



CITY OF BIRMINGHAM

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

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



BIRMINGHAMFORWARD

— MAYOR WILLIAM A. BELL, SR. —

City of Birmingham, Alabama
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 2014

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INTRODUCTORY SECTION

- **List of City Officials**
- **Finance Director's Letter of Transmittal**
- **Certificate of Achievement-
Government Finance Officers Association**
- **City of Birmingham Organization Chart**





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CITY OF BIRMINGHAM

DEPARTMENT OF FINANCE

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DEPUTY DIRECTOR

J. THOMAS BARNETT, JR.
FINANCE DIRECTOR

BARBARA D. MCGRUE
DEPUTY DIRECTOR

October 9, 2014

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, 2014, is hereby submitted. This report represents the official comprehensive publication of the City's financial position at June 30, 2014. 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. Carr Riggs & Ingram, LLC has issued an unqualified opinion on the City of Birmingham's financial statements for the year ended June 30, 2014. 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, for maintaining an adequate internal control structure 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 each serves a four year term.

Included in this report is an organizational chart showing the twenty-three 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 the City is financially accountable. Additional information regarding these two discretely presented component units is provided in the notes to the financial statements (Note 1A).

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 was 6.3% during the month of August, 2014. The State of Alabama's unemployment rate was 6.9% during the same period compared to 6.1% for the United States.

A new minor league baseball park opened in April, 2013 for its inaugural season adjacent to Railroad Park and is the home of the Birmingham Barons, a double-A farm team for the Chicago White Sox. During its recently completed second season the Barons' ranked second in Double-A baseball for overall attendance, with 437,612 fans, according to Minor League Baseball. The Rotary Club of Birmingham is proceeding with a major project to connect, by greenway, the City's award winning Railroad Park with Sloss Furnace National Historic Landmark, approximately seven blocks away. Railroad Park and the ball park are catalysts for development in the area. Two apartment projects, each containing over two-hundred units, restaurants, a supermarket and office/retail projects have been announced in the immediate vicinity. Alabama Power Company has announced plans to repurpose a former steam plant, in the heart of the City

adjacent to Railroad Park, into an event and entertainment venue with additional park space covering a two block area, adding to the City's revitalization efforts.

A Westin Hotel and Entertainment District, adjacent to the Birmingham-Jefferson Convention Complex (BJCC) opened in January, 2013. The new hotel brings hotel room availability in the immediate BJCC area to more than 1,000, a convention and tourism industry standard required to attract larger trade shows and conventions. The adjacent Entertainment District is fully leased and all restaurants are open.

Announcements of new construction and projects to renovate and redevelop older buildings in the City Center occur regularly and approximately 1,100 residential units are in various stages of development. The City received Federal grants to implement a system of walking trails throughout the City and these projects are underway. When completed, the trails will link parks and green-spaces over a large area of the City. The City has begun the construction of a transportation hub in the downtown area. The facility will house the Birmingham-Jefferson Transit Authority's metro bus system, Greyhound and Amtrak. A large portion of the funding was provided by a Federal grant. The Veterans Administration is constructing a \$50 million clinic in the City's Medical District, just south of downtown.

The City is experiencing significant multifamily development in several areas of the City. A 223 unit apartment complex was constructed in the Montclair Road area of eastern Birmingham and leased so quickly that a 95 unit phase 2 was begun and is almost completed. Commercial development is also occurring, notably close to the City's Railroad Park, Regions Field baseball stadium and UAB. A major supermarket development has been announced for the City Center. Building permit revenue increased 27% over the previous fiscal year. The first two months of fiscal 2015 saw permit revenue increase 159% compared to the same period in 2014. The City's Special Lodgings Tax increased by approximately 13% during 2014, as the new Westin Hotel and the Sheraton Hotel drew more visitors to the Birmingham Jefferson Civic Center and Entertainment District. The year marked the completion of the Entertainment District, called "Uptown." All of the restaurants are operating successfully. Of special note, Assessed Valuation of taxable property within the City increased for the first time since the recession of 2008.

After securing State legislation, the City has incorporated a Land Banking Authority which will have the power to accept tax-delinquent properties, clear title and repurpose the property to productive uses. It is designed to assist neighborhood redevelopment in the City, especially depressed neighborhoods. Sustainability of neighborhoods and providing retail shopping opportunities throughout the City is vitally important to the growth of Birmingham's economy. Many neighborhood projects are currently planned or underway to improve the quality of life for the City's citizens.

The Birmingham Crossplex, with natatorium, indoor track facility and arena, located approximately 4 miles to the west of the City Center, hosts track and field, volleyball, wrestling and aquatic competition. These first-class athletic facilities are

drawing events from national, regional and state athletic organizations. The Birmingham Crossplex was recently awarded eleven NCAA division I, II and III championship events over the next few years. Plans continue to evolve with respect to a large track of adjacent city-owned property.

In 2012 citizens approved a \$150 million bond referendum. The city issued approximately \$68 million of the bonds in Fiscal Year 2013. \$2.69 million of the bonds were issued in December, 2013, which provided funds for the Birmingham Children's Museum at the McWane Center, contributed to the restoration of the historic Lyric Theatre and funded improvements to the Civil Rights Institute and Museum. The City received credit ratings of Aa2, AA, AA and AA from Moody's Investors Service, Standard & Poor's, Fitch Ratings and Kroll Bond Ratings, respectively, for its bonds. The remainder of the bonds will, most likely, be issued in two to four years.

The City's major pension fund, the Retirement and Relief System, continued the trend of an increasing actuarial unfunded liability for long-term benefits. The trend has continued from the early 2000's and as of July 1, 2013, the unfunded actuarial accrued liability of the Plan was approximately \$328 million, up from \$303 million the previous year. The City's Net Pension Liability for the Plan, computed according to Governmental Accounting Standards Board methodology, was \$400 million. While the Plan is currently able to meet all of its obligations and its funding level compares favorably with many plans around the Country, the City and the Pension Board are studying options for reversing this trend, including increasing annual contributions. However, no plan adjustments have been made. The actuarial methodology smoothed the investment portfolio's market value losses from 2008 over a number of years. The 2008 investment losses have now been fully recognized. The portfolio's market performance improved significantly in 2014. At July 1, 2013, the unfunded actuarial liability for the Fire & Police Supplemental Pension System was \$62.7 million, up from \$60.7 million, the prior year. The City's Net Pension Liability for the Plan, computed according to Governmental Accounting Standards Board methodology, was \$68.8 million.

During the year, the City incurred an operating deficit of approximately \$14 million in its General Fund. Primary contributors were healthcare costs, utility costs, equipment replacement and neighborhood clean-up. In its Fiscal 2015 Budget, the City incorporated adjustments to address these increasing costs.

Based on an updated actuarial report, the City's unfunded actuarial accrued liability for Other Post Employment Obligations, primarily healthcare, increased from \$64.4 million on June 30, 2011 to \$139.3 million on June 30, 2013. In the City's Fiscal Year 2015 budget, active employee and pre-65 retiree healthcare premiums were increased by an average of 30%.

During Fiscal Year 2014, the City changed its method of accounting for the healthcare plan for employees and pre-65 retirees. Plan revenue and expense was moved from the General Fund to an internal service fund to provided better reporting for the Plan. The beginning internal service fund deficit balance, accumulated during Fiscal

Year 2013, will be factored into future Plan rates. Participant contribution rates were increased by approximately 30% for Fiscal 2015.

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, 2013. 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 35 consecutive years. We believe our current CAFR continues to conform to Certificate of Achievement program requirements, and we are submitting it to the GFOA for consideration.

The City of Birmingham’s budget report for the fiscal year beginning July 1, 2013, 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 are submitting 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



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Government Finance Officers Association

**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

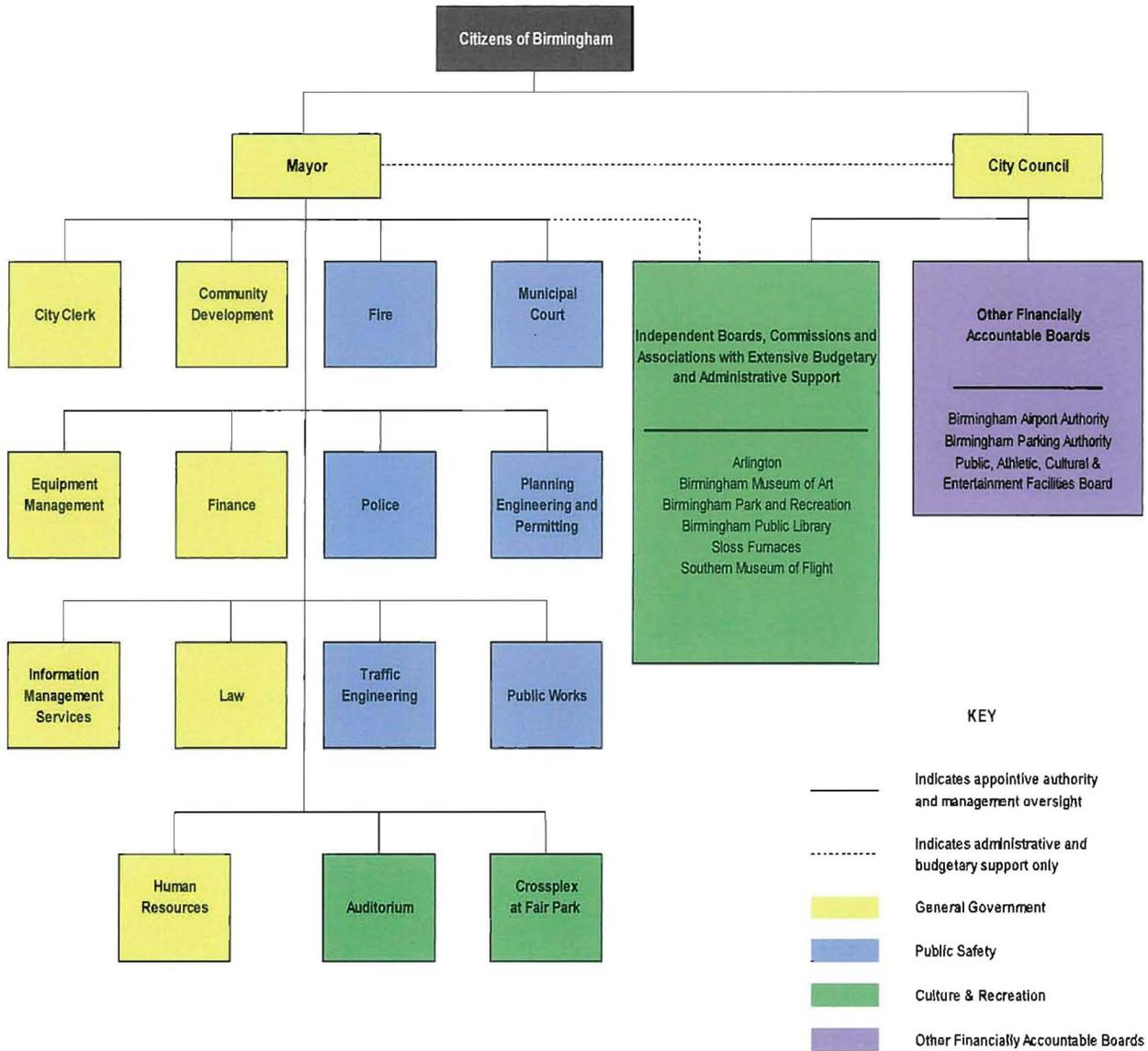
June 30, 2013

Executive Director/CEO



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City of Birmingham, Alabama Organization Chart





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FINANCIAL SECTION

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





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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Birmingham, Alabama

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the fiduciary funds, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, and the respective budgetary comparison for the General Fund of the City of Birmingham, Alabama, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Birmingham Airport Authority or the Birmingham Parking Authority, which represents 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Birmingham Airport Authority and the Birmingham Parking Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the fiduciary funds, 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, 2014, and the

respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress and employer contributions – pension plans and schedule of funding progress – OPEB on pages 11–22, pages 93–96, and page 97 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Birmingham, Alabama's basic financial statements. The introductory section, combining statements of fiduciary net position, combining and individual nonmajor fund financial statements, schedule of revenues, expenditures and changes in fund balance – budget and actual, General fund and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements of fiduciary net position, the combining and individual nonmajor fund financial statements, and the schedule of revenues, expenditures and changes in fund balance – budget and actual, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining statements of fiduciary net position and the combining and individual nonmajor fund financial statements, and the schedule of revenues, expenditures and changes in fund balance – budget and actual, General fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Carri Riggs & Ingram, L.L.C.

Birmingham, Alabama
October 9, 2014

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, 2014, 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 23.

Financial Highlights

- Total net position for the City of Birmingham increased by \$2.3 million during the past fiscal year.
- The assets of the City of Birmingham exceeded its liabilities at the close of June 30, 2014, by \$228.6 million.
- The City of Birmingham's governmental funds reported combined ending fund balances of \$311 million as of June 30, 2014, a decrease of \$48 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 position and the statement of activities.

The *statement of net position* presented on pages 23 & 24 reports all of the City of Birmingham's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 25 shows the changes in the City of Birmingham's net assets during the fiscal year ended June 30, 2014. This statement is prepared on the full accrual basis of accounting meaning that all changes to net position is 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 2014, 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 Fund, the 2013-A Bonds Fund, 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 102 and 108 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 26 and 28 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 enterprise fund, the Emergency Management Community District (E-911). The City also maintains one internal service fund that provides self-insured health benefits to the City's employees. The basic proprietary fund financial statements can be found on pages 31-33 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 35-35 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 93 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 position •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 position •Statement of revenues, expenses, and changes in net position •Statement of cash flows 	<ul style="list-style-type: none"> •Statement of fiduciary net position •Statement of changes in fiduciary net position
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 position represents the difference between the City of Birmingham's total assets and its total liabilities. Changes in the net position can be a useful measuring tool to gauge performance over time. The City's net position that is 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 position of approximately \$140 million is subject to bond and warrant covenants and by federal and state grant requirements. The City's total net position increased by approximately \$2.3 million in fiscal year 2014. For additional details on the reconciliation between the two basis, see page 29 of this report.

The following table presents a condensed statement of the City's net position at June 30, 2014 and 2013:

CONDENSED STATEMENT OF NET POSITION

June 30, 2014 and 2013

(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	<u>06/30/14</u>	<u>06/30/13</u>	<u>06/30/14</u>	<u>06/30/13</u>	<u>06/30/14</u>	<u>06/30/13</u>
Current and other assets	\$343,335	\$390,140	\$3,487	\$3,462	\$346,822	\$393,602
Capital assets, net	<u>560,785</u>	<u>429,425</u>	<u>4,167</u>	<u>1,467</u>	<u>564,952</u>	<u>430,892</u>
Total assets	<u>904,120</u>	<u>819,565</u>	<u>7,654</u>	<u>4,929</u>	<u>911,774</u>	<u>824,494</u>
Current and other liabilities	82,529	67,927	279	346	91,750	68,273
Long-term liabilities	<u>598,630</u>	<u>550,827</u>	<u>1,732</u>	<u>-</u>	<u>600,362</u>	<u>550,827</u>
Total liabilities	<u>681,159</u>	<u>618,754</u>	<u>2,011</u>	<u>346</u>	<u>692,112</u>	<u>619,100</u>
Net position:						
Net investment in capital assets	210,160	104,846	4,167	722	214,327	105,568
Restricted	139,831	189,391	-	-	139,831	189,391
Unrestricted	<u>(127,030)</u>	<u>(93,426)</u>	<u>1,476</u>	<u>3,861</u>	<u>(125,554)</u>	<u>(89,565)</u>
Net position	<u>\$222,961</u>	<u>\$200,811</u>	<u>\$5,643</u>	<u>\$4,583</u>	<u>\$228,604</u>	<u>\$205,394</u>

CONDENSED STATEMENT OF CHANGES IN NET POSITION
For Years Ended June 30, 2014 and 2013
(in thousands)

Changes in Net Position

	Governmental		Business-Type		Totals	
	Activities		Activities			
	<u>06/30/14</u>	<u>06/30/13</u>	<u>06/30/14</u>	<u>06/30/13</u>	<u>06/30/14</u>	<u>06/30/13</u>
REVENUES:						
Program revenues:						
Charges for services	\$115,656	\$115,910	\$6,272	\$6,196	\$121,928	\$122,106
Operating grants	24,390	19,540	-	-	24,390	19,540
General revenues:						
Sales and use tax	145,394	140,832	-	-	145,394	140,832
Occupational tax	78,654	77,844	-	-	78,654	77,844
Property tax	55,842	50,367	-	-	55,842	50,367
Unrestricted grants and Contributions	22,561	25,467	-	-	22,561	25,467
Investment earnings	11,978	8,362	7	-	11,985	8,362
Other	<u>5,580</u>	<u>14,352</u>	<u>-</u>	<u>-</u>	<u>5,909</u>	<u>14,352</u>
Total revenues	<u>460,384</u>	<u>452,674</u>	<u>6,279</u>	<u>6,196</u>	<u>466,663</u>	<u>458,870</u>
EXPENSES:						
Program expenses:						
General government	122,310	127,856	-	-	122,310	127,856
Public safety	200,169	195,022	5,220	4,564	205,389	199,586
Streets and sanitation	78,093	53,055	-	-	78,093	53,055
Culture and recreation	40,667	42,927	-	-	40,667	42,927
Interest on long-term debt	<u>17,896</u>	<u>14,933</u>	<u>-</u>	<u>-</u>	<u>17,896</u>	<u>14,933</u>
Total expenses	<u>459,135</u>	<u>433,793</u>	<u>5,220</u>	<u>4,564</u>	<u>464,355</u>	<u>438,357</u>
Increase in net position	1,249	18,881	1,059	1,632	2,308	20,513
Beginning, restated, net position	<u>221,712</u>	<u>181,930</u>	<u>4,584</u>	<u>2,951</u>	<u>226,296</u>	<u>184,881</u>
Ending net position	<u>\$222,961</u>	<u>\$200,811</u>	<u>\$5,643</u>	<u>\$4,583</u>	<u>\$228,604</u>	<u>\$205,394</u>

Fund Analysis

Changes in fund balances for the City's major governmental funds for the fiscal year ended June 30, 2014, are as follows:

	Beginning Balance	Increase (Decrease)	Ending Balance
General Fund	\$ 93,498	\$ (13,924)	\$ 79,574
Birmingham Fund	86,312	6,849	93,161
Public Improvement Fund	839	94	933
General Bond Debt Reserve	23,142	(2,033)	21,109
General Bond Debt Service	382	1,203	1,585
2013-A Bonds	69,488	(19,580)	49,908
Capital Improvement Fund	18,603	(4,906)	13,697
2010B Rec Zone ED Warrants	16,071	(4,921)	11,150
	<u>\$ 308,335</u>	<u>\$ (37,218)</u>	<u>\$271,117</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 primarily as a result of increased healthcare cost, increased utility costs, City clean-up expense and the replacement of some damaged fire trucks. The Capital Improvement Fund balance decreased as a result of the spend-down of project balances, the appropriations for which, increased the fund balance in a prior year. The Birmingham Fund increased as the market value of investments increased more than appropriations from the fund. The General Bond Reserve Fund balance decreased according to its programmed reduction to pay debt service on outstanding bonds. The General Bond Debt Service Fund balance increased as a result of excess transfers-in from the Bond Reserve Fund. The fund balance of the Public Improvement Fund increased as a result of additional assessments issued by the City, in excess of project expenditures. The fund balance of the 2010B Recovery Zone Economic Development Warrants decreased as capital expenditures were made from the Fund, which accounts for bond proceeds deposited, and which increased the fund balance in a prior year. The fund balance of the 2013-A Bonds Fund decreased as capital expenditures were made from the Fund, which accounts for bond proceeds deposited, and which increased the fund balance, in a prior year.

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 28.

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, as needed throughout the year.

Capital Assets and Long-Term Debt Activity

Capital Asset Activity

At June 30, 2014, the City of Birmingham reported approximately \$561 million in net capital assets, including its infrastructure, for governmental activities. The City's Emergency Management Communication District reported approximately \$4.2 million in net capital assets. The notes to the financial statements on pages 49 and 50 provide more information on capital assets including the changes that occurred during the fiscal year.

A. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows (in thousands):

	<u>June 30,</u> <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30,</u> <u>2014</u>
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 152,675	\$ 493	\$ -	\$ 153,168
Construction in progress	52,308	36,908	9,920	79,296
Land, infrastructure projects	16,647	-	-	16,647
Total nondepreciable capital	<u>221,630</u>	<u>37,401</u>	<u>9,920</u>	<u>249,111</u>
Capital assets, depreciable:				
Buildings and capital facilities	313,869	6,492	-	320,361
Furniture and other equipment	160,891	9,738	2,047	168,582
Infrastructure	208,768	6,873	-	215,641
Total depreciable capital assets	<u>683,528</u>	<u>23,103</u>	<u>2,047</u>	<u>704,584</u>
Less accumulated depreciation:				
Buildings and capital facilities	120,229	5,632	-	125,861
Furniture and other equipment	119,759	5,755	1,891	123,623
Infrastructure	138,908	4,618	-	143,527
Total accumulated depreciation	<u>378,897</u>	<u>16,005</u>	<u>1,891</u>	<u>393,011</u>
Net depreciable capital assets	<u>304,631</u>	<u>7,098</u>	<u>156</u>	<u>311,573</u>
Governmental activities, net capital assets	\$ <u>526,261</u>	\$ <u>44,499</u>	\$ <u>10,076</u>	\$ <u>560,684</u>

Business-type activities:

Buildings and other capital facilities	\$ 1,025	\$ -	\$ -	\$ 1,025
Furniture and other equipment	3,085	3,059	-	6,144
Total capital assets	<u>4,110</u>	<u>-</u>	<u>-</u>	<u>7,169</u>
Less accumulated depreciation:				
Buildings and other capital facilities	461	20	-	481
Furniture and other equipment	2,181	339	-	2,520
Total accumulated depreciation	<u>2,642</u>	<u>359</u>	<u>-</u>	<u>3,002</u>
Business-type activates, net capital assets	\$ <u>1,468</u>	\$ <u>2,699</u>	\$ <u>-</u>	\$ <u>4,167</u>

Long-term Debt Activity

At June 30, 2014, the City of Birmingham had approximately \$537 million of outstanding debt for its bonds and warrants (including blended component unit debt); of this amount, approximately \$501 million is considered long-term. The notes to the financial statements, on pages 51-54, include additional details for the City's long-term debt activity.

<u>Governmental Activities</u>	<u>2014</u>	<u>2013</u>
Long Term Debt	\$ 500,551	\$ 465,514
Capitalized Leases	762	971
	<u>\$ 501,313</u>	<u>\$ 466,485</u>

The City's bond ratings are AA, Aa2, AA and AA by Standard & Poor's, Moody's Investors Service Fitch Ratings and Kroll Bond 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. Debt service schedules are presented for all debt in the statistical section of this report. 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.

On January 6, 2014, the City issued \$4,225,000 of its General Obligation Warrants Series 2014-PNC. The Warrants were issue for the purpose of currently refunding its outstanding Series 2004-B General Obligation Warrants due on April 1, 2015 through 2020 in the amount of \$4,120,000. The Series 2014-PNC Warrants mature over the same time period as the refunded warrants. The refunding resulted in a net present value savings of \$310,096.

On March 20, 2014, the City issued \$4,550,000 of its General Obligation Warrants Series 2014-PNC2. The Warrants were issued to finance the purchase of equipment, used by various City departments. The warrants mature on March 1, 2015 through 2018.

On January 22, 2014, the City issued its \$19,885,000 General Obligation Refunding Bond, Series 2014-WFB. The Bonds were issued to advance refund its General Obligation Bonds, Series 2005-A maturing in 2016 through 2023. The refunding bonds mature over the same period as the refunded bonds. The Series 2014-WFB bonds are taxable bonds, with an interest rate of 4.574%. The City has an option to refund these bonds between August 3, 2015 and November 1, 2015 at an interest rate of 3.85%. When the City exercises its option to refund the Bonds, net present value savings of the refunding transaction will be \$1,028,990.

On October 9, 2012, City voters approved a \$150 million bond referendum for various capital projects throughout the City. In April, 2013 the City issued \$68,060,535 of its General Obligation Convertible Capital Appreciation Bonds, Series 2013-A for certain capital projects. On December 23, 2013, the City issued \$2,690,000 of its General Obligation Bonds Series 2013-B. The Series 2013-B Bonds were issued for the purpose of funding projects at the McWane Center, Birmingham Civil Rights Institute and the Lyric Theatre. The City expects to pay debt service on the Bonds from its Bond Reserve Fund. The Series 2013-A Bonds were issued as convertible capital appreciation bonds in order to match debt service with expected cash flow in the Bond Reserve Fund, considering other bond debt service. The remainder of the authorization is expected to be issued in the next two to four years.

Economic Factors Affecting the City of Birmingham and the 2014 Budget Information

Birmingham weathered the recession by implementing significant expense reduction and containment measures. In 2012, tax revenues showed some growth and this continued into 2013, however growth began to level off in 2014. Given much new announced development in the City, the City expects to see renewed revenue growth as these projects are constructed and begin opening for business.

