

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING SEPT. 30, 2018



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Prepared by:
Accounting and Finance Department
Susan Snowden, CPA, CGMA, CIA, Chief Financial Officer

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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INTRODUCTORY SECTION



Letter of Transmittal

March 29, 2018

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Tuscaloosa, Alabama for the fiscal year ended September 30, 2018. The CAFR is provided to give detailed information about the City's financial position and activities to City Council, citizens, City staff, and other stakeholders.

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

The State of Alabama requires an annual audit of the City's financial statements by independent certified public accountants, who must conduct the audit in accordance with established standards. An independent firm of certified public accountants, Mauldin & Jenkins, LLC, has audited the City's financial statements in accordance with this requirement. The auditors issued an unmodified ("clean") opinion on the City of Tuscaloosa's financial statements for the year ended September 30, 2018. The independent auditors' report is located at the front of the financial section of this report. Also, the City is required by federal law to conduct a "Single Audit," or audit of the City's compliance with the requirements of federal grants it has received. The results of that audit are issued in a separate Single Audit Report.

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

CITY OF TUSCALOOSA PROFILE

History and General Information

The City of Tuscaloosa is located on the banks of the Black Warrior River and is the regional center of industry, commerce, healthcare, and education for the area of west Alabama. The City is the fifth largest in the state with an estimated population of 100,287 in 2018, a growth of over 20% in the last ten years.

Incorporated on December 13, 1819, the City of Tuscaloosa was named after the chieftain of a band of Muskogean-speaking people, Chief Tuskaloosa, who was defeated by Hernando De Soto at the Battle of Mabila in 1540. Tuscaloosa once served as Alabama's capital city from 1826 to 1846. During this period, in 1831, the University of Alabama was established and has greatly contributed to the economic prosperity of the City. Along with this university, Tuscaloosa is home to both Stillman College and Shelton State Community College, creating a thriving hub of education and culture not otherwise found in southern cities of similar size.

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



Government and Organization

Tuscaloosa operates under a mayor-council form of government, led by a mayor and a seven-member city council. The Mayor is elected by the city at-large while the City Council members are elected from single-member districts. Each elected official serves concurrent four-year terms. Responsibility for day-to-day operations of the City rests with the Mayor as chief executive officer. Walt Maddox was elected and sworn in as Mayor in October 2005 after sitting as Councilmember for District Six for four years. All Councilmembers sit on various Council Committees that interact directly with City departments. The City Council directly appoints a municipal court judge.

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

The Reporting Entity

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

ECONOMIC CONDITIONS

Local Economy

The City of Tuscaloosa has a diverse economy and benefits from employment stability provided by major employers including the University of Alabama, Mercedes-Benz International, DCH Health Systems, and numerous manufacturing companies. With over 11,000 employees, the University of Alabama continues to be one of the most influential drivers of Tuscaloosa's growing economy. While the University provides a valuable economic benefit, the City must continually manage the growing demand for services, as well as provide a desirable place to live for its residents. This is accomplished through strong fiscal policies and collaborative efforts throughout the City's annual budget process.

In recent years, Tuscaloosa has been named the "Most Livable City in America," one of America's "100 Best Communities for Young People," one of the "50 Best College Towns," and one of the "Best Places to Launch a Small Business".



Employment

The area's unemployment rate is currently 3.5%, which falls below the national rate of 3.7% and the statewide rate of 4.1%. The region's growth and economic diversity are expected to be the basis for continued health of the local economy in coming years.

Major Revenue Streams

Sales tax and business license revenues continue to be Tuscaloosa's foremost revenue streams, with over 68% of revenues derived from these sources. The City recorded approximately \$11.3 billion in gross business sales on the 2018 business license renewals, representing a 6.8% increase from the prior year. This indicates that businesses in Tuscaloosa are continuing to prosper and benefit from a healthy economy.

E-commerce has grown in popularity and the State of Alabama has attempted to adjust revenue sources derived from sales by passing House Bill 470 in April 2018 becoming one of the first states in the nation to address the issue with direct legislation. Since 2015, the State of Alabama has had a mechanism to capture online sales tax known as the Simplified Sellers Use Tax (SSUT) which allowed online retailers to collect a flat 8 percent tax on every sale that was made to a customer in Alabama. With the passage of House Bill 470, effective January 2019, the SSUT program expanded to include third-party sellers that do business on the larger online market platforms such as Amazon. As of January 2019, more than 1,000 businesses willingly participate in the program, an increase of nearly 850 businesses within the year.



Tuscaloosa's lodging industry continues to experience growth with more hotels coming to the area each year. Since 2015, 8 new hotels were added to the market due to increased demand associated with the exponential growth of Tuscaloosa's tourism industry and the University of Alabama. As a percentage, revenues generated from lodging taxes have outperformed sales tax nearly 4 to 1 over the past five years.

BUDGETS AND STRATEGIC PLANNING

Long-term Financial Planning

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

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

Reserve Policy

The City's reserve policy requires that at least 10 percent of the General Fund revenue budget be kept in unassigned fund balance so the City has adequate working capital and can respond to unexpected financial situations. City policy also states that the minimum unrestricted net position in the Water and Sewer Fund be maintained at 30 percent of operating expenses.

Debt Management

An important factor in assessing the economic health of the City and its finances is the credit rating assigned by bond rating agencies. Standard & Poor's and Moody's Investors Service issued credit ratings of AA+ and Aa1 in an October 2016 report citing factors such as a "strong economy with a local stabilizing institutional influence". Maintaining these prestigious credit ratings along with a focus on improving them is a high priority of City management and the City Council.

Budgetary Controls

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

Budgetary control is maintained at the department level through encumbrances of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of balances are not released until additional appropriations are made available.

ACCOMPLISHMENTS AND MAJOR INITIATIVES

Accomplishments

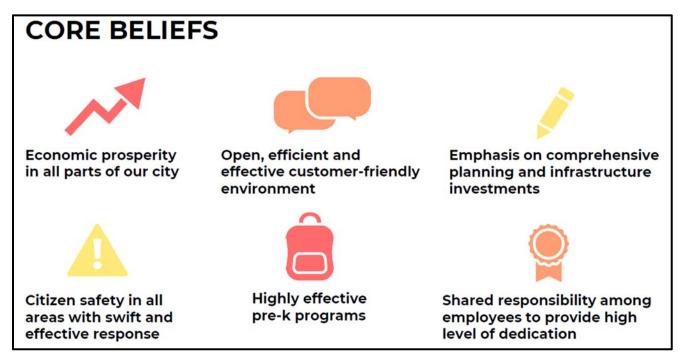
The following highlights some of the accomplishments achieved by the City in fiscal year 2018:

- The fiscal 2019 Budget process was re-designed in a manner true to the City's unwavering commitment to openness, transparency, and public engagement. The 2019 budget development focused on maximizing current resources to maintain current levels of service as well as making strategic investments to move our community forward. This was accomplished by integrating a collaborative approach to the City's finances by aligning departmental goals and priorities with the Mayor's core beliefs. The budget document became more focused on the bigger picture and less on the minutiae of departmental expenditures. Input was gathered and evaluated to address the many issues, concerns, and priorities identified by Tuscaloosa's citizens, employees, department heads and elected officials. The result was a budget built around the ideals of livability, affordability, and inclusivity that dictate the operations of Tuscaloosa's city government.
- The Police Department was instrumental in implementing the Teen and Police Service Academy (TAPS), a mentoring program designed to reduce the social distance between at-risk youth and law enforcement.
- The City hosted numerous community events, including 16 concerts at the Amphitheater, the Biennial Tuscaloosa Airshow hosted by the U.S. Navy's Blue Angels, and a free concert series "Live at the Plaza", which occurs every Friday night in June and July. These events greatly enhance the quality of life for all citizens of Tuscaloosa.
- The Harrison Taylor Incident Command Center was completed in May 2018. This \$500,149 investment provides the City with a standardized on-scene incident management center designed specifically to provide the City's Incident Command team all the necessary tools needed during emergency situations.
- Approximately \$31 million in capital projects were completed during the fiscal year and approximately \$40 million in construction projects are currently in progress. Notable projects include the completion of Highland Oaks sanitary sewer improvements, Alberta Parkway revitalization and improvements on Jack Warner Parkway.



Major Initiatives

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



The fiscal year 2019 budget was built on the foundation of these core beliefs, with a focus on investing in people, public safety and public infrastructure. The following major initiatives were funded:

- Hours of operations at the Gateway Innovation and Discovery Center, a central hub designed to connect Tuscaloosa to the latest technology, were expanded to increase citizen access to its world of limitless content and opportunity.
- Creation of ten new Auxiliary Police Officers in all City elementary schools was added to ensure a safe academic environment for the children of Tuscaloosa.
- A phase I study to analyze terminal improvements at the Tuscaloosa Regional Airport was authorized.

- Investments in Fire and Rescue overtime were made to provide a high quality off-duty training program.
- A long-term plan was established to address much needed improvements at all municipal facilities.
- A new route for the Tuscaloosa Transit Authority was funded to provide citizens access to transportation in untapped areas of the community.
- An increase in operational funding to the Tuscaloosa Metro Animal Shelter to assist in carrying out its mission of finding permanent loving homes for all animals was provided and will continue in future years.
- Water meter investments were included as part of the initial roll out
 of the City's long-term plan for a comprehensive smart meter system.
 These meters will provide the City with data needed to make more
 informed decisions. This funding allocation will lead to operational
 efficiencies, while providing our customers with enhanced real-time
 information including leak detection and expedited billing resolutions.



AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2017, marking the thirty-first consecutive year the City has achieved this prestigious recognition. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another award.

Acknowledgments

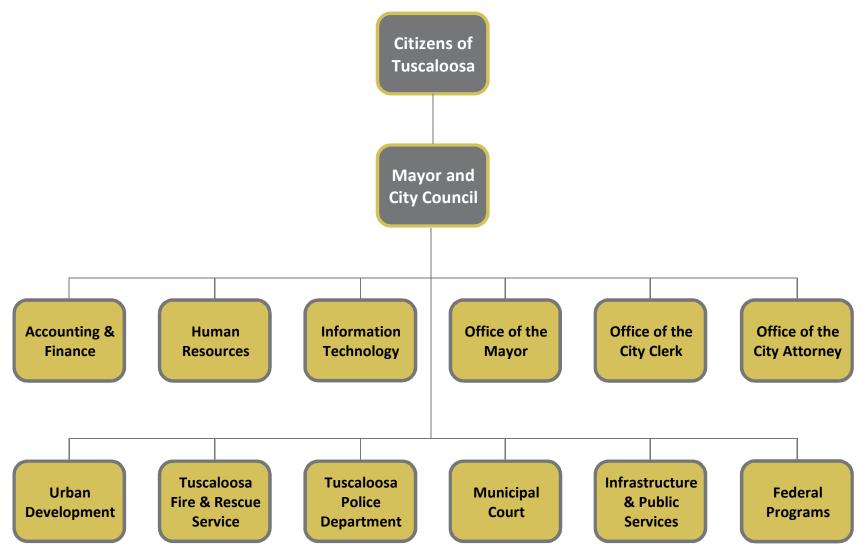
The preparation of this report would not have been possible without the talent, effort, and dedication of the entire Accounting and Finance Department staff and the many members of other city departments who responded so positively to the requests for detailed information that accompanies each annual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

Walt Maddox Mayor Susan Snowden Chief Financial Officer

Suran J. Snowder.



Organizational Chart





Executive Branch

Walt Maddox, Mayor

Legislative Branch

Phyllis Odom District 1
Harrison Taylor District 2
Cynthia Almond District 3
Matthew Calderone District 4
Kip Tyner District 5
Edwin Pugh District 6
Sonya McKinstry District 7

Judicial Branch

Ricky McKinney

Municipal Court Judge

Department Heads

Mike Wright Accounting and Finance Department

Mark Fields
Alan Martin
Brian Butler
Chuck Crocker

Chuck Crocker

City Clerk
Fire & Rescue
Human Resources
Information Technology

Tera Tubbs Infrastructure and Public Services

Marion Williams Municipal Court

LaParry Howell
Glenda Webb
Office of Federal Programs
Office of the City Attorney
Office of Urban Development

Steve Anderson Police



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tuscaloosa Alabama

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO





INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Tuscaloosa**, **Alabama** (the "City"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tuscaloosa Tourism and Sports Commission and the Tuscaloosa County Parking and Transit Authority, which represent 100%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been finished to us, and our opinion, insofar as it relates to the amounts included for the Tuscaloosa Tourism and Sports Commission and the Tuscaloosa County Parking and Transit Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 13 and 15, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, as of October 1, 2017. This standard significantly changed the accounting for the City's net other postemployment benefits (OPEB) liability and related disclosures. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 6 through 24), the Schedule of Changes in the City's Net Pension Liability and Related Ratios – Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (on page 123), the Schedule of City Contributions – Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (on page 124), the Schedule of Pension Investment Returns - Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (on page 125), the Schedule of Changes in the City's Net Pension Liability and Related Ratios - Employees' Retirement System of Alabama (on page 126), the Schedule of City Contributions - Employees' Retirement System of Alabama (on page 127), Schedule of Changes in the City's Net Pension Liability and Related Ratios – Retirement Plan for Hourly Employees of the City of Tuscaloosa (on page 128), the Schedule of City Contributions - Retirement Plan for Hourly Employees of the City of Tuscaloosa (on page 129), Schedule of Changes in the City's Net Pension Liability and Related Ratios – Tuscaloosa Police Officers and Firefighters Retirement Plan (on page 130), the Schedule of City Contributions – Tuscaloosa Police Officers and Firefighters Retirement Plan (on page 131), and the Schedule of the City's Total OPEB Liability and Related Ratios (on page 132) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jerlins, LLC

Atlanta, Georgia March 28, 2019



MANAGEMENT'S DISCUSSION AND 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, 2018. 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, 2018 by \$349,922,844 (net position). The City's unrestricted net position was negatively impacted by the implementation of GASB Statement No. 68, Accounting for Financial Reporting for Pensions (GASB 68) and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. GASB 68 and GASB 75 requires the City to record its proportionate share of unfunded liabilities for pension plans in which it participates and its postemployment health insurance plan. For fiscal year ending September 30, 2018, net position included a negative \$85,635,482 for the unrestricted portion.

Changes in net position - The City's total net position increased in fiscal year 2018 by \$20,934,289 (an increase of \$8,447,396 from governmental activities and \$12,486,893 from business-type activities).

FINANCIAL HIGHLIGHTS (continued)

Fund Highlights:

Governmental Funds – Fund Balances – At the close of fiscal year 2018, the City's governmental funds reported a combined ending fund balance of \$72,556,476, a decrease of \$8,038,156 when compared to the prior year restated balance. Of this amount, \$4,608,857 represents nonspendable fund balance in the General Fund. Amounts available to be spent include \$27,289,841 of restricted fund balance, \$7,373,127 of committed fund balance, \$21,338,629 of assigned fund balance and \$11,946,022 of unassigned fund balance. At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned and unassigned components of fund balance) was \$40,657,778 or approximately 21 percent of total governmental expenditures of \$191,705,729.

Business-Type Activities – At the close of fiscal year 2018, the City's Water and Sewer enterprise fund reported a net position of \$237,712,250. The change in net position for fiscal year 2018 was a \$12,486,893 increase.

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

Government-Wide Financial Statements

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

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

Government-Wide Financial Statements (continued)

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

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

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

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

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

The government-wide financial statements can be found on pages 25-27 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 28-36 of this report.

Proprietary Funds

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

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

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

The basic proprietary fund financial statements can be found on page 37-43 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 44 and 45 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 46-122 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 123-132 of this report.

Combining Statements

The combining statements referred to earlier in connection with nonmajor governmental fund can be found on pages 133-140 of this report.

Other Supplementary Information

The budgetary comparisons for the water and sewer fund can be found on page 141 of this report.

Statistical Information

The statistical section, found on pages 142-166, 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 \$349,922,844 as of September 30, 2018. Analyzing the net position of governmental and business-type activities separately, the governmental activities net position was \$112,210,594 and the business-type activities net position was \$237,712,250.

	Governmen	tal Activities	Business-Ty	pe Activities	Total			
	2018	2017	2018	2017	2018	2017		
Assets and Deferred Outflows								
of Resources								
Current and other assets	\$ 94,485,394	\$ 99,274,329	\$ 37,771,501	\$ 39,070,794	\$ 132,256,895	\$ 138,345,123		
Capital assets	293,502,583	272,791,712	303,620,541	291,780,250	597,123,124	564,571,962		
Total assets	387,987,977	372,066,041	341,392,042	330,851,044	729,380,019	702,917,085		
Total deferred outflows of resources	26,129,493	20,862,644	5,126,820	4,800,594	31,256,313	25,663,238		
Total assets and deferred								
outflows of resources	414,117,470	392,928,685	346,518,862	335,651,638	760,636,332	728,580,323		
Liabilities and Deferred Inflows								
of Resources								
Long-term liabilities	274,920,475	244,527,278	94,759,797	94,204,411	369,680,272	338,731,689		
Other liabilities	20,337,274	22,316,551	13,095,935	13,003,280	33,433,209	35,319,831		
Total liabilities	295,257,749	266,843,829	107,855,732	107,207,691	403,113,481	374,051,520		
Total deferred inflows of resources	6,649,128	1,306,718	950,880	62,263	7,600,008	1,368,981		
Total liabilities and deferred								
inflows of resources	301,906,877	268,150,547	108,806,612	107,269,954	410,713,489	375,420,501		
Net Position	400 444 470	405 404 504	224 400 525	200 742 705	402.040.405	204 020 246		
Net investment in capital assets	182,441,470	185,194,521	221,498,636	209,743,795	403,940,106	394,938,316		
Restricted	31,618,220	10,676,955	46.046.514	40 607 600	31,618,220	10,676,955		
Unrestricted	(101,849,096)	(71,093,338)	16,213,614	18,637,889	(85,635,482)	(52,455,449)		
Total Net Position	\$ 112,210,594	\$ 124,778,138	\$ 237,712,250	\$ 228,381,684	\$ 349,922,844	\$ 353,159,822		

Analysis of Net Position (Continued)

The largest portion of the City's net position, \$403,940,106 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 2018, the City's governmental activities capital assets, net of accumulated depreciation, increased by \$20,710,871 and business-type activities capital assets, net of accumulated depreciation, increased by \$11,840,291 primarily due to the completion of ongoing infrastructure projects. The City uses these capital assets to provide service to citizens, and consequently, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to pay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$31,618,220, represents resources that are subject to external restrictions on how they may be used.

In governmental activities, there is a negative unrestricted net asset position of \$101,849,096 largely as a result of the impact of recording the deferred outflows, deferred inflows, net pension and total OPEB liability in accordance with GASB 68 and GASB 75. The net pension liability and total OPEB liability as of September 30, 2018 for governmental activities totaled \$125,758,936 and \$28,347,234, respectively. The unrestricted net position in business-type activities is \$16,213,614. The net pension liability and total OPEB liability as of September 30, 2018 for business-type activities totaled \$7,349,322 and \$4,361,267, respectively.

Analysis of Changes in Net Position

The following tables provide a summary of the City's change in net position. Governmental activities net position increased by \$8,447,396 and the business-type activities net position increased by \$12,486,893. The reasons for the increases are discussed in the governmental and business-type activities discussion herein. Such amounts are included in the tables that follow:

	Governm	enta	l Activities	 Business-Ty	ess-Type Activities Total			otal	al	
	2018		2017	2018		2017		2018		2017
Revenues										
Program revenues:										
Charges for services	\$ 31,965,18	3 \$	\$ 31,525,234	\$ 49,161,915	\$	48,265,312	\$	81,127,103	\$	79,790,546
Operating grants and contributions	66,494,12	3	49,087,506	-		334,920		66,494,123		49,422,426
Capital grants and contributions	1,971,78	7	8,583,231	2,773,176		1,413,123		4,744,963		9,996,354
General revenues:										
Sales and use tax	44,107,89	3	42,347,194	-		-		44,107,898		42,347,194
Property tax	18,369,54	5	16,686,560	-		-		18,369,545		16,686,560
Other taxes	15,840,32	5	15,972,911	-		-		15,840,325		15,972,911
Investment earnings	406,61	1	2,148,758	120,873		36,062		527,484		2,184,820
Gain (loss) on disposal of capital assets	49,40	1	1,071,482	 53,040		11,762		102,441		1,083,244
Total revenues	\$ 179,204,87	3	167,422,876	\$ 52,109,004		50,061,179	\$	231,313,882		217,484,055

Analysis of Changes in Net Position (Continued)

	Governmental Activities			Business-Ty	pe Activities	Total			
	2018	2017		2018	2017		2018	2017	
Expenses									
Community Services	\$ 10,817,522	\$ 10,256,1	07 \$		\$ -	\$	10,817,522	\$ 10,256,107	
Education	17,736,879	17,041,4	00		-		17,736,879	17,041,400	
General Government	17,722,560	34,924,8	23		-		17,722,560	34,924,823	
Infrastructure and public services	42,019,312	32,891,7	92		-		42,019,312	32,891,792	
Public safety	63,015,573	54,362,0	16		-		63,015,573	54,362,016	
Urban Development	3,605,120	3,088,7	30		-		3,605,120	3,088,730	
Funds to other agencies	15,241,456	13,371,6	24		-		15,241,456	13,371,624	
Cost sharing arrangements	1,501,629	861,9	56		-		1,501,629	861,956	
Interest	4,536,097	3,231,7	27		-		4,536,097	3,231,727	
Intermodal facility		-		54,126	57,247		54,126	57,247	
Water and sewer				34,129,319	33,583,116		34,129,319	33,583,116	
Total expenses	176,196,148	170,030,1	75	34,183,445	33,640,363		210,379,593	203,670,538	
Increase (decrease) in net position									
before transfers	3,008,730	(2,607,2	99)	17,925,559	16,420,816		20,934,289	13,813,517	
Transfers in (out)	5,438,666	4,419,1	28	(5,438,666)	(4,419,128)				
Change in net position	8,447,396	1,811,8	29	12,486,893	12,001,688		20,934,289	13,813,517	
Net position, beginning of year,									
as previously reported	124,778,138	124,384,7	98	228,381,684	216,060,456		353,159,822	340,445,254	
Net effect of prior period adjustments	(21,014,940)	(1,418,4	89)	(3,156,327)	319,540		(24,171,267)	(1,098,949)	
Net position, beginning of year,									
as restated	103,763,198	122,966,3	09	225,225,357	216,379,996		328,988,555	339,346,305	
Net position, end of year	\$ 112,210,594	\$ 124,778,1	38 \$	237,712,250	\$ 228,381,684	\$	349,922,844	\$ 353,159,822	

Significant changes in governmental activities revenue include the following:

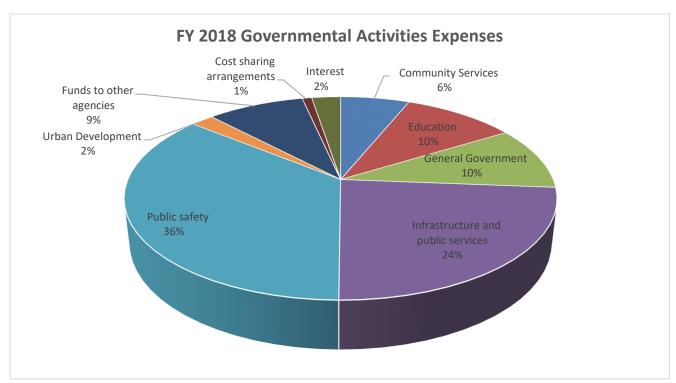
- Sales and use tax revenue increased \$1,760,704 (4%) due to a continuing improvement in the economy, which resulted in increased economic development and discretionary customer spending.
- Property tax revenues increased \$1,682,985 (10%) due to increased assessed property values.
- Garbage revenues increased \$278,010 (5%) due to a \$1 increase in FY 2018 rates.
- Lodging tax revenues increased \$547,109 (8%) due to new hotels and increased tourism levels in FY 2018.
- Revenues from operating and capital grants and contributions increased \$10,795,173 (19%). The majority of the increased revenues can be attributed to increased federal funds received for ongoing disaster recovery efforts, FEMA funding for Public Safety equipment, as well as other capital projects.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

Significant changes in governmental activities expenses include the following:

- Overall, governmental expenses increased \$6,165,973 (4%) primarily due to a 1.1% cost of living increase and 1.5% step increase for all employees. In addition, the City's postemployment health insurance plan experienced a net loss (claims exceeding premiums) of \$1,091,390.
- General Government, Public safety and Infrastructure and Public Services expenses increased by \$578,814 (.5%) primarily due to the cost of living and step increases for employees, as mentioned above.
- Education expenses increased \$695,479 (4%) due to an increase in county sales tax generated in fiscal year 2018. The Tuscaloosa City Board of Education receives 20% of 1% of the county sales tax rate (9%). The City acts as a pass-through by collecting the tax (revenues) on the School Boards behalf and remitting monthly (expenditures).



GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The City operates a water and sewer utility that is accounted for as an enterprise fund. Total operating revenues increased by \$527,735 (1%) while operating expenses increased by \$1,640,110 (5%). The Water and Sewer Fund change in net position compared to the prior year decreased by \$741,230 primarily due to an increase in special project expenses.

The Water and Sewer Fund transferred \$6,437,316 to the General Fund for services provided by key General Fund departments including accounting, legal, human resource and information technology services as well as direct expenses incurred from property insurance and workers compensation claims.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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 2018 fiscal year, the City's governmental funds reported combined ending fund balances of \$72,556,476 a decrease of \$8,038,156 (10%) from the prior year restated balance. At the end of each fiscal year, the general fund records a transfer to the capital projects fund resulting in a decrease to the unassigned fund balance and an increase to the assigned fund balance for capital projects. For fiscal year 2018, the total transfer was \$4,076,882. Of the total fund balance of \$72,556,476, \$4,608,857 (6%) 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, \$27,289,841 (38%) 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 \$7,373,127 (10%) 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 \$21,338,629 (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, 2018, unassigned fund balance represented \$11,946,022 (17%) of total fund balance.

The following table shows the revenues for fiscal year 2018 and 2017 and the increases and decreases from 2017 by major funds and other governmental funds.

		General Fund			c	apita	al Projects Fun	nd					aster Recovery struction Fund				o	ther	Government Funds	al	
			Increase/						ncrease/						Increase/						ncrease/
Revenues	2018	2017	(Decrease	<u> </u>	2018	_	2017	(D	ecrease)		2018		2017	_	(Decrease)	_	2018	_	2017	([Decrease)
Taxes	\$ 74.853.297	\$ 72,080,799	\$ 2,772.4	98	\$ -	Ś	_	Ś	_	Ś	_	Ś	_	Ś	_	Ś	883,646	Ś	891,602	Ś	(7,956)
Licenses and permits	23,274,964	22,243,027	1,031,9		-	•	-		-	,	-	,		•	-	,	-	Ť	-	Ť	-
Fines and penalties	2,083,836	2,918,739	(834,9	03)	-		-		-		-		-				494,731				494,731
Use of property	260,592	576,455	(315,8	63)	-		-		-		-		-		-		-		-		-
Charges for services	5,851,065	5,572,009	279,0	56	-		-		-		-		-		-		-		-		-
Intergovernmental	37,318,859	35,701,510	1,617,3	49	3,153,469		1,536,453		1,617,016	1	11,186,237		5,691,448		5,494,789		5,913,967		6,609,970		(696,003)
Other revenues	8,412,726	9,088,910	(676,1	84)	869,650		411,269		458,381		1,901		14,014		(12,113)		1,239,646		2,059,120		(819,474)
	\$152,055,339	\$148,181,449	\$ 3,873,8	90	\$ 4,023,119	\$	1,947,722	\$	2,075,397	\$ 1	11,188,138	\$	5,705,462	\$	5,482,676	\$	8,531,990	\$	9,560,692	\$	(1,028,702)

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 Accounting and Finance Department (Revenue and Financial Services Division) collects and administers its two-cent direct sales tax and the business license fee that is based on gross receipts. The City receives nineteen percent of the three-cent county sales tax, which is collected and administered by the Tuscaloosa County Special Tax Board (the County), an independent entity. The County levies and collects ad valorem taxes.

As mentioned previously, the sales and use tax revenue increased by 4% in fiscal year 2018 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 increased due to increased federal and state grant revenue in 2018. Other revenues increased in 2018 due to slightly higher interest income levels as a result of market trends.

