrative expense	(12,000)	(6,000)	(6,195)	(3,000)	(3,000)	(3,000)	(3,000)
Net change in plan net position	101,395	(42,224)	(12,129)	(8,959)	(39,208)	35,246	52,441
Plan net position - beginning	320,551	362,775	374,904	383,863	423,071	387,825	335,384
Plan net position - ending	<u>\$ 421,946</u>	<u>\$ 320,551</u>	<u>\$ 362,775</u>	<u>\$ 374,904</u>	<u>\$ 383,863</u>	<u>\$ 423,071</u>	<u>\$ 387,825</u>
Net pension liability	<u>\$ 3,239,308</u>	<u>\$ 2,458,904</u>	<u>\$ 1,480,278</u>	<u>\$ 1,513,157</u>	<u>\$ 2,466,279</u>	<u>\$ 344,481</u>	<u>\$ 775,588</u>
Plan net position as a percentage of the total pension liability	11.52%	11.53%	19.68%	19.86%	13.47%	55.12%	33.34%
Covered payroll *	<u>\$ 2,583,006</u>	<u>\$ 2,642,017</u>	<u>\$ 2,976,006</u>	<u>\$ 3,140,169</u>	<u>\$ 3,152,979</u>	<u>\$ 2,857,940</u>	<u>\$ 3,317,870</u>
Net pension liability as a percentage of covered payroll	125.41%	93.07%	49.74%	48.19%	78.22%	12.05%	23.38%

*For FY 2021, the measurement period is January 1, 2020 to December 31, 2020.

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* for the fiscal year ended September 30, 2015. Information for the prior years is not available.

CITY OF TUSCALOOSA

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

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution*	\$ 242,846	\$ 162,274	\$ 30,246	\$ 30,246	\$ -	\$ 139,940	\$ 74,413
Contributions in relation to the actuarially determined contribution*	150,000	-	30,246	30,246	-	139,940	78,000
Contribution deficiency (excess)	\$ 92,846	\$ 162,274	\$ -	\$ -	\$ -	\$ -	\$ (3,587)
Covered payroll^	\$ 4,350,296	\$ 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	5.58%	3.48%	0.75%	0.96%	0.00%	4.77%	2.32%

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

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

Notes to Schedule:

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* for the fiscal year ended September 30, 2015. Information for the prior years is not available.

CITY OF TUSCALOOSA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PENSION INVESTMENT RETURNS

TUSCALOOSA POLICE OFFICERS AND FIREFIGHTERS SUPPLEMENTAL RETIREMENT PLAN

FOR THE YEARS ENDED SEPTEMBER 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expenses for the City's pension plan	0.05%	0.05%	0.06%	0.05%	0.05%	0.05%	0.09%

Notes to Schedule:

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* for the fiscal year ended September 30, 2015. Information for the prior years is not available.

CITY OF TUSCALOOSA

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,

	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	\$ 3,053,662	\$ 2,924,690	\$ 2,853,937	\$ 2,913,828	\$ 2,939,341	\$ 2,914,354	\$ 2,792,879
Interest	9,802,625	9,166,602	8,900,489	8,179,185	7,829,423	7,323,848	6,889,141
Change in benefit terms	1,476,311	-	-	-	-	-	-
Changes of assumptions	-	-	692,778	-	1,770,601	-	-
Difference between expected and actual experience	1,192,401	3,114,605	(1,404,420)	4,099,981	534,494	1,092,095	-
Transfers among employers	(362,828)	179,897	2	308,741	134,245	-	-
Benefit payments, including refunds of employee contributions	(7,207,220)	(7,044,290)	(6,637,784)	(5,751,371)	(5,324,672)	(4,696,544)	(3,799,838)
Net change in total pension liability	7,954,951	8,341,504	4,405,002	9,750,364	7,883,432	6,633,753	5,882,182
Total pension liability - beginning	130,910,422	122,568,918	118,163,916	108,413,552	100,530,120	93,896,367	88,014,185
Total pension liability - ending	<u>\$ 138,865,373</u>	<u>\$ 130,910,422</u>	<u>\$ 122,568,918</u>	<u>\$ 118,163,916</u>	<u>\$ 108,413,552</u>	<u>\$ 100,530,120</u>	<u>\$ 93,896,367</u>
Plan fiduciary net position							
Contributions - employer	\$ 3,140,898	\$ 3,132,832	\$ 2,809,270	\$ 2,630,940	\$ 2,882,113	\$ 2,639,293	\$ 2,659,574
Contributions - employee	2,262,003	2,126,477	2,226,591	1,945,815	1,974,229	1,843,434	1,875,358
Net investment income	5,507,785	2,460,270	8,251,863	10,260,786	7,462,375	864,909	7,809,823
Benefit payments, including refunds of employee contributions	(7,207,220)	(7,044,290)	(6,637,784)	(5,751,371)	(5,324,672)	(4,696,544)	(3,799,838)
Transfer among employees	(362,828)	179,897	2	308,741	134,245	(440,146)	(72,292)
Net change in plan fiduciary net position	3,340,638	855,186	6,649,942	9,394,911	7,128,290	210,946	8,472,625
Plan net position - beginning	97,469,898	96,614,712	89,964,770	80,569,859	73,441,569	73,230,623	64,757,998
Plan net position - ending	<u>\$ 100,810,536</u>	<u>\$ 97,469,898</u>	<u>\$ 96,614,712</u>	<u>\$ 89,964,770</u>	<u>\$ 80,569,859</u>	<u>\$ 73,441,569</u>	<u>\$ 73,230,623</u>
Net pension liability	<u>\$ 38,054,837</u>	<u>\$ 33,440,524</u>	<u>\$ 25,954,206</u>	<u>\$ 28,199,146</u>	<u>\$ 27,843,693</u>	<u>\$ 27,088,551</u>	<u>\$ 20,665,744</u>
Plan fiduciary net position as a percentage of the total pension liability	72.60%	74.46%	78.82%	76.14%	74.32%	73.05%	77.99%
Covered payroll *	<u>\$ 41,895,995</u>	<u>\$ 38,937,949</u>	<u>\$ 38,000,806</u>	<u>\$ 32,820,697</u>	<u>\$ 37,311,222</u>	<u>\$ 34,797,920</u>	<u>\$ 34,797,920</u>
Net pension liability as a percentage of covered payroll	90.83%	85.88%	68.30%	85.92%	74.63%	77.85%	59.39%

*For FY 2020 the measurement period is October 1, 2019 to September 30, 2020.

Notes to Schedule:

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* for the fiscal year ended September 30, 2015. Information for the prior years is not available.

CITY OF TUSCALOOSA

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution*	\$ 3,295,346	\$ 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*	<u>3,295,346</u>	<u>3,295,346</u>	<u>3,242,128</u>	<u>2,947,310</u>	<u>2,802,702</u>	<u>2,915,639</u>	<u>2,781,433</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll^	\$ 41,354,931	\$ 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	7.97%	7.87%	8.33%	7.76%	8.54%	7.81%	7.99%

*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.

^Employer's covered-payroll for FY 2021 is the total covered payroll for the 12-month period of the underlying financial statements.

Notes to Schedule:

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* for the fiscal year ended September 30, 2015. Information for the prior years is not available.

CITY OF TUSCALOOSA

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,

	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Interest	\$ 79,407	\$ 94,054	\$ 98,609	\$ 99,145	\$ 100,002	\$ 98,065	\$ 99,664
Effect of economic/demographic gains or losses	(34,962)	(54,910)	(8,961)	7,535	(48,706)	7,503	(67,986)
Effect of assumptions changes or inputs	5,842	327,882	363,287	(46,746)	-	-	-
Benefit payments, including refunds of employee contributions	(67,358)	(75,312)	(72,102)	(69,209)	(67,708)	(65,933)	(61,466)
Net change in total pension liability	(17,071)	291,714	380,833	(9,275)	(16,412)	39,635	(29,788)
Total pension liability - beginning	<u>2,680,348</u>	<u>2,388,634</u>	<u>2,007,801</u>	<u>2,017,076</u>	<u>2,033,488</u>	<u>1,993,853</u>	<u>2,023,641</u>
Total pension liability - ending	<u>\$ 2,663,277</u>	<u>\$ 2,680,348</u>	<u>\$ 2,388,634</u>	<u>\$ 2,007,801</u>	<u>\$ 2,017,076</u>	<u>\$ 2,033,488</u>	<u>\$ 1,993,853</u>
Plan net position							
Contributions - employer	\$ 327,014	\$ 263,027	\$ 265,000	\$ -	\$ 300,000	\$ 99,507	\$ -
Net investment income	28,164	18,813	13,395	7,042	7,155	5,069	4,098
Benefit payments, including refunds of employee contributions	(67,358)	(75,312)	(72,102)	(69,209)	(67,708)	(65,933)	(61,466)
Administrative expenses	(19,340)	(27,659)	(18,096)	(17,215)	(16,189)	(19,431)	(17,694)
Net change in plan net position	268,480	178,869	188,197	(79,382)	223,258	19,212	(75,062)
Plan net position - beginning	<u>599,894</u>	<u>421,025</u>	<u>232,828</u>	<u>312,210</u>	<u>88,952</u>	<u>69,740</u>	<u>144,802</u>
Plan net position - ending	<u>\$ 868,374</u>	<u>\$ 599,894</u>	<u>\$ 421,025</u>	<u>\$ 232,828</u>	<u>\$ 312,210</u>	<u>\$ 88,952</u>	<u>\$ 69,740</u>
Net pension liability	<u>\$ 1,794,903</u>	<u>\$ 2,080,454</u>	<u>\$ 1,967,609</u>	<u>\$ 1,774,973</u>	<u>\$ 1,704,866</u>	<u>\$ 1,944,536</u>	<u>\$ 1,924,113</u>
Plan net position as a percentage of the total pension liability	32.61%	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	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*For FY 2021 the measurement period is October 1, 2020 to September 30, 2021.