The City considered several factors in preparing the City's budget for the 2014 fiscal year. For one, the U. S. economy appeared 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, previous CAFRs, Single Audits and this CAFR 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



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Basic Financial Statements



City of Birmingham, Alabama
Statement of Net Position
June 30, 2014
(amounts expressed in thousands)

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activities		
Assets				
CURRENT ASSETS				
Unrestricted assets				
Cash and investments	\$ 280,247	\$ 3,379	\$ 283,626	\$ 32,171
Cash with escrow agent	1,339	-	1,339	-
Receivables				
Accrued interest	256	1	257	-
Accrued taxes	30,423	-	30,423	-
Accounts (net of uncollectibles)	3,854	107	3,961	1,895
Notes (net of uncollectibles)	61	-	61	-
Loans	2,261	-	2,261	-
Due from other governments	819	-	819	-
Special assessments	12,240	-	12,240	-
Inventories	1,377	-	1,377	218
Prepaid items	428	-	428	429
Due from component unit	1,124	-	1,124	-
Other current assets	568	-	568	-
Restricted assets				
Cash and cash equivalents	-	-	-	36,908
Investments	-	-	-	16,968
Accounts and grants receivable	-	-	-	973
Accrued interest receivable	-	-	-	90
Total Current Assets	334,997	3,487	338,484	89,652
NONCURRENT ASSETS				
Other assets				
Net pension asset	101	-	101	-
Capital assets				
Land	169,815	-	169,815	185,862
Buildings and capital facilities	320,361	1,025	321,386	107,795
Furniture and other equipment	168,582	6,144	174,726	16,402
Accumulated depreciation	(249,484)	(3,002)	(252,486)	(184,053)
Infrastructure	215,641	-	215,641	205,748
Accumulated depreciation, infrastructure	(143,527)	-	(143,527)	-
Construction in progress	79,296	-	79,296	227,664
Total Noncurrent Assets	560,785	4,167	564,952	559,418
Total Assets	\$ 895,782	\$ 7,654	\$ 903,436	\$ 649,070
Total Deferred Outflows	\$ 8,338	\$ -	\$ 8,338	\$ 1,293
Total Assets and Deferred Outflows of Resources	\$ 904,120	\$ 7,654	\$ 911,774	\$ 650,363

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

City of Birmingham, Alabama
Statement of Net Position
June 30, 2014
(amounts expressed in thousands)

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activities		
Liabilities				
CURRENT LIABILITIES				
Payable from unrestricted assets				
Accounts and vouchers payable	\$ 11,397	\$ 1,765	\$ 13,162	\$ 683
Contracts payable	480	246	726	-
Contracts payable - retainage	923	-	923	-
Accrued payroll and payroll taxes payable	4,145	-	4,145	124
Due to other government	396	-	396	1,042
Estimated claims payable	15,211	-	15,211	-
Other liabilities	5,468	-	5,468	-
Interest payable	4,422	-	4,422	-
Capitalized leases	213	-	213	-
Compensated absences	3,129	-	3,129	34
Bonds and warrants payable	36,745	-	36,745	-
Payable from restricted assets				
Contracts payable	-	-	-	6,391
Accrued interest payable	-	-	-	5,203
Current portion of revenue bonds payable	-	-	-	6,005
Total Current Liabilities	82,529	2,011	84,540	19,482
LONG TERM LIABILITIES				
Capitalized leases	549	-	549	-
Compensated absences	12,301	-	12,301	662
Bonds and warrants payable, net	500,551	-	500,551	195,376
Closure and postclosure costs	14,786	-	14,786	-
Workers' compensation claims payable	17,956	-	17,956	-
OPEB liability	30,509	-	30,509	-
Net pension obligation	21,978	-	21,978	-
Total Noncurrent Liabilities	598,630	-	598,630	196,038
Total Liabilities	681,159	2,011	683,170	215,520
Net Position				
Net investment in capital assets	210,160	4,167	214,327	370,451
Restricted for				
Restricted for debt service	23,048	-	23,048	22,797
Restricted for future projects	116,783	-	116,783	9,427
Unrestricted	(127,030)	1,476	(125,554)	32,168
Total Net Position	\$ 222,961	\$ 5,643	\$ 228,604	\$ 434,843

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

City of Birmingham, Alabama
Statement of Activities
For the Year Ended June 30, 2014
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government							
Governmental Activities:							
Public safety	\$ 200,169	\$ 16,884	\$ 2,891	\$ (180,393)	\$ -	\$ (180,393)	\$ -
Street and sanitation	78,093	2,675	285	(75,133)	-	(75,133)	-
Cultural & recreational	40,667	1,761	-	(38,906)	-	(38,906)	-
General government	122,310	94,336	21,214	(6,760)	-	(6,760)	-
Interest on Long-Term Debt	17,896	-	-	(17,896)	-	(17,896)	-
Total Governmental Activities:	459,135	115,656	24,390	(319,088)	-	(319,088)	-
Business-Type Activities:							
Emergency Management Communication District	5,220	6,272	-	-	1,052	1,052	-
Total Business-Type Activities	5,220	6,272	-	-	1,052	1,052	-
Total Primary Government:	\$ 464,355	\$ 121,928	\$ 24,390	(319,088)	1,052	(318,036)	-
Component Units							
Birmingham Airport Authority	35,755	40,778	20,337	-	-	-	25,360
Birmingham Parking Authority	6,313	6,564	-	-	-	-	251
Total Component Units:	\$ 42,068	\$ 47,342	\$ 20,337	-	-	-	25,611
Sales and use tax				145,394	-	145,394	-
Occupational tax				78,654	-	78,654	-
Property tax				55,842	-	55,842	-
Grants and contributions-unrestricted				22,561	-	22,561	-
Unrestricted investment earnings				11,977	7	11,984	198
Other				5,909	-	5,909	6,655
Total General Revenues, Special Items, and Transfers:				320,337	7	320,344	6,853
Change in Net Position				1,249	1,059	2,308	32,464
Net Position - Beginning of Year as originally stated				200,811	4,584	205,395	404,666
Restatement				20,901	-	20,901	(2,287)
Net Position- Beginning of Year Restated				221,712	4,584	226,296	-
Net Position - Ending:				\$ 222,961	\$ 5,643	\$ 228,604	\$ 434,843

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

City of Birmingham, Alabama
Balance Sheet
Governmental Funds
June 30, 2014
(amounts expressed in thousands)

	General	Debt Reserve	Debt Service	Capital Improvement Fund	Birmingham Fund	Public Improvement	2010-Recovery Zone Econ Dev Warr	2013-A Bonds	Other Governmental Funds	Total Governmental Funds
Assets										
Cash and investments	\$ 50,343	\$ 19,590	\$ 1,592	\$ 14,159	\$ 92,968	\$ 933	\$ 11,403	\$ 50,401	\$ 38,859	\$ 280,248
Cash with fiscal agent	-	-	-	-	-	-	-	-	1,339	1,339
Receivables										
Accrued interest	8	29	-	4	198	-	7	-	10	256
Accrued taxes	28,370	1,490	-	-	-	177	-	-	366	30,423
Accounts (net of uncollectibles)	2,474	-	-	-	-	-	-	-	1,380	3,854
Notes (net of uncollectibles)	61	-	-	-	-	-	-	-	-	61
Loans	2,155	-	-	-	-	-	-	-	106	2,261
Due from other governments	819	-	-	-	-	-	-	-	-	819
Special assessments	-	-	-	-	-	12,240	-	-	-	12,240
Due from internal service fund	8,942	-	-	-	-	-	-	-	-	8,942
Due from component units	1,124	-	-	-	-	-	-	-	-	1,124
Inventories	1,377	-	-	-	-	-	-	-	-	1,377
Prepaid items	428	-	-	-	-	-	-	-	-	428
Other	568	-	-	-	-	-	-	-	-	568
Total Assets	\$ 96,669	\$ 21,109	\$ 1,592	\$ 14,163	\$ 93,166	\$ 13,350	\$ 11,410	\$ 50,401	\$ 42,080	\$ 343,940
Liabilities and Fund Balances										
Liabilities										
Accounts and vouchers payable	6,279	-	7	417	5	-	41	248	1,560	8,547
Contracts payable	480	-	-	-	-	-	-	-	-	480
Contracts payable-retainage	-	-	-	49	-	-	219	245	410	923
Accrued payroll and payroll taxes payable	4,145	-	-	-	-	-	-	-	-	4,145
Deferred revenue	298	-	-	-	-	12,417	-	-	293	13,008
Other liabilities	5,893	-	-	-	-	-	-	-	(28)	5,865
Total Liabilities	17,095	-	7	466	5	12,417	260	493	2,225	32,968
Fund Balances										
Nonspendable:										
Inventory	1,377	-	-	-	-	-	-	-	-	1,377
Prepaid items	428	-	-	-	-	-	-	-	-	428
Spendable:										
Restricted:										
Debt Service	-	21,109	-	-	-	-	-	-	4,776	25,885
Capital Projects	-	-	-	13,697	-	933	11,150	49,908	25,255	100,943
Other	-	-	-	-	-	-	-	-	404	404
Committed:										
Stabilization	-	-	-	-	93,161	-	-	-	-	93,161
Neighborhood Improvements	-	-	-	-	-	-	-	-	8,847	8,847
Other Purposes	-	-	-	-	-	-	-	-	4,557	4,557
Assigned:										
Debt Service	-	-	1,585	-	-	-	-	-	-	1,585
Unassigned	77,769	-	-	-	-	-	-	-	(3,984)	73,785
Total Fund Balances	79,574	21,109	1,585	13,697	93,161	933	11,150	49,908	39,855	310,972
Total Liabilities and Fund Balances	\$ 96,669	\$ 21,109	\$ 1,592	\$ 14,163	\$ 93,166	\$ 13,350	\$ 11,410	\$ 50,401	\$ 42,080	\$ 343,940

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

City of Birmingham, Alabama
 Reconciliation of the Governmental Funds Balance Sheet
 To the Statement of Net Position
 Year Ended
 June 30, 2014
 (Amounts expressed in thousands)

Fund Balance - Total governmental funds \$ 310,972

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

Deferred revenues are not recognized until available in the funds. 13,008

Deferred items related to debt issuance used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 8,338

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

Governmental capital assets	\$	941,589	
Accumulated depreciation		(380,905)	560,684

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

Bonds and warrants payable		(537,296)	
Capitalized leases		(762)	
Compensated absences		(15,430)	
Accrued interest payable		(4,422)	
Landfill closure cost		(14,786)	
OPEB liability		(30,509)	
Workers' Compensation claims payable		(17,956)	
Estimated claims payable		(15,211)	
Net pension obligation		(21,877)	(658,249)

An Internal Service Fund is used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Position.

(11,792)

Net position of governmental activities \$ 222,961

City of Birmingham, Alabama
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014
(amounts expressed in thousands)

	General	Debt Reserve	Debt Service	Capital Improvement Fund	Birmingham Fund	Public Improvement	2010-Recovery Zone Econ Dev Warr	2013-A Bonds	Other Governmental Funds	Total Governmental Funds
Revenues										
Taxes	\$ 258,260	\$ 30,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,237	\$ 291,827
Licenses and permits	87,010	-	-	-	-	-	-	-	-	87,010
Intergovernmental	12,896	-	-	-	-	-	-	-	27,220	40,116
Charges for services	12,112	-	-	-	-	-	-	-	102	12,214
Fines and forfeitures	2,445	-	-	-	-	-	-	-	1,665	4,110
Investment income	344	(10)	1	103	11,315	13	93	205	(89)	11,975
Other operating revenues	5,878	-	-	2,654	-	85	-	-	2,049	10,677
Total Revenues:	376,945	30,320	1	2,767	11,315	99	93	205	36,184	457,929
Expenditures										
Current Expenditures										
Public safety:										
Police	90,883	-	-	-	-	-	-	-	1,289	92,272
Fire	56,782	-	-	-	-	-	-	-	943	57,705
Planning, Engineering & Permits	11,650	-	-	-	-	-	-	-	2,007	13,857
Traffic Engineering	10,889	-	-	-	-	-	-	-	-	10,889
Municipal Court	4,425	-	-	-	-	-	-	-	2,199	6,624
Nondepartmental	-	-	-	-	-	-	-	-	301	301
Street and sanitation										
Public Works	50,506	-	-	-	-	-	-	833	58	51,397
Nondepartmental	-	-	-	-	-	-	-	-	2,100	2,100
Cultural & recreational										
Park & Recreation	11,022	-	-	-	-	-	73	-	70	11,165
Library	14,619	-	-	-	-	-	-	-	-	14,619
Arlington Historical Home	548	-	-	-	-	-	-	-	-	548
Bouwell Auditorium	1,175	-	-	-	-	-	-	-	-	1,175
Museum of Art	3,144	-	-	-	-	-	-	-	-	3,144
Sloss Furnace	412	-	-	-	-	-	-	-	-	412
Southern Museum of Flight	703	-	-	-	-	-	-	-	-	703
State Fairgrounds	4,428	-	-	-	-	-	-	-	-	4,428
Nondepartmental	-	-	-	-	-	-	-	-	21	21
General government:										
Finance	9,855	-	-	-	-	-	-	-	1,044	10,899
Equipment Management	16,164	-	-	-	-	-	-	-	-	16,164
Information Management Services	10,092	-	-	-	-	-	-	-	-	10,092
City Clerk	1,864	-	-	-	-	-	-	-	-	1,864
Community Development	510	-	-	-	-	-	-	-	12,123	12,633
Council Office	3,155	-	-	-	-	-	-	-	-	3,155
Legal	5,853	-	-	-	-	-	-	-	-	5,853
Mayor's Office	7,292	-	-	-	-	-	-	-	40	7,332
Personnel	7,149	-	-	-	-	-	-	-	-	7,149
Nondepartmental	42,212	-	52	2,599	2,958	5	286	-	545	48,617
Municipal Court	-	-	-	-	-	-	-	-	116	116
Debt Service										
Principal	10,899	-	20,225	-	-	-	-	-	7,200	38,324
Interest and fees	5,040	-	10,746	-	-	-	-	3	4,441	20,230
Capital Outlay										
Capital outlays	1,752	-	-	3,515	1,508	-	4,855	16,949	20,372	50,751
Total Expenditures	383,303	-	31,023	8,074	4,466	5	5,014	19,785	54,869	504,539
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(6,358)	30,320	(31,022)	(3,307)	6,849	94	(4,921)	(19,580)	(18,685)	(46,610)
Other financing sources (uses)										
Proceeds from issuance of debt	-	-	24,110	-	-	-	-	-	7,240	31,350
(Premium)/Discount on debt issuance	-	-	1,728	-	-	-	-	-	-	1,728
Payment to escrow agent	-	-	(25,966)	-	-	-	-	-	-	(25,966)
Transfers in	5,972	-	32,353	4,300	-	-	-	-	3,926	46,559
Transfers out	(4,767)	(32,353)	-	(5,907)	-	-	-	-	(3,532)	(46,559)
Transfers out - Internal service fund	(8,771)	-	-	-	-	-	-	-	-	(8,771)
Total Other financing sources (uses)	(7,566)	(32,353)	32,225	(1,599)	6,849	94	(4,921)	(19,580)	7,634	(1,659)
Net Change in Fund Balances	(13,924)	(2,033)	1,203	(4,906)	6,849	94	(4,921)	(19,580)	(11,051)	(48,269)
Fund Balances - Beginning	93,498	23,142	382	18,603	86,312	839	16,071	69,488	46,614	354,949
Restatement	-	-	-	-	-	-	-	-	4,292	4,292
Fund Balances - Beginning as restated	93,498	23,142	382	18,603	86,312	839	16,071	69,488	50,906	359,241
Fund Balances - Ending	\$ 79,574	\$ 21,109	\$ 1,585	\$ 13,697	\$ 93,161	\$ 933	\$ 11,150	\$ 49,908	\$ 39,655	\$ 310,972

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, 2014
(in thousands)

Net increase in fund balances - total governmental funds \$ (48,269)

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.

Capital Outlay	50,750	
Depreciation	<u>(16,003)</u>	34,747

The repayment and refunding of principal of long-term debt and capital lease uses current resources of governmental funds but has no effect on net assets. 62,432

Issuance of new bonds, warrants (32,992)

Interest accretion on capital appreciation warrants (4,413)

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:

Change in compensated absences	(587)	
Change in closure and post closure costs	(1,297)	
Deferred charges on refunding	1,206	
Refunding premium and discount	754	
Amortization of premium and discount	2,393	
Amortization of deferred charges	(1,014)	
Change in interest payable	505	
Change in workers compensation	(747)	
Change in OPEB	(4,616)	
Change in net pension asset	(7,995)	
Change in estimated claims	<u>1,927</u>	(9,471)

Revenue not recognized until future years 1,968

Gain on disposal of fixed assets 97

An Internal Service Fund are used by management to charge the cost or certain activities to individual funds. The net revenue (expense) of the Internal Service Fund is reported with governmental activities. (2,850)

Increase in net position of governmental activities \$ 1,249

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

City of Birmingham, Alabama
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 258,083	\$ 256,083	\$ 256,260	\$ 177
Licenses and permits	89,288	86,788	87,010	222
Intergovernmental	11,874	11,874	12,896	1,022
Charges for services	12,453	12,453	12,112	(341)
Fines and forfeitures	2,772	2,872	2,445	(427)
Investment income	320	320	344	24
Other operating revenues	6,190	7,954	5,878	(2,086)
Total Revenues	380,980	378,354	376,945	(1,409)
Expenditures				
Current Expenditures				
Public safety	173,569	173,742	174,909	(1,167)
Street and sanitation	52,445	53,990	50,506	3,484
Cultural & recreational	36,025	36,341	36,051	290
General government	103,860	111,581	104,146	7,435
Debt Service				
Principal	10,899	10,899	10,899	-
Interest and fees	4,840	4,840	5,040	(200)
Capital Outlay				
Capital outlays	392	1,989	1,752	237
Total Expenditures	382,030	393,382	383,303	10,079
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(1,050)	(15,028)	(6,358)	8,670
Other financing sources (uses)	(198)	1,206	(7,566)	(8,772)
Net Change in Fund Balances	(1,248)	(13,822)	(13,924)	(102)
Fund Balances - Beginning	93,498	93,498	93,498	-
Fund Balances - Ending	\$ 92,250	\$ 79,676	\$ 79,574	\$ (102)

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

City of Birmingham, Alabama
Statement of Net Position
Proprietary Funds
June 30, 2014
(amounts expressed in thousands)

	<u>Business-type activities</u>	<u>Governmental activities</u>
	<u>Enterprise fund - E911 Communications District</u>	<u>Internal Service Fund - Healthcare Plan</u>
Assets		
Current assets:		
Cash and investments	\$ 3,379	\$ -
Total Current assets	<u>3,379</u>	<u>-</u>
Restricted assets		
Accounts and grants receivable	107	-
Accrued interest receivable	1	-
Total Restricted assets:	<u>108</u>	<u>-</u>
Property, plant, and equipment		
Buildings and systems	1,025	-
Machinery and equipment	5,334	-
Furniture and fixtures	810	-
Less accumulated depreciation	(3,002)	-
Total Property, plant, and equipment	<u>4,167</u>	<u>-</u>
Total Assets	<u>7,654</u>	<u>-</u>
Liabilities		
Current liabilities		
Accounts payable	2,011	2,850
Due to other funds	-	8,942
Total Current liabilities	<u>2,011</u>	<u>11,792</u>
Total Liabilities	<u>2,011</u>	<u>11,792</u>
Net Position		
Net investment in capital assets	4,167	-
Unrestricted	1,476	(11,792)
Total Net Position	<u>\$ 5,643</u>	<u>\$ (11,792)</u>

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

City of Birmingham, Alabama
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	<u>Business-type activities</u>	<u>Governmental activities</u>
	<u>Enterprise fund - E911 Communications District</u>	<u>Internal Service Fund - Healthcare Plan</u>
Operating Revenues		
Service fees	\$ 6,272	\$ -
Employer and employee contributions	-	42,065
Total Operating Revenues	<u>6,272</u>	<u>42,065</u>
Operating Expenses		
Public safety	3,473	-
General and administrative	775	53,686
Repairs and maintenance	612	-
Depreciation	359	-
Total Operating Expenses	<u>5,219</u>	<u>53,686</u>
Operating Income (Loss)	<u>1,053</u>	<u>(11,621)</u>
Nonoperating Revenues (Expenses)		
Interest income	6	-
Total Nonoperating Revenues (Expenses)	<u>6</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	<u>1,059</u>	<u>(11,621)</u>
Transfers	-	8,771
Change in Net Position	<u>1,059</u>	<u>(2,850)</u>
Net Position - Beginning of Year as originally stated	4,584	-
Restatement	-	(8,942)
Net Position - Beginning of Year Restated	4,584	(8,942)
Total Net Position - Ending	<u>\$ 5,643</u>	<u>\$ (11,792)</u>

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

City of Birmingham, Alabama
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014
(in thousands)

	Business-type activities	Governmental activities
	Enterprise Fund - E911 Communications District	Internal Service Fund - Healthcare Plan
Cash flows from operating activities:		
Cash received from customers	\$ 6,678	\$ 42,065
Cash payments to suppliers	(4,750)	(50,836)
Cash payments to employees	(77)	-
Net cash from operating activities	1,851	(8,771)
Cash Flows from non-capital financing activities:		
Transfer in	-	8,771
Cash flows from (used for) capital financing activities:		
Acquisition of capital assets	(1,411)	-
Cash flows from investing activities:		
Interest received	7	-
Net increase (decrease) in cash and cash equivalents	447	-
Cash and investments, beginning of year	2,932	-
Cash and investments, end of year	\$ 3,379	\$ -
Reconciliation of operating loss to net cash used by operating activities:		
Operating income (loss)	1,053	(11,621)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:		
Depreciation	359	
Change in accounts receivable	405	
Change in accounts payable	34	2,850
Net cash from operating activities	\$ 1,851	\$ (8,771)

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

City of Birmingham, Alabama
Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2014
(amounts expressed in thousands)

	Pension Trust Funds
Assets	
Cash and cash equivalents	\$ 37,328
Receivables	
Member loans	10,308
Interest and dividends	2,466
Total Receivables	12,774
Investments, at fair value	
U.S. government obligations	96,917
Domestic corporate bonds	148,611
Domestic stocks	807,834
Total Investments, at fair value	1,053,362
Total Assets	1,103,464
Liabilities	
Accounts payable and other	959
Total Liabilities	959
Net Assets	
Held in trust for future pension benefits	1,102,505
Total Net Position	\$ 1,102,505

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

City of Birmingham, Alabama
Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Pension Trust Funds
Additions	
Additions	
Contributions	
Employer contributions	\$ 18,159
Plan member contributions	16,096
Investment income	
Investment earnings	156,774
Securities lending	473
Other income	412
Total Additions	191,914
Total Additions	191,914
 Deductions	
Deductions	
Benefits	81,449
Refunds of contributions	2,299
Administrative expenses	1,264
Investment expenses	4,127
Total Deductions	89,139
Total Deductions	89,139
Change in Net Position	102,775
Net Assets - Beginning	999,730
Net Assets - Ending	\$ 1,102,505

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

City of Birmingham, Alabama
Combining Statement of Net Position
Nonmajor Component Units
June 30, 2014
(amounts expressed in thousands)

	Birmingham Airport Authority	Birmingham Parking Authority	Total Nonmajor Component Units
Assets			
CURRENT ASSETS			
Unrestricted assets			
Cash and investments	\$ 28,493	\$ 3,678	\$ 32,171
Receivables			
Accounts (net of uncollectibles)	1,630	265	1,895
Inventories	218	-	218
Prepaid items	386	43	429
Restricted assets			
Cash and cash equivalents	36,908	-	36,908
Investments	16,968	-	16,968
Accounts and grants receivable	973	-	973
Accrued interest receivable	90	-	90
Total current assets	<u>85,666</u>	<u>3,986</u>	<u>89,652</u>
NONCURRENT ASSETS			
Capital assets			
Land	183,606	2,256	185,862
Buildings and capital facilities	107,795	-	107,795
Furniture and other equipment	15,171	1,231	16,402
Accumulated depreciation	(183,218)	(835)	(184,053)
Infrastructure	205,748	-	205,748
Construction in progress	227,664	-	227,664
Total noncurrent assets	<u>556,766</u>	<u>2,652</u>	<u>559,418</u>
Total Assets	<u>642,432</u>	<u>6,638</u>	<u>649,070</u>
Deferred Outflows of Resources	<u>1,293</u>	<u>-</u>	<u>1,293</u>
Total Assets and Deferred Outflows of Resources	<u>643,725</u>	<u>6,638</u>	<u>650,363</u>
Liabilities			
CURRENT LIABILITIES			
Payable from unrestricted assets			
Accounts and vouchers payable	556	127	683
Accrued payroll and payroll taxes payable	-	42	42
Due to primary government	-	1,124	1,124
Compensated absences	-	34	34
Payable from restricted assets			
Contracts Payable	6,391	-	6,391
Accrued Interest Payable	5,203	-	5,203
Current portion of revenue bonds payable	6,005	-	6,005
Total Current Liabilities	<u>18,155</u>	<u>1,327</u>	<u>19,482</u>
LONG TERM LIABILITIES			
Compensated absences	456	206	662
Bonds and warrants payable, net	195,376	-	195,376
Total Noncurrent Liabilities	<u>195,832</u>	<u>206</u>	<u>196,038</u>
Total Liabilities	<u>213,987</u>	<u>1,533</u>	<u>215,520</u>
Net Position			
Net investment in capital assets	367,799	2,652	370,451
Restricted for			
Restricted for debt service	22,797	-	22,797
Restricted for future projects	9,427	-	9,427
Unrestricted	29,715	2,453	32,168
Total Net Position	<u>\$ 429,738</u>	<u>\$ 5,105</u>	<u>\$ 434,843</u>

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

City of Birmingham, Alabama
Combining Statement of Activities
Nonmajor Component Units
For the Year Ended June 30, 2014
(amounts expressed in thousands)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Birmingham Airport Authority	Birmingham Parking Authority	Total
Nonmajor Component Units						
Birmingham Airport Authority						
Birmingham Airport Authority	\$ 35,755	\$ 40,778	\$ 20,337	\$ 25,360	\$ -	\$ 25,360
Total Birmingham Airport Authority	35,755	40,778	20,337	25,360	-	25,360
Birmingham Parking Authority						
Birmingham Parking Authority	6,313	6,564	-	-	251	251
Total Birmingham Parking Authority	6,313	6,564	-	-	251	251
Total Nonmajor Component Units	\$ 42,068	\$ 47,342	\$ 20,337	25,360	251	25,611
				193	5	198
Unrestricted investment earnings				6,655	-	6,655
Other				6,848	5	6,853
Total General Revenues, Special Items, and Transfers				32,208	256	32,464
Change in Net Position				399,817	4,849	404,666
Net Position - Beginning Originally Stated				(2,287)	-	(2,287)
Restatement				397,530	4,849	402,379
Net Position - Restated				\$ 429,738	\$ 5,105	\$ 434,843
Net Position - Ending						

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

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

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 is able to impose its will on the organization or there is a potential for the organization to provide specific benefits or specific burdens on the City). 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.

