

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
OF THE  
**CITY OF TUSCALOOSA, ALABAMA**

---

FOR THE FISCAL YEAR ENDED  
**SEPTEMBER 30, 2012**

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

CITY OF TUSCALOOSA  
FINANCIAL REPORT  
September 30, 2012

## TABLE OF CONTENTS

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	<b>Page(s)</b>
<b>INTRODUCTORY SECTION</b>	
Title Page.....	1
Table of Contents .....	2-4
Letter of Transmittal.....	6-9
GFOA Certificate of Achievement.....	10
Organization Chart .....	11
Officials of the City of Tuscaloosa.....	12
 <b>FINANCIAL SECTION</b>	
<b>Independent Auditor's Report</b> .....	13-14
<b>Management's Discussion and Analysis</b> .....	15-34
 <b>Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Assets.....	35-36
Statement of Activities.....	37
 <b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds.....	38
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets .....	39
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	40-41
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	42
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund .....	43-48
Statement of Net Assets – Proprietary Funds .....	49-50
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds .....	51
Statement of Cash Flows – Proprietary Funds .....	52-54
Statement of Fiduciary Net Assets – Fiduciary Funds .....	55
Statement of Changes in Fiduciary Net Assets – Fiduciary Fund .....	56
<b>Notes to Financial Statements</b> .....	58-93

**Required Supplementary Information:**

Schedule of Funding Progress – Other Postemployment Benefits ..... 94

**Combining and Individual Fund Statement and Schedules:**

Combining Balance Sheet – Nonmajor Governmental Funds ..... 96  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds ..... 97  
Combining Balance Sheet – Nonmajor Special Revenue Funds ..... 99-100  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds ..... 101-102  
Statement of Changes in Assets and Liabilities – Agency Fund..... 104  
Capital Assets Used in the Operation of Governmental Funds:  
    Schedule by Function and Activity ..... 106  
    Schedule of Changes by Function and Activity ..... 107

**Supplemental Information:**

Water and Sewer Fund - Schedule of Operating and Non-Operating Revenues (Expenses) - Budget and Actual ..... 108  
Water and Sewer Fund - Schedule of Operating Expenses - Budget and Actual ..... 109-111

**STATISTICAL SECTION**

**Financial Trends**

Schedule A. Net Assets by Component ..... 113  
Schedule B. Changes in Net Assets ..... 114-115  
Schedule C. General Governmental Activities Tax Revenues by Source ..... 116  
Schedule D. Fund Balances of Governmental Funds ..... 117  
Schedule E. Changes in Fund Balances of Governmental Funds..... 118  
Schedule F. Total Governmental Activities Tax Revenues By Source ..... 119

**Revenue Capacity**

Schedule G. Assessed Value and Estimated Actual Value of Taxable Property..... 120  
Schedule H. Property Tax Rates – Direct and Overlapping Governments..... 121  
Schedule I. Principal Property Taxpayers ..... 122  
Schedule J. Property Tax Valuation, Levies, and Collection ..... 123  
Schedule K. Principal Sales Taxpayers ..... 124  
Schedule L. Sales Tax Rates – Direct and Overlapping Governments ..... 125

**Debt Capacity**

Schedule M. Ratio of Outstanding Debt by Type ..... 126  
Schedule N. Ratio of General Bonded Debt Outstanding ..... 127  
Schedule O. Direct and Overlapping Governmental Activities Debt ..... 128  
Schedule P. Legal Debt Margin Information ..... 129  
Schedule Q. Pledged Revenue Coverage ..... 130

**Demographic and Economic Information**

Schedule R. Demographic and Economic Statistics ..... 131  
Schedule S. Principal Employers..... 132

**Operating Information**

Schedule T. Full – Time Equivalent City Employees by Function ..... 133  
Schedule U. Water and Sewer Rates ..... 134  
Schedule V. Operating Indicators by Function..... 135  
Schedule W. Capital Asset Statistics by Function ..... 136

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# *City of Tuscaloosa*

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## **LETTER OF TRANSMITTAL**

March 29, 2013

The Honorable Walter Maddox, Mayor  
Members of the City Council  
City of Tuscaloosa, Alabama

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Tuscaloosa (City) for the fiscal year ended September 30, 2012. We believe the information, as presented, is accurate in all material respects. All disclosures necessary to enable the reader to gain an adequate understanding of the City's financial affairs have been included. It is the responsibility of the management of the City to prepare the CAFR.

The Alabama State Law requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the City by an independent certified public accountant. This requirement has been complied with, and the auditor's report has been included at the front of the financial section of this report. The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U. S. Office of Management and Budget Circular A-133, and the "Audits of State and Local Governments." The audit has been performed, and the separately issued Single Audit Report has been forwarded to the City's grantor agencies for review.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A compliments this letter of transmittal and should be read in conjunction with it.

## **Profile of the Government**

The City of Tuscaloosa 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, with the council members elected by districts. Responsibility for day-to-day operations of the City rests with the Mayor. Various Council committees also work closely with the Mayor and department heads.

The City of Tuscaloosa provides many municipal services including police and fire protection; water and sewer sanitation services; the construction and maintenance of highways; streets and infrastructure; general administration; recreational activities and cultural events. The City of Tuscaloosa is financially accountable for a legally separate tourism and sports commission, as well as a legally separate parking and transit authority, both of which are reported separately within the City of Tuscaloosa's financial statements. Additional information on these legally separate entities can be found in the notes to the financial statements.

The City is required to adopt a budget for the General Fund and the Water and Sewer Fund no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Tuscaloosa's financial planning and control. The budget is prepared by function and department. The City also designates funds in its two primary capital improvement funds.

## **Major Initiatives**

The April 27, 2011 tornado was the most destructive natural disaster in Tuscaloosa history. Approximately 12 percent of the City was damaged or destroyed. During the 2012 fiscal year, a heavy emphasis was placed on recovery from the disaster and rebuilding ten City facilities, utilizing a \$28,500,000 insurance settlement.

The Tuscaloosa amphitheater, which has a seating capacity of 7,470, had a successful second season from April to October of 2012, with approximately 23 shows. Excluding debt service, the amphitheater's revenues exceeded expenditures for the concert season.

## **Long-Term Financial Planning**

The City's fund balance policy ties the minimum undesignated balance in both the General Fund and the Capital Improvement Fund to 10 percent of the prior year General Fund operating budget. In the Water and Sewer Fund, the minimum undesignated Net Assets is 30 percent of the audited expenses.

The City's debt is rated "AA+" at Standard and Poor's and "Aa1" at Moody's Investors Service.

## **Economic Factors**

The two cent City Sales Tax collections in 2012 were 1.6 percent higher than 2011 and the City's Share of the County Sales Tax was 6.8 percent higher. Business license collections were 6.8 percent higher in 2012 than the previous year, but ad valorem taxes were 1.3 percent lower.

In the Enterprise Fund, Charges for Services (primarily Water and Sewer Sales) were 4.6 percent higher than the previous year.

In the 2012 fiscal year, we refunded two State Revolving Loan issues with a traditional City general obligation issue.

## **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tuscaloosa for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2011. This was the 23rd consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid only for a period of one year. We believe that our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We would like to express our appreciation to the Council, the City's department heads, and the employees for their contribution to the sound financial condition of the City of Tuscaloosa.

**Certification**

I hereby certify that the enclosed financial statements are true and correct.

Mike Wright  
Finance Director

Walter Maddox  
Mayor

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tuscaloosa  
Alabama

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2011

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



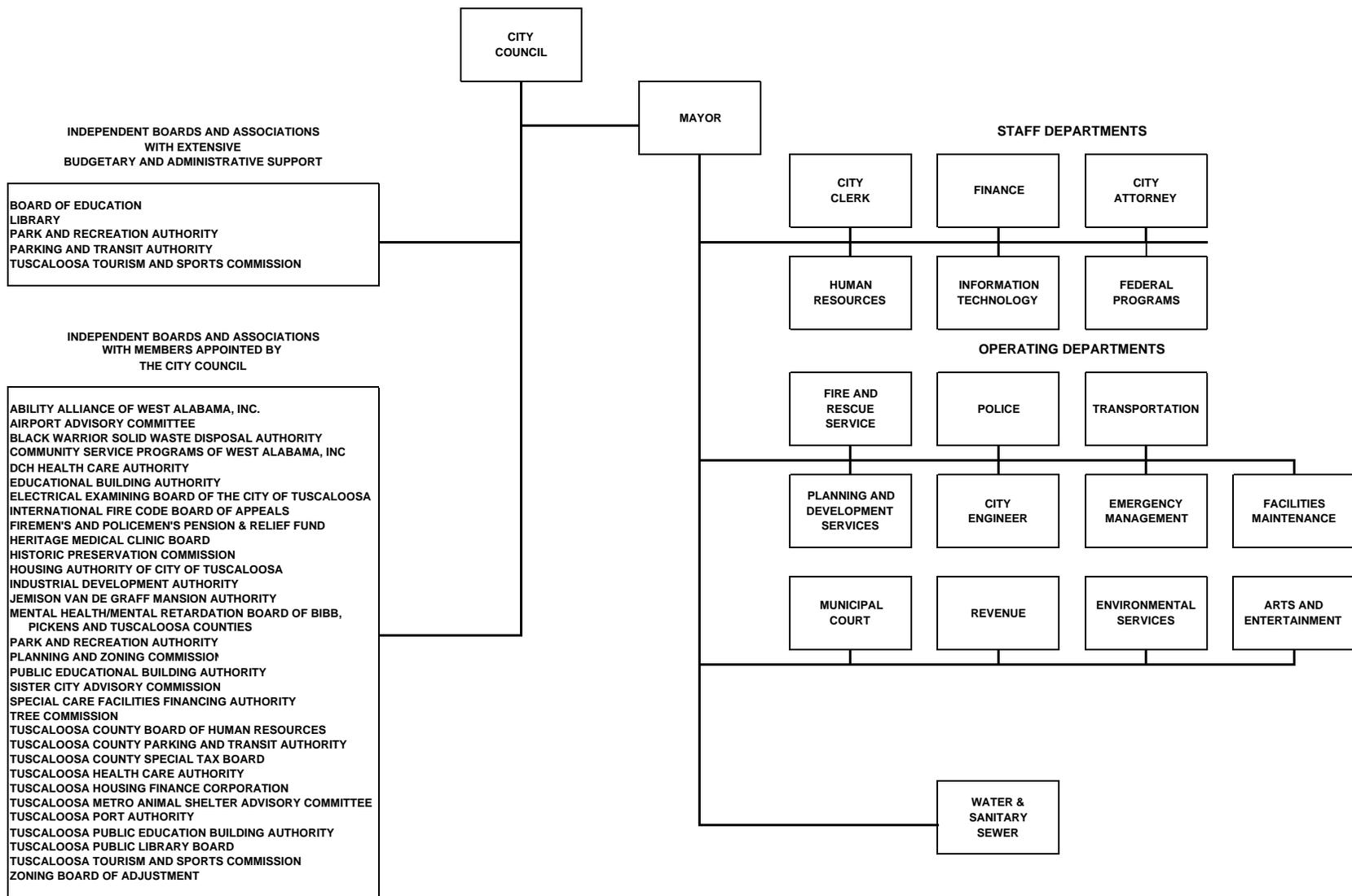
*Christopher P. Morrell*

President

*Jeffrey R. Emer*

Executive Director

# CITY OF TUSCALOOSA ORGANIZATION CHART



# OFFICIALS OF THE CITY OF TUSCALOOSA

Mayor ..... Walter Maddox

## CITY COUNCIL

Harrison Taylor, President Pro-Tem

Cynthia Lee Almond  
Lee Garrison  
Bobby Howard

Bob Lundell  
William Tinker, III  
Kip Tyner

## DEPARTMENT HEADS

Arts and Entertainment ..... Wendy Riggs  
City Attorney ..... Tim Nunnally  
City Clerk ..... Tracy Croom  
City Engineer ..... Joe Robinson  
Economic Development ..... LaParry Howell  
Emergency Management ..... David Hartin  
Environmental Services ..... Shane Daugherty  
Facilities Maintenance ..... Clif Penick  
Finance ..... Mike Wright  
Fire and Rescue Service ..... Alan Martin  
Human Resources ..... Brian Butler  
Information Technology ..... Douglas Taylor  
Municipal Court ..... Madelene Hollingsworth  
Planning and Development ..... John McConnell  
Police ..... Steve Anderson  
Transportation ..... Tera Tubbs  
Revenue ..... Linda McKinney  
Water and Sanitary Sewer ..... Jimmy Junkin

March 29, 2013

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

#### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, business-type activities, the Tuscaloosa Tourism and Sports Commission, a discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tuscaloosa, Alabama (the City), as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Tuscaloosa, Alabama's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Tuscaloosa County Parking and Transit Authority, a discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in the discretely presented component unit totals, is based 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 of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tuscaloosa, Alabama, as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Honorable Mayor and Members of  
the City Council  
City of Tuscaloosa, Alabama  
March 29, 2013

In accordance with "Government Auditing Standards," we have also issued our report dated March 29, 2013, on our consideration of the City of Tuscaloosa, Alabama's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress for the other postemployment benefit pension plans on pages 15 through 34 and page 94 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tuscaloosa, Alabama financial statements as a whole. The introductory section, combining nonmajor and special revenue fund financial statements, the budgetary comparison schedules, the capital asset schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor governmental and special revenue fund financial statements, the budgetary comparison schedules, and the capital asset schedules are the responsibility of management and were derived from and relate directly to underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied to the basic financial statements and, accordingly, we express no opinion on them.



Certified Public Accountants



## MANAGEMENT'S DISCUSSION & ANALYSIS

This section of the **City of Tuscaloosa's Comprehensive Annual Financial Report (CAFR)** presents City management's discussion and analysis of the City's financial performance during the fiscal year that ended September 30, 2012. Please read this in conjunction with the City's financial statements, which follow this section, and the additional information furnished in the letter of transmittal, which can be found in the introductory section of the CAFR.

### Using this Annual Financial Report

The primary focus of the local government's financial statements is the City as a whole (government-wide) and the major individual funds. Both provide a broader basis for comparison and improve the City's accountability. The financial statements consist of three parts: management's discussion and analysis (this section), the basic financial statements, and the required supplementary information. This report also contains other supplementary information in addition to the basic financial statements.

### Government-Wide Financial Statements

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

#### Statement of Net Assets and Statement of Activities

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

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

In the City's **Statement of Net Assets and the Statement of Activities**, the City is divided into two major activities:

**Governmental Activities:** Most of the City's programs and services are reported in this category, including public safety, general government, public health and recreation. General revenues from sales and use taxes, licenses and fees, property taxes, charges for services, and state and federal grants finance most of these activities.

**Business-Type Activities:** The City charges fees to customers to help it cover the costs, including depreciation, of certain services it provides to the general public. These services are provided on a rate basis. The City's business-type activities are primarily provided by its Water and Sewer department.

## Reporting on the Most Significant Funds of the City of Tuscaloosa

### Fund Financial Statements

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

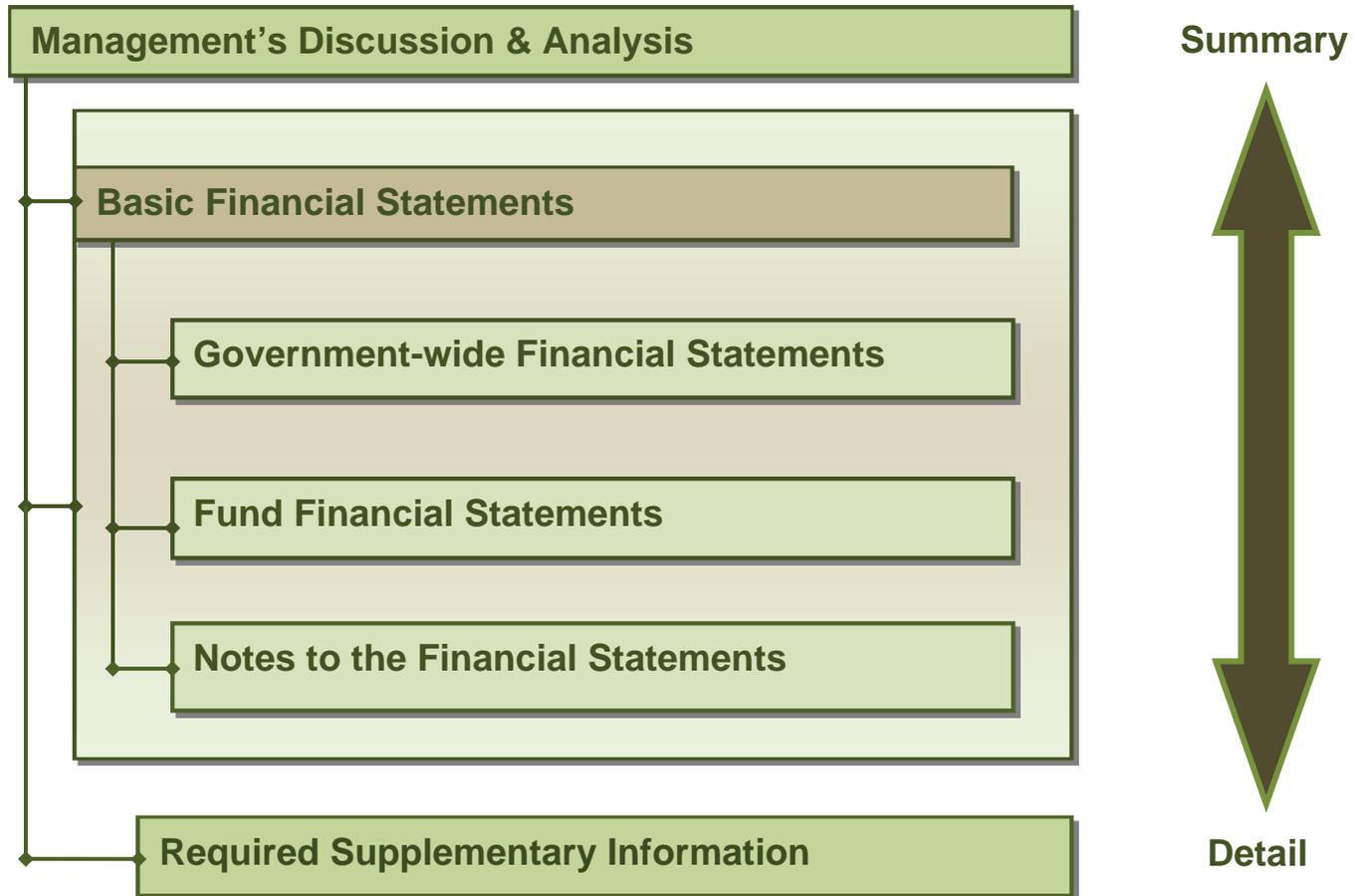
**Governmental Funds:** All of the City's major activities, other than the Enterprise Fund, are reported in the General Fund. The modified accrual method of accounting is used in this fund. This method measures cash and all other financial assets that can be readily converted into cash. The governmental fund financial statements provide a detailed short-term view of the City's general operations and the basic services that are provided. Both the balance sheet and the statement of revenues, expenditures and changes in fund balances provide reconciliations to help provide a comparison between governmental activities.

**Proprietary Funds:** Services provided to the general public for which customers are charged a fee are generally reported in enterprise funds, which are a type of proprietary fund. Proprietary funds use the same basis of accounting as business-type activities; therefore, the financial statements include additional information, such as depreciation expense and cash flows, which are not presented for governmental funds.

**Fiduciary Funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City is trustee, or fiduciary, for the Cash Bond Fund and the Police Officers and Firefighters Supplemental Retirement Plan. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 55. We exclude this activity from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these fund are used for the intended purpose.

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

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



## Notes to the Financial Statements

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

## Other Information

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



(photo provided by [www.stacymccants.com](http://www.stacymccants.com))

## **Tornado Damage and Recovery Effects**



The April 27, 2011 tornado that hit the City of Tuscaloosa was the most destructive natural disaster in the City's history, taking the lives of 52 citizens and destroying 12 percent of the City. In less than six minutes, the tornado damaged or destroyed 5,362 residential structures and affected 356 commercial structures.

The tornado affected three major sections within the Tuscaloosa City limits: Alberta, Forest Lake and Rosedale. The Holt community (located in the City's Police Jurisdiction) was also affected by the tornado. Due to the widespread damage, there were lengthy power outages in various City and County areas.

The affected City facilities were fully insured. The Curry Building, Police Athletic League building, Police Auction Lot, and one fire station were completely destroyed. The Curry Building housed the City's Environmental Services Department, Emergency Management Agency, and the Facilities Maintenance Department, including their vehicles and various supplies. These three departments have been relocated to alternate sites. While it wasn't completely destroyed, there was significant damage to the Tuscaloosa East Police Precinct and one of the waste water treatment plants.

There was no structural damage on the University of Alabama campus, City Hall or other downtown Tuscaloosa businesses/structures.

On April 28, 2011, the President of the United States declared Tuscaloosa County a disaster area. This declaration included all categories of work (listed below):

- **Category A: Debris Removal (from City rights-of-way and private property [when approved])**
- **Category B: Emergency Protective Measures (search and rescue, emergency traffic control, demolition of private structures, etc.)**
- **Category C: Roads and Bridges (on non-Federal Highway Authority roads)**
- **Category D: Water Control Facilities**
- **Category E: Buildings and Contents**
- **Category F: Utilities**
- **Category G: Parks, Recreational Areas, and other Facilities**

### **FEMA Reimbursements**

Federal Emergency Management Agency (FEMA) issued a mission assignment (Direct Federal Assistance) to the U. S. Army Corps of Engineers (Corps) to perform debris removal from City rights-of-way. The Corps was later authorized to perform debris removal from eligible private property located within a "grid." FEMA will, therefore, pay the Corps for debris removal costs and then submit an invoice to the City of Tuscaloosa for the local share. As of September 30, 2012, the City estimates its share of the debris removal costs to be \$1.2 million. This amount has been recorded as other payables in the accompanying statement of net assets.

## Tornado Damage and Recovery Effects

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

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

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

The City provided \$8,250,000 from its Capital Projects Fund to the “Storm Recovery FEMA Reimbursement Fund” (a special revenue fund) in 2011 and 2012 to pay for storm related expenses. The City anticipates that the majority of the costs will be reimbursed by FEMA, the State of Alabama or insurance proceeds. The City also established the “Storm Recovery Insurance Fund” to receive insurance proceeds for storm damaged capital assets.

The City evaluated its capital assets in accordance with Governmental Accounting Standard Board (GASB) Statement #42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* and realized a loss of \$25.3 million in 2011. In 2011, \$13.8 million was received and \$1.5 million was recorded as other receivables in the accompanying statement of net assets. In 2012, the City received the \$1.5 million recorded in September 30, 2011 receivables as well as an additional \$17.8 million, which settled all outstanding insurance claims relating to the storm. Accordingly, the City realized an impairment loss of \$10 million in 2011 and an impairment gain of \$17.8 million in 2012.

The Tuscaloosa Forward strategic plan was created from input given by citizens and business owners and adopted by the Planning and Zoning Commission. This allowed the implementation of new zoning districts and codes within the storm affected areas. The mixed-use commercial codes have been adopted by the City Council and the City is currently working on the residential codes.



## Rebuilding City Facilities



**Proposed Fire Station #4**



**Proposed Environmental Services Facility**

# Rebuilding City Neighborhoods



Hargrove Road / Hackberry Lane



Alberta Parkway

## Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. At September 30, 2012, the City's assets exceeded liabilities by \$395,728,880, an increase of over \$21.6 million from the prior year. This large increase was primarily due to a large insurance settlement related to tornado damage.

The largest portion of the City's net assets reflects its investment in capital assets (e.g., buildings, equipment, and construction in progress). The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending.

In Governmental Activities, the revenues were approximately \$30,000,000 above the previous fiscal year. Much of the increase came from the insurance settlement received in 2012 and the removal of asset impairments from 2011.

There are two component units reported in the City's government wide financial statements which are not reported on here. See information relative to separately issued financial statements as described in Note I.