Notes to the Schedule:

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* for the fiscal year ended September 30, 2015. Information for the prior years is not available.

CITY OF TUSCALOOSA

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution*	\$ 327,014	\$ 263,027	\$ 264,955	\$ -	\$ 156,620	\$ 146,745	\$ 162,440
Contributions in relation to the actuarially determined contribution*	<u>327,014</u>	<u>263,027</u>	<u>265,000</u>	<u>-</u>	<u>300,000</u>	<u>99,507</u>	<u>-</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (45)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (143,380)</u></u>	<u><u>\$ 47,238</u></u>	<u><u>\$ 162,440</u></u>
Covered payroll	N/A	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	N/A

*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:

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* for the fiscal year ended September 30, 2015. Information for the prior years is not available.

CITY OF TUSCALOOSA

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,

	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	\$ 3,682,374	\$ 3,115,215	\$ 2,957,666	\$ 2,912,273	\$ 2,904,753	\$ 2,942,728	\$ 2,893,611
Interest	13,023,546	12,883,794	12,811,462	11,967,489	11,807,763	11,665,165	11,392,889
Benefit changes	-	-	-	-	(297,561)	(1,332,172)	-
Difference between expected and actual experience	639,899	1,755,442	(2,027,143)	123,341	(37,641)	284,514	-
Changes in assumptions	2,714,075	18,429,306	4,373,310	10,777,054	-	-	-
Benefit payments	(13,297,060)	(11,681,148)	(11,158,850)	(12,100,940)	(11,384,506)	(10,905,411)	(9,833,175)
Refunds of contributions	(714,633)	(568,217)	(623,912)	(752,769)	(538,301)	(651,359)	(474,386)
Administrative expense	36,604	-	-	-	-	-	-
Net change in total pension liability	6,084,805	23,934,392	6,332,533	12,926,448	2,454,507	2,003,465	3,978,939
Total pension liability - beginning	196,301,570	172,367,178	166,034,645	153,108,197	150,653,690	148,650,225	144,671,286
Total pension liability - ending	<u>\$ 202,386,375</u>	<u>\$ 196,301,570</u>	<u>\$ 172,367,178</u>	<u>\$ 166,034,645</u>	<u>\$ 153,108,197</u>	<u>\$ 150,653,690</u>	<u>\$ 148,650,225</u>
Plan net position							
Contributions - employer	\$ 5,347,389	\$ 4,917,651	\$ 4,625,505	\$ 4,439,537	\$ 4,389,659	\$ 4,304,301	\$ 4,216,747
Contributions - employee	4,518,083	4,189,111	3,940,238	3,781,817	3,747,171	3,661,254	3,579,903
Contributions - other	537,261	545,665	425,989	418,015	494,318	515,594	516,803
Net investment income (loss)	8,038,945	12,028,393	(5,172,917)	8,936,044	2,903,434	(2,819,802)	2,747,724
Benefit payments	(13,297,060)	(11,681,148)	(11,158,850)	(12,100,940)	(11,384,506)	(10,905,411)	(9,833,175)
Refunds of contributions	(714,633)	(568,217)	(623,912)	(752,769)	(538,301)	(651,359)	(474,386)
Administrative expense	(79,549)	(84,775)	(92,393)	(94,826)	(114,828)	(108,501)	(105,099)
Net change in plan net position	4,350,436	9,346,680	(8,056,340)	4,626,878	(503,053)	(6,003,924)	648,517
Plan net position - beginning	65,704,003	56,357,323	64,413,663	59,786,785	60,289,838	66,293,762	65,645,245
Plan net position - ending	<u>\$ 70,054,439</u>	<u>\$ 65,704,003</u>	<u>\$ 56,357,323</u>	<u>\$ 64,413,663</u>	<u>\$ 59,786,785</u>	<u>\$ 60,289,838</u>	<u>\$ 66,293,762</u>
Net pension liability	<u>\$ 132,331,936</u>	<u>\$ 130,597,567</u>	<u>\$ 116,009,855</u>	<u>\$ 101,620,982</u>	<u>\$ 93,321,412</u>	<u>\$ 90,363,852</u>	<u>\$ 82,356,463</u>
Plan net position as a percentage of the total pension liability	34.61%	33.47%	32.70%	38.80%	39.05%	40.02%	44.60%
Covered payroll *	<u>\$ 36,408,503</u>	<u>\$ 37,366,372</u>	<u>\$ 31,916,154</u>	<u>\$ 31,760,670</u>	<u>\$ 31,760,670</u>	<u>\$ 32,493,465</u>	<u>\$ 31,416,404</u>
Net pension liability as a percentage of covered payroll	363.46%	349.51%	363.48%	319.96%	293.83%	278.10%	262.14%

*For FY 2021, the measurement period is January 1, 2020 to December 31, 2020.

Notes to Schedule:

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* for the fiscal year ended

CITY OF TUSCALOOSA

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution*	\$ 5,347,389	\$ 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*	5,347,389	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^	\$ 38,890,105	\$ 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	13.75%	13.50%	12.38%	13.91%	13.82%	13.66%	13.50%	13.46%

*Amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. For FY 2021, the measurement date for the plan is December 31, 2020.

^Employer's covered-payroll during fiscal year is the total payroll paid to covered employees (not just pensionable payroll).
For FY 2021, the measurement date for the plan is December 31, 2020.

Notes to Schedule:

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* for the fiscal year ended September 30, 2015. Information for the prior years is not available.

CITY OF TUSCALOOSA

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,

	2021	2020	2019	2018
Total pension liability				
Service cost	\$ 2,459,789	\$ 1,781,841	\$ 1,805,033	\$ 1,992,826
Interest	1,189,103	1,409,445	1,145,551	953,934
Changes of assumptions	3,209,335	5,508,171	125,598	(2,456,826)
Difference between expected and actual experience	(4,699,410)	-	403,704	-
Benefit payments	(712,594)	(974,194)	(1,240,530)	(677,818)
Net change in total pension liability	1,446,223	7,725,263	2,239,356	(187,884)
Total pension liability - beginning	42,673,120	34,947,857	32,708,501	32,896,385
Total pension liability - ending	<u>\$ 44,119,343</u>	<u>\$ 42,673,120</u>	<u>\$ 34,947,857</u>	<u>\$ 32,708,501</u>
Covered payroll *	<u>\$ 70,933,850</u>	<u>\$ 63,313,578</u>	<u>\$ 63,313,578</u>	<u>\$ 60,882,859</u>
Total OPEB liability as a percentage of covered payroll	62.20%	67.40%	55.20%	53.72%

*For FY 2021, the measurement date is September 30, 2020

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.

COMBINED STATEMENTS & SCHEDULES



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 Federal Emergency Management Agency ("FEMA") Fund accounts for grants received from 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.

CITY OF TUSCALOOSA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Capital Park Maintenance	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 4,257,215	\$ 7,578,278	\$ 111	\$ 11,835,604
Investments	159,723	-	-	159,723
Receivables	2,436,080	4,420,734	-	6,856,814
Due from Other Funds	225,760	4,808,139	15,000	5,048,899
Loans Receivable	3,839,948	-	-	3,839,948
Total Assets	<u>\$ 10,918,726</u>	<u>\$ 16,807,151</u>	<u>\$ 15,111</u>	<u>\$ 27,740,988</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable and Other Current Charges	\$ 892,982	\$ 493,222	\$ 38	\$ 1,386,242
Due to Other Funds	2,536,960	6,786,167	3,432	9,326,559
Advances from Other Funds	30,020	-	-	30,020
Total Liabilities	<u>3,459,962</u>	<u>7,279,389</u>	<u>3,470</u>	<u>10,742,821</u>
Deferred Inflows of Resources				
Unavailable Revenues - Intergovernmental	1,302,058	3,398,708	-	4,700,766
Total Deferred Inflows of Resources	<u>1,302,058</u>	<u>3,398,708</u>	<u>-</u>	<u>4,700,766</u>
Fund Balances (Deficit)				
Restricted for:				
Capital Park Maintenance	-	-	11,641	11,641
Capital Projects	1,320,743	2,464,143	-	3,784,886
Grant Projects	97,492	-	-	97,492
Long-term Receivable	3,839,948	-	-	3,839,948
Road Projects	948,963	2,090,414	-	3,039,377
Salaries and Wages	235,519	-	-	235,519
Committed for:				
Capital Projects	-	1,322,521	-	1,322,521
Cemetery Maintenance	133,120	-	-	133,120
Tourism Enhancement	-	251,976	-	251,976
Unassigned	(419,079)	-	-	(419,079)
Total Fund Balances	<u>6,156,706</u>	<u>6,129,054</u>	<u>11,641</u>	<u>12,297,401</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 10,918,726</u>	<u>\$ 16,807,151</u>	<u>\$ 15,111</u>	<u>\$ 27,740,988</u>

