

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF TUSCALOOSA, ALABAMA

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2013

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

**CITY OF TUSCALOOSA
FINANCIAL REPORT
September 30, 2013**

TABLE OF CONTENTS

INTRODUCTORY SECTION	Page(s)
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
 FINANCIAL SECTION	
Independent Auditor's Report	13-15
Management's Discussion and Analysis	17-43
 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	45-46
Statement of Activities.....	47
 Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	48
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	49
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	50-51
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	52
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	53-58
Statement of Net Position – Proprietary Funds	59-60
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	61
Statement of Cash Flows – Proprietary Funds.....	62-64
Statement of Fiduciary Net Position – Fiduciary Funds	65
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	66
Notes to Financial Statements	68-103

Required Supplementary Information:

Schedule of Funding Progress – Other Postemployment Benefits 105

Combining and Individual Fund Statement and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds 107
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 108
Combining Balance Sheet – Nonmajor Special Revenue Funds 110-111
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds 112-113
Statement of Changes in Assets and Liabilities – Agency Fund..... 115
Capital Assets Used in the Operation of Governmental Funds:
 Schedule by Function and Activity 117
 Schedule of Changes by Function and Activity 118

Supplemental Information:

Water and Sewer Fund - Schedule of Operating and Non-Operating Revenues (Expenses) - Budget and Actual 119
Water and Sewer Fund - Schedule of Operating Expenses - Budget and Actual 120-122

STATISTICAL SECTION

Financial Trends

Schedule A. Net Position by Component 124
Schedule B. Changes in Net Position 125-126
Schedule C. General Governmental Activities Tax Revenues by Source 127
Schedule D. Fund Balances of Governmental Funds 128
Schedule E. Changes in Fund Balances of Governmental Funds 129
Schedule F. Total Governmental Activities Tax Revenues By Source 130

Revenue Capacity

Schedule G. Assessed Value and Estimated Actual Value of Taxable Property 131
Schedule H. Property Tax Rates – Direct and Overlapping Governments 132
Schedule I. Principal Property Taxpayers 133
Schedule J. Property Tax Valuation, Levies, and Collection 134
Schedule K. Principal Sales Taxpayers 135
Schedule L. Sales Tax Rates – Direct and Overlapping Governments 136

Debt Capacity

Schedule M. Ratio of Outstanding Debt by Type 137
Schedule N. Ratio of General Bonded Debt Outstanding..... 138
Schedule O. Direct and Overlapping Governmental Activities Debt 139
Schedule P. Legal Debt Margin Information 140
Schedule Q. Pledged Revenue Coverage 141

Demographic and Economic Information

Schedule R. Demographic and Economic Statistics 142
Schedule S. Principal Employers..... 143

Operating Information

Schedule T. Full – Time Equivalent City Employees by Function 144
Schedule U. Water and Sewer Rates 145
Schedule V. Operating Indicators by Function..... 146
Schedule W. Capital Asset Statistics by Function 147



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City of Tuscaloosa

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LETTER OF TRANSMITTAL

March 28, 2014

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

The Tuscaloosa amphitheater, which has a seating capacity of 7,470, had a successful third season from April to October of 2013, with approximately 15 shows and a diversified group of concerts. Excluding debt service and depreciation, the amphitheater's revenues were within \$60,000 of equaling 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. Both funds closed the year slightly below the ten percent minimum, mostly because the 2012 operating budget was inflated due to over \$11,000,000 in expenditures related to the April, 2011 tornado. The tornado budget in the General Fund dropped down to approximately \$1,700,000 in 2013, and is even lower in 2014. The City has instituted a plan intended to ensure we meet the ten percent minimum in both funds by September 30, 2014. The plan includes quarterly budget meetings with all department heads, hiring limitations, tight controls on encumbrance carryovers at yearend and recommended level funding for all outside agencies in 2015.

In the Water and Sewer Fund, the minimum undesignated Fund Net Position is 30 percent of the audited expenses. We were well above the Water and Sewer Fund minimum as of September 30, 2013.

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 2013 were 2.37 percent higher than 2012 and the City's Share of the County Sales Tax was 6.3 percent higher. Business license collections were 2.2 percent higher in 2013 than the previous year, and ad valorem taxes were 4.5 percent higher.

In the Enterprise Fund, charges for services (primarily Water and Sewer Sales) were 4.1 percent higher than the previous year.

Early in the 2013 fiscal year, we partially refunded a 2005 warrant issue that was primarily water and sewer (\$28,110,000), but also included some general debt (\$3,935,000).

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, 2012. This was the 26th 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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

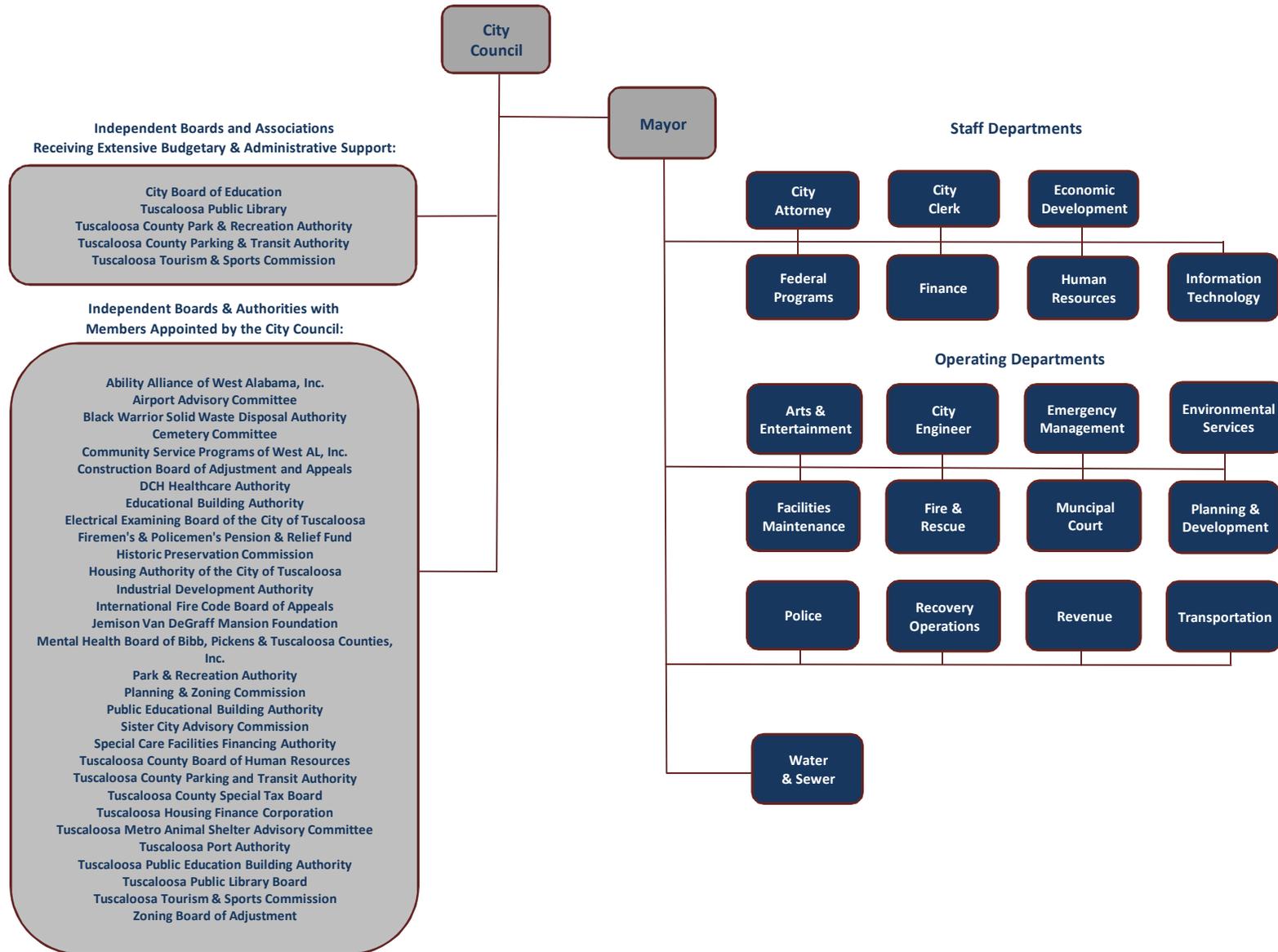
City of Tuscaloosa
Alabama

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

City of Tuscaloosa Organization Chart



OFFICIALS OF THE CITY OF TUSCALOOSA

Mayor Walter Maddox

CITY COUNCIL

Harrison Taylor, President Pro-Tem

Cynthia Lee Almond
Matthew Calderone
Sonya McKinstry

Burrell G. Odom
Edwin Pugh
Kip Tyner

DEPARTMENT HEADS

Arts and Entertainment Wendy Riggs
City Attorney Glenda Webb
City Clerk Tracy Croom
City Engineer David Griffin
Economic Development Brendan Moore
Emergency Management David Hartin
Environmental Services Shane Daugherty
Facilities Maintenance Clif Penick
Federal Programs LaParry Howell
Finance Mike Wright
Fire and Rescue Service Alan Martin
Human Resources Brian Butler
Information Technology Chuck Crocker
Municipal Court Madelene Hollingsworth
Planning and Development John McConnell
Police Steve Anderson
Recovery Operations Robin Edgeworth
Revenue Linda McKinney
Transportation Tera Tubbs
Water and Sanitary Sewer Jimmy Junkin



March 28, 2014

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Honorable Mayor and Members of
the City Council
City of Tuscaloosa, Alabama
March 28, 2014

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

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

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress for the other postemployment benefit plans on pages 17 through 43 and page 105 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Honorable Mayor and Members of
the City Council
City of Tuscaloosa, Alabama
March 28, 2014

Other Information

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

The combining nonmajor governmental and special revenue fund financial statements, the budgetary comparison schedules, the agency fund statement of changes in assets and liabilities, and the capital asset schedules are the responsibility of management and were derived from and relate directly to underlying accounting and other records used to prepare the 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2014, on our consideration of the City of Tuscaloosa, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Tuscaloosa, Alabama's internal control over financial reporting and compliance.


Certified Public Accountants



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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, 2013. Please read this in conjunction with the City's financial statements, which follow this section, and the additional information furnished in the letter of transmittal, which can be found in the introductory section of the CAFR.

Overview of the Financial Statements

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

- The first two statements are government-wide financial statements that provide both short-term and long-term information regarding the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual areas of the City government, and report more detail than the government-wide statements.
 - The **governmental fund statements** tell how government services such as capital projects, storm recovery operations, and public safety were financed in the short-term, as well as what remains for future spending.
 - **Proprietary fund statements** report short- and long-term financial information about the activities the government operates as a business, such as the Water & Sewer system.
 - **Fiduciary fund statements** offer information about financial relationships in which the City acts solely as a trustee for the benefit of others.

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

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



Government-Wide Financial Statements

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

Statement of Net 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.



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

Fund Financial Statements

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

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

- **Governmental Activities:** Most of the City's programs and services are reported in this category, including public safety, general government, public health and recreation. General revenues from sales and use taxes, licenses and fees, property taxes, charges for services, and state and federal grants finance most of these activities.
- **Business-Type Activities:** The City charges fees to customers to help it cover the costs, including depreciation, of certain services it provides to the general public. These services are provided on a rate basis. The City's business-type activities are primarily provided by its Water and Sewer department.
- **Discretely Presented Component Units:** The City includes two other entities in this report: the Tuscaloosa Tourism and Sports Commission, and the Tuscaloosa County Parking and Transit Authority. Although legally separate entities, the component units are important because the City is accountable for them due to the voting majority of the governing bodies of the component units being appointed by the City. Please refer to Note 1.A. within the Notes to the Financial Statements regarding the availability of separately issued component unit financial statements.



Reporting on the Most Significant Funds of the City of Tuscaloosa

Fund Financial Statements

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

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

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

Notes to the Financial Statements

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

Other Information

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



Tornado Recovery



The April 27, 2011 tornado that tore a 6-mile path through the City of Tuscaloosa was the most destructive natural disaster in the City's history, taking the lives of 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. Since April 27, 2011, the City of Tuscaloosa has issued 352 commercial permits and 2,501 permits in the area deemed as the "recovery zone."

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

FEMA Reimbursements

Federal Emergency Management Agency (FEMA) issued a mission assignment (Direct Federal Assistance) to the U. S. Army Corps of Engineers (Corps) to perform debris removal from City rights-of-way. The Corps was later authorized to perform debris removal from eligible private property located within a "grid." FEMA will, therefore, pay the Corps for debris removal costs and then submit an invoice to the City of Tuscaloosa for the local share. As of September 30, 2013, the City estimates its share of the debris removal costs to be \$1.2 million. This amount has been recorded as other payables in the accompanying statement of net position.

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

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

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

The City provided \$8,250,000 from its Capital Projects Fund to the "Storm Recovery FEMA Fund" (a special revenue fund) in 2011 and 2012 to pay for storm related expenses. Approximately one half has been repaid as of September 30, 2013, and the City intends to repay the remaining balance in upcoming years. The City anticipates that the majority of the costs will be reimbursed by FEMA, the State of Alabama or insurance proceeds. The City also established the "Storm Recovery Insurance Fund" to receive insurance proceeds for storm damaged capital assets.

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

Rebuilding City Facilities



Proposed Fire Station #4



Environmental Services Facility

Rebuilding City Neighborhoods





Building Back...



Stronger... Safer... Smarter...

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. At September 30, 2013, the City's assets exceeded liabilities by \$403,617,726, an increase of over \$7.89 million from the prior year. This large increase was primarily due to the increase in net income of the Water and Sewer Fund.

The largest portion of the City's net position 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 \$6.9 million below the previous fiscal year. This decrease is due to the large insurance settlement received in 2012 for tornado recovery. Otherwise, overall revenues of Governmental Activities exceeded those received in the prior year. Expenses in Governmental Activities increased by \$8.9 million over the prior year due to several major road projects and other rebuilding projects financed by tornado insurance proceeds. The Library, Housing and Economic Development were identified separately in 2013 to provide more detailed information about the City's operations.

The following is a summary of changes in net position for the years ended September 30, 2013 and 2012:

In Governmental Activities, Capital Assets increased by approximately \$20,000,000. Total Net Position increased slightly but the unrestricted portion decreased by almost \$16,800,000.

In Business Type Activities, Total Net Position increased by approximately \$7,000,000 despite a small decrease in the unrestricted portion.

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 78,068,446	\$ 91,735,357	\$ 33,131,160	\$ 33,315,326	\$ 111,199,606	\$ 125,050,683
Capital assets	234,533,542	214,336,679	277,365,576	276,367,514	511,899,118	490,704,193
Total assets	312,601,988	306,072,036	310,496,736	309,682,840	623,098,724	615,754,876
Long-term liabilities	83,692,007	83,787,764	102,848,723	108,758,963	186,540,730	192,546,727
Other liabilities	24,876,465	18,977,366	8,063,803	8,501,903	32,940,268	27,479,269
Total liabilities	108,568,472	102,765,130	110,912,526	117,260,866	219,480,998	220,025,996
Net Position:						
Invested in capital assets, net of related debt	163,764,846	144,686,685	173,155,705	165,367,100	336,920,551	310,053,785
Restricted						
Restricted for:						
Nonexpendable:						
Perpetual maintenance	85,891	85,891	-	-	85,891	85,891
Expendable:						
Capital and other projects	6,062,778	4,865,520	-	-	6,062,778	4,865,520
Unrestricted	34,120,001	53,668,810	26,428,505	27,054,874	60,548,506	80,723,684
Total Net Position	\$ 204,033,516	\$ 203,306,906	\$ 199,584,210	\$ 192,421,974	\$ 403,617,726	\$ 395,728,880

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Fines, fees, and charges for services	\$ 28,321,000	\$ 27,662,624	\$ 40,776,740	\$ 39,246,499	\$ 69,097,740	\$ 66,909,123
Operating grants and contributions	36,445,089	36,445,267	-	-	36,445,089	36,445,267
Capital grants and contributions	11,590,006	6,368,203	3,696,951	827,229	15,286,957	7,195,432
General revenues:						
Sales and use tax	36,945,556	35,511,154	-	-	36,945,556	35,511,154
Property tax	13,904,489	13,300,542	-	-	13,904,489	13,300,542
Other taxes	13,007,404	11,568,986	-	-	13,007,404	11,568,986
Investment earnings	76,701	1,236,457	18,122	48,381	94,823	1,284,838
Loss on impairment	-	-	-	-	-	-
Insurance proceeds	218,826	17,822,187	-	-	218,826	17,822,187
Gain/(Loss) on disposal	1,855,000	-	57,680	(1,090)	1,912,680	(1,090)
Total revenues	142,364,071	149,915,420	44,549,493	40,121,019	186,913,564	190,036,439
Expenses:						
General government	14,424,670	19,956,925	-	-	14,424,670	19,956,925
Public safety	61,515,711	63,409,806	-	-	61,515,711	63,409,806
Streets and highways	26,473,104	19,338,963	-	-	26,473,104	19,338,963
Environmental services	9,704,143	5,728,999	-	-	9,704,143	5,728,999
Health	130,000	-	-	-	130,000	-
Education	14,351,429	13,597,130	-	-	14,351,429	13,597,130
Culture and recreation	9,249,916	7,628,277	-	-	9,249,916	7,628,277
Library	1,870,572	-	-	-	1,870,572	-
Housing	603,953	-	-	-	603,953	-
Economic development	203,727	-	-	-	203,727	-
Interest	3,549,826	3,924,329	-	-	3,549,826	3,924,329
Intermodal facility	-	-	72,500	70,318	72,500	70,318
Water and sewer	-	-	36,875,167	35,269,708	36,875,167	35,269,708
Total expenses	142,077,051	133,584,429	36,947,667	35,340,026	179,024,718	168,924,455
Excess before transfers	287,020	16,330,991	7,601,826	4,780,993	7,888,846	21,111,984
Transfers	439,590	199,164	(439,590)	(199,164)	-	-
Change in net position	726,610	16,530,155	7,162,236	4,581,829	7,888,846	21,111,984
Net position, beginning of year	203,306,906	186,254,331	192,421,974	187,840,145	395,728,880	374,094,476
Prior period adjustment	-	522,420	-	-	-	522,420
Net position, beginning of year as restated	203,306,906	186,776,751	192,421,974	187,840,145	395,728,880	374,616,896
Net position, end of year	\$ 204,033,516	\$ 203,306,906	\$ 199,584,210	\$ 192,421,974	\$ 403,617,726	\$ 395,728,880

Governmental Activities

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

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

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

Business-type Activities

The City operates a Water and Sewer Department that is accounted for as an Enterprise Fund. The business-type activity's Net Position increased by \$7.3 million mainly due to capital grants related to the Water and Sewer portion of Phase II of the City's Downtown Urban Renewal Project. The annual six percent increases continued through October 1, 2012, 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, 2013, prior to the rate study being updated again during 2014.