Blended Component Unit

The Public Athletic, Cultural and Entertainment Facilities Board of the City of Birmingham (the PACE) is a five-member board appointed by the City. The PACE imposes specific financial burdens on the City. Although legally separate, the PACE is blended as a governmental fund component unit into the City because the structure of the PACE meets the GASB Statement 61 criteria for blending. The criteria assessed and determined to result in blending is that the PACE's total debt outstanding is expected to be repaid entirely with resources of the City. As a result, total assets and liabilities of the governmental activities were increased by \$69,729,634 and \$61,530,000, respectively. Furthermore, total net expenses of the governmental activities were decreased by \$390,000 (as a result of the difference in depreciation and payments made relating to debt principal). Beginning net position was increased by \$7,687,587 and included in the caption "restatement" on the Statement of Activities and beginning PACE Fund Balance was increased by \$4,291,765 (which represents the beginning cash balance in the fund).

A separate financial report for the PACE is not prepared.

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, 2014, totaled \$4,078,188.

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

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

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, 2014	Birmingham Parking Authority 1732 5 th Avenue North Birmingham, Alabama 35203 Financial statement date: June 30, 2014
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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 appoints a voting majority of the Birmingham-Jefferson County Transit Authority (BJCTA) and the Birmingham Housing Authority (BHA). In fiscal year 2014, the City provided funding to the BJCTA in the amount of \$10,800,000 and \$39,565 to the BHA. These organizations are related organizations that have not been included within the City's financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements of the City consist of the statement of net position and the statement of activities for all of the nonfiduciary activities of the City and its three 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 discretely presented *component units*. The City's blended component unit is presented combined with the primary government activity.

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 (including the internal service fund), 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.

An internal service fund (which provides services primarily to other funds of the government) is presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, the financial statements of the internal service fund are consolidated into the governmental activities column when presented at the government-wide level. The costs of these services are charged to the appropriate functional activity.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

Surpluses or deficits in the internal service funds are allocated back to customers at the government-wide level statement of activities. There are no reconciling items between the business-type activities column at the government-wide level and the proprietary fund statements at the fund level because the internal service fund does not provide services to the City's enterprise fund.

The City has created an Internal Service Fund to account for employee's health insurance costs that are self-insured by the City. The creation of this fund resulted in a deficit beginning net position in the Internal Service Fund for amounts previously accounted for in the General Fund.

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 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 they are 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.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

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 shortages 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 which are financed by these warrants.

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

The *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 *2013-A Bonds Capital Appreciation Bonds* are used to account for various capital projects financed by these bonds.

The City of Birmingham reports the following proprietary funds as a *major* proprietary fund:

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

The Pension Funds account for the activities of the City's six 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 position 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.

The operating revenues of the City's internal service fund are fees from the City and City employees for health care benefits. The operating expenses of the internal service fund are for health insurance claim payments.

D. Assets, Liabilities, and Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

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.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

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, 2014 consist of the following:

	Governmental Activities	Business - Type Activities	Total Primary Government
Taxes Receivable	\$ 30,423,457	\$ -	\$ 30,423,457
Customers and Other	9,727,760	107,029	9,834,789
Other Governments	1,942,906	-	1,942,906
Gross Receivable	42,094,123	107,029	42,201,152
Less: allowance for Uncollectible	(6,023,564)	-	(6,023,564)
Net Receivable	<u>\$ 36,070,560</u>	<u>\$ 107,029</u>	<u>\$ 36,177,588</u>

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 due 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, 2014 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.

City of Birmingham, Alabama
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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.

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. As per GASB 65, bond issuance costs, other than insurance cost, are expensed in the period incurred. Prepaid insurance cost should be 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 position and displayed in three components: a. Net investment in capital assets (consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable

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to the acquisition, construction, or improvement of those assets); b. Restricted net position (consists of net position with constraints placed on the use either by (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 position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

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 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 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 resources, in the following order and as needed: restricted resources, unrestricted resources, committed or assigned resources, and finally unassigned resources.

9. Deferred outflows/inflows of resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding results from the difference in

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the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded (old) or refunding debt (new debt).

10. Recently issued pronouncements

The GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). This standard attempts to improve financial reporting by clarifying the appropriate use of deferred outflows of resources and deferred inflows of resources, thereby ensuring financial reporting consistency. Application is effective for periods beginning December 15, 2012 (fiscal year 2014). GASB 65 requires that debt issuance cost, except any portion related to prepaid insurance cost, is expensed in the period incurred. Prepaid insurance cost should be reported as an asset and amortized over the duration of the related debt. The City implemented GASB 65 during the current fiscal year and the City has shown, \$8,366,850 the cumulative effect of applying this statement, as a restatement of the beginning balance of net position for period ending June 30, 2014.

The GASB issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62* (GASB 66) to improve accounting and financial reporting for a government financial reporting entity by resolving conflicting guidance that resulted from the issuance of GASB 54 and GASB 62. The requirements of GASB 66 are effective in the current fiscal year and the City implemented GASB 66 where applicable.

The GASB issued Statement No. 67, *Financial Reporting for Pension Plans- an amendment to GASB Statement No. 25* (GASB 67). The objective of this statement is to improve financial reporting primarily through the enhancement of note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. The City implemented GASB 67 in fiscal year 2014.

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions an amendment of GASB No. 27* (GASB 68) to establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows or resources, and expenses/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. The requirements of GASB 68 are effective for fiscal year 2015. The City is currently evaluating the impact that GASB 68 may have on its financial statements.

The GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations* (GASB 69) to improve accounting and financial reporting for U.S. state and local governments' combinations and disposals of government operations. The requirements of GASB 69 are effective for fiscal year 2015. The City is currently evaluating the impact that GASB 69 may have on its financial statements.

The GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* (GASB 70) to enhance the comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange

City of Birmingham, Alabama
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financial guarantees. The requirements of GASB 70 are effective in the current fiscal year and the City follows this guidance when applicable.

The GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment to GASB Statement 68* (GASB 71) was issued to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. The requirements of GASB 71 are required to be applied simultaneously with the provisions of GASB 68 (fiscal year 2015). The City is currently evaluating the impact that GASB 71 may have on its financial statements.

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 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 position/fund balance of non-major funds at June 30, 2014 are as follows:

Special Revenue Fund	
Grants Fund	\$4,965,855
Proprietary Fund	
Internal Service Fund	\$11,792,000

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Deficits in the Grants Fund results from expenses incurred for projects that were not reimbursed at June 2014. This deficit will be resolved when grant reimbursements are received in the future.

Deficits in the Internal Service Fund result from expenses incurred in excess of funding related to the City's healthcare costs. This City is exploring plan changes to cover costs. When this plan is ultimately implemented, this deficit will be resolved.

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits - At June 30, 2014, the carrying amount of the City's demand deposits, certificates of deposits, and money market investments in all funds was \$215,213,880 and the bank balance was \$306,277,538.

Financial institutions utilized as depositories by the City must provide evidence of their designation by the Alabama State Treasurer as a qualified public depository under the Security of Alabama Funds Enhancement Act (SAFE). The City requires that the qualified public depository (QPD) hold collateral for all its public deposits 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.

Investments - At June 30, 2014, 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	\$ 74,444,726	6.04
U.S. Treasuries	53,298,838	6.19
U.S. Corporate debt	218,947,216	6.79
U.S. Corporate stock	813,750,344	-
Total fair value	<u>\$ 1,160,441,124</u>	
Portfolio weighted avg. maturity		6.54

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 invests in mortgage-backed securities, representing U.S. government agency obligations with a fair value of \$6,796,936. 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: Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. GASB statement Number 40 requires disclosure of

City of Birmingham, Alabama
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credit quality ratings for investments in debt securities as well as investments in external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities.

Investments may be aggregated by rating category within the disclosure. Ratings are set by nationally recognized statistical rating organizations (Fitch Ratings, Moody's Investors Service, and Standard & Poor's). In cases where an investment is unrated, a disclosure noting that the investment is unrated is required.

The City's investments included the following bonds at June 30, 2014:

<u>Description</u>	<u>Rating</u>		<u>Fair Value</u>
U.S. Government Agency Discount Notes, Bonds	AA	\$	\$ 127,743,564
U.S. Corporate Bonds	AAA	2,526,140	
	AA	18,231,858	
	A	88,885,139	
	BBB	60,294,901	
	BB	26,963,735	
	B	13,549,321	
	CCC	<u>19,496,122</u>	
			<u>218,947,216</u>
			<u>\$ 346,690,780</u>

The City, at this time, does not have a formal credit risk policy.

Concentration of Credit Risk - A concentration in credit risk exists when investments in any one type represents 5 percent or more of total investments and must be disclosed. Excluded from this requirement are investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments.

There were no investments held at June 30, 2014, which represented 5 percent or more of total investments.

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 receives 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, 2014 was \$224,627,981 and \$219,975,464, respectively. The City has incurred no loss through its participation in the securities lending program to date. However, as part of the process of changing securities lending agents, a loss of approximately \$210,000 will be recognized in the next fiscal period.

City of Birmingham, Alabama
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B. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows (in thousands):

	<u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 152,675	\$ 493	\$ -	\$ 153,168
Construction in progress	52,308	36,908	9,920	79,296
Land, infrastructure projects	<u>16,647</u>	<u>-</u>	<u>-</u>	<u>16,647</u>
Total nondepreciable capital assets	<u>221,630</u>	<u>37,401</u>	<u>9,920</u>	<u>249,111</u>
Capital assets, depreciable:				
Buildings and capital facilities	313,869	6,492	-	320,361
Furniture and other equipment	160,891	9,738	2,047	168,582
Infrastructure	<u>208,768</u>	<u>6,873</u>	<u>-</u>	<u>215,641</u>
Total depreciable capital assets	<u>683,528</u>	<u>23,103</u>	<u>2,047</u>	<u>704,584</u>
Less accumulated depreciation:				
Buildings and capital facilities	120,229	5,632	-	125,861
Furniture and other equipment	119,759	5,755	1,891	123,623
Infrastructure	<u>138,909</u>	<u>4,618</u>	<u>-</u>	<u>143,527</u>
Total accumulated depreciation	<u>378,897</u>	<u>16,005</u>	<u>1,891</u>	<u>393,011</u>
Net depreciable capital assets	<u>304,631</u>	<u>7,098</u>	<u>156</u>	<u>311,573</u>
Governmental activities, net capital assets	<u>\$ 526,261</u>	<u>\$ 44,499</u>	<u>\$ 10,076</u>	<u>\$ 560,684</u>

In 1999, the City entered into an operating lease with a non-profit organization to lease zoo property for a nominal amount annually. The first lease period was for 25 years with two 25 year incremental extensions at the discretion of the City. Any zoo property purchased (excluding animals) by the lessee during the term of this lease is City property. Beginning capital assets were increased as follows: land \$13,732,562; construction in progress \$1,121,851; buildings and capital facilities \$23,102,783; and furniture and other equipment \$4,670,355 for a total increase in zoo fixed assets of \$42,627,551. Beginning accumulated depreciation was increased by \$12,105,714 related to these assets. The net adjustment to beginning capital assets was \$30,521,837.

The PACE is public corporation that was created in August of 2011. The PACE's structure qualified as a blended component unit of the City upon its creation. The PACE holds certain fixed assets and beginning buildings and capital facilities have been increased \$66,565,822 for the cost of these assets. Accumulated depreciation has been increased \$250,000 related to this asset. The net adjustment to beginning capital assets was \$66,315,822.

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Business-type activities (in thousands):

Buildings and other capital facilities	\$ 1,025	\$ -	\$ -	\$ 1,025
Furniture and other equipment	<u>3,085</u>	<u>3,059</u>	<u>-</u>	<u>6,144</u>
Total capital assets	<u>4,110</u>	<u>-</u>	<u>-</u>	<u>7,169</u>
Less accumulated depreciation:				
Buildings and other capital facilities	461	20		481
Furniture and other equipment	<u>2,181</u>	<u>339</u>	<u>-</u>	<u>2,520</u>
Total accumulated depreciation	<u>2,642</u>	<u>359</u>		<u>3,002</u>
Business-type activities, net capital assets	\$ <u>1,467</u>	\$ <u>2,699</u>		\$ <u>4,167</u>

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

Governmental activities:

Public safety, including depreciation of infrastructure assets	\$ 7,824
Streets and sanitation	2,362
Cultural and recreation	3,916
General government	<u>1,903</u>
Total depreciation - governmental activities	\$ <u>16,005</u>

Business-type activities:

E-911 operations	<u>\$ 359</u>
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C. Interfund Balances / 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, 2014, 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	\$ -	\$ -	\$ 3,908	\$ 859	\$ 4,767
Debt Reserve	-	32,353	-	-	32,353
Capital Projects	5,907	-	-	-	5,907
Non-Major Funds	<u>65</u>	<u>-</u>	<u>400</u>	<u>3,067</u>	<u>3,532</u>
	\$ <u>5,972</u>	\$ <u>32,353</u>	\$ <u>4,308</u>	\$ <u>3,926</u>	\$ <u>46,559</u>

The general fund reported a due from the internal service fund of \$8,942,000 which represents amounts due the general fund from the internal service fund for operating costs.

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D. Long-term Debt

General obligation and capital appreciation bonds

The City issues general obligation and capital appreciation bonds to provide funds for the acquisition and/or construction of capital assets. 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, 2014, are as follows (in thousands):

<u>Bond Series/Interest Rate</u>	<u>Maturity</u>		
2002-B; 2.25%-5.25%	12/01/2015	\$	100
2005-A; 3.75%-5.75%	11/01/2015		2,735
2006-A; 4.00%-5.00%	04/01/2024		56,955
2006-B; 4.00%-5.00%	10/01/2015		22,375
2007-A; 4.00%-5.00%	12/01/2032		111,670
2013-A; 1.36%-5.00%	03/01/2043		68,061
2013-B; 4.00%	03/01/2034		2,690
2014-WFB; 4.574%	11/01/2023		19,885
Total City bonds		\$	<u>284,471</u>
2013-A accreted interest *	03/01/2043		<u>4,413</u>
Total City bonds and accreted interest		\$	<u><u>288,884</u></u>

* The City's Series 2013-A issue is capital appreciation bonds, which mature from fiscal year 2017 through 2043. This amount represents accreted interest on the balance outstanding as of June 30, 2014. The amount at full maturity will be \$82,175,000.

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>	<u>Unaccreted Interest</u>
2015	\$ 21,230	\$ 9,848	\$ 3,509
2016	20,065	8,869	3,684
2017	14,171	8,083	2,459
2018	15,835	11,347	-
2019	16,304	10,665	-
2020-2024	44,278	46,211	-
2025-2029	56,474	35,182	-
2030-2034	61,866	20,300	-
2035-2039	17,159	12,063	-
2040-2043	17,089	6,296	-
Subtotal	<u>\$ 284,471</u>	<u>\$ 168,864</u>	<u>\$ 9,652</u>
Add:			
Accreted interest through June 30, 2014	<u>4,413</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 288,884</u></u>	<u><u>\$ 168,864</u></u>	<u><u>\$ 9,652</u></u>

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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 \$208,800,000. The warrants outstanding at June 30, 2014, are as follows (in thousands):

<u>Series/Interest Rate</u>	<u>Maturity</u>		
2006-C; 4%-5%	04/01/2033	\$	24,740
2007-B; 4%-5%	03/01/2030		21,195
2009-A; 3%-4.5%	06/01/2026		13,795
2010-A; 2%-4.5%	02/01/2018		36,990
2010-B; 4.2%-7%	02/01/2040		39,115
2012-RB; 3.99%	08/01/2025		5,075
2012-CBT; 4.375%	08/01/2022		825
2014A; 1.55%	04/01/2020		4,225
2014PNC2; 1.15%	03/01/2018		4,550
Total City warrants		\$	<u>150,510</u>

Revenue Warrants:

2009-A Tax Increment Financing	\$	5,735
2009-B Tax Increment Financing		12,740
Total	\$	<u>18,475</u>

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>
2015	\$ 14,080	\$ 6,767
2016	14,655	6,201
2017	16,190	5,616
2018	16,860	4,941
2019	7,295	4,359
2020-2024	40,620	16,426
2025-2029	26,630	9,964
2030-2034	18,900	4,646
2035-2039	11,245	1,799
2040	2,510	97
Total	\$ 168,985	\$ 60,817

PACE Bonds:

<u>Series/Interest Rate</u>	<u>Maturity</u>		
2011-A (PACE) 4.00%* (see Table F-3)	10/01/2041		53,530
2011-B (PACE) 4.00%* (see Table F-3)	10/01/2041		8,000
Total PACE bonds		\$	<u>61,530</u>

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

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,435	\$ 2,072
2016	1,645	2,020
2017	1,695	1,966
2018	1,750	1,910
2019	1,810	1,852
2020-2024	9,985	8,318
2025-2029	10,105	8,207
2030-2034	9,965	8,346
2035-2039	13,150	5,158
2040	9,990	1,148
Total	\$ 61,530	\$ 40,997

* The PACE is public corporation that was created in August of 2011. The PACE's structure qualified as a blended component unit of the City upon its creation. The PACE holds debt related to the construction of a baseball stadium and beginning bonds and warrants payable includes an adjustment of \$62,920,000 related to this debt that was not previously included on the financial statement amounts. See Note I. A. Blended Component Unit and Table F-3 for a detail of this debt.

Total outstanding bonds and warrants payable (in thousands):

Bonds payable	\$ 288,884
Warrants payable	150,510
Revenue warrants	18,475
PACE Bonds payable	61,530
	<u>519,399</u>
Less current maturities	(36,745)
Unamortized premium and discount	17,897
	<u>17,897</u>
Total bonds and warrants payable (noncurrent)	\$ 500,551

Changes in long-term liabilities (in thousands):

	<u>Balance July 1, 2013</u>	<u>Addition</u>	<u>Reduction</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds and warrants payable *	\$ 565,159	\$ 37,405	\$ (65,268)	\$ 537,296	\$ 36,745
Capitalized leases	971	-	(209)	762	213
Worker's compensation claims	17,209	747	-	17,956	-
Compensated absences	14,842	587	-	15,430	3,129
Closure and postclosure costs	13,488	1,298	-	14,786	-
OPEB liability	25,893	4,616	-	30,509	-
Total	\$ 574,642	\$ 35,624	\$ (64,086)	\$ 546,181	\$ 40,087

City of Birmingham, Alabama
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* Beginning balance of Bonds and Warrants payable includes an adjustment of \$62,920,000 for debt related to the PACE Board that was previously excluded from the financial statement amounts. See note regarding presenting PACE Board as a blended component unit.

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 and the PACE bonds are paid from The Special Lodgings Tax and Lease Revenues.

On December 23, 2013, the City issued \$2,690,000 of its General Obligation Bonds Series 2013-B. The Bonds were issued for the purpose of funding projects at the McWane Center, Birmingham Civil Rights Institute and the Lyric Theatre. The Bonds are due on March 1 2020 through 2034.

On January 6, 2014, the City issued \$4,225,000 of its General Obligation Warrants Series 2014-PNC. The Warrants were issued for the purpose of currently refunding its outstanding Series 2004-B General Obligation Warrants due on April 1, 2015 through 2020 in the amount of \$4,120,000. The Series 2014-PNC Warrants mature over the same time period as the refunded warrants. The refunding decreased total debt service payments by \$321,225 and resulted in a net present value savings of \$310,096. As a result of the refunding, the City has recorded deferred charges in the Government-Wide Statement of Net Position. These charges represent the difference between the reacquisition price and the net carrying amounts of the refunded bonds and are being amortized over the remaining life of the refunded bonds. The unamortized portion of these costs as of June 30, 2014 is \$93,207.

On March 20, 2014, the City issued \$4,550,000 of its General Obligation Warrants Series 2014-PNC2. The Warrants were issued to finance the purchase of equipment, used by various City departments. The warrants mature on March 1, 2015 through 2018.

On January 22, 2014, the City issued its \$19,885,000 General Obligation Refunding Bond, Series 2014-WFB. The Bonds were issued to advance refund its General Obligation Bonds, Series 2005-A maturing in 2016 through 2023. The refunding bonds mature over the same period as the refunded bonds. The Series 2014-WFB bonds are taxable bonds, with an interest rate of 4.574%. The City has an option to refund these bonds between August 3, 2015 and November 1, 2015 at an interest rate of 3.85%. A portion of the proceeds were used to purchase government securities in accordance with the escrow trust agreement. These securities will be held in an irrevocable trust until November 1, 2015 when the funds will be used to refund the City's Series 2005-A bonds. As a result, the Series 2005-A bonds are considered defeased and the City has removed the liability from its accounts. The outstanding principal balance of the defeased bonds as of June 30, 2014 is \$19,885,000. The refunding decreased total debt service payments by \$1,140,610 and resulted in a net present value savings of the refunding transaction of \$1,028,990. As a result of the refunding, the City has recorded deferred charges in the Government-Wide Statement of Net Position. These charges represent the difference between the reacquisition price and the net carrying amounts of the refunded bonds and are being amortized over the remaining life of the refunded bonds. The unamortized portion of these costs as of June 30, 2014 is \$1,113,223.

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

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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).

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, 2014. This amount was calculated to be \$17,956,490 and has been accrued on the government-wide financial statements. The changes to the liability for workers compensation claims are shown below (in thousands):

<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>
2014	17,209	747	-	17,956
2013	14,259	2,950	-	17,209
2012	14,265	(6)	-	14,258
2011	11,947	2,318	-	14,265
2010	2,836	9,111	-	11,947

The City is also self-insured for its Employee Health Plan (the Plan). The Plan is accounted for in an Internal Service Fund and is externally administered. Contributions for City employees and their dependents are shared by the City and the employee. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Stop-loss insurance is maintained for this program at \$325,000 per individual. Claims have exceeded insurance coverage two of the last three years. It is anticipated that all claims outstanding as of June 30, 2014 will be paid during the next fiscal year.

Changes in claims liability for the last two years are as follows:

	<u>Beginning of Fiscal year Liability</u>	<u>Incurred Claims</u>	<u>Claim Payments</u>	<u>End of Fiscal Year Liability</u>
2013-2014	\$ 2,500,000	\$ 48,799,724	\$ 48,449,724	\$ 2,850,000
2012-2013	2,175,000	41,425,323	41,100,323	2,500,000

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

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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, 2014, the estimated amount of these liabilities totaled \$15,211,018 and is considered a current liability. The liability is the City's best estimate based on available information.

Below is a list of significant pending claims or litigation:

ACIPCO v. City of Birmingham, CV-12-90390, filed in state court. ACIPCO claims it is (1) due a sales and use tax refund of \$1,471,546 and (2) due to have a Final Assessment of Business License of \$1,561,452 set aside under the Alabama Code Section 11-51-90(b) ("the Branch Office Rule"). Case resolved with agreement to offset the two liabilities with the City keeping the \$89,906.

RAILROAD TAX LITIGATION

The City of Birmingham is litigating a number of sizable diesel tax refund requests. In *CSX v. Department of Revenue of Alabama*, the Eleventh Circuit held that a government may not assess sales and/or use taxes against railway carriers that discriminate under the Railroad Revitalization and Regulatory Reform Act (i.e. the "4-R Act"). Essentially, the Eleventh Circuit held that railway carriers cannot be assessed sales and/or use taxes on diesel fuel taxes when their direct competitors (i.e. water carriers and motor carriers) are not assessed these same taxes. The Fifth, Seventh and Ninth Circuits maintain that such a tax is proper so long as it does not discriminate against all other industrial users of diesel fuel rather than Eleventh Circuit's narrower position that the tax must not discriminate against a railway carrier's direct competitors.