CITY OF TUSCALOOSA

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

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Capital Park Maintenance	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 1,471,969	\$ -	\$ -	\$ 1,471,969
Fines and forfeitures	-	210,462	-	210,462
Intergovernmental	10,150,053	1,681,618	-	11,831,671
Other	497,535	31,650	-	529,185
Total Revenues	12,119,557	1,923,730	-	14,043,287
EXPENDITURES				
Current Operations				
Community Services	1,044,083	-	12,682	1,056,765
General Government	97,653	122,959	-	220,612
Public Safety	11,757	-	-	11,757
Total Current Operations	1,153,493	122,959	12,682	1,289,134
Intergovernmental	-	6,279,657	-	6,279,657
Capital Outlay	8,731,685	8,029,515	-	16,761,200
Debt Service				
Principal	75,000	7,558,625	-	7,633,625
Interest Charges	31,035	461,423	-	492,458
Total Expenditures	9,991,213	22,452,179	12,682	32,456,074
Excess (Deficiency) of Revenues over (under) Expenditures	2,128,344	(20,528,449)	(12,682)	(18,412,787)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	20,695	-	20,695
Issuance of Debt	-	2,773,239	-	2,773,239
Transfers In	173,810	13,285,229	15,000	13,474,039
Transfer Out	(1,854,023)	(1,117,316)	-	(2,971,339)
Total Other Financing Sources (Uses)	(1,680,213)	14,961,847	15,000	13,296,634
Net Change in Fund Balances	448,131	(5,566,602)	2,318	(5,116,153)
Fund Balances, Beginning of Year	5,708,575	11,695,656	9,323	17,413,554
Fund Balances, End of Year	\$ 6,156,706	\$ 6,129,054	\$ 11,641	\$ 12,297,401

CITY OF TUSCALOOSA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2021

	Police Department Funds	Airport Development Fund	Community Development Funds	Gasoline Tax Funds	Summer Feeding Fund	Beer Tax Bonus Fund
ASSETS						
Cash and Cash Equivalents	\$ 55,289	\$ 431,288	\$ 1,242,623	\$ 1,542,568	\$ 21,166	\$ 112,382
Investments	-	-	-	-	-	-
Receivables	7,013	1,437,633	660,872	206,395	-	123,137
Due from Other Funds	44,339	181,112	309	-	-	-
Loan Receivables	-	-	3,839,948	-	-	-
Total Assets	<u>\$ 106,641</u>	<u>\$ 2,050,033</u>	<u>\$ 5,743,752</u>	<u>\$ 1,748,963</u>	<u>\$ 21,166</u>	<u>\$ 235,519</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts Payable and Other Current Charges	\$ 644	\$ 441,176	\$ 358,244	\$ -	\$ -	\$ -
Due to Other Funds	8,057	953,076	686,027	800,000	-	-
Advances from Other Funds	-	-	-	-	-	-
Total Liabilities	<u>8,701</u>	<u>1,394,252</u>	<u>1,044,271</u>	<u>800,000</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable Revenues - Intergovernmental	448	-	1,278,612	-	21,166	-
Total Deferred Inflows of Resources	<u>448</u>	<u>-</u>	<u>1,278,612</u>	<u>-</u>	<u>21,166</u>	<u>-</u>
Fund Balances						
Restricted for:						
Capital Projects	-	655,781	-	-	-	-
Long-term Receivable	-	-	3,839,948	-	-	-
Grant Projects	97,492	-	-	-	-	-
Road Projects	-	-	-	948,963	-	-
Salaries and Wages	-	-	-	-	-	235,519
Committed for:						
Cemetery Maintenance	-	-	-	-	-	-
Unassigned	-	-	(419,079)	-	-	-
Total Fund Balances	<u>97,492</u>	<u>655,781</u>	<u>3,420,869</u>	<u>948,963</u>	<u>-</u>	<u>235,519</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 106,641</u>	<u>\$ 2,050,033</u>	<u>\$ 5,743,752</u>	<u>\$ 1,748,963</u>	<u>\$ 21,166</u>	<u>\$ 235,519</u>

(Continued)

CITY OF TUSCALOOSA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2021

	Alabama Trust Fund	Evergreen Cemetery Fund	Section 108 Funds	Storm Recovery FEMA Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and Cash Equivalents	\$ 621,617	\$ 4,219	\$ 61,824	\$ 164,239	\$ 4,257,215
Investments	-	159,723	-	-	159,723
Receivables	-	1,030	-	-	2,436,080
Due from Other Funds	-	-	-	-	225,760
Loan Receivables	-	-	-	-	3,839,948
Total Assets	<u>\$ 621,617</u>	<u>\$ 164,972</u>	<u>\$ 61,824</u>	<u>\$ 164,239</u>	<u>\$ 10,918,726</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts Payable and Other Current Charges	\$ 92,918	\$ -	\$ -	\$ -	\$ 892,982
Due to Other Funds	-	-	-	89,800	2,536,960
Advances from Other Funds	-	30,020	-	-	30,020
Total Liabilities	<u>92,918</u>	<u>30,020</u>	<u>-</u>	<u>89,800</u>	<u>3,459,962</u>
Deferred Inflows of Resources					
Unavailable Revenues - Intergovernmental	-	1,832	-	-	1,302,058
Total Deferred Inflows of Resources	<u>-</u>	<u>1,832</u>	<u>-</u>	<u>-</u>	<u>1,302,058</u>
Fund Balances					
Restricted for:					
Capital Projects	528,699	-	61,824	74,439	1,320,743
Long-term Receivable	-	-	-	-	3,839,948
Grant Projects	-	-	-	-	97,492
Road Projects	-	-	-	-	948,963
Salaries and Wages	-	-	-	-	235,519
Committed for:					
Cemetery Maintenance	-	133,120	-	-	133,120
Unassigned	-	-	-	-	(419,079)
Total Fund Balances	<u>528,699</u>	<u>133,120</u>	<u>61,824</u>	<u>74,439</u>	<u>6,156,706</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 621,617</u>	<u>\$ 164,972</u>	<u>\$ 61,824</u>	<u>\$ 164,239</u>	<u>\$ 10,918,726</u>

CITY OF TUSCALOOSA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Police Department Funds	Airport Development Fund	Community Development Funds	Gasoline Tax Funds	Summer Feeding Fund	Beer Tax Bonus Fund
REVENUES						
Taxes						
Gas Tax - State of Alabama	\$ -	\$ -	\$ -	\$ 1,023,001	\$ -	\$ -
Share of Beer Tax	-	-	-	-	-	448,968
Intergovernmental Revenues						
Federal Grants	7,016	7,936,868	1,281,741	-	-	-
State and Local Grants	-	6,015	-	-	-	-
Other Revenues						
Interest on Investments	27	-	-	-	-	260
Share of Tag Receipts	-	-	-	301,731	-	-
Collection of Principal and Interest	-	-	83,091	-	-	-
Other	-	111,524	-	-	-	-
Total Revenues	7,043	8,054,407	1,364,832	1,324,732	-	449,228
EXPENDITURES						
Current Operations						
Community Services	-	-	1,044,083	-	-	-
General Government	-	-	94,678	-	-	-
Public Safety	11,757	-	-	-	-	-
Total Current Operations	11,757	-	1,138,761	-	-	-
Capital Outlay	6,783	7,988,693	-	-	-	-
Debt Service:						
Principal	-	-	75,000	-	-	-
Interest Charges	-	-	31,035	-	-	-
Total Expenditures	18,540	7,988,693	1,244,796	-	-	-
Excess (deficiency) of Revenues over (under) Expenditures	(11,497)	65,714	120,036	1,324,732	-	449,228
OTHER FINANCING SOURCES (USES)						
Transfers In	-	173,810	-	-	-	-
Transfer Out	-	-	-	(800,000)	-	(464,223)
Total Other Financing Sources (Uses)	-	173,810	-	(800,000)	-	(464,223)
Net Change in Fund Balances (Deficit)	(11,497)	239,524	120,036	524,732	-	(14,995)
Fund Balances (Deficit), Beginning of Year	108,989	416,257	3,300,833	424,231	-	250,514
Fund Balances, End of Year	\$ 97,492	\$ 655,781	\$ 3,420,869	\$ 948,963	\$ -	\$ 235,519

(Continued)

