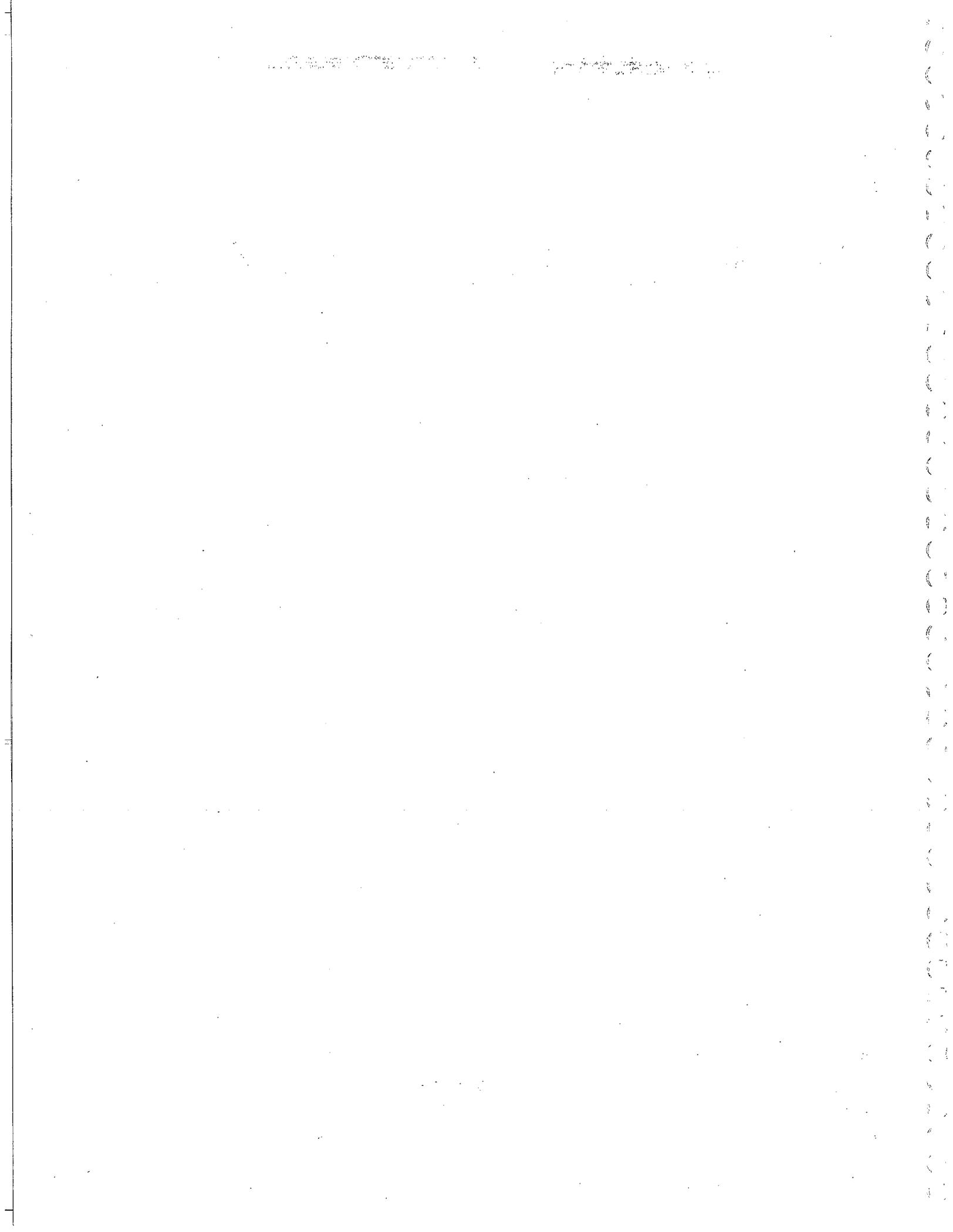


***CITY OF
BIRMINGHAM, ALABAMA***



***COMPREHENSIVE ANNUAL FINANCIAL
REPORT***

***FISCAL YEAR ENDED JUNE 30,
2004***



COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

CITY OF BIRMINGHAM, ALABAMA

FOR THE FISCAL YEAR ENDED

JUNE 30, 2004

**OFFICE OF THE DIRECTOR OF FINANCE
FOLASADE A. OLANIPEKUN, DIRECTOR**

This page is intentionally blank.

**City of Birmingham, Alabama
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004**

TABLE OF CONTENTS

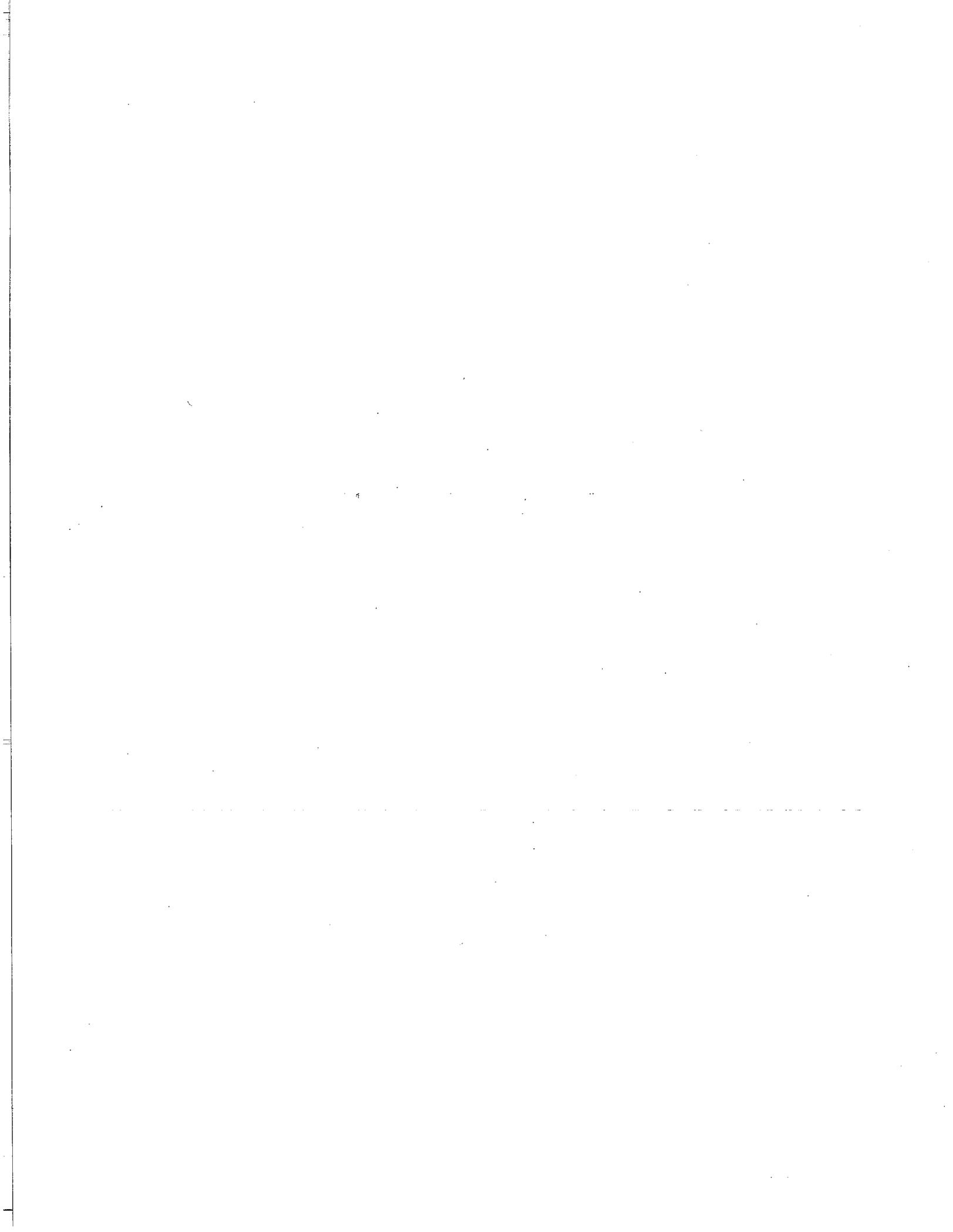
	Page
INTRODUCTORY SECTION	
Officials of the City of Birmingham, Alabama	3
Letter of Transmittal	5
Certificate of Achievement for Excellence in Financial Reporting	8
Organization of the City of Birmingham	9
 FINANCIAL SECTION	
Independent Auditor's Report	13
Management's Discussion and Analysis	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	26
Statement of Activities	28
Fund Financial Statements:	
Balance Sheet - Governmental Funds	29
Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Statement of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual, General Fund	32
Statement of Net Assets-Proprietary Funds	33
Statement of Revenues, Expenses, and Changes in Net Assets- Proprietary Funds	34
Statement of Cash Flows-Proprietary Funds	35
Statement of Fiduciary Net Assets	36
Statement of Changes in Fiduciary Net Assets	37
Statement of Net Assets-Component Units	38
Statement of Activities-Component Units	39
Notes to the Financial Statements	40
Other Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual, General Fund	74
Combining Balance Sheet - Nonmajor Governmental Funds	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	88

**City of Birmingham, Alabama
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004**

TABLE OF CONTENTS

STATISTICAL SECTION		Page
Government-wide Information:		
Government-wide Revenues by Sources	<i>Table 1</i>	91
Government-wide Expenditures by Function	<i>Table 2</i>	91
Fund Information:		
General Government Revenues by Sources	<i>Table 3</i>	92
General Government Expenditures by Function	<i>Table 4</i>	92
Property Tax Levies and Collections	<i>Table 5</i>	93
Assessed and Estimated Actual Value of Property	<i>Table 6</i>	94
Direct and Overlapping Debt	<i>Table 7</i>	95
Property Taxes - Direct and Overlapping Governments	<i>Table 7 A</i>	96
Property Tax Rates - Direct and Overlapping Governments	<i>Table 7 B</i>	97
Ratio of Net General Obligation Debt to Assessed Value and Net Bonded Debt per Capita	<i>Table 8</i>	98
Computation of Legal Debt Margin	<i>Table 9</i>	99
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Government Expenditures	<i>Table 10</i>	100
Demographic Statistics	<i>Table 11</i>	101
Property Values, Construction, and Bank Deposits	<i>Table 12</i>	101
Principal Taxpayers	<i>Table 13</i>	102
Special Assessment Fund Collections	<i>Table 14</i>	102
Miscellaneous Statistical Data	<i>Table 15</i>	103
Salaries and Surety Bonds of Principal Officials	<i>Table 16</i>	104

INTRODUCTORY SECTION



OFFICIALS OF THE CITY OF BIRMINGHAM
JUNE 30, 2004

MAYOR

Bernard Kincaid, J.D., Ph.D

CITY COUNCIL

Lee Loder, President

District 8

Valerie Abbott	<i>District 3</i>	Carol Reynolds	<i>District 2</i>
Elias Hendricks	<i>District 5</i>	Roderick Royal	<i>District 9</i>
Bertram Miller	<i>District 7</i>	Carole Smitherman	<i>District 6</i>
Joel Montgomery	<i>District 1</i>	Gwendolyn Sykes	<i>District 4</i>

DEPARTMENT HEADS

Arlington	Daniel Brooks, Director
Auditorium	Kevin Arrington, Director
City Clerk	Paula Smith, City Clerk
City Council	Cheryl Kidd, Administrator
Community Development	James Fenstermaker, Director
Equipment Management	George R. Rainey, Director
Finance	Folasade A. Olanipekun, Director
Fire	Dwayne Murray, Chief
Law	Tamara Harris Johnson, City Attorney
Library	Barbara Sirmans, Director
Municipal Court	Raymond Chambliss, Presiding Judge
Museum of Art	Gail Trechsel, Director
Office of Information Management Systems	John Wade, Director
Parole	Stanley Hamby, Director
Park and Recreation	Melvin Miller, Director
Personnel	Ann Thompson, Interim Director
Planning, Engineering, and Permits	William Gilchrist, Director
Police	Annetta Nunn, Chief
Public Safety	Stephen Fancher, Director
Sloss Furnaces	Robert Rathburn, Director
Southern Museum of Flight	Dr. David Dodd, Director
Traffic Engineering	John A. Garrett, Engineer

This page is intentionally blank.



CITY OF BIRMINGHAM

DEPARTMENT OF FINANCE

A-100 CITY HALL BUILDING
710 NORTH 20TH STREET
BIRMINGHAM, ALABAMA 35203-2227

TELEPHONE (205) 254-2205
FAX (205) 254-2937

BERNARD KINCAID
MAYOR

FOLASADE A. OLANIPEKUN
DIRECTOR

MICHAEL JOHNSON
DEPUTY DIRECTOR

To the Honorable Bernard Kincaid, Mayor
City Council Members
Citizens of the City of Birmingham

Ladies and Gentlemen:

I am pleased to present the City of Birmingham's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2004. The financial statements included in this report conform with generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board. The City is responsible for the accuracy and fairness of the presentation of the financial statements and other information as presented herein. The data presented in this report is believed to be accurate in all material respects, and all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities have been included.

The City's management is responsible for the establishment and maintenance of accounting and other internal controls to ensure compliance with applicable laws and City policies, that assets are safeguarded, and that financial transactions are properly recorded and documented to provide reliable information for the preparation of the City's financial statements in accordance with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Section 3.18 of the Mayor-Council Act requires an annual independent audit of the

financial records by a certified public accounting firm. The City's financial statements for June 30, 2004, have been audited by Banks, Finley, White & Co., Certified Public Accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on the administration of federal and state awards. The Single Audit report is available upon request.

Included in this report is a narrative, Management's Discussion and Analysis (MD&A), that provides an overview and analysis of the City's financial performance. This letter of transmittal is designed to supplement the MD&A and should be read in conjunction with it. The City's MD&A is located immediately following the auditor's report.

PROFILE OF THE CITY

The City of Birmingham was incorporated in 1871 and is located centrally in the State of Alabama at the foot of the Appalachian Mountains. It is the largest city in the State with an estimated population of 242,820 and an approximate area of 163 square miles.

The City operates under a mayor-council form of government. The mayor and nine council members are elected at large and serve four-year terms.

The City of Birmingham provides a wide range of services to its citizens. Services include police and fire protection; sanitation services; construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events; and libraries and museums. The City is divided into twenty-five distinct departments that oversee the City services. Also included in this financial report, as explained further in the notes, are two separate legal entities that provide parking and airport services, the Birmingham Parking Authority and the Birmingham Airport Authority.

The City of Birmingham budgets are prepared at the departmental level. This gives individual departments more flexibility in managing their areas. Any movements of appropriations between departments during the fiscal year require Council approval.

ECONOMIC CONDITION

The diversity of the local economy has provided the City with a cushion against the national economic volatilities. Over the last five to ten years, the Metropolitan Statistics Area (a seven-county area, of which Birmingham is a part), has experienced low unemployment rates and steady overall growth rates. The success of the State of Alabama in attracting automotive manufacturing assembly plants-such as Mercedes and Honda-to the MSA has contributed to the relatively stable economic bases.

Over the years, Birmingham has emerged as a top economic player on the national scene. Birmingham is now the fourth largest banking center in the country, ranked with New York, Charlotte, and Chicago. Four of the top fifty largest national banks are located in the City.

The City of Birmingham is proudest of their ranking among the top medical cities in the country and the leading Southeast health care services city. UAB, the City's largest employer, ranks among the top medical centers in securing federal research and development funds. It is also the leader in the Southeast in medical science and life science. The impact of UAB to the metropolitan area's economy has been estimated to be \$2.5 billion.

The City of Birmingham develops a multi-year plan for capital improvements; the plan is updated annually. The current capital budget focuses on projects oriented toward maintaining infrastructure such as street resurfacing, honoring prior commitments by the City to numerous economic development related projects, and implementing a slate of projects to be funded from the unissued balance of the \$125 million in bond funds approved by the voters in the 2002 referendum.

The City of Birmingham is currently in the process of updating their financial policies to reflect more current trends as recommended by the Government Finance Officers Association. These policies will be comprehensive and include debt service, cash management and investment, as well as financial reserve guidelines.

MAJOR INITIATIVES

Major initiatives for the current fiscal year as revealed in the Mayor's budget message include expansions of City operations. The Municipal Court will receive updated technology to better enhance its ability to interact with the public. A new position of an education training coordinator has been added to the Court's budget to help make the Court more community oriented. The Finance and Law Departments have also received additional staff to assist in the collection of outstanding fines and taxes; these new positions will also decrease the amount of funding the City spends on outside professionals formerly used for these functions. Additionally, the City has funded a new operational area called the "311 Call Center." This operation will be staffed with 11 employees and will handle all non-emergency calls for citizen assistance. It is anticipated this operation will allow 911 dispatchers to deal exclusively with emergency-related calls.

ACHIEVEMENTS

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Birmingham for its comprehensive financial audit report (CAFR) for the fiscal year ended June 30, 2003.

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, 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 Certificate for the last 28 consecutive years. We believe our current CAFR continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA for consideration.

Additionally, the City's budget report for fiscal year beginning July 1, 2003, 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 also meets the above criteria, and we have submitted it to the GFOA for consideration.

ACKNOWLEDGMENT

Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the staff of the Finance Department. I would also like to thank the Mayor, Council, and other department heads for their cooperation in the development of this financial report.

Respectfully submitted,



Folasade A. Olanipekun
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Birmingham,
Alabama

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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



