



CITY OF BIRMINGHAM

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

OFFICE OF THE DIRECTOR OF FINANCE

J. Thomas Barnett, Jr.



BIRMINGHAM FORWARD

— MAYOR WILLIAM A. BEST, SR. —

City of Birmingham, Alabama
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 2015

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INTRODUCTORY SECTION

- List of City Officials
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- Certificate of Achievement-
Government Finance Officers Association
- City of Birmingham Organization Chart





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OFFICIALS OF THE CITY OF BIRMINGHAM



MAYOR
WILLIAM A. BELL, SR.

CITY COUNCIL

Johnathan Austin, President, District #5
Jay Roberson President Pro-Tem, District #7

LaShunda Scales, District #1
Valerie A. Abbott, District #3
Sheila Tyson, District #6
Marcus Lundy, District #9

Kim Rafferty, District #2
William Parker, District #4
Steven W. Hoyt, District #8

DEPARTMENT HEADS

AUDITORIUM Kevin Arrington, Director
CITY CLERK Lee Frazier, City Clerk
CITY COUNCIL Cheryl A. Kidd-Harmon, Council Administrator
COMMUNITY DEVELOPMENT John Colon, Director
EQUIPMENT MANAGEMENT George R. Rainey, Director
FINANCE J. Thomas Barnett, Jr., Director
FIRE Charles E. Gordon, Chief
INFORMATION MANAGEMENT SERVICES Srikanth Karra, Director
LAW Ralph Cook, City Attorney
MAYOR'S OFFICE Jarvis Patton, Chief of Operations
MUNICIPAL COURT Andra Sparks, Presiding Judge
PERSONNEL Peggy Polk, Director
PLANNING, ENGINEERING AND PERMITTING Andre Bittas, Director
POLICE A.C. Roper, Chief
PUBLIC WORKS Stephen Fancher, Director
TRAFFIC ENGINEERING Gregory Dawkins, Traffic Engineer

BOARD DIRECTORS

ARLINGTON Steve Moode, Director
LIBRARY Angela F. Hall, Interim Director
MUSEUM OF ART Gail Andrews, Director
PARKS AND RECREATION Kevin Moore, Director
SLOSS FURNACES John W. Nixon, Director
SOUTHERN MUSEUM OF FLIGHT Dr. Brian J Barsanti, Director



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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**





CITY OF BIRMINGHAM

DEPARTMENT OF FINANCE

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BETTYE W. GRIGGS
DEPUTY DIRECTOR

BARBARA D. MCGRUE
DEPUTY DIRECTOR

WILLIAM A. BELL, SR.
MAYOR

J. THOMAS BARNETT, JR.
FINANCE DIRECTOR

November 3, 2015

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, 2015, is hereby submitted. This report represents the official comprehensive publication of the City's financial position at June 30, 2015. Responsibility for the accuracy, completeness, and fairness of the data, including all disclosures, rests with management of the City of Birmingham. The basis of reliance for the financial statements is a comprehensive framework of internal control. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the statements are free of any material misstatements.

In compliance with the City's Mayor-Council Act, the submitted financial statements were subjected to an independent audit. Banks, Finley, White & Co. has issued an unqualified opinion on the City of Birmingham's financial statements for the year ended June 30, 2015. 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 the financial operations of three legal entities for which the City is financially accountable. The financial operations of the Birmingham Airport Authority and the Birmingham Parking Authority are discretely presented component units, see Note 1A. The Public, Athletic, Cultural and Entertainment Facilities Board is a blended component unit and results of its operations are shown in the non-major Special Revenue funds combining statements.

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's unemployment rate, which was 5.9% during the month of June, 2015. The State of Alabama's unemployment rate was 6.1% during the same period compared to 5.3% for the United States.

The City is experiencing substantial development and re-development. Multi-family development is taking place over a wide area of the City, with new construction and with repurposing and redevelopment of existing buildings. Approximately 1,185 multifamily units are currently under construction in the City Center area. Six new hotel projects are in design or under construction, consisting of approximately 600 new hotel rooms. Three of the hotel projects are repurposing existing buildings and three are new construction.

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 third season, the Barons continued to attract large crowds, setting an attendance record of 444,000 visitors. The Rotary Club of Birmingham has begun construction of 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. Alabama Power Company has begun construction of the repurposing of 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.

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 nearing the completion of the construction of a \$50 million clinic in the City's Medical District, just south of downtown.

Commercial development is also occurring, notably close to the City's Railroad Park, Regions Field baseball stadium and the University of Alabama at Birmingham. A major supermarket development is under construction in the City Center. Current construction projects are estimated to total approximately \$600 million. Building permit revenue increased 9.4% over the previous fiscal year. The City's Special Lodgings Tax increased by approximately 5% during 2015, as the new Westin Hotel and the Sheraton Hotel benefited from more visitors attending events at the Birmingham Jefferson Civic Center and Entertainment District and the Birmingham Crossplex. The Assessed Valuation of taxable property within the City increased 2.2%.

After securing State legislation, the City has incorporated a Land Banking Authority which has 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, a 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.

Oxford Pharmaceuticals, a generic drug manufacturing company, recently commenced construction of a \$29 million plant in the City. The Company will initially employ 61, with expected growth to 200 coming over the next few years, as production ramps up. In the industrial sector, automotive supplier Kamtek Inc. announced plans to invest \$80 million in an expansion in the City that will add 120 jobs to its existing manufacturing facility. Mercedes supplier SMP announced plans to open a \$150 million facility in neighboring Tuscaloosa County, creating 650 jobs. Mercedes Benz has announced a new investment of \$1.3 billion, adding 300 jobs to expand its body shop at

its facility in Tuscaloosa County. U.S. Steel is continuing the replacement of its blast furnace operations with a new electric arc furnace. The new electric arc furnace is expected to be complete by the second half of 2016 and will likely employ fewer workers than the blast furnace. The Company is switching to the EAF as it looks to stay competitive in the global steelmaking market. U. S. Steel plans to shutter its blast furnace and associated steelmaking operations in the adjacent city of Fairfield, idling approximately 1,100 workers. Coal producer Walter Energy, which recently filed for bankruptcy, said that approximately 200 workers in its Tuscaloosa County mine will be subject to layoffs, tied to market conditions. Grandview Medical Center recently opened in the southern part of the City, as a replacement hospital for Trinity Medical Center, also located in the City. Baptist Medical Center – Princeton, located in the western area of the City completed a joint venture arrangement with Brookwood Medical Center, a Tenet Healthcare facility in the neighboring city of Homewood.

In 2012 citizens approved a \$150 million bond referendum. The city issued approximately \$68 million of the bonds in Fiscal Year 2013 for various projects throughout the City. \$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 during fiscal year 2016.

The City is currently working to become more energy efficient by contracting with Phillips Lighting North America Corporation and Trane U.S., Inc. Phillips is working on replacing certain lighting owned by the City with energy efficient equipment pursuant to a lease. Phillips will guarantee that energy savings will cover the lease payments and, upon payment of the lease, the City will receive all of the savings. The Phillips program may be a \$10 million project. Trane is studying major City equipment and anticipates replacing that equipment with energy efficient equipment pursuant to a lease, the payments of which, will be guaranteed to be covered by the energy cost savings. This program is estimated to cost \$40 million to \$50 million.

The City’s major pension fund, the Retirement and Relief System, ended the trend of an increasing unfunded actuarial accrued liability for long-term benefits. The trend continued from the early 2000’s and as of July 1, 2014, the unfunded actuarial accrued liability of the Plan was approximately \$318 million, down from \$328 million the previous year and had a funded ratio of 74.8%, up from 73% the previous year. The Governmental Accounting Standards Board (“GASB”), the institution which sets accounting standards for governmental entities, issued new accounting rules which are effective for the City with this report. The new rule, with respect to pension accounting, requires the City’s actuary to estimate “Net Pension Liability,” which is an estimation of all future pension benefit payments using specified assumptions, less the estimated assets available for those benefits in the plan. The City’s Net Pension Liability for the Plan, computed according to GASB methodology, was \$548.3 million, up from \$400.3 million

in 2014. Prior to this year, information about the funding status of the Plan was disclosed in the financial statements in footnotes and tables. This year, the City is required to

present the Net Pension Liability as a liability of the City, similar to debt. This presentation is in the Government Wide Financial Statements, which creates the excess of liabilities over assets for the City as a whole. 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 improving the funding of the plan. The City's 2016 Operating Budget includes a ½% increase in the City's contribution to the plan and the employees will match this ½%, for a total funding increase of 1% of payroll. Other plan adjustments are under study. However, no other plan adjustments have been made. At July 1, 2014, the unfunded actuarial liability for the Fire & Police Supplemental Pension System was \$62.6 million, down from \$62.7 million, the prior year. The City's Net Pension Liability for the Plan, computed according to the new GASB methodology, was \$73.2 million, up from \$68.8 million the previous year. Individual financial reports for both plans are available on the City's website, at www.birminghamal.gov under City Directory, Finance Department.

The City is a defendant in several lawsuits claiming refunds of taxes previously paid to the City, and interest on those claimed refunds, or challenging the City's business license tax. A total adverse ruling in these cases could have a material impact on the City's financial condition. The City is vigorously defending its positions in these cases.

During the year, the City experienced an operating surplus of approximately \$13.6 million in its General Fund. Revenues were over budget by approximately \$7.7 million, driven by business licenses, permits and charges for services. Sales tax revenue increased by 4% over the previous year. Use tax increased 5.4%, occupational tax gained 3%, lease/rental tax increased 8%, business license fees advanced 4.4%, permits gained 9.4%, fines and forfeitures declined 7.8%, charges for services increased 29.7% led by an increase in advanced life support transportation fees and intergovernmental revenue advanced 12.4% after excluding one-time items. Actual business taxes, including sales, use, occupational, lease/rental and lodgings taxes were \$12,818 more than the \$241,786,921 budgeted for these revenues. Business License tax was \$3 million over the \$82.7 million amount budgeted. Expenses were under budget by approximately \$5.6 million as a result of lower gasoline prices and lower workers' compensation expense. Total General Fund operating expenses declined 2% from the prior year. At the end of 2015, the City's Unassigned General Fund Balance was approximately \$91.3 million and the Birmingham Fund, a special reserve fund, ended the year with a fund balance of approximately \$91.6 million. In its Fiscal 2016 Budget, the City appropriated approximately \$7.8 million from General Fund Balance to fund neighborhood improvement projects.

The City accounts for its employee and pre-65 retiree healthcare plan in an internal service, proprietary, fund. Employee and retiree contributions are receipted as revenue in the fund. The City's planned contribution is recorded as revenue and any excess claims are paid by the City's General Fund by transfer into the fund. During the

fiscal year, the City paid claims, in excess of the planned amount, of approximately \$4.8 million. The City also transferred \$3.4 million into the fund from the General Fund to amortize the accumulated deficit from previous years. At the end of the year, the accumulated deficit was reduced to approximately \$8.5 million, from \$11.8 million in 2014.

An actuarial study reported that 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. The City's Net OPEB obligation, computed according to GASB standards was \$37.2 million at June 30, 2015. The 2016 healthcare plan for active employees and retirees included premium increases.

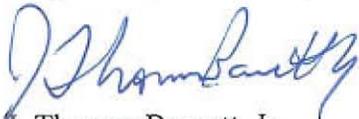
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award presented to state and local governments 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 36 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, 2014, 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 under the City Directory - Finance Department and the Budget Office.

Respectfully submitted,



J. Thomas Barnett, Jr.
Director of Finance



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

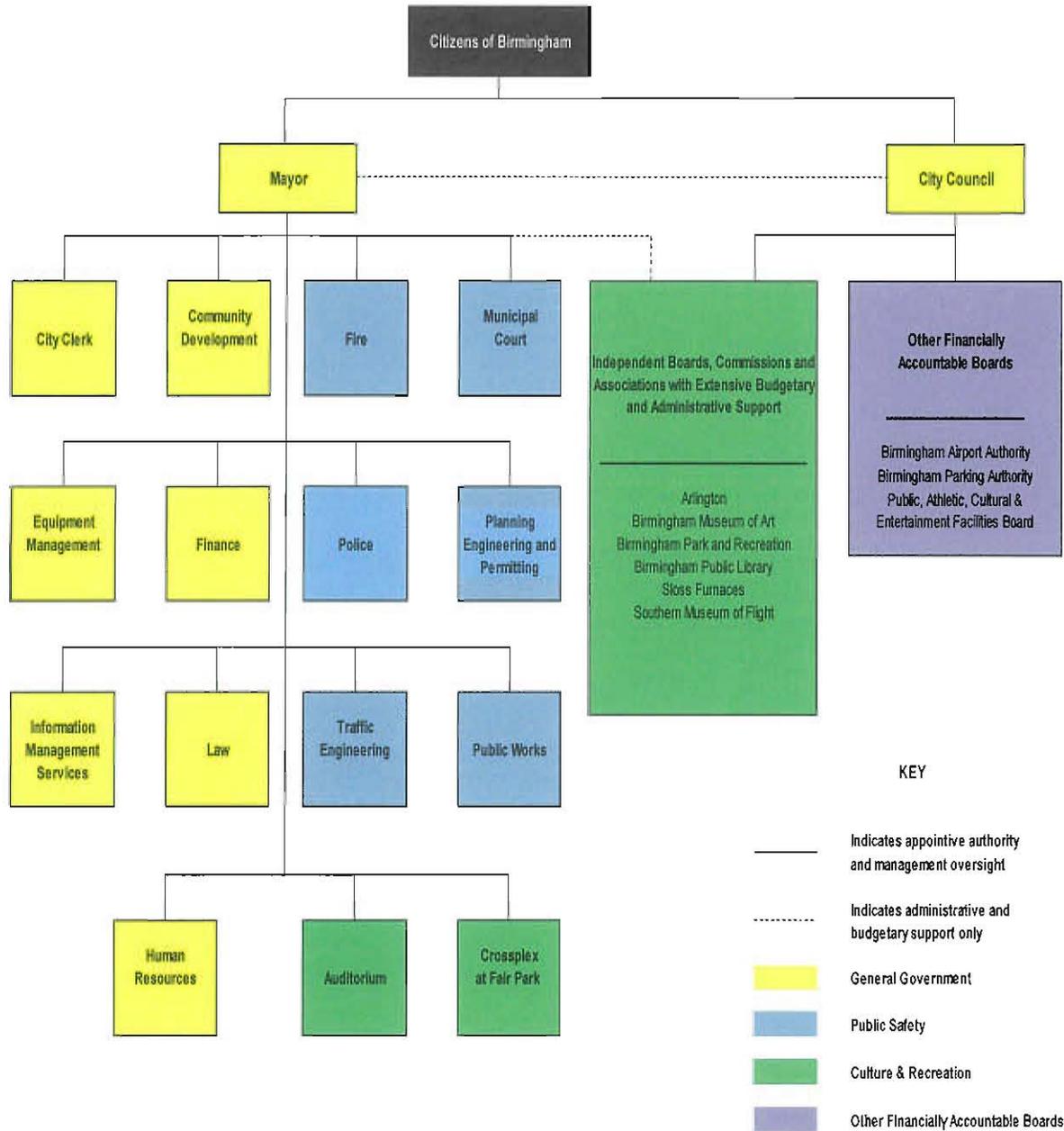
June 30, 2014

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregately discretely presented component units, the statement of each major fund, the aggregate remaining fund information, and the respective budgetary comparison for the General Fund of the City of Birmingham, Alabama ("the City"), as of and for the year ended June 30, 2015, 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 Parking Authority, a component unit of the City, which represents 1.2%, 1.2% and 11.8% of the assets, net position and revenues, respectively of the aggregately discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such discretely presented component units, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Birmingham, Alabama, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note (1).(D).(10) to the financial statements, in 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 12-22), Schedule of Changes in the Plan's Net Pension Liability and Related Ratios (pages 86-88), Schedule of the Employer's Contributions (pages 89-90), and Schedule of Funding Progress-OPEB (page 91) 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



To the Honorable Mayor and
Members of City Council
City of Birmingham, Alabama
Page 3

an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and the schedule of revenues, expenditures and changes in fund balance-budget and actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non major fund financial statements and the schedule of revenues, expenditures and changes in fund balance-budget and actual 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.

Birmingham, Alabama
November 3, 2015

Banks, Finley White & Co.



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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, 2015, 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 2-7 and the financial statements beginning on page 23.

Financial Highlights

- Total net position for the City of Birmingham increased by \$14.8 million during the past fiscal year.
- The liabilities of the City of Birmingham exceeded its assets at the close of June 30, 2015, by \$242.7 million.
- The City of Birmingham's governmental funds reported combined ending fund balances of \$300.2 million as of June 30, 2015, a decrease of \$10.7 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, 2015. This statement is prepared on the full accrual basis of accounting, meaning that all changes to net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance included in this report provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

In fiscal year 2015, the City of Birmingham reported as major funds the General Fund, the Birmingham Fund, the Debt Reserve and Debt Service Funds, the 2013-A Bonds Fund, the 2014 Bond 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 on pages 95 through 106 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 Communications 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 through 34 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 through 36 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 86 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	Activities of the City that operate 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 \$96.6 million is subject to various legal restrictions regarding use and by federal and state grant requirements. The City's total net position increased by approximately \$14.8 million in fiscal year 2015. 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, 2015 and 2014:

CONDENSED STATEMENT OF NET POSITION
June 30, 2015 and 2014
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$427,954	\$343,335	\$4,565	\$3,487	\$432,519	\$346,822
Capital assets, net	<u>583,593</u>	<u>560,785</u>	<u>3,848</u>	<u>4,167</u>	<u>587,441</u>	<u>564,952</u>
Total assets	<u>1,011,547</u>	<u>904,120</u>	<u>8,413</u>	<u>7,654</u>	<u>1,019,960</u>	<u>911,774</u>
Current and other liabilities	92,097	82,529	184	279	92,281	91,750
Long-term liabilities	<u>1,162,151</u>	<u>598,630</u>	<u>1,154</u>	<u>1,732</u>	<u>1,163,305</u>	<u>600,362</u>
Total liabilities	<u>1,254,248</u>	<u>681,159</u>	<u>1,338</u>	<u>2,011</u>	<u>1,255,586</u>	<u>692,112</u>
Net position:						
Net investment in capital assets	149,863	210,160	919	4,167	150,782	214,327
Restricted	96,624	139,831	-	-	96,624	139,831
Unrestricted	<u>(489,185)</u>	<u>(127,030)</u>	<u>6,156</u>	<u>1,476</u>	<u>(483,029)</u>	<u>(125,554)</u>
Net position	<u>(\$242,698)</u>	<u>\$222,961</u>	<u>\$7,075</u>	<u>\$5,643</u>	<u>(\$235,623)</u>	<u>\$228,604</u>

Note: Long-term liabilities increased due to net pension obligation reporting requirements for GASB 68.

CONDENSED STATEMENT OF CHANGES IN NET POSITION
For Years Ended June 30, 2015 and 2014
(in thousands)

Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
REVENUES:						
Program revenues:						
Charges for services	\$203,212	\$115,656	\$7,003	\$6,272	\$210,215	\$121,928
Operating grants	57,923	24,390	-	-	57,923	24,390
Capital grants	7,797	-	-	-	7,797	-
General revenues:						
Sales and use tax	151,919	145,394	-	-	151,919	145,394
Occupational tax	81,013	78,654	-	-	81,013	78,654
Property tax	54,808	55,842	-	-	54,808	55,842
Unrestricted grants and Contributions	24,663	22,561	-	-	24,663	22,561
Investment earnings	5,988	11,978	10	7	5,998	11,985
Other	(3,217)	5,909	-	-	(3,217)	5,909
Total revenues	584,106	460,384	7,013	6,279	591,119	466,663
EXPENSES:						
Program expenses:						
General government	232,450	122,310	-	-	232,450	122,310
Public safety	196,529	200,169	5,581	5,220	202,110	205,389
Streets and sanitation	61,527	78,093	-	-	61,527	78,093
Culture and recreation	40,987	40,667	-	-	40,987	40,667
Interest on long-term debt	39,195	17,896	-	-	39,195	17,896
Total expenses	570,688	459,135	5,581	5,220	576,269	464,355
Increase in net position	13,418	1,249	1,432	1,059	14,850	2,308
Beginning, restated, net position	222,960	221,712	5,643	4,584	228,603	226,296
Restatement	(479,076)	-	-	-	(479,076)	-
Ending net position	\$(242,698)	\$222,961	\$7,075	\$5,643	\$(235,623)	\$228,604

Fund Analysis

Changes in fund balances for the City's major governmental funds for the fiscal year ended June 30, 2015, are as follows:

	Beginning Balance	Increase (Decrease)	Ending Balance
General Fund	\$ 79,574	\$ 13,138	\$ 92,712
Birmingham Fund	93,161	(1,189)	91,972
General Bond Debt Reserve	21,109	(3,454)	17,655
General Bond Debt Service	1,585	2,166	3,751
2013-A Bonds	49,908	(14,837)	35,071
Capital Improvement Fund	13,697	(5,828)	7,869
	<u>\$ 259,034</u>	<u>(\$ 10,006)</u>	<u>\$249,028</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 increased due to an operating surplus for fiscal year 2015. The surplus resulted primarily from increased revenues from Business Licenses, Permits and Advanced Life Support Transportation Fees and decreased expenses for gasoline and worker's compensation claims. The Fund Balance of the Birmingham Fund declined as a result of transfers out to the General Fund and project expenditures exceeding the investment earnings in the Fund. The General Bond Debt Reserve Fund's Fund Balance decreased according to its programmed reduction to pay debt service on outstanding bonds. The General Bond Debt Service Fund's Fund Balance increased as a result of excess transfers-in from the Bond Reserve Fund. The 2013-A Bonds Fund decreased as capital expenditures were made from the Fund, which accounts for bond proceeds, which increased the Fund Balance in a previous year when the bonds were issued. 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 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, 2015, the City of Birmingham reported approximately \$584 million in net capital assets, including its infrastructure, for governmental activities. The City's Emergency Management Communication District reported approximately \$3.8 million in net capital assets. The notes to the financial statements, on pages 51 through 52, 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, 2015 was as follows (in thousands):

	<u>June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2015</u>
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 153,167	\$ -	\$ -	\$ 153,167
Construction in progress	79,296	31,117	4,061	106,352
Land, infrastructure projects	16,647	-	-	16,647
Total nondepreciable capital	<u>249,110</u>	<u>31,117</u>	<u>4,061</u>	<u>276,166</u>
Capital assets, depreciable:				
Buildings and capital facilities	320,361	435	-	320,796
Furniture and other equipment	168,582	7,621	2,165	174,038
Infrastructure	215,641	3,856	-	219,497
Total depreciable capital assets	<u>704,584</u>	<u>11,912</u>	<u>2,165</u>	<u>714,331</u>
Less accumulated depreciation:				
Buildings and capital facilities	113,727	4,628	-	118,355
Furniture and other equipment	135,756	8,162	2,140	141,778
Infrastructure	143,527	3,245	-	146,771
Total accumulated depreciation	<u>393,011</u>	<u>16,035</u>	<u>2,140</u>	<u>406,906</u>
Net depreciable capital assets	<u>311,573</u>	<u>(4,123)</u>	<u>25</u>	<u>307,425</u>
Governmental activities, net capital assets	<u>\$ 560,683</u>	<u>\$ 26,994</u>	<u>\$ 4,086</u>	<u>\$ 583,591</u>

	<u>June 30,</u> <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30,</u> <u>2015</u>
Business-type activities:				
Buildings and other capital facilities	\$ 1,025	\$ -	\$ -	\$ 1,025
Furniture and other equipment	6,144	133	-	6,277
Total capital assets	<u>7,169</u>	<u>133</u>	<u>-</u>	<u>7,302</u>
Less accumulated depreciation:				
Buildings and other capital facilities	481	20	-	502
Furniture and other equipment	2,520	431	-	2,952
Total accumulated depreciation	<u>3,002</u>	<u>452</u>	<u>-</u>	<u>3,454</u>
Business-type activities, net capital assets	\$ <u>4,167</u>	\$ <u>(319)</u>	\$ <u>-</u>	\$ <u>3,848</u>

Long-term Debt Activity

At June 30, 2015, the City of Birmingham had approximately \$510 million of outstanding debt, consisting of its bonds and warrants (including blended component unit debt); of this amount, approximately \$471 million is considered long-term. The notes to the financial statements, on pages 54-61, include additional details for the City's long-term debt activity.