CITY OF TUSCALOOSA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Alabama Trust Fund	Evergreen Cemetery Fund	Section 108 Funds	Storm Recovery FEMA Fund	Total Nonmajor Special Revenue Funds
REVENUES					
Taxes					
Gas Tax - State of Alabama	\$ -	\$ -	\$ -	\$ -	\$ 1,023,001
Share of Beer Tax	-	-	-	-	448,968
Intergovernmental Revenues					
Federal Grants	-	-	-	-	9,225,625
State and Local Grants	918,413	-	-	-	924,428
Other Revenues					
Interest on Investments	-	1,544	-	-	1,831
Share of Tag Receipts	-	-	-	-	301,731
Collection of Principal and Interest	-	-	-	-	83,091
Other	(642)	-	-	-	110,882
Total Revenues	917,771	1,544	-	-	12,119,557
EXPENDITURES					
Current Operations					
Community Services	-	-	-	-	1,044,083
General Government	-	2,890	85	-	97,653
Public Safety	-	-	-	-	11,757
Total Current Operations	-	2,890	85	-	1,153,493
Capital Outlay	736,209	-	-	-	8,731,685
Debt Service:					
Principal	-	-	-	-	75,000
Interest Charges	-	-	-	-	31,035
Total Expenditures	736,209	2,890	85	-	9,991,213
Excess (deficiency) of Revenues over (under) Expenditures	181,562	(1,346)	(85)	-	2,128,344
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	173,810
Transfer Out	(500,000)	-	-	(89,800)	(1,854,023)
Total Other Financing Sources (Uses)	(500,000)	-	-	(89,800)	(1,680,213)
Net Change in Fund Balances (Deficits)	(318,438)	(1,346)	(85)	(89,800)	448,131
Fund Balances, Beginning of Year	847,137	134,466	61,909	164,239	5,708,575
Fund Balances, End of Year	\$ 528,699	\$ 133,120	\$ 61,824	\$ 74,439	\$ 6,156,706

CITY OF TUSCALOOSA

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2021

	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
ASSETS							
Cash and Cash Equivalents	\$ 1,798,579	\$ 420,796	\$ 202,533	\$ 3,476,298	\$ 626,937	\$ 1,053,135	\$ 7,578,278
Receivables	18,559	-	-	-	-	4,402,175	4,420,734
Due from Other Funds	1,658,560	90,440	-	455,562	1,510,651	1,092,926	4,808,139
Total Assets	<u>\$ 3,475,698</u>	<u>\$ 511,236</u>	<u>\$ 202,533</u>	<u>\$ 3,931,860</u>	<u>\$ 2,137,588</u>	<u>\$ 6,548,236</u>	<u>\$ 16,807,151</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts Payable and Other Current Charges	\$ 1,807	\$ -	\$ -	\$ 436,927	\$ 46,674	\$ 7,814	\$ 493,222
Due to Other Funds	1,009,748	259,260	202,533	130,409	500	5,183,717	6,786,167
Total Liabilities	1,011,555	259,260	202,533	567,336	47,174	5,191,531	7,279,389
Deferred Inflows of Resources							
Unavailable Revenues - Grants	-	-	-	-	-	3,398,708	3,398,708
Total Deferred Inflows of Resources	-	-	-	-	-	3,398,708	3,398,708
Fund Balances							
Restricted for:							
Capital Projects	2,464,143	-	-	-	-	-	2,464,143
Road Projects	-	-	-	-	2,090,414	-	2,090,414
Committed for:							
Capital Projects	-	251,976	-	3,364,524	-	(2,042,003)	1,574,497
Total Fund Balances (Deficit)	2,464,143	251,976	-	3,364,524	2,090,414	(2,042,003)	6,129,054
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,475,698</u>	<u>\$ 511,236</u>	<u>\$ 202,533</u>	<u>\$ 3,931,860</u>	<u>\$ 2,137,588</u>	<u>\$ 6,548,236</u>	<u>\$ 16,807,151</u>

CITY OF TUSCALOOSA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECTS FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	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
REVENUES							
Fines and Forfeitures	\$ -	\$ -	\$ -	\$ 210,462	\$ -	\$ -	\$ 210,462
Intergovernmental	18,558	-	-	69,839	-	1,593,221	1,681,618
Other	115	62	-	31,473	-	-	31,650
Total Revenues	18,673	62	-	311,774	-	1,593,221	1,923,730
EXPENDITURES							
Current Operations							
General Government	97,941	25,018	-	-	-	-	122,959
Total Current Operations	97,941	25,018	-	-	-	-	122,959
Intergovernmental	-	-	-	-	-	6,279,657	6,279,657
Capital Outlay	-	-	-	4,547,910	1,946,341	1,535,264	8,029,515
Debt Service:							
Principal	-	-	-	3,592,263	391,748	3,574,614	7,558,625
Interest Charges	-	-	-	427,882	22,642	10,899	461,423
Total Expenditures	97,941	25,018	-	8,568,055	2,360,731	11,400,434	22,452,179
Deficiency of Revenues under Expenditures	(79,268)	(24,956)	-	(8,256,281)	(2,360,731)	(9,807,213)	(20,528,449)
OTHER FINANCING SOURCES (USES)							
Proceeds from Sale of Capital Assets	-	-	-	20,695	-	-	20,695
Issuance of Debt	-	-	-	2,773,239	-	-	2,773,239
Transfers In	2,574,429	323,157	-	6,780,819	1,308,069	2,298,755	13,285,229
Transfer Out	(867,316)	(250,000)	-	-	-	-	(1,117,316)
Total Other Financing Sources (Uses)	1,707,113	73,157	-	9,574,753	1,308,069	2,298,755	14,961,847
Net Change in Fund Balances	1,627,845	48,201	-	1,318,472	(1,052,662)	(7,508,458)	(5,566,602)
Fund Balances (Deficits), Beginning of Year	836,298	203,775	-	2,046,052	3,143,076	5,466,455	11,695,656
Fund Balances, End of Year	\$ 2,464,143	\$ 251,976	\$ -	\$ 3,364,524	\$ 2,090,414	\$ (2,042,003)	\$ 6,129,054

SUPPLEMENTAL INFORMATION



CITY OF TUSCALOOSA

SUPPLEMENTAL INFORMATION

WATER AND SEWER FUND

SCHEDULE OF REVENUES AND OPERATING EXPENSES - BUDGET (GAAP BASIS) TO ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues:			
Charges for Services	\$ 50,220,977	\$ 48,669,026	\$ (1,551,951)
Connection Fees	850,000	550,791	(299,209)
Cost Reimbursement	25,000	477,846	452,846
Other	732,500	388,260	(344,240)
Total Operating Revenues	<u>51,828,477</u>	<u>50,085,923</u>	<u>(1,742,554)</u>
Non-Operating Revenues (Expenses):			
Interest Income	2,000	1,901	(99)
Interest and Fiscal Charges	(12,527,854)	(1,948,698)	10,579,156
Gain on Disposal	15,000	18,646	3,646
Net Non-operating Revenues (Expenses)	<u>(12,510,854)</u>	<u>(1,928,151)</u>	<u>10,582,703</u>
Total before Transfers and Contributions	<u>39,317,623</u>	<u>48,157,772</u>	<u>8,840,149</u>
Transfers In (Out) and Contributions			
Capital Contributions - Developers	-	1,120,637	1,120,637
Capital Grant Revenue	-	64,049	64,049
Transfers In	41,227	44,507	3,280
Transfers Out	(8,339,585)	(7,136,134)	1,203,451
Net Transfers and Contributions	<u>(8,298,358)</u>	<u>(5,906,941)</u>	<u>2,391,417</u>
Fund Total	<u>\$ 31,019,265</u>	<u>\$ 42,250,831</u>	<u>\$ 11,231,566</u>
Operating expenses:			
Accounting and Finance	\$ 322,591	\$ 289,439	\$ 33,152
Infrastructure and Public Services:			
Engineering	753,010	581,539	171,471
Logistics and Asset Management	15,070,220	14,517,180	553,040
Public Services	4,300	4,000	300
Infrastructure	7,485,779	7,471,616	14,163
Urban Development	1,094,003	1,067,621	26,382
Damage Claims	44,059	4,898	39,161
Depreciation	9,000,000	10,732,765	(1,732,765)
Special Projects	1,690,738	2,178,576	(487,838)
Other	885,932	744,279	141,653
Total Operating Expenses	<u>\$ 36,350,632</u>	<u>\$ 37,591,913</u>	<u>\$ (1,241,281)</u>

STATISTICAL SECTION



STATISTICAL SECTION

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

Contents

Page

Financial Trends 152 – 158

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 159 – 165

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity 166 – 170

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 171 and 172

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 173 – 176

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.

