



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING SEPT. 30, 2019



CITY OF TUSCALOOSA, ALABAMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019

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

CITY OF TUSCALOOSA, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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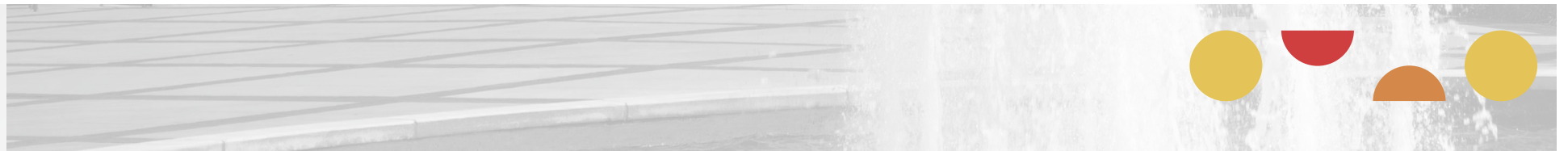
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City of
TUSCALOOSA



INTRODUCTORY SECTION





Letter of Transmittal

March 20, 2020

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, 2019. 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, 2019. 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 101,113 in 2019, 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 Council member for District Six for four years. All Council members 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 U.S. 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. In addition, Mercedes Benz U.S. International employs nearly 4,000 direct employees at its Tuscaloosa plant, with expansion plans currently underway to add a battery plant and a global service parts warehouse nearby. While these employers provide valuable economic benefits, the City must continually manage the growing demand for services, as well as provide a desirable place to live for its residents. This is accomplished through strong fiscal policies and collaborative efforts throughout the City's annual budget process. As part of these efforts, in fiscal year 2019 the City Council passed Elevate Tuscaloosa, a community-driven process for strategically investing in education, cultural arts, tourism, parks, recreation and connectivity. As part of the annual budget process a 1% sales tax was passed, effective October 1, 2019, to fund projects supporting these initiatives.



Employment

As of September 2019, the area's unemployment rate is currently 2.3%, which falls below the national rate of 3.5% and the statewide rate of 3%. The region's growth and economic diversity are expected to be the basis for continued health of the local economy in coming years.

Nearly 70% of people working in Tuscaloosa commute to work from outside of the City, this suggests that Tuscaloosa is a regional economic hub for West Alabama.

Major Revenue Streams

Sales Tax, Use Tax and Business Licenses

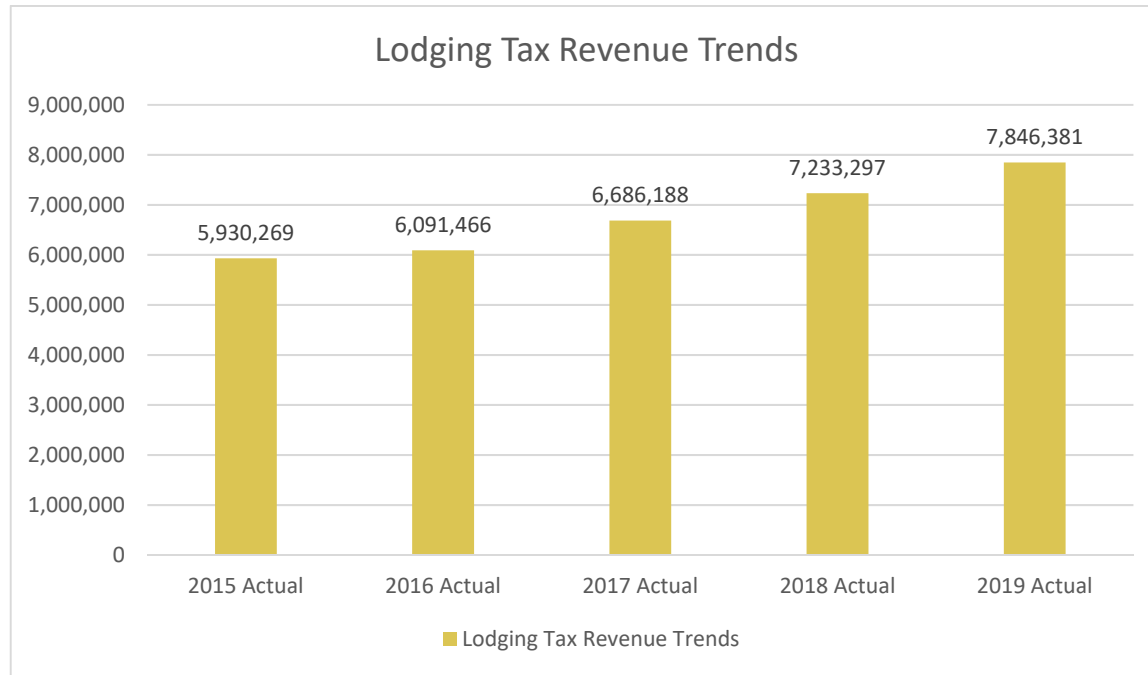
Sales tax and business license revenues continue to be Tuscaloosa's foremost revenue streams, with approximately 66% of revenues derived from these sources. The City recorded approximately \$12.6 billion in gross business sales on the 2019 business license renewals, representing an 11% increase from 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% 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. Because of this change, the City has seen a significant increase in the revenue it receives from the program. As a percentage, SSUT revenues have grown 369% since FY 2017. As internet sales continues to threaten sales tax revenues, having a program in place is a proactive approach at the statewide level to begin combatting these challenges.



Lodging Tax

Tuscaloosa's lodging industry continues to experience growth with more hotels coming to the area each year. Since 2015, nine 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 increased an average of 7% over the past five years and account for approximately 5% of revenues. The chart below displays historical lodging tax revenue trends 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.

Fund Balance and Reserve Policy

As authorized by the City Council and contained in the Tuscaloosa City Code chapter 2, the General Fund, the General Fund Reserve and the Water and Sewer Fund Reserve each have a mandatory unencumbered fund balance that should not be budgeted or otherwise designated for expenditure unless there is an ordinance duly adopted by the City Council declaring that the requested expenditure is required by extraordinary circumstances to preserve and protect the health, safety and welfare of the citizens of the City or to make debt service payments that the City cannot otherwise finance. The City's reserve policy requires that at least 10% of the final prior year General Fund operating budget be kept in the unassigned fund balance so the City has adequate working capital and can respond to unexpected financial situations. City policy also states that the minimum unrestricted net position in the Water and Sewer Fund be maintained at 30% of operating expenses.

Surpluses from the General fund are transferred annually to the General Fund Reserve for Future Improvements Fund (General Fund Reserve) for capital needs. An adjusted surplus amount in the Water and Sewer Fund is transferred annually to the Water and Sewer Reserve for Future Improvements Fund (Water and Sewer Fund Reserve). Designations for capital projects are approved each year as a management control device for the General Fund Reserve and Water and Sewer Fund Reserve. These projects are designated until they are complete and become operational, often spanning a three to five year cycle.

Debt Management

An important factor in assessing the economic health of the City and its finances is the credit rating assigned by bond rating agencies. The City maintains credit ratings of AAA, Aa1 and AA with Fitch Ratings, Moody's Investors Service and Standard & Poor's, respectively. Tuscaloosa is one of only two cities in Alabama to have the highest rating of AAA. Rating agency reports have referenced a "strong economy with a local stabilizing institutional influence" as a contributing factor to the City's strong credit ratings.

Basis of Budgeting

The annual budgets adopted by the City of Tuscaloosa are structured to be consistent with GAAP. The General Fund budget is prepared on the modified accrual basis of accounting as prescribed by GAAP. For the Water and Sewer Fund, the budget is prepared using both the full accrual and modified accrual basis. In accordance with GAAP, the full accrual basis of accounting (revenues are recognized when earned) is used for estimating revenues. However, for greater control over expenses, the full accrual basis (expenses recognized when incurred) is modified. In addition to the full accrual basis expenses, capital outlays and any debt service principal payments are included as budgeted expenses. The basis of accounting used for budgeting is the same basis used for accounting and financial reporting for all funds, except for inclusion of debt service principal expenses in the Water and Sewer Fund.

Budgetary Procedures and Controls

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

Budgetary control is maintained at the department level through encumbrances of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of balances are not released until additional appropriations are made available. The Chief Financial Officer is authorized to approve budget revisions within a department as long as the total budget does not change. Council action is required for requests where the overall budget for a department increases. Any increase must be funded by additional available resources at the time of the amendment.

ACCOMPLISHMENTS AND MAJOR INITIATIVES

Accomplishments

The following highlights some of the accomplishments achieved by the City in fiscal year 2019:

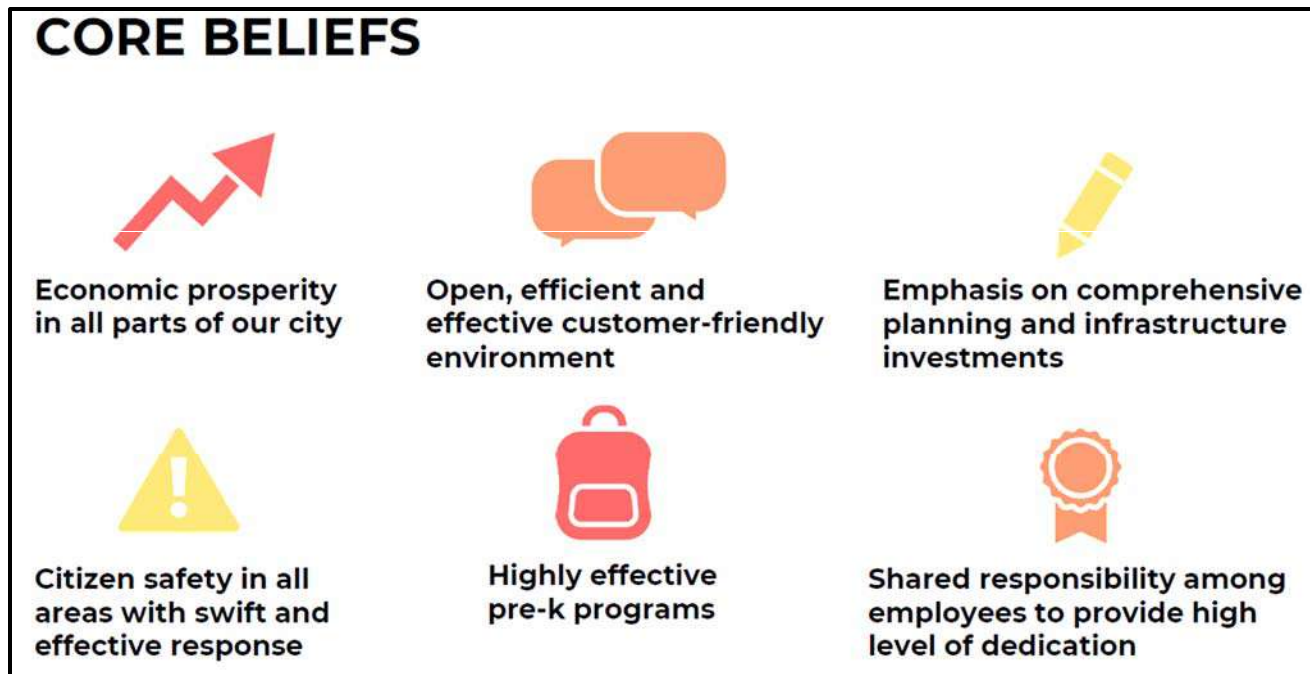
- The fiscal year 2020 budget was a large success thanks to the hard work and dedication of the each department, the budget team, Mayor and Council. In a manner similar to prior year, the development of the budget focused on maximizing current resources to maintain current levels of service, as well as making strategic investments to move our community forward. This resulted in an adopted budget focused on the importance of public safety, education, infrastructure, economic development and employee investment. Highlights from this year's budget include the addition of six additional police officers, purchase of a National Integrated Ballistic Information Network ("NIBIN") machine to assist in solving and preventing violent crimes involving firearms, an EMS prevention coordinator, replacement of outdated capital equipment including a garbage and recycling truck, as well as two step increases to salaries, resulting in a 3% step increase and 2.2% cost of living allowance for all City Employees.
- In fiscal year 2019 a 1% sales tax increase was approved by Council, effective October 1, 2019, as part of the Elevate Tuscaloosa Plan to support the funding of high priority projects throughout the City of Tuscaloosa. These projects will span education, infrastructure, economic development and public safety. City Council passed the Elevate Tuscaloosa budget as part of the fiscal year 2020 budget process, with projected net revenues totaling \$15,000,000. In fiscal year 2019, the City signed a memorandum with the Tuscaloosa Public Library and Children's Hands-On Museum (CHOM) to explore the use of the Tuscaloosa News building as a shared use facility. Over the next several months, the property was purchased by the City and in December 2019 it was announced that \$1.25 million would be donated through Nick's Kids Foundation, as well as the Saban family, to kick start the funding of a new, state of the art interactive learning center to be housed in the previously purchased building. This will be just one of many projects stemming from the Elevate Tuscaloosa Plan.



- The City hosted numerous community events, including 16 concerts at the Amphitheater, Holidays on the River which includes ice skating, live performances, carriage rides and visits with Santa, 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 first annual Druid City Music Festival was held at Government Plaza in the heart of downtown Tuscaloosa. The festival took place over two days and featured live music from numerous bands.
- Tuscaloosa celebrated its 200th birthday in 2019. A lively and inclusive 12-month calendar of events entertained, educated and engaged people of all ages. In January, an official kickoff was held at the Tuscaloosa River Market, followed by a bicentennial bash in March, a family friendly event featuring musical acts and a kids- zone with rides, inflatables and hands-on activities. In March a three-day history exposition entitled “Tuscaloosa Through Time” was hosted by the bicentennial commission, and a Community Book Experience was hosted in November, featuring the author of “Tuscaloosa – 200 Years in the Making.” The year concluded with a two-day 200th birthday extravaganza which included the unveiling of two bicentennial sculptures, dedication of a time capsule, Christmas tree lighting and PARA’s 44th annual Christmas parade.
- Approximately \$38 million in capital projects were completed during the fiscal year and approximately \$36 million in construction projects are currently in progress. Notable projects include the completion of I20/59 widening from McFarland to Buttermilk Rd, Lift Station #3 Interceptor Improvements and Hargrove McFarland turn lanes.

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 on the following page.



The fiscal year 2020 budget was built on the foundation of these core beliefs, with a focus on public safety, education, infrastructure, economic development, and employee investment. The following major initiatives were funded:

Investment in Employees

- Salary increases for each employee in the form of a 2.2% cost of living adjustment ("COLA") and two-step increases, bringing the total percentage increase in pay to 5.2%. The COLA is effective October 1, 2019 for all employees and the step raises will be effective on each employee's anniversary date of hire.
- Addition of two Human Resource Specialists and one Senior Human Resources Officer.
- Learning Management System that will provide a training platform for all City employees.

Public Safety

- Six additional police officers to strengthen Tuscaloosa's police presence and keep citizens safe.
- 200 body cameras and 62 tasers to outfit our police officers.

- A NIBIN Machine, as well as access to the NIBIN database, that allows for the capture and comparison of ballistic evidence to aid in solving and preventing violent crimes involving firearms.
- An additional Assistant City Attorney to assist in prosecuting efforts.
- An EMS Prevention Coordinator to continue prevention efforts initiated by the Tuscaloosa Fire and Rescue Service as part of the ACTION program.
- A Fleet Services Officer for the Tuscaloosa Fire and Rescue Service to assist with minimizing costs associated with apparatus downtime for repairs and maintenance.

Agency Funding

- Tuscaloosa's One Place will receive \$150,000 to assist with renovations for their new facility. This amount will be paid over three years and funded in the General Fund Reserve for Future Improvements.
- The Tuscaloosa Children's Center will receive \$100,000 to complete a building expansion. This amount will be paid over two years and funded in the General Fund Reserve for Future Improvements.
- The Tuscaloosa SAFE Center will receive annual operating funding of \$15,000 to assist with their ongoing operational needs. This includes the treatment of patients, as well as keeping a nurse certified through the Sexual Assault Nurse Examiner Program ("SANE").
- Child Abuse Prevention Services, Kristen Amerson Youth Foundation, and BBC Education Academy were three new agencies added to the budget in fiscal year 2020. Each agency has been awarded \$10,000 for this fiscal year to assist with their ongoing operational needs.

Urban Development and Community Services

- Addition of Code Enforcement Officer to assist with short-term rental regulations.
- \$40,000 for a year-long Neighborhood Revitalization pilot program to assist in the reduction of blighted properties city-wide.

Infrastructure and Public Services

- \$140,000 for updates/additions of road and traffic striping.
- \$60,000 for the addition of speed tables in high traffic areas of the City.
- Addition of two IPS Technicians to assist with line locating services.

Vehicles, Equipment and Capital Projects

- The Infrastructure and Public Services Department will receive \$2,121,397 for capital equipment, of which \$556,397 is repayment for leased equipment approved in fiscal year 2017. New equipment includes, but is not limited to six ½ ton trucks, a garbage truck, a recycling truck and two knuckle booms.

- \$995,000 will be invested in the Police Department for the purchase of cradle-points for all police vehicles as well as 17 new vehicles, allocated as follows:
 - Patrol Division – 8
 - Juvenile Division – 3
 - Criminal Investigations Division – 3
 - Code Enforcement Division – 1
 - Traffic Division – 2
- The Tuscaloosa Fire and Rescue Service will receive \$1,744,500 for capital purchases, of which \$750,000 is repayment to the General Fund for equipment purchased in fiscal year 2017 and \$250,000 for the purchase of land for the future Fire Station No. 5. New equipment includes a one ton truck, a ¾ ton truck and a new pumper truck.
- \$1,000,000 in City-wide resurfacing projects funded through the fiscal year 2020 estimated gas tax distribution, which includes the new taxes that resulted from the Rebuild Alabama Act. The new taxes generated, which are estimated at \$300,000 will be dedicated towards paving neighborhood roads across the City.
- \$363,080 will be invested in the Ed Love Water Treatment Plant for capital improvements to the raw water pumping station and \$341,459 will be invested in the Waste Water Treatment Plan for raw sewage and aeration improvements. These capital projects will be funded through the Water and Sewer Service Fees collected in all districts.

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, 2018, marking the thirty-second 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.

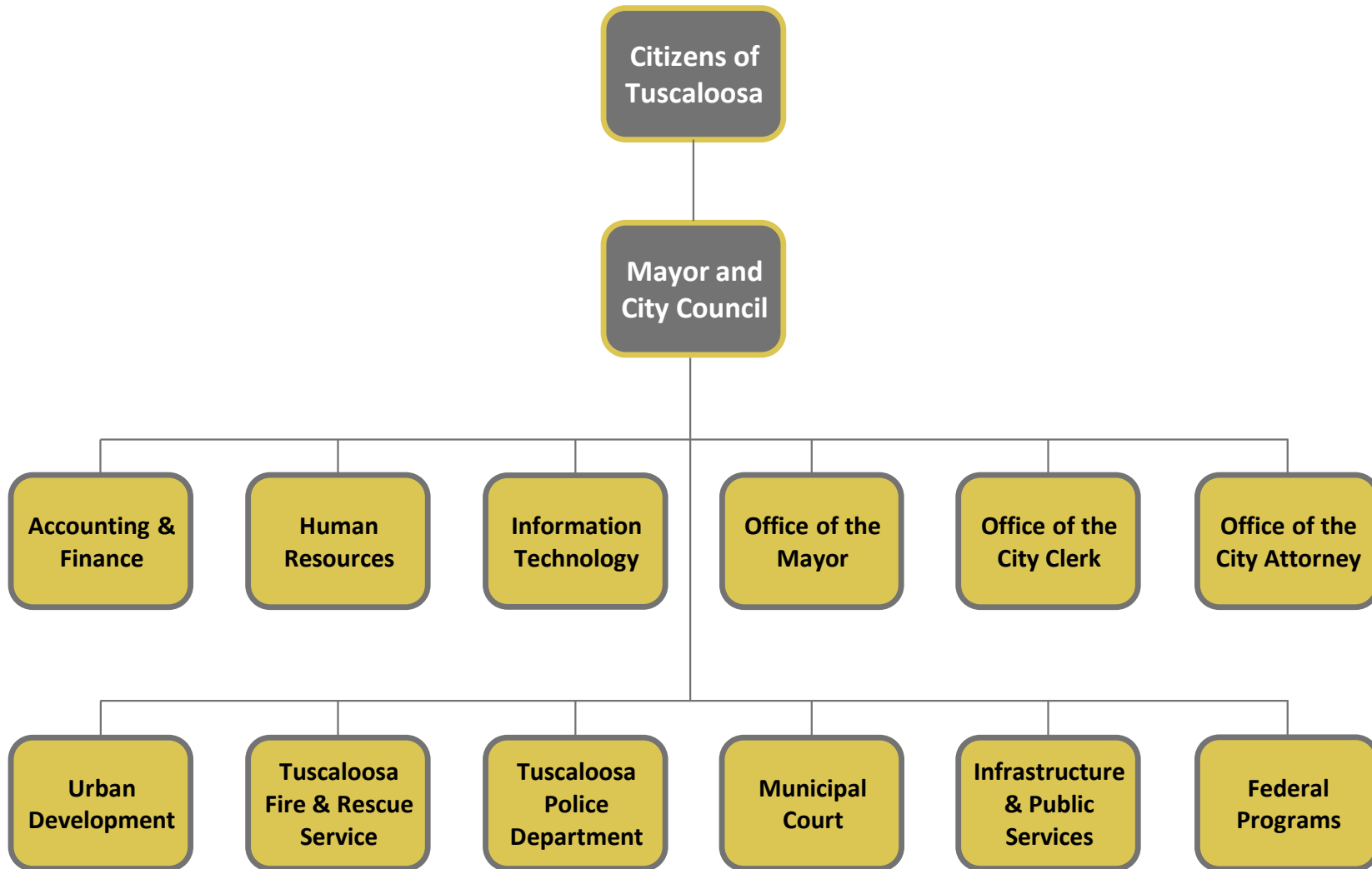


Walt Maddox
Mayor



Susan Snowden
Chief Financial Officer

Organizational Chart





Executive Branch

Walt Maddox, Mayor

Legislative Branch

Phyllis Odom	District 1
Raeven Howard	District 2
Cynthia Almond	District 3
Lee Busby	District 4
Kip Tyner	District 5
Edwin Pugh	District 6
Sonya McKinstry	District 7

Judicial Branch

Ricky McKinney	Municipal Court Judge
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Department Heads

Susan Snowden	<i>Accounting and Finance Department</i>
Carly Standridge	<i>City Clerk</i>
Randy Smith	<i>Fire & Rescue</i>
Mark Fields	<i>Human Resources</i>
Chuck Crocker	<i>Information Technology</i>
Tera Tubbs	<i>Infrastructure and Public Services</i>
Marion Williams	<i>Municipal Court</i>
LaParry Howell	<i>Office of Federal Programs</i>
Glenda Webb	<i>Office of the City Attorney</i>
Brendan Moore	<i>Office of Urban Development</i>
Brent Blankley	<i>Police</i>



Government Finance Officers Association

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

Presented to

**City of Tuscaloosa
Alabama**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION





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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2019, 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.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 5 through 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 129), the Schedule of City Contributions – Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (on page 130), the Schedule of Pension Investment Returns – Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (on page 131), the Schedule of Changes in the City's Net Pension Liability and Related Ratios – Employees' Retirement System of Alabama (on page 132), the Schedule of City Contributions – Employees' Retirement System of Alabama (on page 133), 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 134), the Schedule of City Contributions – Retirement Plan for Hourly Employees of the City of Tuscaloosa (on page 135), Schedule of Changes in the City's Net Pension Liability and Related Ratios – Tuscaloosa Police Officers and Firefighters Retirement Plan (on page 136), the Schedule of City Contributions – Tuscaloosa Police Officers and Firefighters Retirement Plan (on page 137), and the Schedule of Changes in the City's Total OPEB Liability and Related Ratios (on page 138) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, the water and sewer budgetary comparison 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 and the water and sewer budgetary 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 and the water and sewer budgetary are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
March 19, 2020



City of
TUSCALOOSA

MANAGEMENT'S DISCUSSION AND ANALYSIS





MANAGEMENT'S DISCUSSION & ANALYSIS

This section of the **City of Tuscaloosa, Alabama's (the "City") Comprehensive Annual Financial Report ("CAFR")** presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. 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 ended September 30, 2019 by \$362,316,528 (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 Post-employment Benefits other than Pensions* ("GASB 75"). 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 post-employment health insurance plan. For fiscal year ended September 30, 2019, net position included a negative \$86,291,994 for the unrestricted portion.

Changes in net position – The City's total net position increased in fiscal year 2019 by \$12,393,684 (an increase of \$3,982,759 from governmental activities and \$8,410,925 from business-type activities).

FINANCIAL HIGHLIGHTS (Continued)

Fund Highlights:

Governmental Funds – Fund Balances – At the close of fiscal year 2019, the City’s governmental funds reported a combined ending fund balance of \$70,107,454, a decrease of \$2,449,022 when compared to the prior year balance. Of this amount, \$12,861,368 represents non-spendable fund balance in the General Fund. Amounts available to be spent include \$25,321,667 of restricted fund balance, \$2,086,791 of committed fund balance, \$18,088,200 of assigned fund balance and \$11,749,428 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 \$31,924,419, or approximately 16%, of total governmental expenditures of \$199,870,100.

Business-Type Activities – At the close of fiscal year 2019, the City’s Business-Type Activity Funds reported a net position of \$246,123,175. The change in net position for fiscal year 2019 was an \$8,410,925 increase.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (schedules related to pension liability and funding progress for other post-employment 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 non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report. The basic governmental fund financial statements can be found on pages 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 pages 37 – 44 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 45 and 46 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 47 – 128 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 129 – 138 of this report.

Combining Statements

The combining statements referred to earlier in connection with non-major governmental funds can be found on pages 139 – 146 of this report.

Other Supplementary Information

The budgetary comparisons for the water and sewer fund can be found on page 147 of this report.