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 as a result of the April 27, 2011 tornado that significantly damaged the city. Funding increased by approximately 96% in fiscal year 2018, largely due to the EDA grant which was used to fund The Edge, an entrepreneurship center whose mission is to aid emerging businesses with the development of management, financial and technical skills so that they can thrive in the local business community.

Governmental Funds (Continued)

The Other Governmental Funds are comprised of nonmajor capital projects funds, special revenue funds and a permanent fund for the maintenance of a park. The decrease reflected in Other Governmental Fund revenues can be primarily attributed to the Airport Development Fund. In the Airport Development Fund, a special revenue fund, total revenues decreased by \$1,866,488 due to a decrease in federal and state grant revenues.

The following table shows the expenditures for fiscal year 2018 and 2018 and the increases and decreases from 2017 by major funds and other governmental funds.

								Disaster Recovery		(Other Government	al	
		General Fund			Capital Project Fun	d		Construction Fund			Funds	Funds	
			Increase/			Increase/			Increase/			Increase/	
	2018	2017	(Decrease)	2018	2017	(Decrease)	2018	2017	(Decrease)	2018	2017	(Decrease)	
<u>Expenditures</u>													
Current operations:													
Community Services	\$ 7,158,806	\$ 8,751,639	\$ (1,592,833)	\$ -	\$ -	\$ -	\$ -	\$ 260,508	\$ (260,508)	\$ 2,353,551	\$ 1,089,282	\$ 1,264,269	
Education	17,732,000	17,041,400	690,600	-	-	-	-	-	-	-	-	-	
General Government	15,429,975	15,304,081	125,894	89,013	\$ 6,846	82,167	726,144	\$ 342,163	383,981	139,419	\$ 226,760	(87,341)	
Infrastructure & Public Services	28,615,775	27,756,354	859,421	-	-	-	-	-	-	3,169	7,500	(4,331)	
Public Safety	53,310,803	51,581,701	1,729,102	-	-	-	-	-	-	29,150	11,357	17,793	
Urban Development	3,192,092	2,959,566	232,526	373,360	44,465	328,895	758	-	758	-	14,262	(14,262)	
Funds to Other Agencies	12,803,770	13,371,625	(567,855)	-	-	-	-	-	-	-	-	-	
Cost Sharing Arrangements	1,501,629	861,956	639,673	-	-	-	-	-	-	-	-	-	
Other expenditures	2,437,686	-	2,437,686	-			-			-			
Capital outlay	-	2,261,000	(2,261,000)	14,459,920	12,674,115	1,785,805	11,464,174	6,187,572	5,276,602	11,436,806	11,919,350	(482,544)	
Debt service	8,195,334	8,873,060	(677,726)	-	-	-	-	-	-	247,949	115,646	132,303	
Intergovernmental expenditures				4,446	543,444	(538,998)							
	\$150,377,870	\$ 148,762,382	\$ 1,615,488	\$ 14,926,739	\$ 13,268,870	\$ 1,657,869	\$ 12,191,076	\$ 6,790,243	\$ 5,400,833	\$ 14,210,044	\$ 13,384,157	\$ 825,887	

General Fund – General government expenditures increased 1% primarily due to controlled expenditure measures taken by the City in fiscal year 2018. Departments were tasked with reducing their budgets by 5%, however, employees were also given 1.1% cost of living adjustments as well as a 1.5% step increase. These initiatives produced a leveling effect in terms of year over year expenditures.

Capital Projects Fund – Expenditures on capital projects increased by \$1,657,869 (12%) over the prior fiscal year due to significant expenditures invested in city-wide paving projects.

Governmental Funds (Continued)

Disaster Recovery Construction Fund — Expenditures within the disaster recovery fund increased by \$5,400,833 (80%) over the prior fiscal year, the majority of which were for the Edge Entrepreneurship Center. As previously mentioned, this fund is used to account for grants received under the CDBG-DR grant program and the related costs of the rebuild efforts that are ongoing in Tuscaloosa as a result of the April 27, 2011 tornado that significantly damaged the city. The Edge was completed in 2018 and is an entrepreneurship center whose mission is to aid emerging businesses with the development of management, financial and technical skills so that they can thrive in the local business community.

Other Governmental Funds – Expenditures shown for these funds, comprised of nonmajor capital project and special revenue funds, increased by \$1,264,269 primarily due to expenditures of federal awards through the Community Development Block Grant. Specifically, there was an increase in expenditures of \$469,091 for the construction of an affordable housing development for low income individuals, \$243,542 for the City's comprehensive plan, as well as investments of \$158,871 made in western Tuscaloosa.

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 as restructured.

	Se	eptember 30,	S	eptember 30,
Operating revenues		2018		2017
Charges for services	\$	48,024,817	\$	47,097,760
Connection fees		856,464		1,167,552
Cost reimbursement		177,117		265,507
Other		30,777		30,621
Total operating revenues		49,089,175		48,561,440
Operating expenses				
All departmental expenses		22,860,936		21,597,173
Depreciation		9,661,514		9,285,167
Total operating expenses		32,522,450		30,882,340
Operating income	\$	16,566,725	\$	17,679,100

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 2018 and has \$16,213,614 in unrestricted funds available for future capital projects.

Charges for services increased due to a 3 percent rate increase effective October 1, 2017. For financial statement purposes, the Water and Sewer Fund and the Water and Sewer Reserve for Future Improvements Fund are combined.

BUDGETARY HIGHLIGHTS

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

The Council has control over the appropriation of funds; however, the Mayor is responsible for the annual budget recommendation to the Council. The budget process begins in May when the departments submit their budget requests for the following fiscal year to the Accounting and Finance Department. The Accounting and Finance Department compiles a report of the expenditure requests and the annual revenue projections. The annual budget hearings are held in June and July with City departments and agencies. The Mayor then adjusts the requests in order to present a balanced General Fund budget and Water and Sewer Fund budget to the Council. During the month of September, the Finance Committee, the Mayor and the Council, 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 Chief Financial Officer has limited ability to approve the movement of funds within the "Other Operating" category of a departmental budget as long as the total department budget does not change.

The City's capital assets for its governmental and business-type activities as of September 30, 2018 totaled \$293,502,583 and \$303,620,541, 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 capital assets in the infrastructure, equipment and construction in progress categories. For the business-type activities, the increase was primarily the result of an increase in construction in progress and utilities categories. See note 4 to the financial statements for additional information.

			nmental vities			Busine Activ	ss-type vities	2		То	tals	
	Se	ptember 30, 2018	Sej	otember 30, 2017	Se	eptember 30, 2018	Se	eptember 30, 2017	Se	eptember 30, 2018	Se	eptember 30, 2017
Land	\$	8,536,567	\$	7,475,561	\$	1,985,214	\$	1,853,703	\$	10,521,781	\$	9,329,264
Buildings		80,758,040		82,301,814		-		-		80,758,040		82,301,814
Equipment		22,561,289		19,527,596		3,445,216		2,855,188		26,006,505		22,382,784
Infrastructure		151,872,448		145,452,297		-		-		151,872,448		145,452,297
Utility property		-		-		287,612,661		278,969,446		287,612,661		278,969,446
Construction in progress		29,774,239		18,034,444		10,577,450		8,101,913		40,351,689		26,136,357
					-				·			
	\$	293,502,583	\$	272,791,712	\$	303,620,541	\$	291,780,250	\$	597,123,124	\$	564,571,962

At fiscal year end, the City had \$197,839,679 in outstanding warrants, installment payable and capital leases. Additional long-term liabilities totaled \$180,055,239 consisting of the net pension liabilities, OPEB liability, compensated absences and workers compensation claims. Overall, long-term debt increased \$7,978,826 from the prior year. See note 5 to the financial statements for additional information.

		Govern		ı			ss-type	:				
		Activ	vities			Acti	vities			То	tals	
	S	eptember 30,	Se	eptember 30,	Se	ptember 30,	Se	ptember 30,	Se	eptember 30,	S	eptember 30,
		2018		2017		2018		2017		2018		2017
Warrants payable	\$	103,450,000	\$	106,820,000	\$	80,538,173	\$	80,943,994	\$	183,988,173	\$	187,763,994
Section 108 Ioan		900,000		975,000		-		-		900,000		975,000
Installment payable		1,363,088		1,533,474		-		-		1,363,088		1,533,474
Capital leases		2,250,392		1,493,633		795,343		-		3,045,735		1,493,633
Premiums on warrants		5,214,599		5,701,020		3,774,152		4,415,913		8,988,751		10,116,933
Discounts on warrants		(446,068)		(482,256)		<u> </u>		<u> </u>		(446,068)		(482,256)
Total warrants, installment												
payable, and capital leases		112,732,011		116,040,871		85,107,668		85,359,907		197,839,679		201,400,778
Line of credit				-		-		-		-		-
Net pension liabilities		125,758,936		118,199,845		7,349,322		7,136,405		133,108,258		125,336,250
Total OPEB liability		28,347,234		28,510,066		4,361,267		4,386,319		32,708,501		32,896,385
Compensated absences		7,664,019		7,353,417		1,004,204		963,354		8,668,223		8,316,771
Workers compensation claims		5,229,621		1,592,111		340,636		373,797		5,570,257		1,965,908
Long-term liabilities	\$	279,731,821	\$	271,696,310	\$	98,163,097	\$	98,219,782	\$	377,894,918	\$	369,916,092

Total long-term liabilities for governmental activities increased by \$8,035,511 primarily due to an increase in the net pension liability and workers compensation claims. Total long-term liabilities for business-type activities decreased by \$56,685 due primarily to principal payments made in FY 2018.

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

The City's Health Insurance Fund, an Internal Service Fund, had a negative fund balance of \$397,052 at September 30, 2018, an increase of \$1,244,662 from the prior year. The reduction in the deficit was primarily due to plan design changes such as increased co-pays, deductibles and premiums. In addition, the City also experienced a reduction in claims compared to fiscal year 2017. While the deficit significantly improved for fiscal year 2018, the City continues to be diligent in its efforts to eliminate the deficit in the coming years. Specifically, the City budgeted transfers to the Internal Service Fund of \$200,000 in the General Fund and \$50,000 in the Water and Sewer Fund in the fiscal year 2019 budget.

OTHER MATTERS

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

This financial report is intended to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the funds it receives. Any questions or requests for more information should be directed to the City of Tuscaloosa Finance Department at Post Office Box 2089, Tuscaloosa, Alabama, 35403. The City's Chief Financial Officer, Susan Snowden, can be reached by telephone at (205) 248-5175. The City's website is www.tuscaloosa.com.



NOTES TO THE FINANCIAL STATEMENTS

CITY OF TUSCALOOSA STATEMENT OF NET POSITION

		Primary Government		Compor	nent Units
ASSETS	Governmental Activities	Business-Type Activities	Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority
Current Assets	=				
Cash and Cash Equivalents Investments Receivables (net of allowances for uncollectibles) Internal Balances Prepaid Items	\$ 43,156,727 19,928,955 27,217,104 (2,093,966) 185,968	\$ 14,662,289 7,000,000 9,710,522 2,093,966 42,666	\$ 57,819,016 26,928,955 36,927,626 - 228,634	\$ 724,907 - 71,090 - 47,656	\$ 92,308 - -
Inventories	1,115,502	1,509,957	2,625,459	47,030	_
Total Current Assets	89,510,290	35,019,400	124,529,690	843,653	92,308
Noncurrent Assets Restricted Assets Cash and Cash Equivalents Investments Receivables	- - 4,975,104	2,752,101	2,752,101 - 4,975,104	-	506,554 -
0.714					
Capital Assets Land Construction in Progress	8,536,567 29,774,239	1,985,214 10,577,450	10,521,781 40,351,689	-	-
Capital Assets (net of accumulated depreciation)	255,191,777	291,057,877	546,249,654	289,154	2,381,005
Total Capital Assets (net of accumulated depreciation)	293,502,583	303,620,541	597,123,124	289,154	2,381,005
Total Noncurrent Assets	298,477,687	306,372,642	604,850,329	289,154	2,887,559
Total Assets	387,987,977	341,392,042	729,380,019	1,132,807	2,979,867
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows from Pension Deferred Outflows from OPEB Deferred Loss on Debt Refunding	23,231,703 325,261 2,572,529	2,080,623 166,897 2,879,300	25,312,326 492,158 5,451,829	- - -	292,867 - -
Total Deferred Outflows of Resources	26,129,493	5,126,820	31,256,313		292,867
LIABILITIES					
Current Liabilities	-				
Accounts Payable and Other Current Charges	13,098,164	2,717,603	15,815,767	97,488	108,376
Accrued Interest Payable Current Portion of Long-Term Debt	1,567,250	600,561	2,167,811	4 404	- 60 727
•	5,671,859	9,777,771	15,449,630	4,491	69,727
Total Current Liabilities	20,337,273	13,095,935	33,433,208	101,979	178,103 (continued)

CITY OF TUSCALOOSA STATEMENT OF NET POSITION

		Primary Government		Compor	nent Units
	Governmental Activities	Business-Type Activities	Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority
LIABILITIES (Continued)					
Noncurrent Liabilities					
Unearned Revenue	\$ 860,513	\$ 7,463	\$ 867,976	\$ -	\$ -
Developer Deposits	-	3,614,907	3,614,907	-	-
Net Pension Liability	125,758,936	7,349,322	133,108,258	-	444,118
Total OPEB Liabitility	28,347,234	4,361,267	32,708,501		
Liabilities Payable from Restricted Assets					
Customer Deposits	-	2,752,101	2,752,101	-	-
Long-Term Debt - Due in more than one year, net	119,953,792	76,674,737	196,628,529	8,587	
Total Noncurrent Liabilities	274,920,475	94,759,797	369,680,272	8,587	444,118
Total Liabilities	295,257,748	107,855,732	403,113,480	110,566	622,221
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows from Pension	3,869,735	656,831	4,526,566	-	145,848
Deferred Inflows from OPEB	1,877,762	294,049	2,171,811		
Deferred Gain on Debt Refunding	901,631		901,631		
Total Deferred Inflows of Resources	6,649,128	950,880	7,600,008		145,848
NET POSITION					
Net Investment in Capital Assets	182,441,470	221,498,636	403,940,106	276,076	2,381,005
Restricted for					
Ambulance Franchise Program	382,908	-	382,908	-	-
Capital Park Maintenance	30,057	-	30,057	-	-
Capital Projects	17,645,544	-	17,645,544	-	-
Garnishments	4,095	-	4,095	-	-
Grant Projects	3,811,259	-	3,811,259	-	-
Municipal Court	1,965,938	-	1,965,938	-	-
Pensions	700,315	-	700,315	-	-
Road Projects	6,878,912	-	6,878,912	-	-
Salaries	199,192	-	199,192	-	-
Unrestricted	(101,849,096)	16,213,614	(85,635,482)	746,165	123,660
Total Net Position	\$ 112,210,594	\$ 237,712,250	\$ 349,922,844	\$ 1,022,241	\$ 2,504,665

CITY OF TUSCALOOSA STATEMENT OF ACTIVITIES

				Pro	gram Revenues							Char	nges in Net Positio	n			
										Prim	ary Government				Compor	ent Units	
	Expenses	(Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions	G	overnmental Activities		usiness-Type Activities		Total	Touri	uscaloosa sm and Sports ommission	Parki	aloosa County ng and Transit Authority
FUNCTIONS / PROGRAMS																	
Primary Government																	
Governmental Activities Community Services \$	40.047.533			Ś	0.262.565				(4.452.057)			Ś	(4.452.057)			Ś	
	10,817,522	\$	-	\$	9,363,565	\$	-	\$	(1,453,957)	\$	-	\$	(1,453,957)	\$	-	\$	-
Education	17,736,879		-		36,766,305		-		19,029,426		-		19,029,426		-		-
General Government	17,722,560		23,535,556		17,213,187				23,026,183		-		23,026,183		-		-
Infrastructure and Public Services	42,019,312		5,851,065		529,786		1,276,914		(34,361,547)		-		(34,361,547)		-		-
Public Safety	63,015,573		2,578,567		762,028		694,873		(58,980,105)		-		(58,980,105)		-		-
Urban Development	3,605,120		-		1,559,150		-		(2,045,970)		-		(2,045,970)		-		-
Funds to Other Agencies	15,241,456		-		300,102		-		(14,941,354)		-		(14,941,354)		-		-
Cost Sharing Arrangements	1,501,629		-		-		-		(1,501,629)		-		(1,501,629)		-		-
Interest on Long-Term Debt	4,536,097		-		-		-		(4,536,097)		-		(4,536,097)				
Total Governmental Activities	176,196,148		31,965,188		66,494,123		1,971,787		(75,765,050)				(75,765,050)				
Business-Type Activities																	
Intermodal Facility	54,126		72,740								18,614		18,614				
Water and Sewer	34,129,319		49,089,175		-		2,773,176		•		17,733,032		17,733,032		-		-
water and sewer	34,129,319	-	49,089,175		<u>-</u>	-	2,773,170		<u>-</u>	-	17,733,032		17,733,032				<u>-</u>
Total Business-Type Activities	34,183,445		49,161,915		-		2,773,176		-		17,751,646		17,751,646				-
Total Primary Government \$	210,379,593	\$	81,127,103	\$	66,494,123	\$	4,744,963	\$	(75,765,050)	\$	17,751,646	\$	(58,013,404)	\$		\$	
Component Units																	
Tuscaloosa Tourism and Sports Commission \$	1,865,781	Ś		Ś	1,752,975	\$		Ś	_	Ś		Ś	-	\$	(112,806)	\$	_
Tuscaloosa County Parking and Transit Authority	2,583,547		182,433		1,303,037	•	745,136			•		•			(,,	*	(352,941)
Total Component Units \$	4,449,328	\$	182,433	\$	3,056,012	\$	745,136	\$		\$		\$	-	\$	(112,806)	\$	(352,941)
	ral Revenues Faxes Sales and Use	Tav						Ś	44,107,898	Ś		Ś	44,107,898	Ś		Ś	
	Property Tax	Tun						7	18,369,545	7		7	18,369,545	*		Ψ.	
	Lodging Tax								7,233,297				7,233,297				
	Other State ar	nd Local	LTayer						6,686,883				6,686,883				
	Taxes Passed 1								1,920,145		_		1,920,145		-		-
	Gain on Disposal o								49,401		F2 040		1,920,143		-		-
											53,040				464		4 000
	Jnrestricted Inves	stment	Earnings						406,611		120,873		527,484		161		1,890
Transf	ters								5,438,666		(5,438,666)						
Tot	tal General Rever	nues an	d Transfers					-	84,212,446		(5,264,753)		78,947,693		161		1,890
Cha	ange in Net Posit	ion							8,447,396		12,486,893		20,934,289		(112,645)		(351,051)
Net	t Position, Beginn	ning of \	Year, as Restated						103,763,198		225,225,357		328,988,555		1,134,886		2,855,716
Net	t Position, End of	Year						\$	112,210,594	\$	237,712,250	\$	349,922,844	\$	1,022,241	\$	2,504,665

BALANCE SHEET

Governmental Funds

		General Fund	Ca	pital Projects Fund	ster Recovery onstruction Fund	G	Other overnmental Funds	 Total Governmental Funds
ASSETS	<u> </u>							
Cash and Cash Equivalents	\$	14,974,115	\$	11,534,320	\$ 2,909,523	\$	12,526,050	\$ 41,944,008
Investments		-		19,700,000	-		228,955	19,928,955
Receivables (net of allowances for uncollectibles)		14,407,758		2,497,635	2,693,051		5,691,209	25,289,653
Due from Other Governments		50,523		-	-		1,541,392	1,591,915
Due from Other Funds		6,406,179		9,134,600	1,385		8,548,548	24,090,712
Advances to Other Funds		3,307,387		4,144,630	-		565,000	8,017,017
Loans Receivable		-		-	581,197		2,718,441	3,299,638
Prepaid Items		185,968		-	-		-	185,968
Inventories		1,115,502			 		-	 1,115,502
Total Assets	\$	40,447,432	\$	47,011,185	\$ 6,185,156	\$	31,819,595	\$ 125,463,368
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES								
Liabilities								
Accounts Payable and Other Current Charges	\$	7,781,913	\$	2,141,428	\$ 1,577,727	\$	1,597,096	\$ 13,098,164
Unearned Revenue		860,513		-	-		-	860,513
Due to Other Funds		9,916,221		3,012,129	2,241,002		8,984,373	24,153,725
Advances from Other Funds		<u> </u>		<u> </u>	 1,710,345		6,450,260	 8,160,605
Total Liabilities		18,558,647		5,153,557	 5,529,074		17,031,729	 46,273,007
Deferred Inflows of Resources								
Unavailable Revenue		-		742,437	341,119		5,550,329	6,633,885
Total Liabilities and Deferred Inflows of Resources		18,558,647		5,895,994	5,870,193		22,582,058	 52,906,892
								(continued)

BALANCE SHEET

Governmental Funds

	_	General Fund				ster Recovery Instruction Fund	Other Governmental Funds		Total Governmental Funds
FUND BALANCES Fund Balances									
Nonspendable:									
Advances	\$	3,307,387	\$		\$		\$ -	\$	3,307,387
Prepaid Items	Ş	185,968	Ş	-	Ş	-	ş -	Ş	185,968
Inventories				-		-	-		
Restricted for:		1,115,502		-		-	-		1,115,502
		202.000							202 000
Ambulance Franchise Program		382,908		-		-	30,057		382,908 30,057
Capital Park Maintenance		-		-		-	,		,
Capital Projects		4.005		15,341,822		-	2,303,722		17,645,544
Garnishments		4,095		-		-	2 426 057		4,095
Grant Projects		1 005 020		-		314,963	3,126,057		3,441,020
Municipal Court		1,965,938		-		-	-		1,965,938
Pensions		700,315		-		-	2 020 772		700,315
Road Projects		-		-		-	2,920,772		2,920,772
Salaries and Wages		-		-		-	199,192		199,192
Committed for:				4 004 004			4 605 740		6 547 484
Capital Projects		-		4,821,391		-	1,695,743		6,517,134
Cemetery Maintenance		-		-		-	136,837		136,837
Law Enforcement and Public Officials Liability		383,263		-		-	-		383,263
Tourism Enhancement		162,247		-		-	173,646		335,893
Assigned									
Fiscal Year 2019 Budget		386,651		-		-	-		386,651
Future Capital Projects		-		20,951,978		-	-		20,951,978
Unassigned		13,294,511					(1,348,489)		11,946,022
Total Fund Balances		21,888,785		41,115,191		314,963	9,237,537		72,556,476
Total Liabilities, Deferred Inflows of Resources,				.=					
and Fund Balances	\$	40,447,432	\$	47,011,185	Ş	6,185,156	\$ 31,819,595	\$	125,463,368

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Governmental Funds

Fund Balances - Governmental Funds		\$ 72,556,4
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 \$28,372,013	\$ 80,758,041	
Equipment, net of accumulated depreciation of \$44,501,305	22,568,604	
Infrastructure, net of accumulated depreciation of \$139,794,272	151,865,132	
Land	8,536,567	
Construction in progress	29,774,239	293,502,5
Revenues in the Statement of Activities that do not provide current financial resources are not		
reported as revenues in the funds.		6,633,8
Long-term receivables associated with the sale of capital assets are not reported in the funds.		
Receivable for sale of land	1,550,466	
Receivable for sale of building	125,000	1,675,4
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.		(1,290,3
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	(103,450,000)	
Section 108 loan	(900,000)	
Capital lease	(2,250,392)	
Installment note payable	(1,363,088)	
Compensated absences	(7,664,019)	
Workers comp liability	(4,278,421)	
Total OPEB liability and related deferred inflows and deferred outflows	(29,899,735)	
Accrued interest payable	(1,567,250)	
Deferred loss on refunding of warrants, to be amortized	2,572,529	
Deferred gain on refunding of warrants, to be amortized	(901,631)	
Premiums, to be amortized	(5,214,599)	
Discount, to be amortized	446,068	(154,470,5
Net pension liability, deferred inflows, and deferred outflows, not reported in the funds		(106,396,9
Net position of governmental activities		\$ 112,210,5

CITY OF TUSCALOOSA STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Governmental Funds

	General Fund		Capital Project	ts	Disaster Recovery Construction Fund	G	Other overnmental Funds		Total Governmental Funds
REVENUES	\$ 74,853,	207 9	\$		\$ -	\$	883,646	\$	75,736,943
Licenses and Permits	23,274,		Y	-	- -	٦		ڔ	23,274,964
Fines and Penalties	2,083,			_	_		494,731		2,578,567
Use of Property	260,			_	-		-		260,592
Charges for Services	5,851,			_	-		-		5,851,065
Intergovernmental	37,318,		3,153,4	169	11,186,237		5,913,967		57,572,532
Other	8,412,		869,6		1,901		1,239,646		10,523,923
Total Revenues	152,055,	339	4,023,1	119	11,188,138		8,531,990		175,798,586
EXPENDITURES	<u></u>								
Current Operations									
Community Services	7,158,			-	-		2,353,551		9,512,357
Education	17,732,			-	-		-		17,732,000
General Government	15,429,		89,0	013	726,144		139,419		16,384,551
Infrastructure and Public Services	28,615,			-	-		3,169		28,618,944
Public Safety	53,310,			-	-		29,150		53,339,953
Urban Development	3,192,		373,3	360	758		-		3,566,210
Funds to Other Agencies	12,803,			-	-		-		12,803,770
Cost Sharing Arrangements	1,501,			-	-		-		1,501,629
Other expenditures	2,437,	586					-		2,437,686
Total Current Operations	142,182,	536	462,3	373	726,902		2,525,289		145,897,100
Capital Outlay		-	14,459,9	920	11,464,174		11,436,806		37,360,900
Debt Service Principal	3,966,	542		_	_		187,744		4,154,386
Interest Charges	4,223,			_	_		60,205		4,283,340
Warrant Issue Costs		557		_	_		-		5,557
Intergovernmental Expenditures		<u> </u>	4,4	146					4,446
Total Expenditures	150,377,	370	14,926,7	739	12,191,076		14,210,044		191,705,729
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,677,	169	(10,903,6	520)	(1,002,938)		(5,678,054)		(15,907,143)
OTHER FINANCING SOURCES (USES)									
Capital Lease	1,295,	759		-	-		-		1,295,759
Proceeds from Sale of Capital Assets		-	90,9	997	-		-		90,997
Transfers In	8,842,	247	7,157,0	038	-		10,494,191		26,493,476
Transfer Out	(9,302,	131)	(4,564,9	923)			(6,143,891)		(20,011,245)
Total Other Financing Sources (Uses)	835,	575	2,683,1	112			4,350,300	_	7,868,987
Net Change in Fund Balances	2,513,	044	(8,220,5	508)	(1,002,938)		(1,327,754)		(8,038,156)
Fund Balances, Beginning of Year	19,375,	741	49,335,6	599	1,317,901		10,565,291		80,594,632
Fund Balances, End of Year	\$ 21,888,	785	\$ 41,115,1	191	\$ 314,963	\$	9,237,537	\$	72,556,476

