



CITY OF BIRMINGHAM

2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2012

OFFICE OF THE DIRECTOR OF FINANCE
J. THOMAS BARNETT, JR.

City of Birmingham, Alabama
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2012

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INTRODUCTORY SECTION

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- **City of Birmingham Organization Chart**





CITY OF BIRMINGHAM

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DEPUTY DIRECTOR

December 28, 2012

To the Mayor
City Council Members
Citizens of the City of Birmingham

The City of Birmingham's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2012, is hereby submitted. This report represents the official comprehensive publication of the City's financial position at June 30, 2012. Responsibility for the accuracy, completeness, and fairness of the data, including all disclosures, rests with management of the City of Birmingham. The basis of reliance for the financial statements is a comprehensive framework of internal control; because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the statements are free of any material misstatements.

In compliance with the City's Mayor-Council Act, the submitted financial statements were subjected to an independent audit. Banks, Finley, White & Co. has issued an unqualified opinion on the City of Birmingham's financial statements for the year ended June 30, 2012. Their report is located at the front of the financial section of the CAFR.

Additionally, the City of Birmingham is responsible, as a recipient of federal and state assistance, to ensure an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments. Information regarding the single audit which includes the Schedule of Expenditures of Federal Awards, findings and recommendations, and the auditor's reports on the internal control structure and compliance with applicable laws and regulations is included in a separate report and is available upon request.

Immediately following the auditor's report is the City's Management Discussion and Analysis (MD& A) which provides, in a narrative format, an introduction, overview, and analysis of the basic financial statements. This letter of transmittal should be read in conjunction with the MD&A.

CITY PROFILE AND REPORTING ENTITY

The City of Birmingham was incorporated in 1871 and is centrally located in the State of Alabama. It operates under a mayor-council form of government. The Mayor is elected at large and serves a four year term. The Council is composed of nine members, elected by district and they serve a four year term.

Included in this report is an organizational chart showing the twenty-four departments responsible for the administration and operation of the City of Birmingham. These departments provide valuable services to the citizens such as police and fire protection, maintenance and construction of highways and streets, recreational and cultural activities, sanitation services, and libraries and museums. This report includes, separately, the financial operations of two legal entities – the Birmingham Airport Authority and the Birmingham Parking Authority – for which it is financially accountable. Additional information regarding these two discretely presented component units is provided in the notes to the financial statements (Note 1A).

ECONOMIC CONDITIONS AND OUTLOOK

Birmingham's diverse economy, once highly dependent on the iron and steel industry, benefits today from a range of businesses including finance and healthcare. Projects that are planned, under construction and recently completed are contributing to the economy. These projects increase tax revenues and provide jobs which will continue to have a positive impact on the Birmingham-Hoover Metro Area unemployment rate, which averaged 8.3% in 2011. The preliminary October, 2012 Metro Area unemployment rate was 7.0% compared to the State of Alabama's October unemployment rate of 8.1% and 7.9 % for the United States.

The University of Alabama at Birmingham (UAB), Alabama's largest employer, has a major influence on the economy of the City, providing stability during economic downturns. UAB has several construction projects underway, and completed significant projects in the past year. The recently opened Women and Infants Center on the UAB campus provides a new hospital specializing in women's healthcare services, and premature and newborn infant care. The general hospital sector of Birmingham's economy remains strong, not only with new development at UAB's Medical Center, but also with facility expansion occurring at St. Vincent's Hospital and at Princeton Baptist Medical Center. A new, 380 bed state-of-the art replacement facility for Children's Hospital recently opened. Investment in the facility was approximately \$384 million.

Birmingham's banking sector continues to diversify. A number of medium-sized and smaller banks also continue to do well through aggressive new customer recruitment.

Cadence Bank has announced the relocation of its headquarters and operations center to Birmingham from Starkville, Mississippi. Larger banking institutions are returning to profitability.

Birmingham Crossplex has opened to rave reviews. The natatorium and indoor track facility, located approximately 4 miles to the west of the City Center hosts track and field, volleyball and aquatic competition. With the completion of these first-class athletic facilities, which are drawing events from national, regional and State athletic organizations, the City will turn its economic development efforts to the recruitment of new retail businesses that will locate on adjacent city-owned property.

Sustainability of neighborhoods and providing retail shopping opportunities throughout the City is vitally important to the growth of Birmingham's economy. Recruitment of neighborhood grocery stores is seeing success and grocery stores are being recruited for several communities. Many neighborhood projects are currently planned or underway to improve the quality of life for the City's citizens.

In the City Center, more than 4000 residents live in the "loft district," which was made even more attractive by the City's new Railroad Reservation Park, a 19 acre "green space" located within an easy walk of the Central Business District and UAB. In November, 2012 Railroad Park was awarded the Urban Land Institute's Urban Space Award. The award recognizes parks that help revitalize communities. The park surpassed such renowned new parks such as Riverwalk in Calgary, Alberta; Pier 25 in New York; Tanner Springs Park in Portland and High Line Park in New York.

A new minor league baseball park is under construction adjacent to Railroad Park and will be the home of the Birmingham Barrons, a double-A farm team for the Chicago White Sox. The ballpark is expected to open in April, 2013. The Rotary Club of Birmingham has announced a major project to connect, by greenway, the Railroad Park with Sloss Furnace National Historic Landmark, approximately seven blocks away.

The City acquired a major park and recreational facility for the eastern region of the City, by gift from a junior college. The facilities, including a pool, gym, ball fields and walking trails have undergone some renovation and Opened in November 2012.

A Westin Hotel and entertainment district adjacent to the Birmingham-Jefferson Convention Complex (BJCC) is under construction and should begin to welcome new patrons in January, 2013. The new hotel will bring hotel room availability in the immediate BJCC area to more than 1000, a convention and tourism industry standard required to attract larger trade shows and conventions.

The City of Birmingham continues an emphasis on becoming one of the nation's leading "Green" communities. In 2012, through the Planning, Engineering and Permits Department, the City will commence a program to recognize architects, builders and developers who plan, construct and rehabilitate structures to LEED Certification standards. Also, through a public-private partnership established with Alabama Power Company and other utilities and businesses, energy audits of existing City buildings will

commence early in 2012, with the first audit focusing on measures that can be taken to improve the energy efficiency of Birmingham City Hall. Finally, in 2011, educational training as to the importance of recycling was provided to City employees in preparation for a new recycling initiative which began in 2012 at City locations.

Over the past few years, a complex of federal government offices has developed on the northern edge of Birmingham's Central Business District. The complex includes new regional offices for the Bureau of Alcohol, Tobacco, Firearms and Explosives, the Federal Bureau of Investigation, and the Social Security Administration. Growth in the complex continued in 2012 with a groundbreaking for a new location of the Department of the Treasury, formerly located in the City of Homewood.

Birmingham's success in recruiting the Cadence Bank headquarters, and assistance in the expansion of the BBVA Compass Bank's operations center brought major additions to the financial landscape. Construction company headquarters projects, such as Dunn Building Company, which relocated from outside the City, and B.L. Harbert International, which is building a new \$7 million Lakeshore campus, added to an impressive list of construction companies already in the City. KAMTEK, a tier one supplier to the world's most prestigious automotive manufacturers, announced an expansion as a result of winning a new contract with Mercedes-Benz. Also, Motus Motorcycles graduated from Innovation Depot, the City's business incubator, and will begin to manufacture its award winning motorcycles in the City. Birmingham also came out on top in a heated recruitment battle with other southeastern cities for the new headquarters of the Bass Anglers Sportsman Society (B.A.S.S.), which relocated late in 2011 from Lakeland, Florida. Integrated Medical Systems, a leader in the repair and refurbishment of surgical instruments, relocated its corporate headquarters into the City and expanded its existing repair facility in Birmingham.

These strategic initiatives and others throughout the City have been pursued vigorously by Birmingham's governmental and business leadership over the past year, bringing a new respect and confidence in the City of Birmingham from the area's elected leaders, developers, financiers and the general populous of the metro region. As the nation's economy rebounds over the next few years, Birmingham will continue its aggressive focus on growth and new business attraction, setting the stage for the City to reinforce its status as a leading regional partner, and a southeastern city regaining its position as one of our country's best places to live, work and play.

In November, 2011, Jefferson County filed for bankruptcy protection in Federal Bankruptcy Court. Subsequent to year-end, the City collected all amounts due from the County. While the situation continues to unfold, the City does not expect long-term adverse consequences as a result of the filing.

On October 9, 2012 City voters approved a bond referendum. The approval authorizes the issuance of up to \$150 million of general obligation bonds for the following purposes: \$6.3 million for landfill expansion, \$20 million for public parks and recreational facilities, \$48.7 million for street and sidewalk improvements, \$19 million

for economic development initiatives, \$45 million for public buildings and equipment and \$11 million for storm and sanitary sewer improvements. The City anticipates that the City's Bond Reserve Fund, which receives 12 mills of ad-valorem tax annually, will be sufficient to pay debt service on the bonds, when issued. The City currently plans to issue approximately \$75 million of the bonds during the spring of 2013. The remainder of the bonds would most likely be issued three to five years thereafter.

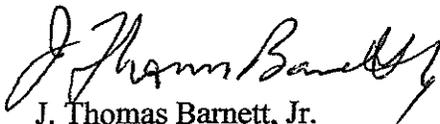
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2011. The Certificate of Achievement is a prestigious national award presented to state and local governments for publishing an easily readable and efficiently organized CAFR whose contents conform to program standards and complies with generally accepted accounting principles and applicable legal requirements. The Certificate is valid for a period of one year. The City of Birmingham has received the award for the last 34 consecutive years. We believe our current CAFR continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA for consideration.

Additionally, the City of Birmingham's budget report for the fiscal year beginning July 1, 2011, was awarded the Government Finance Officer's Association Award for Distinguished Budget Presentation. In order to receive this award, a governmental unit must publish a document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The City believes its current budget report also meets the above criteria, and we have submitted it to the GFOA for consideration.

Preparation of this document was made possible by the dedicated efforts of the staff of the Finance Department and City Administration. I wish to express my appreciation to them and other department employees who contributed to the publication of this report with particular thanks to the entire General Accounting staff.

Additional information, including the City's Operating and Capital Budgets can be accessed at www.birminghamal.gov

Respectfully submitted,


J. Thomas Barnett, Jr.
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Birmingham
Alabama

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



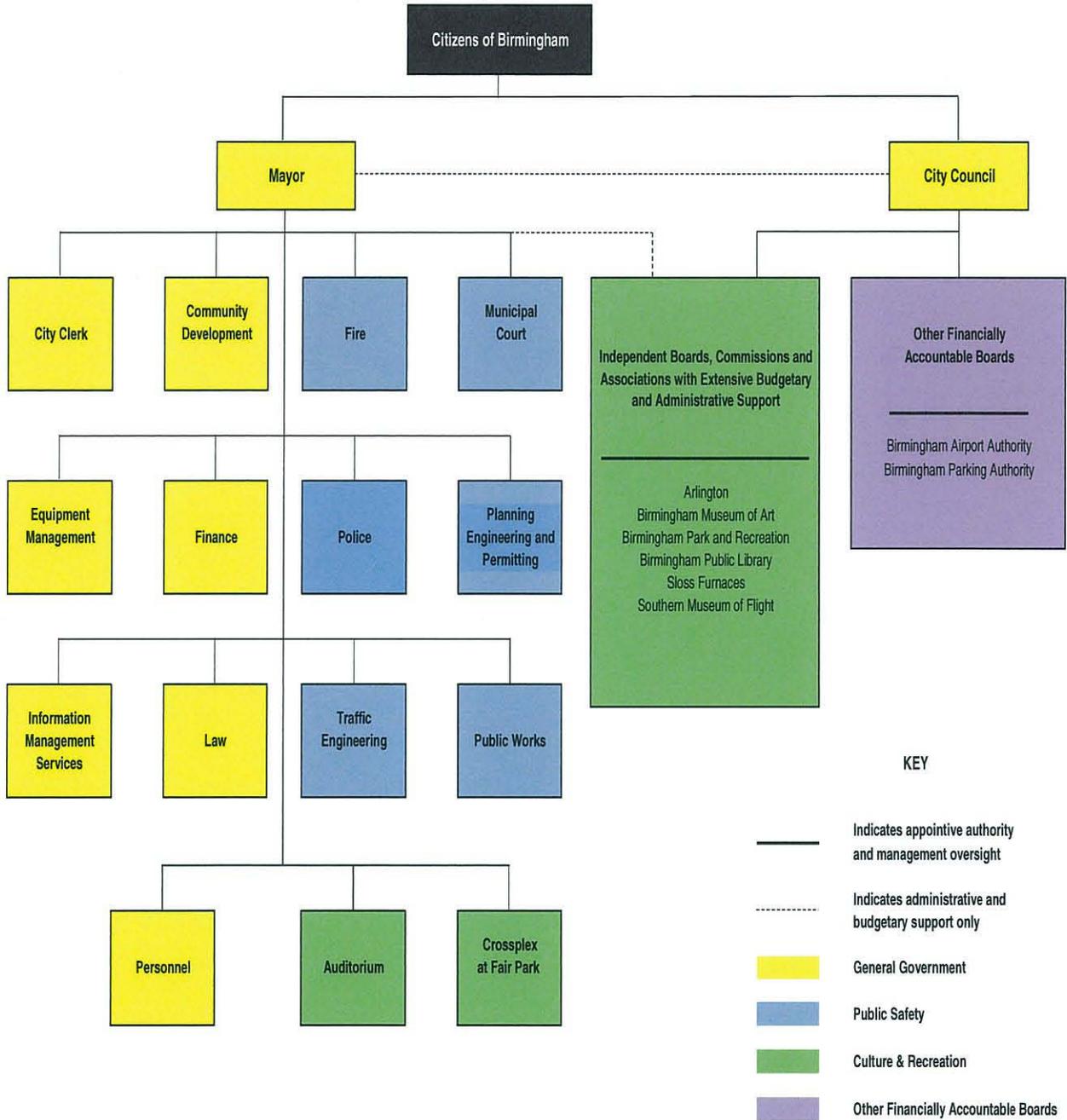
Christopher P. Morinell

President

Jeffrey R. Emer

Executive Director

City of Birmingham, Alabama Organization Chart



FINANCIAL SECTION

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Notes to the Financial Statements**
- **Required Supplementary Information**



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the respective budgetary comparison for the General Fund of City of Birmingham, Alabama ("the City"), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Birmingham Parking Authority which represents .45 percent, .84 percent and 1.11 percent, respectively, of the assets, net assets, and revenues of the City. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Birmingham Parking Authority, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the respective budgetary comparison for the General Fund of the City of Birmingham, Alabama, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



To the Honorable Mayor
and Members of the City Council
Birmingham, Alabama
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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining statements of fiduciary net assets, combining and individual nonmajor fund financial statements, schedule of revenues, expenditures and changes in fund balance – general fund, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining statements of fiduciary net assets, combining and individual nonmajor fund financial statements, and the schedule of revenues, expenditures and changes in fund balance – general fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

December 28, 2012

Bank, Finley White & Co.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This narrative overview and analysis of the financial activities of the City of Birmingham for the fiscal year ended June 30, 2012, is offered by management of the City to the readers of the financial report. Please read it in conjunction with the letter of transmittal presented on pages 2-6 and the financial statements beginning on page 21.

Financial Highlights

- Total net assets for the City of Birmingham increased by \$9.4 million during the past fiscal year.
- The assets of the City of Birmingham exceeded its liabilities at the close of June 30, 2012, by \$182 million.
- The City of Birmingham's governmental funds reported combined ending fund balances of \$298 million as of June 30, 2012, a decrease of \$20 million over the prior fiscal year.

Overview of Financial Statements

Following this discussion the City of Birmingham's basic financial statements are presented. There are three components to these financial statements.

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

1. The government-wide financial statements give readers a broad overview of the finances of the City of Birmingham in a manner similar to a private-sector business. They are composed of two individual statements – the statement of net assets and the statement of activities.

The *statement of net assets* presented on pages 21 & 22 reports all of the City of Birmingham's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets could serve as a useful indicator as to whether the financial position of the City is improving or deteriorating.

The *statement of activities* presented on page 23 shows the changes in the City of Birmingham's net assets during the fiscal year ended June 30, 2012. This statement is prepared on the full accrual basis of accounting meaning that all changes to net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide statements show separately the governmental activities and the business-type activities. The governmental activities are those supported mainly by taxes and intergovernmental revenues. The City of Birmingham's activities (functions) include public safety, streets and sanitation, culture and recreation, and general government. The business-type activity for the City is supported by user charges which are intended to cover all or a significant portion of the activity costs. The City of Birmingham's business-type activity is the operation of the Emergency Communications District, better known as E-911.

2. Fund financial statements report the City's operations in more detail than what is presented in the government-wide financial statements. Fund financial statements include the statements for governmental, proprietary, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide statements. The focus for reporting the activities on the fund financial statements is on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing needs.

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 for governmental activities in the government wide financial statements. By doing so, readers may better understand 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 balance included in this report provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

In fiscal year 2012, the City of Birmingham reported as major funds the General Fund, the Birmingham Fund, the Debt Reserve and Debt Service Funds, the 2010B Recovery Zone Warrants, the Public Improvement Fund, and the Capital Improvement Fund. The other City funds are reported aggregately as non-major funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements found beginning with pages 72 and 77 of this report.

The City of Birmingham adopts an annually appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 24 and 26 of this report.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The City maintains one type of proprietary fund, the Emergency Management Community District (E-911) which is an enterprise fund. The basic proprietary fund financial statements can be found on pages 29-31 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties external to the City of Birmingham. Fiduciary funds are not reflected in the government-wide financial statements because the resources are not available to support the City's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. The basic fiduciary statements can be found on pages 32-33 of this report.

3. Notes to the financial statements are provided to give the reader additional information that is essential to understanding the data presented in the government-wide and fund financial statements.

Other required supplementary information is also presented in this report concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found in the notes to the financial statements for the pension funds beginning on page 55 of this report.

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

Table of Financial Statements

Fund Financial Statements

	Government-wide Financial Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds)	Activities of the City that are not proprietary or fiduciary	Activity of the City that operates similar to businesses	Activities for which the City acts as trustee for someone else's resources
Required financial statements	<ul style="list-style-type: none"> •Statement of net assets •Statement of activities 	<ul style="list-style-type: none"> •Balance sheet •Statement of revenues, expenditures, and changes in fund balance 	<ul style="list-style-type: none"> •Statement of net assets •Statement of revenues, expenses, and changes in net assets •Statement of cash flows 	<ul style="list-style-type: none"> •Statement of fiduciary net assets •Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be liquidated and liabilities that come due during the year or soon thereafter; no capital assets nor long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	<ul style="list-style-type: none"> •Revenues for which cash is received during or soon after the end of the year •Expenditures when goods or services have been received and payment is due during the year or soon thereafter 	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-Wide Condensed Financial Information

Net assets represent the difference between the City of Birmingham's total assets and its total liabilities. Changes in the net assets can be a useful measuring tool to gauge performance over time. The City's net assets that are invested in capital assets net of related debt reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other revenue sources since the capital assets themselves cannot be liquidated to satisfy these liabilities.

The City of Birmingham's restricted net assets of approximately \$134 million are subject to bond and warrant covenants and by federal and state grant requirements. The City's total net assets increased by approximately \$9.4 million in fiscal year 2012. For additional details on the reconciliation between the two basis, see page 27 of this report.

The following table presents a condensed statement of the City's net assets at June 30, 2012 and 2011:

CONDENSED STATEMENT OF NET ASSETS
June 30, 2012 and 2011
(in thousands)

	Governmental		Business-Type		Totals	
	Activities		Activities			
	<u>06/30/12</u>	<u>06/30/11</u>	<u>06/30/12</u>	<u>06/30/11</u>	<u>06/30/12</u>	<u>06/30/11</u>
Current and other assets	\$350,294	\$376,971	\$2,477	\$182	\$352,771	\$377,153
Capital assets, net	<u>411,343</u>	<u>400,268</u>	<u>745</u>	<u>800</u>	<u>412,088</u>	<u>401,068</u>
Total assets	<u>761,637</u>	<u>777,239</u>	<u>3,222</u>	<u>982</u>	<u>764,859</u>	<u>778,221</u>
Current and other liabilities	74,350	70,848	271	1	74,621	70,849
Long-term liabilities	<u>505,357</u>	<u>531,852</u>			<u>505,357</u>	<u>531,852</u>
Total liabilities	<u>579,707</u>	<u>602,700</u>	<u>271</u>	<u>1</u>	<u>579,978</u>	<u>602,701</u>
Net assets:						
Invested in capital assets, net of related debt	133,210	90,213	919	919	134,129	91,132
Restricted	134,295	146,478			134,295	146,478
Unrestricted	<u>(85,574)</u>	<u>(62,151)</u>	<u>2,032</u>	<u>61</u>	<u>(83,542)</u>	<u>(62,090)</u>
Net assets	<u>\$181,930</u>	<u>\$174,540</u>	<u>\$2,951</u>	<u>\$980</u>	<u>\$184,882</u>	<u>\$175,520</u>

CONDENSED STATEMENT OF CHANGES IN NET ASSETS
For Years Ended June 30, 2012 and 2011
(in thousands)

Changes in Net Assets

	Governmental		Business-Type		Totals	
	Activities		Activities			
	<u>6/30/12</u>	<u>06/30/11</u>	<u>06/30/12</u>	<u>06/30/11</u>	<u>06/30/12</u>	<u>06/30/11</u>
REVENUES:						
Program revenues:						
Charges for services	\$117,156	\$110,054	\$6,608	\$6,392	\$123,764	\$116,446
Operating grants	25,118	24,276			25,118	24,276
General revenues:						
Sales and use tax	134,829	131,162			134,829	131,162
Occupational tax	77,703	74,909			77,703	74,909
Property tax	55,656	51,369			55,656	51,369
Unrestricted grants and						
contributions	19,500	22,548			19,500	22,548
Investment earnings	5,067	13,560	4	11	5,071	13,571
Other	<u>10,188</u>	<u>(217)</u>	<u> </u>	<u> </u>	<u>10,188</u>	<u>(217)</u>
Total revenues	<u>445,217</u>	<u>427,661</u>	<u>6,612</u>	<u>6,403</u>	<u>451,829</u>	<u>434,064</u>
EXPENSES:						
Program expenses:						
General government	126,871	114,375			126,871	114,375
Public safety	194,761	202,706	4,641	4,754	199,402	207,460
Streets and sanitation	56,109	54,553			56,109	54,552
Culture and recreation	42,705	40,024			42,705	40,024
Interest on long-term debt	<u>17,381</u>	<u>19,861</u>	<u> </u>	<u> </u>	<u>17,381</u>	<u>19,861</u>
Total expenses	<u>437,827</u>	<u>431,519</u>	<u>4,641</u>	<u>4,754</u>	<u>442,468</u>	<u>436,272</u>
Increase (Decrease) in net assets	7,390	(3,856)	1,971	1,649	9,361	(2,208)
Beginning net assets- as originally reported	174,540	178,395	980	(669)	175,520	177,728
Prior period adjustment						
Beginning net assets- as restated	<u> </u>					
Ending net assets	<u>\$181,930</u>	<u>\$174,540</u>	<u>\$2,951</u>	<u>\$980</u>	<u>\$184,881</u>	<u>\$175,520</u>

Fund Analysis

Changes in fund balances for the City's major governmental funds for the fiscal year ended June 30, 2012, are as follows:

	Beginning Balance	Increase (Decrease)	Ending Balance
General Fund	\$ 99,216	\$ (7,101)	\$ 92,113
Birmingham Fund	83,700	(727)	82,913
Public Improvement Fund	589	165	754
General Bond Debt Reserve	36,295	(6,622)	29,673
General Bond Debt Service	(4,126)	4,112	(14)
Capital Improvement Fund	10,999	2,612	13,611
2010B Recovery Zone	35,799	(9,291)	26,508
Economic Develop. Warrants			
	<u>\$ 262,471</u>	<u>\$ (16,851)</u>	<u>\$ 245,620</u>

Governmental Funds

The focus of the reporting of the City's governmental funds is to provide information regarding near-term inflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. 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.

The fund balance of the General Fund decreased mainly due to the appropriation of the surplus from the previous year. The Capital Improvement Fund increased due to added funding for capital improvements.

The Statement of Revenues, Expenditures, and Changes in Fund Balances provide additional details for the changes in specific funds. This statement can be found on page 26.

Budget Variances in the General Fund

During the fiscal year, revisions were made to the original budget adopted by the City due to changes in projected revenues. Amendments were also made in the projected expenditures. Storm related expenditures and reimbursements were also reflected in amendments.

Capital Assets and Long-Term Debt Activity

Capital Asset Activity

At June 30, 2012, the City of Birmingham reported approximately \$411 million in net capital assets, including its infrastructure, for governmental activities. The City's Emergency Management Communication District reported approximately \$744,000 in net capital assets. The notes to the financial statements on pages 46 and 47 provide more information on capital assets including the changes that occurred during the fiscal year.

Long-term Debt Activity

At June 30, 2012, the City of Birmingham had approximately \$468 million of outstanding debt for its bonds and warrants; of this amount, approximately \$430 million is considered long-term. The notes to the financial statements, on pages 48-51, include additional details for the City's long-term debt activity.