Statistical Information

The statistical section, found on pages 148 – 172 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 \$362,316,528 as of September 30, 2019. Analyzing the net position of governmental and business-type activities separately, the governmental activities net position was \$116,193,353 and the business-type activities net position was \$246,123,175.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets and Deferred Outflows of Resources						
Current and other assets	\$ 89,450,414	\$ 94,485,394	\$ 40,777,261	\$ 37,771,501	\$ 130,227,675	\$ 132,256,895
Capital assets	316,772,296	293,502,583	308,359,605	303,620,541	625,131,901	597,123,124
Total assets	406,222,710	387,987,977	349,136,866	341,392,042	755,359,576	729,380,019
Total deferred outflows of resources	35,040,648	26,129,493	4,646,774	5,126,820	39,687,422	31,256,313
Total assets and deferred outflows of resources	441,263,358	414,117,470	353,783,640	346,518,862	795,046,998	760,636,332
Liabilities and Deferred Inflows of Resources						
Long-term liabilities	291,772,121	274,920,475	92,124,235	94,759,797	383,896,356	369,680,272
Other liabilities	24,115,272	20,337,274	14,273,863	13,095,935	38,389,135	33,433,209
Total liabilities	315,887,393	295,257,749	106,398,098	107,855,732	422,285,491	403,113,481
Total deferred inflows of resources	9,182,612	6,649,128	1,262,367	950,880	10,444,979	7,600,008
Total liabilities and deferred inflows of resources	325,070,005	301,906,877	107,660,465	108,806,612	432,730,470	410,713,489
Net Position						
Net investment in capital assets	195,622,070	182,441,470	227,543,387	221,498,636	423,165,457	403,940,106
Restricted	25,443,065	31,618,220	-	-	25,443,065	31,618,220
Unrestricted	(104,871,782)	(101,849,096)	18,579,788	16,213,614	(86,291,994)	(85,635,482)
Total Net Position	\$ 116,193,353	\$ 112,210,594	\$ 246,123,175	\$ 237,712,250	\$ 362,316,528	\$ 349,922,844

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Analysis of Net Position (Continued)

The largest portion of the City's net position, \$423,165,457, 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 2019, the City's governmental activities capital assets, net of accumulated depreciation, increased by \$23,269,713 and business-type activities capital assets, net of accumulated depreciation, increased by \$4,739,064 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, \$25,443,065, 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 \$104,871,782 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, 2019 for governmental activities totaled \$138,546,288 and \$30,286,953, respectively. The unrestricted net position in business-type activities is \$18,579,788. The net pension liability and total OPEB liability as of September 30, 2019 for business-type activities totaled \$6,865,660 and \$4,660,904, respectively.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Analysis of Changes in Net Position

The following tables provide a summary of the City's change in net position. Governmental activities net position increased by \$3,982,759 and the business-type activities net position increased by \$8,410,925. 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:

Revenues	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program revenues:						
Charges for services	\$ 32,904,434	\$ 31,965,188	\$ 51,051,580	\$ 49,161,915	\$ 83,956,014	\$ 81,127,103
Operating grants and contributions	52,891,714	66,494,123	-	-	52,891,714	66,494,123
Capital grants and contributions	7,471,892	1,971,787	127,131	2,773,176	7,599,023	4,744,963
General revenues:						
Sales and use tax	47,666,435	44,107,898	-	-	47,666,435	44,107,898
Property tax	19,034,804	18,369,545	-	-	19,034,804	18,369,545
Other taxes	16,815,922	15,840,325	-	-	16,815,922	15,840,325
Investment earnings	409,533	406,611	85,970	120,873	495,503	527,484
Gain (loss) on disposal of capital assets	4,733	49,401	62,758	53,040	67,491	102,441
Total revenues	\$ 177,199,467	179,204,878	\$ 51,327,439	52,109,004	\$ 228,526,906	231,313,882

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Analysis of Changes in Net Position (Continued)

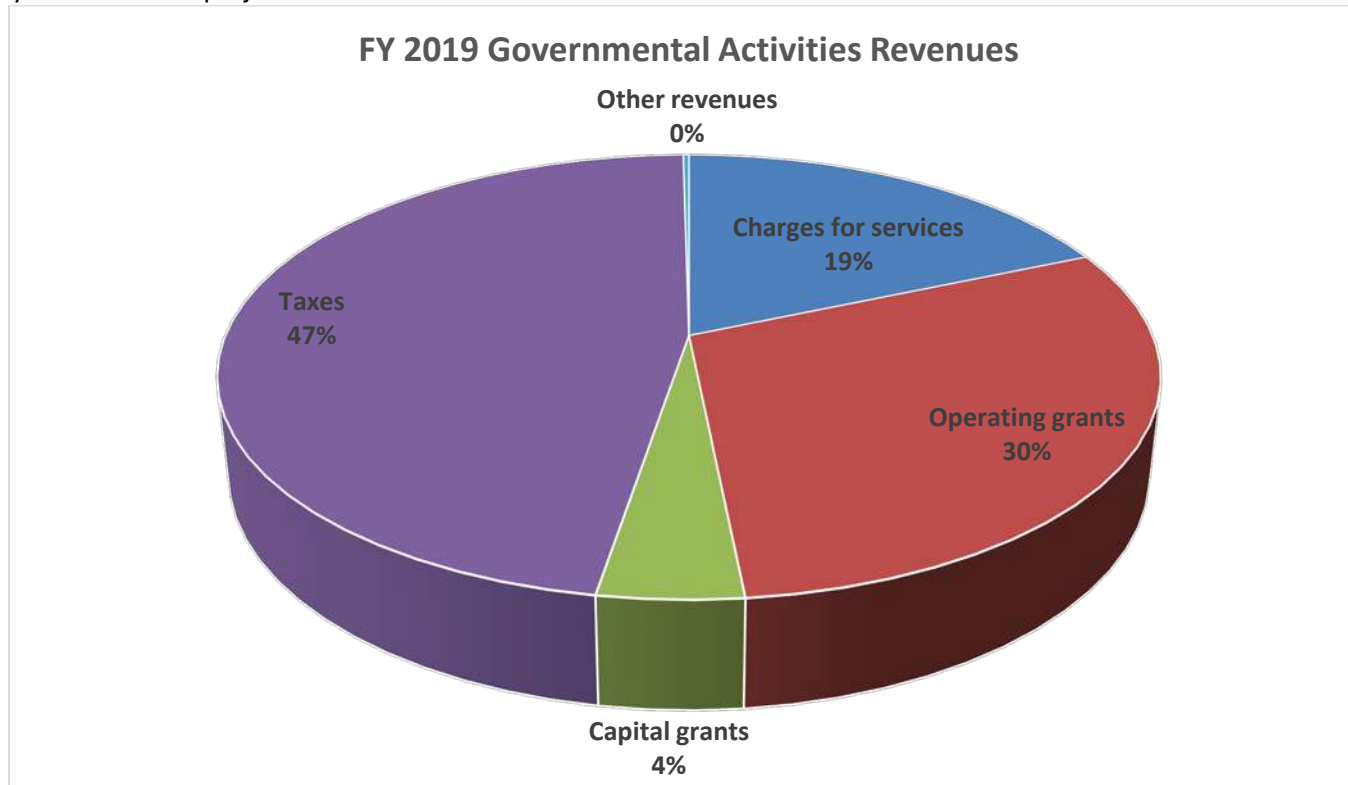
Expenses	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Community Services	\$ 21,692,644	\$ 10,817,522	\$ -	\$ -	\$ 21,692,644	\$ 10,817,522
Education	21,646,612	17,736,879	-	-	21,646,612	17,736,879
General Government	21,767,822	17,722,560	-	-	21,767,822	17,722,560
Infrastructure and public services	33,774,746	42,019,312	-	-	33,774,746	42,019,312
Public safety	73,277,078	63,015,573	-	-	73,277,078	63,015,573
Urban Development	3,395,063	3,605,120	-	-	3,395,063	3,605,120
Funds to other agencies	-	15,241,456	-	-	-	15,241,456
Cost sharing arrangements	-	1,501,629	-	-	-	1,501,629
Interest	4,029,079	4,536,097	-	-	4,029,079	4,536,097
Intermodal facility	-	-	52,163	54,126	52,163	54,126
Water and sewer	-	-	36,498,015	34,129,319	36,498,015	34,129,319
Total expenses	179,583,044	176,196,148	36,550,178	34,183,445	216,133,222	210,379,593
Increase (decrease) in net position before transfers	(2,383,577)	3,008,730	14,777,261	17,925,559	12,393,684	20,934,289
Transfers in (out)	6,366,336	5,438,666	(6,366,336)	(5,438,666)	-	-
Change in net position	3,982,759	8,447,396	8,410,925	12,486,893	12,393,684	20,934,289
Net position, beginning of year, as previously reported	112,210,594	124,778,138	237,712,250	228,381,684	349,922,844	353,159,822
Net effect of prior period adjustments	-	(21,014,940)	-	(3,156,327)	-	(24,171,267)
Net position, beginning of year, as restated	112,210,594	103,763,198	237,712,250	225,225,357	349,922,844	328,988,555
Net position, end of year	\$ 116,193,353	\$ 112,210,594	\$ 246,123,175	\$ 237,712,250	\$ 362,316,528	\$ 349,922,844

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities

Significant changes in governmental activities revenue include the following:

- Sales and use tax revenue increased \$3,558,537 (8%) due to a continuing improvement in the economy, which resulted in increased economic development and discretionary customer spending.
- Property tax revenues increased \$665,259 (4%) due to increased assessed property values.
- Garbage revenues increased \$336,275 (6%) due to a \$1 increase in FY 2019 rates.
- Lodging tax revenues increased \$613,084 (8%) due to new hotels and increased tourism levels in FY 2019.
- Revenues from operating and capital grants and contributions decreased by \$8,102,304 (12%). The majority of the decreased revenues can be attributed to the completion of major disaster recovery projects such as the Edge Entrepreneurship Center and other large disaster recovery infrastructure projects.



GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

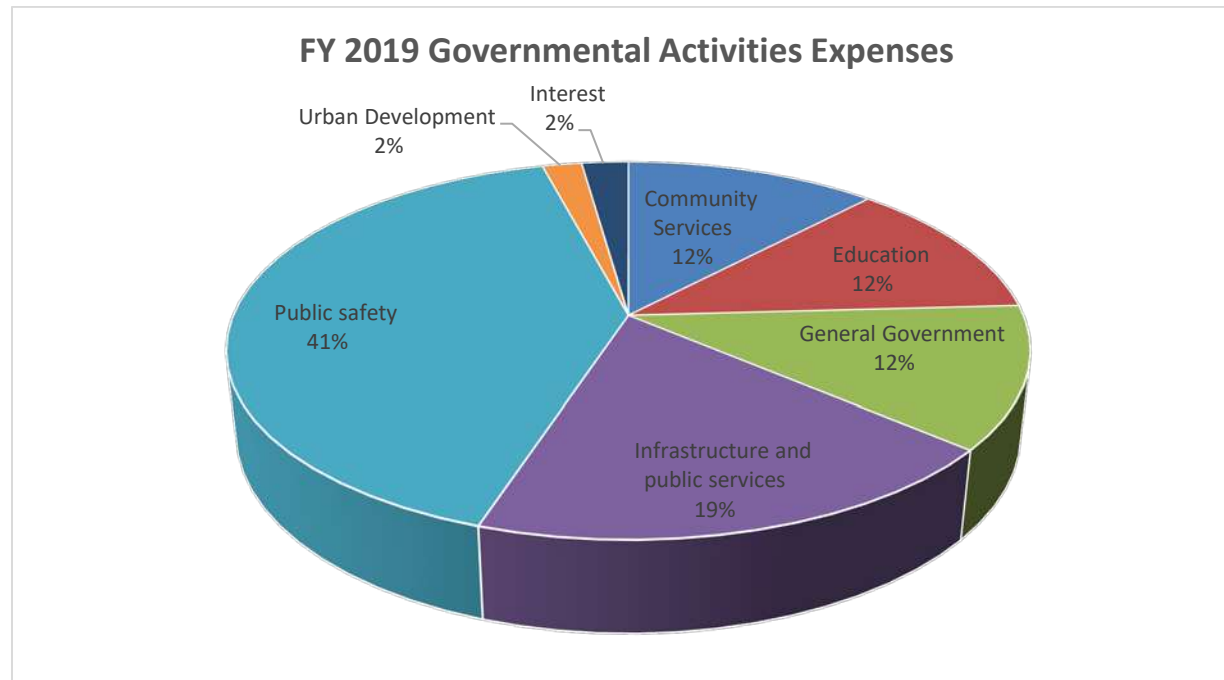
Governmental Activities (Continued)

Significant changes in governmental activities expenses include the following:

- Overall, governmental expenses increased \$3,386,896 (2%) primarily due to a 2% cost of living increase and one-step (1.5%) increase for all employees.
- Categories for Cost Sharing Arrangements and Funds to Other Agencies were eliminated in fiscal year 2019 and those expenditures, totaling \$15,547,034, have been allocated to the Community Services, Education and General Government categories, making up a large portion of the increases in those categories year over year.
- Education expenses increased 4% (excluding the additions from funds to other agencies and cost sharing arrangements as mentioned above) due to an increase in county sales tax generated in fiscal year 2019. 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 Board's behalf and remitting monthly (expenditures).
- Public Safety expenses increased \$10,261,505, approximately 16%, largely due to the investment in a public safety radio system, as well as the addition of ten new police security guards at all public elementary schools.
- Community Services (excluding the additions from funds to other agencies and cost sharing arrangements as mentioned above) increased \$1,307,727, approximately 12%, the majority of which can be contributed to increases in special event expenditures.
- Infrastructure and Public Safety decreased \$8,244,566, approximately 20%, mainly due to a reduction in fixed asset related expenses of \$7,570,794. In addition, allocations for pensions, OPEB, workers compensation and compensated absences decreased by \$2,649,875, while operational expenses increased by \$1,567,398, the majority of which can be contributed to the 2% cost of living increase and 1.5% step increase for employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)



Business-type Activities

The City operates a water and sewer utility that is accounted for as an enterprise fund. Total operating revenues increased by \$1,902,562 (4%) while operating expenses increased by \$1,326,353 (4%). The Water and Sewer Fund change in net position compared to the prior year decreased by \$3,032,330 primarily due to an increase in special project expenses.

The Water and Sewer Fund transferred \$6,432,074 to the General Fund for services provided by key General Fund departments including accounting, legal, human resource and information technology services as well as direct expenses incurred from property insurance and workers compensation claims.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

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

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

As of the end of the 2019 fiscal year, the City's governmental funds reported combined ending fund balances of \$70,107,454, a decrease of \$2,449,022 (3%) from the prior year balance. At the end of each fiscal year, the general fund records a transfer to the capital projects fund resulting in a decrease to the unassigned fund balance and an increase to the assigned fund balance for capital projects. For fiscal year 2019, the total transfer was \$5,535,088. Of the total fund balance of \$70,107,454, \$12,861,368 (18%) constitutes the non-spendable fund balance, which includes amounts that are either not in spendable form or legally or contractually required to be maintained intact. In addition, \$25,321,667 (36%) 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 \$2,086,791 (3%) of total fund balance. Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed are reported as assigned fund balance. Assigned fund balance represents \$18,088,200 (26%) 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, 2019, unassigned fund balance represented \$11,749,428 (17%) of total fund balance.

The following table shows the revenues for fiscal year 2019 and 2018 and the increases and decreases from 2018 by major funds and other governmental funds.

	General Fund			Capital Projects Fund			Disaster Recovery Construction Fund			Other Governmental Funds		
	2019	2018	Increase/ (Decrease)	2019	2018	Increase/ (Decrease)	2019	2018	Increase/ (Decrease)	2019	2018	Increase/ (Decrease)
Revenues												
Taxes	\$ 80,007,862	\$ 74,853,297	\$ 5,154,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 941,537	\$ 883,646	\$ 57,891
Licenses and permits	24,005,204	23,274,964	730,240	-	-	-	-	-	-	-	-	-
Fines and penalties	2,077,426	2,083,836	(6,410)	-	-	-	-	-	-	331,090	494,731	(163,641)
Use of property	301,682	260,592	41,090	-	-	-	-	-	-	-	-	-
Charges for services	6,189,032	5,851,065	337,967	-	-	-	-	-	-	-	-	-
Intergovernmental	38,926,748	37,318,859	1,607,889	39,041	3,153,469	(3,114,428)	6,754,208	11,186,237	(4,432,029)	12,094,836	5,913,967	6,180,869
Other revenues	9,410,623	8,412,726	997,897	664,158	869,650	(205,492)	666	1,901	(1,235)	1,467,292	1,239,646	227,646
	<u>\$ 160,918,577</u>	<u>\$ 152,055,339</u>	<u>\$ 8,863,238</u>	<u>\$ 703,199</u>	<u>\$ 4,023,119</u>	<u>\$ (3,319,920)</u>	<u>\$ 6,754,874</u>	<u>\$ 11,188,138</u>	<u>\$ (4,433,264)</u>	<u>\$ 14,834,755</u>	<u>\$ 8,531,990</u>	<u>\$ 6,302,765</u>

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Continued)

Governmental Funds (Continued)

The *General Fund* is the chief operating fund of the City. General Fund revenues consist primarily of the City's direct sales tax, the City's share of the 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 19% 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 8% in fiscal year 2019 due to continued economic growth.

The *Capital Projects Fund* accounts for the resources used to acquire, construct and improve major capital facilities, such as City buildings, road improvements, drainage projects, and street resurfacing. In the Capital Projects Fund, intergovernmental revenue decreased due to an overall decrease in federal and state grant revenue in 2019. Other revenues increased in 2019 due to an increase in special event revenues and cost reimbursements.

The *Disaster Recovery Construction Fund* is used to account for grant funds received under the CDBG-DR grant program and the related costs of the rebuild efforts that are ongoing in Tuscaloosa as a result of the April 27, 2011 tornado that significantly damaged the city. Funding decreased by approximately 40% in fiscal year 2019, as the majority of recovery efforts have neared or come to completion. In fiscal year 2018, 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, was completed, which was funded through the EDA grant within the disaster recovery fund. In addition, other large disaster recovery infrastructure projects such as the Alberta Parkway Revitalization and Street Reconstruction Project were completed in fiscal year 2018 or 2019 with a substantial amount of work being completed in fiscal year 2018 that resulted in the decrease in grant funds received.

The *Other Governmental Funds* are comprised of nonmajor capital projects funds, special revenue funds and a permanent fund for the maintenance of a park. The increase reflected in Other Governmental Fund revenues can be primarily attributed to the Road Improvement Fund. In the Road Improvement Fund, a special revenue fund, total revenues increased by \$5,830,096 due to an increase in reimbursements for projects associated with the Tuscaloosa County Road Improvement Commission (the "Commission"). The Commission receives 10% of the County's 3% sales tax, which is dedicated for road improvement projects throughout Tuscaloosa County. The City manages these projects and is reimbursed by the Commission throughout the year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Continued)

Governmental Funds (Continued)

The following table shows the expenditures for fiscal year 2019 and 2018 and the increases and decreases from 2018 by major funds and other governmental funds.

	General Fund			Capital Project Fund			Disaster Recovery Construction Fund			Other Governmental Funds		
	2019	2018	Increase/ (Decrease)	2019	2018	Increase/ (Decrease)	2019	2018	Increase/ (Decrease)	2019	2018	Increase/ (Decrease)
Expenditures												
Current operations:												
Community Services	\$ 9,202,101	\$ 7,158,806	\$ 2,043,295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,656,494	\$ 2,353,551	\$ (697,057)
Education	18,356,200	17,732,000	624,200	-	-	-	-	-	-	-	-	-
General Government	15,738,978	15,429,975	309,003	13,532	\$ 89,013	(75,481)	1,439,249	\$ 726,144	713,105	284,208	\$ 139,419	144,789
Infrastructure & Public Services	30,132,534	28,615,775	1,516,759	-	-	-	-	-	-	53,808	3,169	50,639
Public Safety	63,406,875	53,310,803	10,096,072	-	-	-	-	-	-	4,962	29,150	(24,188)
Urban Development	3,362,374	3,192,092	170,282	-	373,360	(373,360)	457	758	(301)	-	-	-
Funds to Other Agencies	12,890,873	12,803,770	87,103	-	-	-	-	-	-	-	-	-
Cost Sharing Arrangements	1,602,917	1,501,629	101,288	-	-	-	-	-	-	-	-	-
Other expenditures	1,053,245	2,437,686	(1,384,441)	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	14,351,171	14,459,920	(108,749)	5,442,712	11,464,174	(6,021,462)	12,444,745	11,436,806	1,007,939
Debt service	8,026,736	8,195,334	(168,598)	-	-	-	-	-	-	405,929	247,949	157,980
Intergovernmental expenditures	-	-	-	-	4,446	(4,446)	-	-	-	-	-	-
	<u>\$ 163,772,833</u>	<u>\$ 150,377,870</u>	<u>\$ 13,394,963</u>	<u>\$ 14,364,703</u>	<u>\$ 14,926,739</u>	<u>\$ (562,036)</u>	<u>\$ 6,882,418</u>	<u>\$ 12,191,076</u>	<u>\$ (5,308,658)</u>	<u>\$ 14,850,146</u>	<u>\$ 14,210,044</u>	<u>\$ 640,102</u>

General Fund – General fund expenditures increased 9% over the prior fiscal year. A portion of the increase can be attributed to a 2% cost of living adjustment, as well as a 1.5% step increase for all employees in fiscal year 2019. The remaining increase can be attributed to expenditures for items such as the addition of a public safety radio system, additional personnel to provide security in all public elementary schools, increases to maintenance contracts, utility rate increases, as well as additional departmental short-term and long-term needs.

Capital Projects Fund – Expenditures on capital projects decreased by \$562,036 (4%) over the prior fiscal year due to the completion of special projects.

Disaster Recovery Construction Fund – Expenditures within the disaster recovery fund decreased by \$5,308,658 (44%) over the prior fiscal year, the majority of which related to the completion of the Edge Entrepreneurship Center in fiscal year 2018. 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. In addition, other large disaster recovery infrastructure projects such as Alberta Parkway Revitalization and the Street Reconstruction project were completed in fiscal year 2018 or 2019 with a substantial amount of work being completed in fiscal year 2018 that resulted in a decrease in grant expenditures.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Continued)

Governmental Funds (Continued)

Other Governmental Funds – Expenditures shown for these funds, comprised of non-major capital project and special revenue funds, increased by \$640,102 primarily due to capital expenditures within the Public Safety Capital fund and the Road Improvement fund, offset by a reduction of expenditures in the various other capital project funds. Specifically, an increase in expenditures of \$2,292,865 for the Fire Station Number Five acquisition, \$1,098,686 for the purchase of an ARF vehicle, and \$2,109,233 in expenditures related to the Hargrove-McFarland improvements. As stated, these expenditures were offset by a reduction in capital expenditures throughout the other capital project funds, including a decrease of \$773,720 over the prior year related to the completion of the EMA building in fiscal year 2018.

Proprietary Funds

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

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

	September 30, 2019	September 30, 2018
<u>Operating revenues</u>		
Charges for services	\$ 49,071,815	\$ 48,024,817
Connection fees	822,790	856,464
Cost reimbursement	169,746	177,117
Other	927,386	30,777
Total operating revenues	50,991,737	49,089,175
<u>Operating expenses</u>		
All departmental expenses	23,751,776	22,860,936
Depreciation	10,097,027	9,661,514
Total operating expenses	33,848,803	32,522,450
Operating income	\$ 17,142,934	\$ 16,566,725

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Continued)

Proprietary Funds (continued)

The City Council has required the Water and Sewer Fund to maintain undesignated net position of at least 30% 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 2019 and has \$18,579,788 in unrestricted funds available for future capital projects.

Charges for services increased due to a 1% rate increase effective October 1, 2018. 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 (the "Council") holds each department head accountable for the line items in their budget. In the Capital Projects Fund, the Council designates funds for City projects.

The Council has control over the appropriation of funds; however, the Mayor is responsible for the annual budget recommendation to the Council. The budget process begins in May when the departments submit their budget requests for the following fiscal year to the Accounting and Finance Department. The Accounting and Finance Department compiles a report of the expenditure requests and the annual revenue projections. The annual budget hearings are held in June and July with City departments and agencies. The Mayor then adjusts the requests in order to present a balanced General Fund budget and Water and Sewer Fund budget to the Council. During the month of September, the Finance Committee, the Mayor and the Council review the final recommendation for adjustments before adopting the budget prior to October 1st. The original adopted budget is revised periodically throughout the year to take into account unexpected changes in revenues or expenditures. The final budget is not deemed to be significantly different from the original budget. The Chief Financial Officer has limited ability to approve the movement of funds within the "Other Operating" category of a departmental budget as long as the total department budget does not change.

Capital Assets and Debt Administration

Capital Assets

The City's capital assets for its governmental and business-type activities as of September 30, 2019 totaled \$316,772,296 and \$308,359,605, respectively (net of accumulated depreciation). The investment in capital assets includes land, infrastructure, buildings and systems, machinery and equipment, utility properties and construction in progress. The increase in capital assets for governmental activities was primarily a result of the net increase in capital assets in the land, buildings, equipment not in use, and infrastructure categories. For the business-type activities, the increase was primarily the result of an increase in the utilities category. See Note 4 to the financial statements for additional information.

	Governmental Activities		Business-type Activities		Totals	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Land	\$ 14,103,749	\$ 8,536,567	\$ 2,000,048	\$ 1,985,214	\$ 16,103,797	\$ 10,521,781
Buildings	85,547,278	80,758,041	-	-	85,547,278	80,758,041
Equipment	24,253,302	22,568,604	3,412,856	3,445,216	27,666,158	26,013,820
Equipment, not in use	7,146,683	-	-	-	7,146,683	-
Infrastructure	157,952,182	151,865,132	-	-	157,952,182	151,865,132
Utility property	-	-	294,483,330	287,612,661	294,483,330	287,612,661
Construction in progress	27,769,102	29,774,239	8,463,371	10,577,450	36,232,473	40,351,689
	<u>\$ 316,772,296</u>	<u>\$ 293,502,583</u>	<u>\$ 308,359,605</u>	<u>\$ 303,620,541</u>	<u>\$ 625,131,901</u>	<u>\$ 597,123,124</u>

Debt Administration

At fiscal year-end, the City had \$198,696,661 in outstanding warrants, installment payable and capital leases. Additional long-term liabilities totaled \$195,634,447 consisting of the net pension liabilities, OPEB liability, compensated absences and workers compensation claims. Overall, long-term debt increased \$16,436,190 from the prior year. See Note 5 to the financial statements for additional information.

