

**CITY OF TUSCALOOSA, ALABAMA**

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**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2025**

Prepared by:  
Accounting and Finance Department  
Carly Standridge, Chief Financial Officer

# CITY OF TUSCALOOSA, ALABAMA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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## INTRODUCTORY SECTION

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## **Letter of Transmittal**

March 27, 2026

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

We are pleased to submit to you the Annual Comprehensive Financial Report (“ACFR”) of the City of Tuscaloosa, Alabama for the fiscal year ended September 30, 2025. The ACFR is provided to give detailed information about the City’s financial position and activities to City Council, Citizens, City staff, and other stakeholders.

The ACFR was prepared by the City’s Accounting and Finance Department in accordance with generally accepted accounting principles in the United States of America (“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, 2025. 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 114,288 in 2024.

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. From 1826 to 1846 Tuscaloosa was the state capital of Alabama. The University of Alabama was established during this period in 1831 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. In addition, the presence in Tuscaloosa of manufacturing plants of such large multinational firms as Michelin Tires and Mercedes-Benz U.S. International has established the city as an economic pillar of the global economy.



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.

## 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 originally sworn in as Mayor in October 2005 after sitting as Councilmember for District Six for four years. All Councilmembers sit on various Council Committees that interact directly with City departments. The City Council directly appoints a municipal court judge.

The City provides a full range of municipal services including police and fire protection, water and sewer services, solid waste collection, construction and maintenance of streets and 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 Annual Comprehensive Financial Report 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 Annual Comprehensive Financial Report. Two entities, the Tuscaloosa Tourism and Sports Commission and the Tuscaloosa Parking and Transit Authority are reported as discrete component units, while the Saban Center Foundation is reported as a fiduciary component unit within the Government Wide financial 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 6,000 employees and an enrollment that has grown to 42,360 in Fall 2025, the University of Alabama continues to be one of the most influential drivers of Tuscaloosa's growing economy. While the University provides a valuable economic benefit, the City must continually manage the growing demand for services, as well as provide a desirable place to live for its residents. This is accomplished through strong fiscal policies and collaborative efforts throughout the City's annual budget process.



## Employment

### Major Employers

The major employers in Tuscaloosa County, their principal activity and the number of employees of each are as follows:

Employer	Product	Approximate # Employees*
<b>The University of Alabama</b>	Higher Education	6,839
<b>Mercedes-Benz U.S. International</b>	Automobile Manufacturing	4,500
<b>DCH Regional Medical Center</b>	Healthcare	3,444
<b>Tuscaloosa County Board of Education</b>	Public Education	2,411
<b>DCH Northport Medical Center</b>	Healthcare	1,761
<b>Tuscaloosa City Board of Education</b>	Education/Government	1,490
<b>Michelin/BF Goodrich Tire Manufacturing</b>	Tire Manufacturing	1,378
<b>City of Tuscaloosa</b>	Government	1,303
<b>Veterans Administration Hospital</b>	Specialized Health Care	1,256
<b>SMP Automotive Systems Alabama</b>	Automotive Parts	1,246

Source: Tuscaloosa County Economic Development Authority

### Unemployment Rate

The Tuscaloosa area's average unemployment rate is currently 3.2%, a decrease of 0.2% over prior year. The current average unemployment rate is in line with the State of Alabama average of 2.7%, and fell below the U.S. average of 4.4%. The region's growth and economic diversity are expected to be the basis for continued health of the local economy in coming years.

	2023	2024	2025*
<b>Tuscaloosa MSA</b>	2.4%	3.4%	3.2%
<b>State of Alabama</b>	2.5%	2.5%	2.7%
<b>United States</b>	3.6%	3.6%	4.4%

Source: U.S. Bureau of Labor Statistics

\*annual average as of December 2025

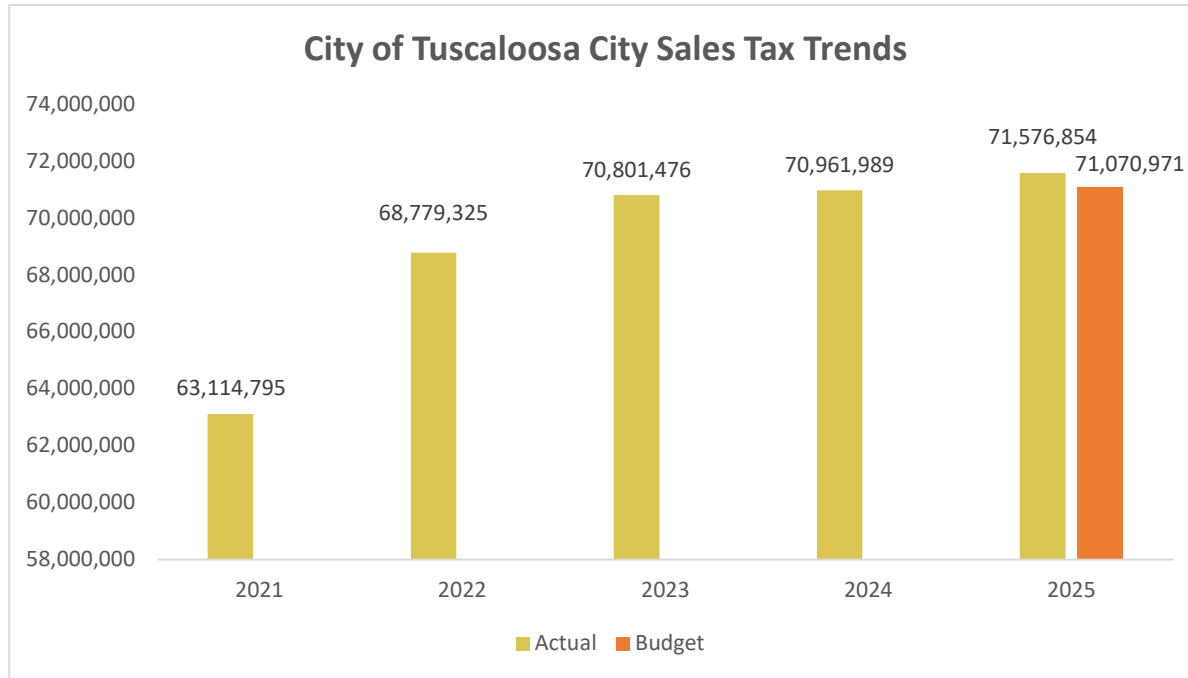
## Major Revenue Streams

### *Sales Tax and Use Tax*

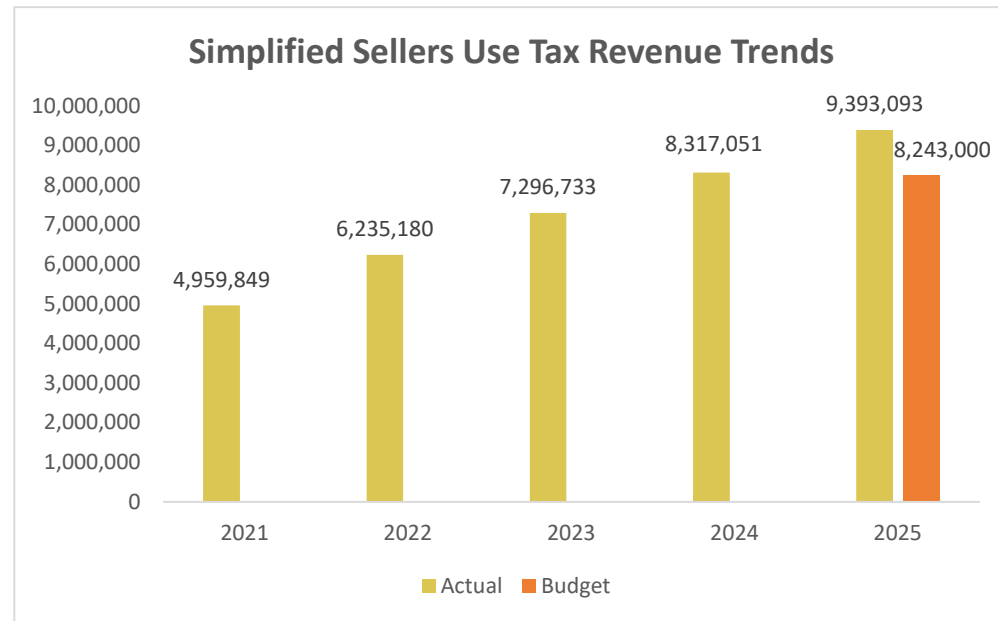
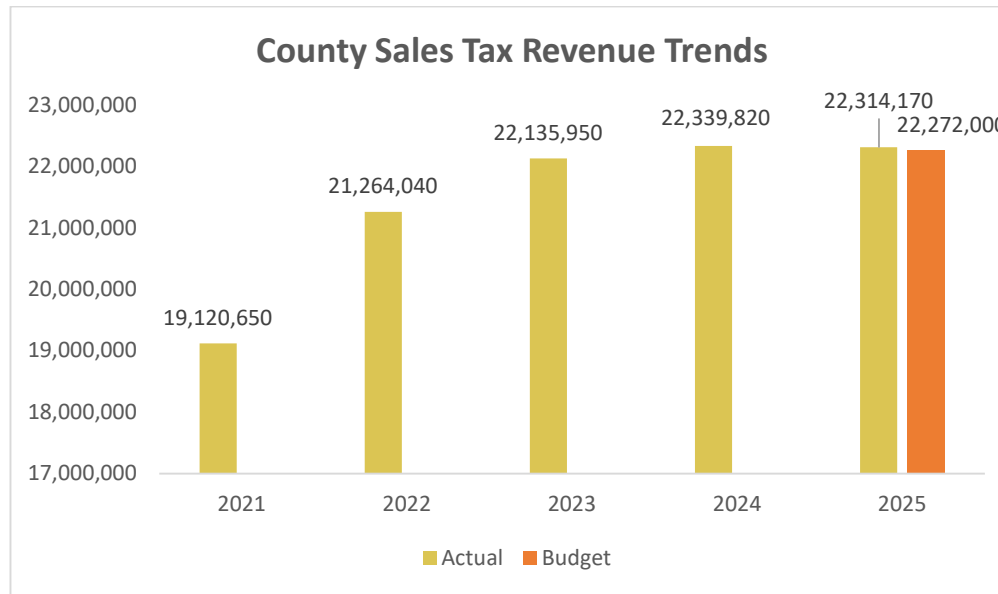
Sales tax and use tax revenues continue to be Tuscaloosa’s foremost revenue streams, with approximately 50% of revenues derived from these sources. Revenues in this category include City and County sales tax along with use tax, Simplified Sellers Use Tax (“SSUT”) and various alcohol and tobacco taxes. City sales tax collections resulted in a 0.86% increase compared to prior year, while County sales tax collections decreased 0.11%. The minimal movement year-over-year can be attributed to the slowdown of consumer retail spending that has been reported nationwide, as well as the more significant effect of online shopping impacting local business activity. This impact can be seen with the increase in SSUT of 13% compared to prior year.

Below you will find a chart of City sales tax collected over the past five years. Elevate Tuscaloosa’s sales tax (additional 1%) is included.

Charts which display our County sales tax and Simplified Sellers Use Tax (“SSUT”) collections over the past five years follow.

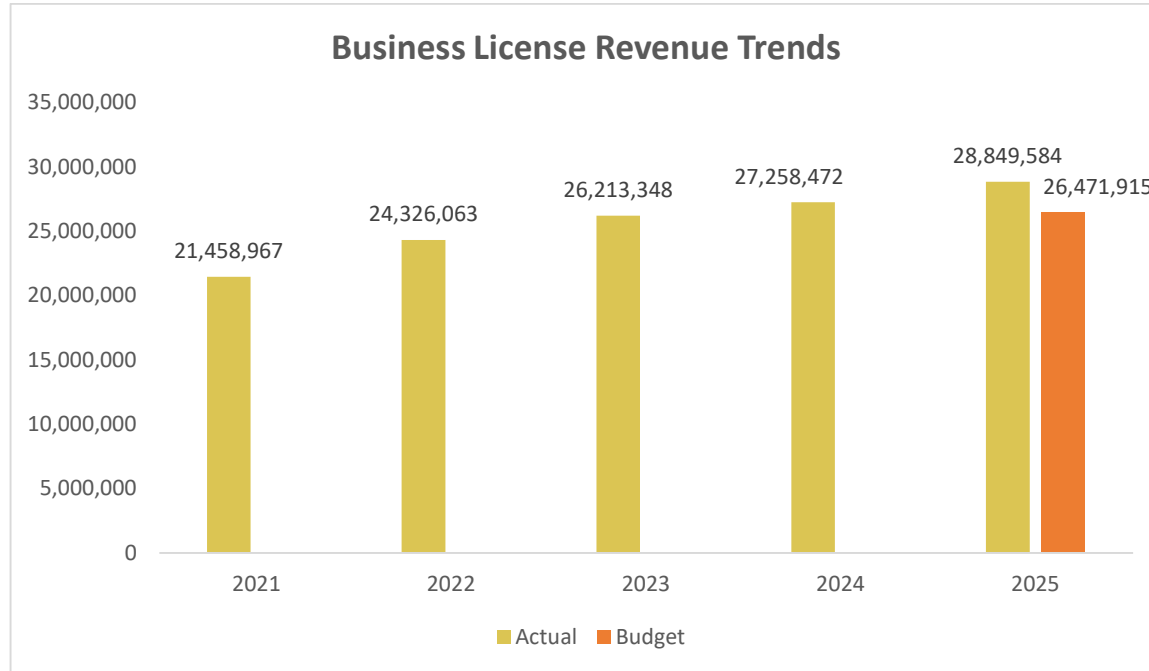


Sales Tax and Use Tax – Continued



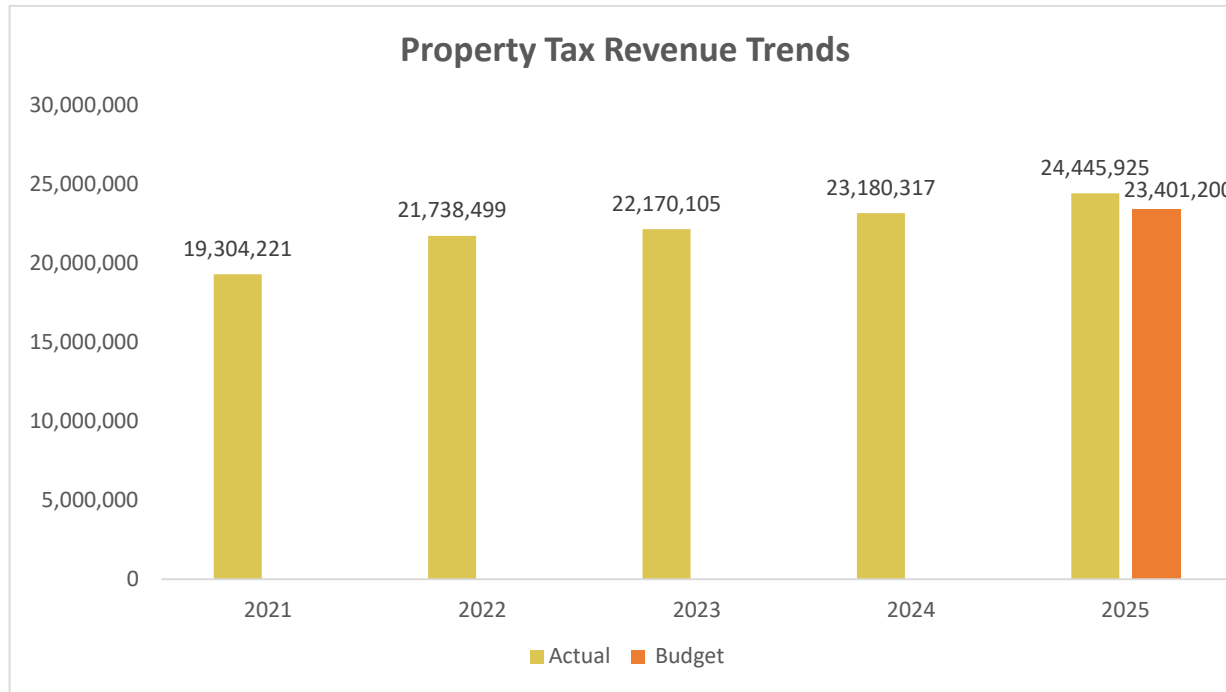
## *Business License Fees*

Business license revenue is the second largest revenue source for the General Fund, comprising approximately 12% of all revenues in fiscal year 2025. Revenues include business, alcoholic beverage, fire, and life insurance licenses. Compared to prior year 2024, business license revenues increased by 6%. Business license fees are based on a business's prior year gross receipts and therefore the year-over-year increase is an indirect reflection of the increase that has been seen in sales and other various taxes in the year prior. Moving into fiscal year 2026, we expect minimal growth based on fiscal year 2025 tax collections.



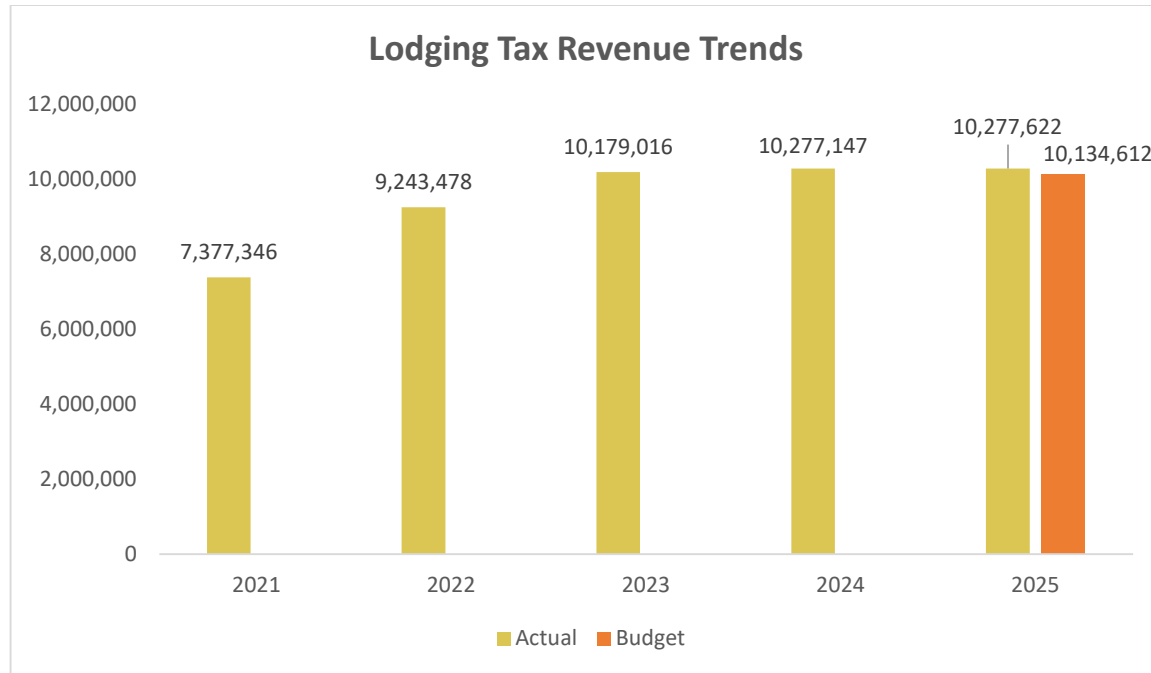
*Property Taxes*

Property tax revenue accounts for approximately 10% of all General Fund revenues and includes real and personal property tax as well as property taxes on automobiles. The growth in the Tuscaloosa residential housing market over recent years has greatly attributed to revenue increases. The chart below displays historical property tax revenue trends over the past five years.



*Lodging Tax*

Tuscaloosa’s lodging industry experienced growth in the preceding years with hotels coming to the area each year due to increased demand associated with the exponential growth of Tuscaloosa’s tourism industry and the University of Alabama. Revenues generated from lodging taxes account for approximately 4% of revenues. The chart below displays historical lodging tax revenue trends over the past five years.



In 2025, lodging tax leveled and the City anticipates a decline in this revenue line in fiscal year 2026.

# Financial Policies

## 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 slight increase in revenues over the next several years with a continued focus on efficient spending with constant review of cost cutting measures to maintain essential City services to the community.

In addition, the Accounting and Finance Department's Budgets and Strategic Planning Division 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 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 20% of prior year General Fund operating budget be kept in unassigned fund balance so the City has adequate working capital and can respond to unexpected financial situations. City policy also states that the minimum unrestricted net position in the Water and Sewer Fund be maintained at 20% 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 the 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. Fitch Ratings and Moody's Investors Service issued credit ratings of AAA and Aa1, respectively, in July 2025 reports. Maintaining these prestigious credit ratings is a high priority of City management and the City Council.

## **Basis of Budgeting**

The annual budgets adopted by the City of Tuscaloosa are structured to be consistent with generally accepted accounting principals (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 a blend of 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<sup>st</sup> for the upcoming fiscal year. The Council, after public comment and evaluation, must formally adopt a balanced General Fund and Water and Sewer 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 2025:

- The City of Tuscaloosa's seasonal ice-skating rink, Holidays on the Plaza, returned to Government Plaza in downtown Tuscaloosa on November 29 and remained open until January 20. The event featured outdoor ice skating, the Tinsel Trail benefitting Tuscaloosa's One Place, private parties and other holiday festivities.
- The City of Tuscaloosa held a groundbreaking for the Tuscaloosa Tennis Center expansion. The project, funded by Elevate Tuscaloosa, will add 17 new outdoor courts with player and spectator seating, a new restroom and concession building, an improved façade, and lighting upgrades. The expansion will help promote tourism and is expected to generate significant economic impact.

## ***Accomplishments – Continued***

- The 16th annual Druid City Arts Festival (“DCAF”), a free two-day event highlighting local artists and musicians, had another successful year. DCAF is a premiere arts and music festival that educates, engages and inspires youth and adults about arts and humanities within the community. More than 70 local artists were showcased throughout the event as well as a full music lineup, kids’ activities, educational demonstrations and food and drink concessions.
- The City of Tuscaloosa held a ribbon cutting ceremony for the construction of the new Benjamin Barnes YMCA facility. The project, funded by Elevate Tuscaloosa, hopes to bring enhanced resources to families in West Tuscaloosa and the greater community including athletics, year-round childcare and education programming. The Benjamin Barnes YMCA will offer complimentary amenities, programs and services to nearby facilities.
- The Saban Center, a first-of-its-kind STEM experience and children’s performing arts center being built in the heart of Tuscaloosa, officially broke ground on August 6. Saban Center will be a hub for education training, arts participation, and academic support for teachers and students and workforce preparation. The building will be located in the River District of Tuscaloosa near downtown.
- In August 2025, the City of Tuscaloosa opened the new section of McWright’s Ferry Road. This \$60 million dollar project funded through the Tuscaloosa County Road Improvement Commission (“TCRIC”) and managed by the City of Tuscaloosa links Rice Mine Road to New Watermelon Road over North River which will significantly reduce commute times for citizens and create additional access for first responders.
- The City of Tuscaloosa’s Accounting & Finance Department was awarded the Distinguished Budget Presentation Award for the sixth consecutive year from the Government Finance Officers Association for the fiscal year beginning October 1, 2024 (fiscal year 2025). This award is the highest form of recognition in governmental budgeting, reflecting the commitment of the governing body and staff to meeting the highest principles of governmental budgeting.

## ***Upcoming Major Initiatives***

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

- 1. Citizens must be safe**, whether crime, fire, medical response or an act of nature, **our response is swift and effective.**
- 2. Neighborhood protection** and **economic growth** are achieved through **conservative financial management, comprehensive planning and strategic infrastructure investments.**
- 3. All underserved areas** deserve investments that enhance **educational, economic and recreational opportunities.**
- 4. Elite customer service** is a **shared responsibility** of everyone is our work must be guided by **responsiveness, respect and accountability.**

The fiscal year 2026 budget continued its focus on investing in the City's future and delivering on promises. This was accomplished by presenting a financial plan which continued to invest in our prior year long-term investments, including our ten-year water and sewer plan, the public safety pay plan, as well as contributions to the public safety escrow for conversion of the current pension plan to the Retirement Systems of Alabama pension plan. In addition, one of the Mayor's largest priorities for this year's budget was to implement a cost of living adjustment ("COLA") for all city employees based on codified pay plan parameters. The COLA was determined to be 3%. This investment in personnel meant foregoing various equipment and technology, while also being strategic when funding necessary additional needs for this budget year.

A listing of major initiatives that were funded are listed below:

- » **Investment in Employees:** The adopted FY 2026 budget included a two-step increase for public safety employees, equating to a 5% salary increase. For non-public safety employees, a one-step increase paired with a 3% cost-of-living salary adjustment was implemented for a total of 4.5%.
- » **Police and Fire Pension Conversion:** The current Police and Fire Pension plan is set to convert to the Retirement Systems of Alabama ("RSA") on October 1, 2026. \$4,960,788 was budgeted to be set aside in the Public Safety escrow to assist in paying for this conversion.
- » **Water and Sewer:** The fiscal year 2026 budget included a 9% rate increase for water and sewer services as part of the ten-year plan enacted in fiscal year 2022 by the City Council for reinvestment into the City's water and sewer system infrastructure.
- » **Elevate Tuscaloosa:** Funding towards education continues to be a top priority of the City to help create a brighter future for our students. The fiscal year 2026 budget included \$765,000 for dual enrollment scholarships, \$394,157 for Tuscaloosa Pre-K initiative, \$297,669 for Summer Learning Academies and \$556,973 for the TCS Athletic Excellence Fund.

## 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 annual comprehensive financial report ("ACFR") for the fiscal year ended September 30, 2024, marking the thirty-eighth consecutive year the City has achieved this prestigious recognition. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR 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 ACFR 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

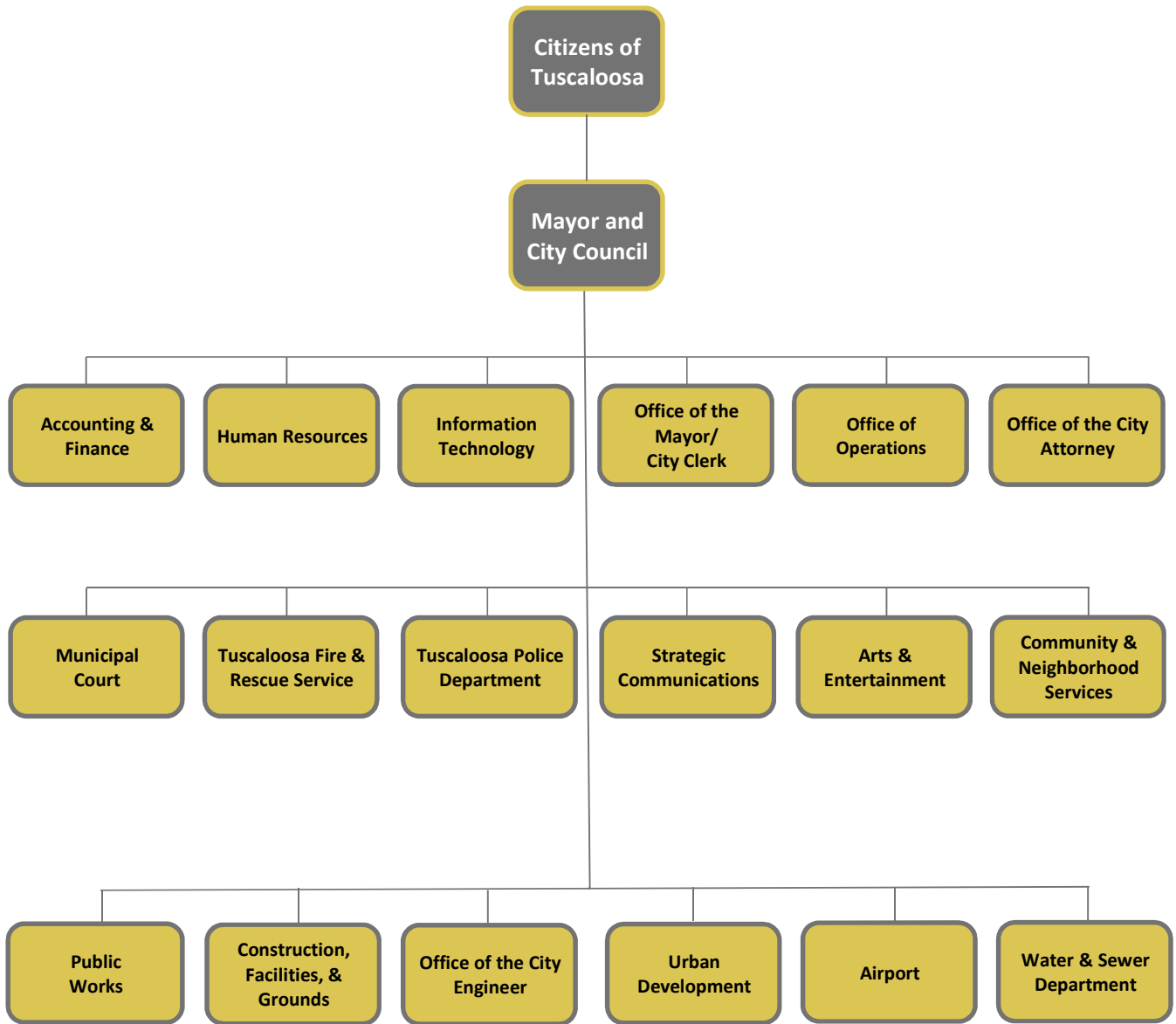
The preparation of this report would not have been possible without the talent, effort, and dedication of the entire Accounting and Finance Department staff and the many members of other city departments who responded so positively to the requests for detailed information that accompanies each annual 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



Carly Standridge, CPA  
Chief Financial Officer





**Executive Branch**

Walt Maddox, Mayor

**Legislative Branch**

Joseph Eatmon  
Raevan Howard  
Norman Crow  
Lee Busby  
Kip Tyner  
John Faile  
Cassius Lanier

District 1  
District 2  
District 3  
District 4  
District 5  
District 6  
District 7

**Judicial Branch**

Ricky McKinney

Municipal Court Judge

**Department Heads**

Carly Standridge  
Jeff Powell  
Kay Day  
LaParry Howell  
Eric Thompson  
Mark Delk  
LaShonda Kemp Herbert  
Jason Foster  
Brandy Johnson

Accounting & Finance  
Airport  
Arts & Entertainment  
Community and Neighborhood Services  
Construction, Facilities and Grounds  
Fire Rescue  
Human Resources  
Information Technology  
Mayor's Office (Clerk)

Jessica Steward  
Scott Holmes  
Mike Gardiner  
Brendan Moore  
Ashley Crites  
Brent Blankley  
Selvin Greene  
Sarah Bridger-Gilmore  
Kimberly Michael

Municipal Court  
Office of the City Attorney  
Office of the City Engineer  
Office of Operations  
Office of Urban Development  
Police  
Public Works  
Strategic Communications  
Water & Sewer Department



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Tuscaloosa  
Alabama**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2024

*Christopher P. Morrill*

Executive Director/CEO

## FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on Financial Statements**

#### ***Opinions***

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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report 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, 2025, and the respective changes in financial position, and where applicable, cashflows 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.

We did not audit the financial statements of the Tuscaloosa Tourism and Sports Commission and the Tuscaloosa County Parking and Transit Authority, which represents 100% 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 Tuscaloosa Tourism and Sports Commission and the Tuscaloosa County Parking and Transit Authority, is based solely on the reports of the other auditors.

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***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 6 through 26), the Schedule of Changes in the City's Net Pension Liability and Related Ratios – Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (on page 136), the Schedule of City Contributions – Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (on page 137), the Schedule of Pension Investment Returns – Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan (on page 138), the Schedule of Changes in the City's Net Pension Liability and Related Ratios – Employees' Retirement System of Alabama (on page 139), the Schedule of City Contributions – Employees' Retirement System of Alabama (on page 140), 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 141), the Schedule of City Contributions – Retirement Plan for Hourly Employees of the City of Tuscaloosa (on page 142), Schedule of Changes in the City's Net Pension Liability and Related Ratios – Tuscaloosa Police Officers and Firefighters Retirement Plan (on page 143), the Schedule of City Contributions – Tuscaloosa Police Officers' and Firefighters' Retirement Plan (on page 144), and the Schedule of Changes in the City's Total OPEB Liability and Related Ratios – Other Post-employment Benefit Plan (on page 145), be presented to supplement the basic financial statements.



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***Required Supplementary Information (Continued)***

Such information is the responsibility of management and, 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.

***Supplementary 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 combining and individual nonmajor fund financial statements and schedules and the water and sewer budgetary schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 by us and other auditors. In our opinion, the combining and individual nonmajor fund financial statements and schedules and water and sewer budgetary schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2026, on our consideration of the City of Tuscaloosa, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 23, 2026



## MANAGEMENT'S DISCUSSION & ANALYSIS

### SEPTEMBER 30, 2025

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This section of the **City of Tuscaloosa, Alabama's (the "City") Annual Comprehensive Financial Report ("ACFR")** presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. 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 ACFR.