The following is a summary of changes in net assets for the years ended September 30, 2012 and 2011.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 91,735,357	\$ 84,352,810	\$ 36,794,682	\$ 27,083,757	\$ 128,530,039	\$ 111,436,567
Capital assets	214,336,679	207,850,699	276,367,514	280,652,836	490,704,193	488,503,535
Total assets	<u>306,072,036</u>	<u>292,203,509</u>	<u>313,162,196</u>	<u>307,736,593</u>	<u>619,234,232</u>	<u>599,940,102</u>
Long-term liabilities	83,787,764	86,766,794	108,758,963	111,963,035	192,546,727	198,729,829
Other liabilities	18,977,366	19,182,384	12,085,731	7,933,413	31,063,097	27,115,797
Total liabilities	<u>102,765,130</u>	<u>105,949,178</u>	<u>120,844,694</u>	<u>119,896,448</u>	<u>223,609,824</u>	<u>225,845,626</u>
Net Assets:						
Invested in capital assets, net of related debt	144,686,685	141,988,874	165,367,100	166,577,134	310,053,785	308,566,008
Restricted for:						
Nonexpendable:						
Perpetual maintenance	85,891	85,891	-	-	85,891	85,891
Expendable:						
Capital and other projects	4,865,520	5,204,390	-	-	4,865,520	-
Unrestricted	53,668,810	38,975,176	27,054,874	21,263,011	80,723,684	60,238,187
Total Net Assets	<u>\$ 203,306,906</u>	<u>\$ 186,254,331</u>	<u>\$ 192,421,974</u>	<u>\$ 187,840,145</u>	<u>\$ 395,728,880</u>	<u>\$ 374,094,476</u>

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
Fines, fees, and charges for services	\$ 27,662,624	\$ 25,709,677	\$ 39,246,499	\$ 37,445,337	\$ 66,909,123	\$ 63,155,014
Operating grants and contributions	36,445,267	39,864,301	-	-	36,445,267	39,864,301
Capital grants and contributions	6,368,203	4,962,838	827,229	879,473	7,195,432	5,842,311
<b>General revenues:</b>						
Sales and use tax	35,511,154	34,710,490	-	-	35,511,154	34,710,490
Property tax	13,300,542	13,471,960	-	-	13,300,542	13,471,960
Other taxes	11,568,986	11,338,975	-	-	11,568,986	11,338,975
Investment earnings	1,236,457	527,377	48,381	59,301	1,284,838	586,678
Loss on impairment	-	(10,068,456)	-	-	-	(10,068,456)
Insurance proceeds	17,822,187	-	-	-	17,822,187	-
Gain/(Loss) on disposal	-	(1,185,213)	(1,090)	23,114	(1,090)	(1,162,099)
<b>Total revenues</b>	<b>149,915,420</b>	<b>119,331,949</b>	<b>40,121,019</b>	<b>38,407,225</b>	<b>190,036,439</b>	<b>157,739,174</b>
<b>Expenses:</b>						
General government	19,956,925	27,116,940	-	-	19,956,925	27,116,940
Public safety	63,409,806	61,270,595	-	-	63,409,806	61,270,595
Streets and highways	19,338,963	18,008,488	-	-	19,338,963	18,008,488
Environmental services	5,728,999	6,347,923	-	-	5,728,999	6,347,923
Education	13,597,130	12,934,588	-	-	13,597,130	12,934,588
Culture & recreation	7,628,277	4,217,570	-	-	7,628,277	4,217,570
Interest	3,924,329	3,916,406	-	-	3,924,329	3,916,406
Unallocated depreciation	-	234,302	-	-	-	234,302
Water and sewer	-	-	35,340,026	34,239,334	35,340,026	34,239,334
<b>Total expenses</b>	<b>133,584,429</b>	<b>134,046,812</b>	<b>35,340,026</b>	<b>34,239,334</b>	<b>168,924,455</b>	<b>168,286,146</b>
Excess before transfers	16,330,991	(14,714,863)	4,780,993	4,167,891	21,111,984	(10,546,972)
Transfers In/Out	199,164	481,800	(199,164)	(481,800)	-	-
Change in net assets	16,530,155	(14,233,063)	4,581,829	3,686,091	21,111,984	(10,546,972)
Net assets, beginning of year	186,254,331	200,487,394	187,840,145	184,888,687	374,094,476	385,376,081
Prior period adjustment	522,420	-	-	(734,633)	522,420	(734,633)
Net assets, beginning of year as restated	186,776,751	200,487,394	187,840,145	184,154,054	374,616,896	384,641,448
<b>Net assets, end of year</b>	<b>\$ 203,306,906</b>	<b>\$ 186,254,331</b>	<b>\$ 192,421,974</b>	<b>\$ 187,840,145</b>	<b>\$ 395,728,880</b>	<b>\$ 374,094,476</b>

## Governmental Activities

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

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

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

## Business-type Activities

The City operates a Water and Sewer Department that is accounted for as an Enterprise Fund. The business-type activity's Net Assets increased slightly despite an unusually wet summer, partly due to a six percent rate increase on October 1, 2011. The annual six percent increases continued through October 1, 2011, based on a 2006 rate study update performed by a consulting engineer. The adjustments are established to enable the City to meet its debt service requirements, pay operating expenses, meet the annual debt coverage requirement, and strive to meet the goal of avoiding issuing additional water and sewer debt during the next few years. A four percent rate increase went into effect on October 1, 2012, prior to the rate study being updated again during 2013.

The Water and Sewer Fund transferred \$2,797,506 to the General Fund for services provided by key General Fund departments including accounting, legal, and information technology services.

## Fund Financial Analysis - Revenues

The general, special revenue, capital project, debt service, and permanent funds are considered governmental funds, and are accounted for on the modified accrual method of accounting. The following schedule presents a summary of revenues and expenditures for the years ended September 30, 2012 and 2011, and the amount of increases and decreases in relation to the prior year:

	General Fund			Capital Projects Fund			Storm Recovery FEMA Fund			Storm Recovery Insurance Fund			Other Governmental Funds		
	2012	2011	Increase/ (Decrease)	2012	2011	Increase/ (Decrease)	2012	2011	Increase/ (Decrease)	2012	2011	Increase/ (Decrease)	2012	2011	Increase/ (Decrease)
<b>Revenues</b>															
Taxes	\$ 58,516,266	\$ 57,807,943	\$ 708,323	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 901,443	\$ 899,348	\$ 2,095
Licenses and permits	21,018,317	19,406,856	1,611,461	-	-	-	-	-	-	-	-	-	-	-	-
Fines and penalties	2,588,985	2,497,600	91,385	-	-	-	-	-	-	-	-	-	-	-	-
Use of property	97,517	91,273	6,244	-	-	-	-	-	-	-	-	-	-	-	-
Charges for services	3,929,869	3,656,458	273,411	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	30,086,579	27,181,397	2,905,182	1,445,013	478,921	966,092	152,677	120,865	31,812	-	-	-	4,836,095	4,133,756	702,339
Other revenues	6,928,167	6,698,856	229,311	1,105,290	405,630	699,660	705,601	7,193,047	(6,487,446)	-	64	(64)	1,683,283	1,004,218	679,065
	<u>\$123,165,700</u>	<u>\$117,340,383</u>	<u>\$5,825,317</u>	<u>\$2,550,303</u>	<u>\$ 884,551</u>	<u>\$1,665,752</u>	<u>\$ 858,278</u>	<u>\$ 7,313,912</u>	<u>\$(6,455,634)</u>	<u>\$ -</u>	<u>\$ 64</u>	<u>\$ (64)</u>	<u>\$7,420,821</u>	<u>\$ 6,037,322</u>	<u>\$ 1,383,499</u>

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

Revenues increased primarily in five areas: Taxes, Licenses and Permits, Charges for Services, Intergovernmental and Other Revenues.

In the Capital Projects Fund, Intergovernmental revenue increased primarily due to grant reimbursements on four projects. Other revenues increased because of the sale of land that the City had owned downtown.

In the Storm Recovery FEMA Fund, Other Revenues decreased because the known FEMA tornado reimbursements were recognized as revenue in 2011 and the receivable was updated in 2012.

In the Other Governmental Funds, Intergovernmental revenue increased due to airport grants. Other revenue increased due to a higher Alabama Trust Fund distribution and higher amounts of other Community Development revenue.

## Fund Financial Analysis - Expenditures

The expenditures for the governmental funds are summarized as follows:

Expenditures	General Fund			Capital Projects Fund			Storm Recovery FEMA Fund			Storm Recovery Insurance Fund			Other Governmental Funds		
	2012	2011	Increase/ (Decrease)	2012	2011	Increase/ (Decrease)	2012	2011	Increase/ (Decrease)	2012	2011	Increase/ (Decrease)	2012	2011	Increase/ (Decrease)
	Current operations:														
General government	\$ 11,614,657	\$ 11,531,613	\$ 83,044	\$ 468,902	\$ 747,108	\$ (278,206)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 751,674	\$ 610,714	\$ 140,960
Public safety	61,490,209	59,504,979	1,985,230	120,166	123,529	(3,363)	-	-	-	1,203,891	(1,203,891)	-	638,396	489,647	148,749
Streets and highways	14,461,629	12,520,066	1,941,563	2,301,199	9,510,084	(7,208,885)	-	-	-	-	-	-	57,394	1,114,831	(1,057,437)
Environmental services	6,395,720	6,516,442	(120,722)	-	-	-	-	-	-	-	-	-	-	-	-
Health	130,000	130,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Education	13,597,126	12,934,583	662,543	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	7,023,275	3,615,339	3,407,936	1,792,326	3,378,321	(1,585,995)	-	-	-	-	-	-	174,107	130,393	43,714
Library	1,775,200	1,600,000	175,200	-	-	-	-	-	-	-	-	-	-	-	-
Other activities	2,589,530	5,473,030	(2,883,500)	107,180	36	107,144	324	390	(66)	-	-	-	1,241,058	775,940	465,118
Capital outlay	125,533	198,684	(73,151)	1,228,934	1,677,674	(448,740)	-	-	-	1,638,898	5,695,525	(4,056,627)	4,823,881	9,130,438	(4,306,557)
Debt service	7,800,284	7,078,383	721,901	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 127,003,163</u>	<u>\$ 121,103,119</u>	<u>\$ 5,900,044</u>	<u>\$ 6,018,707</u>	<u>\$ 15,436,752</u>	<u>\$(9,418,045)</u>	<u>\$ 324</u>	<u>\$ 390</u>	<u>\$ (66)</u>	<u>\$ 1,638,898</u>	<u>\$ 6,899,416</u>	<u>\$ (5,260,518)</u>	<u>\$ 7,686,510</u>	<u>\$ 12,251,963</u>	<u>\$ 1,638,898</u>

In the General Fund, the increase in Culture and Recreation and the decrease in Other Activities are caused primarily by moving the amphitheater expenditures to a new Culture and Recreation department.

The Capital Projects Fund's Streets and Highways expenditures decreased significantly in 2012 because three major projects (roads and drainage) were completed in 2011. The Culture and Recreation categories decreased after large expenditures were incurred in 2011 for the River Walk and the Warner Transportation Museum. Capital Outlay decreased due to final construction costs for the amphitheater and the River Market occurring in 2011.

In the Storm Recovery Insurance Fund, Public Safety expenditures decreased in 2012 due to the tornado-related debris removal expenditures being incurred in 2011. Capital Outlay decreased because 2011 included most of the costs of replacing the City logistics building and other tornado related improvements.

In the Other Governmental Funds, Streets and Highways decreased because of a large street resurfacing project in 2011. Other Activities increased due to Home program expenditures for McKenzie Court public housing development. Capital Outlay expenditures decreased due to significant expenditures for amphitheater construction that were incurred in 2011.

## Fund Financial Analysis - continued

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

The Capital Projects Fund is used to pay for major improvement projects such as improvements to City buildings, road improvements, drainage projects, street resurfacing, school construction and industrial incentives. The primary funding source for the Capital Improvement Fund is the annual transfer of excess revenues from General Fund operations, which was \$4,280,000 for 2012.

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

The Council has required the City to maintain an undesignated fund balance in both the General Fund and the Capital Projects Fund at all times that equals ten percent of the prior year General Fund operating budget. Ten percent of the 2011 General Fund budget was \$10,549,546. Both the General Fund and Capital Projects Fund met this requirement in 2012.

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

	September 30, 2012	September 30, 2011
<u>Operating revenues</u>		
Charges for services	\$ 39,164,813	\$ 37,408,228
Miscellaneous	81,686	21,114
Total operating revenues	<u>39,246,499</u>	<u>37,429,342</u>
<u>Operating expenses</u>		
All departmental expenses	21,738,296	20,491,540
Depreciation and amortization	8,530,194	8,325,364
Total operating expenses	<u>30,268,490</u>	<u>28,816,904</u>
Operating income	<u>\$ 8,978,009</u>	<u>\$ 8,612,438</u>

The Council has required the City to maintain an undesignated fund balance of at least thirty percent of actual current year water and sewer operating expenses in the Water and Sewer Fund and the Water and Sewer Reserve Fund. The Water and Sewer Fund has met this requirement for 2012, and after accounting for balances reserved for debt service, the Reserve Fund has an \$8 million Undesignated Fund Balance.

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

## Budgetary Highlights

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

The City Council has control over the appropriation of funds; however, the Mayor is responsible for the annual budget recommendation to the Council. The budget process begins in May when the departments submit their budget requests for the following fiscal year to the Finance Department. The Finance Department compiles a report of the expenditure requests and the annual revenue projections. The annual budget hearings are held in June and July with City departments and agencies. The Mayor then adjusts the requests in order to present a balanced General Fund budget and a Water and Sewer Fund budget to the City Council. During the month of September, the Finance Committee, and at times the entire Council, reviews the Mayor's recommendation for adjustments before adopting the final budget before October first. The budget is revised approximately once a quarter to take into account unexpected changes in revenues or expenditures. The final budget is not deemed to be significantly different from the original budget. The Finance Director has limited ability to approve the movement of funds within the "Other Operating" category of a departmental budget as long as the total department budget does not change. No department had a significant variance between the final budget and actual results.

## Capital Asset & Debt Administration

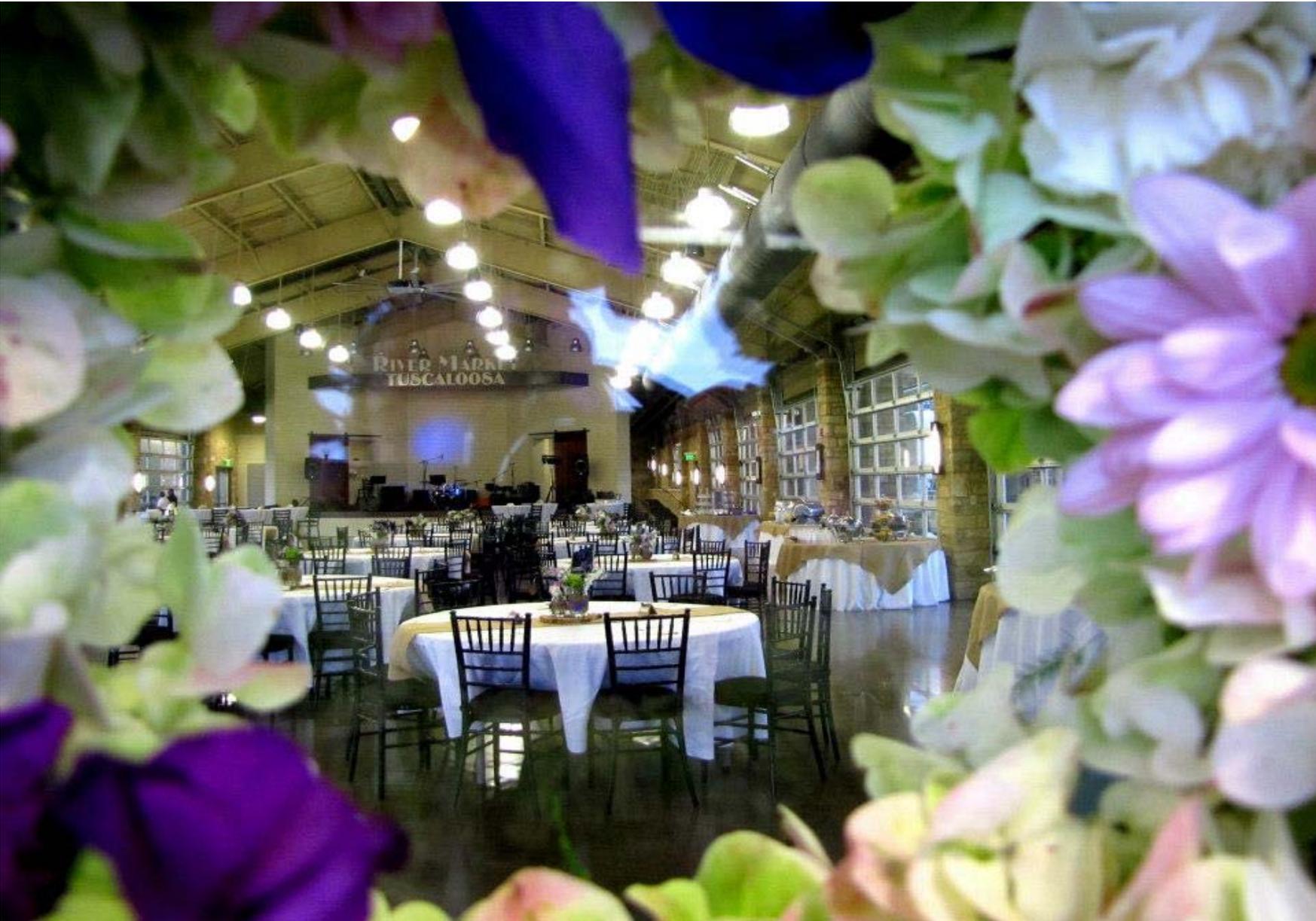
### Capital Assets

The Total Capital Assets for the City of Tuscaloosa was \$490,704,193 for the year ended September 30, 2012. Several large projects under construction are part of the increase in capital assets, which is offset by depreciation. See Notes to Financial Statements on page 58 for additional information.

	Governmental		Business-type		Totals	
	Activities		Activities			
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Land	\$ -	\$ -	\$ 1,286,042	\$ 1,286,042	\$ 1,286,042	\$ 1,286,042
Buildings	70,049,194	67,592,969	-	-	70,049,194	67,592,969
Equipment	18,792,087	17,022,982	2,365,722	2,529,261	21,157,809	19,552,243
Infrastructure	114,056,678	101,025,749	-	-	114,056,678	101,025,749
Utility property	-	-	272,130,035	276,829,393	272,130,035	276,829,393
Construction in progress	11,438,720	22,208,999	585,715	8,140	12,024,435	22,217,139
	<u>\$ 214,336,679</u>	<u>\$ 207,850,699</u>	<u>\$ 276,367,514</u>	<u>\$ 280,652,836</u>	<u>\$ 490,704,193</u>	<u>\$ 488,503,535</u>

In Governmental Activities, the increase in Infrastructure and the decrease in construction in progress are caused primarily by the completion of seven capital improvement or drainage projects with costs exceeding \$1,000,000 each. In Business-type activities, the decrease in Utility Property is caused primarily by depreciation expense (approximately \$5,900,000) exceeding new additions (\$1,200,000).

Tuscaloosa River Market



## Tuscaloosa Amphitheater



## Long-term Debt

The outstanding debt for the City of Tuscaloosa as of September 30, 2012 was \$195,386,794. This balance reflects an decrease of \$9,604,283 from the previous year. See Notes to Financial Statements starting on page 65 for additional information.

	Governmental Activities		Business-type Activities		Totals	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Warrants payable	\$ 76,945,000	\$ 80,990,000	\$ 105,701,155	\$ 112,609,216	\$ 182,646,155	\$ 193,599,216
Section 108 Loan	1,350,000	1,425,000	-	-	1,350,000	1,425,000
Robertson Bank	372,982	-	-	-	372,982	-
Compensated absences	6,755,715	6,415,277	916,400	867,900	7,672,115	7,283,177
Workers comp claims	555,578	554,969	75,693	76,719	631,271	631,688
OPEB obligation	1,875,303	1,422,199	323,492	250,279	2,198,795	1,672,478
Litigation settlement	156,375	292,750	-	-	156,375	292,750
Capital lease	359,101	86,768	-	-	359,101	86,768
	<u>\$ 88,370,054</u>	<u>\$ 91,186,963</u>	<u>\$ 107,016,740</u>	<u>\$ 113,804,114</u>	<u>\$ 195,386,794</u>	<u>\$ 204,991,077</u>

The City had relatively little general indebtedness, excluding water and sewer debt, before assisting the City Board of Education on a school improvement program involving over \$100,000,000 in construction. The City issued \$22,000,000 of debt on behalf of the school board in 2001 and \$26,310,000 in 2002. A portion of the 2002 issue was used to refinance existing school debt at lower interest rates. The debt service on the 2002 issue was to be paid by the City Board of Education; however, the City is ultimately responsible for the debt. In 2010, the City refunded the remaining 2001 and 2002 issues, with the City Board of Education paying its share of the debt service.

The City has outstanding State Revolving Loan warrant issues from 2004, 2008 and 2010. The funds are available on a reimbursement basis. During 2012, the City for the first time did a traditional warrant issue to refund two old State Revolving Loan issues. Early in the 2013 fiscal year, the City did a second refunding to refinance a portion of the 2005 warrant issue that included both general debt and water and sewer debt. The two transactions generated over \$3,000,000 in combined upfront cash savings that was used to purchase public safety and public works vehicles and to make water and sewer improvements.

In early 2010, the City issued \$17,125,000 in general obligation warrants to build a downtown amphitheater, a new Tuscaloosa Tourism and Sports Commission office, and a River Market.

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

## **Current Financial Issues**

### **GASB 45**

The City implemented GASB 45 in the fiscal year ended September 30, 2009, and is exploring various options to begin funding the post-employment liability. The General Fund's share of the 2012 liability in the government wide financial statements for post employment benefits is \$1,875,303 and the Water and Sewer Fund's share is \$323,492.

### **Internal Service Fund**

The City's Health Insurance Fund, an Internal Service Fund, has a deficit of \$1,058,849 as of September 30, 2012. The City has taken steps to reduce the deficit in recent years, by increasing premiums, having employees pay for the dental portion of the coverage and implementing cost control measures recommended by the third party administrator such as increased deductibles and co-payments. The employer/employee premium allocation has changed from 75/25 to 70/30. Effective January 1, 2013 the City changed from a monthly composite premium to a tier system based upon the number of people that are covered. An employee health insurance committee has been formed to recommend ways to improve employee health including wellness and safety programs.

## **Other Matters**

### **Acknowledgements**

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

### **Contacting the City's Finance Department**

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



(photo provided by [www.stacymccants.com](http://www.stacymccants.com))

**CITY OF TUSCALOOSA**  
**STATEMENT OF NET ASSETS**  
**September 30, 2012**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 53,330,497	\$ 11,641,146	\$ 64,971,643	\$ 372,557	\$ 405,876
Investments	3,998,158	—	3,998,158	—	—
Receivables (net of allowances for uncollectibles)	24,585,571	6,446,119	31,031,690	2,421	685
Internal balances	(1,623,520)	1,623,520	—	—	—
Prepaid items	145,570	13,150	158,720	16,256	20,900
Inventories	1,029,135	1,257,024	2,286,159	—	—
Total current assets	81,465,411	20,980,959	102,446,370	391,234	427,461
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	46,765	11,287,211	11,333,976	—	—
Receivables	7,425,000	—	7,425,000	—	—
Unamortized issue costs and other costs	2,798,181	1,047,156	3,845,337	—	—
Capital assets not being depreciated:					
Land	50,000	1,286,042	1,336,042	—	—
Construction in progress	11,438,720	585,715	12,024,435	—	—
Capital assets (net of accumulated depreciation)	202,847,959	274,495,757	477,343,716	161,004	1,513,015
Other assets	—	—	—	11,884	—
Total noncurrent assets	224,606,625	288,701,881	513,308,506	172,888	1,513,015
Total assets	306,072,036	309,682,840	615,754,876	564,122	1,940,476
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and other current charges	10,922,165	1,595,350	12,517,515	29,328	97,150
Accrued interest payable	1,000,420	1,011,673	2,012,093	—	—
Current portion of long-term debt	7,054,781	5,894,880	12,949,661	3,738	—
Total current liabilities	18,977,366	8,501,903	27,479,269	33,066	97,150
Noncurrent liabilities:					
Unearned revenue	686,821	7,463	694,284	—	—
Developer deposits	—	267,223	267,223	—	—
Liabilities payable from restricted assets:					
Customer deposits	—	2,023,895	2,023,895	—	—
Unamortized premium on warrants	1,785,670	5,360,319	7,145,989	—	—
Long-term debt due after one year	81,315,273	101,100,063	182,415,336	569	—
Total noncurrent liabilities	83,787,764	108,758,963	192,546,727	569	—
Total liabilities	102,765,130	117,260,866	220,025,996	33,635	97,150

See accompanying notes to financial statements.