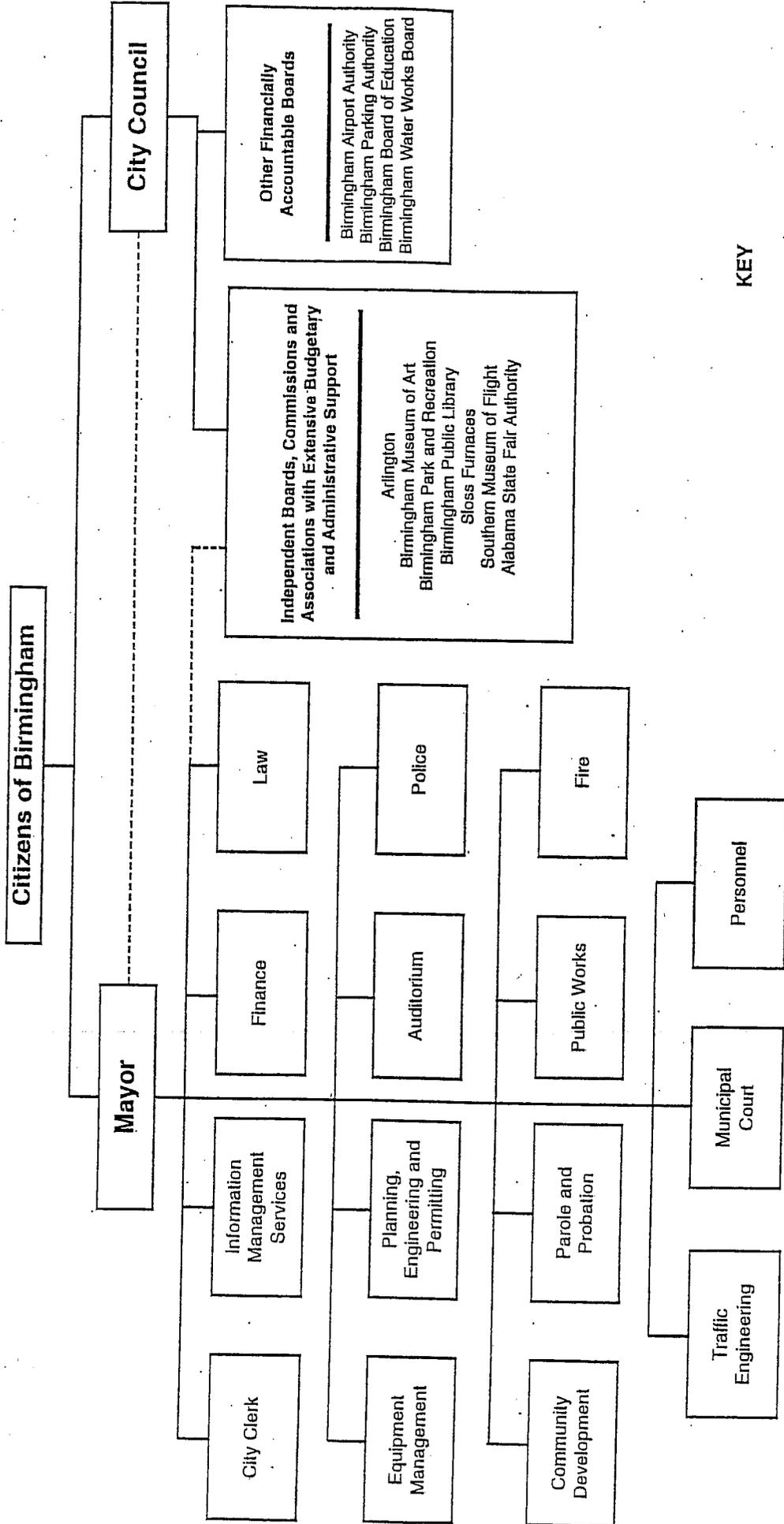
Nancy L. Ziehl

President

Jeffrey R. Egan

Executive Director

City of Birmingham, Alabama Organization Chart



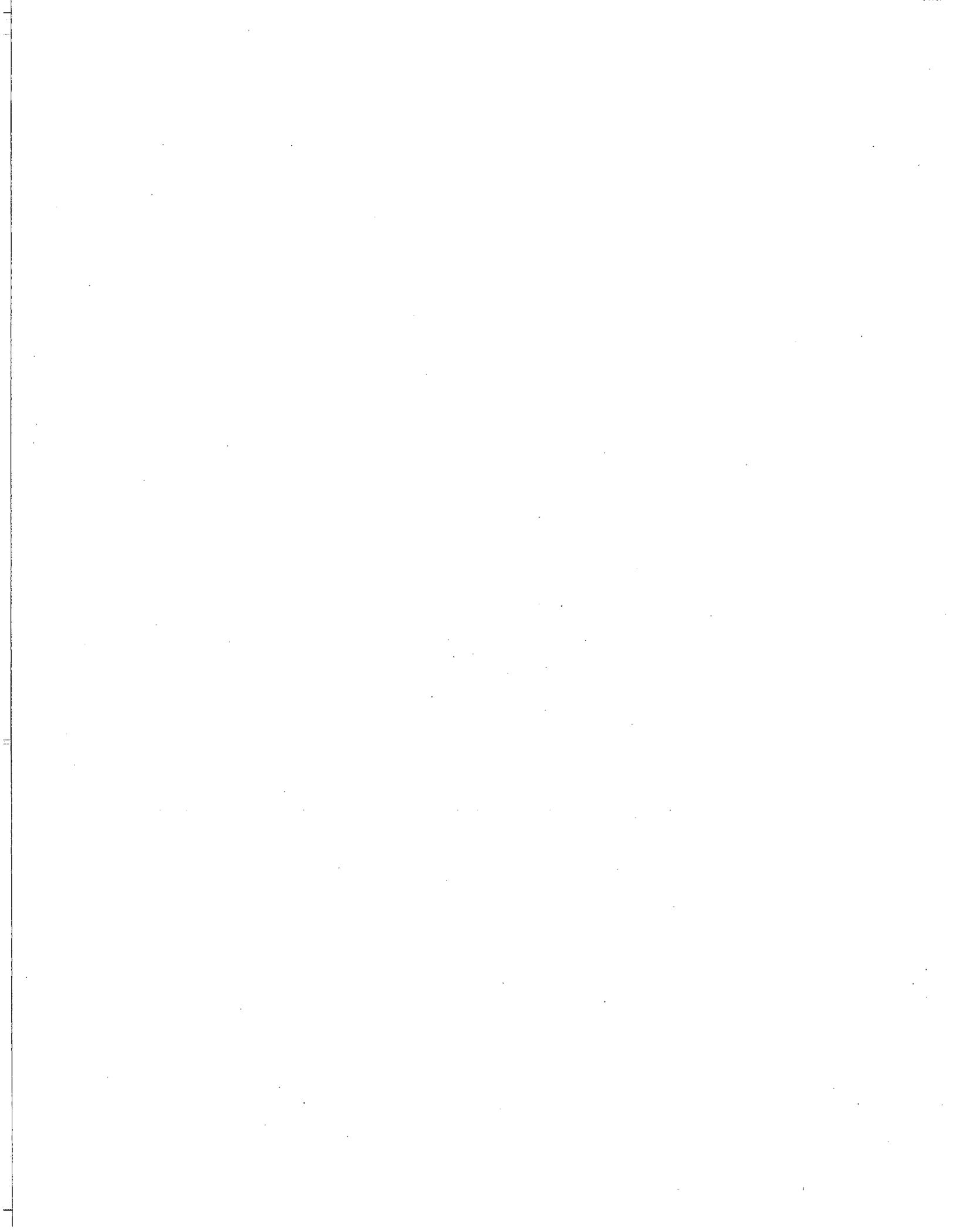
KEY

————— Indicates appointive authority and management oversight

- - - - - Indicates administrative and budgetary support only

This page is intentionally blank.

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Birmingham, Alabama ("the City"), as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Birmingham Parking Authority, which represent .61 percent, 1.31 percent and 1.40 percent, respectively, of the assets, net assets, and revenues of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Birmingham Parking Authority, is based on the report of the other auditors.

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

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, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



To the Honorable Mayor and
Members of the City Council of
the City of Birmingham, Alabama
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2004, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 15 through 24 and 74 through 83, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

November 5, 2004

Bauck, Fuley White & Co.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Birmingham, Alabama (City), we invite our readers to review this overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2004 (fiscal year 2004). Its purpose is to provide an introduction and overview readers should use to interpret and analyze the City's basic financial statements and financial activities based upon currently known facts, decisions and conditions. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the City's financial statements, which follow this section...

Financial Highlights

- The City's net assets were \$346,428,000 for governmental activities and \$1,324,000 for business-type activities at June 30, 2004. This reflects a decrease in governmental activities' net assets of \$31,628,000 or 8.37% from fiscal year 2003.
- During the fiscal year 2004, the City received \$341,400,000 in taxes and other revenues, which represents a decrease of \$7,246,000 from fiscal year 2003.
- Total expenditures for the year were \$373,028,000, which represent a decrease of \$9,122,000 (2%) from fiscal year 2003. The decrease in expenditures was a result of austerity measures imposed by the city that are discussed later in this document.
- General fund operating expenditures exceeded operating revenues by \$4,279,000 for the fiscal year. This was a result of receipts being lower than projected and certain non-budgeted expenses that occurred over the course of the year. The difference in revenues compared to expenditures was bridged through use of net assets. Notwithstanding, unreserved net assets remain at a healthy \$78,316,000 or 26.7% of the

general fund operating budget for the fiscal year.

- The City has one business-type activity, the Emergency Management Communications District (E911). Revenues are generated through charges assessed for E911 services. Total revenues received were \$3,080,000 and expenditures were \$3,471,000, resulting in a net loss of \$391,000 for fiscal year 2004. Decreased service fee revenues accounted for the increased loss.

Overview of the Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, similar to that presented by private sector businesses. The City's basic financial statements are comprised of the following:

Government-wide Financial Statements

Government-wide financial statements provide the reader with both long-term and short-term information about the City's financial condition. Changes in the City's financial position may be measured over time by increases or decreases in net assets as shown on the Statement of Net Assets. The Statement of Activities shows how the City's net assets changed during the fiscal year. Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activity of the City is the Emergency Management Communications District (E911).

Fund Financial Statements

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. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, both of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these non-major governmental funds is provided in the form of combining statements found on pages 86-89 of this report.

The City adopts an annually appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 29-30 of this report.

Proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains one type of proprietary fund, Emergency Management Communications District (E911), which is in the form of an enterprise fund used to report the same functions, presented in business-type activities in the government-wide financial statements.

The proprietary fund financial statements provide separate information for the Emergency Management Communications District (E911), considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 33-35 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties external to the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 36-37 of this report.

Notes to the Financial Statements

Accompanying notes to the financial statements provide the reader with additional information that is essential to understanding the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 66-72 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information regarding pensions. Combining and individual fund statements and schedules can be found on pages 86-89 of this report.

The following table summarizes the major features of the basic financial statements of

the City of Birmingham.

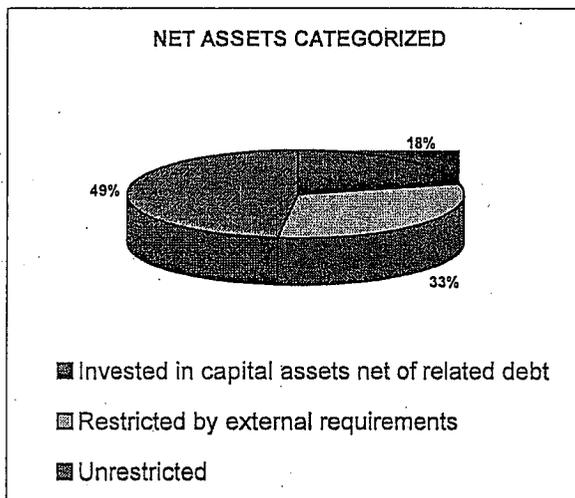
Table of Financial Statements

Fund Financial Statements

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

Government-wide Condensed Financial Information

Net assets represent the difference between the City's total assets and its total liabilities. Changes in the net assets can be a useful measuring tool for governments to gauge their performance over time. At the end of fiscal year 2004, the City's net assets of \$346,248,000 are categorized as that which is invested in capital assets net of related debt (18%), restricted by external requirements (33%), and that which is unrestricted (49%).



The City's net assets that are invested in capital assets net of related debt reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are

not available for future spending. Although the City's investment in its 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's restricted net assets of approximately \$115 million are subject to bond and warrant covenants and by federal and state grant requirements. The unrestricted portion of the City's net assets of approximately \$169 million, which is the largest portion of the City's net assets, can be used to meet its ongoing obligations. The City's total net assets decreased by approximately \$32 million in fiscal year 2004 due mainly to a loss of interest earnings, and declines in other miscellaneous revenues which often vary from year to year and reduced gains on sale of assets.

There was a reduction in assets in the City's sole business-type fund, Emergency Management Communication District, an enterprise fund, in the amount of \$391,000. This was due mainly to a decrease in investment income and service fees.

Condensed Statement of Net Assets

The following table presents a condensed statement of the City's net assets at June 30, 2004 and 2003:

Table 2

CONDENSED STATEMENT OF NET ASSETS
June 30, 2004 and 2003
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	<u>06/30/04</u>	<u>06/30/03</u>	<u>06/30/04</u>	<u>06/30/03</u>	<u>06/30/04</u>	<u>06/30/03</u>
Current and other assets	653,944	707,849	544	879	654,488	708,728
Capital assets, net	<u>338,438</u>	<u>326,497</u>	<u>784</u>	<u>871</u>	<u>339,222</u>	<u>327,368</u>
Total assets	<u>992,382</u>	<u>1,034,346</u>	<u>1,328</u>	<u>1,750</u>	<u>993,710</u>	<u>1,036,096</u>
Current and other						
Liabilities	64,891	59,370	4	35	64,895	59,405
Long-term debt	<u>581,243</u>	<u>597,100</u>	<u>0</u>	<u>0</u>	<u>581,243</u>	<u>597,100</u>
Total liabilities	<u>646,134</u>	<u>656,470</u>	<u>4</u>	<u>35</u>	<u>646,138</u>	<u>656,505</u>
Net assets:						
Invested in capital assets, net of related debt	62,685	78,637	784	871	63,469	79,508
Restricted	114,982	117,253			114,982	117,253
Unrestricted	<u>168,581</u>	<u>181,986</u>	<u>540</u>	<u>844</u>	<u>169,121</u>	<u>182,830</u>
Net assets	<u>346,248</u>	<u>377,876</u>	<u>1,324</u>	<u>1,715</u>	<u>347,572</u>	<u>379,591</u>

TABLE 3

CONDENSED STATEMENT OF CHANGES IN NET ASSETS
For Years Ended June 30, 2004 and 2003
(in thousands)

	Changes in Net Assets					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	<u>6/30/2004</u>	<u>06/30/03</u>	<u>06/30/04</u>	<u>06/30/03</u>	<u>06/30/04</u>	<u>06/30/03</u>
REVENUES:						
Program revenues:						
Charges for services	74,145	72,170	3,058	3,126	77,203	75,296
Operating grants	18,051	13,385	0	0	18,051	13,385
General revenues:						
Sales and use tax	100,608	101,434	0	0	100,608	101,434
Occupational tax	65,537	64,522	0	0	65,537	64,522
Property tax	48,596	42,858	0	0	48,596	42,858
Unrestricted grants and contributions	18,434	18,249	0	0	18,434	18,249
Investment earnings	9,304	18,023	22	29	9,326	18,052
Other	7,728	17,019	0	0	7,728	17,019
Gain(Loss) on sale of assets	<u>(1,003)</u>	<u>986</u>	<u>0</u>	<u>0</u>	<u>(1,003)</u>	<u>986</u>
Total revenues	<u>341,400</u>	<u>348,646</u>	<u>3,080</u>	<u>3,155</u>	<u>344,480</u>	<u>351,801</u>
EXPENSES:						
Program expenses:						
General government	84,411	91,770	0	0	84,411	91,770
Public safety	138,260	140,226	3,471	3,168	141,731	143,394
Streets and sanitation	97,819	93,381	0	0	97,819	93,381
Culture and recreation	39,359	41,657	0	0	39,359	41,657
Interest on long-term debt	<u>13,179</u>	<u>15,115</u>	<u>0</u>	<u>0</u>	<u>13,179</u>	<u>15,115</u>
Total expenses	<u>373,028</u>	<u>382,149</u>	<u>3,471</u>	<u>3,168</u>	<u>376,499</u>	<u>385,317</u>
Decrease in net assets	(31,628)	(33,503)	(391)	(13)	(32,019)	(33,516)

As shown in this table, the City's revenues for its governmental activities declined by 2% from the prior fiscal year. This decline is a reflection of lower interest earnings on assets and the persistent slowdown in the nation's economy as felt by virtually every major city. However, the City's tax base remains strong and vibrant due to the stability of major employers and taxpayers. Expenses **decreased** 2% from the previous fiscal year as a result of austerity measures

instituted in the prior fiscal year. Departments were asked to trim non essential expenditures while at the same time maintain current City services.

The business-type activity of the City had a \$391,000 decline in their net assets. Revenue from assessed charges decreased by \$68,000 and expenses increased by \$303.

FUND ANALYSIS

Changes in fund balance for governmental funds for the fiscal year ended June 30, 2004 are as follows:

Table 4

CHANGES IN FUND BALANCES

	(000)		
	Beginning Fund <u>Balance</u>	Increases (Decrease)	Ending Fund <u>Balance</u>
General Fund	\$88,012	\$ (4,279)	\$83,733
Special Revenue	265,013	(17,934)	247,079
Debt Service	61,357	(321)	61,036
Capital Projects	132,461	(26,493)	105,968
Total	\$546,843	(\$49,027)	\$497,816

Governmental Funds

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

General Fund balance of the General Fund declined due mainly to a decline in revenues collected and the City's use of approximately \$3,824,000 to bridge the difference of revenues as compared to expenses for the fiscal year.

Other factors contributing to the reduction in fund balance include:

- A decline in debt service fund balance as a result of an increased liability in arbitrage rebate. The liability is calculated as of June 30, 2004, but may not be the amount the City will pay at the time it is due to be remitted to the Internal Revenue Service.
- A decline in Special Revenue Fund balance due to reduced investment earnings and increased spending of the funds received from the Water Works for settlement of litigation relating to control of their assets.
- A decrease in Capital Projects fund balance due to, again, reduced investment earnings. Further,

capital expenditures were made at increased rate. In this fiscal year, the City financed \$10 million to supplement its aging rolling stock. The \$10 million purchased primarily public safety vehicles, included police sedan, fire trucks and associated apparatus. Additionally, at the beginning of the years, the City paid off its entire capital lease portfolio, valued at \$10,200,000.

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 the projected revenues. Revenues were lower than budget because the slowdown in the economy resulted in lower taxes collected. As a result of lower revenues, a hiring freeze and certain austerity measures were instituted by the administration that continue today. Department heads were asked to cut expenditures resulting in a \$9 million reduction in such as compared to the original budget and thereby reducing the overall negative impact of lower revenues.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

Capital Asset Activity

At June 30, 2004 the City of Birmingham reported \$338,438,000 in net capital assets, including its infrastructure, for governmental activities. The business-type activity reported \$784,000 in net capital assets. The notes to the financial statements report more information on capital assets including the changes that occurred during the fiscal year.

Long-term Debt Activity

At June 30, 2004, the City of Birmingham had \$581,298,000 total debt outstanding for its bonds and warrants payable; of this, \$554,743,000 is considered long-term.

In June 2004, the City issued \$23,490,000 million in general obligation warrants, the purpose of which was to fund additions to its rolling stock and refinance at a lower rate, a new public radio system acquired in 2003. The net interest cost of the total borrowing was 3.5% compared to the original 4.27% cost of the new public radio system.

The City's bond ratings are AA, Aa3 and AA- by Standard & Poor's Rating Service, Moody Investors Service, and Fitch IBCA, respectively. The rating agencies cite the City's broad and diverse economy, including strong service, financial, and trade sectors as factors contributing to the strong rating. Noted also is the City's current policy of maintaining reserve balances equal to 15% of expenditures; currently, reserves equal approximately 30.2% of expenditures.

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

ECONOMIC FACTORS AFFECTING THE CITY OF BIRMINGHAM AND THE 2005 BUDGET INFORMATION

The state of the national and the local economy were again key factors considered in the preparation of the City's fiscal year 2005 operating budget. Below is a synopsis of issues that were weighed in the budget process.

- **Increase in Health Care Cost.** For the fourth consecutive year the City has grappled with precipitous increases in the cost of managed health care. While last year management decided to delay providing a cost of living increase and instead absorb the full \$2.8 million increase in healthcare cost, this budget cycle it was decided that these costs had to be shared with the employees. Additional health care costs are estimated at \$761,000, a 16% increase over last year. City union representatives accepted a shared cost. In tandem with this, a cost of living allowance of 2.0%, or \$3.8 million was provided to all City employees
- **Decline in Sales Tax.** Sales tax has been relatively flat. In fiscal year 2004, the City budgeted \$104 million, but received only \$101

million; a difference of 2.8%.¹ Management believes that the City has not yet benefited from the economic upswing being experienced in other parts of the country and consequently, have budgeted a modest 1.8% increase in sales tax for fiscal year 2005.

- **Birmingham Board of Education (BBOE) Funding.** Since the threat of state takeover of the BBOE, it has ended fiscal year 2003 and is projecting to end fiscal year 2004 with a balanced operating budget and positive fund balance. In light of the foregoing, management does not foresee providing any future extraordinary financial support to the BBOE
- **Local Transit Funding.** The City is developing a plan for a regional transit system, as the current system does not adequately meet public transportation demands. During the interim, the City is committed to fully utilizing the existing system to provide expanded services to the citizens of the City. In fiscal year 2004, the City budgeted \$4.4 million, a \$1.4 million increase over the prior fiscal year, which funded late night, weekend and paratransit services. In fiscal year 2005, the City plans to budget \$4.5 million for transit, an approximate \$132,000 increase from the prior year, which will be used to expand transit service to the

¹ In calendar year 2004 legislation was passed by the state legislature giving the Birmingham-Jefferson County Civic Center Authority (BJCC) approval to designate a Civic Center District and within such, convert to a fee all sales tax generated therein for the sole benefit of the BJCC. The City subsequently sued the BJCC over the enforceability of this legislation and prevailed. Currently, this matter is under appeal. However, during the initial litigation and appeals process, all sales tax collected in the District since have been placed in escrow pending resolution of this matter. As a result, the City did not realize almost \$700,000 in taxes for fiscal year 2004 that it would have otherwise collected from and around the Civic Center.

Titusville/Westend section of the City.

- **Additional County Personnel Board Funding.** The primary focus of the Jefferson County Personnel Board is to provide objective unbiased testing and personnel placement to municipalities throughout Jefferson County. As a result of a Receiver being appointed to the Jefferson County Personnel Board, certain costs have been incurred that have been passed on to participating municipalities. Cost is based on a pro rata share basis and since the City is the largest municipality in the county, it bears the lion's share of such. In fiscal year 2003, the additional cost to the Jefferson County Personnel Board was \$1.1 million and will recur in fiscal year 2004. In fiscal year 2005, these costs are budgeted for \$3.0 million, the same as in the prior year.
- **Lease obligation for new public safety radio system.** In fiscal year 2002, the City acquired a new public safety radio system. The system is in operation and the original Motorola financing was refinanced and converted into a general obligation warrant, reducing the interest rate from 4.27% to rates between 2% and 4%. Full debt service on the new system commences in fiscal year 2006.
- **Reduced Funding to Boards & Agencies.** Allocations to boards and agencies were restructured to prioritize them according to the services provided - 1) economic development activities and promotion of population growth; 2) social services; and , 3) other boards and agencies. In Fiscal Year 2005, a the allocations were reduced by \$1.8 million.