The U.S. Supreme Court granted *certiorari* to hear the State of Alabama's appeal of the Eleventh Circuit ruling. The case is being briefed before the U.S. Supreme Court to settle the split among the circuits; however, a decision is not expected until June of 2015. Since the City's tax scheme is substantially the same as the State of Alabama's (i.e. the City does not assess an identical tax on water carriers and motor carriers) this case could determine whether the City owes similar refunds. The City expects that there is **probable chance** that the following refunds will be ordered paid:

CSX Transportation, Inc. v. City of Birmingham, CV2010-901772, remains on administrative docket pending the U.S. Supreme Court's case on this same tax. CSX claims a refund under the Railroad Revitalization and Regulatory Reform Act for sales and use taxes paid for diesel fuel purchases for years 2004, 2005, 2006 and through October 2007. **Refund sought \$3,124,475. Additionally, plaintiffs are also seeking interest on refund claims.**

CSX Transportation, Inc. v. City of Birmingham, CV2012-904061, remains on administrative docket pending the U.S. Supreme Court's case on this same tax. CSX claims a refund under the Railroad Revitalization and Regulatory Reform Act for sales and use taxes paid for diesel fuel purchases from November 2007 through November 2008. **Refund sought \$2,222,384. Additionally, plaintiffs are seeking interest on refund claims.**

CSX Transportation, Inc. v. City of Birmingham, CV2013-904854, remains inactive, but on the docket pending the U.S. Supreme Court's case on this same tax. CSX claims a refund under the Railroad Revitalization and Regulatory Reform Act for sales and use taxes paid for diesel fuel purchases from December 2008 to January 2011. **Refund sought \$2,830,194.49. Additionally, plaintiffs are seeking interest on refund claims.**

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BNSF Railroad v. City of Birmingham, CV2010-903064, remains on the administrative docket pending the U.S. Supreme Court's case on this same tax. BNSF claims a refund under the Railroad Revitalization and Regulatory Reform Act for sales and use taxes paid for diesel fuel purchases from February 2005 through February 2008. **Refund sought is \$1,745, 579. Additionally, plaintiffs are seeking interest on refund claims.**

BNSF Railroad v. City of Birmingham, CV2013-901031, filed in State Court and motions for summary judgment have already been argued; however, the judge is holding his ruling pending the U.S. Supreme Court case on this same tax. BNSF claims a refund under the Railroad Revitalization and Regulatory Reform Act for sales and use taxes paid for diesel fuel purchases from March 2008 through June 2009. **Refund sought is \$1,005,327. Additionally, plaintiffs are seeking interest on refund claims.**

BNSF Railroad v. City of Birmingham, CV2014-903876, filed in State Court. BNSF claims a refund under the Railroad Revitalization and Regulatory Reform Act for sales and use taxes paid for diesel fuel purchases from July 2009 through April 2011. **Refund sought is \$1,290,021. Additionally, plaintiffs are seeking interest on refund claims.**

Norfolk Southern Railway Company v. City of Birmingham, case is not in litigation; however, Norfolk is requesting a refund of diesel fuel taxes paid for January 2012 through March 2013. The City has not issued any decision on this refund request. **Refund sought is \$2,513,989.**

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>Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2014	\$ 17,139	\$ (878)	\$ 1,050	\$ 15,211
2013	7,662	11,291	1,814	17,139
2012	1,589	7,901	1,828	7,662
2011	1,696	953	1,060	1,589
2010	1,948	613	865	1,696

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.

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 \$12,740,000 and its Tax Increment Financing District No. I Revenue Warrant No. 2, dated November 6, 2009, in aggregate principal amount of \$5,735,000 (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.

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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.

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 dedicated to the repayment of obligations issued by the PACE Board. The Board's bonds funded the construction of a minor league baseball stadium, the home of the Birmingham Barons minor league baseball team, and were used to construct 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 are currently outstanding in the amount of \$61,530,000, 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. The Barons played their first game in the stadium on April 10, 2013 and attendance for the first season set a Southern League record.

Commercial Development Authority of the City of Birmingham 2011 Funding Agreement

The Bonds supported by this Funding Agreement, currently outstanding in the amount of \$69,615,000, 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

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calls for annual payments through fiscal year 2041 of approximately \$4,995,000. The hotel, which opened in January 2013, is operated as the Westin Hotel Birmingham and the entertainment space is currently 100% leased.

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. 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 \$85,593,100. These obligations are limited obligations of the City and generally payable as rebates of taxes received by the City from the private entity.

Serra Automobile Dealerships Development Agreement – In May of 2013, through a business retention and expansion program, the City agreed to provide an annual rebate of sales taxes generated, not exceeding \$753,000 annually, until a total rebate of \$5,271,000 has been provided.

Limbaugh Toyota Redevelopment Agreement – Based upon the agreement, the City agreed to support an expansion of the business by deeding certain real property to the Company and to make six annual payments of \$315,000 and one payment of \$310,000, totaling \$2,200,000 during the first seven years of the agreement after completion of construction; and to rebate 25% of New Sales Tax Revenue in 2020 through 2022. The first payment is due on October 31, 2015.

Trinity/Daniel Agreement (the "Agreement") – In October, 2008 the City entered into a Project Agreement with the owner of Trinity Medical Center, a full-service in-patient hospital, currently located in Birmingham ("Trinity"). Affiliates of Daniel Corporation, a real-estate development firm, ("Daniel") were also parties to the Agreement. The Agreement provides incentives for the hospital to relocate to the fast growing Highway 280 area of the City. Daniel proposed to build ancillary buildings and a hotel. The move required Trinity to secure a Certificate of Need from the State licensing board. The CON was granted and years of litigation ensued, brought by competing hospitals. In March, 2013 the Alabama Supreme Court settled the matter and Trinity has begun its construction project which, when completed, was expected to cause the City to retain approximately 2,300 employees and Daniel projected that it's development would generate approximately 600 employees. The Agreement obligates the City to rebate various taxes during construction periods and during operational periods to both Trinity and Daniel. The rebate requirements are summarized below. The summary is not intended to be a reproduction of the entire agreement. Other provisions may apply. The City has advised Trinity and Daniel that it does not have the authority to rebate ad-valorem taxes that are earmarked for specific uses, whether by the Constitution and Statutes of the State and/or by the referendums approving the taxes. In addition to the City's 9 mill general ad-valorem tax, the Agreement contemplates the rebate of the 9.2 mill Bond Debt Service Tax and the .5 mill Library Tax, all three of which are ear-marked, in whole or in part, for specific uses.

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Trinity:

During Construction:

Trinity Receives:

100% sales and use taxes

100% non-educational ad-valorem taxes

Operational Period:

Trinity Receives:	Years 1-10	Years 11-20
Non-educational ad-valorem taxes	80%	40%
Occupational Tax	80%	40%

Daniel:

During Construction:

Daniel Receives:

100% sales and use taxes

100% non-educational ad-valorem taxes

Operational Period:

Daniel Receives:	Years 1-20
Non-educational ad-valorem taxes	90%
Occupational tax	90%

The term of the Agreement is 23 years from the commencement of construction. The total amount payable to Trinity and to Daniel during the operating periods will not exceed \$40 million and \$15 million, respectively.

The Children’s Hospital of Alabama (“TCHA) Agreement (“Agreement”) – On May 13, 2008 the City entered into an incentive agreement with the Children’s Hospital of Alabama relating to the construction of a replacement hospital in the medical district of the City. The agreement provides that the City will rebate certain construction related permits/taxes during construction and then rebate occupational taxes which exceed a baseline according to the following formula: years 1-4: 50%; years 5-12: 80% and years 13-20: 50%. The occupational tax baseline is the amount of occupational tax paid to the City for the twelve-month period ending September 30, 2007. The term of the Agreement is the earlier of May 13, 2028 or when the total amount rebated by the City equals \$20 million. The remaining maximum obligation is approximately \$17.3 million. The new hospital’s cost was approximately \$375 million and the old facility has been converted into research space. The new hospital opened in March, 2011.

F. 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 \$14,785,846 reported as closure and postclosure cost liability at June 30, 2014, 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 post-closure care in 2014. Actual costs may be higher due to inflation, deflation, changes in

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technology, and/or changes in laws or regulations. Officials estimate the landfills' remaining lives to be approximately three years. A new cell is currently under construction.

G. Pension Funds

The City of Birmingham maintains six 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, 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 six plans was established by state law and is administered by a separate board of managers.

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 funded 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 plan's 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, 2013. 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, 2013 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, 2013 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.

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Supplementary Information for Retirement & Relief System

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2013
Basis for Contributions	7/1/2013
Cost Method	Entry Age Normal

Amortization:

Method	Level percent of payroll
Remaining Amortization Period	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	\$150,000

Plan Membership:

Retired participants and beneficiaries receiving benefits	2,834
Terminated participants entitled to, but not yet receiving benefits	283
Active participants	<u>3,901</u>
Total membership	<u>7,018</u>

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

Fiscal Year Ended	Employer Annual	Employer	Interest on NPO @ 7%	ARC Adjustment	Amortization Factor	Pension Cost	Change in NPO	NPO Balance
June 30,	Required Contribution	Amount Contributed						
2004	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
2012	18,904,668	13,676,554	662,043	519,075	18.2204	19,047,636	5,371,082	14,828,838
2013	20,516,939	13,591,898	1,038,019	813,858	18.2204	20,741,098	7,149,250	21,978,088

	Cost (APC) (in thousands)	Contributed	Net Pension Obligation (Asset) (in thousands)
06/30/09	17,089	75%	\$ (2,903)
06/30/10	21,134	63%	5,007
06/30/11	18,223	76%	9,458
06/30/12	19,048	72%	14,829
06/30/13	20,741	66%	21,978

GASB 67 disclosures for *City of Birmingham Retirement and Relief System*

Plan Description and Administration:

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. The plan was established by state law and is administered by a separate board of managers.

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Plan Membership:

All qualified employees of the Retirement and Relief System. At June 30, 2013, pension plan membership consisted of the following:

Retirees or Beneficiaries Currently Receiving Benefits	2,834
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	283
Active Plan Members	<u>3,901</u>
Total	<u>7,018</u>

The census data as of June 30, 2014 was not available at the time of this disclosure. It is assumed that the population remains constant.

Benefits Provided:

This exhibit summarizes the major plan provisions for participants of the Retirement and Relief System. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year
July 1 through June 30

Normal Pension

Eligibility: A participant may retire at (a) age 60 if he has completed 5 years of credited service, or (b) any age if he has completed 30 years of credited service.

Amount: 2.50% of final average salary for each year of credited service. This amount cannot be greater than 75.0% of the final average salary nor less than \$400 per month.

Service credit used to determine the benefit amount may be increased by credit granted for unused sick leave (on a percent of possible total basis).

Final average salary is defined as the highest average compensation over any 36-month period of the employee's last ten years of participation.

Early Retirement Pension:

Eligibility: A City participant may retire at age 55 if he has completed 25 years of credited service.

Amount: 1.85% of final average salary for each year of credited service.

Disability

Ordinary:

Service Requirement: 5 years of credited service

Amount: 2.00% of final average salary at disability for each year of credited service, payable immediately. This amount cannot be greater than 60% of final average salary nor less than \$400.

Extraordinary:

Service requirement: None

Amount: 70% of final monthly salary at disability, offset by the maximum Worker's Compensation benefit, payable immediately.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

Termination

To a participant terminating before becoming eligible for a vested deferred pension from the plan, a lump sum of his or her own contributions without interest is payable.

Participants terminating after 5 years of actual service who leave their contributions in the System Fund have a non-forfeitable right to a monthly pension beginning at age 60. The form and amount of the pension are the same as the normal pension.

Death Benefits

If a participant dies prior to his or her attainment of eligibility for retirement, a lump sum of his or her own contributions without interest is payable to his or her beneficiary.

If an active participant who is eligible to retire or a retired participant dies, 60% of the accrued pension benefit is payable to the surviving spouse, if any, during his or her remaining life. If an active participant (other than a participant of the Fireman and Policeman Supplemental System) who is not eligible to retire, but who has completed 5 years of service dies, a portion of 60% of the accrued pension benefit is payable to the spouse during her remaining lifetime. This portion is defined as follows:

<u>Number of Years of Service</u>	<u>Portion of Entitled Benefit</u>
5	50%
6	60
7	70
8	80
9	90
10 or more	100

This benefit is payable at the earlier of (a) date that the deceased participant would have attained age 60 or (b) the date the deceased participant would have completed 20 years of service. In lieu of the above, for all participants, an annuity of 60% of salary is payable to the surviving spouse and 10% is payable to a minor child if death is service connected; the maximum for spouse and children is 75% and the maximum for children if no spouse is 60%. The minimum spouse benefit is \$320 per month.

Back-DROP

An employee with 33years of service or who is at least age 63 with 23 years of service may elect up to a 36-month Back-Drop. The employee's monthly benefit will be calculated using service and final average salary as of the Back-DROP date and the employee will receive a lump sum equal to the number of months dropped back times the retirement benefit, accumulated with interest.

Participation

All qualified employees of the Retirement and Relief System must participate.

Contributions:

Employees: 6.50% of compensation
City: 6.50% of compensation

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

Investments

Investment Policy:

The following was the City's adopted asset allocation policy as of June 30, 2014:

Asset Class	Target Allocation
Equity	65%
Fixed Income	<u>35%</u>
Total	<u>100%</u>

Concentrations:

The Plan did not hold investments in any one organization that represented 5 percent or more of the Pension Plan's fiduciary net position.

Rate of Return:

For the year ended September 30, 2014 the annual investment rate of return on Pension Plan investments, net of pension plan investment expense, was an assumed 7.00 percent. The annual investment rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Sponsor:

The components of the net pension liability of the sponsor on June 30, 2014 were as follows:

Total Pension Liability	\$1,433,025,474
Plan Fiduciary Net Position	<u>1,032,760,391</u>
City's Net Pension Liability	<u>\$ 400,265,083</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	72.07%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement, with the results rolled forward to June 30, 2014:

Inflation	3.00%
Salary increases	3.00%, plus age-related salary scale
Investment rate of return	7.00%, including inflation, net of pension plan investment expense

Healthy mortality rates were based on the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years for both males and females. Disabled mortality rates were based on the sex-distinct RP-2000 Disabled Retiree Mortality Table, multiplied by 70%. The current tables were determined to contain a margin of 8% to anticipate future mortality improvement based on the review of mortality experience for the 2005-2010 period.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	6.6%
Fixed income	2.2%

Discount Rate:

The blended discount rate used to measure the total pension liability is 5.76%. The projection of cash flows used to determine the discount rate assumed contributions will continue to be made at 6.50% of compensation from plan members and 6.50% of compensation from the City. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are excluded, as are projected employee contributions from future plan members. Based on these assumptions, the System's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the System's investments was applied to the first 28 periods of projected benefit payments and a 4.29% municipal bond rate was applied to all periods thereafter to determine the total pension liability. The 4.29% municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 26, 2014.

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the System, calculated using the discount rate of 5.76% as well as what the System's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.76%) or one percentage point higher (6.76%) than the current rate:

	1% Decrease (4.76%)	Current Discount Rate (5.76%)	1% Increase (6.76%)
Net pension liability	\$575,136,975	\$400,265,083	\$252,974,766

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

Schedule of Changes in Net Pension Liability and Related Ratios:

	2014
Total Pension Liability	
Service Cost	\$ 35,473,452
Interest	78,078,837
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(72,124,342)</u>
Net Change in Total Pension Liability	\$41,427,947
Total Pension Liability - Beginning	<u>1,391,597,527</u>
Total Pension Liability - Ending (a)	\$ <u>1,433,025,474</u>
Plan fiduciary net position	
Contributions - Employer	\$ 14,039,103
Contributions- Employee	11,984,752
Net Investment Income	143,936,432
Benefit Payments, Including Refunds of Employee Contributions	<u>(72,124,342)</u>
Administrative Expense	<u>(186,812)</u>
Net Change in Plan Fiduciary Net Position	97,649,133
Plan Fiduciary Net Position - Beginning	<u>935,111,258*</u>
Plan Fiduciary Net Position - Ending (b)	\$ 1,032,760,391
Net Pension Liability - Ending (a) - (b)	\$ <u>400,265,083</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.07%
Covered Employee Payroll	\$ 184,380,800
Net Pension Liability as a Percentage of covered Employee Payroll	217.09%

*As of June 30, 2013, there was a contribution balance of \$888,918 for active fire and police employees with more than 30 years of service, which was to be transferred from the Supplemental System. The System adjusted the market value of assets to account for this pending transfer.

Notes to the above schedule:

There have been no changes to benefits nor changes to assumptions since the implementation of GASB 67. Historical information prior to the implementation of GASB 67 is not required.

Schedule of Contributions:

	<u>2014</u>
Actuarially Determined Contribution*	\$30,553,712
Contributions in Relation to the Actuarially	
Determined Contributions	<u>14,039,103</u>
Contribution Deficiency (Excess)	<u>16,514,609</u>
Covered Employee Payroll**	\$184,380,800
Contributions as a Percentage of Covered Employee Payroll	7.61%

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

Notes to Schedule:

*The Actuarially Determined Contribution is equal to the total calculated contribution in the 2013 actuarial valuation, minus the portion expected to be covered by employee contributions.

**Payroll is estimated based on the actual employee contributions received and a 6.50% contribution rate.

Notes:

Valuation Date: Actuarially determined contribution rates are calculated using a July valuation date as of the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	
Remaining	Level Percent of Payroll, using 3.0% annual increases
Amortization Period	Rolling 30 years
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.
Actuarial assumptions:	
Inflation	3.00%
Projected Salary Increases	3.00%, (plus age-related salary scale based on participant group)
Investment Rate of Return	7.0%, including inflation, net of pension plan investment expense
Retirement Rates	General Employees – Rates vary from age 50 to 74. (Note: rates are decreased to 0% at 30 years and decreased by 75% when employees have 31-32 years of service. The rate is increased by 150% when the employee reaches 33 years of service.) Fire and police employees – Group specific rates based on years of service ranging from 20 to 35 years, with 100% retirement at age 65.
Mortality:	
Healthy	RP-2000 Combined Healthy Mortality Table, set forward two years for both males and females.
Disabled	RP-2000 Disabled Retiree Mortality Table, multiplied by 70%.

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.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

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

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2013
Basis for Contributions	7/1/2013
Cost Method	Entry Age Normal

Amortization:

Method	Level Percent of Payroll
Remaining Amortization Period	Rolling 30 years

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 .50% to 6.50%

Plan Membership:

Retired participants and beneficiaries receiving benefits	357
Active participants	<u>1,442</u>
Total membership	<u>1,799</u>

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

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
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)
2012	4,922,811	4,561,000	(90,237)	(70,750)	18.2204	4,903,325	342,325	(946,773)
2013	4,899,765	4,039,735	(66,274)	(51,962)	18.2204	4,885,473	845,738	(101,035)

Annual Pension Percentage of APC

Fiscal Year Ending	Cost (APC) (in thousands)	Contributed	Net Pension Obligation (Asset) (in thousands)
06/30/09	4,400	94%	(3,297)
06/30/10	5,061	78%	(2,181)
06/30/11	4,879	81%	(1,289)
06/30/12	4,903	93%	(947)
06/30/13	4,885	83%	(101)

GASB 67 disclosures for City of Birmingham Firemen's and Policemen's Supplemental Pension System

Plan Description:

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

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

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. The plan was established by state law and is administered by a separate board of managers.

Plan Membership:

All qualified full-time policemen and firemen are required to participate. At June 30, 2013, pension plan membership consisted of the following:

Retirees or beneficiaries currently receiving benefits	357
Active employees	<u>1,442</u>
Total	1,799

The census data as of June 30, 2014 was not available at the time of this disclosure. It is assumed that the population remains constant.

Benefits Provided:

This exhibit summarizes the major plan provisions for participants of the Firemen's and Policemen's Supplemental Pension System. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year

July 1 through June 30

Normal Pension

Service Requirement: 20 years of credited service.

Amount: 50% of final average salary plus 0.5% of final average salary for each year over 20 years is paid for the period prior to eligibility for 30-year retirement under the General Fund. Final average salary is defined as the highest average of basic salary earned during 42 consecutive month period in the last 10 years prior to termination.

Disability

Service Requirement: 5 years of credited service.

Amount: A supplement sufficient when added to the General disability allowance to total not less than 25% nor more than 50% of final average salary, payable for life.

Termination

If a participant terminates prior to eligibility for a pension from the Plan, a lump sum of his/her own contribution without interest is payable.

Death Benefits

Pre-Retirement: For an active participant who has at least 5 years of credited service, the survivor's benefit is equal to 60% of final average salary, plus 5% for each child up to two children. No death benefit is payable if a death benefit is payable from the General Fund.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

Post-Retirement: For a retired participant, the survivor's benefit is 60% of the monthly benefit plus 5% per dependent child to a maximum of 70% of the participant's monthly benefit.

Back-DROP

Participants with at least 26 years of credited service may elect a 36-month Back-DROP. They will receive a monthly benefit based on service and final average salary as of the date of the Back-DROP and a 36-month lump-sum benefit.

Participation

All qualified full-time policemen and firemen must participate.

Contributions:

Employees: 5.22% of compensation
City: 5.22% of compensation

Investments:

Investment Policy:

The following was the City's adopted asset allocation policy as of June 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	61%
Fixed income	39%
Total	100%

Concentrations:

The Plan did not hold investments in any one organization that represented 5 percent or more of the Pension Plan's fiduciary net position.

Rate of Return:

For the year ended September 30, 2014 the annual investment rate of return on Pension Plan investments, net of pension plan investment expense, was an assumed 7.00 percent. The annual investment rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Sponsor:

The components of the net pension liability of the sponsor on June 30, 2014 were as follows:

Total Pension Liability	\$121,901,191
Plan Fiduciary Net Position	<u>53,063,029</u>
Sponsor's Net Pension Liability	<u>\$ 68,838,162</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	43.53%

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement, with the results rolled forward to June 30, 2014:

Inflation	3.00%
Salary increases	3.00%, plus age-related salary scale
Investment rate of return	7.00%, including inflation, net of pension plan investment expense

Healthy mortality rates were based on the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years for both males and females. Disabled mortality rates were based on the sex-distinct RP-2000 Disabled Retiree Mortality Table, multiplied by 70%. The current tables were determined to contain a margin of 8% to anticipate future mortality improvement based on the review of mortality experience for the 2005-2010 period.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	6.6%
Fixed income	2.2%

Discount Rate:

The blended discount rate used to measure the total pension liability is 5.73%. The projection of cash flows used to determine the discount rate assumed contributions will continue to be made at 5.22% of compensation from plan members and 5.22% of compensation from the City. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are excluded, as are projected employee contributions from future plan members. Based on these assumptions, the System's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the System's investments was applied to the first 19 periods of projected benefit payments and a 4.29% municipal bond rate was applied to all periods thereafter to determine the total pension liability. The 4.29% municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 26, 2014.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the System, calculated using the discount rate of 5.73% as well as what the System's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.73%) or one percentage point higher (6.73%) than the current rate:

	1% Decrease (4.73%)	Current Discount Rate (5.73%)	1% Increase (6.73%)
Net pension liability	\$75,150,743	\$68,838,162	\$62,953,562

Schedule of Changes in Net Pension Liability and Related Ratios:

	<u>2014</u>
Total Pension Liability	
Service Cost	\$ 7,504,493
Interest	6,517,060
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(11,712,272)
Net Change in Total Pension Liability	<u>2,309,281</u>
Total Pension Liability - Beginning	119,591,910
Total Pension Liability - Ending (a)	<u>\$ 121,901,191</u>
Plan Fiduciary Net Position	
Contributions - Employer	4,090,689
Contributions- Employee	4,074,251
Net Investment Income	7,022,559
Benefit Payments, Including Refunds of Employee Contributions	(11,712,272)
Administrative Expense	(36,850)
Net Change in Plan Fiduciary Net Position	<u>\$ 3,438,377</u>
Plan Fiduciary Net Position -- Beginning	49,624,652*
Plan Fiduciary Net Position - Ending (b)	<u>\$ 53,063,029</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 68,838,162</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	43.53%
Covered Employee Payroll	\$ 78,050,785
Net Pension Liability as a Percentage of covered Employee Payroll	88.20%

*As of June 30, 2013, there was a contribution balance of \$888,918 for active fire and police employees with more than 30 years of service, which was to be transferred from the Supplemental System. Segal Consulting adjusted the market value of assets to account for this pending transfer.

Notes to the above schedule:

There have been no changes to benefits nor changes to assumptions since the implementation of GASB 67. Historical information prior to the implementation of GASB 67 is not required.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

Schedule of Contributions:

	<u>2014</u>
Actuarially Determined Contribution*	\$ 5,839,810
Contributions in Relation to the Actuarially Determined Contributions	<u>4,090,689</u>
Contribution Deficiency (Excess)	<u>1,749,121</u>
Covered Employee Payroll**	\$ 78,050,785
Contributions as a Percentage of Covered Employee Payroll	5.24%

Notes to Schedule:

*The Actuarially Determined Contribution is equal to the total calculated contribution in the 2013 actuarial valuation, minus the portion expected to be covered by employee contributions.

**Payroll is estimated based on the actual employee contributions received and a 5.22% contribution rate.

Notes:

Valuation Date: Actuarially determined contribution rates are calculated using a July valuation date as of the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, using 3.0% annual increases
Remaining Amortization Period	Rolling 30 years
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.

Actuarial assumptions:

Inflation	3.00%
Salary Increases	3.0%, plus age-related salary scale
Investment Rate of Return	7.0%, including inflation, net of pension plan investment expense
Retirement Rates	Group specific rates based on years of service, ranging from 20 to 35 years, with a 100% retirement at age 65
Mortality	
Healthy	RP-2000 Combined Healthy Mortality Table, set forward two years for both males and females
Disabled	RP-2000 Disabled Retiree Mortality Table, multiplied by 70%

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

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 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.