The Water and Sewer Fund transferred \$2,485,901 to the General Fund for services provided by key General Fund departments including accounting, legal, and information technology services.



Fund Financial Analysis - Revenues

The following schedule presents a summary of revenues for the years ended September 30, 2013 and 2012, 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		
	2013	2012	Increase/ (Decrease)	2013	2012	Increase/ (Decrease)	2013	2012	Increase/ (Decrease)	2013	2012	Increase/ (Decrease)	2013	2012	Increase/ (Decrease)
Revenues															
Taxes	\$ 61,075,968	\$ 58,516,266	\$ 2,559,702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 887,643	\$ 901,443	\$ (13,800)
Licenses and permit	21,479,438	21,018,317	461,121	-	-	-	-	-	-	-	-	-	-	-	-
Fines and penalties	2,380,794	2,588,985	(208,191)	-	-	-	-	-	-	-	-	-	-	-	-
Use of property	96,093	97,517	(1,424)	-	-	-	-	-	-	-	-	-	-	-	-
Charges for service:	4,324,970	3,929,869	395,101	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	31,467,051	30,086,579	1,380,472	4,679,061	1,445,013	3,234,048	-	152,677	(152,677)	-	-	-	4,588,363	4,836,095	(247,732)
Other revenues	7,124,644	6,928,167	196,477	319,104	1,105,290	(786,186)	650,835	705,601	(54,766)	3,720	-	3,720	2,952,292	1,683,283	1,269,009
	<u>\$127,948,958</u>	<u>\$123,165,700</u>	<u>\$ 4,783,258</u>	<u>\$4,998,165</u>	<u>\$2,550,303</u>	<u>\$ 2,447,862</u>	<u>\$ 650,835</u>	<u>\$ 858,278</u>	<u>\$ (207,443)</u>	<u>\$ 3,720</u>	<u>\$ -</u>	<u>\$ 3,720</u>	<u>\$8,428,298</u>	<u>\$ 7,420,821</u>	<u>\$ 1,007,477</u>

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

Revenues increased primarily in two areas: taxes, and intergovernmental. Taxes increased mostly due to higher city sales tax, ad valorem tax and audit revenue. Intergovernmental revenue increased due to higher county sales tax and bank excise tax collections.

In the Capital Projects Fund, Intergovernmental revenue increased primarily due to new federal grants for capital projects. Other revenues decreased primarily because of a sale of land in 2012.

In the Storm Recovery FEMA Fund, Intergovernmental and Other Revenues decreased due to fewer project obligations by FEMA as compared to 2011 and 2012.

In the Other Governmental Funds, Intergovernmental revenue decreased because federal grant revenue declined more than disaster recovery funds increased.

Fund Financial Analysis - Expenditures

The following schedule presents a summary of expenditures for the years ended September 30, 2013 and 2012, 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		
	2013	2012	Increase/ (Decrease)	2013	2012	Increase/ (Decrease)	2013	2012	Increase/ (Decrease)	2013	2012	Increase/ (Decrease)	2013	2012	Increase/ (Decrease)
Expenditures															
Current operations:															
General government	\$ 14,324,979	\$ 11,614,657	\$ 2,710,322	\$ 1,021,521	\$ 468,902	\$ 552,619	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 414,486	\$ 751,674	\$ (337,188)
Public safety	59,050,156	61,490,209	(2,440,053)	137,209	120,166	17,043	-	-	-	-	-	-	554,830	638,396	(83,566)
Streets and highways	14,356,160	14,461,629	(105,469)	10,257,001	2,301,199	7,955,802	-	-	-	-	-	-	12,218	57,394	(45,176)
Environmental services	7,257,036	6,395,720	861,316	-	-	-	-	-	-	-	-	-	-	-	-
Health	130,000	130,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Education	14,351,424	13,597,126	754,298	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	7,894,877	7,023,275	871,602	605,235	1,792,326	(1,187,091)	-	-	-	-	-	-	199,536	174,107	25,429
Library	1,870,572	1,775,200	95,372	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	603,187	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-	1,343,727	-	-
Agency funding and other	2,707,095	2,589,530	117,565	-	107,180	(107,180)	-	324	(324)	-	-	-	39,927	1,241,058	(1,201,131)
Capital outlay	17,318	125,533	(108,215)	1,708,743	1,228,934	479,809	-	-	-	12,879,545	1,695,525	11,184,020	7,317,749	4,823,881	2,493,868
Debt service	12,108,930	7,800,284	4,308,646	-	-	-	11,081	-	11,081	-	-	-	121,606	-	121,606
Intergovernmental															
	<u>\$ 134,068,547</u>	<u>\$ 127,003,163</u>	<u>\$ 7,065,384</u>	<u>\$ 13,729,709</u>	<u>\$ 6,018,707</u>	<u>\$ 7,711,002</u>	<u>\$ 11,081</u>	<u>\$ 324</u>	<u>\$ 10,757</u>	<u>\$ 12,879,545</u>	<u>\$ 1,695,525</u>	<u>\$ 11,184,020</u>	<u>\$ 10,607,266</u>	<u>\$ 7,686,510</u>	<u>\$ 12,879,545</u>

In the General Fund, the increase in General Government is caused mostly by larger Information Technology expenditures, including a network computer upgrade and a much lower reimbursement from the Water and Sewer Department for services provided. Arts and Entertainment expenditures also increased as the River Market and Transportation Museum supplemented the amphitheater activities.

Despite slightly higher costs in the Police and Fire/Rescue areas, Public Safety expenditures decreased due to a large decrease in Recovery expenditures in the second year after the April 27, 2011 tornado.

The Environmental Services expenditures increased mostly due to higher payroll and equipment costs.

Education costs increased because the City Schools received higher revenues from the county sales tax and the City increased its annual appropriation to the City Schools.

Recreation expenditures increased because of special appropriations for specific projects, including a new pro shop for the public golf course, and a slightly higher annual appropriation.

Debt Service costs increased because of the recording of the partial refunding of most of the 2005 warrants.

The Capital Projects Fund's Streets and Highways costs increased in 2013 because of expenditures related to several major road projects. Recreation expenditures decreased because of the completion of the River Market in 2012.

Fund Financial Analysis - continued

The Storm Recovery Insurance Fund capital outlay increased significantly because of the City's progress in 2013 constructing 15 facilities funded by a \$28,500,000 tornado insurance settlement. In the Other Governmental Funds, capital outlay increased because of airport improvements, street resurfacing and funding of a housing development.

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

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

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

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

	September 30, 2013	September 30, 2012
<u>Operating revenues</u>		
Charges for services	\$ 40,734,398	\$ 39,143,828
Miscellaneous	16,891	81,686
Total operating revenues	<u>40,751,289</u>	<u>39,225,514</u>
<u>Operating expenses</u>		
All departmental expenses	23,900,355	21,667,978
Depreciation and amortization	8,405,803	8,530,194
Total operating expenses	<u>32,306,158</u>	<u>30,198,172</u>
Operating income	<u>\$ 8,445,131</u>	<u>\$ 9,027,342</u>

The Council has required the City to maintain undesignated net position of at least thirty percent of actual current year water and sewer operating expenses in the Water and Sewer Fund and the Water and Sewer Reserve Fund. The Water and Sewer Fund has met this requirement for 2013, and after accounting for balances reserved for debt service, the Water and Sewer Reserve Fund has \$9.4 million in undesignated funds available for future projects.

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 \$511,899,118 for the year ended September 30, 2013. Several large projects under construction are part of the increase in capital assets, which is offset by depreciation. See Note IV.C. for additional information.

	Governmental		Business-type		Totals	
	Activities		Activities			
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Land	\$ 3,362,539	\$ 50,000	\$ 1,730,958	\$ 1,665,628	\$ 5,093,497	\$ 1,715,628
Buildings	72,538,323	69,999,194	-	-	72,538,323	69,999,194
Equipment	14,910,296	18,792,087	2,021,368	1,839,727	16,931,664	20,631,814
Infrastructure	116,069,921	114,056,678	-	-	116,069,921	114,056,678
Utility property	-	-	270,589,069	272,349,957	270,589,069	272,349,957
Construction in progress	27,652,463	11,438,720	3,024,181	585,715	30,676,644	12,024,435
	<u>\$ 234,533,542</u>	<u>\$ 214,336,679</u>	<u>\$ 277,365,576</u>	<u>\$ 276,441,027</u>	<u>\$ 511,899,118</u>	<u>\$ 490,777,706</u>

Tuscaloosa River Market



Tuscaloosa River Walk



Tuscaloosa Amphitheater





Long-term Debt

The outstanding debt for the City of Tuscaloosa as of September 30, 2013 was \$188,069,423. This balance reflects a decrease of \$7,317,370 from the previous year. See Notes IV.I.2 through IV.I.7 for additional information.

	Governmental Activities		Business-type Activities		Totals	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Warrants payable	\$ 76,054,227	\$ 76,945,000	\$ 97,710,608	\$ 105,701,155	\$ 173,764,835	\$ 182,646,155
Section 108 Loan	1,275,000	1,350,000	-	-	1,275,000	1,350,000
Robertson Bank	250,425	372,982	-	-	250,425	372,982
Compensated absences	7,450,882	6,755,715	896,100	916,400	8,346,982	7,672,115
Workers comp claims	839,525	555,578	112,571	53,897	952,096	609,475
OPEB Obligation	2,661,447	1,875,303	443,836	323,492	3,105,283	2,198,795
Litigation Settlement	-	156,375	-	-	-	156,375
Capital lease	374,802	359,101	-	-	374,802	359,101
	<u>\$ 88,906,308</u>	<u>\$ 88,370,054</u>	<u>\$ 99,163,115</u>	<u>\$ 106,994,944</u>	<u>\$ 188,069,423</u>	<u>\$ 195,364,998</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 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. Early in the 2014 fiscal year, the City refunded an old State Revolving Loan issue through the State of Alabama.

The OPEB Obligation is higher due to an increase in the number of current retirees.

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.

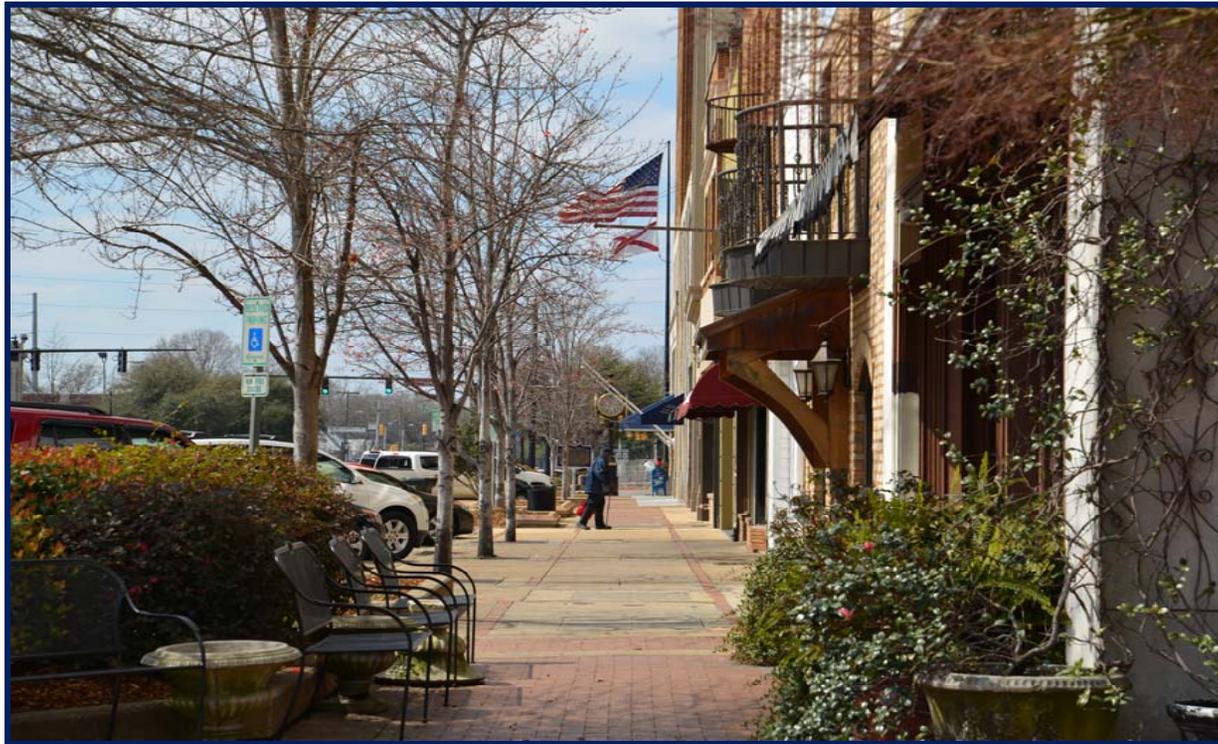
Current Financial Issues

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 2013 liability in the government wide financial statements for post-employment benefits is \$2,661,447 and the Water and Sewer Fund's share is \$443,836.

Internal Service Fund

The City's Health Insurance Fund, an Internal Service Fund, has a surplus of \$48,020 at September 30, 2013 up from a deficit of \$1,058,849 in 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.





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CITY OF TUSCALOOSA
STATEMENT OF NET POSITION

September 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 43,094,704	\$ 6,606,225	\$ 49,700,929	\$ 612,165	\$ 160,405
Investments	4,802,452	—	4,802,452	—	—
Receivables (net of allowances for uncollectibles)	25,712,626	6,104,745	31,817,371	2,710	2,030
Internal balances	(7,474,380)	7,474,380	—	—	—
Prepaid items	652,846	3,964	656,810	54,468	13,300
Inventories	948,190	1,253,156	2,201,346	—	—
Total current assets	67,736,438	21,442,470	89,178,908	669,343	175,735
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	33,604	10,818,628	10,852,232	—	—
Receivables	7,474,218	—	7,474,218	—	—
Unamortized issue costs and other costs	2,824,186	870,062	3,694,248	—	—
Capital assets not being depreciated:					
Land	3,362,539	1,730,958	5,093,497	—	—
Construction in progress	27,652,463	3,024,181	30,676,644	—	—
Capital assets (net of accumulated depreciation)	203,518,540	272,610,437	476,128,977	176,069	1,986,244
Other assets	—	—	—	8,824	—
Total noncurrent assets	244,865,550	289,054,266	533,919,816	184,893	1,986,244
Total assets	312,601,988	310,496,736	623,098,724	854,236	2,161,979
LIABILITIES					
Current liabilities:					
Accounts payable and other current charges	15,461,636	1,841,498	17,303,134	46,057	164,576
Accrued interest payable	984,421	916,972	1,901,393	—	—
Current portion of long-term debt	8,430,408	5,305,333	13,735,741	3,321	—
Total current liabilities	24,876,465	8,063,803	32,940,268	49,378	164,576
Noncurrent liabilities:					
Unearned revenue	1,238,902	7,463	1,246,365	—	—
Developer deposits	—	262,436	262,436	—	—
Liabilities payable from restricted assets:					
Customer deposits	—	2,174,942	2,174,942	—	—
Unamortized premium on warrants	1,977,205	6,546,100	8,523,305	—	—
Long-term debt due after one year	80,475,900	93,857,782	174,333,682	9,867	—
Total noncurrent liabilities	83,692,007	102,848,723	186,540,730	9,867	—
Total liabilities	108,568,472	110,912,526	219,480,998	59,245	164,576

See accompanying notes to financial statements.