Mitigating Risks of Fraud

The City of Birmingham is committed to maintaining a culture of honesty and integrity to ensure the safeguarding of its assets and proper presentation of its financial statements. To that end, the City will continue to employ and train competent personnel and evaluate the risks of fraud

and implement processes, procedures and controls to mitigate risks and opportunities for fraud.

Request for Information

This financial report is designed to give a general overview of the City's finances. Questions concerning any of the information in this report may be sent to the Director of Finance, City of Birmingham, 710 North 20th Street, Suite A-100, Birmingham, AL, 35203.

**BASIC FINANCIAL
STATEMENTS**

This page is intentionally blank.

City of Birmingham, Alabama
Statement of Net Assets
June 30, 2004
(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and investments	\$499,746	\$3,371	\$503,117	\$13,116
Cash with escrow agent	1,797		1,797	
Receivables:				
Accrued interest	1,744	9	1,753	
Accrued taxes receivable	16,697		16,697	
Accounts (net of uncollectibles)	11,624		11,624	923
Notes (net of uncollectibles)	405		405	
Lease obligations	549		549	
Loans	8,563		8,563	
Due from BWWB	3,019		3,019	
Special assessments	7,255		7,255	
Other governments				1,481
Interfund balances	2,863	(2,863)	0	
Inventories	1,066		1,066	
Prepaid items	316	27	343	316
Due from component unit	265		265	
Other current assets	130		130	
Restricted assets:				
Cash and cash equivalents				11,415
Investments				3,028
Accounts and grants receivable				2,238
Accrued interest receivable				21
Deferred charges	11,877		11,877	1,977
Due from BWWB	86,028		86,028	
Capital assets:				
Land	45,130		45,130	102,691
Buildings and capital facilities	186,912	1,025	187,937	226,566
Furniture and other equipment	143,738	2,039	145,777	7,353
Accumulated depreciation	(137,904)	(2,280)	(140,184)	(93,617)
Infrastructure	174,267		174,267	
Accumulated depreciation, infrastructure	(83,665)		(83,665)	
Construction in progress	9,960		9,960	36,235
Net capital assets	338,438	784	339,222	279,228
TOTAL ASSETS	\$992,382	\$1,328	\$993,710	\$313,743

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

City of Birmingham, Alabama
Statement of Net Assets
June 30, 2004
(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities:				
Accounts and vouchers payable	\$4,330	4	\$4,334	\$3,064
Contracts payable	3,381		3,381	
Contracts payable-retainage	760		760	
Accrued payroll and payroll taxes payable	8,822		8,822	220
Due to primary government				265
Estimated claims payable	3,975		3,975	
Interest rebate liability	423		423	
Other liabilities	10,919		10,919	
Interest payable	3,883		3,883	1,771
Current maturities of long-term liabilities:				
Capitalized leases				90
Notes payable	750		750	2,079
Compensated absences	1,093		1,093	44
Bonds and warrants payable	26,555		26,555	2,900
Long-term liabilities:				
Capitalized leases				270
Compensated absences	12,654		12,654	520
Bonds and warrants payable, net	554,743		554,743	84,834
Closure and postclosure costs	6,646		6,646	
Workmen's compensation claims payable	7,200		7,200	
Other liabilities payable from restricted assets				40
TOTAL LIABILITIES	646,134	4	646,138	96,097
NET ASSETS				
Invested in capital assets, net of related debt	62,685	784	63,469	190,509
Restricted for:				
Reserved for debt service	76,970		76,970	9,499
Reserved for special revenue	19,530		19,530	
Reserved for future projects	18,482		18,482	3,854
Unrestricted	168,581	540	169,121	13,784
TOTAL NET ASSETS	346,248	1,324	347,572	217,646
TOTAL LIABILITIES AND NET ASSETS	\$992,382	\$1,328	\$993,710	\$313,743

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

City of Birmingham, Alabama
Statement of Activities
For the Year Ended June 30, 2004
(in thousands)

	Net (Expenses) Revenues and Changes in Net Assets						
	Program Revenues			Primary Government			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Functions:							
Primary Government:							
Governmental activities:							
General government	\$ 84,411	\$ 52,776	\$ 18,051	(\$13,584)		(\$13,584)	
Public safety	138,260	18,736		(119,524)		(119,524)	
Streets and sanitation	97,657	1,438		(96,219)		(96,219)	
Culture and recreation	39,359	1,195		(38,164)		(38,164)	
Interest on long-term debt	13,179			(13,179)		(13,179)	
Total governmental activities	372,866	74,145	18,051	(280,670)		(280,670)	
Business-type activities:							
Emergency Management Communication District	3,471	3,058			(413)	(413)	
Total business-type activities	3,471	3,058	0	0	(413)	(413)	
Total primary government	\$376,337	\$77,203	\$18,051	(\$280,670)	(\$413)	(\$281,083)	
Component Units:							
Birmingham Airport Authority	29,316	27,676	11,521				9,881
Birmingham Parking Authority	4,907	5,346					439
Total component units	\$34,223	\$33,022	\$0	\$0	\$0	\$0	\$10,320
General revenues:							
Sales and use tax				100,608		100,608	
Occupational tax				65,537		65,537	
Property tax				48,596		48,596	
Grants and contributions not restricted to specific purposes				18,434		18,434	
Unrestricted investment earnings				9,304	22	9,326	536
Other				7,728		7,728	3,866
Loss on disposal of assets				(1,003)		(1,003)	
Total general revenues				249,204	22	249,226	4,402
Intergovernmental transfers				(162)		(162)	162
Change in net assets				(31,628)	(391)	(31,857)	14,884
Net assets at beginning of year				377,876	1,715	379,591	202,762
Net assets at end of year				\$346,248	\$1,324	\$347,734	\$217,646

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

City of Birmingham, Alabama
Balance Sheet
Governmental Funds
June 30, 2004
(in thousands)

	General	Birmingham Fund	Birmingham Water Work Proceeds	General Bond Debt Reserve	General Bond Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$92,239	\$78,925	\$152,179	\$58,600	\$203	\$117,600	\$499,746
Cash with fiscal-agent						1,797	1,797
Receivables:							
Accrued interest	309	453		529		453	1,744
Accrued taxes receivable	16,697						16,697
Accounts (net of uncollectibles)	11,249					375	11,624
Notes (net of uncollectibles)	405						405
Lease obligations	360					189	549
Loans						8,563	8,563
Due from other governments				89,047			89,047
Special assessments						7,255	7,255
Due from other funds	3,147					15,084	18,231
Due from component units	265						265
Inventories	1,066						1,066
Prepaid items	316						316
Other	77					53	130
TOTAL ASSETS	\$126,130	\$79,378	\$152,179	\$148,176	\$203	\$151,369	\$657,435
LIABILITIES AND FUND BALANCES							
Accounts and vouchers payable	3,302				54	974	4,330
Contracts payable		118	385			2,878	3,381
Contracts payable-retainage						760	760
Accrued payroll and payroll taxes payable	8,769					53	8,822
Due to other funds	14,590		304			1,116	16,010
Deferred revenue	978			89,047		20,974	110,999
Estimated claims payable	3,975						3,975
Interest rebate liability					423		423
Other liabilities	10,783					136	10,919
TOTAL LIABILITIES	42,397	118	689	89,047	477	26,891	159,619
FUND BALANCES:							
Reserved for encumbrances	5,101	1,264	651			26,465	33,481
Reserved for debt service				59,129		2,181	61,310
Reserved for prepaid items	316						316
Reserved for capital projects		77,996	150,839			99,952	328,787
Unreserved reported in:							
General fund	78,316						78,316
Debt service funds					(274)		(274)
Special revenue funds						(4,120)	(4,120)
TOTAL FUND BALANCES	83,733	79,260	151,490	59,129	(274)	124,478	497,816
TOTAL LIABILITIES AND FUND BALANCES	\$126,130	\$79,378	\$152,179	\$148,176	\$203	\$151,369	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	338,438
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	(601,647)
Deferred revenues are not recognized until available in the funds	110,999
Interfund eliminations	642
Net assets of governmental activities	\$346,248

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

City of Birmingham, Alabama
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2004
(in thousands)

	General	Birmingham Fund	Birmingham Water Work Proceeds	General Bond Debt Reserve	General Bond Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES:							
Taxes	\$188,670			\$25,707		\$364	\$214,741
Licenses and permits	52,776						52,776
Intergovernmental	13,560					16,868	30,428
Charges for services	16,776						16,776
Fines and forfeitures	4,593						4,593
Investment income	687	5,817	2,118	(294)		976	9,304
Other operating revenues	4,298					2,915	7,213
TOTAL REVENUES	281,360	5,817	2,118	25,413	0	21,123	335,831
EXPENDITURES:							
Current:							
Public safety	137,803						137,803
Street and sanitation	64,816					6,785	71,401
Cultural and recreational	37,486					652	38,138
General government	42,876	7,112	20,862		410	10,599	81,859
Total current operations	282,781	7,112	20,862	0	410	18,036	329,201
Debt service:							
Principal					9,345		9,345
Interest					16,203	147	16,350
Total debt service					25,548	147	25,695
Capital outlays						53,474	53,474
Warrant issue costs						545	545
TOTAL EXPENDITURES	282,781	7,112	20,862	0	25,958	72,202	408,915
Excess (deficiency) of revenues over (under) expenditures	(1,421)	(1,295)	(18,744)	25,413	(25,958)	(51,079)	(73,084)
Other financing sources (uses):							
Proceeds from sale of property	517					51	568
Proceeds from sale of bonds/warrants						23,490	23,490
Transfers in					28,573	4,236	32,809
Transfers out	(3,375)		(304)	(28,573)		(557)	(32,809)
Net other financing sources (uses)	(2,858)	0	(304)	(28,573)	28,573	27,220	24,058
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(4,279)	(1,295)	(19,048)	(3,160)	2,615	(23,859)	(49,026)
Fund balances, beginning of year	88,012	80,555	170,538	62,289	(2,889)	148,337	546,842
Fund balances, end of year	\$83,733	\$79,260	\$151,490	\$59,129	(\$274)	\$124,478	\$497,816

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

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, 2004
(in thousands)

Net change, decrease in fund balances - total governmental funds (\$49,026)

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:

Reclassify new additions to general fixed assets	15,014	
Reclassify new additions to infrastructure	8,129	
Depreciation on general fixed assets	(9,668)	
Depreciation on infrastructure	(5,478)	7,997

The issuance of long-term debt provides current resources to governmental funds and the repayment of the principal of long-term debt uses current financial resources of governmental funds. These transactions have no effect on net assets:

Issuance of general obligation debt	(23,490)	
Payment of principal on general obligation debt	12,500	
Payment on capital leases	11,442	
Payment on notes payable	849	
Issuance costs of general obligation debt	545	1,846

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	(199)	
Change in closure and postclosure costs	2,204	
Amortization of deferred charges	(31)	
Change in interest payable	445	2,419

Revenue not recognized until future years	6,725	
Revenue recognized in a prior year	(461)	
Elimination of interfund receivable	114	
Loss on disposal of fixed assets	(1,242)	5,136

Change, decrease, in net assets of governmental activities (\$31,628)

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, 2004
(in thousands)

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$191,043	\$190,630	\$188,670	(\$1,960)
Licenses and permits	51,916	52,416	52,776	360
Intergovernmental	12,023	13,521	13,560	39
Charges for services	19,350	19,660	19,638	(22)
Fines and forfeitures	4,942	4,672	4,593	(79)
Other operating revenues	7,526	5,858	5,365	(493)
Total revenues	<u>286,800</u>	<u>286,757</u>	<u>284,602</u>	<u>(2,155)</u>
Expenditures:				
Public safety	141,004	138,635	139,829	1,194
Environment and street	63,014	61,976	64,030	2,054
Cultural and recreational	35,914	35,472	36,360	888
General government	46,868	47,086	43,980	(3,106)
Total expenditures	<u>286,800</u>	<u>283,169</u>	<u>284,199</u>	<u>1,030</u>
Excess revenue over expenditures		3,588	403	<u>(\$3,185)</u>
Other financing uses			(2,858)	
Deficiency of revenues over expenditures and other uses		3,588	(2,455)	
Fund balance, beginning of year		80,205	80,205	
Fund balance, end of year		<u>\$83,793</u>	<u>\$77,750</u>	

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

City of Birmingham, Alabama
Statement of Net Assets
Proprietary Fund
Emergency Management Communication District
June 30, 2004
(in thousands)

ASSETS

Current assets:

Cash and investments	\$3,371
Accrued interest	9
Prepaid items	27
Total current assets	3,407

Property, plant, and equipment:

Buildings and systems	1,025
Machinery and equipment	1,990
Furniture and fixtures	49
Less accumulated depreciation	(2,280)
Total property, plant, and equipment	784

TOTAL ASSETS

\$4,191

LIABILITIES

Current liabilities:

Accounts payable	\$4
Due to other funds	2,863

TOTAL LIABILITIES

2,867

NET ASSETS

Invested in capital assets	784
Unrestricted	540
NET ASSETS	1,324

TOTAL LIABILITIES AND NET ASSETS

\$4,191

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

City of Birmingham, Alabama
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
Emergency Management Communication District
For the Year Ended June 30, 2004
(in thousands)

OPERATING REVENUES:

Service fees	\$3,058
--------------	---------

OPERATING EXPENSES:

Public safety	2,862
General and administrative	498
Repairs and maintenance	23
Depreciation	88
Total operating expenses	3,471

Operating loss	(413)
----------------	-------

NONOPERATING REVENUES:

Interest income	22
-----------------	----

Net loss	(391)
----------	-------

Net assets, beginning of year	1,715
-------------------------------	-------

Net assets, end of year	\$1,324
-------------------------	---------

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

City of Birmingham, Alabama
Statement of Cash Flows
Proprietary Fund
Emergency Management Communication District
For the Year Ended June 30, 2004
(in thousands)

Cash flows from operating activities:

Cash received from customers	\$3,058
Cash payments to suppliers	(3,064)
Cash payments to employees	(47)
Net cash provided by operating activities	<u>(53)</u>

Cash flows from investing activities:

Interest received	<u>22</u>
Net decrease in cash and cash equivalents	(31)
Cash and investments, beginning of year	<u>3,402</u>
Cash and investments, end of year	<u><u>\$3,371</u></u>

Reconciliation of operating loss to net cash provided by operating activities:

Operating loss	<u>(\$413)</u>
----------------	----------------

Adjustments to reconcile operating loss to net cash provided by operating activities:

Depreciation	88
Change in prepaid items	(22)
Change in accounts payable	(30)
Change in due to other funds	324
	<u>360</u>
Net cash provided by operating activities	<u><u>(\$53)</u></u>

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

City of Birmingham, Alabama
Statement of Fiduciary Net Assets
Pension Trust Funds
June 30, 2004
(in thousands)

ASSETS:	
Cash and cash equivalents	\$54,502
Receivables:	
Members	1,777
Member loans	10,124
Interest and dividends	6,975
Due from other funds	642
Investments, at fair value:	
U. S. Government obligations	276,407
Domestic corporate bonds	162,749
Domestic stocks	401,492
	<hr/>
TOTAL ASSETS	914,668
	<hr/>
LIABILITIES	
Accounts payable and other	1,169
	<hr/>
NET ASSETS	
Held in trust for future pension benefits	\$913,499
	<hr/> <hr/>

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

City of Birmingham, Alabama
Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Year Ended June 30, 2004
(in thousands)

ADDITIONS:	
Contributions:	
Employer contributions	\$14,798
Plan member contributions	13,689
Total contributions	28,487
Investment income:	
Investment earnings	72,368
Securities lending	213
	72,581
Less investment expenses	(2,115)
Net investment income	70,466
Other income	593
TOTAL ADDITIONS	99,546
DEDUCTIONS:	
Benefits	47,507
Refunds of contributions	1,418
Administrative expenses	985
	49,910
TOTAL DEDUCTIONS	49,910
Net increase	49,636
Net assets held in trust for future pension benefits:	
Beginning of year	863,863
End of year	\$913,499

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

City of Birmingham, Alabama
Statement of Net Assets - Component Units
June 30, 2004
(In thousands)

	Component Units		Total
	Birmingham Airport Authority	Birmingham Parking Authority	
ASSETS:			
Current assets:			
Cash and investments	\$11,152	\$1,964	\$13,116
Receivables:			
Accounts (net of allowances for uncollectibles)	690	233	923
Due from other governments	1,481		1,481
Prepaid items	288	28	316
Total current assets	<u>13,611</u>	<u>2,225</u>	<u>15,836</u>
Capital assets:			
Land	97,545	5,146	102,691
Buildings and capital facilities	222,576	3,990	226,566
Machinery and equipment	6,260	1,093	7,353
Accumulated depreciation	(90,739)	(2,878)	(93,617)
Construction in progress	35,544	691	36,235
Total capital assets	<u>271,186</u>	<u>8,042</u>	<u>279,228</u>
Deferred charges	1,977		1,977
Restricted assets:			
Cash and cash equivalents	11,415		11,415
Investments	3,028		3,028
Grants receivable	1,578		1,578
Accounts receivable	660		660
Accrued interest receivable	21		21
Total restricted assets	<u>16,702</u>		<u>16,702</u>
TOTAL ASSETS	<u>\$303,476</u>	<u>\$10,267</u>	<u>\$313,743</u>
LIABILITIES			
Current liabilities:			
Accounts and vouchers payable	\$2,978	\$86	\$3,064
Accrued payroll and payroll taxes payable		220	220
Due to primary government		265	265
Other liabilities:			
Capitalized leases	90		90
Compensated absences		44	44
Bonds and warrants payable	2,900		2,900
Notes payable		2,079	2,079
Interest payable	1,771		1,771
Total current liabilities	<u>7,739</u>	<u>2,694</u>	<u>10,433</u>
Long-term liabilities:			
Capitalized leases	270		270
Compensated absences	331	189	520
Bonds and warrants payable	84,834		84,834
Other liabilities payable from restricted assets	40		40
Total long-term liabilities	<u>85,475</u>	<u>189</u>	<u>85,664</u>
TOTAL LIABILITIES	<u>93,214</u>	<u>2,883</u>	<u>96,097</u>
NET ASSETS			
Invested in capital assets, net of related debt	185,069	5,440	190,509
Restricted for:			
Debt service	9,499		9,499
Future projects	3,854		3,854
Unrestricted	11,840	1,944	13,784
TOTAL NET ASSETS	<u>210,262</u>	<u>7,384</u>	<u>217,646</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$303,476</u>	<u>\$10,267</u>	<u>\$313,743</u>

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

City of Birmingham, Alabama
Statement of Activities - Component Units
For the Year Ended June 30, 2004
(in thousands)

	Net (Expenses) Revenues and Changes in Net Assets					
	Expenses	Charges for Services	Capital Grants and Contributions	Birmingham Airport Authority	Birmingham Parking Authority	Total
Birmingham Airport Authority	\$29,316	\$27,676	\$11,521	\$9,881		\$9,881
Birmingham Parking Authority	4,907	5,346			439	
Total component units	\$34,223	\$33,022	\$11,521	9,881	439	9,881
General revenues:						
Unrestricted investment earnings				526	10	536
Other				3,866		3,866
Intergovernmental transfers					162	162
Total general revenues				4,392	172	4,564
Change in net assets				14,273	611	14,884
Net assets - beginning of year				195,989	6,773	202,762
Net assets - end of year				\$210,262	\$7,384	\$217,646

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

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

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 and a nine-member council that is elected at large.

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

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

Discretely presented component units

- The Birmingham Airport Authority (BAA) is a seven-member board appointed by the City and is a non-profit corporation under the provisions of the Code of Alabama. The Authority is responsible for the operations of the Birmingham International Airport. Because the City of Birmingham appoints the BAA's governing body and the City is obligated in some manner for the debt of the BAA, 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, 2004, totaled \$2,342,968.

- 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. Because the City appoints the BPA's governing body, the City is obligated to provide and receives specific financial benefits, and the City is obligated in some manner for the debt of the BPA, the Authority is included as a component unit in these financial statements. The BPA's fiscal year ends June 30.