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Governmental Funds

Coperamental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets: Capital asset purchases capitalized Depreciation expense The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to decrease net operations of capital assets Transfer to business-type activities (J.043,565) Disposal of capital assets The collection of long-term receivables related to the sale of capital assets provide current financial resources in the governmental funds, however, reduce the receivables on the statement of position. Revenues are reported in the funds when there is an established claim to the resources and the resources are available to finance current expenditures. Revenues are reported in the statement of activities when there is an established claim with no availability criterion. The funds report revenue unavailable in prior period as current year revenue. The issuance of long-term debt (e.g., warrant, leases) provides current financial resources to governmental funds, while the resources of long-term debt (e.g., warrant, leases) provides current financial resources to governmental funds, while the respense of the precipal of long-term debt on the province of the principal of long-term debt of the principal of long-term debt of long-term debt and related items. Debt issued: Capital lease issued Warrant payments Gapital lease issued Warrant payments Section 188 loan Capital lease payments Installment note payments of the principal of the province of the payment of the principal of the province of the payment of the principal of the province of the payment of the principal of the payment of the payment of the payment of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when finan	Net change in Fund Balances - Total Governmental Funds		\$	(8,038,156)
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Disposal of capital assets (41,596) (1,085,161) The collection of long-term receivables related to the sale of capital assets provide current financial resources in the governmental funds, however, reduce the receivables on the statement of position. Revenues are reported in the funds when there is an established claim to the resources are available to finance current expenditures. Revenues are reported in the statement of activities when there is an established claim with no availability criterion. The funds report revenue unavailable in prior period as current year revenue. 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 Warrant payments Say,000 Section 108 lease payments Installment note payments 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: Postemployment benefits other than pensions Compensated absences Norkers compensation Compensated absences Amount debt premium Accrued interest payable 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 used by the City to charge the costs of providing health insurance to individual funds. Th				
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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: Postemployment benefits other than pensions Compensated absences Workers compensation Amortization of debt premium Amortization of discount Amortization of gain/loss on refunding Accrued interest payable 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. Amount by which the City's net pension liability increased, deferred inflows from pensions increased, deferred outflows from pensions increased, and pension expense recognized. (5,360,550)	Capital lease payments	539,000		
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: Postemployment benefits other than pensions Compensated absences Workers compensation Amortization of debt premium Amortization of debt premium Amortization of gain/loss on refunding Accrued interest payable 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. Amount by which the City's net pension liability increased, deferred inflows from pensions increased, and pension expense recognized. (5,360,550)	Installment note payments	170,386		2,858,627
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: Postemployment benefits other than pensions Compensated absences Workers compensation Amortization of debt premium Amortization of discount Amortization of gain/loss on refunding Accrued interest payable 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. Amount by which the City's net pension liability increased, deferred inflows from pensions increased, and pension expense recognized. (5,360,550)	Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions			
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: Postemployment benefits other than pensions Compensated absences (310,602) Workers compensation Amortization of debt premium Amortization of discount Amortization of gain/loss on refunding Amortization of gain/loss on refunding Accrued interest payable 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. Amount by which the City's net pension liability increased, deferred inflows from pensions increased, and pension expense recognized. (5,360,550)	that are not normally paid with expendable available financial resources. In the statement of activities, however, which is			
accrues. This adjustment combines the net of these: Postemployment benefits other than pensions Compensated absences (310,602) Workers compensation Amortization of debt premium Amortization of discount Amortization of gain/loss on refunding Accrued interest payable 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. Amount by which the City's net pension liability increased, deferred inflows from pensions increased, and pension expense recognized. (1,968,739) (1,968,739) (2,686,310) (2,686,310) (36,188) (721,601) (721,6	presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.			
Postemployment benefits other than pensions Compensated absences (310,602) Workers compensation Amortization of debt premium Amortization of discount Amortization of gain/loss on refunding Accrued interest payable 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. Amount by which the City's net pension liability increased, deferred inflows from pensions increased, and pension expense recognized. (1,968,739) (310,602) (2,686,310) (2,686,310) (36,188) (721,601) (In addition, interest on long-term debt is not recognized under modified accrual basis of accounting until due, rather than as it			
Compensated absences (310,602) Workers compensation (2,686,310) Amortization of debt premium 486,421 Amortization of discount (36,188) Amortization of gain/loss on refunding (721,601) Accrued interest payable (721,601) 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. 132,564 Amount by which the City's net pension liability increased, deferred inflows from pensions increased, and pension expense recognized. (5,360,550)	accrues. This adjustment combines the net of these:			
Compensated absences (310,602) Workers compensation (2,686,310) Amortization of debt premium 486,421 Amortization of gain/loss on refunding (36,188) Amortization of gain/loss on refunding (721,601) Accrued interest payable (721,601) Accrued interest payable 24,168 (5,212,851) 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. 132,564 Amount by which the City's net pension liability increased, deferred inflows from pensions increased, and pension expense recognized. (5,360,550)	Postemployment benefits other than pensions	(1,968,739)		
Workers compensation (2,686,310) Amortization of debt premium 486,421 Amortization of discount (36,188) Amortization of gain/loss on refunding (721,601) Accrued interest payable (721,601) Accrued interest payable 24,168 (5,212,851) 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. 132,564 Amount by which the City's net pension liability increased, deferred inflows from pensions increased, and pension expense recognized. (5,360,550)				
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Amortization of gain/loss on refunding Accrued interest payable 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. Amount by which the City's net pension liability increased, deferred inflows from pensions increased, and pension expense recognized. (5,212,851) 132,564 (5,212,851)				
Accrued interest payable Accrued interest payable 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. Amount by which the City's net pension liability increased, deferred inflows from pensions increased, deferred outflows from pensions increased, and pension expense recognized. (5,212,851) (5,212,851)				
internal service fund is reported with governmental activities. 132,564 Amount by which the City's net pension liability increased, deferred inflows from pensions increased, deferred outflows from pensions increased, and pension expense recognized. (5,360,550)				(5,212,851)
internal service fund is reported with governmental activities. 132,564 Amount by which the City's net pension liability increased, deferred inflows from pensions increased, deferred outflows from pensions increased, and pension expense recognized. (5,360,550)	Internal service fund is used by the City to charge the costs of providing health insurance to individual funds. The net revenue of the			
pensions increased, and pension expense recognized. (5,360,550)				132,564
pensions increased, and pension expense recognized. (5,360,550)	Amount by which the City's net pension liability increased, deferred inflows from pensions increased, deferred outflows from			
Thange in net position of governmental activities \$ 8.447.396				(5,360,550)
	Change in net position of governmental activities		Ś	8,447,396

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the year ended September 30, 2018

REVENUES	Original Budget	Final Budget	Actual Amounts Budgetary Basis**	Variance with Final Budget Positive (Negative)	
Taxes					
Sales	\$ 37,748,823	\$ 37,748,823	\$ 38,881,179	\$ 1,132,356	
Use	3,747,990	3,747,990	4,343,073	595,083	
Property	16,412,563	17,458,858	17,708,865	250,007	
Lodging	6,594,000	6,594,000	7,233,297	639,297	
Other Taxes	6,330,500	6,330,500	6,686,883	356,383	
Total Taxes	70,833,876	71,880,171	74,853,297	2,973,126	
Licenses and Permits					
Business Licenses	19,100,000	19,175,000	20,108,111	933,111	
Other Licenses and Penalties	1,672,000	1,672,000	1,615,577	(56,423)	
Building and Other Permits	1,621,500	1,621,500	1,551,276	(70,224)	
Total Licenses and Permits	22,393,500	22,468,500	23,274,964	806,464	
Fines and Penalties	1,384,600	1,410,709	2,083,836	673,127	
Use of Property	435,700	435,700	260,592	(175,108)	
Charges for Current Services					
Garbage Collection Fees and Tax	5,810,000	5,810,000	5,851,065	41,065	
Intergovernmental Revenues					
Federal and State Grants Revenue	-	-	104,146	104,146	
Shared from Local Units Public School Bond - Sales Tax	17,123,200	17,123,200	17,732,000	608,800	
City Share of County Sales Tax	16,528,000	16,528,000	17,732,000	586,160	
Other	1,854,846	1,854,846	1,920,145	65,299	
Shared from State	329,600	329,600	448,408	118,808	
Total Intergovernmental Revenue	35,835,646	35,835,646	37,318,859	1,483,213	
Other Revenues					
Interest on Investments	2,650	2,650	19,941	17,291	
Cost Reimbursed	1,314,093	1,152,208	1,581,923	429,715	
Other	1,390,595	1,390,595	6,810,862	5,420,267	
Total Other Operating Revenue	2,707,338	2,545,453	8,412,726	5,867,273	
Total Revenues	139,400,660	140,386,179	152,055,339	11,669,160	
				, , ,	

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

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the year ended September 30, 2018

	Original Budget	Final Budget	Actual Amounts Budgetary Basis**	Variance with Final Budget Positive (Negative)	
EXPENDITURES Company	<u></u>				
Current Operations					
Community Services 311 Call Center	\$ 438,337	\$ 443,537	\$ 449,106	\$ (5,569)	
Arts and Entertainment			6,384,499	\$ (5,569) (4,379,115)	
Federal Programs	1,996,350 671,457	2,005,384 552,195	371,878	(4,379,115)	
Total Community Services	3,106,144	3,001,116	7,205,483	(4,204,367)	
Total Community Services	3,100,144	3,001,116	7,203,463	(4,204,307)	
Education	17,123,200	17,123,200	17,732,000	(608,800)	
General Government					
Accounting and Finance	4,184,004	4,196,829	3,965,295	231,534	
City Attorney	1,748,967	1,752,129	2,299,288	(547,159)	
City Council	320,988	320,988	296,624	24,364	
Human Resources	2,428,858	2,508,358	2,505,520	2,838	
Information Technology	5,018,014	5,151,789	4,364,126	787,663	
Mayor and City Clerk	1,176,956	1,183,145	1,044,352	138,793	
Municipal Court	1,036,490	1,036,490	1,006,621	29,869	
Total General Government	15,914,277	16,149,728	15,481,826	667,902	
Infrastructure and Public Services					
Administration	1,129,938	1,045,497	996,705	48,792	
Engineering	1,893,813	1,684,020	1,369,814	314,206	
Infrastructure	12,889,799	12,860,711	11,972,521	888,190	
Logistics and Asset Management	6,732,440	6,783,139	6,522,184	260,955	
Public Services	8,344,141	8,383,466	7,943,627	439,839	
Total Infrastructure and Public Services	30,990,131	30,756,833	28,804,851	1,951,982	
Public Safety					
Fire and Rescue	22,655,312	22,664,812	22,974,671	(309,859)	
Jail Costs	400,000	400,000	378,942	21,058	
Police	31,071,099	31,051,108	29,988,883	1,062,225	
Total Public Safety	54,126,411	54,115,920	53,342,496	773,424	
Urban Development					
Administration	722,848	819,807	735,015	84,792	
Building and Inspections	1,636,149	1,640,199	1,542,240	97,959	
Business Services	219,269	219,269	239,813	(20,544)	
Planning	790,665	786,756	675,024	111,732	
Total Urban Development	3,368,931	3,466,031	3,192,092	273,939	

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

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the year ended September 30, 2018

	 Original Budget	Final Budget	ual Amounts etary Basis**	Fin	iance with al Budget Positive legative)
EXPENDITURES	 _	 	 		
Current Operations					
Funds to Other Agencies					
Alabama Blues Project	\$ 10,000	\$ 10,000	\$ 10,000	\$	-
Arts and Humanities Council of Tuscaloosa	50,000	50,000	50,000		-
Arts N Autism	7,500	7,500	7,500		-
Boys and Girls Clubs of West Alabama	20,000	20,000	20,000		-
Children's Hands-On Museum	145,000	145,000	145,000		-
Easter Seals	35,714	35,714	35,714		-
Focus	122,500	122,500	122,500		-
Habitat for Humanity	26,900	26,900	26,900		-
Hope Summer Jobs	100,000	95,000	94,999		1
Indian Rivers	50,000	50,000	50,000		-
Jemison Foundation	60,000	60,000	60,000		-
Kid One Transport	20,000	20,000	20,000		-
Murphy African American Friedman Home	8,000	8,000	8,000		-
PRIDE	20,000	20,000	20,000		-
Sassafras	10,000	10,000	10,000		-
Theatre Tuscaloosa	15,000	15,000	15,000		-
Tuscaloosa Character Council	10,000	10,000	10,000		-
Tuscaloosa Children's Theater	15,000	15,000	15,000		-
Tuscaloosa City Board of Education	3,160,363	3,160,363	3,093,839		66,524
Tuscaloosa Community Dancers	10,000	10,000	10,000		-
Tuscaloosa County Health Department	130,000	130,000	130,000		-
Tuscaloosa County Industrial Development Authority	423,500	423,500	423,500		_
Tuscaloosa County Parks and Recreation Authority	4,386,175	4,386,175	4,369,162		17,013
Tuscaloosa Soil and Water Conservation	12,500	12,500	12,500		, <u> </u>
Tuscaloosa Public Library	1,866,550	1,866,550	1,866,550		_
Tuscaloosa Sister Cities Commission	120,000	120,000	120,000		_
Tuscaloosa Spay Neuter Incentive Program	25,000	25,000	25,000		_
Tuscaloosa Symphony Orchestra	35,000	35,000	35,000		_
Tuscaloosa Tourism and Sports Commission	1,029,586	1,029,586	1,029,586		-
Tuscaloosa Transit Authority	677,743	825,795	859,912		(34,117)
West Alabama Aids Outreach	15,000	15,000	15,000		-
West Alabama Regional Commission	36,097	36,097	36,097		-
Budgeted Allocation to Other Agencies	10,000	50,000	57,011		(7,011)
Total Funds to Other Agencies	 12,663,128	 12,846,180	12,803,770		42,410

^{**}Includes unbudgeted costs added through consolidation of the General Fund for financial statement purposes. The notes to the financial statements are an integral part of this statement.

${\bf Statement\ of\ Revenues,\ Expenditures,\ and\ Changes\ in\ Fund\ Balances-Budget\ and\ Actual}$

EXPENDITURES (Continued)	Original Budget	Final Budget	Actual Amounts Budgetary Basis**	Variance with Final Budget Positive (Negative)
Current Operations	<u> </u>			
Cost Sharing Arrangements	\$ 50,539	\$ 923,058	\$ 1,492,822	\$ (569,764)
Other	-	-	2,437,686	(2,437,686)
Contingency	828,564	236,126	-	236,126
Total Current Operations	138,171,325	138,618,192	142,493,026	(3,874,834)
Debt Service				
Principal	4,440,000	4,340,000	3,966,642	373,358
Interest Charges	5,048,991	4,181,691	4,223,135	(41,444)
Warrant Issue Costs			5,557	(5,557)
Total Expenditures	147,660,316	147,139,883	150,688,360	(3,548,477)
Excess (Deficiency) of Revenues over Expenditures	(8,259,656)	(6,753,704)	1,366,979	8,120,683
OTHER FINANCING SOURCES (USES)				
Capital lease		-	1,295,759	1,295,759
Transfers In	8,623,413	8,669,808	8,842,247	172,439
Transfers Out	(1,557,125)	(4,415,337)	(9,302,431)	(4,887,094)
Total Other Financing Sources (Uses)	7,066,288	4,254,471	835,575	(3,418,896)
Net Change in Fund Balance	(1,193,368)	(2,499,233)	2,202,554	4,701,787
Fund Balance Allocation	1,193,368	2,499,233		(2,499,233)
	\$ -	\$ -	2,202,554	\$ 2,202,554
Add Encumbrances at End of Year			557,504	
Less Encumbrances at Beginning of Year			(247,014)	
Net Change in Fund Balance - GAAP Basis			2,513,044	
Fund Balance, Beginning of Year, GAAP Basis			19,375,741	
Fund Balance, End of Year, GAAP Basis			\$ 21,888,785	

 $[\]ensuremath{^{**}}$ Includes unbudgeted costs added through consolidation of the General Fund for financial statement purposes.

Statement of Net Position

		Business-Type Activities		Governmental Activity
		Non-Major		
ASSETS	Water and Sewer Fund	Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
				
Current Assets	\$ 14,651,653	\$ 10,636	\$ 14,662,289	ć 1 212 710
Cash and Cash Equivalents Investments	\$ 14,651,653 7,000,000	\$ 10,636	\$ 14,662,289 7,000,000	\$ 1,212,719
Accounts Receivable (Net of Allowance for Uncollectibles)	6,469,456	8,154	6,477,610	335,536
Assessments Receivable - Principal - Current and Past Due	10,680	0,134	10,680	333,330
Special Assessments Interest Receivable	2,338	_	2,338	
Due from Other Funds	2,339,394	_	2,339,394	7.650
Inventory	1,509,957	_	1,509,957	
Prepaids	42,666	_	42,666	_
Unbilled Water and Sewer Receivables	3,219,894		3,219,894	
Total Current Assets	35,246,038	18,790	35,264,828	1,555,905
Noncurrent Assets				
Restricted Assets				
Cash and Cash Equivalents	2,752,101	-	2,752,101	=
Advances to Other Funds	1,145,345		1,145,345	
Total Restricted Assets	3,897,446		3,897,446	
Capital Assets				
Land	\$ 1,985,214	\$ -	\$ 1,985,214	\$ -
Moveable Equipment	10,132,997	-	10,132,997	-
Administration - Business Office	11,723,040	-	11,723,040	-
Distribution - Buildings, Mains, etc.	198,975,563	-	198,975,563	-
Pumping Purification - Buildings, etc.	72,817,526	-	72,817,526	-
Sewage System Properties	169,441,483	-	169,441,483	-
Source of Supply - Dams, Buildings, etc.	12,429,503	-	12,429,503	-
Construction in Progress	10,577,450	-	10,577,450	-
Less: Accumulated Depreciation	(184,462,235)	-	(184,462,235)	-
Total Capital Assets	303,620,541		303,620,541	
(Net of Accumulated Depreciation)				
Total Noncurrent Assets	307,517,987		307,517,987	
Total Assets	342,764,025	18,790	342,782,815	1,555,905
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Debt Refunding	2,879,300	-	2,879,300	-
Deferred Outflows from OPEB	166,897	-	166,897	-
Deferred Outflows from Pension	2,080,623		2,080,623	
Total Deferred Outflows	5,126,820		5,126,820	
				(continued)

Statement of Net Position

LIABILITIES Non-Major Intermodal Facility Total Business-Type Internal Service Facility Fund Fu				В	usiness-Type Activities			Governmental Activity
Fund Retail		W	ater and Sewer			Tot	al Business-Type	Internal Service
Current Liabilities					•			
Accrued Payable	LIABILITIES							
Accrued Payables 370,691	Current Liabilities							
Due to Other Funds 2,284,031 2,284,031 - 2,284,031 - Compensated Absences 161,308 - 161,308 - 161,308 - - 2,000 - 2,175,000 - 2,175,000 - 2,175,000 - 2,175,000 - - 2,735,000 - 7,335,000 - - 7,335,000 - - 7,335,000 - - 7,335,000 -		\$		\$	-	\$		\$ -
Compensated Absences			,		-		,	-
Actual Interest Payable 600.561 600.561 Current Portion of Revolving Loans Payable 2.175.000 2.175.000 Current Portion of Resources 106.463 106.463 106.463 Current Portion of Warrants Payable 106.463 106.463 Current Portion of Warrants Payable 15.379.966 Current Portion of Warrants Payable 15.379.966 Current Portion of Warrants Payable 15.379.966 Current Labilities Capital Lease payable Capital Capital Capital Capital Lease Payable Capital Capita	Due to Other Funds		2,284,031		-		2,284,031	-
Current Portion of Revolving Loans Payable	Compensated Absences		161,308		-		161,308	-
Current Portion of Lease Payable 106.463 106.463 106.463 - <t< td=""><td>Accrued Interest Payable</td><td></td><td>600,561</td><td></td><td>-</td><td></td><td>600,561</td><td>-</td></t<>	Accrued Interest Payable		600,561		-		600,561	-
Current Portion of Warrants Payable 7,335,000 - 7,335,000 - Total Current Liabilities 15,379,966 - 15,379,966 - Noncurrent Liabilities 8 - 61,514,152 - Warrants Payable, Net 61,514,152 - 13,288,173 13,288,173 - 13,288,173 - - 7.463 - <t< td=""><td>Current Portion of Revolving Loans Payable</td><td></td><td>2,175,000</td><td></td><td>-</td><td></td><td>2,175,000</td><td>-</td></t<>	Current Portion of Revolving Loans Payable		2,175,000		-		2,175,000	-
Total Current Liabilities	Current Portion of Lease Payable		106,463		-		106,463	-
Noncurrent Liabilities	Current Portion of Warrants Payable		7,335,000		<u> </u>		7,335,000	 -
Warrants Payable, Net 61,514,152 - 61,514,152 - Revolving Loans Payable 13,288,173 - 13,288,173 - Capital lease payable 688,880 - 688,880 - Total OPEB Liability 4,361,267 - 4,361,267 - Unearned Revenue 7,463 - 7,463 - Developer Deposits on Water Lines 3,614,907 - 3,614,907 - Customer Deposits 2,752,101 - 7,752,101 - Compensated Absences 842,896 - 842,896 - Net Pension Liability 7,349,322 - 7,349,322 - Workers Compensation Claims 340,636 - 340,636 - 340,636 Advances from other funds 3,614,907 - 94,759,797 1,901,757 - 951,200 Total Noncurrent Liabilities 94,759,797 - 94,759,797 1,952,957 Deferred Inflows from Pension 5 294,049 \$ -	Total Current Liabilities		15,379,966		<u> </u>		15,379,966	 -
Revolving Loans Payable 13,288,173 - 13,288,173 - Capital lease payable 688,880 - 688,880 - 688,880 - 688,880 - 7,663 - 7,463 -	Noncurrent Liabilities							
Capital lease payable 688,880 - 688,880 - 688,880 - 7 total OPEB Liability 4,361,267 - 4,361,267 - 2 total OPEB Liability - 7,463 - 7,463 - 7,463 - 7,463 - 7,463 - 7,463 - 7,463 - 7,463 - 7,463 - 7,52,101 - 2,752,102 - 2,752,102 - 2,752,102 - 2,	Warrants Payable, Net		61,514,152		-		61,514,152	-
Total OPEB Liability	Revolving Loans Payable		13,288,173		-		13,288,173	-
Dispersion of Revenue 7,463 7,46			688,880		-		688,880	-
Developer Deposits on Water Lines	Total OPEB Liability		4,361,267		-		4,361,267	-
Customer Deposits 2,752,101 - 2,752,101 - Compensated Absences 842,896 - 842,896 - 7,349,322 - 7,349,322 - 7,349,322 - 7,349,322 - 7,349,322 - - 7,349,322 - - 1,001,757 - 340,636 - 1,001,757 - - 1,001,757 - 91,759,797 - - 91,759,797 - 94,759,797 1,952,957 - 94,759,797 1,952,957 - 94,759,797 1,952,957 - 94,759,797 - 94,759,797 1,952,957 - 10,11,139,763 1,952,957 - 94,759,797 - 94,759,797 1,952,957 - 10,11,139,763 1,952,957 - 94,759,797 1,952,957 - - 110,139,763 1,952,957 - - 1,952,957 - - - - - - - - - - - - - - - - -					-			-
Compensated Absences 842,896 - 842,896 - 7,349,322 - 7,349,326 - 7,349,322 - 7,349,322 - 7,349,322 - 7,349,322 - 7,349,322 - 7,349,322 - 7,349,322 - 7,349,322 - 7,349,322 - 7,349,322 - 7,349,322 - 7,349,322 - 7,349,322 - 7,349,322 - 7,351,200					-			-
Net Pension Liability 7,349,322 - 7,349,322 7,349,322 7,349,322 1,001,757 1,001,757 1,001,757 1,001,757 1,001,757 1,001,757 951,200 - 951,200 1,001,757 - 951,200 1,001,757 - 1,001,757 1,001,757 - 1,001,757 1,001,757 - 1,001,75	Customer Deposits		2,752,101		-		2,752,101	-
Workers Compensation Claims 340,636 - 340,636 - 340,636 - 404 wances from other funds - 5 1,001,759 - 951,200 - 951,200 - 951,200 - 951,200 - 94,759,797 - 94,759,797 - 1,952,957 - 1,952,957 - 110,139,763 - 110,139,763 1,952,957 - 110,139,763 - 110,139,763 1,952,957 - 94,759,797 - 94,759,797 - 94,759,797 - 110,139,763 1,952,957 - 95,057 - 94,759,797 - 94,759,797 - 94,759,797 - 110,139,763 1,952,957 - 94,759,797 - 94,759,797 - 94,759,797 - 110,139,763 1,952,957 - 94,759,797 - 94,759,797 - 110,139,763 1,952,957 - 95,057 - 94,759,797 - 110,139,763 1,952,957 - 94,759,797 - 94,759,797 - 110,139,763 1,952,957 - 94,759,797 <	Compensated Absences		842,896		-		842,896	-
Advances from other funds Outstanding Claims Liability Total Noncurrent Liabilities 94,759,797 - 94,759,797 1,952,957 Total Liabilities 110,139,763 - 110,139,763 - 110,139,763 1,952,957 DEFERRED INFLOWS OF RESOURCES Deferred Inflows from OPEB \$ 294,049 \$ - \$ 294,049 \$ - \$ 656,831 - \$ 656,8	Net Pension Liability		7,349,322		-		7,349,322	-
Outstanding Claims Liability - - 951,200 Total Noncurrent Liabilities 94,759,797 - 94,759,797 1,952,957 Total Liabilities 110,139,763 - 110,139,763 1,952,957 DEFERRED INFLOWS OF RESOURCES Deferred Inflows from OPEB Deferred Inflows from Pension \$ 294,049 \$ - \$ 294,049 \$ - Total Deferred Inflows from Resources 950,880 - 950,880 - NET POSITION Net Investment in Capital Assets 221,498,636 - 950,880 - Total Net Position \$ 236,800,202 \$ 18,790 236,818,992 \$ (397,052) Adjustment to reflect the consolidation of internal service fund activites related to the enterprise fund 893,258 893,258	Workers Compensation Claims		340,636		-		340,636	-
Total Noncurrent Liabilities 94,759,797 - 94,759,797 1,952,957	Advances from other funds		-		-		-	1,001,757
Total Liabilities	Outstanding Claims Liability		-		-		-	 951,200
DEFERRED INFLOWS OF RESOURCES S 294,049 \$ - \$ 294,049	Total Noncurrent Liabilities	-	94,759,797				94,759,797	 1,952,957
Deferred Inflows from OPEB \$ 294,049 \$ - \$ 294,049 \$ - \$ 100	Total Liabilities		110,139,763				110,139,763	 1,952,957
Deferred Inflows from Pension 655,831 - 656,831 - Total Deferred Inflows of Resources 950,880 - 950,880 - NET POSITION Net Investment in Capital Assets 221,498,636 - 221,498,636 - Unrestricted 15,301,566 18,790 15,320,356 (397,052) Total Net Position \$ 236,800,202 \$ 18,790 236,818,992 \$ (397,052) Adjustment to reflect the consolidation of internal service fund activites related to the enterprise fund 893,258								
Total Deferred Inflows of Resources 950,880 - 950,880 - 950,880 -		\$,	\$	-	\$,	\$ -
NET POSITION Net Investment in Capital Assets 221,498,636 - 221,498,636 - Unrestricted 15,301,566 18,790 15,320,356 (397,052) Total Net Position \$ 236,800,202 \$ 18,790 236,818,992 \$ (397,052) Adjustment to reflect the consolidation of internal service fund activites related to the enterprise fund 893,258 893,258								
Net Investment in Capital Assets 221,498,636 - 221,498,636 - Unrestricted 15,301,566 18,790 15,320,356 (397,052) Total Net Position \$ 236,800,202 \$ 18,790 236,818,992 \$ (397,052) Adjustment to reflect the consolidation of internal service fund activites related to the enterprise fund 893,258 893,258	Total Deferred Inflows of Resources		950,880		-		950,880	 -
Unrestricted 15,301,566 18,790 15,320,356 (397,052) Total Net Position \$ 236,800,202 \$ 18,790 236,818,992 \$ (397,052) Adjustment to reflect the consolidation of internal service fund activites related to the enterprise fund 893,258 893,258	NET POSITION							
Adjustment to reflect the consolidation of internal service fund activites related to the enterprise fund 893,258			, ,		18,790		, ,	 - (397,052)
activites related to the enterprise fund 893,258	Total Net Position	\$	236,800,202	\$	18,790		236,818,992	\$ (397,052)
Net Position of Business-Type Activities \$ 237,712,250	•						893,258	
	Net Position of Business-Type Activities					\$	237,712,250	

Statement of Revenues, Expenses, and Changes in Fund Net Position

	Business-Type Activity							
w 	Water and Sewer Fund		Non-Major Intermodal Facility Retail Fund			 	nternal Service Fund	
\$	48,024,817	\$	-	\$	48,024,817	\$	16,883,205	
	856,464		-		856,464		-	
	177,117		41,649		,		-	
	30,777		31,091		61,868		-	
			-				242,113	
	49,089,175		72,740		49,161,915		17,125,318	
	193,936		-		193,936		-	
	586,415		-		586,415		-	
	12,431,167		-		12,431,167		-	
	3,112		-		3,112		-	
	6,845,903		-		6,845,903		-	
	829,549		-		829,549		-	
	23,188		-		23,188		-	
	9,661,514		-		9,661,514		-	
	1,942,218		-		1,942,218		-	
	5,448		54,126		59,574		-	
	-		-		-		15,881,140	
	32,522,450		54,126		32,576,576		15,881,140	
	16,566,725		18,614		16,585,339		1,244,178	
		\$ 48,024,817 856,464 177,117 30,777 	\$ 48,024,817 856,464 177,117 30,777 - 49,089,175 193,936 586,415 12,431,167 3,112 6,845,903 829,549 23,188 9,661,514 1,942,218 5,448 - 32,522,450	Non-Major Intermodal Facility Retail Fund Facility Faci	Activity Non-Major Intermodal Facility Type	Non-Major Intermodal Facility Retail Fund Facility Total Business-Type Activity Funds	Non-Major Intermodal Facility Total Business- Type Activity Funds S	