CITY OF TUSCALOOSA
STATEMENT OF NET POSITION
September 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority
NET POSITION					
Invested in capital assets, net of related debt	\$ 163,764,846	\$ 173,155,705	\$ 336,920,551	\$ 171,705	\$ 1,986,244
Restricted for:					
Capital projects	2,592,499	—	2,592,499	—	—
Garnishments	4,083	—	4,083	—	—
Municipal court	388,630	—	388,630	—	—
Hazard mitigation	3	—	3	—	—
Road projects	267,203	—	267,203	—	—
Salaries	215,062	—	215,062	—	—
Community development	2,511,994	—	2,511,994	—	—
Storm recovery	83,304	—	83,304	—	—
Capital Park maintenance - nonspendable	85,891	—	85,891	—	—
Unrestricted	34,120,001	26,428,505	60,548,506	623,286	11,159
Total net position	<u>\$ 204,033,516</u>	<u>\$ 199,584,210</u>	<u>\$ 403,617,726</u>	<u>\$ 794,991</u>	<u>\$ 1,997,403</u>

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2013

Functions/Programs	Program Revenues				Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units		
					Governmental Activities	Business-Type Activities	Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority
Primary government:									
Governmental activities:									
General government	\$ 14,424,670	\$ 23,956,325	\$ 34,691,253	\$ 2,319,446	\$ 46,542,354	\$ —	\$ 46,542,354	\$ —	\$ —
Public safety	61,515,711	39,705	230,276	3,748,829	(57,496,901)	—	(57,496,901)	—	—
Streets and highways	26,473,104	—	235,599	4,813,040	(21,424,465)	—	(21,424,465)	—	—
Environmental services	9,704,143	4,324,970	—	—	(5,379,173)	—	(5,379,173)	—	—
Health	130,000	—	—	—	(130,000)	—	(130,000)	—	—
Education	14,351,429	—	403,719	—	(13,947,710)	—	(13,947,710)	—	—
Culture and recreation	9,249,916	—	100,000	—	(9,149,916)	—	(9,149,916)	—	—
Library	1,870,572	—	—	—	(1,870,572)	—	(1,870,572)	—	—
Housing	603,953	—	—	—	(603,953)	—	(603,953)	—	—
Economic development	203,727	—	784,242	708,691	1,289,206	—	1,289,206	—	—
Interest on long-term debt	3,549,826	—	—	—	(3,549,826)	—	(3,549,826)	—	—
Total governmental activities	142,077,051	28,321,000	36,445,089	11,590,006	(65,720,956)	—	(65,720,956)	—	—
Business-type activities:									
Intermodal facility	72,500	25,451	—	—	—	(47,049)	(47,049)	—	—
Water and sewer	36,875,167	40,751,289	—	3,696,951	—	7,573,073	7,573,073	—	—
Total business-type activities	36,947,667	40,776,740	—	3,696,951	—	7,526,024	7,526,024	—	—
Total primary government	\$ 179,024,718	\$ 69,097,740	\$ 36,445,089	\$ 15,286,957	\$ (65,720,956)	\$ 7,526,024	\$ (58,194,932)	\$ —	\$ —
Component units:									
Tuscaloosa Tourism and Sports Commission	\$ 1,071,860	\$ —	\$ 1,335,091	\$ —	\$ —	\$ —	\$ —	\$ 263,231	\$ —
Tuscaloosa County Parking and Transit Authority	2,461,743	209,903	1,261,996	1,143,921	—	—	—	—	154,077
Total component units	\$ 3,533,603	\$ 209,903	\$ 2,597,087	\$ 1,143,921	\$ —	\$ —	\$ —	\$ 263,231	\$ 154,077
General Revenues:									
Taxes:									
Sales and use tax					\$ 36,945,556	\$ —	\$ 36,945,556	\$ —	\$ —
Property tax					13,904,489	—	13,904,489	—	—
Lodging tax					5,144,645	—	5,144,645	—	—
Other state and local taxes					5,968,921	—	5,968,921	—	—
Taxes passed through from state					1,893,838	—	1,893,838	—	—
Unrestricted investment earnings					76,701	18,122	94,823	1,273	—
Gain on disposal of capital assets					1,855,000	57,680	1,912,680	—	—
Gain on impairment					218,826	—	218,826	—	—
Transfers					439,590	(439,590)	—	—	—
Total general revenues and transfers					66,447,566	(363,788)	66,083,778	1,273	—
Change in net position					726,610	7,162,236	7,888,846	264,504	154,077
Net position, beginning of year					203,306,906	192,421,974	395,728,880	530,487	1,843,326
Net position, end of year					\$ 204,033,516	\$ 199,584,210	\$ 403,617,726	\$ 794,991	\$ 1,997,403

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2013

<u>ASSETS</u>	General Fund	Capital Projects Fund	Storm Recovery FEMA Fund	Storm Recovery Insurance Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 12,835,488	\$ 12,611,897	\$ 322,731	\$ 9,457,967	\$ 6,713,205	\$ 41,941,288
Investments	—	—	—	3,000,000	1,802,452	4,802,452
Receivables (net of allowances for uncollectibles)	12,127,147	—	—	435	1,618,711	13,746,293
Due from other governments	537,995	1,603,772	2,961,009	—	4,206,806	9,309,582
Due from other funds	10,882,106	9,374,267	865,000	—	342,617	21,463,990
Prepaid items	588,813	—	—	—	—	588,813
Inventories	947,898	—	—	—	292	948,190
Total assets	\$ 37,919,447	\$ 23,589,936	\$ 4,148,740	\$ 12,458,402	\$ 14,684,083	\$ 92,800,608
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 6,437,842	\$ 1,786,500	\$ —	\$ 2,944,397	\$ 3,404,778	\$ 14,573,517
Compensated absences	74,300	—	—	—	—	74,300
Deferred revenue	1,201,993	—	—	—	1,518,319	2,720,312
Due to other funds	14,788,500	2,769,489	4,144,630	1,408,608	5,534,839	28,646,066
Total liabilities	22,502,635	4,555,989	4,144,630	4,353,005	10,457,936	46,014,195
Fund balances:						
Nonspendable:						
Prepaid items	588,813	—	—	—	—	588,813
Inventories	947,898	—	—	—	—	947,898
Restricted for:						
Capital projects	—	—	—	—	2,592,499	2,592,499
Capital Park maintenance	—	—	—	—	85,891	85,891
Garnishments	4,083	—	—	—	—	4,083
Municipal court	388,630	—	—	—	—	388,630
Hazard mitigation	—	—	—	—	3	3
Road projects	—	—	—	—	267,203	267,203
Salaries	—	—	—	—	215,062	215,062
Storm recovery	—	—	4,110	—	79,194	83,304
Committed for:						
Capital projects	—	8,732,630	—	8,105,397	395,849	17,233,876
Cemetery maintenance	—	—	—	—	157,166	157,166
Debt service	—	—	—	—	500,000	500,000
Law enforcement and public officials liability	1,016,740	—	—	—	—	1,016,740
Pensions	376,017	—	—	—	—	376,017
Tourism enhancement	—	—	—	—	326,127	326,127
Assigned for:						
Fiscal year 2013 budget	808,171	—	—	—	—	808,171
Future capital projects	—	10,301,317	—	—	—	10,301,317
Unassigned	11,286,460	—	—	—	(392,847)	10,893,613
Total fund balances	15,416,812	19,033,947	4,110	8,105,397	4,226,147	46,786,413
Total liabilities and fund balances	\$ 37,919,447	\$ 23,589,936	\$ 4,148,740	\$ 12,458,402	\$ 14,684,083	\$ 92,800,608

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

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

September 30, 2013

Total fund balances for governmental funds \$ 46,786,413

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

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

Buildings, net of accumulated depreciation of \$17,493,859	\$ 72,538,323	
Equipment, net of accumulated depreciation of \$38,588,038	14,910,296	
Infrastructure, net of accumulated depreciation of \$111,747,545	116,069,921	
Land	3,362,539	
Construction in progress	27,652,463	234,533,542

Certain receivables are not available to pay for the current period's expenditures and, therefore, are deferred in the funds 1,481,410

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	46,406	
Receivable from other governments for warrants payable to be reimbursed to City	7,425,000	
Receivable for sale of land	1,628,250	
Loans receivable under the Community Development Disaster Recovery Program	1,030,584	10,130,240

Internal service funds are used by the City to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position. 81,626

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

Warrants payable	(76,054,227)	
Section 108 loan	(1,275,000)	
Robertson Bank loan	(250,425)	
Capital lease	(374,802)	
Compensated absences	(7,450,882)	
Workers comp liability	(839,525)	
OPEB liability	(2,661,447)	
Accrued interest payable	(984,421)	
Deferred loss on refunding of warrants, to be amortized	2,216,464	
Premiums, to be amortized	(1,977,205)	
Issue costs and discount, to be amortized	671,755	(88,979,715)

Net position of governmental activities \$ 204,033,516

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, 2013

	General Fund	Capital Projects Fund	Storm Recovery FEMA Fund	Storm Recovery Insurance Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 61,075,968	\$ —	\$ —	\$ —	\$ 887,643	\$ 61,963,611
Licenses and permits	21,479,438	—	—	—	—	21,479,438
Fines and penalties	2,380,794	—	—	—	—	2,380,794
Use of property	96,093	—	—	—	—	96,093
Charges for services	4,324,970	—	—	—	—	4,324,970
Intergovernmental	31,467,051	4,679,061	—	—	4,588,363	40,734,475
Other revenues	6,648,927	319,104	650,835	3,720	2,952,292	10,574,878
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	127,473,241	4,998,165	650,835	3,720	8,428,298	141,554,259
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Expenditures:						
Current operations:						
General government	17,041,074	1,021,521	11,081	—	453,647	18,527,323
Public safety	59,050,156	137,209	—	—	554,830	59,742,195
Streets and highways	14,356,160	10,257,001	—	—	12,218	24,625,379
Environmental services	7,257,036	—	—	—	—	7,257,036
Health	130,000	—	—	—	—	130,000
Education	14,351,424	—	—	—	—	14,351,424
Culture and recreation	7,894,877	605,235	—	—	199,536	8,699,648
Library	1,870,572	—	—	—	—	1,870,572
Housing	—	—	—	—	603,953	603,953
Economic development	—	—	—	—	1,343,727	1,343,727
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total current operations	121,951,299	12,020,966	11,081	—	3,167,911	137,151,257
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Capital outlay	—	1,708,743	—	10,042,693	4,194,826	15,946,262
Debt service:						
Principal payments	8,213,500	—	—	—	75,000	8,288,500
Interest charges	3,542,831	—	—	—	46,606	3,589,437
Intergovernmental expenditures	17,318	—	—	2,836,852	3,122,923	5,977,093
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	133,724,948	13,729,709	11,081	12,879,545	10,607,266	170,952,549
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(6,251,707)	(8,731,544)	639,754	(12,875,825)	(2,178,968)	(29,398,290)

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, 2013

	<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)	\$ (6,251,707)	\$ (8,731,544)	\$ 639,754	\$ (12,875,825)	\$ (2,178,968)	\$ (29,398,290)
Other financing sources (uses):						
Warrant issuance	7,024,227	—	—	—	—	7,024,227
Premium on warrants issued	475,717	—	—	—	—	475,717
Payment to refunded bond escrow agent	(343,599)	—	—	—	—	(343,599)
Transfers in	6,351,305	5,210,796	2,504,562	940,505	2,559,599	17,566,767
Transfers out	(7,186,506)	(3,618,888)	(3,144,209)	(1,510,001)	(1,667,573)	(17,127,177)
Insurance proceeds	—	—	—	218,826	—	218,826
Total other financing sources (uses)	<u>6,321,144</u>	<u>1,591,908</u>	<u>(639,647)</u>	<u>(350,670)</u>	<u>892,026</u>	<u>7,814,761</u>
Net change in fund balances	<u>69,437</u>	<u>(7,139,636)</u>	<u>107</u>	<u>(13,226,495)</u>	<u>(1,286,942)</u>	<u>(21,583,529)</u>
Fund balances, beginning of year	15,428,319	26,173,583	4,003	21,331,892	5,513,089	68,450,886
Decrease in reserve for change in inventory	<u>(80,944)</u>	—	—	—	—	<u>(80,944)</u>
Fund balances, end of year	<u>\$ 15,416,812</u>	<u>\$ 19,033,947</u>	<u>\$ 4,110</u>	<u>\$ 8,105,397</u>	<u>\$ 4,226,147</u>	<u>\$ 46,786,413</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, 2013

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

Net change in fund balances-total governmental funds		\$ (21,583,529)
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	\$ 31,078,946	
Depreciation expense	<u>(10,882,084)</u>	20,196,862
Certain receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures, and, therefore, are deferred in the funds.		1,481,410
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Gain on sale of land	1,628,250	
Issuance of loans under Community Development Disaster Recovery Program	<u>1,030,584</u>	2,658,834
The issuance of long-term debt (e.g., warrants, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This adjustment is the net effect of the differences in the treatment of long-term debt and related items.		
Debt issued:		
Capital lease issued	(191,644)	
General warrants issued	(7,024,227)	
Debt payments made:		
Warrant payments	7,915,000	
Section 108 loan	75,000	
Robertson Bank loan	122,557	
Litigation settlement	156,375	
Capital lease payments	<u>175,943</u>	1,229,004
Debt issued in prior year is being repaid by the City Board of Education. This payment to the City provides current financial resources to government funds but has no effect on net position.		(2,250,000)
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	(80,944)	
OPEB liability	(786,144)	
Compensated absences	(695,167)	
Workers compensation	(283,947)	
Amortization of debt premium	284,182	
Amortization of loss on refunding	(47,153)	
Amortization of debt issue costs and discount	(272,833)	
Accrued interest payable	<u>3,468</u>	(1,878,538)
Premium and deferred loss on refunding of \$87,310 (net) were capitalized in the current year.		(87,310)
Internal service fund is used by the City to charge the costs of providing health insurance to individual funds. The net revenue of the internal service fund is reported with governmental activities.		<u>959,877</u>
Change in net position of governmental activities		<u>\$ 726,610</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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis**	Budget to GAAP Differences	Actual Amounts GAAP Basis**
	Original	Final			
Revenues:					
Taxes:					
Sales	\$ 34,132,579	\$ 34,165,914	\$ 34,560,092	\$ —	\$ 34,560,092
Use	2,450,000	2,450,000	2,385,464	—	2,385,464
Property tax	13,300,000	13,337,300	13,904,489	—	13,904,489
Lodging tax	4,800,000	4,800,000	5,144,645	—	5,144,645
Other local taxes	5,000,000	5,000,000	5,081,278	—	5,081,278
Total taxes	59,682,579	59,753,214	61,075,968	—	61,075,968
Licenses and permits:					
Business license	18,200,000	18,200,000	18,294,160	—	18,294,160
Other licenses	1,309,260	1,309,260	1,417,885	—	1,417,885
Building and other permits	1,420,000	1,420,000	1,767,393	—	1,767,393
Total licenses and permits	20,929,260	20,929,260	21,479,438	—	21,479,438
Fines and penalties	1,888,500	1,890,055	2,380,794	—	2,380,794
Use of property	90,500	90,500	96,093	—	96,093
Charges for services:					
Garbage collection fees and tax	4,150,000	4,150,000	4,324,970	—	4,324,970
Intergovernmental revenues:					
Federal and state grants revenue	1,140,742	1,412,202	1,426,207	—	1,426,207
Shared from local units:					
Public school bond-sales tax	10,480,000	10,480,000	10,885,500	—	10,885,500
City share of county sales tax	13,310,000	13,353,260	13,818,403	—	13,818,403
School Board for debt	—	—	2,666,250	—	2,666,250
Other	336,000	886,000	776,853	—	776,853
Shared from state	1,725,000	1,725,000	1,893,838	—	1,893,838
Total intergovernmental revenue	26,991,742	27,856,462	31,467,051	—	31,467,051

** 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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis**	Budget to GAAP Differences	Actual Amounts GAAP Basis**
	Original	Final			
Revenues: (Continued)					
Other operating revenues:					
Interest on investments	\$ 44,000	\$ 44,000	\$ 23,220	\$ —	\$ 23,220
Cost reimbursed	1,778,000	2,327,851	1,609,398	—	1,609,398
Other	629,200	3,437,119	5,016,309	—	5,016,309
Total other operating revenues	2,451,200	5,808,970	6,648,927	—	6,648,927
Total revenues	116,183,781	120,478,461	127,473,241	—	127,473,241
Expenditures:					
Current operations:					
General government:					
Finance:					
Personnel services	813,340	827,743	823,753	—	823,753
Other	397,919	386,064	81,521	—	81,521
Total	1,211,259	1,213,807	905,274	—	905,274
Revenue:					
Personnel services	693,396	707,500	675,828	—	675,828
Other	275,590	276,115	250,625	—	250,625
Total	968,986	983,615	926,453	—	926,453
Municipal court:					
Personnel services	635,868	645,868	656,127	—	656,127
Other	300,319	300,999	562,599	—	562,599
Total	936,187	946,867	1,218,726	—	1,218,726
Human resources:					
Personnel services	753,889	775,889	786,932	—	786,932
Other	995,460	1,167,985	1,048,797	95,684	1,144,481
Total	1,749,349	1,943,874	1,835,729	95,684	1,931,413
311 Operations:					
Personnel services	281,542	281,542	267,757	—	267,757
Other	99,626	99,976	15,871	—	15,871
Total	381,168	381,518	283,628	—	283,628
Information technology:					
Personnel services	1,267,296	1,299,776	1,251,330	—	1,251,330
Other	1,970,648	3,099,537	2,126,881	557,198	2,684,079
Total	3,237,944	4,399,313	3,378,211	557,198	3,935,409

** 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, 2013

	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	\$ 536,297	\$ 589,570	\$ 598,422	\$ —	\$ 598,422
Other	529,021	583,804	358,530	(1,020)	357,510
	<u>1,065,318</u>	<u>1,173,374</u>	<u>956,952</u>	<u>(1,020)</u>	<u>955,932</u>
Council:					
Personnel services	216,050	216,050	219,868	—	219,868
Other	69,378	69,703	54,452	—	54,452
	<u>285,428</u>	<u>285,753</u>	<u>274,320</u>	<u>—</u>	<u>274,320</u>
Federal programs:					
Personnel services	451,913	427,311	398,325	—	398,325
Other	177,622	203,088	175,524	289	175,813
	<u>629,535</u>	<u>630,399</u>	<u>573,849</u>	<u>289</u>	<u>574,138</u>
Arts and entertainment:					
Personnel services	395,969	584,603	495,063	—	495,063
Other	907,599	1,182,706	1,206,003	(1,035)	1,204,968
	<u>1,303,568</u>	<u>1,767,309</u>	<u>1,701,066</u>	<u>(1,035)</u>	<u>1,700,031</u>
City attorney:					
Personnel services	961,181	961,181	930,964	—	930,964
Other	734,009	743,600	697,474	217	697,691
	<u>1,695,190</u>	<u>1,704,781</u>	<u>1,628,438</u>	<u>217</u>	<u>1,628,655</u>
Total general government	<u>13,463,932</u>	<u>15,430,610</u>	<u>13,682,646</u>	<u>651,333</u>	<u>14,333,979</u>
Public safety:					
Police:					
Personnel services	20,324,398	20,329,698	20,775,363	—	20,775,363
Other	7,302,486	8,405,285	7,814,971	773,745	8,588,716
	<u>27,626,884</u>	<u>28,734,983</u>	<u>28,590,334</u>	<u>773,745</u>	<u>29,364,079</u>
Fire and rescue service:					
Personnel services	14,758,600	14,616,730	14,551,065	—	14,551,065
Other	5,116,449	5,634,923	5,552,609	65,980	5,618,589
	<u>19,875,049</u>	<u>20,251,653</u>	<u>20,103,674</u>	<u>65,980</u>	<u>20,169,654</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, 2013