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	7/1/2013
Basis for Contributions	7/1/2013
Actuarial 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	19
Active participants	<u>3</u>
Total membership	<u>22</u>

GASB 67 disclosures for City of Birmingham Unclassified Employees' Pension & Relief System

Plan Description:

City of Birmingham Firemen's and Policemen's Supplemental Pension 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 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. The plan was established by state law and is administered by a separate board of managers.

Plan Membership:

All employees of the City of Birmingham Unclassified Employee's Pension & Relief System. At June 30, 2013, pension plan membership consisted of the following:

Retirees or beneficiaries currently receiving benefits	19
Active employees	<u>3</u>
Total	22

The census data as of June 30, 2014 was not available at the time of this disclosure. It is assumed that the population remains constant.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

Benefits Provided:

This exhibit summarizes the major plan provisions for participants of the Unclassified Employee's Pension & Relief System. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year

July 1 through June 30

Normal Retirement

Eligibility: A participant may retire at age 62 with 10 years of credited service.

Amount: A monthly benefit of \$4 per year of Past Service (service before December 1, 1975) plus \$20 per year of Future Service. Minimum benefit of \$500 per month for active participants retiring after July 1, 1995.

Early Retirement Pension:

Eligibility: A City participant may retire at age 55 if he has completed 20 years of service, at least 3 of which are after the effective date of December 1, 1975.

Amount: The accrued amount, reduced by 4/9 of 1% for each month of age under 62.

Disability

Eligibility: 15 years of credited service.

Amount: Normal pension based on service accrued, payable immediately.

Termination

To a participant terminating prior to eligibility for a pension from the plan, a lump sum of contributions without interest is payable. Participants terminating after 10 years of credited service who leave their contributions in the Fund have a non-forfeitable right to a monthly pension beginning at age 62. The form and amount of the pension are the same as the Normal pension. Since all active employees have at least 20 years of service now, there is no reduction for partial vesting.

Death Benefits

If a participant dies prior to his attainment of eligibility for vesting or retirement, if not married, a lump sum of contributions without interest is payable to the beneficiary. If an active vested participant or vested inactive participant dies, 50% of the accrued pension benefit, reduce by the Joint and Survivor factor, is payable to the surviving spouse, if any, during their remaining lifetime. The Joint and Survivor factor is 10%, plus ½ of 1% per year of spouse age more than 10 years younger than the participant. The spouse benefit is deferred to the date the participant would have been age 62. The spouse may elect an immediate return of the participant's own contributions in lieu of the annuity.

Optional Benefit Forms

A participant retiring under the plan may choose, in lieu of an annuity for life, an optional form of benefit including a joint and survivor annuity reduced as described above, a partial lump sum option or a Social Security option. Optional forms will be calculated as the actuarial equivalent of the life annuity form.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

Contributions:

Employees: Employees contribute \$10 per paycheck.

Investments:

Investment Policy:

The following was the City's adopted asset allocation policy as of June 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity	60%
Fixed income	40%
Total	100%

Concentrations:

The Plan did not hold investments in any one organization that represented 5 percent or more of the Pension Plan's fiduciary net position.

Rate of Return:

For the year ended September 30, 2014 the annual investment rate of return on Pension Plan investments, net of pension plan investment expense, was an assumed 7.00 percent. The annual investment of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Sponsor:

The components of the net pension liability of the sponsor on June 30, 2014 were as follows:

Total Pension Liability	\$ 643,124
Plan Fiduciary Net Position	<u>927,788</u>
Sponsor's Net Pension Liability	<u>\$ (284,664)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	144.26%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement, with the results rolled forward to June 30, 2014:

Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.00%, including inflation, net of pension plan investment expense

Healthy mortality rates were based on the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years for both males and females. Disabled mortality rates were based on the sex-distinct RP-2000 Disabled Retiree Mortality Table, multiplied by 70%. The current tables were determined to contain a margin of 8% to anticipate future mortality improvement based on the review of mortality experience for the 2005-2010 period.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	6.6%
Fixed income	2.2%

Discount Rate:

The blended discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumed no future contributions will be made. Based on this assumption, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the System's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the System, calculated using the discount rate of 7.00% as well as what the System's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	\$(247,559)	\$(284,664)	\$(317,557)

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

Schedule of Changes in Net Pension Liability and Related Ratios:

	2014
Total Pension Liability	
Service Cost	\$ 937
Interest	44,935
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(89,337)
Net Change in Total Pension Liability	(43,465)
Total Pension Liability - Beginning	686,589
Total Pension Liability - Ending (a)	\$ 643,124
Plan Fiduciary Net Position	
Contributions - Employer	\$ 0
Contributions- Employee	780
Net Investment Income	81,828
Benefit Payments, Including Refunds of Employee Contributions	(89,337)
Administrative Expense	(16,750)
Net Change in Plan Fiduciary Net Position	\$ (23,479)
Plan Fiduciary Net Position – Beginning	951,267
Plan Fiduciary Net Position - Ending (b)	\$ 927,788
Net Pension Liability - Ending (a) - (b)	\$ (284,664)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	144.26%
Covered Employee Payroll	N/A
Net Pension Liability as a Percentage of covered Employee Payroll	N/A

Notes to the above schedule:

There have been no changes to benefits nor changes to assumptions since the implementation of GASB 67. Historical information prior to the implementation of GASB 67 is not required.

Schedule of Contributions

	<u>2014</u>
Actuarially Determined Contribution	\$ 0
Contributions in Relation to the Actuarially	
Determined Contributions	<u>0</u>
Contribution Deficiency (Excess)	\$ <u>0</u>
Covered Employee Payroll	N/A
Contributions as a Percentage of Covered Employee Payroll	N/A

Notes:

Valuation Date: Actuarially determined contribution rates are calculated using a July valuation date as of the beginning of the fiscal year in which contributions are reported.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Aggregate cost Method
Asset valuation method	Market Value

Actuarial assumptions:

Inflation	3.00%
Investment Rate of Return	7.0%, including inflation, net of pension plan investment expense
Projected salary increases	N/A
Retirement Rates	Employees are assumed to retire at age 62 with at least 10 years of credited service.
Mortality	
Healthy	RP-2000 Combined Healthy Mortality Table, set forward two years for both males and females.
Disabled	RP-2000 Disabled Retiree Mortality Table, multiplied by 70%.

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.

Supplementary Information for Retirement & Relief System Health Department Employees

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2013
Basis for Contributions	7/1/2013
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%

Plan Membership:

Retired participants and beneficiaries receiving benefits	38
Active participants	<u>11</u>
Total membership	<u>49</u>

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

GASB 67 disclosures for City of Birmingham Retirement and Relief System Health Department Employees

Plan Description and Administration:

City of Birmingham Retirement and Relief System — 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. The plan was established by state law and is administered by a separate board of managers.

Plan Membership:

All qualified employees of hired prior to May 31, 1994 who opted not to transfer to the Retirement System of Alabama. At June 30, 2013, pension plan membership consisted of the following:

Retirees or Beneficiaries Currently Receiving Benefits	38
Active Plan Members	<u>11</u>
Total	49

The census data as of June 30, 2014 was not available at the time of this disclosure. It is assumed that the population remains constant.

Benefits Provided:

This exhibit summarizes the major plan provisions for participants of the Retirement and Relief System. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year

July 1 through June 30

Normal Pension

Eligibility: A participant may retire at (a) age 60 if he has completed 5 years of credited service, or (b) any age if he has completed 30 years of credited service.

Amount: 2.50% of final average salary for each year of credited service. This amount cannot be greater than 75.0% of the final average salary nor less than \$400 per month. Final average salary is defined as the highest average compensation over any 36-month period of the employee's last ten years of participation.

Early Retirement Pension:

Eligibility: A City participant may retire at age 55 if he has completed 25 years of credited service.

Amount: 1.85% of final average salary for each year of credited service.

Disability

Ordinary:

Service Requirement: 5 years of credited service

Amount: 2.00% of final average salary at disability for each year of credited service, payable immediately. This amount cannot be greater than 60% of final average salary nor less than \$400 per month.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

Extraordinary:

Service requirement: None

Amount: 70% of final monthly salary at disability, offset by the maximum Worker's Compensation benefit, payable immediately.

Termination

To a participant terminating before becoming eligible for a vested deferred pension from the plan, a lump sum of his or her own contributions without interest is payable.

Participants terminating after 5 years of actual service who leave their contributions in the System Fund have a non-forfeitable right to a monthly pension beginning at age 60. The form and amount of the pension are the same as the normal pension.

Death Benefits

If a participant dies prior to his or her attainment of eligibility for retirement, a lump sum of his or her own contributions without interest is payable to his or her beneficiary.

If an active participant who is eligible to retire or a retired participant dies, 60% of the accrued pension benefit is payable to the surviving spouse, if any, during his or her remaining life. If an active participant who is not eligible to retire, but who has completed 5 years of service dies, a portion of 60% of the accrued pension benefit is payable to the spouse during her remaining lifetime. This portion is defined as follows:

<u>Number of Years of Service</u>	<u>Portion of Entitled Benefit</u>
5	50%
6	60
7	70
8	80
9	90
10 or more	100

This benefit is payable at the earlier of (a) date that the deceased participant would have attained age 60 or (b) the date the deceased participant would have completed 20 years of service. In lieu of the above, for all participants, an annuity of 60% of salary is payable to the surviving spouse and 10% is payable to a minor child if death is service connected; the maximum for spouse and children is 75% and the maximum for children if no spouse is 60%. The minimum spouse benefit is \$400 per month.

Participation

All qualified employees of the Retirement and Relief System must participate.

Contributions:

Employees contribute 6.00% of compensation and the employer contributes the additional required amount. (Employee contributions may be increased to a maximum of 7.00%)

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

Investments

Investment Policy:

The following was the City's adopted asset allocation policy as of June 30, 2014:

Asset Class	Target Allocation
Equity	65%
Fixed Income	<u>35%</u>
Total	<u>100%</u>

Concentrations:

The Plan did not hold investments in any one organization that represented 5 percent or more of the Pension Plan's fiduciary net position.

Rate of Return:

For the year ended September 30, 2014 the annual investment rate of return on Pension Plan investments, net of pension plan investment expense, was an assumed 7.00 percent. The annual investment rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Sponsor:

The components of the net pension liability of the sponsor on June 30, 2014 were as follows:

Total Pension Liability	\$ 11,351,284
Plan Fiduciary Net Position	<u>15,753,763</u>
City's Net Pension Liability	<u>\$ (4,402,479)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	138.78%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement, with the results rolled forward to June 30, 2014:

Inflation	3.00%
Salary increases	3.00%, plus age-related salary scale
Investment rate of return	7.00%, including inflation, net of pension plan investment expense

Healthy mortality rates were based on the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years for both males and females. Disabled mortality rates were based on the sex-distinct RP-2000 Disabled Retiree Mortality Table, multiplied by 70%. The current tables were determined to contain a margin of 8% to anticipate future mortality improvement based on the review of mortality experience for the 2005-2010 period.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an experience study for the period July 1, 2005 to June 30, 2010.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	6.6%
Fixed income	2.2%

Discount Rate:

The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumed contributions will continue to be made at 6.00% of compensation from plan members and no contributions will be made from the City. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the System's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the System, calculated using the discount rate of 7.00% as well as what the System's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	\$(3,359,423)	\$(4,402,479)	\$(5,305,486)

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

Schedule of Changes in Net Pension Liability and Related Ratios:

	2014
Total Pension Liability	
Service Cost	\$ 62,675
Interest	765,878
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(836,771)
Net Change in Total Pension Liability	\$(8,218)
Total Pension Liability - Beginning	<u>11,359,502</u>
Total Pension Liability - Ending (a)	\$ <u>11,351,284</u>
Plan fiduciary net position	
Contributions - Employer	\$ 14,707
Contributions- Employee	36,616
Net Investment Income	2,288,551
Benefit Payments, Including Refunds of Employee Contributions	(836,771)
Administrative Expense	-
Net Change in Plan Fiduciary Net Position	\$ <u>1,503,103</u>
Plan Fiduciary Net Position - Beginning	<u>14,250,660</u>
Plan Fiduciary Net Position - Ending (b)	\$ <u>15,753,763</u>
Net Pension Liability - Ending (a) - (b)	\$ <u>(4,402,479)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	138.78%
Covered Employee Payroll	\$ 610,267
Net Pension Liability as a Percentage of covered Employee Payroll	(721.40)%

Notes to the above schedule:

There have been no changes to benefits nor changes to assumptions since the implementation of GASB 67. Historical information prior to the implementation of GASB 67 is not required.

Schedule of Contributions:

	<u>2014</u>
Actuarially Determined Contribution	\$0
Contributions in Relation to the Actuarially	
Determined Contributions	<u>14,707</u>
Contribution Deficiency (Excess)	<u>(14,707)</u>
Covered Employee Payroll*	\$610,267
Contributions as a Percentage of Covered Employee Payroll	2.41%

Notes to Schedule:

*Payroll is estimated based on the actual employee contributions received and a 6.00% contribution rate.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

Notes:

Valuation Date: Actuarially determined contribution rates are calculated using a July valuation date as of the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Aggregate cost method
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.
Actuarial assumptions:	
Inflation	3.00%
Projected Salary Increases	3.00%, (plus age-related salary scale based on participant group)
Investment Rate of Return	7.0%, including inflation, net of pension plan investment expense
Retirement Rates	Employees are assumed to retire at age 60 with at least 10 years of credited service.
Mortality:	
Healthy	RP-2000 Combined Healthy Mortality Table, set forward two years for both males and females.
Disabled	RP-2000 Disabled Retiree Mortality Table, multiplied by 70%.

Policemen's Pension and Relief Fund – This system covers policemen employed prior to September 1939. There are 2 beneficiaries currently in the plan. This plan is considered immaterial for GASB 67 disclosure requirements.

Analysis of Funding Progress

This plan is frozen and has 2 participants receiving benefits. The City pays benefits as they become due.

Supplementary information for Policemen's Pension & Relief

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2013
Basis for Contributions	7/1/2013
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 1 beneficiary. This plan is considered immaterial for GASB 67 disclosure requirements.

Analysis of Funding Progress

This plan is frozen with 1 participant receiving benefits. The City pays benefits as they come due.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

Supplementary information for Limited Firemen's Pension & Relief

Actuarial Valuation:	
Frequency	Annual
Latest Date	7/1/2013
Basis for Contributions	7/1/2013
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 1 beneficiary. This plan is considered immaterial for GASB 67 disclosure requirements.

This plan is frozen with one participant 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	7/1/2013
Basis for Contributions	7/1/2013
Cost Method	Frozen Plan
Assumptions:	
Investment Earnings	7%
Mortality Table	1994 Group Annuity Mortality Table

Post-Retirement Benefits

Plan description

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 City's funding for each covered retired employee ranges from \$653 to \$1,602 per month, and total insurance premiums range from \$220 to \$1,079 per month for health insurance. Dental insurance ranges from \$13 to \$80. Expenditures for post-retirement health care insurance costs are made and recognized monthly in the City's financial statements.

Funding Policy

The City currently pays for postemployment healthcare benefits on a pay-as-you-go basis. The City continues to study its benefits plan in an effort to reduce costs. These financial statements assume that pay-as-you-go funding will continue.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

Annual Pension Cost and Net Pension Obligation

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, 2013 was 24 years. The discount rate used for the determination of the expense for fiscal year 2013 is 4.00%. Total employer contributions for fiscal year 2014 were approximately \$8.4 million net of participants' and pension plans' contributions. The City's annual pension cost and net pension obligation to the plan for the current year were as follows (in thousands):

Annual required contribution	\$ 15,042
Interest on net OPEB obligation	977
ARC adjustment	<u>(3,003)</u>
Annual OPEB Cost	13,016
Contributions Made	<u>(8,400)</u>
Change in Net OPEB	4,616
Net OPEB Obligation, beginning of year	<u>25,893</u>
Net OPEB Obligation, end of year	\$ <u>30,509</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for fiscal year 2014 and the two preceding years are as follows (in thousands):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Net OPEB Obligation End of Year	Percentage Annual OPEB Cost Contributed
2012	6,322	3,900	25,893	61.69%
2013	6,238	7,700	24,431	123.44%
2014	14,478	8,400	30,509	58.02%

Funded status

As of June 30, 2013, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits equaled \$139,319,903, resulting in an unfunded actuarial accrued liability (UAAL) of \$139,319,903. The covered payroll (annual payroll of active employees covered by the Plan) equaled \$209,748,792, and the ratio of the UAAL to the covered payroll equaled 66.42%.

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

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

continue revision as actual results are compared with past expectations and new estimates are made about the future.

In the actuarial valuation dated June 30, 2013, the projected unit credit cost actuarial method was used. Because the City funds its OPEB on a pay-as-you-go basis, the plan has no assets (investments) legally held exclusively for paying the post-retirement medical benefits. Based on the market value of assets method of asset valuation, the actuarial assumptions included a 4.0% discount rate, which approximates the expected rate of return on non-pension investments held by the City, including inflation at 3.0%. Actuarial assumptions also included an annual medical cost trend rate of 8.0% initially, reduced to an ultimate rate of 5.0% for costs after twelve years. The UAAL is being amortized as a level percentage of pay over thirty years on an open basis.

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, 2013 plan valuation date, membership was as follows:

Current retirees, beneficiaries and dependents receiving medical and prescription drug benefits or life insurance coverage	2,663
Current active members	<u>3,764</u>
Total plan members	<u>6,427</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.

Year Ending June 30,	Rate (%)	
	Medical	Prescription Drug
2014	8.00%	6.50%
2015	7.75%	6.25%
2016	7.50%	6.00%
2017	7.25%	5.75%
2018	7.00%	5.50%
2019	6.75%	5.25%
2020	6.50%	5.00%
2021	6.25%	5.00%
2022	6.00%	5.00%
2023	5.75%	5.00%
2024	5.50%	5.00%
2025	5.25%	5.00%
2026 & thereafter	5.00%	5.00%

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2014

H. Prior Period Adjustments

The beginning fund balances and net position as of July 1, 2013 has been adjusted as follows (in thousands):

Fund Financial Statements	Fund Balance as Originally Reported	Prior Period Adjustments	Fund Balance as Restated
PACE Board Fund (blended component unit):			
Record PACE blended component unit net cash balance. See Note I. A. Blended Component Unit.		4,292	
Total PACE Board Fund Balance (blended component unit)	\$ -	\$ 4,292	\$ 4,292

Government-wide Financial Statements	Net Position as Originally Reported	Prior Period Adjustments	Net Position as Restated
Decrease bond issuance costs related to implementation of GASB 65.		\$ (8,367)	
Record PACE blended component unit net activity. See Note I. A. Blended Component Unit.		7,688	
Record prior year zoo fixed asset additions, net of accumulated depreciation. See Note III. B.		30,522	
Record internal service fund activity. See Note I. B.		(8,942)	
Total Net Position	\$ 200,811	\$ 20,901	\$ 221,712

The Birmingham Airport Authority- a discretely presented component unit of the City, reported a prior period adjustment resulting from an improper expensing in 2007 of assets related to a deferred compensation plan.

**REQUIRED SUPPLEMENTARY
INFORMATION**

City of Birmingham, Alabama
Required Supplementary Information
Year ended June 30, 2014

Schedule of Funding Progress-Pension Plans

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
Retirement and Relief System						
7/1/2007	\$935,821,094	\$ 992,864,448	\$ 57,043,354	94.25%	\$167,807,596	33.99%
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%
7/1/2012	\$878,048,507	\$1,181,090,260	\$303,041,753	74.34%	\$181,406,586	167.05%
7/1/2013	\$888,209,730	\$1,216,684,458	\$328,474,728	73.00%	\$182,634,179	179.85%
Firemen's and Policemen's Supplemental System						
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%
7/1/2012	\$49,847,983	\$110,597,569	\$60,749,586	45.07%	\$79,126,245	76.78%
7/1/2013	\$49,524,620	\$112,261,861	\$62,737,241	44.12%	\$77,188,613	81.28%
Unclassified Employees' Pension and Relief System¹						
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	\$ (44,216)	129.25%	N/A	N/A
7/1/2012	\$1,012,000	\$ 756,559	\$(255,441)	133.76%	N/A	N/A
7/1/2013	\$ 951,267	\$ 686,589	\$(264,678)	138.55%	N/A	N/A

**Retirement and
Relief System Health
Department
Employees**

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%
7/1/2012	\$ 13,552,480	\$ 11,504,197	\$ (2,048,283)	117.80%	594,298	0.00%
7/1/2013	\$ 13,533,139	\$ 11,359,502	\$ (2,173,637)	119.13%	599,914	0.00%

¹Information about funded status and funding progress is presented using the entry age normal actuarial method. This presentation is intended to serve as a surrogate for the funding progress of the plan.

City of Birmingham, Alabama

Required Supplementary Information
Year ended June 30, 2014

Schedule of Employer Contributions-Pension Plans

<u>Fiscal Year Ended</u>	<u>Annual Required Contributions</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
Retirement and Relief System			
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%
2012	\$ 18,904,668	\$ 13,676,554	72.3%
2013	\$ 20,516,938	\$ 13,591,848	66.2%
2014	\$ 21,212,467	\$ 14,053,810	66.2%
Firemen's and Policemen's Supplemental Pension System			
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%
2012	\$ 4,922,811	\$ 4,561,000	92.7%
2013	\$ 4,899,765	\$ 4,039,735	82.4%
2014	\$ 4,934,528	\$ 4,090,689	82.8%
Policemen's Pension and Relief System¹			
2007	\$ 24,488	-	100.0%
2008	\$ 18,807	-	100.0%
2009	\$ 18,934	-	100.0%
2010	\$ 17,549	-	100.0%
2011	\$ 15,529	-	100.0%
2012	\$ 14,013	-	100.0%
2013	\$ 8,835	-	100.0%

City of Birmingham, Alabama
Required Supplementary Information
Year ended June 30, 2014

Schedule of Employer Contributions-Pension Plans

<u>Fiscal Year Ended</u>	<u>Annual Required Contributions</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
Limited Firemen's Retirement and Relief System²			
2007	\$ 29,927	-	
2008	\$ 29,650	-	100.0%
2009	\$ 26,460	-	100.0%
2010	\$ 20,918	-	100.0%
2011	\$ 17,425	-	100.0%
2012	\$ 8,587	-	100.0%
2013	\$ 6,169	-	100.0%
Limited Policemen's Retirement and Relief System²			
2007	\$ 19,841	-	100.0%
2008	\$ 19,454	-	100.0%
2009	\$ 15,867	-	100.0%
2010	\$ 14,301	-	100.0%
2011	\$ 14,948	-	100.0%
2012	\$ 11,007	-	100.0%
2013	\$ 9,014	-	100.0%
Retirement and Relief System Health Department Employees			
2007	-	\$ 32,492	100.0%
2008	-	\$ 25,416	100.0%
2009	-	\$ 21,592	100.0%
2010	-	\$ 20,397	100.0%
2011	-	\$ 20,618	100.0%
2012	-	\$ 17,900	100.0%
2013	-	\$ 14,391	100.0%

¹This plan is frozen and has 2 participants receiving benefits. The City pays benefits as they become due.

²This plan is frozen with 1 participant receiving benefits. The City pays benefits as they become due.

City of Birmingham, Alabama
Required Supplementary Information
Year ended June 30, 2014

Schedule of Funding Progress-OPEB
(Amounts Expressed in Thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Assets</u>	<u>Actuarial Accrued Liability (AAL)-Entry Age (in thousands)</u>	<u>Unfunded (Overfunded) AAL (UAAL) (in thousands)</u>	<u>Funded Ratio</u>	<u>Covered Payroll (in thousands)</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2007	-	\$ 97,801	\$ 97,801	0.00%	\$ 168,940	57.89%
7/1/2008	-	\$ 77,707	\$ 77,707	0.00%	\$ 187,456	41.45%
7/1/2011	-	\$ 64,475	\$ 64,475	0.00%	\$ 178,835	36.05%
7/1/2013	-	\$ 139,320	\$ 139,320*	0.00%	\$ 177,214	78.62%

*The actuarial accrued liability of \$139,320,000 includes \$83,501,000 for active members and \$55,819,000 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.