<u>Governmental Activities</u>	<u>2015</u>	<u>2014</u>
Long Term Debt	\$ 471,275	\$ 500,551
Capitalized Leases	549	762
	<u>\$ 471,824</u>	<u>\$ 501,313</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 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, which are paid from The Special Lodgings Tax and Stadium Lease Revenues.

On October 1, 2014, the City issued \$1,010,000 of its General Obligation Warrants Series 2014-PNC3. The Warrants were issued to finance the purchase of and installation of computer equipment, used by various City departments. The warrants mature on October 1, 2015 through 2018.

On October 30, 2014, the City issued its \$16,040,000 Taxable General Obligation Refunding Bonds, Series 2014-C. The Bonds were issued to advance refund those of its General Obligation Bonds, Series 2006-A maturing in 2019, 2021 and 2022. The refunding bonds mature over the same period as the refunded bonds. The Series 2014-C bonds are taxable bonds, with an interest rate of 4.27% and a True Interest Cost of 2.30%. The City has an option to refund these bonds between July 3, 2016 and October 1, 2016 at an interest rate of 4.11% and a True Interest Cost of 2.30%. When the City exercises its option to refund the Bonds, net present value savings of the refunding transaction will be \$655,392, or 4.09% of the principal amount of bonds being refunded.

On October 30, 2014, the City issued its \$12,120,000 Taxable General Obligation Refunding Bonds, Series 2014-D. The Bonds were issued to advance refund those of its General Obligation Bonds, Series 2007-A maturing in 2018, 2019, 2022, 2023 and 2024. The refunding bonds mature over the same period as the refunded bonds. The Series 2014-D bonds are taxable bonds, with an interest rate of 4.455%, and a True Interest Cost of 2.54%. The City has an option to refund these bonds between September 2, 2016 and December 1, 2016 at an interest rate of 3.91% and a True Interest Cost of 2.53%. When the City exercises its option to refund the Bonds, net present value savings of the refunding transaction will be \$744,087, or 6.14% of the principal amount of bonds being refunded.

On November 6, 2014, the City issued its \$44,980,000 General Obligation Refunding Bonds Series 2014-A. The Bonds were issued to advance refund those of its General Obligation Bonds, Series 2007-A maturing in 2020 – 2024, 2027, 2029, and 2032. The refunding bonds mature over the same period as the refunded bonds. The Series 2014-A Bonds are tax-exempt bonds, with an average interest rate of 4.86%, and a True Interest Cost of 3.37%. The transaction resulted in a net present value savings of 2,080,037, or 4.32% of the principal amount of bonds being refunded.

On November 6, 2014, the City issued its \$40,610,000 General Obligation Refunding Warrants, Series 2014-B. The Warrants were issued to advance refund those of its General Obligation Warrants, Series 2006-C maturing in 2017 – 2026, 2031, 2032, and 2033 and also those of its General Obligation Warrants, Series 2007-B maturing in 2018 – 2023, 2027 and 2030. The refunding warrants mature over the same period as the refunded warrants. The Series 2014-B Warrants are tax-exempt warrants, with an average interest rate of 4.76%, and a True Interest Cost of 3.02%. The transaction resulted in a net present value savings of \$2,795,279 or 6.50% of the principal amount of bonds being refunded.

On December 17, 2014, the City issued \$17,503,000 Tax Increment Financing District No. 1 Revenue Warrant Series 2014. The Warrants were issued to currently refund the City's Tax Increment Finance District 1 Revenue Warrant No. 1 and Tax Increment Finance District 1 Revenue Warrant No. 2, both dated November 6, 2009. The final maturity of the refunding warrants is September 1, 2028. The Series 2014 Warrants are tax-exempt warrants, with an interest rate of 2.89%. The refinancing was undertaken to align debt service with TIF revenues. In addition to TIF revenues, the Warrants are payable from a General Obligation Funding Agreement from the City. The transaction resulted in a net present value savings of \$1,260,000.

On January 30, 2015, the City issued \$10,000,000 of its 2015 General Obligation Bond Anticipation Notes due January 5, 2015. This General Obligation Note was issued in anticipation of issuing authorized but unissued bonds and will be repaid from the proceeds of such future issuance of bonds.

Economic Factors Affecting the City of Birmingham and the 2015 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. 2015 experienced good revenue growth. Given much newly announced private development in the City, the City expects to see increased 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 2015 fiscal year. For one, the U. S. economy appeared to have stabilized and is now growing at a slow rate. 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 for 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 City Directory, Finance Dept and Budget Office.

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, 2015
(amounts expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
CURRENT ASSETS:				
Unrestricted assets:				
Cash and investments	\$ 272,295	\$ 4,565	\$ 276,860	\$ 31,262
Cash with escrow agent	1,666	-	1,666	-
Receivables:				
Accrued interest	70	-	70	-
Accrued taxes receivable	31,788	-	31,788	-
Accounts (net of uncollectibles)	2,468	-	2,468	2,297
Notes (net of uncollectibles)	533	-	533	-
Loans	741	-	741	-
Due from other governments	738	-	738	-
Special assessments	(178)	-	(178)	-
Inventories	1,221	-	1,221	266
Prepaid items	482	-	482	617
Due from component unit	1,380	-	1,380	-
Other current assets	554	-	554	-
Restricted assets:				
Cash and cash equivalents	-	-	-	34,213
Investments	-	-	-	23,183
Accounts and grants receivable	-	-	-	1,004
Accrued interest receivable	-	-	-	39
NONCURRENT ASSETS:				
Other assets:				
Net pension obligation	242	-	242	-
Capital assets::				
Land	169,814	-	169,814	185,795
Buildings and capital facilities	320,796	1,025	321,821	274,075
Furniture and other equipment	174,038	6,277	180,315	65,725
Accumulated depreciation	(260,133)	(3,454)	(263,587)	(190,233)
Infrastructure	219,497	-	219,497	205,739
Accumulated depreciation, infrastructure	(146,771)	-	(146,771)	-
Construction in progress	106,352	-	106,352	17,377
Total Assets:	897,593	8,413	906,006	651,349
Total Deferred outflows	113,954	-	113,954	4,143
Total Assets and Deferred Outflows of Resources	1,011,547	8,413	1,019,960	655,492

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

City of Birmingham, Alabama
Statement of Net Position
June 30, 2015
(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	12,183	23	12,206	1,612
Contracts payable	456	161	617	-
Contracts payable - retainage	798	-	798	-
Accrued payroll and payroll taxes payable	3,158	-	3,158	142
Due to primary government	-	-	-	1,331
Estimated claims payable	15,211	-	15,211	-
Other liabilities	6,188	-	6,188	-
Unearned Revenue	-	-	-	4
Interest payable	4,067	-	4,067	-
Capitalized leases	217	-	217	-
Compensated absences	3,391	-	3,391	36
Bonds and warrants payable	46,425	-	46,425	-
Payable from restricted assets:				
Contracts Payable	-	-	-	1,944
Accrued Interest Payable	-	-	-	5,072
Current portion of revenue bonds payable	-	-	-	6,439
LONG TERM LIABILITIES:				
Capitalized Leases	333	-	333	-
Compensated absences	12,961	-	12,961	676
Bonds and warrants payable, net	471,275	-	471,275	189,386
Closure and postclosure costs	15,615	-	15,615	-
Workers' compensation claims payable	19,030	-	19,030	-
OPEB liability	37,197	-	37,197	-
Notes Payable	-	1,154	1,154	-
Net pension obligation	605,740	-	605,740	-
Total Liabilities:	1,254,245	1,338	1,255,583	206,642
Net Position				
Invested in capital assets, net of related debt	149,863	919	150,782	363,807
Restricted for:				
Restricted for debt service	87,633	-	87,633	23,108
Restricted for future projects	8,991	-	8,991	14,637
Unrestricted	(489,185)	6,156	(483,029)	47,298
Total Net Position:	\$ (242,698)	\$ 7,075	\$ (235,623)	\$ 448,850

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, 2015
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities:								
Public safety:	196,529	20,253	3,758	-	(172,519)	-	(172,519)	-
Street and sanitation:	61,527	243	-	-	(61,285)	-	(61,285)	-
Cultural & recreational:	40,987	2,055	-	-	(38,933)	-	(38,933)	-
General government:	232,450	180,661	54,167	7,797	10,177	-	10,177	-
Interest on Long-Term Debt	39,195	-	-	-	(39,195)	-	(39,195)	-
Total Governmental Activities:	570,668	203,212	57,923	7,797	(301,755)	-	(301,755)	-
Business-Type Activities:								
Emergency Management Communication District	5,581	7,003	-	-	-	1,422	1,422	-
Total Business-Type Activities:	5,581	7,003	-	-	-	1,422	1,422	-
Total Primary Government:	\$ 576,269	\$ 210,215	\$ 57,923	\$ 7,797	(301,755)	1,422	(300,333)	-
Component Units								
Birmingham Airport Authority	43,059	44,054	6,844	-	-	-	-	7,839
Birmingham Parking Authority	6,533	6,950	-	-	-	-	-	417
Total Component Units:	\$ 49,592	\$ 51,004	\$ 6,844	\$ -	-	-	-	8,256
Sales and use tax					151,919	-	151,919	-
Occupational tax					81,013	-	81,013	-
Property tax					54,808	-	54,808	-
Grants and contributions-unrestricted					24,863	-	24,863	-
Unrestricted investment earnings					5,988	10	5,998	133
Other					(3,217)	-	(3,217)	947
Total General Revenues, Special Items, and Transfers:					315,173	10	315,183	1,080
Change in Net Position:					13,418	1,432	14,850	9,336
Net Position - Beginning of Year as originally stated					222,960	5,643	228,603	434,842
Restatement					(479,076)	-	(479,076)	4,672
Net Position - Beginning of Year Restated					(256,116)	5,643	(250,473)	439,514
Net Position - Ending:					\$ (242,698)	\$ 7,075	\$ (235,623)	\$ 446,850

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

City of Birmingham, Alabama
Balance Sheet
Governmental Funds
June 30, 2015
(amounts expressed in thousands)

	General	Debt Reserve	Debt Service	Capital Improvement Fund	Birmingham Fund	2013-A Bonds	Other Governmental Funds	Total Governmental Funds
Assets								
Cash and investments	\$ 64,947	\$ 17,418	\$ 3,754	\$ 8,174	\$ 91,933	\$ 35,656	\$ 49,332	\$ 271,214
Cash with fiscal agent	-	-	-	-	-	-	1,666	1,666
Receivables:								
Accrued interest	8	21	-	-	41	-	-	70
Accrued taxes	31,023	215	-	-	-	-	551	31,789
Accounts (net of uncollectibles)	2,954	-	-	-	-	-	13	2,967
Notes (net of uncollectibles)	33	-	-	-	-	-	-	33
Loans	654	-	-	-	-	-	67	741
Due from other governments	874	-	-	-	-	-	(137)	737
Special assessments	-	-	-	-	-	-	(178)	(178)
Due from other funds	5,542	-	-	-	-	-	-	5,542
Due from component units	1,380	-	-	-	-	-	-	1,380
Inventories	1,221	-	-	-	-	-	-	1,221
Prepaid items	482	-	-	-	-	-	-	482
Other	554	-	-	-	-	-	-	554
Total Assets:	\$ 109,672	\$ 17,654	\$ 3,754	\$ 8,174	\$ 91,974	\$ 35,656	\$ 51,334	\$ 318,218
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities:								
Accounts and vouchers payable	6,978	-	4	87	2	342	695	8,108
Contracts payable	456	-	-	-	-	-	-	456
Contracts payable-retainage	-	-	-	218	-	243	338	799
Accrued payroll and payroll taxes payable	3,156	-	-	-	-	-	-	3,156
Unearned revenue	276	-	-	-	-	-	(979)	(703)
Other liabilities	6,092	-	-	-	-	-	96	6,188
Total Liabilities:	16,960	-	4	305	2	585	150	18,006
Fund Balances:								
Nonspendable:								
Inventory	1,221	-	-	-	-	-	-	1,221
Prepaid items	482	-	-	-	-	-	-	482
Spendable:								
Restricted:								
Debt Service	-	17,855	3,750	-	-	-	3,025	24,430
Capital Projects	-	-	-	7,869	-	35,071	40,060	83,000
Other	-	-	-	-	-	-	747	747
Assigned:								
Committed to:								
Stabilization	-	-	-	-	91,972	-	-	91,972
Neighborhood Improvements	-	-	-	-	-	-	8,634	8,634
Other Purposes	-	-	-	-	-	-	(1,283)	(1,283)
Unassigned	91,009	-	-	-	-	-	-	91,009
Total Fund Balances:	92,712	17,655	3,750	7,869	91,972	35,071	51,184	300,213
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 109,672	\$ 17,655	\$ 3,754	\$ 8,174	\$ 91,974	\$ 35,656	\$ 51,334	\$ 318,218

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, 2015
(Amounts expressed in thousands)

Fund Balance - Total governmental funds \$ 300,218

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

Deferred revenues are not recognized until available in the funds. (703)

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. 113,949

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

Governmental capital assets	\$ 990,497	
Accumulated depreciation	(406,904)	583,593

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	(509,905)	
Interest accretion on capital appreciation warrants	(7,795)	
Capitalized leases	(549)	
Compensated absences	(16,352)	
Accrued interest payable	(4,067)	
Landfill closure cost	(15,615)	
OPEB liability	(37,197)	
Workers' Compensation claims payable	(19,030)	
Estimated claims payable	(15,211)	
Net pension obligation (net)	(605,497)	(1,231,218)

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.

(8,537)

Net position of governmental activities \$ (242,698)

City of Birmingham, Alabama
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015
(amounts expressed in thousands)

	General	Debt Reserve	Debt Service	Capital Improvement Fund	Birmingham Fund	2013-A Bonds	2014 Bonds Fund	Other Governmental Funds	Total Governmental Funds
Revenues									
Taxes	\$ 285,219	\$ 29,578	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,819	\$ 300,414
Licenses and permits	91,101	-	-	-	-	-	-	-	91,101
Intergovernmental	16,140	79	-	-	-	-	-	25,300	41,549
Charges for services	15,895	-	-	-	-	-	-	100	15,995
Fines and forfeitures	2,253	-	-	-	-	-	-	1,882	3,015
Investment income	274	82	1	45	3,784	54	1,279	470	5,889
Other operating revenues	6,977	-	-	182	-	-	-	1,457	8,016
Total Revenues:	397,655	29,737	1	227	3,784	54	1,279	34,635	467,579
Expenditures									
Current Expenditures:									
Public safety:									
Police	90,881	-	-	-	-	-	-	1,000	91,881
Fire	57,113	-	-	-	-	-	-	721	57,834
Planning, Engineering & Permits	12,899	-	-	-	-	-	-	1,301	14,060
Traffic Engineering	10,509	-	-	-	-	-	-	153	10,662
Municipal Court	4,598	-	-	-	-	-	-	2,884	6,860
Nondepartmental	-	-	-	-	-	-	-	16	16
Street and sanitation:									
Public Works	42,749	-	-	-	-	1,113	-	49	43,911
Cultural & recreational:									
Park & Recreation	12,213	-	-	-	-	-	-	168	12,379
Library	14,467	-	-	-	-	-	-	-	14,467
Arlington Historical Home	581	-	-	-	-	-	-	-	581
Bouwell Auditorium	1,144	-	-	-	-	-	-	-	1,144
Museum of Art	3,102	-	-	-	-	-	-	-	3,102
Steele Furnace	407	-	-	-	-	-	-	-	407
Southern Museum of Flight	714	-	-	-	-	-	-	-	714
State Fairgrounds	4,035	-	-	-	-	-	-	58	4,093
Nondepartmental	-	-	-	-	-	-	-	48	48
General government:									
Finance	10,324	-	-	-	-	-	-	617	10,841
Equipment Management	14,479	-	-	-	-	-	-	-	14,479
Information Management Services	11,237	-	-	-	-	-	-	-	11,237
City Clerk	994	-	-	-	-	-	-	-	994
Community Development	545	-	-	-	-	-	-	9,860	10,505
Council Office	3,312	-	-	-	-	-	-	-	3,312
Legal	5,786	-	-	-	-	-	-	-	5,786
Mayor's Office	8,463	-	-	-	-	-	-	23	8,486
Personnel	8,519	-	-	-	-	-	-	-	8,519
Nondepartmental	49,486	-	25	1,393	911	-	-	2,540	54,372
Municipal Court	-	-	-	-	-	-	-	91	91
Debt Service:									
Principal	9,154	-	21,230	-	-	-	-	6,040	36,424
Interest and fees	4,932	-	9,779	-	-	-	16,880	6,720	36,302
Capital Outlays:									
Capital outlays	812	-	-	8,843	29	11,803	-	18,199	38,283
Total Expenditures:	382,203	-	31,026	8,236	948	12,710	16,980	50,753	502,831
Excess (Deficiency) of Revenues Over (Under) Expenditures:	15,452	29,737	(31,025)	(8,009)	2,836	(12,682)	(15,681)	(16,112)	(35,252)
Other financing sources (uses):									
Issuance of debt	-	-	-	-	-	-	101,026	23,137	124,763
(Premium) Discount on debt issuance	-	-	-	-	-	-	15,886	1,200	16,886
Payment to escrow agent	-	-	-	-	-	-	(101,030)	(12,120)	(113,750)
Transfers in	4,112	-	35,191	2,996	-	-	-	5,142	48,441
Transfers out	(3,200)	(33,191)	-	(815)	(4,033)	(2,176)	-	(4,596)	(48,441)
Transfers out - Internal service fund	(3,430)	-	-	-	-	-	-	-	(3,430)
Total Other financing sources (uses):	(2,516)	(33,191)	35,191	2,161	(4,033)	(2,176)	15,692	15,383	24,489
Net Change in Fund Balances:	13,136	(3,454)	2,166	(5,826)	(1,197)	(14,037)	1	(746)	(10,753)
Fund Balances - Beginning	79,574	21,108	1,585	13,697	93,161	48,038	-	51,837	319,971
Fund Balances - Ending:	\$ 92,712	\$ 17,654	\$ 3,751	\$ 7,871	\$ 91,972	\$ 33,971	\$ 1	\$ 51,106	\$ 330,218

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, 2015
(in thousands)

Net increase in fund balances - total governmental funds \$ (10,753)

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	38,968	
Depreciation	(16,035)	22,933

The repayment and refunding of principal of long-term debt and capital leases uses current resources of governmental funds but has no effect on net assets. 169,253

Issuance of new bonds, warrants (141,649)

Interest accretion on capital appreciation warrants (3,382)

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	(922)	
Change in closure and post closure costs	(829)	
Deferred charges on refunding	(5,791)	
Amortization of premium and discount	6,114	
Amortization of deferred charges	(3,900)	
Change in interest payable	356	
Change in workers compensation	(1,073)	
Change in OPEB	(6,688)	
Change in net pension liability	180	(12,553)

Revenue not recognized until future years (13,712)

Gain on disposal of fixed assets 25

An Internal Service Fund is 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. 3,256

Increase in net position of governmental activities \$ 13,418

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, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 264,690	\$ 264,882	\$ 265,219	\$ 337
Licenses and permits	87,308	87,708	91,101	3,393
Intergovernmental	11,624	14,185	16,140	1,955
Charges for services	13,159	13,186	15,895	2,709
Fines and forfeitures	2,873	2,873	2,253	(620)
Investment income	320	320	274	(46)
Other operating revenues	6,260	6,780	6,977	197
Total Revenues:	386,234	389,934	397,859	7,925
Expenditures				
Current Expenditures:				
Public safety:	172,488	172,621	175,578	(2,957)
Street and sanitation:	46,072	46,388	42,749	3,639
Cultural & recreational:	37,085	37,072	36,643	429
General government:	118,454	117,953	112,535	5,418
Debt Service:				
Principal	9,154	9,162	9,154	8
Interest and fees	5,074	5,074	4,932	142
Capital Outlay:				
Capital outlays	1,744	608	612	(4)
Total Expenditures:	390,071	388,878	382,203	6,675
Excess (Deficiency) of Revenues Over (Under)				
Expenditures:	(3,837)	1,056	15,656	14,600
Other financing sources (uses):	3,835	(1,057)	(2,518)	(1,461)
Net Change in Fund Balances:	(2)	(1)	13,138	13,139
Fund Balances - Beginning	79,574	79,574	79,574	-
Fund Balances - Ending:	\$ 79,572	\$ 79,573	\$ 92,712	\$ 13,139

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, 2015
(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	\$ 4,565	\$ 1,080
Total Current assets:	<u>4,565</u>	<u>1,080</u>
Property, plant, and equipment:		
Buildings and systems	1,025	-
Machinery and equipment	5,466	-
Furniture and fixtures	811	-
Less accumulated depreciation	(3,454)	-
Total Property, plant, and equipment:	<u>3,848</u>	<u>-</u>
Total Assets:	<u>8,413</u>	<u>1,080</u>
Liabilities		
Current liabilities:		
Accounts payable	1,339	4,075
Due to other funds	-	5,541
Total Current liabilities:	<u>1,339</u>	<u>9,616</u>
Total Liabilities:	<u>1,339</u>	<u>9,616</u>
Net Position		
Invested in capital assets	918	-
Unrestricted	6,156	(8,536)
Total Net Position:	<u>\$ 7,074</u>	<u>\$ (8,536)</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 Year Ended June 30, 2015
(amounts expressed in thousands)