**CITY OF TUSCALOOSA**  
**STATEMENT OF NET ASSETS**  
**September 30, 2012**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	\$ 144,686,685	\$ 165,367,100	\$ 310,053,785	\$ 168,581	\$ 1,513,015
Restricted for:					
Capital projects	3,216,988	—	3,216,988	—	—
Garnishments	4,081	—	4,081	—	—
Municipal court	69,967	—	69,967	—	—
Hazard mitigation	3	—	3	—	—
Streets and highways	1,092,067	—	1,092,067	—	—
Salaries	220,254	—	220,254	—	—
Community development	258,157	—	258,157	—	—
Storm recovery	4,003	—	4,003	—	—
Capital Park maintenance - nonspendable	85,891	—	85,891	—	—
Unrestricted	53,668,810	27,054,874	80,723,684	361,906	330,311
<b>Total net assets</b>	<b>\$ 203,306,906</b>	<b>\$ 192,421,974</b>	<b>\$ 395,728,880</b>	<b>\$ 530,487</b>	<b>\$ 1,843,326</b>

CITY OF TUSCALOOSA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2012

Functions/Programs	Program Revenues				Changes in Net Assets				
	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
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 19,956,925	\$ 23,704,819	\$ 34,287,775	\$ 4,623,384	\$ 42,659,053	\$ —	\$ 42,659,053	\$ —	\$ —
Public safety	63,409,806	27,936	413,034	69,806	(62,899,030)	—	(62,899,030)	—	—
Streets and highways	19,338,963	—	—	1,675,013	(17,663,950)	—	(17,663,950)	—	—
Environmental services	5,728,999	3,929,869	—	—	(1,799,130)	—	(1,799,130)	—	—
Education	13,597,130	—	493,410	—	(13,103,720)	—	(13,103,720)	—	—
Culture and recreation	7,628,277	—	1,251,048	—	(6,377,229)	—	(6,377,229)	—	—
Interest on long-term debt	3,924,329	—	—	—	(3,924,329)	—	(3,924,329)	—	—
Total governmental activities	<u>133,584,429</u>	<u>27,662,624</u>	<u>36,445,267</u>	<u>6,368,203</u>	<u>(63,108,335)</u>	<u>—</u>	<u>(63,108,335)</u>	<u>—</u>	<u>—</u>
Business-type activities:									
Intermodal facility	70,318	20,985	—	—	—	(49,333)	(49,333)	—	—
Water and sewer	35,269,708	39,225,514	—	827,229	—	4,783,035	4,783,035	—	—
Total business-type activities	<u>35,340,026</u>	<u>39,246,499</u>	<u>—</u>	<u>827,229</u>	<u>—</u>	<u>4,733,702</u>	<u>4,733,702</u>	<u>—</u>	<u>—</u>
Total primary government	<u>\$ 168,924,455</u>	<u>\$ 66,909,123</u>	<u>\$ 36,445,267</u>	<u>\$ 7,195,432</u>	<u>\$ (63,108,335)</u>	<u>\$ 4,733,702</u>	<u>\$ (58,374,633)</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Component units:</b>									
Tuscaloosa Tourism and Sports Commission	\$ 1,301,084	\$ —	\$ 1,552,542	\$ 48,371	\$ —	\$ —	\$ —	\$ 299,829	\$ —
Tuscaloosa County Parking and Transit Authority	2,161,400	195,301	1,182,105	451,508	—	—	—	—	(332,486)
Total component units	<u>\$ 3,462,484</u>	<u>\$ 195,301</u>	<u>\$ 2,734,647</u>	<u>\$ 499,879</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 299,829</u>	<u>\$ (332,486)</u>
<b>General Revenues:</b>									
Taxes:									
Sales and use tax					\$ 35,511,154	\$ —	\$ 35,511,154	\$ —	\$ —
Property tax					13,300,542	—	13,300,542	—	—
Lodging tax					4,978,365	—	4,978,365	—	—
Other local tax					4,726,205	—	4,726,205	—	—
Taxes passed through from state					1,864,416	—	1,864,416	—	—
Unrestricted investment earnings					1,236,457	48,381	1,284,838	1,163	—
Loss on disposal of capital assets					—	(1,090)	(1,090)	(58,473)	—
Gain on impairment					17,822,187	—	17,822,187	—	—
Transfers					199,164	(199,164)	—	—	—
Total general revenues and transfers					<u>79,638,490</u>	<u>(151,873)</u>	<u>79,486,617</u>	<u>(57,310)</u>	<u>—</u>
Change in net assets					16,530,155	4,581,829	21,111,984	242,519	(332,486)
Net assets, beginning of year, as previously reported					186,254,331	187,840,145	374,094,476	287,968	2,175,812
Prior period adjustment (note V.E.)					522,420	—	522,420	—	—
Net assets, beginning of year, as restated					186,776,751	187,840,145	374,616,896	287,968	2,175,812
Net assets, end of year					<u>\$ 203,306,906</u>	<u>\$ 192,421,974</u>	<u>\$ 395,728,880</u>	<u>\$ 530,487</u>	<u>\$ 1,843,326</u>

See accompanying notes to financial statements.

**CITY OF TUSCALOOSA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**September 30, 2012**

<u>ASSETS</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Storm Recovery FEMA Fund</u>	<u>Storm Recovery Insurance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 9,776,753	\$ 14,881,869	\$ 251,947	\$ 24,382,049	\$ 2,936,474	\$ 52,229,092
Investments	1,175,491	—	—	—	2,822,667	3,998,158
Receivables (net of allowances for uncollectibles)	11,200,096	—	—	—	117,282	11,317,378
Due from other governments	2,840,205	805,541	3,910,228	—	3,382,738	10,938,712
Due from other funds	9,688,992	13,620,377	2,341,967	—	177,528	25,828,864
Prepaid items	123,953	—	—	—	—	123,953
Inventories	1,028,843	—	—	—	292	1,029,135
<b>Total assets</b>	<b>\$ 35,834,333</b>	<b>\$ 29,307,787</b>	<b>\$ 6,504,142</b>	<b>\$ 24,382,049</b>	<b>\$ 9,436,981</b>	<b>\$ 105,465,292</b>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 7,115,600	\$ 520,130	\$ —	\$ 1,734,076	\$ 682,243	\$ 10,052,049
Compensated absences	47,015	—	—	—	—	47,015
Deferred revenue	636,076	—	—	—	50,745	686,821
Due to other funds	12,607,323	2,614,074	6,500,139	1,316,081	3,190,904	26,228,521
<b>Total liabilities</b>	<b>20,406,014</b>	<b>3,134,204</b>	<b>6,500,139</b>	<b>3,050,157</b>	<b>3,923,892</b>	<b>37,014,406</b>
Fund balances:						
Nonspendable:						
Prepaid items	123,953	—	—	—	—	123,953
Inventories	1,028,843	—	—	—	—	1,028,843
Restricted for:						
Capital projects	—	—	—	—	3,458,887	3,458,887
Capital Park maintenance	—	—	—	—	85,891	85,891
Garnishments	4,081	—	—	—	—	4,081
Municipal court	69,967	—	—	—	—	69,967
Hazard mitigation	—	—	—	—	3	3
Road projects	—	—	—	—	1,092,067	1,092,067
Salaries	—	—	—	—	220,254	220,254
Storm recovery	—	—	4,003	—	—	4,003
Committed for:						
Capital projects	—	11,988,030	—	21,331,892	237,189	33,557,111
Cemetery maintenance	—	—	—	—	193,327	193,327
Law enforcement and public officials liability	1,061,349	—	—	—	—	1,061,349
Pensions	226,808	—	—	—	—	226,808
Tourism enhancement	—	—	—	—	224,176	224,176
Assigned for:						
Fiscal year 2012 budget	2,359,267	—	—	—	—	2,359,267
Future capital projects	—	14,185,553	—	—	—	14,185,553
Unassigned	10,554,051	—	—	—	1,295	10,555,346
<b>Total fund balances</b>	<b>15,428,319</b>	<b>26,173,583</b>	<b>4,003</b>	<b>21,331,892</b>	<b>5,513,089</b>	<b>68,450,886</b>
<b>Total liabilities and fund balances</b>	<b>\$ 35,834,333</b>	<b>\$ 29,307,787</b>	<b>\$ 6,504,142</b>	<b>\$ 24,382,049</b>	<b>\$ 9,436,981</b>	<b>\$ 105,465,292</b>

**CITY OF TUSCALOOSA**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**

**September 30, 2012**

Total fund balances for governmental funds		\$	68,450,886
Amounts reported for governmental activities in the Statement of Net Assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:			
Buildings, net of accumulated depreciation of \$15,660,126	\$		69,999,194
Equipment, net of accumulated depreciation of \$35,009,678			18,792,087
Infrastructure, net of accumulated depreciation of \$106,511,597			114,056,678
Land			50,000
Construction in progress			11,438,720
			214,336,679
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:			
Receivable from other governments for accrued interest payable on debt		58,938	
Receivable from other governments for warrants payable to be reimbursed to City		9,675,000	
			9,733,938
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 assets.			
			(878,251)
Long-term liabilities, including bonds 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 assets.			
Warrants payable		(76,945,000)	
Section 108 loan		(1,350,000)	
Robertson Bank loan		(372,982)	
Capital lease		(359,101)	
Litigation settlement		(156,375)	
Compensated absences		(6,755,715)	
Workers comp liability		(555,578)	
OPEB liability		(1,875,303)	
Accrued interest payable		(1,000,420)	
Deferred loss on refunding of warrants, to be amortized		2,145,698	
Premiums, to be amortized		(1,785,670)	
Issue costs and discount, to be amortized		674,100	
			(88,336,346)
Net assets of governmental activities		\$	203,306,906

See accompanying notes to financial statements.

**CITY OF TUSCALOOSA**

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

**For the year ended September 30, 2012**

	General Fund	Capital Projects Fund	Storm Recovery FEMA Fund	Storm Recovery Insurance Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 58,516,266	\$ —	\$ —	\$ —	\$ 901,443	\$ 59,417,709
Licenses and permits	21,018,317	—	—	—	—	21,018,317
Fines and penalties	2,588,985	—	—	—	—	2,588,985
Use of property	97,517	—	—	—	—	97,517
Charges for services	3,929,869	—	—	—	—	3,929,869
Intergovernmental	30,086,579	1,445,013	152,677	—	4,836,095	36,520,364
Other revenues	6,928,167	1,105,290	705,601	—	1,683,283	10,422,341
<b>Total revenues</b>	<b>123,165,700</b>	<b>2,550,303</b>	<b>858,278</b>	<b>—</b>	<b>7,420,821</b>	<b>133,995,102</b>
<b>Expenditures:</b>						
<b>Current operations:</b>						
General government	11,614,657	468,902	—	—	751,674	12,835,233
Public safety	61,490,209	120,166	—	—	638,396	62,248,771
Streets and highways	14,461,629	2,301,199	—	—	57,394	16,820,222
Environmental services	6,395,720	—	—	—	—	6,395,720
Health	130,000	—	—	—	—	130,000
Education	13,597,126	—	—	—	—	13,597,126
Culture and recreation	7,023,275	1,792,326	—	—	174,107	8,989,708
Library	1,775,200	—	—	—	—	1,775,200
Other activities	2,589,530	49,180	324	—	1,241,058	3,880,092
<b>Total current operations</b>	<b>119,077,346</b>	<b>4,731,773</b>	<b>324</b>	<b>—</b>	<b>2,862,629</b>	<b>126,672,072</b>
Capital outlay	125,533	1,228,934	—	1,638,898	4,823,881	7,817,246
<b>Debt service:</b>						
Principal payments	4,155,152	—	—	—	—	4,155,152
Interest charges	3,645,132	—	—	—	—	3,645,132
<b>Total expenditures</b>	<b>127,003,163</b>	<b>5,960,707</b>	<b>324</b>	<b>1,638,898</b>	<b>7,686,510</b>	<b>142,289,602</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(3,837,463)</b>	<b>(3,410,404)</b>	<b>857,954</b>	<b>(1,638,898)</b>	<b>(265,689)</b>	<b>(8,294,500)</b>

See accompanying notes to financial statements.

(Continued)

**CITY OF TUSCALOOSA**

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

**For the year ended September 30, 2012**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Storm Recovery FEMA Fund</u>	<u>Storm Recovery Insurance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess (deficiency) of revenues over expenditures (brought forward)	\$ (3,837,463)	\$ (3,410,404)	\$ 857,954	\$ (1,638,898)	\$ (265,689)	\$ (8,294,500)
Other financing sources (uses):						
Loan proceeds	372,982	—	—	—	—	372,982
Transfers in	10,105,449	4,674,000	1,751,947	—	2,082,492	18,613,888
Transfers out	(6,413,824)	(3,982,611)	(3,818,835)	(2,501,636)	(1,697,817)	(18,414,723)
Insurance proceeds	—	—	—	17,822,187	—	17,822,187
Total other financing sources (uses)	<u>4,064,607</u>	<u>691,389</u>	<u>(2,066,888)</u>	<u>15,320,551</u>	<u>384,675</u>	<u>18,394,334</u>
Net change in fund balances	<u>227,144</u>	<u>(2,719,015)</u>	<u>(1,208,934)</u>	<u>13,681,653</u>	<u>118,986</u>	<u>10,099,834</u>
Fund balances, beginning of year, as previously reported	14,269,703	28,892,598	1,212,937	7,650,239	5,709,636	57,735,113
Prior period adjustment (note V. E.)	<u>837,953</u>	—	—	—	<u>(315,533)</u>	<u>522,420</u>
Fund balances, beginning of year, as restated	15,107,656	28,892,598	1,212,937	7,650,239	5,394,103	58,257,533
Increase in reserve for change in inventory	<u>93,519</u>	—	—	—	—	<u>93,519</u>
Fund balances, end of year	<u>\$ 15,428,319</u>	<u>\$ 26,173,583</u>	<u>\$ 4,003</u>	<u>\$ 21,331,892</u>	<u>\$ 5,513,089</u>	<u>\$ 68,450,886</u>

See accompanying notes to financial statements.

**CITY OF TUSCALOOSA**

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

**For the year ended September 30, 2012**

Reconciliation of the change in fund balance-total governmental funds to the change in net assets of governmental activities:

Net change in fund balances-total governmental funds \$ 10,099,834  
 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	\$ 17,152,484	
Depreciation expense	<u>(11,071,044)</u>	6,081,440

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This adjustment is the net effect of the differences in the treatment of long-term debt and related items.

Debt issued:		
Capital lease issued	(404,544)	
Robertson Bank loan	(372,982)	
Debt payments made:		
Warrant payments	4,045,000	
Section 108 loan	75,000	
Litigation settlement	136,375	
Capital lease payments	<u>132,211</u>	4,015,604

Debt issued in prior year is being repaid by the City Board of Education. This payment to the City provides current financial resources to government funds but has no effect on net assets. (2,160,000)

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:

Inventory-purchase method	93,519	
OPEB liability	(453,104)	
Compensated absences	(340,438)	
Workers compensation	(609)	
Amortization of debt premium	267,964	
Amortization of loss on refunding	(259,139)	
Amortization of debt issue costs and discount	(45,626)	
Accrued interest payable	<u>14,528</u>	(722,905)

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. (783,818)

Change in net assets of governmental activities \$ 16,530,155

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

GENERAL FUND

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

For the year ended September 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Revenues:					
Taxes:					
Sales	\$ 32,630,000	\$ 32,630,000	\$ 33,098,504	\$ —	\$ 33,098,504
Use	2,100,000	2,100,000	2,412,650	—	2,412,650
Property tax	13,720,000	13,720,000	13,300,542	—	13,300,542
Lodging tax	4,400,000	4,400,000	4,978,365	—	4,978,365
Other local taxes	4,805,000	4,805,000	4,726,205	—	4,726,205
Total taxes	57,655,000	57,655,000	58,516,266	—	58,516,266
Licenses and permits:					
Business license	17,100,000	17,249,488	18,321,056	—	18,321,056
Other licenses	1,187,000	1,187,000	1,303,619	—	1,303,619
Building and other permits	1,220,000	1,220,000	1,393,642	—	1,393,642
Total licenses and permits	19,507,000	19,656,488	21,018,317	—	21,018,317
Fines and penalties**	1,821,000	1,822,000	2,588,985	—	2,588,985
Use of property	85,500	85,500	97,517	—	97,517
Charges for services:					
Garbage collection fees and tax	3,950,000	3,950,000	3,929,869	—	3,929,869
Intergovernmental revenues:					
Federal and state grants revenue	1,485,144	1,545,568	1,981,700	—	1,981,700
Shared from local units:					
Public school bond-sales tax	9,540,000	9,540,000	10,240,600	—	10,240,600
City share of county sales tax	12,080,000	12,080,000	13,005,410	—	13,005,410
School Board for debt	—	—	2,664,450	—	2,664,450
Other	377,000	377,000	330,003	—	330,003
Shared from state	1,640,000	1,640,000	1,864,416	—	1,864,416
Total intergovernmental revenue	25,122,144	25,182,568	30,086,579	—	30,086,579

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

See accompanying notes to financial statements.

(Continued)

CITY OF TUSCALOOSA

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

For the year ended September 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Revenues: (Continued)					
Other operating revenues:					
Interest on investments	\$ 6,500	\$ 6,500	\$ 74,402	\$ —	\$ 74,402
Cost reimbursed	1,725,000	1,718,000	1,493,339	—	1,493,339
Other	827,200	3,895,976	5,360,426	—	5,360,426
Total other operating revenues	2,558,700	5,620,476	6,928,167	—	6,928,167
Total revenues	110,699,344	113,972,032	123,165,700	—	123,165,700
Expenditures:					
Current operations:					
General government:					
Finance:					
Personnel services	790,000	785,000	748,104	—	748,104
Other	426,343	430,102	58,079	—	58,079
Total	1,216,343	1,215,102	806,183	—	806,183
Revenue:					
Personnel services	642,608	642,608	666,007	—	666,007
Other	247,817	247,982	250,110	—	250,110
Total	890,425	890,590	916,117	—	916,117
Municipal court:					
Personnel services	623,787	623,787	607,193	—	607,193
Other**	262,737	262,737	544,652	—	544,652
Total	886,524	886,524	1,151,845	—	1,151,845
Human resources:					
Personnel services	743,764	743,764	815,897	—	815,897
Other**	1,235,572	1,128,223	750,326	(172,130)	578,196
Total	1,979,336	1,871,987	1,566,223	(172,130)	1,394,093
311 Operations:					
Personnel services	421,668	421,668	410,133	—	410,133
Other	453,803	688,469	(480,273)	—	(480,273)
Total	875,471	1,110,137	(70,140)	—	(70,140)
Information technology:					
Personnel services	834,710	834,710	772,151	—	772,151
Other	1,507,122	1,774,441	2,032,539	(558,641)	1,473,898
Total	2,341,832	2,609,151	2,804,690	(558,641)	2,246,049

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

See accompanying notes to financial statements.

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

**For the year ended September 30, 2012**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Expenditures (Continued):					
Current operations (Continued):					
General government (Continued):					
Mayor/City clerk:					
Personnel services	\$ 700,352	\$ 654,094	\$ 644,591	\$ —	\$ 644,591
Other	335,854	351,240	104,188	—	104,188
	<u>1,036,206</u>	<u>1,005,334</u>	<u>748,779</u>	<u>—</u>	<u>748,779</u>
Council:					
Personnel services	193,773	240,528	241,011	—	241,011
Other	39,550	39,812	34,309	262	34,571
	<u>233,323</u>	<u>280,340</u>	<u>275,320</u>	<u>262</u>	<u>275,582</u>
Economic development:					
Personnel services	536,663	521,063	395,790	—	395,790
Other	193,544	238,264	175,329	(289)	175,040
	<u>730,207</u>	<u>759,327</u>	<u>571,119</u>	<u>(289)</u>	<u>570,830</u>
Amphitheater, museum, and Rivermarket:					
Personnel services	390,053	500,515	560,203	—	560,203
Other	389,497	573,606	1,387,523	24,876	1,412,399
	<u>779,550</u>	<u>1,074,121</u>	<u>1,947,726</u>	<u>24,876</u>	<u>1,972,602</u>
City attorney:					
Personnel services	853,062	900,962	873,355	—	873,355
Other**	833,582	840,665	730,703	(1,341)	729,362
	<u>1,686,644</u>	<u>1,741,627</u>	<u>1,604,058</u>	<u>(1,341)</u>	<u>1,602,717</u>
Total general government	<u>12,655,861</u>	<u>13,444,240</u>	<u>12,321,920</u>	<u>(707,263)</u>	<u>11,614,657</u>
Public safety:					
Police:					
Personnel services	20,890,889	20,882,889	20,575,763	—	20,575,763
Other	7,131,192	7,937,996	8,259,715	(776,466)	7,483,249
	<u>28,022,081</u>	<u>28,820,885</u>	<u>28,835,478</u>	<u>(776,466)</u>	<u>28,059,012</u>
Fire and rescue service:					
Personnel services	13,428,185	13,428,985	13,420,551	—	13,420,551
Other	4,608,279	5,107,467	5,242,436	(145,929)	5,096,507
	<u>18,036,464</u>	<u>18,536,452</u>	<u>18,662,987</u>	<u>(145,929)</u>	<u>18,517,058</u>

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

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

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

For the year ended September 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Expenditures (Continued):					
Current operations (Continued):					
Public safety (Continued):					
Care of prisoners:					
Other	\$ 750,000	\$ 750,000	\$ 865,491	\$ —	\$ 865,491
	<u>750,000</u>	<u>750,000</u>	<u>865,491</u>	<u>—</u>	<u>865,491</u>
Planning and development services (inspections):					
Personnel services	2,918,645	2,914,584	2,788,027	—	2,788,027
Other	2,880,926	2,979,957	2,257,967	30,924	2,288,891
	<u>5,799,571</u>	<u>5,894,541</u>	<u>5,045,994</u>	<u>30,924</u>	<u>5,076,918</u>
Communications:					
Personnel services	909,212	982,212	937,818	—	937,818
Other	347,763	468,313	474,964	(67,450)	407,514
	<u>1,256,975</u>	<u>1,450,525</u>	<u>1,412,782</u>	<u>(67,450)</u>	<u>1,345,332</u>
Emergency management:					
Personnel services	133,324	133,499	126,287	—	126,287
Other	218,844	277,464	254,062	(11,197)	242,865
	<u>352,168</u>	<u>410,963</u>	<u>380,349</u>	<u>(11,197)</u>	<u>369,152</u>
Tornado:					
Personnel services	789,330	948,852	935,674	—	935,674
Other	1,131,710	10,113,472	6,822,961	(501,389)	6,321,572
	<u>1,921,040</u>	<u>11,062,324</u>	<u>7,758,635</u>	<u>(501,389)</u>	<u>7,257,246</u>
Total public safety	<u>56,138,299</u>	<u>66,925,690</u>	<u>62,961,716</u>	<u>(1,471,507)</u>	<u>61,490,209</u>
Streets and highways:					
Personnel services	7,535,954	7,535,954	7,189,806	—	7,189,806
Other	6,429,111	7,127,424	7,238,088	33,735	7,271,823
	<u>13,965,065</u>	<u>14,663,378</u>	<u>14,427,894</u>	<u>33,735</u>	<u>14,461,629</u>
Environmental services:					
Personnel services	3,637,484	3,633,284	3,385,000	—	3,385,000
Other	2,839,689	2,881,835	2,977,309	33,411	3,010,720
	<u>6,477,173</u>	<u>6,515,119</u>	<u>6,362,309</u>	<u>33,411</u>	<u>6,395,720</u>
Health	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>—</u>	<u>130,000</u>
Education:					
Funds provided to City school system	12,215,000	12,215,000	12,915,600	—	12,915,600
Other	768,639	768,639	681,526	—	681,526
	<u>12,983,639</u>	<u>12,983,639</u>	<u>13,597,126</u>	<u>—</u>	<u>13,597,126</u>

See accompanying notes to financial statements.

**CITY OF TUSCALOOSA**

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

**For the year ended September 30, 2012**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Expenditures (Continued):					
Current operations (Continued):					
Recreation:					
Funds provided to Park and Recreation Authority	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ —	\$ 4,000,000
Other	50,000	50,000	3,023,275	—	3,023,275
	<u>4,050,000</u>	<u>4,050,000</u>	<u>7,023,275</u>	<u>—</u>	<u>7,023,275</u>
Library:					
Funds provided to Library Board	1,775,200	1,775,200	1,775,200	—	1,775,200
	<u>1,775,200</u>	<u>1,775,200</u>	<u>1,775,200</u>	<u>—</u>	<u>1,775,200</u>
Other activities:					
Funds to other agencies:					
Civil Service Board	18,000	18,000	18,000	—	18,000
Tax Equalization Board	300	300	117	—	117
Friedman Home	14,700	14,700	15,181	—	15,181
West Alabama Planning and Development Council	37,997	37,997	37,997	—	37,997
Cemetery Expense	35,000	35,000	(3,144)	—	(3,144)
Tuscaloosa County Industrial Development Authority	360,000	360,000	360,000	—	360,000
Indian Rivers Mental Health Center	25,000	25,000	25,000	—	25,000
Focus on Senior Citizens	100,000	100,000	100,000	—	100,000
Metro Animal Shelter	—	—	17,748	—	17,748
Jemison Foundation	55,000	55,000	55,000	—	55,000
Soil and Water Conservation Authority	10,000	10,000	10,000	—	10,000
Theatre Tuscaloosa	—	—	15,000	—	15,000
West Alabama Aids Outreach	15,000	15,000	15,000	—	15,000
Tuscaloosa Symphony	15,000	15,000	15,000	—	15,000
DCH - Kid One Transport	50,000	50,000	50,000	—	50,000
Heritage Commission	15,000	15,000	—	—	—
Mayor's Youth Advisory Council	—	—	66	—	66
Arts and Humanities Council	25,000	25,000	25,000	—	25,000
Tuscaloosa Tourism and Sports Commission	1,115,000	1,049,000	1,048,371	—	1,048,371
Tuscaloosa Sister Cities Commission	100,000	100,000	100,000	—	100,000
Tuscaloosa Community Dancers	10,000	10,000	10,000	—	10,000
Tuscaloosa Parking & Transit Authority	490,933	505,220	528,445	—	528,445
Boys and Girls Club	15,000	15,000	15,000	—	15,000
Contingencies and other	437,089	33,376	131,749	—	131,749
	<u>2,944,019</u>	<u>2,488,593</u>	<u>2,589,530</u>	<u>—</u>	<u>2,589,530</u>
Total current operations	<u>111,119,256</u>	<u>122,975,859</u>	<u>121,188,970</u>	<u>(2,111,624)</u>	<u>119,077,346</u>

See accompanying notes to financial statements.