OTHER SUPPLEMENTARY INFORMATION

City of Birmingham, Alabama
Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2014
(amounts expressed in thousands)

	Retirement & Relief	Firemen & Policemen Supplemental	Unclassified Pension	Total Pension Trust Funds
Assets				
Cash and cash equivalents	\$ 35,688	\$ 712	\$ 928	\$ 37,328
Receivables				
Member loans	10,308	-	-	10,308
Interest and dividends	2,322	144	-	2,466
Total Receivables	<u>12,630</u>	<u>144</u>	<u>-</u>	<u>12,774</u>
Investments, at fair value				
U.S. government obligations	91,967	4,950	-	96,917
Domestic corporate bonds	139,396	9,215	-	148,611
Domestic stocks	769,737	38,097	-	807,834
Total Investments, at fair value	<u>1,001,100</u>	<u>52,262</u>	<u>-</u>	<u>1,053,362</u>
Total Assets	<u>1,049,418</u>	<u>53,118</u>	<u>928</u>	<u>1,103,464</u>
Liabilities				
Accounts payable and other	905	54	-	959
Total Liabilities	<u>905</u>	<u>54</u>	<u>-</u>	<u>959</u>
Net Position				
Held in trust for future pension benefits	1,048,513	53,064	928	1,102,505
Total Net Position	<u>\$ 1,048,513</u>	<u>\$ 53,064</u>	<u>\$ 928</u>	<u>\$ 1,102,505</u>

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

City of Birmingham, Alabama
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2014
(in thousands)

	Retirement & Relief	Firemen & Policemen Supplemental	Policemen's Pension Relief	Limited Firemen's Pension Relief	Limited Policemen's Pension	Unclassified Pension	Total Pension Trust Funds
Additions							
Additions							
Contributions							
Employer Contributions	\$ 14,054	\$ 4,091	\$ 6	\$ 3	\$ 5	\$ -	\$ 18,159
Plan member contributions	12,021	4,074	-	-	-	1	16,096
Investment income							
Investment earnings	150,418	6,274	-	-	-	82	156,774
Securities lending	473	-	-	-	-	-	473
Other income	-	412	-	-	-	-	412
Total Additions	<u>176,966</u>	<u>14,851</u>	<u>6</u>	<u>3</u>	<u>5</u>	<u>83</u>	<u>191,914</u>
Total Additions	<u>176,966</u>	<u>14,851</u>	<u>6</u>	<u>3</u>	<u>5</u>	<u>83</u>	<u>191,914</u>
Deductions							
Deductions							
Benefits	71,279	10,067	6	3	5	89	81,449
Refunds of contributions	1,683	616	-	-	-	-	2,299
Administrative expenses	152	1,095	-	-	-	17	1,264
Investment Expenses	3,812	315	-	-	-	-	4,127
Total Deductions	<u>76,926</u>	<u>12,093</u>	<u>6</u>	<u>3</u>	<u>5</u>	<u>106</u>	<u>89,139</u>
Total Deductions	<u>76,926</u>	<u>12,093</u>	<u>6</u>	<u>3</u>	<u>5</u>	<u>106</u>	<u>89,139</u>
Change in Net Assets	100,040	2,758	-	-	-	(23)	102,775
Net Position - Beginning	948,473	50,306	-	-	-	951	999,730
Net Position - Ending	<u>\$ 1,048,513</u>	<u>\$ 53,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 928</u>	<u>\$ 1,102,505</u>

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

City of Birmingham, Alabama
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes	\$ 258,083	\$ 256,083	\$ 256,260	\$ 177
Licenses and permits	89,288	86,788	87,010	222
Intergovernmental	11,874	11,874	12,896	1,022
Charges for services	12,453	12,453	12,112	(341)
Fines and forfeitures	2,772	2,872	2,445	(427)
Investment income	320	320	344	24
Other operating revenues	8,190	7,964	5,878	(2,086)
Total Revenues	380,980	378,354	376,945	(1,409)
Expenditures				
Current Expenditures:				
Public safety:				
Police	89,895	89,734	90,983	(1,249)
Fire	57,259	57,104	56,762	342
Planning, Engineering & Permits	11,972	12,152	11,850	302
Traffic Engineering	10,068	10,277	10,889	(612)
Municipal Court	4,375	4,475	4,425	50
Street and sanitation:				
Public Works	52,445	53,990	50,506	3,484
Cultural & recreational:				
Park & Recreation	11,068	11,326	11,022	304
Library	15,201	15,102	14,619	483
Arlington Historical Home	528	528	548	(20)
Boutwell Auditorium	1,264	1,264	1,175	89
Museum of Art	2,919	3,106	3,144	(38)
Sloss Furnace	531	531	412	119
Southern Museum of Flight	751	751	703	48
State Fairgrounds	3,763	3,733	4,428	(695)
General government:				
Finance	10,856	10,631	9,855	776
Equipment Management	14,856	17,008	16,164	844
Information Management Services	9,100	10,372	10,092	280
City Clerk	1,959	2,270	1,864	406
Community Development	632	632	510	122
Council Office	3,643	3,570	3,155	415
Legal	4,879	6,862	5,853	1,009
Mayor's Office	8,405	7,518	7,292	226
Personnel	5,864	8,104	7,149	955
Nondepartmental	43,666	44,614	42,212	2,402
Debt Service:				
Principal	10,899	10,899	10,899	-
Interest and fees	4,840	4,840	5,040	(200)
Capital Outlay:				
Capital outlays	392	1,989	1,752	237
Total Expenditures	382,030	393,382	383,303	10,079
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,050)	(15,028)	(6,358)	8,670
Other financing sources (uses):				
Transfers in	-	5,972	5,972	-
Transfers out	(198)	(4,766)	(4,767)	(1)
Transfers out - internal service fund	-	-	(8,771)	(8,771)
Total Other financing sources (uses)	(198)	1,206	(7,566)	(8,772)
Net Change in Fund Balances	(1,248)	(13,822)	(13,924)	(102)
Fund Balances - Beginning	93,498	93,498	93,498	-
Fund Balances - Ending	\$ 92,250	\$ 79,676	\$ 79,574	\$ (102)

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

City of Birmingham, Alabama
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014
(amounts expressed in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 11,504	\$ 3,437	\$ 23,918	\$ 38,859
Cash with fiscal agent	-	1,339	-	1,339
Receivables				
Accrued interest	2	-	8	10
Accrued taxes	386	-	-	386
Accounts (net of uncollectibles)	1,380	-	-	1,380
Loans	106	-	-	106
Total Assets	\$ 13,378	\$ 4,776	\$ 23,926	\$ 42,080
Liabilities and Fund Balances				
Liabilities				
Accounts and vouchers payable	\$ 1,141	\$ -	\$ 409	\$ 1,550
Contracts payable-retainage	165	-	245	410
Deferred revenue	293	-	-	293
Other liabilities	(28)	-	-	(28)
Total Liabilities	1,571	-	654	2,225
Fund Balances				
Spendable				
 Restricted				
Debt Service	-	4,776	-	4,776
Capital Projects	1,983	-	23,272	25,255
Other	404	-	-	404
 Committed to				
Neighborhood Improvements	8,847	-	-	8,847
Other Purposes	4,557	-	-	4,557
Assigned	-	-	-	-
Unassigned	(3,984)	-	-	(3,984)
Total Fund Balances	11,807	4,776	23,272	39,855
Total Liabilities and Fund Balances	\$ 13,378	\$ 4,776	\$ 23,926	\$ 42,080

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

City of Birmingham, Alabama
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014
(amounts expressed 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	\$ 9,116	\$ (3,940)	\$ (166)	\$ 908	\$ 945	\$ 36	\$ 1,929	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-	-
Receivables								
Accrued interest	2	-	-	-	-	-	-	-
Accrued taxes	-	-	238	107	41	-	-	-
Accounts (net of uncollectibles)	1	10	-	-	-	-	-	-
Loans	106	-	-	-	-	-	-	-
Total Assets	\$ 9,225	\$ (3,930)	\$ 72	\$ 1,015	\$ 986	\$ 36	\$ 1,929	\$ -
Liabilities and Fund Balances								
Liabilities								
Accounts and vouchers payable	140	873	-	-	-	-	5	1
Contracts payable-retainage	-	162	-	-	-	-	3	-
Deferred revenue	268	-	-	-	-	-	-	-
Other liabilities	(31)	-	-	-	4	-	-	-
Total Liabilities	377	1,035	-	-	4	-	8	1
Fund Balances								
Spendable								
Restricted								
Debt Service	-	-	-	-	-	-	-	-
Capital Projects	-	-	72	1,015	-	-	-	-
Other	-	-	-	-	-	-	-	(1)
Committed								
Neighborhood Improvements	8,848	-	-	-	-	-	-	-
Other Purposes	-	1	-	-	-	36	1,921	-
Assigned								
Unassigned	-	(4,966)	-	-	982	-	-	-
Total Fund Balances	8,848	(4,965)	72	1,015	982	36	1,921	(1)
Total Liabilities and Fund Balances:	\$ 9,225	\$ (3,930)	\$ 72	\$ 1,015	\$ 986	\$ 36	\$ 1,929	\$ -

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

City of Birmingham, Alabama
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014
(amounts expressed in thousands)

	Debt Service Funds							
	Municipal Court Judicial Admin	HUD Block Grant Fund	Home Fund	PACE Board	Special Lodging Tax Revenue	Total	Tax Increment Financing	Alabama Trust Fund
Assets								
Cash and investments	\$ 409	\$ (1,253)	\$ 25	\$ 896	\$ 2,599	\$ 11,504	\$ 3,438	\$ (1)
Cash with fiscal agent	-	-	-	-	-	-	1,339	-
Receivables								
Accrued interest	-	-	-	-	-	2	-	-
Accrued taxes	-	-	-	-	-	386	-	-
Accounts (net of uncollectibles)	2	1,367	-	-	-	1,380	-	-
Loans	-	-	-	-	-	106	-	-
Total Assets	\$ 411	\$ 114	\$ 25	\$ 896	\$ 2,599	\$ 13,378	\$ 4,777	\$ (1)
Liabilities and Fund Balances								
Liabilities								
Accounts and vouchers payable	7	115	-	-	-	1,141	-	-
Contracts payable-retainage	-	-	-	-	-	165	-	-
Deferred revenue	-	-	25	-	-	293	-	-
Other liabilities	-	-	(1)	-	-	(28)	-	-
Total Liabilities	7	115	24	-	-	1,571	-	-
Fund Balances								
Spendable								
Restricted								
Debt Service	-	-	-	-	-	-	4,777	(1)
Capital Projects	-	-	-	896	-	1,983	-	-
Other	404	-	1	-	-	404	-	-
Committed								
Neighborhood Improvements	-	(1)	-	-	-	8,847	-	-
Other Purposes	-	-	-	-	2,599	4,557	-	-
Assigned								
Unassigned	-	-	-	-	-	(3,984)	-	-
Total Fund Balances	404	(1)	1	896	2,599	11,807	4,777	(1)
Total Liabilities and Fund Balances:	\$ 411	\$ 114	\$ 25	\$ 896	\$ 2,599	\$ 13,378	\$ 4,777	\$ (1)

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

City of Birmingham, Alabama
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014
 (amounts expressed in thousands)

	Total	1992 Bonds	1993 Bonds	1995 Bonds	1997 Bonds	1998-A Warrants	1998-B Warrants	1999-B Bonds
Assets								
Cash and investments	\$ 3,437	\$ 1	\$ 151	\$ 395	\$ 499	\$ 173	\$ 236	\$ 48
Cash with fiscal agent	1,339	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	1	-	-	-
Accrued taxes	-	-	-	-	-	-	-	-
Accounts (net of uncollectibles)	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Total Assets	\$ 4,776	\$ 1	\$ 151	\$ 395	\$ 500	\$ 173	\$ 236	\$ 48
Liabilities and Fund Balances								
Liabilities								
Accounts and vouchers payable	-	-	-	-	1	-	-	-
Contracts payable-retainage	-	-	-	8	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	8	1	-	-	-
Fund Balances								
Spendable								
Restricted								
Debt Service	4,776	-	-	-	-	-	-	-
Capital Projects	-	1	151	387	499	173	236	48
Other	-	-	-	-	-	-	-	-
Committed								
Neighborhood Improvements	-	-	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-	-	-
Assigned								
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	4,776	1	151	387	499	173	236	48
Total Liabilities and Fund Balances:	\$ 4,776	\$ 1	\$ 151	\$ 395	\$ 500	\$ 173	\$ 236	\$ 48

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

City of Birmingham, Alabama
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014
(amounts expressed in thousands)

Capital Projects Funds								
	2000-A Warrants	2001-A School Warrants	2002 Bonds	2004-A Warrants	2006-C G.O. Warrants	2007-B G.O. Warrants	2007-A G. O. Bonds	2009-A Warrants
Assets								
Cash and investments	\$ 264	\$ 93	\$ 1,772	\$ 1	\$ 1,272	\$ 1,423	\$ 13,882	\$ 147
Cash with fiscal agent	-	-	-	-	-	-	-	-
Receivables								
Accrued interest	-	-	1	-	-	-	6	-
Accrued taxes	-	-	-	-	-	-	-	-
Accounts (net of uncollectibles)	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Total Assets	\$ 264	\$ 93	\$ 1,773	\$ 1	\$ 1,272	\$ 1,423	\$ 13,888	\$ 147
Liabilities and Fund Balances								
Liabilities								
Accounts and vouchers payable	-	-	1	-	-	45	359	-
Contracts payable-retainage	-	-	-	-	-	112	125	-
Deferred revenue	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Total Liabilities	-	-	1	-	-	157	484	-
Fund Balances								
Spendable								
Restricted								
Debt Service	-	-	-	-	-	-	-	-
Capital Projects	264	93	1,772	1	1,272	1,266	13,404	147
Other	-	-	-	-	-	-	-	-
Committed								
Neighborhood Improvements	-	-	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-	-	-
Assigned								
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	264	93	1,772	1	1,272	1,266	13,404	147
Total Liabilities and Fund Balances:	\$ 264	\$ 93	\$ 1,773	\$ 1	\$ 1,272	\$ 1,423	\$ 13,888	\$ 147

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

City of Birmingham, Alabama
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014
(amounts expressed in thousands)

	2013-B Bonds	2014 PNC2 Warrants	Total	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 500	\$ 3,061	\$ 23,918	\$ 38,859
Cash with fiscal agent	-	-	-	1,339
Receivables				
Accrued interest	-	-	8	10
Accrued taxes	-	-	-	386
Accounts (net of uncollectibles)	-	-	-	1,380
Loans	-	-	-	106
Total Assets	\$ 500	\$ 3,061	\$ 23,926	\$ 42,080
Liabilities and Fund Balances				
Liabilities				
Accounts and vouchers payable	-	3	409	1,550
Contracts payable-retainage	-	-	245	410
Deferred revenue	-	-	-	293
Other liabilities	-	-	-	(26)
Total Liabilities	-	3	654	2,225
Fund Balances				
Spendable				
Restricted				
Debt Service	-	-	-	4,776
Capital Projects	500	3,058	23,272	25,255
Other	-	-	-	404
Committed				
Neighborhood Improvements	-	-	-	8,847
Other Purposes	-	-	-	4,557
Assigned				
Unassigned	-	-	-	(3,984)
Total Fund Balances	500	3,058	23,272	39,855
Total Liabilities and Fund Balances:	\$ 500	\$ 3,061	\$ 23,926	\$ 42,080

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

City of Birmingham, Alabama
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 3,632	\$ 1,605	\$ -	\$ 5,237
Intergovernmental	25,421	1,799	-	27,220
Charges for services	102	-	-	102
Fines and forfeitures	1,665	-	-	1,665
Investment income	38	5	(132)	(89)
Other operating revenues	2,054	-	(5)	2,049
Total Revenues	32,912	3,409	(137)	36,184
Expenditures				
Current Expenditures				
Public safety				
Police	1,289	-	-	1,289
Fire	943	-	-	943
Planning, Engineering & Permits	1,603	-	404	2,007
Municipal Court	2,199	-	-	2,199
Nondepartmental	-	-	301	301
Street and sanitation				
Public Works	7	-	51	58
Nondepartmental	-	-	2,100	2,100
Cultural & recreational				
Park & Recreation	69	-	1	70
Nondepartmental	-	-	21	21
General government				
Finance	1,044	-	-	1,044
Community Development	12,123	-	-	12,123
Mayor's Office	40	-	-	40
Nondepartmental	401	35	109	545
Municipal Court	116	-	-	116
Debt Service				
Principal	4,681	2,519	-	7,200
Interest and fees	2,092	2,239	110	4,441
Capital Outlay				
Capital outlays	12,491	(41)	7,922	20,372
Total Expenditures	39,098	4,752	11,019	54,869
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,186)	(1,343)	(11,156)	(18,685)
Other financing sources (uses)				
Proceeds from issuance of debt	-	-	7,240	7,240
Transfers in	3,926	-	-	3,926
Transfers out	(3,532)	-	-	(3,532)
Total Other financing sources (uses)	394	-	7,240	7,634
Net Change in Fund Balances	(5,792)	(1,343)	(3,916)	(11,051)
Fund Balances - Beginning	13,307	6,119	27,188	46,614
Restatement	4,292	-	-	4,292
Fund Balances - Beginning of year restated	17,599	6,119	27,188	50,906
Fund Balances - Ending	\$ 11,807	\$ 4,776	\$ 23,272	\$ 39,855

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

City of Birmingham, Alabama
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2014
 (amounts expressed 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	HUD Block Grant Fund	Home Fund
Revenues											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	6	11,267	2,636	1,226	833	-	-	-	-	7,092	2,361
Charges for services	102	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	31	-	-	-	41	1,036	330	227	-	-
Investment income	22	-	-	-	-	-	7	-	-	-	-
Other operating revenues	486	807	-	-	-	-	-	-	-	155	277
Total Revenues	616	12,105	2,636	1,226	833	41	1,043	330	227	7,247	2,638
Expenditures											
Current Expenditures											
Public safety											
Police	508	781	-	-	-	-	-	-	-	-	-
Fire	-	943	-	-	-	-	-	-	-	-	-
Planning, Engineering & Permits	-	1,043	-	-	560	-	-	-	-	-	-
Municipal Court	-	418	-	-	-	24	1,426	331	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-	-	-
Street and sanitation											
Public Works	7	-	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-	-	-
Cultural & recreational											
Park & Recreation	69	-	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-	-	-
General government											
Finance	-	1,044	-	-	-	-	-	-	-	-	-
Community Development	(123)	2,361	-	-	-	-	-	-	-	7,246	2,637
Mayor's Office	-	40	-	-	-	-	-	-	-	-	-
Nondepartmental	390	11	-	-	-	-	-	-	-	-	-
Municipal Court	-	-	-	-	-	-	-	-	116	-	-
Debt Service											
Principal	-	-	2,716	575	-	-	-	-	-	-	-
Interest and fees	-	-	82	117	-	-	-	-	-	-	-
Capital Outlay											
Capital outlays	152	8,651	-	-	-	-	170	-	-	-	-
Total Expenditures	1,003	15,292	2,798	692	560	24	1,596	331	116	7,246	2,637
Excess (Deficiency) of Revenues Over (Under) Expenditures	(387)	(3,187)	(162)	534	273	17	(553)	(1)	111	(1)	1
Other financing sources (uses)											
Proceeds from Issuance of debt	-	-	-	-	-	-	-	-	-	-	-
Transfers in	859	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(65)	-	-	-	-	-	-	-
Total Other financing sources (uses)	859	-	-	(65)	-	-	-	-	-	-	-
Net Change in Fund Balances	472	(3,187)	(162)	469	273	17	(553)	(1)	111	(1)	1
Fund Balances - Beginning	8,376	(1,776)	234	546	709	19	2,474	-	293	-	-
Restatement	-	-	-	-	-	-	-	-	-	-	-
Fund Balances - Beginning of year restated	8,376	(1,776)	234	546	709	19	2,474	-	293	-	-
Fund Balances - Ending	\$ 8,848	\$ (4,965)	\$ 72	\$ 1,015	\$ 982	\$ 36	\$ 1,921	\$ (1)	\$ 404	\$ (1)	\$ 1

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

City of Birmingham, Alabama
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Debt Service Funds										
	PACE Board	Special Lodging Tax Revenue	Total	Tax Increment Financing	Alabama Trust Fund	Total	1992 Bonds	1993 Bonds	1995 Bonds	1997 Bonds	1998-A Warrants
Revenues											
Taxes	\$ -	\$ 3,632	\$ 3,632	\$ 1,605	\$ -	\$ 1,605	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	25,421	-	1,799	1,799	-	-	-	-	-
Charges for services	-	-	102	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	1,665	-	-	-	-	-	-	-	-
Investment income	9	-	38	5	-	5	-	-	1	1	-
Other operating revenues	329	-	2,054	-	-	-	-	-	-	-	-
Total Revenues	338	3,632	32,912	1,610	1,799	3,409	-	-	1	1	-
Expenditures											
Current Expenditures											
Public safety											
Police	-	-	1,289	-	-	-	-	-	-	-	-
Fire	-	-	943	-	-	-	-	-	-	-	-
Planning, Engineering & Permits	-	-	1,603	-	-	-	1	-	-	29	-
Municipal Court	-	-	2,199	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-	-	-
Street and sanitation											
Public Works	-	-	7	-	-	-	-	21	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-	-	-
Cultural & recreational											
Park & Recreation	-	-	69	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-	-	-
General government											
Finance	-	-	1,044	-	-	-	-	-	-	-	-
Community Development	-	-	12,123	-	-	-	-	-	-	-	-
Mayor's Office	-	-	40	-	-	-	-	-	-	-	-
Nondepartmental	-	-	401	35	-	35	-	-	-	-	-
Municipal Court	-	-	116	-	-	-	-	-	-	-	-
Debt Service											
Principal	1,390	-	4,681	1,140	1,379	2,519	-	-	-	-	-
Interest and fees	1,893	-	2,092	846	1,393	2,239	-	-	-	-	-
Capital Outlay											
Capital outlays	3,518	-	12,491	(41)	-	(41)	50	56	44	-	(17)
Total Expenditures	6,801	-	39,098	1,980	2,772	4,752	51	77	44	29	(17)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,463)	3,632	(6,186)	(370)	(973)	(1,343)	(51)	(77)	(43)	(28)	17
Other financing sources (uses)											
Proceeds from issuance of debt	-	-	-	-	-	-	-	-	-	-	-
Transfers in	3,067	-	3,926	-	-	-	-	-	-	-	-
Transfers out	-	(3,467)	(3,532)	-	-	-	-	-	-	-	-
Total Other financing sources (uses)	3,067	(3,467)	394	-	-	-	-	-	-	-	-
Net Change in Fund Balances	(3,396)	165	(5,792)	(370)	(973)	(1,343)	(51)	(77)	(43)	(28)	17
Fund Balances - Beginning	-	2,434	13,307	5,147	972	6,119	52	228	430	527	156
Restatement	4,292	-	4,292	-	-	-	-	-	-	-	-
Fund Balances - Beginning of year restated	4,292	2,434	17,599	5,147	972	6,119	52	228	430	527	156
Fund Balances - Ending	\$ 896	\$ 2,599	\$ 11,807	\$ 4,777	\$ (1)	\$ 4,776	\$ 1	\$ 151	\$ 387	\$ 499	\$ 173

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

City of Birmingham, Alabama
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014
(amounts expressed in thousands)

Capital Projects Funds

	1998-B Warrants	1999-B Bonds	2000-A Warrants	2001-A School Warrants	2002 Bonds	2004-A Warrants	2006-C G.O. Warrants	2007-B G.O. Warrants	2007-A G. O. Bonds	2009-A Warrants	2013-B Bonds
Revenues											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-
Investment income	-	-	1	-	4	1	2	19	(161)	-	-
Other operating revenues	-	-	-	-	-	-	-	(5)	-	-	-
Total Revenues	-	-	1	-	4	1	2	14	(161)	-	-
Expenditures											
Current Expenditures											
Public safety											
Police	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-
Planning, Engineering & Permits	35	12	21	-	1	-	-	24	281	-	-
Municipal Court	-	-	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	301	-	-	-	-	-	-
Street and sanitation											
Public Works	-	-	-	-	30	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-	-	2,100
Cultural & recreational											
Park & Recreation	-	-	-	-	1	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	21	-	-
General government											
Finance	-	-	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-	-	-
Mayor's Office	-	-	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	55	-	40	-	-
Municipal Court	-	-	-	-	-	-	-	-	-	-	-
Debt Service											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-	-	90
Capital Outlay											
Capital outlays	-	-	211	-	230	-	216	484	5,190	-	-
Total Expenditures	35	12	232	-	583	-	271	508	5,532	-	2,190
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35)	(12)	(231)	-	(559)	1	(269)	(494)	(5,693)	-	(2,190)
Other financing sources (uses)											
Proceeds from Issuance of debt	-	-	-	-	-	-	-	-	-	-	2,690
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total Other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	2,690
Net Change in Fund Balances	(35)	(12)	(231)	-	(559)	1	(269)	(494)	(5,693)	-	500
Fund Balances - Beginning	271	60	495	93	2,331	-	1,541	1,760	19,097	147	-
Restatement	-	-	-	-	-	-	-	-	-	-	-
Fund Balances - Beginning of year restated	271	60	495	93	2,331	-	1,541	1,760	19,097	147	-
Fund Balances - Ending	\$ 236	\$ 48	\$ 264	\$ 93	\$ 1,772	\$ 1	\$ 1,272	\$ 1,266	\$ 13,404	\$ 147	\$ 500

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

City of Birmingham, Alabama
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014
(amounts expressed in thousands)

	2014 PNC2 Warrants	Total	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ -	\$ -	\$ 5,237
Intergovernmental	-	-	27,220
Charges for services	-	-	102
Fines and forfeitures	-	-	1,665
Investment income	-	(132)	(89)
Other operating revenues	-	(5)	2,049
Total Revenues	-	(137)	36,184
Expenditures			
Current Expenditures			
Public safety			
Police	-	-	1,289
Fire	-	-	943
Planning, Engineering & Permits	-	404	2,007
Municipal Court	-	-	2,199
Nondepartmental	-	301	301
Street and sanitation			
Public Works	-	51	58
Nondepartmental	-	2,100	2,100
Cultural & recreational			
Park & Recreation	-	1	70
Nondepartmental	-	21	21
General government			
Finance	-	-	1,044
Community Development	-	-	12,123
Mayor's Office	-	-	40
Nondepartmental	14	109	545
Municipal Court	-	-	116
Debt Service			
Principal	-	-	7,200
Interest and fees	20	110	4,441
Capital Outlay			
Capital outlays	1,458	7,922	20,372
Total Expenditures	1,492	11,019	54,859
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,492)	(11,156)	(18,685)
Other financing sources (uses)			
Proceeds from issuance of debt	4,550	7,240	7,240
Transfers In	-	-	3,926
Transfers out	-	-	(3,532)
Total Other financing sources (uses)	4,550	7,240	7,634
Net Change in Fund Balances	3,058	(3,916)	(11,051)
Fund Balances - Beginning	-	27,188	46,614
Restatement	-	-	4,292
Fund Balances - Beginning of year restated	-	27,188	50,906
Fund Balances - Ending	\$ 3,058	\$ 23,272	\$ 39,855