	Business-type activities
	Enterprise fund - E911 Communications District
Operating Revenues	
Service fees	\$ 7,003
Employer contributions:	
City contributions to employee health insurance	-
City reimbursement excess claims paid	-
Employee contributions:	
Employee health deductions	-
Rebates:	
Stop loss rebate	-
Prescription drug rebate	-
Stop loss rebate - retirees	-
Prescription drug rebates - retirees	-
Revenue	-
Total Operating Revenues:	7,003
Operating Expenses	
Public safety	3,715
General and administrative:	
Enterprise	970
Internal Services:	
Blue Cross Claims	-
Express Scripts Claims	-
Stop Loss Premium	-
Admin Fees - BCBS	-
Express Scripts Fees	-
Blue Cross Claims - Retirees	-
Express Script Claims - Retirees	-
Stop Loss Premium - Retirees	-
Admin Fees - BCBS Retirees	-
Express Script Fees - Retirees	-
Repairs and maintenance	445
Depreciation	452
Total Operating Expenses:	5,582
Operating Income (Loss):	1,421
Nonoperating Revenues (Expenses)	
Interest income	10
Total Nonoperating Revenues (Expenses):	10
Income (Loss) Before Contributions and Transfers:	1,431
Transfers	-
Change in Net Position:	1,431
Total Net Position - Beginning	5,643
Total Net Position - Ending:	\$ 7,074

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 Year Ended June 30, 2015
(amounts expressed in thousands)

	Governmental activities		
	Internal Service Funds - Healthcare Plan (Activites)	Internal Service Funds - Healthcare Plan (Retirees)	Total
Operating Revenues			
City contributions to employee health insurance	32,211	4,067	36,278
City reimbursement excess claims paid	2,169	2,702	4,871
Employee contributions:			
Employee health deductions	7,543	1,866	9,409
Rebates:			-
Stop loss rebate	192	-	192
Prescription drug rebate	309	-	309
Stop loss rebate - retirees	-	549	549
Prescription drug rebates - retirees	-	73	73
Total Operating Revenues:	42,424	9,257	51,681
Operating Expenses			
General and administrative:			
Internal Services:			
Blue Cross Claims	28,770	-	28,770
Express Scripts Claims	11,657	-	11,657
Stop Loss Premium	738	-	738
Admin Fees - BCBS	1,147	-	1,147
Express Scripts Fees	66	-	66
Blue Cross Claims - Retirees	-	5,019	5,019
Express Script Claims - Retirees	-	4,135	4,135
Stop Loss Premium - Retirees	-	95	95
Admin Fees - BCBS Retirees	-	198	198
Total Operating Expenses:	42,378	9,447	51,825
Operating Income (Loss):	46	(190)	(144)
Nonoperating Revenues (Expenses)			
Interest income	-	-	-
Total Nonoperating Revenues (Expenses):	-	-	-
Income (Loss) Before Contributions and Transfers:	46	(190)	(144)
Transfers	3,400		3,400
Change in Net Position:	3,446	(190)	3,256
Total Net Position - Beginning	(11,792)		(11,792)
Total Net Position - Ending:	\$ (8,346)	\$ (190)	\$ (8,536)

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, 2015
(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	\$ 7,133	\$ 51,681
Cash payments to suppliers	(5,726)	(51,825)
Cash payments to employees	(91)	1,225
Net cash from operating activities	1,316	1,081
Cash Flows from non-capital financing activities:		
Transfer in	-	3,400
Cash flows from (used for) capital financing activities:		
Acquisition of capital assets	(133)	-
Cash flows from investing activities:		
Interest received	3	-
Net increase (decrease) in cash and cash equivalents	1,186	-
Cash and investments, beginning of year	3,379	-
Cash and investments, end of year	\$ 4,565	\$ -
Reconciliation of operating loss to net cash used by operating activities:		
Operating income (loss)	1,431	3,256
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:		
Depreciation	452	-
Change in accounts receivable	107	-
Change in accounts payable	(674)	(2,175)
Net cash from operating activities	\$ 1,316	\$ 1,081

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

City of Birmingham, Alabama
Statement of Fiduciary Net Position
June 30, 2015
(amounts expressed in thousands)

	Pension Trust Funds
Assets	
Cash and cash equivalents	\$ 40,271
Receivables:	13,703
Investments, at fair value:	1,043,889
Total Assets:	1,097,863
 Liabilities	
Accounts payable and other	971
Total Liabilities:	971
 Net Position	
Held in trust for future pension benefits	1,096,892
Total Net Position:	\$ 1,096,892

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

City of Birmingham, Alabama
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015
(amounts expressed in thousands)

	Pension Trust Funds
Additions	
Additions:	
Contributions:	
Employer Contributions	\$ 18,691
Plan member contributions	16,460
Investment income:	
Investment earnings (net)	48,345
Securities lending revenue	218
Other income	367
Total Additions:	84,081
Total Additions:	84,081
 Deductions	
Deductions:	
Benefits	84,841
Refunds of contributions	3,354
Administrative expenses	1,499
Total Deductions:	89,694
Total Deductions:	89,694
Change in Net Position:	(5,613)
Net Position - Beginning	1,102,505
Net Position - Ending:	\$ 1,096,892

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, 2015
(amounts expressed in thousands)

	Birmingham Airport Authority	Birmingham Parking Authority	Total Nonmajor Component Units
Assets			
CURRENT ASSETS:			
Unrestricted assets:			
Cash and investments	\$ 26,454	\$ 4,808	\$ 31,262
Receivables:			
Accounts (net of uncollectibles)	2,069	228	2,297
Inventories	256	-	256
Prepaid items	575	42	617
Restricted assets:			
Cash and cash equivalents	34,213	-	34,213
Investments	23,183	-	23,183
Accounts and grants receivable	1,004	-	1,004
Accrued interest receivable	39	-	39
NONCURRENT ASSETS:			
Other assets:			
Deferred charges	4,143	-	4,143
Capital assets::			
Land	183,539	2,256	185,795
Buildings and capital facilities	274,075	-	274,075
Furniture and other equipment	64,375	1,350	65,725
Accumulated depreciation	(189,324)	(909)	(190,233)
Infrastructure	205,739	-	205,739
Construction in progress	17,377	-	17,377
Total Assets:	647,717	7,775	655,492
Liabilities			
CURRENT LIABILITIES:			
Payable from unrestricted assets:			
Accounts and vouchers payable	1,535	77	1,612
Accrued payroll and payroll taxes payable	-	93	93
Due to primary government	-	1,380	1,380
Unearned Revenue	-	4	4
Compensated absences	-	36	36
Payable from restricted assets:			
Contracts Payable	1,944	-	1,944
Accrued Interest Payable	5,072	-	5,072
Current portion of revenue bonds payable	6,294	145	6,439
LONG TERM LIABILITIES:			
Compensated absences	466	210	676
Bonds and warrants payable, net	189,079	307	189,386
Total Liabilities:	204,390	2,252	206,642
Net Position			
Invested in capital assets, net of related debt	361,561	2,246	363,807
Restricted for:			
Restricted for debt service	23,108	-	23,108
Restricted for future projects	14,187	450	14,637
Unrestricted	44,471	2,827	47,298
Total Net Position:	\$ 443,327	\$ 5,523	\$ 448,850

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, 2015
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Birmingham Airport Authority	Birmingham Parking Authority	Total
Nonmajor Component Units						
Birmingham Airport Authority:						
Birmingham Airport Authority	\$ 43,059	\$ 44,054	\$ 6,844	\$ 7,839	\$ -	\$ 7,839
Total Birmingham Airport Authority:	43,059	44,054	6,844	7,839	-	7,839
Birmingham Parking Authority:						
Birmingham Parking Authority	6,533	6,950	-	-	417	417
Total Birmingham Parking Authority:	6,533	6,950	-	-	417	417
Total Nonmajor Component Units:	\$ 49,592	\$ 51,004	\$ 6,844	7,839	417	8,256
Unrestricted investment earnings				131	2	133
Other				947	-	947
Total General Revenues, Special Items, and Transfers:				1,078	2	1,080
Change in Net Position:				8,917	419	9,336
Net Position - Beginning of Year as originally stated				429,738	5,104	434,842
Restatement				4,672		4,672
Net Position - Beginning of Year Restated				434,410	5,104	439,514
Net Position - Ending:				\$ 443,327	\$ 5,523	\$ 448,850

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

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.

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, 2015, totaled \$3,886,238.

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

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2015

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, 2015	Birmingham Parking Authority 1732 5 th Avenue North Birmingham, Alabama 35203 Financial statement date: June 30, 2015
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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 2015, 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.

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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.

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 on bonds by constitutional and authorizing initiatives and issued pursuant to a voter referendum.

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

The *Birmingham Fund* is considered a Special Revenue Fund and accounts for proceeds the City received from the sale of the Industrial Water Board. The Birmingham fund is considered a reserve fund set aside for use in emergency situations and/or as revenue 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 not financed by debt issuance.

The *2013-A Bonds Fund* is used to account for various capital projects financed by these bonds.

The *2014 Bond Fund* is used to account for the refinancing of various outstanding bonds.

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

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

The Pension Funds account for the activities of the City's three 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 care and prescription drug 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 certain funds 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.

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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 reported by such exchange. 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, 2015, consisting of the following:

	Governmental Activities	Business - Type Activities	Total Primary Government
Taxes Receivable	\$ 31,788,483	-	\$ 31,788,483
Customers and Other	8,838,147	-	8,838,147
Other Governments	2,117,636	-	2,117,636
Gross Receivable	42,744,266	-	42,744,266
Less: allowance for Uncollectible	(6,370,580)	-	(6,370,580)
Net Receivable	\$ 36,373,686	-	\$ 36,373,686

Taxes Receivable – All property taxes levied by the State of Alabama, the City, Jefferson and Shelby Counties, are assessed by the Jefferson and Shelby County 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. These tax collections are remitted to the City on a monthly basis. All amounts remitted within the fiscal 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

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(consumption method). Payments made to vendors for services that will benefit periods beyond June 30, 2015 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.
5. Capital assets – Capital assets include property, buildings, furniture, 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

City of Birmingham, Alabama
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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 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

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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 of resources (expense/expenditure) until then.
10. Recently issued pronouncements

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 implemented GASB 68 during the current fiscal year and the City has shown, \$(479,076) the cumulative effect of applying this statement, as a restatement of the beginning balance of net position for period ending June 30, 2015.

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 and the City will follow this guidance when applicable.

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 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*

City of Birmingham, Alabama
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(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. GASB 71 is required to be applied simultaneously with the provisions of GASB 68 (fiscal year 2015). The City implemented GASB 71 this year.

The GASB issued Statement No. 72, *Fair Value Measurement and Application* (GASB 72) This statement addresses accounting and financial reporting issues related to fair value measurements. The requirements of GASB 72 are effective for fiscal years beginning after June 15, 2015 (fiscal year 2016). The City is currently evaluating the impact that GASB 72 may have on its financial statements.

The GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB 73) to establish standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to the employees of state and local governmental employers and are not with the scope of Statement 68. The requirements of GASB 73 are effective for fiscal years beginning after June 15, 2015 (fiscal year 2016). The City is currently evaluating the impact that GASB 73 may have on its financial statements.

The GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*-replaces Statement No. 43 and Statement No. 57 (GASB 74) 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 OPEB plans that are within its scope. The requirements of GASB 74 are effective for fiscal years beginning after June 15, 2016 (fiscal year 2017). The City is currently evaluating the impact that GASB 74 may have on its financial statements.

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*-replaces Statement No. 45 (GASB 75) This statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide. The requirements of GASB 75 are effective for fiscal years beginning after June 15, 2017 (fiscal year 2018). The City is currently evaluating the impact that GASB 75 may have on its financial statements.

The GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB 76) This statement redefines the hierarchy of general accepted accounting principles (GAAP). The requirements of GASB 76 are effective for fiscal years beginning after June 15, 2015 (fiscal year 2016), and should be applied retroactively. The City is currently evaluating the impact that GASB 76 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 Fund 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, 2015 are as follows:

Special Revenue Fund

Grants Fund	\$5,697,655
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Proprietary Fund

Internal Service Fund	\$8,536,699
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Deficits in the Grants Fund results from expenses incurred for projects that were not reimbursed at June 2015. 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. The City is exploring plan changes to cover costs. The City is annually appropriating funds to amortize the deficit, from its general fund resources.

City of Birmingham, Alabama
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III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits - At June 30, 2015, the carrying amount of the City's demand deposits, certificates of deposits, and money market investments in all funds was \$295,765,649 and the bank balance was \$314,692,635.

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, 2015, 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	\$ 71,320,719	5.63
U.S. Treasuries	70,238,847	7.68
U.S. Corporate debt	159,520,344	5.83
U.S. Corporate stock	737,730,465	-
Alternative Investments	104,197,948	-
Total fair value	<u>\$ 1,143,197,948</u>	
Portfolio weighted avg. maturity		6.21

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 \$5,668,717. 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 credit quality ratings for investments in debt securities as well as investments in

City of Birmingham, Alabama
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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, 2015:

<u>Description</u>	<u>Rating</u>	<u>Fair Value</u>
U.S. Government Agency Discount Notes, Bonds	AA	\$ 141,559,566
U.S. Corporate Bonds	AAA	\$ 795,224
	AA	20,485,827
	A	70,615,736
	BBB	34,036,203
	BB	24,091,467
	B	9,347,501
	CCC	148,386
		<u>159,520,344</u>
		<u>\$ 301,079,910</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, 2015, 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 yield 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, 2015 was \$140,686,355 and \$137,195,546, respectively.

City of Birmingham, Alabama
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The City has incurred no material loss through its participation in the securities lending program to date.

B. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows (in thousands):

	<u>June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2015</u>
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 153,167	\$ -	\$ -	\$ 153,167
Construction in progress	79,296	31,117	4,061	106,352
Land, infrastructure projects	16,647	-	-	16,647
Total nondepreciable capital assets	<u>249,110</u>	<u>31,117</u>	<u>4,061</u>	<u>276,166</u>
Capital assets, depreciable:				
Buildings and capital facilities	320,361	435	-	320,796
Furniture and other equipment	168,582	7,621	2,165	174,038
Infrastructure	215,641	3,856	-	219,497
Total depreciable capital assets	<u>704,584</u>	<u>11,912</u>	<u>2,165</u>	<u>714,331</u>
Less accumulated depreciation:				
Buildings and capital facilities	113,727	4,628	-	118,355
Furniture and other equipment	135,756	8,162	2,140	141,778
Infrastructure	143,527	3,245	-	146,771
Total accumulated depreciation	<u>393,011</u>	<u>16,035</u>	<u>2,140</u>	<u>406,906</u>
Net depreciable capital assets	<u>311,573</u>	<u>(4,123)</u>	<u>25</u>	<u>307,425</u>
Governmental activities, net capital assets	<u>\$ 560,683</u>	<u>\$ 26,994</u>	<u>\$ 4,086</u>	<u>\$ 583,591</u>

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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. The additions for the current year are as follows: construction in progress \$282,523; buildings and capital facilities \$311,816; and furniture and other equipment \$127,630 for a total increase in zoo fixed assets of \$721,969. Accumulated depreciation was increased by \$1,557,677 related to these assets.

The Public, Athletic, Cultural, and Entertainment Board is public corporation that was created in August of 2011. The PACE's structure qualifies as a blended component unit of the City. The PACE owns certain buildings and capital facilities, such as the Regions Field and the Negro Southern League Baseball Museum.

	<u>June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2015</u>
Business-type activities (in thousands):				
Buildings and other capital facilities	\$ 1,025	\$ -	\$ -	\$ 1,025
Furniture and other equipment	<u>6,144</u>	<u>133</u>	<u>-</u>	<u>6,277</u>
Total capital assets	<u>7,169</u>	<u>133</u>	<u>-</u>	<u>7,302</u>
Less accumulated depreciation:				
Buildings and other capital facilities	481	20		502
Furniture and other equipment	<u>2,520</u>	<u>431</u>	<u>-</u>	<u>2,952</u>
Total accumulated depreciation	<u>3,002</u>	<u>452</u>	<u>-</u>	<u>3,454</u>
Business-type activities, net capital assets	<u>\$ 4,167</u>	<u>\$ (319)</u>	<u>\$ -</u>	<u>\$ 3,848</u>

City of Birmingham, Alabama
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Depreciation expense was charged to the following functions (in thousands):

Governmental activities:

Public safety, including depreciation of infrastructure assets	\$	7,049
Streets and sanitation		2,517
Cultural and recreation		2,875
General government		3,594
Total depreciation - governmental activities	\$	16,035

Business-type activities:

E-911 operations	\$	452
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C. Interfund Balances / Transfers

During the course of normal operations, the City has 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 amounts for the year ended June 30, 2015, is as follows (in thousands):

Transfers Out	General Fund	Debt Service	Capital Projects	Non- Major Funds	Totals
General Fund	\$ -	\$ -	\$ 2,996	\$ 234	\$ 3,230
Debt Reserve	-	33,191	-	-	33,191
Capital Imp Fund	15	-	-	800	815
Birmingham Fund	4,033	-	-	-	4,033
2013-A Bonds	-	-	-	2,176	2,176
Non-Major Funds	64	-	-	4,932	4,996
	\$ 4,112	\$ 33,191	\$ 2,996	\$ 8,142	\$ 48,441

The general fund reported a due from the internal service fund of \$5,542,000 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 bonds

The City issues general obligation 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 to the repayment of the bonds. Bonds outstanding at June 30, 2015, are as follows (in thousands):

<u>Bond Series/Interest Rate</u>	<u>Maturity</u>		
2002-B; 4.25%	12/01/2015	\$	50
2005-A; 5.75%	11/01/2015		1,625
2006-A; 4.00%-5.00%	04/01/2024		34,240
2006-B; 5.00%	10/01/2015		9,110
2007-A; 4.00%-5.00%	12/01/2032		51,270
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
2014-A; 3.00%-5.00%	12/01/2032		44,980
2014-C; 4.27%	04/01/2022		16,040
2014-D; 4.45%	12/01/2024		12,120
2015 PNC – Bond Ant. Notes	01/05/2016		8,000
2015 Citizens – Bond Ant. Notes	01/05/2016		2,000
Total City bonds		\$	<u>270,071</u>
2013-A accreted interest *	03/01/2043		<u>6,562</u>
Total City bonds and accreted interest		\$	<u><u>276,633</u></u>

* The City's Series 2013-A bonds are convertible capital appreciation bonds, which mature from fiscal year 2017 through 2043. This amount represents accreted interest on the balance outstanding as of June 30, 2015. The amount at full maturity will be \$82,175,000.

Authorized, but unissued bonds

The City has authorized the issuance of \$2,431,216 of General Obligation Bonds as part of the City's incentive agreement with Trinity Hospital – see pages 65 and 66 for a detailed description of this agreement. The bonds are expected to be issued during calendar year 2015.

City of Birmingham, Alabama
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June 30, 2015

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>Unaccrued Interest</u>
2016	\$ 30,065	\$ 8,773	\$ 3,684
2017	14,171	7,898	2,459
2018	15,835	11,161	-
2019	16,304	10,487	-
2020	10,262	9,902	-
2021-2025	40,985	44,194	-
2026-2030	60,662	32,622	-
2031-2035	50,639	17,755	-
2036-2040	18,024	11,205	-
2041-2043	13,124	4,415	-
Subtotal	\$ 270,071	\$ 158,412	\$ 6,143
Add:			
Accrued interest through June 30, 2015	6,562	-	-
	<u>\$ 276,633</u>	<u>\$ 158,412</u>	<u>\$ 6,143</u>

City of Birmingham, Alabama
Notes to the Financial Statements
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General obligation warrants and revenue warrants

The City issues general obligation warrants for the same purposes as general obligation bonds. Warrants are also direct general 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 was \$208,800,000. Warrants outstanding at June 30, 2015, are as follows (in thousands):

<u>Series/Interest Rate</u>	<u>Maturity</u>	
2007-B; 4%-5%	03/01/2017	1,985
2009-A; 3%-4.5%	06/01/2026	12,640
2010-A; 2%-4.5%	02/01/2018	28,355
2010-B; 4.2%-7%	02/01/2040	39,115
2012-RB; 3.99%	08/01/2025	4,740
2012-CBT; 4.375%	08/01/2022	750
2014-PNC; 1.55%	04/01/2020	3,570
2014PNC2; 1.15%	03/01/2018	3,430
2014PNC3; 1.54%	10/01/2018	1,010
2014-B; 3%-5%	03/01/2033	40,610
Total City Warrants		\$ <u>136,205</u>
 Revenue Warrants:		
2014 Tax Increment Financing; 2.89%	09/01/2008	<u>17,025</u>
Total Warrants and Revenue Warrants		\$ <u>153,230</u>

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

June 30	Principal	Interest
2016	\$ 14,715	\$ 5,898
2017	16,127	5,329
2018	16,764	4,696
2019	7,162	4,124
2020	7,096	3,877
2021-2025	34,305	15,455
2026-2030	30,311	8,665
2031-2035	15,080	3,780
2036-2040	11,670	1,374
Total	153,230	53,199
	\$	

PACE Bonds:

<u>Series/Interest Rate</u>	<u>Maturity</u>	
2011-A (PACE) 4.00% (see Table F-3)	10/01/2041	52,095
2011-B (PACE) 4.00% (see Table F-3)	10/01/2041	7,845
Total PACE bonds		59,940

City of Birmingham, Alabama
Notes to the Financial Statements
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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>
2016	\$ 1,645	\$ 1,993
2017	1,695	1,938
2018	1,750	1,881
2019	1,810	1,822
2020	1,870	1,761
2021-2025	10,325	7,814
2026-2030	9,625	8,830
2031-2035	10,530	7,477
2036-2040	13,935	4,008
2041-2042	6,755	391
Total	\$ 59,940	\$ 37,915

Total outstanding bonds and warrants payable (in thousands):

Bonds payable	\$ 270,071
Warrants payable	136,205
Revenue warrants	17,025
PACE Bonds payable	<u>59,940</u>
	483,241
Less current maturities	(46,425)
Unamortized premium and discount	<u>26,664</u>
Total bonds and warrants payable (noncurrent)	\$ <u>463,480</u>

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2015

Changes in long-term liabilities (in thousands):

Governmental activities:	Balance July 1, 2014	Addition	Reduction	Balance June 30, 2015	Due Within One Year
Bonds and warrants payable	\$ 537,296	\$ 141,649	\$ (169,040)	\$ 509,905	\$ 46,425
Capitalized leases	762	-	(212)	550	217
Worker's compensation claims	17,956	1,074	-	19,030	-
Compensated absences	15,430	12,204	(11,282)	16,352	3,391
Closure and postclosure costs	14,786	830	-	15,615	-
OPEB liability	30,509	6,688	-	37,197	-
Total	\$ 616,739	\$ 162,445	\$ (180,534)	\$ 598,649	\$ 50,033

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, which are paid from The Special Lodgings Tax and Stadium Lease Revenues.