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

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, 2004

Birmingham Parking Authority
401 20th Street North
Birmingham, Alabama 35203
Financial statement date: June 30, 2004

Related Organizations

The City of Birmingham is also responsible for appointing a voting majority of the boards of other organizations, but the City's financial accountability for these organizations does not extend beyond making the appointments. The City appointed a voting majority of the Birmingham-Jefferson County Transit Authority (BJCTA) and the Birmingham Housing Authority (BHA). In fiscal year 2004, the City appropriated to these related organizations \$2,731,890 and \$39,565, respectively. These organizations are related organizations that have not been included within the City's financial statements.

Joint Venture

As defined in GASB Statement No. 14, a joint venture is a legal entity or other organization that results from a contractual arrangement and is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (1) an ongoing financial interest or (2) an ongoing financial responsibility. The City participates in the Birmingham-Jefferson County Civic Center Authority (BJCCA) which was created by the Alabama Legislature as a public corporation authorized to construct, maintain, operate, and manage a civic center in the City of Birmingham, Jefferson County, Alabama. The BJCCA also owns a hotel that is managed by an independent operator. The City is a joint participant in the BJCCA with Jefferson County; each is obligated by contract to remit amounts to supplement the BJCCA's operating revenues. In accordance with the interlocal agreement, the City remitted \$3,000,000 to the BJCCA during fiscal year 2004. The City does not have an equity ownership in this joint venture. Separate financial statements indicated a net income of \$6,306,242 for the year ended August 31, 2003; retained earnings at August 31, 2003, totaled \$57,529,923. These are the latest figures available.

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

The City of Birmingham participates in the West Jefferson Amusement Authority which was created pursuant to Section 4 of Act No. 69-916 of the Alabama Legislature as a public corporation, which provides for the joint and cooperative development of an amusement park. The City is a joint participant in this entity with other municipalities in Jefferson County. The City and the other participants are obligated by an interlocal agreement to remit annually funds to supplement the West Jefferson Amusement Authority's operations in the amount of \$2,952,000. The City's share of the annual remittance is \$1,000,000. Pursuant to this agreement, the City is required to make this annual remittance for a period of five years beginning with fiscal year 2000. The City does not have an equity ownership in this joint venture. The Authority has filed for protection under bankruptcy.

B. Government-wide and Fund Financial Statements

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

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

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

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

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

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

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*. Revenues are recognized 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. 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 City of Birmingham reports the following major governmental funds:

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

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

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

The *Birmingham Fund* is considered a Special Revenue Fund and is used to account for the proceeds the City received from the sale of the Industrial Water Board.

The *Birmingham Water Work Proceeds Fund* accounts for the proceeds received from the transfer of the assets of the Water Works and Sewer Board of the City of Birmingham.

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

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

Additionally, the City reports the following fund types:

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

GASB Statement No. 20 requires that each government make elections concerning proprietary funds. The City elected to apply Financial Accounting Standards Board (FASB) pronouncements and interpretations issued before or on November 20, 1989, unless they conflict with or contradict GASB pronouncements.

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

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

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

D. Assets, Liabilities, and Net Assets or Equity

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

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

2. Receivables and Payables –

The City shows "due to/from other funds at the end of the fiscal year to show the current outstanding balances from lending/borrowing arrangements.

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

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

The City of Birmingham receives a 3% sales tax for the sale of tangible goods within the City limits and a 1% occupational tax on wages of persons employed within the City limits. Tax collections are remitted to the City on a monthly basis. All amounts remitted within the bill paying period are included in revenue; taxes collected within the fiscal year but remitted to the

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

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 inventory items are used (consumption method). Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items.

4. Restricted Assets – Certain assets of the Birmingham Airport Authority (component unit) are restricted by the terms of federal grants and programs. These particular funds are restricted for designated capital projects and any debt incurred to finance the construction of those projects.

5. Capital assets – Capital assets include property, buildings, furniture and other equipment, and infrastructure. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital outlays are recorded as expenditures of the governmental funds. Capital assets, other than infrastructure, are defined by the City as items with an estimated useful life of three years or more and an individual cost in excess of \$500. 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 and capital facilities	50
Furniture and other equipment	10 – 20
Infrastructure	25 – 50

The City of Birmingham implemented the majority of the capital asset requirements, including infrastructure assets, of GASB Statement No. 34 during fiscal year 2002. The City elected to capitalize all infrastructure assets that were purchased, constructed, or donated subsequent to June 30, 1980. The City has not included land associated with infrastructure assets, commonly referred to as “right of way.” This category of infrastructure is not

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

expected to have a material value and will be capitalized by the end of fiscal year 2006.

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 fund 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 issuance costs are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premiums. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8. Fund equity – In the fund financial statements, reservations of governmental funds are used to indicate that a portion of the fund balance is not appropriated for expenditure or is legally segregated for a specific use.

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets (dollars in thousands)

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

not due and payable in the current period and therefore are not reported in the funds." The details of this \$601,647 difference are as follows:

Bonds payable	\$570,350
Add: Issuance premium (to be amortized as interest expense)	10,948
Less: Deferred charge for issuance costs (to be amortized over the life of the debt)	(11,877)
Accrued interest payable	3,883
Notes payable	750
Compensated absences	13,747
Landfill closure liability	6,646
Workmen's compensation claims	7,200
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$601,647</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (dollars in thousands)

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "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."

The details of this \$7,997 difference are as follows:

Capital outlay	\$23,143
Depreciation expense	<u>(15,146)</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$7,997</u>

Another element of that reconciliation states that "the issuance of long-term debt provides current resources to governmental funds and the repayment of the principal of long-term debt uses current financial resources of

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

governmental funds. These transactions have no effect on net assets.” The details of this \$1,846 difference are as follows:

Debt issued	\$23,490
Principal repayments:	
General obligation debt	(12,500)
Capital leases and notes payable	(12,291)
Issuance costs	<u>(545)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u><u>(\$1,846)</u></u>

III. 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 not prepared for the Debt Service Funds because effective budgetary control is alternatively achieved through general obligation indenture provisions.

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. The City reports purchase orders outstanding at the end of the fiscal year as reservations of fund balance. These encumbrances are subject to reappropriation by Council ordinance in the succeeding fiscal year.

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

Reconciliation between the GAAP basis of reporting and the budgetary basis of reporting (dollars in thousands):

Excess of expenditures and other uses over revenues and other sources (GAAP basis)	(\$4,279)
Less prior year accrued expense (GAAP)	(2,718)
Plus current year accrued expense (GAAP)	2,915
Plus encumbrance elimination (GAAP)	7,202
Plus net decrease in fair market value of investments (GAAP)	379
Less current year encumbrances (budgetary basis)	<u>(5,954)</u>
Excess of expenditures and other uses over revenues and other sources (Budgetary basis)	<u><u>(\$2,455)</u></u>

B. Deficit Fund Equity

The General Bond Debt Service Fund had a negative fund equity at June 30, 2004, due to the arbitrage liability accrued at year end in the amount of \$423,000 as well as accrual for managers' fees in the amount of \$54,000. These payments will be covered by transfers from the General Bond Debt Reserve Fund at the time of liquidation for those expenditures.

IV. Detailed notes on all funds

A. Deposits and Investments

Deposits – At June 30, 2004, the carrying amount of the City's demand deposits, certificates of deposit, and money market investments in all funds was \$173,280,268 and the bank balance was \$167,768,557.

Financial institutions utilized as depositories by the City must provide evidence of its designation by the Alabama State Treasurer as a qualified public depository under the Security of Alabama Funds Enhancement Act (SAFE). From time to time, the City may request that the depository provide evidence of its continuing designation as a qualified public depository. The enactment of the SAFE program changed the way all Alabama public deposits are collateralized. Each qualified public depository (QPD) is required to hold collateral for all its public depositories on a pooled basis in a custody account established by the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer who would use the SAFE pool collateral or other means to reimburse the loss.

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

Component Units – The carrying amount of deposits and the bank balances of the City’s component units are as follows:

	Deposits	Bank Balance
Birmingham Airport Authority	\$5,968,469	\$6,663,479
Birmingham Parking Authority	\$1,500,794	\$1,548,294

Investments

Investments are categorized into the following three areas of credit risk:

- (1) Insured or registered, or securities held by the City or its agent in the City’s name;
- (2) Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the City’s name;
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the City’s name.

At June 30, 2004, the City’s investment balances carried the following balances:

Primary Government

Category 3

U. S. Government obligations	\$ 233,429,033
U. S. Government agency obligations	271,082,731
U. S. Corporate stock	437,781,558
U. S. Corporate debt	<u>173,198,848</u>
	<u>\$1,115,492,170</u>

Uncategorized \$ 59,876,893

Component Units – The City’s component units carried the following categories of investment values at June 30, 2004:

	Birmingham Airport Authority	Birmingham Parking Authority
<u>Category 1:</u>		
U. S. Government obligations	\$8,211,239	
<u>Category 3:</u>		
Mutual funds		\$463,428

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 OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

City's custodial banks manages the securities lending program and received both cash and domestic bonds as collateral. The collateral securities cannot be pledged nor sold by the City unless the borrower defaults. Collateral securities are initially pledged at 102 % of the market value of the securities lent and this collateral is adjusted weekly to maintain the 102% level. The City's Pension Plans authorize the lending of domestic bonds and equity securities. The cash collateral is invested in commingled short-term fixed income accounts. The City, as a program participant, assumes the risk that (a) the overnight investment will not equal or exceed the rebate rate, (b) a loss of principal in the overnight investment, and (c) the collateral will not be sufficient if called upon to repurchase the lost security. As of June 30, 2004, the City has approximately \$245,117,000 of securities in the securities lending program and has incurred no loss through its participation in this program and has no anticipated risk exposure.

B. Receivables

The City entered into a Lease, Assignment, and Operating Agreement with the Birmingham Airport Authority. Under the lease portion of the agreement, the Authority leased the entire airport facility and operation with net assets of \$16,490,000 for a term of fifty years beginning September 16, 1986. The lease, which has been properly recognized as a direct financing lease, has been recorded in the General Fund financial statements at the minimum lease payments. The following is a schedule of minimum rentals to be received for the periods ending June 30 (in thousands):

Year	Amount
2005	\$108
2006	102
2007	96
2008	92
Total minimum lease payments	398
Less amount representing interest	(38)
Present value of minimum lease payments	\$360

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

C. Capital Assets

Capital asset activity for the year ended June 30, 2004, was as follows (in thousands):

<u>Primary Government</u>	June 30, <u>2003</u>	<u>Increases</u>	<u>Decreases</u>	June 30, <u>2004</u>
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$45,528	2	400	45,130
Construction in progress	5,185	7,782	3,007	9,960
Infrastructure	14,267	236		14,503
Total nondepreciable capital assets	<u>64,980</u>	<u>8,020</u>	<u>3,407</u>	<u>69,593</u>
Capital assets, depreciable:				
Buildings & capital facilities	187,204		292	186,912
Furniture & other equipment	133,369	15,012	4,643	143,738
Infrastructure	156,645	3,118		159,763
Total depreciable capital assets	<u>477,218</u>	<u>18,130</u>	<u>4,935</u>	<u>490,413</u>
Less accumulated depreciation:				
Buildings & capital facilities	33,830	3,041		36,871
Furniture & other equipment	98,499	6,627	4,094	101,032
Infrastructure	78,187	5,478		83,665
Total accumulated depreciation	<u>210,516</u>	<u>15,146</u>	<u>4,094</u>	<u>221,568</u>
Net depreciable capital assets	<u>266,702</u>	<u>2,984</u>	<u>841</u>	<u>268,845</u>
Governmental activities, net capital assets	<u>\$331,682</u>	<u>11,004</u>	<u>4,248</u>	<u>338,438</u>
Business-type activities:				
Buildings & other capital facilities	\$1,025			1,025
Furniture & other equipment	2,039			2,039
Total capital assets	<u>3,064</u>			<u>3,064</u>
Less accumulated depreciation:				
Buildings & other capital facilities	257	20		277
Furniture & other equipment	1,936	67		2,003
Total accumulated depreciation	<u>2,193</u>	<u>87</u>		<u>2,280</u>
Business-type activities, net capital assets	<u>\$871</u>	<u>(87)</u>		<u>784</u>

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

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

Governmental activities:	
Public safety, including depreciation of infrastructure assets	\$8,388
Streets and sanitation	2,043
Cultural and recreation	1,221
General government	3,494
Total depreciation - governmental activities	<u>\$15,146</u>

Business-type activities:	
E-911 operations	<u>\$2,280</u>

Component Units:

Activity for the Birmingham Airport Authority for the fiscal year June 30, 2004, was as follows (in thousands):

	June 30, <u>2003</u>	<u>Increases</u>	<u>Decreases</u>	June 30, <u>2004</u>
Capital assets, nondepreciable:				
Land	\$97,545			97,545
Construction in progress	33,291	16,329	14,076	35,544
Total nondepreciable capital assets	<u>130,836</u>	<u>16,329</u>	<u>14,076</u>	<u>133,089</u>
Capital assets, depreciable:				
Buildings & capital facilities	107,197			107,197
Infrastructure improvements	101,303	14,076		115,379
Furniture & other equipment	5,904	356		6,260
Total depreciable capital assets	<u>214,404</u>	<u>14,432</u>		<u>228,836</u>
Less accumulated depreciation	<u>(82,643)</u>	<u>(8,096)</u>		<u>(90,739)</u>
Net depreciable capital assets	<u>131,761</u>	<u>6,336</u>		<u>138,097</u>
Net capital assets, BAA	<u>\$262,597</u>	<u>22,665</u>	<u>14,076</u>	<u>271,186</u>

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

Activity for the Birmingham Parking Authority for the fiscal year ended
June 30, 2004, was as follows (in thousands):

	June 30 2003	Increases	Decreases	June 30 2004
Capital assets, nondepreciable:				
Land	\$3,048	2098		\$5,146
Construction in progress		691		691
Total nondepreciable capital assets	<u>3,048</u>	<u>2,789</u>	<u>0</u>	<u>5,837</u>
Capital assets, depreciable:				
Buildings & capital facilities	3,990			3,990
Furniture & other equipment	1,079	14		1,093
Total depreciable capital assets	<u>5,069</u>	<u>14</u>		<u>5,083</u>
Less accumulated depreciation	<u>(2,742)</u>	<u>(136)</u>		<u>(2,878)</u>
Net depreciable capital assets	<u>2,327</u>	<u>(122)</u>		<u>2,205</u>
Net capital assets, BPA	<u>\$5,375</u>	<u>2,667</u>	<u>0</u>	<u>\$8,042</u>

D. Interfunds receivable, payable, and transfers

The City uses interfund receivables/payables to record interfund reimbursements that arise when one fund reimburses another fund for costs incurred on its behalf. The composition of interfund balances as of June 30, 2004, is as follows (in thousands):

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue	\$285
Capital Improvements	General Fund	13,808
	Special Revenue	304
Special Revenue	General Fund	125
Debt Service Funds	General Fund	22
		<u>\$14,544</u>

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

The City uses interfund transfers to record the resources one fund provides another fund with no expectation of repayment, such as occurs with companion funds. The composition of interfund transfer balances at June 30, 2004, is as follows (in thousands):

Interfund transfers:

Transfers Out	Transfers In		
	Debt Service	Other Governmental Funds	Total
General Fund		\$3,375	\$ 3,375
General Bond Debt Reserve	\$28,573		28,573
Nonmajor Governmental Funds		861	861
	<u>\$28,573</u>	<u>\$4,236</u>	<u>\$32,809</u>

E. Interest rebate liability

Under the 1986 Tax Reform Act, governmental entities that issue tax-exempt bonds are required to rebate excess net interest earnings on deposits of bond proceeds. Net interest earnings consist of interest income on bond proceed deposits less interest payments to bond holders under debt service requirements.

The interest rebate is reviewed over a five-year period at which time the actual interest rebate, if any, will be paid to the Internal Revenue Service. Because of possible changes in interest rates in subsequent years, the current estimate of the interest rebate liability may change and, accordingly, the actual rebate due the IRS in subsequent years is uncertain. At June 30, 2004, the City had an interest rebate liability of approximately \$423,000 on the following bond/warrant issues:

Debt Issue	Amount
1996 Refunding Bonds	\$3,759
1998-A Capital Improvement Bond & Warrants	8,960
1999-A General Obligation Refunding Bonds	279,990
2001-B Refunding Warrants/ 2002-A General Obligation Bonds	55,103
2000 Tax Increment Warrants	75,033
	<u>\$422,845</u>

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

F. Leases

At the beginning of fiscal year 2004, the City of Birmingham was obligated for several capital leases for street and sanitation equipment, fire equipment, and telecommunications equipment. In early July, the City chose to use a portion of the proceeds it received from the sale of the Birmingham Water Works Board assets to pay off all these leases.

G. 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 against the bonds. The bonds outstanding at June 30, 2004, are as follows (in thousands):

1977 A-M; 4%-8%	\$4,440
1996; 3.75%-5.25%	5,650
1997-A; variable rate	69,035
1997-B, A-E; 4.5%-5.375%	10,000
1998-A, A-B; 3.7%-5.125%	10,875
1999-A; 3.1%-5.0%	22,615
1999-B; 3.5%-5.75%	39,175
2001-A; 2.3%-5.75%	60,085
2002-A; 5%-5.5%	39,050
2002-B; 2.25%-5.25%	83,730
	<u>\$344,655</u>

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>
2005	19,315	17,558
2006	15,420	16,492
2007	16,335	15,972
2008	16,390	15,173
2009	17,190	14,359
2010-2014	96,845	57,043
2015-2019	84,830	31,601
2020-2025	30,855	15,948
2025-2029	23,005	9,246
2030-2034	24,470	2,525
	<u>\$344,655</u>	<u>\$195,917</u>

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

General obligation warrants and revenue warrants:

The City issues general obligation warrants for the same purposes as general obligation bonds. The warrants are also direct obligations of the City for which it pledges its full faith and credit. Under state statute, general obligation warrants can be issued without an election and must be issued for a period of maturity of not longer than thirty years. Revenue warrants are tax increment financing district warrants in which ad valorem taxes are collected to fund the debt service.

On June 21, 2004, the City of Birmingham issued \$23,490,000 in General Obligation Warrants, Series 2004-A. The Warrants were issued to pay for the acquisition of rolling stock to replace older equipment of the Police, Fire, and Public Works departments and to refinance the cost of the newly acquired radio system of the Police Department. The costs of issuing the Warrants were also paid from the proceeds. The warrants mature July 2, 2026, and interest is paid semiannually on June 1 and December 1 at variable rates.

The warrants outstanding at June 30, 2004 are as follows (in thousands):

1995-B; 3.75%-5.375%	\$8,235
1997; 3.8%-5.0%	6,595
1998-A; variable rate	7,490
1998-B; variable rate	28,170
2000-A; 4.3%-5.5%	53,330
2001-B; 5%-5.5%	14,750
2001-C; 4%-5.75%	20,800
2003-A; 1.7%-5.25%	17,755
2003-B; 1.2%-5%	32,080
2004-A; variable rate	23,490
	<u>\$212,695</u>

Revenue Warrants:

2000 Tax Increment Financing; variable rate	<u>\$13,000</u>
---	-----------------

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

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

June 30	Principal	Interest
2005	7,240	9,983
2006	8,420	9,710
2007	8,775	9,358
2008	9,155	8,986
2009	9,580	8,568
2010-2014	56,460	35,882
2015-2019	62,815	20,285
2020-2025	30,185	8,664
2025-2029	20,065	1,825
	<u>\$212,695</u>	<u>\$113,260</u>

Total outstanding bonds and warrants payable (in thousands):

Bonds payable	\$344,655
Warrants payable	212,695
Revenue warrants	13,000
	<u>570,350</u>
Less current maturities	(26,555)
Plus unamortized premium	10,948
Total bonds and warrants payable	<u>\$554,743</u>

Changes in long-term liabilities (in thousands):

Governmental activities:

	Balance July 1, 2003	Additions	Reductions	Balance June 30, 2004	Due Within One Year
Bonds and warrants payable (gross)	\$563,060	\$23,490	\$16,200	\$570,350	\$26,555
Capital leases	11,442		11,442	0	0
Workmen's compensation claims	7,200			7,200	0
Compensated absences	13,548	13,747	13,548	13,747	1,093
Closure and postclosure costs	9,687	507	2,896	7,298	651
Notes payable	1,599		849	750	750
	<u>\$606,536</u>	<u>\$37,744</u>	<u>\$44,935</u>	<u>\$599,345</u>	<u>\$29,049</u>

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

Component Units:

The Birmingham Airport Authority's revenue bonds payable consist of the following at June 30, 2004 (in thousands):

Total principal outstanding	\$90,075
Unamortized bond discount	396
Deferred loss on defeasance	<u>(2,737)</u>
Total	<u>\$87,734</u>

The following shows annual debt requirements for the Birmingham Airport Authority's revenue bonds (in thousands):

June 30	Principal	Interest
2005	\$2,900	\$3,834
2006	3,100	4,127
2007	3,210	4,016
2008	3,345	3,887
2009	3,515	3,515
2010-2027	<u>74,005</u>	<u>31,082</u>
	<u>\$90,075</u>	<u>\$50,461</u>

H. 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 finances to provide for or restore the economic damages of those losses. The City finances its risk through self-insurance (risk retention) and through the purchase of insurance with a commercial insurance carrier (risk transfer).