The City's bond ratings are AA, Aa2 and AA by Standard & Poor's, Moody's Investors Service and Fitch Ratings, respectively. The City's broad and diverse economy and consistently strong financial performance are the bases for these ratings.

The notes to the financial statements contain more detailed information regarding the City's long-term debt and the changes that occurred during the fiscal year. Please refer to them for additional information including the City's obligations for capitalized equipment leases, workmen's compensation claims, closure and post-closure costs, and compensated absences. The City does not have any debt for its enterprise operation.

Economic Factors Affecting the City of Birmingham and the 2013 Budget Information

Birmingham weathered the recession by implementing significant expense reduction and containment measures. In 2012, tax revenues showed some growth and this has continued into 2013. Through sound fiscal management we have managed to avoid decreasing our reserves substantially.

The City considered several factors in preparing the City's budget for the 2012 fiscal year. For one, the U. S. economy appears to have stabilized and is now growing at a slow rate. Absence of new housing construction continues to hold back economic growth, given housing's large multiplier effect.

Because much of the City's revenue is consumer driven (sales, use, occupational and business license taxes), slow economic growth translates directly into slow growth of a major portion of the City's revenue. Therefore, the City continues to monitor expenses closely and stands ready to adjust its budget as needed.

Availability of Information

The City's current and previous Operating and Capital Budgets, as well as Comprehensive Annual Financial Reports, are available on the City's website at www.birminghamal.gov.

Request for Information

This financial report is designed to give a general overview of the City of Birmingham's finances. Questions concerning any of the information may be sent to the following:

Director of Finance
710 North 20th Street, Suite A-100
Birmingham, AL 35203

Basic Financial Statements



City of Birmingham
Statement of Net Assets
June 30, 2012
(in thousands)

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activities		
Assets				
CURRENT ASSETS				
Unrestricted assets:				
Cash and investments	\$ 264,991	\$ 2,135	\$ 267,126	\$ 23,586
Cash with escrow agent	2,913	-	2,913	-
Receivables:				
Accrued interest	625	-	625	-
Accrued taxes receivable	30,279	-	30,279	-
Accounts (net of uncollectibles)	10,924	342	11,266	1,136
Notes (net of uncollectibles)	148	-	148	-
Loans	1,457	-	1,457	-
Due from other governments	6,498	-	6,498	10,719
Special assessments	10,888	-	10,888	-
Inventories	1,740	-	1,740	-
Prepaid items	374	-	374	389
Due from component unit	718	-	718	-
Other current assets	468	-	468	-
Restricted assets:				
Cash and cash equivalents	-	-	-	36,556
Investments	-	-	-	80,363
Accounts and grants receivable	-	-	-	1,091
Accrued interest receivable	-	-	-	227
Total Current Assets	332,023	2,477	334,500	154,067
NONCURRENT ASSETS				
Other assets:				
Deferred charges	18,271	-	18,271	4,133
Capital assets::				
Land	155,294	-	155,294	164,768
Buildings and capital facilities	185,927	1,025	186,952	106,263
Furniture and other equipment	152,388	2,233	154,621	15,561
Accumulated depreciation	(217,964)	(2,513)	(220,477)	(77,956)
Infrastructure	197,458	-	197,458	193,181
Accumulated depreciation, infrastructure	(133,015)	-	(133,015)	(86,504)
Construction in progress	71,255	-	71,255	141,662
Total Noncurrent Assets	429,614	745	430,359	461,108
Total Assets	761,637	3,222	764,859	615,175.00

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

Statement of Net Assets
June 30, 2012
(in thousands)

	Primary Government		Total	Component Units
	Governmental	Business -Type		
	Activities	Activities		
Liabilities				
CURRENT LIABILITIES				
Payable from unrestricted assets:				
Accounts and vouchers payable	9,594	271	9,865	1,012
Contracts payable	410	-	410	-
Contracts payable - retainage	1,610	-	1,610	-
Accrued payroll and payroll taxes payable	2,038	-	2,038	109
Due to primary government	-	-	-	1,019
Estimated claims payable	7,662	-	7,662	-
Other liabilities	9,084	-	9,084	-
Deferred Revenue	-	-	-	-
Interest payable	5,103	-	5,103	-
Compensated absences	984	-	984	35
Bonds and warrants payable	37,865	-	37,865	-
Payable from restricted assets:				
Contracts Payable	-	-	-	9,440
Accrued Interest Payable	-	-	-	5,442
Current portion of revenue bonds payable	-	-	-	5,530
Total Current Liabilities	74,350	271	74,621	22,587
LONG TERM LIABILITIES				
Compensated absences	13,558	-	13,558	563
Bonds and warrants payable, net	430,303	-	430,303	205,392
Closure and postclosure costs	13,175	-	13,175	-
Workers' compensation claims payable	14,259	-	14,259	-
OPEB liability	25,893	-	25,893	-
Net pension obligation	8,169	-	8,169	-
Total Long Term Liabilities	505,357	-	505,357	205,955
Total Liabilities	579,707	271	579,978	228,541
Net Assets				
Invested in capital assets, net of related debt	133,210	745	133,955	329,955
Restricted for:				
Restricted for debt service	28,689	-	28,689	27,005
Restricted for future projects	105,606	-	105,606	4,611
Unrestricted	(85,574)	2,206	(83,368)	25,063
Total Net Assets	\$ 181,931	\$ 2,951	\$ 184,882	\$ 386,634

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

City of Birmingham
Statement of Activities
For the Year Ended June 30, 2012
(in thousands)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government							
Governmental Activities:							
Public safety:	194,761	17,011	3,492	(174,256)	-	(174,256)	-
Street and sanitation:	56,109	1,196	1,204	(53,708)	-	(53,708)	-
Cultural & recreational:	42,705	1,506	-	(41,200)	-	(41,200)	-
General government:	126,871	97,443	20,422	(9,005)	-	(9,005)	-
Interest on Long-Term Debt	17,381	-	-	(17,381)	-	(17,381)	-
Total Governmental Activities:	437,827	117,156	25,118	(295,550)	-	(295,550)	-
Business-Type Activities:							
Emergency Management Communication District	4,641	6,608	-	-	1,967	1,967	-
Total Business-Type Activities:	4,641	6,608	-	-	1,967	1,967	-
Total Primary Government:	\$ 442,468	\$ 123,764	\$ 25,118	(295,550)	1,967	(293,583)	-
Component Units							
Birmingham Airport Authority	34,781	36,880	21,210	-	-	-	23,308
Birmingham Parking Authority	5,681	5,746	-	-	-	-	65
Total Component Units:	\$ 40,462	\$ 42,626	\$ 21,210	-	-	-	23,373
Sales and use tax							
				134,829	-	134,829	-
Occupational tax							
				77,703	-	77,703	-
Property tax							
				55,656	-	55,656	-
Grants and contributions-unrestricted							
				19,500	-	19,500	-
Unrestricted investment earnings							
				5,067	4	5,071	103
Other							
				10,188	-	10,188	2,112
Interest on long-term debt							
				-	-	-	-
Total General Revenues, Special Items, and Transfers:							
				302,943	4	302,947	2,215
Change in Net Assets:							
				7,393	1,971	9,364	25,588
Net Assets - Beginning							
				174,539	980	175,519	361,046
Net Assets - Ending:							
				\$ 181,931	\$ 2,951	\$ 184,882	\$ 386,634

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

**City of Birmingham
Balance Sheet
Governmental Funds
June 30, 2012
(in thousands)**

	General	Debt Reserve	Debt Service	Capital Improvement Fund	Birmingham Fund	Public Improvement	2010-Recovery Zone Econ Dev Warr	Other Governmental Funds	Total Governmental Funds
Assets									
Cash and investments	\$ 60,713	\$ 29,002	\$ -	\$ 13,917	\$ 82,652	\$ 755	\$ 27,242	\$ 52,596	\$ 266,877
Cash with fiscal agent	-	-	-	-	-	-	-	2,913	2,913
Receivables:									
Accrued interest	30	138	-	6	358	-	23	70	625
Accrued taxes	29,331	533	-	-	-	56	-	359	30,279
Accounts (net of uncollectibles)	10,818	-	-	-	-	-	-	107	10,925
Notes (net of uncollectibles)	116	-	-	-	-	-	-	32	148
Loans	1,325	-	-	-	-	-	-	132	1,457
Due from other governments	6,565	-	-	-	-	-	-	(67)	6,498
Special assessments	-	-	-	-	-	10,888	-	-	10,888
Due from component units	718	-	-	-	-	-	-	-	718
Inventories	1,740	-	-	-	-	-	-	-	1,740
Prepaid items	374	-	-	-	-	-	-	-	374
Other	468	-	-	-	-	-	-	-	468
Total Assets:	\$ 112,198	\$ 29,673	\$ -	\$ 13,923	\$ 83,010	\$ 11,699	\$ 27,265	\$ 56,142	\$ 333,910
Liabilities and Fund Balances									
Liabilities:									
Accounts and vouchers payable	8,237	-	14	34	37	-	419	2,738	11,479
Contracts payable	410	-	-	-	-	-	-	-	410
Contracts payable-retainage	-	-	-	278	-	-	338	994	1,610
Accrued payroll and payroll taxes payable	2,012	-	-	-	-	-	-	26	2,038
Deferred revenue	342	-	-	-	-	10,943	-	(399)	10,886
Other liabilities	9,082	-	-	-	-	-	-	1	9,083
Total Liabilities:	20,083	-	14	312	37	10,943	757	3,360	35,506
Fund Balances:									
Nonspendable:									
Inventory	1,573	-	-	-	-	-	-	-	1,573
Prepaid items	344	-	-	-	-	-	-	-	344
Spendable:									
Restricted:									
Debt Service	-	29,673	-	-	-	-	-	4,133	33,806
Capital Projects	-	-	-	13,611	-	755	26,508	35,294	76,168
Other	-	-	-	-	-	-	-	(129)	(129)
Assigned:									
Debt Service	-	-	(14)	-	-	-	-	-	(14)
Committed to:									
Stabilization	-	-	-	-	82,973	-	-	-	82,973
Neighborhood Improvements	-	-	-	-	-	-	-	9,158	9,158
Other Purposes	-	-	-	-	-	-	-	3,537	3,537
Unassigned	90,197	-	-	-	-	-	-	788	90,985
Total Fund Balances:	92,114	29,673	(14)	13,611	82,973	755	26,508	52,784	298,401
Total Liabilities and Fund Balances:	\$ 112,197	\$ 29,673	\$ -	\$ 13,923	\$ 83,010	\$ 11,698	\$ 27,265	\$ 56,144	\$ 333,907

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

City of Birmingham
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Assets
Year Ended
June 30, 2012

Fund Balance - Total governmental funds \$ 298,402

Amounts reported for governmental activities in the statement of net assets are different because:

Deferred revenues are or not recognized until available in the funds 10,886

Deferred items related to debt issuance used in governmental are not current financial resources and therefore are reported in reported in the governmental funds balance sheet. 18,271

Capital Assets used in governmental activities are not current financial resources and therefore are not reported in the balance sheet.

Governmental Capital Asset	\$	762,322	
Accumulated Depreciation		350,979	411,343

Long-Term Liabilities are not due and payable in the current period and therefore, they are not reported in the governmental funds balance sheet.

Warrants and Bonds Payable	(468,168)	
Compensated Absences	(14,542)	
Accrued interest payable	(5,103)	
Landfill Closure Cost	(13,175)	
OPEB liability	(25,893)	
Workers' Compensation claims payable	(14,259)	
Estimated Claims Payable	(7,662)	
Net Pension Obligation	(8,169)	(556,971)

Net assets of governmental activities: \$ 181,931

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

City of Birmingham
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012
(in thousands)

	General	Debt Reserve	Debt Service	Capital Improvement Fund	Birmingham Fund	Public Improvement	2010-Recovery Zone Econ Dev Warr	Other Governmental Funds	Total Governmental Funds
Revenues									
Taxes	\$ 244,316	\$ 29,332	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,414	\$ 280,052
Licenses and permits	87,671	-	-	-	-	-	-	-	87,671
Intergovernmental	20,042	32	-	-	-	-	-	25,654	45,728
Charges for services	12,746	-	-	-	-	-	-	80	12,826
Fines and forfeitures	3,122	-	-	-	-	-	-	1,842	4,964
Investment income	738	2,328	-	53	987	12	311	637	5,066
Other operating revenues	6,752	-	-	2,254	-	155	-	1,727	10,888
Total Revenues:	375,387	31,692	-	2,307	987	167	311	36,354	447,205
Expenditures									
Current Expenditures:									
Public safety:									
Police	84,190	-	-	-	-	-	-	2,007	86,197
Fire	53,328	-	-	-	-	-	-	601	53,929
Planning, Engineering & Permits	19,960	-	-	-	-	-	-	1,636	21,596
Traffic Engineering	10,114	-	-	-	-	-	-	-	10,114
Municipal Court	4,101	-	-	-	-	-	-	2,641	6,742
Nondepartmental	-	-	-	-	-	-	-	(24)	(24)
Street and sanitation:									
Public Works	47,167	-	-	-	-	-	-	1,173	48,340
Cultural & recreational:									
Park & Recreation	10,322	-	-	-	-	-	293	586	11,201
Library	14,131	-	-	-	-	-	-	-	14,131
Arlington Historical Home	511	-	-	-	-	-	-	-	511
Boutwell Auditorium	1,118	-	-	-	-	-	-	-	1,118
Museum of Art	3,270	-	-	-	-	-	-	-	3,270
Sloss Furnace	474	-	-	-	-	-	-	-	474
Southern Museum of Flight	605	-	-	-	-	-	-	-	605
State Fairgrounds	2,432	-	-	-	-	-	-	-	2,432
Nondepartmental	-	-	-	-	-	-	-	114	114
General government:									
Finance	9,305	-	-	-	-	-	-	527	9,832
Equipment Management	16,301	-	-	-	-	-	-	-	16,301
Information Management Services	9,428	-	-	-	-	-	-	-	9,428
City Clerk	1,328	-	-	-	-	-	-	-	1,328
Community Development	575	-	-	-	-	-	-	15,612	16,187
Council Office	2,453	-	-	-	-	-	-	-	2,453
Legal	6,888	-	-	-	-	-	-	-	6,888
Mayor's Office	6,482	-	-	-	-	-	-	38	6,520
Personnel	6,349	-	-	-	-	-	-	-	6,349
Nondepartmental	44,322	-	77	2,431	564	1	475	2,391	50,261
Debt Service:									
Principal	13,819	-	21,285	-	-	-	-	3,203	38,307
Interest and fees	7,527	-	12,871	-	-	-	-	2,731	23,129
Capital Outlay:									
Capital outlays	320	-	-	2,724	1,150	-	8,834	6,145	19,173
Total Expenditures:	376,820	-	34,233	5,155	1,714	1	9,602	39,381	466,906
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(1,433)	31,692	(34,233)	(2,848)	(727)	166	(9,291)	(3,027)	(19,701)
Other financing sources (uses)::									
Proceeds from issuance of debt	-	-	8,400	-	-	-	-	-	8,400
(Premium)/Discount on debt issuance	-	-	(164)	-	-	-	-	-	(164)
Payment to escrow agent	-	-	(8,205)	-	-	-	-	-	(8,205)
Transfers in	1	-	38,314	5,460	-	-	-	213	43,988
Transfers out	(5,669)	(38,314)	-	-	-	-	-	(5)	(43,988)
Total Other financing sources (uses)::	(5,668)	(38,314)	38,345	5,460	-	-	-	208	31
Net Change in Fund Balances:	(7,101)	(6,622)	4,112	2,612	(727)	166	(9,291)	(2,819)	(19,670)
Fund Balances - Beginning	99,215	36,295	(4,126)	10,999	83,700	589	35,799	55,601	318,072
Fund Balances - Ending:	\$ 92,114	\$ 29,673	\$ (14)	\$ 13,611	\$ 82,973	\$ 755	\$ 26,508	\$ 52,782	\$ 298,401

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

City of Birmingham, Alabama
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2012
(in thousands)

Net change, decrease, in fund balances - total governmental funds		\$ (19,670)	\$ (19,670)
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, however, these costs are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>			
	Capital Outlay	28,980	
	Depreciation	<u>17,742</u>	11,238
<p>The repayment of principal of long-term debt uses current resources of governmental funds but has no effect on net assets</p>			
			46,348
<p>Issuance of new new bonds and warrants</p>			
			(8,400)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:</p>			
Change in compensated absences		(266)	
Change in closure and postclosure costs		(5,229)	
Amortization of deferred charges		(363)	
Change in interest payable		(772)	
Change in workers compensation		6	
Change in OPEB		(2,422)	
Change in net pension asset		(5,343)	
Change in estimated claims		<u>(6,072)</u>	(20,461)
<p>Revenue not recognized until future years</p>			
			(1,499)
<p>Loss on disposal of fixed assets</p>			
			<u>(163)</u>
<p>Change, increase, in net assets of governmental activities</p>			
			<u><u>\$ 7,393</u></u>

The accompanying notes are an integral part of these financial statements.

City of Birmingham
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012
(in thousands)

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes	\$ 243,830	\$ 243,930	\$ 244,316	\$ 386
Licenses and permits	79,427	79,427	87,671	8,244
Intergovernmental	12,905	12,905	20,042	7,137
Charges for services	13,902	13,902	12,746	(1,156)
Fines and forfeitures	4,615	4,615	3,122	(1,493)
Investment income	1,130	1,130	738	(392)
Other operating revenues	6,517	6,599	6,752	153
Total Revenues:	<u>362,326</u>	<u>362,508</u>	<u>375,387</u>	<u>12,879</u>
Expenditures				
Current Expenditures:				
Public safety:	169,060	178,019	171,693	6,326
Street and sanitation:	48,126	49,177	47,167	2,010
Cultural & recreational:	34,197	35,056	32,863	2,193
General government:	91,932	104,530	103,431	1,099
Debt Service:				
Principal	11,780	11,832	13,819	(1,987)
Interest and fees	7,542	7,542	7,527	15
Capital Outlay:				
Capital outlays	6,169	1,209	320	889
Total Expenditures:	<u>368,806</u>	<u>387,365</u>	<u>376,820</u>	<u>10,545</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(6,480)</u>	<u>(24,857)</u>	<u>(1,433)</u>	<u>23,424</u>
Other financing sources (uses)::	(1,198)	(5,668)	(5,668)	-
Net Change in Fund Balances:	<u>(7,678)</u>	<u>(30,525)</u>	<u>(7,101)</u>	<u>23,424</u>
Fund Balances - Beginning	99,215	99,215	99,215	-
Fund Balances - Ending:	<u>\$ 91,537</u>	<u>\$ 68,690</u>	<u>\$ 92,114</u>	<u>\$ 23,424</u>

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

City of Birmingham
Statement of Net Assets
Proprietary Funds
Emergency Management Communication District
June 30, 2012
(in thousands)

Assets

Current assets:	
Cash and investments	\$ 2,135
Total Current assets:	<u>2,135</u>
Restricted assets:	
Accounts and grants receivable	342
Total Restricted assets:	<u>342</u>
Property, plant, and equipment:	
Buildings and systems	1,025
Machinery and equipment	2,233
Less accumulated depreciation	<u>(2,513)</u>
Total Property, plant, and equipment:	<u>745</u>
Total Assets:	<u><u>3,222</u></u>

Liabilities

Current liabilities:	
Accounts payable	271
Total Current liabilities:	<u>271</u>
Total Liabilities:	<u>271</u>

Net Assets

Invested in capital assets	745
Unrestricted	<u>2,206</u>
Total Net Assets:	<u><u>\$ 2,951</u></u>

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

City of Birmingham
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Emergency Management Communication District
June 30, 2012
(in thousands)

Operating Revenues

Service fees	\$ 6,608
Total Operating Revenues:	<u>6,608</u>

Operating Expenses

Public safety	3,107
General and administrative	764
Repairs and maintenance	715
Depreciation	55
Total Operating Expenses:	<u>4,641</u>
Operating Income (Loss):	<u>1,967</u>

Nonoperating Revenues (Expenses)

Interest income	4
Total Nonoperating Revenues (Expenses):	<u>4</u>
Income (Loss) Before Contributions and Transfers:	<u>1,971</u>
Change in Net Assets:	1,971
Total Net Assets - Beginning	980
Total :	<u>980</u>
Total Net Assets - Ending:	<u>\$ 2,951</u>

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

City of Birmingham
Statement of Cash Flows
Proprietary Fund
Emergency Management Communication District
June 30, 2012
(in thousands)

Cash flows from operating activities:	
Cash received from customers	6,266
Cash payments to suppliers	(4,288)
Cash payments to employees	-
Net cash from operating activities	1,978
Cash flows from and related financing activities:	
Acquisition of capital assets	-
Cash flows from investing activities:	
Interest received	4
Net increase (decrease) in cash and cash equivalents	1,982
Cash and investments, beginning of year	153
Cash and investments, end of year	2,135
Reconciliation of operating loss to net cash used by operating activities:	
Operating gain (loss)	1,966
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:	
Depreciation	55
Change in accounts receivable	(313)
Change in prepaid items	-
Change in accounts payable and contracts payable	270
Change in due to other funds	-
Net cash from operating activities	1,978

The accompanying notes are an integral part of these financial statements

City of Birmingham
Statement of Fiduciary Net Assets
Pension Trust Funds
June 30, 2012
(in thousands)

	Pension Trust Funds
Assets	
Cash and cash equivalents	\$ 22,247
Receivables:	
Member loans	11,268
Interest and dividends	11,479
Total Receivables:	22,747
Investments, at fair value:	
U.S. government obligations	187,926
Domestic corporate bonds	187,519
Domestic stocks	530,652
Total Investments, at fair value:	906,097
Total Assets:	951,091
Liabilities	
Accounts payable and other	998
Accrued payroll and payroll taxes payable	(91)
Total Liabilities:	907
Net Assets	
Held in trust for future pension benefits	950,184
Total Net Assets	\$ 950,184

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

City of Birmingham
Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Year Ended June 30, 2012
(in thousands)

	Pension Trust Funds
Additions	
Additions:	
Contributions:	
Employer Contributions	\$ 18,304
Plan member contributions	16,633
Investment income:	
Investment earnings	33,287
Securities lending	993
Other income	92
Total Additions:	69,309
Total Additions:	69,309
 Deductions	
Deductions:	
Benefits	73,943
Refunds of contributions	2,032
Administrative expenses	1,138
Investment Expenses	3,503
Total Deductions:	80,616
Total Deductions:	80,616
Change in Net Assets:	(11,307)
Net Assets - Beginning	961,490
Total	961,490
Net Assets - Ending	\$ 950,184

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

City of Birmingham
Combining Statement of Net Assets
Component Units
June 30, 2012
(in thousands)

	<u>Birmingham Airport Authority</u>	<u>Birmingham Parking Authority</u>	<u>Total Nonmajor Component Units</u>
Assets			
CURRENT ASSETS:			
Unrestricted assets:			
Cash and investments	\$ 19,902	\$ 3,683	\$ 23,585
Receivables:			
Accounts (net of uncollectibles)	947	189	1,136
Due from other governments	10,719	-	10,719
Prepaid items	334	55	389
Restricted assets:			
Cash and cash equivalents	36,556	-	36,556
Investments	80,363	-	80,363
Accounts and grants receivable	1,091	-	1,091
Accrued interest receivable	227	-	227
Total Current Assets	150,139	3,927	154,066
NONCURRENT ASSETS:			
Other assets:			
Deferred charges	4,133	-	4,133
Capital assets::			
Land	162,828	1,940	164,768
Buildings and capital facilities	106,263	-	106,263
Furniture and other equipment	14,529	1,032	15,561
Accumulated depreciation	(77,257)	(698)	(77,955)
Infrastructure	193,181	-	193,181
Accumulated depreciation, infrastructure	(86,504)	-	(86,504)
Construction in progress	141,662	-	141,662
Total Noncurrent Assets	458,835	2,274	461,109
Total Assets	608,974	6,201	615,175

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

City of Birmingham
Combining Statement of Net Assets
Component Units
June 30, 2012
(in thousands)

	<u>Birmingham Airport Authority</u>	<u>Birmingham Parking Authority</u>	<u>Total Nonmajor Component Units</u>
Liabilities			
CURRENT LIABILITIES:			
Payable from unrestricted assets:			
Accounts and vouchers payable	933	79	1,012
Accrued payroll and payroll taxes payable	-	109	109
Due to primary government	-	1,019	1,019
Compensated absences	-	35	35
Payable from restricted assets:			
Contracts Payable	9,440	-	9,440
Accrued Interest Payable	5,442	-	5,442
Current portion of revenue bonds payable	5,530	-	5,530
Total Current Liabilities:	<u>21,345</u>	<u>1,242</u>	<u>22,587</u>
LONG TERM LIABILITIES:			
Compensated absences	377	185	562
Bonds and warrants payable, net	205,392	-	205,392
Total Long Term Liabilities	<u>205,769</u>	<u>185</u>	<u>205,954</u>
Total Liabilities:	<u>227,114</u>	<u>1,427</u>	<u>228,541</u>
Net Assets			
Invested in capital assets, net of related debt	327,682	2,273	329,955
Restricted for:			
Restricted for debt service	27,005	-	27,005
Restricted for future projects	4,611	-	4,611
Unrestricted	22,563	2,501	25,064
Total Net Assets	<u>\$ 381,861</u>	<u>\$ 4,774</u>	<u>\$ 386,634</u>

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

City of Birmingham
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2012
(in thousands)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Services	and Contributions	Airport Authority	Parking Authority	Total
Nonmajor Component Units						
Total Birmingham Airport Authority	34,781	\$36,880	\$21,210	\$23,308	\$0	\$23,308
Total Birmingham Parking Authority	5,681	5,746	-	-	65	65
Total Nonmajor Component Units	\$ 40,462	\$ 42,626	\$ 21,210	\$ 23,308	\$ 65	\$ 23,373
Unrestricted investment earnings				93	10	103
Other				2,112	-	2,112
Total General Revenues, Special Items, and Transfers:				2,205	10	2,215
Change in Net Assets:				25,513	75	25,588
Net Assets - Beginning				356,347	4,699	361,046
Net Assets - Ending:				\$ 381,861	\$ 4,774	\$ 386,634

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

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

I. Organization and Summary of Significant Accounting Policies

A. Reporting Entity

The City of Birmingham, located in Alabama, is a municipal corporation that was incorporated on December 19, 1871. The City operates under a Mayor-Council form of government as provided by Act No. 425 of the Alabama Legislature (The Mayor-Council Act) and is comprised of a Mayor elected at large and a nine-member council that is elected by district.