CITY OF TUSCALOOSA

Schedule A

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS ENDED SEPTEMBER 30, (accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 144,686,685	\$ 163,764,846	\$ 149,434,643	\$ 171,714,455	\$ 147,980,779	\$ 185,194,521	\$ 182,441,470	\$ 195,622,070	\$ 212,335,854	\$ 240,310,768
Restricted	4,951,411	6,148,669	8,763,740	7,748,114	8,831,904	10,676,955	31,618,220	25,443,065	25,114,378	65,688,810
Unrestricted	53,668,810	34,120,001	45,732,088	(55,170,626)	(32,427,885)	(71,093,338)	(102,110,259)	(104,871,782)	(113,170,257)	(163,155,087)
Total Governmental Activities Net Position	<u>\$ 203,306,906</u>	<u>\$ 204,033,516</u>	<u>\$ 203,930,471</u>	<u>\$ 124,291,943</u>	<u>\$ 124,384,798</u>	<u>\$ 124,778,138</u>	<u>\$ 111,949,431</u>	<u>\$ 116,193,353</u>	<u>\$ 124,279,975</u>	<u>\$ 142,844,491</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 165,367,100	\$ 173,155,705	\$ 178,205,266	\$ 186,335,381	\$ 201,736,756	\$ 209,743,795	\$ 221,498,636	\$ 227,543,387	\$ 236,429,104	\$ 242,871,734
Unrestricted	27,054,874	26,428,505	25,020,809	19,553,585	14,323,700	18,637,889	16,213,614	18,579,788	14,593,553	12,904,570
Total Business-Type Activities Net Position	<u>\$ 192,421,974</u>	<u>\$ 199,584,210</u>	<u>\$ 203,226,075</u>	<u>\$ 205,888,966</u>	<u>\$ 216,060,456</u>	<u>\$ 228,381,684</u>	<u>\$ 237,712,250</u>	<u>\$ 246,123,175</u>	<u>\$ 251,022,657</u>	<u>\$ 255,776,304</u>
Primary Government										
Net Investment in Capital Assets	\$ 310,053,785	\$ 336,920,551	\$ 327,639,909	\$ 358,049,836	\$ 349,717,535	\$ 394,938,316	\$ 403,940,106	\$ 423,165,457	\$ 448,764,958	\$ 483,182,502
Restricted	4,951,411	6,148,669	8,763,740	7,748,114	8,831,904	10,676,955	31,618,220	25,443,065	25,114,378	65,688,810
Unrestricted	80,723,684	60,548,506	70,752,897	(35,617,041)	(18,104,185)	(52,455,449)	(85,896,645)	(86,291,994)	(98,576,704)	(150,250,517)
Total Primary Government Net Position	<u>\$ 395,728,880</u>	<u>\$ 403,617,726</u>	<u>\$ 407,156,546</u>	<u>\$ 330,180,909</u>	<u>\$ 340,445,254</u>	<u>\$ 353,159,822</u>	<u>\$ 349,661,681</u>	<u>\$ 362,316,528</u>	<u>\$ 375,302,632</u>	<u>\$ 398,620,795</u>

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.

CITY OF TUSCALOOSA

Schedule B

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental Activities:										
Community Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,256,107	\$ 10,817,522	\$ 21,692,644	\$ 26,063,157	\$ 18,562,795
Culture and Recreation	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	5,728,999	9,704,143	8,078,235	7,397,239	7,831,430	-	-	-	-	-
General Government	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	22,640,614
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	49,460,633
Public Safety	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	72,924,074
Streets and Highways	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	4,252,317
Cost Sharing Arrangements	-	-	-	-	-	861,956	1,501,629	-	-	-
Education	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	24,651,106
Funds to Other Agencies	-	-	-	-	-	13,371,624	15,241,456	-	-	-
Health	-	130,000	130,000	130,000	130,000	-	-	-	-	-
Library	-	1,870,572	1,919,273	1,919,273	1,919,273	-	-	-	-	-
Interest on Long-Term Debt	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	5,560,297
Total Governmental Activities Expenses	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	198,051,836
Business-Type Activities										
Intermodal Facility	70,318	72,500	72,535	57,234	70,255	57,247	54,126	52,163	51,269	53,027
Water and Sewer	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	39,461,121
Total Business-Type Activities Expenses	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	39,514,148
Total Primary Government Expenses	\$ 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	\$ 237,565,984
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Infrastructure and Public Services	\$ 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	\$ 1,367,275
General Government	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	23,459,313
Public Safety	27,936	39,705	-	93,105	109,213	-	2,578,567	2,408,516	2,036,008	2,482,693
Operating Grants and Contributions	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	65,947,637
Capital Grants and Contributions	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	1,663,060
Total Governmental Activities Program Revenues	\$ 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	\$ 94,919,978
Business-Type Activities:										
Charges for Services:										
Intermodal Facility	\$ 20,985	\$ 25,451	\$ 24,796	\$ 15,559	\$ 26,750	\$ -	\$ 72,740	\$ 59,843	\$ 61,634	\$ 68,266
Water and Sewer	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	50,085,923
Operating Grants and Contributions	-	-	-	-	-	334,920	-	-	-	-
Capital Grants and Contributions	827,229	3,696,951	2,382,039	1,562,543	4,522,992	1,413,123	2,773,176	127,131	453,399	1,184,686
Total Business-Type Program Revenues	\$ 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	\$ 51,338,875

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.

CITY OF TUSCALOOSA

Schedule B (Continued)

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense) Revenue:										
Governmental Activities	\$ (63,108,335)	\$ (65,720,956)	\$ (68,506,100)	\$ (60,174,385)	\$ (71,325,186)	\$ (80,834,204)	\$ (76,026,213)	\$ (86,315,004)	\$ (102,797,451)	\$ (103,131,858)
Business-Type Activities	4,733,702	7,526,024	7,554,802	10,088,502	11,907,420	16,372,992	17,751,646	14,628,533	12,382,073	11,824,727
Total Primary Government Net Expense	(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)	(91,307,131)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Sales and Use Tax	35,511,154	36,945,556	37,820,342	39,425,922	40,242,761	42,347,194	44,107,898	47,666,435	69,196,100	77,287,801
Property Tax	13,300,542	13,904,489	14,096,748	14,870,292	13,734,770	16,686,560	18,369,545	19,034,804	19,482,368	19,801,467
Lodging Tax	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	7,377,346
Taxes Passed through from State	1,864,416	1,893,838	6,262,647	6,694,905	1,880,793	2,034,264	1,920,145	2,029,435	-	-
Other	4,726,205	5,968,921	1,936,318	1,867,344	7,072,599	7,252,459	6,686,883	6,940,106	8,860,643	10,081,477
Gain (loss) on Disposal of Capital Assets	-	1,855,000	149,000	1,100,000	-	1,071,482	49,401	4,733	-	-
Gain (loss) on Impairment	17,822,187	218,826	-	-	-	-	-	-	-	-
Unrestricted Investment Earnings	1,236,457	76,701	362,693	961,704	629,033	2,148,758	406,611	409,533	108,894	56,656
Other Income	-	-	99,566	73,019	-	-	-	-	-	-
Transfers	199,164	439,590	2,014,356	1,813,664	1,766,618	4,419,128	5,438,666	6,366,336	7,538,753	7,091,627
Total Governmental Activities	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	121,696,374
Business-Type Activities:										
Gain (loss) on Disposal of Capital Assets	(1,090)	57,680	-	-	-	11,762	53,040	62,758	43,139	18,646
Unrestricted Investment Earnings	48,381	18,122	11,428	12,240	30,688	36,062	120,873	85,970	13,023	1,901
Transfers	(199,164)	(439,590)	(2,014,356)	(1,813,664)	(1,766,618)	(4,419,128)	(5,438,666)	(6,366,336)	(7,538,753)	(7,091,627)
Total Business-Type Activities	(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)	(7,071,080)
Total Primary Government	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	114,625,294
Change in Net Position:										
Governmental Activities	16,530,155	726,610	(103,045)	12,459,431	92,855	1,811,829	8,186,233	3,982,759	8,086,622	18,564,516
Business-Type Activities	4,581,829	7,162,236	5,551,874	8,287,078	10,171,490	12,001,688	12,486,893	8,410,925	4,899,482	4,753,647
Total Business-Type Program Revenues	\$ 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	\$ 23,318,163

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.

CITY OF TUSCALOOSA

Schedule C

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sales Tax	\$ 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	\$ 65,130,416
Use Tax	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	12,157,385
Property Tax	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	19,801,467
Lodging Tax	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	7,377,346
Other State and Local Taxes	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	10,081,477
	<u>\$ 58,516,266</u>	<u>\$ 61,963,611</u>	<u>\$ 62,954,882</u>	<u>\$ 65,931,177</u>	<u>\$ 66,235,874</u>	<u>\$ 73,619,357</u>	<u>\$ 78,317,768</u>	<u>\$ 83,517,161</u>	<u>\$ 103,236,426</u>	<u>\$ 114,548,091</u>