**CITY OF TUSCALOOSA**

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

**For the year ended September 30, 2012**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Expenditures (Continued):					
Total current operations (brought forward):	\$ 111,119,256	\$ 122,975,859	\$ 121,188,970	\$ (2,111,624)	\$ 119,077,346
Capital outlay	100,000	100,000	125,533	—	125,533
Debt service:					
Principal	2,285,000	2,065,000	4,155,152	—	4,155,152
Interest	3,082,184	3,082,184	3,645,132	—	3,645,132
Total expenditures	116,586,440	128,223,043	129,114,787	(2,111,624)	127,003,163
Excess (deficiency) of revenues over expenditures	(5,887,096)	(14,251,011)	(5,949,087)	2,111,624	(3,837,463)
Other financing sources (uses):					
Loan proceeds	—	372,982	372,982	—	372,982
Transfers in:					
Beer Tax Bonus Fund	515,504	515,504	452,768	—	452,768
Water and Sewer Fund	3,194,821	3,248,643	307,315	—	307,315
Future Improvement Fund	—	1,516,851	2,174,611	—	2,174,611
Storm Recovery Fund	1,921,040	8,486,302	6,320,471	—	6,320,471
Public Officials Fund	156,375	156,375	—	—	—
Amphitheater Fund	1,549,356	1,559,421	850,284	—	850,284
Transfers out:					
Police Department Funds	(250,000)	(250,000)	(277,141)	—	(277,141)
Storm Recovery Fund	—	—	(1,947)	—	(1,947)
Community Development Funds	—	—	(60,626)	—	(60,626)
Amphitheatre Fund	(800,000)	(816,000)	(1,142,434)	—	(1,142,434)
Water and Sewer Fund	—	(64,067)	—	—	—
Tourism Enhancement and Tourism Capital Projects Fund	(400,000)	(400,000)	(451,676)	—	(451,676)
Capital Projects Fund (Future Improvement Fund)	—	(75,000)	(4,480,000)	—	(4,480,000)
Total	5,887,096	14,251,011	4,064,607	—	4,064,607
Net change in fund balance	—	—	(1,884,480)	2,111,624	227,144
Fund balances, beginning of year, as previously reported	17,351,676	17,351,676	14,109,003	—	14,269,703
Prior period adjustment (note V.E.)	—	—	837,953	—	837,953
Fund balances, beginning of year, as restated	17,351,676	17,351,676	14,946,956	—	15,107,656
Increase in reserve for change in inventory	—	—	93,519	—	93,519
Fund balances - end of year	\$ 17,351,676	\$ 17,351,676	\$ 13,155,995	\$ 2,111,624	\$ 15,428,319

See accompanying notes to financial statements.

**CITY OF TUSCALOOSA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**

**September 30, 2012**

	Business-Type Activity			Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 11,622,910	\$ 18,236	\$ 11,641,146	\$ 1,148,170
Accounts receivable (net of allowance for uncollectibles)	3,486,490	—	3,486,490	20,543
Assessments receivable - principal - current and past due	8,157	—	8,157	—
Special assessments interest receivable	2,522	—	2,522	—
Due from other funds	5,283,474	—	5,283,474	846,538
Inventory	1,257,024	—	1,257,024	—
Unbilled water and sewer receivables	2,768,352	—	2,768,352	—
Other current assets	13,150	—	13,150	—
Total current assets	<u>24,442,079</u>	<u>18,236</u>	<u>24,460,315</u>	<u>2,015,251</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	11,287,211	—	11,287,211	—
Total restricted assets	<u>11,287,211</u>	<u>—</u>	<u>11,287,211</u>	<u>—</u>
Capital assets:				
Land	1,286,042	—	1,286,042	—
Movable equipment	7,408,630	—	7,408,630	—
Source of supply - dams, buildings, etc.	42,905,920	—	42,905,920	—
Pumping purification - buildings, etc.	104,001,582	—	104,001,582	—
Distribution - buildings, mains, etc.	200,064,655	—	200,064,655	—
Sewage system properties	51,733,428	—	51,733,428	—
Construction in progress	585,715	—	585,715	—
Less: Accumulated depreciation	<u>(131,618,458)</u>	<u>—</u>	<u>(131,618,458)</u>	<u>—</u>
Total capital assets (net of accumulated depreciation)	276,367,514	—	276,367,514	—
Unamortized warrant issue costs	1,047,156	—	1,047,156	—
Total noncurrent assets	<u>288,701,881</u>	<u>—</u>	<u>288,701,881</u>	<u>—</u>
Total assets	<u>313,143,960</u>	<u>18,236</u>	<u>313,162,196</u>	<u>2,015,251</u>

See accompanying notes to financial statements.

**CITY OF TUSCALOOSA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**September 30, 2012**

	Business-Type Activity			Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 1,682,610	\$ 17,212	\$ 1,699,822	\$ —
Due to other funds	3,479,356	—	3,479,356	2,251,000
Compensated absences	249,900	—	249,900	—
Accrued interest payable	1,011,673	—	1,011,673	—
Current portion of workers compensation claims	21,796	—	21,796	—
Current portion of warrants payable	5,644,980	—	5,644,980	—
Total current liabilities	<u>12,090,315</u>	<u>17,212</u>	<u>12,107,527</u>	<u>2,251,000</u>
Noncurrent liabilities:				
Warrants payable (net of deferred amount on refunding)	100,056,174	—	100,056,174	—
Net OPEB obligation	323,492	—	323,492	—
Deferred revenue	7,463	—	7,463	—
Unamortized warrant premium	5,360,319	—	5,360,319	—
Developer deposits on water lines	267,223	—	267,223	—
Customer deposits	2,023,895	—	2,023,895	—
Compensated absences	666,500	—	666,500	—
Workers compensation claims	32,101	—	32,101	—
Outstanding claims liability	—	—	—	823,100
Total noncurrent liabilities	<u>108,737,167</u>	<u>—</u>	<u>108,737,167</u>	<u>823,100</u>
Total liabilities	<u>120,827,482</u>	<u>17,212</u>	<u>120,844,694</u>	<u>3,074,100</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	165,367,100	—	165,367,100	—
Unrestricted	26,949,378	1,024	26,950,402	(1,058,849)
Total net assets	<u>\$ 192,316,478</u>	<u>\$ 1,024</u>	192,317,502	<u>\$ (1,058,849)</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund.			<u>104,472</u>	
Net assets of business-type activities			<u>\$ 192,421,974</u>	

See accompanying notes to financial statements.

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

**For the year ended September 30, 2012**

	Business-Type Activity			Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
Operating revenues:				
Charges for services	\$ 39,143,828	\$ 20,985	\$ 39,164,813	\$ 11,762,456
Miscellaneous	81,686	—	81,686	—
<b>Total operating revenues</b>	<b>39,225,514</b>	<b>20,985</b>	<b>39,246,499</b>	<b>11,762,456</b>
Operating expenses:				
Personnel services	9,862,429	—	9,862,429	—
Outside services	1,177,991	70,307	1,248,298	—
Chemicals	1,081,717	—	1,081,717	—
Utilities and telephone	3,294,013	—	3,294,013	—
Repairs, maintenance and supplies	1,313,542	—	1,313,542	—
Other expenses	1,048,260	11	1,048,271	9,000
Depreciation and amortization	8,530,194	—	8,530,194	—
Special projects	1,092,520	—	1,092,520	—
Cost reimbursement to general fund	2,797,506	—	2,797,506	—
Insurance claims and expenses	—	—	—	12,664,450
<b>Total operating expenses</b>	<b>30,198,172</b>	<b>70,318</b>	<b>30,268,490</b>	<b>12,673,450</b>
<b>Operating income (loss)</b>	<b>9,027,342</b>	<b>(49,333)</b>	<b>8,978,009</b>	<b>(910,994)</b>
Non-operating revenues (expenses):				
Interest income	48,381	—	48,381	530
Loss on disposal of capital assets	(1,090)	—	(1,090)	—
Interest expense	(4,782,792)	—	(4,782,792)	—
Amortization of loss on debt retirement	(415,390)	—	(415,390)	—
<b>Total non-operating revenues (expenses)</b>	<b>(5,150,891)</b>	<b>—</b>	<b>(5,150,891)</b>	<b>530</b>
<b>Income (loss) before contributions and transfers</b>	<b>3,876,451</b>	<b>(49,333)</b>	<b>3,827,118</b>	<b>(910,464)</b>
Capital grant revenue	31,056	—	31,056	—
Capital contributions	796,173	—	796,173	—
Transfers in	50,150	58,000	108,150	—
Transfers out	(307,314)	—	(307,314)	—
<b>Change in net assets</b>	<b>4,446,516</b>	<b>8,667</b>	<b>4,455,183</b>	<b>(910,464)</b>
<b>Total net assets, beginning of year</b>	<b>187,869,962</b>	<b>(7,643)</b>	<b>187,862,319</b>	<b>(148,385)</b>
<b>Total net assets, end of year</b>	<b>\$ 192,316,478</b>	<b>\$ 1,024</b>	<b>192,317,502</b>	<b>\$ (1,058,849)</b>
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds are reported with business-type activities			126,646	
<b>Change in net assets of business-type activities</b>			<b>\$ 4,581,829</b>	

See accompanying notes to financial statements.

**CITY OF TUSCALOOSA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

**For the year ended September 30, 2012**

	Business-Type Activity		Total Business-Type Activity Funds	Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund		Internal Service Fund
Cash flows from operating activities:				
Receipts from customers and users	\$ 39,187,796	\$ 20,985	\$ 39,208,781	\$ —
Payments to suppliers	(13,376,916)	(69,944)	(13,446,860)	(9,000)
Payments to employees	(7,714,620)	—	(7,714,620)	—
Garbage fees collected for General Fund	3,938,413	—	3,938,413	—
Customer deposits	531,581	—	531,581	—
Refunds of customer deposits	(387,468)	—	(387,468)	—
Garbage fees remitted to General Fund	(2,946,391)	—	(2,946,391)	—
Materials purchased for other funds	(22,400)	—	(22,400)	—
Receipts from other funds	558,764	—	558,764	—
Receipts for health insurance	—	—	—	11,191,623
Refunds in excess of claims filed	—	—	—	495,216
Payment of health insurance premiums	—	—	—	(10,421,562)
Payment of cash claims in excess of deposits	—	—	—	(1,356,230)
Net cash provided by (used in) operating activities	<u>19,768,759</u>	<u>(48,959)</u>	<u>19,719,800</u>	<u>(99,953)</u>
Cash flows from noncapital financing activities:				
Transfer from other funds	50,150	58,000	108,150	—
Transfer to other funds	(307,314)	—	(307,314)	—
Net cash provided by (used in) noncapital financing activities	<u>(257,164)</u>	<u>58,000</u>	<u>(199,164)</u>	<u>—</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(3,743,930)	—	(3,743,930)	—
Interest paid on warrants	(4,552,846)	—	(4,552,846)	—
Capital contributions - developers	603,591	—	603,591	—
Waterline deposits from subdividers	62,015	—	62,015	—
Refund of waterline deposits to subdividers	(165,347)	—	(165,347)	—
Federal grant received	31,056	—	31,056	—
Loan to Airport Development Fund	(1,725,000)	—	—	—
Proceeds from debt refunding	1,265,954	—	—	—
Warrants paid	(6,210,000)	—	(6,210,000)	—
Net cash used in capital and related financing activities	<u>(14,434,507)</u>	<u>—</u>	<u>(13,975,461)</u>	<u>—</u>

See accompanying notes to financial statements.

**CITY OF TUSCALOOSA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

**For the year ended September 30, 2012**

	Business-Type Activity		Total Business-Type Activity Funds	Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund		Internal Service Fund
Cash flows from investing activities:				
Purchase of certificates of deposit	\$ (6,231,044)	\$ —	\$ (6,231,044)	\$ —
Interest earned on investments	48,381	—	48,381	530
	(6,182,663)	—	(6,182,663)	530
Net cash provided by (used in) investing activities	(6,182,663)	—	(6,182,663)	530
Net increase (decrease) in cash and cash equivalents	(1,105,575)	9,041	(637,488)	(99,423)
Cash and cash equivalents, beginning of year:				
Current assets	6,918,695	9,195	6,927,890	1,247,593
Restricted assets	5,056,167	—	5,056,167	—
	11,974,862	9,195	11,984,057	1,247,593
Total cash and cash equivalents, beginning of year	11,974,862	9,195	11,984,057	1,247,593
Cash and cash equivalents, end of year:				
Current assets	11,622,910	18,236	11,641,146	1,148,170
Restricted assets	11,287,211	—	11,287,211	—
	22,910,121	18,236	22,928,357	1,148,170
Total cash and cash equivalents, end of year	\$ 22,910,121	\$ 18,236	\$ 22,928,357	\$ 1,148,170

See accompanying notes to financial statements.

**CITY OF TUSCALOOSA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

**For the year ended September 30, 2012**

	Business-Type Activity			Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 9,027,342	\$ (49,333)	\$ 8,978,009	\$ (910,994)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	8,530,194	—	8,530,194	—
(Increase) decrease in operating assets:				
Accounts receivable	(66,018)	—	(66,018)	(18,298)
Inventory	9,348	—	9,348	—
Unbilled water and sewer receivables	26,299	—	26,299	—
Due from other funds	(10,327)	—	(10,327)	(57,319)
Other assets	1,026	—	1,026	—
Increase (decrease) in operating liabilities:				
Accounts payable	588,890	374	589,264	(471,640)
Due to other funds	1,561,113	—	1,561,113	1,315,398
Outstanding claims liability	—	—	—	42,900
Compensated absences	48,500	—	48,500	—
Deferred revenue	2,001	—	—	—
OPEB liability	73,213	—	—	—
Workers compensation claims	(22,822)	—	(22,822)	—
	<u>\$ 19,768,759</u>	<u>\$ (48,959)</u>	<u>\$ 19,644,586</u>	<u>\$ (99,953)</u>
Net cash provided by (used in) operating activities	<u>\$ 19,768,759</u>	<u>\$ (48,959)</u>	<u>\$ 19,644,586</u>	<u>\$ (99,953)</u>

See accompanying notes to financial statements.

**CITY OF TUSCALOOSA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**September 30, 2012**

<u>ASSETS</u>	Police Officers and Firefighters Supplemental Retirement Plan Fund	Agency Fund Cash Bond
	<u>Fund</u>	<u>Cash Bond</u>
Cash and cash equivalents	\$ 111,935	\$ 264,507
Investments in certificates of deposit	<u>140,030</u>	<u>—</u>
Total assets	<u>251,965</u>	<u>\$ 264,507</u>
<u>LIABILITIES</u>		
Cash bond deposits payable	<u>—</u>	<u>\$ 264,507</u>
Total liabilities	<u>—</u>	<u>\$ 264,507</u>
<u>NET ASSETS</u>		
Held in trust for pension benefits	<u>\$ 251,965</u>	

See accompanying notes to financial statements.

**CITY OF TUSCALOOSA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUND**

**For the year ended September 30, 2012**

	Police Officers and Firefighters Supplemental Retirement Plan Fund
Additions:	
Employer contributions	\$ 70,234
Interest income	345
Total additions	70,579
Deductions:	
Benefits paid	22,896
Administrative plan expenses	3,000
Total deductions	25,896
Change in net assets	44,683
Net assets, beginning of year	207,282
Net assets, end of year	\$ 251,965

See accompanying notes to financial statements.

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**CITY OF TUSCALOOSA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

**INDEX TO NOTES**

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I.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	Page(s)
	A. Reporting Entity .....	60
	B. Financial Statements .....	60-61
	C. Basis of Presentation .....	61-62
	D. Basis of Accounting/Measurement Focus .....	63
	E. Assets, Liabilities and Net Assets or Equity .....	63-67
	F. Revenues, Expenditures, and Expenses .....	67
II.	NATURAL DISASTER .....	67
III.	STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY	
	A. Budgetary Information .....	68
IV.	DETAILED NOTES ON ALL FUNDS	
	A. Deposits and Investments .....	69
	B. Receivables .....	70
	C. Capital Assets.....	71-72
	D. Interfund Balances and Transfers .....	72-75
	E. Unbilled Water, Sewer and Garbage Receivables .....	75
	F. Water and Sewer Warrant Issue Cost.....	75
	G. Compensated Absences.....	75
	H. Leases.....	76

**CITY OF TUSCALOOSA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

## INDEX TO NOTES

---

IV.	DETAILED NOTES ON ALL FUNDS (Continued)	
I.	Long-Term Debt.....	76
1.	Loan.....	76
2.	General Obligation Warrants.....	77
3.	Extinguishment of Debt Through In-Substance Defeasance – General Obligation Warrants.....	78
4.	Water and Sewer Warrants.....	78
5.	Extinguishment of Debt Through In-Substance Defeasance and Refundings.....	79
6.	Debt Covenants.....	79
7.	Changes in Long-Term Liabilities.....	80
V.	OTHER INFORMATION	
A.	Risk Management .....	81
1.	Health Insurance Fund .....	81
2.	Workers Compensation Claims .....	82
B.	Joint Ventures .....	83
1.	Black Warrior Solid Waste Disposal Authority .....	83
2.	Tuscaloosa County Minimum Security Facility.....	84
3.	Metro Animal Shelter, Inc. ....	84
C.	Other Post-Employment Benefits.....	85-87
D.	Defined Benefit Pension Plans.....	87-92
E.	Prior Period Adjustments.....	92
F.	Commitments and Contingencies. ....	93
G.	Subsequent Events. ....	93

**CITY OF TUSCALOOSA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2012**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

Discretely Presented Component Units:

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

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

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

**B. Financial Statements**

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

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

### **B. Financial Statements (Continued)**

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. A reconciliation is provided following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

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

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

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

### **C. Basis of Presentation**

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

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

### C. Basis of Presentation (Continued)

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

#### Major Governmental Funds

The City reports the following major governmental funds:

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

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

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

*Storm Recovery Insurance Fund – Capital Projects Fund:* This fund accounts for insurance proceeds received as a result of the April 2011 storm.

#### Major Proprietary Fund

The City has one major proprietary fund:

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

#### Fiduciary Funds

The City reports the following fiduciary funds:

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

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

#### Internal Service Fund

The City has one internal service fund:

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

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

### D. Basis of Accounting/Measurement Focus

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

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

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

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

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

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

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

### E. Assets, Liabilities and Net Assets or Equity

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

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

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

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

### E. Assets, Liabilities and Net Assets or Equity (Continued)

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

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

- 3. Inventories and Prepaid Items** – Inventory in the General Fund is valued at cost on a first-in, first-out basis. Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased rather than when consumed. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

Inventory in the Enterprise Fund is valued at lower of cost (first-in, first-out) or market. The inventory is recorded as an expense when it is used or consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Reported prepaid items in the General Fund are equally offset by a fund balance reserve, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, offset by the interest earned on available funds until spent for construction. No interest expense from the business-type activities was capitalized for the year ended September 30, 2012.

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

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

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

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

**5. Capital Assets (Continued)**

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

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

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

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

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

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

### E. Assets, Liabilities and Net Assets or Equity (Continued)

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

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

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

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

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

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose.

Proprietary fund equity is classified the same as in the government-wide statements.

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

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

### E. Assets, Liabilities and Net Assets or Equity (Continued)

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

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

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

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

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

### F. Revenues, Expenditures and Expenses

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

## II. NATURAL DISASTER

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

### III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

#### A. Budgetary Information

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

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

Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments are to be honored during the subsequent year.

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

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

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

Excess of revenues over expenditures and other uses (budgetary basis)	\$ 2,395,520
Adjustments:	
Encumbrances at beginning of year	(247,643)
Encumbrances at end of year	2,359,267
Excess of revenues and over expenditures and other uses (GAAP basis)	<u>\$ 4,507,144</u>

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

###### Deposits

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

###### Investments

As of September 30, 2012, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
U.S. Treasury Obligations	\$ 196,312	\$ 65,303	\$ 131,009
Cash and Cash Equivalents	2,500,806	2,500,806	—
Certificates of Deposit	1,301,040	1,301,040	—
	<u>\$ 3,998,158</u>	<u>\$ 3,867,149</u>	<u>\$ 131,009</u>

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

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables at September 30, 2012, for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectibles, are shown below. There were no receivables for the fiduciary funds.

<u>Receivables</u>	<u>General</u>	<u>Capital Project</u>	<u>Enterprise</u>	<u>Storm Recovery FEMA</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Special assessment	\$ —	\$ —	\$ 8,157	\$ —	\$ —	\$ 8,157
Taxes	10,209,846	—	—	—	—	10,209,846
Accounts receivable	827,105	—	3,848,176	—	117,282	4,792,563
Special assessment interest	—	—	2,522	—	—	2,522
Unbilled receivables	269,724	—	2,768,352	—	—	3,038,076
Other governments	2,840,205	805,541	5,283,474	3,910,228	3,382,738	16,222,186
Gross receivables	14,146,880	805,541	11,910,681	3,910,228	3,500,020	34,273,350
Less: Allowance for uncollectibles	106,579	—	361,686	—	—	468,265
Net Receivables	<u>\$ 14,040,301</u>	<u>\$ 805,541</u>	<u>\$ 11,548,995</u>	<u>\$ 3,910,228</u>	<u>\$ 3,500,020</u>	<u>\$ 33,805,085</u>

Revenues of the Water and Sewer Fund are reported net of uncollectible amounts. Total uncollectible amounts relating to revenues of the current period are \$301,571.

The governmental activities in the Statement of Net Assets shows a non-current receivable in the amount of \$7,425,000. This is the amount due from the City Board of Education for the non-current portion of the 2002 warrant issue debt. See Long-term debt section for additional information.

#### IV. DETAILED NOTES ON ALL FUNDS (Continued)

##### C. Capital Assets

Capital asset activity for the year ended September 30, 2012 was as follows:

	Balance September 30, 2011	Additions	Deletions	Balance September 30, 2012
Capital assets not being depreciated:				
Land	\$ 50,000	\$ —	\$ —	\$ 50,000
Construction in progress	22,208,999	12,396,487	23,166,766	11,438,720
Total capital assets not being depreciated	<u>22,258,999</u>	<u>12,396,487</u>	<u>23,166,766</u>	<u>11,488,720</u>
Capital assets being depreciated:				
Infrastructure	202,336,599	18,231,676	—	220,568,275
Buildings	81,280,203	4,429,117	50,000	85,659,320
Machinery and equipment	49,396,869	6,453,766	2,048,870	53,801,765
Total capital assets being depreciated	<u>333,013,671</u>	<u>29,114,559</u>	<u>2,098,870</u>	<u>360,029,360</u>
Less accumulated depreciation for:				
Infrastructure	101,310,850	5,201,954	1,207	106,511,597
Buildings	13,737,234	2,018,917	96,025	15,660,126
Machinery and equipment	32,373,887	3,850,173	1,214,382	35,009,678
Total accumulated depreciation	<u>147,421,971</u>	<u>11,071,044</u>	<u>1,311,614</u>	<u>157,181,401</u>
Total capital assets being depreciated, net	<u>185,591,700</u>	<u>18,043,515</u>	<u>787,256</u>	<u>202,847,959</u>
Governmental activities capital assets, net	<u>\$ 207,800,699</u>	<u>\$ 30,440,002</u>	<u>\$ 23,954,022</u>	<u>\$ 214,336,679</u>
<b>Business - type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,286,042	\$ —	\$ —	\$ 1,286,042
Construction in progress	8,140	585,715	8,140	585,715
Total capital assets not being depreciated	<u>1,294,182</u>	<u>585,715</u>	<u>8,140</u>	<u>1,871,757</u>
Capital assets being depreciated:				
Buildings and system	395,452,705	3,252,880	—	398,705,585
Machinery and equipment	7,223,509	267,685	82,564	7,408,630
Total capital assets being depreciated	<u>402,676,214</u>	<u>3,520,565</u>	<u>82,564</u>	<u>406,114,215</u>
Less accumulated depreciation for:				
Buildings and system	118,623,312	7,952,238	—	126,575,550
Machinery and equipment	4,694,248	430,134	81,474	5,042,908
Total accumulated depreciation	<u>123,317,560</u>	<u>8,382,372</u>	<u>81,474</u>	<u>131,618,458</u>
Total capital assets being depreciated, net	<u>279,358,654</u>	<u>(4,861,807)</u>	<u>1,090</u>	<u>274,495,757</u>
Business-type activities capital assets, net	<u>\$ 280,652,836</u>	<u>\$ (4,276,092)</u>	<u>\$ 9,230</u>	<u>\$ 276,367,514</u>

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (continued)**

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

Governmental activities:	
General government	\$ 1,558,338
Public safety	1,879,907
Streets and highways	6,684,916
Environmental services	391,216
Recreation	<u>556,667</u>
 Total depreciation expense-governmental activities	 \$ <u>11,071,044</u>

The City had numerous active construction projects at September 30, 2012.