The financial statements of the City have been presented in conformity with accounting principles accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accompanying financial statements present the City and its component units, entities for which the City of Birmingham is considered to be financially accountable. The City's discretely presented component units are presented in total in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

Discretely presented component units

- The Birmingham Airport Authority (BAA) is a seven-member board appointed by the City and is a public corporation organized under the provisions of the Code of Alabama. The Authority is responsible for the operations of the Birmingham-Shuttlesworth International Airport. Because the City of Birmingham appoints the BAA's governing body, the Authority is included as a component unit in these financial statements. The BAA's fiscal year ends June 30.

The BAA reimburses the City for the cost of providing security and fire protection services to the Airport. Amounts charged by the City for the fiscal year ended June 30, 2012, totaled \$3,400,629.

- The Birmingham Parking Authority (BPA) is a three-member board appointed by the City and operates parking facilities in the City and also acts as a financing agent for certain other parking facilities. The City appoints the BPA's governing body and the Authority is included as a component unit in these financial statements. The BPA's fiscal year ends June 30.

Complete financial statements for each component unit may be obtained at the following administrative offices:

Birmingham Airport Authority
5900 Airport Highway
Birmingham, Alabama 35222
Financial statement date: June 30, 2012

Birmingham Parking Authority
1732 5th Avenue North
Birmingham, Alabama 35203
Financial statement date: June 30, 2012

Related Organizations

The City of Birmingham is also responsible for appointing a voting majority of the boards of other organizations, but the City's financial accountability for these organizations does not extend beyond making the appointments. The City appointed a voting majority of the Birmingham-Jefferson County Transit Authority (BJCTA) and the Birmingham Housing Authority (BHA). In fiscal year 2012, the City provided funding to the BJCTA in the amount of \$10,903,988 and

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

\$39,565 to the BHA. These organizations are related organizations that have not been included within the City's financial statements.

Joint Venture

As defined in GASB Statement No. 14, a joint venture is a legal entity or other organization that results from a contractual arrangement and is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (1) an ongoing financial interest or (2) an ongoing financial responsibility. The City participates in the Birmingham-Jefferson County Civic Center Authority (BJCCA) which was created by the Alabama Legislature as a public corporation authorized to construct, maintain, operate, and manage a civic center in the City of Birmingham, Jefferson County, Alabama. The BJCCA also owns a hotel that is managed by an independent operator. The City is a joint participant in the BJCCA with Jefferson County; each is obligated, by contract, to remit amounts to supplement the BJCCA's debt service payments. In accordance with the interlocal agreement, the City remitted \$1,500,000 to the BJCCA during fiscal year 2012 representing the last payment under the agreement. The City does not have an equity ownership in this joint venture. Separate financial statements indicated a change in net assets of \$315,619 for the year ended August 31, 2011; net assets at August 31, 2011 totaled \$147,168,465. This is the most current audited information available. Complete financial statements for the BJCCA may be obtained at the administrative offices at 2100 Richard Arrington Jr. Blvd. North, Birmingham, AL 35203.

B. Government-wide and Fund Financial Statements

The government-wide financial statements of the City consist of the statement of net assets and the statement of activities for all of the nonfiduciary activities of the City and its two component units. The effect of interfund activity has been removed from these statements. The statements report separately the *governmental activities* from the *business-type activities*. Governmental activities are normally supported by taxes and intergovernmental revenues, whereas business-type activities rely on fees and charges for support. The City, as the *primary government*, is shown separately from its two legally separate *component units*.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function; *program revenues* include (a) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. *General revenues* include taxes and other items not included in program revenues.

Included in this report are separate financial statements for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The City reports its major individual governmental funds as separate columns in the fund financial statements.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements, the proprietary fund financial statements, and the fiduciary fund financial statements are all reported using the *economic*

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

resources measurement focus and the *accrual basis of accounting*. Under this focus and basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the cash is received or expended.

Property taxes are recognized as revenues in the year of their levy; grants and similar items are recognized as revenue when all the eligibility requirements of the providers have been met.

All governmental funds are accounted for using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. The City of Birmingham considers revenues to be *available* if they are collected within 60 days of the end of the current fiscal period; the major sources of accrued revenue are the various business and ad valorem taxes the City collects as well as grant revenues. Expenditures are recorded when the liability is incurred, consistent with accrual accounting. Debt service expenditures, claims and judgments, as well as expenditures related to compensated absences are recorded only when payment is due.

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

Subsequent events were evaluated through the date the financial statements were issued.

For the purposes of the statement of cash flows, highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

The City of Birmingham reports the following major governmental funds:

The *General Fund* is the City's primary operating fund and accounts for all financial resources except those required to be accounted for in other funds.

The *General Bond Debt Reserve Fund* accounts for the receipt of property taxes earmarked for debt service.

The *General Bond Debt Service Fund* accounts for the payment of principal and interest on general obligation bonds.

The *Birmingham Fund* is considered a Special Revenue Fund and accounts for proceeds the City received from the sale of the Industrial Water Board. The Birmingham fund is considered a reserve fund set aside for use in emergency situations and/or as revenue shortage or budgetary imbalances occur. Funds may be appropriated as follows: (a) Operating Budget Amendments or other appropriations for any fiscal year, not exceeding 5% of the five year average market value of the fund, by majority council vote; (b) Any other additional amount for any lawful purpose with majority Council vote and a declaration of extraordinary circumstance.

The *Capital Improvement Fund* accounts for funds from miscellaneous sources used for various capital improvement projects.

The *2010 Recovery Zone Economic Development Warrants Fund* account for funds used for various capital improvement projects.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

Public Improvement Fund accounts for construction of Public Improvements which are to be paid wholly or in part from assessments levied against the property benefited by the improvements.

The City reports its only proprietary fund as a *major* proprietary fund:

The *Emergency Management Communications District* accounts for the operation of the Enhanced Universal Emergency Number Service (E911).

The *Pension Trust Funds* account for the activities of the City's seven pension plans.

The accompanying financial statements reflect the elimination of interfund activity with the exception of the charges to the City's proprietary fund. These amounts are shown on the statement of net assets as *internal balances*.

The operating revenues of the proprietary fund include charges to customers for the operation of the 911 telephone service. Nonoperating revenues include investment earnings. The operating expenses of the proprietary fund are those expenses incurred in the normal operations of providing the 911 services, as well as depreciation of the capital assets.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments – Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. State statutes authorize the City to invest in U. S. government obligations, U. S. government agency obligations, U.S. corporate stock, U.S. debt, State of Alabama obligations, county obligations, and other municipal obligations. The City invests its funds in accordance with State law

All investments, including those of the City's component units, are reported at fair value, market value, or best available estimates. Short-term investments are reported at cost which approximates market value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. All investments have established markets to determine their fair value.

2. Receivables and Payables – The City shows “due to/from other funds” at the end of the fiscal year to show any current outstanding balances from lending/borrowing arrangements between funds.

The City shows receivables at June 30, 2012 consist of the following:

	Governmental Activities	Business - Type Activities	Total Primary Government
Taxes Receivable	\$ 30,223,772	\$ -	\$ 30,223,772
Customers and Other	16,557,012	341,508	16,898,520

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

Other Governments	7,215,416	-	7,215,416
Gross Receivable	53,996,200	341,508	54,337,708
Less: allowance for uncollectible	(5,632,583)	-	(5,632,583)
Net Receivable	\$ 48,363,617	\$ 341,508	\$ 48,705,125

Taxes Receivable – All property taxes levied by the State of Alabama, the City, Jefferson and Shelby Counties, are assessed by the Jefferson and Shelby Counties Tax assessors and collected by their tax collectors. The property tax calendars specify the following actions and dates:

Levy (assessment date)	September 30
Lien date	September 30
Due date	October 1
Collection dates	October 1 to December 31
Delinquent date	January 1

The City of Birmingham receives a 4% sales tax for the sale of tangible goods within the City limits and a 1% occupational tax on wages of persons employed within the City limits. Tax collections are remitted to the City on a monthly basis. All amounts remitted within the bill paying period are included in revenue; taxes collected within the fiscal year but remitted to the City after year-end are accrued in both the government-wide and fund financial statements.

3. Inventories and Prepaid Items – Inventories are valued on the average cost basis. Inventory consists of expendable supplies held in the General Fund for consumption. The cost is recorded as an expenditure at the time individual items are used (consumption method). Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items.
4. Restricted assets – Certain assets of the Birmingham Airport Authority (component unit) are restricted by the terms of federal grants and programs. These particular funds are restricted for designated capital projects and any debt incurred to finance the construction of those projects.
5. Capital assets – Capital assets include property, buildings, furniture and other equipment, and infrastructure. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital outlays are recorded as expenditures of the governmental funds. Capital assets, other than infrastructure, are defined by the City as items with an estimated useful life of three years or more and an individual cost in excess of \$5,000. Capital assets are recorded at cost where historical cost is available or at estimated historical cost if actual cost is not available. Donated capital assets are recorded at their estimated fair value at time of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend useful lives are expensed. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings, capital facilities and improvements	50
Furniture and equipment	3 – 20
Infrastructure	25 – 50

The City recognizes the intrinsic value of historical works and collections. As such, the City has adopted a policy that these items will not be considered capital items and subject to depreciation. This policy covers the historical works and collections housed at the City's various museums. Should the sale of any of these items occur, the City is committed to using the funds generated from the sale to purchasing other similar collectibles.

6. Compensated absences – City of Birmingham employees earn vacation leave at graduated rates based on the employee's length of service (one day per month of service, initially), and up to 40 days of unused leave may be carried over to the following year. Vacation pay is accrued when incurred in the government-wide financial statements. The City does not have a policy for vested sick pay, thus no liability for accumulated unpaid sick leave is accrued.
7. Long-term obligations – Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premiums and discounts. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, any bond premiums and issuance costs have been recognized in the current period. The face amount of the new debt issued and the premiums received are reported as other financing sources; issuance costs are reported as debt service expenditures.

8. Equity classification – In the government-wide statements, equity is classified as net assets and displayed in three components: a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets; b. Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional or enabling legislation; c. Unrestricted net assets – all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

because they are either (a) not in spendable form-prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City Council, the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes, or changes the commitment by taking the same action it employed to impose the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been committed for use in satisfying those contractual requirements.

Assigned fund balance – This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. The City council and Finance Director have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use externally restricted resources first, then unrestricted resources-committed, assigned, and unassigned-in order as needed.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

The annual budget for the City of Birmingham’s General Fund is adopted on a basis consistent with generally accepted accounting principles. Budgets for the Special Revenue and Capital Projects Funds are adopted on an individual project basis. Budgets are prepared for the Debt Service Funds based on general obligation bond resolutions.

On or before May 20, the Mayor submits to the City Council a proposed General Fund operating budget for the upcoming fiscal year commencing July 1. The proposed budget includes proposed

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

expenditures and the means of financing them. Subsequently, a public hearing is held to obtain taxpayer comments; and prior to July 1, the official budget is enacted through passage of an ordinance.

The City's budget is prepared by fund, function, and department. The individual departments are authorized by the Mayor to make transfers of appropriations within their departments; however, any revisions that alter the total expenditures of any fund or transfer between departments must be approved by City Council. The legal level of budgetary control is the department level. This year's General Fund budget was amended as needed throughout the year by City Council action provided that adequate funds were available at the time of the amendments.

Encumbrance accounting is used in governmental funds. All general fund purchase orders lapse at year end and are reestablished along with their appropriations as needed in the new fiscal year. All purchase orders in capital projects and special revenue funds do not lapse and appropriations are reappropriated in the next fiscal year.

B. Fund Deficits of Non-Major Funds

Deficits in net assets/fund balance of non-major funds at June 30, 2012 are as follows:

Special Revenue Fund	
Grants Fund	\$1,446,482
Fair Trial	\$130,058

Deficits in the Grant Fund results from expenses incurred for projects that were not reimbursed at June 2012.

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits - At June 30, 2012, the carrying amount of the City's demand deposits, certificates of deposits, and money market investments in all funds was \$113,333,137 and the bank balance was \$129,659,240.

Financial institutions utilized as depositories by the City must provide evidence of its designation by the Alabama State Treasurer as a qualified public depository under the Security of Alabama Funds Enhancement Act (SAFE). From time to time, the City may request that the depository (QPD) 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 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.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

Investments - At June 30, 2012, the City of Birmingham had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Avg. Maturity (years)</u>
U.S. Govt. agency obligations	\$ 183,694,009	6.56
U.S. Treasuries	137,168,665	5.14
U.S. Corporate debt	226,859,827	7.07
U.S. Corporate stock	542,471,718	-
Total fair value	<u>\$ 1,090,194,219</u>	
Portfolio weighted avg. maturity		6.42

Retirement & Relief System

The City's investment policy for its Retirement and Relief System does limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investments Highly Sensitive to Interest Rate Changes

The City also invests in mortgage-backed securities, representing U.S. government agency obligations with a fair value of \$20,314,630. Mortgage-backed securities are based on cash flows from the collection of mortgages. Prepayments arise when, for example, mortgage holders redeem their mortgages early. The investor's investment is returned early, or in extreme cases not returned at all. Mortgage-backed securities may be considered to be investments with terms that may cause their fair values to be highly sensitive to interest rate changes.

Credit Risk: The City's Retirement & Relief System's investment policy limits investments in all bonds to securities having a Standard & Poors rating of AAA, AA, A, or BBB, or a Moody's rating of Aaa, Aa, A, or Baa. The City's investments included the following bonds at June 30, 2012:

<u>Description</u>	<u>Rating</u>	<u>Fair Value</u>
U.S. Govt Agency Discount Notes, Bonds	AAA	\$ 169,588
	AA	177,241,160
	A	<u>6,283,260</u>
		183,694,009
U.S. Corporate Bonds:	AAA	\$ 28,126,439
	AA	28,595,401
	A	114,171,943
	BBB	<u>72,060,974</u>

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

242,954,757
\$ 426,648,766

The City, at this time, does not have a formal credit risk policy for its internally managed funds.

Securities Lending Transactions – Under the provisions of State statutes, the City lends securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. One of the City’s custodial banks manages the securities lending program and received both cash and domestic bonds as collateral. The collateral securities cannot be pledged nor sold by the City unless the borrower defaults. Collateral securities are initially pledged at 102% of the market value of the securities lent and this collateral is adjusted weekly to maintain the 102% level. The City’s Pension Plans authorize the lending of domestic bonds and equity securities. The cash collateral is invested in commingled short-term fixed income accounts. The City, as a program participant, assumes the risk that (a) the overnight investment will not equal or exceed the rebate rate, (b) a loss of principal in the overnight investment, and (c) the collateral will not be sufficient if called upon to repurchase the lost security. The market value of collateral held and the market value (USD) of securities on loan for the client as of June 30, 2012 was \$193,485,524 and \$193,400,613, respectively. The City has incurred no loss through its participation in the securities lending program.

B. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows (in thousands):

	<u>June 30,</u> <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30,</u> <u>2011</u>
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 139,263	\$ 89,800	\$ 706,364	\$ 138,646
Construction in progress	65,191	16,501	10,348	71,254
Land, infrastructure projects	<u>16,647</u>	<u>-</u>	<u>-</u>	<u>16,647</u>
Total nondepreciable capital assets	221,101	16,591	11,145	226,547
Capital assets, depreciable:				
Buildings and capital facilities	184,052	2,055	179	185,927
Furniture and other equipment	149,995	3,899	1,505	152,388
Infrastructure	<u>189,677</u>	<u>7,780</u>	<u>-</u>	<u>197,457</u>
Total depreciable capital assets	523,724	13,734	1,684	535,772

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

Less accumulated depreciation:				
Buildings and capital facilities	100,274	3,991	153	104,112
Furniture and other equipment	108,313	6,927	1,389	113,851
Infrastructure	<u>126,190</u>	<u>6,824</u>	<u>-</u>	<u>133,014</u>
Total accumulated depreciation	<u>334,777</u>	<u>17,742</u>	<u>1,542</u>	<u>350,977</u>
Net depreciable capital assets	<u>188,947</u>	<u>(4,009)</u>	<u>143</u>	<u>184,795</u>
Governmental activities, net capital assets	<u>\$ 410,048</u>	<u>\$ 12,582</u>	<u>\$ 11,287</u>	<u>\$ 411,343</u>
Business-type activities:				
Buildings and other capital facilities	\$ 1,025	\$ -	\$ -	\$ 1,025
Furniture and other equipment	<u>2,233</u>	<u>-</u>	<u>-</u>	<u>2,233</u>
Total capital assets	<u>3,258</u>	<u>-</u>	<u>-</u>	<u>3,258</u>
Less accumulated depreciation:				
Buildings and other capital facilities	420	20		440
Furniture and other equipment	<u>2,038</u>	<u>34</u>	<u>-</u>	<u>2,072</u>
Total accumulated depreciation	<u>2,458</u>	<u>54</u>		<u>2,512</u>
Business-type activities, net capital assets	<u>\$ 799</u>	<u>\$ (54)</u>	<u>\$ -</u>	<u>\$ 744</u>

Depreciation expense was charged to the following functions (in thousands):

Governmental activities:	
Public safety, including depreciation of infrastructure assets	\$ 11,201
Streets and sanitation	2,467
Cultural and recreation	2,982
General government	<u>1,091</u>
Total depreciation - governmental activities	<u>\$ 17,742</u>
Business-type activities:	
E-911 operations	<u>\$ 55</u>

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

Prior Period Adjustment

An adjustment has been made to the beginning balance of construction in progress to capitalize previously expensed capital outlay charges in the amount of 9.8 million.

C. Interfund Transfers

During the course of normal operations, the City incurs numerous transactions between funds to provide services, construct assets, service debt, etc. Their transactions are generally reported as interfund transfers. No expectation of repayment between funds is expected related to these interfund transfers. The composition of interfund transfer balances at June 30, 2012, is as follows (in thousands):

<u>Transfers Out</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	<u>Totals</u>
General Fund	\$ -	\$ -	\$ 5,456	\$ 213	\$ 5,669
Debt Reserve	-	38,314	-	-	38,314
Non-Major Funds	1	-	4	-	5
	<u>\$ 1</u>	<u>\$ 38,314</u>	<u>\$ 5,460</u>	<u>\$ 213</u>	<u>\$ 43,988</u>

D. Long-term Debt

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and/or construction of capital assets. The original amounts of general obligation bonds issued were \$388,770,000. The bonds are direct obligations of the City, and the full faith and credit of the City is pledged against the bonds. The bonds outstanding at June 30, 2012, are as follows (in thousands):

<u>Bond Series/Interest Rate</u>	<u>Maturity</u>	
2002-B; 2.25%-5.25%	12/01/2015	2,125
2005-A; 3.75%-5.75%	11/01/2023	25,545
2006-A; 4.00%-5.00%	04/01/2024	70,540
2006-B; 4.00%-5.00%	10/01/2015	40,790
2007-A; 4.00%-5.00%	12/01/2032	112,935
2011; 1.80%	04/01/2013	4,235
Total		<u>\$ 256,170</u>

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

Annual debt service requirements to maturity for general obligation bonds are as follows (in thousands):

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 22,225	\$ 11,870
2014	20,225	10,863
2015	21,230	9,823
2016	20,065	8,843
2017	13,275	8,005
2018-2022	53,110	29,959
2023-2027	38,280	20,008
2028-2032	55,040	9,296
2032-2033	12,720	286
Total	\$ 256,170	\$ 108,953

General obligation warrants and revenue warrants

The City issues general obligation warrants for the same purposes as general obligation bonds. The warrants are also direct obligations of the City for which it pledges its full faith and credit. Under state statute, general obligation warrants can be issued without an election and must be issued for a period of maturity of not longer than thirty years. Revenue warrants are tax increment financing district warrants in which ad valorem taxes are collected to fund the debt service. The original amounts of warrants issued were \$259,535,000. The warrants outstanding at June 30, 2012, are as follows (in thousands):

<u>Bond Series/Interest Rate</u>	<u>Maturity</u>	
2003-A; 5.25%	06/01/2014	3,710
2003-B; 1.2%-5%	07/01/2014	5,460
2004-B; 2.3%-4%	04/01/2020	5,255
2006-C; 4%-5%	04/01/2033	24,740
2007-B; 4%-5%	03/01/2030	22,960
2009-A; 3%-4.5%	06/01/2026	16,090
2010-A; 2%-4.5%	02/01/2018	51,925
2010-B; 4.2%-7%	02/01/2040	39,115
2010-RB (One month Libor plus 2.5%)	08/01/2013	5,400
2010-CTB (One month Libor plus 2.95%)	08/01/2013	900
Total		\$ 175,555
 Revenue Warrants:		
2009-A Tax Increment Financing		\$ 7,000
2009-B Tax Increment Financing		13,470
Total		\$ 20,470

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

Annual debt service requirements to maturity for the City's general obligation warrants and revenue warrants are as follows (in thousands):

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 15,240	\$ 8,022
2014	16,455	7,495
2015	12,905	6,810
2016	13,485	6,245
2017	15,015	5,661
2018-2022	52,145	20,201
2023-2027	28,075	12,283
2028-2032	22,945	6,596
2033-2037	12,500	2,686
2038-2040	7,260	566
Total	\$ 196,025	\$ 75,565

Total outstanding bonds and warrants payable (in thousands):

Bonds payable	\$ 256,170
Warrants payable	175,555
Revenue warrants	20,470
	<u>452,195</u>
Less current maturities	(37,865)
Unamortized premium and discount	<u>15,972</u>
Total bonds and warrants payable(noncurrent)	\$ <u>430,302</u>

Changes in long-term liabilities (in thousands):

	<u>Balance July 1, 2011</u>	<u>Addition</u>	<u>Reduction</u>	<u>Balance June 30, 2012</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds and warrants payable (net of premium and discounts)	\$ 501,900	\$ 8,400	\$ 42,132	\$ 468,168	\$ 37,865
Worker's compensation claims	14,265	-	6	14,259	-
Compensated absences	14,275	266	-	14,541	977
Closure and postclosure costs	7,946	5,229	-	13,175	-
OPEB liability	23,471	2,422	-	25,893	-
Total	\$ <u>561,857</u>	\$ <u>16,317</u>	\$ <u>42,138</u>	\$ <u>536,036</u>	\$ <u>38,842</u>

The City's general fund is typically used to liquidate long-term liabilities with the exception of bond debt service which is paid from the City's Bond Debt Reserve Fund.

On October 28, 2011, the City issued \$8,400,000 in General Obligation Refunding Bonds, Series 2011 (the Series 2011 Bonds). The Series 2011 Bonds were issued for the purposes of currently

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

refunding the City's outstanding Series 2002A General Obligation Refunding Bonds due in 2012 and 2013 in the amount of \$8,205,000. The refunding resulted in net present value of interest cost savings over the same term of approximately \$113,000.

The Series 2011 Bonds mature on April 1, 2013 and require the City to pay principal in the amount of \$4,165,000 on April 1, 2012 and interest on April 1, 2012 and October 1, 2012. On April 1, 2013, the unpaid balance of the Series 2011 Bonds, plus accrued interest will be come due. Interest on the Series 2011 Bonds accrues and is paid at the rate of 1.8%. The bonds were privately placed with a bank.

E. Risk Management

The City of Birmingham is exposed to various risks of loss related to torts, theft, errors and omissions, job-related illnesses and injuries, and natural disasters. Risk management is the process of managing the City's activities to minimize the adverse effects of certain types of losses and to obtain resources to provide for or restore the economic damages of those losses. The City finances its risk through self-insurance (risk retention) and through the purchase of insurance with a commercial insurance carrier (risk transfer).

