

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

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FOR THE FISCAL YEAR ENDED  
**SEPTEMBER 30, 2015**

DEPARTMENT OF FINANCE  
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**CITY OF TUSCALOOSA  
FINANCIAL REPORT  
September 30, 2015**

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# CITY OF TUSCALOOSA

PO BOX 2089  
TUSCALOOSA, AL 35401



## Letter of Transmittal

March 31, 2016

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Tuscaloosa, Alabama (City) for the fiscal year ended September 30, 2015. To the best of our knowledge and belief, the information, as presented, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City in accordance with generally accepted accounting principles (GAAP). All disclosures necessary to enable the reader to gain an adequate understanding of the City's financial affairs have been included. It is the responsibility of the management of the City to prepare the CAFR and ensure both the accuracy of the data and the completeness and fairness of the presentation. With this in mind, management has established a system of controls implemented throughout all City functions that is designed to help protect the City from theft, misuse or loss due to error and to ensure the reliability of any financial information produced from their office. In recognizing that the costs of controls should not outweigh the anticipated benefits, the objective of this internal control structure is designed to provide reasonable, rather than absolute, assurance that these objectives are met.

The Alabama State Law requires an annual audit of all accounts of the City be made by an independent certified public accountant and an annual financial report be published. *JamisonMoneyFarmer PC*, a certified public accounting firm located in Tuscaloosa, conducted the audit and their auditor's report is included in the beginning of the financial section of this report. This report contains an unmodified opinion on the City's financial statements for the year ended September 30, 2015. As a recipient of federal and state financial assistance, the City is also required to undergo an annual single audit in conformity with the federal law provisions of the Single Audit Act Amendments of 1996 and the U. S. Office of Management and Budget Circular A-133. Through this single audit, tests are made to determine the adequacy of the internal control structure, focusing on the portion related to federal assistance programs, as well as to determine that the City has complied with applicable laws and regulations. This single audit has been performed, and the separately issued Single Audit Report has been forwarded to the City's grantor agencies for review.

Included in this CAFR are three sections of information separated by data type: the introductory section, the financial section and the statistical section. This transmittal letter along with a copy of the City's Certificate of Achievement for Excellence in Financial Reporting, the primary government's organizational chart and a listing of all City officials comprise the introductory section. The financial section then includes the independent auditor's report mentioned in the preceding paragraph, management's discussion and analysis (MD&A), the basic financial

statements, the required supplementary information for other post-employment benefits, the primary government's combining and individual fund statements as well as supplemental information on the primary government's utility function. The MD&A provides a narrative introduction, overview and analysis of the City's financial statements and can be found immediately following the report of the independent auditors. It complements this letter of transmittal and should be read in conjunction with it. Finally, the statistical section is comprised of schedules that depict selected financial and demographic information that is generally presented on a multi-year basis for purposes of comparison analysis. The information and presentation of this statistical section has not been audited.

## Profile of the Government

The City of Tuscaloosa is located in west Alabama on the banks of the Black Warrior River. The City is the fifth largest in the state with an estimated population of 105,000. The Tuscaloosa metropolitan area, anchored by the City of Tuscaloosa, expands that population to include approximately 235,000. Located along the I-20/59 corridor, Tuscaloosa is 57 miles west of Birmingham, the largest city in Alabama.

Tuscaloosa is home to the University of Alabama campus, which was founded in 1820 and boasts an enrollment of 37,100 students and is home to the 2015 National Champion Crimson Tide football team. From football to gymnastics, to basketball, to baseball to rowing, cross country, golf, soccer, softball, swimming/diving, tennis, track and field, and volleyball, the University of Alabama has won more than two dozen national championships and numerous more conference championships and individual achievements. Tuscaloosa residents and many national sports publications have nicknamed the City "Title Town" or "The City of Champions." Along with this university, Tuscaloosa is home to both Stillman College and Shelton State Community College, creating a thriving hub of education and culture not otherwise found in southern cities of similar size.

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

The City was incorporated on December 13, 1819, and from 1826 to 1846 was the capital of Alabama. The City operated under a Commission form of government until October 7, 1985. At that time, the City began operating under a Mayor and seven-member council, with the council members elected by districts and the Mayor being elected at-large. Responsibility for day-to-



Historic Greensboro Avenue clock

day operations of the City rests with the Mayor as chief executive officer. Walt Maddox was elected and sworn in as Mayor in October 2005 after sitting as Councilmember for District Six for four years. All Councilmembers sit on various Council Committees that interact directly with City departments and direct their operations.

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

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

### The Reporting Entity

This report includes the basic financial statements of the funds of the City of Tuscaloosa as detailed above along with financial information of legally separate boards and authorities that provide City services and for which the City is financially accountable. The City evaluates its financial reporting entity in accordance with Governmental Accounting Standards Board requirements to identify the various organizations as: (1) organizations which are part of the City's legal entity; (2) organizations that are legally separate and for which the City appoints a voting majority of the organization's governing body and the City is either able to impose its will or has the potential of receiving a financial benefit or realizing a financial burden from the organization; and (3) organizations that are fiscally dependent on the City. The audited financial statements for the Tuscaloosa Tourism and Sports Commission and the Tuscaloosa County Parking and Transit Authority are included with the basic financial statements of the City as discreetly presented component units (separate from the primary government). Additional information on these legally separate entities along with the reason for their inclusion can be found in the notes to the financial statements. The City's participation in the joint ventures Black Warrior Solid Waste Authority, Tuscaloosa County Minimum Security Facility, and Metro Animal Shelter, Inc., is also disclosed in the notes to the financial statements.

### Budgetary Overview

A major part of the City's financial planning and control is comprised of the annual budget adoption and maintenance throughout the fiscal year. The City is legally required to adopt a budget for the General Fund and the Water and Sewer Fund no later than the close of the immediately preceding fiscal year. This formal adoption is created by the passage of a budget ordinance that provides control at fund level (e.g. General Fund), department level (e.g. Tuscaloosa Fire and Rescue Services), division level (e.g. Paramedics), and activity level (e.g. personnel salaries). Budgetary tracking is maintained at the activity level through encumbrance of actual or estimated purchase amounts prior to the release of purchase orders to vendors. Accountability for budgetary compliance is maintained at the department level with main responsibility resting with the department head. Department heads, including the Mayor, have the authority to approve transfers within most activity line items. However, certain specified line item transfers require resolution of the City Council. Transfers between separate funds must be approved by the Council. The City undergoes a quarterly budgetary review process to maintain oversight in which the Mayor and his financial budgetary team meet with each

department head. Any budgetary revisions needed are noted during these meetings and are then compiled and, if necessary, presented to the City Council's Finance Committee and then the full City Council for approval. Comparisons of fund and department budgets to actual amounts are detailed in the basic financial statements and supplemental information sections of this report. The City also has two primary capital improvement funds for which financial designations are made by the Council, however, no formal budget ordinance is adopted.

The City's budget is prepared in accordance with generally accepted accounting principles (GAAP), with the exception that capital outlays and debt service payments related to the operation of individual departments are budgeted within those departments. The financial statements presented in the financial section of this report are presented in accordance with GAAP; that is, for all governmental funds, capital outlays have been aggregated in a single line captioned "capital outlay." Debt service expenditures are presented in a single line caption in the GAAP financial statements, as well.

## Major Initiatives

### Disaster Recovery

Recovery from the April 27, 2011, tornado continues to be a major priority of the City. The 1.5 mile wide EF-4 tornado that left a path 6 miles long was the most destructive natural disaster in Tuscaloosa history and the fifth largest national natural disaster at the time. Approximately 12 percent of the City was damaged or destroyed. A total of 53 lives were lost and at least 4,289 homes and 421 businesses were damaged or destroyed. The City expended approximately \$8.8 million for non-budgeted immediate disaster related activities including: public safety overtime for search and rescue and security in the affected area; environmental service crew overtime for debris removal; transportation department overtime for infrastructure closure and damage evaluation; water and sewer department overtime for the evaluation of water distribution and purification infrastructure damage and water supply safety; damaged structure demolition; damaged and destroyed city fleet replenishment; and the evaluation and cataloging of damaged city facilities and information storage. The presidentially-declared disaster opened the door for the City to receive Federal Emergency Management Agency (FEMA) funding through the Public Assistance Program to reimburse a majority of those emergency expenditures. The City continues to work with FEMA in this manner. The City has since rebuilt most of the ten City facilities that were lost, utilizing a \$28.5 million insurance settlement that was collected during the 2012 fiscal year. Along with the insurance proceeds, the City of Tuscaloosa was awarded \$16.6 million in 2012 and another \$43.9 million in 2013 in federal Community Development Block Grant – Disaster Recovery funding. Another \$4.1 million was awarded in 2013 in a Community Development Block Grant – Special Allocation funding specifically designated to be used in the disaster area. In general, fiscal year 2013 saw the planning for some of the large scale disaster recovery projects funded through these allocations undertaken with fiscal year 2014 seeing the start of construction that has continued through fiscal year 2015. Major projects include the Alberta Parkway Revitalization project, University Place/Forest Lake City Walk project, and the 10<sup>th</sup> Avenue Corridor Revitalization project along with numerous partnerships with housing developers, economic development incentive programs, and initiatives to bring technology to affected low income areas.

### Sales Tax Restructuring

On May 21, 2015, Governor Robert Bentley signed into law Act No. 2015-202 which overhauls the distribution of local sales tax revenue among governmental entities, school systems and authorities within Tuscaloosa County. The new act combines the county's 2-cent permanent sales tax, which is currently shared among five governmental entities and DCH Regional Medical Center, with a 1-cent temporary sales tax that is currently

dedicated primarily for school construction by the local boards of education. Under the new law, the 1-cent sales tax becomes permanent and the shared allocation of the now combined 3-cent tax will be altered to include the newly formed Tuscaloosa County Road Improvement Commission. The new distribution will be effective July 1, 2016.

The Tuscaloosa County Road Improvement Commission will use its portion of the sales tax allocation to address state road needs throughout the county. Specifically, the act details priority funding for improvements to major infrastructure projects such as Alabama Highway 69 North and South, Mitt Lary Road, Martin Luther King Jr. Boulevard, Jack Warner Parkway and Bear Creek Cutoff, as well as an extension to McWrights Ferry Road and upgrades to McFarland Boulevard. Over the next ten years, the newly restructured tax along with the creation of the Tuscaloosa County Road Improvement Commission gives the opportunity to have \$200 million worth of infrastructure projects completed that will solve long-standing issues from a transportation standpoint.

Under the guidelines of the new act, the sales tax allocation will alter as follows:

Receiving Entity	Current Allocation of 2-cent tax	New Allocation of 3-cent tax
City of Tuscaloosa	25.0%	19.0%
Tuscaloosa County Commission	20.0%	14.3%
Tuscaloosa City Board of Education	20.0%	20.0%
Tuscaloosa County Board of Education	20.0%	25.0%
City of Northport	5.0%	5.0%
Tuscaloosa County Road Improvement Commission	—	10.0%
DCH Regional Medical Center	10.0%	6.7%

### Operational Reorganization

In October 2015, Mayor Walt Maddox proposed a major overhaul to the organizational structure of city operations that is aimed to improve services for residents and customers and streamline city government activities. The plan calls for the elimination of the Office of the City Engineer, the Department of Planning and Development Services and the Revenue Department. The plan would create two new departments:

- The Department of Urban Development, meant to deal with short-term projects, developments, repairs and operations
- The Department of Infrastructure and Public Services, meant to oversee longer-term projects and operations, such as master planning and broader visions of the City's future

Aspects of the eliminated offices would be aligned under the new departments and the existing Finance department. It will also bring the business operations of the Water and Sewer Department under the Finance Department while the operations and maintenance of the water and sewer treatment and distribution systems would be moved under the new Department of Infrastructure and Public Services. Additionally the Facilities

Maintenance, Environmental Services and Transportation departments along with the Office of Resiliency and Innovation would be reorganized under the Department of Infrastructure and Public Services.

The reorganization will not impact existing city services, but will increase operational efficiency and effectiveness. Legal changes to operational role definition are planned to be proposed in the Spring/Summer of 2016 with city employee transition to begin in the fall of 2016 with the start of the new 2017 fiscal year.

### Riverfront Development

The development along the Black Warrior River continues to grow. In 2011, the City built and opened the Tuscaloosa Amphitheater and the River Market and, with these facilities, created the Arts and Entertainment Department within City operations. In 2015, the Tuscaloosa Amphitheater hosted 13 concerts ranging in artist genres from R Kelly and Dave Matthews Band to Rod Stewart and Alabama Shakes. The River Market hosts a year-round farmers market and numerous other events as a venue for hire. Accompanied by the ever expanding Riverwalk, a presently 4.5-mile long paved trail that runs through trees, over water and across wooden bridges along the southern bank of the Black Warrior River, these publicly built facilities have made the riverfront a prime location for pedestrian traffic while connecting the City's downtown area with the University of Alabama campus.

Spurred by the public investment of these lifestyle enhancing facilities, recent private development along the riverfront includes a \$42 million, 452-bed mixed-use development with 40,000 square feet of retail space that completed construction on the 7.6-acre lot at the major corner of



Tuscaloosa Amphitheater located along the Black Warrior River at 2710 Jack Warner Pkwy boasts a seating capacity of 7,470.

Greensboro Avenue and Jack Warner Parkway in October 2014. Another development in the works is Tuscaloosa's first riverfront hotel. Hotel Indigo, a boutique property designed to reflect the culture and surrounding neighborhood, is set to open in winter of 2016. It will have 91 rooms, a fitness center, meeting space and a 2,500-square-foot rooftop terrace overlooking the scenic Black Warrior River and Tuscaloosa Amphitheater. The hotel will add another estimated \$20 million in riverfront development.

## **Factors Affecting Financial Conditions**

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

### **Local Economic Condition**

The City began a period of recovery after the 2008-2010 national recession and its financial position continues to strengthen. The 2015 fiscal year saw the continuation of that growth with an increase in the major sales tax revenue sources of 4.89% over 2014 levels with a 5 year average growth rate of 3.39%. As spending habits appear to have permanently changed, it is a main focus of Tuscaloosa economic development efforts to diversify the local industrial and commercial market along with encouraging residential growth which will promote revenue stability.

Tuscaloosa's combined sales tax rate is currently nine percent, on par with other major Alabama cities such as Birmingham and Huntsville (the fourth largest city in Alabama) but less than the ten percent rates in Montgomery (the state capitol and the second largest city in Alabama) and Mobile (the third largest city in Alabama). However, of those combined sales tax rates, Tuscaloosa's direct city sales tax rate is the lowest at two percent. This makes diversification of the business base especially critical because sales taxes are directly related to employment and market offerings.

The local unemployment rate continues to improve and is below national and state-wide figures at 5.40%, according to the Bureau of Labor Statistics. The population of the City grew at an average rate of 2.59% over the previous 5 year period. A growing employment rate coupled with a growing population is a good sign for local business conditions.

Significant economic development diversification in the retail sector includes the newly opened Shoppes of Legacy Park. The 217,500-square-foot, \$62 million shopping development broke ground on November 18, 2014 with the aid of a \$16.57 million economic incentive package from the City. The first anchor store, The Fresh Market, opened in August 2015 and the other five anchors followed shortly thereafter. In total, the shopping center is expected to house eighteen completely new-to-the-market shops and restaurants, generating \$37 million in annual sales, and supply 400 new jobs to the local economy.

Another commercial sector showing expansion is lodging. The new Embassy Suites hotel, a \$31 million investment, sits in the heart of downtown and houses a fine dining establishment and 7,000 square feet of meeting space on top of its 151 room suites. Upon opening on March 10, 2015, the eight story hotel sold out every room-night for the 2015 football season within two hours. Due to its prime location, downtown businesses and restaurants should see more foot traffic and the lodging tax revenue generated from this property is expected to reach \$670,000 in fiscal year 2016. The hotel's meeting space has helped fill a major gap in the Tuscaloosa market and now attracts conferences that previously left

Tuscaloosa off of their possible host city lists due to the lack of large meeting spaces in the area. This downtown centerpiece will soon be combined with the Hotel Indigo property mentioned in the Riverfront Development section above and two other national chain hoteliers, Regent Club and Residence Inn, to provide the Tuscaloosa market with approximately 130,000 new hotel room-nights. Lodging tax has historically performed above average for the Tuscaloosa area gaining at a rate of 4.75% over 2014 levels and 5.75% over a five year period.

Discussion regarding the hotel and lodging market in Tuscaloosa in conjunction with market impact wouldn't be complete without mention of the University of Alabama football gameday scenarios. The UA football team won four out of seven national championships between the years 2009 and 2015. Bryant-Denny Stadium currently seats 101,821, and on large game weekends almost that same number of non-ticket holders also come to Tuscaloosa. This makes football season the most lucrative for Tuscaloosa-based tourism businesses each fiscal year. The City's Revenue Department estimates that each home football game weekend brings in around \$17 million from various revenue sources.



Blue Angels flyover Bryant-Denny Stadium for a University of Alabama Crimson Tide home football

2015 saw the biggest industrial expansion in West Alabama history with the announcement of Mercedes-Benz U.S. International's \$1.3 billion plant expansion to its sprawling automotive assembly complex. Construction is expected to be complete in mid-2017 and production at the facility is tentatively slated to start around December 2019. This will add 1.4 million square feet of body shop space to accommodate the demand for Mercedes' sport utility vehicles that are manufactured at the plant while creating 300 new jobs. This unprecedented investment is the largest single industrial expenditure recorded in Tuscaloosa County. MBUSI has been the cornerstone of industrial development in the Tuscaloosa area beginning in 1993 with the West Alabama site selection with production starting in 1997 with the M-Class (now renamed the GLE). The plant started at that time with 1,500 team members and 68,724 units produced of the lone model type. With this new expansion, the facility grows to 3,500 team members, five total model types produced (M-Class, R-Class, GL-Class, C-Class, GLE-Coupe) and a total production capacity of 300,000-plus units. When this expansion is completed, Mercedes' total investment in MBUSI will come to \$5.8 billion. During the last two decades, the automotive sector has grown into the state's largest industry. Starting with Mercedes production in Tuscaloosa in 1997, Honda and Hyundai have built auto plants in Alabama, Toyota has built an engine plant and dozens of automotive suppliers have helped create the core of the Southeast automotive corridor.



Logos of automotive manufacturers and automotive part suppliers in the Tuscaloosa cluster.

In addition to the direct impact that MBUSI has on the local economy, many supplier manufactures follow adding yet more jobs and economic impact to the area. According to economic experts, each job directly created by MBUSI creates another seven jobs at suppliers and service providers. In August 2014, Bolta U.S. Inc., a Germany-based plastics and chrome plating manufacturer, became the newest member of Alabama's

largest automotive cluster when it broke ground on its new \$50 million, 180,000-square-foot production facility located at the Tuscaloosa County Airport Industrial Park. The plant will initially supply parts to MBUSI and a Volkswagen plant in Chattanooga, TN and will employ more than 350 people. Another Mercedes parts supplier, Samvardhana Motherson Group (SMG), the Nodia, India-based plastics manufacturer, announced in May 2015 that it would build SMP Automotive Systems Alabama Inc. (SMP), a \$153.9 million plant that would employ 650 people. The 700,000-square-foot plant will be built in Cedar Cove Technology Park, located a few miles south of the MBUSI complex, and will make auto bumpers, door panels and other plastic components for auto interiors. SMP is one of two new facilities that SMG is building worldwide to fill its largest order from Daimler AG (parent company of MBUSI) worth \$2.45 billion.

With all of the advances in the automotive manufacturing sector, Tuscaloosa is not without its job market challenges. In May 2015, Walter Energy, a producer of coal, coke and natural gas and one of the largest employers in Tuscaloosa County, announced layoffs of approximately 500 workers.

Even with a continually diversifying industrial and commercial market, the City of Tuscaloosa's main economic driver continues to be the University of Alabama. The University of Alabama has been named as one of the Great Value Colleges with tuition rates remaining low when compared nationwide. This attracts a large number of out-of-state students (currently 54% of total enrollment is attributed to out-of-state students) who bring with them a family-based income level that is largely discretionary. According to a study performed during the Spring 2015 semester by the Institute for Social Science Research, an organization sponsored by the University of Alabama, the combined spending power of all student groups is approximately \$366 million.

The University of Alabama has increased enrollment by over 13,000 in 10 years and with that increased enrollment comes large construction projects on campus to meet demands of the student population. New housing and student amenities include the new Presidential Village that opened in the fall semester of 2014. This building complex includes a \$32 million, 85,000-square-foot student activity center with 971 residents living in two- and four-bedroom suites. The University oversaw a \$44.9 million renovation of its student union building, The Ferguson Center, in the summer of 2014 as well as the \$42.6 million complete demolition and rebuilding of Sewell Thomas Stadium (baseball) and the 11,163-square-foot, \$4.6 million construction of the facility for the women's rowing team. The University announced plans in April 2015 to build a new \$60 million, 109,000-square-foot performing arts center on the Bryce Hospital grounds that it acquired from the Alabama Department of Mental Health in 2010.

## Financial Policies

The City's fund balance policy ties the minimum unassigned fund balance in both the General Fund and the Capital Projects Fund to 10 percent of the prior year General Fund operating budget. For the fiscal year ended September 30, 2015, this amount is \$12,202,395. Per the basic financial statements located in this report, the actual amount unassigned in the General Fund is \$12,202,395, exactly meeting the minimum requirement. For the Capital Projects Fund, the September 30, 2015, fund balance assigned for future capital projects (without any specific commitment) is \$18,146,753; \$5,944,358 above current necessary policy levels.

Policy also states that the minimum unrestricted net position in the Water and Sewer Fund be maintained at 30 percent of operating expenses. For the fiscal year ended September 30, 2015, this would amount to \$10,162,923 with actual unrestricted net position being \$19,550,296.

The City has investments in certificates of deposit and various other cash equivalents totaling approximately \$24.9 million. The City adheres to an investment policy that emphasizes, in order of priority, safety, liquidity and return on investment.

The City implemented Government Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions – An Amendment of GASB 25" in fiscal year 2015 which specifies the disclosure and supplemental information requirements for pension plans. The statement improves accounting and financial reporting by state and local governments for pensions by requiring inclusion of Net Pension Liability on the employer's balance sheet and pension expense in the employers income statement. The statement became effective for all fiscal years beginning after June 15, 2014.

### Long-Term Financial Planning

The most recent long term planning scenario available from the City's Finance, Revenue and Human Resources Departments indicates that cost increases continue to put stress on the City budget. The main factors driving increased expenditures are increased costs for employee health insurance benefits, pension responsibilities and operating costs for new facilities. Various strategies are being used to ensure balanced budgets including cost cutting and productivity improvements, comprehensive analysis and strong commitment to affordable long-term capital improvement plans and strict management of employee health care benefits.

The City's financial team continuously monitors market interest rates and how they can be applied advantageously to the City's finances. In December 2014, the City issued general obligation warrants in the amount of \$11.64 million in order to take advantage of lower market interest rates. This new debt was used to refund existing general obligation warrants held at a higher interest rate.

An important factor in assessing the economic health of the City and its finances is the credit rating assigned by credit agencies. Standard & Poor's reaffirmed the City's bond rating at AA+ in a February 2016 report citing factors such as a "strong economy with a local stabilizing institutional influence," including the fact that "Tuscaloosa continues to serve as a retail and commercial hub for a multi-county area that extends into eastern Mississippi." Other factors cited by Standard & Poor's include "strong management, with good financial policies and practices," "strong budgetary performance" and "very strong liquidity." Moody's Investors Service issued a rating of Aa1, also in February 2016. Maintaining these prestigious credit ratings along with a focus on improving them is a high priority of the City management and the City Council.

### Risk Management

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

## Other Information

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tuscaloosa, Alabama for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014. This was the twenty-eighth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both the United States generally accepted accounting principles and applicable legal requirements.

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

### Acknowledgements

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



Walt Maddox  
Mayor



Mike Wright, CPA, CPFO, CGFO  
Finance Director



Government Finance Officers Association

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

Presented to

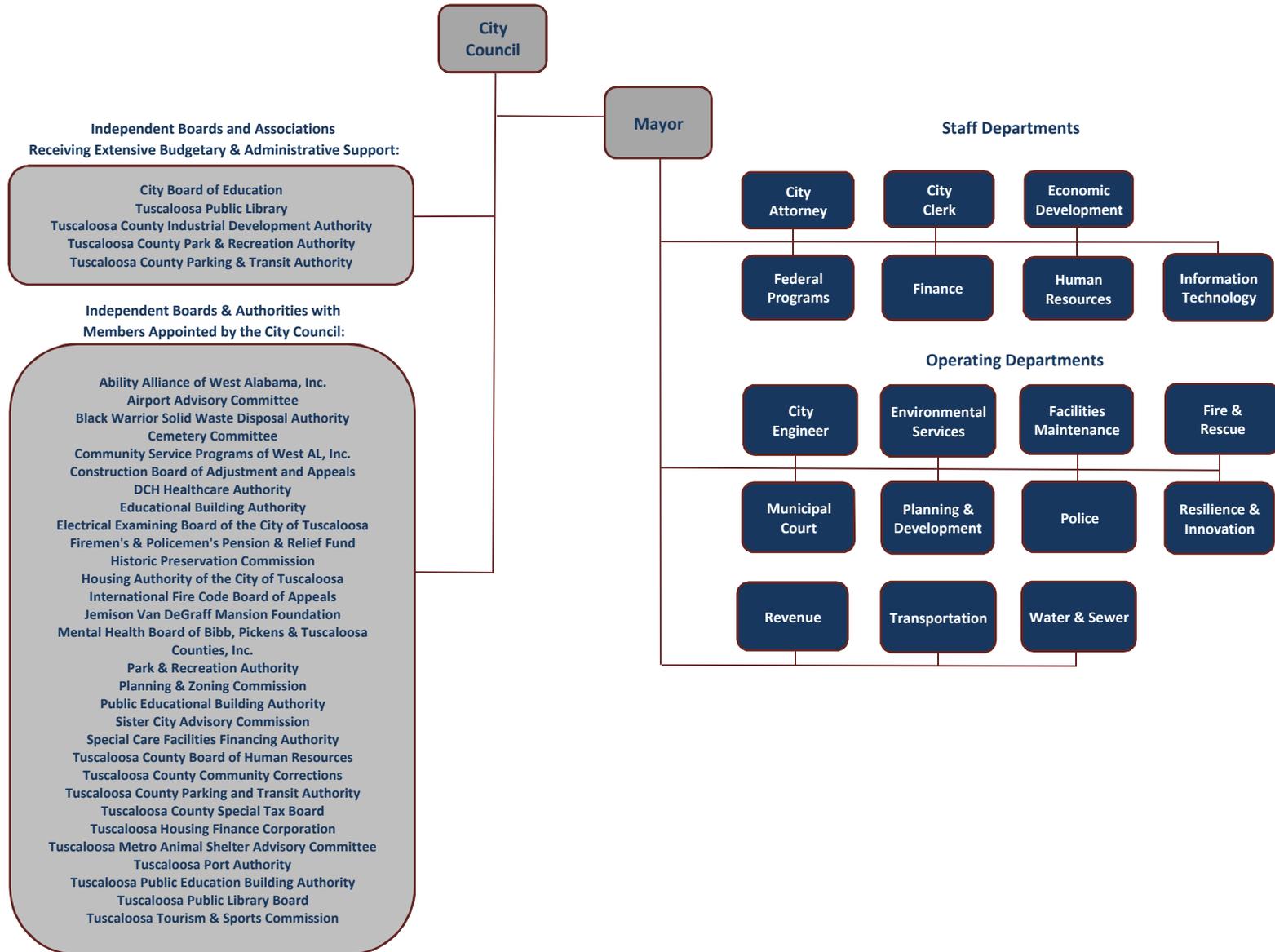
**City of Tuscaloosa  
Alabama**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO

# City of Tuscaloosa Organization Chart



# Officials of the City of Tuscaloosa

## Executive Branch

Walt Maddox, Mayor

## Legislative Branch

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

Phyllis Odom, *District 1*

Cynthia Almond, *District 3*

Mathew Calderone, *District 4*

Kip Tyner, *District 5*

Edwin Pugh, *District 6*

Sonya McKinstry, *District 7*

## Judicial Branch

Ricky McKinney, Municipal Court Judge

## Department Heads

### Staff Departments

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

### Operating Departments

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

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the Tuscaloosa Tourism and Sports Commission, Inc., a discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tuscaloosa, Alabama (the City), as of and for the year ended September 30, 2015, 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

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

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

### **Opinions**

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of a Matter – Adoption of New Accounting Standard**

During the year ended September 30, 2015, the City adopted GASB 68, "*Accounting and Financial Reporting for Pension-an amendment of GASB Statement 27*". The adoption of this statement resulted in the City electing to restate its September 30, 2014 net position to reflect the adoption of this standard. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

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

*Other Information*

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Jamison Money Farmer PC*

Certified Public Accountants

Tuscaloosa, Alabama

March 31, 2016



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## MANAGEMENT'S DISCUSSION & ANALYSIS

This section of the **City of Tuscaloosa Alabama's (the City) Comprehensive Annual Financial Report (CAFR)** presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements that immediately follow, along with the letter of transmittal, which can be found in the introductory section of this CAFR.

### **FINANCIAL HIGHLIGHTS**

#### Government-Wide Highlights:

*Net position* - The City's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources for fiscal year ending September 30, 2015 by \$330,180,909 (net position). The City's unrestricted net position was negatively impacted by the implementation of GASB Statement No. 68, *Accounting for Financial Reporting for Pensions* (GASB 68). This pronouncement required the City to record its proportionate share of unfunded pension liabilities for pension plans in which it participates. For fiscal year ending September 30, 2015, net position included a negative \$35,988,691 for the unrestricted portion.

*Changes in net position* - The City's total net position increased in fiscal year 2015 by \$20,746,509 (an increase of \$12,459,431 from governmental activities and \$8,287,078 from business-type activities). The change in net position for fiscal year 2015 included the net effect of prior period adjustments of \$97,591,208.