Statement of Revenues, Expenses, and Changes in Fund Net Position

			Business-Type Activity		Go	overnmental Activity	
	v	Vater and Sewer Fund	Non-Major Intermodal Facility Retail Fund	Total Business- Type Activity Funds		In	ternal Service Fund
Non-Operating Revenues (Expenses)							
Interest Income	\$	120,873	\$ -	\$	120,873	\$	484
Interest and Fiscal Charges		(2,718,967)	-		(2,718,967)		-
Gain on Disposal		53,040	 -		53,040		-
Total Non-Operating Revenues (Expenses)		(2,545,054)	 -		(2,545,054)		484
Income (Loss) Before Contributions and Transfers		14,021,671	18,614		14,040,285		1,244,662
Capital Contributions - Developers		2,446,608	-		2,446,608		_
Capital Grants		1,370,133	-		1,370,133		-
Transfers in		40,482	9,500		49,982		-
Transfers out		(6,532,213)	 -		(6,532,213)		-
Change in Net Position		11,346,681	28,114		11,374,795		1,244,662
Total Net Position (Deficit), Beginning of Year, Restated		225,453,521	 (9,324)		225,444,197		(1,641,714)
Total Net Position (Deficit), End of Year	\$	236,800,202	\$ 18,790	\$	236,818,992	\$	(397,052)
Some amounts reported for business-type activities in the sta different because the net revenue (expenses) of certain							
reported with business-type activities					1,112,098		
Change in Net Position of Business-Type Activities				\$	12,486,893		

CITY OF TUSCALOOSA STATEMENT OF CASH FLOWS

Proprietary Funds

For the year ended September 30, 2018

			Business-Type Activity Non-Maior Total						
	Wa	iter and Sewer	In	termodal Facility	E	Business-Type		Internal Service	
		Fund		Retail Fund	,	Activity Funds		Fund	
Cash flows from operating activities									
Receipts from customers and users	\$	50,115,832	\$	64,586	\$	50,180,418	\$	-	
Payments to suppliers		(14,022,121)		(63,959)		(14,086,080)		-	
Payments to employees		(10,985,102)		-		(10,985,102)		-	
Customer deposits		76,950		-		76,950		-	
Receipts for health insurance		-		-		-		15,781,951	
Payment of health insurance premiums		-		-		-		(16,081,240)	
Net cash provided by (used in) operating activities		25,185,559		627		25,186,186		(299,289)	
Cash flows from noncapital financing activities									
Transfer from other funds		40,482		9,500		49,982		-	
Transfer to other funds		(6,532,213)		, -		(6,532,213)		-	
Loan to other funds		3,588,574		-		3,588,574		-	
Repayment of loans from other funds		1,683,009		-		1,683,009			
Repayment of loan to Public Works Capital Fund		(750,345)		-		(750,345)		-	
Net cash provided by (used in) noncapital financing									
activities		(1,970,493)		9,500		(1,960,993)			
Cash flows from capital and related financing activities									
Acquisition and construction of capital assets		(19,631,186)		_		(19,631,186)		_	
Interest paid on warrants		(2,872,832)		_		(2,872,832)		_	
Federal grants		1,085,331		_		1,085,331		_	
Waterline deposits from subdividers		1,403,043		-		1,403,043		-	
		_, .00,0 .0				_, 100,0 10			

CITY OF TUSCALOOSA STATEMENT OF CASH FLOWS

Proprietary Funds

			Governmental Activity					
	Wat	er and Sewer Fund	Inte	Non-Major rmodal Facility Retail Fund		Total Business-Type Activity Funds	In	ternal Service Fund
Cash flows from capital and related financing activities (continued)								
Warrants paid	\$	(9,055,000)	\$	_	\$	(9,055,000)	\$	_
Proceeds from State Revolving Fund drawdowns	Ψ	5,974,789	Ψ	_	*	5,974,789	*	-
Lease principal payments		(59,012)		_		(59,012)		
Proceeds from sale of equipment		80,341		-		80,341		-
Net cash used in capital and related financing								
activities		(23,074,526)				(23,074,526)		
Cash flows from investing activities								
Purchase of investments		(7,000,000)		-		(7,000,000)		-
Interest earned		120,873	-			120,873	-	484
Net cash provided by investing activities		(6,879,127)		-		(6,879,127)		484
Net increase (decrease) in cash and cash equivalents		(6,738,587)		10,127		(6,728,460)		(298,805)
Cash and cash equivalents, beginning of year								
Current assets		21,467,190		509		21,467,699		1,511,524
Restricted assets		2,675,151	-	-		2,675,151	-	<u> </u>
Total cash and cash equivalents, beginning of year		24,142,341		509		24,142,850		1,511,524
Cash and cash equivalents, end of year								
Current assets		14,651,653		10,636		14,662,289		1,212,719
Restricted assets		2,752,101		<u> </u>		2,752,101		· · · · · · · · · · · · · · · · · · ·
Total cash and cash equivalents, end of year	\$	17,403,754	\$	10,636	\$	17,414,390	\$	1,212,719
			-				-	(continued)

CITY OF TUSCALOOSA STATEMENT OF CASH FLOWS

Proprietary Funds

For the year ended September 30, 2018

			Ві	usiness-Type Activity			G	overnmental Activity
	Wate	er and Sewer Fund	Inte	Non-Major rmodal Facility Retail Fund	Total Business-Type Activity Funds		Internal Service Fund	
Reconciliation of operating income to net cash								
Provided by (used in) operating activities:								
Operating income	\$	16,566,725	\$	18,614	\$	16,585,339	\$	1,244,178
Adjustmets to reconcile operating income (loss) to net								
cash provided by (used in) operating activities								
Depreciation		9,661,514		-		9,661,514		-
(Increase) decrease in operating assets								
Accounts receivable		866,520		(8,154)		858,366		(251,977)
Assessments receivable		(1)		-		(1)		-
Inventory		102,383		-		102,383		-
Unbilled water and sewer receivables		160,138		-		160,138		-
Due from other funds		-		-		-		2,167,353
Deferred Outflows - Pensions		(603,480)		-		(603,480)		-
Deferred Outflows - OPEB		(166,897)		-		(166,897)		-
Increase (decrease) in operating liabilities								
Accounts payable		(1,368,709)		(9,833)		(1,378,542)		(51,100)
Accrued payables		3,385		-		3,385		-
Customer deposits		76,950		-		76,950		-
Due to other funds		-		-		-		(2,167,353)
Advances from other funds		-		-		-		(1,091,390)
Compensated absences		40,850		-		40,850		- '
Developer deposits		(1,295,501)		-		(1,295,501)		-
Net Pension Liability		212,917		_		212,917		_
Total OPEB liability		73,309		-		73,309		-
Outstanding claims liability		-		-		-		(149,000)
Deferred inflows - pensions		594,568		-		594,568		`
Deferred inflows - OPEB		294,049		-		294,049		-
Workers comp claims		(33,161)		-		(33,161)		-
Net cash provided by (used in) operating activities	\$	25,185,559	\$	627	\$	25,186,186	\$	(299,289)
Non-cach Capital and Financing Activities								
Non-cash Capital and Financing Activities Capital contributions - developers	_						•	
·	ċ	1 042 565	ċ		,	1 042 565	ć	
Donated capital assets	\$	1,043,565	\$	-	\$	1,043,565	\$	-
Capital lease acquisitions		854,355				854,355		-
Total capital contributions - developers	\$	1,897,920	\$	-	\$	1,897,920	\$	-

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

CITY OF TUSCALOOSA FIDUCIARY FUNDS

Statement of Fiduciary Net Position

For the year ended September 30, 2018

	Police Officers and Firefighters Supplemental Retirement Plan Fund		Agency Fund Cash Bond	
ASSETS				
Cash and Cash Equivalents	\$	374,904	\$	84,664
Total Assets		374,904		84,664
LIABILITIES				
Cash Bond Deposits Payable		-		84,664
Total Liabilities		-		84,664
NET POSITION				
Restricted for Pensions	\$	374,904	\$	-

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

CITY OF TUSCALOOSA FIDUCIARY FUND

Statement of Changes in Fiduciary Net Position

For the year ended September 30, 2018

	F Su	Police Officers and Firefighters Supplemental Retirement Plan Fund	
Additions			
Employer Contributions Interest Income	\$	30,246 183	
Total Additions		30,429	
Deductions			
Benefits Paid		36,394	
Administrative Plan Expenses		4,055	
Total Deductions		40,449	
Change in Net Position		(10,020)	
Net Position, Beginning of Year		384,924	
Net Position, End of Year	\$	374,904	

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



NOTES TO THE FINANCIAL STATEMENTS

CITY OF TUSCALOOSA, ALABAMA NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

The City 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 more significant of these accounting policies are described below. The City provides the following services and operations as authorized by its charter: public safety (police and fire); public works; parks and recreation; housing and development; and public utilities (water and sewer). As required by accounting principles generally accepted in the United States of America, these financial statements include the accounts of all City operations and all activities of the City.

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

In conformity with generally accepted accounting principles, as set forth in the Statement of Governmental Accounting Standards (the "GASB") No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, the component units' financial statements have been included as either blended or discretely presented. All of the City's component units have a September 30 year-end. As of September 30, 2018, the City does not have any blended component units.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Financial Reporting Entity (Continued)

Discretely Presented Component Units

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

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

B. Government-wide and Fund Financial Statements

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

Additionally, the City reports the following fund types:

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets and Budgetary Accounting

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

An annual budget for the Water and Sewer Enterprise Fund is adopted on a basis consistent with 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.

The finance director is authorized to approve limited changes to certain line items of the budget within a department as long as the total budget for the department does not change. Council action is required for a change to the budget where the total budget for that department changes, and also for certain specific line items. Any increase must be funded by additional available resources at the time of the amendment.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents

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

F. Deposits and Investments

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

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

All investments in cash equivalents and U.S. Treasury with maturities of one year or less when purchased are reported on the balance sheet at their amortized cost. Nonparticipating investment contracts, generally certificates of deposits, are reported at cost. All other investments, including U.S. agency obligations with maturities greater than one year, are reported at fair value. The City's nonparticipating interest-earning investment contracts are recorded at cost. The remaining investments are recorded at fair value. Increases or decreases in the fair value during the year are recognized as a component of interest income.

G. Inventory and Prepaid Items

Inventories for both governmental and proprietary funds, consisting principally of materials and supplies held for consumption, are valued at cost, approximating market value, using the first-in, first-out (FIFO) method. The costs of governmental funds inventories are recorded as expenditures when consumed, rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These prepaid items are recorded as expenditures when consumed, rather than when purchased.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Short-Term Interfund Receivables/Payables

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

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

I. Grants from Other Governments

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

J. Capital Assets

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, offset by the interest earned on available funds until spent for construction. No interest expense from the business-type activities was capitalized for the year ended September 30, 2018.

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

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

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

K. Deferred Outflows/Inflows of Resources

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources (Continued)

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Liabilities

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

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

M. Compensated Absences

The 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.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (Continued)

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Restricted Assets

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

P. Management Estimates

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

Q. Pensions

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

NOTE 2. DEPOSITS AND INVESTMENTS

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

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of September 30, 2018, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements.

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

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

At September 30, 2018, the City had the following investments:

	Mat			
Investment	Less than 1 year	1-5 years	Credit Rating	Balance
Certificates of deposit	\$ 24,781,000	\$ -	(a)	\$ 24,781,000
United States Treasuries	147,955	-	AAA	147,955
BB&T Money Market	3,124,008	-	(a)	3,124,008
Fidelity Treasury Money Market	1,850,413	-	(a)	1,850,413
	\$ 29,903,376	\$ -	, ,	\$ 29,903,376

⁽a) These are money market accounts or certificates of deposit (CDs) which are not rated.

\$26,928,955 of the above investments are reported as investments in the governmental funds, the remaining \$2,974,421 of cash equivalents and investments with maturities less than 90 days are reported within the cash and cash equivalents of the City.

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of September 30, 2018:

Investment	Level 1			Level 2		Level 3		Fair Value	
Fidelity Treasury Money Market	\$	1,850,413	\$	-	\$	-	\$	1,850,413	
BB&T Money Market		3,124,008		-		-		3,124,008	
United States Treasuries		147,955						147,955	
	\$	5,122,376	\$		\$	-	\$	5,122,376	
Investments carried at cost:									
Certificate of deposits								24,781,000	
Total investments							\$	29,903,376	

The Fidelity Treasury Money Market Mutual Fund, BB&T Money Market, and United State Treasuries are classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments. The City's certificates of deposit are nonparticipating interest-earning investment contracts and, accordingly, are recorded at cost.

NOTE 3. RECEIVABLES

Accounts Receivable

Receivables as of September 30, 2018, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Projects Fund	Disaster Recovery Construction Fund	ď	Other Sovernmental Fund	Water and Sewer Fund
Receivables Assessments receivable	\$ 15,061,116	\$ -	\$ -	\$	5,691,209	\$ 10,244,698 13,018
Due from other governments	50,523	2,497,635	- 2,693,051		1,541,392	-
Loans receivable	-	-	911,197		3,338,728	-
Allowances	(653,358)	_	(330,000)		(620,287)	(555,348)
Net receivables	\$ 14,458,281	\$ 2,497,635	\$ 3,274,248	\$	9,951,042	\$ 9,702,368

The City also reports \$1,675,466 of outstanding loans receivable associated with land and buildings which were sold in prior years through an installment sale. The City has determined the full amount of the note receivable to be collectable, and thus it has no associated allowance.

Property Taxes

Property taxes were levied on behalf of the City by Tuscaloosa County on September 1, 2017, (Levy Date) based upon property values assessed as of October 1, 2017. The billings were mailed on September 1, 2017, and payable on or before December 31, 2017, for the fiscal year 2018 tax. Taxes not paid within 30 days of December 31, 2017, were subject to property tax liens. Property tax revenues are recognized when levied to the extent they result in current receivables.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018, was as follows:

	Beginning Balance September 30, 2017	Additions	Transfers with Business-type	Deletions	Transfers	Ending Balance September 30, 2018
Governmental activities:						
Capital assets not being depreciated:						
Land	\$ 7,475,561	\$ -	\$ -	\$ -	\$ 1,061,006	\$ 8,536,567
Construction in progress	18,034,444	24,789,320	(1,043,565)		(12,005,960)	29,774,239
Total capital assets not being depreciated	25,510,005	24,789,320	(1,043,565)		(10,944,954)	38,310,806
Capital assets, depreciable:						
Infastructure	280,721,767	-	-	-	10,944,954	291,666,721
Buildings	108,316,880	813,173	-	-	-	109,130,053
Machinery and equipment	61,665,463	7,637,396	(107,235)	(2,133,030)	-	67,062,594
Total capital assets, depreciable	450,704,110	8,450,569	(107,235)	(2,133,030)	10,944,954	467,859,368
Less accumulated depreciation for:						
Infastructure	135,269,470	4,524,803	-	-	-	139,794,273
Buildings	26,015,066	2,356,947	-	-	-	28,372,013
Machinery and equipment	42,137,867	4,562,107	(107,235)	(2,091,434)	-	44,501,305
Total accumulated depreciation	203,422,403	11,443,857	(107,235)	(2,091,434)	-	212,667,591
Total capital assets, being depreciated, net	247,281,707	(2,993,288)		(41,596)	10,944,954	255,191,777
Governmental capital assets, net	\$ 272,791,712	\$ 21,796,032	\$ (1,043,565)	\$ (41,596)	\$ -	\$ 293,502,583

NOTE 4. CAPITAL ASSETS (CONTINUED)

Business-type activities:	Beginning Balance September 30, 2017		Additions	Transfer with Governmental Activities		Deletions		Transfers	Ending Balance September 30, 2018	
Capital assets not being depreciated: Land	\$	1,853,703	\$ 131,511	\$	_	\$	_	\$ -	\$	1,985,214
Construction in progress	*	8,101,913	16,450,107	•	-	*	-	(13,974,570)	*	10,577,450
Total capital assets not being depreciated		9,955,616	16,581,618		-		-	(13,974,570)		12,562,664
Capital assets, depreciable:										
Buildings and system		448,042,094	2,326,886		1,043,565		-	13,974,570		465,387,115
Machinery and equipment		8,877,883	1,577,037		107,235	(4	129,158)	<u> </u>		10,132,997
Total capital assets, depreciable		456,919,977	3,903,923		1,150,800	(4	129,158)	13,974,570		475,520,112
Less accumulated depreciation for:										
Buildings and system		169,072,648	9,138,751		-		-	(436,945)		177,774,454
Machinery and equipment		6,022,695	522,763		107,235	(4	101,857)	436,945		6,687,781
Total accumulated depreciation		175,095,343	9,661,514		107,235	(4	101,857)			184,462,235
Total capital assets, being depreciated, net		281,824,634	(5,757,591)		1,043,565		(27,301)	13,974,570		291,057,877
Business capital assets, net	\$	291,780,250	\$ 10,824,027	\$	1,043,565	\$	(27,301)	\$ -	\$	303,620,541

NOTE 4. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	Current Year Depreciation			
General government	\$ 3,050,087			
Infrastructure and public services	6,828,033			
Public safety	1,541,612			
Urban development	 24,125			
	\$ 11,443,857			
Business-type activities:				
Water and Sewer Fund	\$ 9,661,514			

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NOTE 5. LONG-TERM DEBT

The following is a summary of the long-term debt activity for the fiscal year ended September 30, 2018 is as follows:

	Restated					
	Beginning			Ending		Due Within
	 Balance	 Additions	 Reductions	 Balance	One Year	
Governmental Activities:						
Warrants payable	\$ 106,820,000	\$ -	\$ (3,370,000)	\$ 103,450,000	\$	3,500,000
Plus: Premiums	5,701,020	-	(486,421)	5,214,599		-
Less: Discounts	 (482,256)	 -	 36,188	 (446,068)		-
Total warrants payable	 112,038,764	-	 (3,820,233)	 108,218,531		3,500,000
Capital leases payable	1,493,633	1,295,759	(539,000)	2,250,392		663,357
Section 108 Loan	975,000	-	(75,000)	900,000		75,000
Installment purchase	1,533,474	-	(170,386)	1,363,088		170,386
Net pension liabilities	118,199,845	39,647,924	(32,088,833)	125,758,936		-
Total OPEB liability	28,510,066	2,553,847	(2,716,679)	28,347,234		-
Compensated absences	7,353,417	3,746,059	(3,435,457)	7,664,019		1,263,116
Claims payable	1,592,111	16,963,475	(13,325,965)	5,229,621		_
Governmental activities						
long-term liabilities	\$ 271,696,310	\$ 64,207,064	\$ (56,171,553)	\$ 279,731,821	\$	5,671,859

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

The beginning balance of the total OPEB liability was restated by \$21,594,010 for the implementation of GASB Statement No. 75. For further information see Notes 13 and 15.

NOTE 5. LONG-TERM DEBT (CONTINUED)

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Oue Within One Year
Business-type Activities:					
Warrants payable	\$ 72,230,000	\$ -	\$ (7,155,000)	\$ 65,075,000	\$ 7,335,000
Plus: Premiums	4,415,913	 	 (641,761)	 3,774,152	<u>-</u>
Total warrants payable	76,645,913	-	 (7,796,761)	68,849,152	 7,335,000
Revolving loans	8,713,994	8,649,179	(1,900,000)	15,463,173	2,175,000
Capital lease payable	-	854,355	(59,012)	795,343	106,463
Net pension liabilities	7,136,405	2,317,015	(2,104,098)	7,349,322	-
Total OPEB liability	4,386,319	392,913	(417,965)	4,361,267	-
Compensated absences	963,354	660,669	(619,819)	1,004,204	161,308
Claims payable	373,797	136,589	(169,750)	340,636	-
Business-type activities					
long-term liabilities	\$ 98,219,782	\$ 13,010,720	\$ (13,067,405)	\$ 98,163,097	\$ 9,777,771

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

The beginning balance of the total OPEB liability was restated by \$3,255,075 for the implementation of GASB Statement No. 75. For further information see Notes 13 and 15.

NOTE 5. LONG-TERM DEBT (CONTINUED)

General Obligation Warrants

The City issues general obligation warrants providing funds primarily for the construction of major capital facilities. General obligation warrants are direct obligations and the City pledges its full faith and credit for the debt. General obligation warrants outstanding at September 30, 2018 are as follows:

	Interest	
Warrant Series	Rate	Outstanding
2009 Amphitheatre	1.00-5.0%	\$ 385,000
2010-A Refunding (2001 School Warrants)	3.00-5.00%	14,105,000
2012-B Partial Refunding	2.005.00%	4,895,000
2014-A New Money	2.50-5.00%	10,395,000
2014-B Refunding (2007-A)	2.00-2.25%	7,850,000
2014-C New Money	1.00-5.00%	1,795,000
2016-A New Money	2.00-5.00%	32,100,000
2016-B Refunding (2007-A and 2009)	3.25%	 31,925,000
		\$ 103,450,000

During 2009, the City issued \$17,125,000 of Series 2009 general obligation warrants. The 2009 warrants were issued to finance the cost for (1) the design, acquisition, construction, and equipping of an approximately 6,600 seat municipal outdoor performing arts venue, and (2) the design, acquisition, construction, renovation and equipping of an approximately \$13,500 square foot convention and visitor's bureau and river market. The warrants, which bear interest at rates from 1.0% to 5.0%, mature July 1, 2031. In 2017 a portion of these bonds were refunded with the Series 2016-B.

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

NOTE 5. LONG-TERM DEBT (CONTINUED)

General Obligation Warrants (Continued)

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

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

During 2014, the City issued \$22,305,000 of Series 2014-B, taxable, general obligation warrants. The 2014-B warrants were issued to refund \$21,150,000 of the \$29,890,000 in aggregate principal amount of the Series 2006-A warrants. The warrants, which bear interest at rates from 2.0% to 5.0%, mature January 1, 2020.

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

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

NOTE 5. LONG-TERM DEBT (CONTINUED)

General Obligation Warrants (Continued)

During 2017, the City issued \$32,750,000 of Series 2016-B general obligation warrants. The 2016-B warrants were issued to (1) refund \$13,470,000 of the \$13,470,000 in aggregate principal amount of the Series 2007-A warrants, (2) refund \$14,055,000 of the \$14,055,000 in aggregate principal amount of the Series 2009-A warrants, and (3) fund various capital projects. The warrants, which bear interest at 3.25%, mature October 15, 2038. The refunding transaction undertaken by the City resulted in aggregate debt service savings of \$3,600,232 and an economic gain (net present value of the aggregate debt service savings) of \$3,304,927.

As part of the refunding mentioned above, the City defeased certain outstanding general obligation warrants by placing the proceeds of the new bonds in an irrevocable trust to provide for future debt service payments on the old warrants. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of September 30, 2018, the outstanding amount of the general obligation warrants considered legally defeased is \$42,544,811.

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

Year ending						
September 30	Principal	Interest	Total			
2019	\$ 3,500,000	\$ 4,055,153	\$	7,555,153		
2020	3,645,000	3,931,134		7,576,134		
2021	3,700,000	3,792,165		7,492,165		
2022	3,850,000	3,624,940		7,474,940		
2023	4,035,000	3,454,053		7,489,053		
2024-2028	22,750,000	14,287,319		37,037,319		
2029-2033	24,730,000	9,164,799		33,894,799		
2034-2038	21,510,000	4,975,721		26,485,721		
2038-2043	10,480,000	1,809,688		12,289,688		
2044-2046	5,250,000	371,800		5,621,800		
Total	\$ 103,450,000	\$ 49,466,772	\$	152,916,772		

NOTE 5. LONG-TERM DEBT (CONTINUED)

Section 108 Loan

In December 2009, the City obtained a 20 year loan from the United States Department of Housing and Urban Development Section 108 Division for \$1.5 million to renovate a building located in the downtown district for use as a cultural arts center. Principal payments of \$75,000 are due annually commencing on August 1, 2011 with interest payments made semiannually on February 1st and August 1st, commencing on February 1, 2011. Debt service payments will continue through August 1, 2030. The interest rates range from 0.56% to 4.48% over the life of the loan.

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

Year ending					
September 30	 Principal	 Interest	Total		
2019	\$ 75,000	\$ 36,083	\$	111,083	
2020	75,000	33,608		108,608	
2021	75,000	31,035		106,035	
2022	75,000	28,238		103,238	
2023	75,000	25,365		100,365	
2024-2028	375,000	81,180		456,180	
2029-2030	 150,000	10,028		160,028	
Total	\$ 900,000	\$ 245,537	\$	1,145,537	

NOTE 5. LONG-TERM DEBT (CONTINUED)

Installment Purchase

In April 2017, the City purchased a parcel of property known as Patriot Parkway. The acquisition included an interest free installment purchase with annual payments of \$170,386 due October 15th, with the final payment due October 15, 2026. The future debt service requirements for the installment purchase are as follows:

Year ending		
September 30	Principal	
2019	\$ 170,38	6
2020	170,38	6
2021	170,38	6
2022	170,38	6
2023	170,38	6
2024-2027	511,15	8
Total	\$ 1,363,08	8

Capital Lease Payable

The City has entered into lease agreements as lessee to finance the acquisition of (a) Motorola telecommunications equipment and radios, (b) Dell computers, (c) three paving and sweeper vehicles for use in the streets division, and (d) a land acquisition related to Patriot Drive. The lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease terms or bargain purchase options) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inceptions. The leases are for periods ranging from five to ten years, and bear interest at rates ranging from 3.00% - 4.00%. As of September 30, 2018, the City had \$400,000 of land and \$3,944,452 of machinery and equipment with accumulated amortization of \$1,339,586 financed with capital leases. The leased assets' annual amortization expense is reported with depreciation expense.

NOTE 5. LONG-TERM DEBT (CONTINUED)

Capital Lease Payable (Continued)

At September 30, 2018, future lease payments for the capital leases payable are as follows:

	Governmenta <u>Activities</u>		
Year Ending September 30,	<u>-</u>	_	
2019	\$	727,600	
2020		504,730	
2021		462,136	
2022		301,872	
2023		281,600	
2024-2027		120,000	
Total minimum lease payments	<u></u>	2,397,938	
Less amount representing interest		(147,546)	
Present value of future minimum lease payments	\$	2,250,392	

NOTE 5. LONG-TERM DEBT (CONTINUED)

Water and Sewer Warrants

The City has issued warrants and has pledged income derived from certain assets to be used to pay the debt service. These warrants are used to finance construction in the water and sewer fund. Water and sewer warrants outstanding at September 30, 2018 are as follows:

	Interest		
Warrant Series	Rate	0	utstanding
2012-B GO Warrant	2.00-5.00%	\$	22,380,000
2012-A GO Warrant	2.00-2.75%		22,795,000
2014-A GO Warrant	2.00-5.00%		615,000
2014-B GO Warrant	3.00-5.00%		11,080,000
2014-C GO Warrant	2.00-5.00%		8,205,000
		\$	65,075,000

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

During 2013, the City issued \$35,195,000 of Series 2012-B general obligation warrants, of which \$6,310,000 were designated for water and sewer projects. The 2012-B warrants were issued to (1) refund a portion of the 2005 Series and (2) finance various water and sewer improvement projects. The warrants, which bear interest at rates from 2.00% to 5.0%, mature January 1, 2035.

During 2014, the City issued \$23,260,000 of Series 2014-A general obligation warrants, of which \$1,160,000 were designated for water and sewer projects. The 2014-A warrants were issued to finance various water and sewer improvement projects. The warrants, which bear interest at rates from 2.0% to 5.0%, mature July 1, 2020.

NOTE 5. LONG-TERM DEBT (CONTINUED)

Water and Sewer Warrants (Continued)

During 2014, the City issued \$22,305,000 of Series 2014-B general obligation warrants. The 2014-B warrants were issued to finance various water and sewer improvement projects. The warrants, which bear interest at rates from 3.0% to 5.0%, mature January 1, 2020.

During 2015, the City issued \$11,640,000 of Series 2014-C general obligation warrants, of which \$9,550,000 were designated for water and sewer projects. The 2014-C warrants were issued to finance various water and sewer improvement projects. The warrants, which bear interest at rates from 2.0% to 5.0%, mature January 1, 2035.