The City funds the dental expense reimbursement plan that provides coverage up to a maximum of \$1,000 for each covered individual per claim year. The plan is financed by City and employee contributions. Settled claims have not exceeded the self-insured retention in any of the past three fiscal years. At

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

June 30, the estimated liability for claims and changes in the liability from the preceding fiscal year were as follows (in thousands):

June 30	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
2004	\$0	697	697	\$0
2003	\$0	700	700	\$0
2002	\$0	655	655	\$0

The City covers all workers compensation claims out of its General Fund resources. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. At June 30, the amount of the incurred but not reported liability for the past three fiscal years is as follows (in thousands):

June 30	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
2004	\$7,200	0	0	\$7,200
2003	\$7,200	0	0	\$7,200
2002	\$9,370	1,301	3,471	\$7,200

The City covers all claims expenditures out of its General Fund resources. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2004, the amount of these liabilities totaled \$3.975 million. The liability is the City's best estimate based on available information. Changes in the General Fund's claims liability amount in the last three fiscal years are as follows (in thousands):

June 30	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
2004	\$7,792	(1,806)	2,011	\$3,975
2003	\$5,526	6,234	3,968	\$7,792
2002	\$5,489	2,245	2,208	\$5,526

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

I. Commitments and Contingencies

The City of Birmingham is required by Act 232 of the 1977 Alabama Legislature to pay the Birmingham Jefferson County Transit Authority an amount equal to 10% of the ad valorem taxes collected for the County on property located within the municipality. Such amount was approximately \$3,000,000 for the 2004 fiscal year.

The City entered into an agreement with Jefferson County and the Birmingham-Jefferson County Civic Center Authority (BJCCA) for the improvement of the Civic Center facilities. Under the agreement, both the City and the County agreed to appropriate, pledge, and pay to the BJCCA an annual amount of tax revenue proceeds for the retirement of debt and for financing Civic Center improvements. The City is committed to expend \$3,000,000 of tax revenue for twenty years beginning in 1992.

The City is a joint participant in the West Jefferson Amusement and Public Park Authority (the Authority) along with ten other municipalities in Jefferson County, Alabama. The Authority provides for the joint and cooperative development of the VisionLand Amusement Park. The City and the Authority entered into a funding agreement whereby the City agreed to pay to the Authority the sum of \$5,000,000 in annual installments of \$1,000,000 beginning October 15, 1999, through and including October 15, 2004, for the purpose of assisting the Authority in the payment of bonds used to construct the VisionLand Amusement Park. The funding agreement has provisions which obligate the City to pay to the Authority the additional sum of \$1,000,000 annually by October 15 of each year, beginning October 15, 2004, unless the City gives notice by September 30 of each year, that it will not renew its obligation for that additional year. As of June 30, 2003, the Authority defaulted on its long-term debt payments to bondholders and other debtors. On September 30, 2002, the City gave notice to the Authority that it would not renew the funding agreement. As a result, the City's obligation to the Authority will end in fiscal year 2006.

The City of Birmingham, along with nine other cities and four counties participates in the East Central Alabama Industrial Development Authority. As a participant, the City entered into funding agreements whereby the City agreed to make annual payments on February 1 of each year beginning 2001 and ending 2015 of approximately \$195,000, to pay principal and interest on \$2,000,000 of bonds issued by the East Central Alabama Industrial Development Authority.

The City of Birmingham entered into an agreement with WalMart Real Estate Trust in May 2002. WalMart agreed to purchase and construct within the City limits two retail sales components – one being a WalMart Supercenter and the

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

other a retail gasoline station. The City, in return, agreed to rebate the City's portion of sales taxes collected at the new location up to \$10,000,000. The two new locations began operations in December 2003; to date the City has rebated approximately \$810,000 to WalMart.

In August 2002, the City entered into funding agreements with the Greater Birmingham Convention & Visitors Bureau (the Bureau) and with the Birmingham Jefferson Civic Center Authority (BJCCA). The purpose of the agreements is to encourage and promote tourism and convention business within the city. On July 30, 2002, the City Council levied and imposed a privilege tax on every person, firm, or corporation engaged in the business of renting or furnishing any type accommodations to people in hotels, motels, inns, cabins, or any other type lodging. The tax is 3% of the charges of the lodging accommodations. The City agreed to rebate one-third of the taxes collected to the Bureau and two-thirds to the BJCCA. The terms of the agreements are from July 1, 2002, through June 30, 2007, with options for renewal of successive five-year terms. As of June 30, 2004, the City has collected approximately \$2,926,000 in lodging tax revenues and has remitted approximately \$773,000 to the Bureau and approximately \$664,000 to the BJCCA. The City is holding approximately \$1,287,000 of lodging tax revenues due to the BJCCA until a dispute over the collection of sales taxes is resolved.

J. Subsequent events

On October 19, 2004, the City of Birmingham issued \$8,985,000 of general obligation refunding warrants, Series 2004-B. The warrants were used to advance refund and retire the City's general obligation street improvement warrants, Series 1995-B, and to pay the costs of issuing the warrants. The warrants mature on April 1, 2020, and pay interest semiannually at rates varying from 2.3% to 4%.

K. 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 \$7.2 million reported as closure and postclosure care liability at June 30, 2004, represents the cumulative amount reported to date

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

based on the use of approximately 95 percent of the estimated capacity of the landfill. The City will decrease the existing liability by approximately \$1.1 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2004. Actual costs may be higher due to inflation, changes in technology, and/or changes in regulations.

L. Pension Funds

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

Plan Description

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

The two plans listed below are funded by contributions from employees, the City, and income from the investment of accumulated funds:

City of Birmingham Retirement and Relief System – This system covers all civil service employees, elected officials, and appointed employees. Membership is mandatory for covered employees and is effective upon employment. Appointed employees have the option of participating in this plan or in an alternative retirement plan. The City and employees each contribute one-half of the required contribution payable as a percent of compensation for the year, exclusive of overtime and subject to statutory limits. Current membership as of the last actuarial valuation of July 1, 2003, was 3,867 active members, 196 inactive members, 1,673 retired service pensioners, and 422 beneficiaries.

City of Birmingham Firemen's and Policemen's Supplemental Pension System- This system covers sworn firemen and policemen and provides retirement benefits for twenty or twenty-five years of service. Membership is

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

mandatory for such personnel and is effective upon employment. Employees hired prior to May 2, 1978, contribute 3.3% of payroll, exclusive of overtime; those hired on or subsequent to May 2, 1978, contribute 5.22% and the City matches these amounts. Current membership as of the last actuarial valuation of July 1, 2003, was 1,401 active members, 183 retired service pensioners, and 85 beneficiaries.

The membership of the five plans listed below is closed and are funded by City contributions approximately equal to current benefit payments.

City of Birmingham Unclassified Employees Pension and Relief System – This system covers laborers not hired under civil service. Employees contribute \$10.00 bi-weekly. The City is required by City ordinance to contribute a sum, computed as a percentage of payroll, to fund the annual cost of the unfunded liability over thirty years. There are currently 11 active members and 57 pensioners including 3 beneficiaries.

Firemen's Pension and Relief Fund – This system covers firemen employed prior to September 1939. All participants are currently retired and receiving benefits. Funding is provided by a tax of 1 ½% of premiums on fire insurance on property in Birmingham and by City contributions. Retired members include 1 service pensioner and 12 beneficiaries.

Policemen's Pension and Relief Fund – This system covers policemen employed prior to September 1939. There is 1 disability pensioner and 10 beneficiaries currently in the plan.

Limited Firemen's Retirement and Relief System – This system covers certain designated firemen formerly members of the Firemen's Pension and Relief Fund. Current membership includes 1 service pensioner and 5 beneficiaries.

Limited Policemen's Retirement and Relief System – This system covers certain designated policemen formerly members of the Policemen's Pension and Relief Fund. Current membership includes 7 service pensioners and 7 beneficiaries.

Post-Retirement Benefits

In addition to the pension benefits described above, the City provides post-retirement health care benefits to retired employees who are eligible for pension benefits. The plan requires retirees to reduce their life insurance coverage, which retirees are required to pay in its entirety, and in exchange, the City will subsidize a portion of the retirees' health insurance premiums. The amount of the subsidy is based on the type of health insurance coverage chosen by retirees and the percentage of the retirees' life insurance reduction.

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

The City's subsidy for each covered retired employee ranges from \$30 to \$121 per month, and total insurance premiums range from \$11 to \$20 per month for dental insurance, and \$205 to \$858 for medical insurance. Currently, there are 2,449 retired members. Expenditures for post-retirement health care insurance costs are made and recognized monthly.

Summary of Significant Accounting Policies

The activities and the financial statements of the pension plans are accounted for on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Each pension plan's cash assets are invested in equity and fixed-income securities. All plan assets are reported at fair value. Investments traded on the national exchange are valued at the last reported sales price on the government's balance sheet date. Actuarial valuations are performed annually, and the latest are all dated July 1, 2003. The plans do not issue stand-alone financial reports, and all required disclosures are included in this report.

Trend analysis for the City's pension plans are presented on the following pages.

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

Schedule of Funding Progress
(dollars in thousands)

<u>Plan</u>	<u>Date</u>	<u>Actuarial Valuation of Assets</u>	<u>Actuarial Liability (AAL)-Entry Age</u>	<u>Unfunded (Overfunded) AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
Retirement & Relief	7/1/1994	407,997	384,272	(23,725)	106.17%	105,113	-22.57%
	7/1/1995	437,496	426,019	(11,477)	102.69%	110,198	-10.41%
	7/1/1996	468,396	439,162	(29,234)	106.66%	116,944	-25.00%
	7/1/1997	513,509	464,100	(49,409)	110.65%	120,831	-40.89%
	7/1/1998	575,642	496,911	(78,731)	115.84%	123,507	-63.75%
	7/1/1999	658,647	532,898	(125,749)	123.60%	125,105	-100.51%
	7/1/2000	738,898	615,476	(123,422)	120.05%	135,975	-90.77%
	7/1/2001	773,453	727,361	(46,092)	106.34%	149,422	-30.85%
	7/1/2002	778,605	758,085	(20,520)	102.71%	151,180	-13.57%
	7/1/2003	785,647	796,084	10,437	98.69%	152,242	6.86%
Firemen's & Policemen's Supplemental	7/1/1994	28,308	41,792	13,484	67.74%	48,832	27.61%
	7/1/1995	28,145	40,869	12,724	68.87%	45,344	28.06%
	7/1/1996	25,760	40,241	14,481	64.01%	48,784	29.68%
	7/1/1997	26,152	41,198	15,046	63.48%	51,647	29.13%
	7/1/1998	28,228	40,658	12,430	69.43%	52,553	23.65%
	7/1/1999	27,283	37,004	9,721	73.73%	53,264	18.25%
	7/1/2000	25,936	47,979	22,043	54.06%	56,456	39.04%
	7/1/2001	26,993	49,827	22,834	54.17%	61,270	37.27%
	7/1/2002	29,150	52,276	23,126	55.76%	62,815	36.82%
	7/1/2003	31,646	53,771	22,125	58.85%	61,435	36.01%
Unclassified Employees' Pension	7/1/1994	4,563	3,551	(1,012)	128.50%	427	-237.00%
	7/1/1995	5,004	3,134	(1,870)	159.67%	430	-434.88%
	7/1/1996	4,313	2,909	(1,404)	148.26%	334	-420.36%
	7/1/1997	4,571	N/A	(4,571)	N/A	N/A	N/A
	7/1/1998	4,846	N/A	(4,846)	N/A	N/A	N/A
	7/1/1999	4,837	N/A	(4,837)	N/A	N/A	N/A
	7/1/2000	2,508	N/A	(2,508)	N/A	N/A	N/A
	7/1/2001	N/A	N/A	N/A	N/A	N/A	N/A
	7/1/2002	N/A	N/A	N/A	N/A	N/A	N/A
	7/1/2003	N/A	N/A	N/A	N/A	N/A	N/A

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

Schedule of Funding Progress (continued)
(dollars in thousands)

Plan	Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Liability (AAL)- Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a
							Percentage of Covered Payroll
Firemen's Pension & Relief	7/1/1994	1,669	1,577	(92)	105.83%	N/A	N/A
	7/1/1995	2,050	1,448	(602)	141.57%	N/A	N/A
	7/1/1996	2,285	1,273	(1,012)	179.50%	N/A	N/A
	7/1/1997	2,913	1,106	(1,807)	263.38%	N/A	N/A
	7/1/1998	2,922	987	(1,935)	296.05%	N/A	N/A
	7/1/1999	3,443	820	(2,623)	419.88%	N/A	N/A
	7/1/2000	4,178	642	(3,536)	650.78%	N/A	N/A
	7/1/2001	4,692	600	(4,092)	782.00%	N/A	N/A
	7/1/2002	5,800	1,187	(4,613)	488.63%	N/A	N/A
	7/1/2003	5,731	561	(5,170)	1021.57%	N/A	N/A
Policemen's Pension & Relief	7/1/1994	643	643	0	0.00%	N/A	N/A
	7/1/1995	610	610	0	0.00%	N/A	N/A
	7/1/1996	513	513	0	0.00%	N/A	N/A
	7/1/1997	433	433	0	0.00%	N/A	N/A
	7/1/1998	384	384	0	0.00%	N/A	N/A
	7/1/1999	334	334	0	0.00%	N/A	N/A
	7/1/2000	282	282	0	0.00%	N/A	N/A
	7/1/2001	302	302	0	0.00%	N/A	N/A
	7/1/2002	226	226	0	0.00%	N/A	N/A
	7/1/2003	0	186	186	0.00%	N/A	N/A
Limited Firemen's Retirement & Relief	7/1/1994	591	591	0	0.00%	N/A	N/A
	7/1/1995	567	567	0	0.00%	N/A	N/A
	7/1/1996	539	539	0	0.00%	N/A	N/A
	7/1/1997	473	473	0	0.00%	N/A	N/A
	7/1/1998	400	400	0	0.00%	N/A	N/A
	7/1/1999	382	382	0	0.00%	N/A	N/A
	7/1/2000	341	341	0	0.00%	N/A	N/A
	7/1/2001	298	298	0	0.00%	N/A	N/A
	7/1/2002	284	284	0	0.00%	N/A	N/A
	7/1/2003	0	130	130	0.00%	N/A	N/A
Limited Policemen's Retirement & Relief	7/1/1994	796	796	0	0.00%	N/A	N/A
	7/1/1995	746	746	0	0.00%	N/A	N/A
	7/1/1996	745	745	0	0.00%	N/A	N/A
	7/1/1997	621	621	0	0.00%	N/A	N/A
	7/1/1998	521	521	0	0.00%	N/A	N/A
	7/1/1999	403	403	0	0.00%	N/A	N/A
	7/1/2000	419	419	0	0.00%	N/A	N/A
	7/1/2001	397	397	0	0.00%	N/A	N/A
	7/1/2002	361	361	0	0.00%	N/A	N/A
	7/1/2003	0	278	278	0.00%	N/A	N/A

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

Schedule of Employer Contributions

City of Birmingham Retirement & Relief		
Fiscal Year	Annual Required	Percentage
<u>End June 30.</u>	<u>Contribution</u>	<u>Contribution</u>
1994	\$9,201,392	100.00%
1995	7,888,794	100.00%
1996	8,574,845	100.00%
1997	9,327,208	100.00%
1998	6,621,250	100.00%
1999	8,157,000	100.00%
2000	7,073,900	100.00%
2001	10,151,206	100.00%
2002	8,580,579	100.00%
2003	9,756,787	100.00%

Firemen's & Policemen's Supplemental		
Fiscal Year	Annual Required	Percentage
<u>End June 30.</u>	<u>Contribution</u>	<u>Contribution</u>
1994	\$1,391,361	100.00%
1995	1,497,028	100.00%
1996	1,485,656	100.00%
1997	1,725,118	100.00%
1998	1,704,350	100.00%
1999	1,734,200	100.00%
2000	1,757,550	100.00%
2001	2,371,000	100.00%
2002	2,756,102	100.00%
2003	2,570,134	100.00%

Unclassified Employees' Pension		
Fiscal Year	Annual Required	Percentage
<u>End June 30.</u>	<u>Contribution</u>	<u>Contribution</u>
1994	\$1,085	100.00%
1995	2,711	100.00%
1996	2,583	100.00%
1997	2,076	100.00%
1998	0	100.00%
1999	0	100.00%
2000	0	100.00%
2001	0	100.00%
2002	0	100.00%
2003	0	100.00%

Firemen's Pension & Relief		
Fiscal Year	Annual Required	Percentage
<u>End June 30.</u>	<u>Contribution</u>	<u>Contribution</u>
1994	\$0	100.00%
1995	0	100.00%
1996	0	100.00%
1997	0	100.00%
1998	0	100.00%
1999	0	100.00%
2000	0	100.00%
2001	0	100.00%
2002	0	100.00%
2003	0	100.00%

Policemen's Pension & Relief		
Fiscal Year	Annual Required	Percentage
<u>End June 30.</u>	<u>Contribution</u>	<u>Contribution</u>
1994	\$84,112	100.00%
1995	135,648	100.00%
1996	123,230	100.00%
1997	101,229	100.00%
1998	90,100	100.00%
1999	82,700	100.00%
2000	67,686	100.00%
2001	70,759	100.00%
2002	66,425	100.00%
2003	57,585	100.00%

Limited Firemen's Retirement & Relief		
Fiscal Year	Annual Required	Percentage
<u>End June 30.</u>	<u>Contribution</u>	<u>Contribution</u>
1994	\$98,866	100.00%
1995	104,550	100.00%
1996	104,592	100.00%
1997	103,711	100.00%
1998	96,700	100.00%
1999	88,100	100.00%
2000	84,461	100.00%
2001	75,381	100.00%
2002	69,862	100.00%
2003	51,953	100.00%

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

Schedule of Employer Contributions (continued)

Limited Policemen's Retirement & Relief		
Fiscal Year	Annual Required	Percentage
<u>End June 30,</u>	<u>Contribution</u>	<u>Contribution</u>
1994	\$127,346	100.00%
1995	144,396	100.00%
1996	166,881	100.00%
1997	132,479	100.00%
1998	116,500	100.00%
1999	100,100	100.00%
2000	87,849	100.00%
2001	88,094	100.00%
2002	81,903	100.00%
2003	64,832	100.00%

Notes to Trend Data - Pension Plans

	Retirement & Relief System	Firemen's & Policemen's Supplemental	Unclassified Employees' Pension
Actuarial Valuation:			
Frequency	Annual	Annual	Annual
Latest Date	7/1/2003	7/1/2003	7/1/2003
Basis for Contributions	7/1/2003	7/1/2003	7/1/2003
Cost Method	Entry Age Normal	Entry Age Normal	Aggregate
Amortization:			
Method	Level Dollar	Level Dollar	
Open/Closed	Open/Rolling 30 years	Open/Rolling 30 years	Closed
Equivalent Single Period Remaining	30	30	N/A
Asset Valuation Method	Smoothing=20% of Market Value	Smoothing=20% of Market Value	
Assumptions:			
Investment Earnings	7.50%	7.50%	
Salary Increase:			
Inflation	4%	4%	
Merit, Longevity, etc.	Varies from .00% to 6%	Varies from .00% to 6%	
Mortality Table	1983 GAM	1983 GAM	
Retirements	Table	Table	
Turnover	Table	Table	
Post Retirement Benefits	N/A	N/A	