#### Fund Highlights:

*Governmental Funds – Fund Balances* – At the close of fiscal year 2015, the City's governmental funds reported a combined ending fund balance of \$53,000,019, a decrease of \$1,740,947 when compared to the prior year. Of this amount, \$1,081,075 represents nonspendable fund balance in the General Fund. Amounts available to be spent include \$4,502,074 of restricted fund balance, \$16,794,461 of committed fund balance, and \$18,705,011 of assigned fund balance and \$11,917,398 of unrestricted fund balance. The portion of available fund balance approximates 32% of the total governmental expenditures for fiscal year 2015.

*Business-Type Activities* – At the close of fiscal year 2015, the City's Water and Sewer enterprise fund reported a net position of \$205,885,677, after restatement of beginning net position of \$5,493,249 for the implementation of GASB 68. The change in net position for fiscal year 2015 was \$8,194,030.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

### **Government-Wide Financial Statements**

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

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

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

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

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

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

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

The government-wide financial statements can be found on pages 41-43 of this report.

## Fund Financial Statements

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

### Governmental Funds

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

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

The City maintains individual governmental funds organized according to their purpose (general, capital projects, disaster recover, special revenue, and a permanent fund). Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund and Disaster Recovery Construction Fund, which are considered to be major funds. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report. The basic governmental fund financial statements can be found on pages 44-54 of this report.

### Proprietary Funds

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

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

## **Proprietary Funds (Continued)**

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

The basic proprietary fund financial statements can be found on page 55-60 of this report.

## **Fiduciary Funds**

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the City. The City has a retirement plan fund and an agency fund, which are reported under the fiduciary funds. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 61-62 of this report.

## **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 64-120 of this report.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's portion of the net pension liability, schedule of contributions to the pension plans and progress in funding its obligation to provide other post-employment benefits (OPEB). Required supplementary information can be found on pages 121-129 of this report.

## **Combining Statements**

The combining statements referred to earlier in connection with nonmajor governmental funds, the internal service fund and the fiduciary funds can be found on pages 131-144 of this report.

## **Other Supplementary Information**

The budgetary comparisons for the water and sewer fund can be found on pages 145-148 of this report.

## **Statistical Information**

The statistical section, found on pages 150-173, presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information indicates about the City's overall financial health.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. The City's combined net position totaled \$330,180,909 as of September 30, 2015. Analyzing the net position of governmental and business-type activities separately, the governmental activities net position was \$124,291,943 and the business-type activities net position was \$205,888,966.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets and Deferred Outflows of Resources</b>						
Current and other assets	\$ 76,616,503	\$ 75,696,334	\$ 34,807,694	\$ 32,179,118	\$ 111,424,197	\$ 107,875,452
Capital assets	250,803,584	240,706,842	281,234,676	278,077,188	532,038,260	518,784,030
<b>Total assets</b>	<b>327,420,087</b>	<b>316,403,176</b>	<b>316,042,370</b>	<b>310,256,306</b>	<b>643,462,457</b>	<b>626,659,482</b>
Total deferred outflows of resources	11,048,739	3,023,640	5,410,457	4,692,050	16,459,196	7,715,690
<b>Total assets and deferred outflows of resources</b>	<b>338,468,826</b>	<b>319,426,816</b>	<b>321,452,827</b>	<b>314,948,356</b>	<b>659,921,653</b>	<b>634,375,172</b>
<b>Liabilities and Deferred Inflows of Resources</b>						
Long-term liabilities	187,167,140	94,388,592	103,507,925	101,816,037	290,675,065	196,204,629
Other liabilities	24,315,558	21,107,753	11,481,342	10,037,182	35,796,900	31,144,935
<b>Total liabilities</b>	<b>211,482,698</b>	<b>115,496,345</b>	<b>114,989,267</b>	<b>111,853,219</b>	<b>326,471,965</b>	<b>227,349,564</b>
Total deferred inflows of resources	2,694,185	-	574,594	-	3,268,779	-
<b>Total assets and deferred inflows of resources</b>	<b>214,176,883</b>	<b>115,496,345</b>	<b>115,563,861</b>	<b>111,853,219</b>	<b>329,740,744</b>	<b>227,349,564</b>
<b>Net Position</b>						
Net investment in capital assets	171,714,455	149,434,643	186,335,381	178,228,836	358,049,836	327,663,479
Restricted	7,748,115	8,763,740	-	-	7,748,115	8,763,740
Unrestricted	(55,170,627)	45,732,088	19,553,585	24,866,301	(35,617,042)	70,598,389
<b>Total Net Position</b>	<b>\$ 124,291,943</b>	<b>\$ 203,930,471</b>	<b>\$ 205,888,966</b>	<b>\$ 203,095,137</b>	<b>\$ 330,180,909</b>	<b>\$ 407,025,608</b>

The largest portion of the City's net position, \$358,049,836, reflects its net investment in capital assets (such as land, buildings, machinery and equipment, infrastructure and construction in progress), less any debt used to acquire those assets that is still outstanding. In fiscal year 2015, the City's governmental activities capital assets, net of accumulated depreciation, increased by \$10,096,742 and business-type activities capital assets, net of accumulated depreciation increased by \$3,157,488 primarily due to the completion of ongoing infrastructure projects. The City uses these capital assets to provide service to citizens, and consequently, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to pay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

### Analysis of Net Position (Continued)

An additional portion of the City's net position, \$7,748,115, represents resources that are subject to external restrictions on how they may be used. The remaining balance in net position is unrestricted.

In governmental activities, there is a negative unrestricted net asset position of \$55,170,627 as a result of the impact of recording the deferred outflows, deferred inflows and net pension liability in accordance with GASB 68. The net pension liability as of September 30, 2015 for governmental activities totaled \$99,694,893. The unrestricted net position in business-type activities is \$19,553,585. The net pension liability for business-type activities totaled \$5,394,675 as of September 30, 2015.

### Analysis of Changes in Net Position

The City restated fiscal year 2015 beginning net position for both governmental and business-type activities due to GASB 68. More information related to the restatements can be found on pages 119-120.

The following table provides a summary of the City's change in net position. Governmental activities net position increased by \$12,459,431 and the business-type activities net position increased by \$8,287,078. The reasons for the increases are discussed in the governmental and business-type activities discussion herein. Such amounts are included in the table that follows:

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
<b>Program revenues:</b>						
Charges for services	\$ 30,157,985	\$ 29,004,936	\$ 46,060,532	\$ 43,176,608	\$ 76,218,517	\$ 72,181,544
Operating grants and contributions	36,588,756	36,540,784	-	-	36,588,756	36,540,784
Capital grants and contributions	19,823,017	12,879,251	1,562,543	2,382,039	21,385,560	15,261,290
<b>General revenues:</b>						
Sales and use tax	39,425,922	37,820,342	-	-	39,425,922	37,820,342
Property tax	14,870,292	14,096,748	-	-	14,870,292	14,096,748
Other taxes	14,389,215	13,860,350	-	-	14,389,215	13,860,350
Investment earnings	961,704	362,693	12,240	11,428	973,944	374,121
Gain on disposal of capital assets	1,100,000	149,000	-	-	1,100,000	149,000
Gain on impairment	-	99,566	-	-	-	99,566
Other	73,019	-	-	-	73,019	-
<b>Total revenues</b>	<b>157,389,910</b>	<b>144,813,670</b>	<b>47,635,315</b>	<b>45,570,075</b>	<b>205,025,225</b>	<b>190,383,745</b>

**GOVERNMENT-WIDE FINANCIAL ANALYSIS** (Continued)

**Analysis of Changes in Net Position** (Continued)

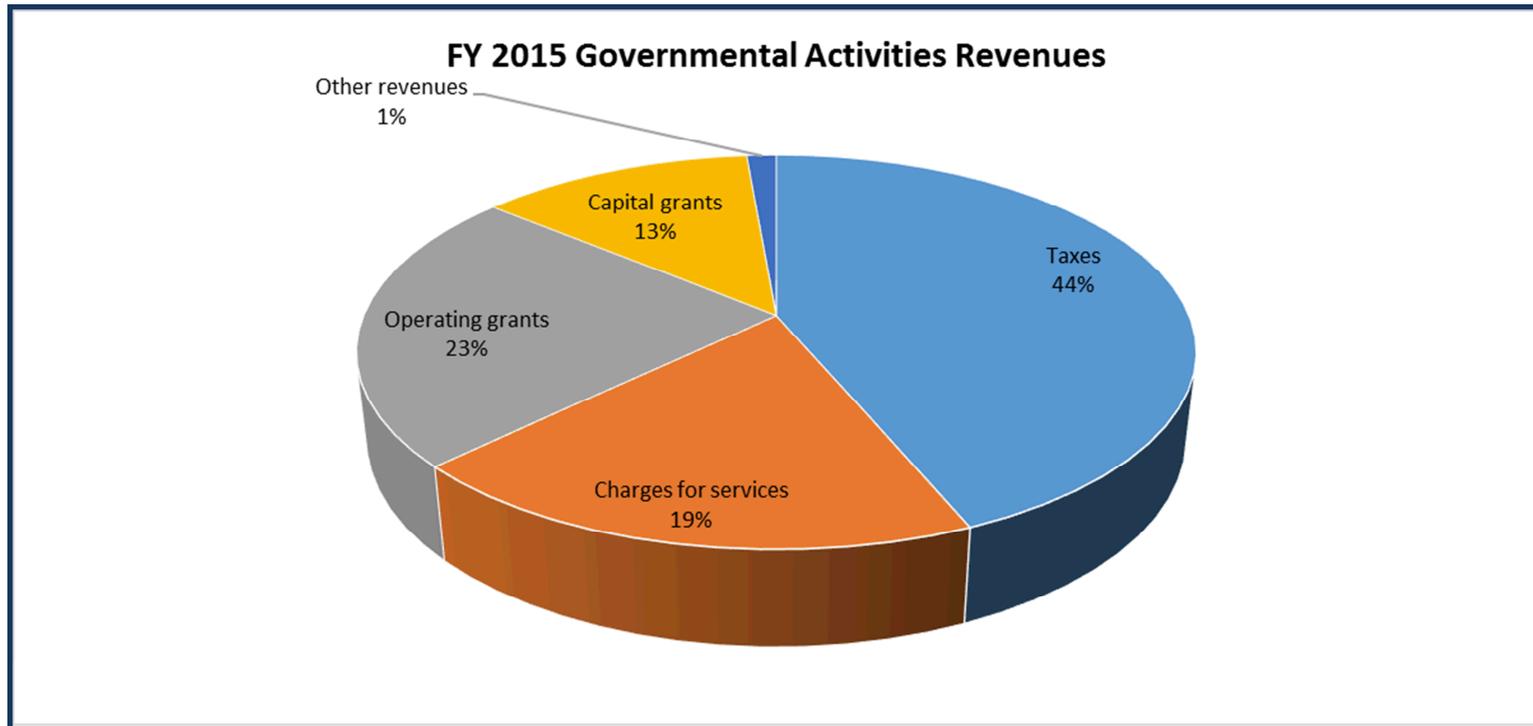
Expenses	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General government	26,507,912	26,481,306	-	-	26,507,912	26,481,306
Public safety	59,259,696	60,806,307	-	-	59,259,696	60,806,307
Streets and highways	22,831,277	21,995,144	-	-	22,831,277	21,995,144
Environmental services	7,397,239	8,078,235	-	-	7,397,239	8,078,235
Health	130,000	130,000	-	-	130,000	130,000
Education	14,803,495	14,014,690	-	-	14,803,495	14,014,690
Culture and recreation	8,918,758	9,499,263	-	-	8,918,758	9,499,263
Library	1,919,273	1,919,273	-	-	1,919,273	1,919,273
Housing	552,019	832,606	-	-	552,019	832,606
Economic development	179,859	268,206	-	-	179,859	268,206
Interest	4,244,615	2,906,041	-	-	4,244,615	2,906,041
Intermodal facility	-	-	57,234	72,535	57,234	72,535
Water and sewer	-	-	37,477,339	37,931,310	37,477,339	37,931,310
<b>Total expenses</b>	<b>146,744,143</b>	<b>146,931,071</b>	<b>37,534,573</b>	<b>38,003,845</b>	<b>184,278,716</b>	<b>184,934,916</b>
<b>Increase (decrease) in net position before transfers</b>	<b>10,645,767</b>	<b>(2,117,401)</b>	<b>10,100,742</b>	<b>7,566,230</b>	<b>20,746,509</b>	<b>5,448,829</b>
Transfers in (out)	1,813,664	2,014,356	(1,813,664)	(2,014,356)	-	-
<b>Change in net position</b>	<b>12,459,431</b>	<b>(103,045)</b>	<b>8,287,078</b>	<b>5,551,874</b>	<b>20,746,509</b>	<b>5,448,829</b>
<b>Net position, beginning of year, as previously reported</b>	<b>203,930,471</b>	<b>204,033,516</b>	<b>203,095,137</b>	<b>199,584,210</b>	<b>407,025,608</b>	<b>403,617,726</b>
Net effect of prior period adjustments	(92,097,959)	-	(5,493,249)	(2,040,947)	(97,591,208)	(2,040,947)
<b>Net position, beginning of year, as restated</b>	<b>111,832,512</b>	<b>204,033,516</b>	<b>197,601,888</b>	<b>197,543,263</b>	<b>309,434,400</b>	<b>401,576,779</b>
<b>Net position, end of year</b>	<b>\$ 124,291,943</b>	<b>\$ 203,930,471</b>	<b>\$ 205,888,966</b>	<b>\$ 203,095,137</b>	<b>\$ 330,180,909</b>	<b>\$ 407,025,608</b>

**GOVERNMENT-WIDE FINANCIAL ANALYSIS** (Continued)

**Governmental Activities** (Continued)

Significant changes in governmental activities revenue include the following:

- Sales and use tax revenue increased \$1,605,580 (4.25%) and property tax increased \$733,544 (5.49%) due to a continuing improvement in the economy, which resulted in increased economic development and discretionary customer spending.
- Charges for services, primarily licenses and permits, increased \$1,153,049 (3.98%) due to the continued growth in businesses in Tuscaloosa.
- Capital grants and contributions increased \$6,943,766 (53.91%) as a result of funds obligated under the CDBG-DR (Community Development Block Grant – Disaster Recovery) program.

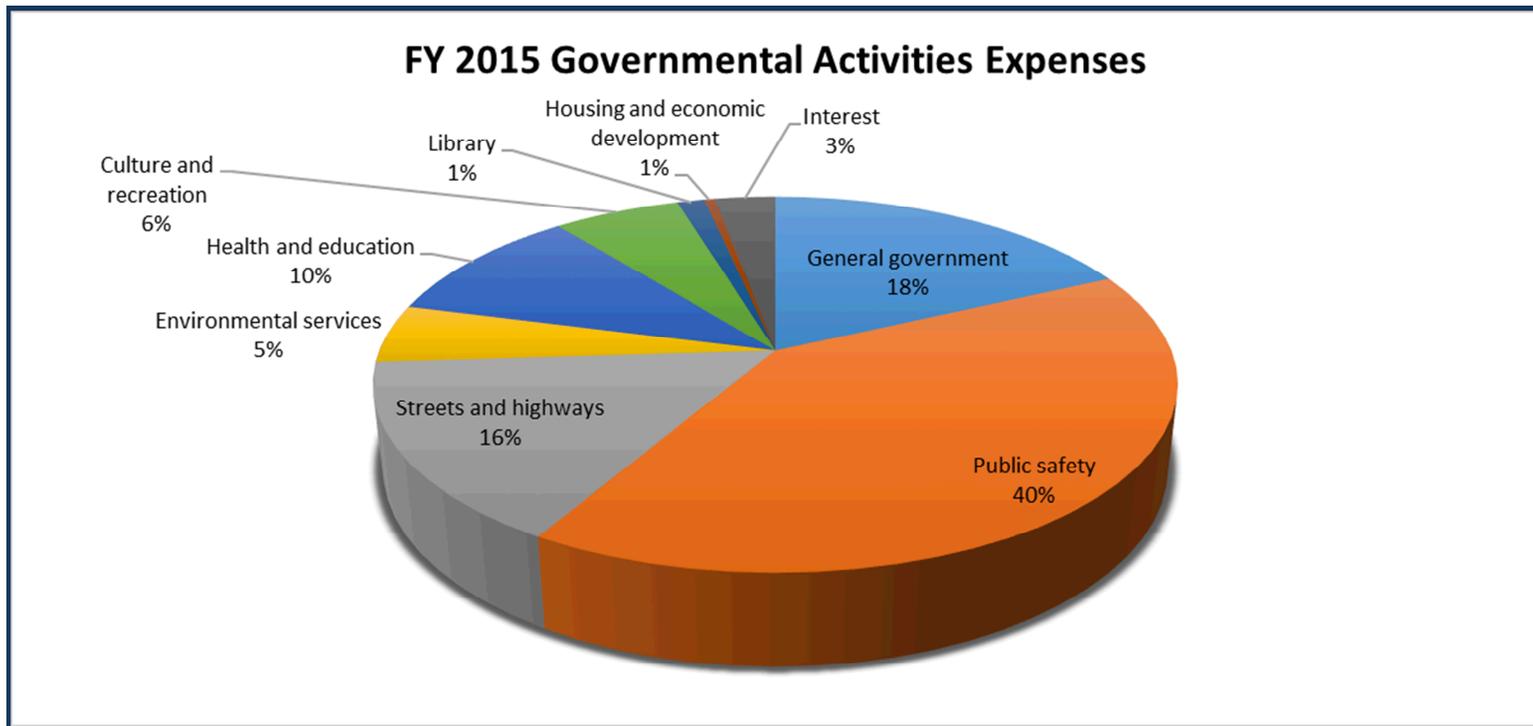


## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

### Governmental Activities (Continued)

Significant changes in governmental activities expenses include the following:

- Public safety expenses decreased \$1,546,611 (2.54%) due to a reduction in police overtime, fuel savings and a reduction in the number of prisoners housed in the jail.
- There were savings related to the transfer of the Tuscaloosa County Emergency Management Agency from the City of Tuscaloosa to Tuscaloosa County.



## **GOVERNMENT-WIDE FINANCIAL ANALYSIS** (Continued)

### **Business-type Activities**

The City operates a water and sewer utility that is accounted for as an enterprise fund. Total operating revenues increased by \$2,893,161 (6.70%) while operating expenses decreased by \$148,917 (0.44%). The Water and Sewer Fund change in net position compared to the prior year increased by \$2,735,204 primarily due to a rate increase of 3.00% and customer growth of approximately 2.90%. The water and sewer rate increase became effective October 1, 2014. In addition, the City experienced an increase in septage dumping fees and other user charges.

The water and sewer fund transferred \$3,258,401 to the General Fund for services provided by key General Fund departments including accounting, legal, and information technology services.

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

### **Governmental Funds**

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$53,000,019, a decrease of \$1,740,947 (3.18%) from the prior year. At the end of each fiscal year, the general fund records a transfer to the capital projects fund resulting in a decrease to the unassigned fund balance and an increase to the assigned fund balance for capital projects. For fiscal year 2015, the total of the transfer was \$5,951,441. Of the total fund balance of \$53,000,019, \$1,081,075 (2.04%) constitutes the nonspendable fund balance, which includes amounts that are either not in spendable form or legally or contractually required to be maintained intact. In addition, \$4,502,074 (8.49%) of fund balance is classified as restricted, meaning that funds can only be used for specific purposes defined by enabling legislation or externally imposed limitations. Amounts that can only be used for specific purposes pursuant to constraints of the government's highest level of decision-making authority are reported as committed fund balance. Committed fund balance represents \$16,794,461 (31.69%) of total fund balance. Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed are reported as assigned fund balance. Assigned fund balance represents \$18,705,011 (35.29%) of total fund balance. The remaining funds that are not classified in any of the other four categories constitute the unassigned fund balance. For the fiscal year ended September 30, 2015, unrestricted fund balance represented \$11,917,398 (22.49%) of total fund balance.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Continued)

### Governmental Funds (Continued)

The following table shows the revenues for fiscal year 2015 and 2014 and the increases and decreases from 2014 by major funds and other governmental funds.

	General Fund			Capital Projects Fund			Disaster Recovery Construction Fund			Other Governmental Funds		
	2015	2014	Increase/ (Decrease)	2015	2014	Increase/ (Decrease)	2015	2014	Increase/ (Decrease)	2015	2014	Increase/ (Decrease)
<b>Revenues</b>												
Taxes	\$ 65,931,177	\$ 62,954,882	\$ 2,976,295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 886,908	\$ 886,240	\$ 668
Licenses and permits	22,296,658	21,639,383	657,275	-	-	-	-	-	-	-	-	-
Fines and penalties	2,847,827	2,717,425	130,402	-	-	-	-	-	-	-	-	-
Use of property	40,633	7,601	33,032	-	-	-	-	-	-	-	-	-
Charges for services	4,879,762	4,640,527	239,235	-	-	-	-	-	-	-	-	-
Intergovernmental	30,966,222	29,813,824	1,152,398	80,824	424,279	(343,455)	17,089,937	6,669,335	10,420,602	3,515,017	7,601,564	(4,086,547)
Other revenues	7,934,954	7,946,170	(11,216)	292,865	191,507	101,358	260,594	526,037	(265,443)	1,630,141	2,139,060	(508,919)
	<u>\$ 134,897,233</u>	<u>\$ 129,719,812</u>	<u>\$ 5,177,421</u>	<u>\$ 373,689</u>	<u>\$ 615,786</u>	<u>\$ (242,097)</u>	<u>\$ 17,350,531</u>	<u>\$ 7,195,372</u>	<u>\$ 10,155,159</u>	<u>\$ 6,032,066</u>	<u>\$ 10,626,864</u>	<u>\$ (4,594,798)</u>

The *General Fund* is the chief operating fund of the City. General Fund revenues consist primarily of the City's direct sales tax, the City's share of the two cent county sales tax, property taxes and business licenses. The City's Revenue Department collects and administers its two cent direct sales tax and the business license fee that is based on gross receipts. The City receives twenty five percent of the two cent county sales tax, which is collected and administered by the Tuscaloosa County Special Tax Board (the County), an independent entity. The County levies and collects ad valorem taxes.

As mentioned previously, the sales and use tax revenue and property tax revenue increased by 4.25 % and 5.49%, respectively, in fiscal year 2015 due to continued economic growth.

The *Capital Projects Fund* accounts for the resources used to acquire, construct and improve major capital facilities, such as City buildings, road improvements, drainage projects, and street resurfacing. In the Capital Projects Fund, intergovernmental revenue decreased due to decreased federal grant revenue in 2015. Other revenues increased in 2015 due to a reimbursement from the University of Alabama.

The *Disaster Recovery Construction Fund* is used to account for grants funds received under the CDBG-DR grant program and the related costs of the rebuild efforts that are ongoing in Tuscaloosa. Funding increased by 53.91% in fiscal year 2015 as the grant program moved into the third phase.

The *Other Governmental Funds* are comprised of nonmajor capital projects funds and special revenue funds. The decrease reflected in intergovernmental and other revenues is mostly the result of the Disaster Recovery Construction Fund being reclassified as a Major Fund in fiscal year 2015.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Continued)

### Governmental Funds (Continued)

The following table shows the expenditures for fiscal year 2015 and 2014 and the increases and decreases from 2014 by major funds and other governmental funds.

	General Fund			Capital Project Fund			Disaster Recovery Construction Fund			Other Governmental Funds		
	2015	2014	Increase/ (Decrease)	2015	2014	Increase/ (Decrease)	2015	2014	Increase/ (Decrease)	2015	2014	Increase/ (Decrease)
<b>Expenditures</b>												
<b>Current operations:</b>												
General government	\$ 13,548,200	\$ 13,526,474	\$ 21,726	\$ 219,468	\$ 1,208,337	\$ (988,869)	\$ 1,761,537	\$ -	\$ 1,761,537	\$ 816,904	\$ 1,380,303	\$ (563,399)
Public safety	57,237,512	58,794,183	(1,556,671)	-	105,332	(105,332)	-	-	-	272,026	446,988	(174,962)
Streets and highways	13,511,228	14,224,585	(713,357)	3,624,035	2,007,337	1,616,698	-	-	-	-	-	-
Environmental services	7,204,516	7,684,458	(479,942)	-	-	-	-	-	-	-	-	-
Health	130,000	130,000	-	-	-	-	-	-	-	-	-	-
Education	14,803,488	14,014,685	788,803	-	-	-	-	-	-	-	-	-
Culture and recreation	7,318,592	8,105,590	(786,998)	253,297	3,453	249,844	175,163	-	175,163	550,059	477,764	72,295
Library	1,919,273	1,919,273	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	552,019	832,606	(280,587)
Economic development	-	-	-	-	-	-	1,910,012	-	1,910,012	179,859	438,206	(258,347)
Other activities	3,116,646	3,231,565	(114,919)	-	-	-	-	-	-	-	-	-
Capital outlay	468,141	328,184	139,957	-	103,592	(103,592)	11,312,629	4,614,536	6,698,093	5,392,042	8,667,243	(3,275,201)
Debt service	10,627,688	19,947,367	(9,319,679)	-	862,365	(862,365)	-	-	-	119,250	120,600	(1,350)
Intergovernmental expenditures	-	15,350	(15,350)	4,042,103	493,874	3,548,229	2,141,593	635,745	1,505,848	1,298,288	3,568,263	(2,269,975)
	<u>\$ 129,885,284</u>	<u>\$ 141,921,714</u>	<u>\$ (12,036,430)</u>	<u>\$ 8,138,903</u>	<u>\$ 4,784,290</u>	<u>\$ 3,354,613</u>	<u>\$ 17,300,934</u>	<u>\$ 5,250,281</u>	<u>\$ 12,050,653</u>	<u>\$ 9,180,447</u>	<u>\$ 15,931,973</u>	<u>\$ (6,751,526)</u>

*General Fund* – As stated previously, public safety expenses decreased by 2.54% due to cost saving measures taken related to police overtime and fuel. In 2015, the number of prisoners housed in the jail decreased significantly. In addition, the Tuscaloosa County Emergency Management Department was transferred to the County effective January 1, 2015. The decrease in debt service is the result of the advance refunding of the City's 2005 warrants.

*Capital Projects Fund* – Expenditures totaling \$4,042,103 were for capital improvements to Tuscaloosa Parks and Recreation Authority (PARA) properties. The cost were associated with the following PARA facilities and are thus, classified as intergovernmental expenditures: Riverwalk Restrooms, Sokol Park, Sokol Park Soccer Fields, Bowers Park and Hurricane Creek Park.

*Disaster Recovery Construction Fund* – Expenditures increased due to the projects reimbursed by FEMA, as discussed previously, for capital projects in process.

*Other Governmental Funds* – Expenditures shown for these funds, comprised of nonmajor capital project and special revenue funds, changed primarily due to the reclassification of the Disaster Recovery Construction Fund to a major fund.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS** (Continued)

### **Proprietary Funds**

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

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

	September 30, 2015	September 30, 2014
<b><u>Operating revenues</u></b>		
Charges for services	\$ 45,942,653	\$ 43,102,440
Miscellaneous	102,320	49,372
<b>Total operating revenues</b>	<b>46,044,973</b>	<b>43,151,812</b>
<b><u>Operating expenses</u></b>		
All departmental expenses	24,935,491	24,991,695
Depreciation and amortization	8,922,941	9,015,654
<b>Total operating expenses</b>	<b>33,858,432</b>	<b>34,007,349</b>
<b>Operating income</b>	<b>\$ 12,186,541</b>	<b>\$ 9,144,463</b>

The City Council has required the Water and Sewer Fund to maintain undesignated net position of at least thirty percent of actual current year water and sewer operating expenses in the Water and Sewer Fund and the Water and Sewer Reserve Fund. The Water and Sewer Fund has met this requirement for 2015 and has \$19,550,296 in unrestricted funds available for future capital projects.

Charges for services increased due to a three percent rate increase effective October 1, 2014. Septage dumping fees and other user fees also increased as stated previously. For financial statement purposes, the Water and Sewer Fund and the Water and Sewer Reserve for Future Improvements Fund are combined.

### **BUDGETARY HIGHLIGHTS**

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

## **BUDGETARY HIGHLIGHTS** (Continued)

The Council has control over the appropriation of funds; however, the Mayor is responsible for the annual budget recommendation to the Council. The budget process begins in May when the departments submit their budget requests for the following fiscal year to the 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 Water and Sewer Fund budget to the Council. During the month of September, the Finance Committee, the Mayor and the Council, reviews the final recommendation for adjustments before adopting the budget prior to October 1st. The original adopted budget is revised periodically throughout the year to take into account unexpected changes in revenues or expenditures. The final budget is not deemed to be significantly different from the original budget. The Finance Director has limited ability to approve the movement of funds within the "Other Operating" category of a departmental budget as long as the total department budget does not change.

### **Capital Assets and Debt Administration**

#### ***Capital Assets***

The City's capital assets for its governmental and business-type activities as of September 30, 2015 totaled \$250,803,854 and \$281,234,676, respectively (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and systems, machinery and equipment, utility properties and construction in progress. The increase in capital assets for governmental activities was primarily a result of the net increase in construction in progress and capital assets in the infrastructure and buildings categories. For the business-type activities, the increase was the result of an increase in capital assets in the buildings and systems. More information related to capital assets can be found on pages 79-80.

	Governmental Activities		Business-type Activities		Totals	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Land	\$ 4,508,746	\$ 3,362,539	\$ 1,744,935	\$ 1,744,935	\$ 6,253,681	\$ 5,107,474
Buildings	83,308,701	81,184,360	-	-	83,308,701	81,184,360
Equipment	14,149,640	13,653,403	2,221,385	2,396,410	16,371,025	16,049,813
Infrastructure	128,702,492	131,796,381	-	-	128,702,492	131,796,381
Utility property	-	-	272,500,795	269,681,775	272,500,795	269,681,775
Construction in progress	20,134,005	10,710,159	4,767,561	4,254,068	24,901,566	14,964,227
	<u>\$ 250,803,584</u>	<u>\$ 240,706,842</u>	<u>\$ 281,234,676</u>	<u>\$ 278,077,188</u>	<u>\$ 532,038,260</u>	<u>\$ 518,784,030</u>

## Debt Administration

At fiscal year end, the City had \$182,458,630 in outstanding bonds, a Section 108 loan and capital leases. Additional long-term liabilities totaled \$14,091,188 consisting of the net OPEB obligation, compensated absences and workers compensation claims. Overall long-term debt decreased \$11,550,841 from the prior year. More information related to long-term debt can be found on pages 84-89.