In fiscal year 2008, the Alabama Supreme Court failed to overrule a lower appellate court's opinion that the City of Birmingham was not exempt from the State of Alabama's worker compensation rules. The City's current legal position is based on a determination that the Alabama Supreme Court addressed a portion of the appellate issues and did not address directly the issue of whether the City's special exemption applied. The City has preserved the issue in appropriate cases now pending at the trial court level. At this time, none of these cases have reached the point of appeal. The City is self-insured for its Workers' Compensation liability. The city currently has in force an excess workers compensation insurance policy, whereby the City retains the first \$1,000,000 of liability per claim and has a \$2,000,000 corridor deductible. The City had a professional actuary estimate its' liability at June 30, 2012. This amount was calculated to be \$14,258,941 and has been accrued on the government-wide financial statements. The changes to the liability for workers compensation claims are shown below:

<u>June 30</u>	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2012	14,265	(6)	-	14,258
2011	11,947	2,318	-	14,265
2010	2,836	9,111	-	11,947
2009	2,836	-	-	2,836
2008	7,200	(4,364)	-	2,836

City of Birmingham, Alabama
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The City is a defendant in numerous suits and has been notified of numerous claims against it arising from alleged defective sidewalks and streets, alleged negligence relating to motor vehicles and other matters relating to the normal operation of a municipality such as employment and contract disputes, as well as suits and claims arising from the alleged denial of civil rights. Section 11-93-1 *et seq.* of the Code of Alabama 1975, as amended, places a limit of \$100,000 with respect to the City's liability for any bodily injury or death resulting from a negligent or wrongful act of one of the City's agents, officers, or employees. That provision further places a limit of \$300,000 with respect to the City's liability, in the aggregate, where more than two persons have claims or judgments on account of personal injuries and deaths arising from a single occurrence. The Supreme Court of Alabama has upheld the constitutionality of this statute. The City is self-insured, any liability resulting from a suit or claim is covered by funds of the City which are available to discharge such liability without impairing the City's ability to perform any of its other obligations. The City covers all legal claims out of its General Fund resources. Claims and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. At June 30, 2012, the amount of these liabilities totaled \$7,662,000.00 and is considered a current liability. The liability is the City's best estimate based on available information.

Changes in the General Fund's claims liability amount in the last five fiscal years are as follows (in thousands):

<u>June 30</u>	<u>Beginning Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2012	1,589	7,901	1,828	7,662
2011	1,696	953	1,060	1,589
2010	1,948	613	865	1,696
2009	3,087	449	1,588	1,948
2008	3,235	944	1,092	3,087

F. Commitments and Contingencies

Birmingham Zoo Obligations – The City is obligated to make a contribution of \$1,500,000 each year for a period of ten years, commencing in the fiscal year ended June 30, 2010, and thereafter the contribution of \$500,000 in each year for a period of fifteen years, to the Birmingham Zoo to pay the costs of operation and capital projects, including certain new exhibits.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

Honda Plant Obligation - The City participates in the East Central Alabama Industrial Development Authority (the "East Central Alabama Authority"), a public corporation created pursuant to Chapter 92A, Title 11 (Section 11-92A-1, et seq.) of the Code of Alabama of 1975, as amended. The East Central Alabama Authority has issued bonds in the amount of \$15,475,000 to provide financing for a portion of the costs of (i) making certain improvements with respect to a parcel of land located in Talladega County, Alabama upon which American Honda Motor Company, Inc. (or an affiliate thereof) has constructed an automobile assembly plant and (ii) acquiring, constructing and/or installing a facility to teach skills relating to the automobile manufacturing industry. The City, along with nine other cities and four counties, has entered into a funding agreement with the East Central Alabama Authority and First Commercial Bank, as trustee, whereby the City agrees to make annual payments on February 1 in each of the years 2001 through 2015, in an annual average amount of approximately \$195,000, to pay principal and interest on the outstanding principal amount of \$975,000. The obligation of the City to make these payments constitutes a general obligation of the City for which the full faith, credit and taxing power of the City is pledged.

Tax Increment Financing Warrants

On November 6, 2009, the City issued its Tax Increment Financing District No. I Revenue Warrant No. 1, dated November 6, 2009, in aggregate principal amount of \$14,000,000 and its Tax Increment Financing District No. I Revenue Warrant No. 2, dated November 6, 2009, in aggregate principal amount of \$7,000,000 (collectively, the "TIF Warrants"). The TIF Warrants were issued to refund certain prior tax increment secured obligations and to fund certain capital improvements in the TIF. The TIF Warrants bear interest at fixed interest rates and are subject to monthly amortization beginning in December 2010, in the case of Warrant No.1 and November 2012, in the case of Warrant No.2, in stated principal amounts, and mature on November 1, 2020.

The TIF Warrants are limited obligations of the City payable solely from and secured by a pledge of that amount of the revenue produced in each year from the levy of certain local ad valorem taxes by the City and Jefferson County in the Tax Increment District (generally the downtown city center) which is in excess of the amount of such revenue produced from the levy of such taxes in such District in the year in which such District was established (1998), less commissions required by law to be paid to the Tax Assessor and Tax Collector of Jefferson County.

The TIF Warrants are additionally secured by (1) the obligations of the City pursuant to separate Annual Appropriation Agreements, dated November 6, 2009 between the City and the trustee for the TIF Warrants, for each series of the TIF Warrants that obligate the City to appropriate funds in each fiscal year of the City for the payment of the principal of and interest on the TIF Warrants in such fiscal year in an amount necessary to pay such principal of and interest on the TIF Warrants in such fiscal year and certain expenses related thereto; provided, such obligations are year-to-year obligations of the City and may be terminated unilaterally, without penalty, by the City at the end of any fiscal year of the City after satisfaction by the City of its obligations under such Annual Appropriation Agreements for such fiscal year.

City of Birmingham, Alabama
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Civic Center Authority Obligations

The Birmingham-Jefferson Civic Center Authority (the "Civic Center Authority") has heretofore issued its Special Tax Refunding Bonds, Series 2002-A, and its Special Tax Refunding Bonds, Series 2003-A (Taxable) (collectively, the "Civic Center Authority Obligations"). In connection with the issuance of the bonds of the Civic Center Authority in 1989, the City and the Civic Center Authority entered into a Pledge and Appropriation Agreement in which the City agreed to make annual payments (solely out of the proceeds of its occupational license tax) of \$3,000,000 through the fiscal year ending June 30, 2011 and \$1,500,000 in the fiscal year ending June 30, 2012, to provide a source of payment for the Civic Center Authority bonds issued in 1989. The bonds issued in 1989 have since been refunded by a portion of the Civic Center Authority Obligations. The City's Pledge and Appropriation Agreement has been fulfilled. The final payment was made in December, 2011 in the amount of \$1,500,000.00.

Public Athletic, Cultural and Entertainment Board of the City of Birmingham 2011 Funding Agreement

The City increased its Lodgings Tax by 3.5%, effective January 15, 2011. The proceeds of the tax increase are to be used to construct a minor league baseball stadium, to be the home of the Birmingham Barons minor league baseball team, and a Negro League baseball museum in the downtown area of the City. On December 15, 2011, the City entered into a Funding Agreement with the Public Athletic, Cultural and Entertainment Facilities Board of the City of Birmingham (the "Board"). The Funding Agreement pledged the increased Lodgings Tax portion (3.5%) and certain revenue from the operations of the baseball stadium to pay debt service on the Board's Series 2011A and Series 2011B Bonds, issued to provide financing for the construction. The Bonds were issued in the amount of \$64 million, with annual debt service payments of approximately \$3,665,000, including interest at rates ranging from 3.09% to 4.87%. The Funding Agreement is a general obligation of the City and has a term equal to the term of the Board's Series 2011A and Series 2011B Bonds, which mature on October 1, 2041, subject to mandatory tender on December 14, 2026.

Economic Development Incentive Obligations

The City has entered into agreements in recent years with other entities for economic development purposes. Pursuant to these agreements, the City will make payments over stated periods of years for the development of various projects and facilities that the City believes will promote the tax and revenue base of the City and increase employment opportunities in the City. The City's economic development office generally expects, based upon the information provided to it and upon certain assumptions, that these agreements will result in greater tax revenues for the City than the City is obligated to pay under such agreement, and in certain cases, the City's obligations are capped at an amount not to exceed the tax revenues it actually receives.

The aggregate outstanding obligation of the City under these other agreements is approximately \$27,120,000. These obligations are limited obligations of the City payable generally as rebates of taxes received by the City from the private entity.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

Commercial Development Authority of the City of Birmingham 2011 Funding Agreement

The Bonds supported by this Funding Agreement were issued by The Commercial Development Authority of the City of Birmingham, a public corporation of the City, to finance a four-star convention hotel of approximately 300 guest rooms and related meeting rooms, restaurant and exercise facilities, approximately 60,000 square feet of storefront space for lease to food service and entertainment facilities, and related streets and public infrastructure, all adjacent to the civic center complex, in the downtown area of the City, for use by the Birmingham – Jefferson Civic Center Authority (the “Civic Center Authority”). The Civic Center Authority, a public corporation, shall own and operate the facilities financed by such bonds. The Mayor of the City is a member of the board of directors of the Civic Center Authority. The City has pledged as a source of payment and security for its obligations under this Funding Agreement the following amounts received in each fiscal year: (i) \$3,000,000 of the Occupational Tax and (ii) 2/3rds of the proceeds of the Lodgings Tax levied at the rate of 3.00%. This Funding Agreement is a full faith and credit general obligation of the City. The agreement calls for annual payments through fiscal year 2041 of approximately \$4,995,000.

G. Closure and Post Closure Cost

State and federal laws and regulations require the City to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of the estimated closure and postclosure cost liability as a long-term liability. The liability is increased or decreased each period based on landfill capacity used as of each balance sheet date.

The approximate \$13,175 million reported as closure and postclosure cost liability at June 30, 2012, represents the cumulative amount reported to date based on the use of approximately 95 percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2012. Actual costs may be higher due to inflation, deflation, changes in technology, and/or changes in laws or regulations. Officials estimate the landfills’ remaining lives to be approximately three years.

H. Pension Funds

The City of Birmingham maintains seven single-employer defined benefit pension plans covering substantially all employees. These plans consist of the Retirement and Relief System, Firemen’s and Policemen’s Supplemental Pension System, Firemen’s Pension and Relief System, Policemen’s Pension and Relief System, Limited Firemen’s Retirement and Relief, Limited Policemen’s Retirement and Relief, and the Unclassified Employees Pension and Relief System. Each of the seven plans was established by state law and is administered by a separate board of managers.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

Plan descriptions

The funding methods and determination of benefits payable were established by the legislative acts creating such plans and provide that the pension plan funds are to be accumulated from employee contributions, employer contributions, and income from the investment of accumulated funds. The cost of administering the plans is funded by the City. The City acts as the trustee for six of these plans. Separate financial statements are presented in this report for the pension funds.

Summary of significant accounting policies

The activities and the financial statements of the pension plans are accounted for on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Each pension plans' cash assets are invested in equity and fixed-income securities. All plan assets are reported at fair value. Investments traded in publicly traded markets are valued at the last reported sales price on the government's balance sheet date. Actuarial valuations are performed annually, and the latest are all dated July 1, 2011. The plans do not issue stand-alone financial reports, and all required disclosures are included in this report. Estimates have been prepared through June 30, 2012 for the City of Birmingham Retirement and Relief System and the Fireman and Police Supplemental Pension Plan.

Plan descriptions and disclosures as of the last actuarial study of July 1, 2011 for each pension plan follow.

City of Birmingham Retirement and Relief System – This system covers all civil service employees, elected officials, and appointed employees. Membership is mandatory for covered employees and is effective upon employment. Appointed and elected employees have the option of participating in this plan or in an alternative retirement plan. The City and employees each contribute one-half of the required contribution payable as a percent of compensation for the year, exclusive of overtime and subject to statutory limits. The plan is funded by contributions from employees, the City, and income from the investment of accumulated funds.

Schedule of Employer Contributions

Fiscal Year Ended June 30,	Annual Required Contributions	Actual Contributions	Percentage Contributed
2002	8,580,579	10,537,461	122.8%
2003	9,756,787	10,697,621	109.6%
2004	11,290,871	11,347,715	100.5%
2005	12,875,198	10,881,632	84.5%
2006	13,742,543	11,398,732	82.9%
2007	14,173,353	12,006,508	84.7%
2008	14,818,900	12,061,584	81.4%
2009	17,050,689	12,770,110	74.9%
2010	21,118,910	13,224,808	62.6%
2011	18,147,791	13,772,490	75.9%

City of Birmingham, Alabama
Notes to the Financial Statements
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Supplementary Information for Retirement & Relief System

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2011
Basis for Contributions	7/1/2011
Cost Method	Entry Age Normal

Amortization:

Method	Level Dollar
Open/Closed	Open/Rolling 30 years
Equivalent Single Period Remaining	30
Asset Valuation Method	

Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.

Assumptions:

Investment Earnings	7.00
Salary Increase:	
Inflation	3.0%
Merit, Longevity, etc.	Varies from .00% to 6.5%
Administrative Expense	Changes from \$250,000 to \$270,000

Plan Membership:

Retired participants and beneficiaries receiving benefits	2,803
Terminated participants entitled to, but not yet receiving benefits	246
Active participants	<u>3,807</u>
Total membership	<u>6,856</u>

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)- Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2002	778,605,246	758,085,228	(20,520,018)	102.71%	151,180,057	0.00%
7/1/2003	785,646,456	796,083,861	10,437,405	98.69%	152,242,441	6.86%
7/1/2004	801,612,266	838,485,603	36,873,337	95.60%	158,062,119	23.33%
7/1/2005	819,166,736	875,792,038	56,625,302	93.53%	158,898,488	35.64%
7/1/2006	898,671,013	946,584,547	47,913,534	94.94%	162,849,137	29.42%
7/1/2007	935,821,094	992,864,448	57,043,354	94.25%	167,807,596	33.99%

City of Birmingham, Alabama
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7/1/2008	953,079,670	1,050,785,799	97,706,129	90.70%	174,113,556	56.12%
7/1/2009	910,769,192	1,083,256,135	172,486,943	84.08%	186,523,480	92.47%
7/1/2010	913,077,824	1,113,441,433	200,363,609	82.01%	193,229,880	103.69%
7/1/2011	892,096,375	1,158,070,396	265,974,021	77.03%	177,977,161	149.44%

Retirement and Relief System
Development of the Net Pension Obligation and the Annual Pension Cost

Fiscal Year Ended June 30,	Employer Annual Required Contribution	Employer Amount Contributed	Interest on NPO @ 7%	ARC Adjustment	Amortization Factor	Pension Cost	Change in NPO	NPO Balance
2002	8,580,579	10,537,461	(1,236,872)	(1,923,3860)	8.5743	9,267,093	(1,270,368)	(17,761,997)
2003	9,756,787	10,697,621	(1,332,150)	(2,022,300)	8.7831	10,446,937	(250,684)	(18,012,681)
2005	12,875,198	10,881,632	(1,299,835)	(2,035,605)	8.514	13,610,968	2,729,336	(14,601,802)
2006	13,742,543	11,398,732	(1,095,135)	(1,150,095)	12.6962	13,797,503	2,398,771	(12,203,031)
2007	14,173,353	12,006,508	(915,227)	(919,064)	13.2777	14,177,190	2,170,682	(10,032,349)
2008	14,818,900	12,061,584	(702,264)	(755,580)	13.2777	14,872,216	2,810,632	(7,221,717)
2009	17,050,689	12,770,110	(505,520)	(543,899)	13.2777	17,089,068	4,318,958	(2,902,759)
2010	21,118,910	13,224,808	(203,193)	(218,620)	13.2777	21,134,337	7,909,529	5,006,770
2011	18,147,791	13,772,490	350,474	274,789	18.2204	18,223,476	4,450,896	9,457,756

Fiscal Year Ending	Cost (APC)	Contributed	Net Pension Obligation (Asset)
06/30/09	17,089	75%	\$(2,903)
06/30/10	21,134	63%	5,007
06/30/11	18,223	76%	9,458

City of Birmingham Firemen's and Policemen's Supplemental Pension System- This system covers sworn firemen and policemen and provides retirement benefits for twenty or twenty-five years of service. Membership is mandatory for such personnel and is effective upon employment. Employees hired prior to May 2, 1978, contribute 3.3% of payroll, exclusive of overtime; those hired on or subsequent to May 2, 1978, contribute 5.22% and the City matches these amounts. The plan is funded by contributions from employees, the City, and income from the investment of accumulated funds.

Schedule of Employer Contributions

Fiscal Year Ended June 30,	Annual Required Contributions	Actual Contributions	Percentage Contributed
2002	2,756,102	2,936,000	106.5%
2003	2,722,342	3,039,000	111.6%
2004	2,570,134	3,260,000	126.8%
2005	2,647,128	3,244,000	122.5%
2006	2,630,520	3,463,000	131.6%
2007	2,888,088	3,599,000	124.6%

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

2008	3,072,635	3,405,000	110.8%
2009	4,381,216	4,127,000	94.2%
2010	5,043,635	3,945,000	78.2%
2011	4,912,926	3,988,000	81.2%

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Liability (AAL)-Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2002	\$ 29,149,739	\$52,276,639	\$ 23,126,630	55.76%	\$ 62,814,588	36.82%
7/1/2003	31,645,591	53,770,787	22,125,196	58.85%	61,434,690	36.01%
7/1/2004	33,867,873	56,331,392	22,463,519	60.12%	64,549,815	34.80%
7/1/2005	36,527,498	57,546,099	21,018,601	63.48%	65,474,617	32.10%
7/1/2006	38,069,000	62,588,559	24,519,559	60.82%	67,050,579	36.57%
7/1/2007	40,990,266	68,629,929	27,639,663	59.73%	67,702,728	40.83%
7/1/2008	42,802,299	90,449,029	47,646,730	47.32%	71,066,835	67.04%
7/1/2009	44,956,837	101,215,788	56,258,951	44.42%	78,881,652	71.32%
7/1/2010	46,373,242	107,747,064	61,373,822	43.04%	83,274,992	73.70%
7/1/2011	47,775,761	109,761,716	61,985,955	43.53%	79,533,564	77.94%

Supplementary Information for Firemen's & Policemen's Supplemental Pension Plan

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2011
Basis for Contributions	7/1/2011
Cost Method	Entry Age Normal

Amortization:

Method	Level Percent of Payroll
Open/Closed	Open/Rolling 30 years
Equivalent Single Period Remaining	30
Asset Valuation Method	

Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.

Assumptions:

Investment Earnings	7.00
Salary Increase:	
Inflation	3.0%

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

Merit, Longevity, etc.	Varies from .50% to 6.50%
Plan Membership:	
Retired participants and beneficiaries receiving benefits	315
Active participants	<u>1,474</u>
Total membership	<u>1,789</u>

Firemen's and Policemen's Supplemental Pension Plan
Development of the Net Pension Obligation and the Annual Pension Cost

Fiscal Year Ended June 30	Employer							
	Annual Required Contribution	Employer Amount Contributed	Interest on NPO @ 7%	ARC Adjustment	Amortization Factor	Pension Cost	Change in NPO	NPO Balance
2002	\$ 2,756,102	\$ 2,936,000	\$ -	\$ -	9.3741	\$ 2,756,102	\$(179,898)	\$(179,898)
2003	2,722,342	3,039,000	(13,492)	(18,109)	9.9343	2,726,959	(312,041)	(491,939)
2004	2,570,134	3,260,000	(36,895)	(50,584)	9.7252	2,583,823	(676,177)	(1,168,116)
2005	2,647,128	3,244,000	(87,609)	(120,538)	9.6908	2,680,057	(563,943)	(1,732,059)
2006	2,630,520	3,463,000	(129,904)	(136,424)	12.6962	2,637,040	(825,960)	(2,558,020)
2007	2,888,088	3,599,000	(179,061)	(192,656)	13.2777	2,901,683	(697,317)	(3,255,337)
2008	3,072,635	3,405,000	(227,874)	(245,174)	13.2777	3,089,935	(315,065)	(3,570,402)
2009	4,381,216	4,127,000	(249,928)	(268,903)	13.2777	4,400,191	273,191	(3,297,211)
2010	5,043,635	3,945,000	(230,805)	(248,327)	13.2777	5,061,157	1,116,157	(2,181,054)
2011	4,912,926	3,988,000	(152,674)	(119,704)	18.2204	4,879,956	891,956	(1,289,098)

Annual Pension Percentage of APC

Fiscal Year Ending	Cost (APC)	Contributed	Net Pension Obligation (Asset)
06/30/09	4,400	94%	(3,297)
06/30/10	5,061	78%	(2,181)
06/30/11	4,879	81%	(1,289)

City of Birmingham Unclassified Employees Pension and Relief System – This system covers laborers not hired under civil service. Employees contribute \$10.00 bi-weekly. The City is required by City ordinance to contribute a sum, computed as a percentage of payroll, to fund the

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

annual cost of the unfunded liability over thirty years. The membership of this plan is closed and is funded by City contributions approximately equal to current benefit payments.

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Liability (AAL)- Actuarial Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2007	\$ 1,864,000	\$ 1,265,192	\$ (598,808)	147.33%	N/A	N/A
7/1/2008	1,591,000	1,136,772	(454,228)	139.96%	N/A	N/A
7/1/2009	1,128,000	1,083,359	(44,641)	104.12%	N/A	N/A
7/1/2010	1,134,000	934,841	(199,159)	121.30%	N/A	N/A
7/1/2011	1,079,000	834,784	(244,216)	129.25%	N/A	N/A

Information about funded status and funding progress is presented using the entry age normal actuarial cost method. This presentation is intended to serve as a surrogate for the funding progress of the plan.

Supplementary information for the Unclassified Employees Pension & Relief Fund

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2011
Basis for Contributions	7/1/2011
Cost Method	Aggregate Cost Method
Asset Valuation Method	Market Value

Assumptions:

Investment Earnings	7.00
Salary Increase	N/A

Plan Membership:

Retired participants and beneficiaries receiving benefits	22
Active participants	<u>3</u>
Total membership	<u>25</u>

Policemen's Pension and Relief Fund – This system covers policemen employed prior to September 1939. There are 3 beneficiaries currently in the plan.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contributions	Percentage Contributed
2002	\$ 66,425	100%
2003	57,585	100%
2004	51,617	100%
2005	42,714	100%
2006	31,054	100%
2007	23,488	100%
2008	18,807	100%
2009	18,934	100%
2010	17,549	100%
2011	15,529	100%

Analysis of Funding Progress

This plan is frozen and has 3 participants receiving benefits. The City pays benefits as they become due.

Supplementary information for Policemen's Pension & Relief

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2011
Basis for Contributions	7/1/2011
Cost Method	Funded Frozen Plan

Assumptions:

Investment Earnings	7%
Mortality Table	1994 Group Annuity Mortality Table

Limited Firemen's Retirement and Relief System – This system covers certain designated firemen formerly members of the Firemen's Pension and Relief Fund. Current membership includes 2 beneficiaries.

Schedule of Employer Contributions:

Year Ended June 30,	Annual Required Contributions	Percentage Contributed
2002	69,862	100%
2003	51,953	100%
2004	34,926	100%
2005	34,500	100%
2006	28,025	100%
2007	29,927	100%

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

2008	29,650	100%
2009	26,460	100%
2010	20,918	100%
2011	17,425	100%

Analysis of Funding Progress

This plan is frozen with 2 participants receiving benefits. The City pays benefits as they come due.

Supplementary information for Limited Firemen's Pension & Relief

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2011
Basis for Contributions	7/1/2011
Cost Method	Frozen Plan

Assumptions:

Investment Earnings	7%
Mortality Table	1994 Group Annuity Mortality Table

Limited Policemen's Retirement and Relief System – This system covers certain designated policemen formerly members of the Policemen's Pension and Relief Fund. Current membership includes 2 beneficiaries.

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contributions	Percentage Contributed
2002	81,903	100%
2003	64,832	100%
2004	61,913	100%
2005	48,701	100%
2006	29,323	100%
2007	19,841	100%
2008	19,454	100%
2009	15,867	100%
2010	14,301	100%
2011	14,948	100%

Analysis of Funding Progress

This plan is frozen with two participants receiving benefits. The City pays benefits as they come due.

Supplementary information for Limited Policemen's Retirement and Relief

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2011

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

Basis for Contributions	7/1/2011
Cost Method	Frozen Plan
Assumptions:	
Investment Earnings	7%
Mortality Table	1994 Group Annuity Mortality Table

City of Birmingham Retirement and Relief System Health Department Employees— This system covers certain employees of the Jefferson County Health Department who have not transferred to the Retirement Systems of Alabama. The plan is funded by contributions from employees, the Department, and income from the investment of accumulated funds.

Schedule of Employer Contributions

Fiscal Year Ended June 30,	Annual Required Contributions	Actual Contributions	Percentage Contributed
2006	-	35,107	100%
2007	-	32,492	100%
2008	-	25,416	100%
2009	-	21,592	100%
2010	-	20,397	100%
2011	-	20,618	100%

Supplementary Information for Retirement & Relief System Health Department Employees

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2011
Basis for Contributions	7/1/2011
Actuarial Cost Method	Aggregate Cost Method

Amortization:

Method	Level Dollar
Open/Closed	Open/Rolling 30 years
Equivalent Single Period Remaining	30
Asset Valuation Method	

Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.