On October 1, 2014, the City issued \$1,010,000 of its General Obligation Warrants Series 2014-PNC3. The Warrants were issued to finance the purchase of and installation of computer equipment, used by various City departments. The warrants mature on October 1, 2015 through 2018.

On October 30, 2014, the City issued its \$16,040,000 Taxable General Obligation Refunding Bonds, Series 2014-C. The Bonds were issued to advance refund those of its General Obligation Bonds, Series 2006-A maturing in 2019, 2021 and 2022. The refunding bonds mature over the same period as the refunded bonds. The Series 2014-C bonds are taxable bonds, with an interest rate of 4.27% and a True Interest Cost of 2.30%. The City has an option to refund these bonds between July 3, 2016 and October 1, 2016 at an interest rate of 4.11% and a True Interest Cost of 2.30%. When the City exercises its option to refund the Bonds, net present value savings of the refunding transaction will be \$655,392, or 4.09% of the principal amount of bonds being refunded.

On October 30, 2014, the City issued its \$12,120,000 Taxable General Obligation Refunding Bonds, Series 2014-D. The Bonds were issued to advance refund those of its General Obligation Bonds, Series 2007-A maturing in 2018, 2019, 2022, 2023 and 2024. The refunding bonds mature over the same period as the refunded bonds. The Series 2014-D bonds are taxable bonds, with an interest rate of 4.455%, and a True Interest Cost of 2.54%. The City has an option to refund these bonds between September 2, 2016 and December 1, 2016 at an interest rate of 3.91% and a True Interest Cost of 2.53%. When the City exercises its option to refund the Bonds, net present value savings of the refunding transaction will be \$744,087, or 6.14% of the principal amount of bonds being refunded.

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On November 6, 2014, the City issued its \$44,980,000 General Obligation Refunding Bonds Series 2014-A. The Bonds were issued to advance refund those of its General Obligation Bonds, Series 2007-A maturing in 2020 – 2024, 2027, 2029, and 2032. The refunding bonds mature over the same period as the refunded bonds. The Series 2014-A Bonds are tax-exempt bonds, with an average interest rate of 4.86%, and a True Interest Cost of 3.37%. The transaction resulted in a net present value savings of 2,080,037, or 4.32% of the principal amount of bonds being refunded.

On November 6, 2014, the City issued its \$40,610,000 General Obligation Refunding Warrants, Series 2014-B. The Warrants were issued to advance refund those of its General Obligation Warrants, Series 2006-C maturing in 2017 – 2026, 2031, 2032, and 2033 and also those of its General Obligation Warrants, Series 2007-B maturing in 2018 – 2023, 2027 and 2030. The refunding warrants mature over the same period as the refunded warrants. The Series 2014-B Warrants are tax-exempt warrants, with an average interest rate of 4.76%, and a True Interest Cost of 3.02%. The transaction resulted in a net present value savings of \$2,795,279 or 6.50% of the principal amount of bonds being refunded.

On December 17, 2014, the City issued \$17,503,000 Tax Increment Financing District No. 1 Revenue Warrant Series 2014. The Warrants were issued to currently refund the City's Tax Increment Finance District 1 Revenue Warrant No. 1 and Tax Increment Finance District 1 Revenue Warrant No. 2, both dated November 6, 2009. The final maturity of the refunding warrants is September 1, 2028. The Series 2014 Warrants are tax-exempt warrants, with an interest rate of 2.89%. The refinancing was undertaken to align debt service with TIF revenues. In addition to TIF revenues, the Warrants are payable from a General Obligation Funding Agreement from the City. The transaction resulted in a net present value savings of \$1,260,000.

On January 30, 2015, the City issued \$10,000,000 of its 2015 General Obligation Bond Anticipation Notes due January 5, 2015. This General Obligation Note was issued in anticipation of issuing authorized but unissued bonds and will be repaid from the proceeds of such future issuance of bonds.

E. Risk Management

The City of Birmingham is exposed to various risks of loss related to torts, theft, errors and omissions, job-related illnesses and injuries, and natural disasters. Risk management is the process of managing the City's activities to minimize the adverse effects of certain types of losses and to obtain resources to provide for, or restore the economic damages of those losses. The City manages 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, 2015. This amount was calculated to be \$19,029,652 and has

City of Birmingham, Alabama
Notes to the Financial Statements
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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>
2015	17,956	1,073	-	19,030
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 three of the last four years. It is anticipated that all claims outstanding as of June 30, 2015 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>
2014-2015	\$ 2,850,000	\$ 49,681,404	\$ 49,581,404	\$ 2,950,000
2013-2014	2,500,000	48,799,724	48,449,724	2,850,000

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 of its other obligations. The City covers all legal claims out of its General Fund resources. Claims and liabilities are recorded when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. At June 30, 2015, the estimated amount

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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:

RAILROAD LITIGATION

The City of Birmingham is litigating a number of diesel fuel tax refund cases pursuant to the Railroad Revitalization and Regulatory Reform Act (i.e. the "4-R Act"). These cases have been placed on the administrative dockets of several state and federal courts pending a resolution of *CSXT v. Department of Revenue of Alabama* in the United States Northern District of Alabama. The Eleventh Circuit recently remanded *CSXT v. Department of Revenue of Alabama* to the federal trial court to determine whether the State of Alabama truly discriminated against the railroad in favor of its competition and whether the State assessed "roughly equivalent" taxes on these competitors. With these developments in the federal court, the City of Birmingham has filed to have its cases move forward to trial. The City has requested that these actions be consolidated; however, the courts have yet to render a decision on the City's motions.

CSX Transportation, Inc. v. City of Birmingham, CV2010-901772, remains on administrative docket and outside counsel will be filing to have the case proceed upon consolidation. 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 \$3,124,475.20. Pre-judgment interest of \$3,405,677.97 sought. **Total refund sought is \$6,530,153.17.**

CSX Transportation, Inc. v. City of Birmingham, CV2012-904061, remains on administrative docket and outside counsel will be filing to have the case proceed upon consolidation. 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 \$2,222,384.50. Pre-judgment interest of \$2,133,489.12 sought. **Total refund sought is \$4,355,873.62.**

CSX Transportation, Inc. v. City of Birmingham, CV2013-904854, remains on administrative docket; however, outside counsel will be filing to have the case proceed upon consolidation. 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. Pre-judgment interest of \$1,443,399.19 sought. **Total refund sought is \$4,273,593.68.**

BNSF Railroad v. City of Birmingham, CV2010-903064, remains on the administrative docket; however, outside counsel will be filing to have the case proceed upon consolidation. 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 \$1,745,579.67. Pre-judgment interest of \$1,832,858.65 sought. **Total refund sought is \$3,578,438.32.**

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

City of Birmingham, Alabama
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resolution of federal case that is now remanded to the federal trial court. Outside counsel will file to proceed with case upon consolidation. 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 \$1,005,326.95. Pre-judgment interest of \$894,740.97 sought. **Total refund sought is \$1,900,067.92.**

BNSF Railroad v. City of Birmingham, CV2014-903876, filed in State Court. Outside counsel have filed to consolidate this case and will ask that it proceed thereafter. 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 \$1,290,020.53. Pre-judgment interest of \$1,148,119.26 sought. **Total refund sought is \$2,438,139.79.**

Norfolk Southern Railway Company v. City of Birmingham, CV-2015-901133, filed in Montgomery, Alabama. Norfolk is requesting a refund of diesel fuel taxes paid for January 2012 through March 2013. **Total refund sought is \$2,513,989.07.**

James Terrell, et al., v. City of Birmingham, CV-2012-00881; 00882; 00883; 00884; 00885. Plaintiffs are requesting a refund of business license taxes paid from 2008 through 2010. Plaintiff also challenge the constitutionality of the City's assessment of business license tax. In addition to the refund, the City has significant exposure in future assessments should the Court hold the City's business license unconstitutional. **Total refund sought is \$227,096.05.**

Ensley Revitalization Committee, et al. v. City of Birmingham, CV-2012-903289.00, filed in the Tenth Judicial Circuit for the State of Alabama. Plaintiffs assert claims for personal injuries and real property damages from the willful, wanton, and reckless neglect by the City of a City owned building. The City will vigorously defend all allegations and assert various defenses on behalf of the City. **Claim is \$1,100,000.**

C. W. Woods Services v. City of Birmingham, Case No.: CV13-891, filed in the Circuit Court of Jefferson County, Alabama in which Plaintiff alleges breach of contract and unjust enrichment regarding three construction contracts. The case was tried before a jury and a verdict was entered in favor of the Plaintiff in the amount of, roughly, \$3.5 million. The City will file the appropriate post judgement pleadings, including remitter up to an appeal. The City will actively oppose this judgment. **Amount \$3,500,000.**

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

June 30	Beginning Liability	Changes in Estimates	Claim Payments	Ending Liability
2015	\$ 15,211	\$ 0	\$ 0	\$ 15,211
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

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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 December 17, 2014, the City issued its Tax Increment Financing District No. 1 Revenue Warrant Series 2014, outstanding in the amount of \$17,025,000 as of June 30, 2015. The Warrants were issued to currently refund the City's Tax Increment Finance District 1 Revenue Warrant No. 1 and Tax Increment Finance District 1 Revenue Warrant No. 2, both dated November 6, 2009. The final maturity of the refunding warrants is September 1, 2028. The Series 2014 Warrants are tax-exempt warrants, with an interest rate of 2.89%.

The TIF Warrants are payable from, and secured by, a pledge of that amount of 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 commission required by law to be paid to the Tax Assessor and Tax Collector of Jefferson County. In addition to TIF revenues, the Warrants are payable from a General Obligation Funding Agreement from the City.

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 \$59,940,000, 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.

Commercial Development Authority of the City of Birmingham 2011 Funding Agreement

The Bonds supported by this Funding Agreement, currently outstanding in the amount of \$68,570,000, 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

City of Birmingham, Alabama
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entertainment facilities, and related streets and public infrastructure, all adjacent to the civic center complex, in the downtown area of the City, for use by the Birmingham – Jefferson Civic Center Authority (the “Civic Center Authority”). The Civic Center Authority, a public corporation, shall own and operate the facilities financed by such bonds. The Mayor of the City is a member of the board of directors of the Civic Center Authority. The City has pledged as a source of payment and security for its obligations under this Funding Agreement the following amounts received in each fiscal year: (i) \$3,000,000 of the Occupational Tax and (ii) 2/3rds of the proceeds of the Lodgings Tax levied at the rate of 3.00%. This Funding Agreement is a full faith and credit general obligation of the City. The agreement calls for annual payments through fiscal year 2041 of approximately \$4,995,000. 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 \$92 million. Most of these obligations are limited obligations of the City and generally payable as rebates of taxes received by the City from the private entity and are not subject to the city's general constitutional debt limitation.

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. The remaining balance is \$3,765,000.

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

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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.

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 remaining balance is \$53,314,600.

The City and Trinity have reached agreement and the City Council has approved the issuance of a general obligation bond in the amount of \$2,431,216 and a cash payment of \$1,097,000 to Trinity as substitution for the portion of the City's ad-valorem tax that it cannot rebate to Trinity.

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,

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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 \$16.7 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 \$15,614,689 reported as closure and postclosure cost liability at June 30, 2015, 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 2015. Actual costs may be higher due to inflation, deflation, changes in technology, and/or changes in laws or regulations. Officials estimate the landfills' remaining lives to be approximately three years. A new cell is currently under construction.

G. Pension Plans

1. General Information

The City has three single employer defined benefit pension plans, the City of Birmingham Retirement and Relief System (Retirement and Relief System), the City of Birmingham Firemen's and Policemen's Supplemental Pension System (Firemen's and Policemen's System) and, the City of Birmingham Unclassified Employees' Pension & Relief System (Unclassified Pension and Relief System) which provides pension benefits for substantially all employees. Each of the three plans was established by state law and is administered by a separate board of managers.

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 these plans. Separate financial statements are presented in this report for the pension funds.

2. Plan Description

Retirement and Relief System - This system covers all eligible 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.

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.

Unclassified Employees' Pension & Relief System - This system covers laborers not hired under civil service.

3. Benefits Provided

Retirement and Relief System - 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 and receive a pension benefit of 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. The 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). The final average salary is defined as the highest average compensation over any 36-month period of the employee's last ten years of participation. A participant may retire early at age 55 if they have completed 25 years of credited service and will receive a benefit amount equal to 1.85% of final average salary for each year of credited service.

Disability

A participant is eligible for disability benefits after 5 years of credited service. The benefit amount is 2.00% of final average salary at disability for each year of credited services, payable immediately. This amount cannot be greater than 60% of the final average salary nor less than \$400.

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 $\frac{1}{2}$ 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.

The Deferred Retirement Option Plan (DROP)

An employee with 33 years 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.

Firemen's and Policemen's Supplemental Pension System - A participant may retire after 20 years of credited service. A benefit equal to 50% of final average salary plus 0.5% of final average salary is paid for each year over 20 years is paid for the period prior to eligibility for 30-year retirement under the General Fund. The final average salary is defined as the highest average of basic salary earned during any 42 consecutive month period in the last 10 years prior to termination.

Disability

A participant is eligible for disability benefits after 5 years of credited service. A supplemental benefit sufficient when added to the General disability allowance to total not less than 25% nor more than 50% of final average salary is payable for the life of the participant.

Termination

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

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2015

Death Benefits

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.

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.

The Deferred Retirement Option Plan (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.

Unclassified Employees' Pension & Relief System - A participant may retire at (a) age 62 if he has completed 10 years of credited service. A participant will receive a monthly benefit amount of \$4.00 per year of Past Service (service before December 1, 1975) plus \$20.00 per year of Future Service. The minimum benefit of \$500.00 per month will be paid for active participants retiring after July 1, 1995. A participant may retire early at age 55 with 20 years of service, at least 3 of which are after the effective date of December 1, 1975 and will receive a benefit of the accrued amount, reduced by 4/9 of 1% for each month of age under 62.

Disability

A participant is eligible for disability benefits after 15 years of credited service. The benefit amount is the normal pension amount based on service accrued and is 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.

4. Contributions

Retirement and Relief System - 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 employees and City contributions equal 6.50% and 6.50%, respectively, effective July 1, 2015.

Firemen's and Policemen's Supplemental Pension System - 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.

Unclassified Employees' Pension & Relief System - 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.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2015

5. Membership Data

As of most recent measurement date of the net pension liability, membership data for the pension plans are as follows:

	Retirement and Relief System	Firemen's and Policeman's Supplemental Pension & Relief System	Unclassified Employee's Pension & Relief System
Measurement date	June 30, 2014		
Retirees and beneficiaries currently receiving benefits	2,897	363	17
Inactive members entitled to benefits but not yet receiving them including 277 future pensioners currently receiving benefits from the Supplemental System	303	5	
Former members - not entitled to benefits			
Active members	3,889	1,467	3
Total participants	7,089	1,830	20

Each of the plans have stand-alone financial reports. See page 22 for the addresses where the reports can be obtained.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2015

6. Net Pension Liability

The net pension liability (NPL) is the difference between the "Total Pension Liability" (TPL) and the plan's "fiduciary net position" (FNP). The total pension liability (TPL) is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The (TLP) includes benefits related to projected salary and service, and automatic cost of living adjustments (COLA's). In addition, ad hoc Cola's are also included in the (TPL) to the extent they are substantively automatic. The (FNP) is determined on the same basis used by the pension plans. The Cities net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Net Pension Liability	Retirement and Relief System	Firemen's and Policeman's Supplemental Pension System	Unclassified Employee's Pension & Relief System
Measurement Date	June 30, 2015		
Total Pension Liability	\$1,574,826,589	\$124,041,855	\$603,213
Fiduciary Net Position	1,026,521,284	50,844,883	845,567
Net Pension Liability	<u>\$548,305,305</u>	<u>\$73,196,972</u>	<u>\$(242,354)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	65.18%	40.99%	140.18%

A schedule of Net Pension Liability, in addition to the information above, includes multi-year trend information (beginning with FY 2014) and is presented in the Required Supplementary Information section on page 86.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2015

7. Schedule of Changes in Net Pension Liability

Changes in the City's net pension liability presented below are calculated on the same basis as each of the plans. The Change in Net Pension Liability for Retirement and Relief System, Firemen's and Policemen's Supplemental, and Unclassified Pension and Relief System pension plans for the Fiscal Year ended June 30, 2015 are as follows:

Retirement and Relief System

Change in Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	\$36,945,277	-	\$36,945,277
Interest on Total Pension Liability	80,340,821	-	80,340,821
Change in Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	11,335,035	-	11,335,035
Employer Contributions	-	14,464,552	14,464,552
Employee Contributions	-	12,227,545	12,227,545
Pension Plan Net Investment Income	-	43,686,697	43,686,697
Assumption Changes	89,619,076	-	89,619,076
Benefit Payments, Including Refunds	(76,439,094)	76,439,094	-
Administrative Expense	-	(178,807)	(178,807)
Net Change	141,801,115	(6,239,107)	148,040,222
Net Pension Liability Beginning	1,433,025,474	1,032,760,391	400,265,083
Net Pension Liability Ending	<u>\$1,574,826,589</u>	<u>1,026,521,284</u>	<u>\$548,305,305</u>

City of Birmingham, Alabama
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The City is allocated a proportional share of 97.13% of the net pension liability of the Retirement and Relief System, with the allocation based on July 1, 2014 valuation pay. This basis intended to measure the proportion of each employer's long-term funding requirements. The City's allocated share of the net pension liability is \$532,542,974. The remaining liability of \$15,762,331 is allocated to the Birmingham Airport Authority, a component unit of the City. The following table presents the allocation between the reporting entity and the component unit.

	2015			
	Pay in July 1, 2014 Actuarial Valuation Data	Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability	Proportionate Share of Pension Expense
City of Birmingham (without Airport Authority)	\$185,800,414	97.13%	\$532,542,974	\$55,140,492
Airport Authority	5,499,364	2.87%	15,762,331	1,632,061
Total	\$191,299,778	100.0%	\$548,305,305	\$56,772,553

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2015

Firemen's and Policemen's Supplemental Pension System

Change in Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	\$7,944,887	-	\$7,944,887
Interest on Total Pension Liability	6,642,762	-	6,642,762
Benefit Changes	-	-	-
Difference Between Expected and Actual Experience	(869,040)	-	(869,040)
Employer Contributions	-	4,212,776	4,212,776
Employee Contributions	-	4,197,254	4,197,254
Contributions – Fire Tax	-	362,196	362,196
Pension Plan Net Investment Income	-	1,028,214	1,028,214
Assumption Changes	365,390	-	365,390
Benefit Payments	(11,943,335)	(11,943,335)	-
Administrative Expense	-	(75,251)	(75,251)
Net Change	2,140,664	(2,218,146)	4,358,810
Net Pension Liability Beginning	121,901,191	53,063,029	68,838,162
Net Pension Liability Ending	\$124,041,855	50,844,883	\$73,196,972

Unclassified Employees' Pension & Relief System

Change in Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	\$928	-	\$928
Interest on Total Pension Liability	42,283	-	42,283
Employee Contributions	-	810	810
Pension Plan Net Investment Income	-	22,803	22,803
Assumption Changes	(4,946)	-	(4,946)
Benefit Payments	(78,176)	(78,176)	(78,176)
Administrative Expense	-	(27,658)	(27,658)
Net Change	(39,911)	(82,221)	(43,956)
Net Pension Liability Beginning	643,124	927,788	284,664
Net Pension Liability Ending	\$603,213	845,567	\$(242,354)

8. Discount Rate

Retirement and Relief System -The blended discount rate used to measure the total pension liability is 5.24%. 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 26 periods of projected benefit payments and a 3.80% municipal bond rate was applied to all periods thereafter to determine the total pension liability. The 3.80% municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 25, 2015.

Firemen's and Policemen's Supplemental Pension System - The blended discount rate used to measure the total pension liability for the is 5.67%. 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 3.80% municipal bond rate was applied to all periods thereafter to determine the total pension liability. The 3.80% municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 25, 2015.

Unclassified Employees' Pension & Relief System - 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.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2015

9. Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability for each of the City's plans, calculated using the discount rate, as well as what the City's net pension liability would have been is it were calculated using a discount rate that is 1-percent-point lower and 1-percent-point higher than the current rate:

Sensitivity

	1% Decrease 4.24%%	Current Discount Rate 5.24%	1% Increased 6.24%
Retirement and Relief System	\$723,930,006	\$532,542,974	\$371,730,074
Firemen's and Policemen's Supplemental Pension System	\$79,520,117	\$73,196,972	\$67,299,582
Unclassified Employees' Pension & Relief System	\$(207,976)	\$(242,354)	\$(272,837)

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2015

10. Schedule of Deferred Outflows and Inflow of Resources

Deferred outflows of resources and deferred inflows of resources by source reported by the City at June 30, 2014 for each plan are as follows:

	Retirement and Relief System		Firemen's and Policemen's Supplemental Pension System		Unclassified Employees' Pension & Relief System	
	Deferred Outflows of Resources	Deferred Inflow of Resources	Deferred Outflows of Resources	Deferred Inflow of Resources	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual	\$9,174,319		-	\$(772,480)	-	-
Changes of assumptions	72,535,637		324,791	-	-	-
Net difference between projected and actual earnings	20,982,743		2,065,635	-	\$53,854	
Total	\$102,692,699		\$2,390,426	\$(772,480)	\$53,854	-

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2015 will be recognized in pension expense as follows:

Years ended June 30,	Retirement and Relief System	Firemen's and Policemen's Supplemental Pension System	Unclassified Employees' Pension & Relief System
2016	\$21,587,677	\$460,448	\$13,464
2017	21,587,677	460,448	13,464
2018	21,587,677	460,448	13,464
2019	21,587,677	460,448	13,464
2020	16,341,992	-	-
Thereafter			

City of Birmingham, Alabama
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11. Assumptions and Other Data

<u>Schedule of Assumptions</u>	<u>Retirement and Relief System</u>	<u>Firemen's and Policemen's Supplemental Pension System</u>	<u>Unclassified Employees' Pension & Relief System</u>
Valuation Date	July 1, 2014		
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Amortization Period	30 Years	30 Years	30 Years
Asset Valuation Method	5 Year Smooth	5 Year Smooth	5 Year Smooth
Investment Rate of Return	7.00%	7.00%	7.00%
Inflation	3.00%	3.00%	N/A
Salary increases	3.00%, plus age-related salary scale	3.00%, plus age-related salary scale	3.00%, plus age-related salary scale
Mortality Rates	RP-2000 Combined Healthy Mortality Table Rep-2000 Disabled Retiree Mortality Table	RP-2000 Combined Healthy Mortality Table Rep-2000 Disabled Retiree Mortality Table	RP-2000 Combined Healthy Mortality Table Rep-2000 Disabled Retiree Mortality Table

City of Birmingham, Alabama
Notes to the Financial Statements
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The actuarial assumptions used in the July 1, 2014 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, 2015 are summarized in the following table:

Asset Class	Target Allocation	Retirement and Relief System	Firemen's and Policemen's Supplemental Pension System	Unclassified Employees' Pension & Relief System
		Long-term Expected Real Rate of Return		
Domestic Equity	60%	6.7%	6.7%	6.7%
Fixed Income	25%	1.6%	1.6%	1.6%
Hedge Funds	15%	3.6%	3.6%	-
Total	100%			

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2015

Annual Other Postemployment Benefit 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 2015 were approximately \$7.6 million net of participants' and pension plans' contributions. The City's annual OPEB cost and net OPEB obligation to the plan for the current year were as follows (in thousands):

Annual required contribution	\$ 15,042
Interest on net OPEB obligation	1,220
ARC adjustment	<u>(1,974)</u>
Annual OPEB Cost	14,288
Contributions Made	<u>(7,600)</u>
Change in Net OPEB	6,688
Net OPEB Obligation, beginning of year	<u>30,509</u>
Net OPEB Obligation, end of year	<u>\$ 37,197</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 2015 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
2013	6,238	7,700	24,431	123.44%
2014	14,478	8,400	30,509	58.02%
2015	14,288	7,600	37,197	53.19%

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 \$177,213,608, and the ratio of the UAAL to the covered payroll equaled 78.62%.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2015

Actuarial Valuations

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

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>

City of Birmingham, Alabama
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June 30, 2015

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
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, 2015

H. Prior Period Adjustments

The beginning fund balances and net position as of July 1, 2014 has been adjusted as follows (in thousands):

Government-wide Financial Statements	Net Position as Originally Reported	Prior Period Adjustments	Net Position as Restated
Increase in net pension liability per GASB 68	\$ 222,960	\$ (479,076)	\$(256,116)

The Birmingham Airport Authority- a discretely presented component unit of the City, restated the beginning of the year net position balance to reflect the increase in the net pension liability per GASB 68.