### FINANCIAL HIGHLIGHTS

#### Government-Wide Highlights:

*Net position* - The City's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources for fiscal year ending September 30, 2025 by \$592,759,889 (net position). The City's unrestricted net position was negatively impacted by the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting for Financial Reporting for Pensions* (GASB 68) and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. GASB 68 and GASB 75 requires the City to record its proportionate share of unfunded liabilities for pension plans in which it participates and its postemployment health insurance plan. For the fiscal year ending September 30, 2025, net position included a negative \$43,081,066 for the unrestricted portion.

*Changes in net position* - The City's total net position increased in fiscal year 2025 by \$48,184,304 (an increase of \$20,672,131 from governmental activities and \$27,512,173 from business-type activities).

## MANAGEMENT'S DISCUSSION & ANALYSIS

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### FINANCIAL HIGHLIGHTS (CONTINUED)

#### Fund Highlights:

*Governmental Funds - Fund Balances* - At the close of fiscal year 2025, the City's governmental funds reported a combined ending fund balance of \$234,738,305, an increase of \$58,830,567 when compared to the prior year balance. Of this amount, \$737,750 represents non-spendable fund balance in the General Fund. Amounts available to be spent include \$115,608,507 of restricted fund balance, \$62,072,803 of committed fund balance, \$34,242,219 of assigned fund balance, and \$22,077,026 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 \$118,392,048 or approximately 41% of total governmental expenditures of \$286,537,748.

*Business-Type Activities* - At the close of fiscal year 2025, the City's Business-Type Activity Funds reported a net position of \$336,251,262. The change in net position for fiscal year 2025 was a \$27,512,173 increase.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis ("MD&A") is intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains additional required supplementary information (schedules related to pension liability and funding progress for other postemployment benefits) and other supplemental information (combining financial statements and budgetary and statistical schedules) intended to furnish additional detail to support the basic financial statements. These components are described below:

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

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

## MANAGEMENT'S DISCUSSION & ANALYSIS

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### Government-Wide Financial Statements (Continued)

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

The *Statement of Activities* presents information that focuses on how the City's net position changes during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses in this statement include 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 community services, education, general government, public works, public safety, culture and recreation, 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 27-29 of this report.

## MANAGEMENT'S DISCUSSION & ANALYSIS

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### 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, 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, American Rescue Plan Act Fund, River District Fund, and Elevate 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 30-34 of this report.

## MANAGEMENT'S DISCUSSION & ANALYSIS

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### 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 39-45 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. In fiscal year 2022, the Saban Center Foundation was determined to be a fiduciary component unit. 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 46 and 47 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 financial statements can be found on pages 48-135 of this report.

## MANAGEMENT'S DISCUSSION & ANALYSIS

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### 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 136-145 of this report.

### Combining Statements

The combining statements referred to earlier in connection with non-major governmental funds can be found on pages 146 and 147 of this report.

### Other Supplementary Information

The budgetary comparisons for the water and sewer fund can be found on page 154 of this report.

### Statistical Information

The statistical section, found on pages 157-181, 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.

## MANAGEMENT'S DISCUSSION & ANALYSIS

### 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 \$592,759,889 as of September 30, 2025. Analyzing the net position of governmental and business-type activities separately, the governmental activities net position was \$256,508,627 and the business-type activities net position was \$336,251,262.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Assets and Deferred Outflows of Resources</b>						
Current and other assets	\$ 312,879,119	\$ 253,147,665	\$ 167,189,660	\$ 84,625,671	\$ 480,068,779	\$ 337,773,336
Capital assets	567,085,020	519,302,330	377,643,177	361,375,167	944,728,197	880,677,497
<b>Total assets</b>	<b>879,964,139</b>	<b>772,449,995</b>	<b>544,832,837</b>	<b>446,000,838</b>	<b>1,424,796,976</b>	<b>1,218,450,833</b>
Total deferred outflows of resources	30,522,116	38,101,412	5,879,405	6,524,659	36,401,521	44,626,071
<b>Total assets and deferred outflows of resources</b>	<b>910,486,255</b>	<b>810,551,407</b>	<b>550,712,242</b>	<b>452,525,497</b>	<b>1,461,198,497</b>	<b>1,263,076,904</b>
<b>Liabilities and Deferred Inflows of Resources</b>						
Long-term liabilities	570,086,559	517,974,899	193,067,506	124,954,432	763,154,065	642,929,331
Other liabilities	56,266,142	42,116,196	17,121,259	17,172,562	73,387,401	59,288,758
<b>Total liabilities</b>	<b>626,352,701</b>	<b>560,091,095</b>	<b>210,188,765</b>	<b>142,126,994</b>	<b>836,541,466</b>	<b>702,218,089</b>
Total deferred inflows of resources	27,624,927	14,623,816	4,272,215	1,659,414	31,897,142	16,283,230
<b>Total liabilities and deferred inflows of resources</b>	<b>653,977,628</b>	<b>574,714,911</b>	<b>214,460,980</b>	<b>143,786,408</b>	<b>868,438,608</b>	<b>718,501,319</b>
<b>Net Position</b>						
Net investment in capital assets	340,680,364	324,196,263	286,403,936	278,533,433	627,084,300	602,729,696
Restricted	8,756,655	8,029,032	-	-	8,756,655	8,029,032
Unrestricted	(92,928,392)	(96,388,799)	49,847,326	30,205,656	(43,081,066)	(66,183,143)
<b>Total Net Position</b>	<b>\$ 256,508,627</b>	<b>\$ 235,836,496</b>	<b>\$ 336,251,262</b>	<b>\$ 308,739,089</b>	<b>\$ 592,759,889</b>	<b>\$ 544,575,585</b>

## MANAGEMENT'S DISCUSSION & ANALYSIS

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### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

#### **Analysis of Net Position (Continued)**

The largest portion of the City's net position, \$627,084,300 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 2025, the City's governmental activities capital assets, net of accumulated depreciation, increased by \$16,484,101 and business-type activities capital assets, net of accumulated depreciation, increased by \$7,870,503 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, \$8,756,655, represents resources that are subject to external restrictions on how they may be used.

In governmental activities, there is a negative unrestricted net position of \$92,928,392, 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, 2025 for governmental activities totaled \$166,507,096 and \$31,824,164, respectively. The unrestricted net position in business-type activities is \$49,847,326. The net pension liability and total OPEB liability as of September 30, 2025 for business-type activities totaled \$9,401,137 and \$4,934,498, respectively.

## MANAGEMENT'S DISCUSSION & ANALYSIS

### 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 \$20,672,131 and the business-type activities net position increased by \$27,512,173. The reasons for the increases are discussed in the governmental and business-type activities discussion herein. Such amounts are included in the table that follow:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Revenues</b>						
<b>Program revenues:</b>						
Charges for services	\$ 37,124,452	\$ 35,288,299	\$ 83,464,386	\$ 72,636,686	\$ 120,588,838	\$ 107,924,985
Operating grants and contributions	54,150,161	65,589,799	-	-	54,150,161	65,589,799
Capital grants and contributions	6,632,671	1,721,680	3,632,961	11,042,450	10,265,632	12,764,130
<b>General revenues:</b>						
Sales and use tax	91,279,825	88,561,951	-	-	91,279,825	88,561,951
Property tax	24,445,925	23,180,317	-	-	24,445,925	23,180,317
Other taxes	24,891,248	24,242,043	-	-	24,891,248	24,242,043
Investment earnings	5,633,717	8,343,046	1,105,457	1,774,103	6,739,174	10,117,149
Gain (loss) on disposal of capital assets	-	-	106	10,960	106	10,960
<b>Total revenues</b>	<b>\$ 244,157,999</b>	<b>246,927,135</b>	<b>\$ 88,202,910</b>	<b>85,464,199</b>	<b>\$ 332,360,909</b>	<b>332,391,334</b>
<b>Expenses</b>						
Community Services	\$ 6,687,720	\$ 13,553,791	\$ -	\$ -	\$ 6,687,720	\$ 13,553,791
Education	4,621,169	4,630,358	-	-	4,621,169	4,630,358
General Government	34,666,138	34,209,517	-	-	34,666,138	34,209,517
Public Works	50,244,084	50,687,953	-	-	50,244,084	50,687,953
Public Safety	93,033,138	90,355,728	-	-	93,033,138	90,355,728
Culture and Recreation	24,412,250	13,734,272	-	-	24,412,250	13,734,272
Economic Development	8,977,592	7,995,454	-	-	8,977,592	7,995,454
Interest	9,826,633	8,540,951	-	-	9,826,633	8,540,951
Intermodal Facility	-	-	96,723	90,283	96,723	90,283
Water and Sewer	-	-	51,611,158	51,330,759	51,611,158	51,330,759
<b>Total expenses</b>	<b>232,468,724</b>	<b>223,708,024</b>	<b>51,707,881</b>	<b>51,421,042</b>	<b>284,176,605</b>	<b>275,129,066</b>
<b>Increase (decrease) in net position before transfers</b>	<b>11,689,275</b>	<b>23,219,111</b>	<b>36,495,029</b>	<b>34,043,157</b>	<b>48,184,304</b>	<b>57,262,268</b>
Transfers in (out)	8,982,856	8,451,261	(8,982,856)	(8,451,261)	-	-
<b>Change in net position</b>	<b>20,672,131</b>	<b>31,670,372</b>	<b>27,512,173</b>	<b>25,591,896</b>	<b>48,184,304</b>	<b>57,262,268</b>
Net position, beginning of year,	235,836,496	204,166,124	308,739,089	283,147,193	544,575,585	487,313,317
<b>Net position, end of year</b>	<b>\$ 256,508,627</b>	<b>\$ 235,836,496</b>	<b>\$ 336,251,262</b>	<b>\$ 308,739,089</b>	<b>\$ 592,759,889</b>	<b>\$ 544,575,585</b>

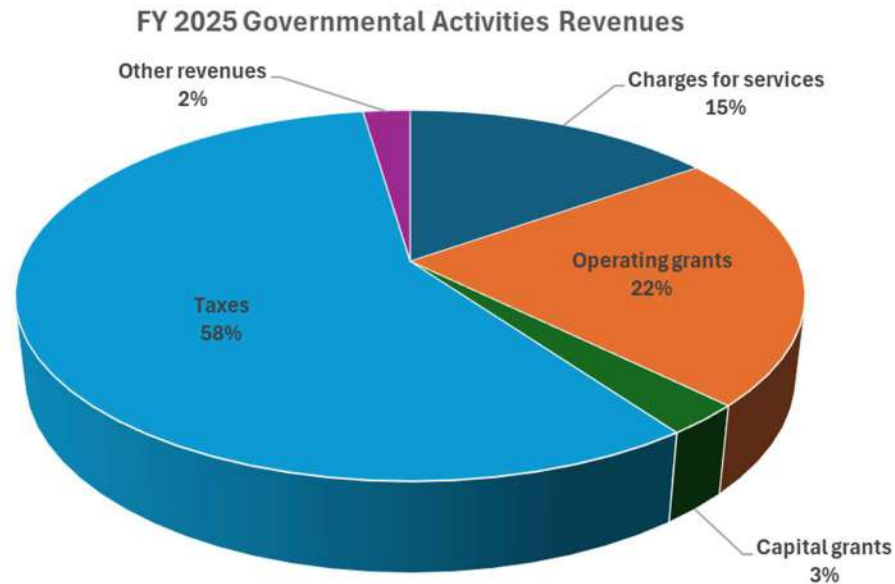
## MANAGEMENT'S DISCUSSION & ANALYSIS

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

#### Governmental Activities - Revenues

Significant changes in governmental activities revenue include the following:

- Sales and use tax revenue increased only \$4,632,687 (3%) primarily due to the slowdown of consumer retail spending that has been reported nationwide as well as the more significant effect of online shopping impacting local business activity. This impact can be seen with the 13% increase of the Simplified Sellers Use Tax (SSUT) compared to the prior year.
- Property tax revenues increased \$1,265,608, (5%) due to increased assessed property values and continued growth in Tuscaloosa.
- Business license revenues increased \$1,591,112, (6%) due to an increase in local business' prior year gross receipts.
- Investment earnings revenues decreased \$2,709,329 (32%) primarily due to declining interest rates caused by federal funds rate cuts.



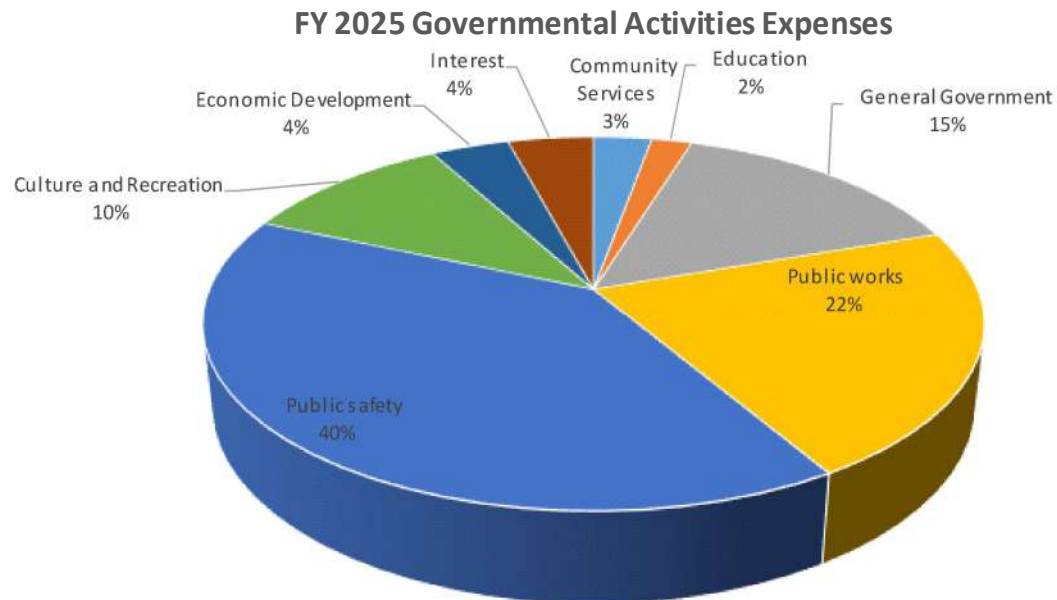
## MANAGEMENT'S DISCUSSION & ANALYSIS

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

#### Governmental Activities – Expenses

Significant changes in governmental activities expenses include the following:

- Community Services decreased \$6,866,071, approximately 51%, mainly due to the recategorization of various agency funding line items to better align with standard municipal reporting categories.
- Culture and Recreation increased \$10,677,978, approximately 78%, due to demolition costs of the former Tuscaloosa News Building and the related loss on disposal of the building. The Saban Center will be constructed on this site. The aforementioned recategorization of agency funding line items further attributed to the increase in expense.



## MANAGEMENT'S DISCUSSION & ANALYSIS

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### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

#### **Business-type Activities**

The City operates a water and sewer utility that is accounted for as an enterprise fund. Total operating revenues increased by \$10,828,116 (15%) while operating expenses decreased by \$411,852 (1%). The Water and Sewer Fund net position increased by \$27,512,173 primarily due to an increase in revenues related to a 10% rate increase implemented October 1, 2024.

The Water and Sewer Fund transferred \$1,465,350 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 2025 fiscal year, the City's governmental funds reported combined ending fund balances of \$234,738,305, an increase of \$58,830,567 (33%) 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 2025, the total transfer was \$9,738,927. Of the total fund balance of \$234,738,305, \$737,750 (<1%) 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, \$115,608,507 (49%) of fund balance is classified as restricted, meaning that funds can only be used for specific purposes defined by enabling legislation or externally imposed limitations. Amounts that can only be used for specific purposes pursuant to constraints of the government's highest level of decision-making authority are reported as committed fund balance. Committed fund balance represents \$62,072,803 (26%) 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 \$34,242,219 (15%) 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, 2025, unassigned fund balance represented \$22,077,026 (9%) of total fund balance.

## MANAGEMENT'S DISCUSSION & ANALYSIS

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

#### Governmental Funds - Revenues

The following table shows the revenues for fiscal year 2025 and 2024 by major funds and other governmental funds.

	General Fund		Capital Projects Fund		River District Fund		Elevate Fund		American Rescue Plan Fund		Other Governmental Funds	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
<b>Revenues</b>												
Taxes	\$111,761,193	\$107,630,589	\$ -	\$ -	\$ -	\$ -	\$ 27,137,951	\$ 26,650,142	\$ -	\$ -	\$ 1,717,854	\$ 1,703,580
Licenses and permits	31,003,103	29,198,296	-	-	-	-	-	-	-	-	-	-
Fines and penalties	2,482,663	2,916,635	-	-	-	-	-	-	-	-	-	-
Use of property	399,065	331,188	-	-	-	-	-	-	-	-	-	-
Charges for services	3,239,621	2,842,180	-	-	-	-	-	-	-	-	-	-
Intergovernmental	26,599,687	26,810,839	4,657,866	3,773,515	-	-	2,544,297	5,599,802	1,837,169	6,878,002	3,470,153	5,349,031
Other revenues	18,640,385	16,510,773	3,439,022	5,695,373	168,929	251,468	6,771,067	519,617	-	-	1,493,258	1,089,261
	<u>\$194,125,717</u>	<u>\$186,240,500</u>	<u>\$ 8,096,888</u>	<u>\$ 9,468,888</u>	<u>\$ 168,929</u>	<u>\$ 251,468</u>	<u>\$ 36,453,315</u>	<u>\$ 32,769,561</u>	<u>\$ 1,837,169</u>	<u>\$ 6,878,002</u>	<u>\$ 6,681,265</u>	<u>\$ 8,141,872</u>

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

*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, overall revenues decreased by \$1,372,000, primarily relating to a reduction in interest income, and partially offset by an increase in the annual General Fund surplus transfer which is allocated to various capital projects and equipment.

*River District Fund* is used to account for the operations and maintenance of the River District, an area adjacent to downtown Tuscaloosa along the riverfront that includes the Mercedes-Benz Amphitheater, the Tuscaloosa Rivermarket, Parker-Haun Park, and the future site of the Saban Center. In the River District Fund, overall revenues decreased by \$82,539. Approximately 69% of this decline is attributed to federal funds rate cuts which reduced interest income.

## MANAGEMENT'S DISCUSSION & ANALYSIS

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

#### Governmental Funds – Revenues (Continued)

*Elevate Fund* accounts for the revenues and related expenditures from the 1% sales tax increase that was passed in April 2019 by the City Council to fund initiatives improving education, connectivity, and economic development. Specific projects have included construction of local area parks, recreation facilities, and public spaces. The use of these funds is overseen by a 30-person advisory group consisting of residents and business owners. In the Elevate Fund, overall revenues increased by \$3,683,754, primarily due to the recognition of Saban Center capital campaign contributions, partially offset by a reduction in federal grants.

*American Rescue Plan Fund* is used to account for the funds received by the federal government as part of the American Rescue Plan Act (“ARPA”) that was signed into law in 2021. The City received \$20,529,224 between fiscal years 2021 and 2022 in ARPA funds. All revenues were reclassified to unearned revenue and are recognized as expenses are incurred. For fiscal year 2025, \$1,837,169 was recognized as revenue.

*Other Governmental Funds* are comprised of nonmajor capital projects funds, special revenue funds, and a permanent fund for the maintenance of a park. The decrease reflected in Other Governmental Fund revenues can be primarily attributed to the Disaster Recovery Construction Fund. In the Disaster Construction Recovery Fund, a nonmajor capital projects fund, total revenues decreased by \$1,624,893 due to the fiscal year 2024 closeout of the Juanita Drive Phase II drainage project.

## MANAGEMENT'S DISCUSSION & ANALYSIS

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

#### Governmental Funds – Expenditures

The following table shows the expenditures for fiscal year 2025 and 2024 by major funds and other governmental funds.

	General Fund		Capital Project Fund		River District Fund		Elevate Fund		American Recovery Plan Fund		Other Governmental Funds	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
<b>Expenditures</b>												
<b>Current operations:</b>												
Community Services	\$ 1,254,764	\$ 1,179,075	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,770,154	\$ 2,389,502
Education	-	-	-	-	-	-	1,443,260	1,429,961	-	-	-	-
General Government	29,250,693	26,745,521	-	-	1,613,411	1,218,123	9,203	80,498	-	-	167,137	610,478
Public Works	38,015,308	35,798,481	-	-	-	-	399,567	618	-	-	1,820	286,407
Public Safety	78,606,564	75,877,326	-	-	-	-	-	-	-	-	18,578	32,425
Urban Development	-	-	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	8,080,968	6,999,925	-	-	-	-	-	-	-	-	-	-
Economic Development	5,762,548	5,779,917	-	-	-	-	-	-	-	-	-	-
Funds to Other Agencies	15,085,576	14,369,844	-	-	-	-	-	18,969	-	-	-	-
Cost Sharing Arrangements	306,200	312,029	-	-	-	-	-	-	-	-	-	-
Other expenditures	121,103	83,945	-	-	-	-	-	-	-	-	-	-
Capital outlay	7,383,477	1,154,605	52,923,714	74,466,757	-	-	14,213,626	16,609,182	2,025,709	6,535,403	5,909,634	4,486,295
Debt service	16,737,749	14,871,873	4,485	-	-	-	4,192,964	-	-	-	1,102,036	1,108,419
	<u>\$200,604,950</u>	<u>\$183,172,541</u>	<u>\$ 52,928,199</u>	<u>\$ 74,466,757</u>	<u>\$ 1,613,411</u>	<u>\$ 1,218,123</u>	<u>\$ 20,258,620</u>	<u>\$ 18,139,228</u>	<u>\$ 2,025,709</u>	<u>\$ 6,535,403</u>	<u>\$ 8,969,359</u>	<u>\$ 8,913,526</u>

## MANAGEMENT'S DISCUSSION & ANALYSIS

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

#### Governmental Funds – Expenditures (Continued)

*General Fund* - General fund expenditures increased \$17,432,409 (10%) from the prior fiscal year. This is primarily attributed to the acquisition of public safety equipment in the capital outlay expenditure line item. The increase is also related to the 4.5% and 3.5% cost of living increases paid to non-public safety and public safety employees, respectively.

*Capital Projects Fund* - Expenditures on capital projects decreased by \$21,543,043 (29%). The decrease is related to the expenditures associated with the completion of projects that began before fiscal year 2025, namely the McWright's Ferry Road Extension Project and Fire Station #12.

*River District Fund* – Expenditures within the River District Fund increased by \$395,288 (32%). The increase is primarily related to repairs and maintenance costs and LED screen upgrades at the Mercedes-Benz amphitheater.

*Elevate Fund* - Expenditures within the Elevate Fund were \$20,258,620 including \$14,213,626 of capital outlay expenditures. During fiscal year 2025, the City began expending funds for various large scale capital projects, namely Tuscaloosa Tennis Center, Springbrook Park, Burrell Odom Park, and Bowers Park pickleball courts.

*American Rescue Plan Fund* - Expenditures within the American Rescue Plan Fund were \$2,025,709 for fiscal year 2025. This amount includes \$1,246,817 for water and sewer projects, \$166,365 for public safety equipment, \$150,455 for public safety building improvements, \$396,698 for neighborhood storm drainage projects, and \$65,374 for street lighting.

*Other Governmental Funds* - Expenditures shown for these funds, comprised of nonmajor capital project and special revenue funds, increased by \$55,833 (<1%). The Disaster Recovery Construction Fund, a nonmajor capital projects fund, decreased by \$1,624,477 in expenditures related to the fiscal year 2024 closeout of the Juanita Drive Phase II drainage project. Additionally, the Public Safety Capital Projects Fund, also a nonmajor capital projects fund, increased by \$1,423,701 in expenditures due to the purchase of public safety vehicles.

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

## MANAGEMENT'S DISCUSSION & ANALYSIS

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

#### Proprietary Funds

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

<u>Operating revenues</u>	September 30, 2025	September 30, 2024
Charges for services	\$ 77,087,328	\$ 67,779,725
Connection fees	807,440	721,720
Cost reimbursement	57,640	1,482,980
Other	5,441,966	2,581,833
<b>Total operating revenues</b>	<b>83,394,374</b>	<b>72,566,258</b>
<u>Operating expenses</u>		
All departmental expenses	35,055,158	35,833,262
Depreciation	12,114,935	11,778,683
<b>Total operating expenses</b>	<b>47,170,093</b>	<b>47,611,945</b>
<b>Operating income</b>	<b>\$ 36,224,281</b>	<b>\$ 24,954,313</b>

The City Council has required the Water and Sewer Fund to maintain undesignated net position of at least twenty percent of actual current year water and sewer operating expenses in the Water and Sewer Fund and the Water and Sewer Reserve for Future Improvements Fund. The Water and Sewer Fund has met this requirement for 2025.

Charges for services increased \$9,307,603 (14%) over prior year in large part due to a 10% rate increase implemented October 1, 2024. Operating expenses decreased \$441,852 (1%) primarily due to more stringent budgetary controls. For financial statement purposes, the Water and Sewer Fund and the Water and Sewer Reserve for Future Improvements Fund are combined.

## MANAGEMENT'S DISCUSSION & ANALYSIS

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### BUDGETARY HIGHLIGHTS

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

The Council has control over the appropriation of funds; however, the Mayor is responsible for the annual budget recommendation to the Council. The budget process begins in May when the departments submit their budget requests for the following fiscal year to the Accounting and Finance Department. The Accounting and Finance Department compiles a report of the expenditure requests and the annual revenue projections. The annual budget hearings are held in June and July with City departments and agencies. The Mayor then adjusts the requests in order to present a balanced General Fund budget and Water and Sewer Fund budget to the Council. During the month of September, the Finance Committee, the Mayor, and the Council, 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, 2025 totaled \$567,085,020 and \$377,643,177, 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 infrastructure category. For the business-type activities, the increase was primarily the result of an increase in the construction in progress category. See note 4 to the financial statements for additional information.

## MANAGEMENT'S DISCUSSION & ANALYSIS

### CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

#### Capital Assets (Continued)

	Governmental Activities		Business-type Activities		Totals	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	Land	\$ 30,753,494	\$ 29,070,577	\$ 2,118,276	\$ 2,118,276	\$ 32,871,770
Buildings	97,354,349	90,772,480	-	-	97,354,349	90,772,480
Equipment	32,091,459	34,025,880	5,489,170	5,496,896	37,580,629	39,522,776
Equipment, not in use	958,092	923,764	-	-	958,092	923,764
Infrastructure	292,996,877	204,619,587	-	-	292,996,877	204,619,587
Utility property	-	-	324,603,758	324,352,580	324,603,758	324,352,580
Leased assets	3,914,218	1,554,186	-	-	3,914,218	1,554,186
Subscription based IT arrangements	2,212,737	1,957,531	-	-	2,212,737	1,957,531
Construction in progress	106,803,794	156,378,325	45,431,973	29,407,415	152,235,767	185,785,740
	<u>\$ 567,085,020</u>	<u>\$ 519,302,330</u>	<u>\$ 377,643,177</u>	<u>\$ 361,375,167</u>	<u>\$ 944,728,197</u>	<u>\$ 880,677,497</u>

#### Debt Administration

At fiscal year end, the City had \$506,813,620 in outstanding warrants, installment payable, and capital leases. Additional long-term liabilities totaled \$240,779,542 consisting of the net pension liabilities, OPEB liability, compensated absences, workers compensation claims, and health insurance outstanding claims liability. Overall, long-term debt increased \$127,422,274 from the prior year primarily due to an increase in the warrants payable, premiums on warrants, and total net pension liability. See note 5 to the financial statements for additional information.

## MANAGEMENT'S DISCUSSION & ANALYSIS

### CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

#### Debt Administration (Continued)

	Governmental		Business-type		Totals	
	Activities		Activities			
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Warrants payable	\$ 309,170,000	\$ 232,680,000	\$ 125,680,000	\$ 58,930,000	\$ 434,850,000	\$ 291,610,000
Section 108 loan	225,000	375,000	-	-	225,000	375,000
Installment payable	340,772	736,158	-	-	340,772	736,158
Financed purchase obligations	955,405	1,890,666	-	-	955,405	1,890,666
Revolving loans	-	-	50,367,788	49,320,302	50,367,788	49,320,302
Lease liabilities	3,914,218	1,554,186	-	-	3,914,218	1,554,186
Subscription based IT arrangements	2,212,538	1,957,331	-	-	2,212,538	1,957,331
Premiums on warrants	10,976,845	11,772,346	3,950,432	2,548,986	14,927,277	14,321,332
Discounts on warrants	(979,378)	(249,600)	-	-	(979,378)	(249,600)
<b>Total warrants, installment payable, and financed purchases</b>	<b>326,815,400</b>	<b>250,716,087</b>	<b>179,998,220</b>	<b>110,799,288</b>	<b>506,813,620</b>	<b>361,515,375</b>
Net pension liabilities	166,507,096	180,503,943	9,401,137	11,904,488	175,908,233	192,408,431
Total OPEB liability	41,075,685	43,923,381	6,339,195	6,755,593	47,414,880	50,678,974
Compensated absences	11,897,668	10,158,860	1,111,944	1,106,019	13,009,612	11,264,879
Claims payable	4,301,434	4,157,932	145,383	145,297	4,446,817	4,303,229
<b>Long-term liabilities</b>	<b>\$ 550,597,283</b>	<b>\$ 489,460,203</b>	<b>\$ 196,995,879</b>	<b>\$ 130,710,685</b>	<b>\$ 747,593,162</b>	<b>\$ 620,170,888</b>

The City maintains credit ratings of AAA and Aa1 with Fitch Ratings and Moody's Investors Service, respectively.

## MANAGEMENT'S DISCUSSION & ANALYSIS

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### OTHER FINANCIAL MATTERS

#### Internal Service Fund

The City's Health Insurance Fund, an Internal Service Fund, had a positive net position of \$2,910,990 at September 30, 2025, a decrease of \$196,329 from the prior year. The decrease in net position for 2025 was due to an increase in health insurance claims. The City continues to be diligent in its efforts to maintain a positive net position in the Health Insurance Fund and has been successful in the past few years by implementing premium increases as well as budgeting transfers from the General Fund and Water and Sewer Fund to help cover the rising costs of insurance.

### 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, Carly Standridge, can be reached by telephone at (205) 248-5170. The City's website is [www.tuscaloosa.com](http://www.tuscaloosa.com).