	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	\$ 950,000	\$ 950,000	\$ 652,293	\$ —	\$ 652,293
	950,000	950,000	652,293	—	652,293
Planning and development services (inspections):					
Personnel services	3,068,286	3,073,669	2,905,848	—	2,905,848
Other	3,514,691	3,578,481	2,918,598	(153,913)	2,764,685
	6,582,977	6,652,150	5,824,446	(153,913)	5,670,533
Communications:					
Personnel services	1,033,596	1,033,596	980,050	—	980,050
Other	435,625	512,597	399,070	46,522	445,592
	1,469,221	1,546,193	1,379,120	46,522	1,425,642
Emergency management:					
Personnel services	121,959	123,459	120,881	—	120,881
Other	217,819	276,393	220,695	10,272	230,967
	339,778	399,852	341,576	10,272	351,848
Recovery:					
Personnel services	416,768	343,289	285,948	—	285,948
Other	471,626	1,368,019	679,389	450,770	1,130,159
	888,394	1,711,308	965,337	450,770	1,416,107
Total public safety	57,732,303	60,246,139	57,856,780	1,193,376	59,050,156
Streets and highways:					
Personnel services	7,412,228	7,412,228	7,429,907	—	7,429,907
Other	6,270,133	6,730,347	7,170,974	(244,721)	6,926,253
	13,682,361	14,142,575	14,600,881	(244,721)	14,356,160
Environmental services:					
Personnel services	3,706,271	3,706,271	3,626,664	—	3,626,664
Other	3,564,315	3,586,940	3,677,522	(47,150)	3,630,372
	7,270,586	7,293,211	7,304,186	(47,150)	7,257,036
Health	130,000	130,000	130,000	—	130,000
Education:					
Funds provided to City school system	13,155,000	13,155,000	13,560,500	—	13,560,500
Personnel services	229,532	229,532	102,880	—	102,880
Other	648,022	696,267	688,044	—	688,044
	14,032,554	14,080,799	14,351,424	—	14,351,424

** 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, 2013

	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	\$ 4,100,000	\$ 4,100,000	\$ 4,100,000	\$ —	\$ 4,100,000
Amphitheater, Rivermarket and Transportation Museum	—	—	3,191,142	—	3,191,142
Other	—	575,000	603,735	—	603,735
	<u>4,100,000</u>	<u>4,675,000</u>	<u>7,894,877</u>	<u>—</u>	<u>7,894,877</u>
Library:					
Funds provided to Library Board	1,819,581	1,870,572	1,870,572	—	1,870,572
	<u>1,819,581</u>	<u>1,870,572</u>	<u>1,870,572</u>	<u>—</u>	<u>1,870,572</u>
Other activities:					
Funds to other agencies:					
Alabama Blues Project	10,000	10,000	10,000	—	10,000
Arts and Humanities Council	50,000	50,000	50,000	—	50,000
Boys and Girls Club	20,000	20,000	20,000	—	20,000
Cemetery Expense	12,000	12,000	7,442	—	7,442
Child Abuse Prevention	5,000	5,000	5,000	—	5,000
Civil Service Board	18,000	18,000	18,000	—	18,000
DCH - Kid One Transport	50,000	50,000	50,000	—	50,000
Focus on Senior Citizens	102,500	102,500	102,500	—	102,500
Friedman Home	17,200	17,200	17,953	—	17,953
Indian Rivers Mental Health Center	25,000	25,000	25,000	—	25,000
Jemison Foundation	60,000	60,000	60,000	—	60,000
Metro Animal Shelter	25,000	25,000	25,235	—	25,235
Soil and Water Conservation Authority	12,500	12,500	12,500	—	12,500
Tax Equalization Board	300	300	175	—	175
Theatre Tuscaloosa	15,000	15,000	15,000	—	15,000
Tuscaloosa Community Dancers	10,000	10,000	10,000	—	10,000
Tuscaloosa County Industrial Development Authority	400,000	525,000	525,000	—	525,000
Tuscaloosa Parking & Transit Authority	500,875	540,204	537,295	—	537,295
Tuscaloosa Sister Cities Commission	116,000	116,000	116,000	—	116,000
Tuscaloosa Symphony	30,000	30,000	30,000	—	30,000
Tuscaloosa Tourism and Sports Commission	1,050,000	1,050,000	1,050,000	—	1,050,000
West Alabama Aids Outreach	15,000	15,000	15,000	—	15,000
West Alabama Planning and Development Council	37,997	37,997	37,997	—	37,997
Contingencies and other	381,389	44,545	(33,002)	—	(33,002)
	<u>2,963,761</u>	<u>2,791,246</u>	<u>2,707,095</u>	<u>—</u>	<u>2,707,095</u>
Total current operations	<u>115,195,078</u>	<u>120,660,152</u>	<u>120,398,461</u>	<u>1,552,838</u>	<u>121,951,299</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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis**	Budget to GAAP Differences	Actual Amounts GAAP Basis**
	Original	Final			
Expenditures (Continued):					
Total current operations (brought forward):	\$ 115,195,078	\$ 120,660,152	\$ 120,398,461	\$ 1,552,838	\$ 121,951,299
Capital outlay	199,209	292,636	—	—	—
Debt service:					
Principal	2,477,557	2,477,557	8,213,500	—	8,213,500
Interest	3,023,484	3,023,484	3,542,831	—	3,542,831
Intergovernmental expenditures	—	—	17,318	—	17,318
Total expenditures	120,895,328	126,453,829	132,172,110	1,552,838	133,724,948
Excess (deficiency) of revenues over expenditures	(4,711,547)	(5,975,368)	(4,698,869)	(1,552,838)	(6,251,707)
Other financing sources (uses):					
Warrant issuance	—	950,000	7,024,227	—	7,024,227
Premium on warrants issued	—	—	—	—	475,717
Payment to refunded warrant escrow agent	—	—	—	—	(343,599)
Transfers in:					
Amphitheater Fund	1,866,942	2,121,393	1,084,757	—	1,084,757
Beer Tax Bonus Fund	516,719	516,719	434,876	—	434,876
Community Development Funds	125,000	125,000	—	—	—
Capital Projects Fund (Future Improvement Fund)	—	240,449	14,000	—	14,000
Public Officials Fund	—	—	—	—	—
Health Insurance (Internal Service) Fund	—	—	—	—	—
Storm Recovery Funds	888,394	972,315	4,403,364	—	4,403,364
Water and Sewer Fund	2,896,309	2,906,309	414,308	—	414,308
Transfers out:					
Amphitheater Fund	(854,545)	(854,545)	(933,531)	—	(933,531)
Airport Development Fund	—	—	—	—	—
Capital Projects Fund (Future Improvement Fund)	—	—	(4,817,818)	—	(4,817,818)
Community Development Funds	—	—	(14,401)	—	(14,401)
Intermodal Fund	(50,000)	(50,000)	(43,000)	—	(43,000)
Police Department Funds	(250,000)	(250,000)	(350,902)	—	(350,902)
Storm Recovery Funds	—	—	(285,088)	—	(285,088)
Tourism Enhancement and Tourism Capital Projects Fund	(427,272)	(427,272)	(466,766)	—	(466,766)
Water and Sewer Fund	—	(275,000)	(275,000)	—	(275,000)
Total	4,711,547	5,975,368	6,189,026	—	6,321,144
Net change in fund balances	—	—	1,490,157	(1,552,838)	69,437
Fund balances, beginning of year	15,428,319	15,428,319	13,316,695	2,111,624	15,428,319
Decrease in reserve for change in inventory	—	—	(80,944)	—	(80,944)
Fund balances - end of year	\$ 15,428,319	\$ 15,428,319	\$ 14,725,908	\$ 558,786	\$ 15,416,812

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

See accompanying notes to financial statements.

CITY OF TUSCALOOSA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2013

	Business-Type Activity		Total Business-Type Activity Funds	Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund		Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 6,592,994	\$ 13,231	\$ 6,606,225	\$ 1,187,020
Accounts receivable (net of allowance for uncollectibles)	2,869,487	—	2,869,487	729
Assessments receivable - principal - current and past due	8,157	—	8,157	—
Special assessments interest receivable	2,522	—	2,522	—
Due from other funds	11,040,319	—	11,040,319	1,202,658
Inventory	1,253,156	—	1,253,156	—
Unbilled water and sewer receivables	3,190,973	—	3,190,973	—
Other current assets	3,964	—	3,964	—
Total current assets	<u>24,961,572</u>	<u>13,231</u>	<u>24,974,803</u>	<u>2,390,407</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	10,818,628	—	10,818,628	—
Total restricted assets	<u>10,818,628</u>	<u>—</u>	<u>10,818,628</u>	<u>—</u>
Capital assets:				
Land	1,730,958	—	1,730,958	—
Movable equipment	7,189,778	—	7,189,778	—
Administration - business office	10,933,074	—	10,933,074	—
Distribution - buildings, mains, etc.	177,139,085	—	177,139,085	—
Pumping purification - buildings, etc.	69,509,360	—	69,509,360	—
Sewage system properties	135,100,069	—	135,100,069	—
Source of supply - dams, buildings, etc.	12,302,854	—	12,302,854	—
Construction in progress	3,024,181	—	3,024,181	—
Less: Accumulated depreciation	<u>(139,563,783)</u>	<u>—</u>	<u>(139,563,783)</u>	<u>—</u>
Total capital assets (net of accumulated depreciation)	<u>277,365,576</u>	<u>—</u>	<u>277,365,576</u>	<u>—</u>
Unamortized warrant issue costs	870,062	—	870,062	—
Total noncurrent assets	<u>289,054,266</u>	<u>—</u>	<u>289,054,266</u>	<u>—</u>
Total assets	<u>314,015,838</u>	<u>13,231</u>	<u>314,029,069</u>	<u>2,390,407</u>

See accompanying notes to financial statements.

CITY OF TUSCALOOSA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2013

	Business-Type Activity		Total Business-Type Activity Funds	Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund		Internal Service Fund
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,782,722	\$ 16,256	\$ 1,798,978	\$ 39,918
Due to other funds	3,532,333	—	3,532,333	1,528,569
Compensated absences	263,000	—	263,000	—
Accrued interest payable	916,972	—	916,972	—
Current portion of workers compensation claims	2,353	—	2,353	—
Current portion of warrants payable	5,039,980	—	5,039,980	—
Total current liabilities	<u>11,537,360</u>	<u>16,256</u>	<u>11,553,616</u>	<u>1,568,487</u>
Noncurrent liabilities:				
Warrants payable (net of deferred amount on refunding)	92,670,628	—	92,670,628	—
Net OPEB obligation	443,836	—	443,836	—
Deferred revenue	7,463	—	7,463	—
Unamortized warrant premium	6,546,100	—	6,546,100	—
Developer deposits on water lines	262,436	—	262,436	—
Customer deposits	2,174,942	—	2,174,942	—
Compensated absences	633,100	—	633,100	—
Workers compensation claims	110,218	—	110,218	—
Outstanding claims liability	—	—	—	773,900
Total noncurrent liabilities	<u>102,848,723</u>	<u>—</u>	<u>102,848,723</u>	<u>773,900</u>
Total liabilities	<u>114,386,083</u>	<u>16,256</u>	<u>114,402,339</u>	<u>2,342,387</u>
NET POSITION				
Invested in capital assets, net of related debt	173,155,705	—	173,155,705	—
Unrestricted	26,474,050	(3,025)	26,471,025	48,020
Total net position	<u>\$ 199,629,755</u>	<u>\$ (3,025)</u>	199,626,730	<u>\$ 48,020</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund			<u>(42,520)</u>	
Net position of business-type activities			<u>\$ 199,584,210</u>	

See accompanying notes to financial statements.

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

For the year ended September 30, 2013

	Business-Type Activity		Total Business-Type Activity Funds	Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund		Internal Service Fund
Operating revenues:				
Charges for services	\$ 40,734,398	\$ 25,451	\$ 40,759,849	\$ 12,251,203
Miscellaneous	16,891	—	16,891	—
Total operating revenues	<u>40,751,289</u>	<u>25,451</u>	<u>40,776,740</u>	<u>12,251,203</u>
Operating expenses:				
Personnel services	10,843,494	—	10,843,494	—
Outside services	1,794,547	72,485	1,867,032	—
Chemicals	1,420,518	—	1,420,518	—
Utilities and telephone	3,152,496	—	3,152,496	—
Repairs, maintenance and supplies	1,776,523	—	1,776,523	—
Other expenses	1,192,131	15	1,192,146	9,000
Depreciation and amortization	8,405,803	—	8,405,803	—
Special projects	1,234,745	—	1,234,745	—
Cost reimbursement to general fund	2,485,901	—	2,485,901	—
Insurance claims and expenses	—	—	—	11,135,968
Total operating expenses	<u>32,306,158</u>	<u>72,500</u>	<u>32,378,658</u>	<u>11,144,968</u>
Operating income (loss)	<u>8,445,131</u>	<u>(47,049)</u>	<u>8,398,082</u>	<u>1,106,235</u>
Non-operating revenues (expenses):				
Interest income	18,122	—	18,122	634
Gain on disposal of capital assets	57,680	—	57,680	—
Interest expense	(3,898,779)	—	(3,898,779)	—
Amortization of loss on debt retirement	(523,238)	—	(523,238)	—
Total non-operating revenues (expenses)	<u>(4,346,215)</u>	<u>—</u>	<u>(4,346,215)</u>	<u>634</u>
Income (loss) before contributions and transfers	4,098,916	(47,049)	4,051,867	1,106,869
Capital grant revenue	1,896,870	—	1,896,870	—
Capital contributions	1,800,081	—	1,800,081	—
Transfers in	322,987	43,000	365,987	—
Transfers out	(805,577)	—	(805,577)	—
Change in net position	7,313,277	(4,049)	7,309,228	1,106,869
Total net position, beginning of year	192,316,478	1,024	192,317,502	(1,058,849)
Total net position, end of year	<u>\$ 199,629,755</u>	<u>\$ (3,025)</u>	199,626,730	<u>\$ 48,020</u>
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds are reported with business-type activities			<u>(146,992)</u>	
Change in net position of business-type activities			<u>\$ 7,162,236</u>	

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended September 30, 2013

	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	\$ 40,240,010	\$ 25,451	\$ 40,265,461	\$ —
Payments to suppliers	(12,885,021)	(73,456)	(12,958,477)	(9,000)
Payments to employees	(10,756,550)	—	(10,756,550)	—
Garbage fees collected for General Fund	4,249,326	—	4,249,326	—
Customer deposits	757,631	—	757,631	—
Refunds of customer deposits	(606,584)	—	(606,584)	—
Garbage fees remitted to General Fund	(4,199,229)	—	(4,199,229)	—
Materials purchased for other funds	(137,946)	—	(137,946)	—
Receipts from other funds	10,923	—	10,923	—
Receipts for health insurance	—	—	—	11,914,898
Refunds in excess of claims filed	—	—	—	1,388,574
Payment of health insurance premiums	—	—	—	(13,256,256)
Net cash provided by (used in) operating activities	16,672,560	(48,005)	16,624,555	38,216
Cash flows from noncapital financing activities:				
Transfer from other funds	322,987	43,000	365,987	—
Transfer to other funds	(805,578)	—	(805,578)	—
Loan to General Fund	(4,680,064)	—	(4,680,064)	—
Federal grants	2,602,532	—	2,602,532	—
Net cash provided by (used in) noncapital financing activities	(2,560,123)	43,000	(2,517,123)	—
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(9,290,950)	—	(9,290,950)	—
Interest paid on warrants	(4,474,327)	—	(4,474,327)	—
Capital contributions - developers	1,592,976	—	1,592,976	—
Waterline deposits from subdividers	238,184	—	238,184	—
Refund of waterline deposits to subdividers	(35,866)	—	(35,866)	—
Proceeds from disposal of capital assets	57,680	—	57,680	—
Payments received on loan to Airport Fund	1,000,000	—	1,000,000	—
Loan to Downtown Urban Development Fund	(1,901,757)	—	(1,901,757)	—
Warrants paid	(6,815,000)	—	(6,815,000)	—
Net cash used in capital and related financing activities	(19,629,060)	—	(19,629,060)	—

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the year ended September 30, 2013

	Business-Type Activity		Total Business-Type Activity Funds	Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund		Internal Service Fund
Cash flows from investing activities:				
Interest earned on investments	\$ 18,122	\$ —	\$ 18,122	\$ 634
Net cash provided by (used in) investing activities	18,122	—	18,122	634
Net increase (decrease) in cash and cash equivalents	(5,498,501)	(5,005)	(5,503,506)	38,850
Cash and cash equivalents, beginning of year:				
Current assets	11,622,910	18,236	11,641,146	1,148,170
Restricted assets	11,287,211	—	11,287,211	—
Total cash and cash equivalents, beginning of year	22,910,121	18,236	22,928,357	1,148,170
Cash and cash equivalents, end of year:				
Current assets	6,592,994	13,231	6,606,225	1,187,020
Restricted assets	10,818,628	—	10,818,628	—
Total cash and cash equivalents, end of year	\$ 17,411,622	\$ 13,231	\$ 17,424,853	\$ 1,187,020

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended September 30, 2013

	Business-Type Activity		Total Business-Type Activity Funds	Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund		Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 8,445,131	\$ (47,049)	\$ 8,398,082	\$ 1,106,235
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	8,405,803	—	8,405,803	—
(Increase) decrease in operating assets:				
Accounts receivable	(88,658)	—	(88,658)	19,814
Inventory	3,868	—	3,868	—
Unbilled water and sewer receivables	(422,621)	—	(422,621)	—
Due from other funds	—	—	—	(356,120)
Other assets	9,186	—	9,186	—
Increase (decrease) in operating liabilities:				
Accounts payable	100,112	(956)	99,156	39,918
Due to other funds	61,021	—	61,021	(722,431)
Outstanding claims liability	—	—	—	(49,200)
Compensated absences	(20,300)	—	(20,300)	—
OPEB liability	120,344	—	120,344	—
Workers compensation claims	58,674	—	58,674	—
Net cash provided by (used in) operating activities	<u>\$ 16,672,560</u>	<u>\$ (48,005)</u>	<u>\$ 16,624,555</u>	<u>\$ 38,216</u>
<u>Noncash Capital and Financing Activities</u>				
Forfeited developer deposits recorded as revenue	<u>\$ 207,105</u>	<u>\$ —</u>	<u>\$ 207,105</u>	<u>\$ —</u>

See accompanying notes to financial statements.

CITY OF TUSCALOOSA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

September 30, 2013

<u>ASSETS</u>	Police Officers and Firefighters Supplemental Retirement Plan Fund	Agency Fund Cash Bond
	Fund	Cash Bond
Cash and cash equivalents	\$ 141,076	\$ 231,715
Investments in certificates of deposit	200,015	—
Total assets	341,091	\$ 231,715
<u>LIABILITIES</u>		
Cash bond deposits payable	—	\$ 231,715
Total liabilities	—	\$ 231,715
<u>NET POSITION</u>		
Held in trust for pension benefits	\$ 341,091	

See accompanying notes to financial statements.