I. Subsequent Events

On July 27, 2015 the City entered into a Lease/Purchase Agreement in the amount of \$3,046,510, representing an energy saving program with Philips Lighting North America Corporation, whereby Philips will install energy saving lights in City owned public parking decks and will guaranty certain levels of energy cost savings. The Lease requires quarterly payments, ending on August 27, 2025.

On August 3, 2015 the City issued its \$2,060,000 General Obligation Bond Anticipation Note 2015-A, due January 5, 2016 in anticipation of the issuance of authorized general obligation bonds.

On August 3, 2015, the City issued \$19,885,000 General Obligation Bonds, Series 2015-WFB. These tax-exempt bonds currently refunded a like amount of Series 2014-WFB Bonds with the same maturity amounts. The 2015 bonds had a True Interest Cost of 2.31%. After the completion of this second part of a refunding plan, resulting net present value savings was approximately one million dollars.

On September 8, 2015, the City Council approved a settlement agreement with the Developer and Contractor for the Regions Field baseball stadium, in the amount of \$4.1 million. The City will pay \$1.5 million from capital funds, immediately. The City is obligated to pay \$371,430 for six years and \$371,420 in the seventh year from its Special Lodgings Tax Fund. Should the tax be insufficient to make the payment, after paying debt service on outstanding PACE Board debt, the obligation will be limited to the actual revenues available and any underpayment will be added to end of the repayment period. Should the balance in the Special Lodgings Tax Fund exceed \$750,000, after paying debt service, the excess will be payed to the Developer/Contractor and will reduce the remaining obligation from the last amount due.

**REQUIRED SUPPLEMENTARY
INFORMATION**

City of Birmingham, Alabama
Required Supplementary Information
Year ended June 30, 2015

Schedule of Changes in the Plan's Net Pension Liability and Related Ratios

Retirement and Relief System	2015	2014
<u>Total Pension Liability</u>		
Service Cost	\$ 36,945,277	\$ 35,473,452
Interest	80,340,821	78,078,837
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	11,335,035	-
Changes of Assumptions	89,619,076	-
Benefit Payments, Including Refunds of Employee Contributions	(76,439,094)	(72,124,342)
Net Change in Total Pension Liability	141,801,115	41,427,947
Total Pension Liability – Beginning	1,433,025,474	1,391,597,527
Total Pension Liability - Ending (a)	\$ 1,574,826,589	\$ 1,433,025,474
 <u>Plan fiduciary net position</u>		
Contributions – Employer	\$ 14,464,552	\$ 14,039,103
Contributions- Employee	12,227,545	11,984,752
Net Investment Income	43,686,697	143,936,432
Benefit Payments, Including Refunds of Employee Contributions	(76,439,094)	(72,124,342)
Administrative Expense	(178,807)	(186,812)
Other	-	-
Net Change in Plan Fiduciary Net Position	(6,239,107)	97,649,133
Plan Fiduciary Net Position – Beginning	1,032,760,391	935,111,258
Plan Fiduciary Net Position - Ending (b)	1,026,521,284	1,032,760,391
The Plan's Net Pension Liability - Ending (a) - (b)	\$ 548,305,305	\$ 400,265,083
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.18%	72.07%
Covered Employee Payroll	188,116,077	184,380,800
The Plan's Net Pension Liability as a Percentage of covered Employee Payroll	291.47%	217.09%

Schedule of Investment Returns

Annual money-weighted rate of return, net of investment expense 4.68%

Notes to the above schedule:

There have been no changes to benefits provisions since the implementation of GASB 67. Other than the change in blended discount rate, there have been no assumption changes since GASB 67 implementation. Historical information prior to the implementation of GASB 67/68 is not required.

City of Birmingham, Alabama
Required Supplementary Information
Year ended June 30, 2015

Schedule of Changes in the Plan's Net Pension Liability and Related Ratios

	2015	2014
Firemen's and Policemen's Supplemental Pension System		
<u>Total Pension Liability</u>		
Service Cost	\$ 7,944,887	\$ 7,504,493
Interest	6,642,762	6,517,060
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(869,040)	-
Changes of Assumptions	365,390	-
Benefit Payments, Including Refunds of Employee Contributions	(11,943,335)	(11,712,272)
Net Change in Total Pension Liability	2,140,664	2,309,281
Total Pension Liability – Beginning	121,901,191	119,591,910
Total Pension Liability - Ending (a)	\$ 124,041,855	\$ 121,901,191
<u>Plan fiduciary net position</u>		
Contributions – Employer	\$ 4,212,776	\$ 4,090,689
Contributions- Employee	4,197,254	4,074,251
Contributions-Fire tax	362,196	209,691
Transfer from Limited Firemen's Pension	-	104,208
Net Investment Income	1,028,214	6,708,660
Benefit Payments, Including Refunds of Employee Contributions	(11,943,335)	(11,712,272)
Administrative Expense	(75,251)	(36,850)
Other	-	-
Net Change in Plan Fiduciary Net Position	(2,218,146)	3,438,377
Plan Fiduciary Net Position – Beginning	53,063,029	49,624,652
Plan Fiduciary Net Position - Ending (b)	50,844,883	53,063,029
The Plan's Net Pension Liability - Ending (a) - (b)	\$ 73,196,972	\$ 68,838,162
Plan Fiduciary Net Position as a Percentage		
of the Total Pension Liability	40.99%	43.53%
Covered Employee Payroll	\$80,407,165	\$ 78,050,785
The Plan's Net Pension Liability as a		
Percentage of covered Employee Payroll	91.03%	88.20%

Schedule of Investment Returns

Annual money-weighted rate of return,
net of investment expense 2.20%

Notes to the above schedule:

There have been no changes to benefits provisions since the implementation of GASB 67. Other than the change in blended discount rate, there have been no assumption changes since GASB 67 implementation. Historical information prior to the implementation of GASB 67/68 is not required.

City of Birmingham, Alabama
Required Supplementary Information
Year ended June 30, 2015

Unclassified Employees' Pension & Relief System	2015	2014
<u>Total Pension Liability</u>		
Service Cost	\$ 928	\$ 937
Interest	42,283	44,935
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(4,946)	-
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(78,176)	(89,337)
Net Change in Total Pension Liability	(39,911)	(43,465)
Total Pension Liability – Beginning	643,124	686,589
Total Pension Liability - Ending (a)	\$ 603,213	\$ 643,124
<u>Plan fiduciary net position</u>		
Contributions – Employer	\$ 0	\$ 0
Contributions- Employee	810	780
Net Investment Income	22,803	81,828
Benefit Payments, Including Refunds of Employee Contributions	(78,176)	(89,337)
Administrative Expense	(27,658)	(16,750)
Other	-	-
Net Change in Plan Fiduciary Net Position	(82,221)	(23,479)
Plan Fiduciary Net Position – Beginning	927,788	951,267
Plan Fiduciary Net Position - Ending (b)	845,567	927,788
The Plan's Net Pension Liability - Ending (a) - (b)	\$ (242,354)	\$ (284,664)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	140.18%	144.26%
Covered Employee Payroll	N/A	N/A
The Plan's Net Pension Liability as a Percentage of covered Employee Payroll	N/A	N/A

Notes to the above schedule:

There have been no changes to benefits provisions since the implementation of GASB 67. There have been no assumption changes since GASB 67 implementation. Historical information prior to the implementation of GASB 67/68 is not required.

**City of Birmingham, Alabama
Required Supplementary Information
Year ended June 30, 2015**

Schedule of the Employer's Contributions

Retirement and Relief System

	<u>2015</u>	<u>2014</u>
Actuarially Determined Contributions*	\$ 30,398,187	\$ 30,553,712
Contributions in Relation to the Actuarially Determined Contributions	<u>14,464,552</u>	<u>14,039,103</u>
Contribution Deficiency (Excess)	<u>15,933,635</u>	<u>16,514,609</u>
Covered Employee Payroll**	188,116,077	184,380,800
Contributions as a Percentage of Covered Employee Payroll	7.69%	7.61%

Notes to Schedule:

*The actuarially determined contribution is equal to the total calculated contribution in the most recent actuarial valuation, minus the portion expected to be covered by employee contributions.

**Payroll is estimated based on the actual employee contributions received and a 6.5% contribution rate. The City's contributions as a percentage of covered-employee payroll are greater than 6.5% since they reflect contributions made by the City on behalf of required members in the Firemen's and Policemen's Supplemental Pension Plan, as well as transfers from the Supplemental Plan.

Historical information prior to implementation of GASB 67/68 is not required.

Schedule of the Employer's Contributions

Firemen's and Policemen's Supplemental Pension System

	<u>2015</u>	<u>2014</u>
Actuarially Determined Contributions	\$ 6,038,436	\$ 5,839,810
Contributions in Relation to the Actuarially Determined Contributions	<u>4,212,776</u>	<u>4,090,689</u>
Contribution Deficiency (Excess)	<u>1,825,660</u>	<u>1,749,121</u>
Covered Employee Payroll	80,407,165	78,050,785
Contributions as a Percentage of Covered Employee Payroll	5.24%	5.24%

Notes to Schedule:

The actuarial valuation includes an actuarially determined contribution which is set equal to the scheduled contribution for each year based on determining an effective amortization period that achieves the scheduled contribution. The schedule of contributions under the funding policy may be subject to revision if the effective amortization period becomes unreasonable or otherwise if conditions change in a way that requires reevaluating the funding policy. Historical information prior to implementation of GASB 67/68 is not required.

**City of Birmingham, Alabama
Required Supplementary Information
Year ended June 30, 2015**

Schedule of the Employer's Contributions

Unclassified Employees' Pension & Relief System

	2015	2014
Actuarially Determined Contributions	\$ 0	\$ 0
Contributions in Relation to the Actuarially Determined Contributions	0	0
Contribution Deficiency (Excess)	0	0
Covered Employee Payroll	N/A	N/A
Contributions as a Percentage of Covered Employee Payroll	N/A	N/A

Notes to Schedule:

Historical information prior to implementation of GASB 67/68 is not required.

**City of Birmingham, Alabama
Required Supplementary Information
Year ended June 30, 2015**

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

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)-Entry Age (in thousands)	Unfunded (Overfunded) AAL (UAAL) (in thousands)	Funded Ratio	Covered Payroll (in thousands)	UAAL as a Percentage of Covered Payroll
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 actuarially 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, 2015
(amounts expressed in thousands)

	Retirement & Relief	Firemen & Policemen Supplemental	Unclassified Pension	Total Pension Trust Funds
Assets				
Cash and cash equivalents	\$ 37,849	\$ 1,577	\$ 846	\$ 40,272
Receivables:				
Member contributions	35	6	-	41
Member loans	10,552	-	-	10,552
Interest and dividends	2,949	163	-	3,112
Total Receivables:	<u>13,536</u>	<u>169</u>	<u>-</u>	<u>13,705</u>
Investments, at fair value:				
U.S. government obligations	113,958	4,006	-	117,964
Domestic corporate bonds	123,582	11,468	-	135,050
Domestic stocks	658,196	28,482	-	686,678
Alternative Investments	98,891	5,307	-	104,198
Total Investments, at fair value:	<u>994,627</u>	<u>49,263</u>	<u>-</u>	<u>1,043,890</u>
Total Assets:	<u>1,046,012</u>	<u>51,009</u>	<u>846</u>	<u>1,097,867</u>
Liabilities				
Accounts payable and other	927	46	-	973
Total Liabilities:	<u>927</u>	<u>46</u>	<u>-</u>	<u>973</u>
Net Position				
Held in trust for future pension benefits	1,045,084	50,962	846	1,096,892
Total Net Position:	<u>\$ 1,045,084</u>	<u>\$ 50,962</u>	<u>\$ 846</u>	<u>\$ 1,096,892</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, 2015
(amounts expressed in thousands)

	Retirement & Relief	Firemen & Policemen Supplemental	Unclassified Pension	Total Pension Trust Funds
Additions				
Additions:				
Contributions:				
Employer Contributions	\$ 14,478	\$ 4,213	\$ -	\$ 18,691
Plan member contributions	12,262	4,197	1	16,460
Investment income:				
Investment earnings (net)	47,166	1,158	22	48,346
Securities lending	218	-	-	218
Other income	4	362	-	366
Total Additions:	74,128	9,930	24	84,082
Total Additions:	74,128	9,930	24	84,082
Deductions				
Deductions:				
Benefits	74,246	10,518	78	84,842
Refunds of contributions	3,047	307	-	3,354
Administrative expenses	266	1,206	28	1,500
Investment Expenses	-	-	-	-
Total Deductions:	77,559	12,031	106	89,696
Total Deductions:	77,559	12,031	106	89,696
Change in Net Position:	(3,431)	(2,101)	(82)	(5,614)
Net Position - Beginning	1,048,515	53,063	928	1,102,506
Net Position - Ending:	\$ 1,045,084	\$ 50,962	\$ 846	\$ 1,096,892

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, 2015
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes	\$ 264,690	\$ 264,682	\$ 265,219	\$ 337
Licenses and permits	87,308	87,708	91,101	3,393
Intergovernmental	11,624	14,185	16,140	1,955
Charges for services	13,159	13,186	15,895	2,709
Fines and forfeitures	2,873	2,873	2,253	(620)
Investment income	320	320	274	(46)
Other operating revenues	6,260	6,780	6,977	197
Total Revenues:	<u>386,234</u>	<u>389,934</u>	<u>397,859</u>	<u>7,925</u>
Expenditures				
Current Expenditures:				
Public safety:				
Police	88,952	89,374	90,661	(1,287)
Fire	55,276	55,263	57,113	(1,850)
Planning, Engineering & Permits	13,195	13,195	12,699	496
Traffic Engineering	10,427	10,151	10,509	(358)
Municipal Court	4,638	4,638	4,596	42
Street and sanitation:				
Public Works	46,072	46,386	42,749	3,639
Cultural & recreational:				
Park & Recreation	11,995	12,004	12,213	(209)
Library	14,695	14,895	14,467	428
Arlington Historical Home	550	557	561	(4)
Boutwell Auditorium	1,215	1,215	1,144	71
Museum of Art	3,284	3,293	3,102	191
Sloss Furnace	562	472	407	65
Southern Museum of Flight	721	721	714	7
State Fairgrounds	3,663	3,915	4,035	(120)
General government:				
Finance	11,563	11,919	10,324	1,595
Equipment Management	16,642	16,556	14,479	2,077
Information Management Services	11,677	12,397	11,237	1,160
City Clerk	1,460	1,156	994	162
Community Development	428	568	645	(77)
Council Office	3,606	3,531	3,312	219
Legal	7,086	7,086	6,766	320
Mayor's Office	8,692	8,832	8,463	369
Personnel	8,255	7,854	6,819	1,035
Nondepartmental	48,845	48,054	49,496	(1,442)
Debt Service:				
Principal	9,154	9,162	9,154	8
Interest and fees	5,074	5,074	4,932	142
Capital Outlay:				
Capital outlays	1,744	608	812	(4)
Total Expenditures:	<u>390,071</u>	<u>388,878</u>	<u>382,203</u>	<u>6,675</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(3,837)</u>	<u>1,056</u>	<u>15,656</u>	<u>14,600</u>
Other financing sources (uses)::				
Transfers in	4,033	4,112	4,112	-
Transfers out	(198)	(3,230)	(3,230)	-
Transfers out - internal service fund	-	(1,939)	(3,400)	(1,481)
Total Other financing sources (uses)::	<u>3,835</u>	<u>(1,057)</u>	<u>(2,518)</u>	<u>(1,461)</u>
Net Change in Fund Balances:	<u>(2)</u>	<u>(1)</u>	<u>13,138</u>	<u>13,139</u>
Fund Balances - Beginning	79,574	79,574	79,574	-
Fund Balances - Ending:	<u>\$ 79,572</u>	<u>\$ 79,573</u>	<u>\$ 92,712</u>	<u>\$ 13,139</u>

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, 2015
(amounts expressed in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 10,288	\$ 2,681	\$ 36,363	\$ 49,332
Cash with fiscal agent	1,236	430	-	1,666
Receivables:	335	1	-	336
Total Assets:	\$ 11,859	\$ 3,112	\$ 36,363	\$ 51,334
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts and vouchers payable	416	86	193	695
Contracts payable-retainage	139	-	199	338
Unearned revenue	(979)	-	-	(979)
Other liabilities	96	-	-	96
Total Liabilities:	(328)	86	392	150
Fund Balances:				
Spendable:	4,834	3,026	35,971	43,831
Committed to:	7,353	-	-	7,353
Total Fund Balances:	12,187	3,026	35,971	51,184
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 11,859	\$ 3,112	\$ 36,363	\$ 51,334

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, 2015
(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	\$ 8,662	\$ (5,133)	\$ (24)	\$ 1,436	\$ 1,071	\$ 62	\$ 1,386	\$ (1)
Cash with fiscal agent	-	-	-	-	-	-	-	-
Receivables:								
Accrued interest	-	-	-	-	-	-	-	-
Accrued taxes	-	-	245	111	16	-	-	-
Accounts (net of uncollectibles)	2	9	-	-	-	-	-	-
Loans	87	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Total Assets:	\$ 8,951	\$ (5,124)	\$ 221	\$ 1,547	\$ 1,087	\$ 62	\$ 1,366	\$ (1)
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities:								
Accounts and vouchers payable	76	315	-	-	4	-	-	-
Contracts payable-retainage	-	136	-	-	-	-	3	-
Unearned revenue	269	-	-	-	-	-	-	-
Other liabilities	(27)	123	-	-	-	-	-	-
Total Liabilities:	318	574	-	-	4	-	3	-
Fund Balances:								
Spendable:								
Restricted:								
Debt Service	-	-	-	-	-	-	-	-
Capital Projects	-	-	221	1,547	1,083	-	-	-
Other	-	-	-	-	-	-	-	(1)
Assigned:								
Committed to:								
Neighborhood Improvements	8,633	-	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	62	1,363	-
Unassigned	-	(5,698)	-	-	-	-	-	-
Total Fund Balances:	8,633	(5,698)	221	1,547	1,083	62	1,363	(1)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 8,951	\$ (5,124)	\$ 221	\$ 1,547	\$ 1,087	\$ 62	\$ 1,366	\$ (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, 2015
(amounts expressed in thousands)

	Special Revenue Funds							
	Municipal Court Judicial Admin	PACE Board	Municipal Court Clerk Fund	HUD Block Grant Fund	Home Fund	Special Lodging Tax Revenue	Total	
Assets								
Cash and investments	\$ 522	\$ -	\$ 229	\$ (1,232)	\$ 137	\$ 2,994	\$ 10,289	
Cash with fiscal agent	-	1,236	-	-	-	-	1,236	
Receivables:								
Accrued interest	-	-	-	-	-	-	-	
Accrued taxes	-	-	-	-	-	-	372	
Accounts (net of uncollectibles)	1	-	-	-	-	-	12	
Loans	-	-	-	-	-	-	87	
Due from other governments	-	-	-	-	(137)	-	(137)	
Special assessments	-	-	-	-	-	-	-	
Total Assets:	\$ 523	\$ 1,236	\$ 229	\$ (1,232)	\$ -	\$ 2,994	\$ 11,859	
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities:								
Accounts and vouchers payable	4	-	-	16	-	-	415	
Contracts payable-retainage	-	-	-	-	-	-	139	
Unearned revenue	-	-	-	(1,246)	-	-	(979)	
Other liabilities	-	-	-	-	-	-	96	
Total Liabilities:	4	-	-	(1,232)	-	-	(329)	
Fund Balances:								
Spendable:								
Restricted:								
Debt Service	-	-	-	-	-	-	-	
Capital Projects	-	1,236	-	-	-	-	4,087	
Other	519	-	229	-	-	-	747	
Assigned:								
Committed to:								
Neighborhood Improvements	-	-	-	-	-	-	8,639	
Other Purposes	-	-	-	-	-	2,994	4,419	
Unassigned	-	-	-	-	-	-	(5,699)	
Total Fund Balances:	519	1,236	229	-	-	2,994	12,188	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 523	\$ 1,236	\$ 229	\$ (1,232)	\$ -	\$ 2,994	\$ 11,859	

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, 2015
(amounts expressed in thousands)