	Governmental Activities		Business-type Activities		Totals	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Warrants payable	\$ 76,795,000	\$ 82,570,000	\$ 93,250,000	\$ 98,632,440	\$ 170,045,000	\$ 181,202,440
Section 108 Loan	1,125,000	1,200,000	-	-	1,125,000	1,200,000
Capital leases	756,124	168,553	-	-	756,124	168,553
Premiums on warrants	4,491,086	4,988,223	6,347,683	5,907,961	10,838,769	10,896,184
Discounts on warrants	(306,263)	(564,604)	-	-	(306,263)	(564,604)
<b>Total warrants, notes payable, and capital leases</b>	<b>82,860,947</b>	<b>88,362,172</b>	<b>99,597,683</b>	<b>104,540,401</b>	<b>182,458,630</b>	<b>192,902,573</b>
Net OPEB Obligation	4,154,021	3,449,677	697,076	574,775	4,851,097	4,024,452
Compensated absences	7,008,721	8,830,784	960,727	925,564	7,969,448	9,756,348
Workers comp claims	1,173,761	1,204,510	96,882	212,776	1,270,643	1,417,286
<b>Long-term liabilities</b>	<b>\$ 95,197,450</b>	<b>\$ 101,847,143</b>	<b>\$ 101,352,368</b>	<b>\$ 106,253,516</b>	<b>\$ 196,549,818</b>	<b>\$ 208,100,659</b>

The debt for governmental and business-type activities decreased by approximately \$6,650,000 and \$4,900,000, respectively. In 2015, the above table was revised to include the premiums and discounts on the outstanding warrants. The total warrants outstanding decreased due to 2015 principal payments and with no additional debt issued, other than the advance bond refunding.

The City continues to maintain good bond ratings on the non-insured general obligation debt. Since 2011, Moody's Investors Service Inc. and Standard & Poor's Corporation have consistently rated the City at "Aa1" and "AA+", respectively.

## **OTHER FINANCIAL MATTERS**

### **Internal Service Fund**

The City's Health Insurance Fund, an Internal Service Fund, had a negative fund balance of \$245,760 at September 30, 2015, partly due to a federally mandated transitional reinsurance fee of \$203,112. A 7.5 percent rate increase in October of 2015 is intended to help offset rising health insurance costs. The City has taken steps to reduce the deficit in recent years, by increasing premiums, having employees pay for the dental portion of the coverage and implementing cost control measures recommended by the third party administrator such as increased deductibles and co-payments. The employer/employee premium allocation has changed from 75/25 to 70/30. Effective January 1, 2013 the City changed from a monthly composite premium to a tier system based upon the number of people that are covered. An employee health insurance committee has been formed to recommend ways to improve employee health including wellness and safety programs.

## **OTHER MATTERS**

### **Acknowledgements**

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

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

This financial report is intended to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the funds it receives. Any questions or requests for more information should be directed to the City of Tuscaloosa Finance Department at Post Office Box 2089, Tuscaloosa, Alabama, 35403. The City's Finance Director, Mike Wright, can be reached by telephone at (205) 248-5170. The City's website is [www.tuscaloosa.com](http://www.tuscaloosa.com).

**CITY OF TUSCALOOSA**  
**STATEMENT OF NET POSITION**  
**September 30, 2015**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 44,136,008	\$ 21,797,238	\$ 65,933,246	\$ 758,357	\$ 187,584
Investments	1,048,364	—	1,048,364	—	502,719
Receivables (net of allowances for uncollectibles)	25,818,350	5,776,493	31,594,843	3,288	—
Internal balances	(764,633)	764,633	—	—	—
Prepaid items	170,745	37,000	207,745	12,261	—
Inventories	910,621	1,045,305	1,955,926	—	—
Total current assets	<u>71,319,455</u>	<u>29,420,669</u>	<u>100,740,124</u>	<u>773,906</u>	<u>690,303</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	—	5,387,025	5,387,025	—	—
Receivables	5,297,048	—	5,297,048	—	—
Capital assets not being depreciated:					
Land	4,508,746	1,744,935	6,253,681	—	—
Construction in progress	20,134,005	4,767,561	24,901,566	—	—
Capital assets (net of accumulated depreciation)	226,160,833	274,722,180	500,883,013	154,212	1,644,902
Other assets	—	—	—	40,080	—
Total noncurrent assets	<u>256,100,632</u>	<u>286,621,701</u>	<u>542,722,333</u>	<u>194,292</u>	<u>1,644,902</u>
Total assets	<u>327,420,087</u>	<u>316,042,370</u>	<u>643,462,457</u>	<u>968,198</u>	<u>2,335,205</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows from pension	8,382,089	712,069	9,094,158	—	54,113
Deferred loss on debt refunding	2,666,650	4,698,388	7,365,038	—	—
Total deferred outflows of resources	<u>11,048,739</u>	<u>5,410,457</u>	<u>16,459,196</u>	<u>—</u>	<u>54,113</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and other current charges	14,708,984	2,991,916	17,700,900	62,396	131,553
Due to component unit	17,429	—	17,429	—	—
Accrued interest payable	1,298,004	671,429	1,969,433	—	—
Current portion of long-term debt	8,291,141	7,817,997	16,109,138	3,632	—
Total current liabilities	<u>24,315,558</u>	<u>11,481,342</u>	<u>35,796,900</u>	<u>66,028</u>	<u>131,553</u>

See accompanying notes to financial statements.

**CITY OF TUSCALOOSA**  
**STATEMENT OF NET POSITION**  
**September 30, 2015**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority
<b>LIABILITIES (continued)</b>					
Noncurrent liabilities:					
Unearned revenue	\$ 565,938	\$ 7,463	\$ 573,401	\$ —	\$ —
Developer deposits	—	2,109,008	2,109,008	—	—
Net pension liability	99,694,893	5,394,675	105,089,568	—	—
Other	—	—	—	—	343,580
Liabilities payable from restricted assets:					
Customer deposits	—	2,462,408	2,462,408	—	—
Long-term debt due after one year, net	86,906,309	93,534,371	180,440,680	3,074	—
Total noncurrent liabilities	187,167,140	103,507,925	290,675,065	3,074	343,580
Total liabilities	211,482,698	114,989,267	326,471,965	69,102	475,133
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows from pension	1,625,241	574,594	2,199,835	—	39,820
Deferred gain on debt refunding	1,068,944	—	1,068,944	—	—
Total deferred inflows of resources	2,694,185	574,594	3,268,779	—	39,820
<b>NET POSITION</b>					
Net investment in capital assets	171,714,455	186,335,381	358,049,836	187,586	1,644,902
Restricted for:					
Ambulance services franchise program	197,235	—	197,235	—	—
Capital projects	2,967,328	—	2,967,328	—	—
Capital Park maintenance - nonspendable	70,598	—	70,598	—	—
Community development	3,111,625	—	3,111,625	—	—
Garnishments	4,089	—	4,089	—	—
Hazard mitigation	3	—	3	—	—
Municipal court	992,107	—	992,107	—	—
Road projects	132,808	—	132,808	—	—
Salaries	206,812	—	206,812	—	—
Storm recovery	65,509	—	65,509	—	—
Unrestricted	(55,170,626)	19,553,585	(35,617,041)	711,510	229,463
Total net position	\$ 124,291,943	\$ 205,888,966	\$ 330,180,909	\$ 899,096	\$ 1,874,365

See accompanying notes to financial statements.

**CITY OF TUSCALOOSA**

**STATEMENT OF ACTIVITIES**

**For the year ended September 30, 2015**

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
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 26,507,912	\$ 25,185,118	\$ 32,627,587	\$ 2,836,943	\$ 34,141,736	\$ —	\$ 34,141,736	\$ —	\$ —
Public safety	59,259,696	93,105	112,830	16,884,644	(42,169,117)	—	(42,169,117)	—	—
Streets and highways	22,831,277	—	270,180	101,420	(22,459,677)	—	(22,459,677)	—	—
Environmental services	7,397,239	4,879,762	—	—	(2,517,477)	—	(2,517,477)	—	—
Health	130,000	—	—	—	(130,000)	—	(130,000)	—	—
Education	14,803,495	—	176,292	—	(14,627,203)	—	(14,627,203)	—	—
Culture and recreation	8,918,758	—	16,799	—	(8,901,959)	—	(8,901,959)	—	—
Library	1,919,273	—	—	—	(1,919,273)	—	(1,919,273)	—	—
Housing	552,019	—	—	—	(552,019)	—	(552,019)	—	—
Economic development	179,859	—	3,385,068	10	3,205,219	—	3,205,219	—	—
Interest on long-term debt	4,244,615	—	—	—	(4,244,615)	—	(4,244,615)	—	—
Total governmental activities	146,744,143	30,157,985	36,588,756	19,823,017	(60,174,385)	—	(60,174,385)	—	—
Business-type activities:									
Intermodal facility	57,234	15,559	—	—	—	(41,675)	(41,675)	—	—
Water and sewer	37,477,339	46,044,973	—	1,562,543	—	10,130,177	10,130,177	—	—
Total business-type activities	37,534,573	46,060,532	—	1,562,543	—	10,088,502	10,088,502	—	—
Total primary government	\$ 184,278,716	\$ 76,218,517	\$ 36,588,756	\$ 21,385,560	\$ (60,174,385)	\$ 10,088,502	\$ (50,085,883)	\$ —	\$ —
<b>Component units:</b>									
Tuscaloosa Tourism and Sports Commission	\$ 1,421,880	\$ —	\$ 1,495,693	\$ —	\$ —	\$ —	\$ —	\$ 73,813	\$ —
Tuscaloosa County Parking and Transit Authority	2,326,212	205,117	1,947,221	814,936	—	—	—	—	641,062
Total component units	\$ 3,748,092	\$ 205,117	\$ 3,442,914	\$ 814,936	\$ —	\$ —	\$ —	\$ 73,813	\$ 641,062
<b>General Revenues:</b>									
Taxes:									
Sales and use tax					\$ 39,425,922	\$ —	\$ 39,425,922	\$ —	\$ —
Property tax					14,870,292	—	14,870,292	—	—
Lodging tax					5,826,966	—	5,826,966	—	—
Other state and local taxes					6,694,905	—	6,694,905	—	—
Taxes passed through from state					1,867,344	—	1,867,344	—	—
Unrestricted investment earnings					961,704	12,240	973,944	710	—
Gain on disposal of capital assets					1,100,000	—	1,100,000	—	—
Other					73,019	—	73,019	—	—
Transfers					1,813,664	(1,813,664)	—	—	—
Total general revenues and transfers					72,633,816	(1,801,424)	70,832,392	710	—
Change in net position					12,459,431	8,287,078	20,746,509	74,523	641,062
Net position, beginning of year, as previously reported					203,930,471	203,095,137	407,025,608	824,573	1,233,303
Decrease resulting from accounting change related to net pension liabilities					(92,097,959)	(5,493,249)	(97,591,208)	—	—
Net position, beginning of year, as restated					111,832,512	197,601,888	309,434,400	824,573	1,233,303
Net position, end of year					\$ 124,291,943	\$ 205,888,966	\$ 330,180,909	\$ 899,096	\$ 1,874,365

See accompanying notes to financial statements.

**CITY OF TUSCALOOSA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**September 30, 2015**

<u>ASSETS</u>	General Fund	Capital Projects Fund	Disaster Recovery Construction Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 8,425,142	\$ 16,852,675	\$ 3,571,985	\$ 14,286,909	\$ 43,136,711
Investments	800,000	—	—	248,364	1,048,364
Receivables (net of allowances for uncollectibles)	13,430,101	—	—	159,214	13,589,315
Due from other governments	76,465	772,479	4,721,590	3,585,441	9,155,975
Due from other funds	9,577,907	10,099,351	575,566	1,780,041	22,032,865
Prepaid items	170,746	—	—	—	170,746
Inventories	910,329	—	—	292	910,621
<b>Total assets</b>	<b>\$ 33,390,690</b>	<b>\$ 27,724,505</b>	<b>\$ 8,869,141</b>	<b>\$ 20,060,261</b>	<b>\$ 90,044,597</b>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 7,911,374	\$ 1,521,577	\$ 2,101,835	\$ 2,318,898	\$ 13,853,684
Due to component unit	17,429	—	—	—	17,429
Deferred revenue	529,029	203,676	—	36,909	769,614
Due to other funds	8,771,420	—	7,025,478	6,606,953	22,403,851
<b>Total liabilities</b>	<b>17,229,252</b>	<b>1,725,253</b>	<b>9,127,313</b>	<b>8,962,760</b>	<b>37,044,578</b>
Fund balances:					
Nonspendable:					
Prepaid items	170,746	—	—	—	170,746
Inventories	910,329	—	—	—	910,329
Restricted for:					
Ambulance services franchise program	197,235	—	—	—	197,235
Capital projects	—	—	—	2,763,652	2,763,652
Capital Park maintenance	—	—	—	70,598	70,598
Community development	—	—	—	69,261	69,261
Garnishments	4,089	—	—	—	4,089
Municipal court	992,107	—	—	—	992,107
Hazard mitigation	—	—	—	3	3
Road projects	—	—	—	132,808	132,808
Salaries	—	—	—	206,812	206,812
Storm recovery	—	—	—	65,509	65,509
Committed for:					
Capital projects	—	7,852,499	—	7,117,728	14,970,227
Cemetery maintenance	—	—	—	141,141	141,141
Law enforcement and public officials liability	1,260,212	—	—	—	1,260,212
Pensions	263,018	—	—	—	263,018
Tourism enhancement	—	—	—	159,863	159,863
Assigned for:					
Capital projects	—	—	—	396,951	396,951
Fiscal year 2015 budget	161,307	—	—	—	161,307
Future capital projects	—	18,146,753	—	—	18,146,753
Unassigned	12,202,395	—	(258,172)	(26,825)	11,917,398
<b>Total fund balances</b>	<b>16,161,438</b>	<b>25,999,252</b>	<b>(258,172)</b>	<b>11,097,501</b>	<b>53,000,019</b>
<b>Total liabilities and fund balances</b>	<b>\$ 33,390,690</b>	<b>\$ 27,724,505</b>	<b>\$ 8,869,141</b>	<b>\$ 20,060,261</b>	<b>\$ 90,044,597</b>

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, 2015**

Total fund balances for governmental funds		\$ 53,000,019
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 \$21,609,771	\$ 83,308,701	
Equipment, net of accumulated depreciation of \$38,341,392	14,149,640	
Infrastructure, net of accumulated depreciation of \$123,356,881	128,702,492	
Land	4,508,746	
Construction in progress	20,134,005	250,803,584
Certain receivables are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.		203,676
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	16,250	
Receivable from other governments for warrants payable to be reimbursed to City	2,600,000	
Receivable for sale of land	1,628,250	
Receivable for sale of building	1,000,000	
Loans receivable under the Community Development Disaster Recovery Program	3,042,363	8,286,863
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.		(166,406)
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	(76,795,000)	
Section 108 loan	(1,125,000)	
Capital lease	(756,124)	
Compensated absences	(7,008,721)	
Workers comp liability	(1,173,761)	
OPEB liability	(4,154,021)	
Accrued interest payable	(1,298,004)	
Deferred loss on refunding of warrants, to be amortized	2,666,650	
Deferred gain on refunding of warrants, to be amortized	(1,068,944)	
Premiums, to be amortized	(4,491,086)	
Discount, to be amortized	306,263	(94,897,748)
Net pension liability, deferred inflows, and deferred outflows, not reported in the funds		(92,938,045)
Net position of governmental activities		\$ 124,291,943

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, 2015**

	General Fund	Capital Projects Fund	Disaster Recovery Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 65,931,177	\$ —	\$ —	\$ 886,908	\$ 66,818,085
Licenses and permits	22,296,658	—	—	—	22,296,658
Fines and penalties	2,847,827	—	—	—	2,847,827
Use of property	40,633	—	—	—	40,633
Charges for services	4,879,762	—	—	—	4,879,762
Intergovernmental	30,966,222	80,824	17,089,937	3,515,017	51,652,000
Other revenues	7,934,954	292,865	260,594	1,630,141	10,118,554
<b>Total revenues</b>	<b>134,897,233</b>	<b>373,689</b>	<b>17,350,531</b>	<b>6,032,066</b>	<b>158,653,519</b>
<b>Expenditures:</b>					
<b>Current operations:</b>					
General government	13,548,200	219,468	1,761,537	816,904	16,346,109
Public safety	57,237,512	—	—	272,026	57,509,538
Streets and highways	13,511,228	3,624,035	—	—	17,135,263
Environmental services	7,204,516	—	—	—	7,204,516
Health	130,000	—	—	—	130,000
Education	14,803,488	—	—	—	14,803,488
Culture and recreation	7,318,592	253,297	175,163	550,059	8,297,111
Library	1,919,273	—	—	—	1,919,273
Housing	—	—	—	552,019	552,019
Economic development	—	—	1,910,012	179,859	2,089,871
Other activities	3,116,646	—	—	—	3,116,646
<b>Total current operations</b>	<b>118,789,455</b>	<b>4,096,800</b>	<b>3,846,712</b>	<b>2,370,867</b>	<b>129,103,834</b>
Capital outlay	468,141	—	11,312,629	5,392,042	17,172,812
<b>Debt service:</b>					
Principal payments	7,122,428	—	—	75,000	7,197,428
Interest charges	3,478,594	—	—	44,250	3,522,844
Warrant issue costs	26,666	—	—	—	26,666
Intergovernmental expenditures	—	4,042,103	2,141,593	1,298,288	7,481,984
<b>Total expenditures</b>	<b>129,885,284</b>	<b>8,138,903</b>	<b>17,300,934</b>	<b>9,180,447</b>	<b>164,505,568</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>5,011,949</b>	<b>(7,765,214)</b>	<b>49,597</b>	<b>(3,148,381)</b>	<b>(5,852,049)</b>

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, 2015**

	General Fund	Capital Projects Fund	Disaster Recovery Construction Fund	Other Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over expenditures (brought forward)	\$ 5,011,949	\$ (7,765,214)	\$ 49,597	\$ (3,148,381)	\$ (5,852,049)
Other financing sources (uses):					
Warrant issuance	2,090,000	—	—	—	2,090,000
Premium on warrants issued	244,898	—	—	—	244,898
Transfers in	4,025,321	5,951,441	—	8,082,228	18,058,990
Transfers out	(10,615,848)	(264,846)	—	(5,364,632)	(16,245,326)
Total other financing sources (uses)	(4,255,629)	5,686,595	—	2,717,596	4,148,562
Net change in fund balances	756,320	(2,078,619)	49,597	(430,785)	(1,703,487)
Fund balances, beginning of year	15,442,578	28,077,871	(307,769)	11,528,286	54,740,966
Decrease in reserve for change in inventory	(37,460)	—	—	—	(37,460)
Fund balances, end of year	<u>\$ 16,161,438</u>	<u>\$ 25,999,252</u>	<u>\$ (258,172)</u>	<u>\$ 11,097,501</u>	<u>\$ 53,000,019</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, 2015

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		\$	(1,703,487)
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	\$	21,328,789	
Depreciation expense		(11,232,042)	10,096,747
			<hr/>
Certain receivables were collected this year, but were not available soon enough to pay for the prior period's expenditures, and, therefore, were deferred in the prior year.			(259,622)
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			1,000,000
Issuance of loans under the Community Development Disaster Recovery Program			2,469,400
Repayment of loans under the Community Development Disaster Recovery Program			(260,584)
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		(756,124)	
General warrants issued		(2,090,000)	
Debt payments made:			
Warrant payments		7,865,000	
Section 108 loan		75,000	
Capital lease payments		168,553	5,262,429
			<hr/>
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.			(2,470,000)
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		(37,460)	
OPEB liability		(704,344)	
Compensated absences		1,822,063	
Workers compensation		30,749	
Amortization of debt premium		742,035	
Amortization of gain/loss on refunding		(310,514)	
Amortization of debt issue costs and discount		(258,341)	
Accrued interest payable		(168,354)	1,115,834
			<hr/>
Premium and deferred gain on refunding were capitalized in the current year.			(1,360,318)
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.			(590,882)
Amount by which the City's net pension liability (\$1,307,838) increased, deferred inflows from pensions (\$1,625,241) increased, and deferred outflows from pension (\$2,092,993) increased compared to the prior fiscal year.			(840,086)
			<hr/>
Change in net position of governmental activities		\$	<u>12,459,431</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, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis**	Budget to GAAP Differences	Actual Amounts GAAP Basis**
	Original	Final			
Revenues:					
Taxes:					
Sales	\$ 34,563,000	\$ 34,563,000	\$ 36,098,135	\$ —	\$ 36,098,135
Use	2,790,000	2,790,000	3,327,787	—	3,327,787
Property tax	14,350,000	14,350,000	14,870,292	—	14,870,292
Lodging tax	5,486,600	5,486,600	5,826,966	—	5,826,966
Other local taxes	5,347,000	5,347,000	5,807,998	—	5,807,998
Total taxes	62,536,600	62,536,600	65,931,178	—	65,931,178
Licenses and permits:					
Business license	18,700,000	18,700,000	19,160,924	—	19,160,924
Other licenses	1,495,000	1,545,000	1,569,828	—	1,569,828
Building and other permits	1,822,000	1,822,000	1,565,905	—	1,565,905
Total licenses and permits	22,017,000	22,067,000	22,296,657	—	22,296,657
Fines and penalties	1,560,500	1,664,285	2,112,213	—	2,112,213
Use of property	5,500	39,000	40,633	—	40,633
Charges for services:					
Garbage collection fees and tax	5,000,000	5,000,000	4,879,762	—	4,879,762
Intergovernmental revenues:					
Federal and state grants revenue	480,106	497,570	332,525	—	332,525
Shared from local units:					
Public school bond-sales tax	10,560,000	10,560,000	11,301,676	—	11,301,676
City share of county sales tax	13,430,000	13,521,274	14,400,503	—	14,400,503
School Board for debt	2,661,750	2,661,750	2,661,730	—	2,661,730
Other	419,000	419,000	402,443	—	402,443
Shared from state	1,935,000	1,935,000	1,867,344	—	1,867,344
Total intergovernmental revenue	29,485,856	29,594,594	30,966,221	—	30,966,221

\*\* 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, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis**	Budget to GAAP Differences	Actual Amounts GAAP Basis**
	Original	Final			
Revenues: (Continued)					
Other operating revenues:					
Interest on investments	\$ 15,000	\$ 15,000	\$ —	\$ —	\$ —
Cost reimbursed	1,660,000	2,464,103	2,815,613	—	2,815,613
Other	1,405,950	1,749,107	1,249,625	—	1,249,625
Total other operating revenues	3,080,950	4,228,210	4,065,238	—	4,065,238
Total revenues	123,686,406	125,129,689	130,291,902	—	130,291,902
Expenditures:					
Current operations:					
General government:					
Finance:					
Personnel services	864,087	820,629	791,044	—	791,044
Other	1,570,376	1,607,855	1,181,745	—	1,181,745
Total	2,434,463	2,428,484	1,972,789	—	1,972,789
Revenue:					
Personnel services	767,249	747,259	733,481	—	733,481
Other	285,152	288,240	261,548	—	261,548
Total	1,052,401	1,035,499	995,029	—	995,029
Municipal court:					
Personnel services	686,769	732,303	709,873	—	709,873
Other	318,761	331,883	308,822	—	308,822
Total	1,005,530	1,064,186	1,018,695	—	1,018,695
Human resources:					
Personnel services	819,270	814,137	802,190	—	802,190
Other	1,225,329	1,205,329	1,067,514	—	1,067,514
Total	2,044,599	2,019,466	1,869,704	—	1,869,704
311 Operations:					
Personnel services	301,401	301,401	294,263	—	294,263
Other	91,244	91,244	32,028	—	32,028
Total	392,645	392,645	326,291	—	326,291
Information technology:					
Personnel services	1,365,728	1,308,044	1,187,024	—	1,187,024
Other	2,130,924	1,947,224	1,274,091	(67,660)	1,206,431
Total	3,496,652	3,255,268	2,461,115	(67,660)	2,393,455

\*\* 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, 2015**

	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	\$ 684,398	\$ 665,571	\$ 645,412	\$ —	\$ 645,412
Other	454,394	421,889	26,877	—	26,877
	<u>1,138,792</u>	<u>1,087,460</u>	<u>672,289</u>	<u>—</u>	<u>672,289</u>
Council:					
Personnel services	242,931	242,941	199,357	—	199,357
Other	74,955	74,957	—	—	—
	<u>317,886</u>	<u>317,898</u>	<u>199,357</u>	<u>—</u>	<u>199,357</u>
Federal programs:					
Personnel services	607,872	671,176	660,248	—	660,248
Other	424,189	441,539	346,283	—	346,283
	<u>1,032,061</u>	<u>1,112,715</u>	<u>1,006,531</u>	<u>—</u>	<u>1,006,531</u>
Arts and entertainment:					
Personnel services	796,902	615,468	492,271	—	492,271
Other	1,151,275	1,155,004	1,020,909	(22,550)	998,359
	<u>1,948,177</u>	<u>1,770,472</u>	<u>1,513,180</u>	<u>(22,550)</u>	<u>1,490,630</u>
City attorney:					
Personnel services	1,067,152	1,064,047	1,023,486	—	1,023,486
Other	563,229	570,641	430,677	—	430,677
	<u>1,630,381</u>	<u>1,634,688</u>	<u>1,454,163</u>	<u>—</u>	<u>1,454,163</u>
Total general government	<u>16,493,587</u>	<u>16,118,781</u>	<u>13,489,143</u>	<u>(90,210)</u>	<u>13,398,933</u>
Public safety:					
Police:					
Personnel services	21,649,960	21,277,448	21,328,463	—	21,328,463
Other	7,894,590	7,848,317	7,297,912	32,847	7,330,759
	<u>29,544,550</u>	<u>29,125,765</u>	<u>28,626,375</u>	<u>32,847</u>	<u>28,659,222</u>
Fire and rescue service:					
Personnel services	15,315,546	15,188,940	15,231,599	—	15,231,599
Other	5,407,589	5,482,249	5,306,673	(374)	5,306,299
	<u>20,723,135</u>	<u>20,671,189</u>	<u>20,538,272</u>	<u>(374)</u>	<u>20,537,898</u>
Facilities maintenance:					
Personnel services	1,607,096	1,719,754	1,615,177	—	1,615,177
Other	2,693,238	2,800,981	1,757,494	62,862	1,820,356
	<u>4,300,334</u>	<u>4,520,735</u>	<u>3,372,671</u>	<u>62,862</u>	<u>3,435,533</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, 2015

	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	\$ —	\$ —	\$ 395,071	\$ —	\$ 395,071
	—	—	395,071	—	395,071
Planning and development services (inspections):					
Personnel services	1,574,179	1,537,069	1,490,872	—	1,490,872
Other	616,066	629,131	570,814	—	570,814
	2,190,245	2,166,200	2,061,686	—	2,061,686
Communications:					
Personnel services	1,043,528	955,979	978,131	—	978,131
Other	423,275	417,137	378,027	(1,303)	376,724
	1,466,803	1,373,116	1,356,158	(1,303)	1,354,855
Emergency management:					
Personnel services	131,293	52,265	48,647	—	48,647
Other	206,628	85,155	70,581	—	70,581
	337,921	137,420	119,228	—	119,228
Recovery:					
Personnel services	664,287	595,878	478,604	—	478,604
Other	387,669	403,467	195,404	—	195,404
	1,051,956	999,345	674,008	—	674,008
Total public safety	59,614,944	58,993,770	57,143,469	94,032	57,237,501
Streets and highways:					
Personnel services	7,891,068	7,593,788	7,477,342	—	7,477,342
Other	6,192,822	6,147,765	6,039,788	(5,900)	6,033,888
	14,083,890	13,741,553	13,517,130	(5,900)	13,511,230
Environmental services:					
Personnel services	3,836,550	3,750,875	3,717,870	—	3,717,870
Other	3,203,126	3,405,848	3,415,149	71,496	3,486,645
	7,039,676	7,156,723	7,133,019	71,496	7,204,515
Health	130,000	130,000	130,000	—	130,000
Education:					
Funds provided to City school system	13,235,000	13,235,000	13,976,676	—	13,976,676
Personnel services	145,560	145,560	88,379	—	88,379
Other	693,356	750,856	738,433	—	738,433
	14,073,916	14,131,416	14,803,488	—	14,803,488