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

For the year ended September 30, 2013

	Police Officers and Firefighters Supplemental Retirement Plan Fund
Additions:	
Employer contributions	\$ 114,633
Interest income	389
Total additions	115,022
Deductions:	
Benefits paid	22,896
Administrative plan expenses	3,000
Total deductions	25,896
Change in net position	89,126
Net position, beginning of year	251,965
Net position, end of year	\$ 341,091

See accompanying notes to financial statements.



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CITY OF TUSCALOOSA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

INDEX TO NOTES

I.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	Page(s)
	A. Reporting Entity	70
	B. Financial Statements	70-71
	C. Basis of Presentation	72
	D. Basis of Accounting/Measurement Focus	73
	E. Assets, Liabilities and Net Position or Equity	73-77
	F. Revenues, Expenditures, and Expenses	77
II.	NATURAL DISASTER	77
III.	STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY	
	A. Budgetary Information	78
IV.	DETAILED NOTES ON ALL FUNDS	
	A. Deposits and Investments	79
	B. Receivables	80
	C. Capital Assets.....	81-82
	D. Interfund Balances and Transfers	82-85
	E. Unbilled Water, Sewer and Garbage Receivables	85
	F. Water and Sewer Warrant Issue Cost.....	85
	G. Compensated Absences.....	85
	H. Leases.....	86

CITY OF TUSCALOOSA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

INDEX TO NOTES

IV. DETAILED NOTES ON ALL FUNDS (Continued)	
I. Long-Term Debt.....	86
1. Loan.....	86
2. General Obligation Warrants.....	87
3. Extinguishment of Debt Through In-Substance Defeasance – General Obligation Warrants.....	88
4. Water and Sewer Warrants.....	88
5. Extinguishment of Debt Through In-Substance Defeasance and Refundings.....	89
6. Debt Covenants.....	89
7. Changes in Long-Term Liabilities.....	90
V. OTHER INFORMATION	
A. Risk Management	91
1. Health Insurance Fund	91
2. Workers Compensation Claims	92
B. Joint Ventures	93
1. Black Warrior Solid Waste Disposal Authority	93
2. Tuscaloosa County Minimum Security Facility.....	94
3. Metro Animal Shelter, Inc.	94
C. Other Post-Employment Benefits.....	95-97
D. Defined Benefit Pension Plans.....	97-102
E. Commitments and Contingencies.....	102-103
F. Subsequent Events.....	103

CITY OF TUSCALOOSA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

Discretely Presented Component Units:

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

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

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

B. Financial Statements

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

In October 2012, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. Amounts that are required to be reported as deferred outflows should be reported in a statement of net position in a separate section following assets. Similarly, amounts required to be reported as deferred inflows of resources should be reported in a separated section following liabilities. The statement of net position should report the residual amount as net position, rather than net assets or equity. The adoption of this statement did not have a material effect on the City's 2013 financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Statements (Continued)

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

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

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

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

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

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation

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

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

Major Governmental Funds

The City reports the following major governmental funds:

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

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

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

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

Major Proprietary Fund

The City has one major proprietary fund:

Water and Sewer Fund-Enterprise Fund: This fund is used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is 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 Position or Equity

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

3. **Inventories and Prepaid Items** – Inventories for both governmental and proprietary funds, consisting principally of materials and supplies held for consumption, are valued at cost, approximating market value, using the first-in, first-out (FIFO) method. The costs of governmental funds inventories are recorded as expenditures when consumed, rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The inventories and prepaid items recorded in the governmental funds do not reflect current appropriable resources, and, thus, an equivalent portion of fund balance is reported as nonspendable.
4. **Restricted Assets** – Restricted assets are those assets required to meet certain terms, covenants, and conditions of warrant indentures and other restrictions. Water and sewer restricted assets are restricted for debt service, construction of certain projects and the payment of customer deposits.
5. **Capital Assets** – Capital assets, which include machinery, equipment, vehicles, buildings, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City is currently capitalizing machinery and equipment with a cost of \$5,000 and an estimated life of at least three years. The City is reporting all infrastructure (roads, bridges, sidewalks, and similar items) including items acquired in fiscal years ended before June 30, 1980. Purchased capital assets are valued at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, offset by the interest earned on available funds until spent for construction. No interest expense from the business-type activities was capitalized for the year ended September 30, 2013.

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 Position or Equity** (Continued)

5. **Capital Assets** (Continued)

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

6. **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 Position 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 position 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 position – Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Consists of all other net position that do not meet the definition of “restricted” or “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. Restrictions may be changed or lifted only with the consent of the resource providers.
- c. Committed—resources which are subject to limitations the City imposes upon itself by action of the City Council, and that remain binding unless the limitations are removed in the same manner. An ordinance adopted by the City Council establishes a fund balance commitment.
- d. Assigned—resources neither restricted nor committed for which the City has a stated intended use. The City Council via Council Action or the Mayor as authorized by the City Council establishes these fund balance assignments.
- e. Unassigned—resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

The City did not meet the minimum fund balance requirements as of September 30, 2013 for the General Fund and Capital Projects Fund.

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 have been or will be reimbursed by FEMA and the State of Alabama, including a majority of the cost of clean-up.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information

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

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

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

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

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

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

Excess of revenues over (under) expenditures and other uses (budgetary basis)	\$ (4,698,869)
Adjustments:	
Encumbrances at beginning of year	(2,359,267)
Encumbrances at end of year	806,429
Excess of revenues and over (under) expenditures and other uses (GAAP basis)	<u>\$ (6,251,707)</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, 2013, 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	\$ 178,902	\$ 50,377	\$ 128,525
Cash and Cash Equivalents	3,000,000	3,000,000	—
Certificates of Deposit	1,623,550	1,623,550	—
	<u>\$ 4,802,452</u>	<u>\$ 4,673,927</u>	<u>\$ 128,525</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, 2013, for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectibles, are shown below. There were no receivables for the fiduciary funds.

Receivables	General	Capital Project	Enterprise	Storm Recovery FEMA	Storm Recovery Insurance	Nonmajor Funds	Total
Special assessment	\$ —	\$ —	\$ 8,157	\$ —	\$ —	\$ —	\$ 8,157
Taxes	10,458,384	—	—	—	—	—	10,458,384
Accounts receivable	1,569,040	—	3,214,435	—	435	1,618,711	6,402,621
Special assessment interest	—	—	2,522	—	—	—	2,522
Unbilled receivables	288,452	—	3,190,973	—	—	—	3,479,425
Other governments	537,995	1,603,772	11,048,365	2,961,009	—	4,206,806	20,357,947
Gross receivables	12,853,871	1,603,772	17,464,452	2,961,009	435	5,825,517	40,709,056
Less: Allowance for uncollectibles	188,729	—	344,948	—	—	—	533,677
Net Receivables	<u>\$ 12,665,142</u>	<u>\$ 1,603,772</u>	<u>\$ 17,119,504</u>	<u>\$ 2,961,009</u>	<u>\$ 435</u>	<u>\$ 5,825,517</u>	<u>\$ 40,175,379</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 \$303,934.

The governmental activities in the Statement of Net Position shows a non-current receivable in the amount of \$5,070,000. This is the amount due from the City Board of Education for the non-current portion of the 2002 warrant issue debt. See Long-term debt section for additional information.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At September 30, 2013, the Downtown Urban Revitalization capital projects fund, the Airport Development special revenue fund and the Community Development special revenue fund had deficit fund balances resulting from accrued expenditures for which revenue has been deferred.

IV. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the year ended September 30, 2013 was as follows:

	Balance September 30, 2012	Additions and Adjustments	Deletions	Balance September 30, 2013
Capital assets not being depreciated:				
Land	\$ 50,000	\$ 3,312,539	\$ —	\$ 3,362,539
Construction in progress	11,438,720	26,649,038	10,435,295	27,652,463
Total capital assets not being depreciated	<u>11,488,720</u>	<u>29,961,577</u>	<u>10,435,295</u>	<u>31,015,002</u>
Capital assets being depreciated:				
Infrastructure	220,568,275	7,249,191	—	227,817,466
Buildings	85,659,320	4,372,862	—	90,032,182
Machinery and equipment	53,801,765	3,945,685	4,249,116	53,498,334
Total capital assets being depreciated	<u>360,029,360</u>	<u>15,567,738</u>	<u>4,249,116</u>	<u>371,347,982</u>
Less accumulated depreciation for:				
Infrastructure	106,511,597	5,235,948	—	111,747,545
Buildings	15,660,126	1,833,733	—	17,493,859
Machinery and equipment	35,009,678	3,812,403	234,043	38,588,038
Total accumulated depreciation	<u>157,181,401</u>	<u>10,882,084</u>	<u>234,043</u>	<u>167,829,442</u>
Total capital assets being depreciated, net	<u>202,847,959</u>	<u>4,685,654</u>	<u>4,015,073</u>	<u>203,518,540</u>
Governmental activities capital assets, net	<u>\$ 214,336,679</u>	<u>\$ 34,647,231</u>	<u>\$ 14,450,368</u>	<u>\$ 234,533,542</u>
Business - type activities:				
Capital assets not being depreciated:				
Land	\$ 1,665,628	\$ 65,330	\$ —	\$ 1,730,958
Construction in progress	585,715	3,024,181	585,715	3,024,181
Total capital assets not being depreciated	<u>2,251,343</u>	<u>3,089,511</u>	<u>585,715</u>	<u>4,755,139</u>
Capital assets being depreciated:				
Buildings and system	398,925,507	6,058,935	—	404,984,442
Machinery and equipment	6,809,122	621,722	241,066	7,189,778
Total capital assets being depreciated	<u>405,734,629</u>	<u>6,680,657</u>	<u>241,066</u>	<u>412,174,220</u>
Less accumulated depreciation for:				
Buildings and system	126,575,550	7,819,823	—	134,395,373
Machinery and equipment	4,969,395	440,081	241,066	5,168,410
Total accumulated depreciation	<u>131,544,945</u>	<u>8,259,904</u>	<u>241,066</u>	<u>139,563,783</u>
Total capital assets being depreciated, net	<u>274,189,684</u>	<u>(1,579,247)</u>	<u>—</u>	<u>272,610,437</u>
Business-type activities capital assets, net	<u>\$ 276,441,027</u>	<u>\$ 1,510,264</u>	<u>\$ 585,715</u>	<u>\$ 277,365,576</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	\$ 1,756,066
Public safety	1,985,256
Streets and highways	5,953,231
Environmental services	475,760
Recreation	<u>711,771</u>
 Total depreciation expense-governmental activities	 \$ <u>10,882,084</u>

The City had numerous active construction projects at September 30, 2013.

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, 2013, is as follows:

Due to General Fund from:	
Water and Sewer Fund	\$ 3,388,703
Health Insurance Fund (internal service fund)	1,528,568
Capital Projects Fund	2,651,999
Storm Recovery - Insurance Fund	1,408,608
Other Funds	<u>1,904,228</u>
 Total due to General Fund from Other Funds	 \$ <u>10,882,106</u>

IV. DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Balances and Transfers (continued)

Due to Capital Project Fund from:	
General Fund	\$ 5,099,726
Storm Recovery - FEMA Fund	4,144,630
Other Funds	<u>129,911</u>
Total due to Capital Projects Fund from Other Funds	<u>\$ 9,374,267</u>
Due to Storm Recovery - FEMA Fund from:	
Other Funds	<u>\$ 865,000</u>
Total due to Storm Recovery - FEMA Fund from Other Funds	<u>\$ 865,000</u>
Due to Nonmajor Governmental Funds from:	
General Fund	\$ 225,127
Capital project fund	<u>117,490</u>
Total due to Nonmajor Governmental Funds from Other Funds	<u>\$ 342,617</u>
Due to Water and Sewer Fund from:	
General Fund	\$ 8,404,619
Other Funds	<u>2,635,700</u>
Total due to Water and Sewer Fund (proprietary fund) from Other Funds	<u>\$ 11,040,319</u>
Due to Health Insurance Fund from:	
General Fund	\$ 1,059,028
Water and Sewer Fund	<u>143,630</u>
Total due to Health Insurance Fund (internal service fund) from Other Funds	<u>\$ 1,202,658</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	\$ 414,308
Capital Projects Fund	14,000
Storm Recovery - FEMA Fund	2,994,756
Storm Recovery - Insurance Fund	1,408,608
Other Funds	<u>1,519,633</u>
Total transfer to General Fund from Other Funds	<u>\$ 6,351,305</u>
Transfer to Capital Projects Fund from:	
Water and Sewer Fund	\$ 293,024
General Fund	4,817,819
Other Funds	<u>99,953</u>
Total transfer to Capital Projects Fund from Other Funds	<u>\$ 5,210,796</u>
Transfer to Storm Recovery - FEMA Fund from:	
General Fund	\$ 47,660
Capital Projects Fund	2,355,509
Storm Recovery - Insurance Fund	<u>101,393</u>
Total transfer to Storm Recovery - FEMA Fund from Other Funds	<u>\$ 2,504,562</u>
Transfer to Storm Recovery - Insurance Fund from:	
Water and Sewer Fund	\$ 98,245
General Fund	237,428
Capital Projects Fund	455,379
Storm Recovery - FEMA Fund	<u>149,453</u>
Total transfer to Storm Recovery - Insurance Fund from Other Funds	<u>\$ 940,505</u>

IV. DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Balances and Transfers (continued)

Transfer to Nonmajor Governmental Funds from:	
General Fund	\$ 1,765,599
Capital Projects Fund	<u>794,000</u>
Total transfers to Nonmajor Governmental Funds from Other Funds	<u>\$ 2,559,599</u>
Transfer to Water and Sewer Fund from:	
General Fund	\$ 275,000
Other Funds	<u>47,987</u>
Total transfers to Water and Sewer Fund (proprietary fund) from Other Funds	<u>\$ 322,987</u>
Transfer to Intermodal Facility Retail Fund from:	
General Fund	\$ <u>43,000</u>
Total transfers to Intermodal Facility Retail Fund from Other Funds	<u>\$ 43,000</u>

E. Unbilled Water, Sewer and Garbage Receivables

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

The amount of unbilled water and sewer receivables at year-end was \$3,190,973 and the amount of unbilled garbage receivables was \$288,452.

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, 2013, the compensated absences of all City employees amounted to approximately \$8.3 million. Of this amount, \$896,100 relates to water and sewer employees and is recorded in the enterprise fund. The balance of approximately \$7.45 million relates to general City employees.

IV. DETAILED NOTES ON ALL FUNDS (Continued)

H. Leases

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

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

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

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013, were as follows:

<u>Year ending September 30</u>	<u>Governmental Activities</u>
2014	251,523
2015	180,797
Total minimum lease payments	432,320
Less: amount representing interest	57,518
	<u>\$ 374,802</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 1st and August 1st commencing on February 1, 2011. Debt service payments will continue through August 1, 2030. The interest rates range from 0.56% to 4.48% over the life of the loan. See Note IV.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 primarily for the construction of major capital facilities. General obligation warrants are direct obligations and the City pledges its full faith and credit for the debt. General obligation warrants outstanding at September 30, 2013 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
2013 General Obligation Warrants	1.00-2.00%	\$ 714,227
2012-B G.O. Refunding Warrants	2.00-5.00%	6,155,000
2010-A G.O. Refunding Warrants	1.00-4.00%	17,710,000
2010-B G.O. Refunding Warrants	1.00-5.00%	7,425,000
2009 General Obligation Warrants	3.00-5.125%	16,195,000
2007 General Obligation Warrants	4.00-5.00%	24,620,000
2005 G.O. and Refunding Warrants	3.00-5.00%	3,235,000
		<u>\$ 76,054,227</u>

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

General Long-Term Debt*			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 5,009,227	\$ 3,331,822	\$ 8,341,049
2015	4,465,000	3,144,103	7,609,103
2016	4,675,000	2,943,078	7,618,078
2017	2,165,000	2,783,290	4,948,290
2018	2,275,000	2,683,740	4,958,740
2019-2023	12,785,000	11,805,191	24,590,191
2024-2028	15,380,000	8,597,081	23,977,081
2029-2033	15,840,000	4,948,397	20,788,397
2034-2038	11,400,000	1,818,325	13,218,325
2039	2,060,000	64,202	2,124,202
Total	<u>\$ 76,054,227</u>	<u>\$ 42,119,229</u>	<u>\$ 118,173,456</u>

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

IV. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Debt (continued)

3. Extinguishment of Debt Through In-Substance Defeasance

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, 2013, \$24,065,000 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 \$105,701,155. Water and sewer warrants outstanding at September 30, 2013 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
2008 SRF Issue	3.18%	\$ 575,000
2010 SRF Issue	2.57%	3,575,000
2005 Refunding and G.O. Warrant Issue	3.00-5.00%	9,180,000
2006 G.O. Warrant Issue	3.60-5.00%	33,995,000
2012-B G.O. Warrant Issue	2.00-5.00%	28,150,000
2012-A G.O. Warrant Issue	2.00-5.00%	22,795,000
2004 Drinking Water State Revolving Loan	3.05%	4,582,441
		<u>102,852,441</u>
Less: deferred loss on refunding		<u>5,141,833</u>
Total		<u>\$ 97,710,608</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>
2014	\$ 6,535,000	\$ 4,290,681	\$ 10,825,681
2015	6,790,000	4,046,923	10,836,923
2016	7,085,000	3,758,290	10,843,290
2017	7,410,000	3,435,089	10,845,089
2018	7,750,000	3,093,356	10,843,356
2019-2023	37,420,000	10,449,362	47,869,362
2024-2028	17,157,441	3,764,990	20,922,431
2029-2033	8,760,000	1,469,772	10,229,772
2034-2035	3,945,000	140,856	4,085,856
Total	<u>\$ 102,852,441</u>	<u>\$ 34,449,319</u>	<u>\$ 137,301,760</u>

IV. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Debt (continued)

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

On November 1, 2012, the City issued \$6.310 million of general obligation warrants with interest at 2.00% to 5.00%. These warrants were issued at a premium of \$475,717. Of the total proceeds of \$6.786 million, \$3.935 million was used to partially refund the principal of the City's 2005 general obligation warrants with interest rates of 3.00%-5.00%. The reacquisition price for the 2005 Issue exceeded the net carrying amount of the old debt by \$343,599. In the government-wide financial statements, this amount is being netted against the new debt and amortized over 23 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 \$48,192. Furthermore, the refunding also generated \$2.462 million to be applied to future projects.