	Governmental Activities		Business-type Activities		Totals	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Warrants payable	\$ 101,226,914	\$ 103,450,000	\$ 79,514,630	\$ 80,538,173	\$ 180,741,544	\$ 183,988,173
Section 108 loan	825,000	900,000	-	-	825,000	900,000
Installment payable	1,363,088	1,363,088	-	-	1,363,088	1,363,088
Capital leases	7,587,035	2,250,392	688,880	795,343	8,275,915	3,045,735
Premiums on warrants	4,745,941	5,214,599	3,158,497	3,774,152	7,904,438	8,988,751
Discounts on warrants	(413,324)	(446,068)	-	-	(413,324)	(446,068)
Total warrants, installment payable, and capital leases	115,334,654	112,732,011	83,362,007	85,107,668	198,696,661	197,839,679
Line of credit	-	-	-	-	-	-
Net pension liabilities	138,546,288	125,758,936	6,865,660	7,349,322	145,411,948	133,108,258
Total OPEB liability	30,286,953	28,347,234	4,660,924	4,361,267	34,947,877	32,708,501
Compensated absences	8,153,432	7,664,019	982,064	1,004,204	9,135,496	8,668,223
Workers compensation claims	5,598,846	5,229,621	540,300	340,636	6,139,146	5,570,257
Long-term liabilities	\$ 297,920,173	\$ 279,731,821	\$ 96,410,955	\$ 98,163,097	\$ 394,331,128	\$ 377,894,918

Total long-term liabilities for governmental activities increased by \$18,188,352 primarily due to an increase in the net pension liability, total OPEB liability and compensated absences. Total long-term liabilities for business-type activities decreased by \$1,752,142 due primarily to principal payments made in FY 2019.

The City maintains credit ratings of AAA, Aa1 and AA with Fitch Ratings, Moody's Investors Service and Standard & Poor's, respectively. Tuscaloosa is one of only two cities in Alabama to have the highest rating of AAA. Rating agency reports have referenced a "strong economy with a local stabilizing institutional influence" as a contributing factor to the City's strong credit ratings.

OTHER FINANCIAL MATTERS

Internal Service Fund

The City's Health Insurance Fund, an Internal Service Fund, had a positive net position of \$286,749 at September 30, 2019, an increase of \$683,801 from the prior year. The elimination of the deficit was primarily due to plan design changes such as increased co-pays, deductibles and premiums. While the deficit was eliminated in fiscal year 2019, the City continues to be diligent in its efforts to maintain a positive net position in the coming years. Specifically, the City budgeted transfers to the Internal Service Fund of \$100,000 in the General Fund and \$25,000 in the Water and Sewer Fund in the fiscal year 2020 budget.

OTHER MATTERS

Acknowledgements

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

Contacting the City's Financial Management

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



BASIC FINANCIAL STATEMENTS



CITY OF TUSCALOOSA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 58,782,290	\$ 23,926,223	\$ 82,708,513	\$ 414,076	\$ 158,019
Investments	151,904	-	151,904	-	502,453
Receivables (net of allowances for uncollectibles)	26,700,699	10,774,798	37,475,497	41,250	-
Internal Balances	(1,406,550)	1,406,550	-	-	-
Prepaid Items	154,373	184,914	339,287	55,227	-
Inventories	693,496	1,619,182	2,312,678	-	-
Total Current Assets	85,076,212	37,911,667	122,987,879	510,553	660,472
Noncurrent Assets					
Restricted Assets					
Cash and Cash Equivalents	-	2,865,594	2,865,594	-	-
Receivables	4,374,202	-	4,374,202	-	-
Capital Assets					
Land	14,103,749	2,000,048	16,103,797	-	-
Equipment Not in Service	7,146,683	-	7,146,683	-	-
Construction in Progress	27,769,102	8,463,371	36,232,473	-	-
Capital Assets (net of accumulated depreciation)	267,752,762	297,896,186	565,648,948	252,632	3,045,430
Total Capital Assets (net of accumulated depreciation)	316,772,296	308,359,605	625,131,901	252,632	3,045,430
Total Noncurrent Assets	321,146,498	311,225,199	632,371,697	252,632	3,045,430
Total Assets	406,222,710	349,136,866	755,359,576	763,185	3,705,902
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows from Pension	32,060,469	2,087,551	34,148,020	-	268,939
Deferred Outflows from OPEB	803,208	124,075	927,283	-	-
Deferred Loss on Debt Refunding	2,176,971	2,435,148	4,612,119	-	-
Total Deferred Outflows of Resources	35,040,648	4,646,774	39,687,422	-	268,939
LIABILITIES					
Current Liabilities					
Accounts Payable and Other Current Charges	16,127,989	3,743,688	19,871,677	49,003	174,143
Accrued Interest Payable	1,498,148	551,610	2,049,758	4,197	-
Current Portion of Long-Term Debt	6,489,135	9,978,565	16,467,700	5,045	-
Total Current Liabilities	24,115,272	14,273,863	38,389,135	58,245	174,143

(Continued)

CITY OF TUSCALOOSA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority
LIABILITIES (Continued)					
Noncurrent Liabilities					
Unearned Revenue	\$ 341,083	\$ 11,006	\$ 352,089	\$ -	\$ -
Developer Deposits	-	2,815,265	2,815,265	-	-
Net Pension Liability	138,546,288	6,865,660	145,411,948	-	-
Total OPEB Liability	30,286,953	4,660,904	34,947,857	-	-
Liabilities Payable from Restricted Assets					
Customer Deposits	-	2,865,594	2,865,594	-	-
Long-Term Debt - Due in more than one year, net	122,597,797	74,905,806	197,503,603	3,542	330,642
Total Noncurrent Liabilities	291,772,121	92,124,235	383,896,356	3,542	330,642
Total Liabilities	315,887,393	106,398,098	422,285,491	61,787	504,785
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows from TEF Advance	-	-	-	25,500	-
Deferred Inflows from Pension	6,702,419	1,009,904	7,712,323	-	208,056
Deferred Inflows from OPEB	1,634,333	252,463	1,886,796	-	-
Deferred Gain on Debt Refunding	845,860	-	845,860	-	-
Total Deferred Inflows of Resources	9,182,612	1,262,367	10,444,979	25,500	208,056
NET POSITION					
Net Investment in Capital Assets	195,622,070	227,543,387	423,165,457	244,045	3,045,430
Restricted for					
Long-term Receivable	2,945,357	-	2,945,357	-	-
Capital Park Maintenance	427,587	-	427,587	-	-
Capital Projects	10,302,189	-	10,302,189	-	-
Garnishments	4,097	-	4,097	-	-
Grant Projects	805,306	-	805,306	-	-
Municipal Court	2,069,064	-	2,069,064	-	-
Pensions	592,082	-	592,082	-	-
Road Projects	8,056,880	-	8,056,880	-	-
Salaries	240,503	-	240,503	-	-
Unrestricted	(104,871,782)	18,579,788	(86,291,994)	431,853	216,570
Total Net Position	\$ 116,193,353	\$ 246,123,175	\$ 362,316,528	\$ 675,898	\$ 3,262,000

CITY OF TUSCALOOSA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

FUNCTIONS / PROGRAMS	Program Revenues				Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority
Primary Government									
Governmental Activities									
Community Services	\$ 21,692,644	\$ -	\$ 9,303,169	\$ -	\$ (12,389,475)	\$ -	\$ (12,389,475)	\$ -	\$ -
Education	21,646,612	-	38,077,323	-	16,430,711	-	16,430,711	-	-
General Government	21,767,822	24,306,886	1,298,056	-	3,837,120	-	3,837,120	-	-
Infrastructure and Public Services	33,774,746	6,189,032	576,379	7,104,278	(19,905,057)	-	(19,905,057)	-	-
Public Safety	73,277,078	2,408,516	1,030,793	367,614	(69,470,155)	-	(69,470,155)	-	-
Urban Development	3,395,063	-	2,605,994	-	(789,069)	-	(789,069)	-	-
Interest on Long-Term Debt	4,029,079	-	-	-	(4,029,079)	-	(4,029,079)	-	-
Total Governmental Activities	179,583,044	32,904,434	52,891,714	7,471,892	(86,315,004)	-	(86,315,004)	-	-
Business-Type Activities									
Intermodal Facility	52,163	59,843	-	-	-	7,680	7,680	-	-
Water and Sewer	36,498,015	50,991,737	-	127,131	-	14,620,853	14,620,853	-	-
Total Business-Type Activities	36,550,178	51,051,580	-	127,131	-	14,628,533	14,628,533	-	-
Total Primary Government	\$ 216,133,222	\$ 83,956,014	\$ 52,891,714	\$ 7,599,023	\$ (86,315,004)	\$ 14,628,533	\$ (71,686,471)	\$ -	\$ -
Component Units									
Tuscaloosa Tourism and Sports Commission	\$ 2,170,668	\$ -	\$ 1,824,186	\$ -	\$ -	\$ -	\$ -	\$ (346,482)	\$ -
Tuscaloosa County Parking and Transit Authority	3,074,639	263,533	1,623,203	1,941,600	-	-	-	-	753,697
Total Component Units	\$ 5,245,307	\$ 263,533	\$ 3,447,389	\$ 1,941,600	\$ -	\$ -	\$ -	\$ (346,482)	\$ 753,697
General Revenues									
Taxes									
Sales and Use Tax					\$ 47,666,435	\$ -	\$ 47,666,435	\$ -	\$ -
Property Tax					19,034,804	-	19,034,804	-	-
Lodging Tax					7,846,381	-	7,846,381	-	-
Other Local Taxes					6,940,106	-	6,940,106	-	-
Intergovernmental					2,029,435	-	2,029,435	-	-
Gain on Disposal of Capital Assets					4,733	62,758	67,491	-	-
Unrestricted Investment Earnings					409,533	85,970	495,503	139	3,638
Transfers					6,366,336	(6,366,336)	-	-	-
Total General Revenues and Transfers					90,297,763	(6,217,608)	84,080,155	139	3,638
Change in Net Position					3,982,759	8,410,925	12,393,684	(346,343)	757,335
Net Position, Beginning of Year					112,210,594	237,712,250	349,922,844	1,022,241	2,504,665
Net Position, End of Year					\$ 116,193,353	\$ 246,123,175	\$ 362,316,528	\$ 675,898	\$ 3,262,000

CITY OF TUSCALOOSA

BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2019

	General Fund	Capital Projects Fund	Disaster Recovery Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 21,154,966	\$ 16,115,110	\$ 2,081,751	\$ 17,806,156	\$ 57,157,983
Investments	-	-	-	151,904	151,904
Receivables (Net of Allowances for Uncollectibles)	16,436,334	1,617,797	1,632,701	6,939,459	26,626,291
Due from Other Governments	14,547	-	-	-	14,547
Due from Other Funds	8,609,812	14,429,651	-	5,203,165	28,242,628
Advances to Other Funds	3,930,661	4,930,780	-	3,152,058	12,013,499
Loans Receivable	-	-	264,231	2,681,126	2,945,357
Prepaid Items	154,373	-	-	-	154,373
Inventories	693,496	-	-	-	693,496
Total Assets	<u>\$ 50,994,189</u>	<u>\$ 37,093,338</u>	<u>\$ 3,978,683</u>	<u>\$ 35,933,868</u>	<u>\$ 128,000,078</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Liabilities					
Accounts Payable and Other Current Charges	\$ 9,161,704	\$ 3,268,551	\$ 599,160	\$ 3,080,994	\$ 16,110,409
Unearned Revenue	341,083	-	-	-	341,083
Due to Other Funds	14,197,863	1,689,909	816,435	10,350,759	27,054,966
Advances from Other Funds	4,225,114	-	2,310,345	6,986,872	13,522,331
Total Liabilities	<u>27,925,764</u>	<u>4,958,460</u>	<u>3,725,940</u>	<u>20,418,625</u>	<u>57,028,789</u>
Deferred Inflows of Resources					
Unavailable Revenue	-	742,437	65,324	56,074	863,835
Total Liabilities and Deferred Inflows of Resources	<u>27,925,764</u>	<u>5,700,897</u>	<u>3,791,264</u>	<u>20,474,699</u>	<u>57,892,624</u>

(Continued)

CITY OF TUSCALOOSA

BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2019

	General Fund	Capital Projects Fund	Disaster Recovery Construction Fund	Other Governmental Funds	Total Governmental Funds
FUND BALANCES					
Fund Balances					
Nonspendable:					
Advances	\$ 3,930,661	\$ 4,930,780	\$ -	\$ 3,152,058	\$ 12,013,499
Prepaid Items	154,373	-	-	-	154,373
Inventories	693,496	-	-	-	693,496
Restricted for:					
Long-term Receivable	-	-	264,231	2,681,126	2,945,357
Capital Park Maintenance	404,437	-	-	23,150	427,587
Capital Projects	-	8,250,802	-	2,051,387	10,302,189
Garnishments	4,097	-	-	-	4,097
Grant Projects	-	-	-	717,384	717,384
Municipal Court	2,069,064	-	-	-	2,069,064
Pensions	592,082	-	-	-	592,082
Road Projects	-	-	-	8,023,404	8,023,404
Salaries and Wages	-	-	-	240,503	240,503
Committed for:					
Capital Projects	-	499,982	-	202,533	702,515
Cemetery Maintenance	-	-	-	135,796	135,796
Law Enforcement and Public Officials Liability	301,457	-	-	-	301,457
Tourism Enhancement	275,240	-	-	267,404	542,644
Facility Renewal Projects	404,379	-	-	-	404,379
Assigned					
Fiscal Year 2020 Budget	377,323	-	-	-	377,323
Future Capital Projects	-	17,710,877	-	-	17,710,877
Unassigned	13,861,816	-	(76,812)	(2,035,576)	11,749,428
Total Fund Balances	23,068,425	31,392,441	187,419	15,459,169	70,107,454
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 50,994,189	\$ 37,093,338	\$ 3,978,683	\$ 35,933,868	\$ 128,000,078

CITY OF TUSCALOOSA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2019

Fund Balances - Governmental Funds		\$ 70,107,454
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Buildings, net of accumulated depreciation of \$30,638,339	\$ 85,547,278	
Equipment, net of accumulated depreciation of \$47,522,944	24,253,302	
Infrastructure, net of accumulated depreciation of \$144,590,395	157,952,182	
Land	14,103,749	
Equipment not in use	7,146,683	
Construction in progress	<u>27,769,102</u>	316,772,296
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		863,835
Long-term receivables associated with the sale of capital assets are not reported in the funds.		
Receivable for sale of land	\$ 1,303,845	
Receivable for sale of building	<u>125,000</u>	1,428,845
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.		(695,403)
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	\$ (101,226,914)	
Section 108 loan	(825,000)	
Capital lease	(7,587,035)	
Installment note payable	(1,363,088)	
Compensated absences	(8,153,432)	
Workers comp liability	(4,322,235)	
Total OPEB liability and related deferred inflows and deferred outflows	(31,118,078)	
Accrued interest payable	(1,498,148)	
Deferred loss on refunding of warrants, to be amortized	2,176,971	
Deferred gain on refunding of warrants, to be amortized	(845,860)	
Premiums, to be amortized	(4,745,941)	
Discount, to be amortized	<u>413,324</u>	(159,095,436)
Net pension liability, deferred inflows, and deferred outflows, not reported in the funds		<u>(113,188,238)</u>
Net position of governmental activities		<u>\$ 116,193,353</u>

CITY OF TUSCALOOSA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Capital Projects Fund	Disaster Recovery Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 80,007,862	\$ -	\$ -	\$ 941,537	\$ 80,949,399
Licenses and Permits	24,005,204	-	-	-	24,005,204
Fines and Penalties	2,077,426	-	-	331,090	2,408,516
Use of Property	301,682	-	-	-	301,682
Charges for Services	6,189,032	-	-	-	6,189,032
Intergovernmental	38,926,748	39,041	6,754,208	12,094,836	57,814,833
Other	9,410,623	664,158	666	1,467,292	11,542,739
Total Revenues	160,918,577	703,199	6,754,874	14,834,755	183,211,405
EXPENDITURES					
Current Operations					
Community Services	9,202,101	-	-	1,656,494	10,858,595
Education	18,356,200	-	-	-	18,356,200
General Government	15,738,978	13,532	1,439,249	284,208	17,475,967
Infrastructure and Public Services	30,132,534	-	-	53,808	30,186,342
Public Safety	63,406,875	-	-	4,962	63,411,837
Urban Development	3,362,374	-	457	-	3,362,831
Funds to Other Agencies	12,890,873	-	-	-	12,890,873
Cost Sharing Arrangements	1,602,917	-	-	-	1,602,917
Other Expenditures	1,053,245	-	-	-	1,053,245
Total Current Operations	155,746,097	13,532	1,439,706	1,999,472	159,198,807
Capital Outlay	-	14,351,171	5,442,712	12,444,745	32,238,628
Debt Service					
Principal	3,940,621	-	-	297,736	4,238,357
Interest Charges	4,080,558	-	-	108,193	4,188,751
Warrant Issue Costs	5,557	-	-	-	5,557
Total Expenditures	163,772,833	14,364,703	6,882,418	14,850,146	199,870,100
Deficiency of Revenues Under Expenditures	(2,854,256)	(13,661,504)	(127,544)	(15,391)	(16,658,695)
OTHER FINANCING SOURCES (USES)					
Capital Lease	6,000,000	-	-	-	6,000,000
Proceeds from Sale of Capital Assets	-	302,100	-	239,813	541,913
Proceeds from Issuance of Debt	-	-	-	1,276,914	1,276,914
Transfers In	8,810,226	6,392,389	-	7,831,676	23,034,291
Transfer Out	(10,776,330)	(2,755,735)	-	(3,111,380)	(16,643,445)
Total Other Financing Sources, net	4,033,896	3,938,754	-	6,237,023	14,209,673
Net Change in Fund Balances	1,179,640	(9,722,750)	(127,544)	6,221,632	(2,449,022)
Fund Balances, Beginning of Year	21,888,785	41,115,191	314,963	9,237,537	72,556,476
Fund Balances, End of Year	\$ 23,068,425	\$ 31,392,441	\$ 187,419	\$ 15,459,169	\$ 70,107,454

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

CITY OF TUSCALOOSA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net change in Fund Balances - Total Governmental Funds		\$	(2,449,022)
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:			
Capital asset purchases capitalized	\$	35,688,411	
Depreciation expense		(11,857,008)	23,831,403
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to decrease net position.			
Transfer to business-type activities	\$	(24,510)	
Disposal of capital assets		(537,180)	(561,690)
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.			
			(246,621)
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.			
			(5,770,050)
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	\$	(6,000,000)	
Warrants issued		(1,276,914)	
Debt payments made:			
Warrant payments		3,500,000	
Section 108 loan		75,000	(3,038,557)
Capital lease payments		663,357	
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net of these:			
Post-employment benefits other than pensions	\$	(1,218,343)	
Compensated absences		(489,413)	
Workers compensation		(43,814)	
Amortization of debt premium		468,658	
Amortization of discount		(32,744)	
Amortization of gain/loss on refunding		(339,787)	
Accrued interest payable		69,102	(1,586,341)
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.			
			594,907
Amount by which the City's net pension liability increased, deferred inflows from pensions increased, deferred outflows from pensions increased, and pension expense recognized.			
			(6,791,270)
Change in net position of governmental activities	\$	3,982,759	

CITY OF TUSCALOOSA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUN BALANCES - BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2019

REVENUES	Original Budget	Final Budget	Actual Amounts Budgetary Basis**	Variance with Final Budget Positive (Negative)
Taxes				
Sales	\$ 38,838,000	\$ 39,010,371	\$ 40,448,715	\$ 1,438,344
Use	4,570,000	4,780,000	6,276,183	1,496,183
Property	18,306,000	18,306,000	18,496,477	190,477
Lodging	7,301,000	7,301,000	7,846,381	545,381
Other Taxes	6,659,000	6,659,000	6,940,106	281,106
Total Taxes	75,674,000	76,056,371	80,007,862	3,951,491
Licenses and Permits				
Business Licenses	19,879,000	19,879,000	20,963,972	1,084,972
Other Licenses and Penalties	1,624,000	1,624,000	1,687,899	63,899
Building and Other Permits	1,523,000	1,523,000	1,353,333	(169,667)
Total Licenses and Permits	23,026,000	23,026,000	24,005,204	979,204
Fines and Penalties	1,424,700	1,447,429	2,077,426	629,997
Use of Property	247,000	247,000	301,682	54,682
Charges for Current Services				
Garbage Collection Fees and Tax	6,105,000	6,105,000	6,189,032	84,032
Intergovernmental Revenues				
Federal and State Grants Revenue	203,169	238,508	271,757	33,249
Shared from Local Units				
Public School Bond - Sales Tax	17,789,474	17,789,474	18,356,200	566,726
City Share of County Sales Tax	17,147,000	17,147,000	17,691,688	544,688
Other	1,934,000	1,934,000	2,029,435	95,435
Shared from State	365,000	365,000	577,668	212,668
Total Intergovernmental Revenues	37,438,643	37,473,982	38,926,748	1,452,766
Other Revenues				
Interest on Investments	17,417	17,417	13,585	(3,832)
Cost Reimbursed	1,239,313	1,399,786	1,947,931	548,145
Other	916,100	992,650	7,449,107	6,456,457
Total Other Operating Revenues	2,172,830	2,409,853	9,410,623	7,000,770
Total Revenues	146,088,173	146,765,635	160,918,577	14,152,942

(Continued)

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

CITY OF TUSCALOOSA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXPENDITURES	Original Budget	Final Budget	Actual Amounts Budgetary Basis**	Variance with Final Budget Positive (Negative)
Current Operations				
Community Services				
311 Call Center	\$ 456,015	\$ 151,320	\$ 151,335	\$ (15)
Arts and Entertainment	2,035,489	1,984,771	8,603,165	(6,618,394)
Federal Programs	540,237	573,371	406,851	166,520
Total Community Services	<u>3,031,741</u>	<u>2,709,462</u>	<u>9,161,351</u>	<u>(6,451,889)</u>
Education	<u>17,789,474</u>	<u>17,789,474</u>	<u>18,356,200</u>	<u>(566,726)</u>
General Government				
Accounting and Finance	4,384,700	4,382,791	3,980,473	402,318
City Attorney	1,795,413	1,996,729	2,069,728	(72,999)
City Council	377,428	377,428	351,994	25,434
Human Resources	2,411,109	2,521,280	2,744,792	(223,512)
Information Technology	5,614,180	5,376,316	4,536,481	839,835
Mayor and City Clerk	1,219,091	1,344,152	1,132,395	211,757
Municipal Court	1,064,369	1,063,947	1,004,653	59,294
Total General Government	<u>16,866,290</u>	<u>17,062,643</u>	<u>15,820,516</u>	<u>1,242,127</u>
Infrastructure and Public Services				
Administration	1,191,186	1,567,389	1,439,222	128,167
Engineering	1,674,285	1,714,985	1,518,843	196,142
Infrastructure	13,395,026	12,492,732	12,781,730	(288,998)
Logistics and Asset Management	7,022,126	6,901,322	6,434,850	466,472
Public Services	8,090,765	8,053,952	7,919,502	134,450
Total Infrastructure and Public Services	<u>31,373,388</u>	<u>30,730,380</u>	<u>30,094,147</u>	<u>636,233</u>
Public Safety				
Fire and Rescue	23,641,877	23,822,568	24,431,612	(609,044)
Jail Costs	462,000	462,000	557,040	(95,040)
Police	32,112,317	32,175,160	38,397,102	(6,221,942)
Total Public Safety	<u>56,216,194</u>	<u>56,459,728</u>	<u>63,385,754</u>	<u>(6,926,026)</u>
Urban Development				
Administration	760,247	960,387	855,103	105,284
Building and Inspections	1,769,620	1,709,620	1,668,923	40,697
Business Services	228,340	72,740	63,377	9,363
Planning	864,288	818,073	774,971	43,102
Total Urban Development	<u>3,622,495</u>	<u>3,560,820</u>	<u>3,362,374</u>	<u>198,446</u>

(Continued)

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

CITY OF TUSCALOOSA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXPENDITURES (Continued)	Original Budget	Final Budget	Actual Amounts Budgetary Basis**	Variance with Final Budget Positive (Negative)
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	100,000	100,000	-
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	2,500	2,500	-	2,500
Theatre Tuscaloosa	15,000	15,000	15,000	-
Tuscaloosa Character Council	2,500	2,500	2,500	-
Tuscaloosa Children's Theater	15,000	15,000	15,000	-
Tuscaloosa City Board of Education	3,076,350	3,076,350	3,043,958	32,392
Tuscaloosa Community Dancers	10,000	10,000	10,000	-
Tuscaloosa County Health Department	130,000	130,000	130,000	-
Tuscaloosa County Industrial Development Authority	418,000	418,000	418,000	-
Tuscaloosa County Parks and Recreation Authority	4,231,679	4,231,679	4,231,139	540
Tuscaloosa Soil and Water Conservation	12,500	12,500	12,500	-
Tuscaloosa Public Library	1,842,309	1,842,309	1,842,309	-
Tuscaloosa Sister Cities Commission	120,000	130,000	130,000	-
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	1,016,215	1,016,215	1,016,215	-
Tuscaloosa Transit Authority	792,783	792,783	856,510	(63,727)
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	119,039	249,079	381,031	(131,952)
Total Funds to Other Agencies	12,590,586	12,730,626	12,890,873	(160,247)

(Continued)