\*\* 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, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis**	Budget to GAAP Differences	Actual Amounts GAAP Basis**
	Original	Final			
Expenditures (Continued):					
Current operations (Continued):					
Recreation:					
Funds provided to Park and Recreation Authority	\$ 4,186,000	\$ 4,186,000	\$ 4,186,000	\$ —	\$ 4,186,000
Other			32,560		32,560
	<u>4,186,000</u>	<u>4,186,000</u>	<u>4,218,560</u>	<u>—</u>	<u>4,218,560</u>
Library:					
Funds provided to Library Board	1,919,273	1,919,273	1,919,273	—	1,919,273
	<u>1,919,273</u>	<u>1,919,273</u>	<u>1,919,273</u>	<u>—</u>	<u>1,919,273</u>
Other activities:					
Funds to other agencies:					
Alabama Blues Project	10,000	10,000	10,000	—	10,000
Arts and Humanities Council	50,000	50,000	50,000	—	50,000
Boys and Girls Club	20,000	20,000	20,000	—	20,000
Cemetery Expense	10,000	10,000	942	—	942
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	124,500	124,500	—	124,500
Friedman Home	17,000	17,000	19,878	—	19,878
Indian Rivers Mental Health Center	50,000	50,000	50,000	—	50,000
Jemison Foundation	60,000	60,000	60,000	—	60,000
Kentuck Art Center	—	50,000	50,000	—	50,000
Metro Animal Shelter	7,500	7,500	16,052	—	16,052
Salvation Army	—	50,000	—	—	—
Soil and Water Conservation Authority	12,500	12,500	12,500	—	12,500
Tax Equalization Board	300	300	47	—	47
Theatre Tuscaloosa	15,000	15,000	15,000	—	15,000
Tuscaloosa Community Dancers	10,000	10,000	10,000	—	10,000
Tuscaloosa County Industrial Development Authority	440,000	440,000	440,000	—	440,000
Tuscaloosa County EMA	—	115,685	76,213	—	76,213
Tuscaloosa Parking & Transit Authority	626,700	631,475	724,797	—	724,797
Tuscaloosa Sister Cities Commission	120,000	120,000	120,000	—	120,000
Tuscaloosa Spay Neuter Incentive Program	25,000	32,000	32,000	—	32,000
Tuscaloosa Symphony	35,000	35,000	35,000	—	35,000
Tuscaloosa Tourism and Sports Commission	1,050,000	1,050,000	1,050,000	—	1,050,000
West Alabama Aids Outreach	15,000	15,000	15,000	—	15,000
West Alabama Planning and Development Council	37,997	37,997	37,997	—	37,997
Contingencies and other	328,880	127,701	72,175	—	72,175
	<u>3,111,377</u>	<u>3,159,658</u>	<u>3,110,101</u>	<u>—</u>	<u>3,110,101</u>
Total current operations	<u>120,652,663</u>	<u>119,537,174</u>	<u>115,464,183</u>	<u>69,418</u>	<u>115,533,601</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, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis**	Budget to GAAP Differences	Actual Amounts GAAP Basis**
	Original	Final			
Expenditures (Continued):					
Total current operations (brought forward):	\$ 120,652,663	\$ 119,537,174	\$ 115,464,183	\$ 69,418	\$ 115,533,601
Capital outlay	—	461,841	468,140	—	468,140
Debt service:					
Principal	5,556,000	5,305,600	7,122,428	—	7,122,428
Interest	3,570,139	3,474,596	3,478,594	—	3,478,594
Warrant issue costs	5,000	5,000	26,666	—	26,666
Total expenditures	129,783,802	128,784,211	126,560,011	69,418	126,629,429
Excess (deficiency) of revenues over expenditures	(6,097,396)	(3,654,522)	3,731,891	(69,418)	3,662,473
Other financing sources (uses):					
Warrant issuance	—	—	2,090,000	—	2,090,000
Premium on warrants issued	—	—	244,898	—	244,898
Transfers in:					
Airport Development Fund	195,900	195,900	114,421	—	114,421
Alabama Trust Fund	500,000	500,000	500,000	—	500,000
Amphitheater Fund	2,131,409	2,105,463	1,659,936	—	1,659,936
Beer Tax Bonus Fund	435,197	435,197	420,819	—	420,819
Community Development Funds	560,000	—	—	—	—
Tourism Enhancement and Tourism Capital Projects Fund	250,000	250,000	250,000	—	250,000
Water and Sewer Fund	3,884,662	4,961,675	1,655,552	—	1,655,552
Transfers out:					
Airport Development Fund	—	(221,343)	(221,343)	—	(221,343)
Amphitheater Fund	(1,043,182)	(1,043,182)	(1,068,378)	—	(1,068,378)
Capital Projects Fund (Future Improvement Fund)	—	—	(5,951,441)	—	(5,951,441)
Intermodal Fund	(70,000)	(70,000)	(32,000)	—	(32,000)
Police Department Funds	(225,000)	(225,000)	(93,053)	—	(93,053)
Public Safety Capital Fund	—	(2,701,598)	(2,715,445)	—	(2,715,445)
Tourism Enhancement and Tourism Capital Projects Fund	(521,590)	(521,590)	(534,189)	—	(534,189)
Water and Sewer Fund	—	(11,000)	—	—	—
Total	6,097,396	3,654,522	(3,680,223)	—	(3,680,223)
Net change in fund balances	—	—	51,668	(69,418)	(17,750)
Fund balances, beginning of year	14,536,753	14,536,753	14,536,753	—	14,536,753
Decrease in reserve for change in inventory	—	—	39,164	—	39,164
Fund balances - end of year	\$ 14,536,753	\$ 14,536,753	\$ 14,627,585	\$ (69,418)	\$ 14,558,167

\*\* 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, 2015**

ASSETS	Business-Type Activity			Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
<b>Current assets:</b>				
Cash and cash equivalents	\$ 21,797,177	\$ 61	\$ 21,797,238	\$ 999,297
Accounts receivable (net of allowance for uncollectibles)	2,526,637	—	2,526,637	—
Assessments receivable - principal - current and past due	8,157	—	8,157	—
Special assessments interest receivable	2,522	—	2,522	—
Other receivables	—	—	—	83,245
Due from other funds	1,170,026	—	1,170,026	1,963,498
Inventory	1,045,305	—	1,045,305	—
Prepays	37,000	—	37,000	—
Unbilled water and sewer receivables	3,159,823	—	3,159,823	—
Total current assets	29,746,647	61	29,746,708	3,046,040
<b>Noncurrent assets:</b>				
<b>Restricted assets:</b>				
Cash and cash equivalents	5,387,025	—	5,387,025	—
Total restricted assets	5,387,025	—	5,387,025	—
<b>Capital assets:</b>				
Land	1,744,935	—	1,744,935	—
Movable equipment	7,996,864	—	7,996,864	—
Administration - business office	11,645,145	—	11,645,145	—
Distribution - buildings, mains, etc.	187,828,471	—	187,828,471	—
Pumping purification - buildings, etc.	70,297,227	—	70,297,227	—
Sewage system properties	141,479,705	—	141,479,705	—
Source of supply - dams, buildings, etc.	12,396,192	—	12,396,192	—
Construction in progress	4,767,561	—	4,767,561	—
Less: Accumulated depreciation	(156,921,424)	—	(156,921,424)	—
Total capital assets (net of accumulated depreciation)	281,234,676	—	281,234,676	—
Total noncurrent assets	286,621,701	—	286,621,701	—
Total assets	316,368,348	61	316,368,409	3,046,040

See accompanying notes to financial statements.

**CITY OF TUSCALOOSA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2015**

	Business-Type Activity		Total Business-Type Activity Funds	Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund		Internal Service Fund
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on debt refunding	\$ 4,698,388	\$ —	\$ 4,698,388	\$ —
Deferred outflows from pension	712,069	—	712,069	—
Total deferred outflows	<u>5,410,457</u>	<u>—</u>	<u>5,410,457</u>	<u>—</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	2,995,144	—	2,995,144	—
Due to other funds	326,039	—	326,039	2,436,500
Compensated absences	102,914	—	102,914	—
Accrued interest payable	671,429	—	671,429	—
Current portion of workers compensation claims	5,083	—	5,083	—
Current portion of warrants payable	7,710,000	—	7,710,000	—
Total current liabilities	<u>11,810,609</u>	<u>—</u>	<u>11,810,609</u>	<u>2,436,500</u>
Noncurrent liabilities:				
Warrants payable, net	91,887,683	—	91,887,683	—
Net OPEB obligation	697,076	—	697,076	—
Deferred revenue	7,463	—	7,463	—
Developer deposits on water lines	2,109,008	—	2,109,008	—
Customer deposits	2,462,408	—	2,462,408	—
Compensated absences	857,813	—	857,813	—
Net pension liability	5,394,675	—	5,394,675	—
Workers compensation claims	91,799	—	91,799	—
Outstanding claims liability	—	—	—	855,300
Total noncurrent liabilities	<u>103,507,925</u>	<u>—</u>	<u>103,507,925</u>	<u>855,300</u>
Total liabilities	<u>115,318,534</u>	<u>—</u>	<u>115,318,534</u>	<u>3,291,800</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred inflows from pension	574,594	—	574,594	—
Total deferred outflows	<u>574,594</u>	<u>—</u>	<u>574,594</u>	<u>—</u>
<b>NET POSITION</b>				
Net investment in capital assets	186,335,381	—	186,335,381	—
Unrestricted	19,550,296	61	19,550,357	(245,760)
Total net position	<u>\$ 205,885,677</u>	<u>\$ 61</u>	205,885,738	<u>\$ (245,760)</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund			3,228	
Net position of business-type activities			<u>\$ 205,888,966</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, 2015

	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	\$ 45,942,653	\$ 15,559	\$ 45,958,212	\$ 13,085,293
Miscellaneous	102,320	—	102,320	—
Total operating revenues	<u>46,044,973</u>	<u>15,559</u>	<u>46,060,532</u>	<u>13,085,293</u>
Operating expenses:				
Personnel services	11,305,303	—	11,305,303	—
Outside services	1,290,756	57,234	1,347,990	—
Chemicals	1,420,467	—	1,420,467	—
Utilities and telephone	3,234,478	—	3,234,478	—
Repairs, maintenance and supplies	1,998,400	—	1,998,400	—
Other expenses	985,441	—	985,441	10,748
Depreciation and amortization	8,922,941	—	8,922,941	—
Special projects	1,442,245	—	1,442,245	—
Cost reimbursement to general fund	3,258,401	—	3,258,401	—
Insurance claims and expenses	—	—	—	13,768,150
Total operating expenses	<u>33,858,432</u>	<u>57,234</u>	<u>33,915,666</u>	<u>13,778,898</u>
Operating income (loss)	<u>12,186,541</u>	<u>(41,675)</u>	<u>12,144,866</u>	<u>(693,605)</u>
Non-operating revenues (expenses):				
Interest income	12,240	—	12,240	—
Interest expense	(2,637,525)	—	(2,637,525)	—
Amortization of loss on debt retirement	(1,084,105)	—	(1,084,105)	—
Total non-operating revenues (expenses)	<u>(3,709,390)</u>	<u>—</u>	<u>(3,709,390)</u>	<u>—</u>
Income (loss) before contributions and transfers	8,477,151	(41,675)	8,435,476	(693,605)
Capital grant revenue	791,031	—	791,031	—
Capital contributions - developers	771,512	—	771,512	—
Transfers in	46,888	32,000	78,888	—
Transfers out	(1,892,552)	—	(1,892,552)	—
Change in net position	<u>8,194,030</u>	<u>(9,675)</u>	<u>8,184,355</u>	<u>(693,605)</u>
Total net position, beginning of year, as previously reported	203,184,896	9,736	203,194,632	447,845
Decrease resulting from accounting change related to pension	(5,493,249)	—	(5,493,249)	—
Total net position, beginning of year, as restated	<u>197,691,647</u>	<u>9,736</u>	<u>197,701,383</u>	<u>447,845</u>
Total net position, end of year	<u>\$ 205,885,677</u>	<u>\$ 61</u>	<u>205,885,738</u>	<u>\$ (245,760)</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>102,723</u>	
Change in net position of business-type activities			<u>\$ 8,287,078</u>	

See accompanying notes to financial statements.

CITY OF TUSCALOOSA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the year ended September 30, 2015

	Business-Type Activity			Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 46,045,908	\$ 15,559	\$ 46,061,467	\$ —
Payments to suppliers	(15,407,854)	(60,917)	(15,468,771)	(213,860)
Payments to employees	(11,147,839)	—	(11,147,839)	—
Customer deposits	799,513	—	799,513	—
Refunds of customer deposits	(614,997)	—	(614,997)	—
Receipts for health insurance	—	—	—	13,085,293
Claims filed in excess of refunds	—	—	—	(870,893)
Payment of health insurance premiums	—	—	—	(12,140,578)
<b>Net cash provided by (used in) operating activities</b>	<b>19,674,731</b>	<b>(45,358)</b>	<b>19,629,373</b>	<b>(140,038)</b>
<b>Cash flows from noncapital financing activities:</b>				
Transfer from other funds	46,888	32,000	78,888	—
Transfer to other funds	(1,892,552)	—	(1,892,552)	—
Garbage fees collected for General Fund	4,800,741	—	4,800,741	—
Garbage fees remitted to General Fund	(4,849,820)	—	(4,849,820)	—
Loan to Community Development Fund	(267,000)	—	(267,000)	—
Repayment of loan to General Fund	3,607,978	—	3,607,978	—
Repayment of loan to Community Development Fund	200,000	—	200,000	—
Repayment of loan to Capital Park Maintenance Fund	2,700	—	2,700	—
<b>Net cash provided by noncapital financing activities</b>	<b>1,648,935</b>	<b>32,000</b>	<b>1,680,935</b>	<b>—</b>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(11,501,001)	—	(11,501,001)	—
Interest paid on warrants	(3,192,315)	—	(3,192,315)	—
Federal grants	791,031	—	791,031	—
Waterline deposits from subdividers	1,905,318	—	1,905,318	—
Refund of waterline deposits to subdividers	(212,852)	—	(212,852)	—
Payments received on loan to Downtown Urban Development Fund	152,794	—	152,794	—
Repayment of loan to Airport Development Fund	903,500	—	903,500	—
Loan to Community Development Funds	(260,000)	—	(260,000)	—
Proceeds from State Revolving Fund drawdowns	1,611,702	—	1,611,702	—
Proceeds from debt refunding	495,103	—	495,103	—
Warrants paid	(7,030,000)	—	(7,030,000)	—
<b>Net cash used in capital and related financing activities</b>	<b>(16,336,720)</b>	<b>—</b>	<b>(16,336,720)</b>	<b>—</b>

See accompanying notes to financial statements.

**CITY OF TUSCALOOSA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

**For the year ended September 30, 2015**

	Business-Type Activity		Total	Governmental Activity
	Water and Sewer Fund	Intermodal Facility Retail Fund	Business-Type Activity Funds	Internal Service Fund
Cash flows from investing activities:				
Interest earned on investments	\$ 12,240	\$ —	\$ 12,240	\$ —
Net cash provided by investing activities	12,240	—	12,240	—
Net increase (decrease) in cash and cash equivalents	4,999,186	(13,358)	4,985,828	(140,038)
Cash and cash equivalents, beginning of year:				
Current assets	12,665,856	13,419	12,679,275	1,139,335
Restricted assets	9,519,160	—	9,519,160	—
Total cash and cash equivalents, beginning of year	22,185,016	13,419	22,198,435	1,139,335
Cash and cash equivalents, end of year:				
Current assets	21,797,177	61	21,797,238	999,297
Restricted assets	5,387,025	—	5,387,025	—
Total cash and cash equivalents, end of year	<u>\$ 27,184,202</u>	<u>\$ 61</u>	<u>\$ 27,184,263</u>	<u>\$ 999,297</u>

See accompanying notes to financial statements.

**CITY OF TUSCALOOSA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

**For the year ended September 30, 2015**

	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)	\$ 12,186,541	\$ (41,675)	\$ 12,144,866	\$ (693,605)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	8,922,941	—	8,922,941	—
(Increase) decrease in operating assets:				
Accounts receivable	29,939	—	29,939	(83,245)
Inventory	663,779	—	663,779	—
Unbilled water and sewer receivables	(29,004)	—	(29,004)	—
Due from other funds	—	—	—	(374,934)
Other assets	(37,001)	—	(37,001)	—
Increase (decrease) in operating liabilities:				
Accounts payable	986,384	(3,683)	982,701	(20,954)
Customer deposits	184,516	—	184,516	—
Due to other funds	(3,274,935)	—	(3,274,935)	1,015,500
Outstanding claims liability	—	—	—	17,200
Compensated absences	35,164	—	35,164	—
Ne OPEB obligation	122,301	—	122,301	—
Workers compensation claims	(115,894)	—	(115,894)	—
 Net cash provided by (used in) operating activities	 <u>\$ 19,674,731</u>	 <u>\$ (45,358)</u>	 <u>\$ 19,629,373</u>	 <u>\$ (140,038)</u>
 <u>Noncash Capital and Financing Activities</u>				
Capital contributions - developers				
Forfeited developer deposits recorded as revenue	\$ 9,704	\$ —	\$ 9,704	\$ —
Waste main extension deposits recorded as revenue	73,577	—	73,577	—
Donated capital assets	688,231	—	688,231	—
Total capital contributions - developers	<u>\$ 771,512</u>	<u>\$ —</u>	<u>\$ 771,512</u>	<u>\$ —</u>
 Premium amortization	 \$ 526,807	 \$ —	 \$ 526,807	 \$ —
Amortization of deferred loss on refunding	(1,084,105)	—	(1,084,105)	—

See accompanying notes to financial statements.

**CITY OF TUSCALOOSA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

**September 30, 2015**

	Police Officers and Firefighters Supplemental Retirement Plan Fund	Agency Fund Cash Bond
<b>ASSETS</b>		
Cash and cash equivalents	\$ 442,227	\$ 124,256
Total assets	\$ 442,227	\$ 124,256
<b>LIABILITIES</b>		
Cash bond deposits payable	\$ —	\$ 124,256
Total liabilities	\$ —	\$ 124,256
<b>NET POSITION</b>		
Restricted for pensions	\$ 442,227	

See accompanying notes to financial statements.

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

**For the year ended September 30, 2015**

	Police Officers and Firefighters Supplemental Retirement Plan Fund
Additions:	
Employer contributions	\$ 74,413
Interest income	210
Total additions	74,623
Deductions:	
Benefits paid	22,896
Administrative plan expenses	3,000
Total deductions	25,896
Change in net position	48,727
Net position, beginning of year	393,500
Net position, end of year	\$ 442,227

See accompanying notes to financial statements.



**CITY OF TUSCALOOSA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

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**CITY OF TUSCALOOSA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2014

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**CITY OF TUSCALOOSA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

Discretely Presented Component Units:

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

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

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

**B. Financial Statements**

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

During fiscal year 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The objective of this statement is to establish standards of accounting and financial reporting for defined benefit pension and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements that meet the criteria. The City adjusted beginning net position by the amount of net pension liability and deferred outflows of resources related to pension contributions. See Note V.F. for more information.

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

### B. Financial Statements (Continued)

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provision of GASB 67 and GASB 68* ("GASB 73"). GASB 73 provides guidance on assets accumulated for pension plans that are not administered through a trust and provides clarity on certain provision of GASB 67 and GASB 68. The requirements for GASB 73 are effective for fiscal years beginning after June 15, 2015. The City has not completed the process of evaluating GASB 73, but the City does not expect GASB 73 to have an impact on its financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74"). GASB 74 establishes financial reporting standards to state and local governmental other postemployment benefit ("OPEB") plans. The requirements of GASB 74 are effective for fiscal years beginning after June 15, 2016. The City has not completed the process of evaluating GASB 74. Upon adoption, the City expects GASB 74 to have an impact on its financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). GASB 75 establishes accounting and financial reporting standards for OPEB that are provided to employees of state and local governmental employers. The requirements of GASB 75 are effective for fiscal years beginning after June 15, 2017. The City has not completed the process of evaluating GASB 75. The City expects GASB 75 to have an impact on its financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* ("GASB 76"). This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* ("GASB 55"). It also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* ("GASB 62"), paragraphs 64, 74, and 82. The provisions for GASB 76 are effective for financial statements for periods beginning after June 15, 2015. Earlier application is permitted. The City has not completed the process of evaluating the impact of GASB 76 on its financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures* ("GASB 77"). For financial reporting purposes, this statement defines tax abatement and contains required disclosures about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of GASB 77 are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The City has not completed the process of evaluating the impact of GASB 77 on its financial statements.

In December 2015, GASB issued Statement No. 78, *Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans* ("GASB 78"). This statement addresses a practice issue regarding the scope and applicability of GASB 68. The issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this GASB 78 are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The City has not completed the process of evaluating the impact of GASB 78 on its financial statements.

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

### B. Financial Statements (Continued)

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants* ("GASB 79"). This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pools to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The requirements of GASB 79 are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. Upon adoption, the City does not anticipate any impact on its Financial Statements from GASB 79.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14* ("GASB 80"). The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement amends the blending requirements established in paragraph 53 of GASB Statement No. 14, *The Financial Reporting Entity, as amended* ("GASB 14"). The requirements of GASB 80 are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. Upon adoption, the City does not anticipate any impact on its Financial Statements from GASB 80.

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.).

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

### B. Financial Statements (Continued)

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

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

### C. Basis of Presentation

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

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).

*Disaster Recovery Construction Fund – Capital Projects Fund:* This fund accounts for financial resources received and used for the acquisition and/or construction of major capital assets as a result of the April 2011 natural disaster (Note II). Primary funding for this activity is through the receipt of federal and state grants allocated specifically for disaster recovery.

#### Major Proprietary Fund

The City has one major proprietary fund:

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

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

### C. Basis of Presentation (Continued)

#### 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.

### 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 are reported using the economic resources measurement focus along with the accrual basis of accounting, as are the Proprietary Funds Financial Statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Agency funds do not have a measurement focus.

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.

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

### D. Basis of Accounting/Measurement Focus (Continued)

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, Deferred Outflows, Liabilities, Deferred Inflows 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.

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

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

3. **Inventories and Prepaid Items** – Inventories for both governmental and proprietary funds, consisting principally of materials and supplies held for consumption, are valued at cost, approximating market value, using the first-in, first-out (FIFO) method. The costs of governmental funds inventories are recorded as expenditures when consumed, rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These prepaid items are recorded as expenditures when consumed, rather than when purchased. The inventories and prepaid items recorded in the governmental funds do not reflect current appropriable resources, and, thus, an equivalent portion of fund balance is reported as nonspendable.

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

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

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

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, 2015.

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:

<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

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

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

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

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

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

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

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

**9. Deferred Inflows of Resources** – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period.

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

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

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

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

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

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

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

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

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

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

#### 10. Equity Classifications (Continued)

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

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

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

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

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

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

### F. Revenues, Expenditures and Expenses

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

## II. NATURAL DISASTER

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

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

#### A. Budgetary Information

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

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

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

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

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

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

Excess of revenues over (under) expenditures and other uses (budgetary basis)	\$ 3,731,891
Adjustments:	
Encumbrances at beginning of year	(232,012)
Encumbrances at end of year	162,594
Excess of revenues over (under) expenditures and other uses (GAAP basis)	<u>\$ 3,662,473</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, 2015, the City had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-5
U.S. Treasury Obligations	\$ 130,364	\$ —	\$ 130,364
Certificates of Deposit	918,000	918,000	—
	<u>\$ 1,048,364</u>	<u>\$ 918,000</u>	<u>\$ 130,364</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, 2015, 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	Disaster Recovery Construction Fund	Nonmajor Funds	Total
Special assessment	\$ —	\$ —	\$ 8,157	\$ —	\$ —	\$ 8,157
Taxes	11,628,672	—	—	—	—	11,628,672
Accounts receivable	1,655,909	—	2,796,722	—	159,214	4,611,845
Special assessment interest	—	—	2,522	—	—	2,522
Unbilled receivables	310,470	—	3,159,823	—	—	3,470,293
Other governments	76,465	772,479	—	4,721,590	3,585,441	9,155,975
Gross receivables	13,671,516	772,479	5,967,224	4,721,590	3,744,655	28,877,464
Less: Allowance for uncollectibles	164,950	—	270,085	—	—	435,035
Net Receivables	<u>\$ 13,506,566</u>	<u>\$ 772,479</u>	<u>\$ 5,697,139</u>	<u>\$ 4,721,590</u>	<u>\$ 3,744,655</u>	<u>\$ 28,442,429</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 \$268,488.

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, 2015, the Disaster Recovery Construction capital projects fund had a deficit fund balance resulting, in part, from accrued expenditures for which revenue has been deferred. In addition, capital expenditures were made in advance of final approval from the U.S. Department of Housing and Urban Development (HUD) for applied grant funds.

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

##### C. Capital Assets

Capital asset activity as of and for the year ended September 30, 2015 follows:

	Balance September 30, 2014	Additions and Adjustments	Deletions	Balance September 30, 2015
Capital assets not being depreciated:				
Land	\$ 3,362,539	\$ 1,146,207	\$ —	\$ 4,508,746
Construction in progress	10,710,159	14,663,590	5,239,744	20,134,005
Total capital assets not being depreciated	<u>14,072,698</u>	<u>15,809,797</u>	<u>5,239,744</u>	<u>24,642,751</u>
Capital assets being depreciated:				
Infrastructure	249,088,280	2,971,093	—	252,059,373
Buildings	100,665,956	4,462,586	210,070	104,918,472
Machinery and equipment	54,396,509	3,697,416	5,602,893	52,491,032
Total capital assets being depreciated	<u>404,150,745</u>	<u>11,131,095</u>	<u>5,812,963</u>	<u>409,468,877</u>
Less accumulated depreciation for:				
Infrastructure	117,291,899	6,064,982	—	123,356,881
Buildings	19,481,596	2,157,093	28,918	21,609,771
Machinery and equipment	40,743,106	3,009,967	5,411,681	38,341,392
Total accumulated depreciation	<u>177,516,601</u>	<u>11,232,042</u>	<u>5,440,599</u>	<u>183,308,044</u>
Total capital assets being depreciated, net	<u>226,634,144</u>	<u>(100,947)</u>	<u>372,364</u>	<u>226,160,833</u>
Governmental activities capital assets, net	<u>\$ 240,706,842</u>	<u>\$ 15,708,850</u>	<u>\$ 5,612,108</u>	<u>\$ 250,803,584</u>
<b>Business - type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,744,935	\$ —	\$ —	\$ 1,744,935
Construction in progress	4,254,068	6,778,038	6,264,544	4,767,562
Total capital assets not being depreciated	<u>5,999,003</u>	<u>6,778,038</u>	<u>6,264,544</u>	<u>6,512,497</u>
Capital assets being depreciated:				
Buildings and system	412,464,259	11,182,481	—	423,646,740
Machinery and equipment	7,755,146	266,718	25,000	7,996,864
Total capital assets being depreciated	<u>420,219,405</u>	<u>11,449,199</u>	<u>25,000</u>	<u>431,643,604</u>
Less accumulated depreciation for:				
Buildings and system	142,782,484	8,363,460	—	151,145,944
Machinery and equipment	5,358,736	441,743	25,000	5,775,479
Total accumulated depreciation	<u>148,141,220</u>	<u>8,805,203</u>	<u>25,000</u>	<u>156,921,423</u>
Total capital assets being depreciated, net	<u>272,078,185</u>	<u>2,643,996</u>	<u>—</u>	<u>274,722,181</u>
Business-type activities capital assets, net	<u>\$ 278,077,188</u>	<u>\$ 9,422,034</u>	<u>\$ 6,264,544</u>	<u>\$ 281,234,678</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	\$ 1,348,940
Public safety	1,946,595
Streets and highways	6,678,199
Environmental services	636,661
Recreation	<u>621,647</u>
 Total depreciation expense-governmental activities	 \$ <u>11,232,042</u>

The City had numerous active construction projects at September 30, 2015.

**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, 2015, is as follows:

Due to General Fund from:	
Water and Sewer Fund	\$ 93,211
Health Insurance Fund (internal service fund)	2,436,500
Disaster Recovery Construction Fund	5,177,118
Other Funds	<u>2,315,255</u>
 Total due to General Fund from Other Funds	 \$ <u>10,022,084</u>

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

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

Due to Capital Project Fund from:	
General Fund	\$ 5,951,441
Other Funds	4,147,910
	<hr/>
Total due to Capital Projects Fund from Other Funds	<u>\$ 10,099,351</u>
Due to Disaster Recovery Construction Fund from:	
General Fund	\$ 935,016
Other Funds	77,191
	<hr/>
Total due to Disaster Recovery Construction Fund from Other Funds	<u>\$ 1,012,207</u>
Due to Nonmajor Governmental Funds from:	
General Fund	\$ 186,895
Disaster Recovery Construction Fund	1,590,000
	<hr/>
Total due to Nonmajor Governmental Funds from Other Funds	<u>\$ 1,776,895</u>
Due to Water and Sewer Fund from:	
General Fund	\$ 409,780
Disaster Recovery Construction Fund	695,000
Other Funds	69,743
	<hr/>
Total due to Water and Sewer Fund (proprietary fund) from Other Funds	<u>\$ 1,174,523</u>
Due to Health Insurance Fund from:	
General Fund	\$ 1,726,368
Water and Sewer Fund	237,130
	<hr/>
Total due to Health Insurance Fund (internal service fund) from Other Funds	<u>\$ 1,963,498</u>

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

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

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

Transfer to General Fund from:	
Water and Sewer Fund	\$ 1,674,153
Other Funds	2,369,769
	<u>                    </u>
Total transfer to General Fund from Other Funds	<u>\$ 4,043,922</u>
Transfer to Capital Projects Fund from:	
General Fund	\$ 5,951,441
	<u>                    </u>
Total transfer to Capital Projects Fund from Other Funds	<u>\$ 5,951,441</u>
Transfer to Nonmajor Governmental Funds from:	
Water and Sewer Fund	\$ 237,000
General Fund	4,539,355
Capital Projects Fund	264,846
	<u>                    </u>
Total transfers to Nonmajor Governmental Funds from Other Funds	<u>\$ 5,041,201</u>
Transfer to Water and Sewer Fund from:	
General Fund	\$ 18,601
Other Funds	46,888
	<u>                    </u>
Total transfers to Water and Sewer Fund (proprietary fund) from Other Funds	<u>\$ 65,489</u>
Transfer to Intermodal Facility Retail Fund from:	
General Fund	\$ 32,000
	<u>                    </u>
Total transfers to Intermodal Facility Retail Fund from Other Funds	<u>\$ 32,000</u>

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

##### **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 \$3,159,823 and the amount of unbilled garbage receivables was \$310,470.

##### **F. Warrant Issue Cost**

Initial issue expense of the general obligation and water and sewer warrants was expensed when incurred, with the exception of prepaid insurance cost which is being amortized over the number of years that the warrant issues are outstanding.

##### **G. Compensated Absences**

Compensated absences consist of unpaid accumulated vacation and sick leave for all City employees. At September 30, 2015, the compensated absences of all City employees amounted to approximately \$7.97 million. Of this amount, \$960,727 relates to water and sewer employees and is recorded in the enterprise fund. The balance of approximately \$7.01 million relates to general City employees.