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

Year ending						
September 30	 Principal		Interest	Total		
2019	\$ 7,335,000	\$	2,406,646	\$	9,741,646	
2020	8,140,000		2,201,365		10,341,365	
2021	6,810,000		2,038,659		8,848,659	
2022	7,140,000		1,713,784		8,853,784	
2023	5,730,000		1,453,659		7,183,659	
2024-2028	16,900,000		3,749,869		20,649,869	
2029-2033	8,975,000		1,534,011		10,509,011	
2034-2035	4,045,000		152,544		4,197,544	
Total	\$ 65,075,000	\$	15,250,537	\$	80,325,537	

NOTE 5. LONG-TERM DEBT (CONTINUED)

State Revolving Loan Fund

The City has utilized several State Revolving Fund Loans and has pledged income derived from certain assets to be used to pay the debt service. These loans are used to finance construction in the water and sewer fund. Water and sewer state revolving loans outstanding at September 30, 2018 are as follows:

Warrant Series	Interest Rate	0	utstanding
2010 State Revolving Fund	3.50%	\$	655,000
2013 State Revolving Fund	4.00-5.00%		3,655,000
2016 State Revolving Fund Drinking Water	2.20%		4,097,570
2016 State Revolving Fund Clean Water	2.20%		7,055,603
		\$	15,463,173

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

Year ending				
September 30	 Principal	ncipal Interest		Total
2019	\$ 2,175,000	\$	638,495	\$ 2,813,495
2020	1,560,000		606,100	2,166,100
2021	1,600,000		574,330	2,174,330
2022	1,640,000		541,740	2,181,740
2023	1,680,000		508,360	2,188,360
2024-2026	 6,808,173		498,190	 7,306,363
Total	\$ 15,463,173	\$	3,367,215	\$ 18,830,388

NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2018, was as follows:

Due to/from other funds:

Receivable fund	Payable fund	 Amount
General Fund	Disaster Recovery Construction Fund	\$ 868,968
General Fund	Other governmental funds	3,294,261
General Fund	Water & Sewer Fund	2,242,950
		\$ 6,406,179
Capital Projects	General Fund	\$ 6,724,599
Capital Projects	Disaster Recovery Construction Fund	46,900
Capital Projects	Other governmental funds	2,363,101
		\$ 9,134,600
Disaster Recovery Construction Fund	Other governmental funds	\$ 1,385
Other governmental funds	General Fund	\$ 2,273,997
Other governmental funds	Capital Projects Fund	2,992,129
Other governmental funds	Disaster Recovery Construction Fund	1,025,000
Other governmental funds	Other governmental funds	2,223,992
Other governmental funds	Water & Sewer Fund	33,431
-		\$ 8,548,549

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

Receivable fund	Payable fund	 Amount
Water & Sewer Fund	General Fund	\$ 917,626
Water & Sewer Fund	Capital Projects Fund	20,000
Water & Sewer Fund	Disaster Recovery Construction Fund	300,134
Water & Sewer Fund	Other governmental funds	1,101,634
		\$ 2,339,394
Internal service fund	Water & Sewer Fund	\$ 7,650

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

Advances between funds:

Advances receivables	Advances payable	 Amount
General Fund	Internal service funds	\$ 1,001,757
General Fund	Other governmental funds	 2,305,630
		\$ 3,307,387
Capital Projects Fund	Other governmental funds	\$ 4,144,630
Water and Sewer Fund	Disaster Recovery Construction Fund	\$ 1,445,345
Other governmental funds	Disaster Recovery Construction Fund	\$ 565,000

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

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

Interfund transfers for the year ended September 30, 2018 were as follows:

Transfers In	Transfers Out	Amount
General Fund General Fund General Fund	Capital Projects Fund Other governmental funds Water & Sewer Fund	\$ 10,000 2,394,931 6,437,316 \$ 8,842,247
Capital Projects Fund Capital Projects Fund Capital Projects Fund	General Fund Water & Sewer Fund Other governmental funds	\$ 4,651,881 23,069 2,482,088 \$ 7,157,038
Other governmental funds Other governmental funds Other governmental funds Other governmental funds	General Fund Capital Projects Fund Other governmental funds Water & Sewer Fund	\$ 4,641,050 4,554,923 1,226,390 71,828 \$ 10,494,191
Water & Sewer Fund Nonmajor enterprise fund	Other governmental funds General Fund	\$ 40,482 \$ 9,500

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

NOTE 7. PENSION PLAN

The City maintains two single-employer, supplemental defined benefit pension plans, one that covers all fire and police officers, and participates in three externally maintained defined benefit pension plans covering substantially all employees. The pension plans are funded as required by applicable statutes, ordinances, or as a percentage of eligible salaries and/or based upon actuarial valuations. Each plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. The Tuscaloosa Police Officers and Firefighters Retirement Plan is a single-employer defined benefit plan covering all certified firemen and policemen. The Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan is a single-employer defined benefit plan covering all firemen and policemen and is meant to supplement the benefits of the Tuscaloosa Police Officers and Firefighters Retirement Plan paid to high-ranking police officers and firefighters. The Retirement Plan for Hourly Employees of the City of Tuscaloosa (Hourly Employees Plan), a single employer retirement plan, covered all noncivil service employees until May 6, 2000, when the plan was closed, the assets were frozen, and the employees became members of the Employees Retirement System of Alabama (ERS). An employee covered by the Hourly Employees Plan starts over to meet the retirement requirements of Employees Retirement System of Alabama. An employee retiring before meeting these requirements will retire under the Hourly Employees 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 and there are no publicly available financials statements. The Employees Retirement System of Alabama, Retirement Plan for Hourly Employees of the City of Tuscaloosa, and Tuscaloosa Police Officers and Firefighters Retirement Plan issue a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by contacting the plan.

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

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

NOTE 7. PENSION PLAN (CONTINUED)

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

		Net Penson Liability				Deferred Inflows		Pension Expense	
Tuscaloosa Police Officers and Firefighters									
Supplemental Retirement Plan	\$	1,513,157	\$	2,088,676	\$	1,711,416	\$	285,363	
Employees Retirement System of Alabama		28,199,146		8,911,477		2,733,968		3,236,884	
Retirment Plan for Hourly Employees									
of the City of Tuscaloosa		1,774,973		50,253		54,041		77,707	
Tuscaloosa Police Officers and Firefighters		101,620,982		14,261,920		27,141		9,341,573	
-	\$	133,108,258	\$	25,312,326	\$	4,526,566	\$	12,941,527	

A. Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan

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

Benefits Provided. Eligibility for this additional benefit is extended to police officers and firefighters with at least 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 was the date of retirement. Supplemental benefits otherwise payable are retained by the fund and accrue interest at 4.00% per annum compounded annually until the member's termination of employment with the City. The City Council of the City of Tuscaloosa is authorized to establish and amend all plan provisions.

NOTE 7. PENSION PLAN (CONTINUED)

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

Plan membership. As of January 1, 2017, pension plan membership consisted of the following:

Active employees 41
Retired members 6
Total 47

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 preretirement death benefit and administrative expenses of the plan. For the year ended September 30, 2018, the actuarially determined contribution was zero. There were no member contributions as of September 30, 2018. The City's average contribution rate as a percent of covered employee payroll was 0.96%. The actuarially determined contribution rate was calculated as of December 31, 2017, the date of the actuarial valuation.

Net Pension Liability of the City. The City's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017.

Actuarial assumptions. The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.75%

Salary increases 3.75% to 9.00%, plus service based merit increases

Investment rate of return 3.43%, net of pension plan investment expense, including inflation

Mortality rates for the period after service retirement are according to the RP-2000 Combined Mortality Table projected with Scale BB to 2018 for males and females.

NOTE 7. PENSION PLAN (CONTINUED)

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

The actuarial assumptions have not performed an experience study.

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

Discount rate. The discount rate used to measure the total pension liability was 3.43%. This is a reduction in the discount used in the prior measurement period, which was 3.78%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTE 7. PENSION PLAN (CONTINUED)

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

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended December 31, 2017, were as follows:

		otal Pension Liability (a)	Plan Fiduciary Net Position (b)			Net Pension Liability (Asset) (a) - (b)		
Beginning Balance	\$	2,850,142	\$	383,863	\$	2,466,279		
Changes for the year:				_				
Service cost		140,303		-		140,303		
Interest		107,048		-		107,048		
Differences between expected and								
actual experience		522,715		-		522,715		
Changes in assumptions		(1,695,753)		-		(1,695,753)		
Contributions—employer		-		30,246		(30,246)		
Contributions—employee		-		-		-		
Net investment income		-		189		(189)		
Benefit payments, including refunds of								
employee contributions		(36,394)		(36,394)		-		
Administrative expense		<u>-</u>		(3,000)		3,000		
Net changes		(962,081)		(8,959)		(953,122)		
Ending Balance	\$	1,888,061	\$	374,904	\$	1,513,157		

NOTE 7. PENSION PLAN (CONTINUED)

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

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

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 3.43 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.43 percent) or 1-percentage-point higher (4.43 percent) than the current rate:

	Current					
	1% Decrease		Discount Rate		1% Increase	
	(2.78%)		(3.78%)		(4.78%)	
City's net pension liability	\$	1,813,667	\$	1,513,157	\$	1,266,103

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2017 and the current sharing pattern of costs between employer and employee.

NOTE 7. PENSION PLAN (CONTINUED)

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2018, the City recognized pension expense of \$285,363. At September 30, 2018, the City reported deferred outflows of resources related to pensions from the following sources:

	 rred Outflows Resources	erred Inflows Resources
Differences between expected and actual experience	\$ 471,304	\$ 34,371
Changes of assumptions	1,547,480	1,677,045
Net difference between projected and actual		
earnings on plan investments	39,646	-
Employer contributions subsequent to the		
measurement date	30,246	-
	\$ 2,088,676	\$ 1,711,416

City contributions subsequent to the measurement date of \$30,246 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	 Amount		
2019	\$ 49,348		
2020	46,115		
2021	53,237		
2022	109,725		
Thereafter	 88,589		
	\$ 347,014		

NOTE 7. PENSION PLAN (CONTINUED)

B. Employees Retirement System of Alabama

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

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

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 of Tuscaloosa 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.

NOTE 7. PENSION PLAN (CONTINUED)

B. Employees Retirement System of Alabama (Continued)

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.

Plan membership. The ERS serves approximately 875 local participating employers. These participating employers include 294 cities, 65 counties, and 516 other public entities. As of September 30, 2017, the measurement date for the plan, the City of Tuscaloosa employee membership includes 1,052 participants as shown on the following page:

	The City of Tuscaloosa
Retired members or their beneficiaries	
currently receiving benefits	273
Vested inactive members	13
Non-vested inactive members	24
Active members	783
Total	1,093

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.

NOTE 7. PENSION PLAN (CONTINUED)

B. Employees Retirement System of Alabama (Continued)

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, 2018, the City of Tuscaloosa active employee contribution rate for Tier 1 and Tier 2 employees was 5.00% & 6.00% of covered employee payroll, respectively. The City of Tuscaloosa's average contribution rate to fund the normal and accrued liability costs was 7.12% percent of covered employee payroll (Tier 1 at 8.33% and Tier 2 at 5.90%).

The City of Tuscaloosa's contractually required contribution rate for the year ended September 30, 2018 was 8.70% of pensionable pay for Tier 1 employees, and 6.27% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2016, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City of Tuscaloosa for the year ended September 30, 2018 was \$2,947,310.

Net Pension Liability of the City. The City of Tuscaloosa's net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2015 rolled forward to September 30, 2017 using standard roll-forward techniques.

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 3.00%

Salary increases 3.75% - 7.25%

Investment rate of return 8.00%, net of pension plan investment expense, including inflation

NOTE 7. PENSION PLAN (CONTINUED)

B. Employees Retirement System of Alabama (Continued)

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

The actuarial assumptions used in the September 30, 2016 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, 2015. The Board of Control accepted and approved these changes September 2016, which became effective at the beginning of fiscal year 2016.

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

NOTE 7. PENSION PLAN (CONTINUED)

B. Employees Retirement System of Alabama (Continued)

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

			Long-Term
		Target	Expected Rate
		Allocation	of Return*
Fixed Income		17.00%	4.40%
US Large Stocks		32.00%	8.00%
US Mid Stocks		9.00%	10.00%
US Small Stocks		4.00%	11.00%
International Developed Market Stocks		12.00%	9.50%
International EmergingMarket Stocks		3.00%	11.00%
Alternatives		10.00%	10.10%
Real Estate		10.00%	7.50%
Cash Equivalents		3.00%	1.50%
	Total	100.00%	

^{*}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, 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 7. PENSION PLAN (CONTINUED)

B. Employees Retirement System of Alabama (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended September 30, 2017, were as follows:

			Plan Fiduciary Net Position (b)	 Net Pension Liability (a) - (b)	
Beginning Balance	\$	108,413,552	\$	80,569,859	\$ 27,843,693
Changes for the year:					
Service cost		2,913,828		-	2,913,828
Interest		8,179,185		-	8,179,185
Differences between expected and					
actual experience		4,099,981		-	4,099,981
Changes in assumptions		-		-	-
Contributions—employer		-		2,630,940	(2,630,940)
Contributions—employee		-		1,945,815	(1,945,815)
Net investment income		-		10,260,786	(10,260,786)
Benefit payments, including refunds of					
employee contributions		(5,751,371)		(5,751,371)	-
Transfers among employers		308,741		308,741	-
Net changes		9,750,364		9,394,911	355,453
Ending Balance	\$	118,163,916	\$	89,964,770	\$ 28,199,146

NOTE 7. PENSION PLAN (CONTINUED)

B. Employees Retirement System of Alabama (Continued)

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

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

		Current	
	1% Decrease	Discount Rate	1% Increase
	(6.75%)	(7.75%)	(8.75%)
City's net pension liability	\$ 43,184,427	\$ 28,199,146	\$ 15,641,780

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2015 and the current sharing pattern of costs between employer and employee.

NOTE 7. PENSION PLAN (CONTINUED)

B. Employees Retirement System of Alabama (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2018, the City recognized pension expense of \$3,236,884. At September 30, 2018, the City reported deferred outflows of resources related to pensions from the following sources:

	 rred Outflows Resources	erred Inflows Resources
Differences between expected and actual experience	\$ 4,636,216	\$ -
Changes of assumptions	1,327,951	-
Net difference between projected and actual		
earnings on plan investments	-	2,733,968
Employer contributions subsequent to the		
measurement date	2,947,310	
	\$ 8,911,477	\$ 2,733,968

City contributions subsequent to the measurement date of \$2,947,310 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Amount
2019	\$ 300,296
2020	820,833
2021	(172,643)
2022	147,438
2023	899,992
Thereafter	1,234,283
	\$ 3,230,199

NOTE 7. PENSION PLAN (CONTINUED)

C. Retirement Plan for Hourly Employees of the City of Tuscaloosa

Description. The Retirement Plan for Hourly Employees of the City of Tuscaloosa, a single-employer plan, covered all non-civil service employees until May 6, 2000, when the plan was closed, the assets were frozen, and the employees became members of the Employees Retirement System of Alabama. An employee covered by the Retirement Plan for Hourly Employees of the City of Tuscaloosa 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 Retirement Plan for Hourly Employees of the City of Tuscaloosa. The Employees Retirement System of Alabama, an agent multiple-employer plan, is open to all hourly employees.

Benefits Provided. The Retirement Plan for Hourly Employees of the City of Tuscaloosa 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.

Plan membership. As of November 1, 2017, pension plan membership consisted of the following:

Active vested employees	8
Terminated/transferred vested employees	59
Disabled pensioners	13
Retired members (pending annuity purchase)	13
Total	93

NOTE 7. PENSION PLAN (CONTINUED)

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

Contributions. The Retirement Plan for Hourly Employees of the City of Tuscaloosa 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.

Net Pension Liability of the City. The City's net pension liability was measured as of September 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of November 1, 2017.

Actuarial assumptions. The total pension liability in the September 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation N/A Salary increases N/A

Investment rate of return 5.00%, net of pension plan investment expense, including inflation

Mortality rates were based on 2016 IRS Mortality Table, Sex-Distinct.

NOTE 7. PENSION PLAN (CONTINUED)

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

The actuarial assumptions have not performed an experience study.

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

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

			Long-Term
		Target	Expected Rate
		Allocation	of Return
Fixed Income		100.00%	5.00%
	Total	100.00%	

Discount rate. The discount rate used to measure the total pension liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTE 7. PENSION PLAN (CONTINUED)

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

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended September 30, 2018, were as follows:

	To	otal Pension Liability (a)	Plan Fiduciary Net Position Restated (b)		Net Pension Liability (Asset) (a) - (b)
Beginning Balance	\$	2,017,076	\$	312,210	\$ 1,704,866
Changes for the year:		_		<u> </u>	
Service cost		-		-	-
Interest		99,145		-	99,145
Differences between expected and					
actual experience		7,535		-	7,535
Changes in assumptions		(46,746)		-	(46,746)
Contributions—employer		-		-	-
Contributions—employee		-		-	-
Net investment income		-		7,042	(7,042)
Benefit payments, including refunds of					
employee contributions		(69,209)		(69,209)	-
Administrative expense		-		(17,215)	17,215
Net changes		(9,275)		(79,382)	70,107
Ending Balance	\$	2,007,801	\$	232,828	\$ 1,774,973

NOTE 7. PENSION PLAN (CONTINUED)

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

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

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 5.00 percent, 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 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

				Current		
	1%	6 Decrease	Dis	scount Rate	19	% Increase
		(4.00%)		(5.00%)		(6.00%)
City's net pension liability	\$	2,061,103	\$	1,774,973	\$	1,540,436

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2018 and the current sharing pattern of costs between employer and employee.

NOTE 7. PENSION PLAN (CONTINUED)

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2018, the City recognized pension expense of \$77,707. At September 30, 2018, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience Changes in assumptions Net difference between projected and actual	\$	3,895 -	\$	29,878 24,163
earnings on plan investments		46,358		-
	\$	50,253	\$	54,041

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

Year	Amount
2019	\$ (18,104)
2020	4,842
2021	8,188
2022	1,286
	\$ (3,788)
	 •

NOTE 7. PENSION PLAN (CONTINUED)

D. Tuscaloosa Police Officers and Firefighters Retirement Plan

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

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

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

NOTE 7. PENSION PLAN (CONTINUED)

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

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:

	Minimum	Ma	Maximum	
Years of Service	Monthly Benefit	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 disable, 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).

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.

NOTE 7. PENSION PLAN (CONTINUED)

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

Plan membership. As of January 1, 2017, pension plan membership consisted of the following:

Active employees	482
Inactive members or their beneficiaries	
currently receiving benefits	376
Total	858

Contributions. Covered members of the plan are required to contribute 11.50% 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 of Tuscaloosa's average contribution, measured as of December 31, 2017 was 13.91 percent of covered employee payroll.

The City of Tuscaloosa's contractually required contribution rate for the year ended September 30, 2018 was 13.50% of members' base salaries. These required contribution rates are based upon the actuarial valuation dated January 1, 2017, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from The City of Tuscaloosa for the year ended September 30, 2018 was \$4,571,175. Actuarially determined contributions measured as of December 31, 2017 to the pension plan from The City of Tuscaloosa was \$4,439,537.

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 of Tuscaloosa are collected by the City of Tuscaloosa and remitted to the fund.

NOTE 7. PENSION PLAN (CONTINUED)

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

Net Pension Liability of the City. The City's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. 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 December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date January 1, 2017
Actuarial cost method Entry age normal

Inflation 4.00%

Salary increases 5.50%, plus service based merit increases

Investment rate of return 8.00%, net of pension plan investment expense, including inflation

Mortality rates of non-disabled mortality for the period after service retirement are according to the RP-2000 Combined Mortality table Projected with Scale BB to 2018. The rates of disabled mortality are according to the 1979 PBGC Postretirement Disability table..

The actuarial assumptions have not performed an experience study.

NOTE 7. PENSION PLAN (CONTINUED)

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

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

			Long-Term
		Target	Expected Rate
		Allocation	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	100.00%	

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.

NOTE 7. PENSION PLAN (CONTINUED)

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

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended December 31, 2017, were as follows:

	Total Pension Liability (a)	ı	Plan Fiduciary Net Position Restated (b)		Net Pension Liability (Asset) (a) - (b)
Beginning Balance	\$ 153,108,197	\$	59,786,785	\$	93,321,412
Changes for the year:				· <u> </u>	
Service cost	2,912,273		-		2,912,273
Interest	11,967,489		-		11,967,489
Changes in assumption	10,777,054		-		10,777,054
Differences between expected and					
actual experience	123,341		-		123,341
Contributions—employer	-		4,439,537		(4,439,537)
Contributions—employee	-		3,781,817		(3,781,817)
Contributions-other	-		418,015		(418,015)
Net investment income	-		8,936,044		(8,936,044)
Benefit payments, including refunds of					
employee contributions	(12,853,709)		(12,853,709)		-
Administrative expense	-		(94,826)		94,826
Net changes	12,926,448		4,626,878		8,299,570
Ending Balance	\$ 166,034,645	\$	64,413,663	\$	101,620,982

NOTE 7. PENSION PLAN (CONTINUED)

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

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

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 8.00 percent, 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 (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	Current					
	1	l% Decrease (7.00%)	D	iscount Rate (8.00%)	1	% Increase (9.00%)
City's net pension liability	\$	118,997,889	\$	101,620,982	\$	86,904,752

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2017 and the current sharing pattern of costs between employer and employee.

NOTE 7. PENSION PLAN (CONTINUED)

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2018, the City recognized pension expense of \$9,341,573. At September 30, 2018, the City reported deferred outflows of resources related to pensions from the following sources:

	 rred Outflows Resources	 red Inflows Resources
Differences between expected and actual experience	\$ 271,725	\$ 27,141
Changes in assumptions	9,226,399	-
Net difference between projected and actual		
earnings on plan investments	1,292,080	-
Employer contributions subsequent to the		
measurement date	 3,471,716	
	\$ 14,261,920	\$ 27,141

City contributions subsequent to the measurement date of \$3,471,716 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Amount
2019	\$ 3,177,390
2020	2,693,404
2021	1,094,217
2022	737,521
Thereafter	3,060,531
	\$ 10,763,063
	+ 10,100,00

NOTE 8. BUDGET COMPLIANCE AND DEFICIT FUND EQUITY

A. Excess of Expenditures Over Appropriations

The following General Fund and Water and Sewer Fund departments had actual expenditures in excess of appropriations for the year ended September 30, 2018:

General Fund:	
Community Services:	
311 Call Center	\$ 5,569
Arts and Entertainment	4,379,115
Education	608,800
General Government:	
City Attorney	547,159
Public Safety:	
Fire and Rescue	309,859
Urban Development:	
Business Services	20,544
Funds to Other Agencies - Tuscaloosa Transit Authority	34,117
Other Agencies	7,011
Cost Sharing Arrangements	569,764
Other	2,437,686
Debt Service:	
Interest Charges	41,444
Warrant Issuance Costs	5,557
Transfers Out	4,887,094
Water & Sewer Fund:	
Infrastructure and Public Services: Infrastructure	120,722
Depreciation	661,514
Other	5,448

These over expenditures were funded by greater than anticipated revenues.

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

B. Deficit Fund Balance and Net Position

The following funds had deficit fund balances/net position at September 30, 2018:

Airport Development Fund (nonmajor enterprise fund) \$ 9,628
Storm Recovery FEMA Fund (nonmajor governmental fund) 1,541,394
Internal Service Fund 397,053

The Airport Development Fund's deficit will be reduced through the future recognition of unavailable accrued revenues. The fund deficit in the Storm Recovery FEMA Fund will be reduced through the future recognition of deferred inflows of resources – unavailable revenues. The fund deficit of the internal service fund will be reduced through continual monitoring of annual claim expenses and the annual charges to the participating funds.

NOTE 9. JOINT VENTURES

Black Warrior Solid Disposal Authority

The Black Warrior Solid Waste Disposal Authority (the "Authority") was incorporated as a non-profit public corporation on August 2, 1993, under the provisions of Act No. 80-278 of the 1980 Regular Session of the Legislature of Alabama, as amended. The Board of Directors of the Authority consists of nine members, three of which are appointed by each of the governing bodies of the City of Tuscaloosa, the City of Northport, and Tuscaloosa County, Alabama. The landfill facility is the disposal site for all of the municipal solid waste generated within the municipalities and all of Tuscaloosa County, Alabama. The Authority purchases diesel fuel from the City based on the average price paid by the City to its Diesel vendors. During the year ended September 30, 2018 the City did not provide any additional operating supplements. The City pays tipping fees for the solid waste dumped at the Authority. A copy of the complete financial statements may be obtained at the administrative office of the Black Warrior Solid Waste Disposal Authority, 3301 Land Fill Drive, Coker, AL 35452.

NOTE 9. JOINT VENTURES (CONTINUED)

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). The participants' pro-rata share of the facility were City of Tuscaloosa (32%), City of Northpoint (9%), and Tuscaloosa County (59%). 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. During the year ended September 30, 2018 the City provided \$378,942 of funding to the Facility.

Metro Animal Shelter, Inc.

Effective October 1, 2015, the City of Tuscaloosa, City of Northport, and Tuscaloosa County extended its agreement for an additional three years to fund the operations of the Metro Animal Shelter, Inc. in the amount of \$742,000 per year in order to provide animal shelter services in the County. Additionally, an amount not to exceed \$30,000 per annum is approved for purchases, repairs and improvements. The participants' prorata share of the Shelter are City of Tuscaloosa (45.50%), City of Northpoint (9.30%), and Tuscaloosa County (45.20%). 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, 2018, no excess was returned to the City. Additionally, on July 5, 2017 a supplemental agreement was executed to allow for the expansion of the animal shelter into an adjacent building owned by the county (not to exceed \$510,000). Contributions from the governing bodies are to be made on the contract execution date, October 1, 2017 and October 1, 2018 in the following amounts: City of Tuscaloosa \$77,350; Tuscaloosa County \$76,840 and City of Northport \$15,810.

NOTE 10. RELATED PARTIES

The following related party transactions occurred during the year ended September 30, 2018.

The City awarded the Tuscaloosa Housing Authority, an entity in which the City appoints a majority of the Board, \$829,185 to fund the construction of an affordable housing development for low income individuals. This funding was fully reimbursable through the City's direct allocation of the Community Development Block Grant funding from the United States Housing and Urban Development Department. The City awarded \$14,617 to the Tuscaloosa Housing Authority as part of the HOME Investment Partnership Program, which provides direct rental assistance to low-income individuals. The City also received payments in lieu of taxes of \$366,511.

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

The City expended \$895,912 to the Tuscaloosa Parking and Transit Authority, a component unit, for agency funding, shuttle services, and various other operating expenses. The City was reimbursed \$276,678 for auto fuel, maintenance and cleaning services. The City expended \$1,029,586 to the Tuscaloosa Tourism and Sports Commission, a component unit, for agency funding and various tourism related events.

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation

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

Contractual Commitments

In addition to the liabilities enumerated in the balance sheet, at September 30, 2018 the City has contractual commitments on uncompleted contracts of approximately \$27,458,792.

NOTE 11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Grants from Governments

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

Encumbrances

The City has open encumbrances in the General Fund of \$557,504, the Capital Projects Fund of \$4,126,040, the Disaster Recover Construction Fund of \$7,371,455, Other governmental funds of \$14,108,126, and Water and Sewer Fund of \$10,038,321 as of September 30, 2018.

NOTE 12. RISK MANAGEMENT

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

Health Insurance Fund

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

NOTE 12. RISK MANAGEMENT (CONTINUED)

Health Insurance Fund (Continued)

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 \$951,200 at September 30, 2018 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, 2018 and 2017 were as follows:

	Fiscal Year Ended			
	Sept	ember 30, 2018	Sept	ember 30, 2017
Unpaid claims, beginning of year	\$	1,100,200	\$	1,132,300
Incurred claims (including IBNR)		14,141,756		14,223,973
Claims paid		(14,290,756)		(14,256,073)
Unpaid claims, end of year	\$	951,200	\$	1,100,200

NOTE 12. RISK MANAGEMENT (CONTINUED)

Workers Compensation Claims

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

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

The total outstanding claims liability at September 30, 2018 of \$4,619,057 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, \$79,473 is reported in the Water and Sewer Enterprise Fund. The balance, \$4,539,584, 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 years ended September 30, 2018 and September 30, 2017, were as follows:

Fiscal Year Ended

	I iscal i cai Eliaca				
	Septe	ember 30, 2018	Septe	ember 30, 2017	
Unpaid claims, beginning of year	\$	1,965,908	\$	1,687,014	
Incurred claims (including IBNR)		3,082,882		1,333,883	
Claims paid		(429,733)		(1,054,989)	
Unpaid claims, end of year	\$	4,619,057	\$	1,965,908	

NOTE 13. POSTEMPLOYMENT HEALTH CARE PLAN

Plan Administration and Benefits. The City participates in a single-employer, self- insured health insurance program administered by Blue Cross and Blue Shield of Alabama. The City extends postemployment 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.