CITY OF TUSCALOOSA

STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025

ASSETS	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 228,653,396	\$ 129,668,694	\$ 358,322,090	\$ 713,700	\$ 4,004
Investments	34,000,000	-	34,000,000	-	1,855,248
Receivables (net of allowances for uncollectibles)	41,444,300	15,004,858	56,449,158	21,392	-
Lease Receivables	4,236,653	14,887	4,251,540	-	-
Internal Balances	(47,100)	47,100	-	-	-
Prepaid Items	1,835,817	-	1,835,817	66,512	-
Inventories	699,015	2,166,160	2,865,175	-	-
<b>Total Current Assets</b>	<b>310,822,081</b>	<b>146,901,699</b>	<b>457,723,780</b>	<b>801,604</b>	<b>1,859,252</b>
<b>Non-current Assets:</b>					
<b>Restricted Assets:</b>					
Cash and Cash Equivalents	-	20,287,961	20,287,961	-	-
Receivables	2,057,038	-	2,057,038	-	-
<b>Capital Assets:</b>					
Right-to-use Lease Assets	3,914,218	-	3,914,218	-	-
Subscription Based IT Arrangements	2,212,737	-	2,212,737	-	-
Land	30,753,494	2,118,276	32,871,770	-	-
Equipment Not in Service	958,092	-	958,092	-	-
Construction in Progress	106,803,794	45,431,973	152,235,767	-	-
Capital Assets (net of accumulated depreciation)	422,442,685	330,092,928	752,535,613	58,057	2,866,623
<b>Total Capital Assets (net of accumulated depreciation)</b>	<b>567,085,020</b>	<b>377,643,177</b>	<b>944,728,197</b>	<b>58,057</b>	<b>2,866,623</b>
<b>Total Non-current Assets</b>	<b>569,142,058</b>	<b>397,931,138</b>	<b>967,073,196</b>	<b>58,057</b>	<b>2,866,623</b>
<b>Total Assets</b>	<b>879,964,139</b>	<b>544,832,837</b>	<b>1,424,796,976</b>	<b>859,661</b>	<b>4,725,875</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Outflows from Pension	22,089,677	3,185,727	25,275,404	-	681,834
Deferred Outflows from OPEB	7,701,337	1,126,112	8,827,449	-	-
Deferred Loss on Debt Refunding	731,102	1,567,566	2,298,668	-	-
<b>Total Deferred Outflows of Resources</b>	<b>30,522,116</b>	<b>5,879,405</b>	<b>36,401,521</b>	<b>-</b>	<b>681,834</b>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable and Other Current Charges	25,873,834	6,537,348	32,411,182	169,886	494,299
Accrued Interest Payable	4,783,385	1,231,706	6,015,091	-	-
Current Portion of OPEB Total Liability	9,251,521	1,404,697	10,656,218	-	-
Current Portion of Long-Term Debt	16,357,402	7,947,508	24,304,910	6,452	-
<b>Total Current Liabilities</b>	<b>56,266,142</b>	<b>17,121,259</b>	<b>73,387,401</b>	<b>176,338</b>	<b>494,299</b>

(Continued)

**CITY OF TUSCALOOSA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2025**

<b>LIABILITIES (Continued)</b>	<b>Primary Government</b>			<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Tuscaloosa Tourism and Sports Commission</b>	<b>Tuscaloosa County Parking and Transit Authority</b>
Non-current Liabilities:					
Unearned Revenue	\$ 45,098,199	\$ 32,045	\$ 45,130,244	\$ -	\$ -
Developer Deposits	-	1,994,050	1,994,050	-	-
Net Pension Liabilities	166,507,096	9,401,137	175,908,233	-	-
OPEB Total Liability	31,824,164	4,934,498	36,758,662	-	-
Liabilities Payable from Restricted Assets:					
Customer Deposits	-	3,397,737	3,397,737	-	-
Long-Term Debt - Due in more than one year, net	326,657,100	173,308,039	499,965,139	18,081	956,554
Total Non-current Liabilities	570,086,559	193,067,506	763,154,065	18,081	956,554
Total Liabilities	626,352,701	210,188,765	836,541,466	194,419	1,450,853
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows from Pension	9,368,101	2,189,131	11,557,232	-	317,036
Deferred Inflows from OPEB	13,908,186	2,033,695	15,941,881	-	-
Deferred Gain on Debt Refunding	309,370	36,015	345,385	-	-
Lease Receipts	4,039,270	13,374	4,052,644	-	-
Total Deferred Inflows of Resources	27,624,927	4,272,215	31,897,142	-	317,036
<b>NET POSITION</b>					
Net Investment in Capital Assets	340,680,364	286,403,936	627,084,300	49,892	-
Restricted for:					2,866,623
Ambulance Franchise Program	597,956	-	597,956	-	-
Long-term Receivable	2,057,038	-	2,057,038	-	-
Garnishments	4,101	-	4,101	-	-
Grant Projects	1,232,464	-	1,232,464	-	-
LESO Funds	636,978	-	636,978	-	-
Municipal Court	1,194,718	-	1,194,718	-	-
Pensions	576,238	-	576,238	-	-
Road Projects	2,244,378	-	2,244,378	-	-
Salaries	209,154	-	209,154	-	-
Capital Park Maintenance					
Nonexpendable	3,630	-	3,630	-	-
Unrestricted	(92,928,392)	49,847,326	(43,081,066)	615,350	773,197
Total Net Position	\$ 256,508,627	\$ 336,251,262	\$ 592,759,889	\$ 665,242	\$ 3,639,820

**CITY OF TUSCALOOSA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

FUNCTIONS / PROGRAMS	Expenses	Program Revenues			Changes in Net Position					
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		
					Governmental Activities	Business-Type Activities	Total	Tuscaloosa Tourism and Sports Commission	Tuscaloosa County Parking and Transit Authority	
<b>Primary Government:</b>										
Governmental Activities:										
Community Services	\$ 6,687,720	\$ -	\$ 9,941,636	\$ -	\$ 3,253,916	\$ -	\$ 3,253,916	\$ -	\$ -	
Education	4,621,169	-	25,437,262	-	20,816,093	-	20,816,093	-	-	
General Government	34,666,138	31,402,168	7,859,886	96,787	4,692,703	-	4,692,703	-	-	
Public Works	50,244,084	3,239,621	6,589,461	-	(40,415,002)	-	(40,415,002)	-	-	
Public Safety	93,033,138	2,482,663	2,045,849	-	(88,504,626)	-	(88,504,626)	-	-	
Culture and Recreation	24,412,250	-	2,276,067	6,535,884	(15,600,299)	-	(15,600,299)	-	-	
Economic Development	8,977,592	-	-	-	(8,977,592)	-	(8,977,592)	-	-	
Interest on Long-Term Debt	9,826,633	-	-	-	(9,826,633)	-	(9,826,633)	-	-	
Total Governmental Activities	<u>232,468,724</u>	<u>37,124,452</u>	<u>54,150,161</u>	<u>6,632,671</u>	<u>(134,561,440)</u>	<u>-</u>	<u>(134,561,440)</u>	<u>-</u>	<u>-</u>	
Business-Type Activities:										
Intermodal Facility	96,723	70,012	-	-	-	(26,711)	(26,711)	-	-	
Water and Sewer	51,611,158	83,394,374	-	3,632,961	-	35,416,177	35,416,177	-	-	
Total Business-Type Activities	<u>51,707,881</u>	<u>83,464,386</u>	<u>-</u>	<u>3,632,961</u>	<u>-</u>	<u>35,389,466</u>	<u>35,389,466</u>	<u>-</u>	<u>-</u>	
Total Primary Government	<u>\$ 284,176,605</u>	<u>\$ 120,588,838</u>	<u>\$ 54,150,161</u>	<u>\$ 10,265,632</u>	<u>(134,561,440)</u>	<u>35,389,466</u>	<u>(99,171,974)</u>	<u>-</u>	<u>-</u>	
<b>Component Units:</b>										
Tuscaloosa Tourism and Sports Commission	\$ 2,319,180	\$ -	\$ 2,191,733	\$ -	-	-	-	(127,447)	-	
Tuscaloosa County Parking and Transit Authority	5,349,574	288,256	2,239,341	1,981,390	-	-	-	-	(840,587)	
Total Component Units	<u>\$ 7,668,754</u>	<u>\$ 288,256</u>	<u>\$ 4,431,074</u>	<u>\$ 1,981,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(127,447)</u>	<u>(840,587)</u>	
<b>General Revenues</b>										
Taxes:										
Sales and Use Tax					91,279,825	-	91,279,825	-	-	
Property Tax					24,445,925	-	24,445,925	-	-	
Lodging Tax					10,277,622	-	10,277,622	-	-	
Other Local Taxes					14,613,626	-	14,613,626	-	-	
Gain on Disposal of Capital Assets					-	106	106	-	-	
Unrestricted Investment Earnings					5,633,717	1,105,457	6,739,174	-	74,008	
Transfers					8,982,856	(8,982,856)	-	-	-	
Total General Revenues and Transfers					<u>155,233,571</u>	<u>(7,877,293)</u>	<u>147,356,278</u>	<u>-</u>	<u>74,008</u>	
Change in Net Position					<u>20,672,131</u>	<u>27,512,173</u>	<u>48,184,304</u>	<u>(127,447)</u>	<u>(766,579)</u>	
Net Position, Beginning of Year					<u>235,836,496</u>	<u>308,739,089</u>	<u>544,575,585</u>	<u>792,689</u>	<u>4,406,399</u>	
Net Position, End of Year					<u>\$ 256,508,627</u>	<u>\$ 336,251,262</u>	<u>\$ 592,759,889</u>	<u>\$ 665,242</u>	<u>\$ 3,639,820</u>	

**CITY OF TUSCALOOSA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2025**

<b>ASSETS</b>	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>American Rescue Plan Act Fund</b>	<b>River District Fund</b>	<b>Elevate Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and Cash Equivalents	\$ 55,075,719	\$ 147,038,192	\$ 909,498	\$ 6,323,175	\$ 12,162,219	\$ 5,422,820	\$ 226,931,623
Investments	-	-	-	-	34,000,000	-	34,000,000
Receivables (net of allowances for uncollectibles)	25,557,139	1,352,753	2,978	-	12,413,030	1,466,054	40,791,954
Lease Receivables	4,236,653	-	-	-	-	-	4,236,653
Due from Other Governments	652,346	-	-	-	-	-	652,346
Due from Other Funds	11,102,095	9,808,345	-	1,986,342	7,183,058	1,177,984	31,257,824
Loans Receivable	-	-	-	-	-	2,057,038	2,057,038
Prepaid Items	38,735	-	-	-	-	-	38,735
Inventories	699,015	-	-	-	-	-	699,015
Total Assets	<u>\$ 97,361,702</u>	<u>\$ 158,199,290</u>	<u>\$ 912,476</u>	<u>\$ 8,309,517</u>	<u>\$ 65,758,307</u>	<u>\$ 10,123,896</u>	<u>\$ 340,665,188</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Accounts Payable and Other Current Charges	\$ 12,614,268	\$ 10,519,538	\$ 3,096	\$ 9,109	\$ 1,951,769	\$ 359,101	\$ 25,456,881
Unearned Revenue	6,207,086	-	246,463	-	38,644,650	-	45,098,199
Due to Other Funds	17,836,890	3,972,069	1,135	990,950	7,433,233	1,091,094	31,325,371
Total Liabilities	<u>36,658,244</u>	<u>14,491,607</u>	<u>250,694</u>	<u>1,000,059</u>	<u>48,029,652</u>	<u>1,450,195</u>	<u>101,880,451</u>
Deferred Inflows of Resources:							
Lease receipts	4,039,270	-	-	-	-	-	4,039,270
Unavailable Revenue	-	-	-	-	-	7,162	7,162
Total Deferred Inflows of Resources	<u>4,039,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,162</u>	<u>4,046,432</u>
Total Liabilities and Deferred Inflows of Resources	<u>40,697,514</u>	<u>14,491,607</u>	<u>250,694</u>	<u>1,000,059</u>	<u>48,029,652</u>	<u>1,457,357</u>	<u>105,926,883</u>

*(Continued)*

CITY OF TUSCALOOSA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2025

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (CONTINUED)	General Fund	Capital Projects Fund	American Rescue Plan Act Fund	River District Fund	Elevate Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:							
Non-spendable:							
Prepaid Items	\$ 38,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,735
Inventories	699,015	-	-	-	-	-	699,015
Restricted for:							
Ambulance Franchise Program	597,956	-	-	-	-	-	597,956
Long-term Receivable	-	-	-	-	-	2,057,038	2,057,038
Capital Park Maintenance	-	-	-	-	-	3,630	3,630
Capital Projects	-	104,066,797	-	-	-	2,791,765	106,858,562
Garnishments	4,101	-	-	-	-	-	4,101
Grant Projects	-	-	-	-	-	1,225,754	1,225,754
LESO Funds	636,978	-	-	-	-	-	636,978
Municipal Court	1,194,718	-	-	-	-	-	1,194,718
Pensions	576,238	-	-	-	-	-	576,238
Road Projects	-	-	-	-	-	2,244,378	2,244,378
Salaries and Wages	-	-	-	-	-	209,154	209,154
Committed for:							
Capital Projects	-	27,236,251	-	-	-	-	27,236,251
Cemetery Maintenance	-	-	-	-	-	134,820	134,820
Fiscal Year 2025 Budget (encumbrances)	1,053,330	-	-	75,171	32,219,917	-	33,348,418
Law Enforcement and Public Officials Liability	506,834	-	-	-	-	-	506,834
Tourism Enhancement	184,698	-	-	-	-	-	184,698
American Rescue Act Plan	-	-	661,782	-	-	-	661,782
Assigned:							
TPD Assigned Funds	112,813	-	-	-	-	-	112,813
District Improvement Funds	81,154	-	-	-	-	-	81,154
Future Capital Projects	-	12,404,633	-	-	-	-	12,404,633
Elevate Tuscaloosa Fund	-	-	-	-	-	-	-
Facility Renewal Projects	638,930	-	-	-	-	-	638,930
Public Safety Fund	13,770,402	-	-	-	-	-	13,770,402
River District Fund	-	-	-	7,234,287	-	-	7,234,287
Unassigned	36,568,286	2	-	-	(14,491,262)	-	22,077,026
Total Fund Balances	56,664,188	143,707,683	661,782	7,309,458	17,728,655	8,666,539	234,738,305
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 97,361,702	\$ 158,199,290	\$ 912,476	\$ 8,309,517	\$ 65,758,307	\$ 10,123,896	\$ 340,665,188

## CITY OF TUSCALOOSA

### RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2025

Fund Balances - Governmental Funds	\$	234,738,305
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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:

Right-to-use lease, net of accumulated amortization	\$	3,914,218	
Subscription based IT arrangements, net of accumulated amortization		2,212,737	
Buildings, net of accumulated depreciation		97,354,349	
Equipment, net of accumulated depreciation		32,091,459	
Infrastructure, net of accumulated depreciation		292,996,877	
Land		30,753,494	
Equipment not in use		958,092	
Construction in progress		106,803,794	567,085,020

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		7,162
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Internal Service Funds are used by the City to charge the costs of health insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Position.		1,620,625
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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	\$	(309,170,000)	
Section 108 loan		(225,000)	
Financed purchase obligations		(955,405)	
Installment note payable		(340,772)	
Lease payable		(3,914,218)	
Subscription based IT arrangements payable		(2,212,538)	
Compensated absences		(11,897,668)	
Workers' comp liability		(2,799,710)	
Total OPEB liability and related deferred inflows and deferred outflows		(47,282,534)	
Net pension liability, deferred inflows, and deferred outflows, not reported in the funds		(153,785,520)	
Accrued interest payable		(4,783,385)	
Deferred loss on refunding of warrants, to be amortized		731,102	
Deferred gain on refunding of warrants, to be amortized		(309,370)	
Premiums, to be amortized		(10,976,845)	
Discount, to be amortized		979,378	(546,942,485)

Net position of governmental activities	\$	256,508,627
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CITY OF TUSCALOOSA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

REVENUES	General Fund	Capital Projects Fund	American Rescue Plan Act Fund	River District Fund	Elevate Fund	Nonmajor Governmental Funds	Total Governmental Funds
Taxes	\$ 111,761,193	\$ -	\$ -	\$ -	\$ 27,137,951	\$ 1,717,854	\$ 140,616,998
Licenses and Permits	31,003,103	-	-	-	-	-	31,003,103
Fines and Penalties	2,482,663	-	-	-	-	-	2,482,663
Use of Property	399,065	-	-	-	-	-	399,065
Charges for Services	3,239,621	-	-	-	-	-	3,239,621
Intergovernmental	26,599,687	4,657,866	1,837,169	-	2,544,297	3,470,153	39,109,172
Other	18,640,385	3,439,022	-	168,929	6,771,067	1,493,258	30,512,661
Total Revenues	194,125,717	8,096,888	1,837,169	168,929	36,453,315	6,681,265	247,363,283
EXPENDITURES							
Current Operations:							
Community Services	1,254,764	-	-	-	-	1,770,154	3,024,918
Education	-	-	-	-	1,443,260	-	1,443,260
General Government	29,250,693	-	-	1,613,411	9,203	167,137	31,040,444
Public Works	38,015,308	-	-	-	399,567	1,820	38,416,695
Public Safety	78,606,564	-	-	-	-	18,578	78,625,142
Culture and Recreation	8,080,968	-	-	-	-	-	8,080,968
Economic Development	5,762,548	-	-	-	-	-	5,762,548
Funds to Other Agencies	15,085,576	-	-	-	-	-	15,085,576
Cost Sharing Arrangements	306,200	-	-	-	-	-	306,200
Other Expenditures	121,103	137,500	-	-	-	-	258,603
Total Current Operations	176,483,724	137,500	-	1,613,411	1,852,030	1,957,689	182,044,354
Capital Outlay	7,383,477	52,923,714	2,025,709	-	14,213,626	5,909,634	82,456,160
Debt Service:							
Principal	9,804,611	-	-	-	1,097,010	1,045,261	11,946,882
Interest Charges	6,917,462	4,485	-	-	2,386,415	56,775	9,365,137
Warrant Issue Costs	15,676	-	-	-	709,539	-	725,215
Total Expenditures	200,604,950	53,065,699	2,025,709	1,613,411	20,258,620	8,969,359	286,537,748
Excess (Deficiency) of Revenues (Over) Expenditures	(6,479,233)	(44,968,811)	(188,540)	(1,444,482)	16,194,695	(2,288,094)	(39,174,465)
OTHER FINANCING SOURCES (USES)							
Issuance of Debt	-	-	-	-	83,870,000	-	83,870,000
Issuance of Subscription Based IT Arrangements	5,701,474	-	-	-	-	-	5,701,474
Warrant Premiums	-	-	-	-	200,618	-	200,618
Warrant Discounts	-	-	-	-	(749,916)	-	(749,916)
Transfers In	23,822,762	92,496,522	-	3,221,303	140,000	1,452,428	121,133,015
Transfer Out	(13,021,557)	(1,831,101)	-	(990,950)	(95,043,477)	(1,263,074)	(112,150,159)
Total Other Financing Sources (Uses)	16,502,679	90,665,421	-	2,230,353	(11,582,775)	189,354	98,005,032
Net Change in Fund Balances	10,023,446	45,696,610	(188,540)	785,871	4,611,920	(2,098,740)	58,830,567
Fund Balances, Beginning of Year	46,640,742	98,011,073	850,322	6,523,587	13,116,735	10,765,279	175,907,738
Fund Balances, End of Year	\$ 56,664,188	\$ 143,707,683	\$ 661,782	\$ 7,309,458	\$ 17,728,655	\$ 8,666,539	\$ 234,738,305

## 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, 2025

Net change in Fund Balances - Total Governmental Funds		\$ 58,830,567
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	\$ 74,393,744	
Amortization expense	(1,532,050)	
Depreciation expense	<u>(17,545,492)</u>	55,316,202
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to decrease net position.		
Disposal of capital assets		(7,533,512)
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 the prior period as current year revenue.		
		(3,205,284)
The issuance of long-term debt (e.g., warrants, leases, SBITA's and installment notes) 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:		
Warrants issued	\$ (83,870,000)	
Discount on warrants issued	749,916	
Premium on warrants issued	(200,618)	
Lease liabilities issued	(4,783,294)	
Subscription based IT arrangements liabilities issued	(918,180)	
Debt payments made:		
Warrant payments	7,380,000	
Section 108 loan	150,000	
Lease liability payments	2,423,262	
Subscription based IT arrangements liability payments	662,973	
Financed purchase obligation payments	935,261	
Installment note payments	<u>395,386</u>	(77,075,294)
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. 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 combines the net of these:		
Post-employment benefits other than pensions	\$ (2,413,028)	
Compensated absences	(1,738,808)	
Workers' compensation	(150,878)	
Amortization of debt premium	996,119	
Amortization of discount	(20,138)	
Amortization of gain/loss on refunding	(65,944)	
Accrued interest payable	<u>(646,318)</u>	(4,038,995)
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.		
		(169,900)
Amount by which the City's net pension liability increased, deferred inflows from pensions increased, deferred outflows from pensions increased, and pension expense recognized.		
		<u>(1,451,653)</u>
Change in net position of governmental activities		<u>\$ 20,672,131</u>

**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, 2025**

<b>REVENUES</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts Budgetary Basis**</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Taxes:</b>				
Sales	\$ 47,434,000	\$ 47,434,000	\$ 48,042,785	\$ 608,785
Use	14,411,000	14,411,000	16,099,089	1,688,089
Property	23,401,200	23,401,200	24,445,925	1,044,725
Lodging	10,134,612	10,134,612	10,277,622	143,010
Other Taxes	11,759,000	11,759,000	12,895,772	1,136,772
Total Taxes	<u>107,139,812</u>	<u>107,139,812</u>	<u>111,761,193</u>	<u>4,621,381</u>
<b>Licenses and Permits:</b>				
Business Licenses	24,672,300	24,672,300	26,047,955	1,375,655
Other Licenses and Penalties	1,803,615	1,803,615	2,805,957	1,002,342
Building and Other Permits	1,091,360	1,091,360	2,149,191	1,057,831
Total Licenses and Permits	<u>27,567,275</u>	<u>27,567,275</u>	<u>31,003,103</u>	<u>3,435,828</u>
<b>Fines and Penalties</b>	<u>1,940,025</u>	<u>2,021,718</u>	<u>2,482,663</u>	<u>460,945</u>
<b>Use of Property</b>	<u>263,317</u>	<u>263,317</u>	<u>399,065</u>	<u>135,748</u>
<b>Charges for Current Services:</b>				
Garbage Collection Fees and Tax	<u>3,162,291</u>	<u>3,162,291</u>	<u>3,239,621</u>	<u>77,330</u>
<b>Intergovernmental Revenues:</b>				
Federal and State Grants Revenue	103,700	181,583	376,910	195,327
Shared from Local Units:				
City Share of County Sales Tax	22,880,000	22,880,000	23,017,532	137,532
Other	2,345,498	2,345,498	2,419,730	74,232
Shared from State	874,546	874,546	785,515	(89,031)
Total Intergovernmental Revenues	<u>26,203,744</u>	<u>26,281,627</u>	<u>26,599,687</u>	<u>318,060</u>
<b>Other Revenues:</b>				
Interest on Investments	-	-	1,903,608	1,903,608
Cost Reimbursed	7,046,398	7,046,398	7,276,645	230,247
Other	2,630,986	3,135,207	9,460,132	6,324,925
Total Other Operating Revenues	<u>9,677,384</u>	<u>10,181,605</u>	<u>18,640,385</u>	<u>8,458,780</u>
Total Revenues	<u>175,953,848</u>	<u>176,617,645</u>	<u>194,125,717</u>	<u>17,508,072</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, 2025**

<b>EXPENDITURES</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts Budgetary Basis**</b>	<b>Variance with Final Budget Positive (Negative)</b>
Current Operations:				
Community Services:				
311 Call Center	\$ 515,323	\$ 515,323	\$ 498,797	\$ 16,526
Office of Community and Neighborhood Services	872,059	872,059	755,967	116,092
Total Community Services	<u>1,387,382</u>	<u>1,387,382</u>	<u>1,254,764</u>	<u>132,618</u>
General Government:				
Accounting and Finance	5,074,216	5,074,216	4,549,125	525,091
City Attorney	2,797,092	2,797,092	2,630,759	166,333
City Council	658,496	719,204	513,591	205,613
Human Resources	3,626,965	3,626,965	3,617,890	9,075
Information Technology	8,578,938	8,824,915	7,646,950	1,177,965
Mayor and City Clerk	435,072	436,572	499,610	(63,038)
Municipal Court	1,499,117	1,499,117	1,441,337	57,780
Strategic Communications	1,586,118	1,692,428	1,483,708	208,720
Office of Operations	1,251,104	1,251,104	1,073,833	177,271
Clerk	390,180	448,680	382,690	65,990
Other Operating	6,212,050	7,962,050	5,411,200	2,550,850
Total General Government	<u>32,109,348</u>	<u>34,332,343</u>	<u>29,250,693</u>	<u>5,081,650</u>
Public Works:				
Public Works Administration	689,737	772,737	782,176	(9,439)
Office of the City Engineer	2,444,232	2,444,232	2,164,365	279,867
Environmental Services	10,218,073	11,120,319	11,231,869	(111,550)
Construction, Facilities and Grounds	7,582,107	7,503,173	7,900,065	(396,892)
Landscaping	7,071,255	7,072,522	6,333,926	738,596
Fleet Services	2,049,598	2,049,598	1,605,333	444,265
Public Works - Traffic	4,369,324	4,369,820	4,581,015	(211,195)
Public Works - Streets and Drainage	5,848,244	5,200,178	3,416,559	1,783,619
Total Public Works	<u>40,272,570</u>	<u>40,532,579</u>	<u>38,015,308</u>	<u>2,517,271</u>
Public Safety:				
Fire and Rescue	35,679,060	35,896,376	36,476,396	(580,020)
Jail Costs	945,000	945,000	941,689	3,311
Police	43,940,690	44,338,471	41,188,479	3,149,992
Total Public Safety	<u>80,564,750</u>	<u>81,179,847</u>	<u>78,606,564</u>	<u>2,573,283</u>
Culture and Recreation:				
Arts and Entertainment	3,546,244	3,551,444	3,134,450	416,994
Amphitheater	-	-	4,946,518	(4,946,518)
Total Culture and Recreation	<u>3,546,244</u>	<u>3,551,444</u>	<u>8,080,968</u>	<u>(4,529,524)</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, 2025**

<b>EXPENDITURES (Continued)</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts Budgetary Basis**</b>	<b>Variance with Final Budget Positive (Negative)</b>
Current Operations (Continued):				
Economic Development:				
Airport	\$ 996,469	\$ 980,434	\$ 924,585	\$ 55,849
Urban Development	4,262,899	4,262,899	4,162,963	99,936
Industrial Development Authority	675,000	675,000	675,000	-
Total Economic Development	<u>5,934,368</u>	<u>5,918,333</u>	<u>5,762,548</u>	<u>155,785</u>
Funds to Other Agencies:				
Alabama Blues Project	6,200	6,200	6,200	-
Arts and Humanities Council of Tuscaloosa	50,000	50,000	50,000	-
Arts N Autism	4,650	4,650	4,650	-
Boys and Girls Clubs of West Alabama	20,000	20,000	20,000	-
Child Abuse Program	10,000	10,000	10,000	-
Children's Hands-On Museum	152,250	152,250	152,250	-
Focus	75,950	75,950	75,950	-
Habitat for Humanity	16,678	16,678	16,678	-
Hope Summer Jobs	100,000	100,000	110,000	(10,000)
Indian Rivers	31,000	31,000	31,000	-
Jemison Foundation	37,200	37,200	37,200	-
Freedom Farm	250,000	250,000	250,000	-
Metro Animal Shelter	706,079	706,079	706,079	-
Pheonix House	150,000	150,000	150,000	-
Ivy Foundation	25,000	25,000	25,000	-
Theatre Tuscaloosa	15,000	15,000	15,000	-
Tuscaloosa Children's Theater	20,000	20,000	20,000	-
Tuscaloosa City Board of Education	3,200,680	3,200,680	3,178,547	22,133
Tuscaloosa County Industrial Development Authority	450,125	450,125	450,125	-
Tuscaloosa County Parks and Recreation Authority	4,728,143	4,728,143	4,728,739	(596)
Tuscaloosa Soil and Water Conservation	7,750	7,750	7,750	-
Tuscaloosa Public Library	2,339,118	2,339,118	2,339,118	-
Tuscaloosa Sister Cities Commission	108,000	117,000	117,000	-
Tuscaloosa Spay Neuter Incentive Program	35,670	35,670	35,670	-
Tuscaloosa Symphony Orchestra	21,700	21,700	21,700	-
Tuscaloosa Tourism and Sports Commission	1,341,515	1,341,515	1,341,515	-
Tuscaloosa Transit Authority	703,892	703,892	734,365	(30,473)
West Alabama Aids Outreach	15,000	15,000	15,000	-
West Alabama Food Bank	50,000	50,000	50,000	-
West Chamber of Commerce	175,000	175,000	175,000	-
West Alabama Regional Commission	39,840	39,840	39,840	-
Misc	171,200	171,200	171,200	-
Total Funds to Other Agencies	<u>15,057,640</u>	<u>15,066,640</u>	<u>15,085,576</u>	<u>(18,936)</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, 2025**

<b>EXPENDITURES (Continued)</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts Budgetary Basis**</b>	<b>Variance with Final Budget Positive (Negative)</b>
Current Operations (Continued):				
Cost Sharing Arrangements	\$ 261,673	\$ 261,673	\$ 306,200	\$ (44,527)
Other	100,000	120,000	121,103	(1,103)
Contingency	630,195	491,195	-	491,195
Total Current Operations	<u>179,864,170</u>	<u>182,841,436</u>	<u>176,483,724</u>	<u>6,357,712</u>
Capital Outlay	-	-	7,383,477	(7,383,477)
Debt Service:				
Principal	6,718,376	6,718,376	9,804,611	(3,086,235)
Interest Charges	7,129,467	7,129,467	6,917,462	212,005
Warrant Issue Costs	15,000	15,000	15,676	(676)
Total Expenditures	<u>193,727,013</u>	<u>196,704,279</u>	<u>200,604,950</u>	<u>(3,900,671)</u>
Excess (Deficiency) of Revenues (Under) Expenditures	<u>(17,773,165)</u>	<u>(20,086,634)</u>	<u>(6,479,233)</u>	<u>13,607,401</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Debt	-	-	5,701,474	5,701,474
Transfers In	21,781,324	23,713,559	23,822,762	109,203
Transfers Out	<u>(4,008,159)</u>	<u>(4,048,159)</u>	<u>(13,021,557)</u>	<u>(8,973,398)</u>
Total Other Financing Sources, net	<u>17,773,165</u>	<u>19,665,400</u>	<u>16,502,679</u>	<u>(3,162,721)</u>
Net Change in Fund Balance	-	(421,234)	10,023,446	10,444,680
Fund Balance Allocation	<u>1,193,368</u>	<u>2,499,233</u>	<u>-</u>	<u>(2,499,233)</u>
	<u>\$ 1,193,368</u>	<u>\$ 2,077,999</u>	<u>10,023,446</u>	<u>\$ 7,945,447</u>
Net Change in Fund Balance - GAAP Basis			10,023,446	
Fund Balance, Beginning of Year, GAAP Basis			<u>46,640,742</u>	
Fund Balance, End of Year, GAAP Basis			<u>\$ 56,664,188</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**  
**SEPTEMBER 30, 2025**

ASSETS	Business-Type Activities			Internal Service Fund
	Water and Sewer Fund	NonMajor Intermodal Facility Retail Fund	Total Business-Type Activity Funds	
Current Assets:				
Cash and Cash Equivalents	\$ 129,662,974	\$ 5,720	\$ 129,668,694	\$ 1,721,773
Accounts Receivable (Net of Allowance for Uncollectibles)	10,325,654	16,408	10,342,062	-
Leases	-	14,887	14,887	-
Special Assessments Interest Receivable	3,228	-	3,228	-
Due from Other Funds	253,367	9,100	262,467	1,310,812
Inventory	2,166,160	-	2,166,160	-
Prepays	-	-	-	1,797,082
Unbilled Water and Sewer Receivables	4,659,568	-	4,659,568	-
Total Current Assets	<u>147,070,951</u>	<u>46,115</u>	<u>147,117,066</u>	<u>4,829,667</u>
Non-current Assets:				
Restricted Assets:				
Cash and Cash Equivalents	20,287,961	-	20,287,961	-
Total Restricted Assets	<u>20,287,961</u>	<u>-</u>	<u>20,287,961</u>	<u>-</u>
Capital Assets:				
Land	2,118,276	-	2,118,276	-
Moveable Equipment	15,081,336	-	15,081,336	-
Administration - Business Office	12,035,676	-	12,035,676	-
Distribution - Buildings, Mains, etc.	228,828,338	-	228,828,338	-
Pumping Purification - Buildings, etc.	83,395,326	-	83,395,326	-
Sewage System Properties	236,618,593	-	236,618,593	-
Source of Supply - Dams, Buildings, etc.	13,803,039	-	13,803,039	-
Construction in Progress	45,431,973	-	45,431,973	-
Less: Accumulated Depreciation	(259,669,380)	-	(259,669,380)	-
Total Capital Assets (Net of Accumulated Depreciation)	<u>377,643,177</u>	<u>-</u>	<u>377,643,177</u>	<u>-</u>
Total Non-current Assets	<u>397,931,138</u>	<u>-</u>	<u>397,931,138</u>	<u>-</u>
Total Assets	<u>545,002,089</u>	<u>46,115</u>	<u>545,048,204</u>	<u>4,829,667</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Loss on Debt Refunding	1,567,566	-	1,567,566	-
Deferred Outflows from OPEB	1,126,112	-	1,126,112	-
Deferred Outflows from Pension	3,185,727	-	3,185,727	-
Total Deferred Outflows of Resources	<u>5,879,405</u>	<u>-</u>	<u>5,879,405</u>	<u>-</u>