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

##### H. Leases

- 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.

- Capital Leases** - The City entered into a lease agreement as lessee for financing the acquisition of communications equipment. This lease agreement qualifies as capital leases for accounting purposes and, therefore, has 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 \$756,124.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015, were as follows:

<u>Year ending September 30</u>	<u>Governmental Activities</u>
2016	\$ 160,264
2017	160,264
2018	160,264
2019	160,264
2020	160,264
Total minimum lease payments	801,320
Less: amount representing interest	45,196
	<u>\$ 756,124</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 are due annually commencing on August 1, 2011 with interest payment made semiannually on February 1<sup>st</sup> and August 1<sup>st</sup>, commencing on February 1, 2011. Debt service payments will continue through August 1, 2030. The interest rates range from 0.56% to 4.48% over the life of the loan. See Note IV.1.7. for more information regarding debt service.

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

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

##### 2. General Obligation Warrants

The City issues general obligation warrants providing funds primarily for the construction of major capital facilities. General obligation warrants are direct obligations and the City pledges its full faith and credit for the debt. General obligation warrants outstanding at September 30, 2015 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
2014-A G.O. and Refunding Warrants	2.00-5.00%	\$ 21,090,000
2012-B G.O. Refunding Warrants	2.75-5.00%	5,680,000
2010-A G.O. Refunding Warrants	2.50-5.00%	16,340,000
2010-B G.O. Refunding Warrants	5.00%	2,600,000
2009 General Obligation Warrants	3.25-5.00%	15,525,000
2007 General Obligation Warrants	2.00-5.00%	13,470,000
2014-C General Obligation Warrants	1.00-5.00%	2,090,000
		<u>\$ 76,795,000</u>

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

<b>General Long-Term Debt*</b>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 4,930,000	\$ 3,413,885	\$ 8,343,885
2017	2,410,000	3,271,173	5,681,173
2018	2,505,000	3,179,460	5,684,460
2019	2,615,000	3,073,260	5,688,260
2020	2,740,000	2,968,022	5,708,022
2021-2025	15,265,000	12,815,934	28,080,934
2026-2030	18,580,000	8,864,814	27,444,814
2031-2035	16,925,000	4,742,409	21,667,409
2036-2040	10,825,000	1,172,177	11,997,177
Total	<u>\$ 76,795,000</u>	<u>\$ 43,501,134</u>	<u>\$ 120,296,134</u>

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

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

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

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

On December 1, 2014, the City issued \$2.09 million of general obligation warrants with interest at 1.00% to 5.00%. These warrants were issued at a premium of \$245,000. Of the total proceeds of \$2.21 million, \$3.115 million was used to fully refund the principal of the City's 2005 general obligation warrants with interest rates of 3.00%-5.00%. The net carrying amount of the old debt exceeded the reacquisition price for the 2005 Issue by \$1,115,420. In the government-wide financial statements, this amount is reported as deferred inflows of resources and amortized over 20 years, which is remaining life of the new debt.

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, 2015, \$34,775,881 of warrants outstanding is 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 \$98,632,441. Water and sewer warrants outstanding at September 30, 2015 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
2008 SRF Issue	3.18%	\$ 300,000
2010 SRF Issue	2.57%	2,475,000
2013 SRF Issue	1.60%	4,810,000
2006 G.O. Warrant Issue	4.00-5.00%	4,470,000
2012-B G.O. Warrant Issue	2.75-5.00%	25,975,000
2012-A G.O. Warrant Issue	2.00-5.00%	22,795,000
2014-A G.O. Warrant Issue	2.00-5.00%	1,160,000
2014-B G.O. Warrant Issue	2.00-5.00%	21,715,000
2014-C G.O. Warrant Issue	1.00-5.00%	9,550,000
		<u>\$ 93,250,000</u>

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

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

##### 4. Water and Sewer Warrants (continued)

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

Fiscal Year	Principal	Interest	Total
2016	\$ 7,710,000	\$ 3,133,529	\$ 10,843,529
2017	7,975,000	2,885,733	10,860,733
2018	8,180,000	2,687,695	10,867,695
2019	8,400,000	2,481,960	10,881,960
2020	8,565,000	2,253,286	10,818,286
2021-2025	34,250,000	7,466,199	41,716,199
2026-2030	8,575,000	2,435,441	11,010,441
2031-2035	9,595,000	902,645	10,497,645
Total	<u>\$ 93,250,000</u>	<u>\$ 24,246,488</u>	<u>\$ 117,496,488</u>

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

On December 1, 2014, the City issued \$9.55 million of water and sewer general obligation warrants with interest at 1.00% to 5.00%. These warrants were issued at a premium of \$1.119 million. The total proceeds of \$10.083 million was used to fully refund the principal of the City's 2005 water and sewer general obligation warrants with interest rates of 3.50%-5.00%. The reacquisition price for the 2006 issue exceeded the net carrying amount of the old debt by \$1.09 million. This amount is reported as deferred outflows of resources and amortized over 20 years, which is the remaining life of the new debt.

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, 2015, \$106,542,088 of warrants outstanding is considered defeased.

##### 6. Debt Covenants

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

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

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

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

Long-term liability activity as of and for the year ended September 30, 2015, follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General City warrants	\$ 82,570,000	\$ 2,090,000	\$ 7,865,000	\$ 76,795,000	\$ 4,930,000
Section 108 loan	1,200,000	—	75,000	1,125,000	75,000
Capital leases	168,553	756,124	168,553	756,124	160,264
Premiums on warrants	4,988,223	244,898	742,035	4,491,086	—
Discounts on warrants	(564,604)	—	(258,341)	(306,263)	—
Total warrants, notes payable, and capital leases	88,362,172	3,091,022	8,592,247	82,860,947	5,165,264
Net OPEB obligation	3,449,677	704,344	—	4,154,021	—
Compensated absences	8,830,784	3,337,978	5,160,041	7,008,721	2,779,247
Workers compensation claims	1,204,510	559,363	590,112	1,173,761	346,630
Governmental activity long-term liabilities	<u>\$ 101,847,143</u>	<u>\$ 7,692,707</u>	<u>\$ 14,342,400</u>	<u>\$ 95,197,450</u>	<u>\$ 8,291,141</u>
Business-type activities:					
Water and sewer warrants	\$ 98,632,440	\$ 10,492,560	\$ 15,875,000	\$ 93,250,000	\$ 7,710,000
Premiums on warrants	5,907,961	966,529	526,807	6,347,683	—
Total warrants	104,540,401	11,459,089	16,401,807	99,597,683	7,710,000
Net OPEB obligation	574,775	122,301	—	697,076	—
Compensated absences	925,564	1,032,827	997,664	960,727	102,914
Workers compensation claims	212,776	—	115,894	96,882	5,083
Business-type activity long-term liabilities	<u>\$ 106,253,516</u>	<u>\$ 12,614,217</u>	<u>\$ 17,515,365</u>	<u>\$ 101,352,368</u>	<u>\$ 7,817,997</u>

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

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

**7. Changes in Long-Term Liabilities (continued)**

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, 2015 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 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 \$855,300 at September 30, 2015 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, 2015 and 2014 were as follows:

	Year ended September 30, 2015	Year ended September 30, 2014
Unpaid claims, beginning of year	\$ 838,100	\$ 773,900
Incurred claims (including IBNRs)	12,694,146	12,808,658
Claims paid	<u>(12,676,946)</u>	<u>(12,744,458)</u>
Unpaid claims, end of year	<u>\$ 855,300</u>	<u>\$ 838,100</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 \$1,250,000 per person, per accident or disease, per year, and purchases commercial insurance for claims in excess of \$1,250,000 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, 2015 of \$1,270,643 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 2.6%. Of the above amount, \$96,882 is reported in the Water and Sewer Enterprise Fund. The balance, \$1,173,761, 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, 2015, were as follows:

	General City Employees	Water and Sewer Employees
Unpaid claims, beginning of year	\$ 1,204,510	\$ 212,776
Increase (incurred claims, including IBNR's)	559,363	-
Decrease (claims paid and reserve reduction)	(590,112)	(115,894)
Unpaid claims, end of year	<u>\$ 1,173,761</u>	<u>\$ 96,882</u>

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

	General City Employees	Water and Sewer Employees
Unpaid claims, beginning of year	\$ 839,525	\$ 112,571
Increase (incurred claims, including IBNR's)	1,123,756	234,241
Decrease (claims paid and reserve reduction)	(758,771)	(134,036)
Unpaid claims, end of year	<u>\$ 1,204,510</u>	<u>\$ 212,776</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, 2015:

Total assets	<u>\$ 33,210,583</u>
Deferred outflows	<u>\$ 20,660</u>
Current liabilities	\$ 349,127
Long-term liabilities	12,287,208
Total liabilities	<u>\$ 12,636,335</u>
Deferred inflows	<u>\$ 47,810</u>
Total net position	<u>\$ 20,547,098</u>
Total revenues	\$ 4,831,374
Total expenditures	(3,811,994)
Non-operating revenues, net of non-operating expenditures	<u>(27,701)</u>
Net increase in net position	<u>\$ 991,679</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, 2015, no excess was returned to the City. Subsequent to September 30, 2015 and effective October 1, 2015, a three year extension was entered into by all parties to continue funding the Metro Animal Shelter, Inc. in the amount of \$742,000 per year. The funding percentages were slightly changed, with the City of Tuscaloosa now funding 45.5% of the total amount.

## V. OTHER INFORMATION (Continued)

### C. Other Post-Employment Benefits

#### 1. Plan Description

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

#### 2. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. Employees do not contribute to their post-employment benefit costs until they become retirees and begin receiving those benefits. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs and anticipated inflationary increases as determined annually by the City Council. The City's funding policy is to not fund the Annual Required Contribution except to the extent of the current year's retiree costs. For the fiscal year ended September 30, 2015, the City and plan members receiving benefits contributed a total of \$537,890.

#### 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	\$ 1,436,291
Interest on net OPEB obligation	160,978
Adjustment to annual required contribution	<u>(232,734)</u>
Annual OPEB cost	1,364,535
Contributions made (retiree premium)	<u>(537,890)</u>
Increase in net OPEB obligation	826,645
Net OPEB obligation - beginning of the year	<u>4,024,452</u>
Net OPEB obligation - end of the year	<u>\$ 4,851,097</u>

**V. OTHER INFORMATION** (Continued)

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

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

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

<b>Three Year Trend Information</b>				
<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Employer Contributions</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
9/30/2015	\$ 1,364,535	\$ 537,890	39.42%	\$ 4,851,097
9/30/2014	\$ 1,116,944	\$ 247,775	22.18%	\$ 4,024,454
9/30/2013	\$ 1,321,813	\$ 415,325	31.42%	\$ 906,488

**4. Funded Status and Funding Progress**

As of October 1, 2014, the most recent actuarial valuation date for fiscal year ending September 30, 2015, the plan was zero percent funded. The actuarial accrued liability for benefits was \$14,387,626, and the actuarial value of plan assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$14,387,626. The covered payroll (annual payroll of active employees covered by the plan) was \$68,250,539, and the ratio of the UAAL to the covered payroll was 21.00 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, 2015, the seventh year of implementation. In subsequent years, the schedule will provide multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**5. Actuarial Method and Assumptions**

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

**V. OTHER INFORMATION (Continued)**

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

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

In the October 1, 2014 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 15% annual turnover rate, 4.0% investment rate of return (discount rate), and an annual healthcare cost trend of 8.0% initially, reduced by decrements to an ultimate rate of 5.0% after ten years (the trend rate includes an inflation factor of 2.50% annually). For mortality rates the 1994 Group Annuity Reserving (94GAR) table was used. The UAAL is being amortized as a level dollar amount on an open basis within a period of 30 years. For the retirement rate, it is assumed that entitlement to benefits will commence upon actual retirement, which has been assumed to be at the earlier of age 55 and 25 years of service and age 60 and 10 years of service. In addition, "Tier II" retirement plan members (those hired on and after January 1, 2013) would not be eligible to retire before age 62 (age 60 for police and firefighters).

**D. Defined Benefit Pension Plans**

**1. General Information**

The City maintains a single-employer, supplemental defined benefit pension plan that covers all fire and police officers, and participates in three externally maintained defined benefit pension plans covering substantially all employees. The pension plans are funded as required by applicable statutes, ordinances, or as a percentage of eligible salaries and/or based upon actuarial valuations. Each plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. The Tuscaloosa Police Officers and Firefighters Retirement Plan is a single-employer defined benefit plan covering all certified firemen and policemen. The Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan is a single-employer defined benefit plan covering all firemen and policemen and is meant to supplement the benefits of the Tuscaloosa Police Officers and Firefighters Retirement Plan paid to high-ranking police officers and firefighters. The 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 (ERS). 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 Firefighters Retirement Plan issue a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by contacting the plan.

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

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

Tuscaloosa Police Officers and  
Firefighters 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. General Information about the Pension Plan

*Plan Description* The City of Tuscaloosa administers the Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan, a single-employer, defined benefit pension plan in which all certified policemen and firefighters participate. The plan is meant to supplement the benefits of the Tuscaloosa Police Officers and Firefighters Retirement Plan paid to high-ranking police officers and firefighters.

*Benefits Provided* Eligibility for this additional benefit is extended to police officers and firefighters with at least thirty (30) years of service at retirement (or D.R.O.P. entry, i.e. Deferred Retirement Option Plan) and who have a rank of at least Captain or higher at time of retirement, and have qualified to receive benefits under the Tuscaloosa Police Officers and Firefighters Retirement Plan. The normal retirement benefit for qualified members is monthly payout of one-twelfth of 50% of the member's final pay less the annual benefit under the Tuscaloosa Police and Firefighters Retirement Plan. Members who enter D.R.O.P. under the Tuscaloosa Police and Firefighters Retirement Plan are entitled to a retirement benefit under the supplemental plan calculated as if the date of D.R.O.P. entry were the date of retirement. Supplemental benefits otherwise payable are retained by the fund and accrue interest at 4.00% per annum compounded annually until the member's termination of employment with the City. The City Council of the City of Tuscaloosa is authorized to establish and amend all plan provisions.

As of the measurement date December 31, 2014, the plan had the following number of employees by class:

Active	39
Retired	2
	<hr/>
Total	41
	<hr/> <hr/>

*Contributions* The Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan establishes contribution rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the plan. For the year ended September 30, 2015, the actuarially determined contribution was \$74,413. There were no member contributions as of September 30, 2015. The City's average contribution rate as a percent of covered employee payroll was 2.24%. The actuarially determined contribution rate was calculated as of December 31, 2014, the date of the actuarial valuation.

**V. OTHER INFORMATION (Continued)**

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

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

**b. Net Pension Liability**

The City's net pension liability was measured as of December 31, 2014, as shown in the following table:

Total pension liability	\$ 1,163,413
Fiduciary net position	<u>387,825</u>
Net pension liability	<u>\$ 775,588</u>
 Fiduciary net position as a % of total pension liability	 33.34%

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014, calculated based on the discount rate and actuarial assumptions below.

*Actuarial Assumptions* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.00%
Salary increases	5.50%
Investment rate of return*	6.00%

\*Net of pension plan investment expense

The plan has not had a formal actuarial experience study performed.

Mortality rates for the plan were based on the 1994 Uninsured Pensioners' Mortality Table for males and females.

Other key actuarial assumptions are as follows:

Valuation date	January 1, 2014
Measurement date	December 31, 2014
Pension cap	\$3,960.37 per month
Actuarial cost method	Entry age normal

V. OTHER INFORMATION (Continued)

D. Defined Benefit Pension Plans (Continued)

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

b. Net Pension Liability (Continued)

*Discount Rate* The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return as shown in the table below:

Discount rate	6.00%
Long-term expected rate of return, net of investment expense	6.00%
Municipal bond rate	N/A

c. Changes in Net Pension Liability

Changes in net pension liability for the year ended December 31, 2014, was as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at January 1, 2014	\$ 1,156,751	\$ 335,384	\$ 821,367
<u>Changes for the year:</u>			-
Service cost	16,433		16,433
Interest	68,661		68,661
Difference between expected and actual experience	(55,536)		(55,536)
Contributions - employer		78,000	(78,000)
Contributions - employee		-	-
Net investment income		337	(337)
Benefit payments, including refunds of employee contributions	(22,896)	(22,896)	-
Administrative expenses	-	(3,000)	3,000
Net changes	<u>6,662</u>	<u>52,441</u>	<u>(45,779)</u>
Balances at December 31, 2014	<u>\$ 1,163,413</u>	<u>\$ 387,825</u>	<u>\$ 775,588</u>

V. OTHER INFORMATION (Continued)

D. Defined Benefit Pension Plans (Continued)

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

c. Changes in Net Pension Liability (Continued)

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* The following table presents the City's net pension liability calculated using the discount rate of 6.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.00%) or 1 percentage point higher (7.00%) than the current rate:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
1.00% decrease	\$ 1,304,836	\$ 387,825	\$ 917,011
Current discount rate (6.00%)	1,163,413	387,825	775,588
1.00% increase	1,044,314	387,825	656,489

*Pension Plan Fiduciary Net Position* The plan's Statement of Fiduciary Net Position as of December 31, 2014 is as follows:

Assets	
Cash and cash equivalents	\$ 387,825
	<u>\$ 387,825</u>
Total assets	<u>\$ 387,825</u>
	<u>\$ 387,825</u>
Net position restricted for pensions	<u>\$ 387,825</u>

d. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended September 30, 2015, the City recognized pension expense of \$79,040. For the year ended September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Investment (gain)/loss	\$ 17,079	\$ -
Economic/demographic (gain)/loss	-	63,898
Employer contributions subsequent to the measurement date	74,413	-

**V. OTHER INFORMATION (Continued)**

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

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

**d. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources (Continued)**

The amounts reported as deferred inflows and outflows of resources recognized in pension expense in future periods are as follows:

Year	Amount
2016	\$ (8,717)
2017	(8,717)
2018	(8,717)
2019	(8,718)
2020	(11,950)
Thereafter	-

**3. Employees Retirement System of Alabama**

**a. General Information about the Retirement Plan**

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

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

**V. OTHER INFORMATION (Continued)**

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

**3. Employees Retirement System of Alabama (Continued)**

**a. General Information about the Retirement Plan (Continued)**

*Benefits Provided* State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. The City is a local employer participating in the ERS. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular local employer's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, local members of the ERS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

The ERS serves approximately 846 local participating employers. These participating employers include 287 cities, 65 counties, and 494 other public entities. As of September 30, 2014, the measurement date for the plan, the ERS membership includes approximately 83,874 participants and the City's employee membership includes 1,017 participants as shown below:

	ERS	The City of Tuscaloosa
Retired participants and beneficiaries		
currently receiving benefits	21,691	205
Terminated participants and beneficiaries entitled to		
benefits but not yet receiving benefits	1,252	22
Terminated participants entitled to a refund of		
contributions	5,048	-
Active members	55,883	790
Total	83,874	1,017

**V. OTHER INFORMATION (Continued)**

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

**3. Employees Retirement System of Alabama (Continued)**

**a. General Information about the Retirement Plan (Continued)**

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the plan. For the year ended September 30, 2015, The City's active employee contribution rate for Tier 1 and Tier 2 employees was 5.00% and 6.00% of covered employee payroll, respectively. The City of Tuscaloosa's average contribution rate to fund the normal and accrued liability costs was 6.67% percent of covered employee payroll (Tier 1 at 7.82% and Tier 2 at 5.52%).

The City's contractually required contribution rate for the year ended September 30, 2015 was 8.17% of pensionable pay for Tier 1 employees, and 5.87% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2013, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City for the year ended September 30, 2015 was \$2,781,433.

**b. Net Pension Liability**

The City's net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2013 rolled forward to September 30, 2014 using standard roll-forward techniques as shown in the following table:

(a) Total Pension Liability as of September 30, 2013	\$	88,014,185
(b) Entry Age Normal Cost for October 1, 2013—September 30, 2014		2,792,879
(c) Actual Benefit Payments and Refunds for October 1, 2013—September 30, 2014		(3,799,838)
(d) Total Pension Liability as of September 30, 2014 =(a) x (1.08)] + (b) – [(c) x (1.04)]	\$	93,896,367

**V. OTHER INFORMATION (Continued)**

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

**3. Employees Retirement System of Alabama (Continued)**

**b. Net Pension Liability (Continued)**

*Actuarial Assumptions* The total pension liability in the September 30, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75% - 7.25%
Investment rate of return*	8.00%

\*Net of pension plan investment expense

Mortality rates for ERS were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and two years for females. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disability Mortality Table.

The actuarial assumptions used in the September 30, 2013 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

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

V. OTHER INFORMATION (Continued)

D. Defined Benefit Pension Plans (Continued)

3. Employees Retirement System of Alabama (Continued)

b. Net Pension Liability (Continued)

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	25.00%	5.00%
U.S. Large Stocks	34.00%	9.00%
U.S. Mid Stocks	8.00%	12.00%
U.S. Small Stocks	3.00%	15.00%
International Developed Market Stocks	15.00%	11.00%
International Emerging Market Stocks	3.00%	16.00%
Real Estate	10.00%	7.50%
Cash	2.00%	1.50%
Total	<u>100.00%</u>	

\*Includes assumed rate of inflation of 2.50%

Discount Rate The discount rate used to measure the total pension liability was the long term rate of return, 8%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**V. OTHER INFORMATION** (Continued)

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

**3. Employees Retirement System of Alabama** (Continued)

**c. Changes in Net Pension Liability**

Changes in net pension liability for the year ended September 30, 2014, was as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2013	\$ 88,014,185	\$ 64,757,998	\$ 23,256,187
<u>Changes for the year:</u>			-
Service cost	2,792,879		2,792,879
Interest	6,889,141		6,889,141
Contributions - employer		2,659,574	(2,659,574)
Contributions - employee		1,875,358	(1,875,358)
Net investment income		7,809,823	(7,809,823)
			-
Benefit payments, including refunds of employee contributions	(3,799,838)	(3,799,838)	-
Transfers among employers	-	(72,292)	72,292
	5,882,182	8,472,625	(2,590,443)
Net changes	5,882,182	8,472,625	(2,590,443)
Balances at September 30, 2014	<u>\$ 93,896,367</u>	<u>\$ 73,230,623</u>	<u>\$ 20,665,744</u>

V. OTHER INFORMATION (Continued)

D. Defined Benefit Pension Plans (Continued)

3. Employees Retirement System of Alabama (Continued)

c. Changes in Net Pension Liability (Continued)

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* The following table presents the City's net pension liability calculated using the discount rate of 8%, as well as what The City of Tuscaloosa's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7%) or 1 percentage point higher (9%) than the current rate:

	Discount Rate	Net Pension Liability
	<hr/>	<hr/>
1.00 % decrease	7.00%	\$ 32,350,923
Current discount rate	8.00%	20,665,744
1.00% increase	9.00%	10,828,638

*Pension Plan Fiduciary Net Position* Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2014. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2014. The auditor's report dated June 3, 2015 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

d. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended September 30, 2015, the City recognized pension expense of \$2,151,268. For the year ended September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<hr/>	<hr/>
Net difference between projected and actual earnings on plan investments	\$ -	\$ 2,082,137
Employer contributions subsequent to the measurement date	2,781,433	-

**V. OTHER INFORMATION** (Continued)

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

**3. Employees Retirement System of Alabama** (Continued)

**d. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources** (Continued)

The amounts reported as deferred inflows of resources recognized in pension expense in future periods are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 520,534
2017	520,534
2018	520,534
2019	520,535
2020	-
Thereafter	-

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

**a. General Information about the Pension Plan**

*Plan Description* The Met Life Retirement and Savings Plan, an agent multiple-employer plan, covered all non-civil service employees until May 6, 2000, when the plan was closed, the assets were frozen, and the employees became members of the Employees Retirement System of Alabama. An employee covered by the Met Life Retirement and Savings Plan starts over to meet the retirement requirements of the Employees Retirement System of Alabama. An employee retiring before meeting these requirements will retire under the Met Life Retirement and Savings Plan. The Employees Retirement System of Alabama, an agent multiple-employer plan, is open to all hourly employees. The plan issues a publicly available financial report that can be obtained by contacting the plan at the following address:

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

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

V. OTHER INFORMATION (Continued)

D. Defined Benefit Pension Plans (Continued)

4. Met Life Retirement and Savings Plan (Continued)

a. General Information about the Pension Plan (Continued)

Benefits Provided The Met Life Retirement and Savings 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.

As of September 30, 2015, the plan had the following number of employees by class:

Active vested employees	11
Terminated/transferred vested employees	69
Disabled pensioners	16
Retired members (pending annuity purchase)	<u>-</u>
Total vested members	<u><u>96</u></u>

Contributions The Met Life Retirement and Savings Plan establishes contribution rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the plan. For the year ended September 30, 2015, the actuarially determined contribution was \$162,440 and the City contributed \$195,234, with a contribution excess of \$32,794. There were no member contributions as of September 30, 2015. The City's average contribution rate as a percent of covered employee payroll was indeterminable as there are no covered payroll amounts for the closed plan.

b. Net Pension Liability

The City of Tuscaloosa's net pension liability was measured as of September 30, 2015, as shown in the following table:

Total pension liability	\$ 1,993,853
Fiduciary net position	<u>702,080</u>
Net pension liability	<u><u>\$ 1,291,773</u></u>

Fiduciary net position as a % of total pension liability 35.21%

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2015, calculated based on the discount rate and actuarial assumptions on the next page.

V. OTHER INFORMATION (Continued)

D. Defined Benefit Pension Plans (Continued)

4. Met Life Retirement and Savings Plan (Continued)

b. Net Pension Liability (Continued)

Actuarial Assumptions The total pension liability in the September 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	N/A
Salary increases	N/A
Investment rate of return*	5.00%

\*Net of pension plan investment expense

The plan has not had a formal actuarial experience study performed. Other key actuarial assumptions are as follows:

Valuation date	September 30, 2015
Measurement date	September 30, 2015
Mortality	2015 IRS Mortality Table Sex-Distinct
Actuarial cost method	Entry age normal

Discount Rate The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return as shown in the table below:

Discount rate	5.00%
Long-term expected rate of return, net of investment expense	5.00%
Municipal bond rate	N/A

V. OTHER INFORMATION (Continued)

D. Defined Benefit Pension Plans (Continued)

4. Met Life Retirement and Savings Plan (Continued)

c. Changes in Net Pension Liability

Changes in net pension liability for the year ended September 30, 2015, was as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2014	\$ 2,023,641	\$ 581,707	\$ 1,441,934
<u>Changes for the year:</u>			-
Service cost	-		-
Interest	99,664		99,664
Effect of economic/demographic gains or losses	(67,986)		(67,986)
Contributions - employer		195,234	(195,234)
Contributions - employee		-	-
Net investment income		4,299	(4,299)
			-
Benefit payments, including refunds of employee contributions	(61,466)	(61,466)	-
Administrative expenses	-	(17,694)	17,694
Net changes	<u>(29,788)</u>	120373	<u>(150,161)</u>
Balances at September 30, 2015	<u>\$ 1,993,853</u>	<u>\$ 702,080</u>	<u>\$ 1,291,773</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's net pension liability calculated using the discount rate of 5.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.00%) or 1 percentage point higher (6.00%) than the current rate:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
1.00 % decrease	\$ 2,306,344	\$ 702,080	\$ 1,604,264
Current discount rate	1,993,853	702,080	1,291,773
1.00% increase	1,740,753	702,080	1,038,673

**V. OTHER INFORMATION** (Continued)

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

**4. Met Life Retirement and Savings Plan** (Continued)

**c. Changes in Net Pension Liability** (Continued)

*Pension Plan Fiduciary Net Position* The plan's Statement of Fiduciary Net Position as of September 30, 2015 is as follows:

Assets	
Investments:	
Fixed income	\$ 302,080
Short-term investments	400,000
Total investments	<u>\$ 702,080</u>
Total assets	<u>\$ 702,080</u>
Net position restricted for pensions	<u>\$ 702,080</u>

**d. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources**

For the year ended September 30, 2015, the City recognized pension expense of \$71,887. For the year ended September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on plan investments	\$ 25,424	\$ -
Differences between expected and actual experience	-	52,238

The amounts reported as deferred inflows of resources recognized in pension expense in future periods are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ (9,392)
2017	(9,441)
2018	(10,198)
2019	2,217
2020	-
Thereafter	-

**V. OTHER INFORMATION (Continued)**

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

**5. Tuscaloosa Police Officers and Firefighters Retirement Plan**

**a. General Information about the Pension Plan**

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

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

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

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

Years of Service	Minimum Monthly Benefit	Maximum Monthly Benefit
0-9	\$ -	\$ 1,507
10-14	756	1,507
15-19	864	1,758
20 and up	1,080	2,009

Non-service related disability retirement benefits are payable to any member who becomes temporarily disabled for longer than 15 days and who is not on the regular payroll. Benefits received are \$109.18 per week for up to twelve weeks. If after 12 weeks, the Board of Trustees declares a member with 10 or more years of credited service permanently disabled, that member may receive the service-related disability retirement benefits listed above.

Death benefits are payable to a member's surviving spouse if the death is service caused, or from any cause after 10 years of credited service for in service, retired or disabled members. Benefits received are 42.41% of salary (maximum of \$1,172) plus 25.45% of salary for the first child under 18 (maximum of \$1,590), up to 76.34% of salary for the family (maximum of \$2,009).

**V. OTHER INFORMATION (Continued)**

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

**5. Tuscaloosa Police Officers and Firefighters Retirement Plan (Continued)**

**a. General Information about the Pension Plan (Continued)**

A Deferred Retirement Option Plan (D.R.O.P) election is available to members who have at least 25 years of service. Eligible members may elect to retire, and, in lieu of immediate withdrawal from service, continue employment for a period up to three years. The Plan contributions and interest earned are accumulated in an account for the benefit of the member. At the end of participation, the account balance is paid to the member as a lump sum distribution or deferred and paid monthly over a period of 3, 5 or 10 years as selected by the member.