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

CITY OF TUSCALOOSA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual Amounts Budgetary Basis**	Variance with Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Current Operations				
Cost Sharing Arrangements	\$ 1,035,595	\$ 1,035,595	\$ 1,602,917	\$ (567,322)
Other	200,000	200,500	1,053,245	(852,745)
Contingency	530,679	34,680	-	34,680
Total Current Operations	143,256,442	142,313,908	155,727,377	(13,413,469)
Debt Service				
Principal	4,215,000	4,215,000	3,940,621	274,379
Interest Charges	4,055,154	4,055,154	4,080,558	(25,404)
Warrant Issue Costs	7,500	7,500	5,557	1,943
Total Expenditures	151,534,096	150,591,562	163,754,113	(13,162,551)
Deficiency of Revenues over Expenditures	(5,445,923)	(3,825,927)	(2,835,536)	990,391
OTHER FINANCING SOURCES (USES)				
Capital lease	-	-	6,000,000	6,000,000
Transfers In	8,647,747	8,846,997	8,810,226	(36,771)
Transfers Out	(3,181,688)	(5,214,205)	(10,776,330)	(5,562,125)
Total Other Financing Sources (Uses)	5,466,059	3,632,792	4,033,896	401,104
Net Change in Fund Balance	20,136	(193,135)	1,198,360	1,391,495
Fund Balance Allocation	1,193,368	2,499,233	-	(2,499,233)
	<u>\$ 1,213,504</u>	<u>\$ 2,306,098</u>	1,198,360	<u>\$ (1,107,738)</u>
Add Encumbrances at End of Year			538,784	
Less Encumbrances at Beginning of Year			(557,504)	
Net Change in Fund Balance - GAAP Basis			1,179,640	
Fund Balance, Beginning of Year, GAAP Basis			21,888,785	
Fund Balance, End of Year, GAAP Basis			<u>\$ 23,068,425</u>	

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

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

CITY OF TUSCALOOSA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities			Internal Service Fund
	Water and Sewer Fund	Non-Major Intermodal Facility Retail Fund	Total Business-Type Activity Funds	
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 23,907,870	\$ 18,353	\$ 23,926,223	\$ 1,624,307
Accounts Receivable (Net of Allowance for Uncollectibles)	7,315,399	14,991	7,330,390	59,861
Assessments Receivable - Principal - Current and Past Due	10,680	-	10,680	-
Special Assessments Interest Receivable	12,245	-	12,245	-
Due from Other Funds	2,748,697	-	2,748,697	57,650
Inventory	1,619,182	-	1,619,182	-
Prepays	184,914	-	184,914	-
Unbilled Water and Sewer Receivables	3,421,483	-	3,421,483	-
Total Current Assets	39,220,470	33,344	39,253,814	1,741,818
Noncurrent Assets				
Restricted Assets				
Cash and Cash Equivalents	2,865,594	-	2,865,594	-
Advances to Other Funds	2,475,635	-	2,475,635	-
Total Restricted Assets	5,341,229	-	5,341,229	-
Capital Assets				
Land	2,000,048	-	2,000,048	-
Moveable Equipment	10,299,120	-	10,299,120	-
Administration - Business Office	11,723,040	-	11,723,040	-
Distribution - Buildings, Mains, etc.	201,187,336	-	201,187,336	-
Pumping Purification - Buildings, etc.	73,376,119	-	73,376,119	-
Sewage System Properties	183,016,806	-	183,016,806	-
Source of Supply - Dams, Buildings, etc.	12,429,503	-	12,429,503	-
Construction in Progress	8,463,371	-	8,463,371	-
Less: Accumulated Depreciation	(194,135,738)	-	(194,135,738)	-
Total Capital Assets (Net of Accumulated Depreciation)	308,359,605	-	308,359,605	-
Total Noncurrent Assets	313,700,834	-	313,700,834	-
Total Assets	352,921,304	33,344	352,954,648	1,741,818

(Continued)

CITY OF TUSCALOOSA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

		Business-Type Activities		
		Non-Major		
	Water and Sewer Fund	Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Debt Refunding	\$ 2,435,148	\$ -	\$ 2,435,148	\$ -
Deferred Outflows from OPEB	124,075	-	124,075	-
Deferred Outflows from Pension	2,087,551	-	2,087,551	-
Total Deferred Outflows	4,646,774	-	4,646,774	-
LIABILITIES				
Current Liabilities				
Accounts Payable	3,440,027	6,874	3,446,901	17,580
Accrued Payables	296,787	-	296,787	-
Due to Other Funds	3,994,009	-	3,994,009	-
Compensated Absences	167,924	-	167,924	-
Accrued Interest Payable	551,610	-	551,610	-
Current Portion of Revolving Loans Payable	1,560,000	-	1,560,000	-
Current Portion of Lease Payable	110,641	-	110,641	-
Current Portion of Warrants Payable	8,140,000	-	8,140,000	-
Total Current Liabilities	18,260,998	6,874	18,267,872	17,580
Noncurrent Liabilities				
Warrants Payable, Net	52,758,497	-	52,758,497	-
Revolving Loans Payable	20,214,630	-	20,214,630	-
Capital Lease Payable	578,239	-	578,239	-
Total OPEB Liability	4,660,904	-	4,660,904	-
Unearned Revenue	11,006	-	11,006	-
Developer Deposits on Water Lines	2,815,265	-	2,815,265	-
Customer Deposits	2,865,594	-	2,865,594	-
Compensated Absences	814,140	-	814,140	-
Net Pension Liabilities	6,865,660	-	6,865,660	-
Workers Compensation Claims	540,300	-	540,300	-
Advances from Other Funds	805,925	-	805,925	160,878
Outstanding Claims Liability	-	-	-	1,276,611
Total Noncurrent Liabilities	92,930,160	-	92,930,160	1,437,489
Total Liabilities	111,191,158	6,874	111,198,032	1,455,069

(Continued)

CITY OF TUSCALOOSA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

		Business-Type Activities		
	Water and Sewer Fund	Non-Major Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows from OPEB	\$ 252,463	\$ -	\$ 252,463	\$ -
Deferred Inflows from Pension	1,009,904	-	1,009,904	-
Total Deferred Inflows of Resources	1,262,367	-	1,262,367	-
NET POSITION				
Net Investment in Capital Assets	227,543,387	-	227,543,387	-
Unrestricted	17,571,166	26,470	17,597,636	286,749
Total Net Position	\$ 245,114,553	\$ 26,470	245,141,023	\$ 286,749
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund			982,152	
Net Position of Business-Type Activities			\$ 246,123,175	

CITY OF TUSCALOOSA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activity			Internal Service Fund
	Water and Sewer Fund	Non-Major Intermodal Facility Retail Fund	Total Business-Type Activity Funds	
Operating Revenues				
Charges for Services	\$ 49,071,815	\$ -	\$ 49,071,815	\$ 16,992,839
Connection Fees	822,790	-	822,790	-
Cost Reimbursement	169,746	21,919	191,665	-
Other	927,386	37,924	965,310	-
Total Operating Revenues	50,991,737	59,843	51,051,580	16,992,839
Operating Expenses				
Accounting and Finance	229,807	-	229,807	-
Infrastructure and Public Services:				
Engineering	516,950	-	516,950	-
Logistics and Asset Management	13,313,670	-	13,313,670	-
Public Services	6,057	-	6,057	-
Infrastructure	6,307,473	-	6,307,473	-
Urban Development	966,429	-	966,429	-
Damage Claims	23,005	-	23,005	-
Depreciation	10,097,027	-	10,097,027	-
Special Projects	1,513,875	-	1,513,875	-
Other	874,510	52,163	926,673	-
Insurance Claims and Expenses	-	-	-	16,309,431
Total Operating Expenses	33,848,803	52,163	33,900,966	16,309,431
Operating Income	17,142,934	7,680	17,150,614	683,408

(Continued)

CITY OF TUSCALOOSA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activity			Internal Service Fund
	Water and Sewer Fund	Non-Major Intermodal Facility Retail Fund	Total Business-Type Activity Funds	
Non-Operating Revenues (Expenses)				
Interest Income	\$ 85,970	\$ -	\$ 85,970	\$ 393
Interest and Fiscal Charges	(2,738,106)	-	(2,738,106)	-
Gain on Disposal	62,758	-	62,758	-
Total Non-Operating Revenues (Expenses)	(2,589,378)	-	(2,589,378)	393
Income Before Contributions and Transfers	14,553,556	7,680	14,561,236	683,801
Capital Contributions - Developers	15,588	-	15,588	-
Capital Grants	136,053	-	136,053	-
Transfers in	42,369	-	42,369	-
Transfers out	(6,433,215)	-	(6,433,215)	-
Change in Net Position	8,314,351	7,680	8,322,031	683,801
Total Net Position (Deficit), Beginning of Year	236,800,202	18,790	236,818,992	(397,052)
Total Net Position, End of Year	<u>\$ 245,114,553</u>	<u>\$ 26,470</u>	<u>245,141,023</u>	<u>\$ 286,749</u>
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expenses) of certain internal service funds are reported with business-type activities			88,894	
Change in Net Position of Business-Type Activities			<u>\$ 8,410,925</u>	

CITY OF TUSCALOOSA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

		Business-Type Activity		
	Water and Sewer Fund	Non-Major Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
Cash flows from operating activities				
Receipts from customers and users	\$ 49,684,828	\$ 53,006	\$ 49,737,834	\$ -
Payments to suppliers	(11,359,903)	(45,289)	(11,405,192)	-
Payments to employees	(11,276,972)	-	(11,276,972)	-
Customer deposits	113,493	-	113,493	-
Receipts for health insurance	-	-	-	16,427,635
Payment of health insurance premiums	-	-	-	(16,016,440)
Net cash provided by operating activities	27,161,446	7,717	27,169,163	411,195
Cash flows from noncapital financing activities				
Transfer from other funds	42,369	-	42,369	-
Transfer to other funds	(6,433,215)	-	(6,433,215)	-
Loan to other funds	(409,303)	-	(409,303)	-
Repayment of loans from other funds	1,709,978	-	1,709,978	-
Repayment of loan to Public Works Capital Fund	(1,330,290)	-	(1,330,290)	-
Net cash provided by (used in) noncapital financing activities	(6,420,461)	-	(6,420,461)	-
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(14,953,829)	-	(14,953,829)	-
Interest paid on warrants	(2,958,560)	-	(2,958,560)	-
Federal grants	398,973	-	398,973	-
Waterline deposits from subdividers	(8,922)	-	(8,922)	-
Warrants and State Revolving Fund payments	(9,510,000)	-	(9,510,000)	-
Proceeds from State Revolving Fund drawdowns	8,486,457	-	8,486,457	-
Lease principal payments	(106,463)	-	(106,463)	-
Proceeds from sale of equipment	205,006	-	205,006	-
Net cash used in capital and related financing activities	(18,447,338)	-	(18,447,338)	-
Cash flows from investing activities				
Proceeds from sale of investments	7,000,000	-	7,000,000	-
Interest earned	76,063	-	76,063	393
Net cash provided by investing activities	7,076,063	-	7,076,063	393
Net increase in cash and cash equivalents	9,369,710	7,717	9,377,427	411,588

(Continued)

CITY OF TUSCALOOSA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

		Business-Type Activity		
	Water and Sewer Fund	Non-Major Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
Cash and cash equivalents, beginning of year				
Current assets	\$ 14,651,653	\$ 10,636	\$ 14,662,289	\$ 1,212,719
Restricted assets	2,752,101	-	2,752,101	-
Total cash and cash equivalents, beginning of year	17,403,754	10,636	17,414,390	1,212,719
Cash and cash equivalents, end of year				
Current assets	23,907,870	18,353	23,926,223	1,624,307
Restricted assets	2,865,594	-	2,865,594	-
Total cash and cash equivalents, end of year	<u>\$ 26,773,464</u>	<u>\$ 18,353</u>	<u>\$ 26,791,817</u>	<u>\$ 1,624,307</u>
Reconciliation of operating income to net cash				
Provided by operating activities:				
Operating income	\$ 17,142,934	\$ 7,680	\$ 17,150,614	\$ 683,408
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	10,097,027	-	10,097,027	-
(Increase) decrease in operating assets				
Accounts receivable	(1,108,863)	(6,837)	(1,115,700)	275,675
Inventory	(109,225)	-	(109,225)	-
Prepays	(142,248)	-	(142,248)	-
Unbilled water and sewer receivables	(201,589)	-	(201,589)	-
Due from other funds	-	-	-	(50,000)
Deferred outflows - pensions	(6,928)	-	(6,928)	-
Deferred outflows - OPEB	42,822	-	42,822	-

(Continued)

CITY OF TUSCALOOSA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

		Business-Type Activity		
	Water and Sewer Fund	Non-Major Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
Reconciliation of operating income to net cash (Continued)				
Provided by operating activities:				
Increase (decrease) in operating liabilities				
Accounts payable	\$ 1,093,115	\$ 6,874	\$ 1,099,989	\$ 17,580
Accrued payables	(73,904)	-	(73,904)	-
Customer deposits	113,493	-	113,493	-
Advances from other funds	805,925	-	805,925	(840,879)
Compensated absences	(22,140)	-	(22,140)	-
Developer deposits	(799,642)	-	(799,642)	-
Net pension liabilities	(483,662)	-	(483,662)	-
Total OPEB liability	299,637	-	299,637	-
Unearned revenue	3,543	-	3,543	-
Outstanding claims liability	-	-	-	325,411
Deferred inflows - pensions	353,073	-	353,073	-
Deferred inflows - OPEB	(41,586)	-	(41,586)	-
Workers comp claims	199,664	-	199,664	-
Net cash provided by operating activities	<u>\$ 27,161,446</u>	<u>\$ 7,717</u>	<u>\$ 27,169,163</u>	<u>\$ 411,195</u>
Non-cash Capital and Financing Activities				
Capital contributions - developers				
Donated capital assets	\$ 24,510	\$ -	\$ 24,510	\$ -
Total capital contributions - developers	<u>\$ 24,510</u>	<u>\$ -</u>	<u>\$ 24,510</u>	<u>\$ -</u>

CITY OF TUSCALOOSA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2019

	Police Officers and Firefighters Supplemental Retirement Plan Fund	Agency Fund Cash Bond
ASSETS		
Cash and Cash Equivalents	\$ 407,685	\$ 74,056
Total Assets	407,685	74,056
LIABILITIES		
Accounts Payable	-	296
Cash Bond Deposits Payable	-	73,760
Total Liabilities	-	74,056
NET POSITION		
Restricted for Pensions	\$ 407,685	\$ -

CITY OF TUSCALOOSA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUND

SEPTEMBER 30, 2019

	Police Officers and Firefighters Supplemental Retirement Plan Fund
Additions:	
Employer Contributions	\$ 75,000
Interest Income	175
Total Additions	<u>75,175</u>
Deductions:	
Benefits Paid	36,394
Administrative Plan Expenses	<u>6,000</u>
Total Deductions	<u>42,394</u>
Change in Net Position	32,781
Net Position, Beginning of Year	<u>374,904</u>
Net Position, End of Year	<u><u>\$ 407,685</u></u>



NOTES TO THE FINANCIAL STATEMENTS



CITY OF TUSCALOOSA, ALABAMA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

The City was incorporated on December 13, 1819. The City operated under a Commission form of government until October 7, 1985. At that time, the City began operating under a Mayor and seven-member council form of government. The City provides the following services and operations as authorized by its charter: public safety (police and fire); public works; parks and recreation; housing and development; and public utilities (water and sewer). As required by, these financial statements include the accounts of all City operations and all activities of the City.

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

In conformity with GAAP, as set forth in GASB No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, the component units’ financial statements have been included as either blended or discretely presented. All of the City’s component units have a September 30 year-end. As of September 30, 2019, the City does not have any blended component units.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Financial Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information using the *economic resources measurement focus*, as do the proprietary fund and the fiduciary fund financial statements. 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City reports the following major governmental funds:

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

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

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

The 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.

NOTES TO FINANCIAL STATEMENTS

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

NOTES TO FINANCIAL STATEMENTS

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 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.

NOTES TO FINANCIAL STATEMENTS

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Short-Term Interfund Receivables/Payables

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

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

I. Grants from Other Governments

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

J. Capital Assets

Capital assets, which include machinery, equipment, vehicles, buildings, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City is currently capitalizing machinery and equipment with a cost of \$5,000 and an estimated life of at least three years. The City is reporting all infrastructure (roads, bridges, sidewalks, and similar items) including items acquired in fiscal years ended before June 30, 1980. Purchased capital assets are valued at historical cost or estimated historical cost. Donated capital assets are valued at their 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, offset by the interest earned on available funds until spent for construction. No interest expense from the business-type activities was capitalized for the year ended September 30, 2019.

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

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

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

K. Deferred Outflows/Inflows of Resources

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has multiple types of deferred inflows. One item arises under 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 charge on refunding reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Liabilities

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

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

M. Compensated Absences

The Annual Vacation and Illness Leave (“AVAIL”) plan is the vacation and sick leave policy of the City. AVAIL days may be utilized for vacation or illness, as the employee so desires, and are earned at graduated rates based on length of service (12 days per year for the first year, with up to 30 days per year for over 20 years of service). Upon termination of employment with the City, an employee will be paid a maximum of 60 days of accumulated AVAIL time.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity

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

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

- **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.

NOTES TO FINANCIAL STATEMENTS

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 10% of the final prior fiscal year's General Fund operating budget.
 - Capital Project Fund's assigned fund balance must be a minimum of 10% of the final prior fiscal year's General Fund operating budget.
 - Water and Sewer Fund's unrestricted net position must be a minimum of 30% of the final prior fiscal year's Water and Sewer Fund operating budget.

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Restricted Assets

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

P. Management Estimates

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

Q. Pensions

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

NOTE 2. DEPOSITS AND INVESTMENTS

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of September 30, 2019, 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, 2019, the City had the following investments:

Investment	Maturity		Credit Rating	Balance
	Less than 1 year	1-5 years		
United States Treasuries	\$ 25,047	\$ 126,857	AAA	\$ 151,904

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of September 30, 2019:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
United States Treasuries	\$ 151,904	\$ -	\$ -	151,904

The United States Treasuries are classified in Level 1 of the fair value hierarchy and valued using prices quoted in active markets for those investments.

NOTE 3. RECEIVABLES

Accounts Receivable

Receivables as of September 30, 2019, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Disaster Recovery Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Water and Sewer Fund</u>	<u>Other Enterprise Fund</u>
Receivables	\$ 17,089,692	\$ -	\$ -	\$ 6,526,106	\$ 11,292,230	\$ 14,991
Assessments receivable	-	-	-	-	22,925	-
Due from other governments	14,547	1,617,797	1,632,701	413,353	-	-
Loans receivable	-	-	354,231	3,301,413	-	-
	<u>(653,358)</u>	<u>-</u>	<u>(90,000)</u>	<u>(620,287)</u>	<u>(555,348)</u>	<u>-</u>
Net receivables	<u>\$ 16,450,881</u>	<u>\$ 1,617,797</u>	<u>\$ 1,896,932</u>	<u>\$ 9,620,585</u>	<u>\$ 10,759,807</u>	<u>\$ 14,991</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. RECEIVABLES (CONTINUED)

Accounts Receivable (Continued)

The City also reports \$1,428,845 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, 2018, (levy date) based upon property values assessed as of October 1, 2018. The billings were mailed on September 1, 2018, and payable on or before December 31, 2018, for the fiscal year 2019 tax. Taxes not paid within 30 days of December 31, 2018, were subject to property tax liens. Property tax revenues are recognized when levied to the extent they result in current receivables.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019, was as follows:

	Beginning Balance September 30, 2018	Additions	Transfers with Business-type	Transfers	Deletions	Ending Balance September 30, 2019
Governmental activities:						
Capital assets not being depreciated:						
Land	\$ 8,536,567	\$ -	\$ -	\$ 5,567,182	\$ -	\$ 14,103,749
Equipment not in service	-	8,058,629	-	(818,213)	(93,733)	7,146,683
Construction in progress	29,774,239	23,527,851	-	(25,532,988)	-	27,769,102
Total capital assets not being depreciated	<u>38,310,806</u>	<u>31,586,480</u>	<u>-</u>	<u>(20,784,019)</u>	<u>(93,733)</u>	<u>49,019,534</u>
Capital assets, depreciable:						
Infrastructure	291,666,721	-	-	10,875,856	-	302,542,577
Buildings	109,130,053	-	-	7,055,564	-	116,185,617
Machinery and equipment	67,062,594	4,101,931	(24,510)	2,852,599	(2,216,318)	71,776,296
Total capital assets, depreciable	<u>467,859,368</u>	<u>4,101,931</u>	<u>(24,510)</u>	<u>20,784,019</u>	<u>(2,216,318)</u>	<u>490,504,490</u>
Less accumulated depreciation for:						
Infrastructure	139,794,273	4,796,122	-	-	-	144,590,395
Buildings	28,372,013	2,266,326	-	-	-	30,638,339
Machinery and equipment	44,501,305	4,794,560	-	-	(1,772,871)	47,522,994
Total accumulated depreciation	<u>212,667,591</u>	<u>11,857,008</u>	<u>-</u>	<u>-</u>	<u>(1,772,871)</u>	<u>222,751,728</u>
Total capital assets, being depreciated, net	<u>255,191,777</u>	<u>(7,755,077)</u>	<u>(24,510)</u>	<u>20,784,019</u>	<u>(443,447)</u>	<u>267,752,762</u>
Governmental capital assets, net	<u>\$ 293,502,583</u>	<u>\$ 23,831,403</u>	<u>\$ (24,510)</u>	<u>\$ -</u>	<u>\$ (537,180)</u>	<u>\$ 316,772,296</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS (CONTINUED)

	Beginning Balance September 30, 2018	Additions	Transfer with Governmental Activities	Deletions	Transfers	Ending Balance September 30, 2019
Business-type activities:						
Capital assets not being depreciated:						
Land	\$ 1,985,214	\$ -	\$ -	\$ -	\$ 14,834	\$ 2,000,048
Construction in progress	10,577,450	12,641,395	-	-	(14,755,474)	8,463,371
Total capital assets not being depreciated	<u>12,562,664</u>	<u>12,641,395</u>	<u>-</u>	<u>-</u>	<u>(14,740,640)</u>	<u>10,463,419</u>
Capital assets, depreciable:						
Buildings and system	465,387,115	1,732,386	-	(127,337)	14,740,640	481,732,804
Machinery and equipment	10,132,997	580,048	24,510	(438,435)	-	10,299,120
Total capital assets, depreciable	<u>475,520,112</u>	<u>2,312,434</u>	<u>24,510</u>	<u>(565,772)</u>	<u>14,740,640</u>	<u>492,031,924</u>
Less accumulated depreciation for:						
Buildings and system	177,774,454	9,475,020	-	-	-	187,249,474
Machinery and equipment	6,687,781	622,007	-	(423,524)	-	6,886,264
Total accumulated depreciation	<u>184,462,235</u>	<u>10,097,027</u>	<u>-</u>	<u>(423,524)</u>	<u>-</u>	<u>194,135,738</u>
Total capital assets, being depreciated, net	<u>291,057,877</u>	<u>(7,784,593)</u>	<u>24,510</u>	<u>(142,248)</u>	<u>14,740,640</u>	<u>297,896,186</u>
Business capital assets, net	<u>\$ 303,620,541</u>	<u>\$ 4,856,802</u>	<u>\$ 24,510</u>	<u>\$ (142,248)</u>	<u>\$ -</u>	<u>\$ 308,359,605</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS (CONTINUED)

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

	Current Year Depreciation
Governmental activities:	
General government	\$ 1,311,727
Community service	1,323,844
Infrastructure and public services	6,717,385
Public safety	2,463,691
Urban development	40,361
	<u>\$ 11,857,008</u>
Business-type activities:	
Water and Sewer Fund	<u>\$ 10,097,027</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT

The following is a summary of the long-term debt activity for the fiscal year ended September 30, 2019 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Warrants payable	\$ 103,450,000	\$ 1,276,914	\$ (3,500,000)	\$ 101,226,914	\$ 3,645,000
Plus: Premiums	5,214,599	-	(468,658)	4,745,941	-
Less: Discounts	(446,068)	-	32,744	(413,324)	-
Total warrants payable	108,218,531	1,276,914	(3,935,914)	105,559,531	3,645,000
Capital leases payable	2,250,392	6,000,000	(663,357)	7,587,035	1,263,729
Section 108 Loan	900,000	-	(75,000)	825,000	75,000
Installment purchase	1,363,088	-	-	1,363,088	170,386
Net pension liability	125,758,936	29,484,879	(16,697,527)	138,546,288	-
Total OPEB liability	28,347,234	3,015,783	(1,076,064)	30,286,953	-
Compensated absences	7,664,019	4,146,794	(3,657,381)	8,153,432	1,335,020
Claims payable	5,229,621	16,527,532	(16,158,307)	5,598,846	-
Governmental activities long-term liabilities	<u>\$ 279,731,821</u>	<u>\$ 60,451,902</u>	<u>\$ (42,263,550)</u>	<u>\$ 297,920,173</u>	<u>\$ 6,489,135</u>

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities:					
Warrants payable	\$ 65,075,000	\$ -	\$ (7,335,000)	\$ 57,740,000	\$ 8,140,000
Plus: Premiums	3,774,152	-	(615,655)	3,158,497	-
Total warrants payable	68,849,152	-	(7,950,655)	60,898,497	8,140,000
Revolving loans	15,463,173	8,486,457	(2,175,000)	21,774,630	1,560,000
Capital lease payable	795,343	-	(106,463)	688,880	110,641
Net pension liability	7,349,322	1,461,123	(1,944,785)	6,865,660	-
Total OPEB liability	4,361,267	464,103	(164,466)	4,660,904	-
Compensated absences	1,004,204	626,058	(648,198)	982,064	167,924
Claims payable	340,636	392,876	(193,212)	540,300	-
Business-type activities long-term liabilities	<u>\$ 98,163,097</u>	<u>\$ 11,430,617</u>	<u>\$ (13,182,759)</u>	<u>\$ 96,410,935</u>	<u>\$ 9,978,565</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

General Obligation Warrants

The City issues general obligation warrants providing funds primarily for the construction of major capital facilities. General obligation warrants are direct obligations and the City pledges its full faith and credit for the debt. General obligation warrants outstanding at September 30, 2019 are as follows:

<u>Warrant Series</u>	<u>Rate</u>	<u>Outstanding</u>
2010-A Refunding (2001 School Warrants)	3.00 – 5.00%	\$ 13,285,000
2012-B Partial Refunding	2.00 – 5.00%	4,605,000
2014-A New Money	2.50 – 5.00%	10,100,000
2014-B Refunding (2007-A)	2.00 – 2.25%	7,130,000
2014-C New Money	1.00 – 5.00%	1,690,000
2016-A New Money	2.00 – 5.00%	31,455,000
2016-B Refunding (2007-A and 2009)	3.25%	31,685,000
2017-A New Money	Variable	1,276,914
		<u>\$ 101,226,914</u>

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 2018 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

General Obligation Warrants (Continued)

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

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

General Obligation Warrants (Continued)

During 2018, the City issued \$32,750,000 of Series 2016-B general obligation warrants. The 2016-B warrants were issued to: 1) refund \$13,470,000 of the \$13,470,000 in aggregate principal amount of the Series 2007-A warrants, 2) refund \$14,055,000 of the \$14,055,000 in aggregate principal amount of the Series 2009-A warrants, and 3) fund various capital projects. The warrants, which bear interest at 3.25%, mature October 15, 2038. The refunding transaction undertaken by the City resulted in aggregate debt service savings of \$3,600,232 and an economic gain (net present value of the aggregate debt service savings) of \$3,304,927.