*(Continued)*

**CITY OF TUSCALOOSA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2025**

<b>LIABILITIES</b>	<b>Business-Type Activities</b>			<b>Internal Service Fund</b>
	<b>Water and Sewer Fund</b>	<b>NonMajor Intermodal Facility Retail Fund</b>	<b>Total Business-Type Activity Funds</b>	
<b>Current Liabilities:</b>				
Accounts Payable	5,934,154	6	5,934,160	416,953
Accrued Payables	603,188	-	603,188	-
Due to Other Funds	1,504,350	1,382	1,505,732	-
Compensated Absences	279,654	-	279,654	-
Accrued Interest Payable	1,231,706	-	1,231,706	-
Current Portion of Total OPEB Liability	1,404,697	-	1,404,697	-
Current Portion of Revolving Loans Payable	3,885,000	-	3,885,000	-
Current Portion of Warrants Payable	3,665,000	-	3,665,000	-
Total Current Liabilities	18,507,749	1,388	18,509,137	416,953
<b>Non-current Liabilities:</b>				
Warrants Payable, Net	125,965,432	-	125,965,432	-
Revolving Loans Payable	46,482,788	-	46,482,788	-
Total OPEB Liability	4,934,498	-	4,934,498	-
Unearned Revenue	32,045	-	32,045	-
Developer Deposits on Water Lines	1,994,050	-	1,994,050	-
Customer Deposits	3,397,737	-	3,397,737	-
Compensated Absences	832,290	-	832,290	-
Net Pension Liabilities	9,401,137	-	9,401,137	-
Workers' Compensation Claims	145,383	-	145,383	-
Outstanding Claims Liability	-	-	-	1,501,724
Total Non-current Liabilities	193,185,360	-	193,185,360	1,501,724
Total Liabilities	211,693,109	1,388	211,694,497	1,918,677
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Lease Receipts	-	13,374	13,374	-
Deferred Inflows from OPEB	2,033,695	-	2,033,695	-
Deferred Inflows from Pension	2,189,131	-	2,189,131	-
Deferred Gain on Debt Refunding	36,015	-	36,015	-
Total Deferred Inflows of Resources	4,258,841	13,374	4,272,215	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	286,403,936	-	286,403,936	-
Unrestricted	48,525,608	31,353	48,556,961	2,910,990
Total Net Position	\$ 334,929,544	\$ 31,353	334,960,897	\$ 2,910,990
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund			1,290,365	
Net Position of Business-Type Activities			\$ 336,251,262	

**CITY OF TUSCALOOSA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>Business-Type Activity</b>			
	<b>Water and Sewer Fund</b>	<b>NonMajor Intermodal Facility Retail Fund</b>	<b>Total Business-Type Activity Funds</b>	<b>Internal Service Fund</b>
Operating Revenues:				
Charges for Services	\$ 77,087,328	\$ -	\$ 77,087,328	\$ 21,618,665
Connection Fees	807,440	-	807,440	-
Cost Reimbursement	57,640	23,840	81,480	-
Other	5,441,966	46,172	5,488,138	-
Total Operating Revenues	<u>83,394,374</u>	<u>70,012</u>	<u>83,464,386</u>	<u>21,618,665</u>
Operating Expenses:				
Accounting and Finance	914,475	-	914,475	-
Office of the City Engineer	501,607	-	501,607	-
Information Technology	964,930	-	964,930	-
Damage Claims	14,969	-	14,969	-
Administration	1,094,792	-	1,094,792	-
Logistics and Asset Management	17,371,352	-	17,371,352	-
Infrastructure	9,904,960	-	9,904,960	-
Billing and Collections	2,214,254	-	2,214,254	-
Depreciation	12,114,935	-	12,114,935	-
Special Projects	1,434,310	-	1,434,310	-
Other	639,509	96,723	736,232	-
Insurance Claims and Expenses	-	-	-	21,889,182
Total Operating Expenses	<u>47,170,093</u>	<u>96,723</u>	<u>47,266,816</u>	<u>21,889,182</u>
Operating Income (loss)	<u>36,224,281</u>	<u>(26,711)</u>	<u>36,197,570</u>	<u>(270,517)</u>

*(Continued)*

**CITY OF TUSCALOOSA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>Business-Type Activity</b>			<b>Internal Service Fund</b>
	<b>Water and Sewer Fund</b>	<b>NonMajor Intermodal Facility Retail Fund</b>	<b>Total Business-Type Activity Funds</b>	
Non-Operating Revenues (Expenses):				
Interest Income	\$ 1,103,647	\$ 1,810	\$ 1,105,457	\$ 74,188
Interest and Fiscal Charges	(4,414,636)	-	(4,414,636)	-
Gain on Disposal	106	-	106	-
Total Non-Operating Revenues (Expenses)	<u>(3,310,883)</u>	<u>1,810</u>	<u>(3,309,073)</u>	<u>74,188</u>
Income (Loss) Before Contributions, Grants, and Transfers	32,913,398	(24,901)	32,888,497	(196,329)
Capital Contributions - Developers	3,080,252	-	3,080,252	-
Capital Grants	552,709	-	552,709	-
Transfers in	39,247	-	39,247	-
Transfers out	(9,022,103)	-	(9,022,103)	-
Change in Net Position	27,563,503	(24,901)	27,538,602	(196,329)
Total Net Position, Beginning of Year	<u>307,366,041</u>	<u>56,254</u>	<u>307,422,295</u>	<u>3,107,319</u>
Total Net Position, End of Year	<u>\$ 334,929,544</u>	<u>\$ 31,353</u>	<u>334,960,897</u>	<u>\$ 2,910,990</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			<u>(26,429)</u>	
Change in Net Position of Business-Type Activities			<u>\$ 27,512,173</u>	

CITY OF TUSCALOOSA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activity			Internal Service Fund
	Water and Sewer Fund	Nonmajor Intermodal Facility Retail Fund	Total Business-Type Activity Funds	
Cash flows from operating activities				
Receipts from customers and users	\$ 89,554,069	\$ 65,543	\$ 89,619,612	\$ -
Payments to suppliers	(21,024,169)	(103,687)	(21,127,856)	-
Payments to employees	(11,325,107)	-	(11,325,107)	-
Customer deposits	77,542	-	77,542	-
Receipts for health insurance	-	-	-	21,860,339
Payment of health insurance premiums	-	-	-	(23,876,710)
Net cash provided by (used in) operating activities	57,282,335	(38,144)	57,244,191	(2,016,371)
Cash flows from non-capital financing activities				
Transfer from other funds	39,247	-	39,247	-
Transfer to other funds	(9,022,103)	-	(9,022,103)	-
Loan to other funds	440,900	-	440,900	-
Repayment of loans from other funds	(7,279,589)	-	(7,279,589)	-
Net cash used in non-capital financing activities	(15,821,545)	-	(15,821,545)	-
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(25,419,773)	-	(25,419,773)	-
Proceeds from sale of capital assets	132,052	-	132,052	-
Interest paid on warrants	(4,046,245)	-	(4,046,245)	-
Federal grants	2,258,769	-	2,258,769	-
Warrants and State Revolving Fund payments	(11,010,000)	-	(11,010,000)	-
Proceeds from Warrants and State Revolving Fund drawdowns	78,807,486	-	78,807,486	-
Net cash provided by capital and related financing activities	42,272,072	-	42,272,072	-
Cash flows from investing activities				
Interest earned	1,105,995	1,810	1,107,805	74,188
Net cash provided by investing activities	1,105,995	1,810	1,107,805	74,188
Net increase (decrease) in cash and cash equivalents	84,838,857	(36,334)	84,802,523	(1,942,183)

(Continued)

**CITY OF TUSCALOOSA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Business-Type Activity			
	Water and Sewer Fund	Nonmajor Intermodal Facility Retail Fund	Total Business-Type Activity Funds	Internal Service Fund
Cash and cash equivalents, beginning of year				
Current assets	\$ 34,444,776	\$ 42,054	\$ 34,486,830	\$ 3,663,956
Restricted assets	30,671,267	-	30,671,267	-
Total cash and cash equivalents, beginning of year	65,116,043	42,054	65,158,097	3,663,956
Cash and cash equivalents, end of year				
Current assets	129,662,974	5,720	129,668,694	1,721,773
Restricted assets	20,287,961	-	20,287,961	-
Total cash and cash equivalents, end of year	\$ 149,950,935	\$ 5,720	\$ 149,956,655	\$ 1,721,773
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 36,224,281	\$ (26,711)	\$ 36,197,570	\$ (270,517)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	12,114,935	-	12,114,935	-
(Increase) decrease in operating assets:				
Accounts receivable	4,236,344	(7,637)	4,228,707	241,674
Leases	-	43,291	43,291	-
Inventory	1,071,640	-	1,071,640	-
Prepays	-	-	-	(204,160)
Unbilled water and sewer receivables	1,994,783	-	1,994,783	-
Due from other funds	-	-	-	(490,843)
Deferred outflows - pensions	571,997	-	571,997	-
Deferred outflows - OPEB	(151,487)	-	(151,487)	-

*(Continued)*

**CITY OF TUSCALOOSA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Business-Type Activity			Internal Service Fund
	Water and Sewer Fund	Nonmajor Intermodal Facility Retail Fund	Total Business-Type Activity Funds	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities (Continued):				
Increase (decrease) in operating liabilities:				
Accounts payable	\$ 1,512,379	\$ (6,964)	\$ 1,505,415	\$ 307,773
Accrued payables	55,180	-	55,180	-
Customer deposits	77,542	-	77,542	-
Due to other funds	-	-	-	(1,592,922)
Compensated absences	5,925	-	5,925	-
Developer deposits	(96,978)	-	(96,978)	-
Net pension liabilities	(2,503,351)	-	(2,503,351)	-
Total OPEB liability	(416,398)	-	(416,398)	-
Unearned revenue	(71,432)	-	(71,432)	-
Deferred inflows - leases	-	(40,123)	(40,123)	(7,376)
Deferred inflows - pensions	1,738,500	-	1,738,500	-
Deferred inflows - OPEB	918,389	-	918,389	-
Workers' compensation claims	86	-	86	-
Net cash provided by (used in) operating activities	<u>\$ 57,282,335</u>	<u>\$ (38,144)</u>	<u>\$ 57,244,191</u>	<u>\$ (2,016,371)</u>
Non-cash Capital and Financing Activities				
Capital assets transferred from governmental activities				
Donated capital assets	\$ 3,095,118	\$ -	\$ 3,095,118	\$ -
Net non-cash capital and financing activities	<u>\$ 3,095,118</u>	<u>\$ -</u>	<u>\$ 3,095,118</u>	<u>\$ -</u>

**CITY OF TUSCALOOSA**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2025**

	<b>Police Officers and Firefighters Supplemental Retirement Plan Fund</b>	<b>Custodial Funds</b>
<hr/>		
<b>ASSETS</b>		
<hr/>		
Cash and Cash Equivalents	\$ 1,242,880	\$ 11,577,716
Other Assets	-	25,000
Total Assets	<u>1,242,880</u>	<u>11,602,716</u>
<hr/>		
<b>LIABILITIES</b>		
<hr/>		
Accounts Payable	-	30,529
Total Liabilities	<u>-</u>	<u>30,529</u>
<hr/>		
<b>NET POSITION</b>		
<hr/>		
Restricted for pensions	\$ 1,242,880	\$ -
Restricted for Individuals, Organizations and Other Governments	-	11,572,187
Net Position of Fiduciary Activities	<u>1,242,880</u>	<u>11,572,187</u>

**CITY OF TUSCALOOSA**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>Police Officers and Firefighters Supplemental Retirement Plan Fund</b>	<b>Custodial Funds</b>
<b>Additions:</b> Employer Contributions Other contributions Interest Income Criminal and Civil Bonds  Total Additions	\$ - - 47,385 - <hr/> 47,385	\$ - 11,401,949 - 512,002 <hr/> 11,913,951
<b>Deductions:</b> Benefits Paid Administrative Plan Expenses Other Custodial Disbursements  Total Deductions	39,982 7,475 - <hr/> 47,457	- 4,549,607 528,244 <hr/> 5,077,851
Change in Fiduciary Net Position	(72)	6,836,100
Net Position, Beginning of Year	<u>1,242,952</u>	<u>4,736,087</u>
Net Position, End of Year	<u>\$ 1,242,880</u>	<u>\$ 11,572,187</u>

## **NOTES TO FINANCIAL STATEMENTS**

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# CITY OF TUSCALOOSA, ALABAMA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2025

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### 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 GAAP, 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, 2025, 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.

Separate financial statements for the Commission can be obtained from the Tuscaloosa Tourism and Sports Commission, Inc., PO Box 3167, Tuscaloosa, Alabama 35403.

## NOTES TO FINANCIAL STATEMENTS

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### 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.

Separate financial statements for the TPTA can be obtained from the Tuscaloosa County Parking and Transit Authority, 601 23<sup>rd</sup> Ave., Tuscaloosa, Alabama 35401.

#### 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. 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

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### 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. 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

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### 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 **American Rescue Plan Act ("ARPA") Fund** is used to account for funds received from the American Rescue Plan Act.

The **Elevate Fund** is used to account for various capital project initiatives.

The **River District Fund** is used to account for the operations and maintenance of the "River District" which includes the Amphitheater and River Market.

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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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** account for the acquisition of capital assets and construction or improvement of major capital projects such as construction of new roads.

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 **Custodial Funds** are used to account for the collection and disbursement of monies by the City on behalf of other governments and individuals. The City's Custodial Funds account for the Municipal Court and the SC Foundation.

The **Pension Trust Fund** is used to account for the assets of the City's Police and Firefighters Pension Plan. The fund accounts for the accumulation of resources (employee and employer contributions and investment income) to be used for retirement benefit payments to qualified City police officers and firefighters.

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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### D. Budgets and Budgetary Accounting (Continued)

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.

#### 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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

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### 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, infrastructure, and right-to-use leased assets, 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 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 assets lives are not capitalized.

## NOTES TO FINANCIAL STATEMENTS

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### 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.

The City reviews the carrying value of its capital assets and right to use 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 and amortization 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
Right-to-use lease equipment	5 – 15 years
Subscription based information technology arrangements	5 – 15 years
Water and sewer distribution systems	50 years
Vehicles	4 – 10 years

#### K. Leases

##### **Lessee**

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### K. Leases (Continued)

##### ***Lessee (Continued)***

Key estimates and judgments related to leases include how the City determines: 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

##### ***Lessor***

The City is a lessor for noncancellable leases of buildings. The City recognizes a lease receivable and deferred inflow of lease receipts in the Governmental Funds Balance Sheet and the government-wide financial statements. The City recognizes lease receivables with an initial, individual value of \$50,000 or more.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### K. Leases (Continued)

##### *Lessor (Continued)*

Key estimates and judgments related to leases include how the City determines: 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments:

- The City uses the interest rate as the discount rate. When the interest rate is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments and purchase option prices that the lessee is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred inflows of lease receipts are reported with other deferred inflows related to pension and other post-employment benefits and lease receivables are reported with current assets on the Statement of Net Position.

#### L. Subscription Based Information Technology Arrangements (“SBITA”)

The City has noncancellable Subscription Based Information Technology Arrangements (“SBITA”)’s of various IT software. The City recognizes an SBITA liability and an intangible right-to-use SBITA asset on the Statement of Net Position. The City recognizes SBITA’s with an initial, individual value of \$50,000 or more.

At the commencement of an SBITA, the City initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain implementation and conversion costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### L. Subscription Based Information Technology Arrangements (“SBITA”) (Continued)

Key estimates and judgments related to SBITA’s include how the City determines: 1) the discount rate it uses to discount the expected SBITA payments to present value, 2) the SBITA term, and 3) SBITA payments:

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City uses the ten year treasury rate at the SBITA inception date as the discount rate.
- The City term includes the noncancellable period of the SBITA. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option prices that the SBITA is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability. The City reports SBITA assets with capital assets and SBITA liabilities with long term liabilities on the Statement of Net Position.

#### M. 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 assets 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

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### M. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet 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 assets 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 the 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 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. Deferred inflows from lease receipts are reported in the Governmental Funds Balance Sheet as well as the government-wide Statement of Net Position. The City reports deferred inflows from lease receipts, and amortized into lease revenues over the remaining life of the lease.

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

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### N. 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.

#### O. 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 that is outstanding upon an employee’s termination. The proprietary fund reports the liability as it is incurred.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### P. 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:

- **Non-spendable** – Fund balances are reported as non-spendable 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

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### P. Fund Equity (Continued)

##### ***Fund Balance (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:
  - The General Fund's unassigned fund balance must be a minimum of 20% of the final prior fiscal year's General Fund operating budget.
  - The Capital Project Fund's assigned fund balance must be a minimum of 20% of the final prior fiscal year's Capital Project Fund operating budget.
  - The Water and Sewer Fund's unrestricted net position must be a minimum of 20% of the final current fiscal year's Water and Sewer Fund operating expenses.

***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 inflows 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

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Q. 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.

#### R. Management Estimates

The preparation of financial statements in conformity with GAAP 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.

#### S. 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 ("SAFE") Act. 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, 2025, 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, 2025, the City had the following investments:

Investment	Maturity			Credit Rating	Balance
	Less than 1 year	1-5 years	6-10 years		
Certificate of deposit	\$ 34,000,000	\$ -	\$ -	N/A	\$ 34,000,000

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

**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. The City has no recurring fair value measurements as of September 30, 2025.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. RECEIVABLES

#### Accounts Receivable

Receivables as of September 30, 2025, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Projects Fund	Elevate Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Nonmajor Enterprise Fund
Receivables	\$ 26,218,747	1,352,753	\$ 12,413,030	\$ 2,978	\$ 2,212,983	\$ 15,681,229	\$ 16,408
Lease receivable	4,236,653	-	-	-	-	-	14,887
Assessments receivable	-	-	-	-	-	3,228	-
Due from other governments	652,346	-	-	-	-	-	-
Loans receivable	-	-	-	-	2,057,038	-	-
Allowances	(661,608)	-	-	-	(746,929)	(696,007)	-
Net receivables	<u>\$ 30,446,138</u>	<u>\$ 1,352,753</u>	<u>\$ 12,413,030</u>	<u>\$ 2,978</u>	<u>\$ 3,523,092</u>	<u>\$ 14,988,450</u>	<u>\$ 31,295</u>

#### Lessor – Lease Receivable

The City is the lessor for various buildings as noted in Note 1. The City recognized \$148,507 as lease revenue for the year ended September 30, 2025.

#### Property Taxes

Property taxes were levied on behalf of the City by Tuscaloosa County on September 1, 2024, (levy date) based upon property values assessed as of October 1, 2023. The billings were mailed on September 1, 2024, and payable on or before December 31, 2024, for the fiscal year 2025 tax. Taxes not paid within 30 days of December 31, 2024, 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, 2025 was as follows:

	<b>Beginning Balance September 30, 2024</b>	<b>Additions</b>	<b>Transfers</b>	<b>Deletions</b>	<b>Ending Balance September 30, 2025</b>
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land	\$ 29,070,577	\$ -	\$ 1,682,917	\$ -	\$ 30,753,494
Equipment not in service	923,764	265,604	(231,276)	-	958,092
Construction in progress	156,378,325	60,535,093	(110,109,624)	-	106,803,794
Total capital assets not being depreciated	<u>186,372,666</u>	<u>60,800,697</u>	<u>(108,657,983)</u>	<u>-</u>	<u>138,515,380</u>
Capital assets, depreciable:					
Infrastructure	378,478,540	2,181,560	93,941,645	-	474,601,745
Buildings	135,671,844	280,583	14,485,062	(6,386,609)	144,050,880
Machinery and equipment	103,237,416	5,429,430	231,276	(1,198,664)	107,699,458
Lease assets - machinery and equipment	2,732,972	4,783,294	-	(2,732,972)	4,783,294
Subscription based IT arrangements	3,406,791	918,180	-	(251,927)	4,073,044
Total capital assets, depreciable	<u>623,527,563</u>	<u>13,593,047</u>	<u>108,657,983</u>	<u>(10,570,172)</u>	<u>735,208,421</u>
Less accumulated depreciation for:					
Infrastructure	173,858,953	7,745,915	-	-	181,604,868
Buildings	44,899,364	2,334,204	-	(537,037)	46,696,531
Machinery and equipment	69,211,536	7,465,373	-	(1,068,910)	75,607,999
Lease assets - machinery and equipment	1,178,786	869,076	-	(1,178,786)	869,076
Subscription based IT arrangements	1,449,260	662,974	-	(251,927)	1,860,307
Total accumulated depreciation	<u>290,597,899</u>	<u>19,077,542</u>	<u>-</u>	<u>(3,036,660)</u>	<u>306,638,781</u>
Total capital assets, being depreciated, net	<u>332,929,664</u>	<u>(5,484,495)</u>	<u>108,657,983</u>	<u>(7,533,512)</u>	<u>428,569,640</u>
Total capital assets, net as reported in the Statement of Net Position	<u>\$ 519,302,330</u>	<u>\$ 55,316,202</u>	<u>\$ -</u>	<u>\$ (7,533,512)</u>	<u>\$ 567,085,020</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. CAPITAL ASSETS (CONTINUED)

	Beginning Balance September 30, 2024	Additions	Deletions	Transfers	Ending Balance September 30, 2025
<b>Business-type activities:</b>					
Capital assets not being depreciated:					
Land	\$ 2,118,276	\$ -	\$ -	\$ -	\$ 2,118,276
Construction in progress	29,407,415	23,682,331	(2,095)	(7,655,678)	45,431,973
Total capital assets not being depreciated	<u>31,525,691</u>	<u>23,682,331</u>	<u>(2,095)</u>	<u>(7,655,678)</u>	<u>47,550,249</u>
Capital assets, depreciable:					
Buildings and system	563,059,232	4,114,803	(148,741)	7,655,678	574,680,972
Machinery and equipment	14,511,137	717,757	(147,558)	-	15,081,336
Total capital assets, depreciable	<u>577,570,369</u>	<u>4,832,560</u>	<u>(296,299)</u>	<u>7,655,678</u>	<u>589,762,308</u>
Less accumulated depreciation for:					
Buildings and system	238,706,652	11,377,402	(6,840)	-	250,077,214
Machinery and equipment	9,014,241	737,533	(159,608)	-	9,592,166
Total accumulated depreciation	<u>247,720,893</u>	<u>12,114,935</u>	<u>(166,448)</u>	<u>-</u>	<u>259,669,380</u>
Total capital assets, being depreciated, net	<u>329,849,476</u>	<u>(7,282,375)</u>	<u>(129,851)</u>	<u>7,655,678</u>	<u>330,092,928</u>
Business-type capital assets, net	<u>\$ 361,375,167</u>	<u>\$ 16,399,956</u>	<u>\$ (131,946)</u>	<u>\$ -</u>	<u>\$ 377,643,177</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. CAPITAL ASSETS (CONTINUED)

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

	<b>Current Year Depreciation and Amortization</b>
<b>Governmental Activities:</b>	
Depreciation:	
General government	\$ 1,844,642
Community service	9,841
Public works	7,845,381
Public safety	5,116,155
Culture and recreation	1,918,884
Economic development	810,589
	<u>\$ 17,545,492</u>
Amortization:	
General government	\$ 634,805
Culture and recreation	28,169
Public safety	869,076
	<u>\$ 1,532,050</u>
<b>Business-type activities:</b>	
Depreciation:	
Water and Sewer Fund	\$ 12,114,935

## 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, 2025 as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Warrants payable	\$ 232,680,000	\$ 83,870,000	\$ (7,380,000)	\$ 309,170,000	\$ 8,850,000
Plus: Premiums	11,772,346	200,618	(996,119)	10,976,845	-
Less: Discounts	(249,600)	(749,916)	20,138	(979,378)	-
Total warrants payable	<u>244,202,746</u>	<u>83,320,702</u>	<u>(8,355,981)</u>	<u>319,167,467</u>	<u>8,850,000</u>
Financed purchase obligations	1,890,666	-	(935,261)	955,405	955,405
Leases	1,554,186	4,783,294	(2,423,262)	3,914,218	910,815
Subscription based IT arrangements	1,957,331	918,180	(662,973)	2,212,538	746,739
Section 108 Loan	375,000	-	(150,000)	225,000	75,000
Installment purchase	736,158	-	(395,386)	340,772	170,386
Net pension liabilities	180,503,943	13,168,098	(27,164,945)	166,507,096	-
Total OPEB liability	43,923,381	6,403,825	(9,251,521)	41,075,685	9,251,521
Compensated absences	10,158,860	1,738,808	-	11,897,668	2,822,926
Claims payable	4,157,932	22,468,604	(22,325,102)	4,301,434	1,826,131
Governmental activities long-term liabilities	<u>\$ 489,460,203</u>	<u>\$ 132,801,511</u>	<u>\$ (71,664,431)</u>	<u>\$ 550,597,283</u>	<u>\$ 25,608,923</u>

Warrants payable, financed purchase obligations, leases, subscription based IT arrangements, section 108 loan, installment purchases, net pension liabilities, total OPEB liability, and claims payable are liquidated primarily by the General Fund and Capital Project Funds.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. LONG-TERM DEBT (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type Activities:</b>					
Warrants payable	\$ 58,930,000	\$ 73,965,000	\$ (7,215,000)	\$ 125,680,000	\$ 3,665,000
Plus: Premiums	2,548,986	1,564,649	(163,203)	3,950,432	-
Total warrants payable	<u>61,478,986</u>	<u>75,529,649</u>	<u>(7,378,203)</u>	<u>129,630,432</u>	<u>3,665,000</u>
Revolving loans	49,320,302	4,842,486	(3,795,000)	50,367,788	3,885,000
Net pension liabilities	11,904,488	743,482	(3,246,833)	9,401,137	-
Total OPEB liability	6,755,593	988,299	(1,404,697)	6,339,195	1,404,697
Compensated absences	1,106,019	5,925	-	1,111,944	279,654
Claims payable	<u>145,297</u>	<u>21,614</u>	<u>(21,528)</u>	<u>145,383</u>	<u>117,854</u>
Business-type activities long-term liabilities	<u>\$ 130,710,685</u>	<u>\$ 82,131,455</u>	<u>\$ (15,846,261)</u>	<u>\$ 196,995,879</u>	<u>\$ 9,352,205</u>

For business-type activities, 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, 2025 are as follows:

Warrant Series	Interest Rate	Outstanding
2014-A New Money	Variable	\$ 1,410,000
2014-C New Money	Variable	350,000
2016-A New Money	Variable	27,125,000
2016-B Refunding (2007-A and 2009)	3.25%	27,475,000
2019-A Refunding (2010-A)	Variable	7,335,000
2019-B Refunding (2012-A, 2014-A, 2014-C)	Variable	11,165,000
2020-B Refunding and New Money	Variable	2,415,000
2020-A New Money	Variable	49,720,000
2022-A New Money	Variable	37,305,000
2022-C New Money	Variable	60,945,000
2023 New Money	Variable	55,000
2025-A New Money	Variable	67,830,000
2025-C New Money	Variable	16,040,000
		<u>\$ 309,170,000</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5. LONG-TERM DEBT (CONTINUED)

#### General Obligation Warrants (Continued)

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. In 2020, a portion of these bonds were refunded with the Series 2019-B.

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. In 2020, a portion of these bonds were refunded with the Series 2019-B.

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.

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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5. LONG-TERM DEBT (CONTINUED)

#### General Obligation Warrants (Continued)

During 2020, the City issued \$13,315,000 of Series 2019-A general obligation warrants. The 2019-A warrants were issued to refund \$13,285,000 of the \$13,285,000 in aggregate principal amount of the Series 2010-A warrants, maturing on and thereafter January 1, 2039. The warrants, which bear interest at rates from 3.0% to 5.0%, mature July 1, 2031. The refunding transaction undertaken by the City resulted in aggregate debt service savings of \$1,862,611 and an economic gain (net present value of the aggregate debt service savings) of \$1,864,446.

During 2020, the City issued \$38,715,000 of Series 2019-B general obligation warrants, of which governmental activities received \$10,790,000. The 2019-B warrants were issued to: 1) refund \$12,230,000 of the \$22,975,000 in aggregate principal amount of the Series 2012-A water and sewer warrants, 2) refund \$7,970,000 of the \$25,680,000 in aggregate principal amount of the Series 2012-B warrants (including water and sewer portion), 3) refund \$8,670,000 of the \$17,555,000 in aggregate principal amount of the Series 2014-A governmental activities warrants, 4) refund \$3,845,000 of the \$9,410,000 in aggregate principal amount of the Series 2014-C warrants (including water and sewer portion), and 5) to fund various municipal improvements within the limits of the City. The warrants, which bear interest at rates from 1.867% to 3.15%, mature April 1, 2039. The refunding transaction undertaken by the City resulted in debt service savings of \$1,829,145 and an economic gain (net present value of the aggregate debt service savings) of \$1,702,184.

During 2021, the City issued \$14,170,000 of Series 2020-B general obligation warrants, of which governmental activities and business-type activities received \$2,535,000 and 11,635,000, respectively. The 2020-B warrants were issued to refund \$12,915,000 of the \$15,935,000 in aggregate principal amount of the Series 2012-B warrants (including water and sewer portion). The warrants, which bear interest at rates from 0.430% to 2.43%, mature July 1, 2035. The refunding transaction undertaken by the City resulted in debt service savings of \$552,289 and an economic gain (net present value of the aggregate debt service savings) of \$668,322.

During 2021, the City issued \$53,920,000 of Series 2020-A general obligation warrants. The 2020-A warrants were issued to fund various capital projects such as: 1) road improvements, 2) parks and recreation improvements, and 3) river-walk infrastructure improvements. The warrants, which bear interest at rates from 3.0% to 4.0%, mature October 1, 2050.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5. LONG-TERM DEBT (CONTINUED)

#### General Obligation Warrants (Continued)

During 2022, the City issued \$39,590,000 of Series 2022-A general obligation warrants. The 2022-A warrants were issued to fund various capital projects such as: 1) road improvements, and 2) parks and recreation improvements. The warrants, which bear interest at rates from 3.0% to 5.0%, mature June 1, 2052.

During 2022, the City issued \$62,885,000 of Series 2022-C general obligation warrants. The 2022-C warrants were issued to fund various capital projects such as: 1) road improvements, and 2) related infrastructure. The warrants, which bear interest at rates from 4.125% to 5.0%, mature October 1, 2052.

During 2024, the City issued \$4,000,000 of Series 2023 general obligation warrant. The 2023 warrant was issued to fund various capital projects such as: 1) road improvements, and 2) related infrastructure. The warrant is in the drawdown phase as of June 30, 2024. Repayment will be determined when construction has been completed and all drawdowns have been made. This note is, therefore, not included in the maturity schedule shown on the following page.

During 2025, the City issued \$67,830,000 of Series 2025-A general obligation warrants. The 2025-A warrants were issued to fund various capital projects such as: 1) an approximate 115,000 square-foot science, technology, engineering, and math discovery center, 2) a museum, 3) a theater, and 4) related equipment and improvements. The warrants, which bear interest at rates from 4.266% to 5.818%, mature August 1, 2055.

During 2025, the City issued \$16,040,000 of Series 2025-C general obligation warrants. The 2025-C warrants were issued to fund various capital projects such as: 1) improvements at Bowers Park, including a pickleball center, 2) improvements at Odom Park, and 3) roadway and infrastructure improvements to the University Boulevard corridor. The warrants, which bear interest at rates from 4.250% to 5.000%, mature August 1, 2055.

**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:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 8,850,000	\$ 13,452,969	\$ 22,302,969
2027	9,185,000	13,130,304	22,315,304
2028	9,565,000	12,742,802	22,307,802
2029	9,975,000	12,337,980	22,312,980
2030	10,390,000	11,924,579	22,314,579
2031 – 2035	52,440,000	53,330,017	105,770,017
2036 – 2040	53,920,000	42,302,894	96,222,894
2041 – 2045	53,590,000	30,658,689	84,248,689
2046 – 2050	58,510,000	18,138,936	76,648,936
2051 – 2055	42,690,000	5,344,451	48,034,451
Total	<u>\$ 309,115,000</u>	<u>\$ 213,363,621</u>	<u>\$ 522,478,621</u>

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. LONG-TERM DEBT (CONTINUED)**

**Section 108 Loan**

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

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

<b>Year ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 75,000	\$ 16,298	\$ 91,298
2027	75,000	13,140	88,140
2028	75,000	9,930	84,930
Total	\$ 225,000	\$ 39,368	\$ 264,368

## NOTES TO FINANCIAL STATEMENTS

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### 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 15<sup>th</sup>, with the final payment due October 15, 2026. The future debt service requirements for the installment purchase are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 170,386	\$ -	\$ 170,386
2027	170,386	-	170,386
Total	<u>\$ 340,772</u>	<u>\$ -</u>	<u>\$ 340,772</u>

#### Financed Purchases

The City has entered into financed purchase agreements 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 agreements have been recorded at the present value of the future minimum payments as of the date of their inception. The agreements are for periods ranging from five to ten years, and bear interest at rates ranging from 3.00% to 4.00%.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. LONG-TERM DEBT (CONTINUED)**

**Financed Purchases (Continued)**

At September 30, 2025, the Debt Service requirements for financed purchases are as follows:

<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 955,405	\$ 20,596	\$ 976,001
Total	\$ 955,405	\$ 20,596	\$ 976,001

**Leases**

The City entered into lease agreements as lessee for the use of equipment ranging from four to five years. As of September 30, 2025, the value of the lease liability was \$3,914,218. Interest is calculated at a rate of 4.7% on all leases. The right-of-use assets have a useful life of five years. The value of the right-to-use assets as of the end of the current fiscal year were \$4,783,294 and had accumulated amortization of \$869,076.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2025 are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 910,815	\$ 164,514	\$ 1,075,329
2027	954,557	120,772	1,075,329
2028	1,000,401	74,928	1,075,329
2029	1,048,445	26,883	1,075,328
Total	\$ 3,914,218	\$ 387,097	\$ 4,301,315

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. LONG-TERM DEBT (CONTINUED)

#### Subscription Based Information Technology Arrangements (“SBITA”)

The City entered into SBITAs for periods between one and six years as for the use of certain information technology items. As of September 30, 2025, the value of the SBITAs was \$2,212,538. Interest is calculated at a rate of 4.7% on all SBITAs. The SBITAs have a useful life of five years. The value of the SBITAs as of the end of the current fiscal year were \$4,073,044 and had accumulated amortization of \$1,860,307.