Plan Membership. Membership of the OPEB Plan consisted of the following at September 30, 2017, the date of the latest actuarial valuation:

Active participants	1,247
Retirees and beneficiaries currently receiving benefits	92
Total	1,339

Contributions. The contribution requirements of plan members and the City are established and may be amended by the City Council. Employees do not contribute to their postemployment 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, 2018, the City and plan members receiving benefits contributed a total of \$1,232,678.

NOTE 13. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Total OPEB Liability of the City

Effective October 1, 2017, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly changed the City's accounting for OPEB amounts. The information disclosed below is presented in accordance with this new standard.

The City's total OPEB liability was measured as of September 30, 2017 and was determined by an actuarial valuation as of September 30, 2016 with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial assumptions. The total OPEB liability in the September 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate: 3.57%

Healthcare Cost Trend Rate: 7.75% - 5.00%, Ultimate Trend in 2022 (Pre-Medicare)

5.50% - 5.00%, Ultimate Trend in 2022 (Medicare)

Inflation Rate: 2.75%

Salary increase: 3.125% wage inflation pus merit increases

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

The actuarial assumptions used in the September 30, 2017 valuation were based on the results of an actuarial experience study in concurrence with the September 30, 2016 valuation.

NOTE 13. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Discount rate. The discount rate used to measure the total OPEB liability was 3.57%. This rate was determined based on the September average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability of the City. The changes in the total OPEB liability of the City for the year ended September 30, 2018, were as follows:

	Total OPEB Liability		
Balances at 9/30/17	\$	32,896,385	
Changes for the year: Service cost Interest		1,992,826 953,934	
Change in benefit terms		-	
Differences between expected and actual experience		-	
Assumption changes		(2,456,826)	
Benefit payments		(677,818)	
Other changes			
Net changes		(187,884)	
Balances at 9/30/18	\$	32,708,501	

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

NOTE 13. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.57%) or 1-percentage-point higher (4.57%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	(2.57%)	(3.57%)	(4.57%)
Total OPEB liability	\$ 36,633,600	\$ 32,708,501	\$ 29,239,408

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.75% decreasing to 4%) or 1-percentage-point higher (8.75% decreasing to 6%) than the current healthcare cost trend rates:

	19	% Decrease	Di	scount Rate	1	% Increase
	(6.75	5% decreasing	(7.75	5% decreasing	(8.7	5% decreasing
		to 4%)		to 5%)		to 6%)
Total OPEB liability	\$	28,083,084	\$	32,708,501	\$	38,315,235

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2018 and the current sharing pattern of costs between employer and inactive employees.

NOTE 13. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of \$2,724,447. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Changes in assumptions Contributions subsequent to the measurement date	\$	- 492,158	\$	2,171,811 -
Total	\$	492,158	\$	2,171,811

City contributions subsequent to the measurement date of \$492,158 are reported as deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30:	
2019	\$ (285,015)
2020	(285,015)
2021	(285,015)
2022	(285,015)
Thereafter	 (1,031,751)
Total	\$ (2,171,811)

NOTE 14. TAX ABATEMENTS

Amendment No. 772 to the Constitution of Alabama (1901) authorizes the City to lend its credit to or grant public funds and things of value in aid of or to any corporation or other business entity for the purpose of promoting the economic development of the City. For the fiscal year ended September 30, 2018, the City abated sales tax revenues of \$477,391, lodging tax revenues of \$652,505 and property tax revenues of \$261,825 under its economic development program, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A 54.35% abatement on lodging tax and a second 100% abatement of non-education municipal ad valorem property taxes of a hotel amounting to \$582,140. In exchange for the tax incentives, the developer has committed to creating 57 new full time jobs, of which 30 must be low to moderate income employees.
- A 78% abatement on the net sales tax (six anchor tenants) and a second 100% abatement of non-education municipal ad valorem property taxes of a retail development amounting to \$622,122. In exchange for the tax incentives, the developer has committed to creating at least 200 full-time jobs for the six anchor tenants and 400 for the entire development.
- A 36.82% abatement on lodging tax and a second 100% abatement of non-education municipal ad valorem property taxes of a hotel amounting to \$187,461. In exchange for the tax incentives, the developer has committed to creating 35 new full and part time jobs.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. RESTATEMENTS

The City has determined a restatement to beginning net position was required in the City's governmental activities, business-type activities, and the water & sewer fund, for the implementation of GASB Statement No. 75, which requires retroactive reporting of opening balances. The effect of the restatement resulted in a change to beginning net position of the governmental activities, business-type activities, and water & sewer fund, are as follows:

	G 	overnmental Activities	 Business-type Activities	W	later & Sewer Fund
Net Position, governmental activities, as previously reported	\$	124,778,138	\$ 228,381,684	\$	228,609,848
Restatement for implementation of GASB Statement No. 75:					
Total OPEB liability as of September 30, 2017		(28,510,066)	(4,386,706)		(4,386,706)
Total deferred outflows of resources for contributions subsequent to measurement date		579,070	98,748		98,748
Removal of prior Net OPEB obligation reported as of September 30, 2017		6,916,056	 1,131,631		1,131,631
Net Position, governmental activities, as restated	\$	103,763,198	\$ 225,225,357	\$	225,453,521



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TUSCALOOSA
Schedule of Changes in the City's Net Pension Liability and Related Ratios

Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan

For the years ended September 30,

	2018	2017	2016	2015
Total pension liability Service Cost Interest Benefit changes Difference between expected and	\$ 140,303 107,048	\$ 18,731 46,085	\$ 7,014 66,748 (399,632)	\$ 16,433 68,661 -
actual experience Changes of assumptions Benefit payments, including refunds	522,715 (1,695,753)	(12,600) 2,066,768	31,900 -	(55,536) -
of employee contributions	 (36,394)	 (36,394)	 (101,891)	 (22,896)
Net change in total pension liability	(962,081)	2,082,590	(395,861)	6,662
Total pension liability - beginning	 2,850,142	 767,552	 1,163,413	 1,156,751
Total pension liability - ending	\$ 1,888,061	\$ 2,850,142	\$ 767,552	\$ 1,163,413
Plan net position Contributions - employer Contributions - employee	\$ 30,246	\$ -	\$ 139,940	\$ 78,000
Net investment income Benefit payments, including refunds	189	186	197	337
of employee contributions Administrative expense	 (36,394) (3,000)	(36,394) (3,000)	 (101,891) (3,000)	(22,896) (3,000)
Net change in plan net position	(8,959)	(39,208)	35,246	52,441
Plan net position - beginning	 383,863	 423,071	387,825	335,384
Plan net position - ending	\$ 374,904	\$ 383,863	\$ 423,071	\$ 387,825
Net pension liability	\$ 1,513,157	\$ 2,466,279	\$ 344,481	\$ 775,588
Plan net position as a percentage of the total pension liability	19.86%	13.47%	55.12%	33.34%
Covered-employee payroll *	\$ 3,140,169	\$ 3,152,979	\$ 2,857,940	\$ 3,317,870
Net pension liability as a percentage of covered-employee payroll	 48.19%	 78.22%	 12.05%	 23.38%

^{*}For FY 2018 the measurement period is January 1, 2017 to December 31, 2017

CITY OF TUSCALOOSA Schedule of City Contributions

Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan

For the years ended September 30,

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

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

Notes to Schedule

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

CITY OF TUSCALOOSA Schedule of Pension Investment Returns

Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan

For the years ended September 30,

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

Notes to Schedule

CITY OF TUSCALOOSA Schedule of Changes in the City's Net Pension Liability and Related Ratios

Employees Retirement System of Alabama

For the years ended September 30,

		2010		2017		2016	2015
Total pension liability		2018	_	2017		2016	 2015
Service Cost	\$	2,913,828	\$	2,939,341	\$	2,914,354	\$ 2,792,879
Interest		8,179,185		7,829,423		7,323,848	6,889,141
Changes of assumptions		-		1,770,601		-	-
Difference between expected and actual experience		4,099,981		534,494		1,092,095	
Transfers among employers		308,741		134,245		1,092,093	-
Benefit payments, including refunds							
of employee contributions		(5,751,371)		(5,324,672)		(4,696,544)	 (3,799,838)
Net change in total pension liability		9,750,364		7,883,432		6,633,753	5,882,182
Total pension liability - beginning		108,413,552		100,530,120		93,896,367	 88,014,185
Total pension liability - ending	\$	118,163,916	\$	108,413,552	\$	100,530,120	\$ 93,896,367
Plan fiduciary net position							
Contributions - employer	\$	2,630,940	\$	2,882,113	\$	2,639,293	\$ 2,659,574
Contributions - employee		1,945,815		1,974,229		1,843,434	1,875,358
Net investment income		10,260,786		7,462,375		864,909	7,809,823
Benefit payments, including refunds of employee contributions		(5,751,371)		(5,324,672)		(4,696,544)	(3,799,838)
Transfer among employees		308,741		134,245		(440,146)	(72,292)
Net change in plan fiduciary net position		9,394,911		7,128,290	-	210,946	8,472,625
Plan net position - beginning		80,569,859		73,441,569		73,230,623	64,757,998
Plan net position - ending	\$	89,964,770	\$	80,569,859	\$	73,441,569	\$ 73,230,623
Net pension liability	\$	28,199,146	\$	27,843,693	\$	27,088,551	\$ 20,665,744
•							
Plan fiduciary net position as a percentage of the total pension liability		76.14%		74.32%		73.05%	77.99%
Covered payroll *	\$	32,820,697	\$	37,311,222	\$	34,797,920	\$ 34,797,920
Net pension liability as a percentage of covered payroll		85.92%		74.63%		77.85%	59.39%

^{*}For FY 2018 the measurement period is October 1, 2017 to September 30, 2018

CITY OF TUSCALOOSA Schedule of City Contributions

Employees Retirement System of Alabama

For the years ended September 30,

	2018	2017	 2016	2015
Actuarially determined contribution*	\$ 2,947,310	\$ 2,802,702	\$ 2,915,639	\$ 2,781,433
Contributions in relation to the actuarially determined contribution*	2,947,310	2,802,702	2,915,639	2,781,433
Contribution deficiency (excess)	\$ <u>-</u>	\$ 	\$ 	\$
Covered-employee payroll^	\$ 38,000,806	\$ 32,820,697	\$ 37,311,222	\$ 34,797,920
Contributions as a percentage of covered-employee payroll	7.76%	8.54%	7.81%	7.99%

^{*}Amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of Employer Contributions is based on the 12 month period of the underlying financial statements.

Notes to Schedule

[^]Employer's covered-payroll for FY 2017 is the total covered payroll for the 12 month period of the underlying financial statements.

CITY OF TUSCALOOSA Schedule of Changes in the City's Net Pension Liability and Related Ratios

Retirement Plan for Hourly Employees of the City of Tuscaloosa

For the years ended September 30,

	2018	2017	2016	2015
Total pension liability Service Cost Interest	\$ 99,145	\$ 100,002	\$ - 98,065	\$ - 99,664
Effect of economic/demographic gains or losses Effect of assumptions changes or	7,535	(48,706)	7,503	(67,986)
inputs Benefit payments, including refunds of employee contributions	 (46,746) (69,209)	- (67,708)	- (65,933)	(61,466)
Net change in total pension liability	(9,275)	(16,412)	39,635	(29,788)
Total pension liability - beginning	 2,017,076	 2,033,488	 1,993,853	2,023,641
Total pension liability - ending	\$ 2,007,801	\$ 2,017,076	\$ 2,033,488	\$ 1,993,853
Plan net position Contributions - employer Contributions - employee	\$ -	\$ 300,000	\$ 99,507 -	\$ -
Net investment income Benefit payments, including refunds of employee contributions Administrative expenses	 7,042 (69,209) (17,215)	7,155 (67,708) (16,189)	5,069 (65,933) (19,431)	4,098 (61,466) (17,694)
Net change in plan net position	(79,382)	223,258	19,212	(75,062)
Plan net position - beginning	 312,210	 88,952	 69,740	 144,802
Plan net position - ending	\$ 232,828	\$ 312,210	\$ 88,952	\$ 69,740
Net pension liability	\$ 1,774,973	\$ 1,704,866	\$ 1,944,536	\$ 1,924,113
Plan net position as a percentage of the total pension liability	11.60%	15.48%	4.37%	3.50%
Covered-employee payroll *	NA	NA	NA	NA
Net pension liability as a percentage of covered-employee payroll	NA	NA	NA	NA

^{*}For FY 2018 the measurement period is October 1, 2017 to September 30, 2018

CITY OF TUSCALOOSA Schedule of City Contributions

Retirement Plan for Hourly Employees of the City of Tuscaloosa

For the years ended September 30,

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

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

Notes to Schedule

CITY OF TUSCALOOSA Schedule of Changes in the City's Net Pension Liability and Related Ratios

Tuscaloosa Police Officers and Firefighters Retirement Plan

For the years ended September 30,

		2010	2017	2016		2045
Total pension liability		2018	 2017	 2016		2015
Service cost	\$	2,912,273	\$ 2,904,753	\$ 2,942,728	\$	2,893,611
Interest	•	11,967,489	11,807,763	11,665,165	-	11,392,889
Benefit changes		-	(297,561)	(1,332,172)		_
Difference between expected and						
actual experience		123,341	(37,641)	284,514		-
Changes in assumptions		10,777,054	-	-		-
Benefit payments		(12,100,940)	(11,384,506)	(10,905,411)		(9,833,175)
Refunds of contributions		(752,769)	 (538,301)	 (651,359)		(474,386)
Net change in total pension liability		12,926,448	2,454,507	2,003,465		3,978,939
Total pension liability - beginning		153,108,197	 150,653,690	 148,650,225		144,671,286
Total pension liability - ending	\$	166,034,645	\$ 153,108,197	\$ 150,653,690	\$	148,650,225
Plan net position						
Contributions - employer	\$	4,439,537	\$ 4,389,659	\$ 4,304,301	\$	4,216,747
Contributions - employee	•	3,781,817	3,747,171	3,661,254	-	3,579,903
Contributions - other		418,015	494,318	515,594		516,803
Net investment income (loss)		8,936,044	2,903,434	(2,819,802)		2,747,724
Benefit payments		(12,100,940)	(11,384,506)	(10,905,411)		(9,833,175)
Refunds of contributions		(752,769)	(538,301)	(651,359)		(474,386)
Administrative expense		(94,826)	 (114,828)	 (108,501)		(105,099)
Net change in plan net position		4,626,878	(503,053)	(6,003,924)		648,517
Plan net position - beginning		59,786,785	 60,289,838	 66,293,762		65,645,245
Plan net position - ending	\$	64,413,663	\$ 59,786,785	\$ 60,289,838	\$	66,293,762
Net pension liability	\$	101,620,982	\$ 93,321,412	\$ 90,363,852	\$	82,356,463
Plan net position as a percentage of						
the total pension liability		38.80%	39.05%	40.02%		44.60%
Covered-employee payroll *	\$	31,858,513	\$ 31,760,670	\$ 32,493,465	\$	31,416,404
Net pension liability as a percentage of covered-employee payroll		318.98%	293.83%	278.10%		262.14%

^{*}For FY 2018 the measurement date is December 31, 2017

CITY OF TUSCALOOSA Schedule of City Contributions

Tuscaloosa Police Officers and Firefighters Retirement Plan

For the years ended September 30,

	2018	2017	2016	2015	 2014
Actuarially determined contribution*	\$ 4,439,537	\$ 4,403,182	\$ 4,439,749	\$ 4,242,724	\$ 4,225,538
Contributions in relation to the actuarially determined contribution*	 4,439,537	 4,403,182	 4,439,749	 4,242,724	 4,225,538
Contribution deficiency (excess)	\$ -	\$ _	\$ -	\$ -	\$ _
Covered-employee payroll^	\$ 31,916,154	\$ 31,858,513	\$ 32,493,465	\$ 31,416,404	\$ 31,397,558
Contributions as a percentage of covered-employee payroll	13.91%	13.82%	13.66%	13.50%	13.46%

^{*}Amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. For FY 2018, the measurement date for the plan is December 31, 2017

Notes to Schedule

[^]Employer's covered-payroll during fiscal year is the total payroll paid to covered employees (not just pensionable payroll). For FY 2018, the measurement date for the plan is December 31, 2017

CITY OF TUSCALOOSA

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

Other Postemployment Benefit Plan

For the years ended September 30,

		2010
Total pension liability		2018
Service cost	\$	1,992,826
Interest	Ÿ	953,934
Changes of assumptions		(2,456,826)
Difference between expected and		, , , ,
actual experience		-
Benefit payments		(677,818)
Refunds of contributions		-
Net change in total pension liability		(187,884)
Total pension liability - beginning		32,896,385
Total pension liability - ending	\$	32,708,501
Covered-employee payroll *	\$	60,882,859
Total OPEB liability as a percentage of		
covered-employee payroll		53.72%

^{*}For FY 2018 the measurement date is September 30, 2017

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



COMBINED STATEMENTS AND SCHEDULES



CITY OF TUSCALOOSA, ALABAMA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

CITY OF TUSCALOOSA, ALABAMA

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

CITY OF TUSCALOOSA COMBINING BALANCE SHEET

Nonmajor Governmental Funds

September 30, 2018

	Sp			Capital Projects Funds		nanent Fund apital Park aintenance	Total Nonmajor Governmental Funds		
ASSETS	,	7 222 444		F 202 602		-		42 526 050	
Cash and Cash Equivalents	\$	7,232,441	\$	5,293,603	\$	6	\$	12,526,050 228,955	
Investments Receivables		228,955		4 652 015		-		5,691,209	
Due from Other Governments		1,038,194 1,541,392		4,653,015		-		1,541,392	
Due from Other Funds		388,616		8,127,733		32,199		8,548,548	
Loans Receivable				0,127,733		32,199			
Advances to Other Funds		2,718,441		-		-		2,718,441	
Advances to Other Funds		565,000						565,000	
Total Assets	\$	13,713,039	\$	18,074,351	\$	32,205	\$	31,819,595	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)									
Liabilities									
Accounts Payable and Other Current Charges	\$	661,715	\$	934,333	\$	1,048	\$	1,597,096	
Due to Other Funds		3,269,442		5,713,831		1,100		8,984,373	
Advances from Other Funds		4,624,650		1,825,610		-		6,450,260	
Total Liabilities		8,555,807		8,473,774		2,148		17,031,729	
Deferred Inflows of Resources									
Unavailable Revenues - Intergovernmental		1,592,189		3,958,140		_		5,550,329	
Total Deferred Inflows of Resources		1,592,189		3,958,140		-		5,550,329	
Fund Balances (Deficit)									
Restricted for:									
Capital Park Maintenance		-		-		30,057		30,057	
Capital Projects		1,431,217		872,505		-		2,303,722	
Grant Projects		3,126,057		-		-		3,126,057	
Road Projects		222,762		2,698,010		-		2,920,772	
Salaries and Wages		199,192		-		-		199,192	
Committed for:									
Capital Projects		-		1,695,743		-		1,695,743	
Cemetery Maintenance		136,837		-		-		136,837	
Tourism Enhancement		-		173,646		-		173,646	
Unassigned		(1,551,022)		202,533				(1,348,489)	
Total Fund Balances (Deficit)		3,565,043		5,642,437		30,057		9,237,537	
Total Liabilities, Deferred Inflows and									
Fund Balances (Deficit)	\$	13,713,039	\$	18,074,351	\$	32,205	\$	31,819,595	

CITY OF TUSCALOOSA COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Nonmajor Governmental Funds

For the year ended September 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Capital Park Maintenance	Total Nonmajor Governmental Funds
REVENUES	<u> </u>			
Taxes	\$ 883,646	•	\$ -	\$ 883,646
Fines and forfeitures Intergovernmental	3,942,180	494,731 1,971,787	-	494,731 5,913,967
Other	1,239,584	, ,	-	1,239,646
Total Revenues	6,065,410	2,466,580		8,531,990
EXPENDITURES				
Current Operations				
Community Services	2,340,076		13,475	2,353,551
General Government	95,877	,	-	139,419
Infrastructure and Public Services	146	-,	-	3,169
Public Safety	29,150	<u> </u>	-	29,150
Total Current Operations	2,465,249	46,565	13,475	2,525,289
Capital Outlay	1,262,062	10,174,744	-	11,436,806
Debt Service				
Principal	75,000		-	187,744
Interest Charges	38,423	21,782		60,205
Total Expenditures	3,840,734	10,355,835	13,475	14,210,044
Excess (Deficiency) of Revenues over (under) Expenditures	2,224,676	(7,889,255)	(13,475)	(5,678,054)
OTHER FINANCING SOURCES (USES)				
Transfers In	50,442	10,443,749	-	10,494,191
Transfer Out	(3,429,337	(2,714,554)		(6,143,891)
Total Other Financing Sources (Uses)	(3,378,895) 7,729,195		4,350,300
Net Change in Fund Balances	(1,154,219	(160,060)	(13,475)	(1,327,754)
Fund Balances, Beginning of Year	4,719,262	5,802,497	43,532	10,565,291
Fund Balances, End of Year	\$ 3,565,043	\$ 5,642,437	\$ 30,057	\$ 9,237,537

CITY OF TUSCALOOSA COMBINING BALANCE SHEET

Nonmajor Special Revenue Funds

September 30, 2018

	D	Police epartment Funds	D	Airport evelopment Fund	Community evelopment Funds	 Gasoline Tax Funds	ummer Feeding Fund		Beer Tax Bonus Fund
ASSETS									
Cash and Cash Equivalents	\$	95,978	\$	924,689	\$ 633,391	\$ 1,595,361	\$ 27,688	\$	79,316
Investments		-		-	-	-	-		81,000
Receivables		-		395,942	501,815	100,024	-		38,876
Due from Other Governments		-		-	-	-	-		-
Due from Other Funds		37,094		-	309	-	-		-
Loan Receivables		-		-	2,718,441	-	-		-
Advances to Other Funds		0			 	 	 		
Total Assets	\$	133,072	\$	1,320,631	\$ 3,853,956	\$ 1,695,385	\$ 27,688	\$	199,192
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)									
Liabilities									
Accounts Payable and Other Current Charges	\$	18,699	\$	98,353	\$ 502,338	\$ -	\$ -	\$	-
Accrued Expenditures		-		-	-	-	-		-
Due to Other Funds		27,187		801,900	261,315	1,472,623	-		-
Advances from Other Funds		50,000		400,000	 <u> </u>	 	 	-	
Total Liabilities		95,886		1,300,253	763,653	 1,472,623	 		_
Deferred Inflows of Resources									
Unavailable Revenues - Intergovernmental		448		30,006	984	_	27,688		-
Total Deferred Inflows of Resources		448		30,006	984	-	27,688		
Fund Balances									
Restricted for:									
Capital Projects		-		-	-	-	-		-
Grant Projects		36,738		-	3,089,319	-	-		-
Road Projects		-		-	-	222,762	-		-
Salaries and Wages		-		-	-	-	-		199,192
Committed for:									
Cemetery Maintenance		-		-	-	-	-		-
Grant Projects		-		-	-	-	-		-
Unassigned		-		(9,628)	 -	 -	 		
Total Fund Balances (Deficit)		36,738		(9,628)	3,089,319	 222,762	 		199,192
Total Liabilities, Deferred Inflows and									
Fund Balances	\$	133,072	\$	1,320,631	\$ 3,853,956	\$ 1,695,385	\$ 27,688	\$	199,192
					 	 	 		(continued)

CITY OF TUSCALOOSA COMBINING BALANCE SHEET

Nonmajor Special Revenue Funds

September 30, 2018

	 Alabama Trust Fund	vergreen Cemetery Fund	 Section 108 Funds	Sto	orm Recovery FEMA Fund		tal Nonmajor ecial Revenue Funds
ASSETS							
Cash and Cash Equivalents	\$ 2,117,761	\$ 9,034	\$ 62,198	\$	1,687,025	\$	7,232,441
Investments	-	147,955	-		-		228,955
Receivables	-	1,537	-				1,038,194
Due from Other Governments	-	-	-		1,541,392		1,541,392
Due from Other Funds	-	-	-		351,213		388,616
Loan Receivables	-	-	-		-		2,718,441
Advances to Other Funds	 	 	 		565,000		565,000
Total Assets	\$ 2,117,761	\$ 158,526	\$ 62,198	\$	4,144,630	\$	13,713,039
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)							
Liabilities							
Accounts Payable and Other Current Charges	\$ 42,325	\$ -	\$ -	\$	-	\$	661,715
Accrued Expenditures	-	-	-		-		-
Due to Other Funds	706,417	-	-		-		3,269,442
Advances from Other Funds	 	 30,020	 		4,144,630		4,624,650
Total Liabilities	 748,742	 30,020	 		4,144,630		8,555,807
Deferred Inflows of Resources							
Unavailable Revenues - Intergovernmental	-	(8,331)	_		1,541,394		1,592,189
Total Deferred Inflows of Resources	-	(8,331)	-		1,541,394		1,592,189
Fund Balances (Deficit)							
Restricted for:	1,369,019		62.100				1,431,217
Capital Projects	1,369,019	-	62,198		-		, ,
Grant Projects	-	-	-		-		3,126,057
Road Projects	-	-	-		-		222,762
Salaries and Wages	-	-	-		-		199,192
Committed for:		426.027					126 627
Cemetery Maintenance	-	136,837	-		-		136,837
Grant Projects	-	-	-		- (1,541,394)		- (4 554 022)
Unassigned	 <u>-</u> _	 	 		(1,541,594)	-	(1,551,022)
Total Fund Balances (Deficit)	 1,369,019	 136,837	 62,198		(1,541,394)		3,565,043
Total Liabilities, Deferred Inflows and							
Fund Balances	\$ 2,117,761	\$ 158,526	\$ 62,198	\$	4,144,630	\$	13,713,039

CITY OF TUSCALOOSA COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Nonmajor Special Revenue Funds

For the year ended September 30, 2018

	Police Department Funds	Airport Development Fund	Community Development Funds	Gasoline Tax Funds	Summer Feeding Fund	Beer Tax Bonus Fund
REVENUES						
Gas Tax - State of Alabama Share of Beer Tax	\$ -	\$ -	\$ -	\$ 444,633	\$ - -	\$ - 439,013
Intergovernmental Revenues						
Federal Grants	54,488	374,224	2,645,925	-	-	-
State and Local Grants	-	20,790	-	-	77,958	-
Other Revenues						
Interest on Investments	34	-	3	-	-	1,711
Share of Tag Receipts	-	-	-	294,169	-	-
Collection of Principal and Interest	-	-	845,667	-	-	-
Other					1,323	
Total Revenues	54,522	395,014	3,491,595	738,802	79,281	440,724
EXPENDITURES						
Current Operations						
Community Services	-	-	2,340,076	-	-	-
General Government	-	-	17,808	-	75,306	-
Infrastructure and Public Services	-	-	146	-	-	-
Public Safety	29,150					
Total Current Operations	29,150	-	2,358,030	-	75,306	-
Capital Outlay	-	488,603	660,406	-	-	-
Debt Service						
Principal	-	-	75,000	-	-	-
Interest Charges			38,423			
Total Expenditures	29,150	488,603	3,131,859		75,306	
Excess (Deficiency) of Revenues over Expenditures	25,372	(93,589)	359,736	738,802	3,975	440,724
OTHER FINANCING SOURCES (USES)						
Transfers In	11,358	11,150	-	-	-	-
Transfer Out		(130,394)	(177,135)	(1,472,623)	(3,975)	(438,793)
Total Other Financing Sources (Uses)	11,358	(119,244)	(177,135)	(1,472,623)	(3,975)	(438,793)
Net Change in Fund Balances	36,730	(212,833)	182,601	(733,821)	-	1,931
Fund Balances (Deficit), Beginning of Year	8	203,205	2,906,718	956,583		197,261
Fund Balances (Deficit), End of Year	\$ 36,738	\$ (9,628)	\$ 3,089,319	\$ 222,762	\$ -	\$ 199,192 (continued)