	Debt Service Funds			Capital Projects Funds				
	Tax Increment Financing	Alabama Trust Fund	Total	Public Improvement	1992 Bonds	1993 Bonds	1995 Bonds	1997 Bonds
Assets								
Cash and investments	\$ 2,816	\$ 65	\$ 2,681	\$ 1,067	\$ -	\$ 90	\$ 34	\$ 455
Cash with fiscal agent	430	-	430	-	-	-	-	-
Receivables:								
Accrued interest	-	-	-	-	-	-	-	-
Accrued taxes	-	-	-	178	-	-	-	-
Accounts (net of uncollectibles)	1	-	1	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Special assessments	-	-	-	(178)	-	-	-	-
Total Assets:	\$ 3,047	\$ 65	\$ 3,112	\$ 1,067	\$ -	\$ 90	\$ 34	\$ 455
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities:								
Accounts and vouchers payable	86	-	86	-	-	-	-	-
Contracts payable-retainage	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Total Liabilities:	86	-	86	-	-	-	-	-
Fund Balances:								
Spendable:								
Restricted:								
Debt Service	2,961	65	3,026	-	-	-	-	-
Capital Projects	-	-	-	1,067	-	90	34	455
Other	-	-	-	-	-	-	-	-
Assigned:								
Committed to:								
Neighborhood Improvements	-	-	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-	-	-
Unassigned								
Total Fund Balances:	2,961	65	3,026	1,067	-	90	34	455
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 3,047	\$ 65	\$ 3,112	\$ 1,067	\$ -	\$ 90	\$ 34	\$ 455

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, 2015
(amounts expressed in thousands)

Capital Projects Funds								
	1996-A Warrants	1998-B Warrants	1999-B Bonds	2000-A Warrants	2001-A School Warrants	2002 Bonds	2004-A Warrants	2006-C G.O. Warrants
Assets								
Cash and investments	\$ 14	\$ 63	\$ 39	\$ 36	\$ 92	\$ 1,072	\$ 1	\$ 403
Cash with fiscal agent	-	-	-	-	-	-	-	-
Receivables:								
Accrued interest	-	-	-	-	-	-	-	-
Accrued taxes	-	-	-	-	-	-	-	-
Accounts (net of uncollectibles)	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Total Assets:	\$ 14	\$ 63	\$ 39	\$ 36	\$ 92	\$ 1,072	\$ 1	\$ 403
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities:								
Accounts and vouchers payable	-	-	-	-	-	13	-	-
Contracts payable-retainage	-	-	-	-	-	5	-	8
Unearned revenue	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Total Liabilities:	-	-	-	-	-	18	-	8
Fund Balances:								
Spendable:								
Restricted:								
Debt Service	-	-	-	-	-	-	-	-
Capital Projects	14	63	39	36	92	1,054	1	395
Other	-	-	-	-	-	-	-	-
Assigned:								
Committed to:								
Neighborhood Improvements	-	-	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances:	14	63	39	36	92	1,054	1	395
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 14	\$ 63	\$ 39	\$ 36	\$ 92	\$ 1,072	\$ 1	\$ 403

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, 2015
(amounts expressed in thousands)

	Capital Projects Funds							Historical Preservation Authority
	2007-B G.O. Warrants	2007-A G. O. Bonds	2009-A Warrants	2010-Recovery Zone Econ Dev Warr	2013-B Bonds	2014 PNC2 Warrants	2014 PNC3 Warrants	
Assets								
Cash and investments	\$ 1,175	\$ 11,929	\$ 147	\$ 8,275	\$ 453	\$ 1,070	\$ -	\$ 9,948
Cash with fiscal agent	-	-	-	-	-	-	-	-
Receivables:								
Accrued interest	-	-	-	-	-	-	-	-
Accrued taxes	-	-	-	-	-	-	-	-
Accounts (net of uncollectibles)	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Total Assets:	\$ 1,175	\$ 11,929	\$ 147	\$ 8,275	\$ 453	\$ 1,070	\$ -	\$ 9,948
Liabilities, Deferred inflows of Resources, and Fund Balances								
Liabilities:								
Accounts and vouchers payable	5	43	-	12	-	67	-	53
Contracts payable-retainage	74	40	-	72	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Total Liabilities:	79	83	-	84	-	67	-	53
Fund Balances:								
Spendable:								
Restricted:								
Debt Service	-	-	-	-	-	-	-	-
Capital Projects	1,096	11,846	147	8,191	453	1,003	-	9,895
Other	-	-	-	-	-	-	-	-
Assigned:								
Committed to:								
Neighborhood Improvements	-	-	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances:	1,096	11,846	147	8,191	453	1,003	-	9,895
Total Liabilities, Deferred inflows of Resources, and Fund Balances:	\$ 1,175	\$ 11,929	\$ 147	\$ 8,275	\$ 453	\$ 1,070	\$ -	\$ 9,948

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, 2015
(amounts expressed in thousands)

	Capital Projects Funds	Total Nonmajor Governmental Funds
	Total	
Assets		
Cash and investments	\$ 36,363	\$ 49,333
Cash with fiscal agent	-	1,666
Receivables:		
Accrued interest	-	-
Accrued taxes	178	550
Accounts (net of uncollectibles)	-	13
Loans	-	87
Due from other governments	-	(137)
Special assessments	(178)	(178)
Total Assets:	\$ 36,363	\$ 51,334
 Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Accounts and vouchers payable	193	894
Contracts payable-retainage	199	338
Unearned revenue	-	(979)
Other liabilities	-	96
Total Liabilities:	392	149
 Fund Balances:		
Spendable:		
Restricted:		
Debt Service	-	3,026
Capital Projects	35,971	40,058
Other	-	747
Assigned:		
Committed to:		
Neighborhood Improvements	-	8,633
Other Purposes	-	4,419
Unassigned	-	(5,698)
Total Fund Balances:	35,971	51,185
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 36,363	\$ 51,334

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, 2015
(amounts expressed in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 3,806	\$ 1,813	\$ -	\$ 5,619
Intergovernmental	23,534	1,796	-	25,330
Charges for services	100	-	-	100
Fines and forfeitures	1,662	-	-	1,662
Investment income	55	9	406	470
Other operating revenues	1,301	-	156	1,457
Total Revenues:	30,458	3,618	562	34,638
Expenditures				
Current Expenditures:				
Public safety:	5,030	-	305	5,335
Street and sanitation:	5	-	44	49
Cultural & recreational:	135	-	135	270
General government:	11,159	5	1,972	13,136
Debt Service:				
Principal	4,590	1,451	-	6,041
Interest and fees	2,094	3,163	1,463	6,720
Capital Outlay:				
Capital outlays	11,735	749	6,715	19,199
Total Expenditures:	34,748	5,368	10,634	50,750
Excess (Deficiency) of Revenues Over (Under)				
Expenditures:	(4,290)	(1,750)	(10,072)	(16,112)
Other financing sources (uses)::				
issuance of debt	-	-	23,137	23,137
(Premium)/Discount on debt issuance	-	-	1,200	1,200
Payment to escrow agent	-	-	(12,120)	(12,120)
Transfers in	8,142	-	-	8,142
Transfers out	(3,471)	-	(1,525)	(4,996)
Total Other financing sources (uses)::	4,671	-	10,692	15,363
Net Change in Fund Balances:	381	(1,750)	620	(749)
Fund Balances - Beginning	11,807	4,776	35,354	51,937
Fund Balances - Ending:	\$ 12,188	\$ 3,026	\$ 35,974	\$ 51,188

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, 2015
 (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	PACE Board	Municipal Court Clerk Fund
Revenues:											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	14	13,208	2,703	1,253	623	-	-	-	-	-	-
Charges for services	100	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	34	-	-	-	54	882	275	206	-	231
Investment income	45	-	-	-	-	-	10	-	-	-	-
Other operating revenues	782	110	-	-	-	-	-	-	-	-	-
Total Revenues:	951	13,358	2,703	1,253	623	34	692	275	206	-	231
Expenditures:											
Current Expenditures:											
Public safety:											
Police	478	522	-	-	-	-	-	-	-	-	-
Fire	1	720	-	-	-	-	-	-	-	-	-
Planning, Engineering & Permits	-	346	-	-	722	-	3	-	-	-	-
Traffic Engineering	-	163	-	-	-	-	-	-	-	-	-
Municipal Court	-	393	-	-	-	9	1,406	274	-	-	2
Nondepartmental	-	-	-	-	-	-	-	-	-	-	-
Street and sanitation, Public Works	5	-	-	-	-	-	-	-	-	-	-
Cultural & recreational:											
Park & Recreation	77	-	-	-	-	-	-	-	-	-	-
State Fairgrounds	-	58	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-	-	-
General government:											
Finance	-	617	-	-	-	-	-	-	-	-	-
Community Development	61	3,672	-	-	-	-	-	-	-	-	-
Meyor's Office	-	23	-	-	-	-	-	-	-	-	-
Nondepartmental	564	-	-	-	-	-	-	-	-	-	-
Municipal Court	-	-	-	-	-	-	-	-	91	-	-
Debt Service:											
Principal	-	-	2,159	656	-	-	-	-	-	1,775	-
Interest and fees	-	-	396	65	-	-	-	-	-	1,632	-
Capital Outlay:											
Capital outlays	148	7,355	-	-	-	-	42	-	-	4,180	-
Total Expenditures:	1,334	14,091	2,555	720	722	9	1,451	274	91	7,567	2
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(383)	(733)	148	533	101	25	(559)	1	115	(7,567)	230
Other financing sources (uses):											
Issuance of debt	-	-	-	-	-	-	-	-	-	-	-
(Premium)/Discount on debt issuance	-	-	-	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-	-	-	-	-
Transfers in	234	-	-	-	-	-	-	-	-	7,908	-
Transfers out	(63)	-	-	-	-	-	-	-	-	-	-
Total Other financing sources (uses):	171	-	-	-	-	-	-	-	-	7,908	-
Net Change in Fund Balances:	(212)	(733)	148	533	101	25	(559)	1	115	341	230
Fund Balances - Beginning	8,847	(4,066)	72	1,015	982	36	1,922	-	404	696	-
Fund Balances - Ending:	\$ 8,635	\$ (5,099)	\$ 220	\$ 1,548	\$ 1,083	\$ 61	\$ 1,363	\$ 1	\$ 519	\$ 1,237	\$ 230

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, 2015
 (amounts expressed in thousands)

	Special Revenue Funds				Debt Service Funds			Capital Projects Funds	
	HUD Block Grant Fund	Home Fund	Special Lodging Tax Revenue	Total	Tax Increment Financing	Alabama Trust Fund	Total	Public Improvement	1992 Bonds
Revenues									
Taxes	\$ -	\$ -	\$ 3,806	\$ 3,806	\$ 1,813	\$ -	\$ 1,813	\$ -	\$ -
Intergovernmental	4,525	1,008	-	23,534	-	1,796	1,796	-	-
Charges for services	-	-	-	100	-	-	-	-	-
Fines and forfeitures	-	-	-	1,662	-	-	-	-	-
Investment income	-	-	-	55	9	-	9	24	-
Other operating revenues	162	231	-	1,301	-	-	-	112	-
Total Revenues:	4,687	1,239	3,806	30,458	1,822	1,796	3,618	136	-
Expenditures									
Current Expenditures:									
Public safety:									
Police	-	-	-	1,000	-	-	-	-	-
Fire	-	-	-	721	-	-	-	-	-
Planning, Engineering & Permits	-	-	-	1,073	-	-	-	-	1
Traffic Engineering	-	-	-	153	-	-	-	-	-
Municipal Court	-	-	-	2,084	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-
Street and sanitation:									
Public Works	-	-	-	5	-	-	-	-	-
Cultural & recreational:									
Park & Recreation	-	-	-	77	-	-	-	-	-
State Fairgrounds	-	-	-	56	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-
General government:									
Finance	-	-	-	617	-	-	-	-	-
Community Development	4,687	1,240	-	9,860	-	-	-	-	-
Mayor's Office	-	-	-	23	-	-	-	-	-
Nondepartmental	-	-	1	568	5	-	5	3	-
Municipal Court	-	-	-	91	-	-	-	-	-
Debt Service:									
Principal	-	-	-	4,589	1,451	-	1,451	-	-
Interest and fees	-	-	1	2,094	1,432	1,730	3,162	-	-
Capital Outlay:									
Capital outlays	-	-	-	11,735	749	-	749	-	-
Total Expenditures:	4,687	1,240	5	34,748	3,638	1,730	5,258	3	1
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(1)	(2)	3,801	(4,290)	(1,816)	66	(1,750)	133	(1)
Other financing sources (uses):									
Issuance of debt	-	-	-	-	-	-	-	-	-
(Premium)/Discount on debt issuance	-	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	8,142	-	-	-	-	-
Transfers out	-	-	(3,408)	(3,471)	-	-	-	-	-
Total Other financing sources (uses):	-	-	(3,408)	4,671	-	-	-	-	-
Net Change in Fund Balances:	(1)	(2)	393	381	(1,816)	66	(1,750)	133	(1)
Fund Balances - Beginning	-	-	2,599	11,807	4,776	-	4,776	933	1
Fund Balances - Ending:	(1)	(2)	2,992	12,188	2,960	66	3,026	1,066	-

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, 2015
(amounts expressed in thousands)

	Capital Projects Funds										
	1993 Bonds	1995 Bonds	1997 Bonds	1998-A Warrants	1998-B Warrants	1999-B Bonds	2000-A Warrants	2001-A School Warrants	2002 Bonds	2004-A Warrants	2006-C G.O. Warrants
Revenues											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-
Investment Income	1	2	3	-	1	-	1	-	5	-	3
Other operating revenues	43	-	-	-	-	-	-	-	-	-	-
Total Revenues:	44	2	3	-	1	-	1	-	5	-	3
Expenditures											
Current Expenditures:											
Public safety:											
Police	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-
Planning, Engineering & Permits	-	1	11	-	4	-	8	-	10	-	-
Traffic Engineering	-	-	-	-	-	-	-	-	-	-	-
Municipal Court	-	-	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	16	-	-
Street and sanitation:											
Public Works	4	-	-	-	-	-	-	-	40	-	-
Cultural & recreational:											
Park & Recreation	-	-	-	-	-	-	-	-	73	-	-
State Fairgrounds	-	-	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-	-	-
General government:											
Finance	-	-	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-	-	-
Mayor's Office	-	-	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	7	-	53
Municipal Court	-	-	-	-	-	-	-	-	-	-	-
Debt Service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay:											
Capital outlays	101	353	35	159	169	8	7	1	488	-	575
Total Expenditures:	105	354	46	159	173	8	15	1	634	-	628
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(61)	(352)	(43)	(159)	(172)	(8)	(14)	(1)	(629)	-	(625)
Other financing sources (uses):											
Issuance of debt	-	-	-	-	-	-	-	-	-	-	-
(Premium)/Discount on debt issuance	-	-	-	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(214)	-	(89)	-	(252)
Total Other financing sources (uses):	-	-	-	-	-	-	(214)	-	(89)	-	(252)
Net Change in Fund Balances:	(61)	(352)	(43)	(159)	(172)	(8)	(228)	(1)	(718)	-	(877)
Fund Balances - Beginning	151	387	499	173	236	48	264	93	1,772	1	1,273
Fund Balances - Ending:	\$ 90	\$ 35	\$ 456	\$ 14	\$ 64	\$ 40	\$ 36	\$ 92	\$ 1,054	\$ 1	\$ 396

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, 2015
(amounts expressed in thousands)

	Capital Projects Funds									Total Nonmajor Governmental Funds	
	2007-B G.O. Warrants	2007-A G. O. Bonds	2009-A Warrants	2010-Recovery Zone Econ Dev Warr	2013-B Bonds	2014 PNC2 Warrants	2014 PNC3 Warrants	Historical Preservation Authority	2014-D Bonds		Total
Revenues											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,619
Intergovernmental	-	-	-	-	-	-	-	-	-	-	25,330
Charges for services	-	-	-	-	-	-	-	-	-	-	100
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	1,662
Investment income	4	73	-	38	-	-	-	-	251	406	470
Other operating revenues	-	-	-	-	-	-	-	-	-	156	1,457
Total Revenues:	4	73	-	38	-	-	-	-	251	562	34,638
Expenditures											
Current Expenditures:											
Public safety:											
Police	-	-	-	-	-	-	-	-	-	-	1,000
Fire	-	-	-	-	-	-	-	-	-	-	721
Planning, Engineering & Permits	11	242	-	-	-	-	-	-	-	286	1,361
Traffic Engineering	-	-	-	-	-	-	-	-	-	-	153
Municipal Court	-	-	-	-	-	-	-	-	-	-	2,084
Nondepartmental	-	-	-	-	-	-	-	-	-	16	16
Street and sanitation:											
Public Works	-	-	-	-	-	-	-	-	-	44	49
Cultural & recreational:											
Park & Recreation	-	-	-	16	-	-	-	-	-	89	166
State Fairgrounds	-	-	-	-	-	-	-	-	-	-	58
Nondepartmental	-	46	-	-	-	-	-	-	-	46	46
General government:											
Finance	-	-	-	-	-	-	-	-	-	-	617
Community Development	-	-	-	-	-	-	-	-	-	-	9,880
Mayor's Office	-	-	-	-	-	-	-	-	-	-	23
Nondepartmental	-	7	-	705	-	199	999	-	-	1,973	2,546
Municipal Court	-	-	-	-	-	-	-	-	-	-	91
Debt Service:											
Principal	-	-	-	-	-	-	-	-	-	-	6,040
Interest and fees	-	-	-	-	-	-	11	3	1,450	1,464	6,720
Capital Outlay:											
Capital outlays	166	904	-	1,742	47	1,856	-	102	-	6,715	19,199
Total Expenditures:	177	1,199	-	2,463	47	2,055	1,010	105	1,450	10,635	50,750
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(173)	(1,126)	-	(2,425)	(47)	(2,055)	(1,010)	(105)	(1,199)	(10,072)	(16,112)
Other financing sources (uses)::											
Issuance of debt	3	6	-	-	-	-	1,010	10,000	12,118	23,137	23,137
(Premium)/Discount on debt Issuance	-	-	-	-	-	-	-	-	1,200	1,200	1,200
Payment to escrow agent	-	-	-	-	-	-	-	-	(12,120)	(12,120)	(12,120)
Transfers in	-	-	-	-	-	-	-	-	-	-	8,142
Transfers out	-	(435)	-	(534)	-	-	-	-	-	(1,525)	(4,996)
Total Other financing sources (uses)::	3	(430)	-	(534)	-	-	1,010	10,000	1,198	10,692	15,363
Net Change In Fund Balances:	(170)	(1,556)	-	(2,960)	(47)	(2,055)	-	9,895	(1)	620	(749)
Fund Balances - Beginning	1,267	13,403	147	11,150	500	3,056	-	-	-	35,354	51,937
Fund Balances - Ending:	\$ 1,097	\$ 11,847	\$ 147	\$ 6,191	\$ 452	\$ 1,001	\$ -	\$ 9,895	\$ (1)	\$ 35,973	\$ 51,188

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

Statistical Section

This portion of the City of Birmingham's comprehensive annual financial 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 ten fiscal years.

Revenue Capacity

These schedules present information on the collection of the City's most significant local revenue source.

Debt Capacity

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

Demographic and Economic Information

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

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								
	2007	2008	2009	2010	2011	2012	2013*	2014	2015
Governmental activities:									
Net investment in capital assets	\$73,876	\$74,322	\$65,727	\$72,325	\$90,213	\$133,210	\$104,846	\$210,160	\$149,863
Restricted	271,686	277,817	264,602	157,454	146,478	134,295	189,391	139,831	96,624
Unrestricted	<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>	<u>(489,185)</u>
Total governmental activities net position	<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>	<u>(\$242,698)</u>
Business-type activities:									
Net investment in capital assets	922	901	1,022	855	919	919	722	4,167	919
Unrestricted	<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>	<u>6,156</u>
Total business-type activities net position	<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>	<u>7,075</u>
Primary Government:									
Net investment in capital assets	74,798	75,223	66,749	73,180	91,132	134,129	105,568	210,160	150,782
Restricted	271,686	277,817	264,602	157,454	146,478	134,295	189,391	139,831	96,624
Unrestricted	<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>	<u>(483,029)</u>
Total primary government net position	<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>	<u>\$ (235,623)</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			
	2007	2008	2009	2010
Expenses:				
Governmental activities:				
	\$106,000	\$ 88,799	\$ 121,554	\$ 163,581
Public safety	163,704	163,149	169,083	210,132
Streets & sanitation	95,381	93,821	121,848	59,822
Culture & recreation	42,222	43,895	36,132	41,907
Interest on long-term debt	23,989	27,643	25,381	21,473
Total governmental activities expenses	431,296	417,307	473,998	496,915
Business-type activities:				
E-911 Services	3,196	3,935	4,044	4,937
Total primary government expenses	\$434,492	\$421,242	\$478,042	\$501,852
Program Revenues:				
Governmental activities:				
Charges for services				
General government:				
Business licenses & permits	60,002	85,721	91,493	82,726
Non-business licenses & permits	5,347	5,342	4,506	3,747
Public safety	17,327	14,739	17,502	21,488
Streets & sanitation	1,971	1,450	1,577	595
Culture & recreation	1,252	1,275	1,341	1,327
Operating grants and contributions	18,606	19,830	15,094	18,898
Total governmental activities program revenue	104,505	128,357	131,513	128,781
Business-type activities:				
E-911 Services	3,156	3,308	3,447	4,517
Total primary government program revenues	\$107,661	\$131,665	\$134,960	\$133,298
Net (Expense)/Revenue				
Governmental activities	(\$326,791)	(\$288,950)	(\$342,485)	\$368,134
Business-type activities	(40)	(627)	(597)	420
	(\$326,831)	(\$289,577)	(\$343,082)	\$368,554
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Taxes:				
Sales and use taxes	\$109,865	\$129,732	\$131,904	\$127,197
Occupational taxes	75,269	76,918	76,325	73,008
Property taxes	54,920	62,698	61,663	56,699
Unrestricted grants and contributions	23,853	19,975	26,060	23,730
Investment earnings	21,168	10,684	(4,201)	8,233
Other	12,736	8,116	8,407	7,145
Total governmental activities	297,611	308,123	300,158	296,012
Business-type activities:				
Investment earnings	102	68	15	1
Total primary government	\$297,713	\$308,191	\$300,173	\$296,013
Change (decrease) in Net Position:				
Governmental activities	(\$29,180)	\$19,173	(\$42,327)	(\$72,122)
Business-type activities	62	(559)	(582)	(419)
Total primary government	(\$29,118)	\$18,614	(\$42,909)	(\$72,541)