During 2018, the City issued \$15,000,000 of Series 2017-A general obligation warrants. The 2017-A warrants were issued to finance the acquisition, construction, and installation of capital improvements to interchanges, streets, bridges, sidewalks, parks and utilities. The warrants are in the form of a line of credit, have a variable interest rate and mature September 1, 2021. The City's unused portion of this line of credit is \$13,723,086.

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, 2019, the outstanding amount of the general obligation warrants considered legally defeased is \$40,045,529.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

General Obligation Warrants (Continued)

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

Year ending September 30,	Principal	Interest	Total
2020	\$ 3,645,000	\$ 3,931,134	\$ 7,576,134
2021	4,976,914	3,792,165	8,769,079
2022	3,850,000	3,624,940	7,474,940
2023	4,035,000	3,454,053	7,489,053
2024	4,220,000	3,263,946	7,483,946
2025 – 2029	23,655,000	13,253,444	36,908,444
2030 – 2034	24,195,000	8,249,998	32,444,998
2035 – 2039	21,200,000	4,183,364	25,383,364
2040 – 2044	7,890,000	1,470,625	9,360,625
2045 and 2046	3,560,000	187,950	3,747,950
Total	<u>\$ 101,226,914</u>	<u>\$ 45,411,619</u>	<u>\$ 146,638,533</u>

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

Section 108 Loan (Continued)

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

Year ending September 30,	Principal	Interest	Total
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	75,000	222,418	297,418
2025 – 2029	375,000	66,430	441,430
2030	75,000	3,360	78,360
Total	<u>\$ 825,000</u>	<u>\$ 410,454</u>	<u>\$ 1,235,454</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

Installment Purchase

In April 2018, the City purchased a parcel of property known as Patriot Parkway. The acquisition included an interest free installment purchase with annual payments of \$170,386 due October 15th, with the final payment due October 15, 2026. The future debt service requirements for the installment purchase are as follows:

Year ending September 30,	Principal
2020	\$ 170,386
2021	170,386
2022	170,386
2023	170,386
2024	170,386
2025 – 2027	511,158
Total	<u>\$ 1,363,088</u>

Capital Lease Payable

The City has entered into lease agreements as lessee to finance the acquisition of: (a) Motorola telecommunications equipment and radios, (b) Dell computers, (c) three paving and sweeper vehicles for use in the streets division, and (d) a land acquisition related to Patriot Drive. The lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease terms or bargain purchase options) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The leases are for periods ranging from five to ten years, and bear interest at rates ranging from 3.00% - 4.00%. As of September 30, 2019, the City had \$400,000 of land and \$9,090,097 of machinery and equipment with accumulated amortization of \$1,919,420 financed with capital leases. The leased assets annual amortization expense is reported with depreciation expense.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

Capital Lease Payable (Continued)

At September 30, 2019, future lease payments for the capital leases payable are as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2020	\$ 1,430,174	\$ 138,310
2021	1,391,013	138,310
2022	1,234,330	273,215
2023	1,228,411	63,237
2024	976,001	150,000
2025 – 2027	1,952,003	-
Total minimum lease payments	8,211,932	763,072
Less amount representing interest	(624,897)	(74,192)
Present value of future minimum lease payments	\$ 7,587,035	\$ 688,880

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

Water and Sewer Warrants

The City has issued warrants and has pledged income derived from certain assets to be used to pay the debt service. These warrants are used to finance construction in the water and sewer fund. Water and sewer warrants outstanding at September 30, 2019 are as follows:

Warrant Series	Interest	Outstanding
	Rate	
2012-B GO Warrant	2.00 – 5.00%	\$ 21,075,000
2012-A GO Warrant	2.00 – 2.75%	22,795,000
2014-A GO Warrant	2.00 – 5.00%	325,000
2014-B GO Warrant	3.00 – 5.00%	5,825,000
2014-C GO Warrant	2.00 – 5.00%	7,720,000
		<u>\$ 57,740,000</u>

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

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.

NOTES TO FINANCIAL STATEMENTS

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
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	5,980,000	1,203,834	7,183,834
2025 – 2029	12,605,000	2,964,021	15,569,021
2030 – 2034	9,275,000	1,230,062	10,505,062
2035	2,060,000	38,506	2,098,506
Total	<u>\$ 57,740,000</u>	<u>\$ 12,843,890</u>	<u>\$ 70,583,890</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

State Revolving Loan Fund

The City has utilized several State Revolving Fund ("SRF") loans and has pledged income derived from certain assets to be used to pay the debt service. These loans are used to finance construction in the water and sewer fund. Water and sewer state revolving loans outstanding at September 30, 2019 are as follows:

Warrant Series	Interest Rate	Outstanding
2013 State Revolving Fund	4.00 – 5.00%	\$ 3,245,000
2016 State Revolving Fund Drinking Water	2.20%	3,944,926
2016 State Revolving Fund Clean Water	2.20%	14,039,434
2019 State Revolving Fund Drinking Water	2.20%	437,226
2019 State Revolving Fund Clean Water	2.20%	108,044
		<u>\$ 21,774,630</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

State Revolving Loan Fund (Continued)

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

Year ending September 30,	Principal	Interest	Total
2020	\$ 1,560,000	\$ 606,100	\$ 2,166,100
2021	2,695,000	983,248	3,678,248
2022	2,755,000	1,102,025	3,857,025
2023	2,825,000	1,043,785	3,868,785
2024	2,880,000	984,205	3,864,205
2025 and 2026	9,059,630	931,445	9,991,075
Total	<u>\$ 21,774,630</u>	<u>\$ 5,650,808</u>	<u>\$ 27,425,438</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2019, was as follows:

Due to/from other funds:

Receivable fund	Payable fund	Amount
General Fund	Disaster Recovery Construction Fund	\$ 816,435
General Fund	Other governmental funds	3,857,053
General Fund	Water and Sewer Fund	3,936,324
		<u>\$ 8,609,812</u>
Capital Projects	General Fund	\$ 9,535,088
Capital Projects	Other governmental funds	4,894,528
Capital Projects	Water and Sewer Fund	35
		<u>\$ 14,429,651</u>
Other governmental funds	General Fund	\$ 2,109,365
Other governmental funds	Capital Projects Fund	1,689,909
Other governmental funds	Other governmental funds	1,403,891
		<u>\$ 5,203,165</u>
Water and Sewer Fund	General Fund	\$ 2,553,410
Water and Sewer Fund	Other governmental funds	195,287
		<u>\$ 2,748,697</u>
Internal service fund	Water and Sewer Fund	<u>\$ 57,650</u>

NOTES TO FINANCIAL STATEMENTS

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

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

Advances between funds:

<u>Advances receivables</u>	<u>Advances payable</u>	<u>Amount</u>
General Fund	Internal service funds	\$ 160,878
General Fund	Other governmental funds	2,963,858
General Fund	Water and Sewer Fund	805,925
		<u>\$ 3,930,661</u>
Capital Projects Fund	General Fund	\$ 2,758,157
Capital Projects Fund	Other governmental funds	2,172,623
		<u>\$ 4,930,780</u>
Water and Sewer Fund	Disaster Recovery Construction Fund	\$ 1,445,345
Water and Sewer Fund	Other governmental funds	1,030,290
		<u>\$ 2,475,635</u>
Other governmental funds	General Fund	\$ 1,466,957
Other governmental funds	Disaster Recovery Construction Fund	865,000
Other governmental funds	Other governmental funds	820,101
		<u>\$ 3,152,058</u>

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

NOTES TO FINANCIAL STATEMENTS

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

Interfund transfers for the year ended September 30, 2019 were as follows:

Transfers In	Transfers Out	Amount
General Fund	Capital Projects Fund	\$ 66,443
General Fund	Other governmental funds	2,311,709
General Fund	Water and Sewer Fund	6,432,074
		<u>\$ 8,810,226</u>
Capital Projects Fund	General Fund	\$ 5,635,087
Capital Projects Fund	Other governmental funds	757,302
		<u>\$ 6,392,389</u>
Other governmental funds	General Fund	\$ 5,141,243
Other governmental funds	Capital Projects Fund	2,689,292
Other governmental funds	Water and Sewer Fund	1,141
		<u>\$ 7,831,676</u>
Water and Sewer Fund	Other governmental funds	<u>\$ 42,369</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

	<u>Net Pension Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension Expense</u>
Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan	\$ 1,480,278	\$ 1,841,867	\$ 1,571,553	\$ 149,067
Employees' Retirement System of Alabama Retirement Plan for Hourly Employees of the City of Tuscaloosa	25,954,206	8,850,445	4,369,753	2,555,965
	1,967,609	204,492	14,923	264,279
Tuscaloosa Police Officers and Firefighters	116,009,855	23,251,216	1,756,094	12,016,104
	<u>\$ 145,411,948</u>	<u>\$ 34,148,020</u>	<u>\$ 7,712,323</u>	<u>\$ 14,985,415</u>

A. Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan

Description. The City of Tuscaloosa administers the Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan, a single-employer, defined benefit pension plan in which all certified 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 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Plan membership. As of January 1, 2018, pension plan membership consisted of the following:

Active employees	38
Retired members	6
Total	<u>44</u>

Contributions. The Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan establishes contribution rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the plan. For the year ended September 30, 2019, the actuarially determined contribution was zero. There were no member contributions as of September 30, 2019. The City's average contribution rate as a percent of covered employee payroll was 1.02%. The actuarially determined contribution rate was calculated as of December 31, 2018, the date of the actuarial valuation.

Net Pension Liability of the City. The City's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. The result was rolled forward using standard actuarial techniques to the measurement date using the actuarial assumptions listed below.

Actuarial assumptions. The total pension liability in the December 31, 2018, 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%, including inflation
Investment rate of return	4.13%, net of pension plan investment expense, including inflation

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Mortality rates for the period after service retirement are according to the RP-2000 Combined Mortality Table projected with Scale BB to 2019 for males and females.

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 4.13%. This is an increase in the discount used in the prior measurement period, which was 3.43%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended December 31, 2018, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Beginning Balance	\$ 1,888,061	\$ 374,904	\$ 1,513,157
Changes for the year:			
Service cost	57,779	-	57,779
Interest	64,136	-	64,136
Differences between expected and actual experience	55,256	-	55,256
Changes in assumptions	(185,785)	-	(185,785)
Contributions – employer	-	30,246	(30,246)
Contributions – employee	-	-	-
Net investment income	-	214	(214)
Benefit payments, including refunds of employee contributions	(36,394)	(36,394)	-
Administrative expense	-	(6,195)	6,195
Net changes	(45,008)	(12,129)	(32,879)
Ending Balance	\$ 1,843,053	\$ 362,775	\$ 1,480,278

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

The plan's fiduciary net position as a percentage of the total pension liability is 19.68%.

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

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 4.13%, 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 (3.13%) or 1-percentage-point higher (5.13%) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
City's net pension liability	\$ 1,762,496	\$ 1,480,278	\$ 1,247,118

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2019, the City recognized pension expense of \$149,067. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 446,166	\$ 19,801
Changes of assumptions	1,287,836	1,551,752
Net difference between projected and actual earnings on plan investments	32,865	-
Employer contributions subsequent to the measurement date	75,000	-
	<u>\$ 1,841,867</u>	<u>\$ 1,571,553</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

City contributions subsequent to the measurement date of \$75,000 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 30,371
2021	37,493
2022	93,981
2023	91,150
Thereafter	(57,681)
	<u>\$ 195,314</u>

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

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

Participating employers in an agency multiple-employer plan are those whose employees are provided with defined benefit 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Plan membership. The ERS serves approximately 875 local participating employers. These participating employers include 294 cities, 65 counties, and 516 other public entities. As of September 30, 2018, the measurement date for the plan, the City of Tuscaloosa employee membership includes 1,105 participants as shown on the following page:

	The City of Tuscaloosa
Retired members or their beneficiaries currently receiving benefits	296
Vested inactive members	16
Non-vested inactive members	34
Active members	759
Total	1,105

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the plan. For the year ended September 30, 2019, the City of Tuscaloosa active employee contribution rate for Tier 1 and Tier 2 employees was 5.00% and 6.00% of covered employee payroll, respectively. The City of Tuscaloosa's average contribution rate to fund the normal and accrued liability costs was 7.12% percent of covered employee payroll (Tier 1 at 8.7% and Tier 2 at 6.27%).

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

The City of Tuscaloosa's contractually required contribution rate for the year ended September 30, 2019 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, 2019 was \$3,242,128.

Net Pension Liability of the City. The City of Tuscaloosa's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2016 rolled forward to September 30, 2018 using standard roll-forward techniques.

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

Inflation	2.875%
Salary increases	3.375% - 5.125%, including inflation
Investment rate of return	7.875%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the September 30, 2017 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, 2016. The Board of Control accepted and approved these changes September 2017, which became effective at the beginning of fiscal year 2017.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

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

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

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

*Includes assumed rate of inflation of 2.50%

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Discount rate. The discount rate used to measure the total pension liability was the long-term rate of return, 7.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended September 30, 2019, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Beginning Balance	\$ 118,163,916	\$ 89,964,770	\$ 28,199,146
Changes for the year:			
Service cost	2,853,937	-	2,853,937
Interest	8,900,489	-	8,900,489
Differences between expected and actual experience	(1,404,420)	-	(1,404,420)
Changes in assumptions	692,778	-	692,778
Contributions – employer	-	2,809,270	(2,809,270)
Contributions – employee	-	2,226,591	(2,226,591)
Net investment income	-	8,251,863	(8,251,863)
Benefit payments, including refunds of employee contributions	(6,637,784)	(6,637,784)	-
Transfers among employers	2	2	-
Net changes	4,405,002	6,649,942	(2,244,940)
Ending Balance	\$ 122,568,918	\$ 96,614,712	\$ 25,954,206

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

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

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.70%, 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 (6.70%) or 1-percentage-point higher (8.70%) than the current rate:

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
City's net pension liability	\$ 41,395,368	\$ 25,954,206	\$ 13,009,530

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, 2016 and the current sharing pattern of costs between employer and employee.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2019, the City recognized pension expense of \$2,555,965. At September 30, 2019, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,900,068	\$ 1,219,628
Changes of assumptions	1,708,249	-
Net difference between projected and actual earnings on plan investments	-	3,150,125
Employer contributions subsequent to the measurement date	3,242,128	-
	<u>\$ 8,850,445</u>	<u>\$ 4,369,753</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

City contributions subsequent to the measurement date of \$3,242,128 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 458,862
2021	(534,614)
2022	(214,533)
2023	538,023
2024	720,138
Thereafter	270,688
	<u>\$ 1,238,564</u>

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

Description. The Retirement Plan for Hourly Employees of the City of Tuscaloosa ("Hourly Employees Plan"), a single-employer plan, covered all non-civil service employees until May 6, 2000, when the plan was closed, the assets were frozen, and the employees became members of the ERS. An employee covered by the Hourly Employees Plan starts over to meet the retirement requirements of the ERS. An employee retiring before meeting these requirements will retire under the Hourly Employees Plan. The ERS, an agent multiple-employer plan, is open to all hourly employees.

Benefits Provided. The Hourly Employees Plan was open to all non-civil service employees with at least one year of full service. City employees that participated in this plan were not required to contribute to the plan. Normal retirement benefits become payable at age 65, or after five years of inclusion in the plan. The normal retirement for employees participating in this pension plan is computed by calculating 20% of the average monthly earnings for the last seven years of credited service.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Plan membership. As of November 1, 2018, pension plan membership consisted of the following:

Active vested employees	15
Terminated/transferred vested employees	49
Retired members (pending annuity purchase)	29
Total	<u>93</u>

Contributions. The Hourly Employees Plan was open to all non-civil service employees with at least one year of full service. City employees that participated in this plan were not required to contribute to the plan. Normal retirement benefits become payable at age 65, or after five years of inclusion in the plan. The normal retirement for employees participating in this pension plan is computed by calculating 20% of the average monthly earnings for the last seven years of credited service.

Net Pension Liability of the City. The City’s net pension liability was measured as of September 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of November 1, 2018.

Actuarial assumptions. The total pension liability in the September 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.20%
Salary increases	N/A
Investment rate of return	4.00%, net of pension plan investment expense, including inflation

Mortality rates were based on Public 2010 General Mortality Tables (amount-weighted) with generational mortality improvement based on MP-2019.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

The actuarial assumptions have not performed an experience study.

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

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

	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	100.00%	4.00%
Total	100.00%	

Discount rate. The discount rate used to measure the total pension liability was 4.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended September 30, 2019, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position Restated (b)	Net Pension Liability (Asset) (a) - (b)
Beginning Balance	\$ 2,007,801	\$ 232,828	\$ 1,774,973
Changes for the year:			
Service cost	-	-	-
Interest	98,609	-	98,609
Differences between expected and actual experience	(8,961)	-	(8,961)
Changes in assumptions	363,287	-	363,287
Contributions – employer	-	265,000	(265,000)
Contributions – employee	-	-	-
Net investment income	-	13,395	(13,395)
Benefit payments, including refunds of employee contributions	(72,102)	(72,102)	-
Administrative expense	-	(18,096)	18,096
Net changes	380,833	188,197	192,636
Ending Balance	\$ 2,388,634	\$ 421,025	\$ 1,967,609

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

C. Retirement Plan for Hourly Employees of the City of Tuscaloosa (“Hourly Employees 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 multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 4.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00%) or 1-percentage-point higher (5.00%) than the current rate:

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
City's net pension liability	\$ 2,334,238	\$ 1,967,609	\$ 1,671,083

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, 2019 and the current sharing pattern of costs between employer and employee.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2019, the City recognized pension expense of \$264,279. At September 30, 2019, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 255	\$ 13,343
Changes in assumptions	172,083	1,580
Net difference between projected and actual earnings on plan investments	32,154	-
	<u>\$ 204,492</u>	<u>\$ 14,923</u>

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

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 174,534
2021	10,042
2022	3,140
2023	1,853
	<u>\$ 189,569</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

D. Tuscaloosa Police Officers and Firefighters Retirement Plan

Description. The Tuscaloosa Police Officers and Firefighters Retirement Plan is a single-employer defined benefit plan covering all certified 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 Tuscaloosa Police Officers and Firefighters Retirement Plan issues a publicly available financial report that can be obtained by contacting the plan at the following address:

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

Benefits Provided. The plan is open to all certified 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.

NOTES TO FINANCIAL STATEMENTS

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:

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Plan membership. As of January 1, 2018, pension plan membership consisted of the following:

Active employees	480
Inactive members or their beneficiaries currently receiving benefits	<u>386</u>
Total	<u><u>866</u></u>

Contributions. Covered members of the plan are required to contribute 11.50% of base salary.

The Tuscaloosa Police Officers and Firefighters Retirement Plan provides for employer contributions at actuarially determined rates (expressed as percentages of annual covered payroll) that accumulate sufficient assets to pay benefits when due. The employer contributions required to support the benefits of each system are determined following a level funding approach and consist of a normal contribution, an accrued liability contribution, and a portion to finance administrative costs. The City's average contribution, measured as of December 31, 2018 was 13.50% of covered employee payroll.

The City's contractually required contribution rate for the year ended September 30, 2019 was 13.50% of members' base salaries. These required contribution rates are based upon the actuarial valuation dated January 1, 2018, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City for the year ended September 30, 2019 was \$4,887,359. Actuarially determined contributions measured as of December 31, 2018 to the pension plan from the City was \$4,625,505.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Net Pension Liability of the City. The City's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. The result was rolled forward using standard actuarial techniques to the measurement date using the actuarial assumptions listed below.

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	January 1, 2018
Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.75% – 9.00%, including inflation
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 Post-retirement Disability table.

The actuarial assumptions have not performed an experience study.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

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

	Target Allocation	Long-Term Expected Rate of Return
U.S. Equity	41.70%	6.50%
International Equity	18.70%	7.21%
Emerging Markets Equity	4.10%	8.76%
Real Estate Investment Trusts	0.40%	5.22%
Fixed Income	31.50%	1.56%
Cash	3.60%	0.24%
Total	<u>100.00%</u>	

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 plan's Board of Trustees. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use a municipal bond rate.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended December 31, 2018, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position Restated (b)	Net Pension Liability (Asset) (a) - (b)
Beginning Balance	\$ 166,034,645	\$ 64,413,663	\$ 101,620,982
Changes for the year:			
Service cost	2,957,666	-	2,957,666
Interest	12,811,462	-	12,811,462
Changes in assumption	(2,027,143)	-	(2,027,143)
Differences between expected and actual experience	4,373,310	-	4,373,310
Contributions – employer	-	4,625,505	(4,625,505)
Contributions – employee	-	425,989	(425,989)
Contributions – other	-	3,940,238	(3,940,238)
Net investment income	-	(5,172,917)	5,172,917
Benefit payments, including refunds of employee contributions	(11,782,762)	(11,782,762)	-
Administrative expense	-	(92,393)	92,393
Net changes	6,332,533	(8,056,340)	14,388,873
Ending Balance	\$ 172,367,178	\$ 56,357,323	\$ 116,009,855

NOTES TO FINANCIAL STATEMENTS

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 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	\$ 134,146,754	\$ 116,009,855	\$ 100,670,924

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2019, the City recognized pension expense of \$12,016,104. At September 30, 2019, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 214,517	\$ 1,756,094
Changes in assumptions	11,417,073	-
Net difference between projected and actual earnings on plan investments	7,885,841	-
Employer contributions subsequent to the measurement date	3,733,785	-
	<u>\$ 23,251,216</u>	<u>\$ 1,756,094</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

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

City contributions subsequent to the measurement date of \$3,733,785 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 5,074,580
2020	3,475,393
2021	3,118,697
2022	3,952,613
Thereafter	2,140,054
	<u>\$ 17,761,337</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. BUDGET COMPLIANCE AND DEFICIT FUND EQUITY

A. Excess of Expenditures Over Appropriations

The following General Fund and Water and Sewer Fund departments had actual expenditures in excess of appropriations for the year ended September 30, 2019:

General Fund:

Community Services:

311 Call Center \$ 15

Arts and Entertainment 6,618,394

General Government:

City Attorney 72,999

Human Resources 223,512

Infrastructure and Public Services:

Infrastructure 288,998

Public Safety:

Fire and Rescue 609,044

Jail Costs 95,040

Police 6,221,249

Funds to Other Agencies - Tuscaloosa Transit Authority 63,727

Other Agencies 131,952

Cost Sharing Arrangements 567,322

Other 852,745

Interest Charges 25,404

Transfers Out 246,901

Water and Sewer Fund:

Depreciation 1,097,027

Other 112,469

These over expenditures were funded by greater than anticipated revenues.

NOTES TO FINANCIAL STATEMENTS

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

B. Deficit Fund Balance and Net Position

The following funds had deficit fund balances/net position at September 30, 2019:

Airport Development Fund (nonmajor governmental fund)	\$ 40,154
Public Safety Capital Projects Fund (nonmajor governmental fund)	384,760

The Airport Development Fund's deficit will be reduced through the future recognition of unavailable accrued revenues. The fund deficit of the Public Safety Projects Fund will be reduced through will be reduced through future revenues budgeted as a transfer from various 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, 2019 the City did not provide any additional operating supplements. The City pays tipping fees for the solid waste dumped at the Authority. A copy of the complete financial statements may be obtained at the administrative office of the Black Warrior Solid Waste Disposal Authority, 3301 Land Fill Drive, Coker, AL 35452.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. JOINT VENTURES (CONTINUED)

Metro Animal Shelter, Inc.

Effective October 1, 2018, the City of Tuscaloosa, City of Northport, and Tuscaloosa County extended its agreement for an additional three years to fund the operations of the Metro Animal Shelter, Inc. in the following amounts: year one \$890,000; year two \$1,024,000 and year three \$1,158,000. The participants pro-rata share of the Shelter are City of Tuscaloosa (53%), City of Northport (10%), and Tuscaloosa County (37%) for year one and City of Tuscaloosa (47.6%), City of Northport (11.9%), and Tuscaloosa County (40.5%) for years two and three.

NOTE 10. RELATED PARTIES

The following related party transactions occurred during the year ended September 30, 2019.

The City expended \$182,930 to the Tuscaloosa Housing Authority, an entity in which the City appoints a majority of the Board, to fund the construction of an affordable housing development for low income individuals. This funding 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 expended \$503,379 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 \$241,436.

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 \$985,102 to the Tuscaloosa Parking and Transit Authority, a component unit, for agency funding, shuttle services, and various other operating expenses. The City was reimbursed \$398,588 for auto fuel, maintenance, cleaning services, security and other operating costs. The City expended \$1,260,223 to the Tuscaloosa Tourism and Sports Commission, a component unit, for agency funding and various tourism related events.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation

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

Contractual Commitments

In addition to the liabilities enumerated in the balance sheet, at September 30, 2019 the City has contractual commitments on uncompleted contracts of approximately \$18,762,003.

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 \$538,854, the Capital Projects Fund of \$2,850,951, the Disaster Recover Construction Fund of \$1,290,934, Other governmental funds of \$13,125,942, and Water and Sewer Fund of \$7,137,425 as of September 30, 2019.