In April 2011, the City was impacted by a powerful tornado and certain capital assets were destroyed. The City had purchased commercial insurance to cover its risk of loss and received the remaining insurance settlement proceeds of \$17.82 million in 2012.

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Interfund Balances and Transfers**

Interfund balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded and payments between funds are made. The composition of interfund balances at September 30, 2012, is as follows:

Due to General Fund from:	
Water and Sewer Fund	\$ 3,386,088
Health Insurance Fund (internal service fund)	2,251,000
Capital Projects Fund	2,614,074
Storm Recovery - Insurance Fund	210,869
Other Funds	<u>1,226,961</u>
 Total due to General Fund from Other Funds	 \$ <u>9,688,992</u>

#### IV. DETAILED NOTES ON ALL FUNDS (Continued)

##### D. Interfund Balances and Transfers

Due to Capital Project Fund from:	
General Fund	\$ 6,890,238
Storm Recovery - FEMA Fund	6,500,139
Other Funds	<u>230,000</u>
Total due to Capital Projects Fund from Other Funds	<u>\$ 13,620,377</u>
Due to Storm Recovery - FEMA Fund from:	
General Fund	\$ 1,335,000
Storm Recovery - Insurance Fund	<u>1,006,967</u>
Total due to Storm Recovery - FEMA Fund from Other Funds	<u>\$ 2,341,967</u>
Due to Nonmajor Governmental Funds from:	
General Fund	<u>\$ 177,528</u>
Total due to Nonmajor Governmental Funds from Other Funds	<u>\$ 177,528</u>
Due to Water and Sewer Fund from:	
General Fund	\$ 3,451,286
Storm Recovery - Insurance Fund	98,245
Other Funds	<u>1,733,943</u>
Total due to Water and Sewer (proprietary fund) from Other Funds	<u>\$ 5,283,474</u>
Due to Health Insurance Fund from:	
General Fund	\$ 753,269
Water and Sewer Fund	<u>93,269</u>
Total due to Health Insurance Fund (internal service fund) from Other Funds	<u>\$ 846,538</u>

#### IV. DETAILED NOTES ON ALL FUNDS (Continued)

##### D. Interfund Balances and Transfers (continued)

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

Transfer to General Fund from:	
Water and Sewer Fund	\$ 307,315
Capital Projects Fund	2,174,611
Storm Recovery - FEMA Fund	3,818,835
Storm Recovery - Insurance Fund	2,501,636
Other Funds	<u>1,303,052</u>
Total transfer to General Fund from Other Funds	<u>\$ 10,105,449</u>
Transfer to Capital Projects Fund from:	
General Fund	\$ 4,480,000
Other Funds	<u>194,000</u>
Total transfer to Capital Projects Fund from Other Funds	<u>\$ 4,674,000</u>
Transfer to Storm Recovery - FEMA Fund from:	
General Fund	\$ 1,947
Capital Projects Fund	<u>1,750,000</u>
Total transfer to Storm Recovery - FEMA Fund from Other Funds	<u>\$ 1,751,947</u>
Transfer to Nonmajor Governmental Funds from:	
General Fund	\$ 1,931,877
Other Funds	<u>150,615</u>
Total transfers to Nonmajor Governmental Funds from Other Funds	<u>\$ 2,082,492</u>

#### IV. DETAILED NOTES ON ALL FUNDS (Continued)

##### D. Interfund Balances and Transfers (continued)

Transfer to Water and Sewer Fund from: Other Funds	<u>\$ 50,150</u>
Total transfers to Water and Sewer Fund (proprietary fund) from Other Funds	<u><u>\$ 50,150</u></u>
Transfer to Intermodal Facility Retail Fund from: Capital Projects Fund	<u>\$ 58,000</u>
Total transfers to Intermodal Facility Retail Fund from Other Funds	<u><u>\$ 58,000</u></u>

##### E. Unbilled Water, Sewer and Garbage Receivables

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

The amount of unbilled water and sewer receivables at year-end was \$2,768,352 and the amount of unbilled garbage receivables was \$210,771.

##### F. Water and Sewer Warrant Issue Cost

Initial issue expense of the water and sewer warrants is being amortized over the number of years that the warrant issues are outstanding.

##### G. Compensated Absences

Compensated absences consist of unpaid accumulated vacation and sick leave for all City employees. At September 30, 2012, the compensated absences of all City employees amounted to approximately \$7.7 million. Of this amount, \$916,400 relates to water and sewer employees and is recorded in the enterprise fund. The balance of approximately \$6.7 million relates to general City employees.

#### IV. DETAILED NOTES ON ALL FUNDS (Continued)

##### H. Leases

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

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

- 2. Capital Leases** - The City has entered various lease agreements as lessee for financing the acquisition of computer equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the lesser of fair value or the present value of their future minimum lease payments as of the inception date. The equipment is capitalized at a cost of \$404,544.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2012, were as follows:

<u>Year ending September 30</u>	<u>Governmental Activities</u>
2013	170,671
2014	170,671
2015	99,945
Total minimum lease payments	441,287
Less: amount representing interest	82,186
	<u>\$ 359,101</u>

##### I. Long-Term Debt

###### 1. Loan

In December 2009, the City obtained a 20 year loan from the United States Department of Housing and Urban Development Section 108 Division for \$1.5 million to renovate a building located in the downtown district for use as a cultural arts center. Principal payments of \$75,000 will be made annually commencing on August 1, 2011 with interest payment made semiannually on every February 1<sup>st</sup> and August 1<sup>st</sup> commencing on February 1, 2011. Debt service payments will continue through August 1, 2030. The interest rates range from 0.56% to 4.48% over the life of the loan. See Note IV.I.7. for more information regarding debt service. In February 2012, the City obtained a loan from Robertson Bank for \$372,982 to use for the purchase of fire trucks. The note carries an interest rate of 1.43% and requires annual payments of \$127,905 every February through 2015.

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. Long-Term Debt (continued)**

**2. General Obligation Warrants**

The City issues general obligation warrants providing funds 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, 2012 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
2010-A G.O. Refunding Warrants	1.00-4.00%	\$ 18,370,000
2010-B G.O. Refunding Warrants	1.00-5.00%	9,675,000
2005 G.O. and Refunding Warrants	3.00-5.00%	7,210,000
2007 General Obligation Warrants	4.00-5.00%	25,175,000
2009 General Obligation Warrants	3.00-5.125%	16,515,000
		<u>\$ 76,945,000</u>

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

<b>General Long-Term Debt*</b>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	4,205,000	3,429,384	7,634,384
2014	4,375,000	3,255,646	7,630,646
2015	4,560,000	3,063,209	7,623,209
2016	4,775,000	2,856,171	7,631,171
2017	2,270,000	2,690,934	4,960,934
2018-2022	12,985,000	11,812,738	24,797,738
2023-2027	14,765,000	8,556,059	23,321,059
2028-2032	14,445,000	5,198,740	19,643,740
2033-2037	11,550,000	2,320,509	13,870,509
2038-2039	3,015,000	194,249	3,209,249
Total	<u>\$ 76,945,000</u>	<u>\$ 43,377,639</u>	<u>\$ 120,322,639</u>

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

#### IV. DETAILED NOTES ON ALL FUNDS (Continued)

##### I. Long-Term Debt (continued)

##### 3. Extinguishment of Debt Through In-Substance Defeasance

In prior years, the City defeased certain general obligation warrants by placing the proceeds of new warrants in an irrevocable trust to provide for all future debt service payments on the old warrants. Accordingly, the trust account assets and the liability for the defeased warrants are not included in the City's financial statements. On September 30, 2012, \$26,870,000 of warrants outstanding are considered defeased.

##### 4. Water and Sewer Warrants

The City has issued warrants and has pledged income derived from certain assets to be used to pay the debt service. These warrants are used to finance construction in the water and sewer enterprise fund. At the beginning of the year, the amount of water and sewer debt outstanding was \$112,609,216. Water and sewer warrants outstanding at September 30, 2012 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
2008 SRF Issue	3.18%	\$ 705,000
2010 SRF Issue	2.57%	4,095,000
2005 Refunding and G.O. Warrant Issue	3.00-5.00%	37,395,000
2006 G.O. Warrant Issue	3.60-5.00%	34,280,000
2012 G.O. Warrant Issue	2.00-5.00%	27,495,000
2004 Drinking Water State Revolving Loan	3.05%	4,922,441
		<u>108,892,441</u>
Less: deferred loss on refunding		<u>3,191,286</u>
Total		<u>\$ 105,701,155</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 6,070,000	\$ 4,738,343	\$ 10,808,343
2014	6,305,000	4,505,738	10,810,738
2015	6,555,000	4,258,330	10,813,330
2016	6,855,000	3,973,503	10,828,503
2017	7,175,000	3,656,070	10,831,070
2018-2022	37,685,000	13,261,737	50,946,737
2023-2027	21,042,441	6,280,226	27,322,667
2028-2032	10,020,000	2,764,297	12,784,297
2033-2036	<u>7,185,000</u>	<u>480,703</u>	<u>7,665,703</u>
Total	<u>\$ 108,892,441</u>	<u>\$ 43,918,947</u>	<u>\$ 152,811,388</u>

#### **IV. DETAILED NOTES ON ALL FUNDS (Continued)**

##### **I. Long-Term Debt (continued)**

###### **5. Extinguishment of Debt Through In-Substance Defeasance and Refundings**

On May 23, 2012, the City issued \$32.380 million of general obligation warrants with interest at 2.00% to 5.00%. These warrants were issued at a premium of \$4,041,040. Of the total proceeds of \$36,421,040, \$9.355 million was used to refund the remaining principal of the City's 2002-B SRF Sewer Improvements Issue with an interest rate of 3.68% and \$25.140 million was used to refund the remaining principal of the City's 2003 SRF Refunding Issue with an interest rate of 3.25%. The reacquisition price for the 2003 Issue exceeded the net carrying amount of the old debt by \$373,255. This amount is being netted against the new debt and amortized over 13 years, which is the remaining life of the refunded debt as well as the life of the new debt. The transaction also resulted in an economic gain of \$242,802 and a reduction of \$292,658 in future debt service payments. Furthermore, the refunding also generated \$1,265,954 to be applied to future projects.

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

At September 30, 2012, \$72,555,000 of warrants outstanding are considered defeased.

###### **6. Debt Covenants**

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

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. Long-Term Debt (continued)**

**7. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General City warrants	\$ 80,990,000	\$ —	\$ 4,045,000	\$ 76,945,000	\$ 4,205,000
Section 108 loan	1,425,000	—	75,000	1,350,000	75,000
Robertson Bank	—	372,982	—	372,982	122,557
Capital leases	86,768	404,544	132,211	359,101	121,905
Net OPEB obligation	1,422,199	453,104	—	1,875,303	—
Litigation settlement	292,750	—	136,375	156,375	156,375
Compensated absences	6,415,277	592,447	252,009	6,755,715	2,233,568
Workers compensation claims	554,969	356,198	355,589	555,578	140,376
Governmental activity long-term liabilities	<u>\$ 91,186,963</u>	<u>\$ 2,179,275</u>	<u>\$ 4,996,184</u>	<u>\$ 88,370,054</u>	<u>\$ 7,054,781</u>
Business-type activities:					
Water and sewer warrants	\$ 115,842,637	\$ 32,380,000	\$ 39,330,196	\$ 108,892,441	\$ 6,070,000
Less deferred loss on refunding	3,233,421	373,255	415,390	3,191,286	425,020
	112,609,216	32,006,745	38,914,806	105,701,155	5,644,980
Net OPEB obligation	250,279	73,213	—	323,492	—
Compensated absences	867,900	107,278	58,778	916,400	249,900
Workers compensation claims	76,719	53,114	75,936	53,897	21,796
Business-type activity long-term liabilities	<u>\$ 113,804,114</u>	<u>\$ 32,240,350</u>	<u>\$ 39,049,520</u>	<u>\$ 106,994,944</u>	<u>\$ 5,916,676</u>

The net assets of the General Fund have been used in prior years to liquidate any obligation held in Governmental Funds. Federal funds obtained from the Community Development Block Grant and receipted in the Community Development Special Revenue Funds will be used to liquidate the Section 108 loan. The Net OPEB obligation was unfunded for the September 30, 2012 fiscal year and will remain unfunded and on a pay-as-you-go financing basis.

## V. OTHER INFORMATION

### A. Risk Management

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

#### 1. Health Insurance Fund

Effective October 1, 1987, the City established a Risk Management Health Insurance Fund (an internal service fund) to account for and finance the cost of health and dental insurance premiums paid for the City employees and their families. Under this program, the City's maximum coverage is \$175,000 cumulative per employee, per illness. An outside major insurance carrier administers the plan. The City purchases commercial insurance for claims in excess of coverage provided by the fund up to a limit of \$1,000,000. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

The outstanding claims liability of \$823,100 at September 30, 2012 is based on the requirements of Governmental Accounting Standards Board Statement 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. A provision for inflation on the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the period in which they are made.

Changes in the fund's claims liability for the years ended September 30, 2012 and 2011 were as follows:

	Year ended September 30, 2012	Year ended September 30, 2011
Unpaid claims, beginning of year	\$ 780,200	\$ 751,400
Incurred claims (including IBNRs)	11,351,120	10,780,725
Claims paid	<u>(11,308,220)</u>	<u>(10,751,925)</u>
Unpaid claims, end of year	<u>\$ 823,100</u>	<u>\$ 780,200</u>

**V. OTHER INFORMATION (Continued)**

**A. Risk Management (continued)**

**2. Workers Compensation Claims**

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

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

The total outstanding claims liability at September 30, 2012 of \$631,271 is based on the requirements of Government Accounting Standards Board Statement 10, as explained above. The carrying value is calculated using an interest rate of .8%. Of the above amount, \$75,693 is reported in the Water and Sewer Enterprise Fund. The balance, \$555,578, 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 Assets.

Changes in the workers compensation claims liabilities amounts for the year ended September 30, 2012, were as follows:

	General City Employees	Water and Sewer Employees
Unpaid claims, beginning of year	\$ 554,969	\$ 76,719
Increase (incurred claims, including IBNR's)	356,198	53,114
Decrease (claims paid and reserve reduction)	<u>(355,589)</u>	<u>(54,140)</u>
Unpaid claims, end of year	<u>\$ 555,578</u>	<u>\$ 75,693</u>

Changes in the workers compensation claims liabilities amounts for the year ended September 30, 2011, were as follows:

	General City Employees	Water and Sewer Employees
Unpaid claims, beginning of year	\$ 489,740	\$ 133,117
Increase (incurred claims, including IBNR's)	161,342	28,411
Decrease (claims paid and reserve reduction)	<u>(96,113)</u>	<u>(84,809)</u>
Unpaid claims, end of year	<u>\$ 554,969</u>	<u>\$ 76,719</u>

**V. OTHER INFORMATION (Continued)**

**B. Joint Ventures**

**1. Black Warrior Solid Waste Disposal Authority**

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

The following is a summary of the financial information of the Authority as of and for the year ended September 30, 2012:

Total assets	<u>\$ 30,729,777</u>
Current liabilities	\$ 272,989
Long-term liabilities	1,409,668
Accrued landfill closure costs	16,844,279
Total liabilities	<u>\$ 18,526,936</u>
Total Equity	<u>\$ 11,593,458</u>
Total revenues	\$ 4,756,842
Total expenditures	(5,320,810)
Non-operating revenues, net of non-operating expenditures	1,173,351
Net increase in fund balance	<u>\$ 609,383</u>

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

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

**V. OTHER INFORMATION (Continued)**

**B. Joint Ventures (continued)**

**2. Tuscaloosa County Minimum Security Facility**

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

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

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

**3. Metro Animal Shelter, Inc.**

The City of Tuscaloosa, City of Northport, and Tuscaloosa County agreed to fund the Metro Animal Shelter, Inc. in the amount of \$451,992 per year, based on the following percentages, in order to provide animal shelter services in the County.

	<u>Percent</u>	<u>Amount</u>
City of Tuscaloosa	40 %	\$ 180,797
City of Northport	10	45,199
Tuscaloosa County	50	225,996
	<u>100.00 %</u>	<u>\$ 451,992</u>

At each June 30 fiscal year end, the Shelter is to return all profits in excess of \$10,000 to be placed in an account for maintenance, repairs and improvements at the shelter. For the year ended June 30, 2012, no excess was returned to the City. Effective September 27, 2012, the agreement was extended for an additional three years with the City's share of funding increasing to \$225,540 in fiscal year 2013.

## V. OTHER INFORMATION (Continued)

### C. Other Post-Employment Benefits

#### 1. Plan Description

The City participates in a single-employer, fully insured health insurance program administered by Blue Cross and Blue Shield of Alabama. The City extends post employment medical insurance benefits to qualifying employees. Eligibility for retirement is achieved upon completion of twenty-five (25) years or service at any age (20 years for police officers and firefighters); or ten (10) years of service if age 60 or older. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. After a retiree is considered eligible for Medicare (age 65 in most cases), no medical benefits are provided by the City. The City Council has the authority to establish and amend benefit provisions. The Plan does not issue a separate financial report.

#### 2. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. Employees do not contribute to their post employment benefit costs until they become retirees and begin receiving those benefits. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs and anticipated inflationary increases as determined annually by the City Council. The City's funding policy is to not fund the Annual Required Contribution except to the extent of the current year's retiree costs. For the fiscal year ended September 30, 2012, the City and plan members receiving benefits contributed \$356,850 and \$496,858, respectively.

#### 3. Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$	846,298
Interest on net OPEB obligation		66,899
Adjustment to annual required contribution		<u>(96,720)</u>
Annual OPEB cost		816,477
Contributions made (retiree premium)		<u>(290,160)</u>
Increase in net OPEB obligation		526,317
Net OPEB obligation - beginning of the year		<u>1,672,478</u>
Net OPEB obligation - end of the year	\$	<u><u>2,198,795</u></u>

**V. OTHER INFORMATION (Continued)**

**C. Other Post-Employment Benefits (continued)**

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

<b>Three Year Trend Information</b>				
<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Employer Contributions</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
9/30/2012	\$ 526,317	\$ -	0.00%	\$ 2,198,795
9/30/2011	\$ 603,639	\$ -	0.00%	\$ 1,672,478
9/30/2010	\$ 629,313	\$ -	0.00%	\$ 1,068,839

**4. Funded Status and Funding Progress**

As of October 1, 2011, the most recent actuarial valuation date for fiscal year ending September 30, 2012, the plan was zero percent funded. The actuarial accrued liability for benefits was \$8,521,587, and the actuarial value of plan assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,521,587. The covered payroll (annual payroll of active employees covered by the plan) was \$63,552,711, and the ratio of the UAAL to the covered payroll was 13.41 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the City's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information as of September 30, 2012, the fourth year of implementation. In subsequent years, the schedule will provide multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**5. Actuarial Method and Assumptions**

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

**V. OTHER INFORMATION (Continued)**

**C. Other Post-Employment Benefits (continued)**

**5. Actuarial Method and Assumptions (continued)**

In the October 1, 2011 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 15% annual turnover rate, 4.0% investment rate of return (discount rate), and an annual healthcare cost trend of 8.0% initially, reduced by decrements to an ultimate rate of 5.0% after ten years (the trend rate includes an inflation factor of 2.50% annually). For mortality rates the 1994 Group Annuity Reserving (94GAR) table was used. The UAAL is being amortized as a level dollar amount on an open basis within a period of 30 years. For the retirement rate, it is assumed that entitlement to benefits will commence upon actual retirement, which has been assumed to be at the earlier of age 55 and 25 years of service and age 60 and 10 years of service.

**D. Defined Benefit Pension Plans**

**1. General Information**

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

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

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

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

**V. OTHER INFORMATION (Continued)**

**D. Defined Benefit Pension Plans (Continued)**

**2. Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan**

**a. Plan Description**

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

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

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

**c. Funded Status and Funding Progress**

As of January 1, 2012, the most recent actuarial valuation date, the actuarial value of plan assets was \$201,568; the actuarial accrued liability was \$1,252,081; the total unfunded actuarial accrued liability was \$1,050,513; the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio) was 16.1 percent; the annual covered payroll was \$3.76 million; and the ratio of the unfunded actuarial liability to annual covered payroll was 27.95 percent. The actuarial assumptions used are described in the Funding Policy and Annual Pension Cost section in Note V.D.6. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

## V. OTHER INFORMATION (Continued)

### D. Defined Benefit Pension Plans (continued)

#### 3. Employees Retirement System of Alabama

##### a. Plan Description

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

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

(a) years of credited service

(b) benefit factor (2.0125%)

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

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

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

##### c. Funded Status and Funding Progress

As of September 30, 2011, the most recent actuarial valuation date, the actuarial value of plan assets was \$54,562,125; the actuarial accrued liability was \$77,785,819; the total unfunded actuarial accrued liability was \$23,223,694; the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio) was 70.1 percent; the annual covered payroll was \$31.4 million; and the ratio of the unfunded actuarial liability to annual covered payroll was 74.0 percent. The actuarial assumptions used are described in the Funding Policy and Annual Pension Cost section in Note V.D.6. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### 4. Met Life Retirement and Savings Plan

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

**V. OTHER INFORMATION** (Continued)

**D. Defined Benefit Pension Plans** (continued)

**5. Tuscaloosa Police Officers and Fire Fighters Retirement Plan**

**a. Plan Description**

This plan is open to all certified firemen and policemen. Normal retirement benefits become payable, regardless of age, after completion of 20 years of service, or age 65. The normal retirement for employees participating in this pension plan is 4.5% of the pension base for each year of credited service. The minimum benefit is \$1,028 per month and the maximum benefit is \$3,046 per month. All funds contributed to this plan are invested by the financial advisors made up of representatives from Lord Abbett, IDP, Southeastern Management, Atlanta Capital, NWQ International, Merrill Lynch, Pimco and BlackRock. Plan assets are held by Merrill Lynch and are invested primarily in stocks and U. S. Government securities.

**b. Funded Status and Funding Progress**

As of January 1, 2012, the most recent actuarial valuation date, the actuarial value of plan assets was \$60,188,727; the actuarial accrued liability was \$137,649,861; the total unfunded actuarial accrued liability was \$77,461,134; the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio) was 44.7%; the annual covered payroll was \$26,804,554; and the ratio of the unfunded actuarial liability to annual covered payroll was 289%. The actuarial assumptions used are described in the Funding Policy and Annual Pension Cost section in Note V.D.6. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

V. OTHER INFORMATION (Continued)

D. Defined Benefit Pension Plans (continued)

6. Funding Policy and Annual Pension Cost

Management of each plan as well as the contribution requirement for the plan members and the City are determined by the respective oversight units as described below. The City's annual pension cost for the current year and the related information for each plan is as follows (for Employees Retirement System of Alabama, September 30, 2011 is the most recent information available to the City from the plan):

	Police Officers and Firefighters Supplemental Retirement Plan	Employees Retirement System of Alabama	Met Life Retirement and Savings Plan	Tuscaloosa Police Officers and Fire Fighters Retirement Plan
Oversight authority	City Council of the City of Tuscaloosa	State of Alabama	City Council of the City of Tuscaloosa	Board of Trustees of the Pension and Relief Fund
Statutory authority for participation in Plan	Article XVI of Chapter 19 of the Code of Tuscaloosa	Alabama Code §36-27-6, et seq. (1975)	Alabama Code §11-91-8 (1975)	Act. No. 99-568 of the 1999 Legislative Session
Contribution rates:				
City	3.05%	6.46%	**	13.25%
Plan members	0.00%	5.00%	**	11.25%
Annual pension cost	\$67,000	\$1,990,256	**	\$3,884,760
Contribution made	\$70,234	\$1,990,256	**	\$3,884,760
Actuarial valuation date	1/1/2012	9/30/2011	11/1/2006	1/1/2012
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent open	Level percent open	Level dollar closed	Level percent open
Remaining amortization	20 years	30 years	20 years	28 years
Asset valuation method	5 year smoothed market	5 year smoothed market	Fund value	5 year smoothed market
Actuarial assumptions:				
Investment rate of return	6.00%	8.00%	6.00%	8.00%
Projected salary increases	5.50%	3.75% - 7.75%	4.00%	5.50%
Includes inflation at	4.00%	3.00%	N/A	4.00%

\*\* Closed plan.