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2004

Notes to Trend Data - Pension Plans (continued)

	Firemen's Pension & Relief	Policemen's Pension & Relief	Limited Firemen's Retirement & Relief	Limited Policemen's Retirement & Relief
Actuarial Valuation:				
Frequency	Annual	Annual	Annual	Annual
Latest Date	7/1/2003	7/1/2003	7/1/2003	7/1/2003
Basis for Contributions	7/1/2003 Funded Frozen	7/1/2003 Frozen with Additional	7/1/2003 Frozen with Additional	7/1/2003 Frozen with Additional
Cost Method	Plan	Benefit Payments	Benefit Payments	Benefit Payments
Amortization:				
Method	N/A	N/A	N/A	N/A
Open/Closed	Closed	Closed	Closed	Closed
Equivalent Single Period Remaining	N/A	N/A	N/A	N/A
Asset Valuation Method	N/A	N/A	N/A	N/A
Assumptions:				
Investment Earnings	7%	7%	7%	7%
Salary Increase:				
Inflation	N/A	N/A	N/A	N/A
Merit, Longevity, etc.	N/A	N/A	N/A	N/A
Mortality Table	1971 GAM	1971 GAM	1971 GAM	1971 GAM
Retirements	N/A	N/A	N/A	N/A
Turnover	N/A	N/A	N/A	N/A
Post Retirement Benefits	N/A	N/A	N/A	N/A

City of Birmingham
 Combining Statement of Fiduciary Net Assets
 Pension Plans
 June 30, 2004
 (in thousands)

	Retirement and Relief System	Firemen's & Policemen's Supplemental Pension System	Firemen's Pension & Relief	Policemen's Pension & Relief	Limited Firemen's Retirement and Relief System	Limited Policemen's Retirement and Relief System	Unclassified Employees Pension & Relief System	Total
ASSETS								
Cash and cash equivalents	\$43,931	\$2,435	\$6,174	\$1			\$1,961	\$54,502
Receivables:								
Members	1,384	393						1,777
Member loans	10,124							10,124
Interest and dividends	6,545	414	16					6,975
Due from other funds	484	157			1			642
Investments, at fair value:								
U. S. Government obligations	252,200	24,207						276,407
Domestic corporate bonds	156,734	6,015						162,749
Domestic stocks	401,492							401,492
TOTAL ASSETS	872,894	33,621	6,190	1	1	0	1,961	914,668
LIABILITIES								
Accounts payable and other	1,054	112	1	1	1			1,169
NET ASSETS	\$871,840	\$33,509	\$6,189	\$0	\$0	\$0	\$1,961	\$913,499
Held in trust for future pension benefits								

City of Birmingham
 Combining Statement of Changes in Fiduciary Net Assets
 Pension Plans
 For the Year Ended June 30, 2004
 (in thousands)

	Retirement and Relief System	Firemen's & Policemen's Supplemental Pension System	Firemen's Pension & Relief	Policemen's Pension & Relief	Limited Firemen's Retirement and Relief System	Limited Policemen's Retirement and Relief System	Unclassified Employees Pension & Relief System	Total
ADDITIONS								
Contributions:								
Employer	\$11,389	\$3,260		\$52	\$35	\$62		\$14,798
Plan members	10,476	3,210					3	13,689
Total contributions	21,865	6,470		52	35	62	3	28,487
Investment income:								
Investment earnings	72,028	107	49				184	72,368
Securities lending	213							213
Less investment expenses	72,241	107	49	0	0	0	184	72,581
Net investment income	(2,115)							(2,115)
	70,126	107	49	0	0	0	184	70,466
Other income	24		569					593
TOTAL ADDITIONS	92,015	6,577	618	52	35	62	187	99,546
DEDUCTIONS								
Benefits	42,302	4,688	158	50	33	60	216	47,507
Refunds of contributions	1,123	295						1,418
Administrative expenses	329	634	2	2	2	2	14	985
TOTAL DEDUCTIONS	43,754	5,617	160	52	35	62	230	49,910
Net increase (decrease)	48,261	960	458	0	0	0	(43)	49,636
Net assets held in trust for future pension benefits:								
Beginning of year	823,579	32,549	5,731				2,004	863,863
End of year	\$871,840	\$33,509	\$6,189	\$0	\$0	\$0	\$1,961	\$913,499

OTHER SUPPLEMENTARY INFORMATION

City of Birmingham
 General Fund
 Schedule of Revenues, Expenditures, and Encumbrances
 Budget and Actual
 for the year ended June 30, 2004
 (in thousands)

	Budget	Actual	Over (Under) Budget
Revenues:			
Taxes:			
Sales tax	\$85,975	\$82,619	(\$3,356)
Use tax	17,372	17,990	618
Occupational tax	65,488	65,537	49
Property tax	21,795	22,525	730
Total taxes	<u>190,630</u>	<u>188,671</u>	<u>(1,959)</u>
Licenses & permits:			
Business:			
General	27,400	28,048	648
Public utilities	13,000	13,001	1
Beer-wholesale	1	1	0
Beer-retail	26	26	0
Liquor	860	885	25
Liquor and wine	140	142	2
Table wine tax	175	194	19
Lease or rental tax	6,800	6,389	(411)
Total business	<u>48,402</u>	<u>48,686</u>	<u>284</u>
Non-business:			
Building permits	3,670	3,800	130
Electrical inspection fees	102	75	(27)
Elevator permits	16	20	4
Plumbing permits	17	20	3
Gas permits	26	24	(2)
Blasting permits	1	1	0
Engineering permits	1		(1)
Excavation permits	52	9	(43)
Clearing & earthwork permits	25	28	3
Billboard permits	35	40	5
Mechanical permits	15	30	15
Dance permits	45	30	(15)
Other	10	12	2
Total non-business	<u>4,015</u>	<u>4,089</u>	<u>74</u>
Total licenses and permits	<u>52,417</u>	<u>52,775</u>	<u>358</u>
Fines and forfeitures:			
Municipal court fines	1,420	1,412	(8)
Prison collections	355	18	(337)
Traffic citations	1,675	1,619	(56)
Partial payments	735	974	239
Technology fee	7		(7)
Corrections		3	3
False alarm fine	20	34	14
Library	180	172	(8)
Municipal court fair trial tax	280	362	82
Total fines and forfeitures	<u>4,672</u>	<u>4,594</u>	<u>(78)</u>

City of Birmingham
 General Fund
 Schedule of Revenues, Expenditures, and Encumbrances
 Budget and Actual
 for the year ended June 30, 2004
 (in thousands)

	Budget	Actual	Over (Under) Budget
Intergovernmental revenue:			
Shared from local units:			
County gasoline tax	1,850	1,911	61
County tobacco tax	375	333	(42)
County road tax	2,238	2,284	46
County library contributions	272	340	68
Sales tax on sale of used cars	506	500	(6)
State-wide uniform beer tax	1,826	1,735	(91)
	<u>7,067</u>	<u>7,103</u>	<u>36</u>
Shared state revenue:			
Bank excise tax	991	991	0
Motor vehicle license	700	668	(32)
State liquor profits	133	178	45
State table wine tax	3	3	0
Interstate Regulatory Plan registration fees	250	204	(46)
Liquor store sales tax	210	240	30
Alabama Trust Fund	980	1,021	41
Business privilege tax	2,600	2,617	17
Oil production privilege tax	19	40	21
	<u>5,886</u>	<u>5,962</u>	<u>76</u>
Other:			
Civil Defense	26	27	1
National Park Service	134	134	0
Industrial Development Board	110	84	(26)
County Animal Control contribution	30		(30)
Youth Handgun Violence overtime grant	11		(11)
Indirect cost reimbursement-Community Development	250	250	0
Indirect cost reimbursement-Civil Defense	7		(7)
	<u>568</u>	<u>495</u>	<u>(73)</u>
Total intergovernmental revenue	<u>13,521</u>	<u>13,560</u>	<u>39</u>
Charges for services:			
Culture and recreation:			
Admission fees	44	42	(2)
Concessions	420	228	(192)
Parking	360	371	11
Rent	793	492	(301)
Drink machines	1	1	0
Gifts	21	16	(5)
Lunches	29	26	(3)
Miscellaneous	96	19	(77)
	<u>1,764</u>	<u>1,195</u>	<u>(569)</u>
Highways and streets:			
Streets, sidewalks, and curbs	20	15	(5)
Parking meters	1,250	1,325	75
Street lighting revenue	1	0	(1)
Street vacation fees	300	97	(203)
	<u>1,571</u>	<u>1,437</u>	<u>(134)</u>

City of Birmingham
 General Fund
 Schedule of Revenues, Expenditures, and Encumbrances
 Budget and Actual
 for the year ended June 30, 2004
 (in thousands)

	Budget	Actual	Over (Under) Budget
Charges for services (continued):			
General government:			
Subdivision fees	35	47	12
Zoning fees	20	10	(10)
Parking Authority	5,004	6,077	1,073
Right-of-way fiber optic fee	114	114	0
Franchise fees - AT&T	251	248	(3)
	<u>5,424</u>	<u>6,496</u>	<u>1,072</u>
Public safety:			
Accident and offense reports	170	198	28
Auto storage	520	478	(42)
Auto sales	434	334	(100)
Airport	3,027	2,418	(609)
E-911 cost reimbursement	2,568	2,862	294
Ambulance application fees	2	2	0
Advanced life support transportation fees	2,885	2,906	21
Domestic violence fees	40	60	20
Housing Authority	790	869	79
Court-ordered restitution	5	1	(4)
Photo lab fees	2	2	0
Other	0	9	9
	<u>10,443</u>	<u>10,139</u>	<u>(304)</u>
Sanitation:			
Garbage special services	0	1	1
Junk sales	8	5	(3)
Landfill charges	450	365	(85)
	<u>458</u>	<u>371</u>	<u>(87)</u>
Total charges for services	<u>19,660</u>	<u>19,638</u>	<u>(22)</u>
Other operating revenue:			
Interest earnings on investments	1,609	1,036	(573)
Interest earnings on loans	50	30	(20)
Total interest earnings	<u>1,659</u>	<u>1,066</u>	<u>(593)</u>
Warrants-airport	59	57	(2)
Airport lease payments	59	57	(2)
State Fair receipts	450	487	37
Rents and royalties	416	409	(7)
Discounts on purchase of stores	2	3	1
Commision on toll phones	140	71	(69)
Adjustment of prior years' encumbrances	710	1,076	366
Inventory adjustments		(290)	(290)
Damage to City property	120	100	(20)
Expense reimbursement	14	16	2
Insurance claims	54	54	0
Industrial Development Board filing fees	14	0	(14)
Snack bar rental	2	4	2

City of Birmingham
 General Fund
 Schedule of Revenues, Expenditures, and Encumbrances
 Budget and Actual
 for the year ended June 30, 2004
 (in thousands)

	Budget	Actual	Over (Under) Budget
Other operating revenue (continued):			
Race track distribution-City	576	436	(140)
Race track distribution-County	319	242	(77)
Refund of insurance stabilization	417	417	0
Income from recycling	15	7	(8)
FEMA reimbursement	173	168	(5)
Miscellaneous	658	984	326
Total other operating revenue	<u>5,857</u>	<u>5,364</u>	<u>(493)</u>
Total revenues	<u>286,757</u>	<u>284,602</u>	<u>(2,155)</u>
Expenditures and Encumbrances:			
Public safety:			
Police:			
Personnel services	61,377	61,826	449
Other	7,522	7,960	438
	<u>68,899</u>	<u>69,786</u>	<u>887</u>
Fire:			
Personnel services	38,384	38,357	(27)
Other	4,119	4,620	501
	<u>42,503</u>	<u>42,977</u>	<u>474</u>
Planning, Engineering, & Permitting:			
Personnel services	12,816	12,299	(517)
Other	850	1,077	227
	<u>13,666</u>	<u>13,376</u>	<u>(290)</u>
Traffic Engineering:			
Personnel services	4,357	4,212	(145)
Other	3,692	4,229	537
	<u>8,049</u>	<u>8,441</u>	<u>392</u>
Municipal Court:			
Personnel services	3,039	2,978	(61)
Other	584	576	(8)
	<u>3,623</u>	<u>3,554</u>	<u>(69)</u>
Parole Office:			
Personnel services	638	648	10
Other	11	8	(3)
	<u>649</u>	<u>656</u>	<u>7</u>
Nondepartmental:			
TASC	44	44	0
Police Pension and Relief	64	52	(12)
Limited Police Retirement and Relief	79	62	(17)
Limited Fire Retirement and Relief	71	35	(36)
Police Community Relations	6	6	0
Drug and gang prevention	24	24	0
Jefferson County Civil Defense	231	231	0
Police grant match	132	132	0
Supplemental retirees	595	454	(141)
	<u>1,246</u>	<u>1,040</u>	<u>(206)</u>
Total public safety	<u>138,635</u>	<u>139,830</u>	<u>1,195</u>

City of Birmingham
 General Fund
 Schedule of Revenues, Expenditures, and Encumbrances
 Budget and Actual
 for the year ended June 30, 2004
 (in thousands)

	Budget	Actual	Over (Under) Budget
Environment and streets:			
Public works:	41,844	41,320	(524)
Personnel services	4,799	6,646	1,847
Other	46,643	47,966	1,323
	<u>46,643</u>	<u>47,966</u>	<u>1,323</u>
Parking Authority:			
Personnel services	3,062	3,587	525
Other	676	1,460	784
	<u>3,738</u>	<u>5,047</u>	<u>1,309</u>
Nondepartmental:			
Birmingham Cable Television	1	0	(1)
Storm water permit fees	30	22	(8)
DART	84	84	0
Debt service	8,748	8,072	(676)
Birmingham Transit Authority	2,732	2,839	107
	<u>11,595</u>	<u>11,017</u>	<u>(578)</u>
Total environment and streets	<u>61,976</u>	<u>64,030</u>	<u>2,054</u>
Cultural and recreational:			
Park and recreation:			
Personnel services	6,281	6,064	(217)
Other	2,092	2,743	651
	<u>8,373</u>	<u>8,807</u>	<u>434</u>
Library:			
Personnel services	10,390	10,248	(142)
Other	3,183	3,483	300
	<u>13,573</u>	<u>13,731</u>	<u>158</u>
Southern Museum of Flight:			
Personnel services	285	291	6
Other	137	166	29
	<u>422</u>	<u>457</u>	<u>35</u>
Museum:			
Personnel services	1,494	1,553	59
Other	1,297	1,515	218
	<u>2,791</u>	<u>3,068</u>	<u>277</u>
Auditorium:			
Personnel services	775	690	(85)
Other	224	217	(7)
	<u>999</u>	<u>907</u>	<u>(92)</u>
Arlington:			
Personnel services	350	352	2
Other	181	190	9
	<u>531</u>	<u>542</u>	<u>11</u>
Sloss Furnace:			
Personnel services	570	583	13
Other	219	205	(14)
	<u>789</u>	<u>788</u>	<u>(1)</u>

City of Birmingham
 General Fund
 Schedule of Revenues, Expenditures, and Encumbrances
 Budget and Actual
 for the year ended June 30, 2004
 (in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Cultural and recreational expenditures, continued:			
Nondepartmental:			
Birmingham Arts Commission	353	353	0
Birmingham Historical Society	18	17	(1)
Jefferson-Blount-St. Clair Mental Health	123	123	0
Board of Education-Community Schools	493	493	0
Ruffner Mountain Agency	71	71	0
Board of Education	100	100	0
Board of Education-Crossing Guards	92	92	0
Board of Education-Adult Learning Center	259	259	0
Board of Education-Recreation Support Program	33	34	1
Board of Education-Reading Initiative	625	625	0
Board of Education-Family Education	27	27	0
Board of Education-Coaches and Band Directors	270	270	0
Board of Education-Camp Birmingham	85	85	0
High school football championships	20	20	0
Osiris Chess Club	7	7	0
Alabama Sports Festival	18	18	0
Southwestern Athletic Conference	541	531	(10)
Oak Hill Memorial Cemetery	126	126	0
Kids One Transport	35	35	0
YMCA	49	49	0
Alabama Symphone matching funds	90	90	0
City Stages	35	35	0
Alabama Sports Foundation	51	51	0
Board of Education Professional Development	113	113	0
Board of Education Student Safety Program	180	180	0
Operation New Birmingham	288	288	0
JCCEO	99	99	0
Magic City Classic	12	12	0
Literacy Council	18	18	0
Better Basics	56	56	0
Birmingham Children's Theatre	14	14	0
Birmingham Music Club Jazz Hall	18	18	0
Birmingham Public Schools B.A.C.C. Arts	90	90	0
Camp Anytown	17	17	0
African American Arts and Heritage	21	21	0
Space One Eleven	18	18	0
Jefferson County Historical Development Board	7	7	0
Birmingham Youth Program	199	199	0
Veterans Day	3	3	0
Discovery 2000	464	464	0
Youth Services	420	420	0
Housing Authority Community Centers	479	479	0
High school basketball	14	14	0
UAB football	225	225	0
Birmingham urban youth soccer	35	35	0
Rickwood Field	53	53	0
Birmingham Civil Rights Institute	560	560	0

City of Birmingham
 General Fund
 Schedule of Revenues, Expenditures, and Encumbrances
 Budget and Actual
 for the year ended June 30, 2004
 (in thousands)

	Budget	Actual	Over (Under) Budget
Cultural and recreational expenditures-nondepartmental, continued:			
Sister City Program	21	21	0
Alabama Sports Hall of Fame	9	9	0
Gallery of Distinguished Citizens	14	0	(14)
Alabama State Fair Authority	547	638	91
Smithfield-Bruno Center	14	13	(1)
Festival of Arts	21	21	0
Alabama Symphony	68	68	0
Police Athletic Team	59	59	0
African American Heritage	35	35	0
Jazz Hall of Fame	193	193	0
PING athletic activities	42	42	0
Function at the Junction	21	21	0
American Tennis Association	9	9	0
Boy Scouts Leadership Camp	17	17	0
	<u>7,994</u>	<u>8,060</u>	<u>66</u>
Total cultural and recreational	<u>35,472</u>	<u>36,360</u>	<u>888</u>
General government:			
Finance:			
Personnel services	6,348	6,228	(120)
Other	1,852	1,844	(8)
	<u>8,200</u>	<u>8,072</u>	<u>(128)</u>
Equipment Management:			
Personnel services	4,600	4,551	(49)
Other	216	320	104
	<u>4,816</u>	<u>4,871</u>	<u>55</u>
Information Management Services:			
Personnel services	3,667	3,682	15
Other	1,112	1,132	20
	<u>4,779</u>	<u>4,814</u>	<u>35</u>
City Clerk:			
Personnel services	415	418	3
Other	792	646	(146)
	<u>1,207</u>	<u>1,064</u>	<u>(143)</u>
Community Development:			
Personnel services	624	641	17
Other	117	118	1
	<u>741</u>	<u>759</u>	<u>18</u>
Council:			
Personnel services	1,640	1,580	(60)
Other	531	470	(61)
	<u>2,171</u>	<u>2,050</u>	<u>(121)</u>
Legal:			
Personnel services	2,523	2,527	4
Other	1,555	1,448	(107)
	<u>4,078</u>	<u>3,975</u>	<u>(103)</u>

City of Birmingham
 General Fund
 Schedule of Revenues, Expenditures, and Encumbrances
 Budget and Actual
 for the year ended June 30, 2004
 (in thousands)

General government expenditures, continued:	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Mayor's Office:			
Personnel services	2,917	2,762	(155)
Other	407	435	28
	<u>3,324</u>	<u>3,197</u>	<u>(127)</u>
Personnel Office:			
Personnel services	1,071	1,074	3
Other	620	589	(31)
	<u>1,691</u>	<u>1,663</u>	<u>(28)</u>
Nondepartmental:			
Unemployment compensation	110	183	73
Pensioners health insurance	350	328	(22)
Employee auto insurance	6	2	(4)
Telephone	428	751	323
Telecommunications	93	91	(2)
Board of Equalization	61	53	(8)
Bank custodial service	300	284	(16)
Communication airtime	1,253	1,253	0
Property reappraisal	461	554	93
Insurance-property	10	12	2
Employee parking	420	364	(56)
Birmingham Regional Planning Commission	96	96	0
Jefferson County Personnel Board	3,000	2,978	(22)
Jefferson County Board of Health	1,534	1,512	(22)
Jefferson County Board of Health-DOPEPP	35	35	0
Jefferson County Soil and Water Conservation	7	7	0
Childcare Resources Inc.	20	20	0
Birmingham Construction Industry Authority	105	105	0
Alabama Conservancy	11	11	0
Birmingham Housing Authority	40	40	0
Birmingham Urban League	66	66	0
Crisis Center	6	6	0
Prescott House	10	10	0
RESPECT	5	5	0
Impact Program	35	35	0
Ministerial Brotherhood	18	18	0
Cerebral Palsy	15	15	0
Alcohol and substance abuse	15	15	0
Municipal expansion	50	38	(12)
Professional services	3	0	(3)
Public technology	12	12	0
U.S. Conference of Mayors	7	7	0
Alabama League of Municipalities	164	57	(107)
ARC of Jefferson County	18	18	0
Alcoholism Recovery Service	10	10	0
Summer Youth Jobs	70	70	0
JCCEO-PING	86	86	0
Urban Impact	39	39	0
Birmingham Aids Outreach	30	30	0
Positive Maturity	11	11	0