NOTES TO FINANCIAL STATEMENTS

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

The outstanding claims liability of \$1,276,611 at September 30, 2019 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT (CONTINUED)

Health Insurance Fund (Continued)

Changes in the fund's claims liability for the years ended September 30, 2019 and 2018 were as follows:

	Fiscal Year Ended	
	September 30, 2019	September 30, 2018
Unpaid claims, beginning of year	\$ 951,200	\$ 1,100,200
Incurred claims (including IBNR)	15,273,264	14,141,756
Claims paid	(14,947,853)	(14,290,756)
Unpaid claims, end of year	<u>\$ 1,276,611</u>	<u>\$ 951,200</u>

Workers Compensation Claims

The City accounts for and finances the cost of workers compensation claims paid for City employees in the General Fund and the Water and Sewer Enterprise Fund. The City retains the risk for the first \$1,000,000 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, 2019 of \$4,862,535 is based on the requirements of GASB Statement 10, as explained above. The carrying value is calculated using an interest rate of 1.9%. Of the above amount, \$540,300 is reported in the Water and Sewer Enterprise Fund. The balance, \$4,322,235, relates to other City employees and is not reported in the governmental fund financial statements as it is not expected to be liquidated with expendable available financial resources. The liability is reported as long-term debt due after one year in the governmental activities in the Statement of Net Position.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT (CONTINUED)

Workers Compensation Claims (Continued)

Changes in the workers compensation claims liabilities amounts for the years ended September 30, 2019 and September 30, 2018, were as follows:

	Fiscal Year Ended	
	September 30, 2019	September 30, 2018
Unpaid claims, beginning of year	\$ 4,619,057	\$ 1,965,908
Incurred claims (including IBNR)	1,647,144	3,082,882
Claims paid	(1,403,666)	(429,733)
Unpaid claims, end of year	<u>\$ 4,862,535</u>	<u>\$ 4,619,057</u>

NOTE 13. POST-EMPLOYMENT HEALTH CARE PLAN

Plan Administration and Benefits. The City participates in a single-employer, self-insured health insurance program administered by Blue Cross and Blue Shield of Alabama. The City extends post-employment medical insurance benefits to qualifying employees. The earliest retirement eligibility provisions are as follows: 25 years of service at any age; or age 60 and ten years of service (called "Tier 1" members). Employees hired on and after January 1, 2013 (called "Tier 2" members) are eligible to retire only after attainment of age 62 or later and completion of ten years of service. For Fire and Police employees, the ages are age 56 and ten years of service for Tier 1 and age 60 and ten years of service for Tier 2. The OPEB Plan provides medical and dental insurance benefits to eligible retirees and their spouses. After a retiree becomes eligible for Medicare (age 65 in most cases), no medical benefits are provided by the City. The City Council has the authority to establish and amend benefit provisions. The OPEB Plan does not issue a separate financial report.

NOTES TO FINANCIAL STATEMENTS

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

Plan Membership. Membership of the OPEB Plan consisted of the following at September 30, 2018, the date of the latest actuarial valuation:

Active participants	1,225
Retirees and beneficiaries currently receiving benefits	93
Total	<u>1,318</u>

Contributions. The contribution requirements of plan members and the City are established and may be amended by the City Council. Employees do not contribute to their post-employment benefit costs until they become retirees and begin receiving those benefits. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs and anticipated inflationary increases as determined annually by the City Council. The City's funding policy is to not fund the Annual Required Contribution except to the extent of the current year's retiree costs. For the fiscal year ended September 30, 2019, the City and plan members receiving benefits contributed a total of \$460,918.

Total OPEB Liability of the City

Effective October 1, 2018, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment 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, 2018 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.

NOTES TO FINANCIAL STATEMENTS

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

Total OPEB Liability of the City (Continued)

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

Discount Rate:	4.09%
Healthcare Cost Trend Rate:	7.25% - 4.75%, Ultimate Trend in 2028
Inflation Rate:	2.75%
Salary increase:	3.125% wage inflation plus merit increases

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

The actuarial assumptions used in the September 30, 2018 valuation were based on the results of an actuarial experience study in concurrence with the September 30, 2017 valuation.

Discount rate. The discount rate used to measure the total OPEB liability was 4.09%. This rate was determined based on the September average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Total OPEB Liability of the City (Continued)

Changes in the total OPEB liability of the City. The changes in the total OPEB liability of the City for the year ended September 30, 2019, were as follows:

	Total OPEB Liability
Balances at 9/30/18	\$ 32,708,501
Changes for the year:	
Service cost	1,805,033
Interest	1,145,551
Differences between expected and actual experience	403,704
Assumption changes	125,598
Benefit payments	(1,240,530)
Net changes	2,239,356
Balances at 9/30/19	\$ 34,947,857

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

NOTES TO FINANCIAL STATEMENTS

NOTE 13. POST-EMPLOYMENT 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 (3.09%) or 1-percentage-point higher (5.09%) than the current discount rate:

	1% Decrease (3.09%)	Discount Rate (4.09%)	1% Increase (5.09%)
Total OPEB liability	\$ 39,064,839	\$ 34,947,857	\$ 31,301,805

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 (6.25% decreasing to 3.75%) or 1-percentage-point higher (8.25% decreasing to 5.75%) than the current healthcare cost trend rates:

	1% Decrease (6.25% decreasing to 3.75%)	Discount Rate (7.25% decreasing to 4.75%)	1% Increase (8.25% decreasing to 5.75%)
Total OPEB liability	\$ 30,422,910	\$ 34,947,857	\$ 40,360,199

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, 2019 and the current sharing pattern of costs between employer and inactive employees.

NOTES TO FINANCIAL STATEMENTS

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

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$2,794,718. At September 30, 2019, 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	\$ 110,664	\$ 1,886,796
Differences between expected and actual experience	355,701	-
Contributions subsequent to the measurement date	460,918	-
Total	<u>\$ 927,283</u>	<u>\$ 1,886,796</u>

NOTES TO FINANCIAL STATEMENTS

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

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

City contributions subsequent to the measurement date of \$460,918 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, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending September 30,</u>	
2020	\$ (222,078)
2021	(222,078)
2022	(222,078)
2023	(222,078)
Thereafter	<u>(532,119)</u>
Total	<u>\$ (1,420,431)</u>

NOTE 14. TAX ABATEMENTS

Amendment No. 772 to the Constitution of Alabama (1901) authorizes the City to lend its credit to or grant public funds and things of value in aid of or to any corporation or other business entity for the purpose of promoting the economic development of the City. For the fiscal year ended September 30, 2019, the City abated sales tax revenues of \$476,909, lodging tax revenues of \$668,447 and property tax revenues of \$256,393 under its economic development program, including the following tax abatement agreements that each exceeded 10% 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 \$615,423. In exchange for the tax incentives, the developer has committed to creating 57 new full-time jobs, of which 30 must be low to moderate income employees.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. TAX ABATEMENTS (CONTINUED)

- A 78% abatement on the net sales tax (six anchor tenants) and a second 100% abatement of non-education municipal ad valorem property taxes of a retail development amounting to \$600,018. 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 \$170,119. In exchange for the tax incentives, the developer has committed to creating 35 new full and part-time jobs.

In May 2019, the City established the Construction Mitigation Program as a means to offer economic assistance to businesses who have been adversely affected by construction projects lasting more than a year. Economic assistance may be available through the temporary abatement of various tax/license revenues levied and collected by the City. Any business with 50 full-time employees or less who have been negatively impacted by construction projects lasting more than a year may apply to receive a temporary business construction mitigation tax waiver. A review committee determines the eligibility of each business on a case-by-case basis using various criteria as a guide. In fiscal year 2019, \$16,189 in sales taxes were abated as part of this program.

In addition to the above mentioned agreements, the City approved the following tax abatement arrangements in fiscal year 2019:

In September 2019, the City and Tuscaloosa Investments, LLC entered into an Economic Development Agreement, whereby Tuscaloosa Investments, LLC agreed to acquire and construct a hotel within the City. Pursuant to the Tuscaloosa Investments, LLC Agreement, the City has agreed to remit to Tuscaloosa Investments, LLC 50% of the city lodging taxes collected at the site of the project quarterly for a period of 9 years from the date of the first collection. The maximum amount to be remitted shall not exceed \$2,200,000.

In January 2019, the City and SunSouth, LLC and SunSouth Properties Tuscaloosa, LLC entered into an Economic Development Agreement, whereby SunSouth, LLC and SunSouth Properties Tuscaloosa, LLC agreed to acquire and construct a new tractor dealership within the City. Pursuant to the SunSouth, LLC and SunSouth Properties Tuscaloosa, LLC Agreement, the City has agreed to remit to SunSouth, LLC and SunSouth Properties Tuscaloosa, LLC 100% of the non-educational ad valorem taxes collected on the site of the project annually for a period of ten years from the acquisition of the project site. The maximum amount to be remitted shall not exceed \$150,000.

NOTES TO FINANCIAL STATEMENTS

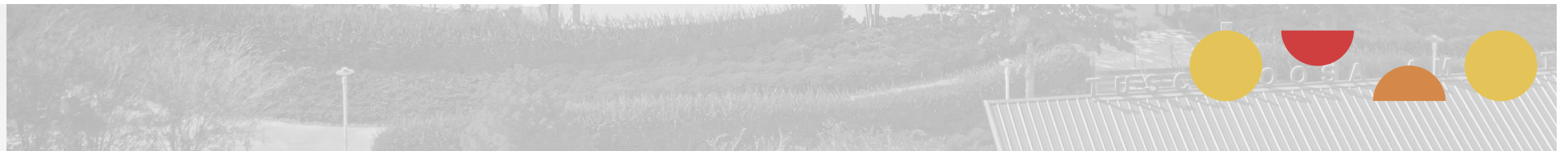
NOTE 15. SUBSEQUENT EVENTS

On December 12, 2019, the City issued \$15,563,207 of Series 2019-A general obligation warrants to refund and defease all of the City's outstanding Series 2010-A general obligation warrants. The warrants have varying interest rates ranging from 3 – 5% over the life of the warrants. Principal and interest of the warrants will be payable annually on September 30, beginning in 2020 through fiscal year 2031.

On December 12, 2019, the City issued \$38,715,000 of Series 2019-B general obligation warrants to partially refund the City's outstanding Series 2012-A general obligation warrants, the City's Series 2012-B general obligation warrants, the City's Series 2014-A general obligation warrants, and the City's Series 2014-C general obligation warrants. The warrants have varying interest rates ranging from 1.867 – 3.150% over the life of the warrants. Principal and interest of the warrants will be payable annually on September 30, beginning in 2020 through fiscal year 2039.



REQUIRED SUPPLEMENTARY INFORMATION



CITY OF TUSCALOOSA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS TUSCALOOSA POLICE OFFICERS AND FIREFIGHTERS SUPPLEMENTAL RETIREMENT PLAN FOR THE YEARS ENDED SEPTEMBER 30,

	2019	2018	2017	2016	2015
Total pension liability					
Service Cost	\$ 57,779	\$ 140,303	\$ 18,731	\$ 7,014	\$ 16,433
Interest	64,136	107,048	46,085	66,748	68,661
Benefit changes	-	-	-	(399,632)	-
Difference between expected and actual experience	55,256	522,715	(12,600)	31,900	(55,536)
Changes of assumptions	(185,785)	(1,695,753)	2,066,768	-	-
Benefit payments, including refunds of employee contributions	(36,394)	(36,394)	(36,394)	(101,891)	(22,896)
Net change in total pension liability	(45,008)	(962,081)	2,082,590	(395,861)	6,662
Total pension liability - beginning	1,888,061	2,850,142	767,552	1,163,413	1,156,751
Total pension liability - ending	<u><u>\$ 1,843,053</u></u>	<u><u>\$ 1,888,061</u></u>	<u><u>\$ 2,850,142</u></u>	<u><u>\$ 767,552</u></u>	<u><u>\$ 1,163,413</u></u>
Plan net position					
Contributions - employer	\$ 30,246	\$ 30,246	\$ -	\$ 139,940	\$ 78,000
Contributions - employee	-	-	-	-	-
Net investment income	214	189	186	197	337
Benefit payments, including refunds of employee contributions	(36,394)	(36,394)	(36,394)	(101,891)	(22,896)
Administrative expense	(6,195)	(3,000)	(3,000)	(3,000)	(3,000)
Net change in plan net position	(12,129)	(8,959)	(39,208)	35,246	52,441
Plan net position - beginning	374,904	383,863	423,071	387,825	335,384
Plan net position - ending	<u><u>\$ 362,775</u></u>	<u><u>\$ 374,904</u></u>	<u><u>\$ 383,863</u></u>	<u><u>\$ 423,071</u></u>	<u><u>\$ 387,825</u></u>
Net pension liability	<u><u>\$ 1,480,278</u></u>	<u><u>\$ 1,513,157</u></u>	<u><u>\$ 2,466,279</u></u>	<u><u>\$ 344,481</u></u>	<u><u>\$ 775,588</u></u>
Plan net position as a percentage of the total pension liability	19.68%	19.86%	13.47%	55.12%	33.34%
Covered-employee payroll *	<u><u>\$ 3,760,688</u></u>	<u><u>\$ 3,140,169</u></u>	<u><u>\$ 3,152,979</u></u>	<u><u>\$ 2,857,940</u></u>	<u><u>\$ 3,317,870</u></u>
Net pension liability as a percentage of covered-employee payroll	39.36%	48.19%	78.22%	12.05%	23.38%

*For FY 2019, the measurement period is January 1, 2018 to December 31, 2018.

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

CITY OF TUSCALOOSA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS

TUSCALOOSA POLICE OFFICERS AND FIREFIGHTERS SUPPLEMENTAL RETIREMENT PLAN

FOR THE YEARS ENDED SEPTEMBER 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution*	\$ 30,246	\$ 30,246	\$ -	\$ 139,940	\$ 74,413
Contributions in relation to the actuarially determined contribution*	<u>30,246</u>	<u>30,246</u>	<u>-</u>	<u>139,940</u>	<u>78,000</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (3,587)</u></u>
Covered-employee payroll^	\$ 4,054,393	\$ 3,149,590	\$ 3,149,777	\$ 2,931,700	\$ 3,202,888
Contributions as a percentage of covered-employee payroll	0.75%	0.96%	0.00%	4.77%	2.32%

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

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

Notes to Schedule:

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

CITY OF TUSCALOOSA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PENSION INVESTMENT RETURNS

TUSCALOOSA POLICE OFFICERS AND FIREFIGHTERS SUPPLEMENTARY RETIREMENT PLAN

FOR THE YEARS ENDED SEPTEMBER 30,

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

Notes to Schedule:

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

CITY OF TUSCALOOSA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA FOR THE YEARS ENDED SEPTEMBER 30,

	2019	2018	2017	2016	2015
Total pension liability					
Service Cost	\$ 2,853,937	\$ 2,913,828	\$ 2,939,341	\$ 2,914,354	\$ 2,792,879
Interest	8,900,489	8,179,185	7,829,423	7,323,848	6,889,141
Changes of assumptions	692,778	-	1,770,601	-	-
Difference between expected and actual experience	(1,404,420)	4,099,981	534,494	1,092,095	-
Transfers among employers	2	308,741	134,245	-	-
Benefit payments, including refunds of employee contributions	(6,637,784)	(5,751,371)	(5,324,672)	(4,696,544)	(3,799,838)
Net change in total pension liability	4,405,002	9,750,364	7,883,432	6,633,753	5,882,182
Total pension liability - beginning	118,163,916	108,413,552	100,530,120	93,896,367	88,014,185
Total pension liability - ending	<u>\$ 122,568,918</u>	<u>\$ 118,163,916</u>	<u>\$ 108,413,552</u>	<u>\$ 100,530,120</u>	<u>\$ 93,896,367</u>
Plan fiduciary net position					
Contributions - employer	\$ 2,809,270	\$ 2,630,940	\$ 2,882,113	\$ 2,639,293	\$ 2,659,574
Contributions - employee	2,226,591	1,945,815	1,974,229	1,843,434	1,875,358
Net investment income	8,251,863	10,260,786	7,462,375	864,909	7,809,823
Benefit payments, including refunds of employee contributions	(6,637,784)	(5,751,371)	(5,324,672)	(4,696,544)	(3,799,838)
Transfer among employees	2	308,741	134,245	(440,146)	(72,292)
Net change in plan fiduciary net position	6,649,942	9,394,911	7,128,290	210,946	8,472,625
Plan net position - beginning	89,964,770	80,569,859	73,441,569	73,230,623	64,757,998
Plan net position - ending	<u>\$ 96,614,712</u>	<u>\$ 89,964,770</u>	<u>\$ 80,569,859</u>	<u>\$ 73,441,569</u>	<u>\$ 73,230,623</u>
Net pension liability	<u>\$ 25,954,206</u>	<u>\$ 28,199,146</u>	<u>\$ 27,843,693</u>	<u>\$ 27,088,551</u>	<u>\$ 20,665,744</u>
Plan fiduciary net position as a percentage of the total pension liability	78.82%	76.14%	74.32%	73.05%	77.99%
Covered payroll *	<u>\$ 38,000,806</u>	<u>\$ 32,820,697</u>	<u>\$ 37,311,222</u>	<u>\$ 34,797,920</u>	<u>\$ 34,797,920</u>
Net pension liability as a percentage of covered payroll	68.30%	85.92%	74.63%	77.85%	59.39%

*For FY 2019 the measurement period is October 1, 2018 to September 30, 2019.

Notes to Schedule:

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

CITY OF TUSCALOOSA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS

EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA

FOR THE YEARS ENDED SEPTEMBER 30,

	2019	2018	2017	2016	2015
Actuarially determined contribution*	\$ 3,242,128	\$ 2,947,310	\$ 2,802,702	\$ 2,915,639	\$ 2,781,433
Contributions in relation to the actuarially determined contribution*	3,242,128	2,947,310	2,802,702	2,915,639	2,781,433
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll^	\$ 38,937,949	\$ 38,000,806	\$ 32,820,697	\$ 37,311,222	\$ 34,797,920
Contributions as a percentage of covered-employee payroll	8.33%	7.76%	8.54%	7.81%	7.99%

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

^Employer's covered-payroll for FY 2019 is the total covered payroll for the 12-month period of the underlying financial statements.

Notes to Schedule:

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

CITY OF TUSCALOOSA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS RETIREMENT PLAN FOR HOURLY EMPLOYEES OF THE CITY OF TUSCALOOSA FOR THE YEARS ENDED SEPTEMBER 30,

	2019	2018	2017	2016	2015
Total pension liability					
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	98,609	99,145	100,002	98,065	99,664
Effect of economic/demographic gains or losses	(8,961)	7,535	(48,706)	7,503	(67,986)
Effect of assumptions changes or inputs	363,287	(46,746)	-	-	-
Benefit payments, including refunds of employee contributions	(72,102)	(69,209)	(67,708)	(65,933)	(61,466)
Net change in total pension liability	380,833	(9,275)	(16,412)	39,635	(29,788)
Total pension liability - beginning	2,007,801	2,017,076	2,033,488	1,993,853	2,023,641
Total pension liability - ending	<u><u>\$ 2,388,634</u></u>	<u><u>\$ 2,007,801</u></u>	<u><u>\$ 2,017,076</u></u>	<u><u>\$ 2,033,488</u></u>	<u><u>\$ 1,993,853</u></u>
Plan net position					
Contributions - employer	\$ 265,000	\$ -	\$ 300,000	\$ 99,507	\$ -
Net investment income	13,395	7,042	7,155	5,069	4,098
Benefit payments, including refunds of employee contributions	(72,102)	(69,209)	(67,708)	(65,933)	(61,466)
Administrative expenses	(18,096)	(17,215)	(16,189)	(19,431)	(17,694)
Net change in plan net position	188,197	(79,382)	223,258	19,212	(75,062)
Plan net position - beginning	232,828	312,210	88,952	69,740	144,802
Plan net position - ending	<u><u>\$ 421,025</u></u>	<u><u>\$ 232,828</u></u>	<u><u>\$ 312,210</u></u>	<u><u>\$ 88,952</u></u>	<u><u>\$ 69,740</u></u>
Net pension liability	<u><u>\$ 1,967,609</u></u>	<u><u>\$ 1,774,973</u></u>	<u><u>\$ 1,704,866</u></u>	<u><u>\$ 1,944,536</u></u>	<u><u>\$ 1,924,113</u></u>
Plan net position as a percentage of the total pension liability	17.63%	11.60%	15.48%	4.37%	3.50%
Covered-employee payroll *	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

*For FY 2018 the measurement period is October 1, 2018 to September 30, 2019.

Notes to the Schedule:

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

CITY OF TUSCALOOSA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS

RETIREMENT PLAN FOR HOURLY EMPLOYEES OF THE CITY OF TUSCALOOSA

FOR THE YEARS ENDED SEPTEMBER 30,

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

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

Notes to Schedule:

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

CITY OF TUSCALOOSA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS TUSCALOOSA POLICE OFFICERS AND FIREFIGHTERS RETIREMENT PLAN FOR THE YEARS ENDED SEPTEMBER 30,

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 2,957,666	\$ 2,912,273	\$ 2,904,753	\$ 2,942,728	\$ 2,893,611
Interest	12,811,462	11,967,489	11,807,763	11,665,165	11,392,889
Benefit changes	-	-	(297,561)	(1,332,172)	-
Difference between expected and actual experience	(2,027,143)	123,341	(37,641)	284,514	-
Changes in assumptions	4,373,310	10,777,054	-	-	-
Benefit payments	(11,158,850)	(12,100,940)	(11,384,506)	(10,905,411)	(9,833,175)
Refunds of contributions	(623,912)	(752,769)	(538,301)	(651,359)	(474,386)
Net change in total pension liability	6,332,533	12,926,448	2,454,507	2,003,465	3,978,939
Total pension liability - beginning	166,034,645	153,108,197	150,653,690	148,650,225	144,671,286
Total pension liability - ending	<u><u>\$ 172,367,178</u></u>	<u><u>\$ 166,034,645</u></u>	<u><u>\$ 153,108,197</u></u>	<u><u>\$ 150,653,690</u></u>	<u><u>\$ 148,650,225</u></u>
Plan net position					
Contributions - employer	\$ 4,625,505	\$ 4,439,537	\$ 4,389,659	\$ 4,304,301	\$ 4,216,747
Contributions - employee	3,940,238	3,781,817	3,747,171	3,661,254	3,579,903
Contributions - other	425,989	418,015	494,318	515,594	516,803
Net investment income (loss)	(5,172,917)	8,936,044	2,903,434	(2,819,802)	2,747,724
Benefit payments	(11,158,850)	(12,100,940)	(11,384,506)	(10,905,411)	(9,833,175)
Refunds of contributions	(623,912)	(752,769)	(538,301)	(651,359)	(474,386)
Administrative expense	(92,393)	(94,826)	(114,828)	(108,501)	(105,099)
Net change in plan net position	(8,056,340)	4,626,878	(503,053)	(6,003,924)	648,517
Plan net position - beginning	64,413,663	59,786,785	60,289,838	66,293,762	65,645,245
Plan net position - ending	<u><u>\$ 56,357,323</u></u>	<u><u>\$ 64,413,663</u></u>	<u><u>\$ 59,786,785</u></u>	<u><u>\$ 60,289,838</u></u>	<u><u>\$ 66,293,762</u></u>
Net pension liability	<u><u>\$ 116,009,855</u></u>	<u><u>\$ 101,620,982</u></u>	<u><u>\$ 93,321,412</u></u>	<u><u>\$ 90,363,852</u></u>	<u><u>\$ 82,356,463</u></u>
Plan net position as a percentage of the total pension liability	32.70%	38.80%	39.05%	40.02%	44.60%
Covered-employee payroll *	<u><u>\$ 31,916,154</u></u>	<u><u>\$ 31,760,670</u></u>	<u><u>\$ 31,760,670</u></u>	<u><u>\$ 32,493,465</u></u>	<u><u>\$ 31,416,404</u></u>
Net pension liability as a percentage of covered-employee payroll	363.48%	319.96%	293.83%	278.10%	262.14%

*For FY 2018 the measurement date is December 31, 2018

Notes to Schedule:

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

CITY OF TUSCALOOSA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS

TUSCALOOSA POLICE OFFICERS AND FIREFIGHTERS RETIREMENT PLAN

FOR THE YEARS ENDED SEPTEMBER 30,

	2019	2018	2017	2016	2015	2014
Actuarially determined contribution*	\$ 4,625,505	\$ 4,439,537	\$ 4,389,659	\$ 4,304,301	\$ 4,216,747	\$ 4,173,937
Contributions in relation to the actuarially determined contribution*	4,625,505	4,439,537	4,389,659	4,304,301	4,216,747	4,173,937
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll^	\$ 37,366,372	\$ 31,916,154	\$ 31,760,670	\$ 31,502,153	\$ 31,224,050	\$ 31,014,140
Contributions as a percentage of covered-employee payroll	12.38%	13.91%	13.82%	13.66%	13.50%	13.46%

*Amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. For FY 2019, the measurement date for the plan is December 31, 2018

^Employer's covered-payroll during fiscal year is the total payroll paid to covered employees (not just pensionable payroll).
For FY 2019, the measurement date for the plan is December 31, 2018

Notes to Schedule:

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

CITY OF TUSCALOOSA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

OTHER POST-EMPLOYMENT BENEFIT PLAN

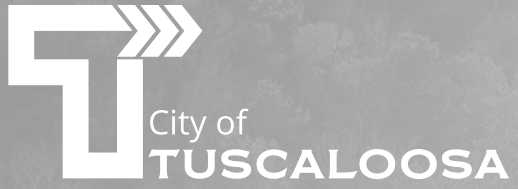
FOR THE YEARS ENDED SEPTEMBER 30,

	2019	2018
Total pension liability		
Service cost	\$ 1,805,033	\$ 1,992,826
Interest	1,145,551	953,934
Changes of assumptions	125,598	(2,456,826)
Difference between expected and actual experience	403,704	-
Benefit payments	(1,240,530)	(677,818)
Net change in total pension liability	2,239,356	(187,884)
Total pension liability - beginning	32,708,501	32,896,385
Total pension liability - ending	<u><u>\$ 34,947,857</u></u>	<u><u>\$ 32,708,501</u></u>
Covered-employee payroll *	<u><u>\$ 63,313,578</u></u>	<u><u>\$ 60,882,859</u></u>
Total OPEB liability as a percentage of covered-employee payroll	55.20%	53.72%