Assumptions:

Investment Earnings	7.00
Salary Increase:	
Inflation	3.0%
Merit, Longevity, etc.	Varies from .00% to 1.84%

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

Plan Membership:

Retired participants and beneficiaries receiving benefits	34
Active participants	<u>16</u>
Total membership	<u>50</u>

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)- Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2007	\$14,650,709	\$9,952,490	\$(4,698,219)	147.21%	\$ 1,086,800	0.00%
7/1/2008	14,785,353	10,426,208	(4,359,145)	141.81%	975,021	0.00%
7/1/2009	14,016,807	10,874,279	(3,142,528)	128.90%	848,765	0.00%
7/1/2010	13,930,505	11,398,718	(2,531,787)	122.21%	855,816	0.00%
7/1/2011	13,796,682	11,314,924	(2,481,758)	121.93%	858,395	0.00%

Post-Retirement Benefits

In addition to the pension benefits described above, the City provides post-retirement health care benefits to retired employees who are eligible for pension benefits. The plan requires retirees to *reduce their life insurance coverage, which retirees are required to pay in its entirety, and in exchange, the City will subsidize a portion of the retiree's health insurance premiums.* The amount of the subsidy is based on the type of health insurance coverage chosen by retirees and the percentage of the retiree's life insurance reduction. The City's subsidy for each covered retired employee ranges from \$42 to \$121 per month, and total insurance premiums range from \$164 to \$829 per month for health insurance. Dental insurance ranges from \$13 to \$79. Expenditures for post-retirement health care insurance costs are made and recognized monthly in the City's financial statements.

The City's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The actuarial cost method used in this valuation to determine the actuarial accrued liability and the ARC in the entry age normal, level dollar method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities over a period not to exceed 30 years. The City has elected to amortize the unfunded actuarial accrued liability over 30 years using a level dollar, closed amortization period. The remaining amortization period at June 30, 2011 was 26 years. The discount rate used for the determination of the expense for fiscal year 2012 is 4.00%. Total employer contributions for fiscal year 2012 were approximately \$3.9 million net of participants' and pension plans' contributions. The following table shows the components of the City's annual OPEB cost for fiscal year 2012 and 2011, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (in thousands):

		<u>2012</u>		<u>2011</u>
Annual required contribution	\$	6,796	\$	8,705

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

Interest on net OPEB obligation	939	536
ARC adjustment	(1,412)	(350)
Annual OPEB Cost	6,323	9,802
Contributions Made	(3,900)	(3,800)
Increase in Net OPEB	2,423	5,282
Net OPEB Obligation, beginning of year	23,470	18,188
Net OPEB Obligation, end of year	\$ 25,893	\$ 23,470

The City's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for fiscal year 2010, 2011 and 2012 are as follows (in thousands):

Fiscal Year Ended	Net OPEB Obligation			Net OPEB Obligation	Percentage Annual OPEB Cost
	Beginning of Year	Annual OPEB Cost	Employer Contributions	End of Year	Contributed
2010	13,421	8,467	3,700	18,188	43.70%
2011	18,188	9,082	3,800	23,470	41.84%
2012	23,470	6,322	3,900	25,893	61.70%

The funded status of the plan as of June 30, 2011 is as follows:

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL)- (b)	Unfunded (Overfunded) AAL (UAAL) (b)- (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)]/(c)
6/30/2007	\$ -	\$ 97,801	\$ 97,801	0.00%	\$ 168,940	57.89%
6/30/2009	-	77,707	77,707	0.00%	187,456	41.45%
6/30/2011	-	64,475	64,475	0.00%	178,835	36.05%

The actuarial accrued liability of \$64,475 includes \$31,572 for active members and \$32,903 for retirees, beneficiaries, dependents, and terminated vested members. This table presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Valuations

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Estimates include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continue revision as actual results are compared with past expectations and new estimates are made about the future.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2012

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

At June 30, 2011 plan valuation date, membership was as follows:

Current retirees, beneficiaries and dependents receiving medical and prescription drug benefits or life insurance coverage	\$ 2,177
Current active members	<u>3,826</u>
Total plan members	\$ <u>6,003</u>

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are “net” and are applied to the net per capita costs shown above. The trend shown for a particular plan year is the rate that must be applied to that year’s cost to yield the next year’s projected cost.

<u>Year Ending June 30,</u>	<u>Rate (%)</u>	
	<u>Medical</u>	<u>Prescription Drug</u>
2012	8.5%	10.0%
2013	8.0%	9.5%
2014	7.5%	9.0%
2015	7.0%	8.5%
2016	6.5%	8.0%
2017	6.0%	7.5%
2018	5.5%	7.0%
2019 & Later	5.0%	5.0%

I. Subsequent Events

Issuance of General Obligation Warrants

On July 26, 2012, the City issued \$5,400,000 of its General Obligation Warrants, Series 2012-RB and \$900,000 of its General Obligation Warrants, Series 2012-CTB. The proceeds were used to currently refund its \$5,400,000 Series 2010-RB Warrants and \$900,000 Series 2010-CT Warrants. The taxable 2012 Warrants are fixed rate warrants, with rates ranging from 3.99% to 4.375%, replacing variable rate warrants. The final maturity of the Warrants is August 1, 2025.

On October 9, 2012 City voters approved a bond referendum. The approval authorizes the issuance of up to \$150 million of general obligation bonds for the following purposes: \$6.3 million for landfill expansion, \$20 million for public park and recreational facilities, \$48.7 million for street and sidewalk improvements, \$19 million for economic development initiatives, \$45 million for public buildings and equipment and \$11 million for storm and sanitary sewer improvements. The City

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June 30, 2012

anticipates that the City's Bond Reserve Fund, which receives 12 mills of ad-valorem tax annually, will be sufficient to pay debt service on the bonds, when issued. The City currently plans to issue approximately \$75 million of the bonds during the spring of 2013. The remainder of the bonds would most likely be issued in three to five years, thereafter.

OTHER SUPPLEMENTARY INFORMATION

City of Birmingham
Combining Statement of Fiduciary Net Assets
Pension Trust Funds
June 30, 2012
(in thousands)

	Retirement & Relief	Firemen & Policemen Supplemental	Firemen's Pension Relief	Unclassified Pension	Total Pension Trust Funds
Assets					
Cash and cash equivalents	\$ 18,806	\$ 2,327	\$ 102	\$ 1,013	\$ 22,248
Receivables:					
Member loans	11,268	-	-	-	11,268
Interest and dividends	10,761	718	-	-	11,479
Total Receivables:	<u>22,029</u>	<u>718</u>	<u>-</u>	<u>-</u>	<u>22,747</u>
Investments, at fair value:					
U.S. government obligations	176,436	11,490	-	-	187,926
Domestic corporate bonds	172,280	15,239	-	-	187,519
Domestic stocks	511,867	18,784	-	-	530,651
Total Investments, at fair value:	<u>860,583</u>	<u>45,513</u>	<u>-</u>	<u>-</u>	<u>906,096</u>
Total Assets:	<u>901,418</u>	<u>48,558</u>	<u>102</u>	<u>1,013</u>	<u>951,091</u>
Liabilities					
Accounts payable and other	919	79	-	-	998
Accrued payroll and payroll taxes payable	(85)	(6)	-	-	(91)
Total Liabilities:	<u>834</u>	<u>73</u>	<u>-</u>	<u>-</u>	<u>907</u>
Net Assets					
Held in trust for future pension benefits	900,584	48,485	102	1,013	950,184
Total Net Assets	<u>\$ 900,584</u>	<u>\$ 48,485</u>	<u>\$ 102</u>	<u>\$ 1,013</u>	<u>\$ 950,184</u>

City of Birmingham
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Year Ended June 30, 2012
(in thousands)

	Retirement & Relief	Firemen & Policemen Supplemental	Firemen's Pension Relief	Policemen's Pension Relief	Limited Firemen's Pension Relief	Limited Policemen's Pension	Unclassified Pension	Total Pension Trust Funds
Additions								
Additions:								
Contributions:								
Employer Contributions	\$ 13,694	\$ 4,561	\$ -	\$ 27	\$ 10	\$ 12	\$ -	\$ 18,304
Plan member contributions	12,072	4,543	-	-	-	-	17	16,632
Investment income:								
Investment earnings	32,084	1,147	-	-	-	-	56	33,287
Securities lending	605	388	-	-	-	-	-	993
Other income	12	1	79	-	-	-	1	93
Total Additions:	<u>58,467</u>	<u>10,640</u>	<u>79</u>	<u>27</u>	<u>10</u>	<u>12</u>	<u>74</u>	<u>69,309</u>
Total Additions:	<u>58,467</u>	<u>10,640</u>	<u>79</u>	<u>27</u>	<u>10</u>	<u>12</u>	<u>74</u>	<u>69,309</u>
Deductions								
Deductions:								
Benefits	66,418	7,375	-	25	8	10	107	73,943
Refunds of contributions	1,415	616	-	-	-	-	-	2,031
Administrative expenses	170	929	1	1	1	1	34	1,137
Investment Expenses	3,247	256	-	-	-	-	-	3,503
Total Deductions:	<u>71,250</u>	<u>9,176</u>	<u>1</u>	<u>26</u>	<u>9</u>	<u>11</u>	<u>141</u>	<u>80,614</u>
Total Deductions:	<u>71,250</u>	<u>9,176</u>	<u>1</u>	<u>26</u>	<u>9</u>	<u>11</u>	<u>141</u>	<u>80,614</u>
Change in Net Assets:	(12,783)	1,464	78	1	1	1	(67)	(11,305)
Net Assets - Beginning	913,367	47,022	24	-	(1)	(1)	1,079	961,490
Net Assets - Ending:	<u>\$ 900,584</u>	<u>\$ 48,486</u>	<u>\$ 102</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,012</u>	<u>\$ 950,184</u>

City of Birmingham
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012
(in thousands)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes	\$ 243,830	\$ 243,930	\$ 244,316	\$ 386
Licenses and permits	79,427	79,427	87,671	8,244
Intergovernmental	12,905	12,905	20,042	7,137
Charges for services	13,902	13,902	12,746	(1,156)
Fines and forfeitures	4,615	4,615	3,122	(1,493)
Investment income	1,130	1,130	738	(392)
Other operating revenues	6,517	6,599	6,752	153
Total Revenues:	362,326	362,508	375,387	12,879
Expenditures				
Current Expenditures:				
Public safety:				
Police	87,142	86,754	84,190	2,564
Fire	55,701	55,767	53,328	2,439
Planning, Engineering & Permits	11,872	21,095	19,960	1,135
Traffic Engineering	10,031	10,063	10,114	(51)
Municipal Court	4,314	4,340	4,101	239
Street and sanitation:				
Public Works	48,126	49,177	47,167	2,010
Cultural & recreational:				
Park & Recreation	10,821	11,314	10,322	992
Library	14,581	14,617	14,131	486
Arlington Historical Home	603	607	511	96
Boutwell Auditorium	1,291	1,291	1,118	173
Museum of Art	3,464	3,545	3,270	275
Sloss Furnace	544	544	474	70
Southern Museum of Flight	614	614	605	9
State Fairgrounds	2,279	2,524	2,432	92
General government:				
Finance	10,791	10,900	9,305	1,595
Equipment Management	14,494	16,252	16,301	(49)
Information Management Services	8,691	9,297	9,428	(131)
City Clerk	1,878	1,878	1,328	550
Community Development	580	580	575	5
Council Office	2,909	2,604	2,453	151
Legal	6,619	7,669	6,888	781
Mayor's Office	6,376	6,427	6,482	(55)
Personnel	6,835	6,955	6,349	606
Nondepartmental	32,759	41,968	44,322	(2,354)
Debt Service:				
Principal	11,780	11,832	13,819	(1,987)
Interest and fees	7,542	7,542	7,527	15
Capital Outlay:				
Capital outlays	6,169	1,209	320	889
Total Expenditures:	368,806	387,365	376,820	10,545
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(6,480)	(24,857)	(1,433)	23,424
Other financing sources (uses)::				
Proceeds from issuance of debt	1,000	-	-	-
Transfers in	-	1	1	-
Transfers out	(2,198)	(5,669)	(5,669)	-
Total Other financing sources (uses)::	(1,198)	(5,668)	(5,668)	-
Net Change in Fund Balances:	(7,678)	(30,525)	(7,101)	23,424
Fund Balances - Beginning	99,215	99,215	99,215	-
Fund Balances - Ending:	\$ 91,537	\$ 68,690	\$ 92,114	\$ 23,424

Nonmajor Governmental Funds

Special Revenue Funds

Neighborhood Allocation Fund accounts for funds allocated for the 99 neighborhoods within the City of Birmingham as well as other miscellaneous special revenue allocations.

Miscellaneous Grant Fund accounts for funds arising from miscellaneous grants. Although the funds are consolidated, each grant is accounted for individually.

Technology Fund accounts for a portion of the fees collected by Municipal Court that have been specifically earmarked for technological needs of the Court.

Correction Fund accounts for a portion of the fees collected by Municipal Court that have been specifically earmarked for the Court and the Police Department's Corrections Division.

Birmingham Water Works Proceeds accounts for funds received by the City from the transfer of the assets of the Water Works and Sewer Board of the City of Birmingham.

HUD Block Grant accounts for those funds received and used for Community Urban Development Block Grants.

Home Investment Trust Fund accounts for funds received from Housing and Urban Development to provide loans for low to moderate income housing.

Special Lodging Tax Revenue accounts for the proceeds of the City's lodging levied at the rate of 3.5%, which became effective January 15, 2011.

Highway Improvement Fund accounts for the proceeds of a \$.07 State gasoline tax.

Fuel Tax Fund accounts for the proceeds of a \$.04 State gasoline tax, the use of which, is restricted.

Storm Water Fund accounts for the storm water fees collected by the Birmingham Water Works Board.

Fair Trial Fund accounts for the fees collected for indigent defense.

Debt Service Funds

Tax Increment Financing accounts for ad valorem taxes received from Jefferson County specifically for the repayment of the debt for the Tax Increment Financing Warrants. The fund also accounts for the uses of the warrant proceeds.

Capital Projects Funds

Capital Projects Fund accounts for the proceeds and uses of specific general obligation bonds and warrants.

City of Birmingham
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012
(in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
Assets					
Cash and investments	\$ 15,715	\$ 1,363	\$ 35,517	\$ -	\$ 52,596
Cash with fiscal agent	-	2,913	-	-	2,913
Receivables:					
Accrued interest	8	-	62	-	70
Accrued taxes	359	-	-	-	359
Accounts (net of uncollectibles)	99	8	-	-	107
Notes (net of uncollectibles)	32	-	-	-	32
Loans	132	-	-	-	132
Due from other governments	(67)	-	-	-	(67)
Total Assets:	\$ 16,278	\$ 4,284	\$ 35,579	\$ -	\$ 56,142
Liabilities and Fund Balances					
Liabilities:					
Accounts and vouchers payable	2,551	-	187	-	2,738
Contracts payable-retainage	36	151	807	-	994
Accrued payroll and payroll taxes payable	26	-	-	-	26
Deferred revenue	(399)	-	-	-	(399)
Other liabilities	1	-	-	-	1
Total Liabilities:	2,215	151	994	-	3,360
Fund Balances:					
Spendable:					
Restricted:					
Debt Service	-	4,133	-	-	4,133
Capital Projects	709	-	34,585	-	35,294
Other	(129)	-	-	-	(129)
Assigned:					
Committed to:					
Neighborhood Improvements	9,158	-	-	-	9,158
Other Purposes	3,537	-	-	-	3,537
Unassigned	788	-	-	-	788
Total Fund Balances:	14,063	4,133	34,585	-	52,784
Total Liabilities and Fund Balances:	\$ 16,278	\$ 4,284	\$ 35,579	\$ -	\$ 56,144

**City of Birmingham
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012
(in thousands)**

	Special Revenue Funds							
	Neighborhood Allocation	Grants Fund	Highway Improvement Fund	Fuel Tax Fund	Storm Water Fees	Technology	Correction Fund	Fair Trial Tax Fund
Assets								
Cash and investments	\$ 9,331	\$ -	\$ -	\$ 468	\$ 784	\$ 27	\$ 2,806	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-	-
Receivables:								
Accrued interest	8	-	-	-	-	-	-	-
Accrued taxes	-	-	235	106	18	-	-	-
Accounts (net of uncollectibles)	10	89	-	-	-	-	-	-
Notes (net of uncollectibles)	-	-	-	-	-	-	-	-
Loans	132	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Total Assets:	\$ 9,481	\$ 89	\$ 235	\$ 574	\$ 802	\$ 27	\$ 2,806	\$ -
Liabilities and Fund Balances								
Liabilities:								
Accounts and vouchers payable	90	1,489	91	-	13	-	15	130
Contracts payable-retainage	-	7	10	-	-	-	-	-
Accrued payroll and payroll taxes payable	-	2	-	-	1	-	6	-
Due To Other Funds	-	-	-	-	-	-	-	-
Deferred revenue	268	-	-	-	-	-	-	-
Other liabilities	(35)	37	-	-	-	-	-	-
Total Liabilities:	323	1,535	101	-	14	-	21	130
Fund Balances:								
Spendable:								
Restricted:								
Debt Service	-	-	-	-	-	-	-	-
Capital Projects	-	-	135	575	-	-	-	-
Other	-	-	-	-	-	-	-	(130)
Assigned:								
Committed to:								
Neighborhood Improvements	9,158	-	-	-	-	-	-	-
Other Purposes	-	(1,446)	-	-	-	27	2,785	-
Unassigned	-	-	-	-	788	-	-	-
Total Fund Balances:	9,158	(1,446)	135	575	788	27	2,785	(130)
Total Liabilities and Fund Balances:	\$ 9,481	\$ 89	\$ 236	\$ 575	\$ 802	\$ 27	\$ 2,806	\$ -

City of Birmingham
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012
(in thousands)

							Debt Service Funds	
	Municipal Court Judicial Admin	BWWB Proceeds	HUD Block Grant Fund	Home Fund	Special Lodging Tax Revenue	Total	Tax Increment Financing	Total
Assets								
Cash and investments	\$ 1	\$ 1		\$ 126	\$ 2,171	\$ 15,715	\$ 1,363	\$ 1,363
Cash with fiscal agent	-	-	-	-	-	-	2,913	2,913
Receivables:								
Accrued interest	-	-	-	-	-	8	-	-
Accrued taxes	-	-	-	-	-	359	-	-
Accounts (net of uncollectibles)	-	-	-	-	-	99	8	8
Notes (net of uncollectibles)	-	-	32	-	-	32	-	-
Loans	-	-	-	-	-	132	-	-
Due from other governments	-	-	-	(67)	-	(67)	-	-
Total Assets:	\$ 1	\$ 1	\$ 32	\$ 59	\$ 2,171	\$ 16,278	\$ 4,284	\$ 4,284
Liabilities and Fund Balances								
Liabilities:								
Accounts and vouchers payable	-	-	665	58	-	2,551	-	-
Contracts payable-retainage	-	-	19	-	-	36	151	151
Accrued payroll and payroll taxes payable	-	-	16	1	-	26	-	-
Due To Other Funds	-	-	-	-	-	-	-	-
Deferred revenue	-	-	(668)	-	-	(400)	-	-
Other liabilities	-	-	-	-	-	2	-	-
Total Liabilities:	-	-	32	59	-	2,215	151	151
Fund Balances:								
Spendable:								
Restricted:								
Debt Service	-	-	-	-	-	-	4,133	4,133
Capital Projects	-	-	-	-	-	710	-	-
Other	1	-	-	-	-	(129)	-	-
Assigned:								
Committed to:								
Neighborhood Improvements	-	-	-	-	-	9,158	-	-
Other Purposes	-	1	-	-	2,171	3,538	-	-
Unassigned	-	-	-	-	-	788	-	-
Total Fund Balances:	1	1	-	-	2,171	14,065	4,133	4,133
Total Liabilities and Fund Balances:	\$ 1	\$ 1	\$ 32	\$ 59	\$ 2,171	\$ 16,280	\$ 4,284	\$ 4,284

City of Birmingham
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012
(in thousands)

Capital Projects Funds

	<u>1992 Bonds</u>	<u>1993 Bonds</u>	<u>1995 Bonds</u>	<u>1997 Bonds</u>	<u>1998-A Warrants</u>	<u>1998-B Warrants</u>	<u>1999-B Bonds</u>	<u>2000-A Warrants</u>
Assets								
Cash and investments	\$ 52	\$ 156	\$ 562	\$ 550	\$ 604	\$ 394	\$ 86	\$ 575
Cash with fiscal agent	-	-	-	-	-	-	-	-
Receivables:								
Accrued interest	-	-	-	2	1	1	-	-
Accrued taxes	-	-	-	-	-	-	-	-
Accounts (net of uncollectibles)	-	-	-	-	-	-	-	-
Notes (net of uncollectibles)	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Total Assets:	<u>\$ 52</u>	<u>\$ 156</u>	<u>\$ 562</u>	<u>\$ 552</u>	<u>\$ 605</u>	<u>\$ 395</u>	<u>\$ 86</u>	<u>\$ 575</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts and vouchers payable	-	-	21	-	-	-	-	-
Contracts payable-retainage	-	-	8	-	412	-	-	-
Accrued payroll and payroll taxes payable	-	-	-	-	-	-	-	-
Due To Other Funds	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Total Liabilities:	<u>-</u>	<u>-</u>	<u>29</u>	<u>-</u>	<u>412</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Spendable:								
Restricted:								
Debt Service	-	-	-	-	-	-	-	-
Capital Projects	52	156	533	552	193	395	86	575
Other	-	-	-	-	-	-	-	-
Assigned:								
Committed to:								
Neighborhood Improvements	-	-	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances:	<u>52</u>	<u>156</u>	<u>533</u>	<u>552</u>	<u>193</u>	<u>395</u>	<u>86</u>	<u>575</u>
Total Liabilities and Fund Balances:	<u>\$ 52</u>	<u>\$ 156</u>	<u>\$ 562</u>	<u>\$ 552</u>	<u>\$ 605</u>	<u>\$ 395</u>	<u>\$ 86</u>	<u>\$ 575</u>

City of Birmingham
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012
(in thousands)

	2001-A School Warrants	2002 Bonds	2006-C G.O. Warrants	2007-B G.O. Warrants	2007-A G. O. Bonds	2009-A Warrants	Total	Total Nonmajor Governmental Funds
Assets								
Cash and investments	\$ 93	\$ 2,549	\$ 2,035	\$ 2,623	\$ 25,092	\$ 147	\$ 35,518	\$ 52,596
Cash with fiscal agent	-	-	-	-	-	-	-	2,913
Receivables:								
Accrued interest	-	2	-	1	55	-	62	70
Accrued taxes	-	-	-	-	-	-	-	359
Accounts (net of uncollectibles)	-	-	-	-	-	-	-	107
Notes (net of uncollectibles)	-	-	-	-	-	-	-	32
Loans	-	-	-	-	-	-	-	132
Due from other governments	-	-	-	-	-	-	-	(67)
Total Assets:	\$ 93	\$ 2,551	\$ 2,035	\$ 2,624	\$ 25,147	\$ 147	\$ 35,580	\$ 56,142
Liabilities and Fund Balances								
Liabilities:								
Accounts and vouchers payable	-	16	-	-	150	-	187	2,738
Contracts payable-retainage	-	11	-	48	328	-	807	994
Accrued payroll and payroll taxes payable	-	-	-	-	-	-	-	26
Due To Other Funds	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	(400)
Other liabilities	-	-	-	-	-	-	-	2
Total Liabilities:	-	27	-	48	478	-	994	3,360
Fund Balances:								
Spendable:								
Restricted:								
Debt Service	-	-	-	-	-	-	-	4,133
Capital Projects	93	2,524	2,035	2,577	24,668	147	34,586	35,296
Other	-	-	-	-	-	-	-	(129)
Assigned:								
Committed to:								
Neighborhood Improvements	-	-	-	-	-	-	-	9,158
Other Purposes	-	-	-	-	-	-	-	3,538
Unassigned	-	-	-	-	-	-	-	788
Total Fund Balances:	93	2,524	2,035	2,577	24,668	147	34,586	52,784
Total Liabilities and Fund Balances:	\$ 93	\$ 2,551	\$ 2,035	\$ 2,625	\$ 25,146	\$ 147	\$ 35,580	\$ 56,144

City of Birmingham
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012
(in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
Revenues					
Taxes	\$ 3,271	\$ 3,143	\$ -	\$ -	\$ 6,414
Intergovernmental	25,654	-	-	-	25,654
Charges for services	80	-	-	-	80
Fines and forfeitures	1,842	-	-	-	1,842
Investment income	100	1	536	-	637
Other operating revenues	996	732	-	-	1,728
Total Revenues:	31,943	3,876	536	-	36,355
Expenditures					
Current Expenditures:					
Public safety:					
Police	2,007	-	-	-	2,007
Fire	601	-	-	-	601
Planning, Engineering & Permits	743	-	893	-	1,636
Municipal Court	2,641	-	-	-	2,641
Nondepartmental	-	-	(24)	-	(24)
Street and sanitation:					
Public Works	928	-	244	-	1,172
Cultural & recreational:					
Park & Recreation	122	-	464	-	586
Nondepartmental	-	-	114	-	114
General government:					
Finance	527	-	-	-	527
Community Development	15,471	-	141	-	15,612
Mayor's Office	38	-	-	-	38
Nondepartmental	1,746	-	644	-	2,390
Debt Service:					
Principal	2,863	340	-	-	3,203
Interest and fees	1,815	916	-	-	2,731
Capital Outlay:					
Capital outlays	359	6	5,779	-	6,144
Total Expenditures:	29,861	1,262	8,255	-	39,378
Excess (Deficiency) of Revenues Over (Under) Expenditures:	2,082	2,614	(7,719)	-	(3,023)
Other financing sources (uses)::					
Transfers in	213	-	-	-	213
Transfers out	(5)	-	-	-	(5)
Total Other financing sources (uses)::	208	-	-	-	208
Net Change in Fund Balances:	2,290	2,614	(7,719)	-	(2,819)
Fund Balances - Beginning	11,776	1,520	42,305	-	55,601
Fund Balances - Ending:	\$ 14,066	\$ 4,134	\$ 34,586	\$ -	\$ 52,782