On November 1, 2012, the City issued \$28.885 million of water and sewer general obligation warrants with interest at 2.00% to 5.00%. These warrants were issued at a premium of \$2.178 million. Of the total proceeds of \$31.063 million, \$28.110 million was used to partially refund the principal of the City's 2005 water and sewer general obligation warrants with interest rates of 3.00%-5.00%. The reacquisition price for the 2005 Issue exceeded the net carrying amount of the old debt by \$2.474 million. This amount is being netted against the new debt and amortized over 23 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 loss of \$34,684. Furthermore, the refunding also generated approximately \$293,000 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, 2013, \$69,070,000 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, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General City warrants	\$ 76,945,000	\$ 7,024,227	\$ 7,915,000	\$ 76,054,227	\$ 5,009,227
Section 108 loan	1,350,000	—	75,000	1,275,000	75,000
Robertson Bank loan	372,982	—	122,557	250,425	124,324
Capital leases	359,101	191,644	175,943	374,802	206,249
Total warrants, notes payable, and capital leases	79,027,083	7,215,871	8,288,500	77,954,454	5,414,800
Net OPEB obligation	1,875,303	786,144	—	2,661,447	—
Litigation settlement	156,375	—	156,375	—	—
Compensated absences	6,755,715	4,820,543	4,125,376	7,450,882	2,779,247
Workers compensation claims	555,578	837,086	553,139	839,525	236,361
Governmental activity long-term liabilities	<u>\$ 88,370,054</u>	<u>\$ 13,659,644</u>	<u>\$ 13,123,390</u>	<u>\$ 88,906,308</u>	<u>\$ 8,430,408</u>
Business-type activities:					
Water and sewer warrants	\$ 108,892,441	\$ 28,885,000	\$ 34,925,000	\$ 102,852,441	\$ 6,535,000
Less deferred loss on refunding	3,191,286	2,474,174	523,627	5,141,833	532,167
Total warrants	105,701,155	26,410,826	34,401,373	97,710,608	6,002,833
Net OPEB obligation	323,492	120,344	—	443,836	—
Compensated absences	916,400	626,873	647,173	896,100	263,000
Workers compensation claims	53,897	132,844	74,170	112,571	2,353
Business-type activity long-term liabilities	<u>\$ 106,994,944</u>	<u>\$ 27,290,887</u>	<u>\$ 35,122,716</u>	<u>\$ 99,163,115</u>	<u>\$ 6,268,186</u>

The fund balance of the General Fund has been used in prior years to liquidate any obligation held in Governmental Funds. Federal funds obtained from the Community Development Block Grant and receipted in the Community Development Special Revenue Funds will be used to liquidate the Section 108 loan. The Net OPEB obligation was unfunded for the September 30, 2013 fiscal year and will remain unfunded and on a pay-as-you-go financing basis.

V. OTHER INFORMATION

A. Risk Management

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

1. Health Insurance Fund

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

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

The outstanding claims liability of \$773,900 at September 30, 2013 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, 2013 and 2012 were as follows:

	Year ended September 30, 2013	Year ended September 30, 2012
Unpaid claims, beginning of year	\$ 823,100	\$ 780,200
Incurred claims (including IBNRs)	12,475,342	11,351,120
Claims paid	<u>(12,524,542)</u>	<u>(11,308,220)</u>
Unpaid claims, end of year	<u>\$ 773,900</u>	<u>\$ 823,100</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, 2013 of \$952,096 is based on the requirements of Government Accounting Standards Board Statement 10, as explained above. The carrying value is calculated using an interest rate of 1.6%. Of the above amount, \$112,571 is reported in the Water and Sewer Enterprise Fund. The balance, \$839,525, relates to other City employees and is not reported in the governmental fund financial statements as it is not expected to be liquidated with expendable available financial resources. The liability is reported as long-term debt due after one year in the governmental activities in the Statement of Net Position.

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

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

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>

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, 2013:

Total assets	<u>\$ 30,672,357</u>
Current liabilities	\$ 135,439
Long-term liabilities	<u>11,960,225</u>
Total liabilities	<u>\$ 12,095,664</u>
Total net position	<u>\$ 18,576,693</u>
Total revenues	\$ 4,923,462
Total expenditures	(4,563,417)
Non-operating revenues, net of non-operating expenditures	<u>167,600</u>
Net increase in net position	<u>\$ 527,645</u>

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

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

V. OTHER INFORMATION (Continued)

B. Joint Ventures (continued)

2. Tuscaloosa County Minimum Security Facility

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

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

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

3. Metro Animal Shelter, Inc.

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

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

At each June 30 fiscal year end, the Shelter is to return all profits in excess of \$10,000 to be placed in an account for maintenance, repairs and improvements at the shelter. For the year ended June 30, 2013, no excess was returned to the City.

V. OTHER INFORMATION (Continued)

C. Other Post-Employment Benefits

1. Plan Description

The City participates in a single-employer, 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 of 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, 2013, the City and plan members receiving benefits contributed \$415,325.

3. Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 1,361,018
Interest on net OPEB obligation	87,952
Adjustment to annual required contribution	<u>(127,157)</u>
Annual OPEB cost	1,321,813
Contributions made (retiree premium)	<u>(415,325)</u>
Increase in net OPEB obligation	906,488
Net OPEB obligation - beginning of the year	<u>2,198,795</u>
Net OPEB obligation - end of the year	<u>\$ 3,105,283</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 2013 were as follows:

Three Year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2013	\$ 1,321,813	\$ 415,325	31.42%	\$ 3,105,283
9/30/2012	\$ 816,477	\$ 290,160	35.54%	\$ 2,198,795
9/30/2011	\$ 823,661	\$ 220,022	26.71%	\$ 1,672,478

4. Funded Status and Funding Progress

As of October 1, 2012, the most recent actuarial valuation date for fiscal year ending September 30, 2013, the plan was zero percent funded. The actuarial accrued liability for benefits was \$13,478,068, and the actuarial value of plan assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$13,478,068. The covered payroll (annual payroll of active employees covered by the plan) was \$66,520,103, and the ratio of the UAAL to the covered payroll was 20.26 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, 2013, the fifth 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, 2012 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, 2013, the most recent actuarial valuation date, the actuarial value of plan assets was \$360,904; the actuarial accrued liability was \$1,066,687; the total unfunded actuarial accrued liability was \$705,783; the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio) was 33.8 percent; the annual covered payroll was \$3.052 million; and the ratio of the unfunded actuarial liability to annual covered payroll was 23.1 percent. The actuarial assumptions used are described in the Funding Policy and Annual Pension Cost section in Note V.D.6. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

V. OTHER INFORMATION (Continued)

D. Defined Benefit Pension Plans (continued)

3. Employees Retirement System of Alabama

a. Plan Description

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

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

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

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

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

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

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

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

V. OTHER INFORMATION (Continued)

D. Defined Benefit Pension Plans (continued)

c. Funded Status and Funding Progress

As of September 30, 2012, the most recent actuarial valuation date, the actuarial value of plan assets was \$55,934,195; the actuarial accrued liability was \$75,530,362; the total unfunded actuarial accrued liability was \$19,596,167; the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio) was 74.1 percent; the annual covered payroll was \$29.8 million; and the ratio of the unfunded actuarial liability to annual covered payroll was 65.8 percent. The actuarial assumptions used are described in the Funding Policy and Annual Pension Cost section in Note V.D.6. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

4. Met Life Retirement and Savings Plan

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

5. Tuscaloosa Police Officers and Fire Fighters Retirement Plan

a. Plan Description

This plan is open to all certified firemen and policemen. Normal retirement benefits become payable, regardless of age, after completion of 20 years of service, or age 65. The normal retirement for employees participating in this pension plan is 4.5% 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, 2013, the most recent actuarial valuation date, the actuarial value of plan assets was \$58,542,645; the actuarial accrued liability was \$141,156,245; the total unfunded actuarial accrued liability was \$82,613,600; the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio) was 41.5%; the annual covered payroll was \$28,180,911; and the ratio of the unfunded actuarial liability to annual covered payroll was 293.2%. The actuarial assumptions used are described in the Funding Policy and Annual Pension Cost section in Note V.D.6. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

V. OTHER INFORMATION (Continued)

D. Defined Benefit Pension Plans (continued)

6. Funding Policy and Annual Pension Cost

Management of each plan as well as the contribution requirement for the plan members and the City are determined by the respective oversight units as described below. The City's annual pension cost for the current year and the related information for each plan is as follows (for Employees Retirement System of Alabama, September 30, 2012 is the most recent information available to the City from the plan):

	Police Officers and Firefighters Supplemental Retirement Plan	Employees Retirement System of Alabama	Met Life Retirement and Savings Plan	Tuscaloosa Police Officers and Fire Fighters Retirement Plan
Oversight authority	City Council of the City of Tuscaloosa	State of Alabama	City Council of the City of Tuscaloosa	Board of Trustees of the Pension and Relief Fund
Statutory authority for participation in Plan	Article XVI of Chapter 19 of the Code of Tuscaloosa	Alabama Code §36-27-6, et seq. (1975)	Alabama Code §11-91-8 (1975)	Act. No. 99-568 of the 1999 Legislative Session
Contribution rates:				
City - Tier 1	N/A	7.21%	N/A	N/A
City - Tier 2	N/A	4.91%	N/A	N/A
City	2.58%	N/A	**	13.25%
Plan members - Tier 1	N/A	5.00%	N/A	N/A
Plan members - Tier 2	N/A	6.00%	N/A	N/A
Plan members	0.00%	N/A	**	11.25%
Annual pension cost	\$67,000	\$1,970,618	**	\$3,980,186
Contribution made	\$114,633	\$1,970,618	**	\$3,980,186
Actuarial valuation date	1/1/2013	9/30/2012	11/1/2006	1/1/2013
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	22 years	20 years	29 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	9/30/2012	\$ 1,970,618	100.00%	\$ —
	9/30/2011	1,990,256	100.00%	—
	9/30/2010	1,787,940	100.00%	—
Police Officers and Firefighters Supplemental Retirement Plan	9/30/2013	67,000	100.00%	—
	9/30/2012	67,000	100.00%	—
	9/30/2011	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	1/1/2013	3,980,186	100.00%	—
	1/1/2012	3,884,760	100.00%	—
	1/1/2011	3,742,898	100.00%	—

E. Commitments and Contingencies

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

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

The City has General Fund encumbrances outstanding as of September 30, 2013 of \$806,429.

The City finalized 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 an annual cost of \$1,725,000 to meet the requirements in the agreement.

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

V. OTHER INFORMATION (Continued)

F. Subsequent Events

In 2013, the City executed a \$10 million line of credit with Regions Bank. Approximately \$860,000 has been drawn down, as of the time this report is dated. The City expects to pay off the line of credit with a 2014 warrant issue that will primarily finance park and recreation improvements.

In 2014, the City refunded a Drinking Water State Revolving Loan, which will result in reduced debt service savings over the life of the original loan.



CITY OF TUSCALOOSA

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS

September 30, 2013

<u>Fiscal Year</u>	<u>(1) Actuarial Value of Assets</u>	<u>(2) Actuarial Accrued Liability (AAL) -Entry Age</u>	<u>(3) Unfunded (Funded) UAL (UAAL) (2-1)</u>	<u>(4) Funded Ratio (1 / 2)</u>	<u>(5) Covered Payroll</u>	<u>(6) UAAL as a Percentage of Covered Payroll (3/5)</u>
I. Employees Retirement System of Alabama (valuation as of each September 30):						
2012*	\$ 55,934,195	\$ 75,530,362	\$ 19,596,167	74.1 %	\$ 29,790,480	65.8 %
2011	54,562,125	77,481,727	22,919,602	70.4	31,400,424	73.0
2010	53,809,654	73,478,675	19,669,021	73.2	29,852,244	65.9
II. Met Life Retirement and Savings Plan (valuation as of each November 1):						
2006	\$ 1,032,960	\$ 2,179,251	\$ 1,146,291	47.4 %	\$ 4,485,000	25.6 %
2005	870,821	1,838,127	967,306	47.4	4,688,320	20.6
2004	1,008,553	1,885,800	877,247	53.5	4,846,774	18.1
III. Tuscaloosa Police Officers and Fire Fighters Retirement Plan (valuation as of each January 1):						
2013	\$ 58,542,645	\$ 141,156,245	\$ 82,613,600	41.5 %	\$ 28,180,911	293.2 %
2012	60,188,727	137,649,861	77,461,134	43.7	26,804,554	289.0
2011	61,108,572	134,931,446	73,822,874	45.3	25,982,540	284.1
IV. Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (valuation as of each January 1):						
2013	\$ 360,904	\$ 1,066,687	\$ 705,783	33.80 %	\$ 3,051,742	23.1 %
2012	201,568	1,252,081	1,050,513	16.10	3,758,145	28.0
2011	159,010	789,051	630,041	20.00	3,224,663	20.0
V. Tuscaloosa Post Employment Health Care Plan (annual valuation as of each October 1):						
2012	\$ —	\$ 12,959,681	\$ 12,959,681	— %	\$ 66,520,103	19.5 %
2011	—	8,521,587	8,521,587	—	63,552,711	13.4
2010	—	8,082,755	8,082,755	—	61,898,070	13.1

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



CITY OF TUSCALOOSA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

September 30, 2013

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	\$ 3,148,849	\$ 1,776,037	\$ 66,292	\$ 371,296	\$ 372,982	\$ 944,145	\$ 33,604	\$ 6,713,205
Investments	1,802,452	—	—	—	—	—	—	1,802,452
Receivables (net of allowances for uncollectibles)	25,591	—	—	91,468	22,867	1,478,785	—	1,618,711
Due from other governments	1,221,700	2,985,106	—	—	—	—	—	4,206,806
Due from other funds	285,353	—	—	—	—	—	57,264	342,617
Inventory	292	—	—	—	—	—	—	292
Total assets	\$ 6,484,237	\$ 4,761,143	\$ 66,292	\$ 462,764	\$ 395,849	\$ 2,422,930	\$ 90,868	\$ 14,684,083
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 476,027	\$ 1,448,045	\$ —	\$ —	\$ —	\$ 1,478,736	\$ 1,970	\$ 3,404,778
Deferred revenue	809,628	708,691	—	—	—	—	—	1,518,319
Due to other funds	1,332,795	3,334,037	—	—	—	865,000	3,007	5,534,839
Total liabilities	2,618,450	5,490,773	—	—	—	2,343,736	4,977	10,457,936
Fund balances:								
Restricted for:								
Capital projects	2,063,443	—	66,292	462,764	—	—	—	2,592,499
Capital Park maintenance	—	—	—	—	—	—	85,891	85,891
Hazard mitigation	3	—	—	—	—	—	—	3
Road projects	267,203	—	—	—	—	—	—	267,203
Salaries	215,062	—	—	—	—	—	—	215,062
Storm recovery	—	—	—	—	—	79,194	—	79,194
Committed for:								
Capital projects	—	—	—	—	395,849	—	—	395,849
Cemetery maintenance	157,166	—	—	—	—	—	—	157,166
Debt service	500,000	—	—	—	—	—	—	500,000
Tourism enhancement	326,127	—	—	—	—	—	—	326,127
Unassigned	336,783	(729,630)	—	—	—	—	—	(392,847)
Total fund balances	3,865,787	(729,630)	66,292	462,764	395,849	79,194	85,891	4,226,147
Total liabilities and fund balances	\$ 6,484,237	\$ 4,761,143	\$ 66,292	\$ 462,764	\$ 395,849	\$ 2,422,930	\$ 90,868	\$ 14,684,083

CITY OF TUSCALOOSA

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

For the year ended September 30, 2013

	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	\$ 887,643	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 887,643
Intergovernmental	839,534	—	—	—	—	3,748,829	—	4,588,363
Other revenues	2,734,961	—	—	107,638	277	109,416	—	2,952,292
Total revenues	4,462,138	—	—	107,638	277	3,858,245	—	8,428,298
Expenditures:								
Current operations:								
General government	255,914	—	—	—	—	197,733	—	453,647
Public safety	554,830	—	—	—	—	—	—	554,830
Streets and highways	12,218	—	—	—	—	—	—	12,218
Culture and recreation	185,135	—	—	—	—	—	14,401	199,536
Housing	603,953	—	—	—	—	—	—	603,953
Economic development	203,727	—	—	—	—	1,140,000	—	1,343,727
Total current operations	1,815,777	—	—	—	—	1,337,733	14,401	3,167,911
Capital outlay	2,326,226	1,454,616	—	20,589	—	393,395	—	4,194,826
Debt service:								
Principal payments	75,000	—	—	—	—	—	—	75,000
Interest charges	46,606	—	—	—	—	—	—	46,606
Intergovernmental expenditures	1,000,000	—	—	—	75,000	2,047,923	—	3,122,923
Total expenditures	5,263,609	1,454,616	—	20,589	75,000	3,779,051	14,401	10,607,266
Excess (deficiency) of revenues over expenditures	(801,471)	(1,454,616)	—	87,049	(74,723)	79,194	(14,401)	(2,178,968)
Other financing sources (uses) :								
Transfers in	584,285	600,000	—	1,127,530	233,383	—	14,401	2,559,599
Transfers out	(582,816)	—	—	(1,084,757)	—	—	—	(1,667,573)
Total other financing sources (uses)	1,469	600,000	—	42,773	233,383	—	14,401	892,026
Net change in fund balances	(800,002)	(854,616)	—	129,822	158,660	79,194	—	(1,286,942)
Fund balances, beginning of year	4,665,789	124,986	66,292	332,942	237,189	—	85,891	5,513,089
Fund balances, end of year	\$ 3,865,787	\$ (729,630)	\$ 66,292	\$ 462,764	\$ 395,849	\$ 79,194	\$ 85,891	\$ 4,226,147