*For FY 2019, the measurement date is September 30, 2018

Notes to Schedule:

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



COMBINED STATEMENTS 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, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Capital Park Maintenance	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 9,779,033	\$ 8,002,824	\$ 24,299	\$ 17,806,156
Investments	151,904	-	-	151,904
Receivables	2,040,569	4,898,890	-	6,939,459
Due from Other Funds	88,635	5,114,530	-	5,203,165
Loans Receivable	2,681,126	-	-	2,681,126
Advances to Other Funds	865,000	2,287,058	-	3,152,058
Total Assets	<u>\$ 15,606,267</u>	<u>\$ 20,303,302</u>	<u>\$ 24,299</u>	<u>\$ 35,933,868</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable and Other Current Charges	\$ 1,314,863	\$ 1,764,982	\$ 1,149	\$ 3,080,994
Due to Other Funds	5,735,172	4,615,587	-	10,350,759
Advances from Other Funds	3,401,263	3,585,609	-	6,986,872
Total Liabilities	<u>10,451,298</u>	<u>9,966,178</u>	<u>1,149</u>	<u>20,418,625</u>
Deferred Inflows of Resources				
Unavailable Revenues - Intergovernmental	22,598	33,476	-	56,074
Total Deferred Inflows of Resources	<u>22,598</u>	<u>33,476</u>	<u>-</u>	<u>56,074</u>
Fund Balances (Deficit)				
Nonspendable:				
Advances	865,000	2,287,058	-	3,152,058
Restricted for:				
Capital Park Maintenance	-	-	23,150	23,150
Capital Projects	1,050,284	1,001,103	-	2,051,387
Grant Projects	717,384	-	-	717,384
Long-term Receivable	2,681,126	-	-	2,681,126
Road Projects	272,993	7,750,411	-	8,023,404
Salaries and Wages	240,503	-	-	240,503
Committed for:				
Capital Projects	-	202,533	-	202,533
Cemetery Maintenance	135,796	-	-	135,796
Tourism Enhancement	-	267,404	-	267,404
Unassigned	(830,715)	(1,204,861)	-	(2,035,576)
Total Fund Balances	<u>5,132,371</u>	<u>10,303,648</u>	<u>23,150</u>	<u>15,459,169</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 15,606,267</u>	<u>\$ 20,303,302</u>	<u>\$ 24,299</u>	<u>\$ 35,933,868</u>

CITY OF TUSCALOOSA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Capital Park Maintenance	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 941,537	\$ -	\$ -	\$ 941,537
Fines and forfeitures	-	331,090	-	331,090
Intergovernmental	4,622,944	7,471,892	-	12,094,836
Other	1,462,860	4,432	-	1,467,292
Total Revenues	7,027,341	7,807,414	-	14,834,755
EXPENDITURES				
Current Operations				
Community Services	1,643,090	-	13,404	1,656,494
General Government	93,015	191,193	-	284,208
Infrastructure and Public Services	-	53,808	-	53,808
Public Safety	4,962	-	-	4,962
Total Current Operations	1,741,067	245,001	13,404	1,999,472
Capital Outlay	2,034,588	10,410,157	-	12,444,745
Debt Service				
Principal	75,000	222,736	-	297,736
Interest Charges	36,083	72,110	-	108,193
Total Expenditures	3,886,738	10,950,004	13,404	14,850,146
Excess (Deficiency) of Revenues over (under) Expenditures	3,140,603	(3,142,590)	(13,404)	(15,391)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	239,813	-	239,813
Proceeds from Issuance of Debt	-	1,276,914	-	1,276,914
Transfers In	77,159	7,748,020	6,497	7,831,676
Transfer Out	(1,650,434)	(1,460,946)	-	(3,111,380)
Total Other Financing Sources (Uses)	(1,573,275)	7,803,801	6,497	6,237,023
Net Change in Fund Balances	1,567,328	4,661,211	(6,907)	6,221,632
Fund Balances, Beginning of Year	3,565,043	5,642,437	30,057	9,237,537
Fund Balances, End of Year	\$ 5,132,371	\$ 10,303,648	\$ 23,150	\$ 15,459,169

CITY OF TUSCALOOSA

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2019

	Police Department Funds	Airport Development Fund	Community Development Funds	Gasoline Tax Funds	Summer Feeding Fund	Beer Tax Bonus Fund
ASSETS						
Cash and Cash Equivalents	\$ 72,395	\$ 981,018	\$ 884,877	\$ 2,342,683	\$ 21,262	\$ 155,382
Investments	-	-	-	-	-	-
Receivables	-	1,059,879	375,851	102,933	-	85,121
Due from Other Funds	37,069	-	353	-	-	-
Loan Receivables	-	-	2,681,126	-	-	-
Advances to Other Funds	-	-	-	-	-	-
Total Assets	<u>\$ 109,464</u>	<u>\$ 2,040,897</u>	<u>\$ 3,942,207</u>	<u>\$ 2,445,616</u>	<u>\$ 21,262</u>	<u>\$ 240,503</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)						
Liabilities						
Accounts Payable and Other Current Charges	\$ 35	\$ 879,151	\$ 272,419	\$ -	\$ 96	\$ -
Due to Other Funds	-	3,280	379,275	1,500,000	-	-
Advances from Other Funds	-	1,198,620	-	672,623	-	-
Total Liabilities	<u>35</u>	<u>2,081,051</u>	<u>651,694</u>	<u>2,172,623</u>	<u>96</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable Revenues - Intergovernmental	448	-	984	-	21,166	-
Total Deferred Inflows of Resources	<u>448</u>	<u>-</u>	<u>984</u>	<u>-</u>	<u>21,166</u>	<u>-</u>
Fund Balances						
Nonspendable:						
Advances	-	-	-	-	-	-
Restricted for:						
Capital Projects	-	-	-	-	-	-
Long-term Receivable	-	-	2,681,126	-	-	-
Grant Projects	108,981	-	608,403	-	-	-
Road Projects	-	-	-	272,993	-	-
Salaries and Wages	-	-	-	-	-	240,503
Committed for:						
Cemetery Maintenance	-	-	-	-	-	-
Unassigned	-	(40,154)	-	-	-	-
Total Fund Balances (Deficit)	<u>108,981</u>	<u>(40,154)</u>	<u>3,289,529</u>	<u>272,993</u>	<u>-</u>	<u>240,503</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 109,464</u>	<u>\$ 2,040,897</u>	<u>\$ 3,942,207</u>	<u>\$ 2,445,616</u>	<u>\$ 21,262</u>	<u>\$ 240,503</u>

(Continued)

CITY OF TUSCALOOSA

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2019

	Alabama Trust Fund	Evergreen Cemetery Fund	Section 108 Funds	Storm Recovery FEMA Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and Cash Equivalents	\$ 2,252,727	\$ 10,480	\$ 62,051	\$ 2,996,158	\$ 9,779,033
Investments	-	151,904	-	-	151,904
Receivables	-	3,432	-	413,353	2,040,569
Due from Other Funds	-	-	-	51,213	88,635
Loan Receivables	-	-	-	-	2,681,126
Advances to Other Funds	-	-	-	865,000	865,000
Total Assets	<u>\$ 2,252,727</u>	<u>\$ 165,816</u>	<u>\$ 62,051</u>	<u>\$ 4,325,724</u>	<u>\$ 15,606,267</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)					
Liabilities					
Accounts Payable and Other Current Charges	\$ 56,507	\$ -	\$ -	\$ 106,655	\$ 1,314,863
Due to Other Funds	1,207,987	-	-	2,644,630	5,735,172
Advances from Other Funds	-	30,020	-	1,500,000	3,401,263
Total Liabilities	<u>1,264,494</u>	<u>30,020</u>	<u>-</u>	<u>4,251,285</u>	<u>10,451,298</u>
Deferred Inflows of Resources					
Unavailable Revenues - Intergovernmental	-	-	-	-	22,598
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,598</u>
Fund Balances (Deficit)					
Nonspendable:					
Advances	-	-	-	865,000	865,000
Restricted for:					
Capital Projects	988,233	-	62,051	-	1,050,284
Grant Projects	-	-	-	-	717,384
Long-term Receivable	-	-	-	-	2,681,126
Road Projects	-	-	-	-	272,993
Salaries and Wages	-	-	-	-	240,503
Committed for:					
Cemetery Maintenance	-	135,796	-	-	135,796
Unassigned	-	-	-	(790,561)	(830,715)
Total Fund Balances (Deficit)	<u>988,233</u>	<u>135,796</u>	<u>62,051</u>	<u>74,439</u>	<u>5,132,371</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 2,252,727</u>	<u>\$ 165,816</u>	<u>\$ 62,051</u>	<u>\$ 4,325,724</u>	<u>\$ 15,606,267</u>

CITY OF TUSCALOOSA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Police Department Funds	Airport Development Fund	Community Development Funds	Gasoline Tax Funds	Summer Feeding Fund	Beer Tax Bonus Fund
REVENUES						
Taxes						
Gas Tax - State of Alabama	\$ -	\$ -	\$ -	\$ 452,839	\$ -	\$ -
Share of Beer Tax	-	-	-	-	-	488,698
Intergovernmental Revenues						
Federal Grants	31,681	1,024,412	1,014,424	-	-	-
State and Local Grants	-	54,191	-	-	70,079	-
Other Revenues						
Interest on Investments	46	-	3	-	-	3,047
Share of Tag Receipts	-	-	-	296,891	-	-
Collection of Principal and Interest	-	-	959,013	-	-	-
Other	-	-	-	501	1,128	-
Total Revenues	<u>31,727</u>	<u>1,078,603</u>	<u>1,973,440</u>	<u>750,231</u>	<u>71,207</u>	<u>491,745</u>
EXPENDITURES						
Current Operations						
Community Services	-	-	1,643,090	-	-	-
General Government	-	-	19,057	-	71,207	-
Public Safety	4,962	-	-	-	-	-
Total Current Operations	<u>4,962</u>	<u>-</u>	<u>1,662,147</u>	<u>-</u>	<u>71,207</u>	<u>-</u>
Capital Outlay	31,681	1,109,129	-	-	-	-
Debt Service						
Principal	-	-	75,000	-	-	-
Interest Charges	-	-	36,083	-	-	-
Total Expenditures	<u>36,643</u>	<u>1,109,129</u>	<u>1,773,230</u>	<u>-</u>	<u>71,207</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,916)</u>	<u>(30,526)</u>	<u>200,210</u>	<u>750,231</u>	<u>-</u>	<u>491,745</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	77,159	-	-	-	-	-
Transfer Out	-	-	-	(700,000)	-	(450,434)
Total Other Financing Sources (Uses)	<u>77,159</u>	<u>-</u>	<u>-</u>	<u>(700,000)</u>	<u>-</u>	<u>(450,434)</u>
Net Change in Fund Balances	72,243	(30,526)	200,210	50,231	-	41,311
Fund Balances (Deficit), Beginning of Year	36,738	(9,628)	3,089,319	222,762	-	199,192
Fund Balances (Deficit), End of Year	<u>\$ 108,981</u>	<u>\$ (40,154)</u>	<u>\$ 3,289,529</u>	<u>\$ 272,993</u>	<u>\$ -</u>	<u>\$ 240,503</u>

(Continued)

CITY OF TUSCALOOSA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Alabama Trust Fund	Evergreen Cemetery Fund	Section 108 Funds	Storm Recovery FEMA Fund	Total Nonmajor Special Revenue Funds
REVENUES					
Taxes					
Gas Tax - State of Alabama	\$ -	\$ -	\$ -	\$ -	\$ 452,839
Share of Beer Tax	-	-	-	-	488,698
Intergovernmental Revenues					
Federal Grants	-	-	-	1,615,833	3,686,350
State and Local Grants	812,324	-	-	-	936,594
Other Revenues					
Interest on Investments	-	1,563	-	-	4,659
Share of Tag Receipts	-	-	-	-	296,891
Collection of Principal and Interest	-	-	-	-	959,013
Other	200,668	-	-	-	202,297
Total Revenues	1,012,992	1,563	-	1,615,833	7,027,341
EXPENDITURES					
Current Operations					
Community Services	-	-	-	-	1,643,090
General Government	-	2,604	147	-	93,015
Public Safety	-	-	-	-	4,962
Total Current Operations	-	2,604	147	-	1,741,067
Capital Outlay	893,778	-	-	-	2,034,588
Debt Service					
Principal	-	-	-	-	75,000
Interest Charges	-	-	-	-	36,083
Total Expenditures	893,778	2,604	147	-	3,886,738
Excess (Deficiency) of Revenues over Expenditures	119,214	(1,041)	(147)	1,615,833	3,140,603
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	77,159
Transfer Out	(500,000)	-	-	-	(1,650,434)
Total Other Financing Sources (Uses)	(500,000)	-	-	-	(1,573,275)
Net Change in Fund Balances	(380,786)	(1,041)	(147)	1,615,833	1,567,328
Fund Balances, Beginning of Year	1,369,019	136,837	62,198	(1,541,394)	3,565,043
Fund Balances, End of Year	\$ 988,233	\$ 135,796	\$ 62,051	\$ 74,439	\$ 5,132,371

CITY OF TUSCALOOSA

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

SEPTEMBER 30, 2019

	City Facilities Construction	Tourism Capital Projects	Storm Recovery Insurance	Public Safety Capital Projects	Public Works Capital Projects	Road Improvement Fund	Total Nonmajor Capital Projects Funds
ASSETS							
Cash and Cash Equivalents	\$ 1,642,180	\$ 412,390	\$ 1,406,424	\$ 300,994	\$ 383,140	\$ 3,857,696	\$ 8,002,824
Receivables	276,041	69,010	-	-	-	4,553,839	4,898,890
Due from Other Funds	16,584	4,146	-	1,550,000	3,232,429	311,371	5,114,530
Advances to Other Funds	-	-	-	820,101	1,466,957	-	2,287,058
Total Assets	<u>\$ 1,934,805</u>	<u>\$ 485,546</u>	<u>\$ 1,406,424</u>	<u>\$ 2,671,095</u>	<u>\$ 5,082,526</u>	<u>\$ 8,722,906</u>	<u>\$ 20,303,302</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)							
Liabilities							
Accounts Payable and Other Current Charges	\$ 22,093	\$ -	\$ -	\$ 90,347	\$ 397,895	\$ 1,254,647	\$ 1,764,982
Due to Other Funds	911,609	218,142	1,203,891	200,000	240,701	1,841,244	4,615,587
Advances to Other Funds	-	-	-	2,765,508	820,101	-	3,585,609
Total Liabilities	<u>933,702</u>	<u>218,142</u>	<u>1,203,891</u>	<u>3,055,855</u>	<u>1,458,697</u>	<u>3,095,891</u>	<u>9,966,178</u>
Deferred Inflows of Resources							
Unavailable Revenues - Grants	-	-	-	-	-	33,476	33,476
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,476</u>	<u>33,476</u>
Fund Balances							
Nonspendable:							
Advances	-	-	-	820,101	1,466,957	-	2,287,058
Restricted for:							
Capital Projects	1,001,103	-	-	-	-	-	1,001,103
Road Projects	-	-	-	-	2,156,872	5,593,539	7,750,411
Committed for:							
Capital Projects	-	267,404	202,533	-	-	-	469,937
Unassigned	-	-	-	(1,204,861)	-	-	(1,204,861)
Total Fund Balances (Deficits)	<u>1,001,103</u>	<u>267,404</u>	<u>202,533</u>	<u>(384,760)</u>	<u>3,623,829</u>	<u>5,593,539</u>	<u>10,303,648</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 1,934,805</u>	<u>\$ 485,546</u>	<u>\$ 1,406,424</u>	<u>\$ 2,671,095</u>	<u>\$ 5,082,526</u>	<u>\$ 8,722,906</u>	<u>\$ 20,303,302</u>

CITY OF TUSCALOOSA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECTS FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2019

	City Facilities Construction	Tourism Capital Projects	Storm Recovery Insurance	Public Safety Capital Projects	Public Works Capital Projects	Road Improvement Fund	Total Nonmajor Capital Projects Funds
REVENUES							
Fines and Forfeitures	\$ -	\$ -	\$ -	\$ 331,090	\$ -	\$ -	\$ 331,090
Intergovernmental	-	-	-	367,614	-	7,104,278	7,471,892
Other	4,382	50	-	-	-	-	4,432
Total Revenues	4,382	50	-	698,704	-	7,104,278	7,807,414
EXPENDITURES							
Current Operations							
General Government	184,507	6,686	-	-	-	-	191,193
Infrastructure and Public Services	53,808	-	-	-	-	-	53,808
Total Current Operations	238,315	6,686	-	-	-	-	245,001
Capital Outlay	-	-	-	4,894,668	1,091,935	4,423,554	10,410,157
Debt Service							
Principal	-	-	-	-	222,736	-	222,736
Interest Charges	-	-	-	-	39,136	32,974	72,110
Total Expenditures	238,315	6,686	-	4,894,668	1,353,807	4,456,528	10,950,004
Excess (Deficiency) of Revenues over (under) Expenditures	(233,933)	(6,636)	-	(4,195,964)	(1,353,807)	2,647,750	(3,142,590)
OTHER FINANCING SOURCES (USES)							
Proceeds from Sale of Capital Assets	-	-	-	-	239,813	-	239,813
Proceeds from Issuance of Debt	-	-	-	-	-	1,276,914	1,276,914
Transfers In	1,416,576	350,394	-	2,115,461	2,776,587	1,089,002	7,748,020
Transfer Out	(1,054,045)	(250,000)	-	-	(156,901)	-	(1,460,946)
Total Other Financing Sources , Net	362,531	100,394	-	2,115,461	2,859,499	2,365,916	7,803,801
Net Change in Fund Balances	128,598	93,758	-	(2,080,503)	1,505,692	5,013,666	4,661,211
Fund Balances (Deficits), Beginning of Year	872,505	173,646	202,533	1,695,743	2,118,137	579,873	5,642,437
Fund Balances, End of Year	\$ 1,001,103	\$ 267,404	\$ 202,533	\$ (384,760)	\$ 3,623,829	\$ 5,593,539	\$ 10,303,648



City of
TUSCALOOSA



SUPPLEMENTAL INFORMATION



CITY OF TUSCALOOSA

SUPPLEMENTAL INFORMATION

WATER AND SEWER FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budget	Actual	Variance
Operating Revenues:			
Charges for Services	\$ 48,089,733	\$ 49,071,815	\$ 982,082
Connection Fees	1,100,000	822,790	(277,210)
Cost Reimbursement	26,910	169,746	142,836
Other	503,000	927,386	424,386
Total Operating Revenues	49,719,643	50,991,737	1,272,094
Non-Operating Revenues (Expenses):			
Interest Income	21,500	85,970	64,470
Interest and Fiscal Charges	(12,580,141)	(2,738,106)	9,842,035
Capital Grant Revenue	-	136,053	136,053
Gain on Disposal	15,000	62,758	47,758
Net Non-operating Revenues (Expenses)	(12,543,641)	(2,453,325)	10,090,316
Total before Transfers and Contributions	37,176,002	48,538,412	11,362,410
Transfers In (Out) and Contributions			
Capital Contributions - Developers	-	15,588	15,588
Transfers In	44,544	42,369	(2,175)
Transfers Out	(8,366,637)	(6,433,215)	1,933,422
Net Transfers and Contributions	(8,322,093)	(6,375,258)	1,946,835
Fund Total	\$ 28,853,909	\$ 42,163,154	\$ 13,309,245
Operating expenses:			
Accounting and Finance	\$ 242,594	\$ 229,807	\$ 12,787
Infrastructure and Public Services:			
Engineering	674,308	516,950	157,358
Logistics and Asset Management	13,680,990	13,313,670	367,320
Public Services	7,300	6,057	1,243
Infrastructure	7,056,840	6,307,473	749,367
Urban Development	1,024,441	966,429	58,012
Damage Claims	50,000	23,005	26,995
Depreciation	9,000,000	10,097,027	(1,097,027)
Special Projects	1,958,218	1,513,875	444,343
Other	762,041	874,510	(112,469)
Total Operating Expenses	\$ 34,456,732	\$ 33,848,803	\$ 607,929



City of
TUSCALOOSA

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.

<u>Contents</u>	<u>Page</u>
Financial Trends	149 – 154
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	155 – 161
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources.</i>	
Debt Capacity	162 – 166
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	167 and 168
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	169 – 172
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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

CITY OF TUSCALOOSA

Schedule A

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets	\$ 178,375,642	\$ 140,477,146	\$ 144,686,685	\$ 163,764,846	\$ 149,434,643	\$ 171,714,455	\$ 147,980,779	\$ 185,194,521	\$ 182,441,470	195,622,070
Restricted	18,579,455	5,403,873	4,951,411	6,148,669	8,763,740	7,748,114	8,831,904	10,676,955	31,618,220	25,443,065
Unrestricted	<u>3,532,296</u>	<u>40,373,312</u>	<u>53,668,810</u>	<u>34,120,001</u>	<u>45,732,088</u>	<u>(55,170,626)</u>	<u>(32,427,885)</u>	<u>(71,093,338)</u>	<u>(102,110,259)</u>	(104,871,782)
Total Governmental Activities Net Position	<u>\$ 200,487,393</u>	<u>\$ 186,254,331</u>	<u>\$ 203,306,906</u>	<u>\$ 204,033,516</u>	<u>\$ 203,930,471</u>	<u>\$ 124,291,943</u>	<u>\$ 124,384,798</u>	<u>\$ 124,778,138</u>	<u>\$ 111,949,431</u>	\$ 116,193,353
Business-Type Activities										
Net Investment in Capital Assets	\$ 170,501,366	\$ 166,577,134	\$ 165,367,100	\$ 173,155,705	\$ 178,205,266	\$ 186,335,381	\$ 201,736,756	\$ 209,743,795	\$ 221,498,636	\$ 227,543,387
Unrestricted	<u>14,387,321</u>	<u>21,263,011</u>	<u>27,054,874</u>	<u>26,428,505</u>	<u>25,020,809</u>	<u>19,553,585</u>	<u>14,323,700</u>	<u>18,637,889</u>	<u>16,213,614</u>	18,579,788
Total Business-Type Activities Net Position	<u>\$ 184,888,687</u>	<u>\$ 187,840,145</u>	<u>\$ 192,421,974</u>	<u>\$ 199,584,210</u>	<u>\$ 203,226,075</u>	<u>\$ 205,888,966</u>	<u>\$ 216,060,456</u>	<u>\$ 228,381,684</u>	<u>\$ 237,712,250</u>	\$ 246,123,175
Primary Government										
Net Investment in Capital Assets	\$ 348,877,008	\$ 307,054,280	\$ 310,053,785	\$ 336,920,551	\$ 327,639,909	\$ 358,049,836	\$ 349,717,535	\$ 394,938,316	\$ 403,940,106	\$ 423,165,457
Restricted	18,579,455	5,403,873	4,951,411	6,148,669	8,763,740	7,748,114	8,831,904	10,676,955	31,618,220	25,443,065
Unrestricted	<u>17,919,617</u>	<u>61,636,323</u>	<u>80,723,684</u>	<u>60,548,506</u>	<u>70,752,897</u>	<u>(35,617,041)</u>	<u>(18,104,185)</u>	<u>(52,455,449)</u>	<u>(85,896,645)</u>	(86,291,994)
Total Primary Government Net Position	<u>\$ 385,376,080</u>	<u>\$ 374,094,476</u>	<u>\$ 395,728,880</u>	<u>\$ 403,617,726</u>	<u>\$ 407,156,546</u>	<u>\$ 330,180,909</u>	<u>\$ 340,445,254</u>	<u>\$ 353,159,822</u>	<u>\$ 349,661,681</u>	\$ 362,316,528

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

CITY OF TUSCALOOSA

Schedule B

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental Activities:										
Community Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,256,107	\$ 10,817,522	\$ 21,692,644
Culture and Recreation	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	6,722,562	6,347,923	5,728,999	9,704,143	8,078,235	7,397,239	7,831,430	-	-	-
General Government	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	21,767,822
Housing	-	-	-	603,953	832,606	552,019	686,792	-	-	-
Infrastructure and Public Services	-	-	-	-	-	-	-	32,891,792	42,280,475	33,774,746
Public Safety	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	73,277,078
Streets and Highways	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	3,395,063
Cost Sharing Arrangements	-	-	-	-	-	-	-	861,956	1,501,629	-
Education	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	21,646,612
Funds to Other Agencies	-	-	-	-	-	-	-	13,371,624	15,241,456	-
Health	-	-	-	130,000	130,000	130,000	130,000	-	-	-
Library	-	-	-	1,870,572	1,919,273	1,919,273	1,919,273	-	-	-
Interest on Long-Term Debt	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	4,029,079
Unallocated Depreciation Expense	281,654	234,302	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	110,897,903	134,046,812	133,584,429	142,077,051	146,931,071	146,744,143	156,199,660	170,030,175	176,457,311	179,583,044
Business-Type Activities										
Intermodal Facility	-	62,200	70,318	72,500	72,535	57,234	70,255	57,247	54,126	52,163
Water and Sewer	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	36,498,015
Total Business-Type Activities Expenses	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	36,550,178
Total Primary Government Expenses	\$ 143,993,584	\$ 168,286,146	\$ 168,924,455	\$ 179,024,718	\$ 184,934,916	\$ 184,278,716	\$ 195,077,416	\$ 203,670,538	\$ 210,640,756	\$ 216,133,222
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Infrastructure and Public Services	\$ 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	\$ 6,189,032
General Government	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	24,306,886
Public Safety	28,405	57,490	27,936	39,705	-	93,105	109,213	-	2,578,567	2,408,516
Operating Grants and Contributions	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	52,891,714
Capital Grants and Contributions	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	7,471,892
Total Governmental Activities Program Revenues	\$ 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	\$ 93,268,040
Business-Type Activities:										
Charges for Services:										
Intermodal Facility	\$ -	\$ 15,995	\$ 20,985	\$ 25,451	\$ 24,796	\$ 15,559	\$ 26,750	\$ -	\$ 72,740	\$ 59,843
Water and Sewer	34,538,964	37,429,342	39,225,514	40,751,289	43,151,812	46,044,973	46,235,434	48,265,312	49,089,175	50,991,737
Operating Grants and Contributions	-	-	-	-	-	-	-	334,920	-	-
Capital Grants and Contributions	967,828	879,473	827,229	3,696,951	2,382,039	1,562,543	4,522,992	1,413,123	2,773,176	127,131
Total Business-Type Program Revenues	\$ 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	\$ 51,178,711