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

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 Position by Component
Last Nine Fiscal Years
(in thousands)

Table A-1

Fiscal Year Ended June 30

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013*</u>	<u>2014</u>
Governmental activities:									
Net investment in capital assets	\$53,708	\$73,876	\$74,322	\$65,727	\$72,325	\$90,213	\$133,210	\$104,846	\$210,160
Restricted	205,388	271,686	277,817	264,602	157,454	146,478	134,295	189,391	139,831
Unrestricted	<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>	<u>(93,426)</u>	<u>(127,030)</u>
Total governmental activities net position	<u>283,283</u>	<u>254,103</u>	<u>\$273,276</u>	<u>\$241,741</u>	<u>\$178,395</u>	<u>\$174,540</u>	<u>\$181,931</u>	<u>\$200,811</u>	<u>\$222,961</u>
Business-type activities:									
Net investment in capital assets	942	922	901	1,022	855	919	919	722	4,167
Unrestricted	<u>(8)</u>	<u>74</u>	<u>(464)</u>	<u>(1,167)</u>	<u>(1,522)</u>	<u>61</u>	<u>2,032</u>	<u>3,861</u>	<u>1,476</u>
Total business-type activities net position	<u>934</u>	<u>996</u>	<u>437</u>	<u>(145)</u>	<u>(667)</u>	<u>980</u>	<u>2,951</u>	<u>4,583</u>	<u>5,643</u>
Primary Government:									
Net investment in capital assets	54,650	74,798	75,223	66,749	73,180	91,132	134,129	105,568	210,160
Restricted	205,388	271,686	277,817	264,602	157,454	146,478	134,295	189,391	139,831
Unrestricted	<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>	<u>(89,565)</u>	<u>(127,030)</u>
Total primary government net position	<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>	<u>\$ 205,394</u>	<u>\$ 222,961</u>

* - prior to restatement

Source: City Finance Department Data

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

Table A-2
(1 of 2)

	Fiscal Year Ended June 30			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses:				
Governmental activities:				
	\$122,163	\$106,000	\$ 88,799	\$ 121,554
Public safety	181,014	163,704	163,149	169,083
Streets & sanitation	68,749	95,381	93,821	121,848
Culture & recreation	38,547	42,222	43,895	36,132
Interest on long-term debt	22,414	23,989	27,643	25,361
Total governmental activities expenses	<u>432,887</u>	<u>431,296</u>	<u>417,307</u>	<u>473,998</u>
Business-type activities:				
E-911 Services	3,157	3,196	3,935	4,044
Total primary government expenses	<u>\$436,044</u>	<u>\$434,492</u>	<u>\$421,242</u>	<u>\$478,042</u>
Program Revenues:				
Governmental activities:				
Charges for services				
General government:				
Business licenses & permits	54,951	60,002	85,721	91,493
Non-business licenses & permits	5,613	5,347	5,342	4,506
Public safety	17,244	17,327	14,739	17,502
Streets & sanitation	1,706	1,971	1,450	1,577
Culture & recreation	977	1,252	1,275	1,341
Operating grants and contributions	8,221	18,606	19,830	15,094
Total governmental activities program revenues	<u>88,712</u>	<u>104,505</u>	<u>128,357</u>	<u>131,513</u>
Business-type activities:				
E-911 Services	2,998	3,156	3,308	3,447
Total primary government program revenues	<u>\$91,710</u>	<u>\$107,661</u>	<u>\$131,665</u>	<u>\$134,960</u>
Net (Expense)/Revenue				
Governmental activities	(\$344,175)	(\$326,791)	(\$288,950)	(\$342,485)
Business-type activities	(159)	(40)	(627)	(597)
	<u>(\$344,334)</u>	<u>(\$326,831)</u>	<u>(\$289,577)</u>	<u>(\$343,082)</u>
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Taxes:				
Sales and use taxes	\$109,085	\$109,665	\$129,732	\$131,904
Occupational taxes	72,297	75,269	76,918	76,325
Property taxes	52,669	54,920	62,698	61,663
Unrestricted grants and contributions	19,585	23,853	19,975	26,060
Investment earnings	10,834	21,168	10,684	(4,201)
Other	10,189	12,736	8,116	8,407
Total governmental activities	<u>274,659</u>	<u>297,611</u>	<u>308,123</u>	<u>300,158</u>
Business-type activities:				
Investment earnings	39	102	68	15
Total primary government	<u>\$274,698</u>	<u>\$297,713</u>	<u>\$308,191</u>	<u>\$300,173</u>
Change (decrease) in Net Position:				
Governmental activities	(\$69,516)	(\$29,180)	\$19,173	(\$42,327)
Business-type activities	(120)	62	(559)	(582)
Total primary government	<u>(\$69,636)</u>	<u>(\$29,118)</u>	<u>\$18,614</u>	<u>(\$42,909)</u>

Source: City Finance Department Data

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

Table A-2
(2 of 2)

	Fiscal Year Ended June 30				
	2010	2011	2012	2013	2014
Expenses:					
Governmental activities:					
General government	\$ 163,581	\$ 114,375	\$ 126,871	\$ 127,856	\$ 122,310
Public safety	210,132	202,706	194,761	195,022	200,169
Streets & sanitation	59,822	54,553	56,109	53,055	78,093
Culture & recreation	41,907	40,024	42,705	42,927	40,667
Interest on long-term debt	21,473	19,861	17,381	14,933	17,896
Total governmental activities expenses	496,915	431,519	437,827	433,793	459,135
Business-type activities:					
E-911 Services	4,937	4,754	4,641	4,564	5,220
Total primary government expenses	\$501,852	\$436,273	\$442,468	\$438,357	\$464,355
Program Revenues:					
Governmental activities:					
Charges for services					
General government:					
Business licenses & permits	82,726	90,139	97,443	97,495	94,336
Non-business licenses & permits	3,747	0	0	0	0
Public safety	21,488	17,778	17,011	15,893	16,884
Streets & sanitation	595	966	1,196	449	2,675
Culture & recreation	1,327	1,171	1,506	2,073	1,762
Operating grants and contributions	18,898	24,276	25,118	19,540	24,390
Total governmental activities program revenues	128,781	134,330	142,274	135,450	140,047
Business-type activities:					
E-911 Services	4,517	6,392	6,608	6,196	6,272
Total primary government program revenues	\$133,298	\$140,722	\$148,882	\$141,646	\$146,319
Net (Expense)/Revenue					
Governmental activities	\$368,134	\$297,186	\$295,553	\$298,343	\$319,088
Business-type activities	420	(1,638)	1,967	1,632	1,052
	\$368,554	\$295,548	\$293,583	\$296,711	\$320,140
General Revenues and Other Changes in Net Position:					
Governmental activities:					
Taxes:					
Sales and use taxes	\$127,197	\$131,162	\$134,829	\$140,832	\$145,394
Occupational taxes	73,008	74,909	77,703	77,844	78,654
Property taxes	56,699	51,369	55,656	50,367	55,842
Unrestricted grants and contributions	23,730	22,548	19,500	25,467	22,561
Investment earnings	8,233	13,560	5,067	8,362	11,977
Other	7,145	(217)	10,188	14,351	5,909
Total governmental activities	296,012	293,331	302,943	317,223	320,337
Business-type activities:					
Investment earnings	1	11	4	-	7
Total primary government	\$296,013	\$293,342	\$302,947	\$317,223	\$320,344
Change (decrease) in Net Position:					
Governmental activities	(\$72,122)	(\$3,855)	\$7,393	\$18,880	\$1,249
Business-type activities	(419)	1,649	1,971	1,632	1,059
Total primary government	(\$72,541)	(\$2,206)	\$9,364	\$20,512	\$2,308

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund					
Reserved	\$7,584	\$10,448	\$11,417	\$280	\$253
Unreserved	<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>\$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	\$160,123	\$134,246	\$113,754	\$96,755	\$77,026
Debt service funds	46,674	45,394	44,216	40,175	50,947
Capital projects funds	<u>76,151</u>	<u>155,487</u>	<u>160,696</u>	<u>138,479</u>	<u>94,500</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	(1,744)	(2,278)	(2,484)	(1,847)	(1,866)
Debt service funds				(3,666)	(5,805)
Capital projects funds	<u>(102)</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>\$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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund				
Nonspendable:				
Prepaid	\$280	\$344	\$344	\$428
Inventory	-	1573	1,573	1,377
Spendable:				
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	98,935	90,197	91,581	77,769
Total General Fund	<u>99,215</u>	<u>92,114</u>	<u>93,498</u>	<u>79,574</u>
Other Governmental Funds:				
Restricted	117,183	109,846	162,524	127,232
Committed	\$1,338	\$95,668	\$97,836	106,565
Assigned	104,963	(14)	382	1,585
Unassigned	(4,627)	788	709	(3,984)
Total other governmental funds	<u>218,857</u>	<u>206,288</u>	<u>261,451</u>	<u>231,398</u>
Total Fund Balance	<u><u>\$318,072</u></u>	<u><u>\$298,402</u></u>	<u><u>\$354,949</u></u>	<u><u>\$310,972</u></u>

Change in fund balance Designation due to GASB Statement 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

	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES:									
Taxes	\$ 234,051	\$ 239,854	\$ 269,348	\$ 276,738	\$ 265,398	\$ 267,324	\$ 280,062	\$ 280,515	\$ 291,827
Licenses and permits	60,564	65,349	91,063	87,525	78,556	79,984	87,671	86,709	87,010
Intergovernmental	39,273	41,669	39,805	41,327	44,298	45,954	45,729	44,820	40,116
Charges for services	15,746	16,432	12,927	14,069	13,943	13,856	12,826	12,586	12,214
Fines and forfeitures	4,181	4,118	4,537	7,944	6,770	5,483	4,964	4,803	4,110
Investment income	10,834	21,168	10,684	(4,199)	8,235	13,560	5,066	8,361	11,975
Other operating revenues	5,471	9,934	8,157	7,622	9,168	20,959	10,888	15,297	10,677
TOTAL REVENUES	370,120	398,524	436,521	431,026	426,368	447,120	447,206	453,091	457,929
EXPENDITURES:									
Current:									
Public safety	145,688	148,485	155,120	177,188	194,348	181,158	178,555	172,499	181,650
Street and sanitation	68,483	64,359	66,788	52,414	57,871	49,886	48,340	46,436	53,497
Cultural and recreational	38,547	40,752	42,480	34,990	37,699	34,797	33,856	36,369	36,215
General government	126,133	102,804	82,681	118,030	141,660	123,338	125,548	123,411	123,874
Other	416	242	139	-	-	-	-	-	-
Total current operations	379,267	356,642	347,208	382,622	431,578	389,179	386,299	378,715	395,236
Debt service:									
Principal	23,669	24,918	27,424	25,935	42,050	33,193	38,306	38,648	38,324
Interest	15,975	20,508	25,418	24,204	24,302	22,701	23,130	22,431	20,230
Total debt service	39,644	45,426	52,842	50,139	66,352	55,894	61,436	61,079	58,554
Capital outlays	38,075	34,641	31,749	93,751	10,983	37,854	19,172	31,808	50,751
Warrant/Bond issue costs	541	11,772	-	-	-	-	-	-	-
TOTAL EXPENDITURES	457,527	448,481	431,799	526,513	508,913	482,927	466,907	471,600	504,539
Excess (deficiency) of revenues over (under) expenditures	(87,407)	(49,957)	4,722	(95,487)	(82,545)	(35,807)	(19,701)	(18,509)	(46,610)
Other financing sources (uses):									
Proceeds from sale of property	4,812	4,634	278	-	-	-	-	-	-
Proceeds of issuance of debt	-	-	-	-	21,000	110,476	-	70,061	31,350
Issuance of refunding bonds	28,230	316,880	-	-	19,960	-	8,400	-	-
Refunded bonds redeemed	-	-	-	-	(19,967)	-	-	-	-
Capital lease	1,845	-	-	26,500	-	-	-	1,074	-
Premiums/(discounts) on warrants/bonds	1,767	12,300	-	-	316	3,834	(164)	5,877	1,728
Payment to escrow agent	(30,080)	(214,267)	-	-	-	(67,511)	(8,205)	(1,955)	(25,966)
Transfers in	49,221	40,559	69,971	63,250	59,742	40,169	43,988	44,295	46,559
Transfers out	(49,221)	(40,559)	(69,971)	(63,250)	(59,742)	(40,169)	(43,988)	(44,295)	(46,559)
Transfers out - internal service fund	-	-	-	-	-	-	-	-	(8,771)
Net other financing sources	6,574	119,547	278	26,500	21,309	46,799	31	75,057	(1,659)
Net change in fund balances	(\$80,833)	\$69,590	\$5,000	(\$68,987)	(\$61,236)	\$10,992	(\$19,670)	\$56,548	(\$48,269)
Debt service as a percentage of noncapital expenditures	10.00%	11.60%	14.20%	13.10%	15.37%	14.36%	15.90%	16.13%	14.81%

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									
	2005	2006	2007	2008 *	2009	2010	2011	2012	2013	2014
Sales and Use Tax Revenue	\$107,271	\$109,085	\$109,665	\$129,732	\$131,904	\$127,197	\$131,162	\$134,869	\$140,832	\$145,394
Percentage Change from Prior Year	6.62%	1.69%	0.53%	18.30%	1.67%	-3.57%	3.12%	2.83%	4.50%	3.24%
Breakdown of Sales/Use Tax By Industry Type:										
Apparel	5,950	5,001	6,298	6,402	6,190	6,685	7,432	7,724	8,016	8,276
Automotive, RV's, Motor Homes	9,154	8,581	9,951	10,787	9,845	10,312	12,328	12,297	12,891	13,307
Building & Construction Related	11,103	10,241	11,836	11,423	14,551	12,667	13,821	14,730	15,401	15,900
Communications	1,481	1,520	1,886	2,182	2,677	2,155	1,946	2,047	2,130	2,199
Equipment & Machinery	9,633	8,636	10,680	10,758	10,884	9,855	10,404	11,148	11,650	12,027
Food and Restaurants	18,436	16,239	18,661	15,853	23,804	22,041	24,974	24,333	25,389	26,212
Furniture and Furnishings	2,457	2,154	2,804	2,852	3,447	3,329	4,241	4,351	4,550	4,698
Insurance, Finance, Real Estate	811	459	528	2,071	2,751	2,516	2,302	1,760	1,840	1,900
Medical	2,418	1,332	1,647	1,958	3,556	3,448	4,995	5,179	5,410	5,585
Personal Services, Entertainment	7,508	6,483	7,615	7,588	6,623	6,495	6,750	6,519	6,800	7,020
All Other Industries	38,320	48,439	37,759	57,858	47,576	47,694	41,969	44,781	46,755	48,270
	<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>	<u>140,832</u>	<u>145,394</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 Ten Years
(in thousands)

Table B-2

Fiscal Year Ended June 30

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Breakdown of Tax Revenues:										
Sales and Use Tax	\$ 107,271	\$ 109,085	\$ 109,665	\$ 129,732	\$ 131,904	\$ 127,197	\$ 131,162	\$ 134,869	\$ 140,832	\$ 145,394
Occupational Tax	69,346	72,297	75,269	76,918	76,325	73,008	74,909	77,703	77,844	78,654
Property Tax	50,618	52,669	54,920	62,698	61,663	56,699	51,369	55,656	56,388	55,842
	<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>\$ 268,228</u>	<u>\$ 275,064</u>	<u>\$ 279,890</u>
% of Sales & Use to Total Taxes	47.21%	46.61%	45.72%	48.17%	48.87%	49.51%	50.95%	50.28%	51.20%	51.95%

Note: Prior to 2010, the portion of ad valorem tax revenues due to be paid, by statute, to the Jefferson County Board of Health ("Board of Health") and the Birmingham-Jefferson County Transit Authority (the "Transit Authority") were included in the total amount of property taxes collected as revenue on the City's financial statements and were also deducted as an expense. Prior to and after 2010, the amounts owing to the Board of Health and the Transit Authority were and continue to be remitted directly to Transit Authority and Board of Health by the City's tax collector. As a result of a change in accounting procedures, the City no longer treats the portion of the ad valorem tax revenues due the Transit Authority and the Board of Health as an item of revenue and expense on the City's financial statements. Accounting for the amounts due the Transit Authority on the City's financial statements ceased beginning in 2010 and accounting for the amounts due the Board of Health ceased in 2011. The ad valorem tax revenue due the Transit Authority after the accounting procedure change and not included in the "Property (ad valorem) tax" calculation above was \$3,483,527.49, \$3,947,279.83, \$3,144,824.23, \$4,009,941 and \$2,891,796 in 2010, 2011, 2012, 2013 and 2014, respectively. The ad valorem tax revenue due the Board of Health after the accounting procedure change and not included in the "Property (ad valorem) tax" calculation above was \$1,534,510.60, \$1,159,722.18, \$1,172,297 and \$1,164,355 in 2011, 2012, 2013 and 2014, respectively.

Source: Finance Department Data

City of Birmingham, Alabama
Ratios of Outstanding Debt by Type
Last Ten 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
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
2013	302,005,535	161,215,000	19,615,000	971,093	483,806,628	3,927,870,159	12.32%	\$2,280
2014	284,470,535	150,510,000	18,475,000	762,158	454,217,693	3,927,870,159	11.56%	\$2,140

Source: City Finance Department data

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

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

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>
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	20.07%	2,301
2008	2000	242,820	2,810,565,632	566,565,000	43,205,000	523,360,000	19.88%	2,155
2009	2000	242,820	2,937,624,552	537,850,000	40,175,000	497,675,000	17.70%	2,050
2010	2000	242,820	2,880,265,253	436,685,000	36,317,088	400,367,912	13.63%	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%	1,849
2013	2010	212,237	2,689,227,218	463,220,535	23,538,147	439,682,388	16.35%	2,072
2014	2010	212,237	2,705,994,960	434,980,535	22,694,460	412,286,075	15.24%	1,943

*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 Eight 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	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	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	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	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	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	1,552,510,000	2,755,748,375	16,007,935,003	17.22%
2012	208,111,380	693,704,600	1,835,441,332	9,177,206,660	391,699,466	3,916,994,660	253,975,040	1,693,166,933	2,689,227,218	15,481,072,853	17.37%
2013	212,321,060	707,736,867	1,844,302,840	9,221,514,200	385,234,880	3,852,348,800	264,136,180	1,760,907,867	2,705,994,960	15,542,507,733	17.41%

¹⁰¹ 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.

- ¹⁰² 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.
- ¹⁰³ 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 (20%) of the fair and reasonable market 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.
- ¹⁰⁴ 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.
- ¹⁰⁵ 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 and Overlapping Debt
Last Seven Fiscal Years
(in thousands)

Table C-4

<u>Direct Debt</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
City of Birmingham:							
Gross bonded debt and warrants outstanding*	\$ 566,565	\$ 537,850	\$ 436,685	\$ 469,445	\$431,725	\$463,221	\$434,981
Less debt service funds net assets	(43,205)	(40,175)	(36,317)	(32,192)	(29,688)	(23,538)	(22,694)
Direct Debt	523,360	497,675	400,368	437,253	402,037	439,683	412,287
<u>Overlapping Debt</u>							
Jefferson County, Alabama overlapping debt ¹	1,328,870	1,266,885	1,141,290	1,190,200	1,014,595	982,080	1,000,645
Jefferson County Board of Education ²	86,150	81,160	75,930	81,680	85,930	78,990	67,900
Total bonds and warrants outstanding	1,415,020	1,348,045	1,217,220	1,271,880	1,100,525	1,061,070	1,068,545
% of debt applicable to City of Birmingham	31.8%	31.4%	31.5%	31.3%	31.3%	31.3%	30.0%
City of Birmingham Debt Burden	449,976	423,286	383,424	398,098	344,464	332,115	320,564
Shelby County, Alabama ³	-	-	-	-	-	-	-
Shelby County, Alabama Board of Education ⁴	154,930	155,390	161,610	155,120	144,080	181,530	176,173
	154,930	155,390	161,610	155,120	144,080	181,530	176,173
% of debt applicable to City of Birmingham	1.7%	1.7%	1.7%	1.8%	1.8%	1.8%	2.0%
City of Birmingham Debt Burden	2,634	2,642	2,747	2,792	2,593	3,268	3,523
 Total Overlapping Debt	 452,610	 425,928	 386,172	 400,891	 347,058	 335,382	 324,087
 Total Direct and Overlapping Debt	 \$ 975,970	 \$ 923,603	 \$ 786,540	 \$ 838,144	 \$ 749,095	 \$ 775,065	 \$ 736,374

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)

City of Birmingham						Jefferson County				
Fiscal Year	General Fund	Debt Service Fund	Board of Education		Total	County	County Schools	Total	State of Alabama	Total Tax
			Fund	Library						
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
2013	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2014	\$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

City of Birmingham						Shelby County				
Fiscal Year	General Fund	Debt Service Fund	Board of Education		Total	County	County Schools	Total	State of Alabama	Total Tax
			Fund	Library						
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	\$1.47	\$0.05	\$3.62	\$0.75	\$1.60	\$2.35	\$0.65	\$6.62
2009	\$0.90	\$1.20	\$1.47	\$0.05	\$3.62	\$0.75	\$1.60	\$2.35	\$0.65	\$6.62
2010	\$0.90	\$1.20	\$1.47	\$0.05	\$3.62	\$0.75	\$1.60	\$2.35	\$0.65	\$6.62
2011	\$0.90	\$1.20	\$1.47	\$0.05	\$3.62	\$0.75	\$1.60	\$2.35	\$0.65	\$6.62
2012	\$0.90	\$1.20	\$1.47	\$0.05	\$3.62	\$0.75	\$1.60	\$2.35	\$0.65	\$6.62
2013	\$0.90	\$1.20	\$1.47	\$0.05	\$3.62	\$0.75	\$1.60	\$2.35	\$0.65	\$6.62
2014	\$0.90	\$1.20	\$1.47	\$0.05	\$3.62	\$0.75	\$1.60	\$2.35	\$0.65	\$6.62

Source: Shelby County Tax Assessor

**City of Birmingham
Estimated Legal Debt Margin
As of June 30, 2014**

Table C-6

Net Assessed Value of Real and Personal Property(1)	\$2,705,994,960
Debt Limit (20% of Assessed Value, see note below)	541,198,992
Outstanding General Obligation Bonds, Warrants and Leases(2)	\$ 451,977,488
Less Exemption for School and Sewer Debt(3)	(74,483,930)
Less Debt Service Fund Balance(4)	<u>(22,694,460)</u>
	<u>354,799,098</u>
Legal Debt Margin	\$ 186,399,894

(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 (\$1,040,000), Birmingham Zoo Obligations (\$15,000,000), a lease (\$762,158) and the Funding Agreement for the Honda Project (\$194,795), all as of June 30, 2014. Does not include any other obligation of the City and does not reflect principal payments made on any obligations after June 30, 2014. 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) Market Value as of June 30, 2014

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 \$216,738,104. 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 \$69,615,000) and the Public Athletic and Entertainment Board of the City of Birmingham (currently outstanding in the principal amount of \$61,530,000), 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
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%
2012	68,753,822	66,151,831	96.22%
2013	68,870,877	67,688,169	98.28%

*Jefferson County only

Sources: Jefferson County Tax Assessor and Tax Collector

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

Table C-8

Assessed Entity	Fiscal Year Ended June 30, 2014			Fiscal Year Ended June 30, 2004		
	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	\$178,947,700	1	6.61%	\$112,736,480	1	4.65%
Oxmoor Center LLC	\$35,644,720	2	1.32%			0.00%
Bellsouth Telecommunications	34,901,700	3	1.29%	58,205,600	2	2.40%
American Cast Iron Pipe	32,587,120	4	1.20%	25,397,471	4	1.05%
GSA Birmingham Realty	28,487,660	5	1.05%			0.00%
Alabama Gas Corp	18,614,400	6	0.69%	16,116,820	7	0.67%
SL Regions LLC	17,386,040	7	0.64%			0.00%
LAKD HQ LLC	17,346,080	8	0.64%			0.00%
BBVA Compass Bank	16,955,600	9	0.63%			0.00%
Nucor Steel Corp	15,673,820	10	0.58%			0.00%
Healthsouth Corporation				54,648,170	3	2.26%
Murray-Ash Plaza Inc				18,000,240	5	0.74%
Chase Bank of Texas				17,002,650	6	0.70%
Tish Roberts Preston				15,955,320	8	0.66%
Southern Communications				15,457,460	9	0.64%
Equitable the North Sixty				12,632,800	10	0.52%
	<u>\$396,544,840</u>		<u>14.65%</u>	<u>\$346,153,011</u>		<u>14.29%</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
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%
2013	212,237	30,212	18,507	7.9%	5.9%
2014	212,237	30,212	18,507	7.1%	5.4%

Population figures based on 2000 and 2010 census

Unemployment rates source: Alabama Department of Labor in cooperation with the Bureau of Labor Statistics. 2014 City and MA rate is preliminary June 2014 rate.