City of Birmingham
General Fund
Schedule of Revenues, Expenditures, and Encumbrances
Budget and Actual
for the year ended June 30, 2004
(in thousands)

	Budget	Actual	Over (Under) Budget
Neighborhood Services, Inc.	42	42	0
Birmingham Area Technical Leadership	35	35	0
Village Creek Human Justice	44	44	0
Better Business Bureau of Central Alabama	30	30	0
Housing for Mentally Ill	56	56	0
Birmingham Business Network	117	117	0
BBRC Administration	175	175	0
BBRC Micro Lending	35	35	0
Brownfield Match	35	35	0
Development Solution	40	40	0
Metropolitan Development Board	528	528	0
Birmingham Foreign Trade Zone		(6)	(6)
BCWLDC-SBA Micro Loan	27	0	(27)
Greenwood Cemetery	60	60	0
Transit Authority-EXT Fixed Route	679	679	0
Transit Authority-Highway 31 Route	14	14	0
Transit Authority-Paratransit	287	287	0
Transit Authority-DART Late Night	58	58	0
Transit Authority-Titusville/Westend	46	46	0
Transit Authority-Saturday service	453	453	0
Transit Authority-Holiday service	25	25	0
Vulcan Park Foundation	357	357	0
Civil Rights Activist Committee	18	18	0
Health Care for the Homeless	59	59	0
Sickle Cell Foundation	21	21	0
Jefferson County Mayor's Association	24	24	0
Local Government Leadership	22	22	0
Auburn Center	6	6	0
Property rental	5	0	(5)
Environment center	14	14	0
Visionland Amusement Park	1,000	1,000	0
Birmingham Humane Society	680	668	(12)
Planning and Zoning Commission	7	6	(1)
Aids Task Force of Alabama	70	70	0
PING operating expenses	7	7	0
Birmingham Youth Jazz Ensemble	14	14	0
Bryant-Jordan Foundation	18	18	0
Titusville Development Corporation	77	77	0
Birmingham Regional Medical System	1	1	0
Meals on Wheels	12	12	0
Center for Urban Missions	25	25	0
Clergy that Care	18	18	0
AIDS in Minorities	28	28	0
Damage claims	1,800	(960)	(2,760)
Other		29	29
	<u>16,079</u>	<u>13,514</u>	<u>(2,565)</u>
Total general government	47,086	43,979	(3,107)
Total expenditures and encumbrances	<u><u>\$283,169</u></u>	<u><u>\$284,199</u></u>	<u><u>\$1,030</u></u>

This page is intentionally blank.

Nonmajor Governmental Funds

Special Revenue Funds

Federal Revenue Sharing Fund accounts for funds received and disbursed under Federal Revenue Sharing.

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

HUD Rental Rehabilitation Loan Fund accounts for funds used for rehabilitation of rental property.

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

Law Enforcement Block Grant accounts for funds received for reducing crime and improving public safety.

Mortgage Subsidy Fund accounts for funds used to subsidize residential mortgages.

UDAG Repayment Fund accounts for funds received in repayment of UDAG loans.

HUD 108 Loan Fund accounts for funds used for economic development.

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

Other Funds represent small donations funds used to account for specific donations.

Debt Service Funds

Tax Increment Financing accounts for ad valorem taxes received from Jefferson County specifically for the repayment of the debt for the Tax Increment Financing Warrants.

Tax Increment Reserve accounts for the funds with the escrow agent for the repayment of the debt for the Tax Increment Financing Warrants.

Capital Projects Funds

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

General Obligation Bond Issues accounts for the expenditure of the proceeds from bond issues that are for capital projects.

Capital Improvement Fund accounts for funds derived from specific grants and from current funds used for capital improvements.

Fuel Tax Fund accounts for proceeds of a \$.04 State gasoline tax. The use of these funds is restricted for street projects.

Highway Improvement Fund accounts for proceeds of a \$.07 State gasoline tax. The use of these funds is restricted for street projects.

Capital Projects Funds

Industrial Park Improvement Fund accounts for proceeds from the sale of industrial park property.

Capital Improvement General Obligation Warrant Fund accounts for proceeds of General Obligation Warrants designated for building and construction facilities.

Street Improvement Warrant Fund accounts for proceeds of the 1988 and 1992 Street Improvement Warrants.

The remaining funds presented represent the funds used to account for the proceeds from the particular General Obligation Warrant issue.

1994 General Obligation Warrant Fund

1997 General Obligation Warrant Fund

1998-A General Obligation Warrant Fund

1998-B General Obligation Warrant Fund

2004-A General Obligation Warrant Fund

Tax Increment Financing Warrants Fund

City of Birmingham, Alabama
Combining Balance Sheets
Nonmajor Governmental Funds
 June 30, 2004
 (In thousands)
 (Page 1 of 2)

	Special Revenue Funds										Debt Service Funds				Total
	Federal Revenue Sharing	Community Development	HUD Rental Rehabilitation Loan	Miscellaneous Grant	Enforcement Block Grant	Law	Mortgage Subsidy	UDAG Repayment	HUD 108 Loan	Home Investment Trust	Other Funds	Total Revenue Funds	Tax Increment Financing	Tax Increment Reserve	
ASSETS															
Cash and Investments	\$973	\$927	\$965	\$5,871	\$320	\$5,284	\$5,565	\$42	\$29	\$2,649	\$22,625	\$361	1,797	\$361	1,797
Cash with escrow agent															
Receivables:															
Accrued interest receivable	4				14	18	1	1		3	41				
Accounts															
Lease obligations		4,964				476	3,133	189			189				
Loans											8,563				
Assessments											53				
Collateral deposited for surety									109		565				
Due from other funds		456										23	384		407
TOTAL ASSETS	\$977	\$6,337	\$965	\$5,871	\$334	\$5,778	\$8,699	\$232	\$138	\$2,705	\$32,036	\$384	\$2,181	\$384	\$2,565
LIABILITIES AND FUND BALANCE															
LIABILITIES															
Accounts payable				\$20							\$20				
Contracts payable	11	622		155			9		47	24	868				868
Contracts payable-retainage		80								1	81				81
Accrued payroll and taxes payable		49		2					2		53				53
Due to other funds		257		35		440		143	89		732			384	384
Deferred revenue		5,329		5,659							13,898				
Other liabilities											55				55
TOTAL LIABILITIES	11	6,337		5,871		440	2,687	143	138	80	15,707	384		384	384
FUND BALANCES															
Reserved for encumbrances	14	3,618			66	21	289			107	4,115				4,115
Reserved for future projects	952		965		268	5,317	5,723	89		2,518	15,852				15,852
Reserved for debt service													2,181		2,181
Unreserved and undesignated (deficit)	966	(3,618)			334	5,338	6,012	89		2,625	(3,618)				
TOTAL FUND BALANCES	966	0	965	0	334	5,338	6,012	89	0	2,625	15,329	0	2,181	2,181	2,181
TOTAL LIABILITIES AND FUND BALANCES	\$977	\$6,337	\$965	\$5,871	\$334	\$5,778	\$8,699	\$232	\$138	\$2,705	\$32,036	\$384	\$2,181	\$384	\$2,565

City of Birmingham, Alabama
 Combining Balance Sheets
 Nonmajor Governmental Funds
 June 30, 2004
 (in thousands)
 (Page 2 of 2)

	Capital Projects Funds													Total Capital Projects Funds	Total Nonmajor Funds				
	Special Assessment	General Obligation Bond Issues	Capital Improvement	Fuel Tax	Highway Improvement	Industrial Park Improvement	1994		1997		1998-A		1998-B			2004-A		Tax Increment Financing Warrants	
							Street Improvement Warrants	General Obligation Warrants	Street Improvement Warrants	General Obligation Warrants	General Obligation Warrants	General Obligation Warrants	General Obligation Warrants			General Obligation Warrants			
ASSETS		\$58,043		\$2,749	\$1,517	\$984	\$6,024	\$2,005	\$2,467	\$131	\$2,557	\$4,918	\$7,093	\$6,116	\$84,614	\$117,600	1,797		
Cash and Investments																			
Cash with escrow agent																			
Receivables:																			
Accrued Interest receivable	3	51		6	49	8	195	12	2		2	12		102	412	453	375		
Accounts				137	238										375	189			
Lease obligations																			
Loans																			
Assessments	7,255														7,255	8,663			
Collateral deposited for surety																			
Due from other funds	304		13,808												14,112	53	15,084		
TOTAL ASSETS	\$7,562	\$58,094	\$13,808	\$2,892	\$1,774	\$1,002	\$6,219	\$2,017	\$2,469	\$131	\$2,559	\$4,930	\$7,093	\$6,218	\$116,768	\$151,369			
LIABILITIES AND FUND BALANCE																			
LIABILITIES																			
Accounts payable	\$300		\$652		\$2		245		138						\$954	\$974			
Contracts payable	23	1,065	189		10	126	50		24					183	2,010	2,878			
Accrued payroll and taxes payable		377	5	23	27						42	124		7	679	760			
Due to other funds																			
Deferred revenue	7,076														7,076	1,116			
Other liabilities						81									81	20,974			
TOTAL LIABILITIES	7,399	1,442	846	23	39	207	295		162		42	155		190	10,800	26,891			
FUND BALANCES																			
Reserved for encumbrances	417	9,929	2,409	3,117	1,007	393	701	16	1,414	10	680	1,250		1,007	22,350	26,465			
Reserved for future projects		46,723	10,553	726		402	5,223	2,001	893	121	1,837	3,525		5,021	84,120	99,952			
Reserved for debt service																			
Unreserved and undesignated (deficit)	(254)			(248)											(502)	(4,120)			
TOTAL FUND BALANCES	163	56,652	12,962	2,869	1,735	795	5,924	2,017	2,307	131	2,517	4,775	7,093	6,028	105,968	124,478			
TOTAL LIABILITIES AND FUND BALANCES	\$7,562	\$58,094	\$13,808	\$2,892	\$1,774	\$1,002	\$6,219	\$2,017	\$2,469	\$131	\$2,559	\$4,930	\$7,093	\$6,218	\$116,768	\$151,369			

City of Birmingham
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Normal Governmental Funds
For the Year Ended June 30, 2004
(in thousands)
(Page 1 of 2)

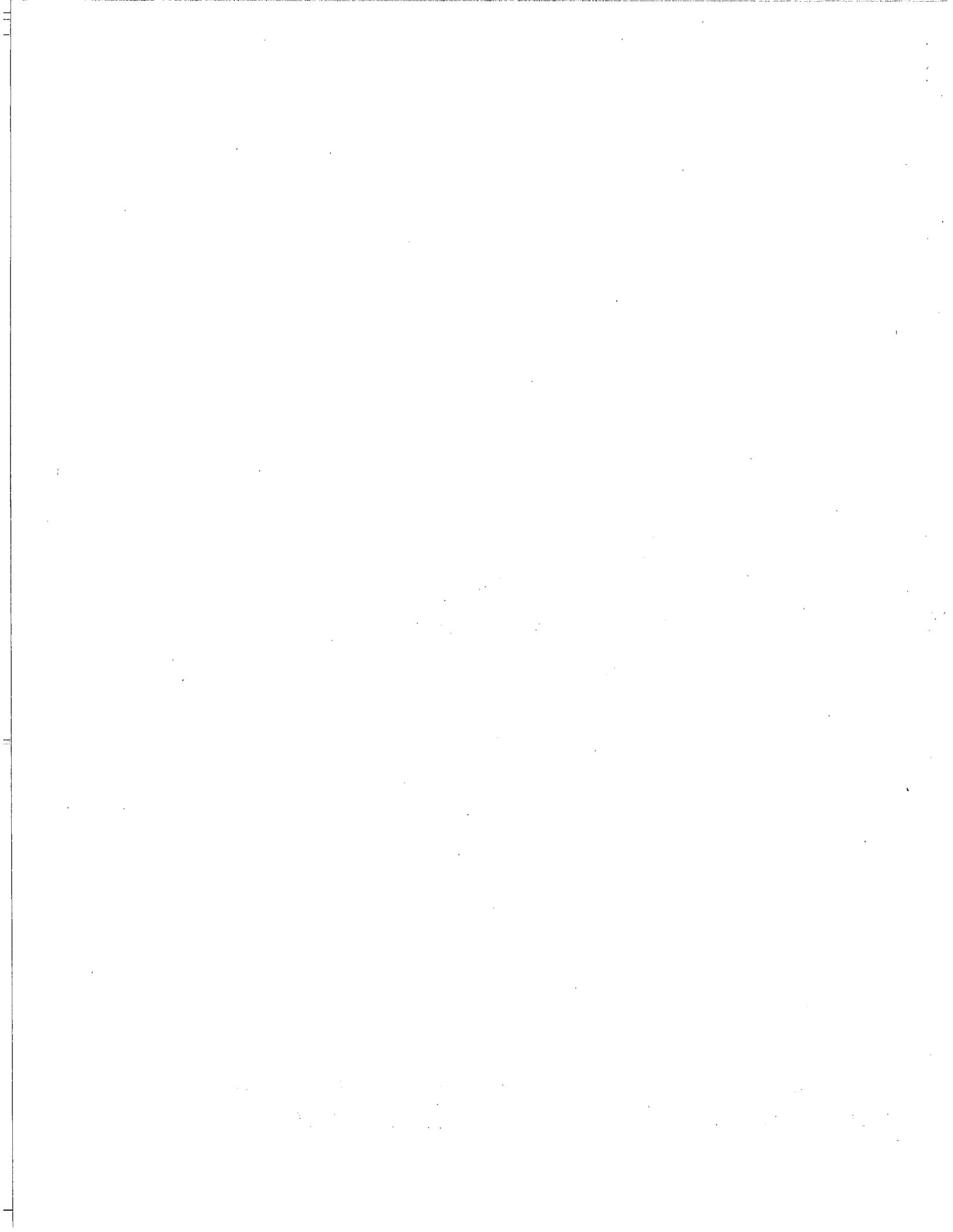
	Special Revenue Funds										Debt Service Funds			
	Federal Revenue Sharing	Community Development	HUD Rental Rehabilitation Loan	Miscellaneous Grant	Law Enforcement Block Grant	Mortgage Subsidy	UDAG Repayment	HUD 108 Loan	Home Investment Trust	Other Funds	Special Revenue Funds	Tax Increment Financing	Tax Reserve	Total Debt Service Funds
REVENUES														
Taxes														
Intergovernmental		7,431		2,142	311	72	27	1	2,110		11,994			\$364
Investment Income	8			1,065	16	82	24	8		22	146		6	7
Other				3,207	327	154	51	9	2,110	1,561	2,740			
TOTAL REVENUES	8	7,431	0	3,207	327	154	51	9	2,110	1,563	14,880	365	6	371
EXPENDITURES														
Current:														
Streets and sanitation	100	681									781			
Cultural and recreation		585								67	652			
General government	2	6,295		3,207		219	(1,504)		2,110	270	10,599			
Total current operations	102	7,561	0	3,207	0	219	(1,504)	0	2,110	337	12,032	0	0	0
Debt service, interest													147	
Warrant issue costs														
Capital outlays					344			95			439			
TOTAL EXPENDITURES	102	7,561	0	3,207	344	219	(1,504)	95	2,110	337	12,471	0	147	147
Excess (deficiency) of revenues over (under) expenditures	(94)	(130)	0	0	(17)	(65)	1,555	(66)	0	1,246	2,409	365	(141)	224
Other financing sources (uses):														
Proceeds from sale of warrants														
Proceeds from sale of property		130									130		384	384
Operating transfers in											(130)		(384)	(384)
Operating transfers out											0			
Total other financing sources (uses)	0	130	0	0	0	0	0	(130)	0	0	0	(384)	384	
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(94)	0	0	0	(17)	(65)	1,555	(216)	0	1,246	2,409	(19)	243	224
Fund balances, beginning of year	1,060	0	965	0	351	5,403	4,457	305	0	1,379	13,920	19	1,938	1,957
Fund balances, end of year	\$966	\$0	\$965	\$0	\$334	\$5,338	\$6,012	\$89	\$0	\$2,625	\$16,329	\$0	\$2,181	\$2,181

City of Birmingham
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2004
(In thousands)
(Page 2 of 2)

	Capital Projects Funds													Total Capital Projects Funds	Total Nonmajor Funds	
	Special Assessment	General Obligation Bond Issues	Capital Improvement	Fuel Tax	Highway Improvement	Industrial Park Improvement	Capital Improvement Gen.Obligation Warrants	Street Improvement Warrants	1994 General Obligation Warrants	1997 General Obligation Warrants	1998-A General Obligation Warrants	1998-B General Obligation Warrants	2004-A General Obligation Warrants			Tax Increment Financing Warrants
REVENUES																
Taxes																
Intergovernmental				1,523	3,351											4,874
Investment income	(2)	343		21	(5)	7	202	17	20	1	26	146		47	823	
Other	175														175	
TOTAL REVENUES	173	343	0	1,544	3,346	7	202	17	20	1	26	146	0	47	5,872	21,123
EXPENDITURES																
Current:																
Streets and sanitation					3,990			374	1,045					595	6,004	6,785
Cultural and recreation															652	652
General government															10,599	10,599
Total current operations	0	0	0	0	3,990	0	0	374	1,045	0	0	0	0	595	6,004	18,036
Debt service, interest																147
Warrant issue costs															545	545
Capital outlays	781	20,268	5,785	792		686	3,911				2,325	2,625	15,852		53,035	53,474
TOTAL EXPENDITURES	781	20,268	5,785	792	3,990	686	3,911	374	1,045	0	2,325	2,625	16,397	595	59,584	72,202
Excess (deficiency) of revenues over (under) expenditures	(608)	(19,925)	(5,785)	752	(644)	(689)	(3,709)	(357)	(1,025)	1	(2,299)	(2,479)	(16,397)	(548)	(53,712)	(51,079)
Other financing sources (uses):																
Proceeds from sale of warrants						51							23,490		23,490	23,490
Proceeds from sale of property															51	51
Operating transfers in	347		3,375												3,722	4,236
Operating transfers out		(43)													(43)	(557)
Total other financing sources (uses)	347	(43)	3,375	0	0	51	0	0	0	0	0	0	23,490	0	27,220	27,220
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(261)	(19,968)	(2,410)	752	(644)	(638)	(3,709)	(357)	(1,025)	1	(2,299)	(2,479)	(16,397)	(548)	(26,492)	(23,859)
Fund balances, beginning of year	424	76,620	15,372	2,117	2,379	1,433	9,633	2,374	3,332	130	4,816	7,254	0	6,575	132,480	148,337
Fund balances, end of year	\$163	\$56,652	\$12,962	\$2,869	\$1,735	\$795	\$5,924	\$2,017	\$2,307	\$131	\$2,517	\$4,775	\$7,093	\$6,028	\$105,968	\$124,478

This page is intentionally blank.