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, 2013
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	\$ 118,686	\$ 102,773	\$ 235,471	\$ 189,644	\$ 36,398	\$ 47,550	\$ 2,049,852
Investments	—	—	—	—	—	122,780	1,500,770
Receivables	—	—	2,724	—	—	—	—
Due from other governments	10,540	886,686	189,965	89,777	—	44,732	—
Due from other funds	161,409	123,944	—	—	—	—	—
Inventory	—	—	—	—	292	—	—
Total assets	\$ 290,635	\$ 1,113,403	\$ 428,160	\$ 279,421	\$ 36,690	\$ 215,062	\$ 3,550,622
 <u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ 75,478	\$ 166,677	\$ 233,845	\$ —	\$ —	\$ —	\$ —
Deferred revenue	448	692,719	80,000	—	35,477	—	—
Due to other funds	214,573	922,873	159,288	12,218	1,213	—	—
Total liabilities	290,499	1,782,269	473,133	12,218	36,690	—	—
Fund balances:							
Restricted for:							
Capital projects	136	—	—	—	—	—	2,000,000
Hazard mitigation	—	—	—	—	—	—	—
Road projects	—	—	—	267,203	—	—	—
Salaries	—	—	—	—	—	215,062	—
Committed for:							
Cemetery maintenance	—	—	—	—	—	—	—
Debt service	—	—	—	—	—	—	500,000
Tourism enhancement	—	—	—	—	—	—	—
Unassigned	—	(668,866)	(44,973)	—	—	—	1,050,622
Total fund balances	136	(668,866)	(44,973)	267,203	—	215,062	3,550,622
Total liabilities and fund balances	\$ 290,635	\$ 1,113,403	\$ 428,160	\$ 279,421	\$ 36,690	\$ 215,062	\$ 3,550,622

CITY OF TUSCALOOSA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

September 30, 2013
2 of 2

<u>ASSETS</u>	Evergreen Cemetery Fund	Hazard Mitigation Fund	Alternative Energy Fund	Section 108 Funds	Tourism Enhancement Fund	Total Nonmajor Special Revenue Funds
Cash and cash equivalents	\$ 791	\$ 1,117	\$ —	\$ 63,307	\$ 303,260	\$ 3,148,849
Investments	178,902	—	—	—	—	1,802,452
Receivables	—	—	—	—	22,867	25,591
Due from other governments	—	—	—	—	—	1,221,700
Due from other funds	—	—	—	—	—	285,353
Inventory	—	—	—	—	—	292
Total assets	\$ 179,693	\$ 1,117	\$ —	\$ 63,307	\$ 326,127	\$ 6,484,237
 <u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 27	\$ —	\$ —	\$ —	\$ —	\$ 476,027
Deferred revenue	—	984	—	—	—	809,628
Due to other funds	22,500	130	—	—	—	1,332,795
Total liabilities	22,527	1,114	—	—	—	2,618,450
Fund balances:						
Restricted for:						
Capital projects	—	—	—	63,307	—	2,063,443
Hazard mitigation	—	3	—	—	—	3
Road projects	—	—	—	—	—	267,203
Salaries	—	—	—	—	—	215,062
Committed for:						
Cemetery maintenance	157,166	—	—	—	—	157,166
Debt service	—	—	—	—	—	500,000
Tourism enhancement	—	—	—	—	326,127	326,127
Unassigned	—	—	—	—	—	336,783
Total fund balances	157,166	3	—	63,307	326,127	3,865,787
Total liabilities and fund balances	\$ 179,693	\$ 1,117	\$ —	\$ 63,307	\$ 326,127	\$ 6,484,237

CITY OF TUSCALOOSA

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

For the year ended September 30, 2013

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
Revenues:							
Taxes:							
Gas tax - State of Alabama	\$ —	\$ —	\$ —	\$ 410,372	\$ —	\$ —	\$ —
Share of beer tax	—	—	—	—	—	477,271	—
Intergovernmental revenues:							
Federal grants	50,289	16,463	519,096	—	—	—	—
State and local grants	179,987	866	—	—	72,833	—	—
Other operating revenues:							
Interest on investments	13	—	—	—	—	400	3,017
Share of tag receipts	—	—	—	235,599	—	—	—
Collection of principal and interest	—	—	287,896	—	—	—	—
Other	39,705	4,588	124,000	—	1,604	—	2,035,121
Total revenues	269,994	21,917	930,992	645,971	74,437	477,671	2,038,138
Expenditures:							
Current:							
General government	—	—	142,316	—	74,437	—	—
Public safety	554,830	—	—	—	—	—	—
Streets and highways	—	—	—	12,218	—	—	—
Culture and recreation	—	—	53,685	—	—	—	—
Housing program	—	—	603,187	—	—	—	—
Economic development	—	—	203,727	—	—	—	—
Total current operations	554,830	—	1,002,915	12,218	74,437	—	—
Capital outlay	82,188	675,820	109,601	1,458,617	—	—	—
Debt service:							
Principal payments	—	—	75,000	—	—	—	—
Interest charges	—	—	46,606	—	—	—	—
Intergovernmental expenditures	—	—	—	—	—	—	1,000,000
Total expenditures	637,018	675,820	1,234,122	1,470,835	74,437	—	1,000,000
Excess (deficiency) of revenues over expenditures	(367,024)	(653,903)	(303,130)	(824,864)	—	477,671	1,038,138
Other financing sources (uses) :							
Transfers in	350,902	—	—	—	—	—	—
Transfers out	—	—	—	—	—	(482,863)	—
Total other financing sources (uses)	350,902	—	—	—	—	(482,863)	—
Net change in fund balances	(16,122)	(653,903)	(303,130)	(824,864)	—	(5,192)	1,038,138
Fund balances, beginning of year	16,258	(14,963)	258,157	1,092,067	—	220,254	2,512,484
Fund balances - end of year	\$ 136	\$ (668,866)	\$ (44,973)	\$ 267,203	\$ —	\$ 215,062	\$ 3,550,622

CITY OF TUSCALOOSA

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

For the year ended September 30, 2013

2 of 2

	Evergreen Cemetery Fund	Hazard Mitigation Fund	Alternative Energy Fund	Section 108 Funds	Tourism Enhancement Fund	Total Nonmajor Special Revenue Funds
Revenues:						
Taxes:						
Gas tax - State of Alabama	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 410,372
Share of beer tax	—	—	—	—	—	477,271
Intergovernmental revenues:						
Federal grants	—	—	—	—	—	585,848
State and local grants	—	—	—	—	—	253,686
Other operating revenues:						
Interest on investments	—	—	—	—	18	3,448
Share of tag receipts	—	—	—	—	—	235,599
Collection of principal and interest	—	—	—	—	—	287,896
Other	3,000	—	—	—	—	2,208,018
Total revenues	3,000	—	—	—	18	4,462,138
Expenditures:						
Current:						
General government	39,161	—	—	—	—	255,914
Public safety	—	—	—	—	—	554,830
Streets and highways	—	—	—	—	—	12,218
Culture and recreation	—	—	—	—	131,450	185,135
Housing program	—	—	—	766	—	603,953
Economic development	—	—	—	—	—	203,727
Total current operations	39,161	—	—	766	131,450	1,815,777
Capital outlay	—	—	—	—	—	2,326,226
Debt service:						
Principal payments	—	—	—	—	—	75,000
Interest charges	—	—	—	—	—	46,606
Intergovernmental expenditures	—	—	—	—	—	1,000,000
Total expenditures	39,161	—	—	766	131,450	5,263,609
Excess (deficiency) of revenues over expenditures	(36,161)	—	—	(766)	(131,432)	(801,471)
Other financing sources (uses) :						
Transfers in	—	—	—	—	233,383	584,285
Transfers out	—	—	(99,953)	—	—	(582,816)
Total other financing sources (uses)	—	—	(99,953)	—	233,383	1,469
Net change in fund balances	(36,161)	—	(99,953)	(766)	101,951	(800,002)
Fund balances, beginning of year	193,327	3	99,953	64,073	224,176	4,665,789
Fund balances - end of year	\$ 157,166	\$ 3	\$ —	\$ 63,307	\$ 326,127	\$ 3,865,787

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, 2013

	<u>Balance</u> <u>October 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30, 2013</u>
<u>Cash Bond Fund</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 264,507	\$ 487,940	\$ (520,732)	\$ 231,715
<u>LIABILITIES</u>				
Cash bond deposits payable	\$ 264,507	\$ 487,940	\$ (520,732)	\$ 231,715

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, 2013

	<u>Total</u>	<u>Infrastructure and Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>
General government:				
Finance	\$ 377,551	\$ —	\$ —	\$ 377,551
Information systems	10,382,311	—	—	10,382,311
Municipal court	274,572	—	—	274,572
Planning and zoning	12,785	—	—	12,785
Revenue	131,058	—	—	131,058
All others	2,246,769	—	—	2,246,769
Total general government	<u>13,425,046</u>	<u>—</u>	<u>—</u>	<u>13,425,046</u>
Public safety:				
Fire and rescue service	22,211,992	—	11,477,578	10,734,414
Police	20,878,384	—	11,390,184	9,488,200
All others	2,352,902	—	218,102	2,134,800
Total public safety	<u>45,443,278</u>	<u>—</u>	<u>23,085,864</u>	<u>22,357,414</u>
Streets and highways	<u>16,549,323</u>	<u>—</u>	<u>4,688,466</u>	<u>11,860,857</u>
Environmental services	<u>5,891,534</u>	<u>—</u>	<u>167,723</u>	<u>5,723,811</u>
Culture and recreation	<u>26,526,588</u>	<u>—</u>	<u>26,395,382</u>	<u>131,206</u>
General government buildings	<u>35,694,747</u>	<u>—</u>	<u>35,694,747</u>	<u>—</u>
Infrastructure and land	<u>231,180,005</u>	<u>231,180,005</u>	<u>—</u>	<u>—</u>
Assets allocated by function	374,710,521	<u>\$ 231,180,005</u>	<u>\$ 90,032,182</u>	<u>\$ 53,498,334</u>
Construction in progress	<u>27,652,463</u>			
Total governmental funds capital assets	<u>\$ 402,362,984</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, 2013

	Governmental Funds Capital Assets September 30, 2012	Additions (Deletions)	Governmental Funds Capital Assets September 30, 2013
General government:			
Finance	\$ 377,551	\$ —	\$ 377,551
Information systems	9,968,141	414,170	10,382,311
Municipal court	274,572	—	274,572
Planning and zoning	12,785	—	12,785
Revenue	157,675	(26,617)	131,058
All others	1,863,942	382,827	2,246,769
Total general government	<u>12,654,666</u>	<u>770,380</u>	<u>13,425,046</u>
Public safety:			
Fire and rescue service	22,174,343	37,649	22,211,992
Police	20,997,216	(118,832)	20,878,384
All others	914,932	1,437,970	2,352,902
Total public safety	<u>44,086,491</u>	<u>1,356,787</u>	<u>45,443,278</u>
Streets and highways	<u>16,299,832</u>	<u>249,491</u>	<u>16,549,323</u>
Environmental services	<u>7,827,016</u>	<u>(1,935,482)</u>	<u>5,891,534</u>
Culture and recreation	<u>26,396,288</u>	<u>130,300</u>	<u>26,526,588</u>
General government buildings	<u>32,246,792</u>	<u>3,447,955</u>	<u>35,694,747</u>
Infrastructure and Land	<u>220,568,275</u>	<u>10,611,730</u>	<u>231,180,005</u>
Assets allocated by function	360,079,360	14,631,161	374,710,521
Construction in progress	<u>11,438,720</u>	<u>16,213,743</u>	<u>27,652,463</u>
Total governmental funds capital assets	<u><u>\$ 371,518,080</u></u>	<u><u>\$ 30,844,904</u></u>	<u><u>\$ 402,362,984</u></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, 2013

	Budget	Actual**	Favorable (Unfavorable)
Operating revenues:			
Water and sewer sales	\$ 39,708,200	\$ 39,054,543	\$ (653,657)
Connection fees	960,000	1,679,855	719,855
Cost reimbursed	37,385	16,891	(20,494)
Total operating revenues	40,705,585	40,751,289	45,704
Non-operating revenues (expenses):			
Interest income	1,600	18,122	16,522
Capital contributions - developers	—	1,800,081	1,800,081
Gain on disposal of capital assets	—	57,680	57,680
Amortization of loss on debt retirement	—	(523,238)	(523,238)
Interest expense	(4,745,344)	(3,898,779)	846,565
Capital contributions - grants	—	1,896,870	1,896,870
Net non-operating revenues (expenses)	(4,743,744)	(649,264)	4,094,480
Total before transfers	35,961,841	40,102,025	4,140,184
Transfers in (out):			
Transfers in	53,781	322,987	269,206
Transfers out	(328,830)	(805,577)	(476,747)
Net transfers in (out)	(275,049)	(482,590)	(207,541)
Fund total	\$ 35,686,792	\$ 39,619,435	\$ 3,932,643

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

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

For the year ended September 30, 2013

	Budget	Actual**	Variance - Favorable (Unfavorable)
Operating expenses:			
Office of City Engineer:			
Personnel services	\$ 743,994	\$ 782,816	\$ (38,822)
Other	68,700	27,050	41,650
Total office of City engineer	812,694	809,866	2,828
Water works office:			
Personnel services	1,667,180	1,716,900	(49,720)
Other	1,087,588	1,016,766	70,822
Total water works office	2,754,768	2,733,666	21,102
Superintendent:			
Personnel services	442,817	453,469	(10,652)
Other	95,945	45,127	50,818
Total superintendent	538,762	498,596	40,166
Source of supply - lakes:			
Personnel services	473,877	471,569	2,308
Other	216,842	179,725	37,117
Total source of supply - lakes	690,719	651,294	39,425
Plott plant	612,788	646,675	(33,887)

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

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

For the year ended September 30, 2013

	Budget	Actual**	Variance - Favorable (Unfavorable)
Operating expenses (Continued):			
Distribution:			
Personnel services	\$ 2,180,215	\$ 2,132,231	\$ 47,984
Other	1,315,073	780,740	534,333
Total distribution	3,495,288	2,912,971	582,317
 Lab	166,680	177,032	(10,352)
 Sewage treatment plant:			
Personnel services	1,308,443	1,335,663	(27,220)
Other	2,046,811	2,315,133	(268,322)
Total sewage treatment plant	3,355,254	3,650,796	(295,542)
 Sanitary sewer:			
Personnel services	1,553,638	1,581,508	(27,870)
Other	1,229,540	585,118	644,422
Total sanitary sewer	2,783,178	2,166,626	616,552
 Damage claims	125,500	55,856	69,644

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

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

For the year ended September 30, 2013

	Budget	Actual**	Variance - Favorable (Unfavorable)
Operating expenses (Continued):			
Ed Love filter plant:			
Personnel services	\$ 2,061,782	\$ 2,023,856	\$ 37,926
Other	2,169,152	2,453,130	(283,978)
Total Ed Love filter plant	4,230,934	4,476,986	(246,052)
Lift station:			
Personnel services	381,195	345,482	35,713
Other	1,053,029	1,053,863	(834)
Total lift station	1,434,224	1,399,345	34,879
Depreciation and amortization	7,200,000	8,405,803	(1,205,803)
Cost reimbursement to General Fund	2,485,901	2,485,901	-
Special projects	2,413,737	1,234,745	1,178,992
Total operating expenses	\$ 33,100,427	\$ 32,306,158	\$ 794,269

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

**CITY OF TUSCALOOSA
STATISTICAL SECTION
September 30, 2013**

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>	<u>Page(s)</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	124-130
Revenue Capacity <i>These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property and sales taxes.</i>	131-136
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i>	137-141
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time with other governments.</i>	142-143
Operating Information <i>These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.</i>	144-147

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

CITY OF TUSCALOOSA
Schedule A

NET POSITION BY COMPONENT

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 163,764,846
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	6,148,669
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	34,120,001
Total governmental activities net position	<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>	<u>204,033,516</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	173,155,705
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	26,428,505
Total business-type activities net position	<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>	<u>199,584,210</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	336,920,551
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	6,148,669
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	60,548,506
Total primary government net position	<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>	<u>\$ 403,617,726</u>

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

CITY OF TUSCALOOSA
Schedule B

CHANGES IN NET POSITION

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
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	\$ 14,424,670
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	61,515,711
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	26,473,104
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	9,704,143
Health	-	-	-	-	-	-	-	-	-	130,000
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	14,351,429
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	9,249,916
Library	-	-	-	-	-	-	-	-	-	1,870,572
Housing	-	-	-	-	-	-	-	-	-	603,953
Economic development	-	-	-	-	-	-	-	-	-	203,727
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	3,549,826
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>	<u>142,077,051</u>
Business-type activities:										
Intermodal facility	-	-	-	-	-	-	-	62,200	70,318	72,500
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	36,875,167
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>	<u>36,947,667</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>	<u>179,024,718</u>
Program Revenues:										
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	23,956,325
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	39,705
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	4,324,970
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	36,445,089
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	11,590,006
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>	<u>76,356,095</u>
Business-type activities:										
Charges for service:										
Intermodal facility	-	-	-	-	-	-	-	15,995	20,985	25,451
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	40,751,289
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	3,696,951
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>	<u>44,473,691</u>
Total primary government program revenues	<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>	<u>120,829,786</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)	(65,720,956)
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	7,526,024
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>	<u>(58,194,932)</u>

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

CITY OF TUSCALOOSA
Schedule B

CHANGES IN NET POSITION

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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)	\$ (65,720,956)
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	7,526,024
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>	<u>(58,194,932)</u>
General Revenues and Other Changes in Net Position										
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	36,945,556
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	13,904,489
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	5,144,645
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	1,893,838
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	5,968,921
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	76,701
Gain / (loss) on disposal of capital assets	-	-	-	-	-	(110,274)	(17,887)	(1,185,213)	-	1,855,000
Gain / (loss) on impairment	-	-	-	-	-	-	-	(10,068,456)	17,822,187	218,826
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	439,590
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>	<u>66,447,566</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	18,122
Gain / (loss) on disposal of capital assets	-	-	-	-	-	-	-	23,114	(1,090)	57,680
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)	(439,590)
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>	<u>(363,788)</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>	<u>66,083,778</u>
Change in Net Position										
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	726,610
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	7,162,236
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>	<u>\$ 7,888,846</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 ten fiscal years ended September 30,
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 34,560,092
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	2,385,464
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	13,904,489
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	5,144,645
Other state and 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	5,968,921
	<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>	<u>\$ 61,963,611</u>