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

	2011	2012	2013	2014	2015
Expenses:					
Governmental activities:					
General government	\$ 114,375	\$ 126,871	\$ 127,856	\$ 122,310	232,450
Public safety	202,706	194,761	195,022	200,169	196,529
Streets & sanitation	54,553	56,109	53,055	78,093	61,527
Culture & recreation	40,024	42,705	42,927	40,667	40,987
Interest on long-term debt	19,861	17,381	14,933	17,896	39,195
Total governmental activities expenses	<u>431,519</u>	<u>437,827</u>	<u>433,793</u>	<u>459,135</u>	<u>570,688</u>
Business-type activities:					
E-911 Services	4,754	4,641	4,564	5,220	5,581
Total primary government expenses	<u>\$436,273</u>	<u>\$442,468</u>	<u>\$438,357</u>	<u>\$464,355</u>	<u>\$576,269</u>
Program Revenues:					
Governmental activities:					
Charges for services					
General government:					
Business licenses & permits	90,139	97,443	97,495	94,336	180,661
Non-business licenses & permits	0	0	0	0	0
Public safety	17,778	17,011	15,893	16,884	20,253
Streets & sanitation	966	1,196	449	2,675	243
Culture & recreation	1,171	1,506	2,073	1,762	2,055
Operating grants and contributions	24,276	25,118	19,540	24,390	57,923
Capital grants and contributions	0	0	0	0	7,797
Total governmental activities program revenues	<u>134,330</u>	<u>142,274</u>	<u>135,450</u>	<u>140,047</u>	<u>268,932</u>
Business-type activities:					
E-911 Services	6,392	6,608	6,196	6,272	7,003
Total primary government program revenues	<u>\$140,722</u>	<u>\$148,882</u>	<u>\$141,646</u>	<u>\$146,319</u>	<u>275,935</u>
Net (Expense)/Revenue					
Governmental activities	\$297,186	\$295,553	\$298,343	\$319,088	(\$301,755)
Business-type activities	(1,638)	1,967	1,632	1,052	1,422
	<u>\$295,548</u>	<u>\$293,583</u>	<u>\$296,711</u>	<u>\$320,140</u>	<u>(\$300,333)</u>
General Revenues and Other Changes in Net Position:					
Governmental activities:					
Taxes:					
Sales and use taxes	\$131,162	\$134,829	\$140,832	\$145,394	\$151,919
Occupational taxes	74,909	77,703	77,844	78,654	81,013
Property taxes	51,369	55,656	50,367	55,842	54,808
Unrestricted grants and contributions	22,548	19,500	25,467	22,561	24,663
Investment earnings	13,560	5,067	8,362	11,977	5,988
Other	(217)	10,188	14,351	5,909	(3,218)
Total governmental activities	<u>293,331</u>	<u>302,943</u>	<u>317,223</u>	<u>320,337</u>	<u>315,173</u>
Business-type activities:					
Investment earnings	11	4	-	7	10
Total primary government	<u>\$293,342</u>	<u>\$302,947</u>	<u>\$317,223</u>	<u>\$320,344</u>	<u>\$315,183</u>
Change (decrease) in Net Position:					
Governmental activities	(\$3,855)	\$7,393	\$18,880	\$1,249	\$13,418
Business-type activities	1,649	1,971	1,632	1,059	1,432
Total primary government	<u>(\$2,206)</u>	<u>\$9,364</u>	<u>\$20,512</u>	<u>\$2,308</u>	<u>\$14,850</u>

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund				
Reserved	\$10,448	\$11,417	\$280	\$253
Unreserved	<u>85,368</u>	<u>106,065</u>	<u>94,501</u>	<u>92,027</u>
Total general fund	<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	\$134,246	\$113,754	\$96,755	\$77,026
Debt service funds	45,394	44,216	40,175	50,947
Capital projects funds	<u>155,487</u>	<u>160,696</u>	<u>138,479</u>	<u>94,500</u>
	<u>335,127</u>	<u>318,666</u>	<u>275,409</u>	<u>222,473</u>
Unreserved, reported in:				
Special revenue funds	(2,278)	(2,484)	(1,847)	(1,866)
Debt service funds			(3,666)	(5,805)
Capital projects funds				
	<u>(2,278)</u>	<u>(2,484)</u>	<u>(5,513)</u>	<u>(7,671)</u>
Total other governmental funds	<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)

Table A-3
Page 2 of 2

Fiscal Year Ended June 30

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund					
Nonspendable:					
Prepaid	\$280	\$344	\$344	\$428	\$482
Inventory	-	1573	1,573	1,377	1,221
Spendable:					
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	98,935	90,197	91,581	77,769	91,008
Total General Fund	<u>99,215</u>	<u>92,114</u>	<u>93,498</u>	<u>79,574</u>	<u>92,711</u>
Other Governmental Funds:					
Restricted	117,183	109,846	162,524	127,232	108,179
Committed	\$1,338	\$95,668	\$97,836	106,565	99,328
Assigned	104,963	(14)	382	1,585	0
Unassigned	(4,627)	788	709	(3,984)	0
Total other governmental funds	<u>218,857</u>	<u>206,288</u>	<u>261,451</u>	<u>231,398</u>	<u>207,507</u>
Total Fund Balance	<u>\$318,072</u>	<u>\$298,402</u>	<u>\$354,949</u>	<u>\$310,972</u>	<u>\$300,218</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								
	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES:									
Taxes	\$ 239,854	\$ 269,348	\$ 276,738	\$ 265,398	\$ 267,324	\$ 280,082	\$ 280,515	\$ 281,827	\$ 300,414
Licenses and permits	65,349	91,663	87,825	78,856	78,984	87,671	86,709	87,010	91,101
Intergovernmental	41,669	39,605	41,327	44,298	45,954	44,820	44,820	40,116	41,649
Charges for services	16,432	12,927	14,069	13,943	13,856	12,836	12,586	12,214	16,895
Fines and forfeitures	4,118	4,637	7,944	5,770	5,483	4,954	4,803	4,110	3,915
Investment income	21,168	10,684	(4,199)	8,235	13,980	5,066	8,381	11,975	5,989
Other operating revenues	9,954	8,157	7,522	9,168	20,959	10,888	15,297	10,677	8,616
TOTAL REVENUES	398,524	436,621	431,026	426,368	447,120	447,206	453,091	457,929	467,679
EXPENDITURES:									
Current:									
Public safety	146,485	155,120	177,188	194,348	181,158	178,555	172,499	181,650	180,913
Street and sanitation	64,359	56,798	52,414	57,871	49,986	48,340	46,436	53,487	43,911
Cultural and recreational	40,762	42,480	34,930	37,699	34,797	33,856	36,359	36,215	36,913
General government	102,804	82,081	118,030	141,660	123,338	125,548	123,411	123,874	128,002
Other	242	139							
Total current operations	356,642	347,208	382,622	431,978	395,179	386,299	376,715	396,236	389,739
Debt service:									
Principal	24,918	27,424	25,935	42,050	33,193	38,306	38,649	38,324	36,424
Interest	20,508	25,418	24,204	24,302	22,701	23,130	22,431	20,230	38,382
Total debt service	45,426	52,842	50,139	66,352	55,894	61,436	61,079	58,554	74,806
Capital outlays	34,641	31,749	93,751	10,983	37,854	13,172	31,808	50,781	38,286
Warrant/Bond issue costs	11,772								
TOTAL EXPENDITURES	448,481	431,789	526,513	508,913	493,927	466,907	471,800	504,639	602,831
Excess (deficiency) of revenues over (under) expenditures	(49,957)	4,722	(95,487)	(82,546)	(36,807)	(19,701)	(18,509)	(46,610)	(35,252)
Other financing sources (uses):									
Proceeds from sale of property	4,634	278	-	-	-	-	-	-	-
Proceeds from issuance of debt	-	-	-	21,000	110,476	-	70,061	31,350	124,763
Issuance of refunding bonds	316,860	-	-	19,960	-	8,400	-	-	-
Refunded bonds redeemed	-	-	-	(19,987)	-	-	-	-	-
Capital lease	-	-	26,500	-	-	-	1,074	-	-
Premiums/discount on warrants/bond	12,300	-	-	316	3,834	(164)	5,877	1,728	16,888
Payment to escrow agent	(214,267)	-	-	(67,511)	(67,511)	(6,205)	(1,965)	(23,366)	(113,780)
Transfers in	40,659	69,871	63,250	59,742	40,163	43,988	44,295	46,559	48,441
Transfers out	(40,569)	(69,971)	(63,260)	(53,742)	(40,163)	(43,988)	(44,295)	(48,559)	(48,441)
Transfers out - internal service fund	-	-	-	-	-	-	-	-	-
Net other financing sources	119,647	278	26,500	21,309	46,799	31	75,057	(1,659)	24,499
Net change in fund balances	\$69,590	\$5,000	(\$68,987)	(\$67,236)	\$10,992	(\$19,670)	(\$8,548)	(\$48,269)	(\$10,763)
Debt service as a percentage of noncapital expenditures	10.9%	13.2%	11.6%	13.3%	12.6%	13.7%	13.9%	12.9%	12.7%

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

	2006	2007	2008 *	2009	2010	2011	2012	2013	2014	2015
Sales and Use Tax Revenue	\$109,085	\$109,665	\$129,732	\$131,904	\$127,197	\$131,162	\$134,889	\$140,832	\$145,394	\$151,919
Percentage Change from Prior Year	1.59%	0.53%	18.30%	1.67%	-3.57%	3.12%	2.63%	4.50%	3.24%	4.49%
Breakdown of Sales/Use Tax By Industry Type:										
Apparel	5,001	6,298	6,402	6,190	6,565	7,432	7,724	8,016	8,276	8,941
Automotive, RV's, Motor Homes	8,561	9,951	10,787	9,845	10,312	12,328	12,297	12,891	13,307	11,596
Building & Construction Related	10,241	11,836	11,423	14,551	12,667	13,821	14,730	15,401	15,900	17,443
Communications	1,520	1,886	2,182	2,677	2,155	1,946	2,047	2,130	2,199	1,836
Equipment & Machinery	8,836	10,680	10,758	10,554	9,855	10,404	11,148	11,850	12,027	16,507
Food and Restaurants	15,239	18,561	15,653	23,804	22,041	24,974	24,333	25,389	26,212	26,554
Furniture and Furnishings	2,154	2,604	2,852	3,447	3,329	4,241	4,351	4,550	4,698	4,614
Insurance, Finance, Real Estate	459	528	2,071	2,751	2,516	2,302	1,760	1,840	1,900	684
Medical	1,332	1,647	1,958	3,555	3,448	4,995	5,179	5,410	5,585	4,190
Personal Services, Entertainment	6,483	7,615	7,588	5,623	5,495	6,750	6,519	6,800	7,020	2,786
All Other Industries	46,439	37,759	57,658	47,575	47,694	41,969	44,781	46,755	48,270	56,768
	109,085	109,665	129,732	131,904	127,197	131,162	134,869	140,832	145,394	151,919

* 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 2006. The City also increased its sales tax on the retail sales of other tangible personal property from 3% to 4% in FY2008.

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

Table B-2

Fiscal Year Ended June 30

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Breakdown of Tax Revenues:										
Sales and Use Tax	\$ 109,085	\$ 109,665	\$ 129,732	\$ 131,904	\$ 127,197	\$ 131,162	\$ 134,869	\$ 140,832	\$ 145,394	\$ 151,919
Occupational Tax	72,297	75,269	76,918	76,325	73,008	74,909	77,703	77,844	78,654	81,013
Property Tax	52,669	54,920	62,698	61,663	56,699	51,369	55,656	56,388	55,842	54,808
Business Licenses	54,951	60,002	85,721	83,019	74,809	75,793	83,245	82,866	82,105	85,732
Permits	5,613	5,347	5,342	4,506	3,747	4,191	4,426	3,843	4,905	5,369
	<u>\$ 294,615</u>	<u>\$ 305,203</u>	<u>\$ 360,411</u>	<u>\$ 357,417</u>	<u>\$ 335,460</u>	<u>\$ 337,424</u>	<u>\$ 355,899</u>	<u>\$ 361,773</u>	<u>\$ 366,900</u>	<u>\$ 378,841</u>
% of Sales & Use to Total Taxes	37.03%	35.93%	36.00%	36.90%	37.92%	38.87%	37.90%	38.93%	39.63%	40.10%

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, \$2,891,796 and \$3,659,782 in 2010, 2011, 2012, 2013, 2014 and 2015, 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, \$1,164,355 and \$1,208,827 in 2011, 2012, 2013, 2014 and 2015, 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	TIF Revenue Warrants	Capital Leases	PACE Board Revenue Bonds	Total	Aggregate Income	Percentage of Personal Income	Per Capita
2006	309,920,000	197,435,000	11,835,000	2,094,000		507,355,000	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	64,000,000	516,135,000	3,927,870,159	11.51%	\$2,432
2013	302,005,535	161,215,000	19,615,000	971,093	62,920,000	546,726,628	3,927,870,159	12.32%	\$2,576
2014	284,470,535	150,510,000	18,475,000	762,158	61,530,000	515,747,693	3,927,870,159	13.13%	\$2,430
2015	270,071,000	136,205,000	17,025,000	549,361	59,940,000	483,790,361	3,927,870,159	12.32%	\$2,279

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

Source: City Finance Department data

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

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

Table C-2

<u>Fiscal year</u>	<u>Census Year</u>	<u>Population Number</u>	<u>Assessed Value*</u>	<u>Gross Bonded Debt**</u>	<u>Less Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt To Assessed Value (%)</u>	<u>Net Bonded Debt Per Capita</u>
2006	2000	242,820	2,567,735,000	507,355,000	45,161,000	474,029,000	18.46%	\$ 1,952
2007	2000	242,820	2,631,971,182	604,535,000	44,153,000	558,692,000	21.23%	\$ 2,301
2008	2000	242,820	2,810,565,632	575,196,000	43,205,000	531,991,000	18.62%	\$ 2,191
2009	2000	242,820	2,937,624,552	572,546,000	40,175,000	532,371,000	16.94%	\$ 2,192
2010	2000	242,820	2,880,265,253	478,635,000	36,317,088	442,317,912	13.90%	\$ 1,822
2011	2010	212,237	2,826,110,356	490,306,779	32,191,620	458,115,159	16.21%	\$ 2,159
2012	2010	212,237	2,755,748,375	516,135,000	29,668,690	486,466,310	17.65%	\$ 2,292
2013	2010	212,237	2,689,227,218	546,726,628	23,538,147	523,188,481	19.45%	\$ 2,465
2014	2010	212,237	2,804,674,640	515,747,693	22,694,460	493,053,233	17.58%	\$ 2,323
2015	2010	212,237	2,868,624,760	483,790,361	21,387,760	462,402,601	16.12%	\$ 2,179

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

Judge of Probate

**Includes Bonds, Warrants, Revenue Warrants, Capitalized Leases and PACE Board Revenue Bonds

City of Birmingham, Alabama
Assessed Value and Estimated True Value of All Taxable Property
Last Nine 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	1,715,444,568	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	2,810,566,632	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	9,354,530,940	439,146,266	4,391,462,660	232,876,500	1,552,510,000	2,755,748,375	16,907,935,003	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	1,916,117,160	9,580,585,800	412,100,240	4,121,002,400	264,136,180	1,760,907,867	2,804,674,640	16,170,232,933	17.34%
2014	211,745,640	705,818,800	1,981,580,900	9,907,904,500	401,172,700	4,011,727,000	274,125,520	1,827,503,467	2,868,624,760	16,452,953,767	17.44%

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

The assessed values are provided by:

- For Class I, II and III Property in Birmingham in Jefferson County, Alabama: Tax Assessor of Jefferson County
- For Class I, II and III Property in Birmingham in Shelby County, Alabama: Property Tax Commissioner of Shelby County
- For Class IV Property in Birmingham in Jefferson County, Alabama: Jefferson County Department of Revenue
- For Class IV Property in Birmingham in Shelby County, Alabama: Judge of Probate of Shelby County

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

- ⁽²⁾ Class I Property consists of all property of utilities used in the business of such utilities and is assessed at the rates of thirty percent (30%) of the fair and reasonable market value thereof.
- ⁽³⁾ Class II Property consists of all real and personal property not otherwise classified in another class (generally commercial property) and is assessed at the ratio of twenty of the fair and reasonable market value thereof. Class II amounts do not include the amounts or values of any abatements, industrial exemptions, other exemptions or penalties with respect to such property.
- ⁽⁴⁾ Class III Property consists of all agricultural, forest, single-family owner-occupied residential property, and historic buildings and sites, and is assessed, upon application by the owner, at the ratio of ten percent of the current use value (not fair and reasonable market values of such property). The amounts shown above as assessed values of Class III property are net of, and do not include, the amount of any homestead exemptions with respect to such property.
- ⁽⁵⁾ Class IV Property consists of motor vehicles owned and operated by individuals for personal or private use, and not for hire, rent or compensation, and is assessed at the ratio of fifteen percent of the fair and reasonable market value thereof.

City of Birmingham, Alabama
Schedule of Direct and Overlapping Debt
Last Five Fiscal Years
(In thousands)

Table C-4

<u>Direct Debt</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
City of Birmingham:					
Gross bonded debt and warrants outstanding*	\$ 490,307	\$ 516,135	\$ 546,727	\$ 515,748	\$ 483,790
Direct Debt	490,307	516,135	546,727	515,748	483,790
 <u>Overlapping Debt</u>					
Jefferson County, Alabama overlapping debt ¹	1,190,200	1,014,595	982,080	1,000,645	917,390
Jefferson County Board of Education ²	81,680	85,930	78,990	67,900	82,370
Total bonds and warrants outstanding	1,271,880	1,100,525	1,061,070	1,068,545	999,760
% of debt applicable to City of Birmingham	31.3%	30.9%	30.4%	30.0%	31.9%
City of Birmingham Debt Burden	398,098	340,062	322,565	320,564	318,923
 Shelby County, Alabama ³					
Shelby County, Alabama Board of Education ⁴	155,120	144,080	181,530	176,173	170,590
	155,120	144,080	181,530	176,173	170,590
% of debt applicable to City of Birmingham	1.8%	1.8%	1.8%	2.0%	1.9%
City of Birmingham Debt Burden	2,792	2,593	3,268	3,523	3,241
 Total Overlapping Debt	 400,891	 342,656	 325,833	 324,087	 322,165
 Total Direct and Overlapping Debt	 <u>\$ 891,198</u>	 <u>\$ 858,791</u>	 <u>\$ 872,560</u>	 <u>\$ 839,835</u>	 <u>\$ 805,955</u>

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

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

¹ Source: Jefferson County Director of Finance.

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

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

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

*Includes Bonds, Warrants, Revenue Warrants, Capitalized Leases and PACE Board Revenue Bonds

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

Table C-5

(Per \$100 of Assessed Value)

Fiscal Year	City of Birmingham					Jefferson County				
	General Fund	Debt Service Fund	Board of Education	Library	Total	County	County Schools	Total	State of Alabama	Total Tax
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
2015	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95

Source: Jefferson County Tax Assessor

Fiscal Year	City of Birmingham					Shelby County				
	General Fund	Debt Service Fund	Board of Education	Library	Total	County	County Schools	Total	State of Alabama	Total Tax
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
2015	\$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, Alabama
Estimated Legal Debt Margin
As of June 30, 2015

Table C-6

Net assessed value of real and personal property (1)	2,868,624,760
Debt limit (20% of assessed value, see note below)	573,724,952
Outstanding general obligation bonds, warrants and leases (2)	438,602,321
Less exemption for schools and sewer debt (3)	(63,449,300)
Less debt service fund balance (4)	(21,172,000)
Net outstanding general obligation bonds and warrants	<u>353,981,021</u>
Legal debt margin	\$ 219,743,931
Ratio of legal debt margin to legal debt limit	38%

(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 (\$1,251,960), Birmingham Zoo Obligations (\$13,500,000), and a lease (\$549,361), all as of June 30, 2015. Does not include any other obligation of the City and does not reflect principal payments made on any obligations after June 30, 2015. Does not include 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, 2015

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).

City of Birmingham, Alabama
Estimated Legal Debt Margin
As of June 30, 2015

Table C-6

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 \$220,487,824. 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 \$68,570,000) and the Public Athletic and Entertainment Board of the City of Birmingham (currently outstanding in the principal amount of \$59,940,000), 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 Tax 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%
2014	70,644,107	68,384,610	96.80%

*Jefferson County real property only

Sources: Jefferson County Tax Assessor and Tax Collector

City of Birmingham, Alabama
Principal Property Taxpayers (Jefferson County Only)
Current Fiscal Year and Nine Years Prior

Table C-8

Assessed Entity	Fiscal Year Ended June 30, 2015			Fiscal Year Ended June 30, 2006		
	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	\$181,975,240	1	6.34%	\$111,623,680	1	4.44%
Oxmoor Center LLC	\$37,912,020	2	1.32%			
Affinity Hospital LLC	\$37,753,020	3	1.32%			
Bellsouth Telecommunications	34,439,260	4	1.20%	56,948,760	2	2.26%
American Cast Iron Pipe	30,937,420	5	1.08%	30,910,439	4	1.23%
GSA Birmingham Realty	22,100,000	6	0.77%			
BBVA Compass Bank	18,652,080	7	0.65%			
Alabama Gas Corp	18,097,680	8	0.63%	17,195,120	7	0.68%
SL Regions LLC	17,386,040	9	0.61%			0.00%
Bayer Development Co.	14,642,960	10	0.51%			0.00%
HealthSouth Corporation				54,098,675	3	2.15%
Murray-Ash Plaza, Inc.				18,916,420	5	0.75%
Chase Bank of Texas				17,883,260	6	0.71%
Tish Roberts Preston				16,729,760	8	0.66%
AT&T Communications				16,039,640	9	0.64%
AP-Knight LP				10,739,780	10	0.43%
	<u>\$413,895,720</u>		<u>13.92%</u>	<u>\$351,085,534</u>		<u>13.96%</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
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%
2015	212,237	30,212	18,507	7.1%	5.5%

Population figures based on 2000 and 2010 census

Unemployment rates source: Alabama Department of Labor in cooperation with the Bureau of Labor Statistics. 2015 City and MA rate is preliminary May 2015 rate.