Principal and interest requirements to maturity for the SBITA’s as of September 30, 2025 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 746,739	\$ 87,811	\$ 834,550
2027	567,329	55,242	622,571
2028	480,852	31,851	512,703
2029	225,048	14,294	239,342
2030	153,703	4,979	158,682
2031	38,867	611	39,478
Total	<u>\$ 2,212,538</u>	<u>\$ 194,788</u>	<u>\$ 2,407,326</u>

**NOTES TO FINANCIAL STATEMENTS**

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**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, 2025 are as follows:

<b>Warrant Series</b>	<b>Interest Rate</b>	<b>Outstanding</b>
2014-C GO Warrant	2.00 – 5.00%	\$ 1,595,000
2019-B Refunding (2012-A, 2014-A, 2014-C)	Variable	5,830,000
2020-B Refunding and New Money	Variable	11,055,000
2022-B GO Warrant	Variable	33,235,000
2025-B GO Warrant	Variable	73,965,000
		<u>\$ 125,680,000</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5. LONG-TERM DEBT (CONTINUED)

#### Water and Sewer Warrants (Continued)

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 2.00% to 5.00%, mature January 1, 2035. In 2020, a portion of these bonds were refunded with the Series 2019-B.

During 2020, the City issued \$38,715,000 of Series 2019-B general obligation warrants, of which \$25,255,000 were designated to refund various water and sewer warrants as disclosed above. The warrants, which bear interest at rates from 1.867% to 3.15%, mature April 1, 2039.

During 2021, the City issued \$14,170,000 of Series 2020-B general obligation warrants, of which governmental activities and business-type activities received \$2,535,000 and 11,635,000, respectively. The 2020-B warrants were issued to refund \$12,915,000 of the \$15,935,000 in aggregate principal amount of the Series 2012-B warrants (including water and sewer portion). The warrants, which bear interest at rates from 0.430% to 2.43%, mature July 1, 2035. The refunding transaction undertaken by the City resulted in debt service savings of \$552,289 and an economic gain (net present value of the aggregate debt service savings) of \$668,322.

During 2022, the City issued \$35,225,000 of Series 2022-B general obligation warrants. The 2022-B warrants were issued to fund various capital improvements to the City's water and sewer system. The warrants, which bear interest at rates from 3.0% to 5.0%, mature June 1, 2052.

During 2025, the City issued \$73,965,000 of Series 2025-B general obligation warrants. The 2025-B warrants were issued to fund various capital projects such as: 1) capital improvements to the water and sewer systems owned and operated by the City, and 2) payment for a portion of the costs of issuance of the warrants. The warrants, which bear interest at rates from 4.625% to 5.250%, mature August 1, 2055.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. LONG-TERM DEBT (CONTINUED)**

**Water and Sewer Warrants (Continued)**

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

<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 3,665,000	\$ 5,442,471	\$ 9,107,471
2027	3,530,000	5,575,513	9,105,513
2028	3,665,000	3,883,917	7,548,917
2029	3,815,000	5,303,333	9,118,333
2030	3,945,000	5,169,924	9,114,924
2031 – 2035	21,955,000	23,583,481	45,538,481
2036 – 2040	15,520,000	19,545,856	35,065,856
2041 – 2045	19,780,000	15,287,913	35,067,913
2046 – 2050	25,050,000	10,024,171	35,074,171
2051 – 2055	24,755,000	3,538,731	28,293,731
Total	<u>\$ 125,680,000</u>	<u>\$ 97,355,310</u>	<u>\$ 223,035,310</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, 2025 are as follows:

Description	Interest Rate	Outstanding
2013 State Revolving Fund Drinking Water	1.60%	\$ 505,000
2016 State Revolving Fund Drinking Water	2.20%	3,839,996
2016 State Revolving Fund Clean Water	2.20%	14,135,000
2019 State Revolving Fund Drinking Water	2.20%	14,405,000
2019 State Revolving Fund Clean Water	2.20%	6,668,539
2023 State Revolving Fund Clean Water	1.99%	10,814,253
		\$ 50,367,788

**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:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 3,885,000	\$ 1,076,884	\$ 4,961,884
2027	3,455,000	1,145,520	4,600,520
2028	3,525,000	1,071,072	4,596,072
2029	3,595,000	995,116	4,590,116
2030	3,675,000	863,542	4,538,542
2031 – 2035	19,615,000	3,364,055	22,979,055
2036 – 2040	16,970,000	1,254,217	18,224,217
2041 – 2045	3,530,000	141,390	3,671,390
Total	<u>\$ 58,250,000</u>	<u>\$ 9,911,796</u>	<u>\$ 68,161,796</u>

During 2024, the City entered into a SRF agreement. The SRF is in the drawdown phase as of June 30, 2025. However, the City has agreed to begin making principal before the drawdown has been completed. The maturity schedule contains the agreed upon payment plan even though the City has more to draw down.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2025 was as follows:

Due to/from other funds:

Receivable fund	Payable fund	Amount
General Fund	Capital Projects Fund	\$ 1,699,553
General Fund	American Resucue Plan Act Fund	1,135
General Fund	Elevate Fund	5,863,815
General Fund	River District Fund	990,950
General Fund	Nonmajor Governmental Funds	1,079,910
General Fund	Nonmajor Enterprise Fund	1,382
General Fund	Water and Sewer Fund	1,465,350
		<u>\$ 11,102,095</u>
Capital Projects Fund	General Fund	\$ 9,738,927
Capital Projects Fund	Elevate Fund	69,418
		<u>\$ 9,808,345</u>
River District Fund	General Fund	\$ 486,342
River District Fund	Elevate Fund	1,500,000
		<u>\$ 1,986,342</u>
Elevate Fund	General Fund	\$ 4,944,229
Elevate Fund	Capital Projects Fund	2,238,829
		<u>\$ 7,183,058</u>
Nonmajor Governmental Funds	General Fund	\$ 1,141,094
Nonmajor Governmental Funds	Capital Projects Fund	31,101
Nonmajor Governmental Funds	Nonmajor Governmental Funds	5,789
		<u>\$ 1,177,984</u>
Nonmajor Enterprise Fund	General Fund	\$ 9,100
		<u>\$ 9,100</u>
Water and Sewer Fund	General Fund	\$ 245,386
Water and Sewer Fund	Capital Projects Fund	2,586
Water and Sewer Fund	Nonmajor Governmental Funds	5,395
		<u>\$ 253,367</u>
Internal Service Fund	General Fund	\$ 1,271,812
Internal Service Fund	Water and Sewer Fund	39,000
		<u>\$ 1,310,812</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.

Interfund transfers for the year ended September 30, 2025 were as follows:

Transfers In	Transfers Out	Amount
General Fund	Capital Projects Fund	\$ 1,800,000
General Fund	Elevate Fund	10,863,815
General Fund	River District Fund	990,950
General Fund	Nonmajor Governmental Funds	1,145,894
General Fund	Water and Sewer Fund	9,022,103
		\$ 23,822,762
Capital Projects Fund	General Fund	\$ 9,738,927
Capital Projects Fund	Nonmajor Governmental Funds	77,933
Capital Projects Fund	Elevate Fund	82,679,662
		\$ 92,496,522
River District Fund	General Fund	\$ 1,721,303
River District Fund	Elevate Fund	1,500,000
		\$ 3,221,303
Elevate Fund	General Fund	\$ 140,000
		\$ 140,000
Nonmajor Governmental Funds	General Fund	\$ 1,421,327
Nonmajor Governmental Funds	Capital Projects Fund	31,101
		\$ 1,452,428
Water and Sewer Fund	Nonmajor Governmental Funds	\$ 39,247
		\$ 39,247

Transfers are primarily used to move resources from the Elevate and General Funds to the Capital Projects Fund to provide funding for the City's multi-year infrastructure, public safety, and facility improvement programs. Additionally, the Elevate and Water and Sewer Funds transferred resources to the General Fund to reimburse for shared administrative costs and support general operations. Other transfers were utilized throughout the year to eliminate temporary operating deficits and satisfy various budgetary requirements.

## NOTES TO FINANCIAL STATEMENTS

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### 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 fire and police officers. The Tuscaloosa Police Officers and Firefighters Supplemental Retirement Plan is a single-employer defined benefit plan covering all fire and police officers 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 financial 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	\$ 498,756	\$ 289,117	\$ 17,848	\$ 215,542
Employees' Retirement System of Alabama Retirement Plan for Hourly Employees of the City of Tuscaloosa	38,525,751	14,243,665	9,844,397	5,084,158
	625,426	-	1,659	104,397
Tuscaloosa Police Officers and Firefighters	136,258,300	10,742,622	1,693,328	10,059,796
	<u>\$ 175,908,233</u>	<u>\$ 25,275,404</u>	<u>\$ 11,557,232</u>	<u>\$ 15,463,893</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 police officers 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 the 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 a 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 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, 2024, pension plan membership consisted of the following:

Active employees		6
Retired members		5
Total		11

**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, 2025, the actuarially determined contribution was \$322,669. There were no member contributions as of September 30, 2025. The City’s average contribution rate as a percent of covered employee payroll was 42.98%. The actuarially determined contribution rate was calculated as of December 31, 2024, the date of the actuarial valuation.

**Net Pension Liability of the City.** The City’s net pension liability was measured as of December 31, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. 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, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.75% to 9.00%, including inflation
Investment rate of return	4.04%, net of pension plan investment expense, including inflation

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7. PENSION PLAN (CONTINUED)

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

**Actuarial Assumptions (Continued).** Mortality rates for the period after service retirement are according to the gender specific PUB-2010 Headcount Safety Table using the generational mortality MP-2021 mortality improvement projections scale.

The actuarial assumptions have not performed an experience study.

**Investment Return Assumptions.** Since the current investment policy allocates 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 4.04%. This is a decrease in the discount used in the prior measurement period, which was 3.38%. 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, 2024 were as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Beginning Balance</b>	\$ 1,471,498	\$ 925,824	\$ 545,674
<b>Changes for the year:</b>			
Interest	49,061	-	49,061
Differences between expected and actual experience	380,402	-	380,402
Changes in assumptions	(116,584)	-	(116,584)
Contributions – employer	-	316,045	(316,045)
Net investment income	-	43,752	(43,752)
Benefit payments, including refunds of employee contributions	(39,982)	(39,982)	-
Administrative expense	-	-	-
<b>Net changes</b>	<u>272,897</u>	<u>319,815</u>	<u>(46,918)</u>
<b>Ending Balance</b>	<u>\$ 1,744,395</u>	<u>\$ 1,245,639</u>	<u>\$ 498,756</u>

## 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 (Continued).** The plan's fiduciary net position as a percentage of the total pension liability is 71.41%.

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 4.04%, as well as what the City's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (3.04%) or 1-percentage-point higher (5.04%) than the current rate:

	1% Decrease (3.04%)	Current Discount Rate (4.04%)	1% Increase (5.04%)
City's net pension liability	\$ 681,025	\$ 498,756	\$ 345,760

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, 2024 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, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** For the year ended September 30, 2025, the City recognized pension expense of \$215,542. At September 30, 2025, the City reported deferred outflows of resources and *deferred inflows of resources* related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 39,790	\$ -
Changes of assumptions	-	17,848
Net difference between projected and actual earnings on plan investments	21,549	-
Employer contributions subsequent to the measurement date	227,778	-
	\$ 289,117	\$ 17,848

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. PENSION PLAN (CONTINUED)

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

**Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued).** City contributions subsequent to the measurement date of \$227,778 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, 2026. Other amounts reported as deferred outflows of resources and *deferred inflows of resources* related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2026	\$ 32,890
2027	7,615
2028	4,544
2029	(1,558)
	<u>\$ 43,491</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](http://www.rsa-al.gov).

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

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### 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. Pre-retirement 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 304 cities, 65 counties, and 511 other public entities. As of September 30, 2024, the measurement date for the plan, the City of Tuscaloosa employee membership includes 1,337 participants as shown below:

Retired members or their beneficiaries	
currently receiving benefits	386
Vested inactive members	31
Non-vested inactive members	169
Active members	791
Total	1,377

**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. Effective October 1, 2020, Tier 2 covered members of the ERA are provided with Tier 1 retirement benefits as approved by the ERS and contribute 7.5% of earnable compensation to 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, 2025, the City of Tuscaloosa active employee contribution rate for Tier 1 and Tier 2 employees was 5.00% and 7.5% of covered employee payroll, respectively. The City of Tuscaloosa's average contribution rate to fund the normal and accrued liability costs was 6.25% of covered employee payroll (Tier 1 at 5.00% and Tier 2 at 7.50%).

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7. PENSION PLAN (CONTINUED)

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

**Contributions (Continued).** The City of Tuscaloosa's contractually required contribution rate for the year ended September 30, 2025 was 13.57% of pensionable pay for Tier 1 employees, and 12.60% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2026, 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, 2025 was \$4,141,533.

**Net Pension Liability of the City.** The City of Tuscaloosa's net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2023 rolled forward to September 30, 2024 using standard roll-forward techniques.

**Actuarial Assumptions.** The total pension liability in the September 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25% to 6.00%, including inflation
Investment rate of return	7.45%, 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, 2024 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, 2020. The Board of Control accepted and approved these changes September 2021, which became effective at the beginning of fiscal year 2021.

## 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:

	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return*</b>
Fixed Income	15.00%	2.80%
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 Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	100.00%	

\*Includes assumed rate of inflation of 2.00%

## NOTES TO FINANCIAL STATEMENTS

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### 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, 7.45%. 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, 2025 were as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Beginning Balance</b>	\$ 162,103,582	\$ 112,755,058	\$ 49,348,524
<b>Changes for the year:</b>			
Service cost	4,178,225	-	4,178,225
Interest	11,706,720	-	11,706,720
Changes in benefit terms	-	-	-
Differences between expected and actual experience	4,325,665	-	4,325,665
Contributions – employer	-	4,141,533	(4,141,533)
Contributions – employee	-	3,381,185	(3,381,185)
Net investment income	-	23,510,665	(23,510,665)
Benefit payments, including refunds of employee contributions	(9,932,807)	(9,932,807)	-
Transfers among employers	(436,867)	(436,867)	-
<b>Net changes</b>	<b>9,840,936</b>	<b>20,663,709</b>	<b>(10,822,773)</b>
<b>Ending Balance</b>	<b>\$ 171,944,518</b>	<b>\$ 133,418,767</b>	<b>\$ 38,525,751</b>

**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 (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 7.45%, 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 (6.45%) or 1-percentage-point higher (8.45%) than the current rate:

	<b>1% Decrease (6.45%)</b>	<b>Current Discount Rate (7.45%)</b>	<b>1% Increase (8.45%)</b>
City's net pension liability	\$ 59,759,743	\$ 38,525,751	\$ 20,785,328

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, 2023 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, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended September 30, 2025, the City recognized pension expense of \$5,084,158. At September 30, 2025, the City reported deferred outflows of resources and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 6,753,453	\$ 1,098,828
Changes of assumptions	2,198,274	-
Net difference between projected and actual earnings on plan investments	-	8,745,569
Employer contributions subsequent to the measurement date	5,291,938	-
	\$ 14,243,665	\$ 9,844,397

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. PENSION PLAN (CONTINUED)

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

**Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued).** City contributions subsequent to the measurement date of \$5,291,938 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, 2026. Other amounts reported as deferred outflows of resources and *deferred inflows of resources* related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2026	\$ 108,753
2027	2,714,207
2028	(2,465,771)
2029	(1,970,804)
2030	720,945
	\$ (892,670)

#### 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, 2024, pension plan membership consisted of the following:

Active vested employees	9
Terminated/transferred vested employees	46
Retired members (pending annuity purchase)	36
Total	91

**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, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of November 1, 2024.

**Actuarial Assumptions.** The total pension liability in the September 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.34%
Salary increases	N/A
Investment rate of return	3.00%, net of pension plan investment expense, including inflation

Mortality rates were based on Public 2016 General Mortality Tables (amount-weighted) with generational mortality improvement based on MP-2021.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. PENSION PLAN (CONTINUED)**

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

**Actuarial Assumptions (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:

	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Fixed Income	100.00%	2.34%
Total	100.00%	

**Discount Rate.** The discount rate used to measure the total pension liability was 3.00%. 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, 2025 were as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Beginning Balance</b>	\$ 2,943,241	\$ 1,931,971	\$ 1,011,270
<b>Changes for the year:</b>			
Interest	86,876	-	86,876
Differences between expected and actual experience	53,532	-	53,532
Changes in assumptions	(1,448)	-	(1,448)
Contributions – employer	-	485,997	(485,997)
Net investment income	-	71,180	(71,180)
Benefit payments, including refunds of employee contributions	(95,418)	(95,418)	-
Administrative expense	-	(32,373)	32,373
<b>Net changes</b>	<b>43,542</b>	<b>429,386</b>	<b>(385,844)</b>
<b>Ending Balance</b>	<b>\$ 2,986,783</b>	<b>\$ 2,361,357</b>	<b>\$ 625,426</b>

**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 (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 3.00%, 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 (2.00%) or 1-percentage-point higher (4.00%) than the current rate:

	<b>1% Decrease (2.00%)</b>	<b>Current Discount Rate (3.00%)</b>	<b>1% Increase (4.00%)</b>
City’s net pension liability	\$ 961,054	\$ 625,426	\$ 347,350

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, 2025 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, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended September 30, 2025, the City recognized pension expense of \$104,397. At September 30, 2025, the City reported deferred outflows of resources and *deferred inflows of resources* related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on plan investments	\$ -	\$ 1,659
	\$ -	\$ 1,659

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

<b>Year Ending September 30,</b>	<b>Amount</b>
2026	\$ (1,016)
2027	(240)
2028	(49)
2029	(354)
	\$ (1,659)

## NOTES TO FINANCIAL STATEMENTS

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### 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 fire and police officers. 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 fire and police officers. 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 \$1,080 and a maximum of \$2,009 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)

**Benefits Provided (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:

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

Non-service related disability retirement benefits are payable to any member who becomes temporarily disabled for longer than 15 days and who is not on the regular payroll. Benefits received are \$109.18 per week for up to 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/her contribution less one-half of any sick benefits, which have been paid.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7. PENSION PLAN (CONTINUED)

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

**Plan Membership.** As of January 1, 2024, pension plan membership consisted of the following:

Active employees	484
Inactive members or their beneficiaries currently receiving benefits	424
Total	<u>908</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, 2024 was 16.50% of covered employee payroll.

The City's contractually required contribution rate for the year ended September 30, 2025 was 16.50% of members' base salaries. These required contribution rates are based upon the actuarial valuation dated January 1, 2024, 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, 2025 was \$8,223,557. Actuarially determined contributions measured as of December 31, 2024 to the pension plan from the City was \$8,223,557.

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

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### 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, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025. 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 January 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	January 1, 2024
Actuarial cost method	Entry age normal
Inflation	2.40%
Salary increases	3.75% to 9.00%, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates for the period after service retirement are according to the gender specific PUB-2010 Headcount Safety Table using the generational MP-2021 mortality improvement projections scale.

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
Equities	56.00%	6.65%
Fixed Income	35.00%	2.60%
Alternatives	6.00%	4.94%
Cash	3.00%	1.00%
Total	100.00%	

**Discount Rate.** The discount rate used to measure the total pension liability was the long-term rate of return, 6.75%. 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, 2024 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Beginning Balance</b>	\$ 213,238,692	\$ 71,735,729	\$ 141,502,963
<b>Changes for the year:</b>			
Service cost	4,124,304	-	4,124,304
Interest	13,929,507	-	13,929,507
Changes in assumption	-	-	-
Differences between expected and actual experience	(1,130,150)	-	(1,130,150)
Refund of contributions	(553,667)	(553,667)	-
Contributions – employer	-	8,223,557	(8,223,557)
Contributions – employee	-	6,486,756	(6,486,756)
Contributions – other	-	669,194	(669,194)
Net investment income	-	6,856,397	(6,856,397)
Benefit payments, including refunds of employee contributions	(13,197,586)	(13,197,586)	-
Administrative expense	-	(67,580)	67,580
<b>Net changes</b>	<b>3,172,408</b>	<b>8,417,071</b>	<b>(5,244,663)</b>
<b>Ending Balance</b>	<b>\$ 216,411,100</b>	<b>\$ 80,152,800</b>	<b>\$ 136,258,300</b>

## 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 (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 6.75%, 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 (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City's net pension liability	\$ 160,604,583	\$ 136,258,300	\$ 115,868,699

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, 2024 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, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** For the year ended September 30, 2025, the City recognized pension expense of \$10,059,796. At September 30, 2025, the City reported deferred outflows of resources and *deferred inflows of resources* related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 757,953	\$ 1,471,033
Changes in assumptions	2,867,551	222,295
Net difference between projected and actual earnings on plan investments	1,017,485	-
Employer contributions subsequent to the measurement date	6,099,633	-
	\$ 10,742,622	\$ 1,693,328

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 7. PENSION PLAN (CONTINUED)**

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

***Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued).*** City contributions subsequent to the measurement date of \$6,099,633 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, 2026. Other amounts reported as deferred outflows of resources and *deferred inflows of resources* related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2026	\$ 3,878,551
2027	1,836,413
2028	(1,867,787)
2029	(650,468)
Thereafter	(247,048)
	\$ 2,949,661

## 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, 2025:

<b>General Fund:</b>	
General Government:	
Mayor and City Clerk	63,038
Public Works:	
Public Works Administration	9,439
Environmental Services	111,550
Construction, Facilities and Grounds	396,892
Public Works - Traffic	211,195
Public Safety:	
Fire and Rescue	580,020
Culture and Recreation:	
Amphitheater	4,946,518
Funds to Other Agencies:	
Hope Summer Jobs	10,000
Tuscaloosa County Parks and Recreation Authority	596
Tuscaloosa Transit Authority	30,473
Cost Sharing Arrangements	44,527
Other	1,103
Principal	3,086,235
Warrant Issue Costs	676
<b>Water and Sewer Fund:</b>	
Accounting and Finance	446,475
Information Technology	7,359
Billing and Collections	155,498
Other	493,309
Depreciation	3,114,935

These over expenditures were funded by greater than anticipated revenues.

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2025, 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.

#### **Metro Animal Shelter, Inc.**

Effective October 1, 2024, the City of Tuscaloosa, City of Northport, and Tuscaloosa County extended its agreement for an additional five years to fund the operations of the Metro Animal Shelter, Inc. in the following amounts: year one \$1,604,725, year two \$1,669,148, year three \$1,718,472, year four \$1,776,795, and year five \$1,817,118. The participants pro-rata share of the Shelter are City of Tuscaloosa (44%), City of Northport (14%), and Tuscaloosa County (42%) for all five years. The City of Tuscaloosa's annual share is as follows: year one \$706,079, year two \$734,425, year three \$756,128, year four \$781,790, and year five \$799,532.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. RELATED PARTIES

The following related party transactions occurred during the year ended September 30, 2025.

The City expended \$8,931 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 is 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 total amount expended to the Tuscaloosa Housing Authority was 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 \$26,359.

Although the City Council is responsible for appointing the members of the Tuscaloosa Housing Authority Board, 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 \$897,204 to the Tuscaloosa Parking and Transit Authority, a component unit, for agency funding, shuttle services, and various other operating expenses. The City was reimbursed \$366,336 for auto fuel, maintenance, cleaning services, security and other operating costs. The City expended \$1,743,615 to the Tuscaloosa Tourism and Sports Commission, a component unit, for agency funding and various tourism related events.

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2025, the City has contractual commitments on uncompleted contracts of approximately \$130,657,926.

#### 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 \$1,053,330, the Capital Projects Fund of \$71,545,160, the American Rescue Plan Act Fund of \$263,298, the Elevate Fund of \$32,219,917, the River District Fund of \$75,171, other governmental funds of \$4,927,763 and the Water and Sewer Fund of \$21,301,983 as of September 30, 2025.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12. RISK MANAGEMENT

The City is exposed to risk in the form of health claims, workers' 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 \$250,000 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 \$1,501,724 at September 30, 2025 is based on the requirements of the GASB 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, 2025 and 2024 were as follows:

	Fiscal Year Ended	
	September 30, 2025	September 30, 2024
Unpaid claims, beginning of year	\$ 1,509,100	\$ 1,099,500
Incurred claims (including IBNR)	22,135,559	20,712,033
Claims paid	(22,142,935)	(20,302,433)
Unpaid claims, end of year	\$ 1,501,724	\$ 1,509,100

#### Workers' Compensation Claims

The City accounts for and finances the cost of workers' compensation claims paid for City employees in the General Fund and the Water and Sewer Enterprise Fund. The City retains the risk for the first \$1,250,000 per person, per accident or disease, per year, and purchases commercial insurance for claims in excess of \$1,250,000 up to \$10,000,000 per person, per accident or disease, per claim. 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, 2025 of \$2,945,022 is based on the requirements of GASB Statement 10, as explained above. The carrying value is calculated using an interest rate of 1.2%. Of the above amount, \$145,383 is reported in the Water and Sewer Enterprise Fund. The balance, \$2,799,710, 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.

## 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, 2025 and 2024 were as follows:

	Fiscal Year Ended	
	September 30, 2025	September 30, 2024
Unpaid claims, beginning of year	\$ 2,794,129	\$ 2,812,195
Incurred claims (including IBNR)	352,588	240,329
Claims paid	(201,624)	(258,395)
Unpaid claims, end of year	\$ 2,945,093	\$ 2,794,129

### 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. The plan is not administered through a trust or equivalent arrangement and there are not assets accumulated in a GASB-compliant trust.

## NOTES TO FINANCIAL STATEMENTS

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

**Plan Membership.** Membership of the OPEB Plan consisted of the following at September 30, 2024, the date of the latest actuarial valuation:

Active participants	1,298
Retirees and beneficiaries currently receiving benefits	<u>122</u>
Total	<u><u>1,420</u></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, 2025, the City and plan members receiving benefits contributed a total of \$1,364,947.

### Total OPEB Liability of the City

The City's total OPEB liability was measured by an actuarial valuation as of September 30, 2024.

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate:	3.83%
Healthcare Cost Trend Rate:	7.00% to 4.50%, Ultimate Trend in 2034
Inflation Rate:	2.40%
Salary Increase:	2.75% wage inflation plus merit increases

The rates of mortality used to City Police and Fire employees are according to the PUB-2010 Headcount Weighted Safety Table, generational mortality projected with Scale MP-2021.

The actuarial assumptions used in the September 30, 2024 valuation were based on the results of an actuarial experience study in concurrence with the September 30, 2024 valuation.

**Discount Rate.** The discount rate used to measure the total OPEB liability was 3.83%. 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. POST-EMPLOYMENT 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, 2025 were as follows:

	<b>Total OPEB Liability</b>
<b>Beginning Balance</b>	<b>\$ 50,678,974</b>
<b>Changes for the year:</b>	
Service cost	2,678,763
Interest	1,980,202
Differences between expected and actual experience	(10,071,891)
Assumption changes	2,733,160
Benefit payments	(584,328)
<b>Net changes</b>	<b>(3,264,094)</b>
<b>Ending Balance</b>	<b>\$ 47,414,880</b>

The required Schedule of Changes in the City's Total OPEB Liability and Related Ratios immediately following the notes to financial statements presents multi-year trend information about the total OPEB liability.

**NOTES TO FINANCIAL STATEMENTS**

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

**Total OPEB Liability of the City (Continued)**

**Sensitivity of the total OPEB Liability to Changes in the Discount Rate.** The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.83%) or 1-percentage-point higher (4.83%) than the current discount rate:

	<b>1% Decrease (2.83%)</b>	<b>Discount Rate (3.83%)</b>	<b>1% Increase (4.83%)</b>
Total OPEB liability	\$ 52,824,967	\$ 47,414,880	\$ 42,605,717

**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 (6.00% decreasing to 3.50%) or 1-percentage-point higher (8.00% decreasing to 5.50%) than the current healthcare cost trend rates:

	<b>1% Decrease (6.00% decreasing to 3.50%)</b>	<b>Discount Rate (7.00% decreasing to 4.50%)</b>	<b>1% Increase (8.00% decreasing to 5.50%)</b>
Total OPEB liability	\$ 41,507,233	\$ 47,414,880	\$ 54,446,519

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, 2025 and the current sharing pattern of costs between employer and inactive employees.