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

As of December 31, 2014, the measurement date for the plan, the plan had the following number of employees by class:

Inactive members or their beneficiaries	
currently receiving benefits	355
Active members	<u>492</u>
 Total	 <u><u>847</u></u>

Contributions Covered members of the plan are required to contribute 11.25% of base salary.

The Plan provides for employer contributions at actuarially determined rates (expressed as percentages of annual covered payroll) that accumulate sufficient assets to pay benefits when due. The employer contributions required to support the benefits of each system are determined following a level funding approach and consist of a normal contribution, an accrued liability contribution, and a portion to finance administrative costs. The City's average contribution, for the year ended September 30, 2015 was 12.92% percent of covered employee payroll.

The City's contractually required contribution rate for the period October 1, 2014 through August 31, 2015 was 13.25% and from September 1, 2015 through September 30, 2015 was 13.50% of members' base salaries. These required contribution rates are based upon the actuarial valuation dated January 1, 2014, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City for the year ended September 30, 2015 was \$4,258,306.

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

**V. OTHER INFORMATION (Continued)**

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

**5. Tuscaloosa Police Officers and Firefighters Retirement Plan (Continued)**

**b. Net Pension Liability**

The City's net pension liability was measured as of December 31, 2014, as shown in the following table:

Total pension liability	\$ 148,650,225
Fiduciary net position	66,293,762
Net pension liability	<u>\$ 82,356,463</u>
Fiduciary net position as a % of total pension liability	44.60%

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2014. The result was rolled forward using standard actuarial techniques to the measurement date using the actuarial assumptions listed below. There have been no changes of assumptions or other inputs that affected measurement of the total pension liability since the prior measurement date.

Actuarial Assumptions The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.00%
Salary increases	5.50%
Investment rate of return*	8.00%

\*Net of pension plan investment expense

The rates of mortality for the period after service retirement are according to the 1983 Group Annuity Mortality Table for males and females.

The plan has not had a formal actuarial experience study performed. Other key actuarial assumptions are as follows:

Valuation date	January 1, 2014
Measurement date	December 31, 2014
Actuarial cost method	Entry age normal

**V. OTHER INFORMATION** (Continued)

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

**5. Tuscaloosa Police Officers and Firefighters Retirement Plan** (Continued)

**b. Net Pension Liability** (Continued)

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

	Target Allocation	Long-Term Expected Rate of Return*
US Equity	41.70%	8.30%
International Equity	18.70%	7.50%
Emerging Markets Equity	4.10%	9.90%
Real Estate Investment Trusts	0.40%	7.30%
Fixed Income	31.50%	2.40%
Cash	3.60%	1.00%
Total	<u>100.00%</u>	

Discount Rate The discount rate used to measure the total pension liability was the long term rate of return, 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the plan's Board of Trustees. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use a municipal bond rate.

V. OTHER INFORMATION (Continued)

D. Defined Benefit Pension Plans (Continued)

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

c. Changes in Net Pension Liability

Changes in net pension liability for the year ended December 31, 2014, was as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at January 1, 2014	\$ 144,671,286	\$ 65,645,245	\$ 79,026,041
<u>Changes for the year:</u>			
Service cost	2,893,611		2,893,611
Interest	11,392,889		11,392,889
Contributions - employer		4,216,747	(4,216,747)
Contributions - employee		3,579,903	(3,579,903)
Contributions - other		516,803	(516,803)
Net investment income		2,747,724	(2,747,724)
Refunds of contributions	(474,386)	(474,386)	-
Benefits paid	(9,833,175)	(9,833,175)	-
Plan administrative expenses	-	(105,099)	105,099
Net changes	<u>3,978,939</u>	<u>648,517</u>	<u>3,330,422</u>
Balances at December 31, 2014	<u>\$ 148,650,225</u>	<u>\$ 66,293,762</u>	<u>\$ 82,356,463</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's net pension liability calculated using the discount rate of 8%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7%) or 1 percentage point higher (9%) than the current rate:

	Discount Rate	Net Pension Liability
1.00 % decrease	7.00%	\$ 97,003,802
Current discount rate	8.00%	82,356,463
1.00% increase	9.00%	69,871,312

V. OTHER INFORMATION (Continued)

D. Defined Benefit Pension Plans (Continued)

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

c. Changes in Net Pension Liability (Continued)

*Pension Plan Fiduciary Net Position* The plan's Statement of Fiduciary Net Position as of December 31, 2014 is as follows:

Assets	
Cash	\$ 51,876
Investments:	
Certificates of deposits	2,035,222
Common stocks	39,165,656
Corporate bonds	4,385,572
Mortgage-back securities	7,011,268
Mutual funds	1,346,296
Short-term investments	4,245,619
U.S. Treasury bonds	8,052,253
Total investments	<u>\$ 66,241,886</u>
 Total assets	 <u><u>\$ 66,293,762</u></u>
 Net position restricted for pensions	 <u><u>\$ 66,293,762</u></u>

d. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended September 30, 2015, the City recognized pension expense of \$5,611,228. For the year ended September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Net difference between projected and actual earnings on plan investments	\$ 1,935,942	\$ -
Employer contributions subsequent to the measurement date	4,258,306	-

**V. OTHER INFORMATION (Continued)**

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

**5. Tuscaloosa Police Officers and Firefighters Retirement Plan (Continued)**

**d. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources (Continued)**

The amounts reported as deferred outflows of resources recognized in pension expense in future periods are as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 483,986
2016	483,986
2017	483,986
2018	483,984
Thereafter	-

**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, 2015 of \$162,594.

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

**F. Adoption of Accounting Principles and Prior Period Adjustment**

During 2015, the City adopted the accounting principle changes for GASB 68, *Accounting and Financial Reporting for Pensions*. Under this new standard, the City is required to record the underfunded pension liability as net pension liability on the Statement of Net Position. The employer contributions to the plan are required to be recorded as a deferred outflow of resources in the Statement of Net Position and will reduce the net pension liability in the following year. The amount of, and the changes in, the net pension liability are disclosed in Note V. D. Defined Benefit Pension Plans. The adoption of this principle requires a prior period adjustment to record the net pension liability and the deferred employer pension contribution as of September 30, 2014.

**V. OTHER INFORMATION (Continued)**

**F. Adoption of Accounting Principles and Prior Period Adjustment (Continued)**

Due to the adoption of these accounting principles, the changes to prior year's net position were as follows:

	Investment In Capital Assets	Restricted Net Position	Unrestricted Net Position	Total Net Position
Balance as originally stated at 9/30/14	\$ 327,663,479	\$ 8,763,740	\$ 70,598,389	\$ 407,025,608
Net pension liability	————	————	(104,545,529)	(104,545,529)
Deferred outflow of resources - employer pension contribution	————	————	6,954,321	6,954,321
Balance as restated 9/30/14	<u>\$ 327,663,479</u>	<u>\$ 8,763,740</u>	<u>\$ (26,992,819)</u>	<u>\$ 309,434,400</u>

**G. Subsequent Events**

In February 2016, the City issued 2016A Warrant Series, with a par value of \$33,370,000, original issue discount of \$429,136 and at a premium of \$2,337,600, generating \$35,000,000 of cash proceeds. Of this amount, \$30,100,000 worth of proceeds has already been designated.

Effective June 1, 2016, the Tuscaloosa County wide sales tax that consisted of a 2% permanent tax and a 1% temporary school tax will become a 3% permanent tax. Whereas in the past, the temporary 1% tax was distributed directly to schools in Tuscaloosa County based on enrollment and the 2% tax was distributed to the Tuscaloosa County Special Tax Board (the Board) to allocate among different local governments in Tuscaloosa County, the entire 3% will now be distributed to the Board to allocate to local governments in Tuscaloosa County. The City was previously allocated 25% of the 2% tax. The City will now receive an allocation of 19% of the 3% tax. Additionally, the Tuscaloosa County Road Improvement Authority (the Authority) will be created and will receive 25% of the 3% tax. The Authority will then reallocate the funding to local governments in Tuscaloosa County for the purpose of infrastructure projects.

CITY OF TUSCALOOSA

Schedule I

REQUIRED SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY - TUSCALOOSA POLICE OFFICERS AND FIREFIGHTERS SUPPLEMENTAL RETIREMENT PLAN

Last ten fiscal years ended September 30,

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Total pension liability</b>										
Service Cost	**	**	**	**	**	**	**	**	**	\$ 16,433
Interest										68,661
Difference between expected and actual experience										(55,536)
Benefit payments, including refunds of employee contributions										(22,896)
<b>Net change in total pension liability</b>										6,662
Total pension liability - beginning										1,156,751
Total pension liability - ending										<u>\$ 1,163,413</u>
<b>Plan net position</b>										
Contributions - employer										78,000
Contributions - employee										-
Net investment income										337
Benefit payments, including refunds of employee contributions										(22,896)
Administrative expense										(3,000)
<b>Net change in plan net position</b>										52,441
Plan net position - beginning										335,384
Plan net position - ending										<u>\$ 387,825</u>
<b>Net pension liability</b>										<u>\$ 775,588</u>
Plan net position as a percentage of the total pension liability										33.34%
<b>Covered-employee payroll *</b>										<u>\$ 3,317,870</u>
Net pension liability as a percentage of covered-employee payroll										23.38%

\*For FYE 2015 the measurement period is January 1, 2014 to December 31, 2014

\*\*Data is presented for those years for which information is available

**CITY OF TUSCALOOSA**

**Schedule II**

**REQUIRED SCHEDULE OF EMPLOYER CONTRIBUTIONS - TUSCALOOSA POLICE OFFICERS AND FIREFIGHTERS SUPPLEMENTAL RETIREMENT PLAN**

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution*	**	**	**	**	**	**	**	**	**	\$ 74,413
Contributions in relation to the actuarially determined contribution*										<u>74,413</u>
<b>Contribution deficiency (excess)</b>										<u><u>\$ -</u></u>
Covered-employee payroll^										\$ 3,317,870
Contributions as a percentage of covered-employee payroll										2.24%

\*Amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. For FY 2015, the fiscal year is the twelve month period beginning after 01/01/2014.

\*\*Data is presented for those years for which information is available .

^Employer's covered-payroll during fiscal year is the total payroll paid to covered employees (not just pensionable payroll). For FY 2015, the fiscal year is the twelve month period beginning after 01/01/2014.

**Notes to Schedule**

Actuarially determined contribution rates are calculated on an annual basis payable in the fiscal year beginning one year following the valuation date. For FY 2015 the valuation date was 01/01/2014.

Contributions for fiscal year 2015 were calculated based on payroll information for the twelve month period beginning after 10/01/2014.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar open
Remaining amortization period	30 years
Asset valuation method	Actual market value
Inflation	4.00% annually
Salary increases	5.5% annually
Investment rate of return	6.00% annually

CITY OF TUSCALOOSA

SCHEDULE III

REQUIRED SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY - ERS

Last ten fiscal years ended September 30,

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Total pension liability</b>										
Service Cost	**	**	**	**	**	**	**	**	**	\$ 2,792,879
Interest										6,889,141
Benefit payments, including refunds of employee contributions										<u>(3,799,838)</u>
<b>Net change in total pension liability</b>										5,882,182
Total pension liability - beginning										<u>88,014,185</u>
Total pension liability - ending										<u>\$ 93,896,367</u>
<b>Plan net position</b>										
Contributions - employer										2,659,574
Contributions - employee										1,875,358
Net investment income										7,809,823
Benefit payments, including refunds of employee contributions										<u>(3,799,838)</u>
Transfer among employees										<u>(72,292)</u>
<b>Net change in plan net position</b>										8,472,625
Plan net position - beginning										<u>64,757,998</u>
Plan net position - ending										<u>\$ 73,230,623</u>
<b>Net pension liability</b>										<u>\$ 20,665,744</u>
Plan net position as a percentage of the total pension liability										77.99%
<b>Covered-employee payroll *</b>										<u>\$ 34,797,920</u>
Net pension liability as a percentage of covered-employee payroll										59.39%

\*For FYE 2015 the measurement period is October 1, 2013 to September 30, 2014

\*\*Data is presented for those years for which information is available

**CITY OF TUSCALOOSA**

**SCHEDULE IV**

**REQUIRED SCHEDULE OF EMPLOYER CONTRIBUTIONS - ERS**

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially determined contribution*	**	**	**	**	**	**	**	**	**	\$ 2,781,433
Contributions in relation to the actuarially determined contribution*										<u>2,781,433</u>
<b>Contribution deficiency (excess)</b>										<u><u>\$ -</u></u>
Covered-employee payroll*										\$ 34,797,920
Contributions as a percentage of covered-employee payroll										7.99%

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

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

**Notes to Schedule**

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2015 were calculated based on payroll information for the twelve month period beginning after 10/01/2014.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	22 years
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	3.75-7.25%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

CITY OF TUSCALOOSA

Schedule V

REQUIRED SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY - MET LIFE RETIREMENT AND SAVINGS PLAN

Last ten fiscal years ended September 30,

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Total pension liability</b>										
Service Cost	**	**	**	**	**	**	**	**	**	\$ -
Interest										99,664
Effect of economic/demographic gains or losses										(67,986)
Benefit payments, including refunds of employee contributions										(61,466)
<b>Net change in total pension liability</b>										(29,788)
Total pension liability - beginning										2,023,641
Total pension liability - ending										<u>\$ 1,993,853</u>
<b>Plan net position</b>										
Contributions - employer										195,234
Contributions - employee										-
Net investment income										4,299
Benefit payments, including refunds of employee contributions										(61,466)
Administrative expenses										(17,694)
<b>Net change in plan net position</b>										120,373
Plan net position - beginning										581,707
Plan net position - ending										<u>\$ 702,080</u>
<b>Net pension liability</b>										<u>\$ 1,291,773</u>
Plan net position as a percentage of the total pension liability										35.21%
<b>Covered-employee payroll *</b>										N/A
Net pension liability as a percentage of covered-employee payroll										NA

\*For FYE 2015 the measurement period is October 1, 2014 to September 30, 2015

\*\*Data is presented for those years for which information is available

CITY OF TUSCALOOSA

Schedule VI

REQUIRED SCHEDULE OF EMPLOYER CONTRIBUTIONS - MET LIFE RETIREMENT AND SAVINGS PLAN

Last ten fiscal years ended September 30,

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially determined contribution*	**	**	**	**	**	**	**	**	**	\$ 162,440
Contributions in relation to the actuarially determined contribution*										195,234
<b>Contribution deficiency (excess)</b>										<b>\$ (32,794)</b>
Covered-employee payroll^										N/A
Contributions as a percentage of covered-employee payroll										N/A

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

\*\*Data is presented for those years for which information is available.

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

**Notes to Schedule**

Actuarially determined contribution rates are calculated on an annual basis payable in the fiscal year beginning one year following the valuation date. For FY 2015 the valuation date was 11/01/2014. Contributions for fiscal year 2015 were calculated based on payroll information for the twelve month period beginning after 10/01/2014.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	10 years
Asset valuation method	Fair market value
Inflation	N/A
Salary increases	N/A
Investment rate of return	5.00%, net of pension plan investment expense, including inflation

CITY OF TUSCALOOSA

Schedule VII

REQUIRED SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY - TUSCALOOSA POLICE OFFICERS FIREFIGHTERS RETIREMENT PLAN

Last ten fiscal years ended September 30,

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Total pension liability</b>										
Service Cost	**	**	**	**	**	**	**	**	**	\$ 2,893,611
Interest										11,392,889
Benefit payments										(9,833,175)
Refunds of contributions										<u>(474,386)</u>
<b>Net change in total pension liability</b>										3,978,939
Total pension liability - beginning										<u>144,671,286</u>
Total pension liability - ending										<u><u>\$ 148,650,225</u></u>
<b>Plan net position</b>										
Contributions - employer										4,216,747
Contributions - employee										3,579,903
Contributions - other										516,803
Net investment income										2,747,724
Benefit payments										(9,833,175)
Refunds of contributions										(474,386)
Administrative expense										<u>(105,099)</u>
<b>Net change in plan net position</b>										648,517
Plan net position - beginning										<u>65,645,245</u>
Plan net position - ending										<u><u>\$ 66,293,762</u></u>
<b>Net pension liability</b>										<u><u>\$ 82,356,463</u></u>
Plan net position as a percentage of the total pension liability										44.60%
<b>Covered-employee payroll *</b>										<u><u>\$ 32,951,243</u></u>
Net pension liability as a percentage of covered-employee payroll										249.93%

\*For FYE 2015 the measurement period is October 1, 2014 to September 30, 2015

\*\*Data is presented for those years for which information is available

**CITY OF TUSCALOOSA**

**Schedule VIII**

**REQUIRED SCHEDULE OF EMPLOYER CONTRIBUTIONS - TUSCALOOSA POLICE OFFICERS FIREFIGHTERS RETIREMENT PLAN**

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution*	\$ 2,631,311	\$ 2,843,278	\$ 3,139,129	\$ 3,356,426	\$ 3,450,627	\$ 3,884,760	\$ 3,980,186	\$ 4,173,937	\$ 4,216,747	\$ 4,258,306
Contributions in relation to the actuarially determined contribution*	<u>2,631,311</u>	<u>2,843,278</u>	<u>3,139,129</u>	<u>3,356,426</u>	<u>3,450,627</u>	<u>3,884,760</u>	<u>3,980,186</u>	<u>4,173,937</u>	<u>4,216,747</u>	<u>4,258,306</u>
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>									
Covered-employee payroll**	\$ 18,217,225	\$ 20,569,018	\$ 23,025,548	\$ 24,853,679	\$ 25,194,295	\$ 26,804,554	\$ 28,180,911	\$ 31,014,140	\$ 31,224,050	\$ 32,951,243
Contributions as a percentage of covered-employee payroll	14.44%	13.82%	13.63%	13.50%	13.70%	14.49%	14.12%	13.46%	13.50%	12.92%

\*Amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. For FY 2015, the fiscal year is the twelve month period beginning after 01/01/2014.

\*\*Employer's covered-payroll during fiscal year is the total payroll paid to covered employees (not just pensionable payroll). For FY 2015, the fiscal year is the twelve month period beginning after 10/01/2014.

**Notes to Schedule**

Actuarially determined contribution rates are calculated on an annual basis payable in the fiscal year beginning one year following the valuation date. For FY 2015 the valuation date was 01/01/2014. Contributions for fiscal year 2015 were calculated based on payroll information for the twelve month period beginning after 10/01/2014.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	26 years
Asset valuation method	Five year smoothed market
Inflation	4.00%
Salary increases	5.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

**CITY OF TUSCALOOSA**

**SCHEDULE IX**

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

**September 30, 2015**

<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. Tuscaloosa Post Employment Health Care Plan (annual valuation as of each October 1):						
2014	\$ —	\$ 13,834,256	\$ 13,834,256	— %	\$ 68,520,539	20.2 %
2013	—	11,428,850	11,428,850	—	66,608,053	17.2
2012	—	12,959,681	12,959,681	—	66,520,103	19.5



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

**September 30, 2015**

ASSETS	Special Revenue Funds	Capital Projects Funds	Permanent Fund Capital Park Maintenance	Total Nonmajor Governmental Funds
Cash and cash equivalents	\$ 4,221,832	\$ 10,065,010	\$ 67	\$ 14,286,909
Investments	248,364	—	—	248,364
Receivables (net of allowances for uncollectibles)	28,805	130,409	—	159,214
Due from other governments	3,585,441	—	—	3,585,441
Due from other funds	977,931	728,146	73,964	1,780,041
Inventory	292	—	—	292
Total assets	\$ 9,062,665	\$ 10,923,565	\$ 74,031	\$ 20,060,261
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 823,313	\$ 1,493,052	\$ 2,533	\$ 2,318,898
Deferred revenue	36,909	—	—	36,909
Due to other funds	4,667,403	1,938,650	900	6,606,953
Total liabilities	5,527,625	3,431,702	3,433	8,962,760
Fund balances:				
Restricted for:				
Capital projects	2,389,517	374,135	—	2,763,652
Capital Park maintenance	—	—	70,598	70,598
Community development	69,261	—	—	69,261
Hazard mitigation	3	—	—	3
Road projects	132,808	—	—	132,808
Salaries	206,812	—	—	206,812
Storm recovery	65,509	—	—	65,509
Committed for:				
Capital projects	—	7,117,728	—	7,117,728
Cemetery maintenance	141,141	—	—	141,141
Tourism enhancement	159,863	—	—	159,863
Assigned for:				
Capital projects	396,951	—	—	396,951
Unassigned	(26,825)	—	—	(26,825)
Total fund balances	3,535,040	7,491,863	70,598	11,097,501
Total liabilities and fund balances	\$ 9,062,665	\$ 10,923,565	\$ 74,031	\$ 20,060,261

**CITY OF TUSCALOOSA**

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

**For the year ended September 30, 2015**

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Capital Park Maintenance	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 886,908	\$ —	\$ —	\$ 886,908
Intergovernmental	3,515,017	—	—	3,515,017
Other revenues	<u>1,556,127</u>	<u>74,014</u>	<u>—</u>	<u>1,630,141</u>
Total revenues	<u>5,958,052</u>	<u>74,014</u>	<u>—</u>	<u>6,032,066</u>
Expenditures:				
Current operations:				
General government	816,904	—	—	816,904
Public safety	272,026	—	—	272,026
Culture and recreation	534,766	—	15,293	550,059
Housing	552,019	—	—	552,019
Economic development	<u>179,859</u>	<u>—</u>	<u>—</u>	<u>179,859</u>
Total current operations	2,355,574	—	15,293	2,370,867
Capital outlay	3,180,503	2,211,539	—	5,392,042
Debt service:				
Principal payments	75,000	—	—	75,000
Interest charges	44,250	—	—	44,250
Intergovernmental expenditures	<u>809,023</u>	<u>489,265</u>	<u>—</u>	<u>1,298,288</u>
Total expenditures	<u>6,464,350</u>	<u>2,700,804</u>	<u>15,293</u>	<u>9,180,447</u>
Excess (deficiency) of revenues over expenditures	<u>(506,298)</u>	<u>(2,626,790)</u>	<u>(15,293)</u>	<u>(3,148,381)</u>
Other financing sources (uses) :				
Transfers in	770,116	7,312,112	—	8,082,228
Transfers out	<u>(3,641,128)</u>	<u>(1,723,504)</u>	<u>—</u>	<u>(5,364,632)</u>
Total other financing sources (uses)	<u>(2,871,012)</u>	<u>5,588,608</u>	<u>—</u>	<u>2,717,596</u>
Net change in fund balances	(3,377,310)	2,961,818	(15,293)	(430,785)
Fund balances, beginning of year	<u>6,912,350</u>	<u>4,530,045</u>	<u>85,891</u>	<u>11,528,286</u>
Fund balances, end of year	<u>\$ 3,535,040</u>	<u>\$ 7,491,863</u>	<u>\$ 70,598</u>	<u>\$ 11,097,501</u>

**CITY OF TUSCALOOSA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**

**September 30, 2015**

<u>ASSETS</u>	Downtown Urban Revitalization	Intermodal Facility Construction	River Market Construction	Tourism Capital Projects	Storm Recovery Insurance	Public Safety Capital Projects	Public Works Capital Projects	Total Nonmajor Capital Project Funds
Cash and cash equivalents	\$ —	\$ 66,292	\$ 647,474	\$ 118,365	\$ 3,493,031	\$ 1,124,568	\$ 4,615,280	\$ 10,065,010
Receivables (net of allowances for uncollectibles)	—	—	104,327	26,082	—	—	—	130,409
Due from other funds	—	—	—	—	728,146	—	—	728,146
Total assets	<u>\$ —</u>	<u>\$ 66,292</u>	<u>\$ 751,801</u>	<u>\$ 144,447</u>	<u>\$ 4,221,177</u>	<u>\$ 1,124,568</u>	<u>\$ 4,615,280</u>	<u>\$ 10,923,565</u>
 <u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable	\$ —	\$ —	\$ —	\$ 36,918	\$ 1,217,681	\$ —	\$ 238,453	\$ 1,493,052
Due to other funds	—	—	443,958	—	1,406,088	—	88,604	1,938,650
Total liabilities	—	—	443,958	36,918	2,623,769	—	327,057	3,431,702
Fund balances:								
Restricted for:								
Capital projects	—	66,292	307,843	—	—	—	—	374,135
Committed for:								
Capital projects	—	—	—	107,529	1,597,408	1,124,568	4,288,223	7,117,728
Total fund balances	—	66,292	307,843	107,529	1,597,408	1,124,568	4,288,223	7,491,863
Total liabilities and fund balances	<u>\$ —</u>	<u>\$ 66,292</u>	<u>\$ 751,801</u>	<u>\$ 144,447</u>	<u>\$ 4,221,177</u>	<u>\$ 1,124,568</u>	<u>\$ 4,615,280</u>	<u>\$ 10,923,565</u>

CITY OF TUSCALOOSA

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

For the year ended September 30, 2015

	Downtown Urban Revitalization	Intermodal Facility Construction	River Market Construction	Tourism Capital Projects	Storm Recovery Insurance	Public Safety Capital Projects	Public Works Capital Projects	Total Nonmajor Capital Project Funds
Revenues:								
Intergovernmental	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other revenues	—	—	900	95	73,019	—	—	74,014
Total revenues	—	—	900	95	73,019	—	—	74,014
Expenditures:								
Current operations:								
General government	—	—	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—	—	—
Economic development	—	—	—	—	—	—	—	—
Total current operations	—	—	—	—	—	—	—	—
Capital outlay	—	—	—	—	749,792	635,366	826,381	2,211,539
Intergovernmental expenditures	—	—	—	44,862	444,403	—	—	489,265
Total expenditures	—	—	—	44,862	1,194,195	635,366	826,381	2,700,804
Excess (deficiency) of revenues over expenditures	—	—	900	(44,767)	(1,121,176)	(635,366)	(826,381)	(2,626,790)
Other financing sources (uses) :								
Transfers in	—	—	1,068,378	267,094	—	1,509,934	4,466,706	7,312,112
Transfers out	(124,986)	—	(1,084,529)	(300,000)	(213,989)	—	—	(1,723,504)
Total other financing sources (uses)	(124,986)	—	(16,151)	(32,906)	(213,989)	1,509,934	4,466,706	5,588,608
Net change in fund balances	(124,986)	—	(15,251)	(77,673)	(1,335,165)	874,568	3,640,325	2,961,818
Fund balances, beginning of year	124,986	66,292	323,094	185,202	2,932,573	250,000	647,898	4,530,045
Fund balances, end of year	\$ -	\$ 66,292	\$ 307,843	\$ 107,529	\$ 1,597,408	\$ 1,124,568	\$ 4,288,223	\$ 7,491,863

## Nonmajor Governmental Funds

### Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**September 30, 2015**  
1 of 2

<u>ASSETS</u>	Police Department Funds	Airport Development Fund	Community Development Funds	Gasoline Tax Funds	Summer Feeding Fund	Beer Tax Bonus Fund
Cash and cash equivalents	\$ 37,749	\$ 692,642	\$ 105,899	\$ 38,058	\$ 51,396	\$ 43,425
Investments	—	—	—	—	—	118,000
Receivables	—	—	2,724	—	—	—
Due from other governments	—	89,120	511,032	94,750	—	45,387
Due from other funds	108,769	—	—	—	—	—
Inventory	—	—	—	—	292	—
Total assets	<u>\$ 146,518</u>	<u>\$ 781,762</u>	<u>\$ 619,655</u>	<u>\$ 132,808</u>	<u>\$ 51,688</u>	<u>\$ 206,812</u>
 <u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 940	\$ 381,531	\$ 292,510	\$ —	\$ 29	\$ —
Deferred revenue	448	—	—	—	35,477	—
Due to other funds	171,955	3,280	274,066	—	—	—
Total liabilities	<u>173,343</u>	<u>384,811</u>	<u>566,576</u>	<u>—</u>	<u>35,506</u>	<u>—</u>
Fund balances:						
Restricted for:						
Capital projects	—	—	—	—	—	—
Community development	—	—	53,079	—	16,182	—
Hazard mitigation	—	—	—	—	—	—
Road projects	—	—	—	132,808	—	—
Salaries and wages	—	—	—	—	—	206,812
Committed for:						
Cemetery maintenance	—	—	—	—	—	—
Debt service	—	—	—	—	—	—
Tourism enhancement	—	—	—	—	—	—
Assigned for:						
Capital projects	—	396,951	—	—	—	—
Unassigned	(26,825)	—	—	—	—	—
Total fund balances	<u>(26,825)</u>	<u>396,951</u>	<u>53,079</u>	<u>132,808</u>	<u>16,182</u>	<u>206,812</u>
Total liabilities and fund balances	<u>\$ 146,518</u>	<u>\$ 781,762</u>	<u>\$ 619,655</u>	<u>\$ 132,808</u>	<u>\$ 51,688</u>	<u>\$ 206,812</u>

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

**September 30, 2015**  
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<u>ASSETS</u>	Alabama Trust Fund	Evergreen Cemetery Fund	Hazard Mitigation Fund	Section 108 Funds	Tourism Enhancement Fund	Storm Recovery FEMA Fund	Total Nonmajor Special Revenue Funds
Cash and cash equivalents	\$ 2,333,019	\$ 39,879	\$ 1,117	\$ 62,774	\$ 275,694	\$ 540,180	\$ 4,221,832
Investments	—	130,364	—	—	—	—	248,364
Receivables	—	—	—	—	26,081	—	28,805
Due from other governments	—	—	—	—	—	2,845,152	3,585,441
Due from other funds	—	—	—	—	88	869,074	977,931
Inventory	—	—	—	—	—	—	292
<b>Total assets</b>	<b>\$ 2,333,019</b>	<b>\$ 170,243</b>	<b>\$ 1,117</b>	<b>\$ 62,774</b>	<b>\$ 301,863</b>	<b>\$ 4,254,406</b>	<b>\$ 9,062,665</b>
 <u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ 6,276	\$ 27	\$ —	\$ —	\$ 142,000	\$ —	\$ 823,313
Deferred revenue	—	—	984	—	—	—	36,909
Due to other funds	—	29,075	130	—	—	4,188,897	4,667,403
<b>Total liabilities</b>	<b>6,276</b>	<b>29,102</b>	<b>1,114</b>	<b>—</b>	<b>142,000</b>	<b>4,188,897</b>	<b>5,527,625</b>
Fund balances:							
Restricted for:							
Capital projects	2,326,743	—	—	62,774	—	—	2,389,517
Community development	—	—	—	—	—	—	69,261
Hazard mitigation	—	—	3	—	—	—	3
Road projects	—	—	—	—	—	—	132,808
Salaries	—	—	—	—	—	—	206,812
Storm Recovery	—	—	—	—	—	65,509	65,509
Committed for:							
Cemetery maintenance	—	141,141	—	—	—	—	141,141
Tourism enhancement	—	—	—	—	159,863	—	159,863
Assigned for:							
Capital projects	—	—	—	—	—	—	396,951
Unassigned	—	—	—	—	—	—	(26,825)
<b>Total fund balances</b>	<b>2,326,743</b>	<b>141,141</b>	<b>3</b>	<b>62,774</b>	<b>159,863</b>	<b>65,509</b>	<b>3,535,040</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,333,019</b>	<b>\$ 170,243</b>	<b>\$ 1,117</b>	<b>\$ 62,774</b>	<b>\$ 301,863</b>	<b>\$ 4,254,406</b>	<b>\$ 9,062,665</b>