**V. OTHER INFORMATION (Continued)**

**D. Defined Benefit Pension Plans (continued)**

**7. Three Year Trend Information**

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Employees Retirement System of Alabama	9/30/2011	\$ 1,990,256	100.00%	\$ —
	9/30/2010	1,787,940	100.00%	—
	9/30/2009	1,742,438	100.00%	—
Police Officers and Firefighters Supplemental Retirement Plan	9/30/2012	67,000	100.00%	—
	9/30/2011	67,000	100.00%	—
	9/30/2010	67,000	100.00%	—
Met Life Retirement and Savings Plan	9/30/2006	130,523	100.00%	—
	9/30/2005	119,340	100.00%	—
	9/30/2004	112,276	100.00%	—
Tuscaloosa Police Officers and Fire Fighters Retirement Plan	1/1/2012	3,884,760	100.00%	—
	1/1/2011	3,742,898	100.00%	—
	1/1/2010	3,450,627	100.00%	—

**E. Prior Period Adjustments – General Fund and Other Governmental Funds**

The General Fund unassigned fund balance at October 1, 2011 has been adjusted for grant funds not recorded as receivables and for deferred revenues recognized prior to being earned. Had these errors not been made, the net change in net assets at September 30, 2011 would have increased by \$837,953.

Fund balance for Other Governmental Funds, restricted for capital projects, at October 1, 2011 has been adjusted for the accrual of project expenses not recorded as of September 30, 2011. Had the error not been made, the net change in net assets at September 30, 2011 would have decreased by \$315,533.

## **V. OTHER INFORMATION (Continued)**

### **F. Commitments and Contingencies**

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

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Those audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. Such an audit by the U.S. Department of Housing and Urban Development (HUD) occurred in 2012 (related to 2010 grant programs), resulting in proposed repayment of grant funds. City management believes such disallowances, if any, will be immaterial.

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

The City has General Fund encumbrances outstanding as of September 30, 2012 of \$2,359,267.

The City has borrowed \$7,066,000 from the Drinking Water State Revolving Loan Fund for water improvements. With capitalized interest and issuance costs added to the loan, the total amount to be repaid will be \$7,705,000. The funds are available on a reimbursement basis, and to date \$6,762,440 has been spent and drawdown.

The City is in the process of finalizing a consent order with Alabama Department of Environmental Management related to the operation of the City's sewer system and certain violations. The City and its consultants estimate a cost of \$1,725,000 to meet the requirements during the first year following the agreement.

As a result of the April 2011 storms, the City will incur future recovery costs that will not be reimbursed through insurance proceeds or federal and state grant funds. The City and its consultants estimate these future unreimbursed costs to be approximately \$6,000,000.

### **G. Subsequent Events**

Subsequent to year-end, the City executed a \$10 million line of credit with Regions Bank.

In November 2012, the City issued \$35.195 million of new warrants which refunded \$32.045 million of the 2005 warrant issue outstanding (\$3.935 million of General Obligation warrants and \$28.110 million of Water & Sewer warrants). This refunding provided upfront cash savings of \$2.09 million.

**CITY OF TUSCALOOSA**

**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS**

**September 30, 2012**

<u>Fiscal Year</u>	<u>(1) Actuarial Value of Assets</u>	<u>(2) Actuarial Accrued Liability (AAL) -Entry Age</u>	<u>(3) Unfunded (Funded) UAL (UAAL) (2-1)</u>	<u>(4) Funded Ratio (1 / 2)</u>	<u>(5) Covered Payroll</u>	<u>(6) UAAL as a Percentage of Covered Payroll (3/5)</u>
<b>I. Employees Retirement System of Alabama (valuation as of each September 30):</b>						
2010*	\$ 53,809,654	\$ 73,478,675	\$ 19,669,021	73.2 %	\$ 29,852,244	65.9 %
2009	52,738,248	66,271,199	13,532,951	79.6	28,849,771	46.9
2008	51,465,172	60,913,655	9,448,483	84.5	27,045,152	34.9
<b>II. Met Life Retirement and Savings Plan (valuation as of each November 1):</b>						
2006	\$ 1,032,960	\$ 2,179,251	\$ 1,146,291	47.4 %	\$ 4,485,000	25.6 %
2005	870,821	1,838,127	967,306	47.4	4,688,320	20.6
2004	1,008,553	1,885,800	877,247	53.5	4,846,774	18.1
<b>III. Tuscaloosa Police Officers and Fire Fighters Retirement Plan (valuation as of each January 1):</b>						
2011	\$ 61,108,572	\$ 134,931,446	\$ 73,822,874	45.3 %	\$ 25,982,540	284.1 %
2010	61,194,421	131,325,637	70,131,216	46.6	25,194,295	278.4
2009	63,493,795	127,917,645	64,423,850	49.6	24,853,679	259.2
<b>IV. Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (annual valuation beginning January 2010):</b>						
2011	\$ 159,010	\$ 789,051	\$ 630,041	20.00 %	\$ 3,224,663	20.0 %
2010	129,729	692,405	562,676	18.70	2,505,505	22.5
2008	69,453	731,455	662,002	9.50	2,143,949	30.9
<b>V. Tuscaloosa Post Employment Health Care Plan (annual valuation as of each October 1):</b>						
2010	\$ —	\$ 8,082,755	\$ 8,082,755	— %	\$ 61,898,070	13.1 %
2009	—	7,592,863	7,592,863	—	55,902,466	13.6
2008	—	10,674,686	10,674,686	—	56,297,597	19.0

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

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**CITY OF TUSCALOOSA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**September 30, 2012**

ASSETS	Special Revenue Funds	Capital Project Funds					Permanent Fund Capital Park Maintenance	Total Nonmajor Governmental Funds
		Downtown Urban Revitalization	Intermodal Facility Construction	River Market Construction	Tourism - Capital Projects	Disaster Recovery Construction		
Cash and cash equivalents	\$ 2,044,159	\$ 851	\$ 66,292	\$ 563,594	\$ 214,813	\$ —	\$ 46,765	\$ 2,936,474
Investments	2,822,667	—	—	—	—	—	—	2,822,667
Receivables (net of allowances for uncollectibles)	25,100	—	—	—	22,376	69,806	—	117,282
Due from other governments	3,002,194	380,544	—	—	—	—	—	3,382,738
Due from other funds	134,664	—	—	—	—	—	42,864	177,528
Inventory	292	—	—	—	—	—	—	292
<b>Total assets</b>	<b>\$ 8,029,076</b>	<b>\$ 381,395</b>	<b>\$ 66,292</b>	<b>\$ 563,594</b>	<b>\$ 237,189</b>	<b>\$ 69,806</b>	<b>\$ 89,629</b>	<b>\$ 9,436,981</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 609,547	\$ 1,200	\$ —	\$ 652	\$ —	\$ 69,806	\$ 1,038	\$ 682,243
Deferred revenue	50,745	—	—	—	—	—	—	50,745
Due to other funds	2,702,995	255,209	—	230,000	—	—	2,700	3,190,904
<b>Total liabilities</b>	<b>3,363,287</b>	<b>256,409</b>	<b>—</b>	<b>230,652</b>	<b>—</b>	<b>69,806</b>	<b>3,738</b>	<b>3,923,892</b>
Fund balances:								
Restricted for:								
Capital projects	2,934,667	124,986	66,292	332,942	—	—	—	3,458,887
Capital Park maintenance	—	—	—	—	—	—	85,891	85,891
Hazard mitigation	3	—	—	—	—	—	—	3
Road projects	1,092,067	—	—	—	—	—	—	1,092,067
Salaries	220,254	—	—	—	—	—	—	220,254
Committed for:								
Capital projects	—	—	—	—	237,189	—	—	237,189
Cemetery maintenance	193,327	—	—	—	—	—	—	193,327
Tourism enhancement	224,176	—	—	—	—	—	—	224,176
Unassigned	1,295	—	—	—	—	—	—	1,295
<b>Total fund balances</b>	<b>4,665,789</b>	<b>124,986</b>	<b>66,292</b>	<b>332,942</b>	<b>237,189</b>	<b>—</b>	<b>85,891</b>	<b>5,513,089</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,029,076</b>	<b>\$ 381,395</b>	<b>\$ 66,292</b>	<b>\$ 563,594</b>	<b>\$ 237,189</b>	<b>\$ 69,806</b>	<b>\$ 89,629</b>	<b>\$ 9,436,981</b>

CITY OF TUSCALOOSA

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

For the year ended September 30, 2012

	Special Revenue Funds	Capital Project Funds					Permanent Fund Capital Park Maintenance	Total Nonmajor Governmental Funds
		Downtown Urban Revitalization	Intermodal Facility Construction	River Market Construction	Tourism - Capital Projects	Disaster Recovery Construction		
Revenues:								
Taxes	\$ 901,443	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 901,443	
Intergovernmental	4,603,810	162,479	—	—	—	69,806	4,836,095	
Other revenues	1,568,784	—	—	114,445	54	—	1,683,283	
Total revenues	7,074,037	162,479	—	114,445	54	69,806	7,420,821	
Expenditures:								
Current operations:								
General government	751,674	—	—	—	—	—	751,674	
Public safety	638,396	—	—	—	—	—	638,396	
Streets and highways	57,394	—	—	—	—	—	57,394	
Culture and recreation	125,098	—	—	—	35,000	14,009	174,107	
Housing	1,023,805	—	—	—	—	—	1,023,805	
Economic and physical development	138,291	—	—	—	—	—	138,291	
Other activities	78,962	—	—	—	—	—	78,962	
Total current operations	2,813,620	—	—	—	35,000	14,009	2,862,629	
Capital outlay	3,727,194	200,378	—	826,503	—	69,806	4,823,881	
Total expenditures	6,540,814	200,378	—	826,503	35,000	69,806	7,686,510	
Excess (deficiency) of revenues over expenditures	533,223	(37,899)	—	(712,058)	(34,946)	—	(265,689)	
Other financing sources (uses) :								
Transfers in	653,914	—	—	1,142,434	272,135	14,009	2,082,492	
Transfers out	(653,533)	—	—	(1,044,284)	—	—	(1,697,817)	
Total other financing sources (uses)	381	—	—	98,150	272,135	14,009	384,675	
Net change in fund balances	533,604	(37,899)	—	(613,908)	237,189	—	118,986	
Fund balances, beginning of year, as previously reported	4,132,185	162,885	66,292	1,262,383	—	85,891	5,709,636	
Prior period adjustment (note V.E.)	—	—	—	(315,533)	—	—	(315,533)	
Fund balances, beginning of year, as restated	4,132,185	162,885	66,292	946,850	—	85,891	5,394,103	
Fund balances, end of year	\$ 4,665,789	\$ 124,986	\$ 66,292	\$ 332,942	\$ 237,189	\$ 85,891	\$ 5,513,089	

## Nonmajor Governmental Funds

### Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

**Alternative Energy Fund** accounts for those federal funds received and disbursed for updating certain City infrastructure to more energy efficient forms.

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

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

**CITY OF TUSCALOOSA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**

**September 30, 2012**  
1 of 2

<u>ASSETS</u>	Police Department Funds	Airport Development Fund	Community Development Funds	Gasoline Tax Funds	Summer Feeding Fund	Beer Tax Bonus Fund	Alabama Trust Fund
Cash and cash equivalents	\$ 132,159	\$ 8,810	\$ 417,033	\$ 1,003,925	\$ 28,642	\$ 50,358	\$ 11,678
Investments	—	—	—	—	—	125,549	2,500,806
Receivables	—	—	2,724	—	—	—	—
Due from other governments	33,883	2,730,984	89,437	88,142	—	44,347	—
Due from other funds	128,210	6,454	—	—	—	—	—
Inventory	—	—	—	—	292	—	—
Total assets	<u>\$ 294,252</u>	<u>\$ 2,746,248</u>	<u>\$ 509,194</u>	<u>\$ 1,092,067</u>	<u>\$ 28,934</u>	<u>\$ 220,254</u>	<u>\$ 2,512,484</u>
 <u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ 64,712	\$ 250,018	\$ 223,115	\$ —	\$ 27,721	\$ —	\$ —
Deferred revenue	50,745	—	—	—	—	—	—
Due to other funds	162,537	2,511,193	27,922	—	1,213	—	—
Total liabilities	<u>277,994</u>	<u>2,761,211</u>	<u>251,037</u>	<u>—</u>	<u>28,934</u>	<u>—</u>	<u>—</u>
Fund balances:							
Restricted for:							
Capital projects	16,258	—	—	—	—	—	2,512,484
Hazard mitigation	—	—	—	—	—	—	—
Road projects	—	—	—	1,092,067	—	—	—
Salaries	—	—	—	—	—	220,254	—
Community development	—	—	258,157	—	—	—	—
Committed for:							
Cemetery maintenance	—	—	—	—	—	—	—
Tourism enhancement	—	—	—	—	—	—	—
Unassigned	—	(14,963)	—	—	—	—	—
Total fund balances	<u>16,258</u>	<u>(14,963)</u>	<u>258,157</u>	<u>1,092,067</u>	<u>—</u>	<u>220,254</u>	<u>2,512,484</u>
Total liabilities and fund balances	<u>\$ 294,252</u>	<u>\$ 2,746,248</u>	<u>\$ 509,194</u>	<u>\$ 1,092,067</u>	<u>\$ 28,934</u>	<u>\$ 220,254</u>	<u>\$ 2,512,484</u>

CITY OF TUSCALOOSA

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS

September 30, 2012

2 of 2

ASSETS	Evergreen Cemetery Fund	Hazard Mitigation Fund	Alternative Energy Fund	Section 108 Funds	Tourism Enhancement Fund	Total Nonmajor Special Revenue Funds
Cash and cash equivalents	\$ 140	\$ 1,117	\$ 84,552	\$ 94,945	\$ 210,800	\$ 2,044,159
Investments	196,312	—	—	—	—	2,822,667
Receivables	—	—	—	—	22,376	25,100
Due from other governments	—	—	15,401	—	—	3,002,194
Due from other funds	—	—	—	—	—	134,664
Inventory	—	—	—	—	—	292
<b>Total assets</b>	<b>\$ 196,452</b>	<b>\$ 1,117</b>	<b>\$ 99,953</b>	<b>\$ 94,945</b>	<b>\$ 233,176</b>	<b>\$ 8,029,076</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 3,125	\$ 984	\$ —	\$ 30,872	\$ 9,000	\$ 609,547
Deferred revenue	—	—	—	—	—	50,745
Due to other funds	—	130	—	—	—	2,702,995
<b>Total liabilities</b>	<b>3,125</b>	<b>1,114</b>	<b>—</b>	<b>30,872</b>	<b>9,000</b>	<b>3,363,287</b>
Fund balances:						
Restricted for:						
Capital projects	—	—	99,953	64,073	—	2,692,768
Hazard mitigation	—	3	—	—	—	3
Road projects	—	—	—	—	—	1,092,067
Salaries	—	—	—	—	—	220,254
Community development	—	—	—	—	—	258,157
Committed for:						
Cemetery maintenance	193,327	—	—	—	—	193,327
Tourism enhancement	—	—	—	—	224,176	224,176
Unassigned	—	—	—	—	—	(14,963)
<b>Total fund balances</b>	<b>193,327</b>	<b>3</b>	<b>99,953</b>	<b>64,073</b>	<b>224,176</b>	<b>4,665,789</b>
<b>Total liabilities and fund balances</b>	<b>\$ 196,452</b>	<b>\$ 1,117</b>	<b>\$ 99,953</b>	<b>\$ 94,945</b>	<b>\$ 233,176</b>	<b>\$ 8,029,076</b>

**CITY OF TUSCALOOSA**

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

**For the year ended September 30, 2012**

1 of 2

	Police Department Funds	Airport Development Fund	Community Development Funds	Gasoline Tax Funds	Summer Feeding Fund	Beer Tax Bonus Fund	Alabama Trust Fund
<b>Revenues:</b>							
<b>Taxes:</b>							
Gas tax - State of Alabama	\$ —	\$ —	\$ —	\$ 413,028	\$ —	\$ —	\$ —
Share of beer tax	—	—	—	—	—	488,415	—
<b>Intergovernmental revenues:</b>							
Federal grants	133,034	2,488,447	1,251,048	—	—	—	—
State and local grants	280,000	131,702	57,781	—	67,058	—	—
<b>Other operating revenues:</b>							
Interest on investments	129	—	—	—	—	522	2,668
Share of tag receipts	—	—	—	227,977	—	—	—
Collection of principal and interest	—	—	108,148	—	—	—	—
Other	27,936	—	422,740	12,248	1,248	—	760,085
<b>Total revenues</b>	<b>441,099</b>	<b>2,620,149</b>	<b>1,839,717</b>	<b>653,253</b>	<b>68,306</b>	<b>488,937</b>	<b>762,753</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	—	—	413,169	—	68,306	—	—
Public safety	638,396	—	—	—	—	—	—
Streets and highways	—	—	—	57,394	—	—	—
Culture and recreation	—	—	75,098	—	—	—	—
Housing program	—	—	1,023,805	—	—	—	—
Economic and physical development	—	—	138,291	—	—	—	—
Other	—	—	38,033	—	—	—	—
<b>Total current operations</b>	<b>638,396</b>	<b>—</b>	<b>1,688,396</b>	<b>57,394</b>	<b>68,306</b>	<b>—</b>	<b>—</b>
Capital expenditures	63,586	2,635,000	39,717	—	—	—	—
<b>Total expenditures</b>	<b>701,982</b>	<b>2,635,000</b>	<b>1,728,113</b>	<b>57,394</b>	<b>68,306</b>	<b>—</b>	<b>—</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(260,883)</b>	<b>(14,851)</b>	<b>111,604</b>	<b>595,859</b>	<b>—</b>	<b>488,937</b>	<b>762,753</b>
<b>Other financing sources (uses) :</b>							
Transfers in	277,141	—	74,800	—	—	—	—
Transfers out	—	—	(28,183)	—	—	(502,918)	—
<b>Total other financing sources (uses)</b>	<b>277,141</b>	<b>—</b>	<b>46,617</b>	<b>—</b>	<b>—</b>	<b>(502,918)</b>	<b>—</b>
<b>Net change in fund balances</b>	<b>16,258</b>	<b>(14,851)</b>	<b>158,221</b>	<b>595,859</b>	<b>—</b>	<b>(13,981)</b>	<b>762,753</b>
Fund balances, beginning of year	—	(112)	99,936	496,208	—	234,235	1,749,731
<b>Fund balances - end of year</b>	<b>\$ 16,258</b>	<b>\$ (14,963)</b>	<b>\$ 258,157</b>	<b>\$ 1,092,067</b>	<b>\$ —</b>	<b>\$ 220,254</b>	<b>\$ 2,512,484</b>

**CITY OF TUSCALOOSA**

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

**For the year ended September 30, 2012**

2 of 2

	Evergreen Cemetery Fund	Hazard Mitigation Fund	Alternative Energy Fund	Section 108 Funds	Tourism Enhancement Fund	Total Nonmajor Special Revenue Funds
<b>Revenues:</b>						
<b>Taxes:</b>						
Gas tax - State of Alabama	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 413,028
Share of beer tax	—	—	—	—	—	488,415
<b>Intergovernmental revenues:</b>						
Federal grants	—	—	194,740	—	—	4,067,269
State and local grants	—	—	—	—	—	536,541
<b>Other operating revenues:</b>						
Interest on investments	—	—	—	—	983	4,302
Share of tag receipts	—	—	—	—	—	227,977
Collection of principal and interest	—	—	—	—	—	108,148
Other	100	—	—	—	4,000	1,228,357
<b>Total revenues</b>	<b>100</b>	<b>—</b>	<b>194,740</b>	<b>—</b>	<b>4,983</b>	<b>7,074,037</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	—	—	—	16,507	249,432	747,414
Public safety	—	—	—	—	—	638,396
Streets and highways	—	—	—	—	—	57,394
Culture and recreation	—	—	—	—	50,000	125,098
Housing program	—	—	—	—	—	1,023,805
Economic and physical development	—	—	—	—	—	138,291
Other	40,540	—	—	389	—	78,962
<b>Total current operations</b>	<b>40,540</b>	<b>—</b>	<b>—</b>	<b>16,896</b>	<b>299,432</b>	<b>2,809,360</b>
Capital expenditures	—	—	190,480	798,411	—	3,727,194
<b>Total expenditures</b>	<b>40,540</b>	<b>—</b>	<b>190,480</b>	<b>815,307</b>	<b>299,432</b>	<b>6,536,554</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(40,440)</b>	<b>—</b>	<b>—</b>	<b>(815,307)</b>	<b>(294,449)</b>	<b>537,483</b>
<b>Other financing sources (uses) :</b>						
Transfers in	—	—	—	—	301,973	653,914
Transfers out	—	—	—	—	(122,432)	(653,533)
<b>Total other financing sources (uses)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>179,541</b>	<b>381</b>
<b>Net change in fund balances</b>	<b>(40,440)</b>	<b>—</b>	<b>—</b>	<b>(815,307)</b>	<b>(114,908)</b>	<b>537,864</b>
Fund balances, beginning of year	233,767	3	99,953	879,380	339,084	4,132,185
<b>Fund balances - end of year</b>	<b>\$ 193,327</b>	<b>\$ 3</b>	<b>\$ 99,953</b>	<b>\$ 64,073</b>	<b>\$ 224,176</b>	<b>\$ 4,670,049</b>

## **Nonmajor Governmental Funds**

### **Fiduciary Funds**

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

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

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

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

**For the year ended September 30, 2012**

	<u>Balance</u> <u>October 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30, 2012</u>
<u>Cash Bond Fund</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 296,935	\$ 533,475	\$ (565,903)	\$ 264,507
<u>LIABILITIES</u>				
Cash bond deposits payable	\$ 296,935	\$ 533,475	\$ (565,903)	\$ 264,507

**CAPITAL ASSETS**  
**USED IN THE OPERATION**  
**OF GOVERNMENTAL FUNDS**

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

**September 30, 2012**

	<u>Total</u>	<u>Infrastructure</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>
General government:				
Finance	\$ 377,551	\$ —	\$ —	\$ 377,551
Revenue	157,675	—	—	157,675
Information technology	9,968,141	—	—	9,968,141
Municipal court	274,572	—	—	274,572
Planning and zoning	12,785	—	—	12,785
All others	1,863,942	—	—	1,863,942
Total general government	<u>12,654,666</u>	<u>—</u>	<u>—</u>	<u>12,654,666</u>
Public safety:				
Police	20,997,216	—	10,731,894	10,265,322
Fire and rescue service	22,174,343	—	11,318,522	10,855,821
All others	914,932	—	218,102	696,830
Total public safety	<u>44,086,491</u>	<u>—</u>	<u>22,268,518</u>	<u>21,817,973</u>
Streets and highways	<u>16,299,832</u>	<u>—</u>	<u>4,688,466</u>	<u>11,611,366</u>
Environmental services	<u>7,827,016</u>	<u>—</u>	<u>167,723</u>	<u>7,659,293</u>
Culture and recreation	<u>26,396,288</u>	<u>—</u>	<u>26,337,821</u>	<u>58,467</u>
General government buildings	<u>32,246,792</u>	<u>—</u>	<u>32,246,792</u>	<u>—</u>
Infrastructure	<u>220,568,275</u>	<u>220,568,275</u>	<u>—</u>	<u>—</u>
Assets allocated by function	360,079,360	<u>\$ 220,568,275</u>	<u>\$ 85,709,320</u>	<u>\$ 53,801,765</u>
Construction in progress	<u>11,438,720</u>			
Total governmental funds capital assets	<u>\$ 371,518,080</u>			

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

**For the year ended September 30, 2012**

	Governmental Funds Capital Assets September 30, 2011	Additions (Deletions)	Governmental Funds Capital Assets September 30, 2012
General government:			
Finance	\$ 377,551	\$ —	\$ 377,551
Revenue	133,223	24,452	157,675
Information systems	9,501,109	467,032	9,968,141
Municipal court	274,572	—	274,572
Planning and zoning	12,785	—	12,785
All others	1,289,025	574,917	1,863,942
Total general government	<u>11,588,265</u>	<u>1,066,401</u>	<u>12,654,666</u>
Public safety:			
Police	20,454,013	543,203	20,997,216
Fire	21,643,303	531,040	22,174,343
All others	751,187	163,745	914,932
Total public safety	<u>42,848,503</u>	<u>1,237,988</u>	<u>44,086,491</u>
Streets and highways	<u>14,635,540</u>	<u>1,664,292</u>	<u>16,299,832</u>
Environmental services	<u>7,449,268</u>	<u>377,748</u>	<u>7,827,016</u>
Recreation	<u>22,578,806</u>	<u>3,817,482</u>	<u>26,396,288</u>
General government buildings	<u>31,626,690</u>	<u>620,102</u>	<u>32,246,792</u>
Infrastructure	<u>202,336,599</u>	<u>18,231,676</u>	<u>220,568,275</u>
Assets allocated by function	333,063,671	27,015,689	360,079,360
Construction in progress	<u>22,208,999</u>	<u>(10,770,279)</u>	<u>11,438,720</u>
Total governmental funds capital assets	<u>\$ 355,272,670</u>	<u>\$ 16,245,410</u>	<u>\$ 371,518,080</u>