City of Birmingham
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012
(in thousands)

	Special Revenue Funds								
	Neighborhood Allocation	Grants Fund	Highway Improvement Fund	Fuel Tax Fund	Storm Water Fees	Technology	Correction Fund	Fair Trial Tax Fund	Municipal Court Judicial Admin
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	12	9,467	2,861	1,315	857	-	-	-	-
Charges for services	80	-	-	-	-	-	-	-	-
Fines and forfeitures	-	65	-	-	-	54	1,290	432	1
Investment income	96	-	-	-	-	-	4	-	-
Other operating revenues	967	29	-	-	-	-	-	-	-
Total Revenues:	1,155	9,561	2,861	1,315	857	54	1,294	432	1
Expenditures									
Current Expenditures:									
Public safety:									
Police	379	1,625	-	-	-	-	3	-	-
Fire	4	597	-	-	-	-	-	-	-
Planning, Engineering & Permits	-	674	-	-	69	-	-	-	-
Municipal Court	-	592	-	-	-	73	1,414	562	-
Nondepartmental	-	-	-	-	-	-	-	-	-
Street and sanitation:									
Public Works	11	918	-	-	-	-	-	-	-
Cultural & recreational:									
Park & Recreation	64	59	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-
General government:									
Finance	-	527	-	-	-	-	-	-	-
Community Development	777	3,037	-	-	-	-	-	-	-
Mayor's Office	38	-	-	-	-	-	-	-	-
Nondepartmental	534	3	28	24	-	-	-	-	-
Debt Service:									
Principal	-	-	2,363	500	-	-	-	-	-
Interest and fees	-	-	307	217	-	-	-	-	-
Capital Outlay:									
Capital outlays	74	768	29	-	-	-	-	-	-
Total Expenditures:	1,881	8,800	2,727	741	69	73	1,417	562	-
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(726)	761	134	574	788	(19)	(123)	(130)	1
Other financing sources (uses):									
Transfers in	213	-	-	-	-	-	-	-	-
Transfers out	(5)	-	-	-	-	-	-	-	-
Total Other financing sources (uses):	208	-	-	-	-	-	-	-	-
Net Change in Fund Balances:	(518)	761	134	574	788	(19)	(123)	(130)	1
Fund Balances - Beginning	9,676	(2,207)	-	-	-	46	2,908	-	-
Fund Balances - Ending:	\$ 9,158	\$ (1,446)	\$ 134	\$ 574	\$ 788	\$ 27	\$ 2,785	\$ (130)	\$ 1

City of Birmingham
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012
(in thousands)

					Debt Service Funds				
	BWWB Proceeds	HUD Block Grant Fund	Home Fund	Special Lodging Tax Revenue	Total	2010A Refunding	Tax Increment Financing	Total	1992 Bonds
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ 3,271	\$ 3,271	\$ -	\$ 3,143	\$ 3,143	\$ -
Intergovernmental	-	9,637	1,504	-	25,653	-	-	-	-
Charges for services	-	-	-	-	80	-	-	-	-
Fines and forfeitures	-	-	-	-	1,842	-	-	-	-
Investment income	-	-	-	-	100	-	1	1	-
Other operating revenues	-	-	-	-	996	-	732	732	-
Total Revenues:	-	9,637	1,504	3,271	31,942	-	3,876	3,876	-
Expenditures									
Current Expenditures:									
Public safety:									
Police	-	-	-	-	2,007	-	-	-	-
Fire	-	-	-	-	601	-	-	-	-
Planning, Engineering & Permits	-	-	-	-	743	-	-	-	-
Municipal Court	-	-	-	-	2,641	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-
Street and sanitation:									
Public Works	-	-	-	-	929	-	-	-	-
Cultural & recreational:									
Park & Recreation	-	-	-	-	123	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-
General government:									
Finance	-	-	-	-	527	-	-	-	-
Community Development	-	10,154	1,504	-	15,472	-	-	-	-
Mayor's Office	-	-	-	-	38	-	-	-	-
Nondepartmental	10	-	-	1,147	1,746	-	-	-	-
Debt Service:									
Principal	-	-	-	-	2,863	-	340	340	-
Interest and fees	-	-	-	1,292	1,816	-	916	916	-
Capital Outlay:									
Capital outlays	(512)	-	-	-	359	-	6	6	-
Total Expenditures:	(502)	10,154	1,504	2,439	29,865	-	1,262	1,262	-
Excess (Deficiency) of Revenues Over (Under) Expenditures:	502	(517)	-	832	2,077	-	2,614	2,614	-
Other financing sources (uses):									
Transfers in	-	-	-	-	213	-	-	-	-
Transfers out	-	-	-	-	(5)	-	-	-	-
Total Other financing sources (uses):	-	-	-	-	208	-	-	-	-
Net Change in Fund Balances:	502	(517)	-	832	2,285	-	2,614	2,614	-
Fund Balances - Beginning	(501)	517	-	1,338	11,777	-	1,520	1,520	52
Fund Balances - Ending:	\$ 1	\$ -	\$ -	\$ 2,170	\$ 14,062	\$ -	\$ 4,134	\$ 4,134	\$ 52

City of Birmingham
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012
(in thousands)

	Capital Projects Funds									
	1993 Bonds	1995 Bonds	1997 Bonds	1998-A Bonds	1998-A Warrants	1998-B Warrants	1999-B Bonds	2000-A Warrants	2001-A School Warrants	
Revenues										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-
Investment income	-	2	11	-	17	8	-	3	1	-
Other operating revenues	-	-	-	-	-	-	-	-	-	-
Total Revenues:	-	2	11	-	17	8	-	3	1	-
Expenditures										
Current Expenditures:										
Public safety:										
Police	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-
Planning, Engineering & Permits	-	-	4	-	-	417	1	2	-	-
Municipal Court	-	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-	-
Street and sanitation:										
Public Works	124	14	-	-	-	-	-	-	-	-
Cultural & recreational:										
Park & Recreation	-	-	237	-	-	30	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-	-
General government:										
Finance	-	-	-	-	-	-	-	-	-	-
Community Development	-	-	20	-	-	-	-	-	-	-
Mayor's Office	-	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	108	-	-	-	-	-
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-	-
Capital Outlay:										
Capital outlays	9	55	-	-	658	15	(7)	3	30	-
Total Expenditures:	133	69	261	-	766	462	(6)	5	30	-
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(133)	(67)	(250)	-	(749)	(454)	6	(2)	(29)	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total Other financing sources (uses):	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances:	(133)	(67)	(250)	-	(749)	(454)	6	(2)	(29)	-
Fund Balances - Beginning	288	600	803	-	943	849	79	577	123	-
Fund Balances - Ending:	\$ 155	\$ 533	\$ 553	\$ -	\$ 194	\$ 395	\$ 85	\$ 575	\$ 94	\$ -

City of Birmingham
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012
(in thousands)

							Permanent Funds	Total Nonmajor Governmental Funds
	2002 Bonds	2004-A Warrants	2006-C G.O. Warrants	2007-B G.O. Warrants	2007-A G. O. Bonds	2009-A Warrants	Total	
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,414
Intergovernmental	-	-	-	-	-	-	-	25,653
Charges for services	-	-	-	-	-	-	-	80
Fines and forfeitures	-	-	-	-	-	-	-	1,842
Investment income	26	-	12	5	451	-	536	637
Other operating revenues	-	-	-	-	-	-	-	1,728
Total Revenues:	26	-	12	5	451	-	536	36,354
Expenditures								
Current Expenditures:								
Public safety:								
Police	-	-	-	-	-	-	-	2,007
Fire	-	-	-	-	-	-	-	601
Planning, Engineering & Permits	-	-	-	36	432	-	892	1,635
Municipal Court	-	-	-	-	-	-	-	2,641
Nondepartmental	37	(61)	-	-	-	-	(24)	(24)
Street and sanitation:								
Public Works	106	-	-	-	-	-	244	1,173
Cultural & recreational:								
Park & Recreation	194	-	-	3	-	-	464	587
Nondepartmental	-	-	-	-	114	-	114	114
General government:								
Finance	-	-	-	-	-	-	-	527
Community Development	-	-	-	-	121	-	141	15,613
Mayor's Office	-	-	-	-	-	-	-	38
Nondepartmental	50	-	203	-	283	-	644	2,390
Debt Service:								
Principal	-	-	-	-	-	-	-	3,203
Interest and fees	-	-	-	-	-	-	-	2,732
Capital Outlay:								
Capital outlays	213	-	-	245	4,559	-	5,780	6,145
Total Expenditures:	600	(61)	203	284	5,509	-	8,255	39,382
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(574)	61	(191)	(279)	(5,058)	-	(7,719)	(3,028)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	213
Transfers out	-	-	-	-	-	-	-	(5)
Total Other financing sources (uses):	-	-	-	-	-	-	-	208
Net Change in Fund Balances:	(574)	61	(191)	(279)	(5,058)	-	(7,719)	(2,820)
Fund Balances - Beginning	3,098	(61)	2,226	2,856	29,725	147	42,305	55,602
Fund Balances - Ending:	\$ 2,524	\$ -	\$ 2,035	\$ 2,577	\$ 24,667	\$ 147	\$ 34,586	\$ 52,782

Statistical Section

This portion of the City of Birmingham's comprehensive financial annual report presents additional information to be used in conjunction with the preceding statements to gauge the City's overall financial well being.

Financial Trends

These schedules present information on how the City's financial performance has changed over the past seven fiscal years.

Revenue Capacity

These schedules present information on the collection of the City's most significant local revenue source, the sales and use tax.

Debt Capacity

These schedules present information on the City's outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information

These schedules present indicators of the City's demographic and economic environment.

Operating Information

These schedules present data regarding the City's services and infrastructure. Many measures of operating activity are presented in the City's operating budget. Please refer to the City's website at www.birminghamal.gov for additional information.

Debt/Funding Schedules

These schedules provide details relative to the City's obligations.



City of Birmingham, Alabama
Net Assets by Component
Last Nine Fiscal Years
(in thousands)

Table A-1

Fiscal Year Ended June 30

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:									
Invested in capital assets, net of related debt	\$62,685	(\$18,295)	\$53,708	\$73,876	\$74,322	\$65,727	\$72,325	\$90,213	\$133,210
Restricted	114,982	361,917	205,388	271,686	277,817	264,602	157,454	146,478	134,295
Unrestricted	<u>168,581</u>	<u>(25,033)</u>	<u>24,187</u>	<u>(91,459)</u>	<u>(78,863)</u>	<u>(88,588)</u>	<u>(51,384)</u>	<u>(62,151)</u>	<u>(85,574)</u>
Total governmental activities net assets	346,248	318,589	283,283	254,103	\$273,276	\$241,741	\$178,395	\$174,540	\$181,931
Business-type activities:									
Invested in capital assets, net of related debt	784	764	942	922	901	1,022	855	919	919
Unrestricted	<u>540</u>	<u>290</u>	<u>(8)</u>	<u>74</u>	<u>(464)</u>	<u>(1,167)</u>	<u>(1,522)</u>	<u>61</u>	<u>2,032</u>
Total business-type activities net assets	1,324	1,054	934	996	437	(145)	(667)	980	2,951
Primary Government:									
Invested in capital assets, net of related debt	63,469	(17,531)	54,650	74,798	75,223	66,749	73,180	91,132	134,129
Restricted	114,982	361,917	205,388	271,686	277,817	264,602	157,454	146,478	134,295
Unrestricted	<u>169,121</u>	<u>(24,743)</u>	<u>24,179</u>	<u>(91,385)</u>	<u>(79,327)</u>	<u>(89,755)</u>	<u>(52,906)</u>	<u>(62,090)</u>	<u>(83,542)</u>
Total primary government net assets	<u>\$ 347,572</u>	<u>\$ 319,643</u>	<u>\$ 284,217</u>	<u>\$ 255,099</u>	<u>\$ 273,713</u>	<u>\$ 241,596</u>	<u>\$ 177,728</u>	<u>\$ 175,520</u>	<u>\$ 184,882</u>

Source: City Finance Department Data

City of Birmingham, Alabama
Changes in Net Assets
Last Nine Fiscal Years
(in thousands)

Table A-2
(1 of 2)

	Fiscal Year Ended June 30			
	2004	2005	2006	2007
Expenses:				
Governmental activities:				
	\$84,411	\$94,662	\$122,163	\$106,000
Public safety	138,260	160,097	181,014	163,704
Streets & sanitation	97,657	80,229	68,749	95,381
Culture & recreation	39,359	39,047	38,547	42,222
Interest on long-term debt	13,179	13,000	22,414	23,989
Total governmental activities expenses	<u>372,866</u>	<u>387,035</u>	<u>432,887</u>	<u>431,296</u>
Business-type activities:				
E-911 Services	3,471	3,258	3,157	3,196
Total primary government expenses	<u>\$376,337</u>	<u>\$390,293</u>	<u>\$436,044</u>	<u>\$434,492</u>
Program Revenues:				
Governmental activities:				
Charges for services				
General government:				
Business licenses & permits	48,687	50,334	54,951	60,002
Non-business licenses & permits	4,089	5,288	5,613	5,347
Public safety	18,736	18,328	17,244	17,327
Streets & sanitation	1,438	1,533	1,706	1,971
Culture & recreation	1,195	999	977	1,252
Operating grants and contributions	18,051	13,797	8,221	18,606
Total governmental activities program revenues	<u>92,196</u>	<u>90,279</u>	<u>88,712</u>	<u>104,505</u>
Business-type activities:				
E-911 Services	3,058	2,954	2,998	3,156
Total primary government program revenues	<u>\$95,254</u>	<u>\$93,233</u>	<u>\$91,710</u>	<u>\$107,661</u>
Net (Expense)/Revenue				
Governmental activities	(\$280,670)	(\$296,756)	(\$344,175)	(\$326,791)
Business-type activities	(413)	(304)	(159)	(40)
	<u>(\$281,083)</u>	<u>(\$297,060)</u>	<u>(\$344,334)</u>	<u>(\$326,831)</u>
General Revenues and Other Changes in Net Assets:				
Governmental activities:				
Taxes:				
Sales and use taxes	\$100,608	\$107,271	\$109,085	\$109,665
Occupational taxes	65,537	69,346	72,297	75,269
Property taxes	48,596	50,618	52,669	54,920
Unrestricted grants and contributions	18,434	21,618	19,585	23,853
Investment earnings	9,304	12,562	10,834	21,168
Other	6,563	7,682	10,189	12,736
Total governmental activities	<u>249,042</u>	<u>269,097</u>	<u>274,659</u>	<u>297,611</u>
Business-type activities:				
Investment earnings	22	34	39	102
Total primary government	<u>\$249,064</u>	<u>\$269,131</u>	<u>\$274,698</u>	<u>\$297,713</u>
Change (decrease) in Net Assets:				
Governmental activities	(\$31,628)	(\$27,659)	(\$69,516)	(\$29,180)
Business-type activities	(391)	(270)	(120)	62
Total primary government	<u>(\$32,019)</u>	<u>(\$27,929)</u>	<u>(\$69,636)</u>	<u>(\$29,118)</u>

Source: City Finance Department Data

City of Birmingham, Alabama
Changes in Net Assets
Last Nine Fiscal Years
(in thousands)

Table A-2
(2 of 2)

	Fiscal Year Ended June 30				
	2008	2009	2010	2011	2012
Expenses:					
Governmental activities:					
General government	\$ 88,799	\$ 121,554	\$ 163,581	\$ 114,375	\$ 126,871
Public safety	163,149	169,083	210,132	202,706	194,761
Streets & sanitation	93,821	121,848	59,822	54,553	56,109
Culture & recreation	43,895	36,132	41,907	40,024	42,705
Interest on long-term debt	27,643	25,381	21,473	19,861	17,381
Total governmental activities expenses	417,307	473,998	496,915	431,519	437,827
Business-type activities:					
E-911 Services	3,935	4,044	4,937	4,754	4,641
Total primary government expenses	\$421,242	\$478,042	\$501,852	\$436,273	\$442,468
Program Revenues:					
Governmental activities:					
Charges for services					
General government:					
Business licenses & permits	85,721	91,493	82,726	90,139	97,443
Non-business licenses & permits	5,342	4,506	3,747	0	0
Public safety	14,739	17,502	21,488	17,778	17,011
Streets & sanitation	1,450	1,577	595	966	1,196
Culture & recreation	1,275	1,341	1,327	1,171	1,506
Operating grants and contributions	19,830	15,094	18,898	24,276	25,118
Total governmental activities program revenues	128,357	131,513	128,781	134,330	142,274
Business-type activities:					
E-911 Services	3,308	3,447	4,517	6,392	6,608
Total primary government program revenues	\$131,665	\$134,960	\$133,298	\$140,722	\$148,882
Net (Expense)/Revenue					
Governmental activities	(\$288,950)	(\$342,485)	\$368,134	\$297,186	\$295,553
Business-type activities	(627)	(597)	420	(1,638)	1,967
	(\$289,577)	(\$343,082)	\$368,554	\$295,548	\$293,583
General Revenues and Other Changes in Net Assets:					
Governmental activities:					
Taxes:					
Sales and use taxes	\$129,732	\$131,904	\$127,197	\$131,162	\$134,829
Occupational taxes	76,918	76,325	73,008	74,909	77,703
Property taxes	62,698	61,663	56,699	51,369	55,656
Unrestricted grants and contributions	19,975	26,060	23,730	22,548	19,500
Investment earnings	10,684	(4,201)	8,233	13,560	5,067
Other	8,116	8,407	7,145	(217)	10,188
Total governmental activities	308,123	300,158	296,012	293,331	302,943
Business-type activities:					
Investment earnings	68	15	1	11	4
Total primary government	\$308,191	\$300,173	\$296,013	\$293,342	\$302,947
Change (decrease) in Net Assets:					
Governmental activities	\$19,173	(\$42,327)	(\$72,122)	(\$3,855)	\$7,393
Business-type activities	(559)	(582)	(419)	1,649	1,971
Total primary government	\$18,614	(\$42,909)	(\$72,541)	(\$2,206)	\$9,364

Source: City Finance Department Data

City of Birmingham, Alabama
Fund Balances, Governmental Funds
Last Nine Fiscal Years
(in thousands)

Table A-3
Page 1 of 2

Fiscal Year Ended June 30

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund							
Reserved	\$5,417	\$13,969	\$7,584	\$10,448	\$11,417	\$280	\$253
Unreserved	<u>78,316</u>	<u>60,209</u>	<u>70,389</u>	<u>85,368</u>	<u>106,065</u>	<u>94,501</u>	<u>92,027</u>
Total general fund	<u><u>\$83,733</u></u>	<u><u>\$74,178</u></u>	<u><u>\$77,973</u></u>	<u><u>\$95,816</u></u>	<u><u>\$117,482</u></u>	<u><u>\$94,781</u></u>	<u><u>\$92,280</u></u>
Other Governmental Funds:							
Reserved, reported in:							
Special revenue funds	\$250,697	\$216,063	\$160,123	\$134,246	\$113,754	\$96,755	\$77,026
Debt service funds	61,310	53,097	46,674	45,394	44,216	40,175	50,947
Capital projects funds	<u>106,470</u>	<u>99,964</u>	<u>76,151</u>	<u>155,487</u>	<u>160,696</u>	<u>138,479</u>	<u>94,500</u>
	<u>418,477</u>	<u>369,124</u>	<u>282,948</u>	<u>335,127</u>	<u>318,666</u>	<u>275,409</u>	<u>222,473</u>
Unreserved, reported in:							
Special revenue funds	(3,618)	(2,663)	(1,744)	(2,278)	(2,484)	(1,847)	(1,866)
Debt service funds	(274)					(3,666)	(5,805)
Capital projects funds	<u>(502)</u>	<u>(731)</u>	<u>(102)</u>				
	<u>(4,394)</u>	<u>(3,394)</u>	<u>(1,846)</u>	<u>(2,278)</u>	<u>(2,484)</u>	<u>(5,513)</u>	<u>(7,671)</u>
Total other governmental funds	<u><u>\$414,083</u></u>	<u><u>\$365,730</u></u>	<u><u>\$281,102</u></u>	<u><u>\$332,849</u></u>	<u><u>\$433,664</u></u>	<u><u>\$364,677</u></u>	<u><u>\$307,082</u></u>

Source: City Finance Department Data

City of Birmingham, Alabama
Fund Balances, Governmental Funds
Last Nine Fiscal Years
(in thousands)

Fiscal Year Ended June 30

Table A-3
Page 2 of 2

	2011	2012
General Fund		
Nonspendable:		
Prepaid	280	
Inventory	0	1573
Spendable:		
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	98,935	90,197
Total General Fund	\$99,215	\$91,770
 Other Governmental Funds:		
Restricted	117,183	109,846
Committed	\$1,338	\$95,668
Assigned	104,963	(14)
Unassigned	(4,627)	788
Total other governmental funds	218,857	206,288
 Total Fund Balance	\$318,072	\$298,058

Change in fund balance Designation due to GASB Statemtent 54

Source: City Finance Department

City of Birmingham, Alabama
Changes in Fund Balances, Governmental Funds
Last Nine Fiscal Years
(in thousands)

Table A-4

	Fiscal Year Ended June 30								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES:									
Taxes	\$214,741	\$227,235	\$234,051	\$239,854	\$269,348	\$276,738	\$265,398	\$267,324	\$280,062
Licenses and permits	52,776	55,622	60,564	65,349	91,063	87,525	78,556	79,984	87,671
Intergovernmental	30,428	33,699	39,273	41,669	39,805	41,327	44,298	45,954	45,729
Charges for services	16,776	16,119	15,746	16,432	12,927	14,069	13,943	13,856	12,826
Fines and forfeitures	4,593	4,741	4,181	4,118	4,537	7,944	6,770	5,483	4,964
Investment income	9,304	12,562	10,834	21,168	10,684	(4,199)	8,235	13,560	5,066
Other operating revenues	7,213	6,862	5,471	9,934	8,157	7,622	9,168	20,959	10,888
TOTAL REVENUES	335,831	356,840	370,120	398,524	436,521	431,026	426,368	447,120	447,206
EXPENDITURES:									
Current:									
Public safety	137,803	140,215	145,688	148,485	155,120	177,188	194,348	181,158	178,555
Street and sanitation	71,401	77,573	68,483	64,359	66,788	52,414	57,871	49,886	48,340
Cultural and recreational	38,138	37,854	38,547	40,752	42,480	34,990	37,699	34,797	33,856
General government	81,859	91,708	126,133	102,804	82,681	118,030	141,660	123,338	125,548
Other			416	242	139				
Total current operations	329,201	347,350	379,267	356,642	347,208	382,622	431,578	389,179	386,299
Debt service:									
Principal	9,345	19,457	23,669	24,918	27,424	25,935	42,050	33,193	38,306
Interest	16,350	18,180	15,975	20,508	25,418	24,204	24,302	22,701	23,130
Total debt service	25,695	37,637	39,644	45,426	52,842	50,139	66,352	55,894	61,436
Capital outlays	53,474	31,079	38,075	34,641	31,749	93,751	10,983	37,854	19,172
Warrant/Bond issue costs	545	217	541	11,772					
TOTAL EXPENDITURES	408,915	416,283	457,527	448,481	431,799	526,513	508,913	482,927	466,907
Excess (deficiency) of revenues over (under) expenditures	(73,084)	(59,443)	(87,407)	(49,957)	4,722	(95,487)	(82,545)	(35,807)	(19,701)
Other financing sources (uses):									
Proceeds from sale of property	568	887	4,812	4,634	278	0	0	0	0
Proceeds of issuance of debt							21,000	110,476	
Issuance of refunding bonds	23,490	8,985	28,230	316,880			19,960	0	8,400
Refunded bonds redeemed							(19,967)	0	
Capital lease		431	1,845			26,500			
Premiums/(discounts) on warrants/bonds		(35)	1,767	12,300			316	3,834	(164)
Payment to escrow agent		(8,733)	(30,080)	(214,267)				(67,511)	(8,205)
Transfers in	32,809	63,764	49,221	40,559	69,971	63,250	59,742	40,169	43,988
Transfers out	(32,809)	(63,764)	(49,221)	(40,559)	(69,971)	(63,250)	(59,742)	(40,169)	(43,988)
Net other financing sources	24,058	1,535	6,574	119,547	278	26,500	21,309	46,799	31
Net change in fund balances	(49,026)	(57,908)	(80,833)	69,590	5,000	(68,987)	(61,236)	10,992	(19,670)
Debt service as a percentage of noncapital expenditures	7.10%	10.50%	10.00%	11.60%	14.20%	13.10%	15.37%	14.36%	15.90%

Source: City Finance Department Data

City of Birmingham, Alabama
Sales and Use Tax Revenues
Last Ten Fiscal Years
(in thousands)

Table B-1

	Fiscal Year Ended June 30									
	2003	2004	2005	2006	2007	2008 *	2009	2010	2011	2012
Sales and Use Tax Revenue	\$101,834	\$100,608	\$107,271	\$109,085	\$109,665	\$129,732	\$131,904	\$127,197	\$131,162	\$134,869
Percentage Change from Prior Year	-19.94%	-1.20%	6.62%	1.69%	0.53%	18.30%	1.67%	-3.57%	3.12%	2.83%
Breakdown of Sales/Use Tax By Industry Type:										
Apparel	6,150	5,594	5,950	5,001	6,298	6,402	6,190	6,685	7,432	7,724
Automotive, RV's, Motor Homes	10,150	9,419	9,154	8,581	9,951	10,787	9,845	10,312	12,328	12,297
Building & Construction Related	8,976	10,013	11,103	10,241	11,836	11,423	14,551	12,667	13,821	14,730
Communications	1,506	1,794	1,481	1,520	1,886	2,182	2,677	2,155	1,946	2,047
Equipment & Machinery	8,228	9,422	9,633	8,636	10,680	10,758	10,884	9,855	10,404	11,148
Food and Restaurants	19,680	18,809	18,436	16,239	18,661	15,853	23,804	22,041	24,974	24,333
Furniture and Furnishings	2,409	2,261	2,457	2,154	2,804	2,852	3,447	3,329	4,241	4,351
Insurance, Finance, Real Estate	673	1,022	811	459	528	2,071	2,751	2,516	2,302	1,760
Medical	2,262	2,874	2,418	1,332	1,647	1,958	3,556	3,448	4,995	5,179
Personal Services, Entertainment	7,869	7,891	7,508	6,483	7,615	7,588	6,623	6,495	6,750	6,519
All Other Industries	33,531	31,509	38,320	48,439	37,759	57,858	47,576	47,694	41,969	44,781
	<u>101,434</u>	<u>100,608</u>	<u>107,271</u>	<u>109,085</u>	<u>109,665</u>	<u>129,732</u>	<u>131,904</u>	<u>127,197</u>	<u>131,162</u>	<u>134,869</u>

* The City of Birmingham increased its sales tax on retail sales of automotive vehicles, house trailers, and mobile home set-up materials and supplies; retail sales of machines, machinery, or equipment used in mining, quarrying, compounding, processing, and manufacturing tangible personal property from 1% to 2% in FY 2008. The City also increased its sales tax on the retail sales of other tangible personal property from 3% to 4% in FY2008.