**CITY OF TUSCALOOSA**

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

**For the year ended September 30, 2015**

1 of 2

	Police Department Funds	Airport Development Fund	Community Development Funds	Gasoline Tax Funds	Summer Feeding Fund	Beer Tax Bonus Fund
<b>Revenues:</b>						
<b>Taxes:</b>						
Gas tax - State of Alabama	\$ —	\$ —	\$ —	\$ 424,401	\$ —	\$ —
Share of beer tax	—	—	—	—	—	462,507
<b>Intergovernmental revenues:</b>						
Federal grants	—	21,331	3,266,144	—	—	—
State and local grants	112,830	—	—	—	114,712	—
<b>Other operating revenues:</b>						
Interest on investments	73	—	—	—	—	313
Share of tag receipts	—	—	—	270,180	—	—
Collection of principal and interest	—	—	172,934	—	—	—
Other	93,105	188,526	45,990	—	1,172	—
<b>Total revenues</b>	<b>206,008</b>	<b>209,857</b>	<b>3,485,068</b>	<b>694,581</b>	<b>115,884</b>	<b>462,820</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	—	338	134,460	—	103,440	—
Public safety	272,026	—	—	—	—	—
Culture and recreation	—	—	134,649	—	—	—
Housing program	—	—	551,809	—	—	—
Economic development	—	—	179,859	—	—	—
<b>Total current operations</b>	<b>272,026</b>	<b>338</b>	<b>1,000,777</b>	<b>—</b>	<b>103,440</b>	<b>—</b>
Capital outlay	148,605	482,925	2,190,067	—	—	—
<b>Debt service:</b>						
Principal payments	—	—	75,000	—	—	—
Interest charges	—	—	44,250	—	—	—
Intergovernmental expenditures	—	—	123,341	—	—	—
<b>Total expenditures</b>	<b>420,631</b>	<b>483,263</b>	<b>3,433,435</b>	<b>—</b>	<b>103,440</b>	<b>—</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(214,623)</b>	<b>(273,406)</b>	<b>51,633</b>	<b>694,581</b>	<b>12,444</b>	<b>462,820</b>
<b>Other financing sources (uses) :</b>						
Transfers in	93,053	409,969	—	—	—	—
Transfers out	—	(114,421)	—	(1,503,000)	—	(467,707)
<b>Total other financing sources (uses)</b>	<b>93,053</b>	<b>295,548</b>	<b>—</b>	<b>(1,503,000)</b>	<b>—</b>	<b>(467,707)</b>
<b>Net change in fund balances</b>	<b>(121,570)</b>	<b>22,142</b>	<b>51,633</b>	<b>(808,419)</b>	<b>12,444</b>	<b>(4,887)</b>
Fund balances, beginning of year	94,745	374,809	1,446	941,227	3,738	211,699
<b>Fund balances - end of year</b>	<b>\$ (26,825)</b>	<b>\$ 396,951</b>	<b>\$ 53,079</b>	<b>\$ 132,808</b>	<b>\$ 16,182</b>	<b>\$ 206,812</b>

CITY OF TUSCALOOSA

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

For the year ended September 30, 2015  
2 of 2

	Alabama Trust Fund	Evergreen Cemetery Fund	Hazard Mitigation Fund	Section 108 Funds	Tourism Enhancement Fund	Storm Recovery FEMA Fund	Total Nonmajor Special Revenue Funds
<b>Revenues:</b>							
<b>Taxes:</b>							
Gas tax - State of Alabama	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 424,401
Share of beer tax	—	—	—	—	—	—	462,507
<b>Intergovernmental revenues:</b>							
Federal grants	—	—	—	—	—	—	3,287,475
State and local grants	—	—	—	—	—	—	227,542
<b>Other operating revenues:</b>							
Interest on investments	—	—	—	—	—	—	386
Share of tag receipts	—	—	—	—	—	—	270,180
Collection of principal and interest	—	—	—	—	—	—	172,934
Other	766,935	100	—	—	16,799	—	1,112,627
<b>Total revenues</b>	<b>766,935</b>	<b>100</b>	<b>—</b>	<b>—</b>	<b>16,799</b>	<b>—</b>	<b>5,958,052</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	—	7,681	—	—	—	570,985	816,904
Public safety	—	—	—	—	—	—	272,026
Culture and recreation	—	—	—	—	400,117	—	534,766
Housing program	—	—	—	210	—	—	552,019
Economic development	—	—	—	—	—	—	179,859
<b>Total current operations</b>	<b>—</b>	<b>7,681</b>	<b>—</b>	<b>210</b>	<b>400,117</b>	<b>570,985</b>	<b>2,355,574</b>
Capital outlay	358,906	—	—	—	—	—	3,180,503
<b>Debt service:</b>							
Principal payments	—	—	—	—	—	—	75,000
Interest charges	—	—	—	—	—	—	44,250
Intergovernmental expenditures	685,682	—	—	—	—	—	809,023
<b>Total expenditures</b>	<b>1,044,588</b>	<b>7,681</b>	<b>—</b>	<b>210</b>	<b>400,117</b>	<b>570,985</b>	<b>6,464,350</b>
Excess (deficiency) of revenues over expenditures	(277,653)	(7,581)	—	(210)	(383,318)	(570,985)	(506,298)
<b>Other financing sources (uses) :</b>							
Transfers in	—	—	—	—	267,094	—	770,116
Transfers out	(1,556,000)	—	—	—	—	—	(3,641,128)
<b>Total other financing sources (uses)</b>	<b>(1,556,000)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>267,094</b>	<b>—</b>	<b>(2,871,012)</b>
Net change in fund balances	(1,833,653)	(7,581)	—	(210)	(116,224)	(570,985)	(3,377,310)
Fund balances, beginning of year	4,160,396	148,722	3	62,984	276,087	636,494	6,912,350
Fund balances - end of year	\$ 2,326,743	\$ 141,141	\$ 3	\$ 62,774	\$ 159,863	\$ 65,509	\$ 3,535,040

## **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, 2015**

	<u>Balance</u> <u>October 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30, 2015</u>
<u>Cash Bond Fund</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 142,918	\$ 529,580	\$ (548,242)	\$ 124,256
<u>LIABILITIES</u>				
Cash bond deposits payable	\$ 142,918	\$ 529,580	\$ (548,242)	\$ 124,256

**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, 2015**

	<u>Total</u>	<u>Infrastructure and Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>
General government:				
Engineering	\$ 266,962	\$ —	\$ —	\$ 266,962
Finance	383,669	—	—	383,669
Information systems and communications	9,637,742	—	—	9,637,742
Municipal court	274,572	—	—	274,572
Recovery	112,934	—	—	112,934
Revenue	131,058	—	—	131,058
All others	117,858	—	—	117,858
Total general government	<u>10,924,795</u>	<u>—</u>	<u>—</u>	<u>10,924,795</u>
Public safety:				
Fire and rescue service	30,939,604	—	18,228,240	12,711,364
Police	22,628,894	—	13,048,864	9,580,030
All others	218,102	—	218,102	—
Total public safety	<u>53,786,600</u>	<u>—</u>	<u>31,495,206</u>	<u>22,291,394</u>
Streets and highways	<u>17,188,979</u>	<u>—</u>	<u>4,380,872</u>	<u>12,808,107</u>
Environmental services	<u>13,689,862</u>	<u>—</u>	<u>7,181,314</u>	<u>6,508,548</u>
Culture and recreation	<u>26,430,651</u>	<u>—</u>	<u>26,237,663</u>	<u>192,988</u>
General government buildings	<u>35,388,617</u>	<u>—</u>	<u>35,388,617</u>	<u>—</u>
Infrastructure and land	<u>256,568,119</u>	<u>256,568,119</u>	<u>—</u>	<u>—</u>
Assets allocated by function	413,977,623	<u>\$ 256,568,119</u>	<u>\$ 104,683,672</u>	<u>\$ 52,725,832</u>
Construction in progress	<u>20,134,005</u>			
Total governmental funds capital assets	<u>\$ 434,111,628</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, 2015**

	Governmental Funds Capital Assets September 30, 2014	Additions (Deletions)	Governmental Funds Capital Assets September 30, 2015
General government:			
Engineering	\$ 266,962	\$ —	\$ 266,962
Finance	377,551	6,118	383,669
Information systems and communications	11,922,196	(2,284,454)	9,637,742
Municipal court	274,572	—	274,572
Recovery	112,934	—	112,934
Revenue	131,058	—	131,058
All others	117,858	—	117,858
Total general government	<u>13,203,131</u>	<u>(2,278,336)</u>	<u>10,924,795</u>
Public safety:			
Fire and rescue service	27,838,649	3,100,955	30,939,604
Police	21,915,362	713,532	22,628,894
All others	218,102	—	218,102
Total public safety	<u>49,972,113</u>	<u>3,814,487</u>	<u>53,786,600</u>
Streets and highways	<u>17,048,100</u>	<u>140,879</u>	<u>17,188,979</u>
Environmental services	<u>13,597,136</u>	<u>92,726</u>	<u>13,689,862</u>
Culture and recreation	<u>26,357,610</u>	<u>73,041</u>	<u>26,430,651</u>
General government buildings	<u>34,884,375</u>	<u>504,242</u>	<u>35,388,617</u>
Infrastructure and land	<u>252,450,819</u>	<u>4,117,300</u>	<u>256,568,119</u>
Assets allocated by function	407,513,284	6,464,339	413,977,623
Construction in progress	<u>10,710,159</u>	<u>9,423,846</u>	<u>20,134,005</u>
Total governmental funds capital assets	<u>\$ 418,223,443</u>	<u>\$ 15,888,185</u>	<u>\$ 434,111,628</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, 2015**

	Budget	Actual**	Favorable (Unfavorable)
Operating revenues:			
Water and sewer sales	\$ 43,161,200	\$ 43,872,470	\$ 711,270
Connection fees	1,092,612	2,070,184	977,572
Cost reimbursed	1,310	96,151	94,841
Total operating revenues	44,255,122	46,038,805	1,783,683
Non-operating revenues (expenses):			
Interest income	1,600	12,240	10,640
Capital contributions - developers	—	771,512	771,512
Gain on disposal of capital assets	—	6,075	6,075
Amortization of loss on debt retirement	—	(1,084,105)	(1,084,105)
Interest expense	(3,187,543)	(2,637,525)	550,018
Savings from refunding	495,103	95	(495,008)
Net non-operating revenues (expenses)	(2,690,840)	(2,931,708)	(240,868)
Total before transfers	41,564,282	43,107,097	1,542,815
Transfers in (out):			
Transfers in	65,143	46,888	(18,255)
Transfers out	(1,657,122)	(1,892,552)	(235,430)
Net transfers in (out)	(1,591,979)	(1,845,664)	(253,685)
Fund total	\$ 39,972,303	\$ 41,261,433	\$ 1,289,130

\*\*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, 2015**

	<u>Budget</u>	<u>Actual**</u>	<u>Variance - Favorable (Unfavorable)</u>
Operating expenses:			
Office of City engineer:			
Personnel services	\$ 871,082	\$ 823,649	\$ 47,433
Other	41,500	36,152	5,348
Total office of City engineer	<u>912,582</u>	<u>859,801</u>	<u>52,781</u>
Water works office:			
Personnel services	1,944,783	1,904,337	40,446
Other	743,770	646,297	97,473
Total water works office	<u>2,688,553</u>	<u>2,550,634</u>	<u>137,919</u>
Superintendent:			
Personnel services	640,649	632,991	7,658
Other	50,010	38,252	11,758
Total superintendent	<u>690,659</u>	<u>671,243</u>	<u>19,416</u>
Source of supply - lakes:			
Personnel services	513,671	461,435	52,236
Other	196,724	181,429	15,295
Total source of supply - lakes	<u>710,395</u>	<u>642,864</u>	<u>67,531</u>
Plott Plant	<u>707,548</u>	<u>684,123</u>	<u>23,425</u>

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

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

**For the year ended September 30, 2015**

	<u>Budget</u>	<u>Actual**</u>	<u>Variance - Favorable (Unfavorable)</u>
Operating expenses (Continued):			
Distribution:			
Personnel services	\$ 2,318,746	\$ 2,109,231	\$ 209,515
Other	<u>1,150,432</u>	<u>1,217,568</u>	<u>(67,136)</u>
Total distribution	<u>3,469,178</u>	<u>3,326,799</u>	<u>142,379</u>
Lab	<u>171,907</u>	<u>176,940</u>	<u>(5,033)</u>
Sewage Treatment plant:			
Personnel services	1,451,361	1,372,164	79,197
Other	<u>2,049,619</u>	<u>1,986,152</u>	<u>63,467</u>
Total Sewage Treatment Plant	<u>3,500,980</u>	<u>3,358,316</u>	<u>142,664</u>
Sanitary sewer:			
Personnel services	1,936,133	1,588,433	347,700
Other	<u>824,780</u>	<u>617,660</u>	<u>207,120</u>
Total sanitary sewer	<u>2,760,913</u>	<u>2,206,093</u>	<u>554,820</u>
Damage claims	<u>100,000</u>	<u>37,418</u>	<u>62,582</u>

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

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

**For the year ended September 30, 2015**

	Budget	Actual**	Variance - Favorable (Unfavorable)
Operating expenses (Continued):			
Ed Love Filter Plant:			
Personnel services	\$ 2,264,352	\$ 2,066,096	\$ 198,256
Other	2,621,840	2,295,185	326,655
Total Ed Love Filter Plant	4,886,192	4,361,281	524,911
Lift station:			
Personnel services	359,587	343,292	16,295
Other	1,077,314	1,012,588	64,726
Total lift station	1,436,901	1,355,880	81,021
Depreciation and amortization	8,400,000	8,922,940	(522,940)
Cost reimbursement to General Fund	3,258,401	3,258,401	-
Special projects	1,923,702	1,442,245	481,457
Total operating expenses	\$ 35,617,911	\$ 33,854,978	\$ 1,762,933

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

**CITY OF TUSCALOOSA  
 STATISTICAL SECTION  
 September 30, 2015**

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

<u>Contents</u>	<u>Page(s)</u>
<b>Financial Trends</b> ..... <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>	150-156
<b>Revenue Capacity</b> ..... <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>	157-162
<b>Debt Capacity</b> ..... <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>	163-167
<b>Demographic and Economic Information</b> ..... <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>	168-169
<b>Operating Information</b> ..... <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>	170-173

**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; net pension liability was recorded as a long term liability per GASB 68 in 2015, 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)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 45,973,286	\$ 109,906,406	\$ 129,767,223	\$ 157,014,265	\$ 178,375,642	\$ 140,477,146	\$ 144,686,685	\$ 163,764,846	\$ 149,434,643	\$ 171,714,455
Restricted	4,196,311	1,926,060	25,720,035	34,148,995	18,579,455	5,403,873	4,951,411	6,148,669	8,763,740	7,748,114
Unrestricted	57,399,468	51,669,266	25,072,570	2,896,532	3,532,296	40,373,312	53,668,810	34,120,001	45,732,088	(55,170,626)
Total governmental activities net position	107,569,065	163,501,732	180,559,828	194,059,792	200,487,393	186,254,331	203,306,906	204,033,516	203,930,471	124,291,943
Business-type activities										
Net investment in capital assets	143,160,390	155,553,467	162,860,899	168,429,070	170,501,366	166,577,134	165,367,100	173,155,705	178,205,266	186,335,381
Unrestricted	26,446,426	22,867,017	19,768,328	14,733,244	14,387,321	21,263,011	27,054,874	26,428,505	25,020,809	19,553,585
Total business-type activities net position	169,606,816	178,420,484	182,629,227	183,162,314	184,888,687	187,840,145	192,421,974	199,584,210	203,226,075	205,888,966
Primary government										
Net investment in capital assets	189,133,676	265,459,873	292,628,122	325,443,335	348,877,008	307,054,280	310,053,785	336,920,551	327,639,909	358,049,836
Restricted	4,196,311	1,926,060	25,720,035	34,148,995	18,579,455	5,403,873	4,951,411	6,148,669	8,763,740	7,748,114
Unrestricted	83,845,894	74,536,283	44,840,898	17,629,776	17,919,617	61,636,323	80,723,684	60,548,506	70,752,897	(35,617,041)
Total primary government net position	\$ 277,175,881	\$ 341,922,216	\$ 363,189,055	\$ 377,222,106	\$ 385,376,080	\$ 374,094,476	\$ 395,728,880	\$ 403,617,726	\$ 407,156,546	\$ 330,180,909

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

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

**CHANGES IN NET POSITION**

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 14,325,195	\$ 17,954,656	\$ 19,763,717	\$ 16,754,821	\$ 16,159,901	\$ 27,116,940	\$ 19,956,925	\$ 14,424,670	\$ 26,481,306	\$ 26,507,912
Public safety	43,548,307	47,881,602	50,787,518	49,734,647	51,712,388	61,270,595	63,409,806	61,515,711	60,806,307	59,259,696
Streets and highways	13,864,099	13,939,795	15,539,651	14,118,574	16,929,837	18,008,488	19,338,963	26,473,104	21,995,144	22,831,277
Environmental services	5,476,097	5,940,940	6,285,585	6,694,750	6,722,562	6,347,923	5,728,999	9,704,143	8,078,235	7,397,239
Health	-	-	-	-	-	-	-	130,000	130,000	130,000
Education	12,487,394	13,013,887	12,397,700	12,599,510	12,499,220	12,934,588	13,597,130	14,351,429	14,014,690	14,803,495
Culture and recreation	5,514,666	7,791,844	4,305,949	4,397,888	3,880,151	4,217,570	7,628,277	9,249,916	9,499,263	8,918,758
Library	-	-	-	-	-	-	-	1,870,572	1,919,273	1,919,273
Housing	-	-	-	-	-	-	-	603,953	832,606	552,019
Economic development	-	-	-	-	-	-	-	203,727	268,206	179,859
Interest on long-term debt	2,763,719	3,116,743	3,774,247	4,007,844	2,712,190	3,916,406	3,924,329	3,549,826	2,906,041	4,244,615
Unallocated depreciation expense	476,442	3,213,411	3,195,071	3,416,863	281,654	234,302	-	-	-	-
Total governmental activities expenses	<u>98,455,919</u>	<u>112,852,878</u>	<u>116,049,438</u>	<u>111,724,897</u>	<u>110,897,903</u>	<u>134,046,812</u>	<u>133,584,429</u>	<u>142,077,051</u>	<u>146,931,071</u>	<u>146,744,143</u>
Business-type activities:										
Intermodal facility	-	-	-	-	-	62,200	70,318	72,500	72,535	57,234
Water and sewer	22,969,328	26,335,204	29,570,528	32,894,191	33,095,681	34,177,134	35,269,708	36,875,167	37,931,310	37,447,339
Total business-type activities expenses	<u>22,969,328</u>	<u>26,335,204</u>	<u>29,570,528</u>	<u>32,894,191</u>	<u>33,095,681</u>	<u>34,239,334</u>	<u>35,340,026</u>	<u>36,947,667</u>	<u>38,003,845</u>	<u>37,504,573</u>
Total primary government expenses	<u>121,425,247</u>	<u>139,188,082</u>	<u>145,619,966</u>	<u>144,619,088</u>	<u>143,993,584</u>	<u>168,286,146</u>	<u>168,924,455</u>	<u>179,024,718</u>	<u>184,934,916</u>	<u>184,248,716</u>
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services:										
General government	18,545,967	20,393,848	22,405,518	22,110,936	20,926,414	21,995,729	23,704,819	23,956,325	24,364,409	25,185,118
Public safety	1,602,309	1,323,040	1,344,525	149,702	28,405	57,490	27,936	39,705	-	93,105,00
Environmental services	2,351,665	2,592,989	3,045,443	3,186,058	3,560,190	3,656,458	3,929,869	4,324,970	4,640,527	4,879,762
Operating grants and contributions	28,355,498	27,975,878	28,669,122	26,984,846	25,280,020	39,864,301	36,445,267	36,445,089	36,540,784	36,588,756
Capital grants and contributions	10,148,366	12,065,052	18,088,752	17,474,880	8,772,540	4,962,838	6,368,203	11,590,006	12,879,251	19,823,017
Total governmental activities program revenues	<u>61,003,805</u>	<u>64,350,807</u>	<u>73,553,360</u>	<u>69,906,422</u>	<u>58,567,569</u>	<u>70,536,816</u>	<u>70,476,094</u>	<u>76,356,095</u>	<u>78,424,971</u>	<u>86,569,758</u>
Business-type activities:										
Charges for service:										
Intermodal facility	-	-	-	-	-	15,995	20,985	25,451	24,796	15,559
Water and sewer	29,021,958	32,027,019	32,335,108	33,237,568	34,538,964	37,429,342	39,225,514	40,751,289	43,151,812	46,044,973
Operating grants and contributions	-	578,295	-	-	-	-	-	-	-	-
Capital grants and contributions	1,864,463	1,975,694	2,148,925	1,122,303	967,828	879,473	827,229	3,696,951	2,382,039	1,562,543
Total business-type activities program revenues	<u>30,886,421</u>	<u>34,581,008</u>	<u>34,484,033</u>	<u>34,359,871</u>	<u>35,506,792</u>	<u>38,324,810</u>	<u>40,073,728</u>	<u>44,473,691</u>	<u>45,558,647</u>	<u>47,623,075</u>
Total primary government program revenues	<u>91,890,226</u>	<u>98,931,815</u>	<u>108,037,393</u>	<u>104,266,293</u>	<u>94,074,361</u>	<u>108,861,626</u>	<u>110,549,822</u>	<u>120,829,786</u>	<u>123,983,618</u>	<u>134,192,833</u>
Net (expense) revenue:										
Governmental activities	(37,452,114)	(48,502,071)	(42,496,078)	(41,818,475)	(52,330,334)	(63,509,996)	(63,108,335)	(65,720,956)	(68,506,100)	(60,174,385)
Business-type activities	7,917,093	8,245,804	4,913,505	1,465,680	2,411,111	4,085,476	4,733,702	7,526,024	7,554,802	10,118,502
Total primary government net expense	<u>(29,535,021)</u>	<u>(40,256,267)</u>	<u>(37,582,573)</u>	<u>(40,352,795)</u>	<u>(49,919,223)</u>	<u>(59,424,520)</u>	<u>(58,374,633)</u>	<u>(58,194,932)</u>	<u>(60,951,298)</u>	<u>(50,055,883)</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. Net pension liability was recorded as a long term liability per GASB 68 in 2015. Therefore, schedules presenting this information include only the information beginning in those years.

**CITY OF TUSCALOOSA**  
Schedule B

**CHANGES IN NET POSITION**

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expense) revenue (brought forward):										
Governmental activities	\$ (37,452,114)	\$ (48,502,071)	\$ (42,496,078)	\$ (41,818,475)	\$ (52,330,334)	\$ (63,509,996)	\$ (63,108,335)	\$ (65,720,956)	\$ (68,506,100)	\$ (60,174,385)
Business-type activities	7,917,093	8,245,804	4,913,505	1,465,680	2,411,111	4,085,476	4,733,702	7,526,024	7,554,802	10,118,502
Total primary government net expense	<u>(29,535,021)</u>	<u>(40,256,267)</u>	<u>(37,582,573)</u>	<u>(40,352,795)</u>	<u>(49,919,223)</u>	<u>(59,424,520)</u>	<u>(58,374,633)</u>	<u>(58,194,932)</u>	<u>(60,951,298)</u>	<u>(50,055,883)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Sales and use tax	31,367,698	32,574,943	33,226,784	31,074,026	32,481,688	34,710,490	35,511,154	36,945,556	37,820,342	39,425,922
Property tax	10,221,426	10,624,076	11,348,544	11,391,525	13,140,500	13,471,960	13,300,542	13,904,489	14,096,748	14,870,292
Lodging tax	2,413,750	2,500,892	3,166,552	3,223,861	3,941,361	4,748,114	4,978,365	5,144,645	5,661,385	5,826,966
Taxes passed through from state	2,273,945	2,350,939	2,282,859	2,705,859	2,815,424	1,713,482	1,864,416	1,893,838	6,262,647	6,694,905
Other	4,742,063	5,117,260	4,735,276	5,305,004	4,874,478	4,877,379	4,726,205	5,968,921	1,936,318	1,867,344
Unrestricted investment earnings	2,979,937	4,345,024	3,055,941	1,371,936	764,572	527,377	1,236,457	76,701	362,693	961,704
Gain / (loss) on disposal of capital assets	-	-	-	(110,274)	(17,887)	(1,185,213)	-	1,855,000	149,000	1,100,000
Gain / (loss) on impairment	-	-	-	-	-	(10,068,456)	17,822,187	218,826	-	-
Other income	-	-	-	-	-	-	-	-	99,566	73,019
Transfers	4,177,627	903,610	1,738,218	1,175,502	757,799	481,800	199,164	439,590	2,014,356	1,813,664
Total governmental activities	<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>	<u>68,403,055</u>	<u>72,633,816</u>
Business-type activities:										
Unrestricted investment earnings	1,228,560	1,471,474	1,033,456	242,909	73,059	59,301	48,381	18,122	11,428	12,240
Gain / (loss) on disposal of capital assets	-	-	-	-	-	23,114	(1,090)	57,680	-	-
Special item	2,000,140	-	-	-	-	-	-	-	-	-
Transfers	(4,177,627)	(903,610)	(1,738,218)	(1,175,502)	(757,799)	(481,800)	(199,164)	(439,590)	(2,014,356)	(1,813,664)
Total business-type activities	<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>	<u>(2,002,928)</u>	<u>(1,801,424)</u>
Total primary government	<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>	<u>66,400,127</u>	<u>70,832,392</u>
<b>Change in Net Position</b>										
Governmental activities	20,724,332	9,914,673	17,058,096	14,318,964	6,427,601	(14,233,063)	16,530,155	726,610	(103,045)	12,459,431
Business-type activities	6,968,166	8,813,668	4,208,743	533,087	1,726,371	3,686,091	4,581,829	7,162,236	5,551,874	8,317,078
Total primary government	<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>	<u>\$ 5,448,829</u>	<u>\$ 20,776,509</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. Net pension liability was recorded as a long term liability per GASB 68 in 2015. Therefore, schedules presenting this information include only the information beginning in 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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Sales tax	\$ 30,563,083	\$ 31,570,786	\$ 31,533,043	\$ 29,925,154	\$ 30,845,902	\$ 32,572,443	\$ 33,098,504	\$ 34,560,092	\$ 34,954,050	\$ 36,098,135
Use tax	1,769,263	2,024,378	2,221,664	1,994,899	1,886,945	2,138,047	2,412,650	2,385,464	2,866,292	3,327,787
Property tax	10,221,426	10,624,076	11,348,544	11,391,525	13,140,500	13,471,960	13,300,542	13,904,489	14,096,748	14,870,292
Lodging tax	2,413,750	2,500,892	3,166,552	3,223,861	3,941,361	4,748,114	4,978,365	5,144,645	5,661,385	5,826,966
Other state and local taxes	3,777,415	4,097,038	4,207,353	4,458,977	4,623,319	4,877,379	4,726,205	5,968,921	5,376,407	5,807,997
	<u>\$ 48,744,937</u>	<u>\$ 50,817,170</u>	<u>\$ 52,477,156</u>	<u>\$ 50,994,416</u>	<u>\$ 54,438,027</u>	<u>\$ 57,807,943</u>	<u>\$ 58,516,266</u>	<u>\$ 61,963,611</u>	<u>\$ 62,954,882</u>	<u>\$ 65,931,177</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)