CITY OF TUSCALOOSA COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Nonmajor Special Revenue Funds

For the year ended September 30, 2018

	Alabama Trust Fund		Evergreen Cemetery Fund		Section 108 Funds	Sto	orm Recovery FEMA Fund		tal Nonmajor ecial Revenue Funds
REVENUES	<u> </u>								
Taxes Gas Tax - State of Alabama	\$ -	\$		\$		\$		\$	444,633
Share of Beer Tax	, -	ş	-	Þ	-	Ş	-	ş	439,013
Intergovernmental Revenues									
Federal Grants	-		-		-		-		3,074,637
State and Local Grants	768,795		-		-		-		867,543
Other Revenues									
Interest on Investments	-		4,028		-		-		5,776
Share of Tag Receipts	-		-		-		-		294,169
Collection of Principal and Interest	-		-		-		-		845,667
Other	92,649		<u> </u>		<u> </u>		-		93,972
Total Revenues	861,444		4,028		-		-		6,065,410
EXPENDITURES									
Current Operations									
Community Services	-				-		-		2,340,076
General Government	-		2,591		172		-		95,877
Infrastructure and Public Services	-		-		-		-		146
Public Safety					<u> </u>				29,150
Total Current Operations	-		2,591		172		-		2,465,249
Capital Outlay	113,053		-		-		-		1,262,062
Debt Service									
Principal	-		-		-		-		75,000
Interest Charges									38,423
Total Expenditures	113,053		2,591		172		-		3,840,734
Excess (Deficiency) of Revenues over Expenditures	748,391		1,437		(172)		-		2,224,676
OTHER FINANCING SOURCES (USES)									
Transfers In	27,934		-		-		-		50,442
Transfer Out	(1,206,417)					-		(3,429,337)
Total Other Financing Sources (Uses)	(1,178,483)	<u> </u>				-		(3,378,895)
Net Change in Fund Balances	(430,092)	1,437		(172)		-		(1,154,219)
Fund Balances (Deficit), Beginning of Year	1,799,111		135,400		62,370		(1,541,394)		4,719,262
Fund Balances (Deficit), End of Year	\$ 1,369,019	\$	136,837	\$	62,198	\$	(1,541,394)	\$	3,565,043

CITY OF TUSCALOOSA COMBINING BALANCE SHEET

Nonmajor Capital Projects Funds

September 30, 2018

		y Facilities nstruction	rism Capital Projects	rm Recovery Insurance	ublic Safety pital Projects	ublic Works oital Projects	Road	d Improvement Fund	tal Nonmajor pital Projects Funds
ASSETS	_								
Cash and Cash Equivalents	\$	589,559	\$ 372,910	\$ 681,472	\$ 1,584,588	\$ 862,679	\$	1,202,395	\$ 5,293,603
Receivables		2			694,873	-		3,958,140	4,653,015
Due from Other Funds		282,944	70,736	725,000	3,489,873	3,113,797		445,383	8,127,733
Advances to Other Funds			 	 	 	 		<u>-</u>	
Total Assets	\$	872,505	\$ 443,646	\$ 1,406,472	\$ 5,769,334	\$ 3,976,476	\$	5,605,918	\$ 18,074,351
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities	_								
Accounts Payable and Other Current Charges	\$	-	\$ -	\$ -	\$ 11,531	\$ 656,957	\$	265,845	\$ 934,333
Due to Other Funds		-	270,000	1,203,939	3,037,125	1,201,382		1,385	5,713,831
Advances to Other Funds			 	 	 1,024,935	 		800,675	 1,825,610
Total Liabilities		-	 270,000	 1,203,939	 4,073,591	 1,858,339		1,067,905	 8,473,774
Deferred inflows of resources									
Unavailable revenues - grants			 	 	 	 		3,958,140	3,958,140
Total Deferred Inflows of Resources		-	 -	 -	 <u>-</u>	 -		3,958,140	 3,958,140
Fund Balances									
Restricted for:									
Capital Projects		872,505	-	-	-	-		-	872,505
Road Projects		· -	-	-	-	2,118,137		579,873	2,698,010
Committed for:									
Capital Projects		-	173,646	-	1,695,743	-		-	1,869,389
Unassigned		-	 -	 202,533	 -	 -		-	 202,533
Total Fund Balances		872,505	 173,646	 202,533	1,695,743	 2,118,137		579,873	 5,642,437
Total Liabilities, Deferred Inflow of Resources,									
and Fund Balances	\$	872,505	\$ 443,646	\$ 1,406,472	\$ 5,769,334	\$ 3,976,476	\$	5,605,918	\$ 18,074,351

CITY OF TUSCALOOSA COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Nonmajor Capital Projects Funds

For the year ended September 30, 2018

	City Facilities Construction	Tourism Capital Projects	Storm Recovery Insurance	Public Safety Capital Projects	Public Works Capital Projects	Road Improvement Fund	Total Nonmajor Capital Projects Funds
REVENUES	=		·				
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	494,731	-	-	494,731
Intergovernmental		-	-	694,873	-	1,276,914	1,971,787
Other	2,758	36				(2,732)	62
Total Revenues	2,758	36		1,189,604		1,274,182	2,466,580
EXPENDITURES	_						
Current Operations							
General Government	30	43,512	-	-	-	-	43,542
Infrastructure and Public Services	3,023						3,023
Total Current Operations	3,053	43,512	-	-	-	-	46,565
Capital Outlay	-	-	801,629	3,409,703	3,511,265	2,452,147	10,174,744
Debt Service Principal	_				112,744	_	112,744
Interest Charges	- 58	-	-	-	21,724	-	21,782
interest charges					21,724		21,762
Total Expenditures	3,111	43,512	801,629	3,409,703	3,645,733	2,452,147	10,355,835
Deficiency of Revenues over Expenditures	(353)	(43,476)	(801,629)	(2,220,099)	(3,645,733)	(1,177,965)	(7,889,255)
OTHER FINANCING SOURCES (USES)							
Transfers In	1,304,797	326,200	-	3,923,638	3,464,154	1,424,960	10,443,749
Transfer Out	(1,056,114)	(250,000)	(1,203,891)	(7,796)	(196,753)		(2,714,554)
Total Other Financing Sources (Uses)	248,683	76,200	(1,203,891)	3,915,842	3,267,401	1,424,960	7,729,195
Net Change in Fund Balances	248,330	32,724	(2,005,520)	1,695,743	(378,332)	246,995	(160,060)
Fund Balances, Beginning of Year	624,175	140,922	2,208,053		2,496,469	332,878	5,802,497
Fund Balances, End of Year	\$ 872,505	\$ 173,646	\$ 202,533	\$ 1,695,743	\$ 2,118,137	\$ 579,873	\$ 5,642,437



SUPPLEMENTAL INFORMATION

CITY OF TUSCALOOSA WATER AND SEWER FUND

Schedule of Revenues and Operating Expenses - Budget to Actual (GAAP Basis)

For the year ended September 30, 2018

	Budget	Actual**	Positive (Negative)
Operating Revenues:			
Charges for Services	\$ 47,816,22		\$ 208,589
Connection Fees	1,325,00		(468,536)
Cost Reimbursement	22.20	- 177,117	177,117
Other	33,30	00 30,777	(2,523)
Total Operating Revenues	49,174,52	28 49,089,175	(85,353)
Non-Operating Revenues (Expenses):			
Interest Income	10,50	120,873	110,371
Interest and Fiscal Charges	(11,920,31	14) (2,718,967)	9,201,347
Capital Grant Revenue		- 1,370,133	1,370,133
Gain on Disposal		- 53,040	53,040
Net non-operating revenues (expenses)	(11,909,81	12) (1,174,921)	10,734,891
Total before transfers and contributions	37,264,71	16 47,914,254	10,649,538
Transfers in (out) and contributions			
Capital Contributions - Developers		- 2,446,608	2,446,608
Transfers in	45,38		(4,902)
Transfers out	(8,111,44	•	1,579,227
N - 7 - 6 - 10 - 11 - 1	10.055.05	(4.045.400)	4.000.000
Net Transfers and Contributions	(8,066,05	(4,045,123)	4,020,933
Fund Total	\$ 29,198,66	\$ 43,869,131	\$ 14,670,471
Operating expenses:			
Accounting and Finance	\$ 234,22	22 \$ 193,936	\$ 40,286
Infrastructure and Public Services:			
Engineering	673,30		86,889
Logistics and Asset Management	13,239,50		808,335
Public Services	10,30	-	7,188
Infrastructure	6,725,18		(120,722)
Urban Development	967,44	•	137,892
Damage Claims	50,00	· · · · · · · · · · · · · · · · · · ·	26,812
Depreciation	9,000,00		(661,514)
Special Projects	2,653,56		711,348
Other			(5,448)
Total Operating Expenses	\$ 33,553,51	\$ 32,522,450	\$ 1,031,066



STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	<u>Page</u>
Financial Trends	142 - 148
These schedules contain trend information to help the reader understand how the City's financial performation.	ance and well-being have changed over
Revenue Capacity	149 - 155
These schedules contain information to help the reader assess the City's most significant local revenue so	urces.
Debt Capacity	156 - 160
These schedules present information to help the reader assess the affordability of the City's current levels to issue additional debt in the future.	of outstanding debt and the City's ability
Demographic and Economic Information	161 - 162
These schedules offer demographic and economic indicators to help the reader understand the environativities take place.	onment within which the City's financial
Operating Information	163 - 166
These schedules contain service and infrastructure data to help the reader understand how the information	on in the City's financial report relates to
the services the City provides and the activities it performs.	

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

CITY OF TUSCALOOSA Schedule A

Net Position by Component (accrual basis of accounting)
Last ten fiscal years ended September 30,

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities Net Investment in Capital Assets Restricted Unrestricted	\$ 157,014,265 34,148,995 2,896,532	\$ 178,375,642 18,579,455 3,532,296	\$ 140,477,146 5,403,873 40,373,312	\$ 144,686,685 4,951,411 53,668,810	\$ 163,764,846 6,148,669 34,120,001	\$ 149,434,643 8,763,740 45,732,088	\$ 171,714,455 7,748,114 (55,170,626)	\$ 147,980,779 8,831,904 (32,427,885)	\$ 185,194,521 10,676,955 (71,093,338)	\$ 182,441,470 31,618,220 (101,849,096)
Total Governmental Activites Net Position	194,059,792	200,487,393	186,254,331	203,306,906	204,033,516	203,930,471	124,291,943	124,384,798	124,778,138	112,210,594
Business-Type Activities Net Investment in Capital Assets Unrestricted	168,429,070 14,733,244	170,501,366 14,387,321	166,577,134 21,263,011	165,367,100 27,054,874	173,155,705 26,428,505	178,205,266 25,020,809	186,335,381 19,553,585	201,736,756 14,323,700	209,743,795 18,637,889	221,498,636 16,213,614
Total Business-Type Activities Net Position	183,162,314	184,888,687	187,840,145	192,421,974	199,584,210	203,226,075	205,888,966	216,060,456	228,381,684	237,712,250
Primary Government Net Investment in Capital Assets Restricted Unrestricted	325,443,335 34,148,995 17,629,776	348,877,008 18,579,455 17,919,617	307,054,280 5,403,873 61,636,323	310,053,785 4,951,411 80,723,684	336,920,551 6,148,669 60,548,506	327,639,909 8,763,740 70,752,897	358,049,836 7,748,114 (35,617,041)	349,717,535 8,831,904 (18,104,185)	394,938,316 10,676,955 (52,455,449)	403,940,106 31,618,220 (85,635,482)
Total Primary Government Net Position	\$ 377,222,106	\$ 385,376,080	\$ 374,094,476	\$ 395,728,880	\$ 403,617,726	\$ 407,156,546	\$ 330,180,909	\$ 340,445,254	\$ 353,159,822	\$ 349,922,844

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

CITY OF TUSCALOOSA Schedule B

Changes in Net Position (accrual basis of accounting)
Last ten fiscal years ended September 30,

	2009		2010		2011		2012	_	2013		2014		2015	_	2016		2017		2018
Expenses:																			
Governmental Activities:																			
Community Services	\$ -	\$	_	\$	_	\$	_	\$	_	\$	_	\$	-	\$	_	\$	10,256,107	Ś	10,817,522
Culture and Recreation	4,397,888		3,880,151		4,217,570	•	7,628,277	•	9,249,916		9,499,263		8,918,758		8,731,518		-	•	
Economic Development	-		-		-		-		203,727		268,206		179,859		67,066		_		_
Environmental Services	6,694,750		6,722,562		6,347,923		5,728,999		9,704,143		8,078,235		7,397,239		7,831,430		_		_
General Government	16,754,821		16,159,901		27,116,940		19,956,925		14,424,670		26,481,306		26,507,912		25,351,520		34,924,823		17,722,560
Housing	,,		,,						603,953		832,606		552,019		686,792				,
Infrastructure and Public Services	-		_		_		_		-		-		-		-		32,891,792		42,019,312
Public Safety	49,734,647		51,712,388		61,270,595		63,409,806		61,515,711		60,806,307		59,259,696		63,829,331		54,362,016		63,015,573
Streets and Highways	14,118,574		16,929,837		18,008,488		19,338,963		26,473,104		21,995,144		22,831,277		28,156,089				-
Urban Development	,,								,,		,,				,,		3,088,730		3,605,120
Cost Sharing Arrangements	_		_		_		_		_		_		_		_		861,956		1,501,629
Education	12,599,510		12,499,220		12,934,588		13,597,130		14,351,429		14,014,690		14,803,495		15,908,779		17,041,400		17,736,879
Funds to Other Agencies	,,		,,		,		,,		- 1,000,000		- ', ',		- 1,000,000				13,371,624		15,241,456
Health	_		_		_		_		130,000		130,000		130,000		130,000		-		
Library	_		_		_		_		1,870,572		1,919,273		1,919,273		1,919,273		_		_
Interest on Long-Term Debt	4,007,844		2,712,190		3,916,406		3,924,329		3,549,826		2,906,041		4,244,615		3,587,862		3,231,727		4,536,097
Unallocated Depreciation Expense	3,416,863		281,654		234,302		-		-		-,,		-		-		-		-,,
·							422 504 420	_	142.077.054		446.024.074		446 744 442	_	456 400 660		470 020 475		176 106 110
Total Governmental Activities Expenses	111,724,897		110,897,903		134,046,812		133,584,429		142,077,051		146,931,071		146,744,143		156,199,660		170,030,175		176,196,148
Business-Type Activities																			
Intermodal Facility	-		-		62,200		70,318		72,500		72,535		57,234		70,255		57,247		54,126
Water and Sewer	32,894,191		33,095,681		34,177,134		35,269,708		36,875,167		37,931,310		37,477,339		38,807,501		33,583,116		34,129,319
Total Business-Type Activities Expenses	32,894,191		33,095,681		34,239,334		35,340,026		36,947,667		38,003,845		37,534,573		38,877,756		33,640,363		34,183,445
Total business-Type Activities Expenses	32,034,131		33,033,061		34,233,334	_	33,340,020	_	30,347,007	_	38,003,843	_	37,334,373	_	30,077,730		33,040,303	_	34,183,443
Total Primary Government Expenses	\$ 144,619,088	\$	143,993,584	\$	168,286,146	\$	168,924,455	\$	179,024,718	\$	184,934,916	\$	184,278,716	\$	195,077,416	\$	203,670,538	\$	210,379,593
Program Revenues:																			
Governmental Activities:																			
Charges for Services:																			
Infrastructure and Public Services	\$ 3,186,058	\$	3,560,190	\$	3,656,458	\$	3,929,869	Ś	4,324,970	Ś	4,640,527	Ś	4,879,762	\$	5,259,467	Ś	5,572,009	\$	5,851,065
General Government	22,110,936		20,926,414		21,995,729	•	23,704,819	•	23,956,325		24,364,409		25,185,118		25,326,992		25,953,225	•	23,535,556
Public Safety	149,702		28,405		57,490		27,936		39,705		-		93,105		109,213		-		2,578,567
Operating Grants and Contributions	26,984,846		25,280,020		39,864,301		36,445,267		36,445,089		36,540,784		36,588,756		36,308,970		49,087,506		66,494,123
Capital Grants and Contributions	17,474,880		8,772,540		4,962,838		6,368,203		11,590,006		12,879,251		19,823,017		17,869,832		8,583,231		1,971,787
Total Governmental Activities Program Revenues	\$ 69,906,422	\$	58,567,569	\$	70,536,816	\$	70,476,094	\$	76,356,095	\$	78,424,971	\$	86,569,758	\$	84,874,474	\$	89,195,971	\$	100,431,098
Business-Type Activities:																			
Charges for Services:																			
Intermodal Facility	\$ -	Ś		Ś	15,995	\$	20,985	\$	25,451	\$	24,796	Ś	15,559	\$	26,750	\$		\$	72,740
Water and Sewer	33,237,568		34,538,964	Ļ	37,429,342	Ļ	39,225,514	Ļ	40,751,289	Ļ	43,151,812	٠	46,044,973	ب	46,235,434	Ļ	48,265,312	Ļ	49,089,175
Operating Grants and Contributions	-				-		-						.0,044,573				334,920		-3,003,173
Capital Grants and Contributions	1,122,303		967,828		879,473		827,229		3,696,951		2,382,039		1,562,543		4,522,992		1,413,123		2,773,176
·				_		_	·	_		_		_		_		_		_	
Total Business-Type Program Revenues	\$ 34,359,871	\$	35,506,792	\$	38,324,810	\$	40,073,728	\$	44,473,691	\$	45,558,647	\$	47,623,075	\$	50,785,176	\$	50,013,355	\$	51,935,091

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

CITY OF TUSCALOOSA Schedule B

Changes in Net Position (accrual basis of accounting) Last ten fiscal years ended September 30,

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense) Revenue:										
Governmental Activities	\$ (41,818,475)	\$ (52,330,334)	, , ,	\$ (63,108,335)	\$ (65,720,956)	\$ (68,506,100)	\$ (60,174,385)	\$ (71,325,186) \$	(80,834,204) \$	(75,765,050)
Business-Type Activities	1,465,680	2,411,111	4,085,476	4,733,702	7,526,024	7,554,802	10,088,502	11,907,420	16,372,992	17,751,646
Total Primary Government Net Expense	(40,352,795)	(49,919,223)	(59,424,520)	(58,374,633)	(58,194,932)	(60,951,298)	(50,085,883)	(59,417,766)	(64,461,212)	(58,013,404)
General Revenues and Other Changes in										
Net Position:										
Governmental Activities:										
Taxes										
Sales and Use Tax	31,074,026	32,481,688	34,710,490	35,511,154	36,945,556	37,820,342	39,425,922	40,242,761	42,347,194	44,107,898
Property Tax	11,391,525	13,140,500	13,471,960	13,300,542	13,904,489	14,096,748	14,870,292	13,734,770	16,686,560	18,369,545
Lodging Tax	3,223,861	3,941,361	4,748,114	4,978,365	5,144,645	5,661,385	5,826,966	6,091,467	6,686,188	7,233,297
Taxes Passed through from State	2,705,859	2,815,424	1,713,482	1,864,416	1,893,838	6,262,647	6,694,905	1,880,793	2,034,264	6,686,883
Other	5,305,004	4,874,478	4,877,379	4,726,205	5,968,921	1,936,318	1,867,344	7,072,599	7,252,459	1,920,145
Gain (Loss) on Disposal of Capital Assets	(110,274)	(17,887)	(1,185,213)	-	1,855,000	149,000	1,100,000	-	1,071,482	49,401
Gain (Loss) on Impairment	-	-	(10,068,456)	17,822,187	218,826	-		-	-	-
Unrestricted Investment Earnings	1,371,936	764,572	527,377	1,236,457	76,701	362,693	961,704	629,033	2,148,758	406,611
Other Income	-	-	-	-	-	99,566	73,019	-	-	-
Transfers	1,175,502	757,799	481,800	199,164	439,590	2,014,356	1,813,664	1,766,618	4,419,128	5,438,666
Total Governmental Activities	56,137,439	58,757,935	49,276,933	79,638,490	66,447,566	68,403,055	72,633,816	71,418,041	82,646,033	84,212,446
Business-Type Activities:										
Gain (Loss) on Disposal of Capital Assets	-	-	23,114	(1,090)	57,680	-	-	-	11,762	53,040
Unrestricted Investment Earnings	242,909	73,059	59,301	48,381	18,122	11,428	12,240	30,688	36,062	120,873
Transfers	(1,175,502)	(757,799)	(481,800)	(199,164)	(439,590)	(2,014,356)	(1,813,664)	(1,766,618)	(4,419,128)	(5,438,666)
Total Business-Type Activities	(932,593)	(684,740)	(399,385)	(151,873)	(363,788)	(2,002,928)	(1,801,424)	(1,735,930)	(4,371,304)	(5,264,753)
Total Primary Government	55,204,846	58,073,195	48,877,548	79,486,617	66,083,778	66,400,127	70,832,392	69,682,111	78,274,729	78,947,693
•	, , , , , , , , , , , , , , , , , , , ,									
Change in Net Position:										
Governmental Activities	14,318,964	6,427,601	(14,233,063)	16,530,155	726,610	(103,045)	12,459,431	92,855	1,811,829	8,447,396
Business-Type Activities	533,087	1,726,371	3,686,091	4,581,829	7,162,236	5,551,874	8,287,078	10,171,490	12,001,688	12,486,893
Total Business-Type Program Revenues	\$ 14,852,051	\$ 8,153,972	\$ (10,546,972)	\$ 21,111,984	\$ 7,888,846	\$ 5,448,829	\$ 20,746,509	\$ 10,264,345 \$	13,813,517 \$	20,934,289

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

CITY OF TUSCALOOSA Schedule C

General Governmental Activities Tax Revenues by Source (accrual basis of accounting)

Last ten fiscal years ended September 30,

	 2009	 2010	2011	2012	 2013	 2014	 2015	 2016	 2017	2018
Sales Tax	\$ 29,925,154	\$ 30,845,902	\$ 32,572,443	\$ 33,098,504	\$ 34,560,092	\$ 34,954,050	\$ 36,098,135	\$ 37,296,511	\$ 38,485,038	\$ 39,764,825
Use Tax	1,994,899	1,886,945	2,138,047	2,412,650	2,385,464	2,866,292	3,327,787	2,946,250	3,862,156	4,343,073
Property Tax	11,391,525	13,140,500	13,471,960	13,300,542	13,904,489	14,096,748	14,870,292	13,734,770	16,686,560	17,708,865
Lodging Tax	3,223,861	3,941,361	4,748,114	4,978,365	5,144,645	5,661,385	5,826,966	6,091,467	6,686,188	7,233,297
Other State and Local Taxes	 4,458,977	4,623,319	4,877,379	4,726,205	 5,968,921	5,376,407	5,807,997	6,166,876	7,252,459	 6,686,883
	\$ 50,994,416	\$ 54,438,027	\$ 57,807,943	\$ 58,516,266	\$ 61,963,611	\$ 62,954,882	\$ 65,931,177	\$ 66,235,874	\$ 72,972,401	\$ 75,736,943

Note: Sales tax includes other Governmental taxes, as grouped by Mauldin and Jenkins.

CITY OF TUSCALOOSA Schedule D

Fund Balances of Governmental Funds (accrual basis of accounting)

Last ten fiscal years ended September 30,

	 2009	 2010	2011	2012	2013	 2014	2015	 2016	 2017	 2018
General Fund Reserved Nonspendable Restricted Committed Assigned Unassigned Unreserved-designated Unreserved-undesignated	\$ 1,434,191 - - - - - 2,655,534 9,605,397	\$ 1,057,333 - - - - - 2,380,133 10,419,205	\$ 1,096,875 69,786 1,588,421 247,643 11,266,978	\$ 1,152,796 74,048 1,288,157 2,359,267 10,554,051	\$ 1,536,711 392,713 1,392,757 808,171 11,286,460	\$ 1,107,196 649,296 1,369,044 231,124 12,185,918	\$ 1,081,075 1,193,431 1,523,230 161,307 12,202,395	\$ 1,196,230 1,582,927 1,405,267 484,417 11,953,717	\$ 3,431,639 2,335,156 971,502 134,881 12,502,563	4,608,857 3,053,256 545,510 386,651 13,294,511
Total General Fund	\$ 13,695,122	\$ 13,856,671	\$ 14,269,703	\$ 15,428,319	\$ 15,416,812	\$ 15,542,578	\$ 16,161,438	\$ 16,622,558	\$ 19,375,741	\$ 21,888,785
Capital Projects Fund Nonspendable Restricted Committed Assigned Unreserved-designated Unreserved-undesignated	\$ - - - 21,939,071 23,604,178	\$ - - - - 24,746,854 15,924,206	\$ 4,188,643 3,784,607 20,919,348	\$ 11,988,030 14,185,553 -	\$ 8,732,630 10,301,317 -	\$ - - 17,045,873 - - -	\$ - 7,852,499 18,146,753 - -	\$ - - 27,687,207 27,718,919 - -	\$ 3,144,630 23,500,862 4,839,880 17,850,327	\$ 15,341,822 4,821,391 20,951,978 - -
Total Capital Projects Fund	\$ 45,543,249	\$ 40,671,060	\$ 28,892,598	\$ 26,173,583	\$ 19,033,947	\$ 17,045,873	\$ 25,999,252	\$ 55,406,126	\$ 49,335,699	\$ 41,115,191
All Other Governmental Funds Reserved-reported In: Special Revenue Funds Permanent Fund Nonspendable Restricted Committed Assigned Unassigned Unreserved, Reported In: Special Revenue Funds Capital Projects Funds	\$ 3,555,470 85,848 - - - - 231,053 16,279,019	\$ 6,125,162 85,891 - - - - - 232,427 4,753,798	\$ 6,349,722 233,767 7,989,323	\$ 4,861,105 654,692 21,331,892 1,295	\$ 3,243,962 9,484,539 - (392,847)	\$ 6,817,599 4,440,482 270,205 (307,769)	\$ 3,308,643 7,418,732 396,951 (284,997)	\$ 3,649,933 5,511,889 175,762 403,976	\$ 990,292 8,240,537 4,605,148 153,901 (2,106,686)	\$ 8,894,763 2,006,226 - (1,348,489)
Total All Other Governmental Funds	\$ 20,151,390	\$ 11,197,278	\$ 14,572,812	\$ 26,848,984	\$ 12,335,654	\$ 11,220,517	\$ 10,839,329	\$ 9,741,560	\$ 11,883,192	\$ 9,552,500

Note: 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 (accrual basis of accounting)