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

CITY OF TUSCALOOSA

Schedule D

FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS ENDED SEPTEMBER 30, (accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Non-spendable	\$ 1,152,796	\$ 1,536,711	\$ 1,107,196	\$ 1,081,075	\$ 1,196,230	\$ 3,431,639	\$ 4,608,857	\$ 4,778,530	\$ 853,105	\$ 610,500
Restricted	74,048	392,713	649,296	1,193,431	1,582,927	2,335,156	3,053,256	3,069,680	1,988,329	1,799,696
Committed	1,288,157	1,392,757	1,369,044	1,523,230	1,405,267	971,502	545,510	981,076	8,425,210	909,092
Assigned	2,359,267	808,171	231,124	161,307	484,417	134,881	386,651	377,323	3,027,278	15,917,664
Unassigned	10,554,051	11,286,460	12,185,918	12,202,395	11,953,717	12,502,563	13,294,511	13,861,816	14,231,394	17,292,227
Total General Fund	<u>\$ 15,428,319</u>	<u>\$ 15,416,812</u>	<u>\$ 15,542,578</u>	<u>\$ 16,161,438</u>	<u>\$ 16,622,558</u>	<u>\$ 19,375,741</u>	<u>\$ 21,888,785</u>	<u>\$ 23,068,425</u>	<u>\$ 28,525,316</u>	<u>\$ 36,529,179</u>
Capital Projects Fund										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,144,630	\$ -	\$ 4,930,780	\$ -	\$ -
Restricted	-	-	-	-	-	23,500,862	15,341,822	8,250,802	3,948,497	48,154,032
Committed	11,988,030	8,732,630	17,045,873	7,852,499	27,687,207	4,839,880	4,821,391	499,982	1,409,314	914,795
Assigned	14,185,553	10,301,317	-	18,146,753	27,718,919	17,850,327	20,951,978	17,710,877	25,189,740	29,470,231
Total Capital Projects Fund	<u>\$ 26,173,583</u>	<u>\$ 19,033,947</u>	<u>\$ 17,045,873</u>	<u>\$ 25,999,252</u>	<u>\$ 55,406,126</u>	<u>\$ 49,335,699</u>	<u>\$ 41,115,191</u>	<u>\$ 31,392,441</u>	<u>\$ 30,547,551</u>	<u>\$ 78,539,058</u>
All Other Governmental Funds										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 990,292	\$ -	\$ 3,152,058	\$ -	\$ -
Restricted	4,861,105	3,243,962	6,817,599	3,308,643	3,649,933	8,240,537	8,894,763	13,736,954	15,716,520	11,008,863
Committed	654,692	9,484,539	4,440,482	7,418,732	5,511,889	4,605,148	2,006,226	605,733	2,384,293	1,707,617
Assigned	21,331,892	-	270,205	396,951	175,762	153,901	-	-	-	-
Unassigned	1,295	(392,847)	(307,769)	(284,997)	403,976	(2,106,686)	(1,348,489)	(2,035,576)	-	-
Total All Other Governmental Funds	<u>\$ 26,848,984</u>	<u>\$ 12,335,654</u>	<u>\$ 11,220,517</u>	<u>\$ 10,839,329</u>	<u>\$ 9,741,560</u>	<u>\$ 11,883,192</u>	<u>\$ 9,552,500</u>	<u>\$ 15,459,169</u>	<u>\$ 17,413,554</u>	<u>\$ 12,297,401</u>

CITY OF TUSCALOOSA

Schedule E

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS ENDED SEPTEMBER 30, (accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Taxes	\$ 59,417,709	\$ 61,963,611	\$ 63,841,122	\$ 66,818,085	\$ 67,141,597	\$ 72,972,401	\$ 75,736,943	\$ 80,949,399	\$ 100,556,902	\$ 111,782,085
Licenses and Permits	21,018,317	21,479,438	21,639,383	22,296,658	22,563,765	22,243,027	23,274,964	24,005,204	24,554,241	23,209,084
Fines and Penalties	2,588,985	2,380,794	2,717,425	2,847,827	2,727,595	2,918,739	2,578,567	2,408,516	2,036,008	2,482,693
Use of Property	97,517	96,093	7,601	40,633	35,632	576,455	260,592	301,682	388,477	250,229
Charges for Services	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	1,367,275
Intergovernmental	36,520,364	40,734,475	44,509,002	51,652,000	51,184,069	49,539,381	57,572,532	57,814,833	52,596,084	58,988,567
Other Revenues	10,422,341	10,574,878	10,802,774	10,118,554	10,834,543	11,573,313	10,523,923	11,542,739	4,424,291	9,396,182
Total Revenues	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	207,476,115
Expenditures:										
Community Services	-	-	-	-	-	10,101,429	9,512,357	10,858,595	15,020,487	6,070,988
Culture and Recreation	8,989,708	8,699,648	8,586,807	8,297,111	7,886,736	-	-	-	-	-
Economic Development	-	-	438,206	2,089,871	2,002,451	-	-	-	-	-
Environmental Services	6,395,720	7,257,036	7,684,458	7,204,516	6,738,800	-	-	-	-	-
General Government	12,835,233	18,527,323	16,115,114	16,346,109	16,326,502	15,879,850	16,384,551	17,475,967	18,840,097	18,584,760
Housing	-	603,953	832,606	552,019	686,584	-	-	-	-	-
Infrastructure and Public Services	-	-	-	-	-	27,763,854	28,618,944	30,186,342	34,095,331	32,085,238
Public Safety	62,248,771	59,742,195	59,346,503	57,509,538	58,293,040	51,593,058	53,339,953	63,411,837	59,637,208	62,101,060
Streets and Highways	16,820,222	24,625,379	16,231,922	17,135,263	21,090,170	-	-	-	-	-
Urban Development	-	-	-	-	-	3,018,293	3,566,210	3,362,831	4,045,262	3,958,473
Other Activities	3,880,092	1,343,727	3,231,565	3,116,646	3,339,395	-	2,437,686	1,053,245	675,504	889,308
Cost Sharing Arrangements	-	-	-	-	-	861,956	1,501,629	1,602,917	1,685,781	1,585,991
Education	13,597,126	14,351,424	14,014,685	14,803,488	15,908,779	17,041,400	17,732,000	18,356,200	18,365,865	20,127,000
Funds to Other Agencies	-	-	-	-	-	13,371,625	12,803,770	12,890,873	13,911,661	15,992,233
Health	130,000	130,000	130,000	130,000	130,000	-	-	-	-	-
Library	1,775,200	1,870,572	1,919,273	1,919,273	1,919,273	-	-	-	-	-
Capital Outlay	7,817,246	15,946,262	13,713,555	17,172,812	22,533,214	33,042,037	37,360,900	32,238,628	24,293,015	42,019,787
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	4,155,152	8,288,500	17,293,197	7,197,428	5,011,589	4,743,233	4,154,386	4,238,357	5,296,154	13,220,146
Interest	3,645,132	3,589,437	3,445,399	3,522,844	3,456,478	3,981,357	4,283,340	4,188,751	3,318,886	4,899,632
Warrant Issue Costs	-	-	191,736	26,666	276,590	264,116	5,557	5,557	231,831	461,716
Intergovernmental	-	5,977,093	4,713,232	7,481,984	1,383,699	543,444	4,446	-	-	6,279,657
Total Governmental Activities Expenses	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	228,275,989
Excess of Revenues Over (Under) Expenditures	(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)	(20,799,874)

CITY OF TUSCALOOSA

Schedule E (Continued)

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS ENDED SEPTEMBER 30, (accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Excess of Revenues Over (Under) Expenditures (Brought Forward)	\$ (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)	\$ (20,799,874)
Other Financing Sources										
(Uses):										
Transfers In	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	101,565,394
Transfers Out	(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)	(94,473,767)
Insurance Proceeds	17,822,187	218,826	99,566	-	-	-	-	-	-	2,773,239
Loan Proceeds	372,982	-	147,304	-	-	-	-	-	-	-
Warrants Issued	-	7,024,227	22,100,000	2,090,000	33,370,000	32,750,000	-	-	38,319,760	55,195,523
Issuance of Refunding Debt	-	-	-	-	-	-	-	-	-	2,535,000
Premium on Warrants Issued	-	475,717	3,322,156	244,898	1,908,454	-	-	-	-	6,513,796
Payment to Refunded Warrant Escrow Agent	-	(343,599)	-	-	(1,038,215)	(29,002,339)	-	-	-	(2,418,614)
Proceeds from the Sale of Capital Assets	-	-	-	-	-	1,167,360	90,997	541,913	91,477	20,695
Proceeds from the Issuance of Debt	-	-	-	-	-	-	-	1,276,914	-	-
Capital Leases	-	-	-	-	-	400,000	1,295,759	6,000,000	-	-
Installment Purchase Note Proceeds	-	-	-	-	-	1,861,000	-	-	-	-
Total Other Financing Sources (Uses)	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	71,711,266
Net Change in Fund Balances	\$ 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	\$ 50,911,392
Debt Service as a Percentage of Non-Capital Expenditures*	6%	8%	14%	7%	6%	6%	5%	5%	5%	10%

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

CITY OF TUSCALOOSA

Schedule F

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sales Tax	\$ 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	\$ 63,658,447
Use Tax	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	12,157,385
Property Tax	13,300,542	13,904,489	14,096,748	14,870,292	13,734,770	16,686,560	17,708,865	18,496,477	18,921,272	19,195,559
Lodging Tax	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	7,377,346
Other State and Local Taxes	5,627,648	5,968,921	5,376,407	6,694,905	7,072,599	7,252,459	6,686,883	6,940,106	6,742,215	7,921,379
	<u>\$ 59,417,709</u>	<u>\$ 61,963,611</u>	<u>\$ 62,954,882</u>	<u>\$ 66,818,085</u>	<u>\$ 67,141,597</u>	<u>\$ 72,972,401</u>	<u>\$ 74,853,297</u>	<u>\$ 80,007,862</u>	<u>\$ 99,233,004</u>	<u>\$ 110,310,116</u>