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

**Birmingham Metro Employers
Principal Private Sector Employers
Current and Ten Years Prior**

Table D-2

Employer	-----December 2014-----		-----December 2004-----	
	# of Employees	Rank	# of Employees	Rank
University of Alabama in Birmingham	23,000	1	18,750	1
Regions Financial Corporation/AmSouth	7,668	2	5,760	2
Bellsouth/ATT	5,750	3	5,485	3
St. Vincent's Health System	4,644	4	2,000	14
Honda Manufacturing of Alabama, LLC**	4,500	5		-
Children's Health System	4,497	6	3,200	6
Blue Cross-Blue Shield of Alabama	4,000	7	3,000	8
Alabama Power Company	3,982	8	3,000	8
Mercedes-Benz U. S International, Inc.**	3,500	9		-
Baptist Health System	3,200	10	5,000	4
BBVA Compass Bank	2,606	11	2696	10
American Cast Iron Pipe	2,400	11	2,400	13
Buffalo Rock Company	2,200	12		-
Southern Company Services*	2,116	13	1,500	16
Brookwood Medical Center	2,037	14	2600	12
U S Steel	1,900	15	2,400	13
Trinity Medical Center	1,879			-
Social Security Administration	1,800		1,800	15
Drummond Company	1,625		2,900	9
Birmingham Veteran's Affairs Medical Center	1,525		1,252	10
Wells Fargo/Wachovia	1,466		3,094	7
Bruno's Supermarkets			3,477	5

*Part of Southern Company

**Located Outside Metro Area

Does not include aggregated multiple location employers

Source: Birmingham Business Alliance/Birmingham Chamber of Commerce

**Metropolitan Birmingham Largest Employers
by Industry**

Table D-3

Rank	Company	Employment	Product	Presence
1	University of Alabama at Birmingham*	23,000	Education and Healthcare Services	Headquarters
2	Regions Financial Corporation	7,668	Financial Services (Banking)	Headquarters
3	AT&T	5,750	Communications	Regional
4	St. Vincent's Health System	4,644	Healthcare Services	Headquarters
5	Honda Manufacturing of Alabama, LLC**	4,500	Automotive Manufacturing	Major Operations
6	Children's Health System/Children's of Alabama	4,497	Healthcare Services/Pediatrics	Headquarters
7	Blue Cross Blue Shield of Alabama	4,000	Insurance, employee benefits	Headquarters
8	Alabama Power Company	3,982	Utilities Services, Electrical	Headquarters
9	Mercedes-Benz U.S. International, Inc.**	3,500	Automotive Manufacturing	Major Operations
10	Baptist Health System, Inc.	3,200	Healthcare Services/Management	Headquarters
11	BBVA Compass	2,606	Financial Services (Banking)	Headquarters
12	American Cast Iron Pipe Company	2,400	Manufacturing Metal Fabrication	Headquarters
13	Buffalo Rock Company	2,200	Food Products, Pepsi Bottler	Headquarters
14	Southern Company Services	2,116	Utilities/Engineering	Major Operations
15	Brookwood Medical Center	2,037	Healthcare and Management Services	Headquarters
16	U. S. Steel	1,900	Manufacturing/Pipe Mill	Major Operations
17	Trinity Medical Center	1,879	Healthcare and Management Services	Major Operations
18	U.S. Social Security Administration	1,800	U.S. Government, Benefits	Regional
19	Drummond Company, Inc.	1,625	Mining and Natural Resources	Headquarters
20	Birmingham Veterans Affairs Medical Center	1,525	Healthcare and Management Services	Headquarters
21	Wells Fargo	1,466	Financial Services (Banking)	Major Operations
22	Protective Life Corporation	1,340	Financial Services (Insurance)	Headquarters
23	McDonalds (CLP Corporation)	1,300	Management Franchise Operation	Major Operations
24	State Farm Insurance	1,300	Insurance, Regional Operations Center	Regional
25	Samford University	1,231	Education Services, University	Headquarters

Source: Birmingham Business Alliance

* University of Alabama at Birmingham (UAB) and University of Alabama at Birmingham Health Services Foundation combined employment

** Not located in metropolitan Birmingham

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

Table E-1

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government:										
City Clerk	8	8	12	12	12	12	8	10	10	10
City Council	43	44	44	44	44	43	39	40	37	38
Community Development	11	11	11	11	11	9	7	7	7	7
Finance	119	118	117	111	115	112	104	106	104	107
Law	38	36	35	34	34	34	36	38	40	37
Mayor's Office	53	53	67	65	82	78	79	89	89	91
Equipment Management	86	86	86	83	83	99	89	85	88	87
Information Management Services	65	61	61	55	45	53	42	43	47	45
Personnel	18	19	38	35	35	32	29	32	31	32
Public Safety:										
Planning, Engineering, & Permits	225	213	204	194	194	172	141	149	150	143
Communications	0	0	0	0	0	9	0	0	0	0
Parole & Probation	10	10	10	10	10	0	0	0	0	0
Municipal Court	66	64	66	63	61	66	66	66	69	70
Traffic Engineering	86	84	86	84	84	78	63	65	66	68
Police:										
Officers	864	859	859	859	909	822	839	854	842	852
Civilians	323	620	320	322	373	373	283	289	285	277
Fire:										
Officers	628	648	648	648	648	626	634	617	603	608
Civilians	58	75	61	61	61	61	63	73	62	59
Streets & Sanitation:										
Public Works	1,174	1,166	1,164	1,088	1,071	982	906	878	928	929
Horticulture & Urban Forestry	0	0	0	0	0	153	0	0	0	0
Culture & Recreation:										
State Fairgrounds	1	1	5	5	5	4	3	14	17	16
Auditorium	34	23	23	21	21	21	31	28	26	29
Arlington	8	7	12	12	12	10	9	10	10	9
Library	305	305	300	300	326	320	290	292	298	287
Museum of Art	30	28	42	42	42	40	39	39	39	35
Parks & Recreation	265	263	269	305	303	172	257	245	237	262
Southern Museum of Flight	6	6	9	9	9	9	8	9	11	9
Sloss Furnaces	17	14	14	14	14	12	8	5	13	7
Totals	4,541	4,822	4,563	4,487	4,604	4,402	4,073	4,083	4,109	4,114

Source: City Budget Office

Note: The Public Works Department was formed FY2001 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 Ten Fiscal Years

Table E-2

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police precincts	4	4	4	4	4	4	5	4	4	4
Police substations	6	6	6	6	6	4	3	6	5	5
Fire stations	30	31	31	31	31	31	31	31	32	32
Street lights	28,000	28,000	28,000	39,000	39,000	39,000	39,000	32,000	32,000	30,000
Traffic signals	700	700	700	710	710	710	710	702	702	702
Street miles	1,500	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	111	111	112	114	114	115	115
Acreage of Parks	2,137	2,137	2,137	2,635	2,635	2,635	2,683	2,683	2,746	2,746
Recreation/community centers	18	18	18	18	18	19	20	22	23	23
Playgrounds	73	73	73	79	79	79	81	78	125	125
Baseball/softball fields	45	45	45	40	40	40	42	35	41	47
Soccer/football fields	18	18	18	15	15	15	16	15	12	12
Libraries:										
Central	1	1	1	1	1	1	1	1	1	1
Branches	19	19	19	19	19	19	18	18	18	18

Source: Various City departments

**City of Birmingham
E911 Call Center Statistics**

Table E3

Calls Answered	2009	2010	2011	2012	2013	2014
911 Calls		398,862	421,071	245,198	413,033	412,021
328-9311 Calls		220,728	188,382	44,248	154,669	156,191
254-0800 Calls		150,113	161,572	93,984	38,582	32,087
254-2000 Calls					60,899	122,370
Total		769,703	771,025	383,430	667,183	722,669
Calls Dispatched 2013						
	2009	2010	2011	2012	2013	2014
Day	252,292	256,855	261,347	236,061	254,080	245,317
Evening	320,503	313,418	321,500	276,779	284,828	257,086
Morning	142,710	154,531	137,162	124,639	117,952	101,312
Total	715,505	724,804	720,009	637,479	656,860	603,715
Arrest/Traffic Calls						
	2009	2010	2011	2012	2013	2014
Arrest Calls	25,591	24,863	17,170	14,808	8,695	17,505
Traffic Citations Calls	32,846	37,375	28,815	25,999	26,442	26,770
Total	58,437	62,238	45,985	40,807	35,137	44,275

City of Birmingham
Police Department Statistics

Table E-4

2014/ JANUARY-JUNE								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	19	85	460	1,110	1,743	3,320	771	7,508
CLEARED	16	12	162	308	242	679	188	1,607
RATE	84%	14%	35%	28%	14%	20%	24%	21%
2013								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	63	178	969	1,755	4,059	8,836	1,525	17,385
CLEARED	41	26	364	578	517	1,008	163	2,697
RATE	65%	15%	38%	33%	13%	11%	11%	16%
2012								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	67	152	983	2,035	4,704	9,042	1,042	18,025
CLEARED	38	27	380	477	623	892	170	2,607
RATE	57%	18%	39%	23%	13%	10%	16%	14%
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	20,816
CLEARED	30	52	309	536	627	891	217	2,662
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	20,601
CLEARED	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
RATE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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	20,971
CLEARED	37	89	341	245	411	1,012	138	2,273
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	23,303
CLEARED	51	76	650	256	411	1,312	251	3,007
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	1,609	1,396	4,864	12,528	2,246	22,958
CLEARED	32	91	665	236	487	1,374	302	3,187
RATE	37%	40%	41%	17%	10%	11%	18%	15%
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	22,182
CLEARED	67	93	646	230	511	1,305	374	3,226
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	22,372
CLEARED	65	101	661	832	481	1,316	292	3,748
RATE	63%	42%	46%	50%	10%	11%	14%	17%

MUNICIPAL COURT STATISTICS						
Last Five Fiscal Years						
COURT CASE STATISTICS	2010	2011	2012	2013	2014	TOTAL
DRUG/ALCOHOL RELATED CASES	2,182	1,919	1,793	793	726	6,687
GUN COURT CASES	250	309	383	490	311	1,432
TRAFFIC CASES	61,276	66,862	58,300	57,208	32,186	243,646
NON-TRAFFIC CASES	14,480	7,539	9,276	12,218	10,353	53,866
TICKETS ISSUED	2010	2011	2012	2013	2014	TOTAL
PARKING TICKETS	84,261	94,194	60,626	61,573	62,143	362,797
EQUIPMENT REPAIR TICKETS(LIGHTS)	5,850	6,200	6,531	5,279	2,795	26,655

Source: Municipal Court

City of Birmingham
Permit Valuations and Counts
2008-2014

Table E-6

2008 Permits		
Permit Type	Valuation	Count
BLD	\$590,076,464	2,646
ELE	\$85,320,203	4,169
GAS	\$3,634,460	954
MEC	\$61,915,171	1,028
MFD	\$558,207	26
PLB	\$23,736,864	1,166
Totals	\$765,241,369	9,989

2012 Permits		
Permit Type	Valuation	Count
BLD	\$866,620,673	2,446
ELE	\$49,121,362	3,780
GAS	\$1,125,387	829
MEC	\$32,280,820	823
MFD	\$355,427	13
PLB	\$15,993,395	878
Totals	\$965,497,064	8,769

2009 Permits		
Permit Type	Valuation	Count
BLD	\$479,714,373	2,245
ELE	\$99,314,427	3,287
GAS	\$2,448,995	889
MEC	\$46,375,977	741
MFD	\$158,788	9
PLB	\$15,451,502	939
Totals	\$643,464,062	8,110

2013 Permits		
Permit Type	Valuation	Count
BLD	\$515,675,558	2,588
ELE	\$69,105,141	3,588
GAS	\$4,277,053	838
MEC	\$44,894,089	815
MFD	\$162,994	7
PLB	\$1,843,706	886
Totals	\$635,958,541	8,722

2010 Permits		
Permit Type	Valuation	Count
BLD	\$431,983,703	2,117
ELE	\$56,307,331	2,989
GAS	\$230,061	1,035
MEC	\$79,027,620	813
MFD	\$228,272	15
PLB	\$46,690,811	868
Totals	\$614,467,798	7,837

2014 Permits*		
Permit Type	Valuation	Count
BLD	\$482,487,281	1,247
ELE	\$70,723,421	1,899
GAS	\$898,920	434
MEC	\$28,517,933	430
MFD	\$41,600	3
PLB	\$12,944,145	398
Totals	\$595,613,300	4,411

*first six months of calendar year totals

2011 Permits		
Permit Type	Valuation	Count
BLD	\$304,101,510	2,441
ELE	\$107,042,361	3,506
GAS	\$1,179,574	991
MEC	\$37,734,485	926
MFD	\$490,545	14
PLB	\$19,360,273	1,001
Totals	\$469,908,748.00	8,879

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
2015	12,910,000	5,990,796	18,900,796	21,230,000	9,848,420	31,078,420	34,140,000	15,839,216	49,979,216
2016	13,400,000	5,474,658	18,874,658	20,065,000	8,869,276	28,934,276	33,465,000	14,343,934	47,808,934
2017	14,905,000	4,943,254	19,848,254	14,171,200	8,083,163	22,254,363	29,076,200	13,026,417	42,102,617
2018	15,525,000	4,322,437	19,847,437	15,835,000	11,346,951	27,181,951	31,360,000	15,669,388	47,029,388
2019	5,875,000	3,798,278	9,673,278	16,303,833	10,665,093	26,968,926	22,178,833	14,463,371	36,642,204
2020	6,035,000	3,587,061	9,622,061	10,261,813	9,992,831	20,254,644	16,296,813	13,579,892	29,876,705
2021	5,460,000	3,365,099	8,825,099	8,825,099	8,786,610	9,634,237	18,420,847	14,246,610	27,245,946
2022	5,620,000	3,158,053	8,778,053	7,734,413	9,237,033	16,971,446	13,354,413	12,395,086	25,749,499
2023	5,815,000	2,927,602	8,742,602	9,716,135	8,903,156	18,619,291	15,531,135	11,830,758	27,361,893
2024	5,680,000	2,696,441	8,376,441	7,778,570	8,443,446	16,222,016	13,458,570	11,139,887	24,598,457
2025	5,840,000	2,469,414	8,309,414	8,184,249	8,051,577	16,235,826	14,024,249	10,520,991	24,545,240
2026	6,030,000	2,220,012	8,250,012	11,208,171	7,594,392	18,802,563	17,238,171	9,814,404	27,052,575
2027	4,710,000	1,969,739	6,679,739	11,766,214	7,071,348	18,837,562	16,476,214	9,041,087	25,517,301
2028	4,915,000	1,763,257	6,678,257	12,350,136	6,520,164	18,870,300	17,265,136	8,283,421	25,548,557
2029	5,135,000	1,542,527	6,677,527	12,965,545	5,944,267	18,909,812	18,100,545	7,486,794	25,587,339
2030	5,370,000	1,311,178	6,681,178	13,616,833	5,337,230	18,954,063	18,986,833	6,648,408	25,635,241
2031	3,680,000	1,068,984	4,748,984	14,290,485	4,701,490	18,991,975	17,970,485	5,770,474	23,740,959
2032	3,845,000	909,713	4,754,713	15,008,259	4,033,616	19,041,875	18,853,259	4,943,329	23,796,588
2033	3,995,000	757,925	4,752,925	15,760,155	3,331,695	19,091,850	19,755,155	4,089,620	23,844,775
2034	2,010,000	597,597	2,607,597	3,190,295	2,895,605	6,085,900	5,200,295	3,493,202	8,693,497
2035	2,085,000	522,423	2,607,423	3,099,556	2,737,694	5,837,250	5,184,556	3,260,117	8,444,673
2036	2,165,000	444,444	2,609,444	3,264,426	2,584,824	5,849,250	5,429,426	3,029,268	8,458,694
2037	2,245,000	363,473	2,608,473	3,425,174	2,421,076	5,846,250	5,670,174	2,784,549	8,454,723
2038	2,330,000	279,510	2,609,510	3,598,288	2,250,212	5,848,500	5,928,288	2,529,722	8,458,010
2039	2,420,000	189,805	2,609,805	3,771,401	2,068,849	5,840,250	6,191,401	2,258,654	8,450,055
2040	2,510,000	96,635	2,606,635	3,965,124	1,881,377	5,846,500	6,475,124	1,978,012	8,453,135
2041	-	-	-	4,154,724	1,681,276	5,836,000	4,154,724	1,681,276	5,836,000
2042	-	-	-	4,377,299	1,476,702	5,854,000	4,377,299	1,476,702	5,854,000
2043	-	-	-	4,591,630	1,256,871	5,848,500	4,591,630	1,256,871	5,848,500
Total	150,510,000	56,770,315	207,280,315	284,470,536	168,863,869	453,334,406	434,980,536	225,634,184	660,614,720

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
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	\$61,492,175	\$119,722,175	\$11,385,000	\$3,331,800	\$14,716,800	\$69,615,000	\$64,823,975	\$134,438,975

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	Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Total	Principal	Interest	Total
			Debt Service			Debt Service			Debt Service	Debt Service			Debt Service
2015	1,435,000	1,631,906	3,066,906	70,000	221,644	291,644	85,000	192,730	277,730	569,374	1,590,000	2,046,280	3,636,280
2016	1,480,000	1,586,870	3,066,870	75,000	217,591	292,591	90,000	188,469	278,469	571,060	1,645,000	1,992,929	3,637,929
2017	1,525,000	1,540,442	3,065,442	80,000	213,259	293,259	90,000	184,086	274,086	567,345	1,695,000	1,937,787	3,632,787
2018	1,570,000	1,492,625	3,062,625	85,000	208,647	293,647	95,000	179,581	274,581	568,228	1,750,000	1,880,853	3,630,853
2019	1,620,000	1,443,339	3,063,339	90,000	203,756	293,756	100,000	174,833	274,833	568,589	1,810,000	1,821,928	3,631,928
2020	1,670,000	1,392,509	3,062,509	95,000	198,585	293,585	105,000	169,841	274,841	568,426	1,870,000	1,760,935	3,630,935
2021	1,720,000	1,340,133	3,060,133	100,000	193,135	293,135	110,000	164,606	274,606	567,741	1,930,000	1,697,874	3,627,874
2022	1,775,000	1,286,135	3,061,135	105,000	187,405	292,405	115,000	159,127	274,127	566,532	1,995,000	1,632,667	3,627,667
2023	1,830,000	1,230,438	3,060,438	110,000	181,396	291,396	120,000	153,405	278,405	569,801	2,065,000	1,565,239	3,630,239
2024	1,885,000	1,173,041	3,058,041	115,000	175,107	290,107	130,000	147,318	277,318	567,424	2,130,000	1,495,466	3,625,466
2025	1,945,000	1,113,868	3,058,868	125,000	168,399	293,399	135,000	140,865	275,865	569,264	2,205,000	1,423,131	3,628,131
2026	2,005,000	1,052,840	3,057,840	130,000	161,272	291,272	140,000	134,169	274,169	565,440	2,275,000	1,348,280	3,623,280
2027	2,065,000	1,000,000	3,065,000	120,000	172,794	292,794	120,000	154,105	274,105	566,899	2,305,000	1,690,468	3,995,468
2028	1,385,000	1,667,188	3,052,188	105,000	184,275	289,275	100,000	173,950	273,950	563,225	1,590,000	2,025,413	3,615,413
2029	1,460,000	1,588,950	3,048,950	115,000	176,575	291,575	105,000	166,600	271,600	563,175	1,680,000	1,932,125	3,612,125
2030	1,540,000	1,506,450	3,046,450	120,000	168,175	288,175	115,000	158,725	273,725	561,900	1,775,000	1,833,350	3,608,350
2031	1,625,000	1,419,413	3,044,413	130,000	159,250	289,250	125,000	150,325	275,325	564,575	1,880,000	1,728,988	3,608,988
2032	1,715,000	1,327,563	3,042,563	140,000	149,800	289,800	135,000	141,225	276,225	566,025	1,990,000	1,618,588	3,608,588
2033	1,810,000	1,230,625	3,040,625	150,000	139,650	289,650	140,000	131,600	271,600	561,250	2,100,000	1,501,875	3,601,875
2034	1,905,000	1,128,463	3,033,463	160,000	128,800	288,800	150,000	121,450	271,450	560,250	2,215,000	1,378,713	3,593,713
2035	2,010,000	1,020,800	3,030,800	170,000	117,250	287,250	165,000	110,600	275,600	562,850	2,345,000	1,248,650	3,593,650
2036	2,125,000	907,088	3,032,088	185,000	104,825	289,825	175,000	98,875	273,875	563,700	2,485,000	1,110,788	3,595,788
2037	2,240,000	787,050	3,027,050	200,000	91,525	291,525	190,000	86,275	276,275	567,800	2,630,000	964,850	3,594,850
2038	2,365,000	660,413	3,025,413	210,000	77,350	287,350	200,000	72,800	272,800	560,150	2,775,000	810,563	3,585,563
2039	2,495,000	526,763	3,021,763	230,000	62,125	292,125	215,000	58,450	273,450	565,575	2,940,000	647,338	3,587,338
2040	2,630,000	385,825	3,015,825	245,000	45,850	290,850	230,000	43,225	273,225	564,075	3,105,000	474,900	3,579,900
2041	2,775,000	237,188	3,012,188	260,000	28,350	288,350	250,000	26,775	276,775	565,125	3,285,000	292,313	3,577,313
2042	2,925,000	80,438	3,005,438	280,000	9,625	289,625	265,000	9,100	274,100	563,725	3,470,000	99,163	3,569,163
Total	\$53,530,000	\$32,121,927	\$85,651,927	\$4,000,000	\$4,146,411	\$8,146,411	\$4,000,000	\$3,693,110	\$7,693,110	\$15,839,520	\$ 61,530,000	\$ 39,961,447	\$ 101,491,447

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, 2014 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
2013	\$3,190,203
2014	\$3,632,290

*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, covering debt service on the Board's Series 2011-A Bonds.
 See Table F-3.

Revenue from Stadium Lease and Service Agreement

Fiscal Year	Revenue
2014	\$201,233 *

*Revenue from the Stadium Lease and Service Agreement between
 the Birmingham Barons, LLC and the PACE Board are pledged to the
 payment of the PACE Board's Series B Bonds (See Table F-3). During
 Fiscal Year 2014, the first year of operation, certain minimum payments
 from the Barons were prorated for a partial year of operation. Additionally,
 \$300,000 of the rent due was paid, pursuant to the Agreement, to the City
 of Hoover to terminate the Barons lease of the facility owned by that City.
 Assuming that the Stadium had been in operation for a full year and that
 the Hoover payment was not required, net rent would have been \$630,000.
 \$156,454 was also paid by the Barons, pursuant to the Agreement, to the Trustee
 for deposit into the Operations, Maintenance and Repair Expense Fund.
 The Lodgings Tax was used to pay the balance of the debt service on the Series B
 Bonds during this first year of operations.

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
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	\$5,075,000	\$1,310,416	\$6,385,416	\$825,000	\$173,578	\$998,578	\$5,900,000	\$1,483,994	\$7,383,994

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 Warrants Series 2014-PNC2

Table F-6

Fiscal Year Ended June 30	Principal	Interest	Total Debt Service
2015	\$ 1,120,000	\$ 52,325	\$ 1,172,325
2016	1,130,000	39,445	1,169,445
2017	1,145,000	26,450	1,171,450
2018	1,155,000	13,283	4,681,503
Total	\$ 4,550,000	\$ 131,503	\$ 8,194,723

The Warrants carry an interest rate of 1.15%. Principal is payable on March 1 and Interest is payable on March 1 and September 1. Proceeds were used for capital equipment.

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 Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
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									
Total	\$12,740,000	\$3,259,922	\$15,999,922	\$5,735,000	\$786,521	\$6,521,521	\$18,475,000	\$4,046,442	\$22,521,442

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.

City of Birmingham
Debt Service Schedules
Privately Placed Debt
General Obligation Refunding Warrants Series 2014-PNC

Table F-8

Fiscal Year Ended June 30	Principal	Interest	Total Debt Service
2015	655,000	65,488	720,488
2016	670,000	55,335	725,335
2017	685,000	44,950	729,950
2018	725,000	34,333	759,333
2019	740,000	23,095	763,095
2020	750,000	11,625	761,625
Total	4,225,000	234,825	4,459,825

The warrants pay principal on April 1 and interest on April 1 and October 1.

The warrants refunded the City's Series 2004-B Warrants, which were called on April 1, 2014.

The warrants carry an interest rate of 1.55% and are not prepayable.

City of Birmingham
 Debt Service Schedules
 Privately Placed Debt

Table F-9

General Obligation Refunding Bond (Federally Taxable), Series 2014-WFB

Fiscal Year Ended June 30	Principal	Interest	Total Debt Service
2015	-	909,540	909,540
2016	-	909,540	909,540
2017	1,910,000	865,858	2,775,858
2018	2,920,000	755,396	3,675,396
2019	2,995,000	620,120	3,615,120
2020	3,070,000	481,414	3,551,414
2021	2,495,000	354,142	2,849,142
2022	2,070,000	249,740	2,319,740
2023	2,165,000	152,886	2,317,886
2024	2,260,000	51,686	2,311,686
Total	19,885,000	5,350,322	25,235,322

The bonds pay principal on November 1 and interest on May 1 and November 1. The bonds carry an interest rate of 4.574% and are not prepayable. The City has an option to refund these bonds between August 3, 2015 and November 1, 2015 at an interest rate of 3.85%.