Last ten fiscal years ended September 30,

<u>-</u>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	\$ 51,910,610	\$ 55,350,400	\$ 58,707,291	\$ 59,417,709	\$ 61,963,611	\$ 63,841,122	\$ 66,818,085	\$ 67,141,597	\$ 72,972,401	\$ 75,736,943
Licenses and Permits	19,523,086	18,354,400	19,406,856	21,018,317	21,479,438	21,639,383	22,296,658	22,563,765	22,243,027	23,274,964
Fines and Penalties	2,501,851	2,486,909	2,497,600	2,588,985	2,380,794	2,717,425	2,847,827	2,727,595	2,918,739	2,578,567
Use of Property	85,999	85,105	91,273	97,517	96,093	7,601	40,633	35,632	576,455	260,592
Charges for Services	3,186,058	3,560,190	3,656,458	3,929,869	4,324,970	4,640,527	4,879,762	5,259,467	5,572,009	5,851,065
Intergovernmental	44,902,813	36,439,309	32,554,017	36,520,364	40,734,475	44,509,002	51,652,000	51,184,069	49,539,381	57,572,532
Other Revenues	6,103,607	4,323,277	15,301,815	10,422,341	10,574,878	10,802,774	10,118,554	10,834,543	11,573,313	10,523,923
Total Revenues	128,214,024	120,599,590	132,215,310	133,995,102	141,554,259	148,157,834	158,653,519	159,746,668	165,395,325	175,798,586
Expenditures:										
Community Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,101,429	\$ 9,512,357
Culture and Recreation	4,460,841	4,711,528	7,124,053	8,989,708	8,699,648	8,586,807	8,297,111	7,886,736	-	-
Economic Development	-	-	-	-	-	438,206	2,089,871	2,002,451		
Environmental Services	6,747,546	6,482,032	6,516,442	6,395,720	7,257,036	7,684,458	7,204,516	6,738,800		
General Government	12,019,917	12,287,531	15,373,935	12,835,233	18,527,323	16,115,114	16,346,109	16,326,502	15,879,850	16,384,551
Housing	,,	,,	,,	,,	603,953	832,606	552,019	686,584	,,	,,
Infrastructure and Public Services	_	_	_		,			,	27,763,854	28,618,944
Public Safety	49,988,996	50,505,940	61,322,046	62,248,771	59,742,195	59,346,503	57,509,538	58,293,040	51,593,058	53,339,953
Streets and Highways	27,351,517	17,388,816	23,144,981	16,820,222	24,625,379	16,231,922	17,135,263	21,090,170	- ,,	-
Urban Development		,,	,,	,,	- 1,0-0,0.0	,,		,	3,018,293	3,566,210
Other Activities	3,600,439	2,985,264	3,764,896	3,880,092	1,343,727	3,231,565	3,116,646	3,339,395	-,,	2,437,686
Cost Sharing Arrangements	-,,	_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	-,,	-	-,,	-,,	-	-,,	861,956	1,501,629
Education	12,599,506	12,499,215	12,934,583	13,597,126	14,351,424	14,014,685	14,803,488	15,908,779	17,041,400	17,732,000
Funds to Other Agencies	-	12, 133,213	12,55 1,565		1,,001,121	- 1,011,003	= 1,000,100		13,371,625	12,803,770
Health	130,000	130,000	130,000	130,000	130.000	130,000	130,000	130,000	10,071,020	-
Library	1,750,079	1,600,007	1,600,000	1,775,200	1,870,572	1,919,273	1,919,273	1,919,273	_	
Interest on Long-Term Debt	_,,	_,,,,,,,,,	-,,	-,,	-,,	-,,	-,,	-,,	_	
Capital Outlay	25,073,862	20,534,185	16,702,321	7,817,246	15,946,262	13,713,555	17,172,812	22,533,214	33,042,037	37,360,900
Debt Service			,	.,,	,,	/:/	//	,	/- :-/	,,
Principal	3,456,391	3,999,070	3,366,189	4,155,152	8,288,500	17,293,197	7,197,428	5,011,589	4,743,233	4,154,386
Interest	3,457,117	3,728,038	3,712,194	3,645,132	3,589,437	3,445,399	3,522,844	3,456,478	3,981,357	4,283,340
Warrant Issue Costs	3,737,117	262,190	3,712,134	5,045,152	5,505,457	191,736	26,666	276,590	264,116	5,557
Intergovernmental					5,977,093	4,713,232	7,481,984	1,383,699	543,444	4,446
Total Governmental Activities Expenses	150,636,211	137,113,816	155,691,640	142,289,602	170,952,549	167,888,258	164,505,568	166,983,300	182,205,652	191,705,729
Excess of Revenues Over (Under) Expenditures	(22,422,187)	(16,514,226)	(23,476,330)	(8,294,500)	(29,398,290)	(19,730,424)	(5,852,049)	(7,236,632)	(16,810,327)	(15,907,143)

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

CITY OF TUSCALOOSA Schedule E

Changes in Fund Balances of Governmental Funds (accrual basis of accounting)

Last ten fiscal years ended September 30,

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Excess of Revenues Over (Under) Expenditures	ć (22.422.40 7)	ć (46 F44 226)	ć (22.476.220)	ć (0.204.500)	ć (20.200.200)	ć (10.730.434)	ć (F.0F3.040)	ć /7.22c.c22\	ć (16.010.227)	Ć (45.007.4.42)
(Brought Forward)	\$ (22,422,187)	\$ (16,514,226)	\$ (23,476,330)	\$ (8,294,500)	\$ (29,398,290)	\$ (19,730,424)	\$ (5,852,049)	\$ (7,236,632)	\$ (16,810,327)	\$ (15,907,143)
Other Financing Sources (Uses):										
Transfers In	4,443,536	7,248,378	15,457,900	18,613,888	17,566,767	20,528,204	18,058,990	48,663,918	25,731,688	26,493,476
Transfers Out	(3,268,034)	(6,281,398)	(15,319,597)	(18,414,723)	(17,127,177)	(18,513,848)	(16,245,326)	(46,897,300)	(19,884,719)	(20,011,245)
Insurance Proceeds	-	-	15,281,448	17,822,187	218,826	99,566	-	-	-	-
Loan Proceeds	-	-	-	372,982	-	147,304	-	-	-	-
Warrants Issued	17,023,715	34,510,000	-		7,024,227	22,100,000	2,090,000	33,370,000	32,750,000	-
Premium on Warrants Issued	-	2,127,444	-		475,717	3,322,156	244,898	1,908,454	-	-
Payment to Refunded Warrant Escrow Agent	-	(34,884,212)	-		(343,599)	-	-	(1,038,215)	(29,002,339)	-
Proceeds fron the Sale of Capital Assets	-	-	-	-	-	-	-	-	1,167,360	90,997
Capital Lease	793,948	-	-		-	-	-	-	400,000	1,295,759
Installment Purchase Note Proceeds	-								1,861,000	-
Total Other Financing Sources (Uses)	18,993,165	2,720,212	15,419,751	18,394,334	7,814,761	27,683,382	4,148,562	36,006,857	13,022,990	7,868,987
Net Change in Fund Balances	\$ (3,429,022)	\$ (13,794,014)	\$ (8,056,579)	\$ 10,099,834	\$ (21,583,529)	\$ 7,952,958	\$ (1,703,487)	\$ 28,770,225	\$ (3,787,337)	\$ (8,038,156)
Debt Service as a Percentage of NonCapital Expenditures*	6%	7%	5%	6%	8%	14%	7%	6%	6%	5%

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

^{*}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 Revenue by Source (accrual basis of accounting)

Last ten fiscal years ended September 30,

	 2009	 2010	_	2011	 2012	 2013	_	2014	 2015	 2016	 2017	 2018
Sales Tax	\$ 29,925,154	\$ 30,845,902	\$	32,572,443	\$ 33,098,504	\$ 34,560,092	\$	34,954,050	\$ 36,098,135	\$ 37,296,511	\$ 38,485,038	\$ 38,881,179
Use Tax Property Tax	1,994,899 11,391,525	1,886,945 13,140,500		2,138,047 13,471,960	2,412,650 13,300,542	2,385,464 13,904,489		2,866,292 14,096,748	3,327,787 14,870,292	2,946,250 13,734,770	3,862,156 16,686,560	4,343,073 17,708,865
Lodging Tax Other State and Local Taxes	 3,223,861 5,375,171	 3,941,361 5,535,692		4,748,114 5,776,727	4,978,365 5,627,648	5,144,645 5,968,921		5,661,385 5,376,407	5,826,966 6,694,905	 6,091,467 7,072,599	 6,686,188 7,252,459	 7,233,297 6,686,883
	\$ 51,910,610	\$ 55,350,400	\$	58,707,291	\$ 59,417,709	\$ 61,963,611	\$	62,954,882	\$ 66,818,085	\$ 67,141,597	\$ 72,972,401	\$ 74,853,297

CITY OF TUSCALOOSA Schedule G

Assessed Value and Estimated Actual Value of Taxable Property

Last ten fiscal years ended September 30,

	Real and Personal Property*					Autom	obiles	**					
Fiscal Year		Assessed Value		Estimated Actual Value		Assessed Value		Estimated Actual Value	Total Assessed Value		Total Direct Tax Rate	otal Estimated Actual Value	Assessed Value as a Percentage of Actual Value
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		7,365,905,600		121,760,000		729,729,327		1,226,645,840	0.0135	8,095,634,927	15.15%
2016		1,175,088,440		7,833,922,933		125,096,180		731,129,047		1,300,184,620	0.0135	8,565,051,980	15.18%
2017		1,194,074,340		7,960,495,600		123,360,600		720,985,388		1,317,434,940	0.0135	8,681,480,988	15.18%
2018		1,325,527,780		8,836,851,867		115,176,480		673,153,010		1,440,704,260	0.0135	9,510,004,876	15.15%

Note: 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

CITY OF TUSCALOOSA Schedule H

Property Tax Rates

Last ten fiscal years ended September 30,

	Direct Rate		Overlapping Rates*		
Fiscal Year	City of Tuscaloosa	City Schools	Tuscaloosa County	State of Alabama	Total
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
2016	0.0135	0.0155	0.0160	0.0065	0.0380
2017	0.0135	0.0155	0.0160	0.0065	0.0380
2018	0.0135	0.0155	0.0160	0.0065	0.0380

Source: Tuscaloosa County Tax Assessor

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

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

CITY OF TUSCALOOSA Schedule I

Principal Property Taxpayers

		Sep	tember 30, 2018		September 30, 2009						
	City Ad Valorem Taxes Paid	Rank	Total Assessed Value Of All Property Within City Limit	Percentage Of Total Assessed Valuation	City Ad Valorem Taxes Paid	Rank	Total Assessed Value Of All Property Within City Limit	Percentage Of Total Assessed Valuation			
Alabama Power Company	\$ 477,35	9 1	\$ 35,359,940	2.67%	\$ 628,833	1	\$ 46,580,200	5.12%			
Phifer Incorporated	237,74	6 2	18,632,360	1.41%	192,894	2	200,550,140	2.26%			
Jefferson Loft LLC	161,83	5 3	11,987,800	0.90%							
Woodlands of Tuscaloosa LLC	139,03	9 4	10,299,220	0.78%							
The Greens at Tuscaloosa	135,50	0 5	10,037,040	0.76%							
Cedar Crest Land LLC	125,68	6 6	9,310,060	0.70%	=		-	-			
Hanna Steel Corporation	118,74	5 7	8,795,920	0.66%	-		-	-			
Tamko Roofing Products Inc.	113,36	2 8	8,397,220	0.63%	-		-	-			
Carlyle-Cypress Tuscaloosa I LLC	104,85	2 9	7,766,820	0.59%	93,253	7	6,907,620	0.76%			
S S C Tuscaloosa Apartments LLC	98,62	2 10	7,305,360	0.55%							
Bellsouth Telecommunications					233,007	3	17,259,800	1.90%			
Alabama Gas Corp.					131,711	4	9,756,400	1.07%			
Links at Tuscaloosa					122,247	5	9,055,320	0.99%			
Aranov Realty Co., Inc.					96,413	6	7,141,700	0.78%			
Commons North					87,086	8	6,450,840	0.71%			
BP Building					84,091	9	6,228,960	0.68%			
Wright/Hurd Properties, LLC					83,196	10	6,162,660	0.68%			
	\$ 1,712,74	8	\$ 127,891,740	9.65%	\$ 1,752,731		\$ 316,093,640	14.95%			

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

Note: The amounts shown under the heading "Municipal Ad Valorem Taxes Paid" represent the collections from 13 1/2 mills of City tax levied on property in the City. The total assessed valuation for FY 2018 is \$1,325,527,780.

CITY OF TUSCALOOSA Schedule J

Property Tax Valuation, Levies, and Collection

Last ten fiscal years ended September 30,

Fiscal Year	Actual Levy Year	Original Levy	Adjustments	Total Levy	Current Tax Collections	Percent of Total Levy Collected	Collections/ Refunds In Subsequent Years	Total Tax Collections	Percent of Total Tax Collections To Total Levy
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%
2016	2015	15,872,580	(569,874)	15,302,706	12,124,991	79.23%	\$ (43,902)	12,081,089	78.95%
2017	2016	16,249,748	(1,334,439)	14,915,309	14,719,544	98.69%	N/A	14,719,544	98.69%
2018	2017	17,844,983	(1,260,261)	16,584,723	16,027,068	96.64%	N/A	16,027,068	96.64%

^{*}Source: Tuscaloosa County Tax Assessor and Tuscaloosa County License Commissioner.

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

^{**}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,

	2018		2009
Name of Taxpayer	Business or Industry	Name of Taxpayer	Business or Industry
Aramark	Food Service	Academy Sports	Retail
Belk	Retail	Aramark	Restaurant Service
Home Depot	Retail Building Supply	Belk	Retail
Lowe's of Tuscaloosa	Retail Building Supply	Home Depot	Retail Building Supplies
Publix	Grocery	Lowe's of Tuscaloosa	Retail Building Supplies
Sam's Club	Retail	Publix	Grocery
Target Stores	Retail	Sam's Club	Retail
Tuscaloosa Toyota	Auto Sales	Target Stores	Retail
University of Alabama	Higher Education	University of Alabama	Higher Education
Wal-Mart Supercenter	Retail	Wal-Mart Supercenter	Retail

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

Note: The total sales tax paid to the City of Tuscaloosa directly by the above listed taxpayers for the September 30, 2018 fiscal year was \$10,382,646. Per Alabama Statewide Ordinance, individual taxpayer sales tax amounts paid is confidential information and illegal to disclose.

^{*}Listed alphabetically

CITY OF TUSCALOOSA Schedule L

Sales Tax Rates
Last ten fiscal years ended September 30,

Fiscal Year	City of Tuscaloosa	Tuscaloosa County Special Tax Board	State of Alabama	Total
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%
2016	2%	3%	4%	9%
2017	2%	3%	4%	9%
2018	2%	3%	4%	9%

Source: Tuscaloosa County Tax Collector

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 became permanent and the proceeds were redistributed.

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

CITY OF TUSCALOOSA Schedule M

Ratio of Outstanding Debt by Type

Last ten fiscal years ended September 30,

			G	overnmental Activit	ies			Business-Type Ac	tivities			
Fiscal Year	General Obligation Warrants	Warrant Premiums	Warrant Discounts	Section 108 Loan	Robertson Bank Loan	Installment Payable	Capital Leases	General Obligation Warrants	Warrant Premiums	Capital Leases	Total Primary Government	Percentage of Personal Income
2009	\$ 86,780,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 748,421	\$ 129,195,000	\$ -	\$ -	\$ 216,723,421	7.89%
2010	84,000,000	-	-	1,500,000	-	-	412,048	120,646,816	-	-	206,558,864	6.84%
2011	80,990,000	-	-	1,425,000	-	-	86,768	115,842,637	-	-	198,344,405	6.25%
2012	76,945,000	-	-	1,350,000	372,982	-	359,101	108,892,441	-	-	187,919,524	N/A
2013	76,054,227	-	-	1,275,000	250,425	-	374,802	102,852,441	-	-	180,806,895	5.51%
2014	82,570,000	-	-	1,200,000	-	-	168,553	98,632,441	-	-	182,570,994	5.39%
2015	76,795,000	4,491,086	(306,263)	1,125,000	-	-	756,124	93,250,000	6,347,683	-	182,458,630	5.33%
2016	105,235,000	6,516,612	(703,255)	1,050,000	-	-	1,794,340	85,540,000	5,816,501	-	205,249,198	5.77%
2017	106,820,000	5,701,020	(482,256)	975,000	-	1,533,474	1,493,633	80,943,993	4,415,913	-	201,400,777	5.68%
2018	103,450,000	5,214,600	(446,067)	900,000	-	1,363,088	2,307,855	80,538,173	3,774,153	795,642	197,897,444	5.35%

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

The City began to report premium and discount on warrants in the schedule of long-term debt in 2015.

Therefore, schedules presenting this information include only the information beginning that year.

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

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

CITY OF TUSCALOOSA Schedule N

Ratio of General Bonded Debt Outstanding

Last ten fiscal years ended September 30,

Fiscal Year	General Obligation Warrants		Water and Sewer General Obligation Warrants		Total Primary Government	Percentage of Actual Taxable Value of Property	 Per Capita	
2009	\$	86,780,000	\$	129,195,000	\$ 215,975,000	3.04%	\$ 2,590.37	
2010		84,000,000		120,646,816	204,646,816	3.23%	2,260.37	
2011		80,990,000		115,842,637	196,832,637	2.72%	2,153.34	
2012		76,945,000		108,892,441	185,837,441	2.56%	2,005.82	
2013		76,054,227		102,852,441	178,906,668	2.38%	1,900.27	
2014		82,570,000		98,632,441	181,202,441	2.33%	1,888.69	
2015		80,979,823		99,597,683	180,577,506	2.23%	1,846.49	
2016		111,048,357		91,356,501	202,404,858	2.36%	2,049.32	
2017		112,038,764		85,359,906	197,398,670	2.27%	1,968.34	
2018		108,218,533		84,312,325	192,530,859	2.02%	1,919.80	

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

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

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

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

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

CITY OF TUSCALOOSA Schedule O

Direct and Overlapping Governmental Activities Debt

For the year ended September 30, 2018

	 Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Deb		
Debt Repaid with Property Taxes: Tuscaloosa County	\$ <u>-</u> _	-	\$		
City of Tuscaloosa Direct Debt:					
General Obligation Warrants	\$ 103,450,000	100%	\$	103,450,000	
Warrant Premiums	5,214,600	100%		5,214,600	
Warrant Discounts	(446,067)	100%		(446,067)	
Section 108 Loan	900,000	100%		900,000	
Installment Payable	1,363,088	100%		1,363,088	
Capital Leases	 2,307,855	100%		2,307,855	
Total City of Tuscaloosa Direct Debt	\$ 112,789,476		\$	112,789,476	
Total Direct and Overlapping Debt			\$	112,789,476	

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

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

CITY OF TUSCALOOSA Schedule P

Legal Debt Margin Information

Last ten fiscal years ended September 30,

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit Equal to 20% of Assessed Valuation	\$ 215,284,171	\$ 191,877,444	\$ 219,393,716	\$ 220,916,344	\$ 228,697,472	\$ 236,471,580	\$ 245,329,168	\$ 260,036,924	\$ 263,486,988	\$ 288,140,852
Total Net Debt Applicable to 20% Limit	52,921,118	53,242,048	51,651,768	50,982,083	52,819,454	61,838,553	59,736,124	92,449,340	95,937,107	93,915,943
Legal 20% Debt Margin (Available Borrowing Capacity)	\$ 162,363,053	\$ 138,635,396	\$ 167,741,948	\$ 169,934,261	\$ 175,878,018	\$ 174,633,027	\$ 185,593,044	\$ 167,587,584	\$ 167,549,881	\$ 194,224,909
Total Net Debt Applicable to the 20% Limit as a Percentage of 20% Debt Limit	24.58%	27.75%	23.54%	23.08%	23.10%	26.15%	24.35%	35.55%	36.41%	32.59%
				Legal Debt Margin	Calculation for Fisc	cal Year 2018				
				Assessed Valuation	n of Real and Person	al Property as of Sep	otember 30, 2018			\$ 1,440,704,260
				Debt Limit Equal to	20% of Assessed V	aluation				288,140,852
				Debt Applicable to	Limit:					

All Outstanding Debt of the City

Less Those Portions Not Applicable to the Debt Limit: Debt Attributable to Construction of School Houses

Total Net Debt Applicable to Limit

Legal 20% Debt Margin (Available Borrowing Capacity)

Debt Attributable to Water and Sewer Infrastructure

188,559,115

(14,105,000)

(80,538,173)

93,915,943

93,915,943

\$ 194,224,909

Note: Under Alabama law, the City of Tuscaloosa's outstanding general obligation debt should not exceed 20 percent of total assessed property value. general obligation bonds. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying.

CITY OF TUSCALOOSA Schedule Q

Pledged Revenue Coverage

Last ten fiscal years ended September 30,

Fiscal Year	 Water Less: Charges Operating nd Other Expenses (1)		Net Available Revenue		Debt S Principal	Interest	Coverage	
2009	\$ 34,359,871	\$	20,563,329	\$ 13,796,542	\$	5,140,000	\$ 5,512,310	1.30
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
2016	46,236,594		26,403,874	19,832,720		7,710,000	2,531,433	1.94
2017	48,600,232		21,654,420	26,945,812		7,975,000	2,160,752	2.66
2018	49,161,915		22,915,062	26,246,853		9,055,000	2,865,313	2.20

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

⁽¹⁾ Includes operating expenses less depreciation expense.

CITY OF TUSCALOOSA Schedule R

Demographic and Economic Statistics

Last ten fiscal years ended September 30,

Fiscal Year	Population*	Per Capita Personal Income**	Total Personal Income	Unemployment Rate
2009	83,376	32,926	2,745,238,176	8.50
2010	90,537	33,355	3,019,861,635	8.90
2011	91,408	34,724	3,174,051,392	8.20
2012	92,649	N/A	N/A	7.80
2013	94,148	34,870	3,282,940,760	5.90
2014	95,941	35,329	3,389,499,589	6.20
2015	97,795	34,999	3,422,727,205	5.40
2016	98,767	36,016	3,557,192,272	5.50
2017	100,287	35,376	3,547,752,912	3.10
2018	100,287	36,858	3,696,378,246	3.50

*Source: US Census Bureau

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

N/A - Not available.

CITY OF TUSCALOOSA Schedule S

Principal Employers

For the years ended September 30,

				2018	_		2009	
Employer	Nature of Business	Public or Private	Approximate Number of Employees	Rank	As a Percentage of Total Employment	Approximate Number of Employees	Rank	As a Percentage of Total Employment
The University of Alabama	Education/Government	Public	11,554	1	25.76%	8,000	1	19.75%
Mercedes-Benz International	Auotmobile assembly	Private	3,700	2	8.25%	3,000	3	9.55%
DCH Health Systems	Healthcare	Public	3,583	3	7.99%	3,490	2	11.20%
Tuscaloosa County Board of Education	Education/Government	Public	2,370	4	5.28%	2,052	4	6.42%
Tuscaloosa City Board of Education	Education/Government	Public	1,489	5	3.32%	1,354	7	3.27%
Warrior Met Coal, Inc.	Metallurgical Coal Mining	Private	1,452	6	3.24%			
Michelin/BF Goodrich Tire Manuf.	Tire manufacturing	Private	1,368	7	3.05%	1,400	6	3.46%
City of Tuscaloosa	Government	Public	1,249	8	2.78%	1,200	8	3.21%
Phifer Incorporated	Aluminum/ Fiberglass Screening	Private	1,213	9	2.70%	1,225	9	3.16%
Veterans Administration Hospital	Specialized healthcare	Public	1,186	10	2.64%			
Jim Walter Resources	Coal Mining	Private				1,472	5	2.80%
Northport Medical Center	Healthcare	Public				950	10	2.35%

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

CITY OF TUSCALOOSA Schedule T

Full-Time Equivalent City Employees by Function

Last ten fiscal years ended September 30,

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund Employees										
General government	207	204	202	207	216	213	260	236	104	105
Infrastructure and Public Services	-	-	-	-	-	-	-	-	335	317
Community Services	-	-	-	-	-	-	-	-	22	14
Urban Development	-	-	-	-	-	-	-	-	34	38
Public safety										
Police	349	351	340	356	360	356	362	284	261	272
Fire	234	233	234	248	249	242	251	246	243	244
Other	31	17	17	24	80	80	36	66	83	81
Streets and highways	185	181	183	183	178	171	179	171	-	-
Environmental services	95	95	92	98	94	95	96	92	-	-
Water and Sewer employees										
Infrastructure and Public Services	-	-	-	-	-	-	-	-	161	165
Urban Development	-	-	-	-	-	-	-	-	11	10
Accounting and Finance	-	-	-	-	-	-	-	-	3	3
Superintendent	1	1	1	4	6	6	6	3	-	-
Water office and meter readers	34	33	34	32	32	32	34	28	-	-
Lakes	9	9	9	9	8	9	8	8	-	-
Distribution	39	36	36	38	37	37	35	38	-	-
Waste water treatment plant	56	55	56	57	58	63	68	58	-	-
Ed Love water plant	35	35	35	36	32	35	30	31		
Total Employees	1,275	1,250	1,239	1,292	1,350	1,339	1,365	1,261	1,257	1,249

Source: City of Tuscaloosa Human Resources Department.

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

CITY OF TUSCALOOSA Schedule U

Water and Sewer Rates

For the year ended September 30, 2018

	Rates in Effect Starting 10/1/17	Rates in Effect Starting 10/1/18		
Water Rates				
Quantity of water consumed per month				
0-1,000 cubic feet	2.16	2.18		
over 1,001 cubic feet	2.16	2.18		
Monthly administrative cost per meter	4.91	4.96		
Monthly meter charge, based on size of meter, ranging from:				
5/8 inch	3.94	3.97		
12 inch	626.25	632.52		
Unfiltered or Raw Water Rates				
Per 100 cubic feet	0.24	0.24		
Monthly administrative cost per meter	4.91	4.96		
Monthly meter charge, based on size of meter, ranging from:				
5/8 inch	3.94	3.97		
12 inch	626.25	632.52		
Sewer Rates				
a. Per 100 cubic feet of metered wastewater, or	3.86	3.89		
b. Per 100 cubic feet of metered water	2.66	2.69		
Monthly administrative cost per meter	4.08	4.12		
Monthly meter charge, based on size of meter, ranging from:				
5/8 inch	6.18	6.24		
12 inch	986.69	996.56		

Source: City of Tuscaloosa Accounting and Finance Department

CITY OF TUSCALOOSA Schedule V

Operating Indicators by Function Last ten fiscal years ended September 30,

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Public safety:										
Fire Protection										
Number of Stations	11	11	11	11	11	11	11	11	11	11
Number of Employees	234	234	234	248	249	242	251	246	243	214
Police Protection										
Number of Stations	1	1	1	1	2	3	4	4	4	4
Number of Employees	349	353	340	356	357	356	362	284	261	272
Infrastructure and Public Services:										
Streets (miles)	571	571	571	571	571	571	571	571	571	506
Storm sewers (miles)	317	317	317	317	317	317	317	317	317	317
Urban Development										
Building Permits	1,575	1,000	4,462	2,041	1,829	1,928	2,271	2,231	2,140	1,807
Amount	\$ 243,134,113	\$ 187,064,129	\$ 202,069,714	\$ 311,290,164	\$ 287,407,362	\$ 403,743,989	\$ 370,135,588	\$ 353,002,493	\$ 535,186,813	\$ 351,590,562
Education (public School System):										
Number of Schools	24	24	23	23	23	24	24	24	24	23
Number of Teachers	820	830	830	830	830	866	857	864	864	890
Recreation:										
Number of Parks	39	37	36	36	36	36	36	40	40	40
Number of Playgrounds	28	32	31	32	32	32	34	36	36	36
Area of Parks (acres)	2,279	1,755	1,749	1,749	1,749	1,749	1,749	2,438	2,438	2,438
Water and Sewer Fund										
Infrastructure and Public Services:										
Sanitary Sewers (miles)	495	608	615	623	669	685	685	648	661	575
Number of Customer Accounts	52,472	52,472	53,896	54,072	54,492	55,840	56,131	57,590	58,372	58,889
Average Daily Consumption (gallons)	23,500,000	23,700,000	25,100,000	23,500,000	23,500,000	23,500,000	23,500,000	23,500,000	23,500,000	18,300,000
Rated Plants Capacity (gallons daily)	59,700,000	59,700,000	59,700,000	59,700,000	59,700,000	59,700,000	59,700,000	59,700,000	59,700,000	57,000,000
Miles of Water Mains (4" and larger)	552	550	562	594	590	690	690	704	703	674
Number of Fire Hydrants	3,179	3,218	3,796	3,817	4,191	3,971	4,010	4,116	4,119	3,647
Miles of Raw Water Mains (24" and larger)	27	27	27	27	27	22	22	23	19	19

Source: Various City Departments

CITY OF TUSCALOOSA Schedule W

Capital Asset Statistics by Function

Last ten fiscal years ended September 30,

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Public safety:										
Fire Protection										
Number of Stations	11	11	11	11	11	11	11	11	11	11
Police Protection										
Number of Stations	1	1	1	1	2	3	4	4	4	4
Infrastructure and Public Services:										
Streets (miles)	571	571	571	571	571	571	571	571	571	506
Storm sewers (miles)	317	317	317	317	317	317	317	317	317	317
Recreation:										
Number of Parks	39	37	36	36	36	36	36	40	40	40
Number of Playgrounds	28	32	31	32	32	32	34	36	36	36
Area of Parks (acres)	2,279	1,755	1,749	1,749	1,749	1,749	1,749	2,438	2,438	2,438
Activity Centers	5	5	5	6	6	6	6	6	7	7
Boat Landings	8	8	8	8	8	6	6	6	7	7
Golf Course	1	1	1	1	1	1	1	1	1	1
Water and Sewer Fund										
Infrastructure and Public Services:										
Sanitary sewers (miles)	495	608	615	623	669	685	685	648	661	575
Miles of water mains (4" and larger)	552	550	562	594	590	690	690	704	703	674
Number of fire hydrants	3,179	3,218	3,796	3,817	4,191	3,971	4,010	4,116	4,119	3,647
Miles of raw water mains (24" and larger)	27	27	27	27	27	27	22	23	19	19

Source: Various City Departments