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

**For the year ended September 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Operating revenues:			
Water and sewer sales	\$ 37,035,232	\$ 37,852,351	\$ 817,119
Connection fees	1,250,000	1,291,477	41,477
Cost reimbursed	199,350	26,258	(173,092)
Other operating revenues	<u>—</u>	<u>55,428</u>	<u>55,428</u>
Total operating revenues	<u>38,484,582</u>	<u>39,225,514</u>	<u>740,932</u>
Non-operating revenues (expenses):			
Interest income	3,000	48,381	45,381
Capital contributions - developers	<u>—</u>	796,173	796,173
Loss on disposal of capital assets	<u>—</u>	(1,090)	(1,090)
Amortization of loss on debt retirement	<u>—</u>	(415,390)	(415,390)
Interest expense	(4,871,732)	(4,782,792)	88,940
Capital contributions - grants	<u>—</u>	<u>31,056</u>	<u>31,056</u>
Net non-operating revenues (expenses)	<u>(4,868,732)</u>	<u>(4,323,662)</u>	<u>545,070</u>
Total before transfers	<u>33,615,850</u>	<u>34,901,852</u>	<u>1,286,002</u>
Transfers in (out):			
Transfers in	126,177	50,150	(76,027)
Transfers out	<u>(361,137)</u>	<u>(307,314)</u>	<u>53,823</u>
Net transfers in (out)	<u>(234,960)</u>	<u>(257,164)</u>	<u>(22,204)</u>
Fund total	<u>\$ 33,380,890</u>	<u>\$ 34,644,688</u>	<u>\$ 1,263,798</u>

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

**For the year ended September 30, 2012**

	Budget	Actual	Variance - Favorable (Unfavorable)
Operating expenses:			
Office of City Engineer:			
Personnel services	\$ 600,243	\$ 690,885	\$ (90,642)
Other	173,974	15,742	158,232
Total office of City engineer	<u>774,217</u>	<u>706,627</u>	<u>67,590</u>
Water works office:			
Personnel services	1,270,183	1,636,896	(366,713)
Other	1,223,111	931,618	291,493
Total water works office	<u>2,493,294</u>	<u>2,568,514</u>	<u>(75,220)</u>
Superintendent:			
Personnel services	308,909	338,100	(29,191)
Other	191,302	31,071	160,231
Total superintendent	<u>500,211</u>	<u>369,171</u>	<u>131,040</u>
Source of supply - lakes:			
Personnel services	314,969	444,265	(129,296)
Other	258,787	165,176	93,611
Total source of supply - lakes	<u>573,756</u>	<u>609,441</u>	<u>(35,685)</u>
Plott plant	<u>632,479</u>	<u>700,374</u>	<u>(67,895)</u>

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

**For the year ended September 30, 2012**

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Operating expenses (Continued):			
Distribution:			
Personnel services	\$ 1,694,598	\$ 1,970,302	\$ (275,704)
Other	<u>1,492,492</u>	<u>701,684</u>	<u>790,808</u>
Total distribution	<u>3,187,090</u>	<u>2,671,986</u>	<u>515,104</u>
Lab	<u>147,772</u>	<u>150,629</u>	<u>(2,857)</u>
Sewage treatment plant:			
Personnel services	1,005,563	1,206,570	(201,007)
Other	<u>2,120,864</u>	<u>1,792,352</u>	<u>328,512</u>
Total sewage treatment plant	<u>3,126,427</u>	<u>2,998,922</u>	<u>127,505</u>
Sanitary sewer:			
Personnel services	1,112,100	1,326,459	(214,359)
Other	<u>1,141,980</u>	<u>415,222</u>	<u>726,758</u>
Total sanitary sewer	<u>2,254,080</u>	<u>1,741,681</u>	<u>512,399</u>
Damage claims	<u>125,500</u>	<u>75,109</u>	<u>50,391</u>
Ed Love filter plant:			
Personnel services	1,586,384	1,932,397	(346,013)
Other	<u>2,450,479</u>	<u>2,075,160</u>	<u>375,319</u>
Total Ed Love filter plant	<u>4,036,863</u>	<u>4,007,557</u>	<u>29,306</u>

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

**For the year ended September 30, 2012**

	Budget	Actual	Variance - Favorable (Unfavorable)
Operating expenses (Continued):			
Lift station:			
Personnel services	\$ 241,695	\$ 316,555	\$ (74,860)
Other	896,612	861,386	35,226
Total lift station	1,138,307	1,177,941	(39,634)
Depreciation and amortization	7,200,000	8,530,194	(1,330,194)
Cost reimbursement to General Fund	2,797,506	2,797,506	—
Special projects	1,406,900	1,092,520	314,380
Total operating expenses	\$ 30,394,402	\$ 30,198,172	\$ 235,864

**CITY OF TUSCALOOSA  
STATISTICAL SECTION  
September 30, 2012**

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

<u>Contents</u>	Page(s)
<p><b>Financial Trends</b>.....</p> <p><i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i></p>	113-119
<p><b>Revenue Capacity</b> .....</p> <p><i>These schedules contain information to help the reader assess the factor’s affecting the City’s ability to generate its property and sales taxes.</i></p>	120-125
<p><b>Debt Capacity</b>.....</p> <p><i>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i></p>	126-130
<p><b>Demographic and Economic Information</b>.....</p> <p><i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time with other governments.</i></p>	131-132
<p><b>Operating Information</b> .....</p> <p><i>These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.</i></p>	133-136

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

**CITY OF TUSCALOOSA**  
Schedule A

**NET ASSETS BY COMPONENT**

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities									
Invested in capital assets, net of related debt	\$ 53,439,444	\$ 61,938,580	\$ 45,973,286	\$ 109,906,406	\$ 129,767,223	\$ 157,014,265	\$ 178,375,642	\$ 140,477,146	\$ 144,686,685
Restricted	6,265,617	4,252,566	4,196,311	1,926,060	25,720,035	34,148,995	18,579,455	5,403,873	4,951,411
Unrestricted	16,417,301	20,653,587	57,399,468	51,669,266	25,072,570	2,896,532	3,532,296	40,373,312	53,668,810
Total governmental activities net assets	<u>76,122,362</u>	<u>86,844,733</u>	<u>107,569,065</u>	<u>163,501,732</u>	<u>180,559,828</u>	<u>194,059,792</u>	<u>200,487,393</u>	<u>186,254,331</u>	<u>203,306,906</u>
Business-type activities									
Invested in capital assets, net of related debt	126,194,071	132,925,853	143,160,390	155,553,467	162,860,899	168,429,070	170,501,366	166,577,134	165,367,100
Unrestricted	29,261,687	29,735,674	26,446,426	22,867,017	19,768,328	14,733,244	14,387,321	21,263,011	27,054,874
Total business-type activities net assets	<u>155,455,758</u>	<u>162,661,527</u>	<u>169,606,816</u>	<u>178,420,484</u>	<u>182,629,227</u>	<u>183,162,314</u>	<u>184,888,687</u>	<u>187,840,145</u>	<u>192,421,974</u>
Primary government									
Invested in capital assets, net of related debt	179,633,515	194,864,433	189,133,676	265,459,873	292,628,122	325,443,335	348,877,008	307,054,280	310,053,785
Restricted	6,265,617	4,252,566	4,196,311	1,926,060	25,720,035	34,148,995	18,579,455	5,403,873	4,951,411
Unrestricted	45,678,988	50,389,261	83,845,894	74,536,283	44,840,898	17,629,776	17,919,617	61,636,323	80,723,684
Total primary government net assets	<u>\$ 231,578,120</u>	<u>\$ 249,506,260</u>	<u>\$ 277,175,881</u>	<u>\$ 341,922,216</u>	<u>\$ 363,189,055</u>	<u>\$ 377,222,106</u>	<u>\$ 385,376,080</u>	<u>\$ 374,094,476</u>	<u>\$ 395,728,880</u>

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

**CITY OF TUSCALOOSA**  
**Schedule B**

**CHANGES IN NET ASSETS**

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses:</b>									
Governmental activities:									
General government	\$ 16,001,949	\$ 11,842,477	\$ 14,325,195	\$ 17,954,656	\$ 19,763,717	\$ 16,754,821	\$ 16,159,901	\$ 27,116,940	\$ 19,956,925
Public safety	36,672,247	38,962,214	43,548,307	47,881,602	50,787,518	49,734,647	51,712,388	61,270,595	63,409,806
Streets and highways	11,831,856	12,033,849	13,864,099	13,939,795	15,539,651	14,118,574	16,929,837	18,008,488	19,338,963
Environmental services	5,143,011	6,002,175	5,476,097	5,940,940	6,285,585	6,694,750	6,722,562	6,347,923	5,728,999
Education	11,265,634	11,626,331	12,487,394	13,013,887	12,397,700	12,599,510	12,499,220	12,934,588	13,597,130
Culture and recreation	2,957,122	5,022,940	5,514,666	7,791,844	4,305,949	4,397,888	3,880,151	4,217,570	7,628,277
Interest on long-term debt	2,680,973	2,790,803	2,763,719	3,116,743	3,774,247	4,007,844	2,712,190	3,916,406	3,924,329
Unallocated depreciation expense	544,049	372,141	476,442	3,213,411	3,195,071	3,416,863	281,654	234,302	-
Total governmental activities expenses	<u>87,096,841</u>	<u>88,652,930</u>	<u>98,455,919</u>	<u>112,852,878</u>	<u>116,049,438</u>	<u>111,724,897</u>	<u>110,897,903</u>	<u>134,046,812</u>	<u>133,584,429</u>
Business-type activities:									
Intermodal facility	-	-	-	-	-	-	-	62,200	70,318
Water and sewer	20,030,184	22,719,756	22,969,328	26,335,204	29,570,528	32,894,191	33,095,681	34,177,134	35,269,708
Total business-type activities expenses	<u>20,030,184</u>	<u>22,719,756</u>	<u>22,969,328</u>	<u>26,335,204</u>	<u>29,570,528</u>	<u>32,894,191</u>	<u>33,095,681</u>	<u>34,239,334</u>	<u>35,340,026</u>
Total primary government expenses	<u>107,127,025</u>	<u>111,372,686</u>	<u>121,425,247</u>	<u>139,188,082</u>	<u>145,619,966</u>	<u>144,619,088</u>	<u>143,993,584</u>	<u>168,286,146</u>	<u>168,924,455</u>
<b>Program Revenues:</b>									
Governmental activities:									
Charges for services:									
General government	15,690,493	16,960,214	18,545,967	20,393,848	22,405,518	22,110,936	20,926,414	21,995,729	23,704,819
Public safety	1,545,170	1,896,698	1,602,309	1,323,040	1,344,525	149,702	28,405	57,490	27,936
Environmental services	2,104,450	2,235,563	2,351,665	2,592,989	3,045,443	3,186,058	3,560,190	3,656,458	3,929,869
Operating grants and contributions	24,683,951	24,615,053	28,355,498	27,975,878	28,669,122	26,984,846	25,280,020	39,864,301	36,445,267
Capital grants and contributions	3,523,050	6,055,258	10,148,366	12,065,052	18,088,752	17,474,880	8,772,540	4,962,838	6,368,203
Total governmental activities program revenues	<u>47,547,114</u>	<u>51,762,786</u>	<u>61,003,805</u>	<u>64,350,807</u>	<u>73,553,360</u>	<u>69,906,422</u>	<u>58,567,569</u>	<u>70,536,816</u>	<u>70,476,094</u>
Business-type activities:									
Charges for service:									
Intermodal facility	-	-	-	-	-	-	-	15,995	20,985
Water and sewer	24,111,360	26,703,890	29,021,958	32,027,019	32,335,108	33,237,568	34,538,964	37,429,342	39,225,514
Operating grants and contributions	486,937	730,378	-	578,295	-	-	-	-	-
Capital grants and contributions	1,393,827	1,447,896	1,864,463	1,975,694	2,148,925	1,122,303	967,828	879,473	827,229
Total business-type activities program revenues	<u>25,992,124</u>	<u>28,882,164</u>	<u>30,886,421</u>	<u>34,581,008</u>	<u>34,484,033</u>	<u>34,359,871</u>	<u>35,506,792</u>	<u>38,324,810</u>	<u>40,073,728</u>
Total primary government program revenue	<u>73,539,238</u>	<u>80,644,950</u>	<u>91,890,226</u>	<u>98,931,815</u>	<u>108,037,393</u>	<u>104,266,293</u>	<u>94,074,361</u>	<u>108,861,626</u>	<u>110,549,822</u>
Net (expense) revenue									
Governmental activities	(39,549,727)	(36,890,144)	(37,452,114)	(48,502,071)	(42,496,078)	(41,818,475)	(52,330,334)	(63,509,996)	(63,108,335)
Business-type activities	5,961,940	6,162,408	7,917,093	8,245,804	4,913,505	1,465,680	2,411,111	4,085,476	4,733,702
Total primary government net expense	<u>(33,587,787)</u>	<u>(30,727,736)</u>	<u>(29,535,021)</u>	<u>(40,256,267)</u>	<u>(37,582,573)</u>	<u>(40,352,795)</u>	<u>(49,919,223)</u>	<u>(59,424,520)</u>	<u>(58,374,633)</u>

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

(Continued)

**CITY OF TUSCALOOSA**  
Schedule B

**CHANGES IN NET ASSETS**

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (expense) revenue (brought forward)									
Governmental activities	\$ (39,549,727)	\$ (36,890,144)	\$ (37,452,114)	\$ (48,502,071)	\$ (42,496,078)	\$ (41,818,475)	\$ (52,330,334)	\$ (63,509,996)	\$ (63,108,335)
Business-type activities	5,961,940	6,162,408	7,917,093	8,245,804	4,913,505	1,465,680	2,411,111	4,085,476	4,733,702
Total primary government net expense	<u>(33,587,787)</u>	<u>(30,727,736)</u>	<u>(29,535,021)</u>	<u>(40,256,267)</u>	<u>(37,582,573)</u>	<u>(40,352,795)</u>	<u>(49,919,223)</u>	<u>(59,424,520)</u>	<u>(58,374,633)</u>
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental activities:									
Taxes									
Sales and use tax	27,269,450	29,633,286	31,367,698	32,574,943	33,226,784	31,074,026	32,481,688	34,710,490	35,511,154
Property tax	8,897,619	9,093,735	10,221,426	10,624,076	11,348,544	11,391,525	13,140,500	13,471,960	13,300,542
Lodging tax	1,912,743	2,175,683	2,413,750	2,500,892	3,166,552	3,223,861	3,941,361	4,748,114	4,978,365
Taxes passed through from state	2,092,179	2,515,292	2,273,945	2,350,939	2,282,859	2,705,859	2,815,424	1,713,482	1,864,416
Other	4,113,128	4,137,305	4,742,063	5,117,260	4,735,276	5,305,004	4,874,478	4,877,379	4,726,205
Unrestricted investment earnings	803,458	2,084,136	2,979,937	4,345,024	3,055,941	1,371,936	764,572	527,377	1,236,457
Loss on disposal of capital assets	-	-	-	-	-	(110,274)	(17,887)	(1,185,213)	-
Gain / (loss) on impairment	-	-	-	-	-	-	-	(10,068,456)	17,822,187
Special item	-	(2,120,391)	-	-	-	-	-	-	-
Transfers	68,443	93,469	4,177,627	903,610	1,738,218	1,175,502	757,799	481,800	199,164
Total governmental activities	<u>45,157,020</u>	<u>47,612,515</u>	<u>58,176,446</u>	<u>58,416,744</u>	<u>59,554,174</u>	<u>56,137,439</u>	<u>58,757,935</u>	<u>49,276,933</u>	<u>79,638,490</u>
Business-type activities:									
Unrestricted investment earnings	403,603	1,154,610	1,228,560	1,471,474	1,033,456	242,909	73,059	59,301	48,381
Gain / (loss) on disposal of capital assets	-	-	-	-	-	-	-	23,114	(1,090)
Special item	-	-	2,000,140	-	-	-	-	-	-
Transfers	(68,443)	(93,469)	(4,177,627)	(903,610)	(1,738,218)	(1,175,502)	(757,799)	(481,800)	(199,164)
Total business-type activities	<u>335,160</u>	<u>1,061,141</u>	<u>(948,927)</u>	<u>567,864</u>	<u>(704,762)</u>	<u>(932,593)</u>	<u>(684,740)</u>	<u>(399,385)</u>	<u>(151,873)</u>
Total primary government	<u>45,492,180</u>	<u>48,673,656</u>	<u>57,227,519</u>	<u>58,984,608</u>	<u>58,849,412</u>	<u>55,204,846</u>	<u>58,073,195</u>	<u>48,877,548</u>	<u>79,486,617</u>
<b>Change in Net Assets</b>									
Governmental activities	5,607,293	10,722,371	20,724,332	9,914,673	17,058,096	14,318,964	6,427,601	(14,233,063)	16,530,155
Business-type activities	6,297,100	7,223,549	6,968,166	8,813,668	4,208,743	533,087	1,726,371	3,686,091	4,581,829
Total primary government	<u>\$ 11,904,393</u>	<u>\$ 17,945,920</u>	<u>\$ 27,692,498</u>	<u>\$ 18,728,341</u>	<u>\$ 21,266,839</u>	<u>\$ 14,852,051</u>	<u>\$ 8,153,972</u>	<u>\$ (10,546,972)</u>	<u>\$ 21,111,984</u>

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

**CITY OF TUSCALOOSA**  
Schedule C

**GENERAL GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sales tax	\$ 26,624,449	\$ 28,704,519	\$ 30,563,083	\$ 31,570,786	\$ 31,533,043	\$ 29,925,154	\$ 30,845,902	\$ 32,572,443	\$ 33,098,504
Use tax	1,421,497	1,494,536	1,769,263	2,024,378	2,221,664	1,994,899	1,886,945	2,138,047	2,412,650
Property tax	8,897,619	9,093,735	10,221,426	10,624,076	11,348,544	11,391,525	13,140,500	13,471,960	13,300,542
Lodging tax	1,912,743	2,175,683	2,413,750	2,500,892	3,166,552	3,223,861	3,941,361	4,748,114	4,978,365
Other local taxes	3,336,632	3,571,536	3,777,415	4,097,038	4,207,353	4,458,977	4,623,319	4,877,379	4,726,205
	<u>\$ 42,192,940</u>	<u>\$ 45,040,009</u>	<u>\$ 48,744,937</u>	<u>\$ 50,817,170</u>	<u>\$ 52,477,156</u>	<u>\$ 50,994,416</u>	<u>\$ 54,438,027</u>	<u>\$ 57,807,943</u>	<u>\$ 58,516,266</u>

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

**CITY OF TUSCALOOSA**  
Schedule D

**FUND BALANCES OF GOVERNMENTAL FUNDS**

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Fund</b>									
Reserved	\$ 1,156,391	\$ 1,417,667	\$ 2,124,508	\$ 2,206,051	\$ 1,830,057	\$ 1,434,191	\$ 1,057,333	\$	\$
Nonspendable								1,096,875	1,152,796
Restricted								69,786	74,048
Committed								1,588,421	1,288,157
Assigned								247,643	2,359,267
Unassigned								11,266,978	10,554,051
Unreserved-designated	1,630,744	1,734,515	1,587,577	1,562,415	1,488,763	2,655,534	2,380,133		
Unreserved-undesignated	<u>13,094,605</u>	<u>12,913,369</u>	<u>12,956,666</u>	<u>13,331,890</u>	<u>14,032,856</u>	<u>9,605,397</u>	<u>10,419,205</u>		
<b>Total general fund</b>	<u>\$ 15,881,740</u>	<u>\$ 16,065,551</u>	<u>\$ 16,668,751</u>	<u>\$ 17,100,356</u>	<u>\$ 17,351,676</u>	<u>\$ 13,695,122</u>	<u>\$ 13,856,671</u>	<u>\$ 14,269,703</u>	<u>\$ 15,428,319</u>
<b>Capital Project Fund</b>									
Restricted	\$	\$	\$	\$	\$	\$	\$	\$ 4,188,643	\$
Committed								3,784,607	11,988,030
Assigned								20,919,348	14,185,553
Unreserved-designated	15,844,798	20,224,475	29,718,023	30,838,134	32,773,646	21,939,071	24,746,854		
Unreserved-undesignated	<u>19,668,639</u>	<u>21,910,482</u>	<u>17,160,917</u>	<u>38,415,344</u>	<u>29,484,194</u>	<u>23,604,178</u>	<u>15,924,206</u>		
<b>Total capital project fund</b>	<u>\$ 35,513,437</u>	<u>\$ 42,134,957</u>	<u>\$ 46,878,940</u>	<u>\$ 69,253,478</u>	<u>\$ 62,257,840</u>	<u>\$ 45,543,249</u>	<u>\$ 40,671,060</u>	<u>\$ 28,892,598</u>	<u>\$ 26,173,583</u>
<b>All other governmental funds</b>									
Reserved-reported in:									
Special revenue funds	\$ 2,237,166	\$ 2,350,130	\$ 2,229,504	\$ 1,819,083	\$ 2,162,687	\$ 3,555,470	\$ 6,125,162	\$	\$
Debt service fund	1,796,606								
Capital projects funds	2,060,125								
Permanent fund	83,650	83,925	84,332	85,355	85,672	85,848	85,891		
Restricted								6,349,722	4,861,105
Committed								233,767	654,692
Assigned								7,989,323	21,331,892
Unassigned									1,295
Unreserved, reported in:									
Special revenue funds	211,315	218,386	221,026	229,593	233,948	231,053	232,427		
Capital projects funds	<u>(2,776)</u>	<u>(1,313)</u>	<u>1,328,724</u>	<u>1,397,666</u>	<u>1,610,676</u>	<u>16,279,019</u>	<u>4,753,798</u>		
<b>Total all other governmental funds</b>	<u>\$ 6,386,086</u>	<u>\$ 2,651,128</u>	<u>\$ 3,863,586</u>	<u>\$ 3,531,697</u>	<u>\$ 4,092,983</u>	<u>\$ 20,151,390</u>	<u>\$ 11,197,278</u>	<u>\$ 14,572,812</u>	<u>\$ 26,848,984</u>