	2006	2007	2008	2009	2010	2011*	2012	2013	2014	2015
<b>General Fund</b>										
Reserved	\$ 2,124,508	\$ 2,206,051	\$ 1,830,057	\$ 1,434,191	\$ 1,057,333	\$	\$	\$	\$	\$
Nonspendable						1,096,875	1,152,796	1,536,711	1,107,196	1,081,075
Restricted						69,786	74,048	392,713	649,296	1,193,431
Committed						1,588,421	1,288,157	1,392,757	1,369,044	1,523,230
Assigned						247,643	2,359,267	808,171	231,124	161,307
Unassigned						11,266,978	10,554,051	11,286,460	12,185,918	12,202,395
Unreserved-designated	1,587,577	1,562,415	1,488,763	2,655,534	2,380,133					
Unreserved-undesignated	12,956,666	13,331,890	14,032,856	9,605,397	10,419,205					
<b>Total general fund</b>	<b>\$ 16,668,751</b>	<b>\$ 17,100,356</b>	<b>\$ 17,351,676</b>	<b>\$ 13,695,122</b>	<b>\$ 13,856,671</b>	<b>\$ 14,269,703</b>	<b>\$ 15,428,319</b>	<b>\$ 15,416,812</b>	<b>\$ 15,542,578</b>	<b>\$ 16,161,438</b>
<b>Capital Project Fund</b>										
Restricted	\$	\$	\$	\$	\$	4,188,643	\$	\$	\$	\$
Committed						3,784,607	11,988,030	8,732,630	17,045,873	7,852,499
Assigned						20,919,348	14,185,553	10,301,317	10,931,998	18,146,753
Unreserved-designated	29,718,023	30,838,134	32,773,646	21,939,071	24,746,854					
Unreserved-undesignated	17,160,917	38,415,344	29,484,194	23,604,178	15,924,206					
<b>Total capital project fund</b>	<b>\$ 46,878,940</b>	<b>\$ 69,253,478</b>	<b>\$ 62,257,840</b>	<b>\$ 45,543,249</b>	<b>\$ 40,671,060</b>	<b>\$ 28,892,598</b>	<b>\$ 26,173,583</b>	<b>\$ 19,033,947</b>	<b>\$ 27,977,871</b>	<b>\$ 25,999,252</b>
<b>All other governmental funds</b>										
Reserved-reported in:										
Special revenue funds	\$ 2,229,504	\$ 1,819,083	\$ 2,162,687	\$ 3,555,470	\$ 6,125,162	\$	\$	\$	\$	\$
Permanent fund	84,332	85,355	85,672	85,848	85,891					
Restricted						6,349,722	4,861,105	3,243,962	6,817,599	3,308,643
Committed						233,767	654,692	9,484,539	4,440,482	7,418,732
Assigned						7,989,323	21,331,892		270,205	396,951
Unassigned							1,295	(392,847)	(307,769)	(284,997)
Unreserved, reported in:										
Special revenue funds	221,026	229,593	233,948	231,053	232,427					
Capital projects funds	1,328,724	1,397,666	1,610,676	16,279,019	4,753,798					
<b>Total all other governmental funds</b>	<b>\$ 3,863,586</b>	<b>\$ 3,531,697</b>	<b>\$ 4,092,983</b>	<b>\$ 20,151,390</b>	<b>\$ 11,197,278</b>	<b>\$ 14,572,812</b>	<b>\$ 26,848,984</b>	<b>\$ 12,335,654</b>	<b>\$ 11,220,517</b>	<b>\$ 10,839,329</b>

**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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 49,632,443	\$ 51,721,430	\$ 53,384,814	\$ 51,910,610	\$ 55,350,400	\$ 58,707,291	\$ 59,417,709	\$ 61,963,611	\$ 63,841,122	\$ 66,818,085
Licenses and permits	16,258,365	17,867,321	19,842,536	19,523,086	18,354,400	19,406,856	21,018,317	21,479,438	21,639,383	22,296,658
Fines and penalties	2,199,321	2,443,558	2,485,542	2,501,851	2,486,909	2,497,600	2,588,985	2,380,794	2,717,425	2,847,827
Use of property	88,281	82,969	77,440	85,999	85,105	91,273	97,517	96,093	7,601	40,633
Charges for services	2,351,665	2,592,989	3,045,443	3,186,058	3,560,190	3,656,458	3,929,869	4,324,970	4,640,527	4,879,762
Intergovernmental	39,120,698	41,033,936	46,206,557	44,902,813	36,439,309	32,554,017	36,520,364	40,734,475	44,509,002	51,652,000
Other revenues	6,777,209	7,643,495	7,991,471	6,103,607	4,323,277	15,301,815	10,422,341	10,574,878	10,802,774	10,118,554
<b>Total revenues</b>	<b>116,427,982</b>	<b>123,385,698</b>	<b>133,033,803</b>	<b>128,214,024</b>	<b>120,599,590</b>	<b>132,215,310</b>	<b>133,995,102</b>	<b>141,554,259</b>	<b>148,157,834</b>	<b>158,653,519</b>
<b>Expenditures</b>										
General government	10,328,058	11,797,763	11,676,207	12,019,917	12,287,531	15,373,935	12,835,233	18,527,323	16,115,114	16,346,109
Public safety	42,257,495	47,861,666	50,399,045	49,988,996	50,505,940	61,322,046	62,248,771	59,742,195	59,346,503	57,509,538
Streets and highways	14,652,986	15,209,404	21,189,031	27,351,517	17,388,816	23,144,981	16,820,222	24,625,379	16,231,922	17,135,263
Environmental services	5,422,274	5,821,440	6,244,797	6,747,546	6,482,032	6,516,442	6,395,720	7,257,036	7,684,458	7,204,516
Health	115,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Education	12,487,394	13,013,887	12,397,700	12,599,506	12,499,215	12,934,583	13,597,126	14,351,424	14,014,685	14,803,488
Culture and recreation	6,201,413	8,438,721	4,518,890	4,460,841	4,711,528	7,124,053	8,989,708	8,699,648	8,586,807	8,297,111
Library	1,524,311	1,625,080	1,750,080	1,750,079	1,600,007	1,600,000	1,775,200	1,870,572	1,919,273	1,919,273
Housing	-	-	-	-	-	-	-	603,953	832,606	552,019
Economic development	-	-	-	-	-	-	-	-	438,206	2,089,871
Other activities	4,564,468	4,138,645	3,241,089	3,600,439	2,985,264	3,764,896	3,880,092	1,343,727	3,231,565	3,116,646
Capital outlay	10,419,930	13,170,497	22,567,577	25,073,862	20,534,185	16,702,321	7,817,246	15,946,262	13,713,555	17,172,812
Debt service										
Principal	3,333,180	6,937,297	2,743,996	3,456,391	3,999,070	3,366,189	4,155,152	8,288,500	17,293,197	7,197,428
Interest	2,761,033	2,601,948	4,018,780	3,457,117	3,728,038	3,712,194	3,645,132	3,589,437	3,445,399	3,522,844
Warrant issue costs	-	285,960	-	-	262,190	-	-	-	191,736	26,666
Intergovernmental	-	-	-	-	-	-	-	5,977,093	4,713,232	7,481,984
<b>Total expenditures</b>	<b>114,067,542</b>	<b>131,032,308</b>	<b>140,877,192</b>	<b>150,636,211</b>	<b>137,113,816</b>	<b>155,691,640</b>	<b>142,289,602</b>	<b>170,952,549</b>	<b>167,888,258</b>	<b>164,505,568</b>
Excess of revenues over (under) expenditures	2,360,440	(7,646,610)	(7,843,389)	(22,422,187)	(16,514,226)	(23,476,330)	(8,294,500)	(29,398,290)	(19,730,424)	(5,852,049)
<b>Other financing sources (uses)</b>										
Transfers in	14,071,255	7,814,007	5,922,471	4,443,536	7,248,378	15,457,900	18,613,888	17,566,767	20,528,204	18,058,990
Transfers out	(9,893,628)	(6,910,396)	(4,584,253)	(3,268,034)	(6,281,398)	(15,319,597)	(18,414,723)	(17,127,177)	(18,513,848)	(16,245,326)
Insurance proceeds	-	-	-	-	-	15,281,448	17,822,187	218,826	99,566	-
Loan proceeds	-	-	-	-	-	-	372,982	-	147,304	-
Warrants issued	-	27,185,000	-	17,023,715	34,510,000	-	-	7,024,227	22,100,000	2,090,000
Premium on warrants issued	-	103,718	-	-	2,127,444	-	-	475,717	3,322,156	244,898
Payment to refunded warrant escrow agent	-	-	-	-	(34,884,212)	-	-	(343,599)	-	-
Capital lease	-	-	192,562	793,948	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>4,177,627</b>	<b>28,192,329</b>	<b>1,530,780</b>	<b>18,993,165</b>	<b>2,720,212</b>	<b>15,419,751</b>	<b>18,394,334</b>	<b>7,814,761</b>	<b>27,683,382</b>	<b>4,148,562</b>
<b>Net change in fund balances</b>	<b>\$ 6,538,067</b>	<b>\$ 20,545,719</b>	<b>\$ (6,312,609)</b>	<b>\$ (3,429,022)</b>	<b>\$ (13,794,014)</b>	<b>\$ (8,056,579)</b>	<b>\$ 10,099,834</b>	<b>\$ (21,583,529)</b>	<b>\$ 7,952,958</b>	<b>\$ (1,703,487)</b>
Debt service as a percentage of noncapital expenditures*	6%	9%	6%	6%	7%	5%	6%	8%	16%	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)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Sales tax	\$ 30,563,083	\$ 31,570,786	\$ 31,533,043	\$ 29,925,154	\$ 30,845,902	\$ 32,572,443	\$ 33,098,504	\$ 34,560,092	\$ 34,954,050	\$ 36,098,135
Use tax	1,769,263	2,024,378	2,221,664	1,994,899	1,886,945	2,138,047	2,412,650	2,385,464	2,866,292	3,327,787
Property tax	10,221,426	10,624,076	11,348,544	11,391,525	13,140,500	13,471,960	13,300,542	13,904,489	14,096,748	14,870,292
Lodging tax	2,413,750	2,500,892	3,166,552	3,223,861	3,941,361	4,748,114	4,978,365	5,144,645	5,661,385	5,826,966
Other state and local taxes	4,664,921	5,001,298	5,115,011	5,375,171	5,535,692	5,776,727	5,627,648	5,968,921	5,376,407	6,694,905
	<u>\$ 49,632,443</u>	<u>\$ 51,721,430</u>	<u>\$ 53,384,814</u>	<u>\$ 51,910,610</u>	<u>\$ 55,350,400</u>	<u>\$ 58,707,291</u>	<u>\$ 59,417,709</u>	<u>\$ 61,963,611</u>	<u>\$ 62,954,882</u>	<u>\$ 66,818,085</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				
2006	\$ 784,954,600	\$ 5,233,030,667	\$ 91,187,778	\$ 532,950,192	\$ 876,142,378	0.0135	\$ 5,765,980,859	15.20%
2007	819,319,320	5,462,128,800	100,875,020	589,567,621	920,194,340	0.0135	6,051,696,421	15.21%
2008	874,851,200	5,832,341,333	98,605,607	576,303,957	973,456,807	0.0135	6,408,645,290	15.19%
2009	990,117,580	6,600,783,867	86,303,273	504,402,529	1,076,420,853	0.0135	7,105,186,396	15.15%
2010	873,347,480	5,822,316,533	86,339,740	504,615,663	959,687,220	0.0135	6,326,932,196	15.17%
2011	995,254,480	6,635,029,867	101,714,100	594,471,654	1,096,968,580	0.0135	7,229,501,521	15.17%
2012	992,803,620	6,618,690,800	111,778,100	653,291,058	1,104,581,720	0.0135	7,271,981,858	15.19%
2013	1,025,403,860	6,836,025,733	118,083,502	690,546,795	1,143,487,362	0.0135	7,526,572,528	15.19%
2014	1,069,285,600	7,128,570,667	113,072,300	661,241,520	1,182,357,900	0.0135	7,789,812,187	15.18%
2015	1,104,885,840	7,345,905,600	121,760,000	729,729,327	1,226,645,840	0.0135	8,075,634,927	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	
2006	\$ 0.0135	\$ 0.0155	\$ 0.0160	\$ 0.0065	\$ 0.0380	
2007	0.0135	0.0155	0.0160	0.0065	0.0380	
2008	0.0135	0.0155	0.0160	0.0065	0.0380	
2009	0.0135	0.0155	0.0160	0.0065	0.0380	
2010	0.0135	0.0155	0.0160	0.0065	0.0380	
2011	0.0135	0.0155	0.0160	0.0065	0.0380	
2012	0.0135	0.0155	0.0160	0.0065	0.0380	
2013	0.0135	0.0155	0.0160	0.0065	0.0380	
2014	0.0135	0.0155	0.0160	0.0065	0.0380	
2015	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, 2015</u>				<u>September 30, 2006</u>			
	City Ad Valorem Taxes Paid	Rank	Total Assessed Value of All Property Within City Limits	Percentage of Total Assessed Valuation	City Ad Valorem Taxes Paid	Rank	Total Assessed Value of All Property Within City Limits	Percentage of Total Assessed Valuation
Alabama Power Company	\$ 412,826	1	\$ 30,579,680	2.49%	\$ 259,957	1	\$ 19,256,080	2.40%
Phifer Incorporated	200,349	2	15,896,680	1.30%	170,480	2	21,159,700	2.70%
Tuscaloosa I LLC	143,129	3	10,602,160	0.86%	—		—	—
The Greens at Tuscaloosa	116,657	4	8,641,240	0.70%	—		—	—
TAMKO Roofing Products	112,342	5	8,321,640	0.68%	—		—	—
Aranov Realty Co., Inc.	102,870	6	7,620,000	0.62%	125,638	3	9,306,540	1.20%
CD/Park7 Tuscaloosa Owner, LLC	96,876	7	7,176,020	0.59%				
Bellsouth Telecommunications	96,005	8	7,111,500	0.58%	125,373	4	9,286,920	1.20%
Carlyle-Cypress Tuscaloosa LLC	91,969	9	6,812,520	0.56%	—		—	—
Hanna Steel Corporation	90,920	10	6,734,840	0.55%	—		—	—
Stone Creek, LLC	—		—	—	95,988	5	7,110,240	0.90%
Wright/Hurd Properties, LLC	—		—	—	86,470	6	6,405,180	0.80%
Radicispandex, Inc.	—		—	—	75,576	7	5,598,200	0.70%
University Downs, Ltd.	—		—	—	74,203	8	5,496,540	0.70%
Recticel North	—		—	—	60,300	9	4,466,700	0.50%
Ward McFarland	—		—	—	58,837	10	4,358,300	0.50%
	<u>\$ 1,463,943</u>		<u>\$ 109,496,280</u>	<u>8.93%</u>	<u>\$ 1,132,822</u>		<u>\$ 92,444,400</u>	<u>11.60%</u>

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

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

**CITY OF TUSCALOOSA**

Schedule J

**PROPERTY TAX VALUATION, LEVIES AND COLLECTION**

Last nine fiscal years ended September 30,

Fiscal Year	Actual Levy Year	Original Levy	Adjustments	Total Levy	Collected Within the Fiscal Year of the Levy		Collections/ (Refunds) In Subsequent Years	Total Collections To Date	
					Current Tax Collections	Percent of Total Levy Collected		Total Tax Collections	Percent of Total Tax Collections To Total Levy
2007	2006	\$ 12,292,537	\$ (708,731)	\$ 11,583,806	\$ 10,624,076	91.71%	N/A	\$ 10,624,076	91.71%
2008	2007	13,141,667	(797,142)	12,344,525	11,348,544	91.93%	N/A	11,348,544	91.93%
2009	2008	14,531,682	(706,230)	13,825,452	11,388,760	82.38%	N/A	11,388,760	82.38%
2010	2009	13,375,194	(826,508)	12,548,686	11,801,104	94.04%	N/A	11,801,104	94.04%
2011	2010	13,442,208	(677,287)	12,764,921	12,764,920	100.00%	N/A	12,764,920	100.00%
2012	2011	13,402,847	(664,365)	12,738,482	11,232,855	88.18%	N/A	11,232,855	88.18%
2013	2012	13,842,952	(601,270)	13,241,682	12,338,392	93.18%	N/A	12,338,392	93.18%
2014	2013	14,435,856	(575,119)	13,860,237	12,565,151	90.66%	N/A	12,565,151	90.66%
2015	2014	14,875,961	(589,142)	14,286,819	13,250,688	92.75%	N/A	13,250,688	92.75%

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

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

**CITY OF TUSCALOOSA**

**Schedule K**

**PRINCIPAL SALES TAXPAYERS\***

For the fiscal years ended September 30,

2015		2006	
<u>Name of Taxpayer</u>	<u>Business or Industry</u>	<u>Name of Taxpayer</u>	<u>Business or Industry</u>
Aramark Educational Services	Food Service	Bruno's Supermarket	Grocery
Belk, Inc.	Retail	Home Depot	Home Improvement Retail
Home Depot	Retail Building Supplies	Lowe's of Tuscaloosa	Home Improvement Retail
Lowe's of Tuscaloosa	Retail Building Supplies	Parisian	Retail
Publix	Grocery	Sam's Club	Retail
Sam's Club	Retail	Target Stores	Retail
Target Stores	Retail	Tuscaloosa Toyota	Automotive Dealership
University of Alabama	Higher Education	University of Alabama	Higher Education
Wal-Mart Supercenter	Retail	Wal-Mart Supercenter	Retail
Winn Dixie	Grocery	Winn Dixie	Grocery

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

\*Listed alphabetically

**Note:** The total sales tax paid to the City of Tuscaloosa directly by the above listed taxpayers for the September 30, 2015 fiscal year was \$9,913,579.  
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>
2006	2%	3%	4%	9%
2007	2%	3%	4%	9%
2008	2%	3%	4%	9%
2009	2%	3%	4%	9%
2010	2%	3%	4%	9%
2011	2%	3%	4%	9%
2012	2%	3%	4%	9%
2013	2%	3%	4%	9%
2014	2%	3%	4%	9%
2015	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:** In 2006, a 1% temporary sales tax increase was implemented in addition to the Tuscaloosa County Special Tax Board percentage bringing the total rate for that government to 3%. This increase is specifically earmarked for Tuscaloosa City and County school systems. In 2016, this increase will become permanent and proceeds redistributed.

**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			
2006	\$ 54,910,000	—	—	\$ 447,293	\$ 138,388,055	\$ 193,745,348	\$ 2,324	7.58 %
2007	75,420,000	—	—	184,996	135,855,263	211,460,259	2,536	7.77
2008	72,865,000	—	—	188,561	131,171,816	204,225,377	2,449	7.10
2009	86,780,000	—	—	748,421	129,195,000	216,723,421	2,599	7.89
2010	84,000,000	1,500,000	—	412,048	120,646,816	206,558,864	2,216	6.64
2011	80,990,000	1,425,000	—	86,768	115,842,637	198,344,405	2,128	6.13
2012	76,945,000	1,350,000	372,982	359,101	108,892,441	187,919,524	2,016	N/A
2013	76,054,227	1,275,000	250,425	374,802	102,852,441	180,806,895	1,937	5.55
2014	82,570,000	1,200,000	—	168,553	98,632,441	182,570,994	1,915	5.42
2015	76,795,000	1,125,000	—	756,124	93,250,000	171,926,124	1,630	4.66

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

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

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

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

**CITY OF TUSCALOOSA**

**Schedule N**

**RATIO OF GENERAL BONDED DEBT OUTSTANDING**

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

<u>Tax Year Ended September 30</u>	<u>General Obligation Warrants</u>	<u>Water &amp; Sewer General Obligation Warrants</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2006	\$ 54,910,000	\$ 138,388,055	\$ 193,298,055	3.35 %	\$ 2,318.39
2007	75,420,000	135,855,263	211,275,263	3.49	2,534.01
2008	72,865,000	131,171,816	204,036,816	3.18	2,447.19
2009	86,780,000	126,031,816	212,811,816	3.00	2,552.43
2010	84,000,000	120,646,816	204,646,816	3.23	2,195.43
2011	80,990,000	115,842,637	196,832,637	2.72	2,111.60
2012	76,945,000	108,892,441	185,837,441	2.59	1,993.64
2013	76,054,227	102,852,441	178,906,668	2.38	1,916.37
2014	82,570,000	98,632,441	181,202,441	2.33	1,900.71
2015	76,795,000	93,250,000	170,045,000	2.11	1,611.89

**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, 2015		
	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Debt repaid with property taxes:			
Tuscaloosa County	\$ <u>          </u>	46.95%	\$ <u>          </u>
City of Tuscaloosa direct debt:			
General City warrants	\$ 76,795,000	100.00%	\$ 76,795,000
Section 108 loan	1,125,000	100.00%	1,125,000
Capital leases	<u>756,124</u>	100.00%	<u>756,124</u>
Total City of Tuscaloosa direct debt	<u>\$ 78,676,124</u>		<u>\$ 78,676,124</u>
Total direct and overlapping debt			<u><u>\$ 78,676,124</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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 175,228,476	\$ 184,038,868	\$ 194,691,361	\$ 215,284,171	\$ 191,877,444	\$ 219,393,716	\$ 220,916,344	\$ 228,697,472	\$ 236,471,580	\$ 245,329,168
Total debt	54,910,000	75,420,000	72,865,000	86,780,000	84,000,000	80,990,000	76,945,000	76,054,227	82,570,000	76,795,000
Total debt not applicable to limit					32,670,000	30,850,000	28,045,000	25,135,000	22,950,000	18,940,000
Total net debt applicable to limit	54,910,000	75,420,000	72,865,000	86,780,000	51,330,000	50,140,000	48,900,000	50,919,227	59,620,000	57,855,000
Legal debt margin	<u>\$ 120,318,476</u>	<u>\$ 108,618,868</u>	<u>\$ 121,826,361</u>	<u>\$ 128,504,171</u>	<u>\$ 140,547,444</u>	<u>\$ 169,253,716</u>	<u>\$ 172,016,344</u>	<u>\$ 177,778,245</u>	<u>\$ 176,851,580</u>	<u>\$ 187,474,168</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>31.34%</u>	<u>40.98%</u>	<u>37.43%</u>	<u>40.31%</u>	<u>26.75%</u>	<u>22.85%</u>	<u>22.14%</u>	<u>22.26%</u>	<u>25.21%</u>	<u>23.58%</u>

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	\$ 1,226,645,840
Debt Limit (20% of total assessed value)	245,329,168
Debt applicable to limit	
General obligation bonds	<u>57,855,000</u>
Legal debt margin	<u>\$ 187,474,168</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	
2006	\$ 29,021,958	\$ 13,860,276	\$ 15,161,682	\$ 3,975,000	\$ 3,086,588	2.15
2007	32,027,019	15,302,504	16,724,515	4,695,000	4,409,696	1.84
2008	32,335,108	17,816,451	14,518,657	4,920,000	5,691,867	1.37
2009	34,359,871	20,563,329	13,796,542	5,140,000	5,512,310	1.29
2010	34,504,419	19,955,229	14,549,190	5,385,000	5,324,274	1.36
2011	37,429,342	20,537,860	16,891,482	5,650,000	4,909,970	1.60
2012	39,225,514	21,815,800	17,409,714	6,210,000	4,782,792	1.58
2013	40,751,289	24,046,254	16,705,035	6,815,000	3,898,779	1.56
2014	43,151,812	25,191,815	17,959,997	6,535,000	3,477,347	1.79
2015	46,044,973	24,935,491	21,109,482	7,030,000	2,637,525	2.18

**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. Net pension liability was recorded as a long term liability per GASB 68 in 2015. Therefore, schedules presenting this information include only the information beginning in 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**
2006	83,376	30,660	\$ 2,556,308,160	2.90
2007	83,376	32,634	2,720,892,384	3.10
2008	83,376	34,492	2,875,804,992	4.50
2009	83,376	32,926	2,745,238,176	8.50
2010	93,215	33,355	3,109,186,325	8.90
2011	93,215	34,724	3,236,797,660	8.20
2012	93,215	N/A	N/A	7.80
2013	93,357	34,870	3,255,358,590	5.90
2014	95,334	35,329	3,368,054,886	6.20
2015	105,494	34,999	3,692,184,506	5.40

\*Source: US Census Bureau

\*\*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	2015			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	11,988	1	11.34%	3,865	2	9.66%
Mercedes-Benz International	Automobile assembly	Private	4,058	2	3.84%	4,000	1	10.00%
DCH Health Systems	Healthcare	Public	3,553	3	3.36%	3,114	3	7.79%
Tuscaloosa County Board of Education	Education/Government	Public	2,098	4	1.98%	2,000	4	5.00%
Jim Walter Resources	Coal mining	Private	1,700	5	1.61%	1,378	5	3.45%
BF Goodrich Tire Company	Tire manufacturing	Private	1,375	6	1.32%	1,300	8	3.25%
City of Tuscaloosa	Government	Public	1,365	7	1.30%	1,207	9	3.02%
Tuscaloosa City Board of Education	Education/Government	Public	1,350	8	1.28%	1,325	7	3.31%
Phifer Incorporated	Aluminum/ Fiberglass Screening	Private	1,125	9	1.06%	1,350	6	3.38%
Tuscaloosa Veterans Affairs Medical Center	Healthcare	Public	826	10	0.78%	—	—	—

**Source:** The Tuscaloosa County Industrial Development Authority - 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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b><u>General Fund employees</u></b>										
General government	162	189	203	207	204	202	207	216	213	260
Public safety										
Police	330	345	340	349	353	340	356	357	356	362
Fire	226	241	234	234	234	234	248	249	242	251
Other	21	20	22	31	17	17	24	80	80	36
Streets and highways	182	165	179	185	181	183	183	178	171	179
Environmental services	89	91	98	95	95	92	98	94	95	96
<b><u>Water and Sewer employees</u></b>										
Superintendent	1	1	1	1	1	1	4	6	6	6
Water office and meter readers	34	33	34	34	33	34	32	32	32	34
Lakes	7	9	9	9	9	9	9	8	9	8
Distribution	59	47	46	39	36	36	38	37	37	35
Waste water treatment plant	60	57	57	56	55	56	57	58	63	68
Ed Love water plant	36	35	35	35	35	35	36	32	35	30
Total Employees	<u>1,207</u>	<u>1,233</u>	<u>1,258</u>	<u>1,275</u>	<u>1,253</u>	<u>1,239</u>	<u>1,292</u>	<u>1,347</u>	<u>1,339</u>	<u>1,365</u>

Source: City of Tuscaloosa Human Resources Department.

**CITY OF TUSCALOOSA**  
Schedule U

**WATER AND SEWER RATES**

September 30, 2015

<u>Water Rates</u>	<u>Rates in Effect Starting 10/1/14</u>	<u>Rates in Effect Starting 10/1/15</u>
Quantity of water consumed per month		
0-1,000 cubic feet	\$ 2.02	\$ 2.06
over 1,001 cubic feet	2.02	2.06
Monthly administrative cost per meter	4.57	4.67
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	3.68	3.75
8 inch	292.21	298.10
<u>Unfiltered or Raw Water Rates</u>		
Per 100 cubic feet	0.22	0.23
Monthly administrative cost per meter	4.57	4.67
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	3.68	3.75
8 inch	292.21	298.10
<u>Sewer Rates</u>		
a. Per 100 cubic feet of metered wastewater, or	3.60	3.67
b. Per 100 cubic feet of metered water	2.48	2.53
Monthly administrative cost per meter	3.81	3.89
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	5.76	5.88
8 inch	460.38	469.59

Source: City of Tuscaloosa Water and Sewer Department

**CITY OF TUSCALOOSA**

Schedule V

**OPERATING INDICATORS BY FUNCTION**

Last ten fiscal years ended September 30,

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
Public safety:										
Inspection										
Building permits	1,930	2,014	1,807	1,575	1,000	4,462	2,041	1,829	1,928	2,271
Amount	\$ 276,999,804	\$ 347,513,837	\$ 433,057,158	\$ 243,134,113	\$ 187,064,129	\$ 202,069,714	\$ 311,290,164	\$ 287,407,362	\$ 403,743,989	\$ 370,135,588
Fire protection										
Number of stations	12	12	12	11	11	11	11	11	11	11
Number of employees	226	241	234	234	234	234	248	249	242	251
Police protection										
Number of stations	1	1	1	1	1	1	1	2	3	4
Number of employees	330	345	340	349	353	340	356	357	356	362
Streets and highways:										
Streets (miles)	570	570	571	571	571	571	571	571	571	571
Storm sewers (miles)	317	317	317	317	317	317	317	317	317	317
Education (Public School System):										
Number of schools	22	22	22	24	24	23	23	23	24	24
Number of teachers	781	795	871	820	830	830	830	830	866	857
Recreation:										
Number of parks	39	39	39	39	37	36	36	36	36	36
Number of playgrounds	28	28	28	28	32	31	32	32	32	34
Area of parks (acres)	2,170	2,170	2,022	2,279	1,755	1,749	1,749	1,749	1,749	1,749
<b>Water</b>										
Sanitary sewers (miles)	495	495	495	495	608	615	623	669	685	685
Number of accounts	48,013	50,016	50,595	52,472	52,472	53,896	54,072	54,492	55,840	56,131
Average daily consumption (gallons)	22,831,000	25,000,000	25,000,000	23,500,000	23,700,000	25,100,000	23,500,000	23,500,000	23,500,000	23,500,000
Rated plants capacity (gallons daily)	45,700,000	45,700,000	59,700,000	59,700,000	59,700,000	59,700,000	59,700,000	59,700,000	59,700,000	59,700,000
Miles of water mains (4" and larger)	540	540	548	552	550	562	594	590	690	690
Number of fire hydrants	3,059	3,152	3,134	3,179	3,218	3,796	3,817	4,191	3,971	4,010
Miles of raw water mains (24" and larger)	27	27	27	27	27	27	27	27	27	22

Sources: Various City Departments

**CITY OF TUSCALOOSA**

Schedule W

**CAPITAL ASSET STATISTICS BY FUNCTION**

Last ten fiscal years ended September 30,

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>General Fund:</b>										
Public safety:										
Fire protection										
Number of stations	12	12	12	11	11	11	11	11	11	11
Police protection										
Number of stations	1	1	1	1	1	1	1	2	3	4
Streets and highways:										
Streets (miles)	570	570	571	571	571	571	571	571	571	571
Storm sewers (miles)	317	317	317	317	317	317	317	317	317	317
Recreation:										
Number of parks	39	39	39	39	37	36	36	36	36	36
Number of playgrounds	28	28	28	28	32	31	32	32	32	34
Area of parks (acres)	2,170	2,170	2,022	2,279	1,755	1,749	1,749	1,749	1,749	1,749
Activity Centers	5	5	4	5	5	5	6	6	6	6
Boat landings	5	5	4	8	8	8	8	8	6	6
Golf course	1	1	1	1	1	1	1	1	1	1
<b>Water:</b>										
Sanitary sewers (miles)	495	495	495	495	608	615	623	669	685	685
Miles of water mains (4" and larger)	540	540	548	552	550	562	594	590	690	690
Number of fire hydrants	3,059	3,152	3,134	3,179	3,218	3,796	3,817	4,191	3,971	4,010
Miles of raw water mains (24" and larger)	27	27	27	27	27	27	27	27	27	22

**Sources:** Various City Departments