CITY OF TUSCALOOSA

Schedule G

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

Fiscal Year	Real and Personal Property*				Automobiles**				Total Assessed Value	Total Direct Tax Rate	Total Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Assessed Value	Exemptions	Net Assessed Value	Estimated Actual Value	Assessed Value	Exemptions	Net Assessed Value	Estimated Actual Value				
2012	\$ 995,254,480	\$ -	\$ -	\$ 6,635,029,867	\$ 111,778,100	\$ -	\$ -	\$ 653,291,058	\$ 1,107,032,580	0.0135	\$ 7,288,320,925	15.19%
2013	992,803,620	-	-	6,618,690,800	118,083,502	-	-	690,546,795	1,110,887,122	0.0135	7,309,237,595	15.20%
2014	1,025,403,860	-	-	6,836,025,733	113,072,300	-	-	661,241,520	1,138,476,160	0.0135	7,497,267,253	15.19%
2015	1,069,285,600	-	-	7,128,570,667	121,760,000	-	-	729,729,327	1,191,045,600	0.0135	7,858,299,994	15.16%
2016	1,104,885,840	-	-	7,365,905,600	125,096,180	-	-	731,129,047	1,229,982,020	0.0135	8,097,034,647	15.19%
2017	1,175,088,440	-	-	7,833,922,933	123,360,600	-	-	720,985,388	1,298,449,040	0.0135	8,554,908,322	15.18%
2018	1,194,074,340	-	-	7,960,495,600	115,176,480	-	-	673,153,010	1,309,250,820	0.0135	8,633,648,610	15.16%
2019	1,325,527,780	-	-	8,836,851,867	117,336,660	-	-	685,778,258	1,442,864,440	0.0135	9,522,630,125	15.15%
2020	1,359,495,160	-	-	9,063,301,067	120,761,340	-	-	705,793,921	1,480,256,500	0.0135	9,769,094,988	15.15%
2021	1,381,587,700	44,046,160	1,337,541,540	8,916,943,600	129,465,100	3,371,460	126,093,640	736,958,737.24	1,463,635,180	0.0135	9,653,902,337	15.16%

*Source: Tuscaloosa County Tax Assessor

**Source: Tuscaloosa County License Commissioner

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

Note: In fiscal year 2021, the City began reporting exemptions to the property tax assessments in order to determine net assessed value.

CITY OF TUSCALOOSA
PROPERTY TAX RATES
LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

Schedule H

Fiscal Year	Direct Rate	Overlapping Rates*			Total
	City of Tuscaloosa - General Fund	City Schools	Tuscaloosa County	State of Alabama	
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
2021	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.

CITY OF TUSCALOOSA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND TEN YEARS AGO

Schedule I

	September 30, 2021				September 30, 2012			
	City Ad Valorem Taxes Paid	Rank	Total Assessed Value Of All Property Within City Limit	Percentage Of Total Assessed Valuation	City Ad Valorem Taxes Paid	Rank	Total Assessed Value Of All Property Within City Limit	Percentage Of Total Assessed Valuation
Alabama Power Company	\$ 530,831	1	\$ 39,320,780	2.85%	\$ 361,745	1	\$ 26,795,900	2.43%
Phifer Incorporated	237,917	2	18,157,560	1.31%	256,560	2	19,346,920	1.75%
The Greens at Tuscaloosa	135,994	3	10,073,620	0.73%	112,517	4	8,334,560	0.75%
Bolta US LTD	125,303	4	9,281,700	0.67%				
ZF Chassis Systems	115,555	5	8,559,660	0.62%				
Woodlands of Tuscaloosa LLC	106,650	6	7,900,000	0.57%				
Tamko Roofing Products Inc.	103,493	7	7,666,160	0.55%				
Cedar Crest Land LLC	97,610	8	7,230,340	0.52%				
Jefferson Loft LLC	97,214	9	7,201,000	0.52%				
University House Tuscaloosa LLC	94,521	10	7,001,520	0.51%				
Woodlands of Tuscaloosa					118,571	3	8,783,020	0.80%
Bellsouth Telecommunications					104,220	5	7,720,000	0.70%
Aranov Realty Co., Inc.					96,413	6	7,141,700	0.65%
Hanna Steel Corporation					95,248	7	7,055,400	0.64%
Carlyle-Cypress					93,253	8	6,907,620	0.63%
Sterling - U of A LP					80,754	9	5,981,780	0.54%
Tamko Roofing Products, Inc.					75,898	10	5,622,060	0.51%
	<u>\$ 1,645,088</u>		<u>\$ 122,392,340</u>	<u>8.86%</u>	<u>\$ 1,395,179</u>		<u>\$ 103,688,960</u>	<u>9.40%</u>

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 2021 of \$1,381,587,700.

CITY OF TUSCALOOSA

Schedule J

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
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%
2021	2020	18,875,892	(1,369,245)	17,506,647	17,395,711	99.37%	N/A	17,395,711	99.37%

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

**Source: Tuscaloosa County Tax Collector 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.

CITY OF TUSCALOOSA

Schedule K

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

2021		2012	
Name of Taxpayer	Business or Industry	Name of Taxpayer	Business or Industry
Academy Sports	Retail	Academy Sports	Retail
Aramark	Food Service	Best Buy	Retail
Home Depot	Retail Building Supply	Home Depot	Retail Building Supply
Lowe's of Tuscaloosa	Retail Building Supply	Lowe's of Tuscaloosa	Retail Building Supply
Publix	Grocery	Publix	Grocery
Sam's Club	Retail	Sam's Club	Retail
Target Stores	Retail	Target Stores	Retail
Tuscaloosa Toyota	Auto Sales	Belk	Retail
University of Alabama	Higher Education	University of Alabama	Higher Education
Wal-Mart Supercenter	Retail	Wal-Mart Supercenter	Retail

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

*Listed alphabetically

Notes: The total sales tax paid to the City of Tuscaloosa directly by the above listed taxpayers for the September 30, 2021 fiscal year was \$16,359,869.
Per Alabama Statewide Ordinance, individual taxpayer sales tax amounts paid is confidential information and illegal to disclose.

CITY OF TUSCALOOSA

Schedule L

SALES TAX RATES LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

Fiscal Year	City of Tuscaloosa	Tuscaloosa County Special Tax Board	State of Alabama	Total
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%
2021	3%	3%	4%	9%

Source: Tuscaloosa County Tax Collector

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

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.

Notes: In fiscal year 2020, a 1% sales tax increase was passed 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.

CITY OF TUSCALOOSA

Schedule M

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

Fiscal Year	Governmental Activities								Business-Type Activities			Total Primary Government	Percentage of Personal Income
	General Obligation Warrants	Warrant Premiums	Warrant Discounts	Section 108 Loan	Robertson Bank Loan	Installment Payable	Capital Leases	Incentive Obligations	General Obligation Warrants	Warrant Premiums	Capital Leases		
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	6,075,000	80,538,173	3,774,153	795,343	203,914,679	5.52%
2019	101,226,914	4,745,941	(413,324)	825,000	-	1,363,088	7,587,035	5,400,000	79,514,630	3,158,497	688,880	204,096,661	5.31%
2020	108,874,614	4,989,272	(336,647)	750,000	-	1,192,702	6,324,502	4,725,000	79,273,986	1,479,467	578,239	207,851,135	5.17%
2021	155,495,000	10,552,713	(314,069)	675,000	-	1,022,316	4,918,118	4,050,000	76,658,059	455,054	463,251	253,975,442	6.06%

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.

CITY OF TUSCALOOSA

Schedule N

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
2012	\$ 76,945,000	\$ 108,892,441	\$ 185,837,441	2.55%	2,005.82
2013	76,054,227	102,852,441	178,906,668	2.45%	1,900.27
2014	82,570,000	98,632,441	181,202,441	2.42%	1,888.69
2015	80,979,823	99,597,683	180,577,506	2.30%	1,846.49
2016	111,048,357	91,356,501	202,404,858	2.50%	2,049.32
2017	112,038,764	85,359,906	197,398,670	2.31%	1,968.34
2018	108,218,531	84,312,325	192,530,856	2.23%	1,919.80
2019	105,559,531	82,673,127	188,232,658	1.98%	1,861.61
2020	113,527,239	80,753,453	194,280,692	1.99%	1,921.12
2021	165,733,644	77,113,113	242,846,757	2.52%	2,438.22

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.

CITY OF TUSCALOOSA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT FOR THE YEAR ENDED SEPTEMBER 30, 2021

Schedule O

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes: Tuscaloosa County	\$ -		\$ -
City of Tuscaloosa Direct Debt:			
General Obligation Warrants	155,495,000	100%	155,495,000
Warrant Premiums	10,552,713	100%	10,552,713
Warrant Discounts	(314,069)	100%	(314,069)
Section 108 Loan	675,000	100%	675,000
Installment Payable	1,022,316	100%	1,022,316
Capital Leases	4,918,118	100%	4,918,118
Incentive Obligations	4,050,000	100%	4,050,000
Total City of Tuscaloosa Direct Debt	\$ 176,399,078		176,399,078
Total Direct and Overlapping Debt			\$ 176,399,078

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

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

CITY OF TUSCALOOSA

Schedule P

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit Equal to 20% of Assessed Valuation	\$ 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	\$ 292,727,036
Total Net Debt Applicable to 20% Limit	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	100,955,434
Legal 20% Debt Margin (Available Borrowing Capacity)	\$ 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	\$ 191,771,602
Total Net Debt Applicable to the 20% Limit as a Percentage of 20% Debt Limit	23.08%	23.10%	26.15%	24.35%	35.55%	36.41%	32.59%	33.08%	34.93%	34.49%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed Valuation of Real and Personal Property as of September 30, 2021	\$ 1,463,635,180
Debt Limit Equal to 20% of Assessed Valuation	292,727,036
Debt Applicable to Limit:	
All Outstanding Debt of the City	243,281,744
Less Those Portions Not Applicable to the 20% Debt Limit:	
Debt Attributable to Construction of School Houses	(11,285,000)
Debt Attributable to Water and Sewer Infrastructure	(77,121,310)
Debt Attributable to Amendment 722, 50% of Assessed Value of Taxable Property	(53,920,000)
Total Net Debt Applicable to Limit	100,955,434
Legal 20% Debt Margin (Available Borrowing Capacity)	\$ 191,771,602

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.