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

CITY OF TUSCALOOSA
Schedule D

FUND BALANCES OF GOVERNMENTAL FUNDS

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

	2004	2005	2006	2007	2008	2009	2010	2011*	2012	2013
General Fund										
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	1,536,711
Restricted								69,786	74,048	392,713
Committed								1,588,421	1,288,157	1,392,757
Assigned								247,643	2,359,267	808,171
Unassigned								11,266,978	10,554,051	11,286,460
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	13,094,605	12,913,369	12,956,666	13,331,890	14,032,856	9,605,397	10,419,205			
Total general fund	\$ 15,881,740	\$ 16,065,551	\$ 16,668,751	\$ 17,100,356	\$ 17,351,676	\$ 13,695,122	\$ 13,856,671	\$ 14,269,703	\$ 15,428,319	\$ 15,416,812
Capital Project Fund										
Restricted	\$	\$	\$	\$	\$	\$	\$	4,188,643	\$	\$
Committed								3,784,607	11,988,030	8,732,630
Assigned								20,919,348	14,185,553	10,301,317
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	19,668,639	21,910,482	17,160,917	38,415,344	29,484,194	23,604,178	15,924,206			
Total capital project fund	\$ 35,513,437	\$ 42,134,957	\$ 46,878,940	\$ 69,253,478	\$ 62,257,840	\$ 45,543,249	\$ 40,671,060	\$ 28,892,598	\$ 26,173,583	\$ 19,033,947
All other governmental funds										
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	3,243,962
Committed								233,767	654,692	9,484,539
Assigned								7,989,323	21,331,892	
Unassigned									1,295	(392,847)
Unreserved, reported in:										
Special revenue funds	211,315	218,386	221,026	229,593	233,948	231,053	232,427			
Capital projects funds	(2,776)	(1,313)	1,328,724	1,397,666	1,610,676	16,279,019	4,753,798			
Total all other governmental funds	\$ 6,386,086	\$ 2,651,128	\$ 3,863,586	\$ 3,531,697	\$ 4,092,983	\$ 20,151,390	\$ 11,197,278	\$ 14,572,812	\$ 26,848,984	\$ 12,335,654

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

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

CITY OF TUSCALOOSA

Schedule E

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
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	\$ 61,963,611
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	21,479,438
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	2,380,794
Use of property	88,376	80,777	88,281	82,969	77,440	85,999	85,105	91,273	97,517	96,093
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	4,324,970
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	40,734,475
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	10,574,878
Total revenues	93,842,170	102,715,286	116,427,982	123,385,698	133,033,803	128,214,024	120,599,590	132,215,310	133,995,102	141,554,259
Expenditures										
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	18,527,323
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	59,742,195
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	24,625,379
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	7,257,036
Health	115,000	115,000	115,000	130,000	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	14,351,424
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	8,699,648
Library	1,409,469	1,451,737	1,524,311	1,625,080	1,750,080	1,750,079	1,600,007	1,600,000	1,775,200	1,870,572
Housing	-	-	-	-	-	-	-	-	-	603,953
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	1,343,727
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	15,946,262
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	8,288,500
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	3,589,437
Warrant issue costs	-	108,225	-	285,960	-	-	262,190	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	5,977,093
Total expenditures	93,327,439	105,139,636	114,067,542	131,032,308	140,877,192	150,636,211	137,113,816	155,691,640	142,289,602	170,952,549
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)	(29,398,290)
Other financing sources (uses)										
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	17,566,767
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)	(17,127,177)
Insurance proceeds	-	-	-	-	-	-	-	15,281,448	17,822,187	218,826
Loan proceeds	-	-	-	-	-	-	-	-	372,982	-
Warrants issued	2,200,000	9,490,000	-	27,185,000	-	17,023,715	34,510,000	-	-	7,024,227
Premium on warrants issued	-	437,946	-	103,718	-	-	2,127,444	-	-	475,717
Payment to refunded warrant escrow agent	-	(3,567,203)	-	-	-	-	(34,884,212)	-	-	(343,599)
Capital lease	108,630	741,365	-	-	192,562	793,948	-	-	-	-
Total other financing sources (uses)	2,377,073	7,195,577	4,177,627	28,192,329	1,530,780	18,993,165	2,720,212	15,419,751	18,394,334	7,814,761
Net change in fund balances	\$ 2,891,804	\$ 4,771,227	\$ 6,538,067	\$ 20,545,719	\$ (6,312,609)	\$ (3,429,022)	\$ (13,794,014)	\$ (8,056,579)	\$ 10,099,834	\$ (21,583,529)
Debt service as a percentage of noncapital expenditures*	7%	7%	6%	9%	6%	6%	7%	5%	6%	8%

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

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

CITY OF TUSCALOOSA

Schedule F

TOTAL GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 34,560,092
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	2,385,464
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	13,904,489
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	5,144,645
Other state and 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	5,968,921
	<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>	<u>\$ 61,963,611</u>

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

CITY OF TUSCALOOSA
Schedule G

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last ten fiscal years ended September 30,

Tax Year Ended September 30	Real and Personal Property*		Automobiles**		Total Assessed Value	Total Direct Tax Rate	Total Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value				
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	653,291,058	1,104,581,720	0.0135	7,271,981,858	15.19%
2013	1,025,403,860	6,836,025,733	118,083,502	690,546,795	1,143,487,362	0.0135	7,526,572,528	15.19%

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

*Source: Tuscaloosa County Tax Assessor.

**Source: Tuscaloosa County License Commissioner.

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

CITY OF TUSCALOOSA
Schedule H

PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS*

Last ten fiscal years ended September 30,

Tax Year Ended September 30	DIRECT RATE		OVERLAPPING RATES			
	City of Tuscaloosa	City Schools	Tuscaloosa County	State of Alabama	Total	
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	
2013	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, 2013</u>				<u>September 30, 2004</u>			
	<u>City Ad Valorem Taxes Paid</u>	<u>Rank</u>	<u>Total Assessed Value of All Property Within City Limits</u>	<u>Percentage of Total Assessed Valuation</u>	<u>City Ad Valorem Taxes Paid</u>	<u>Rank</u>	<u>Total Assessed Value of All Property Within City Limits</u>	<u>Percentage of Total Assessed Valuation</u>
Alabama Power Company	\$ 379,018	1	\$ 28,075,440	2.54%	\$ 244,049	1	\$ 18,077,700	2.43%
Phifer Incorporated	180,131	2	14,727,600	1.33%	131,342	2	22,903,620	3.08%
The Greens at Tuscaloosa	116,657	3	8,641,240	0.78%	—		—	—
Aranov Realty Co., Inc.	102,870	4	7,620,000	0.69%	88,169	5	6,531,040	0.88%
Bellsouth Telecommunications	102,840	5	7,617,800	0.69%	130,230	3	9,646,700	1.30%
Hanna Steel Corporation	93,014	6	6,889,940	0.62%	—		—	—
Carlyle-Cypress Tuscaloosa LLC	91,969	7	6,812,520	0.62%	—		—	—
Woodlands of Tuscaloosa	88,440	8	6,551,140	0.59%	—		—	—
CCAL 1100 17th Street LLC	79,453	9	5,885,420	0.53%	—		—	—
Alabama Gas Corp.	79,090	10	5,858,520	0.53%	54,596	9	4,044,180	0.54%
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%
University Downs, Ltd.	—		—	—	43,297	10	3,207,180	0.43%
	<u>\$ 1,313,482</u>		<u>\$ 98,679,620</u>	<u>8.93%</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%
2013	2012	13,842,952	(601,270)	13,241,682	12,338,392	93.18%	N/A	12,338,392	93.18%

*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,

2013		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, 2013 fiscal year was \$9,244,410. Per Alabama Statewide Ordinance, individual taxpayer sales tax amounts paid is confidential information and illegal to disclose.

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

CITY OF TUSCALOOSA

Schedule L

SALES TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS*

Last ten fiscal years ended September 30,

<u>Tax Year Ended September 30</u>	<u>City of Tuscaloosa</u>	<u>Tuscaloosa County Special Tax Board</u>	<u>State of Alabama</u>	<u>Total</u>
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%
2013	2%	3%	4%	9%

Source: Tuscaloosa County Tax Collector

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

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

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

CITY OF TUSCALOOSA
Schedule M

RATIO OF OUTSTANDING DEBT BY TYPE

Last ten fiscal years ended September 30,

Tax Year Ended September 30	Governmental Activities				Business-Type Activity	Total Primary Government	Per Capita	Percentage of Personal Income
	General Obligation Bonds	Section 108 Loan	Robertson Bank Loan	Capital Leases	Water & Sewer Warrants			
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	1,350,000	372,982	359,101	108,892,441	187,919,524	2,016	N/A
2013	76,054,227	1,275,000	250,425	374,802	102,852,441	180,806,895	1,937	5.55

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

CITY OF TUSCALOOSA

Schedule N

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last ten fiscal years ended September 30,

<u>Tax Year Ended September 30</u>	<u>General Obligation Warrants</u>	<u>Water & Sewer General Obligation Warrants</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2004	\$ 55,300,000	\$ 101,731,617	\$ 157,031,617	3.22 %	\$ 1,883.42
2005	58,015,000	133,793,541	191,808,541	3.29	2,300.52
2006	54,910,000	138,388,055	193,298,055	3.35	2,318.39
2007	75,420,000	135,855,263	211,275,263	3.49	2,534.01
2008	72,865,000	131,171,816	204,036,816	3.18	2,447.19
2009	86,780,000	126,031,816	212,811,816	3.00	2,552.43
2010	84,000,000	120,646,816	204,646,816	3.23	2,195.43
2011	80,990,000	115,842,637	196,832,637	2.72	2,111.60
2012	76,945,000	108,892,441	185,837,441	2.59	1,993.64
2013	76,054,227	102,852,441	178,906,668	2.38	1,916.37

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

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

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

CITY OF TUSCALOOSA
Schedule O

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

	As of September 30, 2013		
	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Tuscaloosa County	\$ <u> </u>	46.95%	\$ <u> </u>
City of Tuscaloosa direct debt:			
General City warrants	\$ 76,054,227	100.00%	\$ 76,054,227
Section 108 loan	1,275,000	100.00%	1,275,000
Robertson Bank loan	250,425	100.00%	250,425
Capital leases	<u>374,802</u>	100.00%	<u>374,802</u>
Total City of Tuscaloosa direct debt	<u>\$ 77,954,454</u>		<u>\$ 77,954,454</u>
Total direct and overlapping debt			<u><u>\$ 77,954,454</u></u>

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

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

CITY OF TUSCALOOSA
Schedule P

LEGAL DEBT MARGIN INFORMATION

Last ten fiscal years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 228,697,472
Total net debt applicable to limit	55,300,000	58,015,000	54,910,000	75,420,000	72,865,000	86,780,000	84,000,000	80,990,000	76,945,000	76,054,227
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>	<u>\$ 152,643,245</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>	<u>33.26%</u>

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	\$ 1,143,487,362
Debt Limit (20% of total assessed value)	228,697,472
Debt applicable to limit	
General obligation bonds	<u>76,054,227</u>
Legal debt margin	<u>\$ 152,643,245</u>

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

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

CITY OF TUSCALOOSA
Schedule Q

PLEDGED REVENUE COVERAGE

Last ten fiscal years

Fiscal Year	Water Charges and Other	Less: Operating Expenses (1)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2013	40,751,289	24,046,254	16,705,035	6,815,000	3,898,779	1.56

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

(1) Includes operating expenses less depreciation expense.

CITY OF TUSCALOOSA
Schedule R

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last ten fiscal years ended September 30,

Fiscal Year ended September 30	Population	Per Capita Personal Income**	Total Personal Income**	Unemployment Rate*
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
2013	93,357	34,870	3,255,358,590	5.90

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

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

N/A - Not available.

CITY OF TUSCALOOSA
Schedule S

PRINCIPAL EMPLOYERS

As of September 30,

Employer	Nature of Business	Public or Private	2013			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	8,000	1	8.04%	3,865	2	9.66%
DCH Health Systems	Healthcare	Public	3,490	2	3.51%	3,114	3	7.79%
Mercedes-Benz International	Autotmobile assembly	Private	3,000	3	3.02%	4,000	1	10.00%
Jim Walter Resources	Coal mining	Private	2,122	4	2.13%	1,378	5	3.45%
Tuscaloosa County Board of Education	Education/Government	Public	2,042	5	2.05%	2,000	4	5.00%
BF Goodrich Tire Company	Tire manufacturing	Private	1,400	6	1.41%	1,300	8	3.25%
Tuscaloosa City Board of Education	Education/Government	Public	1,354	7	1.36%	1,325	7	3.31%
City of Tuscaloosa	Government	Public	1,350	8	1.30%	1,207	9	3.02%
Phifer Incorporated	Aluminum/ Fiberglass Screening	Private	1,200	9	1.21%	1,350	6	3.38%
Veterans Administrative Hospital	Specialized Health Care	Public	1,126	10	1.13%	—	—	—
Northport Medical Center	Healthcare	Public	—	—	—	946	10	2.37%

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

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

CITY OF TUSCALOOSA
Schedule T

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION

For the ten fiscal years ended September 30,

<u>Function</u>	<u>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>	<u>2013</u>
<u>General Fund employees</u>										
General government			162	189	203	207	204	202	207	216
Public safety										
Police			330	345	340	349	351	340	356	360
Fire			226	241	234	234	233	234	248	249
Other			21	20	22	31	17	17	24	80
Streets and highways			182	165	179	185	181	183	183	178
Environmental services			89	91	98	95	95	92	98	94
<u>Water and Sewer employees</u>										
Superintendent			1	1	1	1	1	1	4	6
Water office and meter readers			34	33	34	34	33	34	32	32
Lakes			7	9	9	9	9	9	9	8
Distribution			59	47	46	39	36	36	38	37
Waste water treatment plant			60	57	57	56	55	56	57	58
Ed Love water plant			36	35	35	35	35	35	36	32
Total Employees	<u>1,067</u>	<u>1,116</u>	<u>1,207</u>	<u>1,233</u>	<u>1,258</u>	<u>1,275</u>	<u>1,250</u>	<u>1,239</u>	<u>1,292</u>	<u>1,350</u>

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, 2013

<u>Water Rates</u>	<u>Rates in Effect Starting 10/1/12</u>	<u>Rates in Effect Starting 10/1/13</u>
Quantity of water consumed per month		
0-1,000 cubic feet	\$ 1.88	\$ 1.96
over 1,001 cubic feet	1.88	1.96
Monthly administrative cost per meter	4.27	4.44
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	3.43	3.57
8 inch	272.79	283.70
 <u>Unfiltered or Raw Water Rates</u>		
Per 100 cubic feet	0.021	0.022
Monthly administrative cost per meter	4.27	4.44
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	3.43	3.57
8 inch	272.79	283.70
 <u>Sewer Rates</u>		
a. Per 100 cubic feet of metered wastewater, or	3.36	3.49
b. Per 100 cubic feet of metered water	2.32	2.41
Monthly administrative cost per meter	3.55	3.70
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	5.38	5.59
8 inch	429.78	446.97

Source: City of Tuscaloosa Water and Sewer Department

CITY OF TUSCALOOSA

Schedule V

OPERATING INDICATORS BY FUNCTION

Last ten fiscal years ended September 30,

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Public safety:										
Inspection										
Building permits	1,852	1,895	1,930	2,014	1,807	1,575	1,000	4,462	2,041	1,829
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	\$ 287,407,362
Fire protection										
Number of stations	12	12	12	12	12	11	11	11	11	11
Number of employees	215	216	226	241	234	234	234	234	248	249
Police protection										
Number of stations	1	1	1	1	1	1	1	1	1	2
Number of employees	308	309	330	345	340	349	353	340	356	357
Streets and highways:										
Streets (miles)	566	570	570	570	571	571	571	571	571	571
Storm sewers (miles)	315	317	317	317	317	317	317	317	317	317
Education (Public School System):										
Number of schools	22	22	22	22	22	24	24	23	23	23
Number of teachers	760	760	781	795	871	820	830	830	830	830
Recreation:										
Number of parks	38	39	39	39	39	39	37	36	36	36
Number of playgrounds	25	28	28	28	28	28	32	31	32	32
Area of parks (acres)	2,158	2,170	2,170	2,170	2,022	2,279	1,755	1,749	1,749	1,749
Water										
Sanitary sewers (miles)	483	495	495	495	495	495	608	615	623	669
Number of accounts	45,488	46,666	48,013	50,016	50,595	52,472	52,472	53,896	54,072	54,492
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	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	59,700,000
Miles of water mains (4" and larger)	540	540	540	540	548	552	550	562	594	590
Number of fire hydrants	2,878	3,059	3,059	3,152	3,134	3,179	3,218	3,796	3,817	4,191
Miles of raw water mains (24" and larger)	27	27	27	27	27	27	27	27	27	27

Sources: Various City Departments

CITY OF TUSCALOOSA

Schedule W

CAPITAL ASSET STATISTICS BY FUNCTION

Last ten fiscal years ended September 30,

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Public safety:										
Fire protection										
Number of stations	12	12	12	12	12	11	11	11	11	11
Police protection										
Number of stations	1	1	1	1	1	1	1	1	1	2
Streets and highways:										
Streets (miles)	566	570	570	570	571	571	571	571	571	571
Storm sewers (miles)	315	317	317	317	317	317	317	317	317	317
Recreation:										
Number of parks	38	39	39	39	39	39	37	36	36	36
Number of playgrounds	25	28	28	28	28	28	32	31	32	32
Area of parks (acres)	2,158	2,170	2,170	2,170	2,022	2,279	1,755	1,749	1,749	1,749
Activity Centers	4	4	5	5	4	5	5	5	6	6
Boat landings	4	4	5	5	4	8	8	8	8	8
Golf course	1	1	1	1	1	1	1	1	1	1
Water:										
Sanitary sewers (miles)	483	495	495	495	495	495	608	615	623	535
Miles of water mains (4" and larger)	540	540	540	540	548	552	550	562	594	472
Number of fire hydrants	2,878	3,059	3,059	3,152	3,134	3,179	3,218	3,796	3,817	3,353
Miles of raw water mains (24" and larger)	27	27	27	27	27	27	27	27	27	27

Sources: Various City Departments