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

**CITY OF TUSCALOOSA**

Schedule E

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>									
Taxes	\$ 43,060,804	\$ 45,920,372	\$ 49,632,443	\$ 51,721,430	\$ 53,384,814	\$ 51,910,610	\$ 55,350,400	\$ 58,707,291	\$ 59,417,709
Licenses and permits	13,675,867	14,606,454	16,258,365	17,867,321	19,842,536	19,523,086	18,354,400	19,406,856	21,018,317
Fines and penalties	1,926,250	2,272,983	2,199,321	2,443,558	2,485,542	2,501,851	2,486,909	2,497,600	2,588,985
Use of property	88,376	80,777	88,281	82,969	77,440	85,999	85,105	91,273	97,517
Charges for services	2,104,450	2,235,563	2,351,665	2,592,989	3,045,443	3,186,058	3,560,190	3,656,458	3,929,869
Intergovernmental	29,281,115	31,973,834	39,120,698	41,033,936	46,206,557	44,902,813	36,439,309	32,554,017	36,520,364
Other revenues	3,705,308	5,625,303	6,777,209	7,643,495	7,991,471	6,103,607	4,323,277	15,301,815	10,422,341
<b>Total revenues</b>	<b>93,842,170</b>	<b>102,715,286</b>	<b>116,427,982</b>	<b>123,385,698</b>	<b>133,033,803</b>	<b>128,214,024</b>	<b>120,599,590</b>	<b>132,215,310</b>	<b>133,995,102</b>
<b>Expenditures</b>									
General government	9,367,435	9,297,821	10,328,058	11,797,763	11,676,207	12,019,917	12,287,531	15,373,935	12,835,233
Public safety	36,236,964	40,810,216	42,257,495	47,861,666	50,399,045	49,988,996	50,505,940	61,322,046	62,248,771
Streets and highways	11,927,873	15,682,139	14,652,986	15,209,404	21,189,031	27,351,517	17,388,816	23,144,981	16,820,222
Environmental services	4,979,989	6,377,239	5,422,274	5,821,440	6,244,797	6,747,546	6,482,032	6,516,442	6,395,720
Health	115,000	115,000	115,000	130,000	130,000	130,000	130,000	130,000	130,000
Education	11,265,634	11,626,331	12,487,394	13,013,887	12,397,700	12,599,506	12,499,215	12,934,583	13,597,126
Culture and recreation	2,957,122	5,022,940	6,201,413	8,438,721	4,518,890	4,460,841	4,711,528	7,124,053	8,989,708
Library	1,409,469	1,451,737	1,524,311	1,625,080	1,750,080	1,750,079	1,600,007	1,600,007	1,775,200
Other activities	4,173,044	2,765,161	4,564,468	4,138,645	3,241,089	3,600,439	2,985,264	3,764,896	3,880,092
Capital outlay	5,250,338	5,664,440	10,419,930	13,170,497	22,567,577	25,073,862	20,534,185	16,702,321	7,817,246
Debt service									
Principal	2,998,010	3,604,281	3,333,180	6,937,297	2,743,996	3,456,391	3,999,070	3,366,189	4,155,152
Interest	2,646,561	2,614,106	2,761,033	2,601,948	4,018,780	3,457,117	3,728,038	3,712,194	3,645,132
Warrant issue costs	-	108,225	-	285,960	-	-	262,190	-	-
<b>Total expenditures</b>	<b>93,327,439</b>	<b>105,139,636</b>	<b>114,067,542</b>	<b>131,032,308</b>	<b>140,877,192</b>	<b>150,636,211</b>	<b>137,113,816</b>	<b>155,691,640</b>	<b>142,289,602</b>
Excess of revenues over (under) expenditures	514,731	(2,424,350)	2,360,440	(7,646,610)	(7,843,389)	(22,422,187)	(16,514,226)	(23,476,330)	(8,294,500)
<b>Other financing sources (uses)</b>									
Transfers in	5,441,524	11,232,680	14,071,255	7,814,007	5,922,471	4,443,536	7,248,378	15,457,900	18,613,888
Transfers out	(5,373,081)	(11,139,211)	(9,893,628)	(6,910,396)	(4,584,253)	(3,268,034)	(6,281,398)	(15,319,597)	(18,414,723)
Insurance proceeds	-	-	-	-	-	-	-	15,281,448	17,822,187
Loan proceeds	-	-	-	-	-	-	-	-	372,982
Warrants issued	2,200,000	9,490,000	-	27,185,000	-	17,023,715	34,510,000	-	-
Warrant premium	-	437,946	-	103,718	-	-	2,127,444	-	-
Payment to refunded warrant escrow agent	-	(3,567,203)	-	-	-	-	(34,884,212)	-	-
Capital lease	108,630	741,365	-	-	192,562	793,948	-	-	-
<b>Total other financing sources (uses)</b>	<b>2,377,073</b>	<b>7,195,577</b>	<b>4,177,627</b>	<b>28,192,329</b>	<b>1,530,780</b>	<b>18,993,165</b>	<b>2,720,212</b>	<b>15,419,751</b>	<b>18,394,334</b>
<b>Net change in fund balances</b>	<b>\$ 2,891,804</b>	<b>\$ 4,771,227</b>	<b>\$ 6,538,067</b>	<b>\$ 20,545,719</b>	<b>\$ (6,312,609)</b>	<b>\$ (3,429,022)</b>	<b>\$ (13,794,014)</b>	<b>\$ (8,056,579)</b>	<b>\$ 10,099,834</b>
Debt service as a percentage of noncapital expenditures*	7%	7%	6%	9%	6%	6%	7%	5%	6%

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

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

**CITY OF TUSCALOOSA**

Schedule F

**TOTAL GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Sales tax	\$ 26,624,449	\$ 28,704,519	\$ 30,563,083	\$ 31,570,786	\$ 31,533,043	\$ 29,925,154	\$ 30,845,902	\$ 32,572,443	\$ 33,098,504
Use tax	1,421,497	1,494,536	1,769,263	2,024,378	2,221,664	1,994,899	1,886,945	2,138,047	2,412,650
Property tax	8,897,619	9,093,735	10,221,426	10,624,076	11,348,544	11,391,525	13,140,500	13,471,960	13,300,542
Lodging tax	1,912,743	2,175,683	2,413,750	2,500,892	3,166,552	3,223,861	3,941,361	4,748,114	4,978,365
Other local taxes	4,204,496	4,451,899	4,664,921	5,001,298	5,115,011	5,375,171	5,535,692	5,776,727	5,627,648
	<u>\$ 43,060,804</u>	<u>\$ 45,920,372</u>	<u>\$ 49,632,443</u>	<u>\$ 51,721,430</u>	<u>\$ 53,384,814</u>	<u>\$ 51,910,610</u>	<u>\$ 55,350,400</u>	<u>\$ 58,707,291</u>	<u>\$ 59,417,709</u>

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

**CITY OF TUSCALOOSA**

**Schedule G**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

**Last nine fiscal years ended September 30,**

Tax Year Ended September 30	Real and Personal Property*		Automobiles**		Total Assessed Value	Total Direct Tax Rate	Total Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value				
2004	\$ 656,651,520	\$ 4,377,676,800	\$ 86,484,560	\$ 505,462,069	\$ 743,136,080	\$ 0.0135	\$ 4,883,138,869	15.22%
2005	792,801,180	5,285,341,200	93,258,020	545,049,795	886,059,200	0.0135	5,830,390,995	15.20%
2006	784,954,600	5,233,030,667	91,187,778	532,950,192	876,142,378	0.0135	5,765,980,859	15.20%
2007	819,319,320	5,462,128,800	100,875,020	589,567,621	920,194,340	0.0135	6,051,696,421	15.21%
2008	874,851,200	5,832,341,333	98,605,607	576,303,957	973,456,807	0.0135	6,408,645,290	15.19%
2009	990,117,580	6,600,783,867	86,303,273	504,402,529	1,076,420,853	0.0135	7,105,186,396	15.15%
2010	873,347,480	5,822,316,533	86,339,740	504,615,663	959,687,220	0.0135	6,326,932,196	15.17%
2011	995,254,480	6,635,029,867	101,714,100	594,471,654	1,096,968,580	0.0135	7,229,501,521	15.17%
2012	992,803,620	6,618,690,800	111,778,100	556,609,638	1,104,581,720	0.0135	7,175,300,438	15.39%

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

\*Source: Tuscaloosa County Tax Assessor.

\*\*Source: Tuscaloosa County License Commissioner.

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

**CITY OF TUSCALOOSA**  
**Schedule H**

**PROPERTY TAX RATES**

**DIRECT AND OVERLAPPING GOVERNMENTS\***

Last nine fiscal years ended September 30,

Tax Year Ended September 30	DIRECT RATE		OVERLAPPING RATES		
	City of Tuscaloosa	City Schools	Tuscaloosa County	State of Alabama	Total
2004	\$ 0.0135	\$ 0.0155	\$ 0.0160	\$ 0.0065	\$ 0.0380
2005	0.0135	0.0155	0.0160	0.0065	0.0380
2006	0.0135	0.0155	0.0160	0.0065	0.0380
2007	0.0135	0.0155	0.0160	0.0065	0.0380
2008	0.0135	0.0155	0.0160	0.0065	0.0380
2009	0.0135	0.0155	0.0160	0.0065	0.0380
2010	0.0135	0.0155	0.0160	0.0065	0.0380
2011	0.0135	0.0155	0.0160	0.0065	0.0380
2012	0.0135	0.0155	0.0160	0.0065	0.0380

**Source:** Tuscaloosa County Tax Assessor.

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

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

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

**CITY OF TUSCALOOSA**  
Schedule I

**PRINCIPAL PROPERTY TAXPAYERS**

	<u>September 30, 2012</u>				<u>September 30, 2004</u>			
	City Ad Valorem Taxes Paid	Rank	Total Assessed Value of All Property Within City Limits	Percentage of Total Assessed Valuation	City Ad Valorem Taxes Paid	Rank	Total Assessed Value of All Property Within City Limits	Percentage of Total Assessed Valuation
Alabama Power Company	\$ 361,745	1	\$ 26,795,900	2.43%	\$ 244,049	1	\$ 18,077,700	2.43%
Phifer Incorporated	256,560	2	19,346,920	1.75%	131,342	2	22,903,620	3.08%
Woodlands of Tuscaloosa	118,571	3	8,783,020	0.80%	—		—	—
The Greens at Tuscaloosa	112,517	4	8,334,560	0.75%	—		—	—
Bellsouth Telecommunications	104,220	5	7,720,000	0.70%	130,230	3	9,646,700	1.30%
Aranov Realty Co., Inc.	96,413	6	7,141,700	0.65%	88,169	5	6,531,040	0.88%
Hanna Steel Corporation	95,248	7	7,055,400	0.64%	—		—	—
Carlyle-Cypress Tuscaloosa LLC	93,253	8	6,907,620	0.63%	—		—	—
Sterling - U of AL LP	80,754	9	5,981,780	0.54%	—		—	—
Tamko Roofing Products, Inc.	75,898	10	5,622,060	0.51%	—		—	—
Wright/Hurd Properties, LLC	—		—	—	64,307	6	4,763,460	0.52%
Gulf States Paper Corp.	—		—	—	98,284	4	7,280,260	0.98%
Stone Creek, LLC	—		—	—	64,950	7	4,811,100	0.65%
Walmart Stores	—		—	—	55,755	8	4,130,000	0.56%
Alabama Gas Corp.	—		—	—	54,596	9	4,044,180	0.54%
University Downs, Ltd.	—		—	—	43,297	10	3,207,180	0.43%
	<u>\$ 1,395,179</u>		<u>\$ 103,688,960</u>	<u>9.39%</u>	<u>\$ 974,979</u>		<u>\$ 85,395,240</u>	<u>11.37%</u>

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

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

**Note:** Information regarding principal revenue payers or remitters prior to fiscal year ended September 30, 2004 was not readily available.

**CITY OF TUSCALOOSA**  
Schedule J

**PROPERTY TAX VALUATION, LEVIES AND COLLECTION**

Last eight fiscal years ended September 30,

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

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

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

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

**CITY OF TUSCALOOSA**

Schedule K

**PRINCIPAL SALES TAXPAYERS\***

For the fiscal years ended September 30,

2012		2006	
<u>Name of Taxpayer</u>	<u>Business or Industry</u>	<u>Name of Taxpayer</u>	<u>Business or Industry</u>
Academy Sports	Retail	Bruno's Supermarket	Grocery
Best Buy	Retail	Home Depot	Home Improvement Retail
Home Depot	Retail Building Supplies	Lowe's of Tuscaloosa	Home Improvement Retail
Lowe's of Tuscaloosa	Retail Building Supplies	Parisian	Retail
Publix	Grocery	Sam's Club	Retail
Sam's Club	Retail	Target Stores	Retail
Target Stores	Retail	Tuscaloosa Toyota	Automotive Dealership
Belk	Retail	University of Alabama	Higher Education
University of Alabama	Higher Education	Wal-Mart Supercenter	Retail
Wal-Mart Supercenter	Retail	Winn Dixie	Grocery

**Source:** City of Tuscaloosa Revenue Department.

\*Listed alphabetically

**Note:** The total sales tax paid to the City of Tuscaloosa directly by the above listed taxpayers for the September 30, 2012 fiscal year was \$9,166,430.  
Per Alabama Statewide Ordinance, individual taxpayer sales tax amounts paid is confidential information and illegal to disclose.

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

**CITY OF TUSCALOOSA**  
Schedule L

**SALES TAX RATES**

**DIRECT AND OVERLAPPING GOVERNMENTS\***

Last nine fiscal years ended September 30,

Tax Year Ended September 30	City of Tuscaloosa	Tuscaloosa County Special Tax Board	State of Alabama	Total
2004	2%	2%	4%	8%
2005	2%	2%	4%	8%
2006	2%	3%	4%	9%
2007	2%	3%	4%	9%
2008	2%	3%	4%	9%
2009	2%	3%	4%	9%
2010	2%	3%	4%	9%
2011	2%	3%	4%	9%
2012	2%	3%	4%	9%

**Source:** Tuscaloosa County Tax Collector

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

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

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

**CITY OF TUSCALOOSA**  
**Schedule M**

**RATIO OF OUTSTANDING DEBT BY TYPE**

Last nine fiscal years ended September 30,

Tax Year Ended September 30	Governmental Activities			Business-Type Activity	Total Primary Government	Per Capita	Percentage of Personal Income
	General Obligation Bonds	Notes Payable	Capital Leases	General Obligation Bonds			
2004	\$ 55,300,000	\$ —	\$ 253,389	\$ 101,731,617	\$ 157,285,006	\$ 1,886	6.84 %
2005	58,015,000	—	675,473	133,793,541	192,484,014	2,309	7.81
2006	54,910,000	—	447,293	138,388,055	193,745,348	2,324	7.58
2007	75,420,000	—	184,996	135,855,263	211,460,259	2,536	7.77
2008	72,865,000	—	188,561	131,171,816	204,225,377	2,449	7.10
2009	86,780,000	—	748,421	129,195,000	216,723,421	2,599	7.89
2010	84,000,000	1,500,000	412,048	120,646,816	206,558,864	2,216	6.64
2011	80,990,000	1,425,000	86,768	115,842,637	198,344,405	2,128	6.13
2012	76,945,000	1,722,982	359,101	108,892,441	187,919,524	2,016	N/A

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

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

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

N/A - Personal Income information not available.

See the Schedule of Demographic and Economic Statistics on page 131 for personal income and population data.

**CITY OF TUSCALOOSA**

**Schedule N**

**RATIO OF GENERAL BONDED DEBT OUTSTANDING**

**Last nine fiscal years ended September 30,**

<u>Tax Year Ended September 30</u>	<u>General Obligation Bonds*</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2004	\$ 55,300,000	1.13 %	\$ 663
2005	58,015,000	1.00	696
2006	54,910,000	0.95	659
2007	75,420,000	1.25	905
2008	72,865,000	1.14	874
2009	86,780,000	1.22	1,041
2010	84,000,000	1.33	901
2011	80,990,000	1.12	869
2012	76,945,000	1.07	825

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

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

\* General Obligation Bonds relating to Governmental Activities only. This debt type is supported by full faith and credit of the City as it is to be repaid from general City revenues.

See the Schedule of Demographic and Economic Statistics on page 131 for personal income and population data.

**CITY OF TUSCALOOSA**  
Schedule O

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT\*\***

	As of September 30, 2012		
	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Debt repaid with property taxes:			
Tuscaloosa County	\$ <u>          </u>	46.95%	\$ <u>          </u>
City of Tuscaloosa direct debt:			
General City warrants	\$ <u>76,945,000</u>	100.00%	<u>76,945,000</u>
Total direct and overlapping debt			<u><u>\$ 76,945,000</u></u>

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

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

**CITY OF TUSCALOOSA**  
Schedule P

**LEGAL DEBT MARGIN INFORMATION**

Last nine fiscal years

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 148,627,216	\$ 177,211,840	\$ 175,228,476	\$ 184,038,868	\$ 194,691,361	\$ 215,284,171	\$ 191,877,444	\$ 219,393,716	\$ 220,916,344
Total net debt applicable to limit	<u>55,300,000</u>	<u>58,015,000</u>	<u>54,910,000</u>	<u>75,420,000</u>	<u>72,865,000</u>	<u>86,780,000</u>	<u>84,000,000</u>	<u>80,990,000</u>	<u>76,945,000</u>
Legal debt margin	<u>\$ 93,327,216</u>	<u>\$ 119,196,840</u>	<u>\$ 120,318,476</u>	<u>\$ 108,618,868</u>	<u>\$ 121,826,361</u>	<u>\$ 128,504,171</u>	<u>\$ 107,877,444</u>	<u>\$ 138,403,716</u>	<u>\$ 143,971,344</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>37.21%</u>	<u>32.74%</u>	<u>31.34%</u>	<u>40.98%</u>	<u>37.43%</u>	<u>40.31%</u>	<u>43.78%</u>	<u>36.92%</u>	<u>34.83%</u>

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	\$ 1,104,581,720
Debt Limit (20% of total assessed value)	220,916,344
Debt applicable to limit	
General obligation bonds	<u>76,945,000</u>
Legal debt margin	<u>\$ 143,971,344</u>

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

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

**CITY OF TUSCALOOSA**  
**Schedule Q**

**PLEDGED REVENUE COVERAGE**

Last nine fiscal years

Fiscal Year	Water Charges and Other	Less: Operating Expenses (1)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2004	\$ 24,111,360	\$ 10,859,031	\$ 13,252,329	\$ 3,515,000	\$ 3,784,797	1.82
2005	28,458,956	12,776,983	15,681,973	3,695,000	3,831,613	2.08
2006	29,021,958	13,860,276	15,161,682	3,975,000	3,086,588	2.15
2007	32,027,019	15,302,504	16,724,515	4,695,000	4,409,696	1.84
2008	32,335,108	17,816,451	14,518,657	4,920,000	5,691,867	1.37
2009	34,359,871	20,563,329	13,796,542	5,140,000	5,512,310	1.29
2010	34,504,419	19,955,229	14,549,190	5,385,000	5,324,274	1.36
2011	37,429,342	20,537,860	16,891,482	5,650,000	4,909,970	1.60
2012	39,225,514	21,815,800	17,409,714	6,210,000	4,782,792	1.58

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

(1) Includes operating expenses less depreciation expense.

**CITY OF TUSCALOOSA**  
**Schedule R**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**Last nine fiscal years ended September 30,**

<u>Fiscal Year ended September 30</u>	<u>Population</u>	<u>Per Capita Personal Income**</u>	<u>Total Personal Income**</u>	<u>Unemployment Rate*</u>
2004	83,376	\$ 27,571	\$ 2,298,759,696	3.40%
2005	83,376	29,557	2,464,344,432	3.50
2006	83,376	30,660	2,556,308,160	2.90
2007	83,376	32,634	2,720,892,384	3.10
2008	83,376	34,492	2,875,804,992	4.50
2009	83,376	32,926	2,745,238,176	8.50
2010	93,215	33,355	3,109,186,325	8.90
2011	93,215	34,724	3,236,797,660	8.20
2012	93,215	N/A	N/A	7.80

**\*Source:** The University of Alabama Center for Business and Economic Research and the State of Alabama Department of Industrial Relations.

**\*\*Source:** Bureau of Economic Analysis, U.S. Department of Commerce.

N/A - Not available.

**CITY OF TUSCALOOSA**  
Schedule S

**PRINCIPAL EMPLOYERS**

As of September 30,

Employer	Nature of Business	Public or Private	2012			2006		
			Approximate Number of Employees	Rank	As a Percentage of Total Employment	Approximate Number of Employees	Rank	As a Percentage of Total Employment
The University of Alabama	Education/Government	Public	8,012	1	10.23%	3,865	2	9.66%
DCH Health Systems	Healthcare	Public	3,448	2	4.40%	3,114	3	7.79%
Mercedes-Benz International	Automobile assembly	Private	3,000	3	3.83%	4,000	1	10.00%
Jim Walter Resources	Coal mining	Private	2,122	4	2.71%	1,378	5	3.45%
Tuscaloosa County Board of Education	Education/Government	Public	1,466	5	1.87%	2,000	4	5.00%
BF Goodrich Tire Company	Tire manufacturing	Private	1,400	6	1.79%	1,300	8	3.25%
Tuscaloosa City Board of Education	Education/Government	Public	1,352	7	1.73%	1,325	7	3.31%
City of Tuscaloosa	Government	Public	1,292	8	1.65%	1,207	9	3.02%
Phifer Incorporated	Aluminum/ Fiberglass Screening	Private	1,246	9	1.59%	1,350	6	3.38%
Veterans Administrative Hospital	Specialized Health Care	Public	1,113	10	1.42%	—	—	—
Northport Medical Center	Healthcare	Public	—	—	—	946	10	2.37%

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

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

**CITY OF TUSCALOOSA**

Schedule T

**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION**

For the nine fiscal years ended September 30,

<u>Function</u>	<u>2004*</u>	<u>2005*</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><u>General Fund employees</u></b>									
General government			162	189	203	207	204	202	207
Public safety									
Police			330	345	340	349	351	340	356
Fire			226	241	234	234	233	234	248
Other			21	20	22	31	17	17	24
Streets and highways			182	165	179	185	181	183	183
Environmental services			89	91	98	95	95	92	98
<b><u>Water and Sewer employees</u></b>									
Superintendent			1	1	1	1	1	1	4
Water office and meter readers			34	33	34	34	33	34	32
Lakes			7	9	9	9	9	9	9
Distribution			59	47	46	39	36	36	38
Waste water treatment plant			60	57	57	56	55	56	57
Ed Love water plant			36	35	35	35	35	35	36
<b>Total Employees</b>	<b>1,067</b>	<b>1,116</b>	<b>1,207</b>	<b>1,233</b>	<b>1,258</b>	<b>1,275</b>	<b>1,250</b>	<b>1,239</b>	<b>1,292</b>

**Source:** City of Tuscaloosa Human Resources Department.

\*Number of employees by function not available.

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

**CITY OF TUSCALOOSA**

Schedule U

**WATER AND SEWER RATES**

September 30, 2012

<u>Water Rates</u>	Rates in Effect Starting 10/1/11	Rates in Effect Starting 10/1/12
Quantity of water consumed per month		
0-1,000 cubic feet	\$ 1.81	\$ 1.88
over 1,001 cubic feet	1.81	1.88
Monthly administrative cost per meter	4.11	4.27
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	3.30	3.43
8 inch	262.30	272.79
 <u>Unfiltered or Raw Water Rates</u> 		
Per 100 cubic feet	0.200	0.210
Monthly administrative cost per meter	4.11	4.27
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	3.30	3.43
8 inch	262.29	272.79
 <u>Sewer Rates</u> 		
a. Per 100 cubic feet of metered wastewater, or	3.23	3.36
b. Per 100 cubic feet of metered water	2.23	2.32
Monthly administrative cost per meter	3.42	3.55
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	5.17	5.38
8 inch	413.25	429.78

**Source:** City of Tuscaloosa Water and Sewer Department

**CITY OF TUSCALOOSA**  
Schedule V

**OPERATING INDICATORS BY FUNCTION**

Last nine fiscal years ended September 30,

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Fund</b>									
Public safety:									
Inspection									
Building permits	1,852	1,895	1,930	2,014	1,807	1,575	1,000	4,462	2,041
Amount	\$ 257,653,680	\$ 247,079,483	\$ 276,999,804	\$ 347,513,837	\$ 433,057,158	\$ 243,134,113	\$ 187,064,129	\$ 202,069,714	\$ 311,290,164
Fire protection									
Number of stations	12	12	12	12	12	11	11	11	11
Number of employees	215	216	226	241	234	234	234	234	248
Police protection									
Number of stations	1	1	1	1	1	1	1	1	1
Number of employees	308	309	330	345	340	349	353	340	356
Streets and highways:									
Streets (miles)	566	570	570	570	571	571	571	571	571
Storm sewers (miles)	315	317	317	317	317	317	317	317	317
Education (Public School System):									
Number of schools	22	22	22	22	22	24	24	24	24
Number of teachers	760	760	781	795	871	820	830	830	830
Recreation:									
Number of parks	38	39	39	39	39	39	37	36	36
Number of playgrounds	25	28	28	28	28	28	32	31	32
Area of parks (acres)	2,158	2,170	2,170	2,170	2,022	2,279	1,755	1,749	1,749
<b>Water</b>									
Sanitary sewers (miles)	483	495	495	495	495	495	608	615	623
Number of accounts	45,488	46,666	48,013	50,016	50,595	52,472	52,472	53,896	54,072
Average daily consumption (gallons)	22,527,417	23,505,750	22,831,000	25,000,000	25,000,000	23,500,000	23,700,000	25,100,000	23,500,000
Rated plants capacity (gallons daily)	45,700,000	45,700,000	45,700,000	45,700,000	59,700,000	59,700,000	59,700,000	59,700,000	59,700,000
Miles of water mains (4" and larger)	540	540	540	540	548	552	550	562	594
Number of fire hydrants	2,878	3,059	3,059	3,152	3,134	3,179	3,218	3,796	3,817
Miles of raw water mains (24" and larger)	27	27	27	27	27	27	27	27	27

Sources: Various City Departments

**CITY OF TUSCALOOSA**  
Schedule W

**CAPITAL ASSET STATISTICS BY FUNCTION**

Last nine fiscal years ended September 30,

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Fund:</b>									
Public safety:									
Fire protection									
Number of stations	12	12	12	12	12	11	11	11	11
Police protection									
Number of stations	1	1	1	1	1	1	1	1	1
Streets and highways:									
Streets (miles)	566	570	570	570	571	571	571	571	571
Storm sewers (miles)	315	317	317	317	317	317	317	317	317
Recreation:									
Number of parks	38	39	39	39	39	39	37	36	36
Number of playgrounds	25	28	28	28	28	28	32	31	32
Area of parks (acres)	2,158	2,170	2,170	2,170	2,022	2,279	1,755	1,749	1,749
Activity Centers	4	4	5	5	4	5	5	5	6
Boat landings	4	4	5	5	4	8	8	8	8
Golf course	1	1	1	1	1	1	1	1	1
<b>Water:</b>									
Sanitary sewers (miles)	483	495	495	495	495	495	608	615	623
Miles of water mains (4" and larger)	540	540	540	540	548	552	550	562	594
Number of fire hydrants	2,878	3,059	3,059	3,152	3,134	3,179	3,218	3,796	3,817
Miles of raw water mains (24" and larger)	27	27	27	27	27	27	27	27	27

**Sources:** Various City Departments