**NOTES TO FINANCIAL STATEMENTS**

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

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

For the year ended September 30, 2025, the City recognized OPEB expense of \$3,682,094. At September 30, 2025, the City reported deferred outflows of resources and *deferred inflows of resources* related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions	\$ 1,842,136	\$ 11,026,743
Differences between expected and actual experience	5,620,367	4,915,138
Contributions subsequent to the measurement date	1,364,946	-
Total	\$ 8,827,449	\$ 15,941,881

## NOTES TO FINANCIAL STATEMENTS

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

#### OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

City contributions subsequent to the measurement date of \$1,364,946 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, 2026. 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>	
2026	\$ (930,213)
2027	(790,638)
2028	(1,195,866)
2029	(1,470,621)
Thereafter	<u>(4,092,040)</u>
Total	<u>\$ (8,479,378)</u>

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2025, the City abated sales tax revenues of \$831,836, lodging tax revenues of \$1,120,244, property tax revenues of \$144,687, business license revenue of \$5,771 under its economic development program, which included the following tax abatements in fiscal year 2025:

- A 44% abatement on lodging tax and a second 100% abatement of non-education municipal ad valorem property taxes of a hotel. 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. In fiscal year 2025, there were no amounts rebated.
- 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 \$841,756. 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 \$206,657. In exchange for the tax incentives, the developer has committed to creating 35 new full and part-time jobs.
- A 29% abatement on lodging tax, 100% abatement of non-education municipal ad valorem property taxes, and 100% abatement of a building permit fee amounting to \$261,858. In exchange for the tax incentives, the developer has agreed to provide at least 50 new jobs (full and part-time).
- An 89% abatement on lodging tax of a hotel amounting to \$399,648. In exchange for the tax incentives, the developer has committed to creating at least 35 new full-time jobs.
- A 100% abatement on non-education municipal ad valorem property taxes on a tractor dealership amounting to \$4,673. In exchange for the tax incentives, the developer has committed to creating at least 9 new full-time jobs.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 14. TAX ABATEMENTS (CONTINUED)

- The City agreed to: (i) 100% abatement on use tax and business license fees for 10 years, and (ii) a rebate of the building permit fee paid upon application and the water and sewer service fees for a Technology center; the maximum amount not to exceed \$250,000. In exchange for the tax incentives, the developer has committed to creating at least 4 new full-time jobs. In fiscal year 2025, \$5,771 in business license revenues and building permit revenues were abated as part of this program.
- A 50% abatement on lodging tax of a hotel amounting to \$309,090. In exchange for the tax incentives, the developer has committed to creating at least 40 new full-time jobs.
- In 2021, the City agreed to rebate sales taxes for a period of six years, not to exceed \$275,000, the building permit fee paid upon application, service fees paid to the City, as well as a rebate of the required public infrastructure improvements for a large convenience store/service station within the City, amounting to \$41,147 for fiscal year 2025.
- In 2023, the City agreed to (i) rebate sales taxes, (ii) rebate the building permit fee paid upon application, (iii) rebate the water & sewer service connection fees, (iv) rebate the initial business license fee, and (v) rebate the municipal non-educational ad valorem property taxes for a restaurant. The maximum amount not to exceed \$1,000,000 or 20 years. In exchange for the tax incentives, the developer has committed to creating at least 20-25 new jobs (full and part-time). In fiscal year 2025, rebates amounted to \$18,812.
- In 2024, the City agreed to (i) an 85% abatement on lodging tax and (ii) rebate the building permit fee paid upon application for a hotel. The maximum amount not to exceed \$7,455,000 or 10 years. In fiscal year 2025, there were no amounts rebated.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 15. NET INVESTMENT IN CAPITAL ASSETS

As required by the Government Finance Officers Association (“GFOA”), the following schedule provides the details of the net investment in capital assets classification of net position:

	<b>Primary Government</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets, non-depreciable assets	\$ 138,515,380	\$ 47,550,249
Capital assets, depreciable assets	735,208,421	589,762,308
Accumulated depreciation	(306,638,781)	(259,669,380)
Notes payable	(565,772)	(50,367,788)
Warrants payable	(309,170,000)	(125,680,000)
Financed purchases	(955,405)	-
Leases	(3,914,218)	-
SBITAs	(2,212,538)	-
Unspent bond proceeds	102,850,294	87,638,968
Retainage payable	(2,861,282)	(411,540)
Unamortized premiums on warrants payable	(10,976,845)	(3,950,432)
Unamortized discounts on warrants payable	979,378	-
Unamortized deferred loss on refundings	731,102	1,567,566
Unamortized deferred gain on refundings	(309,370)	(36,015)
	<b>\$ 340,680,364</b>	<b>\$ 286,403,936</b>

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF TUSCALOOSA**

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total pension liability</b>										
Service cost	\$ -	\$ -	\$ -	\$ 150,587	\$ 95,044	\$ 57,325	\$ 57,779	\$ 140,303	\$ 18,731	\$ 7,014
Interest	49,061	25,300	17,830	69,572	75,929	75,366	64,136	107,048	46,085	66,748
Benefit changes	-	-	-	(3,128,637)	-	-	-	-	-	(399,632)
Difference between expected and actual experience	380,402	739,440	(26,664)	268,725	299,427	245,072	55,256	522,715	(12,600)	31,900
Changes of assumptions	(116,584)	39,252	(123,357)	(95,491)	448,162	595,033	(185,785)	(1,695,753)	2,066,768	-
Benefit payments, including refunds of employee contributions	(39,982)	(51,315)	(37,499)	(37,499)	(36,763)	(36,394)	(36,394)	(36,394)	(36,394)	(101,891)
<b>Net change in total pension liability</b>	<b>272,897</b>	<b>752,677</b>	<b>(169,690)</b>	<b>(2,772,743)</b>	<b>881,799</b>	<b>936,402</b>	<b>(45,008)</b>	<b>(962,081)</b>	<b>2,082,590</b>	<b>(395,861)</b>
Total pension liability - beginning	1,471,498	718,821	888,511	3,661,254	2,779,455	1,843,053	1,888,061	2,850,142	767,552	1,163,413
Total pension liability - ending	\$ 1,744,395	\$ 1,471,498	\$ 718,821	\$ 888,511	\$ 3,661,254	\$ 2,779,455	\$ 1,843,053	\$ 1,888,061	\$ 2,850,142	\$ 767,552
<b>Plan net position</b>										
Contributions - employer	\$ 316,045	\$ 166,035	\$ 177,282	\$ 314,905	\$ 150,000	\$ -	\$ 30,246	\$ 30,246	\$ -	\$ 139,940
Net investment income	43,752	1,300	74	(6,041)	158	170	214	189	186	197
Benefit payments, including refunds of employee contributions	(39,982)	(51,315)	(37,499)	(37,499)	(36,763)	(36,394)	(36,394)	(36,394)	(36,394)	(101,891)
Administrative expense	-	(9,154)	(6,000)	(8,210)	(12,000)	(6,000)	(6,195)	(3,000)	(3,000)	(3,000)
<b>Net change in plan net position</b>	<b>319,815</b>	<b>106,866</b>	<b>133,857</b>	<b>263,155</b>	<b>101,395</b>	<b>(42,224)</b>	<b>(12,129)</b>	<b>(8,959)</b>	<b>(39,208)</b>	<b>35,246</b>
Plan net position - beginning	925,824	818,958	685,101	421,946	320,551	362,775	374,904	383,863	423,071	387,825
Plan net position - ending	\$ 1,245,639	\$ 925,824	\$ 818,958	\$ 685,101	\$ 421,946	\$ 320,551	\$ 362,775	\$ 374,904	\$ 383,863	\$ 423,071
<b>Net pension liability (asset)</b>	<b>\$ 498,756</b>	<b>\$ 545,674</b>	<b>\$ (100,137)</b>	<b>\$ 203,410</b>	<b>\$ 3,239,308</b>	<b>\$ 2,458,904</b>	<b>\$ 1,480,278</b>	<b>\$ 1,513,157</b>	<b>\$ 2,466,279</b>	<b>\$ 344,481</b>
Plan net position as a percentage of the total pension liability	71.41%	62.92%	113.93%	77.11%	11.52%	11.53%	19.68%	19.86%	13.47%	55.12%
<b>Covered payroll *</b>	<b>\$ 1,180,734</b>	<b>\$ 1,127,776</b>	<b>\$ 1,098,894</b>	<b>\$ 1,089,901</b>	<b>\$ 2,583,006</b>	<b>\$ 2,642,017</b>	<b>\$ 2,976,006</b>	<b>\$ 3,140,169</b>	<b>\$ 3,152,979</b>	<b>\$ 2,857,940</b>
Net pension liability (asset) as a percentage of covered payroll	42.24%	48.38%	-9.11%	18.66%	125.41%	93.07%	49.74%	48.19%	78.22%	12.05%

\*For FY 2025, the measurement period is January 1, 2024 to December 31, 2024.

**CITY OF TUSCALOOSA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY CONTRIBUTIONS  
TUSCALOOSA POLICE OFFICERS AND FIREFIGHTERS SUPPLEMENTAL RETIREMENT PLAN  
FOR THE YEAR ENDED SEPTEMBER 30,**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution*	\$ 322,669	\$ 166,061	\$ 37,476	\$ 314,905	\$ 242,846	\$ 162,274	\$ 30,246	\$ 30,246	\$ -	\$ 139,940
Contributions in relation to the actuarially determined contribution*	<u>316,045</u>	<u>166,035</u>	<u>177,282</u>	<u>314,905</u>	<u>150,000</u>	<u>-</u>	<u>30,246</u>	<u>30,246</u>	<u>-</u>	<u>139,940</u>
<b>Contribution deficiency (excess)</b>	<b><u>\$ 6,624</u></b>	<b><u>\$ 26</u></b>	<b><u>\$ (139,806)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 92,846</u></b>	<b><u>\$ 162,274</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
Covered payroll <sup>^</sup>	\$ 735,306	\$ 677,078	\$ 580,022	\$ 2,841,727	\$ 4,350,296	\$ 4,664,019	\$ 4,054,393	\$ 3,149,590	\$ 3,149,777	\$ 2,931,700
Contributions as a percentage of covered payroll	42.98%	24.52%	30.56%	11.08%	5.58%	3.48%	0.75%	0.96%	0.00%	4.77%

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

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

**CITY OF TUSCALOOSA**

**REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PENSION INVESTMENT RETURNS  
 TUSCALOOSA POLICE OFFICERS AND FIREFIGHTERS SUPPLEMENTAL RETIREMENT PLAN  
 FOR THE YEAR ENDED SEPTEMBER 30,**

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Annual money-weighted rate of return, net of investment expenses for the City's pension plan	<b>0.05%</b>	0.05%	0.05%	0.05%	0.05%	0.05%	0.06%	0.05%	0.05%	0.05%

**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 YEAR ENDED SEPTEMBER 30,**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total pension liability</b>										
Service cost	\$ 4,178,225	\$ 3,715,145	\$ 3,642,276	\$ 3,321,468	\$ 3,053,662	\$ 2,924,690	\$ 2,853,937	\$ 2,913,828	\$ 2,939,341	\$ 2,914,354
Interest	11,706,720	11,139,658	10,933,322	10,394,984	9,802,625	9,166,602	8,900,489	8,179,185	7,829,423	7,323,848
Change in benefit terms	-	-	141,134	-	1,476,311	-	-	-	-	-
Changes of assumptions	-	-	-	5,100,249	-	-	692,778	-	1,770,601	-
Difference between expected and actual experience	4,325,665	2,956,097	(1,834,768)	763,269	1,192,401	3,114,605	(1,404,420)	4,099,981	534,494	1,092,095
Transfers among employers	(436,867)	(783,129)	(1,516,929)	187,440	(362,828)	179,897	2	308,741	134,245	-
Benefit payments, including refunds of employee contributions	(9,932,807)	(8,899,599)	(8,291,238)	(7,731,170)	(7,207,220)	(7,044,290)	(6,637,784)	(5,751,371)	(5,324,672)	(4,696,544)
<b>Net change in total pension liability</b>	<b>9,840,936</b>	<b>8,128,172</b>	<b>3,073,797</b>	<b>12,036,240</b>	<b>7,954,951</b>	<b>8,341,504</b>	<b>4,405,002</b>	<b>9,750,364</b>	<b>7,883,432</b>	<b>6,633,753</b>
Total pension liability - beginning	162,103,582	153,975,410	150,901,613	138,865,373	130,910,422	122,568,918	118,163,916	108,413,552	100,530,120	93,896,367
Total pension liability - ending	\$ 171,944,518	\$ 162,103,582	\$ 153,975,410	\$ 150,901,613	\$ 138,865,373	\$ 130,910,422	\$ 122,568,918	\$ 118,163,916	\$ 108,413,552	\$ 100,530,120
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 4,141,533	\$ 3,814,984	\$ 3,680,816	\$ 3,442,477	\$ 3,140,898	\$ 3,132,832	\$ 2,809,270	\$ 2,630,940	\$ 2,882,113	\$ 2,639,293
Contributions - employee	3,381,185	2,931,831	2,596,092	2,480,886	2,262,003	2,126,477	2,226,591	1,945,815	1,974,229	1,843,434
Net investment income	23,510,665	13,124,980	(15,299,551)	22,206,632	5,507,785	2,460,270	8,251,863	10,260,786	7,462,375	864,909
Benefit payments, including refunds of employee contributions	(9,932,807)	(8,899,599)	(8,291,238)	(7,731,170)	(7,207,220)	(7,044,290)	(6,637,784)	(5,751,371)	(5,324,672)	(4,696,544)
Transfer among employees	(436,867)	(783,129)	(1,516,929)	187,440	(362,828)	179,897	2	308,741	134,245	(440,146)
<b>Net change in plan fiduciary net position</b>	<b>20,663,709</b>	<b>10,189,067</b>	<b>(18,830,810)</b>	<b>20,586,265</b>	<b>3,340,638</b>	<b>855,186</b>	<b>6,649,942</b>	<b>9,394,911</b>	<b>7,128,290</b>	<b>210,946</b>
Plan net position - beginning	112,755,058	102,565,991	121,396,801	100,810,536	97,469,898	96,614,712	89,964,770	80,569,859	73,441,569	73,230,623
Plan net position - ending	\$ 133,418,767	\$ 112,755,058	\$ 102,565,991	\$ 121,396,801	\$ 100,810,536	\$ 97,469,898	\$ 96,614,712	\$ 89,964,770	\$ 80,569,859	\$ 73,441,569
<b>Net pension liability</b>	<b>\$ 38,525,751</b>	<b>\$ 49,348,524</b>	<b>\$ 51,409,419</b>	<b>\$ 29,504,812</b>	<b>\$ 38,054,837</b>	<b>\$ 33,440,524</b>	<b>\$ 25,954,206</b>	<b>\$ 28,199,146</b>	<b>\$ 27,843,693</b>	<b>\$ 27,088,551</b>
Plan fiduciary net position as a percentage of the total pension liability	77.59%	69.56%	66.61%	80.45%	72.60%	74.46%	78.82%	76.14%	74.32%	73.05%
<b>Covered payroll *</b>	<b>\$ 51,567,252</b>	<b>\$ 45,604,122</b>	<b>\$ 42,856,474</b>	<b>\$ 41,354,931</b>	<b>\$ 41,895,995</b>	<b>\$ 38,937,949</b>	<b>\$ 38,000,806</b>	<b>\$ 38,000,806</b>	<b>\$ 32,820,697</b>	<b>\$ 37,311,222</b>
Net pension liability as a percentage of covered payroll	74.71%	108.21%	119.96%	71.35%	90.83%	85.88%	68.30%	74.21%	84.84%	72.60%

\*For FY 2025, the measurement period is October 1, 2024 to September 30, 2025.

**CITY OF TUSCALOOSA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY CONTRIBUTIONS  
EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA  
FOR THE YEAR ENDED SEPTEMBER 30,**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution*	\$ 5,256,727	\$ 4,330,971	\$ 3,971,628	\$ 3,683,311	\$ 3,295,346	\$ 3,295,346	\$ 3,242,128	\$ 2,947,310	\$ 2,802,702	\$ 2,915,639
Contributions in relation to the actuarially determined contribution*	<u>5,256,727</u>	<u>4,330,971</u>	<u>3,971,628</u>	<u>3,683,311</u>	<u>3,295,346</u>	<u>3,295,346</u>	<u>3,242,128</u>	<u>2,947,310</u>	<u>2,802,702</u>	<u>2,915,639</u>
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll <sup>^</sup>	\$ 54,930,989	\$ 51,567,252	\$ 45,604,122	\$ 42,856,474	\$ 41,354,931	\$ 41,895,995	\$ 38,937,949	\$ 38,000,806	\$ 32,820,697	\$ 37,311,222
Contributions as a percentage of covered payroll	9.57%	8.40%	8.71%	8.59%	7.97%	7.87%	8.33%	7.76%	8.54%	7.81%

\*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.

<sup>^</sup>Employer's covered payroll for FY 2025 is the total covered payroll for the 12-month period of the underlying financial statements.

**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 YEAR ENDED SEPTEMBER 30,**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total pension liability</b>										
Interest	\$ 86,876	\$ 85,935	\$ 78,586	\$ 78,860	\$ 79,407	\$ 94,054	\$ 98,609	\$ 99,145	\$ 100,002	\$ 98,065
Effect of economic/demographic gains or losses	53,532	38,545	41,179	(12,174)	(34,962)	(54,910)	(8,961)	7,535	(48,706)	7,503
Effect of assumptions changes or inputs	(1,448)	-	211,597	-	5,842	327,882	363,287	(46,746)	-	-
Benefit payments, including refunds of employee contributions	(95,418)	(90,850)	(81,994)	(69,720)	(67,358)	(75,312)	(72,102)	(69,209)	(67,708)	(65,933)
<b>Net change in total pension liability</b>	<b>43,542</b>	<b>33,630</b>	<b>249,368</b>	<b>(3,034)</b>	<b>(17,071)</b>	<b>291,714</b>	<b>380,833</b>	<b>(9,275)</b>	<b>(16,412)</b>	<b>39,635</b>
Total pension liability - beginning	2,943,241	2,909,611	2,660,243	2,663,277	2,680,348	2,388,634	2,007,801	2,017,076	2,033,488	1,993,853
Total pension liability - ending	<u>\$ 2,986,783</u>	<u>\$ 2,943,241</u>	<u>\$ 2,909,611</u>	<u>\$ 2,660,243</u>	<u>\$ 2,663,277</u>	<u>\$ 2,680,348</u>	<u>\$ 2,388,634</u>	<u>\$ 2,007,801</u>	<u>\$ 2,017,076</u>	<u>\$ 2,033,488</u>
<b>Plan net position</b>										
Contributions - employer	\$ 485,997	\$ 344,670	\$ 483,824	\$ 383,916	\$ 327,014	\$ 263,027	\$ 265,000	\$ -	\$ 300,000	\$ 99,507
Net investment income	71,180	56,367	50,104	40,128	28,164	18,813	13,395	7,042	7,155	5,069
Benefit payments, including refunds of employee contributions	(95,418)	(90,850)	(81,994)	(69,720)	(67,358)	(75,312)	(72,102)	(69,209)	(67,708)	(65,933)
Administrative expenses	(32,373)	(16,595)	(17,073)	(19,180)	(19,340)	(27,659)	(18,096)	(17,215)	(16,189)	(19,431)
<b>Net change in plan net position</b>	<b>429,386</b>	<b>293,592</b>	<b>434,861</b>	<b>335,144</b>	<b>268,480</b>	<b>178,869</b>	<b>188,197</b>	<b>(79,382)</b>	<b>223,258</b>	<b>19,212</b>
Plan net position - beginning	1,931,971	1,638,379	1,203,518	868,374	599,894	421,025	232,828	312,210	88,952	69,740
Plan net position - ending	<u>\$ 2,361,357</u>	<u>\$ 1,931,971</u>	<u>\$ 1,638,379</u>	<u>\$ 1,203,518</u>	<u>\$ 868,374</u>	<u>\$ 599,894</u>	<u>\$ 421,025</u>	<u>\$ 232,828</u>	<u>\$ 312,210</u>	<u>\$ 88,952</u>
<b>Net pension liability</b>	<u>\$ 625,426</u>	<u>\$ 1,011,270</u>	<u>\$ 1,271,232</u>	<u>\$ 1,456,725</u>	<u>\$ 1,794,903</u>	<u>\$ 2,080,454</u>	<u>\$ 1,967,609</u>	<u>\$ 1,774,973</u>	<u>\$ 1,704,866</u>	<u>\$ 1,944,536</u>
Plan net position as a percentage of the total pension liability	79.06%	65.64%	56.31%	45.24%	32.61%	22.38%	17.63%	11.60%	15.48%	4.37%
<b>Covered payroll *</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\*For FY 2025, the measurement period is October 1, 2024 to September 30, 2025.

**CITY OF TUSCALOOSA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY CONTRIBUTIONS  
RETIREMENT PLAN FOR HOURLY EMPLOYEES OF THE CITY OF TUSCALOOSA  
FOR THE YEAR ENDED SEPTEMBER 30,**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution*	\$ 485,997	\$ 344,670	\$ 483,824	\$ 383,916	\$ 327,014	\$ 263,027	\$ 264,955	\$ -	\$ 156,620	\$ 146,745
Contributions in relation to the actuarially determined contribution*	<u>485,997</u>	<u>344,670</u>	<u>483,824</u>	<u>383,916</u>	<u>327,014</u>	<u>263,027</u>	<u>265,000</u>	<u>-</u>	<u>300,000</u>	<u>99,507</u>
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45)</u>	<u>\$ -</u>	<u>\$ (143,380)</u>	<u>\$ 47,238</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	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.

**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 YEAR ENDED SEPTEMBER 30,**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total pension liability</b>										
Service cost	\$ 4,124,304	\$ 4,009,530	\$ 3,897,533	\$ 3,978,737	\$ 3,682,374	\$ 3,115,215	\$ 2,957,666	\$ 2,912,273	\$ 2,904,753	\$ 2,942,728
Interest	13,929,507	13,676,000	13,505,216	13,220,601	13,023,546	12,883,794	12,811,462	11,967,489	11,807,763	11,665,165
Benefit changes	-	-	-	-	-	-	-	-	(297,561)	(1,332,172)
Difference between expected and actual experience	(1,130,150)	367,079	(943,626)	346,774	639,899	1,755,442	(2,027,143)	123,341	(37,641)	284,514
Changes in assumptions	-	(319,155)	-	-	2,714,075	18,429,306	4,373,310	10,777,054	-	-
Benefit payments	(13,197,586)	(13,477,346)	(13,054,939)	(12,294,144)	(13,297,060)	(11,681,148)	(11,158,850)	(12,100,940)	(11,384,506)	(10,905,411)
Refunds of contributions	(553,667)	(726,985)	(598,713)	(711,384)	(714,633)	(568,217)	(623,912)	(752,769)	(538,301)	(651,359)
Administrative expense	-	-	-	(22,861)	36,604	-	-	-	-	-
<b>Net change in total pension liability</b>	<b>3,172,408</b>	<b>3,529,123</b>	<b>2,805,471</b>	<b>4,517,723</b>	<b>6,084,805</b>	<b>23,934,392</b>	<b>6,332,533</b>	<b>12,926,448</b>	<b>2,454,507</b>	<b>2,003,465</b>
Total pension liability - beginning	213,238,692	209,709,569	206,904,098	202,386,375	196,301,570	172,367,178	166,034,645	153,108,197	150,653,690	148,650,225
Total pension liability - ending	<u>\$ 216,411,100</u>	<u>\$ 213,238,692</u>	<u>\$ 209,709,569</u>	<u>\$ 206,904,098</u>	<u>\$ 202,386,375</u>	<u>\$ 196,301,570</u>	<u>\$ 172,367,178</u>	<u>\$ 166,034,645</u>	<u>\$ 153,108,197</u>	<u>\$ 150,653,690</u>
<b>Plan net position</b>										
Contributions - employer	\$ 8,223,557	\$ 7,125,176	\$ 6,758,407	\$ 5,629,586	\$ 5,347,389	\$ 4,917,651	\$ 4,625,505	\$ 4,439,537	\$ 4,389,659	\$ 4,304,301
Contributions - employee	6,486,756	5,614,007	5,412,839	545,808	4,518,083	4,189,111	3,940,238	3,781,817	3,747,171	3,661,254
Contributions - other	669,194	553,985	581,575	4,623,312	537,261	545,665	425,989	418,015	494,318	515,594
Net investment income (loss)	6,856,397	10,177,014	(11,888,143)	7,645,954	8,038,945	12,028,393	(5,172,917)	8,936,044	2,903,434	(2,819,802)
Benefit payments	(13,197,586)	(13,477,346)	(13,054,939)	(12,294,144)	(13,297,060)	(11,681,148)	(11,158,850)	(12,100,940)	(11,384,506)	(10,905,411)
Refunds of contributions	(553,667)	(726,985)	(598,713)	(711,384)	(714,633)	(568,217)	(623,912)	(752,769)	(538,301)	(651,359)
Administrative expense	(67,580)	(89,035)	(68,823)	(76,861)	(79,549)	(84,775)	(92,393)	(94,826)	(114,828)	(108,501)
<b>Net change in plan net position</b>	<b>8,417,071</b>	<b>9,176,816</b>	<b>(12,857,797)</b>	<b>5,362,271</b>	<b>4,350,436</b>	<b>9,346,680</b>	<b>(8,056,340)</b>	<b>4,626,878</b>	<b>(503,053)</b>	<b>(6,003,924)</b>
Plan net position - beginning	71,735,729	62,558,913	75,416,710	70,054,439	65,704,003	56,357,323	64,413,663	59,786,785	60,289,838	66,293,762
Plan net position - ending	<u>\$ 80,152,800</u>	<u>\$ 71,735,729</u>	<u>\$ 62,558,913</u>	<u>\$ 75,416,710</u>	<u>\$ 70,054,439</u>	<u>\$ 65,704,003</u>	<u>\$ 56,357,323</u>	<u>\$ 64,413,663</u>	<u>\$ 59,786,785</u>	<u>\$ 60,289,838</u>
<b>Net pension liability</b>	<u>\$ 136,258,300</u>	<u>\$ 141,502,963</u>	<u>\$ 147,150,656</u>	<u>\$ 131,487,388</u>	<u>\$ 132,331,936</u>	<u>\$ 130,597,567</u>	<u>\$ 116,009,855</u>	<u>\$ 101,620,982</u>	<u>\$ 93,321,412</u>	<u>\$ 90,363,852</u>
Plan net position as a percentage of the total pension liability	37.04%	33.64%	29.83%	36.45%	34.61%	33.47%	32.70%	38.80%	39.05%	40.02%
<b>Covered payroll *</b>	<u>\$ 49,008,421</u>	<u>\$ 48,124,462</u>	<u>\$ 43,440,993</u>	<u>\$ 39,274,943</u>	<u>\$ 36,408,503</u>	<u>\$ 37,366,372</u>	<u>\$ 31,916,154</u>	<u>\$ 31,916,154</u>	<u>\$ 31,760,670</u>	<u>\$ 32,493,465</u>
Net pension liability as a percentage of covered payroll	278.03%	294.04%	338.74%	334.79%	363.46%	349.51%	363.48%	318.40%	293.83%	278.10%

\*For FY 2025, the measurement period is January 1, 2024 to December 31, 2024.

**CITY OF TUSCALOOSA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY CONTRIBUTIONS  
TUSCALOOSA POLICE OFFICERS AND FIREFIGHTERS RETIREMENT PLAN  
FOR THE YEAR ENDED SEPTEMBER 30,**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution*	<b>\$ 8,223,557</b>	\$ 7,125,176	\$ 6,758,407	\$ 5,629,586	\$ 5,347,389	\$ 4,917,651	\$ 4,625,505	\$ 4,439,537	\$ 4,389,659	\$ 4,304,301
Contributions in relation to the actuarially determined contribution*	<b>8,223,557</b>	7,125,176	6,758,407	5,629,586	5,347,389	4,917,651	4,625,505	4,439,537	4,389,659	4,304,301
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll <sup>A</sup>	<b>\$ 49,839,739</b>	\$ 43,182,885	\$ 42,910,521	\$ 38,166,685	\$ 38,890,150	\$ 36,427,044	\$ 37,366,372	\$ 31,916,154	\$ 31,760,670	\$ 31,502,153
Contributions as a percentage of covered payroll	<b>16.50%</b>	16.50%	15.75%	14.75%	13.75%	13.50%	12.38%	13.91%	13.82%	13.66%

\*Amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. For FY 2025, the measurement date for the plan is December 31, 2024.

<sup>A</sup>Employer's covered payroll during fiscal year is the total payroll paid to covered employees (not just pensionable payroll). For FY 2025, the measurement date for the plan is December 31, 2024.

**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,**

	2025	2024	2023	2022	2021	2020	2019
<b>Total OPEB liability</b>							
Service cost	\$ 2,678,763	\$ 2,668,402	\$ 2,935,677	\$ 2,827,861	\$ 2,459,789	\$ 1,781,841	\$ 1,805,033
Interest	1,980,202	1,803,172	1,016,514	971,378	1,189,103	1,409,445	1,145,551
Changes of assumptions	2,733,160	(589,234)	(6,390,329)	258,409	3,209,335	5,508,171	125,598
Changes in benefit terms	-	-	1,160,375	-	-	-	-
Difference between expected and actual experience	(10,071,891)	-	2,650,006	-	(4,699,410)	-	403,704
Benefit payments	(584,328)	(813,652)	(1,211,834)	(727,114)	(712,594)	(974,194)	(1,240,530)
<b>Net change in total OPEB liability</b>	<b>(3,264,094)</b>	<b>3,068,688</b>	<b>160,409</b>	<b>3,330,534</b>	<b>1,446,223</b>	<b>7,725,263</b>	<b>2,239,356</b>
Total OPEB liability - beginning	50,678,974	47,610,286	47,449,877	44,119,343	42,673,120	34,947,857	32,708,501
Total OPEB liability - ending	<u>\$ 47,414,880</u>	<u>\$ 50,678,974</u>	<u>\$ 47,610,286</u>	<u>\$ 47,449,877</u>	<u>\$ 44,119,343</u>	<u>\$ 42,673,120</u>	<u>\$ 34,947,857</u>
<b>Covered-employee payroll</b>	<u>\$ 93,142,691</u>	<u>\$ 75,141,038</u>	<u>\$ 75,141,038</u>	<u>\$ 70,933,850</u>	<u>\$ 70,933,850</u>	<u>\$ 63,313,578</u>	<u>\$ 63,313,578</u>
Total OPEB liability as a percentage of covered-employee payroll	50.91%	67.45%	63.36%	66.89%	62.20%	67.40%	55.20%

**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. This schedule will report 10 years of information once accumulated.

## **SUPPLEMENTARY INFORMATION**

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## **COMBINING STATEMENTS AND SCHEDULES**

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# CITY OF TUSCALOOSA, ALABAMA

## NONMAJOR GOVERNMENTAL FUNDS

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### 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.

**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.

**CITY OF TUSCALOOSA, ALABAMA**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

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**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.

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

**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.

**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.

**CITY OF TUSCALOOSA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2025**

<b>ASSETS</b>	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Permanent Fund Capital Park Maintenance</b>	<b>Total Nonmajor Governmental Funds</b>
Cash and Cash Equivalents	\$ 4,493,945	\$ 928,539	\$ 336	\$ 5,422,820
Receivables	1,462,330	3,724	-	1,466,054
Due from Other Funds	74,297	1,088,687	15,000	1,177,984
Loans Receivable	2,057,038	-	-	2,057,038
Total Assets	<u>\$ 8,087,610</u>	<u>\$ 2,020,950</u>	<u>\$ 15,336</u>	<u>\$ 10,123,896</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Other Current Charges Due to Other Funds	\$ 329,065	\$ 28,789	\$ 1,247	\$ 359,101
	<u>706,547</u>	<u>374,088</u>	<u>10,459</u>	<u>1,091,094</u>
Total Liabilities	<u>1,035,612</u>	<u>402,877</u>	<u>11,706</u>	<u>1,450,195</u>
Deferred Inflows of Resources:				
Unavailable Revenues - Intergovernmental:	6,710	452	-	7,162
Total Deferred Inflows of Resources	<u>6,710</u>	<u>452</u>	<u>-</u>	<u>7,162</u>
Fund Balances:				
Restricted for:				
Capital Park Maintenance	-	-	3,630	3,630
Capital Projects	1,586,591	1,205,174	-	2,791,765
Grant Projects	1,225,754	-	-	1,225,754
Long-term Receivable	2,057,038	-	-	2,057,038
Road Projects	1,831,931	412,447	-	2,244,378
Salaries and Wages	209,154	-	-	209,154
Committed for:				
Cemetery Maintenance	134,820	-	-	134,820
Total Fund Balances	<u>7,045,288</u>	<u>1,617,621</u>	<u>3,630</u>	<u>8,666,539</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,087,610</u>	<u>\$ 2,020,950</u>	<u>\$ 15,336</u>	<u>\$ 10,123,896</u>

## CITY OF TUSCALOOSA

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2025

REVENUES	Special Revenue Funds	Capital Projects Funds	Permanent Fund Capital Park Maintenance	Total Nonmajor Governmental Funds
Taxes	\$ 1,717,854	\$ -	\$ -	\$ 1,717,854
Intergovernmental	3,373,366	96,787	-	3,470,153
Other	1,466,363	26,895	-	1,493,258
Total Revenues	6,557,583	123,682	-	6,681,265
EXPENDITURES				
Current Operations:				
Community Services	1,749,953	-	20,201	1,770,154
General Government	40,826	126,311	-	167,137
Public Works	1,820	-	-	1,820
Public Safety	18,578	-	-	18,578
Total Current Operations	1,811,177	126,311	20,201	1,957,689
Capital Outlay	3,724,196	2,185,438	-	5,909,634
Debt Service:				
Principal	150,000	895,261	-	1,045,261
Interest Charges	16,035	40,740	-	56,775
Total Expenditures	5,701,408	3,247,750	20,201	8,969,359
Excess (Deficiency) of Revenues over (under) Expenditures	856,175	(3,124,068)	(20,201)	(2,288,094)
OTHER FINANCING SOURCES (USES)				
Transfers In	40,000	1,397,428	15,000	1,452,428
Transfer Out	(935,142)	(327,932)	-	(1,263,074)
Total Other Financing Sources (Uses)	(895,142)	1,069,496	15,000	189,354
Net Change in Fund Balances	(38,967)	(2,054,572)	(5,201)	(2,098,740)
Fund Balances, Beginning of Year	7,084,255	3,672,193	8,831	10,765,279
Fund Balances, End of Year	\$ 7,045,288	\$ 1,617,621	\$ 3,630	\$ 8,666,539

**CITY OF TUSCALOOSA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2025**

<b>ASSETS</b>	<b>Police Department Funds</b>	<b>Airport Development Fund</b>	<b>Community Development Funds</b>	<b>Gasoline Tax Funds</b>	<b>Beer Tax Bonus Fund</b>
Cash and Cash Equivalents	\$ 37,512	\$ 173,244	\$ 1,392,247	\$ 1,580,360	\$ 102,254
Receivables	-	824,658	253,513	277,259	106,900
Due from Other Funds	1,557	40,000	32,740	-	-
Loan Receivables	-	-	2,057,038	-	-
Total Assets	<u>\$ 39,069</u>	<u>\$ 1,037,902</u>	<u>\$ 3,735,538</u>	<u>\$ 1,857,619</u>	<u>\$ 209,154</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable and Other Current Charges	\$ -	\$ 24,819	\$ 280,760	\$ 23,486	\$ -
Due to Other Funds	1,688	-	202,657	2,202	-
Total Liabilities	<u>1,688</u>	<u>24,819</u>	<u>483,417</u>	<u>25,688</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable Revenues - Intergovernmental	448	-	6,262	-	-
Total Deferred Inflows of Resources	<u>448</u>	<u>-</u>	<u>6,262</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted for:					
Capital Projects	-	1,013,083	-	-	-
Long-term Receivable	-	-	2,057,038	-	-
Grant Projects	36,933	-	1,188,821	-	-
Road Projects	-	-	-	1,831,931	-
Salaries and Wages	-	-	-	-	209,154
Committed for:					
Cemetery Maintenance	-	-	-	-	-
Total Fund Balances	<u>36,933</u>	<u>1,013,083</u>	<u>3,245,859</u>	<u>1,831,931</u>	<u>209,154</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 39,069</u>	<u>\$ 1,037,902</u>	<u>\$ 3,735,538</u>	<u>\$ 1,857,619</u>	<u>\$ 209,154</u>