Source: City of Birmingham Revenue Division

City of Birmingham
Sales and Use Tax Revenues to Total Taxes
Last Nine Years
(in thousands)

Table B-2

Fiscal Year Ended June 30

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Breakdown of Tax Revenues:										
Sales and Use Tax	\$ 101,434	\$ 100,608	\$ 107,271	\$ 109,085	\$ 109,665	\$ 129,732	\$ 131,904	\$ 127,197	\$ 131,162	\$ 134,829
Occupational Tax	64,522	65,537	69,346	72,297	75,269	76,918	76,325	73,008	74,909	77,703
Property Tax	42,858	48,596	50,618	52,669	54,920	62,698	61,663	56,699	51,369	55,656
	<u>\$ 208,814</u>	<u>\$ 214,741</u>	<u>\$ 227,235</u>	<u>\$ 234,051</u>	<u>\$ 239,854</u>	<u>\$ 269,348</u>	<u>\$ 269,892</u>	<u>\$ 256,904</u>	<u>\$ 257,440</u>	<u>\$ 268,188</u>
% of Sales & Use to Total Taxes	48.58%	46.85%	47.21%	46.61%	45.72%	48.17%	48.87%	49.51%	50.95%	50.27%

Note: In 2010 the City changed its accounting procedures for ad-valorem taxes appropriated to the Birmingham-Jefferson County Transit Authority. Approximately \$3.9 million was included in revenue in 2008 and 2009, but was excluded in 2010, as the County Tax Collector paid the taxes directly to the BJCTA. The corresponding expense was also excluded.

Source: Finance Department Data

City of Birmingham, Alabama
Ratios of Outstanding Debt by Type
Last Nine Fiscal Years

Table C-1

Fiscal Year	General Obligation Bonds	General Obligation Warrants	Revenue Warrants	Capital Leases	Total	Aggregate Income	Percentage of Personal Income	Per Capita
2004	344,655,000	212,695,000	13,000,000	0	570,350,000	3,803,289,660	15.00%	\$2,349
2005	325,340,000	205,935,000	12,430,000	417,000	544,122,000	3,803,289,660	14.31%	\$2,241
2006	309,920,000	197,435,000	11,835,000	2,094,000	521,284,000	3,803,289,660	13.71%	\$2,147
2007	353,750,000	237,885,000	11,210,000	1,690,000	604,535,000	3,803,289,660	15.90%	\$2,490
2008	337,120,000	229,445,000	7,365,000	1,266,000	575,196,000	3,803,289,660	15.12%	\$2,369
2009	318,045,000	219,805,000	7,365,000	27,331,000	572,546,000	3,803,289,660	15.05%	\$2,358
2010	298,070,000	138,615,000	21,000,000	20,950,000	478,635,000	3,803,289,660	12.58%	\$1,971
2011	277,260,000	192,185,000	20,810,000	51,779	490,306,779	3,927,870,159	12.48%	\$2,310
2012	256,170,000	175,555,000	20,410,000	0	452,135,000	3,927,870,159	11.51%	\$2,130

Note: During 2011, capitalized leases, in the amount of \$17,505,538, were refinanced by G.O. Warrants

Source: City Finance Department data

Personal income computed from 2000 and 2010 census population and per capita income data (see table D-1).

City of Birmingham, Alabama
Ratio of Net General Obligation Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Table C-2

<u>Fiscal year</u>	<u>Census Year</u>	<u>Population Number</u>	<u>Assessed Value*</u>	<u>Gross Bonded Debt**</u>	<u>Less Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt To Assessed Value (%)</u>	<u>Net Bonded Debt Per Capita</u>
2003	2000	242,820	2,271,867,532	563,060,000	59,400,000	503,660,000	22.17%	\$ 2,074
2004	2000	242,820	2,422,011,707	570,350,000	58,850,000	511,500,000	21.12%	\$ 2,106
2005	2000	242,820	2,515,810,000	543,705,000	51,208,000	492,497,000	19.58%	\$ 2,028
2006	2000	242,820	2,567,735,000	519,190,000	45,161,000	474,029,000	18.46%	\$ 1,952
2007	2000	242,820	2,631,971,182	602,845,000	44,153,000	558,692,000	21.23%	\$ 2,301
2008	2000	242,820	2,810,565,632	566,565,000	43,205,000	523,360,000	18.62%	\$ 2,155
2009	2000	242,820	2,937,624,552	537,850,000	40,175,000	497,675,000	16.94%	\$ 2,050
2010	2000	242,820	2,880,265,253	436,685,000	36,317,088	400,367,912	13.90%	\$ 1,649
2011	2010	212,237	2,826,110,356	469,445,000	32,191,620	437,253,380	15.47%	\$ 2,060
2012	2010	212,237	2,755,748,375	431,725,000	29,668,690	402,056,310	14.59%	\$ 1,894

*Source: Jefferson County Tax Assessor and Department of Revenue; Shelby County Property Tax Commissioner and Judge of Probate

**Does not include revenue warrants and capitalized leases.

City of Birmingham, Alabama
Assessed Value and Estimated True Value of All Taxable Property
Last Six Tax Years

Table C-3

Tax Year Ending 30-Sep	Class 1 Property of Utilities		Class 2 All Unclassified Real and Personal Property		Class 3 Agriculture, Forest, Residential, Historic Property		Class 4 Motor Vehicles		Total	Total	Ratio of Assessed Value to Estimated True Value
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated Value	Assessed Value	Estimated True Value	
2006	221,316,191	737,720,637	1,715,444,558	8,577,222,790	409,710,653	4,097,106,530	285,499,780.00	1,903,331,867	2,631,971,182	15,315,381,824	17.19%
2007	218,646,340	728,821,134	1,866,230,738	9,331,153,690	440,451,774	4,404,517,740	285,236,780.00	1,901,578,534	2,810,565,632	16,366,071,098	17.17%
2008	209,898,240	699,660,800	1,984,448,984	9,922,244,920	462,407,628	4,624,076,280	280,869,700.00	1,872,464,667	2,937,624,552	17,118,446,667	17.16%
2009	215,101,040	717,003,467	1,972,102,351	9,860,511,755	448,535,382	4,485,353,820	244,526,480.00	1,630,176,534	2,880,265,253	16,693,045,576	17.25%
2010	212,316,380	707,721,267	1,944,617,951	9,723,089,755	433,674,085	4,336,740,850	235,501,940.00	1,570,012,934	2,826,110,356	16,337,564,806	17.30%
2011	212,799,421	709,331,403	1,870,926,188	9,354,630,940	439,146,266	4,391,462,660	232,876,500.00	1,552,510,000	2,755,748,375	16,007,935,003	17.22%

⁽¹⁾ The classifications of property for ad valorem taxation, as set forth above, are established by Amendment No. 373 to the Constitution of Alabama of 1901, as amended.

The assessed values are provided by:

For Class I, II and III Property in Birmingham in Jefferson County, Alabama: Tax Assessor of Jefferson County

For Class I, II and III Property in Birmingham in Shelby County, Alabama: Property Tax Commissioner of Shelby County

For Class IV Property in Birmingham in Jefferson County, Alabama: Jefferson County Department of Revenue

For Class IV Property in Birmingham in Shelby County, Alabama: Judge of Probate of Shelby County

The estimated market values of property are the quotient of the assessed values of property in a classification divided by the assessment ratio applicable to that classification, as set forth below.

⁽²⁾ Class I Property consists of all property of utilities used in the business of such utilities and is assessed at the rates of thirty percent (30%) of the fair and reasonable market value thereof.

⁽³⁾ Class II Property consists of all real and personal property not otherwise classified in another class (generally commercial property) and is assessed at the ratio of twenty percent of the fair and reasonable market value thereof. Class II amounts do not include the amounts or values of any abatements, industrial exemptions, other exemptions or penalties with respect to such property.

⁽⁴⁾ Class III Property consists of all agricultural, forest, single-family owner-occupied residential property, and historic buildings and sites, and is assessed, upon application by the owner, at the ratio of ten percent of the current use value (not fair and reasonable market values of such property). The amounts shown above as assessed values of Class III property are net of, and do not include, the amount of any homestead exemptions with respect to such property.

⁽⁵⁾ Class IV Property consists of motor vehicles owned and operated by individuals for personal or private use, and not for hire, rent or compensation, and is assessed at the ratio of fifteen percent percent of the fair and reasonable market value thereof.

City of Birmingham, Alabama
Schedule of Direct an Overlapping Debt
Last Six Fiscal Years
(in thousands)

Table C-4

<u>Direct Debt</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
City of Birmingham:						
Gross bonded debt and warrants outstanding*	\$ 602,845	\$ 566,565	\$ 537,850	\$ 436,685	\$ 469,445	\$ 431,725
Less debt service funds net assets	<u>(44,153)</u>	<u>(43,205)</u>	<u>(40,175)</u>	<u>(36,317)</u>	<u>(32,192)</u>	<u>(29,668)</u>
Direct Debt	558,692	523,360	497,675	400,368	437,253	402,057
<u>Overlapping Debt</u>						
Jefferson County, Alabama overlapping debt ¹	1,407,225	1,328,870	1,266,885	1,141,290	1,190,200	1,014,595
Jefferson County Board of Education ²	<u>90,910</u>	<u>86,150</u>	<u>81,160</u>	<u>75,930</u>	<u>81,680</u>	<u>85,930</u>
Total bonds and warrants outstanding	1,498,135	1,415,020	1,348,045	1,217,220	1,271,880	1,100,525
% of debt applicable to City of Birmingham	<u>31.7%</u>	<u>31.8%</u>	<u>31.4%</u>	<u>31.5%</u>	<u>31.3%</u>	<u>31.3%</u>
City of Birmingham Debt Burden	474,909	449,976	423,286	383,424	398,098	344,464
Shelby County, Alabama ³	-	-	-	-	-	-
Shelby County, Alabama Board of Education ⁴	161,420	154,930	155,390	161,610	155,120	144,080
	<u>161,420</u>	<u>154,930</u>	<u>155,390</u>	<u>161,610</u>	<u>155,120</u>	<u>144,080</u>
% of debt applicable to City of Birmingham	<u>1.6%</u>	<u>1.7%</u>	<u>1.7%</u>	<u>1.7%</u>	<u>1.8%</u>	<u>1.8%</u>
City of Birmingham Debt Burden	<u>2,583</u>	<u>2,634</u>	<u>2,642</u>	<u>2,747</u>	<u>2,792</u>	<u>2,593</u>
Total Overlapping Debt	477,492 #	452,610 #	425,928 #	386,172 #	400,891 #	347,058
Total Direct and Overlapping Debt	<u>\$ 1,036,184</u>	<u>\$ 975,970</u>	<u>\$ 923,603</u>	<u>\$ 786,540</u>	<u>\$ 838,144</u>	<u>\$ 749,115</u>

The debt for schools of the Board of Education of the City of Birmingham, Alabama, is included in the City's general obligation debt shown above.

The figures for Jefferson County, the Jefferson County Board of Education, and the Shelby County Board of Education are for their fiscal years ended 9/30.

¹ Source: Jefferson County Director of Finance

² The entire debt of the Jefferson County Board of Education is paid by appropriations from specifically pledged taxes. No portion of this debt is paid from the school funds of the City of Birmingham.
Source: Jefferson County Board of Education

³ Shelby County reports no debt. Source: Shelby County Finance Manager

⁴ All of the gross debt of Shelby County Board of Education is payable from one of several specially pledged revenues, each of which produces a substantial margin of revenue above the necessary debt service requirements.
Source: Shelby County Board of Education

*Does not include capitalized leases and revenue warrants

City of Birmingham, Alabama
Property Taxes - Direct and Overlapping Governments
Birmingham, Jefferson and Shelby Counties
Last Ten Fiscal Years

Table C-5

(Per \$100 of Assessed Value)

Fiscal Year	City of Birmingham					Jefferson County				
	General Fund	Debt Service Fund	Board of Education Fund	Library	Total	County	County Schools	Total	State of Alabama	Total Tax
2003	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2004	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2005	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2006	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2007	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2008	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2009	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2010	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2011	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2012	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95

Source: Jefferson County Tax Assessor

Fiscal Year	City of Birmingham					Shelby County				
	General Fund	Debt Service Fund	Board of Education Fund	Library	Total	County	County Schools	Total	State of Alabama	Total Tax
2003	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2004	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2005	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2006	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2007	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2008	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2009	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2010	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2011	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2012	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22

Source: Shelby County Tax Assessor

**City of Birmingham
Estimated Legal Debt Margin
As of June 30, 2012**

Table C-6

Net Assessed Value of Real and Personal Property(1)	\$2,755,748,375
Debt Limit (20% of Assessed Value, see note below)	551,149,675
Outstanding General Obligation Bonds, Warrants and Leases(2)	\$ 452,480,628
Less Exemption for School and Sewer Debt(3)	(89,832,040)
Less Debt Service Fund Balance(4)	<u>(29,668,690)</u>
	<u>332,979,898</u>
Legal Debt Margin	\$ 218,169,777

(1) As reported by the Jefferson County Tax Assessor, Jefferson County Department of Revenue (motor vehicles) Shelby County Property Tax Commissioner and Shelby County License Officer (motor vehicles).

(2) Includes the aggregate principal amount of general obligation bonds, general obligation warrants, Economic Development Incentive Obligations (\$2,170,628), Birmingham Zoo Obligations (\$18,000,000) and the Funding Agreement for the Honda Project (\$585,000), all as of June 30, 2012. Does not include any other obligation of the City and does not reflect principal payments made on any obligations after June 30, 2012. Does not included the obligations of the city incurred pursuant to Amendment No. 772 to the Constitution of Alabama, as amended.

(3) Not less than the stated amount was issued for schools, water works or sewers and is not chargeable against the City's constitutional debt limit.

(4) Book Value as of June 30, 2012

Note: Section 225, as amended, of the Constitution of the State of Alabama limits debt of the City of Birmingham to 20% of the assessed value of taxable property. Excluded from this limitation is debt issued for schools and sewers (General Constitutional Debt Limitation).

Special Constitutional Debt Limitation for Economic Development Obligations

Amendment No. 772 to the constitution of Alabama authorizes the counties and municipalities within the State to use public funds for certain purposes intended to further the economic development of such political subdivisions. Amendment 772 authorizes any county or municipality to (i) acquire real property, buildings, plants, factories, facilities, machinery and equipment of any kind and to improve and develop such properties for use as sites for industry of any kind or as industrial parks, (ii) lease, sell, grant, exchange or otherwise convey all or any part of any real property, buildings, plants, factories, machinery and equipment or any industrial park project to any individual, firm, corporation or other entity, public or private, for the purpose of constructing, developing, equipping and operating industrial, commercial, research or service facilities of any kind or (iii) lend its credit to, or grant public funds and things of

value for the benefit of any individual, firm, corporation or other entity, public or private, for the purpose of promoting the economic and industrial development of such political subdivision.

Amendment 772 also authorizes counties and municipalities to issue bonds, warrants, notes and other evidences of indebtedness and to use the proceeds thereof in furtherance of the powers discussed in the paragraph immediately above, subject to the limitation that the aggregate principal amount of obligations issued for such purposes may not exceed fifty percent (50%) of the assessed value of taxable property in such county or municipality. Amendment No. 772 provides that the bonds, warrants, notes or other evidences of indebtedness may be secured by the full faith and credit of the issuer or may be limited as to the source of payment.

The issuance of bonds, warrants, notes and other evidences of indebtedness pursuant to Amendment No. 772 is not subject to the City's twenty percent constitutional debt limit. Pursuant to, and in accordance with, Amendment No. 772, in recent years the City has delivered agreements with various entities for economic development purposes as provided in Amendment No. 772, whereby the City agrees to rebate, over a stated period of years, to the other parties to such agreements, certain percentages of the proceeds of various City taxes received by the City from the construction and operation by such other parties of the facilities described in such agreements. The obligations of the City under such agreements (the "Amendment No. 772 Obligations") (i) are not general obligations of the City and (ii) are limited obligations of the City payable solely from the tax proceeds specified in such agreements, and produced solely from the facilities and projects described in such agreements, when and if such tax proceeds are actually received by the City, except a Funding Agreement with the Commercial Development Authority of the City of Birmingham, which is a general obligation and a Funding Agreement with the Public Athletic, Cultural and Entertainment Board of the City of Birmingham, which is a general obligation. The economic development office of the City, based on certain assumptions which it believes to be reasonable, has projected the total tax revenues to be received by the City from each of the facilities for which such a tax rebate agreement is in effect, will exceed the amount of the City tax proceeds to be rebated pursuant to such agreement.

The City has obligations outstanding under Amendment No. 772 in the aggregate amount of approximately \$162,520,048. These obligations are limited obligations of the City payable generally as rebates of taxes received by the City from the private entity, except for funding agreements to cover bonds issued by the Commercial Development Authority of the City of Birmingham (currently outstanding in the principal amount of \$71,400,000) and the Public Athletic and Entertainment Board of the City of Birmingham (currently outstanding in the principal amount of \$64,000,000), both, of which, are general obligations of the City. The City treats the obligations thereof under Amendment No. 772 (i) as exempt from the general constitutional debt limitation and (ii) as subject to the special constitutional debt limit under Amendment No. 772.

**City of Birmingham, Alabama
Property Taxes Levied and Collected for
The City of Birmingham
Last Ten Fiscal Years**

Table C-7

City of Birmingham			
Beginning October 1	Total Taxes Levied	Total Taxes	
		Collected	Percentage
2002	52,780,331	52,101,007	98.71%
2003	59,048,850	58,356,048	98.83%
2004	61,440,447	61,078,411	99.41%
2005	62,890,413	62,386,134	99.20%
2006	66,224,605	64,416,414	97.27%
2007	71,268,264	69,999,820	98.22%
2008	74,939,011	71,593,360	95.54%
2009	74,462,772	71,390,609	95.87%
2010	72,971,185	68,536,652	93.92%
2011	71,571,040	67,909,751	94.88%

*Jefferson County only

Sources: Jefferson County Tax Assessor and Tax Collector

City of Birmingham, Alabama
Principal Property Taxpayers
Current Fiscal Year and Nine Years Prior

Table C-8

Assessed Entity	Fiscal Year Ended June 30, 2012			Fiscal Year Ended June 30, 2003		
	Total Assessed Value of Property Within City Limits	Rank	% of Total Assessed Valuation	Total Assessed Value of Property Within City Limits	Rank	% of Total Assessed Valuation
Alabama Power Company	\$121,989,780	1	4.42%	\$85,098,180	1	3.01%
American Cast Iron & Pipe Company	\$50,549,619	2	1.83%	\$20,113,280	4	0.71%
AT & T Property Tax Group	39,184,960	3	1.42%	18,468,220	5	0.65%
GSA Birmingham Realty	29,020,540	4	1.05%	29,020,540	3	1.03%
BBVA Compass Bank	22,477,980	5	0.81%	14,936,700	6	0.53%
SL Regions LLC	20,345,980	6	0.74%			
AT&T Mobility	18,258,540	7	0.66%			
Alabama Gas Corp	16,107,320	8	0.58%	13,816,640	8	0.49%
Chase Bank of Texas NA	13,336,000	9	0.48%	13,336,000	9	0.47%
Tish Robert Preston	11,716,000	10	0.42%	14,933,500	7	0.53%
Bellsouth Telecommunications				59,960,080	2	2.12%
Murray-Ash Communications				15,684,300	10	
	<u>\$342,986,719</u>		<u>12.43%</u>	<u>\$285,367,440</u>		<u>10.10%</u>

Source: Jefferson and Shelby Counties Tax Collectors

**City of Birmingham, Alabama
Demographic and Economic Statistics
Last Ten Fiscal Years**

Table D-1

Year	Population	Median Household Income	Per Capita Personal Income	Unemployment Rate	Birmingham Hoover MA Annual Average Unemployment Rate
2003	242,820	31,851	15,663	8.5%	4.7%
2004	242,820	31,851	15,663	8.2%	4.4%
2005	242,820	31,851	15,663	5.0%	3.5%
2006	242,820	31,851	15,663	4.7%	3.2%
2007	242,820	31,851	15,663	3.7%	3.1%
2008	242,820	31,851	15,663	4.9%	4.5%
2009	242,820	31,851	15,663	12.4%	9.2%
2010	242,820	31,851	15,663	9.7%	8.9%
2011	212,237	30,212	18,507	11.2%	8.3%
2012	212,237	30,212	18,507	8.9%	7.0%

Population figures based on 2000 and 2010 census

Unemployment rates source: Alabama Department of Labor in cooperation with the Bureau of Labor Statistics. 2012 MA rate is preliminary October 2012 rate.

Personal income and per capital personal income source: U. S. Bureau of the Census 2010

**City of Birmingham
Principal Private Sector Employers
Current and Nine Years Prior**

Table D-2

Employer	-----August 2012-----		-----May 2003-----	
	# of Employees	Rank	# of Employees	Rank
University of Alabama in Birmingham	21,550	1	16,271	1
Regions Financial Corporation/AmSouth	6,000	2	6,624	2
Bellsouth/ATT	7,500	3	5,750	3
St. Vincent's Health System	4,703	4		not ranked
Honda Manufacturing of Alabama, LLC**	4,500	5		-
Baptist Health System	4,000	6	6,000	4
Children's Health System	3,652	7	2,800	8
Mercedes-Benz U. S International, Inc.**	3,500	8		-
Southern Nuclear Operating Company	3,200	9	*	
Alabama Power Company	3,000	10	3,000	7
Blue Cross-Blue Shield of Alabama	3,000	11	2,750	9
BBVA Compass Bank	2,804	12		not ranked
Brookwood Medical Center	2,600	13		not ranked
Southern Company Generation	2,500	14	*	
American Cast Iron Pipe	2,400	15	2400	10
U. S. Stee-Fairfield Works (tie)	2,400	15	2400	10
Southern Company Services			3207	6
Bruno's Incorporated			5374	5

*Part of Southern Company

Does not include aggregated multiple location employers

Source: Birmingham Business Alliance/Birmingham Chamber of Commerce

City of Birmingham, Alabama
Number of City Employees by Function/Program
Last Ten Fiscal Years

Table E-1

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government:										
City Clerk	9	8	8	8	12	12	12	12	8	10
City Council	43	43	43	44	44	44	44	43	39	40
Community Development	11	11	11	11	11	11	11	9	7	7
Finance	119	116	119	118	117	111	115	112	104	106
Law	35	34	38	36	35	34	34	34	36	38
Mayor's Office	48	53	53	53	67	65	82	78	79	89
Equipment Management	89	86	86	86	86	83	83	99	89	85
Information Management Services	61	58	65	61	61	55	45	53	42	43
Personnel	18	17	18	19	38	35	35	32	29	32
Public Safety:										
Planning, Engineering, & Permits	235	226	225	213	204	194	194	172	141	149
Communications	0	0	0	0	0	0	0	9	0	0
Parole & Probation	11	10	10	10	10	10	10	0	0	0
Municipal Court	71	67	66	64	66	63	61	66	66	66
Traffic Engineering	89	86	86	84	86	84	84	78	63	65
Police:										
Officers	892	862	864	859	859	859	909	822	839	854
Civilians	325	327	323	620	320	322	373	373	283	289
Fire:										
Officers	628	628	628	648	648	648	648	626	634	617
Civilians	60	58	58	75	61	61	61	61	63	73
Streets & Sanitation:										
Public Works	1,204	1,177	1,174	1,166	1,164	1,088	1071	982	906	878
Horticulture & Urban Forestry	0	0	0	0	0	0	0	153	0	0
Culture & Recreation:										
State Fairgrounds	2	1	1	1	5	5	5	4	3	14
Auditorium	39	34	34	23	23	21	21	21	31	28
Arlington	8	8	8	7	12	12	12	10	9	10
Library	308	305	305	305	300	300	326	320	290	292
Museum of Art	32	30	30	28	42	42	42	40	39	39
Parks & Recreation	278	264	265	263	269	305	303	172	257	245
Southern Museum of Flight	6	6	6	6	9	9	9	9	8	9
Sloss Furnaces	18	17	17	14	14	14	14	12	8	5
Totals	<u>4,639</u>	<u>4,532</u>	<u>4,541</u>	<u>4,822</u>	<u>4,563</u>	<u>4,487</u>	<u>4,604</u>	<u>4,402</u>	<u>4,073</u>	<u>4,083</u>

Source: City Budget Office

Note: The Public Works Department was formed in FY 2001 eliminating the Street & Sanitation Department; the Horticulture Department was merged with the Public Works Department in FY 2001.