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

CITY OF TUSCALOOSA

Schedule B (Continued)

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense) Revenue:										
Governmental Activities	\$ (52,330,334)	\$ (63,509,996)	\$ (63,108,335)	\$ (65,720,956)	\$ (68,506,100)	\$ (60,174,385)	\$ (71,325,186)	\$ (80,834,204)	\$ (76,026,213)	\$ (86,315,004)
Business-Type Activities	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	14,628,533
Total Primary Government Net Expense	(49,919,223)	(59,424,520)	(58,374,633)	(58,194,932)	(60,951,298)	(50,085,883)	(59,417,766)	(64,461,212)	(58,274,567)	(71,686,471)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes										
Sales and Use Tax	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	47,666,435
Property Tax	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	19,034,804
Lodging Tax	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	7,846,381
Taxes Passed through from State	2,815,424	1,713,482	1,864,416	1,893,838	6,262,647	6,694,905	1,880,793	2,034,264	1,920,145	2,029,435
Other	4,874,478	4,877,379	4,726,205	5,968,921	1,936,318	1,867,344	7,072,599	7,252,459	6,686,883	6,940,106
Gain (loss) on Disposal of Capital Assets	(17,887)	(1,185,213)	-	1,855,000	149,000	1,100,000	-	1,071,482	49,401	4,733
Gain (loss) on Impairment	-	(10,068,456)	17,822,187	218,826	-	-	-	-	-	-
Unrestricted Investment Earnings	764,572	527,377	1,236,457	76,701	362,693	961,704	629,033	2,148,758	406,611	409,533
Other Income	-	-	-	-	99,566	73,019	-	-	-	-
Transfers	757,799	481,800	199,164	439,590	2,014,356	1,813,664	1,766,618	4,419,128	5,438,666	6,366,336
Total Governmental Activities	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	90,297,763
Business-Type Activities:										
Gain (loss) on Disposal of Capital Assets	-	23,114	(1,090)	57,680	-	-	-	11,762	53,040	62,758
Unrestricted Investment Earnings	73,059	59,301	48,381	18,122	11,428	12,240	30,688	36,062	120,873	85,970
Transfers	(757,799)	(481,800)	(199,164)	(439,590)	(2,014,356)	(1,813,664)	(1,766,618)	(4,419,128)	(5,438,666)	(6,366,336)
Total Business-Type Activities	(684,740)	(399,385)	(151,873)	(363,788)	(2,002,928)	(1,801,424)	(1,735,930)	(4,371,304)	(5,264,753)	(6,217,608)
Total Primary Government	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	84,080,155
Change in Net Position:										
Governmental Activities	6,427,601	(14,233,063)	16,530,155	726,610	(103,045)	12,459,431	92,855	1,811,829	8,186,233	3,982,759
Business-Type Activities	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	8,410,925
Total Business-Type Program Revenues	\$ 8,153,972	\$ (10,546,972)	\$ 21,111,984	\$ 7,888,846	\$ 5,448,829	\$ 20,746,509	\$ 10,264,345	\$ 13,813,517	\$ 20,673,126	\$ 12,393,684

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 LAST TEN FISCAL YEARS ENDED SEPTEMBER 30, (accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sales Tax	\$ 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	\$ 41,390,252
Use Tax	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	6,276,183
Property Tax	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	19,034,804
Lodging Tax	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	7,846,381
Other State and Local Taxes	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	6,940,106
	<u>\$ 54,438,027</u>	<u>\$ 57,807,943</u>	<u>\$ 58,516,266</u>	<u>\$ 61,963,611</u>	<u>\$ 62,954,882</u>	<u>\$ 65,931,177</u>	<u>\$ 66,235,874</u>	<u>\$ 72,972,401</u>	<u>\$ 76,397,623</u>	<u>\$ 81,487,726</u>

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

CITY OF TUSCALOOSA

Schedule D

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 1,057,333	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	1,096,875	1,152,796	1,536,711	1,107,196	1,081,075	1,196,230	3,431,639	4,608,857	4,778,530
Restricted	-	69,786	74,048	392,713	649,296	1,193,431	1,582,927	2,335,156	3,053,256	3,069,680
Committed	-	1,588,421	1,288,157	1,392,757	1,369,044	1,523,230	1,405,267	971,502	545,510	981,076
Assigned	-	247,643	2,359,267	808,171	231,124	161,307	484,417	134,881	386,651	377,323
Unassigned	-	11,266,978	10,554,051	11,286,460	12,185,918	12,202,395	11,953,717	12,502,563	13,294,511	13,861,816
Unreserved - designated	2,380,133	-	-	-	-	-	-	-	-	-
Unreserved - undesignated	10,419,205	-	-	-	-	-	-	-	-	-
Total General Fund	\$ 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	\$ 23,068,425
Capital Projects Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3,144,630	\$ -	\$ 4,930,780
Restricted	-	4,188,643	-	-	-	-	-	23,500,862	15,341,822	8,250,802
Committed	-	3,784,607	11,988,030	8,732,630	17,045,873	7,852,499	27,687,207	4,839,880	4,821,391	499,982
Assigned	-	20,919,348	14,185,553	10,301,317	-	18,146,753	27,718,919	17,850,327	20,951,978	17,710,877
Unreserved - designated	24,746,854	-	-	-	-	-	-	-	-	-
Unreserved - undesignated	15,924,206	-	-	-	-	-	-	-	-	-
Total Capital Projects Fund	\$ 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	\$ 31,392,441
All Other Governmental Funds										
Reserved-reported In:										
Special Revenue Funds	\$ 6,125,162	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permanent Fund	85,891	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	990,292	-	3,152,058
Restricted	-	6,349,722	4,861,105	3,243,962	6,817,599	3,308,643	3,649,933	8,240,537	8,894,763	13,736,954
Committed	-	233,767	654,692	9,484,539	4,440,482	7,418,732	5,511,889	4,605,148	2,006,226	605,733
Assigned	-	7,989,323	21,331,892	-	270,205	396,951	175,762	153,901	-	-
Unassigned	-	-	1,295	(392,847)	(307,769)	(284,997)	403,976	(2,106,686)	(1,348,489)	(2,035,576)
Unreserved, Reported In:										
Special Revenue Funds	232,427	-	-	-	-	-	-	-	-	-
Capital Projects Funds	4,753,798	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 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	\$ 15,459,169

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

CITY OF TUSCALOOSA

Schedule E

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Taxes	\$ 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	\$ 80,949,399
Licenses and Permits	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	24,005,204
Fines and Penalties	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	2,408,516
Use of Property	85,105	91,273	97,517	96,093	7,601	40,633	35,632	576,455	260,592	301,682
Charges for Services	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	6,189,032
Intergovernmental	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	57,814,833
Other Revenues	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	11,542,739
Total Revenues	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	183,211,405
Expenditures:										
Community Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,101,429	\$ 9,512,357	\$ 10,858,595
Culture and Recreation	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	6,482,032	6,516,442	6,395,720	7,257,036	7,684,458	7,204,516	6,738,800	-	-	-
General Government	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	17,475,967
Housing	-	-	-	603,953	832,606	552,019	686,584	-	-	-
Infrastructure and Public Services	-	-	-	-	-	-	-	27,763,854	28,618,944	30,186,342
Public Safety	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	63,411,837
Streets and Highways	17,388,816	23,144,981	16,820,222	24,625,379	16,231,922	17,135,263	21,090,170	-	-	-
Urban Development	-	-	-	-	-	-	-	3,018,293	3,566,210	3,362,831
Other Activities	2,985,264	3,764,896	3,880,092	1,343,727	3,231,565	3,116,646	3,339,395	-	2,437,686	1,053,245
Cost Sharing Arrangements	-	-	-	-	-	-	-	861,956	1,501,629	1,602,917
Education	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	18,356,200
Funds to Other Agencies	-	-	-	-	-	-	-	13,371,625	12,803,770	12,890,873
Health	130,000	130,000	130,000	130,000	130,000	130,000	130,000	-	-	-
Library	1,600,007	1,600,000	1,775,200	1,870,572	1,919,273	1,919,273	1,919,273	-	-	-
Capital Outlay	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	32,238,628
Debt Service										
Principal	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	4,238,357
Interest	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	4,188,751
Warrant Issue Costs	262,190	-	-	-	191,736	26,666	276,590	264,116	5,557	5,557
Intergovernmental	-	-	-	5,977,093	4,713,232	7,481,984	1,383,699	543,444	4,446	-
Total Governmental Activities Expenses	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	199,870,100
Excess of Revenues Over (Under) Expenditures	(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)	(16,658,695)

CITY OF TUSCALOOSA

Schedule E (Continued)

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Excess of Revenues Over (Under) Expenditures (Brought Forward)	\$ (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)	\$ (16,658,695)
Other Financing Sources										
(Uses):										
Transfers In	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	23,034,291
Transfers Out	(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)	(16,643,445)
Insurance Proceeds	-	15,281,448	17,822,187	218,826	99,566	-	-	-	-	-
Loan Proceeds	-	-	372,982	-	147,304	-	-	-	-	-
Warrants Issued	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 from the Sale of Capital Assets	-	-	-	-	-	-	-	1,167,360	90,997	541,913
Proceeds from the Sale of Capital Assets	-	-	-	-	-	-	-	-	-	1,276,914
Proceeds from the Sale of Capital Assets	-	-	-	-	-	-	-	400,000	1,295,759	6,000,000
Proceeds from the Sale of Capital Assets	-	-	-	-	-	-	-	1,861,000	-	-
Total Other Financing Sources (Uses)	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	14,209,673
Net Change in Fund Balances	\$ (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)	\$ (2,449,022)
Debt Service as a Percentage of Non-Capital Expenditures*	7%	5%	6%	8%	14%	7%	6%	6%	5%	5%

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

CITY OF TUSCALOOSA

Schedule F

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sales Tax	\$ 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	\$ 40,448,715
Use Tax	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	6,276,183
Property Tax	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	18,496,477
Lodging Tax	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	7,846,381
Other State and Local Taxes	5,535,692	5,776,727	5,627,648	5,968,921	5,376,407	6,694,905	7,072,599	7,252,459	6,686,883	6,940,106
	<u>\$ 55,350,400</u>	<u>\$ 58,707,291</u>	<u>\$ 59,417,709</u>	<u>\$ 61,963,611</u>	<u>\$ 62,954,882</u>	<u>\$ 66,818,085</u>	<u>\$ 67,141,597</u>	<u>\$ 72,972,401</u>	<u>\$ 74,853,297</u>	<u>\$ 80,007,862</u>

CITY OF TUSCALOOSA

Schedule G

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

Fiscal Year	Real and Personal Property*		Automobiles**		Total Assessed Value	Total Direct Tax Rate	Total Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value				
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%
2019	1,359,495,160	9,063,301,067	117,336,660	685,778,258	1,476,831,820	0.0135	9,749,079,325	15.15%

*Source: Tuscaloosa County Tax Assessor

**Source: Tuscaloosa County License Commissioner

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

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

Schedule H

<u>Fiscal Year</u>	<u>Direct Rate</u>	<u>Overlapping Rates*</u>			<u>Total</u>
	<u>City of Tuscaloosa</u>	<u>City Schools</u>	<u>Tuscaloosa County</u>	<u>State of Alabama</u>	
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
2019	0.0135	0.0155	0.0160	0.0065	0.0380

Source: Tuscaloosa County Tax Assessor.

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

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

CITY OF TUSCALOOSA
PRINCIPAL PROPERTY TAXPAYERS

Schedule I

	September 30, 2019				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	\$ 496,914	1	\$ 36,808,440	2.71%	\$ 628,833	1	\$ 46,580,200	5.12%
Phifer Incorporated	241,622	2	18,553,360	1.36%	192,894	2	200,550,140	2.26%
The Greens at Tuscaloosa	136,035	3	10,076,680	0.74%				
Woodlands of Tuscaloosa LLC	124,963	4	9,256,500	0.68%				
Jefferson Loft LLC	121,734	5	9,017,360	0.66%				
Hanna Steel Corporation	121,357	6	8,989,420	0.66%				
Bolta US LTD	115,122	7	8,527,540	0.63%				
Cedar Crest Land LLC	113,283	8	8,391,340	0.62%				
Tamko Roofing Products Inc.	111,819	9	8,282,920	0.61%				
Carlyle-Cypress Tuscaloosa I LLC	102,336	10	7,580,460	0.56%	93,253	7	6,907,620	0.76%
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%
	<u>\$ 1,685,185</u>		<u>\$ 125,484,020</u>	<u>9.23%</u>	<u>\$ 1,752,731</u>		<u>\$ 316,093,640</u>	<u>14.95%</u>

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

Notes: The amounts shown under the heading "Municipal Ad Valorem Taxes Paid" represent the collections from 13 1/2 mills of City tax levied on
The total assessed valuation for FY 2019 is \$1,359,495,160.

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
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%
2019	2018	18,494,643	(1,416,258)	17,078,385	16,683,825	97.69%	N/A	16,683,825	97.69%

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

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

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

CITY OF TUSCALOOSA

Schedule K

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

2019		2009	
Name of Taxpayer	Business or Industry	Name of Taxpayer	Business or Industry
Aramark	Food Service	Academy Sports	Retail
Home Depot	Retail Building Supply	Aramark	Restaurant Service
Lowe's of Tuscaloosa	Retail Building Supply	Belk	Retail
Publix	Grocery	Home Depot	Retail Building Supplies
Sam's Club	Retail	Lowe's of Tuscaloosa	Retail Building Supplies
Target Stores	Retail	Publix	Grocery
Tuscaloosa Toyota	Auto Sales	Sam's Club	Retail
University of Alabama	Higher Education	Target Stores	Retail
Wal-Mart Supercenter	Retail	University of Alabama	Higher Education
Winn Dixie	Grocery	Wal-Mart Supercenter	Retail

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

*Listed alphabetically

Notes: The total sales tax paid to the City of Tuscaloosa directly by the above listed taxpayers for the September 30, 2019 fiscal year was \$10,866,642.
Per Alabama Statewide Ordinance, individual taxpayer sales tax amounts paid is confidential information and illegal to disclose.

CITY OF TUSCALOOSA

Schedule L

SALES TAX RATES LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

Fiscal Year	City of Tuscaloosa	Tuscaloosa County Special Tax Board	State of Alabama	Total
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%
2019	2%	3%	4%	9%

Source: Tuscaloosa County Tax Collector

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

Notes: In 2006, a 1% temporary sales tax increase was implemented in addition to the Tuscaloosa County Special Tax Board percentage bringing the total rate for that government to 3%. This increase is specifically earmarked for Tuscaloosa City and County school systems. In 2016, this increase became permanent and the proceeds were redistributed.

CITY OF TUSCALOOSA

Schedule M

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

Fiscal Year	Governmental Activities							Business-Type Activities			Total Primary Government	Percentage of Personal Income
	General Obligation Warrants	Warrant Premiums	Warrant Discounts	Section 108 Loan	Robertson Bank Loan	Installment Payable	Capital Leases	General Obligation Warrants	Warrant Premiums	Capital Leases		
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	5,214,599	(446,068)	900,000	-	1,363,088	2,250,392	80,538,173	3,774,153	795,343	197,839,679	5.35%
2019	101,226,914	4,745,941	(413,324)	825,000	-	1,363,088	7,587,035	79,514,630	3,158,497	688,880	198,696,661	5.17%

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	Percentage of Personal Income
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	108,218,531	84,312,325	192,530,856	2.02%	1,919.80
2019	105,559,531	82,673,127	188,232,658	1.93%	1,861.61

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, 2019

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes: Tuscaloosa County	\$ -		\$ -
City of Tuscaloosa Direct Debt:			
General Obligation Warrants	\$ 101,226,914	100%	\$ 101,226,914
Warrant Premiums	4,745,941	100%	4,745,941
Warrant Discounts	(413,324)	100%	(413,324)
Section 108 Loan	825,000	100%	825,000
Installment Payable	1,363,088	100%	1,363,088
Capital Leases	7,587,035	100%	7,587,035
Total City of Tuscaloosa Direct Debt	\$ 115,334,654		\$ 115,334,654
Total Direct and Overlapping Debt			\$ 115,334,654

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,

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit Equal to 20% of Assessed Valuation	\$ 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	\$ 295,366,364
Total Net Debt Applicable to 20% Limit	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	97,717,037
Legal 20% Debt Margin (Available Borrowing Capacity)	<u>\$ 138,635,396</u>	<u>\$ 167,741,948</u>	<u>\$ 169,934,261</u>	<u>\$ 175,878,018</u>	<u>\$ 174,633,027</u>	<u>\$ 185,593,044</u>	<u>\$ 167,587,584</u>	<u>\$ 167,549,881</u>	<u>\$ 194,224,909</u>	<u>\$ 197,649,327</u>
Total Net Debt Applicable to the 20% Limit as a Percentage of 20% Debt Limit	<u>27.75%</u>	<u>23.54%</u>	<u>23.08%</u>	<u>23.10%</u>	<u>26.15%</u>	<u>24.35%</u>	<u>35.55%</u>	<u>36.41%</u>	<u>32.59%</u>	<u>33.08%</u>

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Valuation of Real and Personal Property as of September 30, 2019	<u>1,476,831,820</u>
Debt Limit Equal to 20% of Assessed Valuation	295,366,364
Debt Applicable to Limit:	
All Outstanding Debt of the City	191,205,547
Less Those Portions Not Applicable to the Debt Limit:	
Debt Attributable to Construction of School Houses	(13,285,000)
Debt Attributable to Water and Sewer Infrastructure	(80,203,510)
Total Net Debt Applicable to Limit	<u>97,717,037</u>
Legal 20% Debt Margin (Available Borrowing Capacity)	<u>197,649,327</u>

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

CITY OF TUSCALOOSA

Schedule Q

PLEDGED REVENUE COVERAGE LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

Fiscal Year	Water Charges and Other	Less: Operating Expenses (1)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2019	51,051,580	23,803,939	27,247,641	9,510,000	3,045,141	2.17

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

(1) Includes operating expenses less depreciation expense.

CITY OF TUSCALOOSA

Schedule R

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

Fiscal Year	Population*	Per Capita Personal Income**	Total Personal Income	Unemployment Rate
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
2019	101,113	37,983	3,840,575,079	2.30

*Source: U.S. Census Bureau

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

N/A - Not available.

Notes: Prior to fiscal year 2018, population data was obtained from the Chamber of Commerce of West Alabama, which cites the U.S. Census as their source. Fiscal year 2018 and after, data was taken directly from the U.S. Census Bureau website. After review, it was determined that the population in previous years did not tie to the population per the Chamber of Commerce website. In order to ensure information is reported accurately, prior years 2010 – 2017 have been updated to reflect the population data per the U.S. Census Bureau's website.

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

Schedule S

Employer	Nature of Business	Public or Private	2019			2009		
			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	11,403	1	24.03%	8,000	1	19.75%
Mercedes-Benz International	Autotmobile assembly	Private	3,900	2	8.22%	3,000	3	9.55%
DCH Health Systems	Healthcare	Public	3,315	3	6.99%	3,490	2	11.20%
Tuscaloosa County Board of Education	Education/Government	Public	2,277	4	4.80%	2,052	4	6.42%
Tuscaloosa City Board of Education	Education/Government	Public	1,446	5	3.05%	1,354	7	3.27%
Warrior Met Coal, Inc.	Metallurgical Coal Mining	Private	1,387	6	2.92%	--	--	--
Michelin/BF Goodrich Tire Manuf.	Tire manufacturing	Private	1,348	7	2.84%	1,400	6	3.46%
City of Tuscaloosa	Government	Public	1,289	8	2.72%	1,200	8	3.21%
Veterans Administration Hospital	Specialized healthcare	Public	1,277	9	2.69%	--	--	--
Phifer Incorporated	Aluminum/ Fiberglass Screening	Private	1,204	10	2.54%	1,225	9	3.16%
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,

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>General Fund Employees</u>										
General government	204	202	207	216	213	260	236	104	105	114
Infrastructure and Public Services	-	-	-	-	-	-	-	335	317	358
Community Services	-	-	-	-	-	-	-	22	14	14
Urban Development	-	-	-	-	-	-	-	34	38	38
Public safety										
Police	351	340	356	360	356	362	284	261	272	280
Fire	233	234	248	249	242	251	246	243	244	247
Other	17	17	24	80	80	36	66	83	81	90
Streets and highways	181	183	183	178	171	179	171	-	-	-
Environmental services	95	92	98	94	95	96	92	-	-	-
<u>Water and Sewer employees</u>										
Infrastructure and Public Services	-	-	-	-	-	-	-	161	165	168
Urban Development	-	-	-	-	-	-	-	11	10	13
Accounting and Finance	-	-	-	-	-	-	-	3	3	3
Superintendent	1	1	4	6	6	6	3	-	-	-
Water office and meter readers	33	34	32	32	32	34	28	-	-	-
Lakes	9	9	9	8	9	8	8	-	-	-
Distribution	36	36	38	37	37	35	38	-	-	-
Waste water treatment plant	55	56	57	58	63	68	58	-	-	-
Ed Love water plant	35	35	36	32	35	30	31	-	-	-
Total Employees	<u>1,250</u>	<u>1,239</u>	<u>1,292</u>	<u>1,350</u>	<u>1,339</u>	<u>1,365</u>	<u>1,261</u>	<u>1,257</u>	<u>1,249</u>	<u>1,325</u>

Source: City of Tuscaloosa Human Resources Department.

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

CITY OF TUSCALOOSA
WATER AND SEWER RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Schedule U

	<u>Rates in Effect Starting 10/1/18</u>	<u>Rates in Effect Starting 10/1/19</u>
<hr/> Water Rates <hr/>		
Quantity of water consumed per month		
0-1,000 cubic feet	2.18	2.25
over 1,001 cubic feet	2.18	2.25
Monthly administrative cost per meter	4.96	5.109
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	3.97	4.09
12 inch	632.52	651.49
<hr/> Unfiltered or Raw Water Rates <hr/>		
Per 100 cubic feet	0.24	0.25
Monthly administrative cost per meter	4.96	5.11
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	3.97	4.09
12 inch	632.52	651.49
<hr/> Sewer Rates <hr/>		
a. Per 100 cubic feet of metered wastewater, or	3.89	4.01
b. Per 100 cubic feet of metered water	2.69	2.77
Monthly administrative cost per meter	4.12	4.24
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	6.24	6.43
12 inch	996.56	1,026.45

Source: City of Tuscaloosa Accounting and Finance Department

CITY OF TUSCALOOSA

Schedule V

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Public safety:										
Fire Protection										
Number of Stations	11	11	11	11	11	11	11	11	11	11
Number of Employees	234	234	248	249	242	251	246	243	214	247
Police Protection										
Number of Stations	1	1	1	2	3	4	4	4	4	4
Number of Employees	353	340	356	357	356	362	284	261	272	280
Infrastructure and Public Services:										
Streets (miles)	571	571	571	571	571	571	571	571	506	506
Storm sewers (miles)	317	317	317	317	317	317	317	317	317	317
Urban Development										
Building Permits	1,000	4,462	2,041	1,829	1,928	2,271	2,231	2,140	1,807	1,793
Amount	\$ 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	\$518,341,074
Education (public School System):										
Number of Schools	24	23	23	23	24	24	24	24	23	23
Number of Teachers	830	830	830	830	866	857	864	864	890	906
Recreation:										
Number of Parks	37	36	36	36	36	36	40	40	40	40
Number of Playgrounds	32	31	32	32	32	34	36	36	36	36
Area of Parks (acres)	1,755	1,749	1,749	1,749	1,749	1,749	2,438	2,438	2,438	2,438
Water and Sewer Fund										
Infrastructure and Public Services:										
Sanitary Sewers (miles)	608	615	623	669	685	685	648	661	575	580
Number of Customer Accounts	52,472	53,896	54,072	54,492	55,840	56,131	57,590	58,372	58,889	59,689
Average Daily Consumption (gallons)	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	24,419,556
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	57,000,000	59,000,000
Miles of Water Mains (4" and larger)	550	562	594	590	690	690	704	703	674	661
Number of Fire Hydrants	3,218	3,796	3,817	4,191	3,971	4,010	4,116	4,119	3,647	3,695
Miles of Raw Water Mains (24" and larger)	27	27	27	27	22	22	23	19	19	18

Source: Various City Departments.

CITY OF TUSCALOOSA

Schedule W

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	2	3	4	4	4	4	4
Infrastructure and Public Services:										
Streets (miles)	571	571	571	571	571	571	571	571	506	506
Storm sewers (miles)	317	317	317	317	317	317	317	317	317	317
Recreation:										
Number of Parks	37	36	36	36	36	36	40	40	40	40
Number of Playgrounds	32	31	32	32	32	34	36	36	36	36
Area of Parks (acres)	1,755	1,749	1,749	1,749	1,749	1,749	2,438	2,438	2,438	2,438
Activity Centers	5	5	6	6	6	6	6	7	7	7
Boat Landings	8	8	8	8	6	6	6	7	7	6
Golf Course	1	1	1	1	1	1	1	1	1	1
Tennis Facilities	0	0	0	0	0	0	0	0	0	1
Water and Sewer Fund										
Infrastructure and Public Services:										
Sanitary sewers (miles)	608	615	623	669	685	685	648	661	575	580
Miles of water mains (4" and larger)	550	562	594	590	690	690	704	703	674	661
Number of fire hydrants	3,218	3,796	3,817	4,191	3,971	4,010	4,116	4,119	3,647	3,695
Miles of raw water mains (24" and larger)	27	27	27	27	27	22	23	19	19	18

Source: Various City Departments