*(Continued)*

**CITY OF TUSCALOOSA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2025**

<b>ASSETS</b>	<b>Alabama Trust Fund</b>	<b>Evergreen Cemetery Fund</b>	<b>Section 108 Funds</b>	<b>Total Nonmajor Special Revenue Funds</b>
Cash and Cash Equivalents	\$ 1,016,004	\$ 134,820	\$ 57,504	\$ 4,493,945
Receivables	-	-	-	1,462,330
Due from Other Funds	-	-	-	74,297
Loan Receivables	-	-	-	2,057,038
Total Assets	<u>\$ 1,016,004</u>	<u>\$ 134,820</u>	<u>\$ 57,504</u>	<u>\$ 8,087,610</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Other Current Charges	\$ -	\$ -	\$ -	\$ 329,065
Due to Other Funds	500,000	-	-	706,547
Total Liabilities	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>1,035,612</u>
Deferred Inflows of Resources:				
Unavailable Revenues - Intergovernmental	-	-	-	6,710
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,710</u>
Fund Balances:				
Restricted for:				
Capital Projects	516,004	-	57,504	1,586,591
Long-term Receivable	-	-	-	2,057,038
Grant Projects	-	-	-	1,225,754
Road Projects	-	-	-	1,831,931
Salaries and Wages	-	-	-	209,154
Committed for:				
Cemetery Maintenance	-	134,820	-	134,820
Total Fund Balances	<u>516,004</u>	<u>134,820</u>	<u>57,504</u>	<u>7,045,288</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,016,004</u>	<u>\$ 134,820</u>	<u>\$ 57,504</u>	<u>\$ 8,087,610</u>

**CITY OF TUSCALOOSA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

<b>REVENUES</b>	<b>Police Department Funds</b>	<b>Airport Development Fund</b>	<b>Community Development Funds</b>	<b>Gasoline Tax Funds</b>	<b>Beer Tax Bonus Fund</b>
Taxes:					
Gas Tax - State of Alabama	\$ -	\$ -	\$ -	\$ 1,317,259	\$ -
Share of Beer Tax	-	-	-	-	400,595
Intergovernmental Revenues:					
Federal Grants	18,514	172,576	1,813,013	-	-
State and Local Grants	-	450,914	-	-	-
Other Revenues:					
Interest on Investments	226	-	-	74,793	4,759
Share of Tag Receipts	-	-	-	397,523	-
Collection of Principal and Interest	-	-	731,653	-	-
Other	-	223,267	-	-	-
Total Revenues	<u>18,740</u>	<u>846,757</u>	<u>2,544,666</u>	<u>1,789,575</u>	<u>405,354</u>
<b>EXPENDITURES</b>					
Current Operations:					
Community Services	-	-	1,749,953	-	-
General Government	-	-	38,752	-	-
Public Works	-	1,820	-	-	-
Public Safety	18,538	-	-	-	40
Total Current Operations	<u>18,538</u>	<u>1,820</u>	<u>1,788,705</u>	<u>-</u>	<u>40</u>
Capital Outlay	-	841,581	259,925	2,219,692	-
Debt Service:					
Principal	-	-	150,000	-	-
Interest Charges	-	-	6,941	-	-
Total Expenditures	<u>18,538</u>	<u>843,401</u>	<u>2,205,571</u>	<u>2,219,692</u>	<u>40</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>202</u>	<u>3,356</u>	<u>339,095</u>	<u>(430,117)</u>	<u>405,314</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	40,000	-	-	-
Transfers Out	-	-	-	-	(435,142)
Total Other Financing Sources (Uses)	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>(435,142)</u>
Net Change in Fund Balances	202	43,356	339,095	(430,117)	(29,828)
Fund Balances, Beginning of Year	36,731	969,727	2,906,764	2,262,048	238,982
Fund Balances, End of Year	<u>\$ 36,933</u>	<u>\$ 1,013,083</u>	<u>\$ 3,245,859</u>	<u>\$ 1,831,931</u>	<u>\$ 209,154</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, 2025**

<b>REVENUES</b>	<b>Alabama Trust Fund</b>	<b>Evergreen Cemetery Fund</b>	<b>Section 108 Funds</b>	<b>Total Nonmajor Special Revenue Funds</b>
Taxes:				
Gas Tax - State of Alabama	\$ -	\$ -	\$ -	\$ 1,317,259
Share of Beer Tax	-	-	-	400,595
Intergovernmental Revenues:				
Federal Grants	-	-	-	2,004,103
State and Local Grants	918,349	-	-	1,369,263
Other Revenues:				
Interest on Investments	-	4,250	2,404	86,432
Share of Tag Receipts	-	-	-	397,523
Collection of Principal and Interest	-	-	-	731,653
Other	27,488	-	-	250,755
Total Revenues	<u>945,837</u>	<u>4,250</u>	<u>2,404</u>	<u>6,557,583</u>
<b>EXPENDITURES</b>				
Current Operations:				
Community Services	-	-	-	1,749,953
General Government	-	2,024	50	40,826
Public Works	-	-	-	1,820
Public Safety	-	-	-	18,578
Total Current Operations	-	2,024	50	1,811,177
Capital Outlay	402,998	-	-	3,724,196
Debt Service:				
Principal	-	-	-	150,000
Interest Charges	-	-	9,094	16,035
Total Expenditures	<u>402,998</u>	<u>2,024</u>	<u>9,144</u>	<u>5,701,408</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>542,839</u>	<u>2,226</u>	<u>(6,740)</u>	<u>856,175</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	40,000
Transfers Out	(500,000)	-	-	(935,142)
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>(895,142)</u>
Net Change in Fund Balances	42,839	2,226	(6,740)	(38,967)
Fund Balances, Beginning of Year	473,165	132,594	64,244	7,084,255
Fund Balances, End of Year	<u>\$ 516,004</u>	<u>\$ 134,820</u>	<u>\$ 57,504</u>	<u>\$ 7,045,288</u>

**CITY OF TUSCALOOSA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**SEPTEMBER 30, 2025**

<b>ASSETS</b>	<b>Disaster Recovery Construction Fund</b>	<b>Tourism Capital Projects</b>	<b>Public Safety Capital Projects</b>	<b>Public Works Capital Projects</b>	<b>Total Nonmajor Capital Projects Funds</b>
Cash and Cash Equivalents	\$ 8,869	\$ 506,862	\$ 361	\$ 412,447	\$ 928,539
Receivables	3,479	245	-	-	3,724
Due from Other Funds	-	121,585	967,102	-	1,088,687
Total Assets	<u>\$ 12,348</u>	<u>\$ 628,692</u>	<u>\$ 967,463</u>	<u>\$ 412,447</u>	<u>\$ 2,020,950</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable and Other Current Charges	\$ -	\$ -	\$ 28,789	\$ -	\$ 28,789
Due to Other Funds	8,577	250,000	115,511	-	374,088
Total Liabilities	<u>8,577</u>	<u>250,000</u>	<u>144,300</u>	<u>-</u>	<u>402,877</u>
Deferred Inflows of Resources					
Unavailable Revenues - Grants	452	-	-	-	452
Total Deferred Inflows of Resources	<u>452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>452</u>
Fund Balances					
Restricted for:					
Capital Projects	3,319	378,692	823,163	-	1,205,174
Road Projects	-	-	-	412,447	412,447
Total Fund Balances	<u>3,319</u>	<u>378,692</u>	<u>823,163</u>	<u>412,447</u>	<u>1,617,621</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,348</u>	<u>\$ 628,692</u>	<u>\$ 967,463</u>	<u>\$ 412,447</u>	<u>\$ 2,020,950</u>

**CITY OF TUSCALOOSA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

<b>REVENUES</b>	<b>Disaster Recovery Construction Fund</b>	<b>Tourism Capital Projects</b>	<b>Public Safety Capital Projects</b>	<b>Public Works Capital Projects</b>	<b>Total Nonmajor Capital Projects Funds</b>
Intergovernmental	\$ 96,787	\$ -	\$ -	\$ -	\$ 96,787
Other	-	270	26,625	-	26,895
Total Revenues	<u>96,787</u>	<u>270</u>	<u>26,625</u>	<u>-</u>	<u>123,682</u>
<b>EXPENDITURES</b>					
Current Operations:					
General Government	97,313	28,998	-	-	126,311
Total Current Operations	<u>97,313</u>	<u>28,998</u>	<u>-</u>	<u>-</u>	<u>126,311</u>
Capital Outlay	-	287,972	1,852,321	45,145	2,185,438
Debt Service:					
Principal	-	-	895,261	-	895,261
Interest Charges	-	-	40,740	-	40,740
Total Expenditures	<u>97,313</u>	<u>316,970</u>	<u>2,788,322</u>	<u>45,145</u>	<u>3,247,750</u>
Deficiency of Revenues under Expenditures	<u>(526)</u>	<u>(316,700)</u>	<u>(2,761,697)</u>	<u>(45,145)</u>	<u>(3,124,068)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	430,326	967,102	-	1,397,428
Transfers Out	-	(250,000)	-	(77,932)	(327,932)
Total Other Financing Sources (Uses)	<u>-</u>	<u>180,326</u>	<u>967,102</u>	<u>(77,932)</u>	<u>1,069,496</u>
Net Change in Fund Balances	(526)	(136,374)	(1,794,595)	(123,077)	(2,054,572)
Fund Balances, Beginning of Year	3,845	515,066	2,617,758	535,524	3,672,193
Fund Balances, End of Year	<u>\$ 3,319</u>	<u>\$ 378,692</u>	<u>\$ 823,163</u>	<u>\$ 412,447</u>	<u>\$ 1,617,621</u>

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, 2025

	Budget	Actual	Variance
Operating Revenues:			
Charges for Services	\$ 69,959,000	\$ 77,087,328	\$ 7,128,328
Connection Fees	561,250	807,440	246,190
Cost Reimbursement	46,625	57,640	11,015
Other	611,500	5,441,966	4,830,466
Total Operating Revenues	<u>71,178,375</u>	<u>83,394,374</u>	<u>12,215,999</u>
Non-Operating Revenues (Expenses):			
Interest Income	-	1,103,647	1,103,647
Interest and Fiscal Charges	(14,559,842)	(4,414,636)	10,145,206
Gain on Disposal	103,702	106	(103,596)
Net Non-operating Expenses, net	<u>(14,456,140)</u>	<u>(3,310,883)</u>	<u>11,145,257</u>
Total before Transfers and Contributions	<u>56,722,235</u>	<u>80,083,491</u>	<u>23,361,256</u>
Transfers In (Out), Grants, and Contributions			
Capital Contributions - Developers	-	3,080,252	3,080,252
Capital Grant Revenue	-	552,709	552,709
Transfers In	(7,933,051)	39,247	7,972,298
Transfers Out	(9,121,154)	(9,022,103)	99,051
Net Transfers, Grants, and Contributions	<u>(17,054,205)</u>	<u>(5,349,895)</u>	<u>11,704,310</u>
Fund Total	<u>\$ 39,668,030</u>	<u>\$ 74,733,596</u>	<u>\$ 35,065,566</u>
Operating expenses:			
Accounting and Finance	\$ 468,000	\$ 914,475	\$ (446,475)
Office of the City Engineer	538,873	501,607	37,266
Information Technology	957,571	964,930	(7,359)
Damage Claims	444,059	14,969	429,090
Administration	1,146,807	1,094,792	52,015
Logistics and Asset Management	18,415,365	17,371,352	1,044,013
Infrastructure	10,116,987	9,904,960	212,027
Billing and Collections	2,058,756	2,214,254	(155,498)
Depreciation	9,000,000	12,114,935	(3,114,935)
Special Projects	1,675,749	1,434,310	241,439
Other	146,200	639,509	(493,309)
Total Operating Expenses	<u>\$ 44,968,367</u>	<u>\$ 47,170,093</u>	<u>\$ (2,201,726)</u>

**CITY OF TUSCALOOSA**

**COMBINING STATEMENT OF ASSETS AND LIABILITIES  
CUSTODIAL FUNDS  
SEPTEMBER 30, 2025**

<b>ASSETS</b>	<b>SC Foundation</b>	<b>Cash Bond Fund</b>	<b>Total</b>
Cash and Cash Equivalents	\$ 11,459,571	\$ 118,145	\$ 11,577,716
Other Assets	25,000	-	25,000
Total Assets	<u>11,484,571</u>	<u>118,145</u>	<u>11,602,716</u>
<b>LIABILITIES</b>			
Accounts Payable	<u>30,529</u>	-	<u>30,529</u>
Total Liabilities	<u>30,529</u>	<u>-</u>	<u>30,529</u>
<b>NET POSITION</b>			
Restricted for Individuals, Organizations and Other Governments	<u>\$ 11,454,042</u>	<u>\$ 118,145</u>	<u>\$ 11,572,187</u>

**CITY OF TUSCALOOSA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
CUSTODIAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>SC Foundation</u>	<u>Cash Bond Fund</u>	<u>Total</u>
<b>Additions:</b>			
Other contributions	\$ 11,401,949	\$ -	\$ 11,401,949
Criminal and Civil Bonds	-	512,002	512,002
Total Additions	<u>11,401,949</u>	<u>512,002</u>	<u>11,913,951</u>
<b>Deductions:</b>			
Administrative Plan Expenses	4,549,607	-	4,549,607
Other Custodial Disbursements	-	528,244	528,244
Total Deductions	<u>4,549,607</u>	<u>528,244</u>	<u>5,077,851</u>
Change in Fiduciary Net Position	6,852,342	(16,242)	6,836,100
Net Position, Beginning of Year	<u>4,601,700</u>	<u>134,387</u>	<u>4,736,087</u>
Net Position, End of Year	<u>\$ 11,454,042</u>	<u>\$ 118,145</u>	<u>\$ 11,572,187</u>

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# STATISTICAL SECTION

This part of the City of Tuscaloosa’s (the “City”) Annual Comprehensive 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>
<b>Financial Trends</b> .....	<b>157 – 163</b>
<i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b> .....	<b>164 – 170</b>
<i>These schedules contain information to help the reader assess the City’s most significant local revenue sources.</i>	
<b>Debt Capacity</b> .....	<b>171– 175</b>
<i>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i>	
<b>Demographic and Economic Information</b> .....	<b>176 and 177</b>
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</i>	
<b>Operating Information</b> .....	<b>178 – 181</b>
<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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 147,980,779	\$ 185,194,521	\$ 182,441,470	\$ 195,622,070	\$ 212,335,854	\$ 240,310,768	\$ 254,373,520	\$ 288,581,790	\$ 324,196,263	\$ 340,680,364
Restricted	8,831,904	10,676,955	31,618,220	25,443,065	25,114,378	65,688,810	79,747,093	8,361,018	8,029,032	8,756,655
Unrestricted	(32,427,885)	(71,093,338)	(102,110,259)	(104,871,782)	(113,170,257)	(163,155,087)	(163,578,276)	(92,776,684)	(96,388,799)	(92,928,392)
<b>Total Governmental Activities Net Position</b>	<b>\$ 124,384,798</b>	<b>\$ 124,778,138</b>	<b>\$ 111,949,431</b>	<b>\$ 116,193,353</b>	<b>\$ 124,279,975</b>	<b>\$ 142,844,491</b>	<b>\$ 170,542,337</b>	<b>\$ 204,166,124</b>	<b>\$ 235,836,496</b>	<b>\$ 256,508,627</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 201,736,756	\$ 209,743,795	\$ 221,498,636	\$ 227,543,387	\$ 236,429,104	\$ 242,871,734	\$ 251,986,718	\$ 258,122,233	\$ 278,533,433	\$ 286,403,936
Unrestricted	14,323,700	18,637,889	16,213,614	18,579,788	14,593,553	12,904,570	18,019,808	25,024,960	30,205,656	49,847,326
<b>Total Business-Type Activities Net Position</b>	<b>\$ 216,060,456</b>	<b>\$ 228,381,684</b>	<b>\$ 237,712,250</b>	<b>\$ 246,123,175</b>	<b>\$ 251,022,657</b>	<b>\$ 255,776,304</b>	<b>\$ 270,006,526</b>	<b>\$ 283,147,193</b>	<b>\$ 308,739,089</b>	<b>\$ 336,251,262</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 349,717,535	\$ 394,938,316	\$ 403,940,106	\$ 423,165,457	\$ 448,764,958	\$ 483,182,502	\$ 506,360,238	\$ 546,704,023	\$ 602,729,696	\$ 627,084,300
Restricted	8,831,904	10,676,955	31,618,220	25,443,065	25,114,378	65,688,810	79,747,093	8,361,018	8,029,032	8,756,655
Unrestricted	(18,104,185)	(52,455,449)	(85,896,645)	(86,291,994)	(98,576,704)	(150,250,517)	(145,558,468)	(67,751,724)	(66,183,143)	(43,081,066)
<b>Total Primary Government Net Position</b>	<b>\$ 340,445,254</b>	<b>\$ 353,159,822</b>	<b>\$ 349,661,681</b>	<b>\$ 362,316,528</b>	<b>\$ 375,302,632</b>	<b>\$ 398,620,795</b>	<b>\$ 440,548,863</b>	<b>\$ 487,313,317</b>	<b>\$ 544,575,585</b>	<b>\$ 592,759,889</b>

**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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Expenses:</b>										
Governmental Activities:										
Community Services	\$ -	\$ 10,256,107	\$ 10,817,522	\$ 21,692,644	\$ 26,063,157	\$ 18,562,795	\$ 28,160,845	\$ 10,697,435	\$ 13,553,791	\$ 6,687,720
Culture and Recreation	8,731,518	-	-	-	-	-	-	15,633,531	13,734,272	24,412,250
Economic Development	67,066	-	-	-	-	-	-	8,072,044	7,995,454	8,977,592
Environmental Services	7,831,430	-	-	-	-	-	-	-	-	-
General Government	25,351,520	34,924,823	17,722,560	21,767,822	23,163,584	22,640,614	22,664,081	29,563,517	34,209,517	34,666,138
Housing	686,792	-	-	-	-	-	-	-	-	-
Public Works	-	32,891,792	42,280,475	33,774,746	35,447,889	49,460,633	45,882,513	45,018,745	50,687,953	50,244,084
Public Safety	63,829,331	54,362,016	63,015,573	73,277,078	72,429,503	72,924,074	74,201,883	87,581,625	90,355,728	93,033,138
Streets and Highways	28,156,089	-	-	-	-	-	-	-	-	-
Urban Development	-	3,088,730	3,605,120	3,395,063	4,367,239	4,252,317	4,665,399	-	-	-
Cost Sharing Arrangements	-	861,956	1,501,629	-	-	-	-	-	-	-
Education	15,908,779	17,041,400	17,736,879	21,646,612	22,731,935	25,651,106	4,693,725	4,613,044	4,630,358	4,621,169
Funds to Other Agencies	-	13,371,624	15,241,456	-	-	-	-	-	-	-
Health	130,000	-	-	-	-	-	-	-	-	-
Library	1,919,273	-	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	3,587,862	3,231,727	4,536,097	4,029,079	3,535,948	5,560,297	5,960,275	8,157,183	8,540,951	9,826,633
<b>Total Governmental Activities Expenses</b>	<b>156,199,660</b>	<b>170,030,175</b>	<b>176,457,311</b>	<b>179,583,044</b>	<b>187,739,255</b>	<b>199,051,836</b>	<b>186,228,721</b>	<b>209,337,124</b>	<b>223,708,024</b>	<b>232,468,724</b>
Business-Type Activities										
Intermodal Facility	70,255	57,247	54,126	52,163	51,269	53,027	46,044	81,091	90,283	96,723
Water and Sewer	38,807,501	33,583,116	34,129,319	36,498,015	37,353,617	39,461,121	39,838,835	47,766,679	51,330,759	51,611,158
<b>Total Business-Type Activities Expenses</b>	<b>38,877,756</b>	<b>33,640,363</b>	<b>34,183,445</b>	<b>36,550,178</b>	<b>37,404,886</b>	<b>39,514,148</b>	<b>39,884,879</b>	<b>47,847,770</b>	<b>51,421,042</b>	<b>51,707,881</b>
<b>Total Primary Government Expenses</b>	<b>\$ 195,077,416</b>	<b>\$ 203,670,538</b>	<b>\$ 210,640,756</b>	<b>\$ 216,133,222</b>	<b>\$ 225,144,142</b>	<b>\$ 238,565,984</b>	<b>\$ 226,113,600</b>	<b>\$ 257,184,894</b>	<b>\$ 275,129,066</b>	<b>\$ 284,176,605</b>
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for Services:										
Public Works	\$ 5,259,467	\$ 5,572,009	\$ 5,851,065	\$ 6,189,032	\$ 1,397,584	\$ 1,367,275	\$ 1,386,153	\$ 1,975,251	\$ 2,842,180	\$ 3,239,621
General Government	25,326,992	25,953,225	23,535,566	24,306,886	24,942,718	23,459,313	25,808,332	27,755,877	29,529,484	31,402,168
Public Safety	109,213	-	2,578,567	2,408,516	2,036,008	2,482,693	2,866,566	2,639,609	2,916,635	2,482,663
Operating Grants and Contributions	36,308,970	49,087,506	66,494,123	52,891,714	53,367,264	65,947,637	43,937,485	64,957,467	65,589,799	54,150,161
Capital Grants and Contributions	17,869,832	8,583,231	1,971,787	7,471,892	3,198,231	1,663,060	4,022,823	185,324	1,721,680	6,632,671
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 84,874,474</b>	<b>\$ 89,195,971</b>	<b>\$ 100,431,098</b>	<b>\$ 93,268,040</b>	<b>\$ 84,941,805</b>	<b>\$ 94,919,978</b>	<b>\$ 78,021,359</b>	<b>\$ 97,513,528</b>	<b>\$ 102,599,778</b>	<b>\$ 97,907,284</b>
Business-Type Activities:										
Charges for Services:										
Intermodal Facility	\$ 26,750	\$ -	\$ 72,740	\$ 59,843	\$ 61,634	\$ 68,266	\$ 67,973	\$ 67,907	\$ 70,428	\$ 70,012
Water and Sewer	46,235,434	48,265,312	49,089,175	50,991,737	49,271,926	50,085,923	56,993,133	61,221,763	72,566,258	83,394,374
Operating Grants and Contributions	-	334,920	-	-	-	-	-	-	-	-
Capital Grants and Contributions	4,522,992	1,413,123	2,773,176	127,131	453,399	1,184,686	3,137,302	5,300,906	11,042,450	3,632,961
<b>Total Business-Type Program Revenues</b>	<b>\$ 50,785,176</b>	<b>\$ 50,013,355</b>	<b>\$ 51,935,091</b>	<b>\$ 51,178,711</b>	<b>\$ 49,786,959</b>	<b>\$ 51,338,875</b>	<b>\$ 60,198,408</b>	<b>\$ 66,590,576</b>	<b>\$ 83,679,136</b>	<b>\$ 87,097,347</b>

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net (Expense) Revenue:										
Governmental Activities	\$ (71,325,186)	\$ (80,834,204)	\$ (76,026,213)	\$ (86,315,004)	\$ (102,797,451)	\$ (103,131,858)	\$ (108,207,362)	\$ (111,823,596)	\$ (121,108,246)	\$ (134,561,440)
Business-Type Activities	11,907,420	16,372,992	17,751,646	14,628,533	12,382,073	11,824,727	20,313,529	18,742,806	32,258,094	35,389,466
Total Primary Government Net Expense	(59,417,766)	(64,461,212)	(58,274,567)	(71,686,471)	(90,415,378)	(91,307,131)	(87,893,833)	(93,080,790)	(88,850,152)	(99,171,974)
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental Activities:										
Taxes:										
Sales and Use Tax	40,242,761	42,347,194	44,107,898	47,666,435	69,196,100	77,287,801	85,661,672	86,985,707	88,561,951	91,279,825
Property Tax	13,734,770	16,686,560	18,369,545	19,034,804	19,482,368	19,801,467	22,607,916	22,170,105	23,180,317	24,445,925
Lodging Tax	6,091,467	6,686,188	7,233,297	7,846,381	5,697,315	7,377,346	9,243,478	10,179,016	10,277,147	10,277,622
Taxes Passed through from State	1,880,793	2,034,264	1,920,145	2,029,435	-	-	-	-	-	-
Other	7,072,599	7,252,459	6,686,883	6,940,106	8,860,643	10,081,477	11,837,759	12,786,410	13,964,896	14,613,626
Gain (loss) on Disposal of Capital Assets	-	1,071,482	49,401	4,733	-	-	-	-	-	-
Gain (loss) on Impairment	-	-	-	-	-	-	-	-	-	-
Unrestricted Investment Earnings	629,033	2,148,758	406,611	409,533	108,894	56,656	355,756	6,219,773	8,343,046	5,633,717
Other Income	-	-	-	-	-	-	-	-	-	-
Transfers	1,766,618	4,419,128	5,438,666	6,366,336	7,538,753	7,091,627	6,198,627	7,106,372	8,451,261	8,982,856
Total Governmental Activities	71,418,041	82,646,033	84,212,446	90,297,763	110,884,073	121,696,374	135,905,208	145,447,383	152,778,618	155,233,571
Business-Type Activities:										
Gain (loss) on Disposal of Capital Assets	-	11,762	53,040	62,758	43,139	18,646	18,110	28,080	10,960	106
Unrestricted Investment Earnings	30,688	36,062	120,873	85,970	13,023	1,901	97,210	1,476,153	1,774,103	1,105,457
Transfers	(1,766,618)	(4,419,128)	(5,438,666)	(6,366,336)	(7,538,753)	(7,091,627)	(6,198,627)	(7,106,372)	(8,451,261)	(8,982,856)
Total Business-Type Activities	(1,735,930)	(4,371,304)	(5,264,753)	(6,217,608)	(7,482,591)	(7,071,080)	(6,083,307)	(5,602,139)	(6,666,198)	(7,877,293)
Total Primary Government	69,682,111	78,274,729	78,947,693	84,080,155	103,401,482	114,625,294	129,821,901	139,845,244	146,112,420	147,356,278
<b>Change in Net Position:</b>										
Governmental Activities	92,855	1,811,829	8,186,233	3,982,759	8,086,622	18,564,516	27,697,846	33,623,787	31,670,372	20,672,131
Business-Type Activities	10,171,490	12,001,688	12,486,893	8,410,925	4,899,482	4,753,647	14,230,222	13,140,667	25,591,896	27,512,173
Total Business-Type Program Revenues	\$ 10,264,345	\$ 13,813,517	\$ 20,673,126	\$ 12,393,684	\$ 12,986,104	\$ 23,318,163	\$ 41,928,068	\$ 46,764,454	\$ 57,262,268	\$ 48,184,304

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**

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sales Tax	\$ 37,296,511	\$ 39,376,640	\$ 39,764,825	\$ 41,390,252	\$ 59,038,212	\$ 65,130,416	\$ 71,049,222	\$ 70,751,517	\$ 70,977,563	<b>\$ 71,827,841</b>
Use Tax	2,946,250	3,862,156	4,343,073	6,276,183	10,157,888	12,157,385	14,612,450	16,234,190	17,584,388	<b>19,451,983</b>
Property Tax	13,734,770	17,189,867	18,369,545	19,034,804	19,482,368	19,801,467	22,607,916	22,170,105	23,180,317	<b>24,445,925</b>
Lodging Tax	6,091,467	6,686,188	7,233,297	7,846,381	5,697,315	7,377,346	9,243,478	10,179,016	10,277,147	<b>10,277,622</b>
Other State and Local Taxes	6,166,876	6,504,506	8,607,028	8,969,541	8,860,643	10,081,477	11,837,759	12,786,410	13,964,896	<b>14,613,626</b>
	<u>\$ 66,235,874</u>	<u>\$ 73,619,357</u>	<u>\$ 78,317,768</u>	<u>\$ 83,517,161</u>	<u>\$ 103,236,426</u>	<u>\$ 114,548,091</u>	<u>\$ 129,350,825</u>	<u>\$ 132,121,238</u>	<u>\$ 135,984,311</u>	<b><u>\$ 140,616,997</u></b>

**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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 1,196,230	\$ 3,431,639	\$ 4,608,857	\$ 4,778,530	\$ 853,105	\$ 610,500	\$ 4,814,735	\$ 594,408	\$ 1,039,107	\$ 737,750
Restricted	1,582,927	2,335,156	3,053,256	3,069,680	1,988,329	1,799,696	1,895,121	1,866,923	2,039,263	3,009,991
Committed	1,405,267	971,502	545,510	981,076	8,425,210	909,092	810,111	659,484	1,342,602	1,744,862
Assigned	484,417	134,881	386,651	377,323	3,027,278	15,917,664	16,064,915	26,369,608	7,493,124	14,603,299
Unassigned	11,953,717	12,502,563	13,294,511	13,861,816	14,231,394	17,292,227	33,116,577	31,929,206	34,726,646	36,568,286
<b>Total General Fund</b>	<b>\$ 16,622,558</b>	<b>\$ 19,375,741</b>	<b>\$ 21,888,785</b>	<b>\$ 23,068,425</b>	<b>\$ 28,525,316</b>	<b>\$ 36,529,179</b>	<b>\$ 56,701,459</b>	<b>\$ 61,419,629</b>	<b>\$ 46,640,742</b>	<b>\$ 56,664,188</b>
Capital Projects Fund										
Nonspendable	\$ -	\$ 3,144,630	\$ -	\$ 4,930,780	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	23,500,862	15,341,822	8,250,802	3,948,497	48,154,032	65,052,336	101,465,510	52,058,929	104,066,797
Committed	27,687,207	4,839,880	4,821,391	499,982	1,409,314	914,795	15,089,177	25,008,397	29,924,051	27,236,251
Assigned	27,718,919	17,850,327	20,951,978	17,710,877	25,189,740	29,470,231	16,062,556	20,950,529	16,028,093	12,404,633
<b>Total Capital Projects Fund</b>	<b>\$ 55,406,126</b>	<b>\$ 49,335,699</b>	<b>\$ 41,115,191</b>	<b>\$ 31,392,441</b>	<b>\$ 30,547,551</b>	<b>\$ 78,539,058</b>	<b>\$ 96,204,069</b>	<b>\$ 147,424,436</b>	<b>\$ 98,011,073</b>	<b>\$ 143,707,681</b>
River District Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	-	-	-	-	43,490	75,171
Assigned	-	-	-	-	-	-	-	-	6,480,097	7,234,287
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total River District Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,523,587</b>	<b>\$ 7,309,458</b>
Elevate Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	-	-	-	-	11,271,641	32,219,917
Assigned	-	-	-	-	-	-	-	-	1,845,094	-
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total Elevate Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,116,735</b>	<b>\$ 32,219,917</b>
American Rescue Plan Act Fund										
Committed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,644	\$ 507,723	\$ 850,322	\$ 661,782
<b>Total American Rescue Plan Act Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 80,644</b>	<b>\$ 507,723</b>	<b>\$ 850,322</b>	<b>\$ 661,782</b>
Nonmajor Governmental Funds										
Nonspendable	\$ -	\$ 990,292	\$ -	\$ 3,152,058	\$ -	\$ -	\$ 2,513,326	\$ -	\$ -	\$ -
Restricted	3,649,933	8,240,537	8,894,763	13,736,954	15,716,520	11,008,863	12,772,634	11,053,402	10,632,685	8,531,719
Committed	5,511,889	4,605,148	2,006,226	605,733	2,384,293	1,707,617	(2,661,065)	133,954	132,594	134,820
Assigned	175,762	153,901	-	-	-	-	-	-	-	-
Unassigned	403,976	(2,106,686)	(1,348,489)	(2,035,576)	(687,259)	(417,079)	-	-	-	-
<b>Total Nonmajor Governmental Funds</b>	<b>\$ 9,741,560</b>	<b>\$ 11,883,192</b>	<b>\$ 9,552,500</b>	<b>\$ 15,459,169</b>	<b>\$ 17,413,554</b>	<b>\$ 12,299,401</b>	<b>\$ 12,624,895</b>	<b>\$ 11,187,356</b>	<b>\$ 10,765,279</b>	<b>\$ 8,666,539</b>