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

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

Table D-2

Employer	December 2014			2006		
	# of Employees	Rank	% of Total City Employment	# of Employees	Rank	% of Total City Employment
University of Alabama in Birmingham	23,000	1	4.44%	18,750	1	3.62%
Regions Financial Corporation/AmSouth	7,668	2	1.48%	3,785	8	0.73%
AT&T/Bellsouth	5,750	3	1.11%	5,485	2	1.06%
St. Vincent's/Eastern Health System	4,644	4	0.90%			
Honda Manufacturing of Alabama, LLC**	4,500	5	0.87%			
Children's Health System	4,497	6	0.87%	3,200	10	0.62%
Blue Cross Blue Shield of Alabama	4,000	7	0.77%			
Alabama Power Company	3,982	8	0.77%			
Mercedes-Benz U. S International, Inc.**	3,500	9	0.68%			
Baptist Health System	3,200	10	0.62%	5,000	3	0.97%
BBVA Compass Bank	2,606	11	0.50%			
American Cast Iron Pipe	2,400	11	0.46%			
Buffalo Rock Company	2,200	12	0.42%			
Southern Company Services*	2,116	13	0.41%			
Brookwood Medical Center	2,037	14	0.39%			
U. S. Steel	1,900	15	0.37%			
Trinity Medical Center	1,879		0.36%			
Social Security Administration	1,800		0.35%			
Drummond Company	1,625		0.31%			
Birmingham Veterans Affairs Medical Center	1,525		0.29%			
Wells Fargo/Wachovia	1,466		0.28%			
Bruno's Supermarkets				3,477	9	0.67%
Healthsouth Corporation						
Birmingham Board of Education				5,000	4	0.97%
City of Birmingham				4,989	5	0.96%
Jefferson County Board of Education				4,800	6	0.93%
Jefferson County Commission				3,875	7	0.75%

*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	Banking, Financial Services	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	Divisional Headquarters
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

** 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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government:										
City Clerk	8	12	12	12	12	8	10	10	10	9
City Council	44	44	44	44	43	39	40	37	38	38
Community Development	11	11	11	11	9	7	7	7	7	10
Finance	118	117	111	115	112	104	106	104	107	110
Law	36	35	34	34	34	36	38	40	37	38
Mayor's Office	53	67	65	82	78	79	89	89	91	93
Equipment Management	86	86	83	83	99	89	85	88	87	90
Information Management Service	61	61	55	45	53	42	43	47	45	46
Personnel	19	38	35	35	32	29	32	31	32	28
Public Safety:										
Planning, Engineering, & Permits	213	204	194	194	172	141	149	150	143	147
Communications	0	0	0	0	9	0	0	0	0	0
Parole & Probation	10	10	10	10	0	0	0	0	0	0
Municipal Court	64	66	63	61	66	66	66	69	70	70
Traffic Engineering	84	86	84	84	78	63	65	66	68	69
Police:										
Officers	859	859	859	909	822	839	854	842	852	827
Civilians	620	320	322	373	373	283	289	285	277	285
Fire:										
Officers	648	648	648	648	626	634	617	603	608	627
Civilians	75	61	61	61	61	63	73	62	59	64
Streets & Sanitation:										
Public Works	1,166	1,164	1,088	1,071	982	906	878	928	929	781
Horticulture & Urban Forestry	0	0	0	0	153	0	0	0	0	0
Culture & Recreation:										
State Fairgrounds	1	5	5	5	4	3	14	17	16	17
Auditorium	23	23	21	21	21	31	26	26	29	28
Arlington	7	12	12	12	10	9	10	10	9	9
Library	305	300	300	326	320	290	292	298	287	274
Museum of Art	28	42	42	42	40	39	39	39	35	32
Parks & Recreation	263	269	305	303	172	257	245	237	262	250
Southern Museum of Flight	6	9	9	9	9	8	9	11	9	10
Stoss Furnaces	14	14	14	14	12	8	5	13	7	8
Totals	<u>4,822</u>	<u>4,563</u>	<u>4,487</u>	<u>4,604</u>	<u>4,402</u>	<u>4,073</u>	<u>4,083</u>	<u>4,109</u>	<u>4,114</u>	<u>3,960</u>

Source: City Budget Office

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

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

Table E-2

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police precincts	4	4	4	4	4	5	4	4	4	4
Police substations	6	6	6	6	4	3	6	5	5	8
Fire stations	31	31	31	31	31	31	31	32	32	32
Street lights	28,000	28,000	39,000	39,000	39,000	39,000	32,000	32,000	30,000	29,238
Traffic signals	700	700	710	710	710	710	702	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:										
Number of Parks	106	106	111	111	112	114	114	115	115	115
Acreage of Parks	2,137	2,137	2,635	2,635	2,635	2,683	2,683	2,746	2,746	2,746
Recreation/community centers	18	18	18	18	19	20	22	23	23	24
Playgrounds	73	73	79	79	79	81	78	125	125	127
Baseball/softball fields	45	45	40	40	40	42	35	41	47	49
Soccer/football fields	18	18	15	15	15	16	15	12	12	16
Libraries:										
Central	1	1	1	1	1	1	1	1	1	1
Branches	19	19	19	19	19	18	18	18	18	18

Source: Various City departments

City of Birmingham, Alabama
Operating Indicators

Table E3

BIRMINGHAM E911 CALL CENTER STATISTICS 2015

2009	2010	2011	2012	2013	2014	2015
	398,862	421,071	245,198	413,033	412,021	418,529
	220,728	188,382	44,248	154,669	156,191	151,567
	150,113	161,572	93,984	38,582	32,087	27,122
				60,899	122,370	116,950
	769,703	771,025	383,430	667,183	722,669	714,168
2009	2010	2011	2012	2013	2014	2015
252,292	256,855	261,347	236,061	254,080	245,317	243,546
320,503	313,418	321,500	276,779	284,828	257,086	255,365
142,710	154,531	137,162	124,639	117,952	101,312	98,920
715,505	724,804	720,009	637,479	656,860	603,715	597,831
2009	2010	2011	2012	2013	2014	2015
25,591	24,863	17,170	18,789	15,367	17,505	10,456
32,846	37,375	28,815	25,999	26,442	26,770	25,434
58,437	62,238	45,985	44,788	41,809	44,275	35,890

City of Birmingham, Alabama
2008-2015 PERMIT VALUATIONS AND COUNTS

Table E-4

FY 2008 Permits		
Permit Type	Valuation	Count
BLD	\$641,467,195.00	2,948
ELE	\$94,229,740.00	4,479
GAS	\$3,752,724.00	1,114
MEC	\$53,234,124.00	1,179
MFD	\$485,498.00	18
PLB	\$27,860,697.00	1,260
Totals	\$821,029,978.00	10,998

FY 2012 Permits		
Permit Type	Valuation	Count
BLD	\$631,939,309.00	2,147
ELE	\$95,558,881.00	3,867
GAS	\$945,598.00	810
MEC	\$35,322,548.00	743
MFD	\$635,008.00	16
PLB	\$20,612,560.00	871
Totals	\$785,013,904.00	8,454

FY 2009 Permits		
Permit Type	Valuation	Count
BLD	\$498,585,375.00	2,343
ELE	\$81,441,192.00	3,655
GAS	\$3,773,940.00	846
MEC	\$59,057,908.00	827
MFD	\$273,570.00	17
PLB	\$16,374,536.00	1,003
Totals	\$659,506,521.00	8,691

FY 2013 Permits		
Permit Type	Valuation	Count
BLD	\$568,782,029.00	2,317
ELE	\$68,145,739.00	3,537
GAS	\$10,027,430.00	758
MEC	\$33,808,797.00	784
MFD	\$257,565.00	10
PLB	\$17,924,789.00	913
Totals	\$698,946,349.00	8,319

FY 2010 Permits		
Permit Type	Valuation	Count
BLD	\$467,099,364.00	2,046
ELE	\$70,219,965.00	3,107
GAS	\$2,324,237.00	815
MEC	\$31,678,432.00	779
MFD	\$222,216.00	11
PLB	\$26,361,755.00	862
Totals	\$597,905,969.00	7,620

FY 2014 Permits		
Permit Type	Valuation	Count
BLD	\$382,880,446.00	2,240
ELE	\$92,733,521.00	3,597
GAS	\$2,201,636.00	693
MEC	\$53,545,639.00	806
MFD	\$97,900.00	6
PLB	\$18,261,036.00	775
Totals	\$549,720,178.00	8,117

FY 2011 Permits		
Permit Type	Valuation	Count
BLD	\$263,364,587.00	1,991
ELE	\$69,584,245.00	3,129
GAS	\$1,285,799.00	789
MEC	\$76,879,161.00	666
MFD	\$145,849.00	14
PLB	\$32,942,924.00	786
Totals	\$444,202,565.00	7,375

FY 2015 Permits		
Permit Type	Valuation	Count
BLD	\$732,862,238.00	2,865
ELE	\$99,769,574.00	4,656
GAS	\$3,832,348.00	922
MEC	\$56,229,903.00	870
MFD	\$449,343.00	12
PLB	\$27,558,118.00	990
Totals	\$920,701,524.00	10,315

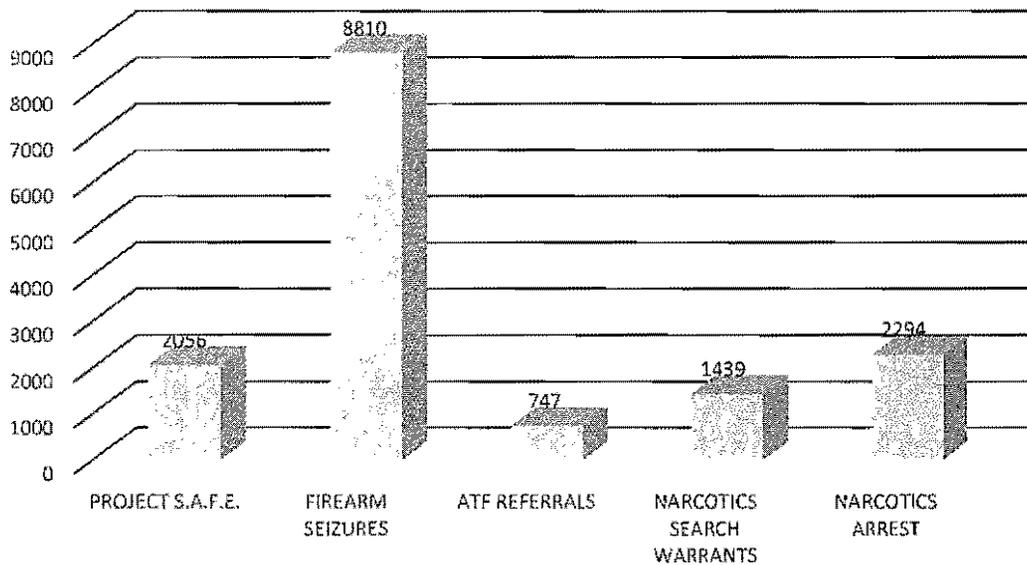
City of Birmingham, Alabama
Police Department Statistics

Table E-5

2015/ January-June							
HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
32	96	515	1,242	1,453	4,376	730	8,444
18	9	160	435	141	493	193	1,449
56.25%	9.38%	31.07%	35.02%	9.70%	11.27%	26.44%	17.16%
2014							
HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
52	182	1,051	2,213	3,768	8,906	1,460	17,632
37	37	362	734	459	1,299	314	3,242
71.15%	20.33%	34.44%	33.17%	12.18%	14.59%	21.51%	18.39%
2013							
HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
63	178	969	1,755	4,059	8,836	1,525	17,385
41	26	364	578	517	1,008	163	2,697
65%	15%	38%	33%	13%	11%	11%	16%
2012							
HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
67	152	983	2,035	4,704	9,042	1,042	18,025
38	27	380	477	623	892	170	2,607
57%	18%	39%	23%	13%	10%	16%	14%
2011							
HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
54	182	1,011	1,916	5,806	10,522	1,325	20,816
30	52	309	536	627	891	217	2,662
56%	29%	31%	28%	11%	8%	16%	13%
2010							
HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
58	155	881	1,702	5,464	11,042	1,299	20,601
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Police Department Supplemental Statistics

YEAR	PROJECT S.A.F.E.	FIREARM SEIZURES	ATF REFERRALS	NARCOTICS SEARCH WARRANTS	NARCOTICS ARREST
2009	406	1600	95	214	355
2010	406	1714	144	206	355
2011	435	1493	144	225	315
2012	318	1468	116	248	268
2013	154	970	87	203	378
2014	337	1565	161	343	623
6 Year Total	2056	8810	747	1439	2294



City of Birmingham, Alabama
MUNICIPAL COURT STATISTICS
 Last Five Fiscal Years

Table E-7

COURT CASE STATISTICS

	2011	2012	2013	2014	2015	TOTAL
DRUG/ALCOHOL RELATED CASES	1,919	1,793	793	726	963	6,194
GUN COURT CASES	309	383	490	311	348	1,841
TRAFFIC CASES	66,862	58,300	57,208	32,186	37,791	252,347
NON-TRAFFIC CASES	7,539	9,276	12,218	10,353	12,675	52,061

TICKETS ISSUED

	2011	2012	2013	2014	2015	TOTAL
PARKING TICKETS	94,194	60,626	61,573	62,143	63,283	341,819
EQUIPMENT REPAIR TICKETS(LIGHT:	6,200	6,531	5,279	2,795	1,315	22,120

Source: Municipal Court

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

Table F-1

Fiscal Year Ending June 30	<u>General Obligation Warrants</u>			<u>General Obligation Bonds</u>			<u>Total General Obligation Debt</u>		
	<u>Principal</u>	<u>Interest (Net)</u>	<u>Total Debt Service</u>	<u>Principal</u>	<u>Interest (Net)</u>	<u>Total Debt Service</u>	<u>Principal</u>	<u>Interest (Net)</u>	<u>Total Debt Service</u>
2016	13,645,000	5,412,318	19,057,318	20,065,000	8,683,680	28,748,680	33,710,000	14,095,998	47,805,998
2017	15,025,000	4,877,102	19,902,102	14,171,200	7,897,567	22,068,767	29,196,200	12,774,669	41,970,869
2018	15,630,000	4,276,297	19,906,297	15,835,000	11,161,355	26,996,355	31,465,000	15,437,652	46,902,652
2019	5,995,000	3,737,323	9,732,323	16,303,833	10,486,582	26,790,415	22,298,833	14,223,905	36,522,738
2020	5,895,000	3,524,322	9,419,322	10,261,813	9,902,488	20,164,301	16,156,813	13,426,810	29,583,623
2021	5,315,000	3,303,710	8,618,710	8,566,610	9,556,536	18,123,146	13,881,610	12,860,246	26,741,856
2022	5,485,000	3,085,940	8,570,940	7,504,413	9,194,807	16,699,220	12,989,413	12,280,747	25,270,160
2023	5,680,000	2,857,607	8,537,607	9,476,135	8,894,033	18,370,168	15,156,135	11,751,640	26,907,775
2024	5,550,000	2,620,246	8,170,246	7,523,570	8,456,495	15,980,065	13,073,570	11,076,741	24,150,311
2025	5,720,000	2,384,152	8,104,152	7,914,249	8,091,648	16,005,897	13,634,249	10,475,800	24,110,049
2026	5,910,000	2,137,124	8,047,124	10,938,171	7,646,105	18,584,276	16,848,171	9,783,229	26,631,400
2027	4,585,000	1,889,052	6,474,052	11,506,214	7,114,386	18,620,600	16,091,214	9,003,438	25,094,652
2028	4,790,000	1,684,844	6,474,844	12,100,136	6,552,864	18,653,000	16,890,136	8,237,708	25,127,844
2029	5,000,000	1,470,365	6,470,365	12,725,545	5,964,880	18,690,425	17,725,545	7,435,245	25,160,790
2030	5,230,000	1,245,766	6,475,766	13,391,833	5,343,830	18,735,663	18,621,833	6,589,596	25,211,429
2031	3,535,000	1,010,572	4,545,572	14,055,485	4,719,078	18,774,563	17,590,485	5,729,650	23,320,135
2032	3,660,000	888,825	4,548,825	14,763,259	4,061,291	18,824,550	18,423,259	4,950,116	23,373,375
2033	3,790,000	760,519	4,550,519	15,530,155	3,341,320	18,871,475	19,320,155	4,101,839	23,421,994
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	\$ 136,205,000	\$ 49,659,971	\$ 185,864,971	\$ 260,070,536	\$ 158,323,430	\$ 418,393,966	\$ 396,275,536	\$ 207,983,401	\$ 604,258,937

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, Alabama
Debt Service Schedules
Debt of Conduit Issuers that is a General Obligation of the City
The Commercial Development Authority of the City of Birmingham, Revenue Bonds

Table F-2

Fiscal Year Ending June 30	<u>Series 2011-A (Tax-Exempt)</u>			<u>Series 2011-B (Federally Taxable)</u>			<u>-----Total-----</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	\$58,373,188	\$116,603,188	\$10,340,000	\$2,648,700	\$12,988,700	\$68,570,000	\$61,021,888	\$129,591,888

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, Alabama
Debt Service Schedules
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

Table F-3

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 Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Total Debt Service	Principal	Interest	Total Debt Service
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	125,000	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	1,363,569	3,428,569	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	169,250	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	\$52,095,000	\$30,490,021	\$82,585,021	\$3,930,000	\$3,924,767	\$7,854,767	\$3,915,000	\$3,500,379	\$7,415,379	\$15,270,146	\$59,940,000	\$37,915,167	\$97,855,167

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. The Bonds are prepayable with a yield maintenance permium. The Bonds are payable from a general obligation funding agreement of the City. In the event of a Determination of Taxability, the interest rate on the Series A bonds changes to 4.87%.

City of Birmingham, Alabama
Revenue Available for PACE Board Obligations

Special Lodgings Tax - Revenue from 3.5% Lodgings Tax

Table F-4

<u>Fiscal Year</u>	<u>Revenue</u>
2011	\$1,338,321 *
2012	\$3,271,345
2013	\$3,190,203
2014	\$3,632,290
2015	\$3,806,818

*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

<u>Fiscal Year</u>	<u>Revenue</u>
2014	\$201,233 *
2015	\$630,000 **

*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, the City of Hoover to terminate the Barons lease of a 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.

**Revenue received was \$630,000 and \$153,888 was deposited into the Operations, Maintenance and Repair Expense Fund, held by the Bond Trustee.

City of Birmingham, Alabama
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-----		
	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	\$4,740,000	\$1,114,607	\$5,854,607	\$750,000	\$139,125	\$889,125	\$5,490,000	\$1,253,732	\$6,743,732

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. The Warrants are subject to mandatory tender, at the option of the warrant holder, in the event that Standard & Poor's assigns a rating of A-, or lower, to the long-term debt obligations of the City.

City of Birmingham, Alabama
Debt Service Schedules
Privately Placed Debt
General Obligation Warrants Series 2014-PNC2

Table F-6

Fiscal Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	Total <u>Debt Service</u>
2016	1,130,000	39,445	1,169,445
2017	1,145,000	26,450	1,171,450
2018	1,155,000	13,283	1,168,283
Total	\$3,430,000	\$79,178	\$3,509,178

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. Upon any Determination of Taxability, the interest rate would be adjusted to provide the warrant holder with an equivalent after-tax yield.

City of Birmingham, Alabama
Debt Service Schedules
Privately Placed Debt
Tax Increment Financing District I, Revenue Warrants, Series 2014

Table F-7

Fiscal Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	Total <u>Debt Service</u>
2016	1,070,000	477,924	1,547,924
2017	1,102,000	446,577	1,548,577
2018	1,134,000	414,322	1,548,322
2019	1,167,000	381,109	1,548,109
2020	1,201,000	346,916	1,547,916
2021	1,236,000	311,749	1,547,749
2022	1,272,000	275,552	1,547,552
2023	1,311,000	238,285	1,549,285
2024	1,348,000	199,918	1,547,918
2025	1,388,000	160,431	1,548,431
2026	1,428,000	119,793	1,547,793
2027	1,470,000	77,972	1,547,972
2028	1,513,000	34,918	1,547,918
2029	385,000	1,857	386,857
Total	<u>\$17,025,000</u>	<u>\$3,487,325</u>	<u>\$20,512,325</u>

The Warrants have an interest rate of 2.89%. Principal and interest on both warrants. Principal and Interest is payable monthly. The Warrants are prepayable on any date with a yield maintenance premium, and beginning on December 1, 2024 on any date without 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 a General Obligation Funding Agreement of the City, which provides funds from any legally available source to pay principal and interest on the Warrants as it comes due. Upon any Determination of Taxability, the interest rate would increase to an equivalent after-tax yield.

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

Table F-8

Fiscal Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	670,000.00	55,335.00	725,335.00
2017	685,000.00	44,950.00	729,950.00
2018	725,000.00	34,332.50	759,332.50
2019	740,000.00	23,095.00	763,095.00
2020	750,000.00	11,625.00	761,625.00
Total	3,570,000.00	169,337.50	3,739,337.50

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.

Upon any Determination of Taxability the interest rate would be adjusted to provide the warrant holder an equivalent after-tax yield.

City of Birmingham, Alabama
Debt Service Schedules
Privately Placed Debt
General Obligation Refunding Bond (Federally Taxable), Series 2014-WFB

Table F-9

Fiscal Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	4,440,782	\$24,325,782

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%. The City has given notice to exercise the option.

City of Birmingham, Alabama
Debt Service Schedules
Privately Placed Debt
General Obligation Refunding Bond (Federally Taxable), Series 2014-C

Table F-10

Fiscal Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016		684,908	684,908
2017		684,908	684,908
2018		684,908	684,908
2019	10,105,000	684,908	10,789,908
2020		253,425	253,425
2021	3,500,000	253,425	3,753,425
2022	2,435,000	103,975	2,538,975
Total	\$ 16,040,000.00	\$ 3,350,457.00	\$ 19,390,457.00

The Bonds carry an interest rate of 4.455%. The City has an option to refund the Bonds between July 3, 2016 and October 1, 2016 at an interest rate of 4.11%. The City intends to exercise this option.

City of Birmingham, Alabama
Debt Service Schedules
Privately Placed Debt
General Obligation Refunding Bond (Federally Taxable), Series 2014-D

Table F-11

Fiscal Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016		539,946	539,946
2017		539,946	539,946
2018		539,946	539,946
2019	2,600,000	482,031	3,082,031
2020	2,685,000	364,308	3,049,308
2021		304,499	304,499
2022		304,499	304,499
2023	1,735,000	265,852	2,000,852
2024	1,860,000	185,774	2,045,774
2025	3,240,000	72,171	3,312,171
Total	\$ 12,120,000	\$ 3,598,972	\$ 15,718,972

The Bonds carry an interest rate of 4.455%. The City has an option to refund the Bonds between September 2, 2016 and December 1, 2016 at an interest rate of 3.91%. The City intends to exercise this option.

**City of Birmingham, Alabama
Debt Service Schedules
Privately Placed Debt
General Obligation Warrants, Series 2014-PNC3**

Table F-12

Fiscal Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	Total <u>Debt Service</u>
2016	245,000	13,668	258,668
2017	250,000	9,856	259,856
2018	255,000	5,968	260,968
2019	260,000	2,002	262,002
Total	\$ 1,010,000.00	\$ 31,494.00	\$ 1,041,494.00

The Warrants mature on October 1st and pay interest on April 1 and October 1. The Warrants carry an interest rate of 1.54%. Upon any Determination of Taxability, the City must pay the warrant holder an amount to produce an equivalent after tax yield.

**City of Birmingham, Alabama
Debt Service Schedules
Privately Placed Debt
General Obligation Bond Anticipation Notes (Federally Taxable)**

Table F-13

Series 2015

**\$10,000,000 Due January 5, 2016
Interest Rate: .95% Interest payable July 1, 2015 and at maturity**

Series 2015-A

**\$2,060,000 Due January 5, 2016
Interest Rate: .88% Interest payable October 1, 2015 and at maturity**