**STATISTICAL
SECTION**



**City of Birmingham, Alabama
Statistical Information**

Table 1

**Government-Wide Revenues by Sources
Last Three Fiscal Years
(in thousands)**

Fiscal Year	Program Revenues		General Revenues				Totals
	Charges for Services	Operating Grants and Contributions	Taxes	Unrestricted Grants and Contributions	Unrestricted Investment Earnings	Miscellaneous	
2002	\$72,407	\$20,684	\$208,943	\$18,101	\$17,647	\$25,817	\$363,599
2003	72,170	13,385	208,814	18,249	18,023	18,005	348,646
2004	74,145	18,051	214,741	18,434	9,304	6,725	341,400

Table 2

**Government-Wide Expenditures by Function
Last Three Fiscal Years
(in thousands)**

Fiscal Year	General Government	Public Safety	Streets & Sanitation	Culture & Recreation	Interest on Long-Term Debt	Totals
2002	\$73,183	\$175,491	\$70,472	\$40,012	\$10,633	\$369,791
2003	91,770	140,226	93,381	41,657	15,115	382,149
2004	84,411	138,260	97,819	39,359	15,085	374,934

**City of Birmingham, Alabama
Statistical Information**

Table 3

**General Government Revenues and Other Financing Sources by Source
Last Ten Fiscal Years
(in thousands)**

Fiscal Year	Taxes	Licenses & Permits	Intergovernmental Revenue	Charges for Services	Fines & Forfeitures	Other	Bond & Warrant Proceeds	Totals
1995	\$156,700	\$39,302	\$28,435	\$16,776	\$4,158	\$85,963		\$331,334
1996	161,284	40,977	31,483	14,812	4,603	30,775	30,835	314,769
1997	168,730	43,176	32,191	16,106	5,200	26,967		292,370
1998	176,446	46,857	38,737	17,420	5,521	34,218	98,619	417,818
1999	188,720	48,649	39,134	15,717	5,383	15,031	39,944	352,578
2000	196,662	49,104	30,055	14,695	5,030	36,494	56,884	388,924
2001	207,157	50,430	28,772	16,627	5,424	38,925	77,110	424,445
2002	208,943	51,743	38,785	15,806	4,858	34,290		354,425
2003	208,814	50,758	31,568	16,300	5,112	242,235	135,735	690,522
2004	214,741	52,776	30,428	16,776	4,593	17,085	23,490	359,889

Table 4

**General Government Expenditures by Functions
Last Ten Fiscal Years
(in thousands)**

Fiscal Year	General Government	Public Safety	Streets & Sanitation	Culture & Recreation	Debt Service	Capital Outlay	Totals
1995	\$47,502	\$96,995	\$52,777	\$30,613	\$40,275	\$34,700	\$302,862
1996	49,181	103,093	57,680	34,932	180,840	27,315	453,041
1997	48,468	108,725	56,311	35,722	31,508	28,284	309,018
1998	64,003	111,015	57,088	35,347	72,989	32,456	372,898
1999	58,308	110,687	65,065	37,566	26,989	32,271	330,886
2000	56,388	115,329	68,294	34,252	36,331	64,523	375,117
2001	54,084	120,362	68,915	39,833	26,367	86,794	396,355
2002	75,303	131,523	68,485	38,741	27,297	47,827	389,176
2003	89,071	136,268	71,283	40,429	41,569	32,404	411,024
2004	81,859	137,803	71,401	38,138	28,146	53,474	410,821

City of Birmingham, Alabama Statistical Information

Property Taxes Levied and Collected for
City of Birmingham, Counties of Jefferson and Shelby, Alabama
Last Ten Fiscal Years

Table 5

City of Birmingham				
Beginning October 1	Assessed Valuation	Total Taxes Levied	Uncollectible at Sale Date	
			Amount	Percentage
1994	\$1,487,440,937	\$37,011,390	\$502,097	1.36%
1995	1,418,946,687	36,638,261	352,844	0.96%
1996	1,527,489,953	37,816,069	245,076	0.65%
1997	1,588,444,600	39,343,333	234,158	0.60%
1998	1,711,204,381	42,226,013	278,750	0.66%
1999	2,118,433,717	51,753,527	203,417	0.39%
2000	1,935,101,332	47,038,556	234,328	0.50%
2001	1,942,139,212	50,637,230	365,764	0.72%
2002	1,929,418,765	52,780,331	679,324	1.29%
2003	2,170,886,167	59,048,850	692,802	1.17%

Jefferson County				
Beginning October 1	Assessed Valuation	Total Taxes Levied	Uncollectible at Sale Date	
			Amount	Percentage
1994	\$4,119,704,674	\$245,901,867	\$1,578,755	0.64%
1995	4,147,455,220	247,358,892	1,147,635	0.46%
1996	4,260,514,692	254,823,293	761,341	0.30%
1997	4,431,527,963	265,673,868	687,408	0.26%
1998	4,647,424,025	284,182,209	892,304	0.31%
1999	5,684,682,452	349,807,893	633,356	0.18%
2000	5,523,608,900	340,759,254	897,388	0.26%
2001	5,596,211,994	351,730,297	1,169,066	0.33%
2002	5,771,213,901	365,507,555	2,879,114	0.79%
2003	6,506,073,106	420,329,739	2,610,384	0.62%

Shelby County				
Beginning October 1	Assessed Valuation	Total Taxes Levied	Uncollectible at Sale Date	
			Amount	Percentage
1994	\$871,879,360	\$36,445,332	\$2,234,763	6.13%
1995	902,309,840	39,651,571	788,389	1.99%
1996	989,392,240	40,039,344	1,017,398	2.54%
1997	1,074,185,000	43,834,362	1,135,602	2.59%
1998	1,172,999,000	56,556,936	1,645,171	2.91%
1999	1,435,400,100	71,537,000	2,201,200	3.08%
2000	1,478,400,100	77,733,000	194,700	0.25%
2001	1,595,590,500	80,076,800	1,720,600	2.15%
2002	1,688,065,200	84,633,100	2,048,200	2.42%
2003	1,754,022,160	104,069,970	347,557	0.33%

Source: Jefferson County and Shelby County Tax Assessors and Tax Collectors

**City of Birmingham, Alabama
Statistical Information**

Table 6

**Assessed Value and Estimated True Value of All Taxable Property
Last Ten Fiscal Periods
(dollars in thousands)**

Assessment Date October 1,	Real Property *		Personal Property *		Automobile **		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 True Value	
1994	1,195,257	6,986,392	292,184	1,460,806	107,596	717,309	1,595,037	9,164,507	17.40%
1995	1,181,047	6,906,288	300,900	1,504,300	123,418	822,784	1,605,365	9,233,372	17.39%
1996	1,183,673	6,928,706	343,817	1,718,883	130,517	870,111	1,658,007	9,517,700	17.42%
1997	1,201,575	7,006,392	386,870	1,934,235	143,375	955,835	1,731,820	9,896,462	17.50%
1998	1,245,579	7,221,650	465,625	2,327,559	128,843	858,953	1,840,047	10,408,162	17.68%
1999	1,483,666	8,269,172	634,398	3,171,990	175,248	1,168,318	2,293,312	12,609,480	18.19%
2000	1,492,553	8,766,013	442,548	2,212,740	215,371	1,435,807	2,150,472	12,414,560	17.32%
2001	1,481,383	8,738,667	459,883	2,299,375	256,170	1,708,655	2,197,436	12,746,697	17.24%
2002	1,527,622	8,988,867	491,702	2,458,367	252,544	1,683,624	2,271,868	13,130,858	17.30%
2003	1,674,340	10,542,808	496,546	2,482,650	251,126	1,674,170	2,422,012	14,699,628	16.48%

Ad valorem taxes are assessed and collected for the City of Birmingham by Jefferson and Shelby Counties

* Source: Tax Assessors for Jefferson and Shelby Counties

** Source: Directors of Revenue, Jefferson and Shelby Counties

Property is assessed on the following basis:

Class I-Public Utility	30%
Class II-Commercial	20%
Class III-Residential	10%
Class IV-Automobile	15%

**City of Birmingham
Statistical Information**

Table 7

Schedule of Direct and Overlapping Debt

	<u>Bonded Debt Outstanding</u>	<u>% of Debt Applicable to City of Birmingham</u>	<u>City of Birmingham Debt Burden</u>
<u>Direct Debt</u>			
City of Birmingham:			
Gross bonded debt and warrants	\$570,350,000		
Less debt service funds net assets	(58,850,000)		
Direct Debt	<u>511,500,000</u>	100.00%	\$511,500,000
<u>Overlapping Debt</u>			
Jefferson County, Alabama overlapping debt	297,830,000		
Jefferson County Board of Education ²	<u>159,346,848</u>		
Total bonds and warrants outstanding	<u>457,176,848</u>	36.40%	166,412,373
Shelby County, Alabama Board of Education ³	136,971,563	1.50%	<u>2,054,573</u>
Total Direct and Overlapping Debt			<u>\$679,966,946</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 September 30, 2003.

¹ All of the gross debt of Jefferson County 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: Jefferson County Director of Finance

² The entire debt of the Jefferson County Board of Education is paid by appropriations from their General Fund. No portion of this debt service is paid from the school funds of the City of Birmingham.
Source: Jefferson County Board of Education

³ All of the gross debt of Shelby County 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 Director of Finance Education

**City of Birmingham
Statistical Information**

Table 7 A

**Property Taxes - Direct and Overlapping Governments
City of Birmingham and Jefferson and Shelby Counties
(Per \$100 of Assessed Value)
Last Ten Fiscal Years**

Fiscal Year	City of Birmingham					Jefferson County				Total Tax
	General Fund	Debt Service Fund	Board of Education Fund	Library	Total	County	County Schools	Total	State of Alabama	
1994	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
1995	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
1996	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
1997	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
1998	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
1999	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2000	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2001	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2002	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2003	\$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				Total Tax
	General Fund	Debt Service Fund	Board of Education Fund	Library	Total	County	County Schools	Total	State of Alabama	
1994	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
1995	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
1996	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
1997	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
1998	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
1999	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2000	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2001	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2002	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2003	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22

Source: Shelby County Tax Assessor

**City of Birmingham
Statistical Information**

Table 7B

**Property Tax Rates
Direct and Overlapping Governments
(Composition of tax rate per \$100 of assessed value)**

	<u>Jefferson County</u>	<u>Shelby County</u>
State of Alabama:		
General Fund (no limit as to time)	\$0.25	\$0.25
Soldier Fund (no limit as to time)	0.10	0.10
School Fund (no limit as to time)	0.30	0.30
Total State of Alabama	<u>0.65</u>	<u>0.65</u>
Jefferson and Shelby Counties:		
County Tax:		
General Fund (no limit as to time)	0.56	0.50
Road Fund (no limit as to time)	0.29	0.25
Road Fund (shared with City)	0.21	
Building and Bridge Fund (no limit as to time)	0.22	
Sewer Fund (no limit as to time)	0.07	
Total (shared with City schools based on average daily attendance)	<u>1.35</u>	<u>0.75</u>
County Schools:		
General School Fund	0.54	0.50
General School Fund	0.21	0.40
General School Fund	0.07	0.70
Total (shared with City schools based on average daily attendance)	<u>0.82</u>	<u>1.60</u>
Total Jefferson and Shelby Counties	<u>2.17</u>	<u>2.35</u>
City of Birmingham:		
Municipal Tax:		
General municipal purposes (no limit as to time)	0.90	0.90
Debt service (no limit as to time)	0.92	0.92
Public school use (voted to September 30, 2021)	0.42	0.42
Debt service of school bonds (voted to September 30, 2021)	0.28	0.28
Public school operation (voted to September 30, 2021)	0.28	0.28
Library (no limit as to time)	0.05	0.05
Total	<u>2.85</u>	<u>2.85</u>
Special School Taxes:		
Public school uses (School district levy - voted to September 30, 2021)	0.57	0.60
Public school uses (School district levy - voted to September 30, 2021)	0.71	0.77
Total	<u>1.28</u>	<u>1.37</u>
Total City of Birmingham	<u>4.13</u>	<u>4.22</u>
Total Tax	<u>\$6.95</u>	<u>\$7.22</u>

92
28

120

**City of Birmingham
Statistical Information**

Table 8

**Ratio of Net General Obligation Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years**

Fiscal Year	Population		Assessed Value *	Gross Bonded Debt	Less General Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt per Capita
	Census Year	Number						
1995	1990	265,968	1,587,252,257	566,928,000	271,669,000	295,259,000	18.60%	\$1,110
1996	1990	265,968	1,594,827,647	444,461,000	121,497,000	322,964,000	20.25%	\$1,214
1997	1990	265,968	1,643,331,173	441,330,000	115,677,000	325,653,000	19.82%	\$1,224
1998	1990	265,968	1,715,561,180	427,255,000	66,217,000	361,038,000	21.04%	\$1,357
1999	1990	265,968	1,840,047,341	449,855,000	63,970,000	385,885,000	20.97%	\$1,451
2000	1990	265,968	2,293,311,948	485,510,000	60,754,000	424,756,000	18.52%	\$1,597
2001	2000	242,820	2,150,472,432	539,555,000	58,724,000	480,831,000	22.36%	\$1,980
2002	2000	242,820	2,197,436,352	521,970,000	60,704,000	461,266,000	20.99%	\$1,900
2003	2000	242,820	2,271,867,532	563,060,000	59,400,000	503,660,000	22.17%	\$2,074
2004	2000	242,820	2,422,011,707	570,350,000	58,850,000	511,500,000	21.12%	\$2,106

* Source: Jefferson County Tax Assessor

**City of Birmingham
Statistical Information**

Table 9

Computation of Legal Debt Margin

Assessed value of real and personal property ¹		<u>\$2,422,011,707</u>
Debt limit, 20% of assessed property value (see note below)		484,402,341
Outstanding general obligation bonds and warrants	570,350,000	
Less exemptions:		
Schools and sewer bonds	(178,171,623)	
Debt service fund balances	<u>(58,850,000)</u>	
Net outstanding general obligation bonds and warrants		<u>333,328,377</u>
Legal debt margin		<u>\$151,073,964</u>

¹ Source: Jefferson County Tax Assessor and Department of Revenue

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 are bonds issued for schools and sewers.

**City of Birmingham
Statistical Information**

Table 10

**Ratio of Annual Debt Service Expenditures for General Bonded Debt to
Total General Expenditures
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Total Debt Service ¹</u>	<u>Total General Expenditures</u>	<u>Debt Service As a % of Expenditures</u>
1995	27,609,000	224,141,000	12.3%
1996	38,235,000	256,975,000	14.9%
1997	38,428,000	260,146,000	14.8%
1998	39,248,000	279,602,000	14.0%
1999	38,326,114	255,876,000	15.0%
2000	36,450,979	265,056,000	13.8%
2001	47,104,800	278,753,000	16.9%
2002	27,426,029	306,831,000	8.9%
2003	41,569,000	337,051,000	12.3%
2004	28,146,000	329,201,000	8.5%

**City of Birmingham
Statistical Information**

Table 11

**Demographic Statistics
Last Ten Fiscal Years
(dollars in thousands)**

<u>Year</u>	<u>Population</u>	<u>Retail Sales Volume *</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Average Unemployment Rate</u>
1994	265,968	7,741,332	32.8	38,002	4.3%
1995	265,968	8,162,072	32.8	38,458	4.6%
1996	265,968	8,382,105	32.8	40,249	3.2%
1997	265,968	8,629,972	32.8	39,786	3.4%
1998	265,968	8,880,994	32.8	38,877	2.8%
1999	265,968	8,917,407	32.8	38,216	3.1%
2000	242,820	9,008,044	36.0	38,094	3.2%
2001	242,820	9,297,467	36.0	37,490	3.8%
2002	242,820	unavailable	36.0	36,413	4.6%
2003	242,820	unavailable	36.0	34,248	5.1%

* Metropolitan Statistical Area

Source: Alabama State Data Center

Table 12

**Property Values, Construction, and Bank Deposits
Last Ten Fiscal Years
(dollars in thousands)**

<u>Year</u>	<u>Property Value *</u>		<u>Building Permits- Private Construction</u>	<u>Bank Deposits</u>
	<u>Commercial</u>	<u>Residential</u>		
1994	5,635,725	2,811,473	194,666	5,751,985
1995	5,611,972	2,798,617	246,836	5,894,343
1996	5,836,403	2,811,186	931,993	6,163,398
1997	6,140,915	2,799,711	837,577	6,628,465
1998	6,731,983	2,817,226	929,912	11,286,678
1999	8,046,058	3,377,260	526,050	12,961,834
2000	7,542,161	3,408,356	279,890	11,636,796
2001	5,311,187	3,423,712	382,596	11,771,783
2002	5,574,639	3,412,432	354,760	14,319,943
2003	4,789,788	3,413,319	600,681	14,259,682

* Jefferson and Shelby Counties Tax Assessors

**City of Birmingham
Statistical Information**

Table 13

**Principal Taxpayers
June 30, 2004**

<u>Assessed Entity</u>	<u>Total Assessed Value of Property Within City Limits</u>	<u>2004 City Ad Valorem Taxes Paid</u>	<u>% of Total Property Taxes Collected</u>
Alabama Power Company	\$112,736,480	\$3,212,990	6.7%
Bellsouth Telecommunications	58,205,600	1,658,860	3.4%
Healthsouth Corporation	54,648,170	1,163,286	2.4%
American Cast Iron & Pipe Company	25,397,471	569,424	1.2%
Murray-Ash Plaza, Inc.	18,000,240	513,007	1.1%
Chase Bank of Texas NA	17,002,660	484,576	1.0%
Alabama Gas Corporation	16,116,820	459,329	1.0%
Tish Robert Preston	15,955,320	454,727	0.9%
Southern Communications	15,457,460	440,538	0.9%
Equitable The North Sixty	12,632,800	360,035	0.7%
	<u>\$346,153,021</u>	<u>\$9,316,772</u>	<u>19.3%</u>

Source: Jefferson and Shelby Counties Tax Collectors

Table 14

**Special Assessments Fund Collections
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Annual Billings</u>	<u>Annual Collections</u>
1995	\$1,794,646	\$627,027
1996	1,106,177	1,238,041
1997	837,669	964,846
1998	1,663,492	942,961
1999	1,158,547	1,238,721
2000	688,549	974,742
2001	288,950	273,517
2002	662,490	244,132
2003	639,093	202,120
2004	623,063	146,781

The integrity of the Special Assessment Fund is maintained because the City periodically sells property on which assessments have become delinquent. These sales are made to outsiders or to the City at a price equal to or greater than the outstanding assessment plus interest to date. The City has no Special Assessment debt.

City of Birmingham Statistical Information

Table 15

Miscellaneous Statistical Data

Date of incorporation:	December 19, 1871	Libraries:	
Form of government:	Mayor-Council	Central	1
Area:	161 square miles	Branches	19
Miles of streets:		Recreation:	
Paved	2,500	Number of parks	127
Unpaved	20	Acres of parks	3,203
Miles of sewer:		Golf courses	2
Sanitary	890	Tennis courts	129
Storm	475	Recreation centers	16
City employees:		Public safety:	
Libraries	187	Number of fire stations	30
Police Department	1,112	Number of police precincts	4
Fire Department	668		
Public Works	995		
Park & Recreation Department	215		
Other departments	777		
	3,954	Population:	
Schools:		1910 federal census	132,685
Alternative	1	1920 federal census	178,270
Elementary	33	1930 federal census	258,678
Middle	22	1940 federal census	267,583
High	10	1950 federal census	326,037
	66	1960 federal census	340,887
Average daily school attendance:	3,648	1970 federal census	300,910
Number of high school graduates	1,547	1980 federal census	284,413
		1990 federal census	265,968
		2000 federal census	242,820

**City of Birmingham
Statistical Information**

Table 16

**Salaries and Surety Bonds of Principal Officials
June 30, 2004**

Title	Minimum	Maximum
Mayor	68,000	68,000
Councilor (Note)	15,000	15,000
City Attorney	133,598	133,598
City Clerk	82,243	82,243
Director of Community Development	107,099	107,099
Director of Information Management Services	127,483	127,483
Director of Finance	131,331	131,331
Director of Parole	45,864	70,969
Director of Personnel	110,260	110,260
Director of Planning, Engineerig, & Permits	124,425	124,425
Director of Public Works	117,291	117,291
Director of Equipment Management	64,480	99,944
Fire Chief	109,886	109,886
Director of Parks & Recreation	70,969	110,260
Police Chief	120,806	120,806
Recorder's Court Presiding Judge	119,579	119,579
Traffic Engineer	110,260	110,260

All officials and classified employees of the City of Birmingham are bonded under a Public Employees Faithful Performance Blanket Position Bond in the amount of \$100,000 each. The Deputy Director of Finance and the Chief Accountant are bonded in the amount of \$290,000 under this bond.

The Director of Finance is bonded as follows:

Director of Finance	\$100,000
Treasurer of the City of Birmingham Retirement and Relief System	\$50,000
Treasurer of the Firemen's and Policemen's Supplemental Pension System	\$50,000

Note: Act No. 637, State of Alabama 1967, provides for the President of the Council to receive an additional \$200 per month.