CITY OF TUSCALOOSA

Schedule Q

PLEDGED REVENUE COVERAGE LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

Fiscal Year	Water Charges and Other	Less: Operating Expenses ⁽¹⁾	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2021	50,085,923	26,859,148	23,226,775	10,190,000	2,337,265	1.85

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.

⁽¹⁾ Includes operating expenses less depreciation expense.

CITY OF TUSCALOOSA

Schedule R

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

Fiscal Year	Population*	Per Capita Personal Income**	Total Personal Income	Unemployment Rate
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
2021	99,600	42,084	4,191,566,400	3.00

*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.

CITY OF TUSCALOOSA
PRINCIPAL EMPLOYERS
FOR THE YEARS ENDED SEPTEMBER 30,

Schedule S

Employer	Nature of Business	Public or Private	2021			2012		
			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	6,839	1	15.23%	8,012	1	10.23%
Mercedes-Benz International	Automobile assembly	Private	4,400	2	9.80%	3,000	3	3.83%
DCH Health Systems	Healthcare	Public	3,444	3	7.67%	3,448	2	4.40%
Tuscaloosa County Board of Education	Education/Government	Public	2,411	4	5.37%	1,466	5	1.87%
Tuscaloosa City Board of Education	Education/Government	Public	1,490	5	3.32%	1,352	7	1.73%
Michelin/BF Goodrich Tire Manuf.	Tire manufacturing	Private	1,378	6	3.07%	1,400	6	179.00%
City of Tuscaloosa	Government	Public	1,303	7	2.90%	1,292	8	1.65%
Veterans Administration Hospital	Specialized healthcare	Public	1,256	8	2.80%	1,113	10	1.42%
SMP Automotive	Auto parts manufacturing	Public	1,246	9	2.78%	-	-	-
Phifer Incorporated	Aluminum/ Fiberglass Screening	Private	1,079	10	2.40%	1,246	9	1.59%
Jim Walter Resources	Coal Mining	Private	-	-	-	2,122	4	2.71%

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

CITY OF TUSCALOOSA

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

Schedule T

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>General Fund Employees</u>										
General government	207	216	213	260	236	104	105	114	109	105
Infrastructure and Public Services	-	-	-	-	-	335	317	358	329	338
Community Services	-	-	-	-	-	22	14	14	13	15
Urban Development	-	-	-	-	-	34	38	38	38	37
Public safety:										
Police	356	360	356	362	284	261	272	280	281	278
Fire	248	249	242	251	246	243	244	247	245	246
Other	24	80	80	36	66	83	81	90	88	89
Streets and highways	183	178	171	179	171	-	-	-	-	-
Environmental services	98	94	95	96	92	-	-	-	-	-
<u>Water and Sewer employees</u>										
Infrastructure and Public Services	-	-	-	-	-	161	165	168	171	160
Urban Development	-	-	-	-	-	11	10	13	13	12
Accounting and Finance	-	-	-	-	-	3	3	3	3	3
Superintendent	4	6	6	6	3	-	-	-	-	-
Water office and meter readers	32	32	32	34	28	-	-	-	-	-
Lakes	9	8	9	8	8	-	-	-	-	-
Distribution	38	37	37	35	38	-	-	-	-	-
Wastewater treatment plant	57	58	63	68	58	-	-	-	-	-
Ed Love water plant	36	32	35	30	31	-	-	-	-	-
Total Employees	<u>1,292</u>	<u>1,350</u>	<u>1,339</u>	<u>1,365</u>	<u>1,261</u>	<u>1,257</u>	<u>1,249</u>	<u>1,325</u>	<u>1,290</u>	<u>1,283</u>

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.

CITY OF TUSCALOOSA

WATER AND SEWER RATES
FOR THE YEARS ENDED SEPTEMBER 30,

Schedule U

	Rates in Effect Starting 10/1/20	Rates in Effect Starting 10/1/21
Water Rates		
Quantity of water consumed per month		
0-1,000 cubic feet	2.31	2.89
over 1,001 cubic feet	2.31	2.89
Monthly administrative cost per meter	5.26	5.42
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	4.22	6.43
12 inch	671.04	839.96
Unfiltered or Raw Water Rates		
Per 100 cubic feet	0.25	0.32
Monthly administrative cost per meter	5.26	5.42
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	4.22	6.43
12 inch	671.04	839.96
Sewer Rates		
a. Per 100 cubic feet of metered wastewater, or	4.13	5.16
b. Per 100 cubic feet of metered water	2.85	3.57
Monthly administrative cost per meter	4.37	4.50
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	6.62	9.24
12 inch	1,057.25	1,322.53

Source: City of Tuscaloosa Accounting and Finance Department

CITY OF TUSCALOOSA

Schedule V

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Public safety:										
Fire Protection										
Number of Stations	11	11	11	11	11	11	11	11	11	11
Number of Employees	248	249	242	251	246	243	214	247	245	246
Police Protection										
Number of Stations	1	2	3	4	4	4	4	4	4	4
Number of Employees	356	357	356	362	284	261	272	280	281	278
Infrastructure and Public Services:										
Streets (miles)	571	571	571	571	571	571	506	506	509	674
Storm sewers (miles)	317	317	317	317	317	317	317	317	317	254
Urban Development										
Building Permits	2,041	1,829	1,928	2,271	2,231	2,140	1,807	1,793	1,944	1,985
Amount	\$ 311,290,164	\$ 287,407,362	\$ 403,743,989	\$ 370,135,588	\$ 353,002,493	\$ 535,186,813	\$ 351,590,562	\$ 518,341,074	\$335,257,287	\$292,445,018
Education (public School System):										
Number of Schools	23	23	24	24	24	24	23	23	21	21
Number of Teachers	830	830	866	857	864	864	890	906	856	856
Recreation:										
Number of Parks	36	36	36	36	40	40	40	40	40	42
Number of Playgrounds	32	32	32	34	36	36	36	36	36	37
Area of Parks (acres)	1,749	1,749	1,749	1,749	2,438	2,438	2,438	2,438	2,438	3,184
Water and Sewer Fund										
Infrastructure and Public Services:										
Sanitary Sewers (miles)	623	669	685	685	648	661	575	580	573	575
Number of Customer Accounts *	54,072	54,492								
Number of Customer Accounts - Water			55,840	56,582	56,875	58,603	59,154	59,732	60,395	60,812
Number of Customer Accounts - Sewer			43,905	44,333	44,232	45,562	45,910	46,310	46,787	46,939
Average Daily Consumption (gallons)	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	25,097,000
Rated Plants Capacity (gallons daily)	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	59,700,000
Miles of Water Mains (4" and larger)	594	590	690	690	704	703	674	661	699	701
Number of Fire Hydrants	3,817	4,191	3,971	4,010	4,116	4,119	3,647	3,695	3,737	3,791
Miles of Raw Water Mains (24" and larger)	27	27	22	22	23	19	19	18	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 on two separate lines.

Note: For 2021, a detail listing of all recreational assets was created to insure accuracy. Information provided by PARA and Urban Development was combined to compile this list. Sch W Support - Recreation List workpaper notes the differences between the two. Notable changes were to Parks, Area of Parks and Playgrounds.

CITY OF TUSCALOOSA

Schedule W

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	2	3	4	4	4	4	4	4	4
Infrastructure and Public Services:										
Streets (miles)	571	571	571	571	571	571	506	506	509	674
Storm sewers (miles)	317	317	317	317	317	317	317	317	317	254
Recreation:										
Number of Parks	36	36	36	36	40	40	40	40	40	42
Number of Playgrounds	32	32	32	34	36	36	36	36	36	37
Area of Parks (acres)	1,749	1,749	1,749	1,749	2,438	2,438	2,438	2,438	2,438	3,184
Activity Centers	6	6	6	6	6	7	7	7	7	7
Boat Landings	8	8	6	6	6	7	7	6	7	9
Golf Course	1	1	1	1	1	1	1	1	1	1
Disc Golf Course	-	-	-	-	-	-	-	-	-	3
Tennis Facilities	-	-	-	-	-	-	-	1	1	1
Water and Sewer Fund										
Infrastructure and Public Services:										
Sanitary sewers (miles)	623	669	685	685	648	661	575	580	573	575
Miles of water mains (4" and larger)	594	590	690	690	704	703	674	661	699	701
Number of fire hydrants	3,817	4,191	3,971	4,010	4,116	4,119	3,647	3,695	3,737	3,791
Miles of raw water mains (24" and larger)	27	27	27	22	23	19	19	18	18	18

Source: Various City Departments