**City of Birmingham, Alabama
Capital Asset Statistics by Function/Program
Last Nine Fiscal Years**

Table E-2

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police precincts	4	4	4	4	4	4	4	5	4
Police substations	6	6	6	6	6	6	4	3	6
Fire stations	30	30	31	31	31	31	31	31	31
Street lights	28,000	28,000	28,000	28,000	39,000	39,000	39,000	39,000	32,000
Traffic signals	700	700	700	700	710	710	710	710	702
Street miles	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Parks & recreation:									
# of Parks	106	106	106	106	111	111	112	114	114
Acreage of Parks	2,137	2,137	2,137	2,137	2,635	2,635	2,635	2,683	2,683
Recreation/community centers	18	18	18	18	18	18	19	20	22
Playgrounds	73	73	73	73	79	79	79	81	78
Baseball/softball fields	45	45	45	45	40	40	40	42	35
Soccer/football fields	18	18	18	18	15	15	15	16	15
Libraries:									
Central	1	1	1	1	1	1	1	1	1
Branches	19	19	19	19	19	19	19	18	18

Source: Various City departments

Table E3

BIRMINGHAM E911 CALL CENTER STATISTICS 2008-2012

Calls Answered	2008	2009	2010	2011	2012	Total
911 Calls			398,862	421,071	245,198	1,065,131
328-9311 Calls			220,728	188,382	44,248	453,358
254-0800 Calls			150,113	161,572	93,984	405,669
Total			769,703	771,025	383,430	1,924,158

Calls Dispatched	2008	2009	2010	2011	2012	Total
Day	261,598	252,292	256,855	261,347	236,061	1,268,153
Evening	330,979	320,503	313,418	321,500	276,779	1,563,179
Morning	155,872	142,710	154,531	137,162	124,639	714,914
Total	784,449	715,505	724,804	720,009	637,479	3,546,246

Arrest/ Traffic Calls	2007	2008	2009	2010	2011	2012
Arrest Calls	21,171	26,784	25,591	24,863	17,170	14,808
Traffic Citations Calls	26,132	37,861	32,846	37,375	28,815	25,999
Total	47,303	64,645	58,437	62,238	45,985	40,807

City of Birmingham
Police Department Statistics

Table E-4

2012 / JANUARY - JUNE								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	33	74	461	811	2280	4559	518	8736
CLEARED RATE	STATS INCOMPLETE AND NOT AVAILABLE AT THIS TIME							
2011								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	54	182	1,011	1,916	5,806	10,522	1,325	20816
CLEARED	30	52	309	536	627	891	217	2662
RATE	56%	29%	31%	28%	11%	8%	16%	13%
2010								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	58	155	881	1,702	5,464	11,042	1,299	20601
CLEARED	NA	NA	NA	NA	NA	NA	NA	NA
RATE	NA	NA	NA	NA	NA	NA	NA	NA
2009								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	65	198	1,150	1,399	5,019	11,546	1,594	20971
CLEARED	37	89	341	245	411	1012	138	2273
RATE	57%	45%	30%	18%	8%	9%	9%	11%
2008								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	82	212	1,499	1,456	5,153	12,761	2,140	23303
CLEARED	51	76	650	256	411	1,312	251	3007
RATE	62%	36%	43%	18%	8%	10%	12%	13%
2007								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	86	229	1609	1396	4,864	12,528	2,246	22958
CLEARED	32	91	665	236	487	1374	302	3187
RATE	37%	40%	41%	17%	10%	11%	13%	14%
2006								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	104	220	1,429	1,422	4,813	12,113	2,081	22182
CLEARED	67	93	646	230	511	1,305	374	3226
RATE	64%	42%	45%	16%	11%	11%	18%	15%
2005								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	104	241	1,429	1,675	4,933	11,962	2,028	22372
CLEARED	65	101	661	832	481	1,316	292	3748
RATE	63%	42%	46%	50%	10%	11%	14%	17%
2004								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	59	240	1,369	1,593	5,156	11,970	2,351	22738
CLEARED	36	110	740	870	440	1,406	437	4039
RATE	61%	46%	54%	55%	9%	12%	19%	18%
2003								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	85	204	1,352	1,706	4,831	11,934	2,809	22921
CLEARED	42	90	720	921	454	1452	531	4210
RATE	49%	44%	53%	54%	9%	12%	19%	18%

2008 - 2012 Permit Valuations and Counts

Table E-5

2008 Permits		
Permit Type	Valuation	Count
BLD	\$590,076,464.00	2,646
ELE	\$85,320,203.00	4,169
GAS	\$3,634,460.00	954
MEC	\$61,915,171.00	1,028
MFD	\$558,207.00	26
PLB	\$23,736,864.00	1,166
Totals	\$765,241,369.00	9,989

2009 Permits		
Permit Type	Valuation	Count
BLD	\$479,714,373.00	2,245
ELE	\$99,314,427.00	3,287
GAS	\$2,448,995.00	889
MEC	\$46,375,977.00	741
MFD	\$158,788.00	9
PLB	\$15,451,502.00	939
Totals	\$643,464,062.00	8,110

2010 Permits		
Permit Type	Valuation	Count
BLD	\$431,983,703.00	2,117
ELE	\$56,307,331.00	2,989
GAS	\$230,061.00	1,035
MEC	\$79,027,620.00	813
MFD	\$228,272.00	15
PLB	\$46,690,811.00	868
Totals	\$614,467,798.00	7,837

2011 Permits		
Permit Type	Valuation	Count
BLD	\$304,101,510.00	2,441
ELE	\$107,042,361.00	3,506
GAS	\$1,179,574.00	991
MEC	\$37,734,485.00	926
MFD	\$490,545.00	14
PLB	\$19,360,273.00	1,001
Totals	\$469,908,748.00	8,879

2012 Permits		
Permit Type	Valuation	Count
BLD	\$866,620,673.00	2,446
ELE	\$49,121,362.00	3,780
GAS	\$1,125,387.00	829
MEC	\$32,280,820.00	823
MFD	\$355,427.00	13
PLB	\$15,993,395.00	878
Totals	\$965,497,064.00	8,769

City of Birmingham, Alabama
Debt Service Schedules
General Obligation Warrants and Bonds

Table F-1

Fiscal Year Ending June 30	General Obligation Warrants			General Obligation Bonds			Total General Obligation Debt		
	Principal	Interest (Net)	Total Debt Service	Principal	Interest (Net)	Total Debt Service	Principal	Interest (Net)	Total Debt Service
2013	14,385,000	7,152,523	21,537,523	22,225,000	11,870,373	34,095,373	36,610,000	19,022,896	55,632,896
2014	15,315,000	6,670,505	21,985,505	20,225,000	10,862,924	31,087,924	35,540,000	17,533,429	53,073,429
2015	11,735,000	6,033,519	17,768,519	21,230,000	9,822,643	31,052,643	32,965,000	15,856,161	48,821,161
2016	12,230,000	5,518,788	17,748,788	20,065,000	8,843,499	28,908,499	32,295,000	14,362,286	46,657,286
2017	13,730,000	4,987,454	18,717,454	13,275,000	8,004,518	21,279,518	27,005,000	12,991,971	39,996,971
2018	14,360,000	4,364,222	18,724,222	15,835,000	7,308,268	23,143,268	30,195,000	11,672,490	41,867,490
2019	5,880,000	3,835,983	9,715,983	15,700,000	6,512,643	22,212,643	21,580,000	10,348,626	31,928,626
2020	6,060,000	3,606,436	9,666,436	8,735,000	5,723,643	14,458,643	14,795,000	9,330,079	24,125,079
2021	5,460,000	3,365,099	8,825,099	6,985,000	5,376,833	12,361,833	12,445,000	8,741,932	21,186,932
2022	5,620,000	3,158,053	8,778,053	5,855,000	5,038,055	10,893,055	11,475,000	8,196,108	19,671,108
2023	5,815,000	2,927,602	8,742,602	7,835,000	4,701,033	12,536,033	13,650,000	7,628,635	21,278,635
2024	5,680,000	2,696,441	8,376,441	5,810,000	4,329,630	10,139,630	11,490,000	7,026,071	18,516,071
2025	5,840,000	2,469,414	8,309,414	6,115,000	4,035,475	10,150,475	11,955,000	6,504,889	18,459,889
2026	6,030,000	2,220,012	8,250,012	9,035,000	3,679,313	12,714,313	15,065,000	5,899,324	20,964,324
2027	4,710,000	1,969,739	6,679,739	9,485,000	3,262,613	12,747,613	14,195,000	5,232,352	19,427,352
2028	4,915,000	1,763,257	6,678,257	9,960,000	2,825,100	12,785,100	14,875,000	4,588,357	19,463,357
2029	5,135,000	1,542,527	6,677,527	10,455,000	2,365,763	12,820,763	15,590,000	3,908,290	19,498,290
2030	5,370,000	1,311,178	6,681,178	10,985,000	1,883,363	12,868,363	16,355,000	3,194,541	19,549,541
2031	3,680,000	1,068,984	4,748,984	11,530,000	1,376,775	12,906,775	15,210,000	2,445,759	17,655,759
2032	3,845,000	909,713	4,754,713	12,110,000	844,875	12,954,875	15,955,000	1,754,588	17,709,588
2033	3,995,000	757,925	4,752,925	12,720,000	286,200	13,006,200	16,715,000	1,044,125	17,759,125
2034	2,010,000	597,597	2,607,597				2,010,000	597,597	2,607,597
2035	2,085,000	522,423	2,607,423				2,085,000	522,423	2,607,423
2036	2,165,000	444,444	2,609,444				2,165,000	444,444	2,609,444
2037	2,245,000	363,473	2,608,473				2,245,000	363,473	2,608,473
2038	2,330,000	279,510	2,609,510				2,330,000	279,510	2,609,510
2039	2,420,000	189,805	2,609,805				2,420,000	189,805	2,609,805
2040	2,510,000	96,635	2,606,635				2,510,000	96,635	2,606,635
2041	0	0	0				0	0	0
Total	175,555,000	70,823,261	246,378,261	256,170,000	108,953,534	365,123,534	431,725,000	179,776,795	611,501,795

General obligation warrants are paid from the City's General Fund and general obligation bonds are paid from the City's Bond Reserve Fund, which receives 12 mills of ad-valorem tax.

City of Birmingham

Debt Service Schedules

Debt of Conduit Issuers that is a General Obligation of the City

Table F-2

The Commercial Development Authority of the City of Birmingham, Revenue Bonds

Fiscal Year Ending June 30	Series 2011-A (Tax-Exempt)			Series 2011-B (Federally Taxable)			Total		
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
2013		\$3,118,988	\$3,118,988	\$845,000	\$790,200	\$1,635,200	\$845,000	\$3,909,188	\$4,754,188
2014		3,118,988	3,118,988	940,000	739,500	1,679,500	940,000	3,858,488	4,798,488
2015		3,118,988	3,118,988	1,045,000	683,100	1,728,100	1,045,000	3,802,088	4,847,088
2016		3,118,988	3,118,988	1,160,000	620,400	1,780,400	1,160,000	3,739,388	4,899,388
2017		3,118,988	3,118,988	1,280,000	550,800	1,830,800	1,280,000	3,669,788	4,949,788
2018		3,118,988	3,118,988	1,400,000	474,000	1,874,000	1,400,000	3,592,988	4,992,988
2019		3,118,988	3,118,988	1,485,000	390,000	1,875,000	1,485,000	3,508,988	4,993,988
2020		3,118,988	3,118,988	1,575,000	300,900	1,875,900	1,575,000	3,419,888	4,994,888
2021		3,118,988	3,118,988	1,670,000	206,400	1,876,400	1,670,000	3,325,388	4,995,388
2022		3,118,988	3,118,988	1,770,000	106,200	1,876,200	1,770,000	3,225,188	4,995,188
2023	1,875,000	3,118,988	4,993,988				1,875,000	3,118,988	4,993,988
2024	1,970,000	3,025,238	4,995,238				1,970,000	3,025,238	4,995,238
2025	2,070,000	2,926,738	4,996,738				2,070,000	2,926,738	4,996,738
2026	2,170,000	2,823,238	4,993,238				2,170,000	2,823,238	4,993,238
2027	2,280,000	2,714,738	4,994,738				2,280,000	2,714,738	4,994,738
2028	2,395,000	2,600,738	4,995,738				2,395,000	2,600,738	4,995,738
2029	2,515,000	2,480,988	4,995,988				2,515,000	2,480,988	4,995,988
2030	2,645,000	2,348,950	4,993,950				2,645,000	2,348,950	4,993,950
2031	2,785,000	2,210,088	4,995,088				2,785,000	2,210,088	4,995,088
2032	2,805,000	2,063,875	4,868,875				2,805,000	2,063,875	4,868,875
2033	3,085,000	1,909,600	4,994,600				3,085,000	1,909,600	4,994,600
2034	3,255,000	1,739,925	4,994,925				3,255,000	1,739,925	4,994,925
2035	3,435,000	1,560,900	4,995,900				3,435,000	1,560,900	4,995,900
2036	3,620,000	1,371,975	4,991,975				3,620,000	1,371,975	4,991,975
2037	3,820,000	1,172,875	4,992,875				3,820,000	1,172,875	4,992,875
2038	4,030,000	962,775	4,992,775				4,030,000	962,775	4,992,775
2039	4,255,000	741,125	4,996,125				4,255,000	741,125	4,996,125
2040	4,485,000	507,100	4,992,100				4,485,000	507,100	4,992,100
2041	4,735,000	260,425	4,995,425				4,735,000	260,425	4,995,425
Total	\$58,230,000	\$67,730,150	\$125,960,150	\$13,170,000	\$4,861,500	\$18,031,500	\$71,400,000	\$72,591,650	\$143,991,650

The above amounts are a line item in the City's General Fund Budget for each fiscal year pursuant to the associated Funding Agreement.

The Bonds financed the construction of a hotel and entertainment district adjacent to the Birmingham-Jefferson Convention Center, located in downtown Birmingham. The appropriation continues a long-standing amount appropriated for the BJCC.

City of Birmingham
Debt Service Schedules

Table F-3

Debt of Conduit Issuers that is a General Obligation of the City
The Public Athletic Cultural and Entertainment Board of the City of Birmingham, Revenue Bonds

Fiscal Year Ending June 30	Series 2011-A (Tax-Exempt)			Series 2011-B (Federally Taxable) No. R-2			Series 2011-B (Federally Taxable) No. R-1			Series B
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Total Debt Service
2013	\$1,080,000	\$1,713,714	\$2,793,714	\$0	\$223,600	\$223,600	\$0	\$194,800	\$194,800	\$418,400
2014	1,390,000	1,675,553	3,065,553	0	223,600	223,600	0	194,800	194,800	418,400
2015	1,435,000	1,631,906	3,066,906	70,000	221,644	291,644	85,000	192,730	277,730	569,374
2016	1,480,000	1,586,870	3,066,870	75,000	217,591	292,591	90,000	188,469	278,469	571,060
2017	1,525,000	1,540,442	3,065,442	80,000	213,259	293,259	90,000	184,086	274,086	567,345
2018	1,570,000	1,492,625	3,062,625	85,000	208,647	293,647	95,000	179,581	274,581	568,228
2019	1,620,000	1,443,339	3,063,339	90,000	203,756	293,756	100,000	174,833	274,833	568,589
2020	1,670,000	1,392,509	3,062,509	95,000	198,585	293,585	105,000	169,841	274,841	568,426
2021	1,720,000	1,340,133	3,060,133	100,000	193,135	293,135	110,000	164,606	274,606	567,741
2022	1,775,000	1,286,135	3,061,135	105,000	187,405	292,405	115,000	159,127	274,127	566,532
2023	1,830,000	1,230,438	3,060,438	110,000	181,396	291,396	125,000	153,405	278,405	569,801
2024	1,885,000	1,173,041	3,058,041	115,000	175,107	290,107	130,000	147,318	277,318	567,424
2025	1,945,000	1,113,868	3,058,868	125,000	168,399	293,399	135,000	140,865	275,865	569,264
2026	2,005,000	1,052,840	3,057,840	130,000	161,272	291,272	140,000	134,169	274,169	565,440
2027	2,065,000	1,363,569	3,428,569	120,000	172,794	292,794	120,000	154,105	274,105	566,899
2028	1,385,000	1,667,188	3,052,188	105,000	184,275	289,275	100,000	173,950	273,950	563,225
2029	1,460,000	1,588,950	3,048,950	115,000	176,575	291,575	105,000	166,600	271,600	563,175
2030	1,540,000	1,506,450	3,046,450	120,000	168,175	288,175	115,000	158,725	273,725	561,900
2031	1,625,000	1,419,413	3,044,413	130,000	159,250	289,250	125,000	150,325	275,325	564,575
2032	1,715,000	1,327,563	3,042,563	140,000	149,800	289,800	135,000	141,225	276,225	566,025
2033	1,810,000	1,230,625	3,040,625	150,000	139,650	289,650	140,000	131,600	271,600	561,250
2034	1,905,000	1,128,463	3,033,463	160,000	128,800	288,800	150,000	121,450	271,450	560,250
2035	2,010,000	1,020,800	3,030,800	170,000	117,250	287,250	165,000	110,600	275,600	562,850
2036	2,125,000	907,088	3,032,088	185,000	104,825	289,825	175,000	98,875	273,875	563,700
2037	2,240,000	787,050	3,027,050	200,000	91,525	291,525	190,000	86,275	276,275	567,800
2038	2,365,000	660,413	3,025,413	210,000	77,350	287,350	200,000	72,800	272,800	560,150
2039	2,495,000	526,763	3,021,763	230,000	62,125	292,125	215,000	58,450	273,450	565,575
2040	2,630,000	385,825	3,015,825	245,000	45,850	290,850	230,000	43,225	273,225	564,075
2041	2,775,000	237,188	3,012,188	260,000	28,350	288,350	250,000	26,775	276,775	565,125
2042	<u>2,925,000</u>	<u>80,438</u>	<u>3,005,438</u>	<u>280,000</u>	<u>9,625</u>	<u>289,625</u>	<u>265,000</u>	<u>9,100</u>	<u>274,100</u>	<u>563,725</u>
Total	\$56,000,000	\$35,511,194	\$91,511,194	\$4,000,000	\$4,593,611	\$8,593,611	\$4,000,000	\$4,082,710	\$8,082,710	\$16,676,320

These bonds financed the acquisition of property for, and the construction of, a minor league baseball park in the City center. The Series A bonds are payable from the a lodgings tax in the City, levied at a rate of 3.5%. The Series B bonds are payable from project revenues. The Bonds are subject to Mandatory Tender on December 14, 2026. The Series A bonds carry an interest rate of 3.09%. The above schedule assumes an interest rate of 5.50% after the tender date. The Series B R-1 bonds carry an interest rate of 4.87%. The Series B R-2 bonds carry an interest rate of 5.59%. The above schedule assumes an interest rate of 7.00% after the tender date. Interest on the Series B bonds coming due through October 1, 2013 is on deposit with the Trustee. The Bonds are prepayable with a yield maintenance premium.

**City of Birmingham
Special Lodgings Tax Fund
Revenue from 3.5% Lodgings Tax**

Table F-4

Fiscal Year	Revenue
2011	\$1,338,321 *
2012	\$3,271,345

*Reflects five months' collections. Tax became effective January 15, 2011
The tax is pledged to the payment of a Funding Agreement with
the Public Athletic, Cultural and Entertainment Board of the
City of Birmingham

City of Birmingham
Debt Service Schedules
Privately Placed Debt
General Obligation Warrants Series 2012-RB and 2012-CTB

Table F-5

Fiscal Year Ending June 30	Series 2012-RB (Federally Taxable)			Series 2012-CTB (Federally Taxable)			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
			Debt Service			Debt Service			Debt Service
2013	\$0	\$110,723	\$110,723	\$0	\$20,234	\$20,234	\$0	\$130,957	\$130,957
2014	325,000	208,976	533,976	75,000	37,734	112,734	400,000	246,711	646,711
2015	335,000	195,809	530,809	75,000	34,453	109,453	410,000	230,262	640,262
2016	350,000	182,144	532,144	80,000	31,063	111,063	430,000	213,206	643,206
2017	365,000	167,879	532,879	85,000	27,453	112,453	450,000	195,332	645,332
2018	380,000	153,017	533,017	85,000	23,734	108,734	465,000	176,751	641,751
2019	395,000	137,555	532,555	90,000	19,906	109,906	485,000	157,462	642,462
2020	410,000	121,496	531,496	95,000	15,859	110,859	505,000	137,355	642,355
2021	430,000	104,738	534,738	100,000	11,594	111,594	530,000	116,331	646,331
2022	445,000	87,281	532,281	105,000	7,109	112,109	550,000	94,391	644,391
2023	465,000	69,127	534,127	110,000	2,406	112,406	575,000	71,533	646,533
2024	480,000	50,274	530,274				480,000	50,274	530,274
2025	500,000	30,723	530,723				500,000	30,723	530,723
2026	520,000	10,374	530,374				520,000	10,374	530,374
Total	\$5,400,000	\$1,630,115	\$7,030,115	\$900,000	\$231,547	\$1,131,547	\$6,300,000	\$1,861,661	\$8,161,661

The Warrants pay principal annually on August 1 and interest on February 1 and August 1. The Series 2012-RB warrants carry an interest rate of 3.99% and the Series 2012-CTB warrants carry an interest rate of 4.375%. Both Series are prepayable until August 1, 2013 with a 3% premium, August 1, 2013 through July 31, 2014 with a 2% premium, August 1, 2014 through July 31, 2015 with a 1% premium and thereafter with no premium.

City of Birmingham
Debt Service Schedules
Privately Placed Debt
General Obligation Refunding Bonds Series 2011

Table F-6

Fiscal		Series 2011		
Year				
Ending				Total
June 30		Principal	Interest	Debt Service
	2013	<u>\$4,235,000</u>	<u>\$76,230</u>	<u>\$4,311,230</u>
Total		\$4,235,000	\$76,230	\$4,311,230

The Bonds pay principal on April 1 and interest on April 1 and October 1.
 The Bonds carry an interest rate of 1.80% and are not prepayable.

City of Birmingham
 Debt Service Schedules
 Privately Placed Debt
 Tax Increment Financing District I, Revenue Warrants

Table F-7

Fiscal Year Ending June 30	Warrant No. 1			Warrant No. 2			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
			Debt Service			Debt Service			Debt Service
2013	\$365,000	\$592,017	\$957,017	\$490,000	\$277,077	\$767,077	\$855,000	\$869,094	\$1,724,094
2014	365,000	575,774	940,774	775,000	248,729	1,023,729	1,140,000	824,504	1,964,504
2015	380,000	559,254	939,254	790,000	217,184	1,007,184	1,170,000	776,437	1,946,437
2016	415,000	541,639	956,639	840,000	184,224	1,024,224	1,255,000	725,863	1,980,863
2017	425,000	522,931	947,931	860,000	150,187	1,010,187	1,285,000	673,118	1,958,118
2018	435,000	503,888	938,888	900,000	114,433	1,014,433	1,335,000	618,321	1,953,321
2019	475,000	483,678	958,678	945,000	77,467	1,022,467	1,420,000	561,145	1,981,145
2020	485,000	462,299	947,299	975,000	38,734	1,013,734	1,460,000	501,033	1,961,033
2021	10,125,000	186,233	10,311,233	425,000	4,293	429,293	10,550,000	190,525	10,740,525
2022									
2023									
2024									
2025									
2026									
Total	\$13,470,000	\$4,427,713	\$17,897,713	\$7,000,000	\$1,312,327	\$8,312,327	\$20,470,000	\$5,740,040	\$26,210,040

The Warrant No. 1 carries an interest rate of 4.45% and Warrant No. 2 carries an interest rate of 4.04%. Principal and interest on both warrants is payable monthly. Both Warrants are prepayable beginning November 5, 2019 with a yield maintenance premium.

The Warrants are payable from Ad-valorem taxes collected in the TIF District in excess of a base year amount. The District includes a large portion of the city center of the City. The Warrants are also secured by an appropriation agreement whereby the City agreed to appropriate funds from any legally available source to pay principal and interest on the Warrants as it comes due, subject to an annual appropriation for such amounts.