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenues:</b>										
Taxes	\$ 67,141,597	\$ 72,972,401	\$ 75,736,943	\$ 80,949,399	\$ 100,556,902	\$ 111,782,085	\$ 126,161,752	\$ 132,121,238	\$ 135,984,311	\$ 140,616,998
Licenses and Permits	22,563,765	22,243,027	23,274,964	24,005,204	24,554,241	23,209,084	25,530,330	27,463,952	29,198,296	31,003,103
Fines and Penalties	2,727,595	2,918,739	2,578,567	2,408,516	2,036,008	2,482,693	2,866,566	2,639,609	2,916,635	2,482,663
Use of Property	35,632	576,455	260,592	301,682	388,477	250,229	263,002	291,925	331,188	399,065
Charges for Services	5,259,467	5,572,009	5,851,065	6,189,032	1,397,584	1,367,275	1,386,153	1,975,251	2,842,180	3,239,621
Intergovernmental	51,184,069	49,539,381	57,572,532	57,814,833	52,596,084	58,988,567	42,611,641	52,787,754	48,411,189	39,109,172
Other Revenues	10,834,543	11,573,313	10,523,923	11,542,739	4,424,291	9,396,182	13,237,288	20,885,244	24,066,492	30,512,661
<b>Total Revenues</b>	<b>\$ 159,746,668</b>	<b>\$ 165,395,325</b>	<b>\$ 175,798,586</b>	<b>\$ 183,211,405</b>	<b>\$ 185,953,587</b>	<b>\$ 207,476,115</b>	<b>\$ 212,056,732</b>	<b>\$ 238,164,973</b>	<b>\$ 243,750,291</b>	<b>\$ 247,363,283</b>
<b>Expenditures:</b>										
Community Services	\$ -	\$ 10,101,429	\$ 9,512,357	\$ 10,858,595	\$ 15,020,487	\$ 6,070,988	\$ 13,309,228	\$ 2,658,962	\$ 3,568,577	\$ 3,024,918
Culture and Recreation	7,886,736	-	-	-	-	-	-	9,144,869	6,999,925	8,080,968
Economic Development	2,002,451	-	-	-	-	-	-	5,080,825	5,779,917	5,762,548
Environmental Services	6,738,800	-	-	-	-	-	-	-	-	-
General Government	16,326,502	15,879,850	16,384,551	17,475,967	18,840,097	18,584,760	18,933,268	26,073,366	28,654,620	31,040,444
Housing	686,584	-	-	-	-	-	-	-	-	-
Public Works	-	27,763,854	28,618,944	30,186,342	34,095,331	32,085,238	36,201,466	33,606,823	36,085,506	38,416,695
Public Safety	58,293,040	51,593,058	53,339,953	63,411,837	59,637,208	62,101,060	67,433,785	73,367,254	75,909,751	78,625,142
Streets and Highways	21,090,170	-	-	-	-	-	-	-	-	-
Urban Development	-	3,018,293	3,566,210	3,362,831	4,045,262	3,958,473	4,127,268	-	-	-
Other Activities	3,339,395	-	2,437,686	1,053,245	675,504	889,308	1,096,155	450,000	102,945	258,603
Cost Sharing Arrangements	-	861,956	1,501,629	1,602,917	1,685,781	1,585,991	1,680,241	223,954	312,029	306,200
Education	15,908,779	17,041,400	17,732,000	18,356,200	18,365,865	20,127,000	5,625	1,466,923	1,429,961	1,443,260
Funds to Other Agencies	-	13,371,625	12,803,770	12,890,873	13,911,661	15,992,233	19,812,999	13,750,757	15,700,937	15,085,576
Health	130,000	-	-	-	-	-	-	-	-	-
Library	1,919,273	-	-	-	-	-	-	-	-	-
Capital Outlay	22,533,214	33,042,037	37,360,900	32,238,628	24,293,015	42,019,787	45,614,173	68,211,150	103,252,242	82,456,160
Debt Service:										
Principal	5,011,589	4,743,233	4,154,386	4,238,357	5,296,154	13,220,146	6,777,282	14,768,311	9,766,764	11,946,882
Interest	3,456,478	3,981,357	4,283,340	4,188,751	3,318,886	4,899,632	5,652,976	7,634,036	9,683,030	9,365,137
Warrant Issue Costs	276,590	264,116	5,557	5,557	231,831	461,716	305,659	461,277	15,332	725,215
Intergovernmental	1,383,699	543,444	4,446	-	-	6,279,657	-	-	-	-
<b>Total Governmental Activities Expenses</b>	<b>166,983,300</b>	<b>182,205,652</b>	<b>191,705,729</b>	<b>199,870,100</b>	<b>199,417,082</b>	<b>228,275,989</b>	<b>220,950,125</b>	<b>256,898,507</b>	<b>297,261,536</b>	<b>286,537,748</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(7,236,632)</b>	<b>(16,810,327)</b>	<b>(15,907,143)</b>	<b>(16,658,695)</b>	<b>(13,463,495)</b>	<b>(20,799,874)</b>	<b>(8,893,393)</b>	<b>(18,733,534)</b>	<b>(53,511,245)</b>	<b>(39,174,465)</b>

(Continued)

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Excess of Revenues Over (Under) Expenditures (Brought Forward)	\$ (7,236,632)	\$ (16,810,327)	\$ (15,907,143)	\$ (16,658,695)	\$ (13,463,495)	\$ (20,799,874)	\$ (8,893,393)	\$ (18,733,534)	\$ (53,511,245)	\$ (39,174,465)
<b>Other Financing Sources</b>										
(Uses):										
Transfers In	48,663,918	25,731,688	26,493,476	23,034,291	29,066,882	101,565,394	64,182,593	114,435,032	64,656,459	121,133,015
Transfers Out	(46,897,300)	(19,884,719)	(20,011,245)	(16,643,445)	(21,528,129)	(94,473,767)	(57,983,966)	(107,328,660)	(56,205,198)	(112,150,159)
Insurance Proceeds	-	-	-	-	-	2,773,239	-	-	-	-
Loan Proceeds	-	-	-	-	-	-	-	-	-	-
Warrants Issued	33,370,000	32,750,000	-	-	38,319,760	55,195,523	39,590,000	63,335,000	55,000	83,870,000
Issuance of Refunding Debt	-	-	-	-	-	2,535,000	-	-	250,686	5,701,474
Premium on Warrants Issued	1,908,454	-	-	-	-	6,513,796	1,209,593	3,087,408	-	200,618
Discounts on Warrants Issued	-	-	-	-	-	-	-	-	-	(749,916)
Payment to Refunded Warrant Escrow Agent	(1,038,215)	(29,002,339)	-	-	-	(2,418,614)	-	-	-	-
Proceeds from the Sale of Capital Assets	-	1,167,360	90,997	541,913	91,477	20,695	117,721	132,382	118,937	-
Proceeds from the Issuance of Debt	-	-	-	1,276,914	-	-	-	-	-	-
Financed Purchases	-	400,000	1,295,759	6,000,000	-	-	-	-	-	-
Installment Purchase Note Proceeds	-	1,861,000	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	36,006,857	13,022,990	7,868,987	14,209,673	45,949,990	71,711,266	47,115,941	73,661,162	8,875,884	98,005,032
Net Change in Fund Balances	\$ 28,770,225	\$ (3,787,337)	\$ (8,038,156)	\$ (2,449,022)	\$ 32,486,495	\$ 50,911,392	\$ 38,222,548	\$ 54,927,628	\$ (44,635,361)	\$ 58,830,567
<b>Debt Service as a Percentage of Non-Capital Expenditures</b>	6%	6%	5%	5%	5%	5%	7%	12%	10%	11%

CITY OF TUSCALOOSA

Schedule F

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sales Tax	\$ 37,296,511	\$ 38,485,038	\$ 38,881,179	\$ 40,448,715	\$ 57,714,314	\$ 63,658,447	\$ 69,420,408	\$ 70,751,517	\$ 47,415,099	\$ 48,042,785
Use Tax	2,946,250	3,862,156	4,343,073	6,276,183	10,157,888	12,157,385	14,612,450	16,234,190	14,496,710	16,099,089
Property Tax	13,734,770	16,686,560	17,708,865	18,496,477	18,921,272	19,195,559	21,738,499	22,170,105	23,180,317	24,445,925
Lodging Tax	6,091,467	6,686,188	7,233,297	7,846,381	5,697,315	7,377,346	9,243,478	10,179,016	10,277,147	10,277,622
Other State and Local Taxes	7,072,599	7,252,459	6,686,883	6,940,106	6,742,215	7,921,379	9,518,103	11,165,899	12,261,316	12,895,772
	<u>\$ 67,141,597</u>	<u>\$ 72,972,401</u>	<u>\$ 74,853,297</u>	<u>\$ 80,007,862</u>	<u>\$ 99,233,004</u>	<u>\$ 110,310,116</u>	<u>\$ 124,532,938</u>	<u>\$ 130,500,727</u>	<u>\$ 107,630,589</u>	<u>\$ 111,761,193</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	Exemptions	Net Assessed Value	Estimated Actual Value	Assessed Value	Exemptions	Net Assessed Value	Estimated Actual Value				
2016	\$ 1,104,885,840	\$ -	-	\$ 7,365,905,600	\$ 125,096,180	\$ -	\$ -	\$ 731,129,047	\$ 1,229,982,020	0.0135	\$ 8,097,034,647	15.19%
2017	1,175,088,440	-	-	7,833,922,933	123,360,600	-	-	720,985,388	1,298,449,040	0.0135	8,554,908,322	15.18%
2018	1,194,074,340	-	-	7,960,495,600	115,176,480	-	-	673,153,010	1,309,250,820	0.0135	8,633,648,610	15.16%
2019	1,325,527,780	-	-	8,836,851,867	117,336,660	-	-	685,778,258	1,442,864,440	0.0135	9,522,630,125	15.15%
2020	1,359,495,160	-	-	9,063,301,067	120,761,340	-	-	705,793,921	1,480,256,500	0.0135	9,769,094,988	15.15%
2021	1,381,587,700	44,046,160	1,337,541,540	8,916,943,600	129,465,100	3,371,460	126,093,640	736,958,737	1,463,635,180	0.0135	9,653,902,337	15.16%
2022	1,711,354,540	209,827,180	1,501,527,360	10,010,182,400	140,799,620	1,552,240	139,247,380	813,836,236	1,640,774,740	0.0135	10,824,018,636	15.16%
2023	1,737,422,040	214,848,360	1,522,573,680	10,150,491,200	163,929,520	4,881,400	159,048,120	929,562,361	1,681,621,800	0.0135	11,080,053,561	15.18%
2024	1,837,004,580	249,082,720	1,587,921,860	10,586,145,733	170,248,240	1,775,880	168,472,360	984,642,665	1,756,394,220	0.0135	11,570,788,398	15.18%
2025	1,907,714,900	255,396,440	1,652,318,460	11,015,456,400	176,702,600	1,632,760	175,069,840	1,023,201,870	1,827,388,300	0.0135	12,038,658,270	15.18%

\*Source: Tuscaloosa County Tax Assessor

\*\*Source: Tuscaloosa County License Commissioner

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

Note: In fiscal year 2021, the City began reporting exemptions to the property tax assessments in order to determine net assessed value.

CITY OF TUSCALOOSA

Schedule H

PROPERTY TAX RATES  
LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

Fiscal Year	Direct Rate	Overlapping Rates*			Total
	City of Tuscaloosa - General Fund	City Schools	Tuscaloosa County	State of Alabama	
2016	0.0135	0.0155	0.0160	0.0065	0.0515
2017	0.0135	0.0155	0.0160	0.0065	0.0515
2018	0.0135	0.0155	0.0160	0.0065	0.0515
2019	0.0135	0.0155	0.0160	0.0065	0.0515
2020	0.0135	0.0155	0.0160	0.0065	0.0515
2021	0.0135	0.0155	0.0160	0.0065	0.0515
2022	0.0135	0.0155	0.0160	0.0065	0.0515
2023	0.0135	0.0155	0.0160	0.0065	0.0515
2024	0.0135	0.0155	0.0160	0.0065	0.0515
<b>2025</b>	<b>0.0135</b>	<b>0.0155</b>	<b>0.0160</b>	<b>0.0065</b>	<b>0.0515</b>

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

Schedule I

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND TEN YEARS AGO

	September 30, 2025				September 30, 2016			
	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	\$ 682,450	1	\$ 50,982,260	2.67%	\$ 443,786	1	\$ 32,873,020	2.68%
Phifer Incorporated	245,467	2	18,182,720	0.95%	198,618	2	15,671,360	1.28%
The Greens at Tuscaloosa	168,021	3	12,446,000	0.65%	116,657	5	8,641,240	0.70%
Hanna Steel Corporation	166,418	4	20,366,920	1.07%	98,442	8	7,291,980	0.59%
Tuscaloosa, LLC	122,992	5	9,103,540	0.48%	-	-	-	-
Phifer Wire Products, Inc.	119,226	6	8,831,520	0.46%	-	-	-	-
ZF Chassis Systems Tuscaloosa, LLC	116,708	7	8,767,140	0.46%	-	-	-	-
University House Tuscaloosa, LLC	115,791	8	8,577,080	0.45%	-	-	-	-
Bolta US LTD	112,517	9	7,576,860	0.40%	-	-	-	-
Martinrea Tuscaloosa, Inc.	101,012	10	18,415,820	0.97%	-	-	-	-
Tuscaloosa I, LLC	-	-	-	-	147,961	3	10,960,080	0.89%
AL-UA Holdings LLC	-	-	-	-	117,011	4	8,667,500	0.71%
CEV Tuscaloosa LP	-	-	-	-	114,012	6	8,445,340	0.69%
Aranov Realty Co., Inc.	-	-	-	-	102,870	7	7,620,000	0.62%
CD/Park 7 Tuscaloosa Owner, LLC	-	-	-	-	96,876	9	7,176,020	0.59%
KW Tuscaloosa Hotel Partners	-	-	-	-	95,339	10	7,062,140	0.58%
	<u>\$ 1,950,601</u>		<u>\$ 163,249,860</u>	<u>8.56%</u>	<u>\$ 1,531,572</u>		<u>\$ 114,408,680</u>	<u>9.33%</u>

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

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
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)	16,584,722	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%
2020	2019	18,765,816	(1,552,627)	17,213,189	16,989,285	98.70%	N/A	16,989,285	98.70%
2021	2020	18,875,892	(1,369,245)	17,506,647	17,395,711	99.37%	N/A	17,395,711	99.37%
2022	2021	23,272,630	(3,658,658)	19,613,972	19,592,032	99.89%	N/A	19,592,032	99.89%
2023	2022	23,689,144	(3,864,928)	19,824,216	19,575,996	98.75%	N/A	19,575,996	98.75%
2024	2023	25,135,992	(4,343,093)	20,792,899	20,743,068	99.76%	N/A	20,743,068	99.76%
<b>2025</b>	<b>2024</b>	<b>26,246,207</b>	<b>(4,350,803)</b>	<b>21,895,404</b>	<b>21,569,908</b>	<b>98.51%</b>	<b>N/A</b>	<b>21,569,908</b>	<b>98.51%</b>

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

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

**CITY OF TUSCALOOSA**

**Schedule K**

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

2025		2016	
Name of Taxpayer	Business or Industry	Name of Taxpayer	Business or Industry
Aramark Educational Services	Food Service	Aramark Educational Services	Food Service
Home Depot	Retail Building Supplies	Belk, Inc.	Retail
Lowe's of Tuscaloosa	Retail Building Supplies	Home Depot	Retail Building Supplies
Piggly Wiggly	Grocery	Lowe's of Tuscaloosa	Retail Building Supplies
Publix	Grocery	Publix	Grocery
Sam's Club	Retail	Sam's Club	Retail
Target Stores	Retail	Target Stores	Retail
Tuscaloosa Toyota	Auto Sales	University of Alabama	Higher Education
University of Alabama	Higher Education	Wal-Mart Supercenter	Retail
Wal-Mart Supercenter	Retail	Winn Dixie	Grocery

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

\*Listed alphabetically

**Note:** The total sales tax paid to the City of Tuscaloosa directly by the above listed taxpayers for the September 30, 2024 fiscal year was \$19,456,226. 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,**

<b>Fiscal Year</b>	<b>City of Tuscaloosa</b>	<b>Tuscaloosa County Special Tax Board</b>	<b>State of Alabama</b>	<b>Total</b>
2016	2%	3%	4%	9%
2017	2%	3%	4%	9%
2018	2%	3%	4%	9%
2019	2%	3%	4%	9%
2020	2%	3%	4%	9%
2021	3%	3%	4%	9%
2022	3%	3%	4%	10%
2023	3%	3%	4%	10%
2024	3%	3%	4%	10%
<b>2025</b>	<b>3%</b>	<b>3%</b>	<b>4%</b>	<b>10%</b>

**Source:** Tuscaloosa County Tax Collector

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

**Note:** In fiscal year 2023, the State of Alabama's tax on groceries was decreased to 3%. The general state sales tax remains at 4%.

## 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	Total Debt Per Capita	Percentage of Personal Income
	General Obligation Warrants	Warrant Premiums	Warrant Discounts	Section 108 Loan	Leases	Subscription Based IT Arrangements	Installment Payable	Financed Purchases	General Obligation Warrants	Warrant Premiums	Financed Purchases				
2016	105,235,000	6,516,612	(703,255)	1,050,000	-	-	-	1,794,340	85,540,000	5,816,501	-	205,249,198	2,085	81967.22%	
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	2,022	80176.43%	
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	197,839,680	1,975	78651.07%	
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	1,965	78525.68%	
2020	108,874,614	4,989,272	(336,647)	750,000	-	-	1,192,702	6,324,502	79,273,986	1,479,467	578,239	203,126,135	1,949	5.05%	
2021	155,495,000	10,552,713	(314,069)	675,000	-	-	1,022,316	4,918,118	76,658,059	455,054	463,251	249,925,442	2,291	5.96%	
2022	190,005,000	10,777,800	(291,999)	558,000	-	-	851,930	3,702,522	111,038,989	2,895,318	-	319,537,560	2,890	7.75%	
2023	239,725,000	12,829,690	(270,456)	525,000	2,082,003	2,384,645	1,131,544	2,806,227	111,503,794	2,725,100	-	375,442,547	3,372	8.21%	
2024	232,680,000	11,772,346	(249,600)	375,000	1,554,186	1,957,331	736,158	1,890,666	108,250,302	2,548,986	-	361,515,375	3,179	2.87%	
<b>2025</b>	<b>309,170,000</b>	<b>10,976,845</b>	<b>(979,378)</b>	<b>225,000</b>	<b>3,914,218</b>	<b>2,212,538</b>	<b>340,772</b>	<b>955,405</b>	<b>176,047,788</b>	<b>3,950,432</b>	-	<b>506,813,619</b>	<b>4,352</b>	<b>3.74%</b>	

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

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

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

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

**CITY OF TUSCALOOSA**

**Schedule N**

**RATIO OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,**

Fiscal Year	General Obligation Warrants	Water and Sewer General Obligation Warrants	Total Primary Government	Percentage of Actual Taxable Value of Property	Per Capita
2016	\$ 111,048,357	\$ 91,356,501	\$ 202,404,858	2.50%	2,056.37
2017	112,038,764	85,359,906	197,398,670	2.31%	1,981.34
2018	108,218,531	84,312,326	192,530,857	2.23%	1,921.66
2019	105,559,531	82,673,127	188,232,658	1.98%	1,861.31
2020	113,527,239	80,753,453	194,280,692	1.99%	1,921.12
2021	165,733,644	77,113,113	242,846,757	2.52%	2,438.22
2022	200,490,801	113,934,307	314,425,108	2.91%	3,125.31
2023	252,284,234	114,228,894	366,513,128	3.31%	3,313.92
2024	244,202,746	110,799,288	355,002,034	2.95%	3,121.97
<b>2025</b>	<b>319,167,467</b>	<b>179,998,220</b>	<b>499,165,687</b>	<b>4.15%</b>	<b>4,285.97</b>

**Notes:** Details regarding the City's outstanding debt can be found in the notes to 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, 2025**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes: Tuscaloosa County	\$ -		\$ -
City of Tuscaloosa Direct Debt:			
General Obligation Warrants	309,170,000	100%	309,170,000
Warrant Premiums	10,976,845	100%	10,976,845
Warrant Discounts	(979,379)	100%	(979,379)
Section 108 Loan	225,000	100%	225,000
Installment Payable	340,772	100%	340,772
Financed Purchases	955,405	100%	955,405
Leases	3,914,218	100%	3,914,218
Subscription Based IT Arrangements	2,212,538	100%	2,212,538
Total City of Tuscaloosa Direct Debt	<u>\$ 326,815,399</u>		<u>\$ 326,815,399</u>
Total Direct and Overlapping Debt			<u>\$ 326,815,399</u>

**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,**

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Limit Equal to 20% of Assessed Valuation	\$ 260,036,924	\$ 263,486,988	\$ 288,140,852	\$ 295,366,364	\$ 300,469,808	\$ 292,727,036	\$ 328,154,948	\$ 336,324,360	\$ 351,278,844	<b>\$ 365,477,660</b>
Total Net Debt Applicable to 20% Limit	92,449,340	95,937,107	93,915,943	97,717,037	104,951,818	100,955,434	95,637,452	85,809,420	80,048,341	<b>77,642,933</b>
Legal 20% Debt Margin (Available Borrowing Capacity)	<u>\$ 167,587,584</u>	<u>\$ 167,549,881</u>	<u>\$ 194,224,909</u>	<u>\$ 197,649,327</u>	<u>\$ 195,517,990</u>	<u>\$ 191,771,602</u>	<u>\$ 232,517,496</u>	<u>\$ 250,514,940</u>	<u>\$ 271,230,503</u>	<u><b>\$ 287,834,727</b></u>
Total Net Debt Applicable to the 20% Limit as a Percentage of 20% Debt Limit	<u>35.55%</u>	<u>36.41%</u>	<u>32.59%</u>	<u>33.08%</u>	<u>34.93%</u>	<u>34.49%</u>	<u>29.14%</u>	<u>25.51%</u>	<u>22.79%</u>	<u><b>21.24%</b></u>

**Legal Debt Margin Calculation for Fiscal Year 2025**

Assessed Valuation of Real and Personal Property as of September 30, 2025	<b>\$ 1,827,388,300</b>
Debt Limit Equal to 20% of Assessed Valuation	<b>365,477,660</b>
Debt Applicable to Limit:	
All Outstanding Debt of the City	\$ 492,865,721
Less Those Portions Not Applicable to the 20% Debt Limit:	
Debt Attributable to Construction of School Houses	(7,335,000)
Debt Attributable to Water and Sewer Infrastructure	(176,047,788)
Debt Attributable to Amendment 722, 50% of Assessed Value of Taxable Property	<u>(231,840,000)</u>
Total Net Debt Applicable to Limit	<u>77,642,933</u>
Legal 20% Debt Margin (Available Borrowing Capacity)	<b><u>\$ 287,834,727</u></b>

**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

PLEGGED REVENUE COVERAGE  
LAST TEN FISCAL YEARS ENDED SEPTEMBER 30,

Fiscal Year	Water Charges and Other	Less: Operating Expenses <sup>(1)</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2020	49,271,926	24,565,353	24,706,573	10,575,000	1,923,460	1.98
2021	50,085,923	26,859,148	23,226,775	10,190,000	2,337,265	1.85
2022	56,993,133	26,836,206	30,156,927	10,490,000	2,208,705	2.37
2023	61,221,763	30,974,264	30,247,499	9,950,000	3,368,709	2.27
2024	72,566,258	35,833,262	36,732,996	10,765,000	3,653,611	2.55
2025	83,394,374	35,055,158	48,339,216	11,010,000	3,831,692	3.26

**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.

<sup>(1)</sup> 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 - MSA**	MSA Population**	Total Personal Income - MSA	Unemployment Rate **
2016	98,428	34,178	250,404	\$ 8,558,307,912	5.80
2017	99,629	35,256	251,197	8,856,201,432	3.70
2018	100,190	36,094	251,541	9,079,120,854	3.40
2019	101,129	37,418	253,034	9,468,026,212	2.60
2020	104,217	39,536	272,988	10,792,853,568	6.70
2021	109,078	41,586	276,628	11,503,852,008	3.10
2022	110,575	42,157	277,490	11,698,145,930	2.40
2023	111,338	44,281	278,290	12,322,959,490	2.60
2024	114,288	45,016	281,963	12,692,846,408	3.40
<b>2025</b>	<b>116,465</b>	<b>47,757</b>	<b>283,429</b>	<b>13,535,718,753</b>	<b>3.20</b>

\*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.

**Note:** Each year, the current fiscal year data listed in this chart is estimated because the data is not yet available from the US Census Bureau or Economic Research Federal Reserve Bank of St. Louis. Prior year data is updated in the current fiscal year to reflect actual numbers from the aforementioned sources once the data becomes available.

**CITY OF TUSCALOOSA**

**Schedule S**

**PRINCIPAL EMPLOYERS  
FOR THE YEARS ENDED SEPTEMBER 30,**

Employer	Nature of Business	Public or Private	2025			2016		
			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	6,839	1	13.77%	11,347	1	11.37%
Mercedes-Benz U.S. International	Automobile Assembly	Private	4,500	2	9.06%	3,500	3	3.51%
DCH Regional Medical Center	Healthcare	Public	3,444	3	6.94%	3,525	2	3.53%
Tuscaloosa County Board of Education	Education/Government	Public	2,411	4	4.86%	2,283	4	2.29%
Northport Medical Center (DCH)	Healthcare	Public	1,761	5	3.55%	831	10	0.83%
Tuscaloosa City Board of Education	Education/Government	Public	1,490	6	3.00%	1,431	5	1.43%
Michelin/BF Goodrich Tire Manufacturing	Tire Manufacturing	Private	1,378	7	2.77%	1,365	6	1.37%
City of Tuscaloosa	Government	Public	1,303	8	2.62%	1,360	7	1.36%
Veterans Administration Hospital	Specialized Healthcare	Public	1,256	9	2.53%	1,036	8	1.04%
SMP Automotive Systems Alabama	Automotive Parts Manufacturing	Private	1,246	10	2.51%	-	-	-

**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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>General Fund Employees</b>										
General government	236	104	105	114	109	105	142	143	169	175
Community Services	-	22	14	14	13	15	20	16	16	17
Public safety										
Police	284	261	272	280	281	278	271	263	277	271
Fire	246	243	244	247	245	246	265	260	263	262
Other	66	83	81	90	88	89	98	92	96	107
Public Works	-	-	-	-	-	-	-	317	377	367
Culture and Recreation	-	-	-	-	-	-	-	21	22	22
Economic Development	-	-	-	-	-	-	-	47	48	49
Infrastructure and Public Services	-	335	317	358	329	338	342	-	-	-
Urban Development	-	34	38	38	38	37	38	-	-	-
Streets and highways	171	-	-	-	-	-	-	-	-	-
Environmental services	92	-	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	4	4	3
Administration	-	-	-	-	-	-	-	7	7	8
Billing & Collections	-	-	-	-	-	-	-	17	16	19
Infrastructure	-	-	-	-	-	-	-	84	96	89
Logistics & Asset Management	-	-	-	-	-	-	-	83	85	87
Accounting and Finance	-	3	3	3	3	3	-	-	-	-
Infrastructure and Public Services	-	161	165	168	171	160	175	-	-	-
Urban Development	-	11	10	13	13	12	14	-	-	-
Superintendent	3	-	-	-	-	-	-	-	-	-
Water office and meter readers	28	-	-	-	-	-	-	-	-	-
Lakes	8	-	-	-	-	-	-	-	-	-
Distribution	38	-	-	-	-	-	-	-	-	-
Waste water treatment plant	58	-	-	-	-	-	-	-	-	-
Ed Love water plant	31	-	-	-	-	-	-	-	-	-
<b>Total Employees</b>	<b>1,261</b>	<b>1,257</b>	<b>1,249</b>	<b>1,325</b>	<b>1,290</b>	<b>1,283</b>	<b>1,365</b>	<b>1,354</b>	<b>1,476</b>	<b>1,476</b>

Source: City of Tuscaloosa Human Resources Department.

Note: In FY 2017 and again in FY 2023, the City of Tuscaloosa departments were restructured. Therefore, function groups changed for financial statement and supporting schedule presentation.

Note: The fiscal year 2024 and fiscal year 2025 columns include budgeted vacant full-time equivalent positions. Budgeted vacant full-time equivalent positions were not reported for fiscal years 2015 - 2023.

**CITY OF TUSCALOOSA**  
**WATER AND SEWER RATES**  
**FOR THE YEARS ENDED SEPTEMBER 30,**

**Schedule U**

<b>Water Rates</b>	<b>Rates in Effect Starting 10/1/24</b>	<b>Rates in Effect Starting 10/1/25</b>
Quantity of water consumed per month:		
0-1,000 cubic feet	3.31	3.61
over 1,001 cubic feet	3.31	3.61
Monthly administrative cost per meter	7.52	8.20
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	6.04	6.58
12 inch	960.19	1,046.60
<b>Unfiltered or Raw Water Rates</b>		
Per 100 cubic feet	0.36	0.40
Monthly administrative cost per meter	7.52	8.20
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	6.58	7.18
12 inch	1,046.60	1,140.80
<b>Sewer Rates</b>		
a. Per 100 cubic feet of metered wastewater, or	4.08	4.45
b. Per 100 cubic feet of metered water	5.91	6.44
Monthly administrative cost per meter	6.26	6.82
Monthly meter charge, based on size of meter, ranging from:		
5/8 inch	9.46	10.32
12 inch	1,512.80	1,648.95

**Source:** City of Tuscaloosa Accounting and Finance Department

CITY OF TUSCALOOSA

Schedule V

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>General Fund</b>										
Public Safety:										
Fire Protection:										
Number of Stations	11	11	11	11	11	11	12	12	12	12
Number of Employees	246	243	214	247	245	246	265	260	263	262
Police Protection:										
Number of Stations	4	4	4	4	4	4	4	4	4	4
Number of Employees	284	261	272	280	281	278	271	263	277	271
Streets and Highways:										
Streets (miles)	571	571	506	506	509	674	509	509	509	433
Storm sewers (miles)	317	317	317	317	317	254	252	252	252	252
Urban Development:										
Building Permits	2,231	2,140	1,807	1,793	1,944	1,985	1,956	1,790	1,951	2,213
Amount	\$ 353,002,493	\$ 535,186,813	\$ 351,590,562	\$ 518,341,074	\$335,257,287	\$292,445,018	\$287,516,009	\$239,412,556	\$309,103,666	\$338,418,697
Education (Public School System):										
Number of Schools	24	24	23	23	21	21	21	21	21	21
Number of Teachers	864	864	890	906	856	856	860	862	868	847
Recreation:										
Number of Parks	40	40	40	40	40	42	42	42	46	46
Number of Playgrounds	36	36	36	36	36	37	37	37	37	37
Area of Parks (acres)	2,438	2,438	2,438	2,438	2,438	3,184	3,184	3,184	3,208	3,208
<b>Water and Sewer Fund</b>										
Sanitary Sewers (miles)	648	661	575	580	573	575	584	582	585	593
Number of Customer Accounts *										
Number of Customer Accounts - Water	56,875	58,603	59,154	59,732	60,395	60,812	61,318	51,834	55,515	56,506
Number of Customer Accounts - Sewer	44,232	45,562	45,910	46,310	46,787	46,939	47,291	40,504	42,591	43,233
Average Daily Consumption (gallons)	23,500,000	23,500,000	18,300,000	24,419,556	22,200,000	25,097,000	25,859,000	23,880,747	21,884,038	26,023,485
Rated Plants Capacity (gallons daily)	59,700,000	59,700,000	57,000,000	59,000,000	59,000,000	59,700,000	59,000,000	59,000,000	59,000,000	59,700,000
Miles of Water Mains (4" and larger)	704	703	674	661	699	701	710	694	695	724
Number of Fire Hydrants	4,116	4,119	3,647	3,695	3,737	3,791	3,856	3,878	3,948	4,095
Miles of Raw Water Mains (24" and larger)	23	19	19	18	18	18	18	18	18	18

Source: Various City Departments.

\* In fiscal year 2020, the City began splitting the number of customer accounts by Water and Sewer. This data was available from 2014 to 2020, therefore, those years have been amended to show the customer accounts on two separate lines.

Note: For 2021, a detail listing of all recreational assets was created to insure accuracy. Information provided by PARA and Urban Development was combined to compile this list. Sch W Support - Recreation List workpaper notes the differences between the two. Notable changes were to Parks, Area of Parks and Playgrounds.

**CITY OF TUSCALOOSA**

**Schedule W**

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>General Fund</b>										
Public Safety:										
Fire Protection:										
Number of Stations	11	11	11	11	11	11	12	12	12	12
Police Protection:										
Number of Stations	4	4	4	4	4	4	4	4	4	4
Streets and Highways:										
Streets (miles)	571	571	506	506	509	674	509	509	509	433
Storm sewers (miles)	317	317	317	317	317	254	252	252	252	252
Recreation:										
Number of Parks	40	40	40	40	40	42	42	42	46	46
Number of Playgrounds	36	36	36	36	36	37	37	37	37	37
Area of Parks (acres)	2,438	2,438	2,438	2,438	2,438	3,184	3,184	3,184	3,208	3,208
Activity Centers	6	7	7	7	7	7	7	7	7	7
Boat Landings	6	7	7	6	7	9	9	9	9	9
Golf Course	1	1	1	1	1	1	1	1	1	1
Disc Golf Course	-	-	-	-	-	3	3	3	3	3
Tennis Facilities	-	-	-	1	1	1	1	1	1	1
<b>Water and Sewer Fund</b>										
Sanitary sewers (miles)	648	661	575	580	573	575	584	582	585	593
Miles of water mains (4" and larger)	704	703	674	661	699	701	710	694	695	724
Number of fire hydrants	4,116	4,119	3,647	3,695	3,737	3,791	3,856	3,878	3,948	4,095
Miles of raw water mains (24" and larger)	23	19	19	18	18	18	18	18	18	18

Source: Various City Departments